DIC Corporation

Chemitronics Business Briefing

August 24, 2026

Speaker

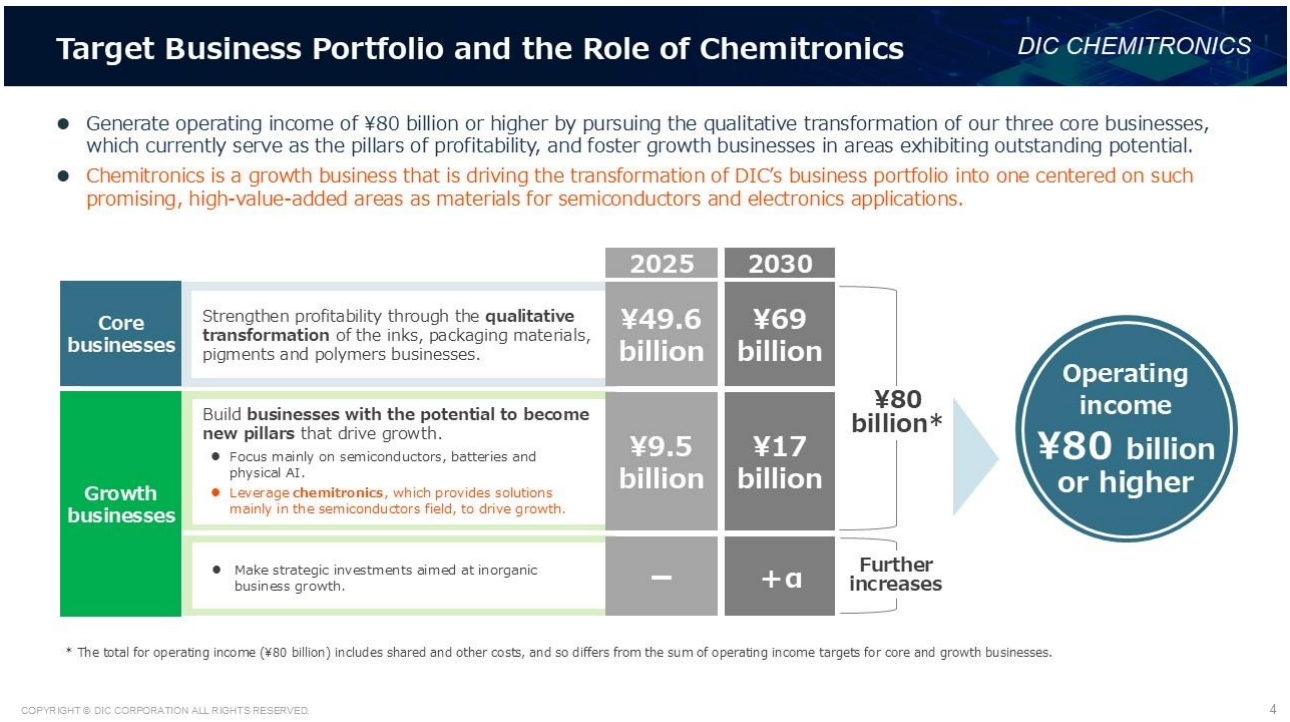
Tomoyuki Tanaka: Managing Executive Officer, Group CSO, Head of Corporate Strategy Unit

Minoru Hara: Executive Officer, General Manager of Chemitronics Business Division

Presentation

Tanaka: Thank you very much for taking the time out of your busy schedule to join DIC's Chemitronics Business Briefing today. My name is Tanaka, and I head the Corporate Strategy Unit.

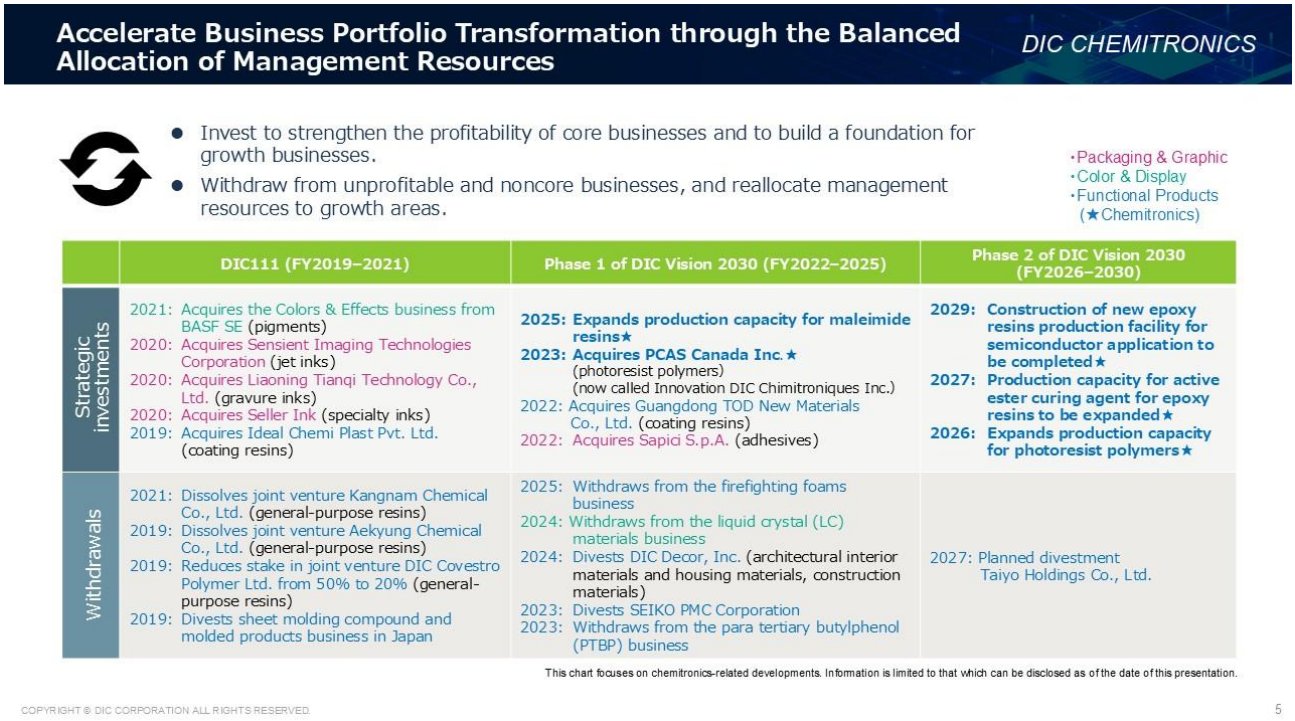
First, I would like to briefly explain the role of the Chemitronics business in Phase 2 of our long-term management plan, DIC Vision 2030.



DIC is targeting operating income of more than JPY 80 billion by 2030. While accelerating the qualitative transformation of our three core businesses, which serve as the foundation of our earnings, we will also cultivate growth areas such as semiconductors, batteries, and physical AI as new pillars of our business.

Within this strategy, the Chemitronics business will serve as a key driver of growth by leading our portfolio transformation toward high-growth, high-value-added fields such as semiconductors and electronic materials, while also delivering the earnings expansion of our growth businesses.

To execute this overarching strategy, we are taking a highly disciplined approach to the allocation of management resources.



While steadily exiting unprofitable and non-core businesses, we are making phased yet proactive investments to expand capacity in the Chemitronics business, particularly in the areas marked with stars on this slide, including epoxy resins for semiconductors, active ester curing agent for epoxy resins, and photoresist polymers, where significant business growth is expected.

These investments should not be viewed simply as capacity expansion. Rather, they represent a strategic allocation of resources aimed at transforming our business portfolio into one with higher growth potential and profitability.

Next, Hara, General Manager of the Chemitronics Business Division, will provide a detailed overview of the Chemitronics business, including its key strengths, current progress, and future growth strategy.

Today's Speaker

DIC CHEMITRONICS

Minoru Hara

General Manager, Chemitronics Business Division

2001	Joins DIC
2024	Named General Manager of the Chemitronics Business Division
2026	Appointed Executive Officer and General Manager of the Chemitronics Business Division

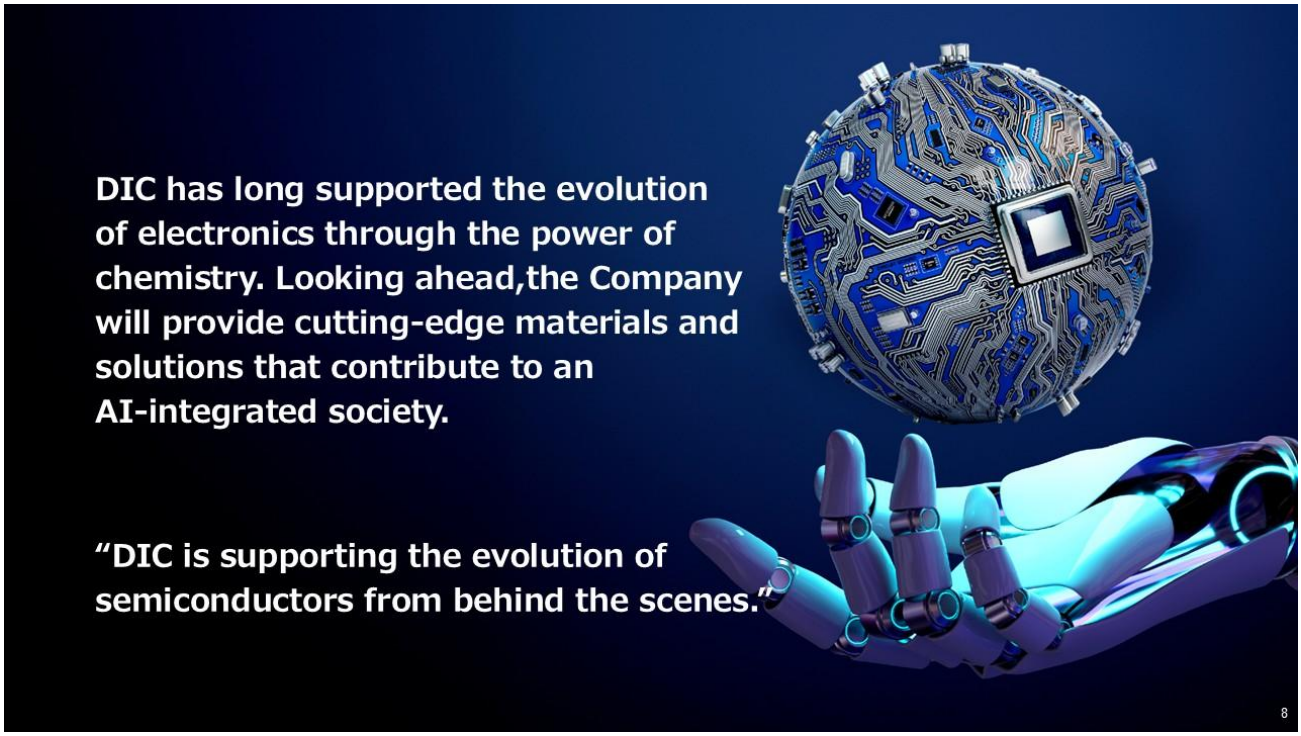
After a career in marketing in the optical and electronics materials businesses, and having served as president of an overseas resin production subsidiary, Mr. Hara was named General Manager of the newly established Chemitronics Business Division in January 2024.

Hara: My name is Hara, and I serve as General Manager of the Chemitronics Business Division.

Let me begin with a brief introduction. I joined DIC in 2001 and, after working in sales of coating resins, I was engaged in marketing for optical materials and electronic materials. In the optical materials field, I was primarily responsible for display-related markets.

I later served as President of our resin subsidiary in Indonesia and was appointed General Manager of the newly established Chemitronics Business Division in January 2024. I am now in my third year in this role.

