

Kakuyasu Group Co.,Ltd.

Representative Director and President Akihiko Tajima

(Ticker Code : 7686 Tokyo Stock Exchange Standard Market)

Inquiry to Director Yoshiyuki

Maegaichi

### Introduction of Employees Stock Ownership Plan with Capital Increase

This is to announce that the Company resolved to introduce a stock benefit trust (employee stockholding association purchase-type; hereinafter referred to as the “Plan”) for the purpose of promoting welfare benefits for employees and giving incentives pertaining to the improvement of the corporate value of the Company at the Board of Directors meeting convened today.

In addition, as a part of the introduction of the Plan, the Board of Directors also resolved issuance of common stocks allocated to a Trust E account (hereinafter the “Trust E Account”) to be created at the Custody Bank of Japan, Ltd. Details are described as follows.

#### 【 Introduction of the Plan 】

##### 1. Purposes of introduction

The Plan has two primary objectives: It aims to

- A) Enhance employee benefits by providing a stable supply of Company shares to the Employees’ Stock Ownership Association and by distributing profits to employees through the management and disposition of trust property.
- B) Enhance the Company’s corporate value mainly by boosting employees’ awareness of the stock price and their motivation for work.

##### 2. Overview of the Plan

The Plan is an incentive plan under which the benefits of a rise in the Company’s stock price are passed along to all the employees who are members of the “Kakuyasu Employee Shareholding Association” (hereinafter referred to as the “Shareholding Association”).

To introduce the Plan, the Company will enter into a stock benefit trust (employee stockholding association purchase-type) agreement (hereinafter the “Trust Agreement”) with Mizuho Trust & Banking Co., Ltd., in which the Company will be the settlor and Mizuho Trust & Banking will be the trustee (hereinafter the “Trustee”). (The trust to be created under the Trust Agreement is hereinafter referred to as the “Trust.”) The Trustee will agree with the Custody Bank of Japan to entrust the Trust to the Custody Bank of Japan, which will manage the trust property, including securities.

The Custody Bank of Japan will purchase Company shares in an amount equivalent to the shares that the Shareholding Association is expected to buy in the next three years. The purchased shares will be held in the Trust E Account. Subsequently, the Shareholding

Association will buy Company shares from the Trust E Account. If the amount equivalent to the gains on sales of Company shares to the Shareholding Association from the Trust E Account is accumulated in the trust property of the Trust by the time of its termination, that amount will be considered residual assets and will be distributed to the Shareholding Association members (employees) who meet the beneficiary requirements.

The Company will provide a guarantee for the repayment of loans that the Trustee will take out for the Trust E Account to purchase Company shares. If there is any outstanding debt equivalent to losses on sales of shares at the time of termination of the Trust due to a fall in the stock price, among other reasons, the Company will pay the debt as per the guarantee agreement.

### 3. Overview of the Trust

(1)	Purpose of the Trust	A stable supply of the Company stocks to the Shareholder Association and the distribution of profits to the beneficiaries through the management and disposition of the trust property.
(2)	Trustor	The Company
(3)	Trustee	Mizuho Trust & Banking Co., Ltd.
		Mizuho Trust & Banking Co., Ltd. will conclude a comprehensive trust agreement with Custody Bank of Japan, Ltd., and Custody Bank of Japan, Ltd. will become the trustee of re-trust.
(4)	Beneficiaries	Members of the Shareholder Association who meet the beneficiary requirements.
(5)	Trust Set-up date	December 22, 2022
(6)	Trust period	From December 22, 2022, to January 13, 2026.

### 【 Capital increase allocated to third-parties 】

#### 4. Overview of the issuance

(1)	Payment date	Thursday, December 22, 2022
(2)	Class and number of stocks to be issued	244,200 common stocks
(3)	Issued price	JPY 1,351 per share
(4)	Total amount issued	JPY 329,914,200
(5)	Custodian	Custody Bank of Japan (account E in trust)
(6)	Other information	It will be subject to the effectuation of securities registration under the Financial Instruments and Exchange Act.

## 5. Purposes of the issuance

The Company will issue certain common stocks to the Custody Bank of Japan (Trust E Account), which will hold and dispose of the shares of the Company whose class and number will be determined when the Trust is set up.

The number of shares to be issued will be equivalent to the number that the Shareholding Association plans to purchase through the Trust in the next three years. This number of shares is equivalent to 2.62% (rounded to the second decimal place) of the number of shares outstanding as of September 30, 2022, which is 9,326,800 (2.62% (rounded to the second decimal place) of the number of voting rights as of September 30, 2022, which is 93,238).

## 6. Basis of issued price and other details

The Company has decided that the issue price shall be 1,351 yen, which is the closing price of the Company's ordinary stock at Tokyo Stock Exchange on the business day immediately preceding the date of the board resolution with respect to the issuance.

The Company has selected the closing price of its stock on the business day immediately preceding the board resolution date, based on the judgment that this price accurately indicates the Company's corporate value and is reasonable.

Moreover, the issue price of 1,351 yen represents the following prices: a price calculated by multiplying 1,370 yen (rounded to the nearest yen), which is the average closing share price for the one-month period immediately preceding the board resolution date, by 98.61%, a price calculated by multiplying 1,364 yen (rounded to the nearest yen), which is the averaging closing share price for the three-month period preceding the said date, by 99.05%, and a price calculated by multiplying 1,354 yen (rounded to the nearest yen), which is the average closing share price for the six-month period preceding the said date, by 99.78%.

Taking the above into consideration, the Company has determined that the issue price related to the issuance is not particularly advantageous to any party and therefore is reasonable. All three auditors of the Company (all are outside auditors) say that the issue price above is in line with the Japan Securities Dealers Association's guidelines for the issuance to a third party and is not particularly advantageous to the prospective allottees.

## 7. Matters regarding procedures pertaining to the Code of Corporate Conduct

With i) the dilution rate being less than 25% and ii) no change taking place in controlling shareholders regarding the issuance, the Company is not required to implement procedures for obtaining opinions from any independent third-party, or confirming shareholders' intention, as provided by Rule 432 of the Tokyo Stock Exchange's Securities Listing Regulations.

Disclaimer: This is an English translation of the disclosure. This translation is prepared and provided for the reader's convenience.