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MEMBERSHIP  
September 13, 2023

To All

Company Name	YUKE'S Co., Ltd.	
	(Code: 4334 TSE Standard Market)	
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**YUKE'S Co., Ltd. through a third-party allotment: Second round in 2023 and Issuance of the 3rd Stock Acquisition Rights (with Conversion Rights to Stock Acquisition Rights with Revision Exercise Price), and Notice of Conclusion of Stock Acquisition Rights Purchase Agreement (Target Issue Program "TIP")**

At the Board of Directors meeting dated September 13, 2023, we have resolved to conclude a contract for the purchase of subscription rights to shares (Target Issue Program "TIP\*"), subject to the issuance of YUKE'S 2023 2nd and 3rd Stock Acquisition Rights (hereinafter referred to individually or collectively as "Stock Acquisition Rights") and the entry into force of the notification under the Financial Instruments and Exchange Act, with the prospective allocation partners (as defined in "(7) "Offering or Allocation Methods""). We hereby notify you as follows.

1. Overview of the offering

(1)	Allocation Date	September 29, 2023
(2)	Number of stock acquisition rights issued	7,000 units Second stock acquisition rights: 3,000 units 3rd Stock Acquisition Rights 4,000 units
(3)	Issue price	Total amount: 3,526,000 yen (566 yen per second share subscription right and 457 yen per third share subscription right)
(4)	By such issuance Number of potential stock	700,000 shares (100 shares per stock acquisition right) Second share subscription rights: 3,000,000 shares Series 3 share subscription rights: 4,000,000 shares
(5)	Amount of proceeds	2,747,936,000 yen (approximate net proceeds) (Note)
(6)	Exercise price and Terms of the adjustment to the exercise price	The initial exercise prices are 3,300 yen for the Second Stock Acquisition Rights and 4,400 yen for the Third Stock Acquisition Rights. The exercise price of the Stock Acquisition Rights is initially fixed, but we are able to apply the amendment to the exercise price of the Stock Acquisition Rights by resolution of our Board of Directors when it is necessary to raise funds for any of the Stock Acquisition Rights. In the case of such resolution, we shall immediately notify the holder of the Share Option (hereinafter referred to as "the holder of the Share Option"), and the exercise price shall be given on the condition that the period specified in Paragraph 10(2) of the Subscription Rights for the Share shall expire on the day of the 10th trading day (including the day on which such notice was made) or on the day shorter than the day of the 10th trading day separately specified by such resolution, and on the condition that the period specified in Paragraph 12 of the Subscription Rights for the Share Issuance shall expire, on the previous trading day (however, the previous trading day shall be defined as the previous trading day of our Common Shares. In cases where the relevant Shareholder Determination Date (which is defined in Article 144 of the Operational Rules for Book-Entry Transfer of Shares, etc. of the Securities Custody Corporation) or the Stock Custody and Book-Entry Transfer Corporation falls under the date on which the Stock Custody and Book-Entry Transfer Corporation does not issue a request for the exercise of the Share Options, The Company will be adjusted to the amount equivalent to 90% of the closing price of our common stock on the Tokyo Stock Exchange (hereinafter referred to as the "Exchange") on the day 4 trading days prior to the date of confirmation of shareholders or the latest trading day on which the Stock Custody and Book-Entry Transfer Corporation was able to broke the request for the exercise of the Stock Acquisition Rights (if there is no closing price on the same day, to the third decimal place below the yen and rounded up to the third decimal place). The exercise price of the Stock Acquisition Rights shall not be less than 1,320 yen (subject to adjustment pursuant to the provisions of Paragraph 11 of the Regulations Governing the Issuance of Stock Acquisition Rights) (hereinafter referred to as the "Minimum Exercise Price"). If the revised exercise price based on the above calculation falls below the lower exercise price, the

		exercise price shall be the lower exercise price. "Trading day" refers to the day on which trading is conducted on an exchange. Provided, however, that in the event of any type of suspension or restraint of trade (including temporary restraint of trade) with respect to our Common Shares at the Exchange, such date shall not fall on a "Dealing Day". "Revision Date" shall mean the date on which we receive the notice pertaining to each request for exercise of the Stock Acquisition Rights as set forth in Item (1), Paragraph 16 of the Summary of Issuance of Share Options after we resolve to amend the Exercise Price with respect to each amendment to the Exercise Price. In addition, the exercise price of the Stock Acquisition Rights may be adjusted in accordance with the procedures for issuance the Stock Acquisition Rights.
(7)	Solicitation or Allotment Method (Scheduled allotment counterparties)	Perform third-party allocation to MACQUARIE Bank Limited (hereinafter referred to as "Assignment Destination").
(8)	Period for exercising subscription rights	From October 2, 2023 to October 1, 2026.
(9)	Others	1) The foregoing items shall be subject to the entry into force of the Securities Registration Statement under the Financial Instruments and Exchange Law. 2) We plan to enter into a purchase agreement for the Stock Acquisition Rights (hereinafter referred to as the "Purchase Agreement") with the Assignee after the entry into force of the notification relating to the Stock Acquisition Rights under the Financial Instruments and Exchange Law. 3) The Purchase Agreement stipulates that in the event that the Company intends to allocate the Stock Acquisition Rights to the Company with the prior approval of the Board of Directors of the Company, the assignee from the anticipated assignee shall succeed to all rights and obligations as the expected assignee of the Purchase Agreement.

(NOTE)The amount of funds to be procured for the Stock Acquisition Rights is the total amount of the issue price of the Stock Acquisition Rights plus the total amount of assets to be invested upon the exercise of the Stock Acquisition Rights calculated on the assumption that all of the Stock Acquisition Rights were exercised based on the initial exercise price minus the estimated amount of expenses for the issuance of the Stock Acquisition Rights (5,590 thousand yen). If the exercise price is adjusted or adjusted, the amount of such proceeds will change. In addition, the amount of the proceeds will be reduced in the event that all or part of the Stock Acquisition Rights will not be exercised within the exercise period of the Stock Acquisition Rights or in the event that the Stock Acquisition Rights acquired by us are cancelled.

※ Targeted issue programme, TIP

The Company has adopted the targeted issue programme "TIP" for this stock acquisition right. This method is a stock acquisition right for which we set the target stock price (target price) that we want when issuing new shares, and set this as the exercise price. This was set in anticipation of future stock price increases and the expectation that new shares could be issued (target issues) in stages depending on different exercise prices.

2. The purpose and reason for the offer;

(1) Main purpose of financing

Our Group's management philosophy is "With higher expressive power and new ideas, enjoyable play and great dreams and deep inspiration for many people around the world." Our mission is to "make the world smile with surprising and inspiring entertainment." Through entertainment, we aim to be a society that solves social problems and enriches people's lives.

[Business Overview of Our Group]

Our Group's business activities include the planning and development of content (mainly game software) for household, commercial and mobile use, the planning and development of images for pachinko and pachislot machines, the planning and development of XR contents, and the planning, production, and operation of concerts and events.

Our current business is characterized by contracted development from game distributors and pachinko and pachislot manufacturers. In the contracted services business, we have a track record of developing 42 pro-less games. As a result, we possess technologies for reproducing human realistic movements on games. In addition, we have experience in developing content not only in the Japanese market but also in the global market, particularly in North America and Europe.

In addition, we have 2 businesses in the future: XR Business and the Publishing Business. XR Business is centered on live entertainment content using ALiS ZERO®, a real-time rendering engine that derives the game development technology we have cultivated. The Publishing Business is designed to leverage our 2030-year experience in game development to bring our titles to market in anticipation of further market expansion in the future.

① Game Business

In the Game Business, the Group plans and develops game software and applications for home, commercial and mobile devices. Titles for home videogame consoles such as PlayStation and Xbox, Nintendo Switch, as well as PC game platforms such as Steam, Epic Games Store, and app stores for mobile devices such as App Store, Google Play are each released from their respective sellers.

In terms of the characteristics of our game business, we have a particularly large number of track records in the development of professional wrestling games and fighting games, but also have a number of track records in such categories as action, sports and role-playing. In our professional wrestling game, real professional wrestlers appear, realistically reproducing their appearance, costumes, and the movement of the techniques played by players. Specifically, you can instantaneously express physical calculations on the condition of hands and feet when people combine, the texture of the skin, the way sweat is jumped, and the way hair is drawn, and you can replicate a professional-less player on the game screen.

In 1995, TOMY CORPORATION (now TOMY Company, Ltd. (TSE PRM 7867)) launched the "New Japan Professional Restaurant Fighting Spirit" program, which we developed for the first time. In 1994, PlayStation was launched by Sony Computer Entertainment Inc. (currently Sony Interactive Entertainment Inc.) as a hardware. It is capable of producing games using polygons (Note 1). "Shin Nippon Pro-wrestling Seikatsu" is the first home-use game, a 3DCG professional-wrestling game that utilizes polygons. We were among the first to participate in development and utilize the latest technology in game production, which has become the foundation of our technology to date.

In addition, since our group has developed games for over 2030 years, we have owned our own unique game engine as a development base.

Game engines are a generic term for programs that incorporate specific actions and processes in a game in advance. By using game engines, game engines can shorten game development periods, reduce costs, and secure quality. Through years of professional game development, we have developed technology for instantaneous physical calculation of human body movements that cannot be expressed by ordinary game engines. We have also leveraged this to develop a real-time rendering engine (Note 2) "ALiS ZERO®" and use it to expand our business in XR business. In the Game Business, the main business is contract development from distributors. In the past, however, we have also planned, developed, and sold our own software. We plan to develop our own software sales function as a publishing business in the future.

(Note 1) Polygon

This is a basic technique for expressing 3DCG. By placing a large amount of polygons in 3-dimensional space, shapes such as characters and stage can be expressed on the screen as 3DCG.

(Note 2) About the rendering engine

Rendering is the use of a computer program to output numerical data from the source to a human-recognizable state, such as an image or video. The software you want to render is called the rendering engine.

Game-development involves the use of a variety of computations to perform a render process based on the shape and appearance information that has been determined, and the drawing of people, objects, and so on as real-world CG.

② Pachinko and Pachislot Business

The Pachislot and Pachinko Machine Business is engaged in the planning, video production, and program of pachinko and pachislot machines. This business was launched in 2003. At that time, Sammy Corporation was trying to strengthen its video by incorporating the boards of Dreamcast into pachinko and pachislot machines. Because we had expertise in game development for Dreamcast, Sammy was able to win a contract for the production of video for pachinko and pachislot machines. Although we sometimes plan pachinko and pachislot machines with our own content, we basically produce and deliver images that appear on the screens of pachinko and pachislot machines entrusted by pachinko and pachislot manufacturers. We do not manufacture the housing itself.

③ XR business

XR Business is engaged in the planning and production of content such as CG of characters for VR (virtual reality) and AR (augmented reality) concerts and events. Motion Capture (Note) uses technology to create CG by digitizing the movement of people and objects. We have a track record of producing many CG such as live and events using other companies' IP (intellectual property) such as HATSUNE MIKU, HYPNOSISMIC, and HOSHIMACHI Suisei. Specifically, we utilized ALiS ZERO®, a real-time rendering engine, a technology we developed in-house, to reflect data captured at studios in real-time CG so that CG characters, rather than humans, can dance or sing at live events held at concerts and events. We are the only company that provides real-time CG production to external customers. Most live shows using traditional CG characters often broadcast pre-recorded ones, but by using "ALiS ZERO®" we have enabled live performances while receiving answers in real time with the audience. In addition to its use in other companies' IP, it also has its own contents. The "AR performers" (4 men's AR Dance Vocal Group) worked as an artist to which Avex belonged from 2016 to 2022, utilizing "ALiS ZERO®."

