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For Immediate Release

Company	CHANGE Holdings, Inc.
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## **Announcement of Issuance of Paid-in Stock Options with Performance Target Conditions**

CHANGE Holdings, Inc. (the “Company”) announces that it resolved at the meeting of the Board of Directors as of September 24, 2024 to issue stock acquisition rights (the “Stock Acquisition Rights”) to its directors and employees, as well as to the directors and employees of its affiliates in accordance with Articles 236, 238 and 240 of the Companies Act as set out below. The Stock Acquisition Rights will be issued at fair value and not particularly favorable to the individuals to whom they are issued. Thus, the Stock Acquisition Rights will be implemented without obtaining the approval of a general meeting of shareholders. In addition, the Stock Acquisition Rights will not be paid as remuneration. Instead, those eligible will subscribe the Stock Acquisition Rights based on their respective investment decision.

### **I. Purpose and Reason for Offering Stock Acquisition Rights**

The purpose of issuing the Stock Acquisition Rights with consideration to the directors and employees of the Company as well as to the directors and employees of affiliates of the Company are to further increase their motivation and morale, as well as to further enhance solidarity with the Company in order to expand the Company’s business performance and increase corporate value over the medium to long term.

The total number of shares of common stock that would increase if all the Stock Acquisition Rights were exercised would be equivalent to 4.08% of the total number of issued shares as of today. However, the Stock Acquisition Rights are subject to the outcome of performance targets set in advance, and the Company recognizes that achieving these targets will contribute to increasing corporate and shareholder value of the Company. For this reason, the Company believes that the issuance of the Stock Acquisition Rights benefits its existing shareholders, and that the effect of stock dilution will be within an acceptable range.

### **II. Outline of Issuance of Stock Acquisition Rights**

#### **1. Number of Stock Acquisition Rights**

30,100 rights

The total number of shares that are to be delivered upon exercise of the Stock Acquisition Rights shall be 3,010,000 shares of common stock of the Company, and if the number of shares to be granted upon exercise of the Stock Acquisition Rights is adjusted pursuant to 3.(1) below, the number shall be obtained by multiplying the number of shares to be granted after adjustment by the number of Stock Acquisition Rights.

## 2. Money to be Paid in Exchange for Stock Acquisition Rights

The issue price per Stock Acquisition Rights shall be JPY100. This amount was determined with reference to and to be equivalent to the amount of the results calculated by Plutus Consulting Co., Ltd. (“Plutus”), a third-party valuation institution. Plutus calculated the amount based on the closing price of the Company's stock (JPY1,291 per share) on the Tokyo Stock Exchange on September 20 2024, which was the trading day before the date of the resolution of the Board of Directors regarding the issuance of the Stock Acquisition Rights, the stock price volatility of 61.52%, the dividend yield of 1.12%, the risk-free interest rate of 0.89%, and the terms and conditions of the Stock Acquisition Rights (exercise price of ¥1,291 per share, period from the allotment date to the expiration of the exercise period of 9.9 years, and performance conditions) by using a Monte Carlo simulation, which is a general option pricing model.

## 3. Terms of Stock Acquisition Rights

### (1) Class and number of shares to be delivered upon exercise of stock acquisition rights

The number of shares to be delivered upon exercise of one Stock Acquisition Right (the “Number of Granted Shares”) shall be one hundred (100) shares of common stock of the Company.

The Number of Granted Shares shall be adjusted according to the following formula in the event that the Company conducts a stock split (including the gratis allotment of shares of common stock of the Company; the same shall apply hereinafter) or a stock consolidation after the allotment date of the Stock Acquisition Rights; provided, however, that such adjustment shall be made only with respect to the number of shares subject to the Stock Acquisition Rights not exercised at the time of such adjustment among the Stock Acquisition Rights, and any fraction less than one share arising from such adjustment shall be rounded down. The adjusted Number of Granted Shares as a result of such adjustment shall apply, in the case of a stock split, from the day following the record date of such stock split (or, if no record date is specified, from the effective date of such stock split), and in the case of stock consolidation, from the effective date of such stock consolidation.

$$\text{Number of Granted Shares after Adjustment} = \text{Number of Granted Shares before Adjustment} \times \text{Ratio of Stock Split (or Stock Consolidation)}$$

In addition, if after the allotment date of the Stock Acquisition Rights, the Company conducts a merger, company split, share exchange, or share delivery or otherwise requires an adjustment of the Number of Granted Shares in accordance with these cases, the Company may make appropriate adjustments to the Number of Granted Shares to a reasonable extent.

### (2) Value or calculation method of assets to be contributed upon exercise of stock acquisition rights

The value of the assets to be contributed upon the exercise of the Stock Acquisition Rights shall be the amount obtained by multiplying the amount to be paid per share (the “Exercise Price”) by the Number of Granted Shares.

