

June 27, 2025

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Notice Concerning Disposal of Treasury Stock as Restricted Stock Incentive for the Employee Shareholders Association

Shin Nippon Air Technologies Co., Ltd. (the “Company”) hereby announces that, at a meeting of the Board of Directors held on June 27, 2025, it resolved to carry out, under the restricted stock incentive plan (the “Plan”) for the employee shareholders association that was adopted through a Board of Directors resolution on May 11, 2023, a disposal of treasury stock as restricted stock (the “Treasury Stock Disposal” or the “Disposal”) for allotment to the Shin Nippon Air Technologies Employee Shareholders Association (the “Association”). The details are as described below.

1. Details of the Disposal

(1) Date of disposal	September 19, 2025
(2) Class and number of shares for disposal	109,417 shares of common stock of the Company (see note below)
(3) Disposal price	2,357 yen per share
(4) Total disposal price	257,895,869 yen (see note below)
(5) Method of disposal (scheduled allottee)	On the condition that the Association applied to receive allotment, the number of shares applied for by the Association shall be allotted to the Association by way of third-party allotment, with said number not to exceed the number of shares to be disposed of that is listed in (2) above (the number of shares allotted shall constitute the actual number of shares disposed of). (Shin Nippon Air Technologies Employee Shareholders Association, 109,417 shares) Applications from eligible employees (defined below) for only a portion of the number of allotted shares shall not be accepted.
(6) Other details	The Treasury Stock Disposal is premised on the condition that the securities registration statement submitted pursuant to the Financial Instruments and Exchange Act takes effect.

Note: The number of shares to be disposed of and the total disposal price were calculated on the assumption that restricted stock would be allotted to the maximum number of employees eligible under the Plan, namely, 1,325 employees of the Company and its Group companies. The actual number of shares to be disposed of and the actual total disposal price shall be determined in accordance with: the number of

employees of the Company and its Group companies who have consented to the Plan (the “Eligible Employees”), where this is the number established after implementation of a drive promoting Association membership to non-members and after confirmation of Association members’ consent to the Plan (the maximum possible number is 1,325 employees); and the number of shares allotted per person that is stipulated for each employee’s job class defined by the Company and its Group companies (Pattern A: maximum of seven employees (510 shares per person); Pattern B: maximum of 72 employees (382 shares per person); Pattern C: maximum of 110 employees (255 shares per person); Pattern D: maximum of 17 employees (128 shares per person); Pattern E: maximum of 1,119 employees (43 shares per person)). Specifically, the number of shares to be disposed of shall be, as stated in (5) above, the number of shares applied for by the Association, and the total disposal price shall be an amount determined by multiplying that number with the disposal price per share.

2. Purpose and reason for the Disposal

As stated in the “Notice Concerning Introduction of a Stock Incentive Plan for Group Employees,” which was released on May 11, 2023, the Company resolved to introduce the Plan in order to help its Group employees to build their assets as part of measures for enhancing employee benefits; increase Group employees’ commitment to being involved in management while advancing their sharing of value with shareholders; and contribute to the improvement of human capital with the aim of increasing employee engagement.

The Plan is as described in the following overview.

[Overview of the Plan]

Under the Plan, the Company and its Group companies pay monetary claims to the Eligible Employees as special incentives intended for the allotment of restricted stock to them (the “Special Incentives”), and then the Eligible Employees contribute the Special Incentives to the Association. Next, the Association pays in kind those contributed Special Incentives to the Company, and in return receives the issuance or disposal of common stock of the Company as restricted stock.

In cases where the Company newly issues or disposes of common stock under the Plan, the amount paid in per share of that common stock is decided by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors resolution pertaining to that issue or disposal (if there was no trading on that day, then the closing price on the most recent trading day before that day is used) and at a level that does not afford any special advantages to the Association (and by extension, the Eligible Employees).

In cases of issue or disposal of common stock of the Company under the Plan, the Company and the Association enter into a restricted stock allotment agreement (the “Allotment Agreement”) that includes, among other provisions, (1) text prohibiting, for a specified period of time, the transfer, pledging, or other disposal of the allotted shares to a third party (the “Transfer Restriction”) and (2) text enabling the Company to acquire without compensation the relevant allotted shares in the event that specified cases for so doing occur. In addition, the payment of Special Incentives to the Eligible Employees shall be made on the condition, among other requirements, that the Company and the Association execute an Allotment Agreement.

