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Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

Chuetsu Pulp & Paper Co., Ltd. (the "Company") hereby announces that it has resolved today to dispose of the Company's treasury shares as restricted stock compensation (hereinafter referred to as the "Disposal of Treasury Shares" or "Disposal") in accordance with Article 370 of the Companies Act and Article 27 of the Company's Articles of Incorporation (written resolution in lieu of a resolution of the Board of Directors meeting). The details are described below.

1. Overview of the Disposal

(1) Payment date	August 21, 2026
(2) Class and number of shares to be disposed of	11,207 shares of common stock of the Company
(3) Disposal price	2,170 yen per share
(4) Total value of the Disposal	24,319,190 yen
(5) Planned allottees	The Company's Directors (excluding Audit and Supervisory Committee Members and Outside Directors): 3 persons, 4,477 shares The Company's Executive Officers and Advisors: 9 persons, 6,730 shares

2. Purpose and reason for the Disposal

At the Board of Directors' meeting held on May 15, 2025, the Company resolved to introduce a restricted stock compensation plan (the "Plan") for the Company's Directors (excluding Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as "Eligible Directors"), for the purpose of strengthening incentives to sustainably enhance the Company's corporate value and to promote further value sharing with shareholders.

At the 109th Ordinary General Meeting of Shareholders held on June 25, 2025, the Company obtained approval for, among other things, the following matters: 1) the total amount of the Company's common stock or monetary compensation claims to be paid to the Eligible Directors to grant restricted stock shall not exceed 60 million yen per year, 2) the total number of shares of the Company's common stock to be issued or disposed of to the Eligible Directors shall be limited to a maximum of 66,000 shares per year, and 3) the restricted stock is subject to the transfer restriction period.

The Company has introduced a restricted stock compensation plan similar to the Plan for the Company's Executive Officers and Advisors.

Today, in consideration of the purpose of the Plan, the Company's business performance, and other various circumstances, the Company has resolved at its Board of Directors meeting to grant monetary compensation claims totaling 24,319,190 yen (hereinafter referred to as the “Monetary Compensation Claims”) to three Directors, seven Executive Officers, and two Advisors of the Company (hereinafter referred to as “Eligible Directors, etc.”). The 12 Eligible Directors, etc. will pay in all of the Monetary Compensation Claims as property contributed in kind and will receive 11,207 shares of common stock of the Company to be disposed of by the Company (hereinafter referred to as the “Allotted Shares”). In order to achieve the purpose of introducing the Plan, namely, to sustainably enhance the Company’s corporate value and promote further value sharing with shareholders over the medium to long term, the transfer restriction period has been set as the period until the date of retirement or resignation from the position as Director of the Company or other positions determined by the Board of Directors of the Company.

<Overview of the stock allotment agreement>

The Company and each of the Eligible Directors, etc. will conclude a restricted stock allotment agreement, as outlined below.

(1) Transfer restriction period

The Eligible Directors, etc. shall not transfer, create any security interest in, make gifts inter vivos of, or otherwise dispose of the Allotted Shares during the period commencing on the payment date for the Allotted Shares (hereinafter referred to as the “Payment Date”) and ending on the later of (i) the date on which they retire or resign from their position as Director of the Company or any other position designated by the Board of Directors of the Company, and (ii) the date on which the Company submits its securities report for the fiscal year in which the Payment Date falls (or if the Payment Date falls within the first six months of the Company’s fiscal year, its semiannual securities report) (hereinafter referred to as the “Restriction Period”).

(2) Conditions for lifting transfer restrictions

Provided that the Eligible Director, etc. has continuously held the position of Director, Executive Officer, or Advisor of the Company throughout the period from the date of the Ordinary General Meeting of Shareholders of the Company immediately before the Payment Date until the conclusion of the first Ordinary General Meeting of Shareholders of the Company thereafter (hereinafter referred to as the “Service Period”), the transfer restrictions for all of the Allotted Shares shall be lifted upon the expiration of the Restriction Period.

However, if an Eligible Director, etc. retires or resigns during the Service Period for a legitimate reason or due to death, the transfer restrictions shall be lifted for the number of the Allotted Shares, which is obtained by multiplying the number of the Allotted Shares held by the Eligible Director, etc. as of the retirement or resignation by the number of months from the month following the month that includes the date of the Ordinary General Meeting of Shareholders of the Company immediately before the Payment Date to the month that includes the date of the retirement or resignation of the Eligible Director, etc., divided by 12 (however, should the calculation result in a fraction of a share, it shall be disregarded).

(3) Reason for acquisition without consideration

If an Eligible Director, etc. retires or resigns from all positions as Director, Executive Officer, or Advisor during the Service Period without a legitimate reason, the Company shall automatically acquire the Allotted Shares free of charge.

If there are any Allotted Shares for which the transfer restrictions have not been lifted at the time specified in (2) above for the lifting of the transfer restrictions, the Company shall automatically acquire those shares free of charge.

(4) Handling of restructuring and similar events

Notwithstanding the provisions specified in (1) above, during the Restriction Period, if matters related to a merger agreement in which the Company becomes the disappearing company, a stock exchange agreement in which the Company becomes a wholly owned subsidiary, a share transfer plan, or any other restructuring events are approved at the Company’s General Meeting of Shareholders (or at the Company’s Board of Directors meeting if shareholder approval is not required for such restructuring), the Company shall, by resolution of the Board of Directors, lift the transfer restrictions for the number of shares, which is obtained by multiplying the number of the Allotted Shares held by the Eligible Director, etc. as of the date of such approval (hereinafter referred to as the “Restructuring Approval Date”) by the number of months from the month following the month that includes the date of the Ordinary General Meeting of Shareholders of the Company immediately before the Payment Date to the month that includes the Restructuring Approval Date, divided by 12 (if the result is more than one, it shall be rounded down to one; however, should the calculation result in a fraction of a share, it shall be disregarded), immediately before the business day preceding the effective date of such restructuring. In this case, if there are any Allotted Shares for which the transfer restrictions have not been lifted immediately after the lifting of transfer restrictions, the Company shall automatically acquire those shares free of charge.

(5) Management of shares

The Eligible Directors, etc. shall, in a manner designated by the Company, open a dedicated account to book or record the Allotted Shares with a securities company designated by the Company, and deposit and maintain all of the Allotted Shares in such a dedicated account until the transfer restrictions are lifted.

3. Basis for calculating the amount of payment and specific details thereof

To avoid arbitrary pricing, the disposal price for the Disposal of Treasury Shares has been set at 2,170 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on July 22, 2026, the business day immediately preceding the date of meeting of the Board of Directors. This is the market price immediately prior to the resolution of the Board of Directors of the Company. Hence, the Company believes that it is reasonable and does not represent a particularly advantageous price.