

October 13, 2023

Company Name: COPRO-HOLDINGS Co., Ltd.

Chief Executive Officer: Kosuke Kiyokawa

(Ticker Symbol: 7059, TSE Prime, NSE Premier)

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Notice Regarding Issuance of Offered Stock Acquisition Rights (Paid Stock Options) Linked to Performance Targets

Under the provisions of Articles 236, 238 and 240 of the Companies Act, the Company is pleased to announce that, at the Board of Directors meeting held on October 13th, 2023, we resolved to grant the following stock acquisition rights to the employees of the Company and its subsidiaries. In this matter, for those who get the stock acquisition rights, they are issued for a cost at a fair price, and since the conditions are not particularly favorable, it is being implemented without the approval of the general meeting of shareholders. In addition, it is not compensation for those who are granted these stock acquisition rights, and they get them based on each person's individual investment judgement.

I. Purpose and Reason for the Offered Stock Acquisition Rights

As we aim to boost our business performance and increase corporate value over the medium to long term, and with the goal of further improving motivation and morale, and further increasing the cohesiveness of our Company, stock acquisition rights will be issued for a cost to employees of the Company and its subsidiaries.

If all these stock acquisition rights are exercised, the increase in the total number of common shares of the Company will be equivalent to 0.32% of the total number of issued shares. However, achievement of the predetermined performance targets is a condition for exercising the stock acquisition rights. We recognize that achieving these goals will contribute to the improvement of our corporate value and shareholder value. Therefore, we recognize that the issuance of these stock acquisition rights can contribute to the interests of our existing shareholders, and we believe that the impact from the dilution of shares is reasonable.

II. Outline of the Stock Acquisition Rights Issuance

1. Name of the stock acquisition rights

COPRO-HOLDINGS Co., Ltd. 6th Stock Acquisition Rights

2. Number of stock acquisition rights

645 acquisition rights

The total number of shares that can be granted by exercising the stock acquisition rights shall be 64,500 shares of the Company's common stock. If the number of shares granted for the stock acquisition rights is adjusted according to 4. (1) below, the number of shares to be granted after adjustment is

multiplied by the number of stock acquisition rights.

3. Amount to be paid in exchange for the stock acquisition rights

The issue price per stock acquisition right shall be ¥100. By referring to the results calculated by Plutus Consulting, a third-party valuation advisory firm, in consideration of the Company's stock price information and the Monte Carlo simulation, which is a general option price calculation model, the amount is determined to be the same amount as the calculated result, and does not fall under the category of favorable issuance.

4. Details of the stock acquisition rights

(1) Type and number of shares upon exercise of the stock acquisition rights

The number of shares intended for each stock acquisition right (hereinafter referred to as the "number of granted shares") shall be 100 shares of the Company's common stock.

After the allotment date of the stock acquisition rights, the number of granted shares shall be adjusted by the following formula when the Company conducts a stock split (including a gratis allotment of the Company's common stock; the same shall apply hereinafter) or a reverse stock split. However, of the stock acquisition rights, such adjustments shall be made only for the number of shares that are the object of the stock acquisition rights that have not been exercised at that time. Fractions of less than one share resulting from the adjustment shall be rounded down.

Number of granted shares after adjustment = number of granted shares before adjustment x the split (or reverse split) ratio

In addition, if the Company conducts a merger, corporate breakup, share exchange or share issuance after the allotment date of the stock acquisition rights, or if it is necessary to adjust the number of granted shares in accordance with these cases, the Company shall be able to appropriately adjust the number of granted shares within a reasonable range.

(2) Amount or calculation method of the assets invested when exercising the stock acquisition rights

The amount of assets invested when exercising the stock acquisition rights shall be the amount paid per share (hereinafter referred to as the "exercise price") multiplied by the number of granted shares.

The exercise price shall be ¥1,259.

If the Company conducts a stock split or reverse stock split after the allotment date of the stock acquisition rights, the exercise price will be adjusted according to the following formula, and any fraction less than ¥1 due to the adjustment will be rounded up.

