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October 30,2026

To Whom It May Concern


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


# Introduction of "Special Incentive Scheme (Disposal of Treasury Stock)"

On October 30, 2026, the Company decided to introduce an incentive plan (hereinafter the "Scheme") with the aim of increasing the motivation of the Group's employees (hereinafter "Employees") to enhance the Company's medium- to long-term shareholder value.

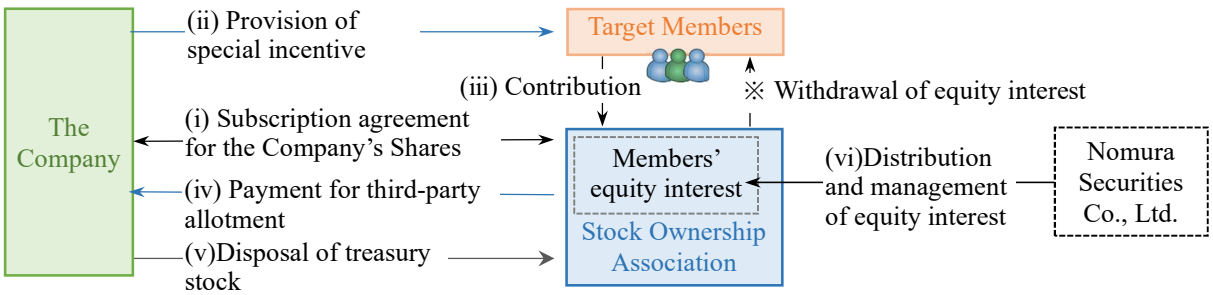
Under the Scheme, the common shares issued by the Company (hereinafter the "Company's Shares") will be granted to members (hereinafter "Target Members") of the Nifco Employee Stock Ownership Association (hereinafter the "Stock Ownership Association") through the Stock Ownership Association as a special incentive by way of third-party allotment to the Stock Ownership Association. For details of the third-party allotment, please refer to "Notice Concerning Disposal of Treasury Stock for Stock Allocation through Stock Ownership Association" dated today.

## 1. Purpose of the Scheme

The Company and its subsidiaries grant an incentive to Target Members with the aim of helping Employees build their assets and motivate themselves to work by holding the Company's Shares. We will further promote this concept to grant a special incentive to all Target Members and to allot treasury stock to the Stock Ownership Association in exchange for contribution of said special incentive.

The Scheme aims to raise Employees' awareness of participating in management and to increase their motivation to enhance the Company's medium- to long-term shareholder value. We believe that, from today onward, the Scheme will encourage Employees who have not yet joined to join the Stock Ownership Association, allowing more Employees to share medium- to long-term shareholder value with our shareholders.

## 2. 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.

3. Granting of the Company's Shares under the Scheme

Following the introduction of the Scheme, the Company resolved at the Board of Directors meeting held today to dispose of 132,000 shares (equivalent to approximately 314.75 million yen) of 9,045,232 shares of treasury stock held (as of October 7, 2026) to the Stock Ownership Association. An outline of the Stock Ownership Association to which the allotment is to be made is as follows.

(1) Name: Nifco Employee Stock Ownership Association

(2) Address: 5-36-7 Shiba, Minato-ku, Tokyo

(3) President: Tsutomu Tsuchiya

(4) Number of shares held: 2,475,522 shares (as of October 7, 2026) (Note 1)

(5) Shareholding ratio: 1.23% (ratio to the number of issued shares) (Note 2)

(Note 1) As announced in the "Notice Concerning Cancellation of Treasury Shares" dated September 29, 2026, the Company cancelled 19,609,228 treasury shares effective October 7, 2026, pursuant to Article 178 of the Companies Act of Japan.

(Note 2) With September 30, 2026 as the record date, the Company conducted a two-for-one stock split of its common shares held by shareholders listed or recorded in the final shareholder register as of that date, effective October 1, 2026. Accordingly, the number of shares held as of September 30, 2026 is calculated and presented on the basis of two shares for each one share. The ownership ratio is calculated using the total number of issued shares and the number of shares held after reflecting the stock split.

The Company also filed a Securities Registration Statement today pursuant to the Financial Instruments and Exchange Act. The number of shares to be disposed of (the number of shares to be offered) stated in the Securities Registration Statement is the maximum number of shares assumed if all the Company's and its subsidiaries' employees (hereinafter referred to as "Target Employees") join the Stock Ownership Association.

Following a resolution at its Board of Directors meeting to be held today, the 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, as there may be a small number of Employees who do not actually join the Stock Ownership Association or who have terminated membership due to retirement, the number of the target person may be less than the maximum number assumed. 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.

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