



July 7, 2025

News Release

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Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation

Daiei Kankyo Co., Ltd. (the “Company”) hereby announces that it has resolved, at the Board of Directors meeting held on July 7, 2025, to dispose of treasury stock as restricted stock compensation (hereinafter referred to as “Disposal of Treasury Stock” or “Disposal”).

1. Overview of Disposal of Treasury Stock

(1)	Payment date	August 5, 2025
(2)	Class and number of shares to be disposed of	30,450 shares of treasury stock (common stock) of the Company
(3)	Disposal price	3,040 yen per share
(4)	Total value of share disposal	92,568,000 yen
(5)	Planned allottees	7 Directors*: 7,000 shares 15 Executive Officers: 11,250 shares 33 Employees: 10,800 shares 4 Directors of subsidiaries: 1,400 shares *Including Outside Directors and Directors who are members of the Audit & Supervisory Committee

2. Purpose and Reasons for Disposal

With the aim of enabling our Directors (including Outside Directors and Directors who are members of the Audit & Supervisory Committee; hereinafter referred to as “Eligible Directors”) to share the benefits and risks of stock price fluctuations with our shareholders and to further strengthen their motivation to contribute to increasing stock prices and improving corporate value, at the 45th Annual General Meeting of Shareholders held on June 26, 2024, the Company resolved to introduce the following: (i) a stock compensation plan to issue performance-linked restricted stock to Directors (excluding Outside Directors and Directors who are members of the Audit & Supervisory Committee); (ii) a stock compensation plan to issue restricted stock to Outside Directors; and (iii) a stock compensation plan to issue restricted stock to Directors who are members of the Audit & Supervisory Committee.

In addition, based on these plans, (i) the total amount of monetary compensation claims to be paid to Directors (excluding Outside Directors and Directors who are members of the Audit &

Supervisory Committee) as compensation for performance-linked restricted stock will be set at up to 64 million yen per year, the total number of performance-linked restricted stocks to be allotted to Directors (excluding Outside Directors and Directors who are members of the Audit & Supervisory Committee) in each fiscal year will be limited to 40,000 shares, and the transfer restriction period for performance-linked restricted stock will be set to end three years after the date the individual resigns or retires from any position as a Director, Executive Officer, or Employee of the Company, (ii) the total amount of monetary compensation claims to be paid to Outside Directors as compensation for restricted stock will be set at up to 16 million yen per year, the total number of restricted stocks to be allotted to Outside Directors in each fiscal year will be limited to 10,000 shares, and the transfer restriction period for restricted stock will be set to end three years after the date the individual resigns or retires from any position as a Director, Executive Officer, or Employee of the Company, and (iii) the total amount of monetary compensation claims to be paid to Directors who are members of the Audit & Supervisory Committee as compensation for restricted stock will be set at up to 32 million yen per year, the total number of restricted stocks to be allotted to Directors who are members of the Audit & Supervisory Committee in each fiscal year will be limited to 20,000 shares, and the transfer restriction period for restricted stock will be set to end three years after the date the individual resigns or retires from any position as a Director, Executive Officer, or Employee of the Company.

Today, the Company's Board of Directors resolved to grant: the Eligible Directors and certain Employees with performance-linked restricted stock compensation or restricted stock compensation for the period from the Company's 46th Annual General Meeting of Shareholders to the Company's 47th Annual General Meeting of Shareholders to be held in June 2026; the Executive Officers and other Employees with performance-linked restricted stock compensation or restricted stock compensation for the Company's 47th fiscal year (April 1, 2025 to March 31, 2026); and the Directors of the Company's subsidiaries with restricted stock compensation for the respective periods from the annual general meetings of shareholders held in June 2025 to the corresponding meetings to be held in June 2026. The Company resolved to pay monetary compensation claims totaling 92,568,000 yen to the 7 Eligible Directors, 15 Executive Officers, 33 Employees, and 4 Directors of the Company's subsidiaries (collectively, hereinafter referred to as "Allottees"), who are the intended recipients, and to allot 30,450 shares of the Company's common stock as specified restricted stock, with the Allottees contributing the full amount of the monetary compensation claims in kind. The amount of monetary compensation claims for each Allottee is determined by comprehensively taking into consideration various factors, such as the Allottee's contribution to the Company. The monetary compensation claims will be paid on the condition that each Allottee enters into a restricted stock allotment agreement (hereinafter referred to as "Allotment Agreement") with the Company, the contents of which are summarized as follows.

3. Overview of Allotment Agreement

(i) Transfer Restriction Period

Period from August 5, 2025 until three years after the date the Allottee resigns or retires from any position as a Director of the Company or its subsidiaries, or as an Executive Officer or Employee of the Company.

During the above transfer restriction period (hereinafter referred to as "Transfer Restriction Period"), no Allottee shall transfer, create a pledge or mortgage on, make a lifetime gift of, bequeath, or otherwise dispose of the restricted shares allotted to them (hereinafter referred to as "Allotted Shares"), to or for the benefit of any third party (hereinafter referred to as "Transfer

Restrictions”).

