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Press Release

Company: Kikkoman Corporation
Representative: Shozaburo Nakano
President and Chief Executive Officer
Stock Code: 2801
Stock Exchanges: Tokyo, Prime Market
For Inquiries to: Kazuki Usui
General Manager
Corporate Communication Department
TEL: +81-3-5521-5811

Kikkoman Announces Disposal of Treasury Stock as Restricted Stock Incentive for the Employee Shareholding Associations

Kikkoman Corporation (the “Company”) announced on October 25, 2023 that it had decided to introduce a stock incentive plan (the “Plan”) for the employees of the Kikkoman Group. At the meeting of the Company’s Board of Directors held today, the Company has resolved to dispose of treasury stock as restricted stock (the “Disposal of Treasury Stock” or “Disposal”) as follows by designating the Kikkoman Group Employee Shareholding Associations (the “ESA”) as the scheduled allottee.

1. Overview of the Disposal

(1) Disposal date	July 31, 2024
(2) Class and number of shares to be disposed of	The Company’s common stock 456,960 shares (Note)
(3) Disposal value	1,938.5 yen per share
(4) Total value of disposal	885,816,960 yen (Note)
(5) Allottees and number thereof, number of shares to be allotted	By way of third party allotment, on the condition that applications for the ESA to be the recipient are made, the number of shares allotted to the ESA will be within the number of shares to be disposed of in (2) above, which is the number of shares the ESA designated as available for application (the number of allotted shares and the number of shares to be disposed of are the same). (The ESA: 456,960 shares) Note that the Company shall not accept any application from Eligible Employees (as defined below) for subscribing for only a portion of the shares to be granted.
(6) Other	The Disposal of Treasury Stock is conditional upon the taking effect of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act.

(Note) The figures for the “number of shares to be disposed of” and the “total value of disposal” represent the maximum amount as calculated with the assumption that there are 4,480 employees of the Company and its subsidiaries, with each employee limited to 102 shares of the Company’s restricted common stock. The actual number of shares to be disposed of and the total value of disposal will be determined by promotional initiatives to increase ESA members and the number of employees from the Company and its subsidiaries who agree to the Plan after their agreement is verified (“Eligible Employees”) (a maximum of 4,480 employees). Specifically, as in (5) above, the number of shares available for application as established by the ESA will be the “number of shares to be disposed of” and the total value of disposal will be the disposal value of each share multiplied by the number of shares. The Company and its subsidiaries shall provide monetary claims in the amount of 197,727 yen to each Eligible Employee. The Company will allocate 102 shares to each Eligible Employee through the ESA.

2. Purposes and Reasons for the Disposal

As announced in the “Notice Concerning the Introduction of a Stock Incentive Plan for the Employees of the Kikkoman Group” dated October 25, 2023, the Company resolved to introduce the Plan. The Company aims at increasing each Eligible Employee’s awareness of management participation in order to enhance the Company’s sustainable corporate value, in addition to helping the Eligible Employees’ asset formation, by introducing the Plan and thereby providing the employees of the Company and its subsidiaries with an opportunity to acquire the Company’s common shares as restricted stock that are disposed of by the Company through the ESA.

The outline of the Plan is as follows:

[Outline of the Plan]

In the Plan, the Company and its subsidiaries shall provide monetary claims as a special incentive for granting restricted stock (“Special Incentive”) to the Eligible Employees at 102 shares per person, and the Eligible Employees shall contribute their Special Incentive to the ESA. Subsequently, the ESA shall provide to the Company the Special Incentive contributed by the Eligible Employees by way of in-kind contribution, and in turn shall receive the disposal of the Company’s common stock as the restricted stock.

