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News Release (Translation)

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Notice Concerning Issuance of New Shares as a Subsequent Delivery-type Restricted Stock Compensation and a Performance-linked Restricted Stock Compensation

Daiwa House Industry Co., Ltd. (hereinafter "the Company") announces that its Board of Directors have today resolved to issue new shares as a subsequent delivery-type restricted stock compensation and a performance-linked restricted stock compensation (hereinafter, "New Share Issuance" or "Issuance"). Further details follow:

1. Overview of New Share Issuance

(1)	Date of payment	August 25, 2026
(2)	Class and number of shares to be issued	The Company’s common share 193,904 shares
(3)	Issue price	4,545 yen per share
(4)	Total amount of issue	881,293,680 yen
(5)	Allottees, the number of the allottees, and the number of shares to be allocated	Directors of the Company (excluding outside directors): 7 persons; 102,304 shares Executive officers who do not concurrently serve as directors of the Company (including resignees*): 53 persons; 91,600 shares *Executive officers who were not concurrently serving as directors of the Company during the period from April 1, 2025 to March 31, 2026, who resigned from their positions as executive officers who were not concurrently serving as directors of the Company by July 9, 2026.
(6)	Other	An Extraordinary Report under the Financial Instruments and Exchange Act has been filed with respect to New Share Issuance.

2. Purpose of and Reason for New Share Issuance

At a meeting of the Board of Directors held on May 13, 2022, the Company resolved to introduce a subsequent delivery-type restricted stock compensation system (hereinafter, "the System I") and a performance-linked stock compensation system (hereinafter, "the System II"; hereinafter, the System I and the System II are referred to collectively as "the System") as a compensation system for its Directors (excluding outside directors; hereinafter, "Eligible Directors"). The purpose of the System is to provide an incentive to Eligible Directors to sustainably enhance the Company’s enterprise value and align their interests more closely with those of shareholders by granting common shares in the Company (hereinafter, "Company

Shares") in a number according to the period from the date of the Ordinary General Meeting of Shareholders to the date of the Ordinary General Meeting of Shareholders of the following year, which is the period during Eligible Directors perform their duties, and in a number linked to performance in a single fiscal year (hereinafter "Performance Evaluation Period"). Based on the System, at the 83rd Ordinary General Meeting of Shareholders held on June 29, 2022, the Company also obtained approval to pay to Eligible Directors monetary compensation claims of no more than 900 million yen per year for the System I and the System II respectively, amounting to no more than 1,800 million yen per year in total, as compensation to be used as properties contributed for acquiring Company Shares.

Also, at a meeting of the Board of Directors held on January 11, 2024, the Company resolved to introduce a subsequent delivery-type restricted stock compensation system and a performance-linked stock compensation system for its executive officers who do not concurrently serve as directors of the Company (hereinafter, "Eligible Executive Officers." The Eligible Executive Officers are collectively referred to as the "Eligible Directors, etc." together with the Eligible Directors).

Recently, at the Board of Directors' meeting held on July 9, 2026, the Company resolved to grant monetary compensation claims totalling 881,293,680 yen and Company Shares totalling 193,904 shares as subsequent delivery-type restricted stock compensation and performance-linked stock compensation to 60 Eligible Directors, etc. (including a person who was Eligible Executive Officers during the period from April 1, 2025 to March 31, 2026 and who has retired from the position of Eligible Executive Officers as of July 9, 2026. Hereinafter referred to as the "Allottees.") under the System. The breakdown is as follows.

(1) Subsequent delivery-type restricted stock compensation: 440,637,750 yen in monetary compensation claims and 96,950 Company Shares

(2) Performance-linked stock compensation: 440,655,930 yen in monetary compensation claims and 96,954 Company Shares

An overview of the System is as shown in 3. below.

