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June 25, 2025

To whom it may concern

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**Notice Concerning Disposal of Treasury Shares as Restricted Stock
to Directors and Corporate Auditors**

Shimojima Co., Ltd. (the "Company") hereby announces that its Board of Directors has resolved to dispose of treasury shares as restricted stock (the "Disposal of Treasury Shares") as follows.

1. Outline of disposal

(1) Payment date	July 18, 2025
(2) Class and number of shares to be disposed of	Common stock of the Company: 29,786 shares
(3) Disposal price	1,201 yen per share
(4) Total disposal value	35,772,986 yen
(5) Proposed allottee	Eight directors* of the Company: 24,082 shares Four corporate auditors of the Company: 5,704 shares *Includes outside directors
(6) Other matters	The Company has submitted a written notice of securities in accordance with the Financial Instruments and Exchange Act for the Disposal of Treasury Shares.

2. Purpose and reason for disposal

On May 11, 2021, the Board of Directors of the Company resolved to introduce a Restricted Stock Compensation Plan (the "Plan") for directors and corporate auditors (hereinafter collectively referred to as the

"Eligible Officers") of the Company. The Plan has two purposes:

- 1) motivating the directors of the Company (including outside directors) to increase further its stock prices and enhance its corporate value by sharing the benefits and risks of stock price fluctuations with our shareholders

-2) motivating the corporate auditors of the Company to strive further to prevent the damage to the corporate value of the Company group and to preserve its reputation through sharing the benefits and risks of stock price fluctuations with our shareholders in addition to the perspectives of minority shareholders.

Subsequently, our shareholders approved on the following issues at the 60th Annual General Meeting on June 23, 2021.

-The Company shall issue or dispose of the shares of the Company common stock to Eligible Officers under the Plan up to the total number of 80,000 shares per year for directors (including 5,600 shares per year for outside directors) and up to 16,000 shares per year for corporate auditors (The Company can make rational adjustments to the total threshold number when necessary following the events on or after June 25, 2025 such as (i) a stock split (including gratis allotment of the Company common stock) or (ii) a reverse stock split of the Company common stock.)

-The Company shall grant monetary remuneration rights of up to 100 million yen per year for directors (which includes up to seven million yen per year for outside directors) and up to 20 million yen per year for corporate auditors, and the grantees can contribute assets in kind in connection with the grants of restricted stock.

-The Company shall restrict the transfer of granted restricted stock from the grant date of restricted stock until the day when the recipient loses his or her status as the Eligible Officer.

< Overview of the Plan >

Under the Plan, the Company grants monetary remuneration rights to Eligible Officers, and the Eligible Officers shall choose how much to pay in those rights as contributions in kind to receive the issued or disposed shares of the Company's common stock.

The Board of Directors determines the amount to be paid in per share of the Company common stock by the allotted Eligible Officers (hereinafter referred to as the "Allottees") under the Plan, as equal to the closing price of the Company common stock at the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution on the approval of issuance or disposal of the restricted stock by the Board of Directors (or the closing price of the most recent trading day before this day, if there were trades on this day,) with due care not to be particularly favorable to the Allottees who are willing to receive the restricted stock.

Before the issuance or disposition of common stock under the Plan, the Company and each Allottee shall enter into a Restricted Stock Allotment Agreement, which includes the following matters:

[1] The Allottees shall not transfer, pledged as security interests, or otherwise dispose of the allotted shares of the Company common stock for a specified period.

[2] The Company shall acquire the restricted common stock granted to Allottees without consideration under certain circumstances.

Today, the Board of Directors has decided as below, after considering the purpose of the Plan, the Company's business performance, the scope of responsibility of Eligible Officers, and other circumstances.

-The Company shall grant monetary remuneration rights which amount to 35,772,986 yen in total to eight directors of the Company and to four corporate auditors of the Company based on their consensus made on the same day.

-The Company shall dispose of 29,786 shares of the treasury common stock (the "Allotted Stock") in consideration to the contribution of above-mentioned rights in kind. (at the rate of 1,201 yen per share)

< Overview of the Restricted Stock Allotment Agreement >

The Company and each Allottee shall individually enter into a Restricted Stock Allotment Agreement (the "Allotment Agreement"), regarding the Disposal of Treasury Shares, an outline of which is as follows.

(1) Transfer restriction period

The Allottee may not transfer, pledge as security interest, or otherwise dispose of the Allotted Stock from July 18, 2025 (payment date) until the date when he or she loses office either as a director or as a corporate auditor of the Company.

(2) Conditions for lifting transfer restrictions

The Company shall lift transfer restrictions on the following Allotted Stock.

(a) The restrictions on all the stock for an Allottee who shall have continuously served as either a director or a corporate auditor of the Company during the period from July 18th, 2025 (payment date) through to the conclusion of the annual general meeting of shareholders for the fiscal year ending March 31st, 2026 (the "Service Period"), or

(b) The restrictions on the stock for an Allottee who shall have served as either a director or a corporate auditor of the Company but have lost his or her office on account of termination, death, or other cause deemed justifiable by the Board of Directors, up to the number of shares allotted and held on the day of resignation, multiplied the factor that equals to the number of months since July 2025 until the month including the resignation date, divided by 12 (If the factor exceeds 1, it shall be deemed to be 1. Any fractional shares of less than one are to be rounded down.).

(3) Acquisition of Allotted Shares without consideration by the Company

The Company shall automatically acquire the Allotted Stock that are not exempt from transfer restriction after its intended period.

(4) Management of shares

Each Allottee shall open a dedicated securities account for the Allotted Stock at Daiwa Securities Co., Ltd. during the transfer restriction period, and the Company shall manage the Allotted Stock so that the Allottees shall not transfer, pledge as security interests, or otherwise dispose of the Allotted Stock during the transfer restriction period.

(5) Handling upon corporate reorganization or similar events

If the Shareholder's meeting of the Company authorizes, during the transfer restriction period, a corporate change

such as a merger agreement according to which the Company dissolves, or a share exchange contract or a share transfer contract according to which the Company becomes a wholly owned subsidiary (or if the Board of Directors authorizes such an action in cases where the law does not require the authorization by the Shareholder's meeting), the Company shall lift the transfer restriction of the Allotted Stock on the business day prior to the effective date of the aforementioned corporate change, with respect to the number of shares equal to that of the Allotted Stock multiplied by the number of months from July 2025 till the month of the corporate change, divided by 12 (deemed to be 1 if it exceeds 1. Any fractional shares of less than one are to be rounded down).

3. Basis of calculation and specific details of the amount to be paid in

The Board of Directors has determined the price that the Allottees shall pay in kind for the Allotted Stock as 1,201 yen per share, which is the closing price of the Company's common stock at the Tokyo Stock Exchange on June 24, 2025 (the business day prior to the day of the resolution at the Board of Directors), for the pricing needs to be fair and objective for the in-kind contribution of monetary remuneration right by the Allottees.

The Company believes the price is not particularly favorable to the Allottees, because it is the market stock price at the time directly prior to the date of the determination, it is rational and supposed to be appropriately reflecting the enterprise value of the Company, and there are no circumstances which indicate that the latest share price cannot be relied upon.