



August 28, 2020

To whom it may concern,

Company: Tamagawa Holdings, Co., Ltd.

Representative: President, Toru Masuzawa

(JASDAQ Code: 6838)

Contact: Management Planning Division, Ryota Tanaka

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**Notice on Offering of the 12th Share Acquisition Rights by Third-party Allocation  
(with provision of exercise value revision and provision of exercise permission)**

Please be informed that we decided by the resolution of the board of directors held on August 28, 2020 on issuing the 12th Share Acquisition Rights of Tamagawa Holdings, Co., Ltd. (hereafter “Share Acquisition Rights”) in the manner of third-party allocation and entering into a third-party allocation agreement (hereafter “Purchase Agreement of the Share Acquisition Rights”) including the offering outline of the following share acquisition rights after occurrence of effect of the notification by the Financial Instruments and Exchange Act.

1. Offering outline

(1) Allocation date	September 16, 2020
(2) Total number of share acquisition rights for issuance	12,554 units
(3) Issuance value	Total amount: 13,093,822 yen (1,043 yen per Share Acquisition Right)
(4) Potential number of shares by such issuance	Potential number of shares: 1,255,400 shares (100 shares per share acquisition right) Share Acquisition Right: 12,554 units No upper-limit exercise value Lower-limit exercise value is 1,129 yen, but potential number of shares in either exercise value is 1,255,400 shares.
(5) Amount of fund procurement	2,506,393,290 yen (rough estimate of net proceeds) (note)
(6) Exercise value and provisions of exercise value revision	Initial exercise value 2,032 yen Exercise value of the Share Acquisition Rights shall be revised as the amount calculated by rounding out the fraction under one (1) yen of the amount equivalent to 90% of the closing price of ordinary transaction of the Company’s ordinary shares (the immediate closing price if no closing price on the same day) at Tokyo Stock Exchange, Inc. (hereafter “Tokyo Stock Exchange”) on the transaction day immediately before the effective day (hereafter “Revision Day”) of each request for exercise of the Share Acquisition Rights, but if such exercise value falls below the lower-limit exercise value, the lower-limit exercise value shall be the exercise value after the revision.
(7) Offering or allocation manner	By third-party allocation.
(8) Where allocation is made	Marilyn Hweetiang Tang: 12,554 units (hereafter “Tang”)

(9) Description of restricted assignment and restricted exercise volume	<p>Assignment of the Share Acquisition Rights requires approval of the Company's board of directors. The Company will also stipulate that the rights and obligations of the above scheduled subject of allocation shall be assumed to the assignee even in the case that the Share Acquisition Rights are assigned in the purchase agreement of the Share Acquisition Rights made with the scheduled subject of allocation after the notification under the Financial Instruments and Exchange Act comes into force.</p> <p>The Company will stipulate restriction of exercise volume in the Third-party Allocation Agreement made with the scheduled subject of allocation after the notification under the Financial Instruments and Exchange Act comes into force in order to take measures to restrict conversion or exercise by the purchaser of MSCB, etc. (having the meaning stipulated in the below regulations; hereafter the same) under Article 434, Clause 1 of the securities listing regulations stipulated by Tokyo Stock Exchange and Article 436, Clause 1 through 5 of such enforcement regulation.</p> <p>The details are described in below "7. Reasons, etc. for selection of the scheduled subject of allocation (3) Ownership policy and measures of exercise restriction of the scheduled subject of allocation."</p>
(10) Miscellaneous	<p>The below content will be stipulated in the Third-party Allocation Agreement. The details are described in below "3. Reason for selection of financing manner (marketability of the Scheme)"</p> <ul style="list-style-type: none"> <li>• The scheduled subject of allocation may exercise the Share Acquisition Rights only when it apply for exercise of the Share Acquisition Rights to the Company and the Company permits it. The Company may revoke such permission.</li> <li>• The scheduled subject of allocation may request Issuing Company to acquire the Share Acquisition Rights regarding the unexercised Share Acquisition Rights remaining as of the final day of the Exercise Period (three (3) years from the Allocation Day) on such final day for the payment amount per Share Acquisition Right and if such request is made, the Company will purchase all of the Share Acquisition Rights by paying such amount.</li> </ul>

(Note) Financing amount is the amount calculated by deducting the estimated amount of issuance expenses from the amount of the sum of the property value invested for exercise of the Share Acquisition Rights added up to the total amount of issuance value of the Share Acquisition Rights. Total amount of the property value invested for exercise of the Share Acquisition Rights is calculated by assuming that all Share Acquisition Rights are exercised at the initial Exercise Value. In the case that Exercise Value is revised or adjusted, financing amount may increase or decrease. In the case that it is not exercised within the Exercise Period of the Share Acquisition Rights and that the Company retires the Share Acquisition Rights acquired by the Company, financing amount will decrease.

## 2. Purpose and reason for offering

Our Group (the Company and the Company's affiliate companies) has been engaged in the efforts of the three "RE's" that are "corporate revival, spreading of renewable energy and reinvestment of the generated cash" through conduct of "business investment" aiming for realization of the recycling-oriented society promoting activation and development of local economy based on the basic policy of the "company which contributes to preparation of the social infrastructure," has developed the businesses related to two fields of renewable energy development and advanced communication technology, and above all, has been engaged in business turnaround in the field of advanced communication technology. Specifically, there is a case of Tamagawa Electronics, Co., Ltd. which became Our Group's subsidiary in 2007 in terms of corporate revival. We could improve our performance by expanding the businesses for public

agencies, etc. where profitability can be expected, and we renewed the best profit in the past in the period ending in March 2014 (current net profit: 433 mil. yen). We will hereafter engage in corporate revival with outside companies as Our Group's Subsidiary. In addition, Our Group's major businesses are electronic and communication device business, renewable energy system sales business (hereafter "Renewable Energy System Sales Business") and renewable energy business (hereafter "Renewable Energy Plant Business") in two fields of "renewable energy development" and "advanced communication technology."

