June 18th, 2020

Company name: RAKSUL INC.
Representative: Yasukane Matsumoto
Representative Director, President and CEO
(TSE First Section Code No. 4384)
Contact: Yo Nagami
Director, CFO

Announcement of Issuance of Stock Acquisition Rights (Stock Options with Charge)

We hereby announce that in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act, a resolution has been passed to issue Stock Acquisition Rights to directors and employees. This resolution was passed at our Board of Directors meeting held on June 18th, 2020. The detail is as follows. The Stock Acquisition Rights will be issued at fair value and not particularly favorable. Thus, the Stock Acquisition Rights will be implemented without obtaining approval from the general meeting of shareholders. In addition, the Stock Acquisition Rights will not be paid as remuneration. Instead, eligible people will be able to opt in as an individual investment decision.

Ⅰ. Purpose and Reason for the Issuance

Objectives of issuing the Stock Acquisition Rights with charge to directors and employees are to further increase motivation and morale, as well as to further enhance our cohesiveness in order to expand our business performance and increase our corporate value over the medium to long term.

The total number of shares of common stock that would increase if all the Stock Acquisition Rights were exercised would be equivalent to 2.5% of the total number of outstanding shares. However, the Stock Acquisition Rights are subject to the outcome of performance targets set in advance, and we recognize that achieving these targets will contribute to increasing corporate and shareholder value. For this reason, we believe that the issuance of the Stock Acquisition Rights will contribute to the benefit of our existing shareholders. Additionally, we believe that the effect of stock dilution due to the issuance will fall within an acceptable range.

Ⅱ. Outline of the Issuance

1. Number of Stock Acquisition Rights

7,000 rights

The total number of shares that to be issued upon exercise of the Stock Acquisition Rights shall be 700,000 shares of common stock of RAKSUL INC., and in the event the number of shares to be issued upon exercise of the Stock Acquisition Rights is adjusted pursuant to 3(1) below, the number shall be obtained by multiplying the number of shares to be issued upon exercise of the Stock Acquisition Rights after adjustment by the number of Stock Acquisition Rights.

2. Amount to be paid in exchange for the Stock Acquisition Rights

The amount of money to be paid in exchange for Stock Acquisition Rights shall be JPY12,100 .

This amount was determined based on the results of a Monte Carlo simulation, which is a general option pricing model, taking into account the stock price and other factors of RAKSUL INC., by Plutus Consulting Co., Ltd., a third-party valuation institution.

3. Details of the Stock Acquisition Rights

(1) Class and number of shares to be issued upon exercise of the Stock Acquisition Rights

The class of shares to be issued upon exercise of the Stock Acquisition Rights shall be common stock of RAKSUL INC., and the number of shares to be issued upon exercise of each of the Stock Acquisition Rights (hereinafter referred to as the "Number of Granted Shares") shall be one hundred (100).

The Number of Granted Shares shall be adjusted according to the following formula in the event that, after the allotment

date of the Stock Acquisition Rights, RAKSUL INC. conducts a stock split (including the gratis allotment of common stock of RAKSUL INC.; the same shall apply hereinafter) or a stock consolidation. Provided, however, that such adjustment shall be made only with respect to the number of shares underlying the Stock Acquisition Rights that have not been exercised at the time of such adjustment, and any fraction less than one share arising from the adjustment shall be rounded down.

Number of Granted Shares after adjustment =

Number of Granted Shares before adjustment × Ratio of stock split (or stock consolidation)

In addition, the Number of Granted Shares shall be appropriately adjusted to the extent reasonable in the event that, after the allotment date of the Stock Acquisition Rights, RAKSUL INC. conducts a merger, company split or capital reduction, or other similar events that require adjustment of the Number of Granted Shares.

(2) Value or calculation method of assets to be contributed upon exercise of Stock Acquisition Rights

The value of the assets to be contributed upon the exercise of the Stock Acquisition Rights shall be the amount obtained by multiplying the amount to be paid per share to be issued (hereinafter referred to as the "Exercise Price") by the Number of Granted Shares.

The Exercise Price shall be JPY3,180.

In the event that RAKSUL INC. conducts a stock split or a stock consolidation, after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one JPY arising from the adjustment shall be rounded up.

