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Document to be filed:	Extraordinary Report
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	July 5, 2024
Company name (Japanese):	トーセイ株式会社 (*Tosei Kabushiki-Kaisha*)
Company name (English):	Tosei Corporation
Title and name of representative:	Seiichiro Yamaguchi, President and CEO
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Place where the document to be filed is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

1. Reason for filing

Tosei Corporation (the "Company") resolved, at the meeting of the Board of Directors held on July 5, 2024, to issue stock acquisition rights as stock options to Directors, Executive Officers and employees of the Company (including persons who are seconded to the Company's subsidiaries; hereinafter the same), and directors of the Company's subsidiaries in accordance with Article 236, 238 and 240 of the Companies Act. Therefore, the Company files the Extraordinary Report in accordance with Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item 2-2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

2. Contents of report

(1) Name of stock acquisition rights
Tosei Corporation Seventh Series of Stock Acquisition Rights

(2) Number of issue
11,095 units
The total number above is the expected number of stock acquisition rights to be allotted. In the event that the total number of stock acquisition rights to be allotted decreases due to fewer people applying for subscription than expected, etc., the number shall equal the total number of stock acquisition rights to be allotted.

(3) Issue price

(i) Directors of the Company
The amount to be paid in for each of the stock acquisition rights shall be an amount determined by the Board of Directors based on an amount calculated by the Black-Scholes model on the date on which the allotment of stock acquisition rights is conducted (the "Allotment Date") that is stipulated in (14) below. The amount shall be the fair value of stock acquisition rights. Pursuant to the provisions of Article 246, paragraph 2 of the Companies Act, the payment obligation shall offset remuneration receivable from the Company owned by Directors.

(ii) Executive Officers and employees of the Company, and directors of subsidiaries of the Company
Payment of money in exchange for stock acquisition rights shall not be required. Stock acquisition rights are fairly issued and granted as the consideration for execution of duties and do not fall under issuance with advantageous terms and conditions.

(4) Total amount of issue
To be decided

(5) Terms, including class and number, of shares delivered upon exercise of stock acquisition rights
The class of shares delivered upon exercise of stock acquisition rights shall be ordinary shares of the Company and the number of shares delivered upon exercise of each of the stock acquisition rights (the "Number of Shares Granted") shall be 100 shares.
In the event that the Company conducts a share split (including allotment of ordinary shares of the Company without contribution; hereinafter the same for a share split) or a consolidation of shares, of ordinary shares of the Company after the Allotment Date, the Number of Shares Granted shall be adjusted according to the following formula. However, the relevant adjustment shall only be made to the number of shares to be delivered upon exercise of stock acquisition rights that have not yet been exercised as of the relevant point in time. Any fraction less than one (1) share resulting from this adjustment shall be rounded down.

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

In the event that the Company conducts a share split, the Number of Shares Granted after adjustment shall apply on and after the following day of the base date of the share split (or on and after the effective date if no base date is set). In the event of a consolidation of shares, the Number of Shares Granted after adjustment shall apply on and after its effective date. However, in the event that a share split is conducted under the condition that a proposal to decrease surplus and increase capital stock or legal capital surplus is approved at a general meeting of shareholders of the Company ("General Meeting of Shareholders"), and a date before the date of conclusion of the General Meeting of Shareholders is set as the base date of the share split, the Number of Shares Granted after adjustment shall become retroactively applicable on the day following the said record date, which procedure may be apply on and after the following day of the date of conclusion of the General Meeting of Shareholders.
In addition, in the event that, after the Allotment Date, the Company conducts a merger, a company split or a share exchange, and in any event equivalent to these in which it becomes necessary to adjust the Number of Shares Granted, the Company may make the adjustment that the Board of Directors deems necessary.

(6) Amount to be paid in (value of property to be contributed) upon exercise of stock acquisition rights
The value of property to be contributed upon exercise of each of the stock acquisition rights shall be an amount equal to the value to be paid for one share to be delivered upon exercise of stock acquisition rights ("Exercise Value") multiplied by the Number of Shares Granted.
The Exercise Value is either the amount obtained by multiplying the average value of the closing price for regular transactions of the ordinary shares of the Company at the Tokyo Stock Exchange on each day (excluding any day on which no trade is made) during the month prior to the month containing the Allotment Date by 1.05 (any resulting fraction less than one (1) yen shall be rounded up) or the closing price on the Allotment Date (or the closing price of the nearest preceding day if no trade is made on the day), whichever is higher.

