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February 21, 2022

Company name: Visional, Inc.
Representative: Soichiro Minami, Representative Director
and CEO
(Code number: 4194 TSE-Mothers)
Contact: Risako Suefuji, Executive Officer, CFO and CAO
(TEL: +81-3-4540-6200)

Issuance of Stock Acquisition Rights (Stock Options with Charge)

Pursuant to the provisions of Article 236, Article 238, and Article 240 of the Companies Act, at a meeting of its Board of Directors held on February 21, 2022, Visional, Inc. (the “Company”) has resolved to issue stock acquisition rights to directors of the Company, and directors and employees of the Company’s subsidiaries as follows. As these stock acquisition rights will be issued for value at a fair price to subscribers to stock acquisition rights and will not be issued under particularly favorable terms, they will be issued without obtaining approval at the General Meeting of Shareholders. In addition, these stock acquisition rights will be offered based on their individual investment decisions, rather than as compensation to eligible persons.

1. Purpose of and reason for offering stock acquisition rights

The Company will issue stock acquisition rights with charge to director and employee of the Company’s subsidiaries in the 28th series of stock acquisition rights (stock options with charge), director of the Company and director of the Company’s subsidiary in the 29th series of stock acquisition rights (stock options with charge), and employee of the Company’s subsidiary in the 30th series of stock acquisition rights (stock options with charge), for the purpose of further increasing their motivation and morale and strengthening our solidarity, aiming for accelerating mid to long-term business performance and enterprise value of the Company.

If all the stock acquisition rights are exercised (246,400 shares), the increase in the total shares of the Company’s common stock issued (35,879,800 shares) will be equal to 0.7%. However, these stock acquisition rights may be exercised on the condition that business targets set in advance are achieved and we recognize that the achievement of such targets will contribute to improving the Company’s enterprise value and shareholder value. Accordingly, we recognize that issuance of these stock acquisition rights will contribute to the benefit of existing shareholders of the Company and believe that impact on dilution of shares will be reasonable.

2. Outline of the issuance of each series of stock acquisition rights

As described in [Attachment 1] (28th series of stock acquisition rights), [Attachment 2] (29th series of stock acquisition rights) and [Attachment 3] (30th series of stock acquisition rights).

End

28th Series of Stock Acquisition Rights

- (1) Eligible persons for allotment of the stock acquisition rights, the number of such persons and the number of the stock acquisition rights to be allotted

Eligible persons	Number of eligible persons	Number of the stock acquisition rights to be allotted
Directors of the Company's subsidiary	1	260
Employees of the Company's subsidiary	1	220
Total	2	480

The above number of the stock acquisition rights to be allotted is a scheduled number. In the event that the number of applications for subscription does not reach the scheduled number of the stock acquisition rights to be allotted, the total number of the stock acquisition rights and the number of the stock acquisition rights to be allotted shall be equal to the number of such applications.

- (2) Class and number of shares granted upon exercise of stock acquisition rights

The class of shares granted upon exercise of stock acquisition rights shall be common stock of the Company, and the number of shares granted upon each exercise of stock acquisition rights (hereinafter referred to as the "Number of Shares Granted") shall be 100 shares. However, if the Company conducts a stock split of common stock of the Company (including gratis allotment of common stock of the Company; the same applies to stock splits below) or a reverse stock split of common stock of the Company after the day stock acquisition rights are allotted (hereinafter referred to as the "Allotment Date"), the Number of Shares Granted shall be adjusted with the following formula, and any fraction less than one share resulting from such adjustment shall be disregarded.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

If the Company conducts a merger, company split, share exchange, or share transfer (hereinafter referred to collectively as "Merger, etc.") or it otherwise becomes necessary to adjust the number of shares, the number of shares may be adjusted within a reasonable scope after the conditions, etc. of the Merger, etc. are considered.

- (3) Total number of stock acquisition rights
480 units

The above total number is the scheduled number to be allotted. In the event that the total number of stock acquisition rights to be allotted decreases, such as when no application for subscription was made, the total number of the stock acquisition rights to be issued shall be equal to the total number of stock acquisition rights that are actually allotted.

- (4) Payment amount for stock acquisition rights

The payment amount per one unit of stock acquisition rights shall be 2,482 yen. This amount was determined based on results which Next D Advisory Co., Ltd. that is an independent assessment organization has derived from a Monte Carlo simulation model generally used for calculating the value of options, taking into account the share price of the Company and other information.

- (5) Value of property contributed upon exercise of each stock acquisition right

The value of property to be invested when exercising one unit of stock acquisition rights shall be the amount calculated by multiplying the payment amount per share which can be delivered when exercising stock acquisition rights (the "Exercise Price") by the number of shares to be granted.

The Exercise Price shall be 7,920 yen, the closing price for ordinary transactions of the Company's shares on the Tokyo Stock Exchange on February 18, 2022, a trading day before the day when the Board of Directors made resolution on this issuance of the stock acquisition rights.

(6) Adjustment of the Exercise Price

(a) If the Company conducts (i) or (ii) below for the Company's common stock after the Allotment Date, the Exercise Price in each case shall be adjusted by the following formula (the "Exercise Price Adjustment Formula") and any fractions less than one yen resulting from the adjustment shall be rounded up.

