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June 26, 2026

To Whom It May Concern,

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Notice Concerning the Update of the "Policy on Determining the Amount or Calculation Method of Executive Compensation"

DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD. (the "Company") hereby announces that, at the Board of Directors meeting held on June 26, 2026, it resolved to update the "Policy on Determining the Amount or Calculation Method of Executive Compensation" following a review of the officer remuneration system.

I. Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

A. Method of Determining the Basic Policy on Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

Based on the recognition that the basic policy on remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is an important matter related to the Company's management policy and management strategy, it is deliberated by the Operating Committee of Top Management, which consists of Inside Directors (excluding Directors who are Audit and Supervisory Committee Members), Titled Executive Officers, and persons elected from among those who play a central role in management by the convener. Following such deliberation, the matter is consulted with the Nomination and Remuneration Committee, which consists of three or more Directors (excluding Directors who are Audit and Supervisory Committee Members) with a majority of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), and a resolution is made by the Board of Directors upon receiving a report from the committee.

B. Outline of the Basic Policy on Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

1. Basic Policy

The individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company is determined within the total annual amount approved at the General Meeting of Shareholders, where the specific amount, payment periods, etc., for each Director (excluding Directors who are Audit and Supervisory Committee Members) are entrusted to the Board of Directors. Based on delegation from the Board of Directors, the Director and President formulates an original draft in accordance with the " Remuneration Regulations for Directors and Titled Executive Officers" within the annual limit. This draft is then consulted with the Nomination and Remuneration Committee, and the decision is made upon obtaining its report.

The basic policy for the remuneration of Inside Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company is to provide basic remuneration and short-term performance-linked remuneration as monetary remuneration, and restricted share-based remuneration under the share remuneration system as non-monetary remuneration. These are provided at appropriate levels taking into account their responsibilities and performance, and ensuring consistency with the treatment of employees. In addition, the remuneration for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) consists solely of basic remuneration as monetary remuneration.

2. Policy on Determining the Amount of Individual Monetary Remuneration, etc.

a. Basic Remuneration

Basic remuneration consists of the portion for responsibilities of the supervisory function as a Director and the portion for responsibilities of business execution concurrently served. Out of the fixed amounts set for each position and rank, the sum of the following amounts is divided by 12 and is paid in equal monthly installments:

(1) Total of 100% of each fixed amount for supervisory function responsibilities.

(2) Total of 65% of each fixed amount for business execution responsibilities.

b. Short-term Performance-Linked Remuneration

For Directors with representative rights, Directors in the position of Chairman, and Directors (excluding Directors who are Audit and Supervisory Committee Members) concurrently serving as Executive Officers, a total of 35% of each fixed amount for business execution responsibilities is set as the "standard amount for calculating short-term performance-linked remuneration." This amount is multiplied by a ratio between 0% and 200%, determined by individually evaluating the company's performance in the previous business year and the individual's contribution using multiple indicators, divided by 12, and paid as a fixed monthly amount.

As indicators for calculating short-term performance-linked remuneration, consolidated operating profit and ROE have been selected as indicators relating to company performance for which all Directors (excluding Directors who are Audit and Supervisory Committee Members) are jointly responsible. Consolidated operating profit was chosen because it most directly reflects the core business profitability and serves as the source of funds for investments toward sustainable growth and shareholder returns. ROE was selected as it evaluates how efficiently shareholders' equity has been utilized to generate profits and is an important KPI in the Medium-Term Management Plan. By combining these common indicators for which all Directors (excluding Directors who are Audit and Supervisory Committee Members) are responsible with multiple other indicators corresponding to the responsibilities of each specific role, individual contributions are appropriately evaluated. The amount of individual short-term performance-linked remuneration is calculated by multiplying the "standard amount for calculating short-term performance-linked remuneration" by the resulting ratio ranging from 0% to 200%.