Details concerning adjustment of the Exercise Value

(1) In the event that, after the Allotment Date, the Company conducts the following (i) or (ii) regarding its ordinary shares, the Exercise Value shall be adjusted according to the respective formula below (the "Exercise Value Adjustment Formula"). Any fraction less than one (1) yen resulting from this adjustment shall be rounded up.

(i) When the Company conducts a share split or a consolidation of shares:

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

(ii) When the Company issues new shares or disposes of its treasury shares for a value less than the market value (excluding the following cases: sale of treasury shares due to "a demand for sale of shares less than one unit by a holder of shares less than one unit" stipulated in Article 194 of the Companies Act, transfer of treasury shares in accordance with Article 5, paragraph 2 of the Supplementary Provisions of the Act for Partial Amendment, etc. of the Commercial Code, etc. (Act No. 79 of 2001), exercise of subscription rights to shares under Article 280-19 of the Commercial Code before the enforcement of the Act Partially Amending the Commercial Code, etc. (Act No. 128 of 2001), conversion of securities that are or may be converted to the ordinary shares of the Company, and exercise of stock acquisition rights that may claim to deliver the ordinary shares of the Company including stock acquisition rights incidental to bonds with stock acquisition rights):

$$\text{Exercise Value after adjustment} = \text{Exercise Value before adjustment} \times \frac{\text{Number of shares outstanding} + \dfrac{\text{Number of shares newly issued} \times \text{Amount to be paid in per share}}{\text{Market Value}}}{\text{Number of shares outstanding} + \text{Number of shares newly issued}}$$

i. The "Market Value" used in the Exercise Value Adjustment Formula shall be the average value of the closing price (including a quotation; hereinafter the same) for regular transactions of the ordinary shares of the Company at the Tokyo Stock Exchange (excluding any day on which no closing price is made) for 30 transaction days starting on the 45th transaction day preceding "the date on which the Exercise Value after adjustment shall apply" stipulated in (2) below (the "Application Date"). The "average value" shall be calculated to two decimal places and rounded off to one decimal place.

ii. The "Number of shares outstanding" shall be obtained by subtracting the number of own ordinary shares held by the Company as of the base date, if any, or the day one month before the Application Date in other cases from the total number of the ordinary shares issued as of such date.

iii. In the event that the Company disposes of its treasury shares, the "Number of shares newly issued" shall be deemed to be replaced with the "Number of treasury shares to be disposed of."

(2) The date on which the Exercise Value after adjustment applies is stipulated as follows.

(i) If adjusted in accordance with (1) (i) above, the Exercise Value after adjustment shall apply on and after the following day of the base date (or on and after the effective date if no base date is set) in the case of a share split, or on and after the effective date in the case of a consolidation of shares. However, in the event that a share split is conducted under the condition that a proposal to decrease surplus and increase capital stock or legal capital surplus is approved at a General Meeting of Shareholders, and a date before the date of conclusion of the General Meeting of Shareholders is set as the base date of the share split, the Exercise Value after adjustment shall retroactively apply on the following day of such a base date, on and after the following day of the conclusion date of the General Meeting of Shareholders.
Further, in the case set forth in the preceding proviso, the ordinary shares of the Company shall be delivered to a holder of stock acquisition rights who has exercised stock acquisition rights during the period from the following day of the base date of a share split to the date of conclusion of the General Meeting of Shareholders according to the following formula (the number of shares to be delivered upon exercise of such stock acquisition rights is hereinafter referred to as the "Number of Shares Exercised before a share split"). Any fraction less than one (1) share resulting from this adjustment shall be rounded down.

$$\text{Number of Shares} = \frac{(\text{Exercise Value before adjustment} - \text{Exercise Value after adjustment}) \times \text{Number of Shares Exercised before a share split}}{\text{Exercise Value after adjustment}}$$

(ii) The Exercise Value after adjustment adjusted in accordance with (1) (ii) above shall apply on and after the following day of the payment due date (the last day of the payment period if such a period is set) of issuance or disposal (on and after the following day of the base date if such a date is set).

