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Notice Regarding Disposal of Treasury Shares as Transfer-Restricted Stock-Based Compensation and Performance-Linked Transfer-Restricted Stock-Based Compensation

Toshiba Tec Corporation (the “Company”) hereby announces that the Board of Directors met on June 27, 2022 (hereinafter, the “Allotment Resolution Date”) and resolved to dispose of treasury shares as Transfer-Restricted Stock-Based Compensation and Performance-Linked Transfer-Restricted Stock-Based Compensation (hereinafter, the “Disposal of Treasury Shares” or “Disposal”).

1. Overview of Disposal

(1) Deadline for Disposal	July 26, 2022
(2) Type and number of shares to be disposed of	20,388 shares of common shares of the Company
(3) Amount of Disposal	4,315yen per share
(4) Total amount of Disposal	87,974,220 yen
(5) Persons eligible for the allotment of shares and the number of such persons, and the number of shares to be allotted to them	(i) Transfer-Restricted Stock-Based Compensation Five (5) Executive Directors of the Company, 4,128 shares Eleven (11) Vice Presidents who do not concurrently serve as Director of the Company, 5,705 shares (ii) Performance-Linked Transfer-Restricted Stock-Based Compensation Five (5) Executive Directors of the Company (excluding retirees), 5,511 shares One (1) Executive Director of the Company (retiree), 143 shares Eight (8) Vice Presidents who do not concurrently serve as Director of the Company (excluding retirees), 3,619 shares Two (2) Vice Presidents who do not concurrently serve as Director of the Company (retirees), 1,282 shares
(6) Other	The Disposal of Treasury Shares is subject to the effectiveness of the Written Notice of Securities filed under the Financial Instruments and Exchange Act.

2. Purposes and reasons for Disposal

Pursuant to a resolution of the Board of Directors meeting held on May 26, 2020, the Company decided to introduce the “Transfer-Restricted Stock-Based Compensation” system and the “Performance-Linked Transfer-Restricted Stock-Based Compensation” system (hereinafter collectively, the “Systems”) for Executive Directors of the Company (hereinafter, “Eligible Directors”) and Vice Presidents who do not concurrently serve as Director (hereinafter, together with Eligible Directors, “Eligible Directors, etc.”), in order to aim for further sharing of values among Eligible Directors, etc. and shareholders and to make incentives toward medium- to long-term improvements in business results effectively function.

In addition, the upper-limit amount of monetary receivables paid to Eligible Directors in order to grant Transfer-Restricted Stock-Based Compensation and Performance-Linked Transfer-Restricted Stock-Based Compensation and the total number of common shares of the Company issued or disposed of for Eligible Directors (hereinafter, the “Monetary Compensation Receivables”) under the Systems, as well as other related matters, were approved at the Ordinary General Meeting of Shareholders for the 95th fiscal year held on June 26, 2020.

The overview, etc. of the Systems are as follows.

[Overview, etc. of the Systems]

The Systems consist of Transfer-Restricted Stock-Based Compensation which is granted as fixed compensation on the condition that Eligible Directors, etc. continuously hold the post predetermined by the Board of Directors for a certain period of time and Performance-Linked Transfer-Restricted Stock-Based Compensation which is granted as performance-linked compensation according to the achievement status of performance targets, etc. predetermined by the Board of Directors (in principle, performance targets, etc. for a given one (1) fiscal year (hereinafter, the “Performance Evaluation Period”).

Eligible Directors, etc. make in-kind contribution of all the Monetary Compensation Receivables paid by the Company under the Systems and receive issuance or the disposal of common shares of the Company.

The total amount of Monetary Compensation Receivables paid to Eligible Directors by the Company under the Systems shall be not more than 30 million yen per year of Transfer-Restricted Stock-Based Compensation and not more than 100 million yen per year of Performance-Linked Transfer-Restricted Stock-Based Compensation, for a total of not more than 130 million yen per year. In addition, the total number of common shares issued to or disposed of for Eligible Directors under the Systems shall be not more than 14,000 shares per year for Transfer-Restricted Stock-Based Compensation and not more than 46,000 shares per year for Performance-Linked Transfer-Restricted Stock-Based Compensation, for a total of not more than 60,000 shares per year. The upper-limit amount of the Monetary Compensation Receivables and the total number of common shares of the Company issued or disposed of are for Eligible Directors; the amount and number do not include the amount of Monetary Compensation Receivables paid to and the number of common shares of the Company issued to or disposed of for Vice Presidents who do not concurrently serve as Director.

