Feb 21, 2020

To whom it may concern

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Notice on the Determination of Amount of Post-issuance Type Stock Compensation for Directors

At the Board of Directors meeting held today, Ichikoh Industries resolved to introduce the Post-issuance Type Stock Compensation Plan (the "Plan"), and to make a proposal regarding the Plan at the 90th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2020 as follows.

【Details of the System】

１. Outline

The System includes following three types of stock compensation system.

(i) Performance Evaluation Type Performance Share Unit
A type of stock compensation in which the Company's common stock (hereinafter referred to the "Company's Stock") of which number is calculated in accordance with achievement level of the performance target in 3 consecutive business years (hereinafter referred to as the "Performance Evaluation Period") starting from the business year during which the provision of compensation to the Eligible Directors under the System is determined in the Board of Directors meeting (hereinafter "Initial Board of Directors Meeting") is issued after the expiration of the period from the date of the Ordinary General Shareholders' Meeting during the business year in which the Initial Board of Directors Meeting was held to the date of the Ordinary General Shareholders' Meeting first held after the expiration of the Performance Evaluation Period (hereinafter referred to as the "Vesting Period")

(ii) Qualitative Evaluation Type Performance Share Unit
A type of stock compensation the number of which is calculated in accordance with the issuance rate which is separately determined in the Board of Directors based on level of contribution in the Performance Evaluation Period

(iii) Restricted Stock Unit

A type of stock compensation in which the predetermined number of Company's Stock is provided after Vesting Period based on the Eligible Directors continuously serving as Directors or Executive Officers in the Vesting Period.

Specifically, in order to deliver the Company's Stock equivalent to the stock compensation of the above type (i) through (iii), the Company provides monetary compensation receivable to the Eligible Directors after the Vesting Period, and upon issuance of shares or disposition of treasury stocks, the Company provides the Company's Stocks by having them pay all the i-kind monetary compensation receivable.

Please note that, under this System, the Company's Stocks are to be provided in accordance with achievement level of performance, level of contribution and status of service as Directors, and thus whether or not the stocks are provided or not, to which Directors the stocks are provided, and the number of the stocks to be provided, are not finalized at the time of introduction of the System.

The number of stocks which the Company provides to the Eligible Directors under the System in one business year is20,000 or less per eligible Director (however 3,000 or less per Outside Director) and the total number of stocks of all Eligible Directors is200,000 or less (including 10,000 in total of all the Outside Directors). However, when the total number of issued stocks increases/decreases by consolidation, split or allotment of the stocks after the date on which the proposal is approved, the maximum amount and the number of the stocks delivered to the Eligible Directors is reasonably adjusted based on its rate.

This proposal is submitted as a proposal to resolve the concrete calculation method for compensations of which the amount has not been determined, as the appropriate calculation method in light of the purpose of the System from the perspective of appropriately reflecting the facts that the amount of monetary compensation receivable provided to the Eligible Directors fluctuates according to the Company's stock price as described below, and the calculation method as the maximum of undetermined compensation is resolved in this proposal and its operation of determining the compensation in accordance with achievement level of performance, level of contribution and status of service as Directors during the Vesting Period within that limit is delegated to the Board of Directors. The specific timing and content of provision to each Eligible Director will be determined in the Board of Directors, to which delegation is made by this resolution in the General Shareholders' Meeting.

【The amount of monetary compensation receivable in the System】

1. Calculation method for the amount of monetary compensation receivable

The amount of money (monetary compensation receivable) is calculated by multiplying the number of stocks which are to be provided to the Directors under the System (hereinafter referred to the “Final Number of Stocks to be Provided”) by the closing price of the Company’s Stock at the Tokyo Stock Exchange (if no trading is concluded on the day, the closing price on the most recent trading day preceding that date, hereinafter referred to the “Closing Price of the Company’s Stock”) on the business day immediately prior to the date of the resolution at the Board of Directors meeting held to determine the issuance of new shares or disposition of treasury stocks for the provision of shares (hereinafter referred to the “Resolution of Board of Directors for Rovision”) within a period of 2 months from the date of the end of Vesting Period to.

Amount of Money (monetary compensation receivable) to be Provided to the Directors ＝ Final Number of Stocks to be Provided × Closing Price of the Company’s Stock

2. Calculation Method for Final Number of Stocks to be Provided

Final Number of Stocks to be Provided is calculated by multiplying the number of stocks (if the calculation results in a fraction of less than one stock, rounded down to 0, hereinafter referred to as the “Base Number of Stocks to be Provided) calculated by dividing the amount which is double of monthly compensation in the month next to the month when the Director is appointed as a Director (if re-appointed as a Director, the month of immediately preceding re-appointment) for each Eligible Director (hereinafter referred to the “Base Compensation Amount”) by the closing price of the Company’s common stock at the Tokyo Stock Exchange (if no trading is concluded on the day, the closing price on the most recent trading day preceding that day, hereinafter referred to as the “Base Stock Price”) on the business day immediately prior to the date of resolution at the Initial Board of Directors Meeting (hereinafter referred to the “Resolution of Initial Board of Directors”) held at the beginning of Vesting Period by certain ratio shown in below calculation formula.

