

May 14, 2021

Company Name: COPRO-HOLDINGS. Co., Ltd.

Chief Executive Officer: Kosuke Kiyokawa

(Stock code: 7059, TSE 1st section, NSE 1st section)

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Notice of Issuance of Stock Options (share acquisition rights) to Employees

COPRO-HOLDINGS. Co., Ltd. (the “Company”) hereby announces that at the meeting of the Board of Directors held on May 14, 2021, the Company resolved to issue share acquisition rights as stock options to the employees in section chief and above of the Company and its subsidiary, COPRO-ENGINEERD. Co., Ltd., in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act, under the following conditions.

I . Purpose of issuing share acquisition rights

In order to provide incentives for achieving our financial result goals and contributing to divisional goals, to train and strengthen management through long-term retention, and to motivate employees to contribute to the sustainable growth of our group, we will issue this share acquisition rights (share acquisition rights issued pursuant to this Issue Guideline, the same hereafter) to us and to employees of our subsidiary, COPRO-ENGINEERD. Co., Ltd., section chief and above.

II . Issuance of share acquisition rights procedure

1. Name of share acquisition rights

COPRO-HOLDINGS. Co., Ltd. Third share acquisition rights

2. The number of persons to whom share acquisition rights will be allocated and the number of such persons and the number of share acquisition rights to be allocated

COPRO-HOLDINGS. Co., Ltd. 22 employees 72,000 pieces

COPRO-ENGINEERD. Co., Ltd. 39 employees 132,000 pieces

3. Total number of share acquisition rights

Share acquisition rights number shall be 204,000.

Provided, however, that in the event the total number of applications for subscription falls short of the total number stated above, the total number of share acquisition rights to be allocated shall be the total number of such share acquisition rights to be issued.

4. The classes and the number of shares subject to share acquisition rights

The class of Shares contemplated by this share acquisition rights shall be our Common Shares, and the number of Shares contemplated per share acquisition rights (hereinafter referred to as the "Granted Shares") shall be 2 (the total number of Shares contemplated by this share acquisition rights as a whole shall not exceed 408,000 Shares initially).

Provided, however, that in the event that we carry out a share split (including the gratuitous

allotment of shares, the same shall apply hereinafter) or share consolidation of our common shares after the date of the resolution to issue at our Board of Directors (hereinafter referred to as the "Issue Resolution Date"), the number of granted shares shall be adjusted according to the following formula with respect to share acquisition rights which has not been exercised at the time of such share split or share consolidation, and any fraction less than 1 share resulting from such adjustment shall be discarded.

$$\begin{aligned} &\text{Number of shares granted after adjustment} \\ &= \text{Number of shares granted before adjustment} \\ &\times \text{Ratio of stock split or consolidation} \end{aligned}$$

In addition, in the event that we reduce the amount of merger, company split or share capital after the resolution date of issuance other in the event the number of granted shares needs to be adjusted in the same manner as in such cases, the number of granted shares shall be appropriately adjusted to the extent reasonable.

5. Amount to Be Paid In for share acquisition rights

No money shall be required to be paid in exchange for this share acquisition rights.

Share acquisition rights is granted as incentive compensation and does not require payment of money, which does not constitute a favorable issue.

6. The value of the property to be contributed at the time of exercise of share acquisition rights

The value of the property to be contributed in connection with this exercise of share acquisition rights shall be the amount obtained by multiplying the amount to be paid per share (hereinafter referred to as the "Exercise Price") to be delivered by this exercise of share acquisition rights by the number of granted shares.

The exercise price shall be the higher of 1,272 yen, which is the closing price of our common stock on the Tokyo Stock Exchange on the day before the resolution of the Board of Directors meeting held today to decide on the matters to be offered by share acquisition rights, and the closing price of our common stock on the Tokyo Stock Exchange on the allocation resolution date of share acquisition rights (the "Allocation Resolution Date") set forth in 14. below (if no transactions are completed, the closing price on the latest day prior to that).

In the event that we conduct a share split or consolidation of shares of our common stock after the resolution for allotment, the exercise price shall be adjusted according to the following formula, and any fraction less than 1 yen arising from the adjustment shall be rounded up.

Exercise price after the adjustment

$$= \text{Exercise price before the adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

In addition, if we make a issuance of new shares or disposal of treasury shares on our common shares at a price below market value after the allocation resolution date (except in the case of issuance of new shares and disposal of treasury shares under exercise of share acquisition rights and treasury shares transfers through share exchanges), we will adjust the exercise price by the following formula, and any fraction less than 1 yen arising from the adjustment shall be rounded up.

Exercise price after the adjustment = Exercise price before the adjustment

$$\times \frac{\text{Number of issued stocks} + \frac{\text{Number of newly issued shares} \times \text{Subscription price per share}}{\text{Market value prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

In the above formula, "number of outstanding shares" shall be the number of outstanding shares of our common stock at the time immediately prior to such issuance of new shares or disposal of treasury shares less the number of treasury shares associated with the common stock held by us, and if we make an disposal of treasury shares relating to our common stock, the "number of newly issued shares" shall be replaced by the "treasury shares number to be disposed" and the "market value prior to new issuance" shall be replaced by the "market value prior to treasury shares disposition."

In addition to the foregoing, in the event that we reduce the amount of merger, demerger or share capital after the date of the resolution on allotment other in the event that such adjustment is required, the exercise price shall be appropriately adjusted to the extent reasonable.

7. Term of exercise of share acquisition rights

The period during which this share acquisition rights may be exercised (the "Exercise Period") shall commence on May 15, 2023, and end on May 14, 2031. Provided, however, that in the event the first or last day of the Exercise Period falls on our day off, the next Business Day shall be the first day of the Exercise Period and the preceding Business Day shall be the last day of the Exercise Period.

