

May 20, 2021

Company Name	Nifco Inc.
Head Office	5-3 Hikarinooka, Yokosuka-shi, Kanagawa
Company Code	7988 (1st Board TSE)
Rep. Director	President & Representative Director, Masaharu Shibao
Contact Person	Director, Senior Executive Managing Officer Toshiki Yauchi (TEL 03-5476-4850)

## Notice Concerning Partial changes of the Articles of Incorporation

Nifco Inc. (“the Company”) resolved at a Board of Directors’ meeting held on this date to change of the Articles of Incorporation at the 69th Annual General Meeting of Shareholders held on June 24, 2021.

### 1. Reasons for this changes

The Company resolved to transition to a company with an audit and supervisory committee as noticed by “Notification the transition to Company with an Audit & Supervisory Committee” disclosed February 3, 2021 on condition to approval at the 69<sup>th</sup> Annual General Meeting of Shareholders held on June 24, 2021. Along with this, the Company will change the Articles of Incorporation as follows.

- (1) The Company will establish new provisions for Audit & Supervisory Committee Members and the Audit & Supervisory Committee that are necessary for the transition to a company with an audit and supervisory committee, as well as delete provisions for Statutory Auditors and the Board of Statutory Auditors.
- (2) The Company will revise Article 23 (Limited liability agreement for External Directors) of the Articles of Incorporation, as provisions to enable the Board of Directors to exempt Directors from liability by its resolution within the scope stipulated by laws and regulations so that they can fully perform in their expected roles, as well as to enable the Company to conclude limited liability agreements with Directors who are not Executive Directors. Each Statutory Auditor’s consent has been obtained for the revision of Article 23 (Limited liability agreement for External Directors) of the Articles of Incorporation. In addition, due to the transition to a company with an audit and supervisory committee, supplementary provisions will be established as a transitional measure for the deletion of provisions for exemption of Statutory Auditors from liability.
- (3) The Company will establish to enable the delegation of decision on important business executions to Directors for the purpose of realizing expeditious decision-making and flexible business execution.

- (4) The Company will revise for flexible capital and dividend policies, to enable the dividend of surplus, etc., by resolution of the Board of Directors in accordance with provision of Article 459, paragraph (1) of the Companies Act, Article 40 (Dividend of surplus) and Article 41 (Interim dividend) of the Articles of Incorporation will be revised as proposed.
- (5) In addition to above revision, the Company will change article No., and other correction.

## 2. The content of changes

The content of changes is as Appendix.

## 3. Schedule

Held Date of AGM for change of the Articles of Incorporation (Scheduled)	June 24, 2021(Scheduled)
Take effect date of change of the Articles of Incorporation (Scheduled)	June 24, 2021(Scheduled)

(The underlined parts indicate changes.)

Current Articles of Incorporation	Proposed changes
<p>Chapter 1 General provisions</p> <p>Articles 1 - 4 (Provisions omitted)</p> <p>Chapter 2 Stock</p> <p>Article 5 (Provisions omitted)</p> <p>(Acquisition of own stock)</p> <p><u>Article 6 The Company may acquire its own stock through market transactions, among others, by resolution of the Board of Directors.</u></p> <p>Articles <u>7</u> - <u>11</u> (Provisions omitted)</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>Articles <u>12</u> - <u>17</u> (Provisions omitted)</p> <p>Chapter 4 Directors and the Board of Directors</p> <p>Article <u>18</u> (Provisions omitted)</p> <p>(Number of Directors and their election)</p> <p>Article <u>19</u> The number of Directors of the Company shall be no more than <u>twelve (12)</u>, and shall be elected by resolution of the General Meeting of Shareholders.</p> <p>2. The resolution for election in the preceding paragraph shall be approved by a majority of the voting rights, with the attendance of shareholders who have no less than one-third (1/3) of the voting rights of shareholders who may exercise their voting rights.</p> <p>3. The resolution for the election of Directors shall not be approved by cumulative voting.</p> <p>(Term of office of Directors)</p> <p>Article <u>20</u> The term of office of Directors shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within one (1) year of their election.</p>	<p>Chapter 1 General provisions</p> <p>Articles 1 - 4 (No change)</p> <p>Chapter 2 Stock</p> <p>Article 5 (No change)</p> <p>(Deleted)</p> <p>Articles <u>6</u> - <u>10</u> (No change)</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>Articles <u>11</u> - <u>16</u> (No change)</p> <p>Chapter 4 Directors and the Board of Directors</p> <p>Article <u>17</u> (No change)</p> <p>(Number of Directors and their election)</p> <p>Article <u>18</u> The number of Directors of the Company <u>(excluding those who are Audit &amp; Supervisory Committee Members)</u> shall be no more than <u>eight (8)</u>; <u>Directors who are Audit &amp; Supervisory Committee Members shall be no more than three (3);</u> and they shall be elected by resolution of the General Meeting of Shareholders, <u>while distinguishing between Directors who are Audit &amp; Supervisory Committee Members and other Directors.</u></p> <p>2. The resolution for election in the preceding paragraph shall be approved by a majority of the voting rights, with the attendance of shareholders who have no less than one-third (1/3) of the voting rights of shareholders who may exercise their voting rights.</p> <p>3. The resolution for the election of Directors shall not be approved by cumulative voting.</p> <p>(Term of office of Directors)</p> <p>Article <u>19</u> The term of office of Directors <u>(excluding those who are Audit &amp; Supervisory Committee Members)</u> shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year</p>

