



June 18, 2022

Dear all,

Company name: SUNCORPORATION
Name of representative: Ryusuke Utsumi,
CEO
(Code No. 6736 TSE Standard)
Contact: Yoshimi Kimura,
Senior Managing Director
(Tel 052-756-5981)

Corrections to the Supplement to Proposal 6 of the 51st Ordinary General Meeting of Shareholders of SUNCORPORATION

Regarding the estimated number of shares to be granted in the "Supplement to Proposal 6 of the 51st Ordinary General Meeting of Shareholders of SUNCORPORATION", which was released on June 7, 2022, we have changed it to a more realistic number.

The proposal is to introduce Restricted Share Units ('RSUs') and Performance Share Units ('PSUs') in order to share interests with shareholders and to strengthen incentives to improve performance in order to create medium- and long-term corporate value.

During the 46th through 49th fiscal years, we were in the red for four consecutive years and struggled to secure cash despite our assets. Based on this experience, we found it necessary to have a compensation system that emphasizes equity compensation rather than cash for human resources that are able to make management decisions with a sense of speed and to properly face the risks involved in making major changes in the management environment.

Particularly, PSUs, which represent 70% of share-based payments, are designed to provide a strong incentive to achieve KPI targets, with a payout range of 0-150% depending on the degree of achievement of the target.

Proposal No. 6 of the 51st Ordinary General Meeting of Shareholders of the Company proposes stock-based compensation as a general framework, and we intend to grant the planned stock-based compensation in light of the actual management situation of the company.

The company believes that the content of this plan is appropriate as a remuneration system that aims to share the value of share price fluctuations with shareholders and to raise awareness of the management team's contribution to improving business performance and increasing corporate value over the medium to long term. We would appreciate your understanding in this matter.

We have made a more realistic calculation of the number of shares to be granted and the dilution ratio associated with the implementation of this plan for the three-year evaluation period of the PSUs. This estimate is the total of the number of shares granted to directors plus the number of shares granted to employees.

	Number of shares granted (shares) *1			Total number of shares issued (shares,2022/3)	Cumulative dilution rate	Average burn rate for the period *2
	RSU	PSU Maximum	total amount			
	a	b	c=a+b			
3 years	67,073	67,497	134,570	23,992,328	0.56%	0.19%.

*1 The number of shares is calculated based on the total of the maximum amount of share-based payment for each eligible officer and the closing price of 1,611 yen as of May 17 2022. In other words, although the number of shares will vary depending on the share price level at the time of grant, it has been estimated as the maximum

number of shares that can be expected to be granted.

*2 The burn rate, which represents the ratio of the number of shares granted to the total number of shares outstanding, is a measure used mainly by European and US companies and represents a dilution rate in relation to equity compensation. For example, ISS, a US voting advisory company, attaches importance to the average burn rate over a three-year period in its voting criteria, and its 2022 policy sets an average burn rate of 4.08% for technology companies, with a maximum allowable burn rate of 7.26%.