



July 16, 2021

Company name: Robot Home, Inc.  
Representative: Daisaku Furuki, Representative Director/CEO  
(Stock exchange code: 1435, TSE First Section)  
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Notice Concerning the Issuance of Share Acquisition Rights for Subscription  
(Performance-linked Stock Options with Charge)

Robot Home, Inc. (the “Company”) hereby announces that the Company resolved at the Board of Directors meeting held on July 16, 2021 to issue share acquisition rights to the Company’s Directors and employees in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act, as described below. The share acquisition rights will be issued without the approval of the general meeting of shareholders, as these are issued with charge at the price equivalent to the fair value of these rights, and not particularly advantageous to the individuals to whom they are issued. In addition, the share acquisition rights (defined in paragraph 1 of II. Outline of the Issuance of Share Acquisition Rights) are not remuneration granted to eligible persons and are allotted pursuant to each person’s own investment decision.

I. Purpose and Reason for Solicitation of Share Acquisition Rights

The share acquisition rights are those issued to the Company’s Directors and employees with charge for the purpose of further increasing the solidarity of the Company by boosting motivation and morale when aiming to increase the Company’s medium to long-term performance and corporate value.

The increase in the total number of shares of common stock of the Company, if all the share acquisition rights are exercised, would be 753,000 shares, which would have a maximum dilution effect of 0.83%. However, the share acquisition rights can only be exercised if the pre-determined target for operating profit for the fiscal year ending December 31, 2022 is achieved. Therefore, this is anticipated to strengthen the incentive of the Company’s Directors and employees who are eligible for the share acquisition rights to contribute to the Company’s long-term growth.

The above target has been set so as to achieve the Medium-term Business Plan formulated on February 13, 2020.

The achievement of such target is considered a matter that would contribute to the increase in the Company’s corporate value and shareholder value. Therefore, the issuance of the share acquisition rights is considered a matter that may contribute to the benefits of the Company’s existing shareholders and the impact of dilution of shares is considered reasonable.

II. Outline of the Issuance of Share Acquisition Rights

1. Name of the share acquisition rights

Robot Home, Inc. The Third Series of Share Acquisition Rights (hereinafter, the “Share Acquisition Rights”)

2. Closing date of subscription

August 11, 2021

3. Allotment date

August 12, 2021

4. Closing date of payment

August 31, 2021

5. Class and number of shares to be issued upon the exercise of the Share Acquisition Rights

The class and number of shares to be issued upon the exercise of the Share Acquisition Rights shall be 753,000 shares of common stock of the Company (the number of shares to be issued upon the exercise of each of the Share Acquisition Rights (hereinafter, “Number of Shares Granted”) shall be one share). However, if the Company carries out a stock split (including gratis allotment of common stock of the Company; the same shall apply hereinafter) or stock consolidation with respect to the shares of its common stock, after the allotment date of the Share Acquisition Rights, the Number of Shares Granted shall be adjusted according to the following formula.

However, such adjustment shall be made only to the number of shares subject to the Share Acquisition Rights unexercised at the time of the adjustment, and any fraction less than one share resulting from the adjustment shall be rounded down.

$$\text{Number of Shares Granted after adjustment} = \text{Number of Shares Granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

In addition, if after the allotment date of the Share Acquisition Rights, the Company deems necessary, the Company may adjust the Number of Shares Granted within a reasonable range.

6. Total number of Share Acquisition Rights  
753,000 units
7. Amount to be paid in exchange for each Share Acquisition Right  
¥22.03 per unit
8. Value of assets to be issued or transferred upon the exercise of the Share Acquisition Rights
  - (1) The assets to be contributed upon the exercise of each Share Acquisition Right shall be cash, and the value shall be the amount obtained by multiplying the amount to be paid per share by the Number of Shares Granted.
  - (2) The amount of payment per one share of the common stock of the Company to be contributed upon the exercise of the Share Acquisition Rights (hereinafter, "Exercise Price") shall initially be ¥222.

9. Adjustment of Exercise Price
  - (1) If the Company carries out a stock split or stock consolidation after the allotment date of the Share Acquisition Rights, the Exercise Price shall be adjusted according to the following formula, and any fraction less than ¥1 arising from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

- (2) If after the allotment date of the Share Acquisition Rights, the Company issues new shares or disposes of treasury stock at a price below the market price (excluding issuance of new shares or disposal of treasury stock based on the exercise of the Share Acquisition Rights as well as transfer of treasury stock by means of share exchange), the Exercise Price shall be adjusted according to the following formula, and any fraction less than ¥1 arising from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of new shares issued and shares disposed} \times \text{Amount to be paid per share}}{\text{Market price}}}{\text{Number of shares outstanding} + \text{Number of new shares issued and shares disposed}}$$

In the above formula, the "Number of shares outstanding" is the number calculated by subtracting the number of treasury stock held by the Company from the total number of shares issued by the Company.

