

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.

To our shareholders:

Items Not Included in Documents Delivered Concerning the Notice of
Convocation of the 128th Annual General Meeting of Shareholders

<Consolidated Financial Statements>

Consolidated Statement of Changes in Net Assets
Notes to Consolidated Financial Statements

<Non-Consolidated Financial Statements>

Non-Consolidated Statement of Changes in Net Assets
Notes to Non-Consolidated Financial Statements

The items listed above are posted on each website on the Internet, which are described on page 3 of “Notice of Convocation” pursuant to the applicable laws and regulations and Article 15, Paragraph 2 of the Articles of Incorporation of the Company.

DIC Corporation

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.

Consolidated Statement of Changes in Net Assets

(Millions of yen)

	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 FY 2025					
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 FY 2025	—	—	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 adjustment	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 FY 2025							
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 FY 2025	(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

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.

Notes to Consolidated Financial Statements

I. Notes to Significant Accounting Policies

1. Scope of Consolidation

Number of consolidated subsidiaries 145
(Sun Chemical Group Coöperatief U.A., DIC (CHINA) CO., LTD., DIC Asia Pacific Pte Ltd, Colors & Effects USA LLC, DIC INVESTMENTS JAPAN, LLC., DIC Graphics Corporation, and others)

Change in scope of consolidation

Increase: None

Decrease: 7 companies Qingdao DIC Fine Chemicals Co., Ltd., Qingdao DIC Liquid Crystal Co., Ltd. and others (sale of shares, etc.)

2. Scope of Equity Method

Number of companies accounted for by the equity method 17
(TAIYO HOLDINGS CO. LTD. and others)

Change in scope of equity method

Increase: None

Decrease: 1 company Mizushima Kasozai, Inc. (sale of shares)

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.

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.

(2) Method for Depreciation of Non-Current Assets

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

DIC Corporation (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 - 50 years
Machinery, equipment and vehicles	3 - 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 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.

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.

(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 balance sheet date. In calculating retirement benefit obligations, the Company and its consolidated subsidiaries (the "Group") 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 balance sheet date and any difference arising from the translation is recognized in the consolidated statement of income.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the exchange rates as of the 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.

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.

(7) 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.

(8) Group tax sharing system

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

5. Amortization of Goodwill

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

6. 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 has introduced a new performance-based stock compensation plan called BBT (the “Plan”) since the fiscal year ended December 31, 2017. The purpose of the Plan is to further clarify the linkage between the compensation of the Target Officers and corporate performance and the value of the Company’s shares. The intended result is strengthening the Target Officers’ awareness of their contributions to the medium- to long-term improvement of corporate performance and 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” (PITF No. 30, March 26, 2015).

(1) Outline of the transactions

The trust established under the Plan acquires the Company’s shares with 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.

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

II. Notes to 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.

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.

III. Notes to Accounting Estimates

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.

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.

(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.

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.

(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

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.

(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 semiconductor 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.

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.

IV. Notes to Consolidated Balance Sheet

	(Millions of yen)
1. Accumulated Depreciation of Property, Plant and Equipment	743,352
2. Assets Pledged for Collateral and Secured Liabilities	
(1) Assets pledged for collateral	
	(Millions of yen)
Cash and deposits	667
Buildings and structures	268
Land	356
Non-current assets other	25
Total	1,316
(2) Secured liabilities	
None.	
3. Contingent Liabilities and Others	
	(Millions of yen)
Liability for guarantee	1,109
4. Reduction entries	
(1) The total accumulated amount of reduction entry that is directly subtracted from non-current assets acquired using government grant is as follows.	
	(Millions of yen)
Buildings and structures	48
Machinery, equipment and vehicles	868
Tools, furniture and fixtures	13
Construction in progress	167
Software	0
Total	1,096
(2) 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.	

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.

