

DIC Corporation

Consolidated Financial Results
FY2024: Three Months Ended March 31

May 2024



FTSE Blossom
Japan



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In all cases, the Japanese-language original shall take precedence.



DIC Corporation

Highlights

FY2024 three months results

Net sales

¥255.8 billion
YoY **+0.2%**

- Shipments of packaging inks were up, bolstered by rising demand for consumer goods overseas, underpinned by the easing of inflationary pressures. Shipments of high-value-added products for use in electronics equipment and in mobility solutions generally trended upward.

Operating income

¥8.5 billion
YoY **+41.7%**

- Operating income advanced. This was due to higher shipments of high-value-added products for use in electronics equipment and in mobility solutions and an improved product mix, as well as to efforts to maintain sales prices for printing inks in the Americas and Europe amid falling raw materials prices.

Net income attributable to owners of the parent

¥(2.8) billion
YoY **Loss**

- On January 15, 2024, all shares held in subsidiary SEIKO PMC CORPORATION were acquired by SEIKO PMC via share repurchase, leading to a loss on sales of affiliated company stocks. This, combined with restructuring costs related to the realignment of production configurations in the Americas and Europe, drove up extraordinary losses, resulting in a net loss attributable to owners of the parent.

FY2024 forecasts

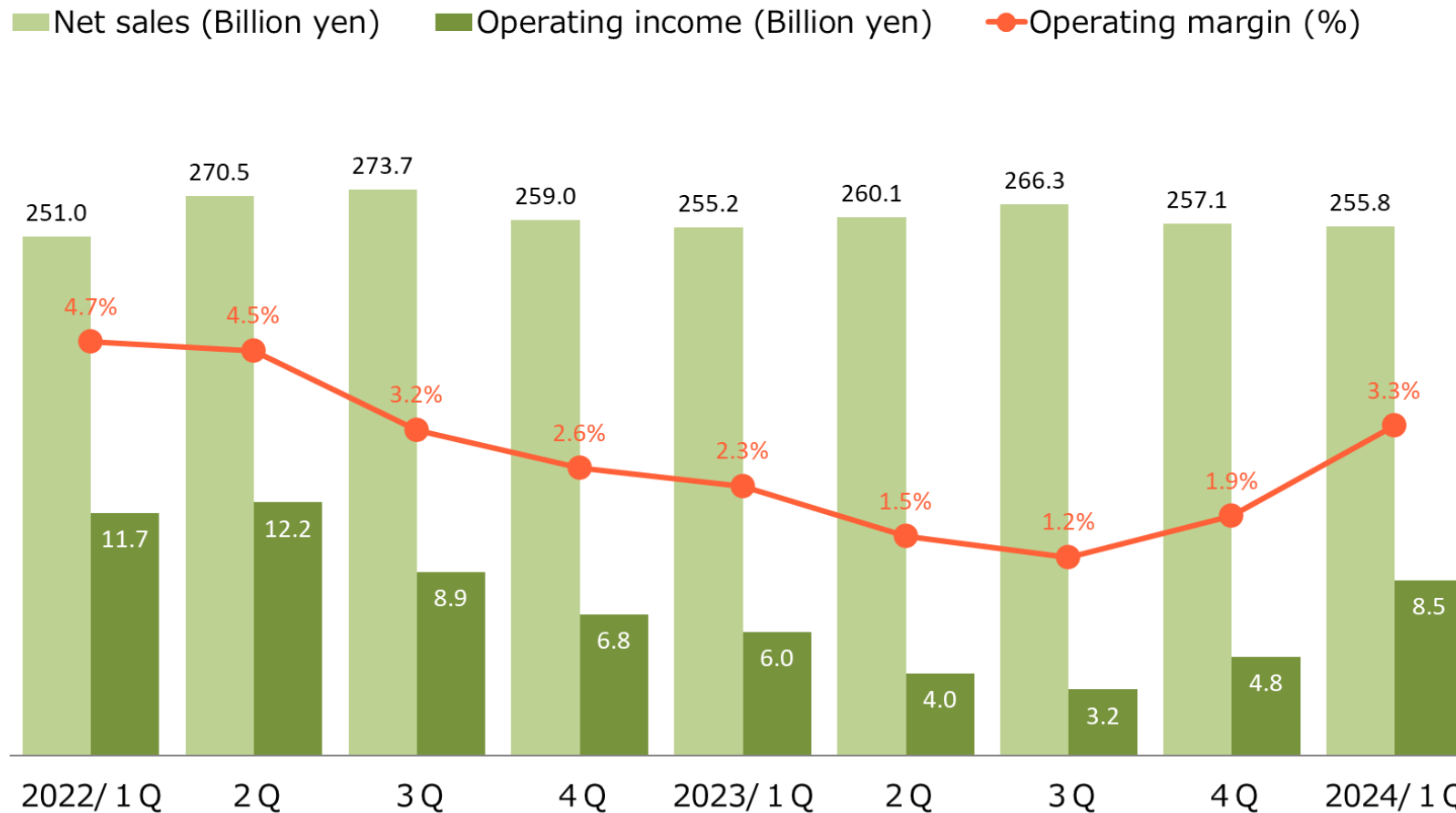
The forecast for first-half net income (loss) attributable to owners of the parent was revised up. Full-term forecasts remain unchanged.

- Owing to an expected gain on sales of non-current assets as a consequence of the transfer of intellectual property related to DIC's liquid crystal (LC) materials business, the forecast for net income (loss) attributable to owners of the parent in the six months ending June 30, 2024, has been revised. The impact of this was factored into initial forecasts for the fiscal year 2024 full term, so no revisions to these forecasts have been made.
- The forecast for annual dividends remains unchanged at ¥100 per share.

The fiscal year of all overseas and domestic companies in the DIC Group ends on December 31. This document presents consolidated results for the fiscal year 2024, ended March 31, 2024.

Quarterly trends in operating results

- Operating income has recovered steadily since bottoming out in the third quarter of fiscal year 2023.



Year-on-year changes in quarterly shipments of principal products by segment

Packaging & Graphic (Packaging inks, Publication inks*)

2023				2024
Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
-8%	-10%	-8%	-4%	-1%

- Shipments of packaging inks were up in the Americas and Europe, as an easing of inflationary pressures underpinned a revival in demand for consumer goods.
- Shipments of packaging inks declined in Japan, as rising prices dampened demand for consumer goods.

* Includes news inks

Color & Display (Pigments)

2023				2024
Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
-18%	-17%	-11%	-9%	-4%

- With customer inventory adjustments concluding for all but pigments for specialty applications, orders are picking up. However, the pace of demand recovery is slower than expected in the United States and Europe.
- Orders for pigments used in displays decreased, as a consequence of inventory adjustments by display manufacturers. Display manufacturers' operating rates began to improve in March 2024, as a result of which shipments are expected to rise.