Among the above, in electronic and communication device business, we produce and sell high-frequency circuit element products necessary for wireless devices with high-frequency wireless technology as the core technology, and have currently focused on exploration of new markets and customers including starting of commissioned development / manufacturing of millimeter wave band products as well as sales expansion operations mainly in the fifth generation mobile communication system (hereafter "5G") related market and public related market (we conduct development of quasi-millimeter wave and millimeter wave band products up to 50GHz band. As for 5G in the communication field, use of high-frequency products for SHF band, quasi-millimeter wave and millimeter wave bands are newly scheduled in order to achieve transmission speed as 100 times fast as the existing products. High-frequency products for quasi-millimeter wave and millimeter wave bands are the essential products for speed-up and larger capacity in the future information transmission field, and we consider quasi-millimeter wave and millimeter wave as our technology theme and are proceeding with new technology development and product development. We also customize various millimeter wave components and millimeter wave modules depending on our customers' desire.). Among those, as we announced in the "Notice on the Successful Bid of Equipment for Linear Accelerator of the Next Generation Radiated Light Facilities" as PR information dated March 12, 2020, we have been engaged in active efforts and have gained positive results such that we solely won the general competitive bid for "manufacturing of low-power and high-frequency circuit for linear accelerator and beam monitor circuit system for the next generation radiated light facilities" in the public notice by National Institutes for Quantum and Radiological Science and Technology. In mobile communication field, a demand for the domestic and overseas high-frequency components (high-frequency components are various parts used for high-frequency circuit) is increasing including 5G related market (markets including communication service market using 5G, communication device market, etc. can be listed as 5G related market). Further in the public field, a demand is increasing for optical transmission devices (optical transmission device is the device to transmit data without a cable.) and digital signal processing devices (digital signal processing device is the device to conduct a set of process to deem light and sound, etc. as signals, convert analog signals into digital signals, conduct process of removal of noise targeting digital signals, etc. and finally reconvert them into processed analog signals), etc. for disaster measures, wireless for business operations and surveillance system. As the order receipt status as the entire electronic / communication device business, the amount of orders received in the period ending in March 2020 was 4,335 mil. yen which is in the increasing status with an increase of 35.6% compared to the period ending in March 2019, and we will continue to promote expansion of Our Group's electronic / communication device business domain as well as the activities aiming for profit expansion by enhancing our own product development and commercialization.

In renewable energy system sales business (business to mainly sell to business companies and general consumers solar power plants for lot sales, power conditioners including solar power modules, small wind power generators and other accessory equipment), we have mainly procured and sold the solar power equipment and promoted development / sales of solar power plants and small wind power plants. Since a demand for solar power generation cases, etc. is decreasing due to lowered fixed purchase price and impact of FIT law, the amount of orders received in the period ending in March 2020 was 159 mil. yen (37.0% decrease compared to the same period of the previous year), sales amount was 867 mil. yen (119.8% increase compared to the same period of the previous year) and segment loss was 27 mil. yen (segment loss of the same period of the previous year was 83 mil. yen). We will continue to promote development / sales of the power plants for profit expansion.

Furthermore in renewable energy power plant business (business where own group develops and reviews the business of general renewable energy power plants including the solar power plants and sells electric power generated at such power plants to the electricity companies.), we

own solar power plants and wind power plants including megasolar power plants (megasolar is the power plants of which power generation equipment output is more than 1MW) and sell electric power to the electricity companies. In renewable energy power plant business, we have been selling electricity at the megasolar power plant located in Noboribetsu City, Hokkaido and solar sharing power plant located in Shimada City, Shizuoka Pref. which are already in operation (solar sharing power plant is the agriculture management solar power plant, aiming to be a power plant in combination of solar power generation and agriculture in the same premise.) at a good rate, and furthermore the megasolar power plant located in Kojindake, Goto City, Nagasaki Pref. completed extension of approximately 500kW of solar panels in March 2020 and started power selling for the extended part for 36 yen of the fixed purchase price, expanding its power generation size to 5,847kW. We also sold Toyoura-cho solar power plant in Shimonoseki City in September 2019 and sold Tateyama solar power plant in Chiba Pref. in March 2020, causing us to achieve the sales amount of 2,091 mil. yen (239.7% increase compared to the same period of the previous year) and segment profit of 698 mil. yen (294.1% increase compared to the same period of the previous year). Our Group is positively considering renewable energy and general environmental businesses which will be our pillars and is aiming for expansion of size of such businesses.

Based on the policies in each business above, we continue to actively enhance electronic / communication device business, renewable energy system sales business and renewable energy power plant business and intend investment concerning M&A of the companies focusing on research and development to aim it, power plant development or advancing of electronic / communication device business and renewable energy related business and expansion, etc. of technology base as the main purpose. We are assuming the following three angles as major subjects for such investment.

