

November 1, 2023

CyberAgent, Inc.
TSE: 4751
Susumu Fujita
Representative Director, CEO

Notice on Issuance of Stock Acquisition Rights as Stock Options

CyberAgent, Inc. (“CyberAgent”) announces that in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act, the Board of Directors resolved to submit a following proposal to the 26th Annual General Meeting of Shareholders to be held on December 8, 2023, at its meeting held today. The proposal includes i) issuance of the following stock acquisition rights as stock options to directors (excluding outside directors or Audit and Supervisory Committee members; the same applies after this) and employees of CyberAgent and its subsidiaries, ii) delegation of authority to determine the subscription requirements to the Board, and iii) approval for allocation of the stock acquisition rights to directors as remuneration other than cash under the provision of Article 361 of the Companies Act.

1. Reasons for issuing the stock acquisition rights on particularly favorable conditions

Since the value of the Stock Acquisition Rights is linked with the share price of the Company, the granting of the Stock Acquisition Rights will reflect the Company's medium to long-term performance to the remuneration of the Company's executives and employees. Thus, it will align the interests of shareholders and the Group's executives and employees, and further motivate the Group's executives and employees to contribute to improving our business performance and enable the Company to secure excellent human resources.

Since the Stock Acquisition Rights exercise period will begin at least four years after the date of allotment of the Stock Acquisition Rights, this will serve as an incentive to improve the medium to long-term business performance and increase the stock price until the start of the exercise period.

2. Outline of the issuance of the stock acquisition rights

(1) Persons to whom stock acquisition rights will be allotted

Directors and employees of the Company and the Company’s subsidiaries

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

Common stock of the Company: 735,000 shares. (735,000 shall be the maximum number)

However, if the Company splits its common stock (including allotment of its common stock without compensation; the same applies hereinafter) or consolidates its common stock, the number of shares to be issued upon exercise of such stock acquisition rights shall be adjusted according to the following formula, that such adjustment shall be made only to those remain unexercised or uncanceled at the time of such adjustment, and further, that if any fraction less than one share arises as a result of such adjustment, such fraction shall be discarded.

Number of shares after adjustment = Number of shares before adjustment x Ratio of split or consolidation

In addition, if the Company carries out a merger, a company split, share exchange, share transfer, etc. that makes it necessary to adjust the number of shares, the number of shares shall be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer, etc.

(3) Total number of stock acquisition rights to be issued

7,350 shall be the maximum number of stock acquisition rights.

One hundred shares shall be issued for each stock acquisition rights. However, that in the event of any adjustment in the number of shares stipulated in (2) above, the number of shares to be issued for the stock acquisition rights shall be adjusted.

(4) Cash payment for stock acquisition rights

No cash payment is required for stock acquisition rights.

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

It shall be an amount obtained by multiplying the price per share to be issued upon exercise of the stock acquisition rights, which shall be one yen, by the number of shares to be allotted.

(6) Exercise period of stock acquisition rights

It shall be six years from the date on which four years have passed since the issuance of the stock acquisition rights. If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

(7) Conditions etc. for exercise of stock acquisition rights

(i) Those who received the allotment of the issue of stock acquisition rights (hereinafter “Holders of stock acquisition rights”) shall remain directors or employees of the Company, or its subsidiaries or affiliates at the time of exercising such rights. However, that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances.

(ii) Stock acquisition rights shall not be inherited. However, that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances.

(8) Matters concerning increase in capital stock and capital reserve by issuing of shares upon exercise of stock acquisition rights

(i) Amount of increase in capital stock by issuing shares upon exercise of stock acquisition rights shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.

(ii) Amount of increase in capital reserve by issuing shares upon exercise of stock acquisition rights shall be the upper limit of capital stock increase as described in (i) above less the amount of increase in capital stock set out therein.

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

(i) In case that the proposal of amending the Articles of Incorporation for the Company to acquire all the shares of the Company or any merger agreement under which the Company is dissolved, or any absorption-type company split agreement or incorporation-type company split plan in which the Company will be a splitting company, or any share exchange agreement or share transfer plan in which the Company will be a wholly owned subsidiary of another company is approved at a General Shareholders' Meeting of the Company, the Company may acquire stock acquisition rights at the date specifically determined by the Board of Directors of the Company without any compensation therefor.

