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June 25, 2025

To whom it may concern,

Company name: PACIFIC METALS CO., LTD.  
Representative: Kazuo Iwadate, President and  
Representative Director  
(Securities code: 5541  
TSE Prime Market)  
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### **Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation**

PACIFIC METALS CO., LTD. (the “Company”) hereby announces that, at the meeting of the Board of Directors held today, it resolved to conduct a disposal of treasury shares (the “Treasury Shares Disposal” or “Disposal”). The details are described below.

#### **1. Overview of Disposal**

(1) Disposal date	July 24, 2025
(2) Class and number of shares to be disposed	Common shares of the Company 7,795 shares
(3) Disposal price	1,619 yen per share
(4) Total value of Disposal	12,620,105 yen
(5) Allottees of shares and number thereof, number of shares to be allotted	Directors of the Company (excluding Outside Directors) Four (4) Directors, 7,795 shares

#### **2. Objective and Reason for the Disposal**

At the meeting of the Board of Directors held on May 14, 2025, the Company resolved to introduce a Restricted Stock Compensation System (the “System”) 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 the Directors and the shareholders. In addition, at the 99th Annual General Meeting of Shareholders held on June 25, 2025, approval was received for monetary claims of up to 70 million yen per year to be paid to the Eligible Directors as compensation to be used as property contributed in kind for the acquisition of restricted shares (hereinafter, the “Restricted Stock Compensation”) under the System, for up to 45,000 common shares of the Company per year to be issued or disposed of to the Eligible Directors, and for the transfer restriction period of the restricted shares to be set at 50 years.

An overview of the System is as follows.

#### [Overview of the System]

Eligible Directors shall pay in all monetary claims made by the Company under the System as a contribution in kind and have common shares of the Company issued or disposed of accordingly. 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).

In addition, for the issuance or disposal of common shares of the Company under the System, the Company and the Eligible Directors shall conclude 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.

On this occasion, following deliberation by the Nomination and Compensation Committee, and taking the objective of the System, the Company's business circumstances, the range of responsibilities of the Eligible Directors, and other various circumstances into account, the Company has decided to grant to the Eligible Directors monetary claims totaling 12,620,105 yen (the "Monetary Claims") and total of 7,795 common shares of the Company with the objective of further increasing the motivation of Eligible Directors. In consideration of the most recent business results, following the introduction of the System, the Company has reviewed the cash portion of the individual Directors' compensation, and will grant the restricted shares after deducting an amount equivalent to the Monetary Claims from the cash compensation.

In the Treasury Shares Disposal, under the System, the four (4) Eligible Directors, who are the intended allottees, will pay in all of the Monetary Claims on the Company as property contributed in kind and receive the Disposal of common shares of the Company (the "Allotted Shares"). An overview of the Restricted Shares Allotment Agreement to be concluded between the Company and the Eligible Directors for the Treasury Shares Disposal (the "Allotment Agreement") is provided in 3. below.

### 3. Overview of the Allotment Agreement

#### (1) Transfer Restriction Period

From July 24, 2025 (the "Disposal Date") to July 23, 2075

#### (2) Lifting of Transfer Restrictions

The Transfer Restrictions will be lifted for all of the Allotted Shares at the time of expiration of the Transfer Restriction Period on the condition the Eligible Director has held the position of Director of the Company continuously during the Transfer Restriction Period.

#### (3) Handling in the event that an Eligible Director vacates the position due to expiry of term of office, retirement, or other legitimate reason

##### (i) Timing of Lifting of Transfer Restrictions

Notwithstanding the provisions in (2) above, if an Eligible Director vacates the position of Director due to expiry of term of office, retirement, or other legitimate reason (including vacation due to death), the transfer restrictions will be lifted immediately after the Eligible Director's vacation of the position.

##### (ii) Number of shares eligible for lifting of transfer restrictions

The number of shares obtained by first dividing the number of months from the month of the Disposal Date to the month of the Eligible Director's vacation of the position by 12 (if the resulting number is more than 1, the number 1 will be used), and multiplying that number by the number of Allotted Shares held at the time of the vacation of position provided for in (i) (however, if this calculation results in a fraction of a share unit, such fraction will be discarded).

(4) Acquisition by the Company without compensation

If an Eligible Director vacates the position of Director of the Company prior to the expiry of the Transfer Restriction Period, the Company shall rightfully acquire the Allotted Shares without compensation, unless there is a legitimate reason for such vacation, including expiry of term of office, retirement, or death. In addition, the Company shall acquire without compensation those Allotted Shares for which the transfer restrictions have yet to be lifted at the time of the expiry of the Transfer Restriction Period or at the time of the lifting of transfer restrictions provided for in (3) above. In addition, if an Eligible Director has committed an act in violation of laws and regulations during the Transfer Restriction Period or other certain events provided in the Allotment Agreement apply, the Company shall rightfully acquire without compensation all of the Allotted Shares held at that time.

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

If, during the Transfer Restriction Period, a merger agreement in which the Company is the non-surviving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter related to organizational restructuring, etc. is approved by the General Meeting of Shareholders of the Company (or at the Board of Directors of the Company if such organizational restructuring, etc. does not require approval by the General Meeting of Shareholders), the Company shall, based on a resolution of the Board of Directors, lift the transfer restrictions for a certain number of the Allotted Shares, that number to be obtained by first dividing the number of months from the month of the Disposal Date to the month of that approval by 12 (if the resulting number is more than 1, the number 1 will be used), and multiplying that number by the number of Allotted Shares held at that time (however, if this calculation results in a fraction of a share unit, such fraction will be discarded), immediately prior to the effective date of the organizational restructuring, etc. In addition, the Company will rightfully acquire without compensation all Allotted Shares for which the transfer restrictions have not been lifted immediately after the lifting of the transfer restrictions.

(6) Management of shares

To ensure that the Allotted Shares cannot be transferred to a third party, have a security interest created on them, or be otherwise disposed of during the Transfer Restriction Period, the Allotted Shares will be managed in special accounts opened by the Eligible Directors at Nomura Securities Co., Ltd. for the duration of that period. To ensure the effectiveness of the transfer restrictions, etc. on the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. concerning the management of the accounts for the Allotted Shares held by the Eligible Directors. The Eligible Directors shall consent to the details of the management of those accounts.

4. Basis for calculation of payment amount and its specific details

The Treasury Shares Disposal to the intended allottees shall be conducted by the contribution as property in kind of monetary claims paid as Restricted Stock Compensation under the System for the 100th fiscal year of the Company. To avoid arbitrariness in the disposal price, it shall be 1,619 yen, which is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on June 24, 2025 (the business day immediately preceding the date of the resolution of the Board of Directors). This is the market value immediately prior to the Board of Directors resolution, and the Company believes that it is reasonable and not particularly advantageous.