The amount per share to be paid for the Company’s common stock in cases where such common stock is to be disposed of based on the Plan shall be determined by the Board of Directors to the extent that it is not particularly advantageous to the ESA (and by extension to the Eligible Employees) based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors pertaining to the disposal (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

In disposing of the Company’s common stock based on the Plan, the Company and the ESA shall execute a restricted stock allotment agreement that includes the following: (1) the ESA are prohibited from transferring to a third party, creating any security interest on, or otherwise disposing of the allotted shares during a certain period (the “Transfer Restrictions”); and (2) if certain events occur, the Company shall acquire the allotted shares without compensation. Furthermore, the Special Incentive shall be provided to the Eligible Employees on the condition that such restricted stock allotment agreement is executed between the Company and the ESA.

Moreover, concerning the Eligible Employees’ member equity interest pertaining to the allotted shares to be held by the Eligible Employees in proportion to the monetary claims contributed to the ESA (the “Restricted Stock Equity Interest” or “RS Equity Interest”), the Eligible Employees shall be restricted from withdrawing the restricted stock corresponding to the Restricted Stock Equity Interest until the Transfer Restrictions are lifted based on the rules of the ESA (the “ESA Rules”) (Note).

(Note) Soon after the Board of Directors’ meeting pertaining to the treasury stock disposal, the ESA will hold an administrative board meeting where, in anticipation of the Disposal, a resolution to revise the ESA Rules in accordance with the Plan is expected. After the administrative board meeting, ESA members will be informed of the revisions in accordance with the ESA Rules. It is expected that two weeks after the ESA members are informed, those in opposition will amount to less than one third of the ESA members, making the revisions effective.

In the Disposal of Treasury Stock, the Company’s common stock (“Allotted Shares”) shall be disposed of to the ESA as a result of it being the scheduled allottee that contributes to the Company all of the Special Incentive contributed from the Eligible Employees by way of in-kind contribution based on the Plan. In the Disposal of Treasury Stock, the outline of the restricted stock allotment agreement to be executed between the Company and the ESA (“Allotment Agreement”) is as described in “3. Outline of Allotment Agreement” below. While the number of shares to be disposed of in the Disposal of Treasury Stock is expected to become fixed at a later date as described in (Note) of 1. above. If all the 4,480 employees of the Company and its subsidiaries, the maximum number of Eligible Employees under the Plan, join the ESA and approve of the Plan, 456,960 shares will be disposed of. The scale of dilution due to the Disposal of Treasury Stock is, when based on the foregoing maximum amount, 0.05% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) of 969,416,010 shares, the total number of issued shares as of March 31, 2024. (With March 31, 2024 as the record date, the Company conducted a 5-for-1 stock split of common shares held by shareholders listed or recorded in the shareholders’ register as of the end of that date, with April 1, 2024 as the effective date. Therefore, the total number of shares issued and the total number of voting rights as of March 31, 2024 were calculated and presented at a ratio of 5 shares for each share of common stock, and the dilution ratio was calculated.) The scale of dilution due to the Disposal of Treasury Stock is 0.05% against the total number of voting rights of 9,491,765 voting rights as of March 31, 2024.

The implementation of the Plan is intended to contribute to the enhancement of the Company’s corporate value by providing the Eligible Employees with opportunities for acquiring shares of the Company’s restricted common stock to be issued or disposed of by the Company through the ESA, thereby supporting their assets accumulation and raising each and every Eligible Employee’s awareness of management participation towards the sustainable enhancement of the Company’s corporate value. The Company believes that the number of shares to be disposed of under the Disposal of Treasury Stock and the scale of dilution on the market is rational. Moreover, the Company deems that the effects of the scale of dilution

on the market will be immaterial.

The Disposal of Treasury Stock shall be implemented on the condition that the revised ESA Rules become effective by the day before the date of disposal pertaining to the Disposal of Treasury Stock and the Company and the ESA enter the Allotment Agreement during the application period.

3. Outline of Allotment Agreement

(1) Transfer restriction period

July 31, 2024 – June 1, 2027

(2) Condition for lifting of Transfer Restrictions

On the condition that an Eligible Employee had been a member of the ESA on a continuing basis during the transfer restriction period, the Transfer Restrictions shall be lifted as of the expiration of the transfer restriction period for all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee who satisfied such condition.

