

November 17, 2022

Company name: RAKSUL INC.
Representative: Yasukane Matsumoto
Representative Director, President and CEO
(TSE Prime Market Code No. 4384)
Contact: Yo Nagami
Director, CFO

Announcement regarding Issuance of New Shares as Restricted Stock-Based Compensation

RAKSUL INC. (the "Company") hereby announces that a resolution was passed to issue new shares as restricted stock-based compensation (hereinafter referred to as the "New Share Issuance") at the Board of Directors meeting held today. The details are as follows:

1. Overview of the issuance

(1) Payment due date	December 6, 2022
(2) Class and number of shares to be issued	11,260 common shares of the Company
(3) Issue price	3,115 yen per share
(4) Total amount of Issuance	35,074,900 yen
(5) Allotees	5 directors of the Company (Excluding directors who are Audit & Supervisory Committee members): 11,260 shares
(6) Others	Not applicable

2. Purpose and reason for issuance

The Company passed a resolution at the Board of Directors meeting held on September 12, 2019 to introduce a restricted stock-based compensation plan for its eligible directors, excluding directors who are Audit & Supervisory Committee members (hereinafter referred to as the "Plan"). The decision was made in order to provide them with incentives aligned with the sustainable enhancement of its corporate value, with an intent to further enhance their motivation to contribute to increasing its share price and corporate value.

The Company also obtained approval from its shareholders at the 10th General Meeting of Shareholders held on October 17, 2019, to set the total amount of monetary receivables as remuneration regarding restricted stock-based compensation granted to eligible directors, excluding Audit & Supervisory Committee members, to be up to 500MM yen a year (of which up to 50MM yen granted for outside directors, excluding employee salaries for directors who concurrently serve as employees). Approval was also secured for the stipulation that the maximum amount of restricted stock to be allotted per each fiscal year shall be 133,000 shares (of which 13,000 shares to be allotted for outside directors) for directors who are not members of the Audit & Supervisory Committee, and that the restriction period of the restricted stock shall be a period of three years or more as stipulated by the Board of Directors.

Based on the Plan, the Board of Directors resolution was passed today that monetary receivables of 35,074,900 yen shall be granted to 5 eligible directors of the Company (hereinafter referred to as "Allotees") as restricted stock-based compensation for the period between the 13th General Meeting of Shareholders and the 16th General Meeting of Shareholders, and that Allotees shall receive an allotment of 11,260 common shares as restricted stock-based compensation by making an in-kind contribution of all of the said monetary receivables. This resolution is in accordance with the plan described in the "Strengthen Equity Incentive System" section of the Financial Results for the 4th Quarter of Fiscal Year Ending July 31, 2019 released on September 12, 2019, which is to issue restricted stock of up to 10% of the total number of issued shares

over the next 10 years in order to align the incentive and commitment of directors and employees with the maximization of the long-term equity value. The amount of such monetary receivables to the Allotees is determined based on a comprehensive consideration of various matters including the degree of contribution by Allotees to the Company. The said monetary receivables shall be provided on the condition that Allotees have entered into a restricted stock allotment agreement as defined below with the Company. (hereinafter referred to as "Allotment Agreement"). In order to achieve the purpose of the Plan, the restriction period is set to a period of three years.

3. Overview of the Allotment Agreement

(i) Restriction period

December 6, 2022 through December 5, 2025

During the restriction period stipulated above (hereinafter referred to as "Restriction Period"), the Allotees shall not dispose of the restricted stock allocated (hereinafter referred to as the "Allotted Stock") by means of transfer, creation of a pledge or mortgage over transfer, inter vivos gift, bequest, or any other method of disposal to a third party.

(ii) Acquisition of restricted stock without contribution

If an Allotee retires or resigns from any position of director, advisor, or employee of the Company or its affiliated companies before the expiration of the Restriction Period, the Company shall automatically acquire the Allotted Stock without contribution upon such retirement or resignation except if there are reasons deemed legitimate by the Board of Directors. The Company shall also automatically acquire the Allotted Stock without contribution for which the transfer restrictions have not been lifted at the expiration of the Restriction Period (hereinafter referred to as "Restriction Expiration") pursuant to reasons for lifting transfer restrictions stipulated in (iii) below.

(iii) Lifting of transfer restrictions

The Company shall lift the transfer restrictions of all the Allotted Stock held by an Allotee upon the expiration, provided that the Allotee has remained in a position of director, advisor or employee of the Company or of its affiliated companies during the entire Restriction Period. If, however, an eligible director retires or resigns from the position of director, advisor, or employee of the Company or its affiliated companies before the expiration of the Restriction Period for reasons deemed legitimate by its Board of Directors, the transfer restrictions shall be lifted immediately after such retirement or resignation for the number of Allocated Shares, which shall be calculated by dividing the number of months in which the eligible director was in the position of director, advisor, or employee of the Company or its affiliated companies starting with December 2022 and including the month in which he/she retires/resigns by 36 (if the result is larger than 1, it shall be rounded down) multiplied by the number of Allocated Shares held by the eligible director at the time (any fraction less than 1 share shall be rounded down). For the Allotees who are not eligible directors, the transfer restrictions shall be lifted according to the length of service stipulated in the Allotment Agreement with the Company.

(iv) Provisions on management of shares

Allotees shall open an account with SMBC Nikko Securities Inc. to state or record the Allocated Shares in a way designated by the Company and keep and retain the Allocated Shares in the said account until the transfer restrictions are lifted.

(v) Treatment upon organizational restructuring

If, during the Restriction Period, a proposal regarding a merger agreement under which the Company becomes a dissolved company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at its General Meeting of Shareholders (or approved by its Board of Directors if an approval regarding the aforementioned organizational restructuring at a General Meeting of Shareholders is not required), the transfer restrictions shall be lifted by a resolution of the Board of Directors immediately before the business day preceding the effective date of such organizational restructuring for the number of Allocated Shares

calculated by dividing the number of months from December 2022 until the said approval, including the month of the approval, by 36 (if the result is larger than 1, it shall be rounded down) multiplied by the number of Allocated Shares in possession of the eligible director at the time (any fraction less than 1 share shall be rounded down).

In such case, for the shares which restrictions have not been lifted on the business day preceding the effective date of such organizational restructuring, the Company shall automatically acquire the Allotted Stock without contribution. Notwithstanding the foregoing, the transfer restrictions shall be lifted for Allotees aside from eligible directors according to the length of service as stipulated in the Allotment Agreement with the Company, and the Company shall automatically acquire all the Allotted Stock without contribution for which transfer restrictions have not been lifted.

4. Basis of calculation of paid-in amount and details thereof

In order to eliminate arbitrariness in determination of the price of the New Share Issuance, the issue price is set to 3,115 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the said resolution of the Board of Directors (November 16, 2022). As this is the market price on the day immediately preceding the day of the resolution of the Board of Directors, the Company believes it is reasonable and does not represent a particularly favorable price.