

June 29, 2023

For immediate release

Company Name: Dai Nippon Printing Co., Ltd.  
Stock Code: 7912 (TSE Prime Market)  
Name of Representative: Yoshinari Kitajima, President  
Direct queries to: Naoki Wakabayashi,  
General Manager,  
IR and Public Relations Division  
TEL: +81-3-6735-0124

### **Announcement of Disposal of Treasury Stocks for Restricted Stock Compensation**

At its Board of Directors meeting held today, Dai Nippon Printing Co., Ltd. (DNP) resolved to dispose of treasury stock (hereinafter, “the disposal”) and provides notification of details as below.

#### **1. Outline of the disposal**

(1)	Disposal date	July 28, 2023
(2)	Class and number of disposal shares	DNP common stock, 51,242 shares
(3)	Disposal price	4,126 yen per share
(4)	Total amount of disposal	211,424,492 yen
(5)	Number of recipients and shares to be disposed of	8 DNP Directors (excluding Outside Directors): 27,366 shares 25 DNP Corporate Officers: 23,876 shares
(6)	Other	The disposal is conditioned on the entry into force of a securities registration statement in accordance with the Financial Instruments and Exchange Act.

#### **2. Purpose of the disposal**

At the Board of Directors meeting held on May 13, 2022, the Company resolved to introduce a restricted stock compensation system (hereinafter referred to as “the System”) as a new type of compensation system aimed at providing an incentive for its recipients—the Company’s Directors (excluding Outside Directors and hereinafter referred to as “Eligible Directors”) and Corporate Officers (hereinafter referred to in combination with Eligible Directors as “Eligible Directors, etc.”)—to achieve continuous improvement in the Company’s corporate value, and to promote an enhanced level of value-sharing with shareholders. Also, at the 128th Ordinary General Meeting of Shareholders held on June 29, 2022, approval was received for various matters related to the

System, including the payment to Eligible Directors of up to 300 million yen per year in compensation in the form of monetary claims to use as investment assets for the acquisition of restricted stock (hereinafter referred to as “restricted stock compensation”), the issuance or disposal of up to 300,000 shares per year in the Company’s common stock, and determination that the transfer restriction period for restricted shares will be according to restricted stock allotment agreements between the Company and Eligible Directors, starting from the date that allotment of the Company’s common stock was received and lasting until immediately after resignation or retirement from a position as officer of the Company or its subsidiary as predetermined by the Board of Directors.

#### 【Outline of the System】

The System provides for two types of restricted stocks: one is called “service-contingent,” whereby lifting restrictions on the transfer of the shares is contingent upon continuously holding an executive position such as Company Director for a certain period of time, while the other is called “performance-contingent,” and lifting of transfer restrictions is conditioned on the achievement of any performance targets that were decided in advance by the Board of Directors, in addition to serving as a Director of the Company, etc. for a predetermined period of time. Eligible Directors, etc. will pay to the Company all of the monetary claims provided by the Company under the System as in-kind contribution assets, and they shall receive common stock issued or disposed of by the Company. The Board of Directors shall decide the amount to be paid per share to the extent that the amount is not particularly favorable to Eligible Directors, etc. who acquire the common stock, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the resolution of each meeting of the Board of Directors, or if the transaction is not completed on the same day, based on the closing price on the most recent trading day prior to that day.

When issuing or disposing of the Company’s common stock under the System, the Company and the Eligible Directors, etc. shall conclude a restricted stock allotment agreement. Its provisions shall include that (1) for a certain period of time, Eligible Directors, etc. will be prohibited in accordance with the restricted stock allotment agreement from transferring the shares to a third party, creating a security interest, or disposing of them by any other means, and (2) in certain circumstances the Company will acquire the shares free of charge.

In this instance, after consulting with the Advisory Committee and taking into consideration the purpose of the System, the business performance of the Company, the scope of responsibilities of each Eligible Director, etc., and various other factors, the Company has decided to pay a total of 211,424,492 yen in monetary claims (hereinafter referred to as “the monetary claims”) to the Eligible Directors, etc., and upon receiving all the payments from the Eligible Directors, etc., will grant 51,242 shares of common stock to the Eligible Directors, etc.

Regarding this disposal of treasury stock based on the System, the 33 Eligible Directors, etc. to be allotted shares will pay all of their monetary claims to the Company as in-kind contribution assets, and they will receive common stock disposed of by the Company (hereinafter referred to as “the Allotted Shares.”) The restricted stock allotment agreement between the Company and the Eligible Directors, etc. which pertains to this instance of the disposal of treasury stock (hereinafter referred to as “the restricted stock allotment agreement”) will be as outlined in Section 3 below.

### **3. Outline of the restricted stock allotment agreement**

#### **(1) Transfer restrictions during the transfer restriction period**

From July 28, 2023 (hereinafter referred to as “the disposal date”) until immediately after resignation or retirement from a position as Director, Corporate Officer, Statutory Auditor, advisor, counselor or employee or any position equivalent to one of these at the Company or one of its subsidiaries (hereinafter referred to as “the transfer restriction period”), Eligible Directors, etc. may not transfer their Allotted Shares to a third party, use them to set security rights, or otherwise dispose of them. (These restrictions are referred to below as “the Transfer Restrictions”).

#### **(2) Conditions for canceling the Transfer Restrictions**

##### **I. Service-contingent restrictions**

Conditional upon continuous service in the position of Director or Corporate Officer of the Company throughout the period from June 29, 2023 until immediately before the conclusion of the first Ordinary General Meeting of Shareholders to be held after that date, (hereinafter referred to as the “Service Provision Period”), Transfer Restrictions on all of the Allotted Shares will be lifted at the end of the transfer restriction period.