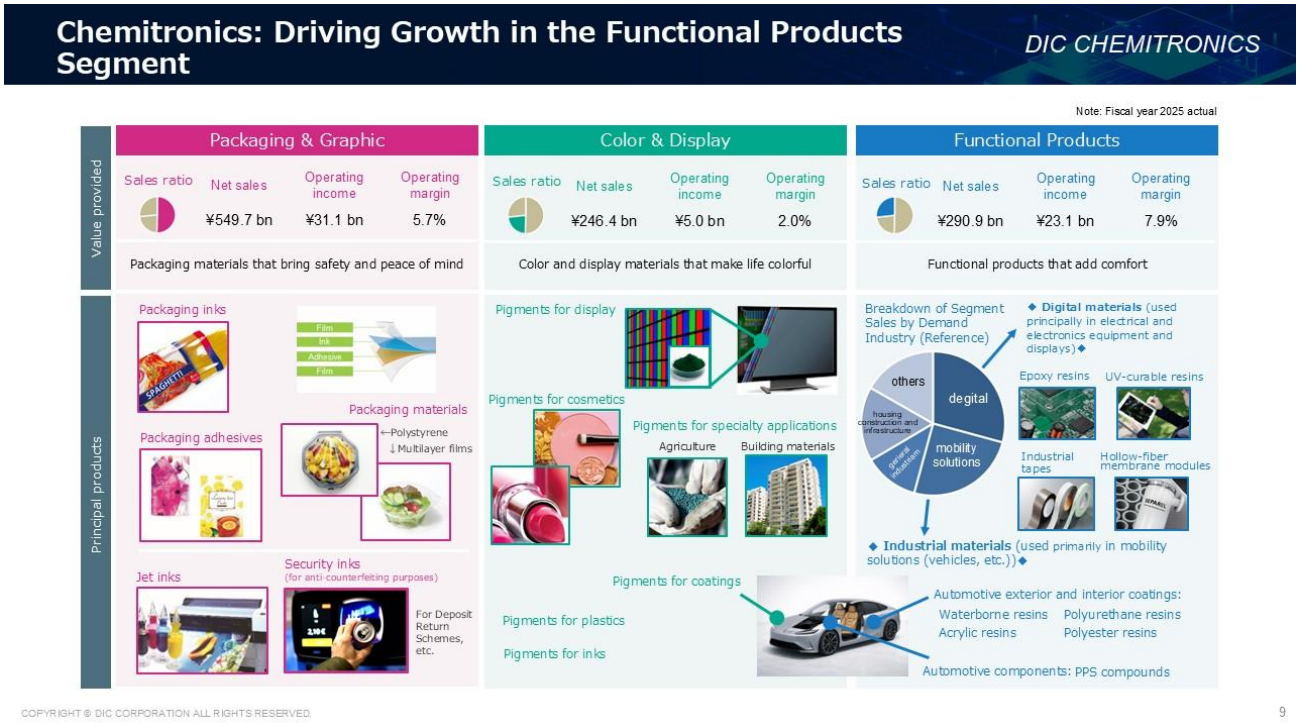
I appreciate your continued support, and I look forward to speaking with you today.



The key message I would like to convey today is summarized on this slide:

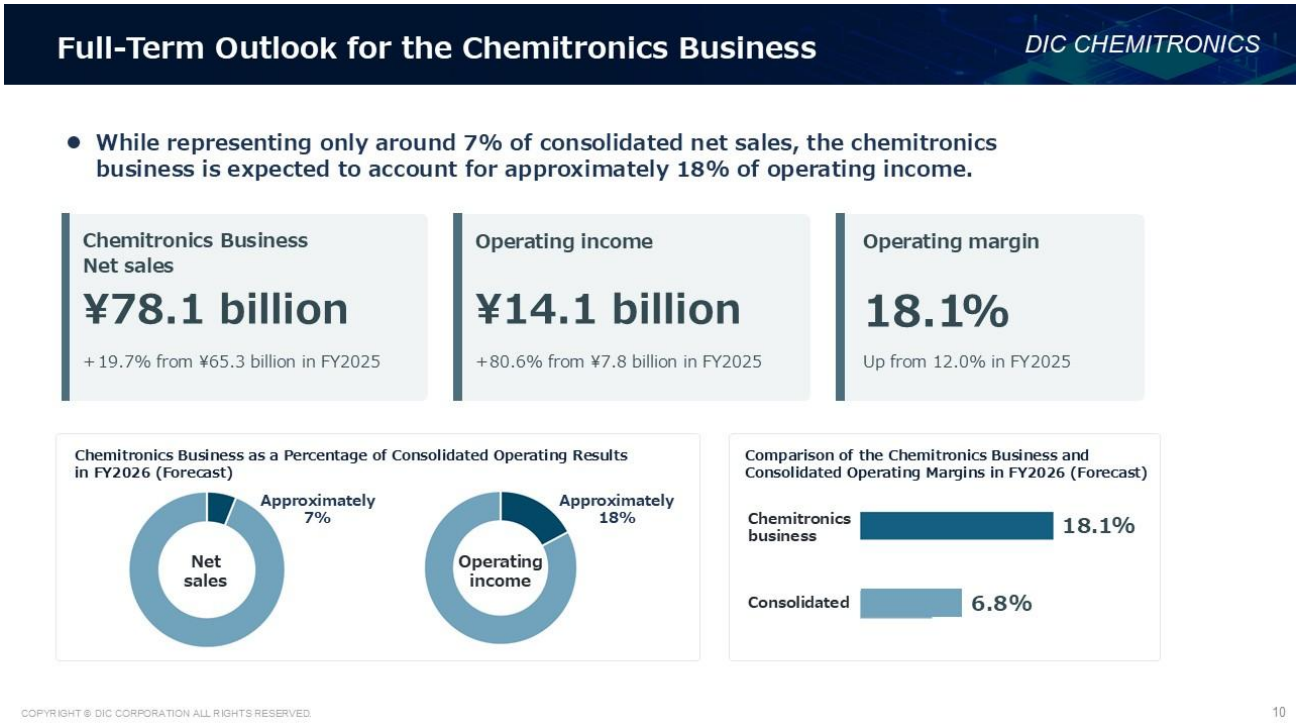
“DIC has long supported the evolution of electronics through the power of chemistry. Looking ahead, the Company will provide cutting-edge materials and solutions that contribute to an AI-integrated society.” “DIC is supporting the evolution of semiconductors from behind the scenes.”

In Phase 2 of DIC Vision 2030, we define an AI-integrated society as one in which AI is embedded into and connected with virtually every aspect of society. Our overarching vision is to contribute to the realization of this society by providing advanced materials and solutions that enable technological innovation.



Of DIC's approximately JPY 1.1 trillion in net sales, the Functional Products segment accounts for just under JPY 300 billion. While Functional Products represents around 30% of total sales, it contributes approximately 44% of our operating income.

Within the Functional Products segment, the Chemitronics business has emerged as a major growth driver and plays a central role in our future growth strategy.



Let me now turn to the outlook for the Chemitronics business for the current fiscal year.

We are forecasting net sales of JPY 78.1 billion and operating income of JPY 14.1 billion. Net sales are expected to increase by nearly 20% from the previous fiscal year's results, while operating income is projected to grow by more than 80%, from JPY 7.8 billion in the prior year.

As a result, the Chemitronics business is expected to account for nearly 20% of the Company’s total operating income.

We expect the operating margin to reach 18.1%, representing a significant improvement from 12.0% in FY2025. This level is substantially higher than the Company-wide average operating margin forecast of 6.8%.

We believe the Chemitronics business will be a key driver in enhancing DIC’s overall profitability, raising the Company’s operating margin, and further improving capital efficiency.

The Chemitronics Business in the First Half of Fiscal Year 2026: A Pronounced Increase in Profitability

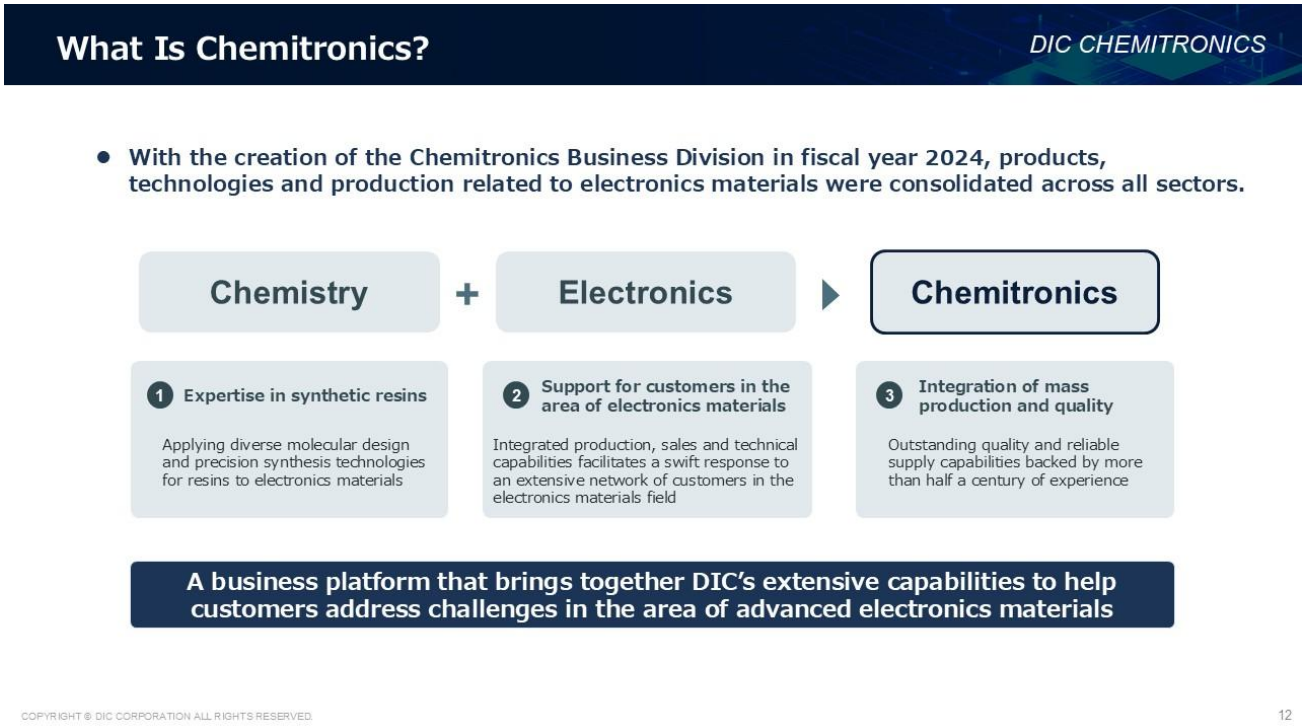
DIC CHEMITRONICS

- **Growing demand for AI semiconductors and expanding adoption in mobile devices drove increases in both sales and profits.**

Chemitronics Business Net Sales and Operating Income in the Six Months Ended June 30, 2026

This slide shows our first-half results.

Growth in demand for AI-related semiconductors, together with increased adoption in mobile devices, significantly boosted both sales and profits. As you can see, these results provide a strong foundation for achieving our full-year forecast and represent an important milestone toward delivering our annual targets.



Let me take a moment to explain the Chemitronics business in more detail.

