



April 14, 2025

Company name: Halows Co., Ltd.  
Representative: Toshiyuki Sato, President and Chief  
Executive Officer  
(Code number: 2742; TSE Prime Market)  
Contact: Takanori Ohara, Director and General  
Manager of General Planning Dept.  
(Phone: +81-86-483-1683)

## **Notice Concerning Introduction of Restricted Stock Compensation Plan**

Halows Co., Ltd. (the “Company”) has reviewed the compensation system for its board members and resolved to introduce a restricted stock compensation plan (hereinafter, the “Plan”) at a meeting of the Board of Directors held today. Accordingly, the Company hereby announces that it has decided to submit a proposal concerning the Plan to the 67th Annual General Meeting of Shareholders (hereinafter, the “General Meeting”) scheduled to be held on May 29, 2025 as described below.

### **1. Purpose, etc. of introducing the Plan**

The Plan is aimed at providing an incentive for the Company’s Directors (excluding Directors serving as Audit and Supervisory Committee Members, Outside Directors, and Part-time Directors; hereinafter, the “Eligible Directors”) to sustainably improve the Company’s corporate value, and promoting further shared value with shareholders.

Since the Plan involves the granting of the Company’s common shares as compensation to the Eligible Directors, its introduction is subject to the approval of shareholders at the General Meeting on the provision of such compensation. At the 63rd Annual General Meeting of Shareholders held on May 27, 2021, the amount of compensation for the Company’s Directors (excluding Directors serving as Audit and Supervisory Committee Members) was approved to be 300 million yen or less per year (excluding the portion of employees’ salary for Directors concurrently serving as employees). Separately from the amount of the compensation, etc., it was also approved that the amount of stock acquisition rights as stock compensation-type stock options to be granted to Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) shall be 70 million yen or less per year. At the General Meeting, the Company will request approval of shareholders to newly introduce the Plan and to establish a compensation limit for the Eligible Directors under the Plan, separately from the aforementioned compensation limit.

### **2. Overview of the Plan**

The compensation to be granted to the Eligible Directors under the Plan shall be the Company’s common shares. The Eligible Directors shall receive the Company’s common shares that will be issued or disposed of in accordance with the resolution of the Company’s Board of Directors. The total amount of the Company’s common shares to be granted to the Eligible Directors under the Plan shall be 100 million yen or less per year (excluding the portion of

employees' salary for Directors concurrently serving as employees). The total number of common shares to be issued or disposed of by the Company shall be 50,000 shares or less per year (in the event of a share split (including the allotment of the Company's common shares without consideration) or share consolidation of the Company's common shares with an effective date that is on or after the resolution date of the General Meeting, the total number of the shares may be adjusted to a reasonable extent as needed in accordance with the share split ratio, share consolidation ratio, or other relevant factors on or after the effective date).

The Company's common shares to be granted under the Plan shall be issued or disposed of as compensation for the Eligible Directors, with no payment of monetary claims as properties contributed in kind required in exchange for the Company's common shares. The amount of the Company's common shares to be granted to the Eligible Directors, however, shall be calculated using the amount per share of the Company's common shares to be issued or disposed of, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors concerning the issuance or disposal of the Company's common shares (if there are no trades on that day, the closing price on the most recent preceding trading day).

Specific timing of granting and allocation thereof to each of the Eligible Directors shall be determined by the Board of Directors, following deliberations by the Nomination and Compensation Committee.

In addition, the issuance or disposal of the Company's common shares under the Plan (hereinafter, the "Shares") shall be subject to the conclusion of a Restricted Stock Allotment Agreement including the following items between the Company and the Eligible Directors:

- 1) The Eligible Directors shall not transfer to third parties, pledge, or otherwise dispose of the Shares during a certain period (hereinafter, the "transfer restriction period") and
- 2) The Company shall acquire the Shares without consideration in the case where certain grounds arise.

During the transfer restriction period, the Shares will be managed in dedicated accounts to be opened with Nomura Securities Co., Ltd. by the Eligible Directors in order to ensure that they neither transfer, pledge, nor otherwise dispose of the Shares during the transfer restriction period.