



July 4, 2025

Company Name: CHUGOKU MARINE PAINTS, LTD.  
Representative: Kenshi Date, President & CEO  
(Prime Market of the Tokyo Stock Exchange,  
Code No. 4617)

## Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

CHUGOKU MARINE PAINTS, LTD. (the "Company") hereby announces that, at a meeting held on July 4, 2025, its Board of Directors reached the decision to dispose of treasury shares ("Treasury Stock Disposal" or "Disposal") as described below.

### 1. Overview of disposal

(1) Payment date	July 31, 2025
(2) Class and number of shares slated for disposal	37,000 shares of common stock in the Company
(3) Disposal price	¥2,704 per share
(4) Total disposal amount	¥100,048,000.—
(5) Number of intended recipients and shares to be allocated	Four directors (excluding outside directors): 27,000 shares Four managing executive officers who are not concurrently serve as directors : 8,000 shares Two executive officers who are not concurrently serve as directors : 2,000 shares
(6) Others	Extraordinary report has been submitted in accordance with the Financial Instruments and Exchange Act for this treasury stock disposal.

### 2. Purpose and reasons for disposal

At the Board of Directors meeting held on May 9, 2025, the Company decided to review the executive compensation plan for its directors (excluding outside directors; hereinafter referred to as the "Eligible Directors") and to partially revise the contents of the restricted stock compensation plan (hereinafter referred to as the "plan") with the aim of further increasing the Eligible Directors' motivation to contribute to the sustainable improvement of the Company's corporate value and to realize shared value with shareholders for as long as possible.

Specifically, the structure of the plan, which consists of two types of restricted stock, namely, "employment requirement-type restricted stock," for which the condition for the release of transfer restrictions is continuous employment at the Company for a certain period of time, and "performance requirement-type restricted stock," for which the condition for the release of transfer restrictions is the achievement of ROE and other performance targets set in advance by the Company in addition to the above condition, has been revised to require only continuous employment at the Company for a certain period of time.

In addition, at the 128th Ordinary General Meeting of Shareholders held on June 25, 2025, the remuneration to be paid to Eligible Directors under this plan shall be either (1) the Company's common stock or (2) monetary claims as in-kind contributions to acquire the Company's common stock, and the total amount of the Company's common stock or monetary claims to be paid under this plan shall be within 100 million yen per year (excluding the employee salaries of Directors who also serve as employees) within the range of 450 million yen per year, which was the amount of remuneration for Directors of the Company approved at the 110th Ordinary General Meeting of Shareholders held on June 28, 2007. The Company has also approved amendments to this plan, such as the issuance or disposal of up to 100,000 shares of its common stock per year, and the transfer restriction period for restricted stocks to be 30 years.

Furthermore, under this plan, in addition to the Eligible Directors, the Company's Managing Executive Officers who do not

concurrently serve as directors and Executive Officers who do not concurrently serve as directors (collectively with the Eligible Directors, the "Eligible Directors, etc.") will also be provided with restricted stock compensation similar to that provided to the Eligible Directors by resolution of the Board of Directors.

The outline of this plan is as follows.

### **[Outline of the Plan]**

This plan is a system under which the Company issues or disposes of shares of common stock of the Company without requiring payment of money or delivery of assets contributed in kind as compensation for the Eligible directors, etc., or by paying monetary compensation claims as compensation to the Eligible directors, etc., and then delivering all of the said monetary compensation claims as assets contributed in kind to the Eligible directors, etc., for the issuance or disposal of shares of common stock of the Company.

In relation to such issuance or disposal, the Company will enter into a restricted stock allocation agreement with the Eligible Directors, etc. and the contents are :

- i) The Eligible Directors, etc. will be prohibited for a certain period of time from transferring to a third party, creating security interests in, or otherwise disposing of the Company's common shares allocated to them under the restricted stock allocation agreement.
- ii) This will include the Company acquiring the common shares free of charge if certain events occur.

In addition, if the allotment to the Eligible Directors, etc. is made free of charge, the Eligible Directors, etc. will not be required to pay in monetary claims as in-kind contributions in exchange for the Company's common shares when they are issued or disposed of.

