

The 128th Business Term

# Annual Securities Report

Fiscal year      From January 1, 2025  
                         To December 31, 2025

DIC Corporation

E00901

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.

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(Note) Non-consolidated financial statements are included in the Japanese-language original.

[Cover]

[Document filed]	Annual Securities Report (“Yuka Shoken Hokokusho”)
[Applicable law]	Article 24, paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing date]	March 23, 2026
[Fiscal year]	The 128th Business Term (from January 1, 2025 to December 31, 2025)
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Part 1 Corporate Information

I. Overview of DIC Corporation (“the Company”)

1. Key Financial Data and Trends

(1) Consolidated financial data, etc.

Fiscal Year		124th	125th	126th	127th	128th
Year end		December 2021	December 2022	December 2023	December 2024	December 2025
Net sales	(Millions of yen)	855,379	1,054,201	1,038,736	1,071,127	1,052,194
Ordinary income	(Millions of yen)	43,758	39,946	9,216	37,905	44,250
Net income (loss) attributable to owners of parent	(Millions of yen)	4,365	17,610	(39,857)	21,313	32,353
Comprehensive income	(Millions of yen)	40,596	52,233	(11,609)	46,276	80,117
Net assets	(Millions of yen)	381,008	421,088	399,267	420,615	490,844
Total assets	(Millions of yen)	1,071,481	1,261,637	1,244,889	1,226,433	1,274,091
Shareholders’ equity per share	(Yen)	3,654.61	4,088.60	3,844.70	4,239.67	4,973.39
Earnings (losses) per share (basic)	(Yen)	46.12	186.05	(421.06)	225.11	341.71
Earnings per share (diluted)	(Yen)	—	—	—	—	—
Shareholders’ equity ratio to total assets	(%)	32.3	30.7	29.2	32.7	37.0
Return on Equity (ROE)	(%)	1.3	4.8	(10.6)	5.6	7.4
Price-earnings ratio	(Times)	62.8	12.5	—	15.0	10.7
Net cash provided by (used in) operating activities	(Millions of yen)	44,812	7,935	89,095	46,207	72,971
Net cash provided by (used in) investing activities	(Millions of yen)	(147,612)	(73,160)	(66,457)	(17,082)	(20,588)
Net cash provided by (used in) financing activities	(Millions of yen)	99,549	83,948	(2,920)	(62,594)	(45,389)
Cash and cash equivalents at the end of the period	(Millions of yen)	37,572	62,560	84,642	60,940	67,310
Number of employees	(Persons)	22,474	22,743	22,255	21,184	20,884

(Notes)

1. Diluted earnings per share are not stated because there are no diluted shares.
2. Price-earnings ratio for 126th is not stated because loss per share was recorded.
3. The Company has introduced the Board Benefit Trust (BBT). The shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the number of shares issued as of the consolidated balance sheet date used for the calculation of equity per share includes the number of shares held by the trust. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings (losses) per share includes the number of shares held by the trust.

## (2) Non-consolidated financial data, etc., of the Company

Fiscal Year		124th	125th	126th	127th	128th
Year end		December 2021	December 2022	December 2023	December 2024	December 2025
Net sales	(Millions of yen)	231,550	246,495	239,771	258,390	254,895
Ordinary income	(Millions of yen)	23,966	13,720	1,729	21,792	18,593
Net income (loss)	(Millions of yen)	29,811	10,287	(3,338)	36,176	19,711
Capital stock	(Millions of yen)	96,557	96,557	96,557	96,557	96,557
Number of shares issued (common stock)	(Thousands of shares)	95,157	95,157	95,157	95,157	95,157
Net assets	(Millions of yen)	319,291	318,147	300,203	323,553	331,912
Total assets	(Millions of yen)	829,904	880,585	886,495	872,162	816,748
Shareholders' equity per share	(Yen)	3,373.21	3,361.20	3,171.41	3,417.26	3,505.61
Cash dividends per share [Interim dividend per share]	(Yen)	100.00 [50.00]	100.00 [50.00]	80.00 [50.00]	100.00 [50.00]	200.00 [50.00]
Earnings (losses) per share (basic)	(Yen)	314.94	108.68	(35.26)	382.10	208.18
Earnings per share (diluted)	(Yen)	—	—	—	—	—
Shareholders' equity ratio to total assets	(%)	38.5	36.1	33.9	37.1	40.6
ROE	(%)	9.6	3.2	(1.1)	11.6	6.0
Price-earnings ratio	(Times)	9.2	21.4	—	8.9	17.5
Dividend payout ratio	(%)	31.8	92.0	—	26.2	96.1
Number of employees	(Persons)	3,681	3,744	3,973	3,947	3,880
Total shareholder return [Comparison index: TOPIX, including dividends]	(%) (%)	115.1 [112.7]	97.0 [110.0]	117.2 [141.1]	144.5 [169.9]	162.6 [213.2]
Highest stock price	(Yen)	3,380	3,100	2,820.5	3,689	3,965
Lowest stock price	(Yen)	2,492	2,206	2,245	2,378	2,447

## (Notes)

- Diluted earnings per share are not stated because there are no diluted shares.
- Price-earnings ratio and dividend payout ratio for 126th are not stated because loss per share was recorded.
- The Company has introduced the Board Benefit Trust (BBT) and the shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the number of shares issued as of the balance sheet date used for the calculation of equity per share includes the number of shares held by the trust. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings (losses) per share includes the number of shares held by the trust.
- Of the annual dividend of ¥200.00 per share for 128th, the year-end dividend of ¥150.00 per share is scheduled to be submitted for approval at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026.
- The highest and lowest share prices were recorded on the Tokyo Stock Exchange (Prime Market) on and after April 4, 2022, and prior to that, on the Tokyo Stock Exchange (1st Section).

## 2. History

Month/Year	Event
February 1908	Kawamura Ink Manufactory is established. (Changes company name to Kawamura Kijuro Shoten in 1912)
May 1932	Shanghai Branch opened.
February 1937	Incorporates Dainippon Printing Ink Manufacturing Co., Ltd. (Date of incorporation: March 15, 1937)
March 1945	Head office (main plant) is relocated from Honjo to Itabashi (Currently Tokyo Plant).
May 1950	Has initial public offering on the Tokyo Stock Exchange. (Assigned to the First Section of the exchange in 1961.)
February 1952	Japan Reichhold Chemicals Inc. (JRC) is established through a joint venture with Reichhold Chemicals, Inc., a U.S. manufacturer of synthetic resins, to manufacture and sell various types of synthetic resins.
July 1960	Establishes Thailand Wathana Industry (Currently DIC Graphics (Thailand) Co., Ltd.) as a joint venture and starts printing ink production in the suburbs of Bangkok in 1962.
November 1960	JRC goes public over the counter.
November 1961	JRC lists its shares on the Second Section of the Tokyo Stock Exchange.
October 1962	Absorbs JRC and changes company name to Dainippon Ink and Chemicals, Incorporated (DIC).
January 1968	DIC-Hercules is formed as a joint venture between DIC and Hercules Inc. of U.S. to operate paper making chemicals business. (In 1992, DIC purchased Hercules Inc.'s entire stake in DIC-Hercules and renamed it as Japan PMC Corporation. In 2003, Japan PMC merged with Seiko Chemical Industries Co., Ltd. to form SEIKO PMC CORPORATION.)
May 1968	Establishes Singapore Dainippon Ink (currently DIC Asia Pacific Pte Ltd).
October 1968	Develops production method for epoxy resins using an innovative home-grown technology that makes effective use of petroleum fractions.
May 1973	Develops high-performance, long-lasting nematic liquid crystals (LCs).
March 1974	Siam Chemical industry Co., Ltd. was formed as a joint venture in Thailand.
July 1974	Launches spirulina-based nutritional supplement.
March 1979	Acquires U.S. graphic arts materials manufacturer, Polychrome Corp.
October 1980	Introduced polyphenylene sulfide (PPS) compounds technology from Phillips Petroleum.
December 1986	In a bid to reinforce its global competitiveness, DIC acquires the graphic arts materials division of U.S. firm Sun Chemical.
September 1987	Acquires Reichhold Chemicals Inc. of the United States.
December 1996	Japan PMC (later renamed to SEIKO PMC CORPORATION) is listed on the Second Section of the Tokyo Stock Exchange.
December 1997	Establishes Kodak Porychrome Graphics (KPG), a joint venture with Eastman Kodak of United States, to operate printing material business.
December 1999	Acquires Coates, the printing inks division of France's TOTALFINA.
July 2003	Establishes DIC (China) Co., Ltd., a holding company for DIC Group companies in the People's Republic of China (PRC).
April 2005	Redeems capital interest in joint venture KPG.
September 2005	Sells stake in Reichhold.
April 2008	On the occasion of its 100-year anniversary, changes company name to DIC Corporation
October 2009	Establishes DIC Graphics Corporation, joint venture with Dai Nippon Printing Co., Ltd. (DNP) integrating DIC's domestic printing ink business and DNP's printing ink business.
January 2012	SEIKO PMC CORPORATION is listed on the First Section of the Tokyo Stock Exchange.
July 2012	Acquires Benda-Lutz Group and enters the effect pigment business on a full scale.
July 2015	Acquires Kingfisher Colours Limited and enters the cosmetic pigment business on a full scale.
January 2017	Enters capital and business alliance with Taiyo Holdings Co., Ltd.
June 2021	Acquires pigments business (Colors & Effects business) from BASF.
April 2022	Transitions from the First Section of the Tokyo Stock Exchange to the new Prime Market following the reorganization of the exchange's market segments.
January 2024	Transferred all shares held in the consolidated subsidiary SEIKO PMC CORPORATION (later renamed to CHEMIPAZ CORPORATION) through the purchase of treasury stock by the company.

### 3. Description of Business

DIC Group (“the Group”) consists of DIC Corporation, 145 subsidiaries and 17 affiliates.

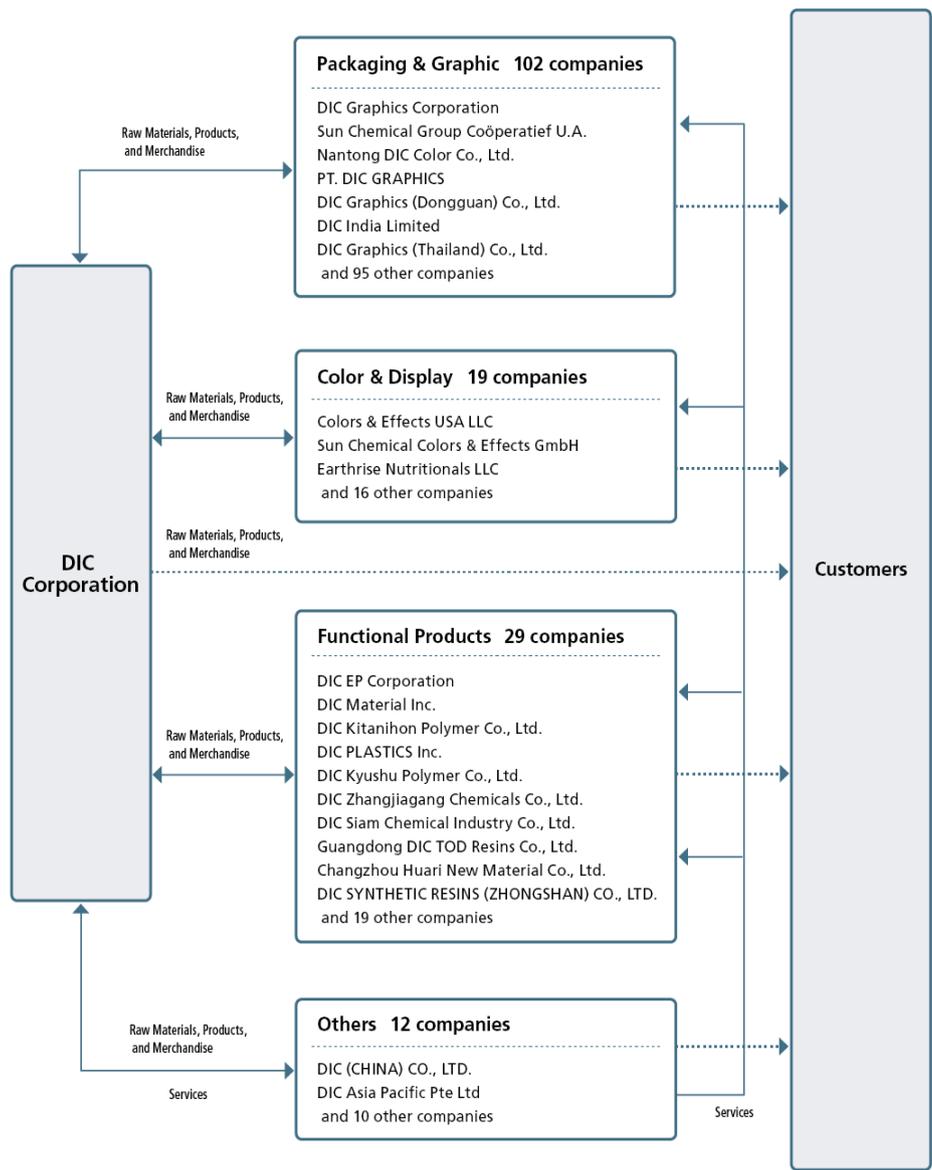
The main businesses of DIC Group are as follows:

The following three segments are the same as those stated in “V. Financial Information 1. Consolidated Financial Statements. (1) Consolidated Financial Statements Notes.”

The classification of reportable segments has been changed for the fiscal year ended December 31, 2025. For details, please see “V. Financial Information, 1. Consolidated Financial Statements, [Notes], (Segment Information, etc.), [Segment Information], 1. Description of Reportable Segments.”

Segment	Product Division	Principal Products
Packaging & Graphic	Printing Materials	Gravure Inks, Flexo Inks, Offset Inks, News Inks, Jet Inks, Metal Decorative Inks, Printing Plates, Security Inks
	Packaging Materials	Polystyrene, Packaging Adhesives, Multilayer Films
Color & Display	Color Materials	Pigments for Coatings, Pigments for Plastics, Pigments for Printing Inks, Pigments for Specialty Applications, Pigments for Color Filters, Pigments for Cosmetics, Health Foods
Functional Products	Performance Materials	Synthetic Resins for Inks and Coatings, Molded Products, Adhesives and Textiles (Polyester Resins, Polyurethane, Acrylic Resins, Plasticizers), Waterborne Resins, Sulfur Chemicals, Metal Carboxylates
	Composite Materials	PPS Compounds, Plastic Colorants, Hollow-Fiber Membranes and Modules, Medical Diagnostic Products
	Chemitronics	Epoxy Resins, Industrial Adhesive Tapes, UV-curable Resins, Surfactant for Electronics Equipment, Photoresist Polymers

The above is shown in the following structure:



#### 4. Subsidiaries and Affiliates

##### (1) Consolidated subsidiaries

Name	Location	Capital Stock (Millions of yen)	Description of Business	Ownership of Voting Rights (%)	Details of Relationship
<u>Packaging &amp; Graphic</u>					
DIC Graphics Corporation	Chuo-ku, Tokyo	500	Manufacture and sale of printing inks	66.6	The company purchases raw materials for printing ink from the Company. Interlocking directors, etc.: Yes Guaranteed liabilities: Yes
Sun Chemical Group Coöperatief U.A.	Weesp, Netherlands	(Eur 2,469,852 thousand)	Investments and loans to Sun Chemical Group companies	100.0 (100.0)	Interlocking directors, etc.: Yes Guaranteed liabilities: Yes
Sun Chemical Corp.	New Jersey, U.S.A.	US \$ 500,001 thousand	Manufacture and sale of printing inks and organic pigments	100.0 (100.0)	Interlocking directors, etc.: Yes
Nantong DIC Color Co., Ltd.	Nantong, PRC	RMB 401,244 thousand	Manufacture and sale of printing inks	100.0 (100.0)	The company purchases raw materials for printing ink from the Company. Interlocking directors, etc.: Yes
PT. DIC GRAPHICS	Jakarta, Indonesia	IDR 450,969 million	Manufacture and sale of printing inks and organic pigments	100.0 (100.0)	The company sells organic pigments, etc. to the Company. Interlocking directors, etc.: Yes
DIC Graphics (Dongguan) Co., Ltd.	Dongguan PRC	RMB 126,000 thousand	Manufacture and sale of printing inks	100.0 (100.0)	The company purchases raw materials for printing ink from the Company. Interlocking directors, etc.: Yes
DIC India Limited	Noida, India	Rs 91,789 thousand	Manufacture and sale of printing inks	71.8 (71.8)	The company purchases raw materials for printing ink from the Company. Interlocking directors, etc.: Yes
DIC Graphics (Thailand) Co., Ltd.	Bangkok, Thailand	Baht 637,000 thousand	Manufacture and sale of printing inks, fiber and textile colorants, and plastic colorants	100.0 (100.0)	The company purchases raw materials for printing ink from the Company. Interlocking directors, etc.: Yes
Other 86 companies					
<u>Color &amp; Display</u>					
Colors & Effects USA LLC	New Jersey, U.S.A.	(US\$ 484,602 thousand)	Manufacture and sale of pigments and related products	100.0 (100.0)	The company sells pigment products to the Company. Interlocking directors, etc.: Yes
Sun Chemical Colors & Effects GmbH	Ludwigshafen am Rhein, Germany	Eur 26 thousand	Manufacture and sale of pigments and related products	100.0 (100.0)	The company sells pigment products to the Company. Interlocking directors, etc.: Yes
Eartrise Nutritionals LLC	California, U.S.A.	US \$ 16,700 thousand	Manufacture and sale of spirulina-related products	100.0 (100.0)	The company sells spirulina products to the Company. Interlocking directors, etc.: Yes Loans receivable: Yes
Other 14 companies					

Name	Location	Capital Stock (Millions of yen)	Description of Business	Ownership of Voting Rights (%)	Details of Relationship
<u>Functional Products</u>					
DIC EP Corporation	Sodegaura-city, Chiba	100	Manufacture and sale of PPS neat polymers and modules for water treatment	100.0	The company sells raw materials for PPS compounds and membrane modules for water to the Company. Interlocking directors, etc.: Yes Loans receivable: Yes
DIC Material Inc.	Chuo-ku, Tokyo	450	Manufacture and sale of unsaturated polyester resins and vinyl ester resins	100.0	The company purchases raw materials for synthetic resins from the Company. Interlocking directors, etc.: Yes
DIC Kitanihon Polymer Co., Ltd.	Katta-gun, Miyagi	100	Manufacture and sale of synthetic resins	100.0	The company purchases raw materials for synthetic resins from the Company. Interlocking directors, etc.: Yes
DIC PLASTICS Inc.	Saitama-city, Saitama	100	Manufacture and sale of plastic molded products	100.0	Interlocking directors, etc.: Yes Guaranteed liabilities: Yes
DIC Kyushu Polymer Co., Ltd.	Nakatsu-city, Oita	100	Manufacture and sale of synthetic resins	100.0	The company sells synthetic resin products to the Company. Interlocking directors, etc.: Yes Loans receivable: Yes
DIC Zhangjiagang Chemicals Co., Ltd.	Zhangjiagang, PRC	RMB 206,686 thousand	Manufacture and sale of synthetic resins and PPS compounds	100.0 (100.0)	The company purchases raw materials for synthetic resins from the Company. Interlocking directors, etc.: Yes
DIC Siam Chemical Industry Co., Ltd.	Bangkok, Thailand	Baht 130,000 thousand	Manufacture and sale of synthetic resins	100.0 (64.0)	The company purchases raw materials for synthetic resins from the Company. Interlocking directors, etc.: Yes
Guangdong DIC TOD Resins Co., Ltd.	Shaoguan, PRC	RMB 130,000 thousand	Manufacture and sale of synthetic resins	100.0 (100.0)	Interlocking directors, etc.: Yes
Changzhou Huari New Material Co., Ltd.	Changzhou, PRC	RMB 127,019 thousand	Manufacture and sale of synthetic resins	100.0 (100.0)	Interlocking directors, etc.: Yes
DIC SYNTHETIC RESINS (ZHONGSHAN) CO., LTD.	Zhongshan, PRC	RMB 135,498 thousand	Manufacture and sale of synthetic resins and metal carboxylate	100.0 (100.0)	Interlocking directors, etc.: Yes
Other 12 companies					
<u>Others</u>					
DIC INVESTMENTS JAPAN, LLC.	Chuo-ku, Tokyo	91	Investments and loans to group companies	100.0	Interlocking directors, etc.: Yes Loans receivable: Yes
DIC (CHINA) CO., LTD.	Shanghai, PRC	RMB 2,335,469 thousand	Investments and loans to group companies in China region	100.0	Interlocking directors, etc.: Yes
DIC Asia Pacific Pte Ltd	Singapore, Singapore	S \$ 310,161 thousand	Investment, loans to group companies in Asia-Oceania region and manufacture and sale of the Company products	100.0	Interlocking directors, etc.: Yes
Other 9 companies					

## (2) Equity-method affiliates

Name	Location	Capital Stock (Millions of yen)	Description of Business	Ownership of Voting Rights (%)	Details of Relationship
TAIYO HOLDINGS CO., LTD.	Hiki-gun, Saitama	10,206	Set TAIYO Group's broad strategic direction and manage its subsidiaries, R&D, etc.	20.0	The company enters into a capital and business alliance with the Company.
SUNDIC Inc.	Chuo-ku, Tokyo	1,500	Manufacture and sale of plastic sheets	50.0	The company purchases raw materials for plastic sheets from the Company. Interlocking directors, etc.: Yes
Other 15 companies					

## (Notes)

- There are six companies that are defined as specified subsidiaries: Sun Chemical Group Coöperatief U.A., Sun Chemical Corp., DIC Asia Pacific Pte Ltd, DIC (CHINA) CO., LTD., Colors & Effects USA LLC, and DIC INVESTMENTS JAPAN, LLC.
- The company that submits annual securities report: TAIYO HOLDINGS CO., LTD.
- With respect to group companies for which capital stock or the amount corresponding to capital stock is zero, capital surplus (or an amount equivalent to capital surplus) is indicated in parentheses ( ) in the column of capital stock.
- The figures in parentheses ( ) in the column of ownership of voting rights indicate the indirect ownership percentage.
- There are no group companies with liabilities in excess of assets that have a material impact on the consolidated financial statements.
- Sun Chemical Group Coöperatief U.A.'s net sales (excluding intercompany sales among consolidated companies) account for more than 10% of consolidated net sales and its financial data is as follows. Sun Chemical Group Coöperatief U.A. is settled on a consolidated basis. The following major profit and loss information is also consolidated.

		(Millions of yen)
Sun Chemical Group Coöperatief U.A.	Net sales	577,194
	Ordinary income	16,189
	Net income	6,966
	Net assets	343,541
	Total assets	595,256

5. Employees

(1) Consolidated basis

As of December 31, 2025

Segment	Number of employees
Packaging & Graphic	10,451
Color & Display	3,737
Functional Products	4,881
Others	416
Corporate	1,399
Total	20,884

(2) Non-consolidated basis

As of December 31, 2025

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
3,880	44.3	18.3	7,990,933

Segment	Number of employees
Packaging & Graphic	465
Color & Display	332
Functional Products	1,684
Corporate	1,399
Total	3,880

(Note) Average annual salary includes extra wages and bonuses.

(3) Relationship with labor unions

Labor unions and management maintain amicable relationships based on mutual understanding, and there are no particular matters to disclose.

(4) Percentage of female employees in management positions, percentage of male employees taking childcare leave and gender pay gap

(a) Non-consolidated basis

Fiscal year ended December 31, 2025				
Percentage of female employees in management positions (%) <sup>1</sup>	Percentage of male employees taking childcare leave (%) <sup>2</sup>	Gender pay gap (%) <sup>1</sup>		
		All employees <sup>3</sup>	Regular employees <sup>4</sup>	Non-regular employees <sup>5</sup>
8.6	106.7	70.9	76.7	63.1

(Notes)

1. This percentage was calculated based on the provisions of Japan's Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. This percentage was calculated based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) and represents the percentage of total employees that took childcare or caregiver leave as stipulated in Article 71-6 (ii) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Health, Labour and Welfare (MHLW) Ordinance No. 25 of 1991).
3. While a high 26.9% of male employees were in management positions, this was true for only 7.7% of female employees. A high 25.0% of female employees are non-regular employees, while only 12.9% of male employees are non-regular employees. The resulting gender pay gap for all employees (pay for female employees as a percentage of that for male employees) was 70.9%. A comparison of pay by specific employment type and pay grade showed no significant difference in pay for male and female employees.
4. The gender pay gap in base salary for non-management regular employees was 99.7%.
5. Among non-regular employees, the percentage of male employees that are reemployed in management positions or employees with specialized expertise, i.e., doctors and lawyers, is high, while for female employees the percentage reemployed in part-time or support positions is high. As a consequence, the gender pay gap for non-regular employees is 63.1%.

(b) Consolidated subsidiaries

Fiscal year ended December 31, 2025					
Name	Percentage of female employees in management positions (%) <sup>1</sup>	Percentage of male employees taking childcare leave (%)	Gender pay gap (%) <sup>1</sup>		
			All employees	Regular employees	Non-regular employees
DIC Graphics Corporation	0.0	100.0 <sup>3</sup>	74.6	74.9	79.9
DIC EP Corporation	8.3	—	—	—	—
DIC PLASTICS Inc.	4.2	133.3 <sup>2</sup>	—	—	—

(Notes)

1. This percentage was calculated based on the provisions of Japan's Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. This percentage was calculated based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) and represents the percentage of total employees that took childcare leave as stipulated in Article 71-6 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (MHLW Ordinance No. 25 of 1991).
3. This percentage was calculated based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) and represents the percentage of the total labor force that took childcare leave or other leave for childcare as stipulated in Article 71-6 (ii) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (MHLW Ordinance No. 25 of 1991).

## II. Business Overview

### 1. Basic Management Policy, Business Environment, and Challenges to be Addressed.

As all forward-looking statements in this document are based on judgments as of the end of the current fiscal year, achievement is not guaranteed.

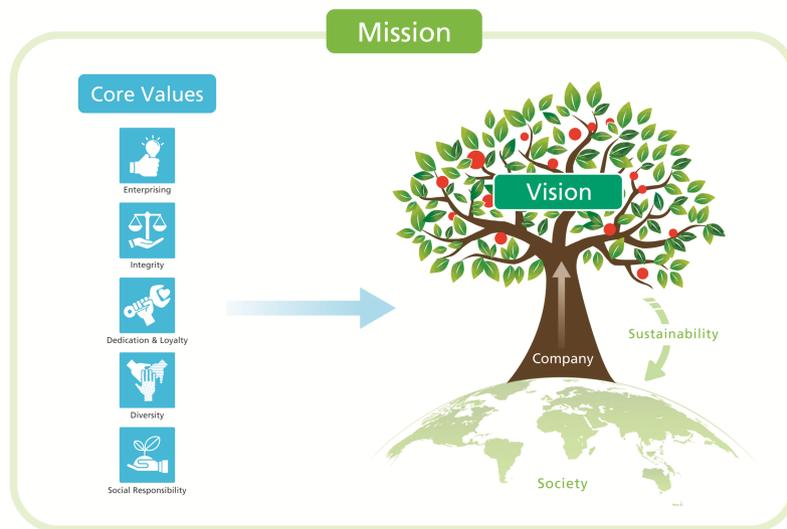
#### (1) Basic management policy

The DIC Way, which was formulated to represent the DIC Group’s fundamental management philosophy, comprises our mission, vision, and core values.

Our mission defines our Group’s ultimate aspirations. Our vision describes the broad direction in which businesses must advance to ensure achievement of the mission. Our core values express conduct that Group members should always exhibit and serve as guideposts for fulfilling our mission and vision.

The DIC Group seeks to realize sustainable improvements in corporate value by working as one to leverage the key advantages it has cultivated over more than 100 years in business. A global organization with operations in approximately 60 countries and territories, the Group draws strength from its enterprising spirit and diverse global family.

#### The DIC Way



#### Mission

We create enhanced value and utilize innovation to introduce socially responsible and sustainable products.

#### Vision

We improve the human condition by safely delivering color and comfort for sustainable prosperity —Color & Comfort.

#### Core Values

Enterprising, Integrity, Dedication & Loyalty, Diversity, and Social Responsibility.

(2) The Group's business environment and challenges to be addressed

Looking ahead to fiscal year 2030, the Group will focus management resources in areas in which it can leverage its competitive strengths to contribute to a society that is increasingly green, digital and Quality of Life (QOL)-oriented. To this end, the Group will promote strategies outlined in DIC Vision 2030 with the aim of building a business portfolio that contributes to sustainable prosperity for society and helping achieve sustainability for the global environment and for society.

1. Basic Strategies of DIC Vision 2030

• Business portfolio transformation

(1) Strengthen profitability through the qualitative transformation of core businesses.

Strengthen the profitability of core businesses through implementation of structural reforms of ink and packaging materials, pigments, and polymers, as well as transformation of the product portfolio.

(2) Build businesses with the potential to become new pillars that drive growth.

An AI-integrated society is one in which AI is integrated into all aspects of social systems. Positioning "Chemitronics" and "composite materials/devices" as growth businesses that support an AI-integrated society, providing materials and solutions primary in the semiconductors, batteries, and physical AI fields.

• Sustainability strategies

(1) Deployment of Sustainable Products

(2) Reduce CO2 emissions

(3) Response to the Circular Economy

2. Formulation of Phase 2 of DIC Vision 2030

The Company has formulated the Phase 2 of its DIC Vision 2030 long-term management plan. As the final push toward achieving the goals of the plan, originally introduced in February 2022, Phase 2 begins in fiscal year 2026 and will conclude in fiscal year 2030. In Phase 1 of DIC Vision 2030, we succeeded in restoring our core businesses to profitability, securing a foothold growth area. In Phase 2, we will further evolve our businesses model with the aim of driving dramatic growth and enhancing corporate value, including by enhancing shareholders return.

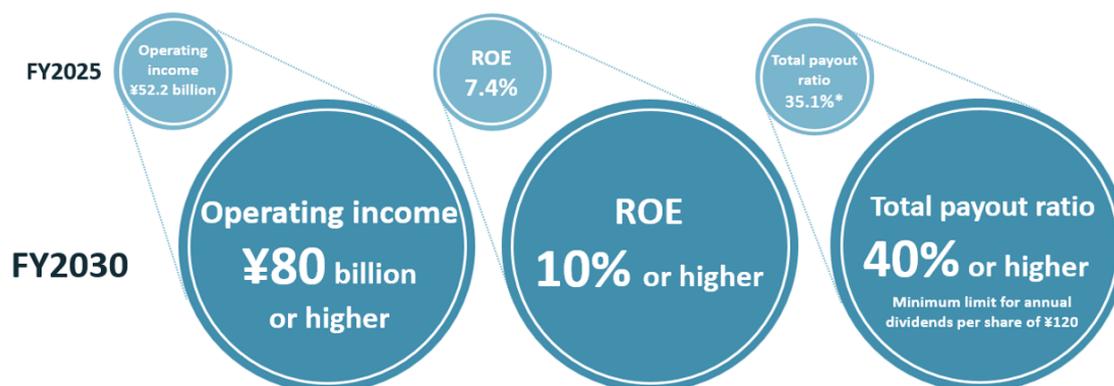
For more information on "DIC Vision 2030 Phase 2", please visit the website of the Company.

URL: <https://pdf.irpocket.com/C4631/doF3/ejVY/MtoH.pdf>

• Basic policy of Phase 2

- DIC Vision 2030 positions Phase 1 (fiscal years 2022–2025) as a period for foundation building and Phase 2 (fiscal years 2026–2030) as a period for realizing DIC's vision for itself.
- During Phase 2, the Company will take further steps to ensure the achievement of its targets for fiscal year 2030, with an emphasis on building a business portfolio that delivers sustainable growth and profitability, and on bolstering corporate value by improving capital efficiency and enhancing shareholder returns.

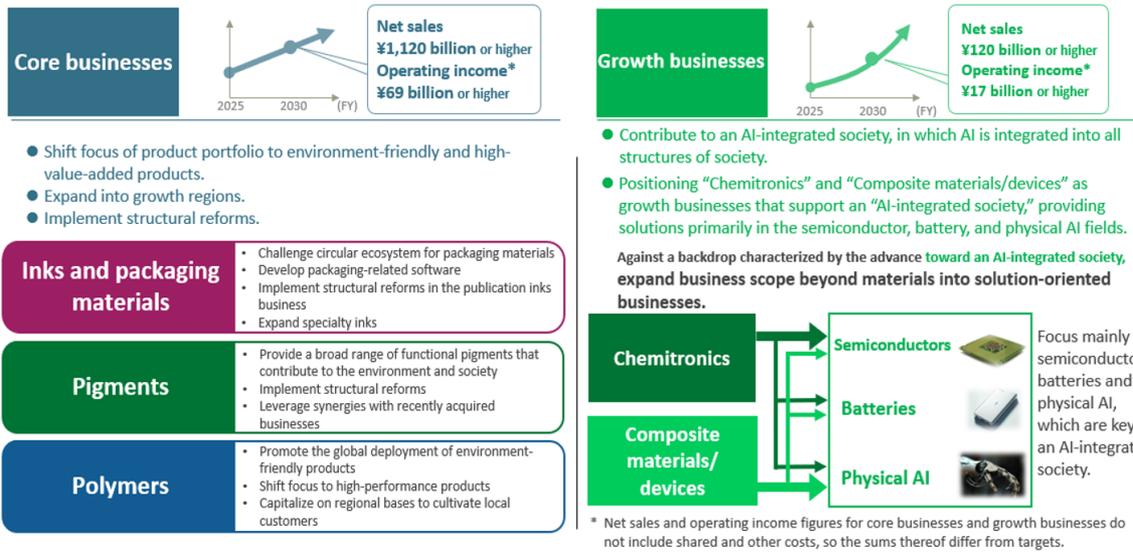
### Commitments for Fiscal Year 2030



\* Total payout ratio is calculated based on ordinary dividends (¥120 per share) and does not include special dividends (¥80 per share).

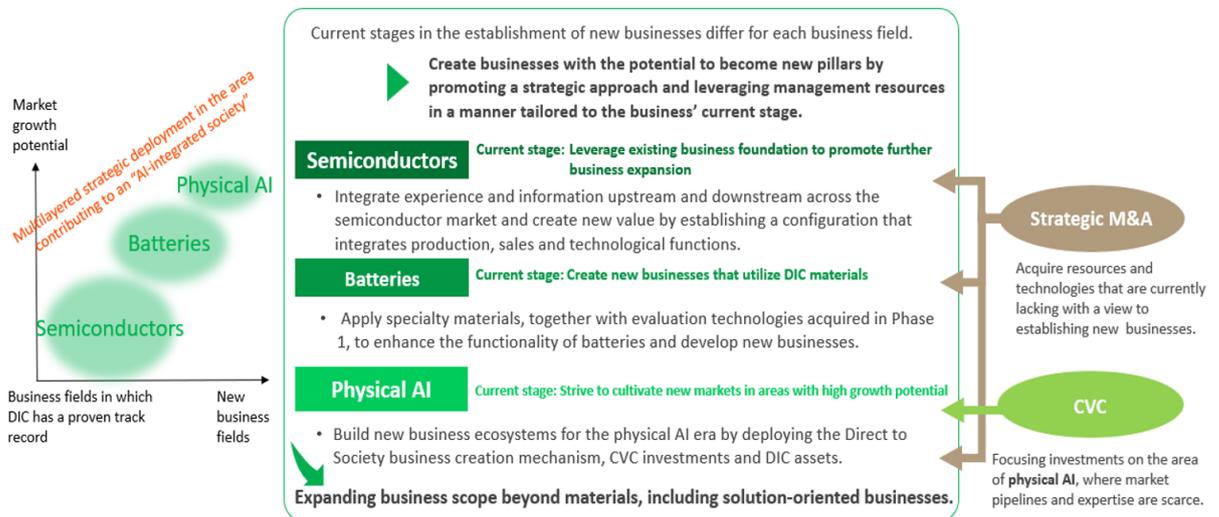
• Target business portfolio

• The Company aims to achieve steady business expansion by enhancing the profitability of its core businesses through structural reforms and the transformation of its product portfolio, while at the same time focusing its allocation of resources on growth businesses.



• Initiatives aimed at establishing growth businesses

• An AI-integrated society is one in which AI is integrated into all aspects of social systems. The Company provides materials and solutions in areas that support an AI-integrated society, notably semiconductors, batteries, and physical AI, in which it can leverage its management resources.

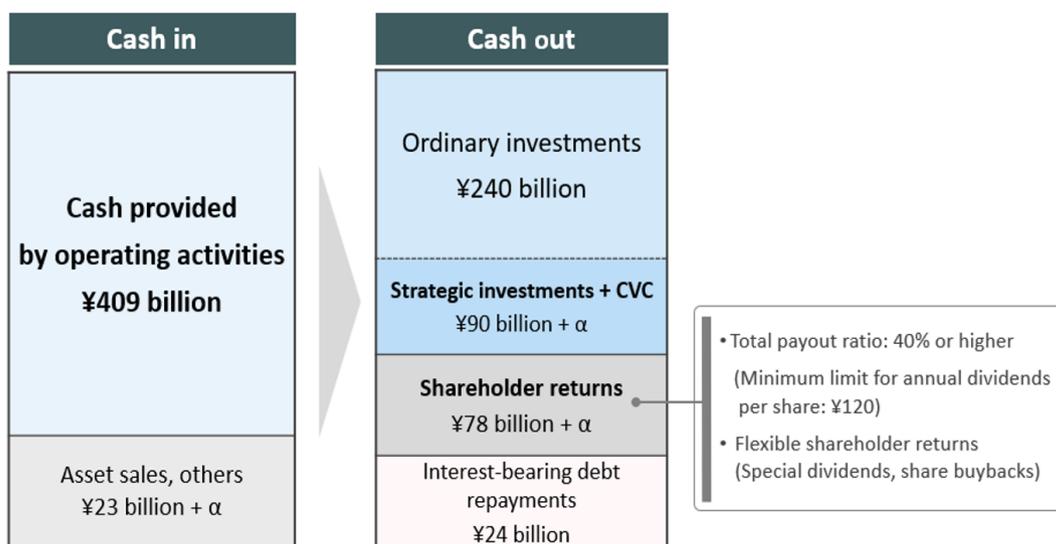


• Financial targets and KPIs

(Billions of yen/%)	2025	2026	2030
	Actual	Targets	Targets
Net sales	1,052.2	1,100	1,240 or higher
Operating income	52.2	56	80 or higher
ROIC (%)	4.4%	4.7%	6.0% 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

• Cash allocation policies

**Cumulative Cash Allocation (Fiscal Years 2026–2030)**



## 2. Approach to Sustainability and the Group's Initiatives

This section outlines the Group's approach to sustainability and its related initiatives. Forward-looking statements herein are based on reasonable assumptions and reflect projections based on information available as of December 31, 2025, and are not guarantees of future performance.

### (1) Elements of Sustainability

#### 1. Governance

The Group strives to enhance corporate growth and achieve sustainability by conducting business in line with five key concepts outlined in its Basic Policy on Sustainability (revised in December 2025), namely

- preserving safety and health;
- managing risks relating to ESG issues;
- ensuring fair business practices and respect for diversity and human rights;
- maintaining harmony with the environment and advancing its protection; and
- creating value for society through innovation and contributing to ongoing economic growth.

To these ends, the Group has established the Sustainability Committee, which is responsible for formulating responses to key social imperatives. The committee is also tasked with deliberating on critical related matters, notably efforts to reinforce sustainability initiatives.



The Group's sustainability initiatives are overseen by the President and Group CEO, who has also chaired the Sustainability Committee since fiscal year 2020. In addition to devising sustainability policies and activity plans, as well as evaluating and promoting related initiatives, this committee deliberates and makes decisions on other matters deemed to require its adjudication. The committee met four times in fiscal year 2025, with key agenda items including the identification of new material issues, monitoring the progress of plans to reduce the CO2 emissions, preparations for sustainability reporting and a report from Sun Chemical's ESG Committee.

The Sustainability Committee has three subordinate entities. The Sustainability Subcommittee manages the implementation of sustainability initiatives and production of the annual sustainability report. The Risk Management Subcommittee is charged with advancing risk management initiatives across the Group. The Climate Change Subcommittee formulates and monitors the progress of plans to reduce the Group's overall CO2 emissions.

The Sustainability Committee reports on its deliberations and the results thereof to the Board of Directors. The Group's Basic Sustainability Policy and related medium- and long-term policies are subject to resolution by the Board of Directors. The Group's Basic Sustainability Policy has been published in both Japanese and English and is posted on the DIC global intranet.

## 2. Risk Management

In this age of unprecedented uncertainties caused by technological innovation, diversifying values, invasions and pandemics, effectively managing risks is crucial to increasing corporate value.

The Group identifies material issues, that is, issues with the potential to significantly affect its performance over the medium to long term. The Group strives to respond consistently and efficiently and to harness positive outcomes in conducting its operations. Material issues and related initiatives in fiscal year 2024 are described in DIC Report 2025. The Group sees material issues related to climate change and maximizing the value of human capital as being of particular importance.

### Material Issues and Related Initiatives

(For more information on these eight material issues, please see pages 7–8 and 19–20.)

<p><b>1</b> Qualitative transformation to a business portfolio that contributes to sustainable prosperity for society</p> <p><b>Promote a qualitative transformation to a business portfolio that emphasizes social value and sustainability.</b> (Focus on the five priority business areas set forth in DIC Vision 2030 that deliver social value.)</p> <p>(For more information, please see pages 27–43.)</p>	<p><b>2</b> Contribution to the realization of carbon neutrality</p> <p><b>Advance CO<sub>2</sub> emission reductions in the market and provide products and services that contribute to decarbonization.</b> (Announce goal of achieving carbon neutrality by fiscal year 2050, work to reduce Scope 1 and 2 CO<sub>2</sub> emissions and to provide information on product carbon footprint.)</p> <p>(For more information, please see pages 14, 44, 47–49 and 64–74.)</p>
<p><b>3</b> Creation of new businesses with the potential to become mainstays</p> <p><b>Ensure a better future for people's lives and the environment and realize greater social benefits that enhance shareholder value.</b> (Identify areas at the intersection of ESH-related issues and social changes and the DIC Group's core competencies and foster new businesses.)</p> <p>(For more information, please see pages 13–14 and 47–50.)</p>	<p><b>4</b> Promotion of efforts to maximize the value of human capital</p> <p><b>Build a strategic human resources portfolio that maximizes the value of human capital over the medium to long term.</b> (Ensure mobility, improve engagement and organizational cohesiveness, and encourage ongoing efforts to increase diversity and reform work styles.)</p> <p>(For more information, please see pages 44 and 75–94.)</p>
<p><b>5</b> Establishment of a more robust global management configuration</p> <p><b>Accelerate global expansion in priority business areas.</b> (Advance global management governance, foster and strengthen management personnel, and create a global enterprise resource planning (ERP) system.)</p> <p>(For more information, please see pages 41–43, 58–59 and 75–82.)</p>	<p><b>6</b> Promotion of DX</p> <p><b>Leverage digital technologies and data to provide new added value and strengthen the DIC Group's business structure.</b> (Innovate business processes, work styles and business models, and revamp the DIC Group's corporate culture and business structure.)</p> <p>(For more information, please see pages 51–52.)</p>
<p><b>7</b> Response to a circular economy</p> <p><b>Contribute to the realization of a waste-free society that does not depend on resource consumption as part of a greater global effort to address climate change.</b> (Foster products that help reduce CO<sub>2</sub> emissions in categories 1 and 12 of Scope 3, and advance chemical and material recycling.)</p> <p>(For more information, please see pages 14–15, 29, 46 and 61.)</p>	<p><b>8</b> Creation of a sustainable supply chain</p> <p><b>Encourage responsible procurement that takes into account global human rights issues, as well as environmental issues such as climate change and water risk.</b> (Promote awareness of the current status of raw materials and appropriate responses to country risk and various supply disruption risks, and to issues regarding environmental soundness.)</p> <p>(For more information, please see pages 95–98.)</p>

[See DIC Report 2025 (Complete Version) P21]

The Group strives to address changes in its operating environment and the diversification of risks in an appropriate and flexible manner. The Group also promotes initiatives aimed at promptly minimizing the impact of latent risks on its businesses should such risks manifest. The Group has established the Risk Management Subcommittee, a subordinate entity of the Sustainability Committee, as part of its effort to strengthen its comprehensive risk management framework.

While individual divisions and departments are responsible for spearheading their own risk management initiatives, material risks are monitored by the Sustainability Committee and the Risk Management Subcommittee, with administrative guidance provided periodically by the Board of Directors. For more information on the Group's risk management, please see "3. Business Risks" below.

## (2) Sustainability Categories

### 1. Climate Change

#### ① Strategy

The Group promotes sustainable business strategies and recognizes the importance of risks and opportunities associated with climate change. Because the impacts of climate change are likely to surface over the medium to long term, the Group is working to raise its awareness of foreseeable opportunities and risks from a medium- to long-term perspective and at the same time to formulate and execute effective strategies on an appropriate timeline, based on the scenario analysis conducted in fiscal year 2024.

#### (a) Scenario analysis

The Group revised the results of its previous scenario analysis, performed in fiscal year 2020, taking into account shared socioeconomic pathway (SSP) scenarios SSP1–1.9, SSP2–4.5 and SSP5–8.5 in the Sixth Assessment Report (AR6), published by the United Nations Intergovernmental Panel on Climate Change (IPCC) in March 2023, and the environmental scenarios explored in World Energy Outlook (WEO) 2023, released by the International Energy Agency (IEA) in October 2023. The time frame of this analysis concludes in 2050.

Based on the outlook for the situation surrounding climate change and energy, the Group established three scenario groups, which it calls “transition,” “adaptation” and “limits to adaptation,” and has analyzed risks and opportunities, as well as formulated measures for each. (see Table 1)

**Transition:** Countries will immediately and decisively implement measures to reduce CO<sub>2</sub> emissions with the goal of limiting global warming to 1.5°C above preindustrial levels, including through energy conservation and the joint transport of goods. The use of carbon pricing (135 USD in 2030 and 200 USD in 2050) will begin and expand in many countries and territories and the prices used will continue to increase.

