

(Translation)

May 10, 2024

Dear Sirs and Madams

Name of the Company: NH Foods Ltd.

Representative: Nobuhisa Ikawa
President and Representative Director
(Code No. 2282, Prime Market of the
Tokyo Stock Exchange)

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Notice Concerning Proposals to Continue and Partially Revise the Performance-Based Stock Compensation Plan for Officers

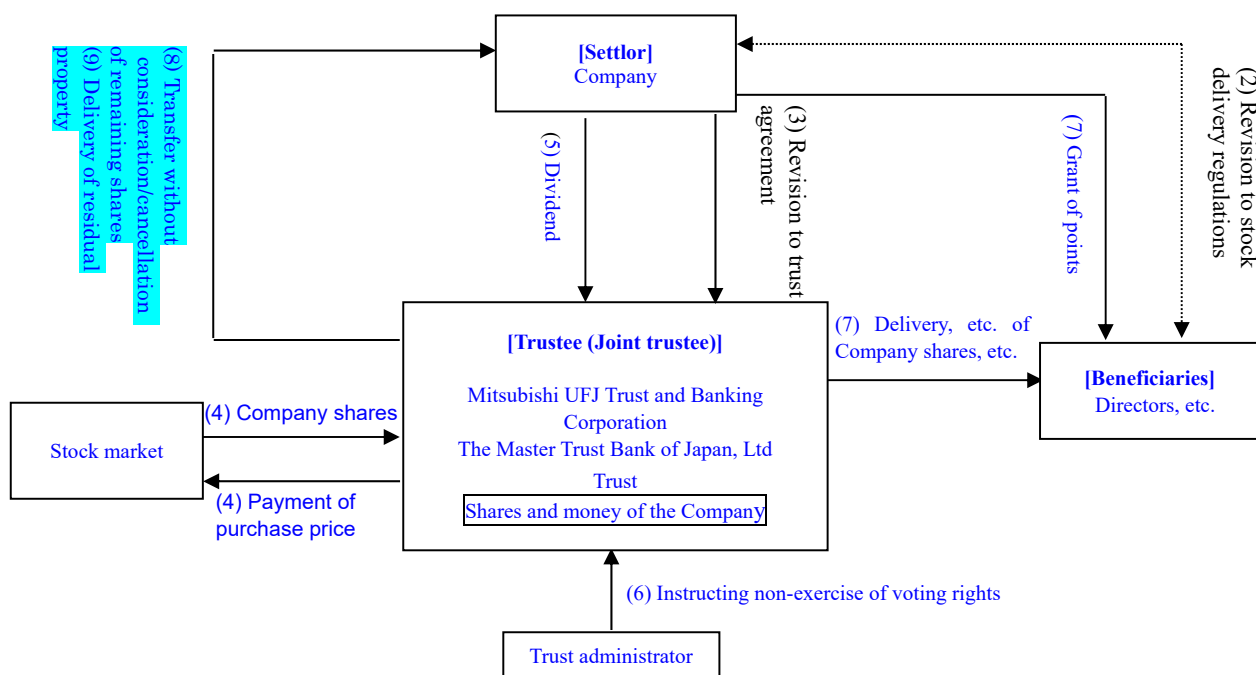
NH Foods Ltd. (hereinafter, the “Company”) hereby provides notice that the Board of Directors meeting held today resolved to submit proposals for the continuation and partial revision of the Performance-Based Stock Compensation Plan (the “Plan”) adopted in fiscal 2020 for Directors (excluding Outside Directors or non-Japan residents; hereinafter the same) and Executive Officers (excluding non-Japan residents; together with the Directors collectively referred to as the “Directors, etc.”). The Board intends to submit the proposals described below to the 79th Ordinary General Meeting of Shareholders (“General Meeting of Shareholders”) scheduled to be held on June 25, 2024.

Description

1. Continuation and Partial Revision of the Plan

- (1) The Company determined to partially revise and continue the Plan with the objective of further clarifying the linkage between the compensation for Directors, etc. and the Company’s business performance and shareholder value, and to provide incentives to encourage enhancement of corporate value over the medium and long term in order to realize the Company’s corporate philosophy.
- (2) Under the Plan, a scheme called the officers compensation BIP (Board Incentive Plan) Trust (the “BIP Trust”) will be adopted. The BIP Trust is a plan, similar to performance-based stock compensation (Performance Share) schemes and stock compensation with transfer restriction (Restricted Stock) schemes in Europe and America, under which the shares of the Company and the amount of money equivalent to the proceeds from the disposal of the shares of the Company (the “Shares, etc. of the Company”) will be delivered and paid (the “Delivery, etc.”) to Directors, etc. in accordance with their position, achievement level of the performance goal, etc.
- (3) Adoption of the partial revision of the Plan is conditional upon obtaining approval at the General Meeting of Shareholders.
- (4) The Company maintains a Compensation Committee, upon which independent outside directors serve as the chairman and a majority of the members, to ensure the independence, transparency, and objectivity in the determination of compensation and to strengthen the supervisory function of the Board of Directors. The Compensation Committee has deliberated the proposals for the continuation and partial revision of the Plan.

