

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

**Notice of Issuance of Stock Acquisition Rights No.15 Collectively the “Quality Growth Stock Option 2022”  
and Introduction of a Stock Option Trust**

RAKSUL INC. (the “Company”) hereby announces that a resolution was passed to issue the stock acquisition rights No.15 (the “Stock Acquisition Rights”) for distribution through a third-party allotment and to introduce a market value issued stock acquisition rights trust (the “Stock Option Trust”) for use as an incentive plan (the “Incentive Plan”). The Stock Option Trust is a new incentive program that operates by having the trustee hold Stock Acquisition Rights issued at the market price for subsequent distribution to trust beneficiaries who fulfill the required conditions as of a designated date. In addition, the Company also resolved today to simultaneously issue the Stock Acquisition Rights No.14 (Performance Target Linked Stock Options), collectively referred to as the "Quality Growth Stock Option 2022".

1. Outline of the offering

(1)	Allotment date	December 6, 2022
(2)	Number of the Stock Acquisition Rights to be issued	1,675 rights
(3)	Issue price	7,800 yen (78 yen per right)
(4)	Number of dilutive shares after the issuance of the Stock Acquisition Rights	167,500 shares (100 shares per right)
(5)	Amount of funds to be procured	Total amount 534,827,500 yen (estimated net proceeds: 528,827,500 yen), of which funds to be procured by the issuance and exercise of the Stock Acquisition Rights were 13,065,000 yen and 521,762,500 yen respectively. Estimated net proceeds are the sum of the total amount paid for the Stock Acquisition Rights and the value of assets contributed upon the exercise of the Stock Acquisition Rights, minus the estimated issuing expenses for the Stock Acquisition Rights.
(6)	Exercise price	3,115 yen per share (fixed)
(7)	Method of offering or allotment (Prospective allottee)	A third-party allotment to the Kotaeru Trust Co., Ltd.
(8)	Others	The Stock Acquisition Rights are issued for the purpose of increasing morale and motivation of the directors and employees of the Company and its affiliated companies (the “Company’s directors and employees”) to achieve growth of revenue and corporate value. Compared to the conventional incentive plans such as stock options which are generally implemented, this Incentive Plan using a trust allows the Company to provide its directors and employees with Stock Acquisition Rights in accordance with their contribution to the Company based on the predetermined guidelines for the delivery of Stock Acquisition Rights (the "Delivery Guidelines"). This enables the Company to distribute Stock Acquisition Rights based on a fair evaluation of the contribution of its directors and employees to enhance its corporate value. The Company expects that this will further motivate its directors and employees to contribute to the

		<p>Company and attract excellent human resources compared to the existing incentive plan using Stock Acquisition Rights.  Note the transfer of the Stock Acquisition Rights requires approval of the Board of Directors.  Main conditions for the exercise of the Stock Acquisition Rights:</p> <ol style="list-style-type: none"> <li>(1) The person who has been allotted the Stock Acquisition Rights (hereinafter referred to as the “Stock Acquisition Rights Holder”) may exercise the number of Stock Acquisition Rights equivalent to each predetermined rate of the Stock Acquisition Rights allotted to each holder (the “Exercisable Rate”) only when the Adjusted EBITDA calculated from the consolidated profit and loss statement (non-consolidated, if not prepared) and the consolidated cash flow statement (non-consolidated cash flow statement, if not prepared) achieves each condition below. For the Exercisable Rate, any fraction less than one Stock Acquisition Right resulting from the calculation is discarded. <ol style="list-style-type: none"> <li>(a) When the Adjusted EBITDA exceeds 2.8 billion yen in the fiscal year beginning August 1, 2022 and ending July 31, 2023 or fiscal year beginning August 1, 2023 and ending July 31, 2024, the Exercisable Rate shall be 50%</li> <li>(b) When the Adjusted EBITDA exceeds 4.0 yen billion in the fiscal year beginning August 1, 2023 and ending July 31, 2024 or the fiscal year beginning August 1, 2024 and ending July 31, 2025, the Exercisable Rate shall be 50%</li> </ol> Adjusted EBITDA herein shall refer to Operating Profit (J-GAAP) + Depreciation + Amortization of goodwill + Stock-based compensation expenses. In addition, if the Board of Directors determines that it is not appropriate to use the actual figures reported in the securities report for the relevant period due to the occurrence of a large-scale company acquisition, etc., with a significant impact on gross profit during the above period, the Company may eliminate the impact of such company acquisition, etc. within a reasonable extent and adjust the actual figures used for determination. </li> <li>(2) Stock Acquisition Rights Holders must be directors, auditors, employees, advisors, or external collaborators such as contractors of the Company or its affiliates at the time of exercising their Stock Acquisition Rights. However, this shall not apply in cases where the Board of Directors of the Company recognizes that there is a justifiable reason.</li> <li>(3) Exercise of the Stock Acquisition Right by the heirs of the Stock Acquisition Right Holders is not permitted.</li> <li>(4) If the exercise of the Stock Acquisition Rights causes the total number of issued shares of the Company to exceed its total number of authorized shares, such Stock Acquisition Rights may not be exercised.</li> <li>(5) Each Stock Acquisition Right may not be exercised for less than one Stock Acquisition Right.</li> <li>(6) Exercise of the Stock Acquisition Right is subject to the effectiveness of the notifications filed in accordance with the Financial Instruments and Exchange Act.</li> </ol>
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Note: The amount of funds to be procured is the sum of the total amount paid for the Stock Acquisition Rights and the value of assets contributed upon the exercise of the Stock Acquisition Rights, minus the estimated issuing expenses. If no Stock Acquisition Rights are exercised during the exercise period, or an individual who acquired Stock Acquisition Rights loses the right to exercise them, the total amount paid for the Stock Acquisition Rights and estimated net proceeds will decrease.