**Adaptation:** Global warming continues through the mid 2040s, with the rise in global temperature to above exceeding 1.5°C, but remaining below 2.0°C. Adapting to rising global temperatures requires strategies and actions to strengthen resilience. Insulation and heat shielding are effective approaches. The frequency of extreme climate events may go from once in a century to once in a decade or even once a year.

**Limits to adaptation:** Global warming persists and the rise in global temperature to above preindustrial levels exceed 2.0°C in 2050 and approaches 5.0°C in 2100. Unpredictable weather and climate extremes increase, leading to food insecurity and supply instability, and forcing people to migrate from the places people have lived for centuries. Changes are complex and cascading, and have negative impacts on quality of life across borders. Pandemics, conflicts and other non-climate risks may be amplified by these impacts.

Risks and opportunities identified through the Group’s scenario analysis are shown in the table below. Additionally, water-related risks in scenario analysis are disclosed on the DIC website by region.

[https://www.dic-global.com/en/csr/2025/environment/water\\_resource.html](https://www.dic-global.com/en/csr/2025/environment/water_resource.html) (Managing Water Resource)

(Table 1) Result of Scenario Analysis

R = Response to risks, O = Response to opportunities

Transition		Risks	Opportunities	Countermeasures
<b>Policies and laws</b>				
Implementation of carbon pricing around the world	<ul style="list-style-type: none"> <li>The implementation of policies such as emissions trading, carbon taxes and carbon border adjustment mechanisms increases costs.</li> <li>The DIC Group's Scope 1 and 2 emissions in 2030 are expected to be 1,221 kt-CO<sub>2</sub> (financial impact: \$149 million) if no countermeasures are taken or 461 kt-CO<sub>2</sub> (financial impact: \$63 million) if countermeasures are taken.</li> </ul>	The promotion of energy efficiency and a shift to green electric power, both purchased and generated on-site, helps reduce fossil fuel consumption.	<p>R: Apply reasonable carbon pricing in appropriate regions to hasten the reduction of CO<sub>2</sub> emissions.</p> <p>R: Avoid the financial impact of CO<sub>2</sub> emissions by promoting electrification and the use of renewable energy to reduce Scope 1 and 2 emissions.</p> <p>O: Promote enhanced functionality and contribution to decarbonization to deliver products that minimize the impact of carbon pricing.</p>	
Demand for disclosure of nonfinancial information increases globally	Building and operating a system for responding to disclosure requests around the world incurs costs.		R: Act on a request to respond to the EU's Corporate Sustainability Reporting Directive (CSRD) by proceeding with plans to release a report in 2028. (*)	
<b>Technological innovations</b>				
Changes in demand occur and the idea of a circular economy dominates	<ul style="list-style-type: none"> <li>Demand for single-use plastics decreases due to the introduction of global regulations on the use of plastics.</li> <li>Demand for materials that are difficult to recycle declines.</li> </ul>	<ul style="list-style-type: none"> <li>Demand for recyclable and compostable plastics rises.</li> <li>The introduction of legally binding regulations, taxes and levies encourages the use of bio-derived and recycled materials.</li> </ul>	<p>O: Step up consideration of chemical and material recycling in collaboration with customers and consumers.</p> <p>O: Focus on using bio-derived materials and developing sustainable materials that make products easy to recycle.</p>	
Development focuses on products that are low carbon or carbon neutral		Demand for products that are low carbon or carbon neutral—thereby helping to reduce emissions attributable to customers' processes—increases.	O: Promote products that contribute to decarbonization (e.g., have low emissions of VOCs, low energy consumption, etc.).	
<b>Behavioral changes</b>				
Necessity of responding to demands to reduce CO <sub>2</sub> emissions attributable directly to production and across the supply chain	Efforts to reduce CO <sub>2</sub> emissions with the aim of achieving the target rise in temperature of 1.5°C begin and the trend toward demanding such efforts spreads across supply chains.		<p>R: Implement measures to reduce Scope 1 and 2 emissions by 50% and Category 2, 3, 4, 5 and 12 Scope 3 emissions by 13.5%, and achieve a supplier engagement rate of 80% in Category 1 of Scope 3.</p> <p>R: Give consideration to shifting to an SBT that corresponds to the 1.5°C target.</p> <p>R: Continue to make investments in energy-saving and renewable energy facilities.</p>	
Necessity of addressing biodiversity needs directly in production and across supply chains	Products that do not take biodiversity into account are removed from the market.		R: Take biodiversity into consideration in the purchasing of raw materials and at production sites.	

(Note) It has been revised from that used in DIC Report 2025 (“Act on a request to respond to the EU’s CSRD by proceeding with plans to release report in 2026.”) to reflect the most recent CSRD reporting requirements.

## Adaptation

	Risks	Opportunities	Countermeasures
<b>Acute</b>			
Increase in frequency of extreme climate events from the current once in a century to once in a decade or even once a year	<ul style="list-style-type: none"> <li>• Production at suppliers' facilities is suspended due to frequent climate-related disasters.</li> <li>• Production at DIC Group facilities is suspended due to frequent climate-related disasters and resulting concerns about the safety of operation.</li> <li>• Premiums for non-life insurance rise.</li> </ul>		<p>R: For key raw materials, promote two-company shared procurement in multiple regions and strengthen BCP responses.</p> <p>R: For key products, ensure ample inventories of raw materials and products.</p> <p>R: Locate printing inks and other production facilities around the world to ensure complementary capabilities.</p> <p>R: Cooperate with other companies to minimize impact in the event port facilities are damaged due to storm surges or flooding.</p> <p>R: Strengthen measures for sites located in coastal areas.</p>
<b>Chronic</b>			
Depletion of groundwater resources	Countermeasures are needed in areas where there are concerns regarding increased water-related risks.		R: Implement measures to address water-related risks and reinforce the effectiveness of BCPs by providing related training.
Changes in lifestyles and consumption patterns as a result of climate change	Demand for existing products may decrease as new lifestyles suited to high temperatures become necessary.	New lifestyles suited to high temperatures bring opportunities in such areas as coatings, packaging materials and healthcare.	<p>O: Develop products that respond to increased demand for insulated and heat-shielding offerings as temperatures rise.</p> <p>O: Leverage changes in dietary habits to develop/expand long-life packaging for beverages and frozen food products.</p> <p>O: Expand operations in the areas of healthcare and life science and promote health.</p>
Frequent poor harvests due to a loss of biodiversity	Supply of plant-derived raw materials will come to a halt as a consequence of poor harvests.		R: Strengthen resilience.

## Limits to adaptation

	Risks	Opportunities	Countermeasures
<b>Acute</b>			
Sudden changes in weather patterns and extreme climate change that result in problems in terms of public health and the environment	<ul style="list-style-type: none"> <li>• Factory operations are disrupted as heatstroke leads to a shortage of human resources.</li> <li>• Extreme temperatures lead to plant malfunctions caused by fire and overheating.</li> </ul>		R: Reinforce the effectiveness of BCPs by providing related training.
<b>Chronic</b>			
Difficulties using edible plants as chemical raw materials or fuel from a food security perspective	The use of raw materials derived from edible plants becomes difficult.		R: Switch from edible to non-edible biomass raw materials.
Amplification of non-climate risks as a consequence of instability caused by climate change	<ul style="list-style-type: none"> <li>• Normal operations are disrupted by new pandemics emerging as temperatures rise.</li> <li>• Normal operations cease as the instability of food supplies and housing prompts conflicts and riots.</li> </ul>		<p>R: Reinforce the effectiveness of BCPs by providing related training.</p> <p>R: Formulate an emergency plan that includes the strategic downsizing of operations; protection of core assets, data and hazardous chemicals; evacuation procedures; and support for employees' families.</p> <p>R: Prepare emergency plans that are better than those of competitors.</p>

[See DIC Report 2025 (Complete Version) P67–68]

## ② Metrics and targets

The Group has chosen Scope 1 and 2 CO<sub>2</sub> emissions as key performance indicators (KPIs) for its efforts to manage climate change-related risks and opportunities, as shown in the table below. From the perspective of ensuring sustainability, in fiscal year 2021, the Group also set new long-term targets for the reduction of these emissions. The Group now aims to achieve carbon neutrality—net zero CO<sub>2</sub> emissions—by fiscal year 2050 and will seek to reduce CO<sub>2</sub> emissions by 50% from the fiscal year 2013 level by fiscal year 2030. In light of accelerated global efforts to decarbonize, the Group has also set new specific emissions reduction targets.

### DIC Group Scope 1 and 2 Emissions: Results and Targets

	Total (Tonnes of CO <sub>2</sub> )	Reduction rate	Scope 1 (Tonnes of CO <sub>2</sub> )	Scope 2 (Tonnes of CO <sub>2</sub> )
Fiscal year 2013	921,386	—	—	—
Fiscal year 2024	549,886	37%	282,856	267,030
Fiscal year 2030	438,943	50%	—	—

## 2. Human Capital and Diversity

### ① Strategy

#### (a) Basic strategy

The Group has set forth a basic strategy of reinforcing its management of human capital, recognizing human resources as capital critical to the execution of management strategies. The Group believes that bringing together diverse human resources and maximizing their capabilities are essential to its competitiveness. As such, with the goal of realizing a superior human resources portfolio, the Group is working to foster future leaders and self-sufficient human resources and is committed to respecting human rights and ensuring the safety of all employees, as well as to creating work environments that encourage job satisfaction and improving organizational cohesiveness.

#### (b) DIC Vision 2030 human resources strategy

The Group sees the top priority of human capital management as securing, developing and deploying the human resources necessary to ensure it realizes the business portfolio transformation outlined in the DIC Vision 2030 long-term management plan. This includes optimizing the workforce in line with the creation of new businesses and shifts in business domains. The Group is working to build a strategic human resources portfolio suitable for fiscal year 2030 by developing the next generation of leaders to guide it going forward, actively recruiting and developing human resources from different industries and with specialized abilities, promoting reskilling by introducing educational tools that support independent efforts to acquire expertise, and encouraging enthusiasm for taking on challenges to advance innovation. Additionally, given the increased mobility of human resources, the Group is implementing a variety of measures to help each employee design their own career, including establishing internal recruitment and side job systems and offering age-specific career training.

#### (i) Promotion of succession planning

The Company promotes succession planning on a Group-wide basis from the perspective of ensuring business continuity and enhancing the visibility of human resources. For fiscal year 2025, succession plans were formulated for approximately 100 key positions at the Company and affiliates in Japan, the PRC and the Asia-Pacific region, with candidates selected using the anticipated future requirements of these positions (the “To Be” (ideal) skills and expertise identified in fiscal year 2024). The Group also conducted talent reviews of the candidates and discussed the formulation of plans for fostering capabilities with pertinent departments. Going forward, the Group will work to ensure the resulting plans are implemented successfully by providing systematic training and enhanced skill development for candidates.

(ii) Selection of global management candidates

As part of an initiative to develop its next generation of global business leaders, the Group implemented the Global Management Accelerator (GMA) training program. The program's first phase, which commenced in fiscal year 2024, focused on providing group training at overseas DIC Group companies and dispatching participating employees to various short-term programs at leading universities worldwide in fiscal year 2025. The second phase, which features an expanded number of participating employees and regions, began in latter half of 2025. The Group looks forward to this program preparing participants to demonstrate the advanced capabilities required of next-generation leaders and to grow as individuals equipped to assume key roles.

(iii) Career training and counseling

The Company provides career training for employees at age 28, 39 and 50, as well as follow-up interviews conducted by in-house career counselors for participants to clarify each individual's vision for their own career and provide support for autonomous career building. In 2025, the Group held "Career Design Month" and "Themed Career Consultation Week" events. In addition, for managerial employees, we conducted initiatives aimed at promoting career autonomy, such as workshops to support subordinates' career self-management and courses to improve active listening skills. These initiatives fostered communication with subordinates and provided opportunities for managers to reflect on both their subordinates' and their own careers.

(iv) One-on-one meetings

The Company has introduced a system of one-on-one meetings between superiors and subordinates. Surveys are conducted to assess implementation and satisfaction rates on a semiannual basis. In fiscal year 2025, the satisfaction rate was approximately 70%. Recognizing a degree of correlation between implementation and satisfaction rates and employee engagement, the Group seeks to improve satisfaction by providing skill development training for managers who seek to improve their ability to conduct one-on-one meetings, thereby improving the quality thereof.

(c) Ensuring diverse human resources and supporting active participation

Guided by a basic philosophy that emphasizes respect for the differing values of individuals, regardless of identity or orientation, the Group seeks to recruit and promote career opportunities for diverse employees. The objective of these efforts is to bolster competitiveness by securing a diverse labor force comprising people with wide-ranging values and experiences who understand and respect each other's differences. Such a corporate culture will underpin the Group's efforts to respond to dramatic changes in its operating environment and effectively execute its business strategies. Specific diversity-related measures at the Group include advancing career support for women, formulating department-specific training plans, strengthening networking initiatives and on-the-job training to enhance career opportunities for foreign nationals, revising its reemployment system to make better use of reemployed individuals, and promoting the hiring and empowerment of individuals with disabilities.

(i) Promoting career opportunities for female employees

Seeking to leverage the diverse views and ingenuity of its employees to overcome changes in the operating environment, the Group is committed to creating work environments and fostering a corporate culture that enable female employees to demonstrate their capabilities. In addition to establishing a mentoring program for women in management, which helps create pipelines for female employees at the decision-making level, the Group also provides training, as well as mentoring, by female managers for women about to be promoted to management positions. In fiscal year 2025, the Group further accelerated initiatives introduced in fiscal year 2024 aimed at helping employees balance the demands of their careers and childcare responsibilities, including informal discussions for male employees who have taken childcare leave and the President and Group CEO, as well as counseling sessions involving employees who have taken childcare leave, including female and male managers, and employees who are struggling with childcare responsibilities. The Company will continue to foster a workplace culture where employees do not have to face parenting challenges alone, and where children are raised together while working together.

(ii) Advancing the employment of individuals with disabilities

In Japan, the HR Department has appointed an individual to promote the employment of individuals with disabilities. This individual liaises with the special-purpose subsidiary, DIC Estate Co., Ltd., to cultivate new recruitment channels at DIC Group companies in Japan, in addition to DIC Estate, thereby expanding the range of jobs available, reviewing business

processes and reinforcing management and guidance systems for employees with disabilities. In fiscal year 2025, the percentage of the total labor force accounted for by individuals with disabilities was 2.70%, up from 2.55% in fiscal year 2024, exceeding the mandatory rate. The Group will continue working to create work environments conducive to job satisfaction for employees with disabilities, as well as to promote diversity initiatives designed to enable all employees to play an active role as strategic Group assets.

(iii) Deploying CliftonStrengths®\*1

The Company uses CliftonStrengths®, a talent assessment tool that evaluates the strengths of individual employees, to promote labor force diversity. To date, this assessment has been taken by 80% of employees in Japan, helping them recognize their own particular talents and deepening self-understanding. With the Group's transition to a global operating model (GOM), which will start in fiscal year 2026 and result in increased interaction among diverse employees of multiple nationalities, the Group will also deploy this tool to encourage appreciation of different ways of thinking and work styles. Going forward, CliftonStrengths® will continue to play a key role in enhancing awareness of labor force diversity and creating workplace environments that allow employees to leverage their strengths.

(d) Creating positive workplace environments

Viewing the prioritization of operational safety as a core management tenet, the Group works tirelessly to prevent occupational accidents and disasters, as well as to bolster occupational health and safety levels. The Group emphasizes reducing risks in the workplace by promoting adherence to Principles of Safe Conduct and training highly perceptive safety personnel. The Group also strives to enhance safety through efforts to reinforce its safety infrastructure and create a safety-oriented corporate culture. In line with its Health Management Declaration, proclaimed by the President and Group CEO, the Group works actively to support the physical and mental health of employees, as well as to create work environments conducive to job satisfaction. The Group continues to promote imaginative and original health management measures, recognizing that the health of its employees is essential to the realization of sustainable growth.

(i) Occupational safety and health/disaster prevention

Recognizing operational safety as essential to the realization of sustainable growth, the Group has set regional targets for total recordable incident rate (TRIR)\*2 and continues to advance a variety of initiatives in the areas of occupational safety and health, and disaster prevention. In fiscal year 2025, the Group established and began implementing proprietary construction safety guidelines in Japan with the aim of improving safety not only for its own employees but also for those of partner companies. In Greater China, a safety knowledge competition was held with the aim of bolstering the skills of ESH officers. In the Asia-Pacific region, April 28 was designated an annual Safety Day and various events were held at Group sites to raise awareness of safety. In the Americas and Europe, the Sun Chemical Group continued to promote safety through its proprietary Sun Care safety and environmental management system. The Group also shares information on these and other initiatives at regular global meetings and implements regional safety and environment audits, incorporating its findings into initiatives in subsequent years.

(ii) Advancing corporate health management

In accordance with its Health Management Declaration, proclaimed by the President and Group CEO, the Group works actively to support the physical and mental health of its employees, as well as to create work environments conducive to job satisfaction. The Group continues to promote imaginative measures in the areas of mental health and well-being, recognizing that the health of its employees is essential to the realization of sustainable growth. In fiscal year 2025, industrial physicians conducted workplace environment improvement interviews with individual employees based on an analysis of the results of stress checks and provided tailored advice and guidance on how to create comfortable workplaces. Other efforts to realize more comfortable workplaces included promoting incremental measures to eliminate smoking with the aim of completely banning smoking at all sites by fiscal year 2027, including holding monthly seminars to help employees maintain or improve their health and providing specific health-related guidance in collaboration with the DIC Employees' Union.

② Metrics and targets

The Company has chosen a number of KPIs for its efforts to secure and foster human resources, including by ensuring diversity, and to create positive workplace environments, as shown in the table below. The Group is also working to improve employee engagement, viewing this as an issue requiring particular focus, through annual employee engagement surveys.

KPI	Fiscal year 2025 Actual	Fiscal year 2026 Target
Percentage of key positions for which candidates for successors have been selected	115%	To be determined (*3)
Percentage of employees identified through stress checks as having a high level of stress	11.3%	Less than 10.0%
Percentage of workdays lost due to mental health issues	0.8%	0.6%
Implementation rate for one-on-one meetings (bimonthly)	40.9%	50% or higher
Satisfaction rate for one-on-one meetings	72.3%	75% or higher
Results of annual employee engagement surveys (average scores for key questions)	3.26	To be determined (*4)

KPI	Fiscal year 2025 Actual (January 2026)	Fiscal year 2030 Target (January 2031)
Percentage of minorities among executive officers	19%	30%

\*1 CliftonStrengths® is a registered trademark of Gallup, Inc.

\*2 TRIR is calculated as (Number of casualties due to occupational accidents resulting in workdays lost + Number of casualties due to occupational accidents not resulting in workdays lost) / Million work hours

\*3 In line with the shift to a GOM, in fiscal year 2026 the Group will reconsider positions that require candidates for successors.

\*4 Based on the results of the survey conducted in autumn 2025, the Group is currently formulating a target for fiscal year 2026.

### 3. Business Risks

The Group conducts materiality assessments to identify issues with the potential to negatively or positively affect its business performance over the medium to long term. The Group continues taking decisive and efficient steps in response to these material issues pursuant to its long-term management plan, DIC Vision 2030,\*1 launched in 2022, working to ensure that these efforts are beneficial to the management of its businesses. The Group also undertakes risk management initiatives to address a wide range of risks. External risks and corporate risks are monitored appropriately by the Sustainability Committee, a deliberative body responsible for Group sustainability initiatives, and its subordinate entity, the Risk Management Subcommittee, while business risks are monitored appropriately by key entities such as the Management Committee and the Executive Committee, deliberative bodies responsible for important matters related to business execution. Departments are designated for each risk to implement countermeasures and reduce the impact of that risk should they materialize.

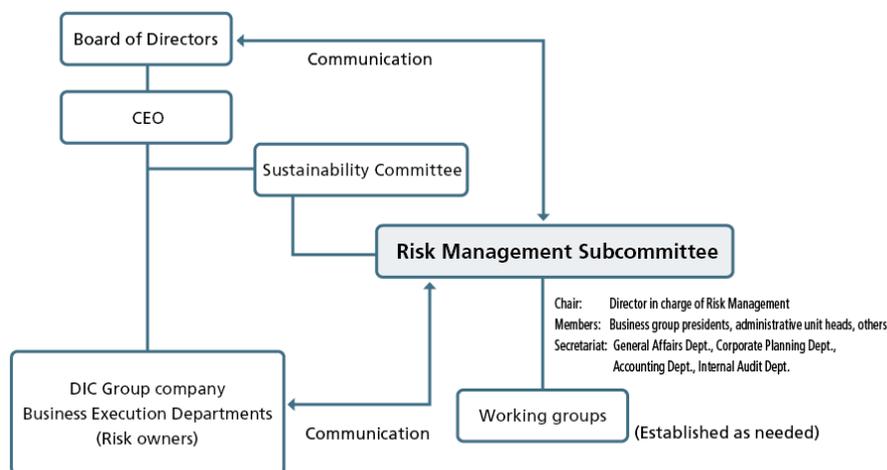
The key business risks described below are recognized based on the material issues\*2 identified by the Group, and the findings of a survey conducted by the Risk Management Subcommittee. The degree of impact of each risk, should it materialize, on the Group’s businesses and stakeholders is categorized as high, medium or low.

Forward-looking statements herein are based on projections as of December 31, 2025, and the following risks do not cover all risks that could affect the Group.

(Notes)

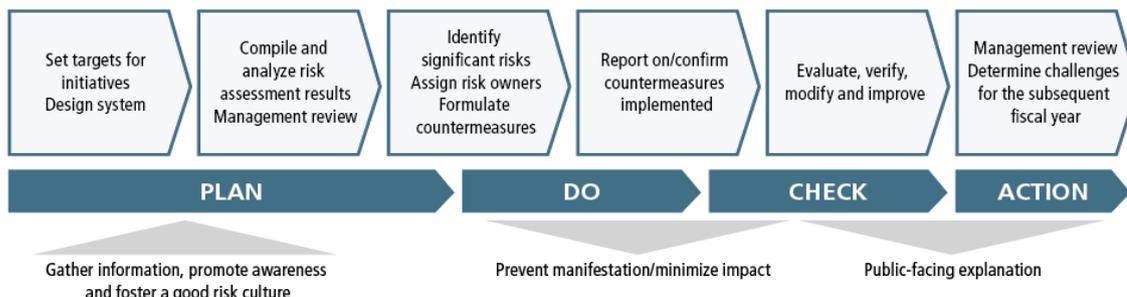
- For more information on DIC Vision 2030, please visit the DIC global website.  
[https://www.dic-global.com/pdf/ir/management/plan/DIC\\_Vision\\_2030\\_Phase2\\_en.pdf](https://www.dic-global.com/pdf/ir/management/plan/DIC_Vision_2030_Phase2_en.pdf)
- For more information on the Group’s material issues, please see “2. Approach to Sustainability and the DIC Group’s Initiatives” above.

#### ■ Risk Management Structure



#### ■ Overview of Risk Management

Led by the Risk Management Subcommittee, the Group uses the PDCA cycle on an annual basis to enhance the effectiveness of its risk management.



(1) Key Business Risks

The Group recognizes the following as key business risks with the potential to affect investor decisions. Key risks are selected by the Risk Management Subcommittee based on an exhaustive risk assessment conducted by executive officers and administrative unit heads, among others, taking into account degree of impact, likelihood, risk type, and other internal and external circumstances and factors. These selected risks are subsequently deliberated and formally identified and confirmed by the Sustainability Committee and the Board of Directors.

From the perspective of proactive disclosure, some risks that may not have significant impacts are also described.

Order	Risk category	Risk details	Degree of impact	Likelihood	Time horizon	Risk type	Alignment
1	Operating environment	Risks associated with a sharp change or decline in demand	High	Medium	Short to medium term	1, 2, 3	A, B
2		Geopolitical risks	High	Medium	Unknown	1, 2	Other
3		Risks associated with steep fluctuations in interest and currency exchange rates	High	High	Short to medium term	1, 3	C
4		Risks associated with major earthquakes	High	Medium	Short to long term	1, 3	Other
5	Environment/resources	Risks associated with responses to climate change-related environmental and social changes	Medium	Medium	Medium to long term	1, 2, 3	A, B
6		Risks associated with demands for the reduction of environmental impact	Medium	Medium	Short to long term	1, 2, 3	A, B
7	Management and business strategies	Risks associated with the failure of acquisition strategies	High	Medium	Short to medium term	1, 2, 3	A, B
8		Risks associated with portfolio transformation	High	Medium	Short to medium term	1, 2, 3	A, B
9		Supply chain-related risks	Medium	Medium	Short to long term	1, 2, 3	A, B
10	Management/operations	Risks associated with compliance	High	Medium	Unknown	2	A, B, Other
11		Risks associated with the stagnation or failure of innovation	Medium	Medium	Medium to long term	2, 3	A, B, Other
12		Risks associated with efforts to secure human resources	Medium	High	Short to long term	2, 3	A, B
13		Risks associated with product quality issues	Medium	Medium	Unknown	2, 3	A, B
14		Cyber security-related risks	High	Medium	Unknown	2	B
15		Intellectual property-related risks	Medium	Low	Unknown	1, 2, 3	A, B

**Degree of impact** (Extent of possible impact if risk materializes as of December 31, 2025)

High: Severe

Medium: Moderate

Low: Minimal

**Likelihood** (Potential for future manifestation as of December 31, 2025)

High: Highly likely

Medium: As likely as not

Low: Unlikely

**Time Horizon** (Expected timing of/period before risk is likely to manifest as of December 31, 2025)

Long term: Five years or more

Medium term: Three to four years

Short term: Within two years

Unknown: Cannot anticipate the timing of risk's manifestation

**Risk Type** (Categorization by origin as of December 31, 2025)

- 1: External risks that are beyond the Group's control
- 2: Corporate risks that can be managed through Group management-led countermeasures
- 3: Business-related risks that should be handled by the relevant divisions/departments

**Alignment** (Relationship with business strategies outlined in the DIC Vision 2030 long-term management plan)

- A: Business portfolio transformation to achieve growth
- B: Strengthening of management infrastructure underpinning global environmental, social and governance (ESG) management and safety management
- C: Cash flow management
- Other: No alignment with business strategies

**1. Operating environment**

(1) Risks associated with a sharp change or decline in demand

(a) Details of risks and impact on performance

Because the Group operates globally, it faces the risk of a sharp change or persistent decline in demand in any of the markets in which it operates. As a result of the protracted economic slump in Europe and the PRC, there is a possibility not only that regional demand will decline, but that this will lead to a global recession. Moreover, if factors such as concerns about the future and sluggish growth in personal income lead to a sharp decline in demand, especially on the part of consumers, there is a risk of a greater-than-expected suppression of demand and a delay in recovery. In emerging economies, there is a risk that political or economic turmoil will lead to increased exchange rate fluctuations or a fall in currency values.

(b) DIC Group countermeasures

As part of its intelligence-gathering efforts, the Group regularly monitors political and economic conditions around the world and ensures it has a grasp of changes in the operating environment in individual regions and demand industries. In addition, the Group regularly assesses the impact of such changes on individual businesses and determines what countermeasures should be implemented. The Group also reviews its regional portfolios as necessary with the aim of diversifying and reducing risks.

(2) Geopolitical risks

(a) Details of risks and impact on performance

In the event of unexpected circumstances arising from drastic political or social changes, or from issues such as the revision of laws, regulations and international treaties, there is a risk of resulting cost increases, restrictions on product and/or raw materials imports and exports, the suspension of monetary remittances, or supply chain interruptions that may affect the Group's operating results and/or financial position. For example, the implementation of economic security measures in response to economic conflict between the United States and the PRC, a sharp increase in costs due to the suspension of product and/or raw materials imports and exports and higher tariff rates; timely and expedient local responses and staffing restrictions necessitated by stricter travel restrictions; conflicts and political instability in the Middle East; energy and natural resource prices resulting from fears of other political changes, terrorism, riots, etc., and turmoil in the area of logistics all have the potential to impact the Group's performance.

(b) DIC Group countermeasures

In addition to overall management by DIC's corporate headquarters in Japan, regional headquarters' everyday management includes monitoring risks with the potential to impact the Group's ability to conduct business and function in each of the countries and territories in which it operates. The Group also works to address country risk for production and sales, establishing a business unit-led framework for formulating business continuity plans (BCPs), and a system for facilitating multiple-company purchasing. To analyze supply chain-related issues, the Group makes effective use of its global network to reduce risk. In addition, to protect management resources, notably its people, credit and assets, the Group is promoting information sharing, planning of countermeasures, and education and training for the Group as a whole while collaborating as necessary with local sites around the world.

### (3) Risks associated with steep fluctuations in interest and currency exchange rates

#### (a) Details of risks and impact on performance

In the event of a financial crisis, if for some reason the value of risk assets suddenly declines and credit risk worsens, the corporate bond and commercial paper markets will cease to function and banks will quickly look to recover loans as falling asset prices depress their capital adequacy ratio. This has the potential to cause problems in obtaining financing. Any rapid appreciation in the value of the yen arising from turmoil in the financial markets will both weaken the profitability of exports and reduce the results of overseas Group companies after translation into yen, both of which may significantly impact the Group's operating results. The Group's negative foreign currency translation adjustment could increase, pushing down net assets and potentially causing the Group's financial position to deteriorate. Any increase in interest rates would propel an increase in interest payments. The Group's gross interest-bearing debt is currently in the area of ¥400 billion, but should interest rates rise by a single percentage point, there is a possibility that this will increase by approximately ¥4.5 billion annually over the medium term.

#### (b) DIC Group countermeasures

As a measure to protect against the impact of a financial crisis, the Group maintains cash reserves and committed credit lines to cover future financing needs for a set period of time. In addition to maintaining long-term financing at approximately 80% of its total financing, the Group is striving to vary the timing of such financing. The Group implements measures, including using foreign currency forward contracts, to mitigate the impact of risks associated with currency exchange rate fluctuations, particularly yen appreciation, on imports, exports and dividends. In addition, a committee has been established to manage currency exchange risk that is tasked with formulating hedging policies and monitoring their implementation as appropriate. The currencies and amounts subject to hedging are determined comprehensively by the aforementioned committee, taking into account the costs and benefits of hedging. The Group is also taking steps to avoid risks associated with interest rate fluctuations, including optimizing working capital by setting business group-specific targets and monitoring progress on a monthly basis, and is working to improve its financial position by shrinking interest-bearing debt through the reduction of cash and deposits.

### (4) Risks associated with major earthquakes

#### (a) Details of risks and impact on performance

The Group operates on the assumption that the occurrence of natural disasters that threaten business continuity, whether in Japan or overseas, pose significant risks. The Group anticipates that a major earthquake in Japan, home to its corporate headquarters, would significantly affect business continuity.

**Nankai megathrust earthquake:** The seismic intensity of such an earthquake is likely to be around 6.0 on the Japanese scale. The Group's Yokkaichi, Sakai, Shiga and Komaki plants, as well as its Osaka and Nagoya branches, would likely be directly impacted, liquefaction could occur at the Sakai and Yokkaichi plants, and a tsunami could reach Tokyo, where the Group's corporate headquarters is located.

**Major earthquake with an epicenter directly below Tokyo:** The seismic intensity of such an earthquake is likely to be 6.0 or greater in Tokyo, impacting corporate headquarters, the Tokyo Plant, Saitama Plant, Chiba Plant and the Central Research Laboratories. Production facilities are vulnerable to a variety of risks. Supplies of electric power and industrial water may be interrupted as a result of damage to pipes, the leakage of raw materials, unmooring/listing of equipment due to shifts in the ground's surface, abnormal reactions on production lines, equipment damage caused by utility outages, the malfunctioning of distributed control systems control due to communications failures and flooding caused by tsunamis. Public transportation may be disrupted, making it difficult for employees to return home/travel to work. Public welfare facilities may cease to function and it may be difficult for on-site subcontractors to reach Group facilities. In addition, because corporate headquarters is a designated temporary shelter for people stranded in the area, it will need to accommodate such individuals. As a result of these and other factors, production may be halted for anywhere from several weeks to several months, restoration work may be delayed because of a lack of facilities, equipment and/or personnel, shipments in of raw materials and shipments out of products may be delayed or suspended, and business activities may stagnate due to the need to secure official safety verification.

(b) DIC Group countermeasures

- (i) The Group is currently revising the KPIs set forth in its BCPs and expanding the application of these KPIs to overseas Group companies in light of the current operating environment, both in Japan and overseas. The Group is also making use of the DIC BC Portal disaster information system to strengthen its ability to collect and share information when a disaster occurs, and to enhance its communication practices, to improve its initial response capabilities. At corporate headquarters, the Group is fortifying its ability to accommodate people stranded in the area in the event of a disaster by stockpiling supplies and creating a neighborhood liaison framework, in accordance with government guidelines, as well as a system to ensure stranded individuals do not all try to travel at once when doing so becomes possible, thereby overburdening public transportation.
- (ii) In light of the increasingly global nature of its operations, bridging the significant gaps between the BCPs of DIC Group companies in Japan and overseas is taking on ever-greater importance. In the fiscal year ended December 31, 2025, the Company began deploying BCPs at Group companies overseas while taking into account regional conditions, including geopolitical risks.

## 2. Environment/resources

(1) Risks associated with responses to climate change-related environmental and social changes

(a) Details of risks and impact on performance

In June 2021, the Group announced DIC NET ZERO 2050, setting a long-term target for the reduction of CO<sub>2</sub> emissions. The Group now aims to reduce CO<sub>2</sub> emissions by 50% from the fiscal year 2013 level by fiscal year 2030 and to achieve carbon neutrality by fiscal year 2050. The Group recognizes the following climate change-related risks as having the potential to have a significant negative impact on its performance in order to achieve the abovementioned goal:

- (i) Should prices for electric power and raw materials increase as a result of, for example, the introduction of emissions trading schemes or fossil fuel levies, there is a risk that this will cause a decline in profits.
- (ii) Should drastic changes arise in society's expectations regarding the reduction of CO<sub>2</sub> emissions or in customer needs, there is a risk that the need to consider shrinking or withdrawing from certain existing businesses will arise.
- (iii) Should the Group be unable to respond to any sudden changes in demand resulting from the shift to a circular economy, there is a risk that profits will decline or that the need to consider shrinking or withdrawing from certain existing businesses will arise.
- (iv) Should climate-related disasters arising from the increasing seriousness or frequency of extreme weather events occur and result in the suspension of operations at production facilities or the instability of raw material supplies, there is a risk that this will cause a decline in profits.
- (v) As requirements for disclosure become increasingly stringent worldwide, inappropriate disclosure may lead to reputational damage and the risk of greenwashing lawsuits.

(b) DIC Group countermeasures

- (i) The Group continues to calculate product carbon footprint using pertinent recently established standardized guidelines. In November 2025, the Group announced that its guidelines had been certified as complying with international standards such as the International Association for Standardization's ISO 14067:2019 and Together for Sustainability's TFS PCF Guidelines. Effective January 2025, the Group established a Climate Change Subcommittee under the Sustainability Committee and is formulating Group-wide CO<sub>2</sub> emissions reduction targets that are appropriate to the Group, along with the plans to achieve those targets. The Group has also articulated an internal definition for the "5Rs" (reuse, reduce, renew, recycle and redesign) with the objective of advancing the development of products and services that contribute to decarbonization, including by helping to realize a circular economy, and is devising measures to ensure supplies of key raw materials and address extreme physical risks, as well as strengthening countermeasures against climate-related disasters for sites located in coastal areas.
- (ii) Alongside these efforts, the Group collects highly accurate information and shares information Group-wide, positioning it to respond to high-level disclosure requests in a timely and appropriate manner without being seen as greenwashing.

(2) Risks associated with demands for the reduction of environmental impact

(a) Details of risks and impact on performance

The Group faces the risk that its production activities may have negative impacts on the environment, owing to, in particular, the discharge of air pollutants, water pollutants, industrial waste and waste plastics.

(i) Discharges of environmentally harmful substances are normally kept to a specified level, but there is a risk that the Group may be required to bear the cost of recovery and/or be liable to pay damages in the event that issues result in the discharge of greater than expected amounts of such substances.

(ii) There is also a risk that it will be impossible to continue production if the Group fails to respond appropriately to stricter environmental regulations, changes in industry standards and changes in socioeconomic systems. Moreover, if the Group fails to respond to sudden changes in product performance requirements resulting from social changes, there is a possibility that risks to business continuity may manifest, causing profits generated by its businesses to decline and/or hindering business continuity.

(b) DIC Group countermeasures

The Group strives to reduce its environmental impact from the perspective of both production and business activities.

(i) Production activities: In addition to complying with various laws and regulations governing the reduction of environmental impact in the countries and territories where it has production sites, the Group sets specific reduction targets and regularly monitors environmental impact data with the aim of lowering its discharge of newly generated environmentally harmful substances. The Group has also prepared a manual for responding in the event of an emergency and has a system in place to minimize the release of environmentally hazardous substances. At the same time, the Group is actively investing in environment-friendly equipment and expediting its installation.

(ii) Business activities: The Group strives to reduce the environmental impact of its products, while also expanding its lineup of products that help ensure a healthy global environment and address social imperatives. In particular, the Group is advancing efforts to respond to a circular economy by, among others, promoting the reuse and recycling of products through chemical and material recycling. The Group has also introduced the DIC Biodiversity Policy to guide its biodiversity initiatives, the goals of which include reducing environmental impact and maintaining healthy and balanced ecosystems.

### 3. Management and business strategies

(1) Risks associated with the failure of acquisition strategies

(a) Details of risks and impact on performance

With the aim of transforming its business portfolio, the Group is actively pursuing promising acquisitions and capital alliances. If the integration and cooperation efforts implemented by the Group are insufficient or do not proceed as anticipated, resulting in the failure to realize initially expected benefits, the Group's operating results and/or financial position may be affected.

(b) DIC Group countermeasures

The Group works to address risks based on investment decisions on proprietary investment indicators, as well as thorough in-house investigations and due diligence conducted in collaboration with external organizations, to identify and address risk factors in advance. The Group also promotes Group-wide post-merger integration initiatives and implements actions aimed at realizing synergies. In addition, in the event of poor business performance after acquisitions, the Group will work as one to speed up structural reforms and efficiency improvements to improve the income and expenditure structure.

(2) Risks associated with portfolio transformation

(a) Details of risks and impact on performance

In Phase 2 of its DIC Vision 2030 long-term management plan, the Group will concentrate management resources to transform its business portfolio, identifying five priority business areas that will help respond to related issues and contribute to sustainable prosperity for society. Should portfolio transformation be delayed, or ossification cause a slowing of growth or product life cycles that pushes down the profitability of mature businesses, the Group's operating results and/or financial position may be affected.

(b) DIC Group countermeasures

Under DIC Vision 2030, the Group is working to build a business portfolio capable of supporting sustainable growth and profitability. In addition to setting criteria for downsizing or withdrawing from businesses with low profitability that do not align with DIC's business strategy and conducting regular reviews, the Board of Directors and the Executive Committee periodically check the progress of the business strategies set forth in the plan, take steps to update existing measures to reflect the business environment, and implement additional measures. To ensure achievement of the targets set forth in DIC Vision 2030, Phase 1, which concluded in fiscal year 2025, emphasized foundation building. Phase 2 will mark a shift in the Group's emphasis toward the qualitative transformation of its core business (printing inks and packaging materials, pigments and polymers) while simultaneously positioning chemitronics and composite materials/devices as growth businesses, focusing on the provision of materials and solutions primarily in areas such as semiconductors, batteries and physical AI, where it can leverage existing assets. Through these and other efforts, the Group will strive to build a business portfolio that contributes to sustainable prosperity for society, as well as to achieving the vision for the Group set forth in DIC Vision 2030.

(3) Supply chain-related risks

(a) Details of risks and impact on performance

The Group works to ensure a sustainable supply chain, placing equal emphasis on quality, price and supply stability from both a short-term and a medium- to long-term perspective. Should it become difficult to procure raw materials as a result of sharp increase in raw materials prices due to high international commodities' prices, fluctuations in the supply-demand balance caused by accidents or issues involving raw materials suppliers or by natural disasters, logistics disruptions arising from other issues, or the designation of additional substances for legal or regulatory restrictions, there is a risk this may affect the Group's operating results and/or financial position. In addition, from a medium- to long-term perspective, the procurement of raw materials from suppliers whose sustainability initiatives are insufficient may not only destabilize supplies but also lead to a decline in the value of its entire supply chain and a resulting loss in the trust of customers. These issues may hinder the Group's ability to ensure business continuity.

(b) DIC Group countermeasures

(i) The Group strives to ensure stable supplies of low-priced raw materials, including by promoting multiple company purchasing, entering into supply contracts, and seeking alternative materials, with the aim of reducing both raw materials costs and procurement-related risks. From a medium- to long-term perspective, the Group compels suppliers to advance sustainability initiatives, including reducing their environmental impact and respecting human rights. The Group encourages such initiatives through surveys to ascertain the status thereof and subsequent follow-up with the goal of achieving sustainable procurement.

(ii) Through such efforts to ensure the stability and soundness of raw materials supplies and quality, the Group is working to secure the trust of customers, as well as to secure its own profitability.

#### 4. Management/operations

(1) Risks associated with compliance

(a) Details of risks and impact on performance

The Group conducts business activities around the world and is subject to various laws and regulations pertaining to commercial transactions, safety, the environment and chemical substances. Violations of laws and regulations may result in an order to suspend operations, fines and/or liability for damages, which may affect the Group's operating results and/or financial position. Such incidents may also result in a loss of social credibility.

(b) DIC Group countermeasures

(i) In addition to laws and regulations, the Group has established the DIC Group Code of Business Conduct as a set of compliance standards to be observed when conducting business. Whenever the occasion arises, DIC's president makes a point of communicating the importance of compliance, as well as the need to prioritize compliance over business, to all employees, including executives. The Group works to deepen employee awareness of the importance of compliance through training and e-learning applying actual case studies as examples. The Group has created a system that enables people with related questions to seek consultation and promotes the use of its whistle-blowing system, which facilitates the prompt discovery and correction of compliance violations through audits by departments independent of the department in charge. The Group also prohibits retaliation against those who have sought consultation or cooperated with investigations as a violation of the DIC Group Code of Business Conduct.

(ii) The Group takes the necessary steps to reduce compliance risk in all aspects of its operations. These include promoting awareness of amendments to laws and regulations, deploying stringent systems for managing information on chemical substances, advancing digital transformation (DX) and measures to improve efficiency, and conducting stringent design reviews.

(2) Risks associated with the stagnation or failure of innovation

(a) Details of risks and impact on performance

The Group believes that responding to environment, safety and health (ESH)-related environmental issues is extremely important and is working as one to develop products that contribute to a society that is increasingly green, digital and quality of life (QOL)-oriented. At the same time, the Group is striving to keep pace with the rapidly expanding use of digital technologies and the advance of DX. However, should the Group be unable to develop and launch products that respond to social imperatives, owing to the stagnation of innovation, its growth may slow.

(b) DIC Group countermeasures

(i) The Group leverages its existing basic technologies, as well as new basic technologies in the areas of inorganic materials design and biomaterials design, to develop sustainable products for a variety of markets and needs, including next-generation packaging such as biomass packages that contribute to a green society, high-speed communications-compatible materials and functional inorganic materials that contribute to a digital society, environment-friendly materials that contain no perfluoroalkyl or polyfluoroalkyl substances (PFASs) and high-performance nutrition that contributes to a QOL-oriented society. Technical groups have established a system for reviewing development themes and formulated resource management rule, and are working to strengthen mechanisms for encouraging idea generation within these groups, as well as for promoting collaboration in-house and with external partners. Through corporate venture capital (CVC) activities, the Group has established investment policies for priority focus areas and is developing a future vision for expending the use of data scientist (DS) and for its AI/MI platform. In addition, the Group identifies operational workloads through down meetings and incorporate measures to improve operational efficiency and implement process improvement.

(ii) Production technology groups spearhead active efforts to promote DX and to enhance production technologies with the aim of creating smart factories.

(3) Risks associated with efforts to secure human resources

(a) Details of risks and impact on performance

With the working population continuing to decline, particularly in developed countries, as a consequence of declining birthrates, it becomes difficult for the Group to secure human resources that satisfy its expectations and overall competition to recruit such human resources may intensify. Moreover, given the increasing fluidity of the labor market, if the Group's appeal from the perspective of potential employees declines, difficulty in retaining employees may make it difficult to continue to conduct its businesses.

(b) DIC Group countermeasures

(i) In Japan, efforts to recruit new graduates focus on strengthening public relations activities to increase its name recognition and attract the attention of target demographics. The Group is also considering increasing the flexibility of wage settings, including starting salary levels. For mid-career hires, the Group has created flexible compensation systems for specialists and part-time employees, as well as expanded recruiting channels to attract diverse human resources, including adopting referral and alumni recruiting. Also, the Group is collaborating with group companies in Japan to standardize recruiting tools and share know-how in talent acquisition. Overseas, the Group keeps abreast of regional recruiting initiatives and will continue working through a global HR conference to strengthen these efforts and identify key challenges. If there is a need among overseas group companies, the Group will strive to address the needs of individual Group companies by promoting the common branding initiatives and the joint deployment of recruiting tools and know-how. To improve employee retention, the Group conducts employee engagement surveys and will refine its use of the plan-do-check-act (PDCA) cycle, i.e., to conduct surveys, analyze findings, formulate countermeasures and implement initiatives. Employee engagement surveys are also conducted in key overseas locations, including the PRC, and the Group will explore the potential for a global survey going forward.

(ii) Securing outstanding human resources is a challenge for the Group around the world. In Japan, in particular, the Group will prioritize fortifying its recruiting capabilities, improving employee engagement and creating an employment configuration that is not predicated exclusively on hiring Japanese nationals.

(4) Risks associated with product quality issues

(a) Details of risks and impact on performance

In the event a DIC Group product is suspected of being defective, fraudulent or counterfeit, or should a serious complaint be received or a product liability issue arise, the Company may be obliged to recall products or be found liable for damages, or may be required to implement measures in line with recommendations from the authorities or other third-party organizations, or take other steps. Such actions may lead to the suspension of production or the disruption of shipments, affecting the Group's operating results and/or financial position. Such incidents may also result in a loss of social credibility and affect its operations, business relationships and corporate value over the medium to long term.

