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Color & Comfort

DIC REPORT 2026

The DIC Group Integrated Report

Color & Comfort

Color & Comfort

DIC Corporation

Purpose/Philosophy

— Concepts Guiding the DIC Group —

The DIC Way

Mission

We create enhanced value and utilize innovation to introduce socially responsible and sustainable products.

DIC’s mission defines the DIC Group’s ultimate aspirations, delivering enhanced value, dignity and trust, customer satisfaction, and social harmony.

Established in 1908, DIC has capitalized on its capabilities in the area of printing inks, as well as in the principal raw materials used in these products, namely, organic pigments and synthetic resins, while at the same time cultivating related core technologies to the highest global standards. The Company is committed to product development and technological innovation with a view to helping resolve social imperatives, focusing on unique products and solutions based on these core technologies. This enables DIC to create enhanced value in a broad range of fields essential to modern lifestyles, as well as to contribute to sustainability for both its customers and society.

Vision

We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*

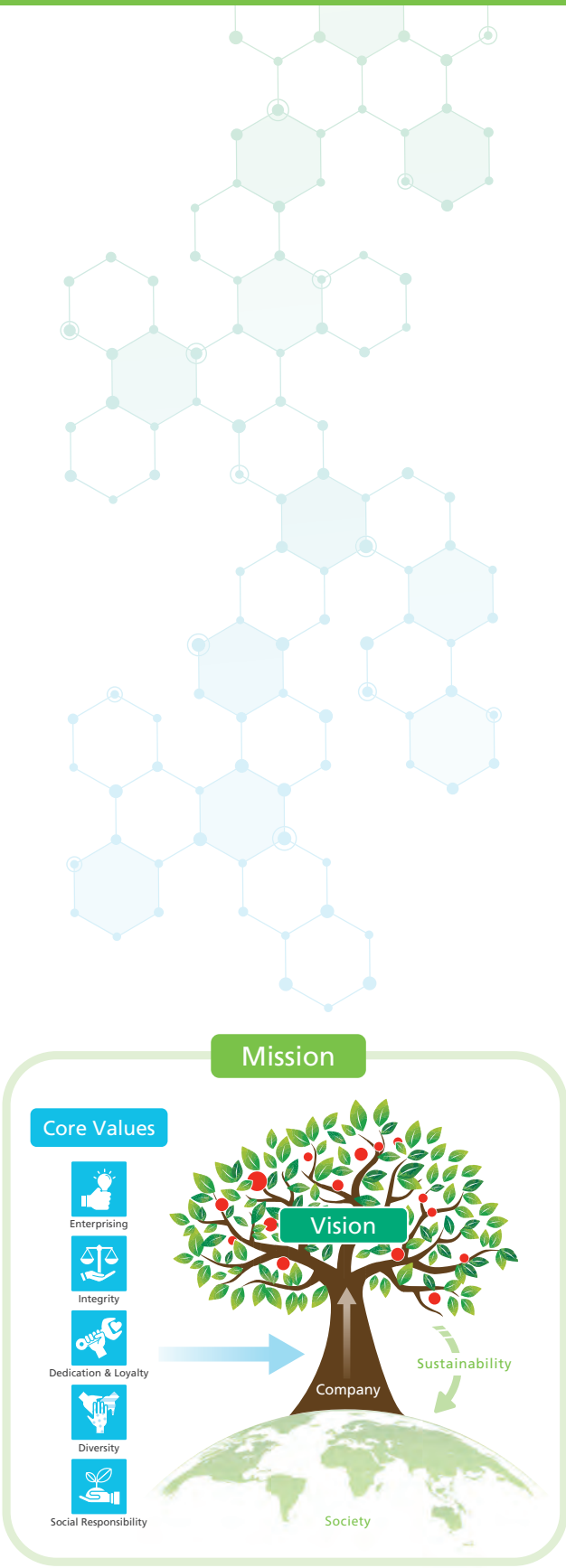
DIC’s vision defines the broad direction in which DIC Group businesses must advance to achieve its mission. The “Color & Comfort” component of the vision statement reflects not only its ability to manufacture socially responsible and sustainable products but also its determination to propose new value as an organization that creates value in areas that transcend the traditional constraints of chemicals manufacturing. For DIC, providing color means adding new value for greater joy, while providing comfort means extending indispensable products and solutions in areas ranging from infrastructure to automobiles, home appliances and electronics, working to continuously update its offerings, helping to secure a brighter future for humanity and the planet.

Core Values

Enterprising, Integrity, Dedication & Loyalty, Diversity, Social Responsibility

DIC’s core values express conduct that DIC Group employees should always exhibit and serve as guideposts for achieving its mission and fulfilling its vision.

These five values—enterprising, integrity, dedication & loyalty, diversity and social responsibility—not only underpin the way DIC Group employees comport themselves but also guide the Group’s efforts to achieve sustainable improvements in corporate value by working as one to leverage the key advantages it has cultivated over more than 100 years in business. As a global organization with operations in approximately 60 countries and territories, DIC draws strength from its enterprising spirit and diverse global family.



Editorial Policy

The DIC Report is an integrated report aimed at shareholders and other stakeholders regarding the DIC Group’s efforts to resolve social imperatives and improve corporate value through its operations by summarizing related information, from both financial and nonfinancial perspectives, in a systematic manner. This edition of DIC Report was approved by the DIC Group’s Sustainability Committee.

Principal Disclosure Framework



Scope of Reporting

In principle, this report provides information on DIC Corporation and consolidated DIC Group companies worldwide.

Note: As used herein, the term “Asia-Pacific”—a geographic designation that, like “the Americas and Europe” and “Greater China,” represents a grouping of companies overseen by a regional headquarters—refers to Asia (excluding Japan, the People’s Republic of China (PRC) and the Republic of Korea (ROK)) and Oceania. The term “Asia and Oceania” refers to Asia (excluding Japan) and Oceania.

Reporting Period

Fiscal year 2025 (January 1–December 31, 2025)

Date of Publication

July 2026

* The sustainability report is scheduled to be published in August 2026.

Guidelines Referenced

- Integrated Reporting Framework (IFRS Foundation)
- Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry of Japan)



Disclaimer Regarding Forward-Looking Statements

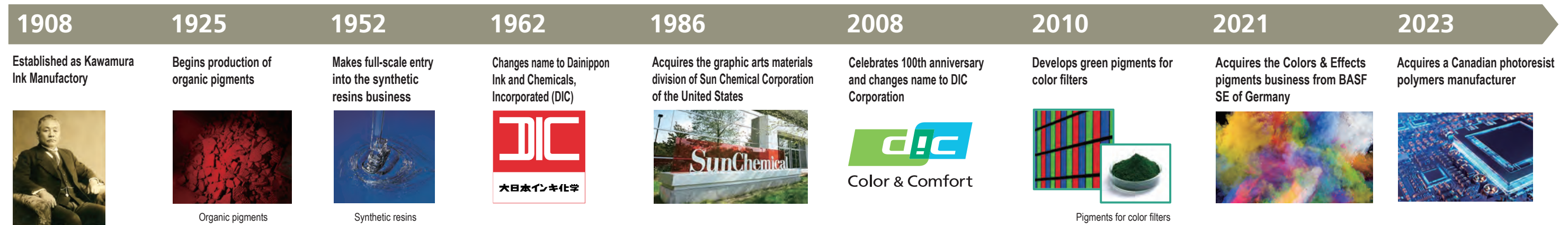
Performance forecasts and other forward-looking statements contained in this integrated report are forward-looking statements based on information available to management as of the publication date and certain assumptions that management judges to be reasonable and are not guarantees of future performance. Owing to a variety of factors, actual results may differ materially from these statements.

Contents

Introduction	DIC Group Milestones	3
	A Global Powerhouse/The Global DIC Group	5
	DIC in the Future: The DIC Group's Value Creation Process	7
	The DIC Group's Competitive Strengths (Sources of Value)	9
Value Creation Essentials and Strategies	A Message from the President	11
	Phase 2 of the DIC Vision 2030 Long-Term Management Plan	17
	A Message from the Group CFO	19
	Fiscal Year 2025 Operating Results	23
	The DIC Group's Business Portfolio	
	Packaging & Graphic	25
	Color & Display	29
	Functional Products	33
	Special Feature: Materials for Semiconductor Fabrication: Leveraging Competitive Advantages and Laying a Foundation for Further Growth as a Comprehensive Manufacturer	37
	Sustainability Initiatives: A Message from the Head of the ESG Unit	39
Business Sustainability	Overview of Materiality and Double Materiality Assessment	40
	Framework for Promoting Sustainability Initiatives and Efforts to Counter Climate Change	41
	Promoting Human Capital Management: A Message from the Group CHRO	43
	Human Capital Management in the Global Operating Model (GOM)	44
	Technological Assets and Intellectual Property: Basic Strategies and Initiatives	47
	IT and Digital Transformation (DX) Providing Value to Customers and Building a Stronger Operating Foundation	50
	Policy for Future Initiatives in the Field of Art	53
Corporate Governance	Changes to Corporate Governance Accompanying Organizational Reforms	55
	Composition and Role of the Board of Directors	57
	Structure and Activities of the Nomination Committee/Succession Planning	58
	Structure and Activities of the Remuneration Committee/Remuneration for Directors	59
	Risk Management	60
	Composition of the Board of Directors/Skills Matrix	61
	Audit & Supervisory Board and Audit & Supervisory Board Members	62
	Messages from Outside Directors	63
	Effectiveness of the Board of Directors	65
	DIC Group Executive Officers	66
Key Data	21-Year Summary	67
	Financial Information and Shareholder Value	69
	Nonfinancial Information	70

DIC Group Milestones

Established in 1908 as a manufacturer of printing inks, DIC has capitalized on its capabilities in organic pigments and synthetic resins to build a broad portfolio of products for diverse industries, evolving into the core of the DIC Group, a multinational manufacturer of fine chemicals with operations worldwide. Since its founding, the Company has achieved outstanding global growth guided by a basic philosophy founded on three key concepts, summarized as "resourcefulness," "diligence" and "sincerity." Resourcefulness has enabled the Company to overcome numerous obstacles over the years. Above all, resourcefulness—manifesting as an enterprising spirit—has been the driving force behind the Group's ability to anticipate technological and market changes and make the choices that have underpinned its outstanding growth. The summary below shows how this enterprising spirit has informed the key management decisions that have shaped the operating foundation and competitiveness of the Group today.



1908–1949

Brings technological development in-house and begins promoting evolution into a manufacturer of fine chemicals

DIC was established in February 1908 as a company that manufactured and sold printing inks. Recognizing the importance of materials technologies to product quality from the beginning, the Company strove to develop its own core technologies, going beyond the confines of printing inks. In 1925, the Company succeeded in producing organic pigments for its own use in Japan, transforming itself from a processing firm dependent on materials procured from external suppliers into a manufacturer with proprietary technologies as a key source of added value. This ability to produce organic pigments in-house is evidence of DIC's enterprising spirit—that is, its ability to make bold choices even in challenging circumstances—and marked the first steps in its evolution into a manufacturer of fine chemicals.

1950–1979

Diversifies operations from printing inks and organic pigments to synthetic resins and beyond

Building on its technological capabilities in the area of organic pigments, in the 1950s the Company made a full-scale entry into the synthetic resins business. This included incorporating state-of-the-art technologies through a joint venture and technological partnerships with companies in the United States, positioning it to expand its focus beyond products for use in printing inks. Management decisions in this era were characterized by the Company's determination not to rest on its laurels, but rather to expand into new business domains with an eye on markets expected to see growth in the future. By evolving as a manufacturer with a business configuration centered on materials, the Company sought to transcend its role as a manufacturer of printing inks and establish a solid foundation as a manufacturer of fine chemicals.

1980–1999

Seeks to change course and achieve global competitiveness, mainly through M&As

In the 1980s, the Company shifted its focus to full-scale global expansion through M&As. Of particular note is the Company's acquisition in 1986 of the graphic arts materials division of Sun Chemical of the United States. This acquisition enabled the Company to acquire new technologies and an existing global customer base, as well as a wealth of talented human resources, in one stroke, in the process becoming one of the world's premier manufacturers of printing inks. In this era, the Company's spirit of resourcefulness was reflected in its decision to move away from its domestic market-centered business model and become an organization capable of competing in global markets.

2000–2019

Advances operations by emphasizing environment-friendly and high-added-value offerings

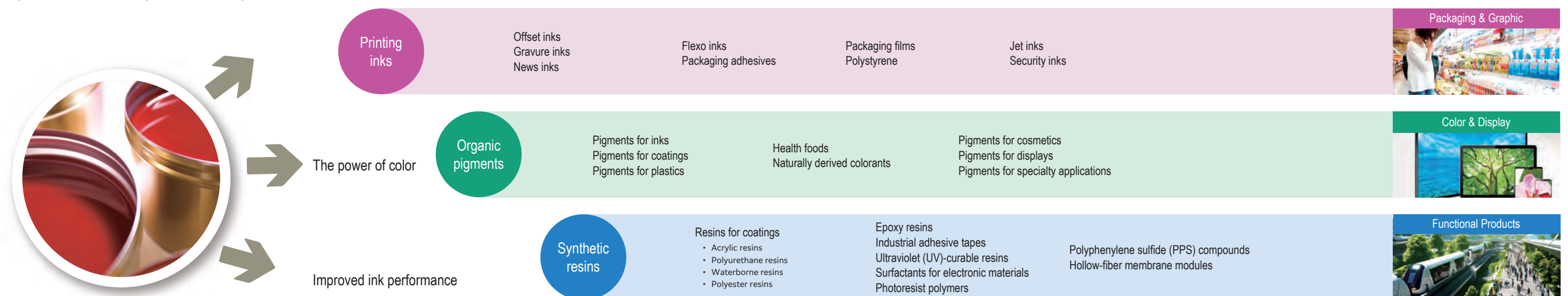
During this period, the Company shifted the emphasis of its growth strategies from increasing the scale of its operations to enhancing the quality of its products. Spurred by rising public awareness of environmental issues, the Company promoted the development of environment-friendly products and launched products that provided new value, including printing inks made with vegetable oil. At the same time, the Company expanded into high-value-added business domains, including materials for displays, transforming its technological capabilities into a key competitive advantage. The Company also modified its management approach to focus not only on expanding scale but also on ensuring a balance between social value and profitability.

2020–Present

Lays a foundation for a new generation of growth through portfolio transformation

In 2020, DIC began promoting the full-scale transformation of its business portfolio with the aim of ensuring a new generation of growth. In 2021, the Company acquired BASF's Colors & Effects pigments business. The Company has also made strategic investments in such areas as environment-friendly adhesives and semiconductor materials. These moves were made in anticipation of changes in the market environment and with the goal of rebuilding competitiveness to ensure success in the future. This underscores the fact that the enterprising spirit passed down from the Company's founders remains at the core of decision making today.

Capitalizing on Core Technologies to Diversify Operations



A Global Powerhouse/The Global DIC Group

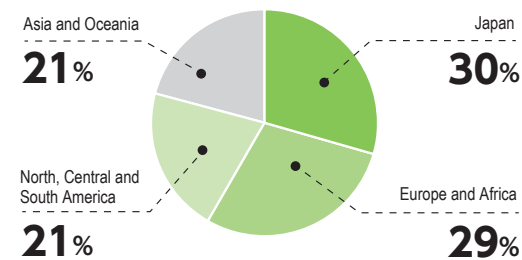
Established in 1908, DIC has sought to bolster its operations with an eye on entering overseas markets. The Company created a solid foundation for growth early on by taking steps that underscored its desire to pursue global expansion, including actively introducing outstanding manufacturing technologies from overseas and being one of Japan's first printing inks manufacturers to establish a presence elsewhere in Asia. In the 1980s, DIC embarked on an ambitious M&A program aimed at reinforcing its global competitiveness, thereby creating a worldwide production and supply configuration, highlights of which included the acquisition of the graphic arts materials division of Sun Chemical of the United States in 1986 and of Coates, the printing inks division of France's TOTALFINA S.A., in 1999. These moves expanded both the Company's technology portfolio and its customer base, dramatically increasing the scope of its operations, as well as its geographic reach. Thanks to these initiatives, DIC has greatly expanded its global footprint, particularly in the Americas and Europe, and established itself as one of the world's leading fine chemicals manufacturers.

Overseas Net Sales as a Percentage of Consolidated Net Sales

71%

(Year ended December 31, 2025)

Net Sales by Region



DIC Group Companies

163

(Japan: 22, overseas: 141)

DIC Group Employees (Consolidated)

20,884

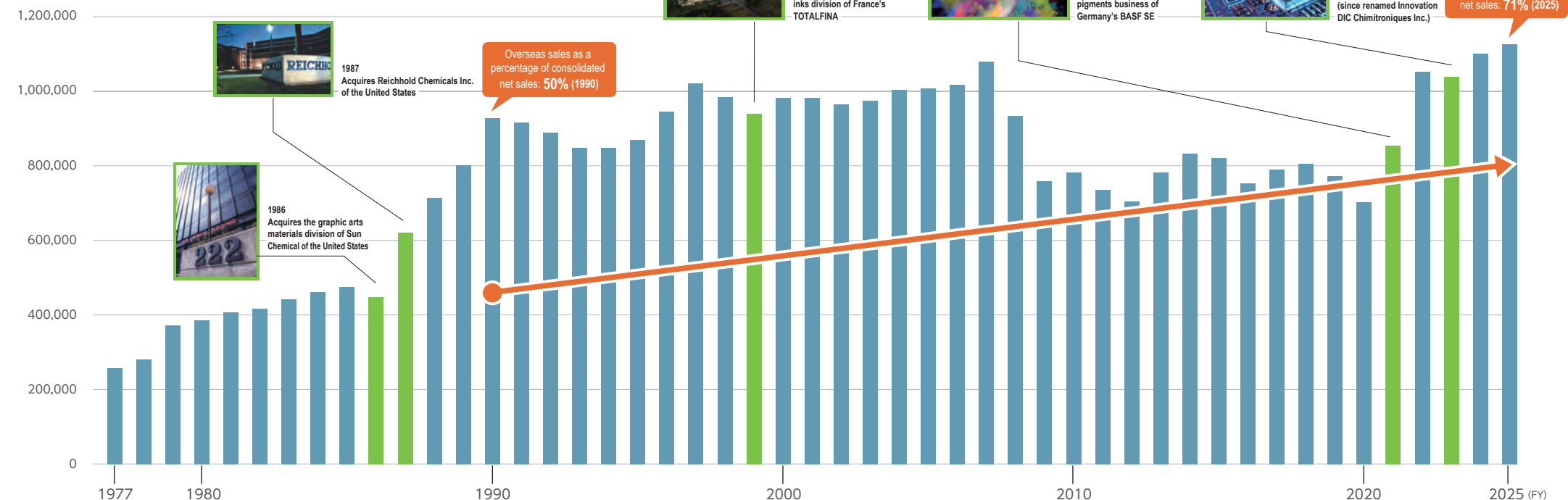
Overseas Employees as a Percentage of DIC Group Employees

75%

(Japan: 5,277, overseas: 15,607)

Consolidated Net Sales

(Millions of yen)



The Global DIC Group

Today, DIC is the core of the DIC Group, an organization with 163 companies in 62 countries and territories. The Group's management configuration centers on DIC's corporate headquarters in Japan and includes regional headquarters Sun Chemical, which oversees operations in the Americas and Europe; DIC Asia Pacific Pte Ltd, responsible for operations in the Asia-Pacific; and DIC (China) Co., Ltd., in charge of operations in Greater China, facilitating the efficient and flexible management of Group operations in a manner that takes into account regional market characteristics.

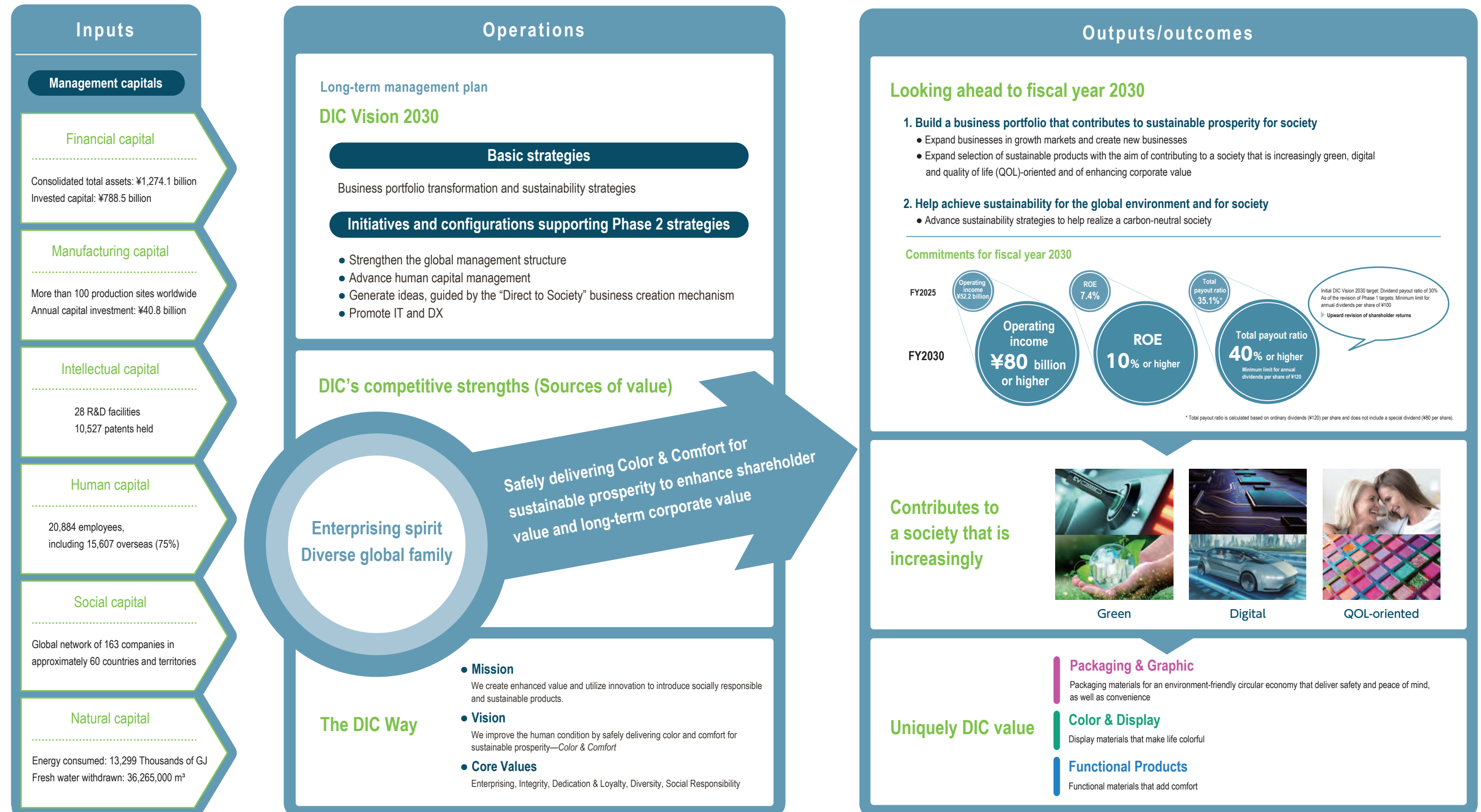
This configuration underscores DIC's efforts over many decades to build a diverse global family. The Group will continue to reinforce and expand its core businesses, primarily in Asia, which is expected to see sustained economic growth, as well as to extend its reach into emerging economies, including in Eastern Europe, South America and the Middle East. Looking ahead, the Group will further build on its global technological capabilities and operating foundation to promote social development and economic prosperity worldwide, as well as to enhance its corporate value over the long term.



(As of December 31, 2025)

DIC in the Future: The DIC Group's Value Creation Process

This chart represents how the DIC Group is creating new value with the goal of achieving the targets it has set for fiscal year 2030. The Group is leveraging its six management capitals to organically bring together its DIC Vision 2030 long-term management plan; competitive strengths, namely, its enterprising spirit and diverse global family, which are its sources of value; and underlying philosophy (The DIC Way), to advance its operations. Through these efforts, the Group aims to contribute to the resolution of social imperatives, the realization of a sustainable society and the enhancement of its corporate value over the long term.



Note: All figures are as of December 31, 2025.

The DIC Group's Competitive Strengths (Sources of Value)

The DIC Group has leveraged its competitive strengths, namely, its enterprising spirit and diverse global family, which are its sources of value, to expand the scope of its operations and develop distinctive products. The Group will continue to capitalize on these strengths to further drive its evolution and establish new basic technologies.

Four mainstays

of the DIC Group's history that demonstrate its enterprising spirit and diverse global family

1 Active expansion into new business areas

- Expansion of operations by building on core technologies in the areas of printing inks and synthetic resins, DIC's original businesses
- Diversification based on a willingness to take on challenges cultivated since its establishment, underpinning its evolution from a manufacturer of printing inks to a chemicals manufacturer
- Designation of businesses centered on chemicals and materials for electronics applications as "chemitronics" and shift to focus on cultivating this as a next-generation growth business

2 Development of uniquely DIC products that leverage superior technological capabilities

- Development of a 100% vegetable oil-based printing ink, spurred by rising public awareness of environmental issues
- Development of the G58 series of green pigments for use in color filters for LCDs, a world first. These pigments, which deliver marked increases in brightness and contrast compared with previous products, have secured an overwhelming share of the global green pigments market.
- Development and launch of a surfactant that does not contain perfluoroalkyl or polyfluoroalkyl substances (PFAS) using proprietary technology that delivers reduced environmental impact

3 Early establishment of a presence overseas, becoming one of Japan's first companies to do so

- Start of global expansion with the conclusion of agency agreement with trading company in China in 1919
- Establishment of presence in Indonesia in 1931
- Opening of first overseas office in the postwar period in Hong Kong in 1958

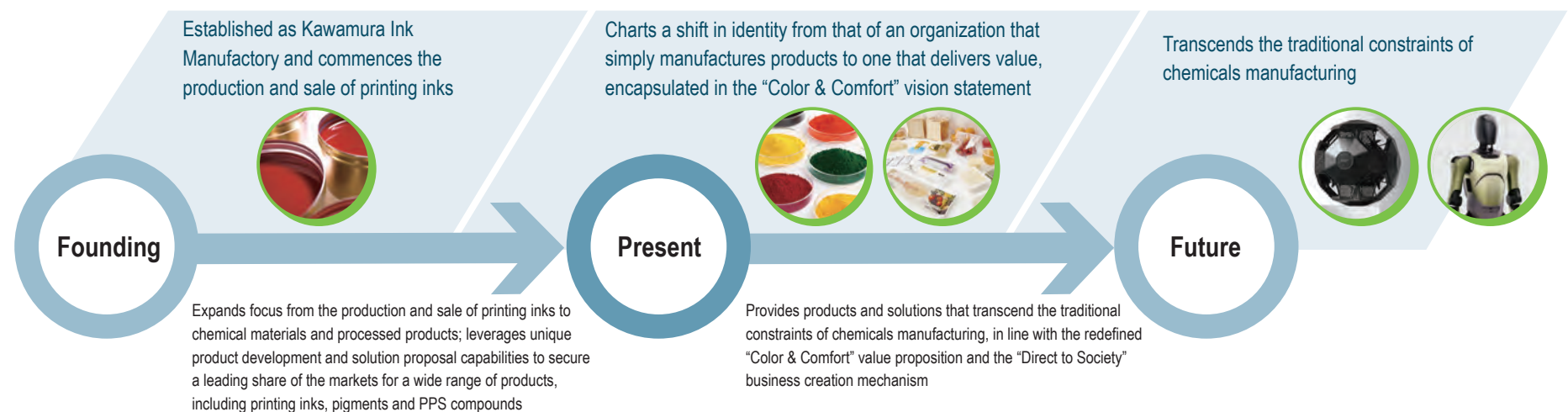
4 Globalization of labor force and collaboration with overseas partners through bold M&A program

- Establishment of joint venture with a U.S. company in 1952
- Acquisition of the graphic arts materials division of Sun Chemical, the foremost producer of printing inks and organic pigments in the United States, in 1986
- Acquisition of the Colors & Effects pigments business of Germany's BASF in 2021

Creation of a global business configuration with more than 70% of employees and consolidated net sales overseas

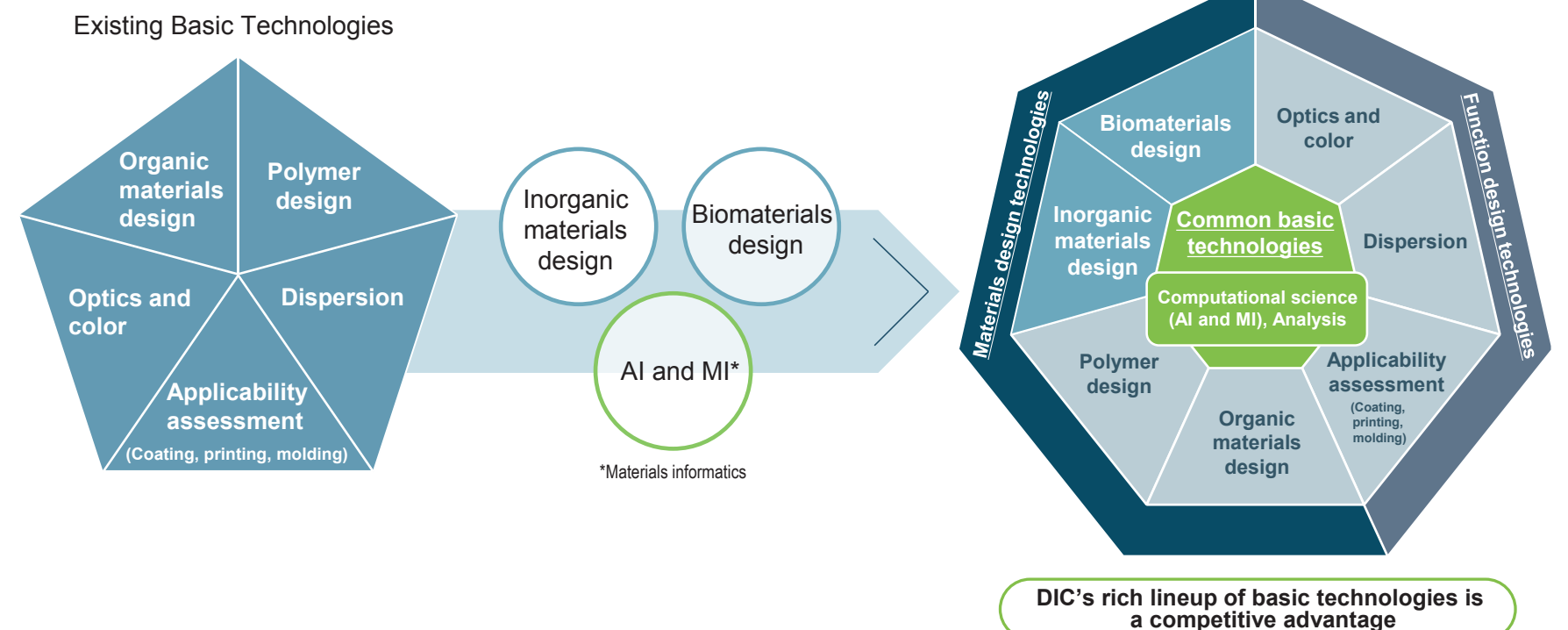
An organization that evolves with the times

The DIC Group has diversified from its beginnings as a manufacturer of printing inks, organic pigments and synthetic resins, and expanded its global presence through M&As and other efforts to evolve as a unique company that is trusted by society.



Basic technologies underpinning DIC's evolution

Having established basic technologies in five key areas over 100-plus years, the DIC Group is fostering new technologies in important new areas such as inorganic materials design, biomaterials design and computational science.





A Message from the President

We have launched Phase 2 of our DIC Vision 2030 long-term management plan, during which we will emphasize strengthening our management foundation and transcending the traditional constraints of chemicals manufacturing.

President and Group CEO
DIC Corporation

Takashi Ikeda

DIC posted a net loss attributable to owners of the parent in fiscal year 2023, which ended just before I was named President in January 2024. Immediately after I assumed office, we announced a revision of the DIC Vision 2030 long-term management plan and began implementing measures that yielded a recovery in profitability, to a certain extent. These measures comprised carrying out structural reforms, including strengthening our pigments business in the Americas and Europe, and positioning our new chemitronics business, which centers on semiconductor materials, on a growth trajectory.

Then, in February 2026, we announced Phase 2 of DIC Vision 2030. Phase 2 sets forth fiscal year 2030 commitment targets for three key indicators. In this message to our stakeholders, I will share my thoughts on our efforts to transform our management structure to facilitate swifter responsiveness, even in a harsh operating environment, as well as on the intentions behind our Phase 2 commitments and the future of our business portfolio.

Brief Personal History

Takashi Ikeda was born in Osaka Prefecture in 1965. In 1990, he completed a master's degree at Keio University's Graduate School of Science and Technology, after which he joined Dainippon Ink and Chemicals, Incorporated (now DIC Corporation). He served as General Manager of the Composite Material Products Division in 2020 and as President of the Functional Products Business Group in 2021. He was named a Managing Executive Officer in 2022 and assumed his current position (then President and CEO) in 2024.

■ Taking the Reins in a Challenging Environment: Simplifying Our Approach to Build a More Robust Foundation for Growth

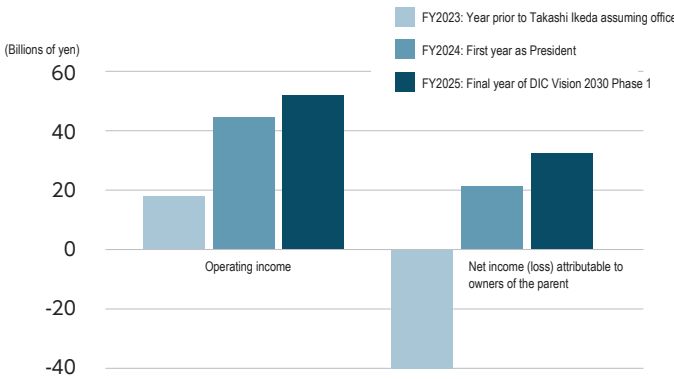
At the time I was named President in January 2024, we were facing an extremely arduous operating environment. Against this backdrop, we adopted three guiding principles, namely, to clarify priorities, narrow down what needs to be done and create a management configuration that expects the unexpected.

Our first move, in relation to clarifying priorities, was to designate restoring the DIC Group to profitability as our primary concern for fiscal years 2024 and 2025, positioning this as a period for foundation building. Among our existing businesses, the most challenging was the pigments business in the Americas and Europe. Despite declining demand amid a persistent economic downturn, pigments manufacturers had to adjust sales prices to counter cost increases arising from inflation and tariffs, among others. Regardless of the intense pressure precipitated by these circumstances, the fact that our local employees rallied together, determined to persevere and succeed, was our greatest advantage.

In terms of narrowing down what needed to be done, we took a number of steps to simplify initiatives. For example, while we had previously explored diverse possible businesses in multiple fields with the goal of identifying new business and growth themes, we made the decision to suspend new business development in some fields, given our limited management resources. Instead, we concentrated our allocation of these resources on our chemitronics business, a key component of which is semiconductor materials. In conjunction with focusing our attention on chemitronics, we established the new Chemitronics Business Division, further bolstering active efforts to lock in demand across the semiconductor market.

We tackled the issue of creating a management configuration that expects the unexpected. Owing to the rapid deterioration of market conditions and drastic geopolitical changes, DIC has fallen short of its performance targets a number of times since fiscal year 2020. While it is certainly difficult to forecast pandemics, conflicts and other such crises, I have always believed that it is entirely unacceptable for business leaders to blame the failure to meet targets on so-called “unforeseen events.”

