

Notice Regarding the Disposal of Treasury Shares through Third-Party Allotment

We hereby announce that our Board of Directors, held today, has resolved to dispose of treasury shares through third-party allotment (hereinafter referred to as 'this disposal of treasury shares') as described below.

1. Summary of Disposal

(1) Disposal Date	November 14, 2024
(2) Type and Number of Shares to be Disposed	47,200 shares of our common stock (Note)
(3) Disposal Price	3,215 yen per share
(4) Total Disposal Amount	151,748,000 yen (Note)
(5) Method of Disposal	By way of third-party allotment
(6) Planned Disposal Destination	(ADEKA Employee Stock Ownership Association (hereinafter referred to as 'this ESOA'))
(7) Others	This disposal of treasury shares is conditional upon the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act.

(Note) The 'Number of Shares to be Disposed of' and the 'Total Disposal Amount' are maximum values, and the actual number of shares to be disposed of and the total disposal amount will depend on the number of eligible employees of our company and our subsidiaries who are members of this ESOA and agree to the 'Special Incentive Scheme for the Employee Stock Ownership Association (the Special Incentive Scheme)' (hereinafter referred to as 'this scheme'). The actual number of shares disposed of, and the total disposal amount will be promptly announced once determined.

2. Purpose and Reason for Disposal

As announced today in 'Introduction of a Special Incentive Scheme for Employee Stock Ownership Association', our Board of Directors, held today, has resolved to introduce this scheme for the purpose of helping our employees and those of our subsidiaries build assets and raising their awareness of participation in management by owning our company's shares (hereinafter referred to as 'our shares'), through the payment of a special incentive (hereinafter referred to as 'this Special Incentive') for the allocation of our shares to eligible employees, and by contributing 'this Special Incentive to this ESOA for the allocation of our shares. Based on this scheme, our Board of Directors, held today, has resolved to dispose of 47,200 shares (worth approximately 152 million yen) out of the 1,208,644 treasury shares we currently hold (as of March 31, 2024) to this ESOA.

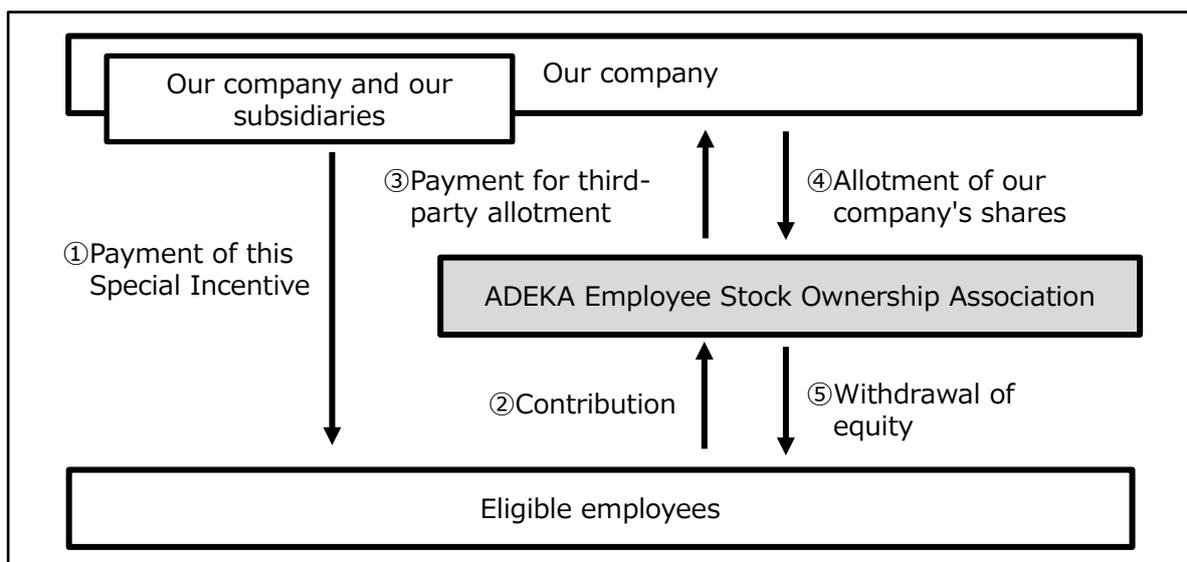
This scheme involves paying this Special Incentive to eligible employees and allocating our shares to this ESOA through the contribution of this Special Incentive. Regarding the number of shares to be disposed of, as noted in 1. Summary of Disposal, we plan to dispose of up to 47,200 shares to this ESOA.

Furthermore, the scale of dilution will be 0.05% of the total number of issued shares as of March 31, 2024, which is 103,768,142 shares, and 0.05% of the total number of voting rights as of March 31, 2024, which is 1,025,194 rights (both rounded to the third decimal place).

3. Overview of This Scheme

In this scheme, this Special Incentive will be paid to eligible employees who join this ESOA from our company and our subsidiaries, and these employees will contribute this Special Incentive of 3,215 yen (hereinafter referred to as 'the Payment Amount') to this ESOA. This ESOA will aggregate this Special Incentive contributed by eligible employees and make a payment to our company, thereby receiving the disposal of our shares.

The structure of this scheme is as follows:



4. Basis for calculation of payment amount and its specific details

Regarding the Payment Amount of this treasury stock, to eliminate arbitrariness, it is set at 3,215 yen, which is the closing price of our company's stock on the Tokyo Stock Exchange on the business day immediately preceding the date of our board of directors' resolution (May 21, 2024). This is the market stock price just before the date of our board of directors' resolution, which we consider to be reasonable. The reason for basing it on the closing price on the business day immediately preceding the date of the board of directors' resolution is because it represents our company's fair corporate value in the stock market, and it was deemed rational.

Regarding the Payment Amount of 3,215 yen, it is an amount obtained by multiplying 99.20% to the average closing price of 3,241 yen (rounded down to the nearest yen) for the most recent 1-month period retracing from the business day immediately preceding the board of directors' resolution date. It is an amount obtained by multiplying 99.88% to the average closing price of 3,219 yen (rounded down to the nearest yen) for the most recent 3 months period retracing from the business day immediately preceding the board of directors' resolution date. It is an amount obtained by multiplying 105.90% to the average closing price of 3,036 yen (rounded down to the nearest yen) for the most recent 6 months period. Considering the above, the Payment Amount related to this treasury stock disposal is deemed not to be particularly advantageous, but reasonable.

The Audit and Supervisory Committee has expressed the opinion that the process by which our company determined that the above payment amount, considering that this disposal of treasury stock is aimed at introducing this scheme and that the payment amount

is the closing price of our company's shares on the Tokyo Stock Exchange on the business day immediately preceding the date of our board of directors' resolution related to this disposal of treasury stock, does not correspond to a particularly advantageous payment amount for the disposal destination, this holding company, is rational and that such a determination is appropriate.

5. Matters concerning procedures under the corporate code of conduct

This disposal of treasury stock does not require obtaining opinions from independent third parties or shareholder approval procedures as stipulated in Article 432 of the Tokyo Stock Exchange's Securities Listing Regulations, because ① the dilution rate is less than 25%, and ② it does not involve a change of controlling shareholders.

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