



November 26th, 2019

For Immediate Release

Company name: SEPTENI HOLDINGS CO., LTD.

Representative: Representative Director, Group President and Chief Executive Officer

Koki Sato

(JASDAQ code: 4293)

## Notice Regarding Continuation of Performance-Linked Stock Compensation Plan for Officers

SEPTENI HOLDINGS CO., LTD. (hereinafter referred to as the “Company”) hereby announces that a meeting of its Board of Directors held today resolved to continue the Performance-Linked Stock Compensation Plan (hereinafter referred to as the “Plan”) for Directors (excluding External Directors and those who are non-residents of Japan) and Executive Officers (excluding those who are non-residents of Japan; collectively “Directors, etc.” including Directors) of the Company, which was introduced in fiscal year 2017.

At the same time, the continuation of the Plan for Executive Officers (excluding those who are non-residents of Japan; collectively “Target Directors, etc.” along with Directors, etc. of the Company) at the Company’s Subsidiaries (hereinafter referred to as the “Target Subsidiaries”; collectively “Target Companies” including the Company) was resolved at the Extraordinary General Meeting of Shareholders held today in the same manner as the continuation of the Plan for Directors, etc. of the Company.

### 1. Continuation of the Plan

- (1) The Target Companies have decided to continue the Plan aiming to define the relationship between remuneration of Target Directors, etc. and the Group’s business results in the medium-to-long term as well as the Company’s shareholder value, while creating a sound incentive to enhance business results and corporate value in the medium-to-long term. (\*)
- (2) The Plan adopts the scheme called the directors’ remuneration board incentive plan (BIP) trust (hereinafter referred to as the “BIP Trust”). The BIP Trust is an incentive plan for officers organized with reference to the performance-linked stock compensation (Performance Share) plan and the plan for compensation by shares with restriction on transfer (Restricted Stock) of the U.S. The plan will issue and pay the shares of the Company that the BIP Trust obtains and the money equivalent to the proceeds from the realization and disposal of the shares of the Company (hereinafter referred to as the “Company’s Shares, etc.”) according to the degree of performance achievement, etc.

(\*) At the adoption of the Plan, the performance-linked stock option plan has been abolished. In this case, the remuneration for the directors of the Company consists of the monthly compensation and the stock compensation, and the remuneration for the outside directors who are independent from business execution consists of the monthly compensation only.

## 2. Outline of the Plan

In connection with the continuation of the Plan, the Company will extend the period of the existing BIP Trust and stay with the provisions of the current Plan resolved at the 26th Ordinary General Meeting of Shareholders held on December 20, 2016, except for the items described below:

### (1) Extension of the BIP Trust and continuation of the residual shares and the money thereof at the time of extension

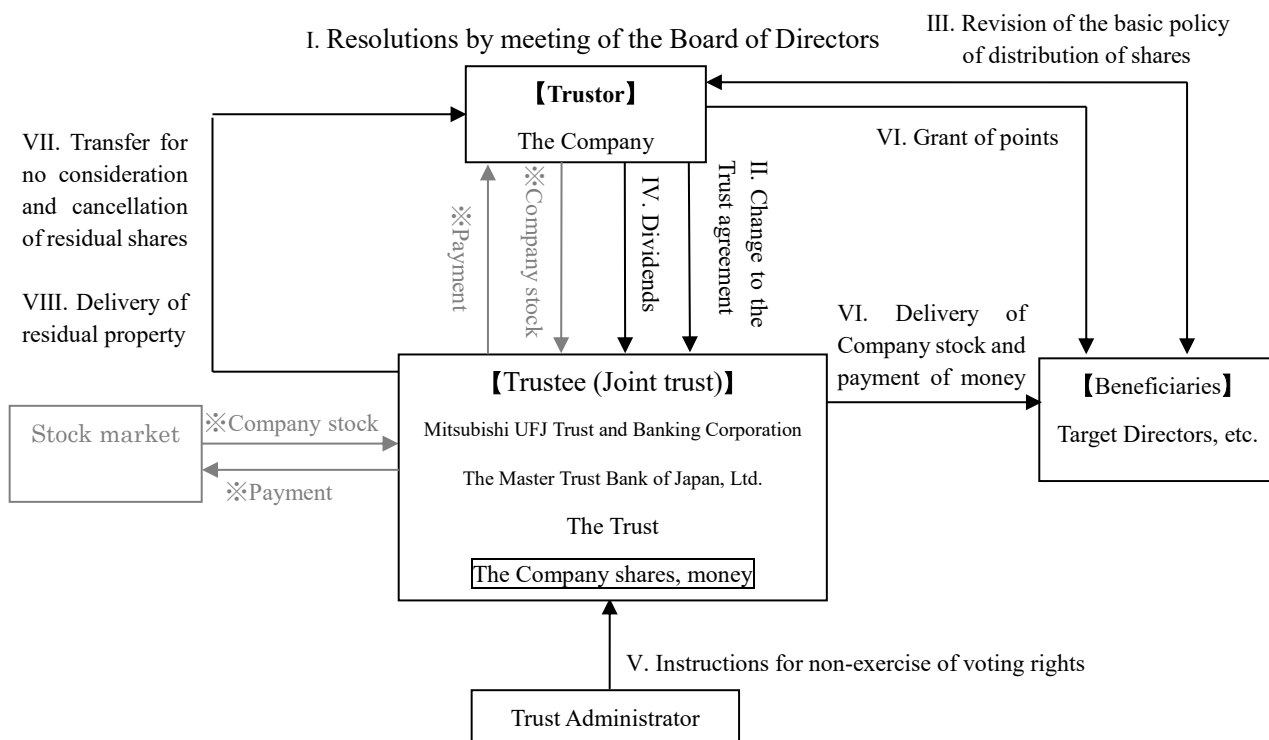
With respect to the existing BIP Trust that will expire at the end of February 2020, the Plan will be continuously implemented by extending (hereinafter referred to as the “Extension”) the trust period until the end of February 2023 (However, if such date is not a business day, the next business day shall be the end of the extension period.) If there is any of the Company’s stock or money (hereinafter collectively referred to as the “Residual Shares, etc.”) remaining in the trust at the end of February 2020, the Residual Shares, etc. will be transferred to the extended BIP Trust.