(3) In addition to the case stipulated in (1) (i) and (ii) above, in the event that the Company conducts a merger, a company split or a share exchange after the Allotment Date, and in any event equivalent to these in which it becomes necessary to adjust the Exercise Value, the Company may make the adjustment that the Board of Directors deems necessary.

(7) Exercise period of stock acquisition rights
From July 6, 2026 to July 5, 2029

(8) Terms and conditions for exercising stock acquisition rights

(a) Terms and conditions for respective segment of persons

(i) Directors of the Company
Holders of stock acquisition rights are required to have the rank of Director of the Company at the time of exercising the stock acquisition rights; provided, however, that this shall not apply to holders of stock acquisition rights who no longer have the rank of Director due to retirement at the expiration of the period in office or due to resignation at the request of the Company.

(ii) Executive Officers and employees of the Company, and directors of subsidiaries of the Company
Holders of stock acquisition rights are required to have either the rank of Director, Audit & Supervisory Board Member, Executive Officer, or employee of the Company or a subsidiary of the Company; provided, however, that this shall not apply to holders of stock acquisition rights who no longer have the rank of Director or Audit & Supervisory Board Member of the Company or a subsidiary of the Company due to retirement at the expiration of the period in office, or who no longer have the rank of Executive Officer or employee of the Company or a subsidiary of the Company due to retirement at mandatory age. In addition, this shall not apply in the event that persons with the rank of Director, Audit & Supervisory Board Member, Executive Officer, or employee of the Company or a subsidiary of the Company lose such a rank based on justifiable grounds.

(b) Terms and conditions for all the holders of stock acquisition rights

(i) Inheritance of stock acquisition rights shall not be permitted.

(ii) Pledging of stock acquisition rights or any other disposition shall not be permitted.

(9) Additional paid-in capital in issue price of shares when issuing said shares upon exercise of stock acquisition rights

(i) The amount of increase of capital stock through issuing shares upon exercise of stock acquisition rights shall be half of the upper limit of capital stock, etc. stipulated in Article 17, paragraph 1 of the Ordinance on Accounting of Companies. Any fraction less than one (1) yen resulting from this calculation shall be rounded up.

(ii) The amount of increase of legal capital surplus through issuing shares upon exercise of stock acquisition rights shall be an amount obtained by subtracting the amount of capital stock to be increased stipulated in (i) above from the upper limit of capital stock, etc. described in (i) above.

(10) Mattes regarding the transfer of stock acquisition rights
Any acquisition of the stock acquisition rights by transfer shall be subject to the approval of the Board of Directors.

(11) Number of persons who are solicited to acquire stock acquisition rights and breakdown

Directors of the Company:	Nine persons (of whom three are Outside Directors), 1025 units (of which 60 are allotted to Outsider Directors)
Executive Officers of the Company:	Five persons, 480 units
Employees of the Company:	423 persons, 9,020 units
Directors of the Company's subsidiaries:	10 persons, 570 units

(12) If a person to whom solicitation is made is a director, accounting advisor, executive officer, audit & supervisory board member, or employee of a company which is deemed to be an associated company of the filing company in accordance with Article 2, paragraph 2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc., the relation between such a company and the filing company
The Company wholly owns the aforementioned company.

(13) Agreement between persons to whom solicitation is made and the filing company
Details of an agreement between the Company and holders of stock acquisition rights shall be stipulated by a stock acquisition rights allotment agreement which is made between the Company and persons to whom stock acquisition rights are allotted.

(14) Allotment date of stock acquisition rights
July 30, 2024

(15) Grounds and conditions to acquire stock acquisition rights
The Company may acquire stock acquisition rights at no charge on the date stipulated separately by the Board of Directors in the event that the any of the following proposals (i) through (v) is approved by a General Meeting of Shareholders (or resolution is made by the Board of Directors or by Executive Officers who are delegated such a decision pursuant to the provisions of Article 416, paragraph 4 of the Companies Act, if the resolution of the General Meeting of Shareholders is not required).

