



February 5, 2020

Corporate Name: RENOVA, Inc.
Representative: Yosuke Kiminami, Founding CEO
(Stock code: 9519
Tokyo Stock Exchange 1st)
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Notice Regarding Issuance of Stock Options as Stock-Based Compensation (Share Options)

RENOVA, Inc. (the "Company") hereby announces that a meeting of its Board of Directors held on February 5, 2020 resolved to issue stock options as stock-based compensation, namely share options, to the executive officers and personnel of the Company according to the provisions of Articles 236, 238 and 240 of the Companies Act.

I. Reasons for issuance of stock options as stock-based compensation, namely share options

Stock options with stock-based compensation (share options) will be issued to 12 executive officers and personnel of the Company. The issuing of the stock options is designed to increase morale to encourage who to further contribute to the improvement and enhancement of the results and corporate value in the medium to long terms, by sharing with shareholders the same advantages of stock price increases and the same risk of stock price decreases.

The number of 277,300 shares to be issued upon the exercise of all the Stock Acquisition Rights is 75,852,400 shares, representing 0.37% (rounded to the nearest whole number) of the total number of issued shares of our company (As of September 30, 2019).

II. Terms and conditions for issuance of share options

1. Number of share options

2,773 units

The total number of shares which will be issued upon exercise of the share options shall be 277,300 common shares of the Company and, if the number of shares to be issued in relation to the share options is adjusted according to the terms and conditions described in Paragraph (1), Section 3. below, the number of shares obtained by multiplying the adjusted number of shares to be issued by the number of share options.

2. Money to be paid in in exchange of share options

The amount to be paid in for the share options shall be a fair value to be assessed and calculated according to the Black-Scholes model on the date of allotment of the share options. However, the Company will pay pecuniary compensation equivalent to the total amount to be paid in for the share options to those who will receive the share options and the claim for said compensation will be set off against the obligation to pay in the amount to be paid in for the share options.

3. Specifics of the share options

(1) Class and number of the shares to be issued upon exercise of the share options

The number of the shares to be issued upon exercise of the share options shall be one hundred (100) common shares of the Company for each of the share options (hereinafter referred to as the “Number of Shares Granted”).

In addition, the Number of Shares Granted shall be adjusted according to the following formula if the Company splits (including allotment of the common shares of the Company without contribution; the same shall apply hereinafter) or consolidates the shares after allotment of the share options. However, the adjustment will be made only to the number of shares to be issued upon exercise of the share options which are not yet exercised at that time with any fractions below one (1) share resulting from the adjustment rounded down.

Adjusted Number of Shares Granted = Number of Shares Granted before adjustment x ratio of split (or consolidation)

In addition, in the case of a merger, company split or reduction of the share capital or in any other similar cases that necessitate adjustment of the Number of Shares Granted after allotment of the share options, the Number of Shares Granted will be appropriately adjusted to a reasonable extent.

(2) Value of the property to be contributed upon exercise of the share options or method of calculation

The value of the property to be contributed upon exercise of the share options shall be an amount obtained by multiplying the assumed amount of one (1) yen to be paid in for one (1) share to be issued upon exercise of the share options (hereinafter referred to as the “Exercise Price”) by the Number of Shares Granted.

(3) Period during which the share options may be exercised

The period during which the share options may be exercised (hereinafter referred to as the “Exercise Period”) shall start from February 26, 2023 and end on February 25, 2030.

(4) Matters regarding the share capital and legal capital surplus to be increased

(i) The amount of share capital to be increased upon issuance of the shares upon exercise of the share options shall be a half (1/2) of the limit amount of increase of share capital, etc. which shall be calculated according to Paragraph 1, Article 17 of the Rules of Corporate Accounting with any fractions below one (1) yen resulting from the calculation rounded up.

(ii) The amount of legal capital surplus to be increased upon issuance of the shares upon exercise of the share options shall be an amount obtained by deducting the amount of share capital to be increased as described in Item (i) above from the limit amount of increase of share capital, etc. described in Item (i) above.

(5) Restriction on acquisition of the share options by transfer

Acquisition of the share options by transfer shall be subject to approval by a resolution of the Board of Directors of the Company.

(6) Terms and conditions for exercise of the share options

(i) The holders of the share options are required to maintain the status of director, executive officer, Audit & Supervisory Board member or employee of the Company and its subsidiaries at the time of exercise of the share options, unless the Board of Directors exempts them from that requirement.

(ii) If any holder of the share options dies before the starting date of the Exercise Period set forth in Paragraph (3) above (hereinafter referred to as the “Starting Date for Exercise of the Right”), the share options may not be inherited, unless the Board of Directors approves such inheritance.