### (2) Target Period

The target period of the newly approved Plan will be three fiscal years (i.e. fiscal years ending the 30th of September 2020, 2021 and 2022).

(\*) If and when the trust period is extended further beyond the Extension, the target period will be the three following fiscal years. The Company’s shares will be distributed to Target Directors, etc., commensurate with their titles and achievements of business performance.

### 3. Construction of the BIP Trust



- I. We have resolved at meeting of the Board of Directors to continue the Plan. Each of the Target Subsidiaries has resolved to maintain the Plan at their respective extraordinary meetings of shareholders.
- II. Pursuant to the agreement to revise the trust agreement, we will extend the terms of the BIP Trust. Upon extension, no additional money will be contributed and no Company shares will be acquired.
- III. The Companies will each establish regulations for the issue of shares relating to the Plan.
- IV. Dividends will be paid for the shares of the Company in trust with the Trust in the same way as the other shares of the Company.
- V. The voting rights for the shares of the Company in trust with the Trust shall not be exercised throughout the trust period.
- VI. During the Trust period, a certain number of points will be granted each year to Target Directors, etc., commensurate with job positions and achievement of target performance (gauged on achievement of a target for Non-GAAP operating profit in each of the fiscal years as will be specified in the new medium-term management policies covering the period from the fiscal year ending September 30, 2020.) Meanwhile, a certain number of points will be granted to Target Directors, etc. after the last fiscal year ends during the target period, commensurate with target achievements as specified in the medium-term management policies etc. After the target period expires, the Company's shares will be delivered to Target Directors, etc. who meet certain eligibility requirements for beneficiaries, commensurate with the number of points already granted.
- VII. If there are any remaining shares upon the expiry of the trust period due to the non-achievement of the performance targets and other reasons, the Trust will be continuously used as a new stock compensation plan by amendment to the trust agreement and the addition of another trust, or the said remaining shares will be assigned from the Trust to the Company without consideration and the Company will cancel the

said remaining shares that it acquires free of charge by resolution of the Board of Directors.

VIII. The residual assets after distribution to the beneficiaries upon the termination of the Trust will be vested in the Company that has the right to own them to the extent of the reserve for trust expenses obtained by deducting the funds for the acquisition of shares from the trust money.

※In the event that there is no company stock remaining within the trust due to the delivery of our shares to Target Directors, etc. meeting beneficiary requirements, the trust will terminate before the trust period expires. The Target Companies may individually entrust (or Target Subsidiaries may entrust through the Company) additional money to the Trust as funds necessary for the Trust to acquire additional shares of the Company within the upper limit of trust money, which had been approved by a resolution at the Ordinary General Meeting of Shareholders held in December 2016.

(Reference)

Terms and conditions of the trust agreement

**【Details of the trust agreement】**

- (1) Type of trust: Trust of money other than the individually operated designated money trust  
(third-party-benefit trust)
- (2) Purpose of trust: Grant of incentives to the Eligible Directors, etc.
- (3) Settlor: The Company
- (4) Trustee: Mitsubishi UFJ Trust and Banking Corporation  
(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- (5) Beneficiaries: The Eligible Directors, etc. who fulfill the requirements for being a beneficiary
- (6) Trust administrator: Third-party professional practitioners without any interests in the Companies
- (7) Date of trust agreement: February 10, 2017 (to be revised on November 26, 2019)
- (8) Period of trust: From February 10, 2017 to February 29, 2020 (prior to the revision)  
From February 10, 2017 to February 28, 2023 (scheduled) (posterior to the revision)
- (9) Exercise of voting rights: The voting rights shall not be exercised.
- (10) Additional acquisition of the Company's stock: No additional acquisition of stock will be made in connection with the Extension
- (11) Holder of vested rights: The Company
- (12) Residual assets: The residual assets that the Company can receive as the holder of the vested rights shall be within the scope of the reserve for trust expenses obtained by deducting the funds for the acquisition of shares from the trust money.

[Description of the administrative work for the trust and shares]

- (1) Administrative work for the trust: Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. become the trustees of the Trust and perform the administrative work for the trust.
- (2) Administrative work for the shares: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. performs the administrative work for issue of the shares of the Company to the beneficiaries under the contract for the entrustment of administrative work.

■ Inquiries about this news release

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