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July 1, 2020

NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: 1st section Tokyo Stock Exchange
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Notice regarding Disposal of Treasury Stock as Restricted Stock Remuneration

Nihon Kohden announces that it resolved at a meeting of the Board of Directors held today to execute the disposal of treasury stock as restricted stock remuneration ("Disposal of Treasury Stock") as outlined below.

1. Outline of Disposal

(1) Date of disposal	July 27, 2020
(2) Type and number of shares to be disposed	14,061 shares of the Company's common stock
(3) Disposal value	3,625 yen per share
(4) Total disposal value	50,971,125 yen
(5) Planned allottees	The Company's Directors (*): 6 persons, 6,810 shares The Company's Operating Officers: 12 persons, 7,251 shares * Excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors
(6) Other	The Disposal of Treasury Stock is subject to the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for Disposal

At the 69th Ordinary General Meeting of Shareholders held on June 25, 2020, the Company obtained the shareholders' approval to introduce a Restricted Stock Remuneration Plan ("Plan") that allots shares with transfer restrictions ("Restricted Stock") to Directors (excluding Directors serving as Audit & Supervisory Members and Outside Directors; "Eligible Directors") for the purpose of giving an incentive for enhancement of the Company's corporate value and encouraging shared value with

shareholders. Under the Plan, the Company also obtained the shareholders' approval to set the maximum amount of the monetary compensation receivables in respect of which Restricted Stock at 100 million yen per year; the maximum number of shares of Restricted Stock to be allotted to Eligible Directors at 160,000 shares per fiscal year; and the transfer restriction period for Restricted Stock to be from the grant date of the Restricted Stock to the date when the Eligible Director retires from the position of Director or Operating Officer of the Company.

At a meeting of the Board of Directors of the Company held today, the Company resolved to pay monetary compensation receivables of 50,971,125 yen as remuneration to the planned allottees, specifically 6 Eligible Directors and 12 Operating Officers of the Company ("Allottees"), and to allocate 14,061 shares of the Company's common shares as specified restricted shares to be paid for by the Allottees using all the monetary compensation receivables as contributed assets. The shares provided as Restricted Stock Remuneration are to Eligible Directors for the period from the 69th Ordinary General Meeting of Shareholders until the 70th Ordinary General Meeting of Shareholders and to Operating Officers of the Company for the 70th fiscal year (April 1, 2020 to March 31, 2021).

The amount of monetary compensation receivables granted to each Allottee has determined by comprehensively taking into consideration a wide range of factors, such as the extent of the contribution of each Allottee to the Company. The monetary compensation receivables will be granted provided that each Allottee enters into a Restricted Stock Allotment Agreement ("Allotment Agreement") with the Company, as summarized below.

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period

From July 27, 2020 to the date when the Allottee retires from the position of Director or Operating Officer of the Company

During the above transfer restriction period ("Transfer Restriction Period"), Allottees shall not transfer Restricted Stock allotted to them ("Allotted Stock") to a third-party, create a pledge or mortgage by transfer on, make an advancement, make a bequest, or any other disposal.

(2) Acquisition of Restricted Stock without compensation

If an Allottee retires from both the position of Director and Operating Officer of the Company by the day before the first Ordinary General Meeting of Shareholders (if an Allottee retires from Operating Officer by the day before the first fiscal year-end) arriving on or after the commencement date of the Transfer Restriction Period, all of his or her Allotted Stock shall automatically be acquired by the Company without consideration at the time of such retirement, except in the case that the Board of Directors of the Company deems that the reason for the resignation is valid.

If the restriction on transfer of the Allotted Stock has not been lifted at the expiration of the Transfer Restriction Period ("Expiration of the Period") based on the terms provided in (3) "Lifting of transfer restriction" below, the Company shall automatically acquire all Allotted Stock without consideration immediately after Expiration of the Period.

(3) Lifting of transfer restriction

On the condition that an Allottee has continuously held the position of Director or Operating Officer of the Company until the date of the first Ordinary General Meeting of Shareholders (or the last date of the Company's first fiscal year if the Allottee is an Operating Officer) arriving on or after the commencement date of the Transfer Restriction Period, the transfer restriction on all of his or her Allotted Stock shall be lifted by the Company at the Expiration of the Period. However, even when the Allottee retires from both the position of Director and Operating Officer of the Company prior to the date immediately preceding the date of the first Ordinary Stockholders' Meeting (or to the date immediately preceding the last date of the Company's first fiscal year if the Allottee is an Operating Officer) arriving on or after the commencement date of the Transfer Restriction Period, if the Allottee retires for reasons deemed valid by the Board of Directors of the Company, the transfer restriction on all of his or her Allotted Stock shall be lifted by the Company immediately after such retirement. The number of the Allotted Stock for which the Transfer Restriction will be lifted is calculated by dividing the number of months from July 2020 (or April 2020 if the Allottee is an Operating Officer) to the month that includes the date when the Allottee retires from both the position of Director and Operating Officer of the Company by twelve, then multiplying it by the number of the Allotted Stock held by the Allottee at the time of retirement (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down).

(4) Provision for Administration of Shares

Allottees shall complete the procedures for opening an account at SMBC Nikko Securities Inc. in the manner designated by the Company for stating or recording matters related to Allotted Stock which shall be kept and maintained in the account until such time as the Transfer Restrictions have been lifted.

(5) Treatment in the event of reorganization

During the Transfer Restriction Period, if proposals relating to a merger agreement in which the Company is the dissolving company, share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other reorganization, are approved at a General Meeting of Shareholders of the Company (or if approval at a General Meeting of Shareholders of the Company is not required in relation to the reorganization in question, approval by the Board of Directors of the Company), and if an Allottee retires from both the position of Director and Operating Officer of the Company due to reorganization, the Company, by a resolution of the Board of Directors, shall lift the transfer restriction on Allotted Stock, the number of which is calculated by dividing the number of months from July 2020 (or April 2020 if the Allottee is an Operating Officer) to the month that includes the date of the approval by twelve (if this number exceeds one as a result of the calculation, then this number shall be deemed to be one), then multiplying it by the number of Allotted Stock held by the Allottee at the time of retirement (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down) as of the time immediately before the business day preceding the effective date of the organizational restructuring, provided the effective date of the

reorganization comes before the expiry of the Transfer Restriction Period.
At the time when the reorganization is approved, the Company shall automatically acquire without compensation any of Allotted Stock on which the transfer restriction is not lifted, as of the business day immediately preceding the effective date of the reorganization.

4. Basis for Calculating Payment Amount and Specific Details Thereof

To eliminate arbitrariness in determining disposal value in the Disposal of Treasury Stock, the disposal value shall be set at 3,625 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company (June 30, 2020). Because this is the market price on the day immediately preceding the date of the resolution of the Board of Directors of the Company, the Company believes it is reasonable and does not represent a particularly favorable value.