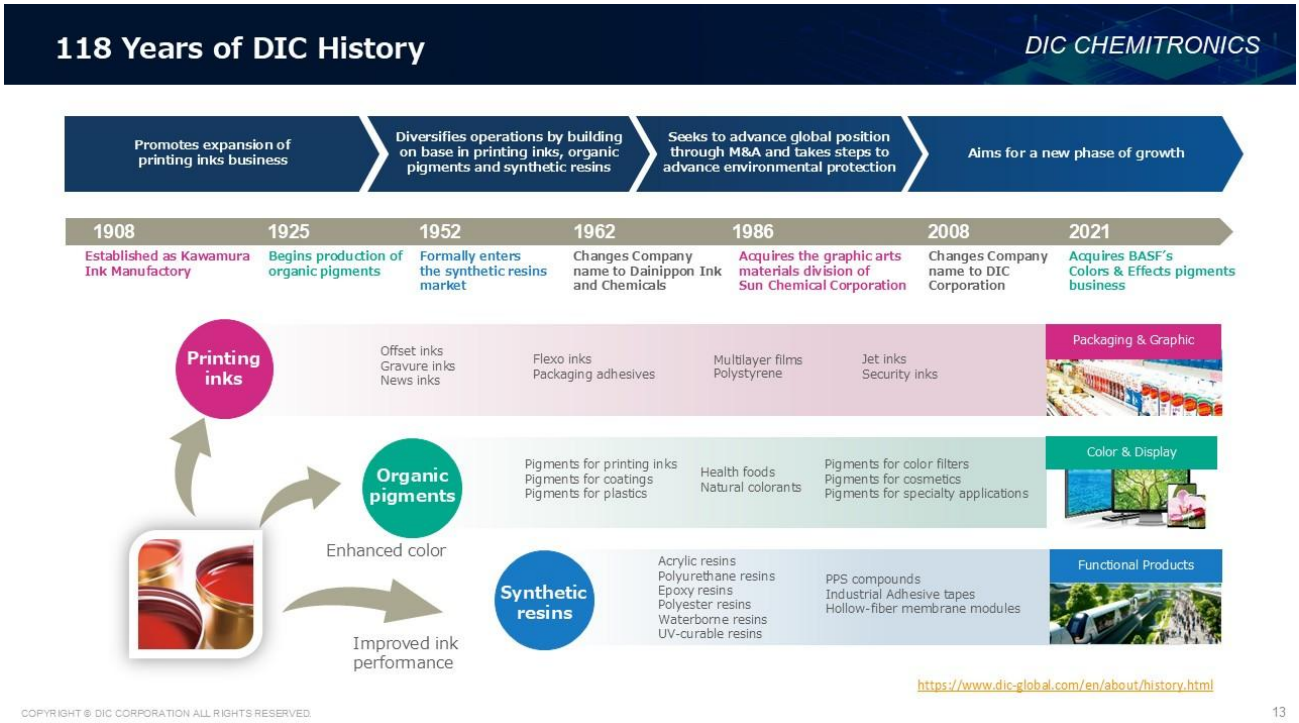
The term “Chemitronics” is a combination of the words chemistry and electronics. This new business division was established in 2024 with three key objectives.

The first is the integration of our expertise in synthetic resins, in other words, the integration of technology. We are leveraging DIC’s extensive capabilities in molecular design and precision synthesis of a wide range of resins and applying them more effectively to the electronic materials industry.

The second is the integration of customer engagement in electronic materials through a unified marketing and customer network. By bringing together our manufacturing, sales and marketing, and technical functions, we aim to respond more quickly and effectively to the diverse needs of customers across the electronics materials value chain.

The third is the integration of mass production and quality management. Building on our long history of manufacturing excellence, we are committed to further enhancing product quality and supply reliability.

By integrating these three strengths, we are creating a business platform that brings together the full capabilities of DIC and positions us for sustainable growth in the electronics materials market.



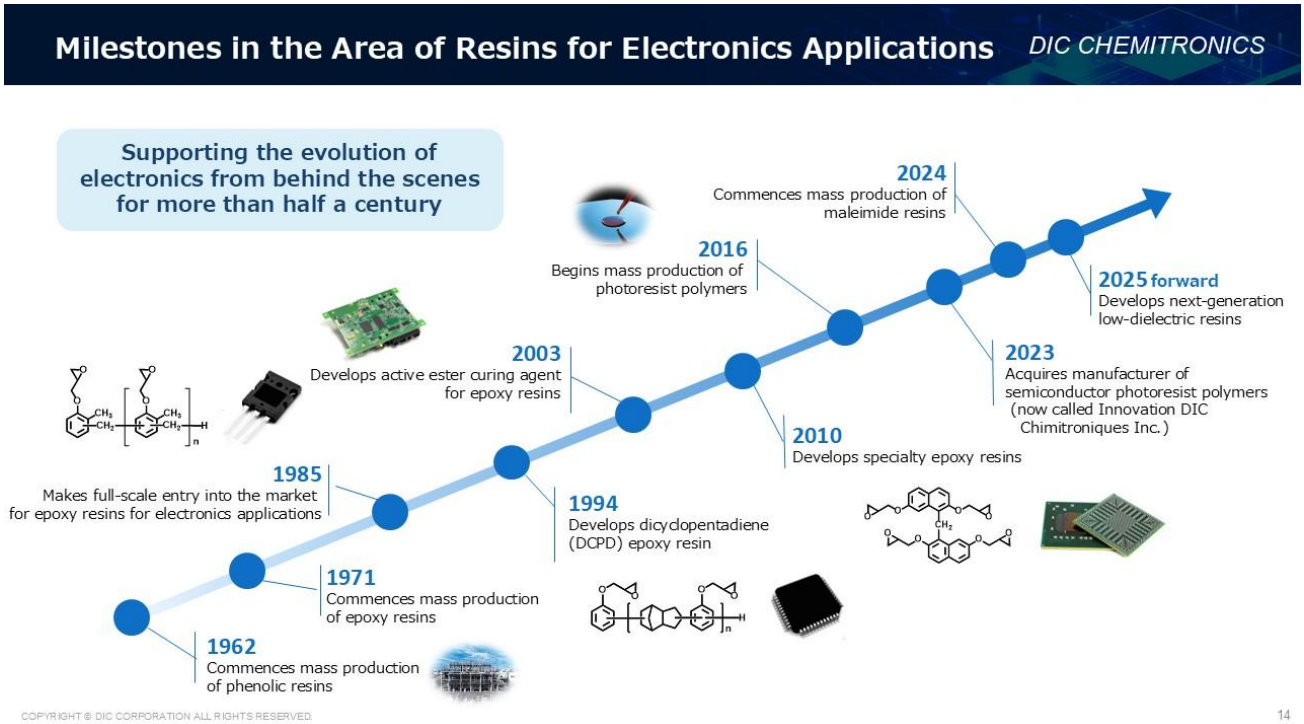
Let me briefly touch on DIC's history.

DIC has a history of more than 100 years in printing inks. Over that time, we have expanded our business by building on the two key raw materials used in printing inks: pigments and resins.

In particular, we offer an exceptionally broad portfolio of synthetic resins. Our lineup includes acrylic resins, polyester resins, polyurethane resins, and many other resin technologies. This breadth of capabilities is one of the key features that differentiates DIC from other chemical manufacturers.

We are especially proud of our global leadership-level portfolio in thermosetting resins, where we possess a comprehensive range of products and technologies.

These resin technologies have become a core foundation of DIC's expertise. By leveraging and extending these strengths into new applications and markets, we have continued to grow and expand our business over the years.



This slide highlights the evolution of DIC's resin technologies for electronics applications.

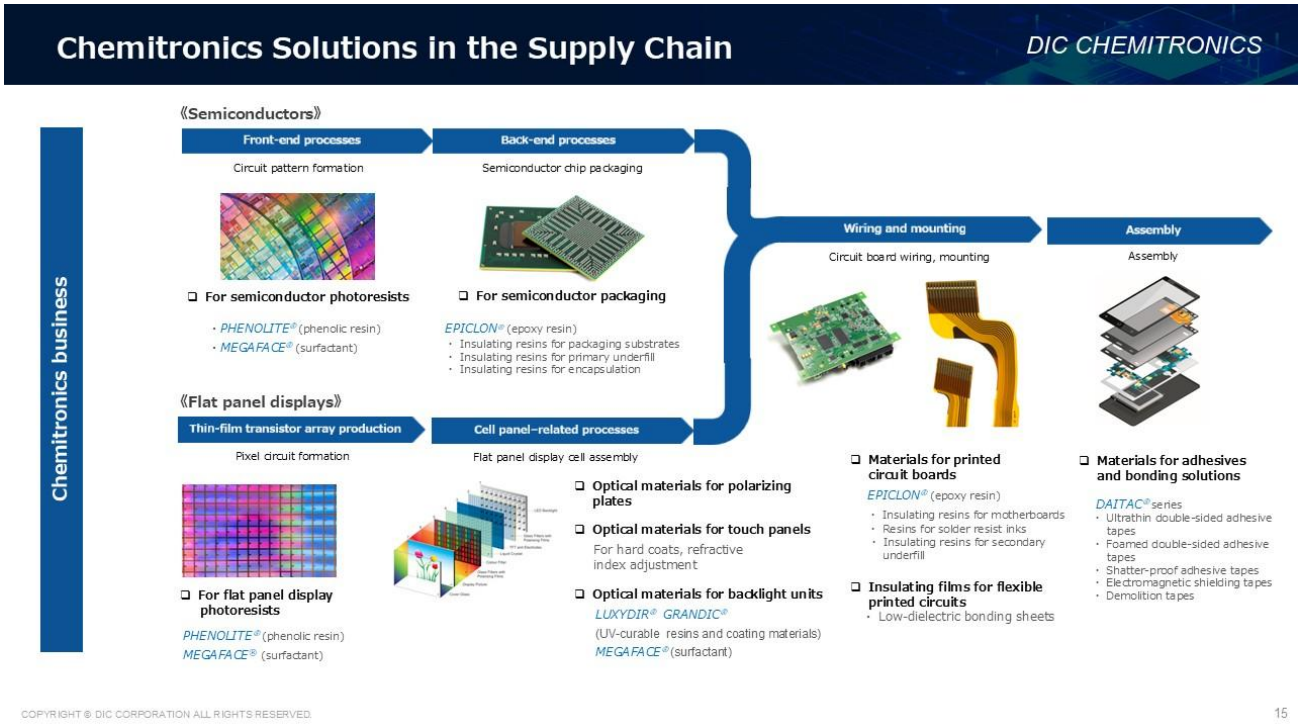
Since beginning mass production of phenolic resins in 1962 and epoxy resins in 1971, we have established a strong position in the electronic materials resin market.

In 1985 and 1994, we developed specialty resins designed specifically for electronics applications. At that time, customer requirements were primarily focused on physical properties such as heat resistance and low moisture absorption, which helps prevent performance degradation caused by humidity.

A major breakthrough came in 2003, when we successfully developed an active ester curing agent for epoxy resins. This innovation enabled us to meet increasingly demanding electrical performance requirements, particularly the need for very low dielectric properties. This was a significant milestone in our technological development.

Since then, we have continued to develop advanced specialty epoxy resins and materials with even lower dielectric characteristics, further strengthening our position in the market.

As this slide illustrates, DIC has been supporting the evolution of electronics for more than half a century. Although our technologies are often invisible to end users, they have played an essential role in enabling the continued advancement of electronic devices and systems.



