

November 24, 2021

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Notice of Establishment of Restricted Stock Compensation Plan

The Board of Directors of Apaman Co., Ltd. reviewed the compensation plan for officers and approved a resolution on November 24, 2021 to establish a restricted stock compensation plan (the “Compensation Plan”). A proposal to establish the Compensation Plan will be submitted at the 22nd Ordinary General Meeting of Shareholders to be held on December 24, 2021 (the “Shareholder’s Meeting”).

1. Purpose and terms of the Compensation Plan

(1) Purpose of establishing the Compensation Plan

The Compensation Plan will be introduced as a remuneration system to allocate restricted stock to the Company’s Directors (excluding Outside Directors). This allotment enables the Company’s Directors (excluding Outside Directors) to share the benefits and risks of stock price fluctuations with shareholders, and to further increase their motivation to contribute to the increase in stock price and corporate value.

(2) Terms of the Compensation Plan

The Compensation Plan will grant Directors (excluding Outside Directors) restricted stock as compensation in the form of a monetary claim. As a result, the establishment of the Compensation Plan will require the approval of shareholders at the Shareholder’s Meeting for the payment of this compensation as monetary compensation claims. The amount of remuneration for Directors of the Company was approved at the 6th Ordinary General Meeting of Shareholders held on December 21, 2005, as an annual amount not exceeding 300 million yen (excluding the employee portion of remuneration for Directors who also serve as employees). At the Shareholder’s Meeting, taking into consideration various matters such as the degree of contribution of Directors to the Company, the Company plans to ask shareholders to set the total monetary compensation claims to be paid to the Company’s Directors (excluding Outside Directors) as remuneration for restricted stock, as a separate framework from the above remuneration for Directors, at 50 million yen or less per year.

2. Overview of the Compensation Plan

(1) Allotment of restricted stock and payment

Based on a resolution of the Board of Directors, the Company shall pay monetary compensation claims to Directors (excluding Outside Directors) within the range of the aforementioned annual compensation concerning restricted stock, and each Director shall be allotted restricted stock through a contribution in kind of all the monetary compensation claims.

Furthermore, the amount of payment for the restricted stock shall be based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors resolution concerning issuance or disposal of the restricted stock (if there are no transactions on that day, the closing price on the most recent trading day before then), and shall be determined by the Company’s

Board of Directors within a range such that the amount is not particularly advantageous for the Directors who will receive the restricted stock.

In addition, the above monetary compensation claims shall be paid subject to the Directors (excluding Outside Directors) consenting to the aforementioned contribution in kind, and the conclusion of a contract for allotment of restricted stock including the content set forth in item (3) below.

(2) Total number of shares of restricted stock

The total number of shares of restricted stock, 80,000 shares, to be allotted to Directors (excluding Outside Directors) shall be the maximum number of shares of restricted stock to be allotted in each fiscal year.

However, in the case of a stock split (including a gratis allotment of shares of the Company's common stock) or consolidation of shares relating to the Company's common stock on or after the date of the resolution of this proposal, or in other cases equivalent to these cases when an adjustment to the total number of shares of restricted stock to be allotted is necessary, the Company may adjust the total number of shares of restricted stock within reason.

(3) Details of the contract for allotment of restricted stock

When allotting restricted stock, the contract for allotment of restricted stock that shall be concluded between the Company and Directors who will receive the allotment of restricted stock based on the resolution of the Company's Board of Directors, shall include the following details.

(a) Details of the transfer restrictions

During the period at least three years as determined by the Company's Board of Directors (the "Transfer Restriction Period"), Directors receiving an allotment of restricted stock shall not be able to transfer the restricted stock allotted to the Director (the "Allotted Stock") to a third party, establish a pledge on it, create a transferable security interest on it, gift it inter vivos, bequest it, or otherwise dispose of it in any way.

(b) Acquisition of restricted stock without consideration

In the event that a Director who has received an allotment of restricted stock retires from the position of Director on or after the day of the commencement of the Transfer Restriction Period and until the day prior to the date the first subsequent Ordinary General Meeting of Shareholders is held, the Company shall, as a matter of course, acquire the Allotted Stock without consideration, excluding cases when the reason for retirement is recognized as fair by the Company's Board of Directors.

In addition, if there are shares among the Allotted Stock for which the transfer restrictions have not been removed based on the grounds for the removal of transfer restrictions in the below item (c) as of the time the Transfer Restriction Period described in the above item (a) ends, then the Company shall, as a matter of course, acquire these stock without consideration.

(c) Removal of transfer restrictions

The Company shall remove the transfer restrictions on all of the Allotted Stock when the Transfer Restriction Period ends, subject to the Director who received the allotment of restricted stock continuously holding the position of Director from the day of the commencement of the Transfer Restriction Period until the day the first subsequent Ordinary General Meeting of Shareholders is held.

However, if the Director retires from the position of Director on or before the day of the commencement of the Transfer Restriction Period owing to a reason recognized as fair by the Company's Board of Directors, then the number of shares of the Allotted Stock for which transfer restrictions shall be removed and the timing of the removal of transfer restrictions shall be adjusted as necessary within reason.

(d) Treatment of organizational restructuring, etc.

In the event of a merger agreement where the Company will be the disappearing company, a share exchange

agreement or share transfer plan where the Company shall become a wholly owned subsidiary, or other proposal relating to reorganization, etc. being approved at the Ordinary General Meeting of Shareholders (limited to cases where the effective date of the reorganization, etc. falls before the time when the Transfer Restriction Period expires, hereinafter the “time of approval of reorganization”) during the Transfer Restriction Period (however, this shall be the Company’s Board of Directors in cases that do not require approval at the Ordinary General Meeting of Shareholders in relation to the reorganization, etc.), and in the event that a Director who has received an allotment of restricted stock retires from the position of Director as a result of the reorganization, etc., the Company shall, by resolution of the Board of Directors, remove transfer restrictions prior to the effective date of the reorganization, etc. for a reasonably determined number of shares of the Allotted Stock taking into consideration the period from the day of the commencement of the Transfer Restriction Period to the day of the approval of the reorganization, etc.

At the time of approval of reorganization, the Company shall, as a matter of course, acquire without consideration the Allotted Stock for which transfer restrictions have still not been removed on the business day immediately preceding the effective date of the reorganization, etc.