



May 29, 2025

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 (Securities code: 2742; Tokyo Stock Exchange Prime Market)
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Notice Concerning Issuance of New Shares as Restricted Stock Compensation

Halows Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on May 29, 2025, to issue new shares (the “Issuance of New Shares” or the “Issuance”) as described below.

1. Overview of the Issuance

(1)	Date of allotment	June 27, 2025
(2)	Class and number of shares to be issued	Company’s common shares: 5,600 shares
(3)	Amount to be paid in per share and total amount of the Issuance	4,720 yen per share ※ In the Issuance, shares will be delivered as remuneration for directors, etc. by way of the allotment without contribution (Article 202, Paragraph (2) of the Companies Act). To obtain a fair unit price, the amount to be paid in per share is defined as the closing price (4,720 yen) of the Company’s common shares on the Tokyo Stock Exchange Prime Market on the business day (May 28, 2025) immediately preceding the date of resolution at the meeting of the Board of Directors held on May 29, 2025. The total amount of the Issuance (26,432,000 yen) is calculated by multiplying the amount to be paid in per share by the number of shares to be issued described above.
(4)	Each allottee, the number of allottees and the number of shares to be allotted to each allottee	Directors of the Company (excluding Directors Serving as Audit and Supervisory Committee Members, Outside Directors, and Part-time Directors): 8 Directors, 5,600 shares

2. Purpose and reason for the Issuance

To provide an incentive that aims at sustainably improving the Company’s corporate value for the Company’s Directors (excluding Directors serving as Audit and Supervisory Committee Members, Outside Directors, and Part-time Directors; hereinafter, the “Eligible Directors”) and to promote further shared value with shareholders, the

Company has resolved to introduce a restricted stock compensation plan (hereinafter, the “Plan”) for the Eligible Directors at a meeting of the Board of Directors held on April 14, 2025. At the 67th Annual General Meeting of Shareholders held on May 29, 2025, the details of the Plan were approved including, but not limited to: The compensation to be granted to the Eligible Directors as restricted stock compensation (hereinafter, the “Restricted Stock Compensation”) under the Plan shall be the Company’s common shares; The total amount of the Company’s common shares to be granted as compensation to the Eligible Directors under the Plan shall be 100 million yen or less per year; The total number of common shares to be issued for the Eligible Directors or disposed of shall be 50,000 shares or less per year; and A specific period during which the transfer of common shares under the plan is restricted shall be decided by the Board of Directors as the transfer restriction period between three (3) and fifty (50) years.

The summary of the Plan and other details are as follows:

[Summary of the Plan and other details]

Under the Plan, the Company’s common shares allow to be issued or disposed of as compensation for the Eligible Directors, without any payment of money or delivery of properties contributed in kind. The Issuance or disposal 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 Company’s common shares to be allotted under the Agreement during a certain period and 2) The Company shall acquire the common shares without consideration in the case where certain grounds arise.

In the Issuance or disposal of Company’s common shares, the Eligible Directors shall not require any payment of monetary claims as properties contributed in kind required in exchange for the Company’s common shares. The amount per share of the Company’s common shares 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).

Following deliberations by the Nomination and Compensation Committee, the Board of Directors determined to allot 5,600 Company’s common shares (the Allotted Shares”) to the eight (8) Eligible Directors to improve their motivation considering the purpose of the Plan, business condition of the Company, scope of responsibilities of each Eligible Director, and other conditions. This time, the transfer restriction period was determined to be fifty (50) years to pursue the promotion of further shared value with shareholders for mid- and long-term, a purpose of introducing the Plan.

The summary of the Restricted Stock Allotment Agreement to be concluded between the Company and Eligible Directors in connection with the Issuance of New Shares (the “Allotment Agreement”) is described below (section 3.).

3. Summary of the Allotment Agreement

(1) Transfer restriction period

June 27, 2025 to June 26, 2075

(2) Lifting of transfer restriction

At the expiration of the transfer restriction period, the transfer restriction will be lifted for all of the Allotted Shares on the condition that the Eligible Director retains his/her status as Company’s Director throughout the period.

(3) Treatment in case of Eligible Director’s retirement at the end of the term or for any other legitimate reason during the transfer restriction period

i) Timing of lifting transfer restriction

In the event an Eligible Director leaves the board at the end of the term or for any other legitimate reason (including resignation or retirement due to death) during the transfer restriction period, the transfer restriction will be lifted immediately after the retirement.

ii) Number of shares for which the transfer restriction will be lifted

The number of shares will be calculated by multiplying [the number of the Allotted Shares held by the Eligible Director at the time of retirement specified in 1)] by [the number of months between the month including the date of the allotment and the month including the date of the retirement, divided by sixty (60) (a number more than one (1) is one (1))] (a fraction of less than one month results for the calculation made is disregarded).

(4) Acquisition without consideration

The Company will automatically acquire the Allotted Shares without consideration for which transfer restriction is not lifted at the end of the transfer restriction period or immediately after the time of lifting transfer restriction specified in (3).

(5) Treatment in case of reorganization, etc.

In the event a matter concerning reorganization, such as a merger agreement that disappears the Company, share exchange agreement that makes the Company a wholly owned subsidiary, and share transfer plan, is approved at a General Meeting of Shareholders of the Company (meeting of the Company's Board of Directors if the matter does not require approval at a Company's General Meeting of Shareholders) during the transfer restriction period, the transfer restriction applicable to a number of shares calculated by multiplying [the number of the Allotted Shares held at the time)] by [the number of months between the month including the date of the allotment and the month including the date of the retirement, divided by sixty (60) (a number more than one (1) is one (1))] (a fraction of less than one month results for the calculation made is disregarded) will be lifted, as a result of a resolution of the Board of Directors, immediately before business day preceding the effective date of reorganization, etc. The Company will automatically acquire all other Allotted Shares, for which transfer restriction is not lifted on the business day preceding the effective date of reorganization, etc.

(6) Management of shares

The Allotted Shares shall be managed in a dedicated account opened by an Eligible Director with Nomura Securities Co., Ltd. during the transfer restriction period to prevent the Allotted Shares from being transferred to third parties, pledged, or otherwise disposed of during such a period. To ensure the effectiveness of transfer restriction, etc. in connection with the Allotted Shares, the Company has concluded an agreement with Nomura Securities for the management of the accounts for the Allotted Shares held by Eligible Directors. The Eligible Directors shall agree to the content of account management.