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To Whom It May Concern,

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

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Notice Concerning the Implementation of Business Structural Reform

DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD. (the "Company") hereby announces that, at the Board of Directors meeting held today, the Company has resolved to implement company-wide business structural reform (the "Business Structural Reform") with the aim of improving profitability and growth potential to further enhance corporate value, as detailed below.

1. Background to the Implementation of the Business Structural Reform

Under the three-year medium-term management plan, "TRANSFORMATION for TOMORROW 2027," (the "Medium-Term Management Plan"), which has been underway since April 2024, the Company has succeeded the previous medium-term management plan and established medium- to long-term management targets of 9% for ROE (Return on Equity) and 5% for ROA (Return on Assets). Furthermore, as milestones toward these goals, the Company has set targets of "ROE of 5% or higher" and "ROA of 4.3%" for the fiscal year ending March 2027, the final year of the Medium-Term Management Plan.

To achieve the medium- to long-term management targets set forth in the Medium-Term Management Plan, the Company has determined that it is necessary to further increase capital investment and concentrate the allocation of human resources to strategic products, such as growth businesses and new/developing businesses. Accordingly, the Company has decided to implement the Business Structural Reform.

2. Details of the Implementation of the Business Structural Reform

Through the Business Structural Reform, the Company aims to ensure profitable and sustainable sales growth for the Group, achieve medium- to long-term enhancement of corporate value, and transform into a company with a highly profitable and lean earnings structure. To this end, the Company is considering implementing measures including (1) reviewing the business portfolio and (2) domestic measures for the streamlining of production, sales, and administrative operations, and the reorganization of business plants, etc.

Furthermore, in April 2026, the Company established a dedicated organization named the "Project RISE (Reform Initiative for Structural Excellence)" to deliberate on and execute various themes within the Business Structural Reform.

The details currently under consideration for each of these measures are as follows. Specific details are scheduled to be announced around autumn 2026.

(1) Reviewing the Business Portfolio

In April 2025, the Company revamped the organizational structure of its R&D Structure into one aligned by development stages. Through strengthened collaboration with the Business Structure, the Company has established a framework to enhance its development capabilities for next-generation materials and products and accelerate new business creation. Concurrently, in order to focus management resources on strategic products, such as growth businesses and new/developing businesses, the Company is considering the optimization of its business portfolio, which includes downsizing or withdrawing from restructuring businesses.

(2) Domestic Measures for the Streamlining of Production, Sales, and Administrative Operations, and the Reorganization of Business Plants, etc.

In conjunction with the review of the business portfolio, the Company is considering domestic measures for the streamlining of production, sales, and administrative operations, and the reorganization of business plants, etc. Concurrently, the Company is considering the review and optimization of personnel allocation.

3. Impact of the Implementation of the Business Structural Reform on Financial Results and Future Outlook

As the impact of implementing the Business Structural Reform on the full-year consolidated financial forecast for the fiscal year ending March 2027 is undetermined at this time, it has not been incorporated into the forecast.

Therefore, the Company will promptly announce any matters requiring disclosure as soon as they become clear.

Furthermore, the medium- to long-term impact on the Group's financial performance resulting from the implementation of the Business Structural Reform is scheduled to be announced in the next three-year medium-term management plan, which is slated for release in June 2027.

(Note) The performance forecasts and other forward-looking statements contained in this document are calculated based on currently available information, and actual results may differ depending on various factors in the future.

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