



June 21, 2024

To whom it may concern

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Notice of Disposal of Treasury Shares as Restricted Stock Compensation

At the Board of Directors' meeting on June 21, 2024, Digital Garage, Inc. (the "Company") resolved to dispose of treasury shares (the "Disposal of Treasury Shares" or the "Disposal").

1. Outline of the Disposal

(1) Disposal Date	July 12, 2024
(2) Class and Number of Shares to be Disposed	89,900 shares of common stock of the Company
(3) Disposal Price	2,301 yen per share
(4) Total Value of Shares to be Disposed	206,859,900 yen
(5) Method of Allotment and Disposal	Allotment of restricted stock
(6) Method of Performance of Contribution	Monetary compensation receivables
(7) Allottees and Number thereof, Number of Shares to be Disposed	Directors of the Company (*): 5 persons 30,900 shares Corporate Officers of the Company: 16 persons 52,000 shares Employees of the Company: 2 persons 4,600 shares Corporate Officers of the subsidiary of the Company: 2 persons 2,400 shares (*) excluding Directors who are Audit and Supervisory Committee Members and Outside Directors.
(8) Other Details	The Company has submitted an extraordinary report regarding the Disposal of Treasury Shares pursuant to the Financial Instruments and Exchange Act.

2. Purpose and Reasons for the Disposal

It was approved at the 21st Ordinary General Meeting of Shareholders held on September 29, 2016, to introduce a restricted stock compensation plan (the "Plan") as a system to award incentives to the Company's Directors other than Directors who are Audit and Supervisory Committee Members and Outside Directors (the "Eligible Directors") for the purpose of sustainably increasing the Company's corporate value and further promoting shared value between the Eligible Directors and shareholders, and also to provide monetary compensation

receivables of up to 100 million yen as the substantial annual amount for one fiscal year to the Eligible Directors as properties contributed in kind for the allotment of restricted stock through the Plan (the “Restricted Stock Compensation”). An overview of the Plan is as follows.

The Plan is that the Eligible Directors are provided with monetary compensation receivables so that the restricted stock will be allotted, and make contribution in kind of such monetary compensation receivables to the Company as properties contributed in kind, and then will receive the issuance or disposal of the Company's common stock.

The Company shall enter into the Restricted Stock Allocation Agreement (the “Allocation Agreement”) with each Eligible Director according to the conditions related to the Medium-Term Incentives in Section 3 below (the Company's common stock allocated under the Allocation Agreements are hereinafter referred to as the “Allocated Shares”), provided such agreements shall include the provisions set forth that (i) the Eligible Directors who were allotted the restricted shares shall not be able to transfer, pledge or otherwise dispose of the Allocated Shares during a defined period of time (the “Transfer Restriction Period”) and (ii) the Company may acquire the Allocated Shares without consideration if any certain event occurs. The matters concerning the operation of the Plan provided in Section 3 and other related matters shall be determined by the Board of Directors of the Company.

The paid-in amount per restricted stock under the Plan shall be the fair price of the Company's common stock on the payment date, such as the closing price of the Company's common stock on the Tokyo Stock Exchange (“TSE”) on the business day preceding the date of each resolution of the Board of Directors (or, the closing price on the most recent trading day preceding the transaction if no transactions have been conducted on the same day).

The Plan is also to be implemented for Corporate Officers or employees of the Company, and Directors, Corporate Officers or employees of the Company's subsidiaries, subject to a resolution of the Board of Directors of the Company.

The Company has decided to issue a total amount of 206,859,900 yen in monetary compensation receivables (of which, total amount of those for the Company's Directors is 71,100,900 yen), and number of 89,900 shares of common stock to 5 Eligible Directors, 16 Corporate Officers and 2 employees of the Company, and 2 Corporate Officers of the Company's subsidiaries (the “Allottees”). The scale of issuance of the Restricted Stock Compensation has been determined by a resolution of the Board of Directors of the Company, taking into consideration assessments of track record and responsibilities during the Transfer Restriction Period of the Allottees based on the level of management compensation in the Internet industry to which the Company group belongs.

3. Overview of the Allocation Agreement

The Company shall enter into the Allocation Agreement individually with each of the Allottees for the Restricted Stock Compensation, an overview of which is set out as follows. Among the two types of Restricted Stock Compensation described below, the Restricted Stock Compensation as medium-term incentives (the “Medium-term Incentives”) and the Restricted Stock Compensation as long-term incentives (the “Long-term Incentives”), the Eligible Directors are entitled to be granted only the Medium-term Incentives, and Corporate Officers or employees of the Company and Directors, Corporate Officers or employees of the Company's subsidiaries are entitled to be granted the Medium-term Incentives and/or the Long-term Incentives.

1) Allocation Agreement (Medium-Term Incentives)

(1) Transfer Restriction Period:

The period shall commence from July 12, 2024 to July 30, 2027. The Allottees shall not be able to transfer, pledge or otherwise dispose of the Allocated Shares during the said period, in accordance with

the Allocation Agreements.

(2) Conditions for removal of restrictions:

The Allottees shall no longer be restricted on the transfer of the entirety of the Allocated Shares once the Transfer Restriction Period has expired, on the condition of having continuously served in any positions of Director (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), Corporate Officer, or employee of the Company or its subsidiary throughout the Transfer Restriction Period.