Recent Consolidated Operating Results



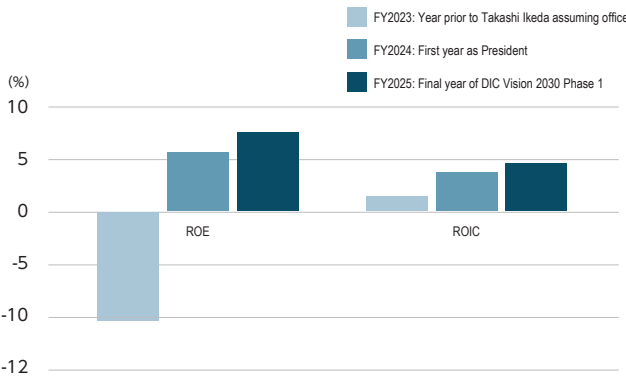
■ Reinforcing Management: Responding Swiftly to Change by Expecting the Unexpected

In addition to our Plan A for Phase 2 of DIC Vision 2030, we also formulated Plan B and Plan C backup options, under the assumption that unforeseen events are more likely than not to occur. If our original Plan A does not progress as expected, we will promptly shift to Plan B. If the situation changes further, we will decisively deploy Plan C. From the initial stages of formulation, we also considered worst-case scenarios, mapping out all of the most severe possible outcomes, in order to be fully prepared.

This process resulted in the adoption of a multifaceted management plan that encompasses not only supply chain management, including purchasing from multiple suppliers and formulating sales price strategies, but also fundamental reforms to our cost structure. Our approach sought to prevent scenarios in which an unexpected occurrence forces a hasty retroactive response, as well as to equip each department with the capacity to respond quickly and flexibly, based on commonly understood priorities, without necessarily having to consult the management team first.

In fiscal year 2024, we also began publicly disclosing segment return on invested capital (ROIC). One benefit of tying the plans and efforts of individual segments to ROIC, a measure of capital efficiency, is that it has clarified our understanding of what needs to be done.

Whether we're talking about sales, production or procurement, the initiatives we have implemented have enabled us to quickly shift gears, led by DIC Group employees on the front lines, even when things have not gone as anticipated. In fiscal year 2025, we took proactive steps in response to such factors as U.S. tariff policies, including adjusting sales prices, as a result of which we exceeded our initial forecasts for operating income and return on equity (ROE), among others, for the period.



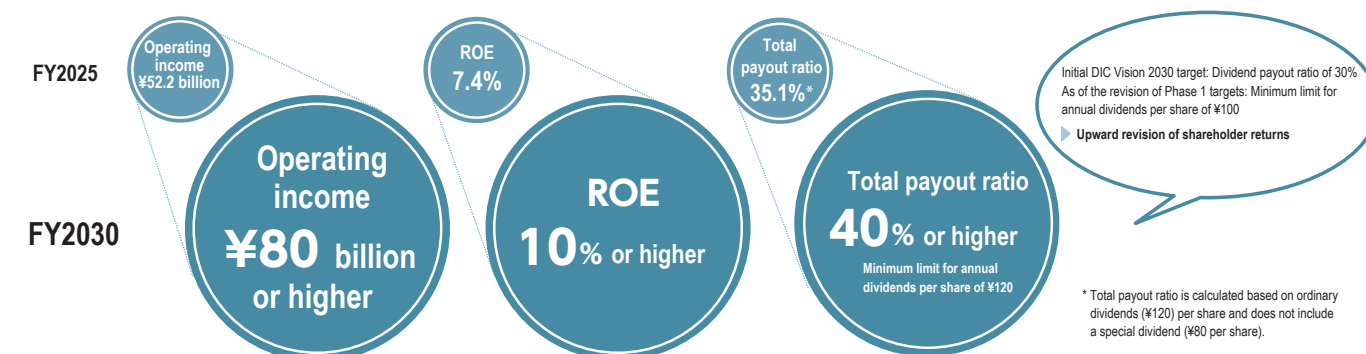
■ The Launch of Phase 2: Working to Exceed Commitments

In fiscal year 2026, we embarked on Phase 2 of our DIC Vision 2030 long-term management plan. We began Phase 1 (fiscal years 2022 to 2025) by exploring a wide range of possible new growth businesses. However, owing to changes in the operating environment caused by the military conflict in Europe and other factors, in the final two years we narrowed our focus to foundation building. In Phase 2, we will shift our emphasis to purposefully driving growth and achieving our vision for DIC in the future. We have committed to the attainment of targets for three key performance indicators (KPIs) in fiscal year 2030: Operating income of ¥80 billion or higher, ROE of 10% or higher and total payout ratio of 40% or higher.

Having recognized the importance of expecting the unexpected, as I noted, from the outset we also formulated Plan B and Plan C for consecutive deployment as necessary. This will ensure that even if our original Plan A falls apart we can immediately replace it with an alternative. In addition, we incorporated worst-case scenarios, positioning our original targets for fiscal year 2030, which covers operating income of ¥80 billion, as minimum commitments. We also made the decision to actively allocate cash to investments aimed at inorganic growth when the timing is appropriate, with the goal of pushing results above our commitments. While we do not currently disclose targets for returns on investments in inorganic growth or in startups that make use of corporate venture capital (CVC), we are naturally expected to deliver returns on any investments we make. Accordingly, we will conduct rigorous evaluations of all such investment opportunities.

One of our objectives in making these three commitments is to communicate the policies that have guided us to date in the simplest way possible to both internal and external audiences. We want to explain to the stock market, as well as to our many stakeholders, what it is that we are seeking to accomplish, as well as to clarify what needs to be done in-house so that the entire DIC Group can work as one going forward.

DIC Vision 2030 Phase 2: Commitments for Fiscal Year 2030



■ Shifting to a Global Operating Model (GOM): Balancing Effectiveness and Overall Optimization

In fiscal year 2026, we have begun implementing a series of organizational reforms, including restructuring to create a global business division configuration, integrating global administrative functions and realigning the Board of Directors.

Organizational Changes (As of January 1, 2026)

(1) Transition to a GOM

■ Restructuring to create a global division business configuration

A global business division configuration is being established that encompasses DIC Group companies in all four operating regions, while production, sales and development functions are being reorganized to encourage the delegation of authority.

■ Global integration of corporate functions

Function-specific C-suite roles have been created. Individuals have been appointed to the positions of Group chief financial officer (CFO), Group chief technology officer (CTO), Group chief strategy officer (CSO) and Group chief human resources officer (CHRO).

■ Realignment of the Board of Directors

With the shift to a GOM and the further delegation of authority to executive officers and business divisions, steps are being taken to transform the Board of Directors into a monitoring board. The number of directors on the Board will be reduced from nine to seven from fiscal year 2026. Plans are to transition to being a company with an Audit and Supervisory Committee by the March 2027 Annual General Meeting of Shareholders.

(2) Restructuring of the General Affairs and Legal Unit

A new Global HR Center of Excellence (HRCoE) was established under the supervision of the Group CHRO. The General Affairs and Legal Unit was reconfigured as the Legal and General Affairs Unit and the new HR Unit.

These organizational reforms are consistent with the other measures I have mentioned. The primary intent in each case is to facilitate the delegation of authority to those on the front lines. Confirming that the scope of responsibility is clearly defined at each site—and that an environment allowing independent action is in place—will enable swift and flexible responses when unforeseen events occur.

The creation of a global business division configuration, which covers transferring pertinent technical and production-related divisions to the appropriate business division, will facilitate more effective responses, even to issues such as tariffs, by allowing the coordination of core functions, namely, production, sales, development and logistics.

We also saw a need to clarify changes on the administrative side. Accordingly, we are striving to ensure the establishment of a management system that avoids the danger of suboptimization, while at the same time maintaining an overview of the entire Group. Steps taken included the appointment of function-specific Group C-suite executives.

Successfully adapting to change depends not only on the aforementioned organizational changes but also on the approach and perspective of each and every DIC Group employee. For example, we should look at geopolitical risks, such as trade friction between the United States and the PRC, not as a decoupling but rather as a recoupling, or a reconnection—that is, a restructuring of supply chains. The ability to anticipate change will allow us to see change not only as a risk but as an opportunity. This understanding is also an essential element supporting our Phase 2 global strategy.

■ Intensifying Business Portfolio Transformation: Measures to Enhance Corporate Value

If decision making is the responsibility of employees on the front lines in each business unit, one has to ask what the role of senior management is. One important response to this question would be that part of the role is to ascertain the optimal allocation of management resources.

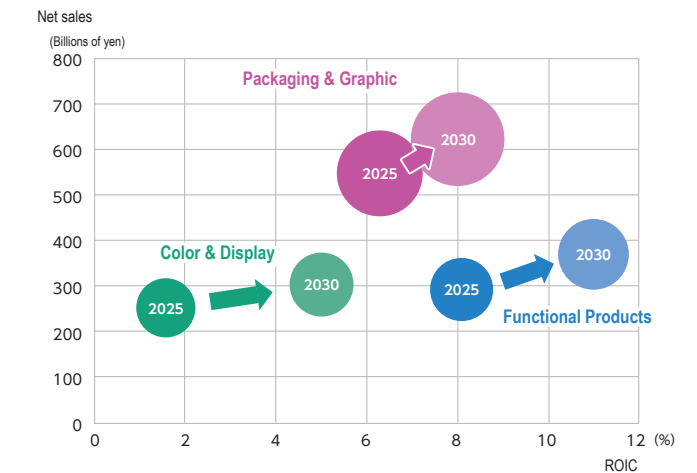
DIC has multiple businesses and products, each of which has its own background and degree of maturity. These are some of the points I recently endeavored to explain to the leaders of our various businesses. First, we have businesses with long histories and mature markets. These form the core of our business portfolio. Second, we have businesses that are expected to continue growing. And third, we have nascent businesses with promising growth potential. For businesses in the first category, which are well-established, there is a tremendous need to generate cash and maximize ROIC. The second type of business may also require improvements in capital efficiency and other areas to secure growth. The third category, that of businesses that are expected to grow in the future, will be nurtured through the investment of cash from other businesses, but this kind of business also naturally faces pressure to succeed.

By clarifying this, I sought to convey that just because a business is mature does not mean it should be expected to simply generate cash or boost ROIC. Rather, all of our businesses have an important role to play in shaping the DIC Group's new business portfolio and therefore mutual support will be critical in the years ahead. The Group CEO's role is to maximize corporate value by determining the Group's overall direction and by overseeing resource reallocation.

■ Basic Policies for Human Capital Management: Embracing Diverse Forms of Contribution

Improving our ability to adapt to change depends on taking a proactive approach—by, among others, seeing changes as

Outlook for Segment ROIC (Conceptual Representation)



opportunities for recoupling, as I mentioned earlier, and adopting a business creation mechanism we call “Direct to Society,” which I will touch on later—rather than remaining passive in the face of uncertainty. This, in turn, depends on fostering as many employees as possible with the ability to anticipate change and to forge new business models. This is the essence of our human capital management, as well as being closely linked to our ability to address sustainability-related issues.

Of course, we don't expect this of every employee. We also need people who contribute by consistently upholding the highest standards in terms of quality, costs and delivery times. Maintaining stable supply capabilities even in the event of a supply chain disruption encourages customer confidence, that is, the belief that we will always deliver no matter what, which is the foundation of long-term partnerships that don't rely exclusively on our price competitiveness. In other words, we require both employees who can capitalize on change and those who can ensure quality and other product features. Just as we seek a diverse business portfolio, we want DIC to be an organization that allows all employees to take pride in their work and which provides wide-ranging opportunities for individuals with different perspectives and career aspirations.





■ Direct to Society: Transcending the Traditional Constraints of a Materials Manufacturer

In Phase 2 of DIC Vision 2030, we clarified that we regard core businesses as those that generate solid income, while growth businesses are those that will drive business growth in the future. One of our most important growth businesses is chemitronics, a portmanteau of “chemistry” and “electronics” coined to refer to chemicals and materials for electronics applications, primarily for semiconductors and peripheral materials. (For more information, please see pages 37–38.) Recent years have witnessed an acceleration in the semiconductor market, owing to the rapid evolution of AI and other digital fields, and chemitronics is thus an area where significant growth is expected going forward. Our other growth businesses include battery materials and physical AI, notably robotic fingers.

In physical AI, in particular, we anticipate substantial changes in our business model. In addition to actively leveraging external resources through investments that make use of CVC, among others, we are also deploying our Direct to Society business creation mechanism. Two achievements that truly embody the Direct to Society mechanism are the *HAGAMOSphere*[®] omnidirectional multicopter, which earned DIC a designation as a CES Innovation Awards[®] 2025 Honoree, and the *MoR*[™] multifunctional robotic finger. *HAGAMOSphere*[®], an innovative drone developed in collaboration with Tokushima University, which capitalizes on DIC’s extensive materials technology, uses a unique algorithm to control the rotation of its eight mounted propellers, allowing it to move in any direction without tilting. *MoR*[™], which takes advantage of the properties of PPS resins and uses molded interconnect device technology to laser-etch circuit traces directly onto a robotic hand (claw), is already being used at a number of customer sites.



The *MoR*[™] multifunctional robotic finger (left) and the *HAGAMOSphere*[®] omnidirectional multicopter

■ Why Robots? Adopting a Downstream Perspective

At first glance, drones and robotic fingers may seem far removed from our core businesses. We are essentially a business-to-business (B2B) manufacturer of materials and chemicals, with a contract-based business model that involves developing and investing in products based on orders from customers. The product life cycle is long, calculated in decades rather than years, reflecting the development periods of traditional industry roadmaps. However, in today’s cutting-edge fields, the pace of change means that traditional approaches simply cannot keep up. We therefore began exploring the potential for us to make full use of our competitive strengths in fields such as drones and robots. Seeking to determine how we could best contribute in related areas, we resolved to look at this challenge from a downstream perspective, that is, from the viewpoint of end users and consumers. While new businesses may still involve supplying materials and chemicals, the crucial difference lies in our proactive efforts to propose products and to communicate their benefits directly to customers, rather than passively waiting for them to place orders.

Although Direct to Society is a relatively recent initiative for us, launched just a few years ago, it is a concept I have long appreciated. After I was named President of DIC Color Design, Inc., in 2007, I became actively involved in making proposals to automobile and electronics manufacturers. Based on that experience, I was able to foresee the need for the entire DIC Group to directly address markets and downstream customers. Today, thanks to our Direct to Society initiative, we are moving toward integration across a more expansive range of fields, beyond chemitronics, including mechanical systems, notably robotics, and the software used for the control thereof. We also intend to propose a new business that synthesizes four areas—chemicals, electronics, mechanical systems and software—with the objective of offering new solutions in the area of physical AI and will endeavor to do so early in Phase 2.

■ The Value Cycle Between Society and Business: Rethinking Sustainability and Stakeholder Management

In June 2021, the DIC Group adopted DIC Net Zero 2050, which sets a target of achieving carbon neutrality—net zero CO₂ emissions (Scope 1 and 2)—by fiscal year 2050. As of fiscal year 2025, we had realized a 38% reduction in CO₂ emissions from the fiscal year 2013 level. We will further accelerate related efforts in Phase 2 of DIC Vision 2030 with the aim of attaining a 50% reduction by fiscal year 2030.

Our raison d’être, like many companies, is not exclusively to generate economic value by providing products that create value for our customers. At the heart of our management philosophy is our awareness of the importance of being a social citizen. From 1990 through March 2025, we operated the Kawamura Memorial DIC Museum of Art in the city of

Sakura, in Chiba Prefecture. Our operation of this museum over many years attracted interest and support from a wider variety of stakeholders than we ever expected, for which we are grateful. We are by definition a for-profit organization, but at the same time we are an entity that employs real people and that has built production facilities in a number of regions where we manufacture products, which we then deliver to demand areas and sell to customers. We not only create jobs, we also play an active role as citizens with firm roots in the communities in which we operate, as well as in promoting local development. While there is no single management indicator that truly expresses the value of corporate citizenship, our businesses do lead to the sharing of economic and social value



Announcement of collaboration involving DIC, the International House of Japan and the Rothko Chapel

In 2026, we officially launched our collaboration with the International House of Japan, Inc., in the visual arts and architecture. Plans for this joint project are progressing steadily, including for building a new Rothko Room as a dedicated exhibition space for the seven DIC-owned Mark Rothko Seagram Murals paintings—previously exhibited in the Kawamura Memorial DIC Museum of Art’s original Rothko Room—in the International House of Japan’s new West Wing.

Moreover, DIC will leverage its expertise as a chemicals manufacturer to provide support for the restoration of works of art. Fraught with a variety of issues, art restoration is seen as a challenge the world over. We have also entered into a partnership with the Rothko Chapel, located in Houston, Texas, in the United States, and will furnish the necessary materials to restore the Rothko works that were damaged in a recent natural disaster. These initiatives will facilitate the acquisition of valuable intangible assets that will contribute to the development of new materials and technologies, underscoring our aspiration to be a corporate entity that has achieved a virtuous cycle of economic and social value.

■ Greater than the Sum of Their Parts: The True Potential of Diversity Plus Teamwork Plus Creativity Leads to Infinite Possibilities

When I assumed the presidency, I was confident that DIC’s true potential is far greater than we have demonstrated thus far. Two

years later, that feeling has not changed. In Phase 2 of DIC Vision 2030, we want to ensure our ability to bring together our three greatest competitive advantages, namely, our diversity, teamwork and creativity, to fulfill their maximum potential.

Our core business, that of printing inks, encompasses products sold in more than 100 countries. However, we don’t actually sell the same products in all markets. Rather, we offer products tailored to specific market needs that reflect local cultural sensibilities. So, while all of these products are categorized as printing inks, they are actually quite diverse.

The same is true for our labor force. For instance, when DIC Group employees from around the world gather for events such as the annual ceremony for the presentation of employee awards by the president, they display a strong sense of teamwork, quickly becoming comfortable with one another, even if they are meeting for the first time, thus exemplifying a sense of unity and solidarity. Nevertheless, we do recognize that we have not yet reached a point where we can collaborate completely across regional and organizational boundaries to fully benefit from each other’s expertise.

With this in mind, we will continue to prioritize the creation of an environment, based on a foundation of diversity and teamwork, that enables employees from different backgrounds to more easily exchange ideas, share skills and broaden their perspectives. Such efforts are a prerequisite to fostering greater creativity. As an illustration, the establishment of the Chemitronics Business Division in fiscal year 2024 brought together multiple previously independent products, yielding new combinations of technologies and enhancing our ability to take a more comprehensive view of the market overall, as well as to identify promising opportunities. Examples such as this are further proof that our true potential is so much greater.

In our existing businesses, such as inks for packaging, we will persist in our goal of evolving from a sustainability perspective, including through the promotion of recycling. What is common across all of our businesses is our commitment to creating new value to stay ahead of the curve. Recently, I have heard people express a desire to deliver more experiences that excite and inspire. Delivering more of these “wow” moments to society can be thought of as our Color & Comfort value proposition brought to fruition.

The entire DIC Group pledges to continue working as one to respond to the expectations of our stakeholders to enhance corporate value through to the end of Phase 2. In these and all of our endeavors, I look forward to the ongoing support of our stakeholders.

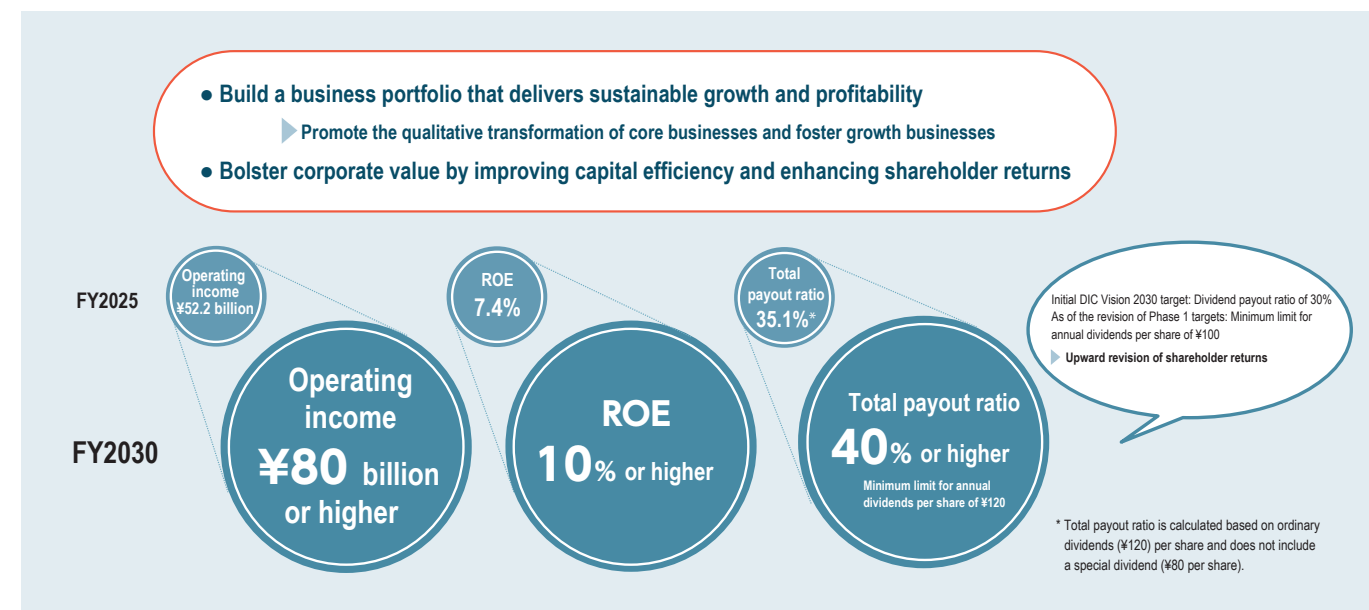
Phase 2 of the DIC Vision 2030 Long-Term Management Plan

In fiscal year 2022, DIC introduced a redefined vision statement, “We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*,” and launched a new long-term management plan, DIC Vision 2030, which will guide the DIC Group through fiscal year 2030. In fiscal year 2026, we embarked on Phase 2 of this plan.

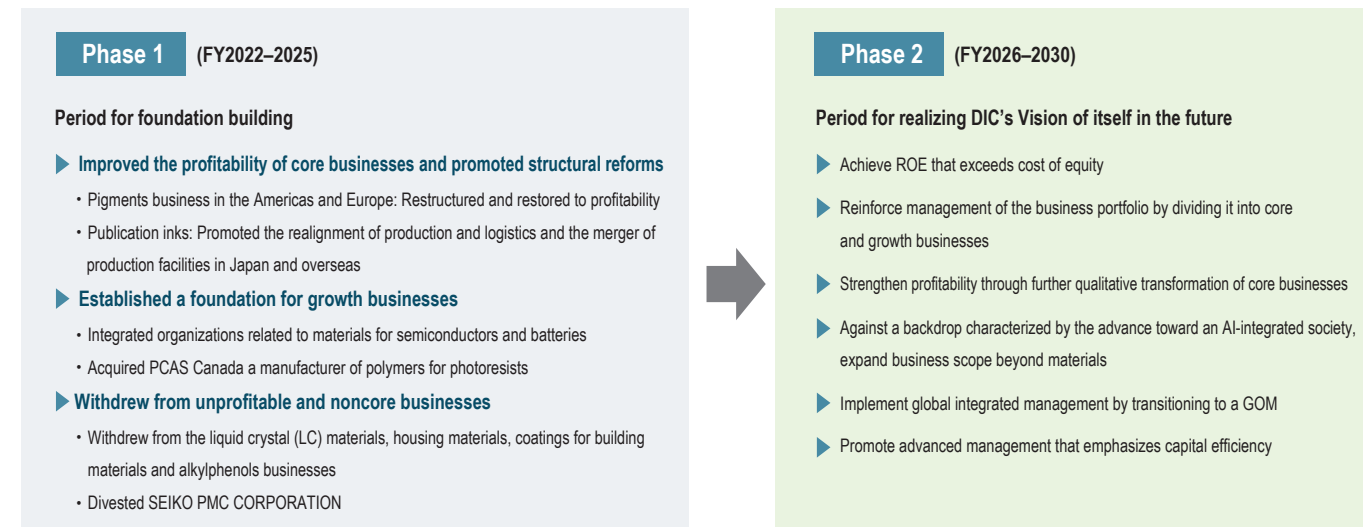
Basic Policy of DIC Vision 2030

Safely delivering Color & Comfort for sustainable prosperity to enhance shareholder value and long-term corporate value

Phase 2: Commitments for Fiscal Year 2030



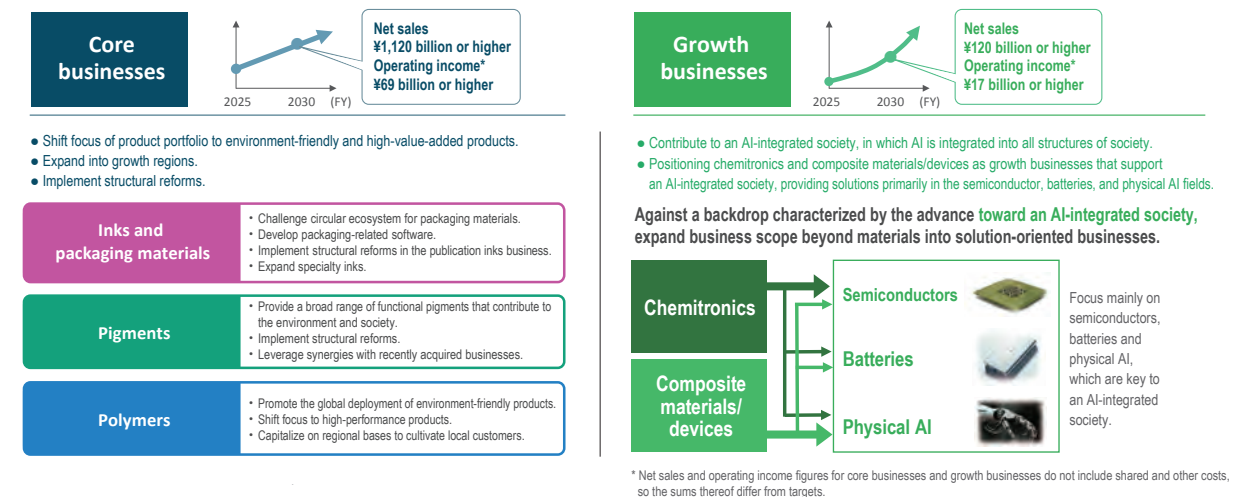
Initiatives Implemented in Phase 1 and Plans for Phase 2



Business Portfolio Strategies

In Phase 2, DIC will further reinforce management of its business portfolio by dividing it into core and growth businesses. In core businesses, efforts will focus on pursuing qualitative transformation to enhance profitability to ensure these businesses continue to provide a stable foundation for the entire DIC Group. To this end, the Company will capitalize on the positive results of structural reforms implemented to date to establish a definitive competitive edge and promote management that is mindful of capital efficiency. In growth businesses, DIC will leverage technologies and expertise cultivated in core businesses while also focusing on areas where new demand is emerging as a result of the advance toward an AI-integrated society. By offering value that goes beyond the provision of materials, the Company will seek to establish new pillars of profitability.

These strategies will guide DIC's efforts to build a portfolio comprising core businesses that support profitability over the short term and growth businesses which will drive the improvement of corporate value over the medium to long term.



Initiatives Aimed at Establishing Growth Businesses

- The society in which AI is increasingly integrated into all aspects of social systems is defined as an “AI-integrated society”.
- Among the business fields supporting the AI-integrated society, we provide materials and solutions primarily in the semiconductor, battery, and physical AI fields, where our management resources can be most effectively leveraged.



Initiatives and Configurations Supporting Phase 2 Strategies

- Strengthen the global management configuration.
- Advance human capital management.
- Generate ideas, guided by the Direct to Society business creation mechanism.
- Promote IT and DX.

Nonfinancial Strategies to Enhance Corporate Value

- Strengthen governance.
 - Delegate authority to executive officers and transform the Board of Directors into a monitoring board.
 - Transition into a company with and Audit and Supervisory Committee*.
- Advance sustainability initiatives.
 - Continue discussions aimed at reducing CO₂ emissions.
 - Introduce and entrench country- and region-specific measures aimed at realizing a circular economy.
- Promote a social contribution program centered on the fine arts.

* Scheduled to go into effect as of the Annual General Meeting of Shareholders in March 2027

A Message from the Group CFO



We are taking decisive steps to generate and ensure the optimal allocation of cash by promoting ROIC management.

Takeshi Asai

Senior Managing Executive Officer
Group CFO
Director, Head of Finance and Accounting Unit

Recognizing the Enhancement of Capital Profitability as a Key Challenge

Management challenges in recent years have included a cluster of large-scale investments prior to the fiscal year 2024 revision of Phase 1 of our DIC Vision 2030 long-term management plan, as well as sluggish demand overseas, primarily in the Americas and Europe, as a result of which both ROE and ROIC declined and our price-book value (P/B) ratio remained persistently low. Recognizing the enhancement of capital profitability as crucial to increasing corporate value, we have implemented bold structural reforms, including through a strategy of selectivity and concentration. Thanks to these and other efforts, profitability improved in fiscal year 2025, despite a 1.8% dip in consolidated net sales, to ¥1,052.2 billion, prompted by rising consumer prices and fears over the economic outlook, which pushed down shipments of pigments for coatings and other mass-market products. Operating income advanced 17.2%, to ¥52.2 billion, and net income attributable to owners of the parent climbed 51.8%, to ¥32.4 billion, while ROE, at 7.4%, was up 1.8 percentage points. We will continue working to boost capital efficiency with the goal of further amplifying corporate value.

Restoring Profitability by Adjusting Sales Prices and Promoting Structural Reforms

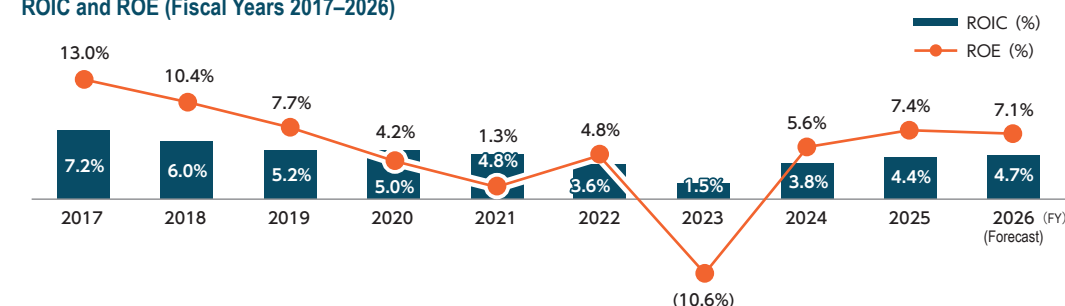
In the Packaging & Graphic segment, which centers on inks, raw materials prices remained relatively stable, although we faced mounting downward pressure on sales prices. We responded by promoting a strategy of “appropriate pricing,” whereby we strive to maintain sales prices by emphasizing the value offered by our products, including

performance features, and ensuring stable services. Thanks to structural reforms in the publication inks business, the segment operating margin recovered to 5.7 % in fiscal year 2025, from a low of 3.8% in fiscal year 2022.

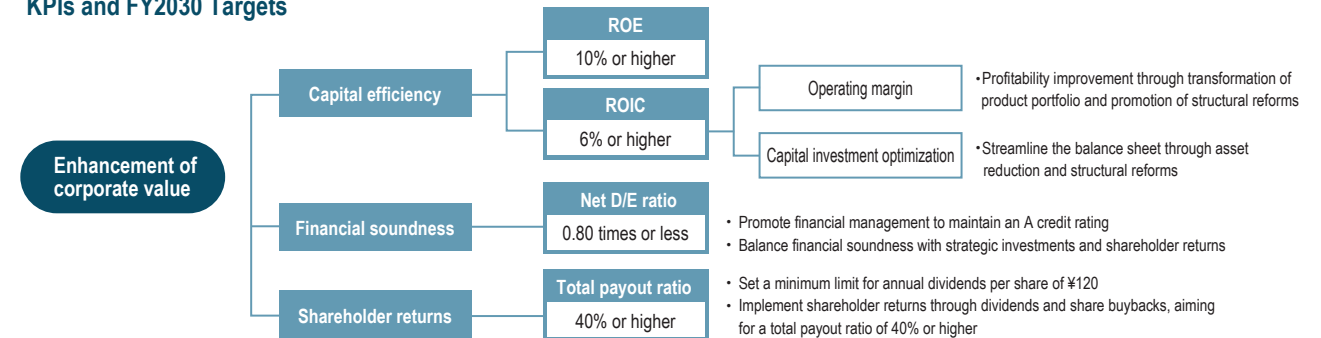
In the Color & Display segment, demand for pigments has declined steadily since fiscal year 2022, the year after we acquired the Colors & Effects pigments business from BASF, hampered by economic decline in Europe, a key market for these products, as well as to rising consumer prices in the United States. Against this backdrop, we allocated more than ¥10 billion for structural reforms over the three-year period from fiscal year 2023 through fiscal year 2025 and embarked on a program of large-scale realignments and reforms that included the merger and shuttering of production facilities and labor force rationalization in Europe. These efforts underpinned a return to profitability for the segment's overseas operations. While this is definitely a move in the right direction, we do not believe the segment has yet achieved sufficient profitability. Accordingly, we will continue to implement structural reforms, about which I will provide more information later.

In the Functional Products segment, we have withdrawn from unprofitable and noncore businesses, including divesting DIC Group company SEIKO PMC and exiting the housing materials and coatings for building materials businesses. At the same time, the chemitronics business, which focuses on functional materials, particularly semiconductor materials, benefited from expanding demand in areas such as AI servers and mobile communications devices. The segment operating margin, which slipped to 5.0% in fiscal year 2023, rose to 7.9% in fiscal year 2025.

ROIC and ROE (Fiscal Years 2017–2026)

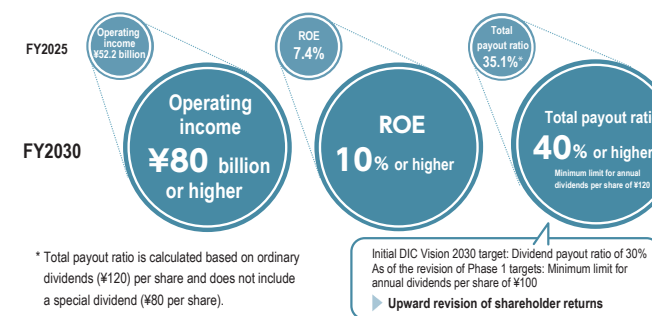


KPIs and FY2030 Targets



DIC Vision 2030: Phase 2 Commitments

Our targets for Phase 2 of DIC Vision 2030, the first year of which is fiscal year 2026, include net sales of ¥1,240 billion or higher, operating income of ¥80 billion or higher, ROIC of 6.0% or higher and a net debt-to-equity (D/E) ratio of 0.8 times or less. We have designated operating income and ROE, along with a total payout ratio of 40% or higher, together with annual dividends per share of ¥120, as commitments. I think it is important to explain the financial rationale behind these.