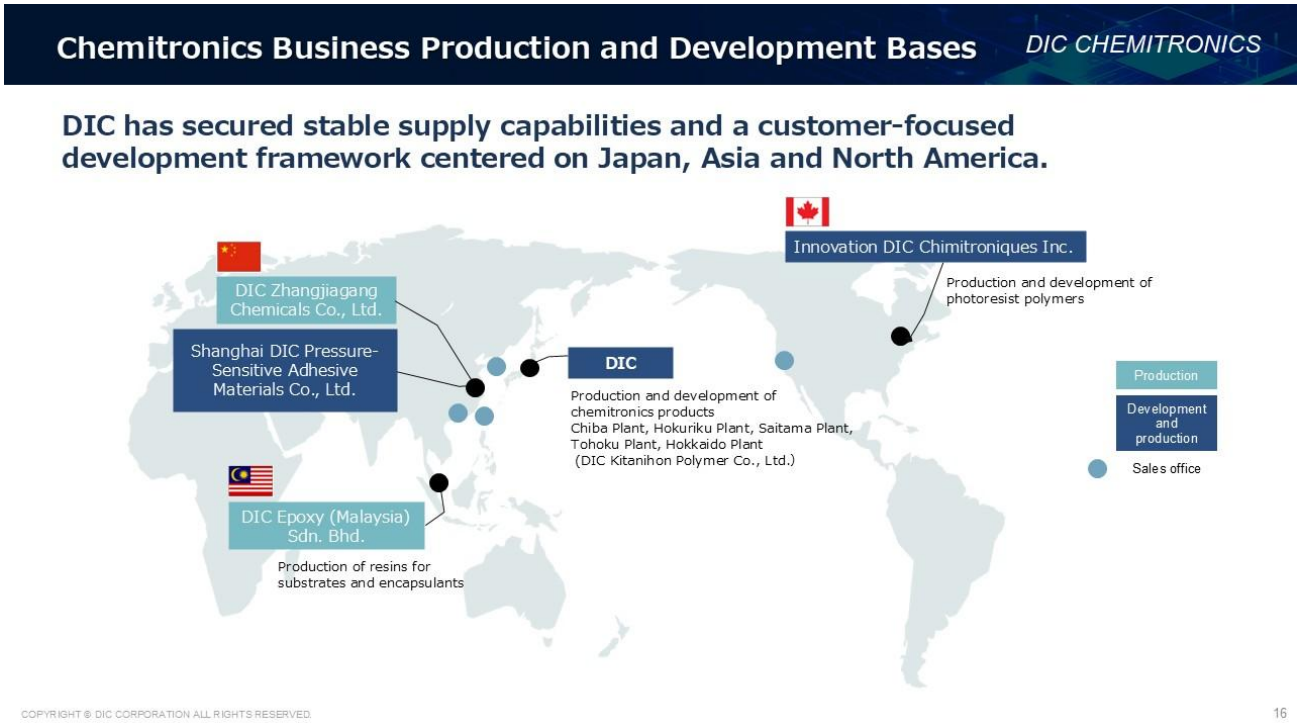
This slide illustrates the supply chain for our end markets.

The upper section shows the semiconductor supply chain, while the lower section shows the flat-panel display (FPD) supply chain, providing an overview of the process through which components are ultimately incorporated into products such as smartphones.

In the semiconductor supply chain, for example, production begins with the front-end process, where circuits are formed on semiconductor wafers. This is followed by the back-end process, in which completed chips are packaged. The supply chain then progresses to substrate wiring and assembly, and ultimately to the final assembly stage, where finished electronic devices are manufactured.

As you can see, DIC's materials are used across a broad range of these stages, from front-end and back-end semiconductor processes to packaging, mounting, and final assembly. The same is true in the FPD market, where our products are utilized throughout the value chain. This broad presence across multiple stages of production is one of DIC's key strengths.

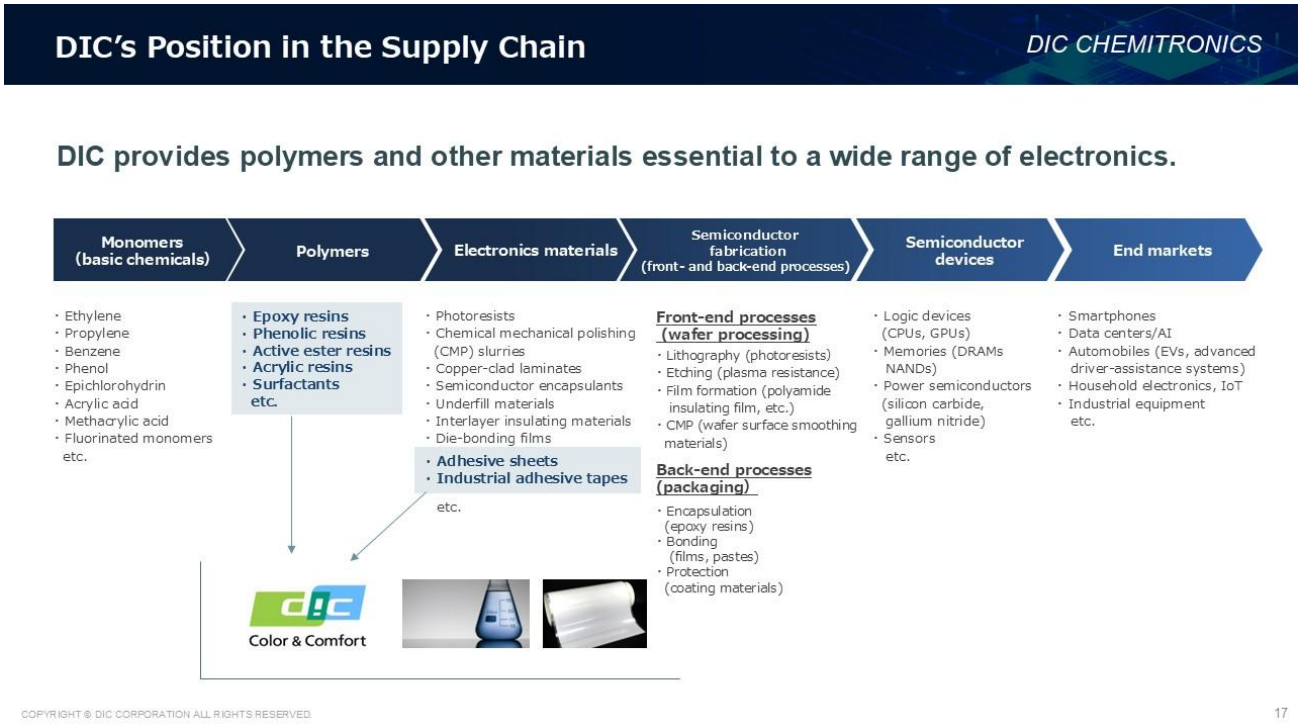
Another important advantage is our extensive customer network throughout these supply chains. By integrating relationships and information across a wide range of customers and applications, we are able to deepen our market insights, strengthen collaboration, and further enhance our competitive advantages.



This slide shows the production and development footprint of the Chemitronics Business Division.

Since Asia is the center of the global electronics industry, a significant portion of our manufacturing and development sites are located across the region.

At the same time, we maintain operations in North America, where many technology developers and brand owners are based. Including our presence in Canada, we have established a global network that allows us to provide seamless support to customers around the world.

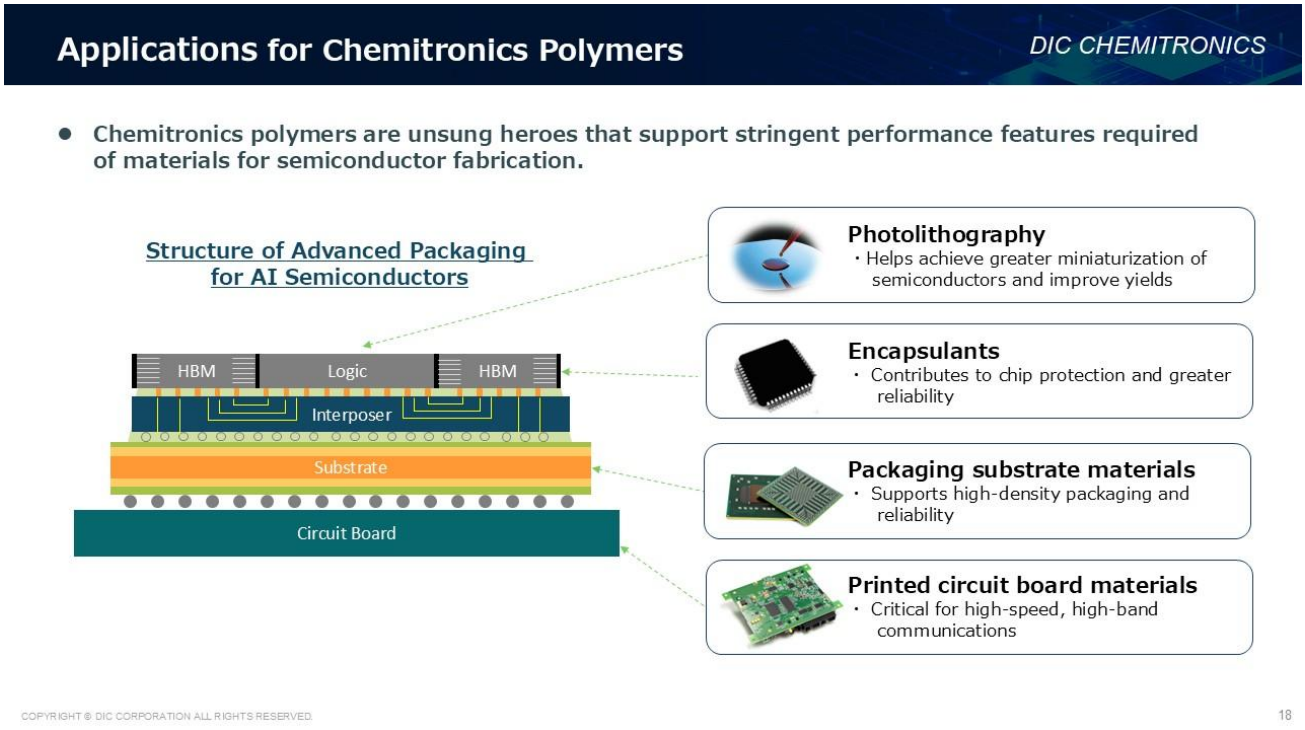


This slide presents the supply chain from a different perspective.

As a chemical manufacturer, DIC is positioned primarily in the midstream portion of the value chain.

Unlike traditional diversified chemical majors, we generally do not produce monomers ourselves. Instead, we procure monomers and leverage our expertise in polymerization and molecular design to create distinctive, value-added chemical products that we deliver to our customers.

Our business is focused on the electronics materials sector, an area in which Japanese companies maintain a strong global presence. Within this sector, a key characteristic of DIC is that, particularly in the areas not highlighted on this slide, we do not manufacture the end products themselves. Rather, we provide materials that enable those products to be made.

