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July 24, 2024

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Announcement regarding the issuance of qualified stock options

CUC Inc. ("CUC") announces that its Board of Directors passed a resolution today to issue stock options to directors and corporate officers of CUC and its subsidiaries in accordance with Articles 236, 238 and 240 of the Companies Act as outlined below. The stock options will be issued without obtaining approval at the General Meeting of Shareholders as this issuance will not be particularly favorable to the individuals.

I. Reason for the issuance of qualified stock options

In aiming to increase business performance and enterprise value of CUC group over the medium to long term, CUC has decided to issue stock options without charge to directors and corporate officers of CUC and its subsidiaries in order to enhance their motivation and the unity of CUC group.

II. Outline of the issuance of stock options

The outline of the issuance of stock options is stated in the Schedule 1 "Outline of issuance of the 6th stock options".

Schedule 1

Outline of issuance of the 6th stock options

1. Number of stock options

1,049 units

The total number of shares that may be delivered upon exercise of stock options shall be 104,900 common shares of CUC. If the number of shares underlying one stock option is adjusted in accordance with 3. (1) below, the total number of shares shall be calculated by multiplying the Adjusted Number of Shares to be Allotted by the number of stock options above.

2. Payment of cash in exchange for a stock option

The amount of payment for the stock options is the fair value calculated in accordance with Binomial Model on the allotment date and is not particularly favorable to the allottees. CUC will pay pecuniary compensation equivalent to the total amount to be paid in for the stock options to allottees, and the claim for said compensation will be set off against the obligation to pay the amount to be paid in for the stock options.

3. Details of stock options

(1) Class and number of shares underlying stock options

The number of shares underlying one stock option (the "Number of Shares to be Allotted") shall be 100 shares of common shares.

If CUC has, after the allotment date of stock options, conducted a stock split (including the gratis allotment of common shares of CUC. The same shall apply hereinafter) or a stock consolidation, the Number of Shares to be Allotted shall be adjusted using the formula shown below provided that such adjustment shall be made only for the number of shares underlying the unexercised stock options at that time, and any fraction less than one share resulting from the adjustment shall be rounded down:

$$\text{Adjusted Number of Shares to be Allotted} = \text{Number of Shares to be Allotted before adjustment} \times \text{Ratio of stock split (or stock consolidation)}$$

If CUC has, after the allotment date of stock options, conducted a merger, a company split, a stock swap, a share delivery or otherwise needed to adjust the Number of Shares to be Allotted in a manner similar to those, the Number of Shares to be Allotted may be appropriately adjusted to the extent which is deemed reasonable.

(2) Value of property to be contributed upon exercise of stock options and methods of calculation

The value of property to be contributed upon exercise of stock options shall be determined by multiplying the amount to be paid in per share (the "Exercise Price") by the Number of Shares to be Allotted.

The Exercise Price shall be calculated by multiplying the average closing price of CUC's common share on the Tokyo Stock Exchange for each day of the month preceding the month to which the allotment date belongs (excluding days on which no trades were executed) by 1.05, and rounding up any fractional amount less than one yen. However, if the Exercise Price is lower than the closing price on the allotment date (or, if no trades were executed on that date, the closing price on the immediately preceding trading day), such closing price shall be used as the Exercise Price.

If CUC has, after the allotment date of stock options, conducted a stock split or a stock consolidation, the Exercise Price shall be adjusted using the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up:

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

If CUC has, after the allotment date of stock options, issued new shares or disposed treasury shares at a price below the market price of common shares (excluding the cases of the issuance of new shares and the disposal of treasury shares resulting from exercise of stock options, a merger, a company split, a stock swap or a stock delivery), the Exercise Price shall be adjusted using the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares outstanding} + \dfrac{\text{Number of new shares issued} \times \text{Amount to be paid in per share}}{\text{Market price per share before issuance of new shares}}}{\text{Number of shares outstanding} + \text{Number of new shares issued}}$$

In the formula above, the "Number of Shares outstanding" shall be the total number of issued shares of CUC's common shares, less the number of treasury shares of CUC's common shares. In the event of the disposal of treasury shares of CUC's common shares, "Number of new shares issued" shall be read as the "Number of treasury shares disposed of".

Furthermore, if CUC has, after the allotment date of stock options, conducted a merger, a company split, a stock swap, a stock delivery or otherwise needs to adjust the Exercise Price in a manner similar to those, the Exercise Price may be appropriately adjusted to the extent deemed reasonable.

(3) Period during which stock options may be exercised

The period during which stock options may be exercised (the "Exercise Period") shall be from August 7, 2026 to July 24, 2034.

(4) Matters concerning increase in share capital and legal capital surplus in the event of issuance of new shares upon exercise of stock options

(a) The amount of share capital to be increased when the shares are issued by the exercise of stock options shall be one-half of the maximum amount of an increase in capital, etc., calculated in accordance with the provisions of Article 17, paragraph 1 of the Rules of Corporate Accounting. Any fraction less than one yen resulting from the calculation shall be rounded up.

(b) The amount of legal capital surplus to be increased when shares are issued by the exercise of stock options shall be calculated by deducting the amount of share capital to be increased specified in (a) above from the maximum amount of an increase in capital, etc., specified in (a) above.