V. Notes to Consolidated Statement of Changes in Net Assets

- (Shares)
1. Number of Common Stock Issued at the End of Period 95,156,904
2. Cash Dividends
- (a) Amount of cash dividends paid

Resolution	Type of stock	Dividends in total (Millions of yen)	Cash dividends per share (Yen)	Record date	Dividend payment
March 27, 2025, Annual General Meeting of Shareholders	Common stock	4,748	50	December 31, 2024	March 28, 2025
August 8, 2025, Meeting of the Board of Directors	Common stock	4,748	50	June 30, 2025	September 1, 2025
Total		9,496			

- Notes: 1. The total amount of dividends resolved at the annual general meeting of shareholders held on March 27, 2025, includes dividends of ¥14 million for the Company's shares held by the BBT.
2. The total amount of dividends resolved at the meeting of the board of directors held on August 8, 2025, includes dividends of ¥14 million for the Company's shares held by the BBT.

(b) Amount of cash dividends to be paid

Resolution	Type of stock	Funds for dividends	Dividends in total (Millions of yen)	Cash dividends per share (Yen)	Record date	Dividend payment
March 25, 2026, Annual General Meeting of Shareholders	Common stock	Retained earnings	14,244	150	December 31, 2025	March 26, 2026

- Note: The total amount of dividends to be resolved 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.

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.

VI. Notes to Financial Instruments

1. Status of 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 balance of account at the time.

The Group has derivatives which consist of forward foreign currency contracts, currency swaps and interest-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. Fair Value of Financial Instruments

The following table presents the carrying amounts and the fair value of financial instruments at December 31, 2025.

(Millions of yen)

	Carrying amount	Fair value	Difference
① Investment securities (Note 2)			
Shares of affiliates	24,357	106,998	82,641
Available-for-sale securities	7,383	7,383	—
Assets total	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)	13,004	12,999	(5)
Liabilities total	431,497	419,423	(12,074)
Derivative financial instruments (Note 3)			
① Hedge accounting - not applied	134	134	—
② Hedge accounting - applied	502	502	—
Derivative financial instruments total	635	635	—

Note 1. Cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term loan 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 of which their fair values approximate their book values. Accordingly, they are omitted.

Note 2. Financial instruments that do not have market prices 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 investment in partnerships is not disclosed as the Group has applied the accounting treatment

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.

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)
Investment in partnerships	1,389

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 on the consolidated balance sheet

(Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	7,383	—	—	7,383
Assets total	7,383	—	—	7,383
Derivative financial instruments				
① Hedge accounting - not applied	—	134	—	134
② Hedge accounting - applied	—	502	—	502
Derivative financial instruments total	—	635	—	635

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.

(2) Financial instruments other than those carried at fair value on the consolidated balance sheet

(Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of affiliates	106,998	—	—	106,998
Assets total	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
Liabilities total	—	419,423	—	419,423

Note: Explanation of the valuation methodology and inputs used to measure fair value

Investment securities

The fair values of listed stocks are measured using quoted market prices for identical securities. Since listed stocks 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 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.

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.

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 apply if similar loans were newly undertaken, and are classified as Level 2.

VII. Notes to Revenue Recognition

1. Information that provides a basis for disaggregating revenue from contracts with customers

(Millions of yen)

	Packaging & Graphic	Color & Display	Functional Products	Subtotal	Others	Total
	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

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 "I. Notes to Significant Accounting Policies."

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)

	FY2025
Receivables from contracts with customers (beginning balance)	229,744
Receivables from contracts with customers (ending balance)	231,445
Contract liabilities (beginning balance)	560
Contract liabilities (ending balance)	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.

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.

VIII. Notes to Amounts Per Share Information

	(Yen)
Shareholders' equity per share	4,973.39
Earnings per share	341.71
(Notes)	

1. The Company has introduced the 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 shareholders' 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.
2. The number of treasury shares excluded from the calculation of shareholders' equity per share was 277,400 as of December 31, 2025, while the weighted-average number of treasury shares issued during the fiscal year excluded from the calculation of earnings per share was 277,400 for the fiscal year ended December 31, 2025.