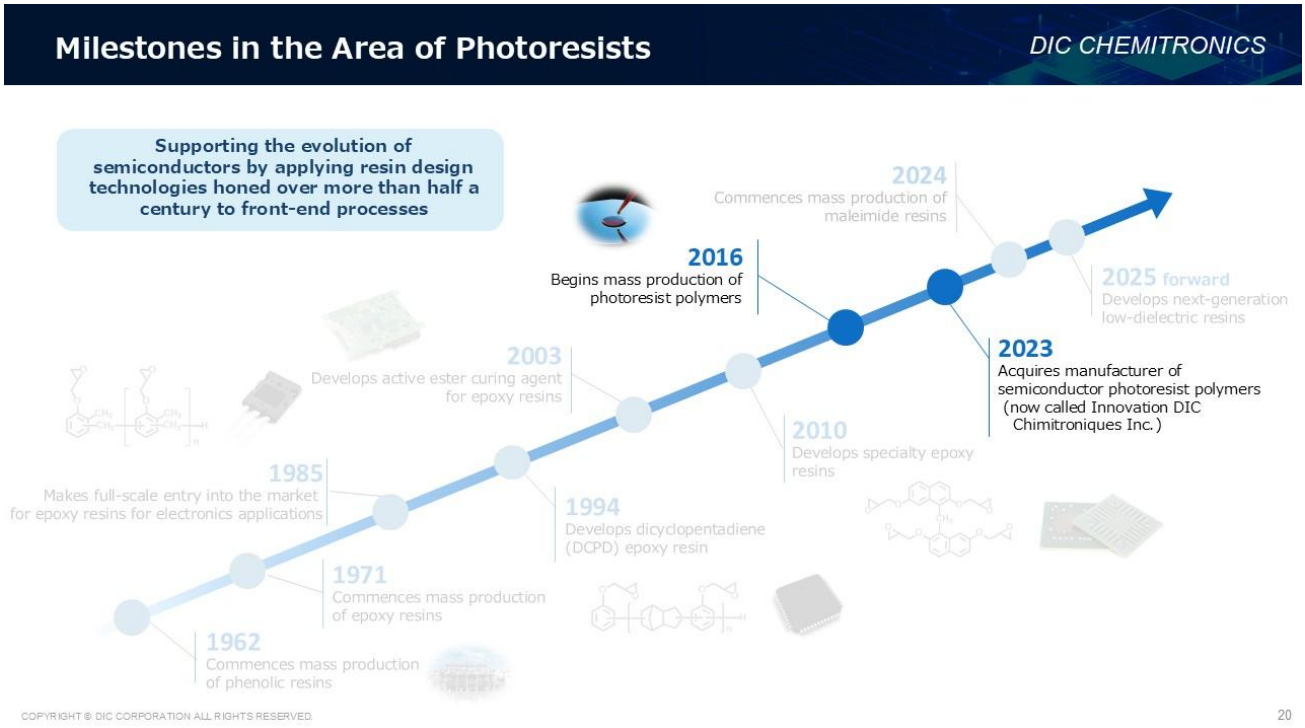


This slide illustrates the advanced packaging structures required for AI semiconductors and the various materials used within them.

A wide range of materials is employed throughout the semiconductor manufacturing process. In the front-end process, these include materials used in photolithography, while in the back-end process they include encapsulation materials, package substrate materials, and printed circuit board materials used in subsequent assembly and mounting stages.

As many of you are aware, AI semiconductors place increasingly demanding performance requirements on all of these materials. In front-end processes, the continued drive toward higher levels of miniaturization requires ever more advanced materials and process technologies. In package substrates, requirements for high-density integration, reliability, and overall performance continue to become more stringent year by year.

DIC supports these technological advancements through its polymer technologies. While our materials are often not visible in the finished product, they play a critical role in enabling the performance, reliability, and continued evolution of next-generation AI semiconductors.



Let me now explain our strengths, beginning with our front-end process materials.

We began mass production of photoresist polymers in 2016, establishing a foundation in this important segment of the semiconductor materials market. A major milestone followed in 2023 with the acquisition of PCAS Canada, now known as Innovation DIC Chimitroniques Inc. (IDC). Through this acquisition, we significantly strengthened our position and secured a substantial platform in the market for semiconductor photoresist polymers.

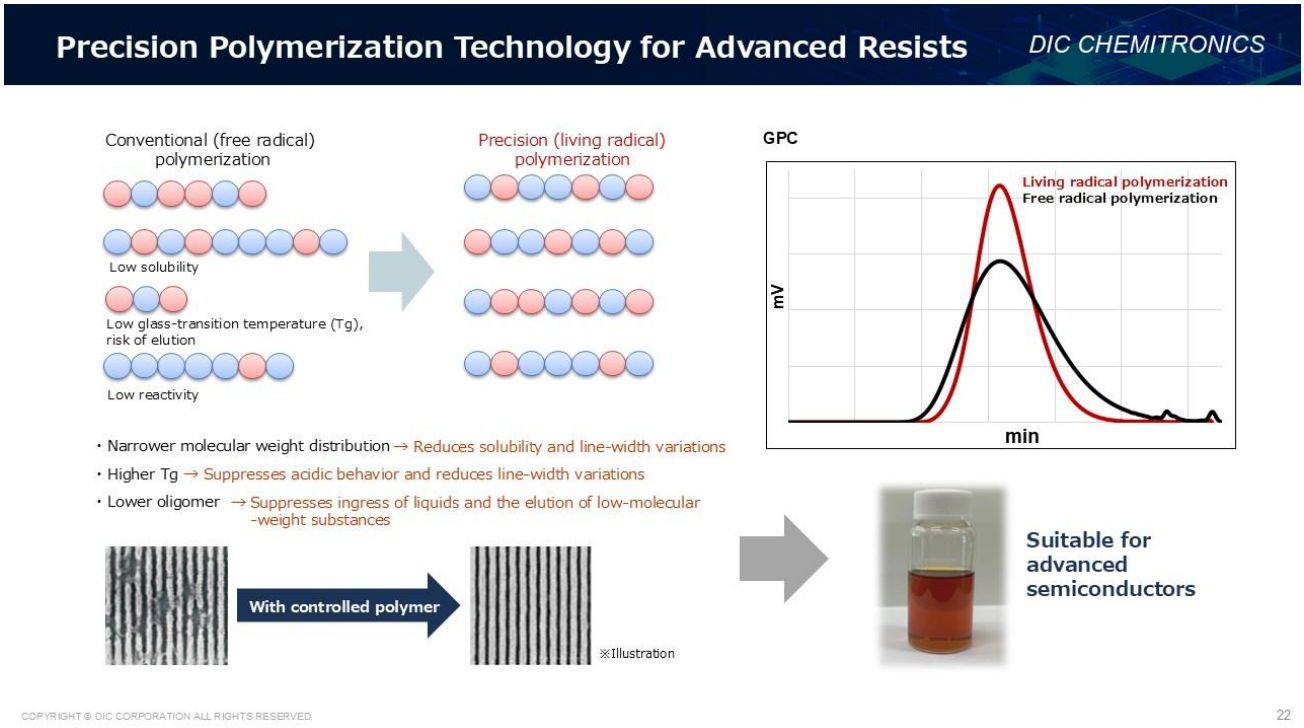
The acquisition of large-scale manufacturing capabilities has enabled us to apply the resin design technologies that DIC has refined over more than half a century to front-end semiconductor materials, thereby contributing to the continued advancement of semiconductors.

IDC has a long history in this field, having supplied photoresist materials since 1989. Leveraging its proven track record of consistently delivering high-quality products to customers, we are expanding the reach of DIC's materials and technologies, which represents a key element of our growth strategy.

Front-end semiconductor materials also require exceptionally high levels of quality. Maintaining such quality demands advanced analytical capabilities and rigorous process control, both of which are areas where we possess significant strengths.

In addition, we have established a robust end-to-end development framework that covers everything from the design and development of high-purity materials, through prototyping and customer evaluation, all the way to commercial-scale production.

Another distinctive feature of our business model is the close collaboration between our development teams and customers. Our engineers engage directly in technical discussions with customers, enabling us to respond quickly and effectively to evolving requirements and to develop solutions that meet increasingly sophisticated semiconductor industry needs.



As an example of DIC's strengths in synthesis technology, I would like to introduce living radical polymerization, a precision polymerization technology.

This technique enables us to minimize variations in molecular size and design resins with an extremely narrow molecular weight distribution.

As a result, it offers a number of advantages, including improved heat resistance and the elimination of low-molecular-weight components. These characteristics provide significant performance benefits for advanced semiconductor applications.

As semiconductor technologies continue to evolve toward more advanced generations and ever-greater precision, the demand for technologies such as these will increase.

By combining our expertise in molecular design with our advanced synthesis technologies, we aim to create new value from conventional resin materials and contribute to the continued advancement of the semiconductor industry.

Production Facility for Polymers Used in Front-End Processes DIC CHEMITRONICS

- With the aim of responding to growing demand for photoresist materials, production capacity at Innovation DIC Chimitroniques in Canada has been increased. The new production facility began operating in fiscal year 2026.
- Supplies to customers have begun. Production will be increased going forward to a level judged appropriate to accommodate further business expansion going forward.

Exterior of Innovation DIC Chimitroniques' new production facility

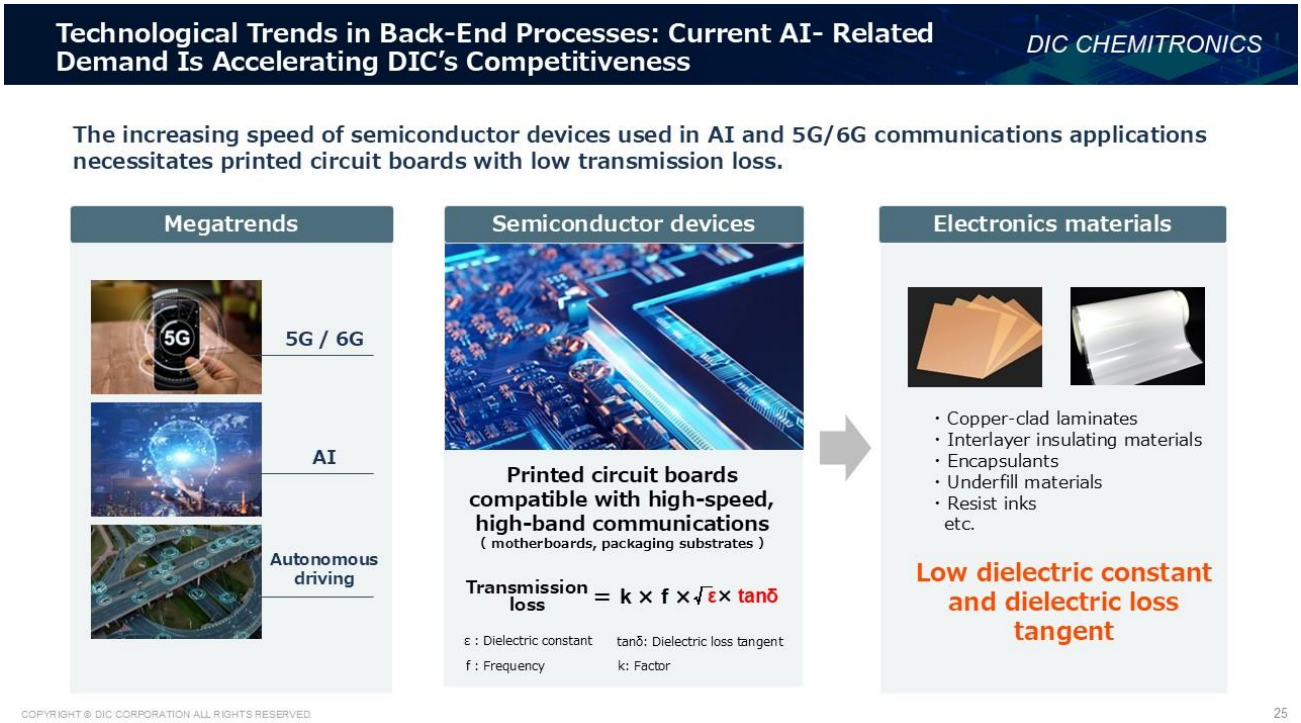
Ceremony to commemorate the completion of the new production facility

The primary production site for our front-end semiconductor resins is IDC in Canada.

Last year, we completed an expansion project at this facility to increase production capacity. Commercial production began this year, and products from the expanded facility are now being supplied to customers.

The image on the right side of the slide shows the completion ceremony for the expansion project.

Looking ahead, we are continuing to increase production at a level that will enable us to accommodate further growth in demand.

