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To our stakeholders

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Representative: YAMAJI Naoki, President & CEO
(Securities code: 4461,
Tokyo Stock Exchange Prime Market)
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**Notice Concerning Disposal of Treasury Stock
under the Employee Shareholding Association–Restricted Stock Incentive Plan**

DKS Co. Ltd. (hereinafter, "DKS" or "the Company") hereby announces that by a resolution of the Board of Directors convened today (deemed as a resolution of the Board of Directors as of August 25, 2025, pursuant to Article 370 of the Companies Act of Japan and the provision of Article 28 of the Company's Articles of Incorporation), the Company has decided to dispose of treasury stock (hereinafter, "the Treasury Stock Disposal" or "the Disposal") in the form of restricted stock to the DKS Employee Shareholding Association (hereinafter, "the Association"), as the scheduled allottee, as follows based on the Employee Shareholding Association–Restricted Stock Incentive Plan (hereinafter, "the Plan").

Details

1. Overview of the Disposal

(1) Disposal Date	November 28, 2025
(2) Class and Number of Shares to be Disposed	31,857 shares of DKS common stock (Note)
(3) Disposal Price	5,850 yen per share
(4) Total Value of the Disposal	186,363,450 yen (Note)
(5) Disposal Method (Scheduled allottees)	On the condition that the Company receives a request for underwriting from the Association, the Company shall, through third-party allotment, allot to the Association the number of requested shares stipulated by the Association within the scope of the number of shares to be disposed in (2) above (the number of shares to be allotted is equal to the number of disposed shares). (DKS Employee Shareholding Association: 31,857 shares) Moreover, the Company shall not accept any applications for part of the number of granted shares from any Eligible Employee (defined below).
(6) Others	The Company has filed an extraordinary report on the Treasury Stock Disposal in accordance with the Financial Instruments and Exchange Act.

(Note) The “number of shares to be disposed” and the “total value of the disposal” are calculated based on the assumption that shares will be granted as restricted stock to all 160 employees in management positions and with subordinates in the organization from among the Company's employees, who are eligible under the Plan (hereinafter, “Specified Managers”). The actual number of shares to be disposed and the actual total value of the disposal shall be determined in accordance with the number of Specified Managers who have enrolled in the Plan (hereinafter, “Eligible Employees”, maximum number: 160) after holding enrollment promotions for employees not yet enrolled in the Association and after verifying consent with the Plan among the Association members, and with the number of shares granted per person as stipulated in accordance with the employee classification stipulated by the Company (Class 5: 1,160 shares for up to 4 employees, Class 4: 3,072 shares for up to 12 employees, Class 3: 9,324 shares for up to 42 employees, Class 2: 14,476 shares for up to 77 employees, Class 1: 3,825 shares for up to 25 employees). Specifically, as described in (5) above, the number of requested shares stipulated by the Association is the “number of shares to be disposed,” and the amount calculated by multiplying this number by the disposal price per share is the “total value of the disposal.”

2. Purpose of and Reason for the Disposal

By a resolution of the Board of Directors convened today (deemed as a resolution of the Board of Directors as of August 25, 2025, pursuant to Article 370 of the Companies Act of Japan and the provisions of Article 28 of the Company's Articles of Incorporation), the Company has decided to introduce the Plan for the purpose of granting Eligible Employees with incentives intended to sustainably enhance corporate value for DKS in addition to supporting the efforts of Eligible Employees to build assets. The Plan also aims to foster a sense of managerial ownership among Eligible Employees, and to promote the achievement of the new medium-term management plan (SMART 2030). Specifically, the move seeks to achieve these goals by creating opportunities for Eligible Employees from among the Company's employees who have enrolled in the Association, to acquire DKS treasury stock, either issued or disposed of by the Company, as restricted stock through the Association as a means of bolstering company benefits for Eligible Employees.

The overview of the Plan is as follows.

[Overview of the Plan]

Under the Plan, the Company shall issue monetary compensation claims to Eligible Employees as a special incentive (hereinafter, “the Special Incentive”) for the purpose of granting the number of shares per person (Class 5: 1,160 shares for up to 4 employees, Class 4: 3,072 shares for up to 12 employees, Class 3: 9,324 shares for up to 42 employees, Class 2: 14,476 shares for up to 77 employees, Class 1: 3,825 shares for up to 25 employees) stipulated in accordance with the employee classification laid out by the Company in the form of restricted stock, after which Eligible Employees shall contribute the Special Incentive to the Association. The Association shall then make an in-kind contribution using the Special Incentive contributed by the Eligible Employees to the Company, and in turn receive the issuance or disposal of the Company's common stock in the form of restricted stock.

