

For Immediate Release

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## Notice Concerning Introduction of Employee Incentive Plan

NCD Co., Ltd. (the "Company") hereby announces that, at a meeting of its Board of Directors held on May 15, 2026, the Company resolved to introduce an employee incentive plan (the "Plan") for management employees of the Company and its group companies who satisfy certain requirements (the "Eligible Employees"). The details are as follows.

### 1. Purpose of introducing the Plan

- (1) The Company will introduce the Plan as part of its human capital management efforts, aiming to further enhance the morale of the Eligible Employees and their motivation to contribute to the business. By sharing value with our shareholders, we seek to improve mid- to long-term business performance and increase the corporate value of the Group.
- (2) The Plan adopts an arrangement known as an "Employee Stock Ownership Plan (ESOP) Trust" (the "ESOP Trust").

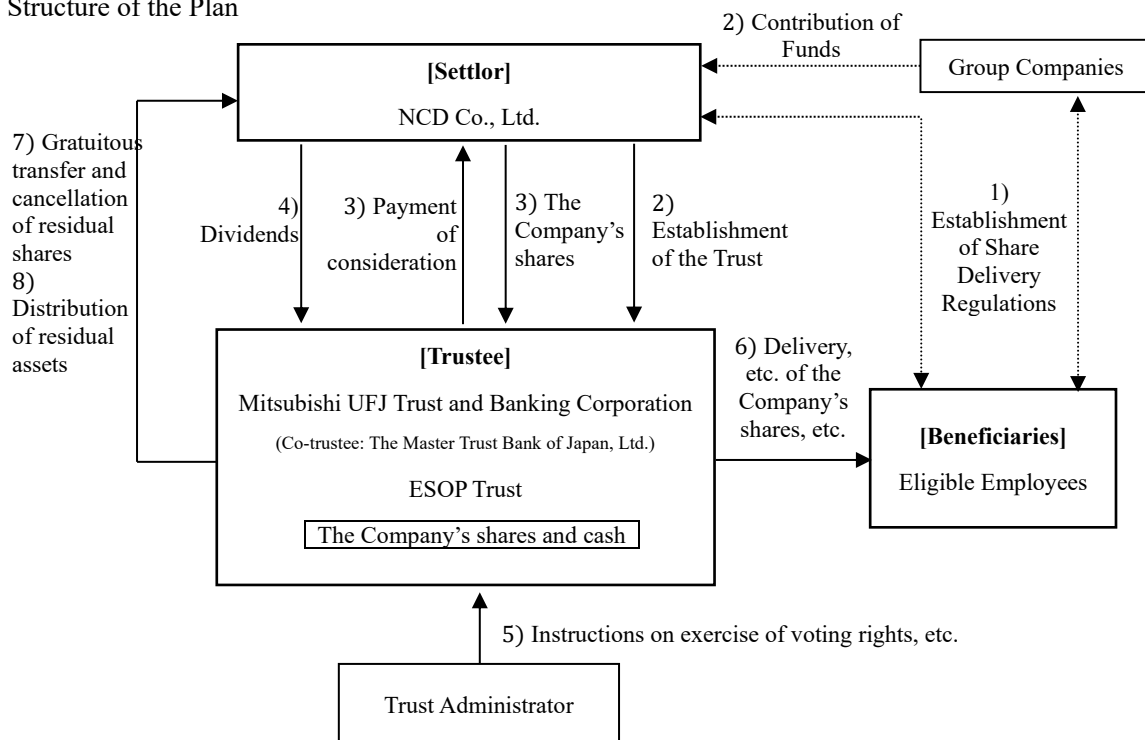
Under the Plan, the Company's shares and cash equivalent to the liquidation value of such shares (collectively, the "Company's Shares, etc."), acquired by the ESOP Trust, will be delivered and paid (the "Delivery, etc.") to Eligible Employees who satisfy certain requirements, in accordance with the Share Delivery Regulations established in advance.

- (3) By introducing the Plan, Eligible Employees will be able to benefit financially from the appreciation of the Company's share price. This is expected to encourage them to perform their duties with greater awareness of the share price while also enhancing their motivation to work.

Furthermore, the voting rights attached to the Company's shares held within the ESOP Trust will be exercised in a manner that reflects the will of employees who are prospective beneficiaries. As such, the Plan serves as an effective initiative to increase corporate value by encouraging Eligible Employees to participate in the management of the Company.

