



October 18, 2022

To Whom It May Concern

Company name: coconala Inc.
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Notice of Issuance of Stock Acquisition Rights (Stock Options with Charge)

The Company hereby announces that, at the meeting of the Board of Directors held on October 18, 2022, the Company resolved to issue stock acquisition rights to its director pursuant to Articles 236, 238, and 240 of the Companies Act as stated below. The Company will issue the stock acquisition rights without obtaining approval of the General Meeting of Shareholders because the rights are to be issued to those who intend to subscribe to the stock acquisition rights at a fair price without discount from market price. Furthermore, the stock acquisition rights will not be issued as a remuneration to the subscriber but based on the investment decision of the subscriber.

I. Purpose and reason for solicitation of subscribers for the stock acquisition rights

The Company will issue and allot the stock acquisition rights with charge to its director in order for it to promote appropriate risk taking by linking an increase in shareholder value with director's compensation with the aim of expanding the Company's mid- and long-term business performance and increasing its corporate value.

The total number of the Company's common shares increased when all of the stock acquisition rights are exercised will account for 4.2% of the total number of issued shares as of the end of September 2022. Since exercise of the stock acquisition rights is conditioned on achievement of a preset performance target, the Company believes that achievement of the target will contribute to improvement of the Company's corporate value and shareholder value. Therefore, the Company believes that issuance of the stock acquisition rights will promote the interests of the Company's existing shareholders and that the impact of dilution of shares will be within a reasonable extent.

In consideration of the impact on existing shareholders and capital structure, the 12th stock options with charge that had already been granted (disclosed on April 18, 2022 "Notice of Issuance of Stock Acquisition Rights (Stock Options with Charge)")) and the 13th stock options with charge ("Notice of Issuance of Stock Acquisition Rights (Stock Options with Charge)" dated July 22, 2022 and "Notice Concerning Changes to Offering of Stock Acquisition Rights (Stock Options with Charge)" dated July 27, 2022)), the director waived that right on October 18, 2022, and reported to that effect at the Board of Directors meeting held on October 18, 2022.

1. Number of the stock acquisition rights

10,000 rights

The total number of shares to be allotted upon exercise of the stock acquisition rights will be 500,000 common shares. If the number of shares to be allotted for each stock acquisition right is adjusted as per 3. (1) below, it will be the adjusted number of shares to be allotted multiplied by the number of the stock acquisition rights.

2. Payment of cash in exchange for the stock acquisition rights

The issue price per stock acquisition right will be JPY 700. The price was determined by a third-party assessment organization Plutus Consulting Co., Ltd. based on a generally-accepted option price calculation model called Monte Carlo Simulation Model taking the Company's share price, etc. into consideration.

3. Details of the stock acquisition rights

(1) Class and number of shares to be issued upon exercise of the stock acquisition rights

Upon exercise of each of the stock acquisition rights, 100 common shares (the "Number of Shares to be Allotted") will be issued.

Should the Company conduct a share split (including an allotment of common shares without consideration; the same shall apply hereinafter) or share consolidation on or after the date of allotment of the stock acquisition rights, the Number of Shares to be Allotted shall be adjusted in accordance with the following formula; provided, however, that such adjustment shall be made only to the Number of Shares to be Allotted for the stock acquisition rights, which have not yet been exercised at the time of the adjustment. Any fraction less than one share arising from the adjustment shall be rounded off.

Number of Shares to be Allotted after adjustment = Number of Shares to be Allotted before adjustment × Ratio of share split or share consolidation

In addition, in any event that makes it necessary to adjust the Number of Shares to be Allotted, including a merger, company split, and reduction of the stated capital, on and after the date of allotment of the stock acquisition rights, the Number of Shares to be Allotted shall be adjusted appropriately within a reasonable range.

(2) Value of assets to be contributed upon exercise of the stock acquisition rights or calculation method thereof

The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount to be paid in for each share (the "Exercise Price"), multiplied by the Number of Shares to be Allotted.

The Exercise Price shall be JPY470.

Should the Company conduct a share split or share consolidation on or after the date of allotment of the stock acquisition rights, the Exercise Price shall be adjusted in accordance with the following formula, with any fraction less than JPY 1 rounded up.

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

Should the Company issue new common shares or dispose of its treasury common shares at a price lower than current market price on or after the date of allotment of the stock acquisition rights (except

issuance of new shares or disposal of treasury shares upon exercise of the stock acquisition rights and transfer of treasury shares upon exchange of shares), the Exercise Price shall be adjusted in accordance with the following formula, with any fraction less than JPY 1 rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of new issue shares} \times \text{Amount to be paid in per share}}{\text{Current market price per share before new issuance}}}{\text{Number of issued shares} + \text{Number of new issue shares}}$$

“Number of issued shares” in the above formula refers to the total number of issued common shares minus the number of treasury common shares and “Number of new issue shares” shall be read as “The number of treasury shares to be disposed of” in the case of disposal of the Company’s treasury common shares.

In addition to the above, in any event that makes it necessary to adjust the Number of Shares to be Allotted, including a merger and company split and other events equivalent thereto, on and after the allotment date of the stock acquisition rights, the Company may make appropriate adjustment to the Exercise Price within a reasonable range.

(3) Period during which the stock acquisition rights are exercisable

Period during which the stock acquisition rights are exercisable (the “Exercise Period”) is from December 1, 2025 to May 5, 2032.