(iii) If any holder of the share options dies after the Starting Date for Exercise of the Right or in the case described in the proviso of (ii) above, only one (1) of the heirs to the said holder of the share options (hereinafter referred to as the “Successor to the Right”) may inherit the said share options. In this case, the Successor to the Right of the deceased holder in the former case may exercise all the share options only at a time during a period of six (6) months after the day immediately following the death of the said

holder of the share options (which shall fall within the period set forth in Paragraph (3) above) and the Successor to the Right of the deceased holder in the latter case may exercise all the share options only at a time during a period of six (6) months after the Starting Date for Exercise of the Right. If the Successor to the Right dies, the heirs to the said Successor to the Right may not inherit the share options farther.

- (iv) The share options may not be pledged, and no security interest may be created on the share options.
- (v) If upon exercise of the share options, the total number of issued shares of the Company exceeds the total number of authorized shares at the time of the said exercise of the share options, the said share options may not be exercised.
- (vi) No fractions below one (1) unit of the share options may be exercised.
- (vii) The other conditions shall be as set forth in the agreement for allotment of the share options executed between the Company and the holders of the share options.

4. Date of allotment of the share options

February 25, 2020

5. Matters regarding acquisition of the share options

- (1) If the general meeting of shareholders approves (or if approval of the general meeting of shareholders is not required, the Board of Directors approves) the merger agreement with the Company as the consolidated company, the agreement or plan for a company split with the Company as the split company or the agreement for share exchange or plan for share transfer with the Company as the wholly owned subsidiary, the Company may obtain all share options without compensation on the day separately designated by the Board of Directors of the Company.
- (2) If any holder of the share options becomes not allowed to exercise the share options according to the provisions of Paragraph (6), Section 3. above before exercise of their right, the Company may acquire the said share options without compensation.

6. Treatment of the share options upon reorganization

When the Company conducts a merger (limited only to the merger upon which the Company will be consolidated), absorption-type or incorporation-type company split, or share exchange or transfer (hereinafter collectively referred to as the "Reorganization"), the Company will issue the share options of the joint-stock company respectively set forth in a. to e. of Item 8, Paragraph 1, Article 236 of the Companies Act (hereinafter referred to as the "Company Established upon Reorganization") to the holders of the share options on the effective date of the Reorganization according to the following conditions only when the agreement for absorption-type or incorporation-type merger, the agreement for absorption-type demerger, the plan for incorporation-type demerger, the agreement for share exchange or the plan for share transfer provides that the share options of the Company Established upon Reorganization will be issued according to the following conditions.

- (1) Number of the share options of the Company Established upon Reorganization which will be issued
It shall be the same as the number of the share options announced above by this notice which the holders of the said share options have.
- (2) Class of shares of the Company Established upon Reorganization to be issued upon exercise of the share options of the Company Established upon Reorganization
It shall be the common shares of the Company Established upon Reorganization.
- (3) Number of the shares of the Company Established upon Reorganization to be issued upon exercise of the share options of the Company Established upon Reorganization

It shall be decided considering the terms and conditions for the Reorganization by applying the provisions of Paragraph (1), Section 3. above mutatis mutandis.

(4) Value of the property to be contributed upon exercise of the share options of the Company Established upon Reorganization

The value of the property to be contributed upon exercise of the share options issued shall be an amount obtained, considering the terms and conditions for the Reorganization and other factors, by multiplying the adjusted Exercise Price obtained upon adjustment made to the Exercise Price set forth in Paragraph (2), Section 3. above by the number of the shares of the Company Established upon Reorganization to be issued upon exercise of the said share options which shall be decided according to the provisions of Paragraph (3), Section 6. above.

(5) Period during which the share options of the Company Established upon Reorganization may be exercised
The period shall start from the later of either the first date of the Exercise Period set forth in Paragraph (3), Section 3. above or the effective date of the Reorganization. The period shall end on the last day of the Exercise Period set forth in Paragraph (3), Section 3. above.

(6) Matters regarding the share capital and legal capital surplus to be increased upon issue of the shares of the Company Established upon Reorganization upon exercise of the share options of the Company Established upon Reorganization

They shall be decided by applying the provisions of Paragraph (4), Section 3. above mutatis mutandis.

(7) Restriction on acquisition of the share options of the Company Established upon Reorganization by transfer
Restriction on acquisition by transfer shall be subject to approval by a resolution of the Board of Directors of the Company Established upon Reorganization.

(8) Other terms and conditions for exercise of the share options of the Company Established upon Reorganization

They shall be decided by applying the provisions of Paragraph (6), Section 3. above mutatis mutandis.

(9) Causes and terms and conditions for acquisition of the share options of the Company Established upon Reorganization

They shall be decided by applying the provisions of Section 5. above mutatis mutandis.

(10) Other terms and conditions shall be decided by applying the terms and conditions applicable to the Company Established upon Reorganization.

7. Parties receiving allotment of share options and number of share options to be allotted

Executive officers and personnel of the Company	12 persons	2,773 units
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[For inquiries about this release]

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