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To Whom It May Concern:

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Notice Concerning Disposition of Treasury Stock under the Restricted Stock Incentive for the DaikyoNishikawa Employee Stock Ownership Plan

DaikyoNishikawa Corporation (hereinafter, “DNC”) announced on May 13, 2025 the introduction of a restricted stock incentive plan for employees through the DaikyoNishikawa Employee Stock Ownership Plan (hereinafter, the “ESOP”). DNC hereby announces that, at the meeting of its Board of Directors held today, it resolved to dispose of its treasury stock as restricted stock (hereinafter, the “Treasury Stock Disposition” or “Disposition”) under this plan (hereinafter, the “Plan”), with the ESOP as the planned allottee. The details are as follows.

1. Overview of the Disposition

(1) Date of disposition	November 20, 2025
(2) Class and number of shares subject to disposition	123,200 shares of common stock of DNC (Note)
(3) Disposition price	727 yen per share
(4) Total value of disposition	89,566,400 yen (Note)
(5) Disposition method (expected allottee)	The number of shares applied for as determined by the ESOP within the range of the number of shares to be disposed of as stated in (2) above will be allotted to the ESOP on the condition that an application for subscription is made by the ESOP using the method of third-party allotment (the number of allotted shares will be the number of shares to be disposed of). (DaikyoNishikawa Employee Stock Ownership Plan: 123,200 shares) Please note that partial subscriptions of the granted shares by each Eligible Employee (as defined below) will not be accepted.

(Note) The “number of shares subject to disposition” and the “total value of disposition” have been calculated on the assumption that 123,200 shares of DNC’s common stock will be granted as restricted stock to each of DNC’s 2,200 employees, which is the maximum potential number of employees eligible under the Plan. The actual number of shares to be disposed of and the total disposition amount will be determined based on the number of employees (up to 2,200) who consent to participate in the Plan (hereinafter, the “Eligible Employees”) after

completion of promotional efforts encouraging non-members to join the ESOP and confirmation of consent of the Plan from existing ESOP members. Specifically, as described in (5) above, the number of shares subscribed for as determined by the ESOP will constitute the “number of shares subject to disposition,” and the “total value of disposition” will be calculated by multiplying that number by the disposition price per share. DNC will uniformly grant monetary claims of 40,712 yen to each Eligible Employee and, through the ESOP, will allocate 56 shares of DNC’s stock to each such employee.

2. Purpose and Reason of the Disposition

As announced in the “Notice Regarding the Introduction of a Restricted Stock Incentive Plan for the DaikyoNishikawa Employee Stock Ownership Plan” dated May 13, 2025, DNC has resolved to introduce the Plan as part of its human capital investment aimed at supporting the sustainable enhancement of corporate value. Under the Plan, the Eligible Employees, excluding certain employees enrolled in the ESOP, will be given the opportunity to acquire shares of DNC’s common stock, either newly issued or disposed of by DNC, as restricted stock through the ESOP. The objectives of the Plan are to support the Eligible Employees’ asset formation, enhance their motivation to contribute to DNC’s performance and stock price, and further promote value sharing with DNC’s shareholders.

An overview of the Plan is provided below.

[Overview of the Plan]

Under the Plan, the Eligible Employees will be granted monetary claims (hereinafter, the “Special Incentive Payment”) by DNC as a special incentive for the grant of 56 shares per employee as restricted stock, and the Eligible Employees will contribute the Special Incentive Payment to the ESOP. The ESOP will then provide to DNC the Special Incentive Payment contributed by the Eligible Employees by way of an in-kind contribution, and in turn shall receive the issuance or disposition of DNC’s common stock as restricted stock.

The amount per share to be paid for DNC’s common stock in cases where such common stock is to be issued or disposed of based on the Plan shall be resolved by the Board of Directors within a scope that is not particularly advantageous to the ESOP (and by extension to the Eligible Employees) based on the closing price of DNC’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors pertaining to the issuance or disposition (if no trades are executed on that day, the closing price on the most recent trading day prior to that date).

In issuing or disposing of DNC’s common stock based on the Plan, DNC and the ESOP will execute a restricted stock allotment agreement, the outline of which will include, among other things, that (1) the ESOP is prohibited from transferring, creating any security interest on, or otherwise disposing of the allotted shares to a third party during a certain restriction period (hereinafter, the “Transfer Restriction”), and (2) DNC shall acquire the allotted shares without payment of any contribution if certain events occur. Furthermore, the Special Incentive Payment will be granted to the Eligible Employees on the condition that the restricted stock allotment agreement is executed between DNC and the ESOP.

