Color & Comfort

FASF MEMBERSHIP

Consolidated Financial Results for the Three Months Ended March 31, 2026 (Japan GAAP)
(The fiscal year ending December 31, 2026)

May 15, 2026
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 Group CEO Dividend Payment: —
Contact Person: Ippei Ouchi, General Manager, Accounting Department
Preparation of Supplemental Explanatory Materials: Yes
Holding of Quarterly Financial Results Meeting: Yes (for security analysts and institutional investors)
(Yen amounts are rounded to the nearest million, except for per share information)

1. Consolidated Financial Results for the Three Months Ended March 31, 2026 (January 1, 2026 - March 31, 2026)

(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)	%
Three months ended March 31, 2026	282,489	7.8	24,512	87.7	23,854	141.4	19,194	214.7
Three months ended March 31, 2025	262,111	2.5	13,057	54.0	9,881	48.6	6,099	—

Note: Comprehensive income (JPY million): Three months ended March 31, 2026 26,428 (—%)
Three months ended March 31, 2025 (7,394) (—%)

	Earnings per share (basic)	Earnings per share (diluted)
	JPY	JPY
Three months ended March 31, 2026	202.71	—
Three months ended March 31, 2025	64.41	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of March 31, 2026	1,303,573	501,880	37.0
As of December 31, 2025	1,274,091	490,844	37.0

Reference: Shareholders' equity (JPY million): As of March 31, 2026 482,864 As of December 31, 2025 470,881

2. Cash Dividends

	Cash dividends per share				
(Record date)	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	JPY	JPY	JPY	JPY	JPY
FY2025	—	50.00	—	150.00	200.00
FY2026	—				
FY2026 (Plan)		70.00	—	70.00	140.00

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

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2026 (January 1, 2026 - December 31, 2026)

(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
First half of FY2026	560,000	7.0	29,000	7.5	25,500	25.6	17,000	29.9	179.55
FY2026	1,100,000	4.5	56,000	7.3	48,000	8.5	33,000	2.0	348.54

Note: Revision of the latest forecasts for the consolidated operating results: None

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Notes

(1) Significant changes in the scope of consolidation during the three months ended March 31, 2026: None
Newly included: ― (Company name) ― Excluded: ― (Company name) ―

(2) Adoption of accounting methods which are exceptional for quarterly consolidated financial statements: Yes
For details, please refer to page 10, "3. Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements, (Notes on Accounting Methods Which Are Exceptional for Quarterly 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 March 31, 2026	95,156,904 shares,	As of December 31, 2025	95,156,904 shares

2) Number of treasury shares at the end of the period

As of March 31, 2026	470,075 shares,	As of December 31, 2025	476,859 shares

3) Average number of shares issued during the period, excluding treasury shares

For the three months ended March 31, 2026	94,685,273 shares,	For the three months ended March 31, 2025	94,681,704 shares

* 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: Review of the attached quarterly consolidated financial statements by certified public accountants or audit firms: None

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.

Table of Contents for Attached Materials

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1. Analysis of Results of Operations

(1) Overview of Operating Results

(Billions of yen)

	Three months ended March 31, 2025	**Three months ended March 31, 2026**	Change (%)	Change (%) 〔Local currency basis〕
Net sales	262.1	**282.5**	7.8%	1.8%
Operating income	13.1	**24.5**	87.7%	75.7%
Ordinary income	9.9	**23.9**	141.4%	—
Net income attributable to owners of the parent	6.1	**19.2**	214.7%	—
EBITDA *	24.4	**39.3**	61.0%	—
¥/US$1.00 (Average rate)	152.46	**156.49**	2.6%	—
¥/EUR1.00 (Average rate)	160.52	**183.01**	14.0%	—

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

In the three months ended March 31, 2026, consolidated net sales rose 7.8%, to ¥282.5 billion.

• Key global economies continue to be impacted by logistics and supply chain disruptions arising from the escalating tensions in the Middle East, which have led to soaring crude oil prices and energy costs, as well as to concerns regarding supplies of naphtha-derived petrochemicals. Owing to multiple factors, including the impact of this situation on consumer prices, an uncertain outlook persists for both corporate entities and consumers.