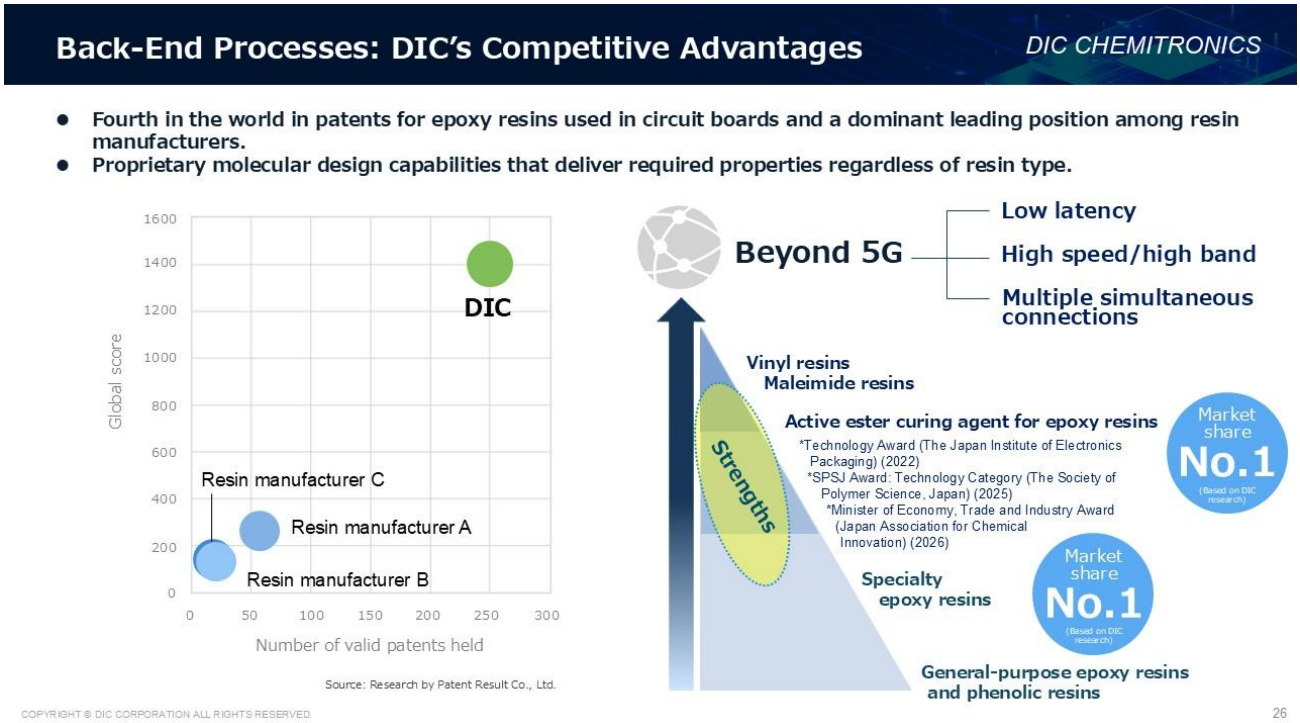


Let me now discuss our strengths in back-end process materials.

As many of you are aware, the key technological trends in this area are being driven by the rapid growth of high-speed communications and the increasing demand for greater data capacity and processing speed brought about by AI.

As these trends advance, signal transmission loss has become an increasingly important issue. A portion of the electrical energy lost during signal transmission is converted into heat, resulting in higher power consumption and reduced system efficiency.

One of the most effective ways to reduce transmission loss is through the use of advanced resin materials with lower dielectric constant and lower dielectric loss tangent. As a result, the dielectric properties of materials have become a critical factor in next-generation electronic systems.



One of DIC's key strengths lies in our outstanding capabilities in the areas of low dielectric constant and low dielectric loss tangent materials.

We have long held a leading position in the market for specialty epoxy resins and also maintain a significant share in active ester curing agents for epoxy resins. Our technologies command a strong presence within the industry and have been recognized through numerous awards over the years.

Equally important, we have built deep and long-standing relationships with our customers. Leveraging these relationships, we are actively developing next-generation materials, including maleimide resins and vinyl resins, which offer even lower dielectric properties to meet the evolving requirements of future applications.

We intend to further strengthen our competitive advantages not only in current-generation materials but also in the resins required for next-generation and future-generation technologies.

As you may notice, the materials shown on this slide include resin families beyond epoxy resins, which are often highlighted in DIC's business presentations. In fact, many of these are entirely different classes of resins.

This reflects an important aspect of our approach. Because DIC possesses a broad portfolio of resin technologies, we are not exclusively focused on epoxy resins. Instead, our priority is to provide customers with the optimal solution in the shortest possible time to achieve the electrical performance they require. The ability to select from a wide range of resin chemistries and develop the most appropriate material is a key source of our competitiveness.

In addition, our patent portfolio for epoxy resins used in substrate applications is exceptionally strong. Among resin manufacturers, we believe our intellectual property position in this field is overwhelmingly competitive.

Production Facility for Resins Used in Back-End Processes (Planning for Future Expansion)

DIC CHEMITRONICS

- In preparation for the future expansion of demand, production capacity will gradually be increased, primarily at the Chiba Plant, DIC's principal production base for resins for electronics applications.
- In 2025, the decision was made to invest in a new semiconductor-grade epoxy resins production facility. Construction has begun, with operations scheduled to commence in 2029.
- With the aim of improving quality and ensuring stable supplies, efforts to expand production capacity are proceeding on schedule.

Site of the new production facility at the Chiba Plant

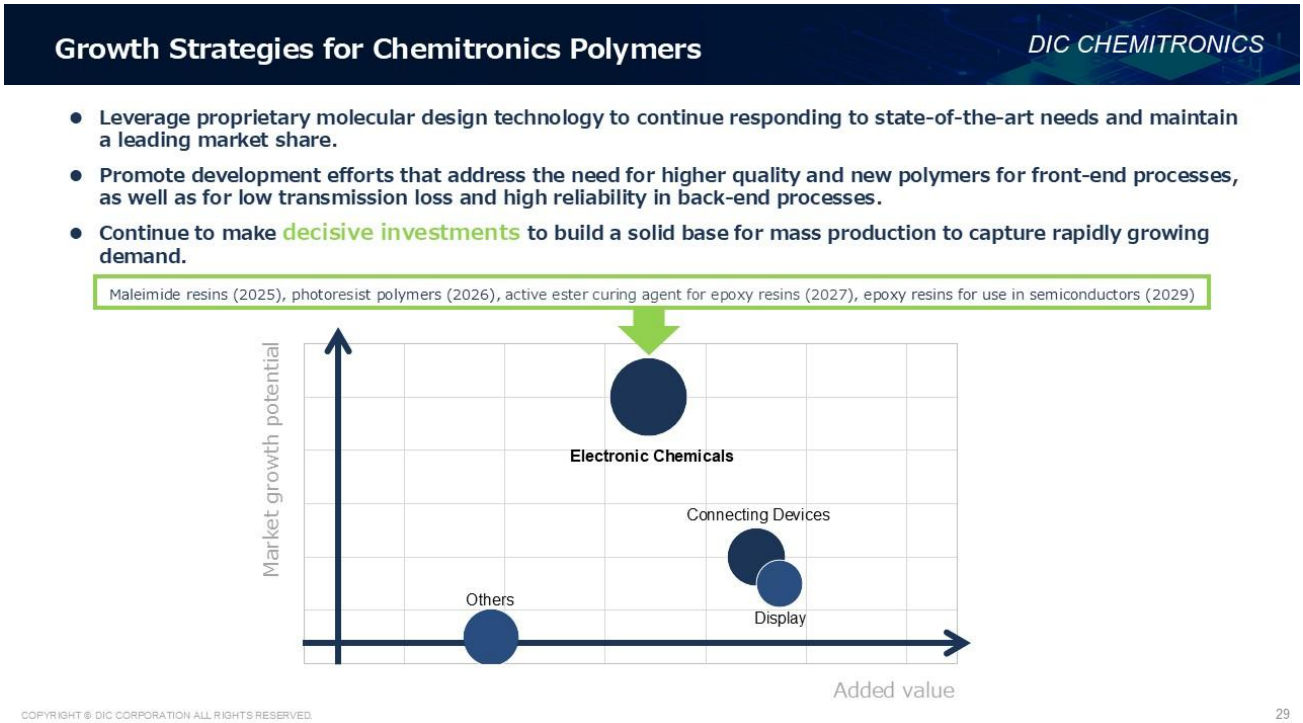
Artist's conception of the completed production facility

* This plan has been approved as a "plan for ensuring stable supply" by Japan's Ministry of Economy, Trade and Industry under the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures, as a result of which DIC is expected to receive a subsidy of up to ¥3 billion, or one-third of the total amount invested.

Let me now discuss our capacity expansion plans.

As you are well aware, demand in the semiconductor market remains extremely strong. In response, we are steadily building additional production capacity at key facilities, including the Chiba Plant, which serves as one of our principal manufacturing sites for electronic materials resins.

In addition, for semiconductor-grade epoxy resins, we approved a large-scale investment project in 2025 and have begun construction with the goal of commencing operations in 2029. The project is currently progressing as planned.



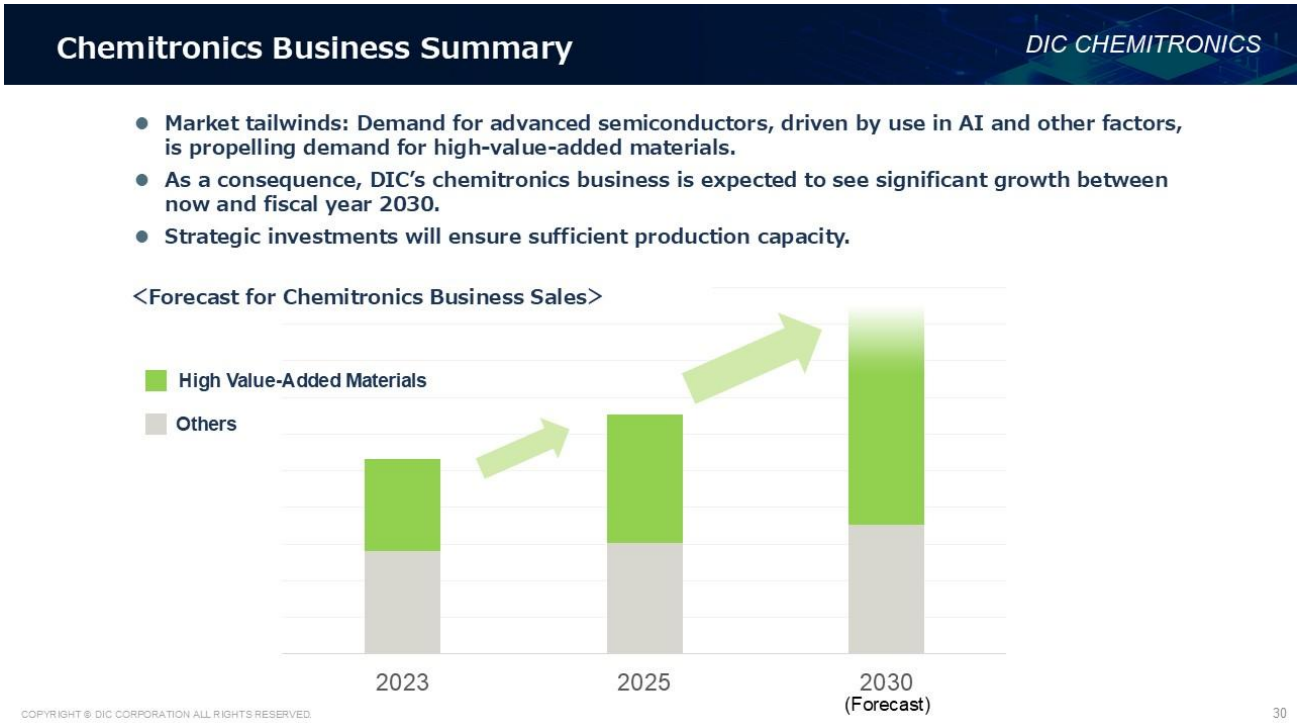
In closing, I would like to summarize the growth strategy for our Chemitronics polymer business.