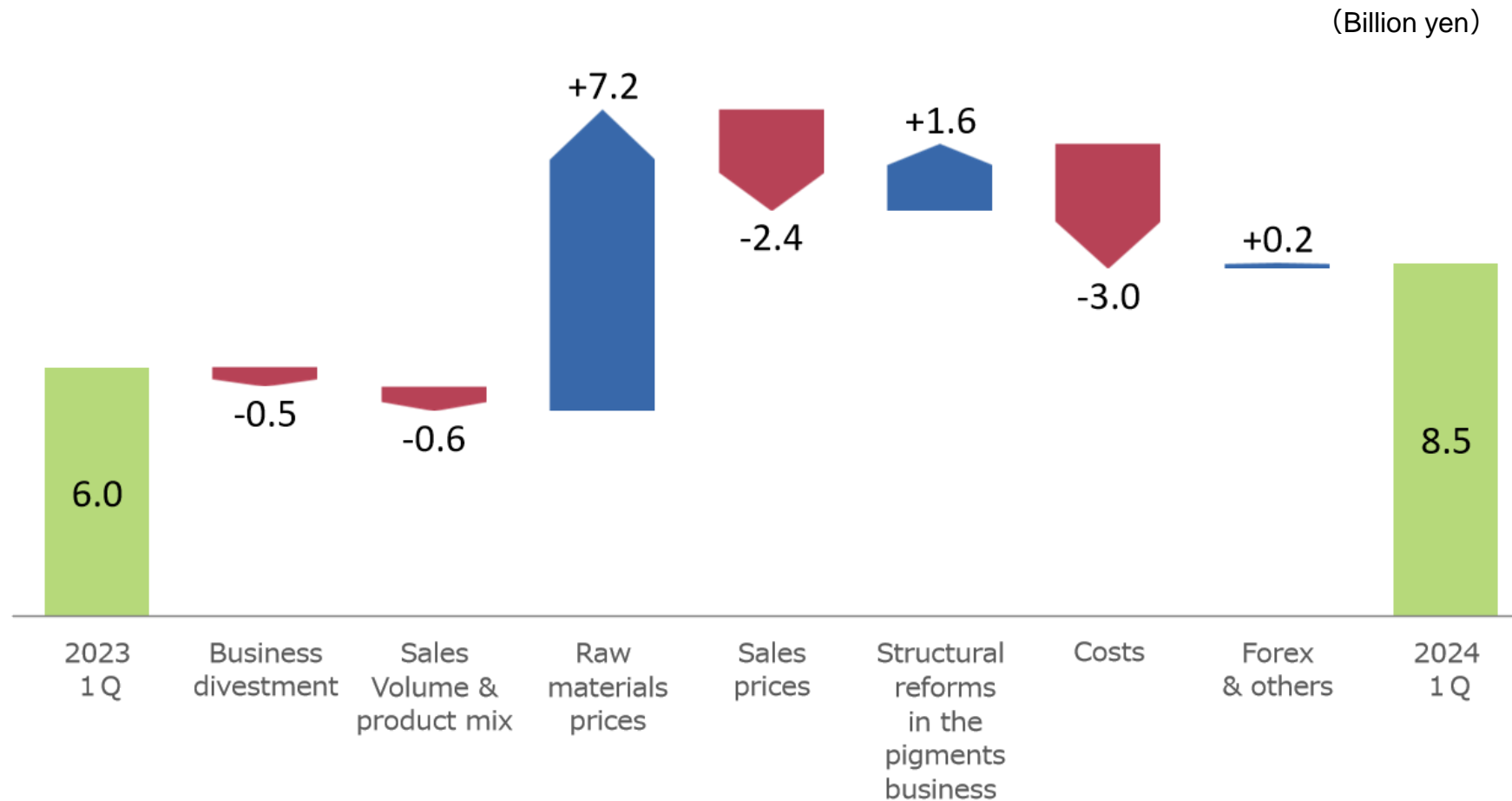
Functional Products (Products for which volume is measured in kg)

2023				2024
Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
-15%	-10%	-4%	0%	-1%

- Shipments of products for mobility-related solutions are on an upswing, owing to progress in the resolution of surplus inventories across the supply chain.
- In digital materials, used principally in electrical and electronics equipment and in displays, shipments are recovering, particularly for epoxy resins, sales of which were brisk for use in servers, computers and smartphones, but a full-scale recovery is likely to take until the second half of fiscal year 2024.
- In contrast, shipments of products for general industrial, housing construction and infrastructure-related applications continued to flag.

Operating income variance

- The increase in operating income reflected efforts to maintain sales prices amid falling raw materials prices.



Segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months
Packaging & Graphic	131.5	137.4	5.9	+ 4.5%	-1.6%	3.6	7.3	3.7	+ 102.8%	+ 95.3%	2.7%	5.3%
Japan	30.4	29.7	-0.7	-2.4%	-2.4%	0.5	1.5	1.0	+ 206.5%	+ 206.5%	1.6%	5.0%
The Americas and Europe	86.2	90.4	4.3	+ 4.9%	-2.8%	2.6	4.6	2.0	+ 78.3%	+ 73.6%	3.0%	5.1%
Asia and Oceania	19.0	21.2	2.3	+ 11.9%	+ 3.9%	0.7	1.4	0.8	+ 115.9%	+ 100.3%	3.4%	6.6%
Eliminations	(4.0)	(3.9)	0.1	-	-	(0.1)	(0.2)	-0.1	-	-	-	-
Color & Display	60.5	63.5	3.0	+ 4.9%	-4.0%	1.4	(0.5)	-1.9	Loss	Loss	2.3%	-
Japan	8.1	7.4	-0.7	-8.2%	-8.2%	1.0	1.0	0.0	+ 3.7%	+ 3.7%	12.4%	14.0%
Overseas	55.5	59.5	4.0	+ 7.2%	-3.1%	0.4	(1.4)	-1.8	Loss	Loss	0.6%	-
Eliminations	(3.1)	(3.5)	-0.4	-	-	0.0	(0.1)	-0.1	-	-	-	-
Functional Products	73.4	65.1	-8.3	-11.3%	-14.2%	3.1	4.0	0.9	+ 29.2%	+ 22.0%	4.2%	6.2%
Japan	50.0	41.7	-8.3	-16.6%	-16.6%	1.1	2.4	1.2	+ 107.7%	+ 107.7%	2.3%	5.7%
Overseas	29.8	31.0	1.1	+ 3.8%	-4.0%	1.9	1.7	-0.2	-12.0%	-20.0%	6.5%	5.5%
Eliminations	(6.4)	(7.6)	-1.2	-	-	0.0	(0.0)	-0.1	-	-	-	-
Others, Corporate and eliminations	(10.2)	(10.2)	-0.0	-	-	(2.1)	(2.4)	-0.3	-	-	-	-
Total	255.2	255.8	0.6	+ 0.2%	-5.5%	6.0	8.5	2.5	+ 41.7%	+ 32.8%	2.3%	3.3%
Yen/US\$	133.02	147.58		+ 10.9%		133.02	147.58		+ 10.9%			
Yen/EUR	142.71	160.12		+ 12.2%		142.71	160.12		+ 12.2%			

