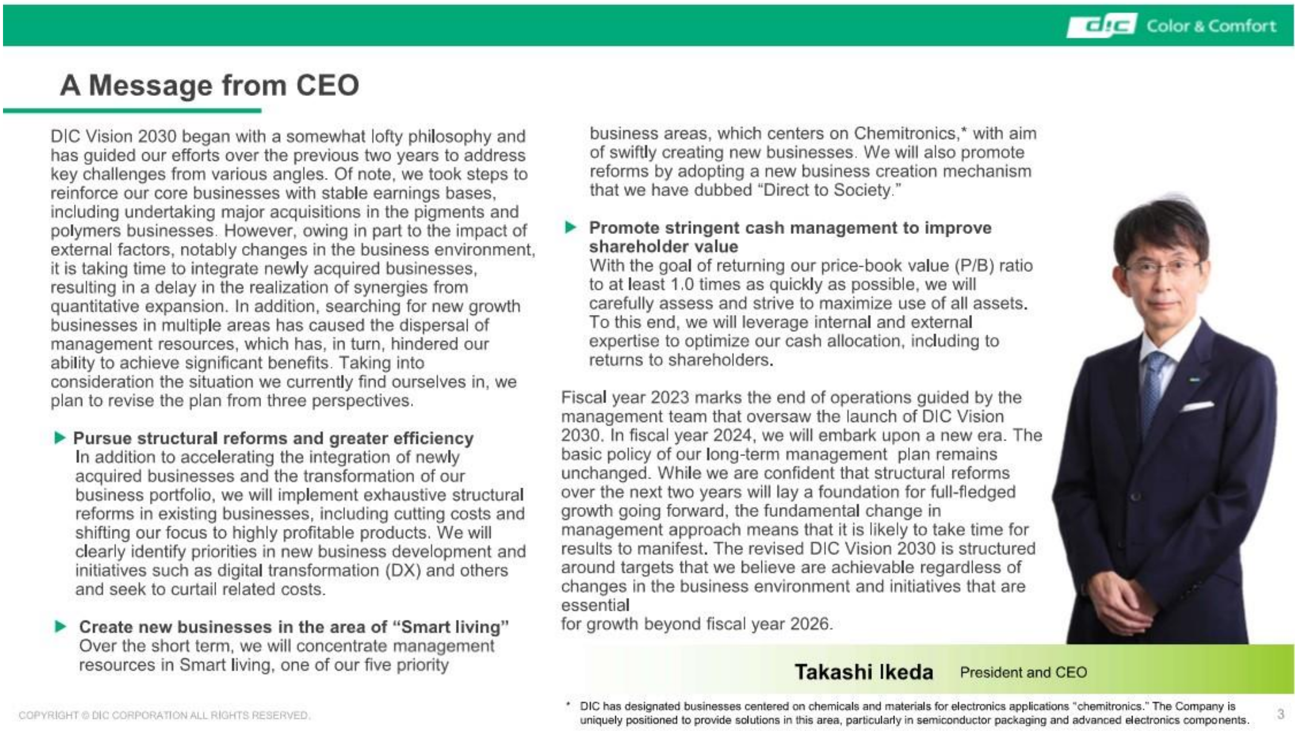
DIC Corporation

Briefing session on updating the long-term management plan

February 14, 2024

Presentation



Ikeda: Hello, everyone. I am Takashi Ikeda, and I have been serving as President and CEO since January.

I would like to first promise you the following five things.

The first is to promote the rationalization of acquired businesses and the pursuit of synergies to quickly improve business performance.

The second is to focus on measures that will yield results quickly and reliably and to thoroughly allocate management resources with a sense of urgency.

The third is to promote business portfolio transformation and generate cash through asset reduction from 2024 onward, over a three-year period.

The fourth is to formulate and implement cash allocation policies from the perspective of increasing corporate value and maintaining sustainable growth and financial soundness.

The fifth, to reiterate, is to introduce a dividend policy with a minimum annual dividend of JPY100 starting in FY2024.

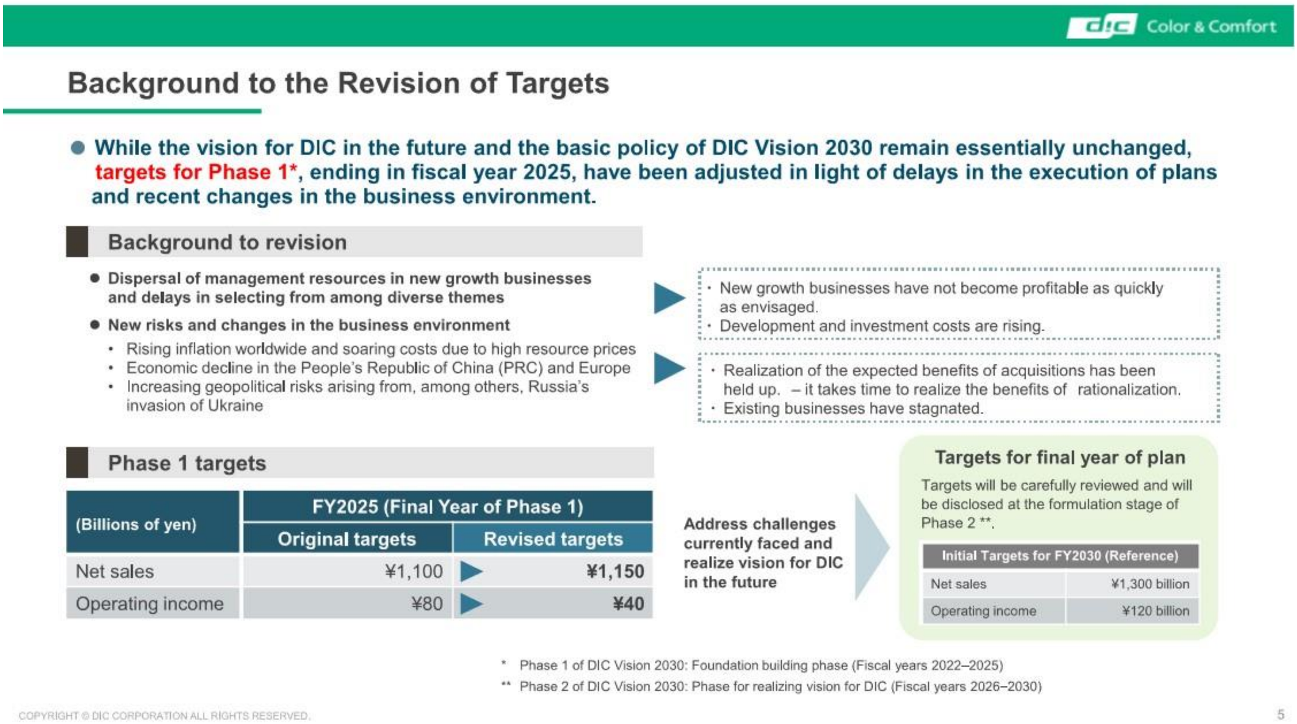
In order to ensure that these are not mere promises, we have decided to revise a part of our long-term management plan, DIC Vision 2030, and in line with this, we have decided to revise the operating income target for Phase I of DIC Vision 2030, which ends in FY2025, from the original JPY80 billion to a new target of JPY40 billion.