With regard to the Eligible Employees’ member’s equity interest in the restricted stock that the Association acquired through the issuance or disposal (the “Restricted Stock Equity Interest” or “RS Equity Interest”) in proportion to the monetary claims contributed to the Association, the Eligible Employees are, in accordance with the Association’s regulations and operation rules, etc. (the “Association Rules, etc.”; see note below), restricted from withdrawing restricted stock corresponding to their Restricted Stock Equity Interest until the Transfer Restriction on said restricted stock is lifted.

Note: The Association plans to pass, before its receipt of the Treasury Stock Disposal, a resolution amending the Association Rules, etc. in line with the Plan at a meeting of the Association Council that will be held promptly on or after the day of the Board of Directors resolution pertaining to the Treasury Stock Disposal. Following that Council meeting, the amendments will take effect two weeks after notification is given to Association members in line with the Association Rules, etc., on the condition that less than one third of the Association membership raises objects to the amendments.

In the Treasury Stock Disposal, the Association as the scheduled allottee will, in accordance with the Plan, pay in all special incentives contributed by the Eligible Employees, as assets contributed in kind, and in return the Company will dispose of the shares of its common stock (the “Allotted Shares”) to the Association. The Allotment Agreement executed between the Company and the Association for the Treasury Stock Disposal will take two forms, i.e., Plan A for managers and Plan B for other employees; an outline of which is provided in the following section 3 “Overview of the Allotment Agreement.” The number of shares to be disposed of in the Treasury Stock Disposal will, as indicated in the note to section 1 above, be determined later, but is tentatively planned to be 109,417 shares in the case that 1,325 employees of the Company and its Group companies all join the Association and consent to the plan; this number of employees is the maximum number of persons who could become eligible for the Plan. Assuming that this number of shares to be disposed of will be the case, the scale of the Treasury Stock Disposal’s dilution of the Company’s stock will be 0.23% (the percentage is rounded to the second decimal place; the same applies to all calculations of percentages below) of 48,564,450 shares, which was the total number of issued shares as of March 31, 2025, and 0.24% of 452,337 voting rights, which was the total number of voting rights as of March 31, 2025.

The Treasury Stock Disposal creates the opportunity for employees of the Company’s Group to acquire common shares of the Company as restricted stock through the Association. The Company believes that this will help the Eligible Employees to build their assets as part of measures for enhancing employee benefits, increase their commitment to being involved in management while advancing their sharing of value with shareholders, and contribute to the improvement of human capital with the aim of increasing employee engagement. The Company has also judged that the number of shares to be disposed of in the Treasury Stock Disposal and the scale of dilution of the Company’s stock are reasonable, and that the impact on the market will be minimal, given the scale of stock dilution.

The implementation of the Treasury Stock Disposal is premised on the conditions that the amended Association Rules, etc. take effect by the day immediately preceding the disposal date of the Treasury Stock Disposal and that the Allotment Agreement is executed between the Company and the Association during the application period.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

Plan A (for managers of the Company and its Group companies):

From September 19, 2025 to the day of retirement from their position as an employee of the Company or its Group companies with eligibility for Association membership (excluding cases where the retirement is immediately followed by continued employment at the Company or its Group companies in another position that is eligible for Association membership)

Plan B (for non-management employees of the Company and its Group companies):

From September 19, 2025 to June 1, 2030

(2) Conditions for lifting of the Transfer Restriction

On the condition that the Eligible Employees continuously remained members of the Association

throughout the transfer restriction period, the Transfer Restriction shall be lifted at the conclusion of the transfer restriction period for all Allotted Shares in a number corresponding to the Eligible Employees' restricted stock equity interest. In this case, the Company shall notify the Association of the intent to lift the Transfer Restriction and the number of Allotted Shares for which the Transfer Restriction will be lifted.

(3) Handling of termination of Association membership

In cases where Eligible Employees cease being members of the Association (referring to cases where eligibility for Association membership was lost or a request to withdraw from the Association was made; this includes termination of membership due to death) during the transfer restriction period due to appointment as a Managing Officer or other valid reason (in the case of Plan B, this includes retirement (excluding cases where mandatory retirement is immediately followed by continued employment at the Company or its Group companies in another position that is eligible for association membership)), the Company shall, on the day that the Association received the request for withdrawal from membership (or the day of the employee's death in cases where membership was terminated due to death; hereinafter, either day is referred to as the "day of receipt of withdrawal request") lift the Transfer Restriction for all Allotted Shares in a number corresponding to the restricted stock equity interest held by the Eligible Employee on the day of receipt of withdrawal request. In this case, the Company shall notify the Association of the intent to lift the Transfer Restriction and the number of Allotted Shares for which the Transfer Restriction will be lifted.

