



February 29, 2024

To whom it may concern

Company name: Nishimoto Co., Ltd.  
Representative: Yoshiro Susaki, Chairman & CEO  
(Code No.: 9260 Prime Market of the Tokyo Stock Exchange)  
Contact: Yuji Sasa, President, Director of the Board, Managing  
Executive Officer, COO, CFO  
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### Notice Concerning Disposal of Treasury Stock by Third-Party Allotment as Post-Delivery Type Stock Remuneration

The Company hereby announces that at a meeting held today, its Board of Directors resolved to dispose of treasury stock as post-delivery type stock remuneration ("the disposal of treasury stock") as follows.

#### 1. Summary of the disposal

(1) Date of the disposal	March 30, 2024
(2) Class and number of shares for the disposal	25,800 shares of common stock of the Company
(3) Disposal price	6,200 yen per share to be disposed of
(4) Total amount of the disposal	159,960,000 yen
(5) Recipients of shares disposed of	Directors of the Company (*) 4 persons 3,300 shares Executive Officers of the Company 4 persons 2,200 shares Employees of the Company 3 persons 600 shares Directors of the Company (retired) 2 persons 1,500 shares Directors of the Company's subsidiaries 7 persons 14,900 shares Executive Officers of the Company's subsidiaries 4 persons 1,200 shares Employees of the Company's subsidiaries 7 persons 1,100 shares Director of the Company's subsidiaries (retired) 2 persons 1,000 shares (* (Including Directors who are members of the Audit & Supervisory Committee, excluding Outside Directors)
(6) Other	The disposal of treasury stock is subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act.

#### 2. Objectives and reasons for the disposal

At the 74th General Meeting of Shareholders of the Company held on March 30, 2021, the following details were approved.

- The Company shall introduce a post-delivery type stock remuneration plan ("the plan") under which shares of common stock of the Company ("the Company's shares") shall be allotted and money shall be paid after a certain period of time to the Directors of the Company ("eligible Directors" excluding Outside Directors). For Directors who are not members of the Audit & Supervisory Committee, the plan shall be implemented with the aim of providing incentives to sustainably enhance the Company's corporate value and promoting further value sharing between the Directors and our shareholders. For Directors who are members of the Audit & Supervisory Committee (excluding Outside Directors), the plan shall be implemented as compensation for providing advice that contributes to the enhancement of corporate value.
- The total amount of the monetary compensation claims and money to be provided to the eligible Directors for the allotment of the Company's shares under the plan shall be set at no more than 300 million yen per year for Directors who are not members of the Audit & Supervisory Committee and no more than 20 million yen per year for Directors who are members of the Audit & Supervisory Committee (excluding Outside Directors).
- The total number of the Company's shares to be allotted to the eligible Directors for each service period (as defined in 3. (1) below) shall be up to 66,000 shares per year for Directors who are not members of the Audit & Supervisory Committee and up to 4,000 shares per year for Directors who are members of the Audit & Supervisory Committee.

Today, the Board of Directors of the Company resolved to allot 25,800 shares of the Company's shares to four Directors (including Directors who are members of the Audit & Supervisory Committee and excluding Outside Directors), four Executive Officers, three employees and two retired Directors of the Company, and seven Directors, four Executive Officers, seven employees and two retired Directors of the Company's subsidiaries (collectively the eligible allottees) by way of contribution in kind for the eligible allottees of a total of 159,960,000 yen of monetary compensation claims paid to the eligible allottees as post-delivery type stock remuneration for the 75th fiscal year of the Company (January 1, 2021 to December 31, 2021). The amount of monetary compensation claims for each eligible allottee was determined based on a comprehensive consideration of various matters, including the contribution level of each eligible allottee to the Company.

### 3. Details of the plan

#### (1) Details of the plan

Under the plan, on the condition that the eligible allottees have continuously held the position of Director, Executive Officer, or employee of the Company or its subsidiaries for a certain period of time predetermined by the Board of Directors of the Company ("the service period") and have satisfied certain other requirements predetermined by the Board of Directors of the Company (following consultations among the Directors who are members of the Audit & Supervisory Committee for Directors who are members of the Audit & Supervisory Committee), the Company shall allot the Company's shares of the number calculated based on the number of units granted in advance by the Company and shall pay money.

