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Company name: Kyokuto Boeki Kaisha, Ltd.  
Representative: Yoshiya Okada, Representative Director  
President and Chief Executive Officer  
(Code number: 8093; TSE Prime)  
Inquiries: Hisako Fujikawa, Group Director,  
Administration Management Group;  
General Manager, Personnel & General  
Affairs Dept.  
(Telephone: +81-3-3244-3733)

## **Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation for Directors and Executive Officers**

Kyokuto Boeki Kaisha, Ltd. (the “Company”) hereby announces that it has resolved at a meeting of its Board of Directors held today to dispose of its treasury shares as restricted stock compensation (the “Treasury Share Disposal” or the “Disposal”), as follows.

### 1. Overview of Disposal

(1) Disposal date	August 18, 2025
(2) Type and number of shares to be disposed of	14,649 common shares of the Company
(3) Disposal price	1,540 yen per share
(4) Total disposal price	22,559,460 yen
(5) Scheduled allottees	Directors(*): three persons, 9,907 shares Executive Officers: eight persons, 4,742 shares ※ Outside Directors and Directors serving as Audit and Supervisory Committee Members are excluded.

### 2. Purpose and Reason for Disposal

At a meeting of the Board of Directors held on March 26, 2018, the Company resolved to

introduce a restricted stock compensation plan (the “Plan”), as a new compensation plan for the Company’s Directors, to provide incentives to continuously improve medium- to long-term corporate value and shareholder value for Directors of the Company and to further promote value sharing with shareholders. In addition, at the 98th Annual General Meeting of Shareholders held on June 21, 2018, the Company obtained approval, under this Plan, to provide monetary compensation receivables of no more than 72 million yen per year to the Company’s Directors, separately from the existing framework of monetary compensation, as contributed property for an investment in kind related to the provision of restricted stock. The total number of shares of common stock of the Company to be issued or disposed of under the Plan shall be no more than 115,200 shares per year (or no more than 288,000 shares per year by the original resolution prior to the share consolidation in October 2018 and the share split in September 2022), and the transfer restriction period of the restricted stock shall be three years. Furthermore, at the 105th Annual General Meeting of Shareholders held on June 25, 2025, the Company obtained approval to revise the transfer restriction period for restricted stock from “3 years” to “the period from the date of allotment of the restricted stock until the date the Director loses all positions as a Director of the Company or in any other position as determined by the Board of Directors of the Company”.

The Company has also introduced a restricted stock compensation plan for the Company's Executive Officers.

An overview of the Plan is provided below.

#### **<Overview of the Plan>**

The Company’s Directors shall pay all the monetary compensation receivables paid by the Company based on the Plan as properties contributed in kind to receive the issuance or disposition of common shares of the Company.

The total number of common shares of the Company issued or disposed of under the Plan will be no more than 115,200 shares per year. The Board of Directors will determine the amount to be paid per share based on the closing price of common shares of the Company at the Tokyo Stock Exchange on the business day preceding the day of the Board of Directors’ resolution (if no transaction is closed on that day, the closing price on the most recent trading day that precedes that day) within a range not particularly advantageous to the Directors to receive the allotment.

Furthermore, in issuing or disposing of the Company’s common shares under this Plan, the Company and Directors receiving the allotment shall enter into a restricted stock allotment agreement, which shall include the following items.

- (1) During a predefined period, Directors shall not transfer, create any security interest in, or otherwise dispose of the shares of the Company’s common stock that they have been allotted.
- (2) The Company shall acquire the aforementioned common stock without consideration in the event of certain circumstances.

Moreover, at a meeting of the Board of Directors held today, the Company resolved, in light of the purpose of the Plan, the Company's business results, the scope of each eligible person's duties, and other various circumstances, to grant a total of 22,559,460 yen in monetary compensation receivables (monetary claims in the case of Executive Officers; hereinafter the same shall apply)( the "Monetary Compensation Receivables") and 14,649 common shares of the Company (the "Allotted Shares") to three Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members; the "Eligible Director(s)") and eight Executive Officers (the "Eligible Executive Officer(s)", collectively the "Eligible People") of the Company.

