



May 30, 2023

To Whom It May Concern:

Company: SUGI Holdings Co., Ltd.
Representative: Katsunori Sugiura, Representative Director and President
(Code number: 7649, Prime Market of TSE, Premier Market of NSE)
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Notice Regarding Disposition of Treasury Stock as Restricted Stock Remuneration

SUGI Holdings Co., Ltd. (hereinafter, the “Company”) hereby announces, as described below, that it has resolved, at a meeting of its Board of Directors held today, to dispose of treasury stock (hereinafter, the “Treasury Stock Disposition” or the “Disposition”).

1. Outline of Disposition

(1)	Disposition date	June 15, 2023
(2)	Class and number of shares to be disposed of	3,001 shares of the Company’s common stock
(3)	Disposition value	5,910 yen per share
(4)	Total disposition amount	17,735,910 yen
(5)	Assignees, the number thereof, and the number of shares disposed of	Directors (excluding outside directors) of the Company; 3; 1,189 shares Directors of the Company’s subsidiaries; 12; 1,812 shares
(6)	Other	A securities notice pursuant to the Financial Instruments and Exchange Act has been submitted regarding the Treasury Stock Disposition.

2. Objective and reason for Disposition

At a meeting of its Board of Directors held on November 22, 2021, the Company resolved to introduce a restricted stock remuneration system (hereinafter, the “System”) as a new remuneration system for directors, except for outside directors, of the Company (hereinafter, the “Eligible Directors”) and directors of some of the Company’s subsidiaries (excluding those who concurrently serve as director of the Company; hereinafter, such directors and Eligible Directors are collectively referred to as the “Eligible Directors and Other Eligible Persons”) with the aim of providing them with an incentive to achieve continuous improvement in the Company’s corporate value and to promote further value sharing with shareholders. In addition, it was approved at the 40th Ordinary General Meeting of Shareholders held on May 20, 2022, that, among others, monetary claims of up to 80 million yen shall be paid annually to Eligible Directors as remuneration to serve as contributed assets for the acquisition of restricted stock (hereinafter, the “Restricted Stock Remuneration”) and the Company’s common stock of up to 10,000 shares shall be issued or disposed of annually under the System, and that the period of restrictions on transferring the restricted stock shall be until the point in time immediately after retiring or resigning from the position predetermined by the Company’s Board of Directors. The outline, etc. of the System are as follows.

[Outline, etc. of the System]

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 are due to receive from the Company or its subsidiaries under the System. The paid-in amount per share will be determined by the Board of Directors 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 (if they are not traded on that day, the closing price of the immediately preceding trading day) to the extent that the paid-in amount per share is not particularly advantageous to the Eligible Directors and Other Eligible Persons who will subscribe to said common shares.

Upon issuing or disposing of common shares of the Company under the System, an agreement for the allotment of restricted stock shall be entered into by and between the Company and the Eligible Directors and Other Eligible Persons, which shall prescribe, among others, that (1) Eligible Directors and Other Eligible Persons are prohibited for a certain period of time from transferring or offering as a security to a third party or otherwise disposing of the common shares of the Company allotted to them pursuant to the agreement for the allotment of restricted stock; and (2) the Company shall acquire said common shares without consideration under certain circumstances.

At this time, after consultation with the Nomination and Remuneration Committee, it has been decided to grant Eligible Directors and Other Eligible Persons monetary claims of 17,735,910 yen in total (hereinafter, the "Monetary Claims") and 3,001 shares of common stock in consideration of the objective of the System, the Company's business situation, the scope of the job responsibilities of each Eligible Director and Other Eligible Person, and various circumstances, with the aim of further boosting the motivation of the Eligible Directors and Other Eligible Persons.

In the Treasury Stock Disposition, the 15 Eligible Directors and Other Eligible Persons, who are the scheduled allottees, will receive disposition of the Company's common shares (hereinafter, the "Allotted Shares") in exchange for payment as property contributed in kind of all Monetary Claims due to be received from the Company or its subsidiaries under the System. In the Treasury Stock Disposition, the outline of the agreement for the allotment of restricted stock to be entered into by and between the Company and the Eligible Directors and Other Eligible Persons (hereinafter, the "Allotment Agreement") is as 3. Below.