## 2. Purpose and reason of the offering

### Purpose and Reason for introducing the Incentive Plan

The purpose of the Incentive Plan is to maintain and increase the motivation of the Company’s directors and employees and give them an incentive to contribute to the medium to long term growth of our corporate value. At the initiative of the Company’s Representative Director, Yasukane Matsumoto (the “Trustor”), the Company will now introduce an incentive plan utilizing the Stock Option Trust (the “Incentive Plan”), which will be

implemented by concluding a trust agreement for market value issued stock acquisition rights (the “Trust Agreement”) with Kotaeru Trust Co., Ltd. (“Kotaeru Trust”), whereby the Company will act as trust manager and designated beneficiary, and issue Stock Acquisition Rights to Kotaeru Trust.

The Trustor believes that the purpose of the Stock Option Trust is to maintain and enhance the motivation of the Company’s directors and employees by providing, at its own expense, the opportunities for the Company’s directors and employees to benefit from the increase in corporate value in a fair manner in accordance with their expected future contributions. The Company also expects that having the Company’s directors and employees play a role in the management of the Company from the standpoint of receiving Stock Acquisition Rights, i.e., from the standpoint that they may become owners (shareholders) of the Company in the future, will further motivate them to contribute and enhance their morale, which will lead to further vitalization of the Company, thereby further enhance the corporate value of the Company.

Under the Incentive Plan, in accordance with the provisions of the Trust Agreement, the Trustor will make a trust contribution of its funds in hand to Kotaeru Trust, which will subscribe to the total number of Stock Acquisition Rights and pay the total issue price of the Stock Acquisition Rights using the funds contributed by the Trust.

The Stock Acquisition Rights acquired by Kotaeru Trust will be delivered to the Company’s directors and employees, etc. designated by the Company as the recipients of the Stock Acquisition Rights (the “Beneficiaries”) on the last day of March 2023 and on the delivery dates falling every three months thereafter (the “Delivery Dates”).

(For details, please refer to the “Overview Chart of the Incentive Plan” below.)

On the Delivery Dates, the Company will designate the Beneficiaries in accordance with the delivery guidelines which will govern the method of allocation of the Stock Acquisition Rights (the “Delivery Guidelines”).

Specifically, according to the delivery guidelines established by the Company, an evaluation committee is composed of the director in charge of the Company’s administrative division and several outside directors, with the majority composed of outside directors. The evaluation committee shall evaluate the Company’s directors and employees, etc. at a set frequency and tentatively award points as an incentive based on the evaluation of their expected contribution to the enhancement of corporate value.

The evaluation committee is also expected to evaluate the Company’s directors and employees at a set frequency and provisionally grant incentive packages as incentives based on the expected level of contribution at the time of hiring.

The evaluation committee is then to determine the number of Stock Acquisition Rights to be finally delivered to the Beneficiaries, in whole or in part, as indicated by the number of Incentive Packages to be provisionally granted to the Company’s directors and employees, etc. during the Trust Period, and to notify the Trustee thereof. This will result in the Stock Acquisition Rights being delivered by the Trustee to the Beneficiaries on the Delivery Date.

It is envisioned that the number of Stock Acquisition Rights to be delivered will be determined by October 2025 by the evaluation committee in the range of 50% to 100% of the Stock Acquisition Rights, depending on the Company’s performance.

This new Incentive Plan differs from conventional incentive plans, such as stock options, as the individuals who receive Stock Acquisition Rights and the number of Stock Acquisition Rights to be received can be determined at a point in the future based on each individual’s contributions. These individuals may be people who are currently working at the Company as well as the directors and employees who join the Company in the future.

In addition, unlike the conventional trust-type stock options conducted by a civil trust, the Stock Acquisition Rights are different in that any number of Stock Acquisition Rights may be reversed at the discretion of the Company on the regularly scheduled delivery date.

With a conventional incentive plan, a company must decide who receives the Stock Acquisition Rights and how many rights are given to each person at the time of the issuance of the Stock Acquisition Rights. The issues are that (1) the Stock Acquisition Rights are granted to directors and employees based on the estimation of the individual’s future contributions with reference to their past performance and as a result, the remuneration may not appropriately reflect the individual’s actual performance and contributions, and (2) the need to issue the Stock Acquisition Rights multiple times to avoid unfairness considering the directors and employees who join the company after the Stock Acquisition Rights have been issued, leading to administrative and other expenses required every time the Stock Acquisition Rights are issued.

In addition, although the conventional trust-type stock option scheme has the same benefit of enabling fair

deliveries of Stock Acquisition Rights issued in the past to future employees, the Delivery Date and the number of Stock Acquisition Rights to be delivered at each timing are both fixed. As a result, the company is (1) forced to deliver the fixed number of Stock Acquisition Rights on each Delivery Date even if the company is not fully convinced of the expected future contribution of the employee, or (2) could not commit to delivering Stock Acquisition Rights to talented employees immediately after they were hired.

With this Incentive Plan, since the Delivery Date is not fixed in advance, the Stock Acquisition Rights, once issued to Kotaeru Trust, can be distributed fairly and in stages every three months in the future at any time according to the contribution of the Company's directors and employees. The Stock Acquisition Rights can also be distributed to the Company's directors and employees who will be hired in the future. In addition, since the Stock Acquisition Rights can be distributed only to the Company's directors and employees who have continued to work for the Company until the Delivery Date of the Stock Acquisition Rights, the Company will be able to respond to the case where someone retires before the Delivery Date, thereby enabling flexible operations that have been difficult to achieve under the conventional incentive plan. Furthermore, under the Incentive Plan, a limited number of Stock Acquisition Rights will be distributed among the Company's directors and employees according to their future contribution levels, which is expected to further increase their motivation to contribute to the Company and function as an inducement to attract excellent human resources.

