

[Translation]

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To Whom It May Concern

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Notice Regarding Reintroduction of Stock Grant Trust (Employee Shareholding Association Disposal Type) and Disposal of Treasury Shares through Third-Party Allotment

Oiles Corporation hereby announces that at the Board of Directors meeting held on August 7, 2025, the Company resolved to reintroduce the “Stock Grant Trust (Employee Shareholding Association Disposal Type)” (hereinafter referred to as the “Plan”) for the purpose of enhancing employee welfare and providing incentives related to the improvement of the Company’s corporate value.

In conjunction with the introduction of this plan, the Company also resolved to dispose of a portion of its treasury shares currently held by the Company, through a third-party allotment, in a lump sum to the Trust E Account established at Custody Bank of Japan, Ltd. (hereinafter referred to as the “Trust E Account”), as outlined below.

Regarding Introduction of the Plan

1. Purpose of Introduction

The purpose of this plan is to enhance employee welfare and contribute to the Company’s corporate value by ensuring a stable supply of shares to the Employee Shareholding Association, distributing profits from trust asset management to employees, and thereby increasing their awareness of the Company’s stock price and motivation toward work.

This plan is a welfare program for employees, structured with reference to the Employee Stock Ownership Plan (ESOP), a compensation plan widely adopted in the United States, and the “Report on New Schemes for Holding Treasury Shares” published by the Ministry of Economy, Trade and Industry on November 17, 2008.

The Company previously introduced this plan in December 2020, but it was terminated in December 2024. After comprehensively evaluating the results and effectiveness of the plan, the Company has resolved to reintroduce it.

2. Overview of the Plan

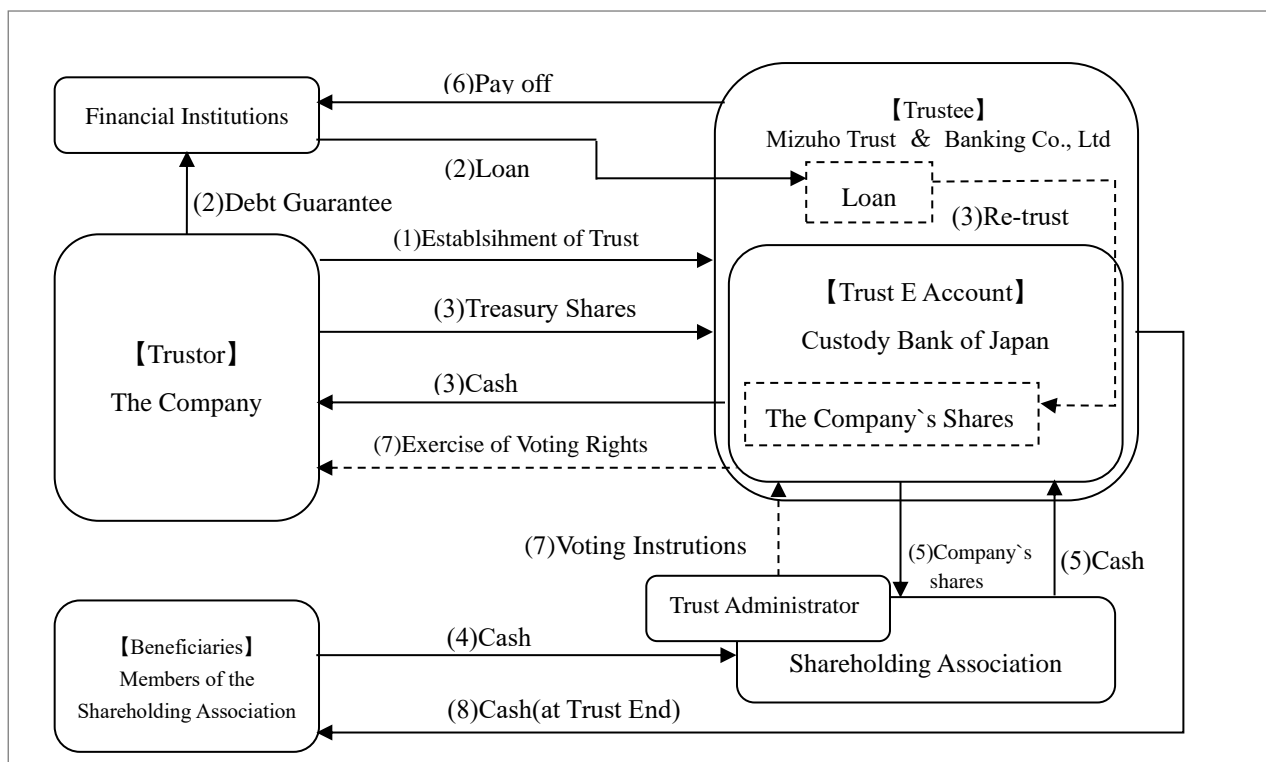
This plan is an incentive plan designed to return the benefits of stock price appreciation of the Company’s shares to all employees who are members of the “OILES Employee Shareholding Association” and the “OILES Group Employee Shareholding Association” (hereinafter collectively referred to as the “Shareholding Associations”).