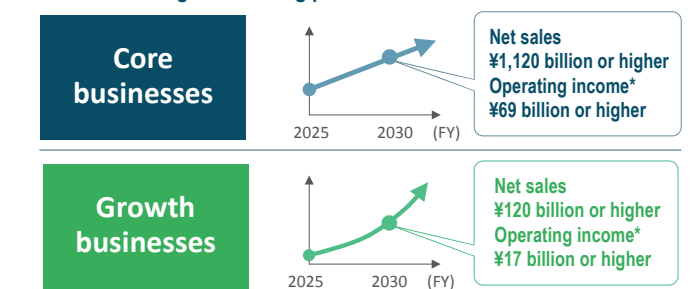
Aiming for Stability and Growth in Core and Growth Businesses

In Phase 2, we have classified our various businesses as either “core” or “growth,” a breakdown that differs entirely from our three reporting segments. Core businesses are those that have achieved a certain global ranking—for example, inks, pigments and polymers—and generate stable cash and comprise our operating foundation. Our targets for these businesses for fiscal year 2030 are net sales of ¥1,120 billion or higher and operating income of ¥69 billion or higher. Growth businesses, which include materials and solutions in areas that support an AI-integrated society, notably semiconductors, batteries and physical AI, allow us to leverage our management resources in areas that support an AI-integrated society and are expected to see significant growth in the future. Our fiscal year 2030 targets for these businesses are net sales of ¥120 billion or higher and operating income of ¥17 billion or higher. We also thus anticipate a relatively high operating margin.

One of the targets we have designated as a commitment—operating income of ¥80 billion or higher—will be achieved largely thanks to our core businesses, which form a stable earnings base.

If we assume that the performance of semiconductor materials and other growth businesses improves significantly, bolstered by the burgeoning physical AI market, operating income of ¥80 billion should be the absolute minimum we achieve. While inorganic growth through investments, including M&As, is not factored into this target, any such transactions would of course be an additional factor that would further boost both ROE and returns to shareholders.

Pursue qualitative transformation of the three core businesses that are currently pillars of profitability and foster growth businesses in areas exhibiting outstanding potential



An Emphasis on Segment ROIC

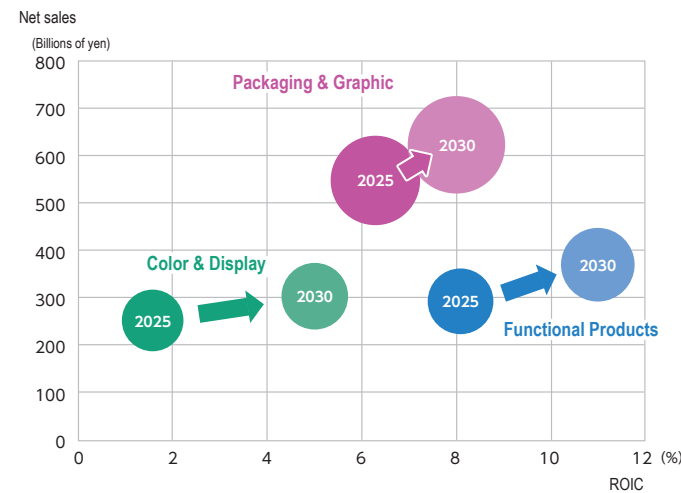
We have long used segment ROIC as an important internal management indicator and have incorporated it into our criteria for evaluating management performance. Since fiscal year 2024, we have also disclosed ROIC by segment. This has proven particularly helpful when speaking with investors and other stakeholders. For example, the ROIC of the Packaging & Graphic segment, which includes inks and various other materials, has remained stable at between 7% and 8%, and this has helped us communicate more clearly to external audiences the importance of this segment to our operating foundation. (Segment ROIC reference ranges are shown on page 21.) In Phase 2 of DIC Vision 2030, we will further enhance disclosure on this particular point by publishing segment ROIC targets (reference ranges) for fiscal year 2030, the plan's final year.

Pursuing the Qualitative Transformation of Our Business Portfolio and Increasing the Profitability of Core Businesses

I would like to touch briefly on our strategies for each segment, concentrating on core businesses. The Packaging & Graphic segment, which centers on inks, accounts for more than 50% of total net sales, so its impact on overall profitability is substantial. By advancing the aforementioned “appropriate pricing” strategy, as well as through the continuous improvements of asset efficiency, we aim to achieve an ROIC in excess of 8% for this segment in fiscal year 2030. In addition to boosting capital efficiency, the segment’s emphasis will shift from mature to growth products. Inks are not limited to publication and news inks, but also include products for promising new fields, including jet inks, used in digital printing, and security inks, for anti-counterfeiting applications. Inks used on food packaging and for other applications integral to daily life are expected to continue seeing stable growth generally in line with global gross domestic product (GDP). The performance volatility of products for food packaging is low, underscoring its importance as a source of earnings. Moreover, there is room for market expansion in multiple geographic areas, including Association of Southeast Asian Nations (ASEAN) member countries, India, and Central and South America.

Bolstering ROIC in the Color & Display segment, which focuses on pigments, is a particularly urgent challenge. We have steadily merged and shuttered production facilities over the past few years to enhance invested capital, the denominator in the calculation for ROIC, and will continue to optimize our remaining facilities while also staying attentive to geopolitical factors. To boost operating income, the numerator, we are also taking steps to raise profitability, including improving not only color but also performance features. A notable example is far-infrared light-absorbing functional black pigments for automotive exterior coatings, which offer excellent responsiveness to light detection and ranging (LiDAR)—essential for autonomous driving vehicles—and outstanding visual appeal, as well as superior heat-shielding properties. By transforming the segment’s product portfolio, we will concentrate primarily on modifying and repurposing existing production facilities to

Outlook for Segment ROIC (Conceptual Representation)



accommodate new products, which will keep investment costs down, with the goal of advancing operating income, while at the same time minimizing invested capital, to lift segment ROIC at least to a level in line with weighted average cost of capital (WACC) at the earliest possible date.

In the Functional Products segment, Phase 1 brought initial investments in environment-friendly resins for automotive exterior coatings and for industrial applications in India and the PRC. We anticipate that demand for such offerings will expand in both countries, as well as across Asia, underpinned by heightened environmental awareness and the tightening of related regulations. We will continue striving to ensure healthy returns on our investments, as well as to lift segment ROIC.

We are confident that these and other efforts across all three segments to advance the qualitative transformation of our business portfolio will enable us to achieve steady growth in operating income without excessively increasing assets.



Growth Businesses Must Also Remain Mindful of Capital Efficiency

The Functional Products segment also includes growth businesses. Investments in such businesses are not expected to involve massive upfront outlays, recognizing that many prioritize profitability over net sales or business scale. Looking ahead, rather than permanently carrying equipment and personnel necessary for all products in growth businesses, we need to consider entering into strategic partnerships with third parties and outsourcing production. In particular, given the rapid pace of technological change in cutting-edge fields, this would reduce the risk of us being unable to ensure appropriate returns on our investments. Through such strategies, we will strive to boost ROIC for this segment to 11.0% in fiscal year 2030, from 7.9% in fiscal year 2025.

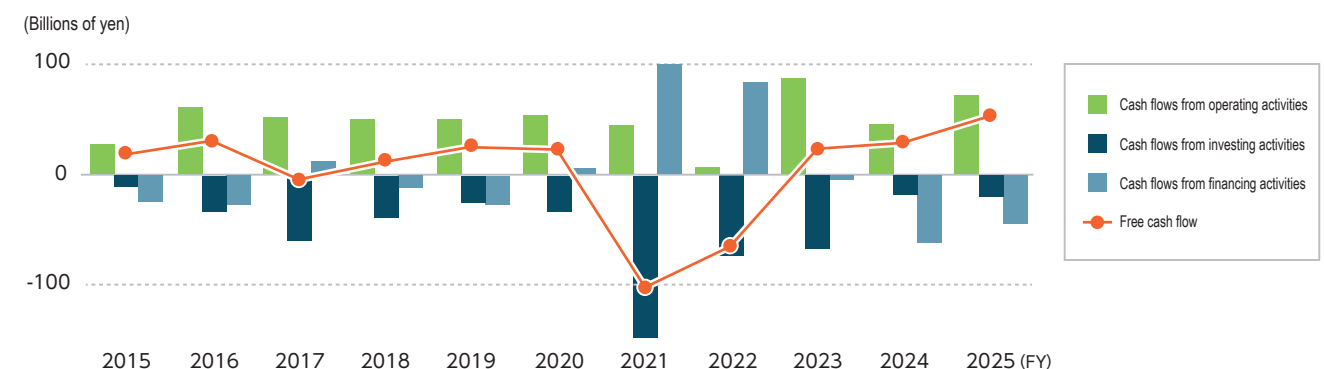
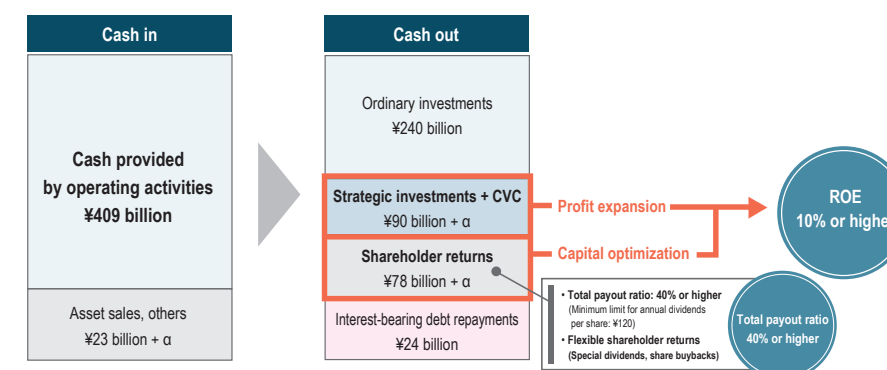
Strategic Investments: Allocating ¥90 Billion or More Over Five Years

Phase 2 calls for the allocation of cash to strategic investments. In addition to ¥409 billion provided by operating activities, cash generated over the five-year period is expected to include that from asset sales, among others. Working capital is also on an uptrend, owing to rising sales, so we will continue taking steps to minimize increases with the aim of improving the cash conversion cycle. Of this total, we plan to apply ¥240 billion to ordinary investments, mainly facility maintenance, and ¥90 billion or more to strategic investments, including M&As, and investments in startups that make use of CVC. Our basic intent is not to make large-scale acquisitions such as the pigments business we acquired two years ago, but rather to focus on making multiple strategic investments in growth businesses.

A principal reason for our decision to disclose segment ROIC is that we want to encourage a proper understanding of cash flows, which

is not something one can grasp simply by looking at the income statement. As we proceed to make investments in growth, we will of course be vigilant in ensuring not only that returns exceed the cost of capital but also that we generate sufficient cash, including by shrinking working capital and the sale of assets. In any business, an awareness of such perspectives on the part of frontline employees is more important today than ever before. If cash provided by operating activities exceeds projections, our intention is to use excess funds for agile strategic investments or additional returns to shareholders.

To ensure a healthy free cash flow, we will endeavor to implement investments and asset sales in the same fiscal year whenever possible. This will enable us to balance inflows and outflows, minimizing fluctuations in free cash flow and helping us maintain a stable financial position.



Setting a Minimum Limit for Annual Dividends to Ensure Returns to Shareholders

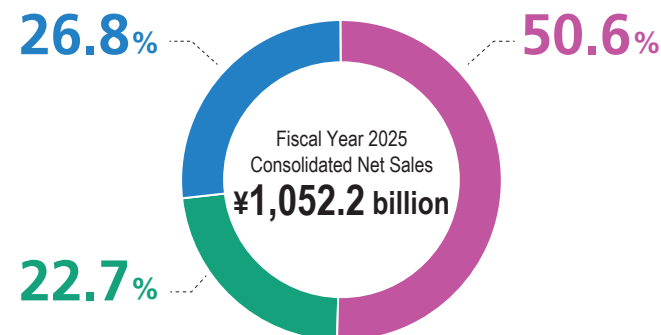
We have announced a policy of ensuring stable returns to shareholders for the five years of Phase 2 and set a minimum limit for annual dividends per share of ¥120. Additionally, we have committed to achieving a total payout ratio of 40% or higher with a view to boosting returns to shareholders in line with growth in income, and will implement additional flexible shareholder returns as permitted by our financial condition, including operating results and cash flows.

Reinforcing the Functions of the CFO to Facilitate Effective Global Management

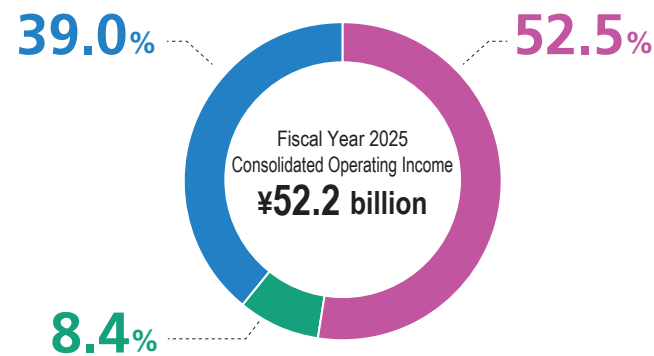
Effective from fiscal year 2026, my title has been amended to “Group CFO.” The creation of an integrated organization that spans DIC Group operations across Japan, Asia and Greater China will allow us to more swiftly optimize our allocation of cash around the world. As part of succession planning for the Group CFO, as for other key positions, we plan to identify the most suitable candidates from across the global DIC Group.

The DIC Group's Business Portfolio

Breakdown of Consolidated Net Sales by Segment



Breakdown of Consolidated Operating Income by Segment



Note: The breakdown of net sales is based on a net sales figure to which others, corporate and eliminations have been added back.

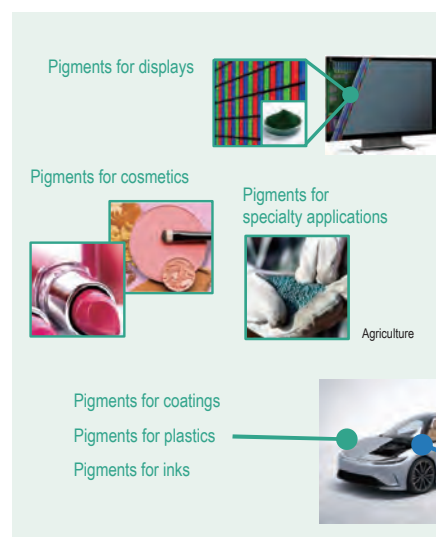
Packaging & Graphic

Packaging materials for an environment-friendly circular economy that deliver safety and peace of mind, as well as convenience



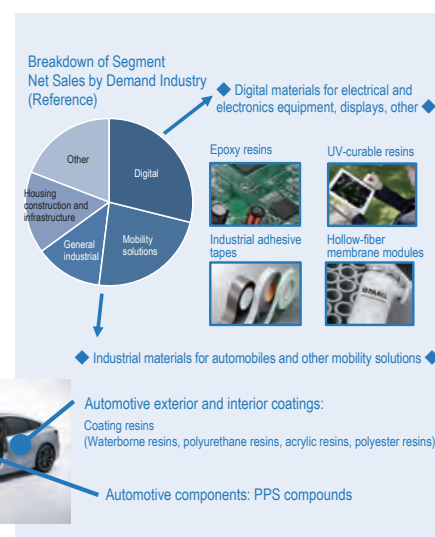
Color & Display

Display materials that make life colorful



Functional Products

Functional materials that add comfort



Fiscal Year 2025 Segment Results

Targets and Actual Results for Fiscal Year 2025 (Final Year of Phase 1 of DIC Vision 2030)

Sales volume in fiscal year 2025 fell short of the initial target, owing to soaring raw materials prices and flagging economic conditions. Nonetheless, operating income and net income attributable to owners of the parent significantly exceeded targets, bolstered by efforts to maintain sales prices and a shift toward high-value-added products, as well as by structural reforms in the DIC Group's pigments business in Europe.

Segment sales fell short of Phase 1 targets in the Packaging & Graphic and Functional Products segments. Nonetheless, operating income exceeded targets, underpinned by the aforementioned efforts to maintain sales prices and shift toward high-value-added products. The Color & Display segment was impacted by falling demand, but achieved profitability thanks to improvements in the profit structure of the Group's European pigments business, a long-standing challenge.

Fiscal Year 2025 (Final Year of Phase 1) Targets and Actual Results

(Billions of yen/%)

	2025		Row: Upper: Net sales Lower: Operating income	2025	
	Targets*	Actual		Targets*	Actual
Net sales	¥1,150	¥1,052.2			
Operating income	¥40	¥52.2	Packaging & Graphic	¥574.8 ¥29.4	¥549.7 ¥31.1
Net income attributable to owners of the parent	¥24	¥32.4	Color & Display	¥273.1 ¥6.1	¥246.4 ¥5.0
EBITDA	102	109.3	Functional Products	¥302.7 ¥21.0	¥290.9 ¥23.1
ROIC (%)	4.2%	4.4%			
Net D/E ratio (Times)	1.0	0.8			

* Targets for consolidated net sales and operating income are revised targets published in February 2024. Targets for consolidated net income attributable to owners of the parent, EBITDA, ROIC, net D/E ratio, and segment net sales and operating income are those published as part of the Company's fiscal year 2024 full-term operating results announcement (February 2025).

Segment ROIC

Total ROIC in fiscal year 2025 was 4.4%, up 0.6 percentage point from fiscal year 2024. The Packaging & Graphic segment reported a decline, while the Color & Display segment returned to positive territory as structural reforms helped restore the segment to profitability. ROIC in the Functional Products segment reflected an improvement in the efficiency of investment capital by focusing the

allocation of management resources on high-value-added products and exiting noncore and unprofitable businesses. Going forward, DIC will further promote measures to address the challenge of expanding segment ROIC-WACC spreads by achieving stable segment operating results, thereby reducing WACC.

Segment		2024	2025	Measures to Address Widening ROIC – WACC Spreads
Packaging & Graphic	Operating Income	¥31.6 billion	¥31.1 billion	• Shift focus to products with higher added value, including environment-friendly and high-performance offerings. • Promote structural reforms in the publication inks business and make effective use of management resources by divesting assets, including production facility sites. • Maintain profitability by advancing a strategic pricing policy.
	ROIC	7.9%	7.2%	
Color & Display	Operating income (loss)	¥(0.3) billion	¥5.0 billion	• Continue working to dramatically reduce fixed cost by merging production facilities and promoting structural reforms, particularly in the Americas and Europe. • Leverage synergies with acquired businesses to provide diverse, high-performance products.
	ROIC	-0.1%	1.3%	
Functional Products	Operating income	¥21.4 billion	¥23.1 billion	• Broaden lineup of products for use in electronics equipment by focusing management resources on the chemitronics business. • Leverage synergies with acquired businesses to strengthen product development capabilities and expand operations by advancing strategies aimed at achieving polymer market domination, particularly in the PRC and India. • Shift focus to products with higher added value, including environment-friendly offerings. • Replace noncore businesses. • Merge facilities producing commoditized products, notably in Asia.
	ROIC	7.0%	7.9%	
Total	Operating income	¥44.5 billion	¥52.2 billion	• Work to reduce capital costs through initiatives aimed at, among others, stabilizing business performance and improving the reliability of dividends by setting a minimum limit for annual dividends.
	ROIC	3.8%	4.4%	

Note: Effective from fiscal year 2025, the Company revised its segment classification for certain net sales and operating income in Packaging & Graphic, Functional Products and Others, Corporate and eliminations. Accordingly, certain figures for fiscal year 2024 have been restated.

Packaging & Graphic



Leveraging our leading share of the global printing inks market and comprehensive packaging capabilities to provide solutions for a circular economy that is safe, secure and convenient

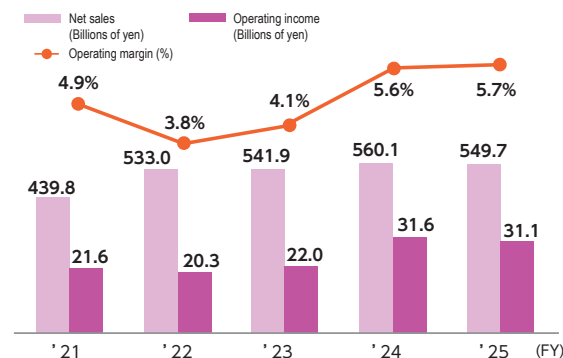


Competitive Advantages

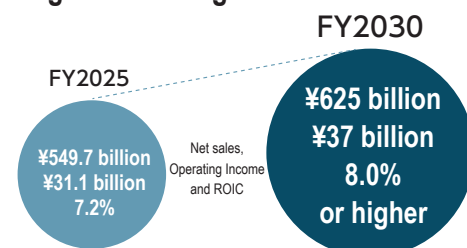
The DIC Group offers a comprehensive range of packaging materials, including inks, coatings, adhesives, films and polystyrene in markets around the world.

- Packaging inks: Gravure and flexo inks tailored to local needs
- Jet inks: Superior pigment dispersion technologies
- Adhesives: Ability to provide together with packaging inks
- Films: High-performance coextruded laminated films
- Polystyrene: Successful commercialization of a closed-loop recycling system

Segment Operating Results



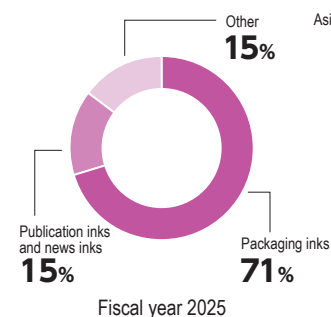
Operating Results Targets



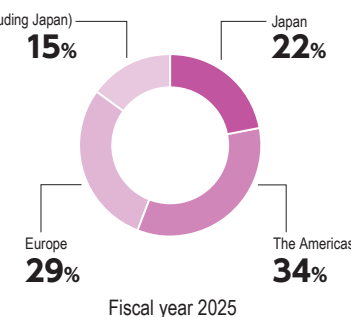
Operating Environment and Challenges

- As markets mature, the focus is shifting toward high-value-added products.
- Social demand for reduced environmental impact is growing and related regulations are being tightened.
- The potential remains for expansion in emerging economies and other promising, untapped markets.
- Demand for publication inks is expected to continue shrinking.

Breakdown of Segment Net Sales by Product Group



Breakdown of Segment Net Sales by Region



Key Initiatives in Phase 2

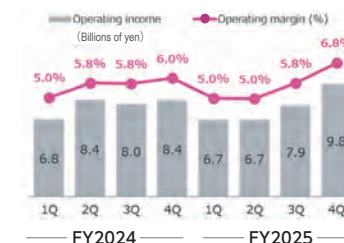
- **Provide solutions that go beyond conventional performance and product category boundaries**
 - Expand applications for high-value-added jet inks.
 - Expand high-performance products, including functional coatings for pharmaceutical, industrial and agricultural applications.
 - Provide *Aura*, a service that supports sustainable packaging strategies and management (support for design creation, regulatory compliance and environmental impact assessment, among others).
- **Accelerate the development and deployment of environment-friendly products**
 - Promote solvent-free adhesives that employ a new bonding system (*DUALAM™*).
 - Develop security inks that contribute to the safe operation of deposit return systems.
 - Establish a circular ecosystem for packaging.
- **Further explore high-demand markets, including in Asia, the Middle East, Latin America, and Africa**
- **Implement structural reforms in the publication inks business**
 - Collaborate with other ink manufacturers to improve the efficiency of production and logistics.
 - Merge and shutter production facilities.

Performance in Fiscal Year 2025: Thanks to an Emphasis on Maintaining Profitability, Operating Income Remained Essentially Level

- Japan**
 - Sales of jet inks were firm, but shipments of packaging inks and polystyrene flagged, as higher consumer prices prompted buying restraint, leading to a decline in operating income.
- The Americas and Europe**
 - Although shipments of packaging inks diminished, operating income increased on a local currency basis thanks to efforts to adjust sales prices, including by adding tariff surcharges. Nonetheless, operating income declined after translation, owing to the impact of depreciation of emerging market currencies.
- Asia and Oceania**
 - Despite a decline in sales, reflecting stagnant market conditions and intensified price competition, operating income remained level as a result of efforts to lower costs.

	Net Sales				Operating Income				Operating Margin	
	FY2024	FY2025	Change	% Change	FY2024	FY2025	Change	% Change	FY2024	FY2025
Packaging & Graphic	¥560.1	¥549.7	-¥104	-1.9%	¥31.6	¥31.1	-¥0.6	-1.8%	5.6%	5.7%
Japan	129.0	125.5	-36	-2.8%	6.1	5.8	-0.3	-4.3%	4.7%	4.6%
The Americas and Europe	357.3	353.0	-44	-1.2%	19.3	18.6	-0.7	-3.5%	5.4%	5.3%
Asia and Oceania	90.3	85.0	-53	-5.9%	6.5	6.5	-0.1	-0.8%	7.2%	7.6%
Eliminations	-16.6	-13.8	28	-	-3	2	0.4	-	-	-

Operating Income and Operating Margin



Sales of Principal Products

	% Change	
Packaging inks*	+ 1%	Demand slowed and shipments were sluggish, but sales increased thanks to rigorous sales price adjustments that emphasized spreads.
Publication inks*	-9%	Demand declined, owing to a continuing shift to digital printing.
Jet inks	+ 2%	A continuing shift to digital printing bolstered shipments and sales.
Polystyrene	-14%	Sales were down, owing to sales price revisions prompted by falling raw materials prices and higher consumer prices, which continued to encourage consumer restraint in food purchases.
Multilayer films	-0%	Demand for use in food packaging flagged, owing to rising food prices, but sales were level thanks to efforts to maintain sales prices.

* Change on a local currency basis

Analysis of Operating Results in Fiscal Year 2025 and Outlook for Fiscal Year 2026: Promoting Profitability-Oriented Pricing Strategies, Expanded Sales of High-Value-Added Products and Structural Reforms

Operating Results in Fiscal Year 2025

Segment sales edged down 1.9%, to ¥549.7 billion, while operating income, at ¥31.1 billion, was down 1.7%. This was despite flagging shipments of packaging inks, owing to rising consumer prices, and primarily reflected price revisions and efforts to maintain sales prices. Nonetheless, thanks to the implementation of pricing strategies that prioritize profitability, including revising or maintaining existing sales prices, the operating margin rose, increasing to 5.7%, from 5.6% in fiscal year 2024. Despite a decline in sales volume, operating income was essentially level with fiscal year 2024, bolstered by efforts to preserve or improve profit margins.

Factors Influencing Fiscal Year 2025 Performance

In Japan and Europe, higher consumer prices hindered demand for everyday necessities, including food products, which impacted demand for packaging materials. Although shipments of packaging inks decreased in both regions as a result, steps were taken to maintain profitability through appropriate pricing. Shipments of high-value-added products such as jet inks remained firm.

In Asia and elsewhere, results were affected indirectly by the fact that tariffs led to finished consumer goods from the PRC originally destined for the United States being redirected to Asia, hindering sales volume for customer companies. Despite these conditions, operating income was on a par with the previous fiscal year, thanks to the implementation of a basic strategy based on maintaining sales prices and sales strategies that prioritize profitability over volume.

Outlook for Fiscal Year 2026

Forecasts for fiscal year 2026 are for segment sales of ¥577.0 billion, up 5.0%, and operating income of ¥30.0 billion, a decline of 3.5%. Efforts will continue to emphasize securing stable operating income by locking in demand for principal segment products and maintaining a pricing strategy that emphasizes profitability.

Medium- to long-term efforts to strengthen competitiveness through structural reforms and qualitative business transformation will continue. Operating in a highly uncertain environment—attributable to, among others, market maturity, more intense sales price competition and geopolitical risks—DIC will continue striving to develop environment-friendly, high-performance offerings, as well as reinforce the provision of diverse solutions in the inks business and in adhesives and coatings. Measures will also be implemented to build a stronger operating foundation in promising regions, notably Asia, the Middle East, Central and South America, and Africa, in anticipation of demand expansion. Additional reforms will be implemented, including rightsizing in the publication inks business, which continues to see falling demand, to strengthen the segment's earnings base.

Measures to Improve ROIC

With the aim of expanding the ROIC-WACC spread, the segment's focus will shift toward high-value-added products, including environment-friendly and high-performance offerings. Structural reforms will continue in the publication inks business, while steps will be taken to improve capital efficiency, including divesting idle production facility sites, while strategic pricing strategies will be implemented to maintain profitability. Thanks to such efforts, ROIC is expected to rise from 7.2% in fiscal year 2025 to 8.0% in fiscal year 2030.

A Message from the Packaging & Graphic Business Group President

We are accelerating our transformation from a provider of materials into a provider of solutions, focusing on environment-friendly products, to ensure sustainable growth and enhance corporate value.

Evolving into a Business Group that Contributes to the Realization of a Sustainable Society

The Packaging & Graphic Business Group's mission is to deliver safety, peace of mind and convenience by providing a wide range of packaging materials for an environment-friendly economy. Amid increasingly stringent environmental regulations and rapidly changing consumer awareness, packaging is expected to play a role in addressing social imperatives that exceed its basic role as something that holds products. We have placed sustainable solutions that align with the DIC Group's own "5Rs" (reuse, reduce, renew, recycle and redesign) at the core of the Packaging & Graphic segment's growth and continue working to balance contributions to the reduction of CO₂ emissions and to resource recycling with the generation of economic value. Beyond simply supplying materials, we will strive to evolve as a partner that supports its customers in addressing challenges by offering total solutions combining inks, coatings, adhesives, films and polystyrene with digital technologies.

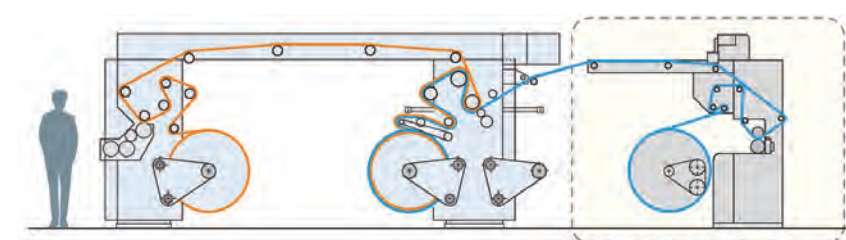


Masamichi Sota
Managing Executive Officer
President, Packaging & Graphic
Business Group

Building a Stronger Earnings Base by Shifting to Value-Added Solutions

The Packaging & Graphic segment is accelerating its transition from a traditional materials-centered business model to one that emphasizes added value and solution-oriented businesses. This includes expanding our lineup of environment-friendly *DUALAM*[™] solvent-free adhesives and ultralow monomer (ULM) curing agents. In the area of recycling, we are working to establish our *RePOS*[™] polystyrene recycling system and *DeReSus*[™] wet grinding technology for waste film, thereby making a full-scale entry into

the waste treatment and resource recycling industry. We are also striving to deliver differentiated value by reinforcing our specialty software offerings, including security solutions for deposit return schemes, *Aura*—a service that supports sustainable packaging strategies—and *DIC Color Cloud*. Through such measures, we work to build a stable earnings base and achieve steady gains in operating income.



DUALAM[™] solvent-free adhesive dual-coating system



Repo-chan, the mascot for the *RePOS*[™]
closed-loop polystyrene recycling system



Deposit return scheme

Achieving Sustainable Growth Through Regional Expansion and Portfolio Transformation

With the goal of driving growth, we are simultaneously pursuing regional expansion and business portfolio transformation. We are stepping up our expansion into untapped and emerging markets in Asia, the Middle East and Africa, while also allocating resources to promising areas such as films, adhesives, jet inks and security inks.

We will also advance structural reforms in mature businesses such as publication inks to improve overall segment profitability, as well as bolster our global presence by transforming ourselves from a provider of materials into a provider of solutions by expanding our product portfolio to meet local needs.

Toward the Creation of Sustainable Value

Going forward, the Packaging & Graphic Business Group will continue to implement sustainable packaging solutions with the objective of ensuring a balance between helping address social imperatives and generating economic value. We continue

challenging ourselves to create the kind of value that only we can offer, thereby contributing to the realization of a sustainable society, as well as helping enhance the DIC Group's corporate value over the medium to long term.

Fiscal Year 2025 Topic 1

New Mass Production Facility for Coatings for Food Contact Materials Built in Indonesia

With the objective of locking in rising demand in the sustainable packaging market, the DIC Group has built and commenced full-scale operations at a new mass production facility for coatings suitable for food contact materials at the site of a plant belonging to Indonesian Group company PT. DIC Graphics. The facility, which has an annual production target of 1,000 tonnes by fiscal year 2030, will supply markets in Asia, including the PRC, and in Oceania. This new production facility is the first in the world operated by an inks manufacturer to be designed in compliance with the guiding principles of the globally recognized Hazard Analysis and Critical Control Point (HACCP) food safety management system. To achieve a food safety management system comparable to that of the average food product manufacturer, the new facility has been equipped with, among others, antibacterial flooring and air showers. The facility conforms with the World Health Organization's good manufacturing practices (GMP) for guaranteeing that products such as food and pharmaceuticals meet requirements for quality and safety for their intended use, and has earned a certification of compliance with Indonesia's halal regulations, certifying suitability for markets with large Islamic populations.

The new facility produces high-performance coatings that can be applied to paper substrates to impart water and oil resistance, making them appropriate for food contact materials.

Conventional food packaging materials manufactured with laminated plastic film are difficult to recycle; in contrast, these new products enable the recycling of food containers and contribute to a reduction in the use of plastics.

Indonesia's geopolitically advantageous location positions it ideally to serve as an export base for all of Asia and Oceania, underscoring its strategic importance in capitalizing on rising demand going forward. The DIC Group will continue working to leverage high-value-added technologies it has cultivated in Japan and in the Americas and Europe in growth markets. In doing so, the Group will reinforce its competitiveness in the food packaging materials sector and expand earnings opportunities centered on sustainable packaging materials over the medium to long term.



New coatings production facility in Indonesia



Example of food packaging with coatings
suitable for food contact materials

Fiscal Year 2025 Topic 2

Next-Generation Hybrid UV-Curable Ink Launched with the Aim of Locking in Demand in the Growing Market for Environment-Friendly Packaging

As part of its efforts to balance its responsibility to protect the environment with profitability, in fiscal year 2025 the DIC Group launched *BIOBRID*[®], a hybrid UV-curable ink made with a high concentration of biomass-derived raw materials. This new product, which targets the market for paper packaging, will position the Group to lock in demand in the growing market for environment-friendly printed packaging.

BIOBRID[®] consists of an ink with an industry-leading biomass-derived raw material content of 50% and a dedicated UV-overprint varnish. It can be used with existing printing equipment, helping printing companies reduce their environmental impact without the need for facility upgrades. Because it improves the flexibility of the printed coating, *BIOBRID*[®] suppresses creasing and cracking that tends to occur during the bending of paper packaging. The combination of ink with a dedicated UV-overprint varnish ensures scratch and stain resistance and at the same time achieves a high gloss finish equivalent to that obtained with conventional UV printing. This new product's key performance feature is thus that it is environment friendly but does not compromise on design or performance.

With the Japanese government's target for achieving carbon neutrality by 2050 and the fortification of the country's Green

Procurement Act, the production of environment-friendly printed materials is spreading among government agencies, as well as among private-sector companies. In addition, to help reduce the use of plastics, the paper packaging sector is increasingly concerned with quality considerations, including design and durability, making it a challenge to balance environmental performance with print quality. Addressing environmental concerns and shifting toward high-value-added products are among the key strategies outlined in the DIC Vision 2030 long-term management plan. The DIC Group will continue working to enhance its competitiveness in the sustainable packaging sector, with the goal of strengthening its earnings base over the medium to long term.

