



# Notice Concerning Introduction of a Restricted Stock Compensation Plan

May 17, 2024

Company name: Nichireki Co., Ltd.  
Stock exchange listing: Tokyo Stock Exchange (Prime Market)  
Code number: 5011  
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NICHIREKI CO., LTD. (hereinafter, the Company) reviewed its executive compensation system and resolved to introduce a restricted stock compensation plan (the “Plan”) at a meeting of the Board of Directors held today. Accordingly, the Company has decided to submit a proposal regarding the Plan to the 80th Ordinary General Meeting of Shareholders scheduled to be held on June 27, 2024 (hereinafter referred to as the “General Meeting of Shareholders”), as described below.

## I. Purpose of the Plan

As announced in the “Notice Concerning Establishment of Split Preparation Company for Transition to Holding Company Structure, and Transition to a Company with an Audit and Supervisory Committee” dated March 27, 2024, the Company will transition to a company with an Audit and Supervisory Committee if the proposal for transition to a company with an Audit and Supervisory Committee is approved at the General Meeting of Shareholders.

When transitioning to a company with an Audit and Supervisory Committee, the amount of remuneration for directors will need to be set again and approved at the General Meeting of Shareholders. We would like to introduce the Plan as part of the newly established remuneration system for directors. The purpose of the Plan is to provide an incentive for the Company's directors (hereinafter referred to as “Eligible Directors”) to continuously improve the Company's corporate value and to promote further value sharing with shareholders.

The introduction of the Plan is conditional upon approval of the transition to a company with an Audit and Supervisory Committee at the General Meeting of Shareholders. In addition, since monetary claims will be paid to the Eligible Directors as compensation for the grant of restricted transferable shares, the introduction of the Plan is subject to the approval of shareholders for the payment of such compensation at the General Meeting of Shareholders.

Regarding the remuneration of the Company's directors, the amount of monetary remuneration for the Company's directors shall be within 400 million yen per year (40 million yen for Outside Directors; not including employee salaries for Directors who are also employees of the Company), and the amount of monetary remuneration for the company's Corporate Auditors was set at the 70th Ordinary General Meeting of Shareholders held on June 27, 2014 to be no more than 50 million yen per year. At the General Meeting of Shareholders, the Company plans to seek the approval of shareholders to newly establish the amount of remuneration for each of the Company's Directors (excluding Directors who are members of the Audit and Supervisory Committee) and Directors who are members of the Company's Audit and Supervisory Committee, and to newly introduce this system, and to establish a separate limit of remuneration for the Company's Eligible Directors under the Plan from the respective limit of remuneration mentioned above.

## 2. Outline of the Plan

The total amount of monetary claims to be paid to the Company's Directors (excluding Directors who are members of the Audit and Supervisory Committee) under the Plan shall not exceed 140 million yen per year (including 25 million yen per year for Outside Directors), and the total number of shares to be issued to the Company's Directors (excluding Directors who are members of the Audit and Supervisory Committee) shall not

exceed 56,000 shares per year (including 10,000 shares per year for Outside Directors) and 8,000 shares per year for Directors who are members of the Audit and Supervisory Committee. However, in either case, if a stock split of the Company's common stock (including gratis allotment of the Company's common stock) or reverse stock split takes effect after the resolution of the General Meeting of Shareholders, the total number will be adjusted within a reasonable range according to the split ratio, merging ratio, etc. after the effective date as necessary.

The Eligible Directors will pay all of the monetary claims paid by the Company under the Plan as assets contributed in kind and will be issued or disposed of shares of common stock of the Company. The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price of the immediately preceding trading day if no trading was effected on that date) to the extent not particularly favorable to the Eligible Director who will subscribe for such common stock, The amount shall be determined by the Board of Directors. The specific timing and allocation of payments to each Eligible Director (excluding Directors who are members of the Audit and Supervisory Committee) shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Committee, and the timing and allocation of payments to directors who are members of the Audit and Supervisory Committee shall be determined through consultation among the directors who are members of the Audit and Supervisory Committee.

In the event that the Company issues or disposes of shares of common stock (the "Shares"), the issuance or disposal of the Shares shall be subject to the execution of a restricted transfer share allotment agreement between the Company and the Eligible Director, which includes (i) a prohibition on the transfer, creation of security interest or any other disposition of the Shares to a third party for a certain period (the "Restricted Transfer Period") and (ii) the acquisition of the Shares without consideration by the Company upon certain events. The Shares will be managed in an exclusive account opened by the Eligible Director at Nomura Securities Co., Ltd..

The Company plans to be able to expand the scope of the Plan to include directors, etc. of the Company's consolidated subsidiaries that are approved by the Board of Directors of the Company.