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To all parties concerned:

FIELDS CORPORATION
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Notification of issuance of stock options (share acquisition rights)

At director meeting held today, FIELDS CORPORATION decided to issue share acquisition rights as stock options to our corporate officer and employees and our subsidiaries' director, corporate officer and employees and solicit the underwriters of these share acquisition rights, and announces the following decisions.

When the stock options (share acquisition rights) are exercised, we plan to use treasury shares held by us.

I. Reason for issuing share acquisition rights

We have been steadily expanding our business performance since the listing of our shares in 2003. At that time, many employees held own company shares, which contributed to the expansion of business results by pushing forward with business activities with a common awareness with shareholders.

Subsequently, in our mainstay pachinko/pachislot business, a series of regulatory amendment/revised regulations and other factors since 2014 have had a significant impact on our merchandise supplies, and we were forced to incur an operating loss for 3 fiscal years from FY2016.

To deal with this situation, in April 2018 we revamped our management structure and began to improve and strengthen our management foundation and restructure our group businesses. In the FY2019, we recorded an operating profit for the first time in 4 fiscal years. In the course of this process, we worked to substantially rejuvenate the leaders who play a central role in our company.

Now, we will grant stock options so that young and competent leaders, who will be responsible for our new stage of growth in the future, can strive for business activities with a strong awareness of contributing to shareholder interests based on a common awareness with our shareholders.

II. Issuance procedure of share acquisition rights

1. Name of share acquisition rights: First share acquisition rights of FIELDS CORPORATION (Dec. 2020)
2. Total number of share acquisition rights: 4,006 units

The total number above is the estimated number of share acquisition rights to be allocated. If the total number of share acquisition rights to be allocated decreases, for example, when an application for subscription has not been made, the total number to be allocated shall be the total number of share acquisition rights to be issued.

3. The persons to whom share acquisition rights will be allocated and the number of such persons and the number of share acquisition rights to be allocated

Persons to be allotted	Number of persons	Number of share acquisition rights to be allocated
Our corporate officer	6	1,050 units
Our corporate employees	43	2,196 units

Our subsidiaries' director and corporate officer	3	304 units
Our subsidiaries' employees	8	456 units

4. The class and number of shares underlying share acquisition rights

The class of shares subject to share acquisition rights shall be our common shares, and the number of shares subject to the respective share acquisition rights (hereinafter, "number of granted shares") shall be 100 shares.

However, provided that in the event that we effect a share split (including gratuitous allotment of shares of our common stock; hereinafter the same with respect to the description of the share split) or a share consolidation after the date on which the offering of share acquisition rights is resolved at our director meeting (hereinafter, "allocation date"), the number of granted shares shall be adjusted according to the following formula, and any fraction less than one share resulting from the adjustment shall be discarded.

$$\text{Number of granted shares after adjustment} = \text{Number of granted shares before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

The provisions of 6. (2) I apply to the date on which the adjusted number of granted shares is applied.

Other where we merge or split on, or in cases where adjustments in the number of granted shares are required in accordance with these cases after the allocation date, we may appropriately adjust the number of granted shares to the extent reasonable.

When making adjustments to the number of granted shares, we shall notify or publish the required matters to the persons holding the respective share acquisition rights stated in share acquisition rights registry (hereinafter referred to as the "share acquisition rights holder") by the day before the date of application of the adjusted number of granted shares. Provided, however, that in the event that notice or public notice cannot be given by the day before the said date of application, notice or public notice shall be given promptly thereafter.

5. The value of the property to be contributed at the time of exercise of share acquisition rights

The value of the property to be contributed at the time of each exercise of share acquisition rights shall be the amount obtained by multiplying the amount to be paid per share (hereinafter, "exercise price") to be delivered by exercising each such share acquisition rights by the number of granted shares.

The exercise price shall be the higher of the average closing price (rounded up to the nearest ¥1) of the ordinary trading price of our common stock on the Tokyo Stock Exchange (the "closing price") on each day of the month prior to the month in which share acquisition rights is assigned (the "allocation date") (other than the date on which the transaction is not consummated) or the closing price on the allocation date (if there is no closing price on that day, the closing price on the most recent trading day prior to that date). Provided, however, that the exercise price shall be subject to the adjustment set forth in 6. below.

6. Adjustments to exercise price

- (1) If we carry out the following I or II with respect to our common shares after the allocation date, the exercise price shall be adjusted according to the formula set forth below (hereinafter, "exercise price adjustment formula") respectively, and any fraction less than one ¥1 resulting from the adjustment shall be rounded up.