(b) DIC Group countermeasures

(i) In accordance with annual audit plans, the Group conducts quality audits at individual sites to confirm that the quality control system is functioning appropriately and effectively and that operations are being conducted in a manner that emphasizes keeping abreast of changes in society and in the operating environment. These audits involve not only recommending corrective actions based on findings and responding to queries but also conducting follow-ups to optimize adherence to rules and processes.

(ii) The Group places a priority on fostering a commitment to product quality through related education and awareness training and implements quality-focused e-learning on quality compliance, as well as training for presidents and sales department staff of affiliated companies. The Group will continue working to further entrench and advance understanding of the function and roles of individuals involved in ensuring product quality with the goal of encouraging appropriate judgment and behavior.

(5) Cyber security-related risks

(a) Details of risks and impact on performance

A key risk scenario of particular concern involves an external attacker illegally infiltrating the Group's network through a cyberattack involving, for example, ransomware, to take over its internal servers and steal and encrypt data, including important confidential information. If the Group mishandles its response to an incident, it could result in damage spreading and cause various IT systems to become unusable for extended periods of time. This risk scenario also anticipates internal improprieties such as the unauthorized removal or bringing in, as well as the falsification, destruction and unauthorized use of important confidential information by current or former Group employees. The Group also acknowledges the existence of security risks associated with the inappropriate use of generative AI, which is applied in business increasingly. This could include the careless use of confidential internal information with external generative AI systems to create data for training purposes, resulting in such information being made public, and copyrighted third-party material accidentally being incorporated in materials produced using generative AI. Should such risks materialize, it may disrupt or halt the Group's business processes, production lines, supply chains and/or digital ecosystems, significantly impacting not only its operations and profits but also its customers and business partners, as well as local communities. Moreover, if important technical information was to be leaked, it would cause, among others, erosion of the Group's technological advantage, delays in product development and weakened competitiveness. In addition, if financial data was to be destroyed or falsified, it could result in errors in financial reporting and/or the disclosure of inaccurate information, leading to a loss of investor trust. This, in turn, could cause a decline in competitiveness over the short to long term, harm the Group's brand and a loss of customer trust and social credibility, as well as result in legal liability, including for the payment of compensation for damages.

(b) DIC Group countermeasures

(i) The Group works continuously to address risks by updating and reinforcing IT security guidelines related to strengthening the security functions of IT infrastructures at domestic and overseas Group companies, reinforcing practical incident response capabilities, increasing employee security awareness and advancing understanding of its guidelines for the use of generative AI.

- (ii) The Group promotes efforts to steadily reduce risks, including implementing measures based on the findings of third-party security assessments, including penetration tests, as well as the systematic implementation of related training and awareness-building initiatives, both of which continue to yield positive results.

(6) Intellectual property–related risks

(a) Details of risks and impact on performance

The Group strives to secure intellectual property rights to protect new technologies and know-how acquired in the course of its business activities. At the same time, the Group takes appropriate measures to avoid infringing on the rights of other companies and conducts its operations in a manner that respects the legitimate intellectual property rights of third parties. Nonetheless, in the event of a dispute regarding intellectual property, arising from a difference in interpretation of rights or of opinion, this may result in the suspension of product development or sales, or the payment of compensation for damages, which may affect the Group’s operating results.

There is also a possibility that the Group’s technological information and know-how may be leaked to a third party due to unforeseen circumstances, which may result in the distribution of counterfeit or similar products. This may cause a decline in the competitiveness of the Group’s products and impact its profits.

(b) DIC Group countermeasures

(i) At each stage of product development, the Group conducts investigations to avoid infringements of third-party intellectual property rights, a process that is spearheaded by patent attorneys in the Intellectual Property Department and from domestic and international patent and legal firms. This ensures the Group’s ability to offer products that respect the legitimate third-party intellectual property rights based on the judgment of these professionals. In the unlikely event that a dispute regarding intellectual property rights arises, a system is in place that allows internal and external patent attorneys and lawyers to collaborate as appropriate to ensure an effective response. In line with its Basic Policy on Information Security, the Group has established confidential information management regulations and promotes the stringent management of technical information. The Group has a system in place for the disclosure of technical information to external parties at, for example, presentations at academic conferences and to prevent leaks of confidential information.

(ii) In the event of unauthorized use of its logo or trademark, the Group monitors the relevant e-commerce site or conducts a search of trademark databases. If it is confirmed that the Group’s logo or trademark has been used illegally, or that a similar trademark has been used in a malicious manner, the Group responds to the offending e-commerce site to have its right to set up shop terminated and prevent the registration of similar trademarks.

#### 4. Management's Analysis of Financial Position, Operating Results and Cash Flows

Matters concerning the future in this document are based on judgments as of the end of the current fiscal year and are not guaranteed to be achieved.

##### (1) Summary of operating results

###### ① Operating results

Operating results for the current fiscal year are as follows:

(Billions of yen)

	FY2024	FY2025	Change (%)	Change (%) [Local currency basis]
Net sales	1,071.1	1,052.2	-1.8%	-1.7%
Operating income	44.5	52.2	17.2%	17.8%
Ordinary income	37.9	44.2	16.7%	—
Net income attributable to owners of the parent	21.3	32.4	51.8%	—
EBITDA *	95.7	109.3	14.2%	—
¥/US\$1.00 (Average rate)	151.04	150.08	-0.6%	—
¥/EUR1.00 (Average rate)	163.34	169.58	3.8%	—

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

In fiscal year 2025, ended December 31, 2025, consolidated net sales slipped 1.8%, to ¥1,052.2 billion.

- Looking at key global economies, concerns about supply chain disruptions and the impact on shipments due to the burden of tariff costs arose immediately after the announcement of the reciprocal tariff measures by the United States. However, the situation calmed as key countries and territories reached agreements on trade policies. Nonetheless, apprehension regarding rising prices and a resurgence of trade friction between the United States and the People's Republic of China (PRC) persisted, as a result of which an uncertain outlook lingered 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 and in displays, the operating rates of display manufacturers continued to cause fluctuations in the display market, while the semiconductor market remained robust, propelled by brisk demand for AI applications and for use in semiconductor devices, among others. In industrial materials,\* used primarily in mobility solutions, the automobile market remained relatively stable, despite a temporary surge in demand due to the U.S. tariff policy and the emergence of manufacturers based in the PRC.
- Against this backdrop, results varied for different products. Shipments of jet inks, used in digital printing, and of other high-value-added products, core chemitronics offerings such as epoxy resins and industrial-use adhesive tapes, continued to see steady growth, while products used in mobility solutions, including polyphenylene sulfide (PPS) compounds, were level with the previous fiscal year. In contrast, sales of packaging inks, pigments for coatings and for plastics and other mass-market consumer-adjacent products trended downward, owing to fears over rising prices and the economic outlook.

Operating income advanced 17.2%, to ¥52.2 billion. This was despite the decline in sales and was due mainly to firm shipments of high-value-added products, ongoing price revisions, including those implemented to counteract tariffs and exhaustive cost management efforts. This result also reflected an improvement in the Color & Display segment, owing to ongoing structural reforms in the pigments business in the United States and Europe, which helped trim costs, underpinning a return to profitability overseas from an operating loss in the previous fiscal year.

Ordinary income, at ¥44.2 billion, was up 16.7%. While foreign exchange losses mounted, reflecting the application of hyperinflationary accounting and the impact of currency translation, interest expenses fell as a result of U.S. and European interest rate cuts.

Net income attributable to owners of the parent climbed 51.8%, to ¥32.4 billion. This was a consequence of higher extraordinary income, thanks to, among others, a gain on sales of shares and investments in capital of subsidiaries and affiliates arising from withdrawal from the liquid crystal (LC) materials business and the sale of works of art, and a decrease in extraordinary losses.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose 14.2%, to ¥109.3 billion.

\*The Company 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.

The results of each segment are as follows:

(Billions of yen)

Segment	Net sales				Operating income (loss)			
	FY2024	FY2025	Change (%)	Change (%) [Local currency basis]	FY2024	FY2025	Change (%)	Change (%) [Local currency basis]
Packaging & Graphic	560.1	549.7	-1.9%	-1.3%	31.6	31.1	-1.7%	1.6%
Color & Display	257.0	247.5	-3.7%	-4.4%	(0.3)	5.0	Into the black	Into the black
Functional Products	296.0	290.9	-1.7%	-2.1%	21.4	23.1	7.9%	6.9%
Others, Corporate and eliminations	(41.9)	(35.8)	—	—	(8.2)	(7.0)	—	—
Total	1,071.1	1,052.2	-1.8%	-1.7%	44.5	52.2	17.2%	17.8%

Note: 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.

[Packaging & Graphic]

	FY2024	FY2025	Change (%)	Change (%) [Local currency basis]
Net sales	¥560.1 billion	¥549.7 billion	-1.9%	-1.3%
Operating income	¥31.6 billion	¥31.1 billion	-1.7%	1.6%

Segment sales edged down 1.9%, to ¥549.7 billion. In the area of packaging inks, used chiefly on packaging for food products, shipments deteriorated in Japan, owing to a decline in consumption, as well as in the Americas and Europe—particularly Europe, which saw an economic slowdown and changes in the competitive environment—but sales in both geographic operating regions were up, bolstered by consistent efforts to adjust sales prices. In contrast, sales of these products in Asia and elsewhere waned as a consequence of flagging market conditions and persistent price competition everywhere except in the PRC, which reported an increase attributable to initiatives aimed at fostering new customers. Sales of publication inks, which center on inks for commercial printing and news inks, decreased, owing to ongoing structural demand declines worldwide and a sharp decline in shipments triggered by intensified price competition, notably in the Americas and Europe. Sales of jet inks, used in digital printing, advanced, as shipments remained firm, buttressed by advancing digitalization. Shipments of polystyrene, applications for which include food trays, dipped, owing to a variety of factors, including rising consumer prices and resulting consumer restraint in food purchases in Japan.

Segment operating income, at ¥31.1 billion, was down 1.7%. In Japan, operating income weakened, as steps taken to modify sales prices for packaging inks and publication inks were insufficient to counter elevated costs. In the Americas and Europe, operating income fell, owing to exchange rate fluctuations arising from the depreciation of emerging market currencies, among others, despite rising on a local currency basis thanks to ongoing efforts to maintain sales prices by ensuring stable supplies and services. In Asia and elsewhere, operating income declined as a consequence of lower sales.

[Color & Display]

	FY2024	FY2025	Change (%)	Change (%) [Local currency basis]
Net sales	¥257.0 billion	¥247.5 billion	-3.7%	-4.4%
Operating income	¥(0.3) billion	¥5.0 billion	Into the black	Into the black

Segment sales slipped 3.7%, to ¥247.5 billion. Shipments of pigments for coatings and for plastics—which together account for a significant share of sales—fell as demand remained sluggish, owing to economic uncertainty, particularly in the United States and Europe. Nonetheless, sales of these products expanded, buttressed by ongoing efforts to revise sales prices in response to tariffs and to improve profitability. Among high-value-added products, shipments of pigments for color filters used in displays dwindled, as the operating rates of display manufacturers remained unstable, although sales were up, thanks to changes in the product mix. Sales of pigments for cosmetics fell, as shipments were hindered by listless demand from cosmetics manufacturers in the Americas and Europe, the principal customers for these products, among others. Sales of pigments for specialty applications rose, as shipments of products for agricultural use recovered following the completion of inventory adjustments, and shipments of products used in building materials were up. Lower overall segment sales were also due to the absence of sales of LC materials as a result of withdrawal from this business.

The segment moved back into the black, reporting operating income of ¥5.0 billion. This improvement was bolstered by increased sales of high-value-added products such as pigments for color filters and of specialty pigments, as well as by ongoing structural reforms in the pigments business in the United States and Europe, which helped trim costs, underpinning a return to profitability overseas from an operating loss in the previous fiscal year.

[Functional Products]

	FY2024	FY2025	Change (%)	Change (%) [Local currency basis]
Net sales	¥296.0 billion	¥290.9 billion	-1.7%	-2.1%
Operating income	¥21.4 billion	¥23.1 billion	7.9%	6.9%

Segment sales edged down 1.7%, to ¥290.9 billion. In the area of digital materials, sales of epoxy resins, the foremost application for which is electronics equipment—including semiconductors—increased, as demand for semiconductors fueled firm shipments overall. Sales of industrial-use adhesive tapes, used mainly in smartphones and other mobile devices, rose owing to steady efforts to lock in demand bolstered by broader adoption for use in new models. In the area of industrial materials, shipments of materials for mobility solutions, including PPS compounds, remained solid, despite concerns regarding the impact of U.S. tariffs on the automobile market. The decrease in segment sales also resulted from reduced sales of architectural interior materials stemming from the April 2025 divestiture of consolidated subsidiary DIC Decor, Inc.

Segment operating income advanced 7.9%, to ¥23.1 billion. This gain was despite higher costs due to advance investments in the area of chemitronics, and reflected factors such as expanded marketing of high-value-added products for use in electronics equipment and in mobility solutions and successful efforts to maintain sales prices for all products.

## ② Cash flow

[Net cash provided by (used in) operating activities] Current fiscal year ended December 31, 2025, ¥73.0 billion (¥46.2 billion for the previous fiscal year ended December 31, 2024)

In the current fiscal year, income before income taxes was ¥51.6 billion and depreciation and amortization was ¥53.8 billion. Income taxes of ¥15.9 billion were paid and ¥7.8 billion was used in working capital. As a result, net cash provided by operating activities amounted to ¥73.0 billion.

[Net cash provided by (used in) investing activities] Current fiscal year ended December 31, 2025, ¥(20.6) billion (¥(17.1) billion for the previous fiscal year ended December 31, 2024)

In the current fiscal year, while ¥8.0 billion proceeds from the sales of works of art, ¥5.9 billion proceeds from the sales of shares and investments in capital of subsidiaries and ¥ 4.6 billion proceeds from the sale of property, plant and equipment were provided, ¥42.0 billion was used for the purchase of property, plant and equipment and intangible assets. As a result, net cash used in investing activities was ¥20.6 billion.

[Net cash provided by (used in) financing activities] Current fiscal year ended December 31, 2025, ¥(45.4) billion (¥(62.6) billion for the previous fiscal year ended December 31, 2024)

In the current fiscal year, ¥30.2 billion was used for repayment of borrowings, etc., and ¥9.5 billion dividend payments from surplus were made. As a result, net cash used in financing activities amounted to ¥45.4 billion.

(Changes in cash flow indicators)

		FY2023	FY2024	FY2025
Equity ratio	(%)	29.2	32.7	37.0
Equity ratio at market value	(%)	21.1	26.1	27.1
Interest-bearing debt to cash flow ratio	(Years)	5.9	10.5	6.3
Interest coverage ratio	(Times)	2.2	5.7	8.7

(Notes) 1. The formula for each indicator is as follows:

Equity ratio (%):	$(\text{Net assets} - \text{Non-controlling interests}) / \text{Total assets}$
Equity ratio at market value:	$\text{Market capitalization (closing price at the end of the period} \times \text{number of shares issued at the end of the period (after deducting Treasury shares))} / \text{Total assets}$
Interest-bearing debt to cash flow ratio:	$\text{Interest-bearing debt} / \text{Operating cash flow}$
Interest coverage ratio:	$(\text{Operating income} + \text{Interest income} + \text{Dividends income}) / \text{Interest expenses}$

2. Indicators are calculated on a consolidated basis.

3. Interest-bearing debt includes loans payable, bonds payable, commercial papers and lease obligations reported in the consolidated balance sheet.

Net cash provided by (used in) operating activities in the consolidated statement of cash flows is used for operating cash flow.

For interest expenses, interest expenses in the consolidated statement of income are used.

③ Production, order received and sales performance

(a) Production

Production amount by segment during current fiscal year ended December 31, 2025, is as follows:

Segment	Amount (Millions of yen)	YoY (%)
Packaging & Graphic	545,843	102.5
Color & Display	249,684	104.7
Functional Products	294,429	96.9
Total reportable segments	1,089,955	101.4
Others	46	148.9
Total	1,090,001	101.4

(Note) Production amount is calculated using the average selling price during the fiscal year.

(b) Orders received

The Group does not have any applicable items as it mainly conducts expected production.

(c) Sales results

Sales results for current fiscal year ended December 31, 2025, by segment are as follows:

Segment	Amount (Millions of yen)	YoY (%)
Packaging & Graphic	549,677	98.1
Color & Display	215,192	98.7
Functional Products	286,802	98.1
Total reportable segments	1,051,671	98.2
Others	524	81.1
Total	1,052,194	98.2

(Note) Intersegment transactions are eliminated.

## (2) Analysis of Financial Position and Operating Results from the Management's Perspective

### ① Analysis of operating results

Analysis of operating results is described in “(1) Summary of Operating Results ① Operating Results.”

### ② Analysis of financial position

Total assets increased ¥47.7 billion from the end of the previous consolidated fiscal year, to ¥1,274.1 billion, due to a strong impact of increase in the yen-converted value of assets resulting from the exchange rate fluctuations despite progress in depreciation and amortization of property, plant and equipment and intangible assets. Total liabilities decreased ¥22.6 billion from the end of the previous consolidated fiscal year, to ¥783.2 billion, mainly due to a decrease in interest-bearing liabilities. In addition, net assets increased ¥70.2 billion from the end of the previous consolidated fiscal year, to ¥490.8 billion, due to recording of net income attributable to owners of parent as well as an increase in foreign currency translation adjustments.

### ③ Capital resources and liquidity

(a) For an analysis of cash flows for the fiscal year ended December 31, 2025, please refer to “② Cash flow” in “(1) Summary of operating results.”

#### (b) Financial strategy

Under its long-term management plan, DIC Vision 2030, the Group has selected the net D/E ratio (Note2) as a key indicator of financial soundness and set a target of maintaining the ratio at 0.8 times or below. The Company expects to improve its net D/E ratio to approximately 0.80 times by December 31, 2026, through generation of solid operating cash flows, the accumulation of net profits, and proceeds from asset sales.

#### (c) Principal demands of funds

The principal uses of working capital include the purchase of raw materials, manufacturing costs, and operating expenses such as selling, general and administrative expenses. The main uses of investment funds include capital expenditures, purchase of shares and capital contributions. For details regarding capital expenditures, please refer to “3. Plans for New Installation and Retirement of Facilities” in “III. Facilities”

#### (d) Fund raising

To meet its funding requirements, the Group obtains short-term financing through borrowings from financial institutions and the issuance of commercial paper and also utilizes cash on hand for working capital. Long-term funds for capital investments and other purposes are raised through long-term borrowings and the issuance of corporate bonds.

As of December 31, 2025, the Group's net interest-bearing debt (Note3) was ¥389.4 billion, and its net D/E ratio was 0.83 times. Cash and deposits at fiscal year-end amounted to ¥68.9 billion.

Notes:

1. Interest-bearing debt is calculated by adding together loans payable, commercial papers, bonds payable and lease liabilities included in the consolidated balance sheet.

2. Net D/E ratio = Net interest-bearing debt / Shareholders' equity

3. Net interest-bearing debt = Interest-bearing debt – Cash and deposits

### ④ Significant accounting estimates and underlying assumptions

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. In preparing these consolidated financial statements, it is necessary for the Company to make forward-looking estimates that impact the reported amounts of assets and liabilities, as well as income and expenses, and disclosure in the current fiscal year. Management makes rational judgments regarding these estimates, taking into account past results and various other factors, as of the end of the current fiscal year. However, these estimates are subject to uncertainties, and as a result, actual results may differ.

For more information on estimates used in the preparation of the Company's consolidated financial statements, please see “(1) Consolidated Financial Statements [Notes] (Accounting Estimates),” within “1. Consolidated Financial Statements,” in “V. Financial Information.”

(3) Management policies • Management strategies, objective indicators for determining the status of achievement of management objectives, etc.

The achievement status of the DIC Vision 2030 long-term management plan for the current fiscal year is as follows:

<b>(Billions of yen)</b>	<b>2025 Plan</b>	<b>2025 Actual</b>	<b>2026 Forecasts</b>	<b>2030 Plan</b>
<b>Net sales</b>	<b>1,110</b>	<b>1,052.2</b>	<b>1,100</b>	<b>1,240 or higher</b>
<b>Operating income</b>	<b>48.0</b>	<b>52.2</b>	<b>56.0</b>	<b>80.0 or higher</b>
<b>ROIC*</b>	<b>4.2%</b>	<b>4.4%</b>	<b>4.7%</b>	<b>6.0% or higher</b>
<b>ROE</b>	<b>6.0%</b>	<b>7.4%</b>	<b>7.1%</b>	<b>10.0%</b>
<b>Net D/E ratio**</b>	<b>1.03</b>	<b>0.83</b>	<b>0.80</b>	<b>0.8 or less</b>

\* ROIC = Net operating income after tax / (Net interest-bearing debt + Net assets)

\*\* Net D/E ratio = Net interest-bearing debt / Shareholder's equity

5. Material Business Agreements, etc.

Not applicable.

## 6. Research and Development Activities

In line with its vision statement, “We improve the human condition by safely delivering color and comfort for sustainable prosperity—Color & Comfort,” the Group is combining its basic technologies, including existing basic technologies in the areas of optics and color, organic materials design, polymer design and dispersion, and new technologies in such areas as inorganic materials design and biomaterials design, to build a portfolio of next-generation products and new technologies to drive sustainable growth.

The Group’s R&D organization in Japan comprises the Technical Management Unit, which is responsible for product development and modification connected directly to businesses; DIC Graphics Corporation’s Technical Division; the R&D Management Unit, which is responsible for adding depth to existing basic technologies and fostering new basic technologies; and the New Business Development Headquarters, which is charged with creating strategic new businesses and commercializing business units’ next-generation products. Effective from the fiscal year ending December 31, 2026, the product division-specific technical divisions previously positioned within the Technical Management Unit were shifted to the pertinent business units. While preserving the technical divisions’ collaborative relationship with the Technical Management Unit, this move will create a configuration that integrates production, sales and technology, hastening responsiveness to customer needs and strengthening cooperation with the front lines.

Overseas, the Group’s R&D is conducted by Sun Chemical’s research centers in the United States, the United Kingdom and Germany; Qingdao DIC Innovation Technology Co., Ltd. in the PRC; Printing Inks Technical Centers and Polymer Technical Centers in the PRC and the Asia-Pacific region; Solid Compound Technical Center; Pigment Technical Center; and Tape Technical Center. These facilities are working as one to promote the global development of products and technologies.

The Group actively promotes the use of AI and materials informatics (MI), as well as the training of AI specialists, through initiatives spearheaded by the Data Science Center. Efforts also focus on accelerating open innovation, including through corporate venture capital (CVC) and collaboration with other companies and academic institutions.

R&D costs for the fiscal year ended December 31, 2025, were ¥15,964 million. In addition, technology-related expenses for the Company and DIC Graphics for product improvement and customization were ¥15,445 million. Recent R&D highlights in the period under review are described below.

### (1) Packaging & Graphic

Newly launched printing inks included a hybrid ultraviolet (UV) ink components that combines biomass-derived raw materials with UV ink that boasts an industry-leading biomass content of 50% (based on analysis conducted by the Company). This product can be used as is with conventional UV printing presses and will help advance carbon neutrality in the paper packaging printing sector. In gravure inks for food packaging, the Group launched next-generation inks that are made with biomass materials, like its conventional inks, but deliver improved performance in terms of, among others, bonding strength and print density.

In packaging materials, the Company inaugurated the mass production of recycled polystyrene using a proprietary dissolution and separation process, with the aim of realizing closed-loop tray-to-tray recycling for colored and/or patterned polystyrene foamed food trays.

Overseas, efforts to respond to growing demand for sustainable packaging yielded a white ink that imparts oxygen barrier properties to polyethylene with enhanced applicability for mono-material polyethylene packaging and a food contact coating agent made with chemically unmodified naturally derived materials.

### (2) Color & Display

The development of new color materials for color filters used in displays proceeded apace.

In pigments for cosmetics, efforts focused on highly saturated metallic effect pigments for diverse applications, including makeup, body care, skincare and sun protection products. In addition to not staining or bleeding into the skin, these new pigments are highly UV stable and offer an innovative solution for vegan cosmetic formulations, which contain no animal-derived ingredients, while also responding to strong demand for carmine-free cosmetics.

New offerings in the area of products for automotive and industrial applications include a vibrant bluish red aluminum effect pigment that combines excellent hiding power, brilliance and luminosity and is suitable for both solventborne and waterborne systems. The Group also developed a semi-transparent effect pigment based on fine-grade synthetic mica that delivers an ideal magenta chroma, achieving both high saturation and a subtle sparkle, as well as a next-generation synthetic mica pearl pigment that enables intensely pure white shades with a cool luster and elegant satin finish.

In the area of products for textile printing applications, the Company developed its own unique pigment printing agent that delivers outstanding color-fastness and also permits decolorization. Textiles printed using this agent can be used in the same way as ordinary printed textiles, after which they can be decolorized to a level close to their pre-printed state using a special cleaning process. The ability of this agent to facilitate restoration to a near-virgin state will expand the range of textiles that can be recycled, thereby contributing to the design of easy-to-recycle printed offerings.

### (3) Functional Products

Highlights in the area of synthetic resins include commencing mass production of low-dielectric resins for high-frequency electronic circuit boards. Customer evaluation of resins that deliver improved adhesion progressed and small-scale production began. The Company also developed a two-component aspartic acid ester composite acrylic resin that not only improves the appearance of coatings compared with conventional high-solid standard resins for automotive repairs, construction equipment and industrial machinery, but is also low in volatile organic compounds (VOCs) and delivers both fast curing and an extended pot life. The Company became the first in Japan to obtain certification under ISCC PLUS, an international certification scheme for sustainable products, for both unsaturated polyester resin and vinyl ester resin products for use in housing equipment, civil engineering and infrastructure, decorative boards, ships and automotive components. This will position the Group to develop products made with biomass raw materials and to fortify its efforts to reduce its products' environmental footprint.

In the area of surfactants, the Company expanded its lineup of offerings that contain no perfluoroalkyl or polyfluoroalkyl substances (PFASs) and can replace PFAS-based surfactants to more than 20 individual product lines.

Newly developed polyphenylene sulfide (PPS) compounds include products with improved tracking resistance, an indicator of electrical performance, fiber-reinforced offerings that improve the durability of gears and products for coating metal components that deliver an improved balance of fluidity and toughness.

In industrial-use adhesive tapes, the period brought the development of a stretch tape for use in production processes that can be peeled off simply by stretching, eliminating the need to touch components and facilitating use with thin and fragile components.

### (4) Other

As part of its efforts to foster new basic technologies, the Group took steps to improve cultivation and production processes for cultured Suizenji nori, from which it extracts a macromolecular polysaccharide with outstanding moisture-retention properties that it markets under the brand name SACRANE®. At the same time, the Group worked to establish stable supply and quality control systems for SACRANE® to facilitate the provision of this material in global markets. In the area of inorganic materials, the Company worked with a university in Japan to develop a photocatalyst for use in hydrogen production, leveraging its proprietary particle design technology to develop a pigment intermediate that realizes an industry-leading water-splitting photocatalytic performance.

Guided by its "Direct to Society" business creation mechanism, the Group continues working to transcend the traditional constraints of chemicals manufacturing to offer new value and create diverse businesses in an ecosystem that straddles multiple sectors and industries. This concept is embodied in the HAGAMOSpher® omnidirectional multicopter, which the Group showcased at the CES 2025 technology trade show in Las Vegas in January 2025 and which earned designation as a CES Innovation Awards 2025 Honoree in the Drones category. This innovative drone can both fly horizontally and vertically without tilting and roll on the ground, unique features that are expected to further its adoption for use in, among others, disaster relief, inspection and entertainment. Another highlight was the development of GELRAMIC®, a fire propagation-preventing endothermic pad material for lithium-ion batteries (LiBs) that mitigates the risk of fire spreading as a result of thermal runaway. This pad material incorporates a proprietary gel with strong endothermic properties that absorbs heat during thermal runaway events that could lead to ignition, helping to suppress temperature increases and prevent fires from spreading beyond the battery. This gel transforms into a rigid ceramic at elevated temperatures, providing thermal insulation and protection against flying debris, and physically preventing the transfer of fire and heat.

### III. Facilities

#### 1. Overview of Capital Expenditures

In addition to placing a high priority on product development and research themes that promise long-term growth, the DIC Group invests in labor efficiency, rationalization, conservation and environmental safety.

The breakdown of capital expenditures, which includes investment to intangible assets, at the end of the current consolidated fiscal year were as follows:

Segment	Capital investment amount (Millions of yen)	Main content and purpose of facilities	Financing method
Packaging & Graphic	18,567	Construction/reinforcement of production facilities for inks Investments to build a high-efficiency production facility in the PRC in conjunction with the realignment of local ink production and to reinforce production facilities for packaging inks in the Americas and Europe	Own funds and borrowings
Color & Display	9,326	Update of production facilities for pigments Investments to update production facilities for pigments for coatings, functional pigments and other products overseas, thereby bolstering production efficiency, and to streamline production by consolidating production facilities	Own funds and borrowings
Functional Products	12,299	Reinforcement of production facilities for synthetic resins and for hollow-fiber membrane modules Investments to reinforce production facilities to expand operations in the area of synthetic resins for electronics applications, as well as to update facilities crucial to ensuring stable supplies of specialty compounds, and to augment existing production facilities for hollow-fiber membrane modules used in semiconductor fabrication equipment	Own funds and borrowings
Others and Corporate	578	Research facilities, etc.	Own funds and borrowings
Total	40,769	—	—

(Note) Capital expenditures common to multiple segments are allocated to each segment.

## 2. Major Facilities

The major facilities of the DIC Group at the end of the current consolidated fiscal year are as follows:

### (1) The Company

Site name (location)	Segment	Details of the facilities	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Furniture and fixtures	Land (Thou- sand m <sup>2</sup> )	Construc- tion in progress	Total	
Hokuriku Plant (Hakusan City, Ishikawa)	Functional Products	Synthetic resin production facilities, etc.	2,705	2,880	126	1,443 (144)	152	7,306	227
Chiba Plant (Ichihara City, Chiba)	Functional Products	Synthetic resin production facilities, etc.	7,361	6,079	830	2,005 (435)	713	16,988	733
Sakai Plant (Takaishi City, Osaka)	Functional Products	Synthetic resin production facilities, etc.	3,866	2,942	512	1,584 (199)	23	8,926	378
Kashima Plant (Kamisu City, Ibaraki)	Color & Display Functional Products	Organic pigment production facilities, PPS polymer production facilities, etc.	6,826	8,512	294	2,570 (603)	659	18,861	296
Saitama Plant (Kitaadachi-gun, Saitama)	Packaging & Graphics Functional Products	Industrial tape production facilities, etc.	2,590	1,318	358	1,986 (103)	101	6,353	339
Central Research Laboratories (Sakura City, Chiba)	Corporate	Research facilities, etc.	4,054	51	1,139	2,769 (259)	2	8,015	246
Head Office (Chuo-Ku, Tokyo)	Packaging & Graphics Color & Display Functional Products Others and Corporate	Other equipment	1,273	125	771	1,588 (89)	10	3,767	1,059

(Note) The head office includes land for the construction of factories, welfare facilities, and logistics facilities belonging to the head office.

## (2) Status of domestic subsidiaries

Company name (principal location)	Segment	Details of the facilities	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Furniture and fixtures	Land (Thou- sand m <sup>2</sup> )	Construc- tion in progress	Total	
DIC Graphics Co., Ltd. Tokyo Plant and others (Itabashi-Ku, Tokyo, etc.)	Packaging & Graphics	Printing ink production facilities, etc.	950	2,053	147	677 (51)	8	3,836	619
DIC Kitanihon Polymer Co., Ltd. Tohoku Plant and others (Katta-gun, Miyagi Prefecture, etc.)	Functional Products	Synthetic resin production facilities, etc.	1,163	820	96	694 (72)	5	2,777	96

(Note) The above book value is the book value on the consolidated balance sheet after adjusting the book value of each company.

## (3) Status of overseas subsidiaries

Company name (headquarter location)	Segment	Details of the facilities	Book value (Millions of yen)						Number of employees
			Buildings	Machinery and equipment	Furniture and fixtures	Land (Thousand m <sup>2</sup> )	Construction in progress	Total	
Innovation DIC Chimitroniques Inc. (Québec, Canada)	Functional Products	Production facilities of polymers used in photoresists for semiconductor photolithography, etc.	1,015	4,230	192	396 (26)	3,687	9,520	89
DIC Zhangjiagang Chemicals Co., Ltd. (Zhangjiagang, China)	Functional Products	Synthetic resin production facilities, etc.	1,238	2,659	471	140 (104)	27	4,534	230
Nantong DIC Color Co., Ltd. (Nantong, China)	Packaging & Graphics	Printing ink production facilities, etc.	5,483	5,018	111	1,272 (174)	251	12,136	308
DIC Graphics (Dongguan) Ltd. (Dongguan, China)	Packaging & Graphics	Printing ink production facilities, etc.	2,693	1,568	63	1,014 (40)	3	5,342	207
Guangdong DIC TOD Resins Co., Ltd. (Shaoguan, China)	Functional Products	Synthetic resin production facilities, etc.	2,591	3,045	95	666 (135)	—	6,397	415
DIC Siam Chemical Industry Co., Ltd. (Bangkok, Thailand)	Functional Products	Synthetic resin production facilities, etc.	708	2,788	291	866 (162)	67	4,720	351
PT. DIC GRAPHICS (Jakarta, Indonesia)	Packaging & Graphics Color & Display	Printing ink production facilities, Organic pigment production facilities, etc.	1,923	1,392	117	733 (131)	173	4,337	659
Sun Chemical Group Cooperative U. A. (Weesp, Netherlands)	Packaging & Graphics Color & Display Functional Products Others	Printing ink production facilities, Pigment production facilities, etc.	71,804	79,393	5,290	20,624 (10,170)	14,133	191,244	10,232

(Notes) 1. The above book value is the book value on the consolidated balance sheet after adjusting the book value of each company.

2. Sun Chemical Group Cooperative U. A. figures shown represent the value upon the consolidation of its subsidiaries.

### 3. Plans for New Installation and Retirement of Facilities

The Group conducts a wide variety of businesses both in Japan and overseas, and plans for new construction, expansion, and rationalization of facilities are diverse. The capital investment plan for the following fiscal year is ¥52.9 billion, and the breakdown by segment is as follows:

Segment	Planned Amount as of December 31, 2025 (Millions of yen)	Main Content and Purpose of Facilities	Financing Method
Packaging & Graphics	17,200	Reinforcement of production facilities for packaging inks overseas, etc.	Own funds and borrowings
Color & Display	11,400	Renewal of production facilities for functional pigments overseas, etc.	Own funds and borrowings
Functional Products	20,000	New construction of production facilities for synthetic resins in Japan, etc.	Own funds and borrowings
Others and Corporate	4,300	Update of information systems, etc.	Own funds and borrowings
Total	52,900	—	—

(Notes) 1. Capital investment plans common to all segments are included in Other and Corporate.

2. There is no plan for the retirement or sale of important facilities, except for the regular retirement or sale related to updating facilities.

#### IV. Information on the Company

##### 1. Information on the Company's Shares

###### (1) Total Number of Shares, etc.

###### ① [Number of shares authorized]

Type	Total number of shares authorized for issue
Common stock	150,000,000
Total	150,000,000

###### ② [Number of shares issued]

Type	Number of shares issued (as of December 31, 2025)	Number of shares issued (as of March 23, 2026)	Financial instruments exchanges on which the Company is listed or authorized financial instruments firms	Description
Common stock	95,156,904	95,156,904	Tokyo Stock Exchange (Prime Market)	Unit number: 100 shares
Total	95,156,904	95,156,904	—	—

###### (2) Stock Acquisition Rights

###### ① [Stock option system]

Not applicable.

###### ② [Rights plan]

Not applicable.

###### ③ [Other stock acquisition rights, etc.]

Not applicable.

###### (3) Exercise of Bonds with Moving Strike Warrants, etc.

Not applicable.

## (4) Changes in Number of Shares Issued, Capital Stock, etc.

Date	Change in number of shares issued	Balance of number of shares issued	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
July 1, 2016	(856,412,144)	95,156,904	—	96,557	—	94,156

(Note) Following the approval of a proposal at the 118th Annual General Meeting of Shareholders, held on March 29, 2016, the Company implemented a consolidation of shares of common stock by a factor of 10 to 1 with July 1, 2016, as of the effective date.

## (5) Shareholder Composition

As of December 31, 2025

	Status of shares (1 unit = 100 shares)								Number of shares less than one unit
	Japanese national and local governments	Japanese financial institutions	Japanese financial instruments firms	Other Japanese corporations	Foreign shareholders		Japanese individual investors and others	Total	
					Other than individual investors	Individual investors			
Number of shareholders	—	58	40	489	269	45	49,817	50,718	—
Number of shares owned (Units)	—	269,543	34,916	157,717	299,993	80	187,335	949,584	198,504
Percentage of shares owned (%)	—	28.39	3.68	16.61	31.59	0.01	19.73	100.00	—

(Notes) 1. The Company's 199,759 shares of treasury stock are included in "Japanese individual investors and others" (1,997 units) and "Number of shares less than one unit" (59 shares). The total number of shares of treasury stock—199,759—is the number of shares listed in the shareholder registry. As of December 31, 2025, the actual number of shares of treasury stock owned was 199,459.

2. The 277,400 shares held by the Board Benefit Trust (BBT) are included in "Japanese financial institutions" (2,774 units).

3. The 300 shares registered in the name of Japan Securities Depository Center, Inc. (JASDEC) are included in "Other Japanese corporations" (3 units).

## (6) Major Shareholders

As of December 31, 2025

Name of shareholder	Address	Number of shares owned	Percentage of total issued shares (excluding treasury stock) (%)
SHOEI INC.	16-2, Soto-Kanda 2-chome, Chiyoda-ku, Tokyo, Japan	12,694,386	13.37
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 8-1, Akasaka 1-chome, Minato-ku, Tokyo, Japan	10,777,600	11.35
OASIS JAPAN STRATEGIC FUND LTD. (Standing proxy: Citibank, N.A., Tokyo Branch)	Maples Corporate Services Ltd, PO Box 309, Ugland House South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo, Japan)	5,792,408	6.10
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo, Japan	3,325,000	3.50
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan (8-12, Harumi 1-chome, Chuo-ku, Tokyo, Japan)	3,033,309	3.19
OASIS INVESTMENTS II MASTER FUND LTD. (Standing proxy: Citibank, N.A., Tokyo Branch)	Maples Corporate Services Ltd, PO Box 309, Ugland House South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo, Japan)	2,783,918	2.93
OASIS JAPAN STRATEGIC FUND Y LTD. (Standing proxy: Citibank, N.A., Tokyo Branch)	Maples Corporate Services Ltd, PO Box 309, Ugland House South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo, Japan)	2,442,916	2.57
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (Shinagawa Intercity A, 15-1, Konan 2-chome, Minato-ku, Tokyo)	2,069,706	2.18
Aioi Nissay Dowa Insurance Co., Ltd. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	28-1, Ebisu 1-chome, Shibuya-ku, Tokyo, Japan (Akasaka Intercity AIR, 8-1, Akasaka 1-chome, Minato-ku, Tokyo, Japan)	2,020,859	2.13
NIPPON LIFE INSURANCE COMPANY (Standing proxy: The Master Trust Bank of Japan, Ltd.)	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan (Akasaka Intercity AIR, 8-1, Akasaka 1-chome, Minato-ku, Tokyo, Japan)	1,900,075	2.00
Total	—	46,840,177	49.33

(Notes) 1. "Number of shares owned" includes the following shares held in association with fiduciary activities:

The Master Trust Bank of Japan, Ltd. (Trust Account):	Securities investment trust: 4,602,000	Pension trust: 386,100
Custody Bank of Japan, Ltd. (Trust Account):	Securities investment trust: 1,682,000	Pension trust: 225,300

## (7) Voting Rights

## ① [Issued shares]

As of December 31, 2025

Category	Number of shares		Number of voting rights (Units)	Description
Shares without voting rights	—		—	—
Shares with restricted voting rights (treasury stock, etc.)	—		—	—
Shares with restricted voting rights (other)	—		—	—
Shares with full voting rights (treasury stock, etc.)	Common stock	199,400	—	Shares less than one unit (100 shares)
Shares with full voting rights (other)	Common stock	94,759,000	947,590	Shares less than one unit (100 shares)
Shares less than one unit	Common stock	198,504	—	—
Number of issued shares	95,156,904		—	—
Voting rights of all shareholders	—		947,590	—

(Note) Shares of common stock in “Shares with full voting rights (other)” include 300 shares (constituting 3 units of voting rights) registered in the name of JASDEC and 277,400 shares held by the BBT (constituting 2,774 voting rights). The 2,774 voting rights for the shares held by the BBT are not exercised.

## ② [Treasury stock, etc.]

As of December 31, 2025

Name of shareholder	Address	Number of shares held under own name	Number of shares held under another name	Number of shares owned	Percentage of total issued shares (%)
(Shares of treasury stock) DIC Corporation	35-58, Sakashita 3-chome, Itabashi-ku, Tokyo, Japan	199,400	—	199,400	0.21
Total	—	199,400	—	199,400	0.21

(Notes) 1. In addition to the shares indicated above, there are 300 shares of treasury stock listed in the shareholder registry under the name of the Company that it does not actually own. These shares are included in “Shares with full voting rights (other)” in the table “① Issued shares” above.

2. The 277,400 shares of treasury stock held by the BBT are not included in shares of treasury stock above.

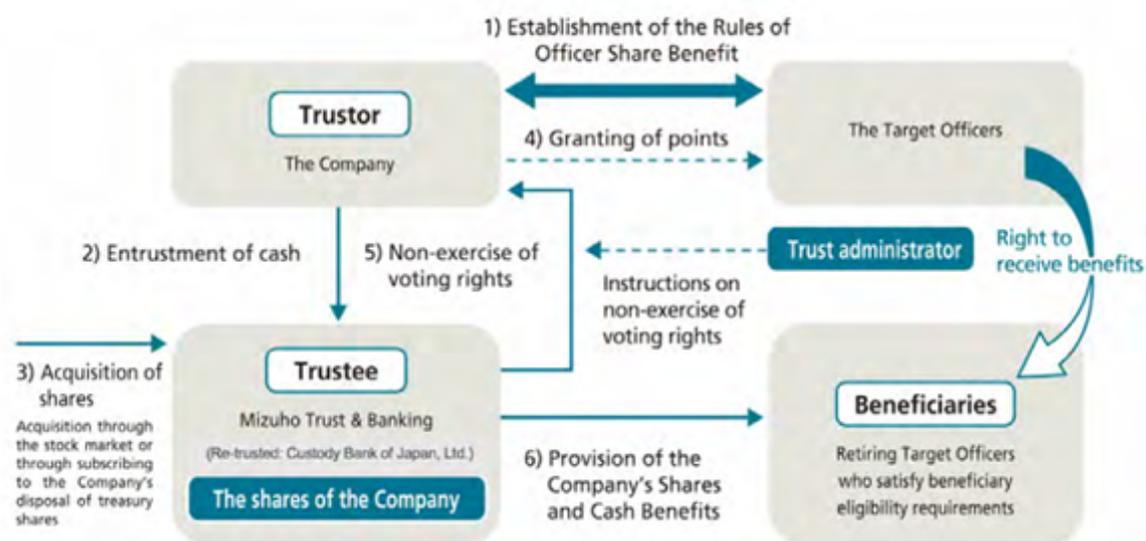
## (8) Share Ownership by Directors/Other Officers and Employees

Following the approval of proposals at the 119th Annual General Meeting of Shareholders, held on March 29, 2017, and the 123rd Annual General Meeting of Shareholders, held on March 30, 2021, the Company introduced the Board Benefit Trust (BBT), a performance-based stock compensation plan for target officers, i.e., directors who serve concurrently as executive officers and executive officers.

### 1. Structure of the Plan

The BBT is a type of stock compensation plan. The trust acquires shares of the Company using cash entrusted to it by the Company. The trust provides target officers with shares or a cash equivalent as stipulated in the Rules of Officer Share Benefit. The purpose of the plan is to strengthen the target 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 by clarifying the link between remuneration for eligible individuals and the value of the Company's shares.

#### Structure of the Plan



- ① The Company established the Rules of Officer Share Benefit within the scope of the structure approved at the 119th Annual General Meeting of Shareholders and the 123rd Annual General Meeting of Shareholders.
- ② The Company entrusts cash within the scope of the approved proposals described in ①.
- ③ The trust acquires shares of the Company through the stock market or by subscribing to the Company's disposal of treasury shares using the cash entrusted as described in ②.
- ④ The Company grants points to the target officers in accordance with the Rules of Officer Share Benefit.
- ⑤ The BBT does not exercise the voting rights of the shares of the Company in the trust account in accordance with the instructions from the trust administrator independent of the Company.
- ⑥ The BBT provides those individuals who retire from office as a target officer and fulfill the beneficiary eligibility requirements stipulated in the Rules of Officer Share Benefit with shares of the Company commensurate with the number of points accumulated as of retirement. If, however, a target officer fulfills separate requirements stipulated in the Rules of Officer Share Benefit, the BBT provides a cash equivalent of the amount that would be obtained if the shares of the Company were converted at market price for a certain proportion of the number of points accumulated as of retirement.

2. Total number of shares expected to be acquired by eligible parties (as of the end of the fiscal year ended December 31, 2025) is 277,400.

### 3. Scope of individuals eligible as beneficiaries of the plan

Individuals who retire from office as a target officer and fulfill the beneficiary eligibility requirements stipulated in the Rules of Officer Share Benefit.

## 2. Acquisition, etc., of Treasury Stock

[Class of shares] Acquisition of common stock under Article 155, Item 7, of the Companies Act of Japan

(1) Acquisition of treasury stock based on resolution at the annual general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock based on resolution of the Board of Directors

Not applicable.

(3) Acquisition of treasury stock not based on resolution at the annual general meeting of shareholders or of the Board of Directors

Category	Number of shares	Total value (Yen)
Treasury stock acquired during the fiscal year ended December 31, 2025	1,911	6,237,319
Treasury stock acquired during the current period for acquisition	299	1,137,286

(Note) Treasury stock acquired during the current period for acquisition does not include shares constituting less than one unit purchased between March 1, 2026, and the filing date of this report.

