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Color & Comfort



MEMBERSHIP

Consolidated Financial Results for the Six Months Ended June 30, 2024 (Japan GAAP) (The fiscal year ending December 31, 2024)

August 9, 2024
Stock Exchange: Tokyo
Head Office: Tokyo
Tel: +81 (3) 6733-3000

Company Name: DIC Corporation

Listing Code Number: 4631

URL: <https://www.dic-global.com/en/>

Representative: Takashi Ikeda, Representative Director, President and CEO

Contact Person: Shigeki Takata, General Manager, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

Holding of Quarterly Financial Results Meeting: Yes (for security analysts and institutional investors, etc.)

Scheduled Filing Date of Semiannual Securities Report: August 9, 2024

Dividend Payment: September 2, 2024

(Yen amounts are rounded to the nearest million, except for per share information)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 - June 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
Six months ended June 30, 2024	538,841	4.6	21,946	120.3	20,030	180.4	6,416	543.7
Six months ended June 30, 2023	515,311	-1.2	9,962	-58.4	7,143	-72.7	997	-93.1

Note: Comprehensive income (JPY million):
Six months ended June 30, 2024 50,635 (29.5%)
Six months ended June 30, 2023 39,100 (-42.2%)

	Earnings per share (basic)		Earnings per share (diluted)	
	JPY	JPY	JPY	JPY
Six months ended June 30, 2024	67.77	—	—	—
Six months ended June 30, 2023	10.53	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of June 30, 2024	1,338,279	429,860	30.7
As of December 31, 2023	1,244,889	399,267	29.2

Reference: Shareholders' equity (JPY million): As of June 30, 2024 410,601 As of December 31, 2023 363,937

2. Cash Dividends

(Record date)	Cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	JPY	JPY	JPY	JPY	JPY
FY2023	—	50.00	—	30.00	80.00
FY2024	—	50.00	—	—	—
FY2024 (Plan)	—	—	—	50.00	100.00

Note: Revision of the forecasts for the dividends payment: None

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 - December 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share (basic)
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
FY2024	1,100,000	5.9	40,000	122.9	35,000	279.8	16,000	—	168.99

Note: Revision of the latest forecasts for the consolidated operating results: Yes

For details, please refer to "1. Analysis of Results of Operations (3) Operating Results Forecasts for Fiscal Year 2024" on page 5.

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Notes

(1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: Yes

Newly included: — (Company name) — Excluded: 8 (Company name) SEIKO PMC CORPORATION, etc.

(2) Adoption of accounting methods which are exceptional for interim consolidated financial statements: Yes

For details, please refer to page 13, “3. Interim Consolidated Financial Statements, (4) Notes to Interim Consolidated Financial Statements, (Adoption of Accounting Methods Which Are Exceptional for Interim Consolidated Financial Statements).

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies arising from revision of accounting standards: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period, including treasury shares

As of June 30, 2024	95,156,904 shares,	As of December 31, 2023	95,156,904 shares
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2) Number of treasury shares at the end of the period

As of June 30, 2024	473,641 shares,	As of December 31, 2023	497,680 shares
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3) Average number of shares issued during the period, excluding treasury shares

For the six months ended June 30, 2024	94,674,633 shares,	For the six months ended June 30, 2023	94,659,868 shares
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* The Company has introduced the Board Benefit Trust (BBT), and the shares held by the trust are included in the number of treasury shares.

Note: **Interim consolidated financial results in this report are not subject to interim review procedures conducted by certified public accountants or audit firms.**

Note: **Explanation of the appropriate use of performance forecasts, and other special items**

Caution concerning forward-looking statements

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, the users should be aware that actual results may differ from any expressed future performance herein due to various factors.

For information regarding the assumptions used to prepare the forecasts, please refer to page 5.

