



May 21, 2025

To whom it may concern,

Company Name: KINDEN CORPORATION
Representative: Takao Uesaka, President
(Securities Code: 1944, TSE Prime Market)
Contact: Hiroaki Kobayashi, General Manager of
General Affairs & Legal Department
(Tel: +81-6-6375-6000)

Notice Concerning Disposal of Treasury Shares as Restricted Stock-Based Incentives for the Employees' Shareholding Association

KINDEN CORPORATION (the "Company") hereby announces that it resolved at a meeting of its Board of Directors held today to dispose of treasury shares as restricted stock (the "Disposal of Treasury Shares" or "Disposal") based on the restricted stock-based incentive plan (the "Plan") for the employees' shareholding association. The KINDEN Employees' Shareholding Association (the "Shareholding Association") is designated as the planned allottee for the Disposal. The details are as follows.

1. Summary of Disposal

(1) Date of disposal	September 19, 2025
(2) Type and number of shares of disposal	1,083,200 common shares of the Company (Note)
(3) Disposal value	¥3,770 per share
(4) Total amount of disposal	¥4,083,664,000 (Note)
(5) Disposal method (planned allottee)	A number of subscription shares determined by the Shareholding Association within the scope of the number of shares of disposal stated in item (2) above shall be allotted to the Shareholding Association under the condition that the Shareholding Association applies for subscription through third-party allotment (the allotted number shall be the number of shares of disposal). (KINDEN Employees' Shareholding Association: 1,083,200 shares) No partial applications will be received from any individual Eligible Employees (definition provided below) targeting the number of shares to be granted to them.
(6) Other	The Company has submitted an extraordinary report regarding the Disposal of Treasury Shares in accordance with the Financial Instruments and Exchange Act.

(Note) The “number of shares of disposal” and the “total amount of disposal” are calculated based on the assumption that 100 common shares of the Company, in the form of restricted stock, are granted to every one of the 10,832 employees of the Company and its subsidiaries, which represents the maximum number of persons eligible under the Plan. The actual number of shares of disposal and total amount of disposal will be determined in line with the number of employees (maximum 10,832) of the Company and its subsidiaries who consent to the Plan (the “Eligible Employees”) either as a result of promotional campaigns directed at non-members of the Shareholding Association or where current members of the Shareholding Association have given their consent to the Plan. Specifically, as stated in (5) above, a number of subscription shares determined by the Shareholding Association shall be the “number of shares of disposal,” and the amount equal to that number multiplied by the disposal value per share shall be the “total amount of disposal.” Every Eligible Employee will be provided with monetary claims of ¥377,000 yen by the Company or a subsidiary of the Company, and will receive an allotment of 100 shares from the Company through the Shareholding Association.

2. Purpose and reason for Disposal

At the Board of Directors meeting held today, the Company resolved to introduce the Plan, with the aim of assisting employees of the KINDEN Group in wealth creation and providing them with an incentive to boost the Company’s corporate value on an ongoing basis, while also increasing their motivation to engage in value sharing with the shareholders and enhancing corporate value, by giving the employees of the Company and its subsidiaries who are members of the Shareholding Association and are deemed to be Eligible Employees the opportunity to acquire the Company’s common shares, in the form of restricted stock, to be either issued or disposed of by the Company through the Shareholding Association, as an employee health and welfare promotion initiative.

The overview of the Plan is as follows.

[Overview of the Plan]

Under the Plan, each Eligible Employee of the Company and its subsidiaries is furnished with monetary claims in the form of a special incentive (the “Special Incentives”) for the purpose of granting 100 shares of restricted stock. Eligible Employees then contribute the Special Incentives to the Shareholding Association. Next, the Shareholding Association pays the Special Incentives contributed by Eligible Employees to the Company as an in-kind contribution, and in return will receive the Company’s shares issued or disposed of in the form of restricted stock. Where the Company’s common shares are to be newly issued or disposed of under the Plan, the amount to be paid per common share shall be determined by the Board of Directors based on the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately preceding the date of the relevant resolution by the Board of Directors with respect to issuance or disposal respectively (or the closing price of the immediately preceding trading day if no trading was effected on that date) to the extent that such amount is not particularly favorable to the Shareholding Association (and in turn Eligible Employees).

