

Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

DAISHINKU CORP. (hereinafter the “Company”) hereby announces that it has resolved, at the Board of Directors meeting held today, to dispose of its treasury shares (hereinafter the “Disposal of Treasury Shares”) as restricted stock compensation. Details are as follows:

1. Overview of disposal

(1) Allotment date:	July 25, 2025
(2) Type and number of shares to be disposed of:	27,807 shares of the Company’s common stock
(3) Disposal price:	¥561 per share* *The disposal price has been set at the closing price (¥561) of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors meeting held today (June 26, 2025), as a fair valuation.
(4) Total amount of disposal:	¥15,599,727
(5) Planned allottees:	27,807 shares for 4 Directors* *Excluding Outside Directors, Directors who are Audit and Supervisory Committee Members, and other persons who are independent from business execution
(6) Other:	We have not submitted a written notice of securities, since the Disposal of Treasury Shares falls under the public offering of securities not requiring a public offering or secondary distribution notification, as defined in Article 2-12-1 of the Order for Enforcement of the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

At the Board of Directors meeting held on May 13, 2025, the Company resolved to introduce a restricted stock compensation plan (hereinafter the “Plan”) as a new compensation system for its Directors (excluding Outside Directors, Directors who are Audit and Supervisory Committee Members, and other persons who are independent from business execution; hereinafter the “Eligible Directors”). The purpose of the Plan is to provide the Eligible Directors with incentives to continuously enhance the Company’s corporate value and share value over the medium to long term and to further share value with shareholders.

In addition, the following matters have been approved at the 62nd Annual General Meeting of Shareholders held on June 27, 2025:

- (1) Under this Plan, the total annual amount of compensation in the form of restricted stock to be issued or disposed of to eligible directors shall be limited to 60 million yen or less, and such issuance or disposal shall be conducted through either of the following methods: (i) a method in which Eligible Directors receive an issuance or disposal of the Company's common stock without paying cash or receiving property as compensation, etc. (hereinafter the "Gratuitous Allotment Method"); or (ii) a method in which the monetary compensation claims arising from this resolution are fully contributed as in-kind contributions and the Company issues or disposes of common stock in return (hereinafter the "In-Kind Contribution Method").
- (2) The transfer restriction period shall be the period from the date of delivery of the restricted stock to the date on which the Eligible Directors retire or resign from their positions as Directors of the Company or other positions determined by the Board of Directors; however, if an Eligible Director resigns or retires before the end of three months after the end of the fiscal year to which the grant date belongs, and a separate date is designated by the Board of Directors of the Company within six months from the end of the fiscal year, the restricted period shall be until such date.
- (3) The Board of Directors of the Company deems it reasonable to lift the transfer restriction on the allotted shares under the following conditions: (i) an Eligible Director remains as Director of the Company or in a position determined by the Board of Directors during the service period specified by the Board of Directors of the Company, and ii) an Eligible Director retires or resigns from their position as Director of the Company or any other position determined by the Board of Directors before the end of the service period.

The outline of the Plan is as follows:

Outline of the Plan

The Eligible Directors shall receive the issuance or disposal of the Company's common stock through either the Gratuitous Allotment Method or the In-Kind Contribution Method.

The total number of shares of common stock of the Company to be issued or disposed of for the Eligible Directors under the Plan shall be up to 100,000 shares per year. The issue price or the payment amount 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 prior to the date of the Board of Directors' resolution regarding the issuance or disposal. If no trading has been conducted on that day, the closing price on the most recent trading day shall be used to the extent such price or amount is not particularly advantageous to the Eligible Directors.

In issuing or disposing of the Company's common shares under the Plan, the Company and the Eligible Directors shall enter into restricted stock allotment agreements that include the following provisions:

- (1) The Eligible Directors shall not transfer, attach a security interest on, or otherwise dispose of the Company's common stock allotted to them under the Allotment Agreements for a predetermined period.
- (2) In certain circumstances, the Company shall acquire the common stock without consideration.

Based on the above, the Company has resolved at the Board of Directors meeting held today to grant 27,807 shares of the Company's common stock as restricted stock by way of the Gratuitous Allotment Method to four Eligible Directors, while also taking into account the purposes of the Plan, the operating performance of the Company, the scope of the roles and responsibilities of each Eligible Director, as well as other circumstances and conditions. The monetary compensation claims mentioned above will be paid to the Eligible Directors on condition that they enter into the restricted stock allotment agreements (hereinafter the "Allotment Agreements"), which reflect the following outline and details, with the Company.

Outline of the Allotment Agreements

In connection with the Disposal of Treasury Shares, the Company and the Eligible Directors will individually enter into the Allotment Agreements as outlined below.

(1) Transfer restriction period

From July 25, 2025 (allotment date) to the date on which the Eligible Directors resign or retire from Directors of the Company or any other positions determined by the Board of Directors of the Company, the Eligible Directors shall not transfer, attach a security interest on, or otherwise dispose of the allotted shares.

(2) Conditions for lifting of transfer restriction

Provided that the Eligible Officers remain in their positions as Directors of the Company during the period from the date of the Annual General Meeting of Shareholders immediately before the payment date to the date of the Annual General Meeting of Shareholders to be held in the next year (hereinafter the "Service Period"), at the expiration of the transfer restriction period, the transfer restriction on all the allotted shares will be lifted. However, if an Eligible Officer dies or retires as Director for any other reason deemed valid by the Board of Directors during the Service Period, the transfer restrictions on a portion of the allotted shares shall be lifted at the expiration of the transfer restriction period. The number of such shares shall be calculated by multiplying the number of the allotted shares by the number of months from the month following the month including the commencement date of the Service Period to the month including the date of their retirement, divided by 12. Any fractional shares resulting from the calculation that are less than one share shall be rounded down.

(3) Acquisition without consideration by the Company

The Company shall, as a matter of course, acquire without any consideration the allotted shares for which the transfer restriction has not been lifted at the time of expiration of the transfer restriction period.

(4) Administration of shares

During the transfer restriction period, the allotted shares shall be managed in a dedicated account for restricted stock opened by each of the Eligible Directors at Daiwa Securities Co. Ltd., so that the Eligible Directors cannot transfer, attach a security interest on, or otherwise dispose of them during the transfer restriction period.

(5) Treatment upon organizational restructuring or other significant events

During the transfer restriction period, if matters with regard to a merger agreement in which the Company becomes the dissolving company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or any other organizational restructuring are approved by the general meeting of shareholders of the Company (or by the Board of Directors of the Company unless such organizational restructuring or other significant events require approval by the general meeting of shareholders), the transfer restrictions on a portion of the allotted shares shall be lifted prior to the effective date of the organizational restructuring, etc. based on the resolution of the Board of Directors. The number of such shares shall be reasonably determined based on the period from the commencement date of the Service Period to the date on which the organizational restructuring etc. are approved.