We have made this update based on five key ideas. In particular, we have focused on three key points, including long-term perspectives, in our message here.

The first is the pursuit of structural reforms and greater efficiency. We will accelerate the integration of newly acquired businesses and the transformation of our business portfolio, which have been discussed earlier, and in existing businesses, we will implement exhaustive structural reforms, including cutting costs and shifting our focus to highly profitable products. In addition, we will review the costs of various measures we have been spending and strive to reduce them.

Second, we are creating new businesses in the area of smart living. Initially, the 2030 Plan identified five priority business areas and pursued a variety of possibilities. Among them, we will concentrate management resources in the smart living area, with a focus on chemitronics in the short term, with the aim of swiftly creating new businesses. Chemitronics is a new business division that was established on January 1, 2024 and brings together various business groups within our company, mainly electronics.

As for the third point, we are promoting stringent cash management to improve shareholder value. This will be done by closely examining the status of all assets held by the Company, with the goal of returning to a P/B ratio of 1x as quickly as possible and maximizing the use of such assets. To this end, we will leverage internal and external expertise to optimize our cash allocation, including to returns to shareholders. In terms of governance, we are also committed to strengthening our efforts to enhance shareholder value.



Now, let me explain in detail. See page five. This is the background to the revision of targets.

In 2030, we will maintain the vision and basic policy that we have set forth up to this point, but in light of the recent situation, we will revise the targets for Phase I, which will end in FY2025.

Phase I refers to the first half of the period, from FY2022 to FY2025, as the foundation building phase for the realization of our vision. We had been investing management resources with high expectations in new growth areas, but the dispersion of these resources has gone too far, and we were late in selecting the right themes. Based on our reflections, we have revised the plan this time.

In addition, taking into account the fact that the expected effects of acquisitions have not yet been fully realized and that it will take time for the effects to be realized, we have revised our original forecast of JPY80 billion for operating income to JPY40 billion.

On the other hand, Phase II is the second half, from FY2026 to FY2030, and we still have some time before the final year, FY2030. After firmly establishing Phase I, we would like to present again how Phase II should be.

DIC Color & Comfort

Actual Results and Targets (Fiscal Years 2022–2026)

- **Newly acquired businesses have stagnated substantially, owing to the deterioration of operating conditions as a consequence of Russia's invasion of Ukraine.**
- **Regarding the creation of new businesses, the decision has been taken to eliminate a core development theme of secondary batteries, the commercialization of which was scheduled for Phase 1.**

- The revised target for operating income in fiscal year 2025 is down significantly from the initial target of ¥80 billion.
- Targets for the years up to and including fiscal year 2026 do not assume a significant improvement in the business environment and are expected to be achieved through independent efforts.
- Synergies with newly acquired businesses and the benefits of structural reforms are expected to be realized from fiscal year 2026. Accordingly, a possible range for the revised target for fiscal year 2026 is provided.
- Efforts in fiscal year 2026 will focus on achieving record-level operating income* and bolstering returns to shareholders.

* Current record: ¥56.5 billion (Fiscal year 2017)

(Billions of yen)

	Phase 1					FY2026 Targets
	FY2022 Actual	FY2023 Actual	FY2024 Targets	FY2025		
				Initial targets	Revised targets	
Net sales	¥1,054.2	¥1,038.7	¥1,100	¥1,100	¥1,150	¥1,200–1,250
Operating income	¥39.7	¥17.9	¥30	¥80	¥40	¥50–60

Segment Operating Income

(Billions of yen)

Packaging & Graphic	¥20.3	¥22	¥22.5	¥27	¥24.5	¥27–30
Color & Display	¥5.1	(¥8.9)	¥4	¥21	¥9.5	¥12–16
Functional Products [Portion of above generated by chemitronics business]	¥23.6	¥15.4 [¥6]	¥15.6 [¥6]	¥31	¥18 [¥8]	¥22–25 [¥10–11]
Others (R&D, etc.) [Portion of above applied to secondary battery development]	(¥9.4)	(¥10.6)	(¥12.1)	¥1 [¥10]	(¥12)	(Approx. ¥11)

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The next page, please. We have listed here the targets for Phase I for the period 2022 to 2026.

As Asai explained earlier, our plan for FY2024 is to start with an operating income of JPY30 billion as a stepping stone, and then aim for JPY40 billion in the second year, FY2025, and JPY50 billion to JPY60 billion in the third year, FY2026.

