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NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: Prime Market, Tokyo Stock Exchange
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Announcement of Introduction of Employee Stock Ownership Plan

Nihon Kohden announced that it resolved at a meeting of the Board of Directors held today to introduce an Employee Stock Ownership Plan (“Plan”) as an incentive plan for employees of Nihon Kohden and a part of consolidated subsidiaries of the Company (“Employees”). The trust agreement to be executed with Resona Bank, Limited with respect to the Plan is referred to as the “Trust Agreement” and the trust to be established in accordance with the Trust Agreement is referred to as the “Trust”.

1. Purpose of Introduction of the Plan

The Company will introduce the Plan as part of its incentive plans for Employees, with the aim of enhancing their motivation and morale to contribute to increasing the Company’s medium- to long-term business performance and corporate value.

2. Overview of the Plan

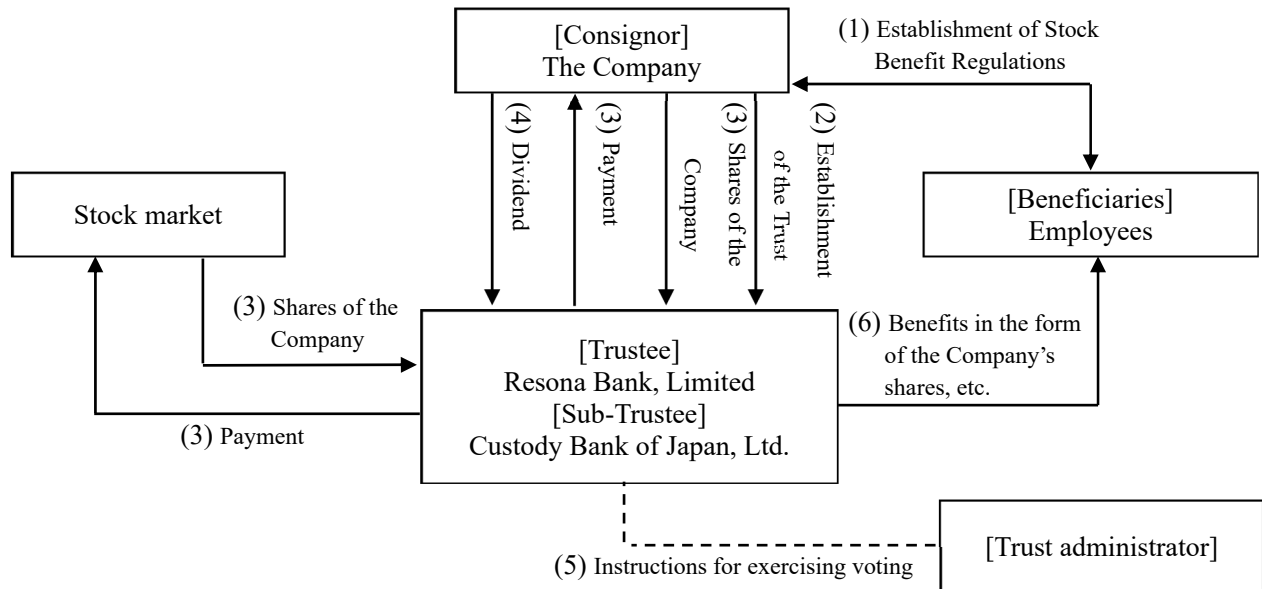
Under this Plan, the Trust, which is established by the Company through monetary contribution, acquires the Company’s shares and grants the shares and money equivalent to the market value of the shares (collectively referred to as the “Company’s shares, etc.”) to Employees who satisfy certain beneficiary requirements in accordance with the stock benefit regulations to be established in advance by the Board of Directors of the Company (the “Stock Benefit Regulations”).

The Company will grant points to eligible Employees based on performance evaluations in accordance with the Stock Benefit Regulations, and if they satisfy certain beneficiary requirements, the Company’s shares, etc. will be provided in proportion to the points granted to them by following the prescribed procedures. Since the Company will contribute the entire amount of money related to the establishment of the Trust, there will be no burden on the Employees.

The introduction of this Plan will enable Employees to receive economic benefits from an increase in the share price of the Company and is therefore expected to enhance their morale to increase business performance with an awareness of the Company’s share price. In addition, since the exercise of voting rights with respect to the Company’s shares, which are the trust assets of the Trust, reflects the intentions of Employees who satisfy the beneficiary requirements, the Trust is expected to enhance the awareness of participation in management by the Employees.

As the establishment of the Trust is planned in May 2025, details such as the amount of money will be disclosed as soon as decided.

3. Structure of the Plan



- (1) The Board of Directors of the Company will establish the Stock Benefit Regulations upon introduction of the Plan.
- (2) The Company will contribute money to establish the Trust to implement the Plan.
- (3) The Trust will acquire the Company's shares through the stock market (including off-floor trading) or by subscribing to the disposal of the Company's treasury stock, using the money entrusted in (2) above as the source of funds.
- (4) Dividends will be paid to the Company's shares in the Trust in the same manner as other Company's shares.
- (5) With respect to voting rights pertaining to the Company's shares in the Trust, the trust administrator will instruct the trustee to exercise the voting rights, etc., and the trustee shall follow such instructions.
- (6) During the trust duration, points will be granted to the Employees in accordance with the Stock Benefit Regulations described in (1) above, and the Company's shares, etc., in proportion to the number of points granted will be distributed to those Employees who satisfy certain beneficiary requirements stipulated in the Stock Benefit Regulations.

*If no Company's shares remain in the Trust as a result of the distribution of the Company's shares, etc., to Employees who satisfy the beneficiary requirements, the Company may entrust additional money to the Trust to fund the acquisition of the Company's shares.

< Reference > Details of the Trust Agreement

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| (1) Name | : Employee Stock Ownership Plan |
| (2) Consignor | : NIHON KOHDEN CORPORATION |
| (3) Trustee | : Resona Bank, Limited
Resona Bank, Limited will enter into a specific comprehensive trust agreement with Custody Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. will serve as the sub-trustee. |
| (4) Beneficiaries | : Employees who satisfy the beneficiary requirements as stipulated in the Stock Benefit Regulations |
| (5) Trust administrator | : Selected among Employees |
| (6) Type of Trust | : Trust of cash other than money trust (third-party benefit trust) |
| (7) Date of execution of the Trust Agreement | : May 2025 (tentative) |
| (8) Date on which money is placed in the Trust | : May 2025 (tentative) |
| (9) Type of Trust | : From May 2025 (tentative) until the termination of the Trust (No specific termination date is set, and the Trust will continue as long as the Plan continues.) |