

December 12, 2023

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(Securities Code: 6197 TSE PRIME)

Announcement Regarding Issuance of New Shares as Restricted Stock Compensation

Solasto Corporation (TSE: 6197, "the Company") announced that at the Board of Directors Meeting held on December 12, 2023, it was resolved to issue new shares as restricted stock compensation (hereinafter the "Issuance of New Shares" or the "Issuance") as outlined below.

1. Overview of the Issuance

(1) Payment date	January 11, 2024
(2) Class and number of shares to be issued	22,201 shares of common stock
(3) Issuance price	577 yen per share
(4) Total issuance amount	12,809,977 yen
(5) Eligible persons for the allotment of shares, the number of said persons, and the number of shares to be allotted	Director (excluding Outside Director) : 1 person 22,201 shares
(6) Others	Written Notice of Securities was submitted regarding this issuance of new shares in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason of the Issuance

At the Board of Directors Meeting held on May 25, 2021, it was resolved to introduce a restricted stock compensation plan (the "Plan") as a new compensation plan to provide incentives for Directors (excluding Outside Directors) and Corporate Officers who do not concurrently serve as Directors (hereinafter referred to as the "Eligible Directors, etc.") to continuously improve the Company's corporate value and to promote further value sharing with the shareholders. Additionally, at the 53rd Ordinary General Meeting of Shareholders held on June 28, 2021, it was approved that under the Plan, the monetary remuneration receivables to be provided to the Eligible Directors, etc. as contributions in-kind to receive restricted stocks (hereinafter "Restricted Stock Compensation") to be the maximum amount of 100 million yen; issuance or disposition of the Company's common stocks shall be up to 125,000 shares; and period of transfer restriction to be from 3 years up to 5 years which are determined by the Board of Directors.

The outline of the Plan is as follows.

[Overview of the Plan]

The Eligible Directors, etc. shall receive the Company's common stocks, upon issuance or disposition thereof by contributions in-kind of the entire monetary remuneration receivables received from the Company in accordance with the Plan.

The amount to be paid per share will be determined by the Board of Directors based on the closing price of the Company's common stocks on the Tokyo Stock Exchange on the business day prior to the resolution of each Board of Directors meeting (if no transactions are consummated on that day, the closing price on the most recent trading day prior to that date) to the extent that such amount is not particularly favorable for the Eligible Directors, etc. assuming such common stocks.

For the issuance or disposition of the Company's common stocks under the Plan, the Company is to enter into an agreement of allotment of restricted stocks with the Eligible Directors, etc. which includes conditions such as (i) the Company prohibits the Eligible Directors, etc. from transferring, creating a pledge on or disposing of the allotted common stocks of the Company allotted through the agreement, (ii) the Company to make a gratis acquisition of the allotted common stocks in the events of certain matters.

After consulting with Nomination, Evaluation, and Compensation Committee, for the purpose of further promoting sustainable corporate value, the Company decided to grant 1 Director who was appointed as the Representative Director, Executive Vice President as of October 1, 2023 (to be appointed Representative Director and President as of April 1, 2024) total monetary remuneration receivables of 12,809,977 yen (hereinafter referred to as "Monetary Remuneration Receivables") and 22,201 shares of common stocks taking into consideration the purpose of the Plan, business conditions, the scope of responsibilities of the Eligible Director and other circumstances. The period of transfer restriction is set at 3 years in order to achieve the purpose of the Plan of promoting value sharing with shareholders in medium term.

In this Disposal of Treasury Stock, 1 Eligible Director to be allocated under the Plan, will pay the entire Monetary Remuneration Receivables as contribution-in-kind to receive the common stocks disposed (the "Allotment Shares.")

The outline of the agreement for the allotment of restricted stocks (hereinafter referred to as the "Allotment Agreement") to be concluded between the Company and the Eligible Director for this Disposal of Treasury Stock is as stated in 3.

3. Outline of the Allotment Agreement

(1) Period of transfer restriction

January 11, 2024 to January 11, 2026

(2) Terms and conditions for lifting of transfer restriction

The Company shall lift the transfer restriction on all Allotment Shares at the expiration of the transfer restriction on the condition that the Eligible Director continues to serve in the position of Director of the Company or the subsidiary, Corporate Officer not concurrently holding positions as Director, Corporate Auditor, employee, advisor or counselor or any other position equivalent thereto.

(3) Treatment where an Eligible Director retires or resigns due to the expiration of his term of office, mandatory retirement age, or for any other justifiable reason during the period of transfer restriction.

(i) Timing of termination of transfer restriction

The Company shall lift the transfer restriction at the retirement or resignation of the Eligible Director on the condition that the Eligible Director retire or resign due

to the expiration of his term of office, mandatory retirement age, or for any other justifiable reason during the period of transfer restriction (including resignation or retirement due to death) from the position of Director of the Company or the subsidiaries, Corporate Officer not concurrently holding positions as Director, Corporate Auditor, employee, advisor or counselor or any other position equivalent thereto.

(ii) Number of shares subject to termination of transfer restriction

It shall be calculated by multiplying the multiplier to the number of shares held at the time of such resignation or retirement as set forth in paragraph (i). The multiplier is calculated by dividing the number of the months starting from the beginning of restriction period to the month of retirement or resignation of the Eligible Director by 36 (if such number exceeds 1, the number shall be deemed to be 1) (any fraction less than 1 share resulting from such calculation shall be discarded).

(4) Gratis acquisition by the Company

The Company shall make a gratis acquisition of all the Allotment Shares which are not subject to the termination of transfer restriction at the expiration of the transfer restriction period or at the timing of termination of transfer restriction as set forth in (3). Other reasons for a gratis acquisition of the Allotment Shares shall be as set forth in the Allotment Agreement based on a resolution of the Board of Directors of the Company.

(5) Management of the shares

The Allotment Shares shall be managed in a dedicated account opened by the Eligible Director in Nomura Securities Co., Ltd. during the transfer restriction period so that the shares may not be transferred, placed in pledge or otherwise disposed of during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in connection with the management of the account of the Allotment Shares held by the Eligible Director in order to ensure the effectiveness of transfer restrictions, etc. related to the Allotment Shares. Accordingly, the Eligible Director shall agree to the handling of the Allotment Shares under the management of such account.

(6) Handling in case of reorganization, etc.

If, during the transfer restriction period, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary of another company or any other matters related to reorganization, etc. is approved at a General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors of the Company if the approval of the General Meeting of Shareholders for said reorganization is not required), the Company shall, on one business day prior to the effective date of said reorganization, lift the transfer restriction on Allotment Shares calculated by multiplying the multiplier to the number of shares held at the time of said reorganization. The multiplier is calculated by dividing the number of the months starting from the beginning of restriction period to the month of approval of said reorganization by 36 (if such number exceeds 1, the number shall be deemed to be 1) (any fraction less than 1 share resulting from such calculation shall be discarded). The Company shall make a gratis acquisition of all the Allotment Shares which are not subject to the termination of transfer restriction as of the one business day prior to the effective date of the said reorganization.

4. Basis of the calculation of the amount to be paid and the specific contents thereof
This Issuance of New Shares to the allotment party, is made through the payment of the Monetary Remuneration Receivables provided for 56th fiscal year as contribution-in-kind to receive the common stocks issued under the Plan.
The issue price is set at 577 yen, the closing price of the Company's common stocks on the Tokyo Stock Exchange Prime Market on December 11, 2023 (the business day prior to the resolution of the Board of Directors), in order to eliminate arbitrary matters. This is the market share price immediately prior to the Board of Directors' resolution date, and the Company believes it is reasonable and not particularly advantageous.

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