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May 22, 2026

For Immediate Release

Company name: BLUE ZONES HOLDINGS CO., LTD.

Representative: Sumito Kawano, President and Representative Director

(Securities code: 417A, TSE Prime Market)

Contact: Masanobu Kamiike, Director and Chief Administrative Officer

TEL: +81-(0)49-290-1000

NOTICE OF INTRODUCTION OF STOCK COMPENSATION SYSTEM FOR DIRECTORS

BLUE ZONES HOLDINGS CO., LTD. (the "Company") hereby notifies that the Board of Directors resolved at today's meeting to introduce a stock compensation system utilizing a trust arrangement (hereinafter referred to as "the System") for the Company's Directors (excluding Outside Directors; hereinafter the same shall apply). The proposal regarding the introduction of the System will be submitted to the First Regular General Meeting of Shareholders scheduled to be held on June 23, 2026 (hereinafter referred to as "the Shareholders' Meeting"), as outlined below.

1. Introduction of the System

The compensation structure for the Company's Directors has previously consisted of fixed compensation and performance-linked compensation for the short term (bonuses). Going forward, the Company will introduce the System, which provides medium- to long-term performance-linked compensation in the form of stock compensation to its Directors.

The System is designed to clarify the linkage between Directors' compensation and the Company's stock value, enabling Directors to not only benefit from increases in stock price but also to bear the downside risks associated with stock price fluctuations. Through this arrangement, Directors will share with shareholders both the gains and risks resulting from stock price movements, thereby enhancing awareness of contributing to improved medium- to long-term performance and increased enterprise value.

Specifically, apart from the limit on the total amount of Directors' compensation (not to exceed 350 million yen per annum; provided that salaries for employees are excluded) to be approved by shareholders at the Shareholders' Meeting, the Company will grant new stock compensation under the System to Directors serving during the period from the day following the conclusion of the Shareholders' Meeting through August 31, 2031, being approximately five years (hereinafter referred to as "the Target Period"; provided that the Target Period may be extended as described in Section 2.(2) below).

Upon introduction of the System, Directors' compensation structure will consist of fixed compensation, short-term performance-linked compensation (bonuses), and medium- to long-term performance-linked compensation (stock compensation) under the System. Introduction of the System is conditional upon its approval by shareholders at the Shareholders' Meeting.

In the event that the Shareholders' Meeting approves the introduction of the System, the Company also intends to introduce a stock compensation system, similar to that for the Company's Directors, for Executive Officers (hereinafter referred to as "Executive Officers") with whom the Company has entered into agency contracts. In such case, Executive Officers will also become beneficiaries of the trust arrangement (the "Trust" described in Section 2. (1) below) established for the operation of the System, similar to the Company's Directors. Additionally, the Company will also place in trust the funds necessary for stock acquisition to be provided to such Executive Officers.

2. Overview of the System

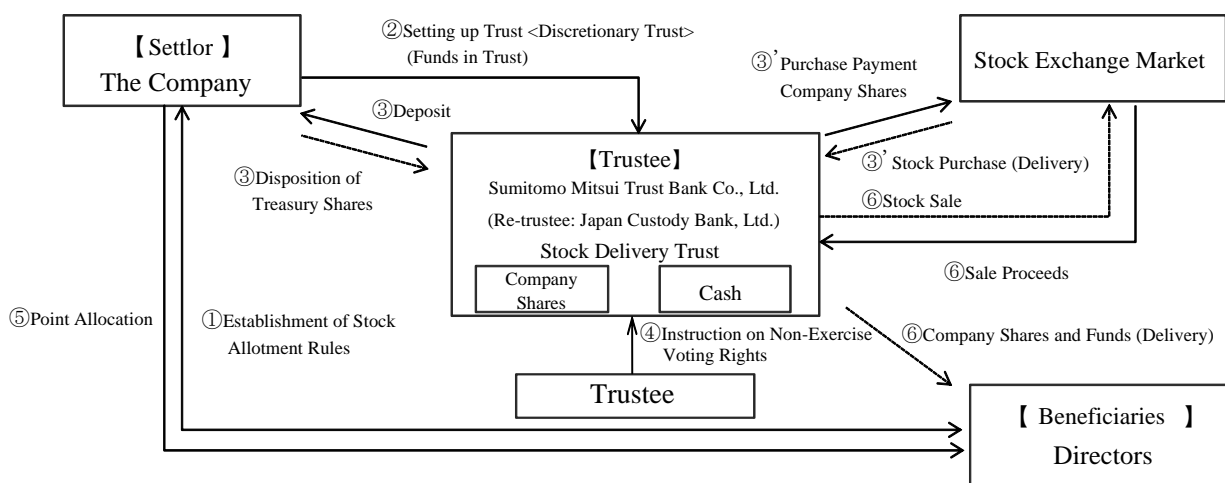
(1) Mechanism of the System

The System operates as follows: A trust arrangement (Note 1) with the Company as settlor acquires the Company's common shares (hereinafter referred to as "Company Shares") using the funds placed in trust by the Company, and Company Shares corresponding to the number of points allocated by the Company to each Director are delivered to each Director through the Trust.

