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Notice Concerning Disposal of Treasury Stock as Restricted Stock Incentive for Employee Shareholding Associations

NHK SPRING Co., Ltd. (the “Company”) hereby announces that, at its Board of Directors meeting held today, it has resolved to dispose of treasury stock as restricted stock (the “Disposal of Treasury Stock” or “Disposal”) as follows by designating the NHK SPRING Employee Shareholding Association and the NHK SPRING Group Shareholding Association (collectively, the “ESAs”) as the scheduled allottees based on the Restricted Stock Incentive Plan for the ESAs (the “Plan”).

1. Overview of the Disposal

(1) Disposal date	January 24, 2025
(2) Class and number of shares to be disposed of	The Company’s common stock: 1,058,000 shares (Note)
(3) Disposal value	1,376.0 yen per share
(4) Total value of disposal	1,455,808,000 yen (Note)
(5) Allottees and number of shares to be allotted	By way of third-party allotment (NHK SPRING Employee Shareholding Association: 561,100 shares) (NHK SPRING Group Shareholding Association: 496,900 shares)
(6) Other	The Disposal of Treasury Stock is conditional upon the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act coming into effect.

(Note) The figures for the “number of shares to be disposed of” and the “total value of disposal” represent the maximum amount, and the actual number of shares to be disposed of and the actual total value of disposal will be determined according to the number of employees of the Company and its subsidiaries (the “Eligible Employees”)(a maximum of 10,580 employees [NHK SPRING Employee Shareholding Association: 5,611 and NHK SPRING Group Shareholding Association: 4,969]) after the membership promotion for employees who have not yet joined the ESAs is conducted and the consent of the members of the ESAs to the Plan is confirmed.

2. Purposes and Reasons for the Disposal

The Company, at its Board of Directors meeting held today, has resolved to introduce the Plan to create an opportunity for Eligible Employees of the Company and its subsidiaries participating in the ESAs to acquire the Company's common stock to be issued or disposed of by the Company as restricted stock through the ESAs as a measure to enhance its welfare program for the Eligible Employees. The Company expects this to help them build their assets, foster the Group's unity toward achieving and increase their engagement in management toward sustainable enhancement of the corporate value of the Company's shareholders and the Group.

The outline of the Plan is as follows:

[Outline of the Plan]

In the Plan, the Company and its subsidiaries shall provide monetary claims to the Eligible Employees as special incentives to grant 100 restricted shares per person (the "Special Incentives"), and the Eligible Employees shall contribute the Special Incentives to the ESAs. Subsequently, the ESAs shall provide the Special Incentives contributed by the Eligible Employees to the Company in kind, and receive the Company's common stock to be issued or disposed of as restricted stock.

In cases where the Company's common stock will be newly issued or disposed of based on the Plan, the amount to be paid for each share of the Company's common stock shall be determined by the Board of Directors to the extent that it is not particularly advantageous to the ESAs (and consequently to the Eligible Employees), based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the respective resolution by the Board of Directors on the issuance or disposal (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

In issuing or disposing of the Company's common stock based on the Plan, the Company and the respective ESAs shall enter into a restricted stock allotment agreement that includes the following: (1) the ESAs are prohibited from transferring to a third party, creating any security interest on, or otherwise disposing of the allotted shares during a certain period (the "Transfer Restrictions"); and (2) if certain events occur, the Company shall acquire the allotted shares without compensation. Furthermore, the Special Incentives shall be provided to the Eligible Employees by the Company or its subsidiaries on the condition that such restricted stock allotment agreement is entered into between the Company and the respective ESAs.

With regard to member equity interest pertaining to the allotted shares to be held by the Eligible Employees corresponding to the monetary claims they contribute to the ESAs (the "Restricted Stock Equity Interest"), the Eligible Employees shall be restricted from withdrawing the restricted stock corresponding to the Restricted Stock Equity Interest until the Transfer Restrictions are lifted, based on the shareholding association rules, the shareholding association detailed operation regulations, etc. (the "ESA Rules, etc.") (Note).

(Note) The ESAs are set to adopt a resolution to revise the ESA Rules, etc., based on the Plan at their respective board meetings to be held promptly after the resolution by the Board of Directors pertaining to the Disposal of the Treasury Stock. Such revision shall take effect when two weeks elapse after the notice regarding the revision is sent to the members of the ESAs based on the ESA Rules, etc., following the board meetings and if objections from the ESA members amount to less than one-third of the ESA members.

