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August 7, 2026

To whom it may concern

Company Name: Kyokuyo Co., Ltd.
Representative Name: Makoto Inoue, President
(Tokyo Stock Exchange Prime Market
Securities Code: 1301)
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Notice Concerning Disposal of Treasury Shares through Third-Party Allotment for Additional Contributions to Share Delivery Trust for Officers

Kyokuyo Co., Ltd. (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held today, to dispose of its treasury shares through a third-party allotment (hereinafter the "Disposal of Treasury Shares"), as described below.

1. Overview of the Disposal

(1) Date of disposal	August 24, 2026
(2) Number of shares to be disposed of	37,300 shares of common stock of the Company
(3) Disposal price	4,455yen per share
(4) Total disposal amount	166,171,500 yen
(5) Allottee	Custody Bank of Japan, Ltd. (Trust Account)
(6) Other	An extraordinary report has been submitted for the Disposal of Treasury Shares in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for the Disposal

Based on the resolution at the 94th Ordinary General Meeting of Shareholders held on June 27, 2017, the Company introduced the Share Delivery Trust for Officers, which is a performance-based stock compensation plan for the Company's Directors (excluding Outside Directors) (hereinafter the "Plan"; the "Trust Agreement" for a trust agreement entered into with Resona Bank, Limited in connection with the Plan; and the "Trust" for a trust established under the Trust Agreement). Subsequently, the Company made partial revisions to the Plan, including the addition of eligible persons for the Plan, based on the resolutions at the 98th Ordinary General Meeting of Shareholders held on June 25, 2021 and the 100th Ordinary General Meeting of Shareholders held on June 27, 2023 (For the overview of the Plan, please refer to the "Notice Concerning Introduction of Performance-Based Stock Compensation Plan" dated May 11, 2017 and the "Notice Concerning Partial Revision of Performance-Based Stock Compensation Plan" dated May 12, 2023).

The Company has resolved, at the meeting of the Board of Directors held today, to make additional monetary contributions to the Trust (hereinafter the "Additional Trust") as funds to be used by the Trust to purchase shares expected to be necessary for future delivery, and in connection with that, to conduct the Disposal of Treasury Shares to Custody Bank of Japan, Ltd. (Trust Account), the re-trustee of Resona Bank, Limited, the trustee of the Trust.

The number of treasury shares to be disposed of is equivalent to the total number of shares expected to be granted over three fiscal years, based on the Share Delivery Regulations for Directors and the Share Delivery Regulations for

Employed Executive Officers established by the Company. As of March 31, 2026, this represents 0.31% of the total number of issued shares (12,078,283 shares), and 0.31% of the total number of voting rights (119,161 rights), both rounded off to two decimal places. The Company believes that the Plan will contribute to improving its performance and enhancing its corporate value over the medium to long term. Therefore, the Company considers that the number of shares to be disposed of and the scale of dilution through the Disposal of Treasury Shares are reasonable, and that the impact on the market will be minor.

<Overview of the Trust>

(1) Name:	Share Delivery Trust for Officers
(2) Trustor:	The Company
(3) Trustee:	Resona Bank, Limited Resona Bank, Limited entered into a specific comprehensive trust agreement with Custody Bank of Japan, Ltd., under which Custody Bank of Japan, Ltd. serves as a re-trustee.
(4) Beneficiaries:	The Company's Directors (excluding Outside Directors and Directors who do not reside in Japan) and Executive Officers (excluding those who do not reside in Japan) who meet beneficiary requirements.
(5) Trust administrator:	A third party with no conflict of interest with the Company
(6) Type of trust:	Trust of money other than monetary trusts (third-party beneficiary trust)
(7) Date of execution of the Trust Agreement:	August 21, 2017
(8) Trust period:	From August 21, 2017 until the termination of the Trust (The Trust shall remain in effect for the period of the Plan, with no specific termination date stipulated.)

* Overview of the Additional Trust and purchase of the Company's shares under the Trust

(1) Date of additional trust:	August 24, 2026 (scheduled)
(2) Amount of additional trust:	150,000,000 yen
(3) Class of shares to be purchased:	Common stock of the Company
(4) Number of shares to be purchased:	37,300 shares
(5) Date of purchase:	August 24, 2026 (scheduled)
(6) Method of purchase:	Subscription for treasury shares to be disposed of by the Company

Note: The Trust will purchase additional shares of the Company using a total of 150,000,000 yen in cash for the additional trust and 16,171,500 yen held as trust assets as funds for the purchase.

3. Basis of Calculation and Specific Details of the Disposal Price

In order to eliminate any arbitrariness in determining the disposal price for the Disposal of Treasury Shares, the closing price of the Company's shares on the Tokyo Stock Exchange, Inc. (hereinafter the "Tokyo Stock Exchange") on August 6, 2026, the business day immediately preceding the date of the Board of Directors' resolution regarding the disposal (the "Date of the Board of Directors' Resolution"), of 4,455 yen is used as the disposal price.

The reason for adopting the closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately preceding the Date of the Board of Directors' Resolution is that it is considered to reflect the fair corporate value of the Company in the stock market and is therefore considered reasonable.

The Company believes that the disposal price for the Disposal of Treasury Shares is not particularly advantageous to the scheduled allottees, as it is based on the closing price on the business day immediately preceding the Date of the Board of Directors' Resolution, and the deviation rates from the average closing prices for the one-month period (from July 7, 2026 to August 6, 2026), three-month period (from May 7, 2026 to August 6, 2026), and six-month period (from February 7, 2026 to August 6, 2026) immediately preceding the Date of the Board of Directors' Resolution are (1.57%), 0.79%, and (5.49%), respectively (rounded off to two decimal places), compared to the average closing prices of 4,526 yen, 4,420 yen, and 4,714 yen (rounded down to the nearest whole yen), respectively.

Moreover, with respect to the disposal price, all 4 Supervisory Board Members (including 2 Outside Supervisory Board Members) who attended the meeting of the Board of Directors have expressed their opinion that the process through which the Company determined that the disposal price is not particularly advantageous to the scheduled allottees is reasonable, and that such determination is appropriate.

4. Matters Related to Procedures under the Code of Corporate Conduct

With regard to this third-party allotment, since (1) the dilution rate is less than 25% and (2) it does not involve the change of the controlling shareholder, there is no need to take procedures for acquiring the opinion of an independent third party and confirming the intention of shareholders as set forth in Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.