(i) In the case that the Company conducts a stock split or a reverse stock split

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

(ii) In the case that the Company issues new shares of the Company's common stock or disposes of its treasury shares at a price below the market value (excluding a case of issuing new shares by exercising stock acquisition rights) after the Allotment Date of stock acquisition rights, the above Exercise Price shall be adjusted by the following formula and any fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of already issued shares} + \frac{\text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Market value per share}}}{\text{Number of already issued shares} + \text{Number of newly issued shares}}$$

i. The "market value" used in the above Exercise Price Adjustment Formula shall be the average of the closing prices (including indicative prices; the same applies below) for 30 trading days (excluding days when no trading occurs) beginning 45 trading days prior to the effective date of the adjusted Exercise Price (hereinafter referred to as the "Effective Date") stipulated in (b) below. The average price is calculated to the first decimal place by rounding the second decimal place of amounts less than one yen.

ii. The "number of already issued shares" used in the above Exercise Price Adjustment Formula shall be the total number of shares of common stock issued by the Company as of the record date if there is one, or, if not, as of the day one month prior to the Effective Date, less the number of shares of common stock held by the Company as treasury shares.

iii. If the Company disposes of treasury shares, then "number of newly issued shares" shall be replaced with "number of treasury shares disposed of" in the Exercise Price Adjustment Formula.

(b) The Effective Date of the adjusted Exercise Price shall be determined as follows.

(i) If adjustment is conducted in accordance with (a)-(i) above, the adjusted Exercise Price, in the case of a stock split, shall take effect on the day following the record date of the stock split (or, if there is no record date, the date the stock split goes into effect), and in the case of a reverse stock split, shall take effect on or after the day the reverse stock split goes into effect. However, if a stock split is conducted on the condition that a proposal to decrease the amount of surplus and increase share capital or legal capital surplus is approved by the Company's General Meeting of Shareholders and the record date for the stock split is prior to the date of the close of the meeting, the adjusted Exercise Price shall be applied retroactively to the day following the record date beginning on the day after the date of the close of meeting. In the case stipulated in the above exception, the number of shares of common stock in the Company issued to holders of stock acquisition rights who exercised those rights between the day after the record date of the stock split and the day of the close of the General Meeting of Shareholders (the number of shares that may be acquired by exercise of the corresponding stock acquisition rights hereinafter referred to as the "Pre-split Number of Shares") shall be adjusted using the following formula, and any fraction less than one share resulting from such adjustment shall be disregarded.

$$\text{Number of shares newly issued} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment}) \times \text{Pre-split Number of Shares}}{\text{Exercise Price after adjustment}}$$

(ii) If adjustment is conducted in accordance with (a)-(ii) above, the Exercise Price after adjustment shall take effect beginning the day (if there is a record date, then beginning the day after that date) following the payment date for that issuance or disposal (if a payment period has been specified, then the final day of that period).

(c) In addition to the cases stipulated in (a)-(i) and (ii) above, if after the Allotment Date a gratis allotment of another class of shares is made to ordinary shareholders, or shares of another company are allocated to ordinary shareholders as stock dividend, and in other such cases where the Exercise Price needs to be adjusted, the Company may adjust the Exercise Price within a reasonable scope upon considering the terms of the allotment or dividend, etc. and other such matters.

(d) When the Exercise Price is adjusted, the Company shall inform holders of stock acquisition rights of necessary matters, or publicly announce them, by the day prior to the Effective Date. However, if notification or announcement cannot be made by the day prior to the Effective Date, notification or announcement shall be promptly made thereafter.

(7) Exercise period for stock acquisition rights

It shall be from February 22, 2025 through February 21, 2032.

If the first day of the exercise period falls on a holiday of the Company, the first day shall be the business day following the first day and if the final day of the exercise period falls on a holiday of the Company, the final day shall be the business day immediately before the final day.

(8) Conditions for exercise of stock acquisition rights

(i) A stock acquisition right holder may exercise the following number of stock acquisition rights at maximum depending on the time period as listed i through vii below.

- i. From April 23, 2025 until April 22, 2026
Up to 15% of the total number of the stock acquisition rights allotted
- ii. From April 23, 2026 until April 22, 2027
Up to 30% of the total number of the stock acquisition rights allotted
- iii. From April 23, 2027 until April 22, 2028
Up to 45% of the total number of the stock acquisition rights allotted
- iv. From April 23, 2028 until April 22, 2029
Up to 60% of the total number of the stock acquisition rights allotted
- v. From April 23, 2029 until April 22, 2030
Up to 75% of the total number of the stock acquisition rights allotted
- vi. From April 23, 2030 until April 22, 2031
Up to 90% of the total number of the stock acquisition rights allotted
- vii. From April 23, 2031
Up to 100% of the total number of the stock acquisition rights allotted

(ii) In addition to conditions listed in (i) above, a stock acquisition right holder may exercise the stock acquisition rights only in the case that all of the conditions listed in i. through iii. below are satisfied.

- i. The consolidated net sales for the fiscal year ending July 2022 shall exceed 41.0 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2022.
- ii. The consolidated net sales for the fiscal year ending July 2023 shall exceed 47.15 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2023.
- iii. The consolidated net sales for the fiscal year ending July 2024 shall exceed 54.22 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2024.

