



June 26, 2025

To whom it may concern

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Notice Concerning Issuance of Stock Options (Share Acquisition Rights)

At the Board of Directors' meeting on June 26, 2025, Digital Garage, Inc. (the "Company") resolved to determine the terms of issuance for stock options (share acquisition rights) to be issued as stock-based compensation to Company Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors; hereinafter referred to as "Eligible Directors") based on the provisions of Articles 236, 238, and 240 of the Companies Act, and to solicit subscribers for such stock acquisition rights.

I. Reasons for Issuing Stock Options (Share Acquisition Rights) as Stock-based Compensation

The purpose is to enhance the alignment between the remuneration of Eligible Directors and the Company's share price performance, and to share not only the benefits of share price appreciation but also the risks of share price decline with shareholders, thereby further strengthening the motivation of Eligible Directors to contribute to medium- to long-term performance improvement and corporate value enhancement.

II. Terms of Issuance of Share Acquisition Rights

1. Name of Share Acquisition Rights

Digital Garage, Inc. 28th Series Share Acquisition Rights

2. Number of Share Acquisition Rights

40,659 units

The above number represents the planned allocation. If the number of share acquisition rights to be allocated decreases, including the case where subscription applications are not made, the total number to be allocated shall constitute the number of share acquisition rights to be issued.

3. Details of Share Acquisition Rights

(1) Type and Number of Shares Subject to Share Acquisition Rights

The type of shares subject to the share acquisition rights shall be the Company's ordinary shares, and the number of shares subject to each share acquisition right (hereinafter referred to as "Number of Granted Shares") shall be one share.

However, if the Company conducts a share split or share consolidation after the date of allocation of share acquisition rights (hereinafter referred to as "Allocation Date"), the Number of Granted Shares shall be adjusted according to the following formula, with any fractional shares less than one share resulting from such adjustment being rounded down. Such adjustment shall be made only to the Number of Granted Shares of share acquisition rights that have not been exercised at that time.

$$\frac{\text{Number of Granted Shares after adjustment}}{\text{Number of Granted Shares before adjustment}} = \frac{\text{Number of Granted Shares before adjustment}}{\text{Number of Granted Shares before adjustment}} \times \frac{\text{Share Split/Consolidation Ratio}}{\text{Share Split/Consolidation Ratio}}$$

In addition to the above, if it becomes appropriate to adjust the Number of Granted Shares due to the Company conducting business combinations, share splits, share exchanges, share transfers, or gratis allocation of shares after the Allocation Date, the Company shall make adjustments within a reasonable range.

(2) Value of Assets to be Contributed upon Exercise of Share Acquisition Rights

The value of assets to be contributed upon exercise of each share acquisition right shall be calculated by multiplying the exercise price of one yen per share (hereinafter referred to as "Exercise Price") by the Number of Granted Shares for each share acquisition right.

(3) Exercise Period of Share Acquisition Rights

From July 12, 2025 to July 11, 2075.

(4) Matters Concerning Increase in Share Capital and Capital Surplus When Issuing Shares upon Exercise of Share Acquisition Rights

- (i) The amount of increase in share capital when issuing shares upon exercise of share acquisition rights shall be half of the maximum amount of increase in share capital calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules, with any fractional amount less than one yen resulting from the calculation being rounded up.
- (ii) The amount of increase in capital surplus when issuing shares upon exercise of share acquisition rights shall be the amount obtained by deducting the amount of increase in share capital defined above from the maximum amount of increase in share capital mentioned above.

(5) Restrictions on Transfer of Share Acquisition Rights

Transfer of share acquisition rights shall require approval by resolution of the Company's Board of Directors.

(6) Acquisition Provisions for Share Acquisition Rights

- (i) The Company may acquire share acquisition rights without consideration on a date separately determined by the Company's Board of Directors when any of the proposals regarding the following items are approved at the General Meeting of Shareholders of the Company (in each case, if approval by the shareholders' meeting is not required, when approved by the Company's Board of Directors): (a) a merger agreement under which the Company becomes the absorbed company; (b) a demerger agreement or demerger plan under which the Company becomes the divesting company; or (c) a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary.
- (ii) The Company may acquire share acquisition rights held by holders of share acquisition rights (hereinafter referred to as "Share Acquisition Rights Holders") without consideration on a date separately determined by the Company's Board of Directors when such holders become unable to exercise their share acquisition rights based on the conditions and restrictions for exercise of share acquisition rights defined in item (9) below.
- (iii) The Company may acquire share acquisition rights held by Share Acquisition Rights Holders without consideration on a date separately determined by the Board of Directors when such holders give written notice of their intention to abandon all or part of their share acquisition rights.