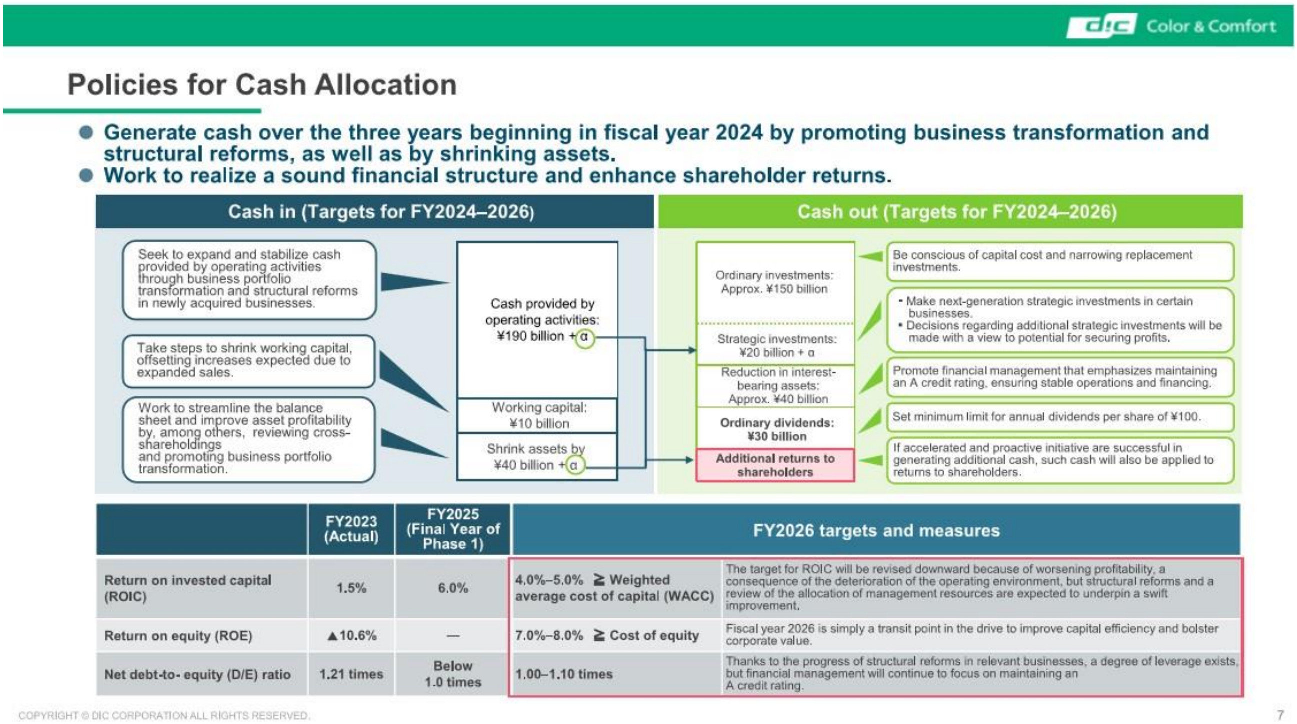
The biggest reason for the revision of the targets, especially for the JPY40 billion in Phase I in FY2025, is that we have decided to discontinue the main development theme of secondary batteries, which we had scheduled to commercialize in Phase I, with regard to the creation of new businesses.

There are other external factors as well, but as I mentioned at the outset, we are focusing on measures that can be achieved largely on our own without factoring in significant improvements in the external environment. Conversely, we believe that the potential to exceed this level exists when there is a significant improvement in the external environment and other factors emerge.

If you look at the figures for FY2025, by segment, Color & Display is expected to return to profitability in FY2024 through major structural reforms, and then steadily move into a growth trajectory for FY2026.

On the other hand, for Packaging & Graphic, mainly the core part of the ink business, we expect to achieve the initial operating income level of JPY27 billion in FY2026, albeit one year later, due to the steady achievement of structural reforms.

The Functional Products segment will play a central role in this new focus on smart living. With the newly established chemitronics business at the core, we plan to achieve a large increase in profits in this segment over 2026.



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Another important concept in this revision is that we would like to clarify and implement our policies for cash allocation. The figures shown here are the cash inflow and outflow targets over the next three years.

First, regarding the cash inflow on the left, JPY190 billion will be generated as operating cash flow. This is the result of business portfolio transformation and business acquisition structural reforms aimed at expanding and stabilizing operating cash flow.

We have factored into this figure the normal increase in working capital associated with sales recovery, showing JPY190 billion as the net amount, and we would like to plan a JPY10 billion reduction in working capital on top of this.

In addition, we plan to shrink assets by more than JPY40 billion in order to streamline the balance sheet and improve assets and profitability by reviewing cross-shareholdings, promoting business portfolio transformation, and replacing businesses.

Moving to the right, in terms of cash outflow, we plan to make regular investments of JPY150 billion, mainly in replacement investments, after carefully selecting investment targets from the standpoint of efficiency and profitability, with an awareness of capital costs.

On the other hand, for stable operations and financing, we plan to allocate about JPY40 billion for reduction of interest-bearing debt to promote financial management that emphasizes maintaining an A credit rating.

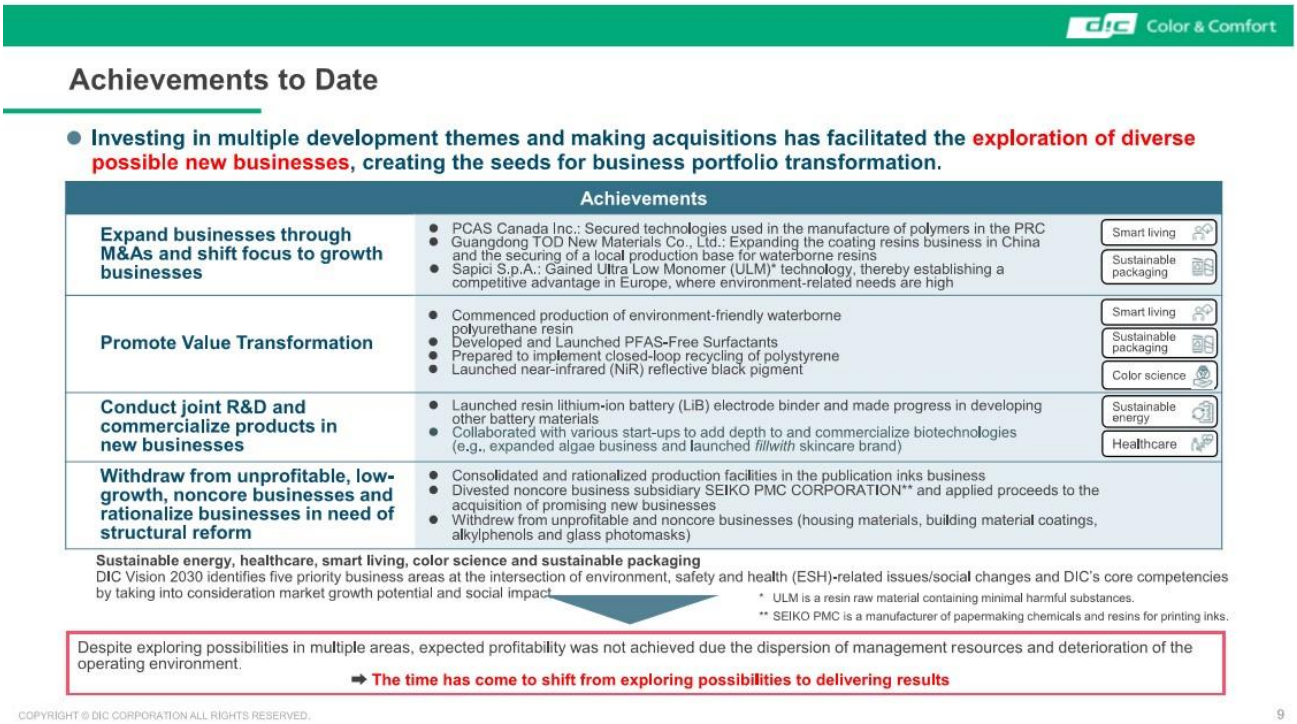
In addition, as mentioned at the outset, we plan to set the minimum annual dividend per share at JPY100 as the regular dividend, for a total appropriation of JPY30 billion.

