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May 14th, 2026

To whom it may concern:

Company name:	Nifco Inc.
Headquarters:	5-3 Hikarinooka, Yokosuka-shi, Kanagawa
Securities Code:	7988 (Tokyo Stock Exchange, Prime Market)
Representative:	Representative Director, President & CEO, Masaharu Shibao
Person in charge:	Executive Officer, Head of Administration Kumi Sano (TEL 03-5476-4850)

Notice Regarding the Continuation and Partial Revision of the Stock Compensation Plan for Directors and Executive Officers

Nifco Inc. (the "Company") hereby announces that, at a meeting of its Board of Directors held on May 14, 2026, the Company resolved to continue and partially revise the performance-based stock compensation plan (the "Plan") that has been introduced since fiscal year 2016 for Directors and Executive Officers (excluding Directors who are Audit and Supervisory Committee Members, External Directors, and non-residents of Japan). The Company also resolved to submit a proposal regarding the partial revision of the Plan to the 74th Ordinary General Meeting of Shareholders scheduled to be held on June 24, 2026. Details are as follows.

1. Continuation of the Plan

- (1) The Plan aims to clearly link the compensation of Directors and Executive Officers with the Company's share value, to enhance their motivation to contribute to medium- to long-term improvements in performance and corporate value, and to further promote value sharing with shareholders. At the Board of Directors meeting held today, the Company resolved to continue the Plan with partial revisions described in Section 2 below, including adding External Directors (excluding Audit and Supervisory Committee Members) as eligible beneficiaries for non-performance-based stock compensation (fixed points). Directors and Executive Officers covered by the Plan are hereinafter collectively referred to as "Directors, etc."
- (2) The partial revision of the Plan is subject to approval at the General Meeting of Shareholders.
- (3) The Plan adopts a structure known as the Officer Compensation BIP (Board Incentive Plan) Trust (the "BIP Trust"). In continuing the Plan from fiscal year 2026 onward, the trust period of the BIP Trust will be extended in line with the partial revisions.
- (4) Under the Plan, shares of the Company (or, in certain circumstances, cash equivalent to the value of such shares) (collectively, the "Company Shares, etc.") will be delivered or granted to Directors, etc. in accordance with their position and degree of achievement of performance targets. The Company Shares delivered under the Plan will be subject to transfer restrictions until the relevant Director, etc. retires from office.

Note: In order to ensure transparency and objectivity in the process of determining Directors' compensation, the Company has established a Nomination, Compensation and Governance Committee chaired by an Independent External Director, with a majority of its members being Independent External Directors. The continuation and partial revision of the Plan have been reviewed by this committee.

2. Partial Revision of the Plan

In connection with the continuation of the Plan, the trust period of the existing BIP Trust will be extended. Subject to approval at the General Meeting of Shareholders, the following changes will be made from the previous version of the Plan.

Item	Before Revision	After Revision
Eligible Persons for Grants, etc. of the Company's Shares under the Plan	<ul style="list-style-type: none"> • Directors and Executive Officers of the Company (excluding Directors who are Audit and Supervisory Committee Members, External Directors, and non-residents of Japan) 	<ul style="list-style-type: none"> • Directors and Executive Officers of the Company (excluding Directors who are Audit and Supervisory Committee Members and non-residents of Japan) <p><i>Note: External Directors are newly included as eligible persons.</i></p>
Maximum Amount of Funds Contributed by the Company to the Trust	<ul style="list-style-type: none"> • An amount obtained by multiplying JPY 400 million by the number of years in the applicable period • For the initial applicable period after the revision, which covers three fiscal years starting from the current fiscal year, the maximum amount is JPY 1,200 million in total 	<ul style="list-style-type: none"> • An amount obtained by multiplying JPY 400 million (of which JPY 10 million is allocated to External Directors) by the number of years in the applicable period • For the initial applicable period after the revision, which covers three fiscal years starting from the current fiscal year, the maximum amount is JPY 1,200 million in total (of which JPY 30 million is allocated to External Directors)
Maximum Number of Shares of the Company to Be Acquired by Directors, etc.	<ul style="list-style-type: none"> • The maximum total number of points granted to Directors, etc. per fiscal year is 160,000 points • For the initial applicable period after the revision, which covers three fiscal years starting from the current fiscal year, the maximum total is 480,000 points 	<ul style="list-style-type: none"> • The maximum total number of points granted to Directors, etc. per fiscal year is 160,000 points (of which 4,000 points are allocated to External Directors) • For the initial applicable period after the revision, which covers three fiscal years starting from the current fiscal year, the maximum total is 480,000 points (of which 12,000 points are allocated to External Directors)
Method of Calculating the Number of Shares to Be Granted under the Plan	<ul style="list-style-type: none"> • Each year, "Fixed Points" based on position and "Performance-Based Points" that fluctuate depending on performance targets set for each position are granted 	<ul style="list-style-type: none"> • Same as the left <p><i>Note: External Directors newly covered by the Plan are granted Fixed Points only and are not eligible for Performance-Based Points.</i></p>
	<ul style="list-style-type: none"> • Performance-Based Points fluctuate within a range of 0% to 200% depending on the degree of achievement of the performance targets set forth in the Medium-Term Management Plan in effect at the time the points are granted 	<ul style="list-style-type: none"> • Same as the left
	<ul style="list-style-type: none"> • Performance indicators include operating profit, ROIC, TSR, etc. 	<ul style="list-style-type: none"> • Performance indicators include operating profit margin, ROE or ROIC, TSR, employee engagement, etc.

