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Company name: DAIHEN Corporation
Representative: Shoichiro Minomo
President and Chief Executive Officer
Stock exchange code: 6622, TSE Prime and Fukuoka Stock Exchange
Contact: Masana Morioka
Senior Vice President and Executive General Manager of Planning Div.
Phone: +81-6-6390-5502

Notice Concerning Disposal of Treasury Stock as Restricted Stock Compensation

DAIHEN Corporation (the “Company”) hereby announces that it was resolved at a meeting of the Board of Directors held today that treasury stock would be disposed of as restricted stock compensation as indicated below (the “Treasury Stock Disposal”).

1. Overview of Treasury Stock Disposal

(1) Disposal date	July 14, 2025
(2) Class and number of shares to be disposed	2,900 shares of common stock of the Company
(3) Disposal price	6,310 yen per share
(4) Total value of shares to be disposed	18,299,000 yen
(5) Allottees	2,900 shares to be allotted to six Directors* of the Company *Excluding Outside Directors

2. Purpose and reasons for disposal

On June 26, 2019, the Company received shareholder approval at the 155th Annual General Meeting of Shareholders to: establish a stock-based compensation plan (the “Plan”) that would deliver restricted stock to Directors of the Company (excluding Outside Directors) in order to have them share with Company shareholders both the advantages and risks of changes in share price, and thereby further incentivize them to contribute to the improvement of the Company’s share price and corporate value; cap at 50 million yen the total annual amount of monetary compensation claims payable to the Company’s Directors (excluding Outside Directors) under the Plan for compensation, etc. in the form of restricted stock; and cap at 50,000 the total number of shares of restricted stock to be allotted to the Company’s Directors (excluding Outside Directors) each business year.

The Board of Directors resolved today to provide up to 18,299,000 yen in monetary compensation claims to the six Directors of the Company designated as allottees of the disposal (excluding Outside Directors; hereinafter, the “Allottees”) for their restricted stock compensation for the period from the Company’s 161st Annual General Meeting of Shareholders to the 162nd Annual General Meeting of Shareholders (scheduled to be held in June 2026), and to allot 2,900 shares of the Company’s common stock as specified restricted stock that the Allottees would acquire by paying the entire amount of said monetary compensation claims as in-kind contributions. The actual amount of monetary compensation claims to be provided to each Allottee will be decided based on a comprehensive review of various criteria,

including the degree of their contributions to the Company. In addition, the payment of those monetary compensation claims will be subject to, among other requirements, the condition that each Allottee enters into a restricted stock allotment agreement (the “Allotment Agreement”) with the Company that includes the terms outlined below.

3. Overview of Allotment Agreement

(1) Transfer restriction period

From July 14, 2025 to the day on which each Allottee retires from their position as a Director of the Company.

During the transfer restriction period specified above (the “Transfer Restriction Period”), the Allottees shall not transfer, pledge, create a security interest in, gift, bequeath, or otherwise dispose of the restricted stock allotted to them (the “Allotted Shares”) to a third party (the “Transfer Restrictions”).

(2) Uncompensated acquisition of restricted stock

In the event that an Allottee retires as a Director of the Company in the period from the first day of the Transfer Restriction Period to the day before the first Annual General Meeting of Shareholders of the Company held thereafter, the Company shall acquire the Allottee’s Allotted Shares as a matter of course and without compensation at the time of retirement, except where the Board of Directors deems that there is a legitimate reason for not doing so (e.g., completion of term of office).

Furthermore, in cases where the Transfer Restrictions are not lifted for certain Allotted Shares according to the reasons prescribed in “(3) Lifting of Transfer Restrictions” below at the end of the Transfer Restriction Period (the “Period End”), the Company shall acquire said Allotted Shares as a matter of course and without compensation immediately after the Period End.

(3) Lifting of Transfer Restrictions

At the Period End, the Company shall lift the Transfer Restrictions on all Allotted Shares held by the Allottee at that time, provided that the Allottee continuously held the position of Director of the Company from the first day of the Transfer Restriction Period to the day of the first Ordinary General Meeting of Shareholders of the Company held thereafter. However, in cases where the Allottee retires as a Director of the Company at some time from the first day of the Transfer Restriction Period to the day before the first Annual General Meeting of Shareholders of the Company held thereafter due to a reason deemed legitimate by the Board of Directors (e.g., completion of term of office), the Company shall, immediately after said retirement, lift the Transfer Restrictions on a portion of the Allotted Shares that will be calculated by dividing the number of months from July 2025 to the month in which said retirement occurred by 12, and then multiplying the quotient by the number of Allotted Shares held by the Allottee at the time of retirement (any fractions of a share will be rounded down).

(4) Management of shares

Allottees shall, according to the method specified by the Company, open an account with SMBC Nikko Securities Inc. to book or record their Allotted Shares, and shall deposit and maintain the Allotted Shares in that account until the lifting of the Transfer Restrictions.

(5) Handling of organizational restructurings, etc.

In cases where a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or another form of organizational restructuring, etc. is approved by a General Meeting of Shareholders of the Company (or by the Board of Directors when the organizational restructuring, etc. does not require approval by a General Meeting of Shareholders) during the Transfer Restriction Period (limited to cases where the organizational restructuring takes effect before the Period End; hereinafter, the “time of approval of the organizational restructuring, etc.”) and where the Allottee is to retire from the

position of Director of the Company in conjunction with the organization restructuring, etc., the Company shall, through a resolution of the Board of Directors and immediately before the business day before the organizational restructuring, etc. takes effect, lift the Transfer Restrictions on a portion of the Allotted Shares that will be calculated by dividing the number of months from July 2025 to the month in which said approval occurred by 12 (if the quotient exceeds 1, the quotient used shall be 1), and then multiplying the quotient by the number of Allotted Shares held by the Allottee on the day of said approval (any fractions of a share will be rounded down).

Furthermore, in cases where an organizational restructuring, etc. is approved, the Company shall acquire on the business day before the organizational structuring, etc. takes effect, as a matter of course and without compensation, all Allotted Shares for which the Transfer Restrictions had not been lifted as of that day.

4. Basis for calculation and specific details of amount paid in

In order to avoid arbitrariness, the disposal price of the Treasury Stock Disposal was set as the closing share price of the Company's common stock on the Tokyo Stock Exchange on June 25, 2025, the business day immediately preceding the day of the aforementioned Board of Directors resolution, which was 6,310 yen. This was the market price of the shares immediately before the day of said resolution, and the Company believes that it is a reasonable price that does not afford any particular advantages.