Based on this broad concept, we will aim to generate additional cash inflows by further accelerating or aggressively implementing each of the measures. At that time, we intend to use the funds to return profits to shareholders.

On the other hand, we would like to replace businesses in line with shrinking assets or, after careful selection, allocate more than JPY20 billion for strategic investment only in growth areas.

As important management indicators in implementing these policies for cash allocation, we will naturally place importance on ROIC, ROE, net D/E ratio, etc., as written at the bottom.

We have also presented our target levels for FY2026, which we will strive to achieve.


Color & Comfort

Achievements to Date

- **Investing in multiple development themes and making acquisitions has facilitated the exploration of diverse possible new businesses, creating the seeds for business portfolio transformation.**

	Achievements	
Expand businesses through M&As and shift focus to growth businesses	• PCAS Canada Inc.: Secured technologies used in the manufacture of polymers in the PRC • Guangdong TOD New Materials Co., Ltd.: Expanding the coating resins business in China and the securing of a local production base for waterborne resins • Sapici S.p.A.: Gained Ultra Low Monomer (ULM)* technology, thereby establishing a competitive advantage in Europe, where environment-related needs are high	Smart living Sustainable packaging
Promote Value Transformation	• Commenced production of environment-friendly waterborne polyurethane resin • Developed and Launched PFAS-Free Surfactants • Prepared to implement closed-loop recycling of polystyrene • Launched near-infrared (NiR) reflective black pigment	Smart living Sustainable packaging Color science
Conduct joint R&D and commercialize products in new businesses	• Launched resin lithium-ion battery (LiB) electrode binder and made progress in developing other battery materials • Collaborated with various start-ups to add depth to and commercialize biotechnologies (e.g., expanded algae business and launched *fillwith* skincare brand)	Sustainable energy Healthcare
Withdraw from unprofitable, low-growth, noncore businesses and rationalize businesses in need of structural reform	• Consolidated and rationalized production facilities in the publication inks business • Divested noncore business subsidiary SEIKO PMC CORPORATION** and applied proceeds to the acquisition of promising new businesses • Withdrew from unprofitable and noncore businesses (housing materials, building material coatings, alkylphenols and glass photomasks)	

Sustainable energy, healthcare, smart living, color science and sustainable packaging
DIC Vision 2030 identifies five priority business areas at the intersection of environment, safety and health (ESH)-related issues/social changes and DIC's core competencies by taking into consideration market growth potential and social impact

* ULM is a resin raw material containing minimal harmful substances.
** SEIKO PMC is a manufacturer of papermaking chemicals and resins for printing inks.

Despite exploring possibilities in multiple areas, expected profitability was not achieved due the dispersion of management resources and deterioration of the operating environment.
➡ **The time has come to shift from exploring possibilities to delivering results**

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Let's move on to page nine. I would like to explain some specific measures. A summary of the achievements to date is provided on this page.

We were able to expand our businesses through M&A, shift to growth areas, and promote value transformation. In particular, we recognize that we have run our course with respect to acquisition projects, including large-scale ones.

We have explored business possibilities in multiple areas, but due to the dispersion of resources and the deterioration of the external environment, we have not been able to achieve the planned profitability, and we would like to shift from exploring possibilities to delivering results as soon as possible.

DIC Color & Comfort

Issues to Be Addressed and Future Plans

- **Emphasize measures that will yield swift and consistent results and elucidate the prioritization of management resources allocation.**
- **Pursue synergies with and accelerate rationalization efforts in newly acquired businesses.**

Issues to be addressed		Future plans
Optimize allocation of management resources	● Limits to available resources in the current harsh business environment ➡ Need to prioritize areas of focus	● Concentrate allocation of management resources on growth businesses with the potential to quickly achieve viability and profitability. ➡ For details, see page 11.
Swiftly create next-generation and growth businesses	● Dispersal of management resources into areas where it is difficult to leverage competitive strengths, making it difficult to choose which businesses to prioritize	● Concentrate allocation of management resources in the priority business area to be emphasized over the short term (Smart living). ➡ For details, see page 12.
Pursue synergies with newly acquired businesses to achieve intended results	● Deterioration of profitability of the pigments business in Europe and the Americas as a result of rising fixed costs	● Merge/shutter production facilities. ● Promote a large-scale labor force rationalization. ● Review and implement measures to leverage synergies that take into account changes in the business environment. ➡ For details, see page 13.
Accelerate rationalization efforts in businesses in need of structural reform	● Publication inks: Deterioration of profitability due to market contraction and cost increases ● Thin-film transistor liquid crystals (TFT LCs): Deterioration of profitability due to intensified price competition, a result of late market entrants from the PRC	● Increase the efficiency of production and sales configurations. ● Promote alliances with other company in the same industries. ➡ For details, see page 14. ● Continue to consider a drastic restructuring of the TFT LCs business; reach a decision by the end of fiscal year 2024.
Promote sustainable strategies efficiently	● Need to execute strategies in a difficult business environment	● Promote sustainability initiatives while prioritizing measures. ➡ For details, see page 15.

