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December 20, 2019

Company Name: COLOPL, Inc.
Representative: Naruatsu Baba, President and CEO
(Securities Code: 3668
Tokyo Stock Exchange First Section)
Inquiries: Yoshiaki Harai, CFO
(TEL: +81-3-6721-7770)

Notice of the Issuance of New Shares as Restricted Stock Compensation

COLOPL, Inc. (the "Company") has resolved at the Board of Directors meeting held today to issue new shares as restricted stock compensation (hereinafter referred to as "new share issuance") as follows.

Details

1. Overview of Publication

(1) Payment date	January 17, 2020
(2) Type and number of shares to be issued	19,036 shares of our common stock
(3) Issue price	1,261 yen per share
(4) Total issue price	24,004,396 yen
(5) Eligible for Allotment of Shares as well as the number of people number of shares to apportion	4 executive directors 19,036 shares
(6) Others	With respect to the issuance of new shares, the Company has submitted a notice of securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for the Issuance of New Shares

At the board meeting held on November 20, 2019, the Company decided to introduce a stock compensation system with restriction on transfer (hereinafter referred to as "this system") with the aim of providing incentives to our board members (excluding those who are outside board members and members of the audit and maintenance committee; hereinafter referred to as "target board members") to continuously improve our company's corporate value as well as promoting further value sharing between target board members and shareowners. At the 11th Ordinary General Meeting of Shareholders held today, the Board of Directors approved the payment of monetary remuneration receivable not exceeding 300 million yen per year to the target directors in order to issue restricted shares, and the distribution of restricted shares not exceeding 500,000 shares per year.

Taking into account the purpose of this plan, our business performance, the scope of duties of each target director, and various circumstances, the Company has resolved to pay to the target director a total of 24,004,396 yen in monetary remuneration on condition that the issue of new shares will be paid to the target director as an asset in kind, and the Company has resolved to issue new shares to the target director. In order to provide incentives and share shareholder value for the purpose of realizing sustainable improvement of corporate value, which is the purpose of the introduction of this system, the Company has decided to retire directors during the period of restriction on transfer as described in 3 below.

3. Overview of restricted share allocation agreement

The Company and each of the Subject Directors will enter into an Allocation Agreement with Restriction on Transfer (hereinafter referred to as the "Allocation Agreement"), the outline of which is as follows.

(1) Restriction period of transfer

The Directors may not transfer, pledge or otherwise dispose of the Shares of Common Stock (the "Allotted Shares") that have been allotted between January 17, 2020 (the Paid-in Date) and the date of retirement of our Directors.

(2) Cancellation of restrictions on transfer

Notwithstanding the provisions of (1) above, the Company cancels restrictions on the transfer of all of the Allotted Shares held by the Directors at the time of the expiration of the restriction on the transfer of all of the Allotted Shares provided that the Directors were in the position of our Directors on an ongoing basis during the period stipulated by our Board of Directors (the "Service Period"). However, in the event that the Target Directors retire from the Board of Directors prior to the expiration of the period of service for reasons the Company deems appropriate, the Company will reasonably adjust, as necessary, the number of Allotted Shares that will cancel the restriction on transfer and cancel the restriction on transfer upon such retirement.

(3) Free acquisition by us

The Company will naturally acquire the Allotted Shares free of charge in the event of certain events as provided in this Allocation Agreement, such as the case where the Target Directors retired for reasons other than those which our Board of Directors deems to be valid prior to the expiration of the Term of Provision of Services.

In addition, the Company will, of course, acquire at no charge the Allotted Shares for which the restrictions have not been lifted at the time the restrictions expire.

(4) Management of shares

The Target Directors will set up and manage a dedicated account in the Securities Companies as defined by us so that they will not be able to transfer, pledge or otherwise dispose of the Allotted Shares during the Transfer Restriction Period. The securities company is scheduled to be Daiwa Securities Co. Ltd.

(5) Treatment of Organizational Restructuring

The Company will cancel the restriction on the transfer of reasonably determined number of Allotted Shares at the time immediately before the business day before the effective day of the said organizational restructuring, etc. in the event that, during the period of the restriction on transfer, the merger agreement in which the Company is the dissolving company, the share exchange agreement in which the Company is a wholly-owned subsidiary, the share transfer plan and other matters relating to organizational restructuring, etc. are approved at our general meeting of shareholders (however, if such organizational restructuring, etc. is not to be approved by our general meeting of shareholders, our board of directors, etc.), based on the resolution of our board of directors, based on the period from the beginning of the restriction period to the effective date of the said organizational restructuring, etc. In this case, the Company will naturally acquire the Allotted Shares for free at the time immediately after the restriction on transfer has been lifted as stated above.

4. Basis for calculation of the amount to be paid in and details thereof

The issue price for the new shares to be allotted will be 1,261 yen per share, the closing price of the business day immediately before the resolution date of the Board of Directors, in order to eliminate arbitrariness. The issue price of new shares is not particularly favorable to the eligible persons and the Company believes it is reasonable.

End.