



July 8, 2022

Company name: **C. Uyemura & Co., Ltd.**
Stock code: 4966
Listing: Standard Market of the Tokyo Stock Exchange
Representative: Hiroya Uyemura, President
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**Notice Regarding Disposal of Treasury Shares as Restricted Stock
Compensation**

C. Uyemura & Co., Ltd. (hereinafter the “Company”) hereby announces that at the Board of Directors’ meeting held on July 8, 2022 (hereinafter the “Allocation Resolution Date”), it resolved to dispose of the Company’s treasury shares (hereinafter the “Disposal of Treasury Shares” or the “Disposal”) as follows.

1. Overview of the Disposal

(1)	Disposal date	August 5, 2022
(2)	Class and number of shares subject to disposal	4,022 shares of common shares of the Company
(3)	Disposal price	JPY 5,200 per share
(4)	Total amount of disposal	JPY 20,914,400
(5)	Allottees and number thereof, number of shares to be allotted	Directors of the Company (excluding Outside Directors), 6 persons, 4,022 shares
(6)	Other	Regarding the Disposal of Treasury Shares, the Company has submitted the written notice of securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for the Disposal

At the Board of Directors' meeting held on May 14, 2021, the Company resolved to adopt a Restricted Stock Compensation Scheme (hereinafter the "Scheme") for Directors of the Company (excluding Outside Directors, hereinafter "Eligible Director(s)") as a new compensation scheme for Eligible Directors in order to provide them with incentives to work toward the sustainable enhancement of corporate value, and to further promote value sharing with the Company's shareholders. In addition, at the 93rd Annual General Meeting of Shareholders held on June 29, 2021, the shareholders approved the monetary compensation to be paid to the Eligible Directors (hereinafter "Restricted Stock Compensation"), within the amount of 30 million yen per year, under the Scheme as monetary compensation to be contributed for the acquisition of restricted stock and the total number of shares of common shares issued or disposed of by the Company to Eligible Directors to be 10,000 shares or less per year. The Company also has obtained shareholder approval for the period from the payment date of the shares of common shares of the Company to be issued or disposed of as the restricted transfer period of the restricted stocks to the time immediately following the Eligible Director's resignation or retirement from the position of an officer or employee of the Company or its subsidiaries as determined in advance by the Board of Directors of the Company.

As announced in the "Notice regarding Share Split and Associated Partial Amendment to the Articles of Incorporation" released by the Company on May 14, 2021, the Company's common shares were split at a ratio of two shares for one share effective on July 1, 2021, and the total number of shares of the Company's common shares to be issued or disposed of as restricted stock to Eligible Directors after that date have been limited to 20,000 shares per year.

An overview of the Scheme is as follows:

【Overview of the Scheme】

The Eligible Directors shall contribute all of monetary compensation receivables provided to them under the Scheme in the form of property contributed in kind, and in return shall receive the Company's common shares to be issued or disposed of. The amount per share to be paid for the Company's common shares shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (if no transaction has been made on that day, the closing price on the most recent previous

trading day), to the extent that it is not particularly advantageous for the Eligible Directors.

In addition, in connection with the issuance or disposal of the Company's common shares under the Scheme, the Company and the Eligible Directors will execute a restricted share subscription agreement. This agreement will specify that (1) the Eligible Directors are prohibited from transferring, creating any security interest on, or otherwise disposing of the Company's common shares allotted by the Company under the agreement to a third party for a certain period and (2) the Company has the right to acquire these common shares without payment of any contribution if certain events occur.

On this occasion, the Company has decided to grant a total of 20,914,400 yen as the monetary compensation receivables (hereinafter the "Monetary Compensation Receivables") and 4,022 shares of the Company's common shares for six (6) Eligible Directors in order to boost motivation of the Eligible Directors after considering the purpose of the Scheme, the Company's business performance and management environment and the scope of responsibilities of each of the Eligible Directors, and other various circumstances.

In the Disposal of Treasury Shares, Eligible Directors as planned allottees, will contribute all of the Monetary Compensation Receivables to the Company as property contributed in kind, and in return, will receive the Company's common shares (hereinafter the "Allotted Shares") in accordance with the Scheme. The overview of a restricted share subscription agreement (hereinafter the "Allotment Agreement") to be executed between the Company and the Eligible Directors in the Disposal of Treasury Shares is described in 3. below.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

During the period from August 5, 2022 (the Disposal Date) to the time immediately following the resignation from the position of Director of the Company.

