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Press release

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Notice of Introduction of an Ex-post Delivery-type Share Remuneration Plan

At its Board of Directors held today, Nishimoto Co., Ltd. (“Nishimoto” or the “Company”) passed a resolution to amend its director remuneration plan to introduce an Ex-post Delivery-type Share Remuneration Plan (the “Plan”) as outlined below. The Company will submit a proposal on the Plan to the 74th Ordinary General Meeting of Shareholders (the “General Meeting of Shareholders”) scheduled to be held on March 30, 2021.

1. Purpose, etc. of the Introduction of the Plan

(1) Purpose of the Introduction of the Plan

The Plan will be introduced as a remuneration plan to newly allot ordinary shares of the Company (“the Company’s Shares”) and provide money after a certain period to the Company’s Directors who are not Audit & Supervisory Committee Members for the purpose of providing incentive for them to contribute to the sustainable improvement of the corporate value of the Company and further aligning the values of these Directors and those of shareholders and to the Company’s Directors who are Audit & Supervisory Committee Members (excluding Outside Directors) as consideration for their advice for the improvement of corporate value.

(2) Conditions for the Introduction of the Plan

As the Plan will provide monetary remuneration claims for the allotment of the Company's Shares and money as remuneration to the Company’s Directors, the introduction of the Plan is subject to the approval of shareholders at the General Meeting of Shareholders regarding the provision of such remuneration. The Company plans to seek the approval of shareholders for setting the total amounts of monetary remuneration claims for the allotment of the Company's Shares and money to be provided to Directors under the Plan as follows: 300 million yen per year or less for Directors who are not Audit & Supervisory Committee Members and 20 million yen per year or less for Directors who are Audit & Supervisory Committee Members (excluding Outside Directors).

2. Outline of the Plan

(1) Allotment of and Payment for the Company's Shares

The Company will grant certain units that correspond to a predetermined period to the Directors of the Company excluding Outside Directors (“Eligible Directors”). For those Eligible Directors who are not Audit & Supervisory Committee Members, these units will be granted based on the resolution of the Board of

Directors of the Company. For those Eligible Directors who are Audit & Supervisory Committee Members, these units will be granted based on consultation among them. After the expiration of a certain period not less than three years (“Service Period”), monetary remuneration claims and money will be provided to Directors who are not Audit & Supervisory Committee Members based on the resolution of the Board of Directors of the Company and to Directors who are Audit & Supervisory Committee Members based on consultation among them, within the limit of the total amounts mentioned above. Each Eligible Director will receive the allotment of the Company's Shares by way of capital contribution in kind of all such monetary remuneration claims. The number of the Company's Shares allotted to each Eligible Director will be calculated based on the number of units granted in advance to each Eligible Director. The paid-in amount of the Company's Shares will be determined by the Board of Directors of the Company based on the closing price of ordinary shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company regarding the issuance or disposition thereof (if the shares are not traded on that day, the closing price on the immediately preceding trading day) in a manner such that the paid-in amount is not particularly advantageous to the Directors who will subscribe to these shares.

The monetary remuneration claims mentioned above will be provided on condition that the Eligible Directors have agreed to the capital contribution in kind mentioned above.

(2) Method of calculating the number of the Company's Shares allotted and the amount of money paid to each Eligible Director under the Plan

The Company will calculate the number of the Company's Shares allotted and the amount of money paid to each Eligible Director based on the following calculation formulas:

(i) Number of units granted to each Eligible Director

Base Amount (*1) ÷ Share Price at Grant (*2)

Any fraction of less than 100 units resulting from the calculation will be rounded up to the nearest 100 units.

The number of the Company's Shares to be allotted in accordance with the number of units will be one share per unit.

(ii) Number of the Company's Shares allotted to each Eligible Director

Number of granted units calculated in (i) above × 50%

Any fraction of less than 100 shares resulting from the calculation will be rounded up to the nearest 100 shares.

