



Note: This document is an excerpt translation of the original Japanese document and is only for reference purposes.  
In the any discrepancy between this translated document and the original Japanese document, the later shall prevail.

27 May 2022

Dear All,

Company Name	<b>SANYO SHOKAI LTD.</b>
Name of Representative	Shinji Oe Representative Director President & Chief Operating Officer (Code: 8011 Tokyo Stock Exchange Prime)
Contact	Yoshihiro Taniuchi General Manager, Investor Relations Corporate Management Headquarters (TEL: 03-6380-5421)

## Notice of Disposal of Treasury Stock as Restricted Stock Award

On 27 May 2022, the Board of Directors resolved to dispose of treasury stock as restricted stock compensation (the "Disposal of Treasury Stock" or "Disposal"), as described below.

### 1. Outline of the disposition

(1)	Date of disposition	24 June 2022
(2)	Type and number of shares to be disposed of	23,500 shares of common stock of the Company
(3)	Disposal price	¥898 per share
(4)	Total disposal value	¥21,103,000
(5)	Grantees of shares and number thereof; number of shares to be allotted	2 Directors of the Company (excluding Outside Directors); 15,400 shares 8 Managing Officers who do not concurrently serve as Directors; 8,100 shares
(6)	Others	The Company has submitted a notice of securities in accordance with the Financial Instruments and Exchange Act with respect to this disposal of treasury stock.

### 2. Purpose and grounds for the disposition

At a meeting of the Board of Directors held on 14 February 2019, we resolved to introduce a restricted stock compensation plan (the "Plan") as a new compensation plan for Directors excluding Outside Directors (the "Target Directors") and Managing Officers who do not concurrently serve as Directors (together with the Target Directors, the "Target Directors, etc."), with the aim of providing an incentive to continuously improve our corporate value and to promote further value sharing with our shareholders. At the 76th Ordinary General Meeting of Shareholders held on 28 March 2019, the shareholders approved the payment of monetary remuneration claims worth no more than ¥100m per annum to the Target Directors as monetary remuneration for the purpose of making shares of common stock newly issued or disposed of under the Plan (the "Shares"). The total number of Shares newly issued or disposed of to the Target Directors is no more than 50,000 shares per annum (however, in the event of a stock split of our common stock, free allocation of our common stock, or a reverse stock split, or other events that require adjustment of the total number of Shares, to the extent reasonable).

The outline of this system is as follows.

#### <Overview of the System>

Target Directors, etc. shall pay all monetary remuneration claims paid by us every business year under the Plan as properties contributed in kind and shall be issued or disposed of in respect of the Shares. The amount to be paid per share shall be the closing price of our common stock on the Tokyo Stock Exchange Prime Market on the business day prior to the resolution of each Board of Directors meeting on the issue or disposition of

the Shares (if no transactions are completed on the same day, the closing price on the most recent trading day prior to that date).

In addition, when issuing or disposing of the Shares, the Company and the Target Directors, etc. shall enter into an Allotment of Shares with a Restriction on Transfer agreement with the Target Directors, etc., including (i) the Target Directors, etc. shall prohibit the transfer of the Shares to a third party, the creation of a security interest, or any other disposition of the Shares for a period of 3 to 5 years from the date of the allotment of the Shares (hereinafter referred to as the "Restriction Period on Transfer"), and (ii) in the event of certain events, the Company shall acquire the Shares free of charge.

This time, considering the purpose of this system, our performance, deliberations by the Nomination and Compensation Committee, the scope of responsibilities of each Target Director, etc. and various circumstances, for the 10 Target Directors, etc., total monetary compensation claims of ¥21,103,000 as compensation for the execution of duties in FY2022 (the "Monetary Compensation Receivable"), a total of 23,500 shares of the Stock will be granted. In addition, the transfer restriction period is 4 years. In this disposition of Treasury Shares, the Target Directors, etc. who are to be allotted will pay all of the Monetary Compensation Receivable as properties contributed in kind pursuant to the Plan and receive disposition of the Shares (the Shares allotted to such Target Directors, etc. shall hereinafter be referred to as the "Allotted Shares") as properties contributed in kind. The outline of the Share Allotment Agreement with Restriction of Transfer (hereinafter referred to as the "Allotment Agreement") concluded between us and the Target Directors, etc. at the time of the disposition of Treasury Shares is as follows 3.