3. Description of the System

Under the System, the Company will deliver stock compensation under System I to Eligible Directors, etc. after the expiration of the period from the date of the Ordinary General Meeting of Shareholders to the date of the Ordinary General Meeting of Shareholders of the following year (However, in the case of Eligible Executive Officers, the term shall be deemed to be the fiscal year during which the Eligible Executive Officers perform their duties. Hereinafter referred to as the "Service Period."), which is the period during which the Eligible Directors perform their duties, and will deliver stock compensation under System II consisting of a number of the Company's shares linked to performance in the Performance Evaluation Period, after the end of the Performance Evaluation Period, and thereafter on or after the date of the first Ordinary General Meeting of Shareholders to be convened. The maximum number of Company Shares to be delivered to Eligible Directors shall be 290,000 shares per year for the System I and System II respectively, for a total of up to 580,000 shares per year; provided, however, in the event a stock split (including allotment of shares without contribution) or merger is conducted after the 83rd Ordinary General Meeting of Shareholders on June 29, 2022 or if other circumstances require adjustments to the total number of Company Shares to be issued or disposed of based on the System, then the total number of shares shall be adjusted within a reasonable range.

1. System I summary

System I is a stock compensation system that pays monetary compensation claims to Eligible Directors, etc. based on the condition that Eligible Directors, etc. hold the position of Director (hereinafter, "Position of Director.") (However, in the case of Eligible Executive Officers, the term shall be deemed to be the condition that Eligible Executive Officers hold the position of Executive officers who do not concurrently serve as directors of the Company [hereinafter, "Position of Executive Officer."]) continuously during Service Period. Eligible Directors, etc. pay all of those monetary compensation claims in the form of in-kind contributions to receive the issuance or disposal of Company Shares. The method of calculating the monetary compensation claim amount and the final number of shares delivered under the System I is as follows.

(1) Method of calculating the monetary compensation claim amount

The amount of the monetary compensation claims to be paid to each Eligible Directors, etc. shall be the amount calculated by multiplying the final number of shares allocated to Eligible Directors, etc. in accordance with System I (for System I, this shall be referred to as "Final Share Allocation") by the per share payment amount.

(2) Final Share Allocation and final payment amount calculation methods

The Final Share Allocation shall be the number of shares calculated by multiplying the base number of shares (in System I, this shall be referred to as "Base Share Allocation") by a coefficient that is determined based on the period of service (hereinafter, "Period of Service Coefficient").

However, when Eligible Directors, etc. 1) resign from the Position of Director (However, in the case of Eligible Executive Officers, the term shall be deemed to be the Position of Executive Officer) prior to the Service Period (for System I hereinafter referred to as the "Vesting Date") due to the expiration of term or other just reason (excluding when due to death), or when 2) resign from the Position of Director after Vesting Date but prior to the date of issuance or disposal of Company Shares due to the expiration of term or other just reason (including when due to death) (However, in the case of Eligible Executive Officers, the term shall be deemed to be a resignation or retirement from any position of director, executive, executive officer who does not concurrently serve as director, audit & supervisory board member, employee, advisor or other equivalent position [hereinafter, the "Position of Officer or Employee, etc."] at the Company or a subsidiary of the Company), the amount calculated by multiplying the Final Share Allocation by the final transaction price for common shares of Company Shares on the Tokyo Stock Exchange for said date of retirement (if no transactions were conducted on that date, then the final price for the most recent date of transactions, for System I hereinafter referred to as "Final Payment Amount") shall be paid within a specified period of time after resignation. However, when said date of retirement falls on or after the date of the resolution of New Share Issuance, then the payment amount shall be an amount based on the resolution of New Share Issuance.

(System I Final Share Allocation and Final Payment Amount calculation formulas)

Final Share Allocation = A) Base Share Allocation × B) Period of Service Coefficient Final Payment Amount = Final Share Allocation × final price for Company Shares on date of retirement stated in 3. 1. (2) above (if no transactions were conducted on that date, then the final price for the most recent date of transactions [However, when said date of retirement is on or after the date of the resolution of New Share Issuance, then the payment amount shall be an amount based on the resolution of New Share Issuance.])

(*1) Any fraction of less than one share in Final Share Allocation shall be rounded down.

(*2) Any fraction of less than one yen in Final Payment Amount shall be rounded down.

A) Base Share Allocation

The Company Board of Directors shall determine in advance Base Share Allocation issued to each Eligible Directors, etc. However, in light of the maximum amount of stock compensation allowed for System I, this amount shall be adjusted within a reasonable range when necessary to reduce the Base Share Allocation issued to Eligible Directors, etc.