Upon the issuance or disposal of the Company’s common shares under the Plan, the Company and the Shareholding Association shall enter into an agreement on the allotment of restricted stock (the “Allotment Agreement”), which shall include such provisions as (i) there shall be a prohibition on transfers, pledge, or any other disposal of the shares allotted to the Shareholding Association for a certain period (the “Transfer Restrictions”); and (ii) the Company shall acquire the allotted shares without consideration upon the occurrence of certain events. In addition, the Company’s payment of the Special Incentives to the Eligible Employees shall be carried out on the condition that the Allotment Agreement is entered into between the Company and the Shareholding Association.

In accordance with the regulations, detailed rules, and special provisions of the Shareholding Association, etc. (the “Shareholding Association’s Rules, etc.”; see Note), Eligible Employees shall be restricted from withdrawing their member’s equity interests in the restricted stock, which will be held by Eligible Employees in proportion to monetary claims contributed to the Shareholding Association (the “Restricted Stock Equity Interests” or “RS Equity Interests”) until such time as the Transfer Restrictions are lifted.

(Note) At a meeting of the Administrative Board, which will be convened promptly following the resolution by the Board of Directors concerning the Disposal of Treasury Shares, the Shareholding Association plans to make a resolution regarding special provisions of the Shareholding Association ahead of receiving the Disposal of Treasury Shares.

Under the Plan, the Disposal of Treasury Shares involves the Shareholding Association, as the planned allottee, paying the full amount of the Special Incentives contributed by Eligible Employees in the form of assets contributed in kind, and in return receiving the Company’s common shares (the “Allotted Shares”) via disposal. For the Disposal of Treasury Shares, a summary of the Allotment Agreement is provided in “3. Outline of the Allotment Agreement” below. The number of shares of disposal in connection with the Disposal of Treasury Shares is to be determined at a later date, as per the Note in the item 1. above. In the event that the maximum number of employees of the Company and its subsidiaries who are potentially eligible under the Plan, being 10,832 employees, elect to join the Shareholding Association and give their consent to the Plan, the number of shares will be 1,083,200. When assuming such a number of shares to be disposed of, the level of dilution of shares in connection with the Disposal of Treasury Shares is equivalent to 0.54% of the total 199,954,180 shares issued as of March 31, 2025 (this percentage and all subsequent percentages are rounded to two decimal places), and 0.55% of the total 1,986,360 number of voting rights as of March 31, 2025.

The Plan’s introduction provides Eligible Employees with the opportunity to acquire the Company’s common shares, in the form of restricted stock, to be either issued or disposed of by the Company through the Shareholding Association, as an employee health and welfare promotion initiative intended to assist employees of the KINDEN Group in wealth creation while providing them with an incentive to boost the Company’s corporate value on an ongoing basis, while also increasing their motivation to engage in value sharing with the shareholders. The Plan is designed to increase the overall corporate value of the KINDEN Group. Both the number of shares of disposal in the Disposal of Treasury Shares and the level of dilution of shares are considered appropriate and reasonable. Furthermore, the impact on the market of this level of dilution is considered to be negligible.

The Disposal of Treasury Shares is contingent on the Shareholding Association Rules, etc. having come into effect, and on the Allotment Agreement between the Company and the Shareholding Association being signed within the prescribed period.

3. Outline of the Allotment Agreement

(1) Restricted transfer period

From September 19, 2025 to December 1, 2028

(2) Conditions for lifting Transfer Restrictions

Upon the expiration of the restricted transfer period, where Eligible Employees have remained in the Shareholding Association for the duration of the restricted transfer period, the Transfer Restrictions shall be lifted in relation to all of the Allotted Shares in the number corresponding to the Restricted Stock Equity Interests held by the Eligible Employees who have fulfilled such condition.

(3) Treatment in case of withdrawal from the Shareholding Association

In the event that an Eligible Employee withdraws from the Shareholding Association during the restricted transfer period due to retirement or other justifiable reasons (either through loss of membership status or application for withdrawal; includes death of the Eligible Employee), the Company shall, on the date of receipt of said application from the Eligible Employee (for loss of membership status, the date of loss of membership status; for death, the date of death; collectively the “Date of Receipt of Withdrawal Application”) lift the Transfer Restrictions applicable to all of the Allotted Shares in the number corresponding to the Restricted Stock Equity Interests held by the Eligible Employee, effective on the Date of Receipt of Withdrawal Application.

