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To Whom It May Concern,

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**Notice Regarding the Introduction
of a Performance-Based Stock Compensation Plan for Directors**

Daicel Corporation (the “Company”) hereby announces that, at a meeting of its Board of Directors held today, the Company resolved to revise its executive compensation system and to introduce a performance-based stock compensation plan (Performance Share Unit Plan; hereinafter, the “Plan”) for the Company’s directors (excluding outside directors; hereinafter, “Eligible Directors”). The Company also resolved to submit a proposal regarding the Plan to the 160th Ordinary General Meeting of Shareholders scheduled to be held on June 19, 2026 (hereinafter, “General Meeting”), as outlined below.

1. Purpose of Introduction of the Plan, etc.

(1) Purpose of the Plan

The purpose of the Plan is to further promote value sharing between Eligible Directors and shareholders, provide incentives to enhance the sustainable growth of the Company’s corporate value, and further increase motivation to contribute to the improvement of mid- to long-term corporate value and business performance.

The annual amount of monetary compensation for the Company’s directors was approved at the 158th Ordinary General Meeting of Shareholders held on June 21, 2024 to be up to ¥640 million (including up to ¥140 million for outside directors).

Separately from this compensation framework, at the 152nd Ordinary General Meeting of Shareholders held on June 22, 2018, shareholders approved the granting of the Company’s common stock with transfer restrictions to directors (excluding outside directors), with an annual compensation limit of up to ¥100 million.

At the General Meeting, the Company plans to seek shareholder approval to establish a new aggregate compensation limit solely for the newly introduced performance-based stock compensation plan, which is separate from and in addition to the aggregate compensation limits for each category of compensation that have already been approved by shareholders and to set said compensation limits for Eligible Directors.

(2) Introduction of the Plan

According to the Plan, the Company will grant monetary compensation claims to Eligible Directors for the purpose of delivering shares of the Company's common stock based on performance. The introduction of the Plan is subject to obtaining shareholder approval at the General Meeting for the payment of said compensation.

2. Plan Overview

The performance-based stock compensation plan is a performance-linked stock compensation system (Performance Share Unit Plan) according to which the Board of Directors sets evaluation indicators in advance for a period determined by the Board (the "Evaluation Period"). Based on the degree of achievement of said indicators during the Evaluation Period, the Company grants monetary compensation claims for the delivery of a calculated number of shares. By contributing these monetary compensation claims as in-kind contributions, the Company issues or disposes of (hereinafter, "grants") its common stock to Eligible Directors.

The total amount of monetary compensation claims granted to the Eligible Directors according to the Plan shall not exceed ¥610 million for any consecutive five fiscal years.

The total number of shares of the Company's common stock to be granted under the Plan shall not exceed 210,000 shares for any consecutive five fiscal years.

In the event of a stock split or share consolidation of the Company's common stock, including stock splits with no consideration, with an effective date after the resolution date of the General Meeting, the total number of shares shall be adjusted within a reasonable range in accordance with the split or consolidation ratio from the effective date onward.

The initial Evaluation Period shall be from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2031. Thereafter, in principle, the Evaluation Period shall consist of a consecutive three to five fiscal years and the Plan may be implemented within the scope approved in accordance with this proposal.

Other details regarding the Plan are as follows:

(1) Grant of Rights and Number of Rights according to the Plan

Pursuant to a resolution of the Board of Directors, the Company shall grant each Eligible Director rights to receive shares of the Company's common stock as per the Plan (hereinafter, "Units").

Each Unit corresponds to one share. The number of Units granted to each Eligible Director shall be calculated by dividing the standard compensation amount by position, as determined in advance by the Board of Directors, by the closing price of the Company's common stock on the Tokyo Stock Exchange on the first day of the Evaluation Period (or, if no trading occurs on that day, the closing price on the first trading day immediately following said day). Any fractional amount less than one Unit shall be rounded down.

(2) Performance Conditions and Method of Calculating the Number of Shares to Be Granted

The performance indicators for the granting of Units shall be the following five indicators on a consolidated basis for the Company group: net sales, EBITDA, ROIC, and ESG indicators deemed important by the Company, namely the reduction of GHG emissions and occupational

safety.

In principle, the target values for each indicator set forth in the Company’s medium-term management plan shall be used as benchmarks, and granting shall be conditional upon achieving a certain level of attainment.

