KANAMIC NETWORK

July 15, 2021

To Whom it May Concern:

Company Name: Kanamic Network Co., Ltd.
Representative: President & Representative Director, Takuma Yamamoto
(Securities Code: 3939, TSE First Section)
Contact Point: General Manager, Administration Department, Kenya Wakabayashi
（TEL. 03-5798-3955）

Announcement regarding the issuance of convertible bonds maturing 2026 and the issuance of moving strike warrants

The Company announces that at the meeting of the Board of Directors held on July 15, 2021, it resolved to issue the following by way of third-party allotment:

1. [Kanamic Network Co., LTD. 1st series Unsecured Convertible Bonds with Stock Acquisition Rights (with inter-bond pari passu clause) with 120% soft call provision] (maturity: 2026, aggregate face value: 2 billion yen, hereinafter referred to as “Bonds with Stock Acquisition Rights”, with the bonds thereof referred to as “Bonds”)

2. [Kanamic Network Co., LTD 3rd series Stock Acquisition Rights (Moving Strike Warrant)] (hereinafter referred to as “Stock Acquisition Rights”)

１. Overview of the allotment

＜Overview of the Bonds with Stock Acquisition Rights＞

（1）	Date of allotment	August 4, 2021
（2）	Total number of acquisition rights	20
（3）	Amount paid-in for the bonds and stock acquisition rights	Bonds: The amount paid-in will be JPY 100,200,000 per JPY 100,000,000 in face value (JPY 100.2 per JPY 100 in face value of each bond). However, on either July 19, 2021 or July 20, 2021, the Company will determine the final terms for the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights in consideration of various circumstances such as stock price fluctuations. On the day when the terms are decided (hereinafter referred to as the "term-setting date") a valuation will be performed again using the same method as described below (see“5. Rationality of the issuance terms (1) Basis for the calculation of the amount to be paid in and the details thereof <Bonds with Stock Acquisition Rights> "); and if the lower limit of the valuation range is calculated to be above 100.2 yen per face value of 100 yen, then the lower limit of the valuation range resulting from the recalculation will be taken as the amount to be paid-in for the Bonds with Stock Acquisition Rights. Acquisition Rights: No monetary payment is required in exchange for stock acquisition rights.
（4）	Number of potential shares upon issuance	2,370,229 Shares (1) The number of potential shares mentioned above is the expected number as of today. This assumes that the initial conversion price of the Bonds with Stock Acquisition Rights will be equal to 843.8 yen, which is equivalent to 135% of the closing price of 625 yen of the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on July 14, 2021 (rounded up to one decimal place) and assumes that the entirety of the Bonds with Stock Acquisition Rights are

		converted at this initial conversion price. That said, because the initial conversion price will be finalized on the "terms-setting date", the actual number of potential shares may differ from the above estimated number. The initial conversion price of the Bonds with Stock Acquisition Rights will be set to 135% of either the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on July 15, 2021 (hereinafter, the "issuance resolution date") or the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the "terms-setting date", whichever is higher. (2) There is no maximum conversion price (3) The minimum conversion price of the Bonds with Stock Acquisition Rights shall be the same as the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the "issuance resolution date". If the minimum conversion price of the Bonds with Stock Acquisition Rights was assumed to be to be equivalent to the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the trading day immediately before the "issuance resolution date", that being 625 yen, and it is assumed that the entirety of the Bonds with Stock Acquisition Rights are converted at this minimum conversion price, then the number of shares that would be delivered is 3,200,000 shares
（5）	Amount of funds to be procured	JPY 2,004,000,000 （*）
（6）	Conversion price	Initial conversion price JPY 843.8 (1) This is the current estimate as of today, using an amount equivalent to 135% of the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the trading day immediately before the "issuance resolution date". That said, Because the initial conversion price will be finalized on the "terms-setting date", the actual initial conversion price may differ from the number estimated above. The initial conversion price of the Bonds with Stock Acquisition Rights will initially be set to 135% or more of either the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the "issuance resolution date" or the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the "terms-setting date", whichever is higher. (2) As stated in the Issuance Terms for the Bonds with Stock Acquisition Rights, Paragraph 12-Item (6)-④, there is a possibility that the conversion price may be revised downward (only once). However, if the post-revision conversion price is below the minimum conversion price, then the minimum conversion price shall be taken as the conversion price.
（7）	Allotment method	Third Party Allotment
（8）	Scheduled allottee	Credit Suisse Securities Co., Ltd. (hereinafter referred to as the "scheduled allottee")
（9）	Interest rate and due date for redemption	Interest rate：0.00％ Due Date for Redemption：August 4, 2026
（10）	Redemption price	JPY 100,000,000 per JPY 100,000,000 in face value
（11）	Other	● The preceding items shall be contingent upon a filing pursuant to the Financial Instruments and Exchange Law taking effect. ● There is a 120% soft call provision attached allowing the Company to force redemption of the bond from September 4, 2023 onward. ● There is a put option provision allowing the holder of the Bonds with

	Stock Acquisition Rights (hereinafter referred to as the “Bondholder”) to force redemption on August 5, 2024. ● After the filing pursuant to the Financial Instruments and Exchange Law comes into effect, the Company expects to enter a third-party allotment agreement pertaining to the Bonds with Stock Acquisition Rights with the scheduled allottee. ● The Company has been informed by the scheduled allottee that after the scheduled allottee has been issued the Bonds with Stock Acquisition Rights by third-party allotment, they may hold them for trading purposes, and they may repackage them, allowing the equity option portion to be distributed separately from the bond portion.

(*) The amount of funds to be procured is an estimation of the total amount to be paid in for the bonds, but in the above estimation, it is assumed that the bond will be issued at 100.2 yen per 100 yen of face value. However, the pay-in amount for the Bonds will not be finalized until the “term-setting date”.

＜Overview of the Stock Acquisition Rights＞

(1)	Date of allotment	August 4, 2021
(2)	Number of stock acquisition rights	48,000
(3)	Issue price of the Stock Acquisition Rights	93 yen per stock acquisition right (total amount of 4,464,000 yen) However, if the valuation performed, as described below (in “5. Rationality of the issuance terms (1) Basis for the calculation of the amount to be paid in and the details thereof < Stock Acquisition Rights> ”), on the “term-setting date” yields a valuation that is above 93 yen per stock acquisition right, then the valuation from the calculation performed on the “term-setting date” will be taken as the issue price of the Stock Acquisition Rights. The issue price total amount is equivalent to the amount per stock acquisition right multiplied by the total number of stock acquisition rights(48,000).
(4)	Number of potential shares upon issuance	Number of potential shares: 4,800,000 (100 hundred shares per acquisition right) There is no maximum exercise price The minimum exercise price of the Stock Acquisition Rights shall be the same as the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange today. Even at the minimum exercise price, the number of potential shares is 4,800,000.
(5)	Amount of funds to be procured	2,984,464,000 yen
(6)	Exercise price and conditions of moving strike	The initial exercise price shall be equal to the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the “terms-setting date” (or, if no closing price is quoted, the closing price of the immediately preceding trading day) or the minimum exercise price, whichever is higher. Whenever Stock Acquisition Rights are exercised、the exercise price shall be revised to an amount equivalent to 93%, (calculation shall be made to the second decimal place, then rounded up to one decimal place), of the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the trade date immediately preceding the effective date of the exercise request (or, if no closing price is quoted on that date, the closing price of the date immediately preceding that). If, however, this revised exercise price falls below the minimum exercise price, the exercise price shall become the minimum exercise price.
(7)	Method of Allotment	Third Party Allotment
(8)	Scheduled allottee	Credit Suisse Securities Co., Ltd. (hereinafter referred to as the "scheduled allottee")
(9)	Restrictions on Exercise	The Company expects to agree to the following pertaining to the Stock Acquisition Rights in the third-party allotment agreement that will be

	executed between the scheduled allottee and the Company. ・Restrictions on exercising stock acquisition options Except in the case of the prescribed exemptions, the scheduled allotee shall not exercise Stock Acquisition Rights such that the total number of common shares of the Company to be acquired by exercise thereof within any calendar month exceeds 10% of the number of the listed shares of the Company as of August 4, 2021 (hereinafter termed “excessive exercise”). Before exercising Stock Acquisition Rights, the scheduled allottee shall confirm with the Company in advance to ensure that the said exercise of Stock Acquisition Rights would not result in “excessive exercise”, and the Company, in the event of receiving such a confirmation request from the scheduled allottee, shall reply immediately. The Company shall also not allow any others (apart from the scheduled allotee) who own market value-linked stock acquisition rights, etc. issued by the Company to commit excessive exercise.
(10) Other	● The preceding items shall be contingent upon a filing pursuant to the Financial Instruments and Exchange Law taking effect. ● After the filing pursuant to the Financial Instruments and Exchange Law comes into effect, the Company expects to enter a third-party allotment agreement pertaining to stock acquisition rights with the scheduled allottee and to agree to the following: ・At its discretion, the Company has the right to specify a period during which all or part of the stock acquisition rights cannot be exercised (hereinafter referred to as "suspension designation"). In addition, the Company shall be able to lift the suspension designation at any time. ・The scheduled allottee may not transfer the stock acquisition rights without the approval of the Board of Directors of the Company. For details see "2. Purpose and Reason for Offering (2) Product details for the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights <Stock Acquisition Rights>" below.

(*) The amount of funds to be procured is calculated by first summing the aggregate amount paid-in for the Stock Acquisition Rights and the total value of assets to be contributed upon exercise of the Stock Acquisition Rights and then from this amount subtracting the estimated amount of issuance expenses incurred in relation to the Stock Acquisition Rights. The aggregate amount paid-in above is the estimated amount that was calculated based on the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the trading day immediately before the day that the Board of Directors adopted the resolution regarding the issuance (hereinafter, the “issuance resolution date”). Also, the total value of assets to be contributed upon exercise of the stock acquisition rights assumes that the initial exercise price will be the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the trading day immediately before the issuance resolution date and that all stock acquisition rights are exercised at the initial exercise price. However, the final determination of the amount paid-in and the initial exercise price of the stock acquisition rights will occur on the “terms-setting date”. Also, if the exercise price is revised or adjusted, the amount of funds to be procured will increase or decrease. Also, if stock acquisition rights are not exercised within their exercise period, or if the Company cancels stock acquisition rights that it acquires, the above amount of funds to be procured will decrease.

※Reason for waiting a certain period of time before determining the final terms pertaining to the bonds with stock acquisition rights.

The Company announced today that it will acquire treasury stock (hereinafter referred to as "Acquisition of Treasury Stock"), and this may affect the Company's stock price from today onward. Supposing that the stock price was to rise due to that announcement, then there is a risk that by failing to reflect this price rise in the terms of issuance for the bonds with stock acquisition rights, a discrepancy between the terms of issuance and the actual value of the bonds with stock acquisition rights could arise at the time of issuance. Therefore, to allow the terms of issuance to be determined after the impact of the announcement has already been factored into the stock price, the “term-setting date” is set to fall after a certain amount of time has passed.

That said, if the pay-in amount were to fall due to a decline in the stock price, this would harm the interest of existing shareholders, and therefore, it has been judged appropriate that the valuation first be performed on the “issuance resolution date” and that if the lower limit of the valuation range calculated on the “term-setting date” should fall below this initial valuation, that the amount calculated on the “issuance resolution date” shall be used as the pay-in amount. That is, the amount to be paid in for the Bonds with Stock Acquisition Rights will be determined based on the higher of the value of the Bonds with Stock Acquisition Rights at the time that the Board of Directors adopts the resolution regarding the issuance and the the time of the “term-setting” for the issuance. Thus, no changes to the amount to be paid-in for the Bonds with Stock Acquisition Rights that would be detrimental to the Company will be made.

For details on the acquisition of treasury stock, please refer to the press release announced separately today titled “Notice Regarding the Acquisition of Treasury Stock and Purchase of Treasury Stock by Off-Auction Own Share Repurchase Trading (ToSTNeT-3) （Acquisition of Treasury Stock under the Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act）”

※Method of determination of the amount paid-in

As noted in “5. Rationality of the issuance terms (1) Basis for the calculation of the amount to be paid in and the details thereof <Bonds with Stock Acquisition Rights>”, the Company requested an independent third-party valuation institution to value the Bonds with Stock Acquisition Rights, the result of which will form the basis for determining the paid-in amount for the Bonds with Stock Acquisition Rights. The valuation conducted today (the issuance resolution day) based upon the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the immediately preceding trading day, resulted in the pay-in amount being calculated to be 100.2 yen per 100 yen of face value.

However, as mentioned above, this valuation does not reflect stock price movements that will occur from today (today is the issuance resolution date) onward. Therefore, the valuation will be performed again using the same method as described below (see “5. Rationality of the issuance terms (1) Basis for the calculation of the amount to be paid in and the details thereof <Bonds with Stock Acquisition Rights> ”); and if the lower limit of the valuation range is, because of a rise in stock price that occurs from today onward, recalculated to be above 100.2 yen per face value of 100 yen, then the lower limit of the valuation range resulting from the recalculation will be taken as the amount to be paid-in for the Bonds with Stock Acquisition Rights. On the other hand, if the upper limit of the valuation range resulting from the recalculation performed on the term-setting date falls below 100.2 yen per face value of 100 yen due to a decline in the stock price from today (today is the issuance resolution date) onward, then such a recalculation result will not be taken into consideration and the amount to be paid-in for the Bonds with Stock Acquisition Rights will remain unchanged at 100.2 yen per 100 yen face value. In other words, we have given consideration to the interests of existing shareholders and, therefore, if the value of the Bonds with Stock Acquisition Rights has increased by the “term-setting date”, then this increase will be taken into consideration when determining the amount to be paid in, but should there be a decrease, then that decrease will not be reflected in the amount paid-in. Therefore, the amount to be paid in for the Bonds with Stock Acquisition Rights will not be set below the value as of today (100.2 yen per 100 yen of face value).

※Method for determining the minimum conversion price for the Bonds with Stock Acquisition Rights

The minimum conversion price of the Bonds with Stock Acquisition Rights shall be the same as the acquisition price per share of the Treasury Stock Acquisition (hereinafter referred to as the “Treasury Stock Acquisition Price”). If shares were to be delivered at a price lower than the Treasury Stock Acquisition Price, this may be disadvantageous to existing shareholders. Therefore, the minimum conversion price is set so that the attached stock acquisition rights will not be exercised at a conversion price lower than the Treasury Stock Acquisition Price. Stock price declines by the time of the “term-setting” date, the minimum conversion price for the Bonds with Stock Acquisition Rights will remain at the Treasury Stock Acquisition Price. As a result, it is possible that by the issuance date of the Bonds with Stock Acquisition Rights, the stock price will have fallen below the conversion price, thereby impairing prospects for conversions; but by fixing the minimum conversion price at the Treasury Stock Acquisition Price, the Company will be able to avoid a situation where shares are delivered at a price lower than the foregoing and thereby protect the interests of existing shareholders. The Company prioritized this consideration.

※Reason for waiting a certain period of time before determining the final terms pertaining to the Stock Acquisition Rights.

When stock acquisition rights like these are issued by the third-party allotment method and funds are raised as a result of exercise of the stock acquisition rights, all terms are usually determined at the time that the Board of Directors adopts the resolution regarding the issuance.

However, the Company announced today that it will acquire treasury stock (hereinafter referred to as "Acquisition of Treasury Stock"), and this may affect the Company's stock price from today onward. Supposing that the stock price was to rise due to that announcement, then there is a risk that by failing to reflect this price rise in the terms of issuance for the Stock Acquisition Rights, a discrepancy between the terms of issuance and the actual value of the Stock Acquisition Rights could arise at the time of issuance. Therefore, to allow the terms of issuance to be determined after the impact of the announcement has already been factored into the stock price, the “term-setting date” is set to fall after a certain amount of time has passed. That said, if the pay-in amount were to fall due to a decline in the stock price, this would harm the interest of existing shareholders, and therefore, it has been judged appropriate that the valuation first be performed on the “issuance resolution date” and that if the valuation range calculated on the “term-setting date” should fall below this initial valuation, that the amount calculated on the “issuance resolution date” shall be used as the issue price. That is, the issue price for the Stock Acquisition Rights will be determined based on the higher of the value of the Stock Acquisition Rights at the time that the Board of Directors adopts the resolution regarding the issuance and the time of the “term-setting” for the issuance. Thus, no changes to the amount to be paid-in for the Stock Acquisition Rights that would be detrimental to the Company will be made.

