



Earth Corporation

Press Release

Notice Concerning Issuance of New Shares as Remuneration for Restricted Stock

March 24, 2023

Listed exchanges : Prime Market
Listed company name : Earth Corporation
Code : 4985
URL : <https://corp.earth.jp/en/index.html>
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Earth Corporation (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on March 24, 2023, to issue new shares as described below.

1. Overview of issuance of new shares

1 Due date of payment	April 21, 2023
2 Type and number of new shares to be issued	63,600 ordinary shares of the Company
3 Amount to be paid in per share	¥ 4,665 per share
4 Total amount to be paid in	¥ 296,694,000
5 Number of persons to whom shares are to be allotted and the number of shares to be allotted	<ul style="list-style-type: none">- Directors of the Company (excluding outside directors), 6 persons, 33,000shares- Executive Officer of the Company, 3 persons, 3,000shares- Executive officers who do not concurrently serve as directors of the Company, 21 persons, 6,600 shares- Directors of the Company's subsidiaries, 17 persons, 21,000 shares
6 Others	Each of the aforementioned items shall be subject to the registration under the Financial Instruments and Exchange Act taking effect.

2. Purpose of and Reason for Issuance

The Company has introduced a restricted stock compensation plan (the " Program ") as a compensation plan designed to provide medium- to long-term incentives to its directors, excluding outside directors, executive officers who do not concurrently serve as directors of the Company, and directors of the Company's subsidiaries (the " Subject Directors, etc. "), and to promote further sharing of value with shareholders.

At the 98th Ordinary General Meeting of Shareholders held on March 25, 2022, the Board of Directors of the Company approved the revision of the transfer restriction period of this plan to "from the date of receipt of allotment under a share allotment contract with transfer restriction to be individually concluded between the subject director, etc. and the Company to the date on which he/she loses his/her position as a director of the Company or its subsidiary or any other position determined by the Board of Directors of the Company. The Company has obtained approval to revise the period of the transfer restriction to "from the date of allotment of shares pursuant to a share allotment agreement to be individually concluded between the subject director, etc. and the Company to the date of loss of his/her position as a director of the Company or its subsidiary or other position determined by the Board of Directors of the Company. In addition, at the 99th Ordinary General Meeting of Shareholders held on March 24, 2023, it was approved to increase the amount of stock-based compensation to the Company's directors (excluding outside directors) to 400 million yen or less per year. (The maximum number of shares of common stock per fiscal year is 40,000 shares (provided, however, that in the event of a stock split of the Company's common stock (including gratis allotment of the Company's common stock) or reverse stock split with an effective date on or after the date of resolution of this General Meeting of Shareholders, the maximum number of shares of common stock per fiscal year shall be 40,000. In the event of a stock split (including gratis allotment of shares of common stock of the Company) or reverse stock split with an effective date on or after the date of resolution of this General Meeting of Shareholders, such total number shall be adjusted, if necessary, to a reasonable extent according to the split ratio, reverse stock split ratio, etc. after such effective date)

The outline of this program, etc. is as follows.

3. Outline of the Program

The Subject Directors, etc. will pay all of the monetary claims paid by the Company or its subsidiaries under the Plan as assets contributed in kind and will be issued or disposed of shares of common stock of the Company. The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price of the immediately preceding trading day if no trading was effected on that date) to the extent that the amount is not particularly favorable to the Subject Directors who subscribe for such common stock. In addition, upon the issuance or disposal of shares of common stock of the Company under the Program, the Company shall enter into a restricted stock allotment agreement (the "Allotment Agreement") with the Subject Directors, etc. The terms and conditions of the Agreement include: (i) the Subject Directors, Etc. shall be prohibited from transferring to a third party, creating a security interest in, or otherwise disposing of the shares of common stock of the Company allotted under the Restricted Share Allotment Agreement for a certain period of time; and (ii) the Company shall acquire such shares of common stock without consideration in the event that certain events occur.



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4. About this issuance

This time, in consideration of the purpose of this plan, the scope of responsibilities of each subject director, etc., we have decided to grant a total of 296,694,000 yen in monetary claims ("the Monetary Claims") and allot 63,600 shares of common stock.

In this issuance of new shares, the 47 Subject Directors, etc., who are the Scheduled Allottees, will pay all of the Monetary Claims against the Company or its subsidiaries as assets contributed in kind and will be issued shares of common stock of the Company (the "Allotted Shares") in accordance with this plan. An outline of the Allotment Agreement to be executed between the Company and the Subject Directors, etc. in connection with the Issuance of New Shares is as described in 5. below.

5. Outline of the Allotment Agreement

(1) Restricted transfer period

During the period from April 21, 2023 (the "Issue Date") to the time immediately following retirement or resignation from any of the positions of director, executive officer, executive officer not concurrently serving as director, corporate auditor, advisor, counselor, employee, or other similar position at the Company or its subsidiaries.

