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## **Notice Regarding Renewal of the Stock-Based Compensation Plan for Directors, etc. of the Company and Additional Contribution of Trust Money**

Daito Trust Construction (hereinafter “the Company”) announces that a meeting of its Board of Directors meeting held today, the Company decided to renew the stock-based compensation system (hereinafter referred to as the “the Plan” ) for the Directors of the Company (excluding outside directors and non-residents in Japan; hereinafter referred to as “the Directors” ) and to additionally contribute trust money, as described below.

### 1. Renewal of the Plan

(1) The Company will clarify the link between the compensation of directors and the Company's business performance and shareholder value, raise the awareness of the directors' contribution to improving medium- to long-term business performance and increasing corporate value, and hold shares of the directors. We will continue the Plan with the aim of strengthening the sharing of interests with shareholders through the Plan.

(2) The Plan employs a system called the Officer Compensation BIP (Board Incentive Plan) Trust (hereinafter referred to as the “BIP Trust” ). BIP Trust is the Company's stock and the Company's stock, depending on the position and the degree of achievement of performance targets, similar to the performance-linked stock compensation (Performance Share) system and the restricted stock compensation (Restricted Stock) system in the United States. This is a stock compensation system for officers who delivers and benefits (hereinafter referred to as "delivery, etc.") the amount equivalent to the amount of the exchange-purchase payment (hereinafter referred to as "the Company's shares, etc.").

(3) In order to continue the Plan, the trust period of the Trust that the Company has already set up (hereinafter referred to as “the Trust”) will be extended.

### 2. Specifics of the Plan

#### (1) Summary of the Plan

The Plan covers three consecutive business years and, according to the degree of achievement of position and company performance indicators, etc., is a system that issues the Company's shares, etc. to the directors of the Company as executive compensation. (The period to be referred to is hereinafter referred to as the "Target Period").

The Trust consists of the "performance-linked part" in which the Company's shares, etc. are issued after the end of the applicable period, and the "non-performance-linked part" in which the director retires (including retirement due to death; the same shall apply hereinafter). The “performance-linked part” raises the awareness of directors' contribution to improving the medium- to long-term performance of the Company and increasing corporate value, and the “non-performance-linked part” strengthens the

sharing of interests with shareholders through the holding of shares by directors.

(2) Period of the Trust

① Period of the Trust after extension

The trust period of the Trust after extension shall be 3 years from September 1, 2022 (scheduled) to August 31, 2025 (scheduled).

② Continuation of the Trust

When the Trust period after extension expires, the Company may extend the Trust by amending the Trust agreement and making additional contributions of trust money. In this case, the three (3) consecutive years thereafter shall be the new Plan Period, and the Company will make additional contributions within the range of the total maximum amount of trust money to be contributed to the Trust, as approved by resolution at the Shareholders' Meeting, and continue granting points to Directors, etc., during the extended trust period. However, in the case of such an additional contribution, the sum of the amount equivalent to the shares of the Company (other than the shares of the Company corresponding to the points granted to the Directors, etc. that are yet to be Issued) and the funds remaining in the trust property as of the end of the trust period before extension (hereinafter "the Remaining Shares, etc."), if any remain, and the amount of the trust money additionally contributed shall be within the maximum limit of the trust money approved by resolution of the Shareholders' Meeting. This extension of the trust period is not limited to one occasion, and the trust period may be extended again in the same manner.

③ Treatment of termination of the Trust (extension of trust period without additional contribution)

If the Trust contract is not changed or an additional trust is not made at the expiration of the extended trust period, points will not be awarded to the directors thereafter. However, if there is a director who may meet the beneficiary requirements at that time for the "non-performance-linked part", until the director retires and the delivery of the Company's shares, etc. is completed. The period of the Trust may be extended for up to 10 years.

(3) Number of shares of the Company to be issued to the Directors

During the period of the Trust, the following two types of points will be granted each year at a predetermined time, and the Company's shares will be issued according to the accumulated value of each point (hereinafter referred to as "cumulative points"). The two types of points must be granted with an ROE of 20% and a dividend payout ratio of 50%.

① Points related to performance-linked part

Points based on the position, and the total of the points granted during the target period according to the degree of achievement of company performance indicators (consolidated operating income growth rate, etc.) that the Company emphasizes in the medium to long term after the expiration of the target period. Those that add or subtract values

② Points related to non-performance-linked part

Points based on position

In addition, one (1) point shall represent one (1) common share of the Company; and upon a stock split and stock consolidation and free allotment of the shares of the Company within the Trust, among other cases, during the Trust period, the number of shares of the Company to be issued shall be adjusted in accordance with the ratio of the split or consolidation of the shares of the Company.

(4) The upper limit of the trust money that the Company contributes to the Trust and the upper limit of the total number of points granted to the directors.

The maximum amount of trust money that the Company contributes to the Trust and the maximum

number of points granted to the Directors during the applicable period are as follows.

① Maximum amount of trust money that the Company contributes to the Trust  
1,900 million yen (\* 1)

\* 1 The maximum amount of trust money is calculated by adding the trust fee and trust cost to the stock acquisition funds in consideration of the remuneration level of directors.