※Method of determination of the issue price

As noted in “5. Rationality of the issuance terms (1) Basis for the calculation of the amount to be paid in and the details thereof <Stock Acquisition Rights>”, the Company requested an independent third-party valuation institution to value the Stock Acquisition Rights, the result of which will form the basis for determining the issue price for the Stock Acquisition Rights. The valuation conducted today (the issuance resolution day) based upon the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the immediately preceding trading day, resulted in the issue price being calculated to be 93 yen per Stock Acquisition Right.

However, as mentioned above, this valuation does not reflect stock price movements that will occur from today (today is the issuance resolution date) onward. Therefore, the valuation will be performed again using the same method as that which was used today when the Board of Directors adopted the resolution regarding the issuance; And the if the valuation is, because of a rise in stock price that occurs from today onward, recalculated to be above 93 yen per Stock Acquisition Right, then the valuation from the recalculation will be taken as the issue price of 1 Stock Acquisition Right. On the other hand, if the valuation resulting from the recalculation performed on the term-setting date falls below 93 yen per Stock Acquisition Right due to a decline in the stock price from today onward, then such a recalculation result will not be taken into consideration and the issue price of 1 Stock Acquisition Right will remain unchanged from the amount decided today, at 93 yen per Stock Acquisition Right.In other words, we have given consideration to the interests of existing shareholders and, therefore, if the value of the Stock Acquisition Rights has increased by the “term-setting date”, then this increase will be taken into consideration when determining the issue price, but should the there be a decrease, then that decrease will not be reflected in the issue price. Therefore, the issue price for the Stock Acquisition Rights will not be set below the value resulting from the calculation performed on the issuance resolution date, which is 93 yen per stock acquisition right.

※Method for determining the minimum exercise price for the Stock Acquisition Rights

The minimum Exercise Price of the Stock Acquisition Rights shall be the same as the acquisition price per share of the Treasury Stock Acquisition. If shares were to be delivered at a price lower than the Treasury Stock Acquisition Price, this may be disadvantageous to existing shareholders. Therefore, the minimum Exercise Price is set so that the Stock Acquisition Rights will not be exercised at a Exercise Price lower than the Treasury Stock Acquisition Price. Even if the stock price declines by the time of the “term-setting” date, the minimum exercise price for the Stock Acquisition

Rights will remain equal to the Treasury Stock Acquisition Price. As a result, it is possible that by the issuance date of the Stock Acquisition Rights, the stock price will have fallen below the Exercise Price, thereby impairing prospects for conversions; but by fixing the minimum Exercise Price at the Treasury Stock Acquisition Price, the Company will be able to avoid delivering shares at a price lower than the Treasury Stock Acquisition Price and thereby protect the interests of existing shareholders. The Company prioritized this consideration.

２. Purpose and reason for allotment

（１） Primary goals for the funding and background thereof

Based on a business philosophy of "supporting community-based comprehensive care (Note 2) for our super-aging society (Note 1) with the cloud," the Company provides an ICT platform where medical care, long-term care, and wellness related information can be transmitted inter-organizationally by multidisciplinary professionals. By providing a platform that facilitates "information sharing," "communication," and "utility," the Company has developed a business that strives to provide patients and their families with higher quality medical and long-term care services.

According to the 2019 White Paper on Aging Society, Japan currently has the highest aging rate in the world, and this poses a threat to the future of Japan's social security system given that the aging of the society will reach its peak from 2025 to 2030. With the baby boomer generation (a disproportionately numerous demographic) quickly approaching 75-years-old and beyond, (an age at which point the ratio of people requiring long-term care services becomes high), the impending and enormous medical care and long-term care cost faced by the Japanese society has become a major issue. Under such circumstances, there is a need for reducing the overdependence on conventional hospitals and nursing homes and to instead develop a "comprehensive community care system" that supports in-home medical care and in-home long-term care so that the elderly are able to live out their later years in the homes they've grown accustomed to instead of having to relocate to a facility. Within this backdrop, the Ministry of Health, Labor and Welfare has made its intentions to promote the advancement of the "comprehensive community care system" clear.

Within the comprehensive community care system, a single in-home care patient is looked after by several, multidisciplinary professionals / corporations (such as hospitals, home-visit doctors, dentist, pharmacist, home-visit nursing care professionals, care planers (Note 4), and long-term care service providers, all of whom provide different services to the same patient). Therefore, to improve the comprehensive community care system, a system of regional cooperation that allows information to be shared amongst these interdisciplinary/interorganizational team members in real time, even when offsite is critical. In recent years, amid the rapid spread of smartphones, the national government, particularly the Ministry of Health, Labor and Welfare, has, as a policy, been attempting to move the long-term care industry in the direction of going paperless through the use of ICT; And the outlook for ICT use in the industry is strengthening. Meanwhile, care planners and long-term care providers (whose workload is increasing due to the increase in people requiring long-term care services) are facing problems such as work overload and a shortage of human resources. Going forward, it will be important to improve the efficiency of long-term care providers, accumulate know-how to supplement their experience, and obtain product knowledge that meets the needs of elderly people in terms of clothing, food, and housing. That said, although these things are needed in order to sure-up the "community comprehensive care system", general-purpose search engines, such as Google and other big data providers, fail to accumulate such know-how and convey it clearly, so industry professionals find it difficult to gather this type of information.

Amid this backdrop, the Company's internet service, known as the "Kanamic Cloud Service (Note 5)" is a multidevice (can be used with computers, tablets, and smartphones), solution-driven cloud service focused on facilitating "communication among medical / long-term care professionals", "efficiency within the long-term care industry", "knowledge-sharing in the form of big data, etc.", and "amassing collective expertise". The company's primary business is developed around this cloud-based service for medical and long-term care professionals, but the Company is also developing an advertising business that allows advertisers to market products to long-term care professionals/corporations who use our services. The Company also participates in industry-academia collaboration through joint research with the Institute of Gerontology at the University of Tokyo as well as Asahikawa Medical University; participates in Medical / long-term care related projects undertaken by the Ministry of Internal Affairs / the Ministry of Health; and participates in regional revitalization projects. Furthermore, the Company provides a wide-ranging ICT platform that can be used for projects/business undertakings aimed to support the elderly as well as for those aimed at providing support related to child-rearing.

As of the end of March 2021, the number of regions where the Company's cloud service was in use by local governments and medical associations numbered at 1,159 regions, where one "region" (as defined by the Ministry of Health in relation to the comprehensive community care system) roughly corresponds to one "junior high school district" and is assumed to have a population of about 30,000. Given that the population of Japan is 120 million, this represents a 30% population coverage rate. For Tokyo, in particular, the Company's cloud service is in use in every region in the metropolis. As a result, many people involved in long-term care and medical care sphere, (such as patients / long-term care recipients and their families, doctors, municipal government employees, nurses, long-term care staff, and care planers) use the cloud service's information-sharing feature, long-term care provider ERP package, or advertisement feature. Moreover, in recent years, the Company has been gradually adding new services, related to fintech and the sharing economy, in order to make the platform more well-rounded and convenient. Through various services, the Company has worked to build an environment where patients and their families can enjoy a higher quality medical and long-term care experience while also contributed to the reduction of medical and long-term care costs (and overall social security costs) by facilitating efficiency improvements within the industries it serves.

Going forward, the Company will actively consider routes for implementation of its vision-driven M&A strategy based upon the Company's vision of "helping people and communities with a cloud service for all stages in life". As relates to M&A, the Company has a particularly strong interest in developing its "content" (with a focus on PHR solutions that empower children, adults and seniors alike with Personal Health Data), expanding its "reach" (the company will aspire to a global userbase both in Japan and abroad), and strengthening and expanding upon its "platform" (with a focus on building out a healthcare platform for adding value to people and businesses). In pursuit of these goals, Kanamic's M&A strategy will target companies that contribute to further expansion of existing businesses, companies that contribute to expansion into service areas that strengthen platform functions, companies that facilitate entry into brick-and-mortar (i.e.: AI/IoT powered smart facilities) business, companies that contribute to pursuits in the healthcare industry, and companies that contribute to expansion overseas or to strengthening of the brand portfolio, etc.

In order to raise funds for growth investment at low cost and position for flexibly implementing the above objectives, The Board of Directors has resolved to issue the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights.

As announced in today's press release titled "Notice Regarding the Acquisition of Treasury Stock and Purchase of Treasury Stock by Off-Auction Own Share Repurchase Trading (ToSTNeT-3)（Acquisition of Treasury Stock under the Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act）", the Company will conduct an acquisition of treasury stock in order to soften the impact of short-term fluctuation in the supply and demand of the stock of the Company accompanying the issuance of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights, to facilitate the smooth implementation of the procurement of funds, and, taking the interest of existing shareholders into account, to reduce dilution concerns to a certain extent.

（*１）Super-aged society
Refers to the current situation in Japan, where the aging rate (which is the ratio of the population aged 65 and over to the total population) exceeds 25%

（*２）Community-based comprehensive care
A social infrastructure that provides housing, medical care, long-term care, preventive care, and living assistance in an integrated manner, thereby allowing elderly people to live out their final years in the homes they've spent their lives in (as opposed to entering a facility) even if they should require long-term care services.

(*３) ICT

Stands for Information and Communication Technology

(*４) Care planners

Licensed long-term care support specialists who draft care plans and help manage/supervise the care recipient’s overall care experience

(*５) Cloud service

A cloud service is a service providing functionality, etc. to the customer via the internet. They are classified into three types: SaaS (software), PaaS (platform), and IaaS (infrastructure).

(*６) Multidevice

This means content, services, software, etc. can be accessed from various devices. In addition, various types of equipment can be mixed and cooperate with each other.

（２） Product details for the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights

＜Bonds with Stock Acquisition Rights＞

Structure of the Bonds with Stock Acquisition Rights

・The conversion price of the Bonds with Stock Acquisition Rights will initially be determined to be equal to 135% of either the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the “issuance resolution date” or the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the“terms-setting date”, whichever is higher; but it will be revised downward (only once) 1 year and 6 months after the date of allotment. However, the conversion price will not be revised below the minimum conversion price (the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the issuance resolution date).

・There is a 120% soft call provision attached to the Bonds with Stock Acquisition Rights such that if the Company's stock price remains at 120% or more of the conversion price for a certain period of time, the Company may (with prior notice) force cash redemption at face value.

・The exercise period of the stock acquisition rights attached to the Bonds with Stock Acquisition Rights is about 5 years from the day following the date of allotment.

＜The Stock Acquisition Rights＞

① Structure of the Stock Acquisition Rights

・The number of shares underlying 1 stock acquisition right is fixed at 100 shares, and the total number of shares underlying the Stock Acquisition Rights is 4,800,000 shares.

・The exercise price of the Stock Acquisition Rights will initially be determined to be equal to either the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the “terms-setting date” or the minimum exercise price (the minimum exercise price being equal to the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the “issuance-resolution date”), whichever is higher; but whenever Stock Acquisition Rights are exercised、the exercise price shall be revised to an amount equivalent to 93%, rounded down to the nearest yen, of the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the trade date immediately preceding the effective date of the exercise request. However, the exercise price shall not be revised below the minimum exercise price (the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the issuance resolution date).

・The exercise period for the Stock Acquisition Rights lasts three years from the day following the date of allotment.

・As described in ② below, the Company may, at its discretion, declare a suspension of exercise. Therefore, at the Company’s discretion, it is possible to limit the number of Stock Acquisition Rights that can be exercised by the scheduled allottee to within a certain threshold, or, to prevent any stock acquisition rights from being exercised at all.

・After the filing pursuant to the Financial Instruments and Exchange Law (pertaining to stock acquisition rights) comes into effect, the Company expects to enter a third-party allotment agreement with the scheduled allottee primarily stipulating ② and ④ as detailed below:

② Suspension of exercise by the Company

・From August 4, 2021 onward, the Company has the right to, at its discretion, declare a suspension of exercise. In addition, the Company shall be able to lift the suspension at any time.

③ Acquisition of Stock Acquisition Rights by the Company

・From February 7, 2022 onward, if the closing price of the ordinary trading of the Company's common stock on the Tokyo Stock Exchange on the 20 consecutive trading days immediately before the notification date (if there is no closing price on that day, the closing price immediately before that) is below the minimum exercise price on the relevant day, the Board of Directors of the Company may adopt a resolution and by notifying the scheduled allottee (in accordance with laws and regulations), pay an equivalent amount of money as the payment amount for the Share Acquisition Rights (in accordance with the terms of the Stock Acquisition Rights) and thus acquire all the Stock Acquisition Rights in the possession of the scheduled allottee. Due to the third-party allotment agreement relating to the Stock Acquisition Rights, the scheduled allotee cannot exercise the Stock Acquisition Rights after the day on which the above notification is made.

・On the last day of the exercise period of the Stock Acquisition Rights, the Company will acquire all of the Stock Acquisition Rights remaining at that time for an amount equivalent to the issue price.

④ Request for purchase by the Scheduled Allottee

If the Third-Party Allotment Agreement is canceled due to a serious breach of the Company's obligations, etc., the scheduled allottee may request that the Company purchase the Stock Acquisition Rights. If such a request is made, the Company shall, by paying an amount equivalent to payment amount for the Stock Acquisition Rights, purchase all of the Stock Acquisition Rights held by the scheduled allottee.

（３） Reasons for choosing / characteristics of the financing method

The combination of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights is designed to allow for a certain amount of funds to be procured on the pay-in date as well as to receive funds through gradual procurement at times in the future when the stock price is favorable. To begin, the Company will allot the Bonds with Stock Acquisition Rights to the scheduled allottee to raise a certain amount of funds at the time of the pay-in day (this initial pay-in does not necessitate waiting for the Stock Acquisition Rights to be exercised). Later, the Stock Acquisition Rights to be issued simultaneously with the bonds will allow funds to be raised in accordance with the level of the stock price while taking advantage of the suspension of exercise feature.

In coming to the determination to issue the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights, the Company examined (from the standpoint of swiftness in procuring funds, the standpoint of protecting the interest of existing shareholders, as well as from the standpoint of improving capital efficiency) proposals from multiple financial institutions and carefully considered the method of procurement and the form of issuance. As a result, the Company determined that the issuance of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights (with the below characteristics) through third-party allotment aligns well with the Company’s reasons for carrying out this financing and is the best option at the present time.

① The Company also considered multiple procurement methods other than the issuance of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights, but decided to forgo these options for the following reasons:

A) As a business risk management measure, the Company generally keeps cash and deposits on hand of an amount equivalent to about 3 months of revenues, but as a safeguard against uncertainty within the business environment and financial markets stemming from the impact of the novel coronavirus, the Company has been opting to maintain a larger margin of cash and deposits. Given the foregoing, and taking the current level of surplus funds into consideration, cash and deposits alone were judged as insufficient to provide for the funds necessary for the purpose detailed in“３. Amount, Purpose, and Scheduled Timing of Disbursement of Funds to be Procured （２） Specific Purpose of the Funds to Be Secured”.

B) As detailed in 「（１） Primary purpose of the financing, background」, The Board of Directors has resolved to allocate a portion of cash and deposits on hand to the acquisition of treasury stock at the market price; and, therefore, issuing common stock at a price lower than the said price was judged to be an inappropriate financing method. Moreover, while the issuance of new stock through a public offering does allow funds to be procured through a single upfront payment, the amount of funds that can actually be procured is limited by the issuer’s market capitalization as well as by the liquidity of the stock of the issuer. Considering the Company’s market capitalization and liquidity profile, this method of funding was deemed challenging. Furthermore, the fact that considerable time would be needed to deliberate and prepare for a public offering and that whether or not the public offering could be implemented would be greatly influenced by trends in the Company’s stock price as well as the market at large was also taken into consideration. Considering, moreover, the need to work around quarterly financial reports and annual reports etc., missing the right timing could mean months of delays. Given these considerations, this method of funding was deemed to be inflexible and it was judged that the scheme which was chosen offers more advantageous from a financial flexibility and maneuverability standpoint. In light of this, it was decided that a public offering is not an appropriate method for the Company to raise funds. Regarding the issuance of new shares through a third-party allotment, although this method also allows funds to be raised via a single upfront payment, the amount of funds that can be procured is still limited by the stock price of the issuer. Furthermore, adopting this method would result in an immediate dilution of future profits per share, which would have a direct impact on the stock price. Given this consideration as well, the Company decided that this method was also inappropriate at this time.

