



July 30, 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 & CFO, Toshiki Yauchi (TEL 03-5476-4853)

## Notice Concerning Disposal of Treasury Stock through Third Party Allotment

Nifco Inc. (“the Company”) resolved at a Board of Directors’ meeting held on this date to dispose of treasury stock through third-party allotment (hereinafter referred to as “the Disposal of Treasury Stock”), and it hereby provides notice of thereof.

### 1. Disposal details

(1) Disposal date	August 25, 2021
(2) Class and number of shares to be disposed of	131,000 shares of common stock of the Company
(3) Disposal price	3,680 yen per share
(4) Total amount of disposal	482,080,000 yen
(5) Planned allottee	The Master Trust Bank of Japan, Ltd (Board Incentive Plan (BIP) Trust Account)
(6) Other	The disposal of treasury stock is conditional on the notification coming into effect as per the Financial Instruments and Exchange Act.

### 2. Purpose and reason for disposal

The Company was granted approval at the 69th Annual General Meeting of Shareholders held on June 24, 2021 for the continuation of the Performance-Linked Stock-Based Compensation Plan for Directors (hereinafter referred to as the Plan) utilizing “Board Incentive Plan Trust” (hereinafter referred to as the “BIP Trust”). The Plan was introduced in FY2016 with the aim of defining the relationship between remuneration of eligible Directors, etc. and the Company’s stock value and providing an incentive for increasing mid-to long-term business performance and corporate value. The eligible people for the Plan are Directors and Executive Officers who are not Audit and Supervisory Committee members of the Company (excluding External Directors and those who are non-residents of Japan; hereinafter referred to

as “Directors, etc. of the Company”) as well as Directors of some of subsidiaries of the Company (excluding External Directors and those who are non-residents of Japan; collectively with Directors, etc. of the Company, “Eligible Directors, etc.”). For an overview of the BIP Trust, please refer to “Announcement of the Continuation of and Partial Revisions to the Performance-Linked Stock-Based Compensation Plan for Directors,” announced on May 20, 2021.

As the duration of the BIP Trust will be extended, the Company will enter into the BIP Trust Contract with Mitsubishi UFJ Trust and Banking Corporation (hereinafter referred to as the “Trust Contract”; the trust established based on the Trust Contract is referred to as the “Trust”). Disposal of treasury stock is to be done through third-party allotment to the Master Trust Bank of Japan, Ltd (BIP Trust account), which is the co-trustee of the Trust Contract.

The number of shares to be disposed of shall be some of shares to be distributed to the Eligible Directors, etc. during the trust period, based on the rules for share distribution. The scale of the dilution will be 0.12% of the total number of shares issued of 107,508,954 shares (rounded up at the third decimal point; 0.13% of the total number of voting rights of 1,018,553 units as of March 31, 2021).

Shares of the Company allotted by the disposal of treasury stock will be distributed to Eligible Directors, etc. following the rules for share distribution. Since it is not assumed that shares from the disposal of treasury stock will outflow to a stock market at a time, the Company judges that the impact on the stock market will be minor and that the number of stock to be disposed of and the scale of dilution are reasonable.

### 3. Basis for calculation of disposal price and its concrete details

The Company took the recent trends of share prices into account and made an effort to eliminate arbitrariness in setting the disposal price. Accordingly, the disposal price is 3,680 yen, a figure that was the closing price of the Company’s stock at the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “TSE”) on the business day (July 29, 2021) immediately before the date of resolution in the Board of Directors meeting concerning the disposal of treasury stock. The reason why the Company adopted the closing price of the Company’s stock on the business day immediately before the date of resolution in the Board of Directors meeting is that the price is the market value immediately before the resolution in the Board of Directors’ meeting and that the Company judged the closing price as highly objective and reasonable as the basis for calculation.

In respect of the above disposal price, the Audit and Supervisory Committee of the Company has expressed its opinion to the effect that the basis for calculating the disposal price is reasonable and that the disposal price does not fall under the category of especially favorable disposal prices.

### 4. Procedure in the corporate code of conduct

The dilution rate in the disposal is less than 25%, and there will be no change in controlling shareholders. Therefore, there is no need to perform procedures for obtaining opinions from an independent third party or confirm the intent of shareholders, provided by Article 432 of the Securities Listing Regulations, set forth by the TSE.