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Securities code:1878  
Listed in Prime Market of Tokyo security exchange  
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**Notice Regarding Partial Revision of the Stock Compensation Plan  
for Directors and Other Executives**

Daito Trust Construction Co., Ltd. hereby announces that it has resolved at its Board of Directors meeting held today to continue and revise a portion of the performance-linked stock compensation plan (hereinafter the "Plan") for Directors who are not Audit and Supervisory Committee members, Executive Officers (excluding Outside Directors and persons who are non-residents in Japan, hereinafter referred to as "Executive Directors, etc."), and Outside Directors who are not Audit and Supervisory Committee member (excluding persons who are non-residents in Japan, hereinafter referred to as "Directors, etc." together with Executive Directors, etc.) of the Company, and to submit a proposal for the continuation and partial revision of the plan to the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2025 (hereinafter the "General Meeting of Shareholders").

**1. Continuation of the Plan**

(1) This Plan is a stock-linked compensation plan, covering three consecutive fiscal years, in which a trust acquires the Company shares using the amount of compensation for Directors, etc. contributed by the Company, and through that trust, the Company shares and the money equivalent to the amount gained from the disposal of the Company shares (hereinafter referred to as the "Company Shares, etc.") are transferred and delivered to Directors, etc.

The Company has decided to continue the Plan after making necessary revisions, such as increasing the stock-based compensation ratio, in order to further clarify the link between the remuneration of Directors, etc. and the Company's business performance and shareholder value, to increase the awareness of Directors, etc. to contribute to improving mid- to long-term business performance and increasing corporate value, and to strengthen the sharing of interests with shareholders through stock ownership by Directors, etc.

(2) In the Plan, the Company will adopt a structure called the Board Incentive Plan (BIP) trust (hereinafter referred to as the "BIP trust"). The BIP trust is an incentive plan for Directors, etc. based on the U.S.-performance-based share compensation (Performance Share) plan and the restricted stock compensation (Restricted Stock) plan, which is a scheme that vests to Directors, etc. in an amount of money equivalent to the redemption value of the Company Shares, etc. according to their position and

the degree of achievement of performance targets, etc.

- (3) At continuation of the Plan, the contents of the Plan will be partially revised as described in 2. below. Additionally, the revision of the Plan is contingent upon its approval at the General Meeting of Shareholders.

## **2. Partial Revision of the Plan**

At continuation of the Plan, the trust period of the trust (hereinafter referred to as the “Trust”) that has already been set will be extended and the contents of the Plan will be partially revised as follows.

Under this revision, the ratio of remuneration for Executive Directors, etc., consisting of basic remuneration, bonuses on performance and stock compensation will be set at 1 : 0.6 : 1 (the current ratio is 1 : 0.6 : 0.6 ), in order to further increase the awareness of Directors, etc. to contribute to improving mid- to long- term business performance and increasing corporate value, and to strengthen the sharing of interests with shareholders through stock ownership by Directors, etc.

In accordance with this, the maximum amount of money contributed by the Company to the Trust will be revised from 1.9 billion yen (15 million yen for Outside Directors) to 3.3 billion yen (30 million yen for Outside Directors) over the three fiscal years, and the maximum total number of points that can be granted to Directors, etc. per three fiscal years will be revised from 210,000 points (1,200 points for Outside Directors) to 240,000 points (2,100 points for Outside Directors). Additionally, although the conditions for granting points are the achievement of ROE 20% and 50% of payout ratio, when formulating a new medium- term management plan in the future, these conditions can be appropriately revised by a decision of the Board of Directors after deliberation by the Nomination and Remuneration Committee, and the content and performance, etc. of the Plan will be appropriately disclosed through business reports, etc.

Regarding items not listed below, the contents of the Plan, which was introduced in 2019 and partially revised in 2023, will remain the same.

### **(1) Trust Period after Extension**

The trust period of the Trust will be changed to align the target period of the Plan with the target period of the Company's medium- term management plan to further increase the awareness to achieve the targets of the medium- term management plan. The initial trust period after the extension of the Trust (hereinafter referred to as the "initial target period after extension") will be two years (from September 1, 2025 (scheduled) to the end of August 2027 (scheduled)) corresponding to the two fiscal years remaining in the Company's current medium- term management plan (from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2027).

Upon the expiry of the initial target period after extension of the Trust, the Company plans to continue the Plan by amending the trust agreement and making an additional trust. In that case, the

trust period shall be extended for three years. The Company shall make an additional contribution within the total amount of 3.3 billion yen (including 30 million yen to Outside Directors) for each extended trust period and continue to grant points to Directors, etc. during such extended trust period, whereas the Trust shall continue to transfer and deliver the Company Shares etc., to Directors, etc. during such extended trust period; provided, however, that, if the Company Shares, etc. and money remain in the trust property, in the case such additional contribution is made, at the end of the trust period before such extension (excluding the Company Shares, etc., that correspond to the points granted but have not been transferred and delivered to Directors, etc.) (hereinafter such remaining shares and money referred to as "Remaining Shares, etc."), the total amount of such Remaining Shares, etc., and the trust money to be additionally contributed by the Company shall be within the range of 3.3 billion yen (including 30 million yen to Outside Directors).

