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November 29, 2021

For Immediate Release

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Announcement regarding Introduction of Restricted Stock Plan and Performance-Based Stock Compensation Plan

At the Board of Directors meeting held on November 29, 2021, the Company reviewed its compensation plan for directors and has made a resolution to introduce a restricted stock plan (hereinafter referred to as “Plan I”) and performance-based stock compensation plan (hereinafter referred to individually as “Plan II” and collectively with Plan I as “the Plan”), and resolved to submit proposals regarding the Plan to the 10th Ordinary General Meeting of Shareholders to be held on December 21, 2021 (the “General Meeting of Shareholders”). Details are as follows:

1. Purpose of the Plan, conditions and method of granting shares

(1) Purpose of the Plan

The Company will introduce Plan I for the purposes of providing the Company's directors (excluding Outside Directors; hereinafter referred to as the “Eligible directors”) with incentives to continuously enhance the Company's enterprise value, and of inviting excellent human resources in Japan and overseas in the future and of preventing the outflow of human resources (maintaining competitive advantages), as well as to promote further shared value with shareholders. In addition to this purpose, the Company will introduce Plan II to strengthen incentives for achieving performance targets.

(2) Conditions for the Introduction

Since the Plan grants shares to Eligible directors as remuneration, etc., or provides monetary remuneration rights for the grant of shares as compensation, the introduction of the Plan is subject to the approval of the shareholders for the grant of such compensation at the General Meeting of Shareholders.

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An annual amount of remuneration, etc. for directors of the Company of up to 200 million yen (not including the employee salaries of directors who also serve as employees) was previously approved at the 7th Ordinary General Meeting of Shareholders held on December 20, 2018. However, at the General Meeting of Shareholders, the Company requests shareholder approval to introduce this remuneration plan for Eligible directors regarding Plan I or II in addition to the above approved amount of remuneration .

(3) Method of Granting of shares

The shares granted to Eligible directors under the Plan are common shares of the Company, but the granting based on the Plan shall be conducted in either of the following ways: (i) A method in which common shares of the Company are issued or disposed without requiring payment of cash or provision of property in kind as remuneration, etc. to the Eligible directors, or (ii) A method in which monetary remuneration claims are paid to the Eligible directors, and the Eligible directors receive the issuance or disposal of common shares of the Company by delivering all of such monetary remuneration claims as contribution in kind to the Company.

The amount to be paid in per share in the case of (ii) shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the last business day before the date of the resolution by the Board of Directors (if the Company's share is not traded on that date, the closing price on the last trading day of the Company's shares preceding the resolution) within a range that does not unfairly advantage the Eligible directors.

2. Overview of Plan I

The total number of common shares of the Company to be issued or disposed of to the Eligible directors under Plan I will be no more than 50,000 shares per year. Further, the total amount of remuneration will be no more than 150 million yen per year, in addition to the amount of the monetary remuneration under the current remuneration scheme. However, in the event that the total number of issued shares of the Company increases or decreases due to a stock merge or split (including gratis allotment of shares), the number of shares to be issued or disposed of shall be adjusted in accordance with the variance ratio.

In order to realize the promotion of medium- to long-term shared value with shareholders that is a purpose of the introduction of Plan I, the transfer restriction period is between around three to five years and determined by the Board of Directors of the Company. Further, the Board of Directors will determine the specific timing and allocation of the payments to each Eligible directors.

In granting restricted shares under Plan I, the Company and the Eligible directors shall conclude a restricted shares allotment agreement that includes the content in the following items(hereinafter referred to as "Allotment Agreement"):

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- 1 Eligible directors may not transfer, grant a security interest in, or otherwise dispose of common shares of the Company allotted under the Allotment Agreement for a period determined by the Board of Directors of the Company of between around three to five years.
- 2 The Company will naturally acquire the allotted shares for no consideration if, during the restriction period, the Eligible directors violates laws or ordinances, internal company rules, or the Allotment Agreement, or in the case of any other event specified by the Board of Directors of the Company as being cause for the acquisition of the allotted shares by the Company.

3. Overview of Plan II

Plan II grants common shares of the Company to Eligible directors on the conditions that they have continuously served as directors of the Company or in other positions determined by the Board of Directors of the Company during the period determined by the Board of Directors of the Company (hereinafter referred to as the “Evaluation Period”) and that they have achieved the performance targets for the Evaluation Period determined by the Board of Directors of the Company. Under Plan II, 50% of the remuneration to be granted shall be in the form of common shares of the Company, and the remaining 50% shall be paid in cash to secure tax payment funds.