2. Mechanism of the BIP Trust Plan



- (1) The Company obtains approval for the revision of the Plan at the General Meeting of Shareholders.
- (2) The Company will revise the stock delivery regulations concerning the Plan at the Board of Directors meeting.
- (3) Upon the resolution of (1) at the General Meeting of Shareholders, the Company will distribute a cash amount within the approved scope and extend the term of the Trust for the Directors, etc. meeting the beneficiary requirements.
- (4) The Trust will acquire shares of the Company from a stock market using the cash contributed as described in (3) above in accordance with the instructions of the trust administrator. The number of shares that the Trust acquires shall be within the range approved by the resolution of the Shareholders Meeting described in (1) above.
- (5) Dividends will be paid for the shares of the Company within the Trust in the same manner as for the other shares of the Company.
- (6) The voting rights of the shares of the Company within the Trust shall not be exercised during the trust period.
- (7) Certain points will be granted to the Directors, etc. each year based on their position and achievement level of the performance goal during the trust period. The Shares, etc. of the Company will be delivered, etc. to the Directors, etc. based on the granted points, for those who meet the specified requirements as beneficiaries.
- (8) If any shares remain upon the expiry of the trust period due to non-achievement of the performance goal or other reasons, the Company may continue to use the Trust for the Plan or a new similar stock compensation plan by amending the trust agreement and creating an additional trust; alternatively, the Company may transfer the shares without consideration from the Trust to the Company and, by resolution of the Board of Directors, cancel the shares.
- (9) Upon the termination of the Trust, the residual property after distribution to beneficiaries may be vested by the Company to the extent of the reserve for trust expenses which is the trust money deducted by the funds for the acquisition of shares. Any portion exceeding the reserve for trust expenses shall be donated to an organization with no interest in the Company or the Directors, etc.

(Note) If no shares of the Company remain in the Trust due to the Delivery, etc. of the Shares, etc. of the

Company to the Directors, etc. who meet the requirements as beneficiaries, the Trust will be terminated before the expiration of the trust term. In addition, to the extent approved by resolution of the Shareholders Meeting, the Company may entrust additional funds to the Trust as funds for acquiring shares of the Company and the Trust may additionally acquire shares of the Company.

3. Partial Revision of the Plan

The continuation of the Plan entails extension of the term of the Trust and, upon approval of the General Meeting of Shareholders, the following partial revisions to the Plan. Items not listed below are substantially the same as the content of the Plan adopted in fiscal 2020.

(1) Reasons for Partial Revision to the Plan

The objective of the revision is to provide greater clarity for the linkage between compensation for Directors, etc. and the Company's business performance and shareholder value. The revision adds an evaluation (relative to TOPIX) of the Company's Total Shareholder Return (TSR) to the performance indicators for each fiscal year of a Medium-Term Management Plan as performance achievement conditions .

(2) Outline of the Plan after Revisions

	Prior to Revision	After Revision
Target Period	<u>Four fiscal years</u> from the fiscal year ending <u>March 31, 2021</u> to the fiscal year ending <u>March 31, 2024</u>	<u>Three fiscal years</u> from the fiscal year ending <u>March 31, 2025</u> to the fiscal year ending <u>March 31, 2027</u>
Calculation method of the number of Shares, etc. of the Company to be delivered, etc. to the Directors, etc.	In June of each year during the trust period, certain points will be granted to Directors, etc. in accordance with the position and degree of achievement with respect to the target value of the performance indicators in the Medium-Term Management Plan for the business year ended at the end of March of the same year.	In June of each year during the trust period, points will be granted to Directors, etc. in accordance with their position, degree of achievement with respect to the target value of the performance indicators in the Medium-Term Management Plan, and <u>the Company's TSR evaluation (relative to TOPIX)</u> for the business year ended at the end of March of the same year.

(Note) The extended trust term will be the three-year period from September 1, 2024 to August, 31 2027 (planned). Upon expiration of the extended term of the Trust, the Company may renew the Plan by revising the trust agreement and creating additional trusts. If the Plan is to be renewed, the trust term will be extended for another three years, and the Plan will extend three fiscal years after the extended the trust period. Each time the trust term is extended, the Company will make additional contributions within the maximum amount of the trust fund approved by the General Meeting of Shareholders and will continue to award points to Directors, etc. during the extended trust period. Extension of the term of the Trust may also be implemented in the same manner in the future. In the event the Trust is terminated, the Trust in place for Directors, etc. who may meet the beneficiary requirements at expiration of the trust term (or, if the Trust is maintained, the extended trust period) will not immediately terminate but will be extended for a maximum of 10 years until such Directors, etc. retire and the Delivery, etc. of Shares, etc. of the Company is completed. In the event of such an extension, no new points will be awarded to such Directors, etc.

(3) Other

For further details about the Plan prior to the revision, please see the (translated) press release entitled Notice Concerning the Adoption of Performance-Based Stock Compensation Plan for Officers issued on May 11, 2020.

(Reference) Details of the trust agreement

- (i) Type of trust: Money trust other than the specific individually operated money trust (third-party-benefit trust)
- (ii) Purpose of the Trust: Providing incentives to the Directors, etc.
- (iii) Settlor: The Company
- (iv) Trustee: Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)

- (v) Beneficiary: The Directors, etc. who meet the requirements as beneficiaries
- (vi) Trust administrator: An expert practitioner who is a third party with no interest in the Company
- (vii) Trust term extension agreement date: August 6, 2024 (scheduled)
- (viii) Trust term after Extension: August 6, 2024 to August 31, 2027 (scheduled)
- (ix) Start date of Plan: August 3, 2020
- (x) Exercise of voting rights: Not to be exercised.
- (xi) Class of shares to be acquired: Ordinary shares of the Company
- (xii) Maximum amount of trust money: 660 million yen (including trust fees and trust expenses)
- (xiii) Stock acquisition period: August 9, 2024 (scheduled) to November 30, 2024 (scheduled) (excluding the period from five business days before the last day of the accounting period (including interim period and quarterly period) to the last day of the accounting period)
- (xiv) Stock acquisition method: To be acquired from the stock market
- (xv) Holder of a vested right: The Company
- (xvi) Residual property: The residual property that the Company, the holder of a vested right, is entitled to receive shall be within the range of the reserve for trust expenses which is the trust money deducted by funds for the acquisition of shares.

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