



May 14, 2024

Company name: RAKUS Co., Ltd.

Stock exchange listing: Tokyo PRIME

Stock code: 3923 URL <https://www.rakus.co.jp/en/>

Representative: Representative Director and President, Takanori Nakamura

Inquiries: Director Takahiro Miyauchi

Notice Regarding Introduction of a Restricted Stock Compensation Plan

RAKUS Co., Ltd. (hereinafter the "Company") hereby announces that the Board of Directors, as of May 14, 2024, reviewed the directors' compensation plan and resolved to introduce a restricted stock compensation plan (hereinafter the "Plan"). The Company will submit a proposal regarding this Plan to the 24th Annual General Meeting of Shareholders scheduled to be held on June 21, 2024 (hereinafter the "General Meeting of Shareholders"). The details are as follows.

1. Purpose and conditions regarding the introduction of the Plan

(1) Purpose of introducing the Plan

The Plan is introduced in order to provide an incentive for the Company's directors, excluding outside directors (hereinafter the "Eligible Director(s)") to continuously improve the Company's corporate value, and to promote further shared value with shareholders.

(2) Conditions for the introduction of the Plan

Since the Plan consists of either the granting of monetary compensation to Eligible Directors in exchange for restricted stocks or the granting of restricted stocks as compensation to Eligible Directors, its introduction is subject to the approval of shareholders on the provision of this compensation at the General Meeting of Shareholders.

The amount of compensation for our directors was approved at the 7th Annual General Meeting of Shareholders held on June 28, 2007, to be within 200 million yen per year. In addition, at the 12th Annual General Meeting of Shareholders held on June 28, 2012, it was approved that the Company would provide company housing that is commutable to the business premises where the directors execute their duties, upon payment of company housing fees based on the Company's prescribed standards, and that the maximum amount of non-cash compensation to be borne by the Company in such cases would be within 20 million yen per year.

2. Overview of the Plan

The granting of restricted stocks under the Plan will be carried out in one of the following two ways:

1. Issuing or disposing of our common stock without requiring payment of cash or provision of property as compensation for the directors
2. Granting monetary compensation claims to Eligible Directors and having them contribute those claims as in-kind contributions to issue or dispose of our common stock.

The Plan limits the total number of common shares to be issued or disposed of to 50,000 per year, with a maximum compensation amount of 50 million yen per year within the revised non-cash compensation portion. If the total number of issued shares changes due to a stock merger, stock split, or gratis allotment, the upper limit will be adjusted proportionally.

For common stock issued or disposed of under method 2 described above, the Board of Directors will determine the per-share price based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the Board's resolution. If no transaction occurs on that day, the closing price on the most recent trading day will be used. The price will be set within a range that is not particularly advantageous to the Eligible Directors subscribing to the Shares.

In the case of a gratuitous grant, no monetary payment is required. However, the compensation amount for the Eligible Directors will be calculated based on the per-share compensation amount for the common stock to be issued or disposed of. This calculation will use the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the Board's resolution. If no transaction occurs on that day, the closing price on the most recent trading day will be used. The compensation amount will be set within a range that is not particularly advantageous to the Eligible Directors and will be determined by the Board of Directors. To achieve the long-term goal of sharing shareholder value, the Plan sets a restriction period for restricted stocks. This period extends from the date of grant to the date the Eligible Director resigns or retires from their position as a director, or another position determined by the Board of Directors. The specific timing and allocation of grants to each Eligible Director will be determined by the Board of Directors after deliberation by the Compensation Committee.

Upon granting restricted stocks under the Plan, the Company and the Eligible Director will enter into a Restricted Stock Grant Agreement (hereinafter the "Grant Agreement"). This agreement will include the following terms:

1. The Eligible Director shall not transfer, pledge, or otherwise dispose of the restricted stocks from the date of delivery of the restricted stocks to the date on which the Eligible Director resigns or retires from his or her position as a director of the Company or another position determined by the Board of Directors.

However, if the date immediately following such resignation or retirement is before the date that is three months after the end of the fiscal year in which the Eligible Director was granted the restricted stock, the end of the restricted stock period may be adjusted within a reasonable range.

2. In the event that the Eligible Director violates any laws, regulations, or internal rules, or if the Board of Directors determines there is another compelling reason for the Company to acquire the restricted stock at no cost, the Company shall have the right to acquire the restricted stock free of charge.

(For reference)

The Company plans to grant restricted stocks to its executive officers as well, subject to the approval of a resolution relating to the Plan at the General Meeting of Shareholders.

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