(4) Disposal and holding of acquired shares of treasury stock

Category	Fiscal year ended December 31, 2025		Current period for acquisition	
	Number of shares	Total value of shares disposed (Yen)	Number of shares	Total value of shares disposed (Yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	—	—
Acquired treasury stock for which transfer of shares was conducted in association with a merger, share exchange, share delivery or corporate separation	—	—	—	—
Other (—)	—	—	—	—
Shares of treasury stock held	199,459	—	199,758	—

(Note) Treasury stock held during the current period for acquisition does not include shares constituting less than one unit purchased between March 1, 2026, and the filing date of this report.

### 3. Dividend Policy

The Company's basic policy is to establish a stable management foundation while further enhancing returns to shareholders. The Company will also endeavor to bolster retained earnings as well as to ensure their effective use, with the aim of further reinforcing its corporate structure and enhancing future benefits to shareholders. From the fiscal year of 128th, the Company set a minimum limit for annual dividends per share of 120 yen.

The Company's policy is to make an appropriation of retained earnings to pay dividends twice annually, an interim and a fiscal year end dividend. The year-end dividend is determined by resolution at the annual general meeting of shareholders, while the interim dividend is approved by resolution of the Board of Directors, with the Company's Articles of Incorporation providing that an appropriation of surplus may be made for the payment of an interim dividend to shareholders of record as of June 30 of each year.

In line with the above policy, the following appropriations of surplus were made for the payment of cash dividends applicable to the fiscal year ended December 31, 2025:

Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
Resolution of the Board of Directors (August 8, 2025)	4,748	50
Resolution at the annual general meeting of shareholders (Scheduled for March 25, 2026)	14,244	150

- (Notes) 1. The total amount of dividends approved by resolution of the Board of Directors on August 8, 2025, includes dividends of ¥14 million for the Company's shares held by the Board Benefit Trust (BBT).
2. The total amount of dividends approved by resolution at the annual general meeting of shareholders held on March 25, 2026, includes dividends of ¥42 million for the Company's shares held by the BBT.

## 4. Corporate Governance

### (1) Overview of corporate governance

#### 1. Basic approach to corporate governance

The Group defines corporate governance as a mechanism to ensure effective decision-making pertaining to its management policy of achieving sustainable corporate growth and expansion through sound and efficient management, while at the same time guaranteeing the appropriate monitoring and assessment of and motivation for management's execution of business activities. With the aim of achieving a higher level of trust with its shareholders, customers and other stakeholders and enhancing corporate value, the Group also promotes ongoing measures to reinforce its management system and ensure effective monitoring thereof.

#### 2. Corporate governance organization

##### (1) Basic explanation regarding the organization of the Company

As a company with Audit & Supervisory Board Members, the Company has a Board of Directors and an Audit & Supervisory Board. It has also instituted an executive officer system; a move aimed at separating decision making and implementation and thereby accelerating business execution and clarifying responsibilities. The Company has also established Nomination Committee, Remuneration Committee, Corporate Value Improvement Committee, Management Committee, Executive Committee, Sustainability Committee and Quality Committee.

##### (2) Rationale behind current corporate governance system

The Company has instituted an executive officer system; a move aimed at separating decision-making and implementation and thereby accelerating business execution and clarifying responsibilities. As of the date of publication of this Annual Securities Report (March 23, 2026), the Company has appointed four highly independent outside individuals to its Board of Directors to reinforce its monitoring of business execution. The Company also has the Nomination Committee and the Remuneration Committee, which include four independent Outside Directors, to ensure objectivity in the nomination of, and in determining remuneration for, Directors and Executive Officers. The Corporate Value Improvement Committee, which consists of four independent Outside Directors, was established to explore the role of companies in society from a high-level, broad viewpoint and advise the Board of Directors from a third-party perspective regarding the improvement of corporate value over the long term.

Four Audit & Supervisory Board Members, who include one attorney and one certified public accountant as outside members, conduct audits in liaison with the accounting auditor and the internal auditing department. This structure ensures the effective functioning of the Company's corporate governance system.

The Company plans to submit a proposal titled 'Election of Seven Directors' as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. If this proposal is approved, the number of Directors of the Company will be seven; however, there will be no change in the composition of four Independent Outside Directors among them. The composition of the Board of Directors in the event that the proposal is approved is as set forth in '(2) Executive. 2' below.

##### (3) Corporate governance organization

###### ① Board of Directors

From the perspective of making business decisions in a timely manner and reinforcing corporate governance, the Board of Directors consists of nine Directors, four of whom are independent Outside Directors (two of whom are female, including one who is a foreign national). The Board of Directors typically meets once a month to make decisions on matters delegated to it under the Companies Act of Japan and on important business matters stated in the regulations for meetings of the Board of Directors, as well as to receive status reports on the execution of business operations and supervise the execution of the business.

As of the date of publication of this Annual Securities Report (March 23, 2026), Board members were: Representative Director, President and Group CEO Takashi Ikeda (Committee Chair); Representative Director and Executive Vice President Shuji Furuta; Director and Senior Managing Executive Officers Takeshi Asai; Directors Kaoru Ino and Masaya Nakafuji; and Independent Outside Directors Masami Fujita, Shiro Saito, Donna Costa and Shie Lundberg.

The Board of Directors met 14 times in the fiscal year ended December 31, 2025. Attendance at Board meetings was as follows:

Position	Name	Attendance rate at Board of Directors' meetings
Representative Director, President and CEO	Takashi Ikeda	100% (14/14)
Representative Director, Executive Vice President	Shuji Furuta	100% (14/14)
Director, Chairman of the Board of Directors	Kaoru Ino	100% (14/14)
Director, Senior Managing Executive Officer	Takeshi Asai	100% (14/14)
Director, Senior Managing Executive Officer	Masaya Nakafuji	100% (14/14)
Director	Yoshihisa Kawamura	100% (4/4)
Independent Outside Director	Kuniko Shoji	100% (4/4)
Independent Outside Director	Masami Fujita	100% (14/14)
Independent Outside Director	Shiro Saito	100% (14/14)
Independent Outside Director	Donna Costa	100% (14/14)
Independent Outside Director	Shie Lundberg	100% (10/10)

(Notes)

1. Positions listed were as of December 31, 2025.
2. The term of office of Director Yoshihisa Kawamura and Independent Outside Director Kuniko Shoji expired in March 2025. The total number of meetings indicated reflects meetings held and attended while in office.
3. Independent Outside Director Shie Lundberg was elected in March 2025. The total number of meetings indicated reflects meetings held and attended while in office.

The Company plans to submit a proposal titled 'Election of Seven Directors' as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. If this proposal is approved, composition of the Board of Directors will be as follows:

Representative Director, President Takashi Ikeda, Representative Director, Executive Vice President Shuji Furuta, Director, Senior Managing Executive Officer Takeshi Asai, Independent Outside Directors Masami Fujita, Shiro Saito, Donna Costa and Shie Lundberg.

The effectiveness of the Board of Directors is evaluated on an ongoing basis.

#### Method for Evaluating the Effectiveness of the Board of Directors

The Board of Directors annually analyzes and evaluates its effectiveness based on the results of evaluations conducted by Directors and Audit & Supervisory Board Members. For fiscal year 2025, all directors and Audit & Supervisory Board Members were asked in December 2025 to complete a questionnaire regarding self-evaluations, Board administration and other issues, and were then interviewed on an individual basis by the secretariat in January to February 2026 based on the results.

The results of this process were analyzed and evaluated by the Board of Directors' secretariat. Following sufficient deliberation at the Board of Directors meeting in March, the evaluation of the Board's effectiveness for fiscal year 2025 was compiled and an action plan for fiscal year 2026 was formulated for addressing issues identified as needing improvement.

#### Results of the Evaluation for Fiscal Year 2025

The results of the self-evaluations by Directors and Audit & Supervisory Board Members were largely similar to the previous fiscal year. It was confirmed that free and lively discussions had been held, led by Outside Directors, and that appropriate deliberations had been conducted regarding key proposals.

In addition, regarding issues identified in the evaluation of effectiveness conducted in fiscal year 2024, the Board of Directors regularized reporting on the status of major M&A transactions and continued to collaborate with the Corporate Value Improvement Committee, as well as sought to improve the efficiency of Board meetings and enhance deliberations through the earlier provision of materials. Accordingly, the effectiveness of the Board of Directors was confirmed.

#### Issues to Be Addressed in Fiscal Year 2026

The Company is currently promoting the Board of Directors' transition into a monitoring board with the goal of strengthening the Board of Directors' oversight function, as well as accelerating decision-making, and enhancing corporate governance by making more effective use of Outside Directors. Against this backdrop, in fiscal year 2026, steps will be taken to further delegate authority to Executive Officers and to enhance the Board of Directors' discussions on corporate strategy. Efforts will also be made to deepen discussions on sustainability in a manner that emphasizes its importance to business strategies and management policies. The Company will also continue discussions on the ideal format of the Board of Directors following its transition into a monitoring board, while also working to realize concrete benefits as part of its ongoing drive to improve the Board of Directors' effectiveness.

#### ② Nomination Committee

To ensure objectivity in the nomination of Directors, Audit & Supervisory Board Members and Executive Officers, among others, the Nomination Committee was established to provide recommendations to the Board of Directors regarding the appointment and dismissal of Directors, Audit & Supervisory Board Members and Executive Officers. In addition, the committee makes a determination on proposals for the appointment and dismissal of officers, as well as deliberates on matters related to the CEO selection process and skills matrix. The committee meets as necessary and consists of six Directors, four of whom are independent Outside Directors, with an independent Outside Director serving as chair.

As of the date of publication of this Annual Securities Report (March 23, 2026), committee members were: Independent Outside Director Masami Fujita (Committee Chair); Representative Director, President and Group CEO Takashi Ikeda; Representative Director, Executive Vice President Shuji Furuta; and Independent Outside Directors Shiro Saito, Donna Costa and Shie Lundberg.

The Nomination Committee met three times in the fiscal year ended December 31, 2025. Attendance at committee meetings was as follows:

Position	Name	Attendance rate at Nomination Committee meetings
Independent Outside Director	Masami Fujita	100% (3/3)
Director, Chairman of the Board of Directors	Kaoru Ino	100% (3/3)
Representative Director, President and CEO	Takashi Ikeda	100% (3/3)
Independent Outside Director	Shiro Saito	100% (3/3)
Independent Outside Director	Donna Costa	100% (3/3)
Independent Outside Director	Shie Lundberg	100% (3/3)

(Notes)

1. Positions listed were as of December 31, 2025.
2. Independent Outside Director Shie Lundberg was elected in March 2025. The total number of meetings indicated reflects meetings held and attended while in office.

The Company plans to submit a proposal titled 'Election of Seven Directors' as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Even if the proposal is approved, there will be no change in the composition of the members.

### ③ Remuneration Committee

To ensure objectivity in the determination of remuneration for Directors and Executive Officers, the Remuneration Committee was established and has been entrusted with responsibility for determining remuneration, among others, for Directors and Executive Officers. In addition to determining the amount of remuneration for officers, the committee also deliberates and determines matters related to policies and decision criteria for remuneration of Directors and Executive Officers, and matters related to determining individual remuneration, etc., of Directors and Executive Officers. The committee meets as necessary and consists of six Directors, four of whom are independent Outside Directors, with an independent Outside Director serving as chair.

As of the date of publication of this Annual Securities Report (March 23, 2026), committee members were: Independent Outside Director Masami Fujita (Committee Chair); Representative Director, President and Group CEO Takashi Ikeda; Representative Director, Executive Vice President Shuji Furuta; and Independent Outside Directors Shiro Saito, Donna Costa and Shie Lundberg.

The Remuneration Committee met three times in the fiscal year ended December 31, 2025. Attendance at committee meetings was as follows:

Position	Name	Attendance rate at Remuneration Committee meetings
Independent Outside Director	Kuniko Shoji	100% (1/1)
Director, Chairman of the Board of Directors	Kaoru Ino	100% (3/3)
Representative Director, President and CEO	Takashi Ikeda	100% (3/3)
Independent Outside Director	Masami Fujita	100% (3/3)
Independent Outside Director	Shiro Saito	100% (3/3)
Independent Outside Director	Donna Costa	100% (3/3)
Independent Outside Director	Shie Lundberg	100% (2/2)

(Notes)

1. Positions listed were as of December 31, 2025.
2. The term of office of Independent Outside Director Kuniko Shoji expired in March 2025. The total number of meetings indicated reflects meetings held and attended while in office.
3. Independent Outside Director Shie Lundberg was elected in March 2025. The total number of meetings indicated reflects meetings held and attended while in office.

The Company plans to submit a proposal titled 'Election of Seven Directors' as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Even if the proposal is approved, there will be no change in the composition of the members.

### ④ Corporate Value Improvement Committee

The Corporate Value Improvement Committee was established to explore the role of companies in society from a high-level, broad viewpoint and advise the Board of Directors from a third-party perspective regarding the improvement of corporate value over the long term. The committee meets as necessary and consists of four independent Outside Directors and depending on the theme invites external experts to serve as advisors.

As of the date of publication of this Annual Securities Report (March 23, 2026), committee members were: Independent Outside Directors Shiro Saito (Committee Chair), Masami Fujita, Donna Costa and Shie Lundberg.

The Corporate Value Improvement Committee met eight times in the fiscal year ended December 31, 2025. Attendance at committee meetings was as follows:

Position	Name	Attendance rate at Corporate Value Improvement Committee meetings
Independent Outside Director	Shiro Saito	100% (4/4)
Independent Outside Director	Kuniko Shoji	100% (1/1)
Independent Outside Director	Masami Fujita	75% (3/4)
Independent Outside Director	Donna Costa	100% (4/4)
Independent Outside Director	Shie Lundberg	100% (3/3)

(Note)

1. Positions listed were as of December 31, 2025.
2. The term of office of Independent Outside Director Kuniko Shoji expired in March 2025. The total number of meetings indicated reflects meetings held and attended while in office.
3. Independent Outside Director Shie Lundberg was elected in March 2025. The total number of meetings indicated reflects meetings held and attended while in office.

The Company plans to submit a proposal titled ‘Election of Seven Directors’ as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Even if the proposal is approved, there will be no change in the composition of the members.

#### ⑤ Management Committee

The Management Committee was established in January 2026 to discuss important matters related to the execution of the DIC Group’s business, including withdrawals and M&As. The committee consists of Executive Officers and others designated by the Board of Directors from among the President and Group CEO, the Executive Vice President and the Presidents of the Business Groups.

As of the date of publication of this Annual Securities Report (March 23, 2026), committee members were:

Representative Director, President and Group CEO Takashi Ikeda (Committee Chair); Representative Director and Executive Vice President Shuji Furuta; Director and Senior Managing Executive Officer Takeshi Asai; Managing Executive Officers Masamichi Sota, Myron Petruch, Toshio Ariga, Tomoyuki Tanaka and Hisashi Komoto; Executive Officers Masaaki Kusaka and Mathew Goldberg; and Full-time Audit & Supervisory Board Members Hiroyuki Ninomiya and Toshinobu Kitamura (only one of whom participates).

The Company plans to submit a proposal titled ‘Election of Seven Directors’ as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Even if the proposal is approved, there will be no change in the composition of the members.

#### ⑥ Executive Committee

The Executive Committee was established as a body to advise on important matters related to the execution of the DIC Group’s business not within the purview of the Management Committee. The committee meets twice monthly in principle and consists of Executive Officers and others designated by the Board of Directors from among the President and Group CEO, the Executive Vice President, the Presidents of the Business Groups, and the General Managers of the Management Units and the Business Divisions. As part of the auditing process, one Audit & Supervisory Board Member also attends Executive Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

As of the date of publication of this Annual Securities Report (March 23, 2026), committee members were: President and Group CEO Takashi Ikeda (Committee Chair); Executive Vice President Shuji Furuta; Senior Managing Executive Officer Takeshi Asai; Managing Executive Officers Masamichi Sota, Kiyofumi Takano, Yoshinari Akiyama, Myron Petruch, Koji Asada, Toshiro Ariga, Tomoyuki Tanaka, Yoshiharu Otoshi and Hisashi Komoto; Executive Officers Masahiro Kikuchi, Yuji Morinaga, Kuniko Torayama, Masaaki Kusaka, Takao Iribe, Kevin Michaelson, Takashi Mukai, Minoru Hara and Matthew Goldberg; General Managers of the Management Units, etc. Nobuyuki Koike, Takanori Ito and Navapol Chuensiri; and Full-time Audit & Supervisory Board Members Hiroyuki Ninomiya and Toshinobu Kitamura (only one of whom participates).

The Company plans to submit a proposal titled ‘Election of Seven Directors’ as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Even if the proposal is approved, there will be no change in the composition of the members.

#### ⑦ Sustainability Committee

The Sustainability Committee, which functions as an advisory body, meets several times annually to formulate sustainability policies and activity plans, as well as to evaluate and promote sustainability initiatives. In the fiscal year ended December 31, 2025, the committee met four times. The committee consists of Executive Officers and others designated by the Board of Directors from among the President and Group CEO, the Executive Vice President, the Heads of the Units, the General Managers of the Management Units and the Business Divisions, and the Managing Directors of regional headquarters. As part of the auditing process, one Audit & Supervisory Board Member also attends Sustainability Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

As of the date of publication of this Annual Securities Report (March 23, 2026), committee members were: President and Group CEO Takashi Ikeda (Committee Chair); Executive Officer Kuniko Torayama (Committee Vice Chair); Executive Vice President Shuji Furuta; Senior Managing Executive Officer Takeshi Asai; Managing Executive Officers Masamichi Sota, Kiyofumi Takano, Yoshinari Akiyama, Myron Petruch, Koji Asada, Toshiro Ariga, Tomoyuki Tanaka, Yoshiharu Otoshi, Hisashi Komoto and Masahiro Kikuchi; Executive Officers Yuji Morinaga, Masaaki Kusaka, Takao Iribe, Takashi Mukai, Minoru Hara and Matthew Goldberg; General Manager of the R&D Management Unit Nobuyuki Koike; General Manager of the Corporate Planning Department Shigenori Takada; General Manager of the Legal Department Ryutaro Muramatsu; President and Group CEO of DIC Graphics Corporation Tsuyoshi Anzai; Managing Director of DIC Asia Pacific Pte Ltd Navapol Chuensiri; and Full-time Audit & Supervisory Board Members Hiroyuki Ninomiya and Toshinobu Kitamura (only one of whom participates).

The Company plans to submit a proposal titled 'Election of Seven Directors' as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Even if the proposal is approved, there will be no change in the composition of the members.

#### ⑧ Quality Committee

In addition to reporting on the status and progress of quality management, the Quality Committee functions as a deliberative body for the DIC Group's quality policy, principal initiatives and important issues. In principle, the committee meets once quarterly and consists of Executive Officers and others designated by the Board of Directors from among the President and Group CEO, the Executive Vice President, the Heads of the Units, and the General Managers of the Management Units and the Business Divisions. As part of the auditing process, one Audit & Supervisory Board Member also attends Quality Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

As of the date of publication of this Annual Securities Report (March 23, 2026), committee members were: President and Group CEO Takashi Ikeda (Committee Chair); Deputy General Manager of the Production Management Unit (Quality Control) Hiroshi Mikami (Committee Vice Chair); Executive Vice President Shuji Furuta; Managing Executive Officers Masamichi Sota, Kiyofumi Takano, Yoshinari Akiyama, Toshio Ariga, Yuji Kikuchi, Tomoyuki Tanaka, Yoshiharu Otoshi and Hisashi Komoto; Executive Officers Yuji Morinaga, Kuniko Torayama, Masaaki Kusaka, Takashi Mukai, and Minoru Hara; and Full-time Audit & Supervisory Board Members Hiroyuki Ninomiya and Toshinobu Kitamura (only one of whom participates).

The Company plans to submit a proposal titled 'Election of Seven Directors' as an agenda item (matter for resolution) at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026. Even if the proposal is approved, there will be no change in the composition of the members.

#### ⑨ Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, including two who are outside (one of whom is female). In principle, the Audit & Supervisory Board meets once monthly. Board activities include debating and determining auditing policies and auditing plans. Members also report on the results of audits conducted.

As of the date of publication of this Annual Securities Report (March 23, 2026), Board members were: Full-time Audit & Supervisory Board Members Toshinobu Kitamura (Board Chair) and Hiroyuki Ninomiya, and Outside Audit & Supervisory Board Members Keita Nagura and Keiko Kishigami.

There will be no change in the composition of the members even after the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026.

### 3. Internal control and risk management systems

The Board of Directors has created the Policy on Internal Controls in line with which it has prepared and operates a system of internal controls that includes systems relating to the management of risk.

#### I. Basic concepts regarding internal controls

In striving to conduct its operations in accordance with The DIC Way,\* the DIC Group has prepared and operates a system of internal controls based on the Companies Act of Japan to ensure the appropriateness of its operations.

\* The DIC Way was formulated to represent the DIC Group's fundamental management philosophy and includes the Group's mission: "We create enhanced value and utilize innovation to introduce socially responsible and sustainable products."

#### II. System of internal controls

1. Systems for ensuring that the performance of duties by Directors and employees of the DIC Group complies with laws, regulations and the Company's Articles of Incorporation
  - 1) The Company shall prepare regulations for the Board of Directors and regulations for *Ringi* (approval by written circular) and shall clarify decision-making authority within the DIC Group.
  - 2) The Company shall appoint Outside Directors and shall work to bolster monitoring functions with regard to management.
  - 3) The Company shall work to set forth the DIC Group Code of Business Conduct as the standard regarding compliance, which Directors and employees should comply with, and to disseminate it.
  - 4) The Company shall establish an internal auditing department and shall monitor the status of implementation and operation of internal control systems of the Group on a periodic basis. Important issues discovered through such monitoring, as well as the status of improvements, are reported to the Representative Directors via internal audit reports and quarterly internal audit meetings, with particularly important findings reported to the Board of Directors. Additionally, by sending internal audit reports to the Executive Officers in charge of the audited organizations, the internal auditing department requests that the audited departments implement corrective actions for the found issues and confirms the status of remediation. The internal auditing department further cooperates by providing copies of the internal audit reports to and discussing the content thereof at monthly meetings with the Corporate Auditors. The internal auditing department also directly reports the results of internal audits to the Audit & Supervisory Board and the Board of Directors annually.
  - 5) The Company shall, as part of its compliance activities, establish an internal notification system as a channel available for the employees of the Group and set up multiple notification channels independent from channels used in the execution of business, thereby creating a structure that can quickly respond to domestic and international notifications. In addition, a system shall be put into place so that any person making a notification will not suffer any detriment.
  - 6) The Company shall stand firmly against antisocial elements and shall collaborate with legal counsel and the police, among others, in making firm responses to unwarranted demands made on the DIC Group by such elements.
2. Systems for ensuring that the duties of Directors of the DIC Group are performed efficiently
  - 1) In order to ensure the duties of Directors are performed properly and efficiently within the DIC Group, the Company shall establish regulations regarding company organization and authority.
  - 2) In order to expedite the conduct of business and clarify responsibilities, the Company shall introduce an executive officer system. In addition to resolving important business affairs of the DIC Group in accordance with the Articles of Incorporation and regulations for the Board of Directors, the Board of Directors shall also supervise the status of Executive Officers' business conduct.
  - 3) The Company shall formulate management plans and annual budgets based on management policies and management strategies of the DIC Group and, through dissemination of the same, ensure common goals are shared within the DIC Group. The Company shall make progress reports to the Board of Directors.

3. Systems for the preservation and management of information pertaining to the performance of duties by Directors
  - 1) Information pertaining to the performance of duties by Directors, such as the minutes of meetings of the Board of Directors and *Ringi* documents, shall be recorded, retained and managed appropriately based on the regulations for document management.
  - 2) The Company shall establish regulations for systems of information management and shall prepare a system for preventing leakage of confidential information of the DIC Group.
4. Regulations and other systems relating to management of the risk of loss to the DIC Group
  - 1) The Company shall formulate a risk management policy and shall identify, assess, prioritize and address any risks that may have a significant impact on the management of the DIC Group.
  - 2) The Company shall establish a risk management system for the DIC Group and ensure its effectiveness by repeating the plan–do–check–act (PDCA) cycle.
5. Other systems for ensuring proper operations of the DIC Group
  - 1) The Company shall determine an administrative department for each subsidiary from the standpoints of business execution and management and shall supervise business affairs by dispatching a Director to each subsidiary.
  - 2) The Company shall clarify important matters, including those pertaining to subsidiaries, that must be approved by or reported to the Company.
6. Systems for ensuring that audits by Audit & Supervisory Board Members are conducted effectively
  - 1) In addition to attending meetings of the Board of Directors and other important meetings, Audit & Supervisory Board Members may inspect the contents of *Ringi* approvals at any time.
  - 2) In addition to meeting with Representative Directors on a periodic basis to exchange information and opinions, Audit & Supervisory Board Members shall strive to foster close cooperation by holding liaison meetings on a periodic basis with the internal auditing department, the accounting auditor and the Audit & Supervisory Board Members of subsidiaries.
  - 3) Directors and employees of the DIC Group shall report facts that could cause substantial damage to the Company and matters designated by the Audit & Supervisory Board as “Matters to Be Reported to Audit & Supervisory Board Members or the Audit & Supervisory Board” to Audit & Supervisory Board Members or the Audit & Supervisory Board.
  - 4) The DIC Group shall not treat persons who report to Audit & Supervisory Board Members unfavorably because they have made a report.
  - 5) The Company shall establish an Audit & Supervisory Board Members’ Office and shall assign dedicated personnel to assist Audit & Supervisory Board Members in their duties. Such personnel shall obey only the directions and orders of the Audit & Supervisory Board Members. Evaluations shall be conducted by Audit & Supervisory Board Members and matters such as personnel changes and disciplinary actions will require the prior consent of Audit & Supervisory Board Members.
  - 6) The Company shall pay the costs and fees that Audit & Supervisory Board Members need to perform their duties.

#### 4. Outline of liability limitation contracts

The Company concludes liability limitation contracts with all Outside Directors and Outside Audit & Supervisory Board Members. Under such a contract, if Outside Directors or Outside Audit & Supervisory Board Members neglect their duties and cause damages to the Company, they shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act of Japan, on the condition that they have acted in good faith and were not grossly negligent in performing their duties.

#### 5. Outline of D&O liability insurance

The Company purchases directors’ and officers’ (D&O) liability insurance from an insurance company as stipulated in Article 430-3, Paragraph 1, of the Companies Act of Japan, for all Directors, Audit & Supervisory Board Members, Executive Officers and other individuals designated as important employees under the Companies Act (including those who have already retired) of the Company and its domestic subsidiaries (excluding listed companies), payable to the insured individuals. The insurance premiums of the insured persons are paid in full by the Company. This insurance covers damages, including legal expenses incurred by insured individuals in the event of a claim for damages arising from an act or acts committed in the course of performing their duties. This contract is renewed annually.

6. Number of Directors

The Company's Articles of Incorporation stipulate that the Company must not have more than 14 Directors.

7. Required conditions for a resolution to elect a Director

The Company's Articles of Incorporation stipulate that a resolution for the election of a Director requires the presence of shareholders representing not less than one-third of the voting rights of all shareholders entitled to exercise voting rights and is adopted by a majority vote thereof. The Articles of Incorporation also stipulate that cumulative voting may not be used in the election of Directors.

8. Determination of interim dividends

To allow the expeditious distribution of profits to shareholders, the Company's Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay an interim dividend each year.

9. Determination of the acquisition of treasury stock

Pursuant to the provision of Article 165, Paragraph 2, of the Companies Act of Japan, the Company's Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, acquire treasury stock. This is to ensure the Company's ability to respond flexibly to changes in the operating environment.

10. Stipulations in the Articles of Incorporation exempting Directors and Audit & Supervisory Board Members from liability

Pursuant to the provision of Article 426, Paragraph 1, of the Companies Act of Japan, the Company's Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, exempt Directors or Audit & Supervisory Board Members (including those who have already retired) who have neglected their duties from liability for damages to the extent allowable by laws and regulations. This is to ensure that Directors and Audit & Supervisory Board Members are able to adequately perform their expected duties.

11. Required conditions for special resolution of the general meetings of shareholders

Pursuant to the provision of Article 309, Paragraph 2, of the Companies Act of Japan, the Company's Articles of Incorporation stipulate that a special resolution of the general meetings of shareholders requires the presence of shareholders representing not less than one-third of the voting rights of all shareholders entitled to exercise voting rights and is adopted by at least a two-thirds vote thereof. This is to ensure the smooth functioning of the general meetings of shareholders.

## (2) Executives

## 1. Directors and Audit &amp; Supervisory Board Members

As of the date of publication of this Annual Securities Report (March 23, 2026), the Directors and Audit & Supervisory Board Members are as shown below.

Male: 10, female: 3 (women account for 23.1% of the Company's Directors and Audit & Supervisory Board Members)

Current position	Name	Date of birth	Brief personal history		Term of service	Number of the Company's shares held (Thousands)
Representative Director; President and Group CEO	Takashi Ikeda	May 7, 1965	April 1990	Joined the Company	See Note 4	23 <sup>8</sup>
			January 2019	General Manager, Functional Products Business Planning Dept.		
			January 2020	Executive Officer; General Manager, Composite Material Products Div.		
			January 2021	Executive Officer; President, Functional Products Business Group; General Manager, Composite Material Products Div.		
			January 2022	Managing Executive Officer; President, Functional Products Business Group; General Manager, Composite Material Products Div.		
			January 2024	President and CEO		
			March 2024	Representative Director; President and CEO		
			January 2026 -present	Representative Director; President and Group CEO		
Representative Director; Executive Vice President; Assistant to President and Group CEO	Shuji Furuta	June 11, 1964	April 1987	Joined the Company	See Note 4	20 <sup>8</sup>
			January 2016	General Manager, Finance Dept.		
			January 2019	Executive Officer; Head of Finance and Accounting Unit		
			January 2020	Executive Officer; Head of Finance and Accounting Unit; CFO		
			March 2021	Director; Executive Officer; Head of Finance and Accounting Unit; CFO		
			January 2022	Director; Managing Executive Officer; Head of Finance and Accounting Unit; CFO		
			January 2024	Representative Director; Executive Vice President; Assistant to President and CEO; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
			January 2025 -present	Representative Director; Executive Vice President; Assistant to President and Group CEO		
Director; Senior Managing Executive Officer; Group CFO; Head of Finance and Accounting Unit	Takeshi Asai	April 3, 1964	April 1988	Joined the Company	See Note 4	15 <sup>8</sup>
			May 2008	Director, Sun Chemical Corporation		
			October 2010	Managing Director, DIC Europe GmbH		
			January 2016	General Manager, Business Performance Control Dept.		
			January 2018	Executive Officer; General Manager, Corporate Planning Dept.; In Charge of Osaka Branch and Nagoya Branch		
			January 2021	Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
			March 2021	Director; Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
			January 2022	Director; Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
			January 2024	Director; Senior Managing Executive Officer; Head of Finance & Accounting Unit; CFO		
			January 2026 -present	Director; Senior Managing Executive Officer; Group CFO; Head of Finance and Accounting Unit		

Current position	Name	Date of birth	Brief personal history		Term of service	Number of the Company's shares held (Thousands)
Director	Kaoru Ino	September 15, 1957	April 1981	Joined the Company	See Note 4	23 <sup>9</sup>
			April 2008	General Manager, Finance Dept.		
			April 2011	General Manager, Purchasing and Logistics Dept.		
			April 2012	Executive Officer; General Manager, Corporate Planning Dept.		
			January 2014	Executive Officer; In Charge of Corporate Strategy Div.; General Manager, Corporate Planning Dept.		
			January 2016	Managing Executive Officer; In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art		
			March 2016	Director; Managing Executive Officer; In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art		
			January 2018	Representative Director; President and CEO		
			January 2024	Representative Director; Chairman of the Board of Directors		
			March 2025	Chairman of the Board of Directors		
			January 2026 -present	Director		
Director	Masaya Nakafuji	December 20, 1961	April 1984	Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)	See Note 4	19 <sup>8</sup>
			April 2011	Executive Officer and General Manager, Corporate Banking Department No. 11, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)		
			April 2013	Executive Officer and General Manager, Overseas Business Coordination Dept., the Company		
			January 2014	Executive Officer; General Manager, Corporate Business Administration Dept.; General Manager, Corporate Marketing Dept.		
			January 2015	Executive Officer; General Manager, Corporate Planning Dept.		
			January 2018	Managing Executive Officer; Head of General Affairs and Legal Unit; Head of ESG Unit; In Charge of Diversity		
			January 2023	Senior Managing Executive Officer; Head of General Affairs and Legal Unit; In Charge of Risk Management, Osaka Branch and Nagoya Branch		
			March 2024	Director; Senior Managing Executive Officer; Head of General Affairs and Legal Unit; In Charge of Risk Management, Osaka Branch and Nagoya Branch		
			January 2026 -present	Director		

Current position	Name	Date of birth	Brief personal history		Term of service	Number of the Company's shares held (Thousands)
Director <sup>1</sup>	Masami Fujita	September 22, 1956	April 1980	Joined Fujitsu Limited	See Note 4	2
			June 2012	Representative Director and Vice President, Fujitsu Limited		
			April 2016	Representative Director and President, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)		
			January 2019	Advisor, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)		
			April 2019	Executive Vice President, SHINKO ELECTRIC INDUSTRIES CO., LTD.		
			June 2019	Representative Director of Board and President, SHINKO ELECTRIC INDUSTRIES CO., LTD.		
			June 2021 – present	Representative Director of Board and Chairperson, SHINKO ELECTRIC INDUSTRIES CO., LTD.		
			March 2023 – present	Outside Director, the Company		
Director <sup>1</sup>	Shiro Saito	May 1, 1957	April 1982	Joined Tokyo Shibaura Electric Col, Ltd. (currently TOSHIBA CORPORATION)	See Note 4	—
			June 2014	Executive Officer and Corporate Vice President, Toshiba Corporation		
			September 2015	Executive Officer and Corporate Senior Vice President, Toshiba Corporation		
			June 2018	Executive Officer and Corporate Executive Vice President, Toshiba Corporation		
			April 2020	Executive Fellow, Toshiba Corporation		
			March 2024 – present	Outside Director, the Company		
Director <sup>1</sup>	Donna Costa	August 15, 1960	August 1987	Joined Cleary Gottlieb Steen & Hamilton LLP	See Note 4	—
			February 1996	General Counsel, Mitsubishi Chemical America, Inc.		
			April 2015	President, Mitsubishi Chemical Holdings America, Inc. (currently Mitsubishi Chemical America, Inc.)		
			April 2017	President, Mitsubishi Chemical Holdings Europe GmbH (currently Mitsubishi Chemical Europe GmbH)		
			April 2017	Executive Officer, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)		
			October 2020	Director, Gelest, Inc.		
			March 2024 – present	Outside Director, the Company		
Director <sup>1</sup>	Shie Lundberg <sup>3</sup>	October 11, 1973	April 1996	Joined Booz-Allen & Hamilton Co., Ltd. (currently PwC Consulting LLC)	See Note 4	—
			September 2001	Joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.)		
			February 2005	Director, VIZ Media, LLC		
			January 2008	Senior Director, VIZ Media, LLC		
			February 2012	Senior Director, Nextag, Inc.		
			June 2016 – present	Director, Google Inc. (currently Google LLC)		
			June 2022 – present	Outside Director, Resona Bank, Limited		
			March 2025 – present	Outside Director, the Company		

Current position	Name	Date of birth	Brief personal history		Term of service	Number of the Company's shares held (Thousands)
Full-time Audit & Supervisory Board Member	Hiroyuki Ninomiya	July 8, 1959	April 1984	Joined the Company	See Note 5	5 <sup>9</sup>
			April 2008	General Manager, Accounting Dept.		
			January 2016	Executive Officer; In Charge of Finance and Accounting Div.		
			January 2018	Executive Officer; Head of Finance and Accounting Unit		
			January 2019	Executive Officer; ESG Unit		
			March 2019 – present	Audit & Supervisory Board Member		
Full-time Audit & Supervisory Board Member	Toshinobu Kitamura	October 24, 1964	April 1989	Joined the Company	See Note 6	2
			April 2009	General Manager, Information Systems Dept.		
			January 2020	Vice Chairman and CFO, DIC (China) Co., Ltd.		
			January 2023	General Manager, Packaging & Graphic Business Planning Dept.		
			January 2024	Manager, Internal Control Dept.		
			March 2024 – present	Audit & Supervisory Board Member		
Audit & Supervisory Board Member <sup>2</sup>	Keita Nagura	January 11, 1971	April 1998 – present	Registered as an attorney (Osaka Bar Association)	See Note 7	–
			April 1998 – present	Joined Yodoyabashi Godo Law Office (currently Yodoyabashi & Yamagami Legal Professional Corporation)		
			February 2002 – present	Changed registration as an attorney to the Dai-Ichi Tokyo Bar Association		
			March 2021 – present	Outside Audit & Supervisory Board Member, the Company		
Audit & Supervisory Board Member <sup>2</sup>	Keiko Kishigami	January 28, 1957	October 1985	Joined Peat Marwick Minato (currently Ernst & Young ShinNihon LLC)	See Note 5	–
			August 1989	Registered as a certified public accountant		
			December 1997	Partner, Century Audit Corporation (currently, Ernst & Young ShinNihon LLC)		
			May 2004	Representative Partner (currently Senior Partner), Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)		
			September 2018 – present	Board Member, WWF Japan		
			March 2023 – present	Outside Audit & Supervisory Board Member, the Company		
Total						113

- (Notes) 1. Masami Fujita, Shiro Saito, Donna Costa and Shie Lundberg are Outside Directors of the Company.  
2. Keita Nagura and Keiko Kishigami are Outside Audit & Supervisory Board Members of the Company.  
3. Shie Lundberg has a name, Shie Saito, as it appears on Japanese family register.  
4. March 27, 2025—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent fiscal year.  
5. March 29, 2023—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent four fiscal years.  
6. March 28, 2024—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent four fiscal years.  
7. March 27, 2025—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent four fiscal years.  
8. The number of the Company's shares held includes the number of those to be provided under the performance-based stock compensation plan, a certain portion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.  
9. The number of the Company's shares held includes those shares to be provided under the performance-based stock compensation plan for years served as an executive officer, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.

10. As stipulated in Article 329, Paragraph 3, of the Companies Act of Japan, the Company has appointed one Alternate Audit & Supervisory Board Member in the event that the number of Outside Audit & Supervisory Board Members falls below the required level. The Alternate Audit & Supervisory Board Member is as follows:

Name	Date of birth	Brief personal history		Number of the Company's shares held (Thousands)
Satoshi Hiyama	October 15, 1972	March 1998	Completed the training courses of the Legal Training and Research Institute	—
		April 1998	Assistant Judge, Tokyo District Court	
		April 2000	Assigned to Civil Affairs Bureau, General Secretariat, Supreme Court	
		April 2002	Assistant Judge, Tokyo District Court	
		April 2003	Assistant Judge, Kokura Branch, Fukuoka District Court	
		August 2004	Joined Anderson Mori & Tomotsune	
		October 2006	Joined Sudoh & Takai Law Office	
		October 2015	Partner, Kikkawa Law Offices	
		July 2017	Partner, Kikkawa Sogo Law Offices	
		March 2018 – present	Alternate Audit & Supervisory Board Member, the Company	
		May 2020 – present	Representative Partner, Hiyama & Saga Law Offices	

2. Two of the Company proposals (matters for resolution) for the Annual General Meeting of Shareholders to be held on March 25, 2026, are the “Election of 7 Directors” and “Election of 1 Alternate Outside Audit & Supervisory Board Member.” If these proposals are approved, the Company’s Directors and Audit & Supervisory Board Members and their respective terms of office will be as shown below.

Titles and other details are to be submitted for approval at the Board of Directors’ meeting scheduled to be held immediately after the Annual General Meeting of Shareholders.

Male: 8, female: 3 (women account for 27.3% of the Company’s Directors and Audit & Supervisory Board Members)

Current position	Name	Date of birth	Brief personal history		Term of service	Number of the Company’s shares held (Thousands)
Representative Director; President and Group CEO	Takashi Ikeda	May 7, 1965	April 1990	Joined the Company	See Note 4	23 <sup>8</sup>
			January 2019	General Manager, Functional Products Business Planning Dept.		
			January 2020	Executive Officer; General Manager, Composite Material Products Div.		
			January 2021	Executive Officer; President, Functional Products Business Group; General Manager, Composite Material Products Div.		
			January 2022	Managing Executive Officer; President, Functional Products Business Group; General Manager, Composite Material Products Div.		
			January 2024	President and CEO		
			March 2024	Representative Director; President and CEO		
			January 2026 -present	Representative Director; President and Group CEO		
Representative Director; Executive Vice President; Assistant to President and Group CEO	Shuji Furuta	June 11, 1964	April 1987	Joined the Company	See Note 4	20 <sup>8</sup>
			January 2016	General Manager, Finance Dept.		
			January 2019	Executive Officer; Head of Finance and Accounting Unit		
			January 2020	Executive Officer; Head of Finance and Accounting Unit; CFO		
			March 2021	Director; Executive Officer; Head of Finance and Accounting Unit; CFO		
			January 2022	Director; Managing Executive Officer; Head of Finance and Accounting Unit; CFO		
			January 2024	Representative Director; Executive Vice President; Assistant to President and CEO; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
January 2025 -present	Representative Director; Executive Vice President; Assistant to President and Group CEO					
Director; Senior Managing Executive Officer; Group CFO; Head of Finance and Accounting Unit	Takeshi Asai	April 3, 1964	April 1988	Joined the Company	See Note 4	15 <sup>8</sup>
			May 2008	Director, Sun Chemical Corporation		
			October 2010	Managing Director, DIC Europe GmbH		
			January 2016	General Manager, Business Performance Control Dept.		
			January 2018	Executive Officer; General Manager, Corporate Planning Dept.; In Charge of Osaka Branch and Nagoya Branch		
			January 2021	Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
			March 2021	Director; Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
			January 2022	Director; Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art		
			January 2024	Director; Senior Managing Executive Officer; Head of Finance & Accounting Unit; CFO		
			January 2026 -present	Director; Senior Managing Executive Officer; Group CFO; Head of Finance and Accounting Unit		

Current position	Name	Date of birth	Brief personal history		Term of service	Number of the Company's shares held (Thousands)
Director <sup>1</sup>	Masami Fujita	September 22, 1956	April 1980	Joined Fujitsu Limited	See Note 4	2
			June 2012	Representative Director and Vice President, Fujitsu Limited		
			April 2016	Representative Director and President, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)		
			January 2019	Advisor, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)		
			April 2019	Executive Vice President, SHINKO ELECTRIC INDUSTRIES CO., LTD.		
			June 2019	Representative Director of Board and President, SHINKO ELECTRIC INDUSTRIES CO., LTD.		
			June 2021 – present	Representative Director of Board and Chairperson, SHINKO ELECTRIC INDUSTRIES CO., LTD.		
			March 2023 – present	Outside Director, the Company		
Director <sup>1</sup>	Shiro Saito	May 1, 1957	April 1982	Joined Tokyo Shibaura Electric Co., Ltd. (currently TOSHIBA CORPORATION)	See Note 4	—
			June 2014	Executive Officer and Corporate Vice President, Toshiba Corporation		
			September 2015	Executive Officer and Corporate Senior Vice President, Toshiba Corporation		
			June 2018	Executive Officer and Corporate Executive Vice President, Toshiba Corporation		
			April 2020	Executive Fellow, Toshiba Corporation		
			March 2024 – present	Outside Director, the Company		
Director <sup>1</sup>	Donna Costa	August 15, 1960	August 1987	Joined Cleary Gottlieb Steen & Hamilton LLP	See Note 4	—
			February 1996	General Counsel, Mitsubishi Chemical America, Inc.		
			April 2015	President, Mitsubishi Chemical Holdings America, Inc. (currently Mitsubishi Chemical America, Inc.)		
			April 2017	President, Mitsubishi Chemical Holdings Europe GmbH (currently Mitsubishi Chemical Europe GmbH)		
			April 2017	Executive Officer, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)		
			October 2020	Director, Gelest, Inc.		
			March 2024 – present	Outside Director, the Company		
Director <sup>1</sup>	Shie Lundberg <sup>3</sup>	October 11, 1973	April 1996	Joined Booz-Allen & Hamilton Co., Ltd. (currently PwC Consulting LLC)	See Note 4	—
			September 2001	Joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.)		
			February 2005	Director, VIZ Media, LLC		
			January 2008	Senior Director, VIZ Media, LLC		
			February 2012	Senior Director, Nextag, Inc.		
			June 2016 – present	Director, Google Inc. (currently Google LLC)		
			June 2022 – present	Outside Director, Resona Bank, Limited		
			March 2025 – present	Outside Director, the Company		

Current position	Name	Date of birth	Brief personal history		Term of service	Number of the Company's shares held (Thousands)
Full-time Audit & Supervisory Board Member	Hiroyuki Ninomiya	July 8, 1959	April 1984	Joined the Company	See Note 5	5 <sup>9</sup>
			April 2008	General Manager, Accounting Dept.		
			January 2016	Executive Officer; In Charge of Finance and Accounting Div.		
			January 2018	Executive Officer; Head of Finance and Accounting Unit		
			January 2019	Executive Officer; ESG Unit		
			March 2019 – present	Audit & Supervisory Board Member		
Full-time Audit & Supervisory Board Member	Toshinobu Kitamura	October 24, 1964	April 1989	Joined the Company	See Note 6	2
			April 2009	General Manager, Information Systems Dept.		
			January 2020	Vice Chairman and CFO, DIC (China) Co., Ltd.		
			January 2023	General Manager, Packaging & Graphic Business Planning Dept.		
			January 2024	Manager, Internal Control Dept.		
			March 2024 – present	Audit & Supervisory Board Member		
Audit & Supervisory Board Member <sup>2</sup>	Keita Nagura	January 11, 1971	April 1998 – present	Registered as an attorney (Osaka Bar Association)	See Note 7	–
			April 1998 – present	Joined Yodoyabashi Godo Law Office (currently Yodoyabashi & Yamagami Legal Professional Corporation)		
			February 2002 – present	Changed registration as an attorney to the Dai-Ichi Tokyo Bar Association		
			March 2021 – present	Outside Audit & Supervisory Board Member, the Company		
Audit & Supervisory Board Member <sup>2</sup>	Keiko Kishigami	January 28, 1957	October 1985	Joined Peat Marwick Minato (currently Ernst & Young ShinNihon LLC)	See Note 5	–
			August 1989	Registered as a certified public accountant		
			December 1997	Partner, Century Audit Corporation (currently, Ernst & Young ShinNihon LLC)		
			May 2004	Representative Partner (currently Senior Partner), Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)		
			September 2018 – present	Board Member, WWF Japan		
			March 2023 – present	Outside Audit & Supervisory Board Member, the Company		
Total						70

- (Notes) 1. Masami Fujita, Shiro Saito, Donna Costa and Shie Lundberg are Outside Directors of the Company.  
2. Keita Nagura and Keiko Kishigami are Outside Audit & Supervisory Board Members of the Company.  
3. Shie Lundberg has a name, Shie Saito, as it appears on Japanese family register.  
4. March 25, 2026—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent fiscal year.  
5. March 29, 2023—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent four fiscal years.  
6. March 28, 2024—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent four fiscal years.  
7. March 27, 2025—Conclusion of the final Annual General Meeting of Shareholders held in the subsequent four fiscal years.  
8. The number of the Company's shares held includes the number of those to be provided under the performance-based stock compensation plan, a certain portion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.  
9. The number of the Company's shares held includes those shares to be provided under the performance-based stock compensation plan for years served as an executive officer, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.