• In this environment, operating conditions in customer industries identified as key growth areas diverged. In digital materials, used principally in electrical and electronics equipment, the semiconductor market remained robust, propelled mainly by brisk demand for AI applications, while the display market benefited from an upswing in the operating rates of display manufacturers in expectation of higher demand for flat-screen televisions ahead of the 2026 FIFA World Cup quadrennial international men's soccer championship, which is scheduled to take place in June and July 2026. In industrial materials,* used primarily in mobility solutions, the automobile market was affected by changes in the demand structure, caused by the situation in the Middle East, which spurred higher sales of EVs worldwide at the same time as it pushed down Japanese automakers' exports to the region.

• Against this backdrop, results varied for different products. Shipments of epoxy resins, industrial-use adhesive tapes, ultraviolet (UV)-curable resins and other high-value-added products for digital applications, were robust. In the Color & Display segment, shipments of pigments for color filters, used in displays, also advanced. Results for inks for packaging applications and for certain resins reflected a trend among customers, particularly in overseas markets, to boost inventories amid apprehension about the prolonged Middle East crisis.

Operating income climbed 87.7%, to ¥24.5 billion. This was due mainly to rising shipments of high-value-added products, particularly for digital applications, as well as to relentless efforts to revise sales prices and implement appropriate cost management in all three segments. Other factors included a one-time gain stemming from the fact there was no longer a need to record a liability for repairs at a pigments production facility in Germany, which had been legally required in previous years, resulting in a ¥5.8 billion reversal of the liability.

Ordinary income, at ¥23.9 billion, was up 141.4%, as foreign exchange losses associated with the depreciation of emerging market currencies declined.

Net income attributable to owners of the parent soared 214.7%, to ¥19.2 billion. This was a consequence of higher extraordinary income, pushed up by the sale of works of art.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose 61.0%, to ¥39.3 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)			
	Three months ended March 31, 2025	**Three months ended March 31, 2026**	Change (%)	Change (%) 〔Local currency basis〕	Three months ended March 31, 2025	**Three months ended March 31, 2026**	Change (%)	Change (%) 〔Local currency basis〕
Packaging & Graphic	134.0	**145.2**	8.4%	2.4%	6.7	**8.3**	25.0%	18.7%
Color & Display	68.6	**69.7**	1.5%	-5.1%	2.8	**8.5**	3.0 times	2.7 times
Functional Products	70.8	**76.7**	8.4%	4.1%	5.2	**9.1**	75.3%	67.8%
Others, Corporate and eliminations	(11.3)	**(9.1)**	—	—	(1.6)	**(1.3)**	—	—
Total	262.1	**282.5**	7.8%	1.8%	13.1	**24.5**	87.7%	75.7%

Note: In Phase 2 of the Company's long-term management plan, "DIC Vision 2030"—the first year of which is fiscal year 2026—the Company has identified "Maximizing cash generation by improving capital efficiency" as a priority theme. As one of the metrics to measure its progress toward this goal, the Company has set return on invested capital (ROIC) targets for fiscal year 2030 for each reportable segment and is working to achieve high asset and capital efficiency that exceeds the cost of capital.
Accordingly, beginning from the three months ended March 31, 2026, the Company has changed the way it measures segment information to more accurately reflect each reportable segment's assets and capital efficiency.
Segment information for the three months ended March 31, 2025, has been prepared and disclosed based on the revised measurement method.

Packaging & Graphic

	Three months ended March 31, 2025	**Three months ended March 31, 2026**	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥134.0 billion	**¥145.2 billion**	8.4%	2.4%
Operating income	¥6.7 billion	**¥8.3 billion**	25.0%	18.7%

