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Notice Concerning Disposal of Treasury Shares as Restricted Stock Incentives for Employee Stock Ownership Association

NANKAI Co., Ltd. (the "Company") hereby announces that on November 18, 2026, it resolved to establish a restricted stock incentive plan for the employee stock ownership association (the "Plan") and dispose of treasury shares as restricted stock (the "Disposal of Treasury Shares" or "Disposal") for the Nankai Group Employee Stock Ownership Association (the "ESOA") as the expected allottee based on the Plan on the conditions that the Audit & Supervisory Committee of the Company authorizes the disposal price as lawful, as described below. Today, the Audit & Supervisory Committee has expressed its opinion that the disposal price is lawful.

1. Overview of the Disposal

(1)	Date of Disposal	January 29, 2027
(2)	Class and number of shares to be disposed of	23,600 shares of common stock of the Company (Note)
(3)	Disposal price	3,143 yen per share
(4)	Total amount of disposal	74,174,800 yen (Note)
(5)	Method of Disposal (Expected allottee)	On the condition that the ESOA applies for the acquisition of shares by way of third-party allotment, the number of shares applied for by the ESOA will be allotted to the ESOA within the scope of the number of shares described in (2) above (thus, the number of allotted shares shall be the number of shares to be disposed of). (Nankai Group ESOA: 23,600 shares) Partial application for the number of allotted shares from each eligible employee (as defined below) shall not be accepted.

(Note) The "number of shares to be disposed of" and "total amount of disposal" are calculated based on the

assumption that 100 shares of the Company's common shares will be granted as restricted stock to each of the 236 Company's manager-class employees, which is the maximum number of employees eligible for the Plan. The number of shares to be actually disposed of and the actual total disposal amount will be determined based on the number of employees (maximum 236 employees) of the Company who agree to the Plan after recommending membership to non-members of the ESOA and confirmation of consent to the Plan among the members of the ESOA ("Eligible Employees"). Specifically, as stated in (5) above, the number of shares applied for as determined by the ESOA will be the "number of shares to be disposed of," and the amount obtained by multiplying this number by the disposal price per share will be the "total amount of disposal." The Company will uniformly provide each Eligible Employee with a monetary claim of 314,300 yen, and the Company will uniformly allocate 100 shares to each Eligible Employee through the ESOA.

2. Purpose and Reasons for the Disposal

The Company determined to dispose of treasury shares in conjunction with the introduction of the Plan for the purpose of providing the Eligible Employees from among manager-class employees with incentives to achieve sustainable enhancement of the Company's corporate value and to further promote shared value between the Eligible Employees and the Company's shareholders while raising their awareness of participation in the management.

An overview of the Plan is as follows:

[Overview of the Plan]

Under the Plan, the Company will provide Eligible Employees with monetary claims as special incentives to grant 100 shares of restricted stock per Eligible Employee (the "Special Incentives"), and Eligible Employees will contribute the Special Incentives to the ESOA. Then, the ESOA will receive the issuance or disposal of the Company's common shares as restricted stock by making a contribution in kind to the Company from the Special Incentives contributed by the Eligible Employees.

Under the Plan, when newly issuing or disposing of common shares of the Company, the amount to be paid for each share of the common shares shall be determined within the range that is not particularly advantageous to the ESOA (and consequently to the Eligible Employees) based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of a resolution on the issuance or disposal (the closing price of the most recent trading day prior to that day if no transaction is executed on that day).

When the Company's common shares are newly issued or disposed of under the Plan, the Company and the ESOA will enter into a restricted stock allotment agreement which includes provisions that (1) the ESOA is prohibited from transferring to a third party, creating a security interest on, or otherwise disposing of the allotted shares for a certain period of time (the "Transfer Restrictions") and (2) the Company shall acquire the allotted shares without consideration if certain circumstances arise. In addition, the provision of the Special Incentives to Eligible Employees will be made on the condition that the restricted stock allotment agreement is concluded between the Company and the ESOA.