Packaging & Graphic

Net sales

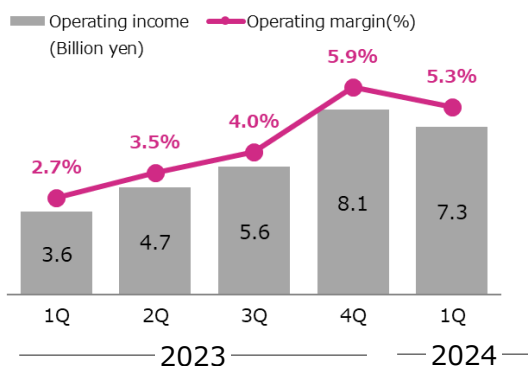
- Shipments in Japan declined, as rising prices dampened demand for consumer goods. Efforts to adjust sales prices progressed, but shipments were down.
- Sales in the Americas and Europe fell on a local currency basis, despite higher shipments of packaging inks, as falling raw materials prices necessitated the reduction of sales prices.
- Sales in Asia rose, bolstered by efforts to cultivate customers in the People's Republic of China (PRC).

Operating income

- Operating income in Japan rose, owing to higher shipments of high-value-added jet inks and progress in delayed moves to pass on higher costs in printing inks by modifying sales prices.
- Operating income overseas also increased, buttressed by efforts to maintain sales prices amid falling raw materials prices.

(Billion yen)	Net sales					Operating income					Operating margin	
	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months
Packaging & Graphic	131.5	137.4	5.9	+ 4.5%	-1.6%	3.6	7.3	3.7	+ 102.8%	+ 95.3%	2.7%	5.3%
Japan	30.4	29.7	-0.7	-2.4%	-2.4%	0.5	1.5	1.0	+ 206.5%	+ 206.5%	1.6%	5.0%
The Americas and Europe	86.2	90.4	4.3	+ 4.9%	-2.8%	2.6	4.6	2.0	+ 78.3%	+ 73.6%	3.0%	5.1%
Asia and Oceania	19.0	21.2	2.3	+ 11.9%	+ 3.9%	0.7	1.4	0.8	+ 115.9%	+ 100.3%	3.4%	6.6%
Eliminations	(4.0)	(3.9)	0.1	-	-	(0.1)	(0.2)	-0.1	-	-	-	-

Operating income/margin



Sales of principal products

Product	% Change	Description
Packaging inks*	0%	Shipments overseas rose, but sales were level as falling raw materials prices necessitated the reduction of sales prices.
Publication inks*	-9%	Sales were up in Asia, underpinned by efforts to cultivate customers, but down in other regions.
Jet inks	+ 29%	Shipments increased, as customers completed inventory adjustments.
Polystyrene	-7%	Demand for food packaging materials declined, owing to rising food prices.
Multilayer films	-9%	Demand for food packaging materials declined, owing to rising food prices.

*Change on a local currency basis

Color & Display

Net sales

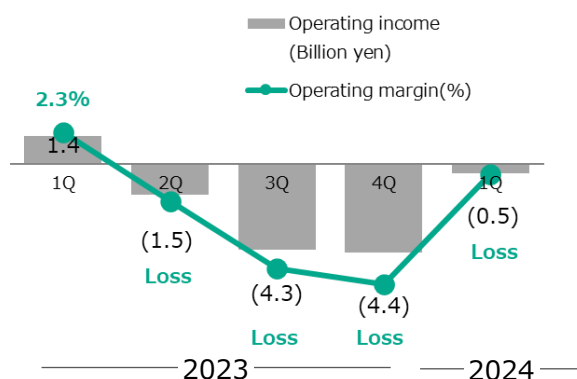
- With customers for all but a few applications having completed inventory adjustments, orders picked up but were nonetheless down year-on-year. As a consequence, segment sales declined on a local currency basis.

Operating income

- The segment reported an operating loss, a result largely of lower shipments overall and a decrease in shipments of high-value-added products, including pigments for displays.
- Production facility operating rates have picked up since early 2024. Accordingly, the operating loss narrowed in the first quarter. Efforts to bolster profitability will continue to emphasize the promotion of structural reforms.

(Billion yen)	Net sales					Operating income					Operating margin	
	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months
Color & Display	60.5	63.5	3.0	+ 4.9%	-4.0%	1.4	(0.5)	-1.9	Loss	Loss	2.3%	-
Japan	8.1	7.4	-0.7	-8.2%	-8.2%	1.0	1.0	0.0	+ 3.7%	+ 3.7%	12.4%	14.0%
Overseas	55.5	59.5	4.0	+ 7.2%	-3.1%	0.4	(1.4)	-1.8	Loss	Loss	0.6%	-
Eliminations	(3.1)	(3.5)	-0.4	-	-	0.0	(0.1)	-0.1	-	-	-	-

Operating income/margin



Sales of principal products

Product Category	% Change*	Description
Pigments for coatings	+ 3%	Sales of pigments for automotive coatings rose, but a recovery in sales of pigments for general industrial applications is lagging.
plastics	0%	Orders are on an uptrend owing to the completion of customer inventory adjustments, but the pace of recovery is slow.
printing inks	-3%	Orders are on an uptrend owing to the completion of customer inventory adjustments, but the pace of recovery is slow.
cosmetics	-3%	Shipments flagged in the United States and Europe.
displays	-12%	Shipments decreased as a consequence of inventory adjustments by display manufacturers.
specialty applications	-8%	Sales declined, owing to ongoing inventory adjustments by customers for products for agricultural use.

*Change on a local currency basis

Functional Products

Net sales

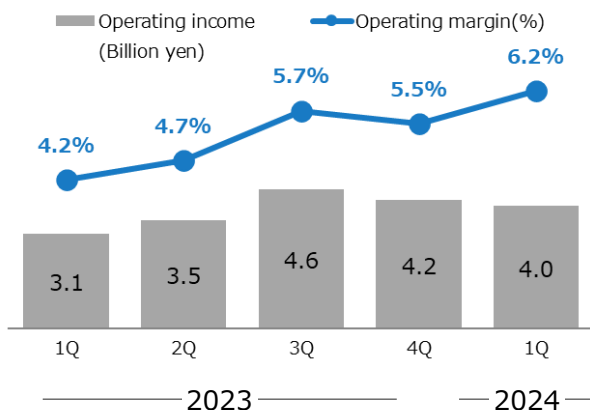
- A clear trend toward recovery was seen for high-value-added products for use in electronics equipment and in mobility solutions, but shipments of products for general industrial, housing construction and infrastructure-related applications continued to flag.
- If the impact of business withdrawals, including the divestiture of SEIKO PMC, was discounted segment sales would have been up.

Operating income

- Operating income rose, thanks to a recovery in shipments of high-value-added products for use in electronics equipment and in mobility solution and resulting improvement in the product mix, as well as to successful efforts to revise sales prices.

