



May 10, 2023

To whom it may concern:

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Notice of Disposal of Treasury Shares as Restricted Share Incentives for the Employee Shareholding Association

Inabata & Co., Ltd. (the “Company”) has resolved at a meeting of its Board of Directors held on May 10, 2023 to dispose of the Company’s treasury shares as shares with transfer restrictions (the “Disposal of Treasury Shares” or the “Disposal”), with the Inabata & Co., Ltd. Employee Shareholding Association (the “ESA”) as the scheduled allottee based on a restricted share incentive plan (the “Plan”). Details are as outlined below.

For a trading firm like the Company, human assets, or in other words, employees, are the most important management resource and the Company believes that enabling each employee to demonstrate their full capabilities will lead to sustainable growth.

The Plan is a measure for promoting benefits for employees. It aims to provide employees with an incentive for seeking the sustainable enhancement of the Company’s corporate value and aid them in accumulating assets by creating opportunities for the acquisition of common shares to be issued or disposed of by the Company through the ESA as restricted shares. It also contributes to the further sharing of value between employees and the Company’s shareholders.

1. Outline of the Disposal

(1) Disposal date	July 31, 2023
(2) Number of shares for disposal	66,100 common shares of the Company (Note)
(3) Disposal value	¥2,826 per share
(4) Total disposal value	¥186,798,600 (Note)
(5) Disposal method (scheduled allottee)	The number of shares requested, as decided by the ESA within the scope of the number of shares for disposal as stated in (2) above, will be allotted to the ESA through a third-party allotment of shares, on the condition that a request for the subscription comes from the ESA (the number of shares allotted will be the number of shares disposed of). Requests from Eligible Employees (as defined below) for a partial subscription of shares to be granted will not be accepted.
(6) Other	The Disposal of Treasury Shares is conditioned upon the coming into effect of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

(Note) The amounts for “number of shares for disposal” and “total disposal value” have been calculated based on the assumption of an employee pool of 661 people (temporary employees, excluding Executive Officers, and employees, and excluding employees seconded from other companies and temporary staff; the same applies hereinafter), the maximum number of people eligible under the Plan, with each employee granted 100 restricted common shares of the Company. The actual number of shares for disposal and actual total disposal value will be determined according to the number of employees (maximum: 661 people) who commit to the Plan (“Eligible Employees”), which will be known once the ESA wraps up a membership drive for employees who have yet to join the ESA and once the ESA obtains commitments for the Plan from its members. Specifically, as stated in (5) above, the number of shares for disposal will be the number of requested shares

decided by the ESA, and total disposal value will be this number multiplied by the disposal value per share. The Company will pay monetary claims of ¥282,600 uniformly to all Eligible Employees and will allot 100 shares uniformly to all Eligible Employees through the ESA.

2. Purpose and reason for the Disposal

The Company has decided to introduce the Plan as a measure for promoting benefits for employees. Its aim is to provide employees with an incentive for seeking the sustainable enhancement of the Company's corporate value and aid them in accumulating assets by creating opportunities for the acquisition of common shares to be issued or disposed of by the Company through the ESA as restricted shares. It also contributes to the further sharing of value between employees and the Company's shareholders.

An outline of the Plan is as follows.

Outline of the Plan

Under the Plan, the Company provides Eligible Employees with a special financial incentive in the form of monetary claims used to grant 100 shares per person as restricted shares ("Special Financial Incentive"), and Eligible Employees then allocate their Special Financial Incentive to the ESA. The ESA makes an investment in kind in the Company using the Special Financial Incentive contributed by each Eligible Employee, and receives common shares issued or disposed of by the Company as restricted shares.

Based on the Plan, the amount to be paid per common share in the event the Company newly issues or disposes of common shares will be determined by the Board of Directors to the extent that the amount is not particularly advantageous to the ESA (and by extension, Eligible Employees) based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors pertaining to said issue or disposal (or the closing price on the previous trading day if there is no trading on said day).

In issuing or disposing of common shares of the Company based on the Plan, the Company and the ESA will sign a restricted share allotment agreement (the "Allotment Agreement"), which includes such points as (1) the ESA being prohibited from transferring the allotted shares to a third party, establishing a security interest on them, or otherwise disposing of them during a certain period (the "Transfer Restrictions"); and (2) the Company acquiring the allotted shares without contribution should certain events occur. In addition, the provision of the Special Financial Incentive to Eligible Employees will be conditioned upon the signing of the Allotment Agreement between the Company and the ESA.

Furthermore, in regard to individual members' equity interest on restricted shares acquired by the ESA through issuance or disposal ("Restricted Share Equity Interest" or "RS Equity Interest"), Eligible Employees will not be allowed to withdraw restricted shares corresponding to Restricted Share Equity Interest until Transfer Restrictions associated with such restricted shares are lifted, in accordance with ESA Rules, ESA Detailed Operational Rules and other rules pertaining to the ESA (collectively, the "Rules") (Note).

(Note) In anticipation of the Disposal of Treasury Shares, the ESA's governing board will convene soon after the date on which the Company's Board of Directors makes its decision, to authorize amendments to the Rules in alignment with the Plan. These revisions will take effect two weeks from the date that notification is sent to ESA members after the date of the governing board meeting, in accordance with the Rules, if less than one-third of members are opposed to the changes.

