

FOR IMMEDIATE RELEASE

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Polaris Introduces a Restricted Stock Compensation Plan

Polaris Holdings Co., Ltd. (hereinafter “Polaris” or the “Company”) announced today that the Board of Directors of Polaris resolved to revise the Company’s executive compensation system and introduce a restricted stock compensation plan (hereinafter the “Plan”) for the Company’s directors (excluding directors who are Audit and Supervisory Committee members; hereinafter the “Eligible Directors”), and to submit a proposal regarding the Plan to the 151st Annual General Meeting of Shareholders scheduled to be held on June 26, 2025 (hereinafter the “General Meeting”), as outlined below.

1. Purpose of Introducing the Plan

The Plan is a compensation plan that allots restricted stocks to the Eligible Directors with incentives to promote sustainable enhancement of the Company’s corporate value as well as to further align interests with shareholders.

2. Outline of the Plan

(i) Grant of Monetary Compensation Claims and Contribution in Kind to the Eligible Directors

Under the Plan, the Company, in principle, grants monetary compensation claims to the Eligible Directors every fiscal year based on a resolution of the Board of Directors, for the purpose of allotting restricted stocks. The Eligible Directors will contribute the full amount of monetary compensation claims as contributions in kind, in exchange for which the Company issues or disposes of shares of its common stock to be held by the Eligible Directors.

At the 145th Annual General Meeting of Shareholders held on June 27, 2019, it was approved that the total amount of compensation for directors (excluding directors who are Audit and Supervisory Committee members) shall be up to JPY 140 million per year for monetary compensation and up to JPY 50 million per year for non-monetary compensation (excluding salaries for directors who also serve as employees). Under the Plan, the Company seeks shareholder approval to grant monetary compensation claims to the Eligible Directors for the purpose of allotting restricted stocks, and to set the total amount of monetary compensation claims, granted under the Plan, separately from the existing monetary compensation limit (JPY 140 million per year), and to replace the current non-monetary compensation framework with monetary compensation claims of up to JPY 50 million per year under the Plan for the purpose of allotting restricted stocks.

Subject to shareholder approval of the Plan at the General Meeting, the above-mentioned non-monetary compensation system will be abolished.

The specific timing and allotment of restricted stocks to each Eligible Director will be determined by the Board of Directors.

(ii) Type and Total Number of Restricted Stocks to Be Issued or Disposed of to Eligible Directors

The type of stocks to be issued or disposed of to the Eligible Directors under the Plan shall be shares of the Company's common stock, with a maximum total of 600,000 shares per year. However, if the Company conducts a stock split (including a gratis allotment of shares of common stock) or a reverse stock split takes effect on or after the date of the resolution at the General Meeting, the total number of shares to be issued or disposed of may be reasonably adjusted as necessary in accordance with the split ratio, reverse split ratio, or other relevant factors.

(iii) Amount to be Paid in for Restricted Stocks

The per-share paid in amount for the shares of common stock to be issued or disposed of to the Eligible Directors under the Plan shall be determined by the Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board resolution determining the offering terms (or the closing price on the most recent trading day prior to that date if no trading occurred on the same day), within a range that the amount is not particularly favorable to the Eligible Directors who will subscribe to the shares.

(iv) Execution of Restricted Stock Allotment Agreement

In issuing or disposing of shares of the Company's common stock under the Plan, the Company shall enter into a restricted stock allotment agreement with each Eligible Director, which shall include the following terms.

- ① For a certain period, the common stock issued or disposed of under the Plan shall not be transferred to a third party, pledged as collateral, gifted inter vivos, or otherwise disposed of in any manner.
- ② If certain conditions are met, the Company shall be entitled to acquire all or part of the subject common stock without consideration.
- ③ Details of the conditions for the lifting of transfer restrictions, as pre-determined by the Board of Directors of the Company.

3. Conditions for the Introduction of the Plan

Under the Plan, to grant monetary compensation claims equivalent to the paid-in amount for the restricted shares of the Company's common stock to be issued or disposed of to the Eligible Directors, the Company intends to submit a proposal necessary for such compensation as the introduction of a new compensation plan at the General Meeting. The issuance or disposal of such common stock under the Plan shall be subject to the approval of shareholders at the General Meeting.

End

NOTE: This is an English translation summary of the Company's announcement in Japanese. No assurances or warranties are given for completeness or accuracy of this English translation summary.