

June 24, 2020

To All Shareholders:

Company: Nichirei Corporation
Representative: Kenya Okushi
Representative Director and President
(Securities Code: 2871, Tokyo Stock Exchange, First Section)
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Notice Concerning Issuance of New Shares as Restricted Stock Compensation

The Company hereby gives notice that it has resolved, in a Board of Directors meeting held today, to issue new shares as follows (“New Share Issuance”).

Details

1. Overview of Issuance

(1) Payment Date	July 22, 2020
(2) Class and Number of Shares to be Issued	38,290 Ordinary Shares of the Company
(3) Issue Price	3,115 yen per share
(4) Total Value of Issuance	119,273,350 yen
(5) Persons Who will Receive the Allotment of Shares, Number of Such Persons, Number of Such Shares	7 Directors of the Company(excluding Outside Directors), 28,341 shares 4 Executive Officers of the Company, 9,949 shares
(6) Other	The New Share Issuance shall be conditional upon the effectuation of a securities registration statement under the Financial Instruments and Exchange Act.

2. Purposes of Issuance and Reasons for Issuance

The Company, at a Board of Directors Meeting held on May 14, 2019, resolved to introduce a restricted stock compensation system (“System”) for Directors of the Company other than Outside Directors (“Eligible Directors”) and Executive Officers of the Company (hereinafter, collectively with Eligible Director, “Eligible Directors etc.”), as a new compensation system for the purposes of providing mid and long term incentives for Eligible Directors etc. and to share shareholder values. At the 101st Annual General Shareholders Meeting held on June 25, 2019, Company had approval from its shareholders for delivering monetary remuneration claims of no more than 100 million yen per year to Eligible Directors as monetary compensation to be used as properties contributed in kind for acquisition of the restricted stocks (“Restricted Stock Compensation”), and for the setting to 30 years of the transfer restriction period for such restricted stocks, in accordance with the System.

An overview of the System, etc. is provided below.

Overview of System, etc.

Eligible Directors etc. will deliver all of the monetary remuneration claims delivered by the Company under the System

as properties contributed in kind and will be issued ordinary shares of the Company. The total amount of monetary remuneration claims delivered by the Company under the System will be no more than 140 million yen per year, and of this, the amount delivered to Eligible Directors will be no more than 100 million yen per year. In addition, the total number of ordinary shares issued by the Company to Eligible Directors etc. under the System will be no more than 100,000 per year, and of this, the number of ordinary shares issued to Eligible Directors will be no more than 70,000 per year. The amount to be paid in for per such ordinary share shall be determined by the Board of Directors within a range that is not especially beneficial to the Eligible Directors etc. who receive the ordinary shares, based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day prior to the day of each Board of Directors resolution (if no trades are conducted on that day, then the closing price on the closest preceding trading day).

In addition, when Company issues ordinary shares under the System, restricted stock allocation agreements will be executed between the Company and Eligible Directors etc., and such agreements shall stipulate, among other provisions, that (i) for a certain period, Eligible Directors etc. may not assign, offer as security, or otherwise dispose of the ordinary shares of the Company allocated to them under their restricted stock allocation agreement, and (ii) the Company will carry out gratis acquisition of such ordinary shares if certain events occur.

On the present occasion, in consideration of the purposes of the System, the Company's business conditions, the scope of the duties of each Eligible Directors etc., and various other circumstances, we have decided to deliver a total of 119,273,350 yen in monetary remuneration claims ("Monetary Remuneration Claims") to Eligible Directors etc., and to issue 38,290 shares of ordinary shares to Eligible Directors etc. in exchange for the contribution of the Monetary Remuneration Claims, with the aim of further increasing the motivation of each Eligible Director etc. Further, we have set the transfer restriction period to 30 years in order to share the shareholder value over the mid and long term, which is our purpose in introducing the System.

In the New Share Issuance, under the System, the 11 Eligible Directors etc. who are scheduled to receive allocation of shares will deliver to the Company all Monetary Remuneration Claims as properties contributed in kind, and will be issued ordinary shares of the Company ("Allocated Shares"). An overview of the restricted stock allocation agreements that will be executed between the Company and Eligible Directors etc. ("Allocation Agreement") is provided in 3. below.