(2) Conditions for cancellation of transfer restrictions

The period from the date of commencement of execution of duties by the Subject Directors, etc. to the time immediately preceding the conclusion of the first Ordinary General Meeting of Shareholders to be held thereafter (however, in the case of executive officers who do not concurrently serve as directors of the Company, the period shall be read as the period from the beginning of the fiscal year that includes the date of this disposition to the last day of the fiscal year under review; the same shall apply hereinafter). The restriction on transfer of all of the Allotted Shares shall be cancelled at the expiration of the Restriction Period on the condition that the shareholder has continuously held the position of director, executive officer, executive officer not concurrently serving as director, corporate auditor, advisor, counselor, employee, or any other equivalent position of the Company or its subsidiary during the period from the date immediately preceding the expiration of the Restriction Period to the end of the current fiscal year.

(3) Treatment of directors who retire or resign due to the expiration of their term of office, mandatory retirement age, or other justifiable reasons during the term of provision of these services

i. Timing of removal of transfer restrictions

In the event that an eligible director, etc. resigns or retires from any of the positions of director, executive officer, executive officer not concurrently serving as director, corporate auditor, advisor, counselor, employee or any other similar position at the Company or its subsidiary due to expiration of term of office, mandatory retirement age or any other justifiable reason, the restriction on transfer shall be lifted immediately after the resignation or retirement of the subject director, etc. (Other justifiable reasons include, but are not limited to, death.)

ii. Number of shares subject to cancellation of transfer restrictions

The number of shares shall be the number of shares obtained by multiplying the number of the Allotted Shares held by the Subject Director, etc. at the time of such retirement or



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resignation as specified in i by the number obtained by dividing the number of months from the month including the Disposition Date to the month including the date of retirement or resignation of the Subject Director, etc. by the number of months for the Service Period (12) (if such number exceeds 1, 1 shall be rounded down) (however, if the calculation results in a fraction of a share, such fraction shall be rounded down).

(4) Acquisition by the Company without consideration

In the event that the Subject Director, etc. commits an act in violation of laws and regulations during the Transfer Restriction Period, or in the event that certain events specified in the Allotment Agreement occur, the Company shall naturally acquire all of the Allotted Shares without consideration at the relevant point in time. In addition, at the expiration of the Transfer Restriction Period or at the time of cancellation of the Transfer Restriction stipulated in (3) above, the Company shall naturally acquire without consideration any of the Allotted Shares for which the Transfer Restriction is not cancelled.

(5) Treatment of reorganization, etc.

If, during the Restriction Period, a merger agreement under which the Company is to be dissolved, a share exchange agreement under which the Company is to become a wholly owned subsidiary, a share transfer plan or any other matters relating to organizational restructuring, etc. are approved at a general meeting of shareholders of the Company (however, if approval by a general meeting of shareholders of the Company is not required for such organizational restructuring, etc., the Board of Directors of the Company), the Company's Board of Directors may, by a resolution of the Board of Directors, determine the number of shares to be allotted by multiplying the number of the Allotted Shares held as of such time by the number of months from the month including the Disposition Date to the month including the date of such approval divided by the number of months pertaining to the Service Period (12) (if such number exceeds 1, 1 shall be used) (provided that if the calculation results in a fraction of a share, the fraction of a share shall be rounded down).), the Restriction on Transfer shall be cancelled as of the time immediately preceding the business day immediately preceding the effective date of the Reorganization. In addition, as of the time immediately following the cancellation of the Restriction on Transfer, the Company shall naturally acquire without consideration all of the Allotted Shares for which the Restriction on Transfer has not been cancelled.

(6) Share management

The Allotted Shares shall be managed in an exclusive account opened by each of the Subject Directors, etc. with Nomura Securities Co., Ltd. during the Restricted Period so that the Allotted Shares may not be transferred, pledged as collateral or otherwise disposed of during the Restricted Period. In order to ensure the effectiveness of the restrictions on transfer, etc. of the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the account for the Allotted Shares held by each Subject Director, etc. The Subject Directors, etc. shall agree to the details of the management of such account.



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6. Basis for calculation of the amount to be paid in and specific details thereof

This issuance of new shares to the Scheduled Subscriber will be made with the monetary claims paid as restricted stock compensation for the Company's 100th fiscal year under this plan as the invested assets. The issue price is set at 4,665 yen, which is the closing price of the Company's common stock on the prime market of the Tokyo Stock Exchange on March 23, 2023 (the business day immediately preceding the date of the Board of Directors' resolution), in order to eliminate arbitrariness. This is the market share price immediately prior to the date of the Board of Directors' resolution, and we believe that it is reasonable and does not constitute a particularly favorable price.

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