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August 14, 2024

For Immediate Release

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Notice Regarding the Issuance of Performance-Linked Tax-Qualified Stock Acquisition Rights (Gratuitous Stock Options)

Foodison, Inc. (“Company”) hereby announces that it was resolved as follows at the Board of Directors meeting held on August 14, 2024, regarding an issuance of a series 17th of stock acquisition rights (“Stock Acquisition Rights”) to the Company’s directors and employees in accordance with the provisions of Articles 236, 238, and 240 of the Companies Act.

I. Purpose and Reason for Issuance

In pursuit of expanding our business performance and enhancing corporate value, the Company will issue stock options granted at no cost in aiming to boost motivation and morale of the directors and the employees and strengthen the unity within the Company.

The Stock Acquisition Rights come with pre-defined performance targets as conditions for exercise. Specifically, Adjusted EBITDA ^(*) has been set as the performance criterion. The options can only be exercised at the exercise price for the number of stock options corresponding to the coefficient assigned to each condition, provided that the performance targets outlined in the table below for the combined fiscal years ending March 2025 and March 2026 are met. For the number of stock options that do not meet the exercise conditions, the exercise price will be set at 110% of the closing price on the day before the exercise date. The total target for Adjusted EBITDA is set to reach up to approximately 3.1 times compared to the result of the sum of fiscal years ending March 2023 and March 2024, which we believe will contribute to the enhancement of the Company’s corporate and shareholder value.

If all Stock Acquisition Rights are exercised, the total number of ordinary shares of the Company will increase by 106,000 shares, resulting in a maximum dilution of 2.33%. However, we believe that the issuance of the Stock Acquisition Rights will contribute to the interests of the Company’s existing shareholders, and the impact of this dilution is considered reasonable.

(*1) Adjusted EBITDA = Consolidated Operating Profit + Consolidated Depreciation Expense + Consolidated Amortization of Goodwill + Consolidated Stock-Based Compensation Expense

<Partial Excerpt of Performance Achievement Conditions for the Stock Acquisition Rights>

Total of Adjusted EBITDA for the fiscal years ending March 2025 and March 2026	Coefficient
Less than 500 Million JPY	0%
500 Million JPY	10%
650 Million JPY	20%
850 Million JPY	40%
1,150 Million JPY or more	100%

(Reference) Actual Result of Adjusted EBITDA Total for the Fiscal Year Ended March 2023 and March 2024:
375 Million JPY