Current Articles of Incorporation	Proposed changes
<p>(Election of Representative Directors and Executive Directors)</p> <p>Article <u>21</u> The Board of Directors shall elect Representative Directors by its resolution. Representative Directors shall supervise and execute the business of the Company.</p> <p>2. The Board of Directors may elect, by its resolution, one (1) Honorary Chairman, Chairman, and President, respectively, as well as Supreme Advisors, Counsellors, Vice Chairmen, Vice Presidents, Senior Executive Managing Directors, and Executive Managing Directors.</p> <p>(Remuneration for Directors)</p> <p>Article <u>22</u> Directors' remuneration, bonus, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, referred to as the "Remuneration") shall be determined by the resolution of the General Meeting of Shareholders.</p>	<p>ending within one (1) year of their election.</p> <p>2. <u>The term of office of Directors who are Audit &amp; Supervisory Committee Members shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within two (2) years of their election.</u></p> <p>3. <u>The term of office of a Director who is an Audit &amp; Supervisory Committee Member assumed by Director who is an Audit &amp; Supervisory Committee Member to fill the vacancy of a Director who is an Audit &amp; Supervisory Committee Member retiring before the expiration of the term of office shall be the remaining term of office of the retiring Director who is an Audit &amp; Supervisory Committee Member.</u></p> <p>4. <u>The effect of preliminary election of a Director who is an Audit &amp; Supervisory Committee Member to fill a vacancy shall be until the start of the Annual General Meeting of Shareholders for the final fiscal year ending within two (2) years of their election at the General Meeting of Shareholders.</u></p> <p>(Election of Representative Directors and Executive Directors)</p> <p>Article <u>20</u> The Board of Directors shall elect Representative Directors <u>from Directors (excluding those who are Audit &amp; Supervisory Committee Members)</u> by its resolution. Representative Directors shall supervise and execute the business of the Company.</p> <p>2. The Board of Directors may elect, by its resolution, one (1) Honorary Chairman, Chairman, and President, respectively, as well as Supreme Advisors, Counsellors, Vice Chairmen, Vice Presidents, Senior Executive Managing Directors, and Executive Managing Directors <u>from Directors (excluding those who are Audit &amp; Supervisory Committee Members)</u>.</p> <p>(Remuneration for Directors)</p> <p>Article <u>21</u> Directors' remuneration, bonus, and other economic benefits received from the Company as consideration for the execution of duties (hereinafter, referred to as the "Remuneration") shall be determined by the resolution of the General Meeting of Shareholders, <u>while distinguishing between</u></p>