10. As stipulated in Article 329, Paragraph 3, of the Companies Act of Japan, the Company has appointed one Alternate Audit & Supervisory Board Member in the event that the number of Outside Audit & Supervisory Board Members falls below the required level. The Alternate Audit & Supervisory Board Member is as follows:

Name	Date of birth	Brief personal history		Number of the Company's shares held (Thousands)
Satoshi Hiyama	October 15, 1972	March 1998	Completed the training courses of the Legal Training and Research Institute	—
		April 1998	Assistant Judge, Tokyo District Court	
		April 2000	Assigned to Civil Affairs Bureau, General Secretariat, Supreme Court	
		April 2002	Assistant Judge, Tokyo District Court	
		April 2003	Assistant Judge, Kokura Branch, Fukuoka District Court	
		August 2004	Joined Anderson Mori & Tomotsune	
		October 2006	Joined Sudoh & Takai Law Office	
		October 2015	Partner, Kikkawa Law Offices	
		July 2017	Partner, Kikkawa Sogo Law Offices	
		March 2018 – present	Alternate Audit & Supervisory Board Member, the Company	
		May 2020 – present	Representative Partner, Hiyama & Saga Law Offices	

### 3. Outside Directors and Outside Audit & Supervisory Board Members

#### (1) Number of Outside Directors and Outside Audit & Supervisory Board Members and relationship between them and the Company

There are currently four Outside Directors and two Outside Audit & Supervisory Board Members.

Prior to March 2016, Outside Director Masami Fujita was a Representative Director and Vice President of Fujitsu Limited. He also served as a Representative Director and President of Fujitsu Marketing Limited (currently Fujitsu Japan Limited) from April 2016 to December 2018. The Company had system-related transactions with the two companies in the fiscal year ended December 31, 2025. However, these transactions accounted for less than 1% of the annual consolidated net sales of both the Company and these companies for the period.

In the fiscal year ended December 31, 2025, the Company purchased products from and sold products to Tokuyama Corporation, at which Outside Director Shiro Saito also serves as an Outside Director. However, these transactions accounted for less than 1% of the annual consolidated net sales of both the Company and the relevant company for the period.

In the fiscal year ended December 31, 2025, the Company purchased furniture and other items from Okamura Corporation, at which Outside Director Keiko Kishigami serves as an Outside Director. In addition, the Company purchased products from, sold products to and outsourced construction work to Sumitomo Seika Chemicals Company, at which Outside Director Keiko Kishigami also serves as an Outside Director. However, these transactions accounted for less than 1% of the annual consolidated net sales of both the Company and the relevant company for the period.

In addition, prior to June 2019, Keiko Kishigami was a Senior Partner of Ernst & Young ShinNihon LLC. The Company had consulting-related transactions with the company in the fiscal year ended December 31, 2025. However, these transactions accounted for less than 1% of the annual consolidated net sales of both the Company and the relevant company for the period.

Except as described above, there are no personal, capital or business relationships, or other interests, between the Company and the Outside Directors or between the Company and the Outside Audit & Supervisory Board Members.

(2) Basic philosophy regarding the function/role of, and standards for, judging the independence of Outside Directors and Outside Audit & Supervisory Board Members

The four Outside Directors have been involved in corporate management for many years, and thus have extensive experience and insight in this area, which they can be expected to leverage to help strengthen management of the Company. In addition to attending meetings of the Board of Directors, the three Outside Directors serve as members of the Nomination Committee, the Remuneration Committee and the Corporate Value Improvement Committee, enabling them to supervise management from an independent point of view, thereby helping to reinforce the Company's corporate governance.

Outside Audit & Supervisory Board Member Keita Nagura is an attorney in the area of corporate legal affairs and has accumulated a wealth of specialized knowledge and experience. Outside Audit & Supervisory Board Member Keiko Kishigami is qualified as a certified public accountant, has engaged in the audit of companies for many years, and has extensive expertise in finance and accounting. As such, they are able to perform their duties from an expert, multifaceted and independent perspective, thereby helping to reinforce the Company's auditing function.

The Company has established standards for evaluating the independence of individuals appointed to the position of Outside Director or Outside Audit & Supervisory Board Member, which are shown below. The Company's Outside Directors and Outside Audit & Supervisory Board Members are individuals who, based on these standards, are unlikely to have conflicts of interest with ordinary shareholders and who comply with criteria for the independence of Directors/Audit & Supervisory Board Members set by the Tokyo Stock Exchange.

#### Independence Standards for Independent Outside Officers

The Company does not recognize individuals with the connections listed below as being independent in the appointment of Outside Directors and Outside Audit & Supervisory Board Members.

1. Individuals who are executives of the Company or of one of its consolidated subsidiaries (collectively, the "DIC Group") at present or have been in the preceding 10 years.
2. Individuals to whom any of the following items has applied in the preceding three years:
  - ① A principal business partner of the DIC Group (a business partner with which transactions in a single fiscal year exceed 3% of the DIC Group's consolidated net sales in that year) or an executive of a business partner to which this description applies.
  - ② An individual for which the DIC Group is a principal business partner (a business partner with which transactions in a single fiscal year exceed 3% of the partner's consolidated net sales in that year) or an executive of an entity to which this description applies.
  - ③ A shareholder who holds 5% or more of the voting rights of the Company or an executive of a said shareholder to which this description applies.
  - ④ A principal lender to the DIC Group (a lender from which loans in a single fiscal year exceed 3% of the DIC Group's total assets in that year) or an executive of a said lender to which this description applies.
  - ⑤ An individual who has received contributions from the DIC Group in a year that exceed more than 10 million yen or an individual who belongs to an entity to which this description applies.
  - ⑥ An accountant who serves as an accounting auditor or accounting advisor for the DIC Group or an individual who is an employee, partner or associate of an audit firm to which this description applies.
  - ⑦ Any individual to whom item ⑥ does not apply, but has received remuneration from the DIC Group that exceeds 10 million yen in a year, excluding remuneration received as a director or corporate officer of the DIC Group, as a provider of professional services, such as consulting, accounting or legal services, or an individual of an organization that received remuneration in excess of 3% of its consolidated net sales in a fiscal year as compensation for professional services.
  - ⑧ An executive of another company, in the event that an executive of the Company is appointed to an outside officer position at that company.
3. Spouses and relatives within the second degree of kinship of individuals listed in 1 or 2 above.
4. An individual whose term as an outside officer of the Company exceeds eight years.

(3) Mutual cooperation in the supervision and implementation of audits by Outside Directors, Audit & Supervisory Board Members

Outside Directors regularly receive reports from management and the internal control department on important matters related to the Board of Directors' agenda and management of the Company, and express their own opinions, as necessary. Outside Audit & Supervisory Board Members regularly receive reports from the accounting auditors and the internal auditing department and express their own opinions, as necessary. Outside Audit & Supervisory Board Members also attend regular quarterly meetings between Audit & Supervisory Board Members and top management, and receive reports from the individual in charge of the internal control department, and express their own opinions, as necessary. In addition, Outside Audit & Supervisory Board Members receive reports on the results of audits conducted by other Audit & Supervisory Board Members and on interviews with the internal control department and work to share information.

### (3) Audits

#### 1. Audit & Supervisory Board Members' audits

##### (1) Organization and personnel

As of the date of publication, the Audit & Supervisory Board has two full-time auditors and two outside members. All four Audit & Supervisory Board Members have extensive experience and expertise in finance and accounting. Full-time Audit & Supervisory Board Member Toshinobu Kitamura was in charge of finance and accounting for the Company and Group companies for many years. Full-time Audit & Supervisory Board Member Hiroyuki Ninomiya oversaw corporate accounts at the Company and Group companies for many years and previously served as General Manager of the Accounting Department and Head of the Finance and Accounting Unit. Outside Audit & Supervisory Board Member Keita Nagura provides tax accounting services pursuant to Article 51 of the Certified Public Tax Accountant Act and as an attorney has broad experience in the field of corporate law. Outside Audit & Supervisory Board Member Keiko Kishigami is a certified public accountant with extensive experience in corporate auditing. There will be no changes to the members even after the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026.

The Company has also established an Audit & Supervisory Board Members' Office, to which two dedicated staff members are assigned to assist them in their duties.

Attendance at Audit & Supervisory Board meetings and Board of Directors' meetings by Audit & Supervisory Board Members in the fiscal year ended December 31, 2025, was as follows:

Position	Name	Attendance rate	
		Audit & Supervisory Board meetings	Board of Directors' meetings
Full-time Audit & Supervisory Board Member	Toshinobu Kitamura	100% (16/16)	100% (14/14)
Full-time Audit & Supervisory Board Member	Hiroyuki Ninomiya	100% (16/16)	100% (14/14)
Outside Audit & Supervisory Board Member	Keita Nagura	100% (16/16)	100% (14/14)
Outside Audit & Supervisory Board Member	Keiko Kishigami	100% (16/16)	100% (14/14)

##### (2) Activities of the Audit & Supervisory Board

In principle, the Audit & Supervisory Board meets once monthly, but may hold extra meetings, as necessary. In the fiscal year ended December 31, 2025, the Audit & Supervisory Board met 16 times (each meeting lasted between 27 minutes and three hours and 24 minutes). Activities included resolving, deliberating/discussing, and reporting on multiple issues.

- Issues resolved: 14

Basic Audit & Supervisory Board Members' audit policy, priority audit items, audit plan and the division of auditing duties, approval of remuneration for the accounting auditor, dismissal or reappointment of the accounting auditor, approval of proposed candidates for the position of Substitute Audit & Supervisory Board Member, an audit report by the Audit & Supervisory Board, etc.

- Issues deliberated/discussed: 7

Evaluation of the accounting auditor, assessment of the effectiveness of the Audit & Supervisory Board, planning of onsite review by the Full-time Audit & Supervisory Board Members, etc.

- Issues reported on: 30

Monthly activities of the Full-time Audit & Supervisory Board Members, site and subsidiary investigations, the accounting auditor's audit plan and audit/review results, internal control assessments by the internal auditing department, etc.

In addition, the Audit & Supervisory Board reviews and discusses agendas for the Board of Directors in advance.

The effectiveness of the Audit & Supervisory Board is evaluated on an ongoing basis.

Outline of implementation

Since the fiscal year ended December 31, 2020, the effectiveness of the Audit & Supervisory Board has been evaluated by summarizing Full-time Members' recognition and Outside Members' views with a questionnaire prepared by the secretariat based on assessment items developed by a third-party expert and discussed by all members based on the summary. The results of this process are reflected in the audit plan and priority audit items for the subsequent fiscal year to ensure continuous improvement for suggestions to management and effectiveness of the Audit & Supervisory Board Members' audit.

Points considered in evaluation and result

Three perspectives were considered in the evaluation of effectiveness of the Audit & Supervisory Board Members' audit.

1. How effective is the appointment of Audit & Supervisory Board Members and the composition and administration of the Audit & Supervisory Board (including criteria and procedures for selecting candidates for the position of Board Member, Board composition and Board administration)?
2. Do the Audit & Supervisory Board Members receive sufficient information to accurately grasp the current state of affairs (including the system for reporting to the Audit & Supervisory Board Members, effectiveness in auditing overseas subsidiaries and a global compliance framework)?
3. Is the analysis of the current state of affairs through Full-time Audit & Supervisory Board Members' audit activities (including the content of reports to the Audit & Supervisory Board) sufficient?

As a result of the evaluation in the fiscal year ended December 31, 2025, it was concluded that while room for improvement remains, the Audit & Supervisory Board Members' audit is generally recognized as being effective.

(3) Principal activities of Audit & Supervisory Board Members

Audit & Supervisory Board Members carry out a variety of activities commensurate with their respective roles in accordance with the basic audit policy determined by the Audit & Supervisory Board.

Details of these activities in the fiscal year ended December 31, 2025, are as shown in the following table:

Principal audit item	Points to be considered
Verify whether management decisions and enforcement are being made appropriately	<ul style="list-style-type: none"> <li>• Are decision-making procedures carried out appropriately in accordance with laws/regulations, articles of incorporation, and internal rules?</li> <li>• Is the decision-making process rational and based on necessary and sufficient information?</li> <li>• Is the content of the decision in compliance with laws/regulations, articles of incorporation and internal rules?</li> <li>• Is the status of execution of duties based on decision-making being appropriately reported at important meetings?</li> </ul>
Confirm whether the internal control system is properly constructed and operated	<ul style="list-style-type: none"> <li>• Group governance and internal control system</li> <li>• Internal control system of each subsidiary companies</li> <li>• System for preventing fraud and response in the event of its occurrence</li> <li>• Quality assurance system</li> <li>• Labor law compliance system</li> <li>• EHS (environment, health and safety) management system</li> </ul>
Confirm whether the risk management system has been appropriately constructed and maintained	<ul style="list-style-type: none"> <li>• Verification of the Board of Directors' supervisory function over the risk management framework</li> <li>• Verification of the effectiveness of the Risk Management Subcommittee</li> </ul>
Confirm whether compliance with the Japan's Corporate Governance Code is being properly carried out	<ul style="list-style-type: none"> <li>• Confirmation of the Company's compliance status and rationale in the "Corporate Governance Report" by the Company</li> </ul>
Confirm that the accounting auditor has a quality control system in place and conducts appropriate audits	<ul style="list-style-type: none"> <li>• Detailed evaluation based on the provisions of the "Procedures for Evaluation and Reappointment of Accounting Auditors" established by the Audit &amp; Supervisory Board</li> </ul>

Category	Activities	Full-time	Outside
Execution of duties by Directors	Attend, ask questions and express views at Board of Directors' meetings	○	○
	Meet with the Representative Directors and other members of senior management to obtain and share information on management policies, governance status and management issues (quarterly)	○	○
	Exchange views with Outside Directors (annually)	○	○
Business execution	Interview individual Executive Officers	○	○
	Attend Executive Committee, Sustainability Committee, Quality Committee, business review and other key meetings, among others, as an observer (or review meeting materials/minutes)	○	—
	Interview individual general managers of functional departments involved in risk management	○	—
	Review and confirm important documentation (including rules, regulations, key meeting reports/minutes, <i>Ringi</i> (approval by written circular) forms and contracts)	○	—
Group audits	Hold meetings with domestic Group company auditors (quarterly)	○	—
	Onsite review at domestic sites	○	—
	Attend Board of Directors' meetings at overseas regional headquarters (monthly/quarterly)	○	—
	Onsite review at overseas sites, including interviewing local accounting auditors	○	—
Internal audits	Annual audit plan briefing and results report from the internal auditing department	○	○
	Review of individual audit reports from, and exchange of views with, the internal auditing department (monthly)	○	—
	Review of response and status of handlings to whistleblowing	○	—
	Observe internal control audits on business groups, sites and Group companies performed by the internal auditing department, quality audits and environmental and safety audits	○	—
	Interviews with the Finance and Accounting Unit regarding the quarterly operating results (quarterly)	○	△
Accounting audits	Exchange views with the accounting auditor regarding the explanation of the audit plan, interim review reports, interim communication and the year-end audit report	○	○
	Attending to observe audits by accounting auditor of business divisions, functional departments, business sites and group companies	○	—
	Evaluation of accounting auditor	○	○
Collaboration of three audit bodies	Share information and exchange views across three auditing bodies at meetings where the accounting auditor presents the audit plan and the audit report by the internal auditing department manager's attendance	○	○
	Concerted investigations at major Group companies' sites by the accounting auditor, internal auditor and Full-time Audit & Supervisory Board Members	○	—

(Note) “△” indicates that only one of the two Outside Members attended the meeting.

(4) Cooperation with the accounting auditor

Outline of scheduled meetings with the accounting auditor is as follows:

Area of cooperation	2025									2026		
	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Annual audit plan		○										
Interim review reports, interim communication		○			○			○				
Year-end audit plan and report										○	○	○
Exchange of information and views			○			○			○		○	○

Regarding key audit matters, the Audit & Supervisory Board confirms that progress has been made in selecting items and their contents together with the accounting auditor and that a lively exchange of views has taken place, as needed, in line with the following timeline:

- Explanation of audit plan/interim review (May): The review schedule is confirmed with the accounting auditor.
- Interim review report (August): The selection status of candidate items (items and reasons for selections) is shared.
- Interim communication (November): The accounting auditor provides an update on the candidate items and the draft text for items of particular importance and points to keep in mind over the remaining months of the year and evaluation approach.
- Year-end audit report (January/February/March): Views exchanged and final confirmation obtained regarding key audit matters and related text.

2. Internal audits

The Group's internal auditing department comprises 22 dedicated employees in Japan; the Asia-Pacific region; Greater China; and specialists from contracted internal audit service providers in the Americas, Europe, the Middle East and Africa. This department formulates annual audit plans based on quantitative and qualitative risk assessments, which are finalized with approval by the Executive Committee and are reported to the Audit & Supervisory Board, receiving instructions on key audit scopes and conducting internal audits, including monitoring the effectiveness of internal controls.

Important issues discovered through such monitoring, as well as the status of improvements, are reported to the President and Group CEO via internal audit reports and quarterly internal control meetings, with particularly important findings reported to the Board of Directors. Additionally, by sending internal audit reports to the Executive Officers in charge of the audited organizations, the internal auditing department requests that the audited departments implement corrective actions for the found issues, and confirms the status of remediation. The internal auditing department further cooperates by providing copies of the internal audit reports to and discussing the content thereof at monthly meetings with the Corporate Auditors. The internal auditing department also directly reports the results of internal audits to the Audit & Supervisory Board and the Board of Directors annually.

3. Accounting audits

(1) Name of audit firm

Deloitte Touche Tohmatsu LLC

(2) Number of consecutive fiscal years auditing firm has conducted accounting audit

52 years

The number of consecutive fiscal years above is the extent to which the Company can confirm accurately. The actual number of consecutive fiscal years the auditing firm has conducted accounting audits may exceed this.

(3) Certified public accountants who executed accounting audit

Takaya Otake

Yuichi Asai

(4) Composition of team of assistants involved in accounting audit

Certified public accountants: 20

Others: 48

(5) Evaluation of the auditing firm by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board evaluates the accounting auditor each fiscal year based on “selection criteria for the accounting auditor evaluation” established by the Audit & Supervisory Board. The criteria consist of the following items: (1) quality management, (2) auditing team, (3) audit fees, etc., (4) communication with the Audit & Supervisory Board Members, (5) communication with executives and senior employees, (6) Group auditing capabilities, and (7) response to fraud risk.

Schedule for accounting auditor evaluation

Month	Details
November	Evaluation procedures and a questionnaire are set by the Audit & Supervisory Board.
	A questionnaire is sent to, and responses are requested from, the accounting auditor, Accounting Department and internal auditing department.
December	Completed questionnaires are collected.
	Interviews are conducted with the accounting auditor and Accounting Department.
January	An evaluation is made by the Full-time Audit & Supervisory Board Members.
	The Audit & Supervisory Board determines a provisional evaluation based on the above process.
February	The Audit & Supervisory Board finalizes the evaluation after receiving the audit report from the accounting auditor.
March	The accounting auditor is notified of the evaluation and the decision on dismissal or reappointment, and requests for improvement are communicated.
	Responses to the request for improvement are received.

After evaluation for the fiscal year ended December 31, 2025, the Audit & Supervisory Board determined that Deloitte Touche Tohmatsu LLC had the necessary expertise, independence, quality management system (QMS) and global network to facilitate audits of Group companies in various countries and territories to meet its criteria.

(6) Method of, and reasons for, selecting the accounting auditor

The policy of the Audit & Supervisory Board is to reappoint the accounting auditor if the audit method employed and results obtained in the preceding fiscal year are recognized as appropriate, and the Audit & Supervisory Board’s evaluation of the accounting auditor shows that reappointment is warranted. In line with this policy, the Audit & Supervisory Board has resolved to reappoint Deloitte Touche Tohmatsu LLC as the Company’s accounting auditor.

The Audit & Supervisory Board will dismiss the accounting auditor with the unanimous consent of all Board Members if it determines that any act of the accounting auditor falls under any of the provisions of Article 340, Paragraph 1 of the Companies Act of Japan. If the accounting auditor is dismissed, an Audit & Supervisory Board Member elected mutually by all Board Members will report the dismissal, as well as the reasons behind it, at the first Annual General Meeting of Shareholders thereafter. In addition, should it judge such a move necessary—i.e., if it determines that factors have impaired the competence and/or independence of the accounting auditor, thus making an appropriate audit difficult—the Audit & Supervisory Board will determine the content of a proposal for the dismissal or non-reappointment of the accounting auditor that the Board of Directors will submit to the Annual General Meeting of Shareholders.

#### 4. Remuneration for audits

##### (1) Remuneration for the accounting auditors, etc.

Classification	Previous fiscal year ended December 31, 2024		Current fiscal year ended December 31, 2025	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company	176	5	185	—
Consolidated subsidiaries	27	—	27	—
Total	203	5	212	—

Non-audit services for the Company include preparation of comfort letters and others.

In previous fiscal year, in addition to the above, the Company paid additional remuneration of 23 million yen for audit service for the previous fiscal year ended December 31, 2023.

In current fiscal year, in addition to the above, the Company paid additional remuneration of 16 million yen for audit service for the previous fiscal year ended December 31, 2024.

##### (2) Remuneration for Deloitte Touche Tohmatsu, which belongs to the same network as the accounting auditors (excluding (1))

Classification	Previous fiscal year ended December 31, 2024		Current fiscal year ended December 31, 2025	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
The Company	9	7	17	6
Consolidated subsidiaries	919	82	954	93
Total	928	89	972	99

Non-audit services for the Company include tax-related advisory services and others.

Non-audit services for consolidated subsidiaries include tax-related advisory services and others.

##### (3) Other fees paid for important audit attestation-related services

Previous fiscal year ended December 31, 2024: Not applicable

Current fiscal year ended December 31, 2025: Not applicable

##### (4) Policy on determining fees for audits

Not applicable

##### (5) Rationale behind approval by the Audit & Supervisory Board of remuneration for the accounting auditors

The Audit & Supervisory Board received briefings from Directors and senior executives, as well as from the accounting auditor, regarding the accounting auditor's performance, results and quality of audits conducted in past years; the audit plan for the fiscal year ended December 31, 2025, and the basis for calculating the estimated remuneration. After reviewing these matters, the Audit & Supervisory Board approved remuneration for the accounting auditor for the fiscal year ended December 31, 2025, deeming it appropriate, given the audit plan, and sufficient to maintain audit quality.

#### 5. Mutual cooperation among the internal audits, Audit & Supervisory Board Member audits and accounting audits, and relationship between these audits and the internal control department

The Audit & Supervisory Board Members, accounting auditors and internal auditing department conduct independent audits, but collaborate closely, holding regular meetings to liaise with each other, working together to enhance the efficiency and effectiveness of auditing activities.

The results of these various audits are conveyed to the internal control department at liaison meetings and otherwise as necessary, based on which the department promotes the establishment and implementation of internal control systems and coordinates to ensure these internal controls work effectively.

(4) Remuneration for officers

1. Details and method for determining the policy on and amount of remuneration, etc., for officers and calculation thereof

- (1) The Company has established an executive compensation system based on a policy for remuneration designed to secure diverse, capable human resources to facilitate the steady implementation of management plans and business strategies designed to ensure sustainable development and the medium- to long-term improvement of corporate value, as well as to further advance global management.
- (2) Remuneration for Directors consists of basic remuneration (fixed); bonuses, which are linked to consolidated operating results and achievement of individual targets (performance based); and stock compensation, which is linked to the achievement of medium- to long-term performance targets and year-on-year percentage change in income (performance based). Directors who serve concurrently as Executive Officers are eligible for bonuses and stock compensation, while other Directors and Outside Directors are eligible for basic remuneration only. Audit & Supervisory Board Members are also eligible for basic remuneration only.
- (3) In accordance with the Company's policy on basic remuneration, the Remuneration Committee determines the composition of remuneration, i.e., the weighting of basic and performance-based remuneration. In making this determination, the Company verifies the appropriateness of compensation levels, etc., by using total remuneration and composition thereof for each position in a management compensation database offered by an external research organization as benchmarks. The proportion of each component of remuneration, assuming total remuneration is 100, is as follows: (Performance-based remuneration is the standard payment in the event targets are 100% achieved.)

Position	Basic remuneration (fixed)	Performance-based remuneration		Fixed remuneration: Performance-based remuneration
		Bonus	Stock compensation	
Representative director	55	30	15	55: 45
Directors	60	25	15	60: 40

(Excluding outside directors)

- (4) Basic remuneration for Directors is determined based on level of responsibility, with consideration given to prevailing market rates. Bonuses are linked to increases/decreases in consolidated operating income, taking into account factors, such as evaluation of Companywide or departmental performance and individual contribution, with consideration given to prevailing market rates. Individual remuneration is determined by the Remuneration Committee, which has been entrusted with this responsibility by the Board of Directors. Stock compensation, which is awarded as non-monetary remuneration to Directors who serve concurrently as Executive Officers, is determined based on degree of achievement of targets for consolidated operating income and net income attributable to owners of the parent set forth in the medium- or long-term management plan, as well as on year-on-year percentage change in both, and granted in the form of points each fiscal year. Upon retirement, these Directors receive shares of the Company or a cash equivalent to the market value of the Company's shares commensurate with the number of points accumulated.
- (5) The Remuneration Committee, which has been entrusted with this responsibility by the Board of Directors, has confirmed that the method used to determine remuneration and the remuneration thus determined are consistent with the policy decided by the Board of Directors and has judged that remuneration for each individual Director for the fiscal year ended December 31, 2025, is in accordance with the policy.
- (6) Basic remuneration for Audit & Supervisory Board Members is determined through discussion involving all Audit & Supervisory Board Members, in accordance with internal rules established by the Audit & Supervisory Board, with consideration given to ensuring a balance with remuneration for Directors of the Company and to prevailing market rates.

- (7) The date of resolution at the annual general meeting of shareholders and the maximum remuneration for Directors and Audit & Supervisory Board Members are as follows:

Position	Type of remuneration	Maximum remuneration	Date of resolution of the annual general meeting of shareholders
Director	Basic remuneration (fixed)	¥700 million/year (aggregate of basic remuneration and bonus)	June 27, 2007
	Bonus		
	Performance-based remuneration	Stock compensation	¥250 million/year (maximum contribution by the Company to the trust over three fiscal years) (maximum points granted: 46,000)
Audit & Supervisory Board Member	Basic remuneration (fixed)	¥100 million/year	June 28, 2005

As of the date of publication of this Annual Securities Report (March 23, 2026), there were 9 Directors (five in-house and four outside) and four Audit & Supervisory Board Members (two in-house and two outside) eligible for basic remuneration (fixed). Three Directors serving concurrently as Executive Officers were eligible for bonuses and stock compensation, both of which are performance based.

## 2. Total remuneration by position, type, and number of eligible officers

Position	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of eligible individuals
		Basic remuneration (fixed)	Performance-based remuneration		
			Bonus	Stock compensation	
Directors (excluding outside directors)	462	285	104	74	6
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	62	62	—	—	2
Outside directors	66	66	—	—	5
Outside Audit & Supervisory Board Members	31	31	—	—	2

(Notes)

- The above table includes remuneration paid to two Directors (including one outside Director) who retired at the conclusion of the 127th Annual General Meeting of Shareholders held on March 27, 2025.
- The total for stock compensation is the total monetary value of shares corresponding to points granted for the fiscal year ended December 31, 2025, based on the performance-based stock compensation plan.

## 3. Compensation description for total compensation of 100 million yen or more

Name	Title	Company	Total amount of remuneration by type (Millions of yen)			Total amount of remuneration (Millions of yen)
			Basic remuneration (fixed)	Bonus	Stock compensation	
Takashi Ikeda	Director	Reporting company	74	40	28	141
Shuji Furuta	Director	Reporting company	53	29	19	101

4. Method used to calculate bonuses for Directors (performance based)

Bonuses for Directors are deliberated by the Remuneration Committee once every three years, with consideration given to prevailing market rates, and consist of a standard component, determined according to level of responsibility, and a performance-based component, linked to consolidated operating income. Bonus amounts are calculated by multiplying the standard component, which is commensurate with position, by the degree of achievement of the period's consolidated operating income target, taking into account factors, such as evaluation of Companywide or departmental performance and individual contribution, with the limit for increases and decreases set at 50%. The amount of each bonus is determined following deliberation by the Remuneration Committee. The key performance indicator (KPI) used in calculating bonuses is consolidated operating income, which is representative of the quality of core businesses and the most important indicator for formulation of the Company's strategies.

< Reference > Formula used to calculate the standard component of Directors' bonuses

Standard component of annual bonus = Position-specific basic bonus x (Consolidated operating income (actual) / Consolidated operating income benchmark) x Coefficient proportionate to evaluation of individual performance

[Standard component of annual bonus (commensurate with position) (FY2025) = Position-specific basic bonus x (¥52,192 million / ¥56,500 million) x Coefficient proportionate to evaluation of individual performance]

5. Method used to calculate points granted each fiscal year as performance-based stock compensation and number of shares/monetary amount granted upon retirement

(1) Method used to calculate points granted and eligible individuals

A predetermined number of points, calculated using the following formula, is granted annually to Directors on the date of the annual general meeting of shareholders. Fractions of less than one point are rounded down. Eligible individuals are limited to those who served concurrently as Executive Officers on the last day of the previous fiscal year. Directors who serve concurrently as Executive Officers on the last day of the fiscal year are considered to have been in office for the entire fiscal year.

$$\text{Points granted} = \left( \frac{80\% \text{ of annual points commensurate with position}^1}{1} + \left( \frac{100\% \text{ of annual points commensurate with position}^1}{1} - \frac{80\% \text{ of annual points commensurate with position}^1}{1} \right) \times \frac{\text{KPI for calculating annual points}^2 - 80\%}{20\%} \right)$$

(Notes)

1. Number of points granted and number of eligible individuals by rank in the fiscal year ended December 31, 2025

The following table shows the number of points for the annual calculation indicators of 80% and 100%, which serve as the basis for calculating the number of points awarded:

Rank	Number of eligible individuals	Annual points	
		80%	100%
Representative Director, President and Group CEO	1	2,517	6,294
Representative Director and Executive Vice President	1	1,725	4,314
Director and Senior Managing Executive Officer	2	1,229	3,073
Director and Managing Executive Officer	—	933	2,334
Director and Executive Officer	—	650	1,625

"Number of eligible individuals" is the number of Directors who served currently as Executive Officers as of December 31, 2025. Calculations for each rank are as of the end of the previous fiscal year.

2. KPI for calculating number of annual points granted

The KPIs used for calculating the number of annual points granted are degree of achievement of medium- to long-term targets for consolidated operating income and net income attributable to owners of the parent, and year-on-year percentage change in income. (Figures are rounded down to two decimal places.) The upper limit for degree of achievement is set at 110%, while the lower limit is set at 80%.

$$\text{KPI for calculating annual points granted} = \left( \frac{\text{Degree of achievement of medium- to long-term targets}^*1}{1} \times 0.6 + \frac{\text{Percentage change in income from the previous fiscal year}^*2}{1} \times 0.4 \right)$$

\*1 Degree of achievement of medium- to long-term target is calculated as follows:

$$\begin{array}{l} \text{Degree of achievement of} \\ \text{medium- to long-term} \\ \text{targets} \end{array} = \begin{array}{l} \text{Degree of achievement of} \\ \text{medium- to long-term target} \\ \text{for operating income} \end{array} \times 0.6 + \begin{array}{l} \text{Degree of achievement of} \\ \text{medium- to long-term target} \\ \text{for net income attributable} \\ \text{to owners of the parent} \end{array} \times 0.4$$

\*2 Percentage change in income from the previous fiscal year is calculated as follows:

$$\begin{array}{l} \text{Percentage change} \\ \text{in income from the} \\ \text{previous fiscal year} \end{array} = \begin{array}{l} \text{Percentage change in operating} \\ \text{income from the previous fiscal} \\ \text{year} \end{array} \times 0.6 + \begin{array}{l} \text{Percentage change in net} \\ \text{income attributable to} \\ \text{owners of the parent} \\ \text{from the previous fiscal} \\ \text{year} \end{array} \times 0.4$$

Reference: Targets for consolidated operating income and net income attributable to owners of the parent set forth in the DIC Vision 2030 long-term management plan.

(Millions of yen)

	FY2024 Actual	FY2025 Actual	FY2025 Targets
Operating income	44,521	52,192	40,000
Net income attributable to owners of the parent	21,313	32,353	19,100

The points obtained from the above calculations will be accumulated up to the date of retirement, and shares and money will be delivered according to the accumulated number as follows;

(2) Method used to calculate the number of shares and monetary payment bestowed upon retirement owing to expiration of term or at the Company's convenience

The number of shares bestowed is calculated using the formula below. In this calculation, if the resulting number of shares is a fractional number constituting less than one trading unit, it is rounded down.

$$\text{Number of shares} = \left( \begin{array}{l} \text{Accumulated number of} \\ \text{points as of the date of} \\ \text{retirement} \end{array} - \begin{array}{l} \text{Points equivalent to fractional numbers} \\ \text{of shares constituting less than one} \\ \text{trading unit}^{1,2} \end{array} \right) \times 70\%$$

(Notes)

1. Fewer than 100 points
2. The number of shares derived by subtracting "Points equivalent to fractional numbers of shares constituting less than one trading unit" from "Accumulated number of points as of the date of retirement" is hereinafter referred to as "shares bestowed."

The monetary payment bestowed is calculated using the formula below.

If multiplying "Number of shares bestowed" by 30% yields a fractional number below 100, it is rounded up to 100.

$$\text{Monetary payment} = \left( \begin{array}{l} \text{Number of} \\ \text{shares bestowed} \end{array} \times 30\% + \begin{array}{l} \text{Points equivalent to} \\ \text{fractional numbers of} \\ \text{shares constituting less} \\ \text{than one trading unit}^1 \end{array} \right) \times \begin{array}{l} \text{Market price of the} \\ \text{Company's shares} \\ \text{as of the date of} \\ \text{retirement}^2 \end{array}$$

(Notes)

1. Fewer than 100 points
2. The number of shares derived by subtracting "Points equivalent to fractional numbers of shares constituting less than one trading unit" from "Accumulated number of points as of the date of retirement" is hereinafter referred to as "shares bestowed."

(3) In the event a Director retires for personal reasons

Only shares are bestowed. The calculation used is as follows:

$$\text{Number of shares} = \frac{\text{Accumulated number of points as of the date of retirement}}{\text{as of the date of retirement}}$$

(4) In the event a Director is deemed to have retired as a result of their death

A monetary payment only is given to the family. The calculation used is as follows:

$$\text{Monetary payment to family} = \frac{\text{Accumulated number of points as of the date of retirement}}{\text{as of the date of retirement}} \times \frac{\text{Market price of the Company's shares as of the date of death}^1}{\text{as of the date of death}^1}$$

(Note)

1. "Market price of the Company's shares as of the date of death" is the closing price or quoted price on the Tokyo Stock Exchange. If the closing price or quoted price is not announced on this date, the calculation will be made using the most recent date for which the closing price or quoted price can be obtained.

(5) Other matters of note

- Directors eligible for performance-based stock compensation are those who serve concurrently as Executive Officers, as stipulated in Article 34, Paragraph 1, Item 3 of Japan's Corporation Tax Act.
- The "indicators of profits of the business year" stipulated in Article 34, Paragraph 1, Item 3 (a) of Japan's Corporation Tax Act are consolidated operating income and net income attributable to owners of the parent.
- The maximum number of shares equivalent to annual points commensurate with position prescribed in Article 34, Paragraph 1, Item 3 (a) (i) of Japan's Corporation Tax Act is as follows:

Rank	Maximum number of shares
Representative Director, President and Group CEO	8,182
Representative Director and Executive Vice President	5,608
Director and Senior Managing Executive Officer	3,995
Director and Managing Executive Officer	3,034
Director and Executive Officer	2,112

6. Committee involved in revising methods used to assess, and in determining policies for and the method used to calculate, remuneration, etc., for Directors

The Remuneration Committee was established by the Board of Directors to enhance the objectivity of procedures for determining remuneration for Directors and Executive Officers. The committee deliberates and determines policies for and the method used to calculate remuneration for Directors and Executive Officers.

• Members of the Remuneration Committee

Chairman:	Masami Fujita	Outside Director
Members:	Takashi Ikeda	Representative Director, President and Group CEO
	Shuji Furuta	Representative Director, Vice President
	Shiro Saito	Outside Director
	Donna Costa	Outside Director
	Shie Lundberg	Outside Director

- Authority delegated  
Matters concerning the determination of remuneration for individual Directors
- Reasons for entrusting authority  
Authority is entrusted because the Company believes that objectively evaluating each Director, while taking into consideration the Company's overall business performance and other factors is not a matter suited to consideration by Directors, but rather is more appropriately discussed and deliberated by the Remuneration Committee, which consists of the Representative Director, President and Group CEO, and Representative Director, Vice President, who have an overall view of the Company, and Outside Directors, who are in a position to increase transparency and fairness. To ensure the appropriate exercise of delegated authority, the Remuneration Committee is chaired by an Outside Director and a majority of the members are Outside Directors.

Committee meeting data for the fiscal year ended December 31, 2025

December 9, 2025: Deliberation for future direction of the Director's Compensation and Compensation for the fiscal year ending December 31, 2026.

December 23, 2025: Deliberation and determination of revision of the total compensation Amount of Directors, revision of Compensation structure for Directors, revision of Performance Metrics for Directors and the Amount of Fixed Compensation for fiscal year ending December 31, 2026.

February 24, 2026: Determined bonuses for officers for the fiscal year ended December 31, 2025; determined stock compensation points for eligible Directors for the fiscal year ended December 31, 2025.

7. References: Revision of Compensation effective from fiscal year 2026 and beyond.

At the Remuneration Committee held on December 23, 2025, it was resolved to implement the following revisions to the Director's Compensation from fiscal year 2026 and beyond. These revisions will transform the compensation system into one that places even greater emphasis on driving medium- to long-term growth in corporate value and shareholder value.

(1) Increase the proportion of performance-based compensation within total compensation.

	Fixed Compensation: Performance-based Compensation	
	Current	From 2026
Representative Director	55 : 45	45 : 55
Director	60 : 40	55 : 45

(2) Revision of Performance Metrics for Bonus Calculation.

Current:

Achievement rate relative to record-high consolidated operating income x Coefficient from individual performance evaluation.

From 2026:

Achievement rate relative to budget of consolidated operating income and Year-on-Year improvement rate of ROIC x Coefficient from individual performance evaluation.

(3) Revision of Performance Metrics for Stock Compensation.

Current:

Achievement of medium- to long-term performance targets and Year-on-Year growth rate of consolidated operating income.

Achievement of medium- to long-term performance targets and Year-on-Year growth rate of net income attributable to owners of the parent.

From 2026:

Achievement rate relative to budget and Year-on-Year growth rate of consolidated operating income.

Achievement rate relative to budget and Year-on-Year growth rate of net income attributable to owners of the parent.

Company TSR.

Year-on-Year improvement rate of ROE.

## (5) Securities held

### 1. Classification of investment securities

The Company classifies investment securities for holding purposes as held purely for investment purposes—i.e., to obtain returns from fluctuations in stock price and/or dividends—or for purposes other than pure investment. Investment securities are classified as held for purposes if they are held with a reasonable expectation that they will contribute to sustainable growth or to the improvement of corporate value over the medium to long term.

### 2. Investment securities held for purposes other than pure investment

#### (1) Holding policy, method used to verify the rationality of individual holdings and details of reviews by the Board of Directors

The Company may strategically hold shares, with the exception of those of affiliated companies, only when there is a reasonable expectation that they will contribute to sustainable growth or the improvement of corporate value over the medium to long term.

The Board of Directors annually reviews the suitability of individual strategic holdings, examining whether benefits associated with possession are commensurate with the cost of capital, as well as determining the risks of not holding the shares, to verify the suitability of holding the shares. If, as a result of this review, the significance of a holding is judged to have weakened, it will, in principle, be reduced.

At the Board of Directors' meeting held on February 28, 2025, the Company reviewed the suitability of all investment securities held for purposes other than investment as of December 31, 2024, as described above. As a result, it was confirmed that the significance of certain holdings was lacking. Accordingly, the Company is proceeding with the reduction of relevant holdings while taking into consideration the impact on the market. Regarding holdings which were judged suitable, should circumstances change, the Company will also reconsider reduction or other measures. The Company will continue its efforts to further reduce these holdings, aiming to lower them as a percentage of net assets (based on market capitalization) to 4% or less by the end of the fiscal year ending December 31, 2026.

Regarding voting rights related to the strategic holdings shares, the Company comprehensively evaluates the corporate value of the company whose shares it holds and whether or not the shares contribute to its own corporate value and exercises such rights appropriately.

#### (2) Number of stocks and amount on balance sheet

	Number of stocks	Amount on balance sheet (Millions of yen)
Unlisted stocks	45	1,797
Listed stocks	6	4,876

#### Stocks for which the number of shares held increased in current fiscal year ended December 31, 2025

	Number of stocks	Costs associated with the increase in number of shares (Millions of yen)	Reason for increase in number of shares
Unlisted stocks	3	407	Acquisition of shares to strengthen collaborative relationship
Listed stocks	—	—	—

#### Stocks for which the number of shares held decreased in current fiscal year ended December 31, 2025

	Number of stocks	Proceeds associated with the decrease in number of shares (Millions of yen)
Unlisted stocks	2	0
Listed stocks	10	567

## (3) Stock name, number of shares and amount on balance sheet for specified investment shares and deemed shareholdings

## Specified investment shares

Stock	FY2025	FY2024	Purpose of holding/quantitative effects of holding/reasons for increase in number of shares	Holds shares in the Company
	Number of shares	Number of shares		
	Amount on balance sheet (Millions of yen)	Amount on balance sheet (Millions of yen)		
RENAISSANCE, INC.	3,742,000	3,742,000	Originally a DIC Group start-up. The Company currently has transactions in the area of health foods, notably Spirulina. The purpose of holding is to maintain/strengthen collaborative relations to explore new themes in healthcare and related business. <sup>2</sup>	No
	4,060	3,892		
Asahi Songwon Colors Ltd.	865,200	865,200	A key supplier of phthalocyanine blue pigments and crude. Based on a production and sales contract, the firm supplies materials produced using technology provided by the Company exclusively to the Company and other designated customers. The purpose of holding is to maintain/strengthen collaborative relations with a stable supplier and a subcontracted producer of new products. <sup>3</sup>	No
	402	597		
Green Earth Institute Co., Ltd.	417,000	417,000	A start-up that specializes in the synthesis of amino acids and biochemicals using biorefinery processes. The firm is also responsible for the construction of a biofoundry as a participant in a key strategic national innovation project. The purpose of holding is to support the Company's sustainability efforts and promote the further joint development of new products as key partners in the scaling up of biochemical production. <sup>3</sup>	No
	158	185		
OKAYA & CO., LTD.	16,800	16,800	A supplier that is talented in uncovering needs in the market for industrial robots. The companies enjoy strong relations as partners in the development of next-generation products. The purpose of holding is to promote the development of new products. <sup>3</sup>	Yes
	158	118		
AksharChem (India) Ltd.	166,384	166,384	A principal supplier of phthalocyanine green pigments and crude. With the tightening of environmental regulations governing chemicals around the world, the purpose of holding is to maintain/strengthen relations with a stable supplier of phthalocyanine green pigments and crude, for which environmental standards are particularly strict. <sup>3</sup>	No
	70	92		
ATOMIX CO., LTD.	38,200	54,000	A manufacturer of coatings with competitive strengths in infrastructure-related areas, notably road coatings. The Company has transactions primarily in the area of alkyd resins. The firm produces a variety of environment-friendly coatings. The purpose of holding is to maintain/strengthen collaborative relations with the aim of exploring new themes related to sustainable products. <sup>3</sup>	Yes
	28	33		

Stock	FY2025	FY2024	Purpose of holding/quantitative effects of holding/reasons for increase in number of shares	Holds shares in the Company
	Number of shares	Number of shares		
	Amount on balance sheet (Millions of yen)	Amount on balance sheet (Millions of yen)		
RIKEN TECHNOS CORP.	—	303,200	The Company's principal customer in the field of polyvinyl chloride (PVC) compounds. The Company has transactions primarily in the area of materials for robot cable applications. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	327		
TAYCA CORPORATION	—	50,000	The Company has transactions primarily in the area of packaging inks. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	79		
Sasatoku Printing Co., Ltd.	—	88,000	The Company has transactions primarily in the areas of gravure and offset inks. All shares held were sold in the fiscal year ended December 31, 2025.	Yes
	—	44		
Nihon Tokushu Toryo Co., Ltd.	—	20,000	A manufacturer of coatings with competitive strengths in the area of coatings for the aircraft and other industries for which the firm is a key customer. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	25		
Origin Co., Ltd.	—	14,400	The Company has transactions primarily in the area of environment-friendly acrylic resins for use in coatings for automobile parts. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	17		
KIKUSUI CHEMICAL INDUSTRIES CO., LTD.	—	38,200	A manufacturer of coatings for architectural applications and the Company has transactions primarily in the area of acrylic resins. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	15		
KOMATSU MATERE Co., Ltd.	—	11,000	A key customer in the leather industry. The Company has transactions primarily in the area of materials for use in moisture-permeable clothing. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	9		
Isamu Paint Co., Ltd.	—	1,800	A manufacturer of automotive refinishing coatings that actively promotes development. All shares held were sold in the fiscal year ended December 31, 2025.	Yes
	—	5		
TIGERS POLYMER CORPORATION	—	1,380	The Company has transactions primarily in the area of thermosetting polyurethane prepolymers for industrial materials applications for which the firm is a key customer. All shares held were sold in the fiscal year ended December 31, 2025.	Yes
	—	1		

(Notes)

1. “—” indicates stocks that are not held as specified investment shares.
2. From the perspective of trade secrets and other factors, the quantitative effect of holding shares is difficult to disclose. However, these holdings have been reviewed by examining whether benefits associated with possession are commensurate with the cost of capital, as well as determining the risks of not holding the shares, and review results will be taken into consideration in setting an appropriate policy.
3. From the perspective of trade secrets and other factors, the quantitative effect of holding shares is difficult to disclose. However, these holdings have been reviewed by examining whether benefits associated with possession are commensurate with the cost of capital, as well as determining the risks of not holding the shares, and their suitability has been verified.