1

Adjusted exercise price = pre-adjustment exercise price × $\frac{1}{\text{Split (or reverse split) ratio}}$

In addition, if the Company issues new shares or disposes of treasury stock at a price lower than the market price of the Company's common stock after the allotment date of the stock acquisition rights (excluding the issuance of new shares and the disposal or combining of treasury stock based on the exercise of stock acquisition rights, and the issuance of new shares and treasury stock due to a corporate breakup, share exchange and share issuance), the exercise price is adjusted by the following formula, and any fraction less than ¥1 due to the adjustment will be rounded up.

$$\begin{array}{r}
 \text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Market price per share before new issuance}}}{\text{Number of outstanding shares} + \text{Number of newly issued shares}}
 \end{array}$$

In the above formula, the "number of outstanding shares" is the total number of issued shares of the Company's common stock minus the number of treasury stock of the Company's common stock. In addition, when disposing of treasury stock related to the Company's common stock, "number of newly issued shares" shall be read as "number of treasury stock to be disposed of".

Furthermore, in addition to the above, if the Company conducts a merger, corporate breakup, share exchange or share issuance after the allotment date of the stock acquisition rights, or if it is necessary to adjust the exercise price in accordance with these cases, the Company shall be able to appropriately adjust the exercise price within a reasonable range.

(3) Period during which the stock acquisition rights can be exercised

The period during which the stock acquisition rights can be exercised (hereinafter referred to as the "exercise period") shall be from July 1, 2025 to November 19, 2033.

(4) About increasing the capital stock and capital reserves

- ① For the amount of capital stock to be increased when shares are issued by exercising the stock acquisition rights, the amount shall be half of the upper limit for an increase in capital stock calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting. If a fraction less than ¥1 is generated as a result of the calculation, the fraction shall be rounded up.
- ② For the amount of capital reserves to be increased when shares are issued by exercising the stock acquisition rights, the amount shall be the amount obtained by subtracting the amount of increased capital stock specified in ① above from the upper limit for an increase in capital stock described in ① above.

(5) Restrictions on getting the stock acquisition rights via a transfer

An acquisition of the stock acquisition rights via a transfer shall require approval by a resolution of the Board of Directors of the Company.

(6) Conditions for exercising the stock acquisition rights

- ① In any of the fiscal years from FYE2025 to FYE2027, the stock acquisition rights holders may exercise their stock acquisition rights in future only if the Company's consolidated sales and adjusted operating profit exceed both conditions (a) and (b) specified below.

(a) Consolidated sales: ¥40 billion

(b) Adjusted operating profit: ¥5 billion

When determining consolidated sales for the above, the amount of sales in the consolidated income statement recorded in the Company's financial statement shall be used (or the income statement if a consolidated income statement has not been prepared; the same shall apply hereinafter). When determining the adjusted operating profit, the determination shall be based

on the amount of operating profit in the consolidated income statement and consolidated cashflow statement recorded in the Company's financial statement (or cashflow statement if a consolidated cashflow statement has not been prepared) plus depreciation costs, goodwill amortization, and stock award expenses. Furthermore, in the event that the Board of Directors decides that it is inappropriate to make a determination based on actual figures recorded in the Company's income statement due to changes in applicable accounting standards or corporate acquisitions that have a significant impact on the Company's business performance, the Company shall be able to exclude the impact of such corporate acquisitions, etc., within a reasonable range, and adjust the actual figures used for determination. In addition, if there is a significant change in the concept of items to be referred to due to such things as the application of international financial reporting standards or changes in the accounting period, the Board of Directors shall separately determine the benchmark that should be used for reference.