In accordance with the ESOA Regulations and the Detailed Regulations on Operation of the ESOA (the "ESOA Regulations, etc.") (Note), the Eligible Employees will be restricted from withdrawing their member interests in the restricted stocks that they will hold in accordance with the monetary claims they have contributed to the ESOA (the "Restricted Stock Equity Interest" or "RS Equity Interest") until the Transfer Restrictions are lifted.

(Note) Prior to the Disposal of Treasury Shares, the ESOA plans to resolve to amend the ESOA Regulations, etc. at its board meeting to be held promptly on or after today to align with the Plan. Such amendment is scheduled to become effective when two (2) weeks have elapsed after the notice is sent to the members of the ESOA in accordance with the ESOA Regulations, etc. after the board meeting and the objections from the members of the ESOA are raised by less than one-third (1/3) of the total members.

With respect to the Disposal of Treasury Shares under the Plan, the Company's common shares (the "Allotted Shares") will be disposed of to the ESOA, the expected allottee, in exchange for all of the Special Incentives contributed by the Eligible Employees as contribution in kind. The overview of the restricted stock allotment agreement to be entered into by the Company and the ESOA regarding the Disposal of Treasury Shares (the "Allotment Agreement") is described in "3. Overview of the Allotment Agreement" below. As described in Note of Section 1 above, the number of shares to be disposed of in the Disposal of Treasury Shares is to be fixed at a later date, but if all 236 manager-class employees of the Company who are eligible to participate in the Plan join the ESOA and agree to the Plan, the number of shares to be disposed of is scheduled to be 23,600 shares. The scale of stock dilution based on the Disposal of Treasury Shares is, when based on the foregoing number of shares disposed of, 0.02% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) of 108,465,746 shares as the total number of issued shares as of September 30, 2026, and is 0.02% of 1,079,607 voting rights as the total number of voting rights as of September 30, 2026.

The Company believes the introduction of the Plan will contribute to the increase in the Group's corporate value by further promoting shared value between the Eligible Employees and the Company's shareholders, and raising the awareness of participation in the management by providing the Eligible Employees with incentives to achieve enhancement of the Company's sustainable corporate value. Since the number of shares to be disposed of and the scale of the dilution of shares in the Disposal of Treasury Shares are reasonable, the Company believes that the impact on markets will not be significant.

Please note that the Disposal of Treasury Shares will be implemented on the condition that the amended ESOA Regulations, etc. become effective by the day preceding the date of disposal of the Disposal of Treasury Shares, and that the Allotment Agreement between the Company and the ESOA will be concluded during the application period.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

From January 29, 2027 to the date of mandatory retirement (the last day of the month in which an Eligible Employee turns 60)

(2) Conditions for lifting the Transfer Restrictions

Provided that the Eligible Employee has been a member of the ESOA continuously during the transfer restriction period, the Transfer Restrictions shall be lifted for all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee who satisfies the condition at the time when the transfer restriction period expires.

(3) Treatment in the case of withdrawal from the ESOA

If an Eligible Employee withdraws from the ESOA (meaning cases in which the Eligible Employee has lost the membership or has applied for withdrawal, and including cases in which the Eligible Employee has withdrawn due to loss of life) during the transfer restriction period due to mandatory retirement or for other justifiable reasons, the Company shall lift the Transfer Restrictions on all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the relevant Eligible Employee on the day on which the ESOA accepts the Eligible Employee's application for withdrawal (in the case of losing the membership, the day on which the Eligible Employee lost the membership [in the case of withdrawal due to loss of life, the day on which the Eligible Employee passed away]; the "Withdrawal Application Acceptance Day").

