



Color & Comfort

DIC Corporation

Long-Term Management Plan

February 21, 2022

Presentation

Ino: Good morning, everyone. I am Kaoru Ino, President and CEO. Thank you very much for taking time out of your busy schedule to join us today the presentation of our long-term management plan, DIC Vision 2030.

A Message from the President

Our New Vision

The danger to our planet posed by global climate change has clarified our 10-year goals. There's widespread consensus on achieving carbon neutrality as a global solution with a clock.

Moreover, the global COVID-19 pandemic has created a new normal that we expect to significantly accelerate the transition to a digital society.

Considering this grand paradigm shift, the DIC Group must now balance maximizing our financial profits with maximizing our social significance. Given these new imperatives, we must share our motivations with our stakeholders externally and promote purpose-driven management internally.

Thus, the DIC Group has redefined our Vision Statement to better express our purpose.

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

DIC Vision 2030 Basic Policy & Goals

To realize our redefined Vision, we have devised a new long-term management plan, DIC Vision 2030, as our basic policy to deliver greater social benefits that enhance shareholder value and build long-term corporate value.

Looking ahead to 2030, DIC must think long-term, focusing on five priority business areas to establish our business portfolio to achieve sustainable prosperity, by contributing to the creation of a society that is Green, Digital, and emphasizes Quality of Life (QOL).

Securing Sustainable Prosperity

In 2021, the DIC Group successfully acquired BASF's global pigments business, further enhancing Group profits, our diverse human resources, and our global network. Leveraging these strengths, we seek to further strengthen our global management and promote the establishment of a business portfolio that does not depend solely on ink products, as well as carbon neutrality initiatives unique to DIC, maturing as a "global company trusted by society."



Kaoru Ino, Representative Director, President and CEO TOP MESSAGE

As stated in the top message, the world has begun to move toward sustainability as a global solution with the introduction of the time-based perspective of carbon neutrality. We also recognize that if we do not take the opportunity of COVID-19 to proactively respond to the new normal or the transition to a digital society, our corporate competitiveness will be affected and influenced.

Faced with such a major paradigm shift, we have made the decision to revise our previous three-year plan and steer toward a long-term management plan that aims for enhancing a long-term corporate value with a greater awareness of sustainability and the new normal.

We have recently revised our management vision as we reexamine the meaning of our existence. We are committed to maximizing the social significance of our company through our unique Purpose as our company's cause, and we will not only recognize it as our mission, but also share it with our employees and many other stakeholders in order to aspire to a Purpose driven management.

Against this background, the basic policy for the formulation of this long-term plan is to pursue social benefits that encompass shareholder interests. DIC's unique contribution to society is in the areas of Green, Digital, and Quality of Life, and we have established five priority business areas to execute our basic strategy from a long-term perspective.

There are two goals to aim for. The first is to build a business portfolio that contributes to the sustainable prosperity of society, and the second is to contribute to the realization of sustainability for the global environment and society. There are two basic strategies that we have developed along this line. The first is to focus management resources on the five key business areas, and the second is to expand sustainable products and businesses that contribute to the circular economy.

In order to implement this basic strategy, we have set forth five specific measures to be taken. The first is to strengthen human capital management. This is from the perspective of being purpose-driven, improving engagement, and strengthening the organizational capabilities associated with it.

The second is the implementation of strategic investments. This is from the perspective of accelerating portfolio transformation through upfront investment. The third is from the perspective of expanding our technology platform and speeding up new business. The fourth is to strengthen our global management system. This is from the perspective of maximizing global profits and diversifying management personnel.

Lastly, we will promote IT and DX. This is from the perspective of making prior gains through business operations in the new era, including computational science.

By implementing the above basic policies, basic strategies, and specific measures, we aim to achieve the following financial figures in 2030: net sales of over JPY1.3 trillion operating income of over JPY120 billion, operating margin of 9.2%, and ROIC of over 8%.

As for KPIs, in addition to the existing ones, we would like to focus on ROIC from the perspective of implementing our basic strategy of investing management resources and making strategic investments.

This will be followed by a detailed explanation from Asai of the Corporate Strategy Unit. That's all from me.

Nakagawa: Next, Asai, Head of Corporate Strategy Unit, will explain the Long-Term Management Plan. Mr. Asai, please.

Asai: Good morning. I am Asai from the Corporate Strategy Unit. I would like to explain about our next long-term management plan, DIC Vision 2030.

As explained by President Ino at the beginning of this presentation, we had previously announced a three-year mid-term plan. However, this time, instead of the mid-term plan, we are presenting a long-term plan. The background is as explained by the President.

DIC Vision 2030 Basic Policy

■ DIC Vision 2030 Basic Policy Enhances Corporate Value under Our New Vision

Our Redefined Vision Statement

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

We have redefined our Vision to express our goals to deliver greater value through broader innovation, improving the human condition and promoting sustainability for a brighter future.



DIC Vision 2030 Basic Policy

Safely Delivering Color & Comfort for Sustainable Prosperity To Enhance Shareholder Value and Long-Term Corporate Value

—Establishing a business portfolio beyond ink products and carbon neutrality initiatives—

Now, please turn to page four.

As Ino mentioned earlier, we have newly revised our management vision. As you can see, our new management vision is "We improve the human condition by safely delivering color and comfort for sustainable prosperity -Color & Comfort."

In the past, our management vision was to propose "Color and Comfort by Chemistry." This time, the word "Chemistry" was taken from it. In English, the words, "by Chemistry," have been removed from the phrase, "Color and Comfort by Chemistry." This does not mean that we will stop using chemistry, but rather that we will further evolve our strategy to provide a wider range of value beyond the field of chemistry. This is why the word "Chemistry" has been omitted.

