



July 22, 2020

To whom it may concern,

Company: Tamagawa Holdings, Co., Ltd.
Representative: President, Toru Masuzawa
(JASDAQ Code: 6838)
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Notice on Issuance of New Shares as Stock-based Compensation with Transfer Restriction

Please be informed that we made the following decision at our board of directors held on July 22, 2020 concerning issuance of new shares as stock-based compensation with transfer restriction (hereafter “New Share Issuance”).

1. Overview of issuance

(1) Payment due date	August 21, 2020
(2) Type and number of shares to be issued	Our ordinary shares: 42,900 shares
(3) Payment amount	2,327 yen per share
(4) Total amount of payment	99,828,300 yen
(5) To be allotted to	Our directors: 7 directors; 36,500 shares Directors of our subsidiary: 2 directors; 6,400 shares
(6) Others	Security notice in accordance with the Financial Instruments and Exchange Act is submitted for the New Share Issuance.

2. Purpose and reason for issuance

We introduced at our ordinary general shareholders' meeting held on June 26, 2020 the stock-based compensation plan (hereafter “Plan”) to issue shares with transfer restriction to our directors (including external directors, hereafter “Target Director”) for the purpose of granting to the Target Directors the incentive with intention of sustainable improvement of our corporate value by further promoting the treasury share ownership of the Target Directors as well as promoting further value sharing with the Target Directors and shareholders. The Plan stipulates that total amount of the monetary compensation credit provided as the compensation, etc. for the Target Directors concerning the shares with transfer restriction shall be within 100,000,000 yen annually (among which is within 4,000,000 yen for external directors) (however, not including salary for the employee if she or he is an employee serving also as a director), that the total number of ordinary shares to be issued to the Target Directors or disposed of within one year since date of the ordinary general shareholders' meeting concerning each fiscal year shall be up to 70,000 shares (in the case of split (including complementary allotment of our ordinary shares) or reverse split of our ordinary shares after approval and passage date of this bill, or otherwise in the case that adjustment of the total number of our ordinary shares to be issued or disposed of as shares with transfer restriction, such total number shall be adjusted in a

reasonable scope.), and that the transfer restriction period of shares with transfer restriction shall be the period designated by our board of directors within three to five years.

In the Plan, we shall grant to each Target Director the monetary compensation credit equivalent to payment amount of the ordinary shares to be issued to such each Target Director or disposed of, and the Target Directors shall pay all such monetary compensation credit as in-kind contribution property and accept such ordinary shares.

Payment amount per ordinary share to be issued to the Target Directors or disposed of in accordance with the Plan shall be determined at the board of directors within a scope where it does not become particularly advantageous amount for the Target Director based on the closing price of our ordinary shares at Tokyo Stock Exchange (closing price on the preceding latest transaction date if the transaction is not completed on such day) on the previous business day of the decision at each board of directors to determine matters for offering of such ordinary shares.

For issuance or disposition of ordinary shares in accordance with the Plan, we and the Target Directors shall enter into an agreement of share allotment with transfer restriction including the content of 3. of overview below in such content (hereafter "Allotment Agreement").

Our board of directors decided today to grant totally 84,935,500 of the monetary compensation credit to the seven Target Directors scheduled for allotment as the stock-based compensation with transfer restriction for the period from April 1, 2020 to March 31, 2021, and to allot totally 36,500 of our ordinary shares as the specified shares with transfer restriction by the targeted persons for allotment granting all such monetary compensation credit through compensation in kind. Amount of the monetary compensation credit for each Target Director has been determined comprehensively in consideration of title and degree of contribution, etc. of each targeted person for allotment at our company. In addition, such monetary compensation credit shall be granted provided that each Target Director enters into an Allotment Agreement with us or otherwise.

Similarly, also for two directors of our subsidiary (hereafter "Target Person for Allotment" together with the Target Directors), we have decided to allot totally 6,400 of our ordinary shares as the specified shares with transfer restriction in accordance with the same plan as the Plan.

