



June 27, 2025

To whom it may concern:

Company: NIPPON CARBIDE INDUSTRIES CO., INC.
Name of Representative: Takahisa Sugiyama,
President
(Code No. 4064 TSE Prime Market)
Contact: Yuichi Yokota,
Director, Managing Executive Officer
(TEL. +81-3-5462-8224)

Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

NIPPON CARBIDE INDUSTRIES CO., INC. hereby announces that, at its Board of Directors meeting held on June 27, 2025, it resolved to dispose of treasury shares as restricted stock compensation as outlined below.

1. Overview of the Disposal

(1) Disposal date	July 18, 2025
(2) Type and number of shares	11,422 shares of the Company's common stock
(3) Disposal price	1,829 yen per share
(4) Total disposal amount	20,890,838 yen
(5) Allottees and their numbers / Number of shares allotted	Directors (excluding Outside Directors) 4 persons 8,146 shares Executive Officers (not concurrently Directors) 6persons 3,276 shares

2. Purpose and Reason for Disposal

At the Board of Directors meeting held on April 26, 2022, the Company resolved to introduce a restricted stock compensation plan (the "Plan") for Directors (excluding Outside Directors; hereinafter referred to as the "Eligible Directors") to provide them with incentives for sustainable enhancement of the Company's corporate value and to promote further value sharing with shareholders. At the Ordinary General Meeting of Shareholders held on June 29, 2022, it was approved that the Eligible Directors be granted monetary compensation claims of up to 30 million yen annually under the existing remuneration framework to fund the acquisition of restricted shares under the Plan. The restriction period for the shares shall be from the date of allotment until the resignation from both Director and Executive Officer positions.

The outline of the restricted stock compensation plan is as follows:

[Summary of the Plan]

The Eligible Directors shall contribute all monetary compensation claims granted by the Company under this system as in-kind contributions and receive the issuance or disposal of the Company's common stock. The total number of shares to be issued or disposed of under the Plan shall not exceed 25,000 shares per year. The per-share payment amount shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day before the Board resolution date (or the closing price of the most recent trading day if no trade was executed).

In addition, when issuing or disposing of common shares under the Plan, the Company will enter into a restricted stock allocation agreement (the "Agreement") with the Eligible Directors, and the following matters will be included in the content of the Agreement:

- (i) The Eligible Directors shall not transfer, pledge, or otherwise dispose of the common shares of the Company allocated to them under the Agreement during the predetermined period.
- (ii) The Company may acquire such shares without compensation under certain conditions.

In addition, following the resolution at the shareholders' meeting to approve the restricted stock compensation plan for the Eligible Directors, the Board of Directors of the Company has decided to introduce a similar restricted stock compensation plan for the executive officers of the Company (hereinafter, the Eligible Directors and the Executive Officers of the Company shall be collectively referred to as the "Eligible Persons").

Today, pursuant to a resolution of the Board of Directors of our company, the Company has decided to grant a total cash compensation claim of 20,890,838 yen (the "Compensation Claims") to 4 Directors and 6 Executive Officers of the company, and to allocate 11,422 shares of common stock of the Company as restricted stock subject to transfer restrictions, in exchange for the transfer of the entire the Compensation Claims by the Eligible Persons in question through a contribution in kind. The amount of the monetary compensation claims payable to the Eligible Persons has been determined after taking into account the Company's performance, the duties and responsibilities of Eligible Persons, and other relevant circumstances. Furthermore, the principal monetary compensation claims will be paid subject to the condition that the Eligible Persons enter into a restricted stock allocation agreement with the Company, which includes the following terms and conditions.

3. Summary of the Agreement

- (i) Restriction period: From July 18, 2025, until resignation from both Director and Executive Officer positions:

During the transfer restriction period specified above (the "Transfer Restriction Period"), the Eligible Persons shall not transfer, pledge, grant a transfer security interest, make a lifetime gift, bequeath, or otherwise dispose of the restricted shares allocated to them (the "Allocated Shares") to any third party (the "Transfer Restriction").

- (ii) Lifting transfer restrictions:

The Company will lift the transfer restrictions on all of the shares allocated under this allocation, effective as of the expiration of the Transfer Restriction Period, provided that the Eligible Persons who received the shares subject to transfer restrictions continue to hold the positions of director and executive officer of the Company during the period from June 27, 2025 (the date of the 126th Ordinary General Meeting of Shareholders) to the date of the next Ordinary General Meeting of Shareholders (the "Service Provision Period"). However, if the Eligible Persons resign from the positions mentioned above during the Service Provision Period for reasons deemed valid by the Company's Board of Directors. The number of shares subject to the transfer restrictions to be released and the timing of such release shall be adjusted as necessary and reasonably determined.

- (iii) Free Acquisition of restricted stocks:

Of the Allocated Shares in this allocation, if any shares are subject to transfer restrictions that have not been lifted following the provisions of transfer restriction release conditions outlined in summary (ii) of the Agreement at the time when the transfer restriction period outlined in summary (i) of the Agreement expires, the Company shall automatically acquire such shares without compensation.

- (iv) Treatment upon organizational restructuring:

During the Transfer Restriction Period, if any of the following matters related to organizational restructuring, such as a merger agreement in which the Company becomes the surviving company, a stock exchange agreement or stock transfer plan in which the Company becomes a wholly-owned subsidiary, or other organizational restructuring, is approved by the Company's shareholders' meeting (provided that, in cases where approval by the Company's shareholders' meeting is not required for such organizational restructuring, such matters shall be approved by the Company's board of directors), the Company's board of directors may, by resolution, the transfer restrictions on the allocated shares shall

be lifted before the effective date of such organizational restructuring, taking into account a reasonable number of such shares determined based on the period from the commencement date of the service provision period to the date of approval of such organizational restructuring. In such cases, the Company shall automatically acquire, without consideration, any allocated shares for which the transfer restrictions have not been lifted as of the time immediately following the lifting of the transfer restrictions.

(v) Management of restricted stocks:

The Company shall ensure that the Eligible Persons cannot transfer, pledge, or otherwise dispose of the Allocated Shares during the Transfer Restriction Period by opening a dedicated account with a financial instruments business operator (Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) designated in advance by the Company, and shall manage the Allotted Shares in such account until the transfer restriction is lifted.

4. Basis and specific details of the calculation of the payment amount

The disposal price has been determined to exclude any arbitrariness. It is set at 1,829 yen, which is the closing price of our common stock on the Tokyo Stock Exchange on June 26, 2025 (the business day prior to the date of the resolution of the Board of Directors meeting). This represents the market price immediately prior to the resolution of the Board of Directors meeting and is considered to be reasonable and not particularly advantageous.

End