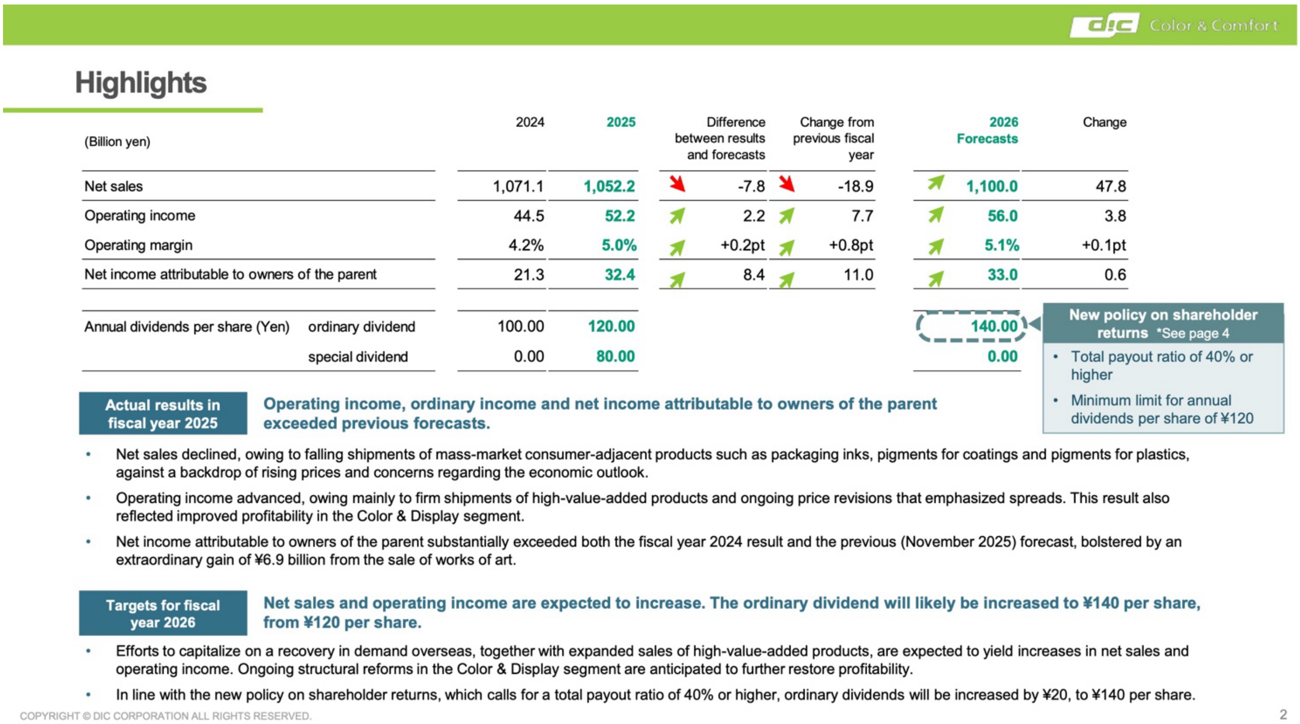
DIC Corporation

Financial Results Briefing for the Fiscal Year Ended December 2025 and Long-Term Management Plan Phase2

February 17, 2026

Presentation

Ikeda: Thank you very much for attending today's briefing. I am Ikeda, president of the Company. I will first discuss the highlights of our financial results for FY2025.



Color & Comfort

Highlights

(Billion yen)		2024	2025	Difference between results and forecasts	Change from previous fiscal year	2026 Forecasts	Change
Net sales		1,071.1	1,052.2	-7.8	-18.9	1,100.0	47.8
Operating income		44.5	52.2	2.2	7.7	56.0	3.8
Operating margin		4.2%	5.0%	+0.2pt	+0.8pt	5.1%	+0.1pt
Net income attributable to owners of the parent		21.3	32.4	8.4	11.0	33.0	0.6
Annual dividends per share (Yen)	ordinary dividend	100.00	120.00			140.00	
	special dividend	0.00	80.00			0.00	

New policy on shareholder returns *See page 4

- Total payout ratio of 40% or higher
- Minimum limit for annual dividends per share of ¥120

Actual results in fiscal year 2025 — **Operating income, ordinary income and net income attributable to owners of the parent exceeded previous forecasts.**

- Net sales declined, owing to falling shipments of mass-market consumer-adjacent products such as packaging inks, pigments for coatings and pigments for plastics, against a backdrop of rising prices and concerns regarding the economic outlook.
- Operating income advanced, owing mainly to firm shipments of high-value-added products and ongoing price revisions that emphasized spreads. This result also reflected improved profitability in the Color & Display segment.
- Net income attributable to owners of the parent substantially exceeded both the fiscal year 2024 result and the previous (November 2025) forecast, bolstered by an extraordinary gain of ¥6.9 billion from the sale of works of art.

Targets for fiscal year 2026 — **Net sales and operating income are expected to increase. The ordinary dividend will likely be increased to ¥140 per share, from ¥120 per share.**

- Efforts to capitalize on a recovery in demand overseas, together with expanded sales of high-value-added products, are expected to yield increases in net sales and operating income. Ongoing structural reforms in the Color & Display segment are anticipated to further restore profitability.
- In line with the new policy on shareholder returns, which calls for a total payout ratio of 40% or higher, ordinary dividends will be increased by ¥20, to ¥140 per share.

2

Please turn to the next page. This page summarizes our overall financial results in FY2025 and our outlook for FY2026. With regard to our actual results in FY2025, we unfortunately suffered from reduced revenues compared to the previous year, as our net sales stood at JPY1,052.2 billion due to a slight decline in the volume of shipments of mass-market consumer-adjacent products such as packaging inks, pigments for coatings, and pigments for plastics.

Operating income, on the other hand, was JPY52.2 billion, up JPY7.7 billion YoY. Despite the reduction in sales, the operating income still went up thanks to improved profitability resulting from the solid shipments of high-value-added products and the thorough efforts to maintain selling prices with emphasis on spreads even under various circumstances.

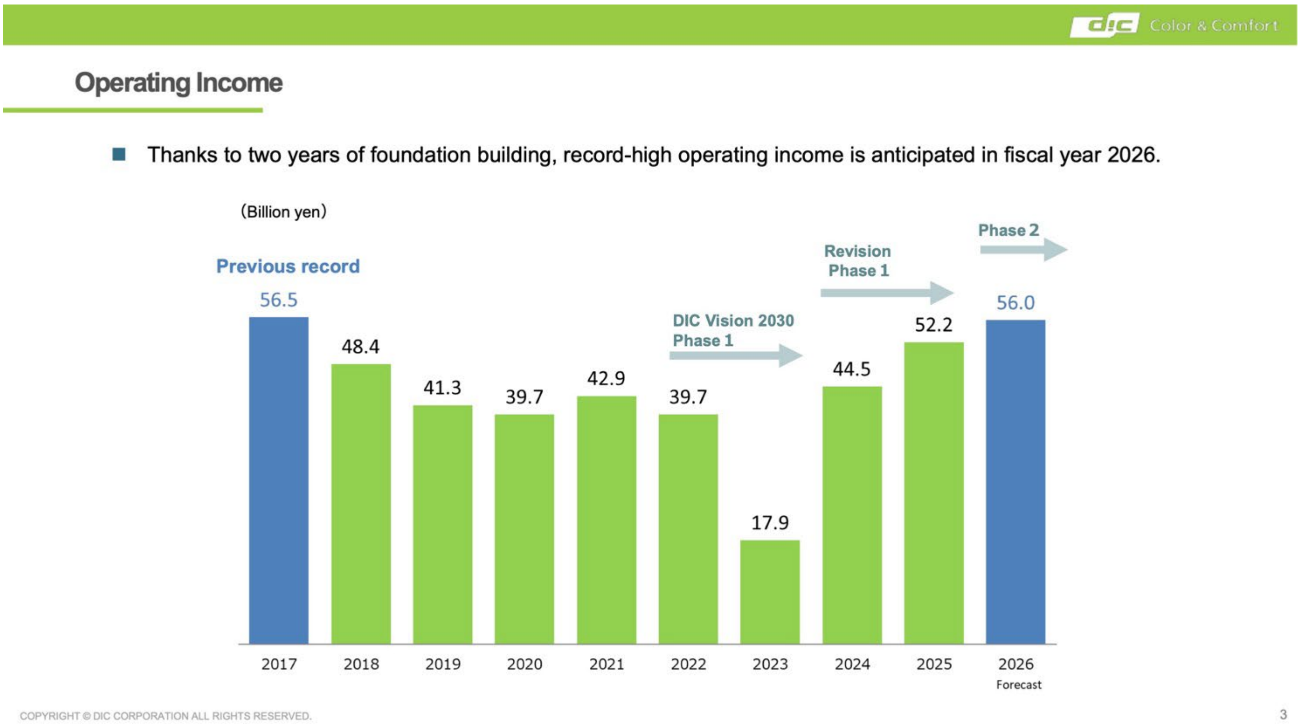
In particular, the improvement in profitability of the Color and Display segment, which is our pigment business, contributed significantly to the increase in profit. Based on these results, net income attributable to owners of the parent was JPY32.4 billion, representing an increase of JPY8.4 billion from the previous forecast and a surge of JPY11 billion from the previous fiscal year. As we have separately disclosed in a timely manner, a variance arose between the previous forecast and the actual results due to the recording of an extraordinary income of JPY6.9 billion from the sale of art works, which had not been incorporated in the previous forecast.

Given these results, the annual dividend will be JPY200 per share, consisting of ordinary dividend amounting to JPY120 per share, and special dividend of JPY80 per share.

As for our outlook for FY2026, although we continue to face extreme challenges under our business environment, we are beginning to see signs of recovery in demand overseas. In addition, sales of high-value-added products have been very strong, so by expanding the sales of such products, we expect to be able to increase sales this fiscal year.

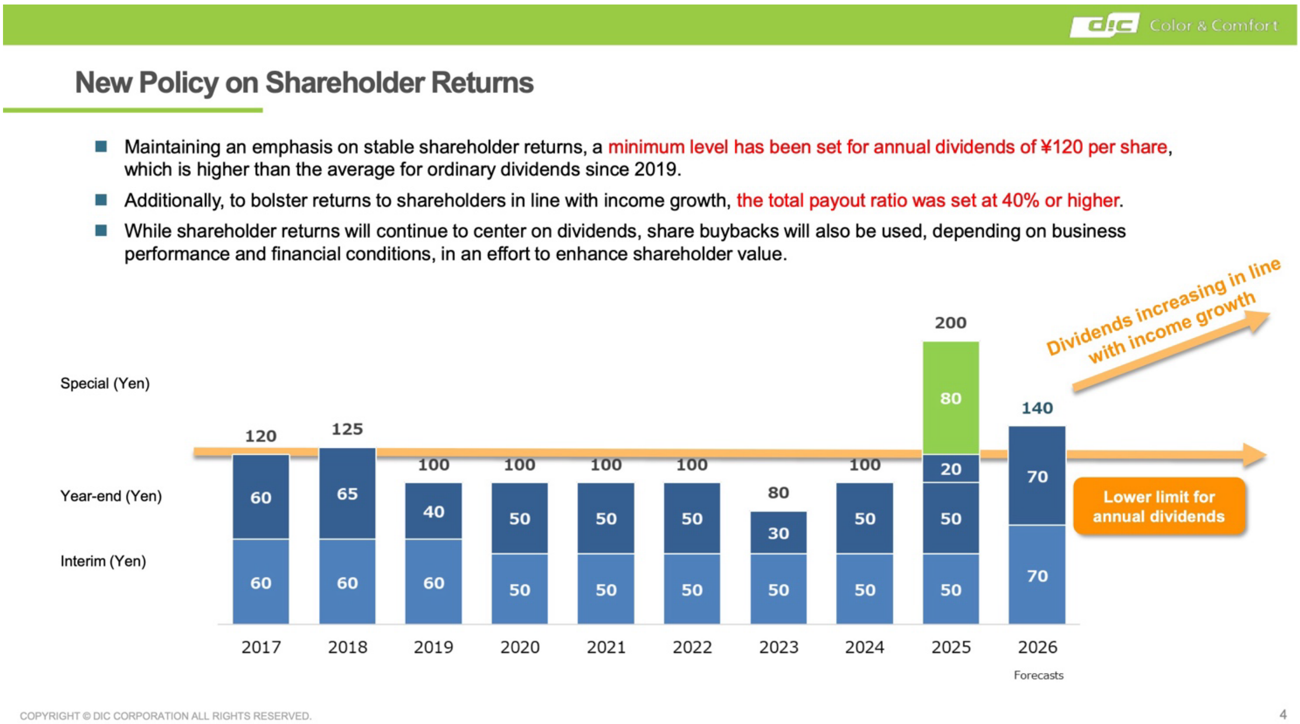
Furthermore, operating income is expected to increase by JPY3.8 billion from the previous year to JPY56 billion through such measures as further boosting profitability, especially in the pigment business, which is now in the final stage of structural reforms.

We are projecting a net income of JPY33 billion. As for the annual dividend, as will explain in detail later, we have established a new shareholder return policy and have decided to pay an annual ordinary dividend of JPY140 per share.



Please turn to the next page. As I mentioned, we expect to continue to see increased sales and profits in FY2026. Since I took office in 2024, one of the management goals I set is to build the foundation in 2024 and 2025, and target record-high profits in FY2026. In light of the favorable results from 2024 and 2025, we are finally on track to achieve our highest profit to date this fiscal year.

At the same time, we will kick off Phase 2 of DIC Vision 2030, our long-term management plan that starts in FY2026 and runs through 2030. I will explain the details later.



Please turn to the next page. With regard to our new shareholder return policy, the chart at the bottom shows our dividend history. In addition to the ordinary dividend of JPY120 for FY2025, we will pay a special dividend of JPY80. At the same time, from FY2026 onward, we have set the total payout ratio at 40% or higher and the minimum dividend at JPY120. As you can see from our past history, our dividend has been at JPY100 for the past several years. We have set a certain percentage of the total payout ratio as our return policy from the viewpoint of increasing dividends in line with profit growth, while setting the minimum level at a level that is higher than the average.

On top of that, we will also take various measures such as share buybacks, depending on our business performance and financial conditions, in order to further boost shareholder returns.

That is all for the summary. Mr. Asai will provide more details on our financial results.