The company's Board of Directors has resolved today to issue restricted stock to the Company's current directors, the Stock Acquisition Rights No. 13 to the company's current employees and the Stock Acquisition Rights No. 14 to the company's current directors and employees. Restricted stocks are issued to the Company's directors with the aim of providing them with an incentive to sustainably enhance the Company's corporate value and to motivate them to further increase in the share price and corporate value. The purpose of the Stock Acquisition Rights No. 13 is to further increase the morale of the Company's employees and their willingness to contribute to improving the Company's performance and corporate value over the medium to long term by sharing with shareholders not only the benefits of an increase in the Company's stock price but also the risks associated with a decline in the stock price. Regarding the Stock Acquisition Rights No. 14, although the plan falls under the conventional incentive plan using paid-in Stock Acquisition Rights, the Company believes that it is now possible for the Company to allocate a reasonable amount of Stock Acquisition Rights to the current directors and employees, since the Company has already confirmed their performance and evaluation over a certain period of time in the past. The Company believes that it will be able to allocate a reasonable number of shares to the current directors and employees. The Incentive Plan using the trust has many advantages as mentioned above, however, there are also aspects in which conventional paid stock acquisition rights are superior, such as management costs per issue and speed, etc. Therefore, the Incentive Plan using the market value issued stock acquisition rights trust and the conventional paid-in Stock Acquisition Rights may be combined.

The Company believes that the Incentive Plan, which sets performance achievement conditions (2.8 billion yen and 4.0 billion yen) regarding the Adjusted EBITDA, together with the conventional Paid Stock Acquisition Rights, will further motivate the Company's current and future directors and employees to achieve performance. Through the achievement of such performance targets, the Company expects to further increase its corporate value and stock value in both name and substance.

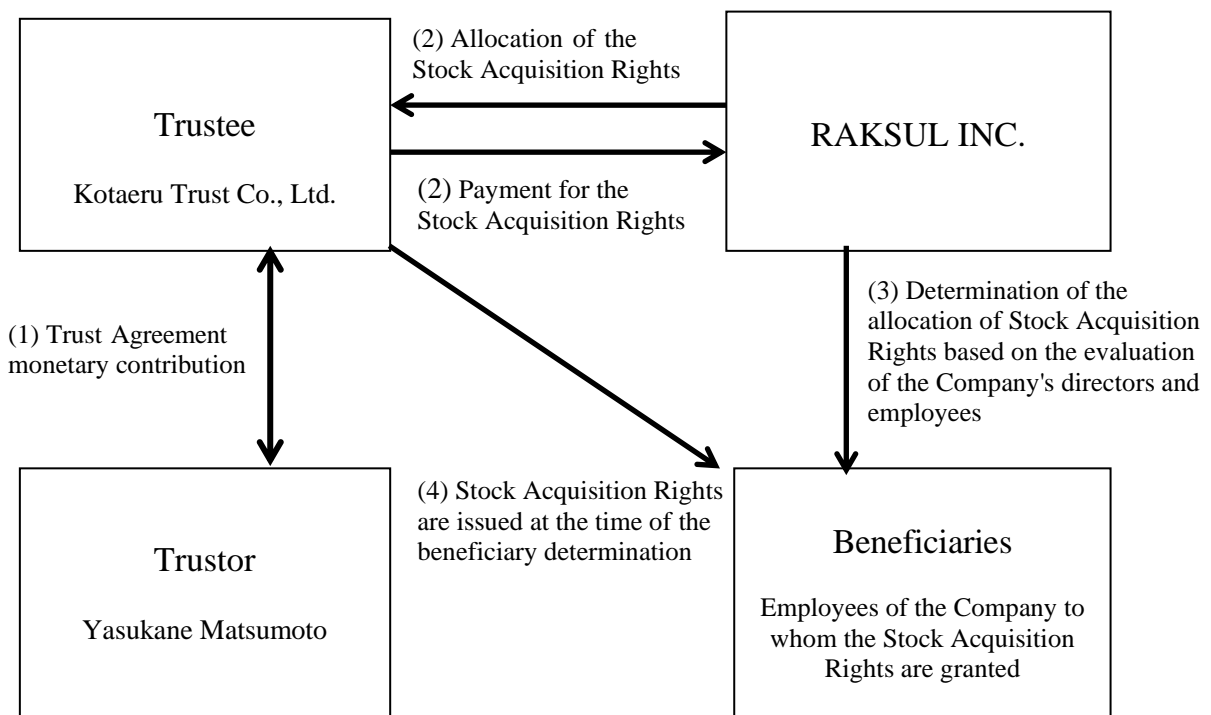
Based on the above, the Company believes that the introduction of the Incentive Plan will also contribute to the interests of the existing shareholders.

#### Overview of the Stock Option Trust

Name	Trust Agreement for market value issued stock acquisition rights
Trustor	Yasukane Matsumoto
Trustee	Kotaeru Trust Co.,Ltd
Beneficiaries	Individuals designated as Beneficiaries at the end of the trust period (designated by using the beneficiary confirmation procedure)
Date of the Trust Contract	November 28, 2022
Stock Acquisition Rights Distribution Date	March 31, 2023 Stock Acquisition Rights that are not delivered on the initial Delivery Date will be delivered to the Beneficiaries designated by the Company in accordance with the Delivery Guidelines on the Delivery Dates that fall every three months thereafter.