(Billion yen)	Net sales					Operating income					Operating margin	
	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis	2023 3 Months	2024 3 Months
Functional Products	73.4	65.1	-8.3	-11.3%	-14.2%	3.1	4.0	0.9	+ 29.2%	+ 22.0%	4.2%	6.2%
Japan	50.0	41.7	-8.3	-16.6%	-16.6%	1.1	2.4	1.2	+ 107.7%	+ 107.7%	2.3%	5.7%
Overseas	29.8	31.0	1.1	+ 3.8%	-4.0%	1.9	1.7	-0.2	-12.0%	-20.0%	6.5%	5.5%
Eliminations	(6.4)	(7.6)	-1.2	-	-	0.0	(0.0)	-0.1	-	-	-	-

Operating income/margin



Sales of principal products

	% Change	(Billion yen)	% Change
Epoxy resins	+ 2%	polyphenylene sulfide (PPS) compounds	+ 5%
Industrial-use adhesive tapes	+ 20%	Acrylic resins	+ 1%
UV-curable resins	+ 10%	Polyurethane resins	-1%
		Waterborne resins	+ 8%
		Polyester resins	+ 5%
		Hollow-fiber membrane modules	-5%

Sales of products mainly for use in electronics equipment, including epoxy resins, industrial-use adhesive tapes and ultraviolet (UV)-curable resins, improved. Sales of acrylic resins were robust for use in mobility solutions, but declined for housing construction and infrastructure-related applications. Sales of polyurethane resins were brisk for use in mobility solutions, but flagged for other applications such as consumer goods.

Functional Products (Supplementary materials)

- Results adjusted to account for the impact of business withdrawals, including from SEIKO PMC

(Billion yen)	Net sales				Operating income				Operating margin	
	2023 3 Months	2024 3 Months	Change	% Change	2023 3 Months	2024 3 Months	Change	% Change	2023 3 Months	2024 3 Months
Functional Products	73.4	65.1	-8.3	-11.3%	3.1	4.0	0.9	+ 29.2%	4.2%	6.2%
impact of business withdrawals	10.1				0.5					
Functional Products after adjustment	63.4	65.1	1.7	+ 2.8%	2.6	4.0	1.4	+ 52.9%	4.2%	6.2%

- Results for the Chemitronics Business Division (accounted for in the Functional Products segment)

(Billion yen)	Net sales				Operating income				Operating margin	
	2023 3 Months	2024 3 Months	Change	% Change	2023 3 Months	2024 3 Months	Change	% Change	2023 3 Months	2024 3 Months
Chemitronics Business Division	11.7	13.2	1.5	+ 12.7%	1.1	1.6	0.5	+ 47.8%	9.0%	11.8%

The designation “Chemitronics” was created to describe a business centered on chemicals and materials for electronics applications and the allocation of previously dispersed management resources concentrated in this business. The business integrates manufacturing, sales and technological functions, thereby expediting decision making, positioning DIC to expand its presence in the area of products for electronics applications, where technological innovation is rapid and the ability to respond promptly is crucial.

Principal products: Epoxy and other thermosetting resins for packaging substrates and printed circuit boards, industrial-use adhesive tapes, ultraviolet (UV)-curable resins, photoresist polymers and compounds, surfactants

Consolidated statement of income

(Billion yen)	2023 3 Months	2024 3 Months	Change	% Change	% Change on a local currency basis
Net sales	255.2	255.8	0.6	+ 0.2%	-5.5%
Cost of sales	(207.3)	(203.4)	3.9		
Selling, general and administrative expenses	(41.9)	(43.9)	-2.0		
Operating income	6.0	8.5	2.5	+ 41.7%	+ 32.8%
Operating margin	2.3%	3.3%	-		
Interest expenses	(1.0)	(1.3)	-0.3		
Equity in earnings (losses) of affiliates	0.2	(0.1)	-0.3		
Foreign exchange gains (losses)	(0.4)	0.2	0.6		
Other, net	(0.2)	(0.6)	-0.4		
Ordinary income	4.6	6.6	2.1	+ 45.3%	
Extraordinary income	-	-	-		
Extraordinary losses	(0.6)	(7.4)	-6.7		
Income before income taxes	3.9	(0.7)	-4.7		
Income taxes	(1.9)	(1.8)	0.1		
Net income	2.1	(2.5)	-4.6		
Net income attributable to non-controlling interests	(0.2)	(0.3)	-0.1		
Net income attributable to owners of the parent	1.9	(2.8)	-4.7	Loss	
EBITDA*	17.0	13.0	-4.0	-23.5%	


	2023 3 Months	2024 3 Months
Extraordinary income and losses		
Extraordinary losses		
Loss on sales of shares and investments in capital of subsidiaries and affiliates	-	(4.5)
Severance costs	(0.4)	(2.3)
Loss on disposal of non-current assets	(0.2)	(0.4)
Impairment losses	-	(0.1)

	Average rate	
	2023 3 Months	2024 3 Months
Yen/US\$	133.02	147.58
Yen/EUR	142.71	160.12

* EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization + Amortization of goodwill

Financial health

(Billion yen)	Dec 31 2023	Mar 31 2024	Change
Net interest-bearing debt	441.4	442.4	1.0
Shareholders' equity	363.9	378.7	14.8
Net D/E ratio *1 (Times)	1.21	1.17	
Equity ratio	29.2%	29.8%	
BPS (Yen)	3,844.70	4,000.61	

 Shareholders' equity rose, as a weak yen led to an increase in foreign currency translation adjustment.

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

■ Closing rate

	Dec 31 2023	Mar 31 2024
Yen/US\$	141.32	151.36

FY2024 forecasts: First half operating results

- Owing to extraordinary income of approximately ¥3.5 billion from the transfer of intellectual property related to DIC's LC materials business expected in the second quarter, the forecast for net income (loss) attributable to owners of the parent for the first half of fiscal year 2024 has been revised upward. (See page 16)
- The impact of this was factored into initial forecasts for the fiscal year 2024 full term, so no revisions to these forecasts have been made.

(Billion yen)	2023 1st Half	2024 1st Half Forecasts	% Change	Old forecasts
Net sales	515.3	540.0	+4.8%	540.0
Operating income	10.0	15.0	+50.6%	15.0
Operating margin	1.9%	2.8%	—	2.8%
Ordinary income	7.1	12.0	+68.0%	12.0
Net income attributable to owners of the parent	1.0	0.0	-100.0%	(6.0)
EPS (Yen)	10.53	0.00	—	(63.39)
Average rate	YEN/US\$	135.88	+6.7%	145.00
	YEN/EUR	146.91	+6.6%	156.60

FY2024 forecasts: Full-term operating results

- Forecasts for the fiscal year 2024 full term remain unchanged.

