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For Immediate Release

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## **Partial Revision of the Performance-Linked Restricted Stock Compensation Plan**

VITAL KSK HOLDINGS, INC. (the “Company”) hereby announces that it resolved at a meeting of the Board of Directors held on May 14, 2025 to partially amend the performance-linked restricted stock compensation plan (the “Plan”), which has been introduced for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), and to submit a proposal for the amendment of the Plan to the 16th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2025 (the “General Meeting of Shareholders”). Details are as follow.

### **1. Partial changes to the Plan**

#### **(1) Purpose of introducing the Plan**

Under the Plan, the Company has introduced a compensation system under which performance-linked restricted shares are allocated to the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; “Eligible Directors”) in order to share the benefits and risks of stock price fluctuations with shareholders and to further motivate them to contribute to share price growth and corporate value enhancement. By appropriately reflecting business plans and performance levels for each fiscal year and operating the Plan with a higher degree of linkage, the Company aims to motivate employees more than ever to contribute to the enhancement of corporate value from a medium- to long-term perspective. The Company has been operating the Plan after obtaining approval at the 14th Ordinary General Meeting of Shareholders held on June 29, 2023.

#### **(2) Changes to the Plan**

The specific number of shares to be delivered to each Eligible Director as performance-linked restricted stock compensation is currently calculated based on the formula described below, of which the performance payment ratio, the coefficient that determines the ratio of performance-linked compensation for each fiscal year, is fixed as a ratio based on the return on equity shown in the table below It is fixed.

Reference: Calculation method of the number of shares to be delivered to each Eligible Director

Basic amount by position (\*1) x performance payment ratio (\*2) / base stock price (\*3)

\*1 The Board of Directors of the Company shall determine the amount to be paid in accordance with the position, duties, etc. of each Eligible Director.

\*2 Depending on the return on equity (ROE) for each subject period, it shall be as follows.

Return on equity	Performance payment ratio
8% or higher	200%
7 to 8%	150%
6 to 7%	120%
5 to 6%	100%
4 to 5%	50%
Less than 4%	0%

\*3 The simple average closing price of the Company's common stock on the Tokyo Stock Exchange during the most recent one-month period ending on the business day immediately preceding the date of the resolution of the Board of Directors of the Company to determine the number of shares to be delivered to each Eligible Director

However, allocating the number of shares to be issued based on a fixed figure as described above may make it difficult to reflect performance trends in each fiscal year or to link the number to future business plans. Therefore, in order to further enhance the incentive effect, which was the original purpose of the introduction of the Plan, which was to further increase the desire to contribute to improving corporate value from a medium- to long-term perspective, by operating the system as one that appropriately reflects the business plans and performance levels of each fiscal year and is more closely linked to them, the Company intends to make the performance-based payment rate a figure to be determined by the Board of Directors. Specifically, the Company plans to request shareholders' approval to change the above calculation method (method of calculating the number of shares to be issued to each Eligible Director) as follows.

(Underlining indicates amendments)

Now	Proposed Amendments
Basic amount by position <sup>(*1)</sup> x performance payment ratio <sup>(*2)</sup> / base stock price <sup>(*3)</sup>	Basic amount by position <sup>(*1)</sup> x performance payment ratio <sup>(*2)</sup> / base stock price <sup>(*3)</sup>
*1 (Omitted)	*1 (Unchanged)
*2 Depending on the return on equity (ROE) for each subject period, it shall be <u>as follows</u> . (Omitted)	*2 Depending on the return on equity (ROE) for each subject period, it shall be <u>determined by the Board of Directors of the Company</u> .
*3 (Omitted)	*3 (Unchanged)

The performance payment ratio for the current fiscal year will be set at a 100% performance payment ratio starting from the level where the consolidated ROE exceeds the cost of capital, in order to improve the point where the performance payout ratio is set at 100% even if it is below the Company's current cost of capital, and will be set as shown in the table below.

Before revision (current)	
Return on equity	Performance payment ratio
8% or higher	200%
7 to 8%	150%
6 to 7%	120%
5 to 6%	100%
4 to 5%	50%
Less than 4%	0%

After revision (planned for the current fiscal year)	
Return on equity	Performance payment ratio
10% or more	200%
9 to 10%	150%
8 to 9%	120%
7 to 8%	100%
6 to 7%	50%
Less than 6%	0%

## 2. Outline of the Plan

### (1) Structure of the Plan

The Company will grant the eligible individuals shares of its stock as performance-linked restricted stock compensation for periods (i) and (ii) below. This will be based on their positions and the extent to which they achieve the performance targets set by the Board of Directors and other numerical goals during the performance evaluation period below.

