



May 19, 2022

To Whom It May Concern

Company Name Nifco Inc.
Rep. Director President & Representative Director Masaharu Shibao
Company Code 7988 (TSE Prime Market)
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Notice Concerning Disposal of Treasury Stock by Third-Party Allotment

The Company announces that at the Board of Directors meeting held on May 19, 2022, it resolved to dispose of its treasury stock by third-party allotment as follows.

1. Outline of Disposal

(1) Date of disposal	July 25, 2022
(2) Class and number of shares to be disposed of	118,525 shares of common stock of the Company ^(Note)
(3) Disposal price	2,776 yen per share
(4) Total value of disposal	329,025,400 yen ^(Note)
(5) Method of disposal	By way of third-party allotment
(6) Scheduled allottee	Nifco Employee Stock Ownership Association
(7) Other	The disposal of treasury stock is subject to effectuation of registration under the Financial Instruments and Exchange Act.

(Note) Following a resolution at its Board of Directors meeting to be held today, the Stock Ownership Association will hold a promotion for the Group's employees (hereinafter "Employees") with a sufficient notice period and invite prospective members to join the Stock Ownership Association. Accordingly, 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) will be determined after the completion of the promotion. 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.

2. Purpose of and Reasons for the Disposal

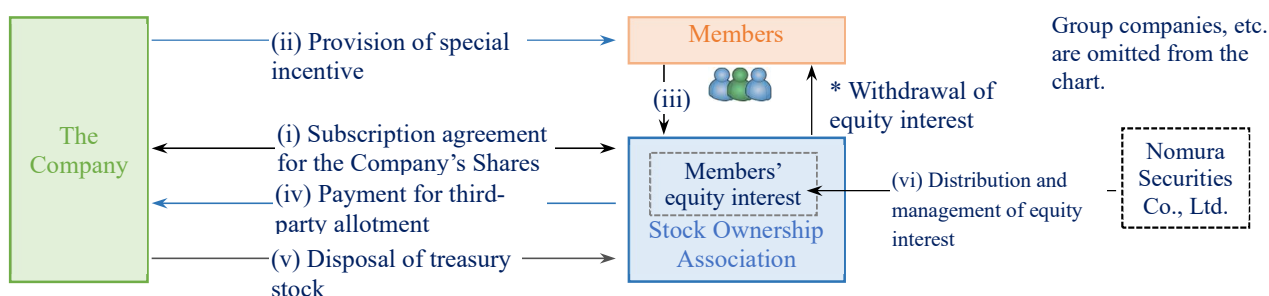
On May 19, 2022, the Company decided to introduce an incentive plan (hereinafter the "Scheme") with the aim of increasing the motivation of Employees to enhance the Company's medium- to long-term shareholder value. Under the Scheme, the common shares issued by the Company (hereinafter the "Company's Shares") will be granted to members (hereinafter "Members") of the Nifco Employee Stock Ownership Association (hereinafter the "Stock Ownership Association") as a special incentive. For an outline of the Scheme, please refer to "Introduction of Special Incentive Scheme (Disposal of Treasury Stock)" dated today.

Under the Scheme, the Company grants a special incentive to Members and disposes of treasury stock to the Stock Ownership Association in exchange for contribution of said special incentive (hereinafter the "Treasury Stock Disposal") by way of third-party allotment. As described in the note to "1. Outline of the Disposal," the number of shares to be disposed of to the Stock Ownership Association will be determined at a later date, but will be a maximum of 118,525 shares.

Note that the scale of dilution is as follows (both percentages are rounded off to two decimal places).

Number of issued shares (March 31, 2022)	107,508,954	0.11%
Total number of voting rights (March 31, 2022)	1,005,995 voting rights	0.12%

2. Structure of the Scheme



- (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 Association 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. Basis of Calculation and Specific Details of the Disposal Price

The Treasury Stock Disposal is for the purpose of introducing the Scheme. The disposal price is 2,776 yen, which is the closing price of the Company's Shares on the Tokyo Stock Exchange on May 18, 2022 (the business day preceding the date of the Board of Directors' resolution). This is the market price immediately preceding the date of the Board of Directors' resolution and is considered reasonable.

Note that the deviation rate (rounded off to two decimal places) of this price from the average closing price of the Company's Shares on the Tokyo Stock Exchange is as follows.

Period	Average closing price (rounded down to the nearest yen)	Deviation rate
1 month (April 19, 2022 to May 18, 2022)	2,700 yen	2.81%
3 months (February 18, 2022 to May 18, 2022)	2,814 yen	-1.35%
6 months (November 19, 2021 to May 18, 2022)	3,165 yen	-12.29%

(Note) Since February 19, 2022 is a non-business day, the figures are calculated based on the closing price on the immediately preceding business day, February 18, 2022.

The Company's Audit & Supervisory Committee (three members, including two Outside Directors who are Audit & Supervisory Committee Members) has expressed its opinion that the Company's process of determining that the foregoing disposal price will not be particularly advantageous to the allottee is reasonable, and that such determination is legitimate. This is in light of the fact that the Treasury Stock Disposal is for the purpose of introducing the Scheme and that the disposal price is the closing price on the business day preceding the date of the Board of Directors' resolution.

4. Procedures under the Corporate Code of Conduct

Since the Treasury Stock Disposal (i) has a dilution rate of less than 25% and (ii) 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.