



June 24, 2022

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(Code number: 7224; Tokyo Stock Exchange, Prime Market)

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Notice of Disposition of Treasury Shares as Restricted Stock Compensation

ShinMaywa Industries, Ltd. (the "Company") announces that a meeting of the Board of Directors held on May 21, 2021 ("Resolution Date of Allotment") resolved to dispose of treasury shares ("Disposition of Treasury Shares" or "Disposition"). Details are as follows.

1. Overview of the Disposition

(1) Date of Disposition	July 22, 2022
(2) Class and number of shares to be disposed of	Common shares of the Company: 81,443 shares
(3) Disposition value	1,050 yen per share
(4) Total disposition value	85,515,150 yen
(5) Allottees, number thereof, and number of shares to be disposed of	Six directors (who are not outside directors) of the Company, 34,288 shares Eleven executive officers of the Company who are not directors of the Company, 22,001 shares Fifteen officers of the Company other than above, 13,913 shares Seven directors of ShinMaywa Group companies, 11,241 shares
(6) Other	A securities registration statement on the Disposition of Treasury Shares has been submitted under the Financial Instruments and Exchange Act.

2. Purpose and reason of the Disposition

At a meeting of the Board of Directors held on May 14, 2020, the Company resolved to introduce a transfer-restricted stock compensation system (the "System") for the Company's directors excluding outside directors ("Eligible Directors"), executive officers who do not concurrently serve as directors, other officers, and the Group companies' directors (collectively "Eligible Directors, Etc.") as an incentive to sustainably enhance the Company's corporate value and for greater sharing of value with the shareholders. The 96th Annual General Meeting of Shareholders held on June 29, 2020, approved the provision of annual monetary compensation claims of 50 million yen or less to the Eligible Directors, under the System, as monetary compensation that will be contributed in kind to acquire shares with transfer restrictions ("Transfer-Restricted Stock Compensation") and the transfer restriction period, during which the transfer of shares with transfer restrictions is restricted, defined as a period from the

day of allotment of shares with transfer restrictions to the time immediately after the resignation or retirement of officers or employees (collectively "the Positions") at the Company or Group companies.

The following is an overview of the System.

Overview of the System

Under the System, the Eligible Directors, Etc. will pay in the whole amount of the monetary compensation claims to be provided by the Company or Group companies as property contributed in kind and receive common shares of the Company to be issued or disposed of. Under the System, the total number of common shares that the Company will issue or dispose of for the Eligible Directors annually will be 75,000 shares or less. The amount to be paid in per share will be determined by the Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the day of resolution by the Board of Directors (if no shares are traded on that day, the closing price on the trading day immediately preceding that day) within a range of prices that are not favorable particularly to the Eligible Directors, Etc. that will receive the common shares.

The issuance or disposition of shares in the Company's common stock under the System requires the conclusion of an agreement on allotment of shares with transfer restrictions between the Company and the Eligible Directors, Etc. that includes the following provisions: (i) The Eligible Directors, Etc. shall not transfer the Company's common shares allotted to them under the agreement on allotment, create a security interest in them, or dispose of them in any other ways, and (ii) The Company shall acquire the common shares without compensation on certain grounds.

This time, the Company will grant monetary compensation claims totaling 85,515,150 yen ("Monetary Compensation Claims"), or 81,443 common shares, taking into consideration the purpose of the System, the Company's business conditions, and the range of responsibilities of each of the Eligible Directors, Etc., among other factors.

In the Disposition of Treasury Shares, under the System, the 39 Eligible Directors, Etc. that the treasury shares will be allotted to will pay all Monetary Compensation Claims to the Company or Group companies as property contributed in kind and receive shares of the Company's common stock ("Allotted Shares") that will be disposed of. The following, 3. Overview of the Allotment Agreement, is an overview of the agreement on allotment of shares with transfer restrictions to be concluded between the Company and the Eligible Directors, Etc. ("Allotment Agreement") in the Disposition of Treasury Shares.

3. Overview of the Allotment Agreement

(1) Period of transfer restrictions

A period from July 22, 2022 ("Disposition Date") to the time immediately after the resignation or retirement from the Positions.