End of the Trust Period	April 25, 2023
Purpose of the Trust	The main purpose is the distribution of Stock Acquisition Rights to the Beneficiaries.
Beneficiary Requirements	<p>Pursuant to the Trust Agreement, the Company's directors and employees as of the Delivery Date, who are designated by the Company in accordance with the Delivery Guidelines, shall be the Beneficiaries, and the distribution quantity of Stock Acquisition Rights for each beneficiary shall be fixed.</p> <p>The criteria for distribution are set forth in the Delivery Guidelines, which are scheduled to be established as of the Delivery Date of the Trust Agreement, November 28, 2022. The Delivery Guidelines are the rules established by the Company to determine the scope and quantity of the Company's directors and employees to whom the Stock Acquisition Rights are to be delivered on the Delivery Date. The Company will evaluate the performance of the Company's directors and employees and distribute the Stock Acquisition Rights in accordance with the Delivery Guidelines. The details are as described in " Purpose and Reason for introducing the Incentive Plan" above.</p>

Overview Chart of the Incentive Plan



- (1) Yasukane Matsumoto, who is the Trustor, will contribute money to Kotaeru Trust, which is the trustee, in accordance with the Trust Agreement to establish the Stock Option Trust. The Company will serve as the trust administrator and the designator of Beneficiaries, in accordance with the Trust Agreement. The Incentive Plan is structured in the nature of a grant from the trustee to future Beneficiaries.
- (2) Subject to the establishment of the Stock Option Trust, the Company will issue Stock Acquisition Rights to the trustee in accordance with the resolution of the Board of Directors meeting held on November 17th, 2022, and Kotaeru Trust, as the trustee, will accept the Stock Acquisition Rights from the Company with the money contributed to the Trust in (1) above as the source of funds. The trustee, which has accepted the Stock Acquisition Rights, will then keep the Stock Acquisition Rights until the expiration date of the Trust Period in accordance with the Trust Agreement.
- (3) In accordance with the provisions of the Delivery Guidelines, the Company will grant incentive packages or points, which will be the basis for determining the number of Stock Acquisition Rights to be delivered to the Company's directors and employees, according to their expected future

contribution to the Company, which is estimated based on their contribution to the Company up to the Delivery Date, etc. The number of Stock Acquisition Rights to be granted to each of the Company's directors and employees shall be determined in accordance with the number of incentive packages and points.

- (4) On the Delivery Date, the Beneficiaries will be determined, and the Stock Acquisition Rights held in custody by Kotaeru Trust will be distributed to the Beneficiaries.

\* Beneficiaries who receive a distribution of Stock Acquisition Rights may acquire shares of the Company's common stock by exercising such Stock Acquisition Rights and paying the exercise price in accordance with the terms and conditions of the issuance and handling agreement for such Stock Acquisition Rights. In addition, Beneficiaries who have acquired shares of the Company's common stock by exercising their rights may hold the Company's shares as shareholders and may sell their shares in the market at any time.

### 3. Amount of funds to be procured, use of funds and timing of expenditure

- (1) Amount of funds to be procured (estimated net proceeds) (JPY)

Total amount to be paid	Estimated issuing expenses	Estimated net proceeds
534,827,500	6,000,000	528,827,500

Notes:

- The total amount to be paid is the sum of payments for the Stock Acquisition Rights (521,762,500 yen) and exercise payments assuming that all of the Stock Acquisition Rights are exercised (13,065,000 yen).
- Estimated issuing expenses do not include consumption tax.
- Estimated issuing expenses are the sum of the calculation cost of the price of the Stock Acquisition Rights, consulting expenses for structuring the incentive plan, and other expenses.
- The total amount to be paid and estimated net proceeds will decrease in the following cases: any of the Stock Acquisition Rights are not exercised during the exercise period; the Company cancels any Stock Acquisition Rights.

- (2) Specific use of the funds procured

Stock Acquisition Rights are issued to further enhance the sense of unity and cohesion of the Company's directors and employees and further improve their motivation and morale as the Company aims to expand its business performance and increase its corporate value, and not with the purpose of fundraising.

Since the decision to exercise Stock Acquisition Rights is left to the discretion of the Company's directors and employees who have received the Stock Acquisition Rights from Kotaeru Trust, the trustee, it is difficult to incorporate the amount and timing of the payments to be made upon the exercise of the Stock Acquisition Rights into the financing plan at this time. Therefore the Company intends to use the proceeds for working capital; however, the specific amount will be determined according to the situation at the time the payments have been made upon exercise.

Proceeds from the exercise of the Stock Acquisition Rights will be invested in bank deposits and other stable financial assets until the funds are used for the purposes listed in the preceding paragraph.

### 4. Rationale for the use of the funds

The Company believes that the use of the funds procured from issuing and exercising the Stock Acquisition Rights is reasonable as the funds will be used for business operations.

### 5. Rationale for issuing terms and other items

- (1) Basis of calculation of the amount to be paid and its details

To determine the issue prices of the Stock Acquisition Rights, the Company has requested a valuation by PLUTUS CONSULTING Co., Ltd, an independent third-party valuation firm. They used the Monte Carlo simulation, which is a general model for calculating option prices, based on the closing price of 3,115 yen per share of the Company's stock on the Tokyo Stock Exchange on the day before the Board of Directors resolution to issue the Stock Acquisition Rights, a stock price volatility of 67.30%, a dividend yield of 0%, a risk-free interest rate of 0.074% and the terms for issuing the Stock Acquisition Rights (exercise price of 3,115 yen per share, term to maturity of 5 years, performance conditions) to determine the valuations of the Stock Acquisition Rights. This procedure resulted in a price of 7,800 yen for the Stock Acquisition Rights.

The Board of Directors of the Company believes that these prices are fair and appropriate and are not considered favorable for the following two reasons. First, the third-party valuation firm based its valuations on preliminary assumptions that may influence the valuations. Second, the valuation is based on a generally accepted method for determining the value of Stock Acquisition Rights while reflecting these preliminary assumptions. As a result, the amount to be paid in for each Stock Acquisition Right was determined to be 7,800 yen, which is the same amount as the result of the calculation.