3. Overview of Allocation Agreements

- (1) Transfer Restriction Period: July 22, 2020 to July 22, 2050
- (2) Conditions for Lifting Transfer Restriction

Subject to the condition that the relevant Eligible Director etc. is in the position of a Director or Executive Officer of the Company continuously during the transfer restriction period, the transfer restrictions on all Allocated Shares will be lifted upon the expiration of the transfer restriction period.

- (3) Treatment of Cases Where an Eligible Directors etc. Resigns or Retires during the Transfer Restriction Period Due to Expiration of Term of Office, Reaching the Mandatory Retirement Age, or Any Other Reasonable Grounds

- (i) Time of Lifting of Transfer Restrictions

In the case where an Eligible Director etc. resigns or retires his or her position and ceases to be neither a Director nor Executive Officer of the Company with reasonable grounds including expiration of term of office, reaching the mandatory retirement age (excluding resignation or retirement for reason of death), the transfer restriction will be lifted immediately after the resignation or retirement of such Eligible Director etc. In cases of resignation or retirement for reason of death, the transfer restriction will be lifted as of a time separately determined by the Board of Directors after the death of the Eligible Directors etc.

- (ii) Number of Shares Subject to Lifting of Transfer Restriction

Number (rounded down to the nearest whole share) obtained by multiplying (a) the number of Allocated Shares owned by Eligible Director etc. at the time of resignation or retirement as set forth in (i) by (b) one-twelfth of the number of months from the month in which the Company's 101st Annual General Shareholders Meeting is held until the month containing the date of resignation of the relevant Eligible Director etc. (if (b) is larger than 1, then (b) shall be deemed as 1).

(4) Gratis Acquisition by Company

Upon the expiration of the transfer restriction period or the lifting of transfer restriction as set forth in (3) above, the Company will automatically acquire, with no compensation, the Allocated Shares regarding which the restriction on transfer has not been lifted.

(5) Management of Shares

During the transfer restriction period, Allocated Shares will be managed in a designated account opened by the Eligible Directors etc. with Nomura Securities Co., Ltd., to ensure that they cannot be assigned, offered as security, or otherwise disposed of during said period. The Company enters into agreement with Nomura Securities Co., Ltd. in connection with the management of accounts for the Allocated Shares owned by Eligible Directors etc., in order to ensure the effectiveness of the transfer restriction etc. on such Allocated Shares. In addition, Eligible Directors etc. shall consent to the particulars of the management of such accounts.

(6) Treatment at the Time of Reorganization, etc.

In the case where the Company's General Shareholders Meeting (in the case of an organizational restructuring or the like that does not require approval of the Company's General Shareholders Meeting, the Company's Board of Directors) approves a merger agreement under which the Company is the disappearing company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or other organizational restructuring and the like during the transfer restriction period, then by resolution of the Board of Directors, the transfer restriction will be lifted, as of a time immediately prior to the business day preceding the date such organizational restructuring or the like takes effect, for a number of shares (rounded down to the nearest whole share) obtained by multiplying (a) the number of Allocated Shares owned by Eligible Director etc. at the time of such approval by (b) one-twelfth of the number of months from the month in which the Company's 101st Annual General Shareholders Meeting is held until the month containing the date of such approval (if (b) is larger than 1, then (b) shall be deemed as 1). Further, at a point in time immediately after the lifting of the transfer restriction, the Company will automatically acquire, with no compensation, the Allocated Shares regarding which the restriction on transfer has not been lifted.

4. Basis for Calculating the Amount to be Paid in, Details Thereof

The New Share Issuance to the persons scheduled to receive allocation of shares will be carried out by using the monetary remuneration claims delivered as Restricted Stock Compensation for the Company's 103rd fiscal year under the System as properties contributed in kind. To ensure that the issue price is not arbitrarily determined, said price shall be 3,115 yen, the closing price for ordinary shares of the Company in the First Section of the Tokyo Stock Exchange on June 23, 2020 (the business day immediately preceding the date of the Board of Directors resolution). This is a market price from immediately prior to the Board of Directors resolution, and so is considered to be reasonable and to not constitute a particularly advantageous price.

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