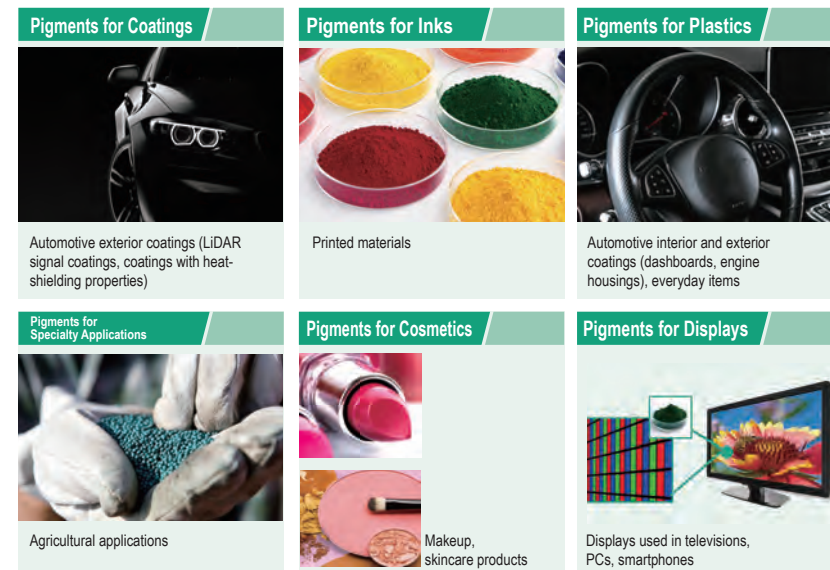


Examples of paper packaging for a variety of products

Color & Display



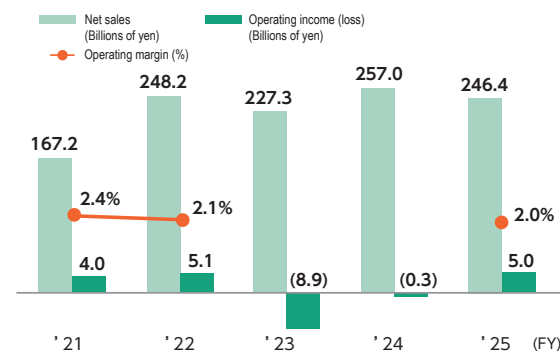
Contributing to the creation of new value for customers and for society as a whole as a global platform for colorants and functional materials



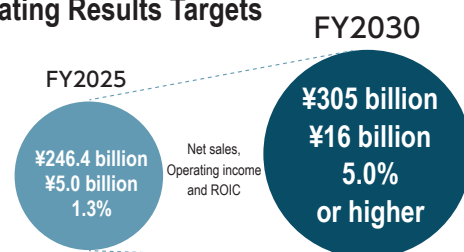
Competitive Advantages

With a wide-ranging product portfolio, together with advanced color and pigment technologies, a global production network and diverse human resources, the DIC Group is unique in its ability to provide the color sought by markets everywhere and to leverage the functionality of color materials to develop next-generation functional materials on a global scale.

Segment Operating Results



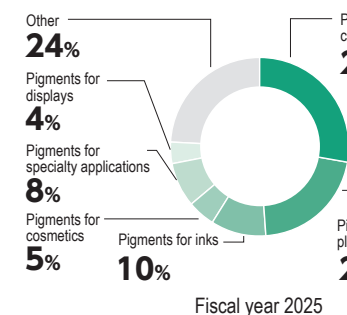
Operating Results Targets



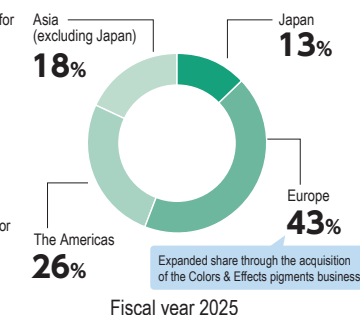
Operating Environment and Challenges

- While the product lineup and sales configuration are among the world's largest, markets are diverse and have varying growth rates and technological needs.
- Stagnant demand in Europe and new trade policies are spurring an industry realignment.
- Demand is rising for low-carbon products that will contribute to a circular economy.
- National and regional laws and regulations are being tightened, and demand for safe and secure materials is increasing.

Breakdown of Segment Net Sales by Product Group



Breakdown of Segment Net Sales by Region



Key Initiatives in Phase 2

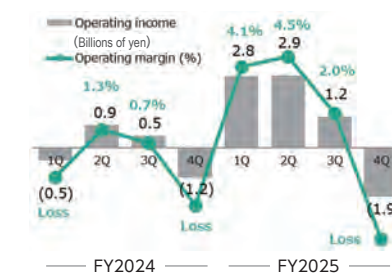
- Accelerate the efficiency of the pigments business' production and supply configuration to create a sustainable growth model**
 - Finalize structural reforms in Europe and the United States, including realigning production bases and streamlining labor forces.
 - Create a foundation for deployment of the supply chain integration plan in global markets to help ensure industry-leading operational quality.
 - Reduce trade risks and establish a system for promptly responding to supply-demand fluctuations.
- Develop strategic products aligned with growth markets and optimize the existing product lineup**
 - Invest management resources in growth areas such as pigments for displays, for digital, automotive and specialty applications, and for cosmetics.
- Create new businesses that contribute to environmental and social value**
 - Launch highly decorative wavelength-conversion inorganic materials and functional inorganic materials.
 - Continue transitioning existing products toward lower-carbon alternatives.
- Provide safe and reliable materials that stay ahead of global regulatory requirements**
 - Respond to U.S. regulations and capture demand for LINABLU[®] natural blue food colorant.

Performance in Fiscal Year 2025: The Steady Implementation of Structural Reforms Restored the Segment to Profitability

- Net sales**
 - Demand recovered in the first half, but the increasingly unclear economic outlook led to a decline in shipments of pigments for coatings, for plastics and for inks—which together account for a significant share of segment sales—in the second half. Withdrawal from the LC materials business effective December 2024 was also a factor in lower segment sales.
- Operating income**
 - Segment operating income rose sharply, bolstered by tariff surcharges and sales price revisions aimed at improving margins, as well as by ongoing structural reforms in the pigments business, which underpinned a return to profitability overseas.

	Net Sales				Operating Income				Operating Margin	
	FY2024	FY2025	Change	% Change	FY2024	FY2025	Change	% Change	FY2024	FY2025
Color & Display	¥257.0	¥246.4	-¥10.6	-4.1%	¥(0.3)	¥5.0	¥5.2	Into the black	-	2.0%
Japan	35.2	34.4	-0.8	-2.3%	5.6	4.9	-0.7	-13.0%	16.0%	14.3%
Overseas	2,36.3	230.3	-6.0	-2.5%	(5.8)	0.1	5.8	Into the black	-	0.0%
Eliminations	(14.6)	(18.4)	-3.8	-	(0.1)	(0)	0.1	-	-	-

Operating Income and (Loss) Operating Margin



Sales of Principal Products

Product Group	% Change*	Notes
Pigments for coatings	+1%	Shipments decreased, reflecting an uncertain economic outlook, but sales rose thanks to sales price revisions.
plastics	+3%	Shipments decreased, reflecting an uncertain economic outlook, but sales rose thanks to sales price revisions.
inks	-13%	Sales declined, owing to customer inventory adjustments.
cosmetics	-8%	Shipments to cosmetics manufacturers in the Americas and Europe were sluggish.
displays	+1%	Shipments began slowing in the second quarter, owing to production adjustments by display manufacturers.
specialty applications	+6%	Shipments for agricultural use were brisk, reflecting the completion of customer inventory adjustments.

* Change on a local currency basis

Analysis of Operating Results in Fiscal Year 2025 and Outlook for Fiscal Year 2026: Bolstering Profit Levels by Expanding Sales and Completing Structural Reforms

Operating Results in Fiscal Year 2025

Segment sales slipped 4.1%, to ¥246.4 billion. Nonetheless, the segment moved back into the black, reporting operating income of ¥5.0 billion. This reflected sales price revisions, which boosted profitability, and ongoing structural reforms, which improved spreads. Earnings health was also bolstered by a return to profitability overseas.

Factors Influencing Fiscal Year 2025 Performance

Sales of pigments for plastics and for coatings remained somewhat weak. Demand flagged from the second quarter, owing to customer concerns regarding potential price increases as a consequence of U.S. tariffs. In Europe, a recovery in demand was hampered by sluggish market conditions, particularly for pigments for coatings, while tariffs also led to an influx of low-priced products from the PRC and India, which impacted competition in the market.

Sales strategies during the period continued to focus on profitability. Despite aggressive price reductions by competitors for certain products, direct competition was limited and efforts emphasized bolstering sales and maintaining stable sales prices. In addition, having pigments production facilities in the United States ensured a certain level of competitiveness, even with U.S. tariffs. Higher profitability, reflecting price revisions, together with cost reductions achieved through structural reforms contributed to an improvement at the operating income level.

Outlook for Fiscal Year 2026

Forecasts for fiscal year 2026 are for segment sales of ¥255.0 billion, operating income of ¥5.0 billion, and an operating margin of 3.3%,

up 1.3 percentage points. The full benefits of structural reforms being implemented in the Americas and Europe, which will be completed in fiscal year 2026, are expected to facilitate planned cost reductions.

Efforts to integrate supply chains and review the footprint, including production facilities, will proceed over the medium to long term, with the objective of bolstering production and capital efficiency. Steps will also be taken to strengthen product proposals that contribute to the environment as well as to social value, and at the same time comply with increasingly stringent global laws and regulations, thereby ensuring the provision of materials that deliver outstanding safety. An expanded range of high-margin products, including products for displays, as well as for digital and specialty applications, will support these efforts. Product development will leverage pigments not only as colorants but also as functional materials, with a view to boosting segment operating income above ¥16 billion by fiscal year 2030 and ensuring sustainable growth.

Measures to Improve ROIC

ROIC was 1.3%, returning to a positive level. With the current ROIC seen as still being insufficient, structural reforms will continue, including the merger and shuttering of production facilities, particularly in the Americas and Europe, with the aim of further reducing fixed costs and advancing the development of high-performance products that leverage synergies with acquired businesses. Another focus will be on strengthening cash management, including by enhancing management of working capital, with the goal of increasing ROIC to 5.0% or higher by fiscal year 2030.

A Message from the Color & Display Business Group President

We will go beyond structural reforms to contribute to the creation of value for customers, society and the DIC Group as a global platform for colorants and functional materials.

Restoring Profitability and Rebuilding Our Operating Foundation by Implementing Structural Reform

We have been working to streamline the Color & Display segment's structure and restore profitability through realignment and the implementation of measures to bolster efficiency on a global basis. By optimizing our production and supply configurations and reassessing the roles of our various facilities, we are building a foundation that will enable us to generate stable operating income even in a highly uncertain operating environment.

Concurrently, we have been pursuing selective investments in growth areas where we believe we can establish a leading position. In response to the continued expansion of the markets for materials for displays and digital applications, we have taken steps to improve our product portfolio and our ability to provide products, including expanding our production capacity for high-performance perylene pigments, which we completed in fiscal year 2025. Such products are seeing greater adoption for use in automobiles, high-end design and other high-performance applications. To meet the needs for increasingly sophisticated and diverse products around the world, we have also begun work to enhance our proprietary quinacridone pigments technologies.

A Competitive Business Model that Balances Global and Local Capabilities

Our principal strengths lie in our core pigments and dispersions technologies, as well as in our truly global operating foundation, which includes production bases, technical service laboratories and a global logistics network. In addition to leveraging this foundation to provide consistent quality, supplies and technical services to customers in markets worldwide with global brands, we are strengthening our technical support and supply capabilities in promising regions and countries to meet the needs of local companies.

Thanks to these efforts, we have completed the expansion of our production capacity for pigment dispersions in the ROK, Turkey and Brazil, thereby positioning us better to satisfy regional demand. Our ability to offer value propositions that balance global and local capabilities across a broad range of markets, including cosmetics, automobiles, agriculture and digital equipment, is one of our principal competitive advantages.

Promoting Business Initiatives Aimed at Achieving Future Growth

While the health foods business accounts for less than 2% of segment sales (based on fiscal year 2025 results), demand for Spirulina-related products is expanding worldwide, notably for naturally derived pigments, particularly in the United States, as well as for pigments for nutritional products and cosmetics. We will continue to monitor this sector closely, recognizing the potential for us to leverage our technologies and achieve future growth.

Aiming for Sustainable Growth

The Color & Display segment will continue to capitalize on its return to profitability, made possible thanks to strategic reforms, to pursue selective investments in proprietary technologies and to enhance its global operating foundation. By honing our competitive edge,



Myron Petruch
Managing Executive Officer
President, Color & Display Business Group

A Value Creation Model that Leverages the Color & Display Segment's Global Platform

Segment foundation	Value creation levers	Value yielded
Global production and technical services	Structural reforms	For customers: Differentiation, stable supplies, development proposal capabilities
	Asset optimization	
Customer authentication and quality control	Products for high-value-added applications, CMF solutions	For society: Addition of color to life, safety, environment friendliness
Ability to propose color materials, pigments, color design know-how	Global and local capabilities	For DIC: Profitability, an improved ROIC, enterprise value
Promotion of value creation with a focus on capital efficiency and a commitment to enhancing ROIC		

Moreover, as exemplified by our “Beyond Compliance” initiative, we work to enhance customer peace of mind and add value by developing and providing high-purity, high-grade products that go beyond merely complying with laws and regulations. By building a strong reputation in areas such as cosmetics that demand superior safety and quality, we will further bolster our presence in differentiated businesses where we are less likely to face price competition.

particularly through the extension of high-value-added products and solutions, as well as by achieving sustainable growth in both local and global markets, we will continue helping to improve the DIC Group's corporate value over the long term.

Fiscal Year 2025 Topics

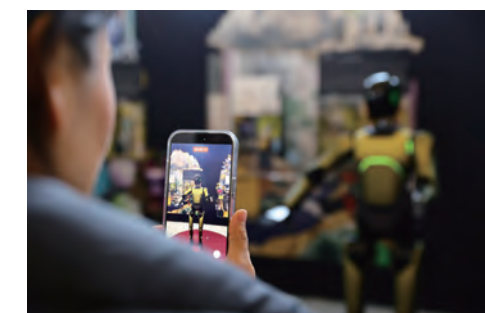
Materials and Sensory Impact: Value Creation Through CMF Marketing

With the acquisition of BASF's pigments business in fiscal year 2021, DIC expanded the scale of its pigments business and gained a dedicated marketing team that analyzes global demand industries and is responsible for the creation of promotional materials for new products, planning of exhibitions, proposal of colors and dissemination of information on trends. While the Company's sales efforts have traditionally focused primarily on a spec-in approach, where proposals center on the performance and quality of materials to secure their adoption by customers, the newly acquired marketing team has made it possible to better grasp market needs by encouraging collaboration with sales teams and interaction with customers, supporting the extension of more sophisticated proposals.

In recent years, while the importance of sensory impact, including that of color and texture, has risen across industries such as automobiles, home appliances and cosmetics, proposals formulated in the Americas and Europe have not adequately addressed Asian sensibilities. To address this issue, DIC is strengthening collaboration with DIC Group company DIC Color Design, Inc., which produces the Asia Color Trend Book, a unique source of information on color and design trends in Asia, as well as on sensibilities and values that characterize Asian markets, thereby reinforcing its ability to extend value propositions to customers from the concept stage. DIC has also taken advantage of the opportunity provided by this collaboration to launch full-scale Color, Material and Finish (CMF) marketing, that is, marketing from the twin perspectives of materials and the sensory impact thereof. DIC's CMF proposals go beyond its traditional plans, which emphasize accumulated technological expertise and product quality, to propose value from a design perspective from the initial planning and development stages, bringing together



Asia Color
Trend Kit
2026–2027



CMF design concept model
developed in collaboration
with a humanoid robot
manufacturer in the PRC

Establishing a Competitive Advantage by Grasping Social Changes and Customer Needs

CMF marketing is closely aligned with DIC's Direct to Society business creation mechanism. Instead of making color suggestions at a later stage of the supply chain, the Company aims to create value by playing a role from the planning and design phases, enabling it to gain a direct grasp of social changes and customer needs.

Involvement from product planning means that with CMF marketing it takes time before mass production and pigment adoption are reached. While the focus is currently on building a reputation primarily in the area of pigments for coatings, DIC will work to deepen its understanding of CMF and boost deployment across a wider range of industries. CMF marketing has become particularly influential in the PRC, driven by a culture of swift decision making and a strong desire to differentiate products, garnering praise in such cutting-edge fields as EVs and humanoid AI. By expanding deployment globally, DIC will strive to realize

design-in and conventional spec-in approaches to ensure all customer needs are considered from the outset. Through the incorporation of CMF, the Company seeks to not only provide colors and materials that enhance the value of customers' products but also to systemically grasp the emotional impact and use this understanding to guide creation and design. In our color proposals, in particular, this approach will ensure that we combine multiple advanced products, including pearlescent, aluminum, inorganic and organic pigments, to create ideal, distinctive solutions that balance functionality with aesthetic appeal.

In fiscal year 2025, DIC made use of resources such as the Asia Color Trend Book 2024–25 when visiting customers in the PRC, engaging in direct dialogue with various pertinent departments at local automobile and coatings manufacturers. Doing so helped us to better understand the needs of these customers at the planning and development stages and gain an understanding of multiple development themes in the automotive coatings field, which resulted in such customers adopting new colors proposed. The Company also strengthened its efforts to disseminate information on color trends through exhibitions and seminars, as well as by producing the Asia Color Trend Kit 2026–2027, with the goal of bolstering awareness of the DIC and Sun Chemical brands and increasing points of contact with customers. The Company also strengthened relations with the PRC representatives of leading global coatings manufacturers and developed a humanoid robot CMF design concept model in collaboration with a major local manufacturer of such robots, which was unveiled at Design Shanghai, an international design event held in March 2026.

a new competitive advantage through its ability to integrate sensory impact and materials technology.

Comparison of Marketing Approaches

	Current marketing	CMF marketing
Customers/audiences	Primarily technical and development teams	Also includes planning and design teams
Tactics	Emphasis on functional value (materials, performance, specifications)	Emphasis on sensory impact and materials; attention given to trends and product stories
Timing of involvement	After design, during post-processing of components	Initial stages of product planning
Desired outcome/significance	Technical assessment and decision to adopt; sales prices and quality determine competitiveness	Creation of design value; influence on product concept

Functional Products



Providing functional materials that add comfort to life against a backdrop of accelerating shifts in demand markets toward environment-friendly and high-value-added products

Digital Materials for Electrical and Electronics Equipment, Displays, Other

Epoxy resins

- Semiconductor substrate materials and encapsulants
- Underfill materials
- Copper-clad laminates (CCL)

Hollow-fiber membrane modules

- Degassing modules for semiconductor fabrication equipment, jet inks, others

UV-curable resins

- Coatings (household appliances, electronics equipment, automotive interiors, others)

Photoresist polymers/Surfactants

- Adhesives for mobile communications devices (smartphones, tablets)
- Digital printing peripherals (OA equipment)
- Adhesives for displays (household appliances, electronics equipment, automotive interiors, others)

Industrial Materials for Automobiles and Other Mobility Solutions

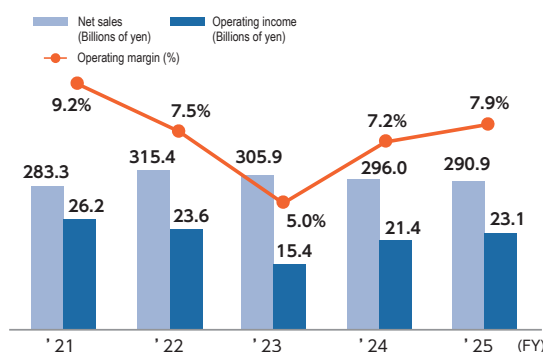
Resins for coatings
(Waterborne resins, polyurethane resins, acrylic resins, polyester resins)

- Automotive exterior coatings
- Automotive interior components (engine housings, electrical components, seats)

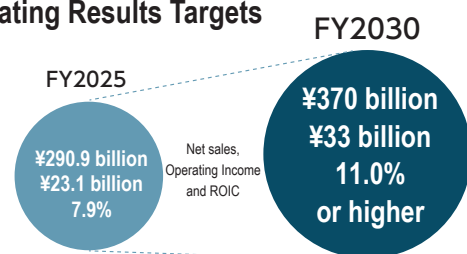
PPS compounds

- Automotive electrical components (engine housings)
- Housing equipment (water heaters)

Segment Operating Results



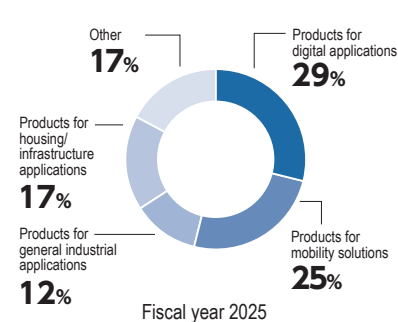
Operating Results Targets



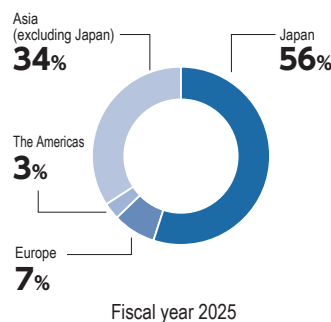
Operating Environment and Challenges

- In core polymer products, further attention must be given to environment-friendly and high-value-added products.
- Promote a growth strategy that leverages the advantage of having production facilities in promising Asian markets.
- Steps are being taken in anticipation of a gradual decline in demand in Japan's polymer market.

Breakdown of Segment Net Sales by Product Group



Breakdown of Segment Net Sales by Region



Key Initiatives in Phase 2

- Accelerate market deployment of high-performance and environment-friendly products**
 - Broaden applications for environment-friendly *Green-WPU*¹ and expand the waterborne polyurethane resins business globally.
 - Expand sales of reactive hot melt (RHM) adhesives² for electrical materials, textile and building materials.
 - Develop new PPS products (heat dissipation, conductivity, sliding properties).
- Strengthen responsiveness to local needs and lock in local demand**
 - Expand specialty products in Asia, led by DIC Ideal Private Limited in India.
 - Capitalize on Guangdong DIC TOD Resins Co., Ltd. to bolster sales of resins to local customers in the PRC and lock in demand for environment-friendly products (e.g., waterborne resins).
- Optimize the production footprint in response to the contraction of the domestic market**

¹ Environment-friendly water-based polyurethane resins

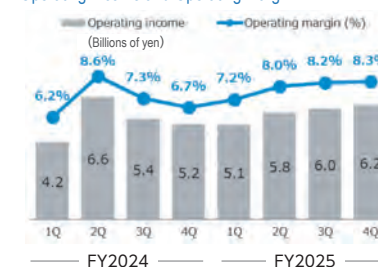
² Solvent-free, environment-friendly adhesives with excellent adhesion and durability

Performance in Fiscal Year 2025: The Operating Margin Improved Steadily, Underpinned by Higher Shipments of High-Value-Added Products

- Net sales**
 - Shipments of high-value-added products for use in electronics equipment were strong. Materials for mobility solutions also performed well. Nonetheless, segment sales decreased, owing to flagging shipments of general-purpose products, including those for housing construction and general industrial applications.
- Operating income**
 - The decline in segment sales also reflected the April 2025 divestiture of DIC Decor, Inc. (manufacture and sale of architectural interior materials), which had an estimated impact of ¥4.4 billion.
 - Segment operating income was up, with contributing factors including an improved product mix and successful efforts to maintain sales prices that emphasized spreads.

	Net sales				Operating income				Operating margin	
	FY2024	FY2025	Change	% Change	FY2024	FY2025	Change	% Change	FY2024	FY2025
Functional Products	¥296.0	¥290.9	-¥5.1	-1.7%	¥21.4	¥23.1	¥1.7	+ 7.9%	7.2%	7.9%
Japan	181.7	179.7	-1.9	-1.1%	10.1	10.8	0.7	+ 6.9%	5.5%	6.0%
Overseas	147.5	143.1	-4.4	-3.0%	11.4	12.3	0.9	+ 8.1%	7.7%	8.6%
Eliminations	(33.2)	(32.0)	1.2	-	(0)	0	0.1	-	-	-

Operating Income and Operating Margin



Sales of Principal Products

	% Change		% Change
Epoxy resins	+ 3%	Coating resins	-0%
Industrial-use adhesive tapes	+ 10%	PPS compounds	-0%
UV-curable resins	+ 6%	Hollow-fiber membrane modules	+ 9%

Products for digital applications, including epoxy resins, industrial-use adhesive tapes, UV-curable resins and hollow-fiber membrane modules, performed well. Among other products, materials for mobility solutions remained firm, but shipments of general-purpose products for housing construction and general industrial applications flagged.

Analysis of Operating Results in Fiscal Year 2025 and Outlook for Fiscal Year 2026: Pursuing Profitable Growth by Focusing on Materials for Semiconductors and on Promising Markets

Operating Results in Fiscal Year 2025

Segment sales edged down 1.7%, to ¥290.9 billion, while operating income advanced 7.9%, to ¥23.1 billion. The operating margin rose 0.7 percentage point to 7.9%. Operating income was bolstered by brisk conditions in the semiconductor market, coupled with robust shipments of high-value-added products for use in electronics equipment, particularly epoxy resins. Demand for certain general-purpose products declined in some areas, but profitability rose thanks to an improved product mix, which pushed up operating income both in Japan and overseas.

Factors Influencing Fiscal Year 2025 Performance

Shipments of products for electronics equipment—notably epoxy resins, industrial adhesive tapes and UV-curable resins included in the chemitronics business—advanced, primarily for generative AI servers, PCs and smartphones, contributing to operating income. Epoxy resins also benefited from growing demand for use as insulating materials for semiconductor package substrates and other applications. Industrial-use adhesive tapes also benefited from growing demand for mobile communications devices, especially smartphones. Nonetheless, higher costs in the chemitronics business—attributable to increased technological investments associated with product development and commercialization—led to a temporary decline in profitability. Overall, however, operating income was bolstered by increased sales of highly profitable chemitronics products. The divestiture of DIC Group company DIC Decor, in Japan eliminated ¥4.4 billion from sales for the period. Excluding the impact of this factor, however, segment sales were largely in line with fiscal year 2024.

Outlook for Fiscal Year 2026

Forecasts for fiscal year 2026 are for segment sales of ¥298.0 billion, operating income of ¥24.5 billion and an operating margin of 8.2%, up 0.3 percentage point from the previous fiscal year. Operating income is expected to advance both in Japan and overseas. Over the medium to long term, efforts will focus on fortifying the development of environment-friendly and high-value-added products in the area of polymers, among others. In Asia, a particularly promising region, steps will be taken to expand operations by investing in the PRC and India with the goal of locking in robust local demand.

With epoxy resins, industrial adhesive tapes and UV-curable resins for digital applications and for semiconductors positioned as growth businesses, development will be wide-ranging, from materials for front-end processes to those for mounting. Development efforts will also seek to leverage technological advantages in such areas as materials for high-speed communications, and to support growth by creating next-generation materials. Bolt-on acquisitions, together with capital investments, will also be advanced with the aim of augmenting business scale and raising profitability.

Measures to Improve ROIC

ROIC was 7.9%, up 0.9 percentage point from the previous fiscal year-end. Factors behind this included an increase in operating income attributable to the concentration of management resources in the chemitronics business and the withdrawal from noncore and unprofitable businesses. Going forward, efforts will focus on enhancing capital efficiency by bolstering operating income, particularly in chemitronics, and pursuing sales expansion strategies in the polymers business, primarily in the PRC and India, as well as by shifting to environment-friendly offerings with higher added value and by merging and shuttering production facilities, notably in Asia.

■ A Message from the Functional Products Business Group President

By promoting the concentrated allocation of resources in promising areas and optimization initiatives in mature areas, we are working to boost added value and improve profitability, thereby building a solid foundation for growth over the medium to long term.

In Phase 2 of DIC Vision 2030, the Functional Products segment is identified as encompassing both core businesses, with stable cash generation, and growth businesses, expected to drive earnings growth thanks to outstanding potential and high added value. This segment is thus charged with the important task of supporting both performance over the short term and the medium to long term.



Hisashi Komoto
Managing Executive Officer
President, Functional Products Business Group

Shifting Steadily Toward Promising Areas (Achievements and Challenges in Phase 1)

In Phase 1, the Functional Products segment reported three principal achievements. First, we made steady progress in our effort to establish a global production and sales configuration, particularly for performance materials. This is enabling us to create a solid foundation that positions us to respond flexibly to fluctuations in demand in specific geographic areas.

Second, our semiconductor materials business grew steadily, driven by AI, becoming a key pillar of segment operating income. We recognize this as being a result of focused investments in areas where our technological capabilities align with market needs.

Third, we made considerable progress in reorganizing businesses and

sites facing challenges in terms of growth potential and profitability by withdrawing or implementing structural reforms. This effective promotion of selectivity and concentration was a particularly important achievement in Phase 1.

Phase 1 also clarified a number of challenges. The display and automotive markets, previously mainstays, are showing signs of a slowdown in growth, while an influx of low-priced products, mainly from the PRC, is changing the competitive landscape for many of our offerings. As a consequence, growth areas have shifted toward products for use in semiconductors and batteries. In addition, with fixed costs rising, particularly in Japan, it has become apparent that there is a need to make further organizational changes.

Clarifying the Path Forward for Promising and Mature Areas (Strategies for the Years Ahead)

(1) Concentrate Investments in Promising Areas

We will concentrate capital investments and human resources in areas with excellent potential for growth and profitability, notably products for use in semiconductor fabrication, with the objective of building an operating infrastructure that positions us to reliably capitalize on market growth.

(2) Manage Mature Businesses by Prioritizing Costs

For businesses that are not expected to see growth going forward, we will strive to generate cash through cost reductions or make the bold decision to withdraw. We will go beyond the measures outlined for Phase 2 to pursue the implementation of additional effective measures.

(3) Improving Profitability by Promoting Downstream Expansion and Cultivating Additional Applications

For product groups in markets that are not expected to grow, we will leverage our accumulated technologies and know-how to cultivate new applications, as well as promote expansion into downstream markets. Through the implementation of initiatives in line with the Direct to Society business creation mechanism, we will seek to better grasp the needs of

Aiming for Sustainable Value Creation

We continue striving for both capital efficiency and growth by clearly distinguishing between businesses that should be maintained and businesses in which a more aggressive approach is needed. Phase 2 will be a crucial stage during which our resolve and ability to execute

brand owners and shift toward high-value-added markets in which we can more easily differentiate our products.

(4) Exploring New Growth Businesses

Looking forward to fiscal year 2030 and beyond, steps will be taken to originate new growth themes other than semiconductors and batteries. Initiatives will emphasize leveraging the segment's technological assets and market access, particularly in promising areas such as robotics and wearables.

(5) Addressing Structural Changes in Our Human Resources

A large number of individuals in Japan who joined the workforce during the country's bubble economy era will reach retirement age around 2030. While this poses a risk to business continuity, it also presents an opportunity to press forward with efforts to rejuvenate and streamline our organization and to simplify decision making. By developing medium- to long-term succession plans and fostering talent, we will promote the creation of a resilient organization focused firmly on the future.

will be tested. By anticipating change and emphasizing selection and concentration, we will strive to contribute to enhancing the DIC Group's corporate value over the medium to long term.

■ Fiscal Year 2025 Topic 1

Full-Scale Launch of ULM and PUD Businesses that Leverage DIC Group Synergies

The DIC Group views the tightening of safety and environmental regulations governing chemical substances as a structural market change and has positioned next-generation materials that are safe and environment friendly and that deliver outstanding performance as growth areas. In fiscal year 2025, the Company leveraged technological and business synergies with Group company Sapici S.p.A. in Italy to launch a full-scale global polyurethane materials business centered on ULM technology.

This ULM technology is unique in that it significantly decreases monomer residue, traditionally a challenge, thereby increasing safety for workers and reducing environmental impact. Sapici's *POLURGREEN*® series, which leverages this technology, is currently distributed worldwide through the DIC Group's global sales network, benefiting from the steadily expanding adoption of polyurethane-based materials that combine safety and performance, especially in European markets.

More stringent regulations on diisocyanates have led to a growing need for alternatives that reduce worker exposure and improve the safety of handling, particularly in Europe. The DIC Group, having grasped these changes in the operating environment, strives to support its customers in achieving regulatory compliance and enhancing product performance by providing a range of differentiated ULM technology-based offerings.

The DIC Group also commenced full-scale production of polyurethane dispersions (PUDs)—waterborne polyurethane resins—and took steps to expand this business, beginning in Europe. Because PUDs are water dispersible, they are expected to contribute to a lower environmental impact by reducing the use of solvents. By locking in demand for environment-friendly offerings, the Group continues seeking to realize sustainable growth for this business.

Through these and other such initiatives, the DIC Group is working to capitalize on technologies and businesses acquired through M&A not only to scale up its businesses but also to create value for the entire Group. The DIC Group also aims to transform changes in its operating environment, including stricter regulations in Europe, into opportunities for growth and will continue to foster ULM and PUD as differentiated pillars of growth, with the goal of fortifying its earnings foundation over the medium to long term and increasing its corporate value in a sustainable manner.



Sapici (Italy)

■ Fiscal Year 2025 Topic 2

Strategic Investments Made with the Objective of Building a Stronger Operating Foundation in the Area of Semiconductor Materials

The DIC Group has positioned semiconductor materials as a key growth area, underpinned by factors such as expanding investments in the establishment of data centers, the spread of AI and high-speed (5G/6G) communications, and rising demand for semiconductors for automotive applications. Against this backdrop, in fiscal year 2025 the Group steadily implemented strategic investments across diverse fields, from materials for front-end processes to those for mounting, reinforcing its operating foundation by realizing a variety of high-value-added offerings.

DIC Group company Innovation DIC Chimitroniques in Canada augmented its production line for polymers for use in advanced semiconductor photoresists, thereby significantly reinforcing its supply capacity. This investment strengthened the Group's ability to respond to rising customer demand. Efforts to maximize synergies between the DIC Group's unique polymer synthesis technologies and Innovation DIC Chimitroniques' established technologies and customer base in the area of photoresist materials continue to drive expansion of the Group's front-end process materials business.

In Japan, the DIC Group proceeded with the construction of a new epoxy resins production line at the Chiba Plant. Epoxy resins are a core material for a number of applications requiring superior reliability, including semiconductor encapsulants and electronic components. This new facility will create a configuration that ensures stable supplies of high-grade, highly reliable products. In addition, a new production facility for maleimide resins began full-scale operations at the Hokuriku Plant. Demand for maleimide

resins, which boast low dielectric properties and high heat resistance, is expected to increase for applications in 5G/6G communications, high-frequency devices and next-generation semiconductor packaging. With the start-up of this new facility, the Group has established a mass production system for advanced materials that support the creation of a next-generation communications infrastructure and has commenced full-scale supplies of such materials to key growth markets.

Through these and other initiatives, the DIC Group is leveraging high-value-added materials technologies cultivated in Japan, North America and Europe to strengthen its global development, production and supply configuration, thereby deepening its partnerships with customers around the world. Looking ahead, the Group will continue seeking to enhance its competitiveness in the area of materials for semiconductor fabrication to build a sustainable foundation for growth in this business and expand earnings opportunities.