## Deemed held securities

Stock	FY2025	FY2024	Purpose of holding/quantitative effects of holding/reasons for increase in number of shares	Holds shares in the Company
	Number of shares <sup>1</sup>	Number of shares <sup>1</sup>		
	Amount on balance sheet <sup>2</sup> (Millions of yen)	Amount on balance sheet <sup>2</sup> (Millions of yen)		
TOPPAN Holdings Inc.	3,101,765	3,101,765	The Company has transactions primarily in the areas of gravure inks and offset inks for packaging, adhesives, and gravure inks and coatings for building materials for which the firm is a key customer. The companies work together to develop sustainable products. The purpose of holding is to facilitate mutual business expansion. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	14,457	13,055		
Mitsubishi UFJ Financial Group, Inc.	1,350,000	1,350,000	A leading financial group in Japan. The Company has financial transactions, including in the areas of funding and settlements. The Company enjoys robust relations with the firm, which supports its operations. The purpose of holding is to maintain/strengthen relations with the firm, an influential source of funding to back future growth strategies. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	3,366	2,492		
Mizuho Financial Group, Inc.	477,700	477,700	A leading financial group in Japan. The Company has financial transactions, including in the areas of funding and settlements. The Company enjoys robust relations with the firm, which supports its operations. The purpose of holding is to maintain/strengthen relations with the firm, an influential source of funding to back future growth strategies. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	2,723	1,850		
Kyodo Printing Co., Ltd. <sup>6</sup>	800,796	600,199	The Company has transactions primarily in the areas of offset inks for publishing, gravure inks and adhesives for packaging, and gravure inks and coatings for building materials for which the firm is a key customer. The companies work together in the development of sustainable products. The purpose of holding is to facilitate mutual business expansion. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	1,266	2,419		
Sumitomo Mitsui Financial Group	185,040	185,040	A leading financial group in Japan. The Company has financial transactions, including in the areas of funding and settlements. The Company enjoys robust relations with the firm, which supports its operations. The purpose of holding is to maintain/strengthen relations with the firm, an influential source of funding to back future growth strategies. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	933	696		

Stock	FY2025	FY2024	Purpose of holding/quantitative effects of holding/reasons for increase in number of shares	Holds shares in the Company
	Number of shares <sup>1</sup>	Number of shares <sup>1</sup>		
	Amount on balance sheet (Millions of yen) <sup>2</sup>	Amount on balance sheet (Millions of yen) <sup>2</sup>		
MITSUMURA PRINTING CO., LTD.	457,020	457,020	The Company has transactions primarily in the area of offset inks and news inks for commercial printing. The companies enjoy collaborative relations in the development of low temperature-drying web offset inks. The purpose of holding is to deepen collaboration with the aim of creating new business opportunities. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	891	634		
FP Corporation	224,000	224,000	A manufacturer of food packaging containers with a leading market share. The Company has transactions primarily in this area. The companies have built robust collaborative relations in such areas as polystyrene recycling. The purpose of holding is to deepen collaboration with the aim of creating new business opportunities. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	No
	589	626		
SEIREN CO., LTD.	100,000	100,000	A key customer in the leather industry. The Company has transactions primarily in the area of synthetic leather for automotive applications. The companies enjoy robust relations as partners in the development of next-generation products. The purpose of holding is to maintain/strengthen relations with the aim of creating new business opportunities in global markets. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	306	280		
THE SHIGA BANK, LTD.	26,099	26,099	A leading regional bank in Japan. The Company has financial transactions, primarily in the area of funding. The Company enjoys robust relations with the bank, which supports its operations. The purpose of holding is to maintain/strengthen relations with the bank, a source of funds to back future growth strategies. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	No
	187	103		
TIGERS POLYMER CORPORATION	40,000	78,000	The Company has transactions primarily in the area of thermosetting polyurethane prepolymers for industrial materials applications, for which the firm is a key customer. The purpose of holding is the expectation that doing so will create new business opportunities and facilitate collaboration in products for automotive applications and home appliances — areas in which the firm excels — that will further maximize value. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	39	58		

Stock	FY2025	FY2024	Purpose of holding/quantitative effects of holding/reasons for increase in number of shares	Holds shares in the Company
	Number of shares <sup>1</sup>	Number of shares <sup>1</sup>		
	Amount on balance sheet <sup>2</sup> (Millions of yen)	Amount on balance sheet <sup>2</sup> (Millions of yen)		
Nissha Co., Ltd.	15,259	30,259	The Company has transactions primarily in the area of release materials for the transfer printing of automotive and home appliance parts. The companies are working together to develop products that help reduce CO <sub>2</sub> emissions attributable to coating processes. The purpose of holding is to facilitate mutual business expansion. The Company currently contributes shares to the retirement benefit trust while retaining the authority to give instructions on the exercise of voting rights. <sup>5</sup>	Yes
	19	49		
NAGASE & CO., LTD.	—	117,410	The Company has transactions in areas such as the sale of pigments, compounds and related products, and the procurement of raw materials. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	379		
Achilles Corporation	—	138,650	A key customer in the leather industry. The Company has transactions primarily in the area of synthetic leather for automotive applications and furniture. All shares held were sold in the fiscal year ended December 31, 2025.	Yes
	—	201		
Nihon Tokushu Toryo Co., Ltd.	—	112,739	A manufacturer of coatings with competitive strengths in the area of coatings for the aircraft and other industries. The Company has transactions with the firm, a key customer in this area. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	144		
HOKKAN HOLDINGS LIMITED	—	74,920	A leading manufacturer of cans. The Company has transactions primarily in the area of coatings for aerosol and powdered milk cans. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	126		
TOKYO PRINTING INK MFG. CO., LTD.	—	18,700	The Company has transactions primarily in the areas of products for use in printing inks and plastic colorants. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	63		
NIHON SEIKAN K.K.	—	4,620	A leading manufacturer of cans. The Company has transactions primarily in the area of products for coatings used on 18-liter cans and powdered milk cans. All shares held were sold in the fiscal year ended December 31, 2025.	No
	—	6		

(Notes)

1. The number of shares noted is the number of shares with voting rights.
2. The amount on the balance sheet for deemed held shares is obtained by multiplying the market price of shares as of the last day of the fiscal year by the number of shares with voting rights.
3. In determining the top stocks in terms of the amount on the balance sheet, specified investment shares and deemed held shares are not added together.
4. “—” indicates stocks that are not held as deemed held shares.
5. From the perspective of trade secrets and other factors, the quantitative effect of holding shares is difficult to disclose. However, these holdings have been reviewed by examining whether benefits associated with possession are commensurate with the cost of capital, as well as determining the risks of not holding the shares, and their suitability has been verified.
6. Kyodo Printing Co., Ltd. carried out a 1-for-4 stock split effective April 1, 2025. Thereafter, the Company sold a portion of its shares.

## V. Financial Information

### 1. Basis of Presenting the Consolidated Financial Statements and Non-consolidated Financial Statements

(1) The Company's consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Regulation No. 28, 1976).

(2) The non-consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Regulation No. 59, 1963) (hereinafter, "Regulations on Financial Statements.")

As a company designated for the submission of financial statements prepared in accordance with special provision, the Company prepares its financial statements pursuant to Article 127 of the Regulations on Financial Statements.

### 2. About Audit Certification

Pursuant to the provisions of Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act, the Company arranged for Deloitte Touche Tohmatsu LLC to conduct independent audit of the consolidated financial statements for the fiscal year, January 1, 2025, to December 31, 2025, and non-consolidated financial statements for the fiscal year, January 1, 2025, to December 31, 2025.

### 3. Particular efforts to secure the appropriateness of the consolidated financial statements and other financial reports

The Company conducts efforts to secure the appropriateness of the consolidated financial statements and other financial reports. Specifically, the Company endeavors to acquire information that would ensure a good understanding of the corporate accounting standards and keep itself updated on any changes in the accounting standards by participating in the Financial Accounting Standards Foundation and educational opportunities provided by Financial Accounting Standards Foundation.

1. Consolidated Financial Statements  
(1) Consolidated Financial Statements  
① Consolidated Balance Sheet

(Millions of yen)

	Previous Fiscal Year As of December 31, 2024	Current Fiscal Year As of December 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	*4 61,869	*4 68,909
Notes and accounts receivable - trade	*1, *2, *4 229,744	*1, *2 231,445
Merchandise and finished goods	*4 169,546	189,295
Work in process	*4 11,819	11,275
Raw materials and supplies	*4 99,218	96,996
Other	40,229	34,521
Allowance for doubtful accounts	(4,919)	(4,890)
Total current assets	607,506	627,550
Non-current assets		
Property, plant and equipment		
Buildings and structures	356,837	*5 375,923
Accumulated depreciation	(222,919)	(237,025)
Buildings and structures, net	*4 133,918	*4 138,898
Machinery, equipment and vehicles	539,761	*5 571,857
Accumulated depreciation	(404,095)	(431,540)
Machinery, equipment and vehicles, net	135,666	140,317
Tools, furniture and fixtures	88,959	*5 88,844
Accumulated depreciation	(72,513)	(74,787)
Tools, furniture and fixtures, net	16,446	14,057
Land	*4 57,780	*4 57,151
Construction in progress	20,330	*5 20,671
Total property, plant and equipment	364,141	371,094
Intangible assets		
Goodwill	17,394	17,140
Software	14,142	*5 11,108
Customer-related assets	10,676	10,735
Other	25,281	23,157
Total intangible assets	67,494	62,140
Investments and other assets		
Investment securities	*3 60,085	*3 63,320
Deferred tax assets	16,160	14,923
Net defined benefit asset	88,774	116,409
Other	*3, *4 22,339	*3, *4 18,719
Allowance for doubtful accounts	(65)	(64)
Total investments and other assets	187,293	213,307
Total non-current assets	618,927	646,541
Total assets	1,226,433	1,274,091

(Millions of yen)

	Previous Fiscal Year As of December 31, 2024	Current Fiscal Year As of December 31, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	138,448	127,763
Short-term loans payable	26,732	6,663
Commercial papers	—	15,000
Current portion of bonds payable	10,000	5,000
Current portion of long-term loans payable	54,521	119,584
Lease liabilities	5,161	5,113
Income taxes payable	4,485	4,384
Provision for bonuses	5,510	6,232
Other	88,214	96,807
Total current liabilities	333,071	386,545
Non-current liabilities		
Bonds payable	100,000	95,000
Long-term loans payable	277,617	198,909
Lease liabilities	10,301	13,004
Deferred tax liabilities	20,474	29,374
Net defined benefit liability	32,898	31,624
Asset retirement obligations	9,618	10,518
Other	21,839	18,273
Total non-current liabilities	472,748	396,702
Total liabilities	805,819	783,247
<b>Net assets</b>		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,234	94,234
Retained earnings	187,008	209,865
Treasury shares	(1,498)	(1,505)
Total shareholders' equity	376,301	399,151
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,924	3,886
Deferred gains or losses on hedges	515	334
Foreign currency translation adjustment	34,587	64,151
Remeasurements of defined benefit plans	(13,907)	3,358
Total accumulated other comprehensive income	25,119	71,729
Non-controlling interests	19,194	19,963
Total net assets	420,615	490,844
Total liabilities and net assets	1,226,433	1,274,091

② Consolidated Statement of Income and Consolidated Statement of Comprehensive income  
Consolidated Statement of Income

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2024	Current Fiscal Year Ended December 31, 2025
Net sales	1,071,127	1,052,194
Cost of sales	848,929	824,227
Gross profit	222,198	227,967
Selling, general and administrative expenses		
Freightage and packing expenses	13,126	12,724
Employees' salaries and allowances	67,734	68,404
Provision of allowance for doubtful accounts	1,180	385
Provision for bonuses	2,630	2,926
Retirement benefit expenses	53	207
Research and development costs	*1 16,313	*1 15,964
Other	76,641	75,165
Total selling, general and administrative expenses	177,677	175,775
Operating income	44,521	52,192
Non-operating income		
Interest income	3,491	2,807
Dividends income	627	267
Equity in earnings of affiliates	3,257	3,871
Other	1,642	1,610
Total non-operating income	9,017	8,555
Non-operating expenses		
Interest expenses	8,481	6,338
Foreign exchange losses	2,859	5,121
Other	4,293	5,038
Total non-operating expenses	15,633	16,498
Ordinary income	37,905	44,250
Extraordinary income		
Gain on sales of works of art	—	6,874
Gain on sales of shares and investments in capital of subsidiaries and affiliates	1,279	4,843
Gain on sales of non-current assets	*2 7,001	*2 1,197
Insurance claim income	—	1,171
Gain on sales of investment securities	4,127	589
Total extraordinary income	12,407	14,673
Extraordinary losses		
Loss on disposal of non-current assets	*4 3,242	*4 2,131
Severance costs	*5 3,886	*5 1,976
Impairment losses	*3 194	*3 1,259
Provision for environmental measures	—	1,096
Loss on sales of shares and investments in capital of subsidiaries and affiliates	4,513	506
Loss on liquidation of subsidiaries and affiliates	—	321
Loss on withdrawal from business	486	—
Provision for product warranties	315	—
Total extraordinary losses	12,635	7,289
Income before income taxes	37,677	51,634
Income taxes - current	13,807	15,099
Income taxes - deferred	1,630	3,323
Total income taxes	15,437	18,422
Net income	22,240	33,212
Net income attributable to non-controlling interests	926	859
Net income attributable to owners of the parent	21,313	32,353

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2024	Current Fiscal Year Ended December 31, 2025
Net income	22,240	33,212
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,622)	(15)
Deferred gains or losses on hedges	267	(180)
Foreign currency translation adjustment	22,989	27,047
Remeasurements of defined benefit plans, net of tax	3,069	17,489
Share of other comprehensive income of affiliates accounted for using equity method	(667)	2,564
Total other comprehensive income	*1 24,036	*1 46,905
Comprehensive income	46,276	80,117
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	44,992	78,963
Comprehensive income attributable to non-controlling interests	1,283	1,154

③ Consolidated Statement of Changes in Net Assets  
Previous Fiscal Year Ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2024	96,557	94,234	173,292	(1,586)	362,497
Change in FY2024					
Dividends from surplus			(7,597)		(7,597)
Net income attributable to owners of the parent			21,313		21,313
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares				96	96
Net changes of items other than shareholders' equity					
Total change in FY2024	—	—	13,716	88	13,804
Balance at December 31, 2024	96,557	94,234	187,008	(1,498)	376,301

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2024	5,542	248	12,559	(16,910)	1,440	35,330	399,267
Change in FY2024							
Dividends from surplus							(7,597)
Net income attributable to owners of the parent							21,313
Purchase of treasury shares							(8)
Disposal of treasury shares							96
Net changes of items other than shareholders' equity	(1,618)	267	22,028	3,002	23,679	(16,136)	7,543
Total change in FY2024	(1,618)	267	22,028	3,002	23,679	(16,136)	21,348
Balance at December 31, 2024	3,924	515	34,587	(13,907)	25,119	19,194	420,615

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2025	96,557	94,234	187,008	(1,498)	376,301
Change in FY2025					
Dividends from surplus			(9,496)		(9,496)
Net income attributable to owners of the parent			32,353		32,353
Purchase of treasury shares				(6)	(6)
Net changes of items other than shareholders' equity					
Total change in FY2025	—	—	22,857	(6)	22,850
Balance at December 31, 2025	96,557	94,234	209,865	(1,505)	399,151

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2025	3,924	515	34,587	(13,907)	25,119	19,194	420,615
Change in FY2025							
Dividends from surplus							(9,496)
Net income attributable to owners of the parent							32,353
Purchase of treasury shares							(6)
Net changes of items other than shareholders' equity	(38)	(180)	29,564	17,265	46,610	768	47,379
Total change in FY2025	(38)	(180)	29,564	17,265	46,610	768	70,229
Balance at December 31, 2025	3,886	334	64,151	3,358	71,729	19,963	490,844

	Previous Fiscal Year Ended December 31, 2024	Current Fiscal Year Ended December 31, 2025
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	37,677	51,634
Depreciation and amortization	52,756	53,837
Amortization of goodwill	1,175	1,129
Increase (decrease) in allowance for doubtful accounts	1,062	(635)
Increase (decrease) in provision for bonuses	978	832
Interest and dividends income	(4,118)	(3,074)
Equity in (earnings) losses of affiliates	(3,257)	(3,871)
Interest expenses	8,481	6,338
Gain on sales of works of art	—	(6,874)
Loss (gain) on sales and retirement of non-current assets	(3,760)	934
Impairment losses	194	1,259
Loss (gain) on sales of shares and investments in capital of subsidiaries and affiliates	3,234	(4,337)
Loss (gain) on sales of investment securities	(4,127)	(589)
Decrease (increase) in notes and accounts receivable -trade	(16,338)	6,774
Decrease (increase) in inventories	(5,054)	(3,145)
Increase (decrease) in notes and accounts payable - trade	607	(11,419)
Other, net	(8,180)	(665)
<b>Subtotal</b>	<b>61,331</b>	<b>88,128</b>
Interest and dividends income received	5,524	6,955
Interest expenses paid	(8,401)	(6,180)
Income taxes paid	(12,247)	(15,932)
<b>Net cash provided by (used in) operating activities</b>	<b>46,207</b>	<b>72,971</b>
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(3,082)	(583)
Proceeds from withdrawal of time deposits	3,730	561
Purchase of property, plant and equipment	(42,785)	(41,647)
Proceeds from sales of property, plant and equipment	3,943	4,641
Purchase of intangible assets	(4,337)	(309)
Proceeds from sales of intangible assets	4,117	—
Purchase of shares and investments in capital of subsidiaries resulting in changes in the scope of consolidation	(26)	(30)
Proceeds from sales of shares and investments in capital of subsidiaries resulting in changes in the scope of consolidation	* <sup>2</sup> 11,566	* <sup>3</sup> 5,890
Proceeds from sales of shares and investments in capital of subsidiaries and affiliates	—	56
Purchase of investment securities	(19)	(422)
Proceeds from sales and redemption of investment securities	6,544	749
Proceeds from sales of businesses	—	8
Proceeds from sales of works of art	—	8,041
Other, net	3,266	2,456
<b>Net cash provided by (used in) investing activities</b>	<b>(17,082)</b>	<b>(20,588)</b>

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2024	Current Fiscal Year Ended December 31, 2025
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	16,278	(20,070)
Increase (decrease) in commercial papers	(33,000)	15,000
Proceeds from long-term loans payable	22,655	40,843
Repayment of long-term loans payable	(38,767)	(55,935)
Proceeds from issuance of bonds	15,000	—
Redemption of bonds	(30,000)	(10,000)
Cash dividends paid	(7,597)	(9,496)
Cash dividends paid to non-controlling interests	(977)	(480)
Net decrease (increase) in treasury shares	88	(6)
Repayment of lease liabilities	(6,203)	(5,229)
Other, net	(71)	(15)
Net cash provided by (used in) financing activities	(62,594)	(45,389)
Effect of exchange rate change on cash and cash equivalents	9,767	(624)
Net increase (decrease) in cash and cash equivalents	(23,702)	6,370
Cash and cash equivalents at beginning of the period	84,642	60,940
Cash and cash equivalents at end of the period	*1 60,940	*1 67,310

[Notes]

(Basis of Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 145

The names of major consolidated subsidiaries are omitted because they are stated in “I. Overview of the Company 4. Subsidiaries and Affiliates.”

Qingdao DIC Fine Chemicals Co., Ltd., Qingdao DIC Liquid Crystal Co., Ltd. and 5 other companies were excluded from the scope of consolidation due to sale of shares, etc.

(2) Names of major non-consolidated subsidiaries

Not applicable

2. Scope of the Equity Method

(1) Number of affiliates accounted for using the equity method: 17

Principal company: TAIYO HOLDINGS CO., LTD.

Mizushima Kasozai, Inc. was excluded from the scope of equity method due to sale of shares.

(2) Non-consolidated subsidiaries not accounted for using the equity method

Not applicable

3. Accounting Period of Consolidated Subsidiaries

The closing date of the consolidated subsidiaries is the same as the consolidated closing date.

4. Accounting Policies

(1) Methods and Standards for Valuation of Significant Assets

(a) Securities

Available-for-sale securities

Securities with a readily determinable market value:

Stated at fair market value (with any unrealized gains or losses being reported directly as a component of net assets and the cost of any securities sold being computed by the moving-average method).

Securities with no readily determinable market value:

Stated at cost, with cost being determined by the moving-average method.

(b) Derivatives

Derivatives are carried at fair value.

(c) Inventories

Inventories are principally stated at cost, determined by the first-in, first-out method, which evaluates the amount of the inventories shown in the consolidated balance sheet by writing them down based on their decrease in profitability.

(2) Method for Depreciation of Non-Current Assets

(a) Property, plant and equipment (excluding leased assets)

The Company and its consolidated domestic subsidiaries:

Depreciation of buildings (other than facilities attached to buildings) is calculated principally by the straight-line method.

Depreciation of other property, plant and equipment is calculated by the declining-balance method. However, depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, is also calculated by the straight-line method.

Consolidated foreign subsidiaries:

Depreciation of property, plant and equipment is calculated principally by the straight-line method.

The principal useful lives are as follows:

Buildings and structures	8 to 50 years
Machinery, equipment and vehicles	3 to 11 years

(b) Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

(c) Leased assets

Leased assets related to finance lease transactions that transfer ownership of the leased property to the lessee are depreciated using the same depreciation method as that applied to owned non-current assets.

Leased assets related to finance leases that do not transfer ownership of the leased property to the lessee are depreciated on a straight-line basis, with the lease periods used as their useful lives and no residual value.

(d) Right-of-use assets

Right-of-use assets are depreciated using the straight-line method with a useful life determined from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and no residual value.

(3) Standards for Provisions

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided mainly based on historical experience for normal receivables and on an estimate of collectability of receivables from companies in financial difficulty.

(b) Provision for bonuses

Provision for bonuses is provided based on the estimated payments of bonuses to employees and executive officers by the Company and its consolidated domestic subsidiaries.

(c) Provision for environmental measures

Provision for environmental measures is provided based on the estimated expenditures expected to be incurred for the purpose of environmental measures.

(4) Retirement and Pension Plans

Net defined benefit asset/liability is recognized for employees' and executive officers' retirement benefits. Pension assets are deducted from retirement benefit obligations, and the net amount is recognized based on the estimated amount of payment as of the consolidated balance sheet date. In calculating retirement benefit obligations, the Company and its consolidated subsidiaries apply a method of attributing expected retirement benefits to each period on a benefit formula basis.

The Company and its consolidated domestic subsidiaries amortize actuarial gains and losses in the succeeding years primarily by the straight-line method over the stated years that do not exceed the average remaining service period of the eligible employees (13 years). Past service costs are expensed in the accounting periods when they are incurred.

Consolidated foreign subsidiaries amortize actuarial gains and losses in the succeeding years primarily by the straight-line method over the stated years that do not exceed the average remaining service period of the eligible employees (3-18 years). Past service costs are amortized over 9-23 years.

Unrecognized actuarial gains and losses and unrecognized past service costs are recorded in "Remeasurements of defined benefit plans" in net assets after adjusting income tax effect.

(5) Revenue and expense recognition standards

The Group conducts business activities in three segments, “Packaging & Graphic,” “Color & Display” and “Functional Products,” and mainly provide merchandise and products to domestic and overseas customers.

With regard to the sales of merchandise and products in these business fields, the Group recognizes revenue at the time of delivery of merchandise or products because it considers that the customer obtains control over the merchandise or products and performance obligations are satisfied at the time of delivery of the merchandise or products.

Revenue is recognized at the amount of consideration promised in the contract with the customer, less consideration such as returns, rebates and others, to the extent that there is a high probability of no material reversal of revenue. Also, regarding buy-sell transactions that fall under the buyback agreement, the amount of raw materials at the end of the fiscal period, which are provided to transaction partners, is continually recognized as inventory, and the amount of supplied materials at the end of fiscal period that remain at transaction partners is recognized as buyback obligations at the same time.

Furthermore, transaction consideration is generally received within one year after performance obligations are satisfied, and important financing components are not included in the contract.

(6) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the consolidated balance sheet date and any difference arising from the translation is recognized in the consolidated statement of income.

The asset and liability accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the exchange rates as of the consolidated balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Translation differences are included in foreign currency translation adjustment and non-controlling interests in the section of net assets.

(7) Principal Methods of Hedge Accounting

(a) Method for Hedge Accounting

Hedge accounting, under which unrealized gain or loss is deferred, is adopted for derivatives that qualify as hedges. The receivables and payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting. If interest rate swaps qualify for hedge accounting and meet certain specific matching criteria, they will not be measured at market value; rather the differential paid or received under the swap agreements will be recognized in interest expense or income.

(b) Hedging instruments and hedged items

Hedging instruments

Derivative transactions (forward exchange contracts, interest rate, currency, and FX swap contracts, and commodity swap contracts).

Hedged items

Any monetary receivables and payables denominated in foreign currencies, forecast transactions denominated in foreign currencies, loans payable, fuels, and net investments in foreign operations.

(c) Hedging policy

Foreign exchange contracts, currency and FX swap contracts are utilized to avoid risks arising from fluctuations in foreign currency exchange rates related to monetary receivables and payables denominated in foreign currencies or forecast transactions denominated in foreign currencies.

Interest rate swap contracts are utilized to avoid future risks of interest rate fluctuations or to reduce interest rate burdens.

Commodity swaps are utilized to hedge fluctuations in fuel prices.

Foreign exchange contracts are utilized to avoid risks arising from fluctuations in foreign currency exchange rates of net investments in foreign operations.

All derivative transactions of the Company are executed in accordance with internal management regulations. Consolidated subsidiaries execute their own transactions in accordance with their respective management regulations.

(d) Method of assessment of hedge effectiveness

The effectiveness is assessed by confirming a high correlation between the market fluctuations or the cash flow fluctuations for a hedged item and the market fluctuations or the cash flow fluctuations for a hedging instrument.

(8) Amortization of Goodwill

Goodwill is amortized by the straight-line method within 20 years.

(9) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents consist primarily of cash on hand, certificates of deposit and short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and have insignificant risk of changes in value.

(10) Significant Matters for Preparation of Consolidated Financial Statements

Group tax sharing system

The Company and some of its subsidiaries have adopted the group tax sharing system.

(Accounting Estimates)

Previous fiscal year ended December 31, 2024

1. Valuation of Non-Current Assets Related to Sun Chemical Color Materials

(1) Amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2024

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2023	Current Fiscal Year Ended December 31, 2024
Property, plant and equipment	111,326	113,814
Intangible assets	20,088	20,464
Goodwill	—	—
Impairment losses	22,469	—

(2) Information on significant accounting estimates for the identified items

(a) Method of calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2024

The Sun Chemical Group, a subsidiary of the Group, applies accounting principles generally accepted in the United States and performs recoverability tests whenever there are indications that an asset group may be impaired. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset group is less than its carrying value, the asset group is assessed to be not recoverable. If the carrying value of the asset group is not recoverable, the difference between the carrying value and its fair value is recognized as an impairment loss.

While demand for pigments, the core product of the Sun Chemical Color Materials business, failed to recover fully in the fiscal year ended December 31, 2024, owing to economic stagnation in Europe, a leading market for these products, notably in Germany, shipments have recovered since the completion of inventory adjustments by customers, particularly of pigments for use in building materials and for industrial applications. Additionally, the operating loss in this business shrank significantly, thanks to the progress of structural reforms aimed at, among others, optimizing production configurations, as well as to efforts to lower costs. Accordingly, because the Group anticipates a return to profitability in this business, the Group has determined that there are no indications of impairment.

(b) Significant assumptions used in calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2024

When formulating operating income and loss estimates for the subsequent fiscal year and beyond, the Group uses business plans and significant assumptions regarding forecasts for sales volume and the degree to which structural reforms will contribute to the improvement of operating income. Forecasts for sales volume are based on market growth projections and reflect an anticipated increase in sales of high-performance products. The Group also expects that structural reforms implemented in the fiscal year ended December 31, 2024—including production configuration optimization and labor force rationalization—will continue to positively impact operating income going forward, and that operating income and loss results will improve further with the promotion of various measures, including the merger and shuttering of production facilities.

(c) Impact on the consolidated financial statements for the fiscal year ending December 31, 2025

Although calculations for business plans are made based on management's best estimates, if the assumptions used in estimates formulated in the fiscal year ended December 31, 2024, differ as a consequence of changes in the market or other factors, there is a risk that this could have a significant impact on the valuation of the non-current assets of the Sun Chemical Color Materials business in the fiscal year ending December 31, 2025.

2. Valuation of Goodwill and Other Non-Current Assets Related to the Group of Cash-Generating Units, including Guangdong DIC TOD Resins Co., Ltd. (“Guangdong TOD”)

(1) Amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2024

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2023	Current Fiscal Year Ended December 31, 2024
Property, plant and equipment	9,966	12,864
Intangible assets	4,808	4,773
Investments and other assets	—	263
Goodwill	7,340	7,462
Impairment losses	2,518	—

(2) Information on significant accounting estimates for the identified items

(a) Method of calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2024

Goodwill related to the acquisition of Guangdong TOD is allocated to a group of cash-generating units that are expected to benefit from synergies arising from business combinations and is tested for impairment on an annual basis. If the recoverable amount of the group of cash-generating units is less than the carrying value, an impairment loss is recognized. The recoverable amount is based on value in use, which is determined by discounting estimated future cash flows to present value.

In the fiscal year ended December 31, 2024, the shift in market demand from oil-based to waterborne resin products has been slower than expected when the Group acquired Guangdong TOD, and price competition with other manufacturers has started. The expansion of sales of waterborne resins has lagged behind expectations at the time of the acquisition.

However, as a result of considering factors such as the progress of actual achievement of the business plan revised in the fiscal year ended December 31, 2023, because the recoverable amount of the group of cash-generating unit was assessed to be greater than its carrying value, an impairment loss on the unamortized balance of goodwill and other non-current assets was not recognized in the fiscal year ended December 31, 2024.

(b) Significant assumptions used in calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2024

The recoverable amount is measured based on the estimated future cash flows by business plan and discount rates. The significant assumptions are an increase in the sales volume of waterborne resins due to stringent environmental regulations in the PRC, and industrial resins due to increased demand for domestic products because of rising prices, and the effects of cost reductions realized during the fiscal year ended December 31, 2024.

The sales volume of waterborne resins is expected to increase by responding to the growing demand for waterborne resins with the expanded production capacity of a new facility of Guangdong TOD, which has completed in the fiscal year ended December 31, 2024.

The sales volume of industrial resins is expected to increase utilizing expanded production capacity by responding to the growing demand for domestic product due to soaring prices for imported raw materials.

In addition, the cost reduction measures are beginning to take effect in the fiscal year ended December 31, 2024, it is expected to contribute the improvement of operating income in the future.

(c) Impact on the consolidated financial statements for the fiscal year ending December 31, 2025

Although recoverable amounts are determined based on management’s best estimates, such estimates may be affected by changes in market conditions. If the assumptions used change as a consequence of changes in the business environment or other factors, this could have a material impact on the valuation of goodwill and other non-current assets related to the group of cash-generating units including Guangdong TOD in the fiscal year ending December 31, 2025.

3. Valuation of Goodwill and Other Non-Current Assets Related to the Group of Assets, including Innovation DIC Chimitroniques Inc. ("IDC")

(1) Amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2024

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2023	Current Fiscal Year Ended December 31, 2024
Property, plant and equipment	6,136	8,538
Intangible assets	2,766	2,696
Goodwill	5,990	5,789

(2) Information on significant accounting estimates for the identified items

(a) Method of calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2024

If the goodwill recorded as a result of the acquisition of IDC, when grouped into a larger group of assets related to the business to which goodwill is attributable plus goodwill, showed indication of impairment, estimated future cash flows from larger unit, including goodwill, are compared with the carrying value, to determine the necessity of recognizing an impairment loss. The determination of whether there is an indication of impairment is primarily on whether it continuously operates at a loss or posts negative cash flows from operating activities, or if there is a change in the scope or method of use that significantly reduce the recoverable amount.

In the fiscal year ended December 31, 2024, net sales of IDC expanded at a slower pace than had been expected at the time of the acquisition, a consequence of sluggish conditions in the market for photoresists used in semiconductor photolithography and inventory adjustments by key customers.

However, as a result of considering factors such as the progress of the business plan that was the basis for valuation at the time of acquisition, the Group has determined that there is no indication of impairment of goodwill and other non-current assets related to the group of assets that includes IDC.

(b) Significant assumptions used in calculating the amounts recognized in the consolidated financial statements for the year ended December 31, 2024

Significant assumptions are used in estimating of future business plans used to determine indication of impairment of goodwill and other non-current assets. These include expected sales volumes to key customers, which take into account of market conditions.

Sales volumes are expected to increase bolstered by rising demand from key customers as related markets recover, as well as by the realization of new projects thanks to the incorporation of the IDC's refining technologies from the fiscal year ending December 31, 2025.

(c) Impact on the consolidated financial statements for the year ending December 31, 2025

Although indication of impairment of goodwill and other non-current assets are determined based on management's best estimates, such estimates may be affected by changes in market conditions. If the assumptions used change as a consequence of changes in the business environment or other factors, this could have a material impact on the valuation of goodwill and other non-current assets related to the group of assets including IDC in the fiscal year ending December 31, 2025.



Current fiscal year ended December 31, 2025

1. Valuation of Non-Current Assets Related to Sun Chemical Color Materials

(1) Amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2025

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2024	Current Fiscal Year Ended December 31, 2025
Property, plant and equipment	113,814	115,282
Intangible assets	20,464	16,554

(2) Information on significant accounting estimates for the identified items

(a) Method of calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2025

The Sun Chemical Group, a subsidiary of the Group, applies accounting principles generally accepted in the United States and performs recoverability tests whenever there are indications that an asset group may be impaired. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset group is less than its carrying value, the asset group is assessed to be not recoverable. If the carrying value of an asset group is not recoverable, the difference between carrying value and fair value is recognized as an impairment loss.

Although shipments for pigments, the core product of the Sun Chemical Color Materials business, continued to decline in Europe and the United States, due to customer inventory adjustments amid an uncertain economic outlook, operating results in the fiscal year ended December 31, 2025, returned to profitability as a result of price revisions and cost reductions achieved through structural reforms, including the optimization of production configuration. Accordingly, because the Group anticipates an improvement in profitability in this business, the Group has determined that there are no indications of impairment.

(b) Significant assumptions used in calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2025

When formulating operating income and loss estimates for the subsequent fiscal year and beyond, the Group uses business plans and significant assumptions regarding forecasts for sales volume and the degree to which structural reforms will contribute to the improvement of operating income. Forecasts for sales volume are based on market growth projections and reflect an anticipated increase in sales of high-performance products. The Group expects structural reforms implemented in the fiscal year ended December 31, 2025—including production configuration optimization and labor force rationalization—will continue to positively impact operating income going forward, and that operating income results will increase further with the promotion of various measures, including the merger and shuttering of production facilities.

(c) Impact on the consolidated financial statements for the fiscal year ending December 31, 2026

Although calculations for business plans are made based on management's best estimates, if the assumptions used in estimates formulated in the fiscal year ended December 31, 2025, differ as a consequence of changes in the market or other factors, there is a risk that this could have a significant impact on the valuation of the non-current assets of the Sun Chemical Color Materials business in the fiscal year ending December 31, 2026.

2. Valuation of Goodwill and Other Non-Current Assets Related to the Group of Cash-Generating Units, including Guangdong DIC TOD Resins Co., Ltd. (“Guangdong TOD”)

(1) Amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2025

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2024	Current Fiscal Year Ended December 31, 2025
Property, plant and equipment	12,864	12,769
Intangible assets	4,773	4,579
Investments and other assets	263	293
Goodwill	7,462	7,364

(2) Information on significant accounting estimates for the identified items

(a) Method of calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2025

Goodwill related to the acquisition of Guangdong TOD is allocated to a group of cash-generating units that are expected to benefit from synergies arising from business combinations and is tested for impairment on an annual basis. If the recoverable amount of the group of cash-generating units is less than the carrying value, an impairment loss is recognized. The recoverable amount is based on value in use, which is determined by discounting estimated future cash flows to present value.

In the fiscal year ended December 31, 2025, the shift in market demand from oil-based to waterborne resin products has been slower than expected when the Group acquired Guangdong TOD, and price competition with other manufacturers has started. The expansion of sales of waterborne resins has lagged behind expectations at the time of the acquisition.

However, as a result of considering factors such as the progress of actual achievement of the business plan, because the recoverable amount of the group of cash-generating unit was assessed to be greater than its carrying value, an impairment loss on the unamortized balance of goodwill and other non-current assets was not recognized in the fiscal year ended December 31, 2025.

(b) Significant assumptions used in calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2025

The recoverable amount is measured based on the estimated future cash flows by business plan and discount rates. The significant assumptions are an increase in the sales volume of waterborne resins due to economic growth in the PRC, and industrial resins due to increased demand for domestic products because of soaring prices.

The sales volume of waterborne resins is expected to increase by responding to the growing demand for waterborne resins with the expanded production capacity of a new facility of Guangdong TOD, which has completed in the fiscal year ended December 31, 2024.

The sales volume of industrial resins is expected to increase utilizing expanded production capacity by responding to the growing demand for domestic product due to soaring prices for imported raw materials.

Profit growth is expected over time as the impacts of these increased sales volumes are progressively realized.

(c) Impact on the consolidated financial statements for the fiscal year ending December 31, 2026

Although recoverable amounts are determined based on management’s best estimates, such estimates may be affected by changes in market conditions. If the assumptions used change as a consequence of changes in the business environment or other factors, this could have a material impact on the valuation of goodwill and other non-current assets related to the group of cash-generating units including Guangdong TOD in the fiscal year ending December 31, 2026.

3. Valuation of Goodwill and Other Non-current Assets Related to the Group of Cash-Generating Units, including Innovation DIC Chimitroniques Inc. ("IDC")

(1) Amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2025

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2024	Current Fiscal Year Ended December 31, 2025
Property, plant and equipment	8,538	9,382
Intangible assets	2,696	2,674
Goodwill	5,789	5,747

(2) Information on significant accounting estimates for the identified items

(a) Method of calculating the amounts recognized in the consolidated financial statements for the fiscal year ended December 31, 2025

If goodwill recorded as a result of the acquisition of IDC, when grouped into a larger unit of asset group related to the business to which goodwill is allocated, shows an indication of impairment, the sum of estimated future cash flows from the larger unit including goodwill, are compared with the carrying value including goodwill, to determine the necessity of recognizing an impairment loss. The determination of whether there is any indication that goodwill and other non-current assets might be impaired is made primarily based on whether it continuously operates at a loss or generates negative cash flows from operating activities, or if there is a significant change in the extent or method of use of the assets which significantly reduces the recoverable amount etc.

As set forth in the DIC Vision 2030 long-term management plan, the Group is engaged in the development of photoresist polymers for use in semiconductor photolithography with the aim of contributing to an increasingly digital society. The Group is confident that the combination of IDC's outstanding production technologies and know-how with the Group's synthesis technologies will enhance its ability to respond to the needs of the semiconductor industry, which continues to be driven by technological progress, thus further contributing to digital innovation.

In the fiscal year ended December 31, 2025, IDC's net sales expanded at a slower pace than had been expected at the time of the acquisition, owing to a delay in the recovery of the markets for semiconductor photoresist materials and to inventory adjustments by key customers, which impeded its entry into target markets. As a result, because IDC's operating results have fallen short of the business plan at the time of the acquisition and because it has continued to report operating losses, the Group has determined that there is an indication of impairment of goodwill and other non-current assets.

However, in light of the fact that its results have fallen short, the Group revised the future business plan based on the progress of the business plan that was used as the basis for valuation at the time of acquisition. Having evaluated goodwill and other non-current assets based on the revised business plan, because the sum of undiscounted future cash flow was assessed to be greater than its carrying value of the asset group, including the goodwill, the Group determined that there was no need to recognize an impairment loss.

(b) Significant assumptions used in calculating the amounts recognized in the consolidated financial statements for the year ended December 31, 2025

Significant assumptions are used in estimating of future business plans used to determine indication of impairment of goodwill and other non-current assets. These include expected sales volumes, which take into account of market conditions. Sales volumes for the subsequent fiscal year and beyond are expected to increase, bolstered by recovery in demand from key customers propelled by a recovery in related markets, as well as by the successful commercialization of products that leverage IDC's refining technologies and the Company's customer base.

(c) Impact on the consolidated financial statements for the year ending December 31, 2026

Although indication of impairment of goodwill and other non-current assets are determined based on management's best estimates, such estimates may be affected by changes in market conditions. If the assumptions used change as a consequence of changes in the business environment or other factors, this could have a material impact on the valuation of goodwill and other non-current assets related to the group of assets including IDC in the fiscal year ending December 31, 2026.



(Changes in Accounting Policies)

(Adoption of Accounting Standard for Current Income Taxes, etc.)

The Group has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the Revised Accounting Standard of 2022) and relevant ASBJ regulations effective as of the beginning of the fiscal year.

Revisions related to the accounting classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment set forth in the proviso to paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment set forth in the proviso to paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the Revised Implementation Guidance of 2022). The change in accounting policy has no effect on the consolidated financial statements.

The Group has also adopted the Revised Implementation Guidance of 2022 effective as of the beginning of the fiscal year for revisions related to the change in the treatment in consolidated financial statements when deferring, for tax purposes, gains or losses on sales of shares of subsidiaries etc. arising from sales between consolidated companies. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year are presented on a retrospective basis. The change in accounting policy has no effect on the consolidated financial statements of the previous fiscal year.

(Adoption of Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.)

The Group has adopted the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ Practical Solution No. 46, March 22, 2024, hereinafter referred to as Practical Solution No. 46) effective as of the beginning of the fiscal year.

Accordingly, as for the amount of income taxes related to the Global Minimum Tax Rules, the Group estimated the book amount reasonably using available information drawn from the consolidated financial statements and recorded the amount on the profit and loss information.

The impact of this application on the consolidated financial statements is immaterial.

(Accounting Standards, etc., Not Yet Applied)

The Company and its domestic consolidated subsidiaries

- “Practical Guidelines on Accounting for Financial Instruments” (ASBJ Revised Transferred Guidance No.9, March 11, 2025)

(1) Overview

According to the Guidelines, Listed companies, etc. who have equity interests in venture capital funds are allowed to choose to measure unlisted stocks held by the funds at fair value, and record their share of unrealized gain or losses in net assets.

(2) Planned date of application

It will be applied from the beginning of the fiscal year ending December 31, 2027.

(3) Effect of application of the practical guidelines

The effect of application of these practical guidelines on the consolidated financial statements is currently under evaluation.

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of its efforts to make Japanese accounting standards more internationally consistent, the Accounting Standards Board of Japan (ASBJ) has been studying the development of an accounting standard for leases that would require lessees to recognize assets and liabilities for all leases, based on international accounting standards. The basic policy is to adopt the single accounting model in IFRS 16 as a basis, rather than incorporating all of the provisions of IFRS 16, only the main provisions are incorporated, with the aim of creating a simple, convenient accounting standard for leases that does not require any fundamental modifications even when the provisions of IFRS 16 are used for individual financial statements. As for the accounting treatment for lessees, the same as IFRS 16, a single accounting model will be applied to all leases, regardless of whether they are finance leases or operating leases, in which depreciation expenses related to the right-of-use assets and interest expenses related to the lease liabilities are recorded.

(2) Planned date of application

It will be applied from the beginning of the fiscal year ending December 31, 2028.

(3) Effect of application of the accounting standards, etc.

The effect of application of these accounting standards, etc. on the consolidated financial statements is currently under evaluation.

(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 120th business term. 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” (Political Instability 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 were ¥829 million and 277 thousand as of December 31, 2024, respectively, and ¥829 million and 277 thousand as of December 31, 2025, respectively.

(Consolidated Balance Sheet)

\*1. Notes and accounts receivable-trade transferred due to securitization of receivables

	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
	¥29,315 million	¥28,609 million

\*2. Of the notes and accounts receivable - trade, the portions pertaining to receivables from contracts with customers are as follows:

	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
Notes	¥27,792 million	¥27,664 million
Accounts receivable - trade	201,952	203,781

\*3. Affiliates' securities

	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
Common stock	¥49,344 million	¥52,805 million
Investments in capital	886	848

\*4. Assets pledged for collateral and secured liabilities

The following assets are pledged as collateral:

	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
Cash and deposits	¥47 million	¥667 million
Notes and accounts receivable-trade	4,441	—
Inventory	2,261	—
Buildings and structures	285	268
Land	340	356
Other non-current assets	649	25
Total	8,023	1,316

No liability secured by the collateral is outstanding at December 31, 2024 and 2025.

\*5. Reduction entries

The total accumulated amount of reduction entry that is directly subtracted from non-current assets acquired using government grant is as follows.