• Technological Advantages of ALiS ZERO®, our proprietary engines

ALiS ZERO® enables real-time rendering when capturing motion captures. By using the character CG actually used in the video for recording, you can perform recording as is with the image of the character. In addition, the captured data can be reflected in CG in real time, so you can synthesize video in real time not only for recording but also for platforms such as VR and AR. This enables real-time live where interactions between characters and audiences are possible by placing screens and capture facilities in actual live venues.

In addition, generally, it takes about 2 months to take a motion capture at a studio and deliver it as a CG, but if we take a photo at our cooperating studio using our "ALiS ZERO®", we will be able to deliver the product on the same day at the shortest possible time, which will allow us to shorten the time period compared to the conventional method. For this reason, it can be used not only as a live event, but also as a motion capture engine for visual products, enabling high-quality, low-cost production.

(NOTE) About Motion Capture

Motion Capture is a technology that records the movement of real people and things as digital data. Motion Capture has been developed to quantify human movements and has been used in movement trails such as medical settings and sports. In recent years, however, examples of its use in the field of video production, such as movies and games, have been increasing. We basically take motion captures at external cooperative studios, but at AR live, we realize live by setting up a capture facility in the back studios at live venues and distributing data taken from external studios in real time.

④ Publishing business

We plan to start operating the publishing business in the fiscal year ending January 2024. There are 2 main types of businesses in the game industry in which our group belongs: companies called publishers and companies called developers. Basically, the publisher mainly produces and sells games, while the developer only develops games. Publishers outsource development to developers and proceed with production in cooperation. In the past, as a developer, we have focused on the contracted development business for BtoB developed and delivered by the time of delivery upon request from customers. As a developer, we will continue to engage in BtoC businesses, such as selling game software and providing online games to direct users as a publisher. As the first title, we plan to release DC Dual Force, a digital card game featuring DC comics characters, to the global marketplace in the summer of 2023. We have been mainly engaged in activities as a developer for a long time. Going forward, as a publisher, we will advocate "disseminating creative and the best entertainment around the world," and aim to disseminate the best entertainment together with creators and studios around the world, not to mention our in-house development lines. Without being constrained by existing thinking, we will form alliances with various business partners and creatives to create businesses and works that exceed your expectations worldwide. Starting with DC DUAL FORCE, we will invest in valuable creative and IP and strive to grow by taking on the challenge of creating even more innovative contents.

Going forward, we will implement initiatives toward a new stage of growth with the theme of further expanding corporate value from a medium-to long-term perspective. We are expanding our gaming and pachinko machine businesses and aggressively investing in growing businesses in our XR and publishing businesses. To realize the Group's growth strategy in this way, we believe it is crucial to accelerate the R&D of ALiS ZERO®, our proprietary technology developed in-house, the development of novel contents in XR business, and the expansion of titles in the publishing business. We have been considering securing the funds that we believe are needed to achieve this. In addition, in order to further strengthen our core technological capabilities to support these businesses, we intend to invest capital to secure human resources.

As described below in "(2) Overview of Fund Raising Methods and Reasons for Selection," the Group has conducted a variety of comparative reviews when procuring funds, and as 1 of these, has been considering the procurement of equity funds. As a result, we have determined that raising funds in line with the target share price through the issuance of stock acquisition rights will contribute to enhancing corporate value in the future and the interests of existing shareholders and other stakeholders. Please refer to "3. Amounts, Uses and Scheduled Expenditures of Funds Raised, (2) Specific Uses of Funds Raised" below for details of the amounts currently scheduled to be raised and their uses. In the recent fund procurement, we plan to allocate treasury stock preferentially to our shares that will be delivered as a result of the exercise of the stock acquisition rights in order to improve capital efficiency. We have determined that this financing

satisfies our capital needs and is appropriate as a way of improving capital efficiency and effectively utilizing the treasury stock to be acquired, and have therefore decided to issue this stock acquisition right.

(2) Overview of financing methods and reasons for selection

The purpose of this financing is to expand capital by gradually raising funds associated with the exercise of the subscription rights to shares by the planned allotment counterparties by allocating the subscription rights to the subscription rights to shares to the planned allotment counterparties.

In selecting financing methods from among various financing methods, we have examined whether it is a method that enables us to procure funds in accordance with our capital needs, and based on the following "Disadvantages of this financing method" and "Comparison with other financing methods," we have determined that the financing through this stock acquisition right is the best choice at the present time that we can satisfy our needs.

<Advantages of this financing method>

- ① Proceeds from fixed exercise price (target stock price)  
In order to realize efficient and favorable financing in a rising stock price phase, the stock acquisition rights are divided into 2 series, and the exercise price is set in 2 ways in anticipation of future stock price increases. The 2 sets of exercise prices are intended to be a cycle of achieving financing at a pre-set target stock price at the timing when the stock price rises, and aiming to raise funds at a further rise in the stock price and at the next target stock price by using the proceeds to improve our corporate value. The exercise price is not intended to be indicative of the prospects of MACQUARIE Bank Limited, the Company's prospects for share price, business, financial condition and results of operations.
- ② Fixed number of target shares  
The number of shares subject to the Stock Acquisition Rights is fixed at 0.7 million shares as shown in the issuance guideline for the Stock Acquisition Rights from the time of issuance, and the number of potential shares will not change depending on future changes in the market stock price. In the event of a stock split or any other event, the Company may adjust the amount in accordance with the terms and conditions for issuance of the Stock Acquisition Rights.
- ③ Increase in fund raising at the time of the rise in stock prices  
The exercise price of the stock acquisition rights is fixed at a level higher than the current share price. However, as the exercise price can be adjusted by resolution of our Board of Directors, the amount of capital raised will increase when the share price is significantly higher than the exercise price.
- ④ Purchase clause  
Based on a resolution of the Board of Directors of the Company, the Company is designed to acquire all or part of the Stock Acquisition Rights that remain after the day following the payment date of the Stock Acquisition Rights by giving notice to the holders of the Stock Acquisition Rights no later than 15 trading days prior to the issue price of the Stock Acquisition Rights. This enables us to prevent dilution by acquiring the Stock Acquisition Rights in the event that our funding needs are reduced in the future or the capital policy policy is changed. In addition, we can ensure the flexibility of the capital policy.
- ⑤ Non-exercise period  
Under this Purchase Agreement, during the exercise period of the Stock Acquisition Rights, the Company may determine a total of 4 periods during which the Stock Acquisition Rights cannot be exercised by the anticipated recipients (hereinafter referred to as the "Non-Exercise Period"). Each non-exercise period shall be no more than 10 consecutive trading days, and we will give notice of non-exercise period to the planned allotment counterparties in writing no later than 3 trading days prior to the first day of the relevant period. At least 10 trading days shall be vacant during each non-exercise period. This allows us to set a non-exercise period and limit the impact on our stock price at our discretion when we expect to see a continuous increase in our stock price. (Note that we can shorten the non-exercise period by giving a separate notice to the planned allotment counterparty; provided, however, that the non-exercise period cannot be set for the period after the acquisition date if there is a request for the purchase of the Stock Acquisition Rights or an event to acquire the Stock Acquisition Rights, and the non-exercise period specified at the time of such notice will be terminated early when such notice is given.) We will disclose in a timely and appropriate manner in the event that we give notice of setting the non-exercise period to the prospective allotment counterparty or in the event that we give notice of shortening the non-exercise period.
- ⑥ Restriction on Transfer  
The Stock Acquisition Rights will be issued by way of a third-party allocation to the anticipated recipients and will be subject to transfer restrictions under the Purchase Agreement. No Stock Acquisition Rights will be transferred from the proposed recipients to third parties unless approved by the Board of Directors of the Company.
- ⑦ Standby of fund raising (policy duration adjustment effect)  
Procedures for the issuance of shares and stock acquisition rights usually take several weeks, including the waiting period for the securities registration statement. Therefore, even if preparations are initiated after the stock price reaches the target price, it may take several weeks to issue the stock, and the stock price may fluctuate during that period, causing us to miss flexible and timely funding opportunities in the target stock price. On the other hand, by issuing the Stock Acquisition Rights with the respective target prices in advance, the Company can have the funds raised at the target share price standby.

<Disadvantages of this financing method>

- ① Exercise may not proceed when stock price declines or slumps  
As a characteristic of the stock acquisition rights, only when the rights are exercised by the holders of the stock acquisition rights can the amount of funds obtained by multiplying the exercise price by the number of units exercised be achieved. The exercise price of the Stock Acquisition Rights (3.3 thousand yen for the Second Series and 4.4 thousand yen for the Third Series) is all set higher than our current share price at our request. If our share price remains below these exercise prices, or if we exercise our conversion right to an exercise price adjustment type but the share price is below the minimum exercise price, the right may not be exercised and we may not be able to raise funds.
- ② Possibility of a decrease in the amount of funds raised during a slump in stock prices  
If we exercise our right to convert to an exercise price-adjusted type during a stock price downturn, the actual proceeds may be less than the originally planned proceeds.
- ③ Limitations of access to an unspecified number of new investors  
Since the third-party allotment system is a contract with only the Company and the prospective counterparties, there is a limit in terms of raising funds from an unspecified number of new investors.
- ④ Possibility that our stock price will decline as a result of the planned allotment of shares of our common stock being sold to the market  
Since our policy of holding the shares of common stock to be allotted is for short-term holding purposes, it is assumed that the planned allotment counterparties will sell the shares acquired by exercising the subscription rights to shares in the market. In view of the current liquidity of our common stock, the sale of our common stock by the planned allotment counterparties could cause our stock price to decline.

⑤ Demand for Purchase

The Purchase Agreement stipulates that if certain conditions are met, the Company may at any time thereafter (irrespective of whether or not each of the following events has been cured), at its option, request that the Company purchase all or part of the Stock Acquisition Rights held by the Scheduled Allotment Target by giving written notice to the Company. Certain conditions refer to the existence of any of the following events:

- (i) If, on any transaction day, the volume-weighted average price of the Common Transactions of the Shares on the Exchange for the immediately preceding 20 consecutive trading days is less than 50% (660 yen) of the closing price of the Common Transactions of the Shares on the Exchange on September 12, 2023 (provided, however, that the exercise price will be adjusted as appropriate in accordance with the adjustment of such exercise price if the exercise price is adjusted as required by Item 11 of the Stock Acquisition Rights Issuance Requirement),
- (ii) The average transaction volume of the Ordinary Transactions on any 1 trading day of the Shares during the immediately preceding 20 consecutive trading days of the Shares on any 1 trading day (provided, however, that if the number of Shares allotted is adjusted pursuant to Section 6(2) to (5) of the respective Issuance Requirements, it shall be adjusted from time to time in accordance with the adjustment of such number of Shares allotted) falls below 50% (170.1 thousand shares) of the average trading volume of the Ordinary Transactions on 1 trading day of the Shares during the 20 consecutive trading days preceding September 12, 2023 (including the same day); or
- (iii) If the transaction of the Shares on the Exchange is suspended for a period of 5 consecutive trading days or more, if the planned allotment counterparty makes a request for the purchase of the Shares to us, the amount of funds raised may be less than our assumed amount due to the failure to raise funds through the exercise of the Share Acquisition Rights. In addition, the final amount of funds raised through the Share Acquisition Rights may be reduced due to the need to pay money equal to the amount paid for the Share Acquisition Rights.

