

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect, or any other forms of damages arising from this translation.



December 20, 2024

To whom it may concern:

NIHON TRIM CO., LTD.
Representative: Norio Tahara, President
(Securities code: 6788, Prime Market of
the Tokyo Stock Exchange)
Inquiries:
Kojiro Oda, Senior Managing Executive
Officer and General Manager of
Administration Division
(Tel: +81-(0) 6-6456-4600)

**Notice Regarding Disposal of Treasury Shares through a Third-Party Allotment in
Conjunction with the Introduction of a Trust-Type Employee Shareholding Incentive
Plan (E-Ship®)**

NIHON TRIM CO., LTD. (the “Company”) hereby announces that at the Board of Directors meeting held on December 20, 2024, a resolution was passed to execute a disposal of treasury shares through a third-party allotment (hereinafter the “disposal of treasury shares”), as follows.

1. Overview of the Disposal

(1) Disposal date	January 9, 2025
(2) Class and number of shares subject to disposal	Common shares of the Company: 189,700 shares
(3) Disposal price	3,695 yen per share
(4) Total amount of disposal	700,941,500 yen
(5) Disposal recipient	The Nomura Trust & Banking Co., Ltd. (Nihon Trim Employee Shareholding Association Dedicated Trust Account)
(6) Disposal method	Through a third-party allotment
(7) Others	The disposal of treasury shares is conditional upon the securities registration statement filed under the Financial Instruments and Exchange Act taking effect.

2. Purpose and Reason for the Disposal

The Company resolved at the Board of Directors meeting held today to introduce a Trust-Type Employee Shareholding Incentive Plan (E-Ship®) (hereinafter the “plan”), as a part of human capital management and for the purpose of giving an incentive to the employees of the Company and the Company’s subsidiaries to enhance corporate value over the medium to long term, improving their benefits, and encouraging steady growth of the Company by elevating their work motivation through capital participation as shareholders. This will further cultivate a sense of belonging and contribute to the steady growth of the Company through employees’ capital participation as shareholders. For an overview of the plan, please refer to “Introduction of Trust-Type Employee Shareholding Incentive Plan (E-Ship®),” dated today.

The treasury shares will be disposed of to The Nomura Trust & Banking Co., Ltd. (Nihon Trim Employee Shareholding Association Dedicated Trust Account) to be established for the introduction of the plan.

The number of shares to be disposed of will be equivalent to the number of shares calculated by setting the number of shares likely to be purchased annually based on the actual purchases of the Nihon Trim Employee Shareholding Association (hereinafter the “Shareholding Association”) (the most recent monthly purchases and actual amounts of bonus purchases and reinvestments of dividends) converted into annual purchase amounts, after which the number of shares likely to be purchased by the Shareholding Association during the trust term (approximately 10 years) is calculated and divided by the disposal price. As of September 30, 2024, this represents 2.19% of the total issued shares of 8,656,780 shares and 2.34% of the total number of voting rights of 80,903.

Overview of the Trust Agreement

- | | |
|--------------------------------|---|
| (1) Trustor: | The Company |
| (2) Trustee: | The Nomura Trust & Banking Co., Ltd. |
| (3) Beneficiaries: | Those who meet the beneficiary eligibility requirements (certain prescribed procedures must be completed after occurrence of the events determining the beneficial interests) |
| (4) Trust administrator: | To be selected by the employees of the Company |
| (5) Trust agreement date: | December 20, 2024 |
| (6) Trust term: | December 20, 2024 to December 27, 2034 |
| (7) Purpose of the trust: | Stable and continuous supply of shares to the Shareholding Association and distribution of trust assets to those who meet the beneficiary eligibility requirements |
| (8) Exercise of voting rights: | The trustee will exercise voting rights with respect to the Company’s shares based on the instructions from the trust administrator. |

3. Basis for calculating the disposal price and specific details thereof

The purpose of the disposal of treasury shares is to introduce the plan, which is a shareholding program for employees. To ensure non-arbitrary valuation, the disposal price shall be set at 3,695 yen, the closing price of the Company’s common shares on the Prime Market of the Tokyo Stock Exchange on December 19, 2024 (the business day immediately preceding the date of the resolution by the Board of Directors). This is the market price immediately preceding the resolution of the Board of Directors, and it is considered to be reasonable and not a particularly favorable amount.

The rate of divergence between this price and the average daily closing price of the Company’s common shares on the Prime Market of the Tokyo Stock Exchange is as follows (rounded off to two decimal places):

Term	Average closing price (rounded down to the nearest yen)	Rate of divergence
1 month (November 20, 2024 to December 19, 2024)	3,578 yen	3.27%
3 months (September 20, 2024 to December 19, 2024)	3,576 yen	3.33%
6 months (June 20, 2024 to December 19, 2024)	3,521 yen	4.94%

The three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) attending the meeting of the Board of Directors held today unanimously expressed the opinion to the effect that the disposal price is not particularly favorable to the allottees, given that the disposal of treasury shares was for the purpose of introducing the plan and that the disposal price was the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors.

4. Matters Concerning Procedures under the Corporate Code of Conduct

In the disposal of treasury shares, (i) the resulting dilution rate is less than 25%, and (ii) there will be no ensuing changes in the controlling shareholders. Consequently, the disposal of treasury shares does not require the opinion of an independent third party or the approval of the shareholders, as prescribed in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.