Directors will receive Company Shares through this Trust, in principle, upon their retirement.

Note 1: YAOKO CO., LTD. (hereinafter referred to as "YAOKO"), a subsidiary of the Company, established a trust in September 2016 (prior to the Company's incorporation) to operate a stock compensation system similar to the System for YAOKO's Directors. The Company currently succeeds to the settlor's position with respect to this trust. Such trust is referred to below as "the Trust."

<Schematic Diagram of the System's Mechanism>



- ① The Company will establish stock allotment rules applicable to Directors.
- ② The Company, as settlor, places funds with the trustee of the Trust (the Trust of which the Company is settlor) in an amount equivalent to the funds for stock acquisition. Such funds shall be limited to amounts within the scope of amounts approved by the Company's shareholders' meeting for acquisition of Company Shares to be delivered to Directors.
- ③ The Trustee will acquire, all at once and using the funds in the Trust as the source, such number of Company Shares as reasonably expected to be delivered in the future. The Trustee shall acquire shares through disposal of treasury shares by the Company or acquisition from the stock exchange market (including off-floor transactions).
- ④ A trust manager (independent from the Company and its Officers) will be appointed to protect the interests of beneficiaries throughout the trust period and to supervise the trustee. With respect to Company Shares held in the Trust, the Trust Manager will instruct the Trustee not to exercise voting rights, and the Trustee will not exercise such voting rights throughout the trust period based on such instruction.
- ⑤ Based on the stock allotment rules, the Company will allocate points to each Director.
- ⑥ Directors meeting the requirements set forth in the stock allotment rules and trust agreement will acquire beneficial interests in the Trust, become beneficiaries of the Trust, and receive Company Shares corresponding to the allocated points from the Trustee. In certain cases specified in advance in the stock allotment rules and trust agreement, a portion of the Company Shares to be delivered may be sold on the stock exchange market and funds may be delivered in place of Company Shares.

The trustee, Sumitomo Mitsui Trust Bank Co., Ltd., will delegate the management of trust property to Japan Custody Bank, Ltd. (through re-trust).

(2) Placement of Funds with the Trust

Conditional upon the Shareholders' Meeting approving the introduction of the System, the Company will place funds with the Trust (additional trust) in an amount necessary for the Trust to acquire in advance Company Shares in such number as reasonably expected to be necessary to make deliveries in accordance with Section (6)

below for a certain period. The Trust will acquire Company Shares using the funds in the Trust as the source, as described in Section (5) below.

The trustee, Sumitomo Mitsui Trust Bank Co., Ltd., will delegate the management of trust property to Japan Custody Bank, Ltd. (through re-trust).

(3) Trust Period

YAOKO initially set the trust period of the Trust at approximately five years (from September 2016 to August 2021). Subsequently, YAOKO extended the trust period by five years (until August 2026). The Company plans to further extend the trust period by five years to August 2031 (projected date). However, as described in Section.

(4) below, the trust period may be further extended.

During the Target Period, the Company will place funds with the Trust (through additional trust) as compensation for Directors serving during the Target Period in an amount up to a maximum aggregate of 350million-yen, which funds will be used as stock acquisition funds necessary to deliver Company Shares to Directors under the System. The Trust will acquire Company Shares using the funds in the Trust as the source through disposal of treasury shares by the Company or acquisition from the stock exchange market (including off-floor transactions) (Note 2).

Note 2: The actual funds the Company places in trust with the Trust will include, in addition to the stock acquisition funds for Company Shares mentioned above, the estimated amounts of trust fees, trust manager fees, and other necessary expenses. In addition, if the Company introduces a similar stock compensation system for Executive Officers as described above, the Company will also place in trust the stock acquisition funds necessary to deliver Company Shares to Executive Officers under such system, and YAOKO may place additional stock acquisition funds for Company Shares to be delivered to YAOKO Directors as additional trust.