In the Disposal of Treasury Stock, the Company's common stock (the "Allotted Shares") shall be disposed of to the ESAs (the scheduled allottees) in exchange for all of the Special Incentives contributed in kind by the Eligible Employees based on the Plan. The outline of the restricted stock allotment agreement (the "Allotment Agreement") to be entered into by the Company and the respective ESAs on the Disposal of Treasury Stock is as described in "3. Outline of the Allotment Agreement" below. The number of shares to be disposed of in the Disposal of Treasury Stock is to be fixed at a later date as described in (Note) of 1. above, but the number of such shares is expected to total 1,058,000 if all 10,580 employees of the Company and its subsidiaries (NHK SPRING Employee Shareholding Association: 5,611, NHK SPRING Group Shareholding Association: 4,969), which is the maximum number of employees who are eligible under the Plan, join the ESAs and agree to the Plan.

Based on the foregoing maximum number of shares, the scale of dilution as a result of the Disposal of Treasury Stock will be 0.43% (rounded to two decimal places; the same will apply hereinafter in the calculation of percentages) to the total number of issued shares of 244,066,144 as of March 31, 2024, and 0.48% to the total number of voting rights of 2,215,008 as of March 31, 2024.

The introduction of the plan is intended to create an opportunity for Eligible Employees to acquire the Company's common stock to be issued or disposed of by the Company as restricted stock through the ESAs as a measure to enhance its welfare program for the Eligible Employees. The Company expects this to help them build their assets, offer them the incentive for sustainable enhancement of the Group's corporate value, and contribute to the enhancement of the Group's corporate value. The Company thus believes that the number of shares to be disposed of in the Disposal of Treasury Stock and the scale of dilution are reasonable and that the effects on the market will

be immaterial given the scale of dilution.

The Disposal of Treasury Stock shall be implemented on the condition that the revision to the ESA Rules, etc., become effective by the day prior to the date of disposal pertaining to the Disposal of Treasury Stock and that the Company and the ESAs enter into the Allotment Agreement during the application period.

3. Outline of Allotment Agreement

(1) NHK SPRING Employee Shareholding Association

(i) Transfer restriction period

January 24, 2025 – June 1, 2027

(ii) Condition for removal of Transfer Restrictions

The Transfer Restrictions shall be lifted upon the expiration of the transfer restriction period for all Allotted Shares corresponding to the Restricted Stock Equity Interest held by an Eligible Employee who has satisfied the condition of remaining a member of the NHK SPRING Employee Shareholding Association throughout the transfer restriction period on a continuing basis.

(iii) Treatment upon terminating membership of the NHK SPRING Employee Shareholding Association

In cases where an Eligible Employee terminates membership of the NHK SPRING Employee Shareholding Association during the transfer restriction period due to mandatory retirement, promotion to director position (except when the Eligible Employee does not lose membership qualification of the NHK SPRING Employee Shareholding Association), transfer to the Company's subsidiaries and associates, or any other justifiable cause set forth in the Allotment Agreement, the Company shall lift the Transfer Restrictions on the date when the NHK SPRING Employee Shareholding Association receives the application for termination of membership from the Eligible Employee (refers to the date of losing membership qualification when the Eligible Employee loses such qualification [the date of death when the Eligible Employee terminates membership due to death])(the "Date of Receipt of Application for Termination of Membership") for all Allotted Shares corresponding to the Restricted Stock Interest held by the Eligible Employee as of the Date of Receipt of Application for Termination of Membership.

(iv) Treatment upon becoming non-resident

In cases where the Company decides that an Eligible Employee becomes a non-resident due to overseas transfer or for other reasons during the transfer restriction period, the Transfer Restrictions shall be lifted on the date of such decision (the "Date of Decision of Overseas Transfer, etc.") for all Allotted Shares corresponding to the Restricted Stock Interest held by the Eligible Employee as of the Date of Decision of Overseas Transfer, etc.