(2) Conditions for lifting transfer restrictions

The transfer restrictions on all the Allotted Shares shall be lifted at the expiration of the transfer restriction period if the Eligible Directors, Etc. continue to be in the Positions from the close of the annual general meeting of shareholders of the Company or a Group company related to the fiscal year immediately preceding the fiscal year that includes the Disposition Date to the time immediately before the close of the next annual general meeting of shareholders (from the first day of the fiscal year that includes the Disposition Date to the last day of the same fiscal year in

the case of the executive officers who do not concurrently serve as directors of the Company and the other officers).

(3) Handling in cases where the Eligible Directors, Etc. resign or retire during the transfer restriction period due to the expiration of their term of office, mandatory retirement age or any other due cause

(i) Time when transfer restrictions are lifted

If the Eligible Directors, Etc. resign or retire due to the expiration of the term of office of the Positions, mandatory retirement age or any other due cause, the transfer restrictions shall be lifted immediately after the registration or retirement.

(ii) Number of shares subject to the lifting of transfer restrictions

The number of shares subject to the lifting of transfer restrictions shall be calculated by multiplying the number of Allotted Shares held at the time of the resignation or retirement mentioned in (i) by the number of months from the month that includes the Disposition Date (the month that includes the first day of the fiscal year that includes the Disposition Date in the case of the executive officer who does not concurrently serve as a director of the Company and the other officer) to the month that includes the date of the resignation or retirement divided by 12 (if the result of the division exceeds 1, the result shall be deemed to be 1). (If fractional shares less than one share unit remain as a result of the calculation, the number of shares shall be rounded up.)

(4) Acquisition of shares by the Company without compensation

If the Eligible Directors, Etc. violate laws and regulations or fall under certain provisions of the Allotment Agreement during the transfer restriction period, the Company shall acquire all the Allotted Shares without compensation at the time of the violation, etc. The Company shall also acquire without compensation all the Allotted Shares for which the transfer restrictions are not lifted when the transfer restriction period expires or when the transfer restrictions are lifted as specified in (3) above.

(5) Measures to be taken in relation to reorganization, etc.

If any merger agreement in which the Company becomes the absorbed company, share exchange agreement or share transfer plan where the Company becomes a wholly owned subsidiary, or other matters related to reorganization, etc. are approved by the Company's general meeting of shareholders (the Board of Directors if the reorganization, etc. does not require the approval of the Company's general meeting of shareholders) in the transfer restriction period, transfer restrictions shall be lifted immediately before the business day immediately preceding the effective date of the reorganization, etc., by resolution of the Board of Directors, on shares whose number shall be calculated by multiplying the number of Allotted Shares held at the time of the approval by the number of months from the month that includes the Disposition Date (from the month that includes the first day of the fiscal year that includes the Disposition Date in the case of the executive officer who does not concurrently serve as a director of the Company and the other officer) to the month that includes the date of the approval divided by 12 (if the result of the division exceeds 1, the result shall be deemed to be 1). (If fractional shares less than one share unit remain as a result of the calculation, the number of shares shall be rounded up.) The Company shall acquire without compensation all the Allotted Shares for which the transfer restrictions are not lifted immediately after the transfer restrictions are lifted.

(6) Management of shares

The Allotted Shares are managed in a dedicated account opened by the Eligible Directors, Etc. at

Nomura Securities Co., Ltd. during the transfer restriction period so that the Eligible Directors, Etc. will be unable to execute a transfer, create a security interest or dispose of them during the transfer restriction period. The Company has entered into a contract with Nomura Securities Co., Ltd. for the management of the account of the Allotted Shares owned by the Eligible Directors, Etc. to ensure the effectiveness of the transfer restrictions on the Allotted Shares. The Eligible Directors, Etc. shall agree on the management of the account.

4. Basis and details of calculation of the amount to be paid

The Disposition of Treasury Shares to the allottees is carried out by way of in-kind contribution of monetary compensation claims provided under the System as Transfer-Restricted Stock Compensation for the fiscal year of the Company or a Group company that includes the Disposition Date. The disposition value is set at 1,050 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on June 23, 2022 (business day preceding the date of resolution of the Board of Directors), to make the disposition value a value that eliminates arbitrariness.

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