Exercise Price after adjustment =

$$\text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

After the the allotment date of the Stock Acquisition Rights, in the event that RAKSUL INC. issues new shares or disposes of its treasury shares at a price below the market price for its common stock (excluding the case of issuance of new shares or disposal of treasury share upon exercise of Stock Acquisition Rights, and transfer of treasury shares through share exchange), the Exercise Price shall be adjusted according to the following formula, any fraction less than one JPY arising from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of outstanding shares} + \dfrac{\text{Number of new shares to be issued} \times \text{Amount to be paid per Share}}{\text{Quotation per share before issuance}}}{\text{Number of outstanding shares} + \text{Number of new shares to be issued}}$$

In the formula above, the "Number of outstanding shares" shall be the number calculated by subtracting the number of treasury shares of common stock of RAKSUL INC. from the number of shares of common stock of RAKSUL INC. already issued, and in the event of disposal of treasury shares of common stock of RAKSUL INC., the "Number of new shares to be issued" shall be replaced by the "Number of treasury shares to be disposed of."

In addition to the above, the Exercise Price shall be appropriately adjusted to the extent reasonable in the event that, after the allotment date of the Stock Acquisition Rights, RAKSUL INC. conducts a merger or company split, or other similar events that require adjustment of the Exercise Price.

(3) Period during which the Stock Acquisition Rights are exercisable

The period during which Stock Acquisition Rights are exercisable (hereinafter referred to as the "Exercise Period") is from November 1st, 2022 to July 2nd, 2027 (provided, however, that if the last day is not a Bank Business Day, it shall be the Previous Bank Business Day).

(4) Matters concerning the capital and capital reserve to be increased.

(i) The amount of capital to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights shall be one half of the maximum amount of increase in the capital, etc. to be calculated pursuant to Article 17, paragraph 1 of the Corporate Accounting Regulations, with any amount less than one JPY arising

from the calculation to be rounded up.

(ii) The amount of capital reserve to be increased in the event of issuance of shares upon exercise of Stock Acquisition Rights shall be the amount obtained by subtracting the amount of increase in capital as specified in (i) above from the maximum amount of increase in capital, etc. as stated in (i) above.

(5) Restriction on acquisition of Stock Acquisition Rights through transfer

Any acquisition of the Stock Acquisition Rights through transfer shall require approval by resolution of the Board of Directors of RAKSUL INC.

(6) Conditions of execution upon Stock Acquisition Rights

(i) A holder of the Stock Acquisition Rights may exercise the Stock Acquisition Rights up to the predetermined percentages of the Stock Acquisition Rights (hereinafter referred to as the "Exercisable Percentages") allotted to each holder of the Stock Acquisition Rights, only when the gross profit in the profit and loss statement (in the case of the consolidated profit and loss statement are prepared, the consolidated profit and loss statement) in any of the fiscal years from 2022 to 2024 exceed the amounts stated in (a) and (b) below.

(a) When gross profit exceeds JPY6.8 billion: Exercisable Percentages 30%

(b) When gross profit exceeds JPY7.7 billion: Exercisable Percentages 100%

In the determination of gross profit in (a) and (b) above, the figures in the profit and loss statement in the securities report (in the case of the consolidated profit and loss statement are prepared, the consolidated profit and loss statement) shall be used. In the event that there is a material change in the concept of gross profit to be referred due to changes in the accounting standards to be applied, etc., RAKSUL INC. shall determine, within a reasonable extent, the appropriate indicators to be referred to separately by resolution of the Board of Directors of RAKSUL INC.

In addition, in the above period, if the event such as a large-scale corporate acquisition, etc. that has a significant impact on gross profit occurs and Board of Directors of RAKSUL INC. recognizes that it is not appropriate to make determination using the actual figures listed in the securities report for the relevant period, RAKSUL INC. may eliminate the impact of such corporate acquisition, etc. within a reasonable extent and adjust the actual figures used for determination.

(ii) Holders of Stock Acquisition Rights are required to be any one of directors, auditors, employees, or advisors of RAKSUL INC. or the affiliates of RAKSUL INC. even at the time of the exercise of Stock Acquissition Rights. Provided, however, that this shall not apply to the case where the Board of Directors of RAKSUL INC. recognizes that there are justifiable reasons such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, etc..

(iii) In the event a holder of Stock Acquisition Rights falls under any of the following items, the holder of Stock Acquisition Rights shall immediately lose the right to exercise the the Stock Acquisition Rights even during the Exercise Period.

(a) If a holder of Stock Acquisition Rights has been sentenced to imprisonment or heavier penalty.

(b) If a holder of Stock Acquisition Rights becomes an officer, executive officer, employee, etc. of any company other than RAKSUL INC. or affiliates of RAKSUL INC. without having obtained the prior consent of RAKSUL INC. or the affiliates of RAKSUL INC.

(c) If a holder of Stock Acquisition Rights causes damage or threatened damage to RAKSUL INC. or affiliates of RAKSUL INC., or the Board of Directors deems it inappropriate to permit the exercise of rights in light of the purpose of granting the Stock Acquisition Rights.

