November 12, 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 regarding Issuance of New Shares as Restricted Stock-Based Compensation and Prospective Change in Major Shareholder

We hereby announce that a resolution was passed to issue new shares as restricted stock-based compensation (hereinafter referred to as the "New Share Issuance") at the Board of Directors meeting held today. In addition, we announce that there is a prospective change in our major shareholders due to the New Share Issuance. The details are as follows.

I. Issuance of New Shares as Restricted Stock-Based Compensation

1. Overview of the issuance

(1) Payment due date	November 30th, 2020
(2) Class and number of shares to be issued	92,030 common shares of RAKSUL INC.
(3) Issue price	5,280 yen per share
(4) Total amount of Issuance	485,918,400 yen
(5) Allotees	8 directors of RAKSUL INC.: 22,600 shares 112 employees of RAKSUL INC. and one director of its subsidiary: 69,430 shares
(6) Others	The New Share Issuance is conditioned upon the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for issuance

We passed a resolution at the Board of Directors meeting held on September 12th, 2019 to introduce a restricted stock-based compensation plan for our Eligible Directors, excluding Directors who are audit and supervisory committee members (hereinafter referred to as the "Plan"). The decision was made in order to provide them with incentives aligned with the sustainable enhancement of our enterprise value, with an intent to further enhance their motivation to contribute to increasing our share price and enterprise value.

We also obtained the approval from our shareholders at the 10th General Meeting of Shareholders held on October 17th, 2019, to set the total amount of monetary receivables as remuneration regarding restricted stock-based compensation granted to Eligible Directors, excluding audit and supervisory committee members, to be up to 500 million yen a year (of which up to 50 million yen for Outside Directors; this does not include employee salaries for Directors who concurrently serve as employees). Approval was also secured for the stipulation that the maximum amount of restricted stock to be allotted per each fiscal year shall be 133,000 shares (of which 13,000 shares to be allotted for Outside Directors) for Directors who are not audit and supervisory committee members; and that the restriction period of the restricted stock shall be a period of three years or more as stipulated by the Board of Directors.

Based on the Plan, a resolution of the Board of Directors was passed today that monetary receivables of 485,918,400 yen shall be granted to 8 Eligible Directors, 112 employees of RAKSUL INC., and one director of its subsidiary (hereinafter referred to as "Allotees") as restricted stock-based compensation for the period between the 11th General Meeting of Shareholders and the 14th General Meeting of Shareholders, and that Allottees shall receive an allotment of 92,030 common shares as restricted stock-based compensation by making an in-kind contribution of all of the said monetary

receivables. This resolution is in accordance with the plan described in the "Strengthen Equity Incentive System" section of the 4th quarter financial results material released on September 12th, 2019, which is to issue restricted stock of up to 10% of the total number of issued shares over the next 10 years in order to align the incentive and commitment of officers and employees with the maximization of the long-term stock value. The amount of such monetary receivables to the Allotees is determined based on a comprehensive consideration of various matters including the degree of contribution by Allottees to RAKSUL INC.. The said monetary receivables shall be provided on the condition that Allotees have entered into a restricted stock allotment agreement as defined below with RAKSUL INC. (hereinafter referred to as "Allotment Agreement"). In order to achieve the purpose of the Plan, the restriction period is set to a period of three years.

3. Overview of the Allotment Agreement

(i) Restriction period

November 30th, 2020 through November 29th, 2023

During the restriction period stipulated above (hereinafter referred to as "Restriction Period"), the Allotees shall not dispose of the restricted stock allocated (hereinafter referred to as the “Allotted Stock”) by means of transfer, creation of a pledge or mortgage, inter vivos gift, bequest, or any other method to a third party. Notwithstanding the foregoing, the transfer restrictions shall be lifted in stages for Allotees who are not Directors.

(ii) Acquisition of restricted stock without contribution

If an Allotee retires or resigns from any position of director, advisor, or employee of RAKSUL INC. or its subsidiaries and associates before the expiration of the Restriction Period, we shall automatically acquire the Allotted Stock without contribution upon such retirement or resignation except if there are reasons deemed legitimate by the Board of Directors. We shall also automatically acquire the Allotted Stock without contribution for which the transfer restrictions have not been lifted at the expiration of the Restriction Period (hereinafter referred to as "Restriction Expiration") pursuant to reasons for lifting transfer restrictions stipulated in (iii) below.

