

Introduction of a Special Incentive Scheme for Employee Stock Ownership Association

At the Board of Directors meeting held today, we resolved to introduce a special incentive scheme for the Employee Stock Ownership Association (Special Incentive Scheme) (hereinafter referred to as 'this Scheme'), for the purpose of helping our employees and those of our subsidiaries build assets and raising their awareness of participation in management.

This Scheme, through the ADEKA Employee Stock Ownership Association (hereinafter referred to as 'this ESOA'), involves granting special incentive in the form of ordinary shares issued by our company (hereinafter referred to as 'our company's shares') to those employees of our company and our subsidiaries who are members of this ESOA and who agree to this Scheme (hereinafter referred to as 'eligible employees'), by way of third-party allotment to this ESOA. For details on the third-party allotment, please refer to the announcement made today regarding the disposal of treasury shares through third-party allotment.

1. Purpose of Introducing this Scheme

The purpose of this Scheme is to help our employees and those of our subsidiaries build assets and raise their awareness of participation in management by owning our company's shares. To this end, we will provide a special incentive payment (hereinafter referred to as 'this Special Incentive') for the allotment of our company's shares, and with the contribution of this Special Incentive, our company's shares will be allotted to this ESOA.

2. Overview of this Scheme

In this Scheme, this Special Incentive will be provided to the eligible employees, and the eligible employees will contribute this Special Incentive to this ESOA. This ESOA will consolidate this Special Incentive contributed by the eligible employees and make a payment to our company, thereby receiving the disposal of our company's shares.

Please also refer to 'The Structure of this Scheme' mentioned at the end of this press release.

3. Regarding the Granting of Our Company's Shares in this Scheme

In conjunction with the decision to introduce this Scheme, at the Board of Directors meeting held today, we resolved to dispose of 47,200 shares (worth approximately 152 million yen) out of the 1,208,644 treasury shares currently held by our company (as of March 31, 2024) to this ESOA. The overview of this ESOA, which will be the recipient of the disposal, is as follows:

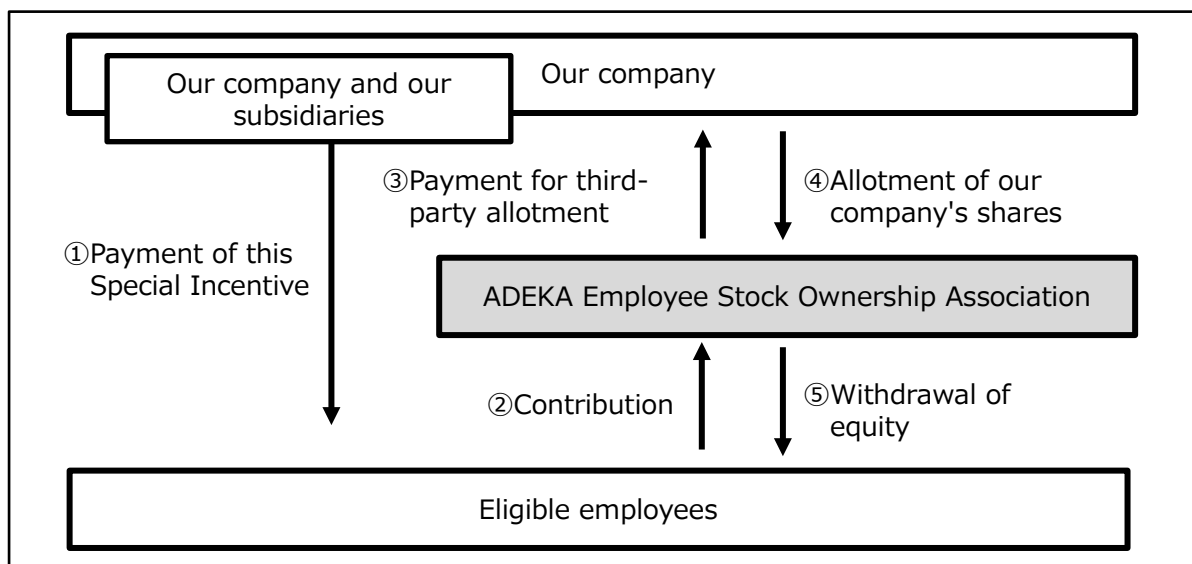
- (1) Name: ADEKA Employee Stock Ownership Association
- (2) Address: 7-2-35 Higashiogu, Arakawa-ku, Tokyo
- (3) Chairman: Masayuki Shinkai
- (4) Number of shares held: 1,669,925 shares (as of March 31, 2024)
- (5) Holding ratio: 1.61% (ratio to the total number of issued shares)

Furthermore, in accordance with the Financial Instruments and Exchange Act, we have

submitted a securities registration statement today. The number of shares to be disposed of and the total disposal amount stated in the securities registration statement are maximum values, and the actual number of shares to be disposed of will depend on the number of eligible employees. Following the ESOA Board of Directors meeting scheduled for today, a sufficient awareness period will be provided to conduct a membership promotion for the employees of our company and our subsidiaries, soliciting applicants who wish to join this ESOA. Therefore, there may be employees who do not actually join this ESOA or those who resign or withdraw, so the number of eligible employees may be less than the maximum anticipated. We plan to promptly notify you of the number of shares to be disposed of and the total amount of disposal, etc., as soon as the number of eligible employees is determined.

(The Structure of this Scheme)

The structure of this scheme is as follows.



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