



# Notice Regarding Introduction of Restricted Stock Compensation Plan

KANUMA, February 9, 2023

Nakanishi Inc. (the “Company”) hereby announces the introduction of a restricted stock compensation plan (the “Plan”) resolved at the Board of Directors meeting held on February 9, 2023. The relevant proposal will be placed on the agenda for the 71st Annual General Meeting of Shareholders to be held on March 30, 2023.

## 1. Purpose of introduction of the Plan, etc.

### (1) Purpose of introducing the Plan

The purpose of introducing the Plan is to provide an incentive for Directors of the Company (excluding Outside Directors, hereinafter referred to as the “Eligible Directors”) to improve the Company’s corporate value over the medium to long term, as well as to allot restricted stock to the Eligible Directors as a compensation plan with the aim of further promoting sharing of value with shareholders.

### (2) Conditions for introducing the Plan

The Plan is contingent on the condition that it is approved by the shareholders at this General Meeting of Shareholders. At the 55th Annual General Meeting of Shareholders held on March 28, 2007, it was approved that the amount of remuneration for Directors of the Company shall be 500,000 thousand JPY or less per year (excluding, however, salaries for employees of Directors who concurrently serve as employees), and at the 58th Annual General Meeting of Shareholders held on March 30, 2010, it was also approved that stock acquisition rights shall be issued as compensation-type stock options within the aforementioned remuneration limit. The Company plans to ask for the shareholders’ approval for the new introduction of the Plan and establishment of a remuneration limit for the Eligible Directors of the Company for the Plan within the aforementioned remuneration limit at this General Meeting of Shareholders.

If the introduction of the Plan is approved at this General Meeting of Shareholders, the Company plans to introduce the same restricted stock compensation plan for Corporate Vice Presidents as that for the Eligible Directors.

## 2. Overview of the Plan

The total amount of monetary compensation claims to be granted to the Eligible Directors under the Plan shall be within the aforementioned remuneration limit (excluding, however, salaries for employees of Directors who concurrently serve as employees), and the total number of shares of common stock to be newly issued or disposed of by the Company shall not exceed 50,000 shares per year (provided, however, that if the Company implements a stock split (including an allotment of the Company’s common stock without receipt of monetary consideration) or a stock consideration with an effective date on or after the date of resolution of this General Meeting of Shareholders, this number shall be adjusted according to the ratio, etc. of the relevant stock split or stock consideration).

Eligible Directors shall pay all of the monetary compensation claims granted by the Company under the Plan as contribution in kind, and the Company shall issue or dispose of shares of its common stock. The amount to be paid per share shall be determined in the Board of Directors meeting based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by each Board of Directors meeting (or closing price of the immediately preceding trading day if any transaction was not concluded on that date), to the extent that is not particularly favorable to the Eligible Directors. The specific timing and allotment of the payment to each Eligible Director shall be determined in the Board of Directors meeting after consultation with the Nomination and Remuneration Committee.

## Contact

### Investors

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## About Nakanishi Inc.

To achieve the mission of “To create brilliant progress via innovative grinding technology,” NSK has continued to hone the three core technologies of high-speed rotary technology, ultrasound technology and micro motor technology.

Using these core technologies, NSK will continue to provide innovative products in the dental, surgical and industrial fields, and keep contributing toward the creation of all kinds of progress, such as bringing inspiration, happiness, benefits and joy to society and people.

NSK has three main locations for development and production; RD1, headquarters and A1 factory in Kanuma, Japan.

The company’s shares are listed in the Tokyo Stock Exchange.

Visit [www.en.nakanishi-inc.jp](http://www.en.nakanishi-inc.jp) for more information about Nakanishi Inc. and NSK products.



Upon the issuance or disposal of shares of common stock of the Company under the Plan, the Company and the Eligible Directors shall enter into a restricted stock allotment agreement, which shall include the following items:

- (1) Shares may not be transferred to a third party, created as a security interest, or otherwise disposed of for a certain period of time (the "Restricted Transfer Period").
- (2) Upon the occurrence of certain events, the Company shall acquire all or part of such common stock without consideration.

Shares allotted to the Eligible Directors under the Plan will be managed in an exclusive account opened by the Eligible Directors at a securities company designated by the Company during the Restricted Transfer Period so that the shares cannot be transferred, created as a security interest, or otherwise disposed of during the Restricted Transfer Period.

**Note:**

This document is a translation of the original Japanese document and is only for reference purposes. All readers are recommended to refer to the original version in Japanese of the release for complete information.

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