Translation

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To whom it may concern

February 19, 2025

Company Name: KOHOKU KOGYO.CO., LTD.

Representative name: President and CEO Futoshi Ishii

(Code：6524 TSE Standard)

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Notice regarding amendments to the Restricted Stock Compensation Plan

At the 65th Ordinary General Meeting of Shareholders held on March 28, 2024, the Company received approval for a restricted stock compensation plan for its directors (excluding outside directors).

In addition, as separately disclosed in the "Notice Regarding Transition to a Company with an Audit and Supervisory Committee" dated January 28, 2025, the Company plans to transition to a company with an audit and supervisory committee, subject to approval at the 66th Ordinary General Meeting of Shareholders to be held on March 28, 2025 (hereinafter referred to as the "General Meeting of Shareholders").

Accordingly, at the Board of Directors meeting held today, the Company decided to amend its restricted stock compensation plan and to submit to the General Meeting of Shareholders a proposal regarding a restricted stock compensation plan (hereinafter referred to as the "Plan") for Directors after the transition to a company with an audit and supervisory committee (excluding Directors who are audit and supervisory committee members and Outside Directors; hereinafter referred to as the "Eligible Directors"). The Company hereby announces the details as follows.

The introduction of this System is conditional on the approval of a proposal to amend the Articles of Incorporation to transition from a company with a board of auditors to a company with an audit and supervisory committee at this General Meeting of Shareholders.

1. Purpose of the Scheme and Conditions for Revision

(1) Purpose of the System

The purpose of the Scheme is to provide Eligible Directors with an incentive to sustainably increase the Company's corporate value, while also promoting further sharing of that value with shareholders.

(2) Conditions for revision

Under the Plan, the Eligible Directors will be paid monetary claims as remuneration for the purpose of granting restricted stock, and therefore the payment of such remuneration is subject to approval by shareholders at this General Meeting of Shareholders.

At the 58th Ordinary General Meeting of Shareholders held on March 30, 2017, the amount of remuneration for our directors was approved to be up to 300 million yen per year (excluding the employee salaries of directors who also serve as employees), and at the 65th Ordinary General Meeting of Shareholders held on March 28, 2024, the amount of monetary claims to be paid to directors (excluding outside directors) for the purpose of granting restricted stock, which is separate from the above-mentioned remuneration framework, was approved to be up to 50 million yen per year (excluding the employee salaries of directors who also serve as employees), and the issuance or disposal of up to 60,000 shares of our common stock per year (as the Company conducted a stock split at a ratio of 3 for each common stock with an effective date of April 1, 2024, the upper limit of the number of shares stated is the number after adjustment due to the stock split).

In conjunction with the transition to a company with an audit and supervisory committee at this General Meeting of Shareholders, the total amount of monetary compensation claims to be paid to Eligible Directors as compensation for restricted stock will be set at 30 million yen per year, separate from the compensation framework for Directors who are not audit and supervisory committee members that will be approved at this General Meeting of Shareholders, and the total number of common shares of the Company to be issued or disposed of under the System will be set at 30,000 shares per year (if a stock split (including a gratis allotment of shares) or a reverse stock split of the Company's common shares occurs, the number of shares to be issued or disposed of may be adjusted accordingly). The Company plans to seek shareholder approval for this change.

2. Overview of the System

The Eligible Directors will pay all monetary claims provided by the Company under the Plan as in-kind contributions and will be issued or disposed of common shares of the Company. The amount to be paid per share will be determined 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 each Board of Directors resolution (or, if no transaction is concluded on that day, the closing price on the most recent trading day preceding that date), within the scope of an amount that is not particularly advantageous to the Eligible Directors who subscribe for the common stock. The specific timing and allocation of payments to each Eligible Director will be determined by the Board of Directors after consideration of the deliberations and recommendations of the Nomination and Remuneration Advisory Committee. In addition, the issuance or disposal of the Company's common stock (hereinafter referred to as the "Shares") under this System will be subject to the execution of a restricted stock allocation agreement between the Company and the Eligible Directors, which includes, among other things, the prohibition of transferring the Shares to a third party, establishing security interests in them, or otherwise disposing of them in any way for a certain period of time (hereinafter referred to as the "Transfer Restriction Period"), and the provision that the Company will acquire the Shares free of charge if certain events occur. The shares will be managed in a dedicated account opened by the Eligible Directors at Nomura Securities Co., Ltd. during the transfer restriction period so that they cannot be transferred, pledged, or otherwise disposed of during the transfer restriction period.

In addition, subject to the condition that the proposal regarding the System is approved at the General Meeting of Shareholders, the Company plans to introduce a similar system of restricted stock compensation for its executive officers who do not concurrently serve as directors.

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