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June 24, 2026

To All

Company name: KYOKUTO KAIHATSU KOGYO CO., LTD.
Representative: Tatsuya Nunohara, Representative Director, President, CEO (Code: 7226)
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Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

We hereby announce that we have resolved at the Board of Directors meeting held today to dispose of treasury shares (hereinafter, the "Disposal of Treasury Shares" or the "Disposal") as described below.

1. Outline of the Disposal

(1)	Payment date	July 21, 2026
(2)	Type and number of shares to be disposed	Common stock of the Company: 28,260 shares
(3)	Disposal value	2,101 yen per share
(4)	Total amount of disposal	59,374,260 yen
(5)	Allottees, number of allottees, and number of shares to be disposed of	Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) 5 persons 8,100 shares Executive Officers, etc. who do not concurrently serve as Directors of the Company 16 persons 13,260 shares Directors of domestic subsidiaries of the Company 17 persons 5,700 shares Executive Officers who do not concurrently serve as Directors of domestic subsidiaries of the Company 6 persons 1,200 shares

2. Purpose and Reasons for the Disposal

At a meeting of the Board of Directors held on May 13, 2021, the Company resolved to introduce a new compensation system, the Restricted Stock Compensation Plan (hereinafter referred to as the "Plan"), for Directors (excluding outside Directors) of the Company and Executive Officers, etc. of the Company who do not concurrently serve as Directors as well as Directors of the Company's domestic subsidiaries and Executive Officers who do not concurrently serve as Directors of the Company's domestic subsidiaries, with the aim of providing incentives to promote the sustainable enhancement of the Company's corporate value and to further share value with shareholders. Additionally, at the 86th Annual General Meeting of Shareholders held on June 25, 2021, approval was obtained, pursuant to the Plan, to pay monetary claims of up to 50 million yen per year as monetary compensation to be contributed in kind for the acquisition of restricted shares (hereinafter referred to as "Restricted Stock Compensation") to Directors (excluding outside Directors) of the Company and Executive Officers, etc. of the Company who do not concurrently serve as Directors as well as Directors of the Company's domestic subsidiaries and Executive Officers who do not concurrently serve as Directors of the Company's domestic subsidiaries; to issue or dispose of up to 50,000 shares of the Company's common stock per year; to establish a three-year restriction period for the transfer of such restricted shares; etc.

At the 91st Annual General Meeting of Shareholders held on June 24, 2026, it was resolved to transition the Company's corporate governance structure to that of a company with an Audit and Supervisory Committee. Accordingly, with respect to the restricted shares granted to Directors (excluding Directors who are Audit and Supervisory Committee members and outside Directors) (hereinafter referred to as the "Eligible Directors"), approval was obtained to pay monetary claims of up to ¥50 million per year; to issue or dispose of up to 50,000 shares of the Company's common stock per year; to establish a three-year restriction period for the transfer of such restricted shares; etc. An outline of the Plan and other related matters are as provided below.

[Outline of the Plan and other related matters]

The Eligible Directors and Executive Officers, etc. of the Company who do not concurrently serve as Directors as well as Directors of the Company's domestic subsidiaries and Executive Officers who do not concurrently serve as Directors of the Company's domestic subsidiaries (hereinafter collectively referred to as the "Eligible Directors, etc.") shall pay all monetary claims provided by the Company or its domestic subsidiaries under the Plan as in-kind contributions and receive the issuance or disposition of shares of the Company's common stock. The payment amount per share shall 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 the closing price of the immediately preceding trading day if no trading was effected on that date) to the extent that the price is not particularly advantageous to the Eligible Directors, etc. who will receive such common shares.

In addition, upon the issuance or disposal of shares of common stock of the Company under the Plan, a restricted stock allotment agreement shall be concluded between the Company and the Eligible Directors, etc. The terms and conditions of the agreement shall include the following: (i) the Eligible Directors, etc. are prohibited, for a certain period of time, from transferring to a third party, creating security interests or otherwise disposing of the shares of common stock of the Company allotted to them under the restricted stock allotment agreement; and (ii) the Company shall acquire such shares of common stock of the Company without consideration if certain events occur.

This time, after consultation with the Compensation Committee and taking into consideration the purpose of the Plan, the Company's business conditions, the scope of responsibilities of each of the Eligible Directors, etc., and various other circumstances, the Company decided to grant monetary claims totaling 59,374,260 yen (hereinafter, the "Monetary Claims") and 28,260 shares of common stock.

