

Company name	Nihon Chouzai Co., Ltd.
Company representative	Naoto Kasai, President and CEO
Securities code	3341; Tokyo Stock Exchange Prime Section
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Notice regarding Continuation of Performance-linked Stock Compensation Plan for Directors and Executive Officers

Nihon Chouzai Co., Ltd. (the “Company”) hereby announces that, at its Board of Directors meeting on May 15, 2024, it resolved to continue the stock compensation plan (the “Plan”) for directors (excluding directors who serve as Audit and Supervisory Committee members, outside directors, and non-residents of Japan; hereinafter the same) and executive officers (excluding non-residents of Japan; hereinafter referred to together with directors as “Directors, etc.”), which was adopted from FY2021, as outlined below.

1. Continuation of the Plan

At its Board of Directors meeting on May 15, 2024, the Company resolved to continue the Plan for its Directors, etc., to increase their motivation to contribute to improvements in earnings performance and corporate value over the medium to long term.

The Plan employs a structure referred to as a Board Incentive Plan (BIP) Trust for executive compensation (the “BIP Trust”). Similar to the performance-linked stock compensation (performance share) and restricted stock compensation (restricted stock) plans that are popular in the US and Europe, a BIP Trust delivers and pays shares of the Company and monetary amounts equivalent to the liquidation value of such shares to Directors, etc.

2. Overview of the continuation of the Plan

In continuing the Plan, the Company will extend the trust period of the previously established BIP Trust (the “Trust”) as outlined below, and maintain the details of the Plan with the exception of the items below. For more information on the details of the Plan at the time of its adoption, please refer to the “Notice of Abolishment of the Retirement Benefit Plan for Officers and Adoption of the Stock Compensation Plan” released on May 19, 2021, and the “Notice of Partial Revision to the Stock Compensation Plan in Conjunction with the Adoption of the Executive Officer System” released on May 18, 2022.

(1) Extension of the trust period

The trust period of the existing Trust, which is set to end on August 31, 2024, will be extended to August 31, 2027 to ensure continuous implementation of the Plan. Further, if there are remaining shares of the Company (excluding those scheduled to be delivered to the Directors, etc., of the Company but not yet delivered) and monetary amounts within the trust assets at the time of the extension (hereinafter collectively referred to as "Remaining Shares, etc."), the Remaining Shares, etc., will be transferred to the Trust after the extension.

(2) Applicable period

The applicable period following the continuation of the Plan will be the three fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027.

*1 If the trust period is further extended by amending the trust agreement and adding additional trusts at the end of the extended trust period, the following three fiscal years will be set as the applicable period.

(3) Method of acquiring shares of the Company in conjunction with the continuation of the Plan

In conjunction with the continuation of the Plan, the Company plans to acquire shares of the Company from the stock market within the upper limit of trust money and the upper limit of shares of the Company that the Trust can acquire, as approved at the 42nd General Meeting of Shareholders held on June 23, 2022.

During the trust period, if the number of shares within the Trust falls short of the number required to match the points awarded to Directors, etc., or if the monetary amount within the trust is insufficient to cover trust fees and expenses, further monetary contributions may be made to the Trust and additional shares of the Company may be acquired within the upper limit of trust money and the upper limit of shares of the Company that the Trust can acquire, as approved at the 42nd General Meeting of Shareholders held on June 23, 2022.

(For reference)

[Details of trust agreement]

(1) Type of trust	A money trust other than an individually-operated designated monetary trust (third-party benefit trust)
(2) Purpose of trust	To provide incentives to Directors, etc.
(3) Settlor	The Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	Directors, etc., who meet the eligibility requirements for beneficiaries
(6) Trust administrator	A professional practitioner who is a third party with no interest in the Company
(7) Trust agreement date	August 2, 2021 (amendment planned in August 2024 for the extension of the trust period)
(8) Trust period	From August 2, 2021 to August 31, 2024 (planned) (extension planned until August 31, 2027 in accordance with the latest amendment to the trust agreement)
(9) Plan commencement date	June 24, 2021
(10) Exercise of voting rights	Voting rights will not be exercised
(11) Type of acquired shares	Common shares of the Company
(12) Upper limit of trust money	126 million yen (including trust fees and trust expenses)
(13) Share acquisition period	August 6, 2024 (planned) to August 30, 2024 (planned)
(14) Share acquisition method	Acquisition from the stock market
(15) Holder of vested rights	The Company
(16) Residual assets	Residual assets that can be received by the Company, as the holder of the vested rights, will be within the limit of the trust expense reserve calculated by deducting the share acquisition costs from the trust money