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For Immediate Release

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## Notice of Introduction of a Performance Share Unit System

At the Board of Directors meeting held today, the Company reviewed the officer compensation system, resolved to introduce a performance share unit system (“the System”), and decided to submit a proposal related to the System at the 89th Ordinary General Meeting of Shareholders (“the General Meeting of Shareholders”) to be held on June 27, 2023. The details are provided below.

### 1. Purpose and conditions of system introduction

#### (1) Purpose of introduction

The System provides incentives to the Directors of the Company (excluding Directors who are Audit/Supervisory Committee Members; “Eligible Directors”) to improve the corporate value of the Group. It will be introduced for the purpose of further sharing value with shareholders.

#### (2) Conditions of introduction

The System involves the issuance or disposal of the Company’s common stock as compensation to Eligible Directors. Accordingly, introduction of the System requires shareholder approval at the General Meeting of Shareholders on the maximum number of shares to be issued and the details of the agreement on allotment of restricted stock that will be concluded between the Company and the Eligible Directors.

At the 82nd Ordinary General Meeting of Shareholders held on June 24, 2016, the maximum annual monetary compensation for Eligible Directors was approved as 276 million yen (not including employee salaries) (“the Monetary Compensation Framework”). However, for the introduction of the System, the Company will seek shareholder approval for compensation with a separate framework, and the details of such are as follows: The total number of shares of the Company’s common stock issued to Eligible Directors shall be up to 30,000 shares per year. However, a cumulative total of up to 90,000 for three years may be issued in a lump sum, and from the day the proposal is approved, should unavoidable circumstances arise requiring adjustment of the total number of shares of the Company’s common stock to be issued or disposed, such as a stock split (including the gratis allotment of common stock of the Company) or a reverse stock split, the total number of shares shall be adjusted within reasonable limits; and the total amount of monetary compensation claims to be paid to Eligible Directors shall be up to 60 million yen per year. However, a cumulative total of up to 180 million yen for three years may be paid as a lump sum.

In addition, at the 87th Ordinary General Meeting of Shareholders held on June 22, 2021, it was approved that, under a restricted stock compensation system (“the Former Stock Compensation System”), monetary compensation claims of up to 60 million yen per year shall be paid to Eligible Directors outside the existing Monetary Compensation Framework as property contributed in kind pertaining to the granting of restricted stock; the total number of shares of the Company’s common stock issued or disposed of

under the Former Stock Compensation System shall be 30,000 per year; the transfer restriction period for restricted stock shall be between approximately one to five years as determined by the Board of Directors; and the achievement of certain performance targets established by the Company's Board of Directors as necessary shall be a condition for lifting the transfer restrictions. However, if the proposal is approved as is at the General Meeting of Shareholders, the Former Stock Compensation System will be abolished, and the Company will no longer issue stock under the Former Stock Compensation System or grant monetary compensation claims for that purpose.

The specific timing and details regarding the delivery of shares to Eligible Directors will be determined by the Board of Directors within the upper limit and in accordance with the stipulations below.

## 2. Overview of the system

The System is a performance-linked compensation system under which shares of the Company's common stock are granted to Eligible Directors as compensation. The number of shares granted is calculated in accordance with the Directors' rate of achievement of performance targets, etc. within a period determined by the Board of Directors of the Company ("the Evaluation Period"; the initial Evaluation Period covers the three fiscal years from April 1, 2023 through March 31, 2026). Accordingly, the Company's common stock is issued based on the rate of achievement of the performance indicators, etc. under the System. The Company has not determined whether each Eligible Director will be issued shares or the amount of shares to be issued at the time of introduction.

## 3. Details of compensation, etc. under the System

### (1) Calculation method for compensation, etc. under the System

Under the System, the Company will determine the number of shares to be allotted to each Eligible Director by multiplying the (1) base number of shares to be issued (set in accordance with the basic remuneration of each Eligible Director) by the (2) degree of performance target achievement as determined by the Board of Directors and the (3) service period ratio.

The Company will then provide monetary compensation claims equivalent to an amount calculated by multiplying the number of shares to be received by such Eligible Directors by the amount paid in for the Company's common stock to be received, and will allocate each Eligible Director common stock in exchange for the in-kind contribution of such monetary compensation claims. The amount to be paid in for the Company's common stock to be received will be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors (or the most recent trading day before that if no trades were closed on that day) regarding such allotment. The number of shares to be allotted to each Eligible Director will be calculated in accordance with the following formula.

[Calculation formula]

Number of shares to be allotted = base number of shares to be issued (1) × degree of performance target achievement (2) × ratio of service period (3)

- ① The base number of shares to be issued is determined by the Board of Directors in accordance with the basic remuneration of the Eligible Directors. The total initial base number of shares to be issued shall not be more than 30,000 shares.
- ② The degree of performance target achievement shall be determined by the Board of Directors on a scale between 0% and 100% in accordance with the rate of achievement of the performance targets,

etc. within the Evaluation Period. The evaluation target for the initial Evaluation Period is consolidated ROE for the fiscal year ending March 31, 2026. The degree of performance target achievement is estimated as follows.

ROE	Degree of performance target achievement
At least 6%	100%
5% to less than 6%	80%
4% to less than 5%	60%
3% to less than 4%	40%
Less than 3%	0%

- ③ The ratio of service period is calculated by dividing the number of months in office by the number of months of the service period. The service period is separate to the Evaluation Period and shall be determined by the Board of Directors. The initial service period shall be the period extending from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2024.

(2) Maximum compensation under the System

Under the System, the total number of shares of the Company's common stock to be issued or disposed of for Eligible Directors shall be up to 30,000 shares per year, however, a cumulative total of up to 90,000 shares for three years may be issued as a lump sum, and from the day the proposal is approved, should unavoidable circumstances arise requiring adjustment of the total number of shares of the Company's common stock to be issued or disposed, such as a stock split (including the gratis allotment of common shares of the Company) or a reverse stock split, the total number of shares of common stock shall be adjusted within reasonable limits; and the total amount of monetary compensation claims to be paid shall be up to 60 million yen per year, however, a cumulative total of up to 180 million yen for three years may be paid as a lump sum.

(3) Reasons for forfeiture of the right to receive compensation under the System

Eligible Directors shall forfeit all or part of their right to receive compensation under the System in the event of certain misconduct as determined by the Board of Directors, retirement from office for certain reasons as determined by the Board of Directors, or other events.

(4) Adjustment due to reverse stock split, stock split, etc.

If the total number of the Company's issued shares changes due to a reverse stock split or a stock split (including gratis allotment of shares; the same shall apply hereafter) before the delivery of shares under the System, the number of shares related to the System's calculation shall be adjusted by multiplying the number of shares by the ratio of the reverse stock split or stock split.

4. Application to Directors of the Company's subsidiaries

A performance share unit system similar to the System will be introduced for Directors of the Company's subsidiaries on the condition that the introduction of the System is approved at the General Meeting of Shareholders. If introduced, the current restricted stock compensation system for Directors of the Company's subsidiaries (a similar system to the Former Stock Compensation System) will be abolished

and the Company will no longer issue stock under such system or grant monetary compensation claims for that purpose.

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