

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 27, 2025

To Whom It May Concern,

Company name : DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.

Representative : Koji Takahashi, Representative Director and President

(Code number: 4116, Tokyo Stock Exchange Prime Market)

Contact : Takashi Nakayama

Executive Officer, Chief of Office of the President

(TEL +81-3-3662-1638)

Notice Concerning Disposal of Treasury Shares as Restricted Share-Based Remuneration

DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD. (the “Company”) hereby announces that, at the Board of Directors meeting held today, it has resolved to dispose of treasury shares as restricted share-based remuneration (the “Disposal of Treasury Shares”), as detailed below.

1. Outline of the Disposal

(1) Date of disposal	July 25, 2025
(2) Class and number of shares to be disposed	5,441 shares of common shares of the Company
(3) Disposal price	¥3,100 per share
(4) Total value of disposal	¥16,867,100
(5) Disposal method	Allotment of restricted shares
(6) Method of performance of contributions	Due to the contribution of monetary remuneration claims in kind
(7) Allottees, number thereof and number of shares to be disposed of	Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) 4 people 4,153 shares Titled Executive Officers (excluding those who concurrently serve as Directors) 3 people 1,288 shares

2. Purpose and Reason for the Disposal

At a meeting of the Board of Directors held on March 24, 2021, the Company resolved to introduce a restricted share-based remuneration plan (the "Plan"). The purpose of the Plan is to provide an incentive to the Company's Directors (excluding Outside Directors) and its Titled Executive Officers (excluding Executive Officers who concurrently serve as Directors) to sustainably increase the Company's corporate value, and to further share value with its shareholders.

Furthermore, at the 118th Annual General Meeting of Shareholders held on June 29, 2021, approval was granted to provide monetary compensation claims of up to 50 million yen annually (this amount does not include their salaries as employees) to the Company's Directors (excluding Outside Directors) as the property to be contributed for the acquisition of restricted stock under the Plan, and for the number of shares to be issued or disposed of under the Plan to be a maximum of 30,000 shares per year.

This is to announce that at the Company's 122nd Annual General Meeting of Shareholders held on June 27, 2025, shareholders approved the Company's transition to a "Company with an Audit and Supervisory Committee," and in connection with this transition, have also approved the abolishment of the previous provisions of the Plan and the establishment of a new Plan to grant monetary remuneration claims of up to 50 million yen annually (exclusive of employee salaries), and to limit the number of shares to be issued or disposed of under the Plan to be a maximum of 30,000 shares per year to the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; the "Eligible Directors").

Today, the Company, by a resolution of its Board of Directors, has decided to grant monetary remuneration claims totaling 16,867,100 yen (of which, the total amount for the four Eligible Directors is 12,874,300 yen; the "Monetary Remuneration Claims") to the Eligible Directors and the Company's Titled Executive Officers (excluding Executive Officers who concurrently serve as Directors; hereinafter the Eligible Directors and such Executive Officers are collectively referred to as the "Eligible Persons"). The Company will then allot a total of 5,441 shares of its common shares in return for the contribution in kind of the entire amount of the Monetary Remuneration Claims by the Eligible Persons. The amount of the Monetary Remuneration Claims has been determined by taking into comprehensive consideration various factors, such as the purpose of the Plan, the Company's business performance, and the responsibilities of each of the Eligible Persons.

Furthermore, the granting of these Monetary Remuneration Claims is conditional upon the Eligible Persons entering into a restricted share allotment agreement (the "Allotment Agreement") with the Company, which will contain the provisions outlined in section 3 below, among other conditions.

3. Outline of the Allotment Agreement

(1) Period of restriction on transfer

From July 25, 2025 to July 24, 2055

During the Period of restriction on transfer (the "Restriction Period"), the Eligible Persons may not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under this Plan (the "Allotted Shares") (the "Transfer Restrictions").

(2) Treatment upon Resignation, etc.

In the event that an Eligible Person ceases to hold their position as either a Director (excluding Directors who are Audit and Supervisory Committee Members) or a Titled Executive Officer of the Company before the expiration of the Restriction Period, the Company shall automatically acquire the Allotted Shares without remuneration, except in cases of expiration of term of office, mandatory retirement, death, or for other reasons deemed justifiable by the Company's Board of Directors.