3. Policy on Determining the Content and Amount or Number of Non-Monetary Remuneration, etc. (Restricted Share-Based Remuneration) and its Calculation Method

Directors with representative rights, Directors in the position of Chairman, and Directors (excluding Directors who are Audit and Supervisory Committee Members) concurrently serving as Executive Officers are provided with restricted share-based remuneration under the share remuneration system as non-monetary remuneration. The purpose and outline of the share remuneration system are as follows:

a. Purpose of Introducing the Share Remuneration System

The purpose of issuing restricted shares to the Inside Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) is to grant them an incentive to sustainably increase the Company's corporate value and stock price. It also aims to further promote shared value between the Inside Directors (excluding Directors who are Audit and Supervisory Committee Members) and shareholders.

b. Outline of the Share Remuneration System

In principle, for each business year, monetary remuneration claims for the purpose of granting restricted shares (hereinafter simply "Monetary Remuneration Claims") shall be provided to Inside Directors (excluding Directors who are Audit and Supervisory Committee Members), up to an annual limit of 50 million yen. The Inside Directors (excluding Directors who are Audit and Supervisory Committee Members) shall contribute all of these claims in kind to receive an issuance or disposal of the Company's common shares, with an annual upper limit of 120,000 shares (The Company conducted a four-for-one stock split of its common shares effective April 1, 2026, pursuant to a resolution of the Board of Directors meeting held on November 10, 2025; the number of shares prior to the split was 30,000 shares.)

Upon the issuance or disposal of the said common shares, a restricted share allocation agreement will be entered into between the Company and the Inside Directors (excluding Directors who are Audit and Supervisory Committee Members). This agreement will include provisions such as: (1) the Inside Directors (excluding Directors who are Audit and Supervisory Committee Members) may not transfer, attach a security interest to, or otherwise dispose of the allocated Company common shares to any third party for a certain period. (2) The Company shall acquire the common shares without contribution if certain events occur. Thus, the Company common shares shall be delivered as restricted shares.

(1) The Method for Determining the Specific Payment Amount and Timing of Monetary Remuneration Claims, and Delivery Timing and Number of Shares to be Granted

In the first year of the Medium-Term Management Plan, Monetary Remuneration Claims will be paid in an amount equal to 7.5% or 9% of the total amount of monetary remuneration (with the business execution responsibility portion set at 100%) and non-monetary remuneration. From the second year of the Medium-Term Management Plan onwards, the number of shares allotted in the first year will be fixed, and the amount to be paid will be calculated using the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution for the allotment (or the closing price on the closest preceding trading day if no trade is made on that day). The reason for fixing the number of shares and calculating the amount of the Monetary Remuneration Claims from the second year onwards is to provide an incentive for each Inside Director (excluding Directors who are Audit and Supervisory Committee Members) to fulfill their responsibilities for the Medium-Term Management Plan, thereby increasing corporate value. The Monetary Remuneration Claims for the purpose of granting restricted shares will be paid every June, with the full amount contributed in kind to grant restricted shares in July.

(2) Period of restriction on transfer

The Board of Directors shall determine in advance that the restriction period for the allotted shares shall be 30 years from the delivery date. During this period, the Inside Directors (excluding Directors who are Audit and Supervisory Committee Members) may not transfer, create a security interest on, or otherwise dispose of the said shares.

(3) Treatment upon Loss of Position

In the event that an Inside Director (excluding Directors who are Audit and Supervisory Committee Members) loses their position as a Director of the Company (excluding Directors who are Audit and Supervisory Committee Members), all of the said shares shall be returned without remuneration, except where the Board of Directors determines there is a justifiable reason.

(4) Lifting of Transfer Restrictions, etc.

The transfer restrictions shall be lifted when the restriction period expires, provided that the Inside Director (excluding Directors who are Audit and Supervisory Committee Members) has continuously held the position of Director of the Company (excluding Directors who are Audit and Supervisory Committee Members) during the restriction period. In addition, if an Inside Director (excluding Directors who are Audit and Supervisory Committee Members) resigns or retires due to expiration of term of office, death, or other reasons deemed justifiable by the Board of Directors, the Company will lift the transfer restrictions based on criteria defined by the Company.

(5) Determination of the paid-in amount

The paid-in amount per share against the Monetary Remuneration Claims shall be resolved by the Board of Directors of the Company at an amount that is not particularly advantageous to the designated allottees, 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 resolution by the Board of Directors for the allotment (or the closing price on the closest preceding trading day if no trade is made on that day).