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1. Analysis of Results of Operations

(1) Overview of Operating Results

(Billions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (%)	Change (%) [Local currency basis]
Net sales	515.3	538.8	4.6%	-1.5%
Operating income	10.0	21.9	120.3%	116.7%
Ordinary income	7.1	20.0	180.4%	—
Net income attributable to owners of the parent	1.0	6.4	543.7%	—
EBITDA *	32.8	43.8	33.6%	—
¥/US\$1.00 (Average rate)	135.88	152.13	12.0%	—
¥/EUR1.00 (Average rate)	146.91	164.43	11.9%	—

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

In the six months ended June 30, 2024, consolidated net sales rose 4.6%, to ¥538.8 billion. On a local currency basis, however, consolidated net sales edged down 1.5%. Looking at key global economies, in the Americas and Europe there were signs of gradual changes in monetary policy in response to the easing of inflationary pressures, including the European Central Bank's decision to reverse course and lower interest rates, while in the People's Republic of China (PRC) an uncertain economic outlook endured, owing to a persistently sluggish real estate market and other factors. Against this backdrop, demand trends in core customer industries varied. In the area of digital materials, used principally in electrical and electronics equipment and in displays, demand in the display market rallied, thanks to the conclusion of operating adjustments by display manufacturers, and showed signs of picking up in the semiconductor market, driven by growth sectors such as generative AI, although a full-scale revival remained elusive. In industrial materials,* used primarily in mobility solutions, demand for materials for use in automobiles also continued on an uptrend as vehicle sales remained firm worldwide. In this environment, shipments in the Functional Products segment continued to recover, led by high-value-added offerings for use in electronics equipment and in mobility solutions. In the Packaging & Graphic segment, shipments of jet inks and of packaging inks in overseas markets continued to climb, underpinned by solid demand. In the Color & Display segment, shipments of pigments surged, bolstered by the completion of inventory adjustments. The increase in net sales also reflected the positive impact of a weak yen on sales denominated in other currencies after translation.

Operating income advanced 120.3%, to ¥21.9 billion. The Packaging & Graphic and Functional Products segments saw sharp gains, buttressed by an upswing in shipments of high-value-added products and an improved product mix, as well as by the efforts to revise sales prices in response to specific regional and product characteristics. Structural reforms aimed at optimizing production configurations—particularly in the United States and Europe—and measures to reduce costs combined with greater overall shipments to push the Color & Display segment into the black, achieving a gain in the second quarter (April–June 2024) that was its first quarterly gain since the fiscal year 2023 first quarter (January–March 2023).

Ordinary income soared 180.4%, to ¥20.0 billion.

Net income attributable to owners of the parent was ¥6.4 billion, up 543.7%. This was despite higher extraordinary losses, owing to a loss on sales of affiliated company stocks arising from the sale of all shares held in SEIKO PMC CORPORATION and to escalating severance costs, a result of restructuring measures, and was due primarily to an increase in extraordinary income, the consequence of a gain on sales of non-current assets stemming from the transfer of intellectual property related to the liquid crystal (LC) materials business.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose 33.6%, to ¥43.8 billion.

*DIC uses the term “industrial materials” to describe products for use in mobility solutions, namely, automobiles, railroads and shipping, and for general industrial applications such as construction equipment and industrial machinery.

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(2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (%)	Change (%) [Local currency basis]	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (%)	Change (%) [Local currency basis]
Packaging & Graphic	266.6	286.4	7.4%	1.3%	8.3	16.3	96.4%	99.3%
Color & Display	117.8	134.3	13.9%	3.9%	(0.1)	0.4	Into the black	Into the black
Functional Products	149.4	139.1	-6.9%	-10.3%	6.7	10.6	58.3%	50.4%
Others, Corporate and eliminations	(18.5)	(20.9)	—	—	(4.8)	(5.3)	—	—
Total	515.3	538.8	4.6%	-1.5%	10.0	21.9	120.3%	116.7%

Packaging & Graphic

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (%)	Change (%) [Local currency basis]
Net sales	¥266.6 billion	¥286.4 billion	7.4%	1.3%
Operating income	¥8.3 billion	¥16.3 billion	96.4%	99.3%

Segment sales advanced 7.4%, to ¥286.4 billion. In the area of packaging inks, used chiefly on packaging for food products, shipments in Japan declined, as rising prices continued to dampen demand for consumer goods, but sales were buoyed by efforts to adjust sales prices. Sales were also up overseas, underpinned by a revival in demand for consumer goods in the Americas and Europe, as well as by efforts to cultivate customers in Asia, notably in the PRC, which boosted shipments. Despite expanded shipments in Asia, owing to a recovery in demand and the cultivation of customers, sales of publication inks, which center on inks for commercial printing and news inks, fell as dwindling demand pushed shipments down in Japan, as well as in the Americas and Europe. Sales of jet inks, used in digital printing, climbed sharply as customers completed measures to resolve surplus inventories and demand rallied.