(5) Restriction on transfer of stock options

The acquisition of stock options by transfer shall require the approval of the Board of Directors.

(6) Conditions for exercising stock options

(a) A holder of stock options who has lost the position of a director, a corporate officer, an auditor and an employee of CUC or its subsidiaries may not exercise stock options unless the relevant holder of the stock options has retired or resigned due to the expiry of the term of office, he/she has reached retirement age or the Board of Directors has concluded that he/she had retired or resigned due to a reasonable cause.

(b) The heirs of the holders of stock options shall not be permitted to exercise the stock options. However, in the case of death of holders of stock options on and after August 7, 2026, one of the heirs may inherit all of the unexercised stock options solely. Regardless of (6) (a), the heir may exercise all of the stock options that the holder could have exercised if the holder was alive, provided that all of them are exercised together, only until the day on which one year has passed following the day of death of the holder or expiry date of the Exercise Period, whichever is earlier, if the heir has submitted the documents (Certified copy of Closed Family Register, agreement on division of inheritance, written consent of all of heirs, etc.) designated by CUC, which could certify that the heir has inherit the stock options solely together with the claim for exercise. However, in the case of the death of the heir, the stock options may not be exercised.

(c) If the exercise of stock options results in the total number of issued shares of CUC exceeding the total number of shares CUC is authorized to issue at that time, then the holders of stock options may not exercise those stock options.

(d) A stock option of less than one unit may not be exercised.

(e) The number of stock options which the holders may exercise shall be subject to progress against objectives from financial perspectives or non-financial perspectives which are determined depending on the title and role of holders and which shall be set out in stock options allotment agreement which will be separately executed.

4. Allotment date of stock options

August 7, 2024

5. Matters concerning acquisition of stock options

(1) In the event that the General Meeting of Shareholders has approved (or, that the Board of Directors has resolved to approve, if a resolution of the General Meeting of Shareholders is not required) a merger agreement under which CUC shall be extinguished, a split agreement or plan under which CUC shall be split, a stock swap agreement, a stock delivery plan or stock transfer plan under which CUC shall become a wholly owned subsidiary, CUC may acquire all of the stock options without consideration on a day separately determined by the Board of Directors.

(2) In the event that a holder of stock options becomes unable to exercise the stock options according to the provision of 3. (6) above, CUC may acquire such stock options without consideration on a day separately determined by the Board of Directors.

6. Treatment of stock options upon corporate reorganization

In case CUC conducts a merger (limited to the merger upon which CUC shall be extinguished), an absorption-type company split, an incorporation-type company split, a stock swap or a stock transfer (hereinafter collectively referred to as "Corporate Reorganization"), stock options of the company listed in a. to e. of Item 8, Paragraph 1, Article 236 of the Companies Act (the "Surviving Company") shall be delivered, in each of the above cases, to the holders of the stock options on the effective date of the Corporate Reorganization according to the following conditions. However, the foregoing shall be on the condition that delivery of stock options of the Surviving Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock swap agreement or a stock transfer plan.

(1) Number of stock options of the Surviving Company to be delivered

The same number of stock options as the number of the stock options held by the holders shall be delivered respectively.

(2) Class of shares of the Surviving Company underlying stock options

The class of shares shall be common shares of the Surviving Company.

(3) Number of shares of the Surviving Company underlying stock options

The number of shares shall be determined in accordance with 3. (1) above, considering the terms and conditions of the Corporate Reorganization, etc.

(4) Value of the property to be contributed upon exercise of stock options

The value of the property to be contributed upon exercise of each stock option to be delivered shall be an amount obtained, considering the terms and conditions of the Corporate Reorganization, etc., by multiplying the adjusted Exercise Price obtained upon adjustment made to the Exercise Price set forth in 3. (2) above by the number of the shares of the Surviving Company underlying the stock options which shall be calculated according to 6. (3) above.

(5) Period during which stock options may be exercised

The period shall start from the later of the first date of the Exercise Period set forth in 3. (3) above or the effective date of the Corporate Reorganization. The period shall end on the last day of the Exercise Period set forth in 3. (3) above.

(6) Matters concerning increase in share capital and legal capital surplus in the event of issuance of new shares upon exercise of stock options

These shall be determined in accordance with 3. (4) above.

(7) Restriction on transfer of stock options

The acquisition of stock options by transfer shall require the approval of the Board of Directors of the Surviving Company.

(8) Other conditions for exercising stock options

These shall be determined in accordance with 3. (6) above.

(9) Causes and terms and conditions for acquisition of the stock options

These shall be determined in accordance with 5 above.

(10) Other terms and conditions shall be determined in accordance with the terms and conditions applied in the Surviving Company.

7. Matters concerning certificates of stock options

CUC shall not issue certificates of the stock options.

8. Due date for the application for stock options

August 2, 2024

9. Allottees of stock options and the number of stock options to be allotted

Directors of CUC	3 persons	463 units
Corporate Officers of CUC	4 persons	393 units
Director of CUC’s subsidiaries	2 persons	86 units
Corporate Officers of CUC’s subsidiaries	3 persons	107 units

The number of the persons and the number of the stock options stated above are the numbers of upper limit and may decrease according to the number of applications and other factors.