



April 25, 2022

To Whom It May Concern:

Company: SUGI Holdings Co., Ltd.  
Representative: Katsunori Sugiura, Representative  
Director and President  
(Code number: 7649, TSE Prime / NSE Premier)  
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## **Notice Regarding Finalization of the Specifics of Proposal for Restricted Stock Remuneration System**

SUGI Holdings Co., Ltd. (hereinafter, the “Company”) resolved, at a meeting of its Board of Directors held on November 22, 2021, to introduce a restricted stock remuneration system (hereinafter, the “System”) as a new remuneration system for its directors, and will submit a proposal regarding the System to the 40th Ordinary General Meeting of Shareholders scheduled for May 20, 2022 (hereinafter, the “General Meeting of Shareholders”). The Company hereby announces, as described below, that it has finalized, at a meeting of its Board of Directors held today, the specifics of the proposal for the System.

### **1. Purpose of introducing the System**

The System is designed to provide directors, except for external directors, of the Company (hereinafter, the “Eligible Directors”) and directors of some of the Company’s subsidiaries (excluding those who concurrently serve as a director of the Company; hereinafter, such directors and Eligible Directors are collectively referred to as the “Eligible Directors and Other Eligible Persons”) with an incentive to achieve sustainable improvement in the Company’s corporate value and to promote further value sharing with shareholders.

Given that under the System, monetary claims will be paid as remuneration to the Eligible Directors for the grant of restricted stock to them, the introduction of the System shall be subject to the approval of shareholders at the General Meeting of Shareholders for the payment of such remuneration. At the 25th Ordinary General Meeting of Shareholders held on May 24, 2007, it was approved that the annual total amount of remuneration of directors should not exceed 400 million yen (excluding salaries that directors who double as employees receive as an employee). At the General Meeting of Shareholders, the Company will propose that shareholders approve the introduction of the System and set an upper limit on the total amount of remuneration paid to its Eligible Directors under the System separately from the upper limit mentioned above.

### **2. Outline of the System**

The annual total amount of monetary claims paid to Eligible Directors under the System shall not exceed 80 million yen (excluding salaries that directors who double as employees receive as an employee). The annual total number of shares of common stock newly issued or disposed of by the Company shall not exceed 10,000; provided, however, that if a stock split or reverse stock split for the Company’s common stock (including gratis allotment of the Company’s common stock) is carried out and its effective date is on or after the date of resolution at the General Meeting of Shareholders, the total amount applicable on or after the effective date shall be adjusted as necessary to a reasonable

extent in accordance with the stock split ratio or the reverse stock split ratio as applicable.

Eligible Directors and Other Eligible Persons will receive the Company's common shares that are newly issued or disposed of by the Company in exchange for the payment as property contributed in kind of all monetary claims that they have received from the Company or its subsidiaries under the System. The paid-in amount per share will be determined by the Board of Directors of the Company based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors regarding the issuance or disposition of them (if they are not traded on that day, the closing price of the immediately preceding trading day) in a manner that the paid-in amount is not particularly advantageous to the Eligible Directors and Other Eligible Persons who will subscribe to these shares. The specific timing of payment and allocation to each of the Eligible Directors and Other Eligible Persons will be determined by the Board of Directors based on the report from the Nomination and Remuneration Committee.

Under the System, common shares of the Company (hereinafter, "Shares") will be issued or disposed of on condition that an agreement for the allotment of restricted stock is entered into by and between the Company and Eligible Directors and Other Eligible Persons, which shall prescribe, among others, (1) Eligible Directors and Other Eligible Persons are prohibited for a certain period (hereinafter, the "Restricted Period") from transferring or offering as a security to a third party or otherwise disposing of the Shares and (2) the Company may acquire the Shares without consideration under certain circumstances. During the Restricted Period, the Shares will be managed in a dedicated account opened by Eligible Directors and Other Eligible Persons with Nomura Securities Co., Ltd. to prevent the Shares from being transferred, offered as security, or otherwise disposed of during the Restricted Period.