(d) If a holder of Stock Acquisition Rights, with the consent of RAKSUL INC. or any of affiliates of RAKSUL INC., offers to renounce all or part of the Stock Acquisition Rights in writing using the form prescribed by RAKSUL INC.

(iv) The exercise of Stock Acquisition Rights by the heirs of the holders of Stock Acquisition Rights shall not be permitted.

(v) If the total number of issued shares of RAKSUL INC. exceeds the total number of authorized shares at the time of exercise of the Stock Acquisition Rights, such Stock Acquisition Rights may not be exercised.

(vi) Each Stock Acquisition Right may not be exercised for less than one Stock Acquisition Right.

4. Allotment date of Stock Acquisition Rights
July 3rd, 2020

5. Acquisition of Stock Acquisition Rights
(1) In the event of a merger agreement in which RAKSUL INC. becomes a dissolved company, a split agreement or a split plan in which RAKSUL INC. becomes a split company, or a share exchange agreement or a share transfer plan in which RAKSUL INC. becomes a wholly owned subsidiary, which is approved by a general meeting of shareholders (or by a resolution of the Board of Directors if no approval is required by a general meeting of shareholders), RAKSUL INC. may acquire all of the Stock Acquisition Rights without any charge upon the arrival of a date to be separately specified by its Board of Directors.
(2) In the event that the exercise of the Stock Acquisition Rights becomes impossible pursuant to the provisions of 3 (6) above prior to the exercise by the holder of the Stock Acquisition Rights, RAKSUL INC. may acquire the Stock Acquisition Rights without any charge.

6. Handling of Stock Acquisition Rights upon the Act of Structural Reorganization
In cases where RAKSUL INC. conducts a merger (limited to cases where RAKSUL INC. is extinguished as a result of a merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as an "Act of Structural Reorganization"), the Stock Acquisition Rights of the Stock Company listed in Article 236(1)(viii)(a) to (e) inclusive of the Companies Act (hereinafter referred to as the "Reorganized Company") shall be delivered to the Stock Acquisition Rights holder on the effective date of the Act of Structural Reorganization in each case on the following conditions: Provided, however, that this shall be limited to the cases where it is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that Stock Acquisition Rights of the Reorganized Company shall be delivered in accordance with the following conditions:
(1) Number of the Stock Acquisition Rights of the Reorganized Company to be delivered
The same number as the number of Stock Acquisition Rights held by the holder of Stock Acquisition Rights shall be delivered respectively.
(2) Class of shares of the Reorganized Company to be issued upon exercise of the Stock Acquisition Rights
Shares of common stock of the Reorganized Company shall be issued.
(3) Number of shares of the Reorganized Company to be issued upon exercise of the Stock Acquisition Rights
Determination shall be made in accordance with 3(1) above based on consideration of conditions for the Act of Structural Reorganization.
(4) Amount of assets to be contributed upon exercise of the Stock Acquisition Rights
The amount of assets to be contributed shall be determined by multiplying the amount paid after reorganization as obtained after adjustment of the Exercise Price in accordance with 3(2) above based on the consideration of conditions for the Acts of Structural Reorganization, by the number of shares of the Reorganized Company to be issued upon exercise of the Stock Acquisition Rights as determined in accordance with 6(3) above.
(5) Period during which Stock Acquisition Rights are exercisable
The period shall be from the commencement date of the Exercise Period stipulated in 3(3) above, or the effective date of the Acts of Structural Reorganization, whichever is later, to the expiry date of the Exercise Period stipulated in 3(3) above.
(6) Matters concerning the capital and capital reserve to be increased when shares are issued upon the exercise of Stock Acquisition Rights
To be determined in accordance with 3(4) above.
(7) Restriction on acquisition of Stock Acquisition Rights through transfer
Any acquisition of the Stock Acquisition Rights through transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.
(8) Other conditions upon exercise of Stock Acquisition Rights
To be determined in accordance with 3(6) above.

(9) Conditions and provisions for acquisition of Stock Acquisition Rights
To be determined in accordance with the above 5.
(10) Other conditions shall be determined in accordance with the conditions of Reorganized Company.

7. Matters concerning certificates of Stock Acquisition Rights
RAKSUL INC. shall not issue certificates of the Stock Acquisition Rights.

8. The due date for the payment in exchange for the Stock Acquisition Rights
July 3rd, 2020

9. The due date for the application
July 3rd, 2020

10. The persons and the number to whom the Stock Acquisition Rights will be allotted
5 directors of RAKSUL INC.: 6,700rights (670,000shares)
6 employees of RAKSUL INC.: 300rights (30,000shares)