



May 22, 2025

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(Securities code: 3679; Prime Market of the Tokyo Stock Exchange)
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Announcement on Issuance of Performance Target-linked Stock Options (Paid-in Stock Options)

The Company announces that it adopted a resolution to issue stock options to directors and employees of the Company, directors and employees of the Company's subsidiaries as follows at the meeting of the board of directors held on May 22, 2025, according to the provisions of Articles 236, 238, and 240 of the Companies Act. This case is to issue stock options to their underwriters at the fair price for consideration and provide no particularly advantageous conditions, and so it will be carried out without approval at the general meeting of shareholders. The stock options are not underwritten as compensation for those subject to issuance, but they are underwritten based on individual investment decisions by each of those subject to the issuance.

I. Purposes and Reasons for Offering Stock Options

The offering is to issue stock options to directors and employees of the Company, directors and employees of the Company's subsidiaries for consideration with the aim of strengthening management through the appropriate design of incentives, promoting a multi-tiered business strategy through the strengthening of management, and further increasing management's commitment to an increase in enterprise value in the long run.

An increase in the total number of common stocks of the Company is equal to 1.87% of the total number of shares issued when all stock options are executed (note). The stock options are exercised subject to the achievement of the predetermined performance goals, and the Company thinks that achievement of the goals contributes to an increase in enterprise and shareholder value of the Company. Therefore, the Company thinks that stock options issuance of stock options can contribute to benefits to the Company's existing shareholders, and its effect is reasonable on stock options dilution of shares.

Note: We plan to cancel 1,700,000 shares of our common stock (representing 1.52% of the total outstanding shares) as treasury stock on May 23, 2025. The increase will correspond to 1.90% of the total outstanding shares after the cancellation.

II. Guidelines for Issuance of Stock Options

Guidelines for Issuance of Stock Options No.16

1. Number of Stock Options

20,900 stock options

Total number of shares authorized for issue upon the exercise of the stock options shall be 2,090,000 shares of the Company's common stock. When the number of shares to be issued subject to the stock options is adjusted according to the following 3(1), the total number shall be the adjusted number of shares to be issued multiplied by the number of stock options.

2. Amount to Be Paid in Exchange for Stock Options

The issuance price per share of stock options shall be 100 yen. It was determined in reference to the result that the third-party assessment organization Plutus Consulting Co., Ltd., calculated with the general option price calculation model Monte Carlo Simulation, taking into account the information on the stock price of the Company.

3. Details of Stock Options

(1) Class and number of shares subject to stock options

The number of shares per stock option (hereinafter "number of shares awarded") shall be 100 shares of Company common stock.

After the date of allocation of the stock options, the number of shares awarded shall be adjusted using the formula below in the event of a stock split (hereinafter, this includes free allocation of the shares of Company common stock) or a reverse stock split. However, such adjustment shall apply only to stock subject to stock options that have not yet been exercised as of that point in time, and any remainders of less than one share arising as a result of such adjustment shall be rounded down to the nearest whole share.

Number of shares awarded after adjustment = number of shares awarded prior to adjustment x ratio of stock split (or reverse stock split)

In addition, if there is a need for adjustment of the number of shares awarded after the date of allocation of the stock options due to a merger, spinoff, decrease in amount of capital, or similar reason, the Company may adjust the number of shares awarded as appropriate within the reasonable extent.

(2) Payment price of stock options offered and calculation method thereof, or indication that no payment is required

The price of assets invested when exercising each stock option shall be the product of the price paid per share (hereinafter "exercise price") multiplied by the number of shares assigned.

The exercise price shall be 442 yen in cash, the closing price at the Tokyo Stock Exchange on May 21, 2025, which is a trading day immediately before the date of resolution by the board of directors on the issuance of stock options.

The exercise price shall be adjusted through the formula below in the event that the Company has implemented a stock split or a reverse stock split after the date of allocation of the stock options, with any remainder of less than one yen resulting from such allocation being rounded up.

Adjusted exercise price = exercise price prior to adjustment x 1 / ratio of stock split (or reverse stock split)

In the event that, after the date of allocation of the stock options, the Company has issued new shares of common stock or sold treasury stock of common stock at a price below market value (month including issue of new shares based on exercise of stock options or transfer of treasury stock through the sale or exchange of shares), then the exercise price shall be adjusted using the formula below with any remainders of less than one yen resulting from such adjustment to be rounded up.

Adjusted exercise price = exercise price prior to adjustment x (existing number of shares issued + (number of new shares issued x price paid per share)) / price per share prior to issue of new shares / existing number of shares issued + number of new shares

In the formula above, “existing number of shares issued” refers to the total number of shares of Company common stock issued and outstanding minus the number of shares of Company common stock held as treasury stock. When selling shares of Company common stock held as treasury stock, “number of new shares issued” shall be replaced by the “number of shares of treasury stock to be sold.”

Furthermore, in addition to the cases above, when there is a need to adjust the exercise price due to the merger of the Company with another company, a spinoff from the Company, or similar reasons after the allocation date, the Company may adjust the exercise price as appropriate within the reasonable extent.

(3) Period during which stock options may be exercised

The period during which stock options may be exercised (hereinafter “exercise period”) shall begin on May 15, 2029, and end on June 15, 2030.

(4) Increase in capital and capital reserve

(i) An increase in capital in the case that shares are issued upon exercise of the stock options shall be 50% of the upper limit on an increase in capital calculated according to Article 17, Paragraph 1, of the Corporate Accounting Rules. Any fractions less than 1 yen resulting from the calculation would be rounded up.

