May 9, 2025

NEWS RELEASE

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Notice Concerning Introduction of Incentive Plan for SG Holdings Employees (Determination of Details)

SG Holdings Co., Ltd. (hereinafter, the "Company") previously announced that the Board of Directors resolved to introduce an incentive plan (hereinafter referred to as the "Plan") for the Group's employees (hereinafter referred to as "employees") in a meeting held on March 28, 2025, and hereby announces that, in a meeting held today, the Board of Directors passed a resolution on details such as the timing of introduction of the Plan, its duration and the total amount of shares acquired, as follows.

1. Introduction of the Plan

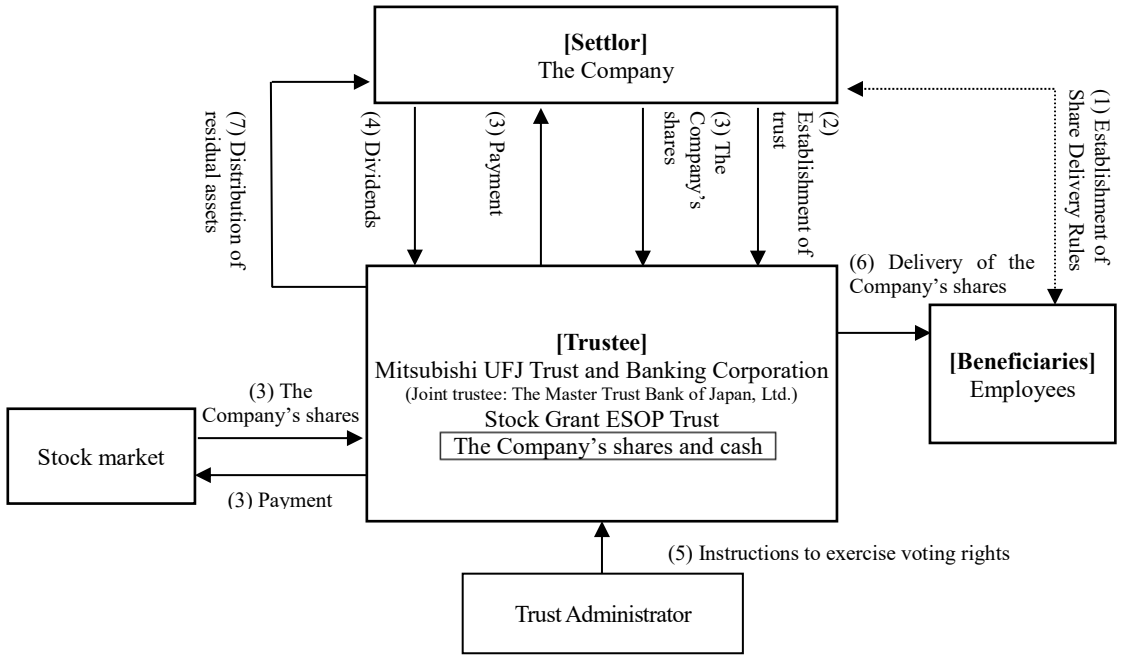
(1) The Company introduced the Plan as part of its human capital management in order to improve employees' awareness of their participation in management and further increase their motivation for work, with the aim of a sustained increase in the Company's corporate value.

(2) The Plan adopts a mechanism called a Stock Grant Employee Stock Ownership Plan (ESOP) Trust (hereinafter referred to as the "ESOP Trust").
The ESOP Trust is an employee incentive plan based on the ESOP system in the United States, in which the ESOP Trust acquires the Company's shares and delivers them to employees who meet certain requirements based on predetermined Share Delivery Rules.
There will be no cost to employees because the Company will provide all of the funds for the acquisition of the Company's shares by the trust.

(3) The introduction of the Plan will enable employees to receive financial benefits from increases in the price of the Company's shares, and is expected to encourage employees to be more aware of share prices in the execution of their duties, as well as to increase their motivation to work.
In addition, the exercise of voting rights for the Company's shares that belong to the trust assets of the ESOP Trust is a system that reflects the will of the employees who are the potential beneficiaries, and it is effective as a plan for increasing corporate value that encourages employee participation in management.

(*) With the determination of the details of the Plan, the Company simultaneously resolved to dispose of 3,879,400 shares (5,871 million yen) of the 14,924,790 treasury shares currently held by the Company (as of March 31, 2025) to the ESOP Trust. For details, please refer to the "Notice Concerning Disposal of Treasury Shares by Third-Party Allotment for the Introduction of an Incentive Plan for SG Holdings Employees" separately disclosed today.

2. Mechanism of the Plan



(1) The Company will establish Share Delivery Rules when introducing the Plan.

(2) The Company will contribute money to establish an ESOP trust with employees who meet the beneficiary requirements as its beneficiaries.

(3) The ESOP Trust will acquire the number of the Company's shares expected to be delivered to the beneficiaries within the duration of the trust either from the stock market or from the Company (disposal of treasury shares), using the money contributed in (2) as the source of funds, in accordance with the instructions of the Trust Administrator.

(4) Dividends are paid on the Company's shares held in the ESOP Trust in the same way as other shares of the Company.

(5) With regard to the Company's shares held in the ESOP Trust, the Trust Administrator will give instructions on the exercise of rights as a shareholder, such as the exercise of voting rights, throughout the duration of the trust, and the ESOP Trust will exercise its rights as a shareholder in accordance with these instructions.

(6) The Company's shares are delivered to employees who fulfill certain requirements, in accordance with the Share Delivery Rules.

(7) If any residual shares remain upon expiration of the trust duration, the Company plans to either continue using the ESOP Trust as a new stock compensation plan by amending the trust agreement and adding additional trusts, or transfer the residual shares from the ESOP Trust to the Company free of charge and cancel them by resolution of the Board of Directors.

(8) Any remaining dividends on the Company's shares held in the ESOP Trust at the expiration of the trust duration will be used as funds for acquiring shares if the ESOP Trust is continued to be used, but if the ESOP Trust is terminated upon the expiration of the trust duration, any amount exceeding the trust expense reserve will be donated to an organization with no interest in the Company.

(Note) Additional money may be entrusted to the ESOP Trust if there is a possibility that there will be a shortage in the number of shares in the ESOP Trust during the duration of the trust, or if there is a possibility that there will be a shortage in the money in the trust assets to pay the trust fees and trust expenses.

3. Details of the Trust Agreement

Type of trust:	Money trust other than money trusts for specific individual management (trusts for the benefit of others)
Purpose of trust:	Granting incentives to the Company's employees
Settlor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	The Company's employees who meet the beneficiary requirements
Trust Administrator:	A third party (certified public accountant) who has no interest in the Company
Trust contract date:	May 26, 2025 (scheduled)
Duration of trust:	May 26, 2025 to August 31, 2028 (scheduled)
Starting date of the Plan:	May 26, 2025 (scheduled)
Exercising voting rights:	Voting rights of the Company's shares will be exercised in accordance with the instructions of the Trust Administrator reflecting the status of voting by the beneficiary candidates.
Class of acquired shares:	The Company's common shares
Total amount of acquired shares:	5,871 million yen
Method of acquisition of shares:	Acquisition through the stock market or third-party allotment of treasury shares