



Company Name	Nifco Inc.
Rep. Director	President & Representative Director Masaharu Shibao Company Code 7988 (TSE Prime Market)
Contact Person	Director, Senior Executive Managing Officer & CFO Toshiki Yauchi (TEL. 03-5476-4853)

On May 19, 2022, the Company decided to introduce an incentive plan (hereinafter the “Scheme”) with the aim of increasing the motivation of the Group’s employees (hereinafter “Employees”) to enhance the Company’s medium- to long-term shareholder value.

## 1. Purpose of the Scheme

The Scheme aims to raise Employees' awareness of participating in management and to increase their motivation to enhance the Company's medium- to long-term shareholder value. We believe that, from today onward, the Scheme will encourage Employees who have not yet joined to join the Stock Ownership Association, allowing more Employees to share medium- to long-term shareholder value with our shareholders.

The diagram illustrates the relationship between The Company, Members, and the Stock Ownership Association. The Company is on the left, Members are at the top, and the Stock Ownership Association is at the bottom. Arrows indicate the flow of transactions and agreements between them.

- From The Company to Members:**
  - (ii) Provision of special incentive
- From Members to The Company:**
  - (i) Subscription agreement for the Company's Shares
- From The Company to the Stock Ownership Association:**
  - (iv) Payment for third-party allotment
  - (v) Disposal of treasury stock
- From the Stock Ownership Association to Members:**
  - (iii) (Indicated by an arrow pointing to the Members box, with a group of three people icon below it)
- From Members to the Stock Ownership Association:**
  - \* Withdrawal of equity interest
- From the Stock Ownership Association to Nomura Securities Co., Ltd.:**
  - (vi) Distribution and management of equity interest

The Stock Ownership Association is labeled as "Members' equity interest" and "Stock Ownership Association". A note on the right states: "Group companies, etc. are omitted from the chart."

- (i) The Company enters into a stock subscription agreement for disposal and subscription of treasury stock with the Stock Ownership Association.
- (ii) The Company provides a special incentive to Members.
- (iii) Members contribute the special incentive provided to them to the Stock Ownership Association.
- (iv) The Stock Ownership collects the special incentive contributed by Members and pays for the third-party allotment of shares.
- (v) The Company disposes of treasury stock to the Stock Ownership Association.
- (vi) The Company's Shares allotted are distributed to and managed for Members' equity interest in the Stock

Ownership Association by Nomura Securities Co., Ltd., to which the Stock Ownership Association entrusts the stock administration.

- \* Members may withdraw the Company's Shares allotted arbitrarily to brokerage accounts in their individual names.

### 3. Granting of the Company's Shares under the Scheme

Following the introduction of the Scheme, the Company resolved at the Board of Directors meeting held today to dispose of 118,525 shares (equivalent to approximately 329.03 million yen) of 6,881,200 shares of treasury stock held (as of March 31, 2022) to the Stock Ownership Association. An outline of the Stock Ownership Association to which the allotment is to be made is as follows.

- (1) Name: Nifco Employee Stock Ownership Association
- (2) Address: 5-36-7 Shiba, Minato-ku, Tokyo
- (3) President: Tsutomu Tsuchiya
- (4) Number of shares held: 829,020 (as of April 26, 2022)
- (5) Shareholding ratio: 0.77% (ratio to the number of issued shares)

The Company also filed a Securities Registration Statement today pursuant to the Financial Instruments and Exchange Act. The number of shares to be disposed of (the number of shares to be offered) stated in the Securities Registration Statement is the maximum number of shares assumed if all the Group's employees joined the Stock Ownership Association.

Following a resolution at its Board of Directors meeting to be held today, the Stock Ownership Association will hold a promotion for Employees with a sufficient notice period and invite prospective members to join the Stock Ownership Association. Accordingly, as there may be a small number of Employees who do not actually join the Stock Ownership Association or who have terminated membership due to retirement, the number of eligible persons may be less than the maximum number assumed. The number of shares to be disposed of (the number of shares to be offered) and the total value to be disposed of (the total value to be paid in) when the number of eligible persons is determined will be announced as soon as it is determined.