Segment operating income soared 96.4%, to ¥16.3 billion. In Japan, shipments of high-value-added jet inks were robust, while moves to counter elevated costs in packaging inks and publication inks by modifying sales prices progressed. Operating income was up sharply worldwide, buttressed by higher shipments of packaging inks and publication inks in Asia, together with efforts to maintain sales prices for packaging inks and publication inks in the Americas and Europe amid falling raw materials prices by ensuring stable supplies and services.

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Color & Display

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (%)	Change (%) [Local currency basis]
Net sales	¥117.8 billion	¥134.3 billion	13.9%	3.9%
Operating income	¥(0.1) billion	¥0.4 billion	Into the black	Into the black

Segment sales rose 13.9%, to ¥134.3 billion. While demand for pigments for coatings and for plastics has failed to recover fully, owing to a delayed economic revival in Europe, a leading market for these products, shipments increased, as the completion of inventory adjustments by customers sparked the resumption of moves to secure new inventory. Among high-value-added products, shipments of pigments for color filters, used in displays, rallied with the conclusion of production adjustments by display manufacturers. Shipments of pigments for cosmetics were down, hindered by listless customer demand in the Americas and Europe. In pigments for specialty applications, shipments for agricultural use were hampered by sluggish demand, a consequence of customer inventory adjustments, but shipments for use in building materials were bolstered by various factors, including efforts to cultivate new customers in Asia.

The segment reported operating income of ¥0.4 billion. In addition to higher overall shipments and an improved product mix, this return to profitability reflected the progress of structural reforms aimed at, among others, optimizing production configurations, mainly in the United States and Europe, which lowered costs.

Functional Products

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change (%)	Change (%) [Local currency basis]
Net sales	¥149.4 billion	¥139.1 billion	-6.9%	-10.3%
Operating income	¥6.7 billion	¥10.6 billion	58.3%	50.4%

Segment sales decreased 6.9%, to ¥139.1 billion. If the impact of business withdrawals, including the divestiture of SEIKO PMC, was discounted, segment sales would have been up 8.1%. In digital materials, sales of epoxy resins—the foremost application for which is electronics equipment, notably semiconductors—advanced, owing to an improvement in the product mix attributable to, among others, a resurgence in demand for use in AI servers, computers and smartphones, which pushed up shipments of related products. Sales of industrial-use adhesive tapes, used mainly in smartphones and other mobile devices, were boosted by steady efforts to lock in demand. In the area of industrial materials, products for use in mobility solutions were solid, bolstered by an upturn in shipments of polyphenylene sulfide (PPS) compounds, notably in Japan, which was due to firm vehicle sales worldwide.

Segment operating income increased 58.3%, to ¥10.6 billion. Factors behind this included a recovery in shipments of high-value-added products for use in electronics equipment and in mobility solutions, contributing to an improved product mix, as well as to successful efforts to revise sales prices for all products.

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(3) Operating Results Forecasts for Fiscal Year 2024

DIC has revised its operating results forecasts, published on May 15, 2024, as indicated below.

(Billions of yen)

	FY2023	FY2024	Change (%)
Net sales	1,038.7	1,100.0	5.9%
Operating income	17.9	40.0 [30.0]	122.9%
Ordinary income	9.2	35.0 [25.0]	279.8%
Net income attributable to owners of the parent	(39.9)	16.0 [10.0]	Into the Black
EBITDA	30.8	93.0 [82.0]	201.7%
¥/US\$1.00 (Average rate)	140.51	156.00	11.0%
¥/EUR1.00 (Average rate)	151.98	169.00	11.2%

Note: Forecasts in squared parentheses are those published on May 15, 2024.

Reasons for Revision of Operating Results Forecasts

The outlook for the global economy, including for monetary policy around the world following the easing of inflationary pressures in the Americas and Europe, as well as for recovery prospects in the PRC, is expected to remain uncertain. Nonetheless, net sales are expected to be in line with DIC's initial forecast, thanks to steadily expanding sales of high-value-added products, particularly for use in electronics equipment and in mobility solutions, underpinned by an upturn in demand. Owing to Groupwide efforts to secure profits through sales price adjustments and cost reductions commensurate with movements in logistics costs and raw materials prices, operating income, ordinary income and net income attributable to owners of the parent are now expected to exceed initial forecasts. As a consequence, these forecasts have been revised.