(4) Handling of non-residency

If, during the transfer restriction period, the Company or its Group companies make a decision in which an Eligible Employee will acquire nonresident status as defined in Article 2 of the Income Tax Act, such as due to assignment to position outside Japan, the Company shall, on the day that said decision was made (the "Decision Day"), lift the Transfer Restriction for all Allotted Shares in a number corresponding to the restricted stock equity interest held by the Eligible Employee on the Decision Day.

(5) Uncompensated acquisition by the Company

The Company shall acquire, as a matter of course and without compensation, the Allotted Shares remaining subject to the Transfer Restriction at the conclusion of the transfer restriction period or at the time of lifting of the Transfer Restriction under items (3) and (4) above. In this case, the Company shall notify the Association of the intent to acquire the Allotted Shares without compensation and the number of Allotted Shares to be so acquired.

(6) Management of shares

The Allotted Shares shall, throughout the transfer restriction period, be managed in a dedicated account opened at Nomura Securities Co., Ltd. by the Association, so as to prevent said shares from being transferred, pledged, or otherwise disposed of during the transfer restriction period. Furthermore, the Association shall, in accordance with the Association Rules etc., register and manage the shares pertaining to the restricted stock equity interest separately from the shares pertaining to Eligible Employees' ordinary equity interest that the Association acquired through arrangements other than the Plan.

(7) Handling of reorganizations, etc.

In the event that a merger agreement in which the Company will be the dissolving company, a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or other proposal involving reorganization, etc. is approved during the transfer restriction period by a general meeting of shareholders of the Company (or by the Company's Board of Directors in cases where

the reorganization, etc. do not require approval by a general meeting of shareholders), the Company shall, by a Board of Directors resolution, lift the Transfer Restriction immediately before the business day immediately preceding the effective date of the reorganization, etc. for all Allotted Shares in a number corresponding to the restricted stock equity interest held by the Eligible Employees from among the Allotted Shares held by the Association on the day of said approval. In this case, the Company shall notify the Association of the intent to lift the Transfer Restriction and the number of Allotted Shares for which the Transfer Restriction will be lifted.

4. Basis of calculation and specific details of the amount to be paid in

The Treasury Stock Disposal to the Association as the scheduled allottee shall be implemented by having the Eligible Employees contribute to the Association, as assets paid in, the Special Incentives that were paid to them for allotment of the restricted stock. In order to avoid arbitrariness in the disposal price to be paid in, the Company set that price as the closing price of the Company's common stock on the Tokyo Stock Exchange's Prime Market on the business day immediately preceding the date of the aforementioned Board of Directors resolution. This is the market price of the shares on the business day immediately preceding the date of said resolution, and the Company believes that it is reasonable and does not afford any particular advantages.

5. Procedural matters related to corporate code of conduct

The procedures for soliciting the opinion of an independent third party and confirming the intent of shareholders that are mandated by Rule 432 of the Tokyo Stock Exchange's Securities Listing Regulations do not need to be carried out for the Treasury Stock Disposal because: (1) the dilution rate is less than 25% and (2) the disposal does not involve a change of controlling shareholder.

(Reference)

[The Plan's scheme]

- (1) The Company and its Group companies grant monetary claims to Eligible Employees who consented to the Plan as special incentives intended for allotment of restricted stock.
- (2) Those Eligible Employees contribute the monetary claims received in (1) above to the Association.
- (3) The Association pools the monetary claims contributed in (2) above and pays them to the Company.
- (4) The Company allots the Allotted Shares as restricted stock (abbreviated as "RS" in the diagram below) to the Association.
- (5) The Allotted Shares are deposited in a dedicated account opened at Nomura Securities Co., Ltd. by the Association, and remain non-withdrawable throughout the transfer restriction period.
- (6) After the Transfer Restriction is lifted, procedures are taken to transfer the Allotted Shares to the ordinary equity or a securities account in the Eligible Employees' name.