(3) Treatment upon terminating membership of the ESA

In cases where an Eligible Employee terminates membership (refers to cases where the employee loses membership qualification or applies for termination of membership, and includes termination of membership due to death) from the ESA during the transfer restriction period upon reaching retirement age or any other justifiable cause, the Transfer Restrictions shall be lifted at a point in time designated by the Company no later than the end of the month following the date of receipt of the application for termination of membership (hereinafter, “Date of Application for Termination of Membership.” In the case of termination due to loss of membership or death of an Eligible Employee, the date on which the Company becomes aware of such loss of membership or death of the Eligible Employee.) for all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee.

(4) Acquisition without compensation by the Company

If an Eligible Employee falls under any of certain events set forth in the Allotment Agreement during the Restriction Period, the Company shall naturally acquire without consideration all of the Allotted Shares in the number corresponding to the Restricted Stock Interest held by the Eligible Employee at the time of such event. The Company shall, as a matter of course, acquire the Allotted Shares without compensation for which the Transfer Restrictions are not lifted at the time of the expiration of the transfer restriction period or at the time of the lifting of the Transfer Restrictions prescribed in (3) above.

(5) Administration of shares

During the transfer restriction period, the Allotted Shares shall be administered in a dedicated account opened at Nomura Securities Co., Ltd. by the ESA to ensure that the ESA neither transfers, nor creates any security interest on, nor otherwise disposes of the Allotted Shares during such period. In addition, the ESA shall register and administer, pursuant to the provisions of the ESA Rules, the Restricted Stock Equity Interest to be held by the Eligible Employees in relation to the Allotted Shares separately from the member equity interest held by the Eligible Employees in relation to the shares acquired by the ESA not based on the Plan (“Ordinary Equity Interest”).

(6) Treatment in the event of organizational restructuring, etc.

In cases where, during the transfer restriction period, a merger agreement wherein the Company becomes the extinct company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding organizational restructuring, etc., is approved by a general meeting of shareholders of the Company (however, in cases where such organizational restructuring, etc., does not require approval from a general meeting of shareholders of the Company, by the Board of Directors of the Company), the Transfer Restrictions shall be lifted, by a resolution of the Board of Directors, as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc., for all of Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the ESA on the date of such approval.

4. Basis of calculating the disposal price and other specific details

The Disposal of Treasury Stock to the ESA as the scheduled allottee is conducted by the Eligible Employees contributing to the ESA the Special Incentive provided to the Eligible Employees for the granting of restricted stock by way of in-kind contribution. The company determined the disposal price to be 1,938.5 yen, the closing price of the Company’s common stock on the Prime Market of the Tokyo Stock Exchange on April 25, 2024 (the business day prior to the date of the resolution of the Board of Directors), in order to eliminate any arbitrariness in such price. As this is the market price immediately prior to the date of the resolution of the Board of Directors, the Company believes that it is rational and not a particularly an advantageous price.

Note that the deviation rate (rounded off to two decimal places) of this disposal price from the average closing price of the Company shares on the Prime Market of the Tokyo Stock Exchange is as follows. (The deviation rate is calculated using the share price after taking into account the stock split effective on April 1, 2024.)

Term	Average closing price of the Company shares (less than 1 yen is rounded down)	Deviation rate
One month (March 26, 2024 – April 25, 2024)	1,923 yen	0.81%
Three months (January 26, 2024 – April 25, 2024)	1,911 yen	1.44%
Six months (October 26, 2023 – April 25, 2024)	1,868 yen	3.77%

All of the 4 Audit & Supervisory Board Members (including 2 Outside Audit & Supervisory Board Members) have expressed their opinion that the foregoing disposal price is not particularly advantageous to the planned allottee and that such determination is legitimate, in considering that the purpose of the Disposal of Treasury Stock is to introduce the Plan and that the disposal price is the closing price on the Prime Market of the Tokyo Stock Exchange on the day before the date of the resolution of the Board of Directors.