(3) Lifting of Transfer Restrictions

The Company will lift the Transfer Restrictions on all of the Allotted Shares at the time of the expiration of the Restriction Period, on the condition that the Eligible Person has continuously held a position as either a Director

(excluding Directors who are Audit and Supervisory Committee Members) or a Titled Executive Officer of the Company throughout the Restriction Period. However, in the event that an Eligible Person resigns or retires from their position as either a Director (excluding Directors who are Audit and Supervisory Committee Members) or a Titled Executive Officer before the expiration of the Restriction Period for reasons of expiration of term of office, mandatory retirement, death, or for other reasons deemed justifiable by the Company's Board of Directors, the Company shall, immediately following said resignation or retirement, lift the Transfer Restrictions on a number of the Allotted Shares calculated as follows:

The number of Allotted Shares held by the Eligible Person at that time shall be multiplied by a fraction, the numerator of which is the number of months from July 2025 to the month including the date of said resignation or retirement, and the denominator of which is 12 (provided that if the result of the calculation exceeds 1, it shall be deemed to be 1). Any fraction of a share resulting from this calculation shall be rounded down.

(4) Uncompensated Acquisition by the Company

- ① The Company shall automatically acquire without remuneration any Allotted Shares for which the Transfer Restrictions have not been lifted at the time of the expiration of the Restriction Period in accordance with the provisions of (3) above.
- ② The Company shall automatically acquire the Allotted Shares without remuneration at the time any of the following events occur with respect to an Eligible Person during the Restriction Period: the person is sentenced to imprisonment or a more severe penalty; a petition for the commencement of bankruptcy proceedings or similar proceedings is filed against them; or they cease to hold their position as either a Director (excluding Directors who are Audit and Supervisory Committee Members) or a Titled Executive Officer (except in cases of expiration of term of office, mandatory retirement, death, or for other reasons deemed justifiable by the Company's Board of Directors).
- ③ The Company shall automatically acquire the Allotted Shares without remuneration if the Board of Directors determines that an Eligible Person has engaged in a competing business, has committed a material violation of laws, regulations, or the Company's internal rules, or if any other grounds for uncompensated acquisition stipulated in the Allotment Agreement apply.

(5) Treatment in Case of Organizational Restructuring, etc.

During the Restriction Period, in the event that a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other matters concerning organizational restructuring, etc. are approved at the Company's General Meeting of Shareholders (or by the Company's Board of Directors if approval by the General Meeting of Shareholders is not required for said organizational restructuring), the Company shall, by a resolution of its Board of Directors, lift the Transfer Restrictions prior to the effective date of said organizational restructuring. This lifting of restrictions shall apply to a number of the Allotted Shares deemed reasonable based on the period from the start of the Restriction Period to the date of approval of said restructuring. In such cases, the Company shall also automatically acquire without remuneration any Allotted Shares for which the Transfer Restrictions have not been lifted immediately after the aforementioned lifting of restrictions.

(6) Management of Shares

To ensure that the Allotted Shares cannot be transferred, have a security interest created on them, or be otherwise disposed of during the Restriction Period, they shall be managed in a dedicated account opened by the

Eligible Persons with Mizuho Securities Co., Ltd. for the duration of the Restriction Period. To ensure the effectiveness of the Transfer Restrictions and other related measures, the Eligible Persons are scheduled to execute a prescribed agreement with Mizuho Securities Co., Ltd. regarding the management of the account for their Allotted Shares.

4. Basis for Calculation of the Payment Amount and Its Specific Details

This disposition of treasury shares to the Eligible Persons is being made in exchange for the contribution in kind of monetary remuneration claims that were granted as restricted share-based remuneration for the Company's 123rd fiscal year under the Plan.

To ensure the disposition price is determined without arbitrariness, it has been set at 3,100 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on June 26, 2025 (the business day preceding the date of the Board of Directors' resolution). The Company believes that this price is reasonable as it represents the market stock price immediately preceding the date of the Board of Directors' resolution, and that it does not constitute a particularly favorable price for the recipients.

End