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Notice Regarding Introduction of Restricted Stock Compensation Plan

JAFCO Group Co., Ltd. (the “Company”) hereby announces that, at the meeting of the Board of Directors held today, the Company has resolved to introduce a Restricted Stock Compensation Plan (hereinafter the “Plan”) after reviewing the remuneration system for its directors and officers. Accordingly, the proposal regarding the Plan will be made as shown below at the 50th Annual General Meeting of Shareholders scheduled for June 2022 (the “Meeting of Shareholders”).

1. The purpose of the introduction

The Plan will be introduced for the Company's directors (excluding directors serving as Board-Audit Committee members and independent directors; hereinafter “Eligible Director(s)”), and the Company’s corporate officers and the officers of the Company’s subsidiaries (collectively with Eligible Director(s), hereinafter “Eligible Person(s)”) in order to provide an incentive to sustainably improve the Company's corporate value and further promote the sharing of values with the shareholders.

In light of the above purpose, transfer-restricted stock (hereinafter “Restricted Stock”) will be granted to the Eligible Persons in the amount decided by the Company’s Board of Directors based on the basic compensation according to the position in the Company/ subsidiaries of the Eligible Persons and also taking into account a comparison of the Company’s stock growth rate and that of the TOPIX over a specific period prior to the grant. The transfer restriction period is between the date Restricted Stock is allotted to an Eligible Person to the date such Eligible Person retires from the position in the Company/ subsidiaries predetermined by the Company’s Board of Directors.

2. Conditions for the introduction

Under the Plan, monetary compensation claims will be paid as remuneration for the grant of Restricted Stock to the Eligible Directors. For this reason, the Company is required to obtain shareholders’ approval for the payment of such remuneration at the Meeting of Shareholders.

At the Meeting of Shareholders, the Company plans to ask for shareholders’ approval to introduce the Plan and set aside an amount for the remuneration to be paid to the Eligible Directors based on the Plan.

Please note that when the above proposal is approved at the Meeting of Shareholders as originally drafted, the Company plans to grant Restricted Stock based on the Plan to the Company’s corporate officers and the CEO of JAFCO Investment (Asia Pacific) Ltd, which is the significant subsidiary of the Company.

Details of the Plan will be informed separately upon finalization.