

Translation

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For Immediate Release

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**Notice of Issuance of New Shares as Restricted Stock Compensation for Employees and Granting of Units
Based on Post-Vesting Stock Compensation Plan for Directors and Employees**

The Company hereby announces that a resolution was passed at the meeting of the Board of Directors held today to proceed with the issuance of new shares as restricted stock compensation (hereinafter referred to as the “New Share Issuance”) and the granting of units based on the Post-Vesting Stock Compensation Plan (hereinafter referred to as the “PSU Plan”).

- Issuance of new shares as restricted stock compensation

1. Overview of issuance

(1) Issue date	August 25, 2023
(2) Type and number of shares to be issued	4,968 shares of the Company’s common stock
(3) Issue price	3,595 yen per share
(4) Total value of issued shares	17,859,960 yen
(5) Recipients	184 employees of the Company to receive 4,968 shares

2. Purpose of and reason for issuance

The Company has resolved to introduce a Restricted Stock Compensation Plan (hereinafter referred to as the “Plan”) as a new compensation system for the Company’s employees who meet the prescribed requirements (hereinafter referred to as “eligible employees”). The purpose is to further strengthen efforts to enhance corporate value over the medium to long term and promote further value sharing with shareholders. Furthermore, the Company has resolved to proceed with the issuance of new shares to eligible employees based on the Plan.

In the New Share Issuance, the Company will enter into individual restricted stock allotment agreements (the

“Allotment Agreements”) with each of the eligible employees. An overview is provided below.

[Overview of the Plan]

Eligible employees will be required to contribute the entirety of the monetary claims provided by the Company under the Plan as in-kind contributions, and in return, they will receive the issuance or disposal of common shares of the Company. Furthermore, when the Company’s common shares are issued or disposed of under the Plan, the Company will enter into a restricted stock allotment agreement with the eligible employee. The agreement will include the following provisions:

- (1) The allotted common shares of the Company may not be transferred, pledged or otherwise disposed of for a predetermined period of time
- (2) The Company has the right to acquire the said common shares at no cost under certain circumstances

[Overview of Allotment Agreement]

(1) Restricted transfer period

Eligible employees may not transfer, pledge, or otherwise dispose of the allocated shares from the date of issuance until the date they cease to hold any position as a director, auditor, executive officer, or employee of the Company or its subsidiaries (hereinafter referred to as the “Restricted Transfer Period”).

(2) Lifting of transfer restriction

When the Restricted Transfer Period expires (except in cases where the eligible employee retires due to death, in which case it will be immediately following the retirement), the transfer restriction will be lifted on all allotted shares held by the eligible employee (or in the case of an eligible employee’s retirement due to death, to the legal heirs of the eligible employee) on the condition that the eligible employee has continuously held a position as a director, auditor, executive officer, or employee of the Company or one of its subsidiaries for a period of one year from the date of issuance (hereinafter referred to as the “Service Period”).

(3) Handling of retirement during the Service Period

If an eligible employee ceases to hold a position as a director, auditor, executive officer, or employee of the Company or one of its subsidiaries before the expiration of the Service Period (excluding cases where they immediately assume or re-assume any of those positions), the Company will initiate the transfer procedures related to the allotted shares and acquire all allotted shares at no cost upon completion of the said transfer procedures.

(4) Management of shares

During the Restricted Transfer Period, the allotted shares will be managed in a dedicated account for restricted shares established by the Company with a designated securities firm so that they cannot be transferred, pledged, or otherwise disposed of during the Restricted Transfer Period.

(5) Treatment of shares in the event of organizational restructuring

In the event of a merger agreement under which the Company is dissolved, a share exchange agreement under which the Company becomes a wholly owned subsidiary, a share transfer plan, or any other matters involving organizational restructuring during the Restricted Transfer Period, the Board of Directors may, by resolution, lift the transfer restrictions on all allotted shares held at that point in time if the number obtained by dividing the number of months from the month including the date of issuance to the month including the approval date of the organizational restructuring by 12 is greater than or equal to one. The transfer restrictions will be lifted as of the last business day before the effective date of the organizational restructuring. If there are any allotted shares for which transfer restrictions have not been lifted immediately after the said lifting transfer restrictions, the Company will then acquire them at no cost as a matter of course.

3. Basis for calculation of the amount to be paid in and specific details

The issuance price of the New Share Issuance has been set at the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the Board of Directors' resolution (May 25, 2023), which was 3,595 yen, in order to ensure that it is objective and fair. This represents the market share price just prior to the date of the Board of Directors' resolution and is deemed to be a reasonable and unbiased price, not giving any particular advantage.

- Granting of units under the PSU Plan

1. Overview

(1) Date of granting	June 1, 2023
(2) Number of units granted and number of shares to be issued	37,118 units (37,118 of the Company's common stock)
(3) Vesting period	June 1, 2023 - May 31, 2026
(4) Eligibility	5 of the Company's directors: 20,859 units (20,859 shares) 28 of the Company's employees: 16,259 units (16,259 shares)
(5) Payment for units	The units are granted at no cost.

2. Purpose of and reason for granting units

The Company has resolved to introduce a PSU Plan (hereinafter referred to as "Plan 2") as a new compensation system for the Company's directors and employees who meet the prescribed requirements (hereinafter referred to as "eligible directors and employees"). The purpose is to further strengthen efforts to enhance corporate value over the medium to long term and promote further value sharing with shareholders as well as to elicit greater commitment from the core directors and employees of the Company's business. Furthermore, the Company has resolved to proceed with the granting of units to eligible directors and employees based on Plan 2.

The Company received approval to set the amount of monetary compensation for the Company's directors at no more than 300 million yen per year at the Ordinary General Meeting of Shareholders held on May 31, 2019. Separately from that, at today's Ordinary General Meeting of Shareholders, the total amount of compensation to be paid to eligible directors under Plan 2 during the evaluation period was approved to be within 225 million yen. The units will be granted within this limit.

Note that once the rights to these units are vested and the issuance of Company shares to eligible directors and employees takes place, individual share allotment agreements will be entered into with each eligible director and employee, following the prescribed procedures.

3. Vesting conditions

The units granted to eligible directors and employees will be vested in a specified percentage of the units granted on each of the vesting dates below, and a specified percentage of the units will be vested if the conditions listed in the table below are met.

- (1) May 31, 2024: 20% of granted units
- (2) May 31, 2025: 30% of granted units
- (3) May 31, 2026: 50% of granted units

[Vesting conditions for directors]

The increase in the monthly average market capitalization from the base market capitalization during the month of vesting is 0% or more and less than 20%	Number of units subject to vesting x 50%
The increase in the monthly average market capitalization from the base market capitalization during the month of vesting is 20% or more	Number of units subject to vesting x 100%

[Vesting conditions for employees]

The increase in the monthly average market capitalization from the base market capitalization during the month of vesting is less than 10%	Number of units subject to vesting x 50%
The increase in the monthly average market capitalization from the base market capitalization during the month of vesting is 10% or more and less than 20%	Number of units subject to vesting x 80%
The increase in the monthly average market capitalization from the base market capitalization during the month of vesting is 20% or more	Number of units subject to vesting x 100%

4. Timing of share issuance

The timing of the issuance of the Company's shares based on these units will be determined separately by the Board of Directors after the vesting period comes to an end.