(iii) Lifting of transfer restrictions

We shall lift the transfer restrictions of all the Allotted Stock held by an Allottee upon the Expiration, provided that the Allotee has remained in a position of director, advisor or employee of RAKSUL INC. or of its subsidiaries or associates during the entire Restriction Period. If, however, an Eligible Director retires or resigns from the position of director, advisor, or employee of RAKSUL INC. or its subsidiaries or associates before the expiration of the Restriction Period for reasons deemed legitimate by our Board of Directors, the transfer restrictions shall be lifted immediately after such retirement or resignation for the number of Allocated Shares, which shall be calculated by dividing the number of months in which the Eligible Director was in the position of director, advisor, or employee of RAKSUL INC. or its subsidiaries or associates starting with November 2020 and including the month in which he/she retires/resigns by 36 (if the result is larger than 1, it shall be deemed to be 1) multiplied by the number of Allocated Shares held by the Eligible Director at the time (any fraction less than 1 share shall be rounded off). For the Allotees who are not Eligible Directors, the transfer restrictions shall be lifted according to the length of service stipulated in the Allotment Agreement with RAKSUL INC.

(iv) Provisions on management of shares

Allotees shall open an account with SMBC Nikko Securities Inc. to state or record the Allocated Shares in a way designated by RAKSUL INC. and keep and retain the Allocated Shares in the said account until the transfer restrictions are lifted.

(v) Treatment upon organizational restructuring

If, during the Restriction Period, a proposal regarding a merger agreement under which RAKSUL INC. becomes an extinct company, a share exchange agreement or share transfer plan under which RAKSUL INC. becomes a wholly owned subsidiary, or any other organizational restructuring is approved at our General Meeting of Shareholders (or approved by our Board of Directors if an approval regarding the aforementioned organizational restructuring at a General Meeting of

Shareholders is not required), the transfer restrictions shall be lifted by a resolution of the Board of Directors immediately before the business day preceding the effective date of such organizational restructuring for the number of Allocated Shares calculated by dividing the number of months from November 2020 until the said approval, including the month of the approval, by 36 (if the result is larger than 1, it shall be to be deemed 1) multiplied by the number of Allocated Shares in possession of the Eligible Director at the time (any fraction less than 1 share shall be rounded off). In such a case, for the shares which restrictions have not been lifted on the business day preceding the effective date of such organizational restructuring, we shall automatically acquire the Allotted Stock without making a contribution. Notwithstanding the foregoing, the transfer restrictions shall be lifted for Allotees who are not Eligible Directors according to the length of service as stipulated in the Allotment Agreement with RAKSUL INC, and we shall automatically acquire all the Allotted Stock without making a contribution for which transfer restrictions have not been lifted.

4. Basis of calculation of paid-in amount and details thereof

In order to eliminate arbitrariness in the determination of the issue price, the issue price is set to 5,280yen, which is the closing price per common share of RAKSUL INC. on the business day preceding the said resolution of the Board of Directors (November 11, 2020) in the first section of the Tokyo Stock Exchange. As this is the market price on the day immediately preceding the day of the resolution of the Board of Directors, we believe it is reasonable and does not represent a particularly favorable price.

II. Prospective Change in Major Shareholder

1. Background of the Prospective Change

As described above, the New Share Issuance is prospected to result in a change in our major shareholder.

2. Overview of the shareholder

(1)	Name of Shareholder	DIGITAL HOLDINGS, Inc.
(2)	Address	Tokyu Bancho Bldg., 6 Yonbancho, Chiyoda-ku, Tokyo
(3)	Representative	Atsushi Nouchi, President and Group CEO
(4)	Business	Information and communication services

3. Prospective change in the number of voting rights (number of shares) held by the shareholder and their ratio to the voting rights held by all shareholders

	Number of Voting Rights (number of shares held)	Ratio of Voting Rights Held*	Major Shareholder Rank
Before Change (as of October 31, 2020)	28,361 (2,836,100 shares)	10.01%	2nd
After Change	28,361 (2,836,100 shares)	9.98%	2nd

(*Notes)

1. The total number of issued shares before the change: 28,339,490 shares (excluding 8,590 non-voting shares)
2. The total number of shares after the change: 28,431,520 shares (excluding 8,590 non-voting shares), including additional 92,030 shares newly issued as restricted stock-based compensation.
3. The ratio of voting rights held is rounded down to two decimal places.

4. Date of change

November 30th, 2020

5. Future outlook

This matter will not have an impact on our business performance.