(v) Acquisition without compensation by the Company

In cases where an Eligible Employee is dismissed due to violations of laws and regulations, etc., or falls under certain circumstances set forth in the Allotment Agreement, the Company shall, as a matter of course, acquire without compensation the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee at the time when the Eligible Employee falls under any of such circumstances. And The Company shall, as a matter of course, acquire without compensation the Allotted Shares for which the Transfer Restrictions are not lifted at the time of the expiration of the transfer restriction period or at the time of the removal of the Transfer Restrictions described in (iii) or (iv) above.

(vi) Management of shares

The Allotted Shares shall be managed in a dedicated account opened by the NHK SPRING Employee Shareholding Association at Nomura Securities Co., Ltd. during the transfer restriction period to ensure that the NHK SPRING Employee Shareholding Association does not transfer or create any security interest on, or otherwise dispose of the Allotted Shares during that period. In addition, pursuant to the provisions of the NHK SPRING Employee Shareholding Association Rules, etc., the NHK SPRING Employee Shareholding Association shall register and manage the Restricted Stock Equity Interest separately from other membership interests held by the Eligible Employees (the "Ordinary Equity Interest").

(vii) Treatment upon organizational restructuring, etc.

In cases where, during the transfer restriction period, a merger agreement wherein the Company becomes the extinct company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding organizational restructuring, etc., is approved by a general meeting of shareholders of the Company (or by the Board of Directors of the Company in cases where such organizational restructuring, etc., does not require approval from a general meeting of shareholders of the Company), the Transfer Restrictions shall be lifted, by a resolution of the Board of Directors, immediately before the business day prior to the effective date of the said organizational restructuring, etc., for all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the NHK SPRING Employee Shareholding Association as of the date of such approval.

(2) NHK SPRING Group Shareholding Association

(i) Transfer restriction period

January 24, 2025 – June 1, 2027

(ii) Condition for removal of Transfer Restrictions

The Transfer Restrictions shall be lifted upon the expiration of the transfer restriction period for all Allotted Shares corresponding to the Restricted Stock Equity Interest held by Eligible Employees who have satisfied the condition of remaining a member of the NHK SPRING Group Shareholding Association throughout the transfer restriction period on a continuing basis.

(iii) Treatment upon terminating membership of the NHK SPRING Group Shareholding Association

In cases where an Eligible Employee terminates membership (refers to cases where the Eligible Employee loses membership qualification or applies for termination of membership and includes termination of membership due to death) of the NHK SPRING Group Shareholding Association during the transfer restriction period due to mandatory retirement, promotion to director position (except when the Eligible Employee does not lose membership qualification of the NHK SPRING Group Shareholding Association), transfer to the Company's subsidiaries and associates (excluding subsidiaries and associates to which the shareholding association rules, etc., pertaining to the NHK SPRING Group Shareholding Association can be applied), or any other justifiable cause set forth in the Allotment Agreement, the Company shall lift the Transfer Restrictions as of the date when the NHK SPRING Group Shareholding Association receives the application for termination of membership from the Eligible Employee (refers to the date of losing membership qualification when the Eligible Employee loses such qualification [the date of death when the Eligible Employee terminates membership due to death])(the "Date of Receipt of Application for Termination of Membership") for all Allotted Shares corresponding to the Restricted Stock Interest held by the Eligible Employee as of the Date of Receipt of Application for Termination of Membership.

(iv) Treatment upon becoming non-resident

In cases where the Company or its subsidiary decides that an Eligible Employee becomes a non-resident due to overseas transfer or for other reasons during the transfer restriction period, the Transfer Restrictions shall be lifted on the date of such decision (the "Date of Decision of Overseas Transfer, etc.") for all Allotted Shares corresponding to the Restricted Stock Interest held by the Eligible Employee as of the Date of Decision of Overseas Transfer, etc.

(v) Acquisition without compensation by the Company

In cases where an Eligible Employee is dismissed due to violations of laws and regulations, etc., or falls under certain circumstances set forth in the Allotment Agreement, the Company shall, as a matter of course, acquire without compensation the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee at the time when the Eligible Employee falls under any of such circumstances. And The Company shall, as a matter of course, acquire without compensation the Allotted Shares for which the Transfer Restrictions are not lifted at the time of the expiration of the transfer restriction period or at the time of the removal of the Transfer Restrictions described in (iii) or (iv) above.

