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News Release

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**Notice Concerning Partial Revisions to the Share-based Compensation Plan, Including the Introduction of a Performance-linked Restricted Stock Compensation Plan**

Daiei Kankyo Co., Ltd. (the “Company”) hereby announces that it resolved, as follows, at a meeting of its Board of Directors held on May 27, 2024, to partially revise the share-based compensation plan (hereinafter referred to as the “Plan”), including the introduction of a performance-linked stock compensation plan with transfer restrictions, and plans to submit a proposal regarding these partial revisions to the Plan at the 45th Annual General Meeting of Shareholders to be held on June 26, 2024 (hereinafter referred to as the “General Meeting of Shareholders”).

1. Details of revisions to the Plan

(1) Plan resolution

At the 44th General Meeting of Shareholders held on June 27, 2023, the Company approved Proposal No. 3, “Determination of Remuneration for Allotment of Restricted Shares to Directors (Excluding Outside Directors).” The Plan was introduced as a compensation plan under which restricted shares are allotted to the Company’s Directors (excluding Outside Directors) for them to share merits and risks of share price fluctuations with shareholders and increase their motivation more than ever to contribute to increase share prices and enhance corporate value.

(2) Details and reasons for revisions

As announced in a news release titled “Notice of Transition to a Company with an Audit and Supervisory Committee” dated February 21, 2024, the Company will update the Articles of Incorporation necessary for the transition to a Company with an Audit and Supervisory Committee. Subject to the approval of the amendments, the Company plans to revise the Plan to include the Company's outside directors (excluding outside directors who are members of the Audit and Supervisory Committee, hereinafter referred to as “Outside Directors”) and Directors who are members of the Audit and Supervisory Committee (“Audit and Supervisory Committee Members”) from fiscal 2024 onwards. The purpose of this revision is to grant share-based compensation to Outside Directors and Audit and Supervisory Committee Members to share value from the perspective of shareholders and provide incentives for sustainable improvement of corporate value.

At the 44th General Meeting of Shareholders held on June 27, 2023, the Company approved a plan

(hereinafter the “Existing Stock Compensation Plan”) under which the total amount of monetary compensation claims to be paid as remuneration for restricted shares to Directors (excluding Outside Directors) shall be no more than 64 million yen per year, and the total number of the Company’s common shares to be issued or disposed of shall be 40,000 shares per year. In transitioning to a Company with an Audit and Supervisory Committee, the Company plans to request shareholder approval at the General Meeting of Shareholders for the following revisions to the share-based compensation plan:

1. To introduce a compensation plan for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) as described in section 2 below, “Introduction of performance-linked restricted stock compensation plan,” 2. To set, as restricted stock compensation to Outside Directors of the Company (excluding Outside Directors who are Audit and Supervisory Committee Members), the total amount of monetary compensation claims to be paid at no more than 16 million yen, and the total number of common shares of the Company issued or disposed of at 10,000 shares per year, and 3. To set, as restricted stock compensation to Audit and Supervisory Committee Members of the Company, the total amount of monetary compensation claims to be paid at no more than 32 million yen, and the total number of common shares of the Company issued or disposed of at 20,000 shares per year.

Regarding Outside Directors and Audit and Supervisory Committee Members eligible for the Plan, from the perspective of ensuring that they appropriately fulfill their roles of management supervision and advice from an objective standpoint, the stock compensation plan is not linked to performance.

## 2. Introduction of performance-linked restricted stock compensation plan

As announced in a news release titled “Notice of Transition to a Company with an Audit and Supervisory Committee” dated February 21, 2024, the Company plans to introduce a performance-linked restricted share-based compensation plan, linked to key performance indicators, for the Directors of the Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members, hereinafter, “Eligible Directors”) subject to approval at the General Meeting of Shareholders for changes to the Articles of Incorporation necessary for the transition to a Company with an Audit and Supervisory Committee.

The Company has decided to revise the stock compensation plan and introduce a performance-linked stock compensation plan with restricted transfer of shares with the aim of providing incentives for the sustainable enhancement of corporate value by improving the Company's medium- to long-term business performance and promoting further value sharing with shareholders.

As mentioned above, the Company received approval at the 44th General Meeting of Shareholders held on June 27, 2023, for the introduction of the Existing Stock Compensation Plan. In its place, the Company plans to introduce a new performance-linked restricted stock compensation plan at this year’s General Meeting of Shareholders. Under the new plan, the Company plans to ask for shareholders’ approval to set the compensation limit for Eligible Directors within the same range as the Existing Stock Compensation Plan (the total amount of monetary compensation claims shall be no more than 64 million yen per year, and the total number of shares with restricted transfer to be allotted shall be 40,000 shares).

### Overview of the performance-linked restricted stock compensation plan

The new performance-linked restricted stock compensation plan will be a share-based compensation system that allocates the Company's common stock to be issued or disposed of by the Company according to the degree of achievement of performance targets set in advance by the Company's Board of Directors.

Eligible Directors will be subject to transfer restrictions by entering into a restricted share allotment agreement.

Please refer to the “Notice Concerning the Introduction of a Restricted Share-based Compensation Plan” released on May 24, 2023, as the details of the plan are the same as those of the Existing Stock Compensation Plan, except that the system is performance-linked.