

June 7, 2018

To Our Shareholders

Company Name: Ahresty Corporation
Representative: Arata Takahashi, President & CEO
(Security Code: 5852 First Section of the Tokyo Stock Exchange)
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Supplementary Explanation on Proposals for the 97th General Meeting of Shareholders

As disclosed in the Notice Concerning the Introduction of Restricted Stock Compensation Plan announced on May 30, 2018, the Company wishes to submit proposals for the introduction of a new remuneration program for Directors (hereinafter called the “Program”) in the 97th General Meeting of Shareholders, which will be held on June 20, 2018. The following is a supplementary explanation on the proposals for your perusal. We very much appreciate your understanding of the Plan.

- Proposal No. 3: Determination of the Amount and Details of Remuneration to Be Paid to Directors (excluding Directors Serving as the Audit and Supervisory Committee Members) for the Purpose of Granting Shares with Transfer Restrictions

- Proposal No. 4: Determination of the Amount and Details of Remuneration to Be Paid to Directors serving as the Audit and Supervisory Committee Members (excluding Outside Directors) for the Purpose of Granting Shares with Transfer Restrictions

Under the Plan, the Company will review and introduce a remuneration package for Directors for three purposes, namely, (i) providing Directors with an incentive to continuously increase the Company’s corporate value, (ii) further promoting shared value between shareholders and Directors, and (iii) further enhancing the link with medium- to long-term performance goals.

Based on the Plan, “performance-linked shares with transfer restrictions” and “work-continuation-linked shares with transfer restrictions” will be granted instead of part of performance-linked remuneration that has been granted in monetary compensation and current long-term incentives granted in the stock options in share-based payment arrangement, respectively.

“Performance-linked shares with transfer restrictions”

Performance-linked shares with transfer restrictions will be introduced for Directors (excluding Directors serving as the Audit and Supervisory Committee Members), in which the transfer

restriction period is set to three years, in principle, in line with medium-term management plans, and a value equivalent to consideration for the execution of duties during the transfer restriction period will be paid in one lump sum in the first fiscal year of said three year span. The Company expects that the limit to the total amount of remuneration will be 67 million yen and the yearly limit to the total number of common stock (hereinafter the “Stock”) to be issued or disposed of will be 134,000 shares, which is lower than 0.52% in terms of the proportion to the total number of shares issued. If the remuneration is calculated on a pro-rata basis over the three-year span of a medium-term management plan, the Company estimates that the actual amount of remuneration will be approximately 22 million yen or less per one fiscal year and the yearly limit to the total number of the Stock to be issued or disposed of will be approximately 45,000 shares, which is effectively less than 0.18% in terms of the proportion to the total number of shares issued. For fiscal 2018, the Company will conduct evaluations based on the targets for fiscal 2018 in the 2018 Medium-Term Management Plan described in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 announced on May 9, 2016.


“Work-continuation-linked shares with transfer restrictions”

On the other hand, in work continuation-linked shares with transfer restrictions, the Company expects that the limit to the total amount of remuneration will be 53 million yen and the yearly limit on the total number of the Stock to be issued or disposed of will be 106,000 shares, which is lower than 0.41% in terms of the proportion to the total number of shares issued.

Consequently, after the introduction of the “Program,” the Company estimates that the actual total number of the Stock to be issued or disposed of will be approximately 151,000 shares or less per one fiscal year, which is lower than 0.58%. Accordingly, it considers that the impact on the dilution of shares is limited and the impact for shareholders immaterial.

The actual issuance price is decided based on the closing price of the Company at the Tokyo Stock Exchange on the business day immediately preceding the date of a meeting of the Board of Directors. For reference, if it is calculated based on 1,015 yen, or the closing price of the Stock at the Tokyo Stock Exchange on June 6, 2018, the actual total number of Stock issued or disposed of is 74,220 shares per one fiscal year, which is lower than 0.29% in terms of the proportion to the total number of shares issued.

The Company sincerely hopes that the above explanation has helped you understand the purpose of the Program—namely, the improvement of corporate value that results in the enhancement of shareholders’ benefits—and that served as reference for determining whether you are in favor of or against the Proposals.

<p>Performance-linked shares with transfer restrictions For Directors (excluding the Audit and Supervisory Committee Members)</p>	<p>Actual total amount of performance-linked shares with transfer restrictions and work continuation-linked shares with transfer restrictions per one fiscal year*</p>
<p>67 million yen  Actual compensation per one fiscal year*</p> <p>Upper limit: 134,000 shares</p> <p>Proportion to the total number of shares issued (lower than 0.52%)</p>	<p>Approx. 75 million yen*</p> <p>Upper limit: Approx. 150,667 shares</p> <p>Proportion (lower than 0.58%)</p> <p>*Calculated based on a pro-rata basis over the three year span of medium-term management plans.</p> <p>*Approx. 22 million yen for performance-linked shares with transfer restrictions and approx. 53 million yen remuneration for work-continuation-linked shares with transfer restrictions</p>
<p>Work-continuation-linked shares with transfer restrictions For Directors (excluding Outside Directors)</p>	<p>(Reference))</p>
<p>53 million yen*</p> <p>Upper limit: 106,000 shares*</p> <p>Proportion (lower than 0.41%)</p> <p>* 45 million yen for Directors (excluding the Audit and Supervisory Committee Members) and 8 million yen for Directors (Audit and Supervisory Committee Members)</p> <p>* 90,000 shares or less for Directors (excluding the Audit and Supervisory Committee Members) and 16,000 shares or less for Directors (the Audit and Supervisory Committee Members)</p>	<p>Approx. 75 million yen based on the closing price on June 6, 2018 (1,015 yen)</p> <p>Approx. 74,220 shares</p> <p>Proportion (lower than 0.29%)</p>