② Upper limit of the total number of points granted to directors per three business years  
210,000 points (\* 2) (\* 3)

\* 2 The upper limit of the total number of points granted to directors per fiscal year is set with reference to past stock prices, etc., based on the above-mentioned upper limit of trust money.

\* 3 The upper limit is based on the assumption that the maximum value will be added based on the degree of achievement of company performance indicators performed after the expiration of the target period.

(5) Method of issuing the Company's shares, etc. to directors

① Performance-linked part

The issue of the Company's shares, etc. related to the performance-linked part will be after the end of the applicable period.

Directors who meet the beneficiary requirements receive the Company's shares (rounded up for shares less than one unit) equivalent to 50% of the accumulated points of the performance-linked portion from the Trust, and the number of shares equivalent to the remaining accumulated points After being redeemed within the Trust, the amount of money equivalent to the redemption amount shall be paid from the Trust.

In addition, in the case of the death of any of the Directors, etc. by the time of issue of the Company's shares, the shares of the Company corresponding to the number of their accumulated points at that time shall all be converted into cash within the Trust, and the said cash shall be paid to the heirs of the said Directors, etc.

In addition, if a director becomes a non-resident in Japan by the time of issue of the Company's shares, etc. after the end of the applicable period, the shares of the Company corresponding to the number of their accumulated points at that time shall all be converted into cash within the Trust, and the said cash shall be paid to the said Directors, etc.

② Non-performance linked part

The issue of the Company's shares, etc. related to the non-performance-linked part will be the time when the director retires.

Directors who meet the beneficiary requirements receive from the Trust the Company's shares (rounded up for shares less than one unit) equivalent to 50% of the accumulated points of the non-performance-linked part granted by the time of retirement, and the remaining accumulation The number of shares equivalent to the points shall be redeemed within the Trust and then the amount equivalent to the redemption amount shall be paid from the Trust.

In addition, in the case of the death of any of the Directors, etc. during the trust period, the shares of the Company corresponding to the number of their accumulated points at that time shall all be converted into cash within the Trust, and the said cash shall be paid to the heirs of the said Directors, etc.

In addition, if a director becomes a non-resident in Japan during the trust period, the shares of the Company corresponding to the number of their accumulated points at that time shall all be converted into cash within the Trust, and the said cash shall be paid to the said Directors, etc.

(6) How to acquire the Company's shares through the Trust

The acquisition of the Company's shares through the Trust is scheduled to be acquired from the stock market in August 2022.

If the Trust contract is changed or an additional trust is made at the end of the extended trust period, and the Trust is to be continued again, the Company (disposition of treasury stock, however, will be disposed of) when acquiring additional shares. It may be acquired from (excluding treasury stock acquired for the purpose of cancellation as a shareholder return).

(7) Exercise of voting rights of the Company's shares in the Trust

To ensure management independence, the voting rights for the shares attached to the Shares of the Company within the Trust shall not be exercised during the trust period.

(8) Treatment of Dividends for the Shares of the Company within the Trust

Dividends for the shares of the Company within the Trust shall be paid to the Trust and appropriated to the trust fees and expenses of the Trust. If there is a remainder at the end of the Trust after it has been allocated to the trust fees and trust costs, the portion exceeding the Trust cost reserve will be donated to the Company and organizations that have no interest in the Company's directors.

(9) Treatment of Residual Shares at the Expiration of the Trust Period

If residual shares occur at the end of the Trust (at the end of the extension period if the trust period of (2) ② above is extended) due to non-achievement of performance targets, etc., the said remaining stocks will be transferred from the Trust to the Company without consideration according to the trust agreement, and the Company will cancel the said stocks by resolution of the board of directors as the measure for return to the shareholders.

(Reference)

[Terms and Conditions of the Trust Agreement]

- (1) Type of trust: Money trust other than the individually operated designated money trust (third-party-benefit trust)
- (2) Purpose of trust: Grant of incentives to the Directors, etc.
- (3) Settlor: The Company
- (4) Trustee: Mitsubishi UFJ Trust and Banking Corporation  
(Joint trustee: The Master Trust Bank of Japan, Ltd.)
- (5) Beneficiary: The Directors, etc. who maintain their status as the Directors, etc. during the trust period and meet the requirements for beneficiaries
- (6) Trust Administrator: Third party with no interest in the Company (certified public accountant)
- (7) Date of trust agreement: August 1, 2019 (an amended agreement will be concluded in August 2022)
- (8) Period of trust after extension: August 1, 2019 to the end of August 31, 2025  
(after extension based on the above amendment)
- (9) Exercise of the voting rights: Not to be exercised.
- (10) Class of shares to be acquired: Common shares of the Company
- (11) Amount of trust money: 1900 million yen  
\*Including the funds for the acquisition of shares and the trust fees and expenses.
- (12) Acquisition time of shares: August 4, 2022 (planned) -August 31, 2022 (planned)
- (13) How to acquire shares: Acquired from the stock market
- (14) Holder of a vested right: The Company
- (15) Residual assets: The residual property that the Company, the holder of a vested right, may receive shall be within the reserve for trust expenses after deducting the funds for the acquisition of shares from the trust money.

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