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August 17, 2020

Company: DyDo Group Holdings, Inc.  
Representative: Tomiya Takamatsu, President  
(Code 2590 on the First Section of the Tokyo Stock Exchange)  
Inquiries: Naokazu Hasegawa, Corporate Officer  
and General Manager of Corporate Communication Department

## **Announcement on Implementation of Contract Agreement Date of Trust-Type Employee Stock Ownership Incentive Plan (E-Ship®) (details)**

DyDo Group Holdings has decided the details as to the date of setting up Trust-Type Employee Stock Ownership Incentive Plan (E-Ship®), the total amount of loan the trust would borrow and the trust period of the incentive plan. This plan was originally resolved at the Company's Board of Directors on March 4, 2020. Newly decided parts are underlined as below.

### **1. Outline of the Shareholders Association Exclusive Trust**

- (1) Name  
DyDo Group Holdings Employee Stock Purchase Plan Trust
- (2) Trustor  
The Company
- (3) Trustee  
The Nomura Trust and Banking Co., Ltd.
- (4) Beneficiaries  
Employees who meet beneficiary eligibility criteria
- (5) Date of trust contract  
August 17, 2020
- (6) Trust period  
August 17, 2020 to July 31, 2025
- (7) Purpose of trust  
Stable and continuous supply of shares to the ESPP and distribution of trust assets to those employees who meet beneficiary eligibility criteria
- (8) Beneficiary eligibility criteria  
To be eligible, a beneficiary must be alive on the date when procedures for confirming eligibility begin (such as, the date on which the trust period ends, when all trust assets are converted to cash or all the Company stock held as trust assets are sold to the Employee Shareholders Association), and be a member of this Employee Shareholders Association (or a former member who had to withdraw membership due to mandatory retirement, job transfer or promotion to an executive position on or after the trust contract was signed and up to the date when procedures for confirming beneficiary eligibility begin).

## 2. Details of shares repurchased by Employee Stock Purchase Plan

- (1) Type of shares repurchased : Common shares
- (2) Total cost of repurchased shares : 912 million yen  
(total amount of loan borrowed by the Employee Stock Purchase Plan)
- (3) Repurchase dates : August 20 to September 30, 2020
- (4) Repurchase method : Plan to repurchase the shares through stock exchange market

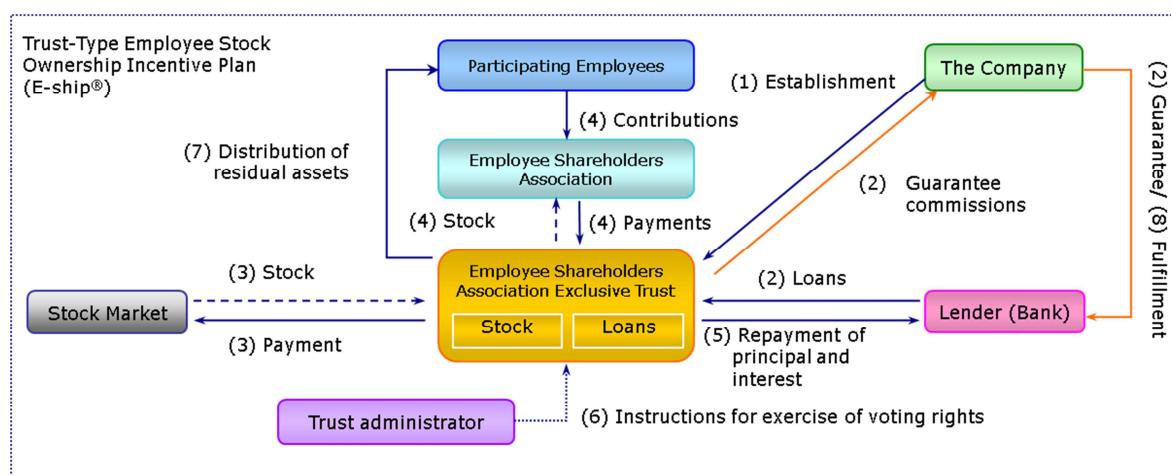
(Reference)

### 1. Summary of the incentive plan

The Incentive Plan is available to all DyDo Group Holdings employees who participate in the DyDo Group Holdings Employee Stock Purchase Plan. Under the Incentive Plan, the Company will set up ESPP Trust with a trust bank. The ESPP Trust will purchase Company shares up front for the amount ESPP will likely to purchase over the next 5 years. At the end of the trust period, if the ESPP Trust asset balance resulted positive with the accumulated gains on Company shares, such residual assets will be distributed to members of the ESPP who meet beneficiary eligibility criteria. As the Company will guarantee ESPP Trust for its bank borrowing in financing its purchase of Company shares, any shortfalls in repayment at the end of Trust period, due to the accumulated loss at ESPP Trust caused by the drop in Company share price.

The Incentive Plan aims to provide employees with incentives to raise corporate value in medium to long-term, and to support wealth building of employees through their stock purchase.

### 2. Framework of the incentive plan



- (1) The Company will set up the ESPP Trust as a third-party trust whose beneficiaries are members of the ESPP who meet beneficiary eligibility criteria.
- (2) The ESPP Trust will borrow cash from banks to fund its Company share purchase. The Company will guarantee the repayment of such borrowing. The Company will receive guarantee commissions from the ESPP Trust for its guarantee obligation.
- (3) The number of Company shares purchased by the ESPP Trust will be equivalent to the number of shares that the ESPP is expected to purchase during the trust period.

- (4) Throughout the trust period, the ESPP Trust will periodically sell the Company shares it acquired in accordance with (3) above to the ESPP at market price, in line with a pre-defined conditions and methods.
- (5) The ESPP Trust will use proceeds from the sales of Company shares to the ESPP as well as dividends on Company shares which it holds, to repay loan interest and principal.
- (6) Voting rights associated with Company shares held by the ESPP Trust will be exercised according to instructions from the trust administrator, who will be selected to act on behalf of beneficiaries.
- (7) Any residual assets held in the ESPP Trust at the end of trust period will be distributed to individuals who meet beneficiary eligibility criteria.
- (8) Any loans outstanding at the end of the trust period will be repaid by the Company under loan guarantee obligations, as described in (2) above.

(Reference)

E-Ship® is the registered trademark of Nomura Securities Co., Ltd.

E-Ship® (an abbreviation of Employee Shareholding Incentive Plan) is an incentive plan for employees modeled after employee stock ownership plans widely used in the United States. It was jointly developed by Nomura Securities Co., Ltd., and The Nomura Trust and Banking Co., Ltd., for use as an employee stock ownership plan.

This is a translation of the Japanese press release for reference purposes only. In the event of any discrepancy, the Japanese original shall prevail.