(2) Company Shares, etc., subject to the transfer and deliver to Directors, etc.

During the trust period, Executive Directors, etc. will be granted two types of points (i) and (ii) below at specified times each year, while Outside Directors who are not Audit & Supervisory committee members will be granted only type (ii) of points below. The transfer and deliver of Company Shares, etc. will be made according to the cumulative value of each point (hereinafter referred to as the "cumulative points"). The points (i) and (ii) below will be granted to Executive Directors, etc. if they achieve certain conditions set by the Company based on the medium-term management plan, etc. (For the initial target period after extension, the conditions will continue to be achievement of an ROE 20% and 50% of payout ratio, but for any subsequent target periods, the conditions will be decided separately by the Board of Directors after deliberation by the Nomination and Compensation Committee based on the Company's medium-term management plan, etc. at that time, and the details will be appropriately disclosed.).

(i) Points related to Performance-linked portion

Points to be determined based on job titles are granted after the expiry of the covered period and are fluctuated according to the achievement level of the Company's mid- to long-term business performance targets, etc. (\*1)

(\*1) During the initial target period after extension, the performance targets will continue to include consolidated operating profit growth rate and other non-financial indicators (reduction rate of CO2 emissions, the proportion of females in management personnel, employees' engagement, and compliance penetration level). In any subsequent target periods, the Company will adopt new performance target decided by the Board of Directors after deliberation by the Nomination and Compensation Committee based on the Company's medium-term management plan, etc. at that time, and the details will be appropriately

disclosed.

(ii) Points related to Non-performance-linked portion

Points to be determined based on job titles are granted every year during the trust period.

One point shall be equivalent to one share of the Company's common shares; provided, however, that, if the Company shares held in the Trust increase or decrease due to a stock split, a gratis allotment of shares, a consolidation of shares, etc., the Company will adjust the number of Company shares to be transferred and delivered per point according to the rate of such increase or decrease.

(3) Maximum amount of money to be contributed by the Company and maximum total number of points to be granted to Directors, etc.

Maximum amount of money to be contributed by the Company and maximum total number of points to be granted to Directors, etc. during the trust period are as follows.

(i) Maximum amount of money to be contributed by the Company

3.3 billion yen (30 million yen for Outside Directors) over the three fiscal years. <sup>(\*)2</sup> <sup>(\*)3</sup>

<sup>(\*)2</sup> 2.2 billion yen (20 million yen for Outside Directors) in the initial target period after extension

<sup>(\*)3</sup> Maximum amount of money is calculated by adding trustee fees and trustee expenses to the cost of acquiring shares.

(ii) Maximum total number of points to be granted to Directors, etc. per three fiscal years

240,000 points (2,100 points for Outside Directors). <sup>(\*)4</sup> <sup>(\*)5</sup> <sup>(\*)6</sup> <sup>(\*)7</sup>

<sup>(\*)4</sup> 160,000 points (1,400 points for Outside Directors) in the initial target period after extension

<sup>(\*)5</sup> The Company has decided, at its Board of Directors meeting held on March 31, 2025, a stock split at a ratio of five shares for every one share of common stock held by shareholders registered or recorded on the final shareholder register on March 31, 2025. Therefore, the maximum total number of points to be granted to Directors, etc. after October 1, 2025, will be adjusted to 1.2 million points per three fiscal years (10,500 points for Outside Directors), and 800,000 points (7,000 points for Outside Directors) during the initial target period after the extension (two years).

<sup>(\*)6</sup> Maximum total number of points to be granted to Directors, etc. is set based on the maximum amount of money mentioned above and with reference to the most recent stock price, etc.

(\*7) Maximum total number of points to be granted to Directors, etc. assumes that the points will be increased to the maximum value based on the achievement of the company's performance indicators after the expiry of the covered period.

(4) Method of transfer and delivery of the Company Shares, etc. to Directors, etc.

(i) Performance-linked portion

The transfer and delivery of the Company Shares, etc., related to the performance-linked portion shall be made after the expiry of the covered period. (If an Executive Director, etc. resigns during the trust period, it will be made upon a certain time after the retirement of the position.)