<Comparison with other financing methods>

The other financing methods we considered in selecting this financing are as follows:

- ① Public offering  
The Company believes that the public offering of shares will have a greater direct impact on the share price, since it will cause dilution of earnings per share at the same time, although the funding will be realized from the beginning, and has therefore determined that it is not appropriate for the current method of raising funds.
- ② Rights offer  
With respect to the rights offering, the dilution of existing shareholders' equity will be dispelled, but as the amount of proceeds will be affected by the participation rate of existing shareholders who are allottee, it will be difficult to raise funds in accordance with the amount of our capital needs, and therefore we have determined that it is inappropriate as a method of financing this time.
- ③ Issuance of new shares or issuance of treasury shares to third parties  
The issuance of new shares through a third-party allotment or the secondary offering of treasury shares can be an effective method for immediate financing. However, as in the case of a public offering, the issuance or secondary offering will cause dilution of earnings per share at once, and therefore, the Company has determined that this method is not appropriate for the current method of financing, considering that it will have a direct impact on the share price.
- ④ MSCB  
The conditions of issuance and exercise conditions for convertible bonds with stock acquisition rights (the so-called MSCB) whose exercise price is adjusted in conjunction with the share price are diversified. However, the number of shares to be delivered upon conversion is generally determined in accordance with the conversion price. As a result, the total number of shares to be delivered upon conversion cannot be determined by the time of completion of the conversion, and the number of potential shares will increase if the conversion price is revised downward. As a result, the Company has determined that this method of financing is not appropriate for this time as it is considered to have a direct impact on the share price.
- ⑤ Capital increase through free allocation of subscription rights to shares (rights offering)  
The so-called rights offerings consist of contract-type rights offerings that conclude principal underwriting agreements with financial instruments business operators, and non-commitment-type rights offerings that do not enter into such agreements and the exercise of share subscription rights is left to the determination of shareholders. However, with regard to commitment-type rights offerings, costs such as underwriting commissions are expected to increase, and it has been determined that this method of financing is inappropriate. With regard to non-committed rights offerings, as in ② above, the amount raised is affected by the exercise rate of stock acquisition rights by existing shareholders or persons who have acquired stock acquisition rights in the market who are the recipients of the allotment. Therefore, the Company has determined that the non-committed rights offering is not appropriate as a method of financing this time because it is difficult to procure funds in accordance with the amount of our fund demand based on the general discount rate of exercise price in the rights offering.
- ⑥ Financing through bonds or borrowings  
Although the funding environment for debt financing is favorable amid the continuing low interest rate environment, the Company has determined that it is not an appropriate method of financing this time because the funding through corporate bonds or borrowings may reduce the financial soundness because the amount of the funding is recorded as a full liability.

3. Amount, Use and Expected Period of Funds to be Procured

(1) Amount of funds to be raised

Total amount paid	2,753,526,000 yen
Estimated issuance costs	5,590,000 yen
Net of estimated proceeds	2,747,936,000 yen

(NOTE)1. The total amount to be paid is the sum of the total issue price of the Stock Acquisition Rights (3,526 thousand yen) and the total amount to be paid upon the exercise of the Stock Acquisition Rights (2,750 million yen). The above approximate net proceeds are the total amount paid above less the approximate amount of issuance costs.

2. Consumption taxes are not included in the approximate amount of issuance costs.

3. Estimated issuance costs are the sum of stock acquisition rights valuation compensation expense, stock administration fees, change registration expenses, and legal fees.

4. The total amount to be paid is the amount at which all the Warrants were exercised at their initial exercise price. If the exercise price is adjusted or adjusted, the total amount to be paid and the approximate net proceeds may increase or decrease. In addition, if the stock acquisition rights are not exercised within the exercise period or we cancel the stock acquisition rights, the total amount to be paid and the estimated net proceeds will be reduced.

(2) Specific uses of funds to be procured

Specific uses and expected dates of payment of the estimated net proceeds of 2,747 billion yen are as follows:

Specific uses	Millions of Yen	Scheduled time period for spending
① R&D of ALiS ZERO®	650	October 2023 to September 2026
② Expansion of engineer human resources	350	October 2023 to March 2026
③ Cost of developing additional DC DUAL FORCE	247	October 2023 to March 2024
④ Planning game titles	500	October 2023 to September 2025
⑤ New game titles	1,000	April 2024 to September 2026
Total amount	2,747	-

We plan to appropriate the planned funding amount of approximately ¥2,747 billion through this financing as described above. Provided, however, that the amount and time of payment by exercising the Stock Acquisition Rights are dependent on the judgment of the holder of the Stock Acquisition Rights, and the exercise price of the Stock Acquisition Rights may be adjusted or adjusted. Therefore, the amount and time of funds that can be raised at the present time are not fixed, and there is a possibility that there will be a difference between the amount of funds raised and the estimated time of disbursement as envisaged at the present time. In the event of a shortage of financing, the Company has not yet finalized the appropriation of the shortfall through its own funds or other financing.

We plan to use the funds as described in the table above. Details of each use of funds are as follows.

- ① In order to contribute to further market-expansion, we are considering investing in R&D for ALiS ZERO®. In addition to live entertainment played by CG characters, which we are working on as a business, the scale of the content and services, mainly virtual spaces such as metaverses and VTuber, VLiver, is expanding year by year. To give an example of VTuber marketplace, it is said that in the last 3 years it has increased by about 5 times. "ALiS ZERO®" has been in use since 2016 as a new engine that integrates virtual and real spaces in real time. It has been utilized in a variety of situations, including in-house and other company content, and has achieved numerous results. With "AR performers" as our own content, we have adopted ALiS ZERO® in other companies' IP such as "HATSUNE MIKU", "HYPNOSISMIC", "HOSHIMACHI Suisei", "ENSEMBLE STARS!!" and "22/7 (NANABUNNONIYUUNI)". In addition, "PolaPoriPosuPo" which is a new IP of other companies is also used. As the market-size expands, we expect demand for ALiS ZERO® to increase in the future. Therefore, in order to be adopted by more products, in order to accelerate the improvement of the user experience, we intend to renovate existing functions, improve usability as an engine, and implement new functions as R&D. For this reason, we are considering recruiting a large number of human resources, mainly engineers, as research and development personnel, and will gradually expand their functions over several years.
- ② Since the spread of the new coronaviruses, the new way of working in the form of telework has expanded to the public and there has been an increase in the number of domestic opportunities to focus on the profession of engineers. However, due to the special nature of the skills of engineers operating in the game industry, the absolute number of human resources is still small, and the industry is constantly facing labor shortages. In addition, in the game industry in which our group belongs, there is a succession of news about base pay increases by major companies, and competition for securing human resources is expected to intensify further in the future. We place technological development at the core of our strengths, but we regard the future expansion of human resources as a major issue and an area in which we will actively invest. In the game business, which is also our core business, there is a tendency to demand for cutting-edge technological capabilities at all times. In addition, as specialized fields are expanding due to the rise of commercial game engines such as Unreal Engine and Unity, we believe there will be a need for even broader knowledge and technological capabilities. In addition, in XR business, which we view as a growing business, there are many phases in which new technologies and concepts are needed, while still being based on the technologies we have cultivated to date. This requires a wide range of knowledge and technological capabilities that are not confined solely to the gaming field. In this environment, we intend to implement a reliable expansion of human resources by actively investing funds to secure human resources. In addition, in order to strengthen the Group's technological capabilities, the Group is also considering M&A of companies with technological capabilities. We will consider a wide range of companies with engineers who can achieve high synergies with our Group, and will improve the Group's technological capabilities and expand our human resources.
- ③ DC DUAL FORCE, which is engaged in the publishing business, is a freemium app as a sales format. Freemium refers to a sales format in which apps can be played for free and users can earn items by charging each time. For this reason, DC DUAL FORCE needs to be able to get items for sale within the app. We will maximize profits in the future by continuously introducing new items as update content, not just those developed at the initial stage. To this end, we have formulated a regular content distribution plan, and in order to effectively implement them and deploy them in the market in a timely manner, we anticipate the use of these funds as market research expenses and content development expenses. In terms of market research, we will expand the number of research personnel, focus on acquiring and analyzing information, and reflect the results in the development of new content in order to introduce content in the optimal order and timing in which marketing effects are utilized, taking into account other content development schedules of IP licensing sources. In addition, DC DUAL FORCE will be deployed on Steam, Epic Games Store and other PC platforms, but we are also looking to expand into other platforms. As a result, we assume that additional costs will be required to develop apps for other platforms, which together is a funding event for DC dual force.
- ④ Funds will be invested in the planning and development of game titles that will be newly launched in the publishing business. Specifically, in addition to licensing costs paid to IP licensing sources, we expect to use these costs to fund development and research expenses. A prominent IP is scheduled to be adopted, and planning is being advanced after consultation with the licensee.
- ⑤ We will invest money in marketing, developing and operating for research, negotiation and consideration, and market research for collaborating with new IP for future gaming titles in the publishing business. We anticipate developing our business on a freemium basis rather than an outright sale format. We also expect to grow this business into 1 of our core businesses, leveraging the knowledge we have

acquired through the operation of our DC DUAL FORCE, which is also being developed on a freemium basis.

#### 4. Approach to the Rationality of Use of Funds

By using the funds procured through this financing for the purposes described in "3. Amounts, Uses and Scheduled Periods of Funds Procured, (2) Specific Uses of Funds Procured," the Company believes that it will be able to further expand its business, improve its profits and strengthen its financial position, and as a result, contribute to the improvement of the Company's medium-to long-term earnings and corporate value. Therefore, the Company believes that the use of such funds is reasonable.

#### 5. Rationality of issuance conditions, etc.

##### (1) Basis for determining that the conditions of issuance are reasonable and the specific content thereof

We requested Akasaka International Accounting Co., Ltd. (Representative: Tomotake Kurosaki, Domicile: 1-8, Moto Akasaka 1-chome, Minato-ku, Tokyo), a third-party calculation organization, to evaluate the price of the stock acquisition rights, taking into account the conditions stipulated in the stock acquisition rights issuance guidelines and the third-party allocation agreements to be concluded with the planned allotment counterparties.

In determining the pricing model to be used in the pricing calculation, the stock acquisition rights are valued based on Monte Carlo simulations among the general pricing models. The valuation model is based on comparisons with other pricing models, such as the Black-Scholes model and the binomial model. The valuation model is a pricing model that allows for a relatively appropriate reflection of the issuance guidelines for the stock acquisition rights and other conditions stipulated in the purchase agreements to be concluded with the prospective allotment counterparties. The stock acquisition rights are evaluated by taking into account the closing price (1,320 yen) of our stock on the valuation base date (September 12, 2023), volatility (53.2 yen%), expected dividend rate (42 yen/share), risk-free interest rate (0.1%), and certain assumptions regarding the expected exercise behavior of the rights to be allocated counterparties (including the fact that the exercise of rights and sales of shares by the scheduled allotment counterparties are executed within a certain percentage of the trading volume of our shares).