However, if the monetary compensation claims and the amount of money to be provided to the eligible allottees for the allotment of the Company's shares of the number stated above are likely to exceed the total amount stated above, the number of shares to be allotted and the amount of money to be paid shall be reduced by a reasonable method, such as proportional distribution, to an extent not exceeding such total amount.

In the event that an eligible allottee retires from any position as Director or Executive Officer of the Company or its subsidiaries or leaves the Company or its subsidiaries before the expiration of the service period for reasons deemed legitimate by the Board of Directors of the Company (following consultations among the Directors who are members of the Audit & Supervisory Committee for Directors who are members of the Audit & Supervisory Committee), the number of the Company's shares to be allotted, the amount of money to be paid, and the timing of the allotment and payment shall be reasonably adjusted as necessary.

(2) Treatment in the event of reorganization, etc.

In the event that a merger agreement under which the Company is to be dissolved, a share exchange agreement under which the Company is to become a wholly owned subsidiary, a share transfer plan or any other reorganization proposal is approved at the General Meeting of Shareholders of the Company (or if such reorganization does not require approval at the General Meeting of Shareholders, is approved by the Board of Directors of the Company) during the service period, the Company shall implement the allotment and payment to the eligible allottees of the number of the Company's shares and the amount or money reasonably determined by a resolution of the Board of Directors of the Company (following consultations among the Directors who are members of the Audit & Supervisory Committee for Directors who are members of the Audit & Supervisory Committee) based on the period from the beginning of the service period to the date of approval of such reorganization, etc., prior to the effective date of the said reorganization, etc.

(3) Other

In the event that an eligible allottee retires from any position as Director or Executive Officer of the Company or its subsidiaries or leaves the Company or its subsidiaries before the expiration of the service period (excluding cases deemed legitimate by the Board of Directors of the Company (following consultations among the Directors who are members of the Audit & Supervisory Committee for Directors who are members of the Audit & Supervisory Committee)), or in the event of certain misconduct, etc., as determined in advance by the Board of Directors of the Company, the Company shall not allot the Company's shares, pay money, or provide monetary compensation claims for the allotment of the Company's shares.

(Method of calculating the number of shares to be allotted and the amount of money to be paid)

The Company shall calculate the number of the Company's shares to be allotted and the amount of money to be paid to each eligible allottee based on the following formula.

(i) Number of units to be granted to each eligible allottee

Base amount (\*1)/Share price at grant (\*2)

- Any fraction of less than 100 units resulting from the calculation shall be rounded up to the nearest 100 units.
- The number of the Company's shares to be allotted in proportion to the number of units shall be one share of the Company's shares per unit.

(ii) Number of the Company's shares to be allotted to each eligible allottee

Number of units to be granted as calculated in (i) above  $\times$  50%

- The number of the Company's shares less than 100 resulting from the calculation shall be rounded up to the nearest 100 shares.

(iii) Amount of money to be paid to each eligible allottee

(Number of units to be granted as calculated in (i) above – Number of the Company's shares as calculated in (ii) above) × Share price at delivery (\*3)

- Any fraction of less than one yen resulting from the calculation shall be rounded up to the nearest one yen.

\*1 The base amount shall be determined by the Board of Directors of the Company (following consultations among the Directors who are members of the Audit & Supervisory Committee for Directors who are members of the Audit & Supervisory Committee) for each eligible allottee in accordance with the level of responsibility of each eligible allottee.

\*2 The share price at grant shall be the average of the closing prices of the Company's shares on the Tokyo Stock Exchange during the one-month period preceding the day immediately before the date of the General Meeting of Shareholders in the year of granting units.

\*3 The share price at delivery shall be the closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company in relation to the issuance or disposition of shares to be allotted under the plan (or if no trades are executed on that date, the closing price of the most recent trading day prior to the date of resolution).

4. Basis for calculation of the amount to be paid and specific details thereof

In order to eliminate arbitrariness, the disposal price for the disposal of treasury stock is set at 6,200 yen, which was the closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company (February 28, 2024). This was the market share price immediately prior to the date of resolution by the Board of Directors of the Company and is considered to be a reasonable and not particularly favorable price.

The disposal of treasury stock falls under the category of a third-party allotment because the four retired Directors are included in the eligible allottees pursuant to the terms and conditions of the plan.

5. Matters concerning the procedure required by the corporate code of conduct

This third-party allotment does not require an opinion from a third party independent of our management or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because the dilution ratio is less than 25% and this third-party allotment does not involve a change in controlling shareholder.