#### **<Overview of restricted stock allotment agreement>**

For the Treasury Share Disposal, the Company and the Eligible People will individually enter into a restricted stock allotment agreement (the "Allotment Agreement") as summarized below.

##### **(1) Transfer Restriction Period**

Eligible Directors and Eligible Executive Officers may not transfer, create a security interest in, or otherwise dispose of the Allotted Shares during the period from August 18, 2025 (the "Disposal Date") until the date they lose their position as Director of the Company or from the Disposal Date until the date they lose their position as Executive Officer or employee of the Company, respectively.

##### **(2) Conditions for Lifting Transfer Restrictions**

Transfer restrictions shall be lifted for all Allotted Shares at the time of completion of the transfer restriction period, on the condition that the Eligible Director continues to hold their position as Director of the Company (or their position as Executive Officer of the Company or employee in the case of Eligible Executive Officers) for the period from the Disposal Date of August 18, 2025 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026 (or from April 1, 2025 to March 31, 2026 in the case of Eligible Executive Officers)(the "Service Period"). However, if the Eligible Director loses their position as Director of the Company (or their position as Executive Officer of the Company or employee in the case of Eligible Executive Officers) during the Service Period due to expiration of term of office, death, or other reasons deemed justifiable by the Company's Board of Directors, the transfer restriction shall be lifted on the number of shares calculated by dividing the number of months from August 2025 (April 2025 in the case of Eligible Executive Officers) to the month that includes the date of the aforementioned loss of position by 11 (12 in the case of Eligible Executive Officers) (if the result exceeds 1, it will be deemed to be 1) and multiplying this number by the number of Allotted Shares. (If a fraction of less than 1 share results, the number shall be rounded down).

##### **(3) Acquisition without compensation by the Company**

The Company shall automatically acquire, without compensation, any Allotted Shares for

which the transfer restrictions have not been lifted at the expiration of the transfer restriction period or at any other time prescribed by the Allotment Agreement.

(4) Management of shares

The Allotted Shares shall be managed in a dedicated account for restricted stock opened by the Eligible People at Daiwa Securities Co. Ltd. during the transfer restriction period so that the Eligible People may not transfer, create any security interest in, or otherwise dispose of the Allotted Shares during the transfer restriction period.

(5) Treatment in organizational reorganization, etc.

If, during the transfer restriction period, any matter relating to a corporate reorganization such as a merger agreement under which the Company becomes a dissolved entity, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other form of reorganization is approved at a General Meeting of Shareholders of the Company (or, in cases where such approval by a General Meeting of Shareholders is not required, at a meeting of the Board of Directors), the Company shall, by resolution of its Board of Directors, immediately preceding the business day before the effective date of the reorganization, etc., lift the transfer restrictions on the Allotted Shares as follows. The transfer restriction shall be lifted on the number of shares calculated by dividing the number of months from August 2025 (April 2025 in the case of Eligible Executive Officers) to the month that includes the effective date of the reorganization, etc. by 11 (12 in the case of Eligible Executive Officers) (if the result exceeds 1, it will be deemed to be 1) and multiplying this number by the number of Allotted Shares. (If a fraction of less than 1 share results, the number shall be rounded down).

3. Basis for Calculation of the Amount to be Paid and Specific Details

The Treasury Share Disposal shall be conducted using the Monetary Compensation Receivables paid to the allottees based on the Plan as property contributed in kind. To eliminate arbitrariness, the payment amount for these shall be 1,540 yen, the closing price of common shares of the Company at the Tokyo Stock Exchange on July 24, 2025 (the business day preceding the date of the Board of Directors' resolution). This is the market price just before the date of the resolution by the Board of Directors. In the absence of any special circumstances that indicate that the most recent share price cannot be relied upon, we believe that this price is reasonable, appropriately reflects the corporate value of the Company, and is not a price that is particularly advantageous to the Eligible People.