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For immediate release

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Stock Code: 7912 (TSE Prime Market)
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Notice of Introduction of a Restricted Stock Compensation System

At the Board of Directors meeting held today, the Company reviewed its executive compensation system and resolved to introduce a restricted stock compensation system (hereinafter referred to as “the system”). As a result, the Company’s Directors (excluding Outside Directors) decided to submit a proposal for this system to the 128th Ordinary General Meeting of Shareholders (hereinafter referred to as “the General Meeting of Shareholders”) scheduled to be held on June 29, 2022. We hereby inform you as follows:

1. Purpose of introduction of the system, etc.

The system’s purpose is to provide incentives for the Company’s Directors (excluding Outside Directors) (hereinafter referred to as “Eligible Directors”) to achieve sustainable improvement in the Company’s corporate value, and to promote an enhanced level of value-sharing with shareholders.

Upon the introduction of this system, monetary claims will be paid to the Eligible Directors as compensation for the granting of restricted stock. Therefore, granting of the restricted stock is conditional upon obtaining approval from shareholders at the General Meeting of Shareholders for the payment of such compensation. At the 122nd Ordinary General Meeting of Shareholders held on June 29, 2016, remuneration for the Company’s Directors was approved up to 1.4 billion yen per year (Outside Directors up to 80 million yen per year). At the upcoming General Meeting of Shareholders, we plan to request the approval of our shareholders to introduce this new system and to set the remuneration limit for Eligible Directors under the system separately from the above remuneration limit.

2. Outline of the system

The total amount of monetary claims to be paid to the Eligible Directors under the proposed system shall not exceed 300 million yen per year, and the total number of common shares to be newly issued or disposed of by the Company shall be no more than 300,000 per year. However, in the event of a stock split of the Company's common stock (including any gratis allotment of the Company's common stock) which takes effect on a date after the resolution is approved by the General Meeting of Shareholders, or in the event of a share consolidation, after the date when the split or consolidation, etc. takes place, the total number will be adjusted to a reasonable degree as necessary according to the split or merger ratio, etc. Eligible Directors will pay to the Company all of the monetary claims provided by the Company under this system as in-kind contribution assets, and they shall be issued or disposed of as the common stock of the Company. The amount paid per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the resolution of each meeting of the Board of Directors. If the transaction is not completed on the same day, it shall be the closing price on the most recent trading day prior to that day. The Board of Directors shall decide the price, to the extent that the amount is not particularly favorable to Eligible Directors who take on the common stock. The system provides for two types of restricted stocks. One is "service-contingent," whereby lifting the restrictions on transfer of the shares is contingent upon continuously holding the position of Director of the Company for a certain period of time. The other is "performance-contingent," whereby the lifting of transfer restrictions is conditioned on the achievement of one or more performance targets that were decided in advance by the Board of Directors, in addition to service as a Director of the Company for a predetermined period of time. The specific timing and allocation of payments to each Eligible Director will be determined by the Board of Directors after consulting with the Advisory Committee.

In addition, when issuing or disposing of the Company's common stock under this system (hereinafter referred to as "the shares,") (1) for a certain period (hereinafter referred to as "the transfer restriction period") there will be a prohibition against transfer of the shares to a third party, creation of a security interest, or other forms of disposition, and (2) it is subject to the conclusion of a restricted stock allotment agreement between the Company and the Eligible Directors, including a provision that in certain circumstances the Company will acquire the shares free of charge. The shares are to be managed in dedicated accounts to be opened by the Eligible Directors at Nomura Securities Co., Ltd., so that the shares cannot be transferred, used for security interests, or otherwise disposed of during the transfer restriction period.

On the condition that the proposal for this system is approved at the upcoming General Meeting of Shareholders, we plan to introduce the same type of restricted stock compensation system for Corporate Officers who do not concurrently serve as Directors of the Company.