



February 9, 2026

To Whom It May Concern:

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Notice Regarding J-ESOP Introduction, Stock Delivery Regulations, Additional BBT Contribution, and Treasury Share Disposal by Third-Party Allotment

NITTO KOGYO CORPORATION (the “Company”) has resolved at the Board of Directors’ meeting held today to introduce the incentive plan “Japanese Employee Stock Ownership Plan (J-ESOP)” (hereinafter referred to as the “J-ESOP System”) and establish stock delivery regulations (hereinafter referred to as the “Regulations”). This incentive plan delivers treasury shares to employees who are in a managerial position or higher (hereinafter referred to as the “Managers”) in order to raise employees’ motivation and morale towards improvement of the stock price and performance of the Company by further increasing the linkage between the stock price and performance of the Company and the treatment of employees and sharing economic effects with shareholders.

Along with the introduction of the J-ESOP System and the continuation of the performance-linked stock compensation plan “Board Benefit Trust (BBT)” (hereinafter referred to as the BBT System; the J-ESOP System and BBT System are collectively called the “Systems”), the Company has also resolved to dispose of treasury shares through third party allotment (hereinafter referred to as the “Disposal of Treasury Shares”), as detailed below.

The Disposal of Treasury Shares is formally conducted through allotment to Custody Bank of Japan, Ltd. (Trust E Account), a re-trustee re-trusted by the trustee of a trust based on a trust agreement concluded with Mizuho Trust & Banking Co., Ltd. regarding the Systems (hereinafter, the trust for the J-ESOP System is referred to as the “J-ESOP Trust” and the trust for the BBT System the “BBT Trust”; the J-ESOP Trust and BBT Trust are collectively called the “Trusts”). However, this is practically the same as the case of allocating shares to the Company’s Managers and Directors (excluding Directors serving as Audit and Supervisory Committee Members, and Outside Directors of the other Directors; hereinafter the same shall apply unless otherwise noted) as compensation for the rendering of services to the Company.

<About the introduction of the J-ESOP System and establishment of the Regulations>

1. Background to the introduction of J-ESOP System

To accomplish its mission of “Provide reliability and peace of mind when it comes to the future of our planet”, the Company has considered a variety of incentive plans so that Managers can tackle high-level challenges and are rewarded for their accomplishments.

The Company already introduced the BBT System on December 2018 in order to raise the awareness of contributing to medium- to long-term improvement of its performance and the enhancement of corporate value

by further clarifying for Directors the linkage between the remuneration of Directors and the performance and stock value of the Company and ensuring that Directors share with shareholders advantages of a rising stock price as well as risks of a falling stock price.

The Company has decided to introduce the J-ESOP System to pursue maximization of human capital with an eye toward the next generation. In this system, shares of the Company are delivered to Managers, and the Managers themselves become shareholders, so that Directors and Managers look at things from the shareholders' perspective. The purpose is to raise their awareness of increasing the stock price and improving corporate value in the medium- to long-term. With the introduction of the J-ESOP System, it is expected to help increase the attractiveness of Managers and encourage Managers to work more enthusiastically than ever.

2. Outline of the J-ESOP System and establishment of the Regulations

The J-ESOP System is a trust-type scheme based on U.S. Employee Stock Ownership Plan (ESOP). In accordance with stock delivery regulations predetermined by the Company, the Company's shares are delivered to the Company's Managers who meet certain requirements.

With the introduction of the J-ESOP System, it is expected to help increase the motivation of Managers toward improvement of the stock price and performance and encourage Managers to work more enthusiastically than ever.

