



May 19, 2017

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## Notice Regarding Introduction of Stock-Based Compensation Plan with Restriction on Transfer

Hearts United Group Co., Ltd. (hereinafter referred to as the “Company”) announces that a meeting of its board of directors today passed a resolution on the introduction of a stock-based compensation plan with restriction on transfer (hereinafter referred to as the “Plan”) upon the review of the executive compensation plan. The associated proposal will be submitted to the 4<sup>th</sup> ordinary general meeting of shareholders to be held on June 27, 2017 (hereinafter referred to as the “Shareholders’ Meeting”).

### 1. Purpose of introduction of the Plan, etc.

#### (1) Purpose of introduction of the Plan

The purpose of the Plan is to provide incentives to the directors of the Company for the continuous enhancement of the corporate value of the Company and promote the improved sharing of its values with the shareholders.

#### (2) Conditions for introduction of the Plan

Under the Plan, monetary claims will be paid as compensation to the directors for the grant of the shares with restriction on transfer. Accordingly, the introduction of the Plan shall be subject to the shareholders’ approval of the payment of such compensation at the Shareholders’ Meeting.

In addition, the payment of compensation to the directors of the Company under the Plan will be treated separately from the existing limit of remuneration for directors of the Company in an annual amount of 340 million yen (including the limit for outside directors in an annual amount of 30 million yen; and excluding the salary for the director-employees) that was approved at the 3<sup>rd</sup> ordinary general meeting of shareholders held on June 29, 2016. The Company will ask the shareholders to approve this treatment at the Shareholders’ Meeting.

### 2. Outline of the Plan

The directors will issue all the monetary claims that the Company paid to them under the Plan as properties contributed in kind to receive the issue or undertake the disposal of the common shares of the Company.

The total sum of the monetary claims paid to the directors under the Plan shall be limited to an annual amount of 260 million yen (including the limit for outside directors in an annual amount of 20 million yen; and excluding the salary for the director-employees). The specific time for the payment and allocation to each director shall be decided by the Board of Directors.

The total number of common shares that the Company will newly issue or dispose of under the Plan shall be limited to 260,000 shares per year (however, in the case of a stock split (including the allotment of common shares of the Company without contribution) or stock consolidation after the date of resolution at the Shareholders' Meeting or if it is otherwise necessary to adjust the total number of common shares of the Company to be issued or disposed of as shares with restriction on transfer, the said total number shall be adjusted to a reasonable extent). The amount to be paid in per share shall be determined by the Board of Directors based on the closing price for the common shares of the Company at the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (if trading is not closed on the said day, the closing price on the immediately preceding trading day) to an extent not especially favorable to the directors who subscribe to the said common shares.

In addition, the issue or disposal of the common shares of the Company under the Plan shall be subject to the execution of the agreement for allotment with restriction on transfer between the Company and the directors who will receive the issue or undertake the disposal of the said common shares, including the provisions (1) that the directors shall not transfer, create collateral rights on or otherwise dispose of the common shares of the company allocated to them for a specified period and (2) that upon the occurrence of prescribed events, the Company shall acquire the said common shares without compensation. The common shares of the Company allotted to the directors will be managed under the dedicated accounts that the directors open with Nomura Securities Co., Ltd. during the period of restriction on transfer so that they cannot transfer, create collateral rights on or otherwise dispose of the said shares during the period of restriction on transfer.