

May 15, 2025

Company name: SUNCORPORATION  
Representative: Ryusuke Utsumi  
President & Representative Director  
Securities code: 6736 (TSE Standard)  
Contact: Yoshimi Kimura  
Senior Managing Director & Representative Director  
Tel: +81-52-756-5981

## **Notice Regarding the Introduction of a Stock Compensation Plan**

SUNCORPORATION (the “Company”) hereby announces that it resolved at a meeting of the Board of Directors held on May 15, 2025 to introduce a new stock compensation plan, the "Board Benefit Trust (BBT)" (hereinafter referred to as "the Plan"). Accordingly, the Company will submit a proposal regarding the Plan to the 54th Annual General Meeting of Shareholders (hereinafter referred to as "the General Meeting") scheduled to be held on June 24, 2025. The Company informs you as follows. At the same time, the Company has also resolved to introduce an incentive plan, “Employee Stock Ownership Plan (J-ESOP),” which provides employees with the Company's stock for the purpose of enhancing their sense of participation in the Company's management. The timing of the introduction of this incentive plan for employees and the details of the plan will be announced as soon as they are determined.

### **1. Background and Purpose of the Introduction**

The Board of Directors of the company has resolved to introduce the Plan at the General Meeting, subject to the approval of the shareholders regarding executive compensation. This decision aims to more clearly link the compensation of directors (excluding directors who are Audit and Supervisory Committee members and including outside directors) and executive officers (hereinafter collectively referred to as "Directors, etc.") with. By aligning the interests of Directors, etc., with those of the shareholders through sharing the benefits of stock price increases as well as the risks of stock price decreases, the Company seeks to enhance their awareness of contributing to medium- to long-term performance improvement and the increase of corporate value.

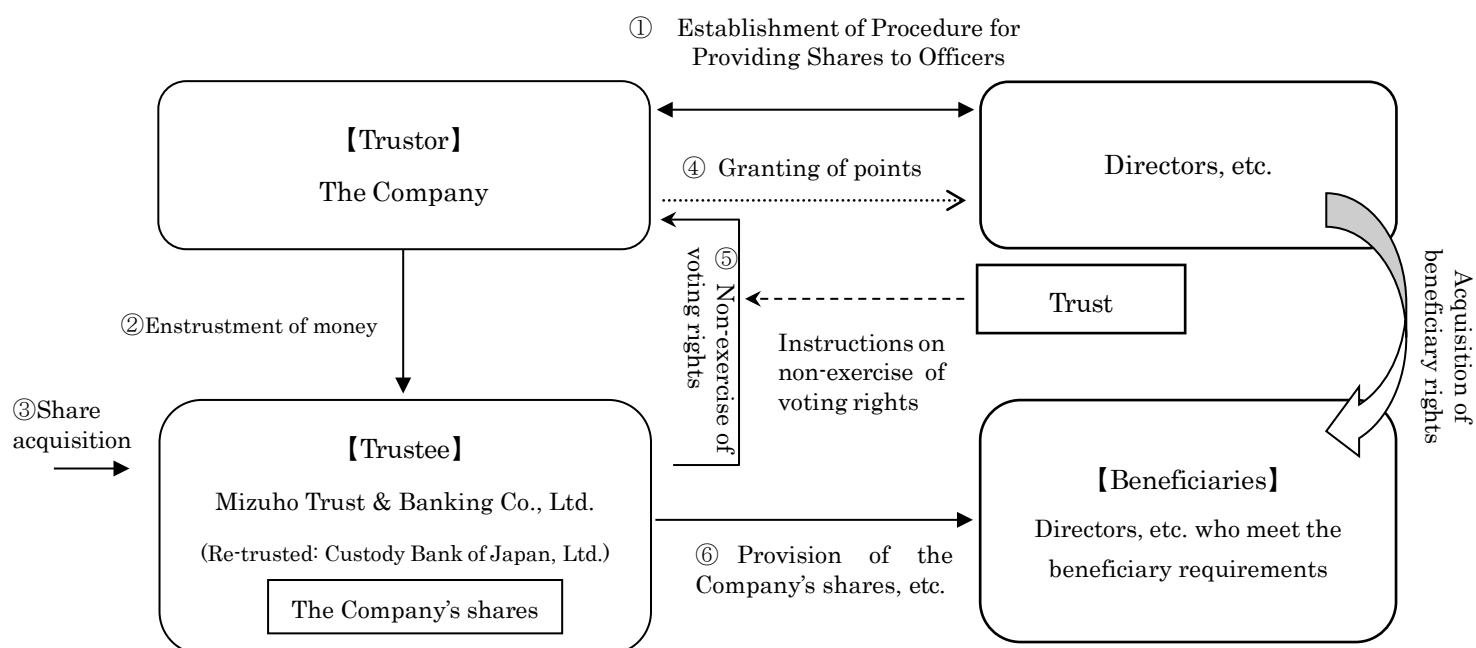
It should be noted that at the 51st Annual General Meeting of Shareholders held on June 23, 2022, the company received approval for a post-delivery share remuneration system for directors. However, subject to the approval of the Plan by the shareholders at the General Meeting, the Company will abolish this compensation limit for post-delivery share remuneration system.