(4) Treatment in the case of becoming a non-resident

In the event that an Eligible Employee becomes a non-resident during the restricted transfer period due to a decision made by the Company or its subsidiary, for example an overseas transfer, the Transfer Restrictions shall be lifted in relation to all of the Allotted Shares in the number corresponding to the Restricted Stock Equity Interests held by the Eligible Employee as of the date of the decision (the “Date of Overseas Transfer Decision”), effective on the Date of Overseas Transfer Decision.

(5) Acquisition by the Company without consideration

The Company shall rightfully acquire all of the Allotted Shares in the number corresponding to the Restricted Stock Equity Interests held by the Eligible Employee at that point in time without consideration if the Eligible Employee engages in any illegal activities during the restricted transfer period or if any other specified circumstances under the Allotment Agreement apply. Furthermore, the Company shall rightfully acquire without consideration the Allotted Shares for which the Transfer Restrictions are not lifted at the time of expiration of the restricted transfer period or at the time of lifting of the Transfer Restrictions stipulated in (3) or (4) above.

(6) Share management

The Allotted Shares shall be managed in an exclusive account opened by the Shareholding Association at Nomura Securities Co., Ltd. during the restricted transfer period so that the Allotted Shares may not be transferred, pledged or otherwise disposed of during the restricted transfer period. The Shareholding Association shall ensure that the Restricted Stock Equity Interests are registered and administered separately from the member’s other equity interests held by Eligible Employees (the “Ordinary Equity Interests”) in accordance with the provisions of the Shareholding Association Rules, etc.

(7) Treatment in organizational restructuring, etc.

In the event that a merger agreement under which the Company becomes a defunct company, a share exchange agreement under which the Company becomes a wholly owned subsidiary, a share transfer plan, or any other form of organizational restructuring is approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company if such approval is not required) during the restricted transfer period, upon resolution of the Board of Directors, the Transfer Restrictions shall be lifted, as of the time immediately prior to the business day preceding the effective date of the said organization restructuring, etc., for all of the Allotted Shares in the number corresponding to the Restricted Stock Equity Interests held by Eligible Employees among the Allotted Shares held by the Shareholding Association on the date of such approval.

4. Grounds for calculation of the disposal amount and its specific details

The Disposal of Treasury Shares to the Shareholding Association, being the planned allottee, will be effected using the Special Incentives provided to Eligible Employees for the grant of restricted stock and contributed to the Shareholding Association by said Eligible Employees as the assets to be contributed. To eliminate arbitrariness, the disposal amount is set at ¥3,770, the closing price of the Company's common share on Prime Market of the Tokyo Stock Exchange on May 20, 2025 (the business day prior to the date of the Board of Directors' resolution). This is the market share price immediately prior to the date of the Board of Directors' resolution and we believe that it is reasonable and does not constitute a particularly favorable amount.

The deviation ratio between the disposal amount and the average closing price of the Company's common share on the Prime Market of the Tokyo Stock Exchange is given below, rounded to two decimal places.

Period	Average closing price (amounts less than one yen rounded down)	Deviation ratio
One month (April 21, 2025 to May 20, 2025)	¥3,693	2.09%
Three months (February 21, 2025 to May 20, 2025)	¥3,431	9.88%
Six months (November 21, 2024 to May 20, 2025)	¥3,258	15.72%

All five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) who attended today's Board of Directors meeting considered the purpose of the Disposal of Treasury Share related to the introduction of the Plan and the disposal amount, which was based on the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the business day before the date of the resolution of the Board of Directors, and expressed an opinion that the disposal amount was not unduly favorable to the planned allottee and that the process was lawful.