- ① Investment to the project concerning domestic and overseas renewable energy development including solar power generation, wind power generation, water power generation and biomass power generation (meaning the power generation method to generate by burning biological resources coming from animals and plants)

In the Southeast Asian countries, the tropical regions of which latitude is low compared to Japan, there is more average amount of daylight per day, and in consideration of the geological structure where there are many islands, there seems to be extremely abundant resources for solar power generation and wind power generation. In the countries including Vietnam and Indonesia, etc. active support has been provided by the governments for introduction and market development of renewable energy mainly with solar power generation and wind power generation such as launching of FIT system for promotion of renewable energy penetration, etc., and we consider that advancing to renewable energy generation market in these regions is economically reasonable determination. Especially in Indonesia, the government announced the goal to achieve 2.4GW of total power generation volume at the renewable energy plants which will be in operation before 2025 (“Renewable energy power generation to dominate 23% of the whole in 2025” dated December 6, 2019, NNA), and the total investment amount for new and renewable energy (New and Renewable Energy, NRE) including renewable energy power source is described as approximately 30 bill. USD (approx. 3.3 trillion. yen) in its power supply business plan RUPTL2018-2027. Under such circumstances, the Japanese government’s Joint Crediting Joint Crediting Mechanism, JCM (Joint Crediting Joint Crediting Mechanism, JCM is the system where Japan provides its excellent low-carbon technology, products, system, services and infrastructures to the developing countries to contribute their reduction of greenhouse gas and share such achievement between the two countries.) is utilized to lead to more cases where they install the solar power generation system in collaboration with the local companies. We also think that the markets of the local solar power plants and diversified solar power generation system are attractive.

We also announced in the “Progress Status of Large Wind Power Generation Business Approach” posted on our website as of April 2, 2020 that our “Renewable Energy Power Generation Business Plan” was certified by the Ministry of Economy, Trade and Industry as of March 27, 2020. Such certification is the prerequisite for closing of the connection agreement with electricity companies. While the effort concerning large wind power generation business is our first effort, it is an important effort in the aspect of accumulation of knowhow in the large

wind power generation business domain and advancing to the large wind power generation market.

As for our overseas activities, we would like to further develop our effort for renewable energy power generation project in the Southeast Asian countries we have focused on by utilizing the Joint Crediting Joint Crediting Mechanism (as we announced in “Effort for Reduction of Greenhouse Gas by the Joint Crediting Joint Crediting Mechanism (JCM)” dated November 29, 2019 as PR information, we were selected as the business partner of the small water power generation business (approx. 1.75MW) in Indonesia for the “system assistance business among 2019 Joint Crediting Mechanism fund support business” publicly offered by the Ministry of the Environment and its enforcement organization, Global Environment Centre Foundation (GEC) with AURA-Green Energy, Co., Ltd. which is our partner), and we wish to further develop our efforts for renewable energy power generation project in Southeast Asian countries we have been focused on.

As mentioned above, we will hereafter actively invest to the projects concerning renewable energy by utilizing knowhow accumulated from the existing renewable energy power plant business and renewable energy system sales business by expansion and reformation of the domestic and overseas renewable energy market.

- ② M&A related investment (mainly investment to high-tech companies, investment to development between industry and academia, acquisition of the locally incorporated company for overseas business development, etc.)

We wish to prepare the business / technology base which can respond to such trend through the fundamental technology change and flexibly respond to the market change occurring hereafter by utilizing the business knowhow we have accumulated until now for the purpose of maintaining business profitability and market share and further expansion. Under such purpose, we assume to conduct M&A related investment according to the three themes mainly of (1) investment to the domestic and overseas high-tech companies, (2) development between industry and academia and (3) overseas business development.

- (1) Investment to the domestic and overseas high-tech companies

We are considering mainly conducting strategic investment for the purpose of actively involving highly complementary technology for our existing core technology and business contents. As for investment management, we acknowledge that investment to unlisted high-tech companies which can be especially expected for high growth is attractive.

On the other hand, since high-growth high-tech companies conduct research and development of technologies / products with advanced novelty or response to new clients' needs as their primary businesses, their businesses are often exposed to high uncertainty, and due to failure of technology development and rapid change of market environment, rapid worsening of financial content of companies or business failure may likely to occur. We consider rapid change of the financial content or business failure as the primary risk for investment to the above high-tech companies. However, we think it is possible to preliminarily understand the risk of rapid worsening of the above financial content and business failure as much as possible and conduct investment with appropriate size and timing for the risk by engaging thorough due diligence and market research before the investment.

- (2) Development between industry and academia

We wish to continuously invest to the existing the joint development of GEMCOS (hereafter “Product”). The Product is the product we have jointly developed and conducted verification test with AURA-Green Energy, Co., Ltd., our partner and System-i Co., Ltd., a company in Sendai City, Miyagi Pref. engaged in electric control device / software design with supervision and cooperation of Mr. Yasubumi Furuya, the representative of Tohoku University research team and also the specially assigned professor at Tohoku University, Microsystem Integration Research and Development Center in exploration of optimization device control / monitoring in natural energy (solar, wind power, biomass, hot spring heat, etc.) field and new business construction by using surplus electric power with the research and development team of Tohoku University (announced in the “notice on commencement of development of green energy surplus electric power managing and operation collaboration running system ‘GEMCOS’ and of verification test” dated July 10, 2019 as PR information). This Product can operate

dispersed network electric power storage battery management system and servers for low-power electronic devices and can be applied to remote monitoring enabling IoT dispersed sensor network, which are technologies expected among the joint researches between industry and academia we are engaged in. In technology development including this Product, we consider the researches between industry and academia are one of the methods to be expected for expansion of our technology base, and will more actively hereafter continue to conduct joint development of various technologies in collaboration with the research / educational institutions including Tohoku University, etc.

(3) Overseas business development including Southeast Asian countries, etc.