We set the issue price per share subscription right at 566 yen (the Second Share Subscription Rights) and 457 yen (the Third Share Subscription Rights), which are equal to the said valuation amount, after consultation with the planned allotment counterparties, with reference to the valuation amount calculated by the relevant calculation institution based on the above assumptions. The exercise price of the Stock Acquisition Rights is set at 3.3 thousand yen for the Second Stock Acquisition Rights and 4.4 thousand yen for the Third Stock Acquisition Rights, both of which are higher than our current share price. In determining the issue price of the stock acquisition rights, we have determined that the calculation results of the stock acquisition rights are considered to be reasonable fair values, since the fair value is calculated using a Monte Carlo simulation, which is generally used as a method for calculating the valuation of the stock acquisition rights, taking into consideration the events that may affect the fair valuation, and the issue price of the stock acquisition rights, which is determined by the same value as the said valuation amount, does not fall under the category of favorable issuance, and is appropriate and reasonable.

In addition, 4 of our corporate auditors (2 of whom are outside corporate auditors) stated that the issue price of the stock acquisition rights does not correspond to a particularly favorable amount to the prospective allotment counterparties as a result of the above calculation basis, and there is no unreasonable point regarding the decision process of the Board of Directors as described above. Therefore, the Board of Directors has received an opinion that the legality of the fact that the issuance of the stock acquisition rights does not fall under the category of favorable issuance is reasonable.

##### (2) Basis for determining that the volume of issuance and the size of dilution of shares is reasonable

The number of shares of our common stock to be issued upon the exercise of all the stock acquisition rights is 0.7 million shares (7000 voting rights related to such shares). As of July 31, 2023, the dilution ratio based on the denominator of 11,096 thousand shares of our company (84,008 voting rights related to such shares) is 6.31% (the dilution ratio related to the number of voting rights is 8.31%). In addition, for 0.7 million shares of our common stock to be issued upon the exercise of all of the Warrants, we have an average daily trading volume of 262,626 shares during the past 6 months, an average daily trading volume of 211,857 shares during the past 3 months and an average daily trading volume of 340.2 thousand shares during the past 1 month. Accordingly, the impact of selling the shares in the market on the secondary market will be 952 shares per day (0.36% of the average daily trading volume during the past 6 months) if the exercise period is 3 years (the number of trading days per year calculated as 245 business days per year) and the maximum dilution occurs. Therefore, we have determined that our shares have a certain level of liquidity even after taking into account the total number of shares for the purpose of the Share Acquisition Rights, and we have determined that the sale of our shares issued upon the exercise of the Share Acquisition Rights is absorbable by the liquidity of our shares.

The proceeds from the issuance of the stock acquisition rights are also available to us and our existing shareholders to a certain degree of control over the timing of the exercise of the stock acquisition rights because we can designate the non-exercise period of the stock acquisition rights. This gives us a certain advantage in terms of preventing a sharp increase in the number of shares to be issued. We believe that this financing will support our growth strategy and ultimately contribute to enhancing corporate value, which will also serve the interests of our existing shareholders. We believe that the details and quantity of the stock acquisition rights to be issued in this financing are necessary to enhance our corporate value and stock value.

Since the grounds for purchase of the remaining stock acquisition rights are stipulated in our judgment, consideration has been given to preventing an increase in the number of issued shares from being unnecessary in the event that the necessity of raising funds declines due to any reason in the future or the method of raising funds that is more favorable than the stock acquisition rights becomes available.

Taking into account the above points, the Company believes that the volume of issuance of the stock acquisition rights and the size of dilution of shares are reasonable.

#### 6. Reasons for Selection of Estimated Allocation

##### (1) Information for allotment

(1) Name	MACQUARIE Bank Limited
(2) Address	Level 6, 50 Martin Place, Sydney NSW 2000, Australia
(3) Job Title/Name of Representative	Chairman G.R. Stevens AC CEO S.D. Green
(4) Business Activities	Commercial bank
(5) Common stock	10,161 million AUD (911,340 million JPY) (As of March 31, 2023)
(6) Date of Incorporation	April 26, 1983
(7) Number of shares outstanding	696,603,664 shares of common stock (as of March 31, 2023)
(8) Fiscal year end	March 31
(9) Number of employees	15,990 (as of March 31, 2023)
(10) Major suppliers	Individuals and corporations

(11)	Main banks	—		
(12)	Major shareholders and Percentage of shares held	MACQUARIE B.H. Pty Ltd. 100%		
(13)	Relationship between the parties			
	Capital relationship	There is no capital relationship between us and the company concerned to be described. In addition, there are no noteworthy capital relationships between our affiliated persons and affiliated companies and those of the relevant companies.		
	Personnel relationship	There is no personal relationship between us and the company concerned. In addition, there are no noteworthy personal relationships between our affiliated persons and affiliated companies and those associated with the relevant companies.		
	Business relationship	There are no business relationships that should be described between us and the company concerned. In addition, there are no noteworthy business relationships between our related parties and affiliated companies and those related to such companies.		
	To the relevant party Applicable situation	The Company does not fall under any of our related parties. In addition, related parties and affiliated companies of this company do not fall under our related parties.		
(14)	Results of Operations and Financial Position for the Past 3 Years			
	Fiscal year end	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
	Consolidated net assets	1,187,283 million yen	1,515,780 million yen	1,825,371 million yen
	Consolidated total assets	18,293,297 million yen	29,494,618 million yen	29,671,515 million yen
	Consolidated net assets per share (yen)	1,466.28	1,759.74	2,620.39
	Consolidated Net Revenues	590,098 million yen	805,975 million yen	1,147,225 million yen
	Consolidated operating income	193,859 million yen	309,348 million yen	485,313 million yen
	Consolidated net income	141,387 million yen	229,206 million yen	350,239 million yen
	Earnings per share (yen)	222.88	350.15	510.77
	Cash Dividends Per Share ()	66.49	0.00	353.94

(NOTE) For convenience, the amounts set forth above under "Results of Operations and Financial Condition for the Past 3 Years" have been translated into yen, for the years ended March 31, 2021, at 84.36 yen=US\$1, the middle rate of foreign exchange rates as of March 31, 2021; for the year ended March 31, 2022, at 92 yen=US\$1, the middle rate of foreign exchange rates as of March 31, 2022; and for the year ended March 31, 2023, at 89.69 yen=US\$1, the middle rate of foreign exchange rates as of March 31, 2023.

(2) Reasons for Selection of Estimated Allocation

We have been considering financing methods based on proposals from multiple sources, including not only direct financing but also indirect financing. In September 2022, we received a proposal to raise funds for the planned allocation of funds through MACQUARIE Capital Securities Japan Limited (Tokyo Branch) (Location: 1-3 Kioi-cho, Chiyoda-ku, Tokyo, Representative: Takuji Watanabe, Affiliate of the Allotment). In July 2023, we concluded that the scheme designed in the process of proposing the structure and basic terms of funding from MACQUARIE Capital Securities Japan Ltd. (Tokyo Branch) and prospective allotment sources, as well as subsequent interviews, met our funding needs, and finalized the selection of the target sources. In addition, after comprehensively considering the global activities and achievements and holding policies of the planned allotment to date, we have determined that it is appropriate as the planned allotment of the stock acquisition rights to third parties.

(NOTE) The issuance of the stock acquisition rights to the planned allotment counterparties is conducted through the mediation of MACQUARIE Capital Securities Japan Limited (Tokyo Branch), a member of the Japan Securities Dealers Association, and the offering is conducted under the application of the "Regulations Concerning Treatment of Capital Increase, etc. by Third Party" stipulated by the Japan Securities Dealers Association.

(3) Holding policy and restrictions on the exercise of the planned allotment target

In discussions between us and the person in charge of the planned allotment, we verbally confirm that there are no arrangements for continuing to hold or deposit the shares of our common stock that will be acquired by the planned allotment destination through the exercise of the subscription rights, and that the planned allotment destination will always pay attention to the impact on the market when investing, although the target is to sell the shares in the market within a relatively short period of time after making an appropriate judgment. The Purchase Agreement stipulates that the Company will not be able to transfer the Stock Acquisition Rights unless approved in advance by the Board of Directors of the Company. However, the Company has verbally confirmed that there is no plan to transfer the Stock Acquisition Rights to a third party.

In addition, in accordance with the provisions of Article 434, Paragraph 1 and Article 436, Paragraphs 1 through 5 of the Securities Listing Regulations and the provisions of Article 13 of the Regulations on the Handling of a Third-Party Allotment of Capital Increase, etc., established by the Japan Securities Dealers Association, with regard to the Stock Acquisition Rights as set forth by the Exchange, we plan to take measures in principle to restrict the exercise (hereinafter referred to as the "exercise in excess of the limit") of the number of shares that will be acquired by a person scheduled to allocate Stock Acquisition Rights during a single calendar month by exercising the Stock Acquisition Rights in excess of 10% of the number of shares listed as of the date of payment of the Stock Acquisition Rights.

Specifically: ① no overexercise of the restrictions on the number of shares to which the Stock Acquisition Rights are to be allocated; ② in the event that the Stock Acquisition Rights are to be exercised, confirmation shall be made in advance as to whether the Stock Acquisition Rights are to be exercised in excess of the restrictions; and ③ in the event that the Stock Acquisition Rights are to be allocated are to be resold, prior agreement shall be made with the person to whom the Stock Acquisition Rights are to be resold in the same manner as the matters set forth in ① and ② above; and ④ in the event that the person to whom the Stock Acquisition Rights are to be allocated is to be resold to a third party, in the same manner as the matters set forth in ① and ② above. We intend to conclude this Purchase Agreement with respect to the following matters: ⑤ Exercise of the



Restriction by the Assignee shall not be permitted; ⑥ Agreement between us and the party to whom the Assignment is scheduled to be resold (including a third party to whom the Reseller will resell) shall be made in the same manner as the Restriction on Exercise of the Restriction that is agreed upon between us and the Assignee.

(4) Contents of confirmation of the existence of the property required for the payment of the anticipated recipient of the allocation

Based on the Annual Report for the Fiscal Year ending March 2023 (Corporations Act 2001 of the Company Law of Australia, 2001), we confirmed that the amount of cash and cash equivalents for the single unit of the allocation plan as of March 31, 2023 was 56.563 billion Australian dollars (equivalent to 5.073135 trillion yen, referencing an exchange rate of 89.69 yen (median value as of March 31, 2023, Mitsubishi UFJ Bank, Inc.)). As a result of the above, the Company has sufficient funds for the funds required as of the payment date of the Stock Acquisition Rights (3,526 thousand yen) and for the funds required for the exercise of the Stock Acquisition Rights (2,750 million yen), and the Company has determined that the assets required for the payment and exercise of the Stock Acquisition Rights are certain. Since April 1, 2023, the Company has verbally confirmed that there has been no significant change in its financial position at the prospective allotment counterparties.

(5) Contract for lending of share certificates

We, our officers, officers and major shareholders have no plans to enter into any contracts with the prospective allotment counterparties regarding the lending and lending of stock certificates.

(6) About Lock-Up

The following content is expected to be agreed in the Purchase Agreement.