- (iii) A stock acquisition right holder who has lost their position as a director, auditor, or employee of the Company or one of the Company's subsidiaries may not exercise the stock acquisition rights; except where the Company deems that there is any reasonable cause for loss of said positions.
- (iv) A stock acquisition rights holder shall be required to be judged by the Company that he/she has not caused any harm to the Company due to his/her default of obligation and/or unlawful acts and the relation of trust between the Company and the holder is not judged to be lost at the time of his/her exercise of stock acquisition rights.
- (v) Transferring the stock acquisition rights, establishing a pledge or other security interest, or otherwise disposing of the stock acquisition rights is not permitted.
- (vi) In the case of death of a stock acquisition right holder, their successor is not permitted to exercise the stock acquisition rights.
- (vii) Other conditions for allotment of the stock acquisition rights shall be determined by a contract to be concluded between the Company and the person to whom stock acquisition rights will be allotted, based on a resolution of the Board of Directors.

(9) Restriction on transfer of stock acquisition rights

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

(10) Terms for acquisition of stock acquisition rights

If any of the following events occurs, the Company may acquire the stock acquisition rights gratis; provided that in the case of (i) or (iv), the acquisition date shall be separately determined by a resolution of the Company's Board of Directors.

- (i) A proposal to approve a merger contract under which the Company becomes a dissolved company, a proposal to approve a split contract or split plan under which the Company becomes a split company or a proposal to approve a share exchange contract or share transfer plan under which the Company becomes a wholly-owned company has been approved at the Company's General Meeting of Shareholders (or by a resolution of the Company's Board of Directors, if a resolution of the General Meeting of Shareholders is not required).
- (ii) A stock acquisition right holder no longer falls under the conditions for the exercise of stock acquisition rights.
- (iii) A stock acquisition right holder has waived all or part of the stock acquisition rights in a written form designated by the Company.
- (iv) In addition to the preceding paragraphs, the Company's Board of Directors meeting has resolved to acquire all or part of the stock acquisition rights.

(11) Treatment in the case of reorganization, etc.

If the Company conducts a merger (limited to the case where the Company is dissolved by merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively the "Reorganization Activities"), the stock acquisition rights of stock companies as listed in (a) to (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (the "Reorganized Company") shall be delivered, in each of the above cases, to stock acquisition right holders holding the stock acquisition rights remaining at the time immediately before the effective date of the "Reorganization Activities" (the "Remaining Stock Acquisition Rights") in accordance with the following conditions. In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided that delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger contract, a consolidation-type merger contract, an absorption-type company split contract, an incorporation-type company split plan, a share exchange contract, or a share transfer plan.

- (i) Number of stock acquisition rights of the Reorganized Company to be delivered
The same number of the rights as the stock acquisition rights held by stock acquisition right holders of the Remaining Stock Acquisition Rights shall be delivered respectively.
- (ii) Class of shares of the Reorganized Company for the purpose of stock acquisition rights
Shares of common stock of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company for the purpose of stock acquisition rights
Determined in accordance with (2) above, taking into account conditions for the Reorganization Activities, etc.
- (iv) Value of property invested in exercising stock acquisition rights
The value of property invested in exercising the respective stock acquisition rights to be delivered shall be the

amount obtained by multiplying the Exercise Price after a reorganization obtained by adjusting the Exercise Price determined in (5) above by the number of shares of the Reorganized Company for the purpose of such stock acquisition rights determined in accordance with (iii) above, taking into account conditions for the Reorganization Activities, etc.

(v) Period during which stock acquisition rights can be exercised

From the first day of the period during which stock acquisition rights can be exercised stipulated in (7) above or the effective date of the Reorganization Activities, whichever comes later, through the expiration date of the period during which stock acquisition rights can be exercised stipulated in (7) above.

(vi) Matters concerning share capital and legal capital surplus to be increased upon issuance of shares through exercise of stock acquisition rights

It shall be determined in accordance with (12) below.

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

Any acquisition of stock acquisition rights by transfer shall require the approval of the Reorganized Company.

(viii) Conditions for acquisition of stock acquisition rights

It shall be determined in accordance with (10) above.

(ix) Conditions for exercise of stock acquisition rights

It shall be determined in accordance with (8) above.

(12) Amounts of share capital and legal capital surplus to be increased upon issuance of shares through exercise of stock acquisition rights

(i) The amount of share capital to be increased upon issuing new shares through the exercise of stock acquisition rights shall be one-half of the maximum amount of an increase in share capital, etc., calculated pursuant to Article 17, paragraph 1 of the Rules of Corporate Accounting and any fractions less than one yen resulting from the calculation shall be rounded up.

(ii) The amount of legal capital surplus to be increased upon issuing new shares through the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of share capital to be increased set forth in (i) above from the maximum amount of an increase in share capital, etc., as stated in (i) above.

(13) Allotment date of stock acquisition rights

March 8, 2022

(14) Date of payment of cash in exchange for stock acquisition rights

March 8, 2022

(15) Stock acquisition right certificates

No stock acquisition right certificates shall be issued with respect to these stock acquisition rights.

(16) Rounding down of fractions arising from the exercise of stock acquisition rights

Any fractions less than one share included in the number of shares to be delivered to a stock acquisition right holder shall be rounded down.