Current Articles of Incorporation	Proposed changes
<p>(<u>Limited liability agreement</u> for <u>External Directors</u>) Article <u>23</u> (New)</p> <p>The Company may conclude an agreement with <u>External Directors</u> to limit their respective liability for damages referred to in Article 423, paragraph (1) of the Companies Act if they fall under the requirements stipulated by laws and regulation. Provided, however, that the limit of liability for damages under this agreement shall be the greater of either the amount determined in advance of no less than 20 million yen or the minimum total liability stipulated by laws and regulations.</p> <p>(Method of resolution by the Board of Directors) Article <u>24</u> The resolution by the Board of Directors shall be made by a majority vote with the attendance of a majority of Directors who may vote.</p> <p>2. Regarding resolutions at the meeting of the Board of Directors, the Company shall deem that there is the resolution by the Board of Directors to approve the <u>resolutions</u> if all Directors (only those who may participate in voting for the <u>resolutions</u>) indicate their consent either in writing or electromagnetic record. <u>Provided, however, this shall not apply if a Statutory Auditor expresses an objection to the resolutions.</u></p> <p>(Convocation of the meeting of the Board of Directors) Article <u>25</u> The convocation notice for the meeting of the Board of Directors shall be sent to each Director <u>and Statutory Auditor</u> by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency. (New)</p>	<p><u>Directors who are Audit &amp; Supervisory Committee Members and other Directors.</u></p> <p>(<u>Exemption</u> of Directors from liability) Article <u>22</u> <u>In accordance with provisions of Article 426, paragraph (1) of the Companies Act, the Company may exempt, by the resolution of the Board of Directors, Directors (including those who used to be a Director) from liability for damages referred to in Article 423, paragraph (1) of the Act, subject to the limit of laws and regulations.</u></p> <p>2. <u>The Company may conclude an agreement with Directors (excluding those who are Executive Directors) to limit their respective liability for damages referred to in Article 423, paragraph (1) of the Companies Act if they fall under the requirements stipulated by laws and regulations. Provided, however, that the limit of liability for damages under this agreement shall be the greater of either the amount determined in advance of no less than 20 million yen or the minimum total liability stipulated by laws and regulations.</u></p> <p>(Method of resolution by the Board of Directors) Article <u>23</u> The resolution by the Board of Directors shall be made by a majority vote with the attendance of a majority of Directors who may vote.</p> <p>2. <u>In the case of a proposal by a Director regarding a matter for resolution at the meeting of the Board of Directors, the Company shall deem that there is the resolution by the Board of Directors to approve the <u>proposal</u> if all Directors (only those who may participate in voting for the matter) indicate their consent for the <u>proposal</u> either in writing or electromagnetic record.</u></p> <p>(Convocation of the meeting of the Board of Directors) Article <u>24</u> The convocation notice for the meeting of the Board of Directors shall be sent to each Director by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency.</p> <p>(<u>Delegation of the decision on important business executions</u>) Article <u>25</u> <u>Pursuant to provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may delegate all or part of</u></p>

