




July 25, 2025

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Name of representative: Kimito Kubo, Representative
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Notice Concerning Disposal of Treasury Stock as Transfer-Restricted Stock for Directors and Executive Officers

NIPPON RIETEC CO., LTD. (the “Company”) hereby announces that at a meeting of its Board of Directors held today, it has resolved to dispose of treasury stock as transfer-restricted stock (the “Treasury Stock Disposal”), as follows.

1. Overview of Disposal

(1) Payment date	August 25, 2025
(2) Type and number of shares to be disposed of	29,392 common shares of the Company
(3) Disposal price	1,953 yen per share
(4) Total disposal price	57,402,576 yen
(5) Allottees	Directors of the Company(*): 3 persons, 13,045 shares Executive Officers of the Company: 8 persons, 16,347 shares *Directors who are Audit & Supervisory Committee Members, and Outside Directors are excluded.

2. Purpose and Reason for Issuance

At a meeting of the Board of Directors held on May 19, 2025, the Company resolved to introduce a transfer-restricted stock compensation system (the “System”) as a new compensation system for the Company’s Directors, to provide incentives to continuously improve corporate value for Directors of the Company

(excluding Directors who are Audit & Supervisory Committee Members, and Outside Directors; hereinafter referred to as the “Eligible Directors”), including those who will be appointed in the future, and to further promote value sharing with shareholders. In addition, at the 16th Annual General Meeting of Shareholders held on June 25, 2025, the Company obtained approval, based on the System, to provide monetary compensation claims of up to 50 million yen per year to the Eligible Directors as properties contributed in kind to receive the issuance of shares with transfer restrictions, separately from the current monetary compensation framework for Directors, to limit the total number of the Company’s common shares issued or disposed of under the System to 70,000 shares per year; and to set the transfer restriction period that starts on the day when transfer-restricted shares are issued and ends on the day when the relevant Eligible Director loses the position of Director at the Company or other positions decided by the Board of Directors of the Company.

Subject to the approval of the Annual General Meeting of Shareholders regarding the determination of compensation for the granting of transfer-restricted shares to Eligible Directors as described above, a system of granting transfer-restricted shares that is similar to the System has been introduced for the Company’s Executive Officers (“Eligible People (Person)” in combination with the Eligible Directors).

An overview of the System is provided below.

<Overview of the System>

Eligible People pay all of the monetary compensation claims paid by the Company based on the System as properties contributed in kind to receive the issuance or disposition of common shares of the Company.

The total number of common shares of the Company issued or disposed of to Eligible Directors under the System will be up to 70,000 shares annually. The amount to be paid per share will be calculated on the basis of the closing price of common shares of the Company at the Tokyo Stock Exchange on the business day preceding the day of the Company’s Board of Directors’ resolution (if no transaction is closed on such day, the closing price on the most recent trading day that precedes that day), and determined by the Board of Directors to the extent that the amount will not be particularly advantageous to the Eligible People to receive the allotment.

Furthermore, the issuance or disposal of common shares of the Company under the System is subject to the conclusion of a transfer-restricted stock allotment agreement between the Company and the Eligible People, which includes the matters below.

- (1) The Eligible Directors may not, during a predefined period, transfer, create a security interest in, or otherwise dispose of common shares of the Company that were allotted.
- (2) The Company shall acquire such common shares without consideration in the event of certain circumstances.

In light of the purpose of the System, the Company’s results, the scope of each Eligible Person’s job responsibilities, and other various circumstances, and based on a resolution passed at a meeting of the Board of Directors held today, the Company has decided, with the purpose of granting a total of 57,402,576 yen in monetary compensation claims to three (3) Directors and eight (8) Executive Officers as property contributed in kind (the amount of monetary compensation claims to be contributed per share to be offered is 1,953 yen), to grant a total of 29,392 common shares (hereinafter referred to as the “Allotted Shares”) to the same.

<Overview of transfer-restricted stock allotment agreement>

The Company and the Eligible People will each individually enter into a transfer-restricted stock allotment agreement as summarized below.

(1) Transfer restriction period

Eligible People may not transfer, create a security interest in, or otherwise dispose of the Allotted Shares during the period from July 25, 2025 (payment date) to the day when they lose their position of Director or Executive Officer at the Company (the “Transfer Restriction Period”).

(2) Conditions for lifting transfer restrictions

Transfer restrictions shall be lifted for all Allotted Shares at the time of completion of the Transfer Restriction Period, on the condition that the Eligible Person continues to hold their position of Director or Executive Officer at the Company (the “Position”) for the period from the Payment Date of July 25, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026 (the “Service Period”). However, if the Eligible Person loses the Position during the Service Period due to death or other reasons deemed justifiable by the Company’s Board of Directors, the transfer restriction will be lifted at the time of completion of the Transfer Restriction Period on the number of shares calculated by dividing the number of months from July 2025 to the month that includes the date of loss of said Position by 12 (if the result exceeds 1, it will be deemed to be 1) and multiplying this number by the number of Allotted Shares (if a fraction of less than one (1) share results, the number shall be rounded down).

(3) Acquiring common shares without consideration

The Company acquires, free of charge as a matter of course, the Allotted Shares on which transfer restrictions have not been lifted when the Transfer Restriction Period expires or at any other time specified in the agreement.

(4) Management of stock

The Allotted Shares shall be managed in a dedicated account for transfer-restricted stock opened by the Eligible People at Daiwa Securities Co. Ltd. during the Transfer Restriction Period so Eligible People may not transfer, create a security interest in, or otherwise dispose of the Allotted Shares during the Transfer Restriction Period.

(5) Treatment in organizational restructuring, etc.

If, during the Transfer Restriction Period, a merger agreement in which the Company becomes the dissolving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary of another company, or any other proposal related to reorganization, etc. was approved by the General Meeting of Shareholders of the Company (or by the Board of Directors in case it does not require approval of the General Meeting of Shareholders, with regard to the reorganization, etc.), then by resolution of the Board of Directors, just before the business day preceding the effective date of reorganization, etc., the transfer restriction will be lifted on the number of shares calculated by dividing the number of months from July 2025 to the month that includes the effective date of reorganization, etc. by 12 (if the result exceeds 1, it will be deemed to be 1) and multiplying this number by the number of Allotted Shares (if a fraction of less than one (1) share results, the number shall be rounded down).

3. Basis for Calculation of the Amount to be Paid and Specific Details

The Treasury Stock Disposal will be conducted using the monetary compensation claims paid to the allottees based on the System as property contributed in kind. To eliminate arbitrariness, the payment amount for these shall be 1,953 yen, the closing price of common shares of the Company at the Tokyo Stock Exchange on July 24, 2025 (the business day preceding the date of the Board of Directors' resolution). This is the market price just before the date of the Board of Directors' resolution. In the absence of any special circumstances that indicate that the most recent share price cannot be relied upon, we believe that it is reasonable, appropriately reflects the corporate value of the Company, and does not constitute a price that is particularly advantageous to the Eligible People.