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Notice Concerning Disposal of Treasury Shares as Restricted Stock Allotment System Through Employee Shareholding Association

HOKKAIDO GAS CO., LTD. (the “Company”) announced on June 30, 2025 the introduction of the restricted stock allotment system through the Employee Shareholding Association (hereinafter, the “System”). The Company hereby announces that, at a meeting of the Board of Directors held today, it has resolved to dispose of treasury shares as restricted shares (hereinafter, the “Disposal of Treasury Shares” or “Disposal”), with the HOKKAIDO GAS Employee Shareholding Association (hereinafter, the “Shareholding Association”) as a scheduled allottee. The details are described below.

1. Overview of the Disposal

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| (1) Date of disposal | December 22, 2025 |
| (2) Class and number of shares to be disposed of | The Company’s common shares: 36,200 shares (Note) |
| (3) Disposal price | 591yen per share |
| (4) Total disposal value | 21,394,200yen (Note) |
| (5) Method of disposal (Scheduled allottee) | The number of shares applied for as determined by the Shareholding Association, within the range of the number of shares to be disposed of as stated in (2) above, will be allotted to the Shareholding Association on the condition that an application for subscription is made by the Shareholding Association using the method of third-party allotment (the number of allotted shares will be the number of shares to be disposed of). (HOKKAIDO GAS Employee Shareholding Association: 36,200 shares) Furthermore, partial applications for the number of allotted shares from each eligible employee (as defined below) shall not be accepted. |
| (6) Other | The Disposal of Treasury Shares shall be subject to the effectiveness of the written notice of securities under the Financial Instruments and Exchange Act. |

(Note) The number of shares to be disposed of and the total disposal value are calculated based on the assumption that 20 shares of the Company’s common stock shall be granted as restricted

shares to each of 1,810 employees of the Company and its Group companies (referring to KITAGAS GENEX Corporation, KITAGAS Z-PLEX, KITAGAS SERVICE Co., Ltd., Kitagas Fureasuto Co., Ltd., Energy Solution Co., Ltd., Hokkaido Heat Supply Corporation, and Hokkaido LNG Co., Ltd.; the same shall apply hereinafter), which is the maximum number of eligible persons under the System. The actual number of shares to be disposed of and the total disposal value shall be determined according to the number of employees of the Company and its Group companies (up to 1,810 employees) who agree to the System (hereinafter, the “Eligible Employees”), following the completion of the promotion of membership to those who have not yet joined the Shareholding Association and the confirmation of consent to the System by the members of the Shareholding Association. In particular, as stated in item (5) above, the number of shares to be disposed of shall be the number of shares applied for, as determined by the Shareholding Association. The total disposal value shall be calculated by multiplying this number by the disposal price per share. Furthermore, the Company or its Group companies shall uniformly grant a monetary claim of 11,820yen to each Eligible Employee. Through the Shareholding Association, the Company shall make a uniform allocation of 20 shares to each Eligible Employee.

2. Purpose and reason for the Disposal

As stated in the “Notice Concerning Introduction of Restricted Stock Allotment System Through Employee Shareholding Association” dated June 30, 2025, the System is introduced to provide employees with opportunities to acquire shares of the Company’s common stock (restricted shares) disposed of by the Company, aiming to encourage each employee to proactively work toward the medium- to long-term improvement of performance, feel the Company’s growth as their own achievement, thereby increasing motivation to contribute to the Company and maximizing corporate value, and support employees in building their assets.

It is also intended to contribute to the formation of a stable shareholder base through increased shareholding by employees and to improve the medium- to long-term liquidity of the Company’s shares.

The overview of the System is as follows.

[Overview of the System, etc.]

Under the System, the Company or its Group companies shall provide monetary claims (special incentives) for granting restricted shares to employees who are members of the Shareholding Association and agree to participate in the System. The Eligible Employees shall contribute the monetary claims to the Shareholding Association and receive an allotment of shares of the Company’s common stock as restricted shares through the Shareholding Association. In the event that the Company’s common shares are disposed of under the System, the amount to be paid per share of such common shares shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately prior to the date on which a resolution relating to such disposal is made at Board of Directors meetings (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day), within the range that is not particularly favorable to the Shareholding Association (and thus to the Eligible Employees).