We are considering acquisition of the locally incorporated companies for overseas advancing of our existing businesses including mainly renewable energy related business, communication device business, or renewable power source control system business expected to be new business hereafter (GEMCOS product related business) and 5G related product business. We assume we will hereafter engage in extension of our overseas subsidiaries and offices in consideration of expansion of overseas renewable energy market and tendency of market demand expansion for overseas communication equipment / services including 5G communication and mobile communication technology introduced in above “①Investment to the project concerning domestic and overseas renewable energy development including solar power generation, wind power generation, water power generation and biomass power generation.”

According to the above themes of (1) through (3), we assume investment concerning M&A, and consider procurement of reserve fund therefor.

③ Research and development investment to communication technology related including 5G

In recent years, 5G, following the fourth generation mobile communication method (4G/LTE) is expected to be applied in a wide range of automatic driving, remote medical treatment, application of artificial intelligence technology, high quality image transmission, etc. by its technological properties of “rapid / large capacity,” “ultra-low latency,” “ultra-multiple device connection” and “ultra-high reliability.” In addition, for these years, the domestic and overseas communication business operators / communication device manufacturers have been conducting verification tests for commercialization of 5G communication mode. We have also expanded development / manufacturing of electronic / communication devices as the major businesses for a long time and have invested much to development and practical use of the industry’s cutting-edge technologies. In the present time where 5G and related mobile communication technologies have been activated and the market has been formed, we realize that enhancement of research and development in 5G related domain is important. In this way, we are looking at joint research and development or capital tie-up with the companies whose 5G related technology development is already ahead of us (hereafter “5G Related Company”) for the purpose of early expansion of research and development of 5G and such related mobile communication technologies. As candidates for such joint research and development or business / capital tie-up, we are broadly considering domestic and overseas mobile communication related companies and 5G Related Companies.

According to the above purposes, we will achieve our further growth through this financing, and will attempt to maximize profit of the shareholders and stakeholders by focusing on further economic stabilization and enhancement of the corporate value.

The specific fund use and the scheduled time of expenditure in this issuance of the share acquisition rights are described in “4. Amount, purpose and scheduled time of expenditure of fund to be procured (2) Specific use of procured fund.”

4. Amount, purpose and scheduled time of expenditure of fund to be procured

(1) Amount of fund to be procured (rough estimate of net proceeds)

① Total procurement amount	
Total amount of issuance value of the Share Acquisition Rights	13,093,822 yen
Value of property invested for exercise of the Share Acquisition Rights	2,550,972,800 yen
② Rough estimate of issuance expenses	57,673,332 yen
③ Rough estimate of net proceeds	2,506,393,290 yen

(Note) 1. Total amount of value of property invested for exercise of the Share Acquisition Rights is the amount with assumption that all Share Acquisition Rights were exercised at the initial Exercise Value. Therefore, if Exercise Value is revised or adjusted, total payment amount and rough estimate of net proceeds may increase or decrease. If not exercised within the right exercise period of the Share Acquisition Rights and if we retire the acquired Share Acquisition Rights, total payment amount and rough estimate of net proceeds will decrease.

2. Consumption tax, etc. is not included in the rough estimate of issuance expenses, etc.

3. Rough estimate of issuance expenses is the total amount of arrangement cost of 51,281,000 yen for Cantor Fitzgerald Securities Japan Co., Ltd., attorney fee of 4,500,000 yen for Miura & Partners, value evaluation cost of the share acquisition rights of 1,000,000 yen for Akasaka International Tax & Co., attribution survey cost of 92,000 yen for Crossborder Pte Ltd. and other administration fee of 800,000 yen (fee for registration of change, etc.).

## (2) Specific use of procured fund

As described in above “Purpose and reason for offering,” we will appropriate the above rough estimate of net proceeds of 2,506,393,000 yen for the purpose of investment to the projects regarding the domestic and overseas renewable energy development, M&A related investment and investment to the communication technology related research and development including 5G as follows. We are concerned that it is difficult to fill these investment purposes and such amount with only the fund we currently have. Therefore, if the Exercise Value of the share acquisition rights is revised downwardly in this financing, we will prioritize ① of use of fund, then appropriate the actually procured fund in the order of ② and ③.

Specific use	Amount (thousand yen)	Scheduled time of expenditure
① Investment to the projects regarding domestic and overseas renewable energy development - Domestic and overseas renewable energy power plant development - Overseas renewable energy power plant development	1,108,012	September 2020 – December 2023
② M&A related investment - Investment to domestic and overseas high-tech companies - Investment to joint research between industry and academia (including in-process and new) - Acquisition of locally incorporated companies when developing overseas	699,189	September 2020 – December 2023
③ Investment to the communication technology related research and development including 5G - Investment to joint research with domestic and overseas 5G mobile communication technology companies	699,189	September 2020 – December 2023

#### ① Investment to the projects regarding domestic and overseas renewable energy development

We are planning to appropriate 1,108,012,000 yen for investment to the projects regarding domestic and overseas renewable energy development from September 2020 through December 2023. If financing is achieved, we are assuming the following as the specific investment pipeline and will basically appropriate 20% of the total amount regarding the development as equity for each case (for development of overseas renewable energy power plants, we will appropriate 10% as equity for joint development) and will procure the rest from loan. Especially as for development of overseas renewable energy power plants, we currently have many pipelines, but will strictly select the development targets by thorough due diligence. If the progress of exercise of the share acquisition rights is delayed or the procured amount falls below the assumed procurement amount, we will need consideration for financial healthiness while we afford it to the affordable extent with our cash reserves, but we will explore alternative manner including financing with liabilities such as bank loan, etc.