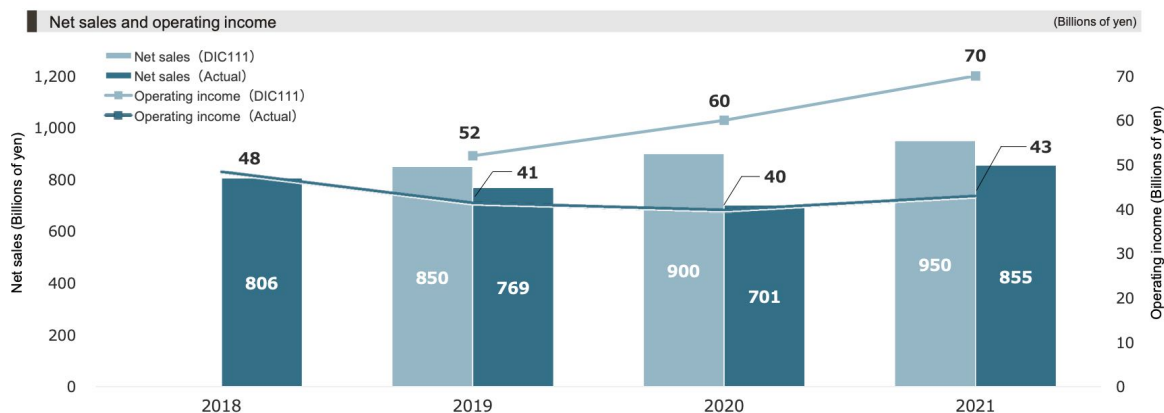
Based on this new management vision, we have set a target year of 2030 and have created a long-term plan called DIC Vision 2030. The basic policy of the project is as shown below.

Through the provision of evolved Color and Comfort value, we will pursue social benefits that encompass shareholder interests and aim to enhance our corporate value over the long term.

In this area, as Ino mentioned earlier, I think the new point of this long-term plan will be pursuing social benefits that encompass shareholder interests.

In the previous mid-term plan, we positioned our business in terms of both social value and economic value. This time, we have decided to take it a step further by including shareholder interests in the social benefits, and we feel it is necessary to aim for carbon neutrality and sustainability, which is what is being called for in today's society.

DIC111 in Review



Challenges

- Clarify ideal business portfolio and promote portfolio transformation with the aim of achieving sustainable growth
- Swiftly realize synergies with the global pigments business acquired from BASF
- Create new businesses with the potential to become mainstays through New Pillar Creation
- Implement further structural reforms (publication inks, thin-film transistor liquid crystals (TFT LCs))

The following is a brief summary of DIC111. Please see page seven.

Last year, in the final year of the previous mid-term plan, we had planned for net sales of JPY950 billion and operating income of JPY70 billion, but we regret to report that net sales were JPY855.4 billion and operating income was JPY42.9 billion, a significant deviation.

In 2019, which was the first year of the mid-term plan, the tariff problem between the US and China occurred, and from 2020 onwards, the external environment was extremely severe due to the impact of COVID-19. Under such circumstances, we have been working on what we needed to work on. However, we were not able to achieve the figures in the previous mid-term plan, and we are going to try again in this long-term plan.

DIC111 in Review

Strategic investments: M&As and other active initiatives aimed at future growth



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9

Please see page nine.

In the previous medium-term management plan, we set a strategic investment limit of JPY250 billion, and as you can see, we have been focusing on M&A activities.

As you can see on the upper left, we have made steady investments in the acquisition of BASF's Colors and Effects business, and as you can see on the lower right, the Adhesive business of SAPICI in Italy, which was announced in January. We will make steady investments and link the effects of these M&As to the realization of our long-term plan, which will start this fiscal year, especially in Phase 1 of the long-term plan.

In addition, investments in start-ups/capital ties shown in the upper right frame have been also key points in the previous mid-term plan. During the previous mid-term plan, we have also been actively investing in venture capital, etc., in addition to conventional M&A, in order to link this to the new businesses and pillars that we have identified in this long-term plan.

DIC in the Future

1 Build a business portfolio that contributes to sustainable prosperity for society

- Promote business portfolio transformation by expanding businesses in growth markets and creating new businesses to build a business portfolio that does not depend on ink
- Expand selection of sustainable products* with the aim of contributing to a society that is increasingly green, digital and emphasizes QOL and of enhancing corporate value

*For more information on sustainable products, please see pages 27 and 37.

Target Increase sustainable products as a percentage of net sales to **60% by FY2030** (FY2020: 40%)

Contribute to a society that is increasingly

<p>Green</p> <ul style="list-style-type: none"> Achieve carbon neutrality Realize a circular economy 	<p>Digital</p> <ul style="list-style-type: none"> Propel the evolution of information and communications Drive the evolution of CASE (Connected, Autonomous, Shared and Electric) vehicles and Mobility as a Service (MaaS) Promote the development of AI and IoT technologies 	<p>QOL</p> <ul style="list-style-type: none"> Deliver safety, peace of mind and convenience Prolong healthy life expectancy Embrace diverse values
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2 Help achieve sustainability for the global environment and for society

- Advance sustainability strategies to help realize a carbon-neutral society

Target Reduce annual CO₂ emissions by **50% by FY2030**

DIC NET ZERO 2050

The DIC Group aims to achieve carbon neutrality—net zero CO₂ emissions—by FY2050 and will seek to reduce CO₂ emissions by 50% from the FY2013 level by FY2030.

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11

Next, I would like to explain the key points of the long-term management plan. Please see page 11.

These are the two major targets that we are aiming for in DIC Vision 2030.

