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For Immediate Release

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## Notice Concerning Continuation and Partial Amendment of the Performance-based Stock Compensation Plan

NCD Co., Ltd. (the "Company") hereby announces that, at a meeting of the Board of Directors held today, the Company resolved to partially amend and continue the performance-based stock compensation plan (the "Plan") for Directors (excluding outside Directors and Directors serving as Audit and Supervisory Committee Members) and Executive Officers (collectively, "Directors, etc.") of the Company, and decided to submit a proposal for this matter to the 61st Ordinary General Meeting of Shareholders to be held on June 25, 2026 (the "Meeting").

### 1. Continuation of the Plan

The Company introduced the Plan from the fiscal year ended March 31, 2018 ("FY2018") to further clarify the linkage between compensation of Directors, etc., and corporate performance and stock value of the Company, and to raise awareness of contributing to sustainable growth and increase of corporate value through improvement of medium- to long-term performance.

The Company has judged that it is appropriate to apply the Plan for sharing benefits and risks of stock price linkage with shareholders, and for further increasing incentives for Directors, etc., to achieve sustainable growth and increase corporate value. Therefore, the Company will continue the Plan during the applicable period of the new medium-term management plan commencing in FY2027 (from FY2027 to FY2029). After the end of that applicable period, the Plan may be continued in a new applicable period consisting of the three fiscal years corresponding to the new medium-term management plan by the resolution of the Board of Directors of the Company to the extent approved by the General Meeting of Shareholders.

### 2. Details of the amendment to the Plan

Under the Plan, the Company provides Directors, etc., with monetary compensation claims as property to be used to acquire the Company's common stock and money to secure funds for tax payment, in accordance with the degree of achievement of performance targets during the applicable period consisting of the three fiscal years corresponding to the medium-term management plan of the Company (the "Applicable Period").

The upper limit of the total amount of monetary compensation claims and money to be provided to Directors,

etc., under the Plan is 200 million yen, which was approved at the 55th Ordinary General Meeting of Shareholders held on June 29, 2020. The Company will revise this amount to 300 million yen, subject to approval at the Meeting, since the upper limit may be exceeded due to an increase in the number of Directors, etc., a rise in the Company's stock price, or an improvement in the Company's performance. As before, the maximum amount of compensation under the Plan will be proposed to the Meeting separately from the maximum amount of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members). The upper limit of the total number of shares of the Company's common stock to be delivered after the end of the Applicable Period will be changed from 300,000 shares to 100,000 shares, in light of the Company's most recent stock price level and other factors.

The performance target indicators, which are consolidated net sales and consolidated operating profit for the final fiscal year of the Applicable Period, will be changed to consolidated net sales, consolidated operating profit, consolidated return on equity (ROE), and an engagement index for the Applicable Period (three fiscal years).

[Overview of the Plan, Etc.]

(1) Overview of the Plan

The Plan is a performance-based stock compensation plan (performance share unit) whereby monetary compensation claims for the delivery of the Company's common stock and money to secure funds for tax payment are granted to Directors, etc., as their compensation for the Applicable Period, in accordance with the degree of achievement of performance targets during the Applicable Period. The current applicable period is the three fiscal years from FY2027 to FY2029. The Plan may be continued in the future, with each period of three fiscal years corresponding to the medium-term management plan as the Applicable Period.

Accordingly, since monetary compensation claims for the delivery of the Company's common stock and money to secure funds for tax payment are to be provided to Directors, etc., in accordance with the degree of achievement of the above-mentioned performance targets, the Company has not determined as of the introduction of the Plan whether these will be delivered or provided to each Director, etc., as well as the number of shares of the Company's common stock to be delivered, and the amount of monetary compensation claims for the delivery of the Company's common stock and money to be provided.

(2) Mechanism of the Plan

The Plan is implemented through the following procedures:

- [1] The Board of Directors determines the number of shares of the Company's common stock to be delivered and the amount of money to be provided to each Director, etc., in accordance with the degree of achievement of performance targets during the Applicable Period, the position of those Directors, etc., and the formula described in the following paragraph.
- [2] The Company provides each Director, etc., with monetary compensation claims for the delivery of the Company's common stock in accordance with the number of shares of the Company's common stock to be delivered to each Director, etc., as determined in [1] above; whereas each Director, etc., acquires the Company's common stock by contributing all such monetary compensation claims in kind. The amount to be paid in for the Company's common stock shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the meeting of the Board of Directors to be held after the end of the Applicable Period pertaining to the issuance of shares or disposal of treasury shares for the purpose of such delivery (if no transaction is executed in respect of the

Company's common stock on that date, the closing price on the immediately preceding trading day shall apply).

