



July 14, 2021

To whom it may concern

Company name: Hakuholdo DY Holdings Inc.
 Representative: Masayuki Mizushima
 Representative Director & President
 (Code number: 2433; TSE First Section)
 Inquiries: Atsushi Yoshino
 Executive Manager, Investor Relations Division
 (Tel: +81-3-6441-9033)

Announcement Concerning Issuance of New Shares as Restricted Stock Compensation

Hakuholdo DY Holdings Inc. passed a resolution as detailed below at the meeting of the Board of Directors of the Company held on July 14, 2021 to undertake the issuance of new shares (hereinafter referred to as the “New Share Issue”) as restricted stock compensation.

1. Overview of Share Issue

(1)	Payment date	August 3, 2021
(2)	Class and number of shares to be issued	Common stock of the Company: 161,784 shares
(3)	Issue price	¥1,759 per share
(4)	Total issue price	¥284,578,056
(5)	Allottees, number thereof, and number of shares to be allotted	Directors of the Company (*): 5 persons, 31,042 shares Corporate Officers of the Company: 3 persons, 10,918 shares Directors of the Company’s subsidiaries : 9 persons, 42,981 shares Corporate officers of the Company’s subsidiaries: 22 persons, 76,843 shares * Excluding Outside Directors
(6)	Other	The New Share Issue is conditional upon the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and Reasons for Offering

The Company resolved at the meeting of the Board of Directors of the Company held on May 19, 2017 to introduce the Stock Compensation System (hereinafter referred to as the “System”) to allot restricted stock in order to further promote shared value with shareholders and raise the Company’s corporate value over the medium to long term. Furthermore, approval was obtained at the 14th Annual Meeting of Shareholders held on June 29, 2017 to establish total monetary compensation claims granted as compensation to Directors (excluding Outside Directors) in relation to restricted stock of not more than ¥200 million a year, based on the System and to set a maximum of total restricted stock in each fiscal year of 550,000 shares.

The Board of Directors of the Company resolved today to allot 161,784 shares of common stock of the Company as specified restricted stock to five (5) Directors (excluding Outside Directors) and three (3) Corporate Officers of the Company and to nine (9) Directors and twenty-two (22) Corporate Officers of the Company’s subsidiaries (hereinafter referred to as the “Allottees”). In allotting the restricted stock, the Company will grant monetary compensation claims to the value of ¥284,578,056 to the Allottees, and the Allottees will pay all the monetary compensation claims to the Company through the method of in-kind contribution. The restricted stock will be allotted as compensation for the 19th fiscal year of the Company (from April 1, 2021 to March 31, 2022),

as well as the 143rd fiscal year of the Company's subsidiary Hakuhodo Inc. (from April 1, 2021 to March 31, 2022), and the 19th fiscal year of the Company's subsidiary Hakuhodo DY Media Partners Inc. (from April 1, 2021 to March 31, 2022). Moreover, the monetary compensation claims will be granted subject to certain conditions, including each Allottee entering into an agreement with the Company for the allotment of restricted stock (hereinafter referred to as an "Allotment Agreement") that in essence includes the provisions detailed below. The amount of the aforementioned monetary compensation claims will be the sum of the monetary compensation claims that are determined on the basis of remuneration corresponding to the position of each Allottee. In addition, so that the transfer restriction period will function as incentive to improve operating results and enhance corporate value through the period in which they are serving as Directors or Corporate Officers, promote the same value conscious as shareholders, and maintain this effect, the period has been set to be 30 years.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

From August 3, 2021 to August 2, 2051

The Allottee shall not transfer, establish security interest, or otherwise dispose of restricted stock during a transfer restriction period determined as described above (hereinafter referred to as the "Transfer Restriction Period").

(2) Acquisition of restricted stock without contribution

If an Allottee retires from the position of director or other positions determined by the Board of Directors of the Company before the Transfer Restriction Period expires, except in the case there is a reason that the Company's Board of Directors deems valid (expiry of term of office, etc.), the restricted stock that is allotted to the Allottee (hereinafter referred to as the "Allotted Shares") shall automatically be acquired by the Company without cost at the time of retirement. If at the expiration of the Transfer Restriction Period (hereinafter referred to as the "Time of Period Expiration"), the transfer restriction has not been lifted based on the terms for lifting the transfer restriction described in (3) below, the Company shall automatically acquire all the Allotted Shares at the time directly after the Time of Period Expiration.

(3) Lifting of the transfer restriction

In the event that the Allottee has held a position as director or other positions determined by the Board of Directors of the Company continuously during the Transfer Restriction Period, the transfer restriction on all the Allotted Shares is to be lifted when the Transfer Restriction Period expires.

However, if the Allottee retires from the position of director or other positions determined by the Board of Directors of the Company before the expiration of the Transfer Restriction Period due to a reason that the Company's Board of Directors deems valid (expiry of term of office, etc.), the transfer restriction will be lifted immediately after the time of retirement. Note that the number of Allotted Shares for which the transfer restriction is to be lifted will be the product of (A) the quotient of (1) the number of months of services provided as measured from the Allottee's pay-in date of the Allotted Shares until the time of the Allottee's retirement (if the number of months is less than one month, that number will be rounded up to one month) divided by (2) the number of months of services provided falling within the applicable period of

the Allotted Shares (when the calculation for this quotient produces a value larger than 1, the value of 1 is used) multiplied by (B) the number of Allotted Shares owned by the Allottee at the time of retirement (provided that if a fraction of a share arises, this will be rounded up).

(4) Terms relating to management of the shares

The Allottees shall open accounts with SMBC Nikko Securities Inc. using the method stipulated by the Company in order to register and maintain records of the Allotted Shares, and shall hold and retain the Allotted Shares within these accounts until the transfer restriction is lifted.

(5) Treatment during reorganization

If, during the Transfer Restriction Period, proposals relating to a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization are approved at the Company's general meeting of shareholders (or in the case where the approval at the Company's general meeting of shareholders is not required, in relation to the reorganization in question, a meeting of the Company's Board of Directors), based on the resolution of the Company's Board of Directors, the transfer restriction on the Allotted Shares of a number reasonably determined among the Allotted Shares owned by the Allottee on the date of that approval shall be lifted directly before the business day before the date on which the reorganization becomes effective.

4. Basis of Calculation and Specific Details of the Payment Amount

In order to eliminate any arbitrariness in the issue price for the New Share Issue, the price is set at ¥1,759, which was the closing price of common stock of the Company on the Tokyo Stock Exchange on July 13, 2021, the business day immediately preceding the date of the resolution by the Board of Directors of the Company. We believe that this price is reasonable on the basis that it is the market stock price immediately prior to the date of the resolution by the Board of Directors of the Company.

There is a 1.09% deviation (rounded to the nearest hundredth percent, same shall apply hereinafter to calculations of deviations) between this price and ¥1,740, which is the average closing price of common stock of the Company on the Tokyo Stock Exchange (fractional yen is rounded down to the nearest one yen, same shall apply hereinafter to the averages closing prices) during the one month leading up to the business day immediately preceding the date of the resolution by the Board of Directors of the Company (June 14, 2021 to July 13, 2021). There is a -1.73% deviation between this price and ¥1,790, which is the average closing price during the three months leading up to the same business day (April 14, 2021 to July 13, 2021). There is a -0.68% deviation between this price and ¥1,771, which is the average closing price during the six months leading up to the same business day (January 14, 2021 to July 13, 2021). The Company has therefore concluded that this does not represent a particularly favorable price.