

Notice Regarding the Disposal of Treasury Stock as Restricted Stock Compensation

STAR MICRONICS CO., LTD. (“STAR MICRONICS” or “the Company”) hereby announces that the Company has resolved to dispose of its treasury stock as Restricted Stock Compensation (“Disposal of Treasury Stock” or “Disposal”) at a meeting of its Board of Directors held on March 25, 2021. Details are presented briefly as follows.

1. Overview of Disposal

- (1) Disposal date
April 22, 2021
- (2) Class and number of shares subject to Disposal
34,500 shares of the Company’s common stock
- (3) Disposal price
¥1,622 per share
- (4) Total amount of Disposal
¥55,959,000
- (5) Recipients of shares subject to Disposal and number thereof; number of shares subject to Disposal
Directors of the Company (excluding Directors who serve as Audit and Supervisory Committee Members and Outside Directors): 3 Directors, 27,700 shares
Executive Officers of the Company who do not serve as Directors: 4 Executive Officers, 6,800 shares
- (6) Other
STAR MICRONICS has submitted a securities notice in accordance with the Financial Instruments and Exchange Act of Japan with respect to the Disposal of Treasury Stock.

2. Purpose and Reasons for Disposal

STAR MICRONICS resolved to introduce a Restricted Stock Compensation plan (“the Plan”) as a new compensation plan for Directors of the Company (excluding Directors who serve as Audit and Supervisory Committee Members and Outside Directors) (“Eligible Directors”) and Executive Officers of the Company who do not serve as Directors (collectively with Eligible Directors “Eligible Directors, etc.”) at a meeting of its Board of Directors held on February 19, 2021 as an incentive to improve the Company’s corporate value on a sustainable basis and to further promote shared value with its shareholders. Based on the Plan, STAR MICRONICS also obtained approval from its shareholders to the payment of monetary receivables of no more than ¥80 million per year to Eligible Directors as monetary compensation to be used as payment of kind for the acquisition of Restricted Stock (“Restricted Stock Compensation”), the issuance of no more than 200,000 shares per year of the Company’s common stock, the setting of the disposal and transfer restriction periods for Restricted Stock to the period from the allotment date of the Restricted Stock to the time immediately after the retirement of Eligible Directors from the positions predetermined by the Company’s Board of Directors, and other matters at the 96th General Meeting of Shareholders held on March 25, 2021. An overview and pertinent details of the Plan are presented as follows.

[Overview of the Plan and Other]

The Eligible Directors, etc. will pay all of the monetary receivables granted by STAR MICRONICS under the Plan as payment of kind, and be subject to the issuance or disposition of the Company's common stock. The per share amount to be paid will be determined by the Board of Directors. To the extent that such amount will not be an amount that is particularly favorable to the Eligible Directors, etc. who subscribe to STAR MICRONICS' common stock, the per share amount to be paid will be based on the closing price of such common stock on the Tokyo Stock Exchange on the business day preceding the date of each resolution by the Board of Directors (if no transaction occurs on such date, the closing price will be based on the date of the most recent transaction preceding the date of each resolution by the Board of Directors).

In addition, upon the issuance or disposition of STAR MICRONICS' common stock, the Company and Eligible Directors, etc. will enter into a Restricted Stock allocation agreement under the Plan. The agreement provides for the following two conditions: 1) Eligible Directors, etc. are prohibited from transferring to a third party, using as collateral, or engaging in any other disposal of the Company's common stock allocated under the Restricted Stock allocation agreement for a fixed period, and 2) STAR MICRONICS may acquire the Company's common stock without consideration if certain events occur.

Taking into consideration the purpose of the Plan, the Company's business condition, scope of each Eligible Director's, etc. duties, and various other circumstances, STAR MICRONICS has decided to pay a total of ¥55,959,000 in monetary receivables ("Monetary Receivables") and to grant 34,500 shares of the Company's common stock in this instance in order to further increase the motivation of each Eligible Director, etc.

With respect to the Disposal of Treasury Stock, and in accordance with the Plan, the seven Eligible Directors, etc. to whom the stock is scheduled to be allotted will pay in all of the Monetary Receivables as payment in kind to the Company and receive the Company's common stock ("Allotted Stock") to be disposed of. Once again regarding the Disposal of Treasury Stock, an overview of the Restricted Stock allocation agreement ("Allocation Agreement") entered into by STAR MICRONICS and Eligible Directors, etc. is presented in "3" as follows.

3. Overview of the Allocation Agreement

(1) Transfer restriction period

From April 22, 2021 ("Disposal Date") to the time immediately after the retirement of Directors and Executive Officers from their respective positions.