(4) Matters concerning the capital and capital reserve to be increased

(i) The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be one half of the maximum amount of increases of the capital, etc. to be calculated according to Article 17, Paragraph 1 of Corporate Accounting Regulations, with any amount less than JPY 1 arising from such calculation to be rounded up.

(ii) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be the amount obtained by deducting the amount of capital to be increased set forth in (i) above, from the maximum amount of increases of the capital, etc. set forth in (i) above.

(5) Restriction on acquisition of the stock acquisition rights through transfer

Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.

(6) Conditions of exercise of the stock acquisition rights

(i) Holders of the stock acquisition rights may exercise the stock acquisition rights only if the operating revenue stated in the Company’s consolidated statement of income for the fiscal year ending in August 2025 (meaning that the consolidated income statement as reported or approved at the Annual General Meeting of Shareholders for the relevant financial year; In addition, if a consolidated income statement is not prepared, it means an income statement.) exceed JPY6,800 million, or if the operating revenue stated in the Company’s consolidated statement of income for the fiscal year ending in August 2026 exceed JPY7,200 million or if the operating revenue stated in the Company’s consolidated statement of income for the fiscal year ending in August 2027 exceed JPY7,600 million.

For judgment of satisfaction of the operating revenue requirements, if the Board of Directors deems it inappropriate to make judgment referring to figures stated in the relevant consolidated

statement of income due to any change of accounting standards to be applied or any event that significantly affects the Company's business performance such as a merger, the Company may define separate reference figures.

- (ii) Holders of the stock acquisition rights must continue to be directors, auditors or employees of the Company or its subsidiaries or affiliates at the time of exercise of the rights, unless otherwise approved by the Board of Directors for a justifiable reason such as mandatory retirement.
- (iii) Heirs of the stock acquisition rights holders are not permitted to exercise the rights.
- (iv) In the case where, through exercise of the stock acquisition rights, the total number of issued shares of the Company will exceed the total number of authorized shares of the Company that is valid as of the exercise, the stock acquisition rights may not be exercised.
- (v) Any stock acquisition right less than one unit may not be exercised.

4. Allotment date of the stock acquisition rights

November 7, 2022

5. Matters concerning acquisition of the stock acquisition rights

- (1) The Company may acquire all the stock acquisition rights without compensation at the arrival of the day separately prescribed by the Board of Directors when a General Meeting of Shareholders (or the Board of Directors, if approval of a General Meeting of Shareholders is not required) approves: a corporate merger contract under which the Company will become a dissolving company; a corporate split-up contract or plan under which the Company will become a split company; or a share exchange contract or share transfer plan under which the Company will become a 100% owned subsidiary, or when the Company takes such approval procedures as required by laws and regulations or the Company's articles of incorporation for share transfer by way of share distribution as the Company being the share distributing subsidiary or when such share distribution takes effect.
- (2) The Company may acquire the stock acquisition rights without compensation at the arrival of the day prescribed by the Board of Directors if a holder of the stock acquisition rights becomes unable to exercise the stock acquisition rights in accordance with 3. (6) above before exercise of the rights are duly effected.

6. Treatment of stock acquisition rights upon reorganization

In the case where the Company conducts a merger (limited to the case where the Company is to become a dissolving company as a result of the merger), an absorption-type company split, an incorporation-type company split, a stock exchange or a stock transfer (hereafter collectively referred to as the "Reorganization"), stock acquisition rights of the companies listed in (a) to (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (the "Reorganized Company") will be allotted, in each of the above cases, to the holders of the stock acquisition rights as of the effective date of the Reorganization according to the conditions stated below; provided, however, that the foregoing shall be on condition that allotment of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a stock transfer plan.

- (1) Number of stock acquisition rights of the Reorganized Company to be allotted

Equal to the number of the remaining stock acquisition rights held by the holders.

- (2) Class of shares of the Reorganized Company to be allotted upon exercise of the stock acquisition rights

Common shares of the Reorganized Company

(3) Number of shares of the Reorganized Company to be allotted upon exercise of the stock acquisition rights

To be determined in accordance with 3. (1) above, taking into account conditions for the Reorganization.

(4) Value of assets to be contributed upon exercise of the stock acquisition rights

The value of assets to be contributed upon exercise of each stock acquisition right to be allotted shall be the amount obtained by multiplying the exercise price after reorganization calculated by adjusting the Exercise Price stipulated in 3. (2) above taking into account conditions, etc. for the Reorganization by the number of shares of the Reorganized Company to be allotted upon exercise of the relevant stock acquisition rights determined in accordance with 6. (3) above.

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

From the initial date of the Exercise Period stipulated in 3. (3) above or the effective date of the Reorganization, whichever is later, to the expiration date of the Exercise Period stipulated in 3. (3) above.

(6) Matters concerning the capital and capital reserve to be increased when shares are issued upon exercise of the stock acquisition rights

To be determined in accordance with 3. (4) above.

(7) Restriction on acquisition of the stock acquisition rights through transfer

Any acquisition through transfer requires approval by a resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions for exercise of the stock acquisition rights

To be determined in accordance with 3. (6) above.

(9) Reasons and conditions for acquisition of the stock acquisition rights

To be determined in accordance with 5 above.

(10) Other conditions are to be determined in accordance with conditions stipulated by the Reorganized Company.

7. Matters concerning certificates of the stock acquisition rights

The Company will not issue certificates of the stock acquisition rights.

8. Due date for payment in exchange for the stock acquisition rights

November 7, 2022

9. Due date for application

November 2, 2022

10. Allottees and number of the stock acquisition rights

One director of coconala inc.: 10,000 rights

End