Method and Timing of Granting the Company's Shares to Directors, etc.	<ul style="list-style-type: none"> Fixed Points: Shares corresponding to the granted points are delivered promptly after the points are granted 	<ul style="list-style-type: none"> Same as the left
	<ul style="list-style-type: none"> Performance-Based Points are converted into Performance-Linked Points (*) based on performance results after the end of the Medium-Term Management Plan period, and shares corresponding to such points are delivered promptly 	<ul style="list-style-type: none"> During the Medium-Term Management Plan period, a fixed number of points are granted and accumulated each year. After the end of the period, the accumulated points are converted into Performance-Linked Points (*) based on performance results, and shares corresponding to such points are delivered promptly
	<ul style="list-style-type: none"> For both Fixed Points and Performance-Linked Points, transfer restrictions are imposed on the shares until the recipient's retirement 	<ul style="list-style-type: none"> Same as the left

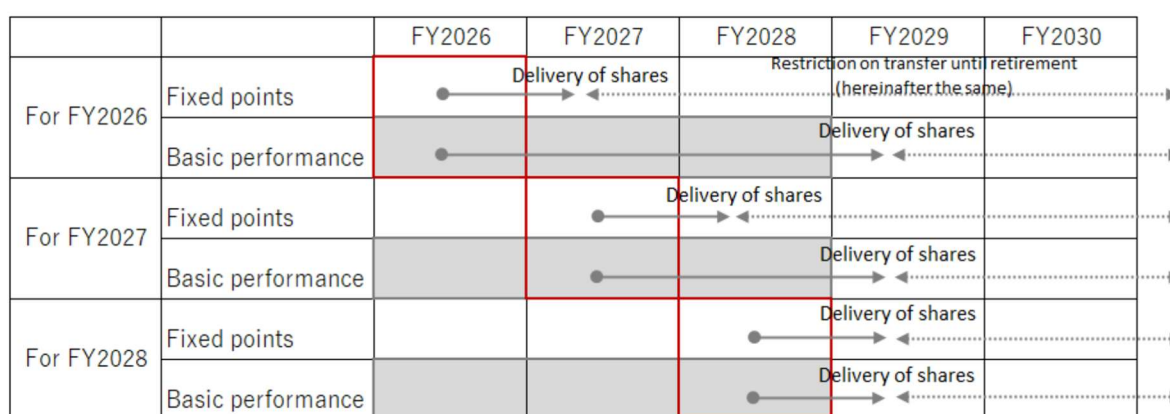
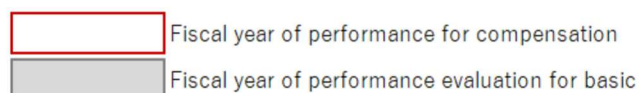
* With respect to "Performance-Based Points," after the end of the Medium-Term Management Plan period in effect at the time such points are granted, "Performance-Linked Points" are calculated by multiplying the accumulated points during such period by a performance-linked coefficient determined based on the degree of achievement of the performance targets set forth in the relevant Medium-Term Management Plan.

(For details, please refer to Section 3.(5).)

