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Notice Concerning Partial Revision of Stock-Based Compensation Plan

NHK SPRING CO., LTD. (“the Company”) hereby announces that the Company resolved at the Board of Directors meeting held on March 13, 2025, to partially revise the Board Benefit Trust (BBT), a stock-based compensation plan approved at the 102nd General Meeting of Shareholders held on June 28, 2022 (“the current BBT plan”), and to introduce a stock-based compensation plan called Board Benefit Trust-Restricted Stock (BBT-RS; “the Plan”), which imposes restrictions on the transfer of shares that are to be provided until retirement, and resolved at the Board of Directors meeting held today to submit a proposal regarding a revision to the 105th General Meeting of Shareholders to be held on June 25, 2025 (“the General Meeting of Shareholders”).

1. Background and purpose of the revision

The Board of Directors of the Company has resolved to partially revise the current BBT plan to make the plan applicable to Directors (excluding External Directors) and Corporate Officers (hereinafter collectively referred to as “Directors, etc.”) and to revise the current BBT plan to the Plan. The aim of the revision is to make the connection between the compensation for Directors, etc., and the value of the Company’s shares much clearer, and to raise the motivation of Directors, etc., to contribute to the improvement of medium- to long-term business performance and the increase of corporate value by having them share not only the benefits of an increase in the share price, but also the risk of a decrease in the share price with all shareholders.

In introducing this plan, the Company intends to optimize the balance among the various compensation items through an increase in the existing share-based compensation ratio.

Despite this revision, the provision of the Company’s shares based on the points given to Directors by the end of June 2025 shall be made at the time of their retirement, as before, in principle.

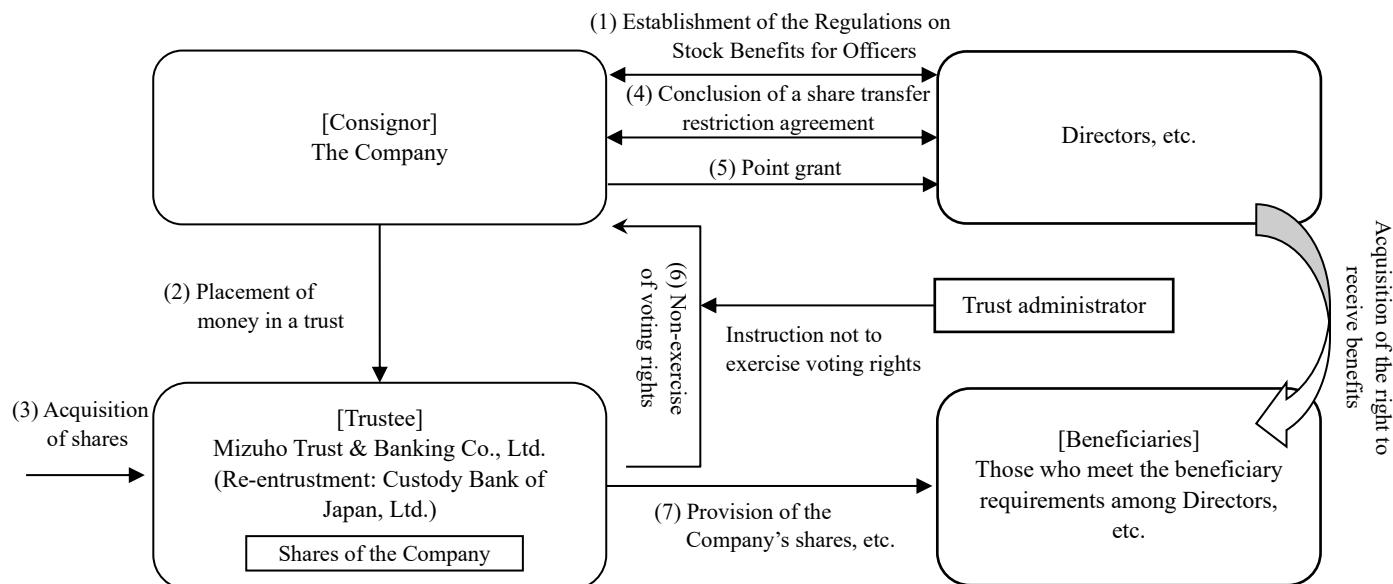
2. Outline of the Plan

① Outline of the Plan

The Plan is a stock-based compensation plan in which the Company’s shares are acquired through a trust (hereinafter, the trust established under the current BBT plan shall be referred to as “the Trust”) using the funds contributed by the Company, and the Company’s shares and cash equivalent to the amount calculated