Leveraging our strengths in molecular design technology, we will continue to meet the most advanced industry requirements and maintain the leading market positions we have established today.

In front-end semiconductor materials, we will focus on addressing growing demand for higher quality and new polymer solutions. In back-end materials, we will continue to develop products that meet increasingly stringent requirements for lower transmission loss and higher reliability.

At the same time, we will also continue to make proactive investments in production capacity to establish a robust manufacturing base capable of capturing rapidly growing market demand.

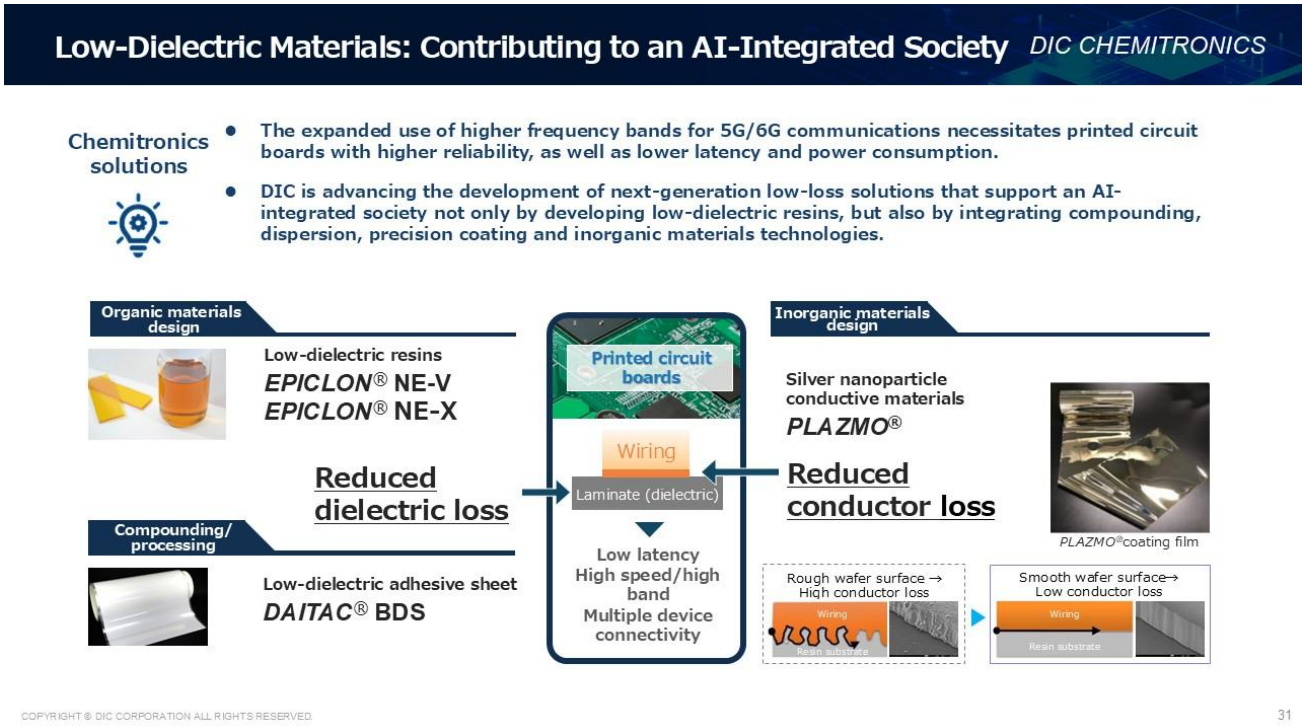
Through these initiatives, we aim to expand sales of products serving high-growth, high-value-added markets while steadily increasing the proportion of high-value-added products within our portfolio.



To summarize, demand for DIC's materials continues to grow, supported by the strong tailwinds in the semiconductor market.

By further capturing demand for high-value-added materials, we expect to achieve significant growth as we work toward our 2030 targets.

In addition, we plan to secure sufficient production capacity through strategic investments, ensuring that we are well positioned to support future market growth and meet our customers' evolving needs.



Let me share an example of the development solutions we are working on.

In the area of transmission loss reduction, we are leveraging our longstanding strengths in polymer technology while also expanding into the development of more advanced application-oriented solutions.

To reduce transmission loss, it is important not only to lower dielectric loss through advanced polymer materials, but also to reduce conductor loss, which can have a significant impact on overall signal performance.

We are pursuing material development from both of these perspectives, combining technologies that minimize dielectric loss with those that reduce conductor loss. Through this approach, we are working to further improve transmission performance and develop materials capable of supporting low-latency, high-speed, and high-capacity communications.

From Electronics to Photonics

Looking ahead, DIC will expand applications for the polymer technologies it has cultivated for use in electronics into photonics. The Company is working to develop polymer optical waveguide materials for co-packaged optics (CPO) that deliver low absorption loss, thereby contributing to the realization of next-generation optical communications technologies crucial to high-speed, high-band communications.

DIC: Continuing to take on new challenges.

Under the theme of “From Electronics to Photonics,” we are currently focusing on the development of polymer optical waveguide materials for optical communication applications, particularly for Co-Packaged Optics (CPO). We believe this represents one of the most important technological directions for the future.

While CPO has not yet become a mainstream technology, we view photonics as a promising long-term solution for applications that require massive data transmission, such as generative AI servers.

In this area, DIC is collaborating with the National Institute of Advanced Industrial Science and Technology (AIST) to develop advanced materials. We have also exhibited substrate samples incorporating these technologies at various industry trade shows and exhibitions.

Going forward, we will continue to take on the challenge of helping realize an AI-integrated society through innovative materials and solutions.

Thank you very much for your attention today.

Question & Answer

Questioner [Q]: I have a question regarding epoxy resins. Earlier, you mentioned that although DIC is a leading manufacturer of epoxy resins, the Company is "not particularly committed" to epoxy resins. Could you elaborate on what you meant by that?

In addition, several major Japanese chemical companies have strong positions in epoxy resins and specialty epoxy resins. Some of these companies are integrated manufacturers that produce key raw materials such as epichlorohydrin and bisphenol A. My understanding is that DIC does not possess these upstream raw materials and instead competes through technology. Could you provide more detail on your sources of differentiation?

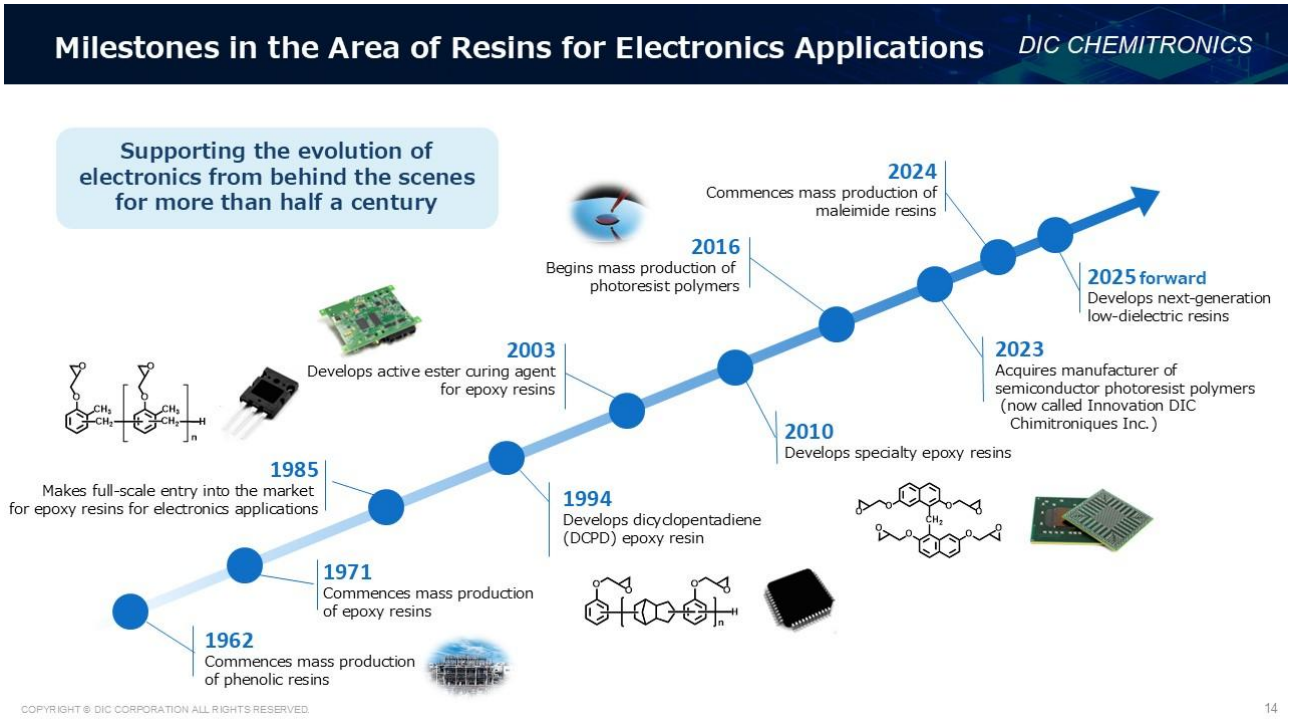
Hara [A]: When I said that we are “not particularly committed” to epoxy resins, what I meant was that when a customer requires a specific performance characteristic, we do not insist on achieving it through epoxy resin chemistry alone. That should not be interpreted as a lack of commitment to our epoxy resin business itself.

Questioner [Q]: So, if I understand correctly, what you meant is that DIC’s strength lies not only in epoxy resins, but in its ability to work with a wide range of resin technologies?

Hara [A]: Yes, exactly.

As for our sources of differentiation, one of DIC’s most significant strengths is our deep expertise in electronic materials.

As you pointed out, some companies achieve cost competitiveness by producing key raw materials such as epichlorohydrin and bisphenol A in-house. While that is certainly one approach, DIC has differentiated itself through its ability to design highly specialized resins with unique performance characteristics.



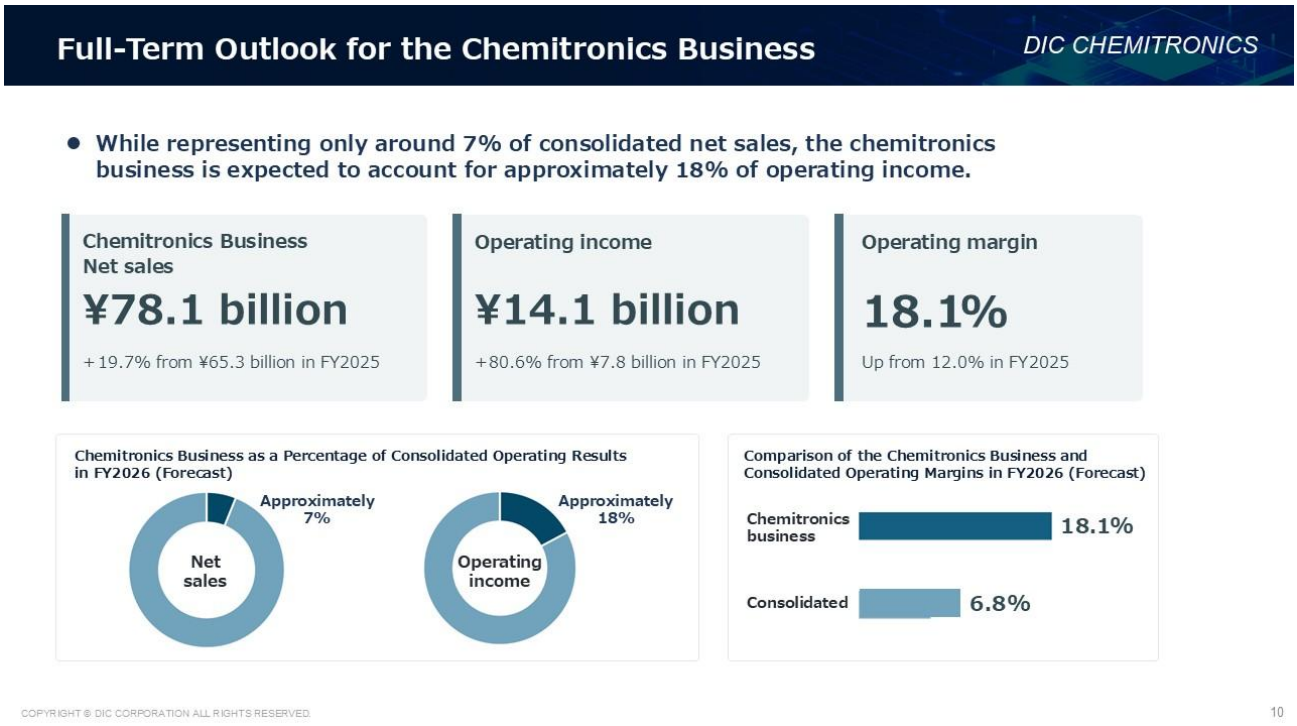
Our history began with the mass production of phenolic resins, and we later expanded into the production of epoxy resins. If you look closely at the molecular structures of the various epoxy resins shown on the slide, you will notice that the core of those structures is largely built upon phenolic chemistry.