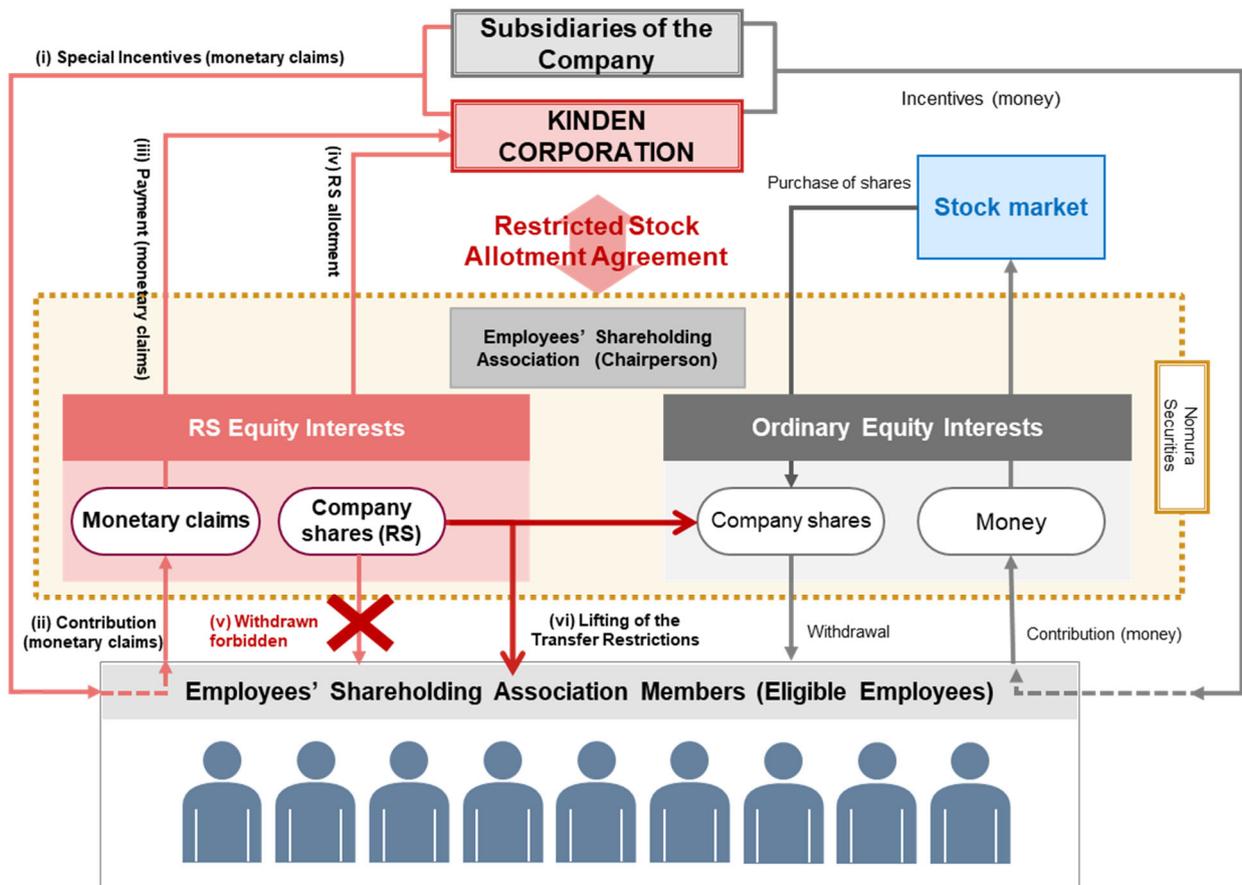
5. Procedures associated with code of corporate conduct

Given that the Disposal of Treasury Shares (i) has a dilution ratio of less than 25% and (ii) is not associated with a change in controlling shareholder, the procedures set out in Rule 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange in regards to seeking the opinion of an entity who has a specific degree of independence and confirming the intent of shareholders shall not be required.

[Reference]

Structure of the Plan

- (i) The Company and its subsidiaries provide Eligible Employees with monetary claims in the form of the Special Incentives for the grant of restricted stock.
- (ii) The Eligible Employees contribute the monetary claims in (i) above to the Shareholding Association.
- (iii) The Shareholding Association collects the monetary claims contributed in (ii) above and pays them to the Company.
- (iv) The Company allots the Allotted Shares to the Shareholding Association in the form of restricted stock (shown as RS in the diagram below).
- (v) The Allotted Shares are stored in an exclusive account at Nomura Securities Co., Ltd., which are opened by the Shareholding Association and their withdrawal are restricted during the restricted transfer period.
- (vi) After the Transfer Restrictions are lifted, the Allotted Shares will be converted to the Ordinary Equity Interests or transferred to a securities account in the name of the Eligible Employee.



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