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TRANSLATION

C o m p a n y : Macnica Holdings, Inc.  
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## **Notice Regarding Setting Remuneration for Directors and Establishment of Restricted Share Remuneration Scheme**

Macnica Holdings, Inc. (the "Company") plans to transition to a Company with an Audit and Supervisory Committee, subject to approval at the 9th Ordinary General Meeting of Shareholders to be held in June 2024.

At a meeting of its Board of Directors held today, the Company reviewed the executive remuneration system and resolved to set a remuneration for directors and establish a restricted share remuneration scheme. The Company decided to submit a proposal to the General Meeting of Shareholders as follows.

This is subject to the approval of the proposal to amend the Articles of Association to transit from a Company with a Board of Company Auditors to a Company with Audit and Supervisory Committee at the General Meeting of Shareholders.

### 1. Setting a remuneration for directors (excluding Directors who are members of the Audit and Supervisory Committee)

The amount of remuneration, etc. for Directors was approved at the 4th Ordinary General Meeting of Shareholders held on June 25, 2019 to be no more than 900 million yen per annum (including no more than 100 million yen per annum for Outside Directors). Subject to the approval of the proposed amendment to the Articles of Incorporation, the Company will transition to a Company with Audit and Supervisory Committee. Accordingly, the Company proposes to abolish the current limit of remuneration for Directors and to newly set the amount of remuneration, etc. for Directors (excluding Directors who are members of the Audit and Supervisory Committee) as monetary remuneration at no more than 900 million yen per annum (including no more than 100 million yen per annum for Outside Directors). The amount of remuneration, etc. for Directors (excluding Directors who are members of the Audit and Supervisory Committee) shall, as in the past, not include the employee's salary of Directors who are employees of the Company.

### 2. Setting the Amount of Remuneration for Directors who are members of the Audit and Supervisory Committee

Subject to the approval of the proposed amendment to the Articles of Incorporation, the Company will transition to a Company with Audit and Supervisory Committee. In accordance with this change, and taking into consideration the economic situation and other factors, the Company proposes that the amount of remuneration, etc. for Directors who are members of the Audit and Supervisory Committee be set as monetary remuneration at no more than 100 million yen per annum.

(Reference)

The amount of remuneration, etc. of the Company's Corporate Auditors was approved as monetary remuneration, not exceeding 70 million yen per annum, at the first Ordinary General Meeting of Shareholders held on June 28, 2016.

3. Establishment of a Restricted Share Remuneration Scheme for Directors (excluding Directors and Outside Directors who are members of the Audit and Supervisory Committee)

At the 4th Ordinary General Meeting of Shareholders held on June 25, 2019, the Company resolved to adopt a Restricted Share Remuneration Scheme for Directors, excluding Outside Directors. Subject to the approval of the proposed amendment to the Articles of Incorporation, the Company will transition to a Company with Audit and Supervisory Committee. In accordance with this change, the Company decided to submit another agenda item regarding the Restricted Share Remuneration Scheme (the "Scheme") for Directors (excluding Directors and Outside Directors who are members of the Audit and Supervisory Committee, hereinafter "Eligible Directors") after the transition to a Company with Audit and Supervisory Committee.

(1) Purpose of the Scheme

The Scheme is designed to provide Eligible Directors with incentives to continuously improve the Company's corporate value and to promote further sharing of value with shareholders.

(2) Conditions for introduction of the Scheme

As the Scheme involves the payment of monetary claims as remuneration to Eligible Directors for the grant of Restricted Share, the introduction of the Scheme is subject to the approval of the shareholders for the payment of such remuneration at the General Meeting of Shareholders. At the 4th Ordinary General Meeting of Shareholders held on June 25, 2019, the Company received approval for the Restricted Share Remuneration not exceeding 300 million yen per annum. Subject to the approval of the proposed amendment to the Articles of Incorporation, the Company will transition to a Company with Audit and Supervisory Committee. In accordance with this change, the total amount of monetary remuneration to be paid to Eligible Directors shall be set at the same amount as at present, not exceeding 300 million yen per annum (not including employee's salary of the Directors who are employees), as a separate amount from the amount of remuneration, etc. in "1. Setting a remuneration for directors (excluding Directors who are members of the Audit and Supervisory Committee)."

(3) Outline of the Scheme

Eligible Directors will pay all of the monetary remuneration claims paid by the Company under the Scheme as assets contributed in kind and will be issued or disposed of shares of common shares of the Company. The total amount of monetary remuneration claims to be paid to Eligible Directors under the Scheme shall be no more than 300 million yen per annum (not including employee's salary for Directors who are employees of the Company). The Board of Directors will determine the specific timing and distribution of the monetary compensation to Eligible Directors.

The total number of common shares to be newly issued or disposed of under the Scheme shall not exceed 300,000 shares per annum (however, in the event of a share split (including a gratis allotment of our common shares) or reverse share split of the Company's common shares effective on or after the date of the resolution of the General Meeting of Shareholders, the total number of such shares shall be adjusted, as necessary, to a reasonable extent in accordance with the split ratio, reverse share split ratio, etc. after such effective date), and the amount to be paid per share shall 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 preceding the date of each resolution of the Board of Directors (or if no transaction is executed on the same day, the closing price of the most recent trading day prior

to that day) to the extent that such amount is not particularly favorable to the Eligible Directors who subscribe for such shares.

In issuing or disposing of shares of common shares of the Company (the "Shares") under the Scheme, the Company and the Eligible Directors who are to receive the Remuneration for Restricted Shares shall agree that (i) for a certain reporting period (the "Restricted Share Period"), the Company shall prohibit the transfer of the Shares to a third party, the establishment of a security interest in the Shares, or any other disposition of the Shares, and (ii) the Company shall acquire the Shares for no consideration if a certain event occurs. The Shares will be managed in an exclusive account opened by Eligible Directors at Nomura Securities Co., Ltd. during the Restricted Share Period so that they cannot be transferred, pledged as collateral, or otherwise disposed of during the Restricted Share Period.

Under the Scheme, in addition to Eligible Directors, Executive Officers and Fellows who do not concurrently serve as Directors of the Company, as well as certain employees of the Company's subsidiaries, shall be paid Restricted Share Remuneration similar to that paid to Eligible Directors in accordance with their duties and responsibilities by resolution of the Board of Directors, and the Company plans to issue or dispose of new shares of common shares of the Company.