End

29th Series of Stock Acquisition Rights

- (1) Eligible persons for allotment of the stock acquisition rights, the number of such persons and the number of the stock acquisition rights to be allotted

Eligible persons	Number of eligible persons	Number of the stock acquisition rights to be allotted
Directors of the Company	1	1,500
Directors of the Company's subsidiary	1	220
Total	2	1,720

The above number of the stock acquisition rights to be allotted is a scheduled number. In the event that the number of applications for subscription does not reach the scheduled number of the stock acquisition rights to be allotted, the total number of the stock acquisition rights and the number of the stock acquisition rights to be allotted shall be equal to the number of such applications.

- (2) Class and number of shares granted upon exercise of stock acquisition rights

The class of shares granted upon exercise of stock acquisition rights shall be common stock of the Company, and the number of shares granted upon each exercise of stock acquisition rights (hereinafter referred to as the "Number of Shares Granted") shall be 100 shares. However, if the Company conducts a stock split of common stock of the Company (including gratis allotment of common stock of the Company; the same applies to stock splits below) or a reverse stock split of common stock of the Company after the day stock acquisition rights are allotted (hereinafter referred to as the "Allotment Date"), the Number of Shares Granted shall be adjusted with the following formula, and any fraction less than one share resulting from such adjustment shall be disregarded.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

If the Company conducts a merger, company split, share exchange, or share transfer (hereinafter referred to collectively as "Merger, etc.") or it otherwise becomes necessary to adjust the number of shares, the number of shares may be adjusted within a reasonable scope after the conditions, etc. of the Merger, etc. are considered.

- (3) Total number of stock acquisition rights
1,720 units

The above total number is the scheduled number to be allotted. In the event that the total number of stock acquisition rights to be allotted decreases, such as when no application for subscription was made, the total number of the stock acquisition rights to be issued shall be equal to the total number of stock acquisition rights that are actually allotted.

- (4) Payment amount for stock acquisition rights

The payment amount per one unit of stock acquisition rights shall be 2,494 yen. This amount was determined based on results which Next D Advisory Co., Ltd. that is an independent assessment organization has derived from a Monte Carlo simulation model generally used for calculating the value of options, taking into account share price of the Company and other information.

- (5) Value of property contributed upon exercise of each stock acquisition right

The value of property to be invested when exercising one unit of stock acquisition rights shall be the amount calculated by multiplying the payment amount per share which can be delivered when exercising stock acquisition rights (the "Exercise Price") by the number of shares to be granted.

The Exercise Price shall be 7,920 yen, the closing price for ordinary transactions of the Company's shares on the Tokyo Stock Exchange on February 18, 2022, a trading day before the day when the Board of Directors made resolution on this issuance of the stock acquisition rights.

(6) Adjustment of the Exercise Price

(a) If the Company conducts (i) or (ii) below for the Company's common stock after the Allotment Date, the Exercise Price in each case shall be adjusted by the following formula (the "Exercise Price Adjustment Formula") and any fractions less than one yen resulting from the adjustment shall be rounded up.

(i) In the case that the Company conducts a stock split or a reverse stock split

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

(ii) In the case that the Company issues new shares of the Company's common stock or disposes of its treasury shares at a price below the market value (excluding a case of issuing new shares by exercising stock acquisition rights) after the Allotment Date of stock acquisition rights, the above Exercise Price shall be adjusted by the following formula and any fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of already issued shares} + \frac{\text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Market value per share}}}{\text{Number of already issued shares} + \text{Number of newly issued shares}}$$

i. The "market value" used in the above Exercise Price Adjustment Formula shall be the average of the closing prices (including indicative prices; the same applies below) for 30 trading days (excluding days when no trading occurs) beginning 45 trading days prior to the effective date of the adjusted Exercise Price (hereinafter referred to as the "Effective Date") stipulated in (b) below. The average price is calculated to the first decimal place by rounding the second decimal place of amounts less than one yen.

ii. The "number of already issued shares" used in the above Exercise Price Adjustment Formula shall be the total number of shares of common stock issued by the Company as of the record date if there is one, or, if not, as of the day one month prior to the Effective Date, less the number of shares of common stock held by the Company as treasury shares.

iii. If the Company disposes of treasury shares, then "number of newly issued shares" shall be replaced with "number of treasury shares disposed of" in the Exercise Price Adjustment Formula.

(b) The Effective Date of the adjusted Exercise Price shall be determined as follows.

(i) If adjustment is conducted in accordance with (a)-(i) above, the adjusted Exercise Price, in the case of a stock split, shall take effect on the day following the record date of the stock split (or, if there is no record date, the date the stock split goes into effect), and in the case of a reverse stock split, shall take effect on or after the day the reverse stock split goes into effect. However, if a stock split is conducted on the condition that a proposal to decrease the amount of surplus and increase share capital or legal capital surplus is approved by the Company's General Meeting of Shareholders and the record date for the stock split is prior to the date of the close of the meeting, the adjusted Exercise Price shall be applied retroactively to the day following the record date beginning on the day after the date of the close of meeting. In the case stipulated in the above exception, the number of shares of common stock in the Company issued to holders of stock acquisition rights who exercised those rights between the day after the record date of the stock split and the day of the close of the General Meeting of Shareholders (the number of shares that may be acquired by exercise of the corresponding stock acquisition rights hereinafter referred to as the "Pre-split Number of Shares") shall be adjusted using the following formula, and any fraction less than one share resulting from such adjustment shall be disregarded.

$$\text{Number of shares newly issued} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment}) \times \text{Pre-split Number of Shares}}{\text{Exercise Price after adjustment}}$$

(ii) If adjustment is conducted in accordance with (a)-(ii) above, the Exercise Price after adjustment shall take effect beginning the day (if there is a record date, then beginning the day after that date) following the payment date for that issuance or disposal (if a payment period has been specified, then the final day of that period).