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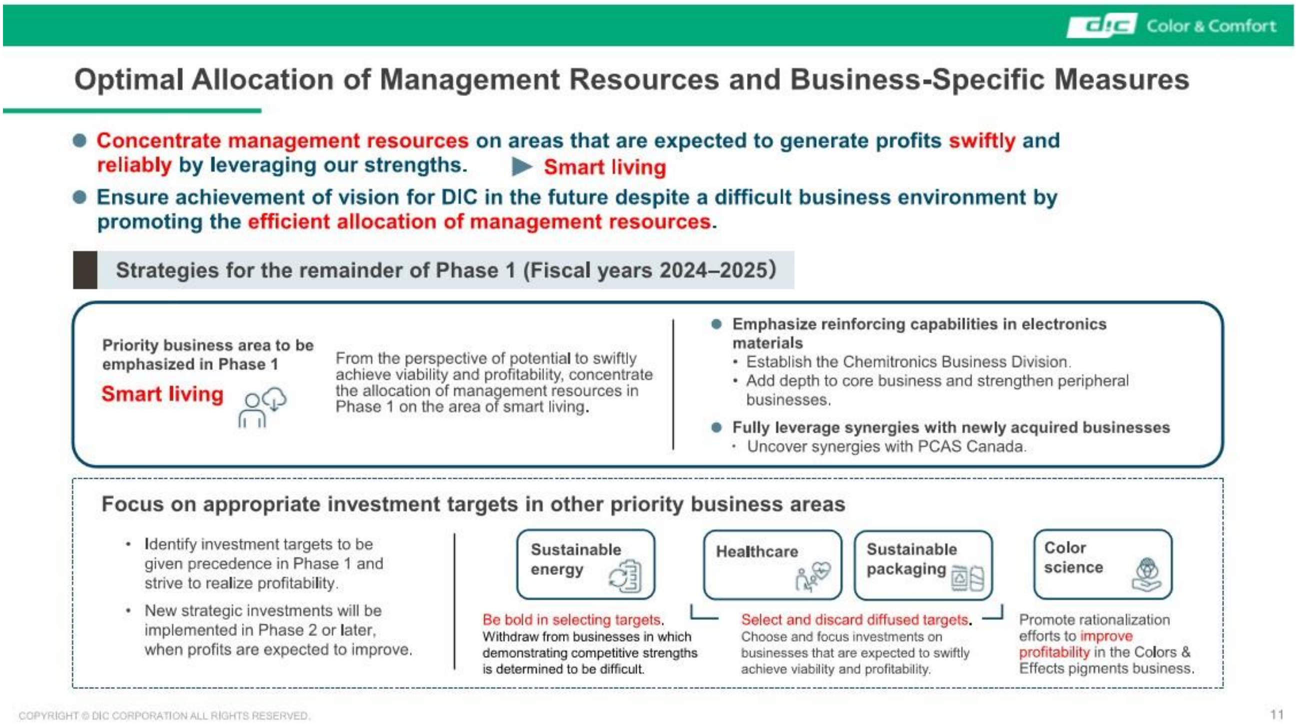
In terms of issues to be addressed and future plans, based on the recognition I just mentioned, we will elucidate the prioritization of management resources allocation. Specifically, as written here, there is the clarification of areas for investment of management resources and the promotion of rationalization of structural reforms, etc.

Today, I would like to focus on three areas: first, the smart living area as an investment in a growth area; second, measures to improve the deteriorating profitability of the pigments business; and third, further improvement of the profitability of the publication inks business.



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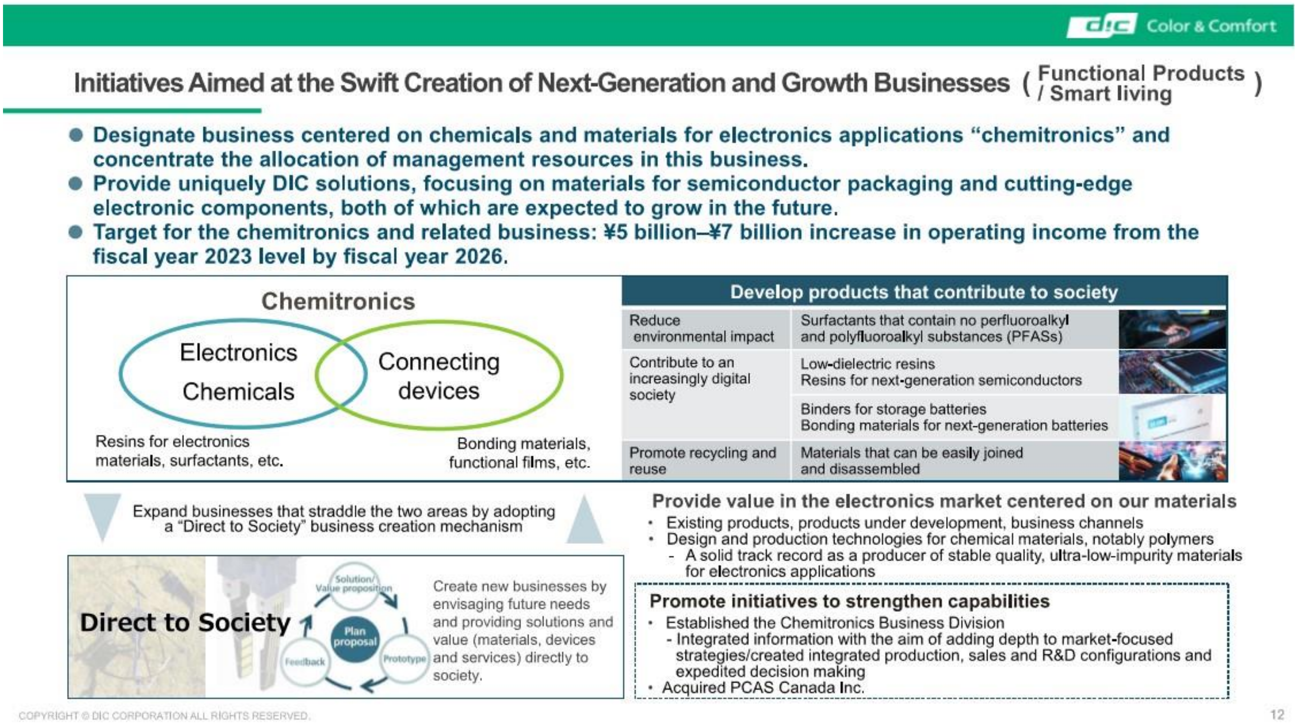
First of all, regarding the smart living area, we had originally set the five areas of sustainable energy, healthcare, sustainable packaging, and color science together, but we decided to make this smart living area the core.

