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Notice regarding the disposal of treasury stock as restricted stock compensation

NS TOOL CO., LTD. (hereinafter referred to as the "Company") hereby announces that at the Board of Directors meeting held today, the Company resolved to dispose of treasury stock as restricted stock compensation (hereinafter referred to as the "disposal") as follows.

1. Overview of the disposal of treasury stock

(1) Date of disposal	July 21, 2026
(2) Type and number of shares to be disposed	60,400 common shares of the Company
(3) Disposal price	914 yen per share
(4) Total disposal amount	55,205,600 yen
(5) Expected recipients of disposed shares	Directors of the Company (excluding directors who are audit and supervisory committee members) : 5 people 41,000 shares Executive officers of the Company: 5 people 15,000 shares Directors of the Company's subsidiaries: 3 people 4,400 shares

2. Purpose and Reason for Disposal

At the Board of Directors meeting held on May 20, 2022, the Company resolved to introduce a restricted stock compensation plan (hereinafter referred to as the "Plan") as a new compensation plan for the Eligible Directors, with the aim of providing incentives to the Company's directors (excluding directors who are audit and supervisory committee members; hereinafter referred to as the "Eligible Directors") to sustainably improve the Company's corporate value and to further promote value sharing with shareholders. In addition, at the Ordinary General Meeting of Shareholders held on June 22, 2022 (hereinafter referred to as the "General Meeting of Shareholders"), the Company resolved to provide monetary compensation claim for the Eligible Directors with an annual amount of up to 150 million yen (excluding the employee salaries of directors who also serve as employees) in addition to

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the previous monetary compensation framework for directors as such monetary compensation to be used as contribution assets for the acquisition of restricted stock under the Plan and issue or dispose of up to 100,000 common shares of the Company per year, and the transfer restriction period of the restricted stock shall be the period from the date of allocation until the relevant director resigns from his/her position as a director or executive officer of the Company or a director of a subsidiary of the Company (however, in the case of resignation falls within three months of the end of the business year in which the date of issuance of the Company's common shares allocated under the restricted stock allocation agreement (hereinafter referred to as the "Allocated Shares"), the date shall be that day after three months have passed since the end of the business year, and if there is a date separately determined by the Board of Directors of the Company, such date shall be the date separately determined by the Board of Directors of the Company). The outline of the Plan is as follows.

[Outline of the Plan]

The Plan provides the Eligible Directors with monetary compensation claims within the amount of compensation set out below as compensation for the restricted stock, and the Eligible Directors will receive the allocation of the restricted stock by contributing all of the monetary compensation claims in kind. The payment amount per share of restricted stock issued or disposed of under the Plan will be determined by our Board of Directors based on the closing price of our common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution of our Board of Directors regarding the allocation (if no transaction is concluded on that day, the closing price on the most recent trading day), within the scope of an amount that is not particularly advantageous to the Eligible Director who subscribes to the restricted stock. In addition, when issuing or disposing of our common stock under the Plan, a restricted stock allocation agreement (hereinafter referred to as the "Allocation Agreement") will be concluded between our company and the Eligible Director, and the contents of the agreement will include the following items;

- (1) Eligible Directors are prohibited from transferring, creating security interests on, or otherwise disposing of the Allocated Shares for a predetermined period of time.
- (2) If certain circumstances arise, the Company will acquire the common shares free of charge.

Furthermore, following the resolution to approve the restricted stock compensation plan for Eligible Directors at the General Meeting of Shareholders, the Company's Board of Directors has decided to introduce a similar restricted stock compensation plan for the Company's executive officers and directors of the Company's subsidiaries (hereinafter, Eligible Directors, the Company's executive officers, and the directors of the Company's subsidiaries are collectively referred to as the "Eligible Directors and other Recipients").