The amount of the Company's common shares per share will be determined by the Board of Directors within the scope of an amount that is not particularly advantageous to the Eligible Directors, etc. who subscribe for the common shares, 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 Board of Directors resolution.

In addition, if the allocation to the Eligible Directors, etc. is made by in-kind contribution, the Eligible Directors, etc. will pay in all of the monetary claims provided by the Company under the plan as in-kind contributions and will receive the issuance or disposal of the Company's common stock. The payment amount per share will be determined by the Board of Directors within the scope of an amount that is not particularly advantageous to the Eligible Directors, etc. who subscribe for the common stock based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors' resolution.

Having considered the objectives of the Plan, the Company's business performance, the scope of responsibilities of each Eligible Director, etc., and various other circumstances, and with the aim of further increasing the motivation of each Eligible Director, etc., it has been resolved to grant each of the 10 Eligible Directors, etc. a total of 37,000 shares (as a total of 100,048,000 yen in monetary compensation claims) of the Company's common stock as compensation for the performance of their duties. The outline of the restricted stock allocation agreement (hereinafter referred to as the "Allocation Agreement") to be concluded between the Company and the Eligible Directors, etc. in connection with this Disposal of Treasury Stock is as set forth in 3. below.

### **3. Outline of this Allotment Agreement**

#### **(1) Transfer Restriction Period**

July 31, 2025 to July 30, 2055

#### **(2) Conditions for lifting the transfer restriction**

The transfer restrictions on all of the Allocated Shares will be lifted at the expiration of the transfer restriction period, provided that the Eligible Directors, etc. have continuously held the position of either a Director, Senior Managing Executive Officer not concurrently serving as a Director, or an Executive Officer not concurrently serving as a Director of the Company during the period from the date on which they begin performing their duties until immediately before the conclusion of the first Ordinary General Meeting of Shareholders thereafter.

#### **(3) Treatment in the event that the Eligible Directors resign during the Service Period due to the expiration of their term of office or other legitimate reasons**

① Timing of lifting transfer restrictions

If the Eligible Directors resign from their positions as Directors, Managing Executive Officers not concurrently serving as Directors, or Executive Officers not concurrently serving as Directors of the Company due to the expiration of their term of office or other legitimate reasons (including retirement due to death), the transfer restrictions will be lifted immediately after the retirement of the Eligible Directors.

② Number of shares subject to lifting transfer restrictions

The number of Allotted Shares held at the time of retirement specified in ① shall be multiplied by the number of months from the month in which the Allotment Resolution Date falls to the month in which the Eligible Directors, etc. retire, divided by 12, the number of months for the Service Period.

(4) Acquisition by the Company Free of Charge

At the expiration of the transfer restriction period or the time of the lifting of the transfer restrictions set out in (3) above, the Company will automatically acquire free of charge any Allotted Shares on which the transfer restrictions are not lifted.

(5) Treatment in the event of organizational restructuring, 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, the Board of Directors will, by resolution, lift the transfer restrictions on the number of Allocated Shares held at that time multiplied by the number of months from the month in which the allocation resolution date falls to the month in which the approval date falls divided by 12, the number of months related to the service period, immediately before the business day preceding the effective date of the organizational restructuring, etc.

In addition, immediately after the transfer restriction is lifted, the Company will naturally acquire all Allocated Shares for which the transfer restriction has not been lifted free of charge.

(6) Management of Shares

The Allocated Shares will be managed in a dedicated account opened by the Eligible Directors, etc. at Nomura Securities Co., Ltd. during the transfer restriction period so that they cannot be transferred, security interests can be established, or otherwise disposed of during the transfer restriction period.

In order to ensure the effectiveness of the transfer restrictions and other matters relating to the Allocated Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. regarding the management of the accounts of the Allocated Shares held by each Eligible Director, etc.

In addition, the Eligible Directors, etc. shall consent to the content of the management of such accounts.

**4. Basis for calculation of payment amount and its specific details**

The disposal of treasury stock to the intended allottee will be carried out using the monetary claims paid as restricted stock compensation for the Company's 129th fiscal year under the plan as contributed assets.

The disposal price has been set at 2,704 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on July 3, 2025, in order to eliminate arbitrariness.

This is the market price immediately prior to the date of the Board of Directors' resolution, and is considered to be reasonable and not particularly favorable.