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Press release

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Kokuyo to Introduce Performance-Linked Stock Compensation for its Corporate Officers and Managing Officers

The Compensation Committee and Board of Directors of Kokuyo Co. Ltd. resolved, at meetings held on February 13, 2026, to introduce performance-linked stock compensation for corporate officers and managing officers. The performance-linked stock compensation plan is described below.

1 Purpose of Plan

Kokuyo's fourth medium-term plan, unveiled on November 27, 2024, sets out a framework that emphasizes cashflow (or EBITDA) as a performance metric for tracking progress in growth in profit and the company's value over the medium and long term.

The stock compensation plan is aligned with this framework. Those eligible for compensation under the plan (the "recipients") are corporate officers, including those serving as directors, and managing officers. These recipients receive company shares in an amount commensurate with company performance in certain metrics. These metrics may include financial performance indicators set out in the medium-term plan and an indicator related to the company's stock price. The plan is designed to encourage recipients to continue holding the stock they have been delivered. This design clearly links company performance with recipients' compensation, incentivizing the recipients to keep building up the company's value and aligning their interests with those of shareholders.

2 Overview of Plan

2.1 Plan Versions, Performance Metrics

The stock compensation plan has two versions (Plan 1 and Plan 2). Plan 1 awards company shares in an amount commensurate with the attainment of certain financial goals set out in the company's medium-term plan. Plan 2 awards company shares in an amount commensurate with attainment of a stock-price goal.

A certain period of time is established as an evaluative period. Unless exceptions apply, recipients will receive their stock and monetary compensation after this evaluative period in amount commensurate with the extent to which the company achieved, over the evaluative period, the financial goals and stock-price goal. Unless exceptions apply, the stock and monetary compensation will be evenly split (each consisting of 50% of the total compensation) in consideration of the recipients' tax burden. For the stock compensation, recipients receive monetary claims, which they exchange as an in-kind contribution for their awarded stock.

The company performance metrics are as follows: In Plan 1, the financial metrics are consolidated ROE and consolidated EBITDA. In Plan 2, the stock-price metric is relative TSR.

2.2 Evaluative Period

In Plan 1, the initial evaluative period runs from January 1, 2026, to December 31, 2027. Each subsequent evaluative period runs for a period of three business years corresponding to the three-year period of a medium-term plan.

In Plan 2, the initial evaluative period runs from April 1, 2026, to March 31, 2029. Each subsequent evaluative period runs for a period of three business years beginning on April 1 of the relevant year.

2.3 When the Compensation is Delivered

In the case of the corporate officers, the Compensation Committee decides when the officers will receive their stock and monetary compensation. In the case of the managing officers, the Board of Directors decides such.

2.4 How the Compensation is Delivered

For the purpose of delivering the stock compensation, the company will issue shares or dispose of treasury shares.

The eligible recipients will receive the stock compensation provided that they retain, as of the time of delivery, the status that makes them eligible. Depending on the eligibility criteria, this status could be director, corporate officers, audit and supervisory committee member (or equivalent), managing officer, or employee of Kokuyo Group (Kokuyo or a Kokuyo subsidiary). The stock they receive is restricted stock.

2.5 Clawback Clause

The plan includes a clawback clause because stock compensation, under the plan, now accounts for a larger share of total compensation. The clause is intended to strengthen corporate governance in relation to compensation.

The clawback clause provides that the company may, by resolution of the Compensation Committee (or by resolution of the Board of Directors if the recipient in question is a managing officer), reclaim from a recipient for no consideration previously delivered shares (or, if said shares have been disposed of, the sum of the cash gained from the disposal) or demand that the recipient return previously delivered monetary compensation if it is determined that the following circumstances or facts were present during the evaluative period in the case of Version 1 or, in the case of Version 2, during a period of three years beginning on the starting date of the fiscal year in which the evaluative period commenced: 1) a major accounting error resulted from the recipient's misconduct or the board of directors approved an accounting restatement in circumstances resulting from the recipient's misconduct, or 2) the recipient committed a major violation of a legal requirement or Kokuyo Group rule in connection with the execution of their duties and the stock or monetary compensation was delivered to said recipient with no consideration for such circumstances.