(vi) Management of shares

The Allotted Shares shall be managed in a dedicated account opened by the NHK SPRING Group Shareholding Association at Nomura Securities Co., Ltd. during the transfer restriction period to ensure that the NHK SPRING Group Shareholding Association does not transfer or create any security interest on, or otherwise dispose of the Allotted Shares during that period. In addition, pursuant to the provisions of the NHK SPRING Group Shareholding Association Rules, etc., the NHK SPRING Group Shareholding Association shall register and manage the Restricted Stock Equity Interest separately from other membership interests held by the Eligible Employees (the “Ordinary Equity Interest”).

(vii) Treatment upon organizational restructuring, etc.

In cases where, during the transfer restriction period, a merger agreement wherein the Company becomes the extinct company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding organizational restructuring, etc., is approved by a general meeting of shareholders of the Company (or by the Board of Directors of the Company in cases where such organizational restructuring, etc., does not require approval from a general meeting of shareholders of the Company), the Transfer Restrictions shall be lifted, by a resolution of the Board of Directors, immediately before the business day prior to the effective date of the said organizational restructuring, etc., for all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the NHK SPRING Group Shareholding Association as of the date of such approval.

4. Basis of disposal price calculation and details thereof

In the Disposal of Treasury Stock to the ESAs (the scheduled allottees), the Eligible Employees contribute in kind to the ESAs the Special Incentives that have been provided to them by the Company or its subsidiaries to grant restricted stock. In order to eliminate arbitrariness, the Company has determined the disposal price to be 1,376.0 yen, the closing price of the Company’s common stock on the Prime Market of the Tokyo Stock Exchange on August 6, 2024 (the business day prior to the date of the resolution of the Board of Directors). This is the market price immediately before the date of the resolution of the Board of Directors, and the Company believes that the disposal price is reasonable and not particularly advantageous.

Please note that the deviation rate of the disposal price (rounded to two decimal places) from the average closing price of the Company’s common stock on the Prime Market of the Tokyo Stock Exchange is as follows.

Period	Average closing price (rounded down to the nearest yen)	Deviation rate
One month (July 8, 2024 – August 6, 2024)	1,607 Yen	-14.37%
Three months (May 7, 2024 – August 6, 2024)	1,646Yen	-16.40%
Six months (February 7, 2024 – August 6, 2024)	1,564Yen	-12.02%

In light of the fact that the foregoing disposal price is the closing price of the Company’s common stock on the business day prior to the date of the resolution of the Board of Directors on the Prime Market of the Tokyo Stock Exchange, all of the four auditors (including two outside auditors) who attended the Board of Directors meeting held today expressed their opinion that the said price is not particularly advantageous to the ESAs (the scheduled allottees) and is legitimate.