Upon introducing this plan, the Company will enter into a “Stock Grant Trust (Employee Shareholding Association Disposal Type) Agreement” (hereinafter referred to as the “Trust Agreement”) with Mizuho Trust & Banking Co., Ltd. (hereinafter referred to as the “Trustee”), with the Company as the trustor and Mizuho Trust & Banking Co., Ltd. as the trustee. Based on this Trust Agreement, a trust (hereinafter referred to as the “Trust”) will be established. Furthermore, the Trustee will enter into a re-trust agreement with Custody Bank of Japan, Ltd., appointing it as the re-trustee to manage the trust assets, including securities.

Custody Bank of Japan, Ltd., through the Trust E Account, will pre-acquire a number of the Company’s shares equivalent to the amount expected to be purchased by the Shareholding Associations over the next five years. Then, as the Shareholding Associations make their purchases, these shares will be sold to them accordingly. If the amount equivalent to gains on the sale of shares is accumulated within the trust assets during the trust period, it will be distributed as residual assets to eligible members of the Shareholding Associations (employees) who meet the beneficiary qualification requirements.

Additionally, the Company will guarantee the borrowings made by the Trustee for the acquisition of the Company’s shares by the Trust E Account. In the event that there is a remaining loan balance equivalent to a loss on the sale of shares due to a decline in the Company’s stock price at the end of the trust period, the Company will repay such balance based on the guarantee agreement.

3. Structure of the Plan



- (1) The Company will contribute funds to the Trust E Account and establish a third-party benefit trust.
- (2) The trustee (Mizuho Trust & Banking Co., Ltd.) will borrow funds from a financial institution to pay for the acquisition of shares. (The Company will provide a debt guarantee to the financial institution.)
- (3) The trustee (Mizuho Trust & Banking Co., Ltd.) will re-trust the borrowed funds to the Trust E Account, which will use the funds to acquire shares of the Company. Then, in connection with the acquisition of shares by the Trust E Account, the Company will allocate treasury shares in a lump sum, equivalent to the amount expected to be acquired by the Shareholding Associations during the trust period.
- (4) Members of the Shareholding Association will contribute their funds to the association along with the incentive payments.
- (5) The Shareholding Association purchases shares of the Company at market value each month from Trust Account E using the funds contributed by employees.
- (6) The trustee (Mizuho Trust & Banking Co., Ltd.) will repay the principal of the loan using the proceeds from the sale of shares by the Trust E Account to the Shareholding Association and will repay the interest on the loan using dividends and other distributions received by the Trust E Account from the Company.
- (7) Voting rights attached to the shares held in the Trust E Account will be exercised in accordance with instructions from the trust administrator.
- (8) This trust will terminate upon the expiration of the trust period or the depletion of trust assets. Upon termination, any remaining shares in the trust will be disposed of, and after the loan has been fully repaid, any remaining surplus will be distributed to members of the Shareholding Association who meet the beneficiary eligibility requirements. (If, at the time of trust termination, the trustee (Mizuho Trust & Banking Co., Ltd.) is unable to repay the loan using the trust assets, the Company will fulfill its guarantee obligation and repay the loan.)