### **2. Overview of the Plan**

## ( 1 ) Overview of the Plan

The Plan is a share-based remuneration plan under which the Company's shares purchased with cash contributions from the Company are acquired through a trust (hereinafter, the trust defined under the Plan is referred to as the "Trust"), and the Company's shares and cash amounts corresponding to the market value of the Company's shares (hereinafter referred to as "Shares and Cash") are provided to Eligible Directors through the Trust according to the Procedure for Providing Shares to Officers set out by the Company. In principle, Directors receive payments in the form of the Company's shares at a defined time each year.

### <Mechanism of the Plan>



- ① The Company will establish the Procedure for Providing Shares to Officers within the scope of the framework approved under this proposal.
- ② The Company will entrust cash within the scope approved under this proposal.
- ③ The Trust will acquire the Company's shares by purchasing them through the stock exchange using cash contributed as described previously in ② or by receiving a portion of shares bought back by the Company.
- ④ The Company will grant points to Eligible Directors based on the Procedure for Providing Shares to Officers.
- ⑤ The Trust will not exercise voting rights for the Company's shares in the Trust account under the direction of the trust administrator, who is independent from the Company.
- ⑥ The Trust will pay the Company's shares commensurate with the number of points granted to Eligible Directors who fulfill the beneficiary requirements set out in the Procedure for Providing Shares to Officers at a defined time each year. Notably, when Eligible Directors satisfy the requirements set out in the Procedure for Providing Shares to Officers, they receive cash payments equivalent to the market value of the Company's shares when they retire from office at a fixed percentage of points.

## ( 2 ) Eligibility for the Plan

Directors (Directors who are Audit and Supervisory Committee Members are ineligible for the Plan) and Executive Officers

(3) Trust period

From August 2025 (scheduled) until the Trust ends (Notably, there is no specific end date to the trust period for the Trust; the Trust continues as long as the Plan continues. The Plan will end when the Company's shares are delisted, the Procedure for Providing Shares to Officers is abolished, or the like.)

(4) Trust amount

As conditions for adopting this proposal, the Company will introduce the Plan for the three fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028 (hereinafter, this period of three fiscal years is referred to as the "Initial Defined Period," with the Initial Defined Period and periods lasting three fiscal years starting after the Initial Defined Period has elapsed referred to using the inclusive term "Defined Period"), and Defined Periods thereafter, and contribute the following cash amounts to the Trust to fund the acquisition of the Company's shares by the Trust in order to pay Shares and Cash to Eligible Directors.

First, when the Trust is created (August 2025 (scheduled)), the Company will create the Trust by contributing the cash amount equivalent to the estimated amount of funds needed for the Initial Defined Period. The upper limit of points to be granted to Eligible Directors under the Plan is 10,000 per one fiscal year as defined in (6) below; therefore, when the Trust is created, the Company will contribute an amount reasonably estimated as necessary to require the upper limit of 30,000 shares to the Trust in consideration of the closing price of the Company's shares at the end of regular trading hours of the Tokyo Stock Exchange immediately prior. For reference, using the closing price of 7,410 yen on May 14, 2025, the required amount of funds would be roughly 222 million yen. (As a post-delivery share remuneration system to be abolished, the Company had introduced a total amount not exceeding 120 million yen per each fiscal year for Restricted Stock Units (RSUs) and a total amount not exceeding 630 million yen per three fiscal year for Performance Share Units (PSUs).)

The Company will make additional contributions to the Trust after the Initial Defined Period has elapsed and until the Plan ends—in principle, amounts deemed necessary for the Trust to acquire the Company's shares in advance are based on reasonable estimates of the required number of shares to pay Eligible Directors under the Plan for each Defined Period. However, when making these additional contributions, if any of the Company's shares (the Company's shares corresponding to the number of points granted to Eligible Directors for each Defined Period immediately prior, excluding outstanding payments to Eligible Directors) or cash (hereinafter referred to collectively as "Remaining Shares and Cash") remain in the Trust, they will be allocated to the funds for payments under the Plan for subsequent Defined Periods;

the Company will factor in Remaining Shares and Cash when calculating amounts for additional contributions. The Company will make proper and timely disclosures when determining additional contributions.

Note: The amounts of money the Company actually contributes to the Trust correspond to estimated amounts for trust fees and other expenses in addition to the aforementioned funds for acquiring shares.