C) With regard to capital increase through shareholder allocation, the ratio of shareholders who would apply remains unclear and the lack of financial resources of the shareholders could potentially pose a challenge. Moreover, there are few cases of this type of financing being implemented in recent years, so the amount of funds procurable is unknown. In light of these considerations, the Company decided that this is not an appropriate method for financing at this time.

D) The rights offering, which is a method of raising funds through a free allotment of stock acquisition rights, includes a commitment-type rights offering in which the Company enters a principal underwriting agreement with a financial instruments business operator as well as a non-commitment type rights offering in which the exercise of stock acquisition rights is left to the shareholders without entering into an underwriting agreement with a financial instruments business operator. There is little precedent for commitment type rights offerings being implemented in Japan, and it is not yet mature as a financing method. Given that it would take time to consider the structure and prepare for the issuance, it is not deemed to be an appropriate financing method at this time. Regarding non-commitment rights offerings, it is unclear whether a sufficient amount of funds could be raised because the participation rate of existing investors to whom they would be allotted is unclear.

E) Issuing straight corporate bonds or borrowing from financial institutions would result in an interest burden and it was judged that the interest cost would be higher compared to the issuance of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights.

F) There are several varieties of the so-called Moving Strike Convertible Bonds (MSCBs), bonds for which the exercise price is adjusted in accordance with fluctuations in the stock price, but because the number of shares delivered through conversion structurally depends on the exercise price, the total number of shares to be delivered by conversion is unknown until conversion occurs. If, therefore, the exercise price is revised downward, the number of potential shares will increase and the impact to the stock price could be significant. The Company has decided, therefore, that this is not a suitable financing method at this time.

② On the other hand, the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights have the advantages and disadvantages detailed below. While suppressing the temporary dilution of earnings per share, future conversions/exercises will increase shareholders' equity thereby obtaining and expanding upon the capacity to invest for growth. This method also mitigates the risk of future interest rate rises and allows funds for investing in growth to be procured at low cost. Given the foregoing considerations, the Company judged that the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights were the best choice at the moment and selected them as the financing method.

（ⅰ）Merits

（A.）Immediate financing

By issuing the Bonds with Stock Acquisition Rights, the Company will, on the date of allotment for the Bonds with Stock Acquisition Rights, be able to secure cash necessary for the time being.

（B.）minimization of interest cost

Since the Bonds with Stock Acquisition Rights are issued with zero coupons that do not require interest payments, funds can be procured while minimizing interest rate costs.

（C.）120% soft call provision

Although the Bonds with Stock Acquisition Rights are accounting liabilities at the time of issuance and are not included in capital, future expansion of equity capital can be anticipated mainly through conversions to common stock expected to occur just before maturity and, depending on how the Company’s stock price trends, through encouraging early conversion (on the premise that the 120% soft call premise can be exercised). The 120% soft call premise entails that if the stock price remains at a level of 120% or more of the conversion price for a certain period of time, the Company may, upon providing notice a certain period of time in advanced, force cash redemption at face value. If such cash redemption is forced, the bond holder will lose the opportunity to realize profits from the conversion, so it is expected that bond holders will be encouraged to execute conversions.

（D.）Improve the free float ratio

The Bonds with Stock Acquisition Rights contain provisions that encourage conversion (120% soft call provision and downward revision of conversion price clause), so a high probability of conversion is expected. It is expected that the common stock issued in connection with conversions will circulate within the market, contributing to the improvement of the free-float ratio.

（E.）High conversion price relative to current stock price

Regarding the Bonds with Stock Acquisition Rights , out of consideration for existing shareholders, (a) the conversion price will be set at a high level compared to the current stock price and thus the potential for dilution of profit per share following the issuance will be mitigated. As described in (b) Issuance Terms for Corporate Bonds with Stock Acquisition Rights, Paragraph 12-Item-(6)-④, the conversion price may be reset downward (only once) one year and six months after the payment date; but the reset conversion price following the potential reset will be calculated as 100% of the [average stock price for a certain period prior to the revised date], and the conversion price will not be reset below the minimum conversion price, which is in turn equivalent to the closing price of the ordinary trading of the Company's common stock on the Tokyo Stock Exchange on July 15, 2021. Thus, while encouraging the conversion of the Bonds with Stock Acquisition Rights, efforts have been made to prevent excessive dilution.

（F.）Excessive dilution can be mitigated

Regarding the Stock Acquisition Rights, the number of shares of the Company's common stock underlying the Stock Acquisition Rights is fixed at 4,800,000 shares (9.97% of the number of shares outstanding, that being 48,132,000 as of March 31, 2021), and this number is not impacted by movement in the stock price.

Furthermore, at the Company’s discretion, the Company can, in consideration of trends in the Company’s stock price, prevent the issuance of shares by declaring a suspension of exercises.

（G.）Ability to reduce impact on stock price

We believe that the following mechanism will make it possible to reduce the impact of the Stock Acquisition Rights upon the stock price.

・Since the exercise price shall be revised to an amount calculated using the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the trade date immediately preceding the date of notification of the exercise request, it is, therefore, expected that the exercise will occur on a multitude of occasions and that exercise price will be diversified. As a result, it should be easy to avoid a situation in which the supply of the Company's shares temporarily becomes excessive.

・The minimum exercise price is set to the same amount as the closing price of the ordinary trading of the Company's common stock on the Tokyo Stock Exchange on the Board of Directors adopted the resolution regarding the issuance (hereinafter, the "issuance resolution date"). Therefore, the probability that shares delivered by exercising the Stock Acquisition Rights will be sold at a price below that price in the market is small.

・At its discretion, the Company has the right to specify a period during which all or part of the stock acquisition rights cannot be exercised

(H.) Ability to procure funds at when the stock price is favorable

Because the Company can, at its discretion, specify a period during which all or part of the stock acquisition rights cannot be exercised, the company can suspend exercise when the stock price level is considered to be unfavorable, and when the stock price is considered to be high, allow free exercise in order to raise funds at a relatively advantageous stock price. As a result, the Company can aim to maximize the total amount of funds raised.

(I.) Flexibility in funding strategy

In a situation where exercise of the Stock Acquisition Rights is not expected and it becomes necessary to change the funding strategy, the Company may, at its discretion, acquire all of the remaining Stock Acquisition Rights. The Company plans to enter an agreement stipulating that from the day following the date of a notification that the Company will acquire the Stock Acquisition Rights, the scheduled allottee will not be permitted to exercise the Stock Acquisition Rights. Thus, flexibility in funding strategy is ensured.

(ⅱ) Demerits

(A.) Temporary increase in debt ratio

At the time of issuance of the Bonds with Stock Acquisition Rights, they are accounting liabilities and are not included in capital. The debt ratio will temporarily increase until the repayment of long-term debt is completed.

(B.) Not all funds are paid-in up front

Although some funds are paid-in immediately upon issuance of the Bonds with Stock Acquisition Rights, the stock acquisition rights are exercisable at the discretion of the holder of the said rights, so it is conceivable that the full amount of potential funds will not be raised due to unexercised rights

(C.) Delays in completion of exercise

Depending on the market environment, it may take time for the exercise of the Stock Acquisition Rights to be completed. Particularly, when liquidity decreases it takes more time for exercise of the Stock Acquisition Rights to be completed.

(D.) Possibility of conversions / exercises slowing when the stock price fall / slump

Since the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights have a minimum conversion price and a minimum exercise price, it is possible that the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights will not be converted or exercised depending on the level of stock price. As relates to the Bonds with Stock Acquisition Rights, refinancing could become necessary.

(E.) The possibility of conversions being made at the post-revision conversion price

If the stock price trends below the initial conversion price and then conversions are made at the reset conversion price, then dilution may occur at a low stock price relative to the initial conversion price.

(F.) Time may be needed to complete financing through the Stock Acquisition Rights

Since there is no provision that requires the scheduled allottee to exercise the Stock Acquisition Rights, it may take some time to complete the procurement of funds through the Stock Acquisition Rights.

(G.) Possibility of a fall in the stock price do to the Scheduled Allottee disposing common stock of the Company in the market

Since the Scheduled Allottee only intends to hold shares of the Company's common stock for short periods, there is a chance that shares of the common stock of the Company acquired through exercise of the Stock Acquisition Rights could be disposed of in the market, thereby triggering a fall in the stock price.

Moreover, whenever a request to exercise Stock Acquisition Rights is made, the conversion price is revised (7% discount) due to the moving-strike-clause. There is therefore a structural risk that the scheduled allottee may engage in repeated exercise and disposal that may put downward pressure on the stock.

(H.) forgoing of opportunity to raise capital from general public

Due to the use of third-party allotment the Company enters a contract only with the scheduled allottee and therefore forgoes the benefits of being able to raise capital from the general public of investors.

(I.) Purchase Request from the holder of the Stock Acquisition Rights

After the issuance of the Stock Acquisition Rights, there are circumstances in which the scheduled allottee may request the Company to purchase the Stock Acquisition Rights. However, the purchase price will be the same as the issue price.

③ The Company has judged that third-party allotment has the following merits in comparison with other forms of issuance of bonds with stock acquisition rights and therefore adopted this as the form of issuance.

A) Public offering of corporate bonds with stock acquisition rights in the domestic market is expected to feature a considerable risk of stock price fluctuations ahead of the term-setting date due to the length of the marketing period.

B) Issuance of bonds with stock acquisition rights in the euro market through general offering necessitates solicitation through book building following the announcement of the issue. Thus, at the time of the announcement it is not possible to confirm sufficient demand will emerge.

C) The rights offering, which is a method of raising funds through a free allotment of stock acquisition rights, includes a commitment-type rights offering in which the Company enters a principal underwriting agreement with a financial instruments business operator as well as a non-commitment type rights offering in which the exercise of stock acquisition rights is left to the shareholders without entering into an underwriting agreement with a financial instruments business operator. There is little precedent for commitment type rights offerings being implemented in Japan, and it is not yet mature as a financing method. Given that it would take time to consider the structure and prepare for the issuance, it is not deemed to be an appropriate financing method at this time. Regarding non-commitment rights offerings, it is unclear whether a sufficient amount of funds could be raised because the participation rate of existing investors to whom they would be allotted is unclear.

３. Amount, Purpose, and Scheduled Timing of Disbursement of Funds to be Procured

（１） Amount of Funds to be Procured (Actual Funds Raised)

①	Total Paid-in Amount	5,008,464,000 yen
	Total Paid-in Amount of the Bonds with Stock Acquisition Rights	2,004,000,000 yen
	Issue Price of the Stock Acquisition Rights	4,464,000 yen
	Amount of funds to be procured from exercise of Stock Acquisition Rights	3,000,000,000 yen
②	Estimated Cost of Issuance	20,000,000 yen
③	Actual Funds Raised	4,988,464,000 yen

(*)
１. The total paid-in amount is the sum of the Paid-in amount of the Bonds with Stock Acquisition Rights, The Issue Price of the Stock Acquisition Rights, and the amount of funds to be procured from exercise of the Stock Acquisition Rights.

２. The estimate for the total paid-in amount for the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights was calculated using the closing price of common transactions of the Company's common stock on the Tokyo Stock Exchange on the trading day immediately preceding the “issuance resolution date”. The actual issue price will be determined on the “term-setting date”.

３． The above amount of funds to be procured from exercise of Stock Acquisition Rights assumes that the initial exercise price is equal to the closing price of the ordinary trading of the Company's common stock on the Tokyo Stock Exchange on the trading day immediately preceding the issuance resolution date. Furthermore, it assumes that all Stock Acquisition Rights are exercised at this initial exercise price.
The actual initial exercise price will be determined on the “term-setting date”, and if the exercise price is revised or adjusted, then the Total Paid-in Amount, the Amount of funds to be procured from exercise of Stock Acquisition Rights, and Actual Funds Raised may increase or decrease. In addition, if the Stock Acquisition Rights are not exercised within the exercise period, then the Total Paid-in Amount, the Amount of funds to be procured from exercise of Stock Acquisition Rights, and Actual Funds Raised may decrease.

４． Consumption tax, etc. is not included in the Estimated Cost of Issuance

５． The Estimated Cost of Issuance includes attorneys’ fees, registration costs, financial representative costs, and the costs of performing valuations through third-party valuation firm

（２） Purpose of the Funds to Be Secured

Specific Purpose	Estimated Amount（Millions of Yen）	Scheduled Timing of Use
M&A funds to realize growth	4,988	August 2021- May 2026

(*) Until the funds raised are actually spent, they will be managed in a bank account.

The proceeds from the issuance of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights will be as funding for M & A undertakings aimed at realizing growth. The entire amount will be used to invest in M & A by May 2026. If the full amount of funds is not allocated to M & A during the above scheduled expenditure period, The Company plans to continue to allocate it to M & A activities after that period. Going forward, the Company will actively consider routes for implementation of its vision-driven M&A strategy based upon the Company’s vision of “helping people and communities with a cloud service for all stages in life”. As relates to M&A, the Company has a particularly strong interest in developing its “content” (with a focus on PHR solutions that empower children, adults and seniors alike with Personal Health Data), expanding its “reach” (the company will aspire to a global userbase both in Japan and abroad), and strengthening and expanding upon its “platform” (with a focus on building out a healthcare platform for adding value to people and businesses). Toward this end, companies that contribute to further expansion of existing businesses, expansion of service areas for the purpose of strengthening platform functions, entry into real-services such as healthcare services, overseas expansion, and strengthening of the brand portfolio, etc. will be targeted.

４. Thoughts on the rationality of the use of funds

By allocating the funds procured through the issuance of the Bonds with Stock Acquisition Rights to the purposes described in "3. Amount of funds to be procured, use and scheduled expenditure (2) Specific use of funds to be procured" above. , the Company will further expand its existing business and further strengthen its platform functions to accelerate growth. In the medium to long term, the pursuing M & A opportunities aimed at entering healthcare services, expanding overseas, and strengthening the brand portfolio, etc. will lead to an increase in corporate value. Thus, the Company believes that the use of the funds will be rational and will contribute to enhanced shareholder value.

５. Rationality of the terms of issuance

（１） Basis of the calculation of the amount to be paid in and the details thereof

＜Bonds with Stock Acquisition Rights＞

In order to ensure fairness in determining the terms for issuing the Bonds with Stock Acquisition Rights, the Company requested an independent third-party valuation organization (Akasaka

International Accounting Co., Ltd., President: Tomotake Kurosaki, Address: 1-1-8, Motoakasaka, Minato-ku, Tokyo, hereinafter referred to as "Akasaka International Accounting") to value the price of the Bonds with Stock Acquisition Rights. There is no significant conflict of interest between the third-party valuation organization and the Company or the scheduled allottee.

Akasaka International Accounting used Monte Carlo simulation, as one of the standard pricing models capable of relatively and appropriately reflecting the conditions stipulated in the terms of issuance for the Bonds with Stock Acquisition Rights. In consideration of the various conditions, valuation, and record date stipulated in the issuance terms for the Bonds with Stock Acquisition Rights as well as rights exercise behavior of the Company and the scheduled allottee and the stock holding trends of the scheduled allottee, Akasaka International Accounting established certain assumptions (regarding the conversion price level, 120% soft call provision, put option provision, downward revision provision, etc., and the period and stock price level during which soft call is possible, and also included assumptions regarding the exercise of the Stock Acquisition Rights by the scheduled allottee of the Bonds with Stock Acquisition Rights and the prompt disposal of the delivered shares with this market activity accounting for within 12.5% of trade volumes of the stock of the Company) and performed a valuation of the Bonds with Stock Acquisition Rights given these assumptions.

