



May 9, 2025

Company Name:	CHUGOKU MARINE PAINTS, LTD.
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## **Notice Concerning Revision of the Restricted Stock Compensation Plan**

CHUGOKU MARINE PAINTS, LTD. (the "Company") hereby announces that it has reviewed its executive compensation plan and resolved to revise the restricted stock compensation plan (the "Plan") at a meeting of its Board of Directors held on May 9, 2025, and will submit a proposal for the 128th Annual General Meeting of Shareholders scheduled to be held on June 25, 2025 (the "Shareholders Meeting").

### **1. Purpose of the revision of the Plan**

The Plan was introduced at the 121st Annual General Meeting of Shareholders held on June 21, 2018, for the purpose of granting incentives to its directors (excluding outside directors; "Eligible Directors") to sustainably increase the Company's corporate value and advancing the sharing of value between the Eligible Directors and shareholders. In addition, at this Shareholders Meeting, it was approved that the total amount of monetary claims to be paid to the Eligible Directors for the purpose of granting restricted stock shall be up to ¥100 million per annum (however, this does not include the employee salaries of directors who also serve as employees), and is within the range of ¥450 million per annum, which is the amount of compensation for its directors approved at the 110th Annual General Meeting of Shareholders held on June 28, 2007, and that the total number of shares of the Company's common stock to be issued or disposed of by the Company shall be up to 100,000 shares per year.

The Company has reviewed its executive compensation plan and resolved to partially revise the contents of the Plan in order to further increase the motivation of Eligible Directors to contribute to the sustainable improvement of the Company's corporate value and to realize sharing of value between the Eligible Directors and shareholders for as long as possible.

The revision of the plan is subject to approval by the shareholders at the Shareholders Meeting.

### **2. Outline of the Plan after Revision**

The previous plan consisted of "restricted stock with service conditions," requiring continuous employment for a certain period to lift the transfer restrictions, and "restricted stock with performance conditions," requiring the achievement of ROE or other performance targets set in advance by the Company's Board of Directors. However, under the revised plan, only continuous service for a certain period of time at the Company will be a condition for lifting the transfer restriction.

The transfer restriction period was approved as "for the restricted stock with service conditions, the period will be between three and five years from the date of allotment pursuant to the restricted stock allotment agreement (hereinafter referred to as the "Allotment Agreement"), as determined in advance by the Board of Directors of the Company, and for the restricted stock with performance conditions, the period will be between one and five years from the date of allotment pursuant to the Allotment Agreement, as determined in advance by the Board of Directors of the Company." However, the Company will submit a proposal for the Shareholders Meeting to revise the term to "30 years from the date of allotment pursuant to the Allotment Agreement". In addition, in accordance with the change to the transfer restriction period, necessary amendments will also be made to the lifting the transfer restrictions under the plan and handling of retirement.

In addition, the method of granting restricted stock under the plan will be changed to add the method of issuing or disposing of the Company's common stock without requiring payment of money or delivery of in-kind contributions, in exchange for the Company's common stock as compensation for the Eligible Directors, in addition to the method of issuing or disposing of the Company's common stock by paying in entire amount of monetary claims granted by the Company under the Plan, so that the Company's common stock can be issued or disposed of by either method.

The above revisions will apply to restricted stock to be granted in the future, and will not change the transfer restriction period, etc. for restricted stock that have already been granted.

Also, under this plan, in addition to the Eligible Directors, the Company's managing executive officers and executive officers, who do not concurrently serve as directors are to be provided with the same restricted stock compensation as that provided to the Eligible Directors by resolution of the Board of Directors.

### **3. Others**

Other than the above revisions, there are no changes to the content of the Plan. For an overview of the Plan at the time of its introduction, please refer to the "Notice Concerning the Introduction of a Restricted Stock Compensation Plan" released on May 8, 2018.