5. Matters related to procedures under the code of corporate conduct

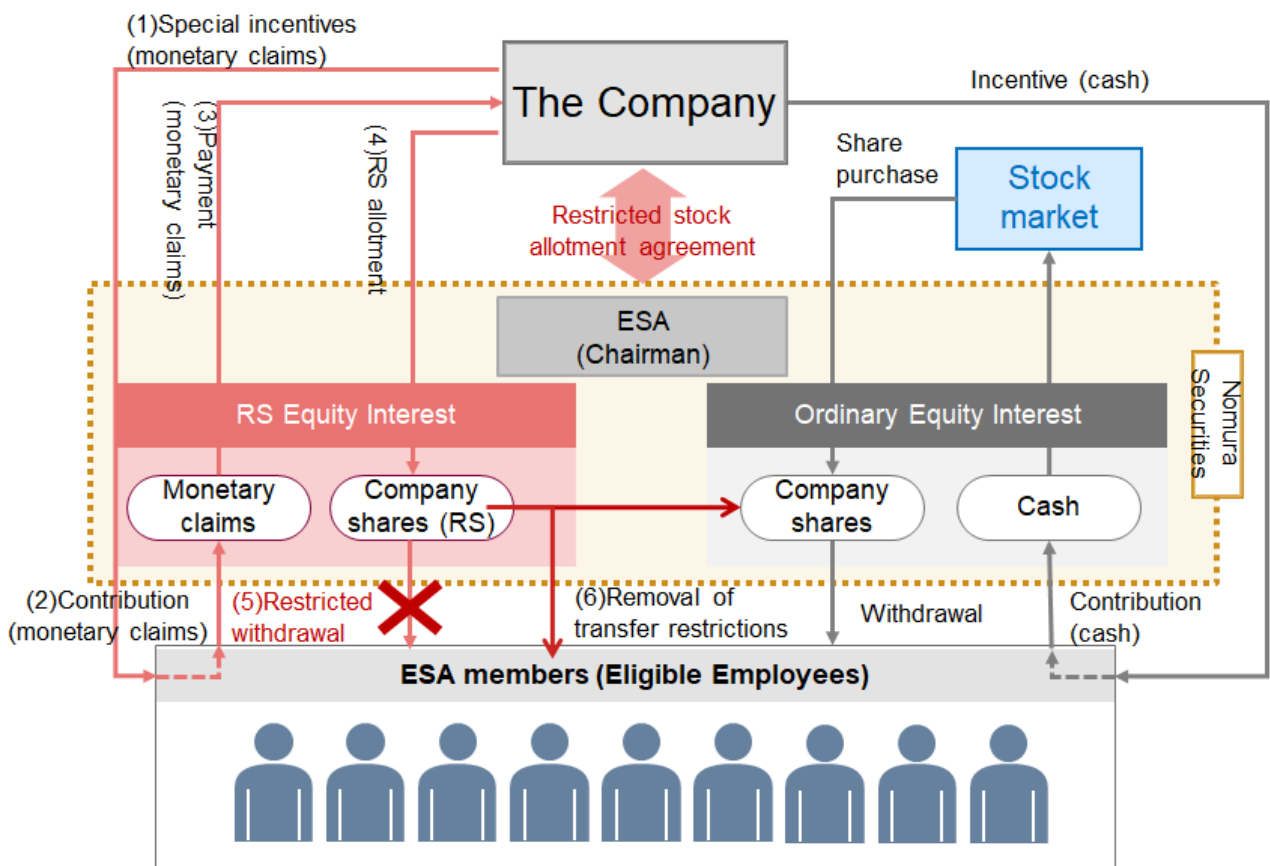
For the Disposal of Treasury Stock, there is no need to complete the procedures for obtaining the opinion of an independent third party or confirming the intention of shareholders as defined in Rule 432 of the Securities Listing Regulations set out by the Tokyo Stock Exchange, because (1) the dilution rate is less than 25% and (2) it does not involve a change of the controlling shareholder.

(Reference)

[Structure of the Plan]

(NHK SPRING Employee Shareholding Association)

- (1) The Company will pay monetary claims to Eligible Employees who have agreed to the Plan as Special Incentives to grant restricted stock.
- (2) The Eligible Employees who have agreed to the Plan will contribute the monetary claims in (1) above to the NHK SPRING Employee Shareholding Association.
- (3) The NHK SPRING Employee Shareholding Association will collect the monetary claims contributed in (2) above and pay them to the Company.
- (4) The Company will allot the Allotted Shares to the NHK SPRING Employee Shareholding Association as restricted stock (the “RS” in the diagram below).
- (5) The Allotted Shares will be held in a dedicated account opened by the NHK SPRING Employee Shareholding Association through Nomura Securities Co., Ltd., and the withdrawal will be restricted during the transfer restriction period.
- (6) The Allotted Shares will be transferred to the Ordinary Equity Interest or a securities account in the name of the Eligible Employee after the removal of the Transfer Restrictions.



(NHK SPRING Group Shareholding Association)

- (1) The Company will pay monetary claims to Eligible Employees who have agreed to the Plan as Special Incentives to grant restricted stock.
- (2) The Eligible Employees who have agreed to the Plan will contribute the monetary claims in (1) above to the NHK SPRING Group Shareholding Association.
- (3) The NHK SPRING Group Shareholding Association will collect the monetary claims contributed in (2) above and pay them to the Company.
- (4) The Company will allot the Allotted Shares to the NHK SPRING Group Shareholding Association as restricted stock (the “RS” in the diagram below).
- (5) The Allotted Shares will be held in a dedicated account opened by the NHK SPRING Group Shareholding Association through Nomura Securities Co., Ltd., and the withdrawal will be restricted during the transfer restriction period.
- (6) The Allotted Shares will be transferred to the Ordinary Equity Interest or a securities account in the name of the Eligible Employee after the removal of the Transfer Restrictions.

