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August 8, 2025

For immediate release

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Notice Regarding Continuation of Stock-based Compensation Plan for Directors

HOKUTO Corporation (“Hokuto” or the “Company”) hereby announces that the Board of Directors has resolved at the meeting held today to continue the Stock-based Compensation Plan (“the Plan”) for the Company’s Directors (excluding Directors residing overseas) that was introduced in the fiscal year ended March 31, 2020.

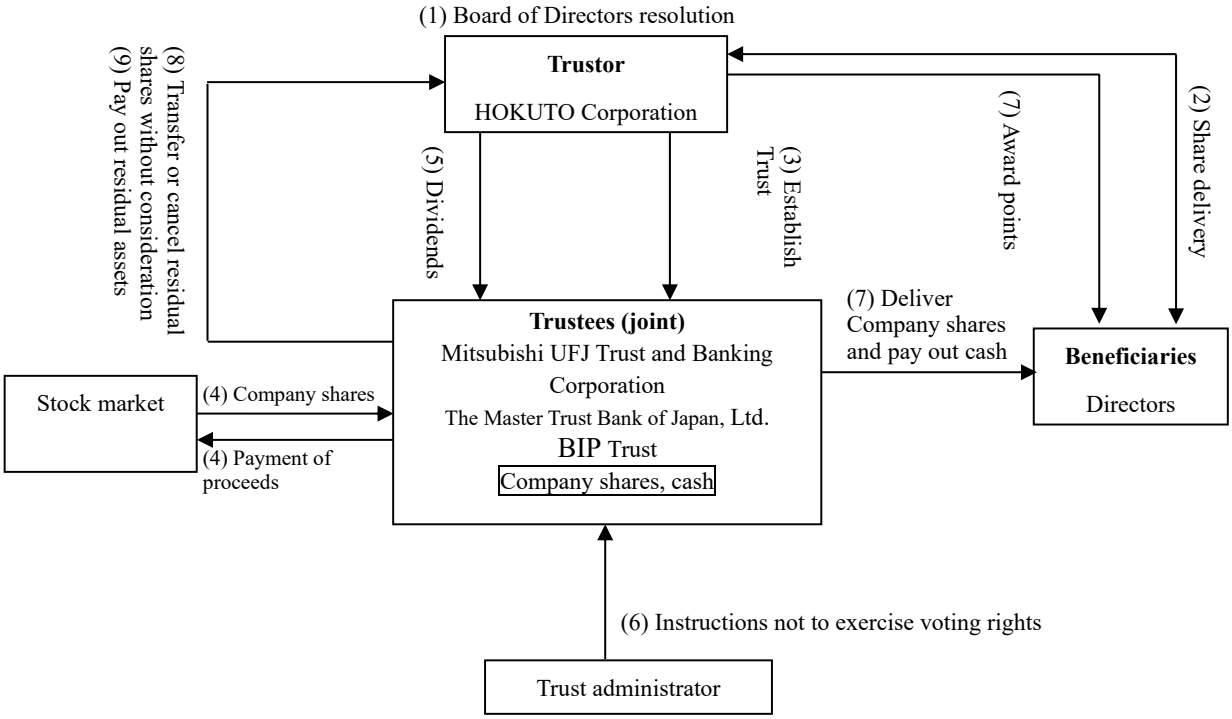
1. Continuation of the Plan

(1) Hokuto introduced the Plan for the purpose of aligning Directors’ awareness of profit with that of the shareholders from a medium- and long-term perspective and motivating management to be conscious of performance and share price over the medium to long term. The decision has now been made to continue the Plan for another three fiscal years through to the fiscal year ending March 31, 2028.

