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For Immediate Release

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(Securities Code: 9003, TSE Prime Market)
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**Notice of Introduction of Restricted Stock Compensation Plan**

Sotetsu Holdings, Inc. (the “Company”) announces that a meeting of the Board of Directors held on May 21, 2026 reviewed the executive compensation plan and resolved to introduce a restricted stock compensation plan (the “Plan”) and to submit a proposal (the "Proposal") regarding the Plan to the 158th Annual General Meeting of Shareholders to be convened on June 26, 2026 (the “General Meeting of Shareholders”). Details are as follows.

1. Purpose of the introduction of the Plan, etc.

(1) Purpose of introducing the Plan

The Company will introduce the Plan as a compensation plan where restricted stock-based compensation will be allotted to the Company's Directors (excluding Outside Directors; the "Eligible Directors") for the purpose of giving them an incentive to sustainably enhance the Company's corporate value and further promote the sharing of value with the shareholders.

(2) Conditions for introducing the Plan

As restricted stock and monetary compensation receivables for the allotment of restricted stock will be granted to Eligible Directors as compensation related to restricted stock under the Plan, the introduction of the Plan is subject to approval of the granting of such compensation at the General Meeting of Shareholders. The 147th Ordinary General Meeting of Shareholders held on June 26, 2015 gave its approval for an annual amount of compensation for the Directors of the Company of up to 300 million yen (including up to 20 million yen for Outside Directors; not including the employee salary of the Directors who also serve as employees), and the 151st Ordinary General Meeting of Shareholders held on June 27, 2019 gave its approval to revise the annual amount of compensation for Outside Directors to up to 40 million yen. However, at the General Meeting of

Shareholders, the Company plans to ask for shareholders' approval to set a limit on the total annual amount of compensation related to restricted stock for Eligible Directors of 50 million yen, separate from the abovementioned amounts of compensation for Directors.

2. Overview of the Plan

(1) Allotment of and payment for restricted stock

Restricted stock will be allotted in either of the following ways as determined by a resolution of the Company's Board of Directors.

(i) The Company will allot restricted stock to Eligible Directors as compensation related to restricted stock without requiring any payment for the issuance or disposal thereof ("Gratis Allotment")

(ii) The Company will grant monetary compensation receivables to Eligible Directors within the abovementioned annual limit as compensation related to restricted stock and each of the Eligible Directors will be allotted restricted stock by paying in all such monetary compensation receivables by way of in-kind contribution ("In-kind Contribution").

I. In the case of Gratis Allotment

In the case of Gratis Allotment, no payment for the issuance or disposal of restricted stock will be required but the amount of compensation related to restricted stock for Eligible Directors will be calculated 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 resolution of the Company's Board of Directors pertaining to the issuance or disposal of restricted stock (or the closing price of the most recent prior trade if no trade was concluded on that day) and such calculated amount of compensation related to restricted stock will be within the abovementioned annual limit.

The abovementioned restricted stock will be allotted on the condition that Eligible Directors conclude a restricted stock allotment agreement that includes the provisions specified in (3) below.

II. In the case of In-kind Contribution

In the case of In-kind Contribution, the amount paid for restricted stock will be decided 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 resolution of the Company's Board of Directors pertaining to the issuance or disposal of restricted stock (or the closing price of the most recent prior trade if no trade was concluded on that day), provided that such amount will not be particularly favorable to Eligible Directors who accept such restricted stock.

In addition, the abovementioned monetary compensation receivables will be provided on the condition that Eligible Directors agree to the abovementioned in-kind contribution and conclude

a restricted stock allotment agreement that includes the provisions specified in (3) below.

(2) Total number of shares of restricted stock

The total number of shares of restricted stock allocated to the Eligible Directors in each fiscal year will not exceed 30,000 shares.

However, the total number of shares of restricted stock may be adjusted in a reasonable manner if the total number of shares of restricted stock to be allotted needs to be adjusted because of a stock split (including a gratis allotment of shares of the Company's common stock) or a stock consolidation of the Company's common stock, or other similar cases after the day on which the resolution is passed.

(3) Details of restricted stock allotment agreement

In conjunction with the allotment of restricted stock, the following provisions will be included in a restricted stock allotment agreement to be concluded between the Company and Eligible Directors who will be allotted restricted stock, based on resolutions of the Company's Board of Directors.

(i) Details of transfer restrictions

Eligible Directors who are allotted restricted stock shall not engage in transfer, the establishment of a pledge, the establishment of security by way of assignment, transfer in the form of inter vivos gifts, disposition at will, or any other act of disposition to any third party (the “Transfer Restrictions") with respect to restricted stock allotted to such Eligible Directors (the "Allotted Stock") during the period from the day on which the restricted stock is granted until the day on which the Eligible Directors resign or retire from positions determined in advance by the Company's Board of Directors (the “Transfer Restriction Period").

(ii) Gratis acquisition of restricted stock

If Eligible Directors who are allotted restricted stock resign or retire from positions determined in advance by the Company's Board of Directors during the period from the start date of the Transfer Restriction Period until the day before the first General Meeting of Shareholders to be held after such start date, the Company may automatically acquire the Allotted Stock without compensation, unless such acquisition is denied for reasons that the Board of Directors acknowledges to be justifiable.

In addition, if there is any Allotted Stock whose Transfer Restrictions are not lifted when the Transfer Restriction Period defined in (i) above has expired due to provisions on the lifting of the Transfer Restrictions specified in (iii) below, the Company may automatically acquire such stock without compensation.

(iii) Lifting of the Transfer Restrictions

If Eligible Directors who are allotted Restricted Stock continue to hold positions determined in advance by the Company's Board of Directors during the period from the start date of the Transfer Restriction Period until the day before the first General Meeting of Shareholders to be held after

such start date, the Company may lift the Transfer Restrictions for all of the Allotted Stock on the day when the relevant Transfer Restriction Period expires.

However, if such Eligible Directors resign or retire from positions determined in advance by the Company's Board of Directors during the period from the start date of the Transfer Restriction Period until the day before the first General Meeting of Shareholders to be held after such start date for reasons that the Board of Directors acknowledges to be justifiable, the Company may make reasonable adjustments to the number of the shares of Allotted Stock on which Transfer Restrictions are lifted and the timing of the lifting of Transfer Restrictions as necessary.

(iv) Handling in the event of organizational restructuring, etc.

If any joint venture agreement where the Company is the absorbed company, a stock exchange agreement where the Company is a wholly owned subsidiary, or agenda items about stock transfer plans or other types of reorganization are approved at the Company's shareholders' meeting (or the Company's Board of Directors meeting if no approval of the reorganization at the shareholders' meeting is required) during the Transfer Restriction Period, the Transfer Restrictions will be lifted before the effective date of the reorganization on shares of Allotted Stock whose number shall be determined in a reasonable manner by resolution of the Company's Board of Directors in consideration of the period from the first day of the Transfer Restriction Period to the date of approval of the reorganization.

In this case, the Company will automatically acquire the Allotted Stock on which the Transfer Restrictions are still not lifted without compensation immediately after the Transfer Restrictions are lifted.

(Reference)

After the close of the General Meeting of Shareholders, the Company plans to allot restricted stock (in-kind contribution method) with the same terms as the abovementioned restricted stock to the Executive Officers of the Company and the Executive Officers of the Sotetsu Group.