



May 17, 2022

To whom it may concern

Z Holdings Corporation
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President and Representative Director, Co-CEO
Stock Code: 4689

Introduction of Stock Option (Stock Acquisition Rights) for Directors

Z Holdings Corporation (the “Company”) hereby announces that its Board of Directors resolved, at the meeting held on May 17, 2022, to review the executive remuneration plan and to submit, to the 27th ordinary general meeting of the shareholders scheduled to be held on June 17, 2022 (the “Ordinary General Meeting of the Shareholders”), a proposal on the amount and decision on the details of remuneration etc., for stock acquisition rights to be paid as stock options in an incentive plan to the Company’s directors (excluding the directors serving on the Audit and Supervisory Committee and outside directors, hereinafter the “Executive Directors”, and the incentive plan the “Plan”). Details are as follows.

In addition, subject to the approval from the shareholders on the introduction of the Plan in the Ordinary General Meeting of the Shareholders, the Company is considering the allotment, to its corporate officers and employees, as well as to directors, corporate officers and employees of major subsidiaries determined by the Company, the same stock acquisition rights as described in 2. (1) to (8) below (except (2)) as stock options, in the same manner as the Executive Directors of the Company, in the number to be determined by the Board of Directors of the Company.

1. Reasons for the proposal

In the 20th Ordinary General Meeting of the Shareholders held on June 18, 2015, the Company has received approval that the amount of remuneration, etc., to be paid to directors (excluding those serving on the Audit and Supervisory Committee) will be within JPY1 billion per year (out of which remuneration amount for outside directors will be within JPY200 million per year). To share the benefits and risks of stock price fluctuations with shareholders and to motivate the Executive Directors more than ever to contribute to raising the stock price and increasing corporate value, the Company proposes an allotment of stock acquisition rights as stock options not exceeding JPY2.4 billion per year, separate from the conventional remunerations, etc., to the Executive Directors.

Subject to the approval of the proposal, the Company will abolish the remuneration framework related to the current restricted stock remuneration plan as of the fiscal year

ending March 31, 2023, and from the fiscal year beginning on April 1, 2023 (fiscal year ending March 31, 2024), no new restricted stock remuneration will be allocated to the Executive Directors.

In order to ensure independence, transparency, and objectivity in the decision-making process of remuneration, the Company has voluntarily established a Nominating and Remuneration Committee consisting of six directors, including four independent outside directors, chaired by an independent outside director who is a full-time Audit and Supervisory Committee member, and the introduction of the Plan has been deliberated by the Nominating and Remuneration Committee.

2. Specific details and maximum number of stock acquisition rights as stock options for Executive Directors

(1) Type and number of shares to be issued upon exercise of stock acquisition rights

The type of shares to be issued upon exercise of stock acquisition rights will be the common stock of the Company, and the number of shares to be issued upon exercise of stock acquisition rights (hereinafter the "Number of Shares to be Allotted") will be 100 shares per stock acquisition right. In the event that the Company conducts a stock split, a reverse stock split or a gratis allotment of shares of common stock of the Company (collectively, the "Stock Split, Etc.") after the date of the resolution of this proposal (the "Resolution Date"), the Number of Shares to be Allotted will be adjusted in accordance with the following formula and any fraction less than one share resulting from the adjustment will be rounded down.

Number of Shares to be Allotted after adjustment = Number of Shares to be Allotted before adjustment \times ratio of Stock Split, Etc.

In addition to the above, the Company may adjust the Number of Shares to be Allotted to a reasonable extent in the event of a merger or corporate split of the Company after the Resolution Date or in other cases where adjustment of the Number of Shares to be Allotted is required in accordance with such cases. In the event that the Company changes the number of shares constituting one unit of shares of common stock (excluding cases involving a Stock Split, Etc.; hereinafter the same will apply with respect to changes in the number of shares constituting one unit of shares) after the Resolution Date, the Company may reasonably adjust the Number of Shares to be Allotted in accordance with the ratio of such change in the number of shares constituting one unit with respect to stock acquisition rights whose issuance is resolved by the Board of Directors of the Company on or after the effective date of such change in the number of shares constituting one unit.

