

Notice Regarding Introduction of Restricted Stock Compensation Plan

DAISHINKU CORP. (hereinafter the “Company”) hereby announces that, at the Board of Directors meeting held on May 13, 2025, the Company reviewed its executive compensation system and resolved to introduce a restricted stock compensation plan (hereinafter the “Plan”). Accordingly, the Company has decided to submit a proposal regarding the Plan to the 62nd Annual General Meeting of Shareholders, scheduled to be held on June 27, 2025 (hereinafter the “Shareholder Meeting”). Details are as follows:

1. Purpose and Conditions for the Introduction of the Plan

(1) Purpose of the Introduction

The Company intends to introduce the Plan to provide incentives to 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”) to continuously enhance the Company’s corporate value and to further share value with shareholders.

(2) Conditions for the Introduction

Under the Plan, the Company will grant restricted stock to Eligible Directors as remuneration, etc. for their services as Directors, or will pay monetary compensation claims for the grant of restricted stock as remuneration. Therefore, the introduction of the Plan is subject to the approval of the shareholders at the Shareholder Meeting.

The amount of remuneration, etc. for the Company’s Directors was approved at the 59th Annual General Meeting of Shareholders held on June 29, 2022, to be up to 25 million yen per month, excluding remuneration for Directors who are Audit and Supervisory Committee Members. This amount does not include the portion of employee salaries for Directors concurrently serving as employees. At the upcoming Shareholder Meeting, the Company plans to request the approval of shareholders for the amount of remuneration, etc. for Directors to be up to 300 million yen per year, excluding remuneration for Directors who are Audit and Supervisory Committee Members; this amount does not include the portion of employee salaries for Directors concurrently serving as employees. The request will also include approval for the introduction of the Plan and the establishment of a remuneration limit for Eligible Directors within the remuneration limit for Directors.

2. Outline of the Plan

The Eligible Directors shall either (1) receive the issuance or disposal of common shares of the Company as remuneration, etc. for Directors without payment of money or transfer of property, or (2) pay all monetary compensation claims paid by the Company under the Plan as in-kind contributions and receive the issuance or disposal of common shares of the Company.

Under the Plan, the total amount of remuneration to be paid to Eligible Directors shall be up to 60 million yen per year, and the total number of shares of common stock of the Company to be issued or disposed of under the Plan shall be up to 100,000 shares per year. In the event of unavoidable circumstances requiring an adjustment of the number of shares, such as a stock split or reverse stock split of the Company, the number of shares to be issued or disposed of may be reasonably adjusted.

To achieve the medium- to long-term sharing of value with shareholders, which is one of the purposes of introducing the Plan, 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. The specific timing and allocation of the restricted stock to each Eligible Director shall be determined by the Board of Directors.

The issue price per share of the Company's common stock issued or disposed of by the method described in (1) above and the payment amount per share of the Company's common stock issued or disposed of by the method described in (2) above shall be determined by the Board of Directors to the extent that is not particularly advantageous to the Eligible Directors. The price and amount shall be 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 prior shall be used.

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 (hereinafter the "Allotment Agreements") that shall include the following provisions:

- (i) 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.
- (ii) In certain circumstances, the Company shall acquire the common stock without consideration.