B) Period of Service Coefficient

$$\text{Period of Service Coefficient} = \frac{\text{Period of service (months)}}{\text{Months related to Service Period (12)}}$$

(*3) The period of service (months) is calculated as beginning from the month after the month of the start date of the Service

Period until the month of the date on which the Eligible Directors, etc. resigns from the Position of Director (However, in the case of Eligible Executive Officers, the term shall be deemed to be the Position of Executive Officer).
(*4) If the Period of Service Coefficient exceeds 1, then the coefficient is set as 1.

2. System II summary

System II is a stock compensation system that pays monetary compensation claims to Eligible Directors, etc. based on the level of achievement for performance goals during the Performance Evaluation Period. Eligible Directors, etc. pay all of those monetary compensation claims in the form of in-kind contributions to receive the issuance or disposal of Company Shares. The method of calculating the monetary compensation claim amount and the final number of shares delivered under the System II is as follows.

(1) Method of calculating the monetary compensation claim amount

The amount of monetary compensation claims to be paid to each Eligible Director, etc. shall be the amount calculated by multiplying the final number of shares allocated to Eligible Directors, etc. in accordance with System II (for System II, this shall be referred to as "Final Share Allocation") by the per share payment amount.

(2) Final Share Allocation and final payment amount calculation methods

The Final Share Allocation shall be the number of shares calculated by multiplying the base number of shares (in System II, this shall be referred to as "Base Share Allocation") by a coefficient that is determined based on the level of performance goal achievement (hereinafter, "Performance Goal Achievement Coefficient").

However, when Eligible Directors, etc. resign from the Position of Director (In the case of Eligible Executive Officers, the term shall be deemed to be a resignation or retirement from any Position of Officer or Employee, etc.) after the date of the first Ordinary General Meeting of Shareholders to be held after the end of the Performance Evaluation Period (However, in the case of Eligible Executive Officers, the term shall be deemed to be the end date of the Performance Evaluation Period. For System II hereinafter referred to as the "Vesting Date") but prior to the date of issuance or disposal of Company Stock due to the expiration of term or other just reason (including when due to death), the amount calculated by multiplying the Final Share Allocation by the final transaction price for common shares of Company Shares on the Tokyo Stock Exchange for said date of retirement (if no transactions were conducted on that date, then the final price for the most recent date of transactions, for System II hereinafter referred to as "Final Payment Amount") shall be paid. However, when said date of retirement is on or after the date of the resolution of New Share Issuance, then the payment amount shall be an amount based on the resolution of New Share Issuance.

(System II Final Share Allocation and Final Payment Amount calculation formulas)

Final Share Allocation = A) Base Share Allocation × B) Performance Goal Achievement Coefficient Final Payment Amount = Final Share Allocation ×final price for Company Stock on date of retirement stated in 3. 2. (2) above (if no transactions were conducted on that date, then the final price for the most recent date of transactions [However, when said date of retirement is on or after the date of the resolution of New Share Issuance, then the payment amount shall be an amount based on the resolution of New Share Issuance.])

A) Base Share Allocation

The Company Board of Directors shall determine in advance Base Share Allocation issued to each Eligible Directors, etc. However, in light of the maximum amount of stock compensation allowed for System II, this amount shall be adjusted within a reasonable range when necessary to reduce the Base Share Allocation issued to Eligible Directors.

B) The Performance Goal Achievement Coefficient

The Performance Goal Achievement Coefficient shall be the environmental metrics outlined in the Company's Seventh Medium-Term Management Plan (CO_2 emissions reductions (business activities), CO_2 emissions reductions (building use), and CDP climate change score). Using the figures finalized for the Performance Evaluation Period (initial period to be the 87th fiscal year: FY2025), the Performance Goal Achievement Coefficient calculated based on (1) through (3) in the tables below shall be calculated based on the following formula.

(Calculation formula for Performance Goal Achievement Coefficient)

Performance Goal Achievement Coefficient = {(1) CO_2 emissions reductions (business activities *1) + (2) CO_2 emissions reductions (building use*2)} x (3) CDP climate change score*3

(*1) CO_2 emissions at Group offices, plants, construction sites, and business facilities

(*2) CO_2 emissions during the use phase of residential housing and buildings developed and sold by the Group

(*3) An 8-tier evaluation of climate change response and strategy conducted by CDP, an international NPO that surveys over 14,000 companies worldwide and shares the evaluation results with institutional investors and others.

