



June 16th, 2022

Company Name: GNI Group Ltd.
Representative: Director, Representative Executive Officer,
President and CEO
Ying Luo, PhD
(Security Code: 2160, TSE Growth)
Contact Person: Director, Executive Officer, CFO
Joseph Francis Meyer
(TEL. 03-6214-3600)

Issuance of New Shares with Transfer Restriction as Equity Compensation for Directors and Employees of the Group

GNI Group Ltd. (TSE Growth listed code: 2160, hereinafter referred to as the Group) today announced that the Group resolved at the Board of Directors meeting held today to issue new shares with transfer restriction (hereinafter referred to as "restricted shares") as equity compensation to the Directors and employees of the Group (hereinafter referred to as the "Issuance of New Shares") as follows.

I Issuance of New Shares as equity compensation

1. Overview

(1) Payment Date	July 4th, 2022
(2) Type and number of shares to be issued	GNI Group Ltd. common stock 24,900 shares
(3) Issue price	JPY 1,199 per share
(4) Total amount issued	JPY 29,855,100
(5) Expected allotment, number of shares, and number of shares to be issued	1 GNI Group Ltd. Director 6,500 shares 3 GNI Group Ltd. Employees 18,400 shares
(6) Others	Regarding the issuance of new shares, we submit a securities notice as per Cabinet Office Order on Disclosure of Corporate Affairs.

2. Purpose and reason for issuance

The Group decided to grant the Group's restricted shares as equity compensation to four of the directors and the employees who took the office or joined the company since last year (hereinafter referred to as "grantees") in order to provide incentives to continue enhancing the Groups corporate values as well as to align their interests with the Group's shareholders. To the director among the grantees, the Remuneration Committee approved the allotment of restricted shares on June 16th, 2022.

The grantees pay as in-kind contribution to the Group all the monetary compensation receivables granted by the Group and receive the Group's common stocks issued (hereinafter referred to as the "Allotted Shares").



In issuing the new shares, the Group and the grantees will sign a restricted share allotment agreement (hereinafter referred to as the "Allotment Agreement") as outlined below.

3. Overview of allocation contract

(1) Transfer restriction period

From the payment date to the day two years after each grantee joins the company, the grantee may not transfer the Allotted Shares to a third party, hypothecate or dispose of them.

(2) Conditions for canceling transfer restrictions

The Group lift the transfer restriction when the transfer restriction period expires, provided that the grantee remains an employee, director, corporate auditor or executive officer of the Group or its subsidiary continuously during the transfer restriction period. However, the transfer restriction on the Allotted Shares will be waived if the grantee loses the status of an employee, director, corporate auditor or executive officer of the Group or a subsidiary of the Group if the grantee resigns due to a reason which the Group considers valid or due to passing.

(3) Free acquisition

If the grantee loses the status of an employee, director, corporate auditor or executive officer of the Group or a subsidiary of the Group during the transfer restriction period (excluding cases death due to reasons deemed by the Group to be justifiable or due to passing), the Group shall acquire without any charge the Allotted Shares owned by the grantee.

(4) Equity management

In order to prevent the transfer, hypothecation, or disposal of the Allotted Shares during the transfer restriction period, the Allotted Shares will be managed in dedicated accounts opened at a designated securities company.

(5) Treatment of such events as organizational restructuring

If such a corporate agreement as a merger in which the Group is absorbed, a split in which the Group is split, and an equity swap or transfer in which the Groups becomes a full subsidiary of another company were approved by the Shareholders Meeting (or by Representative Director, should such a shareholder approval is not required) or if the Group's control (i.e., the control over the Group's financial and business decisions by such methods as owning the majority votes) were to change (hereinafter referred to as "Reorganizations"), the transfer restriction of all the Allotted Shares which the grantees possess at that time shall be lifted on the day before Reorganizations take effect.

4. Basis for calculation of payment amount and its contents

The issuance of new shares to the grantee is carried out by the grantee paying as in-kind contribution to the Group the monetary compensation receivables granted by the Group to the grantee. To eliminate arbitrariness, the payment price is set as the average closing price (fractions below 1 yen will be rounded down) of the Group's common stock in Growth Board of Tokyo Stock Exchange during the five business days (including the day before the Board of Directors' resolution) prior to June 15th, 2022 (which is the day before the Board of Directors' resolution). The Group considers this price to be reasonable because it is the market price just before the Board of Directors' resolution and does not consider the price to be particularly favorable to the grantees or the Group.