More details will be explained on the next page.



We have defined chemitronics as the business centered on chemicals and materials for electronics applications, and we will concentrate management resources that were dispersed throughout the Company on this business division to achieve efficient performance and launch new businesses in a short period of time and in a reliable manner.

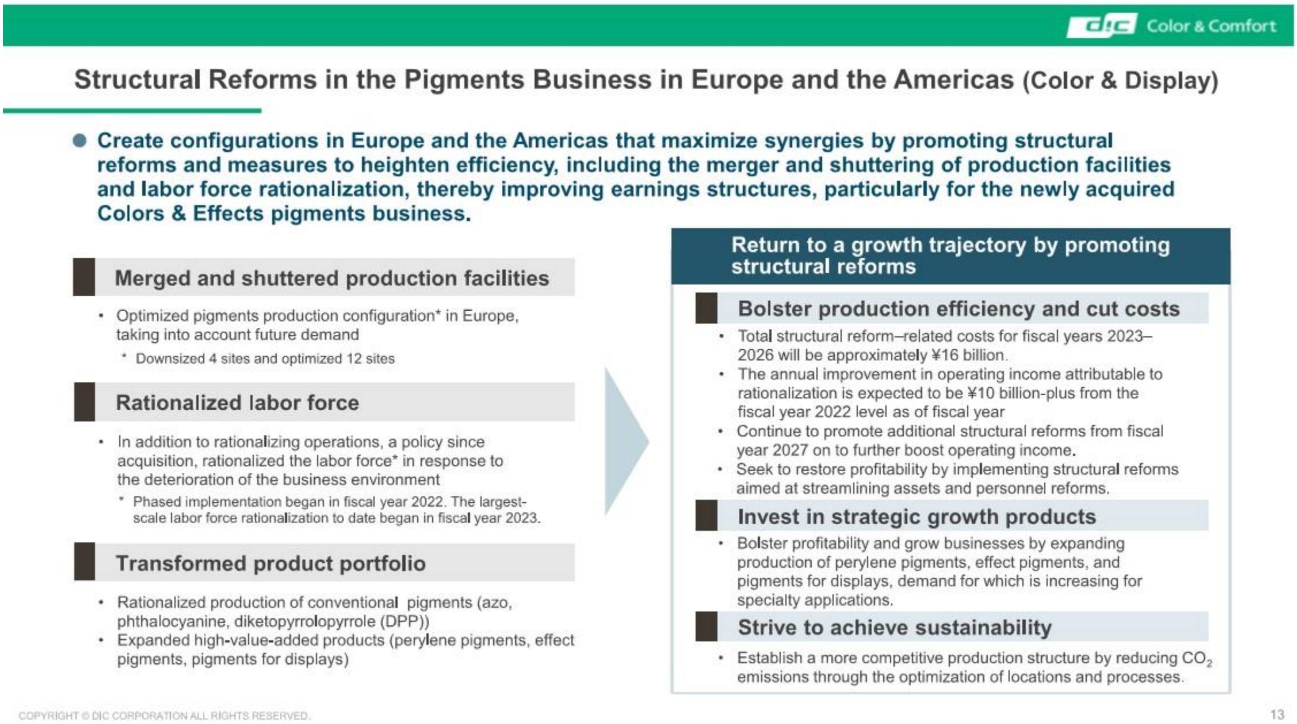
As for specific products, we are aiming for growth with our polymeric materials as well as devices and a set of combined materials, as circled in the middle square. In addition, as examples of specific products, we will develop a variety of products that contribute to sustainability, as shown on the right, as our core products.

On the other hand, we would like to review our methodology. As you can see on the lower left, we would like to promote the expansion of the area through the direct to society concept. This means that we ourselves will envisage future needs and provide solutions and value directly to society.

Although we are a materials manufacturer, we will also be involved in the development of devices and final products and present their value and solutions as prototypes. We will use the information and needs we obtain there as feedback to brush up our own products and businesses. By continuing this cycle, we aim to make internal development or the launch of new businesses smoother.

On the other hand, as shown in the lower right-hand corner, to strengthen our capabilities, we will aim to add further value by utilizing our accumulated know-how and the newly acquired technology of a Canadian photoresist polymers company, which enables us to mass produce stable quality products with ultra-low impurities, for example.

Thus, although not limited to chemitronics, we aim to increase operating income by JPY5 billion to JPY7 billion in FY2026 compared to FY2023, mainly from product lines related to the smart living area.



The next page, please. This shows structural reforms in the pigments business in Europe and the US.

We will further promote the rationalization measures we have been pursuing up to now, including the merger and shuttering of production facilities and labor force rationalization, in order to reach a clear milestone toward 2026, as shown in the box on the right.

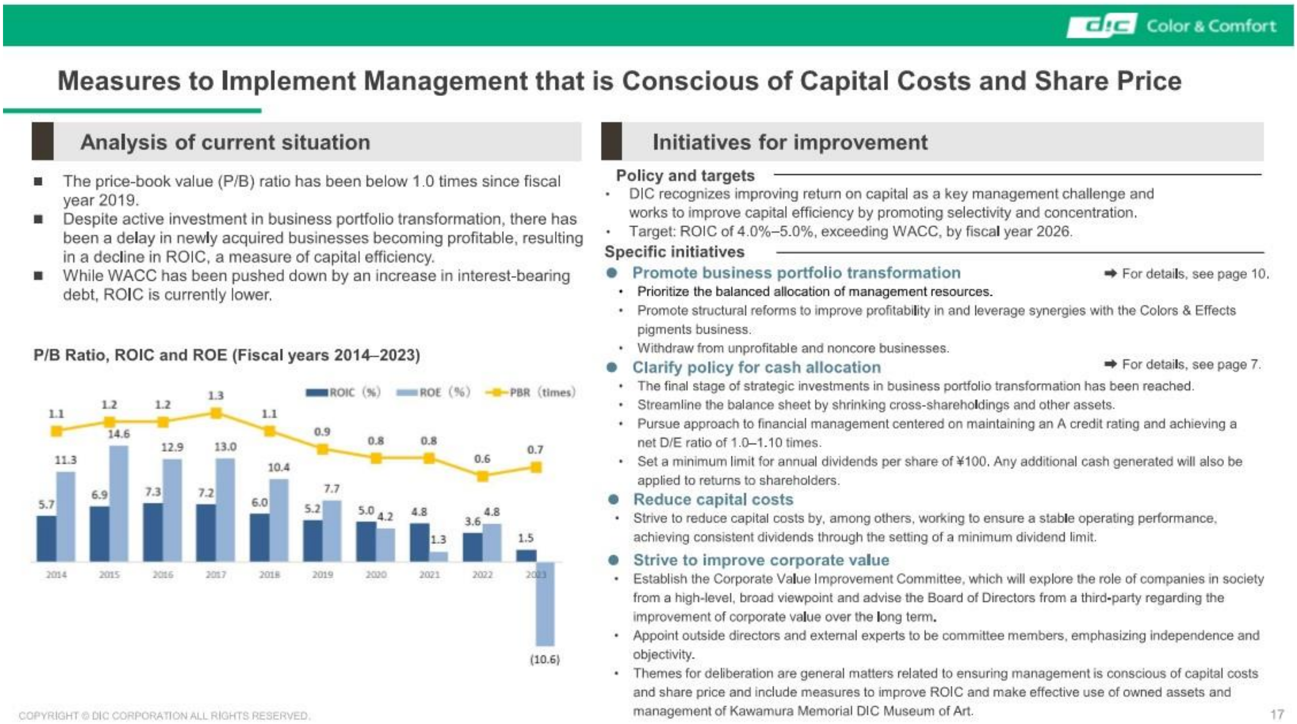
Specifically, we aim to improve operating income by JPY10 billion per year in FY2026 through rationalization measures, compared to the FY2022 level, and by JPY6 billion compared to FY2023. We plan to achieve a 12% reduction in total personnel by then.