(Billion yen)

	2023	2024 Forecasts	% Change
Net sales	1,038.7	1,100.0	+ 5.9%
Operating income	17.9	30.0	+ 67.2%
Operating margin	1.7%	2.7%	—
Ordinary income	9.2	25.0	+ 171.3%
Net income attributable to owners of the parent	(39.9)	10.0	Into the black
EPS (Yen)	(421.06)	105.64	—
EBITDA*1	30.8	82.0	+ 166.0%
Capital expenditure and investment	73.3	63.1	-13.9%
Depreciation and amortization	53.1	53.9	+ 1.5%
Average rate			
Yen/US\$	140.51	145.00	+ 3.2%
Yen/EUR	151.98	156.60	+ 3.0%

	2023	2024 Forecasts
ROIC*2	1.5%	2.6%
Net D/E ratio *3 (times)	1.21	1.13
Annual dividends per share (Yen)	80.0	100.0
Payout ratio	-	94.7%

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

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

*1 EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization + Amortization of goodwill

FY2024 forecasts: Full-term segment results

- Full-term segment results forecasts remain unchanged from the initial forecasts published on February 13, 2024.

(Billion yen)	Net sales				Operating income				Operating margin	
	2023	2024 Forecast	Change	% Change	2023	2024 Forecast	Change	% Change	2023	2024 Forecast
Packaging & Graphic	541.9	577.9	35.9	+ 6.6%	22.0	22.5	0.6	+ 2.6%	4.1%	3.9%
Japan	124.0	130.1	6.2	+ 5.0%	4.6	4.9	0.3	+ 6.3%	3.7%	3.8%
The Americas and Europe	349.0	371.1	22.1	+ 6.3%	13.1	12.7	-0.4	-3.2%	3.8%	3.4%
Asia and Oceania	82.5	90.9	8.4	+ 10.1%	4.2	4.9	0.8	+ 18.2%	5.1%	5.4%
Eliminations	(13.5)	(14.2)	-0.7	-	0.1	0.0	-0.1	-	-	-
Color & Display	227.3	275.2	48.0	+ 21.1%	(8.9)	4.0	12.8	Into the black	-	1.4%
Japan	32.0	37.5	5.5	+ 17.1%	4.1	5.2	1.1	+ 27.2%	12.8%	13.9%
Overseas	209.5	254.5	45.1	+ 21.5%	(13.0)	(1.2)	11.7	Pared loss	-	-
Eliminations	(14.2)	(16.8)	-2.6	-	0.0	0.0	-0.0	-	-	-
Functional Products	305.9	292.2	-13.7	-4.5%	15.4	15.6	0.1	+ 0.8%	5.0%	5.3%
Japan	202.9	177.8	-25.1	-12.4%	7.0	6.8	-0.2	-2.9%	3.4%	3.8%
Overseas	130.2	141.9	11.7	+ 9.0%	8.5	8.8	0.3	+ 3.9%	6.5%	6.2%
Eliminations	(27.2)	(27.5)	-0.3	-	0.0	0.0	-0.0	-	-	-
Others, Corporate and eliminations	(36.4)	(45.4)	-9.0	-	(10.6)	(12.1)	-1.5	-	-	-
Total	1,038.7	1,100.0	61.3	+ 5.9%	17.9	30.0	12.1	+ 67.2%	1.7%	2.7%
Yen/US\$	140.51	145.00		+ 3.2%	140.51	145.00		+ 3.2%		
Yen/EUR	151.98	156.60		+ 3.0%	151.98	156.60		+ 3.0%		

Initiatives to improve corporate value 1: Withdrawal from the LC materials business and transfer of related intellectual property

- The profitability of **the LC materials business**, accounted for in the Color & Display segment, deteriorated due to intensified price competition, a result of late market entrants from the PRC.
 - With the realization that continuing the business would not be feasible, the decision was taken **to withdraw by December 31, 2024**.
 - Negotiations are underway for the transfer of certain components and assets of the business to a third party, on the understanding that operations will be maintained.
 - A deal was reached to transfer ownership of the business' intellectual property to Shijiazhuang Chengzhi Yonghua Display Materials Co., Ltd. (Slichem) and an agreement was entered into with this company.
- Extraordinary income of approximately ¥3.5 billion is projected for the second quarter of fiscal year 2024 as a consequence of the transfer of intellectual property related to this business. (The impact of this was factored into initial forecasts for the fiscal year 2024 full term.)

To improve corporate value, efforts will prioritize the balanced allocation of management resources and the concentration of such resources in highly profitable businesses.

News Release

Mar. 25, 2024, Notice Regarding Withdrawal from the LC Materials Business and the Transfer of Related Intellectual Property 

<https://www.dic-global.com/en/news/2024/ir/20240325090623.html>

Initiatives to improve corporate value 2: Establishment and commencement of activities of the Corporate Value Improvement Committee

- **The Corporate Value Improvement Committee** was established with the aim of implementing management that is conscious of capital costs and share price.
 - To ensure its ability **to advise the Board of Directors from a third-party perspective**, all committee members are outside directors.
 - Themes for deliberation are slated to be general matters related to ensuring management is conscious of capital costs and share price, including measures to improve return on invested capital (ROIC) and make more effective use of assets, as well as operation of the Kawamura Memorial DIC Museum of Art.
 - Depending on the theme, external experts will be invited to serve as advisors. The committee will explore management issues from a high-level, broad viewpoint and provide advice to the Board of Directors.

- The Corporate Value Improvement Committee held its **first meeting on April 26, 2024**.
- The theme deliberated at the first meeting was **operation of the Kawamura Memorial DIC Museum of Art**, with discussions focused on confirming the current status of the museum, which operates as a DIC Group entity.

Future plans

Regarding operation of the Kawamura Memorial DIC Museum of Art, reports will be issued as necessary on decisions taken by the Board of Directors based on the outcome of the Corporate Value Improvement Committee's deliberations. Plans are to release an interim report by **August 31, 2024**, and a final report by **December 31, 2024**.

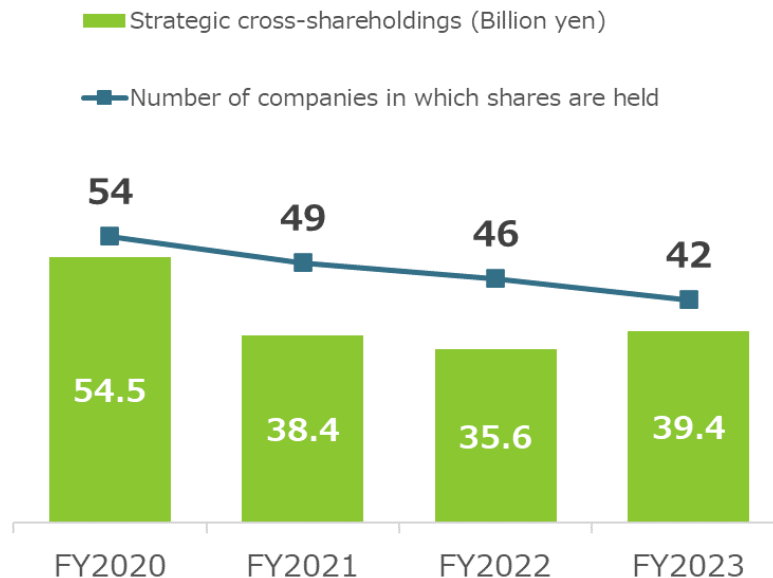
News Release

Apr.26, 2024, Notice Regarding the Establishment and Commencement of Activities of the Corporate Value Improvement Committee 

<https://www.dic-global.com/en/news/2024/ir/20240425131115.html>

Initiatives to improve corporate value 3: Reduction of cross-shareholdings

- The Board of Directors annually reviews the significance of cross-shareholdings and works continuously to shrink such holdings.
- Efforts continue with the goal of reducing cross-shareholdings to 4% or less of net assets (based on market capitalization) by fiscal year 2026.