(ii) An increase in capital reserve in the case that shares are issued upon exercise of the stock options shall be an upper limit on an increase in capital, which is stated in the above (i), net of an increase in capital as stipulated in the above (i).

(5) Limit on acquisition of stock options by transfer

Acquisition of the stock options by transfer shall require an approval based on a resolution at the Company’s meeting of the board of directors.

(6) Conditions for exercise of stock options

(i) Those receiving allocation of stock options (hereinafter “stock option holders”), when EBITDA for the fiscal year ending March 31, 2029 is above the amounts as stated below, may exercise stock options allocated to stock option holders to the extent of the ratio stated in the relevant items (hereinafter “exercisable ratio”).

(a) Exercisable ratio in the case that EBITDA amounts to 9,850 million yen or more: 20%

- (b) Exercisable ratio in the case that EBITDA amounts to 10,500 million yen or more: 50%
- (c) Exercisable ratio in the case that EBITDA amounts to 11,500 million yen or more: 67%
- (d) Exercisable ratio in the case that EBITDA amounts to 12,500 million yen or more: 83%
- (e) Exercisable ratio in the case that EBITDA amounts to 13,500 million yen or more: 100%

In identifying EBITDA, the formula stated in the Company's summary of financial statements for the fiscal year ending March 31, 2024 (EBITDA = Operating income (loss) + Depreciation and amortization + Impairment loss + Loss on retirement of non-current assets and revaluation - Gain on bargain purchase) shall be used.

In the case that share-based compensation expenses are recorded in EBITDA, EBITDA before share-based compensation expenses, which excludes the effect of such recording, is used in identifying EBITDA. In the case that there are material changes in the concept of the referred items, referred indicators shall be separately determined by the Company's board of directors. In calculating the exercisable ratio, any fractions less than one share shall be rounded down for the number of stock options exercisable for each stock option holder.

- (ii) Stock option holders are required to be director, corporate auditor, or employee of the Company or its affiliated company for the period from allotment date of the stock options to March 31, 2028, unless the board of directors recognizes retirement upon the expiration of the term of office, involuntary retirement, or other due reasons.
- (iii) Stock Options may not be exercised by the heirs of their holders.
- (iv) Stock options may not be exercised if doing so would cause the Company's total number of shares issued and outstanding as of that point in time to exceed its authorized number of shares.
- (v) The Stock options may not be exercised in units of less than one.

4. Allotment date of Stock Options

June 6, 2025

5. Acquisition of Stock Options

- (1) In the event that a General Meeting of Shareholders has approved a merger agreement under which the Company would be extinguished, a spinoff agreement or spinoff plan under which the Company would be spun off, or a share swap agreement or stock transfer plan under which the Company would become a wholly owned subsidiary (or the Board of Directors has passed a resolution on approval thereof in a case that does not require the approval at a General Meeting of Shareholders), then the Company may, on a date to be specified separately by the Board of Directors, acquire all of the stock options free of charge.
- (2) In the case that the stock options do not become exercisable before exercise by stock option holders according to the provisions stipulated in the above 3 (6), the Company may acquire stock options without consideration.

6. Treatment of Stock Options at the Time of Acts of Organizational Restructuring

In the case that the Company makes a merger (limited to the case which would result that the Company was absorbed), an absorption-type split, a consolidation-type split, a stock swap, or an equity transfer (hereinafter collectively referred to as "acts of organizational restructuring"), in each case, stock options of the stock companies stated in the Article 236, Paragraph 1, Item 8, a to e, of the Companies Act (hereinafter "reorganized company") shall be individually issued to stock option holders on the effective date of acts of organizational restructuring according to the following conditions. But, this shall be limited to the case that the provision is included in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type split agreement, a consolidation-type split plan, a stock swap agreement, or an equity transfer plan that Stock Options of

reorganized companies are issued according to the following conditions.

(1) Number of stock options of reorganized company to be issued

The number of stock options the same as that owned by stock option holders is individually issued.

(2) Class of shares of reorganized company subject to stock options

The shares shall be common stock of the reorganized company.

(3) Number of shares of reorganized company subject to stock options

The number is determined according to the above 3(1), taking into account conditions for acts of organizational restructuring.

(4) Price for assets invested when exercising stock options

Price for assets invested when exercising stock options to be issued shall be the exercise price after the reorganization, which is calculated by adjusting the exercise price stipulated in the above 3(2), taking into account conditions for acts of organizational restructuring, multiplied by the number of shares of restructured company subject to the relevant stock options, which is determined according to the above 6.(3).

(5) Period during which stock options may be exercised

The period shall be from the later of the first day of the exercise period stipulated in the above 3(3) and effective date of acts of organizational restructuring to the last day of exercise period stipulated in the above 3(3).

(6) Increase in capital and capital reserve in the case of issuing shares upon exercise of stock options

It is determined according to the above 3(4).

(7) Limit on acquisition of Stock Options by transfer

Limit on acquisition by transfer shall require approval based on resolution at the meeting of the board of directors of the restructured company.

(8) Other conditions for exercise of stock options

They are determined according to the above 3(6).

(9) Reasons and conditions for acquisition of stock options

They are determined according to the above 5.

(10) Other conditions are determined according to conditions of restructured company.

7. Certificates for Stock Options

The Company shall issue no certificates for stock options.

8. Due Date of Payment of Money in Exchange for Stock Options

June 6, 2025

9. Date of application

May 26, 2025

10. Receiver and number of Stock Options to be allocated

Two directors of the Company 8,000 stock options

Two employees of the Company 2,500 stock options

Four directors of the Company's subsidiaries 8,100 stock options

Four employees of the Company's subsidiaries 2,300 stock options