On the other hand, we believe that the rationalization efforts will not be temporary or short-term but will be necessary from 2023 to 2026, and even after 2027, and we expect to record a total of JPY16 billion in expenses over the next three years.

I will continue with an explanation of the structural reforms in the publication inks business.

As shown in our business performance in FY2023, the rationalization measures we have been implementing are steadily yielding results, and we believe that the profitability of our overall business is improving considerably. The majority of the work has already been completed, and we will focus on optimizing the system to meet demand.

Through the realization of structural reforms in Japan and overseas, we expect to continue streamlining our operations by a cumulative total of approximately JPY2.5 billion over the next three years, or JPY800 million per year, to further improve profitability.



Finally, I will explain, on page 17, about the realization of management that is conscious of share price.

As for our analysis of the current situation, as shown in the graph on the left, we believe that our business situation is not favorable, as represented by the ROIC, ROE, and P/B ratio.

The purpose this time is to implement various initiatives to achieve an early return to a P/B ratio of 1x, and in particular, I would like to conclude the presentation by discussing further initiatives to increase corporate value, as indicated in the lower right-hand corner.

The new Corporate Value Improvement Committee will be established to discuss the role of the Company in society from a high-level, broad viewpoint and to advise the Board of Directors from a third-party regarding the improvement of corporate value over the long-term. This is a completely independent committee that emphasizes independence and objectivity and is composed of outside directors and external experts invited as appropriate.

We would like them to discuss various topics from a high-level, broad viewpoint and make the most of these discussions for our management. Specifically, the themes are general matters related to management that is conscious of capital costs and share price, such as ROIC improvement, effective use of owned assets, and management of the museum.

As for strengthening governance, we have just recently passed a resolution to appoint one additional new outside director, as we have just released. By implementing enhanced oversight of the Board of Directors, based on an expanded skills matrix and improved diversity, we will ensure that the new, updated version of DIC Vision 2030, which I explained today, will be implemented.

That is all from me. Thank you very much.

[END]

Question & Answer

Komine [M]: I would now like to start the Q&A session. Questioner1, please ask your questions.

Questioner1 [Q]: Thank you for your explanation. I have seen significant changes and I have an expectation. I have two questions.

First, on page six of the presentation material explained by the President, regarding Packaging & Graphic and Color & Display each; while various structural reforms have been completed, the operating margin of Packaging & Graphic is 5%. Is a 5% operating margin enough for the world's top ink companies? And in the case of Color & Display, the margin will remain at 6% to 7% due to the improvement of the business.

Since this includes digital, what is needed to bring it to double digits? And regarding Color & Display, was the Russia/Ukraine situation really the only problem? The Company was aiming for an EBIT of about JPY10 billion, but the result was a deficit of more than JPY10 billion, so I think there is a significant negative factor in terms of volume. How can you improve this, including synergies? What are your thoughts on further margin improvement for these two major projects?

Ikeda [A]: Now, I, Ikeda, will answer your questions. Regarding your first question. In printing inks and pigments, as for measures to further improve the operating margin in particular, from a broad perspective, when we look at our overall operating profit to exceed 10%, for example, in these two core businesses, is it realistic to expect that we can achieve this overall goal on this scale? I do not think it is realistic.

To further improve the operating margin, the Company's basic approach is to drive this in Functional Products, namely in the smart living area and the Chemitronics business.

For example, the Chemitronics business has consisted of highly profitable products, at 10% to 15% from the beginning, and we would like to improve the company-wide profit margin by increasing the ratio of these products. That is the basic idea.

On the other hand, in very mature businesses such as printing inks, as we did in FY2023, by steadily maintaining a price gap or raising prices in a competitive environment, and by thoroughly looking at costs at a lower level, we would like to maintain a certain level of scale, and our first priority is to maintain the profit amount and profit margin level over the long term.

Regarding the pigments business, as you mentioned, we do not think that it is only because of the external environment, or Ukraine. In addition to the various competitive environments and the movements of competitors, depending on which areas and product groups we focus on and expand, profit margins will change in particular. The market environment is not favorable right now, and volumes are declining, so the situation, including EBITDA, is apparently deteriorating.

Questioner1 [Q]: Thank you very much. Secondly, regarding shareholder return and capital allocation, the dividend payout ratio will be considerably higher, with a minimum dividend of JPY100 this time. By what criteria was this decided? And I think the term "carefully assess all assets" means a great deal, and you have assets such as the Kawamura Memorial DIC Museum of Art. What kind of assessment is this?

Also, the extraordinary loss was JPY16 billion again this fiscal year. When will this stop? In terms of the pace of expansion of net income, when can you reach a net income in line with operating income? Please explain about these.

Ikeda [M]: First of all, Asai will answer regarding our policy on dividends.