① If the exercise of all Share Options is completed before the expiration date, ② the date on which such exercise is completed, ③ the date on which we acquired all of the Share Options held by the prospective allotment recipient, and ④ the date on which this Agreement is terminated, we may not issue shares, Share Options, or securities with the right to convert or acquire such shares, Share Options, or securities with the right to acquire such rights, unless the prospective allotment recipient's prior written consent. However, ① the issuance of the Stock Acquisition Rights and the exercise of the Stock Acquisition Rights for the Company, ② the issuance of the Company's shares as a result of a stock split or gratis allotment, ③ the issuance of the Company's shares as a result of an absorption-type split, share exchange, share exchange, or merger, ④ the issuance of stock options and restricted transfer of the Company's shares to the Company's officers and employees, as well as to the Company's subsidiaries, etc. (including the issuance of stock options) and ⑤ the issuance of securities to the Company's other operating companies as part of or in connection with such new or potential alliances. Excluding cases where the relevant business company is not a financial company or a moneylender, and where it is not a business tie-up for the primary purpose of providing finance to us.

(7) Actual status of the planned allotment target

MACQUARIE Bank Limited, which is scheduled to be allocated to, is a 100% subsidiary of MACQUARIE B.H. PTY LTD, and MACQUARIE B.H. PTY LTD is a 100% subsidiary of MACQUARIE Group Limited, which is listed on the Australian Stock Exchange (ASX) and is subject to the supervision and regulation of the Australian Banking Regulatory Authority APRA (Australian Prudential Regulation Authority). The MACQUARIE Group also owns MACQUARIE Bank International, a UK bank regulated by the Financial Conduct Regulatory Authority (Financial Conduct Authority) and the Soundness Oversight Authority (Prudential Regulation Authority). In Japan, MACQUARIE Capital Securities Japan Limited (Tokyo Branch), an affiliate of the company to be allocated, is registered as a Type I Financial Instruments Business and is subject to supervisor and regulation by the Financial Services Agency. As described above, we conduct interviews with the personnel in charge of the planned assignment and check the facts that the group to be assigned is subject to supervisor and regulation in other countries through APRA website and annual reports of the planned assignment. In addition, the Company receives and confirms that there is no relationship with antisocial forces between the planned allotment counterparties, the officers and major shareholders of the planned allotment counterparties (major investors), and the anticipated allotment counterparties. Based on the above, the Company has determined that the prospective allotment target and its officers and major shareholders are unrelated to anti-social forces, and has submitted a confirmation to the Exchange to that effect.

(8) Priority negotiation rights

The following content is expected to be agreed in the Purchase Agreement.

In this Purchase Agreement, from the date of execution of the Stock Acquisition Rights, the date of completion of the exercise of the Stock Acquisition Rights, the date on which all of the Stock Acquisition Rights are acquired, or the date on which the Stock Acquisition Rights are terminated, whichever comes earlier, until 6 months after the date on which the Stock Acquisition Rights are cancelled, or the securities (rights) which are acquired by us in exchange for the delivery of the Stock Acquisition Rights or the securities (rights) which can be acquired by us in exchange for the delivery of the Stock Acquisition Rights, or the Stock Acquisition Rights by us, or the Stock Acquisition Rights by us. In the event that we intend to issue to a third party (including the disposition of treasury stock in connection with the issue of our shares), but excluding the issue based on a permitted issue event, we will issue to such third party all or part of the proposed issue amount under the same conditions. It shall ascertain whether it has the intention to subscribe or purchase and shall give the Purchaser an opportunity to consult with such third party in parallel if the Purchaser wishes to subscribe or purchase.

7. Major shareholders and shareholding ratio after the offering

Prior to the offering (as of July 31, 2023)	
TRAD CORPORATION	29.76%
Yukinori Taniguchi	14.92%
SBI SECURITIES Co., Ltd.	4.99%
YUKE'S Employee Shareholding Association	2.67%
Shogo Ishida	2.34%
Takashi Hashiki	2.33%
Rakuten Securities Co., Ltd.	1.74%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1.60%
Satoshi Ninuma	1.58%
Shinji Nojima	1.56%

(NOTE)1. Percentage ownership prior to the offering was based on the figures in the shareholders' register as of July 31, 2023.

2. The purpose of holding the rights by the planned allotment counterparties is net investment, and the planned allotment counterparties are said to have the possibility of selling our common stock acquired. Accordingly, the percentage ownership of our common stock after the allocation is not stated, as we are not committed to long-term ownership of our common stock by the planned allotment counterparties.

3. The above percentages are calculated by rounding to the nearest third decimal place.

4. We hold 2,691,980 shares of treasury stock (as of July 31, 2023) and plan to issue such treasury stock upon the exercise of the stock acquisition rights.

#### 8. Future Outlook

The Company believes that the use of the proceeds from this financing for the purposes described in "3. Amounts, uses and scheduled timing of funds to be procured (2) Specific uses of funds to be procured" above will lead to further business expansion, improved profitability, and strengthening of the financial structure. However, at this time, there is no impact on the Company's results for the fiscal year under review.

We will also disclose in a timely and appropriate manner any impact on our business results that may be caused by the execution of our operations in accordance with the use of the proceeds.

#### 9. Items related to procedures for the corporate code of conduct

This third-party allotment does not require the following procedures: ① the dilution ratio is less than 25%; and ② it does not involve a change of controlling shareholder (even if all of the stock acquisition rights are exercised, it is not expected that a change of controlling shareholder will occur). Therefore, the procedures for obtaining opinions from independent third parties as stipulated in Article 432 of the Securities Listing Rules stipulated by the Exchange and for confirming the intention of shareholders are not necessary.

#### 10. Results of Operations and Equity Financing for the Past 3 Years

##### (1) Results for the Past 3 Years (Consolidated)

(Thousands of yen)

	Year ended January 31, 2021	Year ended January 31, 2022	Year ended January 31, 2023
Net sales	2,650,178	3,632,485	4,299,846
Operating income (loss)	(174,975)	695,758	948,336
Ordinary income (loss)	(329,125)	969,012	1,092,338
Profit (loss) attributable to owners of parent	(415,810)	921,016	883,448
Net income (loss) per share (yen)	(48.06)	106.46	103.40
Cash Dividends Per Share (yen)	10	10	30
Net assets per share (yen)	299.03	397.43	476.14

##### (2) Number of shares and potential shares outstanding at the present time

	Number of shares	Ratio to the number of shares outstanding
Number of shares outstanding	11,096,000 shares	100.00%
Number of potential shares at the current conversion price (exercise price)	206,400 shares	1.86%
Number of potential shares at the conversion price (exercise price) of the lower limit	-	-
Number of potential shares at the maximum conversion price (exercise price)	-	-

(NOTE)The above number of potential shares is the number of stock options for our officers and employees.

##### (3) Recent stock price situation

###### ① Situation over the Past 3 Years

	Year ended January 31, 2021	Year ended January 31, 2022	Year ended January 31, 2023
Opening price	465 yen	351 yen	498 yen
High	494 yen	650 yen	1,392 yen
Low	260 yen	341 yen	498 yen
Closing price	352 yen	499 yen	1,273 yen

###### ② Situation over the last 6 months

	April	May	June	July	August	September
Opening price	1,613 yen	1,705 yen	2,011 yen	2,484 yen	2,313 yen	1,831 yen
High	1,730 yen	2,035 yen	2,617 yen	2,594 yen	2,454 yen	1,970 yen
Low	1,476 yen	1,662 yen	1,850 yen	2,069 yen	1,814 yen	1,220 yen
Closing	1,705 yen	2,011 yen	2,477 yen	2,313 yen	1,845 yen	1,320 yen

price						
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(NOTE)The stock price for September is shown as of September 12, 2023.

③ Stock price on the business day prior to the issuance resolution date

	September 12, 2023
Opening price	1,360 yen
High	1,436 yen
Low	1,220 yen
Closing price	1,320 yen

- (4) Status of Equity Financing in the Past 3 Years  
Not applicable.

Or more

**YUKE'S Co., Ltd. 2nd Stock Acquisition Rights in 2023**

**Publication guidelines**

**1. Name of Stock Acquisition Rights**

YUKE'S Co., Ltd. 2nd Stock Acquisition Rights in 2023 (hereinafter referred to as "Stock Acquisition Rights")

**2. Application Period**

September 29, 2023

**3. Allocation Date**

September 29, 2023

**4. Payment date**

September 29, 2023

**5. Method of offering**

All of the Stock Acquisition Rights will be allocated to MACQUARIE Bank Limited through a third-party allotment method.

**6. Type and number of shares subject to the Stock Acquisition Rights**

(1) The class and total number of shares subject to the Stock Acquisition Rights shall be 0.3 million shares of common stock of Us (the number of shares subject to the Stock Acquisition Rights per unit (hereinafter referred to as "Allotment Shares") shall be 100 shares). Provided, however, that in the event the number of allotted shares is adjusted pursuant to Items (2) through (5) below, the total number of shares subject to the Stock Acquisition Rights shall be adjusted according to the adjusted number of allotted shares.

(2) In the event we effect a split, gratuitous allotment, or consolidation of our common shares (hereinafter collectively referred to as "stock split, etc."), the number of shares to be allotted shall be adjusted according to the following formula: However, fractions less than 1 share resulting from the adjustment are rounded down.

Number of allocated shares after adjustment = Number of allocated shares before adjustment × Ratio of stock split, etc.

(3) In the event we adjust the Exercise Price (as defined below) in accordance with the provisions of Paragraph 11 (except in the event of a stock split, etc.), the number of shares to be allotted shall be adjusted according to the following formula: However, fractions less than 1 share resulting from the adjustment are rounded down. The exercise price before adjustment and the exercise price after adjustment in such formula shall be the exercise price before adjustment and the exercise price after adjustment as stipulated in Item 11.

$$\text{Number of shares allocated after adjustment} = \frac{\text{Number of shares allotted before adjustment} \times \text{Exercise price before the adjustment}}{\text{Exercise price after the adjustment}}$$

(4) In the adjustment pursuant to this paragraph, the effective date of the adjusted number of allotted shares shall be the same as the applicable date of the adjusted exercise price specified in each item with respect to the adjustment of the exercise price pursuant to Items (2) and (5) of Paragraph 11 with respect to such adjustment event.

(5) When adjusting the number of shares to be allotted, we shall notify in writing the holders of the Stock Acquisition Rights pertaining to the Stock Acquisition Rights (hereinafter referred to as the "Holders of the Stock Acquisition Rights") of the fact that such adjustment will be made, the reason therefor, the number of shares to be allotted before the adjustment, the number of shares to be allotted after the adjustment, the effective date thereof, and other necessary matters no later than the day prior to the day on which the Adjusted Number of Shares to be Allotted after the adjustment commences. Provided, however, that in the event such notice cannot be given by the day preceding the date of commencement of application, such notice shall be given promptly after the date of commencement of application in the case stipulated in Clause 11 (2) (v) or otherwise.

**7. Total Number of Rights.**

3,000 units

**8. Amount to be paid for each Stock Acquisition Right**

566 yen per stock acquisition right

## 9. Value or method of calculation of assets to be contributed upon the exercise of Stock Acquisition Rights

(1) The properties to be contributed upon the exercise of each Stock Acquisition Right shall be monies, the value of which shall be the amount obtained by multiplying the Exercise Price by the number of Shares to be Allotted.