- Renewable energy power plant development in various areas in Japan
  - Renewable energy power plant development for large wind power generation
  - Renewable energy power plant development for solar power generation
- Overseas renewable energy power plant development
  - Additional investment to development of small water power plants in Indonesia
  - Composition of new cases concerning renewable energy power plant development including solar power generation, wind power generation, biomass power generation, etc. in Southeast Asian countries including Indonesia

#### ② M&A related investment

We are planning to appropriate 699,189,000 yen regarding M&A related investment from September 2020 through December 2023. The specific investment details are described below. The investment amount is undetermined except for the joint research between industry and academia, where we will determine the use amount of fund according to the realized amount, leading to possibility of change in use amount hereafter. In the event that M&A related investment is not achieved due to the reasons such as due diligence result of the scheduled investment target is below expectation, etc., we will appropriate the fund scheduled to be appropriated to such fund use to ① investment to the projects regarding domestic and overseas renewable energy development and ③ investment to the communication technology related research and development including 5G.

- Investment to domestic and overseas high-tech companies
  - We have currently received a proposal through a mediator of net investment case to a big data analysis company in US. If financing is achieved, we will consider it in specific.
- Investment to joint research between industry and academia (including both cases in process and new cases)
  - We utilize the necessity of additional investment to the research and development of GEMCOS products, etc. with Tohoku University already in collaboration and the joint research and development agreement with Tohoku University and understand fund demand for composition of new development projects including renewable energy related, etc. At this point, besides the research and development of GEMCOS products, we are planning on the research on small atomic clocks and application using atomic clocks (“Commencement of Research on Small Atomic Clocks and Application Using Atomic Clocks” dated July 6, 2020; An atomic clock is a clock is based on the frequency of electromagnetic absorbed or radiated by an atom (including neutron and ion), and since the small atomic clock we use for development can be mounted on a clock for highly precise time synchronization of portable terminals including 5G, base station, mobile terminals, and also it enables accurate time synchronization, it is expected to be used in a wide range of fields including more precise automatic driving, aerospace, robots, medical welfare, infrastructure maintenance, virtual power plant control, etc. based on the next

generation rapid and high density communication), but if financing is achieved, we will select the technology domain to be the specific research target and consider the development schedule, etc.

- Acquisition of locally incorporated companies for overseas expansion
  - We are collecting information on the investment cases daily by utilizing the network mainly in Singapore by our management team. Through such network, there are currently an acquisition case of the locally incorporated companies to enhance the business in Singapore and an acquisition case of the locally incorporated companies for renewable energy business in Indonesia listed as an investment cases to contribute to our overseas expansion and as candidates for the cases to be specifically considered if the financing is achieved.

③ Investment to the communication technology related research and development including 5G

We are planning to invest 699,189,000 yen to the joint research with domestic and overseas 5G mobile communication technology companies from September 2020 through December 2023. The specific investment details are described below, but the investment amount to each case is undetermined, and use amount may change hereafter because the use amount is determined according to the realized amount. If the progress of exercise of the share acquisition rights is delayed or the procured amount falls below the assumed procurement amount, we will need consideration for financial healthiness while we afford it to the affordable extent with our cash reserves, but we will explore alternative manner including financing with liabilities such as bank loan, etc.

- We have currently received a proposal from a Taiwanese 5G communication technology company for investment to the joint research with overseas 5G companies, and we will specifically consider it if the financing is achieved. In addition, we have currently received a proposal from a communication service company for investment to the joint research with domestic companies, and we will specifically consider it if the financing is achieved.

5. Idea concerning reasonability of fund use

As described in “2. Purpose and reason for offering,” the fund we procure this time will contribute to Our Group’s corporate value enhancement for mid- and long term, and such fund use is considered as reasonable. Therefore, this time’s financing is considered to contribute to the existing shareholders’ benefit as well by mid- and long-term corporate value enhancement.

**Tamagawa Holdings, Co., Ltd.**  
**Issuance Requirements of the 12th Share Acquisition Rights**

1. Name of the Share Acquisition Rights  
 Tamagawa Holdings, Co., Ltd. (hereafter “Company”)  
 The 12th Share Acquisition Rights (hereafter “Share Acquisition Rights”)
2. Total payment amount of the Share Acquisition Rights  
 13,093,822 yen
3. Application due date  
 September 14, 2020
4. Allocation date and payment due date  
 September 16, 2020
5. Manner of offering  
 Allocated to the following person in the manner of third-party allocation as follows.  
 Marilyn Hweetiang Tang 12,554 units
6. Type and number of shares which are the purpose of the Share Acquisition Rights
  - (1) Type and number of shares which are the purpose of the Share Acquisition Rights shall be 1,255,400 ordinary shares of the Company (the number of shares which is the purpose per Share Acquisition Right (hereafter “Number of Allocated Shares”) shall be 100 ordinary shares of the Company. However, if the Number of Allocated Shares is adjusted due to (2) through (4) of this clause, the total number of shares which is the purpose of the Share Acquisition Rights shall be adjusted according to the number of allocated shares after adjustment.
  - (2) In the case that the Company make adjustment of the Exercise Value (defined in Clause 9(2)) in accordance with Clause 11, the Number of Allocated Shares shall be adjusted by the following formula. However, any fraction under one (1) share arising from the adjustment shall be cut off. The exercise value before adjustment and exercise value after adjustment in such formula shall be the Exercise Value Before Adjustment and Exercise Value After Adjustment stipulated in Clause 11.
 
