

Date: June 23, 2023

To all whom it may concern

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**Notice Regarding the Disposal of Treasury Stock as Restricted Stock Remuneration
to Directors and Executive Officers**

At the Board of Directors meeting held today, Hanwa Co., Ltd. (hereinafter: “Hanwa”) passed a resolution to dispose of treasury stock (hereinafter: the “Disposal of Treasury Stock”) as restricted stock as follows.

1. Overview of the Disposal

(1) Disposal date	July 21, 2023
(2) Class and number of shares to be disposed of	Common stock of Hanwa: 31,484 shares
(3) Disposal price	4,700 yen per share
(4) Total disposal price	147,974,800 yen
(5) Scheduled Subscribers	8 Executive Directors: 17,656 shares 14 Executive Officers: 13,828 shares
(6) Other	With regard to the Disposal of Treasury Stock, Hanwa has submitted an extraordinary report in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for the Disposal

At the meeting of the Board of Directors held on May 12, 2023, a resolution was passed regarding the introduction of a restricted stock remuneration plan (hereinafter: the “Plan”) for the Executive Directors of Hanwa, including future appointed Directors (hereinafter: the “Eligible Directors”), in order to provide them with incentives to sustainably increase Hanwa’s corporate value, as well as to further promote shared interests between Directors and shareholders. At the 76th Ordinary General Shareholders Meeting held on June 23, 2023, it was approved that, in accordance with the Plan, Hanwa may grant monetary remuneration claims of no more than 150 million yen per year to the

Eligible Directors as property contributed in kind, which is beyond the scope of the current monetary remuneration limitations, and the transfer restriction period shall consist of the time from the date when restricted stock is granted to the date when the Eligible Director retires or resigns as Hanwa's Director and from all other post(s) specified by the Board of Directors.

The overview of the Plan is as follows.

<Overview of the Plan>

Under the Plan, Eligible Directors will pay in as property contributed in kind all of the monetary remuneration claims provided by Hanwa and will receive the issuance or disposal of common stock of Hanwa.

The total number of shares of common stock of Hanwa to be issued or disposed of under the Plan shall not exceed 50,000 shares per year and the amount paid per one share of Hanwa common stock will be decided by the Board of Directors based on the closing price of Hanwa's common stock on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors (if there is no transaction concluded on said date, the closing price of the most recent trading day preceding said date) to the extent that it will not be excessively favorable for the Eligible Directors.

When Hanwa issues or disposes of common stock under the Plan, Hanwa and the Eligible Directors shall conclude a restricted stock allocation agreement, which shall include the following terms:

- (i) an Eligible Director shall not transfer, create a security interest on, or otherwise dispose of Hanwa's common stock allocated under the allocation agreement during a predetermined period; and
- (ii) if certain specified events occur, Hanwa shall acquire the allocated shares without consideration.

In addition to the Executive Directors of Hanwa, Hanwa has introduced a plan to grant restricted stock to Executive Officers who do not concurrently serve as directors of Hanwa in the same manner as the Executive Directors of Hanwa. Hanwa's Board of Directors resolved at its meeting held today to grant restricted stock as follows.

At the meeting of the Board of Directors held today, Hanwa passed a resolution to grant monetary remuneration claims in a total amount of 147,974,800 yen and consequently 31,484 shares of Hanwa's common stock (hereinafter: the "Allotted Stock") in exchange for in-kind contribution of the monetary remuneration claims (the amount thereof to be contributed is 4,700 yen per share) to 8 Eligible Directors and 14 Executive Officers taking into consideration the purpose of the Plan, the business performance of Hanwa, the scope of the work responsibility of each subscriber and other circumstances and following deliberation by the Executive Remuneration Committee, the majority of which is composed of independent outside Directors and outside Auditors.

<Overview of the Allocation Agreement>

Hanwa and the Eligible Directors will individually conclude a restricted stock allocation agreement (hereinafter: the “Allocation Agreement”), the overview of which is as follows. Hanwa will also enter into generally similar restricted stock allocation agreements with Hanwa's Executive Officers.

