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May 13, 2025

NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: Prime Market, Tokyo Stock Exchange
Head Office: Tokyo
Representative: Hirokazu Ogino, Representative Director, President and Chief Executive Officer
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Notice regarding Determination of Details of Employee Stock Ownership Plan and Disposal of Treasury Stock through Third-Party Allotment

Nihon Kohden resolved at its meeting of the Board of Directors held on December 3, 2024 to introduce an Employee Stock Ownership Plan ("Plan") as an incentive plan for employees of Nihon Kohden and a part of consolidated subsidiaries of the Company ("Employees"). The trust agreement to be executed with Resona Bank, Limited with respect to the Plan is referred to as the "Trust Agreement" and the trust to be established in accordance with the Trust Agreement is referred to as the "Trust".
In conjunction with the Plan, the Company determined the details of the Plan and resolved to execute the disposal of treasury stock through a third-party allotment (the "Disposal of Treasury Stock") at a meeting of the Board of Directors held today.

1. Details of the Plan

1) Outline of the Trust

(1) Name	: Employee Stock Ownership Plan
(2) Consignor	: NIHON KOHDEN CORPORATION
(3) Trustee	: Resona Bank, Limited Resona Bank, Limited will enter into a specific comprehensive trust agreement with Custody Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. will serve as the sub-trustee.
(4) Beneficiaries	: Employees who satisfy the beneficiary requirements as stipulated in the Stock Benefit Regulations
(5) Trust administrator	: Selected among Employees
(6) Type of Trust	: Trust of cash other than money trust (third-party benefit trust)
(7) Date of execution of the Trust Agreement	: May 29, 2025 (tentative)
(8) Date on which money is placed in the Trust	: May 29, 2025 (tentative)
(9) Type of Trust	: From May 29, 2025 (tentative) until the termination of the Trust (No specific termination date is set, and the Trust will continue as long as the Plan continues.)

2) Details of the Company's Shares to be acquired under the Trust

(1) Types of shares to be acquired	: The Company's common stock
(2) Amount of funds entrusted to acquire the shares	: 1,616,340,000 yen
(3) Total number of shares to be acquired	: 930,000 shares
(4) Method of acquiring shares	: Acquired by accepting the disposal of the Company's treasury stock
(5) Date of acquiring shares	: May 29, 2025 (tentative)

2. Disposal of Treasury Stock through Third-Party Allotment

1) Outline of Disposal

(1) Date of disposal	: May 29, 2025
(2) Type and number of shares to be disposed	: 930,000 shares of the Company's common stock
(3) Disposal value	: 1,738 yen per share
(4) Total disposal value	: 1,616,340,000 yen
(5) Planned allottees	: Custody Bank of Japan, Ltd. (Trust Account)
(6) Other	: The Disposal of Treasury Stock is subject to the effectiveness of securities registration statement filed under the Financial Instruments and Exchange Act.

2) Purpose and Reasons for Disposal

The Company resolved at its meeting of the Board of Directors held on December 3, 2024 to introduce the Plan as part of its incentive plans for Employees, with the aim of enhancing their motivation and morale to contribute to increasing the Company's medium- to long-term business performance and corporate value.

The Disposal of Treasury Stock will be carried out for the introduction of the Plan. This involves the allocation of treasury stock to Custody Bank of Japan, Ltd., which is the sub-trustee entrusted by Resona Bank, Limited, the trustee of the Trust, through a third-party allotment.

The number of shares to be disposed of is equivalent to the number of shares expected to be granted to the Employees during the three fiscal years in accordance with the Stock Benefit Regulations established by the Company upon introduction of the Plan. This is equivalent to 0.54% of 170,961,960 shares, the total number of issued shares as of March 31, 2025 (or 0.57% of 1,630,116 rights, the number of voting rights as of March 31, 2025; both percentages are rounded to the third decimal place). The Company considers that the amount of disposal and the scale of dilution due to the Disposal of Treasury Stock are reasonable and that the impact on the secondary market will be minor.

3) Basis for Calculating Disposal Value and Specific Details Thereof

To eliminate arbitrariness in determining disposal value in the Disposal of Treasury Stock, the disposal value shall be set at 1,738 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day (May 12, 2025) immediately preceding the date of the resolution of the Board of Directors of the Company (the "Date of Resolution of Board of Directors"). The Company believes it is reasonable to use the closing price on the business day immediately preceding the Date of Resolution of Board of Directors as the basis for the calculation, as such closing

price represents the fair corporate value of the Company in the stock market.
The disposal value is based on the closing price of the business day immediately preceding the Date of Resolution of Board of Directors, and the deviation rate from the average closing price of 1,739 yen (rounded down to the nearest yen) for the one month immediately preceding the Date of Resolution of Board of Directors (April 13, 2025 to May 12, 2025) is -0.06% (rounded to the third decimal place). The deviation rate from the average closing price of 1,979 yen (rounded down to the nearest yen) for the three months immediately preceding the same date (February 13, 2025 to May 12, 2025) is -12.18% (rounded to the third decimal place). The deviation rate from the average closing price of 2,063 yen (rounded down to the nearest yen) for the six months immediately preceding the same date (November 13, 2024 to May 12, 2025) is -15.75% (rounded to the third decimal place). Therefore, the Company believes the disposal value of the Treasury Stock is reasonable and does not represent a particularly favorable value to the planned allottees.
With regard to the above disposal value, the Company's Audit & Supervisory Committee (composed of three members, two of whom are Outside Directors) expressed the opinion that it is reasonable for the process by which the Company determined the disposal value does not represent a particularly favorable value to the planned allottees and that the Company's determination is legitimate.

4) Matters concerning Procedures under the Code of Corporate Conduct

Regarding the Disposal of Treasury Stock, as it (i) results in a dilution ratio of less than 25% and (ii) does not involve a change in a controlling shareholder, there is no need to take procedures for receiving an opinion from an independent third party or confirming the intent of shareholders as prescribed in Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.