



November 14, 2024

Company name: HOKUTO CORPORATION
 Name of representative: Masayoshi Mizuno, President
 (Securities code: 1379; Prime Market of the Tokyo Stock Exchange)
 Inquiries: Tomio Takato, Executive Director,
 Administration Department
 (TEL 026-259-5955)
 (URL <https://www.hokto-kinoko.co.jp/>)

Notice Concerning Disposal of Treasury Shares Issued as Restricted Shares to the Company's Executive Officers

HOKUTO CORPORATION (the "Company") hereby announces that its Board of Directors has resolved at the meeting held today to dispose of treasury shares issued as restricted shares (hereinafter "this disposal of treasury shares"), as described below.

1. Disposal summary

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| (1) Payment date | March 28, 2025 |
| (2) Type and number of shares to be disposed of | Common shares of the Company 6,770 shares |
| (3) Disposal value | Per share ¥1,773 |
| (4) Total amount of disposal value | ¥12,003,210 |
| (5) Allottees | Three delegated executive officers: 2,031 shares Seven employed executive officers: 4,739 shares |

2. Purpose and reason for the disposal

With an aim to foster the awareness of the Company's executive officers to improve the Company's performance from a medium- to long-term perspective, and to promote further value sharing with shareholders in order to continuously improve the corporate value of the Company, the Company resolved at the Board of Directors meeting held today, among other things, to grant monetary claims totaling ¥12,003,210 to three delegated executive officers and seven employed executive officers of the Company (the "Subjects"), and to allocate 6,770 shares from the common shares of the Company (the "Allotted Shares") for the disposal of treasury shares, with the total amount of such monetary claims of ¥12,003,210 to be contributed in kind (the amount of monetary claims to be contributed per share of offered stock is ¥1,773). In addition, from the viewpoint of encouraging the provision of medium- to long-term and continuous service or encouraging work, there will be restrictions on the transfer of these allotted shares and the period for this has been set as the period until the person gives up the position of executive officer of the Company or takes office as a director of the Company (hereinafter, "transfer restriction period").

The Subject will pay all of the provided monetary claims as assets contributed in kind, and will subscribe for the common shares to be allotted by the Company through this disposal of treasury shares. Furthermore, following the disposal of treasury shares, the Company shall conclude with the subject a Restricted Share Allotment Agreement that includes the following details as part of its contents.

Please note that these allotted shares will be allocated only to the Subject who wishes to accept the shares.

<Outline of the Restricted Share Allotment Agreement>

(1) Transfer restriction period

The Subject shall not transfer, create a security interest in, or otherwise dispose of the allotted shares during the restriction period.

(2) Conditions required to remove restrictions on transfers

The restriction on transfer of all of the allotted shares will be lifted on the expiration date of the restriction period, provided the Subject continues to hold the position of Executive Officer of the Company (the, "service period") from March 28, 2025 (the payment date) to March 31, 2026. However, if a Subject loses his/her position as an executive officer of the Company during the service period due to death or any other reason that the Company's Board of Directors deems legitimate, the transfer restrictions will be lifted at the expiration of the transfer restriction period for the number of allotted shares calculated by dividing the number of months from the month following the month of the payment due date to the month including the day of such loss by 12 (however, if the calculation results in a fraction less than one share, such fraction will be rounded down).

(3) Acquisition by the Company without compensation

Upon expiration of the transfer restriction period, the Company will automatically acquire any allotted shares for which the transfer restrictions have not been lifted without any compensation.

(4) Management of shares

During the restriction period, the allotted shares shall be managed in a dedicated account for restricted shares opened by the Subject at Daiwa Securities Co., Ltd. in order to ensure that the transfer, creation of security interests and any disposal otherwise of the allotted shares is not permitted during the restriction period.

(5) Handling in case of organizational restructuring, etc.

During the Transfer Restriction Period, if a merger agreement in which the Company will be the absorbed company, a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or, in cases where approval of the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc., then by approval of the Company's Board of Directors), the transfer restrictions related to all of the Allocated Shares will be lifted immediately before the business day preceding the effective date of the organizational restructuring, etc., by resolution of the Board of Directors.

3. Calculation basis for the amount to be paid and its specific details

The disposal of treasury shares is to be conducted with the monetary claims provided to the allottees as assets contributed in kind, and the payment price is set at ¥1,773, the closing price of the Company's common stock on the Tokyo Stock Exchange on November 13, 2024 (the business day before the date of the resolution of the Board of Directors), in order to eliminate any arbitrariness. Because this is the market share price immediately prior to the date of the Board of Directors' resolution, in the absence of special circumstances indicating that the most recent share price cannot be relied upon, we believe that this is a reasonable price that appropriately reflects the Company's corporate value and does not constitute a particularly favorable price for the Subject.