

1. This document is an English translation of the official Japanese text of “Notice of Reintroduction of “Stock Benefit Trust (Employee Shareholding Association Purchase-type)” and Disposition of Treasury Stock by Third Party Allotment”.
2. In the event of any discrepancies between this translation and the Japanese original, the original shall prevail.

February 14th, 2023

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## **Notice of Reintroduction of “Stock Benefit Trust (Employee Shareholding Association Purchase-type)” and Disposition of Treasury Stock by Third Party Allotment**

Nissha Co., Ltd. (hereinafter, the “Company”), at a Board of Directors meeting held today, approved a resolution for the reintroduction of a “Stock Benefit Trust (Employee Shareholding Association Purchase-type)” (hereinafter, the “Plan”).

In addition, with the introduction of the Plan, the Company hereby announces, as follows, that a resolution was simultaneously approved for the lump-sum disposition of a portion of the treasury stock currently held by the Company by a third party allotment to a Trust E Account established at the Custody Bank of Japan, Ltd. (hereinafter, the “Trust E Account”).

### **<Regarding Introduction of the Plan>**

#### **1. Purpose of Introduction**

The Plan seeks to enhance employee benefits, heighten employee awareness of the share price and their motivation to work, and improve the Company’s corporate value through the stable supply of the Company’s shares to the NISSHA Employee Shareholding Association (hereinafter, the “Shareholding Association”) and the distribution to employees of the profits earned from the management and disposition of trust assets.

The Plan was introduced in November of 2019 and ended in January of 2023, but in light of the aforementioned

purpose, the Company has determined the continued operation of the Plan to be appropriate.

## 2. Overview of the Plan

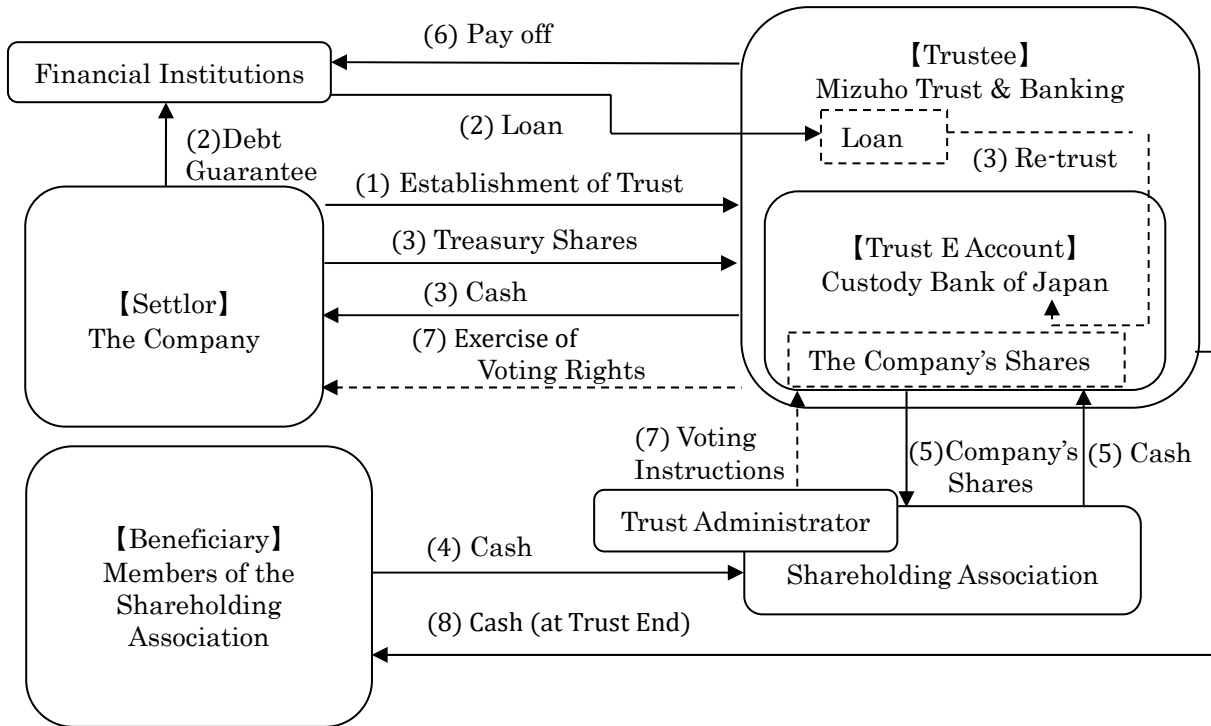
The Plan is an incentive plan that returns the merits from price increases in the Company's shares to all employees enrolled in the Shareholding Association.

With the introduction of Plan, the Company, as the settlor, will enter into a Stock Benefit Trust (Employee Shareholding Association Purchase-type) Agreement (hereinafter, the "Trust Agreement"; and the trust established pursuant to Trust Agreement is referred to as "Trust") with the trustee, Mizuho Trust & Banking Co., Ltd (hereinafter, the "Trustee"). Additionally, the Trustee will enter into a re-trust agreement with Custody Bank of Japan, Ltd. regarding the management of securities and other trust assets by Custody Bank of Japan, Ltd. as the sub-trustee.

Custody Bank of Japan, Ltd. will be entitled to collectively acquire to the Trust E Account in advance the number of the Company's shares equivalent to the number of shares anticipated to be purchased by the Shareholding Association over the next three years, and then sell the Company's shares when the shares are purchased by the Shareholding Association. If proceeds from the sale of shares are accumulated in the trust assets for the Trust up through the time of the ending of the trust through the sale of the Company's shares from the Trust E Account to the Shareholding Association, this cash shall be distributed as residual assets to the members (employees) of the Shareholding Association who satisfy the beneficiary eligibility requirements.