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 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.

2. Analysis of Financial Position

(Analysis of assets, liabilities and net assets)

At the end of the first half of current fiscal year, total assets increased ¥93.4 billion from the end of the previous fiscal year, to ¥1,338.3 billion, mainly due to an increase in the yen-converted value of assets resulting from the weaker yen. Total liabilities increased ¥62.8 billion from the end of the previous fiscal year, to ¥908.4 billion, due to an increase in the yen-converted value of liabilities resulting from the weaker yen, an increase in interest-bearing liabilities, and others. In addition, net assets increased ¥30.6 billion from the end of the previous fiscal year, to ¥429.9 billion, due to an increase in foreign currency translation adjustments accompanying the depreciation of the yen, despite a decrease in non-controlling interests resulting from the sale of shares in SEIKO PMC CORPORATION.

(Analysis of cash flow)

[Net cash provided by (used in) operating activities] Six months ended June 30, 2024, ¥14.5 billion
(¥7.2 billion for the six months ended June 30, 2023)

In the six months ended June 30, 2024, income before income taxes was ¥15.7 billion and depreciation and amortization was ¥25.5 billion. Income taxes of ¥7.2 billion were paid and ¥18.3 billion was used in working capital. As a result, net cash provided by operating activities amounted to ¥14.5 billion.

[Net cash provided by (used in) investing activities] Six months ended June 30, 2024, ¥(7.2) billion
(¥(45.2) billion for the six months ended June 30, 2023)

In the six months ended June 30, 2024, while ¥11.4 billion was provided by the sale of subsidiaries, ¥24.3 billion was used for the purchase of property, plant and equipment and intangible assets. As a result, net cash used in investing activities was ¥7.2 billion.

[Net cash provided by (used in) financing activities] Six months ended June 30, 2024, ¥18.5 billion
(¥47.1 billion for the six months ended June 30, 2023)

In the six months ended June 30, 2024, while ¥2.8 billion dividend payments from surplus and ¥3.1 billion lease payments were made, ¥25.2 billion was procured through borrowings, etc. As a result, net cash provided by financing activities amounted to ¥18.5 billion.

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3. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheet

(Millions of yen)

	Previous Fiscal Year as of December 31, 2023	First Half of Current Fiscal Year as of June 30, 2024
Assets		
Current assets		
Cash and deposits	87,533	121,375
Notes and accounts receivable - trade	225,148	254,498
Merchandise and finished goods	167,427	174,294
Work in process	11,250	11,918
Raw materials and supplies	94,157	102,581
Other	38,623	40,932
Allowance for doubtful accounts	(3,951)	(5,011)
Total current assets	620,188	700,587
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,062	138,470
Machinery, equipment and vehicles, net	128,613	135,263
Tools, furniture and fixtures, net	17,822	17,868
Land	66,488	59,732
Construction in progress	27,907	25,014
Total property, plant and equipment	373,892	376,346
Intangible assets		
Goodwill	17,782	18,913
Software	14,298	15,316
Customer-related assets	11,639	12,066
Other	25,198	27,276
Total intangible assets	68,916	73,571
Investments and other assets		
Investment securities	63,071	67,220
Net defined benefit asset	78,961	79,729
Other	39,959	40,889
Allowance for doubtful accounts	(98)	(65)
Total investments and other assets	181,893	187,774
Total non-current assets	624,701	637,691
Total assets	1,244,889	1,338,279

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(Millions of yen)

	Previous Fiscal Year as of December 31, 2023	First Half of Current Fiscal Year as of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	140,089	153,967
Short-term loans payable	46,302	71,796
Commercial papers	33,000	33,000
Current portion of bonds payable	30,000	20,000
Income taxes payable	2,870	4,713
Provision for bonuses	5,037	4,748
Other	91,450	97,894
Total current liabilities	348,749	386,118
Non-current liabilities		
Bonds payable	95,000	110,000
Long-term loans payable	308,231	311,959
Net defined benefit liability	36,056	36,675
Asset retirement obligations	9,480	10,284
Other	48,106	53,381
Total non-current liabilities	496,873	522,301
Total liabilities	845,622	908,419
Net assets		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,234	94,234
Retained earnings	173,292	176,859
Treasury shares	(1,586)	(1,494)
Total shareholders' equity	362,497	366,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,542	7,432
Deferred gains or losses on hedges	248	425
Foreign currency translation adjustment	12,559	58,403
Remeasurements of defined benefit plans	(16,910)	(21,814)
Total accumulated other comprehensive income	1,440	44,445
Non-controlling interests	35,330	19,259
Total net assets	399,267	429,860
Total liabilities and net assets	1,244,889	1,338,279

