



June 27, 2025

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Notice Regarding Issuance of New Shares as Restricted Stock-Based Compensation

Net Protections Holdings, Inc. (the “Company” or “we”) hereby announces that, at the Board of Directors meeting held on June 27, 2025, the Company resolved to issue new shares as restricted stock-based compensation (“New Share Issuance”).

1. Overview of the Issuance

(1) Pay-in date	July 18, 2025
(2) Type and number of shares to be issued	Ordinary shares of the Company: 37,372 shares
(3) Issue price	589 yen per one share for subscription
(4) Total amount of issue price	22,012,108 yen
(5) Intended allottees	Six Directors (excluding Directors who are Audit and Supervisory Committee members): 32,993 shares Three Directors who are Audit and Supervisory Committee members: 4,379 shares

2. Purpose of and Reasons for the New Share Issuance

The Company introduced a restricted stock-based compensation plan (“Plan”) at its 4th Ordinary General Meeting of Shareholders held on June 29, 2022 with the aim of providing incentives for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) to achieve sustainable improvement in the Company’s corporate value and promoting the further sharing of value between such Directors and our shareholders. Now, at its 7th Ordinary General Meeting of Shareholders held on June 27, 2025, the Company received approval to revise part of the Plan so that Directors who are Audit and Supervisory Committee members and Outside Directors are also eligible for such Plan. Under the revised Plan, the total amount of compensation to be paid to the Company’s Directors (excluding Directors who are Audit and Supervisory Committee members) for the grant of shares with restrictions on transfer is within 30 million yen per year (of which 5 million yen per year is for Outside Directors), the total number of shares with restrictions on transfer to be allotted is within 90,000 shares per year (of which 15,000 shares per year are for Outside Directors), and for Directors who are Audit and Supervisory Committee members, the total amount of compensation to be paid for the grant of shares with restrictions on transfer is within 5 million yen per year and the total number of shares is within 15,000 shares per year. The transfer restriction period for shares with restrictions on transfer to be allotted under the Plan is three or more years from the allotment date. Taking into consideration the purpose of the Plan, the scope of responsibilities of each Director, and assorted other circumstances, the Company’s Board of Directors has resolved to grant nine Company’s Directors who are the intended allottees (“Eligible Allottees”) monetary compensation claims totaling 22,012,108 yen for the New Share Issuance as restricted stock-based compensation for the period from the Company’s 7th Ordinary General Meeting of Shareholders to the Company’s 8th Ordinary General Meeting of Shareholders, which is to be held in June 2026. The Company’s Board of Directors has also resolved to carry out the New Share Issuance by having the Eligible Allottees make contribution in kind of all such monetary compensation claims. The payment of monetary compensation claims to the Eligible Allottees who are Company’s Directors who are also Audit and Supervisory Committee members has been determined by discussion among the Company’s Directors who are Audit and Supervisory Committee members. To achieve the purpose of the introduction of the Plan, namely, the provision of incentives for sustainable improvement in corporate value and the sharing of shareholder value, the transfer restriction period has been set at three years, as stated in 3 below. In addition, monetary compensation claims will be paid to Eligible Allottees on the condition that they execute with the Company an allotment agreement for shares with restrictions on transfer (“Allotment Agreement”). The share dilution resulting from the New Share Issuance will be minimal, at 0.04% (rounded off to the second decimal place) of 99,306,627 shares,

the total number of outstanding shares as of March 31, 2025) (excluding treasury shares), and accordingly we believe it is reasonable in light of the purpose of the Plan.

3. Overview of Allotment Agreement on Shares with Restrictions on Transfer

The overview of the Allotment Agreement is as follows.

(1) Transfer Restriction Period

The transfer restriction period shall be from July 25, 2025 to July 25, 2028 (“Transfer Restriction Period”), and during the Transfer Restriction Period, Eligible Allotees shall not transfer, create a security interest on, or otherwise dispose of the ordinary shares allotted to them (“Allotted Shares”) (“Transfer Restrictions”).

(2) Lifting of the Transfer Restrictions

The Company will lift the Transfer Restrictions for all (however, if the Company is to acquire without consideration all or part of the Allotted Shares pursuant to item (3)(ii) below, the remaining shares after the acquisition without consideration) of the Allotted Shares at the time the Transfer Restriction Period expires, subject to the condition that the Eligible Allotee continuously held his/her position as a Company’s Director during the Transfer Restriction Period.

(3) Acquisition of Allotted Shares without consideration

- (i) The Company will automatically acquire, without consideration, the Allotted Shares from which the Transfer Restrictions have not been lifted pursuant to item (2) above at the time the Transfer Restriction Period expires.
- (ii) In addition, if an Eligible Allotee who has been allotted the shares with restrictions on transfer resigns from the office of the Company’s Director during the Transfer Restriction Period, the Company may acquire the Allotted Shares without consideration in the number obtained by deducting, from (x) the number of the Allotted Shares held by the Eligible Allotee at such point in time, (y) the number obtained by dividing the number of months from the month following the month including the pay-in date to the month including the date of such resignation by 36 and multiplying the result by the number of the Allotted Shares held by the Eligible Allotee at such point in time (however, any fractional shares of less than one share resulting from the calculation shall be discarded); in addition, if an Eligible Allotee engages in illegal conduct or if certain other events as prescribed by the Allotment Agreement apply to an Eligible Allotee, the Company may acquire all or some of the Allotted Shares of such Eligible Allotee without consideration.

(4) Management of the Shares

The Allotted Shares will be managed in dedicated accounts opened by the Eligible Allotees at a securities company designated by the Company, so that the Eligible Allotees cannot transfer, create a security interest on, or otherwise dispose of those shares during the Transfer Restriction Period. Daiwa Securities Co. Ltd. is expected to be such designated securities company.

(5) Treatment in the Event of Reorganization, Etc.

Notwithstanding the provisions of item (1) above, if, during the Transfer Restriction Period, a merger agreement under which the Company will be the disappearing company, a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary, or a matter regarding any other form of reorganization of the Company is approved at the Company’s general meeting of shareholders (or, if the approval of a shareholders meeting is not required for the relevant reorganization, the Company’s Board of Directors), then, prior to the effective date of such reorganization, by a resolution of the Company’s Board of Directors, the Company will lift the Transfer Restrictions on the Allotted Shares in the number obtained by dividing the number of months from the month following the month including the pay-in date to the month including the effective date of such reorganization by 36 and multiplying the result by the number of the Allotted Shares held by an Eligible Allotee as of the date of such approval (however, any fractional shares of less than one share resulting from the calculation shall be discarded). In the foregoing case, the Company shall automatically acquire, without consideration, the Allotted Shares from which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions are lifted.

4. Basis for Calculation of the Pay-In Amount; Specific Details

To eliminate any arbitrariness from the issue price of the New Share Issuance for the Eligible Allotees, the price has been set at 589 yen, which is the closing price on the business day immediately preceding the Board of Directors resolution date. We believe that the issue price pertaining to the New Share Issuance is not a particularly advantageous price and is reasonable.