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CK SAN-ETSU Co., Ltd.

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(Securities Code: 5757 TSE Prime Market)

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## **Notice Concerning Reintroduction of Employee Stock Ownership Plan Trust Type ESOP**

CK SAN-ETSU Co., Ltd. (the "Company") hereby announces that it has resolved at a meeting of the Board of Directors held today to reintroduce an Employee Stock Ownership Plan Trust-type ESOP (hereinafter referred to as the "Plan") as an incentive that utilizes CK SAN-ETSU Group's employee stock ownership association with the aims of improving corporate value over the medium to long term, and of enhancing employee benefits. Details are as follows.

### **1. Purpose of reintroduction**

As part of its employee benefits, the Company has decided to reintroduce the Plan with the aims of promoting the stable asset building of its group companies' employees (hereinafter referred to as the "CK SAN-ETSU Group Employees") by activating the CK SAN-ETSU Group stock ownership association, as well as improving corporate value of the Company over the medium to long term by increasing CK SAN-ETSU Group employees' awareness of participation in corporate management, and providing incentives to improve business performance.

The Company reintroduced the Plan in December 2022, and it ended in July 2025. As a result of comprehensively considering the achievements and effects of the Plan's introduction, the Company resolved to reintroduce it.

### **2. Outline of the Plan**

The Company will reintroduce the Plan for CK SAN-ETSU Group employees who join the CK SAN-ETSU employee stock ownership association (hereinafter referred to as the "Stock Ownership Association").

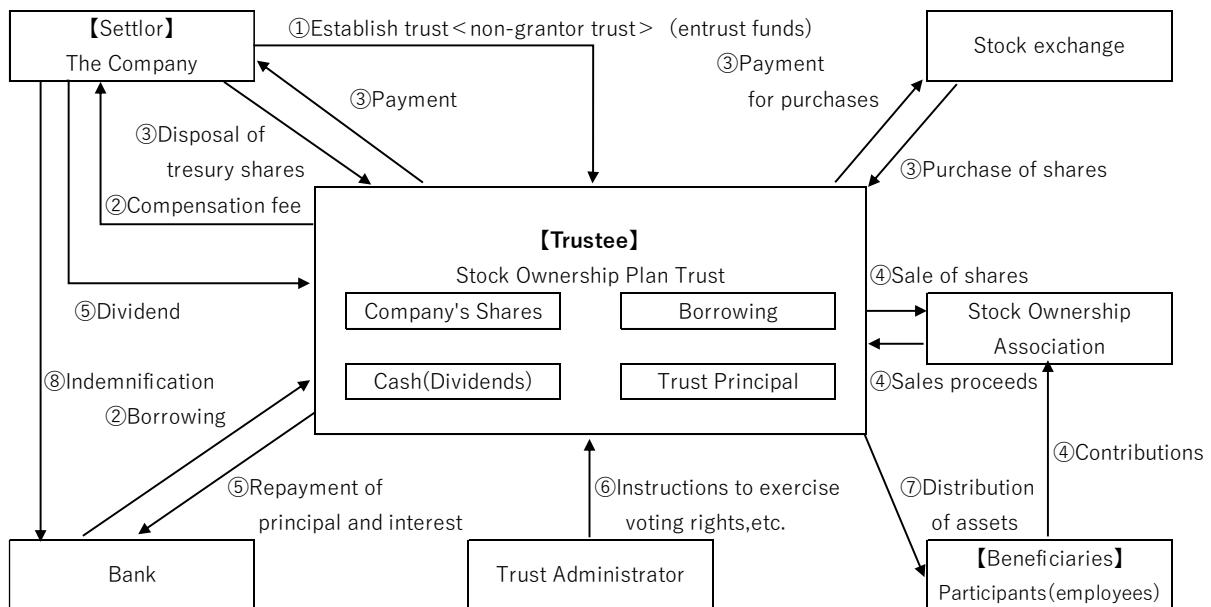
The Company will establish an Employee Stock Ownership Plan Trust (third-party beneficiary trust) (hereinafter referred to as the "Stock Ownership Plan Trust") whose beneficiaries are CK SAN-ETSU Group employees who fulfill certain requirements.