$$\begin{array}{rcccl} \text{Number of Allocated} & & \text{Number of Allocated} & \times & \text{Exercise Value Before} \\ \text{Shares after} & = & \text{Shares before} & & \text{Adjustment} \\ \text{adjustment} & & \text{adjustment} & & \\ & & & & \hline & & & & \text{Exercise Value After Adjustment} \end{array}$$
  - (3) Commencement day of application of the Number of Allocated Shares after adjustment shall be the same day as the day of application of Exercise Value After Adjustment stipulated in each item concerning adjustment of the Exercise Value by Clause 11 (2) and (5) regarding such adjustment reason.
  - (4) When making adjustment of the Number of Allocated Shares, the Company shall notify the share acquisition right holder for the Share Acquisition Rights (hereafter “Share Acquisition Right Holder”) in writing of such adjustment and the reason thereof, the Number of Allocated Shares Before Adjustment, the Number of Allocated Shares After Adjustment and commencement day of such application and other necessary matters before the previous day of the application commencement day of the Number of Allocated Shares After Adjustment. However, in the case of Clause 11(2) ⑤ or in the case of not being able to make the above notification before the previous day of the application commencement day, it shall conduct it immediately after the application commencement day.
7. Total number of the Share Acquisition Rights  
 12,554 units
8. Payment amount of each Share Acquisition Right  
 1,043 yen (Total payment amount of the Share Acquisition Rights: 13,093,822 yen)
9. Value of the asset invested for exercise of the Share Acquisition Rights
  - (1) The property invested for exercise of the Share Acquisition Rights shall be money, and such value shall be the amount calculated by multiplying the exercise value by the Number of Allocated Shares.
  - (2) Monetary amount per ordinary share of the Company invested for exercise of the Share Acquisition Rights (hereafter “Exercise Value”) shall be initially 2,032 yen.

However, the Exercise Value shall be revised or adjusted in accordance with Clause 10 or 11.

#### 10. Revision of Exercise Value

- (1) If the amount (hereafter “Revision Day Value”) calculated by rounding off the fraction under one (1) yen of the amount equivalent to 90% of the closing price (such immediate closing price if no closing price on the same day) of ordinary transaction of the Company’s ordinary shares at Tokyo Stock Exchange on the transaction day immediately before the effective day (hereafter “Revision Day”) of each request for exercise of the Share Acquisition Rights stipulated in Clause 16(3) exceeds or falls below the effective Exercise Value immediately before such Revision Day by more than one (1) yen, the Exercise Value shall be revised into such Revision Day Value after the Revision Day. However, if the Exercise Value after such revision falls below the lower limit Exercise Value (defined below; the same hereafter) on the Revision Day, the Exercise Value shall be the lower limit Exercise Value.
- (2) “Lower limit Exercise Value” shall be 1,129 yen (adjusted however by applying Clause 11).

#### 11. Adjustment of Exercise Value

- (1) If there is any change or is likely to be change in the number of ordinary shares already issued by the Company after issuance of the Share Acquisition Rights by the Company due to the reasons listed in (2) of this clause, the Exercise Value shall be adjusted by the following formula (hereafter “Exercise Value Adjustment Formula”) (the Exercise Value after adjustment shall be hereafter “Exercise Value After Adjustment” and the Exercise Value before adjustment shall be hereafter “Exercise Value Before Adjustment”).

$$\begin{array}{ccccccc}
 \text{Exercise Value After Adjustment} & = & \text{Exercise Value Before Adjustment} & \times & \frac{\text{Number of ordinary shares already issued} + \text{Number of ordinary shares newly issued / disposed of}}{\text{Market price}} & \times & \text{Payment amount per share} \\
 & & & & \frac{\text{Number of ordinary shares already issued}}{\text{Number of ordinary shares already issued} + \text{Number of ordinary shares newly issued / disposed of}} & & 
 \end{array}$$

- (2) The case of adjustment of the Exercise Value by Exercise Value Adjustment Formula and application period of the Exercise Value After Adjustment shall be as stipulated in the following.

- ① In the case of newly issuing the Company’s ordinary shares by the payment amount below the market price stipulated in (4)② of this clause, or of disposing of the Company’s ordinary shares (including allocation without contribution) (except for the case of newly issuing the Company’s ordinary shares to directors or employees of the Company or the Company’s subsidiary based on the restricted stock compensation plan introduced by the Company or of disposing of the Company’s ordinary shares, or the case by acquisition, conversion or exercise of the securities which are acquired by the Company in exchange of issuance of the Company’s ordinary shares or of which acquirement can be requested to the Company, or the share acquisition rights which can request issuance of the Company’s ordinary shares (including what is granted to the convertible bonds with share acquisition rights) or other securities or rights).

The Exercise Value After Adjustment shall be applied after the day following the payment due date (the final day if the payment period is specified), or after the day following the record date to grant to the shareholders the right to receive allocation for such issuance or disposition if any.

- ② In the case of issuing the Company’s ordinary shares by share split or allocation without contribution

The Exercise Value After Adjustment shall be applied after the day following the record date for share split or allocation without contribution (the effective date of such allocation if no record date for allocation without contribution).

- ③ In the case of issuing the securities which are acquired by the Company with the payment amount falling below the market price stipulated in (4)② of this clause in

exchange of issuance of the Company's ordinary shares or of which acquisition can be requested to the Company (including allocation without contribution), or in the case of issuing the share acquisition rights which can request issuance of the Company's ordinary shares or convertible bonds with share acquisition rights, or other securities or rights (including allocation without contribution) (except for the case of issuing the share acquisition rights as stock option for the directors or employees of the Company or the Company's subsidiary based on the resolution of the Company's board of directors.).

