

Company: DyDo GROUP HOLDINGS, INC.
Representative: Tomiya Takamatsu, President and Representative Director
(Code 2590 on the Tokyo Stock Exchange Prime Market)
Inquiries: Makiko Mihara, General Manager of Corporate Communication Department

Notice Regarding Disposal of Treasury Stock for Restricted-Stock-Based Compensation

DyDo GROUP HOLDINGS, INC. (“DyDo GROUP HOLDINGS” or “the Company”) hereby announced that the resolution to dispose of treasury stock was made at today's Board of Directors meeting.

1. Stock Disposal

(1) Date of disposal	May 14, 2025
(2) No. of shares and stock classification	7,600 ordinary shares in the Company
(3) Per share value	2,901 yen per share
(4) Total value	22,047,600 yen
(5) Recipients and no. of shares	Directors of DyDo GROUP HOLDINGS (excl. outside directors and non-full-time directors): 3 individuals, 3,200 shares Corporate officers who are not also directors of DyDo GROUP HOLDINGS: 1 individual, 200 shares Directors of group subsidiaries (excl. outside directors and non-full-time directors): 6 individuals, 1,600 shares Corporate officers who are not also directors of group subsidiaries: 13 individuals, 2,600 shares

2. Objective and Reasons for the Disposal

At a meeting of the Board of Directors held on March 4, 2022, the Board decided to introduce a new compensation system, namely a restricted-stock-based compensation system. The new system will apply to directors of DyDo GROUP HOLDINGS who are neither outside directors nor non-full-time directors (“applicable directors”), corporate officers who are not also directors (with applicable directors, collectively “DyDo GROUP HOLDINGS directors, etc.”) directors of wholly owned subsidiaries who are neither outside directors nor non-full-time directors, and corporate officers at wholly owned subsidiaries who are not also directors (all four groups collectively referred to as “applicable directors, etc.”). The objective of this new system is both to provide applicable directors, etc., with an incentive to achieve sustainable increases in corporate value, and to better share that value with all shareholders. Furthermore, at the 47th Annual General Meeting of Shareholders on April 15, 2022, approval was granted for the following: Based on this new system, a fund used to acquire the restricted stock (“the fund”) for applicable directors will be provided for monetary claims up to a maximum of 100 million yen per annum with no more than 10,000 ordinary shares* in the company issued or disposed of. The period for restricted stock shall run from the day on which the ordinary shares are allotted, in accordance with restricted-stock allotment contracts concluded between DyDo GROUP HOLDINGS and applicable directors, to the point immediately following the executive stepping down from a position at DyDo GROUP HOLDINGS or a subsidiary set by the Board of Directors.

*Note: On January 21, 2024, the Company conducted a 2-for-1 stock split of its ordinary shares. Therefore, after that date, the total number of shares of common stock newly issued or disposed of by the Company under the restricted-stock-based compensation is limited to 20,000 shares per year.

[Overview of the System]

Under this system, the applicable directors, etc., will use the entire monetary claims provided by the Company or its subsidiaries as in-kind contributions to receive the issuance or disposal of the Company's ordinary shares. 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 preceding the date of each Board resolution (or the closing price on the most recent trading day if no trading occurred on that day), ensuring that the amount is not particularly advantageous to the applicable directors, etc., who subscribe to the shares.

Furthermore, when issuing or disposing of the Company's ordinary shares under this system, a restricted-stock allotment contract will be concluded between the Company and the applicable directors, etc. The contract will include provisions such as: (i) prohibiting the applicable directors, etc., from transferring, pledging, or otherwise disposing of the Company's ordinary shares allotted under the restricted-stock allotment contract to third parties for a certain period, and (ii) allowing the Company to acquire the ordinary shares without compensation under certain circumstances.

This time, after consulting with the Nomination and Compensation Committee, considering the purpose of the system, the Company's business conditions, the scope of responsibilities of each applicable director, etc., and various other factors, it was decided to grant a total of 22,047,600 yen in monetary claims ("the monetary claims"), 7,600 ordinary shares to the applicable directors, etc., to further enhance their motivation.

In this disposal of treasury stock, 23 applicable directors, etc., who are the intended recipients, will use the entire monetary claims against the Company as in-kind contributions to receive the disposal of the Company's ordinary shares ("the allotted shares") under this system. The outline of the restricted-stock allotment contract ("the allotment contract") to be concluded between the Company and the applicable directors, etc., in this disposal of treasury stock is as follows in section 3.

