

July 25, 2025

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## Notice Regarding Disposal of Treasury Shares as Restricted Stock Incentive for Employee Shareholding Association

Hokuhoku Financial Group, Inc. (the "Company") hereby announces that it resolved, at the meeting of the Board of Directors held today, to dispose of its treasury shares as restricted stock pursuant to the "Restricted Stock Incentive Plan for Employee Shareholding Association (the "Plan")", with the Hokuhoku Financial Group Employee Shareholding Association (the "Shareholding Association") as the planned allottee (the "Disposal of Treasury Shares" or the "Disposal").

### 1. Outline of the Disposal

(1) Date of the Disposal	October 31, 2025
(2) Class and number of shares to be disposed of	163,589 shares of the Company's common stock (Note)
(3) Disposal price	3,338 yen per share
(4) Total value of shares to be disposed of	546,060,082 yen (Note)
(5) Disposal method (Planned allottee)	Subject to the condition that the Company receives subscription applications from the Shareholding Association through third-party allotment, the number of shares applied for, as determined by the Shareholding Association within the range of the number of shares to be disposed of specified in (2) above, will be allocated to the Shareholding Association (the allocated number will constitute the number of shares to be disposed of). (Hokuhoku Financial Group Employee Shareholding Association: 163,589 shares) No application to subscribe for only part of the number of shares to be granted will be accepted from any eligible employee (as defined below).
(6) Others	Regarding the Disposal of Treasury Shares, the Company has submitted an extraordinary report pursuant to the Financial Instruments and Exchange Act.

(Note) The "number of shares to be disposed of" and the "total value of shares to be disposed of" are calculated based on the assumption that 29 shares of common stock of the Company will be granted as restricted stock to each of the 5,641 employees of the Company's subsidiaries, which is the maximum number of eligible persons under the Plan, and the actual number of shares to be disposed of and the total value of the shares to be disposed of will be finalized according to the number of employees of the Company's subsidiaries (up to 5,641 people) who agree to the Plan ("Eligible Employees") after the Company completes its membership promotion efforts for those who have yet to join the Shareholding Association and confirms the Shareholding Association members' agreement to the Plan. Specifically, as described in (5) above, the "number of shares applied for, as determined by the Shareholding Association" will be the "number of shares to be disposed of," and the amount obtained by multiplying the said number by the disposal price per share will be the "total value of shares to be disposed of." The Company's subsidiaries will provide each Eligible Employee with a uniform monetary claim of 96,802 yen, and the Company will allocate a uniform number of 29 shares to each Eligible Employee through the Shareholding Association.

### 2. Purpose and reasons for the Disposal

At the meeting of the Board of Directors held today, the Company resolved to introduce the Plan for Eligible Employees among the employees of the Company's subsidiaries who are members of the Shareholding Association. The purpose of the Plan is to cement the Group's solidarity and incentivize Eligible Employees to think and act toward the improvement of the Company's share price and the sustainable enhancement of its corporate value, as well as to further promote value sharing with shareholders of the Company through Eligible Employees' holding of the Company's shares, in addition to helping Eligible Employees with asset accumulation by creating opportunities for them to acquire the Company's common shares, issued or disposed of by the Company, in the form of restricted stock through the Shareholding Association as a measure to enhance their welfare.

The summary and other details of the Plan are as follows.

[Summary and other details of the Plan]

Under the Plan, the Company's subsidiaries will provide Eligible Employees of the Company's subsidiaries with monetary claims (the "Special Incentive Money") as a special incentive payment to grant 29 shares as restricted stock to each employee. The Eligible Employees will then contribute the Special Incentive Money to the Shareholding Association. Subsequently, the Shareholding Association will contribute the Special Incentive Money, contributed by Eligible Employees, to the Company in kind. As a result, the Company's common shares will be issued or disposed of to the Shareholding Association in the form of restricted stock.

In the event that the Company's common shares are newly issued or disposed of under the Plan, the paid-in amount per share will be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors related to the issuance or disposal (or, if no transaction is made on that day, the closing price on the most recent trading day immediately preceding that date), within the scope of an amount that is not particularly favorable to the Shareholding Association (eventually Eligible Employees).