Innovation DIC Chimitroniques (Canada)

Special
FeatureMaterials for Use in Semiconductor Fabrication: Leveraging
Competitive Advantages and Laying a Foundation for Further
Growth as a Comprehensive Manufacturer

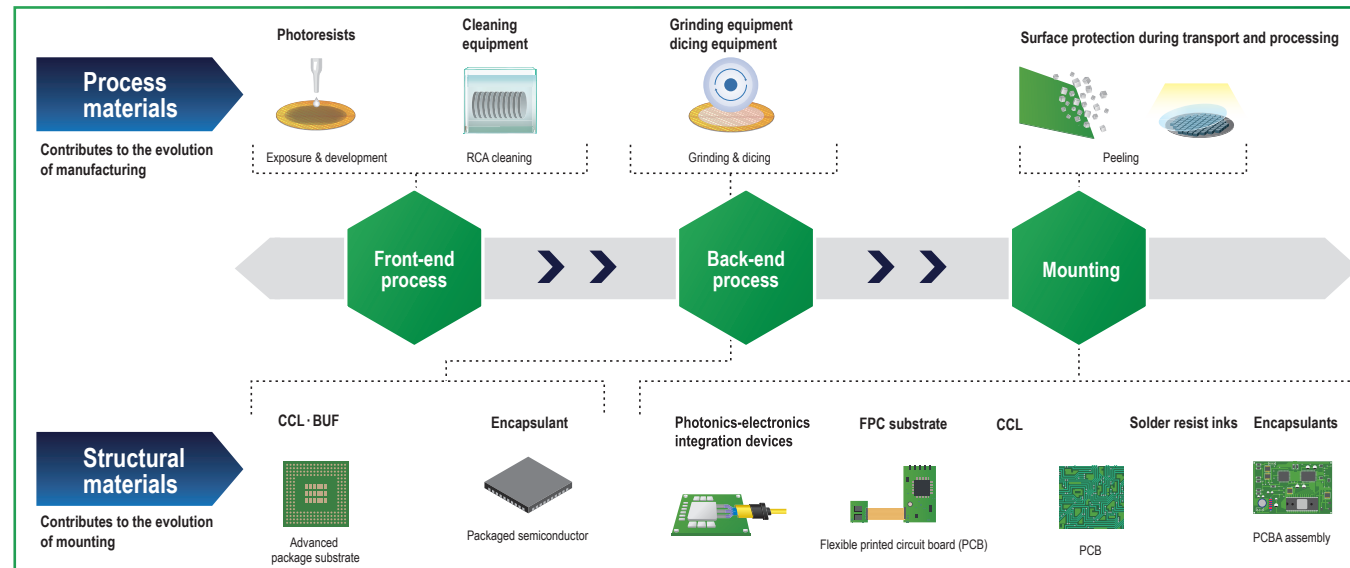
DIC Vision 2030 identifies materials for use in semiconductor fabrication as a key growth-driving business. With the market for semiconductors continuing to burgeon against a backdrop characterized by the advance toward an AI-integrated society, DIC will continue to leverage its competitive advantages, including its unparalleled product portfolio, to promote investments in growth. In fiscal year 2025, the chemitronics business, which includes materials for semiconductor fabrication, reported net sales of ¥65.3 billion, an increase of 7.0% from fiscal year 2024, as well as operating income of ¥7.8 billion, up 3.2%, and

an operating margin of 12.0%. While the business accounted for just over 6% of net sales, it represented approximately 13%* of operating income. The global semiconductor market is expected to continue growing, owing to factors such as the rapid proliferation of AI data centers, and according to estimates by an external research firm is expected to reach approximately \$1.9 trillion (¥300.0 trillion) by 2030, approximately 2.4 times the fiscal year 2025 level. DIC's materials for semiconductor fabrication business is also projected to see outstanding growth in both sales and operating income.

* Percentage of total income from businesses

■ The DIC Group's Lineup of Materials for Semiconductor Fabrication

Semiconductor manufacturing encompasses front-end processes, back-end processes and mounting on substrates. Materials used in semiconductor fabrication are divided into process materials, which are essential to fabrication but do not remain in the final product, and structural materials, which remain on the chip or in its encapsulant. The DIC Group provides a variety of process and structural materials, as shown below.



■ Notable Products (For information on principal strategic investments, please see page 38.)

Photoresist polymers

Photoresists are photosensitive materials used in the formation of fine electronic circuits on semiconductor substrates. These materials are critical to miniaturization and thus to device performance. DIC provides polymers that are the principal component of photoresists that boast excellent sensitivity and heat resistance, making them suitable for thick-film deposition, a process that has attracted attention in recent years. DIC expects demand for these materials in back-end processes to increase as integration density rises.

Epoxy resins

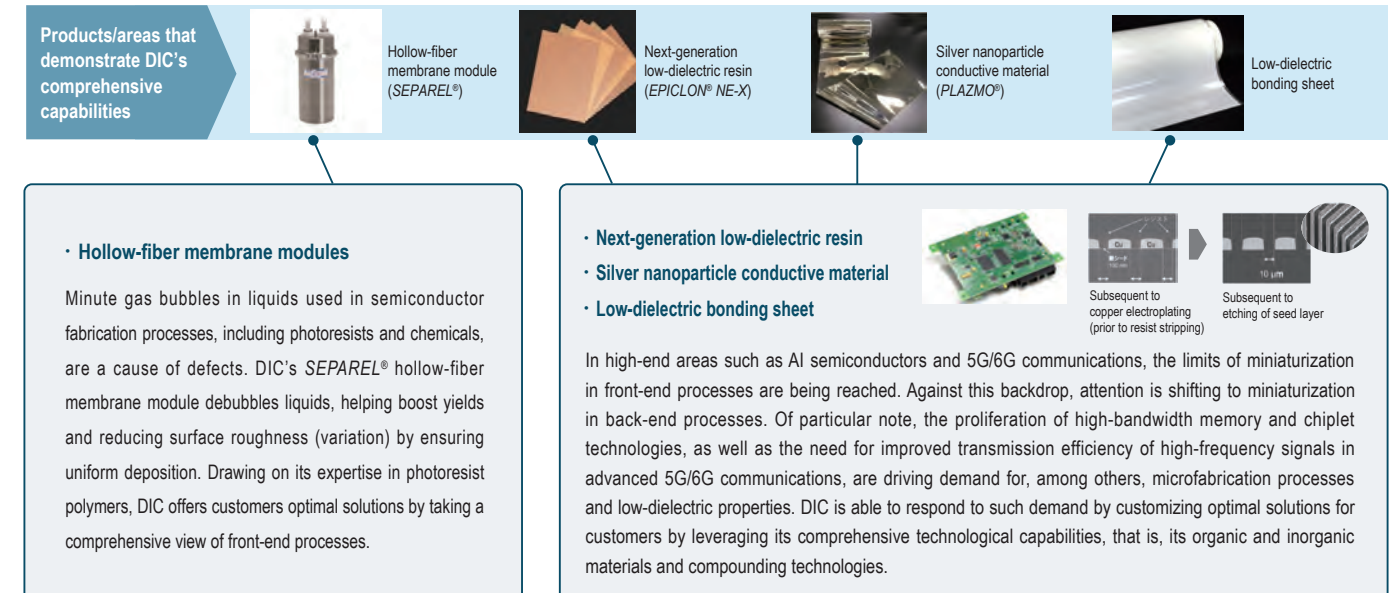
In addition to being used as an encapsulant to protect semiconductors, epoxy resins are the principal material used in the substrates on which miniature electronic components are mounted and wire bonded. DIC's unique active ester epoxy resins combined with curing agents are regarded highly in high-end markets, where high-frequency compatibility is essential. Demand is expected to expand for build-up film (BUF) used in substrates for AI semiconductors, among others.

Process-use
stretch tape

DIC's process-use stretch tape can be used in production processes for electronic components that require precise handling. This tape can be peeled off simply by stretching, significantly reducing impact on products while at the same time shortening process time. With electronic components becoming finer, this tape helps simplify increasingly complicated production processes.

■ A Growth Strategy that Leverages the Distinctive Features of DIC's Materials for Use in Semiconductor Fabrication

Even in Japan, a country renowned for the quality of the materials it produces, only a few companies offer as wide a variety of products as DIC, which possesses a broad lineup of materials, both upstream and downstream, for use in semiconductor fabrication. With the aim of bringing together experience and information gained through the provision of such diverse products, in January 2024 the Company established the Chemitronics Business Division. This created an integrated organizational framework for these products that encompasses production, sales and technological development, facilitating the creation of new value.

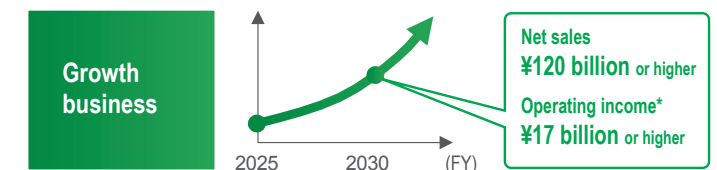


■ Principal Strategic Investments

- Acquisition of PCAS Canada. (fiscal year 2023)
 - Strengthened lineup of photoresist polymers
 - Aims to boost annual sales of photoresist polymers to ¥15 billion by fiscal year 2030
- Complete construction of new epoxy resins production line at the Chiba Plant
 - Increase sales of epoxy resins by 40% from the fiscal year 2024 level

■ Positioning in Long-Term Management Plan

In DIC Vision 2030, materials for use in semiconductor fabrication are positioned as a growth business. Materials for use in semiconductor fabrication also play an important role in batteries and physical AI, underscoring the significant contribution this business is expected to make to the DIC Group's overall growth going forward.

A Message from the General
Manager of the Chemitronics
Business Division

We provide high-performance materials essential to the infrastructure for the next-generation information society, including AI, 6G communications and augmented reality (AR).

Minoru Hara
General Manager,
Chemitronics Business Division

For more than a century, DIC has used the power of materials in areas such as printing inks, pigments and resins to help support the evolution of society. Recognizing the importance of leveraging our technological foundation and the know-how we have cultivated to date to take on challenges in new fields, rather than confining ourselves to existing businesses, is essential if we are to continue responding to evolving social imperatives.

One such new field, which we have dubbed "chemitronics," brings together chemistry and electronics with the goal of developing high-performance materials that underpin advances in the performance of semiconductors and electronic

devices and are thus crucial to the next-generation information society.

In recent years, the rapid proliferation of AI and the IoT has led to a dramatic increase in data traffic. While the performance of semiconductors has improved accordingly, challenges such as power loss and the generation of heat have arisen. Looking ahead, we aim to support greater productivity and sustainable growth for society as a whole by continuing to capitalize on the power of materials to help reduce electrical energy loss, thereby helping to boost performance and extend the useful life of devices.

In addition to DX, green transformation is emerging as an important theme. From the initial phase of material development, we consider the impact on energy efficiency and the reduction of environmental impact, recognizing that our mission also involves contributing to sustainability.

Many of the materials we provide are not visible in finished products. Nonetheless, we seek to play an integral—and irreplaceable—role in creating the infrastructure that will support next-generation technologies such as AI, 6G communications and AR. We will continue to seek out new challenges, striving to remain an entity that creates value behind the scenes and provides products critical to the social infrastructure of the future.

Sustainability Initiatives

A Message from the Head of the ESG Unit



To ensure sustainability, we maintain consistent long-term policies while also promoting optimal decision making and decisive implementation on the ground.

Kuniko Torayama

Executive Officer
Head of ESG Unit

The advance of climate change and rising geopolitical risks are encouraging swift changes in governing policies and markets around the world. Sustainability is influenced greatly by economic conditions and political decisions, as evidenced by the impact in recent years of significant fluctuations in approaches to reducing CO₂ emissions, in particular, across different countries and territories. The European Union (EU) is moving toward slowing the pace of reductions, in keeping with flagging economic growth. Japan and the PRC, in contrast, expected their efforts to decarbonize to see steady progress. With individual countries and territories taking different directions, chemicals companies, which play a critical role in supply chains, must respond with agility while at the same time keeping abreast of all changes. Against this backdrop, the DIC Group must also accurately grasp signs of shifts, maintaining consistent long-term policies while also promoting optimal decision making and decisive implementation on the ground.

Environment: Reducing CO₂ Emissions

One of our central environmental themes is to lower emissions of CO₂. While we reported a slight decline in greenhouse gas emissions in fiscal year 2025, the difficulty of further reductions also became evident. With the aim of making steady progress toward reaching the DIC Group's reduction target, which is to reduce Scope 1 and 2 emissions by 50% from the fiscal year 2013 level by fiscal year 2030, we will continue to emphasize the highly effective initiatives, combining process improvements, energy conservation, equipment upgrades and energy transition, paying careful attention to both efficacy and cost. Environmental issues are of course not limited to climate change, with other key concerns including water resources. Insofar as large-scale investments are likely not feasible, we believe it is important to clearly prioritize themes and move forward with steady measures. With multiple challenges likely to unfold simultaneously, we will strive to remain adaptable as we seek to identify the areas where our efforts will yield the greatest benefits.

Society: Respecting Human Rights and Promoting Diversity

Here, we place a high importance on respect for human rights and the promotion of diversity. In Japan, for example, we have taken steps to modify systems and transform our corporate culture, including encouraging male employees to take paternity leave and supporting career building for female employees. Across the DIC Group, we will continue to create work environments that empower individual employees to fully realize their potential and promote cross-border, cross-organizational efforts to foster human resources, thereby positioning us better to respond to a rapidly evolving operating environment.

Governance: Responding to International Disclosure Standards

Efforts in the area of governance center on responding to international disclosure standards with the goal of ensuring compliance. In particular, complying with the EU's Corporate Sustainability Reporting Directive (CSRD) is critical for the DIC Group. We are subject to this directive because of the high proportion of Group operations based in Europe, even though we are not headquartered there, making it essential to ensure data integration and consistency across our global sites. We are currently building a consistent global disclosure framework, rallying the capabilities of the entire Group to, among others, introduce dedicated tools and review data collection processes. With further changes to laws and regulations expected, the ability to respond flexibly and swiftly continue to be crucial.

We see sustainability not as merely something incidental, but rather as a foundational component of the DIC Group's management strategies. We recognize that results can be difficult to see over the short term, but we remain committed to the steady promotion of environmental, social and governance (ESG) initiatives, which will both contribute to business sustainability and enhance corporate value. Even in these times of rapid upheaval, we believe firmly that bringing together individual expertise and overcoming national, regional and cultural differences will put us in an even stronger position to continue addressing challenges together.

Overview of Materiality and Double Materiality Assessment

New DIC Group Material Issues

In fiscal year 2026, the DIC Group newly identified a number of issues as being material and requiring its attention. This involved conducting a materiality review premised on the need to ensure compliance with international disclosure standards, notably the EU's CSRD. In fiscal years 2024 and 2025, the Group carried out a double materiality assessment to ascertain and assess all sustainability-related impacts, risks and opportunities (IROs). Materiality was assessed in two dimensions, namely, impact materiality (pertaining to actual or potential impact of operations on the environment and society) and financial materiality (pertaining to risks and opportunities related to sustainability that may affect financial performance and corporate value).

The results of materiality assessments from Group companies that had undertaken such an assessment were integrated and compiled in the form of a DIC Group double materiality assessment. Material issues identified through the Group double material assessment were reviewed by the Sustainability Committee and formally approved in May 2025. The Group's double materiality assessment process was led by a Groupwide CSRD team and conducted in collaboration with relevant operational and administrative units. Other relevant entities, including the Risk Management Working Group, also participated.

DIC Group Material Issues and Related Initiatives

Three themes	Environmental sustainability		Employees' exercise of capabilities and growth		Responsible corporate conduct		
Seven issues	Response to climate change	Promotion of circularity	Employee skill development	Promotion of diversity and inclusion	Strengthening of corporate culture	Construction of a sustainable supply chain	Ability to earn consumer trust by ensuring product safety and the provision of reliable information

The Identification and Assessment Process

(1) Ascertaining Latent IROs

This began with identifying the scope of potential IROs using the sustainability issues outlined in Japan's sustainability disclosure guidelines and the European Sustainability Reporting Standards (ESRS). This facilitated the creation of a comprehensive list of ESG-related issues across the DIC Group's value chain.

(2) Prioritization and Materiality

The DIC Group conducted a systematic assessment to gauge the materiality of the identified issues. This was done using a cross-departmental discussion format and was led by the CSRD team. Representatives of relevant business and administrative units participated in meetings held to ensure common understanding of the ESRS, as well as to verify and discuss how to consistently apply defined scoring levels and materiality criteria. The assessment process incorporated financial risk perspectives, regulatory trends and industry-related frameworks. Stakeholder perspectives, obtained through surveys and tailored questionnaires targeting suppliers, customers, investors, management and employees, are also taken into account.

(3) Overview of Material IROs

The assessment conducted by the DIC Group enabled it to identify material IROs using the following criteria:

- Significant impact on the environment or society;

- Financial risks that may arise related to regulatory trends, market conditions and operations;
- Investment opportunities related to innovation, product development and market position; and
- Matters related to both impact on society and financial perspectives.

(4) Integration into Governance, Strategy and Risk Management

Assessment results were documented, compiled for the entire DIC Group and reviewed by the CSRD team and representatives from the relevant administrative units. Where necessary, scoring was adjusted to ensure assessment criteria were applied consistently across the Group and results were comparable across business units. The material IROs identified are being integrated into and used to inform Group management strategies going forward.

Fiscal year 2026 is the first year in which double materiality will be implemented for the entire DIC Group. In future assessment cycles, the Group will further enhance its ability to comply with regulatory requirements by improving methodologies, expanding documentation and reinforcing Groupwide consistency.

Framework for Promoting Sustainability Initiatives and Efforts to Counter Climate Change

■ Framework for Promoting Sustainability Initiatives

The DIC Group has established a basic sustainability policy with the aim of enhancing corporate value and achieving sustainable growth. The Group's sustainability initiatives are overseen by the president and CEO, who since fiscal year 2020 has also chaired the Sustainability Committee. This committee is responsible for devising sustainability policies and activity plans, as well as deliberates and makes decisions on other matters deemed to require its adjudication. The committee met four times in fiscal year 2025, with principal agenda items including the identification of new DIC Group material issues, management of progress in the Group's CO₂ emissions reduction plan, preparation of the sustainability report and a report from Sun Chemical's ESG Committee.

The Sustainability Committee also has three working groups. The Sustainability Working Group is responsible for sustainability initiatives and the publication of the annual sustainability report. The Risk Management Working Group is charged with overseeing DIC Group risk management initiatives. The Climate Change Working Group formulates plans for reducing CO₂ emissions across the DIC Group. The committee's deliberations and the results thereof are reported to the Board of Directors. The Group's basic sustainability policy and medium- to long-term sustainability policies are subject to resolution by the Board of Directors.

■ Sustainability Initiatives in Fiscal Year 2026

Climate Change

A. Mitigating climate change

1. Update/review plans for reducing CO₂ emissions.
2. Optimize green power procurement.
3. Collect primary data on raw materials procured to calculate product carbon footprint to ensure a grasp of reality.

B. Adapting to climate change

Assess the adaptation risks (physical risks) posed by extreme weather events attributable to climate change.

C. Energy

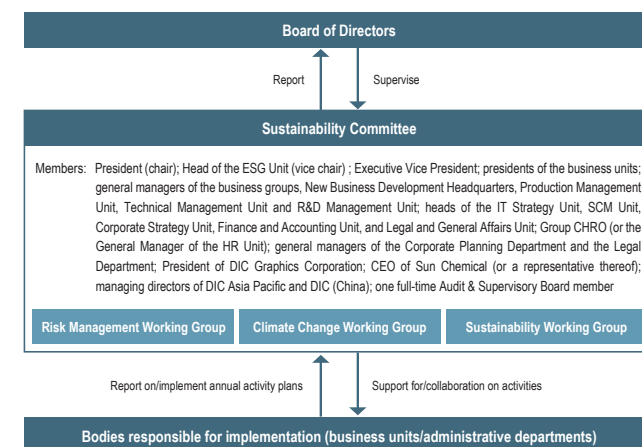
1. Take step to increase energy efficiency.
2. Introduce renewable energy.
3. Investigate/consider optimal fossil fuel conversion processes.

Creation of Sustainable Supply Chains

Conduct sustainability surveys for the DIC Group using the EcoVadis or EcoVadis IQ Plus platform and proprietary checklists to assess and suppliers' human rights-, ethics- and governance-related risks and promote corrective actions.

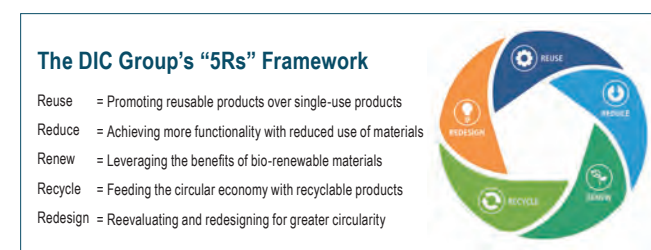
Response to a Circular Economy

- A. With the aim of formulating initiatives for responding to a circular economy for fiscal year 2027 and beyond, identify related priorities in raw materials procurement, business domains and product development.
- B. Take steps to reduce environmental impact across the entire DIC Group.



■ The DIC Group's Circular Economy Statement

The sustainability strategies outlined in DIC Vision 2030 include the formulation of a circular economy statement that sets forth a commitment to encouraging awareness and promoting related initiatives in the countries and territories in which it is active. Looking ahead, the DIC Group will continue to leverage its strengths and distinctive capabilities to encourage recycling and improve the competitiveness of its products and solutions.



The DIC Group contributes to the circular economy by developing products & processes that reduce greenhouse gas emissions, conserve virgin resources, and reduce the accumulation of waste compared to the products or processes they replace. The DIC Group's 5R framework not only guides sustainability efforts across our organization, but also works in collaboration with customers, suppliers, and industry organizations to ensure that sustainability remains at the forefront of innovation.

■ Responding to Climate Change and Setting Emissions Reduction Targets

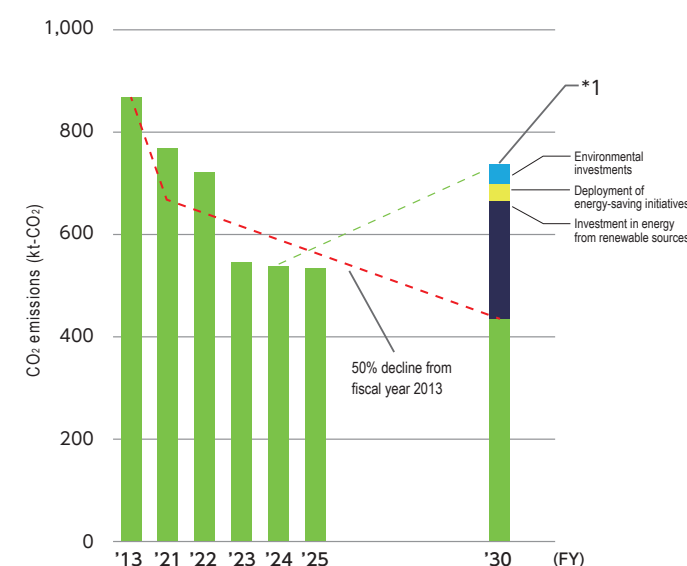
The DIC Group has set long-term goals for reducing combined Scope 1 and 2 CO₂ emissions by 50% from the fiscal year 2013 level by fiscal year 2030 and achieving carbon neutrality—net zero carbon emissions—by fiscal year 2050. The progress of efforts to achieve these goals is managed carefully and disclosed on an annual basis. The Group's CO₂ emissions in fiscal year 2025 were 533,391 tonnes, down 3% from 549,886 tonnes in fiscal year 2024. This represents a 39% decrease from fiscal year 2013, evidence that the Group is making solid headway toward reaching its target for fiscal year 2030. CO₂ emissions per unit of sales fell from 0.513 tonnes/million yen to 0.507 tonnes/million yen.

■ Transition

Efforts to lower the DIC Group's Scope 1 and 2 CO₂ emissions until now have emphasized improving production processes and implementing energy saving Groupwide. Today, individual sites are also implementing a variety of measures such as introducing high-efficiency equipment, promoting electrification, switching to biomass-derived and other low-carbon fuels, installing solar power generating facilities and switching to green power (purchased electric power generated using renewable energy), choosing those best suited to their particular conditions and business environment. These and other undertakings will continue to bolster energy efficiency and reduce CO₂ emissions across the entire Group.

■ Transition Plan for Reducing CO₂ Emissions

As an organization with CO₂ emissions reduction targets, the DIC Group will promote a variety of related initiatives in line with a clear transition plan. (See the graph below.) To this end, the Group plans to make environmental investments of approximately ¥1.4 billion in



*1 This is based on CO₂ emissions estimated assuming no initiatives to curb emissions had been implemented and business had expanded 3% annually since fiscal year 2024.

Japan between fiscal years 2025 and 2027. Initiatives to date have included the completion of a biomass boiler at the Sakai Plant, which will commence full-scale operation in fiscal year 2026. The Group also invested in the installation of solar power generating facilities at the Komaki Plant, which will come online in fiscal year 2026. The Group will continue to implement its transition plan, advancing decarbonization—including by making investments—to ensure it achieves its medium- and long-term CO₂ emissions reduction targets.

■ Adaptation Risks

The DIC Group is also conducting assessment of adaptation risks related to climate change. Risks being assessed pertain to, among others, extreme weather events, water resource use, and impacts on biodiversity. Through this initiative, the Group will quantify the various adaptation risks it faces and determine priority countermeasures.

■ Greenhouse Gas Emissions Across Supply Chains

The DIC Group recognizes the importance of reducing emissions of CO₂ across its supply chains and is actively working to grasp and lower emissions in all relevant categories of Scope 3. In fiscal year 2024, the Group revised calculations used for emissions in all Scope 3 emissions categories. Measured using the new calculation, the Group's total Scope 3 emissions in fiscal year 2025 were down 5.1% from fiscal year 2024. (See the table below.) The principal factor behind this result is the decrease in Category 1, which accounts for approximately 70% of total emissions. Scope 3 emissions in Category 1 were down 4.3% from the previous fiscal year, accounting for a significant portion of the overall 5.1% reduction. The DIC Group will continue to review the calculation it uses for Scope 3 emissions with the objective of increasing the accuracy of published data.

Greenhouse Gas Emissions Across the DIC Group's Supply Chains in Fiscal Year 2025 (DIC Group)

Category number	Category	Emissions (t-CO ₂)
1	Purchased goods and services	6,035,688
2	Capital goods	131,605
3	Fuel- and energy-related activities (not included in Scope 1 or 2)	144,680
4	Upstream transportation and distribution	291,286
5	Waste generated in operations	123,826
6	Business travel	7,053
7	Employee commuting	44,097
10	Processing of sold products	189,162
12	End-of-life treatment of sold products	1,562,062
15	Investments	78,084

* Categories 8, 9, 11, 13, and 14 have been excluded from our Scope 3 calculation, as their impact is considered immaterial and less relevant in the context of our operations.

Promoting Human Capital Management

A Message from the Group CHRO



People create value. People shape the future.
DIC is a people company.

Matthew Goldberg

Executive Officer
Group CHRO

Value Creation Centered on People

We are a people company. Although our customers and the market view DIC as a chemicals company, or a color company, or a materials science company, none of these would be possible without people. It is our more than 20,000 employees worldwide, together with our value chain partners, who create the solutions that we ultimately take to the market. It is the HR team's job to partner with our businesses and administrative departments to ensure our people are performing at their best.

The DIC Group considers people to be the foundation of value creation. Just as we carefully manage the effectiveness of our manufacturing assets and technology we need to pay close attention to the people who keep our businesses running safely, reliably and responsibly. Attracting, fostering and retaining top talent is a significant challenge across the global manufacturing industry. Our secret lies in our corporate culture, which we are committed to preserving while continuously monitoring and enhancing it as a true differentiator. Our corporate culture is built on balance. We pursue innovation while maintaining operational excellence. We are bold in our risk taking while staying grounded in safety and quality. We operate globally while staying deeply connected to local markets and communities. Finding and maintaining the balance of these often-competing trends is what our people consistently refer to as the intangible that keeps them moving forward and motivated to deliver their best performance.

We have a leadership team that understands and strives continually to ensure the value our people bring is fully recognized. This is reflected in our investments in people and skills development, strategic workforce planning, new employee onboarding and internal mobility.

DIC Vision 2030 HR Strategies

In line with DIC Vision 2030, we are reinforcing our human capital management to support sustainable growth and long-term value creation. We consider reinforcing our human resources a priority for the next several years, and our approach is a balance of attracting new talent in key areas, including innovation, automation, robotics and sustainable solutions, as well as fostering current employees by providing clear career paths and growth opportunities, developing diverse pipelines for future leadership candidates and creating a strong global talent base that meets market and customer needs.

As the DIC Group transitions to a GOM, our goal is to support businesses by discovering the most effective and efficient organizational model, enabling us to leverage outstanding talent from around the world to create synergies and capitalize on our strengths. When realized to its full potential, this model will lead to the generation of tangible value for our customers through higher-value-added solutions, competitive product portfolios, improved cost structures and world-class support.

We believe firmly in the strength of global talent across all dimensions of diversity. Diverse perspectives, experiences and backgrounds are essential to innovation, risk awareness and a deep understanding of our customers. We are therefore strengthening our efforts to ensure the best of the DIC Group is represented in everything we do.

We are a people company, and our HR strategies are business strategies. When our people excel, we excel. The HR team is proud to see how this commitment to people translates into performance, resilience and sustainable value.

Human Capital Management in the Global Operating Model (GOM)



Yuko Sekimori

Global HRCoE
Director, Strategy & Special Projects

As DIC continues to strengthen its global operations, the role of the HR team is steadily evolving. Historically, HR initiatives were designed and executed primarily at the regional level, reflecting local requirements, business practices and regulatory environments. While this approach enabled responsive and flexible support tailored to regional needs, it also resulted in the fragmentation of HR strategy and practices and limited the visibility of workforce information across the organization at a global level.

Against this backdrop, DIC is advancing its transition to a GOM, which is a framework designed to achieve globally consistent operations while also respecting local characteristics by aligning strategic priorities, decision-making processes and organizational capabilities. Under this framework, the HR team's role is also evolving from a regionally focused, operations-driven

organization into a more integrated strategic partner that supports both business growth and overall organizational effectiveness by strengthening global collaboration.

One of the team's key priorities at present is strategic workforce planning. With business activities expanding and growing increasingly complex across national and territorial borders, it is essential to anticipate future talent and skill requirements. Under the new GOM, the HR team works in close partnership with business groups to clarify critical positions and the capabilities required to execute medium- to long-term strategies. By developing a clearer, more comprehensive cross-regional view of workforce supply and demand, and by further enhancing decision making related to hiring, development and internal mobility, the HR team aims to enable more effective, timely and appropriate talent allocation across the organization.

In addition, DIC is promoting the Global Management Accelerator (GMA) program as a key initiative for fostering global talent. Launched in 2024 to cultivate the next generation of senior leaders, the program has already produced its first cohort of graduates. By bringing together participants from diverse regions, functions and professional backgrounds, the program strengthens leadership capabilities, fosters deeper cross-cultural understanding and builds global networks aligned with the principles of GOM. Looking ahead, the HR team will continue to bolster global collaboration and promote strategies that enhance its ability to support the DIC Group's competitiveness over the long term.

Growing People, Growing DIC



Jennifer Dewey

Global HRCoE
Director, Talent Management
Vice President,
Sun Chemical Corporation

Across the DIC Group, diversity, inclusion and strategic talent planning are central to attracting, developing and retaining talent in today's global environment. With employees spanning multiple generations, cultures and life stages, the Group strives to balance globally consistent standards with locally responsive practices, thereby creating an environment in which everyone can contribute and grow.

Flexible working styles and work-life balance are key to this approach. Recognizing that employee needs vary by role, location and life stage, we offer hybrid work models where feasible, adaptable working hours and locally aligned leave practices. These support productivity and employee well-being, complemented

by family-friendly policies and benefits. Employees are assisted through key life events via parental leave, caregiving benefits and structured return-to-work programs that support career building over the long term.

Building a sustainable labor force also requires early career investment. Through graduate recruitment and apprenticeship programs in key markets, the DIC Group seeks to attract talent from diverse backgrounds. These initiatives help promote skills development and knowledge transfer, while at the same time strengthening the pipeline for future leaders.

Fostering human resources and future leaders is a strategic priority. Talent reviews, succession planning and leadership development programs promote diverse candidate pools and transparent decision making. Gender equality and equal pay for equal work are recognized as key themes under the EU's CSRD. Accordingly, we support the promotion of women and underrepresented groups.

These efforts are supported by a global HR infrastructure and reporting framework that enhances transparency, consistency and data-driven insights, while maintaining flexibility to address diverse local work environments and cultural backgrounds. Together, these practices reflect the DIC Group's integrated approach to driving sustainable growth and enhancing corporate value through inclusion and the cultivation of talent.

Thinking Globally, Acting Locally: HR Strategies with Local Roots and Global Connections

The DIC Group's global HR strategies are implemented through local execution. A key characteristic of our corporate culture is the way we tailor our approach to our local labor force. We proudly support our regional and country leaders in implementing HR strategies that meet the unique demands of local markets and the needs of local employees and communities. Here, these leaders describe such strategies.



Takanori Ito

Head of HR Unit
DIC Corporation

Japan

Since its establishment in Japan in 1908, the DIC Group has expanded globally, with Japan positioned as its global headquarters. DIC Corporation (Japan) fulfills a dual role as corporate headquarters and as the operating company for the Group in Japan, which comprises 22 companies, 10 manufacturing sites, one R&D site and approximately 5,500 employees. As a key management initiative, the DIC Group is advancing its transition to a GOM. In line with this strategy, we are implementing organization-wide transformation, including by redesigning business domains, reviewing processes and clarifying talent requirements. Phase 2 of DIC Vision 2030 positions human capital management as a core strategy, and we are advancing global talent cultivation, strategic hiring, improved employee engagement and stronger governance, including human rights protection. Amid demographic change, with many engineers and managers expected to reach retirement age in the near future, ensuring that technologies and expertise are passed on, as well as fostering the next generation of employees, has become increasingly important. In response, we are strengthening our HR foundation by, among others, continuing to recruit new graduates, developing a training system with a global perspective and enhancing knowledge transfer.



Genni Zhou

Corporate HR Director
DIC (China) Co., Ltd.

Greater China

DIC (China) has its regional headquarters in Shanghai and manages 17 wholly owned subsidiaries across Greater China, that is, the Yangtze River Delta, the Pearl River Delta, Hong Kong and Taiwan. The organization employs approximately 2,100 people, including around 1,200 manufacturing employees and 550 sales and technical professionals. Roughly 1,000 employees are involved in the polymers business and around 690 in Packaging & Graphics-related products. Competition in regional markets is intense, and demand for value-added solutions is rising. In particular, advancing and developing product technologies that meet growing needs for use in EVs, robotics and other emerging fields has become a crucial theme that will directly impact future business growth. However, the current pool of technicians with forward-looking mindsets and strong innovative capabilities remains limited, making systematic development of highly skilled technical talent a critical priority. DIC (China) has implemented a transparent "3P" ("Pay for position and pay for performance") HR management system. A dual career path framework allows employees to pursue either technical specialization or management roles, supported by diverse training programs. Employee engagement surveys have been conducted for several consecutive years, with engagement reaching 77.9% in 2025. These initiatives support workforce stability, collaboration and sustainable growth.



Clifton Tang

Regional Human Resource
Director
DIC Asia Pacific Pte Ltd

Asia-Pacific

The DIC Group in the Asia-Pacific encompasses 21 operating companies, including manufacturing plants, commercial operations and a shared services center, in 12 countries, employing approximately 2,980 people from more than 25 nationalities. Supported by a resilient work culture, employees demonstrate agility in responding to changing market conditions, while stable political and bilateral relationships across countries underpin long-term growth. To build a future-ready talent pipeline, the region has embedded robust succession planning aligned with the GOM. A regional mobility program enables employee transfers for development, crisis response and knowledge transfer. Leadership development initiatives promote continuous learning through upskilling and cross-training, strengthening organizational capability and career clarity. In pursuit of becoming an employer of choice, the region reinforces diversity, equity, inclusion and belonging and applies fair, transparent recruitment and retention practices. Employee well-being is prioritized through mental health awareness and manager training, creating a supportive and psychologically safe workplace. To meet evolving workforce expectations, engagement and retention measures include flexible work arrangements, career mapping, family support and wellness programs. HR analytics support workforce planning and resource allocation, enabling flexibility aligned with business needs.