The amount to be disposed of (paid) in per share for issuance or disposal of the Company’s common shares under the Systems shall be the amount determined by the Board of Directors within the range that is not particularly advantageous to the Eligible Directors, etc. who will receive such common shares of the Company, based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of resolution of the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

When the Company allot common shares of the Company to be issued to or Disposed of for Eligible Directors, etc. under the Systems, the Company shall enter into contracts for allotment of transfer-restricted stock with Eligible Directors, etc. which have the following contents: (i) Eligible Directors, etc. shall not transfer, create a security interest on, or otherwise dispose of the allotted common shares of the Company for a certain period of time; and (ii) the Company will acquire said common shares without consideration when a certain reason arise, among other things.

The method to calculate the amount of Monetary Compensation Receivables pertaining to the Performance-Linked Transfer-Restricted Stock-Based Compensation system, the allotment conditions of the Company’s common shares to the Eligible Directors, etc. and other related matters are as follows.

(1) Method to calculate the amount of Monetary Compensation Receivables

The amount of Monetary Compensation Receivables to be granted to the Eligible Directors, etc. shall be calculated by multiplying the number of the Company’s common shares to be eventually allotted to the Eligible Directors, etc. (hereinafter, the “Final Number of Allotted Shares”) by a price that is not particularly advantageous to the Eligible Directors, etc., based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of resolution of the Board of Directors to determine issuance or disposal of shares for the said allotment, held after the end of the Performance Evaluation Period (hereinafter, the “Board of Directors Resolution Date of Allotment”). The Final Number of Allotted Shares shall be the amount obtained by multiplying the total amount of performance-linked compensation determined in consideration of the achievement status of the performance targets, etc. and the stock-based compensation ratio by position predetermined by the Board of Directors, divided by a price that is not particularly advantageous to the Eligible Directors, etc., based on the closing price of the common shares of the Company in the Tokyo Stock Exchange on the business day immediately prior to the Board of Directors Resolution Date of Allotment.

(2) Allotment conditions of the Company’s common shares to the Eligible Directors, etc.

The Company shall allot the Company’s common shares in the Final Number of Allotted Shares to the Eligible Directors, etc. after the end of the Performance Evaluation Period in the event that the Eligible Directors, etc. fulfill both of the following requirements or in the event that the Board of Directors deems it necessary to achieve the intent of the Systems.

(i) Eligible Directors, etc. have continuously held the post predetermined by the Board of Directors during the Performance Evaluation Period

(ii) There were no certain wrongful activities determined by the Board of Directors

In the event that there is an Eligible Director, etc. who has been newly appointed during the Performance Evaluation Period or an Eligible Director, etc. has left his or her post predetermined by the Board of Directors for justifiable reason during the Performance Evaluation Period (except in the event of retirement due to death), the Company shall reasonably adjust the number of common shares of the Company to be allotted to the said Eligible Director, etc. or retiree based on factors including the length of tenure. In addition, in the event of death of an Eligible Director, etc. during the Performance Evaluation Period, based on the resolution of the Board of Directors, the Company shall provide money in the amount reasonably adjusted based on the length of tenure, instead of the common shares of the Company, to an heir who is a successor to the said Eligible Director, etc.

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

In the case that matters regarding merger contracts under which the Company becomes the non-surviving company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or at a Board of Directors meeting of the Company in the case that approval by the General Meeting of Shareholders of the Company is not required regarding the said organizational restructuring, etc.) during the Performance Evaluation Period, the Company shall provide to the Eligible Directors, etc., based on the resolution of the Board of Directors, money in the amount reasonably adjusted based on the length of time from the commencement date of the Performance Evaluation Period to the date of approval of the said organizational restructuring, etc., instead of the common shares of the Company.

