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For immediate release

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Notice regarding the measures to correct discrepancies in the number of shares delivered for the exercise of the acquisition rights of Class A Preferred Shares

The Company hereby announces that, in light of the past shortage in the number of common shares that should have been delivered upon the exercise of the acquisition rights of Class A Preferred Shares, by which the Class A Preferred Shareholders may have the Company's common shares as consideration, the Board of Directors resolved at its meeting held today to implement as soon as possible the following measures to rectify this discrepancy by way of delivering the deficient number of common shares to them and obtaining those common shares as treasury stock, as a result of the agreement from the Class A Preferred Shareholders.

1. Content

The Company shall deliver common shares from its treasury stock to Clay Andrew Rosenberg and Barbara Daniel Becker-Primack (hereinafter, the "Preferred Shareholders"), who are the Class A Preferred Shareholders, and shall acquire such shares as treasury stock, as follows:

(1) Delivery of Common Shares

Recipients: The Preferred Shareholders

Type and Number of Shares: 9,316 shares of the Company's common stock

(Note) This delivery is to make up for the shortfall in common shares that should have been delivered when the acquisition rights were exercised in the past. Therefore, no exchange of money or other property will occur with the Preferred Shareholders in connection with this delivery.

(2) Acquisition of Treasury Stock

Provider: The Preferred Shareholder

Type and Number of Shares: 9,316 shares of the Company's common stock

Price: No consideration

Total Cost: No consideration

Furthermore, regarding the common shares representing the shortfall, the Company has agreed with the Preferred Shareholders that they waive any dividends they could have received from the date the acquisition rights were exercised till date.

As described above, the execution of this matter will not result in any change to the number of issued shares or treasury shares, nor will it affect the financial statements or other documents.

The execution is scheduled to take place as soon as possible.

2. Rationale

On September 5, 2022, and December 7, 2022, the Preferred Shareholders exercised their acquisition rights, and the Company delivered one common share in exchange for each Class A Preferred Share. However, the Articles of Incorporation stipulate the following adjustment provision:

Within three years from the date of acquisition of Class A Preferred Shares, if the Company issues new common shares to persons other than holders of Class A Preferred Shares or disposes of common shares it holds (excluding cases where such shares are issued or disposed of upon the exercise of stock acquisition rights allocated to directors, other officers, or employees of the Company or its subsidiaries (meaning a subsidiary as defined in Article 8, Paragraph 3 of the Regulations Concerning the Terminology, Formats, and Preparation Methods of Financial Statements, etc.)), the conversion ratio shall be adjusted using the formula set forth below:

$$\text{Adjusted Conversion Ratio} = \text{Pre-Adjustment Conversion Ratio} \times \frac{\text{(Number of shares already issued + Number of new shares issued and number of common shares delivered through the disposal of treasury stock)}}{\text{Number of shares issued}}$$

Over the three years following the issuance of Class A Preferred Shares, the Company issued new common shares or disposed of treasury shares for granting stock compensation to officers and employees, and so on. Applying the above formula, the number of common shares to be delivered to the Preferred Shareholders was deficient by 4,658 shares.

Furthermore, due to the implementation of stock split effective as of April 1, 2023, the number of shares short became 9,316 shares.

To resolve the shortfall in the number of common shares and to exclude the impact on past financial statements, the Company and the Preferred Shareholders have agreed to the procedures described in Item 1 above.