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May 7, 2024

Company Name: NHK SPRING CO., LTD.

Code: 5991 Tokyo Stock Exchange; Prime Market

Notice Concerning Revision of Directors' Remuneration

NHK SPRING Co., Ltd. ("NHK SPRING") hereby announces that at the Board of Directors meeting held on May 6, 2024, it resolved to revise the amount of remuneration paid to its directors, and an agenda item relating to the revision will be discussed at the 104th Annual General Meeting of Shareholders to be held on June 25, 2024 ("the Annual General Meeting") as described below.

1. Background to Revision of Directors' Remuneration Amount and Changes

With regard to the current remuneration amount for NHK SPRING's directors, it was agreed at the 90th Annual General Meeting of Shareholders held on June 29, 2010, that the total amount of basic remuneration and performance-linked compensation would not exceed 420 million yen per year, which has continued until now. However, due to subsequent changes in the economic climate and the growth of the business, the maximum will be revised such that the total amount of basic remuneration and performance-linked compensation shall not exceed 600 million yen per year (the amount for external directors shall not exceed 100 million yen per year).

NHK SPRING's Board of Directors has resolved to make this change, conditional upon receiving shareholders' approval at the Annual General Meeting, and an agenda item relating to revision of the directors' remuneration amount has been added for discussion at the meeting.

2. Reference

The Policy on Determining Details of Individual Remuneration, Etc. for Directors is as follows.

(1) Basic Policy

The basic policy regarding remuneration for NHK SPRING's directors is to set it at a reasonable level based on the responsibilities of each director's position. Specifically, directors' remuneration consists of basic remuneration as fixed compensation, performance-linked compensation, and stock-based compensation, while external directors are paid only basic remuneration in light of their duties.

(2) Policy on Determining Individual Remuneration Amounts for Basic Remuneration (Monetary Compensation) (Including Policy on Timing of Providing Remuneration or Determining Requirements)

Basic remuneration is monthly fixed compensation based on the responsibilities of each position.

(3) Details of Performance-Linked Compensation and Policy on Determining Amount (Including Policy on Timing of Providing Remuneration or Determining Requirements)

Performance-linked compensation is cash compensation that reflects performance indicators with the aim of increasing directors' awareness of improving performance each business year. Specifically, it consists of a portion determined based on the level of the current fiscal year's consolidated ordinary profit and a portion determined based on the year-on-year change in consolidated ordinary profit. The amount calculated based on consolidated ordinary profit performance is paid as a bonus at the specified time each year.

(4) Policy on Determining Non-Monetary Compensation, Etc.

For the purpose of providing an incentive aimed at improving NHK SPRING's medium- to long-term performance and increasing its corporate value, non-monetary compensation takes the form of stock-based compensation based on a Board Benefit Trust. At the specified time each year, directors are granted points based on their position, and once their term of office ends, they are provided with NHK SPRING shares according to the number of points they acquired during their term at the time of stepping down.

(5) Policy on Determining Ratio of Basic Remuneration and Performance-Linked Compensation to Director's Individual Remuneration Amount

Appropriate ratios of basic remuneration, performance-linked compensation, and non-monetary compensation are paid in alignment with sharing shareholders' interests and continuously improving corporate value.

(6) Matters Regarding Determining Details of Individual Directors' Remuneration

The individual remuneration amounts in (2), (3), and (4) above are based on Board of Directors resolutions, and in discussions thereof, the Representative Director is entrusted with determining specific details based on reports made by the Nomination and Compensation Committee.

【Contact for inquiries regarding this announcement】

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