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September 13, 2024

Company: DyDo Group Holdings, Inc.
Representative: Tomiya Takamatsu, President
(Code 2590 on the Tokyo Stock Exchange Prime Market)
Inquiries: Makiko Mihara, General Manager of Corporate Communication Department

Notice Regarding Disposal of Treasury Shares as Restricted Stock Incentives for Employee Shareholding Association

DyDo Group Holdings, Inc. (the "Company") announces that at the Board of Directors meeting held today, it resolved to dispose of the Company's treasury shares for restricted stocks (the "Disposal of Treasury Shares" or the "Disposal"), with the DyDo Group Holdings Employee Shareholding Association (the "ESA") as the scheduled allottee based on the Restricted Stock Incentives for Employee Shareholding Association (the "Incentive Plan"), adopted by the resolution of the Board of Directors meeting held on August 28, 2023.

1. Overview of the Disposal

(1) Date of disposal	November 25, 2024
(2) Number of shares and stock classification	54,000 ordinary shares in the Company (Note 1)
(3) Per share value	JPY 2,974 per share
(4) Total value	JPY 160,596,000 (Note 1)
(5) Method of disposal (scheduled allottee)	The Company will allocate the number of shares specified by the ESA within the range of shares to be disposed of, as mentioned in (2) above, on the condition that the ESA applies for the subscription through a third-party allotment method. (DyDo Group Holdings Employee Shareholding Association: 54,000 shares) Additionally, the Company will not accept partial applications for the allocated shares from each eligible employee (as defined below).
(6) Other	This disposal of treasury shares is conditional upon the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act.

(Note 1) The "Number of shares and stock classification" and the "Total value" are calculated based on the assumption that 2,700 regular and special employees (excluding re-employed, contract, and part-time employees) of our subsidiaries, sub-subsidiaries, and sub-sub-subsidiaries, who are the maximum number of potential participants in this program, will each be granted 20 shares of our ordinary stock with transfer restrictions. The actual number of shares and total disposal amount will be determined based on the number of eligible employees (up to 2,700) who agree to this program after the promotion for non-members of the ESA and confirmation of consent from ESA members. Specifically, as mentioned in (5) above, the number of shares applied for by the ESA will be the "Number of shares," and the amount obtained by multiplying this number by the disposal price per share will be the "Total value." Additionally, our subsidiaries, sub-subsidiaries, or sub-sub-subsidiaries will uniformly provide a monetary claim of 59,480 yen to each eligible employee, and the Company will uniformly allocate 20 shares to each eligible employee through the ESA.

2. Purpose of and Reason for the Disposal

At the Board of Directors meeting held on August 28, 2023, the Company decided to introduce the Incentive Plan. This plan allows regular and special employees of the Company's subsidiaries, sub-subsidiaries, and sub-sub-subsidiaries who are member of the ESA to acquire the Company's ordinary shares as restricted stocks. This is aimed at enhancing employee benefits, helping employees build their assets, and providing incentives to improve the Company's long-term value. It also aims to promote greater value sharing between the Company's employees and shareholders.

The details of this Incentive Plan are as follows:

[Overview of the Incentive Plan]
Under this plan, our subsidiaries, sub-subsidiaries, and sub-sub-subsidiaries will provide special incentive money to eligible employees through the ESA. Each eligible employee will receive a monetary claim (referred to as "special incentive money") to purchase 20 shares of restricted stocks. The employees will contribute this special incentive money to the ESA, which will then use it to make an in-kind contribution to the Company. This will result in the issuance or disposal of the Company's ordinary shares as restricted stocks.

When issuing or disposing of new ordinary shares under this plan, the per-share payment amount will be determined by the Board of Directors based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day before the Board resolution. The price will be set so that it is not particularly advantageous to the ESA (and thus to the employees).

The Company and the ESA will enter a restricted stock allocation agreement (referred to as "allocation agreement") when issuing or disposing of ordinary shares under this plan. This agreement will include provisions such as: (i) prohibiting the transfer, pledge, or other disposal of the allocated stock to third parties for a certain period (referred to as "transfer restrictions"), and (ii) allowing the Company to acquire the allocated stock without compensation under certain conditions. The special incentive money will only be provided to employees if this allocation agreement is concluded between the Company and the ESA.

Additionally, under the ESA's regulations and detailed rules (referred to as "ESA regulations"), employees will be restricted from withdrawing their shares of restricted stocks (referred to as "RS equity interest") until the transfer restrictions on those shares are lifted.

In this disposal of treasury stock, under this plan, the ESA, which is the intended allottee, will pay in all the special incentive money contributed by the eligible employees as in-kind contribution property, resulting in the disposal of the Company's ordinary shares (referred to as "allocated shares") to the ESA. The outline of the allocation agreement to be concluded between the Company and the ESA in this disposal of treasury stock is as described in "3. Outline of the Allocation Agreement" below. The number of shares to be disposed of will be determined on November 15 based on Note 1. If all 2,700 eligible employees join the ESA and agree to the plan, 54,000 shares will be disposed of. Assuming this number of shares to be disposed of, the scale of dilution in this disposal of treasury stock is 0.16% (rounded to the nearest third decimal place, same hereafter in the calculation of the ratio) of the total number of issued shares as of July 20, 2024, which is 33,137,000 shares, and 0.17% of the total number of voting rights as of July 20, 2024, which is 317,812.

