

News Release (6409 TSE 1)

April 23, 2019

Whom it may concern

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Abolition of the Retirement Bonus System for Directors and Introduction of the Share Compensation System with Restriction on Transfer

At a meeting of the Board of Directors held on April 23, 2019, we reviewed the executive compensation system and decided to abolish the directors' retirement bonus system and introduce the share compensation system with restriction on transfer (hereinafter referred to as the "Plans") and proposed the introduction of the Plans at the 75th Ordinary General Meeting of Shareholders (hereinafter referred to as the "General Meeting of Shareholders") to be held on June 21, 2019. We hereby announce as follows.

I. Abolition of the Retirement Bonus System for Directors

As part of the review of the executive compensation system, the Company will abolish the retirement bonus system for directors applicable to our internal directors at the end of the General Meeting of Shareholders scheduled for June 21, 2019. In order to reward contributions made by internal directors who remain in office after General Meeting of Shareholders until the termination of their General Meeting of Shareholders, the Company will terminate retirement bonuses for directors up to 300 million yen in total in accordance with certain standards of the Company in order to cover the term of office until the termination of their General Meeting of Shareholders and pay them after their resignation. Termination payment to each internal director due to discontinuation of retirement bonus payment will be resolved at the General Meeting of Shareholders.

In addition, the retirement bonus system for outside directors and outside corporate auditors have already been abolished as of September 1, 2012, and the retirement bonus system for internal corporate auditors has already been abolished as of July 1, 2015.

II. Introduction of Share Compensation System with Restriction on Transfer

1. Purpose and Conditions of Introduction of Plans

(1) Purpose of introduction

Plans is a system introduced to provide incentives to our directors (excluding outside directors; hereinafter referred to as "Applicable Directors") for the continued improvement of our corporate value, as well as for the further sharing of value with shareholders.

(2) Conditions for introduction

As the Plans pays the Applicable Directors monetary compensation for granting restricted shares, the introduction of the Plans is subject to shareholders' approval for the payment of such remuneration in General Meeting of Shareholders.

The amount of remuneration paid to the directors of the Company has been approved at the Ordinary General Meeting of Shareholders held on June 26, 2007, at which the amount is less than ¥300 million per annum. In General Meeting of

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Shareholders, we plan to introduce a new Plans separate from the remuneration system and ask shareholders to approve the establishment of the remuneration system related to Plans for our Applicable Directors.

In addition, the Stock Option System for Directors (excluding Outside Directors) shall be abolished, except for those already granted, on condition that the proposal relating to the Plans is approved and approved by the General Meeting of Shareholders, and no new share subscription rights shall be issued to Directors (excluding Outside Directors) in the future.

2. Outline of Plans

The Applicable Directors will pay all monetary compensation credits provided by us under the Plans as property of contribution in kind and will receive the issuance or disposition of our common stock.

The total amount of remuneration paid to Applicable Directors shall be not more than 100 million yen per year separately from the current amount of monetary remuneration, and the total number of our common shares to be issued or disposed of by the Plans shall be not more than 100,000 shares per year. In the event of any unavoidable circumstances, such as the split in common shares or reverse split in common shares of the Company, the number of shares to be issued or disposed of may be reasonably adjusted.

In order to realize the sharing of shareholder value, which is one of the objectives of the introduction of the Plans, over the medium to long term, the period of restriction on transfer is the period from the date of delivery of the transfer restricted share to the date when each Applicable Directors resigns or retires from the position as Director or other member of the Board of Directors.

The specific timing and distribution of payments to each Applicable Directors shall be determined by the Board of Directors.

In addition, the amount payable per share of the Common Shares to be issued or disposed of by the Plans will be determined by the Board of Directors to the extent not particularly favorable to the Applicable Directors on the basis of the closing price of the Common Shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (or the closing price on the immediately preceding Dealing Day, if no dealings are effected on that date).

In addition, in issuing or disposing of its common shares by the Plans, we shall enter into a contract with the Applicable Directors for the allocation of transfer restricted shares (hereinafter referred to as the "Allotment Agreement") and the content thereof shall include the following:

- a) The Applicable Directors shall not transfer, pledge, or otherwise dispose of the common shares of the Company which have been allotted by the Allotment Agreement for a predetermined period of time; and
- b) In the event of a certain event, the Company shall acquire such common shares free of charge.

3. Granting of Executive Officers

Subject to the approval of the Plans agenda in the General Meeting of Shareholders, the Company will also grant to its Executive Officers restricted shares of transfer similar to the shares with restriction on transfer mentioned above.