Segment sales increased 8.4%, to ¥145.2 billion. In the area of packaging inks, used chiefly on packaging for food products, sales were down in Japan, as rising consumer prices led to a decrease in consumption, which pushed down shipments. In contrast, sales of these products rose in the Americas and Europe, despite flagging shipments attributable to waning economic conditions, thanks to efforts to adjust sales prices. Sales of packaging inks were also up in Asia and elsewhere, despite temporary inventory buildup by customers—particularly in the People's Republic of China (PRC)—in anticipation of tensions in the Middle East, supported by moves to expand sales in individual regional markets. In publication inks, which center on inks for commercial printing and news inks, sales advanced, notwithstanding ongoing structural declines in publishing-related demand worldwide, bolstered by, among others, expanded shipments of UV-curable inks for printing trading cards and other applications and by the acquisition of market share from competitors in Europe. Sales of jet inks, used in digital printing, rose, despite one-time customer inventory adjustments, as shipments remained robust. Shipments of polystyrene, applications for which include food trays, were up, as the situation in the Middle East encouraged customers to stockpile inventories.

Segment operating income rose 25.0%, to ¥8.3 billion. Amid inventory buildup by customers attributable to the situation in the Middle East, steps taken to expand sales of high-value-added products and implement appropriate sales price revisions prompted gains in all geographic operating regions.

Color & Display

	Three months ended March 31, 2025	**Three months ended March 31, 2026**	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥68.6 billion	**¥69.7 billion**	1.5%	-5.1%
Operating income	¥2.8 billion	**¥8.5 billion**	3.0 times	2.7 times

Segment sales edged up 1.5%, to ¥69.7 billion. On a local currency basis, however, sales declined 5.1%. Shipments of pigments for coatings and for plastics—which together account for a significant share of sales—diverged, with those of pigments for coatings falling, as a cold snap in North America dampened orders, while those for plastics rose, bolstered by expanded sales, particularly to customers in Europe and North America. Among high-value-added products, shipments of pigments for color filters used in displays were up, as the operating rates of display manufacturers picked up. In contrast, sales of pigments for cosmetics were down, owing in part to a strategic decision to discontinue sales of certain products with low added value. In pigments for specialty applications, shipments of products for agricultural use advanced, but sales decreased, with causes including product mix. Higher segment sales also reflected the positive impact of a weaker yen on sales in overseas markets after translation.

Segment operating income soared 3.0 times, to ¥8.5 billion. This was despite the decline in segment sales on a local currency basis and reflected such factors as a one-time gain stemming from the fact there was no longer a need to record a liability for repairs at a pigments production facility in Germany, which had been legally required in previous years, resulting in a ¥5.8 billion reversal of the liability.

Functional Products

	Three months ended March 31, 2025	**Three months ended March 31, 2026**	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥70.8 billion	**¥76.7 billion**	8.4%	4.1%
Operating income	¥5.2 billion	**¥9.1 billion**	75.3%	67.8%

Segment sales rose 8.4%, to ¥76.7 billion. In the area of digital materials, sales of epoxy resins, the foremost application for which is semiconductor packaging substrates and encapsulating materials, increased, bolstered by firm demand for semiconductors for AI-related applications, which drove brisk shipments of active ester curing agents used in insulating materials. Despite concerns over the impact of memory shortages on market conditions, sales of industrial-use adhesive tapes—used mainly in smartphones and other mobile devices—were buttressed by steady efforts to lock in demand, which led to broader adoption, primarily for high-end models. Sales of industrial materials were also up, underpinned by robust shipments of mainstay polyphenylene sulfide (PPS) compounds for both mobility solutions and housing equipment. Results for other resins, particularly in overseas markets, were affected by customer efforts to stockpile inventories in expectation of a prolonged Middle East crisis.

Segment operating income climbed 75.3%, to ¥9.1 billion. This gain reflected robust shipments overall, as well as expanded sales of high-value-added products, notably digital materials.

(3) Operating Results Forecasts for the First Half of Fiscal Year 2026 and Fiscal Year 2026

(Billions of yen)

	First half of FY2025	**First half of FY2026**	Change (%)	FY2025	**FY2026**	Change (%)
Net sales	523.2	**560.0**	7.0%	1,052.2	**1,100.0**	4.5%
Operating income	27.0	**29.0**	7.5%	52.2	**56.0**	7.3%
Ordinary income	20.3	**25.5**	25.6%	44.2	**48.0**	8.5%
Net income attributable to owners of the parent	13.1	**17.0**	29.9%	32.4	**33.0**	2.0%
EBTIDA	49.1	—	—	109.3	**111.0**	1.6%

Note: Forecasts are unchanged from those published on February 16, 2026.