The introduction of this plan is intended to enhance the welfare of eligible employees by creating an opportunity for them to acquire the Company's ordinary shares issued or disposed of through the ESA as restricted stocks, thereby assisting in the asset formation of eligible employees, providing incentives to enhance the Company's corporate value sustainably, and promoting further value sharing between eligible employees and the Company's shareholders. The number of shares to be disposed of and the scale of dilution in this disposal of treasury stock are considered reasonable, and the impact on the market is judged to be minimal even considering the scale of dilution.

Additionally, this disposal of treasury stock will be implemented on the condition that the allocation agreement is concluded between the Company and the ESA during the application period.

3. Outline of the Allocation Agreement

(1) Transfer Restriction Period
The period from November 25, 2024 (referred to as the "disposal date") until the day each eligible employee resigns from their position as an employee of the Company, its subsidiaries, sub-subsidiaries, or sub-sub-subsidiaries while holding membership in the ESA (hereinafter referred to as the "transfer restriction period").

(2) Conditions for Lifting Transfer Restrictions
The transfer restrictions will be lifted for all allocated shares held by eligible employees who have continuously maintained their membership in the ESA during the period from the disposal date to November 25, 2025 (referred to as the "vesting period"), upon the expiration of the transfer restriction period.

(3) Handling of ESA Withdrawal
If an eligible employee withdraws from the ESA (meaning they lose membership or submit a withdrawal application, including withdrawal due to death) during the vesting period due to reasons such as appointment as a Board member (excluding cases where membership is not lost), retirement, transfer to a group company, or other legitimate reasons, or if they withdraw from the ESA after the vesting period but before the transfer restriction period expires, the Company will lift the transfer restrictions on all allocated shares held by the eligible employee as of the date the ESA accepts the withdrawal application (or the date membership is lost, in the case of death, referred to as the "withdrawal application acceptance date").

(4) Handling of Becoming a Non-Resident
If an eligible employee is determined to become a non-resident due to overseas transfer or other reasons during the transfer restriction period, the transfer restrictions on all allocated shares held by the eligible employee as of the date of such determination (referred to as the "overseas transfer determination date") will be lifted as of the overseas transfer determination date.

(5) Acquisition by the Company Without Compensation
If an eligible employee withdraws from the ESA during the vesting period for reasons other than legitimate reasons such as appointment as a Board member (excluding cases where membership is not lost), retirement, transfer to a group company, or other legitimate reasons (excluding death), suspends contributions to the ESA, engages in illegal activities, or falls under certain conditions specified in the allocation agreement, the Company will acquire all allocated shares held by the eligible employee without compensation as of the time such conditions are met. The Company will also acquire without compensation any allocated shares for which transfer restrictions are not lifted at the expiration of the transfer restriction period or at the times specified in (3) or (4) above.

(6) Management of Shares
The allocated shares will be managed in a dedicated account opened by the ESA with Nomura Securities Co., Ltd., to prevent transfer, pledge, or other disposal during the transfer restriction period. Additionally, the ESA will register and manage the restricted stock holdings separately from the regular holdings acquired by the ESA under this plan, in accordance with the ESA regulations.

(7) Handling in Organizational Restructuring
If organizational restructuring matters are approved at the Company's shareholders' meeting (or the board of directors if shareholders' meeting approval is not required), the transfer restrictions on all allocated shares will be lifted as of the business day immediately preceding the effective date of the restructuring, based on a board resolution.

4. Basis and Specific Details for Calculating the Disposal Total Value

The disposal of treasury stock to the ESA, which is the intended allottee, will be carried out by the eligible employees contributing the special incentive money they received for the grant of restricted stocks to the ESA as investment property. To eliminate arbitrariness, the disposal amount is set at 2,974 yen, which is the closing price of the Company's ordinary shares on the Tokyo Stock Exchange Prime Market on September 12, 2024 (the business day before the board resolution date). This price is considered reasonable and not particularly advantageous, as it reflects the market price just before the board resolution date.

Additionally, the deviation rate of this price from the average closing price of the Company's shares on the Tokyo Stock Exchange Prime Market (rounded to the nearest third decimal place) is as follows:

Period	Average Closing Price (rounded down to the nearest yen)	Deviation Rate
1 month (August 13, 2024 - September 12, 2024)	2,788 yen	6.67%
3 months (June 13, 2024 - September 12, 2024)	2,705 yen	9.94%
6 months (March 13, 2024 - September 12, 2024)	2,696 yen	10.31%