- (3) If after the allotment date of the Share Acquisition Rights, the Company deems necessary, the Company may adjust the Exercise Price within a reasonable range.
10. Period during which the Share Acquisition Rights are exercisable  
From April 1, 2023 to March 31, 2026 (However, if March 31, 2026 is not a banking day, the period up until the immediately preceding banking day).
11. Other conditions for exercising the Share Acquisition Rights
  - (1) Persons granted the Share Acquisition Rights (hereinafter, the "Holders of Share Acquisition Rights") must be officers such as Directors or employees of the Company or one of its subsidiaries when exercising the Share Acquisition Rights. However, this requirement shall not apply if the Holder of Stock Acquisition Rights retires due to reaching retirement age or for other reasons that the Company's Board of Directors deems legitimate.
  - (2) If a Holder of Stock Acquisition Rights deceases between April 1, 2023 and March 31, 2026, such person's heir may not exercise the Share Acquisition Rights.
  - (3) If any of the following applies to a Holder of Stock Acquisition Rights, such person may not exercise the Share Acquisition Rights. However, this shall not apply if the Company's Board of Directors reasonably agrees to specific treatment, apart from in the case of (a), (c) and (i).
    - (a) Sentenced to imprisonment or more serious charge
    - (b) Directly or indirectly establishes a company that operates in competition to the Company or assumes the post of an officer such as a Director or employee of such a company, or competes with the

Company, regardless of the pretext (However, this excludes the case where the written consent of the Company has been obtained in advance).

- (c) Damages the Company's credibility through violation of laws and regulations or other wrongdoing
  - (d) Subject to allegations of seizure, provisional seizure, temporary injunctions or forced sales or auction, or receipt of disposition for failure to pay taxes or public dues
  - (e) Suspends payments or becomes insolvent, or bills and checks that he or she has drawn or accepted are dishonored
  - (f) Commenced bankruptcy proceedings, commenced civil rehabilitation proceedings or where there is a petition to commence equivalent procedures or if having lodged one's own petition
  - (g) Breaches work regulations that results in disciplinary measures
  - (h) Breaches fiduciary duties and other duties that should be fulfilled as an officer
  - (i) Suspected of being aligned with anti-social forces or anti-market forces as well as if suspected of this within the past 5 years.
- (4) Holders of Share Acquisition Rights may exercise the Share Acquisition Rights only when the operating profit in the consolidated statements of income of the Company for the fiscal year ending December 31, 2022 exceeds ¥1.0 billion, and during the period from the first day of the month following the filing date of the Annual Securities Report for the period where that operating profit level is fulfilled until the termination of the rights exercise period.
12. Conditions on acquiring the Share Acquisition Rights
- (1) If the Company decides on or a shareholder requests a general meeting of shareholders be convened for an agenda item for a merger agreement in which the Company becomes a non-surviving company, or an agenda item for a share exchange agreement in which the Company becomes a wholly-owned subsidiary of another company or an agenda item for a share transfer plan (or by a resolution of the Board of Directors if the approval of the general meeting of shareholders is not required), the Company shall acquire all of the Share Acquisition Rights without compensation upon the arrival of the day separately designated by the Board of Directors. However, if the Company's Board of Directors decides to acquire the Share Acquisition Rights with charge, all of the Share Acquisition Rights may be acquired with charge at the amount determined by the Board of Directors.
  - (2) If a Holder of Share Acquisition Rights no longer meets the conditions to exercise rights in accordance with paragraph 11 or if a Holder of Share Acquisition Rights forfeits the Share Acquisition Rights, the Company may acquire such Share Acquisition Rights without compensation upon the arrival of the day separately designated by the Board of Directors.
  - (3) The Company shall, if the Company's Board of Directors has separately designated a day, acquire all or part of the Share Acquisition Rights without compensation upon the arrival of such day. If acquiring part of the Share Acquisition Rights, the part of the Share Acquisition Rights to be acquired shall be prescribed by a resolution of the Company's Board of Directors.
13. Transfer of the Share Acquisition Rights
- The acquisition of the Share Acquisition Rights through transfer requires the approval of the Company's Board of Directors.
14. Share capital and legal capital surplus to be increased through the issuance of shares upon the exercise of Share Acquisition Rights
- (1) The amount share capital to be increased if shares are issued due to the exercise of Share Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in the share capital, etc. calculated in accordance with Article 17, paragraph 1 of the Regulation on Corporate Accounting by 0.5, with any amounts less than ¥1 arising from such calculation to be rounded up.
  - (2) The amount of legal capital surplus to be increased if shares are issued due to the exercise of Share Acquisition Rights shall be the amount obtained by deducting the amount of share capital to be increased prescribed in (1) above from the maximum amount of increase in the share capital, etc.
15. Method to request exercise of Share Acquisition Rights
- (1) If exercising the Share Acquisition Rights, notify the matters necessary for the exercise request to the location of the exercise request desk prescribed by the Company during the period in which Share Acquisition Rights can be exercised as set forth in paragraph 10.
  - (2) If exercising the Share Acquisition Rights, in addition to the exercise request notice in the preceding item, transfer the amount of the value of assets to be contributed upon the exercise of the Share Acquisition Rights in cash to the account designated by the Company at the place for handling payments prescribed by the Company.
  - (3) The exercise request for the Share Acquisition Rights shall be effective on the day that the notice of all matters required for the exercise request is made to the location of the exercise request desk prescribed by the Company and the full amount of the value of assets to be contributed when exercising such Share Acquisition Rights has been deposited in the account prescribed in the preceding item.