The Exercise Value After Adjustment shall be calculated by applying the Exercise Value Adjustment Formula by deeming that the securities to be issued, the share acquisition rights or rights have been acquired for the initial acquisition value or exercised for the initial Exercise Value, and that the Company's ordinary shares have been issued, and shall be applied after the day following the payment due date of such securities or rights or allocation day of the share acquisition rights (including what is granted to the convertible bonds with the share acquisition rights) or the record date for offering or allocation without contribution, if any.

- ④ In the case of issuing the Company's ordinary shares for the value falling below the market price stipulated in (4)② of this clause in exchange of acquisition of the shares with acquisition conditions or share acquisition rights with acquisition conditions (including what is granted to the convertible bonds with the share acquisition rights).

The Exercise Value After Adjustment shall be applied after the following day of the acquisition day.

- ⑤ In the case of ① through ③, if the record date is set and the condition for occurrence of the effect is approval by the general shareholders' meeting, board of directors and other agencies of the Company after such record date, regardless of ① through ③, the Exercise Value After Adjustment shall be applied after the following day of such approval. In this case, to the share acquisition right holders who requested for exercise of the Share Acquisition Rights from the following day of such record date before such approval day, the Company's ordinary shares shall be issued by the following calculation.

$$\begin{array}{rcccl} \text{Number of shares} & = & \frac{\text{Exercise Value Before Adjustment} - \text{Exercise Value After Adjustment}}{\text{Exercise Value After Adjustment}} & \times & \text{Number of shares issued by Exercise Value Before Adjustment within such period} \end{array}$$

In this case, any fraction under one (1) share shall be cut off.

- (3) If the difference between the Exercise Value After Adjustment and Exercise Value Before Adjustment calculated by the Exercise Value Adjustment Formula remains under one (1) yen, the Exercise Value shall not be adjusted. However, in the case that any reason occurs where adjustment of the Exercise Value is necessary thereafter and the Exercise Value is adjusted, the amount calculated by deducting this difference from the Exercise Value Before Adjustment shall be used in place of the Exercise Value Before Adjustment in the Exercise Value Adjustment Formula.
- (4)① Exercise Value Adjustment Formula shall calculate up to the hundredths place under yen unit and the hundredths place shall be cut off.
- ② The market price used in the Exercise Value Adjustment Formula shall be the simple average value of the closing price of ordinary transaction of the Company's ordinary shares (excluding the number of days without the closing price) at JASDAQ Market (the market where the Company's shares are listed after change of the market classification of Tokyo Stock Exchange if any) of Tokyo Stock Exchange, Inc. (hereafter "Tokyo Stock Exchange") of thirty (30) transaction days starting on the 45th transaction day preceding the day when the Exercise Value After Adjustment is applied for the first time. In this case, the simple average value shall be calculated up to the hundredths place under yen unit and the hundredths place shall be cut off.
- ③ The number of ordinary shares already issued to be used for the Exercise Value Adjustment Formula shall be the number calculated by deducting the Company's ordinary shares owned by the Company as of such day from the total number of ordinary shares already issue of the Company, as of the record day to grant to the shareholders the right to receive allocation if any, or the day one (1) month prior to

the day when the Exercise Value After Adjustment is applied for the first time. In the case of above (2)⑤, the number of ordinary shares newly issued / disposed of to be used for the Exercise Value Adjustment Formula shall not include the number of the Company's ordinary shares allocated to the Company's ordinary shares owned by the Company as of the record date.

- (5) In addition to the case when adjustment of the Exercise Value of above (2) is necessary, in the case of the following, the Company shall make necessary Exercise Value Adjustment upon consultation with the Share Acquisition Right holder
- ① When adjustment of the Exercise Value is necessary for reverse split, reduction of the capital, company split, share exchange or merger.
  - ② When otherwise adjustment of the Exercise Value is necessary for occurrence of the reasons, etc. including change in the number of ordinary shares already issue of the Company or such possibility.
  - ③ When multiple reasons occur one after another where it is necessary to adjust the Exercise Value and it is necessary to consider effect by the other party's reason for the market price to be used for calculation of the Exercise Value After Adjustment based on one party.
- (6) When adjusting the Exercise Value, the Company shall notify the Share Acquisition Right Holder in writing of such Adjustment and the reason thereof, Exercise Value Before Adjustment, Exercise Value After Adjustment and such application commencement day and other necessary matters before the previous day of the application commencement day of the Exercise Value After Adjustment. However, in the case stipulated in above (2)⑤ or in the case otherwise that it is impossible to make the above notification before the previous day of the application commencement day, it shall be made immediately after the application commencement day.
12. Period where the Share Acquisition Right can be exercised  
It shall be from September 16, 2020 to September 15, 2023. If the final day of the exercise period is not a business day, such previous business day shall be the final day. However, request for exercise cannot be made during the following period.
- ① The period from three (3) business days (days when the book-entry company is not closed, etc.; the same hereafter) prior to the shareholder certified date for the Company's ordinary shares (stipulated in the "Work Rules of Book-Entry Transfer of Shares, etc." of Japan Securities Depository Center, Inc.)
  - ② The day when the depository trust company decides that suspension of exercise of the Share Acquisition Rights is necessary
  - ③ The period in the case that suspension of exercise of the Share Acquisition Rights is necessary for reorganization stipulated in Clause 15 and the Company notifies the period of suspension of request for exercise (such period shall not exceed one (1) month) and other necessary matters to the share acquisition right holder of the Share Acquisition Rights by one (1) month prior to the commencement day of such period
13. Other conditions for exercise of the Share Acquisition Rights  
Partial exercise of each Share Acquisition Right is not permitted.
14. Acquisition of the Share Acquisition Rights  
If decided by the Company's board of directors, the Company may acquire all or part of remaining Share Acquisition Rights by paying the amount equivalent to the payment amount of the Share Acquisition Rights on the acquisition day designated by the board of directors after making a notification or public notice by two (2) weeks prior to such acquisition day in accordance with Article 274, Clause 2 of the Companies Act (Article 273, Clause 2 and Article 274, Clause 3 thereof if acquiring part of the remaining Share Acquisition Rights) after the day following the payment due date of the Share Acquisition Rights.
15. Issuance of thereof by reorganization  
In the case of conducting absorption-type merger where the Company is absorbed in absorption-type merger, consolidation-type merger where it is merged in consolidation-type merger, absorption-type company split where it is absorbed in absorption-type company split, incorporation-type company split where it is merged in incorporation-type company split, share exchange where it becomes a wholly owned subsidiary in share exchange, or share transfer where it becomes a wholly owned subsidiary in share

