



June 29, 2023

Company name: Arisawa Mfg. Co., Ltd.

Representative: Yuta Arisawa, Representative Director and CEO
(Securities code: 5208, TSE Prime Market)

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Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation

Arisawa Mfg. Co., Ltd. (“the Company”) hereby announces that it has resolved, at the meeting of the Board of Directors held on June 29, 2023, to dispose of its treasury stock (“Disposal of Treasury Stock” or “Disposal”), as follows.

1. Overview of the Disposal of Treasury Stock

(1)	Disposal date	July 28, 2023
(2)	Class and number of share to be disposed	41,477 shares of common stock of the Company
(3)	Disposal price	1,109 yen per share
(4)	Total value of share disposal	45,997,993 yen
(5)	Grantees of shares and number thereof; number of shares to be allotted	The Company’s directors (excluding outside directors): 4 directors, 41,477 shares
(6)	Others	A securities notice has been submitted regarding the Disposal of Treasury Stock in accordance with the Financial Instruments and Exchange Act.

2. Purposes and Reasons for Disposal

The Company resolved, at the meeting of the Board of Directors held on May 27, 2021, to introduce a restricted stock compensation plan (“Plan”) for the Company’s directors excluding outside directors (“Eligible Directors”) with the aim of incentivizing the Eligible Directors to continuously improve the Company’s value and promoting further value sharing with shareholders.

Also, at the 73th Ordinary General Meeting of Shareholders held on June 25, 2021, the Company obtained approval to provide the Eligible Directors with monetary compensation claims of up to 50 million yen per year and issue or dispose of common stock of the Company up to 50 thousand shares per year as monetary compensation claims for funding the acquisition of restricted stock (“Restricted Stock Compensation”), and to set the transfer restriction period

for restricted shares from the date of allotment of such shares to the time immediately after the Company's Directors retire from the position of an officer or employee of the Company or its subsidiaries predetermined by the Company's Board of Directors in accordance with the Plan.

The outline of the Plan is shown below:

【Outline of the Plan】

The Eligible Directors will pay in all the monetary claims provided by the Company as property contribution in-kind based on the Plan, and receive the common stock of the Company to be issued or disposed by the Company.

The amount to be paid per share shall be resolved at a meeting of the Board of Directors 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 the closing price on the transaction day immediately prior thereto if no transaction is made on such business day) to the extent that the amount is not particularly advantageous to the Eligible Directors who receive the relevant common stock.

In addition, upon issuance or disposal of the Company's common stock under the Plan, the Company and the Eligible Directors shall conclude an allotment agreement ("Allotment Agreement"), the contents of which shall include (1) the Eligible Directors are not allowed to transfer to Third Parties, grant a security interest in, or conduct any other settlement on the allotted common stock under the Allotment Agreement for a designated period, and (2) under certain circumstances, the Company shall acquire the relevant common stock without consideration.

Based on the consultation with the Assignment and Remuneration Advisory Committee, the Company decided to grant the total monetary compensation claims of 45,997,993 yen ("Monetary Compensation Claim") and 41,477 shares of the Company's common stock, in consideration of the purpose of the Plan, the business situation of the Company, the scope of duties of each Eligible Director, and various circumstances.

As for the Disposal of Treasury Stock, the 4 Eligible Directors to whom the allotment is set to be conducted shall pay in all the Monetary Compensation Claim as property contribution in-kind, and receive the common stock of the Company ("Allotted Stock") to be issued or disposed of by the Company, based on the Plan.

As for the Disposal of Treasury Stock, the outline of the Allotment Agreement to be agreed upon between the Company and the Eligible Directors is as shown in Section 3 below.

3. Outline of the Allotment Agreement

(1) Period of transfer restriction

From July 28, 2023 (Disposal Date) to the time immediately after resignation or retirement from the positions of directors, operating officers, operating officers who do not concurrently serve as a director, corporate auditors or employees, or any other equivalent position of the Company or its subsidiaries.