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(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income

Interim Consolidated Statement of Income

(Millions of yen)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Net sales	515,311	538,841
Cost of sales	420,635	425,716
Gross profit	94,676	113,125
Selling, general and administrative expenses		
Employees' salaries and allowances	32,508	34,923
Provision of allowance for doubtful accounts	(22)	565
Provision for bonuses	2,167	2,055
Retirement benefit expenses	(91)	203
Other	50,152	53,433
Total selling, general and administrative expenses	84,714	91,180
Operating income	9,962	21,946
Non-operating income		
Interest income	2,666	2,262
Dividends income	351	360
Foreign exchange gains	—	288
Equity in earnings of affiliates	891	1,024
Other	995	984
Total non-operating income	4,902	4,917
Non-operating expenses		
Interest expenses	5,107	4,913
Foreign exchange losses	963	—
Other	1,652	1,920
Total non-operating expenses	7,722	6,833
Ordinary income	7,143	20,030
Extraordinary income		
Gain on sales of non-current assets	507	3,857
Gain on sales of shares and investments in capital of subsidiaries and affiliates	—	939
Total extraordinary income	507	4,796
Extraordinary losses		
Loss on sales of shares and investments in capital of subsidiaries and affiliates	—	4,513
Severance costs	845	3,245
Loss on disposal of non-current assets	596	1,210
Impairment losses	895	175
Total extraordinary losses	2,336	9,143
Income before income taxes	5,313	15,683
Income taxes	4,010	8,677
Net income	1,303	7,006
Net income attributable to non-controlling interests	307	590
Net income attributable to owners of the parent	997	6,416

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Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Net income	1,303	7,006
Other comprehensive income		
Valuation difference on available-for-sale securities	861	1,901
Deferred gains or losses on hedges	(542)	177
Foreign currency translation adjustment	40,483	46,267
Remeasurements of defined benefit plans	(3,849)	(4,900)
Share of other comprehensive income of affiliates accounted for using equity method	842	184
Total other comprehensive income	37,796	43,629
Comprehensive income	39,100	50,635
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	37,836	49,421
Comprehensive income attributable to non-controlling interests	1,263	1,214

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(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Net cash provided by (used in) operating activities		
Income before income taxes	5,313	15,683
Depreciation and amortization	24,268	25,470
Amortization of goodwill	1,070	593
Increase (decrease) in allowance for doubtful accounts	(204)	787
Increase (decrease) in provision for bonuses	(218)	216
Interest and dividends income	(3,016)	(2,622)
Equity in (earnings) losses of affiliates	(891)	(1,024)
Interest expenses	5,107	4,913
Loss (gain) on sales and retirement of non-current assets	89	(2,647)
Impairment losses	895	175
Loss (gain) on sales of shares and investments in capital of subsidiaries and affiliates	—	3,574
Decrease (increase) in notes and accounts receivable - trade	8,085	(31,317)
Decrease (increase) in inventories	8,434	(329)
Increase (decrease) in notes and accounts payable - trade	(21,006)	13,362
Other, net	(14,553)	(3,865)
Subtotal	13,372	22,969
Interest and dividends income received	3,812	3,508
Interest expenses paid	(5,117)	(4,783)
Income taxes paid	(4,899)	(7,154)
Net cash provided by (used in) operating activities	7,169	14,540
Net cash provided by (used in) investing activities		
Payments into time deposits	(873)	(668)
Proceeds from withdrawal of time deposits	75	907
Purchase of property, plant and equipment	(25,925)	(20,888)
Proceeds from sales of property, plant and equipment	685	364
Purchase of intangible assets	(5,014)	(3,455)
Proceeds from sales of intangible assets	—	4,117
Purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	(14,092)	(24)
Proceeds from sales of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	—	11,353
Proceeds from purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	9	—
Proceeds from sales of shares and investments in capital of subsidiaries and affiliates	300	—
Purchase of investment securities	(290)	(4)
Proceeds from sales and redemption of investment securities	57	14
Payments for acquisition of businesses	(5)	—
Other, net	(95)	1,035
Net cash provided by (used in) investing activities	(45,169)	(7,249)