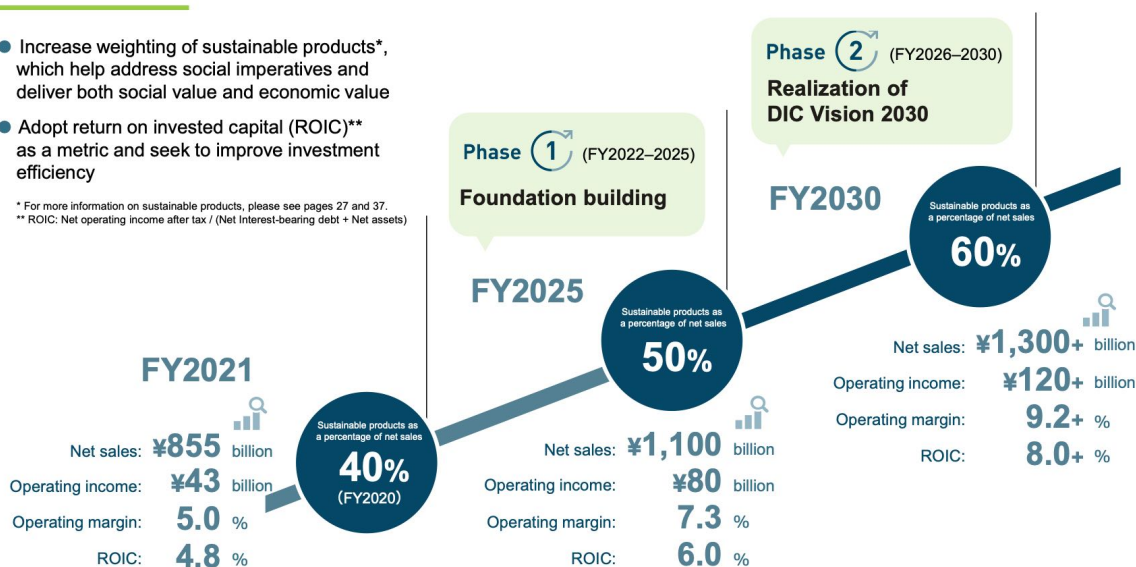
On the left side, we are considering establishing a business portfolio that contributes to the sustainable prosperity of society and does not depend on ink products as we have done so far. Our goal is to increase the percentage of sales of sustainable products, as defined by our company, to 60% by 2030, compared to 40% in 2020.

On the right side is the second, the realization of a carbon-neutral society by contributing to the sustainability of the global environment and society. As we have already announced, we aim to reduce CO₂ emissions by 50% from the 2013 level in 2030, and to achieve net zero carbon emissions in 2050.

DIC in the Future

- Increase weighting of sustainable products*, which help address social imperatives and deliver both social value and economic value
- Adopt return on invested capital (ROIC)** as a metric and seek to improve investment efficiency

* For more information on sustainable products, please see pages 27 and 37.
 ** ROIC: Net operating income after tax / (Net Interest-bearing debt + Net assets)



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12

Please continue on to page 12. These are the main financial targets.

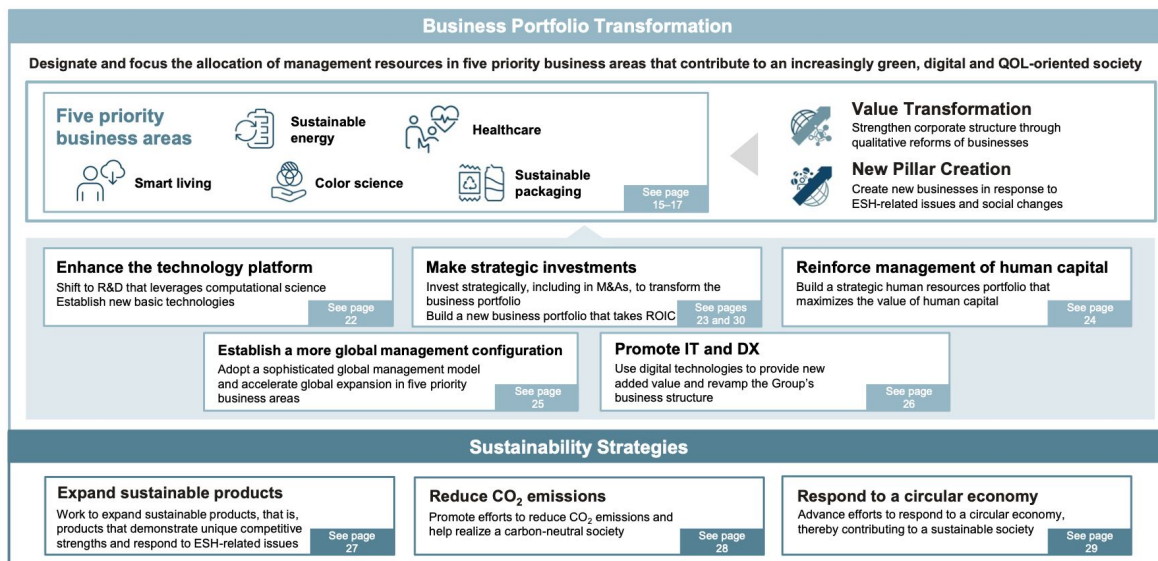
We aim to achieve net sales of over JPY1.3 trillion, operating income of over JPY120 billion, operating margin of over 9.2%, and ROIC of over 8% by 2030. The sustainable product ratio I mentioned earlier is 60%.

We have divided this long-term plan until 2030 into two phases.

The year 2025 has been set as a milestone, and up to this point, we have been working on Phase I, which is to create the foundation for the realization of our vision. Our targets for 2025 are net sales of JPY1.1 trillion and operating income of JPY80 billion, with an operating margin of 7.3% and ROIC of 6%.

After this year, the remaining five years from 2026 to 2030 will be positioned as Phase II, and we will work on it.

Basic Strategies



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14

Please continue on to page 14.

The basic strategy of DIC Vision 2030 is as explained by Ino. This is already the whole picture.

We have two strategies. The first is to transform our business portfolio, which is shown in the upper part of this page. We will be focusing on five key business areas. In implementing this plan, we will continue to follow the principles of Value Transformation and New Pillar Creation that we mentioned in the previous medium-term management plan.

There are five measures that we will take to transform our business portfolio toward the five new business domains that we have welcomed into this area. In addition to the strengthening of human capital management as mentioned above, we will work on five other measures.

The second basic strategy is the sustainability strategy, which is shown at the bottom of the page. As I have said before, we will expand the use of sustainable products, reduce CO₂ emissions, and promote circular economy.

Business Portfolio Transformation

■ Identify and concentrate allocation of management resources in five priority business areas in which DIC can make important contributions by leveraging its competitive strengths

- Based on market growth potential and degree of impact on society, identify five priority business areas at the intersection of ESH-related issues and DIC's competitive strengths
 - ▶ Sustainable energy ▶ Healthcare ▶ Smart living ▶ Color science ▶ Sustainable packaging
- Establish inorganic materials design and biomaterials design technologies as new basic technologies that will support efforts in the Sustainable energy and Healthcare fields; create new value by integrating these with existing basic technologies

Next-generation/ growth businesses	<ul style="list-style-type: none"> • Step up intensive investment in New Pillar Creation • Demonstrate strengths in highly promising markets 	Sustainable energy	Healthcare	Smart living
Businesses with stable earnings bases	<ul style="list-style-type: none"> • Shift to growth areas by capitalizing on existing business infrastructure • Reinforce earnings bases by transforming business models 	Color science	Sustainable packaging	
Businesses in need of structural reform	<ul style="list-style-type: none"> • Maximize profitability by improving efficiency 	Publication inks	TFT LCs	

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15

Next, please turn to page 15.