##### **II. Performance-contingent restrictions**

Conditional upon continuous service by Eligible Directors, etc. in a position of Director or Corporate Officer of the Company throughout the Service Provision Period, and upon completion of the period covered by “II. Performance-contingent restrictions” (hereinafter referred to as the “evaluation period”), the number of Allotted Shares held by each Eligible Director, etc. is multiplied by a performance evaluation factor of 0-100% determined according to the degree of achievement of the performance conditions during the evaluation period and depending on the resulting number, (rounded down to the nearest whole share if the resulting number includes a partial share), all or part of the Allotted Shares will have their transfer restrictions lifted at the end of the transfer restriction period. The indicators adopted as the basis for performance-contingent evaluation shall be the operating income target for the fiscal year through March 2026 and the ROE targets for the fiscal periods from April 2023 through March 2026 as established in the Company’s Medium-Term Management Plan covering a period

beginning with the year through March 2024. The performance figures used for evaluation shall be based on the figures stated in the securities report for each relevant fiscal year. If the relevant indicators are not displayed due to revision of the securities report format, they may be based on reasonable calculations.

(3) In the event that an Eligible Director, etc. resigns during the Service Provision Period

I. Service-contingent restricted stock

If during the Service Provision Period, an Eligible Director, etc. resigns from his or her position as Director or Corporate Officer of the Company due to a legitimate reason (including death, but not including the personal convenience of the Eligible Director, etc.), the number of Allotted Shares obtained by multiplying i below by ii below (and rounding down if the result includes a fraction of a share) will have their transfer restrictions lifted upon completion of the transfer restriction period. If an Eligible Director, etc. resigns due to other reasons, the Transfer Restrictions will not be lifted from any of the Allotted Shares.

- i. The number of Allotted Shares held by the Eligible Director, etc. at the time of resignation from the position of Eligible Director, etc.
- ii. The result of dividing the number of months from the month that includes the disposal date to the month in which the Eligible director, etc. resigns from his or her position as Director or Corporate Officer of the Company by the number of months (12) in the Service Provision Period

II. Performance-contingent restricted stock

If during the Service Provision Period, an Eligible Director, etc. resigns from his or her position as Director or Corporate Officer of the Company (including due to death), the Transfer Restrictions will not be lifted from any of the Allotted Shares.

(4) Acquisition of shares by the Company free of charge

If an Eligible Director, etc. violates the law during the transfer restriction period, or if any of certain other circumstances specified in the restricted stock allotment agreement apply, the Company will naturally acquire all of the Allotted Shares held by that Eligible Director, etc. at the time of the relevant incident, free of charge. In addition, if the transfer restriction period has ended or when it has been determined that the transfer restrictions will not be lifted based on Section (3) above, the Company will, of course, acquire free of charge the Allotted Shares whose transfer restrictions will not be lifted. Furthermore, in the case of “II. performance-contingent restricted stock,” after the performance evaluation has been finalized, the Company will naturally acquire Allotted Shares free of charge once it has been determined that transfer restrictions on those shares will not be lifted.

(5) In the case of organizational restructuring, etc.

If during the transfer restriction period, a General Meeting of Shareholders approves a major reorganization of the Company, such as a merger agreement in which the Company is

absorbed, or a stock exchange agreement in which the Company becomes a wholly owned subsidiary, or a share transfer plan, or if the Board of Directors approves such a restructuring that does not require the approval of a General Meeting of Shareholders, the Board of Directors shall resolve to remove Transfer Restrictions immediately before the business day prior to the effective date of the organizational restructuring, etc. for quantities of Allotted Shares to be determined as follows. For service-contingent stock, the number of Allotted Shares held at the time of the relevant reorganization shall be multiplied by a number obtained by dividing the number of months from the month that includes the disposal date until the month in which the reorganization etc. was approved by the number of months (12) in the Service Provision Period (however if that number exceeds 1, it shall be considered as 1). If the resulting number of shares includes a fraction of a share, it will be rounded down to the nearest whole number. For performance-contingent stock, the number of Allotted Shares held at the time of the relevant reorganization shall be multiplied by a performance evaluation factor of 0-100% determined according to the degree of achievement of the performance conditions during the evaluation period. If the resulting number of shares includes a fraction of a share, it will be rounded down to the nearest whole number. Of course, at the start of the business day prior to the effective date of the organizational restructuring, etc., the Company will acquire, free of charge, any Allotted Shares whose transfer restrictions have not been lifted.

#### (6) Share management

The Allotted Shares are to be managed in dedicated accounts to be opened by the Eligible Directors, etc. at Nomura Securities Co., Ltd., so that the shares cannot be transferred, used for security interests, or otherwise disposed of during the transfer restriction period. The Company has concluded a contract with Nomura Securities Co., Ltd. regarding the management of accounts in which Eligible Directors, etc. hold Allotted Shares, in order to ensure the effectiveness of transfer restrictions, etc. pertaining to those shares. Moreover, the Eligible Directors, etc. agree to have their accounts managed in this manner.

#### **4. Basis for calculation of payment amount and specific details**

The disposal of treasury stock to predetermined allottees will be carried out in accordance with the System, with investment assets being paid in the form of monetary claims as restricted stock compensation for the Company's 130th fiscal year. In order to eliminate arbitrariness in establishing the disposal price, we set it at 4,126 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange prime market on June 28, 2023 (the business day prior to passage of the Board of Directors' resolution). Since this was the market price immediately preceding the day of the Board of Directors' resolution, we believe that it is a reasonable price that is not particularly advantageous.