



May 8, 2025

To Whom It May Concern:

Company name: SAN HOLDINGS, INC.
Representative name: Satoshi Harishima, President and
Representative Director
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Notice Concerning Revisions of the Restricted Share Compensation System

The Company hereby announces that it has resolved, at a meeting of the Board of Directors held today, to revise the restricted share compensation system (hereinafter referred to as the “System”) as part of a review of its executive compensation system, and to submit a proposal regarding the revisions (hereinafter referred to as the “Revisions”) to the 96th Ordinary General Meeting of Shareholders scheduled to be held in June 2025 (hereinafter referred to as the “General Meeting of Shareholders”).

1. Purpose of the Revisions

The Revisions are being implemented so that the Company's Directors (excluding Outside Directors; hereinafter referred to as “Eligible Directors”) can share the benefits and risks of fluctuations in the Company's stock price with shareholders and further enhance their motivation to contribute to the increase in stock price and enhancement of corporate value.

Please note that the Revisions are subject to the approval of the shareholders at the General Meeting of Shareholders.

2. Overview of the Revisions

(1) Revision of stock compensation limits and expansion of stock compensation ratio

The Company has introduced a restricted share compensation system (a system that sets stock compensation amounts according to position) for Eligible Directors from fiscal 2019 in order to share the benefits and risks of stock price fluctuations with shareholders and to further enhance the motivation

of Eligible Directors to contribute to the increase in stock price and enhancement of corporate value. Regarding the maximum amount of compensation, etc., related to the System, at the 90th Ordinary General Meeting of Shareholders held on June 25, 2019, the shareholders approved that, separately from the amount of fixed compensation for the Company's Directors as determined at the 80th Ordinary General Meeting of Shareholders held on June 26, 2009 (an amount within the total of the fixed amount set at 350 million yen per year and the variable amount set at 3% of the consolidated ordinary income for the fiscal year preceding the payment date (up to a maximum of 100 million yen)), the total annual amount of monetary compensation claims to be granted as compensation, etc., related to restricted share for Eligible Directors shall not exceed 100 million yen, and the number of restricted shares to be allotted to Eligible Directors in each fiscal year shall not exceed 320,000 shares (please note that, as a result of stock splits conducted on October 1, 2019, and October 1, 2023, at a ratio of 2 shares for each share of common stock of the Company, the total number of shares of common stock of the Company to be issued or disposed of has been adjusted from 80,000 shares to 320,000 shares). This resolution remains in effect to date.

In the Revisions, the Company will further increase the ratio of stock-based compensation in the compensation structure and revise the maximum amount of compensation under the System to 300 million yen per year, separate from the amount of fixed compensation for Directors, and revise the number of restricted shares to be allocated to Eligible Directors in each fiscal year to 960,000 shares, in order to further increase the ratio of stock-based compensation and enhance the linkage between stock price increases and corporate value improvement and stock-based compensation. The Revisions have been designed to change the compensation ratio (average) for Executive Directors from the current 68%:17%:15% to 55%:15%:30% (all approximate figures) for basic compensation, bonuses, and stock-based compensation.

The compensation for Outside Directors will remain unchanged, consisting solely of basic compensation.

(2) Addition of key performance indicators (KPIs) used to calculate stock compensation

In order to further enhance the linkage between stock price increases, improvements in corporate value, and stock-based compensation, as well as to raise awareness of efforts to improve corporate value through sustainability initiatives that incorporate ESG factors, the Revisions will establish financial and non-financial indicators as key performance indicators for calculating the number of restricted shares to be allocated to Eligible Directors.

The key performance indicators (KPIs) used to calculate stock compensation in the Revisions are financial indicators that reflect the Company's corporate value, namely dividend-inclusive TOPIX-adjusted TSR and stock price growth rate. In addition, non-financial indicators among the key performance indicators (KPIs) will be ESG indicators such as employee engagement.

(Reference)

The Company intends to allocate restricted shares similar to the above restricted shares to the Executive Officers of the Company and the Directors and Executive Officers of the Company's subsidiaries after the conclusion of the General Meeting of Shareholders.