November 14, 2024

Company name: RAKSUL INC.
Representative: Yo Nagami
Representative Director, President and Group CEO
(TSE Prime Market Code No. 4384)
Contact: Masaru Sugiyama
Group CFO, SVP of Finance & Sustainability

Notice Concerning the Issuance of New Shares as Post-Delivery Restricted-Stock-Based Remuneration

RAKSUL INC. (the "Company") hereby announces that a resolution was passed to issue new shares (hereinafter referred to as the "New Share Issuance") as post-delivery restricted-stock-based remuneration under the remuneration system of restricted stock units (hereinafter referred to as the "RSU") at the Board of Directors meeting held today. The details are as follows:

1. Overview of the issuance

(1)	Allocation Date	December 4, 2024
(2)	Class and Number of Shares to be Issued	87,700 common shares of the Company
(3)	Expected Allottees	One Representative Director of the Company
(4)	Issue Price and Total Amount of Issuance	New Shares Issuance will be provided free of charge as remuneration for directors (Article 202, Paragraph 2 of the Companies Act). A fair value has been calculated based on the amount (123,130,800 yen) obtained by multiplying the closing price (1,404 yen) of the Company's common stock on the Tokyo Stock Exchange on December 4, 2023, at the time of grant of RSUs, by the number of shares (87,700 shares) issued above.
(5)	Others	An Extraordinary Report under the Financial Instruments and Exchange Act has been filed with respect to this issuance of new shares.

2. Purpose and reason for issuance

The Company passed a resolution at the Board of Directors meeting held on November 16, 2023 to introduce a stock compensation plan to grant RSU (hereinafter referred to as the "Plan") for its eligible Representative Director, President and Group CEO Yo Nagami (hereinafter referred to as "Representative Director"). This is intended to promote further value sharing with our shareholders, as well as to provide strong leadership in achieving discontinuous growth to realize our vision. We are now issuing new shares as restricted stock compensation due to the vesting of a portion of the aforementioned restricted-stock-based remuneration.

3. Summary of the Plan

(1) Summary

The Plan is a post-delivery type stock-based compensation plan under which the rights to the shares are granted to the Representative Director only when certain conditions are met each year and the rights for the portion granted for the fiscal year are vested as compensation for the performance of his duties during the 10 fiscal years from FY2023 (August 1, 2023 to July 31, 2024), when he assumed the position of Representative Director, President and Group CEO, to FY2032 (August 1, 2032 to July 31, 2033). The conditions under which the shares are to be delivered are that the Representative Director shall continuously hold office as Representative Director, President and Group CEO until the end of the relevant fiscal year (hereinafter referred to as the "Service Conditions") and that the he shall achieve the performance condition previously

determined by the Remuneration Committee (hereinafter referred to as the "Performance Conditions"); provided, however, that the number of shares to be delivered does not vary according to the degree of performance achieved.

(2) Details of Remuneration

(i) Calculation Method for Remuneration

The Company shall grant the Representative Director 87,700 Restricted Stock Units, representing 87,700 shares, which is approximately 0.15% of the Company's 58,476,092 total outstanding shares (As of July 31, 2023), per fiscal year. RSU will be granted for 10 fiscal years from FY2023 to FY2032. Only if both the Service Conditions and Performance Conditions have been satisfied for each fiscal year, will the rights be vested at the conclusion of the Annual General Meeting of Shareholders for the relevant fiscal year.

The Performance Conditions established by the Board of Directors in response to the proposal by the Remuneration Committee are as follows.

[Performance Conditions]

Consolidated gross profit growth for the subject fiscal year shall be more than 15% YoY.

However, if the Board of Directors of the Company recognizes by a resolution that the year's growth rate is less than 15% due to acquisitions, etc., made in the previous fiscal year of the relevant fiscal year, an average annual growth rate of more than 15% for two years shall suffice.

Upon the vesting of RSU, the Company shall, at the first Board of Directors' meeting held after the vesting, decide to issue new shares or dispose of treasury shares in the number of the Company's common stock equivalent to one share per RSU for the relevant fiscal year, which shall be delivered to the Representative Director without compensation. After the gratis delivery of shares, if the performance for the relevant fiscal year is revised and the revised performance does not satisfy the Performance Conditions, the Company may request the return of the delivered shares.

In principle, RSU for each fiscal year shall expire if the Service Conditions are not fulfilled, however, as an exception, if the position of Representative Director, President and Group CEO is forfeited for reasons deemed justifiable by a resolution of the Board of Directors of the Company, the Board of Directors shall separately determine the percentage of shares to be issued in consideration of the percentage of the tenure of the Representative Director during the relevant fiscal year.

In the event of a loss of the position of Representative Director, President and Group CEO due to death (including death before vesting), RSU for the relevant fiscal year shall be paid in cash, converted at the market value of the Company's shares at the time of death, to the successor in title designated from among his heirs.

In addition, in the event of approval of a merger in which the Company becomes a dissolving company, a split-off type corporate split in which the Company becomes a split company, a share exchange in which the Company becomes a wholly owned subsidiary, a share transfer, a reverse stock split, or other means in which the Company becomes private, settlement shall be made in the amount of money reasonably calculated under certain conditions.

(ii) Upper Limit of Remuneration under the Plan

The total number of shares to be delivered to the Representative Director under the Plan through RSU for the 10 fiscal years between FY2023 and FY2032 shall be 877,000 shares or less. However, if the total number of outstanding shares of the Company increases or decreases due to a reverse stock split or a stock split (including the allotment of shares without compensation) after the resolution of the General Meeting of Shareholders and before the delivery of shares, the ratio shall be adjusted according to the ratio of the reverse stock split or stock split.

(iii) Reasons for Forfeiture of the Right to Receive Remuneration under the Plan

The Representative Director shall forfeit the right to receive remuneration under the Plan in the event of certain misconduct as determined by the Board of Directors or resignation for certain reasons as determined by the Board of Directors, and in the event of such misconduct, the Company may demand the Representative Director to return the shares already delivered.

4. Overview of the Allotment Agreement

(i) Restriction period

December 4, 2024 through November 1, 2025

During the restriction period stipulated above (hereinafter referred to as "Restriction Period"), the allottee 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 over transfer, inter vivos gift, bequest, or any other method of disposal to a third party.

(ii) Acquisition of restricted stock without contribution

If, during the period until the expiration date of the transfer restriction period, the Representative Director who is the allottee is sentenced to imprisonment or a more severe punishment, or if there is a petition for the commencement of bankruptcy proceedings, civil rehabilitation proceedings, or other similar proceedings, or if the allottee becomes subject to seizure, provisional seizure, provisional disposition, compulsory execution/auction, delinquent treatment of taxes and public dues, or if any other certain circumstances specified by the Company may occur, the Company shall acquire all of the Allotted Stock without contribution.

(iii) Treatment upon organizational restructuring

If a proposal regarding a merger agreement under which the Company becomes a dissolved company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at its General Meeting of Shareholders (or approved by its 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.