The Exercise Price is JPY1,291.

In the event that the Company conducts a stock split or a stock consolidation after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen arising from the adjustment shall be rounded up. The Exercise Price after adjustment as a result of such adjustment shall apply from the day following the record date of stock split in the case of a stock split (or, if no record date is specified, from the effective date of stock split), and from the effective date of stock consolidation in the case of stock consolidation.

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Ratio of Stock Split (or Stock Consolidation)}}$$

In the event that the Company issues new shares or disposes of treasury shares of its common stock at a price below the Market Price after the allotment date of the Stock Acquisition Rights (except in the case of issuance of new shares and disposal of treasury shares upon the exercise of stock acquisition rights, or issuance of new shares and delivery of treasury shares due to mergers, company splits, share exchanges, and share delivery), the above Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen arising from the adjustment shall be rounded up. The Exercise Price after adjustment as a result of such adjustment shall apply from the day following the payment date (or, if payment period is provided, the last day of such payment period) of such issuance or disposal (or if record date is specified, the day following such record date).

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{\text{Number of Shares Already Issued} + \frac{\text{Number of New Shares to be Issued} \times \text{Amount to be Paid per Share}}{\text{Market Price per Share before New Issuance}}}{\text{Number of Shares Already Issued} + \text{Number of New Shares to be Issued}}$$

In the above formula, the “Number of Shares Already Issued” is the total number of issued shares of common stock of the Company minus the number of treasury shares of common stock of the Company. When disposing of treasury shares of common stock of the Company, the “Number of New Shares to be Issued” shall be replaced by “Number of Treasury Shares to be Disposed of.” In the above formula, “Market Price” means the average daily closing price of the Company’s common stock in regular trading on the Tokyo Stock Exchange during the 30 trading days commencing on the 45th trading day preceding the day on which the Exercise Price after adjustment is applied (excluding days without a closing price). The average shall be calculated to the second decimal place and rounded off to the first decimal place.

In addition to the above, in the event that, after the allotment date of the Stock Acquisition Rights, the Company merges, conducts company split, share exchange or share delivery, or otherwise requires adjustment of the Exercise Price in accordance with these cases, the Company may make appropriate adjustments to the Exercise Price to a reasonable extent.

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

The period during which the Stock Acquisition Rights can be exercised (the “Exercise Period”) is from September 25, 2027 to September 24, 2034.

(4) Matters concerning increase in stated capital and capital reserve

- (i) The increase in the amount of stated capital due to the issuance of shares upon the exercise of the Stock Acquisition Rights shall be one half of the maximum amount of increase in capital, etc., to be calculated

pursuant to Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any amount less than one yen arising from the calculation to be rounded up.

- (ii) The increase in the amount of capital reserve due to the issuance of shares upon the exercise of the Stock Acquisition Rights shall be the amount obtained by subtracting the increase in the amount of stated capital as specified in (i) above from the maximum amount of increase in capital, etc., as stated in (i) above.

(5) Restrictions on acquisition of stock acquisition rights through transfer

Any acquisition of the Stock Acquisition Rights through transfer shall require approval by a resolution of the Board of Directors of the Company.

(6) Conditions of exercise of stock acquisition rights

- (i) Upon the fulfillment of each of the conditions set forth in (a) and (b) below, the stock acquisition rights holders may exercise the Stock Acquisition Rights up to the percentage set forth in (a) and (b) below (the “Exercisable Percentage”) among the Stock Acquisition Rights granted. Any fraction of less than one right in the number of exercisable stock acquisition rights shall be rounded down.

- (a) when the consolidated profit before taxes for any fiscal year from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2028 exceeds JPY18,000 million:

Exercisable Percentage: 50%

- (b) when the consolidated profit before taxes for any fiscal year from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2028 exceeds JPY 23,000 million:

Exercisable Percentage: 100%

In determining the consolidated profit before taxes of (a) and (b) above, the figures in the consolidated statements of income as shown in the annual securities reports filed by the Company shall be referred; provided, however, that in the event that the Board of Directors determines that it is not appropriate to determine based on actual figures stated on the consolidated statements of income, where events such as changes in the fiscal years, changes in the applicable accounting standards and the acquisitions of companies that would have a material impact on the business performance of the Company occur, the Company may make appropriate adjustments to the actual figures in order to eliminate such effect to a reasonable extent.