(2) Conditions for lifting transfer restrictions

The Company shall lift the transfer restrictions for all Allotted Shares upon the expiration of the transfer restriction period, provided that the Eligible Director has continuously held a position of Director of the Company from the date on which the Eligible Director commenced the performance of their duties (June 29, 2022; provided however, such period shall commence after the conclusion of the Annual General Meeting of Shareholders of the Company which was held on the same date) to the time immediately preceding the conclusion of the first Annual General Meeting of Shareholders thereafter (hereinafter the "Service Period").

(3) Treatment in cases in which the Eligible Director is deemed to resign due to expiry of term of office, death, or other justifiable reasons during the Service Period

(i) Timing of lifting transfer restrictions

In the event that the Eligible Director is deemed to resign the position of Director of the Company due to the expiry of term of office, death or other justifiable reason, the transfer restrictions on such Eligible Director's Allotted Shares shall be lifted at the time immediately after the resignation.

(ii) Number of Allotted Shares for which transfer restrictions are to be lifted

The number of the Allotted Shares of the Eligible Director for which transfer restrictions are to be lifted shall be calculated by taking the number of months from the month including the Allotment Resolution Date to the month including the date of the resignation divided by twelve (12), which is the number of months in the Service Period (and if that number exceeds one (1), it shall be one (1)), and then multiplying that resultant quotient by the number of Allotted Shares held at the time of the resignation (provided, however, any fraction of less than one (1) share resulting from this calculation shall be rounded down).

(4) Acquisition without contribution by the Company

Upon the expiration of the transfer restriction period or at the time of lifting transfer restrictions described in (3) above, the Company shall, by right, acquire without contribution the Allotted Shares on which the transfer restriction has not been lifted.

(5) Holding of Allotted Shares

The Allotted Shares shall be held in dedicated accounts at Nomura Securities Co., Ltd. opened by each of the Eligible Directors to ensure it is not possible to transfer, create any security interest on, or otherwise dispose of the shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. concerning the accounts in which the Allotted Shares are to be held by each of the Eligible Directors to ensure the effectiveness of the transfer restrictions, etc. relating to the Allotted Shares. In addition, the Eligible Directors have agreed to the terms and conditions applicable to such accounts.

(6) Treatment upon Reorganization, etc.

If a proposal for a merger agreement in which the Company would be the disappearing company, or a share exchange agreement or share transfer plan in which the Company would become a wholly owned subsidiary of another company, or other matters concerning the Company's reorganization, etc., has been approved at the General Meeting of Shareholders of the Company (or at the Company's Board of Directors if approval therefor at the General Meeting of Shareholders is not required) (and such approved transaction or matter, hereinafter "Reorganization, etc.") during the transfer restriction period, the transfer

restrictions shall be lifted, based on the resolution of the Board of Directors, upon the time immediately before the preceding business day of the effective date of the Reorganization, etc. on the number of shares calculated by taking the number of months from the month including the Allotment Resolution Date to the month including the date of approval of the Reorganization, etc. divided by twelve (12), which is the number of months in the Service Period (and if that number exceeds one (1), it shall be one (1)), and then by multiplying that resultant quotient by the number of the Allotted Shares held at that time (provided, however, any fraction of less than one (1) share resulting from the calculation shall be rounded down). In addition, at the time immediately after the transfer restriction is lifted, the Company shall, by right, acquire without contribution all of the Allotted Shares on which the transfer restriction has not been lifted.

4. Basis of Calculation and Specific Details of the Disposal Amount

The Disposal of Treasury Shares to the planned allottees is carried out by using monetary compensation receivables provided to them as Restricted Stock Compensation for the Company's 95th fiscal year pursuant to the Scheme, as property contributed in kind. To eliminate any arbitrariness in the disposal price, the closing price for common shares of the Company on July 7, 2022 (the business day immediately preceding the date of resolution by the Board of Directors) on the Standard Market of the Tokyo Stock Exchange of 5,200 yen is used as the disposal price. This price is deemed to be objective and not to be particularly favorable because it is the market share price on the day immediately preceding the date of resolution by the Board of Directors.

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