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Notice Concerning Disposal of Treasury Shares as Restricted Share-Based Remuneration

Dai Nippon Toryo Co., Ltd. (the “Company”) hereby announces that it has resolved, at the Board of Directors’ meeting held today, to dispose of its treasury shares as restricted share-based remuneration (the “Disposal of Treasury Shares”) as described below.

1. Overview of disposal

(1)	Date of payment	July 17, 2026
(2)	Type and number of shares to be disposed of	29,099 shares of the Company’s common stock
(3)	Disposal price	¥1,295 per share
(4)	Total amount of disposal	¥37,683,205
(5)	Planned allottees	16,193 shares for four Directors* of the Company 12,906 shares for six Executive Officers of the Company * Excluding Outside Directors

2. Purpose and reason of disposal

At the 138th Ordinary General Meeting of Shareholders held on June 29, 2021, the Company obtained shareholders’ approval to introduce a stock compensation plan (the “Plan”) whereby it allots restricted shares to Directors of the Company (excluding Outside Directors) for the purpose of providing them with incentives to continuously enhance the Company’s operating performance and corporate value over the medium to long term and raising their motivation to contribute to raising the share price of the Company by further sharing the benefits and risks of share price fluctuations with shareholders. In addition, related matters have been approved at the Ordinary General Meeting of Shareholders as follows: Under the Plan, the total amount of monetary remuneration claims provided to Directors (excluding Outside Directors) as remuneration, etc. for allotting restricted shares shall be set at no more than ¥60 million per year, and the total

number of restricted shares allotted to Directors of the Company (excluding Outside Directors) shall be up to 86,000 shares per year. The period in which the transfer of allotted shares is restricted shall be from the allotment date of the restricted shares to the date on which the planned allottee retires or resigns from all their positions as Director, Corporate Auditor, or Executive Officer.

Recently, at the Board of Directors meeting held on February 26, 2025, the Company resolved to revise the remuneration plan for Directors, etc., with the aim of maximizing its corporate value by motivating them to achieve sustainable growth and expanding incentives for them to promote the improvement of management efficiency over the long term. On top of this aim, the Company has set an objective to not only secure and retain talented management personnel but to record consolidated net sales of ¥100 billion and consolidated operating profit of ¥10 billion as part of its vision towards FY2029, the Company's 100th founding anniversary. Specifically, the Company has introduced the Plan for Directors (excluding Outside Directors) with the aim of incentivizing them to continuously enhance the operating performance and corporate value of the Company over the medium to long term and also encouraging them to further share both the benefits and risks of the share price fluctuations with shareholders to ultimately drive their willingness to contribute to raising the share prices of the Company more than ever. To increase the linkage between the Plan and performance indicators, we had hoped to revise the amount of annual monetary remuneration claims paid for the grant of restricted shares to Directors (excluding Outside Directors) and the total number of shares of the Company's common stock issued or disposed of. Accordingly, at the Ordinary General Meeting of Shareholders held on June 24, 2025, the Company proposed and obtained shareholders' approval to revise the maximum amount of restricted share-based remuneration to be no more than ¥90 million per year and to revise the total number of restricted shares to be allotted to be no more than 129,000 shares per year.

At the Board of Directors meeting held today, the Company has resolved to provide monetary remuneration claims totaling ¥37,683,205 to four Directors of the Company (excluding Outside Directors) as restricted share-based remuneration, from the date of the 143rd Ordinary General Meeting of Shareholders to the date of the 144rd Ordinary General Meeting of Shareholders scheduled to be held in June 2027, and to six Executive Officers (the "Eligible Executive Officers") as restricted share-based remuneration for the 144rd fiscal year (hereinafter, the Eligible Executive Officers and Directors excluding Outside Directors collectively referred to as "Planned Allottees"), and then to allot 29,099 shares of the Company's common stock, as specified restricted shares, to the Planned Allottees in exchange for the delivery of the entire monetary remuneration claims they hold as in-kind contributions to the Company.

The Company determines the amount of monetary remuneration claims provided to each of the Planned Allottees by comprehensively taking into account the degree of their contribution at the Company and other conditions. The level of dilution from the Disposal of Treasury Shares is insignificant at 0.10% (rounded to two decimal places) against the total shares issued of 29,710,678 shares as of March 31, 2026, which we believe is reasonable in view of the purposes of the Plan. The provision of the monetary remuneration claims is conditional on the conclusion of restricted share allotment agreements (the "Allotment Agreements") between the Planned Allottee and the Company, which include the following terms.