I. In the event we effect a share split or consolidation of shares

$$\text{Exercise price after the adjustment} = \text{Exercise price before the adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

- II. If we issue new shares or make a disposal of treasury shares at a price below market value (other than as a result of the sale of treasury shares pursuant to the provisions of section 194 of the companies act (requests for sale of shares less than 1 unit by holders of less than 1 unit), the conversion of securities convertible into or convertible into our common shares or the exercise of share acquisition rights (including those attached to bonds with share acquisition rights) that are able to request the delivery of our common shares)

$$\text{Exercise price after the adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Subscription price per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

- i The “market value” used in the exercise price adjustment formula shall be the average of the closing price (including indicative quotations; the same hereafter, except for days with no closing price) on the 30th trading day commencing on the 45th trading day prior to the “date of applying the adjusted exercise price” (the “effective date”) set forth in (2) below. The “average value” shall be calculated to the first decimal place by rounding off the second decimal place below the yen decimal place.
- ii The “number of shares already issued” used in the exercise price adjustment formula shall be the number of shares of our common stock outstanding on the record date, if any, and, in the case of other on the date 1 month prior to the effective date, less the number of Treasury shares on our common stock held by us.
- iii When conducting disposal of treasury shares, the “number of newly issued shares” used in the exercise price adjustment formula shall be replaced by the “number of treasury shares to be disposed.”

- (2) The date on which the adjustment exercise price is applied is as follows:

- I. In the case of a share split, the adjusted exercise price in the case of adjustment in accordance with (1) I above shall be applied on or after the day following the record date of the share split (or, if no record date is specified, on the effective date), and in the case of a share split, on or after the effective date. Provided, however, that in the event a share split is effected subject to the approval of a proposal to reduce the amount of surplus and increase share capital or reserves at a general meeting of shareholders of the Company, the adjusted exercise price shall apply retroactively from the day following the date of the closing of such general meeting to the day following the date of such record date if the date prior to the date of the closing of such general meeting of shareholders is the record date for the share split.

In the event of the foregoing proviso, the number of our common shares to be delivered shall be adjusted according to the following formula to share acquisition rights holder who exercised share acquisition rights from the day following the record date for the share split to the day of the conclusion of the said general meeting of shareholders (the number of shares to be delivered by exercising such share acquisition rights shall hereinafter be referred to as the “number of shares to be exercised prior to the split”), and fractions less than one share resulting from the adjustment shall be discarded.

$$\text{Number of newly issued shares} = \frac{(\text{Exercise price before adjustment} - \text{Exercise price after adjustment}) \times \text{Number of shares exercised prior to split}}{\text{Exercise price after the adjustment}}$$

- II. The adjusted exercise price to be adjusted in accordance with (1) II above shall be applied on or after the day following the payment date (or, if a payment period has been established, the last day of the payment period) of the issue or disposition (or after the day following the relevant record date, if any).
- (3) In addition to the cases provided for in paragraphs (1) I and II above, in the event any adjustment in the exercise price is required, such as allotment of shares of other classes to common shareholders or distribution of shares of other companies to common shareholders after the allotment date, we may adjust the exercise price to a reasonable extent after taking into consideration such conditions such as allotment or distribution, etc.
- (4) When adjusting the exercise price, we will notify share acquisition rights holders.
- (5) Share acquisition rights holder of the required matters or publish a public notice no later than the day prior to the effective date. Provided, however, that in the event that notice or public notice cannot be given by the day preceding the said date of application, notice or public notice shall be given promptly thereafter.
7. Term during which share acquisition rights can be exercised
- From November 14, 2022 to November 13, 2030
8. Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights
- (1) The amount of share capital to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be one-half of the limit for the increase of share capital calculated in accordance with clause 1 of article 17 of the corporate accounting regulation, and any fraction less than one ¥1 resulting from the calculation shall be rounded up to the nearest ¥1.
- (2) The amount of legal capital surplus to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be the amount obtained by subtracting the increased amount of share capital as set forth in (1) above from the increase limit amount of share capital as set forth in (1) above.
9. Limitation of purchase of share acquisition rights by assignment
- Purchase of share acquisition rights by assignment shall be approved by a resolution of our director meeting.
10. Purchase of share acquisition rights provisions
- If any of the following items (1) to (7) is approved at our general meeting of shareholders (if a resolution of our director meeting is not required, then we may obtain share acquisition rights free of charge on a date to be separately determined by our director meeting):
- (1) Proposal to approve the merger agreement in which we will become the non-surviving company
- (2) Proposals to approve a split agreement or split plan in which we will become a split company
- (3) Proposal to approve the share exchange agreement or the share transfer plan in which we will become a wholly owned subsidiary
- (4) Proposal for approval of amendments to the articles of incorporation to create a provision that, as a feature of all shares issued by us, our approval shall be required for the acquisition of such shares by transfer.
- (5) Share acquisition rights proposals for approval of amendments to articles of incorporation that require our approval for acquisition of shares of such class by transfer as a feature of the classes of shares contemplated by the transfer, or that establish provisions on the acquisition of all of such classes of shares by resolution of shareholders meetings.
- (6) Proposal for approval of consolidation of shares with respect to shares of the class subject to share

acquisition rights (limited to cases where the number obtained by multiplying the share unit representing such class of shares by the share consolidation ratio yields a fraction of less than 1)

