



March 26, 2025

To Whom It May Concern,

Listed company name: MUGEN ESTATE Co., Ltd.
Representative: Shinichi Fujita, President
(Code : 3299 TSE Standard Market)
Contact: Norihito Hosokawa, Senior Executive Officer,
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Notice Regarding the Disposal of Treasury Shares as Restricted Stock Compensation

The Company hereby announces that at the meeting of the Board of Directors held today, the Company resolved to dispose of treasury shares as restricted stock compensation (hereinafter referred to as the “Disposal of Treasury Shares”), as described below.

1. Overview of the Disposal

(1) Payment date	April 25, 2025
(2) Class and number of shares to be disposed of	Common shares of the Company: 112,000 shares
(3) Disposal value	2,333 yen per share
(4) Total disposal value	261,296,000 yen
(5) Planned allottees	Two Directors* of the Company: 41,000 shares Nine Executive Officers of the Company: 71,000 shares (*) Outside Directors are excluded.
(6) Other	Regarding the Disposal of Treasury Shares, the Company has submitted an extraordinary report pursuant to the Financial Instruments and Exchange Act.

2. The purpose and reasons for the disposition

At the Board of Directors meeting held on February 14, 2022, the Company resolved to introduce a restricted stock compensation plan (hereinafter referred to as the “Plan”) as a new remuneration plan for the Company’s Directors (excluding Outside Directors; the same applies hereinafter), with the aim of providing them with incentives to continually enhance the Company's corporate value and further promoting value sharing with shareholders.

Moreover, at the 32nd Annual General Meeting of Shareholders held on March 25, 2022, the Company obtained approval (1) to pay compensation for granting restricted stock to Directors under the Plan, with the transfer restriction period of the shares being the period from the date of their issuance until the Directors retire or resign from their positions as Directors of the Company and other positions specified by the Board of Directors of the Company; (2) to grant restricted stock through issuing or disposing of common shares of the Company in exchange for an in-kind contribution of all monetary remuneration claims provided to Directors; and (3) to set the total number of common

shares of the Company to be issued or disposed of under the Plan at no more than 120,000 shares per year, with the value thereof capped at 100 million yen per year and separate from the existing monetary remuneration framework. Furthermore, at the 35th Annual General Meeting of Shareholders held on March 26, 2025, the Company obtained approval to limit the total amount of monetary remuneration claims for the restricted stock compensation for Directors to 200 million yen per year, comprehensively taking into consideration, among other factors, the Company's business scale, remuneration system for officers and payment levels, the current number of officers, and future trends. On this occasion, the Company has decided to grant restricted stock to our Executive Officers, with the aim of providing them with incentives to continually enhance the Group's corporate value and further promoting value sharing with shareholders.

Based on the foregoing, at the Board of Directors meeting held today, the Company resolved to dispose of 112,000 shares of common shares of the Company in the form of restricted stock by providing monetary remuneration claims totaling 261,296,000 yen to 11 Directors and Executive Officers of the Company (hereinafter, collectively referred to as the "Eligible Officers"), taking into consideration the purpose of the Plan, the scope of responsibilities of each Eligible Officer, and various other factors, and having the Eligible Officers contribute such claims in kind.

< Overview of the Allotment Agreement >

In connection with the Disposal of Treasury Shares, the Company and the Eligible Officers will individually enter into an agreement on allotment of shares (hereinafter referred to as the "Allotment Agreement"), a summary of which is as follows.

(1) Transfer restriction period

During the period from April 25, 2025 (payment date) until the Eligible Officers resign, they shall not transfer, establish a security interest over or otherwise dispose of the common shares of the Company allotted in accordance with the Allotment Agreement (hereinafter referred to as the "Allotted Shares").

(2) Conditions for lifting transfer restrictions

The transfer restriction shall be lifted for all of the Allotted Shares at the expiration of the transfer restriction period, provided that the Eligible Officers have held the position of Director or Executive Officer of the Company or the Company's subsidiary continuously during the period from the date of the Company's Annual General Meeting of Shareholders held immediately prior to the payment date to the date of the Company's Annual General Meeting of Shareholders held in the following year (hereinafter referred to as the "Service Period"). However, if, during the Service Period, the Eligible Officers retire either as a Director or Executive Officer of the Company or its subsidiary due to death, expiration of their term of office, or any other reason deemed justifiable by the Board of Directors of the Company, the transfer restriction shall be lifted at the end of the transfer restriction period for the number of Allotted Shares obtained by multiplying the total number of Allotted Shares by the number obtained by dividing the number of months from the month after the start date of the Service Period to the month in which the retirement date falls by 12 (however, if a fractional share arises as a result of the calculation, such fractional share shall be omitted).

(3) Acquisition by the Company without compensation

Upon expiration of the transfer restriction period, the Company shall automatically acquire, without

compensation, the Allotted Shares for which the transfer restriction has not been lifted.

(4) Management of shares

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account for restricted stock opened by the Eligible Officers at Daiwa Securities Co., Ltd., thereby ensuring that the Allotted Shares cannot be transferred, have a security interest established over them, or otherwise disposed of during the transfer restriction period.

(5) Treatment in the event of organizational restructuring, etc.

If, during the transfer restriction period, a merger agreement under which the Company becomes the disappearing company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the Company's General Meeting of Shareholders (however, if the organizational restructuring, etc. does not require approval at the Company's General Meeting of Shareholders, approved by the Company's Board of Directors), the transfer restriction related to the number of Allotted Shares obtained by multiplying the total number of Allotted Shares held at such time (however, if a fractional share arises as a result of the calculation, such fraction shall be omitted) by the number obtained by dividing by 12 the number of months from the month after the start date of the Service Period until the month in which the approval date of the organizational restructuring, etc. falls (however, if the result of the calculation exceeds 1, the value shall be 1) shall be lifted immediately prior to the business day preceding the effective date of the organizational restructuring, based on a resolution of the Board of Directors of the Company.

