



## PRESS RELEASE



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Company name: Hokuetsu Corporation  
Name of representative: Sekio Kishimoto, President and CEO  
(Securities code: 3865 (Prime Market,  
Tokyo Stock Exchange))  
Inquiries: Yoshiharu Togawa,  
Executive Officer and General Manager,  
Public Relations Office  
Tel: +81 3-3245-4500

### **Notice Regarding the Issuance of Stock Options (Stock Acquisition Rights)**

Hokuetsu Corporation (hereinafter, the “Company”) hereby announces that at its meeting held on June 27, 2025, the Company’s Board of Directors passed a resolution regarding the specific details of stock acquisition rights issued as stock options, as outlined below.

I. Reason for issuing stock acquisition rights as stock options

By providing an incentive to enhance awareness of shareholder-focused management among the Company’s directors, the purpose is to further enhance morale and the desire to contribute to improved performance in the medium to long term, thereby leading to increased corporate value.

II. Guidelines for issuing stock acquisition rights

1. Name of stock acquisition rights      Hokuetsu Corporation, 2025 Stock Acquisition Rights

2. Total number of stock acquisition rights      60

3. Class and number of shares underlying stock acquisition rights

The class of shares underlying stock acquisition rights shall be common stock in the Company, and the number of shares underlying each stock acquisition right (hereinafter, the “Number of Shares to Be Granted”) shall be 500. However, after the stock acquisition rights allotment date stipulated in Item 12 below (hereinafter, the “Allotment Date”), in the event that the Company

carries out a stock split of its common stock (including gratis allotment of its common stock; the same applies whenever a stock split is mentioned hereinafter) or a reverse stock split, the Number of Shares to Be Granted shall be adjusted based on the formula below, and any fraction of less than 1 share that occurs as a result of the adjustment shall be discarded.

Number of Shares to Be Granted after adjustment =  
Number of Shares to Be Granted before adjustment × Ratio of stock split or reverse stock split

The Number of Shares to Be Granted after adjustment shall be applied on the date following the record date (or the effective date if no record date is stipulated) or later in the case of a stock split, and on the effective date or later in the case of a reverse stock split. However, in the event of a stock split that is conditional upon the approval of a proposal to reduce the surplus amount and increase capital or reserve at an Ordinary Shareholders' Meeting, if a date prior to the date on which the applicable Ordinary Shareholders' Meeting ends is taken as the record date for the stock split, the Number of Shares to Be Granted after adjustment shall be retroactively applied on the date following the record date at least one day after the applicable Ordinary Shareholders' Meeting ends. Furthermore, in the event that the Company carries out a merger or corporate split or in other cases where an adjustment of the Number of Shares to Be Granted is necessary pursuant to such circumstances, the Company may adjust the Number of Shares to Be Granted as appropriate within a reasonable range.

When adjusting the Number of Shares to Be Granted, the Company shall provide a notification or report about the necessary matters to each party holding stock acquisition rights (hereinafter, the "Stock Acquisition Rights Holders") indicated in the stock acquisition rights register by the date preceding the date that the Number of Shares to Be Granted after adjustment will be applied. However, in the event that it is not possible to provide a notification or report by the date preceding the date of application, then the Company shall promptly provide a notification or report after that date.

4. Value of assets to be contributed upon the exercise of stock acquisition rights

The value of assets to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the exercise price per share that may be issued upon the exercise of the stock acquisition right, which shall be 1 yen, by the Number of Shares to Be Granted.

5. Period during which stock acquisition rights may be exercised  
July 15, 2025, to July 14, 2040
  
6. Matters concerning the capital and capital reserve to be increased if shares are issued based on the exercise of stock acquisition rights
  - 1) The amount of capital to be increased if shares are issued based on the exercise of stock acquisition rights shall be half of the maximum amount of capital increase as calculated according to Article 17, Paragraph 1, of the Regulation on Corporate Accounting, with any fraction of less than 1 yen occurring as a result of the calculation to be rounded up.
  - 2) The amount of capital reserve to be increased if shares are issued based on the exercise of stock acquisition rights shall be the amount obtained by deducting the amount of capital to be increased stipulated in Sub-Item 1 above from the maximum amount of capital increase indicated in Sub-Item 1 above.
  
7. Restriction on the acquisition of stock acquisition rights through transfer  
Any acquisition of stock acquisition rights through transfer requires approval based on a resolution of the Board of Directors.
  
8. Matters concerning the issuance of stock acquisition rights in the event of organizational restructuring  
In the event that the Company conducts a merger (limited to cases where the Company is to be dissolved due to the merger), an absorption-type or incorporation-type split (both limited to cases where the Company is to become a split company), or a share exchange or share transfer (both limited to cases where the Company is to become a wholly owned subsidiary) (hereinafter collectively referred to as “Organizational Restructuring”), stock acquisition rights in an incorporated public company specified under Article 236, Paragraph 1, Items 8-a to 8-e of the Companies Act (hereinafter, the “Restructured Company”) shall be issued to Stock Acquisition Rights Holders who hold stock acquisition rights that remain unexercised (hereinafter, “Unexercised Stock Acquisition Rights”) immediately before the effective date of the Organizational Restructuring (the date that the absorption-type merger takes effect in the case of an absorption-type merger, the date that the new public company established by the consolidation-type merger is formed in the case of a consolidation-type merger, the date that the absorption-type split takes effect in the case of an absorption-type split, the date that the new public company established by the incorporation-type split is formed in the case of an incorporation-type split, the date that the share exchange takes effect in the case of a share exchange, or the date that the new wholly owned subsidiary established by the share transfer is

formed in the case of a share transfer; hereinafter the same shall apply). However, this is conditional upon the absorption-type merger agreement, consolidation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan stipulating that stock acquisition rights in the Restructured Company will be issued in accordance with the following conditions.