This time, in consideration of the purposes of the Systems, business conditions of the Company, the scope of job responsibility of each Eligible Director, etc. and other various circumstances, and with the aim of further motivating each Eligible Director, etc., the Company decided to grant the Monetary Compensation Receivables of 42,429,395 yen in total and 9,833 common shares of the Company as Transfer-Restricted Stock-Based Compensation for FY2022, and in addition, grant the Monetary Compensation Receivables of 45,544,825 yen in total and 10,555 common shares of the Company as Performance-Linked Transfer-Restricted Stock-Based Compensation for FY2021, which makes the combined compensations granted the Monetary Compensation Receivables of 87,974,220 yen (hereinafter, the "Total Monetary Compensation Receivables") and 20,388 common shares of the Company. Performance-Linked Transfer-Restricted Stock-Based Compensation will be paid to Eligible Directors, etc. for FY2021 (from April 1, 2021 to March 31, 2022) according to the achievement status of performance targets, etc. for said fiscal year. Accordingly, the persons eligible for the allotment of the compensation include those who have retired from the position of Director or Vice President who do not concurrently serve as Director, whichever is applicable, at this point in time. The Company pays performance-linked compensation in the form of money and shares, and believes that paying part of performance-linked compensation in the form of shares to retirees after their retirement, according to the performance while in office, would serve as incentives for conducting business operation with a more awareness of performance improvement over the medium to long term.

In the Disposal of Treasury Shares, under the Systems, all Eligible Directors, etc., who are the persons eligible for the allotment, make in-kind contribution of all the Total Monetary Compensation Receivables to the Company and receives the allotment of common shares of the Company disposed of by the Company (hereinafter, the "Allotted Shares"). The overview of the contracts for allotment of transfer-restricted stock (hereinafter, the "Allotment Contract") entered into by and between the Company and Eligible Directors, etc. regarding the Disposal of Treasury Shares shall be as described in 3. below.

3. Overview of the Allotment Contract

(1) Transfer Restriction Period

<Allotment Contract pertaining to Transfer-Restricted Stock-Based Compensation>

An Eligible Director, etc. shall not transfer the Allotted Shares, create a security interest on the Allotted Shares, or Dispose of the Allotted Shares in any other way (hereinafter, the "Transfer Restrictions") during the period from July 26, 2022 (hereinafter, the "Disposal Deadline"), to the time immediately after the time of the retirement of the Eligible Director, etc. from the position of Director or Vice President who do not concurrently serve as Director of the Company, whichever is applicable (hereinafter the "Transfer Restriction Period").

<Allotment Contract pertaining to Performance-Linked Transfer-Restricted Stock-Based Compensation>

An Eligible Director, etc. shall not transfer the Allotted Shares, create a security interest on the Allotted Shares, or Dispose of the Allotted Shares in any other way during the Transfer Restriction Period; provided, however, that the Transfer Restrictions shall not apply if the Eligible Director, etc. has already been retired from the position of Director or Vice President who do not concurrently serve as Director of the Company, whichever is applicable, as of the Disposal Deadline.

(2) Conditions for lifting Transfer Restrictions

<Allotment Contract pertaining to Transfer-Restricted Stock-Based Compensation>

The Company shall lift the Transfer Restrictions on all of the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that the Eligible Director, etc. has continuously held the position of Director or Vice President who do not concurrently serve as Director of the Company during the period from the Disposal Deadline to the conclusion of the first Ordinary General Meeting of Shareholders held after the Disposal Deadline (however, for Vice Presidents who do not concurrently serve as Director, the period shall be replaced with from April 1, 2022, to

March 31, 2023) (hereinafter, the “Service Provision Period”).

<Allotment Contract pertaining to Performance-Linked Transfer-Restricted Stock-Based Compensation>

The Company shall lift the Transfer Restrictions on all of the Allotted Shares at the expiration of the Transfer Restriction Period.

- (3) Treatment in the event that an Eligible Director, etc. retires from the position due to the expiration of the term of office or any other justifiable reason during the Service Provision Period

(i) When to lift Transfer Restrictions

If an Eligible Director, etc. retires from the position of Director or Vice President who do not concurrently serve as Director of the Company, whichever is applicable, due to the expiration of the term of office or any other justifiable reason (including the case of retirement due to death), the Transfer Restrictions shall be lifted upon the expiration of the Transfer Restriction Period.