Jennifer Johnston

Director, HR NA
Sun Chemical Corporation

North America

Sun Chemical in North America is a large, complex organization consisting of approximately 2,700 employees across commercial, manufacturing and corporate support functions, which provides critical support for the Color Materials and Packaging & Graphics businesses through 36 manufacturing facilities, and is critical in DIC's global performance. A primary people challenge in this region is labor force transition, driven by consistently high retirement levels within a highly-tenured employee population. This requires focused succession planning, continuity in critical roles and the intentional transfer of technical and operational knowledge. At the same time, retaining newly hired employees—particularly in manufacturing—remains a priority amid intense competition and more modern, less physically demanding alternatives in the market, and delivering a compelling employee value proposition is essential. To address these challenges, we are investing in key HR initiatives, including reinforcing our rewards and recognition program and expanding leadership development from frontline to advanced levels, that support engagement and bench strength. What defines our labor force in North America is a commitment to customers and operational excellence. Despite challenging conditions, our teams remain resilient and collaborative. With experienced, people-focused leadership and broad, practical career opportunities, we are well positioned to continue supporting success.



Antonio Nunes

Director, HR LATAM
Sun Chemical Corporation

Latin America

In Latin America, Sun Chemical is a leading name in Packaging and Graphics solutions, Color and Displays technologies, Functional Products, electronic materials, security inks and components, and solutions for the agribusiness, automotive and healthcare industries operating across 13 countries with nine direct operations, a Central America joint venture and a strong distributor network. Operations are powered by approximately 1,800 people across 22 sites and generate around \$515 million in annual net sales. Across Latin America, our focus is on ensuring that our people capabilities grow at the same pace as our business, while reducing complexity and preparing the organization for the future. Our HR priorities are centered on acting as a true business partner, strengthening technical and leadership pipelines, and using better data and simpler processes to support stronger, more consistent decision making. One of our greatest strengths in the region is our labor force, which is resilient, adaptable and closely connected to customers and operations. Looking ahead, we will continue creating work environments that emphasize clear career paths, meaningful growth and development opportunities, consistent leadership practices, and well-being and inclusion, thereby encouraging employees to feel pride in being part of the DIC Group.



Hilko Hedden

Director, HR EMEA
Sun Chemical Corporation

Europe, the Middle East and Africa (EMEA)

Sun Chemical in EMEA is the DIC Group's largest and most diverse organization, employing approximately 5,400 people across more than 58 legal entities in over 30 countries, with commercial, manufacturing and corporate support functions, as well as more than 40 manufacturing sites, and supporting all major business groups. Color materials is our largest business, with over 2,000 employees, and is a key contributor to regional performance. From a people perspective, the region faces challenges such as an aging labor force, high retirement levels and talent shortages in many markets. These conditions underscore the importance of employer branding, the retention of new hires, and effective progression and succession planning. Apprenticeship programs play a critical role in developing a sustainable internal talent pipeline and strengthening our HR portfolio over the medium to long term.

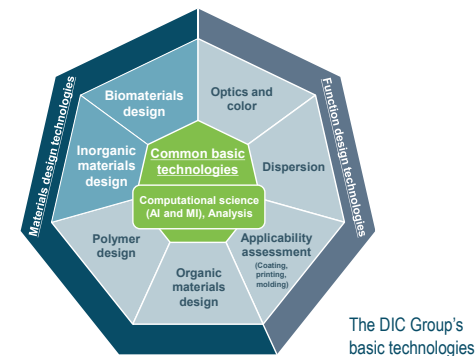
Despite persistent economic headwinds and regional uncertainties, we remain focused on fostering internal talent, as well as on promoting leadership development and strategic labor force planning. Employees are dedicated to value creation and play a key role in ensuring solid relations with customers and operational excellence.

Technological Assets and Intellectual Property: Basic Strategies and Initiatives

Technology Strategies

Basic Technology Policy

The DIC Group positions adding depth to its existing basic technologies and creating value through technological integration as the core of its medium- to long-term growth strategy. To complement its existing basic technologies in areas such as optics and color, organic materials design, polymer design, dispersion and surface control, the Group is working to acquire new technologies in, among others, computational science, i.e., AI and materials informatics (MI), and biomaterials, thereby enabling it to strengthen the competitiveness of existing businesses, as well as to launch new businesses.



R&D Configuration

The DIC Group's current R&D configuration is anchored by related divisions and units in Japan and encompasses mutually collaborative teams responsible for developing and modifying products, adding depth to existing basic technologies and commercializing next-generation products. Effective from fiscal year 2026, the Group has created a new configuration that integrates technology, production and sales functions, reinforcing its ability to convert research achievements into business and market opportunities.

Overseas, the Group's R&D is conducted at research centers in the United States, Europe, the PRC and Asia, which promote development efforts tailored to local market needs and technological collaboration. This facilitates the development of products that reflect local market characteristics and global-level efforts to maximize technological synergies.

Segment Technology Strategies

Packaging & Graphic

Capitalizing on Environment-Friendly Basic Technologies to Promote Market Expansion and the Establishment of a Circular Economy

In the Packaging & Graphic segment, the DIC Group is adding depth to basic technologies, namely, formulation design, materials design and recycling, simultaneously helping address environmental issues and promote market expansion. Recent achievements in the area of printing inks include the launch of a hybrid UV ink that combines biomass-derived raw materials with UV ink and boasts an industry-leading 50% biomass-derived raw material content (according to analysis conducted by DIC). This product can be used as is with existing UV printing equipment, assisting customers' transition to environment-friendly printing by minimizing the burden of capital investment. In the area of packaging materials for food products, the Group launched next-generation inks made with biomass materials that deliver improved performance in terms of, among others, bonding strength and print density. DIC also achieved practical implementation of the closed-loop tray-to-tray recycling of colored/patterned polystyrene foamed food trays using a proprietary dissolution and separation technology, thereby contributing to the realization of a circular economy by facilitating resource recycling and reducing waste.



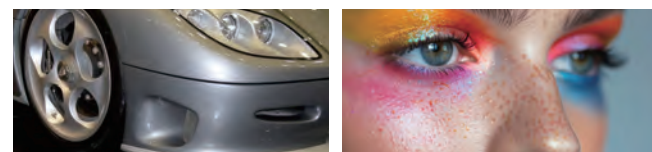
Outlook for the DIC Group in Fiscal Year 2030

On the technology front, the DIC Group will seek to drive business growth by leveraging its own superior basic technologies in combination with new technologies developed in-house or secured from external parties to create value for new customers and markets. By promoting technology marketing that makes use of AI, data science and other digital technologies, the Group will work to increase the probability of successfully translating technologies into business successes, ensuring more reliable, sustainable growth.

Color & Display

Creating High-Value-Added Materials that Combine Aesthetic Appeal, Functionality and Sustainability

In the Color & Display segment, the DIC Group is leveraging its basic technologies in pigment design, dispersion control and optical property design to develop high-value-added materials that are aesthetic, appealing, functional and environment-friendly. In pigments for cosmetics, efforts focused on highly saturated metallic effect pigments. In addition to not staining or bleeding into the skin, these pigments are highly UV stable. They also respond to diverse consumer needs, offering a solution for vegan cosmetic formulations, which contain no animal-derived ingredients, while also responding to demand for carmine-free cosmetics. In pigments for automotive and construction applications, production capacity for *Spectrasense* functional black perylene pigments that reflect near-infrared (NIR) wavelengths. Combining deep black coloration with thermal management capabilities, these pigments are suitable for high-performance applications, while also contributing to the mitigation of global warming by suppressing the rise of surface temperature.

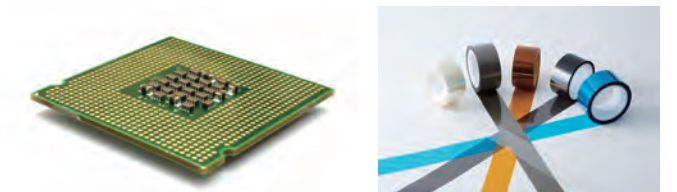


Functional Products

Capitalizing on Basic Technologies to Realize Functional Materials that Help Reduce Environmental Footprint and Support Process Innovation

The Functional Products segment provides functional materials based on molecular design, reaction control, interface control and other materials technologies that help reduce its environmental footprint and support process innovation by customers. Highlights in the area of synthetic resins include commencing mass production of low-dielectric resins for high-frequency electronic circuit boards, responding to the increasing sophistication of semiconductor packages and the infrastructure for high-speed communications amid the widespread adoption of generative AI. These resins reduce signal loss, underpinning higher performance levels and greater efficiency for communications equipment. In the area of surfactants, the Group expanded its range of PFAS-free offerings that can replace

PFAS-based surfactants. In industrial-use adhesive tapes, achievements included the development of a stretch tape for use in production processes that can be peeled off simply by stretching, eliminating the need for heat and contributing to improved process efficiency by saving energy and facilitating use with high-end components.



Building a Competitive Technological Foundation for the Era of Physical AI

Exploring New Technologies with the Aim of Creating New Business Opportunities

The DIC Group recognizes physical AI—a technology that enables AI to interact with the physical world—as a highly promising growth market. In addition to capitalizing on its materials and molding technologies, the Group is strengthening its device design technologies, as well as actively leveraging open innovation to acquire reliable new capabilities and enhance existing ones, while also promoting the exploration of new business opportunities.

The DIC Group is currently working on developing technologies that bring together materials, structures and sensing, focusing on the fields of wearables, factory automation and entertainment. Successes to date include the updated *HAGAMOSphere*® 2.0 omnidirectional multicopter; *MoR*™, a multifunctional robotic finger, which boasts sensor functions incorporated into the surface; and the *Tacthancer*™ tactile sensitivity enhancer.

With an eye to further expanding its business model and cultivating new and diverse applications for products, the DIC Group will continue working to acquire the latest technologies and performance features, among others, from third parties. In fiscal year 2025, DIC began investing in startups in such fields as care technology and AI robotics. The Group is also working with external partners to expand into product development and the enhancement of services. In fiscal year 2026, DIC established a startup management subsidiary in Switzerland, as well as a \$62 million investment portfolio, and entered into a strategic partnership with a venture capital firm. Through such collaborations, the Group aims to create new growth opportunities that go beyond the scope of existing businesses, as well as to enhance both corporate and social value over the medium to long term.



Creating New Businesses and Improving Social Value by Realizing New Basic Technologies

Leveraging Biomaterials to Establish New Basic Technologies

In addition to advancing its existing core technologies, the DIC Group is focusing on efforts to create new basic technologies and, through their commercialization, to foster next-generation businesses. Such new basic technologies were used in the development of *SACRANEX*®, an algae-derived functional material that originated in Japan. *SACRANEX*® is a biomaterial extracted from Suizenji nori, a freshwater blue-green algae indigenous to Japan. The Group's indoor cultivation, purification and quality control ensure stable supplies of this material, which is expected to find broad application going forward, beginning with the cosmetics field.

In fiscal year 2025, steps were taken to enhance cultivation and other processes to facilitate mass production, as well as to establish a stable supply chain and quality control framework with a view to global business expansion. In March 2026, *SACRANEX*® won an award in the Moisturizing/Hydrating category of the PCHI Fountain Awards at PCHI 2026, a personal care and homecare ingredients exhibition in the PRC.



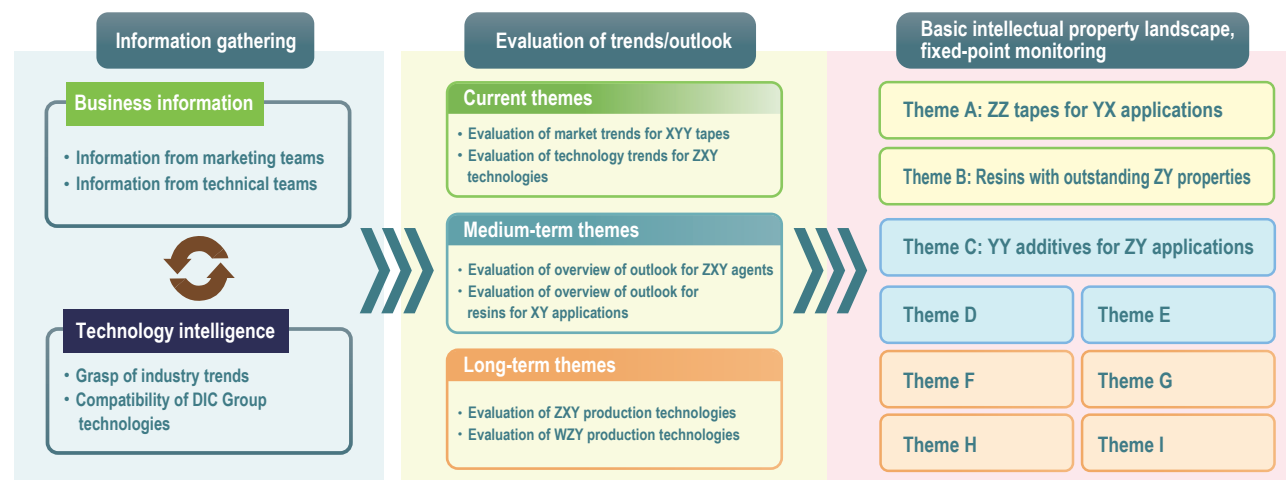
Intellectual Property Strategies

Basic Approach

To achieve the goals of DIC Vision 2030, the DIC Group is promoting a variety of key initiatives, focusing on pursuing qualitative reforms in core businesses and the establishment of growth businesses. With the aim of establishing growth businesses, the Group will advance intellectual property strategies that are integrated with its business strategies to build a competitive intellectual property portfolio, as well as enhance its intellectual property management system to create a framework for the effective use of its intangible assets that earns stakeholder trust.

Establishing New Growth Businesses

In preparing for the launch of new businesses, the DIC Group is advancing strategies for building a competitive intellectual property portfolio. One example, as shown in the diagram below, is the deployment of a methodology for selecting priority themes by analyzing aspects of both the external and internal environments based on market information



Intellectual Property Risk Management System

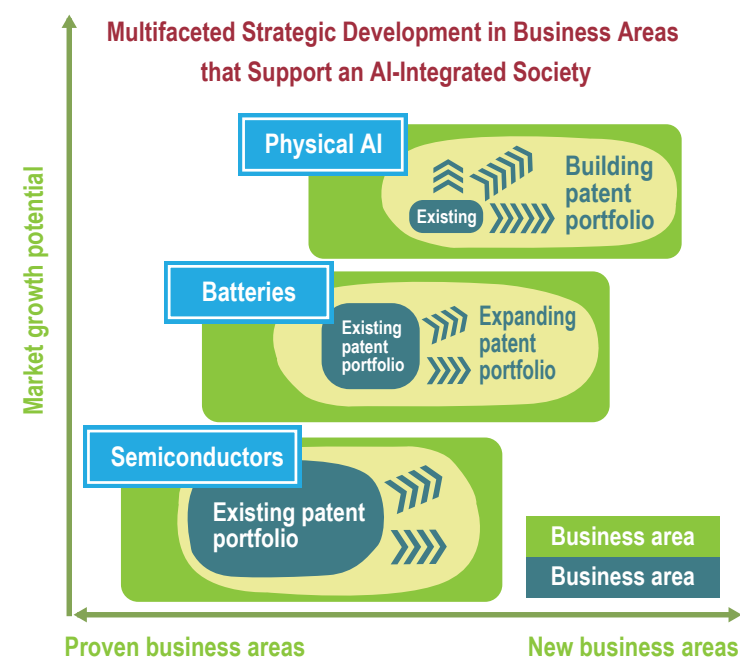
In line with its basic policy on compliance, the DIC Group conducts exhaustive patent clearance searches in new markets and for new technologies, promoting contract management, managing confidential information and advancing initiatives to prevent counterfeiting, patent infringement and the use of similar trademarks. The Group also established the Risk Management Working Group, a subordinate entity of the Sustainability Committee, as part of its effort to strengthen its comprehensive framework for global risk management, which also includes minimizing intellectual property risk. Practical measures are implemented by the staff of the Intellectual Property Center. Active use is also being made of new AI-based tools, including for patent classification, to ensure that patent research is both efficient and comprehensive.

The IP Portfolio Committee, which seeks to ensure the DIC Group's intellectual property aligns with its businesses, and the Patent Reward Council, which aims to improve patent incentives for technological development, are positioned as principal bodies for intellectual property management. Under the effective supervision of management, the Group promotes intellectual property-related initiatives that respond to rapid changes in the operating environment. In addition, by providing appropriate disclosure regarding investments in intellectual property, the Group is working to realize a configuration for leveraging its intangible assets that earns the trust of stakeholders.

obtained through collaboration with marketing and technical teams and on information evaluated using its technology intelligence (TI) tools. These and other efforts help the Group identify priority themes and promote related strategies, including swiftly building a patent portfolio that gives it a competitive edge.

In areas that support an AI-integrated society, notably, semiconductors, batteries and physical AI, the DIC Group's intellectual property team is involved from the initial stage of theme selection and leverages TI to identify priority businesses, support technology development and decision making, and build intellectual property portfolios in target businesses.

The DIC Group's patent strategy has been highly evaluated by Patent Result Co., Ltd., in its ranking of companies in the chemicals industry in Japan.



IT and Digital Transformation (DX): Providing Value to Customers and Building a Stronger Operating Foundation

The DIC Group promotes IT and DX with the objective of providing value to customers and building a stronger operating foundation through the use of digital technologies and data. Initiatives are being advanced Groupwide, including to enhance business reforms and expedite decision making in key areas such as supply chains, sales and marketing, production, R&D and core business systems, and to accelerate the creation of a digital infrastructure that supports the Group's global operations. Looking ahead, the Group will continue to steadily advance transformation through the effective use of AI and data management, as well as by enhancing security and fostering human resources, to achieve the targets of DIC Vision 2030.

1. Supply Chain Management (SCM)

As well as improving the visibility of the flow of goods and information through its supply chains, the DIC Group is promoting related reforms to optimize supply chains spanning multiple regions, businesses and organizational constituents. The Group has made use of digital technologies that enable automatic linkage Groupwide to build a digital SCM platform that facilitates planning online and in real time based on up-to-date demand data, which it began full-scale operation of in core businesses in fiscal year 2023. In fiscal year 2025, significant progress was made in establishing and expanding the scope of this platform. In the color materials business in Asia, the scope of supply and demand on the platform was expanded to include all products, helping to trim inventories and improve on-time delivery rates. The platform has also become well established in the performance materials and chemitronics businesses in Japan, with the development of dashboards using business intelligence (BI) enhancing the visibility of information crucial to operations, improving performance management and decision making, and increasing the efficiency of the former. In fiscal year 2025, U.S.-based Sun Chemical also resolved to adopt this platform and embarked on construction. This marked the beginning of the construction of a unified global SCM platform.

Looking ahead, the DIC Group in Asia will further enhance efficiency and sophistication, as well as reduce the reliance on individual expertise, in each business where the SCM platform has been introduced, making it indispensable to operations. The Group will also explore expanding use of the global enterprise resource planning (ERP) system to bolster productivity in business execution.

Sun Chemical plans to commence operation of the platform in fiscal year 2026, contributing to inventory reductions and further enhancing operational efficiency by facilitating real-time collaboration between production and sales teams. Efforts to create an optimal global SCM framework that aligns with business strategies will underpin the DIC Group's efforts to transition to a GOM.

2. Digital Marketing and Support for Sales Efforts

In fiscal year 2025, DIC steadily advanced its plan to advance DX to create high-level customer experiences, leveraging digital

technologies in sales and advancing business transformation. A digital marketing initiative was inaugurated that analyzes online search data to grasp the needs of and effectively approach customers, as well as expand chances to extend proposals to customer groups that may have previously been unfamiliar with DIC Group products, thereby generating new business opportunities. The Company also established a permanent online exhibition page and created an environment where customers can access information on products or solutions they are interested in or which address their needs whenever they wish, facilitating continuous customer engagement and improving its ability to provide information. This has contributed not only to maintaining and strengthening relationships with existing customers but also created new points of contact. In addition, efforts were made in the area of email marketing, including using customer data to improve delivery and tailoring information sent to individual customer preferences. This has helped maintain and strengthen relationships with existing customers, as well as to create new points of contact. Steps were taken to bolster use of the Group's sales support system and create a foundation that will further broaden its use in the future.

Building on initiatives implemented in fiscal year 2025, in fiscal year 2026 the DIC Group began making improvements in the quality of points of contact with customers and promoting the integration of its sales and marketing. The Group will continue the stable operation of its online exhibition page, maintaining a space where customers can access information that responds to their interests or needs, thereby ensuring ongoing engagement with customers. Efforts in the area of email marketing will emphasize improving the accuracy of mailing lists by improving use of customer data, increasing the customized dissemination of information that responds to individual customer interests, and expanding opportunities to extend proposals and deepen relationships with existing customers. The DIC Group will also further encourage the use of its sales support system, facilitating the cross-business sharing of customer information and improving sales processes. In addition, the Group will reinforce collaboration between sales and marketing teams to enhance data-driven decision making. Through these and other efforts, the Group will strive to create sustainable customer value and strengthen the competitiveness of its businesses.

3. Smart Production

The DIC Group has worked relentlessly conducting research aimed at advancing its core technologies in such areas as synthesis and reactions, dispersions and mixing, mixing, and separation and purification. The Group has also maintained or improved product value by enhancing production processes tailored to individual products. Nonetheless, with many equipment configurations and production methods having reached maturity in recent years, sources of competitiveness and differentiation in production are shifting to the accumulated craftsmanship and know-how involved in such processes. Against this backdrop, a shift to smart manufacturing, which deploys AI, IoT, data analysis and other digital technologies to optimize production by increasing both sophistication and efficiency, is inevitable. What this means is that there is a growing need to shift focus from the evolution of traditional approaches to production to promoting innovations that transform how we understand production.

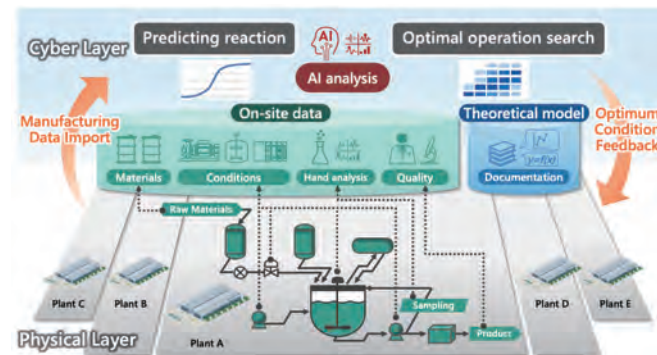
- **Core elements of traditional value creation**
Materials design + Production process development (equipment-centered) + Skilled production personnel
- **Smart manufacturing as envisioned in Phase 2 of DIC Vision 2030**
Materials design + Production process development (equipment-centered) + Digital simulation and enhancement*

*The use of digital technologies to simulate and enhance intellectual creativity, rather than simply to replace work conducted by people

A key initiative in fiscal year 2025 was DIC's collaboration with Hitachi, Ltd., to deploy technology that leverages process informatics to build reaction prediction models that can be applied to batch reactions—a key DIC production process—at the Sakai Plant and to add depth to digital twins technologies with the goal of automating the operations of synthetic resins production facilities. This underpinned efforts to stabilize quality for core existing products, improve throughput yields for new and modified products and move away from batch reaction management that is dependent on human operators, with the expertise gained being used in the identification of product groups with the potential for expanded use and to further accelerate the development of related technologies. As a result, DIC also commenced demonstration tests for AI models for production processes at the Komaki and Yokkaichi plants, working to ensure the realization of tangible benefits.

Beginning in fiscal year 2026, DIC will focus not only on verifying AI models for core production processes at its principal production sites but will also seek to enhance the sophistication of data integration with a view to linkage with the ERP system and supply chains, as well as explore the tools necessary to make this possible, facilitating a shift in the focus of optimization from individual production processes to everything from supply and demand to inventory, raw materials procurement and production planning, improving profitability and enabling more sophisticated decision making. Moreover, these initiatives will expedite the creation of production facilities where management and the front lines are integrated, thereby creating truly “smart factories.”

Rather than focusing exclusively on the improvement of production efficiency, DIC's smart production framework includes optimizing energy use, as well as enhancing the visibility of and reducing CO₂ emissions. By capitalizing on digital technologies and striving to concurrently reduce environmental impact and increase economic value, the Company will continue striving to contribute to the realization of carbon neutrality.



4. Data Science

On the technology side, DIC is promoting prediction, design and analysis that leverage data science and computational science, with initiatives centering on the Data Science Center, established in fiscal year 2021, with the objective of dramatically shortening product development periods, creating new value and clarifying rules and principles. The principal initiatives undertaken in fiscal year 2025 to further expand and enhance achievements are outlined below.

Further Efficiency Improvements in R&D

DIC established a system for using tools that allow the efficient exploration and implementation of conditions to conduct experiments designed to achieve specific objectives. This system was designed to be used not only by data science experts but also by those individuals in R&D who are responsible for empirical research.

Advancing the Use of Generative AI

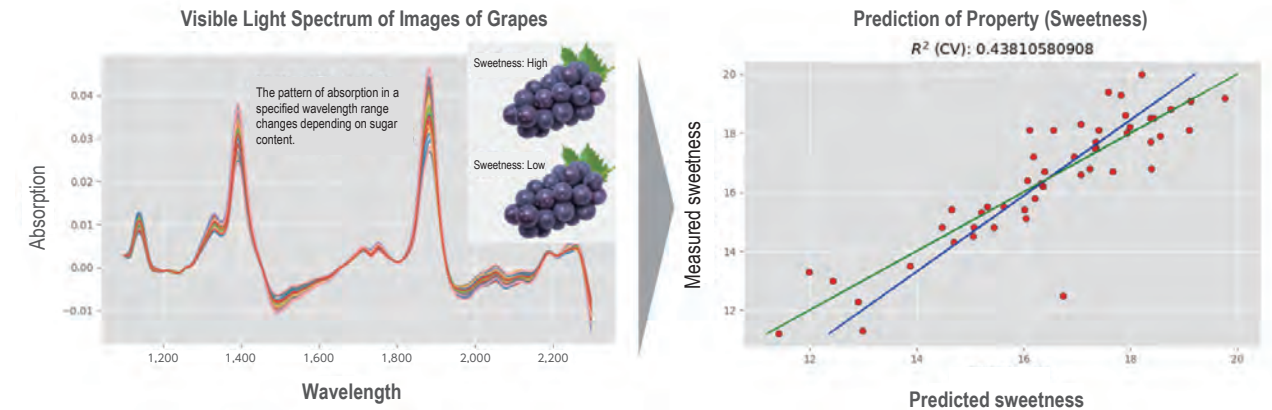
The DIC Group designed a retrieval-augmented generation (RAG) scheme for in-house technical documents and troubleshooting case studies, part of an effort to establish a system to accelerate and automate business processes.

Global Deployment

Steps were taken to strengthen collaboration with overseas DIC Group companies, share best practices and encourage joint problem-solving that leverages data science. Looking ahead, DIC will continue to broaden the scope of application and target areas and enhance technical capabilities to expand results garnered through the use of data science and computational science technologies.

Promoting the Deployment of Quantum Computers

DIC and Tohoku University collaborated to develop a new technology for extracting critical wavelength regions from visible light spectral data obtained using quantum annealing to predict material properties, presenting their findings at an international conference in 2025. Compared to conventional approaches,



5. Fostering Secure Talent to Support DX/Core Business Systems

Following in the footsteps of the DIC Group in Asia, which completed a similar initiative in fiscal year 2024, Sun Chemical began updating its core business systems in fiscal year 2025 with the goal of achieving full-scale deployment by fiscal year 2027. In Asia, DIC is providing know-how to support innovation. This includes establishing the I&T Strategy Council, in which all executive officers, as well as the chief administrative officer and chief information officer of Sun Chemical, participate, and the Global Process Owner System, which enables senior management in each business and the IT team to deploy IT in an integrated manner, thereby creating a global foundation for digital operations. This has helped strengthen IT governance, including by creating an environment that enables DIC to make IT-related investment decisions in response to changes in the operating environment, such as the use of digital technologies, and to technological advancements. Moreover, to protect against increasingly frequent cyberattacks, DIC conducted penetration testing and third-party assessments, based on the results of which it created a medium- to long-term information security roadmap. The Company also updated information security-related guidelines and sought to reinforce the digital literacy of employees through information security e-learning and suspicious email testing.

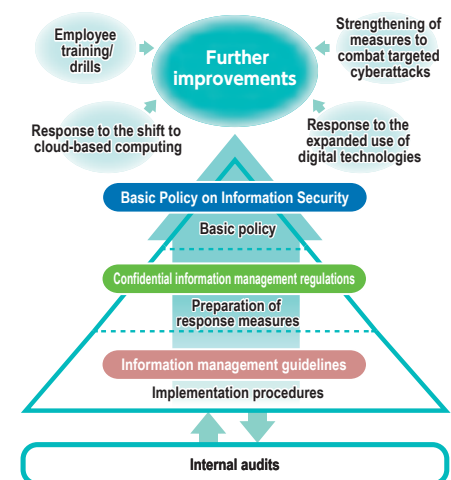
Beginning in fiscal year 2026, DIC will capitalize on its digital operating platform to support the update of Sun Chemical's core business systems, working with the U.S.-based company to create an integrated global IT infrastructure. To address the threat of cyberattacks, DIC will work to minimize risks by focusing on detection, response and recovery, in line with the medium- to long-term information security roadmap, to develop a robust information security infrastructure and strengthen IT governance. DIC will also proceed with two main approaches to AI by building a foundation for data-driven management designed to ensure AI readiness and leveraging AI agents in the areas of data analysis and business process automation.

this new technology facilitates more accurate material property predictions, which is expected to improve both the efficiency and accuracy of materials design. The diagrams below show a model for accurately predicting sweetness (sugar content) from images of grapes. Potential applications for this technology include materials development, quality design and process optimization.

6. Establishing a Global Information Security Program

The DIC Group has positioned information security as a key management priority and, having established the information security policy, works to ensure that executives and employees use Group information assets responsibly in the course of business with the aim of ensuring both the appropriate handling of confidential information and the effective deployment of all information assets. Continuous improvements are also pursued through internal audits conducted to confirm current issues and identify risk. The Information Security Committee, which is led by the executive officer in charge of IT, meets regularly and on an ad-hoc basis to facilitate the timely updating of rules and guidelines and to ensure changes are communicated effectively across the Group. The committee formulates annual targets and initiatives for strengthening information security, which must be approved by the Sustainability Committee, and manages the progress of related efforts.

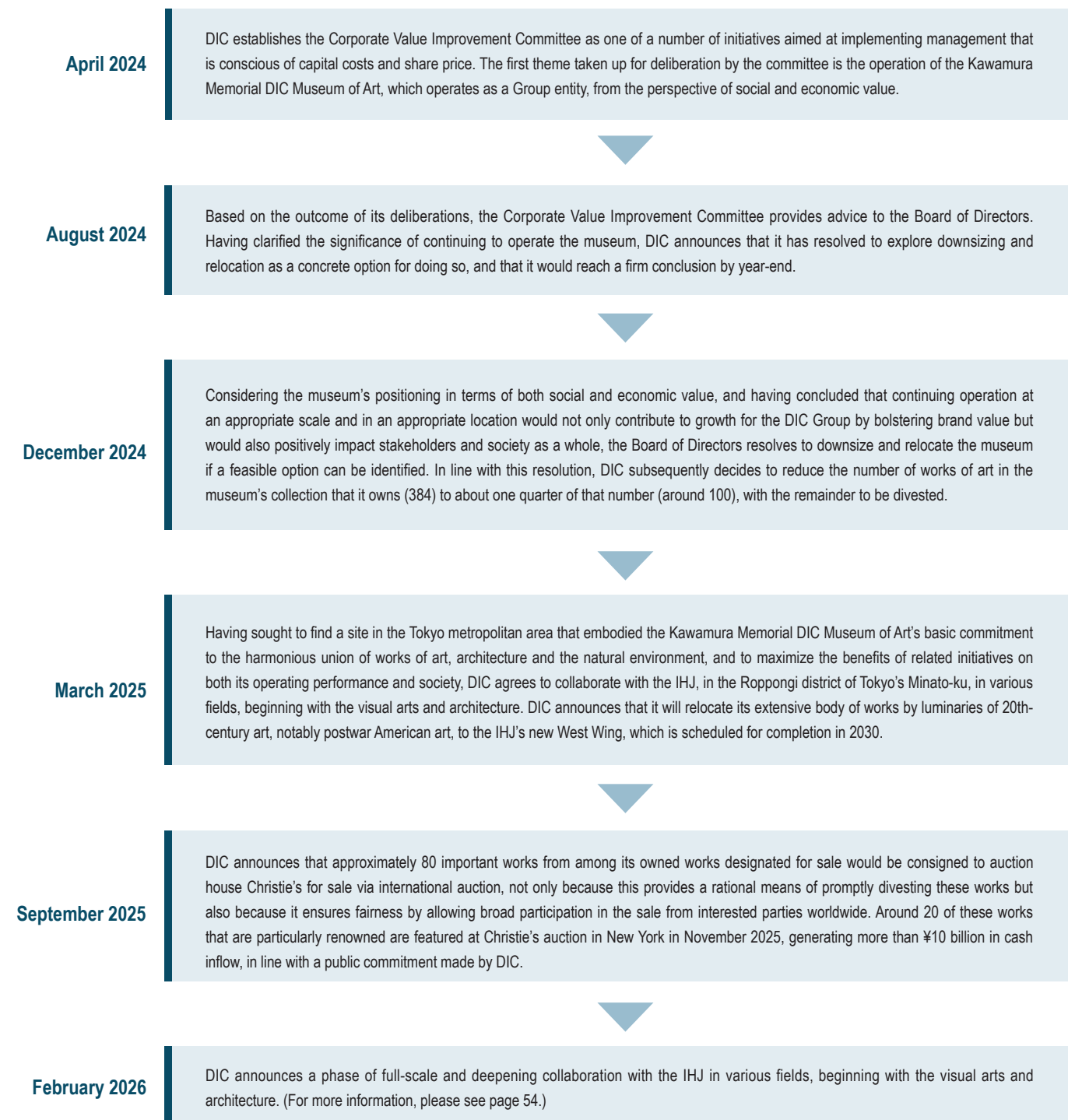
A principal initiative in fiscal year 2025 was the overhaul of the DIC Group's information security roadmap, incorporating the results of assessments conducted to date, as well as lessons learned, to create the Information Security Roadmap for 2030. The Group also revised manuals and guidelines across five areas (organization, operations, IT, systems/rules and education), implemented 22 Groupwide initiatives, and commenced the full-scale deployment of endpoint security and reinforced training and awareness programs.



Policy for Future Initiatives in the Field of Art

Having been involved in the operation of the Kawamura Memorial DIC Museum of Art for multiple decades, DIC recently conducted a review of its role from the perspective of social contribution and the improvement of brand value. With the aim of continuing to engage with society through art-related initiatives, the Company recently launched a collaborative project with a private, nonprofit organization, the International House of Japan, Inc. (IHJ), beginning with the visual arts and architecture. DIC believes that it has a long-term corporate responsibility to open its owned cultural assets to society and ensure they are passed on to future generations.