The Stock Ownership Plan Trust will acquire the number of the Company shares expected to be acquired by the Stock Ownership Association over a period of four (4) years following conclusion of the trust agreement, with the funds procured through borrowings. The Company will indemnify for such borrowings of the Stock

## Ownership Plan Trust.

After reintroducing the Plan, the Company shares will be acquired by the Stock Ownership Association through purchase from the Stock Ownership Plan Trust. If an amount equivalent to the gain on sale is accumulated in the Stock Ownership Plan Trust through the Stock Ownership Association's acquisition of the Company shares, it will be distributed to the CK SAN-ETSU Group employees who are beneficiaries upon termination of the trust. On the other hand, in the event that the Stock Ownership Plan Trust is unable to fully repay its debts owing to a decline in the Company's stock price, the Company will repay the remaining debts to the lending banks. In doing so, the CK SAN-ETSU Group employees who join the Stock Ownership Association will not bear the burden.

### 3. Plan Structure



- (1) The Company establishes a Stock Ownership Plan Trust.
- (2) Stock Ownership Plan Trust borrows funds necessary to acquire Company shares from banks. For the said borrowings, the Company, the Stock Ownership Plan Trust, and the banks, enter into an indemnity agreement in which the Company will indemnify the banks for its losses with respect to the borrowings of the Stock Ownership Plan Trust. As consideration for the indemnity agreement, the Stock Ownership Plan Trust pays an indemnity fee to the Company.
- (3) The Stock Ownership Plan Trust acquires the considerable number of Company shares expected to be acquired by the Stock Ownership Association as a block of stock during the trust period (through disposal of treasury shares (third-party allotment), and trading in exchange-based market (including off-floor trading)).
- (4) In principle, the Stock Ownership Plan Trust sells shares held to the Stock Ownership Association at the market value on a certain date every month throughout the trust period.
- (5) Stock Ownership Plan Trust uses the proceeds from the sale of the Company shares received through the sale of the Company shares to the Stock Ownership Association and dividends on the shares held to repay the principal and interest on borrowings from banks.

- (6) The trust administrator, who protects the interests of beneficiaries throughout the trust period and supervises the trustee, gives instructions on the management of trust assets, including the exercise of voting rights.
- (7) If there are residual assets in the Stock Ownership Plan Trust after the repayment of borrowings through the sale of the Company shares, the CK SAN-ETSU Group employees who fulfill the beneficiary requirements will receive dividends based on the number of shares purchased during the trust period.
- (8) If there are outstanding debts after disposal of residual assets in the Stock Ownership Plan Trust, the Company will pay the remaining debts under the indemnity agreement.

Sumitomo Mitsui Trust Bank, Limited, which will be the trustee under the Plan, will entrust the management of the trust assets (sub-delegation of trust) to Custody Bank of Japan, Ltd.

#### 4. Outline of the Stock Ownership Plan Trust

- (1) Settlor The Company
- (2) Trustee Sumitomo Mitsui Trust Bank, Limited  
(Sub-trustee: Custody Bank of Japan, Ltd.)
- (3) Beneficiary Those Stock Ownership Association members who fulfill the beneficiary requirements
- (4) Type of trust Money trust (third-party beneficiary trust)
- (5) Date of trust agreement October 8, 2025 (scheduled)
- (6) Trust period October 8, 2025 (scheduled) - end of September 2029 (scheduled)
- (7) Purpose of the Trust Stable and continuous supply of Company shares to the Stock Ownership Association, and distribution of trust assets to the beneficiaries identified through the beneficiary determination procedures

#### 5. Details of the acquisition of Company shares through the Stock Ownership Plan Trust

- (1) Shares to be acquired Up to 360,000 shares of the Company common stock  
(Of which, 230,000 shares to be acquired through disposal of treasury shares of the Company, and 130,000 shares to be acquired through trading in the exchange-based market (including off-floor trading))
- (2) Total amount of acquisition costs 1,321,000,000 yen (scheduled)  
(Of which, acquisition cost of 941,850,000 yen through disposal of treasury shares of the Company, and acquisition cost of 379,150,000 yen through trading in exchange-based market (including off-floor trading))
- (3) Date of share acquisition October 8, 2025
- (4) Method of share acquisition Acquisition through disposal of treasury shares (third-party allotment) and trading in exchange-based market (including off-floor trading)