DIC Color & Comfort

Consolidated statement of income

(Billion yen)

	2024	2025	Change	% Change	% Change on a local currency basis
Net sales	**1,071.1**	**1,052.2**	**-18.9**	-1.8%	-1.7%
Cost of sales	(848.9)	(824.2)	24.7		
Selling, general and administrative expenses	(177.7)	(175.8)	1.9		
Operating income	**44.5**	**52.2**	**7.7**	+ 17.2%	+ 17.8%
Operating margin	**4.2%**	**5.0%**	-		
Interest expenses	(5.0)	(3.5)	1.5		
Equity in earnings (losses) of affiliates	3.3	3.9	0.6		
Foreign exchange gains (losses)	(2.9)	(5.1)	-2.3		
Other, net	(2.0)	(3.2)	-1.1		
Ordinary income	**37.9**	**44.2**	**6.3**	+ 16.7%	
Extraordinary income	12.4	14.7	2.3		
Extraordinary losses	(12.6)	(7.3)	5.3		
Income before income taxes	37.7	51.6	14.0		
Income taxes	(15.4)	(18.4)	-3.0		
Net income	22.2	33.2	11.0		
Net income attributable to non-controlling interests	(0.9)	(0.9)	0.1		
Net income attributable to owners of the parent	**21.3**	**32.4**	**11.0**	+ 51.8%	
EBITDA *	**95.7**	**109.3**	**13.6**	+ 14.2%	

Extraordinary income and losses	2024	2025
Extraordinary income		
Gain on sale of works of art	-	6.9
Gain on sales of shares and investments in capital of subsidiaries and affiliates	1.3	4.8
Gain on sales of non-current assets	7.0	1.2
Insurance claim income	-	1.2
Gain on sales of investment securities	4.1	0.6
Extraordinary losses		
Loss on disposal of non-current assets	(3.2)	(2.1)
Severance costs	(3.9)	(2.0)
Impairment losses	(0.2)	(1.3)
Provision for environmental measures	-	(1.1)
Loss on sales of shares and investments in capital of subsidiaries and affiliates	(4.5)	(0.5)
Loss on liquidation of subsidiaries and associates	-	(0.3)
Loss on withdrawal from business	(0.5)	-
Provision for product warranties	(0.3)	-

■Average rate

	2024	2025
Yen/US$	151.04	150.08
Yen/EUR	163.34	169.58

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

5

Asai: Good morning, everyone. My name is Asai and I am the head of the finance and accounting unit. Now, following President Ikeda's presentation, I will give a detailed explanation of our financial results in FY2025 and our outlook for FY2026 in accordance with the materials on the screen.

What you are looking at now is our consolidated statement of income for FY2025. On the left side, we have net sales and operating income, which were mentioned by President Ikeda in the highlights. Going to the main topics under the operating income line, we have the non-operating interest expenses, which dropped by about JPY1.5 billion compared to FY2024, resulting in a positive change. Interest expenses improved owing to efforts to reduce interest-bearing debts and lower interest rates overseas.

Meanwhile, foreign exchange gains/losses increased by about JPY2.3 billion from negative JPY2.9 billion in FY2024 to negative JPY5.1 billion. As we have mentioned in the past, most of the increase or decrease is due to the impact of hyperinflation accounting in the emerging countries, and the impact of accounting systems.

Ordinary income was JPY44.2 billion, an increase of 16.7% over the previous year, and below that line, extraordinary income and extraordinary losses are broken down on the right. As you can see here, the first item under extraordinary income is the sale of works of art. Of the proceeds from the sale at the auction held by Christie's in November last year, the portion that was paid to us by the end of 2025 was recorded as income. The income was JPY6.9 billion, but cash in from this amounted to JPY8 billion.

Next, gain on sales of shares and investments in capital of subsidiaries and affiliates stood at JPY4.8 billion, but it was mainly due to the sale of surplus assets of our companies overseas, especially those in China, as well as the sale of factory assets after the closure of factories.

Meanwhile, extraordinary losses included losses from the disposal of non-current assets and severance costs related to restructuring, as well as impairment loss amounting to JPY1.3 billion, which is attributable to the impairment of some non-current assets at our US subsidiary.

Please turn to the next page.

Financial health

(Billion yen)	Dec 31 2024	Dec 31 2025	Change
Net interest-bearing debt	422.5	**389.4**	-33.1
Shareholders' equity	401.4	**470.9**	69.5
Net D/E ratio*1 (Times)	1.05	**0.83**	
Equity ratio	32.7%	**37.0%**	
BPS (Yen)	4,239.67	**4,973.39**	
ROIC*2	3.8%	**4.4%**	
ROE	5.6%	**7.4%**	

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

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

Robust earnings and the sale of assets generated free cash flow of ¥52.4 billion, which contributed to a significant reduction in interest-bearing debt.

The depreciation of the yen against currencies other than the dollar pushed up foreign currency translation adjustment by ¥29.6 billion.

■Closing rate

	Dec 31 2024	Dec 31 2025
Yen/US$	156.24	**156.60**
Yen/EUR	161.74	**183.76**
Yen/CNY	21.41	**22.41**

 6

The page shows the impact on our financial health. First of all, in terms of interest-bearing debt, as you can see on the top row, net interest-bearing debt declined by JPY33.1 billion compared to the previous year. In addition to our strong business performance, we were able to generate sufficient free cash flow through the sale of works of art and other assets, and that was used to reduce our interest-bearing debt.

Meanwhile, shareholders' equity rose by JPY69.5 billion compared to FY2024. One of the factors behind that increase was, of course, the higher net income in FY2025. That was not the only factor, though, because as indicated in the comment on the side, shareholders' equity also went up owing to the JPY29.6 billion jump in the foreign currency adjustment item on the balance sheet, or the so-called foreign currency translation adjustment caused by the weakening of the yen, as the yen depreciated against currencies other than the US dollar.

For your reference, if you look at the closing rates at the end of FY2024 and FY2025 at the bottom, the US dollar and yen rates remained virtually unchanged, as you can see. However, if we look at the euro-yen rates, the yen has weakened considerably, from JPY161 to JPY183. The yen also weakened against the yuan. Furthermore, the yen generally weakened against major currencies not listed here, and this was a positive factor in the foreign currency translation adjustment I just mentioned.

As a result, the net D/E ratio improved significantly from 1.05 times to 0.83 times in FY2024, and the equity ratio increased to 37%.

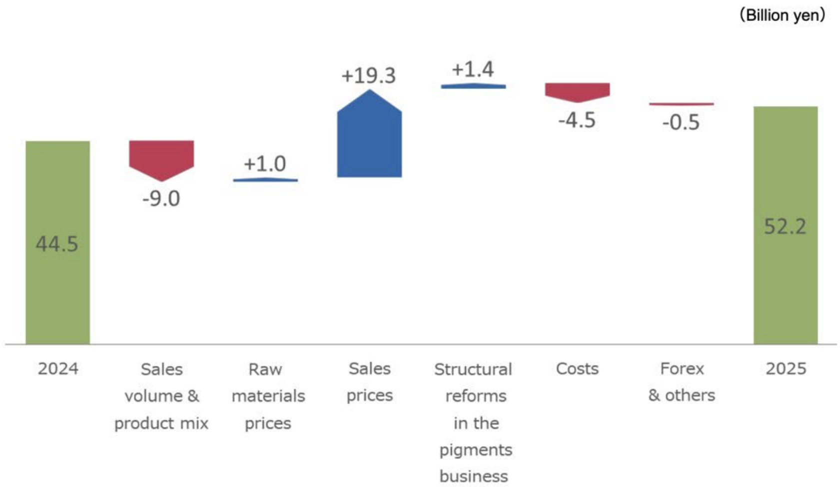
On the other hand, there is the ROIC. It went from 3.8% in 2024 to 4.4%, while ROE improved from 5.6% in 2024 to 7.4%, both manifesting improvement.

Next, please.

Color & Comfort

Operating income variance

- Profitability improved thanks to exhaustive price-control efforts that emphasized spreads.



7

Next, we have here a bridge chart of operating income for FY2025. The factors are already clear, but as you can see from the leftmost, it started at JPY44.5 billion in FY2024 and unfortunately recorded an almost negative JPY9 billion due to sales volume and product mix. As President Ikeda mentioned earlier in the highlights, the main reason for this is the negative figure for the sales volume and product mix primarily caused by the sluggish growth in shipments of mass-market products such as packaging inks, pigments for coatings, and pigments for plastics.

In addition, costs, shown close to the right side, went up by around JPY4.5 billion, owing to the considerable rise in personnel costs brought about by inflation, not only in Japan, but also mainly in Europe and the US. Furthermore, in the year before last, we updated our core system, SAP, starting FY2024 and that led to IT-related amortization costs, which also rose in FY2025 compared to FY2024.

These negative factors were offset by the items shown in the middle, comprising raw material prices and sales prices, or the so-called price gap, which produced a positive result of more than JPY20 billion. This is because the impact of the Trump tariffs has gone into both raw material prices and sales prices. The impact of the Trump tariffs is almost completely offset by the negative impact on raw material prices and the positive impact on the increase in sales prices.

Please turn to the next page.

Segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025
Packaging & Graphic	560.1	549.7	-10.4	-1.9%	-1.3%	31.6	31.1	-0.6	-1.7%	+ 1.6%	5.6%	5.7%
Japan	129.0	125.5	-3.6	-2.8%	-2.8%	6.1	5.8	-0.3	-4.3%	-4.3%	4.7%	4.6%
The Americas and Europe	357.3	353.0	-4.4	-1.2%	-0.5%	19.3	18.6	-0.7	-3.5%	+ 1.8%	5.4%	5.3%
Asia and Oceania	90.3	85.0	-5.3	-5.9%	-3.8%	6.5	6.5	-0.1	-0.8%	-0.2%	7.2%	7.6%
Eliminations	(16.6)	(13.8)	2.8	-	-	(0.3)	0.2	0.4	-	-	-	-
Color & Display	257.0	247.5	-9.5	-3.7%	-4.4%	(0.3)	5.0	5.3	Into the black	Into the black	-	2.0%
Japan	35.2	34.4	-0.8	-2.3%	-2.3%	5.6	4.9	-0.7	-13.0%	-13.0%	16.0%	14.3%
Overseas	236.3	230.3	-6.0	-2.5%	-3.3%	(5.8)	0.1	5.8	Into the black	Into the black	-	0.0%
Eliminations	(14.6)	(17.3)	-2.7	-	-	(0.1)	(0.0)	0.1	-	-	-	-
Functional Products	296.0	290.9	-5.1	-1.7%	-2.1%	21.4	23.1	1.7	+ 7.9%	+ 6.9%	7.2%	7.9%
Japan	181.7	179.7	-1.9	-1.1%	-1.1%	10.1	10.8	0.7	+ 6.9%	+ 6.9%	5.5%	6.0%
Overseas	147.5	143.1	-4.4	-3.0%	-3.7%	11.4	12.3	0.9	+ 8.1%	+ 6.1%	7.7%	8.6%
Eliminations	(33.2)	(32.0)	1.2	-	-	(0.0)	0.0	0.1	-	-	-	-
Others, Corporate and eliminations	(41.9)	(35.8)	6.1	-	-	(8.2)	(7.0)	1.3	-	-	-	-
Total	1,071.1	1,052.2	-18.9	-1.8%	-1.7%	44.5	52.2	7.7	+ 17.2%	+ 17.8%	4.2%	5.0%
Yen/US$	151.04	150.08		-0.6%		151.04	150.08		-0.6%			
Yen/EUR	163.34	169.58		+ 3.8%		163.34	169.58		+ 3.8%			

Next, we have the results by segment. On the left side are the net sales figures, and all segments suffered from a decline compared to the previous year. Meanwhile, looking at the operating income on the right side, in the Color and Display segment, or the pigment business, it significantly improved and reverted to the black, as it went from an operating deficit of negative JPY300 million in FY2024 to positive JPY5 billion in FY2025.

This is particularly the case overseas. The overseas business in this segment recorded a substantial deficit in FY2024 but returned to the black in FY2025. This also became one of the major factors behind the increased income of the Group as a whole.

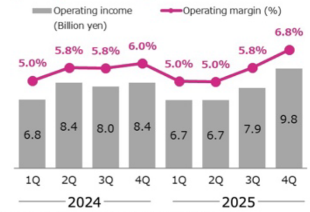
Please turn to the next page.

Packaging & Graphic

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.

(Billion yen)	Net sales					Operating income					Operating margin	
	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025
Packaging & Graphic	560.1	549.7	-10.4	-1.9%	-1.3%	31.6	31.1	-0.6	-1.7%	+ 1.6%	5.6%	5.7%
Japan	129.0	125.5	-3.6	-2.8%	-2.8%	6.1	5.8	-0.3	-4.3%	-4.3%	4.7%	4.6%
The Americas and Europe	357.3	353.0	-4.4	-1.2%	-0.5%	19.3	18.6	-0.7	-3.5%	+ 1.8%	5.4%	5.3%
Asia and Oceania	90.3	85.0	-5.3	-5.9%	-3.8%	6.5	6.5	-0.1	-0.8%	-0.2%	7.2%	7.6%
Eliminations	(16.6)	(13.8)	2.8	-	-	(0.3)	0.2	0.4	-	-	-	-

Operating income/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

9

Next, I would like to talk about each product group. First, the Packaging and Graphic segment. To reiterate, net sales suffered from a decline owing to the reduction in the shipments of packaging inks. When it comes to operating income, though, despite the JPY600 million drop in absolute value, the operating margin on the right side still improved to 5.7% in FY2025 from 5.6% in FY2024.

This is because of the price gap, as our policy is to maintain product prices and reducing volumes as much as possible, but maintaining margins, and by following this policy, we are raising profit margins.

Please turn to the next page.

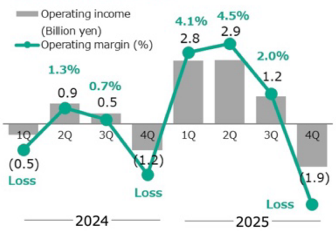
Color & Display

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 a significant share of segment sales—in the second half. Withdrawal from the liquid crystal (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.

(Billion yen)	Net sales					Operating income					Operating margin	
	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025
Color & Display	257.0	247.5	-9.5	-3.7%	-4.4%	(0.3)	5.0	5.3	Into the black	Into the black	-	2.0%
Japan	35.2	34.4	-0.8	-2.3%	-2.3%	5.6	4.9	-0.7	-13.0%	-13.0%	16.0%	14.3%
Overseas	236.3	230.3	-6.0	-2.5%	-3.3%	(5.8)	0.1	5.8	Into the black	Into the black	-	0.0%
Eliminations	(14.6)	(17.3)	-2.7	-	-	(0.1)	(0.0)	0.1	-	-	-	-

Operating income/margin



Sales of principal products

		% Change*	
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.
	printing 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

10

The next page shows the Color and Display segment, or pigments. As you can see in the overseas section, net sales went down, but income enjoyed a huge increase to return to the black thanks to the effects of the steady implementation of structural reforms and other measures.

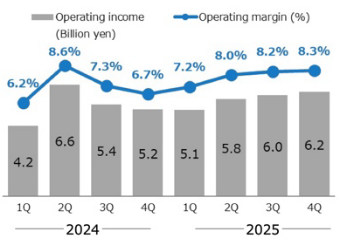
Functional Products

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.
- The decline in segment sales also reflected the April 2025 divestiture of DIC Décor (manufacture and sale of architectural interior materials), which had an estimated impact of ¥4.4 billion.