	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
Buildings and structures	¥— million	¥48 million
Machinery, equipment and vehicles	—	868
Tools, furniture and fixtures	—	13
Construction in progress	—	167
Software	—	0
Total	—	1,096

Current fiscal year as of December 31, 2025

The amounts of reduction recorded as directly subtracted from the acquisition cost of non-current assets acquired during current fiscal year ended December 31, 2025, were ¥48 million for buildings and structures; ¥868 million for machinery, equipment and vehicles; ¥13 million for tools, furniture and fixtures; ¥167 million for construction in progress; and ¥0 million for software.

6. Guarantees obligations for debt of others implemented for affiliated companies and others are as follows:

Previous fiscal year as of December 31, 2024

Guarantee name	Amounts (millions of yen)	Details
CAST FILM JAPAN Co., LTD.	1,000	Guarantee obligations associated with borrowings from financial institutions
Employees (Housing funds)	5	Guarantee obligations associated with borrowings from financial institutions
Total	1,005	

Current fiscal year as of December 31, 2025

Guarantee name	Amounts (millions of yen)	Details
CAST FILM JAPAN Co., LTD.	1,105	Guarantee obligations associated with borrowings from financial institutions
Employees (Housing funds)	4	Guarantee obligations associated with borrowings from financial institutions
Total	1,109	

(Consolidated Statement of Income)

\*1 Total research and development costs

Previous fiscal year ended December 31, 2024

Current fiscal year ended December 31, 2025

¥16,313 million

¥15,964 million

\*2 Gain on sales of non-current assets

Previous fiscal year ended December 31, 2024

This gain is mainly composed of ¥6,095 million of gain on sale of Intangible assets, land and others.

Current fiscal year ended December 31, 2025

This gain is mainly composed of ¥1,006 million of gain on sale of land, building and others.

\*3 Impairment losses

Previous fiscal year ended December 31, 2024

The Group recorded impairment loss in the following asset groups:

Use	Type of assets	Location	Amount (Millions of yen)
Idle assets	Buildings and structures and others	Kawaguchi-city, Saitama	112
Idle assets and others	Machinery, equipment and vehicles; buildings and structures and others	Others	82
Total			194

(Reasons for recognition of impairment losses)

As for idle assets, the book value was reduced to the recoverable amount because the assets were idle due to ceasing production, etc.

(Amounts of impairment losses and breakdown of the amounts by type of primary non-current assets)

Type of assets	Amount (Millions of yen)
Buildings and structures	130
Machinery, equipment and vehicles	43
Other	21
Total	194

(Method of grouping assets)

Assets are grouped on a company-by-company basis, on a product group basis or others.

(Method of measuring recoverable amounts)

The recoverable amounts of idle assets were calculated as zero.

Current fiscal year ended December 31, 2025

The Group recorded impairment loss in the following asset groups:

Use	Type of assets	Location	Amount (Millions of yen)
Plant assets	Buildings and structures; machinery, equipment and vehicles; and tools, furniture and fixtures	U.S.A.	754
Idle assets	Buildings and structures; tools, furniture and fixtures; land and other	Taiwan	240
Welfare facilities	Land	Sakura-city, Chiba	157
Welfare facilities and others	Buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures; and land	Others	107
Total			1,259

(Reasons for recognition of impairment losses)

As for plant assets, the book values of asset groups which were lower than the recoverable amounts were reduced to the recoverable amounts.

As for idle assets, the book value was reduced to the recoverable amounts because the assets were idle due to ceasing production resulting from the decision to liquidate the subsidiary.

As for welfare facilities, the book value was reduced to the recoverable amounts due to the revision of the usage policy and resolved to sell them.

(Amounts of impairment losses and breakdown of the amounts by type of primary non-current assets)

Type of assets	Amount (Millions of yen)
Buildings and structures	790
Machinery, equipment and vehicles	232
Tools, furniture and fixtures	8
Land	226
Other	3
Total	1,259

(Method of grouping assets)

Assets are grouped on a company-by-company basis, on a product group basis or others.

(Method of measuring recoverable amounts)

The recoverable amount of plant assets in U.S.A. was measured by fair value and calculated by replacement cost and other factors.

The recoverable amounts of idle assets were calculated as zero.

The recoverable amounts of welfare facilities were measured by net realizable value and calculated by real estate appraisal value.

\*4 Loss on disposal of non-current assets

Previous fiscal year ended December 31, 2024

This loss is composed of ¥808 million of buildings, ¥981 million of machinery and equipment, ¥780 million of removal cost, and others.

Current fiscal year ended December 31, 2025

This loss is composed of ¥532 million of buildings, ¥580 million of machinery and equipment, ¥441 million of removal cost, and others.

\*5 Severance costs are mainly associated with reorganization of pigment business and printing ink business overseas.

## (Consolidated Statement of Comprehensive Income)

\*1 Reclassification adjustment and income taxes and tax effects relating to other comprehensive income

	Previous fiscal year ended December 31, 2024	Current fiscal year ended December 31, 2025
Valuation difference on available-for-sale securities:		
Amount arising during the fiscal year	¥2,271 million	¥327 million
Reclassification adjustments	(4,625)	(423)
Before income taxes and tax effects	(2,354)	(96)
Income taxes and tax effects	732	81
Valuation difference on available-for-sale securities	(1,622)	(15)
Deferred gains or losses on hedges:		
Amount arising during the fiscal year	281	173
Reclassification adjustments	68	(369)
Before income taxes and tax effects	349	(196)
Income taxes and tax effects	(82)	15
Deferred gains or losses on hedges	267	(180)
Foreign currency translation adjustment:		
Amount arising during the fiscal year	25,503	28,137
Reclassification adjustments	(2,069)	(1,535)
Before income taxes and tax effects	23,434	26,602
Income taxes and tax effects	(445)	445
Foreign currency translation adjustment	22,989	27,047
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the fiscal year	4,570	25,812
Reclassification adjustments	(1,712)	(2,432)
Before income taxes and tax effects	2,858	23,379
Income taxes and tax effects	211	(5,890)
Remeasurements of defined benefit plans, net of tax	3,069	17,489
Share of other comprehensive income of associates accounted for using equity method:		
Amount arising during the fiscal year	(662)	3,491
Reclassification adjustments	(5)	(252)
Before income taxes and tax effects	(667)	3,239
Income taxes and tax effects	—	(675)
Share of other comprehensive income of associates accounted for using equity method	(667)	2,564
Total other comprehensive income	24,036	46,905

## (Consolidated Statement of Changes in Net Assets)

Previous fiscal year ended December 31, 2024

## 1. Type and number of issued shares and treasury shares

	Number of shares at the beginning of the year (Share)	Increase in shares during the year (Share)	Decrease in shares during the year (Share)	Number of shares at the end of the year (Share)
Issued shares				
Common stock	95,156,904	—	—	95,156,904
Total	95,156,904	—	—	95,156,904
Treasury shares				
Common stock (Notes 1, 2 and 3)	497,680	2,568	25,300	474,948
Total	497,680	2,568	25,300	474,948

(Notes) 1. The treasury shares at the end of the fiscal year include 277,400 of the Company's shares held by the Board Benefit Trust (BBT).

2. 2,568 increase in treasury shares of common stock resulted from the purchase of fractional shares.

3. 25,300 decrease in treasury shares of common stock was due to benefits of the Company's share by BBT.

## 2. Dividends

## (1) Dividends paid

Resolution	Type of shares	Total dividends to be paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 28, 2024	Common stock	2,849	30	December 31, 2023	March 29, 2024
Board of Directors on August 9, 2024	Common stock	4,748	50	June 30, 2024	September 2, 2024

(Notes) 1. "Total dividends to be paid" resolved by the Annual General Meeting of Shareholders on March 28, 2024, includes dividends of ¥9 million for the Company's shares held by the Board Benefit Trust (BBT).

2. "Total dividends to be paid" resolved by the Board of Directors on August 9, 2024, includes dividends of ¥14 million for the Company's shares held by the Board Benefit Trust (BBT).

## (2) Dividends for which the record date came during the fiscal year ended December 31, 2024, but for which the effective date will come after said period

Resolution	Type of shares	Source of dividends	Total dividends to be paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 27, 2025	Common stock	Retained earnings	4,748	50	December 31, 2024	March 28, 2025

(Note) "Total dividends to be paid" resolved by the Annual General Meeting of Shareholders on March 27, 2025, includes dividends of ¥14 million for the Company's shares held by the Board Benefit Trust (BBT).

Current fiscal year ended December 31, 2025

1. Type and number of issued shares and treasury shares

	Number of shares at the beginning of the year (Share)	Increase in shares during the year (Share)	Decrease in shares during the year (Share)	Number of shares at the end of the year (Share)
Issued shares				
Common stock	95,156,904	—	—	95,156,904
Total	95,156,904	—	—	95,156,904
Treasury shares				
Common stock (Notes 1 and 2)	474,948	1,911	—	476,859
Total	474,948	1,911	—	476,859

(Notes) 1. The treasury shares at the end of the fiscal year include 277,400 of the Company's shares held by the Board Benefit Trust (BBT).

2. 1,911 increase in treasury shares of common stock resulted from the purchase of fractional shares.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends to be paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 27, 2025	Common stock	4,748	50	December 31, 2024	March 28, 2025
Board of Directors on August 8, 2025	Common stock	4,748	50	June 30, 2025	September 1, 2025

(Notes) 1. "Total dividends to be paid" resolved by the Annual General Meeting of Shareholders on March 27, 2025, includes dividends of ¥14 million for the Company's shares held by the Board Benefit Trust (BBT).

2. "Total dividends to be paid" resolved by the Board of Directors on August 8, 2025, includes dividends of ¥14 million for the Company's shares held by the Board Benefit Trust (BBT).

(2) Dividends for which the record date came during the fiscal year ended December 31, 2025, but for which the effective date will come after said period

The following are scheduled to be proposed to the Annual General Meeting of Shareholders to be held on March 25, 2026.

Resolution	Type of shares	Source of dividends	Total dividends to be paid (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 25, 2026	Common stock	Retained earnings	14,244	150	December 31, 2025	March 26, 2026

(Note) "Total dividends to be paid" resolved by the Annual General Meeting of Shareholders on March 25, 2026, includes dividends of ¥42 million for the Company's shares held by the Board Benefit Trust (BBT).

## (Consolidated Statement of Cash Flows)

## \*1 Reconciliation of cash and cash equivalents at the end of the period to account items in the consolidated balance sheet

	Previous fiscal year ended December 31, 2024	Current fiscal year ended December 31, 2025
Cash and deposits	¥61,869 million	¥68,909 million
Time deposits with maturities of over three months	(929)	(1,599)
Cash and cash equivalents	60,940	67,310

## \*2 Principal components of assets and liabilities of subsidiary excluded from the scope of consolidation due to the sale of shares

Current fiscal year ended December 31, 2024

As a result of the sale of shares, SEIKO PMC CORPORATION and seven other companies were excluded from the scope of consolidation. The main components of assets and liabilities excluded at the end of consolidation and relation between the transfer price of shares and proceed from the sale of share are as follows:

Current assets	¥26,025 million
Non-current assets	24,884
Current liabilities	(14,133)
Non-current liabilities	(2,249)
Accumulated other comprehensive income	(1,210)
Non-controlling interests	(15,900)
Incidental expenses	300
Loss on sales of shares and investments in capital of subsidiaries and affiliates	(4,513)
Transfer price of share	13,205
Settlement of intercompany loan	2,381
Cash and cash equivalents	(4,233)
Net: Proceed from the sale of shares	11,353

## \*3 Principal components of assets and liabilities of subsidiary excluded from the scope of consolidation due to the sale of equity interests on its subsidiaries

Current fiscal year ended December 31, 2025

As a result of the sale of equity interests on its subsidiaries, Qingdao DIC Fine Chemicals Co., Ltd. and Qingdao DIC Liquid Crystal Co., Ltd. were excluded from the scope of consolidation. The main components of assets and liabilities excluded at the end of consolidation and relation between the transfer price of the equity interests on its subsidiaries and proceed from the sale of the equity interests on its subsidiaries are as follows:

Current assets	¥1,179 million
Non-current assets	788
Current liabilities	(180)
Foreign currency translation adjustment	(1,214)
Gain on sales of shares and investments in capital of subsidiaries and affiliates	3,101
Transfer price of equity interests on its subsidiaries	3,674
Cash and cash equivalents	(1,163)
Net: Proceed from the sale of equity interests on its subsidiaries	2,511

(Lease Transactions)

1. Operating lease transactions

(1) As lessee

Future lease payments related to non-cancelable operating lease transactions

(Millions of yen)

	Previous fiscal year ended December 31, 2024	Current fiscal year ended December 31, 2025
Within a year	37	40
More than one year	35	120
Total	72	160

(2) As lessor

Future lease payments related to non-cancelable operating lease transactions

(Millions of yen)

	Previous fiscal year ended December 31, 2024	Current fiscal year ended December 31, 2025
Within a year	0	1
More than one year	—	0
Total	0	1

(Financial Instruments)

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

The Group is managing funds with safe and secure financial assets.

Means of financing include direct financing such as the issuance of bonds and commercial papers and liquidation of receivables, as well as indirect financing such as short-term and long-term bank borrowings, the terms of which are determined based on financial market conditions and the balance of account at the time.

The Group has derivatives which consist of forward foreign currency contracts, FX swaps and interest rate swaps. For commodities, commodity swaps are used. Derivatives are not used for trading or speculative purposes, but for risk aversion.

The Group applies hedge accounting when the derivative qualifies as a hedging instrument.

(2) Details and risks of financial instruments

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risk. Some of them are denominated in foreign currencies and are exposed to foreign exchange fluctuation risks. A portion of accounts receivable-other is denominated in foreign currencies and is therefore exposed to foreign exchange fluctuation risk.

Investment securities are mainly shares of companies with which the Company has business relationships and are exposed to market price fluctuation risks. Securities with no readily determinable market value are exposed to price fluctuation risks based on the financial status of the issuers, etc.

Notes and accounts payable - trade, which are operating debts, are mostly due within one year. Some of them are denominated in foreign currencies and are exposed to foreign exchange fluctuation risks.

Short-term loans payable mainly procure funds for operating transactions, while long-term loans payable, bonds payable and lease liabilities under finance leases primarily seek to procure funds necessary for capital expenditures, investments and loans. Some of these are subject to the risk of interest rate fluctuations because they have floating rates.

In addition, operating liabilities and borrowings are exposed to liquidity risk (risk of not being able to make payments on the due date).

The Group uses foreign exchange forward contracts and FX swaps to avoid risks arising from fluctuations in foreign currency exchange rates associated with monetary receivables and payables denominated in foreign currencies or forecast transactions denominated in foreign currencies. Interest rate swap transactions are used to hedge future interest rate fluctuation risks or to reduce interest expenses. The Group also uses commodity swaps to hedge fluctuations in fuel prices.

Derivative transactions carry market risk arising from fluctuations in foreign exchange rates and interest rates. In addition, the Company is exposed to the risk of breach of contract. Hedging instruments, hedged items, hedging policies, methods of evaluating the effectiveness of hedging, etc., related to hedge accounting are described in "Principal Methods of Hedge Accounting" of "Accounting Policies."

### (3) Risk Management System for Financial Instruments

#### ① Management of Credit Risk (Risk Related to Non-performance of Contracts by Business Partners)

The Company conducts its own risk management for trade receivables by combining the balance of receivables with the Company's valuation in accordance with its credit management rules and provides collateral, as necessary.

The sales and administrative divisions work together to monitor the status of suppliers and to quickly identify and reduce concerns about recalls due to worsening financial conditions. Consolidated subsidiaries are accounted for in accordance with their management regulations.

The Group enters into derivative contracts with highly creditworthy financial institutions, and therefore, recognizes that there is little risk of default.

#### ② Management of market risks (fluctuation risks such as exchange rates and interest rates)

The Group uses forward exchange contracts and FX swaps to avoid risks arising from fluctuations in foreign currency exchange rates associated with monetary receivables and payables denominated in foreign currencies or forecast transactions denominated in foreign currencies. Interest rate swap transactions are used to hedge future interest rate fluctuation risks or to reduce interest expenses. The Group also uses commodity swaps to hedge fluctuations in fuel prices. Forward exchange contracts are used to avoid risks arising from fluctuations in the exchange rates of net investments in foreign entities.

For investment securities, the Group periodically assesses the market value and continuously reviews the holding status in consideration of the relationship with the business partner. For securities with no readily determinable market value, the Group periodically assesses the financial status of the issuers, etc.

The Company lays down the Derivative Transactions Management Rules for internal risk management, and all derivative transactions are executed in accordance with these rules. The execution of transactions is principally carried out by the Finance Department. The Accounting Department receives periodic reports from the Finance Department, understands the details of transactions, and monitors risks. The executive officer in charge of finance and accounting regularly reports the status of transactions to the Board of Directors. Consolidated subsidiaries comply with their management regulations. The Company receives regular reports from each company on the details of their transactions.

#### ③ Management of funding liquidity risk (risk of inability to make payments on due dates)

Although operating liabilities and borrowings are exposed to liquidity risk, the Group has minimized the risk by establishing loan facilities in addition to managing the cash flow of each company.

### (4) Supplementary Explanation of Matters Related to the Fair Value of Financial Instruments

#### ① Since variable factors are included in the calculation of the fair value of financial instruments, the value may change if different assumptions are adopted.

#### ② The notional amounts, etc. of derivative transactions disclosed in the notes on 'Derivative Transactions' do not, by themselves, represent the market risk associated with those derivative transactions.

## 2. Fair value of financial instruments

The amounts reported in the consolidated balance sheet, fair values and the differences between them are as follows:

Previous fiscal year as of December 31, 2024

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Investment securities (Note 2)			
Shares of affiliates	25,756	46,062	20,306
Available-for-sale securities	7,833	7,833	—
Total assets	33,589	53,895	20,306
(1) Current portion of bonds payable	10,000	10,029	29
(2) Current portion of long-term loans payable	54,521	54,412	(109)
(3) Bonds payable	100,000	96,951	(3,049)
(4) Long-term loans payable	277,617	273,897	(3,720)
(5) Lease liabilities (non-current liabilities)	10,301	10,115	(186)
Total liabilities	452,439	445,404	(7,035)
Derivative financial instruments (Note 3)			
① Hedge accounting - not applied	361	361	—
② Hedge accounting - applied	(748)	(748)	—
Total derivative financial instruments	(388)	(388)	—

(Note 1) Cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term loans payable, income taxes payable and lease liabilities (current) are either cash or are settled in a short period of time. As a result, their fair values approximate their book values. Accordingly, they are omitted.

(Note 2) Securities with no readily determinable market value are not included in "Investment securities." The consolidated balance sheet amount of these financial instruments is as follows:

	As of December 31, 2024 (millions of yen)
Unlisted stocks	26,496

(Note 3) Net receivables and payables arising from derivative transactions are presented as net amounts and any item for which the total becomes a net obligation is indicated in parentheses.

(Note 4) The fair value of investments in partnerships is not disclosed as the Group has applied the accounting treatment prescribed in Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, issued on June 17, 2021). The consolidated balance sheet amount of these financial instruments is as follows:

	As of December 31, 2024 (millions of yen)
Investments in partnerships	1,937

Current fiscal year as of December 31, 2025

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Investment securities (Note 2)			
Shares of affiliates	24,357	106,998	82,641
Available-for-sale securities	7,383	7,383	—
Total assets	31,740	114,381	82,641
(1) Current portion of bonds payable	5,000	4,973	(27)
(2) Current portion of long-term loans payable	119,584	119,131	(453)
(3) Bonds payable	95,000	90,558	(4,442)
(4) Long-term loans payable	198,909	191,761	(7,148)
(5) Lease liabilities (non-current liabilities)	13,004	12,999	(5)
Total liabilities	431,497	419,423	(12,074)
Derivative financial instruments (Note 3)			
① Hedge accounting - not applied	134	134	—
② Hedge accounting - applied	502	502	—
Total derivative financial instruments	635	635	—

(Note 1) Cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term loans payable, commercial paper, income taxes payable and lease liabilities (current) are either cash or are settled in a short period of time. As a result, their fair values approximate their book values. Accordingly, they are omitted.

(Note 2) Securities with no readily determinable market value are not included in “Investment securities.” The consolidated balance sheet amount of these financial instruments is as follows:

	As of December 31, 2025 (millions of yen)
Unlisted stocks	31,580

(Note 3) Net receivables and payables arising from derivative transactions are presented as net amounts and any item for which the total becomes a net obligation is indicated in parentheses.

(Note 4) The fair value of investments in partnerships is not disclosed as the Group has applied the accounting treatment prescribed in Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued on June 17, 2021). The consolidated balance sheet amount of these financial instruments is as follows:

	As of December 31, 2025 (millions of yen)
Investments in partnerships	1,389

(Notes) 1. Redemption schedule of monetary claims and securities with maturity after the consolidated closing date  
Previous fiscal year as of December 31, 2024

	Within 1 year (Millions of yen)	Over 1 year to 5 years (Millions of yen)	Over 5 years to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Notes and accounts receivable - trade	229,744	—	—	—
Total	229,744	—	—	—

Current fiscal year as of December 31, 2025

	Within 1 year (Millions of yen)	Over 1 year to 5 years (Millions of yen)	Over 5 years to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Notes and accounts receivable - trade	231,445	—	—	—
Total	231,445	—	—	—

2. Repayment schedule of interest-bearing debt of bonds payable, long-term loans payable, and others after the consolidated closing date

Previous fiscal year as of December 31, 2024

	Within 1 year (Millions of yen)	Over 1 year to 5 years (Millions of yen)	Over 5 years to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Short-term loans payable	26,732	—	—	—
Current portion of bonds payable	10,000	—	—	—
Current portion of long-term loans payable	54,521	—	—	—
Lease liabilities (current liabilities)	5,161	—	—	—
Bonds payable	—	80,000	15,000	5,000
Long-term loans payable	—	212,419	65,159	39
Lease liabilities (non-current liabilities)	—	9,038	1,086	177
Total	96,415	301,457	81,245	5,216

Current fiscal year as of December 31, 2025

	Within 1 year (Millions of yen)	Over 1 year to 5 years (Millions of yen)	Over 5 years to 10 years (Millions of yen)	Over 10 years (Millions of yen)
Short-term loans payable	6,663	—	—	—
Commercial papers	15,000	—	—	—
Current portion of bonds payable	5,000	—	—	—
Current portion of long-term loans payable	119,584	—	—	—
Lease liabilities (current liabilities)	5,113	—	—	—
Bonds payable	—	75,000	15,000	5,000
Long-term loans payable	—	153,750	45,125	34
Lease liabilities (non-current liabilities)	—	9,859	2,933	213
Total	151,360	238,609	63,058	5,247

### 3. Details of the level of financial instruments by fair value

The fair values of financial instruments are classified using a three-level hierarchy based on the observability and significance of valuation inputs to measure fair value.

Level 1: Fair value is measured using quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is measured using inputs that are observable either directly or indirectly other than those included in Level 1.

Level 3: Fair value is measured using unobservable inputs to the extent that relevant observable inputs are not available.

If multiple valuation inputs with significant impact are used to measure the fair value measurement of a financial instrument, the instrument is classified based on the lowest level of the fair value hierarchy to which each input belongs.

#### (1) Financial instruments carried at fair value in the consolidated balance sheet

Previous fiscal year as of December 31, 2024

Category	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	7,833	—	—	7,833
Total assets	7,833	—	—	7,833
Derivative financial instruments				
① Hedge accounting - not applied	—	361	—	361
② Hedge accounting - applied	—	(748)	—	(748)
Total derivative financial instruments	—	(388)	—	(388)

Current fiscal year as of December 31, 2025

Category	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	7,383	—	—	7,383
Total assets	7,383	—	—	7,383
Derivative financial instruments				
① Hedge accounting - not applied	—	134	—	134
② Hedge accounting - applied	—	502	—	502
Total derivative financial instruments	—	635	—	635

## (2) Financial instruments other than those carried at fair value in the consolidated balance sheet

Previous fiscal year as of December 31, 2024

Category	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of affiliates	46,062	—	—	46,062
Total assets	46,062	—	—	46,062
Current portion of bonds payable	—	10,029	—	10,029
Current portion of long-term loans payable	—	54,412	—	54,412
Bonds payable	—	96,951	—	96,951
Long-term loans payable	—	273,897	—	273,897
Lease liabilities (non-current)	—	10,115	—	10,115
Total liabilities	—	445,404	—	445,404

Current fiscal year as of December 31, 2025

Category	Market value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of affiliates	106,998	—	—	106,998
Total assets	106,998	—	—	106,998
Current portion of bonds payable	—	4,973	—	4,973
Current portion of long-term loans payable	—	119,131	—	119,131
Bonds payable	—	90,558	—	90,558
Long-term loans payable	—	191,761	—	191,761
Lease liabilities (non-current)	—	12,999	—	12,999
Total liabilities	—	419,423	—	419,423

Note: Explanation of the valuation methodology and inputs used to measure fair value

Investment securities

The fair values of listed shares are measured using quoted market prices for identical securities. Since listed shares are traded in active markets, their fair values are classified as Level 1.

Derivative transactions

The fair values of foreign currency forward transactions are measured using forward exchange rates and are classified as Level 2. Foreign currency forward contracts subject to appropriation treatment are considered an integral part of the hedged foreign currency-denominated receivables and their fair values are included in the fair value of those receivables. Since these receivables are mostly settled in a short period of time, as a result of which their fair values approximate their book values, they are omitted. The fair values of FX swaps and interest rate swap transactions are measured based on the price offered by the trading financial institution and are classified as Level 2. Interest rate swaps subject to special treatment are considered an integral part of the relevant hedged loans and their fair values are included in the fair value of those loans.

The fair values of commodity swap transactions are measured using exchange prices and are classified as Level 2.

Bonds payable (including current portion)

The fair values of bonds payable issued by the Company are measured using quoted prices. Since these bonds are not traded in active markets, their fair values are classified as Level 2.

Lease liabilities (non-current)

The fair values of lease liabilities are measured by discounting the present value, that is, the total amount of principal and interest, using the interest rate that would be expected to be applied if similar leases were newly undertaken, and are classified as Level 2.

Long-term loans payable (including current portion)

Long-term loans payable with variable interest rates subject to special treatment for interest rate swaps are measured by discounting the total amount of principal and interest, considered an integral part of the interest rate swap, using the presumed interest rate that would be expected to be applied if similar loans were newly undertaken, and are classified as Level 2.

Since other long-term loans payable with variable interest rates are deemed to reflect market interest rates within a short term, and because the Company's credit rating has not changed significantly since the execution, their fair values approximate their book values and are classified as Level 2.

The fair values of long-term loans payable with fixed interest rates are measured by discounting the present value, that is, the total amount of principal and interest, using the interest rate that would be expected to be applied if similar loans were newly undertaken, and are classified as Level 2.

(Securities)

Previous fiscal year as of December 31, 2024

1. Available-for-sale securities

	Type of securities	Consolidated carrying value (Millions of yen)	Acquisition price (Millions of yen)	Valuation difference (Millions of yen)
Securities whose consolidated carrying value exceeds their acquisition price	Shares	7,553	1,762	5,790
	Subtotal	7,553	1,762	5,790
Securities whose consolidated carrying value does not exceed their acquisition price	Shares	280	450	(169)
	Subtotal	280	450	(169)
Total		7,833	2,212	5,621

2. Available-for-sale securities sold (From January 1, 2024 to December 31, 2024)

	Sales amount (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sales (Millions of yen)
Shares	6,544	4,127	6
Total	6,544	4,127	6

Current fiscal year as of December 31, 2025

1. Available-for-sale securities

	Type of securities	Consolidated carrying value (Millions of yen)	Acquisition price (Millions of yen)	Valuation difference (Millions of yen)
Securities whose consolidated carrying value exceeds their acquisition price	Shares	7,189	1,597	5,592
	Subtotal	7,189	1,597	5,592
Securities whose consolidated carrying value does not exceed their acquisition price	Shares	194	290	(96)
	Subtotal	194	290	(96)
Total		7,383	1,887	5,496

2. Available-for-sale securities sold (From January 1, 2025 to December 31, 2025)

As the aggregate amount of gains and losses on sales of available-for sale securities is considered immaterial, it has been omitted from the disclosures.

## (Derivative Transactions)

## 1. Derivative transactions to which hedge accounting is not applied

## (1) Currency related

Previous fiscal year as of December 31, 2024

Classification	Type of transaction	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)	Net unrealized gains (losses) (Millions of yen)
Off-market transactions	FX swaps				
	Euro payments • USD receipts	48,518	—	239	239
	British pound payments • USD receipts	11,739	—	(13)	(13)
	Swiss franc payments • USD receipts	10,328	—	78	78
	Euro payments • Japanese yen receipts	4,933	—	38	38
	Forward exchange contracts				
	Sell				
	Columbia peso	1,637	—	14	14
	Canadian dollar	1,591	—	9	9
	Others	281	—	(2)	(2)
Buy					
U.S. dollar	902	—	19	19	
Others	540	—	(22)	(22)	
	Total	80,469	—	361	361

Current fiscal year as of December 31, 2025

Classification	Type of transaction	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)	Net unrealized gains (losses) (Millions of yen)
Off-market transactions	FX swaps				
	Euro payments • USD receipts	47,777	—	93	93
	Swiss franc payments • USD receipts	12,828	—	47	47
	British pound payments • USD receipts	10,531	—	25	25
	Euro payments • Japanese yen receipts	5,002	—	(3)	(3)
	USD payments • Mexican peso receipts	4,364	—	(27)	(27)
	USD payments • Polish zloty receipts	1,743	—	0	0
	Japanese yen payments • USD receipts	1,555	—	9	9
	Forward exchange contracts				
	Sell				
	U.S. dollar	2,666	—	53	53
	Columbia peso	1,915	—	(38)	(38)
	Canadian dollar	1,597	—	(9)	(9)
	Others	430	—	(9)	(9)
Buy					
Euro	472	—	(1)	(1)	
Others	318	—	(6)	(6)	
	Total	91,198	—	134	134

2. Derivative transactions to which hedge accounting is applied

(1) Currency related

Previous fiscal year as of December 31, 2024

Method of hedge accounting	Type of transaction	Hedged items	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)
Principle treatment	Forward exchange contracts				
	Sell				
	Euro	Net investments in foreign entities	15,934	—	(394)
	U.S. dollar		14,511	—	(1,050)
Appropriation treatment	Forward exchange contracts				
	Sell				
	U.S. dollar	Accounts receivable - trade	1,904	—	(Note)
	Euro	Accounts receivable - trade	272	—	(Note)
Total			32,621	—	(1,444)

(Note) Forward exchange contracts adopted for appropriation are accounted for as part of the hedged accounts receivable - trade, and their fair values are included in the fair values of the accounts receivable - trade.

Current fiscal year as of December 31, 2025

Method of hedge accounting	Type of transaction	Hedged items	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)
Appropriation treatment (Forecast transaction)	Forward exchange contracts				
	Sell				
	U.S. dollar	Accounts receivable - other	1,968	—	(16)
Appropriation treatment	Forward exchange contracts				
	Sell				
	U.S. dollar	Accounts receivable - trade	2,585	—	(Note)
	Chinese yuan	Accounts receivable - trade	636	—	(Note)
	Euro	Accounts receivable - trade	345	—	(Note)
	U.S. dollar	Accounts receivable - other	12	—	(Note)
Total			5,545	—	(16)

(Note) Forward exchange contracts subject to appropriation treatment, except for those related to forecast transactions, are considered an integral part of the hedged foreign currency-denominated receivables and their fair values are included in the fair value of those receivables.

## (2) Interest rate related

Previous fiscal year as of December 31, 2024

Method of hedge accounting	Type of transaction	Hedged items	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)
Principle treatment	Interest rate swap transaction Floating-rate receipts • Fixed-rate payments	Loans payable	60,000	60,000	684
Special treatment of interest rate swaps	Interest rate swap transaction Floating-rate receipts • Fixed-rate payments	Loans payable	50,000	50,000	(Note)
Total			110,000	110,000	684

(Note) The special treatment of interest rate swaps is accounted for together with the hedged loans payable, and their fair values are included in the fair values of the loans payable.

Current fiscal year as of December 31, 2025

Method of hedge accounting	Type of transaction	Hedged items	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)
Principle treatment	Interest rate swap transaction Floating-rate receipts • Fixed-rate payments	Loans payable	60,000	60,000	547
Special treatment of interest rate swaps	Interest rate swap transaction Floating-rate receipts • Fixed-rate payments	Loans payable	50,000	50,000	(Note)
Total			110,000	110,000	547

(Note) The special treatment of interest rate swaps is accounted for together with the hedged loans payable, and their fair values are included in the fair values of the loans payable.

## (3) Commodity related

Previous fiscal year as of December 31, 2024

Method of hedge accounting	Type of transaction	Hedged items	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)
Principle treatment	Commodity swap transaction Floating-price receipts • Fixed-price payments	Fuel	190	—	12
Total			190	—	12

Current fiscal year as of December 31, 2025

Method of hedge accounting	Type of transaction	Hedged items	Notional amount, etc. (Millions of yen)	Notional amount, etc. due over 1 year (Millions of yen)	Fair value (Millions of yen)
Principle treatment	Commodity swap transaction Floating-price receipts • Fixed-price payments	Fuel	370	—	(31)
Total			370	—	(31)

(Retirement and Pension Plans)

Previous fiscal year ended December 31, 2024

1. Overview of adopted retirement and pension plans

The Company and some of its domestic consolidated subsidiaries have defined benefit pension plans, such as a cash balance-style pension plan and retirement plans, and defined contribution pension plans. Some foreign consolidated subsidiaries maintain defined benefit pension plans and defined contribution pension plans. The Company has established the employee retirement benefit trust.

2. Defined benefit pension plans (including multiemployer plans)

(1) Reconciliation of beginning and ending balances of defined benefit obligations

	Domestic plans * (Millions of yen)	Foreign plans (Millions of yen)
Defined benefit obligations at beginning of year	85,508	176,801
Service cost	1,909	1,765
Interest cost	618	7,449
Actuarial gains and losses	100	(10,796)
Benefits paid	(4,432)	(9,630)
Past service cost incurred	—	(662)
Exchange translation differences	—	11,990
Decrease resulting from exclusion of subsidiaries from consolidation	(7,494)	—
Other	—	(5,245)
Retirement benefit obligations at end of year	76,209	171,672

(Note) Some of the domestic consolidated subsidiaries have adopted a simplified method for the calculation of retirement benefits.

(2) Reconciliation of beginning and ending balances of plan assets

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Plan assets at beginning of year	151,011	154,203
Expected return on plan assets	3,417	9,033
Actuarial gains and losses	7,582	(9,549)
Contributions by the employer	524	2,825
Benefits paid	(4,387)	(8,662)
Exchange translation differences	—	12,229
Decrease resulting from exclusion of subsidiaries from consolidation	(9,240)	—
Other	—	(5,230)
Plan assets at end of year	148,908	154,849

(3) Reconciliations of the closing balances of retirement benefit obligations and plan assets, and the net amount of liabilities and assets recognized in the consolidated balance sheet

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Funded defined benefit obligations	75,483	169,389
Plan assets	(148,908)	(154,849)
	(73,425)	14,540
Unfunded defined benefit obligations	726	2,283
Net amount of liabilities and assets recognized in consolidated balance sheet	(72,699)	16,823
Liabilities (net defined benefit liability)	727	32,171
Assets (net defined benefit asset)	(73,426)	(15,348)
Net amount of liabilities and assets recognized in consolidated balance sheet	(72,699)	16,823

(4) Retirement benefit expenses and its breakdowns

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Service cost	1,909	1,765
Interest cost	618	7,449
Expected return on plan assets	(3,417)	(9,033)
Recognition of actuarial gains and losses	(3,422)	1,996
Amortization of past service cost	—	(243)
Retirement benefit expenses concerning defined benefit plans	(4,312)	1,934

(Notes) 1. Other than these retirement benefit expenses, additional retirement payments have been recognized in severance costs in the consolidated statement of income.

2. Other than these retirement benefit expenses, ¥341 million of losses on additional retirement payments have been recognized in loss on withdrawal from business in the consolidated statement of income.

(5) Adjustments related to defined benefit plans

The past service cost and actuarial gains and losses recognized in accumulated other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal year ended December 31, 2024, are as follows:

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Past service cost	—	482
Actuarial gains and losses	4,020	(1,644)
Total	4,020	(1,162)

(6) Cumulative adjustments related to defined benefit plans

The unrecognized past service cost and unrecognized actuarial gains and losses recognized in accumulated other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal year ended December 31, 2024, are as follows:

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Unrecognized past service cost	—	1,116
Unrecognized actuarial gains and losses	27,225	(53,161)
Total	27,225	(52,045)

(7) Items related to plan assets

Major components of plan assets

The percentages by major classifications of pension funds in total assets are as follows:

	Domestic plans	Foreign plans
Equity securities	47.4%	19.4%
Debt securities	23.7%	60.2%
Other	28.9%	20.4%
Total	100.0%	100.0%

(Note) 27.6% of the assets of the domestic plans are available-for-sale securities contributed to the employee retirement benefit trust.

Method of setting the long-term expected return rate

Expected return rate on plan assets is determined by considering the current and anticipated future portfolio of plan assets and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

(8) Basic items for actuarial calculation

Basic items for actuarial calculation are as follows:

	Domestic plans	Foreign plans
Discount rate	0.8%-2.0%	0.9%-5.6%
Expected return rate on plan assets	3.0%	2.0%-6.5%
Expected rate of increase in salary	2.7%	0.0%-2.2%

3. Defined contribution pension plans

The required contributions borne by the Company and its consolidated subsidiaries in relation to the defined contribution pension plans are ¥3,206 million.

Current fiscal year ended December 31, 2025

1. Overview of adopted retirement and pension plans

The Company and some of its domestic consolidated subsidiaries have defined benefit pension plans, such as a cash balance-style pension plan and retirement plans, and defined contribution pension plans. Some foreign consolidated subsidiaries maintain defined benefit pension plans and defined contribution pension plans. The Company has established the employee retirement benefit trust.

2. Defined benefit pension plans (including multiemployer plans)

(1) Reconciliation of beginning and ending balances of defined benefit obligations

	Domestic plans * (Millions of yen)	Foreign plans (Millions of yen)
Defined benefit obligations at beginning of year	76,209	171,672
Service cost	1,919	1,837
Interest cost	612	7,405
Actuarial gains and losses	(11,068)	(2,363)
Benefits paid	(4,762)	(10,772)
Past service cost incurred	—	38
Exchange translation differences	—	12,061
Decrease resulting from exclusion of subsidiaries from consolidation	(50)	—
Other	—	(1,139)
Retirement benefit obligations at end of year	62,859	178,740

(Note) Some of the domestic consolidated subsidiaries have adopted a simplified method for the calculation of retirement benefits.

(2) Reconciliation of beginning and ending balances of plan assets

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Plan assets at beginning of year	148,908	154,849
Expected return on plan assets	3,740	8,508
Actuarial gains and losses	11,870	1,999
Contributions by the employer	283	2,099
Benefits paid	(4,714)	(9,402)
Exchange translation differences	—	9,449
Other	—	(1,205)
Plan assets at end of year	160,087	166,297

(3) Reconciliations of the closing balances of retirement benefit obligations and plan assets, and the net amount of liabilities and assets recognized in the consolidated balance sheet

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Funded defined benefit obligations	62,171	176,018
Plan assets	(160,087)	(166,297)
	(97,915)	9,721
Unfunded defined benefit obligations	688	2,722
Net amount of liabilities and assets recognized in consolidated balance sheet	(97,228)	12,443
Liabilities (net defined benefit liability)	688	30,937
Assets (net defined benefit asset)	(97,915)	(18,494)
Net amount of liabilities and assets recognized in consolidated balance sheet	(97,228)	12,443

(4) Retirement benefit expenses and its breakdowns

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Service cost	1,919	1,837
Interest cost	612	7,405
Expected return on plan assets	(3,740)	(8,508)
Recognition of actuarial gains and losses	(4,042)	1,771
Amortization of past service cost	—	(161)
Retirement benefit expenses concerning defined benefit plans	(5,252)	2,344

(Notes) 1. Other than these retirement benefit expenses, additional retirement payments have been recognized in severance costs in the consolidated statement of income.

2. Other than these retirement benefit expenses, ¥98 million of losses on additional retirement payments have been recognized in “other” in non-operating expense in the consolidated statement of income.

(5) Adjustments related to defined benefit plans

The past service cost and actuarial gains and losses recognized in accumulated other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal year ended December 31, 2025, are as follows:

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Past service cost	—	4
Actuarial gains and losses	18,896	4,479
Total	18,896	4,483

(6) Cumulative adjustments related to defined benefit plans

The unrecognized past service cost and unrecognized actuarial gains and losses recognized in accumulated other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal year ended December 31, 2025, are as follows:

	Domestic plans (Millions of yen)	Foreign plans (Millions of yen)
Unrecognized past service cost	—	1,120
Unrecognized actuarial gains and losses	46,121	(48,682)
Total	46,121	(47,562)

(7) Items related to plan assets

Major components of plan assets

The percentages by major classifications of pension funds in total assets are as follows:

	Domestic plans	Foreign plans
Equity securities	48.7%	17.2%
Debt securities	24.3%	62.8%
Other	27.0%	20.0%
Total	100.0%	100.0%

(Note) 27.8% of the assets of the domestic plans are available-for-sale securities contributed to the employee retirement benefit trust.

Method of setting the long-term expected return rate

Expected return rate on plan assets is determined by considering the current and anticipated future portfolio of plan assets and current and anticipated future long-term performance of individual asset classes that comprise the funds’ asset mix.

(8) Basic items for actuarial calculation

Basic items for actuarial calculation are as follows:

	Domestic plans	Foreign plans
Discount rate	2.7%	1.2%-5.5%
Expected return rate on plan assets	3.0%	2.0%-6.5%
Expected rate of increase in salary	2.7%	0.0%-2.1%

3. Defined contribution pension plans

The required contributions borne by the Company and its consolidated subsidiaries in relation to the defined contribution pension plans are ¥3,546 million.

(Stock Options, etc.)

Not applicable.

## (Tax Effect Accounting)

## 1. Breakdown of the major components of deferred tax assets and liabilities

	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
Deferred tax assets		
Inventories	5,942 million	5,859 million
Property, plant and equipment	7,696	6,938
Intangible assets	6,621	6,782
Research and development costs (Note 1)	4,430	1,363
Allowance for doubtful accounts	1,868	2,062
Provision for bonuses	1,666	1,897
Net defined benefit liabilities	5,449	4,352
Unrealized gain	1,006	883
Net operating loss carryforwards (Note 2)	61,886	68,252
Other	15,764	17,059
Subtotal Deferred tax assets	112,329	115,448
Less: valuation allowance for tax loss carryforwards (Note 2)	(51,024)	(58,646)
Less: valuation allowance for temporary differences (Note 1)	(14,912)	(10,415)
Valuation allowance (Note 3)	(65,936)	(69,061)
Total Deferred tax assets	46,393	46,387
Deferred tax liabilities		
Property, plant and equipment	(16,319)	(17,108)
Intangible assets	(3,469)	(3,537)
Net defined benefit assets	(17,065)	(25,845)
Contribution of securities to employee retirement benefit trust	(846)	(556)
Reserve for tax purpose reduction entry of non-current assets	(1,934)	(1,924)
Valuation difference on available-for-sale securities	(1,778)	(1,860)
Other	(9,295)	(10,007)
Total Deferred tax liabilities	(50,706)	(60,838)
Net deferred tax assets	(4,314)	(14,451)

(Notes) 1. The US tax reform, The One Big Beautiful Bill Act, enacted in 2025 restored immediate deduction of US domestic research and development costs. The remaining deductions for research and development costs incurred and capitalized during 2022 to 2024 are deducted in 2025 due to this legislative change.

2. The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets.

Previous fiscal year as of December 31, 2024

(Millions of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	90	713	274	340	730	59,738	61,886
Valuation allowance	(75)	(713)	(202)	(336)	(495)	(49,203)	(51,024)
Net deferred tax assets	16	—	72	4	235	10,535	(*2)10,861

(\*1) Tax loss carryforwards shown in the above table are after multiplying by the statutory tax rate.

(\*2) Deferred tax assets of ¥10,861 million were recognized for tax loss carryforwards of ¥61,886 million. No valuation allowance is recognized for those tax loss carryforwards since the amount was determined to be recoverable based on not only past taxable income levels, but also temporary differences which may increase future taxable income and expected future taxable income.

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforwards (*3)	103	195	341	572	554	66,487	68,252
Valuation allowance	(103)	(192)	(341)	(488)	(521)	(57,002)	(58,646)
Net deferred tax assets	—	4	—	84	33	9,485	(*4)9,606

(\*3) Tax loss carryforwards shown in the above table are after multiplying by the statutory tax rate.

(\*4) Deferred tax assets of ¥9,606 million were recognized for tax loss carryforwards of ¥68,252 million. No valuation allowance is recognized for those tax loss carryforwards since the amount was determined to be recoverable based on not only past taxable income levels, but also temporary differences which may increase future taxable income and expected future taxable income.

3. The amount deducted from deferred tax assets (valuation allowance) mainly consists of tax loss carryforwards of the Sun Chemical Group.

2. Breakdown of main factors that caused the differences between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting.

	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
Normal effective statutory tax rate	30.6%	30.6%
(Adjustments)		
Valuation allowance change	6.3	1.9
Tax rate differences	(3.1)	(4.9)
Equity in earnings of affiliates	(2.4)	(2.2)
Entertainment and other non-deductible expenses	6.6	4.1
Elimination of intercompany dividends income	23.8	14.0
Dividends income and other non-taxable income	(27.7)	(11.0)
State, provincial, municipal and local taxes	0.7	(0.4)
Tax credit for research and development and others	(0.8)	(1.3)
Adjustments on gains or losses from investments	6.3	(1.0)
Adjustments of deferred tax due to tax rate changes	(0.8)	1.0
Amortization of non-deductible intangible assets	1.1	0.7
Withholding tax on dividends from foreign subsidiaries	2.8	1.7
Other	(2.4)	2.5
Actual effective tax rate after applying tax effect accounting	41.0	35.7

3. Accounting treatment of corporate and local corporate taxes and related tax effect accounting

The Company and its certain domestic consolidated subsidiaries adopted the group tax sharing system. As a result, the accounting treatment and disclosure of corporate and local corporate taxes and tax effect accounting is in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

4. Revision of amount of deferred tax assets and deferred tax liabilities due to changes in the income tax rate

With the enactment of the Act Partially Amending the Income Tax Act, etc. (Act No. 13 of 2025) by Japan’s Diet on March 31, 2025, the Special Defense Corporation Tax will be levied from fiscal years beginning on or after April 1, 2026.

