Translation

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KOHOKU

To whom it may concern

April 22, 2025

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(Securities code: 6524 TSE)

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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

Kohoku Kogyo Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on April 22, 2025 (the “Allotment Resolution Date”), the Company decided to dispose treasury shares (the “Disposal of Treasury Shares” or the “Disposal”) as follows.

1. Summary of the Disposal

(1)	Disposal date	May 21, 2025	
(2)	Class and number of shares to be disposed	10,527 shares of Common stock of the Company	
(3)	Disposal price	1,668 yen per share	
(4)	Total value of the disposal	17,559,036 yen	
(5)	Allottees and number thereof, number of shares to be disposed	3 Directors (excluding directors who are audit and supervisory committee members and outside directors)	5,783 shares
		8 Corporate Officers	4,744 shares

2. Purpose and reasons for the disposition

At the Board of Directors meeting held on February 19, 2025, the Company resolved to introduce a restricted stock compensation plan (the "Plan") as a new compensation plan for Directors (excluding directors who are audit and supervisory committee members and outside directors, the “Eligible Directors”) and Corporate Officers (collectively with the Eligible Directors and Corporate Officers referred to as "Eligible Directors, etc. "), with the aim of providing incentives to the Eligible Directors, etc. to sustainably improve the Company's corporate value and to further share that value with shareholders. At the 66th Ordinary General Meeting of Shareholders held on March 28, 2025, based on the Plan, as the monetary compensation to serve as invested assets to acquire the restricted stocks (the Restricted Stock Compensation), approval was obtained to pay monetary claims of up to 30 million yen per year to the Eligible Directors, to issue or dispose of up to 30,000 shares of the Company's common stock per year, and to set the transfer restriction period for restricted stocks at a period from three (3) years to thirty (30) years to be determined in advance by its Board of Directors.

The outline of the Plan is as follows:

[Outline of the Plan]

The Eligible Directors etc., shall make in–kind contribution of all monetary claims to be provided by the Company

according to the Plan, and shall, in return, receive shares of common stock of the Company that shall be issued or disposed by the Company. The payment amount per share shall be determined by the Board of Directors based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day.), within the scope of an amount that is not particularly advantageous to the Eligible Directors, etc. who will subscribe for the common stock.

For the issuance or disposal of shares of common stock of the Company under the Plan, the Company and each Eligible Directors etc., shall make an agreement on allotment of restricted stocks, which includes (i) The Eligible Directors etc., shall not transfer, create a security interest on, or otherwise dispose of the Company's common stock allocated to them under the restricted stock allocation agreement during a certain restriction period, and (ii) The Company shall take back all or part of the shares without cost in case where certain events happen.

This time, based on the deliberations and recommendations of the Nomination and Remuneration Advisory Committee, and taking into consideration the purpose of the Plan, the Company's business performance, the scope of responsibilities of each Eligible Director, etc., and various other circumstances, it has been decided to grant monetary claims totaling 17,559,036 yen (the "Monetary Claims") and 10,527 common shares with the aim of further increasing the motivation of each Eligible Director, etc. In addition, in order to achieve the purpose of introducing the Plan, which is to share shareholder value over the medium to long term, the transfer restriction period has been set at 30 years.

Based on the Plan, the eleven Eligible Directors, etc. to whom disposal of shares is scheduled to be allotted will pay in as property contributed in kind all the Monetary Claims and receive the disposal of common shares of the Company (the “Allotted Shares”). The outline of the restricted stock allocation agreement (the "Allocation Agreement") to be concluded between the Company and the Eligible Directors, etc. in relation to the Disposal of Treasury Share is as set forth in 3. below.

3. Summary of the Allocation Agreement

(1) Transfer restriction period

May 21, 2025 - May 20, 2055

(2) Conditions for removal of transfer restrictions

Provided that the Eligible Directors, etc. continue to hold the position of director, corporate officer or employee of the Company during the transfer restriction period, the transfer restrictions shall be removed for all of the Allocated Shares at the end of the transfer restriction period.

(3) Treatment in the event that the Eligible Directors, etc. resigns or retires during the transfer restriction period due to the expiration of his/her term of office, reaching retirement age, or for other legitimate reasons

1) Timing of removing transfer restrictions

In the event that the Eligible Director, etc. resigns or retires from any position as director, corporate officer or employee of the Company due to the expiration of his/her term of office, reaching the mandatory retirement age or any other legitimate reason (including resignation or retirement due to death), the transfer restrictions will be removed immediately after the resignation or retirement of the Eligible Director, etc.

2) Number of shares eligible for removing of transfer restrictions

The number of Allotted Shares held at the time of resignation or retirement specified in 1) shall be multiplied by the number of months from the month including the Allotment Resolution Date (however, in the case of an Eligible Director, etc. who is an corporate officer, this shall be deemed to be the start date of the business year in which the Allotment Resolution Date falls) to the month including the date of resignation or retirement of the Eligible Director, etc., divided by 12 (if this number exceeds 1, it shall be set at 1) (however, if the calculation results in a fraction less than 1 share, this shall be rounded down).

(4) Take-back without cost by the Company

With respect to the Allotted Shares for which the transfer restrictions are not removed at the expiration of the transfer restriction period or at the time when the transfer restrictions are removed as set forth in (3) above, the Company will automatically take back them without cost.

(5) Treatment in the event of organizational restructuring, etc.

During the transfer restriction period, if a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the Company's General Meeting of Shareholders, (or, in cases where the approval of the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc., then a meeting of the Company's Board of Directors), the transfer restrictions related thereto will be lifted immediately before the business day preceding the effective date of the organizational restructuring, etc. by resolution of the Board of Directors at that time. by multiplying the number of months from the month including the Allotment Resolution Date In this case, the number of shares to be disposed of will be calculated by dividing the number of months from the month including the date of the Allotment Resolution to the month including the date of said approval by 12 (if this number exceeds 1, it shall be set to 1) and multiplying that number by the number of Allotted Shares held at that time (however, in the case of Eligible Directors, etc. who are executive officers, this shall be deemed to be the start of the business year in which the Allotment Resolution Date falls) (if this calculation results in a fraction less than 1 share, such fraction shall be rounded down). In addition, immediately after the transfer restrictions are removed, the Company will automatically take-back without cost all of the Allocated Shares for which the transfer restrictions have not been removed.

(6) Management of shares

The Allotted Shares shall be managed in a dedicated account at Nomura Securities Co., Ltd., opened by the Eligible Directors etc. so that they cannot be transferred, security interests established on, or otherwise disposed of during the Transfer Restriction Period. The Company execute the memorandum on the control of the dedicated accounts of the Eligible Directors etc., with Nomura Securities Co., Ltd., in order to secure the effectiveness of the transfer restriction pertaining to the stocks. In addition, the Eligible Directors etc. shall consent to the details of the management of said accounts.

4. Basis for calculation of payment amount and its specific details

The disposal of treasury shares to the planned allottee shall be made using the monetary claims paid as restricted stock compensation for the Company's 67th fiscal year under the Plan as contributed assets. In order to eliminate arbitrariness, the disposal price has been set at 1,668 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange Standard Market on April 21, 2025 (the business day before the date of the Board of Directors' resolution). As this is the market price the day prior to the day of resolution of the Board of Directors, we believe it is valid and does not represent a particularly favorable price.

(End)