- 1) Number of stock acquisition rights in the Restructured Company to be issued  
A number equivalent to the Number of Unexercised Stock Acquisition Rights held by the Stock Acquisition Rights Holder shall be issued.
- 2) Class of shares in the Restructured Company underlying the stock acquisition rights  
The class shall be common stock in the Restructured Company.
- 3) Number of shares in the Restructured Company underlying the stock acquisition rights  
The number shall be determined pursuant to the provisions of Item 3 above, taking into consideration factors such as the conditions of the Organizational Restructuring.
- 4) Amount of assets to be contributed upon the exercise of stock acquisition rights  
The amount of assets to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the exercise price after restructuring stipulated below by the number of shares in the Restructured Company underlying the stock acquisition rights determined pursuant to Item 3 above. The exercise price after restructuring shall be 1 yen per share in the Restructured Company that may be issued upon the exercise of each stock acquisition right to be issued.
- 5) Period during which stock acquisition rights may be exercised  
This shall be the period from the commencement date of the period during which stock acquisition rights may be exercised stipulated in Item 5 above or the effective date of the Organizational Restructuring, whichever is later, and the expiration date of the period during which stock acquisition rights may be exercised stipulated in Item 5 above.
- 6) Matters concerning capital or capital reserve to be increased if shares are issued due to the exercise of stock acquisition rights  
This shall be determined pursuant to Item 6 above.
- 7) Restriction on the acquisition of stock acquisition rights through transfer  
Any acquisition of stock acquisition rights through transfer requires approval based on a resolution of the Board of Directors of the Restructured Company.
- 8) Other conditions for the exercise of stock acquisition rights  
This shall be determined pursuant to Item 10 below.

9. Treatment of fractional shares occurring upon the exercise of stock acquisition rights

If fractions of less than 1 share occur in the number of shares to be issued to Stock Acquisition Rights Holders who exercise their stock acquisition rights, they shall be discarded.

10. Other conditions for the exercise of stock acquisition rights

- 1) Stock Acquisition Rights Holders may exercise their rights starting from the date one year after the date following the Allotment Date of the stock acquisition rights or on the date that they lose their position as a Director of the Company, whichever is earlier.
- 2) Once five years have elapsed starting from the date following the date that they lose their position as a Director of the Company, Stock Acquisition Rights Holders may not subsequently exercise their stock acquisition rights.
- 3) Irrespective of the provisions in Sub-Item 1 above, Stock Acquisition Rights Holders may exercise their stock acquisition rights only within the period stipulated below in the event that the circumstances below occur within the period indicated in Item 5 above (however, this excludes cases where it is stipulated in a merger agreement, share exchange agreement, or share transfer plan that stock acquisition rights in the Restructured Company will be issued to Stock Acquisition Rights Holders in accordance with Item 8 above):

A proposal to approve a merger agreement in which the Company will be dissolved or a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary is approved at an Ordinary Shareholders' Meeting (or by a resolution of the Board of Directors if a resolution at an Ordinary Shareholders' Meeting is not required): within 15 days of the date following the approval date

- 4) The provisions in Sub-Item 1 and Sub-Item 2 above shall not apply to parties who inherit stock acquisition rights based on succession.
- 5) In the event that a Stock Acquisition Rights Holder renounces their stock acquisition rights, it shall not be possible to exercise the applicable stock acquisition rights.

11. Method of calculating the pay-in amount for stock acquisition rights

The pay-in amount for each stock acquisition right shall be the amount obtained by multiplying the Number of Shares to Be Granted by the option price per share calculated based on the basic numerical values in Sub-Items 2 to 7 below using the following Black-Scholes Model formula (rounding up fractions of less than 1 yen).

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

where

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- 1) Option price per share ( $C$ )
- 2) Share price ( $S$ ): Closing price for regularly traded common stock in the Company on the Tokyo Stock Exchange on July 14, 2025 (or the standard price on the next trading day if there is no closing price)
- 3) Exercise price ( $X$ ): 1 yen
- 4) Estimated time to maturity ( $T$ ): 8 years
- 5) Share price volatility ( $\sigma$ ): The share price volatility rate calculated based on the closing prices for regularly traded common stock in the Company on each trading day during an 8-year period (from July 14, 2017, to July 14, 2025)
- 6) Risk-free interest rate ( $r$ ): Interest rate of Japanese government bonds for which the number of years to maturity corresponds to the estimated time to maturity
- 7) Dividend yield ( $q$ ): Dividend per share (actual dividends in fiscal year ended March 31, 2025)  $\div$  Share price stipulated in Sub-Item 2 above
- 8) Cumulative distribution function of the standard normal distribution ( $N(\cdot)$ )

\* The amount calculated based on the above is the fair price of the stock acquisition rights and does not constitute a favorable issuance.

\* The Company shall pay monetary remuneration equivalent to the total pay-in amount for the stock acquisition rights to the applicable parties, and it shall offset the right to claim this remuneration against the obligation to pay the pay-in amount for the stock acquisition rights.

12. Allotment date of stock acquisition rights

July 14, 2025

13. Due date for paying the amount to be exchanged for stock acquisition rights

July 14, 2025

14. Persons to be allotted stock acquisition rights and number of such persons

6 Directors of the Company, excluding Outside Directors corresponding to Article 2, Paragraph 15, of the Companies Act

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.