In the Disposal of Treasury Shares, 44 Eligible Directors, etc., who are the scheduled allottees, will pay in all of the Monetary Claims against the Company or its domestic subsidiaries as properties contributed in kind under the Plan, and will receive shares of common stock of the Company (hereinafter, the "Allotted Shares"). An outline of the restricted stock allotment agreement to be concluded between the Company and the Eligible Directors, etc., in connection with the Disposal of Treasury Shares (hereinafter, the "Allotment Agreement") is as described in 3. below.

3. Outline of the Allotment Agreement

(1) Transfer restriction period

From July 21, 2026 (payment date) to July 21, 2029

(2) Conditions for the lifting of transfer restriction

The transfer restriction shall be lifted for all of the Allotted Shares on the business day following the expiration of the transfer restriction period, provided that the Eligible Directors, etc. have continued to hold the position of Director, Executive Officer not concurrently serving as Director, corporate auditor, or employee of the Company or its subsidiary during the transfer restriction period.

(3) Treatment of Eligible Directors, etc. who retire from the position or the job due to expiration of the term of office, mandatory retirement age or other justifiable reasons during the transfer restriction period

(i) Timing of the lifting of transfer restriction

In cases where an Eligible Director, etc. resigns or retires from all positions as Director, Executive Officer, etc. who does not concurrently serve as Director, or Corporate Auditor at the Company or any of its subsidiaries due to them reaching the expiration of their term or mandatory retirement age or due to any other legitimate reason (including resignation or retirement due to death), the transfer restrictions shall be removed immediately after such resignation or retirement of the Eligible Director, etc. Additionally, in cases where an Eligible Director, etc. will become a non-resident due to overseas assignment, etc., the transfer restrictions shall be removed as of the date on which the Company's governing body makes a formal decision that such Eligible Director, etc. will become a non-resident due to overseas assignment, etc.

(ii) Number of shares subject to the lifting of transfer restriction

The number of shares calculated by multiplying the number of Allotted Shares held at the time of such retirement from the position or job as set forth in (i) above by the number of months from the month that includes the Payment Date (However, in cases of an Executive Officer, etc., this shall be read as the month containing the start date of the 2026 fiscal year of the Company and its domestic subsidiaries, with the same to apply hereinafter.) to the month that includes the date of retirement from the position or job of the Eligible Director, etc., divided by 12 (if the calculated number exceeds 1, then 1) (any fraction less than one share resulting from the calculation shall be disregarded).

(4) Acquisition without consideration by the Company

The Company shall naturally acquire without consideration any of the Allotted Shares for which the transfer restriction is not lifted at the time of expiration of the transfer restriction period or at the time of lifting of the transfer restriction as provided in (3) above.

(5) Treatment of cases such as reorganization

If, during the transfer restriction period, a merger agreement under which the Company becomes the dissolved company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary or other matters relating to reorganization, etc. are approved at a general meeting of shareholders of the Company (provided, however, that if approval by a general meeting of shareholders of the Company is not required for the relevant reorganization, etc., the Company's Board of Directors meeting), the Company will, by resolution of its Board of Directors, lift the transfer restriction for the shares resulting from the number of shares derived by multiplying the number of Allotted Shares held at the time by the number of months from the month that includes the Payment Date to the month that includes the said approval divided by 12 (if the calculated number exceeds 1, then 1) (any fraction less than one share resulting from the calculation shall be discarded) effective immediately prior to the business day immediately preceding the date on which such reorganization, etc. take effect. In addition, the Company shall naturally acquire without consideration all of the Allotted Shares for which the transfer restriction has not been lifted as of the time immediately following the lifting of the transfer restriction.

(6) Administration of shares

The Allotted Shares shall be managed in an exclusive account opened by the Eligible Directors, etc. at Nomura Securities Co., Ltd. during the transfer restriction period so that the Allotted Shares may not be transferred, pledged as collateral or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of the transfer restriction, etc. related to the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts for the Allotted Shares held by each of the Eligible Directors, etc. In addition, the Eligible Directors, etc. shall agree to the details of the management of such account.

4. Purpose and Reasons for the Disposal

The Disposal of Treasury Shares to the scheduled allottees will be made using the monetary claims provided as restricted stock compensation for the 2026 fiscal year of the Company and its domestic subsidiaries under the Plan as properties contributed. The disposal price is set at 2,101 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on June 23, 2026 (the business day immediately preceding the date of the Board of Directors' resolution), in order to eliminate arbitrariness in pricing. This is the market price of the stock immediately prior to the date of the Board of Directors' resolution, which we believe is reasonable and does not constitute a particularly advantageous price.

With the Plan established for the Directors and Executive Officers of the Company and its domestic subsidiaries as described above, the entire KYOKUTO Group will work together to enhance business performance and corporate value.