3. Outline of the Allotment Agreements

(1) Transfer restriction period

From July 17, 2026 to the date on which the Planned Allottee retires or resigns from all their positions as Director, Corporate Auditor, or Executive Officer.

During the transfer restriction period specified above (the “Transfer Restriction Period”), the Planned Allottees shall not transfer the shares allotted to them (the “Allotted Shares”) to third parties, establish a pledge or other security interest on them, give them as gifts during life, leave them as bequests, or otherwise dispose of them (the “Transfer Restriction”).

(2) Gratis acquisition of the Allotted Shares by the Company

If the Planned Allottee retires or resigns from all their positions as Director, Corporate Auditor, or Executive Officer during the period from the commencement date of the Transfer Restriction Period to the day preceding the date of the first Ordinary General Meeting of Shareholders to be held during the Transfer Restriction Period (for the Eligible Executive Officers, among the Planned Allottees, the last day of the first fiscal year since the commencement of the Transfer Restriction Period; hereinafter collectively referred to as the “Service Period”), and in the absence of any reasons that the Company’s Board of Directors deems justifiable, the Company shall, as a matter of course, acquire without consideration all the Allotted Shares at the time of their retirement or resignation.

In addition, if there are any Allotted Shares for which the Transfer Restriction has not been lifted at expiration of the Transfer Restriction Period (the “Expiration Time”), the Company shall acquire, as a matter of course, without any consideration such Allotted Shares under the conditions for lifting the Transfer Restriction specified in (3) below, immediately after the Expiration Time.

(3) Lifting of the Transfer Restriction

The Company shall lift the Transfer Restriction on all the Allotted Shares held by the Planned Allottee at the Expiration Time on condition that the Planned Allottee remains in any position as Director, Corporate Auditor, or Executive Officer during the Service Period. However, if the Planned Allottee retires or resigns from all their positions as Director, Corporate Auditor, or Executive Officer for reasons the Board of Directors deems justifiable by the day preceding the date of the expiration of the Service Period, the Transfer Restriction on a portion of the Allotted Shares shall be lifted immediately after the retirement or resignation. The number of such shares shall be calculated by multiplying the number of the Allotted Shares held by the Planned Allottee at the time of retirement or resignation by the number of months from July 2026 (from April 2026 for the Eligible Executive Officers among the Planned Allottees) 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).

(4) Administration of shares

Each of the Planned Allottees shall open an account with SMBC Nikko Securities Inc. in a manner designated by the Company for the purpose of registering or recording the Allotted Shares and shall hold and maintain the Allotted Shares in the account until the Transfer Restriction is lifted.

(5) Treatment upon organizational restructuring or other similar events

During the Transfer Restriction Period, if proposals regarding 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 the proposals regarding organizational restructuring, etc. require approval by the general meeting of shareholders), the Transfer Restriction on a portion of the Allotted Shares shall be lifted immediately before the close of business on the business day preceding the effective date of the organizational restructuring, etc. based on the resolution of the Board of Directors. The number of such shares shall be calculated by multiplying the number of the Allotted Shares held by the Planned Allottee as of the date of such approval by the number of months from July 2026 (from April 2026 for the Eligible Executive Officers among the Planned Allottees) to the month including the date of such approval, divided by 12. If the result exceeds 1, it shall be deemed to be 1. Any fractional shares resulting from the calculation that are less than one share shall be rounded down.

In this case, the Company shall automatically acquire the Allotted Shares for which the Transfer Restriction has not been lifted on the business day preceding the effective date of the organizational restructuring, etc., without any consideration, on the same date as described above.

4. Basis of calculating the amount to be paid in and specific details thereof

To eliminate arbitrariness, the disposal price for the Disposal of Treasury Shares is set at ¥1,295, the closing price of a share of the Company's common stock on the Tokyo Stock Exchange on June 23, 2026, the business day preceding the date of resolution by the Board of Directors of the Company. This represents the market price immediately before the date of the Board of Directors' resolution, and thus is considered reasonable and not particularly advantageous to the Planned Allottees.