



November 27, 2025

To all parties concerned,

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Notice on Introduction of Share-Based Remuneration Plan for Management-level Employees

The Company hereby informs that, as resolved at the Board of Directors meeting held today, the Company will introduce a share-based remuneration plan using a trust (the “**Plan**”) for management-level employees of the Company (“**Management-level Employees**”) as follows. The following contents may be subject to change based on future review.

Details

1. Purpose of introducing the Plan

The Plan aims to enhance the engagement of Management-level Employees and increase the Company’s medium- to long-term corporate value by fostering a sense of belonging and consciousness of participating in management among Management-level Employees and heightening their awareness of the Company’s performance and stock price growth.

2. Overview of the Plan

The Plan is a share-based remuneration plan whereby a trust established by the Company through monetary contributions (the “**Trust**”) acquires the shares of the Company, and a number of shares equivalent to the points granted by the Company to Management-level Employees who satisfy certain requirements are delivered to such Management-level Employees through the Trust.

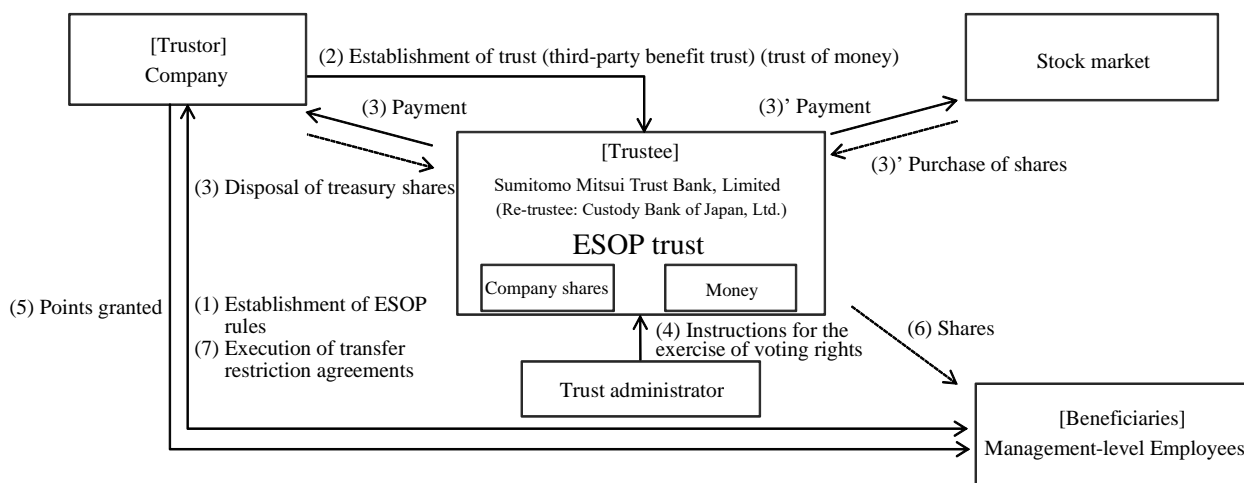
As the funds for acquiring the shares of the Company through the Trust will be contributed in full amount by the Company, Management-level Employees will not bear any acquisition costs.

The shares of the Company to be delivered shall be subject to transfer restrictions until retirement of the relevant Management-level Employees as stipulated in transfer restriction agreements to be executed between the Company and each Management-level Employee.

The introduction of the Plan enables Management-level Employees to enjoy economic benefits from the stock price growth of the Company. This is expected to encourage Management-level Employees to conduct business with an awareness of the Company’s stock price and to enhance their motivation to work. In addition, by imposing transfer restrictions on the shares of the Company as described above, it is possible to provide incentives for the sustained enhancement of corporate value even after the shares are delivered.

Details of the Plan will be determined by resolution of the Board of Directors of the Company, and the Company will provide further notice once the resolution is adopted.

[Overview of the framework of the Plan]



- (1) The Company will establish ESOP (Employee Stock Ownership Plan) rules for Management-level Employees.
- (2) The Company will establish an ESOP trust (the Trust) (third-party benefit trust) with its Management-level Employees as beneficiaries. At that time, the Company will entrust the trustee with an amount of money equivalent to the funds for acquiring the shares.
- (3) The trustee will acquire a substantial number of the shares of the Company expected to be delivered in the future all at once (through the disposal of treasury shares or through acquisition from the stock market (including off-floor trading)).
- (4) A trust administrator (who is independent of the Company and its officers) will be appointed to protect the interests of beneficiaries subject to the ESOP rules throughout the trust period and to supervise the trustee. Regarding the shares of the Company held within the Trust, the trust administrator will instruct the trustee on the exercise of voting rights, and the trustee will exercise voting rights throughout the trust period based on such instructions.
- (5) The Company will grant points to Management-level Employees based on the ESOP rules.
- (6) Management-level Employees who satisfy the requirements specified in the ESOP rules and the trust agreement pertaining to the Trust will receive shares of the Company from the trustee as beneficiaries of the Trust in proportion to the points granted.
- (7) Prior to the delivery of the shares of the Company, the Company and the relevant Management-level Employees will enter into a transfer restriction agreement for such shares, setting the period from the delivery date until the date of retirement from the Company as the transfer restriction period. The Company will release such transfer restrictions upon the retirement of the relevant Management-level Employees (if the requirements for release of the transfer restrictions are not satisfied, the Company will acquire such shares without compensation).

Sumitomo Mitsui Trust Bank, Limited, acting as trustee in the Plan, will entrust (re-entrust) the management of the trust assets to Custody Bank of Japan, Ltd.

3. Overview of the Trust

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| (1) Name | ESOP trust for Management-level Employees (RS Trust) |
| (2) Trustor | Mitsubishi Pencil Company, Limited (the Company) |
| (3) Trustee | Sumitomo Mitsui Trust Bank, Limited (Re-trustee: Custody Bank of Japan, Ltd.) |
| (4) Beneficiaries | Management-level Employees who satisfy the beneficiary requirements |
| (5) Trust administrator | A third party independent of the Company and its officers is to be appointed |
| (6) Exercise of voting rights | The trustee will exercise voting rights throughout the trust period based on instructions from the trust administrator |
| (7) Type of trust | Trust of money other than money trust (third-party benefit trust) |
| (8) Date of trust agreement | May 2026 (scheduled) |
| (9) Trust period | From May 2026 to the end of February 2029 (scheduled) |
| (10) Purpose of trust | Delivering shares of the Company to beneficiaries based on the ESOP rules |

End