



[Translation]

November 29, 2024

To whom it may concern:

Company name: Nifco Inc.
Headquarters: 5-3 Hikarinooka, Yokosuka-shi, Kanagawa
Code Number: 7988 (TSE Prime Section)
Representative: Representative Director, President & CEO, Masaharu Shibao
Person in charge: Director, Senior Executive Managing Officer & CFO
Toshiki Yauchi

(TEL 03-5476-4853)

Notice Concerning Disposal of Treasury Stock by Third-Party Allotment

The Company announces that at the Board of Directors meeting held on November 29, 2024, it resolved to dispose of its treasury stock by third-party allotment as follows.

1. Outline of Disposal

(1) Date of disposal	December 19, 2024
(2) Class and number of shares to be disposed of	168,500 shares of common stock of the Company
(3) Disposal price	3,622 yen per share
(4) Total value of disposal	610,307,000 yen
(5) Method of disposal	By way of third-party allotment
(6) Scheduled allottee	The Master Trust Bank of Japan, Ltd. (Board Incentive Plan (BIP) Trust Account)
(7) Other	The disposal of treasury stock is subject to the effectuation of registration under the Financial Instruments and Exchange Act.

2. Purpose of and Reasons for the Disposal

In fiscal 2016, the Company introduced a performance-linked stock compensation system for Directors and Executive Officers (excluding Directors who are Audit and Supervisory Committee Members, External Directors and those living overseas; the “Company’s Directors, etc.”) of the Company and Directors (excluding External Directors and those living overseas; together with the Company’s Directors, etc., the “Applicable Directors, etc.”) of certain subsidiaries of the Company (“Applicable Subsidiaries”). The system utilizes the Board Incentive Plan (BIP) Trust (the “BIP Trust”) and aims to further clarify the link between the compensation of the Applicable Directors, etc. and the stock value of the Company, and to motivate them to contribute to the improvement of

medium- to long-term business performance and the increase of corporate value. In addition, the continuation and partial revision of the performance-linked stock compensation system for the Company's Directors, etc. utilizing the BIP Trust were approved at the 72nd Annual General Meeting of Shareholders held on June 20, 2024. For an overview of the BIP Trust, please refer to "Notice Concerning Continuation and Partial Revision of Performance-Linked Stock Compensation System for Officers" announced on May 17, 2024.

The Disposal of Treasury Stock is, due to the additional contribution of money to the system, to dispose of treasury stock by third-party allotment to the Master Trust Bank of Japan, Ltd. (BIP Trust Account), which is the co-trustee of the BIP Trust agreement that the Company entered with Mitsubishi UFJ Trust and Banking Corporation.

The stock to be disposed of are some of the shares that are expected to be delivered to the Applicable Directors, etc., (this includes converting some of the Company shares into money within the trust and delivering money equivalent to the conversion proceeds; the same shall apply hereinafter) during the trust period in accordance with the Company Shares Delivery Rules, and the scale of dilution is small at 0.17% (rounded to two decimal places; the ratio to the total number of voting rights of 974,055 as of September 30, 2024 is 0.17%) of the total number of issued shares of 100,257,053 shares as of September 30, 2024.

The Company stock allotted by the Disposal of Treasury Stock are to be granted to employees pursuant to the Company Shares Delivery Rules, and it is not expected that shares will be simultaneously distributed to the stock market because of the Disposal of Treasury Stock. Accordingly, the Company has determined that the impact on the stock market will be minimal and that the number of shares to be disposed of and the scale of dilution are reasonable.

Details of Trust Agreement

①Type of trust	Trust of money other than individually managed specified money trust (third party beneficiary trust)
②Purpose of trust	Incentives for Directors, etc.
③Trustor	Nifco Inc.
④Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-Trustee: The Master Trust Bank of Japan, Ltd.)
⑤Beneficiary	Directors, etc., who satisfy the requirements for beneficiaries
⑥Trust administrator	A third party who has no interest in the Company (certified public accountant)
⑦Trust agreement date	August 22, 2016 (to be changed to August 2024)
⑧Trust period	August 22, 2016 - August 31, 2027 (To be extended to August 31, 2027, due to the change of the trust agreement in July 2024)
⑨Exercise of voting rights	Voting rights shall not be exercised.

3. Basis of Calculation and Specific Details of the Disposal Price

The disposal price is set at 3,622 yen, which is the closing price of the Company shares on the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") on the business day immediately preceding the date of the resolution of

the Board of Directors concerning the Disposal of Treasury Stock (November 28, 2024), to eliminate arbitrariness considering recent stock price trends.

The Company decided to use the closing price of the Company shares on the business day immediately preceding the date of the resolution of the Board of Directors because this price is the market value immediately before the resolution of the Board of Directors and it was determined that this price was highly objective and reasonable as the basis of calculation.

The disposal price is an amount obtained by multiplying 3,639 yen, which is the average closing price of the Company shares on the Tokyo Stock Exchange during the one month immediately preceding the date of resolution by the Board of Directors (October 29, 2024 to November 28, 2024), by 99.53% (discount rate of 0.47%); an amount obtained by multiplying 3,599 yen, which is the average closing price of the Company shares on the Tokyo Stock Exchange during the three months immediately preceding the date of resolution by the Board of Directors (August 29, 2024 to November 28, 2024), by 100.64% (premium rate of 0.64%); and an amount obtained by multiplying 3,645 yen, which is the average closing price of the Company shares on the Tokyo Stock Exchange during the six months immediately preceding the date of resolution by the Board of Directors (May 29, 2024 to November 28, 2024), by 99.37% (discount rate of 0.63%).

The Company's Audit and Supervisory Committee has expressed its opinion that the basis for calculating the disposal price is reasonable and that the said disposal price does not fall under a particularly advantageous disposal price.

4. Procedures under the Code of Corporate Conduct

Since the Disposal of Treasury Stock has a dilution rate of less than 25% and does not involve a change of the controlling shareholder, it is not necessary to obtain an opinion from an independent third party and to confirm the intention of shareholders as stipulated in Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.