

May 13, 2022

Company name: COPRO-HOLDINGS. Co., Ltd.

Chief Executive Officer: Kosuke Kiyokawa

(Stock code: 7059, TSE Prime, NSE Premier)

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Notice Regarding Issuance of Offered Stock Acquisition Rights (Paid Stock Options) Linked to
Performance Targets

Under the provisions of Articles 236, 238 and 240 of the Companies Act, the Company is pleased to announce that, at the Board of Directors meeting held on May 13, 2022, we resolved to grant the following stock acquisition rights to our directors and executives. In this matter, for those who get the stock acquisition rights, they are issued for a cost at a fair price, and since the conditions are not particularly favorable, it is being implemented without the approval of the general meeting of shareholders. In addition, it is not compensation for those who are granted these stock acquisition rights, and they get them based on each person's individual investment judgement.

Details

I. Purpose and Reason for the Offered Stock Acquisition Rights

Since its founding in October 2006, the Group has been striving to do business as a highly motivated professional organization by meeting the needs of society through its temporary staffing and referral business focused on the construction industry.

In May 2022, for the first time since our founding, we announced for external investors the medium-term management plan "COPRO Group Build the Future 2027". Signifying the purpose of our continued existence in society, and redefining the best working style and best workers, we set consolidated Group sales at ¥40 billion and non-GAAP operating profit at Y5 billion as performance targets for FYE2027. Specifically, we aim to expand our business performance and corporate value over the medium to long term by developing a "technician support platform" that provides support for diverse working styles to technicians and engineers involved in the Group.

For the purpose of further enhancing our commitment to the medium-term management plan, we will issue at a cost stock acquisition rights to some of the directors and executives of the Company and its subsidiaries.

If all these stock acquisition rights are exercised, the increase in the total number of common shares of the Company will be equivalent to 1.27% of the total number of issued shares. Achievement of the predetermined performance targets is a condition for exercising the stock acquisition rights. We recognize that achieving these goals will contribute to the improvement of our corporate value and shareholder value. Therefore, we recognize that the issuance of these stock acquisition rights can contribute to the interests of our existing shareholders, and we believe that the impact from the dilution of shares is reasonable.

II. Outline of the Stock Acquisition Rights Issuance

1. Name of the stock acquisition rights

COPRO-HOLDINGS Co., Ltd. 4th Stock Acquisition Rights

2. Number of stock acquisition rights

2,270 acquisition rights

The total number of shares that can be granted by exercising the stock acquisition rights shall be 227,000 shares of the Company's common stock. If the number of shares granted for the stock acquisition rights is adjusted according to 4. (1) below, the number of shares to be granted after adjustment is multiplied by the number of stock acquisition rights.

3. Amount to be paid in exchange for the stock acquisition rights

The issue price per stock acquisition right shall be ¥100. The amount is determined by referring to the results calculated by Plutus Consulting, a third-party valuation advisory firm, in consideration of the Company's stock price information and the Monte Carlo simulation, which is a general option price calculation model.

4. Details of the stock acquisition rights

(1) Type and number of shares upon exercise of the stock acquisition rights

The number of shares intended for each stock acquisition right (hereinafter referred to as the "number of granted shares") shall be 100 shares of the Company's common stock.

After the allotment date of the stock acquisition rights, the number of granted shares shall be adjusted by the following formula when the Company conducts a stock split (including a gratis allotment of the Company's common stock; the same shall apply hereinafter) or a reverse stock split. However, of the stock acquisition rights, such adjustments shall be made only for the number of shares that are the object of the stock acquisition rights that have not been exercised at that time. Fractions of less than one share resulting from the adjustment shall be rounded down.

Number of granted shares after adjustment = number of granted shares before adjustment x the split (or reverse split) ratio

In addition, if the Company conducts a merger, corporate breakup, share exchange or share issuance after the allotment date of the stock acquisition rights, or if it is necessary to adjust the number of granted shares in accordance with these cases, the Company shall be able to appropriately adjust the number of granted shares within a reasonable range.

(2) Amount or calculation method of the assets invested when exercising the stock acquisition rights

The amount of assets invested when exercising the stock acquisition rights shall be the amount paid per share (hereinafter referred to as the "exercise price") multiplied by the number of granted shares.

The exercise price shall be ¥962.

If the Company conducts a stock split or reverse stock split after the allotment date of the stock acquisition rights, the exercise price will be adjusted according to the following formula, and any fraction less than ¥1 due to the adjustment will be rounded up.

$$\begin{array}{l} \text{Exercise price} \\ \text{after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Exercise price} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{1}{\text{Split (or reverse split) ratio}}$$

In addition, if the Company issues new shares or disposes of treasury stock at a price lower than the market price of the Company's common stock after the allotment date of the stock acquisition rights (excluding the issuance of new shares and the disposal or combining of treasury stock based on the exercise of stock acquisition rights, and the issuance of new shares and treasury stock due to a corporate breakup, share exchange and share issuance), the exercise price is adjusted by the following formula, and any fraction less than ¥1 due to the adjustment will be rounded up.

$$\begin{array}{l} \text{Exercise price} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Exercise price} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{\text{Number of} \\ \text{outstanding shares}}{\text{Number of outstanding shares} + \frac{\text{Number of newly} \\ \text{issued shares} \times \text{Payment amount} \\ \text{per share}}{\text{Market price per share before new issuance}}}$$

In the above formula, the "number of outstanding shares" is the total number of issued shares of the Company's common stock minus the number of treasury stock of the Company's common stock. In addition, when disposing of treasury stock related to the Company's common stock, "number of newly issued shares" shall be read as "number of treasury stock to be disposed of".