4. Matters Concerning the Determination of Details of Individual Remuneration, etc. for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

Based on a resolution of the Board of Directors, the Director and President shall be delegated the authority to determine the specific individual remuneration amounts. In accordance with the " Remuneration Regulations for Directors and Titled Executive Officers," the Director and President determines the individual basic remuneration amount (monetary remuneration), the standard amount for calculating short-term performance-linked remuneration (monetary remuneration), the amount of Monetary Remuneration Claims for granting restricted shares (non-monetary remuneration), and the number of shares individually allotted, based on position and rank. Regarding the amount of short-term performance-linked remuneration, the specific amount is determined based on the degree of achievement of the indicators described in 2. b. above.

To ensure the appropriate exercise of the delegated authority for determining any remuneration amount, the original draft is consulted with the Nomination and Remuneration Committee, a majority of whose members are Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), and which consists of three or more Directors (excluding Directors who are Audit and Supervisory Committee Members). The decision is made after receiving the committee's report.

The composition ratio of remuneration is as follows:

	Basic Remuneration	Short-Term Performance-Linked Remuneration (At Standard Amount) *1	Monetary Remuneration Claims for Restricted Share-Based Remuneration *2
Director and Chairman	70.5%	20.5%	9.0%
Director and Executive Chairman	62.4%	28.6%	9.0%
Director and President	61.3%	29.7%	9.0%
Directors other than the above	63.9%～68.6%	23.9%～28.6%	7.5%

*1: Since the amount fluctuates individually between 0% and 200% against the standard amount, the composition ratio will vary.

*2: In the first year of the Medium-Term Management Plan, Monetary Remuneration Claims are provided at a fixed ratio against the sum of the basic remuneration and the standard amounts for the short-term performance-linked remuneration. However, from the second year onwards, the number of shares allotted in the first year is fixed to calculate the amount of the Monetary Remuneration Claims, so the composition ratio will vary.

C. Content of General Meeting of Shareholders Resolution Concerning Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

1. Monetary Remuneration

The amount of monetary remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved at the 122nd Annual General Meeting of Shareholders held on June 27, 2025, to be up to 500 million yen annually (of which, up to 50 million yen is for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members); provided, however, that the employee portion of the salary is not included). The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) subject to this provision is 7 (including 3 Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)).

2. Restricted Share-Based Remuneration

The amount of Monetary Remuneration Claims for granting restricted shares to Inside Directors (excluding Directors who are Audit and Supervisory Committee Members) and the number of shares that can be issued or disposed of annually as restricted share-based remuneration were approved at the 122nd Annual General Meeting of Shareholders held on June 27, 2025. This falls within the limit of the monetary remuneration described in 1. above, to be up to 50 million yen annually (provided, however, that the employee portion of the salary is not included) and up to 30,000 shares. (Due to the stock split of four shares for every one common share effective April 1, 2026, as resolved by the Board of Directors on November 10, 2025, the number of shares after the split has been changed to a maximum of 120,000 shares). The number of Inside Directors (excluding Directors who are Audit and Supervisory Committee Members) subject to this provision is 4.

II. Remuneration for Directors who are Audit and Supervisory Committee Members

A. Outline of the Basic Policy on Remuneration for Directors who are Audit and Supervisory Committee Members

The individual remuneration for Directors who are Audit and Supervisory Committee Members of the Company is determined by consultation among the Directors who are Audit and Supervisory Committee Members within the annual limit resolved at the General Meeting of Shareholders, covering the specific amount for each Director who is an Audit and Supervisory Committee Member, the timing of payment, etc. Only basic remuneration is provided as monetary remuneration, and the amount determined through consultation among the Directors who are Audit and Supervisory Committee Members is divided by 12 and paid as a fixed monthly amount.

B. Content of General Meeting of Shareholders Resolution Concerning Remuneration for Directors who are Audit and Supervisory Committee Members

The maximum limit of remuneration for Directors who are Audit and Supervisory Committee Members was approved at the 122nd Annual General Meeting of Shareholders held on June 27, 2025, to be up to 95 million yen annually. The number of Directors who are Audit and Supervisory Committee Members subject to this provision is 3.

End