(2) The amount of money per share of our common stock to be invested upon the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Exercise Price") shall be 3.3 thousand yen initially. Provided, however, that the Exercise Price shall be subject to the amendments set forth in Paragraph 10 and the adjustments set forth in Paragraph 11.

## 10. Revision of the exercise price

(1) We may determine an amendment to the Exercise Price by resolution of the Board of Directors of Us, and if so determined, the Exercise Price shall be amended pursuant to this Section. In the event that an amendment to the Exercise Price is resolved in accordance with this clause, we shall immediately notify the holder of the Exercise Price, and on the day on which such notice is given (including the same day) or until the expiration of the period specified in Clause 12 after the 10th Transaction Day stipulated in the relevant resolution, the Exercise Price shall be defined as follows; provided, however, that the Exercise Price shall be defined as the shareholder determination date relating to our common shares (referring to the shareholder determination date as defined in Clause 144 of the Book-entry Transfer Operations of Shares of the Securities Custody and Book-Entry Transfer Corporation) or the Stock Company Custody and Book-Entry Transfer Corporation, request for the exercise of the Stock Acquisition Price In the event of a non-intermediary day, The closing price of our ordinary shares on the Tokyo Stock Exchange (if there is no closing price on the same day, the closing price immediately prior to the closing date) corresponding to 90% (calculated to the third decimal place below the yen and rounded up to the third decimal place) shall be revised, respectively, on the day 4 trading days prior to the shareholder determination date or on the latest trading day on which the Stock Company Securities Custody and Book-Entry Transfer Organization was able to act as an intermediary for the exercise of the Share Options.

"Trading day" refers to the day on which a trading session is held on the Tokyo Stock Exchange. Provided, however, that in the event of any type of suspension or restraint of trade (including temporary restraint of trade) with respect to our common shares on the Tokyo Stock Exchange, such date shall not fall on the Dealing Day.

"Amendment Date" means the date on which we receive notice of each request for the exercise of the Stock Acquisition Rights set forth in Item (1) of Paragraph 16 with respect to each Amendment to the Exercise Price.

(2) The Exercise Price shall not be less than 1,320 yen (subject to adjustment in accordance with the provisions of Paragraph 11) (hereinafter referred to as the "Minimum Exercise Price"). The exercise price shall be the lower limit exercise price if the revision exercise price is less than the lower limit exercise price according to the calculation pursuant to Item (1) of this Clause.

## 11. Adjustments to exercise prices

(1) In the event that, after the issuance of the Stock Acquisition Rights, the total number of issued and outstanding common shares of the Company changes or may change due to any of the events listed in Item (2) below, the Exercise Price shall be adjusted using the following formula (hereinafter referred to as the "Exercise Price Adjustment Formula").

$$\text{Adjusted Exercise price} = \text{Before adjustment Exercise price} \times \frac{\text{Number of issued stocks} + \frac{\text{Number of shares newly issued and disposition}}{\text{Market value per share}}}{\text{Number of issued stocks} + \text{Number of shares newly issued and disposition}}$$

(2) In the event the Exercise Price is adjusted by the Exercise Price Adjustment Formula and the timing of application of the adjusted Exercise Price shall be as set forth below.

① In the event that we issue new shares of our common stock with a paid-in amount below the market value set forth in Item (5)② below, or dispose of our common stock held by us (including through free allotment) (except in the event that we issue or dispose of shares as restricted stock awards covering our officers and employees and our subsidiaries' officers and employees, or issue shares of our common stock through the exercise of stock acquisition rights (including those attached to bonds with stock acquisition rights), acquisition of stock with acquisition rights or acquisition provisions, or the exercise of rights to request the delivery of our common stock, and in the event that we issue shares of our common stock through a company split, share exchange, share exchange or merger).

The adjusted exercise price shall be applied on or after the payment date (or, if the payment period is specified at the time of offering, the final date thereof, or, in the case of allotment without contribution, the effective date thereof), or on or after the day following the day on which the shareholder has the right to receive allotment with respect to such issuance or disposition.

② Issuance of common stock through stock split

The adjusted exercise price shall be applied from the day following the record date for the stock split. The number of shares to be issued or disposition of using the Exercise Price Adjustment formula shall mean the number of shares of our common stock that will increase as a result of

the stock split.

③ In the event that the Company issues or grants the Stock Acquisition Rights (including those attached to the Bonds with Share Option) to which the Company may demand the delivery of the Company's Common Shares at an Amount to Be Paid In that is less than the market price as set forth in Item (5)② below or the Amount to Be Paid In that is less than the market price as set forth in Item (5)② below (excluding the cases where the Company issues Stock Options for the officers and employees of the Company and its subsidiaries).

The adjusted exercise price shall be calculated by applying the Exercise Price Adjustment Formula by deeming that all the Acquisition Rights or Share Options relating to all of the Shares with Put Option have been exercised under the initial conditions, and shall be applied from the Payment Date (or the Allotment Date in the case of Share Options) or after the Effective Date (or in the case of Allotment of Shares without Contribution). Provided, however, that in the event that there is a record date for giving entitlement to allotment to shareholders, such record date shall apply from the day following such date.

④ Where, in exchange for the acquisition of the Shares subject to Call or the Share Options subject to Call (including those attached to the Bonds with Share Option) issued by us, common shares of the Company are delivered at a price less than the market price set forth in item (v) (ii) of the following paragraph

The adjusted exercise price shall be applied from the day following the acquisition date.

Notwithstanding the foregoing, in the event that an adjustment has been made to the Exercise Price under ③ of this item with respect to such Shares subject to Call or Share Options subject to Call (including those attached to Bonds with Share Option) prior to such adjustment, the Adjusted Exercise Price shall be calculated by taking such adjustment into account.

⑤ In the case of paragraphs ① to ③ of this subparagraph, if a record date has been established and the entry into force is subject to the approval of the shareholders' meeting, the board of directors or any other organization of us on or after such record date, then the adjusted exercise price shall apply from the day following the date of such approval, notwithstanding paragraphs ① to ③ of this subparagraph. In this case, common shares of the Company shall be additionally delivered to the holders of the Stock Acquisition Rights who made a request for the exercise of the Stock Acquisition Rights from the day following the relevant Record Date until the day of such approval, according to the following calculation method.

$$\text{Number of shares} = \frac{\left( \begin{array}{c} \text{Before} \\ \text{adjustment} \\ \text{Exercise price} \end{array} - \begin{array}{c} \text{Adjusted} \\ \text{Exercise price} \end{array} \right) \times \begin{array}{c} \text{At the exercise price before adjustment} \\ \text{Number of shares issued within the said period} \end{array}}{\text{Exercise price after the adjustment}}$$

In this case, any fractions less than 1 share shall be discarded.

(3) If the difference between the adjusted exercise price calculated by the exercise price adjustment formula and the exercise price before the adjustment remains below 1 yen, no adjustment is made to the exercise price. However, if an event occurs that requires subsequent adjustment of the exercise price and the exercise price is adjusted, the amount calculated by subtracting this difference from the exercise price before adjustment in the exercise price adjustment formula is used instead of the exercise price before adjustment.

(4) ① The calculation of the exercise price adjustment formula shall be calculated up to the second decimal place below the yen and rounded to the second decimal place.

② The market value used in the exercise price adjustment formula shall be the average of the closing prices of our common stock on the Tokyo Stock Exchange for the 30th consecutive trading day commencing on the 45th trading day prior to the date on which the adjusted exercise price is first applied (provided, however, in the case of Item (2)⑤ of this section, the record date) (excluding the number of days without closing prices). In this case, the calculation of the average value shall be calculated up to the second decimal place below the yen and rounded to the second decimal place.

③ The number of outstanding shares used in the exercise price adjustment formula shall be the total number of our outstanding shares of common stock on the day 1 month prior to the date of first adoption of the adjusted exercise price, if any, on the record date to entitle the shareholders to receive the allotment, and if there is no such record date, the number of shares of our common stock held on such date. In addition, in the case of Item ②② above, the number of shares to be newly issued and disposition used in the exercise price adjustment formula shall not include the number of shares of our common stock that will be allocated to our common stock issuance by us as of the record date.

(5) In the following cases, in addition to the cases where an adjustment in the exercise price set forth in item (2) above is required, we will make the necessary adjustment in the exercise price after consulting with the holders of Share Options and obtaining their approval.

① When it is necessary to adjust the exercise price for the consolidation of shares, company split, share exchange, share issuance or merger.

② In other cases where an adjustment in the exercise price is required due to the occurrence of an event that may cause a change or a change in the number of our common shares.

③ In the event that there are 2 or more events that require adjustment of the exercise price, and it is necessary to consider the effect of the other event on the market price to be used in calculating the exercise price after adjustment based on 1 of the events.

(6) When adjusting the exercise price (including when the minimum exercise price is adjusted), we will notify the holders of the stock acquisition rights by the day prior to the commencement date of the adjusted exercise price, in writing, of the fact that such adjustment will be made, the adjusted exercise

price before the adjustment, the adjusted exercise price (including the adjusted minimum exercise price), the effective date of such adjustment, and other necessary matters. Provided, however, that in the event such notice cannot be given by the day preceding the applicable commencement date in the case stipulated in Item (2)(v) above, such notice shall be given promptly after the applicable start date.

## **12. Period during which Stock Acquisition Rights can be exercised**

From October 2, 2023 to October 1, 2026.

## **13. Other conditions for the exercise of Stock Acquisition Rights**

Each Stock Acquisition Right may not be partially exercised.

## **14. Acquisition of Stock Acquisition Rights**

(1) In the event the Board of Directors of the Company decides that the acquisition of the Stock Acquisition Rights is necessary, the Company may acquire all or part of the Stock Acquisition Rights held by the holders of the Stock Acquisition Rights (excluding Us) at the same amount as the Amount to be Paid In per Share Acquisition Rights on the acquisition date stipulated by the Board of Directors of the Company after the day following the payment date of the Stock Acquisition Rights and by 15 Transaction Days in accordance with the provisions of Articles 273 and 274 of the Companies Act. Partial acquisition shall be made by lottery or other reasonable method. Notwithstanding any other provision of this Article, no notice by us of the acquisition of any Stock Acquisition Rights shall be effective unless we disclose such acquisition so that any information acquired by the Stock Acquisition Rights Holder with respect to such acquisition does not constitute material unpublished facts as set forth in Section 166(2) of the Financial Instruments and Exchange Law.

(2) In the event that we effect a merger (limited to the case where we are extinguished as a result of a merger), approve at the general meeting of shareholders as to whether we will become a wholly owned subsidiary of another company through a share exchange, share exchange or share transfer, or in the event that the delisting of our common stock is decided on the Tokyo Stock Exchange, we will give notice no later than 15 trading days in accordance with the provisions of Article 273 of the Companies Act, and acquire all of the stock acquisition rights held by the holders (excluding us) on the acquisition date specified by our Board of Directors at an amount equal to the amount paid per each stock acquisition right. Notwithstanding any other provision of this Article, no notice by us of the acquisition of any Stock Acquisition Rights shall be effective unless we disclose such acquisition so that any information acquired by the Stock Acquisition Rights Holder with respect to such acquisition does not constitute material unpublished facts as set forth in Section 166(2) of the Financial Instruments and Exchange Law.