(4) Treatment in the case of becoming a non-resident

If the Company determines that an Eligible Employee becomes a non-resident due to an overseas transfer during the transfer restriction period, the Transfer Restrictions shall be lifted on the day such determination was carried out ("Overseas Transfer Determination Date") for all of the Allotted Shares corresponding to the Eligible Employee's Restricted Stock Equity Interest held on the Overseas Transfer Determination Date.

(5) Acquisition by the Company without consideration

If an Eligible Employee commits a serious violation of laws and regulations or falls under any of the grounds set forth in the Allotment Agreement during the transfer restriction period, the Company shall, as a matter of course, acquire all of the Allotted Shares without consideration, corresponding to the Restricted Stock Equity Interest held by the relevant Eligible Employee at the time of any of the above trigger events. In addition, the Company shall, as a matter of course, acquire without consideration the Allotted Shares for which the Transfer Restrictions are not lifted at the time of expiration of the transfer restriction period or at the time of lifting of the Transfer Restrictions as set forth in (3) or (4) above.

(6) Management of shares

To prevent the Allotted Shares from being transferred, pledged as a security interest, or otherwise disposed of during the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the ESOA with Nomura Securities Co., Ltd., during the transfer restriction period. Furthermore, the ESOA shall register and manage the Restricted Stock Equity Interest separately from other member's interests (the "Ordinary Interests") held by the Eligible Employees in accordance with the provisions of the ESOA Regulations, etc.

(7) Treatment in the event of organizational restructuring, etc.

If a merger agreement under which the Company is to be dissolved, a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary, or other matters concerning organizational restructuring, etc. are approved at a general meeting of the shareholders of the Company (or at a meeting of the Board of Directors of the Company, if approval at a general meeting of shareholders of the Company is not required for the organizational restructuring, etc.) during the transfer restriction period, the Transfer Restrictions on all of the Allotted Shares held by the Eligible Employees corresponding to the Restricted Stock Equity Interest held by the ESOA as of the date of the approval, will be lifted immediately before the business day immediately preceding the effective date of the organizational restructuring, etc., by a resolution of the Board of Directors.

4. Basis for Calculation of the Disposal Amount and Specific Details Thereof

The Disposal of Treasury Shares for the ESOA, which is the expected allottee, will be implemented, using the contribution to the ESOA made by Eligible Employees, which is the Special Incentives provided to the Eligible Employees as their contribution property for the purpose of granting restricted stock. In order to ensure that the disposal amount is not arbitrary, the disposal amount is set at 3,143 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on November 17, 2026 (the business day immediately preceding the date of determination). This is the market price immediately before the date of determination and is considered reasonable and not particularly advantageous.

The deviation rate of the disposal amount from the average closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market (rounded off to two decimal places) is as follows.

Period	Average closing price (amounts less than one yen are rounded down)	Deviation rate
1 month (October 19 to November 17, 2026)	3,045 yen	3.22%
3 months (August 18 to November 17, 2026)	3,070 yen	2.38%
6 months (May 18 to November 17, 2026)	2,958 yen	6.25%

The Company's Audit & Supervisory Committee (comprising five members, including four Outside Directors) has expressed its opinion that the disposal amount is not particularly advantageous to the expected allottees and is lawful, considering that the Disposal of Treasury Shares is for the purpose of introducing the Plan and that the disposal amount is the closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market on the business day prior to the date of the determination.

5. Matters Relating to Procedures under the Corporate Code of Conduct

For the Disposal of Treasury Shares, it is not required to acquire an opinion from an independent third party or perform procedures to confirm the intent of shareholders as set forth in Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange because (1) the dilution ratio is less than 25%, and (2) it does not result in a change of the controlling shareholder.

(For your reference)

Structure of the Plan

(i) The Company will provide the Subject Employees with monetary claims as the Special Incentive Payments for the purpose of granting transfer-restricted stock.