8. Matters concerning the increased share capital and legal capital surplus in cases where shares are issued by exercise of share acquisition rights

(1) The amount of share capital to be increased in the event of the issuance of shares under this exercise of share acquisition rights shall be one-half of the maximum increase in share capital calculated in accordance with the provisions of Paragraph 1 of Article 17 of the Corporate Accounting Regulations, and any fraction less than 1 yen resulting from the calculation shall be rounded up to the nearest 1 yen.

(2) The amount of legal capital surplus to be increased in the event of the issuance of Shares under this exercise of share acquisition rights shall be the amount obtained by subtracting the increased amount of share capital as set forth in (1) above from the increase limit amount of share capital as set forth in (1) above.

9. Matters concerning purchase of share acquisition rights

(1) Share acquisition rights issued to such Subject Person by a resolution of our Board of Directors may be obtained free of charge if exercise of share acquisition rights no longer meets the terms of this.

(2) If a proposal to approve a merger agreement in which we become an extinguishment company or a proposal to approve a share-for-share exchange agreement or a share transfer plan in which we become a wholly-owned subsidiary has been approved at a general meeting of shareholders, this share acquisition rights may be obtained free of charge by a resolution of the Board of Directors of us.

(3) If share acquisition rights waives this share acquisition rights in whole or in part, such share acquisition rights may be obtained free of charge by a resolution of our Board of Directors.

10. Restrictions on Transfer of share acquisition rights

This purchase of share acquisition rights by assignment shall be subject to approval by a resolution of our Board of Directors.

11. Terms of exercise of share acquisition rights

(1) The person to whom this share acquisition rights is allocated shall be required to hold the post of Section Chief or higher of us or our subsidiary on the first day of the exercise term (May 15, 2023).

(2) Notwithstanding the provisions of the preceding paragraph, the person to whom share acquisition rights is allocated may exercise this share acquisition rights in the event of any of the following.

- ① When he is appointed as a director or corporate auditor of us or our subsidiary.
- ② Mandatory Retirement other When our Board of Directors ceases to hold a position beyond the position of Section Chief of Us or Our Subsidiaries for such reason as it deems justifiable.
- (3)The number of share acquisition rights that can be exercised shall be determined according to the following formula (hereinafter, the number of share acquisition rights calculated according to the applicable formula shall be referred to as the "number of exercisable share acquisition rights").

Share acquisition rights exercisable

$$= \text{Percentage of shares exercisable during the period of service} \\ \times \text{Percentage of shares exercisable through valuation}$$

Exercisable Percentage over the service period

$$= \frac{\text{Number of months in which the person who received the allocation of the relevant share acquisition rights held a position of section chief or higher between April 2021 and March 2023}}{24 \text{ months}}$$

$$\text{Exercisable Percentage from Valuation} = S : 100\%, A : 80\%, B : 60\%, C : 40\%, D : 20\%$$

- ※ The assessment for share acquisition rights will be based on the assessment of the performance of share acquisition rights from April 2021 to March 2022, and will be determined by the first day of the term (May 15, 2023) during which share acquisition rights may be exercised by our Board of Directors.

- (4)The number of Exercisable share acquisition rights which may be exercised at such time shall be determined as provided below. Provided, however, that any fraction of less than one of the number of share acquisition rights exercisable shall be rounded off.

	Time of exercise	The number of share acquisition rights exercisable at such time
(A)	May 15, 2023- May 14, 2024	Up to 25% of the exercisable share acquisition rights
(B)	May 15, 2024- May 14, 2025	Up to 50% of the number of exercisable share acquisition rights together with share acquisition rights exercised during the period described in (A) above
(C)	May 15, 2025- May 14, 2026	Up to 75% of the Exercisable share acquisition rights in conjunction with share acquisition rights exercised during the periods set forth in (A) and (B) above
(D)	From May 15, 2026	Up to 100% of the total number of share acquisition rights exercisable together with share acquisition rights exercised during the periods set forth in (A), (B) and (C) above

- (5)The terms of other shall be governed by the provisions of share acquisition rights Allotment Agreement to be entered into by and between us and the person to whom this share acquisition rights is allocated pursuant to a resolution of our Board of Directors.

12. Fractional processing less than 1 share

Any fraction less than 1 share in the number of shares to be delivered to share acquisition rights who exercised this share acquisition rights shall be discarded.

13. Handling of share acquisition rights at the time of organizational restructuring

In the event of a merger (limited to cases where the Company ceases to exist as a result of a merger), absorption-type demerger, incorporation-type demerger, share exchange or share transfer (hereinafter collectively referred to as the "Organizational Restructuring Acts"), share acquisition rights of the Stock Company set forth in Article 236(1)(viii) (a) to (e) of the Companies Act (hereinafter collectively referred to as the "Organizational Restructuring Companies") shall be delivered respectively to the persons who share acquisition rights the Companies remaining at the effective time of the Organizational Restructuring Acts. Provided, however, that this shall be limited to cases where the fact that share acquisition rights of the Company Subject to Realignment will be delivered and the proportion thereof are provided for in the Absorption-type Merger Agreement, the Incorporation-type Merger Agreement, the Absorption-type Company Split Agreement, the Incorporation-type Company Split Plan, the Share Exchange Agreement, or the Share Transfer Plan.

14. Resolution Date for Allotment of share acquisition rights

Jun 10, 2021

15. Share acquisition rights allocation date

Jun 11, 2021

16. Share acquisition rights matters concerning securities

No share acquisition rights policy pertaining to this share acquisition rights is issued.

17. The Board of Directors of other shall be entrusted with the solicitation of persons to subscribe for share acquisition rights, issuance of share acquisition rights and the determination of the matters required for the acquisitions.

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