In response to raw materials procurement risks and pricing pressures anticipated as a result of the Middle East crisis, the DIC Group will take steps to, among others, secure necessary raw materials, address rising raw materials prices in a timely manner, and implement additional cost-cutting measures, thereby minimizing the impact of this situation on its performance. Because it is difficult to reasonably quantify the impact on its performance at this time, DIC has maintained its initial first-half and full-term forecasts published on February 16, 2026. Revised forecasts will be announced as soon as reasonable quantification becomes possible.

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)

Total assets increased ¥29.5 billion from the end of the previous fiscal year, to ¥1,303.6 billion, mainly due to not only impact of an increase in yen equivalent caused by exchange rate fluctuations but also an increase in cash and deposits and trade receivables. Total liabilities increased ¥18.4 billion from the previous fiscal year to ¥801.7 billion, mainly due to the impact of an increase in interest-bearing debt. In addition, net assets increased ¥11.0 billion from the previous fiscal year to ¥501.9 billion, mainly due to an increase in foreign currency translation adjustment and recording net income attributable to owners of parent.

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3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Previous Fiscal Year as of December 31, 2025	First Quarter of Current Fiscal Year as of March 31, 2026
Assets		
Current assets		
Cash and deposits	68,909	85,018
Notes and accounts receivable - trade	231,445	244,730
Merchandise and finished goods	189,295	185,925
Work in process	11,275	11,541
Raw materials and supplies	96,996	100,531
Other	34,521	33,638
Allowance for doubtful accounts	(4,890)	(5,199)
Total current assets	627,550	656,184
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	138,898	140,569
Machinery, equipment and vehicles, net	140,317	139,200
Tools, furniture and fixtures, net	14,057	13,204
Land	57,151	57,189
Construction in progress	20,671	22,033
Total property, plant and equipment	371,094	372,195
Intangible assets		
Goodwill	17,140	17,131
Software	11,108	10,856
Customer-related assets	10,735	10,652
Other	23,157	23,013
Total intangible assets	62,140	61,653
Investments and other assets		
Investment securities	63,320	64,785
Net defined benefit asset	116,409	116,640
Other	33,642	32,180
Allowance for doubtful accounts	(64)	(64)
Total investments and other assets	213,307	213,541
Total non-current assets	646,541	647,389
Total assets	1,274,091	1,303,573

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(Millions of yen)

	Previous Fiscal Year as of December 31, 2025	First Quarter of Current Fiscal Year as of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	127,763	135,105
Short-term loans payable	126,247	93,048
Commercial papers	15,000	33,000
Current portion of bonds payable	5,000	15,000
Income taxes payable	4,384	5,710
Provision for bonuses	6,232	5,544
Other	101,919	96,264
Total current liabilities	386,545	383,672
Non-current liabilities		
Bonds payable	95,000	85,000
Long-term loans payable	198,909	229,881
Net defined benefit liability	31,624	31,063
Asset retirement obligations	10,518	10,617
Other	60,650	61,459
Total non-current liabilities	396,702	418,021
Total liabilities	783,247	801,693
Net assets		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,234	94,234
Retained earnings	209,865	214,815
Treasury shares	(1,505)	(1,483)
Total shareholders’ equity	399,151	404,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,886	3,950
Deferred gains or losses on hedges	334	227
Foreign currency translation adjustment	64,151	71,960
Remeasurements of defined benefit plans	3,358	2,604
Total accumulated other comprehensive income	71,729	78,741
Non-controlling interests	19,963	19,015
Total net assets	490,844	501,880
Total liabilities and net assets	1,274,091	1,303,573