Operating income
- Segment operating income was up, with contributing factors including an improved product mix and successful efforts to maintain sales prices that emphasized spreads.

(Billion yen)	Net sales					Operating income					Operating margin	
	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025	Change	% Change	% Change on a local currency basis	2024	2025
Functional Products	296.0	290.9	-5.1	-1.7%	-2.1%	21.4	23.1	1.7	+ 7.9%	+ 6.9%	7.2%	7.9%
Japan	181.7	179.7	-1.9	-1.1%	-1.1%	10.1	10.8	0.7	+ 6.9%	+ 6.9%	5.5%	6.0%
Overseas	147.5	143.1	-4.4	-3.0%	-3.7%	11.4	12.3	0.9	+ 8.1%	+ 6.1%	7.7%	8.6%
Eliminations	(33.2)	(32.0)	1.2	-	-	(0.0)	0.0	0.1	-	-	-	-

Operating income/margin



Sales of principal products

	% Change
Epoxy resins	+ 3%
Industrial-use adhesive tapes	+ 10%
UV-curable resins	+ 6%

	% Change
polyphenylene sulfide (PPS) compounds	-0%
Acrylic resins	+ 3%
Polyurethane resins	-1%
Waterborne resins	-2%
Polyester resins	-3%
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.

11

On the next page, we have the Functional Products. Net sales fell, but one of the special factors behind this is the JPY1.9 billion decline in net sales of the Functional Products in Japan. In April last year, we sold DIC Decor,Inc, our company's business in Japan involving architectural interior materials, and that generated approximately JPY4.4 billion in reduced sales compared to FY2024. So, if this factor is excluded, then sales for the entire group would almost be on par with the previous year.

On the other hand, operating income increased both in Japan and overseas. As shown in the middle of the chart illustrating the sales trend of main products at the bottom, our so-called digital-related products are epoxy resins, industrial-use adhesive tapes, and UV-curable resins. These high-value-added products have grown in terms of sales and have contributed to our profits.

DIC Color & Comfort

Functional Products (Supplementary materials)

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

Net sales

- Shipments of epoxy resins— notably high-value-added products used in generative AI servers, computers and smartphones—were strong.
- In the area of industrial-use adhesive tapes, steady efforts to lock in demand for use in smartphones and other mobile devices led to the broader adoption of DIC Group products.

Operating income

- Operating income advanced, as sales increases offset higher technology costs aimed at accelerating product development and commercialization.

(Billion yen)	Net sales				Operating income				Operating margin	
	2024	2025	Change	% Change	2024	2025	Change	% Change	2024	2025
Chemitronics Business Division	61.0	65.3	4.3	+ 7.0%	7.6	7.8	0.2	+ 3.2%	12.4%	12.0%

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

12

Next, please. This shows the net sales and operating income of the Chemitronics business, which is now included in the Functional Products segment. Although both sales and income increased, unfortunately, the operating margin did not reach the level we are aiming for. With this, from FY2026 onward, we will take measures to raise the profit margin.

Segment ROIC in fiscal year 2025

Segment		2024	2025	Measures to Address Widening Difference between ROIC and WACC
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%	

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.

13

The next page, or page 13, shows the ROIC by business segment, which has been disclosed since last year, FY2024. Years 2024 and 2025 are listed together. For the Packaging and Graphic, it is down slightly from FY2024, but for the Color and Display, or pigments, it has turned positive, and for the Functional Products, it has gone up from 7% to 7.9%. Overall, ROIC has risen from 3.8% in FY2024 to 4.4% in FY2025, and since our company's WACC went from 4% to 5%, then the ROIC is almost the same as the WACC.

Therefore, in order to increase the ROIC spread in the future, we are planning to raise this ROIC figure by implementing the measures shown on the right side from FY2026 onward.

Next, please.

Color & Comfort

FY2026 forecasts: Full-term operating results

- Forecasts reflect the impact of extraordinary income from the sale of works of art.

(Billion yen)

		2025	2026 Forecasts	% Change
Net sales		1,052.2	**1,100.0**	+ 4.5%
Operating income		52.2	**56.0**	+ 7.3%
Operating margin		5.0%	**5.1%**	–
Ordinary income		44.2	**48.0**	+ 8.5%
Net income attributable to owners of the parent		32.4	**33.0**	+ 2.0%
EPS (Yen)		341.71	**348.54**	–
EBITDA*1		109.3	**111.0**	+ 1.6%
Capital expenditure and investment		42.6	**53.4**	+ 25.4%
Depreciation and amortization		55.0	**54.7**	-0.5%
Average rate	Yen/US$	150.08	**150.00**	-0.1%
	Yen/EUR	169.58	**168.00**	-0.9%

	2025	2026 Forecasts
ROIC*2	4.4%	**4.7%**
ROE	7.4%	**7.1%** !
Net D/E ratio*3 (times)	0.83	**0.80**
Annual dividends per share (Yen)	200.00	**140.00**
Payout ratio	58.5%	**40.2%**

*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

! With a higher foreign currency translation adjustment boosting shareholders' equity, ROE is expected to edge down despite a projected increase in net income attributable to owners of the parent. In line with the target for ROE of 10% or higher by fiscal year 2030, efforts will continue to emphasize improving capital profitability with the goal of bolstering this key indicator as swiftly as possible.

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

14

On the next page, page 14, we have our forecast for the current fiscal year, FY2026. As noted at the beginning, the sale of works of art is factored into the extraordinary income figures in this FY2026 forecast. Please understand that such sales that have already been clearly identified at this point are incorporated in this income and expenditure forecast.

Net sales will be JPY1,100 billion and operating income will be JPY56 billion, with both sales and income going up. Ordinary income will be JPY48 billion and net income attributable to owners of the parent will be JPY33 billion. EBITDA will be JPY111 billion, and as you can see, the exchange rate assumptions are JPY150 to the US dollar and JPY168 to the euro, reflecting a yen that is slightly higher at this point.

As for the main KPIs on the right, ROIC will rise to 4.7% from FY2025, but, unfortunately, ROE will slightly decline from 7.4% in 2025 to 7.1% in 2026. We have written a note about this below, but as mentioned in the explanation of FY2025, the increase in the foreign currency translation adjustment caused the equity, which is the denominator of ROE that is derived as the average of the beginning and the end of the fiscal year, to inevitably go up in 2026 compared to 2025. So, although net income attributable to owners of the parent will essentially be unchanged between 2025 and 2026, ROE will decline slightly.

As for the net D/E ratio, we will continue to work to reduce interest-bearing debt to 0.8x. We will bring down the ratio to this level. With regard to annual dividend, as President Ikeda mentioned, we plan to pay JPY140 per share, with a total payout ratio of 40.2%.

Color & Comfort

FY2026 forecasts: First half operating results

(Billion yen)	2025 1st Half	2026 1st Half	% Change
Net sales	523.2	560.0	+7.0%
Operating income	27.0	29.0	+7.5%
Ordinary income	20.3	25.5	+25.6%
Net income attributable to owners of the parent	13.1	17.0	+29.9%
Interim dividends per share (Yen)	50.00	70.00	

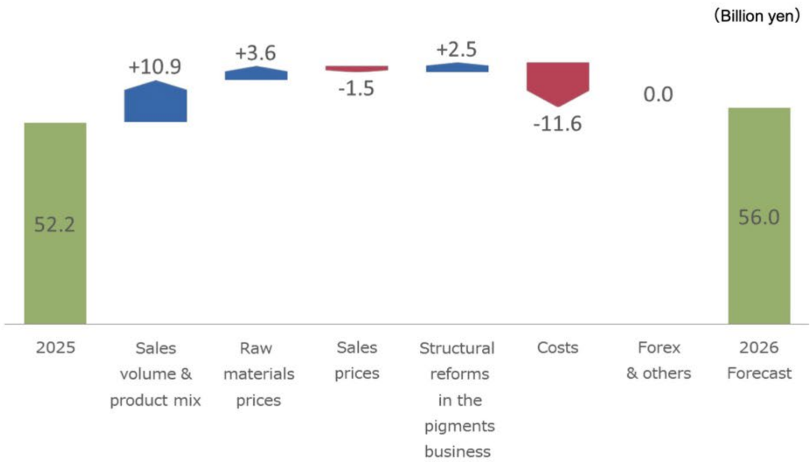
15

The next page, page 15, shows our forecast for H1. As you can see, net sales, operating income, ordinary income, and interim net income attributable to owners of the parent will all post increases YoY. We plan to pay an interim dividend of JPY70 per share.

Color & Comfort

Operating income variance

- Efforts to capitalize on a recovery in demand overseas, together with expanded sales of high-value-added products, are expected to yield increases in net sales and operating income.



16

Please turn to page 16. We have here a bridge chart of the factors behind the increase or decrease in operating income for FY2026. The key point is the sales volume and product mix. The question here is how we can achieve JPY10.9 billion. As said earlier, in FY2025, the operating income declined due to lack of sales volume, but in FY2026, we plan to pretty much make up for that.

On the other hand, we have the costs. This is a significant decrease of JPY11.6 billion. As in FY2025, some increase in costs due to inflation in personnel costs and other factors is inevitable, but we have included various decline factors, including inventory-related valuations, in the costs. Therefore, while it is uncertain to what extent the negative factors will be ultimately realized at the end of the fiscal year, we have come up with the JPY56 billion figure after incorporating these negative factors.

Color & Comfort

FY2026 forecasts: Full-term segment results

(Billion yen)	Net sales				Operating income				Operating margin	
	2025	2026 Forecast	Change	% Change	2025	2026 Forecast	Change	% Change	2025	2026 Forecast
Packaging & Graphic	549.7	577.0	27.3	+ 5.0%	31.1	30.0	-1.1	-3.5%	5.7%	5.2%
Japan	125.5	128.0	2.5	+ 2.0%	5.8	6.0	0.2	+ 3.3%	4.6%	4.7%
The Americas and Europe	353.0	373.0	20.0	+ 5.7%	18.6	17.5	-1.1	-6.1%	5.3%	4.7%
Asia and Oceania	85.0	88.0	3.0	+ 3.6%	6.5	6.5	0.0	+ 0.4%	7.6%	7.4%
Eliminations	(13.8)	(12.0)	1.8	-	0.2	0.0	-0.2	-	-	-
Color & Display	247.5	255.0	7.5	+ 3.0%	5.0	8.5	3.5	+ 70.3%	2.0%	3.3%
Japan	34.4	36.0	1.6	+ 4.7%	4.9	6.1	1.2	+ 24.5%	14.3%	16.9%
Overseas	230.3	236.0	5.7	+ 2.5%	0.1	2.4	2.3	26.4 times	0.0%	1.0%
Eliminations	(17.3)	(17.0)	0.3	-	(0.0)	0.0	0.0	-	-	-
Functional Products	290.9	298.0	7.1	+ 2.5%	23.1	24.5	1.4	+ 6.0%	7.9%	8.2%
Japan	179.7	181.0	1.3	+ 0.7%	10.8	11.4	0.6	+ 5.8%	6.0%	6.3%
Overseas	143.1	147.0	3.9	+ 2.7%	12.3	13.1	0.8	+ 6.6%	8.6%	8.9%
Eliminations	(32.0)	(30.0)	2.0	-	0.0	0.0	-0.0	-	-	-
Others, Corporate and eliminations	(35.8)	(30.0)	5.8	-	(7.0)	(7.0)	-0.0	-	-	-
Total	1,052.2	1,100.0	47.8	+ 4.5%	52.2	56.0	3.8	+ 7.3%	5.0%	5.1%
Yen/US$	150.08	150.00		-0.1%	150.08	150.00		-0.1%		
Yen/EUR	169.58	168.00		-0.9%	169.58	168.00		-0.9%		

17

Please turn to the next page, page 17. This shows the condition per segment.

Functional Products (Supplementary materials)

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

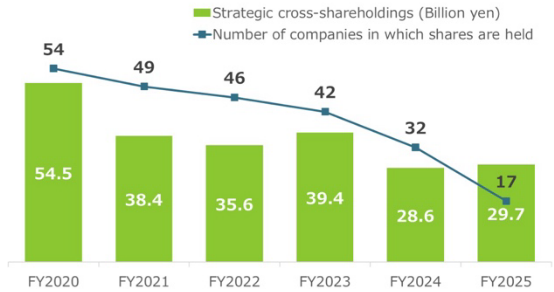
(Billion yen)	Net sales				Operating income				Operating margin	
	2025	2026 Forecast	Change	% Change	2025	2026 Forecast	Change	% Change	2025	2026 Forecast
Chemitronics Business Division	65.3	68.0	2.7	+ 4.2%	7.8	9.3	1.5	+ 19.1%	12.0%	13.7%

Please turn to page 18. This shows the results of Chemitronics in the Functional Products segment. As I mentioned earlier, the operating margin declined slightly in FY2025, so in FY2026, we will work to improve that.

With regard to our forecast for FY2026, as you can see on the rightmost side, we have set the operating margin to 13.7%. In any case, we will promote improvements with this figure as the minimum level.

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.**
- With reductions progressing steadily, the target is expected to be achieved **by the end of fiscal year 2026**.



Ratio to net assets	16%	10%	8%	10%	7%	6%

✓ In fiscal year 2025. the number of companies in which shares are cross-held was **reduced by 15**. The increase in the balance of cross-held shares was due to higher share prices.

✓ Breakdown of cross-shareholdings as of the end of 2025:

- Directly held shares: ¥4.9 billion (6 stocks)
- Deemed held shares: ¥24.8 billion (11 stocks)

*Cross-shareholdings include deemed shareholdings.

*Unlisted shares are not included.

As supplement, I would like to ask you to take a look at page 20. This page is about our cross-shareholdings, and our company is committed to all external stakeholders. We have said that we will reduce the ratio of cross-shareholdings to net assets to 4% or less by the end of this fiscal year, FY2026.