Furthermore, in addition to the above, if the Company conducts a merger, corporate breakup, share exchange or share issuance after the allotment date of the stock acquisition rights, or if it is necessary

to adjust the exercise price in accordance with these cases, the Company shall be able to appropriately adjust the exercise price within a reasonable range.

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

The period during which the stock acquisition rights can be exercised (hereinafter referred to as the "exercise period") shall be from June 3, 2023 to June 2, 2032.

(4) About increasing the capital stock and capital reserves

- i. For the amount of capital stock to be increased when shares are issued by exercising the stock acquisition rights, the amount shall be half of the upper limit for an increase in capital stock calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting. If a fraction less than ¥1 is generated as a result of the calculation, the fraction shall be rounded up.
- ii. For the amount of capital reserves to be increased when shares are issued by exercising the stock acquisition rights, the amount shall be the amount obtained by subtracting the amount of increased capital stock specified in ① above from the upper limit for an increase in capital stock described in ① above.

(5) Restrictions on getting the stock acquisition rights via a transfer

An acquisition of the stock acquisition rights via a transfer shall require approval by a resolution of the Board of Directors of the Company.

(6) Conditions for exercising the stock acquisition rights

- i. In any of the fiscal years from FYE2023 to FYE2027, the stock acquisition rights holders may exercise the stock acquisition rights thereafter only when the adjusted operating profit of the Company exceeds ¥5 billion. When determining the adjusted operating profit for the above, it shall be determined based on the sum of the operating profit stated in the Company's consolidated income statement (if a consolidated income statement has not been prepared, the income statement, with the same applying below) and the Company's consolidated cashflow statement (if a consolidated cashflow statement has not been prepared, the cashflow statement), plus goodwill amortization and stock award expenses. If the Board of Directors determines that it is not appropriate to make a determination based on the actual figures stated in the income statement of the Company due to events such as changes in applicable accounting standards, or corporate acquisitions that have a significant impact on the Company's business performance, the Company shall be able to eliminate the impact of such things as a corporate acquisition within a reasonable range and adjust the actual figures used for the determination. In addition, if there is a significant change in the concept of items to be referred to due to such things as the application of international financial reporting standards or changes in the accounting period, the Board of Directors shall separately determine the benchmark that should be used for reference.
- ii. The holder of the stock acquisition rights must be a director, auditor or employee of the Company or its affiliated companies at the time of exercising the rights of the stock acquisition rights. However, this shall not apply if the Board of Directors finds that there is a retirement due to the expiration of their term of office, them reaching retirement age, or other justifiable reasons.
- iii. Heirs of the stock acquisition rights holders are not allowed to exercise the stock acquisition rights.
- iv. If the total number of issued shares of the Company exceeds the total number of authorized shares at that time due to the exercise of the stock acquisition rights, the stock acquisition rights may not be exercised.
- v. Less than one stock acquisition right may not be exercised.

5. Allotment date of stock the acquisition rights

June 3, 2022

6. About acquisition of the stock acquisition rights

- (1) If the general meeting of shareholders approves a merger agreement in which the Company becomes a defunct company, or a split agreement or split plan for a company split in which the Company splits up, or a share exchange agreement in which the Company becomes a wholly owned subsidiary, or a share issuance plan or a share transfer plan (when approval of the general meeting of shareholders is not required, if resolved by the Board of Directors), the Company may acquire all of the stock acquisition rights free of charge on the coming of a date separately determined by the Board of Directors of the Company.
- (2) If, before the stock acquisition rights holder exercises the rights, the stock acquisition rights cannot be exercised pursuant to the provisions of 4. (6) above, the Company may acquire the stock acquisition rights that cannot be exercised free of charge on the coming of a date separately determined by the Board of Directors of the Company.

7. Handling of the stock acquisition rights in the event of organizational restructuring

If the Company conducts a merger (limited to cases where the Company becomes defunct due to the

merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as "organizational restructuring"), for stock acquisition rights holders on the effective date of the organizational restructuring, in each case, the stock acquisition rights of the corporation (hereinafter referred to as the "restructured company") shall be issued based on the following conditions as detailed in Article 236, Paragraph 1, Item 8 (a) to (e) of the Companies Act. However, this is limited to cases where it is stipulated 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 restructured company will be granted in accordance with the following conditions.