- ✓ **In fiscal year 2023, four holdings, worth a total of ¥4.1 billion, were offloaded.**
- ✓ Cross-shareholdings as a total were up, as evaluations of holdings rose from fiscal year 2022.
- ✓ As of December 31, 2023, cross-shareholdings accounted for 10% of net assets.
- ✓ Efforts to further reduce cross-shareholdings will continue with the aim of reaching the target of 4% or less of net assets (based on market capitalization) .

Notes:

- 1.Strategic shareholdings include deemed shareholdings.
- 2.Strategic shareholdings do not include unlisted stocks.

Major topics (February to April 2024)

News Releases
<https://www.dic-global.com/en/news/2024/>

- Feb DIC is listed in S&P Global Inc.'s *The Sustainability Yearbook 2024*, marking the sixth consecutive year it has earned inclusion
- Feb DIC develops basic technology for an innovative epoxy resin curing agent that is heat-resistant up to over 200°C and can be recycled
- Mar DIC subsidiary IDEAL CHEMI PLAST in India commences operations at a new coating resins production facility
- Mar DIC earns certification in the large enterprise category of the 2024 Health & Productivity Outstanding Entities Recognition Program (the “White 500”) for the seventh consecutive year
- Mar DIC is selected under the Next Nadeshiko: Companies Supporting Dual-career and Co-parenting program for the first time
- Apr Aiming to help expand the use of recycled materials in vehicles, DIC initiates demonstration testing of new technologies, including those used in processes for dismantling parts
- Apr DIC publishes its annual securities report for fiscal year 2023 on its global website

IR Library

https://www.dic-global.com/pdf/ir/library/annual_reports/dic_ir_ar2024.pdf



Business segments and principal products

Note: Fiscal year 2023 actual

Value provided	Packaging & Graphic	Color & Display	Functional Products
		<p>Sales ratio</p> <p>Net sales ¥541.9 bn</p> <p>Operating income ¥22.0 bn</p> <p>Operating margin 4.1%</p>	<p>Sales ratio</p> <p>Net sales ¥227.3 bn</p> <p>Operating income (¥8.9 bn)</p> <p>Operating margin -</p>
	Packaging materials that bring safety and peace of mind	Color and display materials that make life colorful	Functional products that add comfort
Principal products	<p>Packaging inks</p> <p>Packaging materials</p> <p>Packaging adhesives</p> <p>← Polystyrene ↓ Multilayer films</p> <p>Jet inks</p> <p>For outdoor signage</p> <p>For banners</p>	<p>Pigments for display</p> <p>Pigments for cosmetics</p> <p>Pigments for specialty applications</p> <p>Agriculture</p> <p>Building materials</p> <p>Pigments for coatings</p> <p>Pigments for plastics</p> <p>Pigments for inks</p> <p>Pigments for display</p>	<p>Breakdown of Segment Sales by Demand Industry (Reference)</p> <p>◆ Digital materials (used principally in electrical and electronics equipment and displays) ◆</p> <p>UV-curable resins</p> <p>Epoxy resins</p> <p>Industrial tapes</p> <p>Hollow-fiber membrane modules</p> <p>◆ Industrial materials (used primarily in mobility solutions (vehicles, etc.)) ◆</p> <p>PPS compounds</p> <p>Waterborne resins</p> <p>Acrylic resins</p> <p>Polyurethane resins</p> <p>Polyester resins</p>

Quarterly trends in segment results (Reference)

(Billion yen)	Net sales					Operating Income				
	2023 Jan-Mar	2023 Apr-Jun	2023 Jul-Sep	2023 Oct-Dec	2024 Jan-Mar	2023 Jan-Mar	2023 Apr-Jun	2023 Jul-Sep	2023 Oct-Dec	2024 Jan-Mar
Packaging & Graphic	131.5	135.0	138.4	136.9	137.4	3.6	4.7	5.6	8.1	7.3
Japan	30.4	31.1	30.3	32.2	29.7	0.5	1.2	1.2	1.7	1.5
The Americas and Europe	86.2	87.3	89.1	86.4	90.4	2.6	2.9	2.7	4.9	4.6
Asia and Oceania	19.0	19.9	21.9	21.7	21.2	0.7	0.7	1.4	1.4	1.4
Eliminations	(4.0)	(3.3)	(2.9)	(3.3)	(3.9)	(0.1)	(0.1)	0.2	0.1	(0.2)
Color & Display	60.5	57.4	57.7	51.7	63.5	1.4	(1.5)	(4.3)	(4.4)	(0.5)
Japan	8.1	8.3	7.9	7.7	7.4	1.0	1.4	1.0	0.7	1.0
Overseas	55.5	53.3	53.6	47.1	59.5	0.4	(2.9)	(5.3)	(5.1)	(1.4)
Eliminations	(3.1)	(4.2)	(3.8)	(3.1)	(3.5)	0.0	0.0	(0.0)	0.0	(0.1)
Functional Products	73.4	75.9	79.4	77.2	65.1	3.1	3.5	4.6	4.2	4.0
Japan	50.0	50.8	50.6	51.5	41.7	1.1	1.3	2.1	2.4	2.4
Overseas	29.8	31.9	35.7	32.9	31.0	1.9	2.1	2.6	1.9	1.7
Eliminations	(6.4)	(6.8)	(6.9)	(7.2)	(7.6)	0.0	0.1	(0.1)	(0.0)	(0.0)
Others, Corporate and eliminations	(10.2)	(8.3)	(9.2)	(8.7)	(10.2)	(2.1)	(2.7)	(2.7)	(3.1)	(2.4)
Total	255.2	260.1	266.3	257.1	255.8	6.0	4.0	3.2	4.8	8.5

Consolidated balance sheet (Reference)

