



May 12, 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 the Introduction of a Restricted Stock Compensation Plan

Nippon Signal Co., Ltd. (the “Company”) hereby announces that, at a meeting of the Board of Directors held today, it resolved to introduce a restricted stock compensation plan (the “Plan”) as part of a review of its executive compensation system. The Company also resolved to submit a proposal concerning the Plan to the 143rd Annual General Meeting of Shareholders scheduled to be held on June 19, 2026 (the “General Meeting”), as outlined below.

### 1. Purpose of the Plan

The Plan is intended to provide directors of the Company (excluding directors who are Audit and Supervisory Committee members and outside directors; the “Eligible Directors”) with incentives to enhance the Company’s corporate value, and at the same time to further promote the sharing of value with shareholders. Currently, each executive acquires a certain level of the Company’s shares on a monthly basis through the officers’ shareholding association; however, as changes in the business environment continue to accelerate, the Company has determined that it is necessary to strengthen the sharing of value with shareholders in a more explicit and systematic manner, and accordingly has decided to introduce the Plan.

### 2. Outline of the Plan

#### (1) Compensation to be Granted

Under the Plan, Eligible Directors shall be granted compensation in the form of either (i) shares of the Company’s common stock or (ii) monetary compensation claims to be contributed in kind for the acquisition of shares of the Company’s common stock, based on resolutions of the Board of Directors. The total amount of compensation to be granted to Eligible Directors under the Plan shall be within ¥100 million per year.

#### (2) Type and Number of Shares

The shares to be issued or disposed of under the Plan shall be shares of the Company’s common stock. The total number of shares to be issued or disposed of under the Plan shall be up to 200,000 shares per year. In the event of a stock split (including stock dividends) or stock consolidation of the Company’s common stock with an effective date on or after the date of the resolution of the General Meeting, the above number of shares may be adjusted within a reasonable range in accordance with the split ratio, consolidation ratio, or similar factors.

#### (3) Amount to be Paid in

Where shares of the Company’s common stock are granted as compensation under the Plan without granting monetary compensation claims, such shares shall be issued or disposed of without requiring the payment of money. In such cases, the amount of compensation shall be calculated 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 the relevant resolution of the Board of Directors (or, if no trading occurs on that day, the closing price on the most recent preceding trading day). Where monetary compensation claims are granted as in-kind contribution assets, all such monetary compensation claims shall be contributed in kind to

receive the issuance or disposal of shares of the Company's common stock. In such cases, the amount to be paid in per share shall be determined by the Board of Directors 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 the relevant Board resolution (or, if no trading occurs on that day, the closing price on the most recent preceding trading day), within a range that is not particularly favorable to the Eligible Directors. The timing of grants and the allocation to each Eligible Director shall be determined by the Board of Directors following deliberation by the Nomination and Compensation Advisory Committee.

#### (4) Restricted Stock Allocation Agreements

Upon the issuance or disposal of shares under the Plan, the Company and each Eligible Director shall enter into a restricted stock allocation agreement, which shall include, among others, the following provisions:

- (i) A prohibition on the transfer, creation of security interests, gifts inter vivos, or any other disposition of the shares for a specified period;
- (ii) Provisions for the acquisition by the Company, without consideration, of all or part of the shares upon the occurrence of certain events; and
- (iii) Conditions for the lifting of the transfer restrictions, as determined in advance by the Board of Directors.

#### (5) Malus and Clawback Provision

During the transfer restriction period and after the lifting of the transfer restrictions, if the Board of Directors of the Company determines that an Eligible Director has committed a material violation of laws and regulations or the Company's internal rules, or if circumstances specified by the Board of Directors arise, including material accounting fraud or the incurrence of substantial losses, the Plan provides that the Company may acquire, without consideration, all or part of the shares allocated to such Eligible Director that remain subject to transfer restrictions, or may require the Eligible Director to return, or pay the monetary equivalent of, all or part of the shares allocated to such Eligible Director or the Company's common stock for which the transfer restrictions have been lifted.

### 3. Conditions for Introduction of the Plan

As compensation under the Plan will be granted to Eligible Directors on an ongoing basis each fiscal year, the introduction of the Plan is subject to approval by the shareholders at the General Meeting. The amount of remuneration for directors of the Company (excluding directors who are Audit and Supervisory Committee members) was approved as up to ¥500 million per year (including up to ¥36 million for outside directors) at the 140th Annual General Meeting of Shareholders held on June 23, 2023. The Company plans to seek shareholder approval to introduce the Plan and, within the above remuneration limit, to set the total amount of compensation to be granted under the Plan at up to ¥100 million per year and the total number of shares of common stock to be issued or disposed of at up to 200,000 shares per year.

### 4. Grant to Executive Officers

Subject to approval of the introduction of the Plan at the General Meeting, the Company also plans to grant restricted stock with transfer restrictions similar to those described above to executive officers who do not concurrently serve as directors.

\*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.