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Notice Concerning Disposal of Treasury Stock as Restricted Stock Compensation

FUKOKU Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on June 26, 2024, to dispose of treasury stock as restricted stock compensation (“Disposal” hereinafter).

1. Summary of Disposal

(1) Pay-in date	July 25, 2024
(2) Class and number of shares to be disposed of	3,760 shares of Company common stock
(3) Disposal price	2,331 yen/share
(4) Total value of Disposal	8,764,560 yen
(5) Planned recipients of allotment of shares	3,760 shares to three Directors* * Excluding Directors who are nonresidents of Japan, Directors who are Audit and Supervisory Committee Members, and Outside Directors.

2. Purpose of and reasons for this Disposal

In its meeting held June 4, 2020, the Company Board of Directors resolved to adopt a system of restricted stock compensation (“System” hereinafter) as a new compensation system for Eligible Directors. This System is intended to provide incentives for Company Directors (“Eligible Directors”; excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) to work toward sustained growth in the Company’s corporate and shareholder value over the medium to long term and to enhance the Company’s sharing of value with shareholders. In addition, the 67th Regular General Meeting of Shareholders held June 26, 2020 and the follow-up meeting to the 67th Regular General Meeting of Shareholders held July 31, 2020 approved ① the payment to Eligible Directors of claims to monetary compensation of up to 50 million yen/year, apart from existing limits on monetary compensation, as assets for investments in kind related to the allotment of transfer-restricted shares based on this System; ② the designation as the transfer-restricted period of the period from the date of issue of the transfer-restricted shares through the date of retirement or resignation from the status of a Company Director or other status as specified by the Company Board of Directors (or a date specified separately by the Company Board of Directors within six months after the end of the fiscal year in which falls the date of issue of the allotted shares for those retiring or resigning, and within three months after the end of such fiscal year); and ③ the establishment of the conditions (i) the recipient retaining the status of a Company Director or other status specified by the Company Board of Directors continually during the period of provision of services as specified by the Company Board of Directors; and (ii) if the recipient has retired or resigned from the status of a Company Director or other status as specified by the Company Board of Directors before the end

of this period of provision of services, it must have been for appropriate reasons as recognized by the Company Board of Directors.

The System is summarized below.

<Summary of the System>

Eligible Directors shall pay in the entire amount of claims to monetary compensation provided by the Company under this System as assets for investment in kind, receiving in return issue or disposal of shares of Company common stock.

The total number of shares of Company common stock to be issued or disposed under this System shall not exceed 80,000 shares/year. The pay-in price per share thereof shall be determined by the Board of Directors within a range that would not be exceptionally advantageous to the Eligible Directors receiving allotment thereof, based on the closing price of a share of Company common stock on the Tokyo Stock Exchange on the trading day immediately preceding the date of the resolution of the Board of Directors on issue or disposal thereof (or the closing price on the most recent date on which there was a trade in Company stock if no trades took place on that date).

In issuing or disposing of shares of Company common stock under this System, the Company shall conclude an agreement on allotment of transfer-restricted shares with Eligible Directors receiving any allotment thereof. This agreement shall include the following terms and conditions:

- ① Shares of Company common stock allotted under the agreement on allotment of transfer-restricted shares may not be transferred, pledged as security, or otherwise disposed of during a period to be specified separately.
- ② The Company may acquire shares of common stock *gratis* under certain conditions.

Accordingly, in its meeting held today, the Company Board of Directors resolved to dispose of a total of 8,764,560 yen in claims to monetary compensation, and by extension 3,760 shares of Company common stock (“Allotted Shares” hereinafter), to three Eligible Directors, reflecting consideration of the objectives of this System, Company performance, scope of the duties of the Eligible Directors, and other factors.

<Summary of the agreement on allotment of transfer-restricted shares>

In connection with this Disposal of Treasury Stock, the Company will conclude with each Eligible Director an agreement on the allotment of transfer-restricted shares, as summarized below.

(1) Transfer-restricted period

Eligible Directors may not transfer, pledge as security, or otherwise dispose of the Allotted Shares during the period from July 25, 2024 (the pay-in date) through the date of their retirement or resignation as Directors, Corporate Officers, or employees of the Company or Company subsidiary (or, if later, the time immediately after three months have passed following the fiscal year containing the allocation date of the Allotted Shares, which would be immediately after July 1, 2025).

(2) Conditions for release of restrictions on transfer

The restrictions on transfers of all Allotted Shares shall be lifted upon the end of the transfer-restricted period conditional on the Eligible Directors having the status of Directors, Corporate Officers, or employees of the Company or Company subsidiary continuously during the period from the day of the Company Regular General Meeting of Shareholders immediately preceding the pay-in date to the date of the Company Regular General Meeting of Shareholders of the following year (“Service Provision Period” hereinafter). However, in the event that an Eligible Director has retired or resigned from the status of a Director, Corporate Officer, or employee of the Company or Company subsidiary due to death or other reason recognized as valid by the Company Board of Directors, restrictions on transfers shall be lifted as of the day after the date of such retirement or resignation for the number of Allotted Shares derived by multiplying the number of Allotted Shares by the number of months from the month after the month in which falls the start

date of the Service Provision Period through the month in which falls the date of such retirement or resignation, divided by 12 (rounding down any remainder of less than one share resulting from such calculation).

(3) Acquisition by the Company *gratis*

Upon the end of the transfer-restricted period, the Company shall *ipso facto* acquire *gratis* any Allotted Shares for which transfer restrictions have not been released.

(4) Management of shares

To ensure that the Allotted Shares cannot be transferred, pledged as security, or otherwise disposed of during the transfer-restricted period, they shall be managed during that period in dedicated accounts established by the Eligible Directors with Daiwa Securities Co. Ltd.

(5) Handling in the event of reorganization etc.

In the event that a Company General Meeting of Shareholders (or the Company Board of Directors if such reorganization etc. does not require the approval of a Company General Meeting of Shareholders) has approved a merger agreement under which the Company will be the extinguished company, a stock-swap agreement or stock transfer plan under which the Company will become a wholly owned subsidiary, or another act of reorganization etc. during the transfer-restricted period, then the restriction on transfers shall be lifted based on the resolution of the Board of Directors for the number of Allotted Shares derived by multiplying the number of Allotted Shares held at that time by the number of months from the month after the month in which falls the start date of the Service Provision Period through the month in which falls the date of approval of such reorganization etc., divided by 12 (rounding down any remainder of less than one share resulting from such calculation) (or 1 if the result of such calculation is more than 1), as of the time immediately before the business day immediately preceding the effective date of such reorganization etc.

3. Grounds for calculating the pay-in amount and specifics thereof

This Disposal of Treasury Stock shall be conducted using as investment assets the claims to monetary compensation paid to the planned recipients of allotment under the System. To eliminate any arbitrariness of value, this pay-in amount shall be 2,331 yen, the closing price on a share of Company common stock on the Tokyo Stock Exchange on June 25, 2024 (the business day immediately preceding the date of the Board of Directors resolution). This is the market stock price immediately preceding the date of the resolution of the Board of Directors. In the absence of any special conditions that would indicate that the immediately preceding stock price cannot be relied on, it is considered to be a reasonable price that properly reflects the Company's corporate value and is not particularly advantageous to the Eligible Directors.

(Reference)

Eligible Directors who are nonresidents shall be granted monetary compensation linked to the Company share price and other factors (phantom stock) having economic value equivalent to that of transfer-restricted shares.