For the purpose of such disposal of the Company’s common shares under the System, the Company and the Shareholding Association shall conclude an agreement on the allotment of restricted shares, which includes provisions such as: 1) a prohibition on the transfer to third parties, pledge of, or otherwise disposal of the allotted shares during a certain period (hereinafter, the “Transfer Restrictions”); and 2) the Company’s acquisition of the allotted shares without consideration if certain conditions are met. The provision of the monetary claims (special incentives) to the Eligible Employees shall be subject to the conclusion of an agreement on the allotment of restricted shares between the Company and the Shareholding Association.

Moreover, until the Transfer Restrictions are lifted, the Eligible Employees shall be restricted from withdrawing the membership interests held by the Eligible Employees for the restricted shares, which are to be held by the Eligible Employees according to the monetary claims contributed to the Shareholding Association (hereinafter, the “Restricted Stock Interests” or “RS Interests”) based on the Shareholding Association Rules, the Shareholding Association Operation Rules, and other rules pertaining to the Shareholding Association (hereinafter, the “Shareholding Association Rules, etc.”) (Note).

(Note) The Shareholding Association is scheduled to resolve to amend the Shareholding Association Rules, etc. to comply with the System prior to the Disposal of Treasury Shares at a 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. The amendments shall come into force two weeks after the notice is sent to the members of the Shareholding Association in accordance with the Shareholding Association Rules, etc., after said resolution of the Board, and objections from the members of the Shareholding Association are less than one-third of the total number of members of the Shareholding Association.

Under the Disposal of Treasury Shares, the Shareholding Association, to whom the allotment is scheduled, shall make contributions in-kind of all the monetary claims (special incentives) contributed by the Eligible Employees under the System, and the Company’s common shares (hereinafter, the “Allotted Shares”) shall be disposed of by the Company to the Shareholding Association. An overview of the restricted stock allotment agreement (hereinafter, the “Allotment Agreement”) to be concluded between the Company and the Shareholding Association for the Disposal of Treasury Shares is provided in “3. Overview of the Allotment Agreement” below. The number of shares to be disposed of under the Disposal of Treasury Shares shall be determined at a later date as described in (Note) of 1. above, and is expected to be 36,200 shares if all of the 1,810 employees of the Company and its subsidiaries, the maximum number of persons to be eligible for the System, join the Shareholding Association and agree to the System. Assuming such number of shares to be disposed of, the scale of dilution of the Disposal of Treasury Shares shall be 0.04% (rounded off to two decimal places; the same shall apply hereinafter for the calculation of the percentage) of the total number of shares issued of 88,689,030 shares as of March 31, 2025, and 0.04% of the total number of voting rights of 880,703 as of March 31, 2025.

The introduction of the System aims to encourage each employee to proactively work toward the medium- to long-term improvement of performance, feel the Company's growth as their own achievement, thereby increasing motivation to contribute to the Company and maximizing corporate value, and support employees in building their assets. The Company believes that the number of shares to be disposed of and the scale of share dilution under the Disposal of Treasury Shares are reasonable, and the impact on the market shall be insignificant in light of the scale of dilution.

The Disposal of Treasury Shares shall be implemented on the condition that the amended Shareholding Association Rules, etc. become effective by the day immediately preceding the date of disposal pertaining 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. Overview of the Allotment Agreement

(1) Transfer restriction period

From December 22, 2025 (hereinafter, the “Date of Disposal”) until the day each Eligible Employee retires upon reaching the mandatory retirement age or through an optional early retirement from a position as an employee of the Company or its Group companies that hold membership in the Shareholding Association.

(2) Conditions for lifting transfer restrictions

On the condition that an Eligible Employee has continued to be a member of the Shareholding Association during the transfer restriction period, the Company shall lift the Transfer Restrictions at the expiration of the transfer restriction period with respect to all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by the Eligible Employee who satisfies such conditions.

(3) Treatment in the event of withdrawal from the Shareholding Association

If an Eligible Employee withdraws from the Shareholding Association during the transfer restriction period due to losing their membership and falls under any of the following conditions, the Company shall lift the Transfer Restrictions on the date on which their membership is lost with respect to all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by the Eligible Employee.