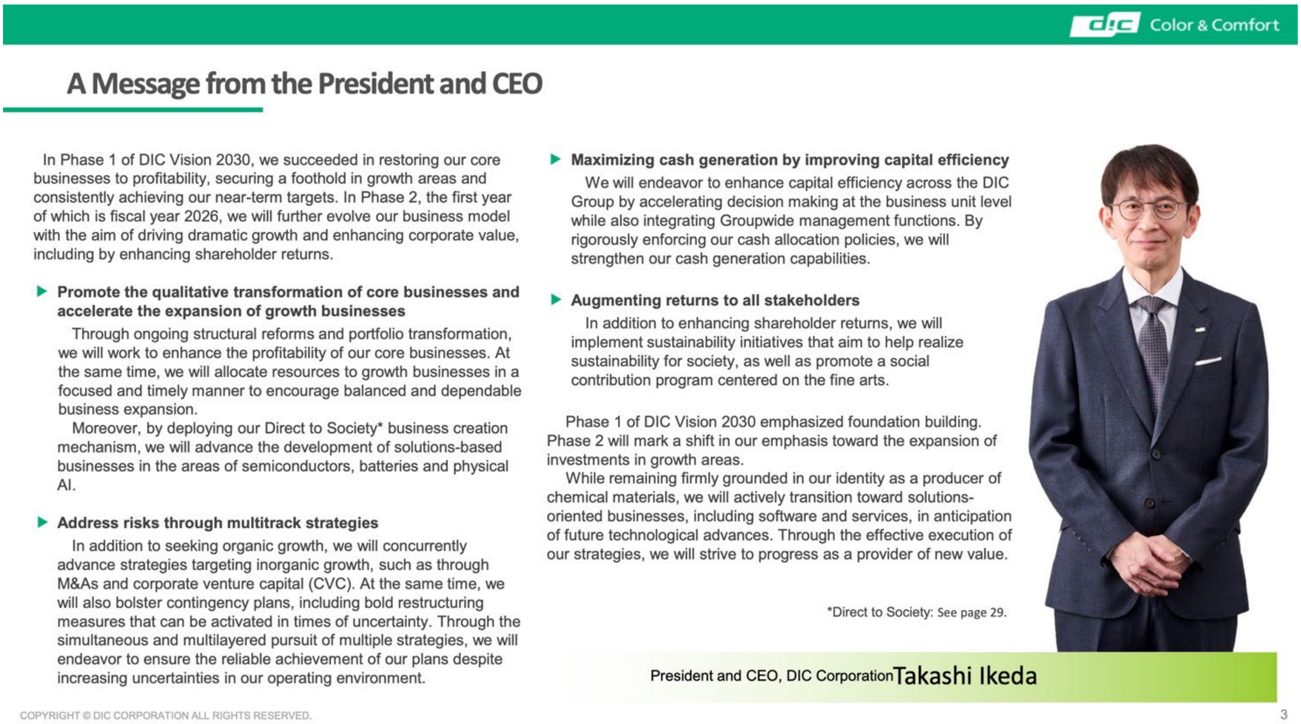
As shown in the graph at the bottom, the number of companies in which we hold shares went down to 17 at the end of FY2025. Market capitalization increased from the previous year to JPY29.7 billion due to generally favorable stock prices, but the ratio to net assets stood at 6% at the end of FY2025. By selling our cross-shareholdings within FY2026, we intend to reduce the number of companies in which shares are cross-held to eight. If that happens, we will be able to bring down the ratio to well below 4% as we have promised.

That concludes my presentation.

Miyake: Next, President Ikeda will explain Phase 2 of the long-term management plan.

President Ikeda, please go ahead.

Ikeda: Now, I would like to explain the DIC Vision 2030 long-term management plan, which was launched in 2022 and is our long-term plan through 2030, and the plan for the five years spanning 2026 to 2030.



On page three, we have the message from the president. Let me first explain the overall concept. I have four points I would like to raise. As I mentioned, Phase 1 is from 2022 to 2025, and during this period, we reviewed our business structure, especially our foundation, and firmly established our earning power. Based on that, we aim to achieve growth in the latter half of the plan, which would be Phase 2.

In the case of our company, we have two major business pillars. One would be our core businesses. These are essential businesses that are extremely global in scope, have had a decent position in the industry for a long time, and can generate some steady cash flow.

The second is what we call growth businesses, which are based on the core businesses but have a variety of products and technologies that are geared toward growth areas. Our fundamental strategy is to grow through a good combination of these two pillars.

In that sense, our approach is to firmly establish a foothold in the core businesses in Phase 1 and then use that to make a big leap forward in our growth businesses in the second half of the plan.

The advantage of having both pillars is that, of course, we will be able to realize stable business operations. At the same time, though, by being able to invest the stable flow of cash that has been generated into growth businesses as and when needed, we will also be able to realize balanced capital management.

The second point is that this is a long-term plan that extends to 2030, so it is necessary to consider how to respond to various factors, especially external factors. As symbolized by the fact that the plan was reviewed in 2024 after it was first unveiled in 2022, we must respond flexibly to the external environment.

When it comes to how we aim to get to 2030 under these circumstances, we have two or several strategic options, and we will switch between them quickly depending on the situation. The other is responding to risks in the sense of responding flexibly and boldly to risks as they arise, although it is difficult to anticipate everything.

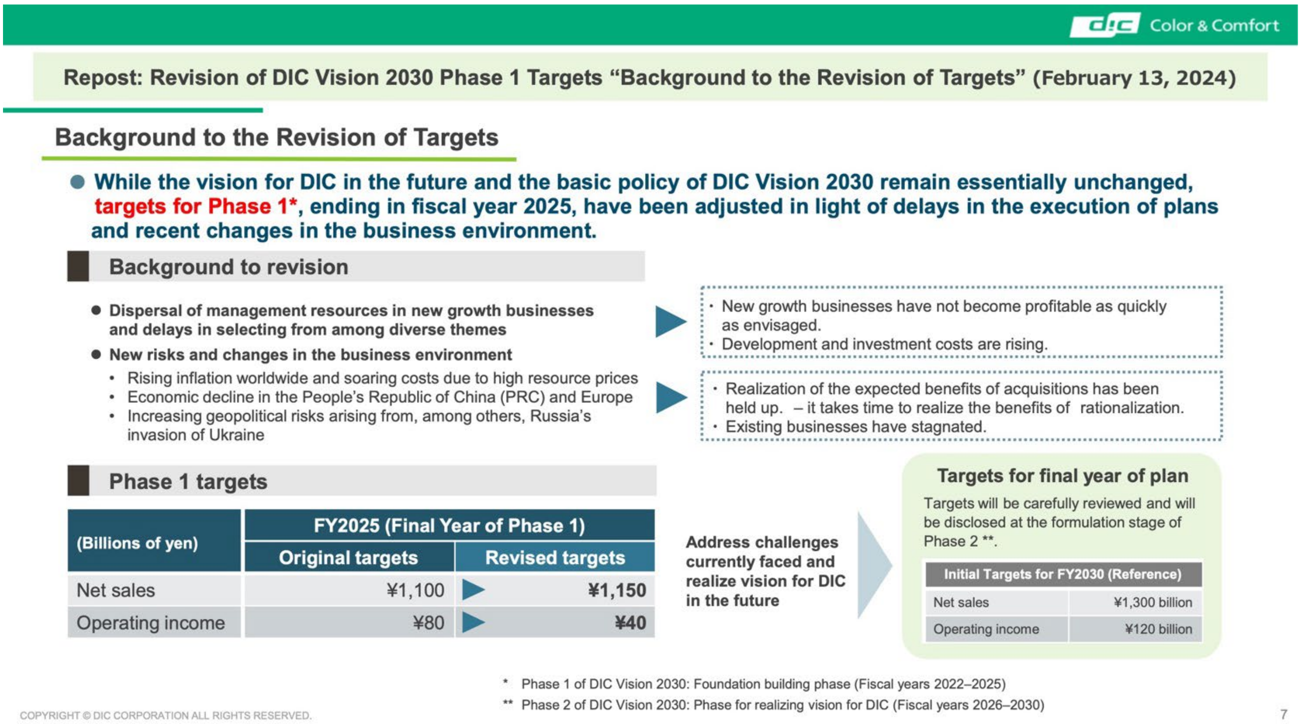
Under the Phase 2 plan for until 2030, in particular, we are considering several options for how we can add growth businesses to our core businesses, based on a solid qualitative transformation of our core businesses. We call them options, but what we are doing is diversifying our strategies. That is, we will put the organic growth of our current base businesses as the first priority. At the same time, we will pursue inorganic growth through various means such as M&A and venture capital to replace or further expand the existing base businesses.

However, rather than stacking those in a two-step tiered fashion, we will have them overlap, so that even if one plan does not work as planned, we can cover that with another inorganic strategy. When synergies are successfully generated, one plus one becomes two or more. We are taking an approach of combining and overlapping our businesses.

In addition, although we have not incorporated all of them into this plan, we have prepared restructuring measures that can be activated should the various strategies described become difficult to implement under various circumstances, as well as more drastic portfolio reshuffling measures, and cost reduction measures, among others. This way, we will be able to respond to sudden changes in circumstances and somehow achieve the target figures set forth here. That is the second point.

In addition to firmly committing to the KPIs toward 2030, we will improve capital efficiency, generate more cash, and aim to create a structure that allows us to return this cash to shareholders and other stakeholders appropriately and in abundance. At the heart of our plan is realizing this goal.

I will now provide an explanation based on the materials.



First, please turn to page seven. I won't spend too much time on this, but I would like to talk about a few things as a review of Phase 1.

As I mentioned, the Phase 1 plan was reviewed in February 2024, right at the time I became president. As you can see on the lower left section of the page, first, we reviewed the initial plan for last fiscal year, the last year under Phase 1. With regard to the background to this, as noted in the middle of the middle section of the page, during Phase 1, we explored a fairly broad range of themes as we aimed for a variety of growth possibilities. As a result, while we were able to see certain possibilities, the reality remains that it led to the dispersion of resources and the decentralization of management resources.

Another factor was the rapid changes in the external environment. In this regard, we were forced to change our plans given such reasons as the occurrence of major unexpected events such as the COVID-19 pandemic and the situation in Ukraine, as well as other unfortunate circumstances like the fact that it took a long time for the effects of the acquisitions made in Europe to take effect.

At that time, we indicated that we would announce the target figures for 2030 under Phase 2, so today, we are announcing our 2030 plan.

DIC Color & Comfort

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

- **Due to heightened concerns about the economic outlook caused by U.S. tariffs, demand fell short of initial expectations, as a consequence of which net sales were below the target.**
- **The revised target* for operating income was achieved, thanks to efforts to, among others, expand sales of high-value-added products, ensure appropriate pricing and reduce costs.**

FY2025 (final year of Phase 1) targets and actual results (Billions of yen/%)

	2025	
	Targets*	Actual
Net sales	1,150	1,052.2
Operating income	40	52.2
Net income attributable to owners of the parent	24	32.4
EBITDA	102	109.3
Return on invested capital (ROIC) (%)	4.2%	4.4%
Net debt-to-equity (D/E) ratio (Times)	1.0	0.8

Row: Upper: Net sales Lower: Operating income	2025	
	Targets*	Actual
Packaging & Graphic	574.8 29.4	5,49.7 31.1
Color & Display	273.1 6.1	247.5 5.0
Functional Products	302.7 21.0	290.9 23.1

Overview by segment

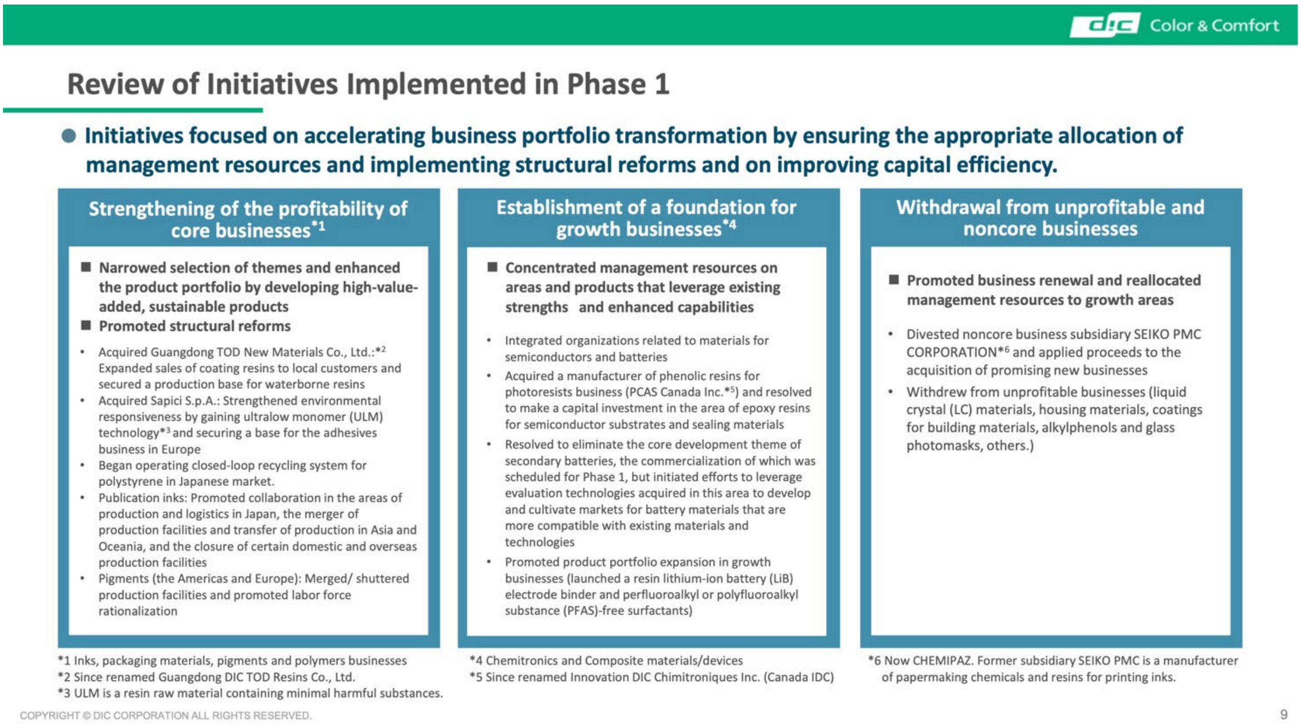
Packaging & Graphic	• Shipments of packaging materials were sluggish, particularly in the Americas and Europe, but efforts to maintain sales prices by ensuring stable supplies and services were successful. • Sales of specialty inks, which center on jet inks and security inks, were strong.
Color & Display	• Structural reforms in recently acquired businesses progressed steadily, despite slight delays, underpinning profitability in the pigments business in the Americas and Europe. • Sales volume flagged, owing to declining demand, notably in Europe, as a result of which segment operating income fell short of the target.
Functional Products	• Bolstered by robust shipments of high-value-added products used in electronics equipment, particularly in the area of chemitronics, operating income significantly exceeded the target.

* 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).

 8

Continuing on, please turn to page eight. I will make this brief, but as explained earlier in the announcement of our financial results, the operating income in FY2025, in particular, greatly exceeded the revised target of JPY40 billion under Phase 1 in 2024.

From that perspective, I think we have achieved the base set forth in Phase 1.