3. Outline of Allotment Agreement

(1) Restricted period

Eligible Directors and Other Eligible Persons may not transfer or offer as a security to a third party or otherwise dispose of the Allotted Shares between June 15, 2023 (hereinafter, the "Disposition Date"), and the point in time immediately after they retire or resign from the position of officer or employee of the Company or its subsidiary (hereinafter, the "Restricted Period") (hereinafter, the "Transfer Restrictions").

(2) Conditions for lifting Transfer Restrictions

Transfer Restrictions will be lifted for all Allotted Shares on the expiry of the Restricted Period provided that the Eligible Directors and Other Eligible Persons continuously hold the position of officer or employee of the Company or its subsidiary during the period between the Disposition Date and immediately prior to the time of the end of the first general meeting of shareholders to arrive thereafter (hereinafter, the "Service Provision Period").

(3) Treatment of cases where Eligible Directors and Other Eligible Persons retire or resign for justifiable reasons during the Service Provision Period

(i) Timing of lifting of Transfer Restrictions

In the event an Eligible Director or Other Eligible Person retires or resigns from the position of officer or employee of the Company or its subsidiary due to the expiry of term of office, the arrival of retirement age or any other justifiable reason (including retirement or resignation due to death), Transfer Restrictions will be lifted as of the time immediately after the retirement or resignation of the Eligible Director or Other Eligible Person.

(ii) Number of shares subject to lifting of Transfer Restrictions

This shall be the number of Allotted Shares held at the time of said retirement or resignation stipulated in (i) multiplied by a number derived by dividing the number of months from the month that includes the Disposition Date to the month that includes the date of retirement or resignation of the Eligible Director or Other Eligible Person by 12 (1 if such number is more than 1) (any fractions of less than one share generated as a result of the calculation

shall be disregarded).

(4) Acquisition by the Company without consideration

The Company shall justifiably acquire without consideration Allotted Shares for which Transfer Restrictions are not lifted at the time of expiry of Restricted Period or lifting of Transfer Restrictions stipulated in (3) above.

(5) Treatment upon organizational restructuring, etc.

If a merger agreement under which the Company becomes the non-surviving company, a share exchange agreement under which the Company becomes a wholly-owned subsidiary, or a share transfer plan or any other matter concerning organizational restructuring is approved by the general meeting of shareholders of the Company (if the approval of the general meeting of shareholders of the Company on said organizational restructuring, etc. is not required, the Board of Directors of the Company) during the Restricted Period, Transfer Restrictions shall be lifted for the shares equivalent in number to the number of Allotted Shares held at said time multiplied by a number derived by dividing the number of months from the month that includes the Disposition Date to the month that includes the day of said approval by 12 (1 if such number is more than 1) (any fractions of less than one share generated as a result of the calculation shall be disregarded) as of the time immediately prior to the business day immediately preceding the effective date of the organizational restructuring, etc. by resolution of the Board of Directors. In addition, the Company shall justifiably acquire without consideration all Allotted Shares for which Transfer Restrictions have not been lifted as of the time immediately after the lifting of Transfer Restrictions.

(6) Management of shares

During the Restricted Period, the Allotted Shares shall be managed in a dedicated account opened by Eligible Directors and Other Eligible Persons with Nomura Securities Co., Ltd. to prevent the Allotted Shares from being transferred, offered as security, or otherwise disposed of during the Restricted Period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the account for the Allotted Shares held by each Eligible Director and Other Eligible Person, in order to ensure the effectiveness of Transfer Restrictions, etc. on the Allotted Shares. Additionally, the Eligible Directors and Other Eligible Persons shall consent to the specifics of the management of said account.

4. Basis for calculation of paid-in amount and specific details thereof

The Treasury Stock Disposition to the scheduled allottees will be carried out with monetary claims paid as Restricted Stock Remuneration for the Company's 42nd fiscal year under the System as contributed assets. In order to eliminate arbitrariness, the disposition value has been set at 5,910 yen, the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on May 29, 2023 (the business day immediately prior to the date of resolution of the Board of Directors). Since this is the market share price immediately prior to the date of resolution of the Board of Directors, we believe it is reasonable and does not correspond to a particularly advantageous price.