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To whom it may concern

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Listing: First Section of the Tokyo Stock Exchange
Section code: 3254
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Notice Regarding Abolition of Director's Retirement Benefit Scheme, Introduction of Restricted Stock Compensation Scheme and Revision to Amount of Director's Compensation

The Company hereby announces that it will resolve, at today's Board of Directors meeting, to review the director's compensation scheme, abolish the directors' retirement benefit scheme, and introduce a restricted stock compensation scheme (hereinafter referred to as the "Scheme"), and place a proposed resolution regarding the Scheme on the agenda of the 22nd Ordinary General Meeting of Shareholders (hereinafter referred to as the "General Meeting") scheduled to be held on June 21, 2019.

I. Abolition of Director's Retirement Benefit Scheme

1. Reason for abolishing the benefit scheme

The Company has resolved to abolish the director's retirement benefit scheme as part of revisions to the director's compensation scheme.

2. Date of abolishing the benefit scheme

The scheme will be abolished when the General Meeting concludes.

3. Final payment after abolishing the benefit scheme

The Company will ask for approval at the General Meeting for the payment of retirement benefits to current directors (except audit and supervisory committee members) for the period until the abolition.

Final payment of retirement benefits will be made when directors retire from the Board.

4. Impact on business performance

The Company has reserved the required amount pursuant to the relevant internal standards for the payment of director's retirement benefits at the end of their terms. Therefore, the impact on business performance will be insignificant.

II. Introduction of Restricted Stock Compensation Scheme and Revision to Amount of Director's Compensation

1. Purposes of and conditions for introducing the Scheme

(1) Purposes of introducing the Scheme

The Scheme will be introduced to grant the Company's directors (except those who form the audit and

supervisory committee, and outside directors. Hereinafter referred to the “Eligible Directors”) an incentive to seek sustainable improvement of corporate value, and promote more value sharing with shareholders.

(2) Conditions for introducing the Scheme

The Scheme provides monetary claims as compensation to grant restricted stock to the Eligible Directors. Therefore, it will be introduced only if the payment of compensation is approved by the shareholders at the General Meeting.

The amount of compensation for the Board of Directors of the Company (except those who form the audit and supervisory committee) will be within 600 million yen per year (excluding employee salary for employee directors) as approved at the 18th Ordinary General Meeting of Shareholders on June 23, 2015. It has also been approved that the Company may grant up to eight directors (except those who form the audit and supervisory committee) stock acquisition rights within 30 million yen per year (The total amount will be within 70 million yen per year if the General Meeting approves items of the agenda thereof regarding the authorization for the Board of Directors to resolve upon requirements for stock acquisition rights for subscription as stock options stated in “Notice Regarding Issuance of stock acquisition rights as Stock Options (Stock Options)” published today). Apart from these payment schemes, the Company will ask the shareholders at the General Meeting to approve the introduction of this new Scheme and the setting of the amount of compensation thereunder for the Eligible Directors.

2. Overview of the Scheme

The Eligible Directors will pay all of the monetary compensation claims provided by the Company under the Scheme as a property contributed in kind, and the Company’s common shares will be issued or disposed of.

The total amount of compensation to be provided to the Eligible Directors will be up to 100,000 thousand yen per year, and the total number of the Company’s common shares to be issued or disposed of under the Scheme shall not exceed 100,000 per year (however, if any event occurs as a result of the share split or consolidation of the Company’s common shares that requires the number of shares to be adjusted, the total number of shares to be issued or disposed of will be adjusted within a reasonable range).

To fulfill one of the purposes of introducing the Scheme, that is, to ensure the sharing of shareholders’ value for the medium to long term, the transfer restriction period for the restricted stock will be the period from the date when the restricted stock is provided to the date when each Eligible Director retires from or resigns the position thereof or any other position specified by the Board of Directors. The Board of Directors will decide the specific payment timing and allocation for each Eligible Director.

The paid-in amount per share will be determined at a Board of Directors meeting based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the day of the resolution at each Board of Directors meeting (if no transaction has been concluded on the same day, it will be the closing price on the most immediate transaction day), to the extent that the amount is not particularly favorable to the Eligible Directors who are accepting the common shares.

For the issuance or dispose of the Company’s common shares through the Scheme, the Company and the Eligible Directors will conclude an agreement on the allotment of restricted stock (hereinafter referred to as the “Allotment Agreement”), which includes the following matters.

- (i) The Eligible Directors will not transfer, set security rights to or dispose of the Company’s common shares to be allotted under the Allotment Agreement for a predetermined period.
- (ii) The Company will acquire the Company’s common shares concerned without charge in the case of an occurrence of certain matters.

3. Application of the Scheme for directors of the Company’s subsidiaries

Upon the condition that the General Meeting approves the introduction of the Scheme, the Company will apply a restricted stock compensation scheme equivalent to the Scheme for directors of the Company’s subsidiaries.