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

Quarterly Consolidated Statement of Income

(Millions of yen)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2026
Net sales	262,111	282,489
Cost of sales	203,793	213,112
Gross profit	58,319	69,377
Selling, general and administrative expenses		
Employees' salaries and allowances	17,040	18,796
Provision of allowance for doubtful accounts	145	119
Provision for bonuses	1,075	1,160
Retirement benefit expenses	195	(192)
Other	26,806	24,980
Total selling, general and administrative expenses	45,262	44,865
Operating income	13,057	24,512
Non-operating income		
Interest income	626	666
Dividends income	71	62
Foreign exchange gains	—	41
Equity in earnings of affiliates	—	1,402
Other	453	461
Total non-operating income	1,150	2,632
Non-operating expenses		
Interest expenses	1,546	1,442
Foreign exchange losses	1,720	—
Equity in losses of affiliates	273	—
Other	787	1,848
Total non-operating expenses	4,326	3,290
Ordinary income	9,881	23,854
Extraordinary income		
Gain on sales of works of art	—	2,760
Subsidy income	—	294
Gain on sales of non-current assets	613	—
Gain on sales of shares and investments in capital of subsidiaries and affiliates	310	—
Total extraordinary income	923	3,054
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	—	865
Severance costs	361	609
Loss on disposal of non-current assets	389	479
Total extraordinary losses	750	1,953
Income before income taxes	10,053	24,955
Income taxes	3,811	5,454
Net income	6,242	19,502
Net income attributable to non-controlling interests	144	308
Net income attributable to owners of the parent	6,099	19,194

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2026
Net income	6,242	19,502
Other comprehensive income		
Valuation difference on available-for-sale securities	(190)	(207)
Deferred gains or losses on hedges	38	(107)
Foreign currency translation adjustment	(13,844)	7,756
Remeasurements of defined benefit plans	504	(745)
Share of other comprehensive income of affiliates accounted for using equity method	(144)	230
Total other comprehensive income	(13,636)	6,926
Comprehensive income	(7,394)	26,428
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(7,246)	26,205
Comprehensive income attributable to non-controlling interests	(148)	223

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholder's Equity)

Not applicable

(Notes on Accounting Methods Which Are Exceptional for Quarterly 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 three months ended March 31, 2026, 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 the 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 829 million and 277 thousand as of December 31, 2025, respectively, and 805 million and 270 thousand as of March 31, 2026, respectively.

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Conclusion of the Agreements Regarding Shares of Affiliate and Planned Transfer of Equity-Method Affiliate

DIC Corporation ("DIC" or the "Company") on March 31, 2026, entered into a basic agreement (the "Basic Agreement") with KJ005 Co., Ltd.(the "Tender Offeror"), which was established on February 12, 2026 with the primary business of acquisition and possession of TAIYO HOLDINGS CO., LTD. (the "Target Company"; Hitoshi Saito, President, CEO), and which is a wholly owned subsidiary of KJ005HD Co., Ltd., the outstanding shares of which are held in full by KJ005 Investment L.P., a limited partnership established on January 30, 2026, pursuant to the laws of Ontario Province, Canada, that is indirectly operated by Kohlberg Kravis Roberts & Co. L.P. (including affiliates and related funds, "KKR"). Pursuant to the Basic Agreement regarding a series of transactions (the "Transactions") with the purpose of making Tender Offeror the sole shareholder of the Target Company and delisting the Target Company's shares: (i) the Tender Offeror will conduct a tender offer (the "Tender Offer") for the common shares of the Target Company, which is an equity-method affiliate of DIC; (ii) DIC will not tender the shares of the Target Company that it holds (the "DIC-Owned Company Shares") in the Tender Offer (the "Non-Tender"); (iii) if the Tender Offer is consummated but the Tender Offeror is unable to acquire all of the Target Company's shares in the Tender Offer (excluding the treasury shares held by the Target Company, the shares of the Target Company held by Kowa Co., Ltd. ("Kowa") (the "Kowa-Owned Company Shares"), and the DIC-Owned Company Shares), the Target Company will conduct a consolidation of its common shares (the "Share Consolidation"); (iv) the Tender Offeror will provide funding to the Target Company and will reduce the Target Company's stated capital and capital reserves (the "Capital Changes"); and (v) the Target Company will acquire all of the Kowa-Owned Company Shares and the DIC-Owned Company Shares through share buyback (the "Share Buyback"), and the Tender Offeror will delist the Target Company's shares.