In issuing or disposing of common shares of the Company under the Plan, the Company and the Shareholding Association will enter into a restricted stock allotment agreement that includes: (i) a prohibition on transfers to third parties, creation of security interests, or other disposal of the allotted shares for a certain period (the "Transfer Restriction"), and (ii) the Company's acquisition of the allotted shares for no consideration under specified circumstances. The provision of the Special Incentive Money to Eligible Employees will be subject to the conclusion of the said restricted stock allotment agreement between the Company and the Shareholding Association.

Until the Transfer Restriction is lifted, Eligible Employees will be restricted from withdrawing the restricted stock associated with the membership interests held by Eligible Employees in relation to the restricted stock, which the Eligible Employees will hold in accordance with the monetary claims contributed to the Shareholding Association (the "Restricted Stock Interests" or "RS interests"), based on the Shareholding Association Rules and the Detailed Operation Rules of the Shareholding Association related to the Shareholding Association (the Shareholding Association Rules, etc.).

(Note) The Shareholding Association is scheduled to resolve, at the meeting of the Board of the Shareholding Association to be held promptly after the resolution of the Board of Directors pertaining to the Disposal of Treasury Shares, amendments to the Shareholding Association Rules, etc. to comply with the Plan, in advance of the Disposal of Treasury Shares. After the said resolution of the Board of the Shareholding Association, the amendments will take effect two weeks after they are notified to members of the Shareholding Association in accordance with the Shareholding Association Rules, etc., provided that no more than one-third of the total number of members of the Shareholding Association object to the amendments.

For the Disposal of Treasury Shares, the Company's common shares will be disposed of to the Shareholding Association, which is the planned allottee (the "Allotted Shares"), based on the Shareholding Association's payment of all of the Special Incentive Money, contributed by Eligible Employees, as property contributed in kind under the Plan. A summary of the restricted stock allotment agreement to be entered into between the Company and the Shareholding Association in connection with the Disposal of Treasury Shares (the "Allotment Agreement") is provided in "3. Summary of the Allotment Agreement" below. The number of shares to be disposed of in the Disposal of Treasury Shares will be determined at a later date, as described in (Note) of 1 above, but is expected to be 163,589 shares if all of the 5,641 employees of the Company's subsidiaries, the maximum number of persons eligible for the Plan, enroll in the Shareholding Association and agree to the Plan. Assuming such number of shares to be disposed of, the scale of the dilutive effect of the Disposal of Treasury Shares will be 0.13% (rounded off to two decimal places; the same applies to the calculation of percentages hereafter) of the total number of shares outstanding (123,458,714 shares) as of March 31, 2025 and 0.13% of the total number of voting rights (1,220,603 units) as of March 31, 2025.

The Plan is being introduced to give incentives to Eligible Employees to strive for the sustainable enhancement of the Company's corporate value and to further promote their value sharing with shareholders of the Company, in addition to helping Eligible Employees with asset accumulation by creating opportunities for them to acquire the Company's common shares, issued or disposed of by the Company, in the form of restricted stock through the Shareholding Association, as a measure to enhance their welfare. The Company believes that the Plan will contribute to increasing the corporate value of the Group and considers the number of shares to be disposed of and the scale of the dilutive effect of shares in the Disposal of Treasury Shares to be reasonable and has concluded that the impact on the market will be minimal, given the scale of the dilutive effect.

Please note that the Disposal of Treasury Shares will be implemented on the condition that the amended Shareholding Association Rules, etc. take effect by the day immediately preceding the date of the disposal related to the Disposal of Treasury Shares and that the Allotment Agreement is concluded between the Company and the Shareholding Association within the prescribed period.

### 3. Summary of the Allotment Agreement

#### (1) Transfer restriction period

From October 31, 2025 to October 31, 2028

(2) Conditions for the lifting of Transfer Restriction

On the condition that an Eligible Employee has continuously been a member of the Shareholding Association during the transfer restriction period, the Transfer Restriction will be lifted upon the expiration of the transfer restriction period for all of the Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employee who has satisfied such condition.

(3) Treatment of withdrawal from the Shareholding Association

In the event that an Eligible Employee withdraws from the Shareholding Association during the transfer restriction period due to mandatory retirement or any other justifiable reason (meaning the case where the Eligible Employee loses their membership eligibility or applies for withdrawal from the Shareholding Association, including withdrawal due to death), the Company will lift the Transfer Restriction on the date that the Shareholding Association receives the application for withdrawal (the date of losing membership eligibility in the case of losing membership eligibility or the date of death in the case of withdrawal due to death; hereinafter referred to as the “Date of Receipt of Withdrawal Application”) for all of the Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employee as of the Date of Receipt of Withdrawal Application.

