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May 19, 2025

To Whom It May Concern

Company Name Nifco Inc.
Headquarters 5-3 Hikarinooka, Yokosuka-shi, Kanagawa
Code Number 7988 (TSE Prime Market)
Representative President & Representative Director Masaharu Shibao
Director, Senior Executive Managing Officer & CFO Toshiki
Person in charge Yauchi
(TEL 03-5476-4853)

Notice Concerning Disposal of Treasury Stock for Stock Allocation through Stock Ownership Association

The Company announces that at the Board of Directors meeting held on May 19, 2025, it resolved to dispose of its treasury stock by third-party allotment as follows.

1. Outline of Disposal

(1) Date of disposal	July 25, 2025
(2) Class and number of shares to be disposed of	115,000 shares of common stock of the Company (Notes)
(3) Disposal price	3,419 yen per share
(4) Total value of disposal	393,185,000 yen (Notes)
(5) Method of disposal	By way of third-party allotment
(6) Scheduled allottee	Nifco Employee Stock Ownership Association
(7) Others	The disposal of treasury stock is subject to effectuation of registration under the Financial Instruments and Exchange Act.

(Notes) Following a resolution at its Board of Directors meeting to be held today, Nifco Employee 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, 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 promotion ends. 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 the target person is determined will be announced as soon as it is determined.

2. Purpose of and Reasons for the Disposal

On May 19, 2025, 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 “Target 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 Target 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

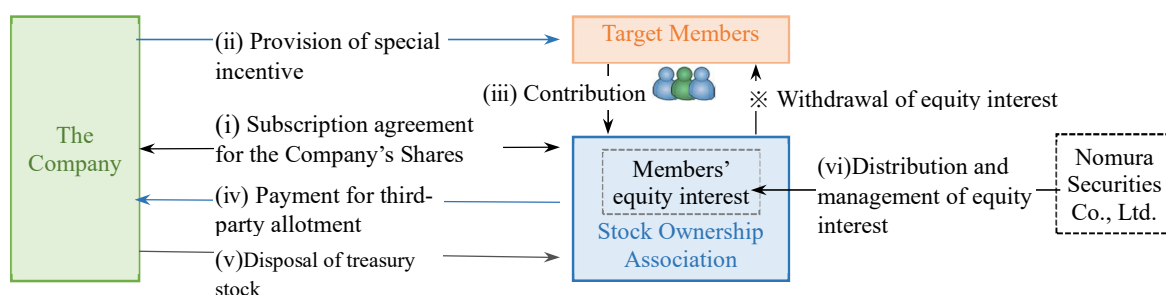
Disposal”, the number of shares to be disposed of to the Stock Ownership Association will be determined at a later date but will be a maximum of 115,000 shares. The grant for special incentives to Target Members is a grant of money, not a grant of a monetary claim.

Furthermore, target members will not make any monetary contributions other than the contribution of the special incentives granted to them.

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

Number of shares issued (March 31, 2025)	100,257,053	0.11%
Total number of voting rights (March 31, 2025)	955,276	0.12%

3. Structure of the scheme (description of subsidiaries is omitted.)



- (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 special incentives to Target Members for our equity grants.
 - (iii) Target Members will contribute the special incentive provided to them to the Stock Ownership Association.
 - (iv) The Stock Ownership Association collects the special incentive contributed by Target 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 allocated are distributed to and managed for Target Members' equity interest in the Stock Ownership Association by Nomura Securities Co., Ltd., to which the Stock Ownership Association entrusts the stock administration.
- ※ Target Members may withdraw the Company's Shares allotted arbitrarily to brokerage accounts in their individual names.

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

The purpose of this treasury stock disposal is to introduce this scheme. The disposal price is 3,419 yen, the closing price of our shares on the TSE Prime Market on May 16, 2025 (the business day prior to Board of Directors resolution date). This is the market price immediately before the Board of Directors resolution date and is considered reasonable. The percentage deviation of the disposal price from the average closing price of our shares on the TSE Prime Market (rounded to the nearest third decimal place) is as follows.

Period	Average closing price (rounded down to the nearest yen)	Deviation rate
1 month (April 17, 2025 to May 16, 2025)	3,484 yen	-1.87%
3 months (February 17, 2025 to May 16, 2025)	3,578 yen	-4.44%
6 months (November 18, 2024 to May 16, 2025)	3,638 yen	-6.02%

The Company's Audit and Supervisory Committee (three members, two of whom are outside directors, are Audit and Supervisory Committee members) expresses its opinion that the disposal value of treasury stock does not fall under the disposal value that is particularly favorable to the allottee and is legal in light of the fact that the disposal of treasury stock is intended to introduce this scheme and that the disposal value is the closing price of our stock on the TSE Prime market on the business day before Board of Directors resolution date.

4. Procedures under the Corporate Code of Conduct

Since the Treasury Stock Disposal (1) has a dilution rate of less than 25% and (2) 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 TSE.