

Notice Concerning the Adoption of a Restricted Stock Compensation Plan

DOWA HOLDINGS CO., LTD. (14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo; 36.4 billion yen; President: SEKIGUCHI Akira; the “Company”) announced that it passed a resolution at a Board of Directors meeting held today to adopt a restricted stock compensation plan (the “Plan”) as a new plan to give incentive to Directors. A proposal regarding the adoption of the Plan will be submitted to the 119th Annual General Meeting of Shareholders (the “Shareholders Meeting”) scheduled for June 24, 2022. Details are as follows.

1. Purpose, etc. of adopting the Plan**1) Purpose of adopting the Plan**

The Plan is a compensation plan to allot restricted stock to the Company’s Directors (excluding Outside Directors, as follows), intended to incentivize them to improve the Company’s corporate value in a sustainable manner as well as raise the degree they share value with shareholders.

2) Conditions for adopting the Plan

The Plan is subject to approval by shareholders at the Shareholders Meeting. There was a resolution at the 113th Annual General Meeting of Shareholders held June 24, 2016 that the amount of compensation to Directors shall be 570 million yen or less per year (excluding the portion of employee salaries for Directors concurrently serving as employees). The proposal at the Shareholder Meeting will ask shareholders to approve the granting of new compensation for delivering restricted stock to Directors (excluding Outside Directors, the “Eligible Directors”) apart from the said compensation framework.

If the Shareholders Meeting approves the adoption of the Plan, the Company plans to adopt a similar restricted stock compensation plan for its executive officers.

2. Overview of the Plan

The Plan grants monetary compensation claims to Eligible Directors based on a Board of Directors resolution each fiscal year, in principle. Eligible Directors shall pay all the monetary compensation claims to the Company as contribution in kind to receive issuance or disposal of the Company’s common stock.

The total amount of monetary compensation claims to be granted to Eligible Directors under the Plan shall be 100 million yen or less per year. The total number of common stock the Company issues or disposes of under the Plan shall be 44 thousand stock or less

per year, (provided in the event of a stock split (including a gratis allotment of the Company's common stock) or a reverse stock split of the Company's common stock on or after the date of resolution by the Shareholders Meeting, the Company shall adjust the upper limit of the total number of stock in proportion to the ratio of the stock split, gratis allotment or reverse stock split.).

The amount to be paid in per stock shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors meeting on the date of issuance or disposition (if there was no trading on that date, the closing price of the most recent preceding trading date).

The Board of Directors shall determine the specific timing and distribution of delivery to each Eligible Director.

The Company and the Eligible Director shall sign an agreement to allot restricted stock (the "Agreement"), to issue or dispose of the Company's common stock under the Plan.

The Agreement shall include the following clauses:

- (1) Eligible Directors shall not transfer, pledge or otherwise dispose of the Company's common stock allotted under the Agreement from the date of allotment under the Agreement to the date of retirement (However, if the person concurrently serves as an executive officer or becomes executive officer upon retiring as a Director, "Retirement" refers to stepping down from Director or executive officer positions, and the same shall apply hereinafter).
- (2) The Company shall acquire all or part of the said common stock without consideration when certain conditions apply.
- (3) Details of conditions for lifting the restrictions on transfer established in advance by the Company's Board of Directors, etc.

Stock allotted to Eligible Directors under the Plan will be managed in a dedicated account opened by Eligible Directors at a securities company designated by the Company to prevent transfer, pledge or other disposal during the period transfer is restricted.

Contact for inquiries

DOWA HOLDINGS CO., LTD.

Inquiry form : <https://ir.dowa.co.jp/en/ir/contact1.html>