by converting the Company's shares into market value ("the Company's shares, etc.") are provided to Directors, etc., through the Trust in accordance with the Regulations on Stock Benefits for Officers established by the Company. The timing of the provision of the Company's shares to Directors, etc., shall be at the specified time each year in principle, and the timing of the provision of money equivalent to the amount calculated by converting the Company's shares into market value to Directors, etc., shall be at the time of their retirement in principle. In the event that Directors, etc., receive the Company's shares during their terms of office, they shall conclude a share transfer restriction agreement with the Company as described in Section 3 below prior to receiving the Company's shares. Accordingly, in principle, the Company's shares received by Directors, etc. during their terms of office will be restricted from being disposed of by transfer, etc. until the retirement of said Directors, etc.

<Outline of the Plan>



- (1) The Company will obtain approval for the resolution on the compensation for Officers at the General Meeting of Shareholders, and will establish the Regulations on Stock Benefits for Officers within the framework approved at the General Meeting of Shareholders.
- (2) The Company will put money in the Trust within the limit approved by the resolution at the General Meeting of Shareholders described in (1).
- (3) The Trust will acquire the Company's shares using the money entrusted described in (2), either through the stock exchange market or by underwriting the disposal of the Company's treasury shares.
- (4) Directors, etc., **in principle**, shall conclude a share transfer restriction agreement with the Company stipulating that the Company's shares received during their terms of office shall be restricted from being disposed of by transfer, etc. until the retirement of said Directors, etc. and include certain provisions for acquisition by the Company without compensation.
- (5) The Company will grant points to Directors, etc., in accordance with the Regulations on Stock Benefits for Officers.
- (6) The Trust will follow the instructions of the trust administrator, who is independent of the Company, and will not exercise the voting rights related to the Company's shares included in the Trust Account.
- (7) The Trust will provide the Company's shares to those who meet the beneficiary requirements stipulated in the Regulations on Stock Benefits for Officers among the Directors, etc. ("beneficiaries") at the specified time each year in accordance with the number of points granted to said beneficiaries. However, if Directors, etc. meet the requirements stipulated in the Regulations on Stock Benefits for Officers, the Company will, **in principle**, grant them cash in an amount equal to the market value of the Company's shares at the time of their retirement for a certain percentage of their points.

② Eligible persons under the Plan

Directors (excluding External Directors and Audit & Supervisory Board Members) and Corporate Officers

③ Trust period

From August 2022 until the termination of the Trust. (Note: No specific termination date has been set for the trust period of the Trust, and the Trust will continue as long as the Plan continues. The Plan will terminate upon the delisting of the Company's shares, the abolition of the Regulations on Stock Benefits for Officers, etc.)

④ Trust amount

Provided that the revision is approved at the General Meeting of Shareholders, the Company will introduce the Plan for the five fiscal years from the fiscal year ending on March 31, 2026, to the fiscal year ending on March 31, 2030 ("the BBT-RS initial application period" for the period of the said five fiscal years, and "the application period" for each of the five fiscal years commencing after the BBT-RS initial application period), and for each application period. In addition, in order to grant the Company's shares, etc. to Directors, etc., the Company's shares acquired by the Trust using funds contributed by the Company based on the current BBT plan and cash remaining in the entrusted property will be used as funds for grants under

the Plan after the revision of the Plan is approved at the General Meeting of Shareholders.

In the event the Company anticipates that the number of shares required to make payments to Directors, etc. under the Plan will be insufficient during the BBT-RS initial application period, the Company will make a reasonable estimate of the number of shares required and make an additional contribution to the Trust in the amount deemed necessary for the Trust to acquire the shares beforehand.