The number of shares to be granted shall be calculated by multiplying the number of Units granted to each Eligible Director by the vesting ratio determined based on the level of achievement of the performance conditions.

The vesting ratio shall be the total of the values obtained by multiplying the coefficient corresponding to the achievement level of each indicator by its evaluation weight, as shown below.

Indicator	Achievement Level	Coefficient	Weight
Net Sales	100–120%	100–150%	25%
	80–100%	80–100%	
	Below 80%	0%	
EBITDA	100–120%	100–150%	25%
	80–100%	80–100%	
	Below 80%	0%	
ROIC	100–120%	100–150%	40%
	80–100%	80–100%	
	Below 80%	0%	
GHG Emissions Reduction	80–100%	80–150%	5%
	Below 80%	0%	
Occupational Safety	Zero serious industrial accidents	150%	5%
	One or more serious industrial accidents	0%	

(3) Method of Calculating the Amount of Monetary Compensation Claims

The amount of monetary compensation claims to be granted to each Eligible Director according to the Plan shall be calculated by multiplying the final number of shares of the Company’s common stock to be allocated (the “Final Allocated Shares”) by a price that is not particularly favorable to the Eligible Director.

This price shall be based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors’ resolution determining offering matters related to the issuance or disposition of shares for said allocation (the “Grant Resolution Date”) held after the end of the Evaluation Period.

(4) Conditions for Granting the Company’s Shares to Eligible Directors

The Company shall allocate the Final Allocated Shares to an Eligible Director after the end of the Evaluation Period if all of the following conditions are satisfied, or if the Board of Directors deems it necessary to achieve the purpose of the Plan:

- ① The Eligible Director has continuously held the position of director or executive officer of

the Company from the grant of the Units through the end of the Evaluation Period.

- ② No misconduct specified by the Board of Directors has occurred.
- ③ Other conditions deemed necessary by the Board of Directors to achieve the purpose of the Plan have been satisfied.

If an Eligible Director is newly appointed during the Evaluation Period, the number of shares to be granted shall be reasonably adjusted based on length of service and other relevant factors. If an Eligible Director passes away or resigns for reasons deemed justifiable by the Board of Directors during the Evaluation Period, or if the Eligible Director relocates outside Japan after the granting of Units and is a non-resident of Japan as of the Grant Resolution Date, the Board of Directors may, within the total amount of the monetary compensation claims, pay a reasonably adjusted amount of cash in lieu of shares to the Eligible Director or his/her successor in interest.

(5) Outline of the Performance-Based Restricted Stock Allotment Agreement

① Transfer Restriction Period

The shares of the Company's common stock granted as Units ("Allotted Shares") shall be subject to transfer restrictions.

Eligible Directors shall not transfer, create security interests in, or otherwise dispose of the Allotted Shares during the period from the date of allotment for a period ranging from three to thirty years, as determined in advance by the Board of Directors (the "Transfer Restriction Period"), pursuant to a performance-based restricted stock allotment agreement.

② Lifting of Transfer Restrictions

Notwithstanding the provisions of ① above, the Company shall lift transfer restrictions on all of the Allotted Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Director has continuously held any of the following positions during the Transfer Restriction Period: director, executive officer not concurrently serving as director, auditor, full-time advisor or counselor of the Company, or other equivalent position at the Company or its subsidiaries.

If the Eligible Director resigns or retires from their position prior to the expiration of the Transfer Restriction Period due to the expiration of term, mandatory retirement, or other justifiable reasons (including death), the transfer restrictions on all of the Allotted Shares shall be lifted immediately upon this resignation or retirement.

(6) Treatment in the Event of Organizational Restructuring

If, during the Evaluation Period, a merger agreement in which the Company becomes a dissolving company, a share exchange agreement or share transfer plan according to which the Company becomes a wholly owned subsidiary, or other matters relating to organizational restructuring are approved at a general meeting of shareholders of the Company (or by the Board of Directors, if shareholder approval is not required), units for which granting has not occurred as of such time shall, in principle, not be settled by the delivery of shares.

However, if approved by the Board of Directors, the Company may pay a reasonably adjusted amount of cash, calculated in accordance with the method for calculating monetary compensation

claims and within the total amount thereof, to the Eligible Director or his/her successor in interest.

[Reference] Application of the Plan to Executive Officers

If shareholder approval is obtained at the General Meeting for the introduction of the Plan for Eligible Directors, the Company intends to introduce a similar plan for its executive officers by resolution of the Board of Directors.

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