Reference

From fiscal year 2026, the Company will switch to a fixed three-year Medium-Term Management Plan in order to further strengthen its commitment to mid- to long-term objectives. Based on this change, the schedule for share delivery under the Plan will be as illustrated below.

In addition, with respect to Performance-Linked Points for fiscal years 2024 and 2025 that have already been granted to Directors, etc. under the pre-revision Plan, shares will be delivered after the performance for fiscal years 2026 and 2027, respectively, is finalized, in accordance with the terms of the previous Plan.



3. Details of the Plan (After Revision)

(1) Overview of the Plan

The Plan is a system under which shares of the Company are delivered to Directors, etc. as executive compensation based on their position and the degree of achievement against the target values of performance indicators set forth in the

Medium-Term Management Plan.

The revised Plan shall apply to the fiscal years corresponding to the Company's newly adopted Medium-Term Management Plan. The initial applicable period after the revision of the Plan (the "Post-Revision Applicable Period") shall consist of three fiscal years, from the fiscal year ending March 2027 to the fiscal year ending March 2029. Accordingly, the applicable period that commenced from the fiscal year ending March 2025 under the Plan prior to the revision (the "Pre-Revision Applicable Period") shall end with the fiscal year ending March 2026.

If the Trust is continued as set forth in (4)② below, the period corresponding to the Medium-Term Management Plan in effect at that time shall become a new applicable period under the Plan, and the trust period of the Trust shall be extended by the same number of years.

(2) Resolution of the General Meeting of Shareholders Relating to the Partial Revision of the Plan

At the General Meeting of Shareholders, resolutions shall be adopted with respect to the maximum amount of trust funds to be contributed to the Trust, the maximum total number of shares to be delivered to Directors, etc., and other matters necessary for the operation of the Plan.

(3) Eligible Persons under the Plan (Beneficiary Requirements)

In principle, Directors, etc. shall, subject to satisfying the beneficiary requirements set forth below and upon completion of the prescribed beneficiary determination procedures, receive shares of the Company from the Trust corresponding to the number of points granted to them up to the completion of such beneficiary determination procedures.

The beneficiary requirements are as follows:

- ① The individual must be a Director, etc. of the Company during the applicable period (including individuals who newly assume the position of Director, etc. during the applicable period).
- ② The number of points granted to the individual must have been determined.
- ③ The individual must not have committed any material violation of duties or internal regulations during his or her term of office, nor engaged in certain misconduct, including voluntary resignation against the Company's intentions.
- ④ The individual must enter into a transfer restriction agreement with the Company as set forth in (7)③ below.
- ⑤ Any other requirements deemed necessary to achieve the purpose of the share-based compensation plan.

(4) Trust Period

① Trust Period after Revision of the Plan

The trust period after the revision of the Plan shall be approximately three years, from August 2026 (scheduled) to August 2029 (scheduled).

Note: The trust period prior to the revision of the Plan was from August 2024 to August 2027. However, in order to align with the period of the newly adopted Medium-Term Management Plan, the trust period will be extended by one year.

② Continuation of the Trust

Upon expiration of the trust period, the Trust may be continued by amending the trust agreement and making additional trust contributions. In such case, the trust period shall be extended by the same number of years as the period corresponding to the Medium-Term Management Plan in effect at that time.

For each extended trust period, the Company shall make additional contributions within the maximum amount of trust funds approved by resolution of the General Meeting of Shareholders, and shall continue granting points to Directors, etc. during the extended trust period.

However, if at the end of the trust period prior to such extension there remain shares of the Company (excluding shares corresponding to points granted to Directors, etc. for which delivery has not yet been completed) and cash in the trust assets (collectively, the "Remaining Shares, etc."), the total amount of such Remaining Shares, etc. and

the additional trust contributions shall be within the maximum amount of trust funds approved by resolution of the General Meeting of Shareholders.

With respect to the trust already established, the Company has acquired shares of the Company within the

limit of the trust fund amount under the Plan prior to the revision. As the Pre-Revision Applicable Period will be shortened to the fiscal year ending March 2026, the shares of the Company remaining in the existing trust (excluding shares corresponding to points granted to Directors, etc. for the period up to the fiscal year ending March 2026 for which delivery has not yet been completed) shall be utilized for the Post-Revision Applicable Period.

If no amendment to the trust agreement or additional trust contribution is made upon expiration of the trust period, no further points shall be granted thereafter. However, if at that time there remain Directors, etc. in office who have not yet received the Company's shares, the trust period may be extended until such delivery is completed.