- (i) The Company's 16th fiscal year (April 1, 2024 to March 31, 2025) for the Company's Directors (excluding Directors who serve as Audit and Supervisory Committee Member and Outside Directors) and Executive Officers
- (ii) The fiscal year of each subsidiary (April 1, 2024 to March 31, 2025) for the Directors, Executive Officers, and eligible employees of subsidiaries

If a Director who is an eligible individual leaves office as a Director of the Company or a subsidiary before the first Ordinary General Meeting of Shareholders after the subject period due to the expiration of the term of office or other reasons deemed legitimate by the Board of Directors (or if an Executive Officer or eligible employee who is an eligible individual resigns or retires as an Executive Officer or employee of the Company or any subsidiary before the first date of the Ordinary General Meeting of Shareholders after the subject period for reasons deemed legitimate by the Board of Directors), the Company will provide the eligible individual with cash instead of delivering performance-linked restricted stock.

### (2) Performance evaluation period

The Company's 16th fiscal year (April 1, 2024 to March 31, 2025)

### (3) Overview of allocation agreement

#### (i) Transfer restriction period

The transfer restriction period is from July 25, 2025 until the day when the eligible individual retires from all positions as Director, Executive Officer or eligible employee of the Company or any subsidiary. (If the day of retirement falls on or before June 30, 2026, the last day of the period is July 1, 2026.)

During the restricted period of transfer specified above ("Transfer Restriction Period"), an eligible individual shall not transfer, pledge, offer as security of transfer, donate before death, bequeath or otherwise dispose of the performance-linked restricted stock allotted to such eligible individual ("Allotted Shares") to a third party ("Restriction on Transfer").

#### (ii) Acquisition of performance-linked restricted stock without compensation

If eligible individuals retire from all positions as Directors, Executive Officers, or eligible employees of the Company or any subsidiary, the Company may automatically acquire the Allotted Shares without compensation, unless the acquisition is denied for reasons that the Board of Directors acknowledges to be justifiable.

In addition, if there are any Allocated Shares at the time of expiration of the Transfer Restriction Period of Transfer (hereinafter referred to as the "Expiration of the Period") for which the Restriction on Transfer is not

released pursuant to the provision of causes for release specified in the following (iii) Lifting of the Restriction on Transfer, the Company will automatically acquire such Allocated Shares without considerations immediately after the Expiration of the Period.

(iii) Lifting of the Restriction on Transfer

The Company will lift the Restriction on Transfer for all Allotted Shares held by eligible individuals at the Expiration of the Period.

(iv) Provision regarding management of shares

Eligible individuals shall complete the procedure to open an account at SMBC Nikko Securities Inc. to register or record the Allocated Shares in such manner as designated by the Company, and shall store and maintain the Allocated Shares in such account during a period until the Restriction on Transfer is released.

(v) Treatment in case of organization restructuring

If a proposal of a merger contract under which the Company will cease to exist, a stock swap agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other organizational restructuring is approved at a general meeting of shareholders (or a meeting of the Board of Directors if no approval of a general meeting of shareholders is necessary) during the Transfer Restriction Period (and if the effective date of the organizational restructuring precedes the Expiration of the Period; “In the Event of the Approval of Organizational Restructuring”), and if eligible individuals retire from all positions as Directors, Executive Officers, or eligible employees of the Company or any subsidiary as a result of the organizational restructuring, the Company shall lift the transfer restrictions on all Allotted Shares immediately before the effective date of the organizational restructuring.

In the Event of the Approval of Organizational Restructuring, the Company will automatically acquire all the number of Allotted Shares without consideration on the business day before the effective date of such organization restructure, etc. for which the Restriction on Transfer is not released on the same day.

(4) Basis of calculation of the amount to be paid

The Company has determined the value of the treasury stock to be disposed of at the simple average of the closing prices of its common stock on the Tokyo Stock Exchange in the month leading up to the business day immediately preceding the date when the Board of Directors resolved the disposition (from May 26 to June 25, 2025) to avoid any arbitrary decision-making.

This is the market price immediately before the date of resolution in the Board of Directors meeting, which the Company believes is reasonable and is not deemed an advantageous price.