

April 8, 2024

To whom it may concern

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Notice of Issuance of Stock Options (Share Acquisition Rights) as Compensation

OPTEx GROUP Co., Ltd. (the “Company”) announces that at a Board of Directors meeting held on April 8, 2024, the Company resolved to offer share acquisition rights to the Directors of the Company and its subsidiaries as stock options as compensation (share acquisition rights) under the provisions of Articles of 236, 238 and 240 of the Companies Act. Details are as follows.

Details

1. Reason for issuing share acquisition rights as stock options as compensation

The Company will issue stock options as compensation for the Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) of the Company and the Directors (excluding Outside Directors, Auditors and Non-executive Directors) of its subsidiaries to share the benefits and risks of changes in the stock price and motivate the Directors to contribute to boosting results and enhancing corporate value in the long term.

2. Outline of issuance of share acquisition rights

(1) Name of share acquisition rights

OPTEx GROUP Co., Ltd.’s 9th series of share acquisition rights (stock compensation) 2024

(2) Persons to whom share acquisition rights are to be allotted, the number of persons to whom such rights are to be allotted, and the number of share acquisition rights to be allotted

3 Directors of the Company (excluding Outside Directors and Directors who are the Audit and Supervisory Committee Members); 99 stock acquisition rights

22 Directors of subsidiaries of the Company (excluding Outside Directors, Auditors and Non-executive Directors); 330 stock acquisition rights

(Note) The number of share acquisition rights to be allotted to the Company’s Directors includes the number of share acquisition rights to be allotted to Directors of subsidiaries who are also Directors of the Company. The number of Directors of the Company to whom share acquisition rights are to be allotted does not include the number of Directors of subsidiaries who are also Directors of the Company.

(3) Class and number of shares to be issued upon exercise of share acquisition rights

The class of shares to be issued upon the exercise of the share acquisition rights shall be the common stock of the Company, and the number of shares to be issued upon exercise of the share acquisition rights (the “Number of Shares Granted”) shall be 100 shares per share acquisition right.

After the date of the allotment of the share acquisition rights (the “Allotment Date”), if the Company conducts a stock split (including the gratis allotment of the Company’s common stock; hereinafter the same shall apply for any description of a stock split) or a reverse stock split of its common stock, the

Number of Shares Granted shall be adjusted for the share acquisition rights that have not been exercised at the time of the stock split or reverse stock split by the following calculation formula.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment
× Stock split ratio or reverse stock split ratio

In addition to the above, if unavoidable circumstances arise that require the adjustment of the Number of Shares Granted, the Company may adjust the Number of Shares Granted as deemed necessary by the Board of Directors of the Company.

Any fractions less than one (1) share resulting from the above adjustment shall be rounded down.

(4) Total number of share acquisition rights

429 shares.

The above total number of share acquisition rights is the number to be allotted. If it is reduced, such as when no subscriptions are made, the total number of share acquisition rights to be allotted shall be the total number of share acquisition rights issued.

(5) Amount to be paid in for share acquisition rights

The amount to be paid for each share acquisition right shall be the fair value of stock options per share calculated by the Black-Scholes model on the Allotment Date multiplied by the Number of Allotted Shares.

The amount to be paid by the person to whom share acquisition rights are allotted (“Stock Acquisition Rights Holder”) shall be offset by their compensation claims against the Company and its subsidiaries, and the acquisition shall not require that the Stock Acquisition Rights Holder pay money.

(6) Value of assets to be contributed upon exercise of share acquisition rights

The value of the property to be contributed when share acquisition rights are exercised shall be ¥1 for a share to be delivered at the time of exercise of the share acquisition rights multiplied by the number of shares to be granted.

(7) Exercise period of share acquisition rights

From April 26, 2024, to April 25, 2054

(8) Conditions for the exercise of share acquisition rights

- (i) If the Share Acquisition Rights Holder ceases to be a Director of the Company, and a Director of a subsidiary, if they are one, in the period set forth in (7), he may exercise all of his share acquisition rights in a single transaction within ten days (if the tenth day is a non-work day, by the next business day) of the day immediately following the day on which he ceases to be a Director.
- (ii) If the Share Acquisition Rights Holder dies, their heir may exercise all of the share acquisition rights in a single transaction.
- (iii) Other conditions shall be as set forth in the share acquisition right allotment agreement to be concluded between the Company and the Share Acquisition Rights Holders.

(9) Amount of share capital and legal capital surplus to be increased in the event of the issuance of shares upon the exercise of share acquisition rights

- (i) The amount of share capital to be increased due to the issuance of shares upon the exercise of the share acquisition rights shall be half of the maximum amount of increase in share capital, etc., that is calculated pursuant to Article 17, Paragraph 1 of the Corporate Accounting Rules, and any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest one (1) yen.
- (ii) The amount by which the legal capital surplus increases through the issuance of shares upon the exercise of share acquisition rights shall be the upper limit of the increase in the amounts of stated share capital and other items described in (I) above, less the increase in the amount of stated share capital set out in (i) above.