- (7) Proposal for approval of a demand for sale of shares by a specially controlling shareholder pursuant to the provisions of paragraph (1) of article 179-3 of the companies act

11. Policy for determining the content of the issuance of share acquisition rights to companies subject to reorganization in organizational restructuring

In the event that we effect a merger (limited to the case where we become a split company as a result of a merger), an absorption-type demerger or an incorporation-type demerger (limited to the case where we become a split company respectively), a share-for-share exchange or a share transfer (each of which shall be limited to the case where we become a wholly-owned subsidiary company) (hereinafter collectively referred to as “organizational restructuring”), the effective date of the merger, the date on which the absorption-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the incorporation-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the share-for-share exchange becomes effective in connection with the share transfer, and the date of incorporation of the parent corporation which is incorporated by share transfer. With respect to the holders of the rights to subscribe for new shares who hold the rights to subscribe for new shares (hereinafter referred to as the “remaining rights to subscribe for new shares”) immediately prior to the same, share options of the stock company listed in (a) to (e) of item (viii) of paragraph (1) of article 236 of the companies act (hereinafter referred to as the “company subject to realignment”) shall be delivered respectively. Provided, however, that share acquisition rights of the company subject to reorganization shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan in accordance with the following items:

- (1) Number of share acquisition rights of companies subject to reorganization to be issued
The same number of remaining share acquisition rights held by share acquisition rights holder shall be delivered respectively.
- (2) Class of shares of the reorganized companies which are the object of share acquisition rights
The type of stock shall be common stock of the Company to be reorganized.
- (3) Number of shares of the reorganized companies that are the object of share acquisition rights
Determination shall be made in accordance with 4. above, taking into consideration the conditions of the organizational restructuring act, etc.
- (4) The value of the property to be contributed at the time of exercise of share acquisition rights;
The value of the assets to be contributed for each exercise of share acquisition rights to be delivered shall be the amount obtained by multiplying the realigned exercise price, which is calculated by adjusting the exercise price set forth in paragraph 5. above, after taking into account the terms of the reorganization, by the number of shares of the reorganized company which is the object of the said share acquisition rights as determined in accordance with (3) above.
- (5) Term during which share acquisition rights can be exercised
The date of commencement of the period during which share acquisition rights specified in 7. above may be exercised and the date of entry into force of the reorganization action, whichever is later, shall be the date of expiration of the period during which share acquisition rights specified in 7. above may be exercised.
- (6) Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights
Determine in accordance with 8. above.

- (7) Limitation of purchase of share acquisition rights by assignment

Purchase of share acquisition rights by assignment shall be approved by a resolution of director meeting of the reorganized companies.

- (8) Purchase of share acquisition rights provisions

Determine in accordance with 10. above.

- (9) Other terms of exercise of share acquisition rights

Determine according to 13. below.

12. Fractional arrangement that results in less than 1 share upon exercise of share acquisition rights

Any fraction less than one share in the number of shares to be delivered to share acquisition rights holder who exercised share acquisition rights shall be discarded.

13. Other terms of exercise of share acquisition rights

If share acquisition rights holder surrenders share acquisition rights, it cannot be exercised.

14. Calculation of the amount to be paid for share acquisition rights

The amount to be paid for each share acquisition rights shall be the value obtained by multiplying number of granted shares by the value of options per share (fractions less than ¥1 rounded to the nearest whole number) calculated based on the following basic values (2) to (7) according to the Black-Scholes model as follows:

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

Here,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) Option price per share (C)

- (2) Stock price (S): The closing price of the ordinary trading of our common stock on the Tokyo Stock Exchange on December 1, 2020 (if there is no closing price, the base price on the following trading day)

- (3) Exercise Price (X): the price determined by the formula specified in 5. above

- (4) Expected life (T): 5.95 years

- (5) Share price volatility (σ): Share price volatility calculated on the basis of the closing price of our common stock at each trading day of 5.95 year (from December 19, 2014 to December 1, 2020)

- (6) Risk-free interest rate (r): Interest rate on government bonds whose maturity corresponds to the expected maturity

- (7) Dividend yield (q): Dividend per share (actual dividend for the year ended March 31, 2020)/Share price as set forth in (2) above

- (8) Cumulative distribution function for a standard normal distribution ($N(\cdot)$)

The amount calculated by the above is the fair value of share acquisition rights and does not correspond to a favorable issue. Anyone who intends to take over the stock reservation right shall also acquire share acquisition rights by offsetting share acquisition rights' payable in lieu of the payments of such payments (including such payments for which we assume liability with respect to our subsidiary's compensation claim).

15. Date to assign Share acquisition rights: December 1, 2020
16. The due date for payment of monies in exchange for share acquisition rights: December 1, 2020
17. Share acquisition rights policy

No share acquisition rights instruments related to share acquisition rights are issued.

For inquiries or further information please contact

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