transfer (hereafter “Reorganization”), the surviving absorption-type merger company, founded consolidation-type merger company, succeeding absorption-type company, founded incorporation-type company split company, wholly-owning parent company by share exchange or wholly-owning parent company share transfer (hereafter collectively “Reorganizing Party”) shall newly issue the Share Acquisition Rights to the share acquisition right holder concerning the Share Acquisition Rights under the following conditions in place of the Share Acquisition Rights remaining immediately before occurrence of effect of such reorganization.

- (1) Number of Share Acquisition Rights to be newly issued  
Reasonably adjusted in consideration of the conditions, etc. of Reorganization based on the number of Share Acquisition Rights owned by the share acquisition right holder. Any fraction under one (1) unit after adjustment shall be cut off.
  - (2) Type of shares which is the purpose of share acquisition rights to be newly issued  
The same type of shares as the Reorganizing Party
  - (3) Calculation method of the number of shares which is the purpose of share acquisition rights to be newly issued  
Reasonably adjusted in consideration of the conditions, etc. of Reorganization. Any fraction under one (1) unit after adjustment shall be cut off.
  - (4) Value of the property invested for exercise of the share acquisition rights to be newly issued  
Reasonably adjusted in consideration of the conditions, etc. of Reorganization. Any fraction under one (1) unit after adjustment shall be cut off.
  - (5) Capital and capital reserve increasing when issuing the shares by issuance of the share acquisition rights, non-issuance of securities with the share acquisition rights and exercise of such share acquisition rights in the case of exercise period concerning the share acquisition rights to be newly issued, conditions for exercise, provisions for acquisition, Reorganization  
Determined for Reorganization in accordance with Clause 12 through 15, and Clause 18 and 19.
  - (6) Restriction on acquisition by assignment of the share acquisition rights to be newly issued  
Approval of the board of directors of the Reorganizing Party shall be required for acquisition of the share acquisition rights to be newly issued through assignment.
16. How to request for exercise of the Share Acquisition Rights
- (1) The Share Acquisition Right holder intending to request for exercise of the Share Acquisition Rights shall describe its name or business name and address, code of the account for book-entry of the Company’s ordinary shares opened for itself (except for the special account stipulated in Article 131, Clause 3 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. (hereafter “Book-Entry Law”) and other necessary matters in the exercise request form designated by the Company, place its name and seal thereon, submit it to the place accepting request for exercise listed in Clause 21 during the exercise period stipulated in Clause 12 and pay the amount calculated by multiplying the number of the Share Acquisition Rights subject to such request for exercise by the Exercise Value (hereafter “Total Investment Amount”) in cash into the account of the place accepting request for exercise designated by the Company (hereafter “Designated Account”) through bank transfer.
  - (2) The person who has made request for exercise in accordance with this clause cannot revoke it thereafter.
  - (3) Request for exercise of the Share Acquisition Rights shall be in force on the transaction day of request for exercise of the Share Acquisition Rights concerning such request for exercise when the document required for request for exercise arrives at the place accepting request for exercise and Total Investment Amount concerning exercise of such Share Acquisition Rights is paid into the Designated Account.
17. Restriction on assignment of share acquisition rights  
Assignment of the Share Acquisition Rights shall require approval of the Company’s board of directors.
18. Non-issuance of securities with share acquisition rights  
The Company shall not issue the securities with the share acquisition rights for the Share Acquisition Rights.

19. Capital and capital reserve increasing when issuing the shares by exercise of the Share Acquisition Rights

Amount of the capital increasing when issuing the Company's ordinary shares by exercise of the Share Acquisition Rights shall be a half amount of the limit amount of increase of capital, etc. calculated in accordance with Article 17, Clause 1 of the Corporate Accounting Rules (any fraction under one (1) yen as a result of the calculation shall be rounded out), and the amount calculated by deducting the amount of increasing capital from such limit amount of increase of capital, etc., shall be the amount of the capital reserve.

20. Issuance of shares

The Company shall notify the book-entry company of new record information of the Company's ordinary shares issued by exercise of the Share Acquisition Rights in accordance with Article 130, Clause 1 of the Book-Entry Law immediately after request for exercise of such Share Acquisition Rights is in force.

21. Place accepting request for exercise

Tamagawa Holdings, Co., Ltd. Management Planning Division

22. Payment transaction place

Kiraboshi Bank, Ltd. Tokyo Mirai Division

23. Miscellaneous

- (1) The Company may take necessary measures if amendment, etc. of the Companies Act or other laws, replacement of the stipulation in the Requirements or other measures are required.
- (2) In addition to the above, any decision of the matters required for issuance of the Share Acquisition Rights shall be fully at discretion of the Company's president.
- (3) Issuance of the Share Acquisition Rights shall require occurrence of effect of the notification under the Financial Instruments and Exchange Act.