In the event that the Company issues or disposes of common stock under the Plan, the paid-in amount per share of the Company's common stock shall be determined by the Board of Directors within a scope that is not particularly advantageous to the Association (and by extension, the Eligible Employees) based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors' resolution concerning the relevant issuance or disposal (or the closing price on the trading day immediately prior in the event that trading is not held on that date).

Prior to issuing or disposing of the Company's common stock under the Plan, the Company and the Association shall enter into a restricted stock allotment agreement that, among other matters, stipulates that (i) the Eligible Employees are prohibited from transferring to a third party, creating any security interests on, or otherwise disposing of the allotted shares for a certain period of time (hereinafter, “the Restrictions”) and (ii) the Company shall acquire the allotted shares without consideration in the occurrence of certain events. Furthermore, granting of the Special Incentive to Eligible Employees shall only be executed

on the condition that the Company and the Association enter into a restricted stock allotment agreement.

Moreover, until the Restrictions are lifted, based on the Association's rules concerning the Association and the Association's detailed operation rules and other related regulations (hereinafter collectively, "the Association Rules") (Note), the Eligible Employees shall be restricted from withdrawing the Eligible Employees' member equity interest pertaining to the restricted stock to be held by the Eligible Employees in accordance with the monetary compensation claims contributed to the Association (hereinafter, "the Restricted Stock Equity Interest" or "the RS Equity Interest").

(Note) The Association intends to resolve an amendment of the Association Rules, in order to comply with the Plan prior to receiving the Treasury Stock Disposal during the Association's Board of Directors meeting to be held promptly after the resolution by the Company's Board of Directors pertaining to the Treasury Stock Disposal. This amendment is only scheduled to go into effect after two (2) weeks have elapsed following notification to the members of the Association, in accordance with the Association Rules, after the resolution by the Association's Board of Directors, and if less than one-third (1/3) of total membership in the Association object.

Under the Treasury Stock Disposal, DKS shall dispose of the Company's common stock (the "Allotted Shares") to the Association once the Association, as the scheduled allottee, deposits the entirety of the Special Incentive contributed by the Eligible Employees as a contribution in-kind, as based on the Plan. The overview of the restricted stock allotment agreement to be concluded between the Company and the Association (the "Allotment Agreement") for the Disposal is as described in "3. Overview of the Allotment Agreement" below. The number of shares to be disposed as part of the Treasury Stock Disposal will be finalized at a later date, as indicated in the (Note) to "1. Overview of the Disposal" above; however, the Company plans to dispose of 31,857 shares, assuming that all 160 Specified Managers from among the Company's employees who are eligible under the Plan have enrolled in the Association and consent to the Plan. Assuming the number of shares to be disposed of described above, the scale of stock dilution as part of the Treasury Stock Disposal is 0.30% (rounded off to two decimal places; hereinafter, the same for percentage calculation) of the 10,684,321 total shares issued as of March 31, 2025, and 0.33% of the 95,597 total voting rights as of March 31, 2025.

The Plan was introduced for the purpose of providing Eligible Employees with incentives intended to sustainably enhance corporate value for DKS in addition to supporting the efforts of Eligible Employees to build assets. It also aims to foster a sense of managerial ownership in among Eligible Employees, and to promote the achievement of the new medium-term management plan (SMART 2030). Specifically, the move seeks to achieve these goals by creating opportunities to acquire the Company's common stock, either issued or disposed of by the Company, as restricted stock through the Association as a means of bolstering company benefits for Eligible Employees. The Plan is also expected to contribute to expanding corporate value for the Group, and the Company has judged that the number of shares to be disposed and the scale of stock dilution pertaining to the Treasury Stock Disposal are rational, and that in light of the scale of the dilution, the impact on the market will be minor.

The Treasury Stock Disposal will only be implemented on the condition that the amended Association Rules, go into effect by the date preceding the disposal date for the Treasury Stock Disposal, and that the Company and the Association have concluded the Allotment Agreement during the prescribed period.

3. Overview of the Allotment Agreement

(1) Restriction Period

From November 28, 2025, to March 31, 2030

(2) Conditions for Lifting the Restrictions

On the condition that an Eligible Employee has continuously remained a member of the Association throughout the Restriction Period, the restrictions shall be lifted at the end of the Restriction Period on a number of shares. This number shall be calculated by multiplying the number of Allotted Shares according to the Restricted Stock Equity Interest held

by the Eligible Employee meeting this condition by the number of months the Eligible Employee served as a Specified Manager starting from the month following the month including the disposal date listed in 1. Overview of the Disposal (hereinafter, "the Disposal Date") until the month in which the Restriction Period comes to an end, divided by the number of months (52) pertaining to the Restriction Period (if the remainder is less than one share, it shall be dropped).