We have identified five priority areas and focused our management resources on them. The positioning of these areas is shown in the table below and is divided into three levels.

We are considering Sustainable Energy and Healthcare as the next-generation and growth business fields at the top of the list. We are planning to invest more in this area in the future to build it into a new business pillar.

The second is the businesses with stable earnings bases in the middle, which consists of two areas: Color Science and Sustainable Packaging.

While building on existing businesses, we will further promote growth through Value Transformation, generate more cash here, and allocate part of that cash to next-generation growth businesses.

One more thing: the Smart Living field spans two domains. This means that we will continue to generate cash as a stable business while at the same time engaging in the next generation.

In addition, we will establish new inorganic materials design technology and biomaterials design technology as fundamental technologies to promote our business in these five areas. We will aggressively invest accordingly.

The Structural Reform business at the bottom of the layer does not fall into any of the five areas and is not our target area for the future, but as long as we continue to generate cash, we will seek to improve efficiency in our businesses, and we have clearly defined the Publication Inks and TFT LCs businesses.

Business Portfolio Transformation: Breakdown of Operating Income by Five Priority Business Areas

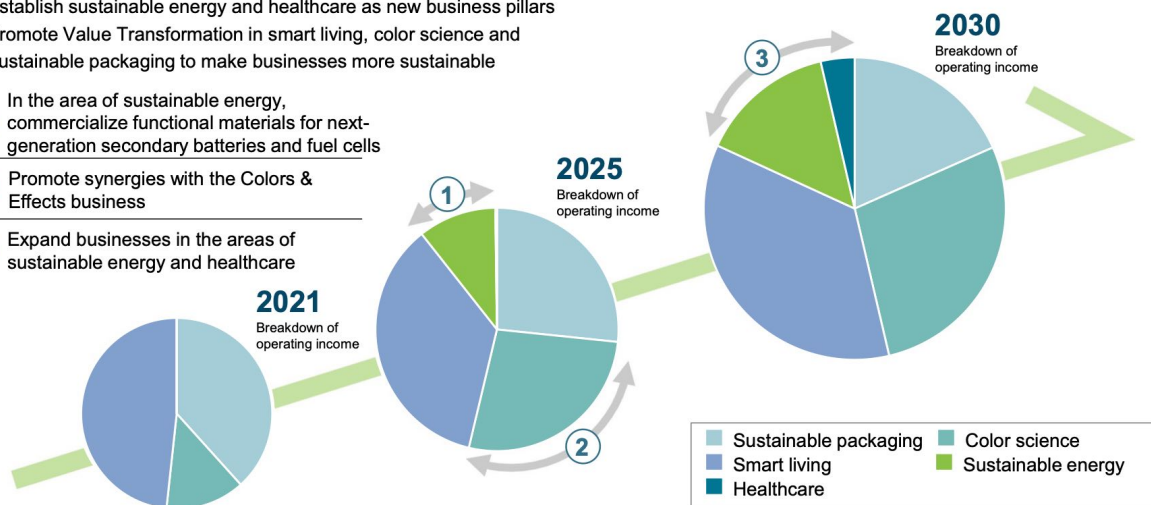
■ Build a business portfolio that contributes to sustainable prosperity for society through new businesses creation

- Establish sustainable energy and healthcare as new business pillars
- Promote Value Transformation in smart living, color science and sustainable packaging to make businesses more sustainable

① In the area of sustainable energy, commercialize functional materials for next-generation secondary batteries and fuel cells

② Promote synergies with the Colors & Effects business

③ Expand businesses in the areas of sustainable energy and healthcare



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17

Next, please look at page 17. This is a pie chart of operating income that shows the composition of the five business areas I just mentioned and in what proportion they will be conducted by 2030.

On the far left is the year 2021 and the current status.






The current situation consists of three areas: Sustainable Packaging, Color Science, and Smart Living. In year 2025, we will make a reasonable profit in the Sustainable Energy field, as described in the first item, mainly by commercializing functional materials for next-generation secondary batteries.

The second is to double our position in the Color Science field by realizing synergies with Colors and Effects, which we acquired, as I mentioned earlier in the financial results presentation.

In the next phase, Phase II, we will further expand the Sustainable Energy field as mentioned in the first section, and at the same time, we will make sure to monetize the new Healthcare field by 2030.

Make Strategic Investments

■ Budget ¥230 billion for strategic investments aimed at driving business portfolio transformation

Priority business area	Objective of strategic investments
Sustainable energy 	<ul style="list-style-type: none"> ● Commercialize materials for secondary batteries and fuel cells ● Expand lineup of functional inorganic fillers
Healthcare 	<ul style="list-style-type: none"> ● Expand lineup of materials for nutritional supplements and cosmetics
Smart living 	<ul style="list-style-type: none"> ● Augment selection of functional materials for digital applications ● Establish portfolio of bio-based materials ● Market environment-friendly products in global markets ● Expand coating resins business in promising markets
Color science 	<ul style="list-style-type: none"> ● Bolster functional pigments business ● Increase portfolio of naturally derived pigments
Sustainable packaging 	<ul style="list-style-type: none"> ● Build a recycling system ● Augment selection of functional packaging

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23

Please continue with page 23. This is the strategic investment that I mentioned earlier as one of the measures to implement the five areas.

In Phase 1 of this long-term plan, which runs through 2025, we have set a strategic investment limit of JPY230 billion.

We have five priority areas, and for each of them, we would like to invest in strategic investment targets, mainly through M&As.