### 3. Overview of this allocation agreement

(1) Restriction period; from 24 June 2022 to 23 June 2026

(2) Treatment upon resignation or retirement

In the event any Target Directors, etc. resign from Director or Managing Officers who do not concurrently serve as Directors or retire from the Company prior to the expiration of the restriction on transfer, we shall automatically acquire the Allocated Shares without charge with respect to such resignation or retirement unless there is a justifiable reason such as expiration of term of office, death or otherwise.

(3) Termination of the restriction on transfer

Subject to the condition that the Target Directors, etc. have continuously held the position set forth in (2) above during the Restriction Period on Transfer, the restriction on transfer of all of the Allocated Shares shall be lifted upon the expiration of the Restriction Period on Transfer. In addition, notwithstanding the provisions of (1) above, in the event that the Target Directors, etc. resign or retire from the position stipulated in (2) above before the expiration of the transfer restriction period due to expiration of the term of office, death or any other justifiable reason, the number of the allotted shares and the timing of cancellation of the transfer restriction shall be adjusted according to the following method. In addition, we will naturally acquire the Allotment Shares, without restriction, immediately after the transfer restrictions have been lifted.

(a) Timing of Termination of Restrictions on Transfer

In the event the Target Directors, etc. resign or retire from the position stipulated in (2) above due to the expiration of the term of office or the mandatory retirement age or any other justifiable reason (except in the case of resignation or retirement due to death), the restriction on transfer shall be cancelled at the time immediately following the resignation or retirement of such Target Directors, etc. In the event of resignation or retirement due to death, the restriction on transfer shall be lifted upon a separate decision of the Board of Directors after the death of the Target Directors, etc.

(b) Number of Shares Allotted to Terminate Restriction on Transfer

The number of shares to be held at the time of resignation or retirement as set forth in (a) above shall be the number obtained by multiplying the number obtained by dividing the period of tenure (on a monthly basis) pertaining to the period of restriction on transfer of the Target Directors, etc. by 12 (in the event such number exceeds 1, the number shall be deemed to be 1) (provided, however, that any fraction of the unit of shares resulting from the calculation shall be discarded).

(4) Management of shares

The Allotment Shares will be managed in a dedicated account opened by the Target Directors, etc. in Nomura Securities Co., Ltd. during the transfer restriction period so that the shares may not be transferred, secured or otherwise disposed of during the transfer restriction period. The Company has

entered into an agreement with Nomura Securities Co., Ltd. in connection with the management of the account of the Allotment Shares held by each Target Director, etc. in order to ensure the effectiveness of transfer restrictions, etc. related to the Allotment Shares. The Target Directors, etc. have also agreed on the details of the management of the account.

(5) Treatment of organizational restructuring, etc.

If, during the Restriction on Transfer Period, matters relating to the merger agreement in which we become a corporation which ceases to exist, the share-for-share exchange agreement or the share-for-share transfer plan in which we become a wholly-owned subsidiary, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (provided, however, that in the case where the approval of the relevant organizational restructuring, etc. is not required at the General Meeting of Shareholders of the Company, the Board of Directors meeting), the number of the allotted shares held at that time shall be multiplied by the number of months from the start month of the Restriction on Transfer to the month including the date of such approval by 12 (in the case where such number exceeds 1, the number shall be rounded down) immediately before the business day prior to the effective day of organizational restructuring, etc. This transfer restriction is terminated. In addition, we will naturally acquire, free of charge, all of the Allotment Shares for which the transfer restrictions have not been lifted immediately after the release of the Transfer Restrictions.

4. Basis for calculating the amount to be paid and the specific contents thereof

The disposal of treasury stock to the company to which the shares are to be allocated will be made using monetary compensation claims paid as restricted stock compensation for our 80th fiscal year under the Plan as investment property. The disposal price is set at ¥898, the closing price of our common stock on the Tokyo Stock Exchange Prime Market on 26 May 2022 (the business day before the resolution of the Board of Directors), in order to eliminate arbitrary matters. This is the market share price immediately before the Board of Directors' resolution date, and we do not believe that it is reasonable and does not qualify for a particularly favorable value.