In addition, since the Company provides a guarantee when the trustee (Mizuho Trust & Banking) takes out a loan in order for the Trust E Account to acquire the Company's shares, in a case in which the trustee (Mizuho Trust & Banking) has an outstanding loan balance equal to the loss on the sale of shares as of the time of the ending of the trust due to a drop in the Company's share price or the like, the Company will pay off the outstanding loan balance pursuant to the guarantee agreement.

### 3. Structure of the Plan



- (1) The Company will contribute cash to the Trust E Account and will establish a third-party benefit trust.
- (2) The trustee (Mizuho Trust & Banking) will borrow funds for the acquisition of shares from financial institutions. (The Company will provide a debt guarantee to the financial institutions.)
- (3) The Trustee will re-trust the borrowed funds to the Trust E Account, and the Trust E Account will use these funds to acquire the Company's shares. In the acquisition of the shares by the Trust E Account, the Company will allot in a lump sum treasury stock equal to the number of shares that are expected to be acquired by the Shareholding Association during the trust term.
- (4) Members of the Shareholding Association will contribute cash to the Shareholding Association in conjunction with the company contributions.
- (5) The Shareholding Association will use the purchase funds contributed each month by employees to purchase the Company's shares from the Trust E Account at market value.
- (6) The trustee (Mizuho Trust & Banking) will use the proceeds in the Trust E Account from the sale of shares to the Shareholding Association to pay off the loan principal, and the Trust E Account will use the dividends and the like received from the Company to pay off the interest.
- (7) Throughout the trust term, the Trust will exercise the voting rights for the Company's shares held in the Trust E Account in accordance with the voting instructions from the trust administrator.

(8) The Trust will end upon the conclusion of the trust term, for scarcity of trust assets or for other reasons. The residual shares in trust will be disposed of and converted into cash upon the ending of the trust, and once the loan is repaid in full, any remaining cash will be distributed to the members of the Shareholding Association who satisfy the beneficiary eligibility requirements.

(If the trustee (Mizuho Trust & Banking) is unable to pay off the loan using the trust assets at the ending of the trust, the Company will perform on its debt guarantee to pay off the loan.)

#### 4. Overview of Trust

- (1) Purpose of trust: Stable supply of the Company's shares to the Shareholding Association and the distribution of the profits earned from the management and disposition of trust assets to beneficiaries.
- (2) Settlor: Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd.  
Mizuho Trust & Banking Co., Ltd. will enter into a comprehensive trust agreement with Custody Bank of Japan, Ltd., and Custody Bank of Japan, Ltd. will serve as the re-trust trustee.
- (4) Beneficiaries: Members of the Shareholding Association who satisfy the beneficiary eligibility requirements
- (5) Trust establishment date: March 14, 2023
- (6) Term of trust: March 14, 2023 through March 10, 2026 (scheduled)

#### <Regarding Disposition of Treasury Stock>

#### 5. Overview of Disposition

(1) Date of disposition	March 14, 2023 (Tuesday)
(2) Class and number of shares subject to disposition	152,100 shares of common stock
(3) Price of disposition	JPY1,880 per share
(4) Total price of disposition	JPY 285,948,000
(5) Scheduled subscriber	Custody Bank of Japan, Ltd. (Trust E Account)

(6) Miscellaneous	The Disposition of Treasury Stock is subject to the effectuation of the Security Registration Statements submitted under the Financial Instruments and Exchange Act.
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## 6. Purpose and Reason for Distribution

The Disposition of Treasury Stock shall be conducted by third party allotment to the Custody Bank of Japan, Ltd. (Trust E Account) established upon the introduction of the Trust for the holding and disposition of the Company's shares.

The quantity of the disposition shall be equal to the number of shares scheduled to be acquired under the Trust by the Shareholding Association over the next three (3) years of the trust term, shall be 0.30% (rounded to the second decimal place) of the 50,855,638 total issued and outstanding shares as of December 31, 2022 (and accounting for 0.31% (rounded to the second decimal place) of the 497,658 total voting rights as of December 31, 2022).

## 7. Calculation Basis for Price of Disposition and Specific Details Thereof

The price of the disposition shall be JPY 1,880, the closing price for the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the meeting of the Board of Directors approving the Disposition of Treasury Stock.

The Company regards it reasonable to determine that the closing pricing on the business day immediately preceding the date of the meeting of the Board of Directors appropriately represents the Company's corporate value in the stock market.

Furthermore, the disposition price of JPY 1,880 is 99.89% of the average closing price of JPY 1,882 (rounded down to the nearest whole yen) in the immediately preceding one (1) month period retroactive from the business day immediately preceding the date of the meeting of the Board of Directors, 102.51% of the average closing price of JPY 1,834 (rounded down to the nearest whole yen) in the immediately preceding three (3) month period retroactive from the business day immediately preceding the date of the meeting of the Board of Directors, and is additionally 104.04% of the average closing price of JPY 1,807 (rounded down to the nearest whole yen) in the immediately preceding six (6) month period retroactive from the business day immediately preceding the date of the meeting of the Board of Directors. As the result of the foregoing considerations, it has been reasonably determined that the disposition price for the Disposition of Treasury Stock is not especially favorable.

The four Audit and Supervisory Board Members attending the meeting of the Board of Directors (two of which are Independent Auditors and Supervisory Board Members) have expressed the opinion that the foregoing disposition price does not constitute an especially favorable disposition price.

## **8. Matters Related to Procedures under the Code of Corporate Conduct**

The Disposition of Treasury Stock does not require the acquisition of an opinion from an independent third party and the procedures for confirming the intent of the shareholders set forth under Rule 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange since (i) the dilution ratio is less than 25%, and (ii) the disposition does not involve a change in the controlling shareholders.

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