Reinforce Management of Human Capital

■ Build a strategic human resources portfolio that maximizes the value of human capital

- Evolve as an organization comprising individuals who share the same aspirational raison d'être and are committed to creating social value
- Build a personnel management platform to underpin three strategic priorities
- Invest in human resources to help employees be more engaged, effective and productive
- Employ data-driven management methods to enhance visibility and improve effectiveness



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24

Please continue on to page 24. This is also one of the measures we are taking to transform our portfolio into five business domains: Reinforce Management of Human Capital.

In order to maximize the value of this human capital, we intend to build a strategic human resources portfolio. In order to improve labor productivity through investment in human resources, we have set three priority measures, which we will work on.

Sustainability Strategies: Expand Sustainable Products

- Use proprietary indicators to define “sustainable products” based on whether they demonstrate unique competitive strengths and contribute to the resolution of social imperatives (See page 37)
- Expand weighting of sustainable products in priority business areas to help address ESH-related issues
- Increase sustainable products to 60% of net sales by fiscal year 2030 (fiscal year 2020: 40%)

The society to which DIC seeks to contribute	Value provided by DIC Products	Sustainable product examples
 <p>Green</p> <ul style="list-style-type: none"> ● Achieve carbon neutrality ● Realize a circular economy 	<ul style="list-style-type: none"> ● Contain renewable materials ● Lower energy use, improve insulation and reduce weight ● Address the issue of marine plastics ● Can be recycled ● Reduce waste ● Prolong product life 	 Sustainable energy <ul style="list-style-type: none"> • Materials for next-generation secondary batteries and fuel cells • functional inorganic fillers  Sustainable packaging <ul style="list-style-type: none"> • Materials with outstanding barrier properties • Biomass packaging  Color science <ul style="list-style-type: none"> • Biomass pigments • Functional pigments for heat-blocking coatings 
 <p>Digital</p> <ul style="list-style-type: none"> ● Propel the evolution of information and communications ● Drive the evolution of CASE vehicles and MaaS ● Promote the development of AI and IoT technologies 	<ul style="list-style-type: none"> ● Contribute to high-capacity, high-speed communications ● Support the Internet of Things (IoT) 	 Smart living <ul style="list-style-type: none"> • Materials for 5G/6G-enabled devices • Resins for next-generation semiconductors  Color science <ul style="list-style-type: none"> • Functional pigments for LiDAR signal coatings 
 <p>QOL</p> <ul style="list-style-type: none"> ● Deliver safety, peace of mind and convenience ● Prolong healthy life expectancy ● Embrace diverse values 	<ul style="list-style-type: none"> ● Contribute to health and comfort ● Help reduce food loss ● Reduce emissions of volatile organic compounds (VOCs) and enhance safety 	 Healthcare <ul style="list-style-type: none"> • High-performance nutritional products • Natural skin-care materials  Color science <ul style="list-style-type: none"> • Natural colorants for cosmetics 

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27

Please continue on to page 27.

In our sustainability strategy, we are going to increase the percentage of sustainable products from 40% in 2020 to 60% in 2030, and I have explained here how we view sustainable products.

We defined three societies that we would like to contribute to in 2030 -- a green society, a digital society, and a quality of life society -- and define sustainable products based on what kind of value we can provide to these societies and how we can contribute to society using our technologies. We show some examples of the products on the right.

Therefore, in this long-term management plan, we are planning to further expand the range of sustainable products, or to introduce new products to the market.

Cash Flow Management

- **Balance active investments to achieve the goals of DIC Vision 2030 with the need to maintain a sound financial position and stable shareholder returns**

- Allocate a total of ¥300 billion to strategic investments and investments in infrastructure building over four years (FY2022–2025)

Policies for strategic investments and investments in infrastructure building		
Strategic investments	¥230 billion	Actively advance investments necessary to ensure growth and fund business portfolio transformation
Investments in infrastructure building	¥70 billion	Investments that contribute to sustainability (including through the reduction of CO ₂ emissions) as well as investments to enhance the technology platform and promote IT/DX, among others

- Shareholder returns: Payout ratio of 30% (pay dividends that are in keeping with income growth, in line with a commitment to ensuring stable returns to shareholders)
- Financial health: Debt-to-equity (D/E) ratio of at least 1.0 times (support growth by maintaining financing prowess and ability to manage risk)
- Investment efficiency: ROIC in the area of 6.0% in fiscal year 2025 and 8.0%-plus in fiscal year 2030 (adopt ROIC as a metric; promote management that emphasizes investment efficiency)

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30

Please continue on to page 30. This is cash flow management.

In addition to the strategic investments mentioned earlier, we will make another investment in infrastructure over the next four years until 2025.

This investment in infrastructure, in addition to the M&A mentioned earlier, will require a variety of investments to reduce CO₂ emissions in the future. We are considering a total of JPY70 billion, including investments to improve the efficiency of utilities, production-related investments, investments to build a new technology platform, and investments related to IT and DX, which we have been continuing for some time.

With regard to shareholder returns, we would like to maintain the existing dividend payout ratio of 30%, and based on stable dividends, we would like to continue to provide shareholder returns in line with profit growth. In addition to this investment, we also want to maintain a stable financial strength, and our target is to raise funds to a level that does not exceed 1.0 times, according to the newly released D/E ratio, and to make the strategic and fundamental investments mentioned above, which will lead to future growth.

As for investment efficiency, we have identified ROIC as a new KPI. We would like to achieve 6% in 2025 and over 8% plus in 2030. We aim higher figure which is over 8% in 2030. Incidentally, the current ROIC calculation does not yet factor in asset compression and other factors associated with the sale of businesses, etc., so we would like to consider promoting such initiatives to improve ROIC in the future.

Consolidated Results Targets (Fiscal Years 2022–2025)

(Billions of yen)	2021 Actual	2022 Targets	2025 Targets	Change from 2021
Net sales	855.4	950	1,100	+29%
Operating income	42.9	54	80	+37.1
Operating margin	5.0%	5.7%	7.3%	+2.3pt
Net income attributable to owners of the parent	4.4	28	45	+40.6
EBITDA*	69	88	137	+68
ROIC	4.8%	5.2%	6.0%	+1.2pt
D/E ratio** (D/C ratio)***	1.0 (47.6%)	1.0 (48.7%)	Less than 1 times (Less than 50%)	—

* EBITDA = Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization
 ** D/E ratio = Interest-bearing debt / Shareholders' equity
 *** D/C ratio (Debt-to-capital) = Interest-bearing debt / (Interest-bearing debt + Net assets)

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32

Please refer to page 32. This is a financial plan.