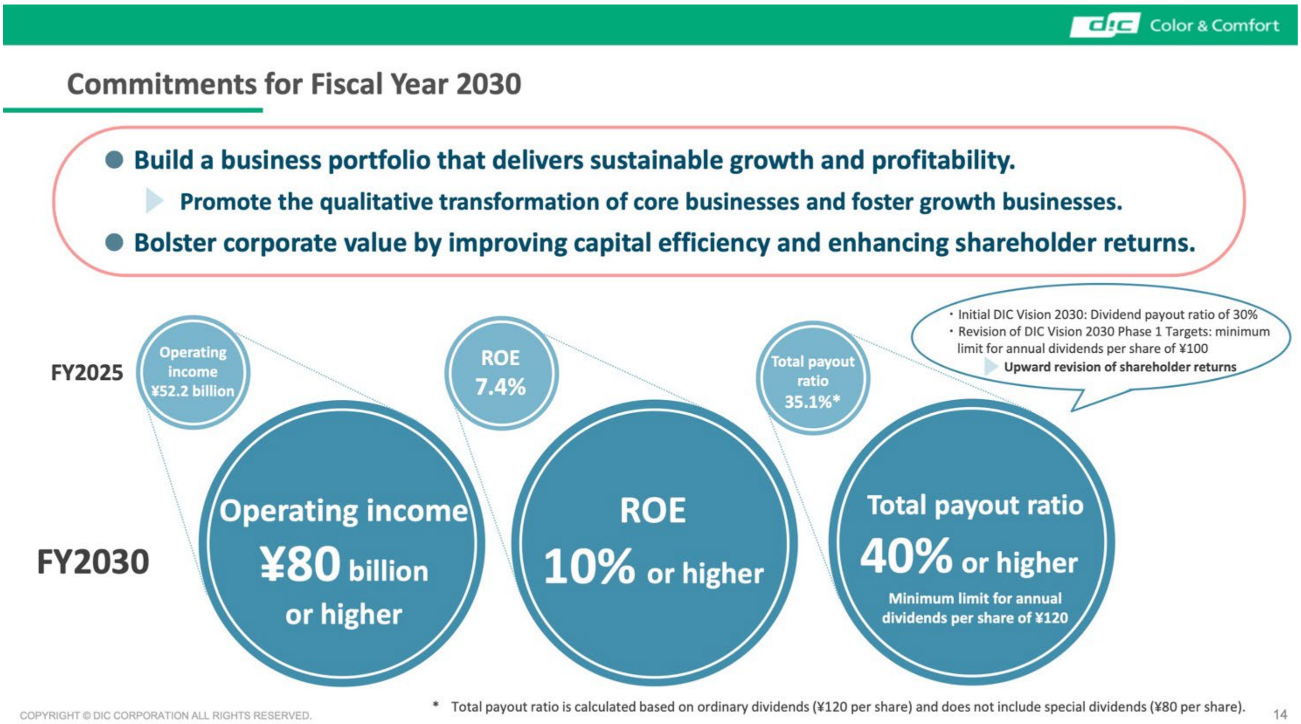


Let me explain that in more detail with the help of page nine. As mentioned at the beginning, we have achieved qualitative changes in both our core and growth businesses.

First of all, when it comes to our core businesses, especially the representative pigment business, we said earlier that they are in a very difficult situation. However, we were able to steadily reinforce our earnings base by consolidating and eliminating production bases and streamlining our workforce. In terms of growth businesses, we have also narrowed down several potential fields. With regard to semiconductors and battery materials, in particular, we consolidated them into a single organization called Chemitronics, and within that entity, we decided to expand the epoxy resin business, which has particularly strong growth potential. With this, we believe we have firmly established our foundation for growth.

At the same time, we have been gradually withdrawing from unprofitable and non-core businesses, as we pulled out from SEIKO PMC, liquid crystal materials, housing materials, and alkylphenols during this period. By doing that, I think we were able to transform our system into a leaner and more solid organization.

Now, based on the results of Phase 1, I would like to talk about the concept of Phase 2.

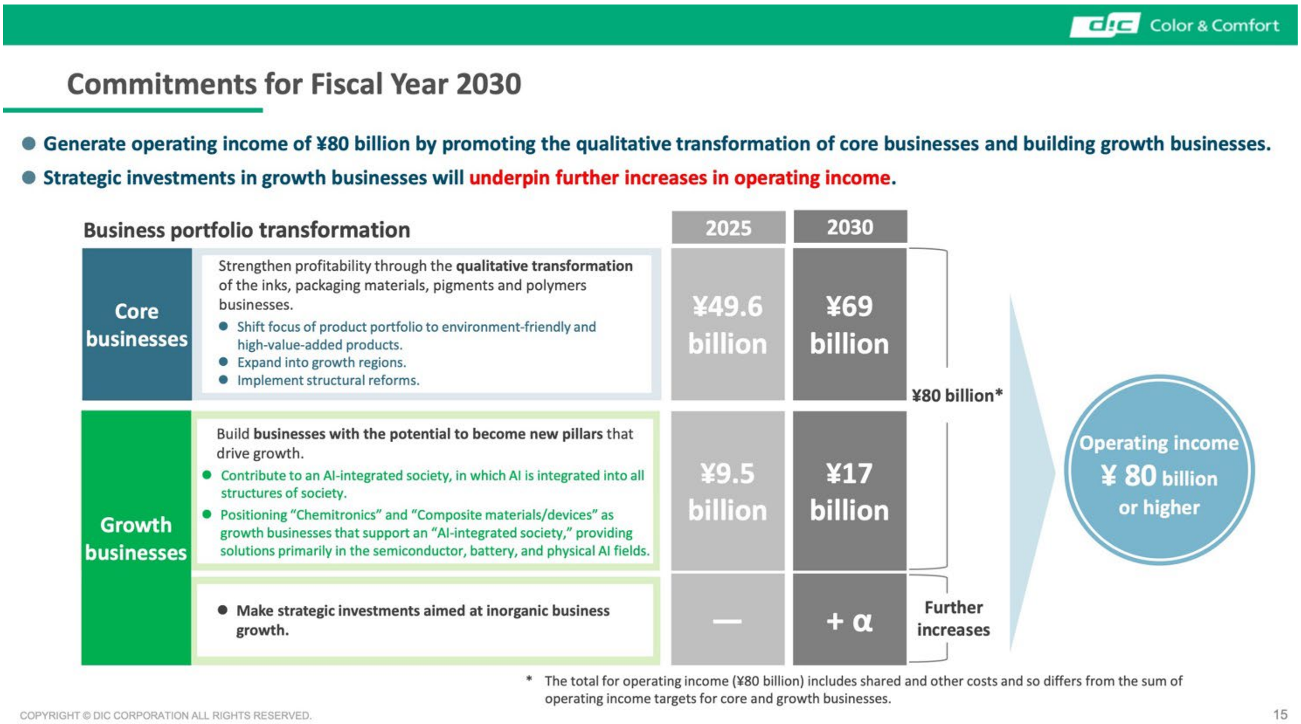


Please turn to page 14. First, we have summed up and listed here our three commitments for 2030.

First, in 2030, as our first indicator, we would like to aim for operating income, or profit derived from our businesses, of JPY80 billion or more. Again, we see this as a business base that can be realized through the successful combination of core and growth businesses.

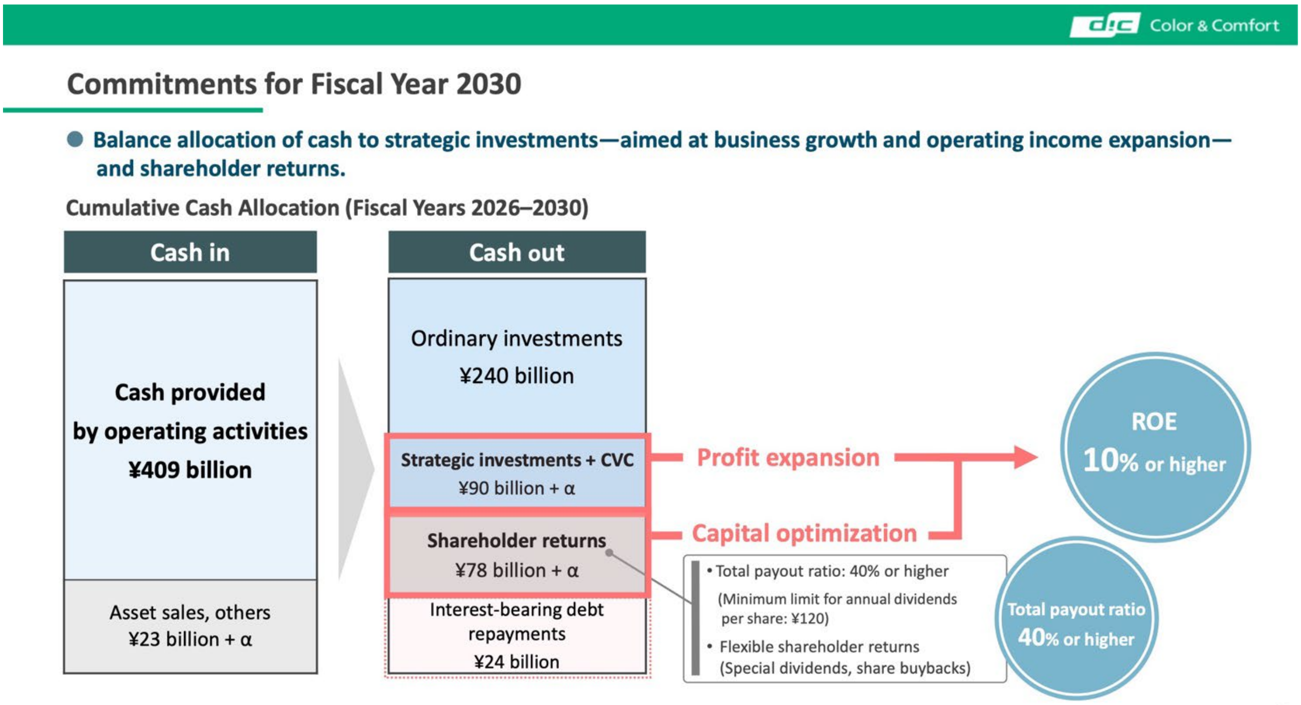
Meanwhile, management recognizes that our current ROE of around 7% is far from satisfactory. We commit to raising that ROE to at least 10% by further improving capital efficiency.

In addition, as mentioned earlier in the presentation of our financial results, we have set a policy of total payout ratio not only for FY2026 but also for the years thereafter, up to 2030, and we will return profits to shareholders in accordance with this policy.



Please turn to the next page. Allow me to break down these current commitments a little bit, beginning with the business aspect. We have here JPY80 billion, and its breakdown is as shown here for the core and growth businesses. As will be explained in more detail later, our core businesses are the group of businesses that are extremely global in nature that serve as foundation of our business. The growth businesses may be a new business pillar, but they are not businesses that will be built in entirely new and isolated areas. Rather, they are product groups that leverage our existing business foundations, and with the surrounding areas as starting point, expand those product groups into a group of businesses.

Their combined total of JPY80 billion will be the base, and we have a number of other measures in addition to these, as shown at the bottom. In line with the diversification of our strategies, we will take a variety of initiatives aimed at inorganic growth. Furthermore, these are not just on an as-needed basis, as we are already planning some of these, and together with our plans for further restructuring and other initiatives, we will rack up more than JPY80 billion. We have not assigned specific figures for these because, as mentioned at the beginning, the idea is that we must first commit to JPY80 billion by assembling a multi-layered structure, while making every effort to further increase that amount.



Continuing on, please turn to the next page. Under Phase 1, we announced our cash allocation for 2024, 2025 and 2026 two years ago. This time, we have presented our cash allocation plan for Phase 2, covering 2026 through 2030.

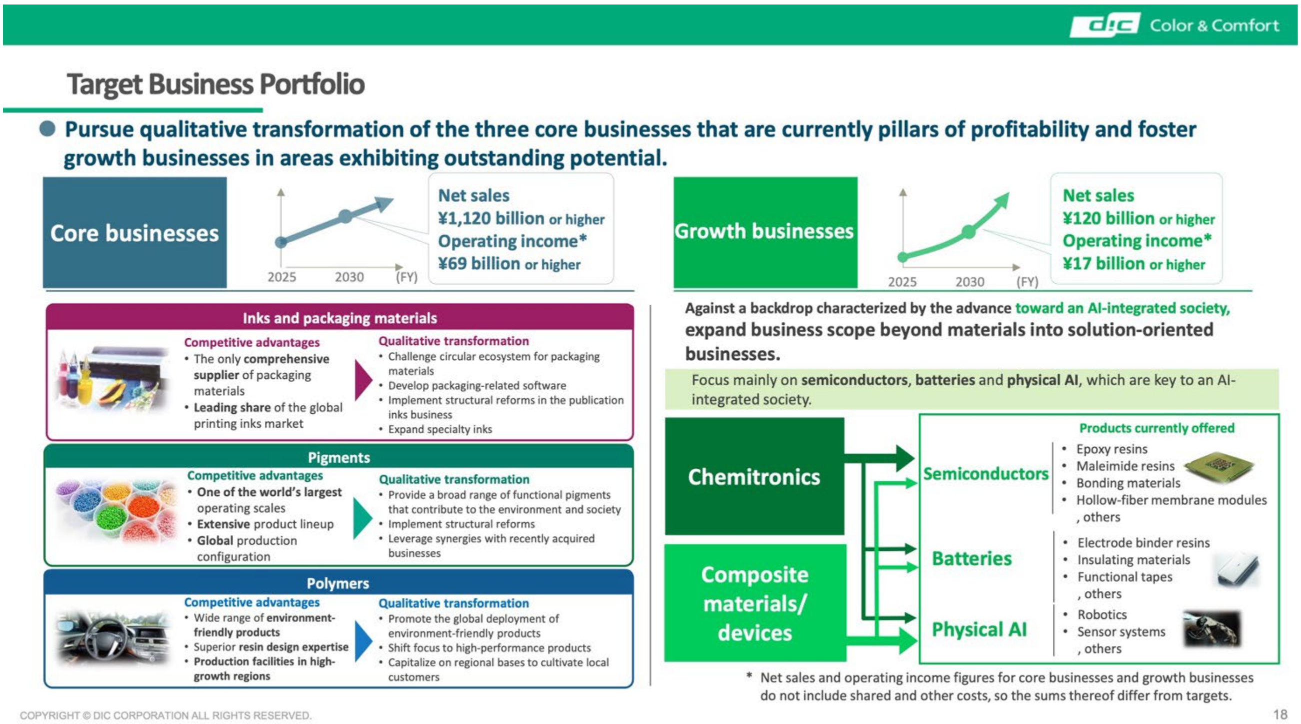
In terms of cash in, the idea is that if we further sell various assets in addition to operating cash flow, we will use the cash generated for strategic investments, shareholder returns, and reduction of interest-bearing debt, in addition to ordinary investments, as shown on the right.

The point here is that we have set the strategic investment amount for Phase 1, covering 2024, 2025, and 2026 at about JPY20 billion. The reason for this is that we made major strategic investments and M&As especially in 2021 and 2022, prior to Phase 1, and we have been in a period of reaping the rewards of these investments for the past several years.