(c) In addition to the cases stipulated in (a)-(i) and (ii) above, if after the Allotment Date a gratis allotment of another class of shares is made to ordinary shareholders, or shares of another company are allocated to ordinary shareholders as stock dividend, and in other such cases where the Exercise Price needs to be adjusted, the Company may adjust the Exercise Price within a reasonable scope upon considering the terms of the allotment or dividend, etc. and other such matters.

(d) When the Exercise Price is adjusted, the Company shall inform holders of stock acquisition rights of necessary matters, or publicly announce them, by the day prior to the Effective Date. However, if notification or announcement cannot be made by the day prior to the Effective Date, notification or announcement shall be promptly made thereafter.

(7) Exercise period for stock acquisition rights

It shall be from February 22, 2025 through February 21, 2032.

If the first day of the exercise period falls on a holiday of the Company, the first day shall be the business day following the first day and if the final day of the exercise period falls on a holiday of the Company, the final day shall be the business day immediately before the final day.

(8) Conditions for exercise of stock acquisition rights

(i) A stock acquisition right holder may exercise the following number of stock acquisition rights at maximum depending on the time period as listed i through iii below.

- i. From April 23, 2027 until April 22, 2028
Up to 20% of the total number of the stock acquisition rights allotted
- ii. From April 23, 2028 until April 22, 2029
Up to 40% of the total number of the stock acquisition rights allotted
- iii. From April 23, 2029 until April 22, 2030
Up to 60% of the total number of the stock acquisition rights allotted
- iv. From April 23, 2030 until April 22, 2031
Up to 80% of the total number of the stock acquisition rights allotted
- v. From April 23, 2031
Up to 100% of the total number of the stock acquisition rights allotted

(ii) In addition to conditions listed in (i) above, a stock acquisition right holder may exercise the stock acquisition rights only in the case that all of the conditions listed in i. through iii. below are satisfied.

- i. The consolidated net sales for the fiscal year ending July 2022 shall exceed 41.0 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2022.
- ii. The consolidated net sales for the fiscal year ending July 2023 shall exceed 47.15 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2023.
- iii. The consolidated net sales for the fiscal year ending July 2024 shall exceed 54.22 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2024.

(iii) A stock acquisition right holder who has lost their position as a director, auditor, or employee of the Company or one of the Company's subsidiaries may not exercise the stock acquisition rights; except where the Company deems that there is any reasonable cause for loss of said positions.

(iv) A stock acquisition rights holder shall be required to be judged by the Company that he/she has not caused any harm to the Company due to his/her default of obligation and/or unlawful acts and the relation of trust between the Company and the holder is not judged to be lost at the time of his/her exercise of stock acquisition rights.

- (v) Transferring the stock acquisition rights, establishing a pledge or other security interest, or otherwise disposing of the stock acquisition rights is not permitted.
- (vi) In the case of death of a stock acquisition right holder, their successor is not permitted to exercise the stock acquisition rights.
- (vii) Other conditions for allotment of the stock acquisition rights shall be determined by a contract to be concluded between the Company and the person to whom stock acquisition rights will be allotted, based on a resolution of the Board of Directors.

(9) Restriction on transfer of stock acquisition rights

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

(10) Terms for acquisition of stock acquisition rights

If any of the following events occurs, the Company may acquire the stock acquisition rights gratis; provided that in the case of (i) or (iv), the acquisition date shall be separately determined by a resolution of the Company's Board of Directors.

- (i) A proposal to approve a merger contract under which the Company becomes a dissolved company, a proposal to approve a split contract or split plan under which the Company becomes a split company or a proposal to approve a share exchange contract or share transfer plan under which the Company becomes a wholly-owned company has been approved at the Company's General Meeting of Shareholders (or by a resolution of the Company's Board of Directors, if a resolution of the General Meeting of Shareholders is not required).
- (ii) A stock acquisition right holder no longer falls under the conditions for the exercise of stock acquisition rights.
- (iii) A stock acquisition right holder has waived all or part of the stock acquisition rights in a written form designated by the Company.
- (iv) In addition to the preceding paragraphs, the Company's Board of Directors meeting has resolved to acquire all or part of the stock acquisition rights.

(11) Treatment in the case of reorganization, etc.

If the Company conducts a merger (limited to the case where the Company is dissolved by merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively the "Reorganization Activities"), the stock acquisition rights of stock companies as listed in (a) to (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (the "Reorganized Company") shall be delivered, in each of the above cases, to stock acquisition right holders holding the stock acquisition rights remaining at the time immediately before the effective date of the "Reorganization Activities" (the "Remaining Stock Acquisition Rights") in accordance with the following conditions. In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided that delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger contract, a consolidation-type merger contract, an absorption-type company split contract, an incorporation-type company split plan, a share exchange contract, or a share transfer plan.