In terms of operating income, we are looking at JPY80 billion for 2025, an operating margin of 7.3%, and an EBITDA of JPY137 billion. We have set a target of 6% ROIC and D/E ratio of 1.0 times or less for 2025.

Segment Results Targets (Fiscal Years 2022–2025)

(Billions of yen)

Row: Upper: Net sales Middle: Operating income Lower: Operating margin	2021 Actual	2022 Targets	2025 Targets	Change from 2021
Packaging & Graphic	439.8 21.6 4.9%	480 24 5.0%	510 27 5.3%	+16% +5.4 +0.4pt
Color & Display	167.2 4.0 2.4%	220 16 7.3%	260 21 8.1%	+56% +17.0 +5.7pt
Functional Products	283.3 26.2 9.2%	300 25 8.3%	350 31 8.9%	+24% +4.8 △0.3pt
New Business Development Headquarters	— — —	— — —	33 10 30.3%	— — —

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33

Next, please see page 33. These are the planned figures for each segment in the current business division.

This time, we have set five areas in our long-term plan, but although these are five targets, we will not have five organizations, but rather the three existing business divisions plus new businesses.

The figures for 2025 are as you can see. The key point by 2025 will be the new business management, which is expected to generate JPY10 billion in operating income. I think this will be a major point.

Regional Results Targets (Fiscal Years 2022–2025)

(Billions of yen)

Row: Upper: Net sales Lower: Operating income	Regional strategies	2021 Actual	2022 Targets	2025 Targets
Japan*	<ul style="list-style-type: none"> • Create new businesses that respond to ESH-related issues and social changes • Develop next-generation sustainable products • Rightsize mature businesses 	343.4	347.2	410.0
		20.2	18.7	29.0
Asia–Pacific region	<ul style="list-style-type: none"> • Secure organic growth by developing regional standard products • Build in growth by expanding product bases in South Asia 	88.8	97.0	126.0
		5.4	5.2	7.5
China region	<ul style="list-style-type: none"> • Build in growth by expanding locations through M&As • Expand sales of sustainable products • Respond to increasingly tight environmental regulations 	80.8	94.5	124.0
		7.3	7.2	10.5
Americas and Europe	<ul style="list-style-type: none"> • Realize synergies with the Colors & Effects business • Evolve into a provider of packaging solutions • Leverage Sun Chemical's production and sales network to establish a new pillar of operations in the Americas and Europe to join printing inks and pigments 	401.8	500.2	532.0
		10.0	23.0	33.0

*Subsidiary companies not in above regions are included in Japan.

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34

Next, please see page 34. Here are the planned values for the same period up to 2025, by region.

We are seeing growth in Japan, Asia-Pacific, China, the Americas, and Europe. As for the regional strategy, I think it will be the points that I have presented there.

This concludes my explanation of DIC's long-term management plan, DIC Vision 2030. Thank you very much.

Question & Answer

Nakagawa [M]: We will now begin the question-and-answer session.

Now let us begin the session. First, Questioner 1, please.

Questioner 1 [Q]: In your latest long-term business plan, you mentioned that you will create JPY10 billion in profit by new business development. It's a pretty big number, so I'm wondering what it means.

The structural reforms that you barely mentioned, publication inks and TFT LCs, could you comment on these areas as well? Please.



Business Group Strategies

New Business Development Headquarters

New priority business areas

 Sustainable energy

 Healthcare

Basic strategies

- Create businesses that reflect the dynamics of socioeconomic systems, including those for distributed energy and packaging materials recycling
- Accelerate the creation of new businesses by actively using corporate venture capital (CVC) and M&As to secure new technologies

Net sales and operating income targets for fiscal year 2025

Net sales

¥33 billion

Operating income

¥10 billion

Principal measures

- ▶ **Electronics**
 - Expand sales of silver seed film developed to reduce transmission loss in high-band communications
 - Bolster sales of flexible wireless sensors (*Hatte Totte*®)
- ▶ **Automotive**
 - Commercialize materials for next-generation secondary batteries and fuel cells that support the move to clean energy-powered automobiles
 - Develop new inorganic fillers and expand sales of existing offerings for use in automotive electronics and carbon fiber-reinforced plastic (CFRP) materials that help reduce vehicle weight
- ▶ **Next-generation packaging**
 - Realize the practical implementation of materials recycling for flexible packaging films and commercialize recycled plastics
 - Develop and launch high-performance barrier films
- ▶ **Healthcare**
 - Boost sales of nutritional supplements (docosahexaenoic acid (DHA), next generation omega-3 fatty acids), develop and launch high-performance materials
 - Expand portfolio of biomaterials, including natural colorants and skin-care materials

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21

Asai [A]: OK, I, Asai, would like to answer your question.

First, here is the breakdown of the JPY10 billion increase in operating income planned for the new business. As you can see on the screen now, the new realization of the projects in the main measures. I can't tell you the amount one by one, but in the Automotive field, it says materials for next-generation secondary batteries and materials for fuel cells. In this area, we are working to achieve a certain level of performance by 2025.

As for the first item in the Electronics field, silver shield film, which I think we have already talked about externally, is a low-dielectric film, and we are thinking of making it a part of this 10-billion-yen project.

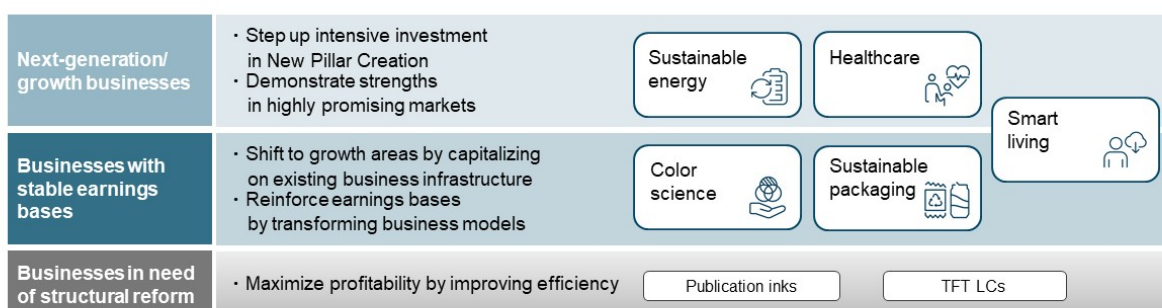
Further down, there is a flexible wireless environmental sensor, *Hatte-Totte*®. We have announced this to the public since March last year, and we are now in the process of expanding this to a certain scale.