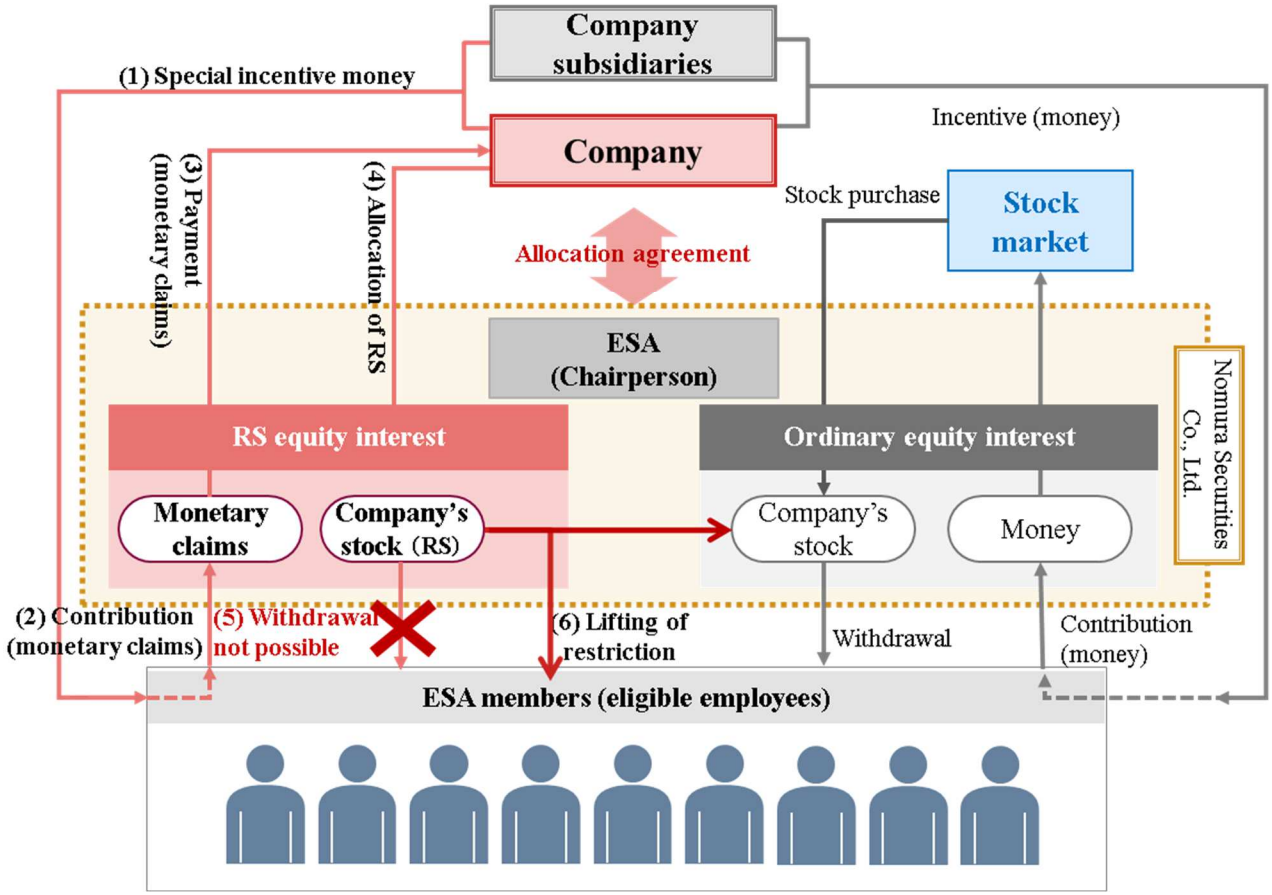
All four Corporate Auditors who attended today's Board meeting (including three Outside Corporate Auditors) expressed their opinion that the disposal price is not particularly advantageous to the ESA, the intended allottee, and is lawful. They based this opinion on the fact that the disposal of treasury stock aims to implement this plan and that the disposal price is the closing price of the Company's ordinary shares on the Tokyo Stock Exchange Prime Market on the business day before the board resolution date.

5. Matters Related to Procedures Under the Corporate Code of Conduct

This disposal of treasury stock does not require obtaining opinions from independent third parties or confirming the intentions of shareholders as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange. This is because (i) the dilution rate is less than 25%, and (ii) it does not involve a change in the controlling shareholder.

[Scheme of the Incentive Plan]

(1) The Company, its subsidiaries, sub-subsidiaries, and sub-sub-subsidiaries will grant monetary claims as the special incentive for the grant of the restricted stock to the eligible employees who agree to the Incentive Plan.
(2) The eligible employees who agree to the Incentive Plan will contribute the monetary claims of (1) above to the Employee Shareholding Association (ESA).
(3) The ESA will collect and contribute to the Company the monetary claims contributed in (2) above.
(4) The Company will allot the allocated shares to the ESA as the restricted stock (referred to as "RS" in the following table).
(5) The allocated shares will be deposited in a dedicated account opened by the ESA through Nomura Securities Co., Ltd., and the withdrawal of the allocated shares will be limited during the transfer restriction period.
(6) After lifting of the Restriction, the allocated shares will be transferred to the ordinary equity interest or a securities account held under the name of the eligible employee, in accordance with the ESA regulations.



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.