Based upon the valuation range of 99.3 yen to 101.2 yen per 100 yen of face value, which was calculated by Akasaka International Accounting through adopting the above parameters, the Company, following discussions with the scheduled allottee (premised upon not adopting an amount below the lower limit of the valuation range), decided, as of the “issuance resolution date”, that the amount to be paid-in for the Bonds with Stock Acquisition Rights will be set to 100.2 yen per 100 yen of face value. However, as mentioned above, the calculation results do not reflect stock price movements after the issuance resolution date. Therefore, in order to incorporate the effects of such subsequent stock price movements into the valuation of the amount to be paid in for the Bonds with Stock Acquisition Rights, the Company will use the same method (as that used on the issuance resolution date) to perform a recalculation on the “term-setting date”. If the lower limit of the valuation range is, because of a rise in stock price that occurs from today onward, recalculated to be above 100.2 yen per face value of 100 yen, then the lower limit of the valuation range resulting from the recalculation will be taken as the amount to be paid-in for the Bonds with Stock Acquisition Rights. On the other hand, if the upper limit of the valuation range resulting from the recalculation performed on the term-setting date falls below 100.2 yen per face value of 100 yen due to a decline in the stock price from today (today is the issuance resolution date) onward, then such a recalculation result will not be taken into consideration and the amount to be paid in for the Bonds with Stock Acquisition Rights will remain unchanged at 100.2 yen per 100 yen of face value. In other words, we have given consideration to the interests of existing shareholders and, therefore, if the value of the Bonds with Stock Acquisition Rights has increased by the “term-setting date”, then this increase will be taken into consideration when determining the amount to be paid in, but should there be a decrease, then that decrease will not be reflected in the amount paid-in. Therefore, the amount to be paid in for the Bonds with Stock Acquisition Rights will not be set below the value as of today (100.2 yen per 100 yen of face value). In addition, there is a possibility that the conversion price may be reset downward (only once) one year and six months after the date of allotment; but the conversion price will not be reset below the minimum conversion price. The minimum conversion price of the Bonds with Stock Acquisition Rights shall be the same as the acquisition price per share of the Treasury Stock Acquisition; And compared with similar past examples of issuance of bonds with stock acquisition rights, this level was not deemed to be excessively low or unreasonable.

In addition, the Company and its Audit & Supervisory Board Members will determine the advantageousness of the issuance of the Bonds with Stock Acquisition Rights when the amount to be paid-in for the Bonds with Stock Acquisition Rights is finalized on the “term-setting” date. The Company believes that this method of determining the amount to be paid in for the Bonds with Stock Acquisition Rights is a rational method that takes into consideration the interests of existing shareholders and the decision of the Board of Directors (to use this method whereby all three auditors of the Company (including two outside auditors) shall determine the amount to be paid in for the Bonds with Stock Acquisition Rights based on the higher of the value of the Bonds with Stock Acquisition Rights as calculated on the “issuance resolution date” and value of the Bonds with Stock Acquisition Rights as calculated on the “terms setting date”) does not violate the law.

＜Stock acquisition rights＞

In determining the terms of issuance for the Stock Acquisition Rights, the Company requested Akasaka International Accounting to evaluate the price of the Stock Acquisition Rights to affect fair pricing. Akasaka International Accounting, in light of the exercise price of the Stock Acquisition Rights, the exercise period, the stock price of the Company's shares, volatility in the stock price, the dividend yield, the risk-free interest rate, the Company's funding demand and rights exercise behavior, the scheduled allottee's shareholding trends and rights exercise behavior, and the cost the scheduled allottee bares upon disposal of shares, valued the Stock Acquisition Rights using Monte Carlo Simulation, which is generally used in evaluations of stock acquisition rights, while making certain assumptions (including that the demand for financing of the Company will be uniformly distributed across the exercise period, that exercise will not be suspended at times when the Company has demand for financing, that acquisition via notification will not be carried out by the Company, that as long as the exercise of rights is not suspended, the scheduled allottee will promptly exercise rights and sell shares to within a certain percentage (12.5%) of the market volume, and that if when the allottee exercises the Stock Acquisition Rights the Company implements, at that time, a public offering, then cost of the same levels as the cost incurred as a result of the public offering would be incurred by the scheduled allottee).

Based upon the valuation which was calculated by Akasaka International Accounting through adopting the above assumptions, the Company, following discussions with the scheduled allottee, decided, as of the "issuance resolution date", that the issue price for 1 Stock Acquisition Rights will be set to 93 yen. However, as mentioned above, the calculation results do not reflect stock price movements after the issuance resolution date. Therefore, in order to incorporate the effects of such subsequent stock price movements into the valuation of the issue price for the Stock Acquisition Rights, the Company will use the same method (as that used on the issuance resolution date) to perform a recalculation on the "term-setting date". If the valuation is, because of a rise in stock price that occurs from today onward, recalculated to be above 93 yen, then the valuation resulting from the recalculation will be taken as the amount issue price for the Stock Acquisition Rights. On the other hand, if the valuation resulting from the recalculation performed on the term-setting date falls below 93 yen due to a decline in the stock price from today (today is the issuance resolution date) onward, then such a recalculation result will not be taken into consideration and issue price for 1 Stock Acquisition Right will remain unchanged at 93 yen. In other words, the Company has given consideration to the interests of existing shareholders and, therefore, if the value of the Stock Acquisition Rights has increased by the "term-setting date", then this increase will be taken into consideration when determining issue price, but should the there be a decrease, then that decrease will not be reflected in the issue price. Therefore, the amount to be paid in for the Stock Acquisition Rights will not be set below the value as of today (93 yen).

In addition, the Company and its Audit & Supervisory Board Members will determine the advantageousness of the issuance of the Stock Acquisition Rights when the issue price for the Stock Acquisition Rights is finalized on the "term-setting" date. The Company believes that this method of determining the issue price for the Stock Acquisition Rights is a rational method that takes into consideration the interests of existing shareholders and the decision of the Board of Directors (to use this method whereby all three auditors of the Company (including two outside auditors) shall determine the issue price of the Stock Acquisition Rights based on the higher of the value of the Stock Acquisition Rights as calculated on the "issuance resolution date" and value of the Stock Acquisition Rights as calculated on the "terms setting date") does not violate the law.

（２）Grounds for determining that the issuance quantity and scale of share dilution is reasonable

Beginning with the assumption that the initial conversion price of the Bonds with Stock Acquisition Rights will be equal to 135% of the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on the trade date immediately before the "issuance resolution date" (843.8 yen), the total number of shares to be delivered is 7,170,229 (71,702 voting rights) (calculated by summing the number of shares to be delivered assuming the entirety of the Bonds with Stock Acquisition Rights are converted, that being 2,370,229 shares (23,702 voting rights), and the number of shares to be delivered assuming the entirety of the Stock Acquisition Rights are exercised, that being 4,800,000 (48,000 voting rights)); And the equity dilution ratio (The denominator is 48,132,000 shares (481,216 total voting rights), which is the total number of issued shares of the Company as of March 31, 2021. The same applies below.) will be equivalent to 14.90% (The ratio for voting rights is 14.90% of the total number of voting rights.) The minimum conversion price of the Bonds with Stock Acquisition Rights shall be the same as the acquisition price per share of the Treasury Stock Acquisition (the closing price for the Company's common stock in the ordinary trading session at the Tokyo Stock Exchange on July 15, 2021) but if the minimum conversion price of the

Bonds with Stock Acquisition Rights was assumed to be to be equivalent to the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on July 14, 2021, and it is assumed that the entirety of the Bonds with Stock Acquisition Rights are converted at this minimum conversion price, then the number of shares that would be delivered is 3,200,000 (32,000 voting rights). Assuming that the entirety of the Stock Acquisition Rights are also exercised (4,800,000 shares, 48,000voting rights), then the total number of shares to be delivered would be 8,000,000 (80,000 voting rights) and the equity dilution ratio would be equivalent to 16.62% (The ratio for voting rights is 16.62% of the total number of voting rights.)

However, given that by allocating the funds procured to the purposes described in "3. Amount of funds to be procured, use and scheduled expenditure (2) Specific use of funds to be procured" above, the Company will further expand its existing business and further strengthen its platform functions to accelerate growth. In the medium to long term, pursuing M & A opportunities aimed at entering healthcare services, expanding overseas, and strengthening the brand portfolio, etc. will lead to an increase in corporate value, the Company believes that the scale of dilution is rational.

Regarding the financing, assuming again that the initial conversion price of the Bonds with Stock Acquisition Rights will be equal to 135% of the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the trade date immediately before the “issuance resolution date” (843.8 yen),summing the number of shares to be delivered if all of the Bonds with Stock Acquisition Rights were to be converted at the initial conversion price, 2,370,229, and the number of shares to be delivered if all of the Stock Acquisition Rights were to be exercised, 4,800,000, yields a total of 7,170,229 shares. By comparison, the average daily trading volume of the Company’s common stock on the Tokyo Stock Exchange over the past 6 months is 225,946 shares, and given there is a certain degree of liquidity, this financing is judged to be not of a scale that would cause an excessive market impact and it is judged that the scale of dilution is reasonable.

６. Reasons for selecting the scheduled allottee, etc.

（１） General information on the Scheduled Allottee

（１）	Trade Name	Credit Suisse Securities Co., Ltd.
（２）	Head office location	1-6-1 Roppongi, Minato-ku, Tokyo Izumi Garden Tower
（３）	Title and name of representative	President and CEO Ryo Kuwahara
（４）	Business Details	Financial instruments business
（５）	Amount of Capital	78.1 billion yen
（６）	Date Established	April 1, 2006
（７）	Number of Shares Outstanding	3,107,514 shares
（８）	Fiscal year-end	March 31
（９）	Number of Employees	473 (standalone)
(10)	Primary Customers	Corporations including investors and issuers
(11)	Primary Banks	Mizuho Bank, Bank of Tokyo-Mitsubishi UFJ, Credit Suisse Bank
(12)	Major shareholders and their shareholding ratios	B.V.　100％Credit Suisse KK Holding (Nederland) B.V. 100%
(13)	Relationship with the Company etc.	
	capital relationships	There is no significant capital relationship between the Company and the scheduled allottee, and there is no significant capital relationship between the affiliates / related parties of the Company and the affiliates / related parties of the scheduled allottee.
	personal relationships	There is no significant personal relationship between the Company and the scheduled allottee, and there is no significant personal relationship between the affiliates / related parties of the Company and the affiliates / related parties of the scheduled allottee.

	transactional relationships	There is no significant transactional relationship between the Company and the scheduled allottee, and there is no significant transactional relationship between the affiliates / related parties of the Company and the affiliates / related parties of the scheduled allottee.
	related party relationships	The scheduled allottee is not considered a Related Party of the Company and none of the affiliates / related parties of the scheduled allottee are considered related parties of the Company

（14） Financial conditions and operating results (consolidated) for the previous 3 years

Fiscal Year	FY 2019	FY 2020	FY 2021
Net assets	88,963	91,223	95,060
Total assets	983,056	1,252,841	1,316,676
Net Assets per Share (yen)	28,628.54	29,355.83	30,590.54
Operating revenue	42,871	40,150	46,939
Operating profit	(4,598)	390	4,563
Ordinary profit	(4,591)	408	4,447
Profit	(3,420)	2,260	3,836
Profit per share (yen)	(1,100.56)	727.29	1,234.71
Cash dividends per share (yen)	0.00	0.00	0.00

(unit: millions of yen unless specified otherwise)

（２）Reasons for choosing the scheduled allottee

In choosing the scheduled allotee for the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights, the Company examined proposals from multiple financial institutions including the scheduled allottee (who made a proposal to the Company in March 2021).As detailed in "２． Purpose of and Reasons for the Procurement of Funds（３）Reasons for choosing / characteristics of the financing method", the selected financing method fits best with the Company's desire to obtain necessary funds while giving due consideration to the stock price and the interests of existing shareholders.

In addition, the scheduled allottee ① boasts a high share of the trading of Japanese stock on the Tokyo Stock Exchange by foreign institutional investors, is expected to smoothly dispose of stocks delivered through exercise of the stock acquisition rights attached to the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights, ② has a wealth of experience in financing through Stock Acquisition Rights giving rise to the expectation that funds will be able to be procured while giving due consideration to the stock price and the interests of existing shareholders. After considering the foregoing comprehensively the Company selected Credit Suisse Securities Co., Ltd. as the scheduled allottee.

The issued Bonds with Stock Acquisition Rights and the Stock Acquisition Rights are planned to be purchased by the scheduled allottee, who is a member of the Japan Securities Dealers Association and the subscription is to be carried out with consideration for the "Regulations concerning Handling of Allocation of New Shares to a Third Party, etc."

The Company plans to enter into an agreement on the pay-in date with the scheduled allottee to the effect that, starting from the payment date and lasting until the final day of a period of 180 days, the scheduled allottee shall not, without the prior permission of the Company in writing, issue securities that could lead to the issuance of shares of the Company, could be converted into shares of the company, that could be exchanged for shares of the company or that carry rights to ownership of shares of the Company (but this shall not apply to the issuance of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights nor to the conversion or exercise thereof).

（３）Holding policy of the scheduled allotee

＜Bonds with Stock Acquisition Rights＞

There is no agreement between the Company and the scheduled allottee stipulating continuous holding/depositing.

The Company verbally confirmed the following with the scheduled allottee: The scheduled allottee may hold Bonds with Stock Acquisition Rights for trading purposes and the scheduled allottee plans to repackage them, allowing the equity option portion to be distributed separately from the bond portion.

＜the Stock Acquisition Rights＞

There is no agreement requiring continuous holding of financial assets between the Company and the scheduled allottee. It shall be stipulated in the third-party allotment agreement (that the Company plans to enter into with the scheduled allottee) that transfer of the Stock Acquisition Rights shall require approval from the Board of Directors of the Company.

The Company has verbally confirmed with the Scheduled Allottee that the scheduled allottee will take the stock price and market trends, etc. into account when converting Bonds with Stock Acquisition Rights; and that the scheduled allottee intends to sell the Company's shares (which are delivered to it upon conversion) at appropriate times and in an appropriate manner, taking into consideration the Company's stock price as well as market trends, etc. Exercise of the Stock Acquisition Rights by the scheduled allottee shall be conducted in pursuant to Item (7) < Restrictions on exercising stock acquisition options by the scheduled allottee”> below.

（４）Verification that the Scheduled Allottee has sufficient funds to make payments

The scheduled allottee has reported to the Company that the scheduled allottee has secured sufficient assets to make payment upon issuance and to make payments upon exercises thereafter. Furthermore, the Company reviewed the latest financial statements of the scheduled allottee, which were contained within a description of the status of the business and assets of the scheduled allottee which was provided to the Company by the scheduled allottee. Judging from the net assets of the scheduled allottee (FY ending March 2021), the Company has judged that the scheduled allottee possessed the assets required for the pay-in and exercise as of the day of the said reporting, and since there are no circumstances that raise concerns that the financial condition of the scheduled allottee has deteriorated significantly since then, the Company has determined that the scheduled allotee will be able to make necessary payments. Furthermore, the Company has confirmed that the financial statements of the allottee have been audited and received certification from the auditing institution.

（５）Profile of the Allottee

Since the scheduled allottee is a trading participant of the Tokyo Stock Exchange, the Company has not submitted a confirmation letter to the Tokyo Stock Exchange detailing that the scheduled allottee is not an antisocial force. The scheduled allottee has published a "Basic Policy to Prevent Damage Caused by Antisocial Forces" and has announced that it is working to ensure that it does not maintain relationships with antisocial forces. We have obtained and confirmed the text of this document. We have confirmed at a meeting with the scheduled allotee, the scheduled allottee’s commitment to strive to "thoroughly shut off relationships" with antisocial forces. In addition, the scheduled allotee and its Group have engaged in many placements of shares issued by listed companies in Japan and overseas and many third-party allotments of stock acquisition rights. Based on the foregoing, the Company has determined that the scheduled allottee has no relationship with designated antisocial forces, etc.

（６）Agreement on lending and borrowing of share certificates

On July 15, 2021, SHO Co., Ltd., a shareholder of the Company, and the scheduled allottee entered into a share lending agreement for common stock of the Company.

（７）Other

After the filing regarding the offering of the Stock Acquisition Rights pursuant to the Financial Instruments and Exchange Law comes into effect, the Company expects to enter a third-party allotment agreement pertaining to stock acquisition rights with the scheduled allottee and to agree to the contents of "2. Purpose and Reason for Offering (2) Product details for the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights <Stock Acquisition Rights>" ② and ④ as well as to the below:

＜Restrictions on exercising stock acquisition options by the scheduled allottee＞

① Pursuant to Rule 436-1 to 5 of the Securities Listing Regulations of the Tokyo Stock Exchange, in order to take measures to restrict conversions and exercise by the purchasers of MSCB, etc, except in the case of the prescribed exemptions, the Company shall not allow the scheduled allotee to exercise stock acquisition rights such that the total number of common shares of the Company to be acquired by exercise within any calendar month exceeds 10% of the number of the listed shares of the Company (hereinafter termed “excessive exercise”).

② Except in the case of the exemption prescribed above, the scheduled allotee shall not commit excessive exercise and before exercising stock acquisition rights, the scheduled allottee shall confirm with the Company in advance to ensure that the exercise of stock acquisition rights would not result in “excessive exercise”

③ When transferring the Stock Acquisition Rights, the scheduled allottee will make the transferee promise to the Company, in advanced, to adhere to the restrictions regarding excessive exercise. And should the transferee then transfer the Stock Acquisition Rights to yet another third party, that transferee shall also be made to make this promise to the Company.