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

The Disposal of Treasury Shares shall be conducted by using the monetary remuneration claims provided to the planned allottees under the Plan as capital contribution assets, and in order to ensure a value that is free from arbitrariness, the amount to be paid in has been set at 2,333 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on March 25, 2025 (the business day immediately preceding the date of the resolution by the Board of Directors). This represents the market price immediately prior to the date of the resolution by the Board of Directors. In the absence of any special circumstances indicating that the latest stock price cannot be relied upon, the Company believes that this price is reasonable and appropriately reflects the corporate value of the Company and does not correspond to a price that is particularly advantageous to the Eligible Officers.

4. Matters related to transactions, etc. with controlling shareholders

With respect to the granting of restricted stock to Directors (excluding Outside Directors) and Executive Officers of the Company through the Disposal of Treasury Shares by paying monetary remuneration claims equivalent to the amount to be paid in for the restricted stock and having the said Directors and Executive Officers contribute said monetary remuneration claims in kind, Susumu Fujita, Chairman & Representative Director of the Company, as well as Shinichi Fujita, President & Representative Director, and Keiji Shoda, Managing Executive Officer, who are relatives within the second degree of kinship of a controlling shareholder, are eligible for allotment, and therefore the transactions fall under the category of transactions, etc. with controlling shareholders.

(1) Conformity with the Policy on Measures to Protect Minority Shareholders in Conducting Transactions with

Controlling Shareholder

- A. The Company set forth the “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder” in its corporate governance report disclosed on March 26, 2025, as follows.

“The shareholding ratio of the Company’s major shareholder, Chairman Susumu Fujita, constitutes a majority upon the aggregation thereof with the shares held by his relatives within the second degree of kinship and Dream Come True Co., Ltd., Celanese Co., Ltd. and MUGEN KIKAKU Co., Ltd., which are asset management companies of the founding family. Accordingly, he is a controlling shareholder of the Company.

The Company closely examines the legality, appropriateness and reasonableness of all transactions in accordance with the rules for internal approval and other rules. In particular, transactions with the controlling shareholders, including Dream Come True Co., Ltd., Celanese Co., Ltd. and MUGEN KIKAKU Co., Ltd., and their relatives within the second degree of kinship are treated as related-party transactions. According to the Guidelines, such transactions must be submitted to the Board of Directors to determine whether they are fair, proper and reasonable in comparison with ordinary transactions, and the approval of the directors, excluding interested parties, must be obtained before the transactions are executed.”

- B. Regarding the Disposal of Treasury Shares,
- (i) Regulations on Restricted Stock Compensation have been established in advance by the Board of Directors, and the legality, appropriateness and reasonableness of the content have been deliberated. In addition, treasury shares are to be disposed of in accordance with such Regulations.
 - (ii) With regard to the method of determining the amount to be paid in and the details and conditions of the grant of stock, the Board of Directors has been consulted in order to ensure that the terms and conditions are appropriate for transactions with the controlling shareholders. In addition, the approval of the Directors, excluding interested parties, has been obtained.

For the above reasons, the Company has determined that the Disposal of Treasury Shares is in line with the above “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder.”

- (2) Measures to ensure fairness and avoid conflicts of interest
- (i) From the viewpoint of ensuring fairness and avoiding conflicts of interest in transactions with the controlling shareholders, the Company’s Chairman & Representative Director Susumu Fujita and President & Representative Director Shinichi Fujita did not participate in the resolution for granting restricted stock.
 - (ii) With the exception of Chairman & Representative Director Susumu Fujita and President & Representative Director Shinichi Fujita, the above resolution has been approved by all the Directors.
- For the above reasons, the Company has determined that the measures are appropriate for ensuring fairness and avoiding conflicts of interest.
- (3) Summary of the opinions received from persons with no interest in the controlling shareholders regarding the fact that the Disposal of Treasury Shares is not disadvantageous to minority shareholders

In passing the resolution regarding the Disposal of Treasury Shares, the Company obtained opinions today from our Outside Directors, Masashi Nitta, Kengo Maekawa and Sachiko Tomidokoro, who have no interest in the controlling shareholders, concerning the fact that the Disposal of Treasury Shares is not disadvantageous to minority shareholders of the Company for the following reasons:

- (i) The purpose of granting the restricted stock is to share the benefits and risks of stock price fluctuations with shareholders and boost the motivation to improve business performance and corporate value over the medium to long term. In addition, the granting of the restricted stock is determined in accordance with the Regulations on Restricted Stock Compensation established in advance;
- (ii) The details and conditions of the granting of the restricted stock, including the method of determining the value of the restricted stock to be granted, are also appropriate;
- (iii) The granting of the restricted stock to Susumu Fujita, a controlling shareholder, and Shinichi Fujita and Keiji Shoda, who are his relatives within the second degree of kinship, is expected to enhance the cohesion with other Directors and Executive Officers and contribute to the improvement of the Company's medium- to long-term performance and corporate value, and therefore is thought to lead to the sharing of interests with and expansion of profits for all shareholders, including minority shareholders; and
- (iv) The Disposal of Treasury Shares is within the framework of the Plan approved at the 32nd and 35th Annual General Meetings of Shareholders.