We are thinking of investing aggressively for growth from 2026 to 2030, so the JPY90 billion and then some that we have set is based on the idea that if further gains are generated through asset sales and so on, they will be allocated here. That is how we view the JPY90 billion and then some.

With respect to shareholder returns, as we have said repeatedly, the base would be a total payout ratio of 40% or higher and a minimum dividend of JPY120 per share. Now, when there is additional income, and similarly, when there is cash in, we intend to flexibly return them to shareholders.

The plan from a cash perspective is to target an ROE of 10% or higher through these measures, which are capital optimization and earnings growth.



Please turn to page 18. Let me explain each business a little more. We will expand our core and growth businesses. Our approach will be different for each. First, our core businesses are packaging inks, pigments, and polymers. All of these products are either globally deployed as a strength of our business or have potential for global deployment.

The common denominator for each of these is that we will be making a qualitative shift in them. The reason why they have been able to contribute to earnings growth over the past two years, in 2024 and 2025, is that these businesses have been able to make a solid profit base, despite the various external conditions. In this context, we have been pursuing a rather bold qualitative shift, or structural reform, particularly with regard to pigments.

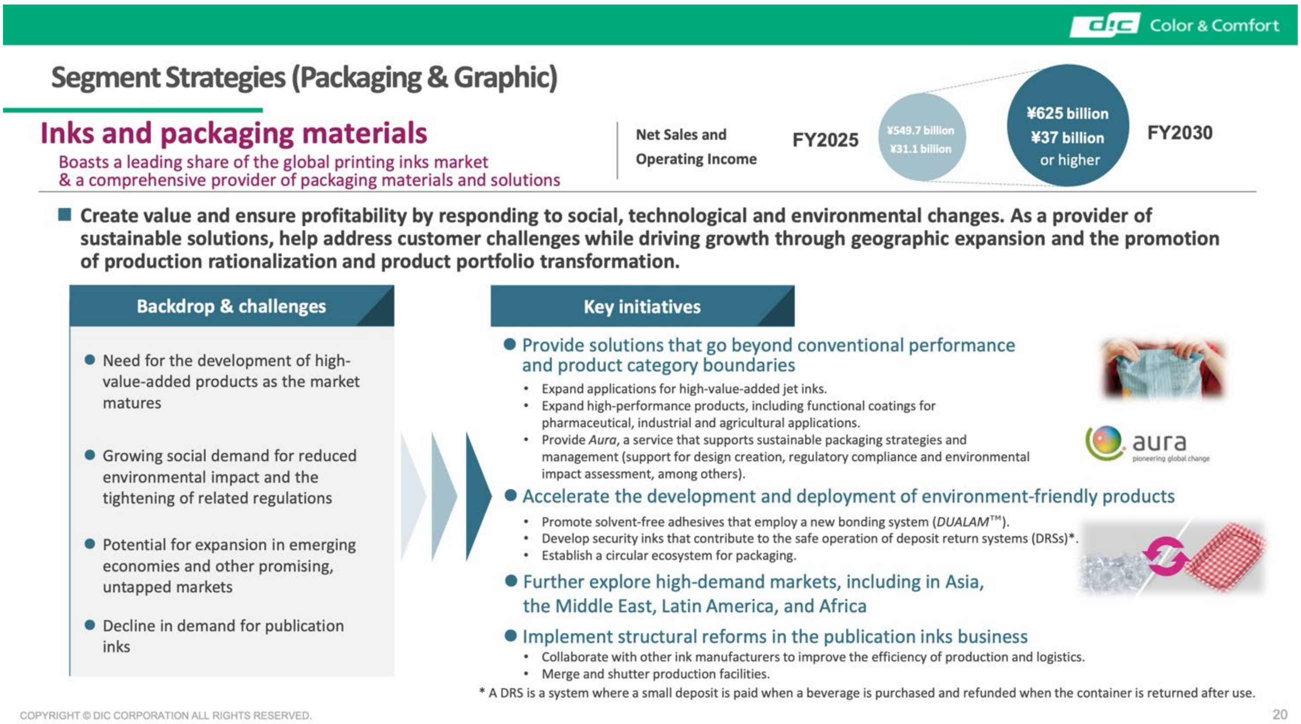
We are aware that a qualitative change is necessary to further stabilize this business, so we will embark on even bolder structural reforms, which will serve as the foundation for continued business operations and further expand our earnings.

At the same time, we will strive for sustainability, a shift to more sophisticated products, and a qualitative change in our product portfolio in order to achieve growth and generate stable operating income.

The growth businesses on the right are our chemitronics and composites/devices, which are mainly product groups in the Functional Products segment, and we intend to further develop these and expand our business beyond materials. In line with that, we have identified semiconductors, batteries, and physical AI as key areas where we can expand.

We have a number of unique products, and by combining them into areas with growth potential, we hope to achieve even more dramatic growth not only in 2030 but beyond, as shown in the graph on the upper right.

Let me explain our approach to each business a little more. I will begin with the core businesses.



Please turn to page 20, packaging inks. As stated earlier, our basic approach is to pursue qualitative transformation of products and so on, in parallel with structural reforms. There is a comment on the business environment on the left, but we are not necessarily optimistic about the situation we are in. Many regions have mature markets, with price competition intensifying. And, in light of the global geopolitical risks, it is quite difficult to expect stable economic growth.

The question is how we can ensure stable operations under such circumstances. On the right side of the page, we have listed a few, including providing high-performance solutions that are not bound by product boundaries, and developing environmentally friendly products. We believe that the most important thing is to secure a position in this field and within this product group in which we, as a business, is chosen by the customers.

Despite various environmental changes, they remain indispensable materials for life and society. With food packaging, in particular, it has become indispensable in every region and country, and we are certain that demand will arise in developing regions in the future.

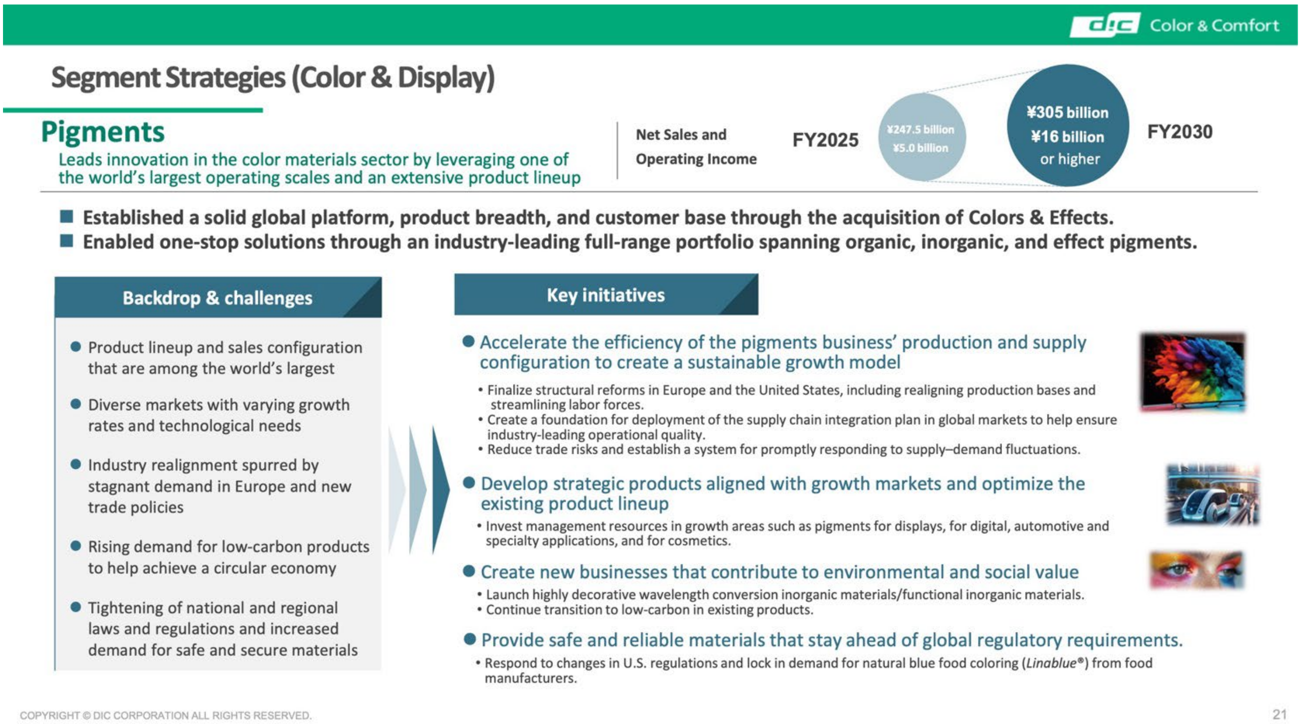
There will be ups and downs depending on the situation, and in a competitive environment, competition may intensify. Being chosen by customers then depends on whether or not we can offer a wide range of solutions. By solutions, we mean not only our product lineup of adhesives and coatings on top of inks, but also to our ability to respond to various customers, which is if we are able to provide whatever kind of solution for the present and in the future. More than anything, customers choose after evaluating this range of solutions.

Business restructuring is happening not only in our company, but also in our industry, as well as in our customers' industries. With that happening, companies that can supply stronger and a broader range of products will be in demand. So, addressing that demand is our first and foremost priority.

Meanwhile, there are still areas with potential for growth. We believe that there is still room for demand expansion in Asia, the Middle East, Latin America and Africa, not only until 2030, but beyond that.

If we continue to produce the same products in the same manner as before, that will not necessarily result in cost competitiveness or optimal timing. So, we believe that we need various plans and ideas to determine how best to boost our business. With these in mind, we will work to build a new foundation.

Meanwhile, in terms of restructuring or building our foundation, in the case of printing inks, we have both for packaging and for publishing. In the area of publishing inks, we will go about the business while pushing for the appropriate rightsizing in response to declining or disappearing demand. In some cases, we are considering slimming down our earnings base once again by implementing more daring structural reforms.



Continuing on, we have the Color and Display segment, which is mainly engaged in pigments. Noteworthy structural reforms are now progressing in this segment. As mentioned in the presentation of our financial results earlier, we are well aware that as a stand-alone business, we are not necessarily at a satisfactory level in terms of profitability, for example, in terms of such indicators as ROIC.

Once again, in that sense, I believe that we need to work on improving production efficiency and capital efficiency in the true sense of the word. In this context, this calls for the further compression and integration of the supply chain. In the case of our company, this means that together with those efficiencies, there is still a lot of room to pursue such initiatives in light of our overall footprint, production bases and other factors.

Now, from the perspective of ROIC, we believe there is much room for improvement in various areas of cash management, including working capital. Therefore, we will continue to improve not only our operating income, but also our cash position.

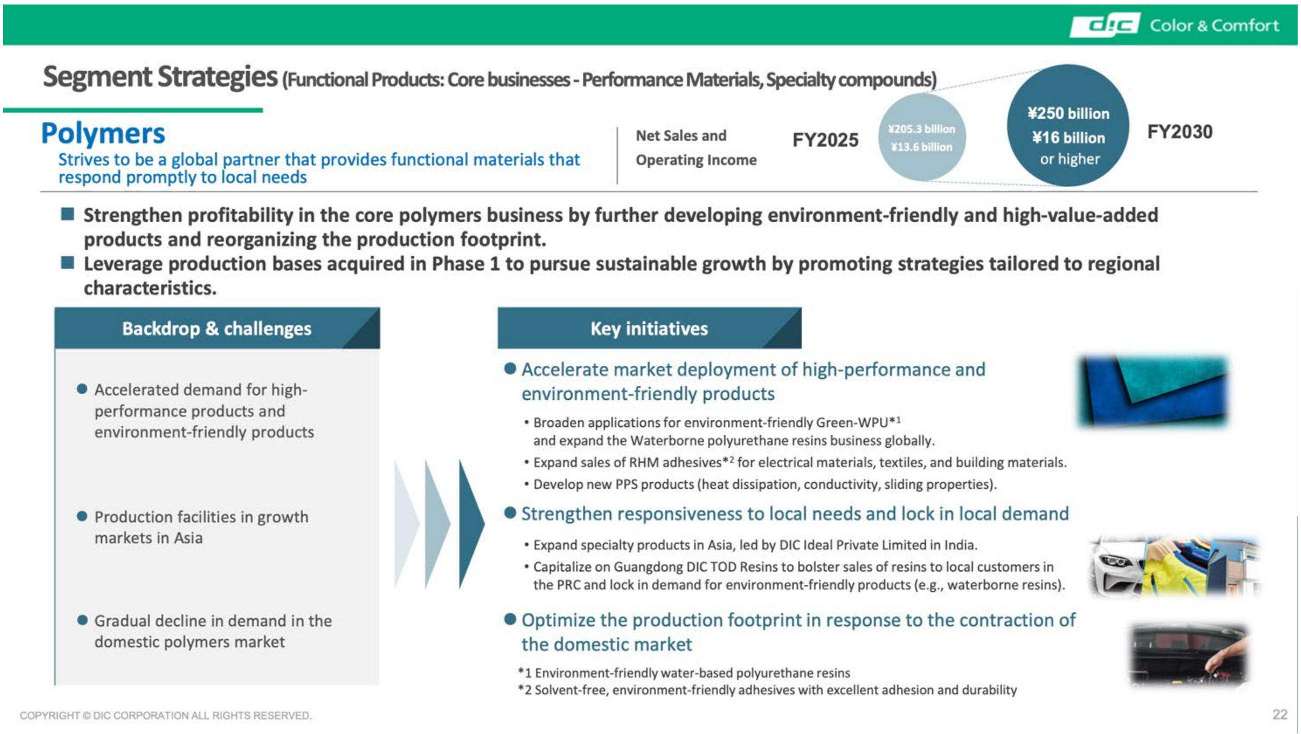
The environment in our industry and in our customers' markets is similar to that of the ink business. Consolidation is occurring among companies in the same industry, as well as on the customer and demand sides.

Just like with inks, in terms of what is required, it is not just the fluctuations in apparent demand and price movements in a competitive environment. What will be required going forward, especially toward the future, is the ability to make proposals that contribute to the environment and social value.

In conjunction with this, given the various changing global laws and regulations, pigments, in particular, are a business that must be operated under extremely strict controls. Rather than simply addressing these regulations, though, we must anticipate them, and as an industry leader, take the lead in providing safe and secure materials. In the same way, we will continue our efforts to become a manufacturer and supplier of choice. By doing that, we hope to maintain our position in an increasingly competitive environment.

Not only that, but we are also targeting growth. We possess groups of high-margin products with growth potential, especially in terms of pigments for displays, digital and specialty applications, so we aim to raise our profit margin by focusing on and expanding our product lineup.

Although it is still difficult to foresee an immediate recovery in demand in Europe, even now, we are still making efforts to effectively avoid the impact of tariffs. In the US, we are taking advantage of the Buy American policy by producing in the US, and although we would not say that we are the only one doing it, this is a huge advantage. Therefore, we believe that we can still compete in such a changing external environment by implementing measures that leverage our strengths.