(2) For this Plan, the Company uses a structure known as the Board Incentive Plan (BIP) Trust for executive compensation ("Executive BIP Trust"). An Executive BIP Trust is an incentive plan for officers similar to the performance-linked stock compensation plans used in Europe and the US, such as performance share and restricted stock plans. Shares of the Company acquired by the Executive BIP Trust and proceeds from the sale of such shares (“Company shares, etc.”) are granted or paid out (“granted, etc.”) based on the degree of achievement of performance targets and other factors.

(3) In continuing the Plan, the Company has decided on a three-year extension to the duration of the Company’s BIP Trust (the "Trust"), which was previously scheduled to end in August 2025, and to make an additional monetary contribution to the Trust to secure funds for acquiring shares and other expenses. Note that the Company shares and cash remaining in the Trust at the time of the extension will be carried over to the extended Trust.

2. Overview of the Plan



(1) The Company decides to continue the Plan at today's Board of Directors meeting.

(2) The Company already has an established share delivery system for this Plan.

(3) The Company extends the duration of the Trust, with Directors who meet the beneficiary requirements designated as beneficiaries, and makes an additional monetary contribution to the Trust, within the scope approved by resolution of the General Meeting of Shareholders, as the source of funds for compensation to its Directors.

(4) The Trust acquires Company shares from the stock market using the funds contributed in step (3) in accordance with the instructions of the Trust administrator.The number of shares acquired by the Trust will be within the scope approved by resolution of the General Meeting of Shareholders.

(5) Dividends are also paid on the Company shares held in the Trust, in the same manner as for other Company shares.

(6) Voting rights for Company shares held in the Trust will not be exercised throughout the Trust period.

(7) During the Trust period, certain points will be awarded to Directors at a specific time each year in accordance with the Company's share delivery regulations. Directors who meet the specified beneficiary requirements are granted, etc. Company shares, etc. equivalent to the number of points accumulated by each Director when they reach retirement.

(8) If there are any shares remaining at the end of the Trust period due to a failure to meet earnings targets or other factors, the Company either continues using the Trust by amending the Trust agreement and making additional contributions, either under this Plan or a similar new stock compensation plan, or transfers the remaining shares from the Trust to the Company without consideration, in which case the Company plans to acquire the shares free of charge and cancel them by resolution of the Board of Directors.

(9) Upon termination of the Trust, any residual assets remaining after distributions to the beneficiaries are expected to revert to the Company (as the party entitled to receive assets) within the scope of the reserve

for Trust expenses, calculated by deducting the funds used to acquire shares from the entrusted funds.

Note: If the Trust no longer holds any Company shares, for example due to the Company shares, etc. being granted, etc. to Directors who meet the beneficiary requirements, the Trust will be terminated before the end of the Trust period. Note that the Company may make additional monetary contributions to the Trust, within the scope approved by resolution of the General Meeting of Shareholders, as funds for the acquisition of Company shares.

Reference: Content of the Trust agreement (after continuation)

(1) Trust type	Trust of money (third-party beneficiary trust), other than a money trust under specified separate management
(2) Purpose of the Trust	Provide incentives to Directors
(3) Trustor	HOKUTO Corporation
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint Trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	Retired Directors who meet the specified beneficiary requirements
(6) Trust administrator	An independent third party with practical business expertise and no interest in the target company
(7) Date of Trust extension agreement	August 19, 2025 (planned)
(8) Trust duration	August 26, 2019 – August 31, 2025 (Planned extension to August 31, 2028, through revisions to the Trust agreement dated August 19, 2025)
(9) Exercise of voting rights	Not exercised
(10) Type of shares acquired	Common stock of the Company
(11) Total funds for share acquisition	¥64 million (planned)
(12) Period for share acquisition	August 22, 2025 – September 5, 2025 (planned)
(12) Method for share acquisition	Acquisition on exchange markets
(14) Party entitled to receive assets	HOKUTO Corporation
(15) Residual assets	As the party entitled to receive assets, the Company may only receive residual assets within the scope of the reserve for Trust expenses, calculated by deducting the funds used to acquire shares from the entrusted funds.