Moreover, until the Transfer Restriction is lifted, based on the ESOP Rules, the ESOP Detailed Operation Rules and other rules of the ESOP (hereinafter collectively the “ESOP Rules, etc.”) (Note), the Eligible Employee will be restricted from withdrawing the Eligible Employee’s member equity interest pertaining to the restricted stock to be held by the Eligible Employee in proportion to the monetary claims contributed to the ESOP (hereinafter, the “Restricted Stock Equity Interest” or “RS Equity Interest”).

(Note) The ESOP is scheduled to resolve the amendment to the ESOP Rules, etc. in order to comply with the Plan prior to receiving the Treasury Stock Disposition at the meeting of the ESOP's governing body to be held on August 7, 2025 promptly after the resolution of the Board of Directors pertaining to the Treasury Stock Disposition. Such amendment is scheduled to become effective when two weeks have elapsed after the dispatch of the notice to the ESOP members in accordance with the ESOP Rules, etc. after the resolution at such meeting of the ESOP's governing body, and the objections from the members of the ESOP are less than one-third of the total members of the ESOP.

In the Treasury Stock Disposition, DNC's common stock (hereinafter, the "Allotted Shares") will be disposed of to the ESOP as a result of the ESOP, as the scheduled allottee, contributing all of the Special Incentive Payment contributed from the Eligible Employees as contribution in-kind based on the Plan. The overview of the restricted stock allotment agreement to be executed between DNC and the ESOP (the "Allotment Agreement") in the Treasury Stock Disposition is as described in "3. Overview of the Allotment Agreement" below. The number of shares to be disposed of in the Treasury Stock Disposition will be finalized in due course as indicated in (Note) of 1. above; however, assuming that all 2,200 employees of DNC, which is the potential maximum number of persons eligible for the Plan, join the ESOP and agree to the Plan, 123,200 shares will be disposed of. Based on the aforementioned number of shares to be disposed of, the size of dilution resulting from the Treasury Stock Disposition would be 0.17 % of 73,896,400 shares as the total number of issued shares as of March 31, 2025 (rounded off to two decimal places; the same applies to all percentage calculations below), and 0.17 % of 710,762 voting rights as the total number of voting rights as of March 31, 2025.

The introduction of the Plan is intended to serve as part of DNC's human capital investment to support the sustainable enhancement of corporate value. By providing the Eligible Employees with the opportunity to acquire shares of DNC's common stock, either newly issued or disposed of by DNC, as restricted stock through the ESOP, the Plan aims not only to support employees in building assets, but also to enhance their motivation to contribute to DNC's performance and stock price, and to further promote value sharing with shareholders. DNC believes that the introduction of the Plan will contribute to increasing its corporate value, and that the number of shares to be disposed of and the size of stock dilution in the Treasury Stock Disposition are reasonable. Even when the size of dilution is taken into account, DNC has determined that the impact on the market will be minor.

Please note that the Treasury Stock Disposition will be implemented on the condition that the amended ESOP Rules, etc. become effective by the day preceding the date of disposition of the Treasury Stock Disposition, and that the Allotment Agreement between DNC and the ESOP will be concluded within the prescribed period.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

From November 20, 2025 (hereinafter, the "Disposition Date") until the point immediately after the Eligible Employee retires from their position as an employee of DNC.

(2) Condition for lifting of the Transfer Restriction

On the condition that an Eligible Employee has been a member of the ESOP on a continuing basis during the Disposition Date to November 20, 2026 (hereinafter, the "Vesting Period"), the Transfer Restriction shall be lifted as of the expiration of the transfer restriction period for the total number of the Allotted Shares according to the

Restricted Stock Equity Interest held by the Eligible Employee who satisfies such condition.

(3) Treatment upon withdrawal from the ESOP

In the event that an Eligible Employee withdraws from the ESOP during the transfer restriction period due to retirement from their position as an employee of DNC for a legitimate reason, such as reaching the mandatory retirement age or other justifiable grounds (including, but not limited to, appointment as a director after the submission of the securities report for the fiscal year including the Disposition Date, transfer to a group company, or voluntary resignation not based on unavoidable circumstances of the Eligible Employee), such withdrawal (either loss of membership qualification or submission of a withdrawal request, including withdrawal due to death) shall be handled as follows. DNC shall lift the Transfer Restriction, as of the date on which the ESOP accepts the withdrawal request from the Eligible Employee (in the case of loss of membership, the date of such loss; in the case of death, the date of death; hereinafter, the “Withdrawal Request Date”), on the number of Allotted Shares corresponding to the Eligible Employee’s Restricted Stock Equity Interest held on the Withdrawal Request Date, multiplied by a fraction calculated by dividing the number of months from the month following the month that includes the Disposition Date to the month that includes the Withdrawal Request Date by the total number of months in the Vesting Period (12) (any resulting fractional shares of less than one share shall be rounded down).