Those Executive Directors, etc. who meet the beneficiary requirements shall receive from the Trust the Company Shares equivalent to 50% of the Cumulative Points related to the performance-linked portion (shares less than one unit shall be rounded up), and for the number of shares equivalent to the remaining Cumulative Points, receive from the Trust the money equivalent to the amount gained from the sale of such shares after those shares are sold by the Trust. If an Executive Director, etc. resigns during the trust period, the Cumulative Points related to the performance-linked portion will be adjusted considering the degree of achievement of performance targets, etc. up to that point.

If an incumbent Executive Director, etc. dies before the transfer and delivery of the Company Shares, etc., are made upon the expiry of the covered period, the heir of such Executive Director, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

In addition, if an Executive Director, etc. becomes a non-resident of Japan before the transfer and delivery of the Company Shares, etc., are made upon the expiry of the covered period, such Executive Director, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

(ii) Non-performance-linked portion

The transfer and delivery of the Company shares, etc., related to the non-performance-linked portion shall be made upon a certain time after the retirement of the position.

Those Directors, etc. who meet the beneficiary requirements shall receive from the Trust the Company shares equivalent to 50% of the Cumulative Points related to the non-performance-linked portion (shares less than one unit shall be rounded up) that are granted before retirement, and for the number of shares equivalent to the remaining Cumulative Points, receive from the Trust the money equivalent to the amount gained from the sale of such shares after those shares are sold by the Trust.

If an incumbent Director, etc. dies during the trust period, the heir of such Director, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

In addition, if a Director, etc. becomes a non-resident of Japan during the trust period, such Director, etc. shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

(iii) Forfeiture, etc. of stock compensation

In case of the occurrence of retrospective amendment to account settlement due to material error or misconduct in accounting, or the judgement of the Board of Directors to admit the occurrence of material violation, etc. of the delegation contracts, etc. by Directors, etc., the Company shall be able to deprive the said Directors, etc. of all or part of the right to receive stock compensation, or demand the compensation equivalent to all or part of the granted stock compensation.

(5) Method of stock acquisition by the Trust

In conjunction with the revision of the Plan, the Company plans to acquire additional Company shares from the Company (new stock issuance or disposal of treasury) or the stock market.

**[Reference1] Details of the trust agreement**

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| (1) Type of trust                      | Money trust other than a money trust for specific individual management<br>(Trust for the benefit of others)   |
| (2) Purpose of trust                   | Granting of incentives to Directors, etc.  |
| (3) Consignor                          | The Company  |
| (4) Trustee                            | Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)   |
| (5) Beneficiaries                      | Directors, etc. who meet the beneficiary requirements  |
| (6) Trust administrator                | Third party who are professional practitioners and has no interest in the Company  |
| (7) Trust agreement date               | August 1, 2019 (Amendment agreement is scheduled in August 2025)   |
| (8) Trust period                       | August 1, 2019 to the end of August 31, 2025 (Planned to be extended until August 31, 2027 in accordance with the amendment agreement)   |
| (9) Exercise of voting rights          | Voting rights shall not be exercised.  |
| (10) Type of stocks to be acquired     | Common stock of the Company  |
| (11) Maximum amount of entrusted money | 2.2 billion yen for the initial target period after the extension (including 20 million yen for Outside Directors) (including trustee fees and trustee expenses)   |
| (12) Time for acquiring stocks         | Undecided  |
| (13) Method of stock acquisition       | Acquisition from the Company (new stock issuance or disposal of treasury) or the stock market  |
| (14) Beneficial owner                  | The Company  |
| (15) Residual assets                   | The residual assets that the Company, as the owner of the rights, can receive shall be limited to the amount of the trust expense reserve after deducting the funds used to acquire shares from the trust funds. |

## **【Reference2】 Outline of the determination policy for remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members)**

At the Board of Directors meeting held on April 2025, the Company prescribed a determination policy for remuneration, etc. of individual Directors (excluding Directors who are Audit & Supervisory Committee Members) and the outline is as below. Remuneration, etc. for Directors who are Audit & Supervisory Committee Members shall be determined pursuant to the deliberation by Directors who are Audit & Supervisory Committee Members within the scope of the amount approved at the General Meeting of Shareholders.

### **1. Basic policy for remuneration of officers**

Regarding remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company, we shall make a simple remuneration plan with the function of incentives contributing to mid- to long- term enhancement of corporate value to achieve the Company's management policy. At the same time, remuneration requires a level to maintain the speed of corporate reform of the Company and to gain and maintain excellent human resources to contribute to sustainable growth. Specifically, the basic policy is as follows:

- Incentive systems to strongly promote the achievement of the Company's management policy
- Strengthening the awareness of contribution to improvement in corporate performance and enhancement of corporate value
- Sharing of common interests with shareholders and investors
- Competitive compared with the remuneration level of similar scale enterprises in Japan and at a level to gain and maintain excellent human resources
- Remuneration determination process with high transparency and objectivity and fulfilling accountability to stakeholders

### **2. Remuneration level**

Remuneration level shall be set to be competitive by researching and analyzing the level of benchmark enterprises and utilizing the database of external research institutions, while considering the Company's management conditions, etc.