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

(Millions of yen)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2024
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	13,236	5,176
Proceeds from long-term loans payable	42,947	15,011
Repayment of long-term loans payable	(6,339)	—
Proceeds from issuance of bonds	15,000	15,000
Redemption of bonds	(10,000)	(10,000)
Cash dividends paid	(4,739)	(2,849)
Cash dividends paid to non-controlling interests	(281)	(757)
Net decrease (increase) in treasury shares	32	92
Repayments of lease liabilities	(2,627)	(3,074)
Other, net	(127)	(71)
Net cash provided by (used in) financing activities	47,103	18,527
Effect of exchange rate change on cash and cash equivalents	820	9,519
Net increase (decrease) in cash and cash equivalents	9,923	35,337
Cash and cash equivalents at beginning of the period	62,560	84,642
Cash and cash equivalents at end of the period	72,483	119,979

(4) Notes to Interim Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholder's Equity)

Not applicable

(Adoption of Accounting Methods Which Are Exceptional for Interim Consolidated Financial Statements)

Calculation of Tax Expenses

Regarding tax expenses for some consolidated subsidiaries, the tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to income before income taxes for the fiscal year including the six months ended June 30, 2024, and multiplying income before income taxes by this estimated effective tax rate.

(Additional Information)

Board Benefit Trust (BBT)

With regard to the compensation for executive officers, as well as directors who concurrently serve as executive officers (the "Target Officers"), the Company introduced a new performance-based stock compensation plan called Board Benefit Trust (BBT) (the "Plan") from the fiscal year ended December 31, 2017. The purpose of the Plan is to further clarify the linkage between the compensation of the Target Officers, and corporate performance and value of the Company's shares. The intended result is strengthening the Executive Officers' awareness of the importance of contributing to the medium- to long-term improvement of operating results, as well as to the enhancement of corporate value, and of sharing the same objectives as shareholders.

Accounting treatment related to the trust agreement is in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issue Task Force ("PITF") No. 30, March 26, 2015).

(1) Outline of the transactions

The trust established under the Plan acquires the Company's shares by cash contributed by the Company. The trust provides shares of the Company and the cash equivalent to the market price of the shares of the Company (the "Company's Shares and Cash Benefits") to the Target Officers, in accordance with the Rules of Officer Share Benefit established by the Company. The Target Officers shall in principle receive the Company's Shares and Cash Benefits upon their retirement.

(2) The Company's shares remaining in the trust

The shares remaining in the trust are recorded under net assets as treasury shares at the book value in the trust (excluding incidental costs). The book value and number of such treasury shares are ¥925 million and 303 thousand as of December 31, 2023, respectively, and ¥829 million and 277 thousand as of June 30, 2024, respectively.

(Segment Information, etc.)

[Segment Information]

I. Six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)

(1) Information about sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments				Others	Total
	Packaging & Graphic	Color & Display	Functional Products	Total		
Net sales:						
Sales to external customers	266,552	101,144	147,331	515,027	284	515,311
Intersegment sales and transfers	—	16,705	2,052	18,756	—	18,756
Total	266,552	117,848	149,383	533,783	284	534,068
Segment profit (loss)	8,287	(147)	6,663	14,803	164	14,967

(2) Differences between total profit (loss) for reportable segments and operating income reported in the interim consolidated statement of income, and the breakdown of the main factors underlying these differences (note on adjusting for differences)

(Millions of yen)

Profit	Amount
Total reportable segments	14,803
Profit in “Others”	164
Corporate expenses	(5,005)
Operating income reported in the interim consolidated statement of income	9,962

(Note) Corporate expenses substantially consist of R&D expenses incurred by the DIC Central Research Laboratories, which are not included in any reportable segment.

(3) Information about impairment losses on non-current assets and goodwill by reportable segment

(Material impairment losses on non-current assets)

In the six months ended June 30, 2023, the Company recorded impairment losses of ¥895 million in the Packaging & Graphic segment.