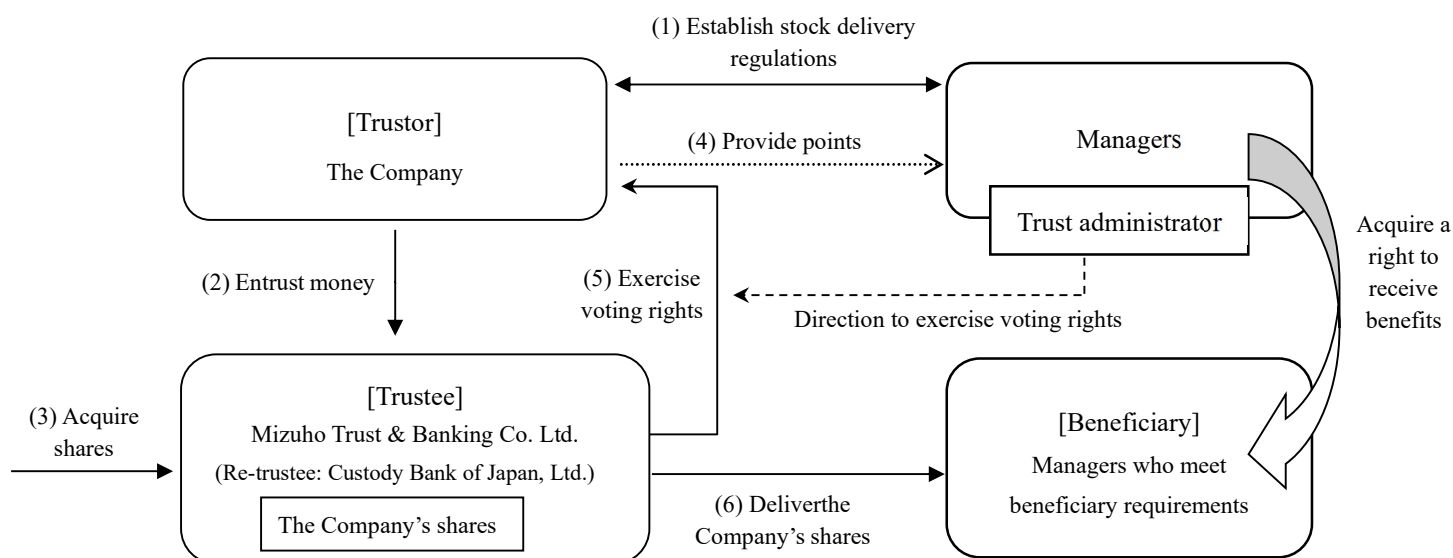
The Company has resolved at the Board of Directors' meeting held today to establish the Regulations.

Under the Regulations, the Company provides points for Managers of the Company according to their position, the Company's performance, etc. Points granted to Managers are converted into shares of the Company's common stock at a rate of one share per point upon delivery of shares of the Company. If a stock split, a gratis allotment of shares, a consolidation of shares, or a similar event is conducted for shares of the Company, reasonable adjustments are made to the number of granted points or the conversion rate according to the relevant ratio, etc.

If Managers meet beneficiary requirements stipulated in the Regulations, the Managers receive the Company's shares, the number of which corresponds to the number of points, from the J-ESOP Trust upon completion of the prescribed beneficiary confirmation procedures.

The Company's shares allocated to Custody Bank of Japan, Ltd. (Trust E Account) through the Disposal of Treasury Shares shall be held by Custody Bank of Japan, Ltd. (Trust E Account) until Managers receive benefits. Even the Managers who have received points are not allowed to transfer or otherwise dispose of the Company's shares equivalent to the points until they receive benefits.

[Scheme of the J-ESOP System]



- (1) The Company establishes stock delivery regulations in introducing the J-ESOP System.
- (2) The Company entrusts money (third-party-benefit trust) to Mizuho Trust & Banking Co. Ltd. (Re-trustee: Custody Bank of Japan, Ltd.) in order to acquire in advance the shares to be delivered to Managers in the future in accordance with the stock delivery regulations.
- (3) The J-ESOP Trust acquires the Company's shares using the money trusted in (2) through the stock exchange market or by taking on the disposal of treasury shares of the Company.
- (4) The Company provides points for Managers in accordance with the stock delivery regulations.
- (5) The J-ESOP Trust exercises voting rights according to directions of the trust administrator.
- (6) For Managers who meet beneficiary requirements stipulated in the stock delivery regulations (hereinafter "Beneficiaries"), the J-ESOP Trust provides the Company's shares, the number of which corresponds to the number of points granted to the beneficiaries.