Current Articles of Incorporation	Proposed changes
<p>Article 26 (Provisions omitted)</p> <p>Chapter 5 <u>Statutory Auditors and the Board of Statutory Auditors</u> (Statutory Auditors and the Board of Statutory Auditors)</p> <p>Article 27 The Company shall have <u>Statutory Auditors and the Board of Statutory Auditors.</u> (Number of Statutory Auditors and their election)</p> <p>Article 28 <u>The number of Statutory Auditors of the Company shall be no more than five (5), and shall be elected at the General Meeting of Shareholders.</u></p> <p>2. <u>The resolution for election in the preceding paragraph shall be approved by a majority of the voting rights, with the attendance of shareholders who have no less than one-third (1/3) of the voting rights of shareholders who may exercise their voting rights.</u></p> <p>(Term of office of Statutory Auditors)</p> <p>Article 29 <u>The term of office of Statutory Auditors shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within four (4) years of their election, while the term of office of a Statutory Auditor assumed by a Statutory Auditor to fill a vacancy shall be the remaining term of office of the retiring Statutory Auditor.</u></p> <p>(Remuneration for Statutory Auditors)</p> <p>Article 30 <u>Remuneration for Statutory Auditors shall be determined by resolution of the General Meeting of Shareholders.</u></p> <p>(Limited liability agreement for External Statutory Auditors)</p> <p>Article 31 <u>The Company may conclude an agreement with External Statutory Auditors to limit their respective liability for damages referred to in Article 423, paragraph (1) of the Companies Act if they fall under the requirements stipulated by laws and regulation. Provided, however, that the limit of liability for damages under this agreement is the greater of either the amount</u></p>	<p><u>decisions on important business executions (excluding the matters listed in each item of the Article, paragraph (5)) to Directors by the resolution of the Board of Directors.</u></p> <p>Article 26 (No change)</p> <p>Chapter 5 <u>Audit &amp; Supervisory Committee</u> (Establishment of the Audit &amp; Supervisory Committee)</p> <p>Article 27 The Company shall have <u>an Audit &amp; Supervisory Committee.</u> (Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed changes
<p><u>determined in advance of no less than 10 million yen or the minimum total liability stipulated by laws and regulations.</u></p> <p>(Full-time <u>Statutory Auditors</u>)</p> <p>Article <u>32</u> The <u>Board of Statutory Auditors</u> shall elect Full-time <u>Statutory Auditors</u> by its resolution.</p> <p>(Convocation of the meeting of the <u>Board of Statutory Auditors</u>)</p> <p>Article <u>33</u> The convocation notice for the meeting of the <u>Board of Statutory Auditors</u> shall be sent to each <u>Statutory Auditor</u> by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency.</p> <p>(<u>Board of Statutory Auditors</u> Regulations)</p> <p>Article <u>34</u> Matters concerning the <u>Board of Statutory Auditors</u> shall be subject not only to laws and regulations or provisions of this Articles of Incorporation, but also to the <u>Board of Statutory Auditors</u> Regulations decided by the <u>Board of Statutory Auditors</u>.</p> <p>Chapter 6 Accounting Auditors</p> <p>Articles <u>35</u> - <u>37</u> (Provisions omitted)</p> <p>(Remuneration for Accounting Auditors)</p> <p>Article <u>38</u> Remuneration for Public Accountants shall be determined by the Representative Director with the consent of the <u>Board of Statutory Auditors</u>.</p> <p>Chapter 7 Accounting</p> <p>Article <u>39</u> (Provisions omitted)</p> <p>(Dividend of surplus)</p> <p>Article <u>40</u> The Company <u>shall pay the dividend of surplus to shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of March 31 each year, pursuant to the resolution of the General Meeting of Shareholders.</u></p>	<p>(Full-time <u>Audit &amp; Supervisory Committee Members</u>)</p> <p>Article <u>28</u> The <u>Audit &amp; Supervisory Committee</u> may elect <u>Full-time Audit &amp; Supervisory Committee Members</u> by its resolution.</p> <p>(Convocation of the meeting of the <u>Audit &amp; Supervisory Committee</u>)</p> <p>Article <u>29</u> The convocation notice for the meeting of the <u>Audit &amp; Supervisory Committee</u> shall be sent to each <u>Audit &amp; Supervisory Committee Member</u> by five (5) days prior to the date of the meeting. Provided, however, that this period may be shortened in the case of emergency.</p> <p>(<u>Audit &amp; Supervisory Committee</u> Regulations)</p> <p>Article <u>30</u> Matters concerning the <u>Audit &amp; Supervisory Committee</u> shall be subject not only to laws and regulations or provisions of this Articles of Incorporation but also to the <u>Audit &amp; Supervisory Committee</u> Regulations decided by the <u>Audit &amp; Supervisory Committee</u>.</p> <p>Chapter 6 Accounting Auditors</p> <p>Articles <u>31</u> - <u>33</u> (No change)</p> <p>(Remuneration for Accounting Auditors)</p> <p>Article <u>34</u> Remuneration for Public Accountants shall be determined by the Representative Director with the consent of the <u>Audit &amp; Supervisory Committee</u>.</p> <p>Chapter 7 Accounting</p> <p>Article <u>35</u> (No change)</p> <p>(Dividend of surplus, etc.)</p> <p>Article <u>36</u> The Company <u>may determine, by resolution of the Board of Directors, matters stipulated in each item of Article 459, paragraph (1) of the Companies Act, including the dividend of surplus, unless otherwise specified by laws and regulations.</u></p>

Current Articles of Incorporation	Proposed changes
<p><u>(Interim dividend)</u></p> <p>Article <u>41</u> The Company <u>may pay an interim dividend as stipulated in Article 454, paragraph (5) of the Companies Act to shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of September 30 each year, pursuant to the resolution of the Board of Directors.</u></p> <p>Article <u>42</u> (Provisions omitted)</p> <p>(New)</p>	<p><u>(Record date for the dividend)</u></p> <p>Article <u>37</u> <u>The record date for the year-end dividend of the Company shall be March 31 each year.</u></p> <p>2. <u>The record date for the interim dividend of the Company shall be September 30 each year.</u></p> <p>3. <u>In addition to the preceding two paragraphs, the Company may pay the dividend of surplus by determining the record date.</u></p> <p>Article <u>38</u> (No change)</p> <p><u>Supplementary provisions</u>  <u>(Transitional measures for exemption of Statutory Auditors from liability)</u>  <u>In accordance with provisions of Article 426, paragraph (1) of the Companies Act, the Company may exempt, by resolution of the Board of Directors, those who used to be Statutory Auditors from liability for damages referred to in Article 423, paragraph (1) of the Act, subject to the limit of laws and regulations.</u>  <u>This supplementary provision shall be deleted after a lapse of ten (10) years from June 24, 2021.</u></p>

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