- (i) Number of stock acquisition rights of the Reorganized Company to be delivered
The same number of the rights as the stock acquisition rights held by stock acquisition right holders of the Remaining Stock Acquisition Rights shall be delivered respectively.
- (ii) Class of shares of the Reorganized Company for the purpose of stock acquisition rights
Shares of common stock of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company for the purpose of stock acquisition rights
Determined in accordance with (2) above, taking into account conditions for the Reorganization Activities, etc.
- (iv) Value of property invested in exercising stock acquisition rights
The value of property invested in exercising the respective stock acquisition rights to be delivered shall be the amount obtained by multiplying the Exercise Price after a reorganization obtained by adjusting the Exercise Price determined in (5) above by the number of shares of the Reorganized Company for the purpose of such stock acquisition rights determined in accordance with (iii) above, taking into account conditions for the Reorganization Activities, etc.
- (v) Period during which stock acquisition rights can be exercised
From the first day of the period during which stock acquisition rights can be exercised stipulated in (7) above or the effective date of the Reorganization Activities, whichever comes later, through the expiration date of the

period during which stock acquisition rights can be exercised stipulated in (7) above.

- (vi) Matters concerning share capital and legal capital surplus to be increased upon issuance of shares through exercise of stock acquisition rights

It shall be determined in accordance with (12) below.

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

Any acquisition of stock acquisition rights by transfer shall require the approval of the Reorganized Company.

- (viii) Conditions for acquisition of stock acquisition rights

It shall be determined in accordance with (10) above.

- (ix) Conditions for exercise of stock acquisition rights

It shall be determined in accordance with (8) above.

- (12) Amounts of share capital and legal capital surplus to be increased upon issuance of shares through exercise of stock acquisition rights

- (i) The amount of share capital to be increased upon issuing new shares through the exercise of stock acquisition rights shall be one-half of the maximum amount of an increase in share capital, etc., calculated pursuant to Article 17, paragraph 1 of the Rules of Corporate Accounting and any fractions less than one yen resulting from the calculation shall be rounded up.

- (ii) The amount of legal capital surplus to be increased upon issuing new shares through the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of share capital to be increased set forth in (i) above from the maximum amount of an increase in share capital, etc., as stated in (i) above.

- (13) Allotment date of stock acquisition rights

March 8, 2022

- (14) Date of payment of cash in exchange for stock acquisition rights

March 8, 2022

- (15) Stock acquisition right certificates

No stock acquisition right certificates shall be issued with respect to these stock acquisition rights.

- (16) Rounding down of fractions arising from the exercise of stock acquisition rights

Any fractions less than one share included in the number of shares to be delivered to a stock acquisition right holder shall be rounded down.

End

30th Series of Stock Acquisition Rights

- (1) Eligible persons for allotment of the stock acquisition rights, the number of such persons and the number of the stock acquisition rights to be allotted

Eligible persons	Number of eligible persons	Number of the stock acquisition rights to be allotted
Employees of the Company's subsidiary	1	264
Total	1	264

The above number of the stock acquisition rights to be allotted is a scheduled number. In the event that the number of applications for subscription does not reach the scheduled number of the stock acquisition rights to be allotted, the total number of the stock acquisition rights and the number of the stock acquisition rights to be allotted shall be equal to the number of such applications.

- (2) Class and number of shares granted upon exercise of stock acquisition rights

The class of shares granted upon exercise of stock acquisition rights shall be common stock of the Company, and the number of shares granted upon each exercise of stock acquisition rights (hereinafter referred to as the "Number of Shares Granted") shall be 100 shares. However, if the Company conducts a stock split of common stock of the Company (including gratis allotment of common stock of the Company; the same applies to stock splits below) or a reverse stock split of common stock of the Company after the day stock acquisition rights are allotted (hereinafter referred to as the "Allotment Date"), the Number of Shares Granted shall be adjusted with the following formula, and any fraction less than one share resulting from such adjustment shall be disregarded.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

If the Company conducts a merger, company split, share exchange, or share transfer (hereinafter referred to collectively as "Merger, etc.") or it otherwise becomes necessary to adjust the number of shares, the number of shares may be adjusted within a reasonable scope after the conditions, etc. of the Merger, etc. are considered.

- (3) Total number of stock acquisition rights
264 units

The above total number is the scheduled number to be allotted. In the event that the total number of stock acquisition rights to be allotted decreases, such as when no application for subscription was made, the total number of the stock acquisition rights to be issued shall be equal to the total number of stock acquisition rights that are actually allotted.

- (4) Payment amount for stock acquisition rights

The payment amount per one unit of stock acquisition rights shall be 2,392 yen. This amount was determined based on results which Next D Advisory Co., Ltd. that is an independent assessment organization has derived from a Monte Carlo simulation model generally used for calculating the value of options, taking into account share price of the Company and other information.

- (5) Value of property contributed upon exercise of each stock acquisition right

The value of property to be invested when exercising one unit of stock acquisition rights shall be the amount calculated by multiplying the payment amount per share which can be delivered when exercising stock acquisition rights (the "Exercise Price") by the number of shares to be granted.