In addition, the Exercise Price of the Stock Acquisition Rights was determined to be 3,115 yen per share, the same as the closing price of the Company's common stock on the Tokyo Stock Exchange on November 16, 2022, which is the day before the Board of Directors resolution to issue the Stock Acquisition Rights with reference to the closing price of 3,115 yen of the common stock on the Tokyo Stock Exchange on that date.

Furthermore, all members of the Audit & Supervisory Committee of the Company have expressed their opinions that the issue price is not particularly favorable to the allottee and that the issue price does not constitute a favorable issue and is lawful in light of the above basis of calculation.

- (2) Basis for the judgment that the number of shares to be issued and the level of share dilution are reasonable  
 If all of the Stock Acquisition Rights are exercised, 167,500 shares (1,675 voting rights) will be issued. This equates to the dilution of 0.58% (and 0.58% of voting rights) based on 29,080,100 shares (29,801 voting rights) of the total number of outstanding shares of the Company as of July 31, 2022, which is a significant level of dilution.

However, the Stock Acquisition Rights are intended to further enhance the sense of unity and cohesion among the Company's directors and employees and to further increase their motivation and morale as the Company aims to expand its business performance and increase its corporate value over the medium to long term. In addition, the exercise of the stock acquisition rights is conditioned on the achievement of predetermined targets related to market capitalization and business performance, and the Company believes that the achievement of such targets is expected to enhance the Company's corporate value and shareholder value.

The total number of shares to be issued upon exercise of the Stock Acquisition Rights is 167,500 shares, while the average daily trading volume of the Company's common stocks over the past six months has been approximately 654,000 shares, and the Company's common stocks has a certain degree of liquidity.

For these reasons, the Company believes that the issuance of Stock Acquisition Rights is expected to contribute to the enhancement of corporate and shareholder value, as well as to the interests of existing shareholders, and that the number of shares to be issued and the scale of dilution of the shares are reasonable.

## 6. Reason for selection of the prospective allottee

### (1) Profile of the prospective allottee

(1)	Name	Kotaeru Trust Co., Ltd.
(2)	Location	Marunouchi Building, 4-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
(3)	Title and Name of the Representative	Yoshinari Uruma, Chief Executive Officer
(4)	Type of Business	Trust business
(5)	Capital	100 million yen
(6)	Date of Establishment	October 25, 2018
(7)	Number of shares outstanding	100 million shares
(8)	Fiscal year-end	March 31
(9)	Number of Employees	18 (as of September 30, 2021)
(10)	Types of Main Clients	General businesses
(11)	Main Banks	MUFG Bank, Ltd.
(12)	Major Shareholders and Shareholding Ratio	Kotaeru Holdings Inc. 66.66%, Mistygate Co., Ltd. 33.34%
(13)	Relationship between the Parties	
	Capital Relations	There is no capital relationship between the Company and the prospective allottee or its controlling shareholder. In addition, there is no noteworthy capital relationship

	between related parties and affiliated companies of the Company and related parties and affiliated companies of the prospective allottee.
Personal Relations	There is no personal relationship between the Company and the prospective allottee or its controlling shareholder. In addition, there are no noteworthy personal relationships between related parties or affiliated companies of the Company and related parties or affiliated companies of the prospective allottee.
Business Relations	There are no noteworthy business relationships between our company and the prospective allottee or its controlling shareholder. In addition, there are no noteworthy transactional relationships between related parties or affiliated companies of the Company and related parties or affiliated companies of the prospective allottee.
Related Party Status	The prospective allottee and its controlling shareholder are not related parties of the Company. In addition, the related parties and affiliated companies of the prospective allottee do not fall under the category of related parties of the Company.

Notes:

1. The relationship between the submitter and the allottee is as of November 17, 2022.
2. The Company has received a statement from the allottee stating that the allottee has no relationship with anti-social forces. In addition, the Company has confirmed that the allottee has no relationship with anti-social forces, etc. by using "RISKEYES", a database provided by a third-party organization, to search for past newspaper articles and narrow down information and keywords that may be associated with anti-social forces, etc., and by conducting a complex search to investigate any relationship with anti-social forces, etc. The Company has submitted a confirmation document to Tokyo Stock Exchange stating that the allottee has no relationship whatsoever with anti-social forces.

(2) Reason for selecting the prospective allottee

The Company has selected Kotaeru Trust as the prospective allottee of Stock Acquisition Rights for the following reasons.

In order to realize this Incentive Plan, it is necessary to set up a trust and allocate the Stock Acquisition Rights to the Trustee of such trust as the prospective allottee. The Trustee will be responsible for the administration of the trust assets and administrative procedures related to the trust.

Kotaeru Trust, represented by Mr. Yoshinari Uruma, who invented the trust-type stock options and has continued to develop numerous incentive schemes, including the filing of patents related to the Incentive Plan, is essential to the realization of the Incentive Plan. Kotaeru Trust has deep knowledge of trust-type stock options and the operation of the Incentive Plan as a commercial trust. In addition, with the FATF (Financial Action Task Force) Fourth Round Mutual Examination Report of Japan released in August 2021 identifying trusts that are not commercial trusts (i.e., civil trusts) as having transparency issues from the viewpoint of money laundering regulations, the Company decided that it could not adopt a civil trust for a trust closely related to listed shares, such as the Incentive Plan. As a result, the Company decided that the best method was to entrust the administrative procedures of the trust to Kotaeru Trust and selected it as the prospective allottee.

