



*(This document is a summary English translation of the original Japanese document. If there are any discrepancies between this document and the original Japanese document, the original Japanese document prevails.)*

12<sup>th</sup> May 2025

To whom it may concern:

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## Regarding continuation and partial revisions of Performance-linked, Stock-based Compensation System for Directors, etc.

Kansai Paint Co., Ltd. (the "Company") hereby announces that it resolved, at the meeting of the Board of Directors held today, to submit a proposal for continuation and partial revisions of performance-linked, stock based compensation system (hereinafter referred to as the "System") for the Company's Directors (excluding Outside Directors of the Board and Directors who are Audit & Supervisory Committee Members; hereinafter the same shall apply), Managing Executive Officers, Senior Executive Officers and Executive Officers (hereinafter collectively referred to as "Directors, etc.," excluding non-residents in Japan) " at the 161<sup>th</sup> Ordinary General Meeting of Shareholders scheduled to be held on 27<sup>th</sup> June 2025(hereinafter referred to as the "General Meeting of Shareholders").

### 1.Continuation and partial revisions of the System

- (1) The Company will extend and partially revise the content of the System with the aim of further enhancing our mid-to long-term performance, awareness of contributing to increased corporate value, and shareholder-focused management awareness among Directors, etc.
- (2) We have formulated our 18<sup>th</sup> Mid-Term Management Plan covering fiscal 2025 to fiscal 2027 with the aim of realizing our vision of "Enrich Lives with Happiness." With the aim of further motivating the achievement of this Mid-Term Management Plan by Directors, etc., we have decided to partially revise the content of the System in the belief that by increasing the linkage between management targets and the remuneration System for Directors, etc., we can further raise awareness of contributing to the increase in corporate value and shareholder-focused management awareness of Directors, etc., as well as promote initiatives aimed at realizing our vision of "Enrich Lives with Happiness."
- (3) The System adopts a system known as the Executive Compensation Board Incentive Plan (BIP) Trust (hereinafter referred to as the "BIP Trust"). The BIP Trust is a system similar to Performance Share and Restricted Stock in the US and Europe, whereby Company shares and cash equivalent to the conversion value of Company shares (hereinafter referred to as "Company Shares, etc.") are granted or paid (hereinafter referred to as "Grant, etc.") to Directors, etc. according to their position, achievement of performance targets, etc.
- (4) In continuing the System, the Company will extend the trust period of the BIP Trust (hereinafter referred to as the "Trust") that has already been established by the Company and will partially revise the contents of the System. Partial revision of the System shall be subject to approval at the General Meeting of Shareholders.

### 2.Overview of the revised System

#### (1) Outline of the System

The System represents a stock-based compensation system under which the Company's shares are acquired through a trust based on the amount of compensation for Directors, etc., which is contributed by the Company, and granted to Directors, etc. (Please refer to paragraph (2) and thereunder for details.)

#### (2) Maximum amount of money to be contributed by the Company

The System covers three (3) fiscal years, which correspond to the three-year period of the Company's Med-Term Management Plan, initially from the fiscal year ended 31<sup>st</sup> March 2026 to the fiscal year ending 31<sup>st</sup> March 2028. (The period subject to the System shall be hereinafter referred to as "the Subject Period".)

During the Subject Period, the Company will contribute trust money within the limit of the amount calculated by multiplying 300 million yen by the number of years of the relevant Subject Period (i.e. 900 million yen for the three (3) fiscal years of the initial Subject Period), and then establish a trust with Directors, etc. who meet the beneficiary requirements as its beneficiary for a period corresponding to the Subject Period.

The Trust follows the instruction of the trust administrator and acquires the Company's shares from the stock market or the Company (by disposal of treasury stock, etc.) using the money contributed to the Trust.

During the Subject Period, the Company will grant points to Directors, etc. (as described in paragraph (3) below). The grants, etc. of the Company's shares, etc. corresponding to the accumulated value of granted points (hereinafter, "the number of accumulated points") will be offered to Directors, etc. from the trust after their retirement. (In the case of death of Directors, etc., the grants, etc. will be offered after death; the same shall apply hereafter.)

At the expiration of the trust period of the Trust, the Company may, instead of establishing a new trust, continuously use the Trust by making amendments to the trust agreement and additional contributions to the Trust. In such a case, the trust period will be extended by three (3) years, and the three-year period after the extension of the trust period shall be the Subject Period. The Company will make additional contributions of not more than 900 million yen for each extension of trust period. During the extended trust period, the Company will continue to grant points to Directors, etc., and the Trust will continue to offer them the grant, etc. of the Company's shares, etc.

It should be noted, however, that in the case where such additional contributions are made, if the Company's shares (excluding the Company's shares corresponding to the points granted to Directors, etc. but the grant, etc. has not been offered yet.) and money (hereinafter, the "residual shares, etc.") remain before the extension of the trust period, the upper limit of the total amount of the residual shares, etc. and the trust money additionally contributed by the Company shall be 900 million yen.

If the Company does not make amendments to the trust agreement or additional contributions at the expiry of the trust period of each Trust, and Directors, etc. who are likely to meet beneficiary requirements are still holding office, points will not be granted to Directors, etc. thereafter. However, the Company may extend the trust period of the Trust until the completion of the grant, etc. of the Company's shares, etc. to the relevant Directors, etc. after their retirement.

(3) Calculation method and the upper limit of the number of the Company's shares to be granted to Directors, etc.