- ② The holder of the stock acquisition rights must be a director, auditor or employee of the Company or its affiliated companies at the time of exercising the rights of the stock acquisition rights. However, this shall not apply if the Board of Directors finds that there is a retirement due to the expiration of their term of office, them reaching retirement age, or other justifiable reasons.
- ③ Heirs of the stock acquisition rights holders are not allowed to exercise the stock acquisition rights.
- ④ If the total number of issued shares of the Company exceeds the total number of authorized shares at that time due to the exercise of the stock acquisition rights, the stock acquisition rights may not be exercised.
- ⑤ Less than one stock acquisition right may not be exercised.

5. Allotment date of stock the acquisition rights

November 20, 2023

6. About acquisition of the stock acquisition rights

- (1) If the general meeting of shareholders approves a merger agreement in which the Company becomes a defunct company, or a split agreement or split plan for a company split in which the Company splits up, or a share exchange agreement in which the Company becomes a wholly owned subsidiary, or a share issuance plan or a share transfer plan (when approval of the general meeting of shareholders is not required, if resolved by the Board of Directors), the Company may acquire all of the stock acquisition rights free of charge on the coming of a date separately determined by the Board of Directors of the Company.
- (2) If, before the stock acquisition rights holder exercises the rights, the stock acquisition rights cannot be exercised pursuant to the provisions of 4. (6) above, the Company may acquire the stock acquisition rights that cannot be exercised free of charge on the coming of a date separately determined by the Board of Directors of the Company.

7. Handling of the stock acquisition rights in the event of organizational restructuring

If the Company conducts a merger (limited to cases where the Company becomes defunct due to the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as "organizational restructuring"), for stock acquisition rights holders on the effective date of the organizational restructuring, in each case, the stock acquisition rights of the corporation (hereinafter referred to as the "restructured company") shall be issued based on the following conditions as detailed in Article 236, Paragraph 1, Item 8 (a) to (e) of the Companies Act. However, this is limited to cases where it is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that the stock acquisition rights of the restructured company will be granted in accordance with the following conditions.

- (1) Number of stock acquisition rights of the restructured company to be granted
The same number will be granted as the number of stock acquisition rights held by the stock acquisition rights holders.
- (2) Type of shares of the restructured company for the purpose of the stock acquisition rights
The common stock of the restructured company.
- (3) Number of shares of the restructured company for the purpose of the stock acquisition rights
Taking into account the terms of the organizational restructuring, it shall be determined according to 4. (1) above.
- (4) Amount of assets invested when exercising the stock acquisition rights
For the amount of assets invested when exercising the stock acquisition rights that have been granted, taking into account such things as the terms of the organizational restructuring, to the post-restructuring exercise price obtained by adjusting the exercise price specified in 4. (2) above, the amount shall be multiplied by the number of shares of the restructured company for the purpose of the relevant stock acquisition rights determined in accordance with 7. (3) above.
- (5) Period during which the stock acquisition rights can be exercised
From the first day of the exercise period specified in 4. (3) above, or the effective date of the organizational restructuring, whichever is later, to the last day of the exercise period specified in 4. (3) above.
- (6) About increased capital stock and capital reserves when issuing shares due to the exercise of the stock acquisition rights
It shall be determined according to 4. (4) above.
- (7) Restrictions on getting the stock acquisition rights via a transfer
Regarding restrictions on acquisitions via a transfer, it shall require approval by a resolution of the Board of Directors of the restructured company.
- (8) Other conditions for exercising the stock acquisition rights
It shall be determined according to 4. (6) above.
- (9) Reasons and conditions for acquisition of the stock acquisition rights
It shall be determined according to 6 above.
- (10) With regards to other conditions, they shall be determined according to the terms of the restructured company.
8. About stock acquisition rights securities related to stock acquisition rights
The Company shall not issue stock acquisition rights securities related to the stock acquisition rights.
9. Due date for payment of money in exchange for the stock acquisition rights
November 20, 2023
10. Application deadline
November 13, 2023
11. Persons to be granted the stock acquisition rights, and the number of rights
- | | | |
|----------------------|-----------|------------------------|
| Company employees | 10 people | 195 acquisition rights |
| Subsidiary employees | 25 people | 450 acquisition rights |

End