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July 31, 2026

To whom it may concern:

Company name:	Nifco Inc.
Head Office:	5-3 Hikarinooka, Yokosuka City, Kanagawa Prefecture
Company Code:	7988 (TSE Prime Section)
Rep. Director:	Masaharu Shibao Representative Director, President & CEO
Contact Person:	Kumi Sano Executive Officer, Head of Administration

(TEL 03-5476-4850)

Notice Regarding the Disposal of Treasury Shares in Connection with the Continuation of the Stock Compensation Plan for Directors and Executive Officers

The Company announces that, at the meeting of its Board of Directors held today, it resolved to dispose treasury shares in connection with the continuation of the stock compensation plan for directors and executive officers (the "Disposal of Treasury Shares"), as set forth below.

１. Outline of the Disposal

(1) Date of disposal	August 20, 2026
(2) Class and number of shares to be disposed of	74,200 shares of common stock of the Company
(3) Disposal price	5,336 yen per share
(4) Total value of disposal	395,931,200 yen
(5) Scheduled Allottee	The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account)
(6) Other	An Extraordinary Report pursuant to the Financial Instruments and Exchange Act has been filed in connection with this disposal of treasury shares.

２. Purpose of and Reasons for the Disposal

Since fiscal 2016, the Company has adopted a performance-linked stock compensation plan utilizing the Board Incentive Plan Trust (the "BIP Trust") for its directors and executive officers (excluding directors who are Audit and Supervisory Committee members, outside directors, and non-residents; hereinafter collectively referred to as the "Company Directors, etc.") and directors of certain subsidiaries of the Company (the "Eligible Subsidiaries") (excluding non-residents; hereinafter referred to as the "Eligible Subsidiary Directors"), with the aim of further aligning executive compensation with the value of the Company's shares and enhancing the motivation of such officers to contribute to the improvement of medium- to long-term business performance and the enhancement of corporate value.

In addition, at the 74th Ordinary General Meeting of Shareholders held on June 24, 2026, shareholders approved the continuation of the stock compensation plan for the Company Directors, etc. utilizing the BIP Trust, as well as certain revisions to the plan, including the expansion of eligible participants to include the Company's outside directors (excluding outside directors who are Audit and Supervisory Committee members) (together with the Company Directors, etc. and the Eligible Subsidiary Directors, the "Eligible Directors, etc.").

For details of the BIP Trust, please refer to the "Notice Regarding the Continuation and Partial Revision of the Stock Compensation Plan for Directors and Executive Officers" disclosed on May 14, 2026.

This disposal of treasury shares is being conducted through an allotment of treasury shares to The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account), the co-trustee of the executive compensation BIP trust agreement entered into between the Company and Mitsubishi UFJ Trust and Banking Corporation, in connection with an additional cash contribution to the Plan.

The number of shares to be disposed of represents a portion of the shares expected to be delivered to the Eligible Directors, etc. during the trust period in accordance with the Share Delivery Regulations (including cases where a portion of the Company's shares held in the trust is converted into cash and an amount equivalent to the proceeds thereof is paid; the same shall apply hereinafter). Accordingly, the resulting dilution will be limited to approximately 0.07% of the total number of issued shares, 100,232,614 shares, as of March 31, 2026 (rounded to the nearest one-thousandth of a percent), and approximately 0.08% of the total number of voting rights, 933,530 voting rights, as of March 31, 2026.

The Company's shares allotted through this disposal of treasury shares will be delivered to the Eligible Directors, etc. in accordance with the Share Delivery Regulations. Since the shares subject to this disposal are not expected to be released into the stock market at one time, the impact on the stock market is expected to be minimal. Accordingly, the Company has determined that both the number of shares to be disposed of and the resulting dilution are reasonable.

Details of Trust Agreement

①	Type of Trust	A money trust other than a specified individually operated money trust (third-party-benefit trust)
②	Purpose of the Trust	To provide incentives to the Eligible Directors, etc.
③	Trustor	The Company
④	Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
⑤	Beneficiaries	Eligible Directors, etc. who satisfy the beneficiary requirements
⑥	Trust Administrator	An independent third party (Certified Public Accountant) having no conflict of interest with the Company or the Eligible Subsidiaries
⑦	Date of Trust Agreement	August 22, 2016
⑧	Trust Period	From August 22, 2016 to August 31, 2029

(extended to August 31, 2029 through an amendment to the trust agreement in August 2026)

⑨ Exercise of Voting Rights — Voting rights shall not be exercised.

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

The disposal price has been determined as 5,336 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on July 30, 2026, the business day immediately preceding the date of the Board of Directors' resolution relating to the Disposal of Treasury Shares, in order to eliminate arbitrariness in light of recent share price movements.

The Company adopted the closing price on the business day immediately preceding the date of the Board of Directors’ resolution because it represents the market value immediately prior to the resolution and was therefore considered highly objective and reasonable as the basis for determining the disposal price.

The disposal price represents 104.36% of the average closing price of the Company's shares on the Tokyo Stock Exchange during the one-month period immediately preceding the date of the Board of Directors’ resolution (from July 1, 2026 to July 30, 2026), which was 5,113 yen (representing a premium of 4.36%); 114.07% of the average closing price during the three-month period immediately preceding the date of the Board of Directors’ resolution (from May 1, 2026 to July 30, 2026), which was 4,678 yen (representing a premium of 14.07%); and 112.67% of the average closing price during the six-month period immediately preceding the date of the Board of Directors’ resolution (from February 2, 2026 to July 30, 2026), which was 4,736 yen (representing a premium of 12.67%).

In addition, the Audit and Supervisory Committee of the Company has expressed the opinion that the basis for calculating the disposal price is reasonable and that the disposal price does not constitute a particularly favorable disposal price.

４. Procedures under the Code of Corporate Conduct

Since the Disposal of Treasury Shares has a dilution rate of less than 25% and 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.

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