７. The Major shareholders of the Company and their holding ratios before / after the allotment

Before the allotment (As of March 31, 2021)	
SHO SHO Co., Ltd.	28.42％
Takuma Yamamoto	13.89％
Custody Bank of Japan, Ltd. (Trust Account)	6.50％
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.78％
JPMBL RE NOMURA INTERNATIONAL PLC1 COLL EQUITY	5.20％
Nomura Trust & Banking Co., Ltd. (Trust Account)	4.12％
Yoko Yamamoto	2.91％
Custody Bank of Japan, Ltd. (Trust Account 9)	2.12％
Minoru Yamamoto	1.87％
Kyoya Kawanishi	1.61％

(*) １. Since there is no promise requiring long-term holding as relates to this allotment, "major shareholders and their holding ratios after the allotment" (which would reflect the number of potential shares related to this offer) is not shown.

２. The shareholding ratios (to the total number of shares outstanding excluding treasury shares) are rounded to the second decimal place

３. The number of shares held in connection with trust businesses included in the above figures are as follows:
Custody Bank of Japan, Ltd. (Trust Account) 3,128,900 shares
The Master Trust Bank of Japan, Ltd. (Trust Account) 2,784,100 shares
Nomura Trust & Banking Co., Ltd. (Trust Account) 1,982,500 shares
Custody Bank of Japan, Ltd. (Trust Account 9) 1,021,400 shares

４. According to the “Report of Change” pertaining to the “Report of Possession of Large Volume” made public on April 22, 2019, Sumitomo Mitsui DS Asset Management Co., Ltd. owned the following shares as of April 15, 2019. However, the number of shares actually owned as of March 31, 2021 cannot be confirmed by the Company, so the holdings are not included in the above table regarding major shareholders. The details contained in the “Report of Change” made in relation to the “Report of Possession of Large Volume” are as stated below. (Note: on September 1, 2019, the Company conducted a stock split at a ratio of 3-for-1, but the figures presented reflect the actual number of shares held before the stock split.)

Name or Title	Address	Number of Shares Held	Shareholding Ratio
Sumitomo Mitsui DS Asset Management Co., Ltd.	2-5-1 Atago, Minato-ku, Tokyo	740,700	4.62

５. According to the “Report of Change” pertaining to the “Report of Possession of

Large Volume" made public on September 19, 2019, JP Morgan Asset Management Co., Ltd. and its co-owners JP Morgan Securities Co., Ltd. and JP Morgan Securities PLC owned the following shares as of September 13, 2019. However, the number of shares actually owned as of March 31, 2021 cannot be confirmed by the Company, so the holdings are not included in the above table regarding major shareholders. The details contained in the "Report of Change" made in relation to the "Report of Possession of Large Volume" are as stated below.

Name or Title	Address	Number of Shares Held	Shareholding Ratio
JP Morgan Asset Management Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	2,178,200	4.53
JP Morgan Securities Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	29,400	0.06
JP Morgan Securities PLC	25London, UK E14 5JP Canary Wharf, Bank Street 25	9,280	0.02

６． According to the "Report of Change" pertaining to the "Report of Possession of Large Volume" made public on April 5, 2021, Nomura Asset Management Co., Ltd. and its co-owner Nomura International PLC owned the following shares as of March 31, 2021. However, the number of shares actually owned as of March 31, 2021 cannot be confirmed by the Company, so the holdings are not included in the above table regarding major shareholders. The details contained in the "Report of Change" made in relation to the "Report of Possession of Large Volume" are as stated below.

Name or Title	Address	Number of Shares Held	Shareholding Ratio
Nomura Asset Management Co., Ltd.	2-1 Toyosu, Koto-ku, Tokyo	3,306,100	6.87
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	2,632,500	5.47

８. Future outlook

The impact of the issuance of the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights on business results will be minor.

９. Because ① the dilution ratio is less than 25% and ② changes in controlling shareholders are not involved (that is, even if all of the stock acquisition rights attached to the Bonds with Stock Acquisition Rights and the Stock Acquisition Rights are exercised, no change in controlling shareholders is expected to occur), it is not required to obtain an opinion from an independent third party or the consent of the shareholders, as defined in Rule 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

10. Past 3-year Summary of Business Results and Equity Finance

（１） Results for the Preceding 3 Years (Consolidated)

	FY 2018	FY 2019	FY 2020
Sales(Thousands of Yen)	1,504,408	1,685,906	1,881,444
Operating	399,021	544,577	654,473

Profit(Thousands of Yen)			
Ordinary Profit(Thousands of Yen)	380,835	543,274	676,999
Profit(Thousands of Yen)	256,731	357,915	472,699
Profit Per Share (Yen)	5.33	7.44	9.82
Cash Dividends Per Share (Yen)	2.50	1.00	2.00
Net Assets Per Share (Yen)	24.36	30.96	39.60

(*) 1. The Company has been preparing consolidated financial statements since FY 2020, but figures from before that represent standalone results.

2. The Company conducted 2-for-1 and 3-for-1 stock splits on April 1, 2018 and September 1, 2019, respectively. For the purposes of calculating net assets per share and profit per share it is assumed that both stock splits occurred at the beginning of FY 2018.

（2）Current Status of Shares Outstanding and Potential Shares

	Number of Shares	Percentage of Shares outstanding
Number of Shares Outstanding	48,132,000	100.0%
Number of potential shares at the current conversion price (exercise price)	0	0％

（3）Recent Stock Price Levels

① Levels for the Previous Three Years

	FY 2018	FY 2019	FY 2020
Open	320 yen	753 yen	578 yen
High	1,057 yen	796 yen	1,222 yen
Low	310 yen	491 yen	412 yen
Close	752 yen	571 yen	808 yen

(*) The Company conducted 2-for-1 and 3-for-1 stock splits on April 1, 2018 and September 1, 2019, respectively. The stock price is displayed assuming that both stock splits occurred at the beginning of FY 2018.

② Levels for the Previous 6 months

	2021 Feb	Mar	Apr	May	Jun	Jul
Open	694 yen	780 yen	747 yen	676 yen	660 yen	659 yen
High	825 yen	802 yen	783 yen	686 yen	682 yen	659 yen
Low	686 yen	699 yen	666 yen	566 yen	617 yen	588 yen
Close	761 yen	741 yen	671 yen	660 yen	657 yen	625 yen

(*) The stock price for July 2021 is displayed as of July, 14 2021.

③ Stock price on the business day before the “issuance resolution date”(Yen)

	July 14, 2021
Open	625 yen
High	629 yen
Low	619 yen
Close	625 yen

（４）Past three-year summary of equity finance
Not applicable.

（Attachment１）

Kanamic Network Co., LTD.

1st series Unsecured Convertible Bonds with Stock Acquisition Rights (with inter-bond pari passu clause) with 120% soft call provision

Terms of Issuance

１． Name of the Bonds

Kanamic Network Co., LTD. 1st series Unsecured Convertible Bonds with Stock Acquisition Rights (with inter-bond pari passu clause) with 120% soft call provision (hereinafter referred to as "Bonds with Stock Acquisition Rights" with the bond portion thereof referred to as "Bonds" and the stock acquisition rights portion thereof referred to as "Stock Acquisition Rights").

２． Total Issuance

2 billion yen

３． Price per bond

100,000,000 yen

４． Applicability of the Act Concerning Book-Entry Transfer of Corporate Bonds and Other Securities

The Bonds with Stock Acquisition Rights are subject to the provisions of the Act Concerning Book-Entry Transfer of Corporate Bonds and Other Securities (hereinafter the “Act on Book-Entry Transfer of Corporate Bonds”). The Bonds shall be treated in accordance with the Act on Book-Entry Transfer of Corporate Bonds, as well as the operational rules and other rules of the book-entry transfer institution (as stipulated in Paragraph 22). Unless the holder of the Bonds with Stock Acquisition Rights (hereinafter the “Bondholder”) has the right to request issuance of bond certificates in relation to the Bonds with Stock Acquisition Rights in accordance with the Act on Book-Entry Transfer of Corporate Bonds, such bond certificates will not be issued. If bond certificates are, in accordance with Act on Book-Entry Transfer of Corporate Bonds, issued in relation to the Bonds with Stock Acquisition Rights, then the pertaining bond with stock acquisition rights certificates shall be issued in bearer form and the Bondholder shall not have the right to request them to be issued in registered form.

５． Interest rate

the Bonds shall bear no interest

６． Amount to be paid in

The amount shall be 100.2 yen per 100 yen of par value. However, on a date specified by the Company, which will be either July 19, 2021 or July 20, 2021, (hereinafter referred to as the "term-setting date"), the Company will determine the final terms for the Bonds with Stock Acquisition Rights in consideration of various circumstances such as stock price fluctuations. If the lower limit of the valuation range calculated on the term-setting date is above 100.2 yen per face value of 100 yen, then the lower limit of the valuation range resulting from that recalculation will be taken as the amount to be paid-in.

７． Redemption amount upon maturity

The Bonds shall be redeemed at 100 yen per 100 yen of face value.

However, in the case of early redemption, the amount shall be the amount specified in Paragraph 11, Items (3) to (7) or Item (10).

８． Transfer of the stock acquisition rights or bonds

Pursuant to Article 254-2 and 3 of the Companies Act, “bonds with stock acquisition rights” may neither be split into stock acquisition rights and bonds nor be transferred separately.

９． Collateral or guarantee

The Bonds with Stock Acquisition Rights are not collateralized or guaranteed, nor have any assets been set aside for the Bonds with Stock Acquisition Rights.

10\. No bond manager established

The Bonds with Stock Acquisition Rights meet the requirements of the proviso to Article 702 of the Companies Act and no bond manager will be established.

11. Redemption and term of the bonds

(1) The entirety of the Bonds shall be redeemed on August 4, 2026. However, for early redemptions the stipulations laid out in Paragraph 11, Items (3) to (7) or Item (10) shall apply.

(2) If the date of redemption (including the date of early redemption of the Bonds pursuant to the provisions of Paragraph 11, Items (3) to (7) or Item (10), hereinafter the "the redemption date") falls on a Tokyo bank holiday, the date shall be moved forward to the preceding banking business day.

(3) Early redemption by the 120% soft call

① In the event that the closing prices (including indicative quotes) of the common shares of the Company in the regular trading on the Tokyo Stock Exchange on each day for a period of 20 consecutive trading days ("trading day" shall mean a day when regular trading on the Tokyo Stock Exchange of the common shares of the Company is conducted; except in the case of Item (5)-③, Item (6)-②, Item (7)-② and Paragraph 12-Item (6)-④ hereinafter the same) have been 120% or more of the conversion price that is in effect on each such trading day, then the Company may, upon giving public notice (However, the said public notice can be made no later than August 4, 2023) of the necessary matters within 15 days from the last day of such 20 consecutive trading days, redeem all (and not less than all) of the Bonds then outstanding on the Redemption Date specified in such public notice (which shall not be earlier than 30 days, nor later than sixty 60 days), from the date of such notice, at 100 yen for 100 yen of face value for each bond. However, if common stock of the Company will subject to a stock split, or gratis allotment (hereinafter "stock splits") and applying these terms to the record date for determining which shareholders will acquire stock by such stock split or to the immediately preceding trade date thereof, then, notwithstanding the provisions of Paragraph 12-Item (9)-②, the following procedure shall be observed: Subtract the number of shares outstanding of common stock of the Company on each day from the number of shares of common stock of the Company that had been outstanding on the corresponding day of the previous month (if it doesn't exist then the corresponding day for month before that) and apply the "New Issuance Conversion Price Adjustment Formula" stipulated in Paragraph 12-Item(8) with the difference calculated above taken as the "number of shares already issued" and the number of shares to be delivered through the split taken as the "Number of shares delivered during said period" and thereby calculate the valid conversion price for each day.

② Once the Company has issued public notice pursuant to ① hereof, it may not rescind or cancel such early redemption notice.

(4) Early redemption by the Clean-up Clause

① If on any day occurring before the Company makes public notice of redemption, the outstanding principal balance of the Bonds is less than 10% of the face value upon issuance, then upon giving public notice of the necessary matters, redeem all (and not less than all) of the Bonds then outstanding on the Redemption Date specified in such public notice (which shall not be earlier than 30 days, nor later than sixty 60 days, from the date of such notice), at 100 yen for 100 yen of face value for each bond.

② Once the Company has issued public notice pursuant to ① hereof, it may not rescind or cancel such early redemption notice.

(5) Early redemption due to corporate restructuring

① In the event that Corporate Restructuring Activities (defined in ⑤) are approved at a general shareholders' meeting of the Company, (or resolved by the board of directors or other body within the company in accordance with the Companies Act in the event that shareholder approval at a general shareholders' meeting is not required), If, by the day of the approval or resolution regarding Corporate Restructuring Activities (hereinafter the "Corporate Restructuring Activities Approval Date"), a certificate, stating that there is—for whatever reason—no plan for shares of common stock of the Surviving Entity (defined in ⑥) to be listed on any financial instruments exchange on the effective date of the "Corporate Restructuring Activities", is signed by the representative of the Company and issued to the fiscal agent, then the company shall, by providing public notice no later than 30 days before the redemption date (the redemption date shall be on or before the said Corporate Restructuring Activities go into effect and shall be a banking day), redeem all outstanding Bonds (without exception) at the redemption price determined in accordance with ② to ④ (hereinafter the "Corporate Restructuring Activities Redemption Price").

② When the "reference parity" （defined in ③） exceed 100%, then the"Corporate Restructuring Activities Redemption Price" per 100 yen of face value shall be the amount obtained by multiplying 100 yen by the "reference parity". When the "reference parity" is below 100%, then the "Corporate Restructuring Activities Redemption Price" per 100 yen of face value shall be 100 yen.

③ In the event that ordinary shareholders of the Company are paid out in cash only due to "Corporate Restructuring Activities": "Reference parity" shall be the value calculated by dividing the amount of cash payable per share of common stock by the valid conversion price as of the "Corporate Restructuring Activities Approval Date" (calculated to 5 decimal places with the last digit rounded to the fourth decimal place, where 5 is rounded up and 4 down, and shown as a percentage). For cases other than that described in (B.) above: "Reference parity" shall be the value calculated by dividing the average Closing Price (defined below) for common stock of the Company in ordinary trading on the Tokyo Stock Exchange ("TSE") for five consecutive "Trading Days" (defined below) beginning on the "Trading Day" immediately after the date on which the Company's Board of Directors or other body, pursuant to the Companies Act, resolves or approves the terms and conditions of the "Corporate Restructuring Activities", including the amount of payment or issue to be made in relation to the said "Corporate Restructuring Activities" (or the date on which the terms and conditions of the said "Corporate Restructuring Activities" are publicly announced if said announcement is made after the date of the resolution or approval by the Board), by the valid conversion price on the fifth consecutive "Trading Day" (calculated to 5 decimal places with the last digit rounded to the nearest fourth decimal place, where 5 is rounded up and 4 down, and shown as a percentage). However, if the redemption date falls between July 22, 2026 (including this date) and August 3, 2026 (including this date), then the "Corporate Restructuring Activities Redemption Price" shall be 100% of face value. Within ③, Item 6 ②, Item 7 ②, and Paragraph 12 Item (6) ④, the term "Trading Day" shall mean a day on which shares of Common stock of the Company are traded normally on the TSE, excluding days on which there is no closing price (including indicative quotes) for common stock of the Company. Should the conversion price described in Paragraph 12 Items 9 and 10 or Item 14 need to be changed for any reason during the said five "Trading Days", the average Closing Price for Common stock of the Company over the said five "Trading Days" shall be reasonably adjusted.

④ "Corporate Restructuring Activities" herein refers to activities such as (B.) mergers in which The Company is the extinguishing entity, (c.) absorption-type company splits or incorporation-type company splits in which The Company is the split-off entity (limited to cases in which the Surviving Entity assumes The Company's obligations under the terms and conditions stipulated for the Bonds), (d.) share exchange or transfer in which The Company becomes a wholly owned subsidiary of another company, or (e.) other corporate restructuring procedures under Japanese law pursuant to which the Company's obligations under the Bond terms and conditions are assumed by another company.

⑤ (A.)"Surviving Entity" is a general term that refers to corporations specified in (B.) through (g.) below.

