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FOR IMMEDIATE RELEASE

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(Securities code: 7034, TSE Prime Market)
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Notice Regarding Issuance of Stock Options (Share Acquisition Rights)

Prored Partners Co., Ltd. (the “Company”) hereby announces that its Board of Directors resolved at a meeting held on August 20, 2024 to issue stock options (share acquisition rights) to employees of the Company pursuant to Paragraphs 1 and 2, Articles 238 and Paragraph 1, Article 240 of the Companies Act. The Company will carry out the said issuance without obtaining approval at its general meeting of shareholders because it does not fall under issuance with preferential terms and conditions and does not constitute a favorable issuance.

Details

1. Reason for issuing share acquisition rights as stock options

The purpose of issuing share acquisition rights as stock options is to incentivize allottees to improve the performance and corporate value of the Company.

2. Issuing guidelines of share acquisition rights

(1) Stock name

Sixth series of share acquisition rights of Prored Partners Co., Ltd.

(2) Number of share acquisition rights to be issued

1, 875

In cases where the total number of applications for subscribing to share acquisition rights is less than the total number of share acquisition rights above, the total number of share acquisition rights will be the number of applications.

(3) Issue price

Free of charge

(4) Total issue value

TBD

(5) Class and number of shares subject to share acquisition rights

The class of stock underlying share acquisition rights will be common stock of the Company, and the number of shares underlying each share acquisition right (hereinafter, the “Number of Shares to be Granted”) will be one hundred (100). However, if the Company splits its common stock (including an allotment of common stock of the Company without compensation. The same shall apply to descriptions of share split below) or consolidates its common stock after the date of the allotment of share acquisition rights (hereinafter, the “Allotment Date”), the Number of Shares to be Granted will be adjusted according to the following formula. Such adjustment will be made only to those that remain unexercised at the time of such adjustment. If any fraction less than one share arises as a result of such adjustment, such fraction will be discarded.

Number of Shares to be Granted after adjustment = Number of Shares to be Granted before adjustment x Ratio of split or consolidation

In addition, if the Company carries out a merger or a share exchange with another company, a company split, or other action that makes it necessary to adjust the Number of Shares to be Granted after the Allotment Date, the Company may make adjustment within a reasonable range.

(6) Value of assets to be contributed upon exercise of each share acquisition right

The value of assets to be contributed upon the exercise of share acquisition rights shall be the paid-in amount per share deliverable upon exercise of each share acquisition right (hereinafter, the “Exercise Price”) multiplied by the number of shares subject to the share acquisition right.

The initial Exercise Price shall be the closing price of the Company’s common stock on the Tokyo Stock Exchange on the Allotment Date of share acquisition rights (or when there was no trading, the closing price on the immediately preceding trading day).

If the Company conducts a stock split or stock consolidation, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

In addition, if the Company carries out a merger or a share exchange with another company, or a company split, the Company may adjust the Exercise Price within a reasonable range.

If the Company issues new shares or disposes of its treasury shares at less than the market price, then the Exercise Price shall be adjusted by the following formula. Any fraction of less than one yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of shares newly issued (disposed)} \times \text{Amount to be paid in per share}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares newly issued (disposed)}}$$

For the formula set forth above, the “Number of shares outstanding” means the number of outstanding shares of the Company minus the number of treasury shares, and if the Company disposes of treasury shares, the “Number of shares newly issued” shall be read as the “Number of treasury shares disposed.”

(7) Exercise period of share acquisition rights

From August 21, 2026 to August 20, 2034 If the commencement date of the exercise period falls on a non-business day of the Company, then the commencement date shall be the immediately following business day, and if the last day of the exercise period falls on a non-business day of the Company, then the last day of the exercise period shall be the immediately preceding business day.

(8) Conditions for the exercise of share acquisition rights

- i. An allottee of share acquisition rights is required to be in a position of a Director or an employee of the Company or a subsidiary of the Company at the time of the exercise of share acquisition rights. However, this shall not apply to cases where the Board of Directors of the Company deems that there is a justifiable reason, such as a case in which a Director or an employee of the Company or a subsidiary of the Company has retired at the expiration of his/her term of office or a case in which he/she retires due to mandatory retirement.
- ii. No heir of an allottee of share acquisition rights shall be permitted to exercise the share acquisition rights.

(9) Matters concerning an increase in share capital and legal capital surplus upon the issuance of shares through the exercise of share acquisition rights

- i. The amount by which the stated share capital increases through the issuance of shares upon the exercise of share acquisition rights shall be one-half (1/2) of the upper limit of the increase in the amounts of stated share capital and other items calculated pursuant to the provisions of Article 17, Paragraph 1 of the Company Accounting Ordinance, and any fraction of less than one yen arising from the calculation shall be rounded up.