(Billion yen)	Dec 31 2023	Mar 31 2024	Change
Current assets	620.2	654.3	34.1
Property, plant and equipment	373.9	363.1	-10.8
Intangible assets	68.9	71.1	2.2
Investments and other assets	181.9	181.9	0.0
Total assets	1,244.9	1,270.4	25.5
Current liabilities	348.7	363.4	14.7
Non-current liabilities	496.9	508.5	11.6
Total liabilities	845.6	871.9	26.3
Shareholders' equity	362.5	356.9	-5.6
Accumulated other comprehensive income	1.4	21.8	20.4
[Foreign currency translation adjustment]	[12.6]	[34.2]	[21.6]
Non-controlling interests	35.3	19.8	-15.6
Total net assets	399.3	398.5	-0.8
Total liabilities and net assets	1,244.9	1,270.4	25.5
Interest-bearing debt	529.0	548.7	19.7
Cash and deposits	87.5	106.3	18.7
Net interest-bearing debt	441.4	442.4	1.0

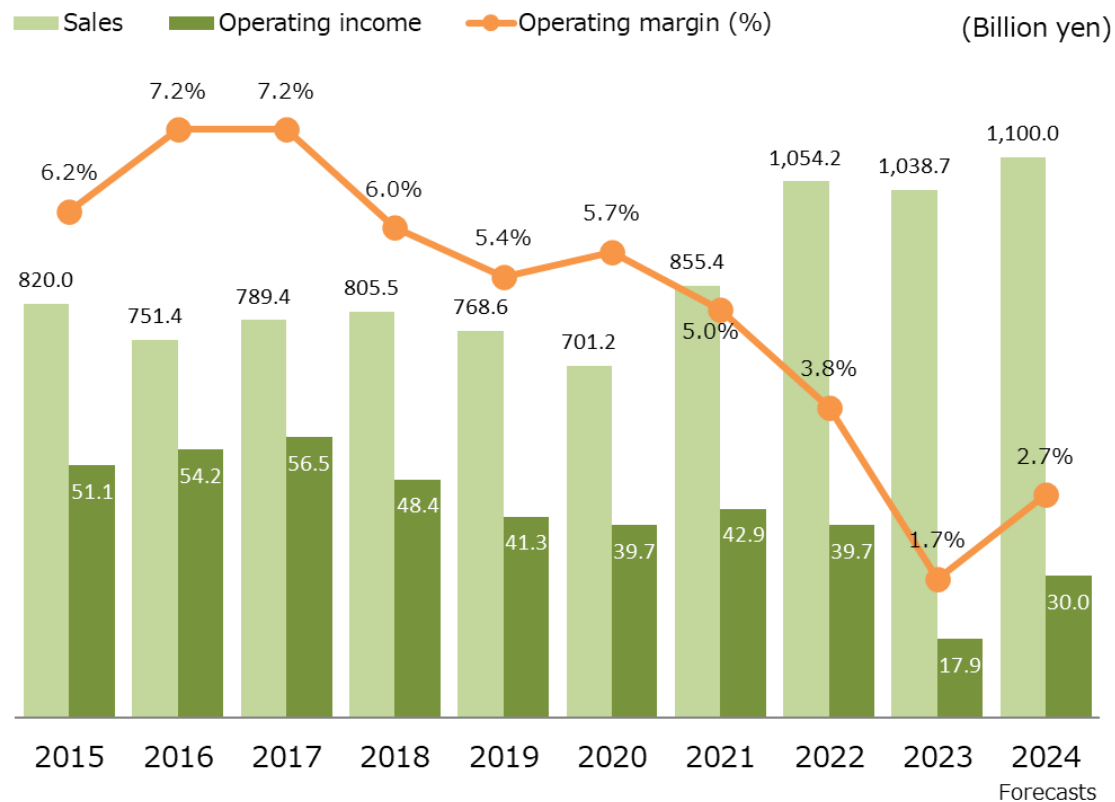
Consolidated statement of cash flows (Reference)

(Billion yen)	2023 3 Months	2024 3 Months	Change
Cash flows from operating activities	(4.4)	1.4	5.8
Cash flows from investing activities	(18.5)	0.7	19.2
Cash flows from financing activities	60.2	12.4	-47.9
Cash and cash equivalents at end of the period	98.0	104.5	6.5
Free cash flow	(22.9)	2.1	25.1
Increase (decrease) in working capital	(7.1)	(8.5)	-1.5
Capital expenditure and investment	18.1	12.3	-5.8
Depreciation and amortization, Amortization of goodwill	12.3	12.7	0.5

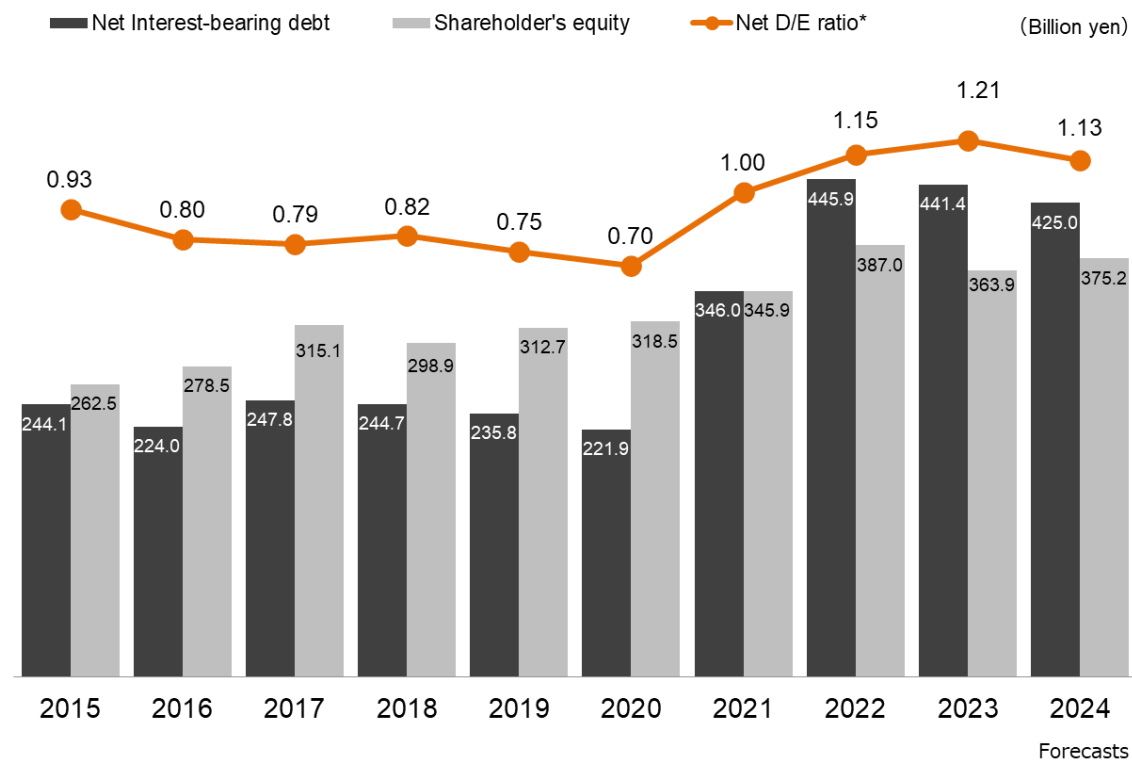
Note: Consolidated statement of cash flows fall outside the scope of required disclosure. Accordingly, these figures are provided for reference only.

