

Translation: Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of investors. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.



December 15, 2021

For Immediate Release

Corporate Name	PARK24 CO., LTD.
Shares Listed	First Section of TSE : 4666 (Ticker Symbol: PKCOY)
Representative	Koichi Nishikawa Representative Director; President
Contact	Kenichi Sasaki Director, Senior Executive Corporate Officer, Senior General Manager of Corporate Planning Division (TEL : +81-3-6747-8120)

## Notice Regarding Implementation of Restricted Stock Compensation System

PARK24 CO., LTD. ("the Company") announces that it has reviewed its compensation system for the directors and has decided to implement the Restricted Stock Compensation System ("the System").

### 1. Purpose, etc. of introduction of the System

The System is intended to provide incentives for the Company's directors (except for the directors who are members of the audit and supervisory committee and outside directors, the "eligible directors") to continuously improve the corporate value of the Company and to promote further value sharing with the shareholders.

As the System involves the payment of monetary claims as compensation to the eligible directors for the grant of restricted stock, the implementation of the payment is based on the condition that the approval of the shareholders for the payment of such compensation is obtained at the General Meeting of Shareholders.

As announced in the financial results for the fiscal year ended October 31, 2021 (November 1, 2020 to October 31, 2021) disclosed today, the Group has been severely affected by the spread of COVID-19 in all of its services, and has posted a recurring loss for two consecutive fiscal years. In this challenging environment, the Board of Directors has resolved only to implement the System and not to pay restricted stock as compensation to the eligible directors for the fiscal year ended October 31, 2021. Therefore, no proposal regarding the System will be submitted at the 37th Ordinary General Meeting of Shareholders to be held on January 27, 2022.

### 2. Outline of the System

The eligible directors will pay all of the monetary claims paid by the Company under the System as assets contributed in kind, and will receive the issuance or disposal of the Company's common stock. The specific timing and allocation of payments to each eligible director will be decided by the Board of Directors after receiving a report from the Nomination and Compensation Committee. In order to issue or dispose of common stock of the Company ("the stock") under the System, it is a condition that the Company and the eligible

directors conclude a restricted stock allotment agreement that includes (i) prohibition of transfer to a third party, establishment of a security interest or any other disposition of the stock until "Resignation/Retirement", and (ii) free acquisition of the stock by the Company in the case of a certain event.

Under the System, for the purpose of providing incentives to the eligible directors to aim for medium- to long-term enhancement of the Company's corporate value, the evaluation indicators (KPIs) will be calculated based on the following three indicators: (1) consolidated recurring profit, (2) ROIC (Return On Invested Capital)<sup>\*1</sup>, and (3) ESG indicators<sup>\*2</sup>.

In addition, the Company plans to introduce a restricted stock compensation system for executive officers who do not concurrently serve as directors of the Company, for the purpose of providing them with incentives to continuously enhance the corporate value of the Company and to promote further value sharing with shareholders. However, for the same reason as for the eligible directors, only the implementation of the System will be conducted at this time, and no restricted stock will be paid as compensation for the fiscal year ended October 31, 2021.

\*1 ROIC (Return on Invested Capital) is calculated based on the following formula.

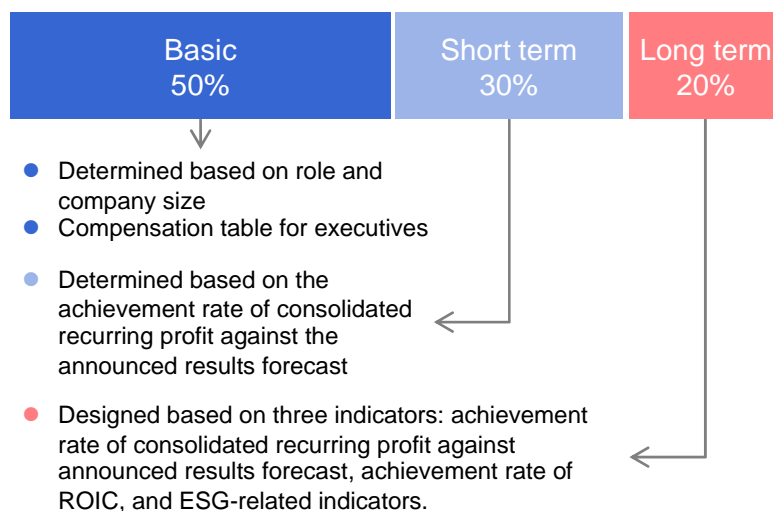
Operating profit after taxes / [(Interest-bearing debt) + (Shareholders' equity)].

\*2 Items reviewed by the Sustainability Committee and decided by the Board of Directors.

[Reference]

The image of the compensation system for the eligible directors is as follows.

\* The composition of the compensation structure varies by role and is shown as a median percentage.



Directors who are Audit & Supervisory Board Members and Outside Directors are paid only based on their basic compensation.