(3) We shall acquire all of the Stock Acquisition Rights held by the holders of the Stock Acquisition Rights (excluding Us) at the end of the period during which the Stock Acquisition Rights may be exercised as set forth in Paragraph 12 (or on the last business day immediately preceding such business day in the event that the Stock Acquisition Rights are on a holiday) at the same amount as the Amount To Be Paid In per Share Option.

## **15. Increase in common stock and additional paid-in capital when issuing shares upon exercise of the stock acquisition rights**

The amount of stated capital to be increased in the event of the issuance of shares upon the exercise of Stock Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in stated capital, etc. calculated in accordance with the provisions of Article 17 of the Company Accounting Rules by 0.5, and in the event any fraction less than 1 yen as a result of the calculation is generated, such fraction shall be rounded up. The amount of additional paid-in capital to be increased shall be the amount calculated by reducing the amount of additional paid-in capital to be increased from the amount of additional paid-in capital.

## **16. Method of request for exercise of Stock Acquisition Rights**

(1) In the event of the exercise of the Stock Acquisition Rights, the Company shall notify the Company of the matters necessary for the exercise request at the place of acceptance of the exercise request as set forth in Paragraph 19 during the period during which the Stock Acquisition Rights can be exercised as set forth in Paragraph 12.

(2) In the event the Stock Acquisition Rights are exercised, in addition to the notice of the request for exercise set forth in the preceding item, the entire amount of assets to be contributed at the time of the exercise of the Stock Acquisition Rights shall be transferred in cash to the account designated by us at the payment handling location set forth in Paragraph 20.

(3) The request for the exercise of the Stock Acquisition Rights shall become effective on the day on which notice of all matters necessary for the exercise request is given to the Place of Acceptance of the Exercise Request as set forth in Paragraph 19, and the full amount of the properties to be contributed upon the exercise of the Stock Acquisition Rights is credited to the account set forth in the preceding item.

## **17. Non-issuance of stock acquisition right certificates**

We do not issue stock acquisition rights securities with respect to the Stock Acquisition Rights.

**18. Reasons for calculating the amount to be paid for the Stock Acquisition Rights and the value of the properties to be contributed upon exercising the Rights**

Based on the Monte Carlo simulation, which is a general pricing model, and considering various conditions stipulated in the Outline of Issuance and the Purchase Agreement concluded with the prospective allotment counterparties, the paid-in amount of each share subscription right was determined as described in Item 8 by referring to the results evaluated by a third-party calculation organization based on certain assumptions regarding our stock price, the liquidity and stock price volatility of our common stock, call options granted to us, the exercise behavior of the expected allotment counterparties, and the stock holding trends of the expected allotment counterparties. In addition, the value of the properties to be invested upon the exercise of the Stock Acquisition Rights shall be as set forth in Paragraph 9.

**19. Exercise right transfer agent**

Mitsubishi UFJ Trust and Banking Corporation, Osaka Securities Agency Department

**20. Payment handling offices**

Sumitomo Mitsui Banking Corporation Sakai Branch or, from time to time, the successor bank of that bank or the successor branch of that branch

**21. Application of the Act on Book-Entry Transfer of Corporate Bonds, Shares, etc.**

The Book-entry Share Options set forth in the Act on Book-Entry Transfer of Company Bonds, Shares, etc. shall consist of Book-Entry Transfer Share Options, all of which shall be subject to the provisions of the said Act. In addition, the handling of the Stock Acquisition Rights shall be in accordance with the Rules of Business concerning Book-Entry Transfer of Shares, etc. provided by the Securities Custody and Book-Entry Transfer Corporation, the Ordinance for Enforcement of the same, and other rules.

**22. Name and address of the Book-entry Organization**

JASDEC, Inc.  
7-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo

**23. Others**

- (1) The provisions of the preceding paragraphs shall be subject to the coming into force of notifications under the Financial Instruments and Exchange Act.
- (2) Other matters necessary for the issuance of Stock Acquisition Rights shall be left to the President and Representative Director of the Company.

Or more



**YUKE'S Co., Ltd. 3rd Stock Acquisition Rights in 2023**

**Publication guidelines**

**1. Name of Stock Acquisition Rights**

YUKE'S Co., Ltd. 3rd Stock Acquisition Rights in 2023 (hereinafter referred to as the "Stock Acquisition Rights")

**2. Application Period**

September 29, 2023

**3. Allocation Date**

September 29, 2023

**4. Payment date**

September 29, 2023

**5. Method of offering**

All of the Stock Acquisition Rights will be allocated to MACQUARIE Bank Limited through a third-party allotment method.

**6. Type and number of shares subject to the Stock Acquisition Rights**

(1) The class and total number of shares subject to the Stock Acquisition Rights shall be 0.4 million shares of common stock of Us (the number of shares subject to the Stock Acquisition Rights per unit (hereinafter referred to as "Allotment Shares") shall be 100 shares). Provided, however, that in the event the number of allotted shares is adjusted pursuant to Items (2) through (5) below, the total number of shares subject to the Stock Acquisition Rights shall be adjusted according to the adjusted number of allotted shares.

(2) In the event we effect a split, gratuitous allotment, or consolidation of our common shares (hereinafter collectively referred to as "stock split, etc."), the number of shares to be allotted shall be adjusted according to the following formula: However, fractions less than 1 share resulting from the adjustment are rounded down.

Number of allocated shares after adjustment = Number of allocated shares before adjustment × Ratio of stock split, etc.

(3) In the event we adjust the Exercise Price (as defined below) in accordance with the provisions of Paragraph 11 (except in the event of a stock split, etc.), the number of shares to be allotted shall be adjusted according to the following formula: However, fractions less than 1 share resulting from the adjustment are rounded down. The exercise price before adjustment and the exercise price after adjustment in such formula shall be the exercise price before adjustment and the exercise price after adjustment as stipulated in Item 11.

$$\text{Number of shares allocated after adjustment} = \frac{\text{Number of shares allotted before adjustment} \times \text{Exercise price before the adjustment}}{\text{Exercise price after the adjustment}}$$

(4) In the adjustment pursuant to this paragraph, the effective date of the adjusted number of allotted shares shall be the same as the applicable date of the adjusted exercise price specified in each item with respect to the adjustment of the exercise price pursuant to Items (2) and (5) of Paragraph 11 with respect to such adjustment event.

(5) When adjusting the number of shares to be allotted, we shall notify in writing the holders of the Stock Acquisition Rights pertaining to the Stock Acquisition Rights (hereinafter referred to as the "Holders of the Stock Acquisition Rights") of the fact that such adjustment will be made, the reason therefor, the number of shares to be allotted before the adjustment, the number of shares to be allotted after the adjustment, the effective date thereof, and other necessary matters no later than the day prior to the day on which the Adjusted Number of Shares to be Allotted after the adjustment commences. Provided, however, that in the event such notice cannot be given by the day preceding the date of commencement of application, such notice shall be given promptly after the date of commencement of application in the case stipulated in Clause 11 (2) (v) or otherwise.

**7. Total Number of Rights.**

4,000 units

**8. Amount to be paid for each Stock Acquisition Right**

457 yen per stock acquisition right

## 9. Value or method of calculation of assets to be contributed upon the exercise of Stock Acquisition Rights

(1) The properties to be contributed upon the exercise of each Stock Acquisition Right shall be monies, the value of which shall be the amount obtained by multiplying the Exercise Price by the number of Shares to be Allotted.

(2) The amount of money per share of our common stock to be invested upon the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Exercise Price") shall be 4.4 thousand yen initially. Provided, however, that the Exercise Price shall be subject to the amendments set forth in Paragraph 10 and the adjustments set forth in Paragraph 11.

## 10. Revision of the exercise price

(1) We may determine an amendment to the Exercise Price by resolution of the Board of Directors of Us, and if so determined, the Exercise Price shall be amended pursuant to this Section. In the event that an amendment to the Exercise Price is resolved in accordance with this clause, we shall immediately notify the holder of the Exercise Price, and on the day on which such notice is given (including the same day) or until the expiration of the period specified in Clause 12 after the 10th Transaction Day stipulated in the relevant resolution, the Exercise Price shall be defined as follows; provided, however, that the Exercise Price shall be defined as the shareholder determination date relating to our common shares (referring to the shareholder determination date as defined in Clause 144 of the Book-entry Transfer Operations of Shares of the Securities Custody and Book-Entry Transfer Corporation) or the Stock Company Custody and Book-Entry Transfer Corporation, request for the exercise of the Stock Acquisition Price In the event of a non-intermediary day, The closing price of our ordinary shares on the Tokyo Stock Exchange (if there is no closing price on the same day, the closing price immediately prior to the closing date) corresponding to 90% (calculated to the third decimal place below the yen and rounded up to the third decimal place) shall be revised, respectively, on the day 4 trading days prior to the shareholder determination date or on the latest trading day on which the Stock Company Securities Custody and Book-Entry Transfer Organization was able to act as an intermediary for the exercise of the Share Options.

"Trading day" refers to the day on which a trading session is held on the Tokyo Stock Exchange. Provided, however, that in the event of any type of suspension or restraint of trade (including temporary restraint of trade) with respect to our common shares on the Tokyo Stock Exchange, such date shall not fall on the Dealing Day.

"Amendment Date" means the date on which we receive notice of each request for the exercise of the Stock Acquisition Rights set forth in Item (1) of Paragraph 16 with respect to each Amendment to the Exercise Price.

(2) The Exercise Price shall not be less than 1,320 yen (subject to adjustment in accordance with the provisions of Paragraph 11) (hereinafter referred to as the "Minimum Exercise Price"). The exercise price shall be the lower limit exercise price if the revision exercise price is less than the lower limit exercise price according to the calculation pursuant to Item (1) of this Clause.

## 11. Adjustments to exercise prices

(1) In the event that, after the issuance of the Stock Acquisition Rights, the total number of issued and outstanding common shares of the Company changes or may change due to any of the events listed in Item (2) below, the Exercise Price shall be adjusted using the following formula (hereinafter referred to as the "Exercise Price Adjustment Formula").

$$\text{Adjusted Exercise price} = \text{Before adjustment Exercise price} \times \frac{\text{Number of issued stocks} + \frac{\text{Number of shares newly issued and disposition} \times \text{Exercise price per stock}}{\text{Market value per share}}}{\text{Number of issued stocks} + \text{Number of shares newly issued and disposition}}$$

(2) In the event the Exercise Price is adjusted by the Exercise Price Adjustment Formula and the timing of application of the adjusted Exercise Price shall be as set forth below.

① In the event that we issue new shares of our common stock with a paid-in amount below the market value set forth in Item (5)② below, or dispose of our common stock held by us (including through free allotment) (except in the event that we issue or dispose of shares as restricted stock awards covering our officers and employees and our subsidiaries' officers and employees, or issue shares of our common stock through the exercise of stock acquisition rights (including those attached to bonds with stock acquisition rights), acquisition of stock with acquisition rights or acquisition provisions, or the exercise of rights to request the delivery of our common stock, and in the event that we issue shares of our common stock through a company split, share exchange, share exchange or merger).

The adjusted exercise price shall be applied on or after the payment date (or, if the payment period is specified at the time of offering, the final date thereof, or, in the case of allotment without contribution, the effective date thereof), or on or after the day following the day on which the shareholder has the right to receive allotment with respect to such issuance or disposition.