16. Handling of Share Acquisition Rights in the event of structural reorganization

If the Company conducts a merger (only if the Company is to be dissolved as a result of the merger), an absorption-type company split or an incorporation-type company split (only if the Company becomes the split company in each case), a share exchange or a share transfer (only if the Company is to become a wholly-owned subsidiary in each case) (hereinafter collectively, the “Act of Structural Reorganization”), in each case the Company shall deliver share acquisition rights of the companies set out in (a) through (e) of Article 236, paragraph 1, item 8 of the Companies Act (hereinafter, the “Reorganized Company”) to Holders of Share Acquisition Rights holding the remaining Share Acquisition Rights immediately prior to the day on which the Act of Structural Reorganization becomes effective (hereinafter, “Remaining Share Acquisition Rights”) based on the following conditions. In that case, all Remaining Share Acquisition Rights shall be cancelled. However, this shall only apply if the delivery of share acquisition rights of the Reorganized Company on the following conditions is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.

(1) Number of share acquisition rights of the Reorganized Company to be delivered

The same number as the number of Remaining Share Acquisition Rights held by Holders of Share Acquisition Rights shall be delivered.

(2) Class of shares of the Reorganized Company to be issued upon the exercise of share acquisition rights

Shares of common stock of the Reorganized Company shall be issued.

(3) Number of shares of the Reorganized Company to be issued upon the exercise of share acquisition rights and its method of calculation

This will be determined in accordance with paragraph 5, after taking into consideration the terms and conditions of the Act of Structural Reorganization and other factors.

(4) Value of the assets to be contributed upon the exercise of share acquisition rights and its method of calculation

The value of the assets shall be the amount calculated by multiplying the Exercise Price provided for in paragraph 8 and paragraph 9 after reasonable adjustment by the number of shares of the Reorganized Company to be issued upon the exercise of the share acquisition rights to be determined in accordance with item (3) above, based on the consideration of conditions for the Act of Structural Reorganization and other factors.

(5) Period during which the share acquisition rights are exercisable

The period shall be from the commencement date of the period for exercising the Share Acquisition Rights prescribed in paragraph 10 or the effective date of the Act of Structural Reorganization, whichever is later, to the expiry date of the period for exercising the Share Acquisition Rights prescribed in paragraph 10.

(6) Conditions for exercising share acquisition rights

This will be determined in accordance with paragraph 11.

(7) Reasons and conditions for acquisition of share acquisition rights

This will be determined in accordance with paragraph 12.

(8) Transfer restrictions on share acquisition rights

Any acquisition of share acquisition rights through transfers shall require the approval of the Reorganized Company’s Board of Directors (or a general meeting of shareholders if the Reorganized Company is not a company with a Board of Directors.).

(9) Matters related to share capital and legal capital surplus to be increased through the issuance of shares upon the exercise of share acquisition rights

This will be determined in accordance with paragraph 14.

(10) Other conditions will be determined in accordance with the conditions of the Reorganized Company.

17. No issuance of share acquisition right certificates

The Company shall not issue share acquisition right certificates for the Share Acquisition Rights.

18. Arrangements for fractions less than one share arising from the exercise of the Share Acquisition Rights

In the case where the number of shares to be delivered to the Holders of Share Acquisition Rights who have exercised their Share Acquisition Rights includes any fraction less than one share, such fraction shall be rounded down.

19. Reason for calculating the amount to be paid in exchange for the Share Acquisition Rights and the value of assets to be contributed when exercised

Considering the Outline of the Issuance and the various terms prescribed in the Share Acquisition Rights Allotment Agreement scheduled to be entered into with the Holders of Share Acquisition Rights, the payment amount for one unit of Share Acquisition Rights calculated by Eggplant Inc., a third party evaluation body, based on the Black-Scholes formula, a common pricing model, has been set at ¥22.03. The value of assets to be contributed when exercising the Share Acquisition Rights is, as described in paragraph 8, for an Exercise Price of ¥222 for each unit of Share Acquisition Rights.

20. Other

When replacement and other measures are required in the provisions in this Outline of the Issuance, the Company may take necessary measures using methods it thinks appropriate such as amending the provisions in this Outline of the Issuance in accordance with the provisions of the Companies Act and the objectives of the Share Acquisition Rights.

21. Persons eligible for allotment of share acquisition rights, the number of such persons and the number of allotted share acquisition rights

Three Directors of the Company: 450,000 units

29 employees of the Company: 303,000 units

The aforementioned number of eligible persons is the anticipated number at the time of this notice and may change. In addition, the aforementioned number of allotted share acquisition rights is the maximum number to be issued, and may be reduced due to the number of applications, etc.