(10) Matters concerning the acquisition of share acquisition rights

- (i) In the event that the Share Acquisition Rights Holder is unable to exercise the share acquisition rights due to the provisions of (8) above or the share acquisition right allotment agreement before exercising the rights, the Company may acquire such share acquisition rights without consideration on a date separately determined by the Board of Directors of the Company.

- (ii) If any of the following proposals, a, b, c, d or e, are approved at a general meeting of shareholders of the Company (or approved by the Board of Directors of the Company if a resolution of a general meeting of shareholders is not required), the Company may acquire the share acquisition rights without consideration on a date separately determined by its Board of Directors of the Company.
 - a. Proposal for the approval of a merger agreement under which the Company is to be dissolved
 - b. Proposal for the approval of a company split agreement or company split plan under which the Company is to be split
 - c. Proposal for the approval of a stock exchange agreement or stock transfer plan under which the Company is to become a wholly owned subsidiary
 - d. Proposal for the approval of a change to the Company's Articles of Incorporation to establish provisions concerning the requirement for the Company's approval regarding the acquisition of all outstanding shares of stock through a transfer
 - e. Proposal for the approval of a change to the Company's Articles of Incorporation to establish provisions concerning a requirement for the Company's approval regarding the acquisition through a transfer of shares issued upon the exercise of these stock options or concerning the acquisition by the Company of all shares issued upon the exercise of stock options by resolution of the Company's General Meeting of Shareholders.

- (11) Restriction on transfer of share acquisition rights

The acquisition of share acquisition rights by transfer shall require the approval of the Company's Board of Directors.

- (12) Handling of share acquisition rights at the time of organizational restructuring

If the Company engages in a merger (only if the Company ceases to exist after the merger), absorption-type company split or incorporation-type company split (in each case only if the Company is the split company), or a stock exchange or stock transfer (in each case only if the Company becomes a wholly-owned subsidiary) (hereinafter collectively referred to as "Reorganization Actions"), the Company shall deliver to Share Acquisition Right Holders who hold any share acquisition rights remaining (hereinafter referred to as the "Remaining Share Acquisition Rights") directly before the effective date of the Reorganization Actions (effective date of absorption-type merger in case of absorption type merger, date of incorporation of joint stock company established by consolidation-type merger in case of consolidation-type merger; effective date of absorption-type split in case of absorption-type split; date of incorporation of company established by incorporation-type split in case of incorporation-type split; effective date of stock exchange in case of stock exchange; or date of incorporation of parent company established by stock transfer in case of stock transfer; the same applies hereinafter) the share acquisition rights of the relevant stock companies listed in Article 236, paragraph 1, No.8 -(a) through (e) of the Companies Act (hereinafter referred to as the "Reorganized Company"). Provided, however, that the foregoing shall be on the condition that the allotment of such share acquisition rights by the Reorganized Company in accordance with each of the following items 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 share exchange agreement or a share transfer plan.

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

The Number of share acquisition rights shall be the same as the number of remaining share acquisition rights held by the Share Acquisition Rights Holders
 - (ii) Class of shares of the Reorganized Company to be issued upon exercise of share acquisition rights

Common shares of the Reorganized Company
 - (iii) Number of shares of the Reorganized Company to be issued upon exercise of share acquisition rights

It shall be determined in accordance with (3) above, taking into consideration the terms and conditions of the Reorganization Actions.
 - (iv) Value of assets to be contributed upon exercise of the share acquisition rights

The value of the property to be contributed when a delivered share acquisition right is exercised shall be calculated by multiplying the exercise price after reorganization set out below by the number of shares in the Reorganized Company underlying the share acquisition right that is determined in (iii) above. The exercise price after reorganization shall be ¥1 per share in the Reorganized Company that can be delivered upon exercise of delivered share acquisition rights.

- (v) Exercise period of share acquisition rights
The period shall commence on either the commencement date of the period during which the share acquisition rights may be exercised as provided for in (7) above or the effective date of the Reorganization Actions, whichever is later, and end on the expiration date of the period during which the share acquisition rights may be exercised as provided for in (7) above.
 - (vi) Matters concerning increase in capital and capital reserve upon issuance of shares through the exercise of share acquisition rights
It shall be determined in accordance with (9) above.
 - (vii) Restriction on acquisition of share acquisition rights by transfer
Any acquisition of share acquisition rights by transfer shall be subject to approval by resolution of the Board of Directors of the Reorganized Company.
 - (viii) Conditions for the exercise of share acquisition rights
They shall be determined in accordance with (8) above.
 - (ix) Acquisition terms of share acquisition rights
They shall be determined in accordance with (10) above.
- (13) Arrangement for any fractional shares less than one (1) share arising from the exercise of share acquisition rights
When there are any fractional shares in the number of shares to be delivered to Share Acquisition Right Holders who exercise share acquisition rights, such fractional shares shall be rounded down.
- (14) Allotment Date of share acquisition rights
April 25, 2024
- (15) Share Acquisition Rights Certificates
No share acquisition rights certificates for share acquisition rights shall be issued.

End.