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July 28, 2023

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(Securities code: 8052; Tokyo Stock Exchange Prime Market)
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Notice Concerning Disposal of Treasury Shares through Third-Party Allotment in Connection with Continuation of Share Remuneration Plan

TSUBAKIMOTO KOGYO CO., LTD. (the “Company”) hereby announces that it has resolved at the Board of Directors meeting held today, July 28, 2023, to dispose of treasury shares as share remuneration (hereinafter referred to as the “Disposal of Treasury Shares”), as follows.

1. Outline of disposal

(1) Date of disposal	August 17, 2023
(2) Class and number of shares to be disposed of	31,200 shares of common shares
(3) Disposal price	4,535 yen per share
(4) Total amount of disposal price	141,492,000 yen
(5) Allottee	Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trustee: Custody Bank of Japan, Ltd. (Trust Account))
(6) Other	The Disposal of Treasury Shares is subject to the effectiveness of the notification under the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

At the Board of Directors meeting held on May 8, 2020, the Company resolved to introduce a share remuneration plan (hereinafter referred to as the “Plan”) with the aim to further clarify the linkage between the remuneration of the Company’s Directors (excluding Outside Directors, and including those who concurrently serve as Delegated Executive Officers; the same shall apply hereinafter) and Delegated Executive Officers (excluding those who concurrently serve as Directors; the same shall apply hereinafter; Directors and Delegated Executive Officers are collectively referred to as the “Directors, etc.”) and the value of the Company’s shares, and to raise the awareness of Directors, etc. to contribute to the improvement of medium- to long-term performance and the increase of corporate value by sharing the benefits and risks of share price fluctuations with shareholders. The introduction of the Plan for the Company’s Directors, etc. was approved and resolved at the 117th Ordinary General Meeting of Shareholders held on June 26, 2020, and the Company has continued the Plan to the present.

For an overview of the Plan, please refer to the “Notice Concerning Introduction of Share Remuneration Plan for Directors and Executive Officers” dated May 8, 2020.

The Disposal of Treasury Shares will be made to Sumitomo Mitsui Trust Bank, Limited (trust account) (re-trustee:

Custody Bank of Japan, Ltd. (trust account)), which is the trustee of the trust established for the introduction of the Plan (hereinafter referred to as the “Trust”).

The number of shares to be disposed of (31,200 shares, 312 voting rights) is equivalent to the number of shares that are expected to be delivered to the Directors, etc., in consideration of the positions and composition of the Directors, etc., of the Company during the extended trust period in accordance with the Share Delivery Regulations established by the Company at the time of the introduction of the Plan. The scale of dilution is 0.48% of the 6,497,969 shares outstanding as of March 31, 2023 (0.50% of the 62,989 total voting rights as of March 31, 2023; rounded off to the second decimal place).

The Company believes that the Plan will clarify the linkage between the remuneration of the Company’s Directors, etc. and the value of the Company’s shares, which will lead to an increase in the Company’s corporate value over the medium to long term. The Company has determined that the number of shares to be disposed of and the scale of dilution through the Disposal of Treasury Shares are reasonable, and that the impact on the secondary market will be insignificant.

(Reference) Outline of the trust agreement for the Trust

Settlor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors, etc. who meet the beneficiary requirements
Trust administrator	A third party who is independent from the Company or its officers
Exercise of voting rights	The voting rights pertaining to the Company’s shares in the Trust will not be exercised throughout the trust period.
Type of trust	Trusts of money other than money trusts (third party benefit trust)
Date of trust agreement	August 17, 2020
Period of trust	From August 17, 2020 to the end of August 2026 (scheduled)
Purpose of trust	Delivery of the Company’s shares to beneficiaries in accordance with the Share Delivery Regulations

3. Basis for calculation of disposal price and details thereof

The disposal price has been set at 4,535 yen per share, the closing price on the Tokyo Stock Exchange on July 27, 2023 (the business day immediately prior to the date of the resolution of the Board of Directors), in order to eliminate arbitrariness in consideration of recent share price trends. The closing price on the business day immediately prior to the date of the resolution of the Board of Directors was used because it is the market value immediately prior to the date of the resolution of the Board of Directors and the Company has determined that it is highly objective and reasonable as a basis for calculation.

The deviation rate of this price from the average closing price of 4,257 yen (rounded down to the nearest yen) for the one-month period (from June 28, 2023 to July 27, 2023) preceding the business day immediately prior to the date of the resolution of the Board of Directors is 6.53%, the deviation rate of this price from the average closing price of 4,094 yen (rounded down to the nearest yen) for the three-month period (from April 28, 2023 to July 27, 2023) preceding the said business day is 10.77%, and the deviation rate of this price from the average closing price of 4,121 yen (rounded down to the nearest yen) for the six-month period (from January 30, 2023 to July 27, 2023) preceding the said business day is 10.05% (all deviation rates are rounded off to the second decimal place).

As a result of taking the above into consideration, the Company believes that the disposal price for the Disposal of Treasury Shares is not particularly favorable to the allottee and is reasonable.

In addition, all of Corporate Auditors who attended the Board of Directors meeting (four members, two of whom are Outside Corporate Auditors) expressed their opinions that the basis for the calculation of the disposal price is reasonable, and that the disposal price is not particularly favorable to the allottee and is lawful.

4. Matters concerning procedures under the Corporate Code of Conduct

This Disposal of Treasury Shares does not require the acquisition of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (1) the dilution ratio is less than 25% and (2) the disposal does not involve a change in controlling shareholders.