(3) Policy of the prospective allottee for holding the Stock Acquisition Rights

Kotaeru Trust, the prospective allottee, will keep the Stock Acquisition Rights until the Delivery Date, March 31, 2023, in accordance with the Trust Agreement and the Delivery Guidelines, and will deliver the Stock Acquisition Rights in the quantity designated by the Company to the Company's directors and employees designated as the Beneficiaries each time the Delivery Date comes, in accordance with the instructions of the Company. The Company will keep the Stock Acquisition Rights until March 31, 2023, the date of delivery.

(4) Information about confirmation of payment capacity of the prospective allottee

The Company has confirmed that Yasukane Matsumoto, the trustor of the Stock Acquisition Rights, holds an amount equivalent to the initial trust fund by obtaining a copy of the bankbook of the Trustor.

(5) Other Critical Agreements

In addition to the Trust Agreement described above, there are no other material agreements with prospective allottees with respect to the Stock Acquisition Rights to be issued by the Company this time.

7. Major shareholders and their shareholding ratio after the offering of the Stock Acquisition Rights



Before offering		After offering	
The Master Trust Bank of Japan, Ltd. (Trust Account)	20.02%	The Master Trust Bank of Japan, Ltd. (Trust Account)	19.90%
Yasukane Matsumoto	17.26%	Yasukane Matsumoto	17.16%
Custody Bank of Japan, Ltd. (Trust Account)	8.14%	Custody Bank of Japan, Ltd. (Trust Account)	8.10%
NORTHERN TRUST CO. (AVFC) REIEDU UCITS CLIENTS NON TREATYACCOUNT 15.315 PCT (Standing proxy: The Hongkong and Shanghai Banking Co., Ltd. Tokyo branch)	3.79%	NORTHERN TRUST CO. (AVFC) REIEDU UCITS CLIENTS NON TREATYACCOUNT 15.315 PCT (Standing proxy: The Hongkong and Shanghai Banking Co., Ltd. Tokyo branch)	3.76%
STATE STREET BANK AND TRUST COMPANY 505303 (Standing proxy: Mizuho Bank, Ltd.)	3.24%	STATE STREET BANK AND TRUST COMPANY 505303 (Standing proxy: Mizuho Bank, Ltd.)	3.22%
THE BANK OF NEW YORK 133652 (Standing proxy: Mizuho Bank, Ltd.)	2.56%	THE BANK OF NEW YORK 133652 (Standing proxy: Mizuho Bank, Ltd.)	2.54%
THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Mizuho Bank, Ltd.)	2.33%	THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Mizuho Bank, Ltd.)	2.32%
THE BANK OF NEW YORK 133652 (Standing proxy: Mizuho Bank, Ltd.)	2.06%	THE BANK OF NEW YORK 133652 (Standing proxy: Mizuho Bank, Ltd.)	2.05%
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1.64%	Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1.63%
STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: Mizuho Bank, Ltd.)	1.53%	STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: Mizuho Bank, Ltd.)	1.52%

Notes:

1. Shareholding ratios before the offering are based on the number of voting rights for the number of shares in the Shareholder Register as of July 31, 2022.
2. Shareholding ratios after the offering are calculated by dividing the number of voting rights held as of July 31, 2022 by the sum of the total number of voting rights as of July 31, 2022 and the number of voting rights for the total number of shares to be issued for the exercise of the Stock Acquisition Rights.
3. The above shareholding ratios are rounded to the hundredths place.
4. Kotaeru Trust, the prospective allottee, is not indicated in the Major Shareholders and the shareholding ratio after the offering, as its sole purpose is to perform administrative procedures and management related to the trust for the allotted Stock Acquisition Rights, and it has promised to deliver the Stock Acquisition Rights to the Beneficiaries after the expiration of the trust in accordance with the Trust Agreement and Delivery Guidelines. Therefore, they are not shown in the Major Shareholders and shareholding ratio after the offering.
5. No Beneficiaries are included in the Major Shareholders and the shareholding ratio after offering since due to the nature of the Incentive Plan, the Beneficiaries who will receive the Stock Acquisition Rights have not been determined at this time.

8. Outlook

The earnings forecast for the current fiscal year is in the consolidated financial results for the year ended July 31, 2022, that was released on September 14, 2022.

An announcement will be made promptly in the event that the Stock Acquisition Rights are exercised and the Company's business performance is affected by the execution of operations in accordance with the use of the procured funds.

9. Matters regarding procedures on the code of corporate conduct

The issuance of the Stock Acquisition Rights does not require the receipt of an opinion from an independent third party or the confirmation of shareholders' intentions as prescribed in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange. The reason is that the Stock Acquisition Rights (1) have a total dilution ratio of less than 25% and (2) do not involve a change of the controlling shareholder (even if all stock acquisition rights are exercised, no change is expected of the controlling shareholder).

10. Results of operations and equity finance during the last three years

## (1) Results of operations for the last three years (Consolidated)

Fiscal year ended	July 31, 2020	July 31, 2021	July 31, 2022
Revenue (JPY MM)	19,434	25,523	33,980
Operating profit (loss) (JPY MM)	(244)	220	462
Ordinary profit (loss) (JPY MM)	(368)	130	(167)
Profit (loss) attributable to shareholders of the parent company (JPY MM)	(494)	160	1,021
Net income per share (JPY)	(17.64)	5.62	35.39
Dividend per share (JPY)	-	-	-
Net assets per share (JPY)	236.73	260.02	288.53

## Notes:

1. As the Company started preparing consolidated financial statements in the fiscal year ended July 2022, the figures for the fiscal years ended July 31st, 2020, and 2021 are non-consolidated. In addition, the net profit (loss) attributable to shareholders of the parent company for the fiscal years ended July 31st, 2020, and 2021 is the amount of net profit (loss) in the non-consolidated financial statements for each fiscal year.