The Tender Offer will be conducted by the Tender Offeror as part of the Transactions for the purpose of making Tender Offeror the sole shareholder of the Target Company and delisting the Target Company's shares. Upon consummation of the Transactions, the Target Company is expected to cease to be an equity-method affiliate of DIC.

Further, as announced in its January 25, 2017 press release titled "Notice Concerning a Capital and Business Alliance with TAIYO HOLDINGS CO., LTD., which would Become an Equity-Method Affiliate," DIC entered into a capital and business alliance agreement with the Target Company (the "Capital and Business Alliance Agreement") and has maintained a capital and business alliance (the "Capital and Business Alliance"), as a result of which the Target Company became an equity-method affiliate of DIC. Upon consummation of the Transactions, the Capital and Business Alliance Agreement will terminate, resulting in the termination of the Capital and Business Alliance, as outlined below.

1. Reasons for entering into the Basic Agreement and for termination of the Capital and Business Alliance

The Target Company and DIC entered into the Capital and Business Alliance Agreement with the aim of generating synergies in the area of electronics and have built a collaborative relationship as our equity-method affiliate of DIC. However, as announced in its June 3, 2025 press release titled "Notice Regarding the Planned Exercise of Voting Rights on the Proposal for the Election of Board Directors (Proposal 2) at the 79th Ordinary General Shareholders' Meeting of TAIYO HOLDINGS," owing to changes in the operating environment in the electronics sector, as well as changes in the Target Company's business portfolio, including the expansion of its medical and pharmaceuticals business, DIC has determined that further business expansion through synergies with the Target Company is limited. Further, given the policy DIC has outlined in its priority business area of Smart living to concentrate management resources on businesses expected to generate profits swiftly and reliably, the Company has reached the conclusion that continued investment of capital in the Target Company will not necessarily contribute to the improvement of its own corporate value over the medium to long term.

Against this backdrop, DIC has engaged in careful discussions with KKR regarding the Transactions and has reached the conclusion that the Transactions would contribute to the improvement of the Target Company's corporate value, and that it would provide an economic rationale for DIC and deliver benefit to DIC and its shareholders. Accordingly, the Company has decided to enter into the Basic Agreement.

Following consummation of the Transactions, the Target Company will cease to be an equity-method affiliate of DIC, and the Capital and Business Alliance Agreement will terminate, resulting in the termination of the Capital and Business Alliance. Notwithstanding the foregoing, the Target Company and DIC intend to continue their stable business relationship as before the Transactions.

2. Details of the Transactions
The Transactions consist of (i) the Tender Offer, (ii) the Non-Tender, (iii) the Share Consolidation, (iv) the Capital Changes, and (v) the Share Buyback.

3. Profile of the counterparty to the Capital and Business Alliance to be terminated and the equity-method affiliate to be transferred

(1) Company name		TAIYO HOLDINGS CO., LTD.
(2) Principal business		Development of TAIYO Group management strategies, management guidance to its subsidiaries, research and development, etc.
(3) Relationship with DIC		
	Capital relationships	DIC holds 20.19% (Note) of the Target Company’s outstanding common shares (excluding treasury shares).
	Personal relationships	None
	Business relationships	DIC supplies raw materials for solder resist to the Target Company.
	Related party status	The Target Company is an equity-method affiliate of DIC and falls under the category of a related party.

(Note) The ownership percentage is calculated by dividing the number of shares held by DIC by the total number of shares outstanding as of December 31, 2025 (116,839,616 shares), as reported in the Summary of Financial Results for the Third Quarter of the Fiscal Year Ended March 2026 Japanese GAAP (Consolidated) published by the Target Company on February 4, 2026, less treasury shares as of that date (5,562,854 shares), i.e., 111,276,762 shares (the “Adjusted Total Number of Issued and Outstanding Company Shares”). Please note that figures are rounded to two decimal places.