<About the Disposal of Treasury Shares>

3. Purpose and reason of the disposal

The Company introduced the BBT System according to a resolution adopted at the 70th Annual General Meeting of Shareholders held on June 28, 2018. (For the outline of the BBT System, please see the "Notice Regarding Introduction of a Performance-Linked Stock Compensation Plan," dated May 14, 2018.)

For the introduction of the J-ESOP System and the continuance of the BBT System, the Company has decided to make a monetary contribution to the J-ESOP Trust and an additional monetary contribution to the BBT Trust (hereinafter referred to as the "Additional Trust") in order to help the J-ESOP Trust and BBT Trust acquire shares that are expected to be required for delivery in the future. In order to hold and dispose of the Company's shares for operation of the Systems, the Company has also decided to dispose of treasury shares through third party allotment (the Disposal of Treasury Shares) for the Trust E Account set to Custody Bank of Japan, Ltd. and the Trust E Account to be set to Custody Bank of Japan, Ltd. (re-trustee re-trusted by Mizuho Trust & Banking Co., Ltd., the trustee of the Trusts). The Disposal of Treasury Shares is formally conducted through allotment to Custody Bank of Japan, Ltd. (Trust E Account); this is practically the same as the case of allocating shares to the Company's Managers and Directors as compensation for the rendering of services to the Company.

The number of shares to be disposed of corresponds to the number of shares that are expected to be delivered to Managers of the Company during the trust period in accordance with the Regulations (for five fiscal years from

the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030) and the number of shares that are expected to be granted to Directors of the Company during the trust period in accordance with the stock delivery regulations for Directors (for two fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2027). This accounts for 0.71% of the total number of shares issued as of September 30, 2025, or 40,458,000 shares, and 0.76% of the total number of voting rights as of September 30, 2025, or 379,653 voting rights (rounded to two decimal places for both). The Company finds the size of dilution to be reasonable in light of the purpose of the Systems.

4. Outline of the Trusts

(1) Outline of the J-ESOP Trust

(i) Name	Employee Stock Ownership Plan (J-ESOP)
(ii) Trustor	The Company
(iii) Trustee	Mizuho Trust & Banking Co., Ltd. (Re-trustee: Custody Bank of Japan, Ltd.)
(iv) Beneficiary	Managers who meet beneficiary requirements stipulated in the stock delivery regulations
(v) Trust administrator	Selected from Managers of the Company
(vi) Trust type	Trust of money other than a money trust (third-party benefit trust)
(vii) Trust purpose	To deliver the Company's shares, which are trust assets, to beneficiaries under the stock delivery regulations.
(viii) Date of the conclusion of the trust agreement	February 25, 2026
(ix) Date of entrustment of money	February 25, 2026
(x) Trust period	From February 25, 2026 to the termination of the trust (A specific date of termination is not set. The trust continues as long as the J-ESOP System continues.)
(xi) Date of trust execution	February 25, 2026
(xii) Amount of trust	¥999,883,500
(xiii) Type of stock to be acquired	Common stock of the Company
(xiv) Number of shares acquired	236,100 shares
(xv) Stock acquisition date	February 25, 2026
(xvi) Stock acquisition method	Acquire shares by taking on the disposal of treasury shares of the Company (Disposal of Treasury Shares)

(2) Outline of the Additional Trust to the BBT Trust

(i) Date of Additional Trust	February 25, 2026
(ii) Amount of Additional Trust	¥192,269,000 (Note)
(iii) Type of stock to be acquired	Common stock of the Company
(iv) Number of shares to be acquired	51,500 shares
(v) Stock acquisition date	February 25, 2026
(vi) Stock acquisition method	Acquire shares by taking on the disposal of treasury shares of

the Company (Disposal of Treasury Shares)

(Note) The BBT Trust additionally acquires the Company's shares using the total of the amount of the Additional Trust (¥192,269,000) and money belonging to trust assets (¥25,833,500).