- \* In connection with the introduction of the Plan, the Company also resolved that, out of a total 211,884 treasury shares held by the Company (as of March 31, 2026), 61,400 shares (amounting to 147 million yen) will be disposed of to the ESOP Trust. For details, please refer to the "Notice Concerning Disposal of Treasury Shares for Employee Incentive Plan" disclosed today.

## 2. Structure of the Plan



- 1) The Company and its group companies will establish Share Delivery Regulations upon the introduction of the Plan.
- 2) The Company will establish the ESOP Trust by placing the funds contributed by its group companies, together with its own funds, in trust, with Eligible Employees who satisfy the beneficiary requirements as the beneficiaries.
- 3) In accordance with the instructions of the Trust Administrator, the ESOP Trust will use the funds contributed in 2) as capital to acquire from the Company the number of the Company's shares expected to be delivered to beneficiaries during the trust period (through the disposal of treasury shares).
- 4) Dividends will be paid on the Company's shares held within the ESOP Trust in the same manner as other shares of the Company.
- 5) Throughout the trust period, the Trust Administrator will provide instructions on the exercise of voting rights and other shareholder rights attached to the Company's shares held within the ESOP Trust, and the ESOP Trust will exercise such shareholder rights accordingly.
- 6) During the trust period, a certain number of points will be granted to Eligible Employees in accordance with the Share Delivery Regulations, based on the degree of achievement of performance targets set out in the Medium-Term Management Plan covering a three-year period. In principle, after the end of the three-year period covered by the Plan, Eligible Employees who satisfy certain requirements will receive delivery of the Company's shares corresponding to a certain percentage of their points. As for the Company's shares corresponding to the remaining points, they will be liquidated within the ESOP Trust in accordance with the provisions of the trust agreement, and the employees will receive the cash equivalent to the liquidation value.
- 7) If there are residual shares upon the expiration of the trust period, the Company plans to either continue using the ESOP Trust for a new plan by amending the trust agreement and making additional contributions, or receive a gratuitous transfer of the residual shares from the ESOP Trust and cancel them pursuant to a resolution of the Board of Directors.
- 8) Any residual dividends associated with the Company's shares within the ESOP Trust upon the expiration of the trust period will be utilized as funds to acquire shares if the ESOP Trust is continued. If the ESOP Trust is terminated upon the expiration of the trust period, the portion of such dividends exceeding the reserve for trust expenses is planned to be donated to organizations that have no conflict of interest with the Company.

Note: During the trust period, if a shortfall in the number of shares held within the ESOP Trust is expected to arise, or if there is a possibility that the funds within the trust assets will become insufficient to cover the payment of trust fees and expenses, additional funds may be entrusted to the ESOP Trust.

(Reference) Outline of Trust Agreement (Tentative)

- |                                           |                                                                                                                                                                                                                                      |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Type of Trust                         | Money trust other than a specified individually managed money trust (Third-party benefit trust)                                                                                                                                      |
| (2) Purpose of the Trust                  | Granting incentives to management employees of the Company and its group companies                                                                                                                                                   |
| (3) Settlor                               | NCD Co., Ltd.                                                                                                                                                                                                                        |
| (4) Trustee                               | Mitsubishi UFJ Trust and Banking Corporation<br>(Co-trustee: The Master Trust Bank of Japan, Ltd.)                                                                                                                                   |
| (5) Beneficiaries                         | Management employees of the Company and its group companies who satisfy the beneficiary requirements                                                                                                                                 |
| (6) Trust Administrator                   | A third party (certified public accountant) who has no conflict of interest with the Company                                                                                                                                         |
| (7) Date of the Trust Agreement           | June 1, 2026 (Tentative)                                                                                                                                                                                                             |
| (8) Trust Period                          | June 1, 2026 to July 31, 2029 (Tentative)                                                                                                                                                                                            |
| (9) Plan Commencement Date                | July 1, 2026 (Tentative)                                                                                                                                                                                                             |
| (10) Exercise of Voting Rights            | The Trustee will exercise the voting rights attached to the Company's shares in accordance with the instructions of the Trust Administrator, which reflect the status of the exercise of voting rights by prospective beneficiaries. |
| (11) Class of Shares to be Acquired       | Common stock of the Company                                                                                                                                                                                                          |
| (12) Total Value of Shares to be Acquired | 147 million yen                                                                                                                                                                                                                      |
| (13) Method of Share Acquisition          | Acquisition from the Company (through disposal of treasury shares)                                                                                                                                                                   |

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.