IX. Notes to 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

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.

(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

X. Others

Japanese yen amounts are rounded to the nearest million.

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.

Non-Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings					Total retained earnings
		Legal capital surplus	Total capital surplus	Other retained earnings					
				Reserve for tax deferral of subsidies	Reserve for tax deferral of insurance gains	Reserve for tax deferral of capital gains from eminent domain	Reserve for reduction entry of replaced property	Retained earnings brought forward	
Balance at January 1, 2025	96,557	94,156	94,156	53	136	753	3,296	140,403	144,642
Change in FY 2025									
Reversal of reserve for tax deferral of subsidies				(9)				9	—
Reversal of reserve for tax deferral of insurance gains					(6)			6	—
Reversal of reserve for tax deferral of capital gains from eminent domain						(20)		20	—
Reversal of reserve for reduction entry of replaced property							(170)	170	—
Adjustment to reserve due to a change in tax rate				(0)	(2)	(9)	(38)	50	—
Dividends from surplus								(9,496)	(9,496)
Net income								19,711	19,711
Purchase of treasury shares									
Net changes of items other than shareholders' equity									
Total change in FY 2025	—	—	—	(10)	(8)	(29)	(209)	10,471	10,215
Balance at December 31, 2025	96,557	94,156	94,156	44	128	724	3,088	150,873	154,857

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at January 1, 2025	(1,498)	333,856	3,424	(13,726)	(10,302)	323,553
Change in FY 2025						
Reversal of reserve for tax deferral of subsidies		—				—
Reversal of reserve for tax deferral of insurance gains		—				—
Reversal of reserve for tax deferral of capital gains from eminent domain		—				—
Reversal of reserve for reduction entry of replaced property		—				—
Adjustment to reserve due to a change in tax rate		—				—
Dividends from surplus		(9,496)				(9,496)
Net income		19,711				19,711
Purchase of treasury shares	(6)	(6)				(6)
Net changes of items other than shareholders' equity			(175)	(1,676)	(1,851)	(1,851)
Total change in FY 2025	(6)	10,209	(175)	(1,676)	(1,851)	8,358
Balance at December 31, 2025	(1,505)	344,064	3,249	(15,402)	(12,153)	331,912

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.

Notes to Non-Consolidated Financial Statements

I. Notes to Significant Accounting Policies

1. Methods and Standards for Valuation of Securities

Securities of subsidiaries and affiliates:

Securities of subsidiaries and affiliates are stated at cost calculated by the moving-average method.

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.

2. Methods and Standards for Valuation of Derivatives

Derivatives are carried at fair value.

3. Methods and Standards for Valuation of 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 non-consolidated balance sheet by writing them down based on their decrease in profitability.

4. Method for Depreciation of Non-Current Assets

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

Buildings, tools, and facilities attached to buildings and structures acquired on or after April 1, 2016:

Straight-line method

Furniture and fixtures:

Declining-balance method

Other property, plant and equipment:

Declining-balance method, except for certain assets to which the straight-line method is applied

The principal useful lives are as follows:

Buildings	8 - 50 years
Machinery and equipment	8 years

(2) Intangible assets (excluding goodwill and leased assets)

Intangible assets are amortized by the straight-line method.

With regard to software for internal use, the straight-line method is applied based on a useful life of 5 years.

(3) Goodwill

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

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.

(4) 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.

5. Foreign Currency Translation

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

6. Standards for Provisions

(1) Allowance for doubtful accounts

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

(2) Provision for bonuses

Provision for bonuses is provided based on the estimated payments of bonuses to employees and executive officers.

(3) Provision for directors' bonuses

Provision for directors' bonuses is provided based on the estimated payments of bonuses.

(4) Provision for environmental measures

Provision for environmental measures is provided based on the estimated payments of soil pollution cleanup loss.