3. Overview of Allotment Agreement

① Period of transfer restriction

From August 22, 2020 to August 21, 2023

During the period of transfer restriction stipulated above (hereafter "Transfer Restriction Period"), the Target Person for Allotment may not to any third party transfer, set the pledge, set the transfer security right, provide by advancement, provide by will, or otherwise dispose of, the shares with transfer restriction (hereafter "Transfer Restriction") allotted to such Target Person for Allotment (hereafter "Allotted Shares").

② Complementary acquirement of shares with Transfer Restriction

In the case that the Target Person for Allotment resigns from all positions of the director, auditor, executive, executing director or employee of our company or our subsidiary (hereafter "Our Group") during the Transfer Restriction Period, we shall naturally acquire the Allotted Shares for free of charge at the point of such resignation except if there is any reason considered by our board of directors to be rightful (expiration of the term, etc.).

Additionally, if any of the Allotted Shares is not released of Transfer Restriction in accordance

with the stipulation of reason for release of Transfer Restriction in below ③ at the point of expiration of the Transfer Restriction Period (hereafter “Expiration Point of Period”), we shall naturally acquire such Allotted Shares for free of charge at the point right after the Expiration Point of Period.

③Release of Transfer Restriction

We shall release the Transfer Restriction on all of the Allotted Shares held by the Target Person for Allotment as the point of expiration of the Transfer Restriction Period at such point provided that the Target Person for Allotment was continuously in any position of the director, auditor, executive, executing director or employee of Our Group during the Transfer Restriction Period. However, in the case that the Target Person for Allotment resigns from all positions of the director, auditor, executive, executing director or employee of Our Group before expiration of the Transfer Restriction Period due to any reason considered by our board of directors to be rightful (expiration of the term, etc.) or death, we shall at the point right after such resignation release Transfer Restriction concerning the Allotted Shares in the number calculated by multiplying the number of months from the month to which the commencement date of the Transfer Restriction Period belongs until the month to which resignation date of such Target Person for Allotment belongs subtracting with 36 (however, it shall be 1 if it exceeds 1 as a result of calculation) by the number of Allotted Shares held by the Target Person for Allotment at such point (however, if there is any fractional point under one share as a result of calculation, such point shall be cut off.) provided that the Target Person for Allotment was continuously in any position of the director, auditor, executive, executing director or employee of Our Group during the period from the payment due date until such resignation.

④Stipulation on management of shares

The Target Person for Allotment shall at Mita Securities Co., Ltd. complete opening of an account where the Allotted Shares shall be listed or recorded in the manner designated by us, and shall keep and maintain such Allotted Shares in such account until release of Transfer Restriction.

⑤Treatment in reorganization, etc.

If a merger agreement where we become the extinct company, a share exchange agreement or share allocation plan where we become the wholly owned subsidiary, or other bill concerning reorganization, etc. is approved at our general shareholders’ meeting (however, at our board of directors if such reorganization, etc. does not require approval by our general shareholders’ meeting) (only when the effective date of such reorganization, etc. arrives before Expiration Point of Period; hereafter “Approval Point of Reorganization, etc.”) during the Transfer Restriction Period, and if the Target Person for Allotment resigns from the position of our director due to such reorganization, etc., we shall release Transfer Restriction concerning the Allotted Shares at the immediate point of the previous business day of the effective date of such reorganization, etc. for such Allotted Shares in the number calculated by multiplying the number of months from the approval date until the month which includes such approval date subtracting with 36 (however, it shall be 1 if it exceeds 1 as a result of calculation) by the number of Allotted Shares held by the Target Person for Allotment as of such approval date (however, if there is any fractional point under one share as a result of calculation, such point shall be cut off.).

In addition, when reorganization, etc. is approved, we shall naturally acquire on the previous business day of the effective date of such reorganization, etc., all of the Allotted Shares not released from Transfer Restriction as of such date.

4. Ground for calculation and specific content of payment amount

Payment amount for the New Share Issuance shall be 2,327 yen which is the closing price of our ordinary shares at Tokyo Stock Exchange as of the business day right before the resolution date of our board of directors (July 21, 2020) to make the price by eliminating arbitrariness, and has been determined at our board of directors to be a reasonable price which does not become advantageous for the Target Person for Allotment.