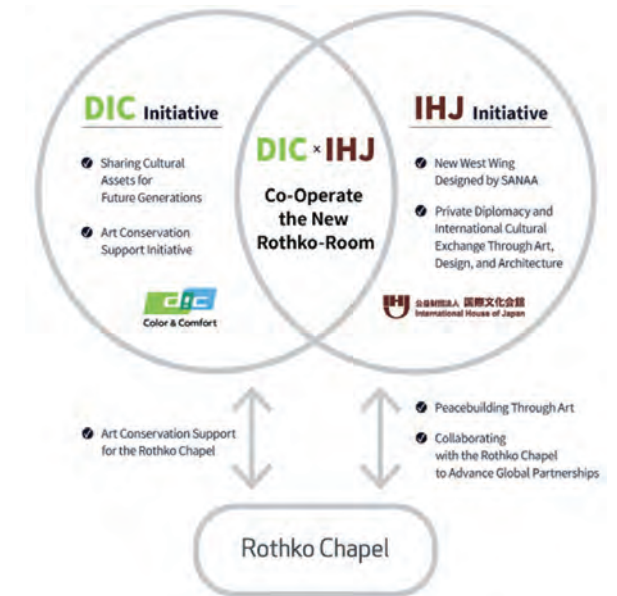
Timeline of the Review of Museum Operation and Subsequent Related Moves



DIC and the IHJ Enter a Phase of Full-Scale and Deepening Collaboration

On February 5, 2026, DIC announced the full-scale launch of a collaborative project with the IHJ encompassing various fields, beginning with the visual arts and architecture. As had previously been revealed, all seven of the paintings from the Mark Rothko Seagram Murals series in the Kawamura Memorial DIC Museum of Art's collection will be moved to the IHJ's new West Wing, which is currently under construction. A dedicated Rothko Room exhibition space for the paintings, designed by the celebrated architectural firm SANAA, is being built and will be operated jointly by DIC and the IHJ. The partners are confident that their efforts to capitalize on the power of art and architecture will help advance public interest in private-sector diplomacy and international cultural exchange. This initiative will also open up the 20th-century works of art owned by DIC, which center on postwar American art, to society and ensure they will also be enjoyed in the future. DIC will also capitalize on expertise gained as a manufacturer of fine chemicals to provide active support for art restoration.

For more information, please visit [WEB https://www.dic-global.com/en/news/2026/ir/20260204150121.html](https://www.dic-global.com/en/news/2026/ir/20260204150121.html) (press release) and [WEB https://dic-ihj.org/en/](https://dic-ihj.org/en/) (DIC-IHJ collaboration website).



An Unequivocal Commitment to Art, with a Focus on Postwar American Art

DIC believes that it has a responsibility, as a corporate citizen, to make the outstanding examples of 20th-century art—notably postwar American art—it owns accessible to society, as well as to ensure they are passed on to future generations. DIC's commitment to art takes many forms, including research, conservation, exhibition and international collaboration. In addition to works from Rothko's Seagram Murals series, the Company owns works by such luminaries of postwar American art as Jackson Pollock, Frank Stella and Cy Twombly, as well as contemporaneous works of European and Japanese art. Even during the period up until they are relocated in 2030, DIC will work actively to expand opportunities for people to see them, including Rothko's works, both in Japan and overseas, making these valuable assets accessible to a wider audience.

“Chemistry + Art”: Balancing Social Contribution and the Enhancement of Corporate Value

DIC will actively provide support for art restoration, leveraging its expertise as a manufacturer of fine chemicals, guided by a concept it has dubbed “chemistry + art.” The Company will launch the Institute of Art Conservation Chemistry (IACC) to sustain such efforts. Through this initiative, DIC will aim to help protect existing cultural assets, as well as to create new value, with the aim of both contributing to society and enhancing corporate value.

Establishing a Partnership with Rothko Chapel

The damage suffered by Rothko Chapel during a hurricane in July 2024 is a stark reminder of the heightened risks of climate change and its impact on cultural assets. Against this backdrop, DIC and Rothko Chapel agreed to establish a strategic partnership to support the restoration of Rothko works at Rothko Chapel damaged in the disaster to help safeguard these vital assets. DIC will continue to provide support for art restoration, leveraging its unique expertise and technologies accumulated as a manufacturer of fine chemicals, including by supplying materials that restorers require.

Rothko Chapel

Rothko Chapel, founded in 1971, in Houston, in the U.S. state of Texas, is a nondenominational chapel that permanently houses 14 seminal works painted by Mark Rothko in his later years. This facility has earned international acclaim as a space that transcends religious, cultural and national boundaries, fostering introspection, dialogue and reconciliation through the medium of art. Rothko Chapel also plays an important global role as a hub for initiatives focused on social transformation, human rights and peace, underscoring the enduring power of art to influence critical issues facing society.

Changes to Corporate Governance Accompanying Organizational Reforms

Beginning in fiscal year 2026, DIC is implementing organizational reforms to facilitate its transition to a GOM and is promoting the delegation of authority to business groups. To further strengthen its global management foundation, the Company is also advancing the realignment of its Board of Directors into a monitoring board.

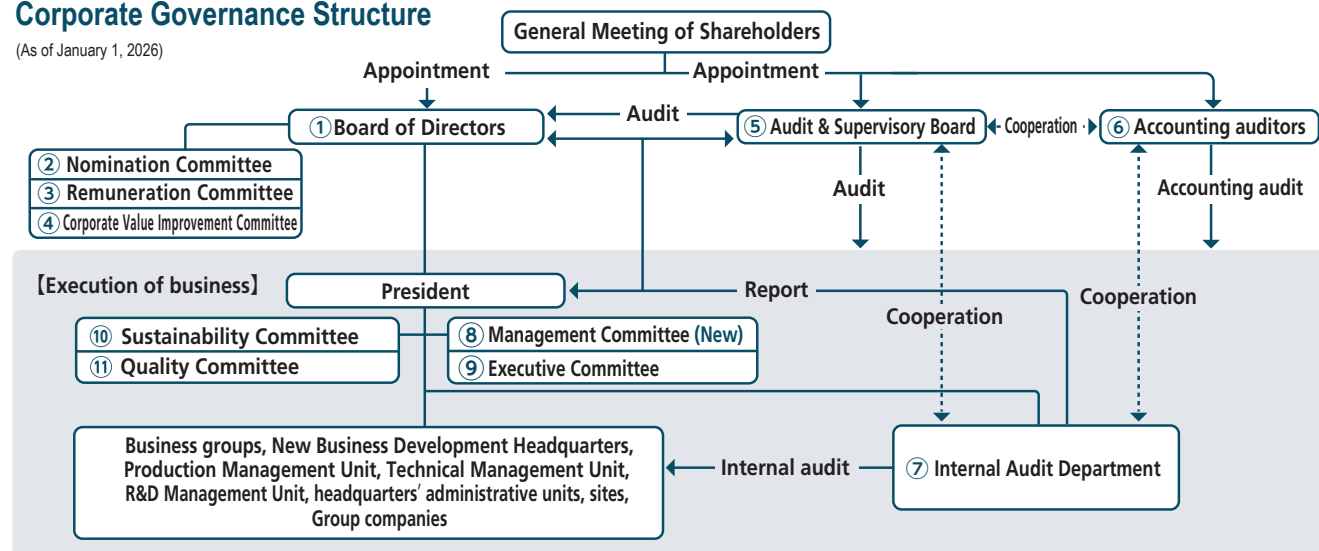
Key Organizational Reforms

Key reforms related to the Board of Directors, transition to a GOM and creation of an independent Internal Audit Department, among others, have been approved.

- With the shift to a GOM and the further delegation of authority to executive officers, consideration is being given to realigning the Board of Directors as a monitoring board.
- Fiscal year 2026 will serve as the evaluation period and the number of directors on the Board will be reduced from the current nine to seven.
- Under this new structure, careful thought will be given to the Board of Directors' future role. Based on the outcome of this process, beginning in fiscal year 2027 scrutiny will focus on the number of directors, the composition of the Board and whether DIC should transform into a company with an Audit and Supervisory Committee.
- C-suite roles have been created for each function. In fiscal year 2026, individuals have been appointed to the positions of Group CFO, Group CTO, Group CSO and Group CHRO.
- To strengthen the internal audit function, the Internal Control Department—currently part of the ESG Unit—will be separated out as an entity directly answerable to the president and CEO, and will be renamed the Internal Audit Department. This department will be overseen by the head of the Legal and General Affairs Unit.
- A New Art Museum Preparatory Office was established within the Corporate Strategy Unit that is responsible for various duties associated with the opening of the Group's new art museum, as well as for overseeing management of the facility where the Kawamura Memorial DIC Museum of Art was previously housed.

Corporate Governance Structure

(As of January 1, 2026)



Rationale Behind Current Corporate Governance System

DIC has instituted an executive officer system, a move aimed at separating decision making and implementation and thereby accelerating business execution and clarifying responsibilities. The Company has appointed four highly independent outside individuals to its Board of Directors to reinforce its monitoring of business execution. The Company also has the Nomination Committee, the Remuneration Committee and the Corporate Value Improvement Committee, each of which includes four outside directors to ensure objectivity in the

nomination of and the determination of remuneration for directors and executive officers and in enhancement of corporate value.

Four Audit & Supervisory Board members, which include one attorney and one certified public accountant as outside members, conduct audits in liaison with the accounting auditors and the Internal Audit Department. This structure ensures the effective functioning of the Company's corporate governance system.

The Board of Directors and Committees

Information on the various components of DIC's corporate governance organization and their activities can be found below. A key feature of the new organization established in fiscal year 2026 is the new Management Committee. (Page references are provided for those components described in detail on subsequent pages.)

(1) Board of Directors
(Please see page 57.)

(2) Nomination Committee
(Please see page 58.)

(3) Remuneration Committee
(Please see page 59.)

(4) Corporate Value Improvement Committee

The Corporate Value Improvement Committee was established in April 2024 to explore the role of companies in society from a high-level, broad viewpoint and advise the Board of Directors from a third-party perspective regarding the improvement of corporate value over the long term. The committee consists of four outside directors and depending on the theme invites external experts to serve as advisors. In fiscal year 2025, the Corporate Value Improvement Committee met four times. Three of the four meetings were attended by all four members, while one meeting was attended by three members.

(5) Audit & Supervisory Board, (6) Accounting Auditors and (7) Internal Audit Department (Please see page 62.)

(8) Management Committee

The Management Committee was established in January 2026 to discuss important matters related to the execution of business, including withdrawals and M&As. The committee consists of the president, executive vice president and executive officers designated by the Board of Directors, including the business group presidents. As part of the auditing process, one Audit & Supervisory Board member also attends Management Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors. Important matters related to the execution of the DIC Group's business not within the purview of the Management Committee are deliberated by the Executive Committee.

(9) Executive Committee
(Please see page 66.)

(10) Sustainability Committee

The Sustainability Committee, which functions as an advisory body, meets several times annually to formulate sustainability policies and activity plans, to evaluate and promote sustainability initiatives, and to deliberate and make decisions on other matters deemed to require its adjudication. In fiscal year 2025, the Sustainability Committee met four times. The committee consists of individuals designated by the Board

of Directors from, among others, among the president, the executive vice president, presidents of the business groups, the heads of the units, the general managers of the management units and product divisions, and the managing directors of regional headquarters. As part of the auditing process, one Audit & Supervisory Board member also attends Sustainability Committee meetings.

(11) Quality Committee

In addition to reporting on the status and progress of the DIC Group's quality management in Japan, the Quality Committee functions as a deliberative body for the domestic Group's quality policy, principal initiatives and important issues. In principle, the committee meets once quarterly and consists of individuals designated by the Board of Directors from among the president, the executive vice president, presidents of the business groups, the heads of the units, the general managers of the management units and product divisions. As part of the auditing process, one Audit & Supervisory Board member also attends Quality Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

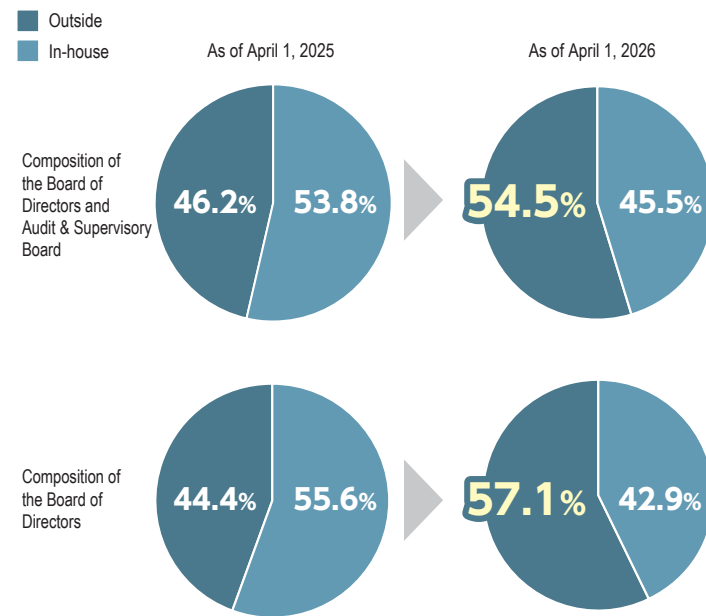
(12) Changes Implemented to Reinforce Corporate Governance

By separating decision making and implementation, DIC has accelerated business execution and strengthened the monitoring function of the Board of Directors, which is crucial to improving corporate value. Beginning in fiscal year 2026, the first year of Phase 2 of DIC Vision 2030, the Company intends to take steps to further reinforce corporate governance.

Changes Implemented to Reinforce the Corporate Governance Structure

Change	Year
Changes term of office of directors from two years to one year	2002
Adopts executive officer system	2004
Abolishes system of retirement allowances for executives	2005
Establishes committee to determine compensation for directors and Audit & Supervisory Board members	2006
Appoints two outside directors	2008
Establishes Remuneration Committee and Compensation Committee	2009
Establishes Sustainability Committee	2014
Formulates Policy on Corporate Governance (including independence standards for outside directors and outside Audit & Supervisory Board members)	2016
Increases number of outside directors from two to three	2017
Adopts system of performance-based stock compensation	2017
Establishes Quality Committee	2020
Increases number of outside directors from three to four	2024
Establishes Corporate Value Improvement Committee	2024
Increases number of outside directors more than half	2026
Establishes the Management Committee	2026

Composition and Role of the Board of Directors



As part of a full-scale review regarding realignment of the Board of Directors as a monitoring board, the number of directors has been reduced from nine to seven. Careful thought is currently being given to the Board of Directors' future role. Based on the outcome of this process, beginning in fiscal year 2027 scrutiny will focus on the number of directors, the composition of the Board and whether DIC should transform into a company with an Audit and Supervisory Committee.

Composition of the Board of Directors (As of April 1, 2026)

	In-house	Outside	Total
Directors	3 (5)	4	7 (9)
Audit & Supervisory Board members	2	2	4
Total	5 (7)	6	11 (13)

Note: Figures in parentheses are as of April 1, 2025. The absence of a figure in parentheses indicates that the figure has not changed.

Structure and Activities of the Board of Directors

From the perspective of making business decisions in a timely manner and reinforcing corporate governance, the Board of Directors consists of seven directors, four of whom are independent outside directors (two of whom are female, including one foreign national). The Board of Directors typically meets once a month to make decisions on matters delegated to it under the Companies Act of Japan and on important business matters stated in the regulations for meetings of the Board of Directors, as well as to receive status reports on the execution of business operations and supervise the execution of business. In fiscal year 2025, the Board of Directors met 14 times with all members present.

Composition of the Board of Directors

The Board of Directors, which is chaired by the president, resolves major operations-related issues. To facilitate the effective oversight of management, the Board of Directors comprises outside directors, who maintain independence, and other individuals having a thorough knowledge of the businesses of the DIC Group, with consideration given to ensuring a balance among necessary knowledge, experience and capabilities. The Nomination Committee selects candidates for the position of director based on expertise and experience, which are displayed in a skills matrix on page 61. The Board of Directors is of an appropriate scale assuming that authority will be delegated to management.

Given the increasingly global nature of the DIC Group's business activities, the Company is also striving to diversify the composition of the Board of Directors. Of the Board's eleven members, three (two

outside directors and one outside Audit & Supervisory Board member) are female, with one outside director also being a foreign national.

Scope of Matters Delegated to Management

Matters requiring resolution by the Board of Directors are clarified in the Company's regulations for meetings of the Board of Directors and include the convocation of the Annual General Meeting of Shareholders, important matters pertaining to key organizational components and employees, and the approval of business plans. Other matters are delegated to management depending on importance determined using monetary criteria, among others, based on the regulations for approval determined by the Board of Directors. Of these, matters deemed significant are deliberated by management at meetings of the Management Committee or the Executive Committee.

Number and Role of Outside Directors and Outside Audit & Supervisory Board Members

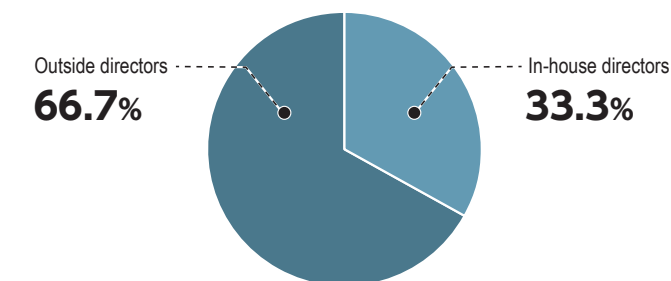
The Company currently has four outside directors and two outside Audit & Supervisory Board members. As well as attending meetings of the Board of Directors, the four outside directors—who have extensive experience in corporate management—serve as members of the Nomination Committee, Remuneration Committee and Corporate Value Improvement Committee, enabling them to provide supervision with an independent point of view, thereby helping to reinforce the Company's corporate governance. The two Audit & Supervisory Board members—one an attorney and the other a certified public accountant—advise management of the DIC Group from an expert, multifaceted and independent perspective, thereby helping to reinforce the auditing function.

Structure and Activities of the Nomination Committee/ Succession Planning

Structure of the Nomination Committee

To ensure objectivity in the nomination of, among others, directors, Audit & Supervisory Board members and executive officers, the Nomination Committee was established to provide recommendations to the Board of Directors regarding the appointment and dismissal of directors, Audit & Supervisory Board members and executive officers. The committee consists of no more than six directors, four of whom are independent outside directors, with an independent outside director serving as chair.

Composition of the Nomination Committee (As of April 1, 2026)



	In-house	Outside	Total	Outside directors as a percentage of total
Directors	2	4	6	66.7%

Activities

The Nomination Committee provides recommendations to the Board of Directors regarding the appointment and dismissal of directors and Audit & Supervisory Board members, as well as deliberates on matters such as the Group CEO selection process and the skills matrix. In fiscal year 2025, the committee met three times with all members present.

June 26, 2025	Makes recommendations regarding candidates for the position of director for fiscal year 2026
September 30, 2025	Makes recommendations regarding the structure of the Board of Directors for fiscal year 2026
October 24, 2025	Makes recommendations regarding changes in directors and Audit & Supervisory Board members and the appointment/resignation of executive officers

Succession Planning

DIC promotes succession planning Companywide from the perspective of ensuring business continuity and enhancing the visibility of human resources. In fiscal year 2025, the Company focused on two specific challenges.

1. DIC formulated succession plans for approximately 100 key positions at DIC and DIC Group companies in Japan, the PRC and the Asia-Pacific region using the requirements set forth in the "To Be" framework, designed in fiscal year 2024 with the goal of building an ideal human resource portfolio. The Company also conducted talent reviews and discussed plans for fostering candidates with relevant units. Through such initiatives, DIC will strive to ensure the successful implementation of these plans by strengthening systematic training and skills development for candidates.

2. As part of its plan to nurture the next generation of senior leaders who will steer its global businesses in the years ahead, DIC established a new program called Global Management Accelerator (GMA) to select candidates for global executive management positions. In fiscal year 2025, group training was provided at overseas locations. Participants were also dispatched to attend short-term programs at renowned institutes of higher education abroad. In fall 2025, the Company launched the second phase of the GMA program, increasing the number of target regions and participants. It is hoped that this program prepares participants to exercise their capabilities as future management leaders and grow as individuals with the competence to take on important positions.

Structure and Activities of the Remuneration Committee/ Remuneration for Directors

Structure of the Remuneration Committee

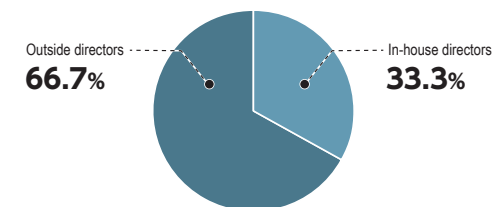
To ensure objectivity in the determination of remuneration for, among others, directors, Audit & Supervisory Board members and executive officers, the Remuneration Committee was established and has been entrusted with responsibility for determining remuneration, among others, for directors and executive officers. The committee meets as necessary and consists of no more than six directors, four of whom are independent outside directors, with an independent outside director serving as chair.

Activities

In fiscal year 2025, the committee met three times to determine remuneration, among others, for directors and executive officers, with all members present.

December 9, 2025	Deliberates on future course of action regarding remuneration, and on remuneration for fiscal year 2026, for directors, Audit & Supervisory Board members and executive officers
December 25, 2025	Conducts review of total remuneration and the composition thereof, and of indicators used to determine performance-based compensation, and deliberates/resolves fixed remuneration for fiscal year 2026
February 24, 2026	Determines bonuses for individual directors, Audit & Supervisory Board members and executive officers and stock compensation points for fiscal year 2025

Composition of the Remuneration Committee (As of April 1, 2026)

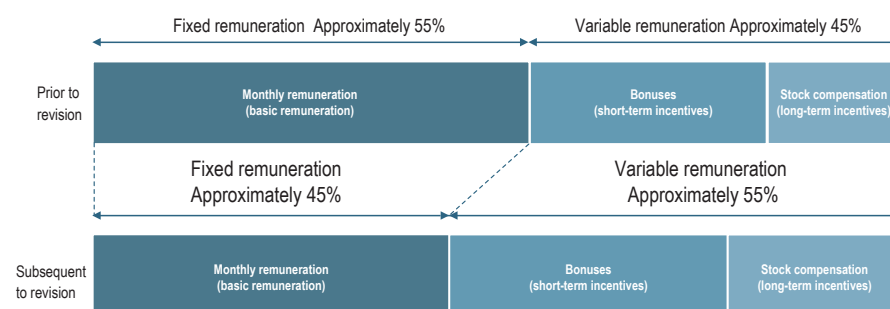


	In-house	Outside	Total	Outside directors as a percentage of total
Directors	2	4	6	66.7%

Revision of Remuneration for Director

Effective from January 2026, the proportions of fixed and variable remuneration were amended, with the weighting of variable remuneration increased. With the goal of ensuring transparent governance and competitiveness, the weighting of stock compensation was increased. In addition, to enhance incentives for improving corporate value and maximizing shareholder value, degree of improvement in ROIC was adopted as a metric for determining bonuses, in addition to indicators related to operating income. Moreover, degree of improvement in total shareholder return (TSR) and ROE were adopted as indicators for determining stock compensation, in addition to metrics related to consolidated operating income and net income attributable to owners of the parent. Directors who serve concurrently as executive officers are eligible for performance-based remuneration, which is linked to the Company's operating results and individual performance as an executive officer.

Revisions of Remuneration for the President and the Executive Vice President



Remuneration for Directors

Fixed remuneration	Monthly basic remuneration	- Monthly fixed salary - Position-specific, based on magnitude of role and scope of responsibility
Performance-based remuneration	Bonuses (short-term incentives)	- Paid once annually; takes into account the Company's operating results for the fiscal year - Determined based on degree of achievement of target for consolidated operating income and of individual performance evaluation - From fiscal year 2026, degree of improvement in ROIC was adopted as a metric for determining bonuses
	Stock compensation (long-term incentives)	- Based on the Company's operating results for the fiscal year and granted in the form of points on the day of the Annual General Meeting of Shareholders - Individual points granted are calculated based on degree of achievement of consolidated operating income and net income attributable to owners of the parent - From fiscal year 2026, degree of improvement in TSR and ROE were adopted as indicators for determining the number of points granted

Risk Management

For more information, please visit the DIC global website.

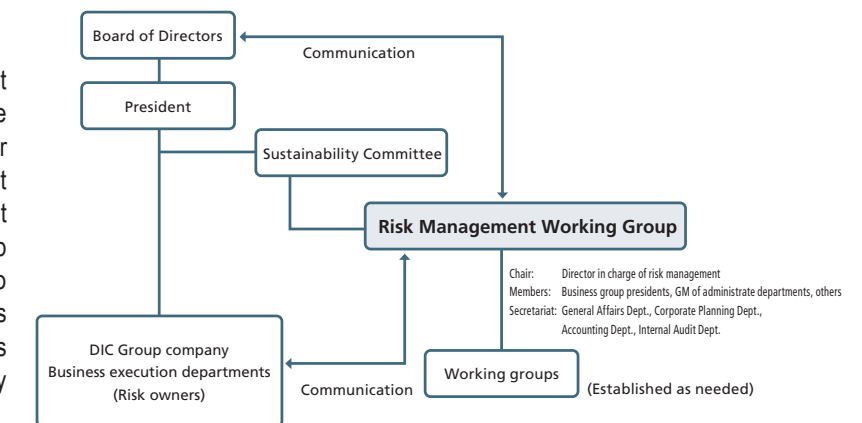
https://www.dic-global.com/en/csr/philosophy/risk_management.html

Effectively managing ever-more diverse and complex risks is crucial for the DIC Group to transform the growth scenario set forth in its DIC Vision 2030 long-term management plan into reality. The Group strives to address changes in its operating environment and

the diversification of risks in an appropriate and flexible manner, as well as to promptly recognize and fully grasp the impact of latent risks on its businesses, preventing such risks from manifesting and minimizing the impact if they do.

Framework for Risk Management

The DIC Group established the Risk Management Working Group, a subordinate entity of the Sustainability Committee chaired by the director in charge of risk management, as part of its effort to strengthen its comprehensive risk management system. The Risk Management Working Group plans and advances risk management initiatives to ensure that the Group's risk management program is implemented appropriately and reports on its activities to the Board of Directors and the Sustainability Committee at least once a year.



DIC Group Risks that Could Materially Impact Investors' Decisions

Order	Risk category	Risk details	Degree of impact	Likelihood	Time horizon	Risk type	Alignment
1	Operating environment	Risks associated with a sharp change or decline in demand	High	Medium	Short to medium term	①②③	A・B
2		Geopolitical risks	High	Medium	Unknown	①②	Other
3		Risks associated with steep fluctuations in interest and currency exchange rates	High	High	Short to medium term	①③	C
4		Risks associated with major earthquakes	High	Medium	Short to long term	①③	Other
5	Environment/ resources	Risks associated with responses to climate change-related environmental and social changes	Medium	Medium	Medium to long term	①②③	A・B
6		Risks associated with demands for the reduction of environmental impact	Medium	Medium	Short to long term	①②③	A・B
7	Management and business strategies	Risks associated with the failure of acquisition strategies	High	Medium	Short to medium term	①②③	A・B
8		Risks associated with portfolio transformation	High	Medium	Short to medium term	①②③	A・B
9	Management/ operations	Supply chain-related risks	Medium	Medium	Short to long term	①②③	A・B
10		Risks associated with compliance	High	Medium	Unknown	②	A・B・Other
11		Risks associated with the stagnation or failure of innovation	Medium	Medium	Medium to long term	②③	A・B・Other
12		Risks associated with efforts to secure human resources	Medium	High	Short to long term	②③	A・B
13		Risks associated with product quality issues	Medium	Medium	Unknown	②③	A・B
14		Cybersecurity-related risks	High	Medium	Unknown	②	B
15		Intellectual property-related risks	Medium	Low	Unknown	①②③	A・B

Risks recognized as having the potential to significantly impact investors' decisions should they manifest are shown in the table to the left.

Significant risks are identified annually by the Risk Management Working Group based on risk assessments conducted by the executive officers and administrative departments that take into account their impact, likelihood of occurrence, anticipated risk scenarios, and other internal and external factors. These risks are then deliberated and confirmed by the Sustainability Committee and the Board of Directors. From the perspective of ensuring proactive disclosure, certain risks that may not necessarily have a significant impact are also included.

Initiatives to Address Geopolitical Risks

In the event of unexpected circumstances arising from drastic political or social changes, or from issues such as the revision of laws, regulations and international treaties, there is a risk of resulting cost increases, restrictions on product and/or raw materials imports and exports, the suspension of monetary remittances, and supply chain interruptions that may affect the DIC Group's operating results and/or financial position.

In addition to overall management by corporate headquarters in Japan, regional headquarters' everyday management includes monitoring risks with the potential to impact the DIC Group's ability to

conduct business and function in each of the countries and territories in which it operates. The Group also works to address country risk for production and sales, establishing a business unit-led framework for formulating business continuity plans (BCPs), and a system for facilitating multiple-company purchasing. To analyze supply chain-related issues, the Group makes effective use of its global network to reduce risk. In addition, to protect management resources, notably its people, credit and assets, the Group is promoting information sharing, planning of countermeasures, and education and training for the Group as a whole while collaborating as necessary with local sites around the world.

Composition of the Board of Directors/Skills Matrix



Policy on Overall Capabilities and Diversity of the Board of Directors

To facilitate the effective oversight of management, the Board of Directors comprises outside directors, who maintain independence, and other individuals having a thorough knowledge of the businesses of the DIC Group, with consideration given to ensuring a balance among necessary knowledge, experience and capabilities. The Board is of an appropriate scale based on the presumption that authority will be delegated to management. Additionally, in light of the DIC Group's global operations and the need to manage its businesses in a manner that takes diversity into account, the Company also strives to ensure diversity in the Board's composition, including by appointing women and foreign nationals.

Name	Position	Expertise/Experience									
		Corporate Management	Finance/Accounting/Investment/M&A	Legal Affairs/Risk Management/Governance	International Experience	Sustainability/ESG/CSR	Technology/R&D/Production/Quality	IT/DX	Personnel/Labor/ Organization	Marketing/Sales/ Purchasing	New Business/ Innovation
Takashi Ikeda	Representative Director President	●	●		●		●				●
Shuji Furuta	Representative Director Executive Vice President	●	●	●	●			●			
Takeshi Asai	Director Senior Managing Executive Officer	●	●		●			●	●		
Masami Fujita	Outside Director	●		●		●			●	●	
Shiro Saito	Outside Director	●			●		●	●			●
Donna Costa	Outside Director	●		●	●	●			●		
Shie Lundberg	Outside Director		●	●	●			●			●
Toshinobu Kitamura	Audit & Supervisory Board Member (Full-time)		●		●	●		●			
Hiroyuki Ninomiya	Audit & Supervisory Board Member (Full-time)		●	●	●			●			
Keita Nagura	Audit & Supervisory Board Member (Independent)		●	●		●			●		
Keiko Kishigami	Audit & Supervisory Board Member (Independent)		●	●	●	●					
Satoshi Hiyama	Alternate Audit & Supervisory Board Member		●	●		●			●		

Audit & Supervisory Board and Audit & Supervisory Board Members



Audit & Supervisory Board and Audit & Supervisory Board Members

The Audit & Supervisory Board comprises four members, including two who are outside (one of whom is female). In principle, the Audit & Supervisory Board meets once monthly. Board activities include debating and determining auditing policies and auditing plans. Members also report on the results of audits conducted.

As well as attending important meetings, including those of the Board of Directors, Management Committee, Executive Committee and Sustainability Committee, Audit & Supervisory Board members also meet with representative directors on a periodic basis to exchange information and opinions, and collect business reports from directors, executive officers and employees. In addition, DIC has established an Audit & Supervisory Board Members' Office, to which it assigns dedicated personnel to assist the Audit & Supervisory Board members in their duties.

All four Audit & Supervisory Board members have extensive experience and expertise in finance and accounting. Full-time Audit & Supervisory Board Member Hiroyuki Ninomiya oversaw corporate accounts at the Company for many years and was general manager of the Accounting Department and Head of the Finance and Accounting Unit. Full-time Audit & Supervisory Board Member Toshinobu Kitamura was in charge of finance and accounting at the Company and served as CFO, among others, at DIC (China), the DIC Group's regional headquarters for Greater China. In addition to expertise in corporate law as an attorney, Outside Audit & Supervisory Board Member Keita Nagura provides tax accounting services pursuant to Article 51 of the Certified Public Tax Accountant Act. Outside Audit & Supervisory Board Member Keiko Kishigami is a certified public accountant with extensive experience in corporate auditing.

Internal Audit Department

The Internal Audit Department comprises four local teams of employees covering Japan, Asia and Oceania, the PRC, and the Americas, Europe, the Middle East and Africa. This department is charged with formulating annual audit plans based on quantitative and qualitative risk assessments, which are finalized by receiving approval from the president and are reported to the Audit & Supervisory Board, which



- 1 Hiroyuki Ninomiya
Full-time Audit & Supervisory Board Member
- 2 Toshinobu Kitamura
Full-time Audit & Supervisory Board Member
- 3 Keita Nagura*
Audit & Supervisory Board Member
- 4 Keiko Kishigami*
Audit & Supervisory Board Member
- * Outside

provides instructions regarding key concerns, and conducts internal audits, including monitoring the effectiveness of internal controls.

Accounting Auditors

DIC has engaged Deloitte Touche Tohmatsu LLC as its independent auditors. The Company strives to ensure an environment that facilitates the accurate disclosure of information and fair auditing.

The Audit & Supervisory Board members, accounting auditors and Internal Audit Department conduct audits from their respective independent positions, but also liaise periodically to facilitate close cooperation, thereby ensuring the effectiveness of audits.

System of Internal Controls and Related Matters

In striving to conduct its operations in accordance with The DIC Way, the DIC Group has prepared and operates a system of internal controls, shown below, that is based on the Companies Act of Japan to ensure the appropriateness of its operations.

- (1) The Company shall work to set forth the DIC Group Code of Business Conduct as the standard regarding compliance, which directors and employees should comply with, and to disseminate it.
- (2) The Company shall, as part of its compliance activities, establish an internal notification system as a channel available for the employees of the DIC Group and set up multiple notification channels independent from channels used in the execution of business, thereby creating a structure that can quickly respond to domestic and international notifications.
- (3) In order to ensure the duties of directors are performed properly and efficiently within the DIC Group, the Company shall establish regulations regarding company organization and authority.
- (4) The Company shall formulate long-term management plans and annual budgets based on management policies and management strategies of the DIC Group and, through dissemination of the same, ensure common goals are shared within the Group. The Company shall make progress reports to the Board of Directors.
- (5) Information pertaining to the performance of duties by directors shall be recorded, retained and managed appropriately in accordance with the regulations for document management. The Company shall establish regulations for systems of information management and shall prepare a system for preventing leakage of confidential information of the DIC Group.
- (6) The Company shall formulate a risk management policy and shall identify, assess, prioritize and address any risks that may have a significant impact on the management of the DIC Group.
- (7) The Company shall determine an administrative department for each subsidiary from the standpoints of business execution and management and shall supervise business affairs by dispatching a director to each subsidiary.
- (8) The Company shall clarify important matters, including those pertaining to subsidiaries, that must be approved by or reported to the Company.



Message from an Outside Director

Donna Costa

■ Driving Global Growth from Diverse Perspectives

Earlier in my career, I joined the U.S. subsidiary of a Japanese company as its first chief legal officer. My expertise has since expanded beyond the legal field, with me becoming an executive overseeing global operations. My experience working on four continents has convinced me that diverse perspectives both lead to better decision making and encourage innovation. In Japan, as the declining population and slowing domestic economic growth highlight the importance of global business expansion, the need to capitalize on various experiences with my fellow directors has increased. One of my most important roles as a director is to share my accumulated global experience with my fellow directors to help ensure we accurately recognize and leverage the richly diverse perspectives our global labor force brings.