(i) Proposal for approval of a merger agreement under which the Company becomes an absorbed company

(ii) Proposal for approval of a company split agreement or plan under which the Company becomes a split company

(iii) Proposal for approval of a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned company

(iv) Proposal for approval to change the relevant provisions of the Articles of Incorporation of the Company which stipulate that approval by the Company is required for share transfer of all kinds of shares of the Company

(v) Proposal for approval to change the relevant provisions of the Articles of Incorporation of the Company which stipulate that approval by the Company is required for share transfer of the shares underling stock acquisition rights, or that the Company may obtain all of the said shares by the resolution of the General Meeting of Shareholders.

(16) Matters regarding delivery of stock acquisition rights associated with organizational restructuring
In the event that the Company conducts a merger (limited to the case where the Company is to be absorbed as a result of the merger), an absorption-type company split or incorporation-type company split (limited to the case where the Company is to be a split company in both company splits), a share exchange or a share transfer (limited to the case where the Company is to be a wholly-owned company in both types of restructuring) (collectively "Organizational Restructuring"), the stock acquisition rights of a company listed in Article 236, paragraph 1, item 8 (a) through (e) of the Companies Act (the "Reorganized Company") shall be delivered respectively to a holder of stock acquisition rights who owns the remaining unexercised stock acquisition rights (the "Remaining Stock Acquisition Rights") immediately before the date when Organizational Restructuring takes effect (the date when an absorption-type merger takes effect, the date when a stock company is incorporated through an incorporation-type merger, the date when an absorption-type company split takes effect, the date when a stock company is incorporated through an incorporation-type company split, the date when a share exchange takes effect, or the date when a wholly owning parent company is incorporated through a share transfer; hereinafter the same), provided that such effect by which the stock acquisition rights of the Reorganized Company shall be delivered in accordance with the following items shall be stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.

(i) Number of stock acquisition rights of the Reorganized Company to be delivered
The number of stock acquisition rights of the Reorganized Company to be delivered shall equal the number of the Remaining Stock Acquisition Rights held by the holders of stock acquisition rights.

(ii) Class of shares delivered upon exercise of stock acquisition rights of the Reorganized Company
The class of shares shall be ordinary shares of the Reorganized Company.

(iii) Number of shares delivered upon exercise of stock acquisition rights of the Reorganized Company
The number of shares shall be determined in accordance with (5), taking into account conditions of the Organizational Restructuring, etc.

(iv) Value of property to be contributed upon exercise of stock acquisition rights
The value of property to be contributed upon exercise of each of the stock acquisition rights to be delivered shall be an amount obtained by multiplying the Exercise Value after Organizational Restructuring, which is obtained by adjusting the Exercise Value stipulated in (6) in consideration of conditions of the Organizational Restructuring, etc., by the number of shares delivered upon exercise of stock acquisition rights of the Reorganized Company, which shall be determined in accordance with (iii) above.

(v) Period during which stock acquisition rights may be exercised
The period during which stock acquisition rights may be exercised shall start on either the commencing date of the exercisable period of stock acquisition rights stipulated in (7) or the effective date of the Organizational Restructuring, whichever is later, and end on the expiration date of the exercisable period of stock acquisition rights stipulated in (7).

(vi) Matters regarding amount of increase of capital stock and legal capital surplus through issuing shares upon exercise of stock acquisition rights
Matters regarding capital stock and legal capital surplus to be increased shall be determined in accordance with (9).

(vii) Restriction on acquisition of stock acquisition rights by transfer
Any acquisition of stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Reorganized Company.

(viii) Terms and conditions for exercising stock acquisition rights
Terms and conditions for exercising stock acquisition rights shall be determined in accordance with (8).

(ix) Terms of acquisition of stock acquisition rights
The terms of acquisition of stock acquisition rights shall be determined in accordance with (15).

(17) Handling of fractions
If the number of shares to be delivered to a stock acquisition right holder upon exercise of stock acquisition rights produces a fractional number less than one (1) share, such fractional number shall be rounded down.