(3) In the event that the Allottees resign or retire from any positions of Director (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), Corporate Officer, or employee of the Company or its subsidiary due to expiration of term of office, retirement age, or other justifiable reason during the Transfer Restriction Period:

- a) The transfer restriction shall be removed at the time immediately after the resignation or retirement of each person; and
- b) The number of shares subject to removal of the transfer restriction shall, in principle, be the number calculated by multiplying (i) the number of Allocated Shares by (ii) the ratio obtained by dividing the Allottee's employment period (in months) during the Transfer Restriction Period by twelve (12) months, with any shares less than one trading unit shall be rounded down, or shall be determined by the Board of Directors of the Company.

(4) Acquisition of the Allocated Shares by the Company without consideration:

The Company shall be able to acquire the Allocated Shares without consideration after the time of removal of the transfer restriction for which the transfer restriction has not been removed pursuant to the reasons set out in the preceding (3) and any other reasons.

(5) Management of the Allocated Shares:

The Allocated Shares shall be managed in a dedicated account opened by the Allottees at Nomura Securities Co., Ltd., to ensure compliance with the transfer restrictions where they shall not be able to transfer, pledge or otherwise dispose of the Allocated Shares during the Transfer Restriction Period.

(6) In the event of Reorganization or other change in control:

In the event that any matter listed below is approved at the General Meeting of Shareholders of the Company (or, a resolution of the Company's Board of Directors has been passed if no approval related to such Reorganization (defined below) of the General Meeting of Shareholders is required) during the Transfer Restriction Period, the transfer restrictions of the Allocated Shares will be removed immediately before the business day prior to the effective date of the organizational restructuring (the "Reorganization") by a resolution of the Board of Directors, which the number of shares subject to removal of the transfer restrictions shall, in principle, be the number calculated by multiplying (i) the number of Allocated Shares held by the Allottees by (ii) the ratio obtained by dividing the period (in months) from the commencement month of the Transfer Restriction Period (July 2024) to the month of such approval date by twelve (12) months, with any shares less than one trading unit shall be rounded down;

- a) a merger agreement pursuant to which the Company will become an absorbed company, or
- b) a share exchange agreement or a share transfer plan pursuant to which the Company will become a wholly-owned subsidiary, or other matters related to the Reorganization.

2) Allocation Agreement (Long-term Incentives)

(1) Transfer Restriction Period:

The period shall commence from July 12, 2024 to the time when each Allottee resigns or retires from any position of Director (excluding Outside Directors), Corporate Officer, or employee of the Company or its subsidiary due to death, expiration of term of office, retirement age, or other justifiable reason. The Allottees shall not be able to transfer, pledge or otherwise dispose of the Allocated Shares during the said period.

(2) Conditions for removal of restrictions (Entitlement):

The Allottees shall no longer be restricted on the transfer of the entirety of the Allocated Shares once the Transfer Restriction Period has expired, on the condition of having continuously served in any positions of Director (excluding Outside Directors), Corporate Officer, or employee of the Company or its subsidiary throughout the Transfer Restriction Period.

(3) Acquisition of the Allocated Shares by the Company without consideration:

The Company shall unquestionably be able to acquire the Allocated Shares without consideration after the time of removal of the transfer restriction for which the transfer restriction has not been removed.

(4) Management of the Allocated Shares:

The Allocated Shares shall be managed in a dedicated account opened by the Allottees at Nomura Securities Co., Ltd., to ensure compliance with the transfer restrictions where the Allottees shall not be able to transfer, pledge or otherwise dispose of the Allocated Shares during the Transfer Restriction Period.

(5) In the event of Reorganization or other change in control:

In the event that any matter listed below is approved at the General Meeting of Shareholders of the Company (or, a resolution of the Company's Board of Directors has been passed if no approval related to such Reorganization of the General Meeting of Shareholders is required) during the Transfer Restriction Period, the transfer restrictions of the Allocated Shares will be removed immediately before the business day prior to the effective date of the Reorganization by a resolution of the Board of Directors, which the number of shares subject to removal of the transfer restrictions shall, in principle, be the number calculated by multiplying (i) the number of Allocated Shares held by the Allottees by (ii) the ratio obtained by dividing the period (in months) from the commencement month of the Company's fiscal year to which the pay-in date belongs (April 2024) to the month of such approval date by twelve (12) months, with any shares less than one trading unit shall be rounded down;

- a) a merger agreement pursuant to which the Company will become an absorbed company, or
- b) a share exchange agreement or a share transfer plan pursuant to which the Company will become a wholly-owned subsidiary, or other matters related to the Reorganization.

4. Basis of Calculation of the Payment and Specific Details thereof

For the purpose of eliminating arbitrariness, the disposal price of the Disposal shall be 2,301 yen which is the closing price of the Company's common stock on TSE prime market on June 20, 2024 (the business day immediately prior to the date of resolution at the meeting of the Board of Directors of the Company).

This is the market share price as of the trading day immediately prior to the date of such resolution, which would seem rational and does not constitute a particularly advantageous price, since the deviations are (i) -2.67% (rounded off to the second decimal place, which is also applicable to the following calculation of the deviation) between such price and the simple average closing price of 2,364 yen (rounded down to the nearest yen, which

is also applicable to the following simple average closing price) on TSE for one-month (May 21, 2024 to June 20, 2024) of the Company's common stock, (ii) -15.28% between such price and the simple average closing price of 2,716 yen for three-month (March 21, 2024 to June 20, 2024), and (iii) -25.51% between such price and the simple average closing price of 3,089 yen for six-month (December 21, 2023 to June 20, 2024).