In the Automotive business, we are developing inorganic fillers for car electronics, such as aluminum fillers for heat dissipation, and these are the main factors that will contribute to the 10 billion yen by 2025.

Business Portfolio Transformation

- Identify and concentrate allocation of management resources in five priority business areas in which DIC can make important contributions by leveraging its competitive strengths

- Based on market growth potential and degree of impact on society, identify five priority business areas at the intersection of ESH-related issues and DIC's competitive strengths
 - ▶ Sustainable energy ▶ Healthcare ▶ Smart living ▶ Color science ▶ Sustainable packaging
- Establish inorganic materials design and biomaterials design technologies as new basic technologies that will support efforts in the Sustainable energy and Healthcare fields; create new value by integrating these with existing basic technologies



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15

Then there is the business structure reform. As I mentioned earlier in my presentation of the three layers of materials, I would like to talk about the so-called publication inks business, the publication inks business, which is listed as a structural reform business on page 15 of this presentation, and the TFT LCs business.

First of all, for the TFT LCs business, as Mr. Furuta mentioned in the explanation of the financial results earlier, we have already made allowances for impairment to some extent in FY2021. Therefore, we will not carry out another major restructuring in this area, but we will continue to do so as long as we can generate cash because this is not an area where we will focus our management resources in the future.

On the other hand, in the publication inks business, as you know, DIC has long been committed to restructuring, including in Europe and the United States, so we have already reduced the size of this area to a certain level, but we believe that market demand will continue to decline further in the future.

However, we do not think it is realistic to sell this business to an external party or to withdraw from it temporarily, so we will have to continue restructuring to some extent as the market shrinks.

It was mentioned earlier that it may be a large loss of JPY10 billion in restructuring in 2022. Of course, we are probably not going to implement for all of that JPY10 billion. In any case, we will continue to restructure in line with the size of the market in order to proceed with the structural reform. That's all from me.

Nakagawa [M]: Thank you very much. Next, Questioner 2, please.

Questioner 2 [Q]: I think there is a PowerPoint presentation on the business portfolio transformation and the composition ratio of each area.

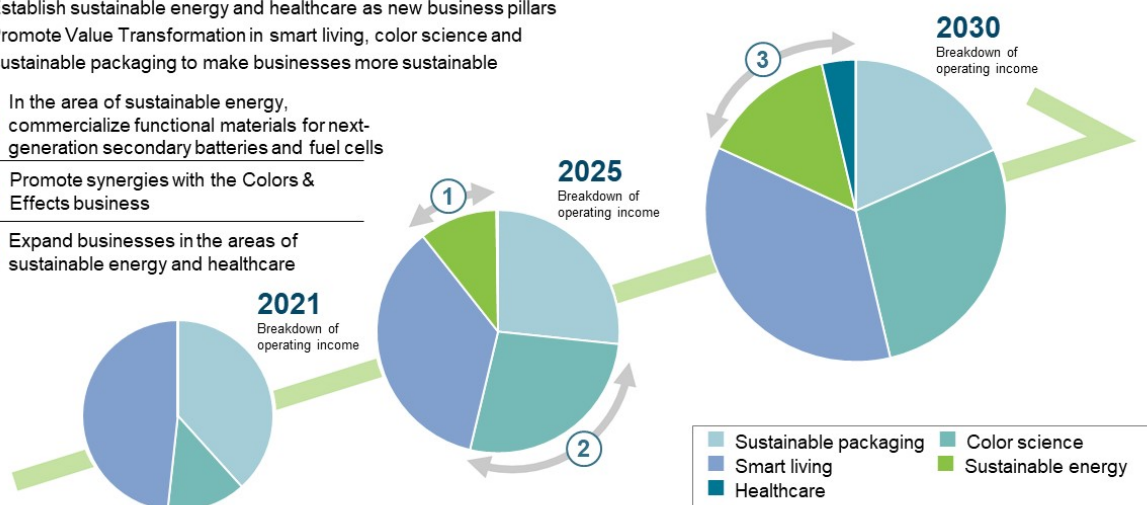
Is this something that you can tell us the absolute amount of this? Also, if possible, please let me know the composition ratio.

Business Portfolio Transformation: Breakdown of Operating Income by Five Priority Business Areas

■ Build a business portfolio that contributes to sustainable prosperity for society through new businesses creation

- Establish sustainable energy and healthcare as new business pillars
- Promote Value Transformation in smart living, color science and sustainable packaging to make businesses more sustainable

- ① In the area of sustainable energy, commercialize functional materials for next-generation secondary batteries and fuel cells
- ② Promote synergies with the Colors & Effects business
- ③ Expand businesses in the areas of sustainable energy and healthcare



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17

Asai [A]: I'm Asai. I'm sorry, but it is difficult to disclose the absolute amount on this page, so I think you have to look at it as an image.

I would like you to think of this as a rough guide for reference, but please consider that in 2025, the scale of the sustainable energy sectors in "1" is roughly 10%. In 2030, this will be "3", and together with the healthcare area, this will be about 20%. Therefore, by 2030, in addition to the existing three pillars, there will be a fourth pillar in the area of sustainable energy and healthcare. That's about 20%. We would still like to aim for more than that, but that is the scale of the project for now.

Questioner 2 [Q]: By the way, I'm sorry, how much do you see in "2"? As the composition ratio.

Asai [A]: Because it will be doubled from 2021 to 2025. I'd say it's just under 30%. In 2025. This ratio will not change significantly as a percentage in 2030. Of course, the absolute amount will increase as it is, but we assume that the ratio will be the same in 2030 as in 2025.

Nakagawa [M]: Thank you very much. The next person, and I think it will be the last one, is Questioner 3.