5. Outline of the disposal

(1) Date of disposal	Wednesday, February 25, 2026
(2) Type and number of shares to be disposed of	287,600 shares of common stock
(3) Disposal value	¥4,235 per share
(4) Total amount of disposal	¥1,217,986,000
(5) Planned disposal destination	Managers of the Company:284 persons 236,100 shares Directors of the Company:7 persons 51,500 shares (Notes 1 and 2)
(6) Other	For the Disposal of Treasury Shares, the Company will submit an extraordinary report under the Financial Instruments and Exchange Act.

(Note 1) The planned disposal destination of the Disposal of Treasury Shares for the formalities is Custody Bank of Japan, Ltd. (Trust E Account). Custody Bank of Japan, Ltd. (Trust E Account) serves as a trust account set as a result of concluding a trust agreement between the Company and Mizuho Trust & Banking Co., Ltd. with the Company as a trustor and Mizuho Trust & Banking Co., Ltd. as a trustee (Custody Bank of Japan, Ltd. as a re-trustee). The Disposal of Treasury Shares is conducted to provide benefits for the Company's Managers and Directors in accordance with the Systems, and is practically the same as the case of allocating shares to the Company's Managers and Directors as compensation for the rendering of services to the Company. Therefore, the Company's Managers and Directors are listed as the planned disposal destination.

(Note 2) Under the J-ESOP System, points are granted to Managers according to their position, the Company's performance, etc. The Company's shares corresponding to the granted points are delivered to Managers when they obtain a right to receive benefits under certain conditions. Therefore, the above number of shares is the maximum, and the number of the Company's shares that are actually delivered to Managers varies depending on the position of Managers, the Company's performance, etc.

Under the BBT System, points are granted to Directors according to their position, the Company's performance, etc. The Company's shares corresponding to the granted points and money equivalent to the amount obtained by converting the Company's shares at market value (hereinafter referred to as the "Company's Shares, etc.") are delivered to Directors when they obtain a right to receive benefits under certain conditions. Therefore, the above number of shares is the maximum, and the number of the Company's shares that are actually delivered to Directors varies depending on the position of Directors, the Company's performance, etc.

6. Basis and specifics of the calculation of the disposal value

The disposal value has been determined to be ¥4,235, the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately before the date of the Board of Directors' resolution for the Disposal of Treasury Shares.

The reason for using the closing price on the business day immediately before the date of the Board of Directors'

resolution is that it represents a fair corporate value of the Company on the stock market and is determined to be reasonable.

The disposal value of ¥4,235 is the amount obtained by multiplying by 101.22% the average, or ¥4,184 (rounded down to the nearest yen), of closing prices during most recent one month ending at the business day immediately before the date of the Board of Directors' resolution; it is also the amount obtained by multiplying by 105.30% the average, or ¥4,022 (rounded down to the nearest yen), of closing prices during most recent three months ending at the same day; it is also the amount obtained by multiplying by 111.68% the average, or ¥3,792 (rounded down to the nearest yen), of closing prices during most recent six months ending at the same day. As a result of considering the above, the Company has determined that the disposal value for the Disposal of Treasury Shares is not particularly favorable and is reasonable.

For the disposal value above, the Audit and Supervisory Committee has expressed an opinion to the effect that the disposal value is not a particularly favorable.

7. Matters concerning procedures in terms of a corporate code of conduct

The Disposal of Treasury Shares does not require procedures to obtain opinions from independent third parties and confirm intentions of shareholders, both of which are set forth in Article 432 of the Security Listing Regulations stipulated by the Tokyo Stock Exchange, because (1) the dilution ratio is less than 25% and (2) it does not involve change in controlling shareholders.