Continuing on, let me discuss the Functional Products segment. Within this segment, I would like to talk about polymers, which are positioned as a core business. We have a wide variety of environmentally friendly and high-value-added products here.

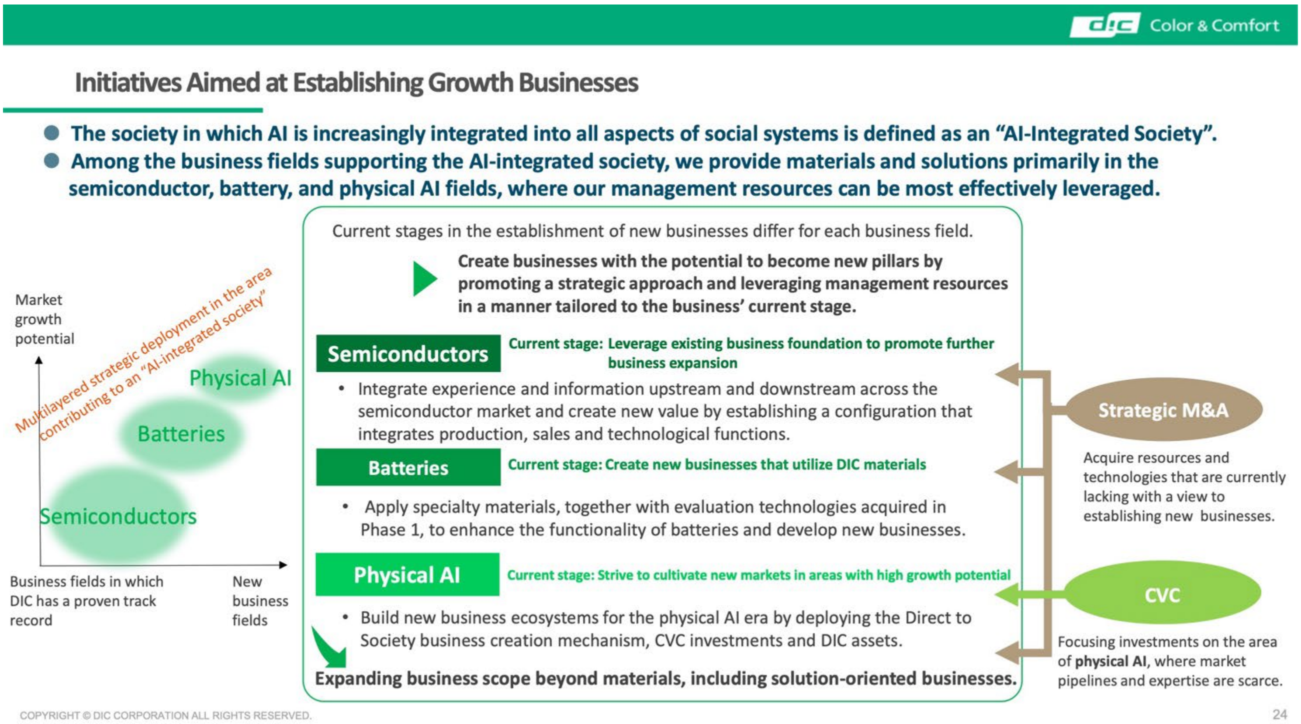
In particular, we have been investing in Asia, China, and India as growth regions. The first pillar of our efforts will be to capture the robust local demand, especially in the area of environmentally friendly products, and to ensure that we get hold of growth in this region.

We also possess a number of highly functional and environmentally friendly products, and we aim to meet the right demand at the right time. In the case of the environment, in particular, where there are ups and downs in the market, we aim to build a track record, primarily in Europe, where environmental initiatives are more advanced, and then gradually expand our business worldwide.

In addition, in terms of demand areas and markets, as we assess the growth areas and mature markets, we believe that restructuring, especially production optimization, would be inevitable here. Therefore, we intend to implement these measures gradually until 2030.

Those are our measures for our core businesses.

Finally, I would like to discuss our growth businesses.



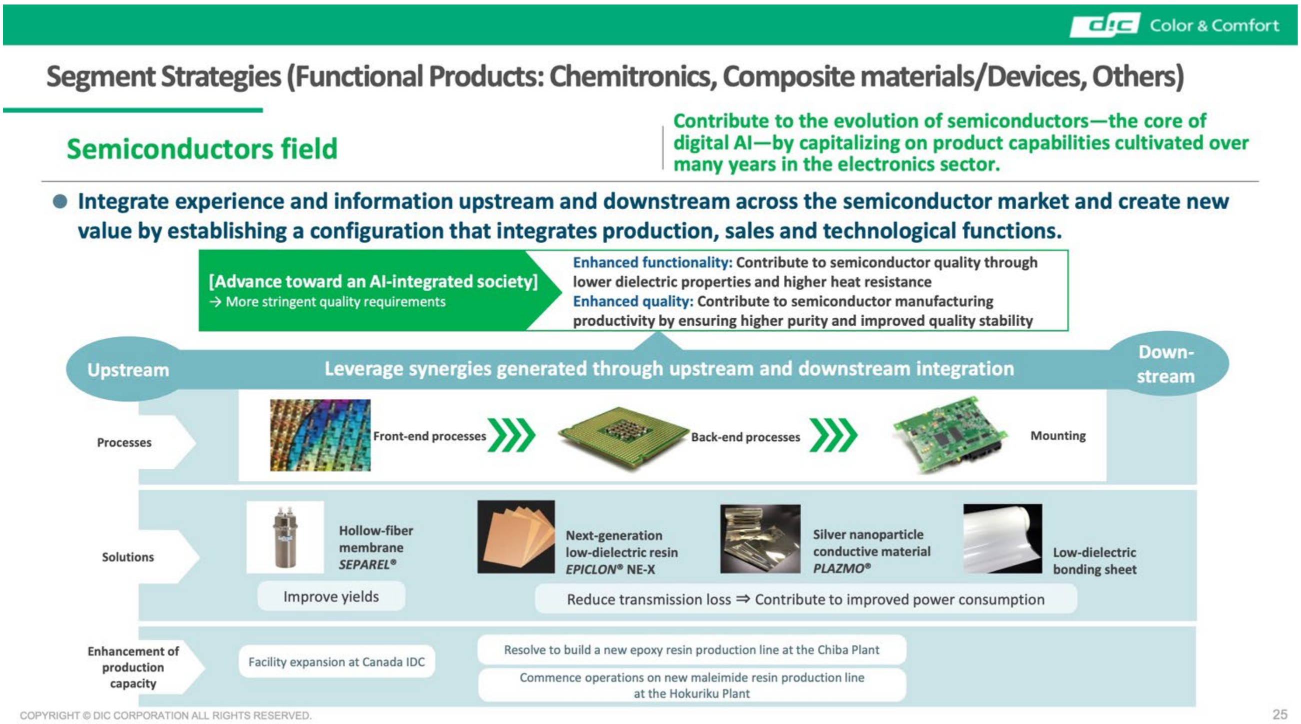
First, please turn to page 24. Let me discuss our basic approach. As you can see in the picture on the left, the core of these growth businesses will be the various product groups that we already have, centering on materials for semiconductor applications.

When it comes to new business areas, we will expand the field by combining batteries, which are a peripheral area that leverages this strength, with devices and solutions. We will also target the physical AI field, which is expected to further grow in the future.

As we go through these steps that are going up, shown in the upper right portion, we will change the way we invest our funds. In terms of semiconductors, batteries, and physical AI, basically, with bolt-on M&A at the core, we will steadily expand our products, while also venturing into organic capital investment.

In addition, as we announced yesterday, we would like to operate our own fund and together with promising startups, we hope to take advantage of the growth of physical AI from the perspective of market development and social implementation. In this regard, our idea is to aggressively invest our funds.

I will explain our progress in this area a little more starting on page 25.

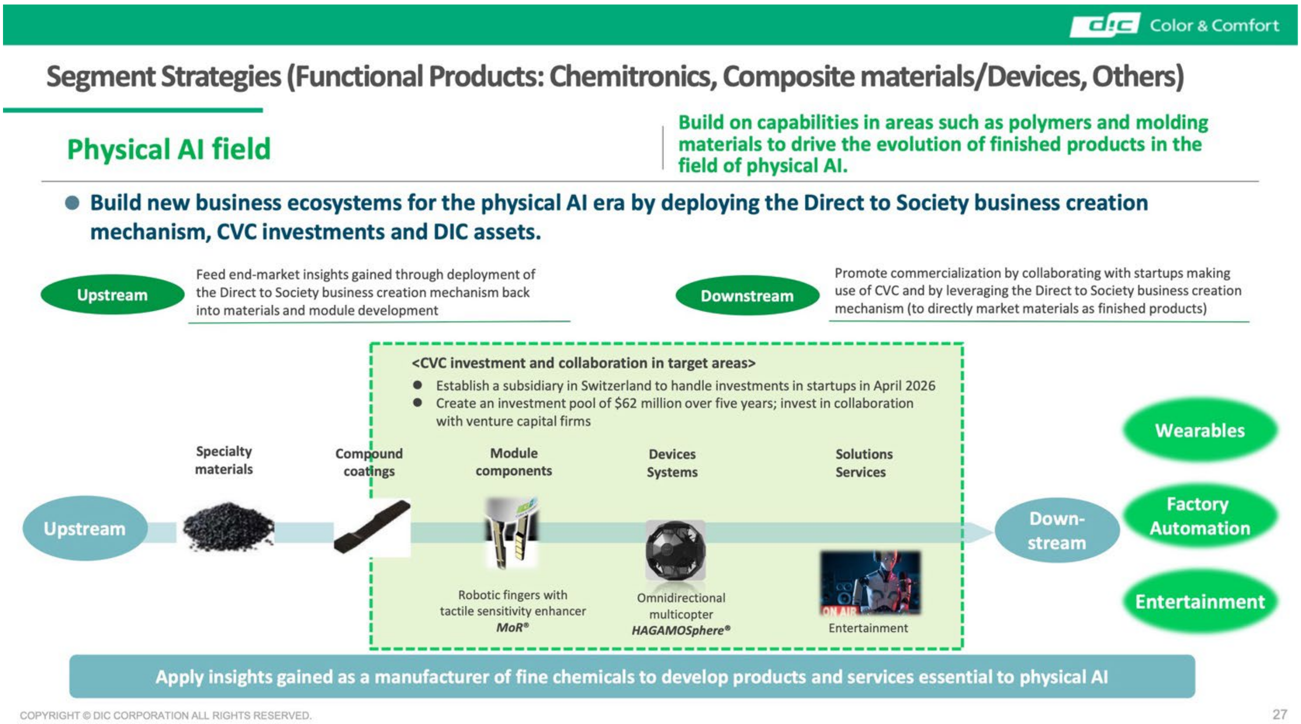


Page 25 here shows the status of the businesses we now possess, mainly chemitronics and composites.

In the semiconductor field, in particular, we supply products to a wide range of areas, from upstream front-end processes to downstream mounting processes. We will enhance the level of each of these solutions. In particular, as shown in the right side in the middle, we aim to increase the degree of processing from the back-end processes to mounting. We also want to develop new product lines by introducing new products and new functions. The basis for this will be to reduce transmission loss, and to expand the so-called high-speed communication capability by taking advantage of our strengths.

Meanwhile, in the front-end process, we are very strong in the area of hollow fiber membranes and resist resins, and we will strive for growth by taking advantage of the superiority of our products in areas that require very strict control, especially in terms of high quality, high purity, and quality stability.

We have a similar approach in the area of batteries, shown in the next page. We already have several products, but we would like to offer products that meet specifications of batteries that will go through various changes in the future by combining them or creating devices with them.



On page 27, we present some ideas regarding the physical AI area. These are our ideas on development in this field and business expansion, but I should note that it is still difficult to foresee how this field will develop.

On the right, we have listed the areas of application that we are currently targeting. As for our general approach, although physical AI is now widely talked about, software, including AI, and semiconductors are advancing rapidly ahead of other areas.

As has been said, these developments will be implemented in society in various ways. There will be more and more of them around us. And the more this social implementation advances, the more we will need materials and substances that we can actually touch. In anticipation of this, we hope to secure an indispensable position as a materials supplier.

However, when we think about how to keep up with the various forms of implementation that I just mentioned, we need to be at the forefront of this implementation. We must be directly involved in those developments. Through our “Direct to Society” approach—to directly market materials as finished products—we aim to identify and even create such opportunities ourselves. By doing so, we intend to establish ourselves as an indispensable provider of materials and modules.

We have already developed some, and we would like to expand our businesses in this area, including through investments in startups in the future.

That concludes our approach to growth toward 2030 for our core and growth businesses.

On page 29, we list the various measures and structures that support the Phase 2 strategy. What is particularly important is to work from the perspective of Direct to Society, as I mentioned earlier, and to support this with human capital management and the enhancement of human capital, as well as the global management system called the global operating model, which we started this year as our management system. With these, we aim to allocate the necessary resources to where they are needed globally across regions and achieve growth.

