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June 24, 2026

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Notice Concerning Issuance of New Shares as Restricted Shares Remuneration

Hakudo Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of its Board of Directors held today, to conduct an issuance of new shares as described below (hereinafter the “Issuance of New Shares” or the “Issuance”).

1. Outline of the Issuance

(1) Due date of payment	July 23, 2026
(2) Class and number of shares to be issued	4,557 common shares of the Company
(3) Amount to be paid in per share	3,520 yen per share
(4) Total amount of issuance	16,040,640 yen
(5) Individuals to receive share allotment, the number of such individuals, and the number of shares to be allotted	Three Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and outside Directors): 4,238 shares One employee of the Company: 319 shares

2. Purpose and reasons for the Issuance

The Company will pay monetary claims (hereinafter the “Restricted Shares Remuneration”) to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and outside Directors; hereinafter “Eligible Directors”), which they shall use to pay in as property contributed in kind to receive shares with transfer restrictions (hereinafter “restricted shares”) as part of their bonuses. The purpose of this is to provide incentives to promote the sustainable enhancement of the Company’s corporate value and to further value sharing between the Eligible Directors and shareholders. At the 77th Annual General Meeting of Shareholders held on June 24, 2026, the Company received approval to pay monetary claims, for granting the restricted shares, to the Eligible Directors in an amount not exceeding 15 million yen as Restricted Shares Remuneration, with the total number of common shares of the Company to be issued or disposed of thereby not exceeding 9,000 shares. Among other details approved, a transfer restriction period was established for the restricted shares that begins from the date of allotment of the common shares of the Company under the agreement for the allotment of the restricted shares entered into between the Company and the Eligible Directors, and ends immediately after they resign or retire from any of the positions of Director, Statutory Executive Officer, Executive Officer not concurrently serving as Director, Corporate Auditor, Advisor, Executive Advisor, employee, or any other equivalent position of the Company or its subsidiaries.

Additionally, the Company resolved at its Board of Directors Meeting held today to pay Restricted Shares Remuneration to also the Company’s employees (when referred to collectively with the Eligible Directors, hereinafter “Eligible Directors, Etc.”).

An outline, etc. of the Restricted Shares Remuneration is provided below.

[Outline, etc. of Restricted Shares Remuneration]

The Eligible Directors, Etc., will pay, to the Company, all of the monetary claims paid to them by the Company under the Restricted Shares Remuneration plan (hereinafter the "Plan") as property contributed in kind, and in return they shall receive the Company's common stock that the Company will issue or dispose of. The paid-in amount for such shares shall be determined by the Board of Directors of the Company, to the extent that it is unduly favorable to each Eligible Director, Etc. who is receiving the common stock, based on the closing price of shares of the Company's common stocks on the Tokyo Stock Exchange on the business day before the date of the respective resolution by the Board of Directors of the Company (if transaction is not completed on the same day, the closing price of the most recent trading day before that).

Upon the issuance or disposal of the Company's common stock under the Plan, an agreement on the allotment of restricted shares shall be entered into between the Company and the Eligible Directors, Etc. and shall include such provisions as: 1) the Eligible Directors, Etc. will be prohibited from transferring to third parties, creating a security interest in, or otherwise disposing of the shares of the Company's common stock allotted to them under the agreement for a certain time period; and 2) in the event that certain circumstances arise, the Company shall acquire those shares of common stock without contribution.

At this time, following deliberations by the Nomination and Remuneration Advisory Committee, and considering the objectives of the Plan, the Company's performance in the 77th fiscal year, the Company's business conditions, the scope of responsibilities of each Eligible Director, Etc., and various other factors, the Company has decided to grant a total of 16,040,640 yen in monetary claims (hereinafter referred to as the "Monetary Claims") and 4,557 common shares, with the aim of further enhancing the motivation of each Eligible Director, Etc.

For the Issuance of New Shares, under the Plan, 4 Eligible Directors, Etc., who are the Eligible Allottees, shall pay all of the Monetary Claims to the Company in the form of property contributed in kind, and shall, in return, be allotted shares of the Company's common stock (hereinafter referred to as the "Allotted Shares"). In the Issuance of New Shares, the outline of the restricted shares allotment agreement (hereinafter referred to as the "Allotment Agreement") to be concluded between the Company and the Eligible Directors, Etc., is as described in section 3 below.

3. Outline of the Contents of the Allotment Agreement

(1) Restriction period

From July 23, 2026 (hereinafter the "Payment Date") until immediately after they resign or retire from all positions as Director, Statutory Executive Officer, Executive Officer not concurrently serving as Director, Corporate Auditor, Advisor, Executive Advisor, employee, or any other equivalent position of the Company or any of its subsidiaries.

(2) Treatment at the time of resignation or retirement

If an Eligible Director, Etc., resigns or retires from all positions as Director, Statutory Executive Officer, Executive Officer not concurrently serving as Director, Corporate Auditor, Advisor, Executive Advisor, employee, or any other equivalent position of the Company or any of its subsidiaries before the transfer restriction period expires, the Company will automatically acquire the Allotted Shares under the Allotment Agreement without contribution, unless the reason for his/her resignation or retirement from office is the expiration of the term of his/her office, reaching retirement age, or other justifiable reasons. If an Eligible Director resigns or retires from the above positions due to the expiration of the term of his/her office, reaching retirement age, or other justifiable reason (including resignation or retirement due to death), the Company will lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Transfer Restriction Period.

(3) Acquisition without contribution by the Company

If an Eligible Director, Etc., commits an illegal act during the transfer restriction period, or upon the occurrence of certain events as stipulated in the Allotment Agreement, the Company shall automatically acquire the Allotted Shares held by the Eligible Director, Etc., without consideration at that point in time.

(4) Treatment during reorganization, etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), upon resolution of the Board of Directors, the transfer restrictions shall be lifted, as of the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective, for all of the Allotted Shares held at that time.

Furthermore, immediately after the lifting of the transfer restrictions, the Company shall automatically acquire without contribution all of the Allotted Shares on which the transfer restrictions have still not been lifted.

(5) Administration of shares

The Allotted Shares shall be administered in a dedicated account opened by the Eligible Directors, Etc., with Nomura Securities Co., Ltd. during the transfer restriction period to ensure that they cannot be transferred, pledged, or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of the restrictions on transfer, etc., of the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts for the Allotted Shares held by each Eligible Director, Etc. Additionally, the Eligible Directors, Etc., are required to consent to the management terms of the said accounts.

4. Basis of calculation and specific details of the amount to be paid in

The Issuance of New Shares to the scheduled allottees shall be conducted by having them use the monetary claims paid to them to pay in as a contribution in kind transaction where the Restricted Shares Remuneration is the contributed assets. Regarding the issue price, to eliminate arbitrariness, it is set at 3,520 yen, which is the closing share price of the Company's common stock on the Tokyo Stock Exchange Prime Market on June 23, 2026 (the business day before date of the resolution by the Board of Directors). This is considered the market share price immediately before the resolution date of the Board of Directors, and it is deemed reasonable and not particularly favorable.

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