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For Immediate Release

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Regarding Partial Revisions to the Performance-linked, Stock-based Compensation System for Directors, etc.

Kansai Paint Co., Ltd. (hereinafter referred to as the "Company") hereby announces that, at the meeting of its Board of Directors held today, the Company resolved to submit to the 162nd Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2026 (hereinafter referred to as the "General Meeting of Shareholders") a proposal regarding partial revisions to the performance-linked, stock-based compensation system for the Company's Directors and Executive Officers (excluding Outside Directors, Directors who are Audit & Supervisory Committee Members, and non-residents in Japan; hereinafter referred to as the "Directors, etc.>").

1. Continuation and partial revisions of the System

- (1) The Company will partially revise the contents of the System for the Directors, etc., with the aim of further enhancing awareness and motivation to contribute to the improvement of the Company's medium- to long-term business performance and the enhancement of corporate value.
- (2) With a view to realizing the Company's vision of "Enrich Lives with Happiness," the Company has formulated its 18th Medium-Term Management Plan covering fiscal years 2025 to 2027. In order to achieve the goals set forth in the 18th Medium-Term Management Plan, the Company has decided to make partial revisions to the System, as the Company believes that clarifying the linkage between the compensation of the Directors, etc. and the degree of achievement of the targets set forth in the Medium-Term Management Plan will further enhance awareness and motivation to contribute to medium- to long-term business performance improvement and corporate value enhancement, and promote initiatives toward the realization of the Company's vision of "Enrich Lives with Happiness."
- (3) The System adopts a framework known as the Officer Compensation BIP (Board Incentive Plan) Trust (hereinafter referred to as the "BIP Trust"). The BIP Trust is a system under which, similar to performance-linked share-based compensation plans (Performance Shares) and restricted stock-based compensation plans (Restricted Stock) commonly used in Europe and the United States, shares of the Company and/or money equivalent to the proceeds from the sale of the Company's shares (hereinafter referred to as the "Company's Shares, etc.") are delivered or paid (hereinafter referred to as the "Delivery, etc.") to Directors, etc. in accordance with their position and the degree of achievement of performance targets.
- (4) The Company will partially revise the contents of the system of the BIP Trust already established by the Company (hereinafter referred to as the "Trust"). Such partial revisions to the System shall be subject to approval at this 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 the trust based on the amount of compensation for Directors, etc., which is contributed by the Company, and granted to Directors, etc.

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

The System applies to a period corresponding to three (3) fiscal years of the Company's Medium-Term Management Plan (hereinafter referred to as the "Subject Period"). Currently, the Subject Period covers two (2) fiscal years from the fiscal year ended March 31, 2027 to the fiscal year ending March 31, 2028 (hereinafter referred to as the "Current Subject Period").

During the Subject Period, the Company will contribute trust money within the limit of the amount calculated by multiplying 450 million yen by the number of years of the relevant Subject Period (i.e. 900 million yen for the Current Subject Period of two (2) fiscal years), 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 instructions of the trust administrator and acquires the Company's shares from the stock market or the Company (by disposal of treasury shares, 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 referred to as "the number of accumulated points") will be offered to Directors, etc. by 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 1,350 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 referred to as 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 1,350 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 points, at a prescribed time, to Directors, etc. who are in office during the applicable period (including those who retire on that same date due to the expiration of their term of office or other reasons), with such points calculated based on the calculation method set forth below. The granted points will be accumulated, and upon the retirement of a director or officer, the Company will deliver shares of the Company or other equivalent consideration in accordance with the total number of accumulated points.

< Calculation method of points >

Performance-linked points to be granted to Directors, etc. shall be calculated by granting, at a prescribed time during the relevant trust's Subject Period, base points computed by dividing the base amount prescribed in advance for each position by the closing price of the Company's shares on the Tokyo Stock Exchange as of July 1 of the first fiscal year of the Subject Period (or, if such date is not a business day, the next business day; July 1, 2026 for the current Subject Period) (hereinafter referred to as the "Assumed Share Price"), and, after the end of the Subject Period, multiplying such base points by a performance-linked coefficient calculated based on the degree of achievement of the performance indicators set forth in the Company's Medium-Term Management Plan and other indicators determined by the Board of Directors, for the final fiscal year of the Subject Period.