Maximum of the total amount of Base Compensation Amount for the Eligible Directors per business year is 40 million yen (including 6 million yen for Outside Directors) which is deemed appropriate based on the purpose of the System, and specific amount for each Eligible Directors is determined in Board of Directors meeting in accordance with the above provisions relating to the Base Compensation Amount. If total of the Base Compensation Amount calculated in accordance with the above provisions exceeds the above maximum amount, adjustment should be made at a Board of Directors meeting so that such total becomes less than such maximum amount.

(Calculation Method for Final Number of Stocks to be Provided)

Final Number of Stocks to be Provided＝ （i）Base Number of Stocks to be Provided（①）×50％×Performance Condition Issuance Rate（②） ＋（ii）Base Number of Stocks to be Provided（①）×25％×Contribution Condition Issuance Rate（③） ＋（iii）Base Number of Stocks to be Provided（①）×25％

① Base Number of Stocks to be Provided：

Base Number of Stocks to be Provided is calculated by the following formula.

$$\text{Base Number of Stocks to be Provided} = \frac{\text{Base Compensation Amount for Director}}{\text{Base Stock Price}}$$

② Performance Condition Issuance Rate：

Regarding Performance Condition Issuance Rate, targets of ROA (Return on Asset) and operation margin calculated by finalized consolidated balance sheet and consolidated statement of income for the 3 business years of Performance Evaluation Period, are determined in the Initial Board of Directors Meeting and then it is calculated in the range of 0% to 100% as described below based on the achievement level of the targets.

Achievement Level	Delivery rate
Achieved both targets for ROA and operating margin for 3 consecutive business years	100%
Achieved one of the targets, ROA or operating margin, for 3 consecutive business years, and achieved the other indicator target for only 2 business years (not limited to consecutive years)	90%
Achieved one of the targets, ROA or operating margin, for 3 consecutive business years, and achieved the other indicator target for only 1 business year	80%
Achieved both targets for ROA and operating margin for only 2 business years (not limited to consecutive nor common years)	80%

Achieved one of the targets, ROA or operating margin, for three consecutive business years, and did not achieved the other indicator targets in the three business years	70%
Achieved one of the targets, ROA or operating margin, for two business years (not limited to consecutive years), and achieved the other indicator target for only one business year (not limited to the common business year with the above business year)	70%
Achieved one of the targets, ROA or operating margin, for 2 business years (not limited to consecutive years), and did not achieved the other indicator targets in the three business years	60%
Achieved both targets for ROA and operating margin for only 1 business year (not limited to 1 common business year)	60%
Achieved one of the targets, ROA or operating margin, for only 1 business year, and did not achieved the other indicator targets in the three business years	50%
Nothing described above applies	0%

ROA is calculated by the following formula.

ROA(%)
＝Net Income Attributable to Shareholders of the Parent Company÷Total Assets×100

Operating margin is calculated by the following formula.

Operating Margin (%) = Operating Profit ÷ Sales × 100

③ Contribution Condition Issuance Rate：
Contribution Condition Issuance Rate is determined in the range of 0% to 100% based on contribution of each Eligible Director in the Performance Evaluation Period. Specifically, the Representative Director makes a proposal to the Compensation Advisory Committee, and through the deliberation of the Committee, it is determined by a resolution of the Board of Directors for Provision of compensation. However, for the Outside Directors, Contribution Condition Issuance Rate is 100%.

【Payment Condition of Compensation under the System】
Eligible Directors are subject to continuously serve as Directors or Executive Officers of the Company during the Vesting Period. In case the Director or Executive Officer resigns the post in the period (excluding the case of reappointment immediately after the resignation), neither monetary compensation receivable nor the Company’s Stock is provided under the System.

However, in the case that the matter such as a re-organization (a merger agreement where the Company becomes the absorbed company), stock exchange agreement or stock transfer plan where the Company becomes a wholly owned subsidiary of another company, the new established division plan where the Company becomes a division company or the absorption-type company split agreement, stock consolidation where the Company is controlled by specific stockholder, acquisition of stocks subject to wholly call, and demand for sales of stocks (hereinafter referred to the "Re-organizations"), are approved by the General Shareholders' Meeting of the Company (or by the Board of Directors, if such Re-organizations do not require approval by the General Shareholders' meeting) during the Vesting Period (however, this is limited to the case where the effective date of the Re-organizations is scheduled to come earlier than the date of stock delivery under the System), the stocks or money in the number or amount which is calculated by the reasonable method determined by the Board of Directors based on the above calculation method and the time period until the approval, are provided at the time determined by the Board of Directors. In such calculation, Base Stock Price is used instead of the Closing Price of the Company's Stock.

【Reference】

The Company intends to introduce a similar post-issuance type stock compensation system for the Company's Executive Officers on the condition that this proposal is approved.

End