In addition, even after the BBT-RS initial application period has expired, until the termination of the Plan, in principle, the Company will make a reasonable estimate of the number of shares necessary to provide to Directors, etc. under the Plan for each application period, and will make additional contributions to the Trust in the amount deemed necessary for the Trust to acquire the shares beforehand. However, when making such additional contributions, if there are any remaining the Company's shares (excluding the Company's shares equivalent to the number of points granted to Directors, etc. for each immediately preceding application period for which payments to Directors, etc. have not yet been made) or cash ("remaining shares, etc.") in the entrusted property, such remaining shares, etc. shall be allocated as the source of funds for provision under the Plan for the application period thereafter, and the additional contribution amount shall be calculated taking into account the remaining shares, etc.

When the Company decides to make additional contributions, it will disclose such information in a timely and appropriate manner.

⑤ Method of the Company's share acquisition by the Trust and number of shares to be acquired

The acquisition of the Company's shares by the Trust will be conducted using the funds contributed as described in (4) above as the source of funds through the stock exchange market or by accepting the disposal of Company treasury shares. Note that the maximum number of points to be granted to Directors, etc. is 200,000 points per fiscal year as described in (6) below. Therefore, the maximum number of the Company's shares that the Trust may acquire during the application period is 1,000,000 shares for each period. The Company will disclose the details of share acquisitions by the Trust in a timely and appropriate manner.

⑥ Maximum number of the Company's shares, etc. to be granted to Directors, etc.

Directors, etc. will be granted a number of points determined in accordance with the Regulations on Stock Benefits for Officers taking into consideration their positions, etc. for each fiscal year. The total number of points granted to Directors, etc. per fiscal year shall not exceed 200,000 points (of which 100,000 points shall be allocated to Directors). This amount was determined after comprehensively considering factors including the current basis of compensation paid to Officers, trends in the number of Directors, etc., and future prospects, and is deemed to be appropriate.

Each single point granted to Directors, etc. will be converted into one share of Company common stock when the Company's shares, etc. are granted as described in (7) below. (However, if a stock split, a gratis allotment of shares, or a merger of shares, etc. is conducted with regard to the Company's shares after a resolution has been made and approved by the shareholders at the General Meeting of Shareholders, the maximum number of points, the number of points already granted, and the conversion ratio will be adjusted to a reasonable extent in accordance with the ratio, etc. stipulated in those procedures.)

The number of voting rights corresponding to the maximum number of points that may be granted to Directors, etc. per fiscal year, which is 2,000 voting rights, represents approximately 0.0981% of the total number of voting rights corresponding to the total number of issued shares, which is 2,039,567 voting rights as of March 31, 2025.

The number of points for Directors, etc. that will be used as the basis for granting the Company's shares, etc. as described in (7) below shall, in principle, be the number of points granted to the said Directors, etc. by the time the beneficial rights are determined as described in (7) below. (The points calculated in this manner shall be referred to as "the determined number of points.")

(7) Grants of the Company's shares, etc.

Directors, etc. who meet the beneficiary requirements specified in the Regulations on Stock Benefits for Officers shall, in principle, receive the number of the Company's shares corresponding to the determined number of points described in (6) above from the Trust at a specified time each year by completing the prescribed beneficiary determination procedures. However, if the requirements specified in the Regulations on Stock Benefits for Officers are met, a certain percentage of the Company's shares that have been granted may be replaced with cash in an amount equal to the market value of the Company's shares at the time of retirement, in principle. To make such cash payments, the Trust may sell the Company's shares.

When Directors, etc. receive the Company's shares during their terms of office, they shall conclude a share transfer restriction agreement with the Company as described in Section 3 below prior to receiving the Company's shares. By doing so, the Company's shares granted to Directors, etc. during their terms of office will, in principle, be restricted from disposal through transfer until the retirement of such Directors, etc.

Furthermore, even Directors, etc. who have been granted points shall not be entitled to receive any or all of the benefits granted by resolution of the Board of Directors if they are dismissed by a resolution at a General Meeting of Shareholders or a meeting of the Board of Directors, they resign due to certain acts of misconduct during their terms of office, or they engage in inappropriate conduct that causes damage to the Company during their terms of office. In addition, if it is discovered that a person who has received stock grants or cash payments has committed certain acts of misconduct during their term of office or has engaged in inappropriate conduct that has caused damage to the Company, the Company can request the return of all or part of such grants or payments by resolution of the Board of Directors.