## (2) Current number of issued shares and dilutive shares (as of July 31, 2022)

	Number of shares (shares)	Ratio to the number of issued shares
Number of issued shares	29,080,100 shares	100.00%
Number of dilutive shares at the current conversion price (exercise price)	2,379,395 shares	8.18%

## (3) Recent share prices

## 1) Share prices during the last three years

Fiscal year ending	July 31, 2020	July 31, 2021	July 31, 2022
Opening price (JPY)	3,780	2,922	5,160
High price (JPY)	4,280	5,900	7,310
Low price (JPY)	1,593	2,855	1,422
Closing price (JPY)	2,907	5,150	2,184

## 2) Share prices during the last six months

	June	July	August	September	October	November
Opening price (JPY)	2,129	1,840	2,164	2,109	2,457	2,900
High price (JPY)	2,328	2,226	2,497	2,984	2,994	3,315
Low price (JPY)	1,422	1,761	2,047	1,969	2,363	2,779
Closing price (JPY)	1,863	2,184	2,159	2,484	2,938	3,115

Note: Share prices for November are as of November 16, 2022.

## 3) Share price on the day before the resolution date of the issuance

	November 16, 2022
Opening price (JPY)	3,080
High price (JPY)	3,145
Low price (JPY)	3,015
Closing price (JPY)	3,115

## (4) Equity finance during the last three years

Equity finance in the past three years not applicable.

## Terms and Conditions for Issuance of Stock Acquisition Rights No.15

### 1. Number of Stock Acquisition Rights

1,675 rights

The total number of shares to be issued upon exercise of the Stock Acquisition Rights shall be 167,500 shares of common stock of the Company. In the event that the number of shares to be issued upon exercise of the Stock Acquisition Rights is adjusted pursuant to 3(1) below, the number shall be obtained by multiplying the number of shares granted after adjustment by the number of Stock Acquisition Rights.

### 2. Amount to be paid in exchange for Stock Acquisition Rights

The issue price shall be 7,800 yen per Stock Acquisition Right.

This amount was determined based on the results of a Monte Carlo simulation, which is a general option pricing model, calculated by PLUTUS CONSULTING Co., Ltd., a third-party valuation institution, taking into consideration the stock price and other factors of the Company.

### 3. Details of Stock Acquisition Rights

#### (1) Class and number of shares to be issued upon exercise of the Stock Acquisition Rights

The number of shares to be issued upon exercise of each Stock Acquisition Right (hereinafter referred to as the "Number of Shares Granted") shall be one hundred (100) shares of common stock of the Company.

The Number of Shares Granted shall be adjusted according to the following formula in the event that the Company conducts a stock split (including the gratis allotment of common stock of the Company; the same shall apply hereinafter) or a stock consolidation after the allotment date of the Stock Acquisition Rights.

However, such adjustment shall be made only with respect to the number of shares underlying the Stock Acquisition Rights that have not been exercised at the time of such adjustment, and any fraction less than one share arising from the adjustment shall be rounded down.

Number of Shares Granted after adjustment =

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

In addition, the Number of Shares Granted shall be adjusted appropriately to a reasonable extent if, after the allotment date of the Stock Acquisition Rights, the Company conducts a merger, company split, share exchange, or share issuance that require adjustment of the Number of Shares Granted.

#### (2) Value or calculation method of assets to be contributed upon exercise of Stock Acquisition Rights

The value of the assets to be contributed upon exercise of the Stock Acquisition Rights shall be the amount obtained by multiplying the amount to be paid per share (hereinafter referred to as the "Exercise Price") by the Number of Shares Granted.

The Exercise Price shall be 3,115 yen.

In the event that the Company conducts a stock split or a stock consolidation, after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen arising from the adjustment shall be rounded up.

Exercise Price after adjustment =

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

After the allotment date of the Stock Acquisition Rights, in the event that the Company issues new shares or disposes of its treasury shares of the Company's common stock at a price below the market price (excluding the case of issuance of new shares or disposal of treasury shares upon exercise of Stock Acquisition Rights, and issuance of new shares or disposal of treasury shares through merger, company split, share exchange and share issuance), the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen arising from the adjustment shall be rounded up.

The "market price" shall mean the average of the daily closing price of the Company's common stock in regular trading on a financial instruments exchange during the 30 trading days commencing on the 45th trading day preceding the day on which the exercise price after adjustment is applied (excluding days without a closing price). The average shall be calculated to the second decimal place and rounded down.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of new shares to be issued} \times \text{Amount to be paid per Share}}{\text{Quotation per share before issuance}}}{\text{Number of outstanding shares} + \text{Number of new shares to be issued}}}{1}$$

In the formula above, the "Number of outstanding shares" shall be the number calculated by subtracting the number of treasury shares of common stock of the Company from the number of shares of common stock of the Company already issued, and in the event of disposal of treasury shares of common stock of the Company, the "Number of new shares to be issued" shall be replaced by the "Number of treasury shares to be disposed of."

In addition to the above, the Exercise Price shall be appropriately adjusted to the reasonable extent in the event that, after the allotment date of the Stock Acquisition Rights, the Company conducts a merger or company split, or other similar events that require adjustment of the Exercise Price.

(3) Period during which the Stock Acquisition Rights are exercisable

The period during which the Stock Acquisition Rights are exercisable (hereinafter referred to as the "Exercise Period") is from November 1, 2023 to December 5, 2027.

(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 increase in the capital, etc. to be calculated pursuant to Article 17, paragraph 1 of the Ordinance on Accounting of Companies, with any amount less than one yen arising from the calculation to be rounded up.
- (ii) The amount of capital reserve to be increased in the event of issuance of shares upon exercise of Stock Acquisition Rights shall be the amount obtained by subtracting the amount of increase in capital as specified in (i) above from the maximum amount of increase in capital, etc. as stated in (i) above.