(4) Treatment in the case Eligible Employees become non-residents

In the event that the Company or its subsidiary makes a decision, including an overseas transfer, that causes an Eligible Employee to fall under the category of a non-resident during the transfer restriction period, the Company will lift the Transfer Restriction on the date that the decision on overseas transfer, etc. was made (the “Date of Decision on Overseas Transfer, etc.”), for all of the Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employee as of the Date of Decision on Overseas Transfer, etc.

(5) Acquisition by the Company for no consideration

In the event that an Eligible Employee commits a violation of laws and regulations or falls under certain other grounds specified in the Allotment Agreement during the transfer restriction period, the Company will rightfully acquire, for no consideration, all of the Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employee as of such time. Additionally, the Company will rightfully acquire the Allotted Shares for which the Transfer Restriction has not been lifted at the expiration of the transfer restriction period or at the lifting of the Transfer Restriction specified in (3) or (4) above.

(6) Management of shares

During the transfer restriction period, the Allotted Shares will be managed in a dedicated account opened with Nomura Securities Co., Ltd. by the Shareholding Association, so as to prevent their transfer, creation of security interests, or other disposal during the transfer restriction period. In addition, the Shareholding Association will register and manage the Restricted Stock Interests separately from other membership interests held by Eligible Employees (the “Ordinary Equity Interests”), in accordance with the provisions of the Shareholding Association Rules, etc.

(7) Treatment upon reorganization, etc.

If, during the transfer restriction period, a merger agreement in which the Company will be the disappearing 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 Company's General Meeting of Shareholders (however, in cases where approval at the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc., then approval by the Company's Board of Directors), the Company will, by a resolution by the Board of Directors, lift the Transfer Restriction on all of the Allotted Shares corresponding to the Restricted Stock Interests held by Eligible Employees out of the Allotted Shares held by the Shareholding Association as of the date of the approval, immediately prior to the business day preceding the effective date of such reorganization, etc.

4. Basis for calculating the disposal price and specific details thereof

The Disposal of Treasury Shares to the Shareholding Association, which is the planned allottee, will be conducted based on the Eligible Employees' contribution of the Special Incentive Money, which was paid to the Eligible Employees for the grant of restricted stock, to the Shareholding Association as contribution assets. To ensure that the disposal price is free from arbitrariness, the disposal price has been set at 3,338 yen, which was the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on July 24, 2025 (the business day immediately preceding the date of the resolution by the Board of Directors). Since this constitutes the market price immediately prior to the date of the resolution by the Board of Directors, the Company believes that it is reasonable and does not represent a particularly favorable price.

The deviation rate (rounded off to the second decimal place) of this disposal price from the average closing price of the Company's shares on the Prime Market of the Tokyo Stock Exchange is as follows.

Period	Average closing price (any amount less than one yen is rounded down)	Deviation rate
1 month (from June 25, 2025 to July 24, 2025)	2,905 Yen	14.91%
3 months (from April 25, 2025 to July 24, 2025)	2,780 Yen	20.07%
6 months (from January 27, 2025 to July 24, 2025)	2,523 Yen	32.30%

Given that the Disposal of Treasury Shares is for the purpose of introducing the Plan and that the disposal price is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors' resolution, the Company's Audit & Supervisory Committee (consisting of six members, including five outside directors) has expressed its opinion that the above disposal price is not particularly favorable to the planned allottee and is legitimate.