- 1) In the event that an Eligible Employee withdraws from the Shareholding Association due to appointment as a director or officer of the Company.
- 2) If the Eligible Employee loses their membership in the Shareholding Association due to voluntary resignation, retirement resulting from death or the expiration of a leave of absence, or voluntary withdrawal from the Shareholding Association, and has been a member of the Shareholding Association for 20 years or more at the time of such loss of membership (excluding any periods of suspension of membership)

(4) Treatment in the event of becoming a non-resident

If the Company or its Group companies determine that an Eligible Employee will become a non-resident during the transfer restriction period due to overseas transfer or other reasons, the Company shall lift the Transfer Restrictions on the date of making such decision (hereinafter, the “Overseas Transfer, etc. Decision Date”) with respect to all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by the Eligible Employee as of the Overseas Transfer, etc. Decision Date.

(5) Treatment in the event of organizational restructuring, etc.

In the event that a merger agreement under which the Company will become a non-surviving company, a stock exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary, or a matter concerning other organizational restructuring, etc. is approved at a General Meeting of Shareholders (provided, however, that if such organizational restructuring, etc. does not require the approval of a General Meeting of Shareholders of the Company, approval of the Board of Directors) during the transfer restriction period, the Transfer Restrictions shall be lifted by a resolution of the Board of Directors. This applies to all of the Allotted Shares among the Allotted Shares pertaining to the holding by the Shareholding Association in the number corresponding to the Restricted Stock Interests held by the Eligible Employee as of the date of said approval, immediately before the business day preceding the effective date of such organizational restructuring, etc.

(6) Acquisition by the Company without consideration

If an Eligible Employee is dismissed for disciplinary reasons, resigns for cause, resigns due to a violation of laws, regulations, or internal rules, or otherwise falls under any of the circumstances specified stipulated in the Allotment Agreement during the transfer restriction period, the Company shall automatically acquire all of the Allotted Shares in the number corresponding to

the Restricted Stock Interests held by the Eligible Employee as of such time, without consideration. Additionally, at the expiration of the transfer restriction period or at the time the Transfer Restrictions are lifted as specified in items (2) through (5) above, the Company shall automatically acquire the Allotted Shares for which transfer restrictions have not been lifted without consideration.

(7) Management of shares

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the Shareholding Association for restricted shares, so that such Allotted Shares cannot be transferred, pledged, or otherwise disposed of during the transfer restriction period. In addition, the Shareholding Association shall register and manage the Restricted Stock Interests separately from the other membership interests (hereinafter, the “Ordinary Interests”) held by the Eligible Employees, in accordance with the Shareholding Association Rules, etc.

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

The Disposal of Treasury Shares to the Shareholding Association as the scheduled allottee is conducted by the Eligible Employees contributing the monetary claims (special incentives) to the Shareholding Association as capital contribution, which was paid to the Eligible Employees for the grant of restricted shares. To eliminate arbitrariness, the disposal price has been set at 591 yen, which is the closing price of the Company’s common stock on the Tokyo Stock Exchange Prime Market on July 30, 2025 (the business day preceding the date of the resolution of the Board of Directors). This is the market share price immediately before the date of the resolution of the Board of Directors, and the Company believes that this is a reasonable price and does not constitute a particularly favorable price.

5. Matters related to procedures under the Company’s Code of Conduct

The Disposal of Treasury Shares does not require any procedures to acquire the opinion of an independent third party and confirm the intent of its shareholders as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, as it meets the following conditions: 1) the dilution ratio is less than 25%; and 2) it does not result in a change in a controlling shareholder.

(Reference)

[Scheme of the System]

- (1) The Company and its Group companies shall provide the Eligible Employees with monetary claims (special incentives) for allotting restricted shares.
- (2) The Eligible Employees shall contribute the monetary claims described in the item (1) above to the Shareholding Association.
- (3) The Shareholding Association shall collect and contribute to the Company the monetary claims contributed in the item (2) above.
- (4) The Company shall allot the restricted shares to the Shareholding Association (referred to as “RS” in the diagram below).
- (5) The Allotted Shares shall be deposited in a dedicated account opened by the Shareholding Association and the withdrawal of the Allotted Shares shall be limited during the transfer restriction period.
- (6) The Allotted Shares shall be transferred to the Ordinary Interests or a securities account in the Eligible Employee’s name.

