

ICHIYOSHI SECURITIES CO., LTD.

Listed on: Tokyo Stock Exchange (1st Section) (Stock code: 8624)

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Authorization of the Board of Directors to Decide Terms and Conditions for the Placement of Share Warrants as Stock Options for “the Group” (pursuant to Articles 236, 238 and 239 of the Companies Act)

Ichiyoshi Securities Co., Ltd. (“the Company”) announced that on May 14, 2021 its Board of Directors passed resolutions to submit to the 79th general shareholders meeting to be held on Saturday, June 26, 2021, the agenda of whether the Board of Directors is authorized to decide the terms and conditions for the placement of share warrants as stock options for the directors (excluding independent outside directors), executive officers, operating officers, executive advisers and employees of the Company and the subsidiaries (“the Group”), pursuant to Articles 236, 238 and 239 of the Companies Act.

1. Reasons for the issuance of stock options on favorable terms:

The Board of Directors believes that the issuance of new stock options to directors (excluding independent outside directors), executive officers, operating officers, executive advisers and employees of the Group will contribute to raising their morale and work ethic towards the achievement of improved business results for the Group and will also help recruit talented personnel necessary for the sustained growth of the Group.

2. Matters to be decided on the issuance of new stock options by the Board of Directors in accordance with the authorization at the shareholders’ meeting and the maximum number of new stock options to be authorized for issuance:

(1) The maximum number of new stock options to be authorized for issuance:

5,000 stock options whose contents are defined on (3) below.

Maximum number of the 500,000 common shares of the Company shall be issued upon exercise of the new stock options; provided, however, that this maximum number shall be adjusted as described on (3) below and

accordingly this maximum number shall be adjusted by applying the adjusted number of shares to be issued multiplied by this maximum number.

(2) Issue price of each new stock option:

Free of cost.

(3) Contents of new stock options to be authorized for issuance:

① The class of stock and the number of shares to be issued upon exercise of warrants

The number of shares to be issued per warrant shall be 100 shares of the Company's common stock; provided, however, that in the event of a stock split or a reverse stock split, the number of shares to be issued shall be adjusted based on the formula below, such adjustment shall be applicable only to new stock options which have not yet been exercised at the time of such adjustment, and any fractions less than 1 share arising from such adjustment shall be discarded.

The adjusted number of shares to be issued

= The pre-adjusted number of shares × stock split or reverse stock split ratio

In the event that the Company is merged with, acquired by or consolidated with any other company and new warrants comparable to said warrants are granted upon such merger, acquisition or consolidation, that a spin-off of the Company establishes a new entity, that a spin-off of the Company is merged with any other company or that the Company conducts equity swap or equity transfer, the Company shall adjust the number of shares to be issued upon exercise of warrants as the Company deems it necessary.

② The amount of assets to be invested upon exercise of warrants

The amount of assets to be invested upon exercise of warrants shall be the amount calculated by multiplying the value of a share to be issued upon exercise of warrants (hereinafter referred to as the "Exercise Price") by the number of shares to be issued upon.

The Exercise Price shall be the average of the closing prices of the Company's Common Stock on each trading day for the month preceding the month during which the warrants under this stock option plan are

issued, multiplied by 1.05 (a fraction of less than 1 yen to be rounded upwards); provided, however, that, in the event of the Exercise Price so determined being below the closing price of the Company's Common Stock on the last trading day preceding the date of granting of warrants under this stock option plan, then such closing price shall be the Exercise Price (and if there is no trading of the Company's Common Stock on such trading day, then the applicable trading day shall be the last preceding trading day when the Company's Common Stock was traded).

Provided, however, in the event of a stock split or a reverse stock split after the issuance of warrants, the Exercise Price shall be adjusted based on the formula below and any fractions less than 1 yen arising from such adjustment shall be rounded up.