As a result, deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be resolved in or after the fiscal year beginning on or after January 1, 2027, are calculated using a statutory effective tax rate of 31.5%, compared with the previous rate of 30.6%.

Owing to this change, net deferred tax liabilities (deferred tax liabilities minus deferred tax assets) for the fiscal year ended December 31, 2025, increased by ¥686 million, while income taxes–deferred, valuation difference on available-for-sale securities and remeasurements of defined benefits plans decreased by ¥217 million, ¥53 million and ¥415 million, respectively.

(Business Combinations)

Business Divestitures

Transfer of subsidiary equity interests

Effective September 24, 2025, DIC (CHINA) CO., LTD., one of the consolidated subsidiaries of the Company transferred all equity interests on its subsidiaries Qingdao DIC Fine Chemicals Co., Ltd. and Qingdao DIC Liquid Crystal Co., Ltd. to Qingdao Jinjialing Caijin Investment Co., Ltd.

(1) Overview of the business divestiture

(a) Name of the successor entity

Qingdao Jinjialing Caijin Investment Co., Ltd.

(b) Name of the divested company and description of businesses

Name of the divested company: Qingdao DIC Fine Chemicals Co., Ltd., Qingdao DIC Liquid Crystal Co., Ltd.

Business contents: Manufacture and sale of liquid crystal (LC) materials etc.

(c) Main reason for the business divestiture

The Company commenced the production and sale of LCs in 1973. Since then, the Company has worked to grow this business, operating primarily as a supplier of LCs for use in displays. However, the business environment has deteriorated in recent years as a consequence of multiple factors, including intensifying competition with overseas manufacturers. In the DIC Vision 2030 long-term management plan, announced in February 2022, the Company identified thin-film transistor (TFT) LCs, its core LC materials product, as being in need of structural reform and has explored drastic measures to improve the value of the LC materials business.

Despite careful deliberation, the persistently challenging business environment has led the Company to determine that continuing the business would not be feasible, prompting the decision to withdraw.

(d) Date of the business divestiture

September 24, 2025

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

Transfer of equity interests for where the consideration received is only asset, such as cash

(2) Overview of the accounting treatment

(a) Amount of gain or loss on transfer

Gain on sales of shares and investments in capital of subsidiaries and affiliates: ¥3,101 million

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

Current assets	¥ 1,179 million
Non-current assets	788 million
<hr/> Total assets acquired	<hr/> ¥ 1,967 million
Current liabilities	¥ 180 million
<hr/> Total liabilities assumed	<hr/> ¥ 180 million

(c) Accounting treatment

The difference between the book value of Qingdao DIC Fine Chemicals Co., Ltd. and Qingdao DIC Liquid Crystal Co., Ltd. in the consolidated accounts and the transfer value is recognized as a gain on sales of shares and investments in capital of subsidiaries and affiliates.

(3) Reportable segment that included the divested business

Color & Display

(4) Estimated amount of profit and loss related to the divested business reported in the consolidated statement of income for the current fiscal year ended December 31, 2025

Net sales            ¥ — million  
Operating loss    (32) million

(Asset Retirement Obligations)

Omitted for lack of significance.

(Rentals and Other Real Estate Assets)

Omitted for lack of significance.

(Revenue Recognition)

1. Information that provides a basis for disaggregating revenue from contracts with customers

Previous fiscal year ended December 31, 2024

(Millions of yen)

	Reportable segments				Others	Total
	Packaging & Graphic	Color & Display	Functional Products	Subtotal		
Sales to external customers						
Japan	114,650	23,639	131,011	269,299	399	269,698
Overseas	445,458	194,436	161,287	801,182	247	801,429
Total	560,108	218,075	292,298	1,070,481	646	1,071,127

Current fiscal year ended December 31, 2025

(Millions of yen)

	Reportable segments				Others	Total
	Packaging & Graphic	Color & Display	Functional Products	Subtotal		
Sales to external customers						
Japan	111,172	24,618	124,224	260,014	403	260,417
Overseas	438,504	190,575	162,578	791,657	121	791,777
Total	549,677	215,192	286,802	1,051,671	524	1,052,194

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

From the beginning of the fiscal year ended December 31, 2025, we have changed our segment classification. Details are as described in "1. Description of Reportable Segments" under (Segment Information, etc.)

Information that provides a basis for disaggregating revenue from contracts with customers for the fiscal year ended December 31, 2024, has been prepared and disclosed based on the revised measurement method.

2. Information that provides a basis for understanding revenue from contracts with customers

Basic information for understanding revenue from contracts with customers is described in "(5) Revenue and expense recognition standards" within "4. Accounting Policies" in "[Notes] (Basis of Preparation of Consolidated Financial Statements)."

3. Information that provides an understanding the amount of revenue in the fiscal year ended December 31, 2025, and in subsequent fiscal years

(1) Receivables from contracts with customers and contract liabilities

(Millions of yen)

	FY2024	FY2025
Receivables from contracts with customers (beginning balance)	225,148	229,744
Receivables from contracts with customers (ending balance)	229,744	231,445
Contract liabilities (beginning balance)	649	560
Contract liabilities (ending balance)	560	610

Contract liabilities relate primarily to advances received from customers prior to the delivery of goods or services. The contract liabilities are reversed upon recognition of revenue.

Within the opening balance of contract liabilities as of January 1, 2025, the amount recognized as revenue for the fiscal year ended December 31, 2025, was immaterial. Revenue recognized in the fiscal years ended December 31, 2024, and 2025, in relation to performance obligations satisfied (or partially satisfied) in preceding fiscal years was immaterial. There were no significant changes in the balance of contract assets or the balance of contract liabilities.

(2) Transaction prices allocated to remaining performance obligations

Since there are no significant contracts with an initially expected contract period exceeding one year, the Group has applied the practical expedient method and transaction prices allocated to remaining performance obligations are omitted. There are no material considerations arising from contracts with customers that are not included in transaction amounts.

(Segment Information, etc.)

[Segment Information]

1. Description of Reportable Segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to evaluate their performance and determine the allocation of management resources.

The Group has five product divisions, namely “Printing Materials,” “Packaging Materials,” “Color Materials,” “Performance Materials” and “Composite Materials,” and “Chemitronics Business Division”, and each division conducts its business.

The divisions are aggregated into three reportable segments, namely “Packaging & Graphic,” “Color & Display,” and “Functional Products,” based on the similarity of the products and services.

“Packaging & Graphic” mainly consists of gravure inks, offset inks, news inks, jet inks and polystyrene. “Color & Display” mainly consists of pigments, liquid crystal materials and health foods. “Functional Products” mainly consists of synthetic resins, such as acrylic, polyurethane, epoxy resins, PPS compounds and industrial adhesive tapes.

From the beginning of the fiscal year ended December 31, 2025, certain segments of a consolidated subsidiary previously included in “Packaging & Graphic” segment were recategorized into “Functional Products” segment in accordance with a partial review of management classifications within the Group. In addition, certain expenses and assets previously included in “Corporate expenses” and “Corporate assets” that did not belong to any reportable segment were recategorized into “Packaging & Graphic” segment and “Functional Products” segment.

Segment information for the fiscal year ended December 31, 2024 has been prepared and disclosed based on the revised measurement method.

2. Method of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in “Basis of Preparation of Consolidated Financial Statements.”

Segment profits are based on operating income.

Intersegment sales and transfers are mainly based on market price or cost of goods manufactured.

3. Information about sales, profit (loss), assets, liabilities and other items

Previous fiscal year ended December 31, 2024

(Millions of yen)

	Reportable segments				Others	Total
	Packaging & Graphics	Color & Display	Functional Products	Total		
Net sales:						
Sales to external customers	560,108	218,075	292,298	1,070,481	646	1,071,127
Intersegment sales and transfers	—	38,886	3,665	42,552	—	42,552
Total	560,108	256,961	295,964	1,113,033	646	1,113,679
Segment profit (loss)	31,628	(268)	21,406	52,766	341	53,107
Segment assets	501,766	299,139	369,181	1,170,085	58,895	1,228,981
Others:						
Depreciation and amortization	18,300	17,034	16,030	51,364	497	51,861
Amortization of goodwill	181	65	929	1,175	—	1,175
Investments in equity-method affiliates	8,689	13,324	28,217	50,230	—	50,230
Increase in property, plant and equipment and intangible assets	16,666	8,238	19,366	44,271	140	44,410

(Millions of yen)

	Reportable segments				Others	Total
	Packaging & Graphics	Color & Display	Functional Products	Total		
Net sales:						
Sales to external customers	549,677	215,192	286,802	1,051,671	524	1,052,194
Intersegment sales and transfers	—	32,280	4,049	36,329	—	36,329
Total	549,677	247,473	290,850	1,088,000	524	1,088,523
Segment profit	31,076	4,991	23,107	59,174	254	59,428
Segment assets	533,167	297,448	389,314	1,219,929	72,907	1,292,836
Others:						
Depreciation and amortization	17,204	18,517	16,784	52,504	424	52,928
Amortization of goodwill	151	65	913	1,129	—	1,129
Investments in equity-method affiliates	9,054	17,725	26,874	53,653	—	53,653
Increase in property, plant and equipment and intangible assets	18,567	9,326	12,299	40,191	28	40,219

4. Differences between Total reportable segments and amounts reported in the consolidated financial statements, and the breakdown of the main factors underlying these differences (notes on adjusting for differences)

(Millions of yen)

Net sales	Previous fiscal year ended December 31, 2024	Current fiscal year ended December 31, 2025
Total reportable segments	1,113,033	1,088,000
Sales in "Others"	646	524
Elimination of intersegment transactions	(42,552)	(36,329)
Net sales reported in the consolidated financial statements	1,071,127	1,052,194

(Millions of yen)

Profit	Previous fiscal year ended December 31, 2024	Current fiscal year ended December 31, 2025
Total reportable segments	52,766	59,174
Profit in "Others"	341	254
Corporate expenses	(8,587)	(7,235)
Operating income reported in the consolidated financial statements	44,521	52,192

(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.

(Millions of yen)

Assets	Previous fiscal year as of December 31, 2024	Current fiscal year as of December 31, 2025
Total reportable segments	1,170,085	1,219,929
Assets in "Others"	58,895	72,907
Elimination of intersegment assets	(48,519)	(53,534)
Corporate assets	45,971	34,790
Total assets reported in the consolidated financial statements	1,226,433	1,274,091

(Note) Corporate assets mainly consist of assets of the DIC Central Research Laboratories and Kawamura Memorial DIC Museum of Art, which are not included in any reportable segment.

(Millions of yen)

Other items	Total reportable segments		Other		Adjustment		Amount recognized in the consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation and amortization	51,364	52,504	497	424	895	908	52,756	53,837
Amortization of goodwill	1,175	1,129	—	—	—	—	1,175	1,129
Investments in equity-method affiliates	50,230	53,653	—	—	—	—	50,230	53,653
Increase in property, plant and equipment and intangible assets	44,271	40,191	140	28	852	551	45,263	40,769

(Notes) Adjustments are as follows:

1. The adjustments for depreciation and amortization are mainly depreciation and amortization related to the DIC Central Research Laboratories that cannot be allocated to any reportable segment.
2. The adjustments for increases in property, plant and equipment and intangible assets are mainly capital investments of the DIC Central Research Laboratories that cannot be allocated to any reportable segment.

[Related Information]

Previous fiscal year ended December 31, 2024

1. Information by product and service

Since similar information is disclosed in the segment information, the description is omitted.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	United States	China	Others	Total
269,698	158,510	111,552	531,368	1,071,127

(Note) Net sales are based on customer location and are classified by country.

(2) Property, plant and equipment

(Millions of yen)

Japan	United States	China	Germany	Others	Total
109,086	68,393	34,482	34,712	117,468	364,141

3. Information by major customer

Not applicable because there is no single customer who accounts for more than 10% of net sales shown in the consolidated statement of income.

Current fiscal year ended December 31, 2025

1. Information by product and service

Since similar information is disclosed in the segment information, the description is omitted.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	United States	China	Others	Total
260,417	155,630	114,608	521,539	1,052,194

(Note) Net sales are based on customer location and are classified by country.

(2) Property, plant and equipment

(Millions of yen)

Japan	United States	China	Germany	Others	Total
105,377	67,097	37,526	37,255	123,839	371,094

(Changes in presentation)

China and Germany, which had been included in “Others” for the year ended December 31, 2024, are presented separately for the year ended December 31, 2025, because the corresponding amount exceeded 10% of Total property, plant and equipment on the Consolidated Financial Statements for the year ended December 31, 2025.

To reflect this change in presentation, ¥34,482 million yen attributable to China, ¥34,712 million yen attributable to Germany, and ¥117,468 million yen attributable to Others for the year ended December 31, 2024, which had been previously included in “Others,” were reclassified and presented separately.

### 3. Information by major customer

Not applicable because there is no single customer who accounts for more than 10% of net sales shown in the consolidated statement of income.

#### [Information About Impairment Losses on Non-current Assets by Reportable Segment]

Previous fiscal year ended December 31, 2024

(Millions of yen)

	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Total
Impairment losses	112	63	19	—	—	194

Current fiscal year ended December 31, 2025

(Millions of yen)

	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Total
Impairment losses	39	754	240	157	68	1,259

(Note) Corporate and eliminations consist of impairment losses for corporate assets, which are not included in any reportable segment.

#### [Information About Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Previous fiscal year ended December 31, 2024

(Millions of yen)

	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Total
Amortization for the year	181	65	929	—	—	1,175
Balance at the end of the year	1,926	1,077	14,392	—	—	17,394

(Note) From the beginning of the fiscal year ended December 31, 2025, due to a partial review of management classifications within the Group, the above table has been reclassified to reflect those changes.

Current fiscal year ended December 31, 2025

(Millions of yen)

	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Total
Amortization for the year	151	65	913	—	—	1,129
Balance at the end of the year	2,022	1,011	14,107	—	—	17,140

## (Related Parties)

## 1. Related-Party Transactions

## (1) Transactions between the Company Submitting Consolidated Financial Statements and Related Parties

Directors, Corporate Auditors, Major Individual Stockholders and Others of the Company Submitting Consolidated Financial Statements

Previous fiscal year ended December 31, 2024

Type of related party	Name	Location	Capital or investment (Millions of yen)	Principal business	Ownership of voting rights	Relation with related parties	Contents of transactions	Amount of transaction (Millions of yen)	Account	Balance at year-end (Millions of yen)
Companies where directors and their close relatives own a majority of voting rights, etc. (including subsidiaries of said companies, etc.) (Note 1)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 2)	1,944	Security deposit	1,203
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 3)	548	Electronically recorded obligations, accounts payable - trade, and accounts payable - other	201
							Sales of merchandise and finished goods and offering of services (Note 4)	56	Electronically recorded monetary claims and accounts receivable - trade	21
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 5)	7,728	Electronically recorded obligations, accounts payable - trade, and accounts payable - other	3,714
							Sales of merchandise and finished goods and offering of services (Note 4)	4,355	Accounts receivable - trade and accounts receivable - other	1,083
	SHANGHAI NISSIN TRADING CO., LTD.	Shanghai, PRC	US \$200 thousand	Sale, import and export of petrochemical-related products	—	Sales of merchandise and finished goods	Sales of merchandise and finished goods (Note 4)	55	Accounts receivable - trade	17

## Policy for Determining Terms and Conditions

## (Notes)

1. Yoshihisa Kawamura, a director of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd. SHANGHAI NISSIN TRADING CO., LTD. is fully owned by Nissin Trading Co., Ltd.
2. “Rental of buildings and others” is determined based on an arm’s-length transaction in the neighboring area.
3. “Purchase of metallic containers and others” is determined based on an arm’s-length transaction.
4. Sales of merchandise and finished goods and offering of services are determined on an arm’s-length transaction.
5. “Purchase of raw materials and others” is determined based on an arm’s-length transaction.

Directors, Corporate Auditors, Major Individual Stockholders and Others of important subsidiaries of the Company Submitting Consolidated Financial Statements

Current fiscal year ended December 31, 2025

Type of related party	Name	Location	Capital or investment (Millions of yen)	Principal business	Ownership of voting rights	Relation with related parties	Contents of transactions	Amount of transaction (Millions of yen)	Account	Balance at year-end (Millions of yen)
Companies where directors of important subsidiaries of the Company and their close relatives own a majority of voting rights, etc. (including subsidiaries of said companies, etc.) (Note 1)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 2)	1,952	Security deposit	1,181
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 3)	560	Electronically recorded obligations, accounts payable - trade, and accounts payable - other	161
							Sales of merchandise and finished goods and offering of services (Note 4)	68	Electronically recorded monetary claims, accounts receivable - trade, and accounts receivable - other	21
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 5)	6,245	Electronically recorded obligations, accounts payable - trade, and accounts payable - other	2,962
							Sales of merchandise and finished goods and offering of services (Note 4)	5,044	Accounts receivable - trade and accounts receivable - other	2,113
	SHANGHAI NISSIN TRADING CO., LTD.	Shanghai, PRC	US \$200 thousand	Sale, import and export of petrochemical-related products	—	Sales of merchandise and finished goods	Sales of merchandise and finished goods (Note 4)	72	Accounts receivable - trade	24

Policy for Determining Terms and Conditions

(Notes)

1. Yoshihisa Kawamura, a director of the Company, resigned as a director of the Company on March 27, 2025. However, as he has served as a director of an important subsidiary of the Company, related-party transactions continue to be disclosed. Yoshihisa Kawamura, a director of an important subsidiary of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd. SHANGHAI NISSIN TRADING CO., LTD. is fully owned by Nissin Trading Co., Ltd.
2. “Rental of buildings and others” is determined based on an arm’s-length transaction in the neighboring area.
3. “Purchase of metallic containers and others” is determined based on an arm’s-length transaction.

4. Sales of merchandise and finished goods and offering of services are determined on an arm's-length transaction.

5. "Purchase of raw materials and others" is determined based on an arm's-length transaction.

(2) Transactions between consolidated subsidiaries of the Company submitting the consolidated financial statements and related parties

Directors, Corporate Auditors, Major Individual Stockholders and Others of the Company Submitting Consolidated Financial Statements

Previous fiscal year ended December 31, 2024

Type of related party	Name	Location	Capital or investment (Millions of yen)	Principal business	Ownership of voting rights	Relation with related parties	Contents of transactions	Amount of transaction (Millions of yen)	Account	Balance at year-end (Millions of yen)
Companies where directors and their close relatives own a majority of voting rights, etc. (including subsidiaries of said companies, etc.) (Note 1)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 2)	12	Security deposit	7
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 3)	852	Electronically recorded obligations, accounts payable - trade, and accounts payable - other	367
							Sales of merchandise and finished goods and offering of services (Note 4)	64	Electronically recorded monetary claims and accounts receivable - trade	29
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 5)	1,309	Accounts payable - trade and accounts payable - other	237
							Sales of merchandise and finished goods and offering of services (Note 4)	755	Accounts receivable - trade	290
	SHANGHAI NISSIN TRADING CO., LTD.	Shanghai, PRC	US \$200 thousand	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 5)	502	Accounts payable - trade	125
							Sales of merchandise and finished goods and offering of services (Note 4)	136	Accounts receivable - trade and accounts receivable - other	31

## Policy for Determining Terms and Conditions

(Notes)

1. Yoshihisa Kawamura, a director of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd. SHANGHAI NISSIN TRADING CO., LTD. is fully owned by Nissin Trading Co., Ltd.
2. “Rental of buildings and others” is determined based on an arm’s-length transaction in the neighboring area.
3. “Purchase of metallic containers and others” is determined based on an arm’s-length transaction.
4. “Sales of merchandise and finished goods and offering of services” are determined on an arm’s-length transaction.
5. “Purchase of raw materials and others” is determined based on an arm’s-length transaction.

Directors, Corporate Auditors, Major Individual Stockholders and Others of important subsidiaries of the Company Submitting Consolidated Financial Statements  
Current fiscal year ended December 31, 2025

Type of related party	Name	Location	Capital or investment (Millions of yen)	Principal business	Ownership of voting rights	Relation with related parties	Contents of transactions	Amount of transaction (Millions of yen)	Account	Balance at year-end (Millions of yen)
Companies where directors of important subsidiaries of the Company and their close relatives own a majority of voting rights, etc. (including subsidiaries of said companies, etc.) (Note 1)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 2)	12	Security deposit	7
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 3)	889	Electronically recorded obligations, accounts payable - trade, and accounts payable - other	381
							Sales of merchandise and finished goods and offering of services (Note 4)	53	Electronically recorded monetary claims and accounts receivable - trade	24
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 5)	898	Accounts payable - trade and accounts payable - other	145
							Sales of merchandise and finished goods and offering of services (Note 4)	778	Accounts receivable - trade	275
	SHANGHAI NISSIN TRADING CO., LTD.	Shanghai, PRC	US \$200 thousand	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 5)	364	Accounts payable - trade	66
							Sales of merchandise and finished goods and offering of services (Note 4)	173	Accounts receivable - trade and accounts receivable - other	44

## Policy for Determining Terms and Conditions

(Notes)

1. Yoshihisa Kawamura, a director of the Company, resigned as a director of the Company on March 27, 2025. However, as he has served as a director of an important subsidiary of the Company, related-party transactions continue to be disclosed. Yoshihisa Kawamura, a director of an important subsidiary of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd. SHANGHAI NISSIN TRADING CO., LTD. is fully owned by Nissin Trading Co., Ltd.
2. “Rental of buildings and others” is determined based on an arm’s-length transaction in the neighboring area. The ownership of the property for this transaction is held by Unifive Co., Ltd., whose representative director is a relative of Yoshihisa Kawamura.
3. “Purchase of metallic containers and others” is determined based on an arm’s-length transaction.
4. “Sales of merchandise and finished goods and offering of services” are determined on an arm’s-length transaction.
5. “Purchase of raw materials and others” is determined based on an arm’s-length transaction.

## 2. Notes on the Parent Company and Significant Affiliates

Not applicable.

## (Per Share Information)

	Previous consolidated fiscal year (From January 1, 2024, to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025, to December 31, 2025)
Shareholder's equity per share	4,239.67 yen	4,973.39 yen
Earnings per share	225.11 yen	341.71 yen

(Notes) 1. Diluted earnings per share are not stated because there are no diluted shares.

2. The Company introduced the Board Benefit Trust (BBT), and the shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the number of shares issued as of the balance sheet date used for the calculation of shareholder's equity per share includes the number of shares held by the trust. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings per share includes the number of shares held by the trust.

The amount of treasury shares excluded from the calculation of shareholder's equity per share was 277,400 shares at the end of the previous consolidated fiscal year and 277,400 shares at the end of the current consolidated fiscal year. In addition, the average number of treasury shares excluded from the calculation of earnings per share was 282,438 shares at the end of the previous fiscal year and 277,400 shares at the end of the current fiscal year.

3. The basis for the calculation of earnings per share is as follows:

	Previous consolidated fiscal year (From January 1, 2024, to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025, to December 31, 2025)
Net income attributable to owners of the parent (Millions of yen)	21,313	32,353
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of the parent of common stock (Millions of yen)	21,313	32,353
Average number of shares of common stock during the period (1000 shares)	94,678	94,681

4. The basis for calculation of equity per share is as follows:

	Previous consolidated fiscal year (From January 1, 2024, to December 31, 2024)	Current consolidated fiscal year (From January 1, 2025, to December 31, 2025)
Net assets (Millions of yen)	420,615	490,844
Amount to be excluded from the total amount of net assets (Millions of yen)	19,194	19,963
(Non-controlling interests)	(19,194)	(19,963)
Net assets at the end of the period for common stock (Millions of yen)	401,420	470,881
Number of common shares used in the calculation of shareholder's equity per share at the end of the period (1000 shares)	94,682	94,680

(Significant Subsequent Events)

Not applicable.

⑤ Consolidated Supplementary Schedules

[Schedule of Bonds Payable]

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the ending of current fiscal year (Millions of yen)	Due within one year (Millions of yen)	Interest rate	Collateral	Maturity
(Note 1)	37th unsecured bonds	September 18, 2015	10,000	—	—	1.00%	None	September 18, 2025
(Note 1)	38th unsecured bonds	July 12, 2016	5,000	5,000	—	0.95%	None	July 11, 2036
(Note 1)	39th unsecured bonds	September 15, 2016	5,000	5,000	5,000	0.36%	None	September 15, 2026
(Note 1)	40th unsecured bonds	April 21, 2017	10,000	10,000	—	0.42%	None	April 21, 2027
(Note 1)	44th unsecured bonds	October 25, 2019	10,000	10,000	—	0.28%	None	October 25, 2029
(Note 1)	47th unsecured bonds	September 22, 2021	10,000	10,000	—	0.13%	None	March 19, 2027
(Note 1)	48th unsecured bonds	September 22, 2021	15,000	15,000	—	0.23%	None	September 21, 2028
(Note 1)	49th unsecured bonds	September 22, 2021	15,000	15,000	—	0.30%	None	September 22, 2031
(Note 1)	50th unsecured bonds	April 20, 2023	15,000	15,000	—	0.57%	None	April 20, 2028
(Note 1)	51st unsecured bonds	April 16, 2024	15,000	15,000	—	0.80%	None	April 16, 2029
—	Total	—	110,000	100,000	5,000	—	—	—

(Notes) 1. DIC Corporation

2. The redemption schedule within five years after the consolidated closing date is as follows:

Within 1 year (Millions of yen)	More than 1 year to 2 years (Millions of yen)	More than 2 years to 3 years (Millions of yen)	More than 3 years to 4 years (Millions of yen)	More than 4 years to 5 years (Millions of yen)
5,000	20,000	30,000	25,000	—

[Schedule of Loans]

Category	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the ending of current fiscal year (Millions of yen)	Average interest rate	Payment due
Short-term loans payable	26,732	6,663	5.44%	—
Current portion of long-term loans payable	54,521	119,584	1.49%	—
Long-term loans payable (excluding current portion of long-term loans payable)	277,617	198,909		2027 to 2037
Current portion of lease liabilities	5,161	5,113	—	—
Lease liabilities (excluding current portion of lease liabilities)	10,301	13,004		2027 to 2067
Other interest-bearing liabilities Commercial paper due within one year	—	15,000	0.53%	—
Total	374,333	358,273	—	—

(Notes) 1. Average interest rate is calculated based on the average balance of borrowings during the period.

2. Average interest rate of lease liabilities is not stated because certain consolidated subsidiaries record lease liabilities in the consolidated balance sheet at the amount before adjusting for interest included in total lease payments.

3. Repayment schedule of long-term loans payable and lease liabilities (excluding current portion) within five years after the closing date is as follows:

	More than 1 year to 2 years (Millions of yen)	More than 2 years to 3 years (Millions of yen)	More than 3 years to 4 years (Millions of yen)	More than 4 years to 5 years (Millions of yen)
Long-term loans payable	45,898	37,636	25,108	45,108
Lease liabilities	3,945	3,002	1,893	1,020

[Asset Retirement Obligations Schedule]

The amount of asset retirement obligations at the beginning of the current fiscal year and the end of the current fiscal year is less than 1/100th of the total amount of liabilities and net assets at the beginning of the current fiscal year and the end of the current fiscal year, respectively. This statement has been omitted pursuant to Article 92-2 of the Ordinance on Consolidated Financial Statements.

(2) Other Information

Interim financial information for current fiscal year ended December 31, 2025

	Interim fiscal period	Current fiscal year
Net sales (Millions of yen)	523,244	1,052,194
Income before income taxes (Millions of yen)	20,799	51,634
Net income attributable to owners of parent (Millions of yen)	13,091	32,353
Earnings per share (Yen)	138.27	341.71

(Notes)

The Company introduced the Board Benefit Trust (BBT), and the shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings per share includes the number of shares held by the trust.

VI. Stock-Related Administration for the Company

Business year	From January 1 to December 31
Annual general meeting of shareholders	During March
Record date	December 31
Record date of dividends	June 30 and December 31
Number of shares per unit	100 shares
Purchase and sales of shares less than one unit	
Handling office	(Special Account) Mitsubishi UFJ Trust and Banking Corporation Stock Agency Department 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent	(Special Account) Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forward office	—
Purchasing fee	The amount separately specified as the amount equivalent to fees pertaining to entrustment of sales and purchase of shares.
Method of public notice	It will be an electronic public notice. <a href="https://www.dic-global.com/ja/">https://www.dic-global.com/ja/</a> However, if the public notice cannot be made by electronic public notice due to an accident or other unavoidable reasons, it will be published in The Nikkei.
Special benefits for shareholders	Not applicable.

(Note) Pursuant to the provisions of the Articles of Incorporation of the Company, shareholders who hold shares less than one unit may not, with respect to their shares less than one unit, exercise rights other than the following rights:

- (1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act
- (2) The right to make a request under Article 166, Paragraph 1 of the Companies Act
- (3) The right to receive the allotment of shares for subscription and the allotment of share options for subscription in proportion to the number of shares held by shareholders

## VII. Reference Information of the Company

### 1. Information on the Parent Company

The Company has no parent company.

### 2. Other Reference Information

The following documents were filed during the period from the commencing date of current fiscal year ended December 31, 2025, to the filing date of the Annual Securities Report.

(1) Annual Securities Report and Documents Attached and Confirmation Letter Business term 127th (From January 1, 2024, to December 31, 2024)	March 27, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
(2) Management's Report on Internal Control and Documents Attached	March 27, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
(3) Extraordinary Report Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs (Results of Execution of Voting Rights at the General Meeting of Shareholders)	March 28, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
(4) Shelf Registration Statement (Share certificates, Bonds, etc.) and Documents Attached	March 28, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
(5) Semiannual Report and Confirmation Letter First Half of the Business term 128th (From January 1, 2025, to June 30, 2025)	August 8, 2025 Filed with the Director-General of the Kanto Local Finance Bureau

### Part 2 Information on Guarantors, etc., for the Company

Not applicable.

**INDEPENDENT AUDITOR'S REPORT**

March 19, 2026

To the Board of Directors of  
DIC Corporation:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Takaya Otake

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Designated Engagement Partner,  
Certified Public Accountant:

Yuichi Asai

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**<Audit of Consolidated Financial Statements>**

*Opinion*

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of DIC Corporation and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from January 1, 2025 to December 31, 2025, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill and other non-current assets related to the group of cash-generating units, including Innovation DIC Chimitroniques Inc.	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As described in the Note to Accounting Estimates 3. Valuation of Goodwill and Other Non-Current Assets Related to the Group of Cash-Generating Units, including Innovation DIC Chimitroniques Inc. ("IDC"), property, plant and equipment of ¥371,094 million and intangible assets of ¥62,140 million in the consolidated financial statements of the Group as of December 31, 2025, included property, plant and equipment of ¥9,382 million, intangible assets of ¥2,674 million and goodwill of ¥5,747 million related to the group of cash-generating units including IDC ("IDC Group"), respectively.</p> <p>If goodwill recorded as a result of the acquisition of IDC, when grouped into a larger unit of asset group related to the business to which goodwill is allocated, shows an indication of impairment, the sum of estimated future cash flows from the larger unit including goodwill, are compared with the carrying value including goodwill, to determine the necessity of recognizing an impairment loss. The determination of whether there is any indication that goodwill and other non-current assets might be impaired is made primarily based on whether it continuously operates at a loss or generates negative cash flows from operating activities, or if there is a significant change in the extent or method of use of the assets which significantly reduces the recoverable amount etc.</p> <p>As set forth in the DIC Vision 2030 long-term management business plan, the Group is engaged in the development of photoresist polymers for use in semiconductor photolithography with the aim of contributing to an increasingly digital society. The Group is confident that the combination of IDC's outstanding production technologies and know-how with the Group's synthesis technologies will enhance its ability to respond to the needs of the semiconductor industry, which continues to be driven by technological progress, thus further contributing to digital innovation.</p> <p>In the fiscal year ended December 31, 2025, IDC's net sales expanded at a slower pace than had been expected at the time of the acquisition, owing to a delay in the recovery of the markets for semiconductor photoresist materials and to inventory adjustments by key customers, which impeded its entry into target markets. As a result, because the IDC's operating results have fallen short of the business plan at the time of the acquisition and because it has continued to report operating losses, the Group has determined that there is an indication of impairment of goodwill and other non-current assets.</p>	<p>To test the valuation of goodwill and other non-current assets related to IDC Group, we performed the following audit procedures, among others:</p> <p>(1) Evaluation of internal controls</p> <p>We evaluated the design and operating effectiveness of internal controls over the valuation of goodwill and other non-current assets. We focused on the control that evaluated the reasonableness of the assumption used, specifically, the estimation of the future sales volume.</p> <p>(2) Evaluation of the reasonableness of the management judgment regarding impairment recognition</p> <ul style="list-style-type: none"> <li>• In order to understand the group of cash-generating units to which goodwill related to IDC Group was allocated, and changes in the business environment and the future business plan of the group of cash-generating units since the acquisition date, etc., we inquired of management.</li> <li>• We evaluated whether the undiscounted future cash flows were estimated based on the future business plan approved by management.</li> <li>• In order to evaluate the reliability of management's estimates, we compared actual results with historical business plans (budgets), performed a trend analysis of historical performance and compared an estimated growth rate within the future business plan with an expected market growth rate. We evaluated the appropriateness of the changes to the future business plan in light of the current fiscal year operation, and identified significant assumptions used. We performed the following audit procedures for the increase in sales volume estimated in light of the market environment, which was identified as significant assumptions:</li> <li>• We evaluated the reasonableness of the sales growth rate used in future business plan by comparing demand forecasts received from IDC's key customers with the future business plan. Additionally, we assessed the feasibility of the sales forecast used in future business plan by comparing it with available external data published by third parties such as market forecasts.</li> </ul>

<p>The Group revised the future business plan based on the progress of the business plan that was used as the basis for valuation at the time of acquisition. Having evaluated goodwill and other non-current assets based on the revised business plan, because the sum of undiscounted future cash flow was assessed to be greater than its carrying value of goodwill and other non-current assets related to IDC Group, the Group determined that there was no need to recognize an impairment loss in the fiscal year ended December 31, 2025. The Group expected to increase sales volume bolstered by demand recovery from key customers propelled by a recovery in related semiconductor markets, as well as by the successful commercialization of products that leverage IDC's refining technologies and the DIC corporation's customer base. However, it is subject to uncertainties as it includes the management significant assumption and estimation.</p> <p>Goodwill and other non-current assets related to IDC Group are quantitatively material. Specifically, developing the future business plan used in the impairment test largely involves a high degree of subjectivity and judgments made by management, such as related market trends. There is a potential risk that the Group's financial position and future financial performance may not be properly presented if the reasonable assumptions are not used for the estimate appropriately. Therefore, we identified it as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We inspected evidence of providing samples to IDC's customers and discussion material with IDC's customers increase in sales volume associated with the commercialization of products. We assessed the feasibility of the increase in sales volume by comparing them with sales volume in the future business plan.</li> </ul>
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Valuation of goodwill and other non-current assets related to the group of cash-generating units, including Guangdong DIC TOD Resins Co., Ltd.	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As described in the Note to Accounting Estimates 2. Valuation of Goodwill and Other Non-Current Assets Related to the Group of Cash-Generating Units, including Guangdong DIC TOD Resins Co., Ltd. ("Guangdong TOD"), property, plant and equipment of ¥317,094 million, intangible assets of ¥62,140 million and investments and other assets of ¥213,307 million in the consolidated financial statements of the Group as of December 31, 2025, included property, plant and equipment of ¥12,769 million, intangible assets of ¥4,579 million, investments and other assets of ¥293 million and goodwill of ¥7,364 million related to the group of cash-generating units, including Guangdong DIC TOD Resins Co., Ltd. ("TOD Group"), respectively.</p> <p>Goodwill related to TOD Group is allocated to a group of cash-generating units that are expected to benefit from synergies arising from business combination and is tested for impairment on an annual basis. Based on the goodwill impairment test, because the recoverable amount of TOD Group was assessed to be greater than its carrying value, management determined that it was not necessary to recognize an impairment loss on the unamortized balance of goodwill and other non-current assets in the fiscal year ended December 31, 2025.</p>	<p>To test the valuation of goodwill and other non-current assets related to TOD Group, we performed the following audit procedures, among others:</p> <p>(1) Evaluation of internal controls</p> <p>We evaluated the design and operating effectiveness of internal controls over the valuation of goodwill and other non-current assets. We focused on the control that evaluated the reasonableness of the assumption used, specifically, the estimation of the future sales volume.</p> <p>(2) Evaluation of the reasonableness of the estimate of the recoverable amount</p> <ul style="list-style-type: none"> <li>• In order to understand the group of cash-generating units to which the goodwill related to TOD Group was allocated and changes in the business environment and the future business plan of the group of cash-generating units since the acquisition date, we inquired of management.</li> </ul>

<p>With the completion of a new facility of Guangdong TOD in the prior fiscal year, the Group anticipated that it would expand its production capacity and market waterborne resins that respond quickly to environmental regulations in People's Republic of China by integrating the Group's resin synthesis technology with its production capacity, a wide range of sales network, and applied technology. However, the shift in market demand from oil-based to waterborne resin products has been slower than expected when the Group acquired Guangdong TOD, and price competition with other manufacturers has started. The expansion of sales of waterborne resins has lagged behind expectations at the time of the acquisition. The Group expected to increase sales volume of the waterborne resins by utilizing its expanded production capacity due to the economic growth in People's Republic of China and to increase sales volume of the industrial resins by utilizing its production capacity with the promotion of the industrial resins that respond to the growing demand for domestic products due to soaring prices for imported raw materials. However, it is subject to uncertainties as it includes the management estimation.</p> <p>The recoverable amount of a group of cash-generating units is primarily determined by discounting its estimated future cash flows to present value. The estimated future cash flows are based on the future business plan, which includes an expected sales growth rate considering the market conditions, and the determination of a discount rate and a long-term growth rate requires valuation expertise.</p> <p>Goodwill and other non-current assets related to TOD Group are quantitatively material. Specifically, developing the future business plan used in the impairment test and the calculation of the recoverable amount largely involves a high degree of subjectivity and judgments made by management, such as related market trends. There is a potential risk that the Group's financial position and future financial performance may not be properly presented if the methodologies and reasonable assumptions used for the estimate of the recoverable amount underlying the valuation are inappropriate. Therefore, we identified it as a key audit matter.</p>	<ul style="list-style-type: none"><li>• In order to evaluate the reliability of management's estimates, we compared actual results with historical business plans (budgets) and the estimated growth rate within the future business plan with the expected market growth rate. We evaluated the appropriateness of the changes in the future business plan in light of the current fiscal year operation and identified significant assumptions. We performed the following audit procedures for the sales plan of waterborne resin products and industrial resin products, which were identified as significant assumptions:<ul style="list-style-type: none"><li>• We inquired of management about the relevance to shifting from oil-based resin products to waterborne resin products and evaluated the reasonableness of the planned increase rate in sales by comparing it with available external data published by third party.</li><li>• We inspected the meeting minutes with potential customers and evidence of providing samples to potential customers and evaluated the reasonableness of the expected sales volume of industrial resin products.</li></ul></li><li>• We evaluated the consistency of the estimated future cash flows with the future business plan approved by management.</li><li>• We evaluated the reasonableness of the valuation methodologies used in calculating the recoverable amount with the assistance of our valuation specialists. Additionally, we evaluated the reasonableness of the input information used in the determination of the discount rate and assessed the appropriateness of the long-term growth rate used in estimating the future cash flows for the business plan period onwards by comparing it with external data published by third parties.</li></ul>
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*Other Information*

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

( TRANSLATION )

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### <Audit of Internal Control>

#### *Opinion*

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of DIC Corporation as of December 31, 2025.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of DIC Corporation as of December 31, 2025, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

#### *Basis for Opinion*

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control*

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

#### *Auditor's Responsibilities for the Internal Control Audit*

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

( TRANSLATION )

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Plan and perform the internal control audit to obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and review of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

**<Fee-Related Information>**

Fees for audit and other services for the year ended December 31, 2025, which were charged by us and our network firms to DIC Corporation are disclosed in IV. Information on the Company 4. Corporate Governance (3) Audits of the Annual Securities Report.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

[Cover]

[Document filed]	Confirmation Letter
[Applicable law]	Article 24-4-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing date]	March 23, 2026
[Company name]	DIC Kabushiki-Kaisha
[Company name in English]	DIC Corporation
[Name and title of chief executive officer]	Takashi Ikeda, Representative Director, President and Group CEO
[Name and title of chief financial officer]	Takeshi Asai, Director, Senior Managing Executive Officer, Group CFO and Head of Finance and Accounting Unit
[Registered address]	35-58, Sakashita 3-chome, Itabashi-ku, Tokyo, Japan
[Locations where records are available for public inspection]	Corporate headquarters, DIC Corporation (7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan) Osaka Branch, DIC Corporation (5-19, Kyutaro-machi 3-chome, Chuo-ku, Osaka, Japan) Nagoya Branch, DIC Corporation (7-15, Nishiki 3-chome, Naka-ku, Nagoya, Japan) Tokyo Stock Exchange (2-1, Nihonbashi Kabuto cho, Chuo-ku, Tokyo, Japan)

1. Appropriateness of Statements in the Annual Securities Report

Takashi Ikeda, Representative Director, President and Group CEO and Takeshi Asai, Director, Senior Managing Executive Officer, Group CFO and Head of Finance and Accounting Unit, confirmed that the contents of our company's annual securities report for the 128th Business Term (from January 1, 2025 to December 31, 2025) were stated appropriately in accordance with the Financial Instruments and Exchange Act and Related Regulations.

2. Special Notes

Not applicable.

[Cover]

Document filed	Management's Report on Internal Control
Applicable law	Article 24-4 -4, paragraph 1 of the Financial Instruments and Exchange Act of Japan
Filed with	Director, Kanto Local Finance Bureau
Filing date	March 23, 2026
Company name	DIC Kabushiki-Kaisha
Company name in English	DIC Corporation
Name and title of chief executive officer	Takashi Ikeda, Representative Director, President and Group CEO
Name and title of chief financial officer	Takeshi Asai, Director, Senior Managing Executive Officer, Group CFO and Head of Finance and Accounting Unit
Registered address	35-58, Sakashita 3-chome, Itabashi-ku, Tokyo, Japan
Locations where records are available for public inspection	Corporate headquarters, DIC Corporation (7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan) Osaka Branch, DIC Corporation (5-19, Kyutaro-machi 3-chome, Chuo-ku, Osaka, Japan) Nagoya Branch, DIC Corporation (7-15, Nishiki 3-chome, Naka-ku, Nagoya, Japan) Tokyo Stock Exchange (2-1, Nihonbashi Kabuto cho, Chuo-ku, Tokyo, Japan)

#### 1. Matters relating to basic framework for internal controls over financial reporting

Takashi Ikeda, Representative Director, President and Group CEO, and Takeshi Asai, Director, Senior Managing Executive Officer, Group CFO and Head of Finance and Accounting Unit, are responsible for designing and operating effective internal controls over the Company's financial reporting and have done so in accordance with the basic framework for internal controls over financial reporting set forth in the Business Accounting Council's paper titled "On the Setting of Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control over Financial Reporting (Council Opinions)."

The purpose of internal controls is to achieve the objectives thereof to a reasonable extent through the organic combination and functioning of such controls' basic individual elements. Accordingly, there is a possibility that internal controls over financial reporting may not completely prevent or detect misstatements.

#### 2. Matters relating to assessment scope, date, and procedures

The assessment of internal controls over financial reporting was performed as of December 31, 2025, which is the final day of the fiscal year. This assessment was conducted in accordance with relevant standards generally accepted in Japan.

The Company began this process by evaluating internal controls seen as possibly having a material impact on its overall consolidated financial reporting ("company-level controls"), the results of which were used to select business processes for assessment. The Company then analyzed these business processes to identify key controls likely to materially impact the reliability of its financial reporting and assessed the design and operation thereof. This enabled the Company to accurately assess the effectiveness of these internal controls.

The Company determined the necessary scope of its assessment of internal controls over financial reporting from the perspective of the materiality of potential impact, that is, the degree to which such controls may affect the reliability of its own financial reporting, as well as that of its consolidated subsidiaries and equity-method affiliates. Materiality was established by taking into account both qualitative and quantitative impact and the likelihood of occurrence. Based on the results of its assessment of company-level controls, the Company rationally determined the scope of evaluation for process-level controls. Those consolidated subsidiaries and equity-method affiliates deemed to have an insignificant impact on the reliability of financial reporting were not included in the scope of assessment of company-level internal controls.

Regarding the indicators used to determine the scope of its assessment of process-level controls, because it has operations in multiple areas, including printing inks, organic pigments and synthetic resins, the Company determined that the consolidated net sales of a site are an appropriate gauge of its scale and thus an appropriate indicator for evaluating the site's importance. Moreover, given the favorable assessment of its company-level internal controls, the Company selected significant sites based on the monetary significance of net sales, accounts receivable-trade, accounts payable-trade, inventories and property, plant and equipment. Sites and business processes long seen as outside the scope of assessment were included based on the presence or absence of material weakness which should be disclosed. As a consequence, the scope of the Company's assessment encompassed sites accounting for approximately two-thirds of consolidated net sales in the previous fiscal year. For sites not included in the scope of its assessment, the Company has confirmed that the qualitative and/or quantitative impact, as well as the likelihood of occurrence, is insignificant.

The assessment at significant sites encompassed business processes relevant to net sales, accounts receivable-trade, accounts payable-trade, inventories and property, plant and equipment, all of which have a significant bearing on the achievement of corporate objectives. In addition, regardless of the selection of significant sites, certain business processes associated with a high likelihood of leading to material misstatement and/or key accounts involving estimates and forecasts, including those related to the valuation of goodwill and property, plant and equipment and the recoverability of deferred tax assets, were also identified as being highly material and were included in the scope of assessment.

#### 3. Results of the Assessment

Based on the above assessment, the Company concluded that as of December 31, 2025, the Company's internal controls over financial reporting were effective.

#### 4 Supplementary Notes

Not applicable.

#### 5 Special Notes

Not applicable.