② Issuance of common stock through stock split

The adjusted exercise price shall be applied from the day following the record date for the stock split. The number of shares to be issued or disposition of using the Exercise Price Adjustment formula shall mean the number of shares of our common stock that will increase as a result of

the stock split.

③ In the event that the Company issues or grants the Stock Acquisition Rights (including those attached to the Bonds with Share Option) to which the Company may demand the delivery of the Company's Common Shares at an Amount to Be Paid In that is less than the market price as set forth in Item (5)② below or the Amount to Be Paid In that is less than the market price as set forth in Item (5)② below (excluding the cases where the Company issues Stock Options for the officers and employees of the Company and its subsidiaries).

The adjusted exercise price shall be calculated by applying the Exercise Price Adjustment Formula by deeming that all the Acquisition Rights or Share Options relating to all of the Shares with Put Option have been exercised under the initial conditions, and shall be applied from the Payment Date (or the Allotment Date in the case of Share Options) or after the Effective Date (or in the case of Allotment of Shares without Contribution). Provided, however, that in the event that there is a record date for giving entitlement to allotment to shareholders, such record date shall apply from the day following such date.

④ Where, in exchange for the acquisition of the Shares subject to Call or the Share Options subject to Call (including those attached to the Bonds with Share Option) issued by us, common shares of the Company are delivered at a price less than the market price set forth in item (v) (ii) of the following paragraph

The adjusted exercise price shall be applied from the day following the acquisition date.

Notwithstanding the foregoing, in the event that an adjustment has been made to the Exercise Price under ③ of this item with respect to such Shares subject to Call or Share Options subject to Call (including those attached to Bonds with Share Option) prior to such adjustment, the Adjusted Exercise Price shall be calculated by taking such adjustment into account.

⑤ In the case of paragraphs ① to ③ of this subparagraph, if a record date has been established and the entry into force is subject to the approval of the shareholders' meeting, the board of directors or any other organization of us on or after such record date, then the adjusted exercise price shall apply from the day following the date of such approval, notwithstanding paragraphs ① to ③ of this subparagraph. In this case, common shares of the Company shall be additionally delivered to the holders of the Stock Acquisition Rights who made a request for the exercise of the Stock Acquisition Rights from the day following the relevant Record Date until the day of such approval, according to the following calculation method.

$$\text{Number of shares} = \frac{\left( \begin{array}{c} \text{Before} \\ \text{adjustment} \\ \text{Exercise price} \end{array} - \begin{array}{c} \text{Adjusted} \\ \text{Exercise price} \end{array} \right) \times \begin{array}{c} \text{At the exercise price before adjustment} \\ \text{Number of shares issued within the said period} \end{array}}{\text{Exercise price after the adjustment}}$$

In this case, any fractions less than 1 share shall be discarded.

(3) If the difference between the adjusted exercise price calculated by the exercise price adjustment formula and the exercise price before the adjustment remains below 1 yen, no adjustment is made to the exercise price. However, if an event occurs that requires subsequent adjustment of the exercise price and the exercise price is adjusted, the amount calculated by subtracting this difference from the exercise price before adjustment in the exercise price adjustment formula is used instead of the exercise price before adjustment.

(4) ① The calculation of the exercise price adjustment formula shall be calculated up to the second decimal place below the yen and rounded to the second decimal place.

② The market value used in the exercise price adjustment formula shall be the average of the closing prices of our common stock on the Tokyo Stock Exchange for the 30th consecutive trading day commencing on the 45th trading day prior to the date on which the adjusted exercise price is first applied (provided, however, in the case of Item (2)⑤ of this section, the record date) (excluding the number of days without closing prices). In this case, the calculation of the average value shall be calculated up to the second decimal place below the yen and rounded to the second decimal place.

③ The number of outstanding shares used in the exercise price adjustment formula shall be the total number of our outstanding shares of common stock on the day 1 month prior to the date of first adoption of the adjusted exercise price, if any, on the record date to entitle the shareholders to receive the allotment, and if there is no such record date, the number of shares of our common stock held on such date. In addition, in the case of Item ②② above, the number of shares to be newly issued and disposition used in the exercise price adjustment formula shall not include the number of shares of our common stock that will be allocated to our common stock issuance by us as of the record date.

(5) In the following cases, in addition to the cases where an adjustment in the exercise price set forth in item (2) above is required, we will make the necessary adjustment in the exercise price after consulting with the holders of Share Options and obtaining their approval.

① When it is necessary to adjust the exercise price for the consolidation of shares, company split, share exchange, share issuance or merger.

② In other cases where an adjustment in the exercise price is required due to the occurrence of an event that may cause a change or a change in the number of our common shares.

③ In the event that there are 2 or more events that require adjustment of the exercise price, and it is necessary to consider the effect of the other event on the market price to be used in calculating the exercise price after adjustment based on 1 of the events.

(6) When adjusting the exercise price (including when the minimum exercise price is adjusted), we will notify the holders of the stock acquisition rights by the day prior to the commencement date of the adjusted exercise price, in writing, of the fact that such adjustment will be made, the adjusted exercise

price before the adjustment, the adjusted exercise price (including the adjusted minimum exercise price), the effective date of such adjustment, and other necessary matters. Provided, however, that in the event such notice cannot be given by the day preceding the applicable commencement date in the case stipulated in Item (2)(v) above, such notice shall be given promptly after the applicable start date.

## **12. Period during which Stock Acquisition Rights can be exercised**

From October 2, 2023 to October 1, 2026.

## **13. Other conditions for the exercise of Stock Acquisition Rights**

Each Stock Acquisition Right may not be partially exercised.

## **14. Acquisition of Stock Acquisition Rights**

(1) In the event the Board of Directors of the Company decides that the acquisition of the Stock Acquisition Rights is necessary, the Company may acquire all or part of the Stock Acquisition Rights held by the holders of the Stock Acquisition Rights (excluding Us) at the same amount as the Amount to be Paid In per Share Acquisition Rights on the acquisition date stipulated by the Board of Directors of the Company after the day following the payment date of the Stock Acquisition Rights and by 15 Transaction Days in accordance with the provisions of Articles 273 and 274 of the Companies Act. Partial acquisition shall be made by lottery or other reasonable method. Notwithstanding any other provision of this Article, no notice by us of the acquisition of any Stock Acquisition Rights shall be effective unless we disclose such acquisition so that any information acquired by the Stock Acquisition Rights Holder with respect to such acquisition does not constitute material unpublished facts as set forth in Section 166(2) of the Financial Instruments and Exchange Law.

(2) In the event that we effect a merger (limited to the case where we are extinguished as a result of a merger), approve at the general meeting of shareholders as to whether we will become a wholly owned subsidiary of another company through a share exchange, share exchange or share transfer, or in the event that the delisting of our common stock is decided on the Tokyo Stock Exchange, we will give notice no later than 15 trading days in accordance with the provisions of Article 273 of the Companies Act, and acquire all of the stock acquisition rights held by the holders (excluding us) on the acquisition date specified by our Board of Directors at an amount equal to the amount paid per each stock acquisition right. Notwithstanding any other provision of this Article, no notice by us of the acquisition of any Stock Acquisition Rights shall be effective unless we disclose such acquisition so that any information acquired by the Stock Acquisition Rights Holder with respect to such acquisition does not constitute material unpublished facts as set forth in Section 166(2) of the Financial Instruments and Exchange Law.

(3) We shall acquire all of the Stock Acquisition Rights held by the holders of the Stock Acquisition Rights (excluding Us) at the end of the period during which the Stock Acquisition Rights may be exercised as set forth in Paragraph 12 (or on the last business day immediately preceding such business day in the event that the Stock Acquisition Rights are on a holiday) at the same amount as the Amount To Be Paid In per Share Option.

## **15. Increase in common stock and additional paid-in capital when issuing shares upon exercise of the stock acquisition rights**

The amount of stated capital to be increased in the event of the issuance of shares upon the exercise of Stock Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in stated capital, etc. calculated in accordance with the provisions of Article 17 of the Company Accounting Rules by 0.5, and in the event any fraction less than 1 yen as a result of the calculation is generated, such fraction shall be rounded up. The amount of additional paid-in capital to be increased shall be the amount calculated by reducing the amount of additional paid-in capital to be increased from the amount of additional paid-in capital.

## **16. Method of request for exercise of Stock Acquisition Rights**

(1) In the event of the exercise of the Stock Acquisition Rights, the Company shall notify the Company of the matters necessary for the exercise request at the place of acceptance of the exercise request as set forth in Paragraph 19 during the period during which the Stock Acquisition Rights can be exercised as set forth in Paragraph 12.

(2) In the event the Stock Acquisition Rights are exercised, in addition to the notice of the request for exercise set forth in the preceding item, the entire amount of assets to be contributed at the time of the exercise of the Stock Acquisition Rights shall be transferred in cash to the account designated by us at the payment handling location set forth in Paragraph 20.

(3) The request for the exercise of the Stock Acquisition Rights shall become effective on the day on which notice of all matters necessary for the exercise request is given to the Place of Acceptance of the Exercise Request as set forth in Paragraph 19, and the full amount of the properties to be contributed upon the exercise of the Stock Acquisition Rights is credited to the account set forth in the preceding item.

## **17. Non-issuance of stock acquisition right certificates**

We do not issue stock acquisition rights securities with respect to the Stock Acquisition Rights.

## **18. Reasons for calculating the amount to be paid for the Stock Acquisition Rights and the value of the properties to be contributed upon exercising the Rights**

Based on the Monte Carlo simulation, which is a general pricing model, and considering various conditions stipulated in the Outline of Issuance and the Purchase Agreement concluded with the prospective allotment counterparties, the paid-in amount of each share subscription right was determined as described in Item 8 by referring to the results evaluated by a third-party calculation organization based on certain assumptions regarding our stock

price, the liquidity and stock price volatility of our common stock, call options granted to us, the exercise behavior of the expected allotment counterparties, and the stock holding trends of the expected allotment counterparties. In addition, the value of the properties to be invested upon the exercise of the Stock Acquisition Rights shall be as set forth in Paragraph 9.

**19. Exercise right transfer agent**

Mitsubishi UFJ Trust and Banking Corporation, Osaka Securities Agency Department

**20. Payment handling offices**

Sumitomo Mitsui Banking Corporation Sakai Branch or, from time to time, the successor bank of that bank or the successor branch of that branch

**21. Application of the Act on Book-Entry Transfer of Corporate Bonds, Shares, etc.**

The Book-entry Share Options set forth in the Act on Book-Entry Transfer of Company Bonds, Shares, etc. shall consist of Book-Entry Transfer Share Options, all of which shall be subject to the provisions of the said Act. In addition, the handling of the Stock Acquisition Rights shall be in accordance with the Rules of Business concerning Book-Entry Transfer of Shares, etc. provided by the Securities Custody and Book-Entry Transfer Corporation, the Ordinance for Enforcement of the same, and other rules.

**22. Name and address of the Book-entry Organization**

JASDEC, Inc.  
7-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo

**23. Others**

- (1) The provisions of the preceding paragraphs shall be subject to the coming into force of notifications under the Financial Instruments and Exchange Act.
- (2) Other matters necessary for the issuance of Stock Acquisition Rights shall be left to the President and Representative Director of the Company.

Or more