(ii) In case that Holders of stock acquisition rights ceases to accommodate the conditions of (7) (i) above before exercising stock acquisition rights, the Company may acquire such stock acquisition rights at the date specifically determined by the Board of Directors of the Company without any compensation therefor.

(10) Restriction on the acquisition of stock acquisition rights by transfer

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

(11) Treatment of stock acquisition rights in case of organizational restructuring of the Company

In the event the Company merges (limited to cases where the Company becomes a dissolving company), performs an absorption-type company split or an incorporation-type company split, or conducts a share exchange or a share transfer (hereinafter collectively "Organizational Restructuring"), stock acquisition rights of a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (hereinafter "Restructured Company") shall be delivered under the following conditions to Holders of stock acquisition rights remaining unexercised (hereinafter "Remaining stock acquisition rights") at the time

when Organizational Restructuring takes effect. In this case, the Remaining stock acquisition rights will lapse and the Restructured Company will issue new stock acquisition rights. However, the foregoing shall apply only to cases in which the delivery of stock acquisition rights of the Restructured Company according to the following conditions is stipulated in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.

(i) Number of stock acquisition rights of the Restructured Company to be delivered

The Restructured Company shall deliver stock acquisition rights, the number of which shall equal the number of stock acquisition rights held by the holder of the Remaining stock acquisition rights.

(ii) Class of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights
Shares of common stock of the Restructured Company

(iii) Number of shares of the Restructured Company to be issued upon the exercise of stock acquisition rights

To be decided according to (2) and (3) above after taking into consideration the conditions, etc. of the Organizational Restructuring.

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

The value of the assets to be contributed upon the exercise of each stock acquisition rights shall be decided according to (5) above after taking into consideration the conditions, etc. of the Organizational Restructuring.

(v) Exercise period of stock acquisition rights

Starting from the later of either the first date of the exercise period of stock acquisition rights as stipulated in (6) above, or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of Stock acquisition rights as stipulated in (6) above.

(vi) Matters concerning increase in capital stock and capital reserve to be increased by issuing of shares by the Restructured Company upon the exercise of stock acquisition rights

To be determined in accordance with (8) above.

(vii) Restriction on acquisition of stock acquisition rights by transfer

Acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Restructured Company (or by the majority decision of directors if such company is not a company with Board of Directors).

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

To be determined in accordance with (9) above.

(12) Rules pertaining to fractions of less than one share arising from the exercise of stock acquisition rights

Fractions of less than one share in the number of shares to be delivered to Holders of stock acquisition rights who exercised stock acquisition rights shall be discarded.

(13) Other details of stock acquisition rights

Other details of stock acquisition rights shall be determined by the meeting of the Board of Directors to determine conditions of the offer of stock acquisition rights.

3. Matters concerning remuneration for directors

The Company has established a policy to determine the remuneration of individual directors as stated in the Notice of Convocation of the 26th Annual General Meeting of Shareholders of the Company. The Company does not plan to revise this policy even if the proposal for the issuance of stock acquisition rights as stock options is approved at the meeting as originally proposed. The reason that the Company delivers above-mentioned stock acquisition rights to its directors as the compensation is as stated in 1. above. The contents of the said proposal are deemed appropriate in light of the above policy.

Out of above-mentioned stock acquisition rights, the Company delivers a maximum of 930 units for directors of the Company (of which zero units for outside directors).

The amount of stock acquisition rights to be delivered as part of the remuneration for directors of the Company, shall be calculated by multiplying the fair value of each stock acquisition rights calculated on the day when such rights are allotted, by the number of stock acquisition rights allotted to directors of the Company. The fair value of each stock acquisition rights shall be based on the fair unit price valuation calculated applying variables, including share price on the day when the stock acquisition rights are allotted and the conditions of stock acquisition rights, etc. using equity option pricing models such as Black-Scholes model.

At the 25th Annual General Meeting of Shareholders held on 9 December 2022, a resolution was passed to issue up to 1,352 stock acquisition rights as stock options to directors. The number of directors at the end of the relevant Annual General Meeting is three.

(Note) The issuance of the stock acquisition rights shall be subject to approval of the proposal at the 26th Annual General Meeting of shareholders scheduled to be held on December 8, 2023.