The Exercise Price shall be 7,920 yen, the closing price for ordinary transactions of the Company's shares on the Tokyo Stock Exchange on February 18, 2022, a trading day before the day when the Board of Directors made resolution on this issuance of the stock acquisition rights.

(6) Adjustment of the Exercise Price

(a) If the Company conducts (i) or (ii) below for the Company's common stock after the Allotment Date, the Exercise Price in each case shall be adjusted by the following formula (the "Exercise Price Adjustment Formula") and any fractions less than one yen resulting from the adjustment shall be rounded up.

(i) In the case that the Company conducts a stock split or a reverse stock split

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

(ii) In the case that the Company issues new shares of the Company's common stock or disposes of its treasury shares at a price below the market value (excluding a case of issuing new shares by exercising stock acquisition rights) after the Allotment Date of stock acquisition rights, the above Exercise Price shall be adjusted by the following formula and any fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of already issued shares} + \frac{\text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Market value per share}}}{\text{Number of already issued shares} + \text{Number of newly issued shares}}$$

i. The "market value" used in the above Exercise Price Adjustment Formula shall be the average of the closing prices (including indicative prices; the same applies below) for 30 trading days (excluding days when no trading occurs) beginning 45 trading days prior to the effective date of the adjusted Exercise Price (hereinafter referred to as the "Effective Date") stipulated in (b) below. The average price is calculated to the first decimal place by rounding the second decimal place of amounts less than one yen.

ii. The "number of already issued shares" used in the above Exercise Price Adjustment Formula shall be the total number of shares of common stock issued by the Company as of the record date if there is one, or, if not, as of the day one month prior to the Effective Date, less the number of shares of common stock held by the Company as treasury shares.

iii. If the Company disposes of treasury shares, then "number of newly issued shares" shall be replaced with "number of treasury shares disposed of" in the Exercise Price Adjustment Formula.

(b) The Effective Date of the adjusted Exercise Price shall be determined as follows.

(i) If adjustment is conducted in accordance with (a)-(i) above, the adjusted Exercise Price, in the case of a stock split, shall take effect on the day following the record date of the stock split (or, if there is no record date, the date the stock split goes into effect), and in the case of a reverse stock split, shall take effect on or after the day the reverse stock split goes into effect. However, if a stock split is conducted on the condition that a proposal to decrease the amount of surplus and increase share capital or legal capital surplus is approved by the Company's General Meeting of Shareholders and the record date for the stock split is prior to the date of the close of the meeting, the adjusted Exercise Price shall be applied retroactively to the day following the record date beginning on the day after the date of the close of meeting. In the case stipulated in the above exception, the number of shares of common stock in the Company issued to holders of stock acquisition rights who exercised those rights between the day after the record date of the stock split and the day of the close of the General Meeting of Shareholders (the number of shares that may be acquired by exercise of the corresponding stock acquisition rights hereinafter referred to as the "Pre-split Number of Shares") shall be adjusted using the following formula, and any fraction less than one share resulting from such adjustment shall be disregarded.

$$\text{Number of shares newly issued} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment}) \times \text{Pre-split Number of Shares}}{\text{Exercise Price after adjustment}}$$

(ii) If adjustment is conducted in accordance with (a)-(ii) above, the Exercise Price after adjustment shall take effect beginning the day (if there is a record date, then beginning the day after that date) following the payment date for that issuance or disposal (if a payment period has been specified, then the final day of that period).

(c) In addition to the cases stipulated in (a)-(i) and (ii) above, if after the Allotment Date a gratis allotment of another class of shares is made to ordinary shareholders, or shares of another company are allocated to ordinary shareholders as stock dividend, and in other such cases where the Exercise Price needs to be adjusted, the Company may adjust the Exercise Price within a reasonable scope upon considering the terms of the allotment or dividend, etc. and other such matters.

(d) When the Exercise Price is adjusted, the Company shall inform holders of stock acquisition rights of necessary matters, or publicly announce them, by the day prior to the Effective Date. However, if notification or announcement cannot be made by the day prior to the Effective Date, notification or announcement shall be promptly made thereafter.

(7) Exercise period for stock acquisition rights

It shall be from February 22, 2025 through February 21, 2032.

If the first day of the exercise period falls on a holiday of the Company, the first day shall be the business day following the first day and if the final day of the exercise period falls on a holiday of the Company, the final day shall be the business day immediately before the final day.

(8) Conditions for exercise of stock acquisition rights

(i) A stock acquisition right holder may exercise the total number of the stock acquisition rights allotted from April 23, 2027.

(ii) In addition to conditions listed in (i) above, a stock acquisition right holder may exercise the stock acquisition rights only in the case that all of the conditions listed in i. through iii. below are satisfied.

i. The consolidated net sales for the fiscal year ending July 2022 shall exceed 41.0 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2022.

ii. The consolidated net sales for the fiscal year ending July 2023 shall exceed 47.15 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2023.

iii. The consolidated net sales for the fiscal year ending July 2024 shall exceed 54.22 billion yen in the Company's audited Consolidated Statement of Income included in the Company's Annual Securities Report for the fiscal year ending July 2024.

