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Notice regarding disposal of treasury shares as restricted shares compensation

Star Mica Holdings Co., Ltd. (TOKYO: 2975: hereinafter referred to as "the Company") hereby announces that at its board of directors meeting held today, it was resolved to dispose of treasury shares as restricted shares compensation (hereinafter referred to as the "Treasury Shares Disposal") as described below.

1. Overview of the disposal

(1)	Disposal (payment) date	March 19, 2025
(2)	Type and number of shares to be disposed of	286,264 shares of the Company's common shares
(3)	Disposal price	874 yen per share
(4)	Total disposal amount	250,194,736 yen
(5)	Persons to whom shares will be allocated and their number, and number of shares to be allocated	Directors of the Company (excluding directors who are Audit and Supervisory Committee members and outside directors) 1 person 127,688 shares Directors of our subsidiary 4 people 135,124 shares Employees of our subsidiary 26 people 23,452 shares
(6)	Others	The Company plans to submit an interim report on this disposal of treasury shares in accordance with the Financial Instruments and Exchange Act.

*The number of persons to whom shares will be allocated is the total number.

2. Purpose and Reason for the Disposal of Treasury Shares

At the Board of Directors meeting held on January 21, 2021, the Company resolved to introduce a restricted shares compensation plan (hereinafter referred to as the "Plan") as a new compensation plan for the Eligible Directors, etc., with the aim of providing incentives to the Company's directors (excluding directors who are Audit and Supervisory Committee members and outside directors) (hereinafter referred to as the "Eligible Directors"), employees of the Company, and directors and employees of the Company's subsidiaries (hereinafter collectively referred to as the "Eligible Directors, etc.") to sustainably improve the Company's corporate value and to further share value with shareholders.

In addition, at the 23rd Annual General Meeting of Shareholders held on February 24, 2021, it was approved that, as compensation for the performance of duties over a five-year period from the General Meeting of Shareholders (specifically, the period from the 24th fiscal year to the 28th fiscal year, hereinafter referred to as the "Period of Remuneration") based on this system, the Eligible Directors will be provided with monetary claims to be used as contribution assets for the acquisition of restricted shares up to 200 million yen per year, and up to 130,000 shares of the Company's common shares will be issued or disposed of per year, and the transfer restriction period for the restricted shares will be between 10 and 50 years as determined by the Company's Board of Directors. In addition, after the introduction of this system, the Company

implemented a share split at a ratio of 2 shares for every common share on December 1, 2022. Accordingly, the total number of common shares issued or disposed of per year to the Eligible Directors under this system has been adjusted to double (from up to 130,000 shares to up to 260,000 shares) according to the split ratio. The outline of the Plan is as follows.

[Outline of the Plan]

The Eligible Directors will pay all monetary claims provided by the Company under the Plan as in-kind contributions and receive the issuance or disposal of the Company's common shares. The payment amount per share will be determined by the Board of Directors within the scope of the amount that is not particularly advantageous to the Eligible Directors who will subscribe to the common shares, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution (if no transaction is made on that day, the closing price on the most recent trading day preceding that date).

As mentioned above, after the introduction of the Plan, the Company implemented a share split at a ratio of 2 shares for every 1 common share on December 1, 2022, and accordingly, the total number of common shares issued or disposed of per year to the Eligible Directors under the Plan has been doubled (from 130,000 shares or less to 260,000 shares or less) in accordance with the split ratio.

In addition, when issuing or disposing of the Company's common shares under this system, a restricted shares allocation agreement (hereinafter referred to as the "Allocation Agreement") will be concluded between the Company and the Eligible Directors, etc., and the contents of the agreement include, among other things, that (1) the Eligible Directors, etc. will be prohibited from transferring to a third party, creating a security interest in, or otherwise disposing of the Company's common shares allocated under the restricted shares allocation agreement for a certain period of time, and (2) the Company will acquire the common shares free of charge if certain events occur.

This time, after deliberation by the Nomination and Compensation Committee, and taking into consideration the purpose of the system, the Company's business performance, the scope of the responsibilities of each Eligible Director, etc., and various circumstances, it has been decided to grant monetary claims totaling 250,194,736 yen (hereinafter referred to as the "Monetary Claims") and 286,264 shares of common shares. In addition, in order to achieve the purpose of introducing this system, which is to share shareholder value, over the mid-to-long term, the transfer restriction period has been set at 50 years this time.

