



June 21, 2019

To whom it may concern

Company name: Pressance Corporation Co., Ltd.
Listing: First Section of the Tokyo Stock Exchange
Section code: 3254
URL: <https://www.pressance.co.jp/>
Representative: Shinobu Yamagishi, President and Representative Director
Contact: Yutaka Doi, Vice President and Director
TEL+81-6-4793-1650

Notice on Issuance of Stock Acquisition Rights as Stock Options

Pressance Corporation (“Pressance” or “the Company”) on June 21, 2019 announced that, pursuant to “Issuance of Stock Acquisition Rights as Stock Options” approved at the 22nd Annual General Meeting of Shareholders held on June 21, 2019, it passed a resolution at the Board of Directors Meeting held on June 21, 2019 to determine the subscription requirements for stock acquisition rights to be issued as stock options to Directors (excluding Directors who are Audit and Supervisory Committee members; and the same applies hereinafter), Directors of its subsidiaries, and employees of the Company and those of its subsidiaries, and to offer stock acquisition rights to subscribers.

1. Reasons for issuing the stock acquisition rights under particularly favorable conditions

The purpose of issuing stock acquisition rights to Directors and employees of the Company and its subsidiaries is to enhance their motivation to achieve higher performance for the Group.

The stock acquisition rights are allocated to Directors of the Company for the purpose of stock options, which we consider appropriate as remuneration for Directors.

2. Name of stock acquisition rights

The 6th Series of Stock Acquisition Rights Issued by Pressance Corporation Co., Ltd.

3. The Scope and number of guarantees and number of stock options to be granted

Directors of the Company	7 directors	1,050 shares
Employees of the Company	131 employees	14,190 shares
Director of its subsidiaries	6 directors	700 shares
Employees of its subsidiaries	66 employees	5,900 shares

4. Outline of the issuance of the stock acquisition rights

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

Common stock of the Company up to 2,184,000 shares.

However, if the Company splits its common stock or consolidates its common stock, the number of shares to be issued upon exercise of such stock acquisition rights shall be adjusted according to the following formula: Such adjustment shall be made only to those remaining unexercised or uncanceled at the time of such adjustment and, further, if any fraction less than one share arises as a result of such adjustment, such fraction shall be discarded.

Number of shares after adjustment = Number of shares before adjustment x Ratio of split or consolidation

In addition, if the Company carries out a merger, a company split, share exchange, or share transfer (collectively called “Merger, etc.”) that makes it necessary to adjust the number of shares, the number of shares shall be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer, etc.

(2) Total number of stock acquisition rights to be issued

21,840 shares (One hundred shares shall be issued for each stock acquisition right. However, in the event of any adjustment in the number of shares stipulated in (1) above, the number of shares to be issued for stock acquisition rights shall be adjusted.)

(3) Cash payment for stock acquisition rights

No cash payment is required for stock acquisition rights.

(4) Exercise period of stock acquisition rights

From August 1, 2021 to July 31, 2024. If the final day of the exercise period falls on a Company holiday, the final day shall be the working day immediately preceding the final day.

(5) Value of the assets to be contributed upon exercise of stock acquisition rights

The subject of the contribution upon exercise of stock acquisition rights will be money, whose value is obtained by multiplying the amount of payment per share upon exercise of stock acquisition rights (“Exercise Value”) by the number of shares subject to each stock acquisition right. Exercise value is an average closing price of regular transactions of common shares traded on the Tokyo Stock Exchange on each day of the previous month of the month that includes the day on which the stock acquisition rights are allotted (“Allotment Date”), multiplied by 1.05, where any resultant fraction less than one yen shall be rounded up. However, if the value falls short of the closing price on the allotment date (if not available, closing price on the latest available day), the closing price on the allotment date shall be applied.

If the Company splits its common stock or consolidates its common stock, the above exercise value shall be adjusted in proportion to the ratio of the split or consolidation according to the following formula and, further, if any fraction less than one yen arises as a result of such adjustment, such fraction shall be rounded up.

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

If the Company issues new shares or disposes of its treasury shares below market price (excluding transfer of treasury shares based on the provisions in Article 194 of the Companies Act (requests sale of shares of less than one unit by holder of shares of less than one unit), converts or exercises stock

acquisition rights to request the issuance of securities converted or convertible to the Company's common shares or the issuance of the Company's common shares), the above exercise value shall be adjusted according to the following formula, where any resultant fraction less than one yen shall be rounded up.

$$\begin{array}{r} \text{Exercise} \\ \text{value} \\ \text{after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Exercise} \\ \text{value} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{r} \text{Number of shares} \\ \text{outstanding} + \end{array} \frac{\begin{array}{r} \text{Number of new shares issued} \times \\ \text{Amount paid per share} \end{array}}{\begin{array}{r} \text{Market value} \end{array}}}{\begin{array}{r} \text{Number of shares outstanding} \\ + \text{Number of new shares issued} \end{array}}$$

In the above formula, the number of shares outstanding refers to the total number of issued common shares of the Company subtracted by the number of common shares held by the Company as treasury shares. In cases where treasury shares are disposed of, the number of new shares issued and the amount paid per share shall be applied to the number of treasury shares to be disposed of and the disposal amount per share, respectively.

