



May 14, 2025

To whom it may concern,

Company name: PACIFIC METALS CO., LTD.
Representative: Masayuki Aoyama, President and
Representative Director
(Securities code: 5541
TSE Prime Market)
Contact: Terunobu Matsuyama,
Director and Managing Executive
Officer
(Telephone: +81-3-3201-6681)

Notice Concerning Introduction of Restricted Stock Compensation System

PACIFIC METALS CO., LTD. (the “Company”) hereby announces that, at the meeting of the Board of Directors held today, it reviewed its officers’ compensation system and resolved to introduce a restricted stock compensation system (the “System”). Following this resolution, the Company hereby announces that it has decided to put forward, as described below, a proposal concerning the System to the 99th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) to be held on June 25, 2025.

1. Objective, etc. of Introduction of the System

The objective of the System is to provide Directors of the Company (excluding Outside Directors; hereinafter, “Eligible Directors”) an incentive to sustainably enhance the Company’s corporate value and further promote sharing of value between them and shareholders.

As this System involves the payment of compensation to Eligible Directors in the form of monetary claims for the grant of restricted stock, the introduction of the System shall require the approval of shareholders for the payment of such compensation at the General Meeting of Shareholders. At the 80th Annual General Meeting of Shareholders held on June 29, 2006, approval was received for the amount of compensation for Directors of the Company to be up to 350 million yen per year (however, this does not include the employee salaries of Directors who also serve as employees). At the General Meeting of Shareholders, the Company plans to request shareholders’ approval to introduce the System and to set a compensation amount separate from the aforementioned compensation for the payment of the compensation pertaining to the System to Eligible Directors.

2. Overview of the System

The total amount of monetary claims to be paid to Eligible Directors under the System will be up to 70 million yen per year (however, this will not include the employee salaries of Directors who also serve as employees), and the total number of common shares of the Company to be issued anew or disposed of under the System will be up to 45,000 per year (provided, however, that, if a stock split of the Company’s common shares (including the gratis allotment of shares of the Company’s common stock) or a consolidation of stock is conducted with an effective date on or after the date of the resolution of the General Meeting of Shareholders, or if other circumstances arise that necessitate

adjustments to the total number of shares of the Company's common stock that are issued or disposed of as restricted shares), such total number of shares shall be adjusted as needed within a reasonable range according to the ratio of split or consolidation).

Eligible Directors shall pay in all monetary claims paid by the Company under the System as property contributed in kind and have common shares of the Company issued thereto or disposed therefor. The amount to be paid in per share will be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors who will receive such common shares, based on the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day preceding the day of each resolution by the Board of Directors (or, if there is no closing price on that day, the closing price on the immediately preceding trading day). Further, the specific timing of such payments and the allocations to Eligible Directors will be determined by the Board of Directors after deliberation by the Nomination and Compensation Committee.

In addition, the issuance or disposal of common shares of the Company under this System (the "Shares") shall be conditional on the conclusion between the Company and the Eligible Directors of a Restricted Shares Allotment Agreement that includes in its provisions that (1) the transfer to a third party, creation of a security interest on, or other disposal of the Shares shall be prohibited for a certain period (the "Transfer Restriction Period"), and (2) the Company shall acquire the Shares without contribution in the event of certain circumstances. To ensure that the Shares cannot be transferred, have a security interest created on them, or be otherwise disposed of during the Transfer Restriction Period, the Company plans to have the Shares managed in special accounts to be opened by the Eligible Directors at Nomura Securities Co., Ltd. for the duration of that period.