4. Overview of the Trust

- (1) Purpose of the Trust: To ensure a stable supply of the Company's shares to the Shareholding Association and to provide distributions to beneficiaries from the proceeds obtained through the management and disposal of the trust assets.
- (2) Trustor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd.
Mizuho Trust & Banking Co., Ltd. has entered into a comprehensive trust agreement with Custody Bank of Japan, Ltd., under which Custody Bank of Japan, Ltd. serves as the re-trustee.
- (4) Beneficiary: Members of the Shareholding Association who meet the beneficiary eligibility requirements
- (5) Date of Trust Establishment: September 5, 2025

(6) Trust Period: From September 5, 2025 to September 17, 2030 (scheduled)

Regarding This Disposal of Treasury Stock

5. Outline of the Disposal

(1) Disposal date	Friday, September 5, 2025
(2) Class and number of shares to be disposed	774,200 shares of common stock
(3) Disposal price	¥ 2,104 per share
(4) Total disposal amount	¥ 1,628,916,800
(5) Intended disposal recipient	Custody Bank of Japan, Ltd. (Trust E Account)
(6) Other	This disposal of treasury stock is subject to the securities registration statement under the Financial Instruments and Exchange Act having taken effect.

6. Purpose and Reason for the Disposal

This disposal of treasury stock is conducted through a third-party allotment to Custody Bank of Japan, Ltd. (Trust E Account), which is designated to hold and dispose of the Company's shares under the trust established in connection with the introduction of this trust scheme.

The number of shares to be disposed corresponds to the quantity expected to be purchased by the Shareholding Association during the five-year trust period. As of March 31, 2025, this represents 2.32% of the total number of issued shares (33,300,505 shares) and 2.63% of the total number of voting rights (293,999), both rounded to the third decimal place.

In addition, the Company conducted disposal of treasury stock through a third-party allotment within the past six months (Disposal Date: May 26, 2025; Number of Shares Disposed: 96,600 shares). For details, please refer to the "Notice Regarding Disposal of Treasury Stock through Third-Party Allotment in Association with Additional Contributions to Performance-Linked Stock Compensation Plan" dated May 9, 2025. When combining the number of shares disposed in that transaction with the number of shares to be disposed in this disposal, the total represents 2.61% of the total number of issued shares (33,300,505 shares) and 2.96% of the total number of voting rights (293,999) as of March 31, 2025, both rounded to the third decimal place.

7. Basis for Calculating the Disposal Price and Specific Details Thereof

To eliminate arbitrariness in determining the disposal price, the price has been set at ¥2,104, which is the average closing price of the Company's common stock on the Tokyo Stock Exchange over the one-month period from July 7, 2025 to August 6, 2025 (the business day immediately preceding the date of the Board of Directors' resolution on this disposal of treasury stock), rounded down to the nearest yen.

The reason for using the one-month average closing price prior to the resolution date, rather than the closing price on the immediately preceding business day, is that amid the current global uncertainties, the one-month average better reflects actual market conditions and is deemed more appropriate. By adopting a smoothed value over a fixed period rather than a single point in time, temporary price fluctuations and other exceptional factors can be excluded, thereby enhancing objectivity and rationality in the pricing basis. Furthermore, the one-month period was selected over three-month or six-month averages because it most closely reflects the recent market price, making it a more reasonable reference period.

The disposal price of ¥2,104 has been calculated as 97.27% of the closing price of ¥2,163 (rounded down to the nearest yen) on the business day immediately preceding the date of the Board of Directors' resolution. It also corresponds to 100.77% of the average closing price of ¥2,088 over the three-month period and 96.91% of the average closing price of ¥2,171 over the six-month period prior to that date. Based on these considerations, the Company has determined that the disposal price for this disposal of treasury shares is not particularly advantageous and is reasonable.

In addition, the Audit and Supervisory Committee (comprising three members, including two outside directors) has expressed its opinion that the basis for calculating the disposal price is reasonable and that the disposal price does not constitute a particularly favorable price for the intended recipient.

8. Matters Regarding Procedures within the Code of Corporate Conduct

This disposal of treasury stock does not require obtaining an independent third-party opinion or confirmation of shareholder intent as stipulated in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, Inc., because (i) the dilution ratio is less than 25%, and (ii) it does not involve a change in the controlling shareholder.