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For immediate release

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Notice of issuance of new shares as restricted stock compensation

The Company hereby announces that at a Board of Directors meeting held today, it resolved to issue new shares in the form of restricted stock-based compensation. The details are as follows.

1. Overview of issuance

(1) Payment date	May 12, 2023
(2) Class and number of shares to be issued	96,000 shares of common stock of Ultrafabrics Holdings
(3) Issue price	¥2,047 per share
(4) Total value of issuance	¥196,512,000
(5) Allottees	4 directors* of the Company: 42,000 shares in total *Excluding directors who serve as Audit and Supervisory Committee members 7 employees of the Company: 16,800 shares in total 3 directors of the Company's subsidiaries: 9,000 shares in total 25 employees of the Company's subsidiaries: 28,200 shares in total
(6) Other	An extraordinary report concerning the issuance has been filed in accordance with the requirements of the Financial Instruments and Exchange Act

2. Purpose of and reasons for issuance

At the Company's 53rd Ordinary General Meeting of Shareholders held on March 29, 2018, the Company obtained approval to (1) establish a stock compensation plan for granting restricted shares to the Company's directors (excluding directors who serve as Audit and Supervisory Committee members), (2) to set a limit of no more than ¥100 million per annum on the total amount of monetary compensation receivables provided as restricted stock compensation, (3) to limit the total number of restricted shares to be allotted to the Company's directors (excluding directors who serve as Audit and Supervisory Committee members) to 30,000 in a single fiscal year, and to (4) have the Company's Board of Directors set a transfer restriction period of between three and 10 years for the restricted shares. Furthermore, at a Board of Directors meeting held on January 29, 2019, the Company resolved to offer a similar stock compensation plan to certain employees of the Company, as well as certain directors and employees of the Company's subsidiaries.

Today, in accordance with a resolution of the Board of Directors, the Company resolved to pay, as restricted stock compensation in the Company's 59th fiscal year (January 1, 2023 to December 31, 2023), a total of ¥196,512,000 in monetary compensation receivables to four directors (excluding directors who serve as Audit and Supervisory Committee members) and seven employees of the Company, as well as three directors and 25 employees of the Company's subsidiaries (the "allottees"), and to allot 96,000 shares of the Company's

common stock as specified restricted shares by having the allottees make an in-kind contribution of all monetary receivables provided to them. The amount of monetary compensation receivables provided to each allottee is decided after comprehensively taking into account various factors, including the degree of contributions to the Company made by each director. The amounts for directors (excluding directors who serve as Audit and Supervisory Committee members) have also been approved by the Company's Compensation Advisory Committee. Also, the provision of monetary compensation receivables is conditional on the signing of a restricted shares allotment agreement by and between each allottee and the Company, the content of which is summarized below.

The transfer restriction period has therefore been set at three years from the perspective of achieving the purpose of the plan over the medium-to-long term—i.e., to have the allottees share the merits and risks of share price fluctuations with shareholders and to further enhance their motivation for contributing to share price gains and improving corporate value.

3. Summary of allotment agreement

(1) Transfer restriction period

May 12, 2023 to May 11, 2026

During the transfer restriction period stated above, the allottees will not be permitted to transfer, pledge, offer as collateral, gift before death, bequest, nor make any other disposition of the restricted shares to a third party (the "transfer restrictions").

(2) Gratis acquisition of restricted shares

If an allottee resigns or retires and ceases to be a director or employee of the Company or of a wholly owned subsidiary specified by the Company's Board of Directors before the end of the transfer restriction period, the Company shall, as a matter of course, acquire without compensation the allotted shares at the time of the resignation or retirement.

However, if (i) at the time of the resignation or retirement, the allottee is appointed or reappointed as a director or employee of a wholly owned subsidiary as specified by the Board of Directors, or (ii) the allottee resigns or retires as a director or employee of the Company or a wholly owned subsidiary due to end of the term of office or any other reason deemed justifiable by the Board of Directors, or (iii) the allottee ceases to be a director or employee due to death, the Company shall, as a matter of course, acquire without compensation a number of the allotted shares calculated in the following manner: the number of allotted shares, less the product of the number of allotted shares and a multiple calculated by dividing by 36 the number of months from the month in which the allotment took place up until the month in which the resignation or retirement took place (where the multiple shall not exceed 1).

Also, if the transfer restrictions on the allotted shares have not been lifted when the transfer restriction period ends, the Company shall, as a matter of course, acquire the allotted shares without compensation immediately after the transfer restriction period has ended.

(3) Conditions for lifting transfer restrictions

On the condition that the allottee was a director or employee of the Company or of a wholly-owned subsidiary specified by the Company's Board of Directors continuously during the transfer restriction period, the transfer restrictions on all allotted shares the allottee holds as of the end of the transfer restriction period shall be lifted. However, if, before the end of the transfer restriction period, the allottee resigns or retires as a director or employee of the Company or a wholly owned subsidiary specified by the Company's Board of Directors for a reason deemed justifiable by the Board of Directors (such as the end of a term of office), or ceases to be a director or employee due to death, the transfer restrictions shall be lifted either at the time of resignation, retirement, or death or on April 1, 2024, whichever is the later.

(4) Management of shares

The allottees shall complete the opening of an account at SMBC Nikko Securities to register or record the allotted shares under a method designated by the Company so that the allotted shares are held in that account until the transfer restrictions are lifted.

(5) Procedures during organizational restructuring

If, during the transfer restriction period, a general shareholders' meeting (or Board of Directors' meeting if a shareholders' meeting is not required for organizational restructuring) approves a proposal related to a merger agreement resulting in the dissolution of the Company, or a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or another form of organizational restructuring, the Company shall, by resolution of the Board of Directors, immediately before the business day preceding the day on which the organizational restructuring is scheduled to take effect, lift the transfer restrictions on a number of allotted shares (rounded down to the nearest whole share) to be calculated as follows: the product of the number of allotted shares held on the day the proposal was approved and a multiple calculated by dividing by 36 the number of months from May 2023 up until the month in which the approval was given (where the multiple shall not exceed 1). (However, the transfer restrictions shall not be lifted if the business day preceding the day on which the organizational restructuring is scheduled to take effect is on or before April 1, 2024, which is three months after the end of the fiscal year in which the share allotment took place).

In this case, on the business day preceding the day on which the organizational restructuring is scheduled to take effect, the Company shall acquire without compensation, as a matter of course, all of the allotted shares for which the transfer restrictions have not been lifted as of the same day.

4. Basis for calculation of issuance value and details thereof

To eliminate arbitrariness in the issue price, the new shares will be issued at the closing price for the Company's ordinary shares on the Tokyo Stock Exchange on April 20, 2023, the business day preceding the date of the Board of Directors resolution. This is the market share price immediately prior to the Board of Directors resolution that the Company considers reasonable and without any particular price advantage.