(iii) A stock acquisition right holder who has lost their position as a director, auditor, or employee of the Company or one of the Company's subsidiaries may not exercise the stock acquisition rights; except where the Company deems that there is any reasonable cause for loss of said positions.

(iv) A stock acquisition rights holder shall be required to be judged by the Company that he/she has not caused any harm to the Company due to his/her default of obligation and/or unlawful acts and the relation of trust between the Company and the holder is not judged to be lost at the time of his/her exercise of stock acquisition rights.

(v) Transferring the stock acquisition rights, establishing a pledge or other security interest, or otherwise disposing of the stock acquisition rights is not permitted.

(vi) In the case of death of a stock acquisition right holder, their successor is not permitted to exercise the stock acquisition rights.

(vii) Other conditions for allotment of the stock acquisition rights shall be determined by a contract to be concluded between the Company and the person to whom stock acquisition rights will be allotted, based on a resolution of the Board of Directors.

(9) Restriction on transfer of stock acquisition rights

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

(10) Terms for acquisition of stock acquisition rights

If any of the following events occurs, the Company may acquire the stock acquisition rights gratis; provided that in the case of (i) or (iv), the acquisition date shall be separately determined by a resolution of the Company's Board of Directors.

- (i) A proposal to approve a merger contract under which the Company becomes a dissolved company, a proposal to approve a split contract or split plan under which the Company becomes a split company or a proposal to approve a share exchange contract or share transfer plan under which the Company becomes a wholly-owned company has been approved at the Company's General Meeting of Shareholders (or by a resolution of the Company's Board of Directors, if a resolution of the General Meeting of Shareholders is not required).
- (ii) A stock acquisition right holder no longer falls under the conditions for the exercise of stock acquisition rights.
- (iii) A stock acquisition right holder has waived all or part of the stock acquisition rights in a written form designated by the Company.
- (iv) In addition to the preceding paragraphs, the Company's Board of Directors meeting has resolved to acquire all or part of the stock acquisition rights.

(11) Treatment in the case of reorganization, etc.

If the Company conducts a merger (limited to the case where the Company is dissolved by merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively the "Reorganization Activities"), the stock acquisition rights of stock companies as listed in (a) to (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (the "Reorganized Company") shall be delivered, in each of the above cases, to stock acquisition right holders holding the stock acquisition rights remaining at the time immediately before the effective date of the "Reorganization Activities" (the "Remaining Stock Acquisition Rights") in accordance with the following conditions. In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided that delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger contract, a consolidation-type merger contract, an absorption-type company split contract, an incorporation-type company split plan, a share exchange contract, or a share transfer plan.

- (i) Number of stock acquisition rights of the Reorganized Company to be delivered
The same number of the rights as the stock acquisition rights held by stock acquisition right holders of the Remaining Stock Acquisition Rights shall be delivered respectively.
- (ii) Class of shares of the Reorganized Company for the purpose of stock acquisition rights
Shares of common stock of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company for the purpose of stock acquisition rights
Determined in accordance with (2) above, taking into account conditions for the Reorganization Activities, etc.
- (iv) Value of property invested in exercising stock acquisition rights
The value of property invested in exercising the respective stock acquisition rights to be delivered shall be the amount obtained by multiplying the Exercise Price after a reorganization obtained by adjusting the Exercise Price determined in (5) above by the number of shares of the Reorganized Company for the purpose of such stock acquisition rights determined in accordance with (iii) above, taking into account conditions for the Reorganization Activities, etc.
- (v) Period during which stock acquisition rights can be exercised
From the first day of the period during which stock acquisition rights can be exercised stipulated in (7) above or the effective date of the Reorganization Activities, whichever comes later, through the expiration date of the period during which stock acquisition rights can be exercised stipulated in (7) above.
- (vi) Matters concerning share capital and legal capital surplus to be increased upon issuance of shares through exercise of stock acquisition rights
It shall be determined in accordance with (12) below.
- (vii) Restriction on acquisition of stock acquisition rights by transfer
Any acquisition of stock acquisition rights by transfer shall require the approval of the Reorganized Company.
- (viii) Conditions for acquisition of stock acquisition rights
It shall be determined in accordance with (10) above.

(ix) Conditions for exercise of stock acquisition rights

It shall be determined in accordance with (8) above.

(12) Amounts of share capital and legal capital surplus to be increased upon issuance of shares through exercise of stock acquisition rights

(i) The amount of share capital to be increased upon issuing new shares through the exercise of stock acquisition rights shall be one-half of the maximum amount of an increase in share capital, etc., calculated pursuant to Article 17, paragraph 1 of the Rules of Corporate Accounting and any fractions less than one yen resulting from the calculation shall be rounded up.

(ii) The amount of legal capital surplus to be increased upon issuing new shares through the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of share capital to be increased set forth in (i) above from the maximum amount of an increase in share capital, etc., as stated in (i) above.

(13) Allotment date of stock acquisition rights

March 8, 2022

(14) Date of payment of cash in exchange for stock acquisition rights

March 8, 2022

(15) Stock acquisition right certificates

No stock acquisition right certificates shall be issued with respect to these stock acquisition rights.

(16) Rounding down of fractions arising from the exercise of stock acquisition rights

Any fractions less than one share included in the number of shares to be delivered to a stock acquisition right holder shall be rounded down.

End