

TRANSLATION FOR REFERENCE PURPOSE ONLY

This notice has been translated from the original Japanese text of the timely disclose statement and is for reference purpose only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

May 8, 2018

To whom it may concern:

Company Name: **Asahi Holdings, Inc.**
Representative: Mitsuharu Terayama, Chairman & CEO
(Code: 5857, First Section of the Tokyo Stock Exchange)
Contact: Masaharu Sawada, Corporate Planning &
Communications Department General Manager
(Phone: +81-3-6270-1833)

Notification of the Continuation and partial revision of the Performance-based stock compensation plan

Asahi Holdings, Inc. (hereinafter “the Company”) has resolved to retain and partially revise the Performance-based stock compensation plan (hereinafter referred to as “the Plan”), which has been in effect since fiscal year 2015, at the Board of Directors meeting on May 8, 2018 (hereinafter referred to as “the Resolution”), and shall submit this matter for approval to the 9th Ordinary General Meeting of Shareholders scheduled to be convened on June 19, 2018.

Additionally, the major subsidiaries of the company (hereinafter referred to as “Participating Subsidiaries,” and together with the company referred to as “Participating Companies”) shall also submit for approval the retention and partial revision of the Plan to the Ordinary General Meeting of Shareholders of the Participating Subsidiaries (the Ordinary General Meeting of Shareholders for the company and that of the Participating Subsidiaries is hereinafter collectively referred to as “the General Meeting of Shareholders”) scheduled in or around mid-June of 2018. Therefore, notification of these matters is hereby given as follows:

Details

1. Continuation of the Plan

- (1) The Company has decided to submit the Resolution for approval to the General Meeting of Shareholders with the purpose of (1) improving the performance of the Company’s Group and (2) achieving higher motivation among the recipients of the Plan (the directors of each of the participating companies, but excluding the directors and outside directors of the Audit Committee, etc., hereinafter referred to as “Participating Directors”) to increase corporate value.
- (2) The continuation of the Plan is conditioned on the approval of The General Meeting of Shareholders by each of the Participating Companies.
- (3) The Plan has adopted an arrangement called the Executive Compensation BIP (Board Incentive Plan) Trust (hereinafter referred to as “the Trust”). Upon continuation of the Plan on and after fiscal year 2018, the trust period of the Trust shall be extended.

2. Partial revision of the Plan

Upon continuation of the Plan, partial revisions shall be made to the original plan as follows:

(1) **The maximum monetary contribution allowed by the Participating Companies:**

We plan to seek a resolution to set the maximum total contribution allowed to The Trust as compensation to Participating Directors in the total amount of JPY300 million (of that amount, JPY200 million shall be set aside for the directors of the Company) for the three business years ending March 31, 2019 to March 31, 2021 (hereinafter referred to as the “Target Period”). If such a resolution is approved, the monetary contribution to the Trust shall conform to said maximum amounts.

Please note that the said maximum amounts refer to the total amount of funds used to acquire shares by the Trust and the trust fees and trust expenses incurred during the Target Period.

(2) **The calculation method and maximum number of shares of the Company which can be issued to Participating Directors:**

In principle, Participating Directors shall be granted points in May of each year during the trust period corresponding to their titles as of the end of the business year ending March 31 of that year and the degree to which the consolidated operating profit performance objective has been met for each of the business years. Shares of the Company shall be issued corresponding to points accumulated as of May 31, 2021.

One point shall indicate one common share of the Company. In the event point adjustments are recognized as justified due to events such as stock splits or reverse stock splits, etc., an adjustment to the number of common shares of the Company for each point shall be made corresponding to the stock split ratio or the reverse stock split ratio.

Please note that we plan to seek a resolution which limits the maximum number of points granted to Participating Directors in any business year to 40,000 points (of those points, 27,000 shall be for the directors of the Company). If such a resolution is approved, the number of points granted to Participating Directors shall conform to such limits.

In addition, the total number of the Company shares issued to Participating Directors during the Target Period shall be limited to 120,000 shares (of which 81,000 shares shall be applicable for the directors of the Company).

(3) **Base Points and the Performance-linked Factor:**

The number of points granted to Participating Directors in each of the business years during the trust period shall be determined using the following formula:

[Calculation Formula]

Base Points as defined in 1) below multiplied by the Performance-linked factor as defined in 2) below:

1) **Base Points**

Base Points allotted to Participating Directors in any applicable business year shall be as follows:

Title of Participating Director	Base Points
Director of the Company	3,200 points
Representative Director of a subsidiary	2,400 points
Director of a subsidiary	1,600 points

* Directors serving concurrent positions shall be granted points applicable to the higher of the concurrent positions and shall not be granted duplicate points.

2) Performance-linked Factor

The Performance-linked factor shall be set as follows corresponding to the percentage of the attained performance objective as measured by the “consolidated operating profits” of each business year:

Percentage of attained performance objective	Performance-linked Factor
100% or over	1.0
50% or over	0.5
Under 50%	0

(4) Method and timing of issuing the Company shares to Participating Directors:

Shares of the Company, the number of which has been calculated in the manner set forth in (2) and (3) above, shall be issued from the Trust to Participating Directors who have satisfied the requirements as a beneficiary in August 2021.

END

[Reference]

● Trust contract details

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| (1) | Type of trust | Specified individually operated trust of money other than money trust (Third-Party Beneficiary Trust) |
| (2) | Purpose of trust | To grant incentives to Participating Directors |
| (3) | Entruster | Asahi Holdings, Inc. |
| (4) | Trustee | Mitsubishi UFJ Trust and Banking Corporation
(Joint trustee: The Master Trust Bank of Japan, Ltd.) |
| (5) | Beneficiaries | Participating Directors who have satisfied the requirements as a beneficiary |
| (6) | Trust administrator | A third-party with no interests in the Participating Companies (a certified public accountant) |
| (7) | Trust agreement date | February 2, 2016 (scheduled to be revised to August 2018) |
| (8) | Trust period | From February 2, 2016 to August 31, 2018 (scheduled to be extended to August 31, 2021 pursuant to a revision of the trust agreement in August 2018) |
| (9) | Plan launch date | February 2, 2016 |
| (10) | Voting rights | None |
| (11) | Type of shares to be purchased | Asahi Holdings' common shares |
| (12) | Maximum amount to be purchased | JPY300 million (including trust fees and trust expenses) |
| (13) | Timing of share purchases | From the early part of August 2018 to September 20, 2018 (estimated) |
| (14) | Method of share purchases | From the stock market |
| (15) | Rights holder | Asahi Holdings, Inc. |
| (16) | Residual assets | Any residual rights entitled to Asahi Holdings, the rights holder, shall be limited to the provision for trust expenses remaining after deducting for stock purchases from the trust fund. |

● Details of the trust/stock-related administration

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|-----|-----------------------------------|---|
| (1) | Trust-related administrative work | Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd., the trustees of The Trust, have been conducting the trust-related administrative work. |
| (2) | Stock-related administrative work | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. has been administering the delivery of the Company shares to the beneficiaries under an administrative agency agreement. |

END