Asai [A]: As to the question of how we decided on the minimum dividend level of JPY100, we believe that we can stably earn more than JPY10 billion on a net basis from the level of operating income, considering the level of our existing business performance. Therefore, we have decided to set this level as the minimum level of dividends, because we believe that this is the line that we can guarantee in 2024, 2025, and 2026 in the current three-year plan.

As mentioned in the cash allocation section, if our business performance improves and we generate additional profits, as you can see now, we would like to return profits to shareholders in the form of additional shareholder returns, such as an increase in dividends or other forms. That is all for the dividend.

Ikeda [A]: I will now answer your second question regarding the review of fixed assets. Is the museum included in that process? Yes, it is. As for the effective use of the assets, we would like to go back to the purpose and significance of the museum, and also have a discussion at the Corporate Value Improvement Committee, as we have just announced. In this context, based on discussions on the status of the museum and the artworks, we would like to decide how to handle them.

Questioner1 [Q]: When will the extraordinary loss stop?

Asai [A]: As for the extraordinary loss, we are planning to record an extraordinary loss of JPY16 billion for this fiscal year. The large one is the loss incurred from the transfer of the Seiko PMC business, which was already confirmed in Q1.

Also, I am sorry to repeat, but it is from the pigments business overseas. We have been working on this since FY2023, and in H1 of FY2024, we are planning to make major and additional structural reforms, so this is a significant portion of the JPY16 billion extraordinary loss.

As for the outlook for the future, as Ikeda had explained earlier in the presentation, structural reform-related costs will be about JPY16 billion by FY2026, and we expect that most of those will be implemented in the next two years, 2023 and 2024, with some more to be implemented in the next two years, 2025 and 2026. Basically, we will promote restructuring in pigments in the first two years.

As for other businesses, we do not expect any major restructuring to occur at this time, but as you are aware, there may be some restructuring in the form of optimization in the printing ink business, depending on the outlook for future demand. However, we have not made any plans for anything major to occur by 2026. That is all.

Questioner1 [Q]: Thank you very much. Is it correct to say that there is not much impact on net income/loss, since extraordinary income will be generated accordingly?

Asai [A]: Yes. At least, we have already made some concrete progress in terms of extraordinary income against the JPY16 billion loss in FY2024. Unfortunately, we are unable to discuss specifics with you today, but we will explain each case in the future when we are ready to make that case public. We are planning to cover almost all of those extraordinary losses with extraordinary income. That is all.

Questioner1 [M]: Thank you very much.

Komine [M]: Thank you very much. Next, Questioner2. Please ask your questions.

Questioner2 [Q]: Thank you for your explanation. I have two questions. First, the improvement in profit and loss of the overseas business in Color & Display in FY2024 is JPY11.7 billion. Please break this down.

Asai [A]: Yes. Now, the question is about Color & Display in FY2024, overseas. I will explain the improvements here. One big factor is the improvement in volume. About one-third of the amount of the volume increase shown in the bridge earlier is attributable to the recovery of pigment volume overseas.

Then there is the profit/loss from the production cutback due to the temporary suspension of business sites that occurred in FY2023. In FY2023, it was negative JPY5 billion, and this will be halted. Since this will become a normal operation, this negative figure will be reversed, resulting in a positive operating income of JPY5 billion. In addition, the rationalization and restructuring that we have been carrying out from 2023 to 2024 will result in a total of more than JPY5 billion.

Therefore, when these factors are combined, we can expect to see an increase in profit of more than JPY10 billion. On the other hand, we also expect some increase in personnel costs due to inflation, so the net impact of these factors will be the amount of improvement as we have just described. That is all.

Questioner2 [Q]: One-third of the increase in volume will be positive JPY6 billion or so, but is it correct to say that to some extent you are seeing an economic recovery?

Asai [A]: Yes. To some extent, we are assuming that the pigments business will return to normal. As far as we are currently looking at the results for January, it doesn't seem like Europe and Japan will recover any time soon. However, in the US and China, orders have been improving significantly, and we have naturally factored in such improvements to some extent in our forecast. That is all.

Questioner2 [Q]: Thank you very much. Is it okay to not worry too much about raw material prices or spreads in that area?

Asai [A]: Yes. For the current fiscal year, there have been no major fluctuations in the prices of raw materials and sales prices, as they have already been offset. The current price of crude oil is within the range of our original plan, so we do not expect any significant impact.

Questioner2 [Q]: In conjunction with that, I would like to ask you about the structural reform of the pigments business in Europe and the US. You mentioned earlier that the cost of structural reform is about JPY16 billion, and you said earlier that it will be spent largely in 2024 and 2025. What is the content of the structural reform? I think the focus will be on personnel reductions and the like, but could you tell us what is included in the plan?

Asai [A]: The major structural reforms in the pigments business are being made in 2023 and 2024, and of course there will be some in 2025 and beyond. One big thing is still the integration of production bases. This time, we had an impairment loss in FY2023. We have recorded an impairment loss on fixed assets because of the restructuring of overseas production bases, which is about JPY2.8 billion, and this is about so-called location. There is an impairment of excess equipment associated with the integration of multiple production bases. Also, we have already started to reduce the number of personnel since FY2023.

As you are all aware, due to the acquisition agreement, the countries where we could reduce the workforce were limited to some extent, but since this summer, these restrictions have been removed in Germany, which is the so-called main country. The impact of these workforce reductions has been factored into the restructuring effects. That is all.

Questioner2 [Q]: I understand. Secondly, I would also like to know a little bit about shrinking assets, and the main reason for this JPY40 billion. Is reviewing cross-shareholdings the most important factor? Since the museum was mentioned earlier, could you tell us a little more about how you plan to raise the JPY40 billion?

Furuta [A]: Furuta will answer this. The JPY40 billion does not include art works or other large items, but it is basically an estimate of JPY40 billion, including cross-shareholdings, factory sites that are no longer needed due to restructuring, and other certain things.

Questioner2 [Q]: For the factory site, does this mean that this is mainly for the current pigments business?

Furuta [A]: Not only pigments, but also printing inks and others are included.

Questioner2 [Q]: I understand. So, it doesn't include anything related to the museum?

Furuta [A]: It is not included.

Questioner2 [M]: I understand. That's all from me. Thank you very much.

Komine [M]: Thank you very much. This concludes today's briefing. Thank you for joining us today.

[END]

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