(5) Restriction on acquisition of Stock Acquisition Rights through transfer

Any acquisition of the Stock Acquisition Rights through transfer shall require approval by resolution of the Board of Directors of the Company

(6) Conditions for exercising the Stock Acquisition Rights

- (i) A person who has been allotted the Stock Acquisition Rights (hereinafter referred to as the "Stock Acquisition Rights Holder") may exercise thereafter the number of Stock Acquisition Rights equivalent to each predetermined rate of the Stock Acquisition Rights allotted to each holder (the "Exercisable Rate") only when the Adjusted EBITDA calculated from the consolidated profit and loss statement (non-consolidated, if not prepared) and the consolidated cash flow statement (non-consolidated cash flow statement, if not prepared) achieves each condition below.

(a) When the Adjusted EBITDA exceeds 2.8 billion yen in the fiscal year beginning August 1, 2022 and ending July 31, 2023 or fiscal year beginning August 1, 2023 and ending July 31, 2024, the Exercisable Rate shall be 50%

(b) When the Adjusted EBITDA exceeds 4.0 billion yen in the fiscal year beginning August 1, 2023 and ending July 31, 2024 or fiscal year beginning August 1, 2024 and ending July 31, 2025, the Exercisable Rate shall be 50%

Adjusted EBITDA herein shall refer to Operating Profit(J-GAAP) + Depreciation + Amortization of goodwill + Stock compensation expenses. If the Board of Directors of the Company determines that it is not appropriate to use the actual figures reported in the consolidated profit and loss statement and the consolidated cash flow statement during the above period due to the occurrence of changes in applicable accounting standards or a large-scale company acquisition, etc., with a significant impact on the Company's business performance, the Company may eliminate the impact of such company

acquisition, etc. within a reasonable extent and adjust the actual figures used for determination.

- (ii) Stock Acquisition Rights Holders must be directors, auditors, employees, or advisors of the Company or its affiliates at the time of exercising their Stock Acquisition Rights. However, this shall not apply in cases where the Board of Directors of the Company recognizes that there is a justifiable reason such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, or other reasons.
- (iii) Exercise of the Stock Acquisition Right by the heirs of the Stock Acquisition Right Holders is not permitted.
- (iv) If the exercise of the Stock Acquisition Rights causes the total number of issued shares of the Company to exceed its total number of authorized shares, such Stock Acquisition Rights may not be exercised.
- (v) Each Stock Acquisition Right may not be exercised for less than one Stock Acquisition Right.

#### 4. Allotment date of Stock Acquisition Rights

December 6, 2022

#### 5. Acquisition of Stock Acquisition Rights

- (1) In the event that the General Meeting of Shareholders (or the Board of Directors Resolution if no approval is required by the General Meeting of Shareholders) approves a merger agreement, a split agreement, a split plan, a share exchange agreement, or a share transfer plan and the Company becomes a dissolved company, a split company, or a wholly owned subsidiary, the Company may acquire all of the Stock Acquisition Rights without any charge upon the arrival of a date separately specified by its Board of Directors.
- (2) In the event that the exercise of the Stock Acquisition Rights becomes impossible pursuant to the provisions of 3(6) above prior to the exercise by the Stock Acquisition Rights holder, the Company may acquire the Stock Acquisition Rights without any charge upon the arrival of a date separately specified by its Board of Directors.

#### 6. Handling of Stock Acquisition Rights upon the Act of Structural Reorganization

In case the Company conducts a merger (limited to the case where the Company is dissolved as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as "Act of Structural Reorganization"), the Stock Acquisition Rights of the Stock Company listed in Article 236(1)(viii)(a) to (e) of the Companies Act (hereinafter referred to as the "Reorganized Company") shall be delivered to the Stock Acquisition Rights holder on the effective date of the Act of Structural Reorganization in each case according to the following conditions. However, this shall be limited to the cases where it is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that Stock Acquisition Rights of the Reorganized Company shall be delivered in accordance with the following conditions.

- (1) Number of Stock Acquisition Rights of the Reorganized Company to be delivered  
The same as the number of Stock Acquisition Rights held by the Stock Acquisition Rights holder shall be delivered respectively.
- (2) Class of shares of the Reorganized Company to be issued upon exercise of Stock 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 exercise of Stock Acquisition Rights  
Shall be determined in accordance with 3(1) above based on the consideration of conditions of the Act of Structural Reorganization.
- (4) Amount of assets to be contributed upon exercise of Stock Acquisition Rights  
Shall be determined, based on the consideration of conditions of the Acts of Structural Reorganization, by multiplying the amount obtained after the reorganization by adjusting the Exercise Price in accordance with 3(2) above by the number of shares of the Reorganized Company to be issued upon exercise of the Stock Acquisition Rights as determined in accordance with 6(3) above.
- (5) Period during which Stock Acquisition Rights are exercisable

The period shall be from the commencement date of the Exercise Period stipulated in 3(3) above, or the effective date of the Acts of Structural Reorganization, whichever is later, until the expiry 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 the exercise of Stock Acquisition Rights

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

(7) Restriction on acquisition of Stock Acquisition Rights through transfer

Any acquisition of the Stock Acquisition Rights through transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions upon exercise of Stock Acquisition Rights

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

(9) Conditions and provisions for acquisition of Stock Acquisition Rights

To be determined in accordance with 5 above.

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

7. Matters concerning certificates of Stock Acquisition Rights

the Company shall not issue certificates of the Stock Acquisition Rights.

8. The due date for the payment in exchange for the Stock Acquisition Rights

December 6, 2022