Consolidated Results Targets (Fiscal Years 2026–2030)

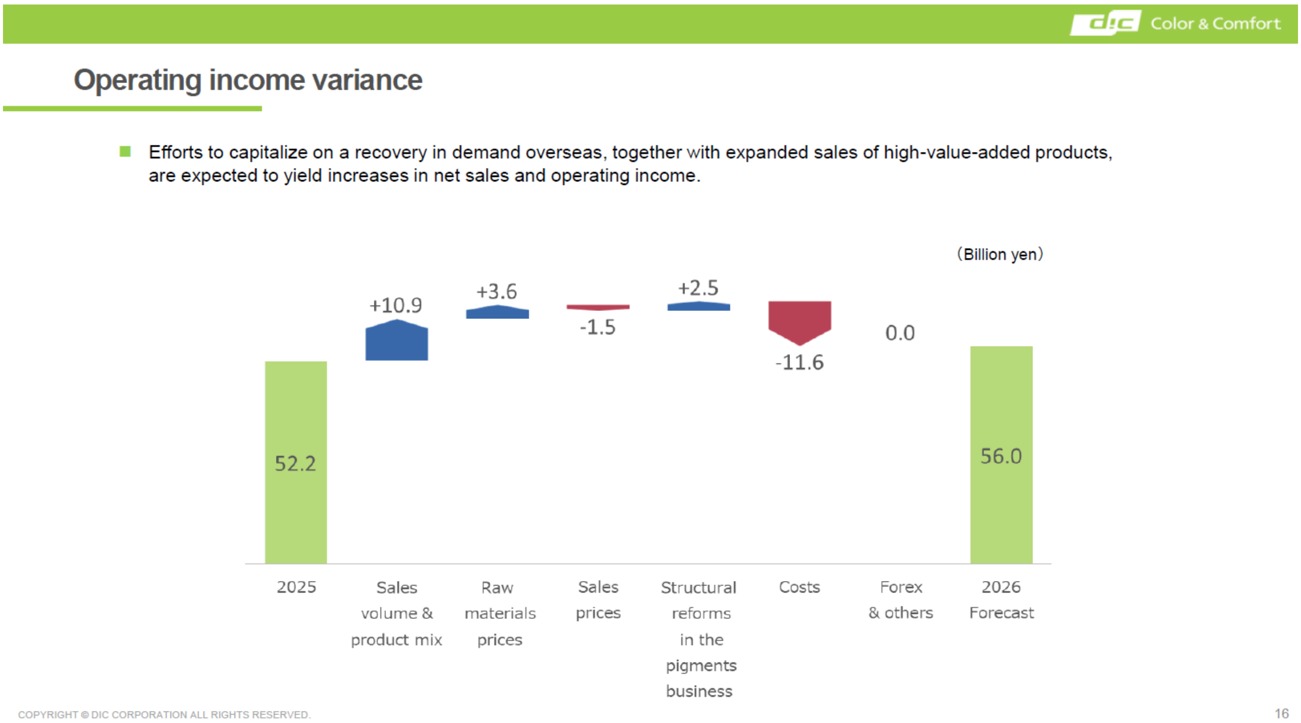
(Billions of yen/%)		2025 Actual	2026 Targets	2030 Targets
Net sales		1,052.2	1,100	1,240 or higher
Operating income		52.2	56	80 or higher
Net income attributable to owners of the parent		32.4	33	-
EBITDA		109.3	111	134 or higher
ROIC (%)	Total	4.4%	4.7%	6.0% or higher
	(Reference) Packaging & Graphic	7.2%	6.6%	8.0% or higher
	Color & Display	1.3%	2.2%	5.0% or higher
	Functional Products / Growth businesses	7.9%	8.3%	11.0% or higher
Return on equity (ROE) (%)		7.4%	7.1%	10.0% or higher
Net D/E ratio (Times)		0.8	0.8	0.8 or less

On page 31, we show the consolidated plan figures based on these measures, as well as some KPIs. We are aiming for sales of JPY1,240 billion or more and operating income of JPY80 billion or more. We have put the possibility of higher figures in all aspects because, as we have said before, these are firm commitments, and by combining these measures in a multi-layered manner, we aim to achieve those higher figures.

With regard to ROIC, although we have not yet decided on target figures for each division, we are aiming for 6% or higher for the entire company, ROE of 10% or higher, and as for the D/E ratio, we are already seeing a ratio of 0.8 times this fiscal year, so we are aiming to lower it to below 0.8 times.

This has been a long presentation, but that is all from me.

Question & Answer



Questioner1 [Q]: The first question is about your financial results. On page 16 of the financial results presentation materials, it says that you are projecting an increase of JPY10.9 billion in sales volume and product mix this fiscal year, and your president mentioned earlier that you are beginning to see signs of recovery in overseas demand. There was a decline of JPY9 billion in the fiscal year that just ended, and even if you view Q4 alone, there was a decrease of JPY3 billion, so you are seeing a significant growth in sales volume. I would like to hear more about what you are seeing in this area. If this were not to go this far, could the negative JPY11.6 billion in costs be significantly reduced? Please talk about that, too.

Ikeda [A]: First of all, with regard to where we expect demand to recover, that would be overseas. In a nutshell, this depends on which region and the product mix within that region. For example, pigments for coatings are not so strong in general, but pigments for specialty applications are recovering quite well. Pigments for displays were expected to significantly recover last year, but that has been delayed. However, we have finally begun to see signs of a recovery at the turn of this year. Even when it comes to electronics-related products, we have seen significant sales volume growth since Q1, so we are looking at a combination of the region, the product, and the market.

With that, I believe that the impact of areas with particularly strong recovery or growth will account for a large portion of this.

On the other hand, from the perspective of risk, as you mentioned, there are certainly some. For example, looking at pigments as a whole, we predict that the business as a whole will see an approximately 3% YoY recovery for the full year. And as I said before, there will be some fluctuations. In this context, we are thinking of various measures in the event that this 3% is not reached.

As for cost reductions here, we will naturally compress costs, and by balancing these two, we will cover areas that cannot be covered by the increase in sales volume.

Naturally, this increase in costs includes variable costs commensurate to the increase in demand, so if we assume that some costs will automatically decline, we should be able to manage these costs by offsetting them to some extent.

Questioner1 [Q]: Understood. To follow up, I think the earnings environment and the demand side are in a tough spot, but I think things are relatively calm for raw materials. Is it correct to say that there is no particular downward pressure on prices for packaging inks or pigments in general?

Ikeda [A]: No, there are quite a few. In that sense, we believe that while they are on the positive side in 2024 and 2025, there will be some pressure if we look at it from the perspective of the cyclical nature of the gap. Since some of our customers, especially large-lot customers, make various arrangements based on the price of raw materials, some price adjustments will have to be made as well. Taking these factors into account, the pressure on prices is growing. Some of that has been partially factored in for FY2026.

Questioner1 [Q]: Understood. My second question is about Phase 2. Your major focus is the further improvement of your core businesses, especially the pigment business. Before the acquisition of BASF pigments, I think your EBIT was roughly JPY10 billion. I think it got a lot worse following the Russia-Ukraine issue, but it is recovering now. Although it has improved considerably, could you tell us the reasons why it has not yet been reached, and how are the synergies with DIC?

Ikeda [A]: First, in terms of our basic thinking, when we compare the current situation with the period before the BASF acquisition, we are operating under the assumption that conditions will not return to that previous level, nor do we expect a recovery to that point.

For one thing, the situation at that time was premised on the fact that the market was largely in Germany, based on a large number of assets in Germany. The economic environment in Europe itself has changed considerably and demand has shifted to China and other places. With that, our customers, for example, automakers, have seen considerable changes in the state of their production in the area and future outlook. Therefore, if we compare the situation on an asset basis, we know that we are already at a different stage if we look at the balance of earnings from these assets.

In terms of how to transform our asset base to adapt to this new environment, we cannot do it immediately, so it is taking some time. We have been working on this for the past two years or so. In that sense, we believe it is necessary to continue to make changes in accordance with the demand and market conditions that I have just mentioned.

Segment Results Targets (Fiscal Years 2026–2030)

Row: Upper: Net sales Lower: Operating income (Billions of yen)	2025	2026	2030
	Actual	Targets	Targets
Packaging & Graphic	549.7 31.1	577 30.0	625 or higher 37 or higher
Color & Display	247.5 5.0	255 8.5	305 or higher 16 or higher
Functional Products / Growth businesses	290.9 23.1	298 24.5	370 or higher 33 or higher
Total	1,052.2 52.2	1,100 56.0	1,240 or higher 80 or higher

Note: Operating income targets include shared and other costs and so differ from the sum of segment targets.

Asai [A]: In terms of numerical figures, as we have shown on page 32, the plan for FY2030 indicates that the current plan for the Color and Display segment is JPY16 billion or more. As you pointed out, it is still far below the level if we look at it from the time of the BASF acquisition.

As President Ikeda said, the amount will not be as much as we originally envisioned at the time of acquisition, but as mentioned earlier, the product lineup has shifted from the so-called mass-market products to higher value-added products, such as pigments for specialty applications in the US and Europe, and pigments for displays in Asia and other regions. Also, as mentioned earlier in relation to Phase 2, we are currently developing various products using pigments not only as color materials but also as functional materials. By rolling these out into the market in the remaining five years under the plan, we hope to realize contribution to profit that emphasizes function rather than scale of sales.

The figures you see now are for 2030, and we expect further growth for these product lines after 2030. That is all from me.

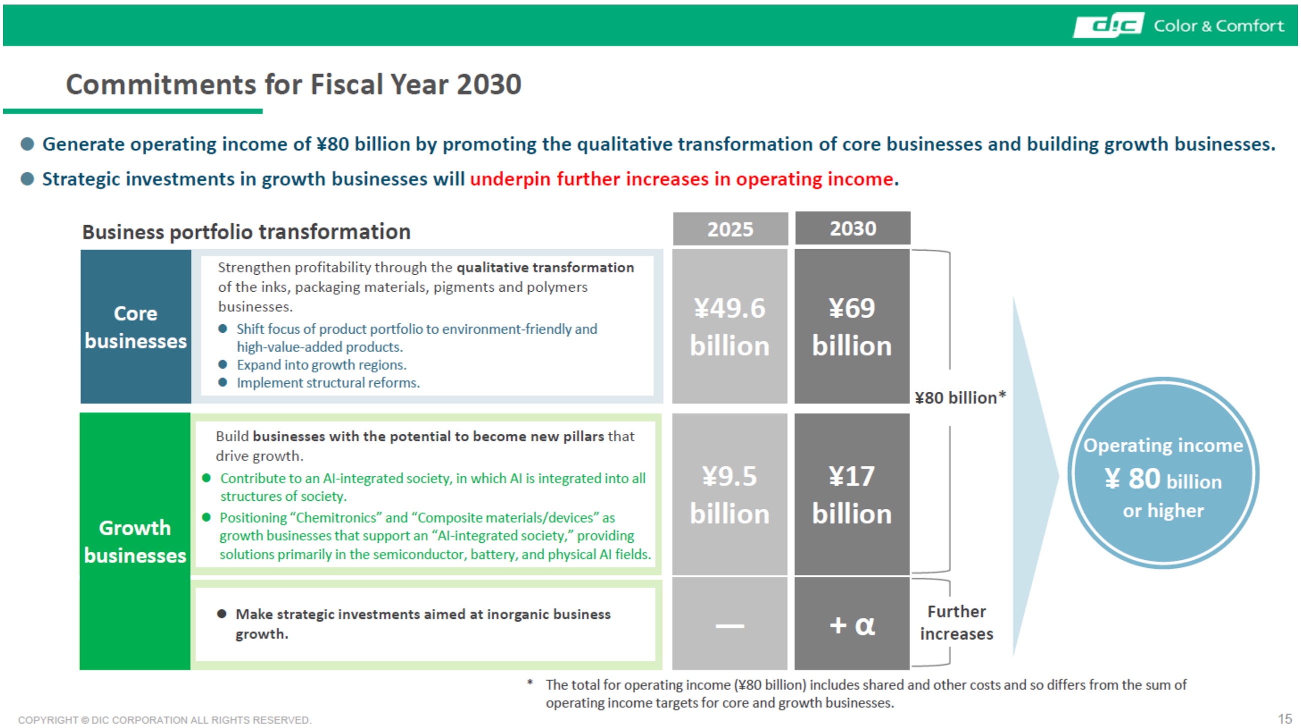
Questioner2 [Q]: The first question pertains to your financial results, and it is about your forecast for the current fiscal year. With regard to the gains on sales of works of art, only those that are already expected have been factored in. Does this mean only those that were sold last year but whose proceeds were not received during the last fiscal year? If that is the case, is it correct to think that those that will be sold this year will be added? Please elaborate on that.

Asai [A]: Let me answer your question on the gains on the sale of works of art that have already been factored into FY2026. First, as you pointed out, auctions were already done last year, and the proceeds that were received in FY2025 were recorded as profit in FY2025. The portions for which the proceeds will be received in the current fiscal year, FY2026, have been factored into the current FY2026 forecast.

We will continue to schedule auctions with Christie's in various countries around the world during this FY2026. Therefore, for the works of art that are scheduled to be sold during the auction process, the amount that can be estimated is included in the current FY2026 forecast.

However, with regard to those that will be sold outside of Christie's, matters such as the specific process for the sale are still under consideration, so while we have factored in what is possible, we have not yet included any undecided items in the FY2026 forecast.

Having said that, since most of the works of art with high book value have already been sold through Christie's auctions, those that will be sold outside of Christie's in the future are not likely to be of high original book value. Probably none of them will have such a large mark-to-market value that the gain on sale will increase, so based on our current forecast, we do not see any significant additional gains from the sale of works. That is all.



Questioner2 [Q]: I understand very well. Thank you. For my second question, I would like to ask about Phase 2.

I am looking at page 15 of your presentation materials. In the growth businesses, you project an increase from JPY9.5 billion in FY2025 to JPY17 billion in 2030. As for the fields, I think they can be broadly divided into semiconductors, batteries, and physical AI. May I ask for an explanation, even in approximate terms, about how much contribution you expect from each of them in numerical terms?

Ikeda [A]: With regard to your question, I would like to refrain from giving a breakdown of individual product groups. But as is currently the case, we see chemitronics as accounting for the majority of profits. With epoxy and industrial adhesive tapes, we are already projecting JPY9.3 billion in profit under the 2026 plan, so they will be the core of our growth, and chemitronics will probably account for about 70% of the total.

Other than that, composites and devices, such as resist materials and hollow-fiber membrane modules, as mentioned earlier, are also very profitable, and once their growth gets on track, their contribution to profits will become substantial. Therefore, I think that profits in these areas are growing accordingly, following epoxy and other products. I think that is the general structure that has been built.

Questioner3 [Q]: I would like to ask you about the environment in the pigment market and your outlook for the future. I understand that pigment sales for the October to December period are still negative on a euro basis, but when do you expect pigment shipments overseas to recover?

I would also appreciate it if you could let us know if there are any changes in the competitive environment with Indian or Chinese companies, including tariffs. That is all.

Ikeda [A]: Let me answer that. As you say, the pigment environment is quite uncertain in many ways. Overall, demand is in a recovery phase. If we look at 2018 as a peak, we expect that demand will recover, albeit slowly, through around 2028.

On the other hand, this is due to the recent effects of inventory adjustments by various customers, the timing of inventory buildup, and the fact that adjustments will be made from period to period in the event of excess inventory. Looking at the trend in 2025, we have seen a particularly strong increase in inventory among customers in Q1, and the accompanying reactionary decline was reflected in H2.

With this, I think it is necessary to carefully look at both short-term and long-term trends separately. With respect to the near-term 2026, in particular, given the various factors that contributed to last year's increase or decrease, we expect that YoY comparisons may turn to the positive side from around Q2.

As for the region, Asia will lead the way in supporting the recovery and other trends. The US is quite difficult to read, but my impression is that it is holding relatively well despite the tariffs and other factors. On the contrary, though, the overall pace is rather slow. As for Europe, as mentioned earlier, there are some differences depending on the product, but I think there is a gradual recovery trend.

Meanwhile, as special or individual factors, in the US, there is a partial tailwind due to the closure of some of our former factories after they were sold. As for pigments for displays, we expect that they will recover from Q2 onward.

Now, let me go to your question about tariffs and the impact of India and other countries. As you mentioned, it is conceivable that there will be future impacts, including an FTA between the EU and India. Of course, the latest results have yet to come in, but we will have to keep a close eye on them.

As for the US tariffs, as mentioned earlier in the presentation of our business results, we are basically covering for them through surcharges, thereby avoiding significant decreases in our profit.

[END]

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.