Furthermore, by resolution of the Company's Board of Directors, the Target Period may be extended by a period of up to approximately five years to be determined as appropriate, and the Company may extend the trust period accordingly (including substantially extending the trust period by transferring the trust property of the Trust to a trust with an identical purpose established by the Company) and continue the System. In such case, during the extended Target Period, the Company will place additional funds with the Trust as additional stock acquisition funds necessary to deliver Company Shares under the System, in an amount not exceeding the maximum of the number of years in the extended Target Period multiplied by 70 million yen, and will continue point allocation and delivery of Company Shares as described in Section (6) below (and the same shall apply thereafter).

Furthermore, even if the Target Period is not extended and the System is not continued as described above, if at the time of trust termination there are Directors to whom points have already been allocated but who have not yet retired, the trust period of the Trust may be extended until such Directors retire and delivery of Company Shares is completed.

(5) Method of Acquisition of Company Shares by the Trust, etc.

Acquisition of Company Shares by the Trust is planned to be effected through disposal of treasury shares by the Company or acquisition from the stock exchange market. The specific methods of acquisition will be determined and disclosed following the shareholders' meeting resolution.

During the trust period, if circumstances arise such that the number of Company Shares held in the Trust falls short of the number corresponding to the points allocated to Directors during the trust period due to an increase in the number of Directors or other reasons, the Company may place additional funds with the Trust within the limit of the trust fund maximum specified in Section (4) above and acquire additional Company Shares.

(6) Method of Calculation and Limits of Company Shares Delivered to Directors

① Method of Point Allocation to Directors, etc.

Based on the stock allotment rules established by the Company's Board of Directors, the Company will allocate points to each Director on the point allocation dates specified in the stock allotment rules during the trust period, in accordance with the Director's position and other factors.

However, the total number of points allocated by the Company to Directors shall not exceed 12,000 points per fiscal year.

② Delivery of Company Shares Corresponding to the Number of Allocated Points

Directors will receive delivery of Company Shares in accordance with the number of points allocated to them in Section ① above, following the procedures set forth in Section ③ below.

One point shall equal one share of the Company Shares. However, if an event occurs with respect to Company Shares that makes adjustment of the number of Company Shares to be delivered appropriate, such as a stock split or stock consolidation, the number of Company Shares per point shall be adjusted in accordance with such split ratio, consolidation ratio, or other relevant factors.

③ Delivery of Company Shares to Directors

Each Director will, in principle, upon retirement, follow prescribed procedures to acquire beneficial interests in the Trust, become a beneficiary of the Trust, and receive delivery of Company Shares as described in Section ② above from the Trust.

However, Company Shares representing a certain percentage thereof may be sold and converted to cash within the Trust for the purposes of the Company's withholding of income taxes and other applicable taxes, and cash may be delivered in place of Company Shares. In addition, if Company Shares held in the Trust are converted to cash, such as through acceptance in a tender offer and subsequent settlement, cash may be delivered in place of Company Shares.

(7) Exercise of Voting Rights

Voting rights with respect to Company Shares held in the Trust shall not be exercised, based on instructions from the Trust Manager who is independent from the Company and its Officers. Through this arrangement, the Company seeks to ensure neutrality with respect to the exercise of voting rights with respect to Company Shares held in the Trust and management of the Company.

(8) Treatment of Dividends

Dividends with respect to Company Shares held in the Trust will be received by the Trust and applied to the purchase price of Company Shares, trust fees of the trustee, and other related expenses.

(9) Treatment upon Termination of the Trust

Upon termination of the Trust, the Company plans to acquire at no cost all Company Shares among the remaining trust property at the time of termination and cause them to be canceled by Board of Directors resolution. With respect to cash among the remaining trust property at the time of termination, the Company plans to donate such cash to a specific organization promoting public interest as defined in advance in the stock allotment rules and trust agreement, being an organization with no interest relationship with the Company's Directors.

(Reference) Overview of the Trust Agreement Relating to the Trust

Settlor	The Company
Trustee	Sumitomo Mitsui Trust Bank Co., Ltd. (Re-trustee: Japan Custody Bank, Ltd.)
Beneficiaries	Directors and Executive Officers of the Company, and Directors of YAOKO who satisfy the requirements for beneficiaries
Trust Manager	An independent third party with no affiliation with the Company or its Officers
Exercise of Voting Rights	Voting rights with respect to shares held in the Trust shall not be exercised throughout the trust period
Type of Trust	Trust of money other than a money trust (discretionary trust)
Date of Trust Agreement	September 1, 2016
Trust Period (after extension)	September 1, 2016, to August 31, 2031 (projected)
Purpose of Trust	To deliver Company Shares to beneficiaries based on the stock allotment rules

End