(B.) surviving company in an absorption-type merger or new company in a consolidation-type merger

(c.) succeeding company in an absorption-type company split

(d.) new company in an incorporation-type company split

(e.) parent company in a share exchange

(f.)the absolute parent company in a share transfer

(g.) any similar company (excluding those already listed in (B.) through (f.)), deriving from corporate restructuring procedures pursuant to Japanese laws, that assumes the obligations of the Company

⑥ Once the Company has issued a notice pursuant to ① hereof, it may not rescind or cancel such early redemption notice.

(6) Early redemption due to delisting, etc.

① (B.)In the event that a company or the party makes a public tender offer for common stock of the Company pursuant to the Financial Instruments and Exchange Act, (c.) and the Company expresses its consent to the said public tender offer (d.) and as a result of the public tender offer, the Company or the party that has made the public tender offer announces or agrees that common stock of the Company may be delisted from all financial instrument exchanges in Japan on which common stock of the Company is listed (excluding, however, cases where the Company or the party making the tender offer has publicly announced that it will make efforts to retain listed common stock of the Company after the said public tender offer); (e.)if the party that has made the public tender offer acquires common stock of the Company as a result of it, then upon public notice (of the redemption date, redemption price, and other necessary particulars) within 15 days from the date of the acquisition of Common stock of the Company through such a tender offer (i.e. the date on which settlement of the tender offer is commenced), all remaining Bonds (without exception) will be redeemed on the redemption date (this redemption date shall be within at least 30 days but no more than 60 days after the date of the notification). And the Bonds shall be redeemed at an amount in accordance with ② (hereinafter, the “Delisting Redemption Price”).

② The “Delisting Redemption Price” is calculated by the same method as the “Corporate Restructuring Activities Redemption Price” calculation method described in Item (5). (B.) If only cash is offered as payment to ordinary shareholders of the Company through the public tender offer: “reference parity” shall be the value calculated by dividing the amount of cash payable per share of common stock by the valid conversion price as of the last day of the tender offer period (calculated to 5 decimal places with the last digit rounded to the fourth decimal place, where 5 is rounded up and 4 down, and shown as a percentage).(c.) For cases other than that described in (B.) above: “reference parity” shall be the value calculated by dividing the average Closing Price for common stock of the Company in ordinary trading on the Tokyo Stock Exchange ("TSE") for five consecutive “Trading Days” ending on the “Trading Day” last day of the tender offer period, by the valid conversion price on the fifth consecutive “Trading Day” (calculated to 5 decimal places with the last digit rounded to the nearest fourth decimal place, where 5 is rounded up and 4 down, and shown as a percentage). However, if the redemption date falls between July 22, 2026 (including this date) and August 3, 2026 (including this date), then the “Delisting Redemption Price” shall be 100% of face value.

③ Not withstanding ①, if the Company or the party that has made the public tender offer announces, by the last day of the tender period, its intention to, following the acquisition of the common stock of the Company through the public tender offer, carry out Corporate Restructuring Activities or a squeeze-out as specified in Item (7), then the provisions of ① do not apply. If the "Corporate Restructuring Activities Approval Date" (or the effective date of the Squeeze-out as specified in Item (7)) fails to come about within 60 days after the acquisition of the common stock of the Company through the public tender offer, then within 15 days from the last day of the stated 60-day period, the Company shall, after providing public notice (of the redemption date, redemption price, and other necessary particulars), redeem all remaining Bonds (without exception) on the redemption date specified by the Company (this redemption date shall be within at least 30 days but no more than 60 days after the date of the notification and shall be on a bank day) and at the “Delisting Redemption Price”.

④ If the Company becomes required to redeem the Bonds both as a result of obligations set forth in this Item as well as of a result of obligations set forth in Items (5) or (7), then the Bonds shall be redeemed in accordance with either Item (5) or Item (7).

(7) Early redemption due to squeeze-outs

① If the Articles of Incorporation of the Company are amended such that all common stock is converted into wholly callable shares and there is a resolution at the General meeting of shareholders to acquire all these shares at some value and if the Board of Directors resolves to consent to a demand by the controlling shareholder (defined in Article 179 (1) of the Companies Act) towards minority shareholders to sell shares or if the general meeting of shareholders resolves to consent to a reverse stock split that will be accompanied by the delisting of the company (hereinafter, “Squeeze-outs”), then within 15 days from the day in which the squeeze-out occurred, the Company shall provide public notice of the redemption date, redemption price, and other necessary particulars and then all remaining Bonds (without exception) shall be redeemed on the redemption date (this redemption date shall be before the squeeze-out goes into effect and within at least 30 days but no more than 60 days after the date of the notification. However, if the squeeze-out goes into effect earlier than 30 days after the date of the notification, then the lower limit of this timeline shall be moved forward as necessary). And the Bonds shall be redeemed at an amount in accordance with ② (hereinafter, the “Squeeze-out Redemption Price”).

② The “Squeeze-out Redemption Price” is calculated by the same method as the “Corporate Restructuring Activities Redemption Price” calculation method described in Item (5). (B.) If only cash is offered as payment to ordinary shareholders of the Company for the squeeze-out: “reference parity” shall be the value calculated by dividing the amount of cash payable per share of common stock by the valid conversion price as of the day that the squeeze-out occurred (calculated to 5 decimal places with the last digit rounded to the fourth decimal place, where 5 is rounded up and 4 down, and shown as a percentage).(c.) For cases other than that described in (B.) above: “reference parity” shall be the value calculated by dividing the average Closing Price for common stock of the Company in ordinary trading on the Tokyo Stock Exchange ("TSE") for five consecutive “Trading Days” ending on the day that the squeeze out occurred, by the valid conversion price as of the day that the squeeze-out occurred (calculated to 5 decimal places with the last digit rounded to the nearest fourth decimal place, where 5 is rounded up and 4 down, and shown as a percentage). However, if the redemption date falls between July 22, 2026 (including this date) and August 3, 2026 (including this date), then the

"Squeeze-out Redemption Price" shall be 100% of face value.

(8) In the case of early redemption of the Bonds pursuant to the provisions of Items (3) to (7) or (10), the Stock Acquisition Rights attached to the redeemed bonds will no longer, in accordance with Paragraph 12-Item (4), be exercisable and thus be extinguished in their entirety.

(9) If the Company makes a public notice of early redemption based on any of the provisions of Items (3) to (7), it cannot subsequently make public notice of early redemption on the basis of different reasons. In addition, if the Company is obligated to give public notice of early redemption based on Item (5) or (7), or as stipulated in Item (6)-①-(B.) to (e.), then public notice of redemption cannot later be carried out on the basis of Item (3) or (4).

(10) Early redemption by request of the Bondholder

The Bondholder has the right to redeem the Bonds in advanced at 100% of face value on August 5, 2024 (hereinafter referred to as the "Early Redemption Date at the Request of the Bondholder"). In order to exercise this right, the Bondholder must provide notification to the Company within at least 30 days but no more than 60 days before the "Early Redemption Date at the Request of the Bondholder".

However, if the Company made public notice of early redemption based on any of the provisions of Items (3) to (7) and the public notice was made before the "Early Redemption Date at the Request of the Bondholder", regardless of which notice was made first, Items (3) to (7) shall take precedence and the early redemption shall occur in accordance with Items (3) to (7).

(11) Excerpt when forbidden by the Act on Book-Entry Transfer of Corporate Bonds or other operational rules of the Book-entry transfer institution, the Company may, at any time after the pay-in date, purchase the Bonds with Stock Acquisition Rights. If the Company extinguishes the Bonds, the Stock Acquisition Rights attached to the Bonds will no longer, in accordance with Paragraph 12-Item (5), be exercisable and thus be extinguished in their entirety.

12 Stock Acquisition Rights

(1) Number of Stock Acquisition Rights attached to the Bonds

Each of the Bonds shall have one Stock Acquisition Right and a total of 20 Stock Acquisition Rights shall be issued.

(2) Payment for Stock Acquisition Rights

The Stock Acquisition Rights shall not require any payment.

(3) Type of shares underlying Stock Acquisition Rights and calculation of the number of shares

The underlying shares are common shares of the Company

The number of underlying shares delivered is equal to the total face value of the Bonds with Stock Acquisition Rights exercised by the "Stock Acquisitions Rights Holder", divided by the valid conversion price at the time the exercise of such rights comes into effect (rounded down to the nearest whole number).

(4) Period during which Stock Acquisition Rights may be exercised

Holders of Stock Acquisition Rights may exercise their rights at any time between August 5, 2021 and July 21, 2026 (hereinafter "the exercise period") and thereby request the delivery of ordinary shares of the stock of the Company. However, Stock Acquisition Rights cannot be exercised during any of the periods specified below.

① The day when shareholders of common stock of the Company are finalized (i.e. the record date) and the preceding business day (when this is not a non-business day for the book-entry transfer institution)

② Any day deemed necessary by the book-entry transfer institution

③ When, during Corporate Restructuring Activities and Stock Acquisition Rights of the surviving organization are to be delivered, the Company deems it necessary to suspend (for a period specified by the Company and lasting no more than one month) exercise of Stock Acquisition Rights and provides public notice of the foregoing as well other necessary matters at least 30 days before the start of the suspension period.

④ In cases where the Bonds are redeemed prior to July 21, 2026 pursuant to the provisions of Paragraph 11, Items (3) to (7), then from the business day prior to the payment for the redemption

⑤ If the bonds are to be redeemed early at the bond holder’s request pursuant to the provisions of Paragraph 11, Item (10), (and thus the bond holder shall provide notice to the Company 30 to 60 days in advanced), then from the day notification is made onward

⑥ When the Bonds are accelerated and the Company is thereby required to immediately pay off the principal in pursuant to Paragraph 17, then from (and including) the effective date thereof

(5) Conditions for exercising Stock Acquisition Rights

Stock Acquisition Rights may not be exercised in part. Moreover, in the event that the Company purchases the Bonds with Stock Acquisition Rights and extinguishes the Bonds, then the Stock Acquisition Rights may no longer be exercised.

(6) Details of assets contributed when exercising Stock Acquisition Rights, as well as price and calculation

① Upon the exercise of each of the Stock Acquisition Rights, the Bonds they were affixed to shall be contributed.

② The amount of assets to be contributed upon the exercise of each Stock Acquisition Right shall be equal to the face value of each Bond.

③ The price used in calculating the number of shares of common stock of the Company to be delivered upon exercise of each Stock Acquisition Right (hereinafter “the conversion price”, but for Item 21 the “conversion price” shall instead refer to the price used in calculating the number of shares of common stock of the Surviving Entity to be delivered upon exercise of the stock acquisition rights of the Surviving Entity) will initially be equal to 135% of either the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on July 15, 2021 (the “issuance resolution date” for the Bonds with Stock Acquisition Rights) or the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the “terms-setting date”, whichever is higher; but it may be revised in pursuant to ② or adjusted in pursuant to Items (8) through (14).

④ If the value calculated by multiplying the average Closing Price for common stock of the Company in ordinary trading on the Tokyo Stock Exchange ("TSE") for five consecutive “Trading Days” ending on Feb 6, 2023 (hereinafter “the determination date”) by [1.00] (calculated to 2 decimal places with the last digit rounded up to 1 decimal place), then the “determination date conversion price” shall be revised to this value from February, 13, 2023 (hereinafter the “revision date”) onward (however from the determination date (not including the date itself) to the revision date (including the date itself) adjustments are subject to be made in accordance with Items (8) to (14)). However, if the above calculation yields an amount less than the “minimum conversion price” (defined below), then the “minimum conversion price” shall be taken as the “post-revision conversion price”. The minimum conversion price shall be the same as the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on July 15, 2021 (however from the determination date (not including the date itself) to the revision date (including the date itself) adjustments are subject to be made in accordance with Items (8) to (14), in the same manner as adjustments to the “conversion price”).

(7) Matters relating to increases of capital and capital reserves upon issuing stock when stock acquisition rights of the Company are exercised

① The amount of capital increase upon issuing stock in relation to the exercising of Stock Acquisition Rights of the Company shall be half of the capital increase limit calculated pursuant to Article 17 of the Corporate Accounting Regulations, with any decimal place smaller than one whole yen remaining after calculation thereof rounded up to the next whole number.

② The amount of capital reserves increase upon issuing stock in relation to the exercising of Stock Acquisition Rights of the Company shall be equal to the capital increase limit set out in ① less the amount by which capital is increased as per ①.

(8) If, for any of the reasons listed in Item (9) hereof, there is a change in the number of shares of the Company's common stock issued once the Bonds with Stock Acquisition Rights have been issued or there is a chance that such a change may occur, the Company shall adjust the conversion price pursuant to the following formula (hereinafter the "New Issuance Conversion Price Adjustment Formula").

$$\text{Post-adjustment Conversion Price} = \text{Pre-adjustment Conversion Price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of Shares Delivered} \times \text{Delivery price per share}}{\text{Market Price}}}{\text{Number of shares already issued} + \text{Number of Shares Delivered}}$$

(9) The following shall apply in the case of adjustments to the conversion price for Bonds with Stock Acquisition Rights using the New Issuance Conversion Price Adjustment Formula, and in relation to the applicable period for the post-adjustment conversion price.

① When the common stock of the Company is issued or disposed of by the Company at a paid-in price lower than the market price, as defined in Item (13) ②, is solicited (but this shall not include common stock of the Company allotted as renumeration to Directors, other officers, or employees of the Company or its affiliates (“affiliates” as stipulated in Article 8 Paragraph 8 of the Rules for the Terminology, Form, and Preparation Method of Consolidated Financial Statements)):

The post-adjustment conversion price shall apply after (and excluding) the pay-in date or the last day of the pay-in period, or (if the right to receive allocation of shares is offered), the day following the record date for determining the shareholders to be allocated such rights.

② Whenever common stock of the Company is subject to a stock split, or gratis allotment:

The post-adjustment conversion price shall apply beginning the day following the record date (or if no record date is determined, then the effective date) for determining which shareholders will acquire stock by such stock split or gratis allotment.

③ When any of the following (not including allotments of Stock Acquisition Rights to Directors, other officers, or employees of the Company or its affiliates) are issued : securities with rights exercisable for the reception of the common stock of the Company at below the price stipulated in Item 13 ② or which may be forcibly acquired against the holder (called by the issuer), securities with rights exercisable for the reception of Stock Acquisition Rights which are in turn exercisable for the reception of common stock of the Company at below the price stipulated in Item 13 or which may be forcibly acquired against the holder thereof, or Stock Acquisition Rights (including rights attached to bonds with stock acquisition rights) exercisable for the reception of common stock of the Company at below the price stipulated in Item 13 ②, then the following applies (however gratis allotment of bonds with stock acquisition rights stock acquisition rights shall be issued free of charge pursuant to the provisions set forth in ③)

The post-adjustment conversion price shall be calculated using the New Issuance Conversion Price Adjustment Formula assuming that all issued stock acquisition rights (including stock acquisition rights underlying rights attached to securities) or securities with rights have been acquired or exercised according to their original terms and common stock of the Company has been delivered. The same shall apply beginning the day following the pay-in date of such stock acquisition rights or securities with rights or the last day of the paid-in period thereof or the record date for determining the shareholders to be allocated securities pursuant to such an offer (if no record date has been determined, then the effective date thereof).

If the Company publicly announces that that it is issuing securities with rights (as in ③) or stock acquisition rights (including in the case of gratis allotment of Stock Acquisition Rights) for the purpose of defending itself against a hostile corporate takeover, the conversion price after adjustment shall be calculated by mutatis mutandis application of the New Issuance Conversion Price Adjustment Formula, deeming all issued securities with rights as acquired, converted, exchanged or exercised, and common shares as delivered as of the date on which such acquisition, conversion, exchange or exercise and delivery of common shares is permitted under the terms and conditions thereof (the "Commencement Date of Conversion and Exercise"). The conversion price after adjustment shall apply beginning the day after the Commencement Date of Conversion and Exercise.

④ When a record date is set and ① through ③ above are subject to approval by the Board of Directors, or shareholder approval at a general shareholders' meeting ,or other body of the Company, then notwithstanding the provisions of ① through ③ above, the post-adjustment conversion price shall apply beginning the day after the date on which such approval is granted. In such a case as described above, the common stock of the Company will be delivered to persons holding Stock Acquisition Rights who have requested to exercise such rights after the record date but before the date on which such approval was granted, in accordance with the following formula.

$$\text{Number of shares} = \frac{\left(\text{Pre-adjustment Conversion Price} - \text{Post-adjustment Conversion Price}\right) \times \text{Number of shares delivered during said period at pre-adjustment conversion price}}{\text{Post-adjustment Conversion Price}}$$

Units of less than one share arising as a result of such calculation shall be disregarded and exempt from any cash settlement.