(ii) Acquisition of Restricted Stock Without Charge

If an Allottee resigns or retires from any position as a Director of the Company or its subsidiaries, or as an Executive Officer or Employee of the Company by a specified date (in the case of a Director of the Company, by the day before the Company’s first Annual General Meeting of Shareholders held after the start of the Transfer Restriction Period; in the case of an Executive Officer or Employee of the Company, by the day before the end of the Company’s first fiscal year after the start of the Transfer Restriction Period; and in the case of a Director of the Company’s subsidiaries, by the day before the first annual general meeting of shareholders of each subsidiary after the start of the Transfer Restriction Period), the Company shall automatically acquire the Allotted Shares without charge at the time of such retirement or resignation, unless the Board of Directors determines that there is a justifiable reason for the Allottee’s resignation or retirement.

Additionally, the Company shall automatically acquire without charge all of the Allotted Shares for which the Transfer Restrictions have not been lifted as of the end of the Transfer Restriction Period (hereinafter referred to as the “Time of Expiry”) in accordance with the provisions stipulated in (iii) below, immediately following the Time of Expiry.

(iii) Lifting of Transfer Restrictions

If an Allottee continues to serve in any position as a Director of the Company or its subsidiaries, or as an Executive Officer or Employee of the Company by a specified date (in the case of a Director of the Company, by the date of the Company’s first Annual General Meeting of Shareholders held after the start of the Transfer Restriction Period; in the case of an Executive Officer or Employee of the Company, by the date of the end of the Company’s first fiscal year after the start of the Transfer Restriction Period; in the case of a Director of the Company’s subsidiaries, by the date of the first annual general meeting of shareholders of each subsidiary after the start of the Transfer Restriction Period), the Company shall lift the Transfer Restrictions for all of the Allotted Shares held by the Allottee as of the Time of Expiry. However, in the event that an Allottee resigns or retires as a Director of the Company or its subsidiaries, or as an Executive Officer or Employee of the Company by a specified date (in the case of a Director of the Company, by the day before the Company’s first Annual General Meeting of Shareholders held after the start of the Transfer Restriction Period; in the case of an Executive Officer or Employee of the Company, by the day before the end of the Company’s first fiscal year after the start of the Transfer Restriction Period; in the case of a Director of the Company’s subsidiaries, by the day before the first annual general meeting of shareholders of each subsidiary after the start of the Transfer Restriction Period) for a reason deemed justifiable by the Board of Directors, the Company shall, as of the Time of Expiry or at another time considered reasonable by the Board of Directors, lift the Transfer Restrictions on the number of Allotted Shares calculated by: dividing the number of months—from July 2025 in the case of an Allottee who is an Eligible Director, a certain Employee of the Company, or a Director of the Company’s subsidiaries, or from April 2025 in the case of an Allottee who is an Executive Officer or other Employee of the Company—to and including the month in which the Allottee resigns or retires, by 12; and then multiplying the resulting quotient by the number of Allotted Shares held by the Allottee at the time of their resignation or retirement (any fraction less than 1 resulting from the calculation will be discarded).

(iv) Management of Shares

The Allottees shall complete the procedures for opening an account at SMBC Nikko Securities Inc. in the manner designated by the Company for the purpose of recording matters related to the Allotted Shares, and shall manage and hold the Allotted shares in such account until the Transfer Restrictions are lifted.

(v) Treatment in the Event of Reorganization, etc.

If, during the Transfer Restriction Period, a proposal relating to a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other form of reorganization is approved at the Company's Annual General Meeting of Shareholders (or at a Board of Directors meeting in cases where approval at the Company's Annual General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall, by resolution of the Company's Board of Directors, as of the point immediately before the business day preceding the effective date of such reorganization, etc., lift the Transfer Restrictions on the number of Allotted Shares calculated by: dividing the number of months—from July 2025 in the case of an Allottee who is an Eligible Director, a certain Employee of the Company, or a Director of the Company's subsidiaries, or from April 2025 in the case of an Allottee who is an Executive Officer or other Employee of the Company—to and including the month of the approval, by 12; and then multiplying the resulting quotient (capped at 1) by the number of Allotted Shares held by the Allottee at the time of approval (any fraction less than 1 resulting from the calculation will be discarded).

In such a case, the Company shall, as of the business day preceding the effective date of such reorganization, etc., automatically acquire without charge all of the Allotted Shares for which the Transfer Restrictions have not been lifted as of that date, as stipulated above.

4. Basis of Calculation of the Payment Amount and Specific Details Thereof

To ensure that the price is free from arbitrariness, the disposal price of the treasury stock has been set at 3,040 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on July 4, 2025, the business day immediately preceding the date of the Board of Directors resolution. Therefore, the Company considers the price to be reasonable and not particularly advantageous.