The total number of common shares of the Company to be issued or disposed of to the Eligible directors under Plan II shall be no more than 25,000 shares per year. Further, the total amount of the remuneration shall be no more than 150 million yen per year, including both the shares granted and cash payments, an amount considered appropriate in light of the above purposes. However, in the event that the total number of issued shares of the Company increases or decreases due to a stock merge or split (including gratis allotment of shares), the above maximum number of shares shall be adjusted in accordance with the size of the increase or decrease. Further, the Board of Directors will determine the specific timing and distribution of the payments to each Eligible directors. The specific timing and allocation of the payment to each Eligible directors shall be determined by the Board of Directors.

Plan II is a remuneration conditional on continued service during the Evaluation period and achievement of performance targets, and at the time of introduction of Plan II, it has not been determined whether or not these will be granted or paid to each Eligible directors.

In addition, a director elected after the commencement of the Evaluation Period can be included in the Eligible directors by a decision of the Board of Directors.

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(1) Calculation Method for Remuneration, etc. under Plan II

The number of common shares of the Company to be granted to each Eligible directors under Plan II will be calculated based on the formula in (i) below. The amount of money to be paid to each Eligible directors under Plan II will be calculated based on the formula in (ii) below. However, reasonable adjustments will be made in accordance with the ratio of the period of service of the Eligible directors to the Evaluation period.

(i) Common Shares of the Company to be Granted to Each Eligible Directors (*1)(*2)

Base shares to be granted (*3) × 50%

(ii) Cash to be Paid to Each Eligible Directors (*4)

(Base Shares to be granted (*3) – Common shares of the Company to be granted to each Eligible directors pursuant to the formula in (i) above) × Market value of the Company's shares (*5)

*1 Fractions of less than one share resulting from the calculation shall be rounded up.

*2 In the case of granting shares by way of contributions in kind, monetary remuneration rights in an amount equal to the number of shares calculated in accordance with the above formula (1) multiplied by the amount to be paid per share at the time of the issuance or disposal of shares shall be paid as remuneration, etc. to Eligible directors.

*3 Base shares to be granted shall be determined by the Board of Directors of the Company, taking into consideration the position of each Eligible directors and other factors.

*4 Any fraction of less than one yen resulting from the calculation shall be rounded down.

*5 Market value of the Company's shares shall be an amount determined by the Board of Directors based on the closing price of a common share of Company on the Tokyo Stock Exchange.

(2) Requirements for Granting Shares and Cash Payment to Eligible Directors

The Company shall grant common shares of the Company and pay cash to Eligible directors in the event that they satisfy all of the following requirements.

(i) They have continuously held the position of director of the Company or any other position determined by the Board of Directors of the Company during the Evaluation period.

(ii) They have achieved the performance targets for the Evaluation period determined by the Board of Directors of the Company.

The performance targets shall be based on one or more of the following indicators: the status of profits, the status of the closing price of a common share, or financial indices such as net sales, etc. based on the Company's management targets and business performance.

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- (iii) They have not violated a series of contents any determined by the Board of Directors of the Company.
- (iv) They meet all other requirements determined by the Board of Directors of the Company as necessary to achieve the purpose of Plan II.

(3) Handling of Resignations, etc. during the Evaluation Period

In the event that a Eligible directors lose his or her position as a director of the Company or any other position determined by the Board of Directors of the Company due to death or any other reason that the Board of Directors of the Company deems justifiable during the Evaluation Period, and the Board of Directors of the Company deems it appropriate, the Company may, if necessary, pay cash in an amount reasonably adjusted by the Board of Directors of the Company in lieu of granting common shares of the Company and the payment of cash, within the above-mentioned amount of remuneration limit for this Plan II.

(4) Handling of Organizational Restructuring, etc.

If a merger agreement under which the Company is absorbed, a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matter relating to organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company (or, in cases where the organizational restructuring, etc. that does not require approval at a General Meeting of Shareholders of the Company, by the Board of Directors of the Company), the Company shall, within the above-mentioned amount of remuneration limit of Plan II, be able to pay cash to the Eligible directors in an amount reasonably determined by the Board of Directors, in lieu of the delivery common shares of the Company and the payment of cash through Plan II.

(5) Adjustments Due to Stock Mergers, Stock Splits, etc.

If the total number of issued shares of the Company increases or decreases due to a share merger or split (including gratis allotment of shares) before granting shares or the payment of cash under Plan II, the number of shares calculated for Plan II will be adjusted by multiplying it by the ratio of the stock merge or split.

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