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Press release

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Kokuyo to Dispose of Treasury Stock to Deliver Performance-Linked Restricted Stock Compensation to Employees

Kokuyo's Board of Directors has resolved to dispose of the company's treasury stock for the purpose of delivering restricted stock to employees under the company's program of performance-linked restricted stock compensation.

1. Overview of the Disposal of Treasury Stock (the "disposal")

(1) Pay-in date	April 30, 2026
(2) Type, number of shares disposed of	Common stock: 54,549 ("allotted shares")
(3) Disposal price per share	835.9 yen
(4) Total disposal price	45,597,492 yen
(5) Allottees, shares to be allotted	57 employees 54,549

2. Purpose and Reason for the Disposal

Kokuyo is committed to pursuing sustainable corporate development and increasing the overall value of the organization in line with its fourth medium-term plan, which is aligned with Long Term Vision, CCC 2030, which ends in 2030.To further this objective, Kokuyo decided to introduce incentive stock options in the form of a program of performance-linked stock compensation ("the SC plan") for eligible employees ("recipients"). The SC plan, as approved by the resolution of the Board of Directors on February 14, 2025, is designed to incentivize recipients to help the company achieve its performance objectives, thereby contributing to sustained, long-term value creation. It is also designed to encourage eligible employees to align their values and interests with those of the company's shareholders.

The disposal is intended to deliver shares of the company's common stock to the recipients in an amount commensurate with the extent to which the company achieved certain performance goals during the evaluative period, which ran from January 1 to December 31, 2025. Today, the Board of Directors resolved to deliver to 57 recipients monetary claims worth 45,597,492 yen on the premise that the recipients will donate the entirety of the claims (as an in-kind contribution) to the company in exchange for 54,549 shares of the company's common stock. These shares will have transfer restrictions.

See below for more information about the SC plan and the terms of the allotment of the restricted shares.

About the SC Plan

The SC plan will grant recipients performance share units (PSUs), which represent the right to receive shares of the company's common stock in an amount commensurate with the achievement of a performance goal and other conditions. The SC plan specifies a target award of PSUs (or a cash equivalent), the evaluative period (the period during which performance will be measured), and a performance goal. The PSUs awarded to recipients will be tied with the performance goal, and the underlying stock will have certain transfer restrictions.

The underlying shares will be delivered to recipients by conventional means as follows: The company will give the recipients monetary claims. The recipients will donate the entirety of these claims (as an in-kind contribution) to the company. The company will then deliver the shares by issuing new common stock or by disposing of its treasury stock.

Because the fourth medium-term plan gives priority to EBITDA, EBITDA has been chosen as the metric of company performance during the evaluative period for the disposal.

Transfer Restrictions

The following transfer restrictions will apply to the underlying shares of common stock subject to the disposal (the "allotted shares").

(1) Transfer-restriction period

The transfer-restriction period will run from April 30, 2026, (the pay-in date) to December 31, 2030. During this period, recipients may not transfer, hypothecate, or otherwise dispose of their allotted shares.

(2) Lifting of transfer restrictions

If, during the transfer-restriction period, the recipient resigns the office that makes them eligible (which may be director, corporate officer, managing officer, or employee of Kokuyo) without immediately being reinstated or appointed to another office that would make them eligible, or is ordered to take up a post outside Japan for reasons related to the company's business, the transfer restrictions will be lifted on all the recipient's allotted shares on the day following the date when the recipient resigns or receives the order.

(3) Company's acquisition of shares for no consideration
If there are any allotted shares that remain subject to transfer restrictions once the transfer-restriction period has elapsed or has been lifted as per (2) above, the entirety of these shares will be immediately and automatically acquired by the company for no consideration.

(4) Custody of the shares
To prevent the allotted shares from being transferred, hypothecated, or otherwise disposed of during the transfer-restriction period, the recipient's allotted shares will be placed in the custody of a dedicated restricted-shares account managed by Daiwa Securities Co. Ltd.

(5) Treatment of allotted shares in the event of an applicable corporate action
If, during the transfer-restriction period, a merger agreement in which the company is the subsumed entity, a stock swap or stock transfer plan in which the company becomes a wholly owned subsidiary, or another applicable corporate action is approved by company's shareholders or, if shareholder approval is not required for the corporate action, by the Board of Directors, the transfer restrictions will be lifted on all the allotted shares immediately before the end of last business day before the effective date of the corporate action.

3. Basis for Pay-In Price, Actual Price

The disposal is intended to provide the monetary claims that will be exchanged for the shares under the SC plan. To ensure that the disposal price is valued impartially, it is set at final price at which the company's common stock was traded on the Tokyo Stock Exchange on March 26, 2026, (the business day immediately preceding the resolution of the Board of Directors). Thus, the price is 835.9 yen. This price is reasonable and not unduly favorable to recipients given that the price, as the fair value as of the business day immediately preceding the resolution of the Board of Directors, fairly represents the company's value in the absence of any special circumstances that would indicate that the latest stock price cannot be relied upon.

For reference: The 2026 Round of the SC Plan

Kokuyo has decided to implement a new round of the SC Plan to incentivize employees to contribute to the goals set out in the company's fourth medium-term plan. In the 2026 round, the evaluative period will run from January 1 to December 31, 2026, and the recipients will be "core" employees of a certain rank.

As in the previous round, for the 2026 round of the SC plan, the metric of company performance during the evaluative period will be EBITDA, which is a high priority in the fourth medium-term plan. Common shares of the company's stock will be allotted in an amount commensurate with attainment of an EBITDA goal. The allotted shares will be subject to transfer restrictions for five years.