(iii) Amount of money paid to each Eligible Director

(Number of granted units calculated in (i) above – Number of the Company's Shares calculated in (ii) above) × Share Price at Delivery (*3)

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

*1 The Base Amount will be determined by the Board of Directors of the Company for each Eligible Director (for those Eligible Directors who are Audit & Supervisory Committee Members, the Base Amount will be determined based on consultation among them) in accordance with the level of responsibility of each Eligible Director.

*2 The Share Price at Grant will be the average closing price of ordinary shares of the Company on the Tokyo Stock Exchange over the one-month period preceding the day immediately preceding the date of the ordinary general meeting of shareholders in the year in which units are granted.

*3 The Share Price at Delivery will be the closing price of ordinary shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company regarding the issuance or disposition of the Company's Shares to be allotted

under the Plan (if the shares are not traded on that day, the closing price on the immediately preceding trading day).

(3) Total number of the Company's Shares

The total number of the Company's Shares to be allotted to Eligible Directors under the Plan shall not exceed 70,000 shares per year.

However, the total number of the Company's Shares may be adjusted reasonably if necessary in the case where a stock split (including a gratis allotment of ordinary shares of the Company) or a reverse stock split of ordinary shares of the Company is carried out after the date of the relevant resolution or in other similar circumstances.

(4) Details of the Plan

(i) Details of the Plan

Under the Plan, the Company will allot the Company's Shares and provide money to Eligible Directors on condition that they have served continuously during the Service Period as a Director, Executive Officer, or employee of the Company or its subsidiary and have also satisfied other requirements determined by the Board of Directors of the Company in advance. The number of the Company's Shares to be allotted and the amount of money to be provided to Eligible Directors will be determined based on the number of units granted to them in advance.

However, if circumstances arise in which the amount of monetary remuneration claims and money to be provided to Eligible Directors will likely exceed the total amount mentioned above for the allotment of the number of the Company's Shares as determined above, the number of the Company's Shares to be allotted and the amount of money to be provided will be reduced to the extent that the total amount will not be exceeded by a reasonable method, such as pro-rata allocation.

If an Eligible Director has resigned or retired from all of the positions of Director, Executive Officer, and employee of the Company and its subsidiaries before the expiration of the Service Period for a reason determined by the Board of Directors of the Company to be justifiable, the number of the Company's Shares to be allotted and the amount of money to be provided to the Eligible Director and their timing will be adjusted reasonably as necessary.

(ii) Treatment in the case of reorganization, etc.

If a proposal for a merger agreement under which the Company will be the disappearing company, a share exchange agreement or a share transfer plan under which the Company will be a wholly-owned subsidiary of another company, or other reorganization is approved by the general meeting of shareholders of the Company during the Service Period (or by the Board of Directors of the Company if such a reorganization does not require the approval of the general meeting of shareholders of the Company), the Company will, based on a resolution of the Board of Directors of the Company, allot the Company's Shares and provide money to Eligible Directors before the effective date of the reorganization. In this case, the number of Company's Shares allotted and the amount of money provided will be determined reasonably in consideration of the time period from the start date of the Service Period to the date of approval of the reorganization.

(iii) Other

If an Eligible Director has resigned or retired from all of the positions of Director, Executive Officer, and employee of the Company and its subsidiaries before the expiration of the Service Period (excluding cases in which the resignation or retirement is for a reason determined by the Board of Directors of the Company to be justifiable) or has engaged in an act that has been designated as inappropriate or illegal by the Board of Directors of the Company in advance, the Company will neither allot the Company's shares, nor provide money, and will not provide any monetary remuneration claims for the allotment of the Company's shares to

the Eligible Director.

(Reference)

After the close of the General Meeting of Shareholders, the Company will allot the Company's shares and provide money also to the Company's Executive Officers and certain employees of the Company designated by the Company, as well as Directors, Executive Officers, and certain employees designated by the Company of subsidiaries of the Company, based on the same remuneration plan as outlined above.