Adjusted Exercise Price

= Pre-adjusted Exercise Price × 1 / Stock split or Reverse stock split ratio

In the event that the Company issues new shares or disposes of treasury shares at a price below the market price after the issuance of warrants (except for in case of exercise of warrants), the Exercise Price shall be adjusted based on the formula below, and any fractions caused by such calculation shall be rounded up to Yen.

$$\text{Adjusted Exercise Price} = \text{Pre-adjusted Exercise Price} \times \frac{\text{The number of shares outstanding} + \frac{\text{The number of new shares issued} \times \text{Per new share price}}{\text{Market price per share before issuance}}}{\text{The number of shares outstanding} + \text{The number of new shares issued}}$$

In the abovementioned formula, "the number of shares outstanding" is the number of shares calculated by subtracting the number of treasury shares from the total number of shares issued, and in the event that the Company disposes of treasury shares, "the number of new shares issued" shall be replaced with "the number of treasury shares disposed of" in this formula.

③ Exercise period

To be determined by the board of directors within the period from June 27, 2023 to June 26, 2031.

④ Capital increase and capital reserve increase upon issuance of shares upon exercise of warrants

- i . The amount of capital increase upon issuance of shares upon exercise of warrants shall be limited to fifty (50) % of the maximum amount of capital increase calculated based on Article 17, Clause 1 of the Corporation Calculation Regulations, and any fractions less than 1 yen arising from such calculation shall be rounded up.
- ii . The amount of capital reserve increase upon issuance of shares upon exercise of warrants shall be the amount calculated by subtracting the said amount of capital increase from said maximum amount of capital increase.

⑤ Restriction on acquisition of warrants through transfer

Any acquisition of warrants through transfer shall require approval by resolution of the Board of Directors.

⑥ Provisions regarding acquisition of warrants

No provision shall be established with respect to acquisition of warrants.

⑦ Treatment of warrants in the event of merger, spin-off-based merger, spin-off-based establishment of new entity, equity swap or transfer

In the event that the Company is merged with any other company as a non-surviving company, that a spin-off of the Company is merged with any other company, that a spin-off of the Company establishes a new entity or that the Company undertakes equity swap or equity transfer (hereinafter collectively referred to as the “Corporate Reorganization Acts”), warrants of any corporation set forth in Article 236, Clause 1. viii.(a)-(e) of the Companies Act (hereinafter referred to as the “Reorganized Company”) shall be granted to each person holding the remaining warrants of the Company (hereinafter referred to as the “Remaining Warrants”) on the effective date of such Corporate Reorganization Acts.

On the effective date of such Corporate Reorganization Acts, any and all

of the Remaining Warrants shall be terminated, and the Reorganized Company shall issue new warrants only when provisions regarding the granting of such warrants by the Reorganized Company are stipulated in a merger and acquisition agreement, a consolidation agreement, a spin-off merger agreement, a spin-off agreement, an equity swap agreement or an equity transfer plan. Terms and conditions to grant warrants of the Reorganized Company shall be as follows:

i . The number of warrants to be granted by the Reorganized Company
The Reorganized Company shall grant the same number of its warrants as that of the Remaining Warrants.

ii . The class of stock to be converted into
The class of stock to be converted into upon exercise of warrants shall be common stock of the Reorganized Company.

iii. The number of shares to be converted into
The number of the Reorganized Company's shares to be converted into by exercising warrants shall be determined pursuant to ① above, in consideration of terms and conditions of the Corporate Reorganization Acts.

iv. The total amount of assets to be invested upon exercise of warrants
The total amount of assets to be invested upon exercise of warrants shall be the amount calculated by multiplying the post-reorganization Exercise Price adjusted in consideration of terms and conditions of the Corporate Reorganization Acts by the number of the Reorganized Company's shares to be converted into by exercising warrants pursuant to iii above.

v . Share warrant exercise periods
The exercise period of warrants shall be for the period between the later of either the effective date of warrants described in ③ above, or the effective date of the Corporate Reorganization Acts and the expiration date of the warrant exercise period stated in ③ above.

vi. Capital increase and capital reserve increase upon issuance of shares upon exercise of warrants

The amount of capital increase and capital reserve increase upon issuance of shares upon exercise of warrants shall be decided pursuant to ④ above.

vii. Restriction on acquisition of warrants through transfer

The acquisition of warrants through transfer shall require approval by resolution of the board of directors of the Reorganized Company.

viii. Terms and conditions to acquire warrants

Terms and conditions to acquire warrants shall be decided pursuant to ⑥ above.

⑧ Less than 1 share arising upon exercise of warrants

In the event that there arises less than 1 share upon exercise of warrants, such shares shall be discarded.

(End)