(2) Conditions for lifting transfer restriction

During the period from the commencement date of the execution of duties to the time immediately before the conclusion of the first Ordinary General Meeting of Shareholders ("Service Provision Period"), under the condition that the Eligible Directors continuously hold the positions of directors, operating officers, operating officers who do not concurrently serve as a director, corporate auditors or employees, or any other equivalent position of the Company or its subsidiaries, the transfer restriction shall be lifted on the whole Allotted Stock at the time when the transfer restriction period expires. However, in the event that the Eligible Directors resign or retire from the positions of directors, operating officers, operating officers who do not

concurrently serve as a director, corporate auditors or employees, or any other equivalent position of the Company or its subsidiaries due to reasons other than the expiration of their term of office, retirement age, death, or other legitimate reasons, the Company shall have the right to acquire the Allotted Stock without consideration.

- (3) Treatment in case of the Eligible Directors' resignation or retirement due to the expiration of their term of office, retirement age or other legitimate reasons during the Service Provision Period

(3)-1. Timing of lifting transfer restriction

In case the Eligible Directors resign or retire from the positions of directors, operating officers, operating officers who do not concurrently serve as a director, corporate auditors or employees, or any other equivalent position of the Company or its subsidiaries due to the expiration of their term of office, retirement age or other legitimate reasons (including resignation or retirement upon death), the transfer restriction shall be lifted at the time immediately after the Eligible Directors' resignation or retirement.

(3)-2. Number of Allotted Stock subject to lifting transfer restriction

The number of the Allotted Stock shall be obtained by multiplying the number of the Allotted Stock owned by an Eligible Director at the time of resignation or retirement in accordance with the (3)-1 above by the number calculated by dividing the number of months from the month containing the Disposal Date to the month containing the date of Eligible Directors' resignation or retirement by 12 (if the obtained quotient is greater than 1, it shall be 1) (any resulting fraction of less than one share shall be rounded down).

- (4) Acquisition without consideration by the Company

The Company has the right, without consideration, to acquire the whole Allotted Stock on which the transfer restriction is not lifted at the time of expiration of the transfer restriction period or at the time of lifting the transfer restriction as specified in (3) above.

- (5) Treatment upon reorganization, etc.

If, during the transfer restriction period, a proposal for a merger agreement in which the Company is the disappearing company, or a share exchange agreement or share transfer plan by which the Company becomes a wholly-owned subsidiary of another company, or other matters concerning reorganization, etc. is approved at a general meeting of shareholders of the Company (or by the Company's meeting of the Board of Directors if approval for the said reorganization, etc. at a general meeting of shareholders is not required), the Board of Directors shall resolve to lift the transfer restriction, as of the time immediately prior to the business day preceding the effective date of the organizational restructuring and other events, on the number of the Allotted Stock obtained by multiplying the number of the Allotted Stock owned by an Eligible Director at the time of the resolution by the number calculated by dividing the number of months from the month containing the Disposal Date to the month containing the date of the applicable approval by 12 (if the obtained quotient is greater than 1, it shall be 1) (any resulting fraction of less than one share shall be rounded down). In addition, the Company has the right, without consideration, to acquire the whole Allotted Stock on which the transfer restriction is not lifted at the time immediately after the transfer restriction is lifted.

- (6) Management of shares

In order to prevent the Allotted Stock from being transferred, having any security interest created thereon or otherwise being disposed of during the transfer restriction period, the Allotted Stock shall be managed in a dedicated account at Nomura Securities Co., Ltd. opened by the Eligible Directors during such period. In order to ensure the effectiveness of the transfer restriction, etc. pertaining to the Allotted Stock, the Company has entered into an agreement with Nomura Securities Co., Ltd. in connection with the management of the accounts of the Allotted Stock held by each Eligible Director. In addition, the Eligible Directors shall agree to the contents of the management of the account.

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

The Disposal of Treasury Stock to the prospective allottee is based on monetary compensation claims provided as the Restricted Stock Compensation paid for the Company's 75th fiscal year under the Plan. In order to eliminate arbitrariness, the closing price of the common stock of the Company on June 28, 2023 (the business day immediately preceding the date of resolution at the meeting of the Board of Directors) on the Prime Market of the Tokyo Stock Exchange of 1,109 yen shall be applied to the disposal price. This is the market stock price immediately before the date of resolution of the Board of Directors, and deemed to be rational and not fall under a reasonable and particularly advantageous price.