(10) If the Company makes any special dividends pursuant to Item 11 hereof after issuing the Bonds with Stock Acquisition Rights, the conversion price shall be adjusted pursuant to the following formula (hereinafter, the "Special Dividend Conversion Price Adjustment Formula"). This formula, along with the New Issuance Conversion Price Adjustment Formula, shall be collectively referred to as the “Conversion Price Adjustment Formula”.

$$\text{Post Adjustment Conversion Price} = \text{Pre-adjustment Conversion Price} \times \frac{\text{Market price – Amount of per-share special dividend}}{\text{Market Price}}$$

"Per-Share Special Dividend" herein refers to the special dividend divided by the number of shares underlying Stock Acquisition Rights per bond amount (100,000,000 yen) as of the last record date during the fiscal year related to distribution of surplus funds. Per-share special dividend shall be calculated to two decimal places below one whole yen, then rounded off to a single decimal place (any figure of 5 and above will be rounded up and 4 or below will be rounded down).

(11)① "Special Dividend" herein refers to any excess amount obtained when the cumulative amount of surplus dividends per share of the Company common stock on each record date during each fiscal year through July 21, 2026 (including money payable pursuant to the provisions of Articles 455-2 and 456 of the Companies Act; in the event of distribution in kind, the amount of distribution shall be the book value of such distribution in kind) multiplied by the number of shares subject to the Stock Acquisition Rights per amount (100,000,000 yen) of each Bond as of such record date exceeds the reference distribution amount, which is obtained by dividing the value of each of the Bonds (100,000,000 yen) by the initial conversion price (calculated to one decimal place then rounded off to a whole number) and multiplying the obtained number by 2.5 (such surplus amount shall be hereinafter referred to as "Special Dividend").

② The conversion price adjustment for special dividends shall apply from the tenth day of the month following passage of a resolution to distribute surplus funds pursuant to Article 454 or 459 of the Companies Act for the final record date in relation to distributions in each fiscal year.

(12) When the difference between the conversion price calculated using the New Issuance Conversion Price Adjustment Formula and the pre-adjustment conversion price is less than one yen, no conversion price adjustment shall be made. If the conversion price needs to be calculated again due to a need for adjustment thereafter, the difference shall be deducted from the pre-adjustment conversion price to be used in the conversion price adjustment formula.

(13)① Calculations with the conversion price adjustment formula shall be calculated to two decimal places, then rounded off to a single decimal place

② The market price to be used in the Conversion Price Adjustment Formula shall be the average Closing Price of the common stock of the Company over 30 Trading Days (excluding days on which there is no Closing Price) commencing on the 45th Trading Day prior to the date the post-adjustment conversion price was applied (or the record date in the case of Item (9) ④ hereof, or the last record date for the dividend of the fiscal year in case of the Special Dividend Conversion Price Adjustment Formula).

In such a case, the average price shall be calculated to two decimal places, then rounded off to a single decimal place.

③ The number of shares already issued using the New Issuance Conversion Price Adjustment Formula shall be the number of issued shares of Common stock of The Company as of 30 days prior to the date on which the post-adjustment conversion price was applied, or, when shareholders are offered rights to receive allocation of stock, as of the record date for determining the shareholders to be allocated such rights, less the number of shares of common stock of The Company held by the Company as of such date, plus the number of unissued shares of common stock of the Company that are deemed to have been counted pursuant to Items 9 and 14 hereof before the said conversion price was adjusted. In the case common stock of the Company is split, the number of shares to be delivered in the Price Issuance Conversion Price Adjustment Formula shall not include the number of common shares allotted to the common shares held by the Company as of the record date.

(14) In the following cases, other than adjustment of the conversion price pursuant to Items 9 and 10, the Company shall perform the necessary conversion price adjustment.

① When a conversion price adjustment is necessary due to a stock merger, merger, company split or share exchange.

② When other conversion price adjustments are necessary due to a change in the number of shares of common stock issued by the Company or there is a possibility of the occurrence of such an event.

③ When conversion price adjustments are necessary due to gratis allotment of other kinds of shares to shareholders

④ Whenever calculations for a conversion price adjustment are based on one event which is accompanied by another event that impacts the market price.

(15) When revising the conversion price pursuant to Item (6) ④ or when adjusting the conversion price pursuant to Items (8) through (4), the Company will notify Bondholders in advance of the pre-revision (or pre-adjustment) conversion price, the post-revision (or post-adjustment) conversion price, the date the said revision or adjustment will take effect, and other relevant matters. When such notice cannot be made prior to the date on which the same becomes applicable, then it shall be made as soon as possible thereafter.

(16) Requests to exercise Stock Acquisition Rights shall be made at the place specified in Paragraph 23 hereof (hereinafter the "Exercise Request Location").

(17)① To request exercise of Stock Acquisition Rights, the bondholder shall complete the necessary procedures to instruct his/her book-entry transfer institution or account management institution to submit the documents necessary for the request to the Exercise Request Location during the exercise request period.

② The Stock Acquisition Rights holder cannot rescind the request once the foregoing procedures towards the book-entry transfer institution or account management institution have been completed.

(18) A request to exercise Stock Acquisition Rights shall be effective as of the date on which the documents necessary for the same arrive at the Exercise Request Location. Once Stock Acquisition Rights take effect, the Bonds relating to such Stock Acquisition Rights shall be deemed due and payable.

(19) Once the exercising of Stock Acquisition Rights becomes effective, the Company shall deliver shares to the exercising Bondholder by recording an increase in transferred stock in the ownership column of the transfer account with the book-entry transfer institution or account management institution specified by said Bondholder.

(20) If it becomes necessary to change the readings of terms in this paragraph, the Company will take necessary measures.

(21) Excluding early redemption of Bonds with Stock Acquisition Rights pursuant to Paragraph 11 Item 5, should the Company carry out Corporate Restructuring Activities, it shall ensure that the Surviving Entity deliver the stock acquisition rights of the Surviving Entity as described in Items ① through ⑧ hereof (hereinafter, the "Successor Stock Acquisition Rights") to the holder of the Stock Acquisition Rights connected to the Bonds with Stock Acquisition Rights remaining immediately preceding the effective date of said Corporate Restructuring Activities, in exchange for the Stock Acquisition Rights held by such rights holder. In such a case, the Stock Acquisition Rights shall be extinguished and the obligations related to the Bonds will be assumed by the Surviving Entity, as of the date on which the Corporate Restructuring Activities take effect, while the Stock Acquisition Rights shall be held by the holder of the Successor Stock Acquisition Rights, and the provisions of these terms and conditions as relating to Stock Acquisition Rights shall be applied, mutatis mutandis, with respect to such Successor Stock Acquisition Rights.

① The number of stock acquisition rights of the Surviving Entity to be delivered

The same number as the number of remaining Stock Acquisition Rights held by the holder of the Bonds with Stock Acquisition Rights immediately preceding the effective date of the said

Corporate Restructuring Activities.

② type of shares underlying the stock acquisition rights of the Surviving Entity

Common stock of the Surviving Entity

③ Method of calculating the number of shares underlying the stock acquisition rights of the Surviving Entity

The calculation shall be performed by dividing the total face value of the Bonds of the Surviving Entity related to the Successor Stock Acquisition Rights by the conversion price stipulated in ④ below. This shall be rounded down to the nearest whole number.

④ Conversion Price of the Bonds of the Surviving Entity bearing the Successor Stock Acquisition Rights

The conversion price of the Bonds of the Surviving Entity bearing the Successor Stock Acquisition Rights shall be determined in a way that the holder who exercises rights immediately after the Corporate Restructuring Activities took effect receives the same economic benefit as he/she would have been entitled had the exercise taken place immediately before the Corporate Restructuring Activities. Revisions (or adjustments) to the conversion price made from the effective date of the Corporate Restructuring Activities onward shall be made in accordance with Item (6) ④ (or Items (8) through (4))

⑤ Details and amount of assets contributed upon execution of stock acquisition rights of the Surviving Entity, and method of calculation thereof

Upon the exercise of each of the stock acquisition right of the Surviving Entity, the Bonds they were affixed to shall be contributed. The amount of assets to be contributed upon the exercise of each stock acquisition right of the Surviving Entity shall be equal to the face value of each Bond.

⑥ Period during which stock acquisition rights of the Surviving Entity may be exercised

The period shall be from the effective date of the Corporate Restructuring Activities to the delivery date for Stock Acquisition Rights specified in Item (4). (However, if the Company has specified a suspension pursuant to Item (4) ③, then the period shall begin on either the effective date of the Corporate Restructuring Activities or the bank business day immediately following the final day of the suspension, whichever falls later)

⑦ Conditions for exercising stock acquisition rights of the Surviving Entity

Stock acquisition rights of the Surviving Entity may not be exercised in part. Moreover, in the event that the Surviving Entity purchases the Bonds with Successor Stock Acquisition Rights and extinguishes the Bonds, then the Successor Stock Acquisition Rights may no longer be exercised.

⑧ Matters relating to increases of capital and capital reserves upon issuing stock when Successor Stock Acquisition Rights are exercised

The amount of capital increase upon issuing stock in relation to the exercising of Successor Stock Acquisition Rights shall be half of the capital increase limit calculated pursuant to Article 17 of the Corporate Accounting Regulations, with any decimal place smaller than one whole yen remaining after calculation thereof rounded up to the next whole number.

13. Reasons for not requiring payment for the Stock Acquisition Rights

The Stock Acquisition Rights are affixed to the Bonds with Stock Acquisition Rights, and in consideration of the fact that separate transfer from the Bonds cannot be made and that upon the exercise of the Stock Acquisition Rights, the Bonds attached to the Stock Acquisition Rights are contributed, the Bonds and the Stock Acquisition rights are mutually and closely related, and in consideration of the Stock Acquisition Rights' value and the economic interests to be obtained by the Company with the Bonds' interest rates (0.0% annualized) and other terms of issuance such as the pay-in amount, it was decided that the payment of monies will not be required in exchange for the Stock Acquisition Rights.

14. Restrictions on provisioning of collateral

(1) As long as unredeemed principal of the Bonds exists, if at some time after the issue of the Bonds with Stock Acquisition Rights, the Company establishes security interests on collateral for other convertible bonds with stock acquisition rights issued in Japan, then, in accordance with the Secured Bond Trust Act, security interests of the same rank will be established for the Bonds with Stock Acquisition Rights as well. “Convertible Bonds With Stock Acquisition Rights” refers to “bonds with stock acquisition rights” as defined in Article 2 Paragraph 22 of the Companies Act.

(2) If the security interest established in accordance with the foregoing becomes insufficient for collateralizing the unredeemed principal of the Bonds, then the Company will, in accordance with the Secured Bond Trust Act, establish security interest for the Bonds with Stock Acquisition Rights.

(3) In the event that an absorption type merger, stock swap, or absorption-type stock split results in the succession of security interests that had been established by the absorbed company, wholly-owned subsidiary, or split company, Items (1) and (2) shall not apply.

15. Change to collateralized bonds

(1) The Company may at any time, establish security interests on collateral for the Bonds with Stock Acquisition Rights in accordance with the Secured Bond Trust Act.

(2) In the event that security interests are established for the Bonds with Stock Acquisition Rights in pursuant to the above item or to Paragraph 14, the Company will immediately complete the registration thereof and other necessary procedures, and will give public notice to that effect in accordance with the provisions of Article 41 Paragraph 4 of the Secured Bond Trust Act.

16. Lifting of restrictions on collateral provision

If the Company establishes security interest for the Bonds with Stock Acquisition Rights pursuant to Paragraphs 14 or 15, then paragraph 14 will no longer apply.

17. Acceleration clause

The acceleration clause shall be invoked when any of the following apply. However, if the Company has established security interests for the Bonds pursuant to Paragraphs 14 or 15, then the acceleration clause shall not be invoked through application of Item (2).

(1) When the Company violates the provisions of Paragraph 11.

(2) When the Company violates the provisions of Paragraph 14.

(3) When the company violates the provisions of Paragraph 12 Item (6) ④ or Items (8) to (15) or the provisions of Paragraph 15 Item (2) or the provisions of Paragraph 18 and does not meet obligations or make corrections within 30 days of receiving a request to make corrections from one or more bondholders.

(4) When another bond issued by the Company is accelerated or the Company fails to make redemption payments of another bond by the scheduled payment date thereof.

(5) When debt obligations of the Company other than bonds are accelerated; Or when the company fails to fulfill obligations with respect to guarantees made on the bonds or other debt of other companies. However, this need not be applied if the total amount of the applicable debt is less than 500 million yen (after currency conversion).

(6) When the Company has filed a petition requesting commencement of bankruptcy proceedings, civil rehabilitation proceedings, or corporate reorganization proceedings; or when the Board of Directors has resolved to dissolve the company (but not including in the case of mergers).

(7) When the Company decides to commence bankruptcy proceedings, civil rehabilitation proceedings, or corporate reorganization proceedings; or when the Company has been ordered to begin special liquidation procedures; or when the company has been dissolved (but not including in the case of mergers)

(8) When a petition for compulsory auction, provisional seizure, or provisional disposition is filed against assets indispensable to the Company's business; or when other facts, such as the seizure of assets as disposition for delinquent payment, which seriously damage trust in the Company materialize

18. Public Notice to Bondholders

Notices to Bondholders shall be made by public notice using the means specified by the Company. However, the Company may elect to notify bondholders directly in lieu of a public notice unless otherwise specified by law.

19. Bondholders' meeting

(1) The Bondholders meeting for the Bonds with Stock Acquisition Rights shall be composed of the holders of bonds of the same type (pursuant to the types specified in Article 681-1 of the Companies Act, hereinafter "Bonds of this Type"). The company shall convene a Bondholders' meeting by notifying Bondholders of the said meeting as well as matters specified in Article 719 of the Companies Act no later than two weeks before the date of said meeting.

(2) The Bondholders meeting for "Bonds of this Type" shall be convened in Tokyo.

(3) Bondholders holding 10% or more of the total amount of the of "Bonds of this Type" (excluding amounts already redeemed and the total amount of such bonds held by The Company) may request that a bondholder meeting be convened upon providing the Company written notice detailing the reasons why they want to convene the meeting and agenda items to be discussed.

20. Application Period

August 4, 2021

21. Allotment date for Stock Acquisition Rights and Pay-in date for the Bonds and (issue date)

August 4, 2021

22. Book-entry transfer institution

Japan Securities Depository Center

23. "Exercise Request Location"

Administrator of shareholder registry: Mitsubishi UFJ Trust and Banking Corporation

24. Financial agent

The Financial Agent for the Convertible Bonds shall be Sumitomo Mitsui Banking Corporation

The Financial Agent shall act as the Issuing Agent and Payment Agent as well.

The Financial Agent shall not bear any obligations or responsibilities to the holders of the Bonds with Stock Acquisition Rights and shall have no agency relationship or fiduciary relationship with the holders of the Bonds with Stock Acquisition Rights.

25. Payment of the redemption amount

Payment of the redemption amount of the Bonds shall be conducted in accordance with the Act on Book-Entry Transfer of Corporate Bonds, and the operational rules and other rules of the Book-entry transfer institution.

26. Method of allotment

The entirety will be allotted to Credit Suisse Securities Co., Ltd. by way of Third Party Allotment

27. Subscription handling

Kanamic Network Co., LTD. Administrative Department

28. Status of listing application

No application submitted

29. Other necessary matters regarding the issuance of the Stock Acquisition Rights are relegated to the Representative Director and President of the Company, Takuma Yamamoto.

30. All Paragraphs above are subject to the securities registration statement filed under the Financial Instruments and Exchange Act of Japan coming into effect.

（Attachment２）

Kanamic Network Co., LTD

3rd series Stock Acquisition Rights

Terms of Issuance

１． Name of the stock acquisition rights

Kanamic Network Co., LTD. 3rd Series Stock Acquisition Rights (hereinafter referred to as "the Stock Acquisition Rights")

２． Application Date

August 4, 2021

３． Date of Allotment

August 4, 2021

４． Date of Payment

August 4, 2021

５． Method of allotment

The entirety of the Stock Acquisition Rights will be allotted to Credit Suisse Securities Co., Ltd. by way of Third-Party Allotment

６． Type and number of shares underlying the Stock Acquisition Rights

(1) The type and number of shares underlying the Stock Acquisition Rights shall be 4,800,000 shares of the Company’s common stock (The number of shares underlying 1 stock acquisition right (hereinafter the “Number of Shares Allotted”) is 100 shares.)。 However, if, in accordance with items (2) to (5) below, the “Number of Shares Allotted” is adjusted, the total number of shares underlying the Stock Acquisition Rights shall be adjusted to reflect the “post-adjustment Number of Shares Allotted”.