(1) Restriction period

An Eligible Director shall not transfer, create a security interest on, or otherwise dispose of the Allotted Stock during a period from July 21, 2023 (“Disposal Date”) until the date when the Eligible Director retires or resigns as Hanwa’s Director and Executive Officer (if the date of such retirement or resignation is before July 1, 2024, then until July 1, 2024, or if the date of such retirement or resignation is on the date of the Ordinary General Shareholders Meeting, then until the first day of the following month).

(2) Conditions for lifting the transfer restriction

- ① On the condition that the Eligible Director has continuously served as Director or Executive Officer of Hanwa from July 21, 2023 (Disposal Date) to the conclusion of the Ordinary General Shareholders Meeting for the fiscal year ending March 31, 2024 (hereinafter: the “Period of Service”), Hanwa shall lift the transfer restrictions on all of the Allotted Stock at the expiration of the restriction period.
- ② If the Eligible Director retires or resigns either of the positions as Director or Executive Officer of Hanwa during the Period of Service, Hanwa shall lift, at the expiration of the restriction period, the transfer restrictions on the number of shares of Allotted Stock obtained by multiplying the number obtained by dividing the number of months from July 2023 to the month including the date of retirement or resignation by 12 (if this number exceeds 1, then this number shall be deemed to be 1), by the number of shares of Allotted Stock (if any fraction less than 1 share arises as a result of the calculation, such fraction shall be rounded down); provided, however, that if the Eligible Director retires or resigns either of the positions as Director or Executive Officer of Hanwa during the Period of Service due to death or other reasons acknowledged as justifiable by Hanwa’s Board of Directors, Hanwa shall lift, at the expiration of the restriction period, the transfer restrictions regarding all the Allotted Stock.

(3) Acquisition of the Allotted Stock by Hanwa without consideration

Upon expiration of the transfer restriction period or at such other time specified in the Allotment Agreement, Hanwa shall acquire without payment of consideration the Allotted Stock for which transfer restrictions have not been lifted.

(4) Management of Allotted Stock

During the restriction period, the Allotted Stock will be managed in a dedicated restricted stock account opened by the Eligible Director with Daiwa Securities Co. Ltd. so that the Eligible Director cannot transfer, create a security interest on, or otherwise dispose of the Allotted Stock during the restriction period.

(5) Measures to be taken upon restructuring, etc.

If a merger agreement under which Hanwa is the disappearing company, a share exchange agreement or stock transfer plan under which Hanwa becomes a wholly-owned subsidiary, or other event involving organizational restructuring, etc. is approved at Hanwa's General Shareholders Meeting (or at Hanwa's Board of Directors meeting in the case where approval of the General Shareholders Meeting is not required for the said organizational restructuring, etc.) during the transfer restriction period, the transfer restrictions shall be lifted with regard to all of the Allotted Stock by resolution of Hanwa's Board of Directors immediately before the business day prior to the effective date of the said organizational restructuring, etc.; provided, however, that if the time immediately preceding the business day immediately before the effective date of the said organizational restructuring, etc. falls on or before July 1, 2024, Hanwa shall acquire all of the Allotted Stock without consideration on the business day immediately preceding the effective date of the said organizational restructuring, etc..

3. Basis of calculation of paid-in amount and specific details thereof

The Disposal of Treasury Stock will be carried out with the monetary remuneration claims paid to the subscribers based on the Plan as the contributed assets. The amount to be paid per share is 4,700yen, which is the closing price of Hanwa's common stock on the Tokyo Stock Exchange on June 22, 2023 (the business day immediately prior to the date of the resolution of the Board of Directors), in order to adopt a price that is not arbitrary. This price is the market value immediately prior to the date of the resolution of the Board of Directors, is a reasonable price that properly reflects Hanwa's corporate value in a state where there are no special circumstances under which the most recent stock price should not be relied upon, and is not especially favorable to the subscribers.

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