

July 14, 2023

To all parties concerned:

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Notification of issuance of stock options (share acquisition rights)

At a director meeting held today, TSUBURAYA FIELDS HOLDINGS INC. decided to issue share acquisition rights as stock options to our directors, corporate officers and employees, and directors, corporate officers and employees of our subsidiaries and solicit the underwriters of these share acquisition rights, and hereby announces the following decisions.

[1] Reasons for issuing share acquisition rights

The purpose is to motivate and raise the morale of our directors, corporate officers, and employees, as well as the directors, corporate officers, and employees of our subsidiaries, to improve our performance and increase our corporate value.

[2] Issuance of share acquisition rights procedures

1. Name of share acquisition rights: Share acquisition rights of TSUBURAYA FIELDS HOLDINGS INC. 2023
2. Total number of share acquisition rights: 1,088 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 class and number of shares subject to share acquisition rights

The class of shares subject to share acquisition rights shall be our common shares, and the number of shares subject to 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 our common shares; 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.

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

The provisions of 5., II., i shall apply to the date on which such adjusted number of shares granted is applied.

In addition, in the event of a merger or corporate split of the Company and the 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.

4. The value of the assets to be contributed at the time of exercise of share acquisition rights

The value of the assets 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 5. below.

5. 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 ¥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 (except in the case 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 adjusted exercise price is applied shall be as set forth below.

- 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 holders 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 allotment or distribution, etc.
- (4) When adjusting the exercise price, we will notify 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.

6. Term during which share acquisition rights can be exercised

From July 15, 2025 to July 14, 2033

7. 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 a 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 ¥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.

8. 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.

9. Provisions of purchase of share acquisition rights

If any of the following items (1) to (4), or (5) is approved at our general meeting of shareholders (if a resolution of our general meeting of shareholders is not required and the resolution is made at our board of director), 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) Proposal to approve a split agreement or split plan in which we will become a split company
 - (3) Proposal for the approval of the share-for-share exchange agreement or the share-for-share transfer plan in which we become a wholly owned subsidiary
 - (4) Proposal to approve a change in the articles of incorporation which provides that the acquisition of all shares issued by us shall require our approval
 - (5) Proposal to approve an amendment to the articles of incorporation that, as a feature of the class of shares which is the object of share acquisition rights, provides that the acquisition of the said class of shares by transfer shall require our approval or that all of the said class of shares shall be acquired by a resolution of a general meeting of shareholders
10. Policy for determining the content of the issuance of share acquisition rights to reorganized companies in organizational restructuring

In the event of a merger (only in the event that we cease to exist as a result of the merger), absorption-type demerger, incorporation-type demerger (only when we are a splitting company), or share exchange or share transfer (only when we become a wholly owned subsidiary) (hereinafter collectively referred to as “organizational restructuring activities”), share acquisition rights of the Kabushiki-Kaisha (hereinafter referred to as “reorganized companies”) stipulated in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act shall be delivered to share acquisition rights holders who hold remaining share acquisition rights (“residual share acquisition rights”) immediately before the effective date of the organizational restructuring (meaning the day on which an absorption-type merger takes effect, the day of the formation of the stock company incorporated through consolidation-type merger with regard to an absorption-type merger, the day on which an absorption-type company split takes effect with regard to an absorption-type company split, the day of the formation of the stock company incorporated through incorporation-type company split with regard to an incorporation-type company split, the day on which a share exchange takes effect with regard to a share exchange, and the day on which the wholly owning parent company incorporated through share transfer). Provided, however, that share acquisition rights of the reorganized companies shall be provided for 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 pursuant to the following items:

- (1) Number of share acquisition rights of reorganized companies to be delivered
Share acquisition rights shall deliver the same number as the residual share acquisition rights held by each holder.
- (2) The class of shares of the reorganized companies which are the subject of share acquisition rights
The type of stock shall be common stock of the reorganized companies.
- (3) The number of shares of the reorganized companies that are the subject of share acquisition rights
Decisions shall be made in accordance with 3. above after taking into consideration the conditions of the organizational restructuring.
- (4) Value of assets contributed upon exercise of share acquisition rights
The value of the assets to be contributed upon each exercise of share acquisition rights to be delivered in consideration of the terms of the reorganization activities shall be the amount obtained by multiplying the exercise price after the reorganization, obtained by adjusting the exercise price set forth in 4. above by the number of shares of the reorganized companies, which is the object of said share acquisition rights determined in accordance with (3) above.

(5) Period during which share acquisition rights can be exercised

From the date of commencement of the period during which share acquisition rights may be exercised as set forth in paragraph 6. above, and the effective date of the organizational restructuring, whichever is later, until the expiration date of the period during which share acquisition rights may be exercised as set forth in paragraph 6. above.

(6) Matters concerning the increasing share capital and legal capital surplus in cases where shares are issued by exercise of share acquisition rights

Determined in accordance with 7. above.

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

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

(8) Provisions of purchase of share acquisition rights

Determined in accordance with 9. above.

(9) Other terms of exercise of share acquisition rights

Determined in accordance with 12. below.

11. Arrangements for fractions of less than one share resulting when exercising share acquisition rights

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

12. Other terms of exercise of share acquisition rights

(1) Share acquisition rights holders shall be required to be in the position of an officer or an employee of us or our associated company (in this section, an associated company means a subsidiary and an affiliated company specified in “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements”) at the time of exercising the rights. Provided, however, that this shall not apply if share acquisition rights holder resigns from office due to the expiration of the term of office as an officer of us or our associated company, or if share acquisition rights holder loses the position of an employee of us or our associated company due to the mandatory retirement age or the convenience of the Company, or if we deem that there is a justifiable reason.

(2) In the event share acquisition rights holder waives share acquisition rights, such share acquisition rights may not be exercised.

13. Calculation of amount to be paid in by share acquisition rights

The amount to be paid for share acquisition rights shall be the option price per share (rounded off to the nearest ¥1) calculated based on the basic values in (2) to (7) below by the Black-Scholes model below, multiplied by the number of shares granted.

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

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): Closing price on August 10, 2023 (Base price on the next trading day if there is no

closing price)

- (3) Exercise price (X): Price determined by the formula set forth in 4. above
- (4) Expected remaining period (T): six years
- (5) Stock price volatility (σ): Percentage change in the stock price calculated based on the closing price on each trading day during the six-year period (from July 13, 2017 to July 13, 2023)
- (6) Risk-free interest rate (r): Interest rate on government bonds whose remaining years corresponds to the expected remaining period
- (7) Dividend yield (q): Dividend per share (Actual dividend for the year ended March 31, 2023) \div stock price set forth in (2) above
- (8) Cumulative normal distribution function ($N(\cdot)$)

*1. The amount calculated by the above is the fair value of share acquisition rights and does not fall under the category of favorable issuance.

*2. The person to whom share acquisition rights is allocated shall, in lieu of the payment of such amount paid, offset the compensation claim against the payment obligation of share acquisition rights to us.

14. Date to which share acquisition rights is assigned

August 10, 2023

15. The due date for the payment of monies in exchange for share acquisition rights

August 10, 2023

16. The persons to whom share acquisition rights will be allocated, 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 directors	1	36
Our corporate officers	3	54
Our employees	10	48
Our subsidiaries' directors	5	154
Our subsidiaries' corporate officers	5	90
Our subsidiaries' employees	166	706

17. The foregoing shall be subject to the effectiveness of the notification under the Financial Instruments and Exchange Act.