(8) Exercise of voting rights

The voting rights related to the Company's shares held in the Trust Account shall not be exercised uniformly in accordance with the instructions of the Trust administrator. By implementing this policy, the Company ensures that the neutrality of Company management will not be undermined by the exercise of voting rights related to the Company's shares held in the Trust Account.

(9) Handling of dividends

Dividends on the Company's shares held in the Trust Account shall be received by the Trust and used as consideration for the acquisition of the Company's shares, compensation for the trustee of the Trust, etc. In

the event that the Trust is terminated, any dividends, etc. remaining in the Trust shall be provided to the Directors, etc. who are in office at the time of termination in proportion to the number of points held by each Director, etc. and in accordance with the provisions of the Regulations on Stock Benefits for Officers.

⑩ Handling upon termination of trust

The Trust shall be terminated in the event of the delisting of the Company's shares or the abolition of the Regulations on Stock Benefits for Officers.

Upon termination of the Trust, all the Company's shares remaining as assets in the Trust are scheduled to be retired upon resolution of the Board of Directors after being acquired by the Company without consideration. Upon termination of the Trust, cash remaining as an asset in the Trust, excluding the amount paid to Directors, etc. as described in (9) above, shall be provided to the Company.

3. Outline of the transfer restriction agreement for the Company's shares to be granted to Directors, etc.

In the event that Directors, etc. receive the Company's shares during their terms of office, Directors, etc. shall conclude a share transfer restriction agreement containing the items outlined below ("Share Transfer Restriction Agreement") with the Company prior to the transfer of the Company's shares. (Directors, etc. shall receive the Company's shares on the condition that they conclude the Share Transfer Restriction Agreement.)

(1) Details of the transfer restriction

Directors, etc. shall not transfer the Company's shares that they have received, pledge them as collateral, or dispose of them by any other means, in principle, from the date of receipt of such shares until the date of retirement from their positions as Directors, etc.

(2) Acquisition by the Company without compensation

In the event that certain acts of misconduct are committed, etc., or if the requirements for the removal of the transfer restriction as described in (3) below are not satisfied, the Company shall acquire the shares without compensation.

(3) Removal of the transfer restriction

If Directors, etc. resign for valid reasons or leave office due to death, the transfer restriction shall be removed, in principle, at such point in time.

(4) Handling in the event of organizational restructuring, etc.

If a merger agreement in which the Company becomes the dissolving company or other matters related to organizational restructuring, etc. are approved at a General Meeting of Shareholders of the Company during the period subject to the transfer restriction, the transfer restriction shall be removed at the time immediately prior to the business day immediately preceding the effective date of such organizational restructuring, etc. by resolution of the Board of Directors of the Company.

Note that the Company's shares subject to the transfer restriction under the Share Transfer Restriction Agreement will be managed in a dedicated account held by the relevant Directors, etc. at a securities company designated by the Company during the transfer restriction period so that they cannot be transferred, pledged as collateral, or disposed of by any other means during the transfer restriction period.

In addition to the above, the methods of expressing intent and giving notice under the Share Transfer Restriction Agreement, the methods for amending the Share Transfer Restriction Agreement, and other items determined by the Board of Directors shall be included in the Share Transfer Restriction Agreement.

[Outline of the Trust]

- (1) Name: Board Benefit Trust (BBT-RS)
- (2) Consignor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd.
 - (Re-entrustment: Custody Bank of Japan, Ltd.)
- (4) Beneficiaries: Those who meet the beneficiary requirements specified in the Regulations on Stock Benefits for Officers among Directors, etc.
- (5) Trust administrator: Selection planned for a third party that has no interest in the Company.
- (6) Types of trusts: Pecuniary trusts other than money trusts (trusts for the benefit of others)
- (7) Conclusion date of the trust agreement: August 22, 2022
- (8) Entrustment date: August 22, 2022
- (9) Term of trust: From August 22, 2022, until the Trust is terminated
 - (No specific termination date has been set, and the trust will continue for as long as the Plan continues.)