- [3] In connection with the delivery of the Company's common stock described in [2] above, each Director, etc., will incur a tax burden. In order to secure funds for tax payment, the Company provides each Director, etc., with the amount of money determined in [1] above in addition to the monetary compensation claims described in [2] above.

- (3) Method of calculating the number of shares of the Company's common stock to be delivered and the amount of money to be provided to Directors, etc., under the Plan

The Company calculates the number of shares of the Company's common stock to be delivered to each Director, etc., based on the formula in [1] below, and the amount of money to be provided to each Director, etc., to secure funds for tax payment based on the formula in [2] below.

- [1] Number of shares of the Company's common stock to be delivered to each Director, etc.

= Base number of shares to be delivered (\*1) × Performance-based payment rate (\*2) × 60%

- [2] Amount of money to be provided to each Director, etc.

= (Base number of shares to be delivered (\*1) × Performance-based payment rate (\*2) – Number of shares of the Company's common stock calculated in [1] above) × Stock price at the time of delivery (\*3)

- (\*1) Amount determined in accordance with compensation standards based on the position of the applicable Director, etc. / Base stock price × 3 (number of fiscal years)

The base stock price shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Ordinary General Meeting of Shareholders of the Company held in the first fiscal year of the Applicable Period (if no transaction is executed in respect of the Company's common stock on that date, the closing price on the immediately preceding trading day shall apply). If the calculated number of shares to be delivered includes shares less than one unit, the shares less than one unit shall be omitted.

- (\*2) The performance-based payment rate ranges from 0% to 150% depending on the degree of achievement of targets, with the level corresponding to company performance targets for Directors, etc., as 100%.

- (\*3) The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the meeting of the Board of Directors to be held after the end of the Applicable Period pertaining to the issuance of shares or disposal of treasury shares for the purpose of delivery of the Company's common stock under the Plan (if no transaction is executed in respect of the Company's common stock on that date, the closing price on the immediately preceding trading day).

- (4) The upper limit of the total amount of monetary compensation claims and money under the Plan and the total number of shares to be delivered

During the Applicable Period under the Plan, the total amount of monetary compensation claims and money to be provided to Directors, etc., shall not exceed 300 million yen, and the total number of shares of the Company's common stock to be delivered shall not exceed 100,000 shares. If the total amount of monetary compensation claims

and money to be provided to Directors, etc., or the total number of shares of the Company's common stock to be delivered to Directors, etc., exceeds the upper limit, the amount of monetary compensation claims and money or the number of shares of the Company's common stock to be delivered to each Director, etc., shall be reduced by a reasonable method, such as proportional distribution, to deal with the said total amount of monetary compensation claims and money or the total number of shares of the Company's common stock that exceeds the upper limit.

(5) Requirements for the delivery of shares under the Plan

Under the Plan, the Company's common stock shall be delivered to Directors, etc., if the following requirements for the delivery of shares are met at the end of the Applicable Period.

[1] The person served as Director, etc., during the Applicable Period

[2] The person has not committed a certain kind of misconduct

[3] Other requirements that are deemed necessary to achieve the purpose of the stock compensation plan

(Note1) A Director, etc., who retired during the Applicable Period shall receive the delivery of the number of shares of the Company's common stock in proportion to the number of months in office during the Applicable Period (unless the term of office is less than 12 months).

(Note2) A Director, etc., who assumed the office during the Applicable Period shall receive the delivery of the number of shares of the Company's common stock in proportion to the number of months in office during the Applicable Period.

(Note3) A Director, etc., who retired due to death during the Applicable Period shall receive the delivery of the number of shares of the Company's common stock in proportion to the number of months in office during the Applicable Period.

(6) Clawback clause

Under the Plan, in the event of a material revision to financial results, a serious violation of laws and regulations, a violation of internal rules, misconduct, or any other incident after the vesting date based on which Directors, etc., receive the delivery of the Company's common stock and payment of money, the Company may demand that Directors, etc., return all or part of the Company's common stock already delivered and money already paid.

(7) Treatment in reorganization, etc.

In the event that a merger agreement under which the Company becomes an absorbed company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matter relating to reorganization, etc., is approved by the General Meeting of Shareholders of the Company (or the Board of Directors of the Company in the case of the reorganization, etc., that does not require the approval of the General Meeting of Shareholders of the Company) during the Applicable Period, the amount of money calculated based on the method of calculating the amount of monetary compensation claims and money pertaining to the Plan mentioned above may be provided, prior to the effective date of the reorganization, etc., for the number of shares of the Company's common stock reasonably determined by the resolution of the Board of Directors of the Company based on the period from the commencement date of the Applicable Period to the approval date of the reorganization, etc.

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.
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