

**June 27, 2024**

Company name: Nichireki Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange (Prime Market)

Code number: 5011

Representative: Manabu Obata, President and Representative Director

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**Notice of Disposal of Treasury Stock as Restricted Stock Compensation**

NICHIREKI CO., LTD. (hereinafter the "Company") hereby announces that its Board of Directors has resolved at a meeting held today to dispose of treasury stock (hereinafter the "Disposal of Treasury Stock" or "Disposal") as follows.

**1. Overview of Disposal**

(1) Disposal Date	July 26, 2024
(2) Type and Numbers of Shares to be Disposed	Common Stock of the Company 21,800 shares
(3) Disposal Price	¥2,507 per share
(4) Total Disposal Price	¥54,652,600
(5) Allottees and Number of Allottees and Shares	Directors of the Company (excluding directors who are members of the Audit and Supervisory Committee): 10 persons, 18,200 shares Directors who are members of the Audit and Supervisory Committee of the Company: 3 persons, 2,500 shares Director of a subsidiary of the Company: 1 person, 1,100 shares
(6) Other	Since the Disposal of Treasury Stock falls under the category of an offering of securities that does not require notification of an offering or secondary offering as stipulated in Article 2-12, Item 1 of the Enforcement Order of the Financial Instruments and Exchange Act, no securities registration statement will be submitted.

**2. Purpose and Reason for Disposal**

At a meeting of the Board of Directors held on May 17, 2024, the Company resolved to introduce a restricted stock compensation plan (hereinafter the "Plan") as a new compensation plan for the Company's directors (hereinafter the "Eligible Directors") and directors of the Company's subsidiaries (hereinafter collectively, the "Eligible Directors, etc."), with the aim of providing incentives to continuously improve the Company's corporate value, and promoting further value sharing with shareholders. In addition, at the 80th Ordinary General Meeting of Shareholders held on June 27, 2024, the Company received approval that the Company's directors (excluding directors who are members of the Audit and Supervisory Committee) shall receive compensation of up to ¥140 million per year (including ¥25 million per year for outside directors), and up to ¥20 million of monetary claims per year for directors who are members of the Audit and Supervisory Committee, as compensation (hereinafter the "Restricted Stock Compensation") to be used to fund the acquisition of restricted stock under the Plan. It also received approval for the Company to issue or dispose of up to 56,000 shares of the Company's common stock per year to directors (excluding directors who are members of the Audit and Supervisory Committee) (including 10,000 shares for outside directors), and up to 8,000 shares per year to directors who are members of the Audit and Supervisory Committee, and to set the transfer restriction period of restricted stock to 30 years.

Below is further information on the matter including the overview of the Plan.

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[Overview and Other Information of the Plan]

The Eligible Directors, etc. shall pay all of the monetary claims paid by the Company and its subsidiaries under the Plan as assets contributed in kind, and shall 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 Directors, etc. who receive such common stock.

Furthermore, upon the issuance or disposal of shares of common stock of the Company under the Plan, the Company shall enter into a Restricted Stock Allotment Agreement between the Company and the Eligible Directors, etc., which shall include the following: (i) the Eligible Directors, etc. shall be prohibited from transferring, granting security interests in or otherwise disposing of the shares of common stock of the Company allotted under the Restricted Stock Allotment Agreement to any third party for a certain period; and (ii) if certain events occur, the Company shall acquire such shares of common stock without consideration.

This time, upon consideration of the purpose of the Plan, the Company's business conditions, the scope of responsibilities of each of the Eligible Directors, etc., and various other circumstances, the Company decided to grant a total of ¥54,652,600 in monetary claims (hereinafter the "Monetary Claims") and 21,800 shares of common stock for the purpose of further motivating each of the Eligible Directors, etc. To realize the purpose of introducing the Plan, which is to share our values with shareholders over the medium to long term, we have set the transfer restriction period as 30 years for this time.