(1) CO_2 emissions reductions (business activities) + (2) CO_2 emissions reductions (building use)

Performance Goal Achievement	Coefficient used in the Performance Goal Achievement Coefficient formula
100% or more	0.5
80% to less than 100%	0.4
60% to less than 80%	0.3
40% to less than 60%	0.2
20% to less than 40%	0.1
Less than 20%	0

(3) CDP climate change score

CDP score	Coefficient used in the Performance Goal Achievement Coefficient formula
A	1.20
A-	1.10
B	1.00
B-	0.95
C	0.90
C-	0.85
D	0.80
D-	0.75

Furthermore, regarding the issuance or disposal of Company Shares under the System as well as the payment of monetary compensation claims as property to be contributed in kind, the Company and Eligible Directors, etc. will conclude a restricted stock allocation agreement including provisions to the effect that (i) the Eligible Directors, etc. may not transfer, create a security interest on, or otherwise dispose of allocated Company Shares during a certain period and (ii) the Company may make a gratis acquisition of the Shares under certain circumstances.

An overview of the restricted stock allocation agreement (hereinafter, "Allocation Agreement") to be concluded between the Company and the Allottees is as shown in 4. below.

4. Overview of the Allocation Agreement

(1) Transfer restriction period

The period (hereinafter, "Transfer Restriction Period") starting from August 25, 2026 until the time immediately after retirement or resignation from the Position of Officer or Employee, etc.

(2) Handling in the event of retirement

If an allottee retires or resigns from the Position of Officer or Employee, etc. before the expiration of the Transfer Restriction Period, the Company shall duly acquire the Company Shares allocated under the Allocation Agreement (hereinafter, "the Allocated Stock") free of charge unless a reasonable reason exists for the retirement or resignation, for example, expiration of term or death. If an allottee retires or resigns from the positions set forth above due to expiration of term, death, or another reasonable reason, the Company shall lift the transfer restrictions on all of the Allocated Stock at the expiry of the Transfer Restriction Period.

(3) Acquisition by the Company without consideration

If an allottee has engaged in actions that contravene laws and regulations or fallen under certain conditions stipulated in the Allocation Agreement during the Transfer Restriction Period, the Company shall duly acquire all of the Allocated Stock at that point in time without consideration.

(4) Handling in cases of organizational restructuring, etc.

During the Transfer Restriction Period, if a merger agreement resulting in the dissolution of the Company, a stock swap agreement or stock transfer plan resulting in the Company becoming a wholly-owned subsidiary, or other matters related to organizational restructuring is approved by the Company’s General Meeting of Shareholders (or the Board of Directors, if there is no need to obtain approval at a General Meeting of Shareholders for the organizational restructuring, etc.), the Company shall lift the transfer restriction on all of the Allocated Stock it holds at that point in time in accordance with the resolution of its Board of Directors at the time immediately preceding the business day prior to the effective date of the organizational restructuring.

(5) Management of shares

In order to prevent transfer, the establishment of collateral rights, or any other form of disposal during the Transfer Restriction Period, the Allocated Stock of Allottees shall be managed in a dedicated account opened with Nomura Securities Co., Ltd. To ensure the effectiveness of the transfer restrictions concerning the Allocated Stock, the Company concluded an agreement with Nomura Securities Co., Ltd. regarding the management of the account of the Allocated Stock held by each of the Allottees. The Allottees shall consent to the details of the management of these accounts.

5. Basis for Calculation of Payment Amount and Specific Details Thereof

The New Share Issuance to the projected allottees shall be conducted using the monetary claims paid as subsequent delivery-type restricted stock compensation and performance-linked stock compensation under the System as the property contributed. To prevent arbitrariness, the issue price was set at 4,545 yen, which was the closing price for common shares of the Company on the Prime Market of the Tokyo Stock Exchange on July 8, 2026 (the last business day prior to the resolution passed by the Board of Directors). This is the market price immediately prior to the date of the resolution of the Board of Directors, and the Company believes that the price is reasonable and not especially favorable to the Allottees.

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