- (ii) The stock acquisition rights holders may not exercise the Stock Acquisition Rights unless they continuously hold the position of director, auditor, executive officer or employees of the Company or its affiliates from the allotment date of the Stock Acquisition Rights until March 31, 2026; provided, however, that this shall not apply to the case where the Company’s Board of Directors determines that there are justifiable reasons such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, etc.
- (iii) The exercise of the Stock Acquisition Rights by the heirs of the stock acquisition rights holders shall not be permitted.
- (iv) If the total number of issued shares of the Company exceeds the total number of shares authorized to be issued at the time due to the exercise of the Stock Acquisition Rights, such Stock Acquisition Rights may not be exercised.
- (v) Each Stock Acquisition Right may not be exercised for less than one Stock Acquisition Right.

4. Allotment Date of Stock Acquisition Rights

October 25, 2024

## 5. Matters Relating to Acquisition of Stock Acquisition Rights

- (1) If a merger agreement in which the Company becomes a dissolved company, a company split agreement or a company split plan in which the Company becomes a splitting company, or a share exchange agreement, a share delivery plan or a share transfer plan in which the Company becomes a wholly-owned subsidiary is approved by a general meeting of shareholders (or by a resolution of the Board of Directors if no approval is required by a general meeting of shareholders), the Company may acquire all of the Stock Acquisition Rights without any consideration upon the arrival of a date to be separately specified by its Board of Directors.
- (2) If the exercise of the Stock Acquisition Rights becomes impossible pursuant to the provisions of 3.(6) above prior to the exercise by the stock acquisition rights holders, the Company may acquire the Stock Acquisition Rights that could not be exercised without any consideration upon the arrival of a date to be separately specified by its Board of Directors.

## 6. Handling of Stock Acquisition Rights upon Structural Reorganization

If the Company conducts a merger (limited to cases where the Company is dissolved as a result of a merger), an absorption-type company split or an incorporation-type company split (limited to cases where the Company becomes a splitting company) or a share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary) (collectively, an “Structural Reorganization”), the stock acquisition rights of the stock company listed in Article 236, Paragraph 1, Item (viii)(a) to (e) of the Companies Act (the “Reorganized Company”) shall be delivered respectively to the stock acquisition rights holders in respect of the Stock Acquisition Rights remaining at the time immediately prior to the Structural Reorganization becoming effective, in each case pursuant to the following conditions. However, this shall be limited to the cases where it is specified 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 Reorganized Company shall be delivered in accordance with the following conditions:

- (1) Number of stock acquisition rights of Reorganized Company to be delivered  
The same number of stock acquisition rights as the number of the Stock Acquisition Rights held by the stock acquisition right holders shall be delivered respectively.
- (2) Class of shares of Reorganized Company to be delivered upon exercise of stock acquisition rights  
Shares of common stock of the Reorganized Company shall be delivered.
- (3) Number of shares of Reorganized Company to be delivered upon exercise of stock acquisition rights  
A determination shall be made in accordance with 3.(1) above upon the conditions for the Structural Reorganization being taken into consideration.
- (4) Amount of assets to be contributed upon exercise of stock acquisition rights  
The amount of assets to be contributed upon the exercise of the respective stock acquisition rights to be delivered shall take into account the conditions of the Structural Reorganization, and shall be obtained by multiplying the post-reorganization exercise price obtained by adjusting the Exercise Price specified in 3.(2) above, by the number of shares of the Reorganized Company to be issued for such stock acquisition rights determined in accordance with 6.(3) above.
- (5) Period during which stock acquisition rights are exercisable

Such period shall be from the first day of the Exercise Period specified in 3.(3) above, or the effective date of the Structural Reorganization, whichever is later, until the last day of the Exercise Period specified in 3.(3) above.

- (6) Matters concerning stated capital and capital reserves to be increased when shares are issued upon the exercise of stock acquisition rights

Such matter shall be determined in accordance with 3.(4) above.

- (7) Restriction on acquisitions of stock acquisition rights through transfers

Restrictions on acquisitions of the stock acquisition rights through transfers shall require approval by a resolution of the Board of Directors of the Reorganized Company.

- (8) Other conditions upon exercise of stock acquisition rights

Such conditions shall be determined in accordance with 3.(6) above.

- (9) Events and conditions for acquisition of stock acquisition rights

Such events and conditions shall be determined in accordance with 5. above.

- (10) Other conditions shall be determined in accordance with conditions of the Reorganized Company.

7. Matters Related to Stock Acquisition Right Certificates

The Company shall not issue certificates for the Stock Acquisition Rights.

8. Payment Date in Exchange for Stock Acquisition Rights

October 25, 2024

9. Due Date for Application

October 17, 2024

10. Persons and Number of Persons Receiving Allotments of Stock Acquisition Rights

Directors of the Company: 4 persons, 15,500 rights

Employees of the Company: 25]persons, 8,850 rights

Directors of the affiliates: 18 persons, 4,200 rights

Employees of the affiliates: 15 persons, 1,550 rights

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