(3) Treatment Upon Terminating Membership in the Association

In the event an Eligible Employee leaves the Association during the Restriction Period due to retirement or another valid reason (refers to cases where membership qualification is lost or a membership termination application is received, including membership termination due to death), the Company shall lift the Restrictions on the date the Association receives the membership termination application from the Eligible Employee (the date membership qualification is lost in the event membership qualification is lost (the date of death in the event membership is terminated due to death); hereinafter, "Membership Termination Application Reception Date") on a number of shares. The number of shares in this case is calculated by multiplying the number of Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee by the number of months the Eligible Employee served as a Specified Manager starting from the month following the month including the Disposal Date until the month in which the Membership Termination Application Reception Date falls, divided by the number of months (52) pertaining to the Restriction Period (if the remainder is less than one share, it shall be dropped).

(4) Treatment Upon Becoming a Non-resident

In the event the Company has determined an Eligible Employee falls under the category of non-resident due to an overseas transfer or similar circumstances during the Restriction Period, the restrictions shall be lifted on the date the decision was made (hereinafter, "the Overseas Transfer Decision Date") on a number of shares. The number of shares in this case shall be calculated by multiplying the number of Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee by the number of months the Eligible Employee served as a Specified Manager starting from the month following the month including the Disposal Date until the month in which the Overseas Transfer Decision Date falls, divided by the number of months (52) pertaining to the Restriction Period (if the remainder is less than one share, it shall be dropped).

(5) Gratis Acquisition by the Company

In the event an Eligible Employee commits an illegal act during the Restriction Period or for any other reason stipulated in the Allotment Agreement, the Company shall, as a matter of course, acquire without consideration all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee in question at the time of the event. Furthermore, the Company shall, as a matter of course, acquire without consideration any Allotted Shares for which restrictions have not been lifted at the time the Restrictions are lifted at the end of the Restriction Period or at the time restrictions are lifted pursuant to (3) or (4) above.

(6) Share Management

During the Restriction Period, the Allotted Shares shall be managed in a dedicated account opened at Nomura Securities Co, Ltd., by the Association to ensure that the Eligible Employees cannot transfer, make security interests on, or otherwise dispose of the Allotted Shares during the Restriction Period. Moreover, in accordance with the provisions of the Association Rules., the Association shall record and manage the Restricted Stock Equity Interest separately from other member interests held by Eligible Employees (hereinafter, "the Ordinary Equity Interest").

(7) Treatment Upon Reorganization, etc.

In the event that, during the restriction period, the Company's General Meeting of Shareholders approves the Company's entry into a merger agreement where the Company becomes the extinct company, entry into a share exchange agreement or share transfer plan where the Company becomes a wholly owned subsidiary, or other matters

regarding organizational restructuring (however, approval by the Company's Board of Directors if the relevant reorganization, etc., does not require approval by the Company's General Meeting of Shareholders), then by resolution of the Board of Directors, the Restrictions shall be lifted on all of the Allotted Shares according to the Restricted Stock Equity Interest held by Eligible Employees, among the Allotted Shares pertaining to those held by the Association as of the date of the approval, immediately prior on the previous business day before the reorganization, etc., goes into effect.

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

The Treasury Stock Disposal to the Association, as the scheduled allottee, shall be conducted in a manner whereby the Eligible Employees contribute to the Association the Special Incentive provided to the Eligible Employees for the purpose of granting Restricted Stock as a contribution in-kind. To ensure the Disposal Amount excludes arbitrariness, the Disposal Price shall be set to 5,850 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on August 22, 2025 (the previous business day before the date of the Board of Directors' resolution). As this is the market price immediately preceding the date of the Board of Directors' resolution, the Disposal Amount is therefore considered to be rational and not especially advantageous.

Note that the deviation rates (rounded off to two decimal places) regarding the Disposal Amount based on the average closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market are as follows.

Period	Average Closing Price (rounded off below 1 yen)	Deviation Rate
1 month (July 23, 2025, to August 22, 2025)	5,390 yen	8.53%
3 months (May 23, 2025, to August 22, 2025)	4,357 yen	34.27%
6 months (February 25, 2024, to August 22, 2025)	3,560 yen	64.33%

All four (4) of the Company's auditors (of whom two (2) are outside auditors) have stated their opinion that the above Disposal Amount is not particularly advantageous to the scheduled allottee and that the Disposal Amount is lawful in light of the fact that the Treasury Stock Disposal is for the purpose of introducing the Plan and that the Disposal Amount is based on the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on the previous business day before the date of the Board of Directors resolution.