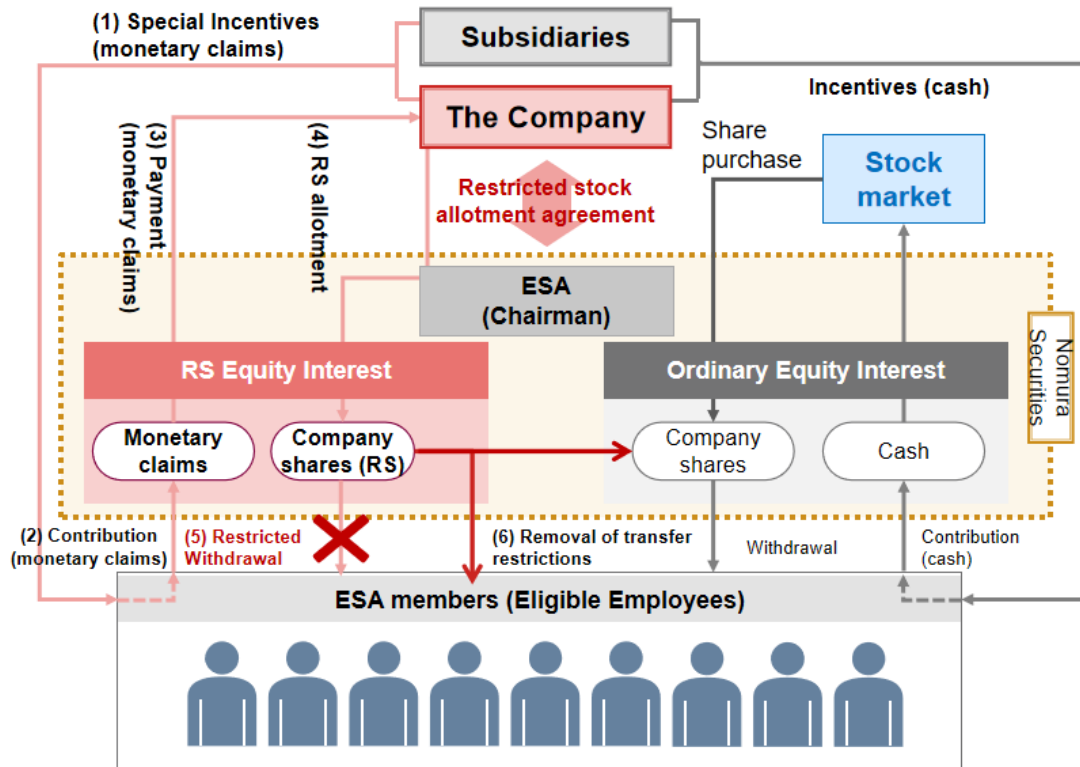
5. Matters related to procedures under the code of corporate conduct

Concerning the Disposal of Treasury Stock, as (1) the dilution rate is less than 25% and (2) it does not involve the change of the controlling shareholder, there is no need to take procedures for obtaining the opinion of an independent third party and confirming the intention of shareholders as set forth in Rule 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

(Reference)

[Structure of the Plan]

- (1) The Company and its subsidiaries pay the monetary claims to their Eligible Employees who agreed to the Plan as Special Incentives for the granting of restricted stock
- (2) The Eligible Employees contribute the monetary claims to the ESA
- (3) The ESA pays the monetary claims collectively for allotment to the Company
- (4) The Company allots the Allotted Shares to the ESA as restricted stock (“RS” in the chart below)
- (5) The Allotted Shares are held in a dedicated account opened by the ESA through Nomura Securities, and withdrawal by the ESA’s members will be restricted during the transfer restriction period
- (6) The Allotted Shares are transferred to the Ordinary Equity Interest or a securities account in the name of the Eligible Employee after the removal of transfer restrictions



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