(5) Provision for retirement benefits (prepaid pension cost)

Provision for employees' and executive officers' retirement benefits is provided based on the retirement benefit obligations and the fair value of pension plan assets as of the balance sheet date.

(a) Method of attributing expected retirement benefits to each period

In calculating retirement benefit obligations, the Company applies a method of attributing expected retirement benefits to each period on a benefit formula basis.

(b) Accounting for actuarial gains/losses and past service costs

Past service costs are expensed in the accounting periods when they are incurred. Actuarial gains and losses are amortized in the succeeding years by the straight-line method over the average remaining service period of the eligible employees (13 years).

(6) Provision for stock payments

Provision for stock payments is provided based on the estimated amount of stock payment obligations as of the balance sheet date to prepare for the payments of the performance-based stock compensation in accordance with the Rules of Officer Share Benefit.

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.

(7) Provision for loss on business of subsidiaries and affiliates

Provision for loss on business of subsidiaries and affiliates is provided based on the consideration of the asset conditions of subsidiaries and affiliates.

7. Method for deferred assets

Bond issuance cost is expensed upon payment.

8. 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.

9. Group tax-sharing system

The Company has adopted the group tax-sharing system.

10. Retirement and Pension Plans

The accounting treatment for previously unrecognized actuarial gains and losses on the non-consolidated financial statements is different from the consolidated financial statements. On the non-consolidated balance sheet, pension assets are deducted from retirement benefit obligations adjusted with previously unrecognized actuarial gains and losses, and the net amount is recognized as a provision for retirement benefits or prepaid pension cost.

11. Revenue and expense recognition standards

The Company 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 Company 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 with transaction partners is recognized as buyback obligation 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.

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.

12. Additional Information

(Board Benefit Trust (BBT))

The notes concerning the transaction of delivering the Company's own stock to executive officers, as well as directors who concurrently serve as executive officers through the BBT are omitted, as "6. Additional Information" within "I. Notes to Significant Accounting Policies" of the notes to consolidated financial statements contains the same description.

II. Notes to Changes in Accounting Policies

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

The Company 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 valuation and translation adjustments) 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). The change in accounting policy has no effect on the non-consolidated financial statements.

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

The Company 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 non-consolidated financial statements and recorded the amount on the profit and loss information.

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

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.

III. Notes to Accounting Estimates

1. Valuation of shares of subsidiaries and affiliates

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

Shares of subsidiaries and affiliates ¥453,425 million

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

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

Of the ¥453,425 million in shares of subsidiaries and affiliates recorded in the non-consolidated balance sheet as of December 31, 2025, ¥365,114 million represents investments in DIC INVESTMENTS JAPAN, LLC., which accounts for 45% of total assets. DIC INVESTMENTS JAPAN, LLC. aims to invest in and extend loans efficiently to Group companies, and its assessment of the cost of such an investment is impacted by the operating results of the target company. The Company assesses the cost of investments in subsidiaries and affiliates by comparing cost of acquisition with the actual value of shares. In principle, an impairment loss is recognized to reduce the cost to its substantial value if the substantial value is significantly lower than the cost, unless sufficient evidence indicates that a recovery is likely.

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

The fair value of the share of DIC INVESTMENTS JAPAN, LLC., did not fall substantially below the cost of acquisition as of December 31, 2025. However, if the fair value decreases significantly compared to the cost of acquisition, due to the sharp deterioration of economic conditions or the operating environment, it may have a significant impact on the non-consolidated financial statements of the Company for the fiscal year ending December 31, 2026.

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.

2. Recoverability of deferred tax assets

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

Deferred tax assets before offsetting deferred tax liabilities ¥6,607 million

(The balance of deferred tax liabilities after offsetting deferred tax liabilities is ¥3,615 million.)

