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Stock exchange listing: Tokyo, Nagoya
Stock code: 6473
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Notice regarding Disposal of Treasury Stock as Restricted Stock Compensation

JTEKT Corporation (the “Company”) announces that the Board of Directors has decided to dispose treasury stock (hereinafter referred to as the “Disposal of Treasury Stock” or “Disposal”). The details are as follows.

1. Outline of Disposal of Treasury Stock

(1) Disposal date	June 26, 2024
(2) Class and number of shares to be disposed	12,040 shares of common stock of the Company
(3) Disposal price	1,191 yen per share
(4) Total value of shares to be disposed	14,339,640 yen
(5) Allottees and number thereof, number of shares to be allotted	Directors (excluding outside directors): 2, 12,040 shares
(6) Others	The disposal of treasury shares is not subject to the submission of a securities notification due to the fulfillment of special requirements for the grant of restricted stock compensation.

2. Purpose and reasons for Disposal

At the Board of Directors meeting held on May 21, 2021, the Company has resolved to introduce a stock-based compensation plan (hereinafter referred to as the “Plan”) as a new compensation system for the Company’s directors other than outside directors (hereinafter referred to as the “Eligible Directors”) with the aim of providing incentives for the continuous improvement of the Company value and promoting further value sharing with shareholders.

In addition, at the 121st Ordinary General Meeting of Shareholders held on June 25, 2021, the Company received approval to pay monetary claims of up to 100 million yen per year to the Eligible Directors and set a period of restriction on the transfer of Restricted Stock for 30 years as determined by the Board of Directors of the Company, as monetary compensation (hereinafter referred to as “Restricted Stock Compensation”) for the acquisition of Restricted Stock.

The outline of the Plan is as follow:

[Outline of the Plan]

The Eligible Directors will pay in all of the monetary claims provided by the Company under this Plan as assets contributed in kind, and will receive the issuance or disposition of the Company’s common stock. to be issued or disposed of by the Company.

The total number of common stocks issued or disposed of by the Company to the Eligible Directors under this Plan will be up to 150,000 shares per year, and the amount to be paid per share shall be determined by the Board of Directors to the extent that the amount is not particularly advantageous to the Eligible Directors who subscribe for the common stock and is to be based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution (or, if no transaction has been conducted on the same day, the closing price on the most recent trading day preceding the transaction).

With respect to the issuance or disposal of the common stock under the Plan, the Company and the Eligible Directors shall enter into an agreement (hereinafter referred to as the "Allotment Agreement"), the contents of which shall include (1) the Eligible Directors shall not transfer, create a security interest, or conduct any other settlement on the allotted common stock under the Allotment Agreement for a designated period, (2) under certain circumstances, the Company shall be entitled to acquire the relevant common stock, free of charge.

This time, the Company has decided to grant a total of 14,339,640 yen in monetary claims (hereinafter referred to as the "Monetary Claims") and 12,040 shares of common stock to further improve the motivation of each Eligible Director with taking the purpose of the Plan, the Company's business conditions, the scope of duties of each Eligible Director, and various other circumstances into account. Additionally, in order to achieve the purpose of introducing the Plan, which is to share shareholder value over the medium to long term, the transfer restriction period is set at 30 years.

Under the Disposal of Treasury Stock, the 2 Eligible Directors to whom the allotment is scheduled will pay all of the Monetary Claims against the Company as assets contributed in kind, and will receive disposition of the Company's common stock (hereinafter referred to as the "Allotted Shares") to be disposed by the Company. A summary of the restricted stock allotment agreement (hereinafter referred to as the "Allotment Agreement") to be concluded between the Company and the Eligible Directors in this treasury stock disposal is set out in 3. below.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

From June 26, 2024 to June 26, 2054

(2) Conditions for canceling transfer restrictions

Provided that the Eligible Directors continued to hold the position of a director of the Company during the transfer restriction period, all of the Allotted Shares will be lifted the transfer restrictions at the expiration of transfer restriction period.

(3) Timing of cancellation of transfer restrictions in the event that the Eligible Director resigns or retires due to expiration of term of office, retirement age, or other justifiable reason during the transfer restriction period

If an Eligible Director resigns or retires from any position as a director of the Company, due to expiration of term of office, retirement age, or other justifiable reason (including retirement due to death), the Eligible Directors transfer restrictions will be lifted immediately after the resignation or retirement of the person, etc.

(4) Free acquisition by the Company

The Company will naturally acquire the Allotted Shares for which the transfer restrictions are not lifted at the expiration of the transfer restriction period or at the time the transfer restrictions are lifted as specified in (3) above, free of charge.

(5) Stock management

During the transfer restriction period, the Allotted Shares will be managed in a dedicated account opened by the Eligible Directors at Nomura Securities Co., Ltd., so that they cannot be transferred, set up a security interest, or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of transfer restrictions, etc. related to the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. regarding the management of accounts for the Allotted Shares held by each Eligible Director. In addition, the Eligible Directors shall agree to the details of the management of the relevant account.

(6) Handling in organizational reorganization, etc.

During the transfer restriction period, if matters related to a merger agreement in which the Company becomes a dissolved company, a stock exchange agreement in which the Company becomes a wholly owned subsidiary, a stock transfer plan, and other organizational restructuring, etc. are approved by the General Meeting of Shareholders (or the Board of the Directors meeting if the approval is not required in the General Meeting of Shareholders), the transfer restriction of Allotted Shares held at that time will be lifted by a resolution of the Board of Directors. Additionally, immediately after the Transfer Restrictions are lifted, the Company will naturally acquire all of the Allotted Shares for which the transfer restrictions have not been lifted, free of charge.

4. Basis for calculating the payment amount and its specific details

This Disposal of Treasury Stock to the scheduled allottee will be carried out using the Monetary Claims provided as Restricted Stock Compensation for the Company's 124th fiscal year under the Plan as capital assets. Regarding the disposal price, in order to eliminate arbitrariness, the closing price of the Company's common stock on the Tokyo Stock Exchange prime market on May 16, 2024 (the business day before the date of the Board of Directors' resolution) was determined as 1,191 yen. This is the market share price immediately before the date of the Board of Directors' resolution, and the Company believe that this is a reasonable price and does not constitute a particularly advantageous price.