The Company will grant Directors, etc. who hold office as of the end of each fiscal year (including those who retired on the same day due to the expiration of term of office) during the trust period (the first year is the fiscal year ended on 31<sup>st</sup> March, 2026) the points calculated by the following calculation method at a predetermined time after the end of the relevant fiscal year. The granted points will be accumulated each year, and the Company's shares, etc. will be granted according to the number of accumulated points at retirement of Directors, etc.

< Calculation method of points >

The points granted to Directors, etc. (excluding some Executive Officers) shall be only performance-linked points, and the points granted to some Executive Officers shall be the sum of performance-linked points and fixed points. Fixed points and performance-linked points shall be calculated by multiplying the fixed base amount by position, which is determined in advance according to the position, and the performance-linked base amount by position by the performance-linked coefficient, and dividing the result by the closing price of the Company's shares on the Tokyo Stock Exchange on 1<sup>st</sup> July of the first year of the target period of the Trust (if this day is not a business day, it shall be the next business day, and for the initial target period, it shall be 1<sup>st</sup> July 2025) (hereinafter referred to as the "Premise stock price").

(Calculation formula for performance-linked points)

Performance-linked base amount by position ÷ Premise stock price × Performance-linked coefficient(\*)  
(Rounding off of decimal places)

(\*) Performance-linked coefficient varies within the range of 0% to 200% depending on the degrees of achievement, etc. of targets for the performance indicators, etc. provided in the Company's Med-Term Management Plan (i.e. EBITDA and ROE, etc. for the initial Target Period).

(Calculation formula for fixed points)

Fixed base amount by position ÷ Premise stock price  
(Rounding off of decimal places)

Based on the prescribed ratio (1 point = 1 share of common stock of the Company), in the event that the Company's shares in the Trust increase or decrease during the trust period due to stock splits or consolidation of shares, the Company shall adjust the number of the Company's shares to be offered for grant, etc. according to the ratio of increase or decrease.

The maximum number of points to be granted to Directors, etc. during the trust period of the Trust shall be the number of points calculated by multiplying 111,000 points by 3 (the number of years in the Subject Period). And the upper limit of number of the Company's shares that Directors, etc. are entitled to receive during the trust period of the Trust shall be the number of shares corresponding to the relevant maximum number of points (hereinafter, "the Maximum Number of Shares to be Granted"). Therefore, the Maximum Number of Shares to be Granted for the initial three-year Subject Period will be 333,000 (in the case of 1 point being calculated as 1 share). The Maximum Number of Shares to be Granted has been decided in reference to the trend of the stock price, taking into consideration the upper limit of money to be contributed by the Company as stated in paragraph (2) above.

It should be noted that in the event that the Trust is continued in accordance with paragraph (2) above, the Maximum Number of Shares to be Granted during the extended trust period shall be the number of shares

corresponding to the number of points calculated by multiplying 111,000 points by 3 (the number of years in the extended trust period).

(4) Method and timing of grant, etc. of the Company's shares, etc. to Directors, etc.

The Trust will grant Directors, etc. who meet beneficiary requirements the number of Company's shares equivalent to the accumulated points at their retirement.

In this case, the relevant Directors, etc. conduct in the Trust the realization of the number of the Company's shares equivalent to a certain percentage of the number of points for the purpose of securing the funds needed to pay their tax obligations, receive money equivalent to the converted value of such shares and the Company's shares (shares less than one investment unit are rounded down) equivalent to the remaining points.

The Company's shares obtained through the System shall be continuously held until one year passes after retirement.

(5) Clawback, etc.

In the event that Directors, etc. committed serious wrongdoings, violations, etc., the Company may confiscate the points granted (malus) to the relevant Director based on the System and demand the return of money equivalent to the granted Shares (clawback).

(6) Voting rights concerning the Company's shares in the Trust

Voting rights concerning the Company's shares in the Trust shall not be executed during the trust period in order to secure neutrality to management.

(7) Other details of the System

Other details concerning the System will be determined by the Board of Directors whenever the Trust is established, the trust agreement is amended, and additional contributions are made to the Trust.

(For reference)

**【Details of the Trust Contract】**

(1) Type of trust

Money held in trust other than money held in trust under specific single operation  
(Third-Party-Benefit Trust)

(2) Purpose of trust

To provide incentive to Directors and others

(3) Consignor

The Company

(4) Trustee

Mitsubishi UFJ Trust and Banking Corporation  
(Co-trustee: The Master Trust Bank of Japan, Ltd.)

(5) Beneficiaries

Directors and others who satisfy the requirements for beneficiaries

(6) Trust administrator

Third parties (certified public accountants) who have no interest in the Company

(7) Date of the trust extension agreement

August 14, 2025 (scheduled)

(8) Term of the trust

August 10, 2017 - August 21, 2028 (scheduled)

(9) Start date of the system

August 10, 2017.

(10) Exercising of voting rights

Not to be exercised

(11) Type of shares to be acquired

Common stock of the Company

(12) Maximum amount of trust fund

900 million yen (including trust fees and trust expenses)

(13) Acquisition period for shares

August 19, 2025 - September 19, 2025 (scheduled)

(14) Method of share acquisition

Acquisition from the stock market

(15) Person to whom the shares are attributed

The Company

(16) Remaining assets

The remaining assets to be received by the Company, which is the attribution right holder, shall be within the reserve for trust expenses after deducting funds for share acquisition from the trust fund.