### **3. Composition of Remuneration**

Based on the basic policy above, the composition of remuneration focuses on incentives. Specifically, the remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter referred to as "Executive Directors") is composed of basic remuneration, bonuses on performance and stock compensation and its proportion is 1 : 0.6 : 1 (in case of 100% of achievement rate for performance targets). In the future, the target proportion is 1 : 2-3 : 2-3.

Meanwhile, for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter the same applies), remuneration is composed of basic remuneration and stock compensation. However, remuneration is not linked to performance considering their roles are to supervise the business executors appropriately.

(Basic remuneration)

For Executive Directors, basic remuneration based on job titles is granted monthly. For Outside Directors, basic remuneration based on their duties is granted monthly.

(Bonuses on performance)

Bonuses on performance are granted during the specified period annually as short-term incentives in each fiscal term according to the achievement rate of targets with the range of 0% to 130 %. However, the bonuses shall be granted within the ranges of multiplying the consolidated profit (profit attributable to owners of the parent) by a specific ratio to share common interests with shareholders.

The indicators to measure the achievement of targets will be selected considering the medium- term management plan and materiality. We will pay attention to make the incentives appropriate for achievement of the medium- term management plan and materiality by adopting non-financial indicators and individual evaluations besides financial indicators.

(Stock compensation)

Stock compensation shall be granted for the purposes of promoting incentive for enhancement of mid-

to long-term corporate performance and corporate value of the Daito Group and the awareness of sharing common interests with our shareholders.

Specifically, stock compensation of Executive Directors is comprised of a performance-linked portion and a non-performance-linked portion. For the performance-linked portion, points to be determined based on job titles are granted every year and the points fluctuate within the range of 0% - 150% according to the achievement level of targets and the stock is granted according to the points during the specific period after the expiry of the Period covering medium-term management plan. For the non-performance-linked portion, points to be determined based on job titles are granted every year and the stock is granted according to cumulative points upon retirement of the position. In addition, the granting of points for Executive Directors is subject to the achievement of certain conditions set by the Company based on the medium-term management plan.

The indicators to measure the achievement of targets will be selected considering the medium-term management plan and materiality. We will pay attention to make the incentives appropriate for achievement of the medium-term management plan and materiality by adopting non-financial indicators besides financial indicators.

In addition, for Executive Directors, possession of the Company's stock equivalent to (annual) basic remuneration or more (including potentially possessed stock) is recommended in principle within five years after assuming the position.

Stock compensation of Outside Directors shall be non-performance-linked and fixed in consideration of their roles.

#### **4. Determination process of remuneration**

The Company established the Nominating and Remuneration Committee as an advisory organ for the Board of Directors to secure the properness and transparency of remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter the same applies).

Determination policy for remuneration, etc. of individual Directors (including remuneration level, remuneration composition, and the setting of targets for performance-linked remuneration) is determined by the Board of Directors through sufficient deliberations by the Nominating and Remuneration Committee.

The amount of remuneration of individual Directors is determined by President and Representative Director entrusted by the Board of Directors based on the determination policy. Specifically, for the non-performance-linked portion of basic remuneration and stock compensation, the Nominating and Remuneration Committee makes a draft of remuneration amounts and President and Representative Director determines the amount. For the performance-linked portion, the individual remuneration amounts are determined by applying calculation formula after the evaluation of each Executive Director relating to the performance-linked portion is deliberated by the Nominating and Remuneration Committee and President and Representative Director received recommendations from Nominating and Remuneration Committee.

#### **5. Forfeiture, etc. of stock compensation**

In case of the resolution of the Board of Directors for retrospective amendment to account settlement due to material error or misconduct in accounting, or the judgement of the Board of Directors to admit the occurrence of material violation of the delegation contracts between the Company and the Director during the Director's office, the Nominating and Remuneration Committee is consulted by Board of Directors, and deliberates whether to confiscate all or part of the right to receive bonuses or stock compensation or not, whether to demand the return of all or part of the granted bonuses and stock compensation or not, and shall make recommendations to Board of Directors based on the result. In addition, if a Director move to competing company without the Company's permission, the Nominating and Remuneration Committee will be consulted by the Board of Directors, and shall deliberate whether to demand the return of all or part of stock compensation or not, and shall make recommendations to Board of Directors based on the result.

The Board of Directors shall resolve whether to confiscate all or part of the right to receive bonuses or stock compensation or not, whether to demand the return of all or part of the granted bonuses and stock compensation to the Director or not, considering the recommendation results from Nominating and Remuneration Committee.

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