- (iv) The Company may acquire share acquisition rights held by Share Acquisition Rights Holders without consideration on a date separately determined by the Board of Directors when such holders violate the share acquisition rights allocation agreement concluded between the Company and the Share Acquisition Rights Holders.
- (7) Policy for Determining the Extinguishment of Share Acquisition Rights and the Content of Share Acquisition Rights to be Issued by Reorganized Companies in Corporate Reorganizations
- In the event that the Company conducts a merger (limited to cases where the Company ceases to exist due to the merger), absorption-type demerger, incorporation-type demerger, share exchange, or share transfer (collectively referred to as "Corporate Reorganization Acts"), the Company will grant share acquisition rights of the Reorganized companies (as defined in Article 236, Paragraph 1, Item 8, Parts (a) through (e) of the Companies Act; hereinafter referred to as "Reorganized Companies") to the holders of share acquisition rights remaining immediately before the effective date of the Corporate Reorganization Act (hereinafter referred to as "Remaining Share Acquisition Rights") under the following conditions for each respective case. In such cases, the Remaining Share Acquisition Rights will cease to exist, and the Reorganized Company will issue new share acquisition rights. However, this shall be limited to cases where the granting of share acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in the absorption merger agreement, consolidation merger agreement, absorption-type demerger agreement, incorporation-type demerger plan, share exchange agreement, or share transfer plan.
- (i) Number of Share Acquisition Rights of the Reorganized Company to be Granted

The same number of share acquisition rights as held by the holders of the Remaining Share Acquisition Rights shall be granted respectively.
 - (ii) Type of Shares of the Reorganized Company Subject to the Share Acquisition Rights

Ordinary shares of the Reorganized Company
 - (iii) Number of Shares of the Reorganized Company Subject to the Share Acquisition Rights

This will be determined in accordance with the above (1), taking into consideration the conditions of the Corporate Reorganization Act.
 - (iv) Value of Assets to be Contributed upon Exercise of Share Acquisition Rights

The value of assets to be contributed upon exercise of each granted share acquisition right shall be the amount obtained by multiplying the post-reorganization exercise price defined below by the number of shares of the Reorganized Company that are the subject of each share acquisition right as determined in accordance with (iii) above. The post-reorganization exercise price shall be 1 yen per share of the Reorganized Company that can be received by exercising each granted share acquisition right.
 - (v) Period during which Share Acquisition Rights can be Exercised

The exercise period shall commence on the start date of the exercise period of the share acquisition rights defined in (3) above or the effective date of the Corporate Reorganization Act, whichever comes later, and terminate on the expiration date of the exercise period defined in (3).
 - (vi) Matters concerning Increase in Share Capital and Capital Surplus when Shares are Issued through Exercise of Share Acquisition Rights

This will be determined in accordance with (4) above.

(vii) Restrictions on Acquisition of Share Acquisition Rights through Transfer

The acquisition of share acquisition rights through transfer shall require approval by resolution of the board of directors of the Reorganized Company.

(viii) Acquisition Provisions for Share Acquisition Rights

This will be determined in accordance with (6) above.

(ix) Other Conditions for Exercise of Share Acquisition Rights

This will be determined in accordance with (9) below.

(8) Treatment of Fractional Shares less than One Share Resulting from Exercise of Share Acquisition Rights

If there are fractional shares less than one share in the number of shares to be granted to share acquisition right holders who have exercised their share acquisition rights, such fractions shall be rounded down.

(9) Other Conditions and Restrictions on Exercise of Share Acquisition Rights

- (i) Share acquisition right holders may exercise their share acquisition rights only until 10 days have passed from the day following the date on which they lose both their positions as directors and corporate officers of the Company.
- (ii) In the event of the death of a share acquisition right holder, the heir of the share acquisition right holder may, in accordance with the provisions of the share acquisition right allocation agreement concluded between the Company and the share acquisition right holder, inherit unexercised share acquisition rights as of the date of occurrence of the cause of inheritance and exercise them.
- (iii) Share acquisition right holders cannot exercise a portion of one share acquisition right when exercising share acquisition rights.
- (iv) Share acquisition right holders may exercise share acquisition rights only when the number of shares subject to exercise is an integer multiple of the Company's unit share number.
- (v) If a share acquisition right holder waives their share acquisition rights, they cannot exercise such share acquisition rights.
- (vi) Other conditions and restrictions on exercise shall be as provided in the share acquisition right allocation agreement concluded between the Company and share acquisition right holders based on the Company's Board of Directors' resolution.

(10) Payment Amount for Share Acquisition Rights

The payment amount shall be the fair value per share of the share acquisition rights calculated as follows using the Black-Scholes model on the date of allocation of the share acquisition rights multiplied by the number of shares to be granted.

However, the Company will pay monetary compensation equivalent to the total payment amount of the share acquisition rights to be allocated to each eligible recipient, and will offset such monetary compensation claims against the payment obligations for the share acquisition rights.

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

In this formula:

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

- (i) Fair value per share of share acquisition rights (C)
- (ii) Share price (S): The closing price of the Company's ordinary shares in regular trading on Tokyo Stock Exchange, Inc. on July 11, 2025 (if there is no closing price, the reference price on the next trading day)
- (iii) Exercise price (X): 1 yen
- (iv) Expected remaining period (T): 2.27 years
- (v) Volatility (σ): Stock price volatility calculated based on the closing prices of the Company's ordinary shares in regular trading on the final trading day of each week from April 3, 2023 to July 11, 2025
- (vi) Risk-free interest rate (r): Interest rate of government bonds with remaining years corresponding to the expected remaining period
- (vii) Dividend yield (q): Dividends per share (actual dividends for the fiscal year ended March 2025, excluding commemorative dividends) \div share price defined in (ii) above
- (viii) Cumulative distribution function of standard normal distribution N().

(11) Date of Allocation of Share Acquisition Rights

July 11, 2025

(12) Eligible Recipients of Share Acquisition Rights, Number of Recipients, and Number of Share Acquisition Rights to be Allocated

40,659 share acquisition rights will be allocated to 4 directors of the Company.

(13) Other Matters

Other matters will be stipulated in the share acquisition right allocation agreement concluded between the Company and the share acquisition right holders.