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(Update on Disclosed Matter) Notice of Decision on Details of Restricted Share-Based Remuneration Plan

Hosiden Corporation (the “Company”), which had made a resolution to introduce a restricted share-based remuneration plan (the “Plan”) as announced on February 4, 2022 in the “Notice on Introduction of Restricted Share-Based Remuneration Plan,” announces that, at its Board of Directors meeting held today, it has made a resolution on the details of the Plan and decided to submit a proposal related to the Plan to the 72nd Ordinary General Meeting of Shareholders to be held on June 29, 2022 (the “General Meeting of Shareholders”). The details are as follows.

1. Purpose of and conditions for introducing the Plan

(1) Purpose of introduction

The Plan aims to provide an incentive for the Company’s Directors who are not Outside Directors (“Eligible Directors”), including Directors to be elected in the future, to strive for sustained improvement of the Company’s corporate value, and to further promote their sharing of value with its shareholders.

(2) Conditions for introduction

Because the Plan involves paying monetary remuneration claims for granting restricted shares as remuneration to Eligible Directors, the introduction of the Plan is subject to obtaining shareholder approval at the General Meeting of Shareholders on payment of such remuneration.

The maximum amount of remuneration for Directors of the Company is 25 million yen or less per month, as approved at the Ordinary General Meeting of Shareholders held on June 28, 2007. At the General Meeting of Shareholders, the Company plans to request shareholder approval on introducing the Plan, as well as establishing a remuneration limit related to the Plan for Eligible Directors separately from the existing limit on monetary remuneration for Directors.

2. Outline of the Plan

Eligible Directors will pay all monetary remuneration claims to be paid to them by the Company under the Plan in the form of property contributed in kind, and will, in return, receive common shares of the Company issued or disposed of by the Company.

The total amount of remuneration to be paid to Eligible Directors for granting restricted shares under the Plan will be up to 30 million yen per year, which will be separate from the existing limit on remuneration for Directors. The total number of common shares of the Company to be issued or disposed of under the Plan will be up to 50,000 shares per year (In case of a compelling event that necessitates an adjustment to the number of shares, such as a share split or share consolidation of the Company's common shares, the number of shares to be issued or disposed of may be reasonably adjusted.).

To achieve the sharing of value with shareholders, one of the purposes of introducing the Plan, over a medium to long term, the transfer restriction period will be from the date of delivery of restricted shares through the day on which the Eligible Director loses the position of Director of the Company. The specific timing and allocation of payment to each Eligible Director will be determined by the Board of Directors.

Furthermore, the amount to be paid in per share for the Company's common shares to be issued or disposed of under the Plan will be determined by the Board of Directors to the extent that the amount will not be particularly advantageous for Eligible Directors, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

When issuing or disposing of the Company's common shares under the Plan, the Company and each Eligible Director will conclude a restricted share allotment agreement (the "Allotment Agreement") that includes the following contents.

1) The Eligible Director may not transfer, create a security interest on, or otherwise dispose of the Company's common shares allotted under the Allotment Agreement for the duration of a period determined in advance.
2) If certain events occur, the Company shall acquire the allotted common shares free of charge.
3) If the Board of Directors of the Company determines that a serious violation of laws and regulations or another event specified by the Board of Directors has occurred in relation to actions, etc. of the Eligible Director while they are in office, a clawback of the allotted common shares (returning such common shares after the transfer restriction is lifted, or if the Eligible Director is not holding such common shares, returning money equivalent to such common shares) shall be carried out.