

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



June 26, 2025

Company Name: Shinagawa Refractories Co., Ltd.  
 Name of Representative President and CEO: Hiroyuki Fujiwara  
 (Securities code: 5351; Prime Market of the Tokyo Stock Exchange  
 / Main Market of the Sapporo Securities Exchange)  
 Inquiries: Tsutomu Kariyazaki  
 IR and PR Dept.  
 (TEL: +81-03-6265-1614)

## Notice regarding the Disposal of Treasury Stock for Performance-Based Stock Compensation

At the Board of Directors meeting held today, the Company decided to dispose of treasury stock as restricted stock (hereinafter referred to as the "Treasury Stock Disposal") as follows. We want to inform you that we have resolved to do so.

### 1. Summary of Disposal

(1) Payment due date	July 25, 2025
(2) Type and number of shares for disposal	The Company's common stock: 29,882 shares
(3) Disposal price	1,626 yen per share
(4) Total amount of disposal value	48,588,132 yen
(5) Planned assignment destination	The Company's directors (*): 5 people: 29,882 shares * Excluding directors who are members of the Audit and Supervisory Committee and outside directors, this includes two retired directors.
(6) Others	Of the Treasury Stock Disposal, the Company has submitted a securities notice under the Financial Instruments and Exchange Act for those to which two retirees are scheduled to be allotted.

## 2. Purpose and reason for disposal

At the Board of Directors meeting held on May 11, 2023, the Company appointed the Company's directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors, hereinafter referred to as "eligible directors"). To provide incentives to enhance the Company's corporate value and promote further value sharing with shareholders, the Company's performance-linked stock-based compensation plan (Performance Share Unit Plan) (hereinafter referred to as the "Plan"). It was resolved to introduce the following.

In addition, at the 189th Ordinary General Meeting of Shareholders held on June 29, 2023, (i) the period specified by the Board of Directors of the Company (hereinafter referred to as the "Evaluation Period") based on the Plan shall be determined. The Evaluation Period for the Treasury Stock Disposal is one fiscal year from April 1, 2024, to March 31, 2025. (ii) The total number of shares of the Company's common stock to be issued or disposed of shall not exceed 40,000 shares per year (\*), and the amount of monetary remuneration claims to be paid shall not exceed 80 million yen per year, and (iii.) It has been approved that the restriction period for restricted shares shall be from the date of delivery of restricted shares to the date on which the eligible directors loses his or her position as a director of the Company or any other member of the Board of Directors of the Company.

After the stock split on October 1, 2023, the annual shares will be up to 200,000 shares.

As the Evaluation Period for the Treasury Stock Disposal has ended, the Company has issued a total of 29,882 shares of the Company's common stock (hereinafter referred to as the "Allotment Shares") to the five eligible directors as consideration for the execution of their duties as directors in consideration of the execution of their duties as directors. We have resolved to grant it. The outline of this Plan is as follows.

### <Outline of the Plan >

Based on this Plan eligible directors will receive monetary remuneration claims in the amount calculated by the calculation method approved at the 189th Ordinary General Meeting of Shareholders held on June 29, 2023. They will be issued or disposed of by the Company's common stock by paying the entire amount as in-kind contribution assets.

In issuing or disposing of the Company's common shares under the Plan, a restricted stock allotment agreement (hereinafter referred to as the "Allotment Agreement") is required between the Company and the eligible directors who are in office to be allotted. The outline of the agreement is as follows.

#### (1) Transfer Restriction Period

Eligible Directors shall be appointed from July 25, 2025 (due date) until the date on which they lose their position as Directors of the Company (However, if the said date is a date prior to the date of submission of the Company's semi-annual report for the fiscal year 2025, the date of submission of the said semi-annual report, unless the said position is lost due to death, expiration of the term of office, or any other reason that the Board

of Directors of the Company deems legitimate.) . The Allotment Shares may not be transferred, secured, or otherwise disposed of.

(2) Cancellation of transfer restrictions

At the expiration of the transfer limitation period, the Company shall lift the transfer restriction on all of the Allotment Shares.

(3) Acquisition free of charge by the Company

If eligible directors violate laws and regulations, internal rules, the Allotment Agreement, or any other reason specified by the Board of Directors of the Company as a reason for which it is appropriate to acquire the Allotment Shares free of charge, the Company shall naturally acquire the Allotment Shares for which the transfer restriction has not been lifted free of charge.

(4) Management of shares

The Allotment Shares shall be managed in a dedicated account for restricted shares opened by the eligible directors with Daiwa Securities Co., Ltd. during the restriction period so that they cannot be transferred, secured, or otherwise disposed of during the restriction period.

(5) Handling in the case of organizational restructuring, etc.

If, during the transfer restriction period, a merger agreement in which the Company becomes a dissolved company, a share exchange agreement in which the Company becomes a wholly owned subsidiary, a share transfer plan, or other matters related to organizational restructuring, etc., are approved by the Company's General Meeting of Shareholders (provided, however, that the Company's Board of Directors is not required for such reorganization, etc., if approval by the Company's General Meeting of Shareholders is not required), all of the Allotment Shares shall be paid by resolution of the Board of Directors. Before the effective date of the reorganization, etc., the transfer restriction will be lifted.

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

The Treasury Stock Disposal is based on monetary compensation claims paid to the scheduled allottees under the Plan as investment assets, and the paid-up price is set at 1,626 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on June 25, 2025 (the business day before the date of the resolution of the Board of Directors) to eliminate arbitrariness. This is the market stock price immediately before the date of the resolution of the Board of Directors, and in the absence of special circumstances indicating that we cannot rely on the most recent stock price, we believe that it is reasonable and appropriately reflects the corporate value of the Company, and does not fall under the category of a value that is particularly advantageous to the assignee.

This amount is the simple average closing price of the Company's common stock on the Tokyo Stock Exchange for one month (May 26, 2025, to June 25, 2025) of 1,650.0 yen (rounded to the nearest 0.1 yen). The same applies to the simple average value of the closing price. Deviation rate from - 1.45% (rounded to the third decimal place. In the calculation of the deviation rate,

the same applies hereinafter. The deviation rate from the simple closing price of 1,625.4 yen for the three months (March 26, 2025, to June 25, 2025) is 0.04%, and the deviation rate from the simple closing price of 1,681.1 yen for the six months (from December 26, 2024, to June 25, 2025) is -3.28%. We believe that it does not fall under the category of a value that is particularly advantageous to the grantee.