(5) Method for Calculating the Number of Shares of the Company to Be Delivered under the Plan

The number of shares of the Company to be delivered to Directors, etc. through the Plan shall be determined based on the number of points granted annually to each eligible person.

In principle, in June of each year during the trust period, eligible persons shall be granted "Fixed Points" according to their position and "Performance-Based Points" that fluctuate based on performance. External Directors shall be granted Fixed Points only and shall not be eligible for Performance-Based Points.

With respect to Performance-Based Points, in principle, in June immediately following the end of the Medium-Term Management Plan period in effect at the time such points are granted, "Performance-Linked Points" shall be calculated by multiplying the cumulative points accrued during such period by a performance-linked coefficient determined based on the degree of achievement of the performance targets set forth in the relevant Medium-Term Management Plan. The performance-linked coefficient shall be determined in accordance with the degree of achievement of target values for performance indicators set forth in such Medium-Term Management Plan (including operating profit margin, ROE or ROIC, TSR, employee engagement, etc.) and shall fluctuate within a range of 0% to 200%.

One point shall correspond to one share of the Company. However, if events such as stock splits or stock consolidations occur during the trust period and it is deemed fair to adjust points, the number of shares per point shall be adjusted in accordance with the applicable split or consolidation ratio.

(6) Maximum Amount of Trust Funds and Maximum Number of Points Granted to Directors, etc.

The maximum amount of trust funds contributed by the Company to the Trust shall be JPY 400 million per fiscal year (of which JPY 10 million is allocated to External Directors). ※1

As the Post-Revision Applicable Period covers three fiscal years, the maximum amount of trust funds shall be JPY 1,200 million (of which JPY 30 million is allocated to External Directors).

In the event the Trust is continued pursuant to (4)② above, the maximum amount of trust funds shall be an amount equivalent to the maximum trust fund amount per fiscal year multiplied by the number of years in the new applicable period.

The maximum total number of points granted to Directors, etc. per fiscal year shall be 160,000 points (of which 4,000 points are allocated to External Directors). ※2

As the Post-Revision Applicable Period covers three fiscal years, the maximum number of shares of the Company to be acquired by the Trust (the "Acquired Shares") shall be limited to 480,000 shares (of which 12,000 shares are allocated to External Directors).

In the event the Trust is continued pursuant to (4)② above, the maximum number of Acquired Shares shall be the number of shares equivalent to the maximum total number of points granted per fiscal year multiplied by the number of years in the new applicable period. ※3

※1 The maximum amount of trust funds is calculated by taking into account the current level of remuneration for Directors, etc., and by adding trust fees and trust expenses to the funds required for share acquisition.

※2 The maximum total number of points granted per fiscal year is determined with reference to the above maximum trust fund amount and past share prices.

※3 If adjustments are made as described in the fourth paragraph of (5), the maximum number of Acquired Shares shall also be adjusted accordingly.

(7) Method and Timing of Delivery of the Company's Shares to Directors, etc.

① Fixed Point Portion

Directors, etc. who satisfy the beneficiary requirements set forth in (3) above shall, upon completion of the prescribed beneficiary determination procedures, in principle receive shares of the Company corresponding to the Fixed Points granted to them at a specified time after such Fixed Points have been granted.

② Performance-Based Point Portion

Directors, etc. who satisfy the beneficiary requirements set forth in (3) above shall, upon completion of the prescribed beneficiary determination procedures, in principle receive shares of the Company corresponding to the Performance-Linked Points at a specified time after the Medium-Term Management Plan period in effect at the time the Performance-Based Points were granted has ended and the Performance-Linked Points have been calculated.

In the event that a Director, etc. who satisfies the beneficiary requirements dies, all shares of the Company corresponding to the Fixed Points and Performance-Based Points granted up to that time shall be liquidated within the Trust, and the cash equivalent of the liquidation proceeds shall be paid to the heir(s) of such Director, etc.

③ Conclusion of Transfer Restriction Agreement

Upon delivery of the shares of the Company described in ① and ② above, the Company and the relevant Director, etc. shall, in principle, enter into a transfer restriction agreement including the following provisions:

(a) The Director, etc. shall not transfer, create a security interest in, or otherwise dispose of the shares of the Company from the date of delivery until the date of retirement.