In addition, if the Company carries out a merger, etc., or allotment of shares without contribution that makes it necessary to adjust the above exercise value, the number of shares shall be adjusted within a reasonable range, taking into account the conditions of the merger, etc., or allotment of shares without contribution, etc.

- (6) Matters concerning increases in capital stock and capital reserves by the issuing of shares upon exercise of stock acquisition rights
 - (i) The amount of increase in capital stock by issuing shares upon exercise of stock acquisition rights shall be half of the upper limit of the capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction of less than one yen shall be rounded up.
 - (ii) The amount of increase in capital reserves by issuing shares upon exercise of stock acquisition rights shall be the upper limit of capital stock increase as described in (i) above less the amount of the increase in capital stock set out therein.
- (7) Major conditions, etc., for exercise of stock acquisition rights
 - (i) Holders of stock acquisition rights shall remain Directors or employees of the Company, or its subsidiaries or affiliates, at the time of exercising such rights. However, other treatment may be allowed in cases where a Director retires following the end of their tenure of office or an employee retires due to reaching the mandatory retirement age. Other treatment may be allowed in this regard by the Board of Directors of the Company in consideration of circumstances.
 - (ii) In cases where the holder of stock acquisition rights dies, the heir to the holder may exercise the rights.
 - (iii) Other conditions for the exercise of stock acquisition rights shall be set forth in a Stock Acquisition Rights Allocation Agreement between the Company and each holder of Stock Acquisition Rights based on the resolutions at the 22nd Annual General Meeting of Shareholders and the Board of Directors meeting held on June 21, 2019.
- (8) Allotment date of the stock acquisition rights
July 31, 2019
- (9) Matters related to the acquisition of stock acquisition rights
 - (i) In cases where holders of stock acquisition rights cease to satisfy the conditions of (7) above, the Company may acquire such stock acquisition rights without any compensation thereof.

- (ii) In cases where any merger agreement under which the Company is dissolved is approved at a General Shareholders' Meeting, or any share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary of another company is approved at a General Meeting of Shareholders, the Company may acquire stock acquisition rights without any compensation therefor.
- (10) Restriction on the acquisition of stock acquisition rights by transfer
 - Any acquisition of stock acquisition rights by transfer shall require the approval of the Board of Directors of the Company by way of a resolution.
- (11) Treatment of stock acquisition rights in cases of organizational restructuring of the Company
 - In cases where a reorganization agreement or plan, etc., provides for the issuance of stock acquisition rights, stock acquisition rights of the following stock companies shall be issued in proportion to the reorganization ratio.
 - (i) Merger (only if the Company disappears in the merger):
 - Stock Company that survives the merger or the Stock Company incorporated as a result of the merger;
 - (ii) Absorption-type Company Split:
 - The Stock Company that succeeds, in whole or in part, any rights and obligations that a Stock Company effecting an Absorption-type Company Split holds in connection with its business;
 - (iii) Incorporation-type Company Split:
 - The Stock Company that is incorporated in the Incorporation-type Company Split;
 - (iv) Share Exchange:
 - The Stock Company that acquires all of the Issued Shares of the Stock Company effecting the Share Exchange;
 - (v) Share transfer:
 - The Stock Company incorporated as a result of the Share Transfer;
- (12) Rules pertaining to fractions of less than one share arising from the exercise of stock acquisition rights
 - Fractions of less than one share in the number of shares to be delivered to holders of stock acquisition rights shall be discarded.
- (13) Specific method for calculating remuneration to directors and standard for calculating the fair evaluation of stock acquisition rights
 - (i) The amount of remuneration to Directors shall be obtained by multiplying the fair value of each stock acquisition right calculated by the number of stock acquisition rights allotted to Directors of the Company who are in office as of the day when such rights are allotted.
 - (ii) The fair value of each stock acquisition right shall be calculated by applying the conditions of stock acquisition rights using the Black-Scholes model.
- (14) Features of treatment relating to the issuance of stock acquisition right certificates
 - Stock acquisition right certificates are not issued.

(Reference)

The Board of Directors Meeting at which submission of the resolution to the Annual General Meeting of Shareholders was approved May 23, 2019

Date of resolution at the Annual General Meeting of Shareholders June 21, 2019