(Calculation formula for performance-linked points)

Performance-linked base amount by position \div Assumed share price \times Performance-linked coefficient(*)
(Fractions after the decimal point are rounded down.)

(*) The performance-linked coefficient varies within a range of 0% to 200%, based on the degree of achievement of the performance targets and other indicators set forth in the Company's Medium-Term Management Plan, including other performance indicators determined by the Board of Directors (for the Current Subject Period: net sales, EBITDA, ROE, and external ESG ratings).

One point shall correspond to one share of the Company's common stock. If the number of the Company's shares held in the trust increases or decreases during the trust period due to events such as stock splits or reverse stock splits, the Company shall adjust the number of shares of the Company to be delivered, etc., in proportion to such increase or decrease.

The maximum number of points that may be granted to Directors, etc. during the trust period shall be 160,000 points multiplied by the number of years of the Subject Period (i.e., a total of 320,000 points for the Current Subject Period of two (2) fiscal years). Accordingly, the maximum number of shares of the Company's stock, etc. that Directors, etc. may receive from the trust during the trust period shall be the number of shares corresponding to such maximum number of points (hereinafter referred to as the "Maximum Deliverable Shares").

Therefore, the maximum number of deliverable shares corresponding to the initial subject period covering three fiscal years shall be 480,000 shares (one (1) share of the Company's stock per one (1) point. For the current Subject Period of two (2) fiscal years, this corresponds to a total of 320,000 shares.). The Maximum Deliverable Shares have been determined with reference to stock price trends, considering the upper limit on the amount of funds contributed by the Company as described in (2) above.

If the trust is continued pursuant to (2) above, the Maximum Deliverable Shares for the extended trust period shall be the number of shares corresponding to the number of points obtained by multiplying 160,000 points by the number of years of the extended trust period.

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

Directors, etc. who satisfy the beneficiary requirements shall receive from the trust the Company's shares corresponding to the cumulative number of points held as of the time of their retirement.

At such times, a portion of the Company's shares corresponding to a certain percentage of the points shall be sold within the trust to secure funds for tax payments, and the Directors, etc. shall receive a cash payment equivalent to the proceeds of such sale. The remaining Company's shares corresponding to the remaining points shall be delivered (any fractional shares constituting less than one trading unit shall be rounded down).

Any Company's shares acquired through the System shall be continuously held for one year following retirement.

(5) Clawback, etc.

In the event that a Director, etc. engages in material misconduct, violations, or similar acts, the Company may confiscate the points granted under the System (malus) and demand the return of cash equivalent to the value of the shares, etc. delivered (clawback) from such Director, etc.

Notwithstanding the foregoing, certain Executive Officers shall be excluded from the scope of the cash return (clawback).

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

To ensure neutrality in management, voting rights associated with the Company's shares held in the trust shall not be exercised during the trust period.

(7) Other Matters of This Plan

Any other matters relating to this plan shall be determined by the Board of Directors on each occasion of the establishment of the trust, any amendment to the trust agreement, and any additional contributions to the trust.

(For reference)

【Details of the Trust Contract】

(1) Type of trust

This trust is a third-party-benefit trust and does not constitute a trust established for a specific single operation.

(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

An independent third party with no conflict of interest with the Company (a Certified Public Accountant)

(7) Date of Trust Amendment Agreement

August 13, 2026 (scheduled)

(8) Term of the trust

August 10, 2017 - August 31, 2028

(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

1,350 million yen (planned) (including trust fees and trust expenses)

(13) Acquisition period for shares

August 18, 2026 - September 1, 2026 (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.