4. Number of shares to be transferred in the Transactions, price of transfer and number of shares held before and after the Transactions

(1) Number of shares held before the Transactions	22,469,200 shares (Number of voting rights: 224,692) (20.19% of voting rights) (Note 1)
(2) Number of shares to be transferred in the Transactions	22,469,200 shares (Note 2) (Number of voting rights: 224,692) (20.19% of voting rights) (Note 1)
(3) Expected price of transfer	Approximately 82.6 billion yen
(4) Number of shares held after the Transactions	0 shares (Number of voting rights: 0) (0.00% of voting rights)

(Notes)
1. The percentage of voting rights held is calculated by dividing the number of voting rights held by DIC by the number of voting rights concerning the Adjusted Total Number of Issued and Outstanding Company Shares (1,112,767).
2. The number of shares before the Share Consolidation is stated. The actual number of shares to be transferred in the Share Buyback will be calculated by subtracting the number of fractional shares that will be purchased by the Tender Offeror or the Target Company as a result of the Share Consolidation from the number of shares the Company intends to sell.

5. Schedule of the Transactions

(1) Conclusion of the Basic Agreement	March 31, 2026
(2) Tender Offer	The Tender Offeror aims to commence the Tender Offer around early October 2026, taking into account consultations with local counsel regarding the procedures and clearances required under applicable domestic and foreign competition laws and investment control laws (the "Clearances"). However, as it is difficult to precisely predict the time required for the procedures before the domestic and foreign authorities responsible for the Clearances, the Tender Offeror will promptly announce the detailed schedule for the Tender Offer as soon as it is determined. The tender offer period for the Tender Offer is expected to be 21 business days.
(3) Share Consolidation	Mid-November 2026 to late January 2027 (scheduled)
(4) Share Buyback	Early February 2027 to early March 2027 (scheduled)
(5) Termination of the Capital and Business Alliance	After the consummation of the Share Buyback (scheduled)

(Notes on Quarterly Consolidated Statement of Cash Flows)

Quarterly consolidated statement of cash flows is not prepared in the three months ended March 31, 2026. Depreciation and amortization (including amortization related to intangible assets apart from goodwill) and amortization of goodwill are as follows:

	Three months ended March 31, 2025 (From January 1, 2025 to March 31, 2025)	Three months ended March 31, 2026 (From January 1,2026 to March 31, 2026)
Depreciation and amortization	¥13,298 million	¥13,633 million
Amortization of goodwill	288	258

(Notes on Segment Information, etc.)

[Segment Information]

I. Three months ended March 31, 2025 (From January 1, 2025 to March 31, 2025)

(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	134,001	58,095	69,817	261,913	199	262,111
Intersegment sales and transfers	―	10,521	992	11,513	―	11,513
Total	134,001	68,616	70,809	273,426	199	273,624
Segment profit	6,651	2,812	5,166	14,629	11	14,640

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

(Millions of yen)

Profit	Amount
Total reportable segments	14,629
Profit in “Others”	11
Corporate expenses	(1,583)
Operating income reported in the quarterly consolidated financial statements	13,057

(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.

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.

II. Three months ended March 31, 2026 (From January 1, 2026 to March 31, 2026)

(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	145,223	61,380	75,779	282,381	108	282,489
Intersegment sales and transfers	—	8,288	952	9,239	—	9,239
Total	145,223	69,668	76,731	291,621	108	291,728
Segment profit	8,315	8,460	9,057	25,831	14	25,845

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

(Millions of yen)

Profit	Amount
Total reportable segments	25,831
Profit in “Others”	14
Corporate expenses	(1,333)
Operating income reported in the quarterly consolidated financial statements	24,512

(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.

(3) Matters Related to Changes, etc. in Reportable Segments

In Phase 2 of the Company’s long-term management plan, “DIC Vision 2030”—the first year of which is fiscal year 2026—the Company has identified “Maximizing cash generation by improving capital efficiency” as a priority theme. As one of the metrics to measure its progress toward this goal, the Company has set return on invested capital (ROIC) targets for fiscal year 2030 for each reportable segment and is working to achieve high asset and capital efficiency that exceeds the cost of capital. Accordingly, beginning from the three months ended March 31, 2026, the Company has changed the way it measures segment information to more accurately reflect each reportable segment’s assets and capital efficiency.

Segment information for the three months ended March 31, 2025, has been prepared and disclosed based on the revised measurement method.