- ( 5 ) Method of acquisition of the Company's shares and number of shares acquired by the Trust
- The Trust will acquire the Company's shares by purchasing them through the stock exchange using funds contributed as described previously in (4) or by receiving a portion of shares bought back by the Company.

Given that the upper limit of points to be granted to Eligible Directors is 10,000 per one fiscal year as defined in (6) below, the upper limit of the number of the Company's shares to be acquired by the Trust for each Defined Period is 30,000. The Company will make proper and timely disclosures as to the details of acquisitions of the Company's shares by the Trust.

- ( 6 ) Upper limit of Shares and Cash to be paid to Eligible Directors

Each fiscal year, Directors are granted a fixed number of points commensurate with their position and other factors based on the Procedure for Providing Shares to Officers. The upper limit of the total number of points to be granted to Eligible Directors per one fiscal year is 10,000 (including 6,000 for directors (excluding outside directors) and 2,000 for outside directors). The Company determined this upper limit after comprehensive consideration of the current level of officer compensation, trends and future outlook for the number of Eligible Directors, and other factors. Accordingly, the Company deems this upper limit to be justifiable. When paying Shares and Cash as described in (7) below, the number of points to be granted to Eligible Directors is converted at a rate of one of the Company's shares per point (However, if, after approval by the shareholders at this General Meeting of Shareholders, a stock split, stock dividend, reverse stock split, or similar action is carried out with respect to the company's shares, the maximum number of points, the number of points already granted, or the conversion ratio will be reasonably adjusted according to such ratio or other factors.).

The number of votes for the number of shares corresponding to the upper limit of the number of points to be granted to Directors per one fiscal year is 80, which constitutes roughly 0.04% of the total number of votes for the total number of shares issued (222,615 as of March 31, 2025).

In principle, the standard number of points for Directors for payments of Shares and Cash as described in (7) below is the number of points to be granted to Eligible Directors for each fiscal year (hereinafter referred to as the "Final Number of Points").

( 7 ) Provision of the Company's Shares, etc.

In principle, Directors who fulfill the beneficiary requirements undergo the requisite beneficiary finalization procedure to receive payments from the Trust at a defined time each year at the end of each Defined Period in the form of the number of the Company's shares corresponding to the Final Number of Points determined as described previously in (6). Directors who fulfill the requirements set out in the Procedure for Providing Shares to Officers receive cash payments equivalent to the market value of the Company's shares when they retire from office at a fixed percentage instead of the Company's shares. In some cases, the Company's shares may be sold from the Trust to make these cash payments.

Additionally, Eligible Directors who have been granted points cannot acquire all or a portion of the rights to receive payments if the General Meeting of Shareholders or the Board of Directors pass a resolution to dismiss them, if they retire from office during their term because they committed certain illegal actions, if they committed inappropriate actions that damage the Company while in office, or the like.

( 8 ) Exercising voting rights

Voting rights for the Company's shares in the Trust account will not be exercised uniformly under direction of the trust administrator. Depending on the method, the exercise of voting rights for the Company's shares in the Trust account is designed to ensure neutrality toward the Company's management.

( 9 ) Treatment of dividends

Dividends for the Company's shares in the Trust account are received by the Trust and allocated to cash for acquiring the Company's shares, trust fees for trustees of the Trust, and the like. Notably, when the Trust ends, dividends and the like remaining in the Trust will be paid proportionally to the number of points held by each Eligible Director in office at that time according to the Procedure for Providing Shares to Officers.

( 1 0 ) Treatment when the trust ends

The Trust will end when the Company's shares are delisted, the Procedure for Providing Shares to Officers is abolished, or the like.

The plan for the Company's shares among the remaining assets in the Trust when the Trust ends calls for the Company to acquire the shares at no charge, and for the Board of Directors to pass a resolution to retire the shares. The cash among the remaining assets in the Trust when the Trust ends will be paid to the Company after subtracting the cash to be paid to Eligible Directors as described previously in (9).

## 【Overview of the Trust】

- ① Name : Board Benefit Trust (BBT)
- ② Settlor : The Company
- ③ Trustee : Mizuho Trust & Banking Co., Ltd. (Re-Trustee: Custody Bank of Japan, Ltd.)
- ④ Beneficiaries: Directors, etc. who meet the beneficiary requirements stipulated in the Executive Share Compensation Regulations
- ⑤ Trust Administrator: A third party with no conflicts of interest with the company is planned to be selected
- ⑥ Type of Trust: Monetary trust other than money trust (third-party benefit trust)
- ⑦ Date of Trust Agreement: August 2025 (planned)
- ⑧ Date of Money Trust: August 2025 (planned)
- ⑨ Trust Period: From August 2025 (planned) until the termination of the trust  
(No specific termination date is set, and the trust will continue as long as the Plan is in effect.)

###