The amount of deferred tax assets relating to future deductible temporary differences is ¥10,869 million, from which valuation allowance of ¥4,263 million was deducted. Of this amount, deferred tax assets relating to net operating loss carryforwards was ¥1,269 million, from which valuation allowance of ¥65 million was deducted.

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

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

The Company applies the group tax-sharing system. Judgements on the recoverability of deferred tax assets with regard to corporate taxes and local income taxes are based on future taxable income of the entire tax-sharing system, whereas judgements on the recoverability of deferred tax assets with regard to inhabitants' tax and enterprise tax are based on future taxable income of the Company only. Taxable income before temporary differences was expected in a certain period in the future. Deferred tax assets were recognized in the range of amount considered recoverable from taxable income in a reasonably estimable period in the future, and the amount exceeding that range was deducted.

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

The amount of recoverable deferred tax assets was estimated based not only on past taxable income levels, but also on forecasts of future taxable income based on the business plan for the period in which the deductible temporary differences and unused net operating loss carryforwards are deductible.

The estimates for future taxable income are based on the budget for the upcoming fiscal year approved by the Board of Directors. Significant assumptions are used in making the budget, including sales prices to be improved, new products to be successfully commercialized, and increase in sales volume due to the recovery of the market.

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

These assumptions may be affected by global economic conditions, market trends, prices for raw materials and interest and currency exchanges rates. If actual results differ from initial estimates, this could have a significant impact as it would be necessary to additionally record or reverse deferred tax assets in the non-consolidated financial statements for the following fiscal year.

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.

IV. Notes to Non-Consolidated Balance Sheet

(Millions of yen)

1. Accumulated Depreciation of Property, Plant and Equipment

320,475

2. Contingent Liabilities and Others

(Millions of yen)

Guaranteed party	Amount	Contents of guarantee
Sun Chemical Group Coöperatief U.A.	6,000	Loans from financial institutions
DIC Graphics Corporation	1,963	Purchase liabilities
CAST FILM JAPAN CO., LTD.	1,105	Loans from financial institutions
DIC Plastics, Inc.	733	Purchase liabilities
Innovation DIC Chimitroniques Inc.	608	Loans from government institutions
Three companies and others	376	Purchase liabilities and others
Total	10,785	

(Millions of yen)

3. Short-term receivables from subsidiaries and affiliates

37,971

Long-term receivables from subsidiaries and affiliates

4,229

Short-term liabilities to subsidiaries and affiliates

35,492

Long-term liabilities to subsidiaries and affiliates

148

V. Notes to Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates

(Millions of yen)

Sales

57,577

Purchases

42,998

Other transactions

14,665

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.

VI. Notes to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury stock

	As of January 1, 2025	Increase in FY 2025	Decrease in FY 2025	As of December 31, 2025
Common stock	474,948	1,911	—	476,859
Total	474,948	1,911	—	476,859

(Notes)

1. The shares held by the BBT of 277,400 shares are included in the number of treasury shares as of December 31, 2025.
2. The increase in treasury shares of common stock of 1,911 shares was due to purchase of odd-lot shares.

VII. Tax Effect Accounting

1. A breakdown of the major components of deferred tax assets and liabilities is as follows:

	(Millions of yen)
Shares of subsidiaries and affiliates	2,958
Property, plant and equipment	1,708
Provision for bonuses	1,510
Others	4,694
Subtotal deferred tax assets	10,869
Valuation allowance	(4,263)
Total deferred tax assets	6,607

	(Millions of yen)
Net defined benefit asset	(6,092)
Reserve for tax purpose reduction entry of non-current assets	(1,828)
Valuation difference on available-for-sale securities	(1,535)
Others	(766)
Total deferred tax liabilities	(10,222)
Total deferred tax assets (net)	(3,615)

2. Accounting treatment of corporate and local corporate taxes and related tax effect accounting

The Company has 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).

3. 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 ¥248 million, while income taxes–deferred and valuation difference on available-for-sale securities decreased by ¥205 million and ¥44 million, respectively.