(2) Conditions for lifting transfer restrictions

The transfer restrictions on all Allotted Stock shall be lifted upon the expiration of the transfer restriction period provided that the Eligible Directors, etc. continuously hold the position of Company Director or Executive Officer of the Company who does not serve as a Director from the date of commencement of the execution of duties until immediately before the conclusion of the first General Meeting of Shareholders thereafter (if the Allottee is an Executive Officer of the Company who does not serve as a Director, from the starting date of the fiscal year that includes the Disposal Date until the end of the current fiscal year) ("Service Period").

(3) Procedures in the event Eligible Directors, etc. resign or retire due to the expiration of their term of office, death, or other justifiable reason during the Service Period

1) Timing of the lifting of transfer restrictions

In the event that an Eligible Director, etc. resigns or retires due to the expiration of his or her term of office as a Company Director or Executive Officer of the Company who does not serve as a Director or any other justifiable reason including death, transfer restrictions will be lifted immediately after resignation or

retirement.

2) Number of shares subject to the lifting of transfer restrictions

The number of shares subject to the lifting of transfer restrictions shall be obtained by multiplying the number of Allotted Stock held by Eligible Directors, etc. at the time of resignation or retirement set forth in 1) by one-twelfth of the number of months from the month following the month including the starting date of the Service Period (if the Allottee is an Executive Officer of the Company who does not serve as a Director, from the month including the starting date of the Service Period) until the month including the date of resignation or retirement of the relevant Eligible Director, etc. (in the event the number exceeds one then it shall be deemed as one) (however, fractions less than one unit of shares shall be discarded).

(4) Acquisition without compensation by the Company

STAR MICRONICS will automatically acquire all of the Allotted Stock without compensation in the event that Eligible Directors, etc. engage in any action that contravenes laws and regulations or any other grounds set forth under the Allocation Agreement during the transfer restriction period. In addition, STAR MICRONICS will automatically acquire without compensation the Allotted Stock for which the restriction on transfer has not been lifted upon the expiration of transfer restriction period or the lifting of transfer restrictions set forth in (3) above.

(5) Administration of shares

During the transfer restriction period, Allotted Stock will be managed in a designated account opened by the Eligible Directors, etc. with Nomura Securities Co., Ltd., to ensure that they cannot be assigned, offered as security, or otherwise disposed of during said period. STAR MICRONICS has entered into an agreement with Nomura Securities Co., Ltd. in connection with the management of accounts for the Allotted Stock held by Eligible Directors, etc., in order to ensure the effectiveness of transfer restrictions etc. on such Allotted Stock. In addition, Eligible Directors, etc. shall consent to the particulars of the management of such accounts.

(6) Procedures in the event of organizational restructuring, etc.

In the event the Company's General Meeting of Shareholders (however, in the event of an organizational restructuring or the like that does not require approval of the Company's General Meeting of Shareholders, the Company's Board of Directors) approves a merger agreement under which STAR MICRONICS is the company that is absorbed, an exchange of equity agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or other organizational restructuring and the like during the transfer restriction period, then by resolution of the Board of Directors, transfer restrictions will be lifted, as of a time immediately prior to the business day preceding the date such organizational restructuring or the like takes effect, for a number of shares obtained by multiplying the number of Allotted Stock held by Eligible Directors, etc. at the time of such approval by one-twelfth of the number of months from the month following the month including the starting date of the Service Period (if the Allottee is an Executive Officer of the Company who does not serve as a Director, from the month including the starting date of the Service Period) until the month including the date of such approval (in the event the number exceeds one then it shall be deemed as one) (however, fractions less than one unit of shares shall be discarded). In addition, at a point in time immediately after the lifting of transfer restrictions, STAR MICRONICS will automatically acquire without compensation all of the Allotted Stock for which the restriction on transfer has not been lifted.

4. Basis for Calculating the Amount to be Paid In for the Allotted Stock and Other Specific Details

The Disposal of Treasury Stock to Eligible Directors, etc. to whom the stock is scheduled to be allotted will be carried out by using the monetary receivables delivered as Restricted Stock Compensation for the Company's 97th

fiscal year under the Plan as payment of kind. To ensure that the disposal price is not arbitrarily determined, said price shall be ¥1,622, the closing price for common shares of the Company on the First Section of the Tokyo Stock Exchange as of March 24, 2021 (the business day immediately preceding the date of the Board of Directors resolution). This is a market price from immediately prior to the Board of Directors resolution, and so is considered to be reasonable and to not constitute a particularly advantageous price.