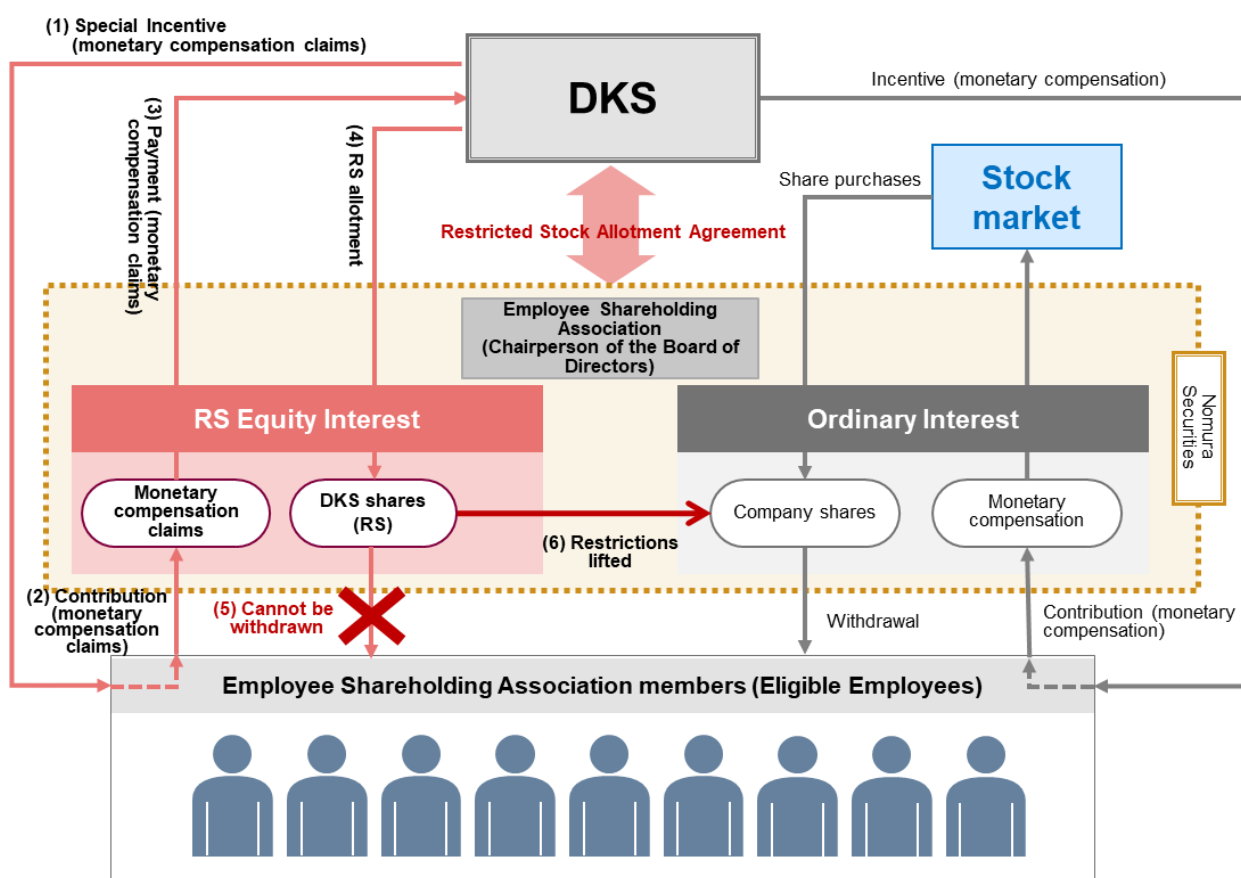
5. Matters Concerning Procedures in the Company's Code of Conduct

The Treasury Stock Disposal does not require an independent third-party opinion or procedures to confirm the intention of shareholders pursuant to Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange, since (i) the dilution rate is less than 25% and (ii) the Treasury Stock Disposal does not involve a change of controlling shareholders.

(Reference)

[Plan Scheme]

- (1) The Company shall provide monetary compensation claims as a Special Incentive for the purpose of granting restricted stock to Eligible Employees.
- (2) Eligible Employees shall contribute the monetary compensation claims described in (1) above to the Association.
- (3) The Association shall collect the monetary compensation claims contributed as described in (2) above, and transfer these to the Company.
- (4) The Company shall provide the Allotted Shares to the Association as Restricted Shares (referred to as "RS" in the following figure).
- (5) The Allotted Shares shall be deposited in a dedicated account opened by the Association through Nomura Securities Co., Ltd., and withdrawal during the Restriction Period shall be restricted.
- (6) The Allotted Shares shall be transferred to the Ordinary Equity Interest or to a securities account held under the name of the Eligible Employee after the Restrictions have been lifted.



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