December 12, 2024

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

Notice of Issuance of Stock Acquisition Rights No.21 (Performance Target Linked Stock Options)

RAKSUL INC. (the "Company") hereby announces 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 employees of the Company and its subsidiaries as follows. This resolution was passed at the Board of Directors meeting held today, and the details are as follows. The Stock Acquisition Rights will be issued at fair value and not particularly favorable to the subscribers. Therefore, the Stock Acquisition Rights will be implemented without the approval from the general meeting of shareholders. In addition, the Stock Acquisition Rights will not be paid as remuneration. Instead, eligible subscribers can undertake the rights at their own investment discretion.

Ⅰ. Purpose and Reason for the Issuance

With the intention of increasing our business performance and corporate value over the medium to long term, we aim to further enhance the motivation and morale of employees of the Company and its subsidiaries and further strengthen company cohesiveness by issuing the Stock Acquisition Rights with charge.
The total number of shares of common stock that would increase if all the Stock Acquisition Rights were exercised would be equivalent to 0.47% of the total number of outstanding shares. However, the Stock Acquisition Rights are contingent on the achievement of predetermined performance targets, 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 is in the interests of our existing shareholders and that the impact of stock dilution due to the issuance will be within an acceptable range.

Ⅱ. Outline of the Issuance of Stock Acquisition Rights No.21

1. Number of Stock Acquisition Rights
   2,800 rights
   The total number of shares to be issued upon exercise of the Stock Acquisition Rights shall be 280,000 shares of common stock of the Company In the event that 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 granted after adjustment by the number of Stock Acquisition Rights.

2. Amount to be paid in exchange for Stock Acquisition Rights
   The issue price shall be 100 yen per Stock Acquisition Right. This amount was determined based on the results of a Monte Carlo simulation, which is a general option pricing model, calculated by PLUTUS CONSULTING Co., Ltd, a third-party valuation institution, taking into consideration the stock price and other factors of the Company. Therefore, the issue price is a fair price and is not a favorable issue.

3. Details of Stock Acquisition Rights
(1) Class and number of shares to be issued upon exercise of the Stock Acquisition Rights
   The number of shares to be issued upon exercise of each Stock Acquisition Right (hereinafter referred to as the "Number of Shares Granted") shall be one hundred (100) shares of common stock of the Company.
   The Number of Shares Granted shall be adjusted according to the following formula in the event that the Company

conducts a stock split (including the gratis allotment of common stock of the Company; the same shall apply hereinafter) or a stock consolidation after the allotment date of the Stock Acquisition Rights. However, 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 Shares Granted after adjustment =
Number of Shares Granted before adjustment × Ratio of stock split (or stock consolidation)

In addition, the Number of Shares Granted shall be adjusted appropriately to a reasonable extent if, after the allotment date of the Stock Acquisition Rights, the Company conducts a merger, company split, share exchange, or share issuance that require adjustment of the Number of Shares Granted.

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

The Exercise Price shall be 1,114 yen.

In the event that the Company 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 yen arising from the adjustment shall be rounded up.

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

In addition to the above, the Exercise Price shall be appropriately adjusted to the reasonable extent in the event that, after the allotment date of the Stock Acquisition Rights, the Company conducts a merger, company split, share transfer or share issuance that require adjustment of the Exercise Price.

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

The period during which the Stock Acquisition Rights are exercisable (hereinafter referred to as the "Exercise Period") is from November 1, 2027 to January 9, 2035.

(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 Ordinance on Accounting of Companies, with any amount less than one yen 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 the Company.

(6) Conditions for exercising the Stock Acquisition Rights

(i) A person who has been allotted Stock Acquisition Rights(hereinafter referred to as the "Stock Acquisition Rights Holder") may exercise only when the Adjusted EBITDA calculated from the consolidated profit and loss statement (non-consolidated, if not prepared) and the consolidated cash flow statement (non-consolidated cash flow statement, if not prepared) , exceeds 10 billion yen for the fiscal year ending July 31, 2027 (August 1, 2026 to July 31, 2027).

Adjusted EBITDA herein shall refer to Operating Profit (J-GAAP) + Depreciation + Amortization of goodwill + Stock compensation expenses. If the Board of Directors of the Company determines that it is not appropriate to use the actual figures reported in the consolidated profit and loss statement and the consolidated cash flow statement due to the occurrence of changes in applicable accounting standards or a large-scale company acquisition, etc., with a significant impact on the Company’s business performance, the Company may

eliminate the impact of such company acquisition, etc. within a reasonable extent and adjust the actual figures used for determination.

(ii) Stock Acquisition Rights Holders must be directors, auditors, employees, or advisors of the Company or its affiliates at the time of exercising their Stock Acquisition Rights. However, this shall not apply in cases where the Board of Directors of the Company recognizes that there is a justifiable reason such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, or other reasons.

(iii) Exercise of the Stock Acquisition Right by the heirs of the Stock Acquisition Right Holders is not permitted.

(iv) If the exercise of the Stock Acquisition Rights causes the total number of issued shares of the Company to exceed its total number of authorized shares, such Stock Acquisition Rights may not be exercised.

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

4. Allotment date of Stock Acquisition Rights

January 10, 2025

5. Acquisition of Stock Acquisition Rights

(1) In the event that the General Meeting of Shareholders (or the Board of Directors Resolution if no approval is required by the General Meeting of Shareholders) approves a merger agreement, a split agreement, a split plan, a share exchange agreement, or a share transfer plan and the Company becomes a dissolved company, a split company, or a wholly owned subsidiary, the Company may acquire all of the Stock Acquisition Rights without any charge upon the arrival of a date 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 Stock Acquisition Rights holder, the Company may acquire the Stock Acquisition Rights without any charge upon the arrival of a date separately specified by its Board of Directors.

6. Handling of Stock Acquisition Rights upon the Act of Structural Reorganization

In case the Company conducts a merger (limited to the case where the Company is dissolved as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as "Act of Structural Reorganization"), the Stock Acquisition Rights of the Stock Company listed in Article 236(1)(viii)(a) to (e) 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 according to the following conditions.

However, 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 Stock Acquisition Rights of the Reorganized Company to be delivered

The same as the number of Stock Acquisition Rights held by the Stock Acquisition Rights holder shall be delivered respectively.

(2) Class of shares of the Reorganized Company to be issued upon exercise of 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 Stock Acquisition Rights

Shall be determined in accordance with 3(1) above based on the consideration of conditions of the Act of Structural Reorganization.

(4) Amount of assets to be contributed upon exercise of Stock Acquisition Rights

Shall be determined, based on the consideration of conditions of the Acts of Structural Reorganization, by multiplying the amount obtained after the reorganization by adjusting the Exercise Price in accordance with 3(2) above 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, until 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 5 above.
(10) Other conditions shall be determined in accordance with the conditions of Reorganized Company.

7. Matters concerning certificates of Stock Acquisition Rights
The Company shall not issue certificates of the Stock Acquisition Rights.

8. The due date for the payment in exchange for the Stock Acquisition Rights
January 10, 2025

9. The due date for the application
January 9, 2025

10. The persons to whom and the number of the Stock Acquisition Rights to be allotted
34 employees of the Company. and 2 employees of its subsidiary: 2,800 rights