TRANSLATION – FOR REFERENCE ONLY

May 21, 2025

To whom it may concern:

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Notice Regarding Disposal of Treasury Shares for Granting Shares through Employee Shareholding Association

KOKUSAI ELECTRIC CORPORATION (the "Company") hereby announces that at the Board of Directors meeting held on May 21, 2025, it has resolved to implement a special incentive scheme (treasury share disposal type) (the "Scheme") for granting shares through an employee shareholding association, and resolved to dispose of its treasury shares (the "Disposal of Treasury Shares"), with the KOKUSAI ELECTRIC Employee Shareholding Association (the "Shareholding Association") being the intended allottee, as described below.

1. Outline of Disposal

(1) Date of disposal	September 2, 2025
(2) Class and number of shares to be disposed	109,620 shares of the Company's common shares (Note)
(3) Disposal price	3,014 yen per share * The closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market as of May 20, 2025
(4) Aggregate disposal price	330,394,680 yen (Note)
(5) Method of disposal (intended allottee)	By way of a third-party allotment (KOKUSAI ELECTRIC Employee Shareholding Association: 109,620 shares) The Company will not accept any application from an Eligible Member (defined below) to subscribe for a part of the shares to be granted.
(6) Other	The Disposal of Treasury Shares will be subject to the securities registration statement being effective under the Financial Instruments and Exchange Act.

(Note)The "number of shares to be disposed" and the "aggregate disposal price" are calculated based on the assumption that 90 shares of common shares of the Company (the "Company's Common Shares") would be granted to a maximum of 1,218 Company employees eligible for the Scheme (the "Eligible Employees"), and the actual number of shares to be disposed and the actual aggregate disposal price will ultimately be fixed according to the number of members of the Shareholding Association who are Eligible Employees (the "Eligible Members") after completing a membership promotion for those who are not yet members of the Shareholding Association. Specifically, as described in (5) above, the number of shares for subscription determined by the Shareholding Association will be the "number of shares to be disposed," and the amount obtained by multiplying this number by the disposal price per share will be the "aggregate disposal price." The Company will uniformly pay 271,260 yen to each Eligible Member, and the Company will uniformly allocate 90 Company's Common Shares to each Eligible Member through the Shareholding Association.

2. Purpose and Reason for Disposal

The Company has decided to implement the Scheme and conduct the Disposal of Treasury Shares with an aim to provide an incentive for increasing the Company's medium- to long-term corporate value and facilitate further value sharing with the Company's shareholders by promoting membership of the Shareholding Association among the Company's employees through the implementation of the Scheme, and creating an opportunity for an increased number of employees to acquire Company's Common Shares disposed by the Company through the Shareholding Association.

The Scheme involves granting special incentive payment equivalent to 90 shares of the Company's Common Shares (271,260 yen) to each Eligible Member, having each Eligible Member contribute such payment to the Shareholding Association, and conducting a third-party allotment in which treasury shares will be disposed of to the Shareholding Association in exchange for the contributed said special incentive payments. Although the number of shares to be disposed of will ultimately be fixed at a later date as described in "(Note)" of "1. Outline of Disposal," a maximum of 109,620 shares will be disposed of to the Shareholding Association. Special incentive payments will be granted to the Eligible Members in the form of cash, rather than monetary claims. Additionally, there will be no monetary contributions by the Eligible Members other than the contribution of the special incentive payments granted to them.

The Company will dispose of 109,620 shares, if a maximum of 1,218 Eligible Employees for the Scheme join the Shareholding Association. Based on this number, the scale of share dilution in relation to the Disposal of Treasury Shares will be 0.05% of the total number of issued shares as of March, 31, 2025, which is 238,002,985 shares, and 0.05% of the total number of voting rights as of March, 31, 2025, which is 2,328,822 units (both figures are rounded to two decimal places).

The Disposal of Treasury Shares will be conducted as part of the Scheme, which is implemented with an aim to provide Eligible Employees with an incentive for increasing the Company's medium- to long-term corporate value and facilitate further value sharing with the Company's shareholders. Accordingly, the Company believes that the Disposal of Treasury Shares will contribute to increasing the Company group's corporate value. Further, the Company believes that the number of shares to be disposed of and the scale of share dilution in relation to the Disposal of Treasury Shares are reasonable, and that its impact on the market will be minimal, taking into account the scale of dilution.

3. Basis for Calculation of the Disposal Price and Relevant Details

The Disposal of Treasury Shares will be conducted by the Eligible Members contributing to the Shareholding Association using special incentive payments provided to them for the granting of shares through the Shareholding Association, as paid-in funds. To eliminate arbitrariness, the disposal price has been set at 3,014 yen, the closing price of the Company's Common Shares on the Tokyo Stock Exchange Prime Market as of May 20, 2025 (the business day preceding the date of the Board of Directors meeting resolution regarding the Disposal of Treasury Shares). This is the market share price immediately prior to the day of the Board of Directors meeting resolution above, and is a reasonable price properly reflecting the Company's corporate value. Therefore, the Company does not consider this to be a price that is particularly advantageous.

The deviation rate (rounded to two decimal places) of this disposal price from the average closing price of the Company's Common Shares on the Tokyo Stock Exchange Prime Market is as follows:

Period	Average closing price (any amount less than 1 yen is rounded off)	Deviation Rate
1 month (April 21, 2025 to May 20, 2025)	2,772yen	8.73%
3 months (February 21, 2025 to May 20, 2025)	2,709 yen	11.26%

6 months (November 21, 2024 to May 20, 2025)	2,542 yen	18.57%

The Company's Audit and Supervisory Committee (consisting of three directors who are Audit and Supervisory Committee members, which includes two outside directors), which attended the Board of Directors meeting held on May 21, 2025, has expressed the opinion that the disposal price above is not particularly advantageous to the intended allottee and the price is legitimate, in light of the fact that the Disposal of Treasury Shares is intended for the purpose of implementing the Scheme, and that the disposal price is the closing price of the Company's Common Shares on the Tokyo Stock Exchange Prime Market on the business day preceding the date of the Board of Directors meeting resolution.

4. Matters Regarding Procedures under the Corporate Code of Conduct

Given that the Disposal of Treasury Shares (i) will result in a dilution rate of less than 25%, and (ii) does not involve change of the controlling shareholder, receipt of the opinion of an independent third party and procedures to confirm the intent of shareholders of the Company specified in Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, are not required.

(Reference)

<Structure of the Scheme>

(i) The Company and the Shareholding Association enter into a share subscription agreement regarding the disposal and subscription for treasury shares.

(ii) The Company provides special incentive payments to the Eligible Members for the granting of the Company's Common Shares.

(iii) The Eligible Members contribute the special incentive payments provided to them to the Shareholding Association.

(iv) The Shareholding Association collects the special incentive payments contributed by the Eligible Members and pays for the third-party allotment.

(v) The Company disposes of treasury shares to the Shareholding Association.

(vi) The allotted Company's Common Shares are distributed to and managed for the Eligible Members in the Shareholding Association through Nomura Securities Co., Ltd., to which the Shareholding Association outsources stockholding administration.

* The Eligible Members may voluntarily withdraw the Company's Common Shares allotted to them into securities accounts held in their personal names.

