June 19, 2026

Company name: Nippon Signal Co., Ltd.
Representative: Ryuichi Goto
President and CEO and COO
(Code:6741, Prime Market of the Tokyo Stock Exchange)

Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

Nippon Signal Co., Ltd. (the "Company") hereby announces that, at a meeting of the Board of Directors held today (hereinafter, the "Allocation Resolution Date"), it resolved to dispose of treasury shares as restricted stock compensation (hereinafter, the "Disposal of Treasury Shares" or the "Disposal") as outlined below.

1. Overview of the Disposal
   (1) Payment Date: July 17, 2026
   (2) Class and Number of Shares to Be Disposed of: Common stock of the Company, 40,863 shares
   (3) Disposal Price: 1,562 yen per share
   (4) Total Disposal Amount: 63,828,006 yen
   (5) Planned Allottees
      Directors (excluding Audit and Supervisory Committee Members and Outside Directors): 3 persons, 16,899 shares
      Executive Officers of the Company: 10 persons, 23,964 shares

2. Purpose and Reasons for the Disposal
   At a meeting of the Board of Directors held on May 12, 2026, the Company resolved to introduce a restricted stock compensation plan (hereinafter, the "Plan") for the purpose of providing Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter, the "Eligible Directors") with incentives to sustainably enhance the Company's corporate value and to further promote value sharing with shareholders.
   In addition, at the 143rd Annual General Meeting of Shareholders held on June 19, 2026, shareholders approved, among other matters, that the total number of shares of common stock of the Company to be issued or disposed of under the Plan shall be limited to 200,000 shares per year and that the total amount shall be within an annual limit of ¥100 million within the existing remuneration framework.
   Furthermore, the Company has resolved to introduce a restricted stock compensation plan generally similar to the Plan for its Executive Officers (hereinafter, the "Eligible Executive Officers" and, together with the Eligible Directors, the "Eligible Directors, etc.").
   Based on the above, at the meeting of the Board of Directors held today, taking into account the purpose of the Plan, the Company's performance, and other various circumstances, and upon receiving recommendations from the Nomination and Remuneration Advisory Committee, the Company resolved to grant monetary compensation claims totaling 63,828,006 yen (hereinafter, the "Monetary Compensation Claims") to 3 Eligible Directors and 10 Eligible Executive Officers.
   Furthermore, at the same meeting, the Company resolved to dispose of 40,863 shares of its common stock (hereinafter, the "Allotted Shares") by having the Eligible Directors, etc. make in-kind contributions of all of such Monetary Compensation Claims to the Company pursuant to the Plan.

3. Basis for Calculation of Disposal Price and Specific Details
   In order to eliminate arbitrariness, the disposal price in the Disposal of Treasury Shares has been determined to be 1,562 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the Allocation Resolution Date (June 18, 2026).
   This price represents the market price immediately prior to the resolution of the Board of Directors and is considered reasonable and not particularly favorable.

(The outline of the Restricted Stock Allotment Agreement to be entered into individually between the Company and the Eligible Directors, etc. is as follows)

(1) Transfer Restriction Period

The Eligible Directors, etc. shall not transfer, create security interests on, make inter vivos gifts of, or otherwise dispose of the Allotted Shares during the period from the payment date (hereinafter, the "Payment Date") until the later of (i) the date on which they resign or retire from all positions as Director or Executive Officer of the Company or (ii) the date on which the Company files its annual securities report for the fiscal year including the Payment Date (or, if the Payment Date falls within six months from the beginning of the fiscal year, its semiannual securities report) (hereinafter, the "Transfer Restriction Period").

(2) Conditions for Release of Transfer Restrictions

Provided that the Eligible Directors, etc. continuously serve in any position as Director or Executive Officer of the Company during the prescribed service period, transfer restrictions shall be lifted for all Allotted Shares upon expiration of the Transfer Restriction Period.

However, in the event of resignation for legitimate reasons or due to death, transfer restrictions shall be lifted on a prorated number of shares.

(3) Grounds for Acquisition without Consideration

If an Eligible Director, etc. resigns without legitimate reason during the service period, the Company shall acquire the Allotted Shares without consideration.

In addition, the Company shall acquire without consideration any shares for which transfer restrictions have not been lifted at the time such restrictions are to be lifted.

(4) Malus and Clawback Provisions

During and after the Transfer Restriction Period, if the Board of Directors determines that any Eligible Director, etc. has materially violated laws or internal rules, or if certain specified events such as serious accounting misconduct or significant losses occur, the Company shall, in accordance with its rules, either acquire all or part of the Allotted Shares without consideration or require payment of an amount equivalent to the shares whose transfer restrictions have been lifted.

(5) Treatment upon Organizational Restructuring, etc.

Notwithstanding the provisions above, if matters relating to organizational restructuring (such as mergers or share exchanges) are approved during the Transfer Restriction Period, the Company may, by resolution of the Board of Directors, cancel transfer restrictions on a prorated number of shares immediately prior to the effective date of such restructuring.

Any remaining shares shall be acquired by the Company without consideration.

(6) Management of Shares

The Eligible Directors, etc. shall open a dedicated account for the Allotted Shares with a securities company designated by the Company and retain all Allotted Shares in such account until the transfer restrictions are lifted.

*This document is a translation of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.