- ii. The amount of legal capital surplus that increases through the issuance of shares upon the exercise of the share acquisition rights is the remainder of the subtraction of the amount of increase in share capital in the preceding (i) from the maximum amount of increase in share capital in the preceding (i).

(10) Restriction on acquisition of share acquisition rights by transfer

Any acquisition of share acquisition rights by transfer shall be subject to approval by the Board of Directors of the Company.

(11) Grounds and conditions for purchase of share acquisition rights

- i. If a proposal for a merger agreement under which the Company is to be the dissolving company, an absorption-type company split agreement or an incorporation-type company split plan under which the Company is to be a demerging company, or a share exchange agreement or a share transfer plan under which the Company is to be a wholly owned subsidiary is approved by resolution of the general meeting of shareholders, the Company may acquire all share acquisition rights without consideration on a date to be separately determined by the Board of Directors of the Company.
- ii. In cases where a holder of share acquisition rights ceases to satisfy the conditions for exercise of share acquisition rights (provided, however, that this shall exclude cases where the Board of Directors has determined that there is a justifiable reason) or where a holder of share acquisition rights waives all or part of his/her share acquisition rights using a form prescribed by the Company, the Company shall acquire such share acquisition rights without any compensation.

(12) Handling of share acquisition rights at the time of the Reorganization

If the Company conducts a merger (limited to the case where the Company is dissolved due to the merger), an absorption-type or incorporation-type company split, or a share exchange or transfer (collectively, the “Reorganization”), the Company shall, in each of the above cases, allot share acquisition rights of the relevant company from among those listed in “a” through “e” of Article 236, Paragraph 1, Item 8 of the Companies Act (the “Reorganized Company”) to the holders of the share acquisition rights remaining unexercised as of the effective date of the relevant Reorganization (the “Remaining Share Acquisition Rights”). In this case, the Remaining Share Acquisition Rights shall be cancelled, and the Reorganized Company shall newly issue share acquisition rights. Provided, however, that it is limited to the case in which the issuance of the share acquisition right of the Reorganized Company is specified in the merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan according to the following conditions.

- i. Number of share acquisition rights of the Reorganized Company to be delivered
A number equal to the number of the share acquisition rights held by the holder of the Remaining Share Acquisition Rights shall be allotted to such holder.
- ii. Class of shares of the Reorganized Company to be issued upon exercise of share acquisition rights
Common shares of the Reorganized Company
- iii. Number of shares of the Reorganized Company to be issued upon exercise of share acquisition rights
They shall be determined in a manner equivalent to the preceding (5) after taking into consideration, among other matters, the conditions for the Reorganization.
- iv. Value of assets to be contributed upon exercise of each share acquisition rights
The value of assets to be contributed upon exercise of each share acquisition right to be delivered shall be the amount obtained by multiplying the amount to be paid in after reorganization, obtained through adjustment of the exercise value provided for in (6) above taking into consideration factors such as the terms and conditions of the Reorganization, by the number of shares of the Reorganized Company to be issued upon exercise of such share acquisition rights as determined in accordance with (iii) above.
- v. Exercise period of share acquisition rights
Starting from either the commencement date of the exercise period of share acquisition rights as stipulated in (7) above or the effective date of the Reorganization, whichever is later, and ending on the expiration date for the exercise of share acquisition rights as stipulated in (7) above.
- vi. Conditions for the exercise of share acquisition rights
They shall be determined under the provision set out in the preceding (8).

- vii. Matters concerning an increase in share capital and legal capital surplus upon the issuance of shares by the Reorganized Company through the exercise of share acquisition rights
They shall be determined under the provision set out in the preceding (9).
- viii. Restriction on acquisition of share acquisition rights by transfer
Any purchase of share acquisition rights by transfer shall be subject to approval by the Board of Directors of the Reorganized Company (a majority of Directors in cases where the Reorganized Company is not a company with board of directors).
- ix. Grounds and conditions for purchase of share acquisition rights
They shall be determined under the provision set out in the preceding (11).

(13) Allotment Date of share acquisition rights

September 4, 2024

(14) Persons to whom share acquisition rights are allocated

Total number of eligible employees of the Company: 48

(15) Other content of share acquisition rights

Other content of share acquisition rights shall be as set forth by the Board of Directors at a meeting where details of solicitation for subscription to share acquisition rights are resolved.