Questioner 3 [Q]: First of all, on page 33 of the presentation materials for the medium-term management plan, we can see the planned figures for each segment for 2025. Tell us about the main points and how it will be structured.

Segment Results Targets (Fiscal Years 2022–2025)

(Billions of yen)

Row: Upper: Net sales Middle: Operating income Lower: Operating margin	2021 Actual	2022 Targets	2025 Targets	Change from 2021
Packaging & Graphic	439.8 21.6 4.9%	480 24 5.0%	510 27 5.3%	+16% +5.4 +0.4pt
Color & Display	167.2 4.0 2.4%	220 16 7.3%	260 21 8.1%	+56% +17.0 +5.7pt
Functional Products	283.3 26.2 9.2%	300 25 8.3%	350 31 8.9%	+24% +4.8 △0.3pt
New Business Development Headquarters	— — —	— — —	33 10 30.3%	— — —

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33

For example, in the area of Packaging & Graphic, there was some discussion about how much printing inks, or inks for publication, are shrinking. Also, how much is the growth of the C&E business in the Color & Display segment? In terms of C&E, how much profit will be generated?

As for Functional Products, what kind of product groups will generate profits? What is the meaning of the small increase in profit for a JPY50 billion increase in sales?

The last profit margin of the overall new business looks unusually high, and why is this? Could you be a little more specific and tell us what you envision for FY2025?

Asai [A]: Then, I, Asai, would like to answer.

First of all, the scale of the so-called publication ink business, which is part of the Packaging & Graphic business in 2025. Of this, about 20% is the initial scale of the publication ink. From there, we expect to shrink by a few percent every year up to 2025.

Therefore, it is likely that the sales of the publication ink will be less than 20% of the sales of JPY510 billion in 2025, which means that the scale of our business will be less than JPY100 billion. I hope you can understand that the impact on profits is almost negligible.

Now, regarding the size of C&E of Color & Display in 2025. We predict C&E will account for about a half in 2025.

Also, about Functional Products. In 2025, increase of sales will be JPY50 billion and increase of profits will be about JPY6 billion. As you pointed out, we are being modest here.

Business Group Strategies

Functional Products

New priority business area

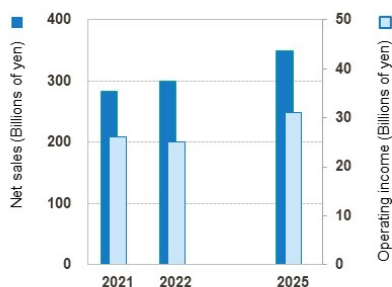


Smart living

Basic strategies

- Ensure the timely provision of functional materials that support digital innovation
- Contribute to a carbon-neutral society by promoting a shift to biomaterials
- Cultivate demand by directly communicating the appeal of materials, devices and services to consumers and society at large
- Supply polymers that help reduce environmental impact and impart functionality widely across Asia

Net sales and operating income targets



Principal measures

- ▶ **Propose high-performance products for the semiconductor fabrication and mobility fields**
 - Extend functional materials portfolio with forward-looking offerings for an increasingly digital society, including low-dielectric resins, organic-inorganic hybrid resins and resins for optical materials
 - Augment lineup of industrial adhesive tapes and polyphenylene sulfide (PPS) compounds, and offer bonding and disassembly solutions, for CASE vehicles
- ▶ **Develop sustainable products**
 - Launch and expand sales of new environment-friendly waterborne resins
 - Develop and offer bio-based polymers
- ▶ **Increase selection of products that contribute to an improved QOL**
 - Augment portfolio of molding materials for medical applications
- ▶ **Expand operations in promising geographic areas**
 - Concentrate efforts to expand coating resins business in the PRC and the Asia-Pacific region on M&As

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20

So, why are we bringing this up? Please refer to page 20 for an explanation of the Functional Products business and major measures are listed in the lower right corner. The first of these is the expansion of high-performance products for the semiconductor and mobility fields. For the digital field, we have low-dielectric resin as a functional material. This is a very large contribution to profits.

And another thing, as for the second arrow, we have already started investing in new environmentally friendly water-based resins, especially in overseas markets, in order to develop sustainable products. I hope you understand that the actualization of profits is the main reason for the increase in profits in 2025.

Business Group Strategies

New Business Development Headquarters

New priority business areas



Sustainable energy



Healthcare

Basic strategies

- Create businesses that reflect the dynamics of socioeconomic systems, including those for distributed energy and packaging materials recycling
- Accelerate the creation of new businesses by actively using corporate venture capital (CVC) and M&As to secure new technologies

Net sales and operating income targets for fiscal year 2025

Net sales
¥33 billion

Operating income
¥10 billion

Principal measures

- ▶ **Electronics**
 - Expand sales of silver seed film developed to reduce transmission loss in high-band communications
 - Bolster sales of flexible wireless sensors (*Halte Totte*®)
- ▶ **Automotive**
 - Commercialize materials for next-generation secondary batteries and fuel cells that support the move to clean energy-powered automobiles
 - Develop new inorganic fillers and expand sales of existing offerings for use in automotive electronics and carbon fiber-reinforced plastic (CFRP) materials that help reduce vehicle weight
- ▶ **Next-generation packaging**
 - Realize the practical implementation of materials recycling for flexible packaging films and commercialize recycled plastics
 - Develop and launch high-performance barrier films
- ▶ **Healthcare**
 - Boost sales of nutritional supplements (docosahexaenoic acid (DHA), next generation omega-3 fatty acids), develop and launch high-performance materials
 - Expand portfolio of biomaterials, including natural colorants and skin-care materials

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21

Also, with the JPY10 billion for new businesses, why the profit margin is so high. Naturally, we will invest in new businesses with high profit margins. In particular, the products that we are currently planning, as shown in the lower right-hand corner of page 21, will make up this JPY10 billion, as I mentioned earlier. Materials for secondary batteries, which are expected to be used in the Automotive field, and silver seed films, which are also being used in the Electronics field, are highly profitable fields. We understand that a profit margin of more than 30% is not an unreasonable plan for us, as we consider our products to be in a field closer to the downstream. That's all from me.

Nakagawa [M]: Thank you very much. Now let us conclude the question-and-answer session.

Thank you very much for joining us today. Thank you.

[END]