(2) Total number of stock acquisition rights

The total number of stock acquisition rights to be allotted to Executive Directors within one year from the date of the Company's ordinary general meeting of the shareholders for each fiscal year will be limited to 130,000. However, if the Number of Shares to be Allotted is adjusted in accordance with a change in the number of shares constituting one unit of the Company's common stock, the Company may reasonably adjust the total number of stock acquisition rights in accordance with the ratio of such adjustment.

(3) Amount to be paid in for stock acquisition rights

The amount to be paid in per stock acquisition right will be the amount determined by the Board of Directors of the Company based on the fair value of the stock acquisition right calculated by a fair calculation method such as the binomial model at the time of allotment of stock acquisition rights. In lieu of payment of such payment amount, the person receiving the allotment shall offset the payment with compensation claims held against the Company and shall not be required to make any cash payments.

(4) Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon exercise of the stock acquisition rights will be the amount to be paid in per share to be delivered upon exercise of such stock acquisition rights (hereinafter referred to as the "Exercise Price") multiplied by the Number of Shares to be Allotted.

The Exercise Price will be the average closing price of the common stock of the Company in regular trading on the Tokyo Stock Exchange on each day of the month preceding the month in which the allotment date of stock acquisition rights (the "Closing Price" and the "Allotment Date") falls (excluding days on which no trading takes place) multiplied by 1.05 (any fraction less than one yen shall be rounded up), or the Closing Price of the Allotment Date (if there is no Closing Price on that day, the Closing Price on the preceding trading day), whichever is higher.

In the event that, after the Allotment Date, the Company conducts a Stock Split, Etc., issues new shares or disposes of treasury stock at a price below market value (excluding cases such as a sale of treasury stock pursuant to Article 194 of the Companies Act (request for sale of shares less than one unit by shareholders holding shares less than one unit), conversion of securities that are convertible into shares of common stock of the Company or convertible securities, or the exercise of stock acquisition rights (including those attached to bonds with stock acquisition rights) that allow a claim for delivery of shares of the Company's common stocks), or conducts gratis allotment of other classes of shares to common shareholders or pays dividends to the common shareholders of shares of other companies, i.e., in cases where it is

appropriate to adjust the Exercise Price, the Company may adjust the Exercise Price to a reasonable extent, taking into account the conditions, etc. thereof.

(5) Period in which the stock acquisition rights can be exercised

The Board of Directors of the Company will determine the period within a period of ten (10) years from the date on which three (3) years have elapsed from the Allotment Date.

(6) Restriction on acquisition of stock acquisition rights by transfer

Acquisition of stock acquisition rights by transfer will require approval by a resolution of the Board of Directors of the Company.

(7) Acquisition clause of stock acquisition rights

If the following proposals (i), (ii), (iii), (iv), (v) or (vi) is approved by the general meeting of the shareholders of the Company (or by a resolution of the Board of Directors of the Company if a resolution of the general meeting of the shareholders is not required), the Company may acquire the stock acquisition rights without consideration on a date separately determined by the Board of Directors of the Company.

- (i) A proposal for approval of the merger agreement under which the Company will become the dissolving company
- (ii) A proposal for approval of a company split agreement or a company split plan in which the Company will become a splitting company
- (iii) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary
- (iv) A proposal for approval of a share issuance plan under which the Company will become a wholly owned subsidiary
- (v) A proposal for approval of an amendment to the Articles of Incorporation to provide that the acquisition of all shares issued by the Company by way of transfer will require the approval of the Company
- (vi) A proposal for approval of an amendment to the Articles of Incorporation to provide that the Company's approval will be required for the acquisition of the relevant class of shares by transfer as the subject of the stock acquisition rights or that the Company may acquire all the shares of the said class by a resolution of the general meeting of the shareholders

In addition to the above, the Company may acquire stock acquisition rights without consideration in the event that the stock acquisition rights are no longer exercisable pursuant to the provisions of (8) below.

(8) Conditions for exercise of stock acquisition rights

Holders of stock acquisition rights must hold the position of director, auditor, executive officer, corporate officer or employee of the Company or its affiliates at the time of exercising the stock acquisition rights. However, this will not apply in cases where the Board of Directors of the Company deems that there is a justifiable reason, such as retirement due to expiration of the term of office. Other conditions for the exercise of stock acquisition rights will be determined by the Board of Directors of the Company, which will determine the subscription terms and conditions of the stock acquisition rights.

Disclaimer

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