(4) Treatment upon becoming a non-resident

In cases where DNC determines that an Eligible Employee will fall under the category of a non-resident after the elapse of the Vesting Period due to overseas transfer or any other cause, effective the date on which such determination is made (hereinafter, the “Determination Date for Overseas Transfer”), the Transfer Restriction shall be lifted for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by such Eligible Employee on the Determination Date for Overseas Transfer.

(5) Acquisition without payment of any contribution by DNC

If an Eligible Employee has committed any act in violation of laws and regulations or if an Eligible Employee falls under certain circumstances specified in the Allotment Agreement, during the transfer restriction period, DNC will automatically acquire without payment of any contribution the total number of Allotted Shares according to the Restricted Stock Equity Interest held by such Eligible Employee at that time. In addition, DNC will automatically acquire without payment of any contribution the Allotted Shares for which the Transfer Restriction is not lifted as of the expiration of the transfer restriction period or as of the time of lifting of the Transfer Restriction prescribed in (3) or (4) above.

(6) Management of stocks

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the ESOP at Nomura Securities Co., Ltd. in order to ensure that the ESOP neither transfers, creates any security interest on, nor otherwise disposes of the Allotted Shares during that period. Furthermore, the ESOP shall register and manage, pursuant to the provisions of the ESOP Rules, etc., the Restricted Stock Equity Interest separately from the ordinary equity interest (hereinafter, the “Ordinary Equity Interest”) held by the Eligible Employees.

(7) Treatment upon reorganization, etc.

In cases where, during the transfer restriction period, approval is obtained for a merger agreement wherein DNC becomes the extinct company, or a share exchange agreement or a share transfer plan wherein DNC becomes a wholly owned subsidiary, or other matters regarding reorganization, etc. at a general meeting of shareholders of DNC (however, in cases where the reorganization, etc. in question does not require approval from a general meeting of shareholders of DNC, the Board of Directors of DNC), based on the resolution of the Board of Directors, the Transfer Restriction shall be lifted for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the ESOP as of the date of the approval in question immediately before the business day preceding the effective date of the reorganization, etc.

4. Basis of Calculation and Specific Details of the Disposition Amount

The Treasury Stock Disposition to the ESOP, which is the scheduled allottee, will be conducted by having the Eligible Employees contribute the Special Incentive Payment to the ESOP as a contribution for the purpose of granting restricted stock. To eliminate any arbitrariness in the disposition amount, the closing price for DNC's common stock on August 6, 2025 (the business day before the day of resolution of the Board of Directors) on the Tokyo Stock Exchange Prime Market of 727 yen is used as the disposition amount. As this is the market share price immediately before the date of resolution of the Board of Directors, DNC believes that it is rational and not a particularly advantageous amount.

The deviation rate (rounded off to two decimal places) of this price from the average closing price of DNC's common stock on the Tokyo Stock Exchange Prime Market is as follows.

Period	Average closing price (any amount less than 1 yen shall be rounded down)	Deviation rate
1 month (July 7, 2025 to August 6, 2025)	699 yen	4.01%
3 months (May 7, 2025 to August 6, 2025)	657 yen	10.65%
6 months (February 7, 2025 to August 6, 2025)	627 yen	15.95%

All 3 Audit & Supervisory Board Members (including 2 Outside Audit & Supervisory Board Members) who attended the Board of Directors meeting held today expressed their opinion that the above-mentioned disposition price does not constitute a particularly favorable price for the planned allottees, and is lawful, given that the Treasury Stock Disposition is intended for the implementation of the Plan and that the disposition price is based on the closing price of DNC's common stock on the Tokyo Stock Exchange Prime Market on the business day prior to the date of the Board resolution.

5. Matters Related to Procedures under DNC's Code of Conduct

With regard to the Treasury Stock Disposition, since (1) the dilution rate is less than 25% and (2) it does not involve a change of the controlling shareholder, there is no need to take procedures to acquire the opinion of an independent third party and confirm the intention of shareholders as set forth in Rule 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

(Reference)

[Scheme of the Plan]

- (1) DNC will grant monetary claims as the Special Incentive Payment for the grant of the restricted stock to the Eligible Employees.
- (2) The Eligible Employees will contribute the monetary claims in (1) above to the ESOP.
- (3) The ESOP will collect and contribute to DNC the monetary claims contributed in (2) above.
- (4) DNC will allot the Allotted Shares to the ESOP as the restricted stock (referred to as “RS” in the diagram below).
- (5) The Allotted Shares will be deposited in a dedicated account opened by the ESOP through Nomura Securities Co., Ltd. and the withdrawal of the Allotted Shares will be limited during the transfer restriction period.
- (6) After lifting of the Transfer Restriction, the Allotted Shares will be transferred to the ordinary equity interest or a securities account held under the name of the Eligible Employee.