In accordance with the System, the 31 Eligible Directors, etc. (the total number of Eligible Directors, etc. is shown) who are the intended recipients of the allotment will pay all of the Monetary Claims to the Company as in-kind contributions and will receive the Company's common shares (hereinafter referred to as the "Allotted Shares"). The outline of the Allotment Agreement to be concluded between the Company and the Eligible Directors, etc. in relation to the Allotment of Treasury Shares is as set forth in 3. below.

3. Overview of the Allocation Agreement

(1) Transfer Restriction Period

March 19, 2025 to March 18, 2075

(2) Conditions for lifting the transfer restriction

Provided that the Eligible Directors, etc. continue to hold the position of director of the Company or its subsidiaries during the transfer restriction period (however, in the case of other than the Eligible Directors, this shall be deemed to mean a director of the Company or its subsidiaries, an executive officer not concurrently serving as a director, an employee, or any other equivalent position), the transfer restriction will be lifted for all of the Allocated Shares at the expiration of the transfer restriction period.

(3) Treatment in the event that an Eligible Director resigns or retires during the transfer restriction period due to the expiration of his/her term of office, retirement age, or other legitimate reason

(i) Timing of lifting transfer restrictions

If an Eligible Director resigns or retires from any of the positions specified in (2) above due to the expiration of his/her term of office, retirement age, or other legitimate reason, the transfer restrictions will be lifted immediately after the Eligible Director resigns or retires or when the Eligible Director reaches the age of 60 (however, if the Eligible Director reaches the age of 60 before March 1, 2026, March 1, 2026), whichever is later.

In addition, if an Eligible Director resigns or retires due to death, or dies before reaching the age of 60 after resigning or retiring due to the expiration of his/her term of office, retirement age, or other legitimate reason, the transfer restrictions will be lifted immediately after the death of the Eligible Director is confirmed.

(ii) Number of shares subject to lifting of transfer restrictions

The number of shares subject to lifting as specified in (i) shall be all of the Allocated Shares held by the Eligible Directors, etc. at the time of lifting of each transfer restriction. However, if the time immediately after the death is discovered is before March 1, 2026, the number of shares subject to lifting of transfer restrictions shall be 0 shares.

(4) Acquisition without compensation by the Company

The Company will naturally acquire without compensation the Allocated Shares for which the transfer restrictions are not lifted at the time of the expiration of the transfer restriction period or the time of the lifting of the transfer restrictions as specified in (3) above.

In addition, if any other reason for free acquisition as specified in the Allocation Agreement occurs, the Company will acquire all or part of the Allocated Shares without compensation.

(5) Treatment in the event of organizational restructuring, etc.

During the transfer restriction period, if a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will be a wholly owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the Company's General Meeting of Shareholders (or, if approval at the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc., at the Company's Board of Directors), the Company will, by resolution of the Board of Directors, lift the transfer restrictions on all of the Allocated Shares held at that time immediately before the business day preceding the effective date of the organizational restructuring, etc. In addition, immediately after the lifting of the transfer restrictions, the Company will automatically acquire all of the Allocated Shares for which the transfer restrictions have not been lifted, free of charge.

However, notwithstanding the above provisions, if the business day preceding the effective date of the organizational restructuring, etc. is up to March 1, 2026, the Company will automatically acquire all of the Allocated Shares free of charge as of the business day preceding the effective date of the organizational restructuring, etc.

(6) Management of shares

The allocated shares will be managed in a dedicated account opened by the Eligible Directors at Nomura Securities Co., Ltd. during the transfer restriction period so that they cannot be transferred, security interests can be established, or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of the transfer restrictions on the allocated shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. regarding the management of the accounts of the allocated shares held by each Eligible Director. In addition, the Eligible Directors shall agree to the content of the management of the accounts.

4. Basis for calculation of the amount to be paid and its specific details

The disposal of treasury shares to the planned allottee will be carried out using the monetary claims paid for the acquisition of restricted shares in the Company's 28th fiscal year under this system as contribution assets. The disposal price is set at 874 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market on February 20, 2025 (the business day before the date of the Board of Directors' resolution), in order to eliminate arbitrariness. This is the market price immediately prior to the date of the Board of Directors' resolution, and we believe it is reasonable and not a particularly favorable price.