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.

VIII. Notes to Revenue Recognition

Information that provides a basis for understanding revenue from contracts with customers

The notes concerning the information that provides a basis for understanding revenue from contracts with customers are omitted, as “VII. Notes to Revenue Recognition” of the notes to consolidated financial statements contains the same description.

IX. Notes to Related Party Transactions

1. Related Companies

(Millions of yen)

Attribution	Name of related party	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of transaction	Balance at year-end	
						Account	Amount
Subsidiaries	DIC Graphics Corporation	Owning Direct 66.6%	Sales of raw materials and others Dispatch of officer	Sales of raw materials and others (Note 1)	18,318	Accounts receivable - other	8,644
				Advance payment of expenses (Note 1)	12,587		
				Loan transaction (Note 2)	17,772	Short-term loans payable	18,593
	DIC INVESTMENTS JAPAN, LLC.	Owning Direct 100%	Loan transaction Dispatch of officer	Loan transaction (Note 2)	32,686	Short-term loans receivable	2
				Return of paid-in capital (Note 3)	35,582	—	—

(Notes)

1. Transaction terms are determined on an arm's length transaction.
2. Interest rate applied to “Loan transaction” is reasonably determined based on the market interest rate.
3. “Return of paid-in capital” refers to an action taken by the related party to return the Company’s investment through capital reduction implemented on December 15, 2025. The transaction amount reflects the carrying value on the company's books.

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.

2. Directors, Corporate Auditors, Major Individual Stockholders and Others

(Millions of yen)

Attribution	Name of related party	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of transaction	Balance at year-end	
						Accounts	Amount
Companies where directors and their close relatives owned a majority of the voting rights (Note 1)	Nissei Real-Estate Co., Ltd.	—	Rental of buildings and others	Payment of rent for buildings and others (Note 2)	467	Security deposit	1,203
	Dainichi Can Co., Ltd.	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 3)	138	—	—
				Sales of merchandise and finished goods and offering of service (Note 4)	13	—	—
	Nissin Trading Co., Ltd.	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 5)	1,823	—	—
				Sales of merchandise and finished goods and offering of service (Note 4)	922	—	—
SHANGHAI NISSIN TRADING CO., LTD	—	Sales of merchandise and finished goods	Sales of merchandise and finished goods (Note 4)	10	—	—	

(Notes)

1. Yoshihisa Kawamura, a director of the Company, and his close relatives substantially owned a majority of the voting rights of Nissei Real-Estate Co., Ltd. However, as he resigned as a director of the Company on March 27, 2025, the company no longer constitutes a related party. The amount of transaction and the balance at year-end are based on transactions occurring from January 1, 2025, through the date of resignation. Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd. and SHANGHAI NISSIN TRADING CO., LTD. is fully owned by Nissin Trading Co., Ltd. Therefore, following the same practice as for Nissei Real Estate Co., Ltd., the amounts of transaction and the balances at year-end are based on transactions occurring from January 1, 2025, through the date of resignation.
2. Rental fee of “Rental of buildings and others” is determined based on an arm's length transaction in the neighboring area.
3. Transaction terms in “Purchase of metallic containers and others” are determined based on an arm's length transaction.
4. Transaction terms in “Sales of merchandise and finished goods and offering of service” are determined on an arm's length transaction.
5. Transaction terms in “Purchase of raw materials and others” are determined on an arm's length transaction.

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.

X. Notes to Amounts Per Share Information

	(Yen)
Net assets per share	3,505.61
Earnings per share	208.18

(Note) As described in “VIII Notes to Amounts Per Share Information” of the notes to consolidated financial statements, the number of treasury shares excluded from the number of shares issued as of the balance sheet date or the weighted-average number of shares issued during the fiscal year includes the number of shares held by the BBT.

XI. Others

Japanese yen amounts are rounded to the nearest million.