(1) Number of stock acquisition rights of the restructured company to be granted

The same number will be granted as the number of stock acquisition rights held by the stock acquisition rights holders.

(2) Type of shares of the restructured company for the purpose of the stock acquisition rights

The common stock of the restructured company.

(3) Number of shares of the restructured company for the purpose of the stock acquisition rights

Taking into account the terms of the organizational restructuring, it shall be determined according to 4. (1) above.

(4) Amount of assets invested when exercising the stock acquisition rights

For the amount of assets invested when exercising the stock acquisition rights that have been granted, taking into account such things as the terms of the organizational restructuring, to the post-restructuring exercise price obtained by adjusting the exercise price specified in 4. (2) above, the amount shall be multiplied by the number of shares of the restructured company for the purpose of the relevant stock acquisition rights determined in accordance with 7. (3) above.

(5) Period during which the stock acquisition rights can be exercised

From the first day of the exercise period specified in 4. (3) above, or the effective date of the organizational restructuring, whichever is later, to the last day of the exercise period specified in 4. (3) above.

(6) About increased capital stock and capital reserves when issuing shares due to the exercise of the stock acquisition rights

It shall be determined according to 4. (4) above.

(7) Restrictions on getting the stock acquisition rights via a transfer

Regarding restrictions on acquisitions via a transfer, it shall require approval by a resolution of the Board of Directors of the restructured company.

(8) Other conditions for exercising the stock acquisition rights

It shall be determined according to 4. (6) above.

(9) Reasons and conditions for acquisition of the stock acquisition rights

It shall be determined according to 6 above.

(10) With regards to other conditions, they shall be determined according to the terms of the restructured company.

8. About stock acquisition rights securities related to stock acquisition rights

The Company shall not issue stock acquisition rights securities related to the stock acquisition rights.

9. Due date for payment of money in exchange for the stock acquisition rights

June 3, 2022

10. Application deadline

May 25, 2022

11. Persons to be granted the stock acquisition rights, and the number of rights

Company directors	4 people	800 acquisition rights
Company employees	9 people	430 acquisition rights
Subsidiary directors	2 people	100 acquisition rights
Subsidiary employees	25 people	940 acquisition rights

III. About Transactions with the Controlling Shareholder, etc.

1. Applicability for transactions with the controlling shareholder, etc., and compliance with guidelines for measures to protect minority shareholders

The issuance of the stock acquisition rights partially falls under the category of transactions with the

controlling shareholder, as the controlling shareholder, Kosuke Kiyokawa, the president and chief executive officer of the Company, is included in the scope of grantees.

As stated by the Company in the corporate governance report disclosed on December 10, 2021, the “Guidelines for Measures to Protect Minority Shareholders When Conducting Transactions with the Controlling Shareholder” have been stipulated as follows, and the issuance of the stock acquisition rights has been decided in accordance with this policy.

“The Company has a policy of basically not conducting transactions with the controlling shareholder. If there is a case of conducting a transaction due to business necessity, our basic policy is to conduct the transaction under the same transaction terms as general business partners. Regarding transactions with the controlling shareholder, the details of the transactions and the validity of the terms shall be deliberated by the Board of Directors and decided by a resolution of the Board of Directors. We will endeavor to protect minority shareholders by ensuring the appropriateness through audits by corporate auditors as to whether the business was executed based on appropriate management authority and judgment.”

In addition, as stated in the notice regarding the establishment of the special committee that was announced on April 13, 2022, the Board of Directors deliberates from the perspective of protecting the interests of minority shareholders, with a special committee consisting of all independent outside directors and independent outside corporate auditors reporting their findings to the Board of Directors.

2. About measures to ensure fairness and measures to avoid conflicts of interest

The stock acquisition rights are issued in accordance with the rules and procedures established inhouse.

In addition, regarding the details and terms of the stock acquisition rights, they do not deviate from the details and terms of general stock acquisition rights and are appropriate. Furthermore, to prevent the granting of stock acquisition rights from becoming arbitrary, the fair value of the stock acquisition rights is calculated by Plutus Consulting, a third-party valuation advisory firm independent of the Company and the grantees, and the allotment is made based on the results. To avoid a conflict of interest, Kosuke Kiyokawa, president and chief executive officer of the Company, who is the controlling shareholder, has not participated in the resolution by the Board of Directors regarding the stock acquisition rights.

3. Summary of opinions obtained from persons who have no interest in the controlling shareholder regarding the fact that this transaction is not disadvantageous to minority shareholders

The validity of the details and terms of the stock acquisition rights has been deliberated by the Board of Directors of the Company, and resolved by the Board of Directors as of today. Regarding this resolution by the Board of Directors, the stock acquisition rights have been designed and granted by a special committee consisting of all independent outside directors and independent outside corporate auditors with the aim of further increasing the motivation and morale of the Company to boost its corporate value. Regarding the issuance procedure as well, we have received the opinion that it is not disadvantageous to minority shareholders because appropriate measures have been taken to avoid a conflict of interest between the Company and the controlling shareholder, etc.

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