(b) The transfer restrictions shall be lifted upon the retirement of the Director, etc.

(c) If, during the transfer restriction period, the Director, etc. commits a material violation of duties or internal regulations or engages in certain misconduct, including voluntary resignation against the Company's intentions, the Company shall acquire such shares without compensation, without lifting the transfer restrictions.

The shares subject to transfer restrictions shall be managed during the restriction period in a dedicated account opened by the Director, etc. with a securities company, so that transfers or other dispositions cannot be made during such period.

④ Application of the Pre-Revision Plan to Previously Granted Points

With respect to Performance-Linked Points for fiscal years 2024 and 2025 that have already been granted to Directors, etc. under the Plan prior to the revision, shares shall be delivered after the performance for fiscal years 2026 and 2027, respectively, is finalized, in accordance with the terms of the pre-revision Plan.

(8) Forfeiture or Clawback of Compensation

If the Board of Directors resolves to make a retroactive restatement of financial results due to material accounting errors or fraud, or if the Board of Directors determines that a Director, etc. engaged in significant misconduct during his or her term of office, the Board of Directors may, following deliberation by the Nomination, Compensation and Governance Committee, restrict the payment of share-based compensation or demand its return.

(9) Method of Acquisition of the Company's Shares by the Trust

The Trust is expected to acquire shares of the Company from the stock market or from the Company (disposal of treasury shares), within the limits of the maximum trust fund amount and the maximum number of Acquired Shares set forth in (6) above. Details of the acquisition method shall be determined and disclosed by the Company after the resolution of the General Meeting of Shareholders.

If, during the trust period, the number of shares held in the Trust becomes insufficient to correspond to the points allocated to each Director, etc., the Company may make additional cash contributions to the Trust and cause the Trust to acquire additional shares of the Company, within the limits approved at the General Meeting of Shareholders with respect to the maximum trust fund amount and the maximum total number of points granted.

(10) Exercise of Voting Rights for Shares Held in the Trust

In order to ensure management neutrality, voting rights attaching to shares of the Company held in the Trust shall not be exercised during the trust period.

(11) Treatment of Dividends on Shares Held in the Trust

Dividends on shares of the Company held in the Trust shall be received by the Trust and used to cover trust fees and trust expenses. If any residual amount remains at the final stage of termination of the Trust after such payments, such residual amount shall be paid to Directors, etc. who, upon termination of the Trust, satisfy the prescribed beneficiary requirements and become beneficiaries of the Trust pursuant to the trust agreement.

(12) Treatment upon Termination of the Trust

If residual shares remain at the termination of the Trust due to non-achievement of performance targets or other reasons, the Company intends, as a shareholder return measure, to receive such residual shares from the Trust by gratuitous transfer and to cancel them by resolution of the Board of Directors.

(Reference)

Contents of the Trust Agreement

- ①Type of Trust: Trust of money other than a specifically managed individually operated money trust
(third-party beneficiary trust)
- ②Purpose of the Trust: Granting incentives to Directors, etc.
- ③Settlor: The Company
- ④Trustee: Mitsubishi UFJ Trust and Banking Corporation(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- ⑤Beneficiaries: Directors, etc. who satisfy the beneficiary requirements
- ⑥Trust Administrator: A third party with no interest in the Company (Certified Public Accountant)
- ⑦Trust Agreement Date: August 22, 2016 (scheduled to be changed in August 2026)
- ⑧Trust Period: August 22, 2016 – August 31, 2027
(scheduled to be extended to August 31, 2029 by amendment of the trust agreement in August 2026)
- ⑨Plan Commencement Date: August 22, 2016
- ⑩Exercise of Voting Rights: Voting rights shall not be exercised.
- ⑪Type of Shares to Be Acquired: Common shares of the Company
- ⑫Maximum Trust Fund Amount: JPY 1,200 million (scheduled)
(including trust fees, trust expenses, and allocations to subsidiaries)
- ⑬Method of Share Acquisition: Acquisition from the stock market or from the Company (disposal of treasury shares)
- ⑭Residual Claim Holder: The Company
- ⑮Residual Assets: Residual assets receivable by the Company as the residual claim holder shall be limited to the trust expense reserve remaining after deducting funds used for share acquisition from the trust funds.

Note: The scheduled dates set forth above may be changed to appropriate dates in light of applicable laws and regulations.

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