In the Disposal of Treasury Stock, the 14 Eligible Directors, etc., who are the Scheduled Allottees, will pay all of the Monetary Claims against the Company and its subsidiaries as assets contributed in kind under the Plan, and will receive the shares of the common stock of the Company (hereinafter the "Allotted Shares"). An outline of the Restricted Stock Allotment Agreement (hereinafter the "Allotment Agreement") to be executed between the Company and the Eligible Directors, etc., in connection with the Disposal of Treasury Shares is as described in 3. below.

### 3. Overview of the Allotment Agreement

#### (1) Transfer restriction period

July 26, 2024 (hereinafter the "Disposal Date") to July 25, 2054

#### (2) Conditions for cancellation of transfer restrictions

The restriction on transfer of all of the Allotted Shares shall be canceled at the expiration of the transfer restriction period on the condition that the Eligible Directors, etc. have continuously held any of the positions of director, executive officer, auditor, advisor, counselor, employee or other equivalent positions at the Company or its subsidiaries during the transfer restriction period.

#### (3) Treatment of Eligible Directors, etc. who resign or retire due to the expiration of their term of office or other justifiable reasons during the transfer restriction period

##### (i) Timing of cancellation of transfer restrictions

In the event that an Eligible Director, etc. resigns or retires from any of the positions of director, executive officer, auditor, advisor, counselor, employee or any other similar position at the Company or its subsidiaries due to the expiration of his/her term of office or other justifiable reasons (including resignation or retirement due to death), the restriction on transfer shall be canceled as of the time immediately following such resignation or retirement of the Eligible Director, etc.

##### (ii) Number of shares subject to cancellation of transfer restrictions

The number of shares shall be obtained by the following formula: the number of the Allotted Shares held at the time of such retirement or resignation as specified in (i) multiplied by the number obtained by dividing the number of months from the month including the Disposal Date to the month including the date of retirement or resignation of the Eligible Director, etc. by 12 (if such number exceeds 1, the number shall be 1) (if the calculation results in a fractional share, such fractional share shall be rounded down).

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(4) Acquisition by the Company without consideration

The Company shall naturally acquire without consideration any of the Allotted Shares for which the transfer restriction is not canceled at the time of expiration of the transfer restriction period or at the time of cancellation of the transfer restriction as set forth in (3) above.

(5) Treatment in organizational restructuring, etc.

If, during the transfer restriction period, a merger agreement under which the Company shall become an absorbed company, a share exchange agreement under which the Company shall become a wholly owned subsidiary, a share transfer plan, or any other matters relating to organizational restructuring, etc. are approved at a general meeting of shareholders of the Company (however, if approval by a general meeting of shareholders of the Company is not required for such organizational restructuring, this shall be at the Board of Directors of the Company), the Company's Board of Directors shall, by resolution, cancel the Transfer Restriction with respect to the number of shares of the Allotted Shares held by the Company as of such time multiplied by the number obtained by dividing the number of months from the month including the Disposal Date to the month including the date of such approval by 12 (if such number exceeds 1, the number shall be 1) (if the calculation results in a fractional share, such fractional share shall be rounded down) upon the effective date of the organizational restructuring. In addition, the Company shall naturally acquire without consideration all of the Allotted Shares for which the Transfer Restriction has not been canceled as of the time immediately following the cancellation of the Transfer Restriction.

(6) Management of shares

The Allotted Shares shall be managed in a dedicated account opened by the Eligible Directors, etc. at Nomura Securities Co., Ltd. during the transfer restriction period so that the Allotted Shares may not be transferred, pledged as collateral or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of the transfer restrictions, etc. on the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the account for the Allotted Shares held by each of the Eligible Directors, etc. The Eligible Directors, etc. shall also agree to the details of the management of such account.

4. Basis and Details of the Calculation of the Amount to be Paid in

The Disposal of Treasury Stock to the Scheduled Allottee will be made with the monetary claims paid as Restricted Stock Compensation for the 81st fiscal year of the Company under the Plan as the invested assets. The disposal price is set at ¥2,507, which is the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on June 26, 2024 (the business day before the date of the Board of Directors' resolution), in order to eliminate arbitrariness. This is the market share price immediately prior to the date of the Board of Directors' resolution, and we believe that it is reasonable and does not constitute a particularly favorable amount.