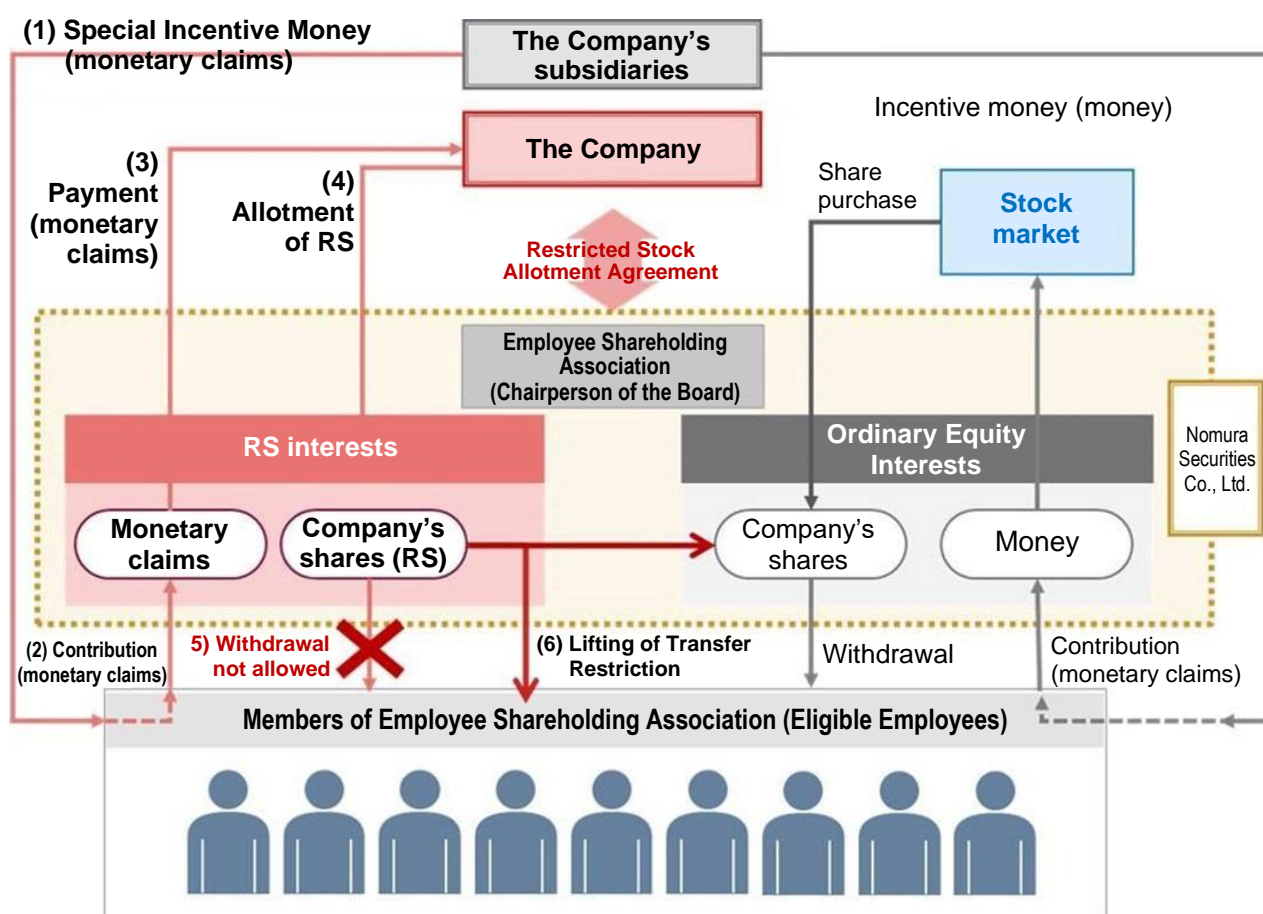
5. Matters related to procedures under the Code of Corporate Conduct

The Disposal of Treasury Shares does not require the opinion of an independent third party or the procedure to confirm the intent of shareholders, as set forth in Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, because (1) the dilution rate is less than 25% and (2) it will not result in a change of the controlling shareholder.

(Reference)

### Structure of the Plan

- (1) The Company's subsidiaries will provide monetary claims to Eligible Employees as the Special Incentive Money for granting restricted stock.
- (2) Eligible Employees will contribute the monetary claims described in (1) above to the Shareholding Association.
- (3) The Shareholding Association will collect and contribute the monetary claims contributed in (2) above to the Company.
- (4) The Company will allot the Allotted Shares to the Shareholding Association as restricted stock ("RS" in the diagram below).
- (5) The Allotted Shares will be deposited in a dedicated account opened by the Shareholding Association with Nomura Securities Co., Ltd. and the withdrawal of the Allotted Shares will be restricted during the transfer restriction period.
- (6) After the lifting of the Transfer Restriction, the Allotted Shares will be transferred to the Ordinary Equity Interests or securities accounts in the name of Eligible Employees.



End

Note:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.