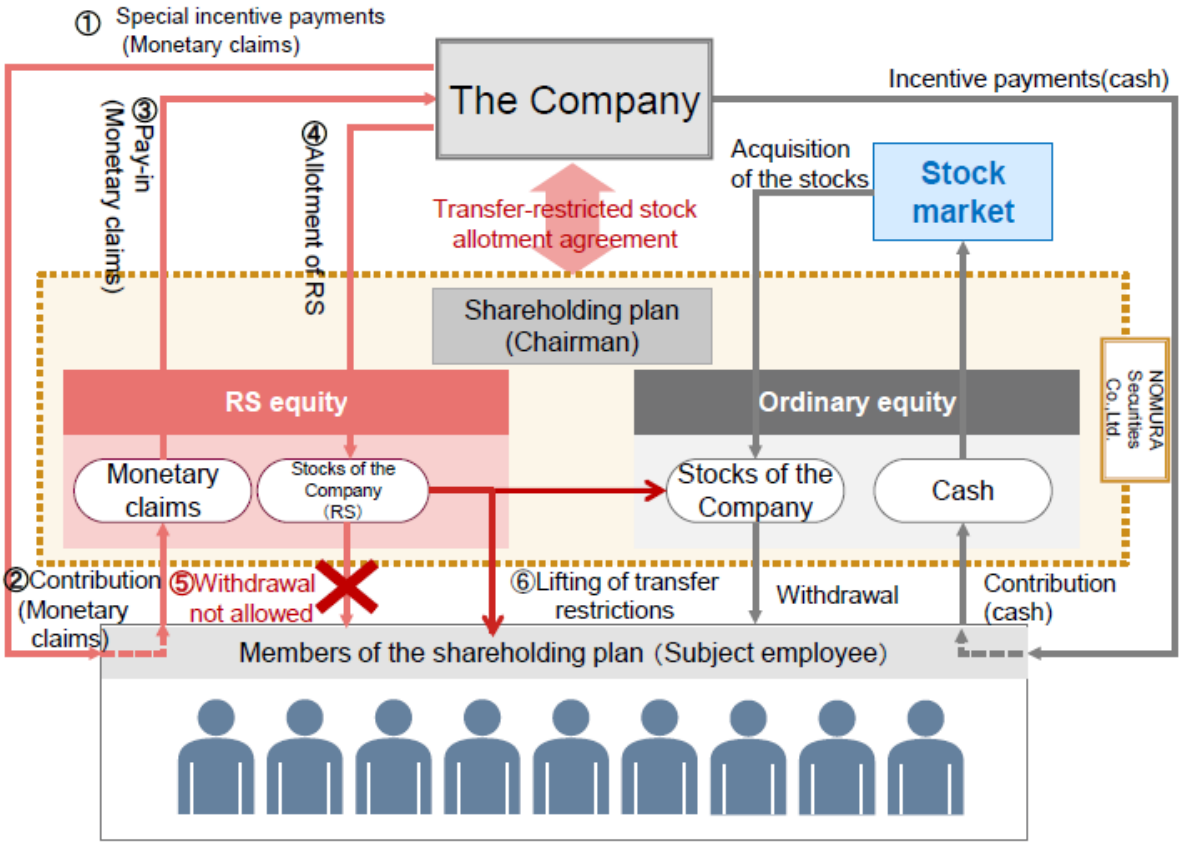
(ii) The Subject Employees will contribute the monetary claims of (i) above to the Shareholding Plan.

(iii) The Shareholding Plan will collect and pay in the monetary claims contributed under (ii) above to the Company.

(iv) The Company will allot the Allotted Shares as transfer-restricted stock ("RS" in the diagram below) to the Shareholding Plan.

(v) Through Nomura Securities Co., Ltd., the Allotted Shares will be deposited into an exclusive account opened by the Shareholding Plan; withdrawal of the Allotted Shares during the Transfer Restrictions period will be restricted.

(vi) After lifting Transfer Restrictions, the Allotted Shares will be transferred to Ordinary Equity or securities accounts in the name of the Subject Employees.



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