

Press Release

Notice Regarding Revision of Restricted Stock Compensation Plan

February 14, 2022

Listed exchanges : Tokyo  
Listed company name : Earth Corporation  
Code : 4985  
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Earth Corporation (the “Company”) hereby announces that its Board of Directors has resolved at a meeting held on Feb. 14, 2022, it resolved to the revision of Restricted Stock Compensation Plan (the “Plan”), which was approved at the 94th Annual General Meeting of Shareholders held on Mar. 23, 2018, and to submit a proposal related to revision of the Plan to the 98th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) of the Company to be held on Mar. 25, 2022. Details are as follows.

1. Reason for the revision of the Plan

At the 94th Ordinary General Meeting of Shareholders held on March 23, 2018, the Company obtained approval for Proposal 4, "Determination of Remuneration for Granting Shares with Transfer Restrictions to Directors on Board," and introduced the Plan to provide incentives to the Company's Directors, excluding Outside Directors (the "Eligible Directors on Board"), to sustainably increase the Company's corporate value and to further share value with shareholders.

The Company has recently decided to partially revise the Plan as follows for the purpose of further increasing the willingness of each target director to contribute to the sustainable enhancement of the corporate value of the Company throughout his or her term of office and to share value with shareholders for as long as possible. The Company plans to seek the approval of its shareholders for the following partial amendments to the Plan (the "New Plan").

2. Details of the New Plan

Under the Plan, the total amount of monetary claims for the grant of restricted transferable shares to be paid to the Eligible Directors on Board shall not exceed 150 million yen per year, and the total number of common shares to be newly issued or disposed of by the Company shall not exceed 20,000 shares per year (however, including a gratis allotment of the Company's common stock with an effective date on or after the date of the resolution of this General Meeting of Shareholders). However, in the event of a stock split of the Company's common stock or a reverse stock split of the Company's common stock with an effective date after the date of resolution of this General Meeting of Shareholders, the total number of shares shall be adjusted as necessary to a reasonable extent in accordance with the split ratio, reverse stock split ratio, etc. The total number of shares shall be adjusted to a reasonable extent as necessary. In addition, the Eligible Directors on Board may not transfer, create a security interest in, or otherwise dispose of the common stock of the Company allotted under the Allotment Agreement for a period of three to five years from the date of allotment as set forth in the Restricted Stock Allotment Agreement to be executed individually with the Company and determined in advance by the Board of Directors of the Company.

If approved at this General Meeting of Shareholders, in order to further increase the willingness of the Company's Directors to contribute to the sustainable enhancement of the Company's corporate value and to share value with the Company's shareholders for as long as possible, we would like to revise the period of restriction on transfer of the Allotment Agreement to be executed with the Eligible Directors on Board to "from the date of allotment under the Allotment Agreement to the date of loss of position as determined by the Board of Directors of the Company or its subsidiaries. The Company would like to revise the period of restriction on transfer in the Allotment Agreement to be entered into with the Eligible Directors on Board to "the period from the date of allotment under the Allotment Agreement to the date on which they lose their positions as directors of the Company or its subsidiaries or other positions determined by the Board of Directors of the Company. In addition, necessary amendments will be made to the contents of the Allotment Agreement in accordance with such change in the period of restriction on transfer. This amendment will apply to shares with restrictions on transfer to be granted in the future, and will not change the period of restriction on transfer of shares with restrictions on transfer that have already been granted.

At the meeting of the Board of Directors held on Feb. 14, 2022, it was also resolved to expand the number of persons eligible for the grant of restricted stock compensation, and under the New Plan, the same restricted stock compensation will be granted to executive officers who do not concurrently serve as directors of the Company and directors of the Company's subsidiaries.