(Material changes in goodwill)

On June 1, 2023, the Company acquired all shares of PCAS Canada Inc. (“PCAS Canada”), a Canadian manufacturer of polymers used in photoresists for semiconductor photolithography, through the holding company established for the acquisition. In line with this, the amount of goodwill of Functional Products segment has increased by ¥11,143 million from the end of the previous fiscal year.

The amount of goodwill is calculated on a provisional basis due to incompleteness of purchase price allocation.

II. Six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

(1) Information about sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments				Others	Total
	Packaging & Graphic	Color & Display	Functional Products	Total		
Net sales:						
Sales to external customers	286,398	114,828	137,292	538,519	322	538,841
Intersegment sales and transfers	—	19,442	1,825	21,267	—	21,267
Total	286,398	134,270	139,118	559,786	322	560,108
Segment profit	16,278	433	10,551	27,262	188	27,450

(2) Information about assets by reportable segments

The Company transferred all shares held in consolidated subsidiary SEIKO PMC CORPORATION through the purchase of treasury stock by the latter in the first quarter (January-March 2024), and SEIKO PMC CORPORATION and seven other companies were excluded from the scope of consolidation. In line with this, the amount of segment assets of Functional Products has decreased by ¥50,298 million from the end of the previous fiscal year.

(3) Differences between total profit (loss) for reportable segments and operating income reported in the interim consolidated statement of income, and the breakdown of the main factors underlying these differences (note on adjusting for differences)

(Millions of yen)

Profit	Amount
Total reportable segments	27,262
Profit in "Others"	188
Corporate expenses	(5,504)
Operating income reported in the interim consolidated statement of income	21,946

(Note) Corporate expenses substantially consist of expenses incurred by new businesses and the DIC Central Research Laboratories, which are not included in any reportable segment.

(4) Information about impairment losses on non-current assets and goodwill by reportable segment

(Material impairment losses on non-current assets)

In the six months ended June 30, 2024, the Company recorded impairment losses of ¥112 million in the Packaging & Graphic segment and ¥63 million in the Color & Display segment respectively.

(Business Combinations)

Business Divestitures

Transfer of subsidiary shares

Effective January 15, 2024, the Company transferred all shares held in consolidated subsidiary SEIKO PMC CORPORATION (“SEIKO PMC”) through the purchase of treasury stock by the latter.

(1) Overview of the business divestiture

(a) Name of the successor entity

SEIKO PMC CORPORATION

(b) Description of the divested businesses

Manufacture and sale of papermaking chemicals, resins for printing inks and recording materials

(c) Main reason for the business divestiture

To meet the targets of the DIC Vision 2030 long-term management plan, which was announced in February 2022, following extensive discussions by the Board of Directors regarding how to allocate limited management resources to priority business areas, the Company resolved—as part of a review of the DIC Group’s business portfolio—to transfer all shares held in SEIKO PMC. This decision was taken in the belief that it is the best course for SEIKO PMC to seek growth with a new partner better positioned to drive growth and a dramatic advance.

(d) Date of the business divestiture

January 15, 2024 (deemed transfer date: January 1, 2024)

(e) Other matters regarding the outline of the transaction, including the legal form

Transfer of shares for where the consideration received is only property, such as cash

(2) Overview of the transaction

(a) Amount of gain or loss on transfer

Loss on sales of shares and investments in capital of subsidiaries and affiliates: ¥4,513 million

(b) Fair book values of assets and liabilities pertaining to the transferred business and the breakdown thereof

Current assets	¥26,025 million
Non-current assets	24,884 million
<hr/> Total assets acquired	<hr/> ¥50,909 million
Current liabilities	¥14,133 million
Non-current liabilities	2,249 million
<hr/> Total liabilities assumed	<hr/> ¥16,382 million

(c) Accounting treatment

The accounting treatment of the transaction was based on the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on January 16, 2019).

(3) Reportable segment that included the divested business

Functional products

(4) Estimated amount of profit and loss related to the divested business reported in the interim consolidated statement of income for the six months ended June 30, 2024

The business divestiture was carried out with the beginning of the current fiscal year as the deemed transfer date, and the profit and loss relating to the divested business is not included in the interim consolidated statement of income for the six months ended June 30, 2024.