Historical performance data (Reference)

Operating results



Financial health

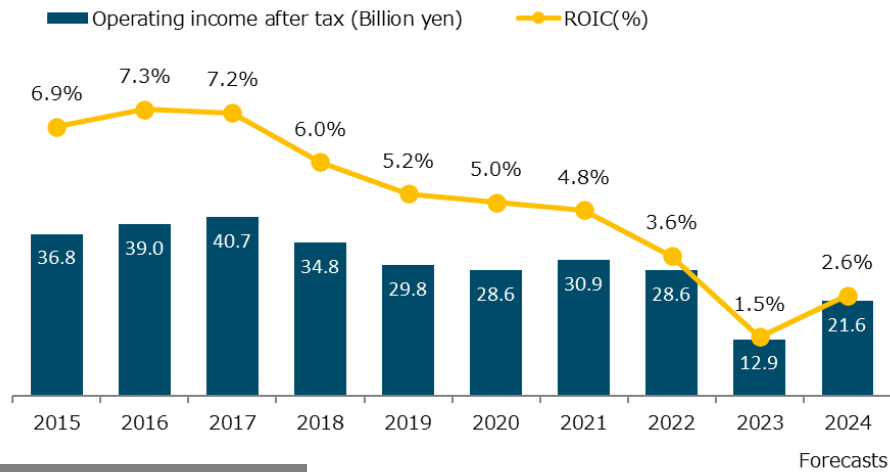


* Net D/E ratio: Net interest-bearing debt / Shareholders' equity

Historical performance data (Reference)

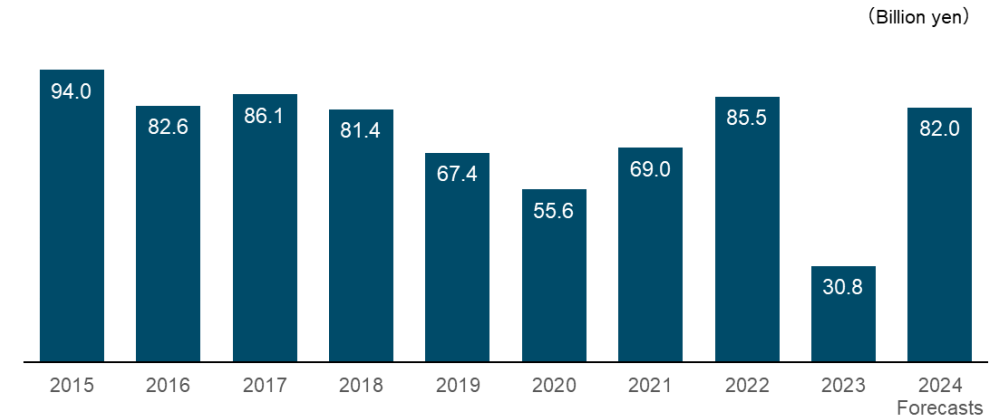
ROIC*

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



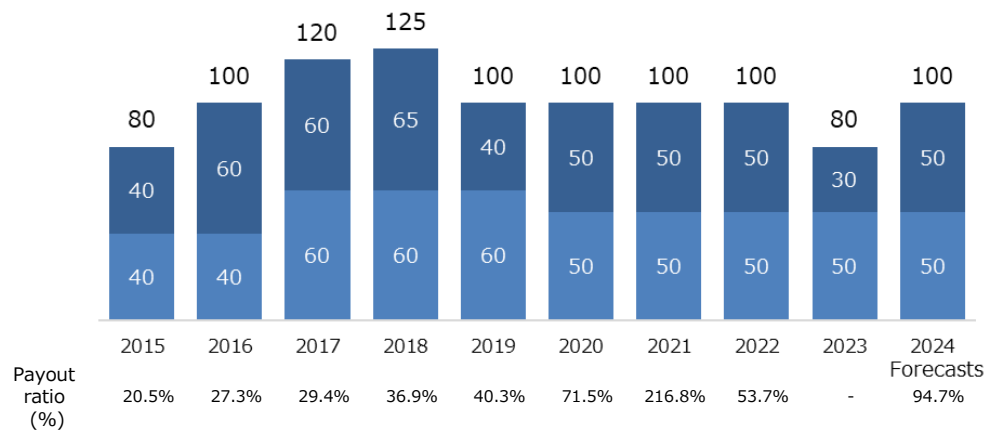
EBITDA*

*EBITDA: Net income attributable to owners of the parent+ Total income taxes+ (Interest expenses - Interest income) + Depreciation and amortization + Amortization of goodwill

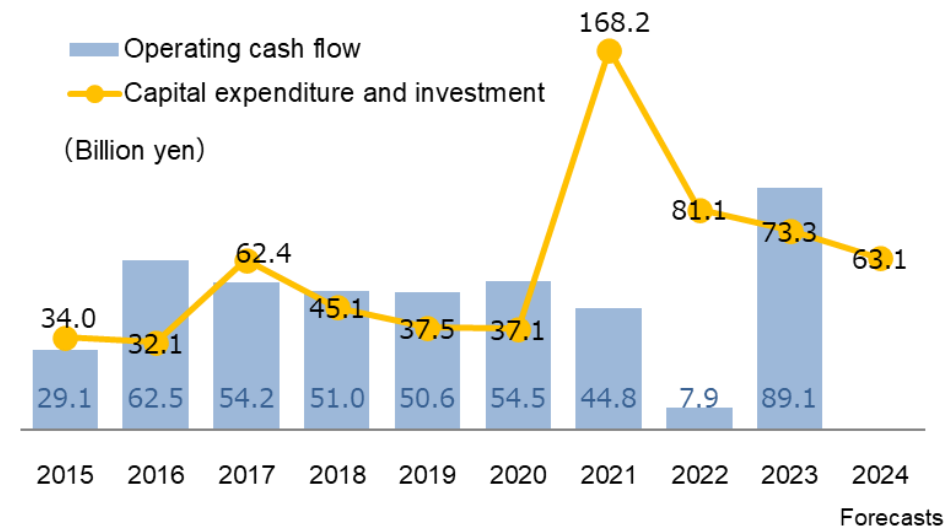


Shareholder returns*

■ Interim (Yen) ■ Year-end (Yen)



Capital expenditure and investment, operating cash flows



* Adjusted to reflect the impact of the consolidation of shares of common stock

Disclaimer Regarding Forward-Looking Statements

Statements herein, other than those of historical fact, are forward-looking statements that reflect management's projections based on information available as of the publication date. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, economic conditions in Japan and overseas, market trends, raw materials prices, interest rate trends, currency exchange rates, conflicts, litigations, disasters and accidents, as well as the possibility the Company will incur special losses related to the restructuring of its operations.



Color & Comfort



DIC Corporation