3. Overview of the Allotment Contract

(1) Transfer Restriction Period

The period from May 14, 2025 ("the Disposal Date") until immediately after the applicable directors, etc., resign or retire from any position as a director (excluding outside directors and non-full-time directors) or a corporate officer who does not concurrently serve as a director of the Company, DyDo DRINCO, INC., DAIDO Pharmaceutical Corporation, or Tarami Corporation ("the Target Subsidiaries").

(2) Conditions for Lifting Transfer Restrictions

The transfer restrictions on all allotted shares will be lifted at the end of the transfer restriction period, provided that the applicable directors, etc., have continuously held any position as a director or a corporate officer who does not concurrently serve as a director of the Company or the Target Subsidiaries during the period from the commencement of their duties until immediately before the conclusion of the first Annual General Meeting of Shareholders thereafter (for corporate officers who do not concurrently serve as directors, this period is read as the period from the start of the fiscal year in which the Annual General Meeting of Shareholders is held until the end of that fiscal year, "the Service Provision Period").

(3) Handling in Case of Resignation or Retirement During the Service Provision Period Due to Expiration of Term or Other Legitimate Reasons

(i) Timing of Lifting Transfer Restrictions

If the applicable directors, etc., resign or retire from any position as a director or a corporate officer who does not concurrently serve as a director of the Company or the Target Subsidiaries due to the expiration of their term, retirement age, or other legitimate reasons (including resignation or retirement due to death), the transfer restrictions will be lifted immediately after their resignation or retirement.

(ii) Number of Shares Subject to Lifting of Transfer Restrictions

The number of allotted shares held at the time of resignation or retirement, multiplied by the number of months from the month including the Disposal Date (for corporate officers who do not concurrently serve as directors, this is read as the start of the fiscal year including the Disposal Date) to the month including the date of resignation or retirement, divided by 12 months of the Service Provision Period (if the result exceeds 1, it is considered as 1), rounded down to the nearest whole share.

(4) Acquisition Without Compensation by the Company

If the applicable directors, etc., commit any act in violation of laws during the transfer restriction period or fall under certain circumstances specified in the allotment contract, the Company will naturally acquire all allotted shares without compensation at that time. Additionally, at the end of the transfer restriction period or at the time of lifting the transfer restrictions as specified in (3) above, the Company will naturally acquire without compensation any allotted shares for which the transfer restrictions have not been lifted.

(5) Handling in Case of Organizational Restructuring, etc.

If matters related to a merger agreement in which the Company becomes the disappearing company, a share exchange agreement in which the Company becomes a wholly-owned subsidiary, a share transfer plan, or other organizational restructuring, etc., are approved at the Company's General Meeting of Shareholders (or the Board of Directors if shareholder approval is not required), by resolution of the Board of Directors, the transfer restrictions on the number of allotted shares held at that time will be lifted immediately before the effective date of the organizational restructuring, etc., based on the number of months from the month including the Disposal Date (for corporate officers who do not concurrently serve as directors, this is read as the start of the fiscal year including the Disposal Date) to the month including the date of approval, divided by 12 months of the Service Provision Period (if the result exceeds 1, it is considered as 1), rounded down to the nearest whole share. Additionally, immediately after the lifting of the transfer restrictions, the Company will naturally acquire without compensation any allotted shares for which the transfer restrictions have not been lifted.

(6) Management of Shares

The allotted shares will be managed in a dedicated account opened by the applicable directors, etc., at Nomura Securities Co., Ltd., to ensure that they cannot be transferred, pledged, or otherwise disposed of during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd., regarding the management of the accounts holding the allotted shares to ensure the effectiveness of the transfer restrictions, etc. The applicable directors, etc., agree to the management of these accounts.

4. Calculation Basis for Payment and Specifics

The disposal of this treasury stock for planned allotment will make use of the fund, in the form of monetary claims, that will be provided to purchase restricted-stock (in compensation) for FY2025 in line with this system. To ensure the disposal amount is not arbitrary, the final value of the ordinary shares in the company will be 2,901 yen on the Tokyo Stock Exchange's Prime Market as of April 14, 2025 (the business day prior to the day of which the Board of Directors made its decision). That is the market value directly prior to the decision, and is considered to be a rational, and not particularly advantageous, value.

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.