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Today, by resolution of the Board of Directors of the Company or its subsidiaries, it has been decided that a total of 55,205,600 yen in monetary compensation claims (hereinafter referred to as the "Monetary Compensation Claims") will be paid to five Eligible Directors, five Executive Officers, and three Directors of the Company's subsidiaries, and that the Eligible Directors and other Recipients will contribute all of the Monetary Compensation Claims in kind to allocate 60,400 common shares of the Company as restricted stock. The amount of the monetary compensation claim for the Eligible Directors and other Recipients is determined by taking into consideration the Company's performance, the responsibilities of each of Eligible Directors and the other Recipients, and other factors. In addition, the Monetary Compensation Claims will be paid on the condition that the Eligible Directors and other Recipients enter into the Allocation Agreement with the Company, which includes the following contents.

3. Overview of the Allocation Agreement

(1) Transfer Restriction Period

The period from July 21, 2026 until the retirement of the Director or Executive Officer of the Company or the Director of the Company's subsidiaries (however, in the case of retirement within three months after the end of the fiscal year in which the Allocated Shares are issued, the period will be as of July 1, 2027). During the transfer restriction period set forth above (hereinafter referred to as the "Transfer Restriction Period"), the Eligible Directors and other Recipients may not transfer, establish a pledge, establish a security interest in the transfer, make a gift during their lifetime, bequeath, or otherwise dispose of the Allocated Shares allocated to them to a third party (hereinafter referred to as the "Transfer Restrictions").

(2) Lifting of Transfer Restrictions

The Company will lift the Transfer Restrictions on all of the Allocated Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Directors and other Recipients who have been allocated the Transfer Restricted Shares continue to hold the position of director or executive officer of the Company or director of a subsidiary of the Company during the period from June 24, 2026 (the date of the 65th Ordinary General Meeting of Shareholders) to the date of the Ordinary General Meeting of Shareholders of the following year (hereinafter referred to as the "Service Period"). However, if the Eligible Directors and other Recipients lose their position before the expiration of the Service Period for reasons deemed legitimate by the Board of Directors of the Company, the Company will reasonably adjust the number of Allocated Shares for which the transfer restrictions are to be lifted and the timing of lifting the transfer restrictions as necessary.

(3) Acquisition of Transfer Restricted Shares Free of Charge

If there are any Allocated Shares for which the transfer restrictions have not been lifted at the time of the expiration of the Transfer Restriction Period pursuant to the provisions of the reasons for lifting the transfer restrictions, the Company will naturally acquire them free of charge.

(4) Treatment in the Event of Organizational Restructuring, etc.

If, during the Transfer Restriction Period, a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will be a wholly owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the Company's General Meeting of Shareholders (or, if approval at the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc., at the Company's Board of Directors meeting), the Company will, by resolution of the Company's Board of Directors, lift the transfer restrictions prior to the effective date of the organizational restructuring, etc., for a number of Allocated Shares reasonably determined based on the period from the start date of the Service Period to the date of approval of the organizational restructuring, etc. In the case set forth above, the Company will naturally acquire, free of charge, any Allocated Shares for which the transfer restrictions have not yet been lifted immediately after the transfer restrictions are lifted.

However, notwithstanding the above provisions, if the effective date of the organizational restructuring, etc. is before July 1, 2027, the Company will naturally acquire, free of charge, all Allocated Shares for which the transfer restrictions have not yet been lifted prior to the effective date.

(5) Management of the Allocated Shares

To prevent the Allocated Shares from being transferred, having transfer security interests established, or otherwise disposed of during the Transfer Restriction Period, the Eligible Directors and other Recipients will open a dedicated account with a financial instruments business operator (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) designated in advance by the Company, and the Company will manage the shares in that account until the transfer restrictions are lifted.

4. Basis for calculating the disposal price and its specific details

In order to eliminate arbitrariness, the disposal price is set at 914 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on June 23, 2026 (the business day before the date of the Company's Board of Directors' resolution). This is the market price immediately before the date of the Company's Board of Directors' resolution, and we believe that it is reasonable and not a particularly favorable price.