This is where one of our greatest strengths lies. We have the capability to design and engineer the very core of a material's chemical structure, enabling us to create proprietary specialty resins with distinctive performance characteristics.

Over the years, we have repeatedly leveraged this capability to respond quickly to emerging customer needs, particularly the highly specialized requirements of the electronics materials industry. By addressing these needs ahead of the market, we have steadily expanded our market position.

As a result, we have built a broad portfolio of differentiated products, many of which are not readily available from other suppliers. We believe this ability to create unique materials through advanced molecular design is a key competitive advantage for DIC.

Questioner [Q]: The Chemitronics business reported operating income of JPY 8.1 billion in the first half. Could you explain why operating income in the second half is projected to be lower than in the first half?



Hara [A]: Looking at the difference between the first and second halves, net sales are expected to increase from JPY 37.6 billion in the first half to JPY 40.5 billion in the second half, indicating continued top-line growth.

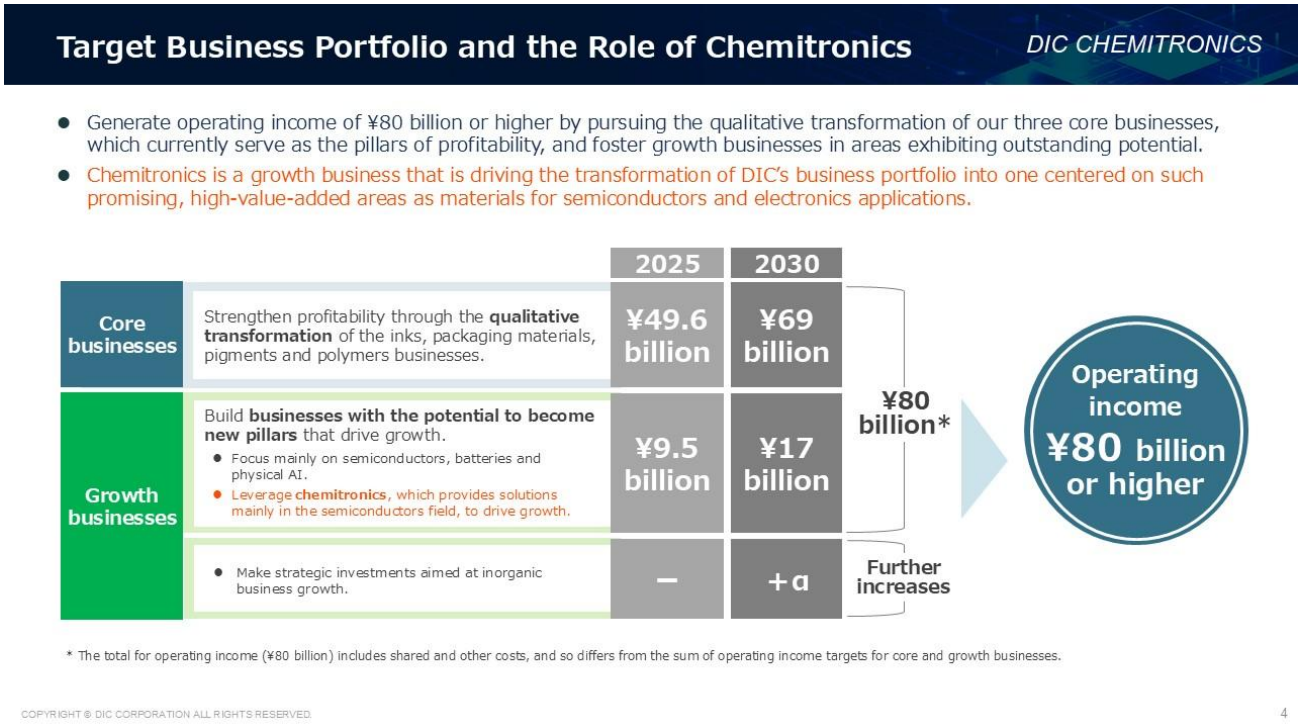
However, operating income is projected to decline from JPY 8.1 billion in the first half to JPY 6.0 billion in the second half.

The primary reason is that the price spread is expected to narrow between the first and second halves due to the impact of higher-cost inventories, which increased to a certain extent during the first half. This is a significant factor affecting profitability.

In addition, the first half benefited from the tailwind of a weaker yen. For the second half, however, our forecast assumes an exchange rate of JPY 150 per U.S. dollar, which reflects a somewhat more conservative view.

These are the two main factors behind the projected decline in second-half operating income. That said, you should view the full-year operating income forecast of JPY 14.1 billion as a prudent estimate that still provides potential upside depending on market conditions and business performance.

Questioner [Q]: As DIC targets operating income of more than JPY 80 billion by 2030, could you provide some perspective on the expected contribution from the Chemitronics business?



Tanaka [A]: We have announced our goal of achieving more than JPY 80 billion in operating income by 2030, consisting of approximately JPY 69 billion from our core businesses and JPY 17 billion from our growth businesses.

You can assume that the Chemitronics business will account for a significant portion of the JPY 17 billion generated by our growth businesses.

Of course, our growth business portfolio also includes areas such as Physical AI and batteries. However, at this point, we do not expect those businesses to make material profit contributions by 2030.

In fact, operating income from our growth businesses is already expected to reach approximately JPY 14 billion this year. In previous discussions with analysts, we were often asked whether these growth targets were truly achievable and how much earnings power these businesses actually possess.

Our objective is to demonstrate that earnings capability through results, achieve the JPY 17 billion operating income target for our growth businesses, and ultimately deliver more than JPY 80 billion in operating income at the company-wide level. We are fully committed to making that goal a reality.

Questioner [Q]: Could you comment on whether demand for DIC's active ester curing agent for epoxy resins, one of the Company's key strengths, is expected to increase as AI-related demand continues to expand?

Hara [A]: Speaking in general terms, we believe that as AI-related demand grows, semiconductor package substrates will undoubtedly become larger and incorporate a greater number of layers than conventional designs.

In that context, we expect demand growth for package substrate materials to be significantly greater and more pronounced than the growth in demand for traditional motherboard applications.

DIC's materials are used in areas such as package substrate materials and copper-clad laminates (CCLs) for motherboards. Among these applications, we naturally expect demand for package substrate materials to continue increasing. As AI adoption expands, we anticipate that package substrate applications will account for a growing proportion of overall demand for our materials.

Questioner [Q]: I have a question regarding the new semiconductor epoxy resin plant scheduled to begin operations in 2029.

Given the strong growth in demand today, it seems likely that demand will continue to increase over the next several years. As a result, is there a risk that your existing capacity could reach full utilization as early as next year or sometime in 2028? How is DIC preparing for such a scenario?

Hara [A]: We maintain close communication with our customers at all times and carefully plan our investment and production schedules based on their anticipated demand. Our objective is to ensure that capacity expansion keeps pace with customer requirements. If we see the potential for supply constraints, we will also consider additional investments as needed.

As I mentioned earlier, we are already taking a phased approach to expanding capacity at the Chiba Plant, including incremental capital investments and facility enhancements.

Until the new production facility comes on stream in 2029, we will continue to increase production capacity step by step to ensure that we can meet customer demand without disruption. We also believe that there is sufficient room for further capacity expansion before the new plant becomes operational.

Questioner [Q]: DIC has established a corporate venture capital (CVC) fund and is pursuing technology acquisition opportunities in the field of Physical AI. Could you explain where DIC believes it can create value by combining its existing technologies with Physical AI?

Tanaka [A]: Physical AI has increasingly become a topic of discussion in newspapers and the broader media. Our approach is to compete in areas where DIC can leverage its unique strengths and create meaningful differentiation.

More specifically, rather than trying to compete head-on with the major companies leading the AI ecosystem in the United States or with sectors in China that are rapidly scaling up production, we intend to focus on areas where our technologies and expertise can add distinctive value.

As we look ahead to the emergence of an AI-integrated society, we believe an important theme will be how Physical AI enables connections between AI and the real world, and between technology and people.

The concept of an interface may be the most appropriate way to describe this opportunity. We expect that the points of connection between digital intelligence and the physical world will require a wide range of chemical materials, components, and modules, areas that are highly compatible with DIC's core competencies.

As a chemical company, we believe we can leverage our strengths in advanced materials and our expertise in the types of components discussed today to develop a competitive strategy in the Physical AI field. Our goal

is to identify and capture opportunities where chemistry can play a critical role in enabling the interaction between AI systems and the physical environment.

Questioner [Q]: I have a question regarding Industrial-use adhesive tapes. My understanding is that this business has historically gone through cycles, with particularly strong years occurring every two or three years, followed by periods of slowdown.

Today, however, the business appears to be performing well on a more sustained basis. Could you comment on the applications in which your tapes are used by major smartphone manufacturers, and also on the competitive environment for industrial tapes?

Hara [A]: Because of our customer relationships and confidentiality obligations, it is difficult for me to discuss specific applications in detail. However, broadly speaking, our products are double-sided adhesive tapes that are used in highly specialized applications.

One characteristic of these specialized applications is that, as devices such as smartphones become increasingly sophisticated and complex, the number of areas requiring advanced and highly specialized materials tends to increase as well.

As a result, the growth we are currently seeing is not simply a reflection of overall growth in smartphone shipments or device volumes. Rather, it is being driven by the increasing number of locations within these devices where specialized materials such as our tapes are required.

Questioner [Q]: I have a question regarding the Canadian photoresist polymer company. Since the primary market for photoresist polymers is in Asia, could you comment on your progress in expanding business with Asian customers?

Hara [A]: Our expansion into the Asian market has been progressing smoothly.

Although IDC is based in North America, the company has historically generated a substantial portion of its business through exports. Given that background, one of the key achievements since the acquisition has been the steady growth of business with customers in Asia.

We have been successfully expanding our presence in the region, and we believe this momentum is sustainable going forward.

[END]

Disclaimer regarding forward-looking statement

Statements herein, other than those of historical fact, are forward-looking statements that reflect management's projections based on information available as of the publication date. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, economic conditions in Japan and overseas, market trends, raw materials prices, interest rate trends, currency exchange rates, conflicts, litigations, disasters and accidents, as well as the possibility the Company will incur special losses related to the restructuring of its operations.