In the Disposal of Treasury Shares, under the Plan, the Company will dispose of an amount of common shares (the "Allotted Shares") to the ESA, and the ESA, as the planned allottee, will pay for them using all of the Special Financial Incentives contributed from Eligible Employees as property contributed in kind. In the Disposal of Treasury Shares, the outline of the Allotment Agreement signed by the Company and the ESA is as described in "3. Outline of the Allotment Agreement" below. The number of shares to be disposed of in the Disposal of Treasury Shares will be determined at a later date, as described in the footnote to 1. above, but the Company has planned for a disposal of 66,100 shares if all 661 employees, the maximum number that could be eligible for the Plan, join the ESA and commit to the Plan. The scale of dilution due to the Disposal of Treasury Shares is, assuming the aforementioned number of shares disposed of, 0.12% (rounded to two decimal places; hereinafter, the same in percentage calculations) on the total number of issued shares, which is 57,114,127 as of March 31, 2023, and 0.12% on the total number of voting rights, which is 563,856 as of March 31, 2023.

The Company has judged that the number of treasury shares being disposed of and the scale of dilution are reasonable and that any impact on the markets based on this scale of dilution will be minor.

Note that implementation of the Disposal of Treasury Shares will be conditioned upon the amended Rules coming into effect by the day preceding the date for disposal pertaining to the Disposal of Treasury Shares and the Allotment Agreement between the Company and the ESA being concluded during the request period.

3. Outline of the Allotment Agreement

(1) Transfer restriction period

From July 31, 2023 (the “Disposal Date”) to May 1, 2027

(2) Condition for lifting the Transfer Restrictions

Transfer Restrictions will be lifted as of the expiration of the transfer restriction period for all Allotted Shares in a number corresponding to the Restricted Share Equity Interest held by an Eligible Employee, conditioned upon the Eligible Employee being a member of the ESA on a continuous basis during the transfer restriction period. However, the Transfer Restrictions will not be lifted as of the expiration of the transfer restriction period for all Allotted Shares in a number corresponding to the Restricted Share Equity Interest held by an Eligible Employee in the event that the Eligible Employee falls under the category of non-resident (Income Tax Act (Act No. 33 of 1965, including subsequent revisions)) due to the Eligible Employee being transferred or other reasons.

(3) Treatment upon withdrawal from the ESA

In the event an Eligible Employee withdraws from the ESA during the transfer restriction period (refers to situations where the employee loses membership qualification or applies to terminate membership, and includes the termination of membership due to death), on the date that the application for withdrawal is received by the ESA (the “Withdrawal Date”), the Company will acquire, by rights, without contribution all Allotted Shares in a number corresponding to the Restricted Share Equity Interest held by the Eligible Employee.

(4) Acquisition without contribution by the Company

The Company will acquire, by rights, without contribution any Allotted Shares for which Transfer Restrictions have not been lifted at the time the transfer restriction period expires.

(5) Administration of shares

During the transfer restriction period, Allotted Shares will be maintained in a dedicated account opened at Nomura Securities Co., Ltd., by the ESA to prevent it from transferring, establishing security interest on, or otherwise disposing of Allotted Shares during the transfer restriction period. In addition, the ESA will, in accordance with the provisions of the Rules, register and administer the Restricted Share Equity Interest separately from shares acquired by the ESA outside of the Plan as ordinary equity interest held by Eligible Employees.

(6) Treatment in the event of organizational restructuring

In situations when, during the transfer restriction period, a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other matters related to organizational restructuring is approved at a general meeting of shareholders of the Company (however, when organizational restructuring does not require approval at a general meeting of shareholders, then, by the Board of Directors of the Company), then, pursuant to a resolution by the Board of Directors, the Company will not lift Transfer Restrictions on all of the Allotted Shares owned by the ESA in a number in accordance with the Restricted Share Equity Interest owned by the Eligible Employee on the day said restructuring is approved. In such situations, on the day immediately before the business day prior to the effective date of said organizational restructuring, the Company will acquire, by rights, without contribution, all shares for which Transfer Restrictions have not been lifted corresponding to the Restricted Share Equity Interest held by the Eligible Employees on the same day.

4. Basis for calculating disposal price and specific details

The Disposal of Treasury Shares to the planned allottee, the ESA, will be carried out by having Eligible Employees contribute the Special Financial Incentive they receive from the Company to the ESA as contributed property to be used for granting restricted shares. To eliminate any arbitrariness regarding the disposal value, the Company will set the disposal price at ¥2,826, the closing price of the Company’s common shares on the Prime Market of the Tokyo Stock Exchange on May 9, 2023 (the business day prior to the day of the Board of Directors’ resolution). This is the market price on the day immediately preceding the day of the Board of Directors’ resolution and is thus considered to be a reasonable price and one that is not particularly advantageous to the ESA or its members.

The deviation rate (rounded to two decimal places) of this price from the average closing price of the Company’s shares on the Tokyo Stock Exchange Prime Market is as follows:

Period	Average closing price (rounded down if less than one yen)	Deviation rate
One month (April 10, 2023 - May 9, 2023)	¥2,734	3.37%
Three months (February 10, 2023 - May 9, 2023)	¥2,684	5.29%
Six months (November 10, 2022 - May 9, 2023)	¥2,537	11.39%

All four directors who are audit and supervisory committee members who attended the Board of Directors' meeting on May 10, 2023 expressed an opinion to the effect that the process to determine the aforementioned disposal price is not particularly advantageous to the planned allottee, the ESA, and is reasonable and that the decision is legitimate, given that the purpose of the Disposal of Treasury Shares is to introduce the Plan and that the disposal price is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the day before the day of the Board of Directors' resolution.

5. Matters related to procedures based on the Code of Corporate Conduct

The Disposal of Treasury Shares does not require the Company to obtain the opinion of an independent third party or to confirm the intention of shareholders as set forth in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange because (1) the dilution rate is below 25% and (2) there is no change in the controlling shareholder.