DIC's early entry into overseas markets and the broad global presence it has established are significant competitive advantages. To maximize these advantages, however, it is essential to incorporate skills and know-how gained overseas into global management and to adopt management practices that take into account the unique features of different markets. In this respect, I see the appointment of Matthew Goldberg as Group CHRO as demonstrating a genuine commitment to transformation. With his extensive experience in the United States, Europe and Asia, he is expected to bring a diverse perspective as well as outstanding expertise and techniques.

■ Reconsidering Assumptions and Strengthening Governance to Drive Growth

In Board of Directors' discussions, I like to focus on asking questions about established practices. While a culture of trust, cooperation and long-term thinking are most definitely strengths of Japanese companies, they can be slow to respond to changes in the domestic and international operating environments. Recognizing that we face a risk of losing competitiveness, we strive to cultivate a corporate culture that challenges conventional wisdom and actively embraces new ideas and methods. Accordingly, we are taking decisive steps to strengthen corporate governance with the goal of driving growth. Of particular note, when formulating Phase 2 of DIC Vision 2030, the Board of Directors carefully examined whether the assumptions and targets presented by management were sufficiently evidence-based, achievable and appropriately challenging. Our objective was to ensure that the plan had a solid foundation and accurately reflected both shareholder expectations and external risks.

Brief Personal History, Positions and Responsibilities

August 1987	Joined Cleary Gottlieb Steen & Hamilton LLP
February 1996	General Counsel, Mitsubishi Chemical America, Inc.
April 2015	President, Mitsubishi Chemical Holdings America, Inc. (currently Mitsubishi Chemical America, Inc.)
April 2017	President, Mitsubishi Chemical Holdings Europe GmbH (currently Mitsubishi Chemical Europe GmbH)
April 2017	Executive Officer, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)
October 2020	Director, Gelest, Inc.
March 2024–Present	Outside Director, DIC

Against a backdrop characterized by geopolitical risks, evolving social imperatives and the increasing complexities of climate change, the Board of Directors continues to prioritize addressing current challenges that it has recognized as critical to future growth, including exploring the formulation of a vision for sustainable growth beyond fiscal year 2030.

■ Governance Is the Driving Force Behind an Improved Performance

Governance reform is central to meeting the targets of our current management plan. DIC is transitioning to a GOM to optimize the balance between corporate headquarters in Tokyo and local operations elsewhere. While corporate headquarters-led management can provide oversight to bolster expertise and efficiency and leverage synergies, business activities should be locally based, run by people with a firm grasp of customer needs, competitive conditions and practical considerations. Effective global governance thus combines disciplined oversight and support with trust in local management. Attaining this balance will increase the efficacy of DIC's global operating foundation, as well as ensure accountability across the DIC Group.

The Board of Directors is working to reinforce its own accountability to ensure that management plans are based on reliable assumptions and set forth targets, including ROE and ROIC, that are believed to be achievable. In one Board reform initiative, outside directors hold regular discussions on governance and other key issues. We have also appointed a lead outside director and expanded training for outside directors, and are striving to improve transparency and investor engagement by having outside directors participate for the first time in meetings with institutional investors.

Achieving continuous improvements in capital efficiency and enhancing corporate value are also among the Board of Directors' top priorities. To these ends, we are fortifying our oversight functions by more clearly separating responsibilities for supervision and execution. In addition, we are emphasizing capital efficiency, risk management and management's accountability for the Company's performance, and are exploring the creation of an Audit and Supervisory Committee. We also believe in the importance of incorporating an auditing perspective into Board discussions, and that strengthening our internal auditing functions will contribute to the improvement of internal controls, risk management and organizational performance.

Brief Personal History, Positions and Responsibilities

April 1980	Joined Fujitsu Limited
June 2012	Representative Director and Vice President, Fujitsu Limited
April 2016	Representative Director and President, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)
January 2019	Advisor, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)
April 2019	Executive Vice President, SHINKO ELECTRIC INDUSTRIES CO., LTD.
June 2019	Representative Director of Board and President, SHINKO ELECTRIC INDUSTRIES CO., LTD.
June 2021	Representative Director of Board and Chairperson, SHINKO ELECTRIC INDUSTRIES CO., LTD. (Resigned in June 2025)
March 2023–present	Outside Director, DIC

■ The Importance of Transparent Processes and Monitoring

My career to date includes being involved in succession planning as a member of my company's HR department. Today, with awareness of the external environment, including capital markets, increasing, key components of a succession plan go beyond a nominating committee, consisting primarily of outside directors, that is responsible for nominating successors for key positions. They also include ensuring that a transparent process is in place and that it is monitored to ensure that the plan is administered in accordance with that process. It is thus crucial to eliminate disparities in the information available to outside directors and the executive officers.

Between joining DIC as an outside director in March 2023 and Takashi Ikeda being appointed president in January 2024, I participated in the succession planning process. At the time, DIC had already created a medium- to long-term succession plan for this position, in line with which it had clearly defined requirements for candidates.

As current chair of the Nomination Committee, my focus will be particularly on monitoring whether succession plans are being administered appropriately in preparation for selecting the next successors. Also, while the process for appointing CEOs is well established, I recognize that there is a need to create distinct criteria for their dismissal. This is one issue we will work to address.

■ The Superior Expertise of DIC's Outside Directors Is a Key Strength

A distinguishing feature of DIC's outside directors is a high level of expertise, which can be seen in the skills matrix. With experience in the corporate world in areas such as management, human resources, legal affairs, R&D, finance and global operations, we leverage each other's abilities, enabling us to add depth to discussions on risks and opportunities for the Company conducted from a broad and sophisticated perspective.

DIC's Board of Directors dedicates a significant amount of time to deliberation. Before each formal meeting, outside directors are briefed by management and the questions and suggestions raised at this time are reflected in discussions held during the meeting that follows. Subsequent to each meeting, the outside directors conduct



Message from an Outside Director

Masami Fujita

a debriefing and provide feedback to management on disclosure shortcomings and other issues as appropriate.

■ Corporate Governance that Encourages Smart Risk Taking

The essential goal of corporate governance is more than strengthening compliance. It must also shape risk taking by the management team, including the CEO. One thing we have done is to point out that DIC's business portfolio needs to be further refined from the perspectives of both capital profitability and maturity. We have also urged management to engage with us in depth regarding the actions that should be taken when a particular investment strategy does not progress as initially expected. These discussions yielded a newly defined distinction between core businesses and growth businesses, which features prominently in Phase 2 of the DIC Vision 2030 long-term management plan, clarifying those areas of the business portfolio that are pillars of profitability and those that warrant taking risks.

■ Transforming the Board of Directors into a Monitoring Board

DIC is currently exploring the idea of transitioning to a company with an Audit and Supervisory Committee beginning in fiscal year 2027, which would likely entail the delegation of authority to the executive officers and the transformation of the Board of Directors into a monitoring board. Further efforts are needed to eliminate disparities in the information available to outside directors and executive officers. This will require the meticulous sharing of information between the Board of Directors and executive officers regarding the time it should take for investments in DIC's businesses to generate returns, as well as the specific risks and returns associated with those businesses. It is also important to clearly delineate the scope of the executive officers' decision-making authority. I am concerned that if discussions regarding investment decisions continue to focus on criteria such as a business' size or markets, new businesses that may be small now but offer significant potential for future growth may be overlooked. I would like to discuss how monitoring can contribute to efforts to enhance corporate value over the long term.

Effectiveness of the Board of Directors

This section outlines the method for evaluating the effectiveness of the Board of Directors, the support system for outside directors and outside Audit & Supervisory Board members, and the criteria for determining independence.

Method for Evaluating the Effectiveness of the Board of Directors

The Board of Directors annually analyzes and evaluates its effectiveness based on the results of evaluations conducted by directors and Audit & Supervisory Board members. For fiscal year 2025, all directors and Audit & Supervisory Board members were asked in December 2025 to complete a questionnaire regarding self-evaluations, Board administration and other issues, and were then interviewed on an individual basis by the secretariat from January to February 2026 based on the results. The results of this process were analyzed and evaluated by the Board of Directors' secretariat. Following sufficient deliberation at the Board of Directors' meeting in March, the evaluation of the Board's effectiveness for fiscal year 2025 was compiled and an action plan for fiscal year 2026 was formulated for addressing issues identified as needing improvement.

Results of the Evaluation for Fiscal Year 2025

The results of the self-evaluations by directors and Audit & Supervisory Board members were largely similar to the previous fiscal year. It was confirmed that free and lively discussions had been held, led by outside directors, and that appropriate deliberations had been conducted regarding key proposals. In addition, regarding issues identified in the evaluation of effectiveness conducted in fiscal year 2024, the Board of Directors regularized reporting on the status of major M&A transactions and continued to collaborate with the Corporate Value Improvement Committee, as well as sought to improve the efficiency of Board meetings and enhance deliberation through the earlier provision of materials. Accordingly, the effectiveness of the Board of Directors was confirmed.

Issues to Be Addressed in Fiscal Year 2026

DIC is currently promoting the Board of Directors' transition into a monitoring board with the goal of strengthening the Board's oversight function, as well as accelerating decision making, and enhancing corporate governance by making more effective use of outside directors. Against this backdrop, in fiscal year 2026 steps are being taken to further delegate authority to executive officers and to enhance the Board of Directors' discussions on corporate strategy. Efforts will also be made to deepen discussions on sustainability in a manner that emphasizes its importance to business strategies and management policies. The Company will also continue discussions on the ideal format of the Board of Directors following its transition into a monitoring board, while also working to realize concrete benefits as part of its ongoing drive to improve the Board of Directors' effectiveness.

Support System for Outside Directors and Outside Audit & Supervisory Board Members

Prior to meetings of the Board of Directors, relevant materials are distributed to all outside directors and outside Audit & Supervisory Board members. In addition, the executive officers in charge provide explanations of the agenda to outside directors, while full-time Audit & Supervisory Board members provide explanations as necessary to outside Audit & Supervisory Board members.

Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

DIC does not recognize individuals with the connections listed below as being independent in the appointment of outside directors and outside Audit & Supervisory Board members.

- Individuals who are executives of the Company or of one of its consolidated subsidiaries (collectively, the "DIC Group") at present or have been in the preceding 10 years
- Individuals to whom any of the following items has applied in the preceding three years:
 - A principal business partner of the DIC Group (a business partner with which transactions in a single fiscal year exceed 3% of the DIC Group's consolidated net sales in that year) or an executive of an entity to which this description applies
 - An individual for which the DIC Group is a principal business partner (a business partner with which transactions in a single fiscal year exceed 3% of the partner's consolidated net sales in that year) or an executive of an entity to which this description applies
 - A shareholder who holds 5% or more of the voting rights of the Company or an executive of a said shareholder to which this description applies
 - A principal lender to the DIC Group (a lender from which loans in a single fiscal year exceed 3% of the DIC Group's total assets in that year) or an executive of a said lender to which this description applies
 - An individual who has received contributions from the DIC Group in a single fiscal year that exceed more than ¥10 million or an individual who belongs to an entity to which this description applies
 - An accountant who serves as an accounting auditor or accounting advisor for the DIC Group or an individual who is an employee, partner or associate of an audit firm to which this description applies
 - Any individual to whom item (6) does not apply, but who has received remuneration from the DIC Group that exceeds ¥10 million in a year, excluding remuneration received as a director or corporate officer of the DIC Group, as a provider of professional services, such as consulting, accounting or legal services, or an individual of an organization that received remuneration in excess of 3% of its consolidated net sales in a fiscal year as compensation for professional services
 - An executive of another company, in the event that an executive of the Company is appointed to an outside officer position at that company
- Spouses and relatives within the second degree of kinship of individuals listed in 1 or 2 above
- An individual whose term as an outside officer of the Company exceeds eight years

DIC Group Executive Officers

In fiscal year 2026, DIC has begun implementing a series of organizational reforms aimed at transitioning to a GOM. This process includes restructuring its current business groups to create a global business division configuration that encompasses DIC Group companies worldwide and delegating pertinent authority, as well as establishing function-specific C-suite roles, thereby clearly delineating the responsibilities of those responsible for the administration of global operations and those responsible for the business divisions.



Takashi Ikeda
President and Group CEO



Shuji Furuta
Executive Vice President
Assistant to the President and Group CEO



Takeshi Asai
Senior Managing Executive Officer
Group CFO
Head of Finance and Accounting Unit
Chairman of the Board, Sun Chemical Corporation.



Masamichi Sota
Managing Executive Officer
President, Packaging & Graphics Business Group
General Manager, Printing Material Business Div.



Kiyofumi Takano
Managing Executive Officer
General Manager, New Business Development Headquarters



Myron Petruch
Managing Executive Officer
President, Color & Display Business Group
President & CEO, Sun Chemical Corporation.



Yoshinari Akiyama
Managing Executive Officer
Vice President, Color & Display Business Group
General Manager, Color Material Business Div.



Koji Asada
Managing Executive Officer
Head of IT Strategy Unit



Toshiro Ariga
Managing Executive Officer
Group CTO
General Manager, Technical Management Unit



Tomoyuki Tanaka
Managing Executive Officer
Group CSO
Head of Corporate Strategy Unit



Yoshiharu Ootoshi
Managing Executive Officer
General Manager, Production Management Unit



Hisashi Komoto
Managing Executive Officer
President, Functional Products Business Group
General Manager, Composite Material Business Div.



Masahiro Kikuchi
Executive Officer
Chairman, DIC (China) Co., Ltd.
General Manager, DIC (China) Co., Ltd.
Chairman, DIC (Shanghai) Co., Ltd.



Yuji Morinaga
Executive Officer
General Manager, Packaging Material Business Div.



Kuniko Torayama
Executive Officer
Head of ESG Unit
General Manager, Sustainability Strategy Dept.
In Charge of Diversity



Masaaki Kusaka
Executive Officer
Head of the Legal and General Affairs Unit
In Charge of Risk Management, the Internal Audit Dept., Osaka Branch and Nagoya Branch



Takao Irie
Executive Officer
Head of SCM Unit



Kevin Michaelson
Executive Officer
Vice President & CFO, Sun Chemical Corporation.



Takashi Mukai
Executive Officer
General Manager, Performance Material Business Div.



Minoru Hara
Executive Officer
General Manager, Chemitronics Business Div.



Matthew Goldberg
Executive Officer
Group CHRO
Vice President, Human Resources, Sun Chemical Corporation.



Makoto Sakata
Executive Officer
Legal and General Affairs Unit
In Charge of Governance

Newly Appointed Executive Officers

Effective January 1, 2026

Takashi Mukai (General Manager, Performance Material Business Div.)
Minoru Hara (General Manager, Chemitronics Business Div.)
Matthew Goldberg (Group CHRO, Vice President, Human Resources, Sun Chemical Corporation.)

Effective April 1, 2026

Makoto Sakata (Legal and General Affairs Unit, In Charge of Governance)

Executive Committee

The Executive Committee was established as a body to discuss important matters related to the execution of the DIC Group's business not within the purview of the Management Committee. The committee meets twice monthly in principle and consists of executive officers and others designated by the board of directors from among the president, the executive vice president, presidents of the business groups, the heads of the units, the general managers of the management units and product divisions. As part of the auditing process, one Audit & Supervisory Board member also attends Executive Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

21-Year Summary

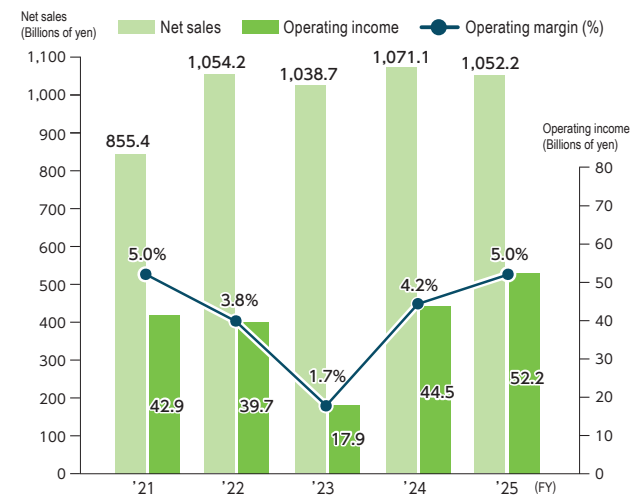
Key Financial Data

Period	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128
Fiscal year	2005	2006	2007	2008	2009	2010	2011	2012	2013 ^{(*)3}	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Income																					
Net sales (Billions of yen)	1,004.8	1,015.7	1,077.9	932.3	757.8	779.0	734.3	703.8	784.0	830.1	820.0	751.4	789.4	805.5	768.6	701.2	855.4	1,054.2	1,038.7	1,071.1	1,052.2
Operating income (Billions of yen)	49.5	51.4	48.4	25.4	27.8	37.2	35.0	38.5	44.1	41.1	51.1	54.2	56.5	48.4	41.3	39.7	42.9	39.7	17.9	44.5	52.2
Operating margin (%)	4.9	5.1	4.5	2.7	3.7	4.8	4.8	5.5	5.6	4.9	6.2	7.2	7.2	6.0	5.4	5.7	5.0	3.8	1.7	4.2	5.0
R&D and technology-related expenses ¹ (Billions of yen)	32.5	33.8	33.5	32.2	27.1	26.3	23.7	23.0	19.8	25.3	26.8	26.2	27.4	28.4	27.9	26.2	28.0	29.9	32.2	31.7	31.4
Of which, R&D costs (Billions of yen)	14.9	15.5	15.6	17.4	12.4	11.0	9.1	8.8	8.8	10.9	12.2	11.2	12.4	12.9	12.5	12.0	13.5	15.1	17.2	16.3	16.0
Ordinary income (Billions of yen)	48.5	46.4	41.0	15.2	19.1	31.7	30.8	35.1	40.9	39.9	49.0	55.8	57.0	48.7	41.3	36.5	43.8	39.9	9.2	37.9	44.3
Net income (loss) attributable to owners of the parent (Billions of yen)	5.3	22.5	31.0	2.6	2.5	15.8	18.2	19.1	28.8	25.2	37.4	34.8	38.6	32.0	23.5	13.2	4.4	17.6	(39.9)	21.3	32.4
EBITDA (Billions of yen)	55.9	80.8	83.3	55.2	48.8	63.7	61.5	65.2	69.1	77.0	94.0	82.6	86.1	81.4	67.4	55.6	69.0	85.5	30.8	95.7	109.3
EBITDA margin (%)	5.6	8.0	7.7	5.9	6.4	8.2	8.4	9.3	9.8	9.3	11.5	11.0	10.9	10.1	8.8	7.9	8.1	8.1	3.0	8.9	10.4
Financial Position																					
Total assets (Billions of yen)	969.5	991.8	978.3	738.5	749.9	703.8	675.1	693.0	761.7	803.7	778.9	764.8	831.8	801.3	803.1	818.0	1,071.5	1,261.6	1,244.9	1,226.4	1,274.1
Net assets (Billions of yen)	188.2	232.2	255.5	108.9	122.8	130.4	124.5	160.7	218.9	276.7	289.9	307.0	344.0	327.3	343.5	351.4	381.0	421.1	399.3	420.6	490.8
Equity ratio (%)	19.4	21.5	24.1	12.9	13.5	15.3	15.1	19.8	25.6	31.1	33.7	36.4	37.9	37.3	38.9	38.9	32.3	30.7	29.2	32.7	37.0
Interest-bearing debt (Billions of yen)	460.6	413.4	393.0	387.1	377.7	337.6	328.5	315.6	299.1	274.2	259.5	241.3	265.7	264.5	252.6	266.7	384.2	509.3	529.0	484.3	458.3
Cash and deposits (Billions of yen)	13.2	12.6	13.1	20.2	29.5	23.0	29.7	22.7	15.6	16.8	15.4	17.2	17.9	19.8	16.8	44.9	38.3	63.4	87.5	61.9	68.9
Net interest-bearing debt (Billions of yen)	447.4	400.8	379.9	366.9	348.1	314.7	298.8	293.0	283.6	257.4	244.1	224.0	247.8	244.7	235.8	221.9	346.0	445.9	441.4	422.5	389.4
Net D/E ratio (Times)	2.36	1.88	1.61	3.85	3.45	2.92	2.93	2.14	1.45	1.03	0.93	0.80	0.79	0.82	0.75	0.70	1.00	1.15	1.21	1.05	0.83
Cash Flows																					
Net cash provided by operating activities (Billions of yen)	49.7	41.9	62.8	37.0	39.5	30.9	31.2	41.4	33.9	46.4	29.1	62.5	54.2	51.0	50.6	54.5	44.8	7.9	89.1	46.2	73.0
Net cash provided by (used in) investing activities (Billions of yen)	(2.1)	21.1	(26.4)	(35.7)	(12.5)	(12.3)	(17.6)	(23.7)	(9.8)	(27.4)	(10.0)	(32.2)	(58.9)	(38.4)	(24.9)	(33.0)	(147.6)	(73.2)	(66.5)	(17.1)	(20.6)
Free cash flow (Billions of yen)	47.6	63.0	36.4	1.4	27.0	18.6	13.7	17.7	24.0	19.0	19.1	30.3	(4.7)	12.6	25.8	21.4	(102.8)	(65.2)	22.6	29.1	52.4
Net cash provided by (used in) financing activities (Billions of yen)	(55.2)	(59.0)	(30.9)	6.5	(16.0)	(26.3)	(7.1)	(26.6)	(32.8)	(26.1)	(24.8)	(26.9)	11.4	(11.8)	(26.8)	6.3	99.5	83.9	(2.9)	(62.6)	(45.4)
Cash and cash equivalents (Billions of yen)	12.9	12.5	13.1	20.1	29.5	22.9	29.6	22.5	15.0	16.4	15.1	16.7	17.7	18.6	16.7	41.4	37.6	62.6	84.6	60.9	67.3
Per Share Information ²																					
Earnings (loss) per share (Yen)	64.53	283.67	392.00	33.47	32.11	175.96	197.90	207.98	292.26	267.81	389.40	366.72	407.56	338.40	248.29	139.81	46.12	186.05	(421.06)	225.11	341.71
Price earnings ratio (Times)	67.9	16.5	7.9	43.0	62.9	11.0	8.4	9.5	10.9	10.9	8.5	9.7	10.5	10.0	12.2	18.6	62.8	12.5	(6.6)	15.0	10.7
Dividends per share (Yen)	40	50	80	60	40	40	40	60	60	60	80	100	120	125	100	100	100	100	80	100	200
Payout ratio (%)	62.0	17.6	20.4	179.3	124.6	22.7	20.2	28.8	20.5	22.4	20.5	27.3	29.4	36.9	40.3	71.5	216.8	53.7	–	44.4	58.5
Other Indicators																					
ROE (%)	3.2	11.2	13.8	1.6	2.6	15.1	17.3	16.0	16.1	11.3	14.6	12.9	13.0	10.4	7.7	4.2	1.3	4.8	(10.6)	5.6	7.4
ROIC (%)	5.6	5.8	5.5	3.3	4.2	5.8	5.8	6.3	6.1	5.7	6.9	7.3	7.2	6.0	5.2	5.0	4.8	3.6	1.5	3.8	4.4
Capital expenditure (Billions of yen)	42.1	49.3	39.0	44.0	23.6	20.8	27.1	26.6	27.1	33.6	32.1	31.3	33.6	32.1	35.0	34.0	38.6	49.5	56.3	45.3	40.8
Depreciation and amortization (Billions of yen)	38.6	38.5	41.8	40.6	35.4	33.0	29.7	27.4	25.9	33.8	32.9	32.4	31.5	32.8	33.1	32.6	37.4	47.1	50.8	52.8	53.8
Overseas sales ratio (%)	60.1	59.4	61.5	62.6	58.2	57.3	58.2	56.7	66.6	63.4	65.1	62.4	63.4	63.6	63.5	64.8	67.3	70.8	71.3	74.8	75.3
Average exchange rate (¥/US\$)	110.43	116.52	117.82	103.68	93.51	87.69	79.77	79.93	97.06	106.32	120.85	109.96	112.33	110.46	109.11	106.37	109.75	130.59	140.51	151.04	150.08
Average exchange rate (¥/EUR)	137.65	146.58	157.88	153.45	130.91	116.63	110.88	103.11	129.25	141.41	134.14	122.06	127.03	130.46	122.13	121.43	129.73	137.71	151.98	163.34	169.58
Number of employees	25,634	25,413	25,164	23,613	22,583	21,572	20,455	20,273	20,034	20,411	20,264	20,481	20,628	20,620	20,513	20,242	22,474	22,743	22,255	21,184	20,884

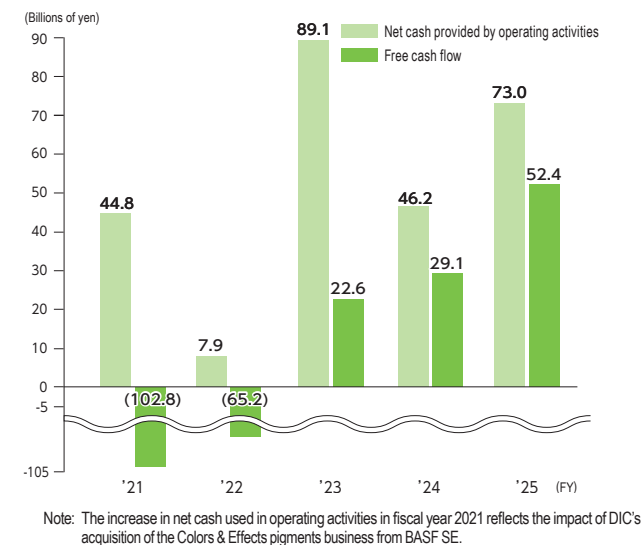
^{*1} Technology-related expenses are for DIC and DIC Graphics.
^{*2} Per share information has been adjusted to reflect the impact of the consolidation of shares.
^{*3} Effective from fiscal year 2013, DIC and its domestic consolidated subsidiaries changed their fiscal year-end from March 31 to December 31. As a consequence, reported results reflect the fact that for these companies fiscal year 2013 was a transitional, irregular nine-month period. For the purpose of comparison, fiscal year 2013 figures here have been adjusted to represent the 12 months from January 1–December 31, 2013.

Financial Information and Shareholder Value

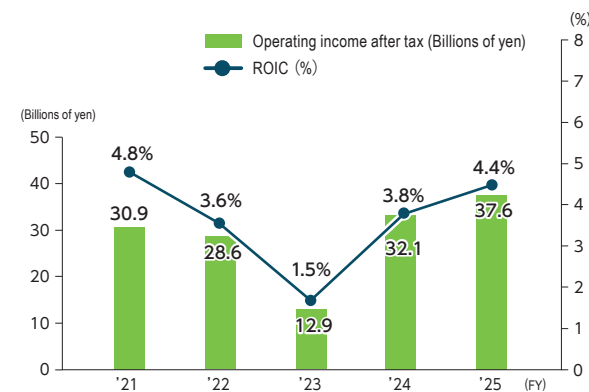
Net Sales, Operating Income and Operating Margin



Net Cash Provided by Operating Activities and Free Cash Flow

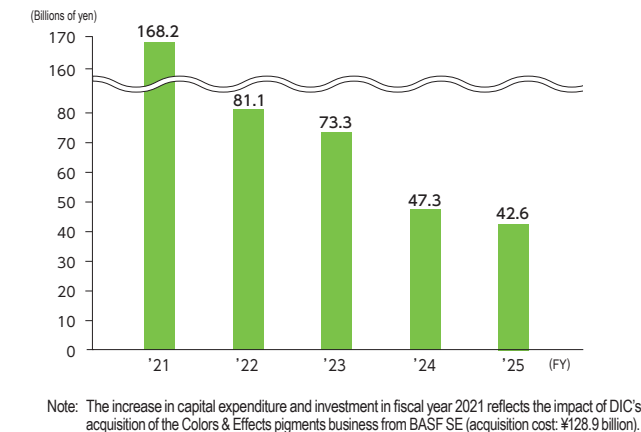


Operating Income After Tax and ROIC*

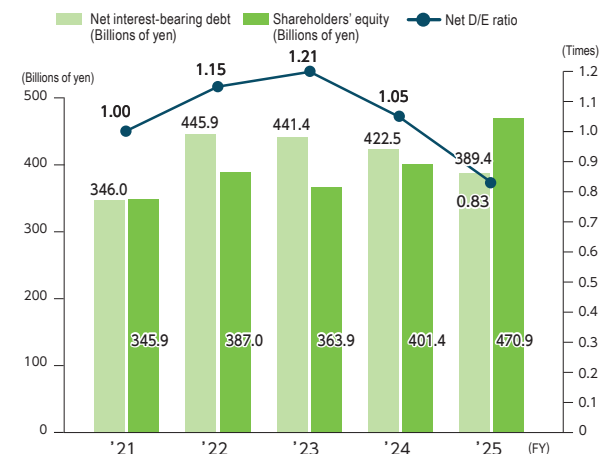


* ROIC: Operating income x (1 - Effective tax rate of 28%) / (Net interest-bearing debt + Net assets)

Capital Expenditure and Investment

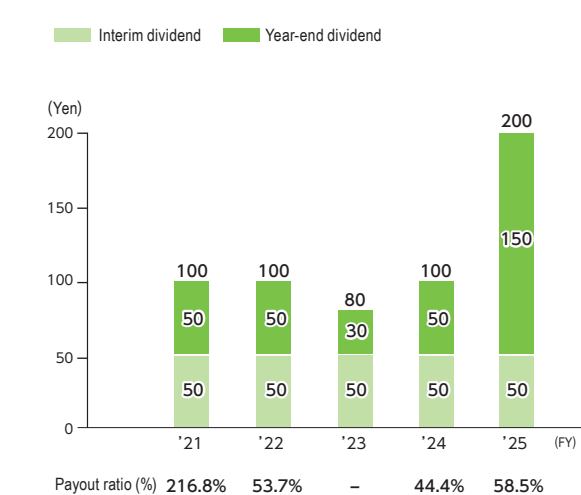


Shareholders' Equity, Net Interest-Bearing Debt and Net D/E Ratio*



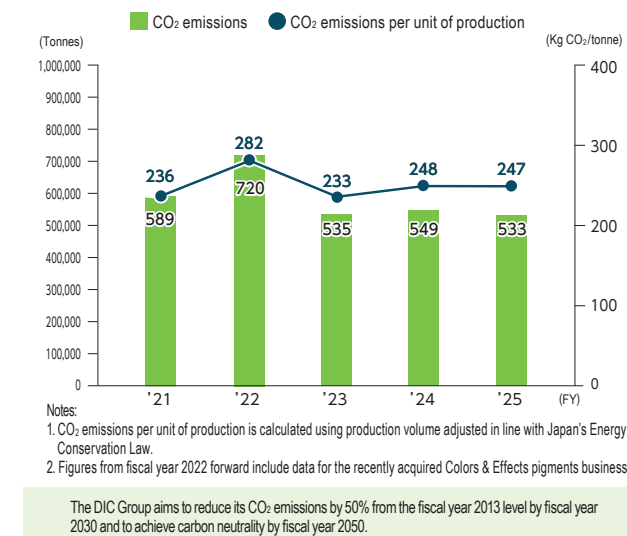
* Net D/E ratio: Net interest-bearing debt / Shareholders' equity

Returns to Shareholders* (Dividends per Share and Payout Ratio)

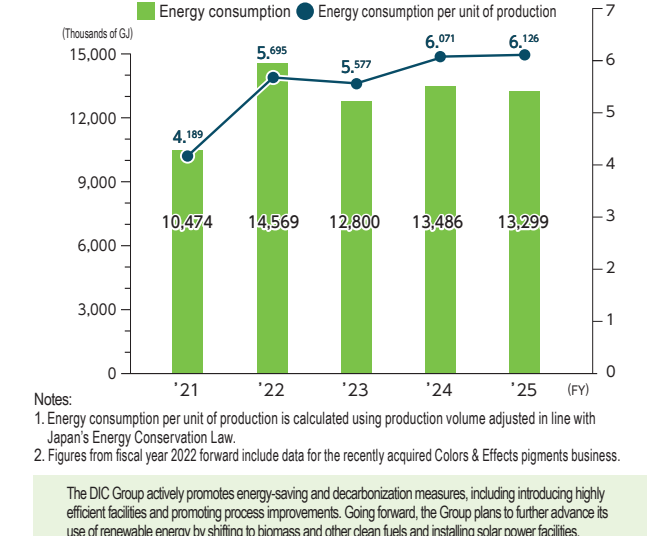


Nonfinancial Information

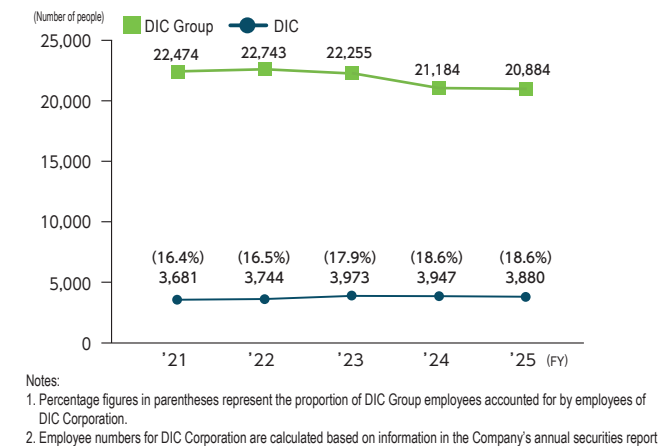
Global CO₂ Emissions and CO₂ Emissions per Unit of Production (DIC Group)



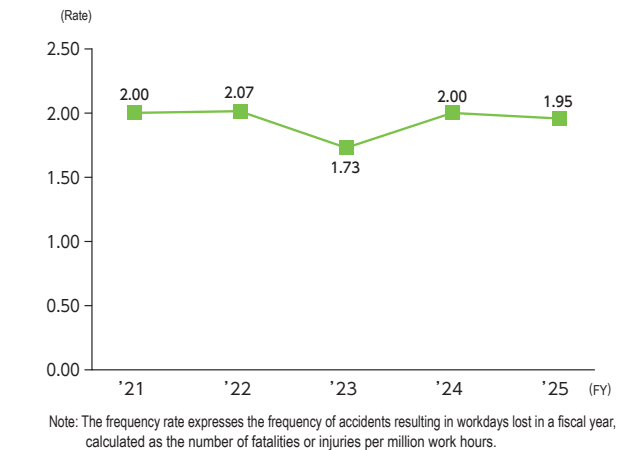
Global Energy Consumption and Energy Consumption per Unit of Production (DIC Group)



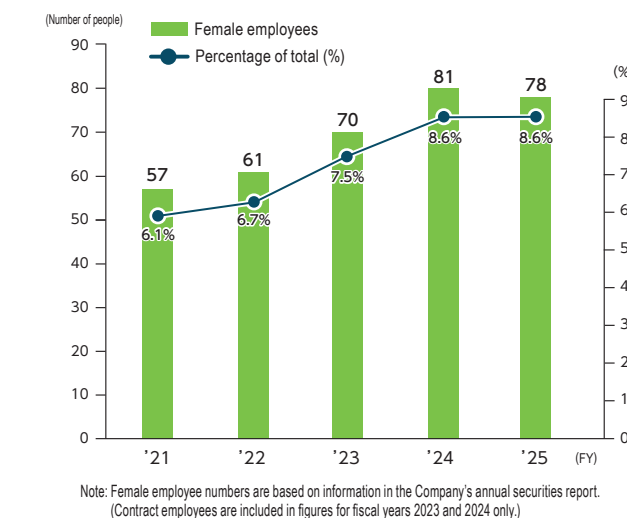
Number of Employees (DIC Corporation and the DIC Group)



Occupational Accident Frequency Rate (DIC Group)



Female Employees in Management Positions (DIC Corporation)



Patents Held (DIC Corporation)