(ii) Number of shares subject to lifting of Transfer Restrictions

<Allotment Contract pertaining to Transfer-Restricted Stock-Based Compensation>

The number of shares calculated by multiplying the number of the Allotted Shares held by an Eligible Director, etc. as of the time of the retirement from the position of Director or Vice President who do not concurrently serve as Director of the Company, whichever is applicable, by the number calculated by dividing the number of months from the month in which the Disposal Deadline falls (however, for Vice Presidents who do not concurrently serve as Director, the month shall be replaced with April 2022) to the month in which the date of the retirement of the Eligible Director, etc. from the position of Executive Director of the Company falls (however, for Vice Presidents who do not concurrently serve as Director, the position shall be replaced with Vice President who do not concurrently serve as Director) by 12 (if the number of months is larger than 1, the number of months shall be replaced with 1) (however, any fraction in the number of shares less than one share shall be rounded up to one share).

<Allotment Contract pertaining to Performance-Linked Transfer-Restricted Stock-Based Compensation>

The number of the Allotted Shares held by Eligible Directors, etc. as of the time of expiration of the Transfer Restriction Period

- (4) Acquisition by the Company without consideration

The Company will naturally acquire all of the Allotted Shares held by Eligible Directors, etc. for which the Transfer Restrictions have not been lifted as of the time of the expiration of the Transfer Restriction Period, without consideration.

- (5) Management of shares

Eligible Directors, etc. shall store the Allotted Shares in dedicated accounts opened by Eligible Directors, etc. with Nomura Securities Co., Ltd. (hereinafter, the “Securities Accounts”) during the Transfer Restriction Period. The Company shall enter into and maintain during the Transfer Restriction Period a contract related to management of the Securities Accounts with Nomura Securities Co., Ltd. to ensure the performance of the Transfer Restrictions pertaining to the Allotted Shares. Eligible Directors, etc. shall give consent to the handling of the Allotted Shares under management of transfer-restricted shares by Nomura Securities Co., Ltd.

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

In the case that matters regarding merger contracts under which the Company becomes the non-surviving company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or at a Board of Directors meeting of the Company in the case that approval by the General Meeting of Shareholders of the Company is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall lift, based on the resolution of the Board of Directors, the Transfer Restrictions at the time immediately prior to the business day immediately preceding the effective date of said organizational restructuring, etc. with regard to the following number of the Allotted Shares.

<Allotment Contract pertaining to Transfer-Restricted Stock-Based Compensation>

- The number of shares calculated by multiplying the number of the Allotted Shares held by Eligible Directors, etc. as of the date of approval of the organizational restructuring, etc., by the number calculated by dividing the number of months from the month in which the Disposal Deadline falls (however, for Vice Presidents who do not concurrently serve as Director, the month shall be replaced with April 2022) to the month in which the date of approval of the organizational restructuring, etc. falls by 12 (if the number of months is larger than 1, the number of months shall be replaced with 1) (however, any fraction in the number of shares less than one share shall be rounded up to one share).

<Allotment Contract pertaining to Performance-Linked Transfer-Restricted Stock-Based Compensation>

- All of the Allotted Shares held by Eligible Directors, etc. as of the date of approval of the organizational restructuring, etc.

In addition, the Company will naturally acquire all of the Allotted Shares held by Eligible Directors, etc. for which the Transfer Restrictions have not been lifted as of the business day immediately preceding the effective date of the organizational restructuring, etc., on the same date, without consideration.

4. Basis for calculation of amount of payment and details thereof

The Disposal of Treasury Shares for Eligible Directors, etc. uses the Monetary Compensation Receivables, which have been paid to Eligible Directors, etc. for the Company's Transfer-Restricted Stock-Based Compensation for FY2022 and Performance-Linked Transfer-Restricted Stock-Based Compensation for FY2021 under the Systems, as the contribution. The amount of payment per share in the Disposal of Treasury Shares shall be 4,315 yen, which is the closing price of common shares of the Company in the Tokyo Stock Exchange Prime Market on June 24, 2022 (the business day immediately prior to the date of resolution by the Board of Directors), in order to make it an amount eliminating any arbitrariness. The Company has judged that the amount is reasonable, and does not constitute an amount particularly advantageous, as the amount is a quoted share price immediately prior to the date of resolution by the Board of Directors.