(2) If the company executes stock splits, gratis allotment, or mergers of the Company’s common stock (hereinafter “Stock Splits, etc.”), the “Number of Shares Allotted” will be adjusted by the following formula. However, any fraction of less than one share created as a result of the adjustment shall be rounded down.

[post-adjustment Number of Shares Allotted] ＝ [pre-adjustment Number of Shares Allotted]×[ratio of the Stock Splits, etc.]

(3) If the Company adjusts the exercise price (defined in Paragraph 9, Item (2)) in accordance with the provisions of Paragraph 11（excluding cases where the cause is “Stock Splits, etc.”）, then the “Number of Shares Allotted” is adjusted according to the following formula.　However, any fraction of less than one share created as a result of the adjustment shall be rounded down. The “pre-adjustment exercise price” and the “post-adjustment exercise price” in this formula shall be equivalent to the “pre-adjustment exercise price” and the “post-adjustment exercise price” specified in paragraph 11.

$$\text{post-adjustment Number of Shares Allotted} = \frac{\text{pre-adjustment Number of Shares Allotted} \times \text{pre-adjustment exercise price}}{\text{post-adjustment exercise price}}$$

(4) The effective date of the “post-adjustment Number of Shares Allotted” (for adjustments based on this paragraph) shall be the same day that the “post-adjustment exercise price” for adjustments for reasons set forth in Paragraph 11 Items (2), (5) and (6) becomes effective in accordance with those items.

(5) When making adjustments to the “Number of Shares Allotted”, The Company will, by the day before the “post-adjustment Number of Shares allotted” comes into effect, notify the holder of the Stock Acquisition Rights (hereinafter, the “Stock Acquisition Rights Holder”) in writing of the following: the fact that such adjustment will be made, the reason for the adjustment, the “pre-adjustment Number of Shares Allotted”, the “post-adjustment Number of Shares Allotted”, the effective date, and other necessary matters.

７． Total number of stock acquisition rights

48,000

８． Issue Price per Stock Acquisition Right

The issue price for 1 Stock Acquisition Right shall be 93 yen（0.93 yen per share of the stock underlying the Stock Acquisition Rights）, but the issue price will be determined based on a value calculated by the same method as that specified in Paragraph 18 on a date, July 19, 2021 or July 20, 2021, (henceforth the “term-setting date”) specified by the Board of Directors. Should the valuation performed on the term-setting date exceed 93 yen, then the issue price will be determined based on that valuation.

９． Price of assets to be contributed upon exercise of the Stock Acquisition Rights

(1) The assets to be contributed upon exercise of the Stock Acquisition Rights shall be cash, and the amount of cash shall be the amount obtained by multiplying the exercise price by the “Number of Shares Allotted”.

(2) The amount of cash to be contributed per share of the Company’s common stock upon exercise of the Stock Acquisition Rights(Hereinafter the "Exercise Price") shall initially be equal to the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the date immediately preceding the “terms-setting date” (or, if no closing price is quoted on that date, the closing price of the immediately preceding date) or the “Minimum Exercise Price”(defined in Paragraph 10), whichever is higher. However, the Exercise Price may be revised or adjusted in accordance with Paragraphs 10 or 11.

10. Revision of the Exercise Price

The “Revision Date” is the same as the effective date of any request to exercise Stock Acquisition Rights (stipulated in Paragraph 16, Item (3)). The “Revision Date Price” is equivalent to 92%, rounded down to the nearest yen, of the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on the trade date immediately preceding the “Revision Date” (or, if no closing price is quoted on that date, the closing price of the date immediately preceding that). If this “Revision Date Price” differs, by more than 1 Yen, from (is less than or great than) the "Exercise Price" that was valid as of immediately before the “Revision Date”, then the "Exercise Price" will be revised to this "Revision Date Price". However, if the above calculation, yields a result lower than the “Minimum Exercise Price” (defined below), then the “Minimum Exercise Price” shall be taken as the “Post-revision Exercise Price”. The “Minimum Exercise Price” shall correspond to the closing price for the Company’s common stock in the ordinary trading session at the Tokyo Stock Exchange on July 15, 2021 and it is adjusted by applying, mutatis mutandis, the provisions of Paragraph 11.

11. Adjustment of the “Exercise Price”

(1) If, due to any of the reasons listed in item (2) below, the quantity of the Company’s common stock changes or may change subsequent to the issue of the Stock Acquisition Rights, the Exercise Price shall be adjusted in accordance with the following formula (hereinafter the “Exercise Price Adjustment Formula”):

$$\text{Post-adjustment Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{\text{Number of previously issued shares} + \dfrac{\text{Number of newly issued/disposed shares} \times \text{Paid-in amount per share}}{\text{Share Price}}}{\text{Number of previously issued shares} + \text{Number of newly issued/disposed shares}}$$

(2) The following shall apply in the case of adjustments to the “Exercise Price” using the “Exercise Price Adjustment Formula” and in relation to the effective date for the “Post-adjustment Exercise Price” after adjustment.

① Whenever common stock of the Company is newly issued or disposed of by the Company (including through gratis allotment) at below the stock price specified in item (4) ② below (this shall exclude cases where shares are delivered as restricted stock compensation and this shall exclude cases where shares are delivered by way of holders exercising their “stock acquisition rights”, including “bonds with stock acquisition rights”, acquisition of “shares with put options" or "shares subject to call", or via the exercise of other rights requesting the delivery of the Company's common stock, and where shares of the Company's common stock are delivered as a result of a company split, share exchange, or merger):

The "Post-adjustment Exercise Price" shall come into effect on the "Date of Payment" (or in the case of an offering in which a "Payment Period" is designated then the last day thereof or in the case of gratis allotment of shares then the effective date thereof), or if the right to receive allocation of shares is offered, the "Post-adjustment Exercise Price" shall come into effect on the day following the "record date" for determining the shareholders to be allocated such rights.

② The"Post-adjustment Exercise Price" shall come into effect beginning the day following the record date for determining which shareholders will acquire stock by such stock splits.

③ Whenever "shares with put options" or "stock acquisition rights" (including those attached to "bonds with stock acquisition rights") that confer rights to request the delivery of the Company's common stock at below the stock price specified in Item (4) ② below are issued or granted (including through gratis allotment, except when "stock acquisition rights" are allocated as stock options):

The "Post-adjustment Exercise Price" is calculated by applying the "Exercise Price Adjustment Formula" assuming that all puts attached to all "shares with put options" and all "stock acquisition rights" have been exercised at the initial terms. This will go into effect from the "Date of Payment" (the "Date of Allotment" in the case of "stock acquisition rights" (including those attached to "bonds with stock acquisition rights")), or (in the case of gratis allotment of shares) this will go into effect from the "effective date". But if there is a record date" for determining the shareholders to be allocated rights, then the "Post-adjustment Exercise Price" shall come into effect on the day following the "record date".

④ Whenever common stock of the company is delivered at below the stock price specified in Item (4) ② below in exchange for the acquisition of "shares subject to call" or "stock acquisition rights subject to call"（ including those attached to "bonds with stock acquisition rights"）issued by the company:

The "Post-adjustment Exercise Price" shall come into effect on the day following the date of the acquisition.

Notwithstanding the above, regarding these"shares subject to call" or these "stock acquisition rights subject to call"（ including those attached to "bonds with stock acquisition rights"）, if, before this adjustment of the "Exercise Price", an adjustment was conducted as described in ③, then the "Post-adjustment Exercise Price" shall be calculated in light of that adjustment.

⑤ When a record date is set and ① through ③ above are subject to approval by the Board of Directors, or shareholder approval at a general shareholders' meeting, or other body of the Company, then notwithstanding the provisions of ① through ③ above, the Post-adjustment Exercise Price" shall come into effect beginning the day after the date on which such approval is granted. In such a case as described above, common stock of the Company will be delivered to persons holding the Stock Acquisition Rights who have requested to exercise such rights after the "record date" but before the date on which such approval was granted, in accordance with the following formula.

$$\text{Number of shares of stock} = \frac{\left(\text{Pre-adjustment Exercise Price} - \text{Post-adjustment Exercise Price}\right) \times \text{Number of shares of common stock delivered during said period at the pre-adjustment exercise price}}{\text{Post-adjustment Exercise Price}}$$

Units of less than one share arising as a result of such calculation shall be disregarded and exempt from any cash settlement.

(3) When the difference between the "Post-adjustment Exercise Price" using the "Exercise Price Adjustment Formula" and the "Pre-adjustment Exercise Price" is less than one yen, no "Exercise Price" adjustment shall be made. If the "Exercise Price" needs to be calculated again due to a need for adjustment thereafter, the difference shall be deducted from the "Pre-adjustment Exercise Price" to be used in the "Exercise Price Adjustment Formula".

(4) ① Calculation of the “Exercise Price Adjustment Formula” shall be made to two decimal places with the second digit below one whole yen discarded.

② The “stock price” to be used in the “Exercise Price Adjustment Formula” shall be the average Closing Price of The Company’s common stock over 30 Trading Days (excluding days on which there is no Closing Price) commencing on the 45th Trading Day prior to the date the “Post-adjustment Exercise Price” was applied (or the “record date” in the case of Item (2) ⑤). In such a case, the “stock price” shall be calculated to two decimal places, and the second digit below one whole yen discarded.

③ The “Number of previously issued shares” used in the “Exercise Price Adjustment Formula” shall be the number of previously issued shares of common stock of The Company as of one month prior to the date on which the “Post-adjustment Exercise Price” was applied, or, when shareholders are offered rights to receive allocation of stock, as of the “record date” for determining the shareholders to be allocated such rights, less the number of shares of common stock of the Company held by the Company as of such date. In the case of Article (2) ② above, the “Number of newly issued/disposed shares” in the “Exercise Price Adjustment Formula” shall not include the number of common shares allotted to the common shares held by the Company as of the “record date”.

(5) In the following cases, other than adjustment of the exercise price pursuant to Article 2 above, the Company shall, upon conferring with the “Stock Acquisition Rights Holder”, perform the necessary exercise price adjustment.

① When an exercise price adjustment is necessary due to a stock merger, decline in capital stock, company split or share exchange, or merger.

② Other times when the quantity of the Company’s common stock changes or may change.

③ Whenever calculations for an exercise price adjustment are based on one event which is accompanied by another event that impacts the stock price.

(6) Notwithstanding the provisions of item (2) above, when the date on which the “Post-Adjustment Exercise Price” based on item (2) comes into effect coincides with the exercise price “Revision Day” based on item 10, the company will make required adjustments to the exercise price and the minimum exercise price.

(7) When adjusting the “Exercise Price”, the Company will notify the “Stock Acquisition Rights Holder” in advance of the fact that the adjustment will be made and the reason thereof, the “Pre-adjustment Exercise Price”, the “Pre-adjustment Exercise Price”, the date that the adjustment will take effect, and other relevant matters. However, for the situation specified in Item (2) ⑤ above and for other situations where notice cannot be made prior to the date on which the adjustment goes into effect, then it shall be made as soon as possible thereafter.

12. Period during which the Stock Acquisition Rights may be exercised

August 5, 2021 to August 5, 2024

13. Other conditions for exercising the Stock Acquisition Rights

Stock Acquisition Rights may not be exercised in part.

14. Acquisition provisions related to the Stock Acquisition Rights

(1) If the closing prices of ordinary trading of the Company's common stock on the Tokyo Stock Exchange on any of the 20 consecutive trading days immediately preceding the notification date below are all below the minimum exercise price on the respective date (or, if no closing price is quoted on that date, the closing price of the date immediately preceding that), then anytime on or after February 7, 2022, the Company can, through a resolution of the Board of Directors and upon giving at least two weeks advanced notice in accordance with the provisions of Article 273 of the Act on Companies, acquire all Stock Acquisition Rights (that are not held by the Company) on the acquisition date specified by the Board of Directors at an amount corresponding to the pay-in price per Stock Acquisition Right.

(2) On August 5, 2024 the Company will acquire all Stock Acquisition rights that are not held by the Company at an amount corresponding to the pay-in price per Stock Acquisition Right.

(3) In the case of a merger in which the Company is absorbed, or a share exchange or share transfer in which the Company becomes a wholly owned subsidiary (hereinafter referred to as "Restructuring Activities"), the Company will, upon providing two weeks advanced notice, acquire all Stock Acquisition rights that are not held by the Company at an amount corresponding to the pay-in price per Stock Acquisition Right and on a date before the effective date of the “Restructuring Activities”.

(4) On a date two weeks after the date in which shares issued by the Company are designated by the Tokyo Stock Exchange as “stocks under supervision”, “special-caution-market stocks” or “securities to be delisted”, or on a date two weeks after the decision to delist the shares of the company was made (or the next business date if this is a holiday), the company will acquire all Stock Acquisition rights that are not held by the Company at an amount corresponding to the pay-in price per Stock Acquisition Right.

15. Matters relating to increases in capital and capital reserves when stock is issued in response to the exercising of the Stock Acquisition Rights

The amount of capital increase upon issuance of stock when the Stock Acquisition Rights are exercised shall be half of the capital increase limit calculated pursuant to Article 17 of the Corporate Accounting Regulations, with any decimal places smaller than one whole yen remaining after calculation thereof rounded up to the next whole number.

16. Filing a request to exercise Stock Acquisition Rights

(1)A notification containing the necessary particulars to requests exercise of the Stock Acquisition Rights shall be made during the period specified in Paragraph 12 as the period during which Stock Acquisitions Rights may be exercised. Notifications shall be made at the place specified in Paragraph 19 as the “Exercise Request Location”.

(2) When the “Stock Acquisition Rights Holder” intends to exercise Stock Acquisition Rights, they will provide notification of exercise request as detailed above; and the assets to be contributed at the time of the exercise of the Stock Acquisition Rights shall be remitted in cash to an account designated by the Company as the “Place for Payment” in Paragraph 20.

(3) A request to exercise Stock Acquisition Rights shall be effective as of the date on which the documents necessary for the same arrive at the “Exercise Request Location” specified in Paragraph 19 and the entire amount of the value of the assets to be contributed at the time of the exercise of the Stock Acquisition Rights is confirmed to have been deposited into the account specified above.

17. Non-issuance of depository recipients

Depository receipts will not be issued for the Stock Acquisition Rights

18. Rationale behind Bond Terms and Conditions

The Company valued the Stock Acquisition Rights in light of the various terms stipulated by this “Terms of Issuance” as well the third-party allotment agreement to be entered into with the scheduled allotee, the Company's stock price, volatility in the stock price, the dividend yield, the risk-free interest rate, liquidity etc., using Monte Carlo Simulation, which is generally used in evaluations of stock acquisition rights, while making certain assumptions. Taking the results of this valuation into account, the issue price for 1 Stock Acquisition Right will be as stated in Paragraph 8. The value of the assets to be contributed at the time of the exercise of the Stock Acquisition Rights shall be as stated in Paragraph 9.

19. “Exercise Request Location”

Securities Transfer Department, Mitsubishi UFJ Trust and Banking Corporation

20. Place for Payment

Sumitomo Mitsui Banking Corporation, Meguro Branch

21. Applicability of the Act on Book-Entry Transfer of Company Bonds, Shares, etc.

The Stock Acquisition Rights in whole will be subject to application of the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. Also, the operational rules concerning the transfer of stocks, etc. set forth by the Japan Securities Depository Center, Inc. will be observed in relation to the Stock Acquisition Rights.

22. Name and Address of Depository Institution

Japan Securities Depository Center
2-1-1, Nihonbashi Kayabacho, Chuo-ku, Tokyo

23. Other

(1) Each of the items above is subject to the securities registration statement filed under the Financial Instruments and Exchange Act of Japan coming into effect.

(2) The terms of the Stock Acquisition Rights, including the issue price, are judged to be the optimal the Company can currently obtain given market conditions as well as the financial condition of the Company.

(3) Other necessary matters regarding the issuance of the Stock Acquisition Rights are relegated to the Representative Director and President of the Company.

Disclaimer: This document has been translated from the Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the Japanese version, the Japanese version shall prevail. The Company assumes no responsibility whatsoever for this translation, the accuracy of this translation, or for direct, indirect or any other forms of damages arising from the translation.