

Notice of Convocation

of the 123rd Annual General Meeting of Shareholders

Color & Comfort

A video of the General Meeting of Shareholders will be streamed on the Company's website following the meeting's conclusion for shareholders to view at home.

To prevent the further spread of COVID-19, shareholders are requested to refrain from attending the meeting in person and instead to exercise their voting rights in advance in writing (by mail) or via the internet.

Please note that this is an unofficial English translation of the Japanese Notice of Convocation of the 123rd Annual General Meeting of Shareholders, and is provided for your reference and convenience only, without any warranty as to its accuracy or otherwise. The original Japanese version of the Notice of Convocation is the sole official version.

(Securities Identification Code: 4631)

Color & Comfort

Measures to Prevent the Further Spread of COVID-19

- To prevent the further spread of COVID-19, shareholders are requested to refrain from attending the 123rd Annual General Meeting of Shareholders in person.
- Shareholders are requested to exercise their voting rights in advance in writing (by mail) or via the internet, as outlined on pages 5 and 6.
- A video of the meeting will be streamed on the Company's website following the meeting's conclusion for shareholders to view at home.
- Shareholders choosing to attend the meeting in person will be required to take preventative measures, including wearing masks and using the alcohol-based sanitizer provided. Any individual not wearing a mask may be refused admission.
- The time allotted for the meeting's proceedings will be shorter than in most years.
- Any other notifications or advisories regarding significant changes to plans for the convening of the meeting will be posted on the Company's website.

The understanding and cooperation of all shareholders is greatly appreciated.

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To Our Shareholders

Let me begin by conveying my appreciation to shareholders for their ongoing encouragement. I would also like to express my sorrow at the loss of lives and to extend my deepest sympathies to everyone who has been affected by the COVID-19 pandemic.

Even given the difficulties of the pandemic, we have conducted our operations over the past year with a keen desire to leverage the power of chemistry to help provide peace of mind and safety for people everywhere. Cognizant of the important ongoing role our products play in guarding stable supplies of daily necessities such as food packaging, we remain committed to maintaining production activities while taking assiduous steps to ensure the safety of our employees. We will also continue to deliver distinctively DIC products and technologies to communities around the world.

Owing to global economic stagnation caused by the escalating number of COVID-19 infections, we reported falling shipments of a broad range of key products, including publication inks, pigments for cosmetics and materials for use in automobiles, in fiscal year 2020. As a consequence, consolidated operating income declined to 39.7 billion yen. We are proposing to pay a year-end dividend for the year of 50 yen per share, which is unchanged from our forecast published on August 11, 2020. As a result, the annual dividend will be 100 yen per share.

In all our efforts, we look forward to the continued support and guidance of our shareholders.

Kaoru Ino
Representative Director



Notice of Convocation

Securities Identification Code: 4631
March 12, 2021

To Our Shareholders,

(Registered Office) 35-58, Sakashita 3-chome, Itabashi-ku, Tokyo
(Corporate Headquarters) 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo

DIC Corporation

Kaoru Ino, Representative Director

Notice of Convocation of the 123rd Annual General Meeting of Shareholders

The 123rd Annual General Meeting of Shareholders of DIC Corporation (the "Company") will be held as described below.

To prevent the further spread of COVID-19, you are requested to refrain from attending the General Meeting in person and instead to exercise your voting rights by mail or via the internet or other electromagnetic means. Upon review of the Reference Documents for the General Meeting of Shareholders (pages 7–23), please exercise your voting rights in accordance with the Guidance Notes on the Exercise of Voting Rights (pages 5 and 6) by 5:15 p.m., Monday, March 29, 2021 (Japan time).

Date and Time

10:00 a.m., Tuesday, March 30, 2021 (Japan time)

Place

Nihonbashi Mitsui Hall, COREDO Muromachi 1 (Reception Desk: 4th Floor)
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

Agenda of the General Meeting

Matters to be Reported:

1. Business Report, Consolidated Financial Statements and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the 123rd Fiscal Year (January 1, 2020–December 31, 2020)
2. Non-Consolidated Financial Statements for the 123rd Fiscal Year (January 1, 2020–December 31, 2020)

Matters to be Resolved:

- Proposal 1. Appropriation of Surplus
- Proposal 2. Election of 9 Directors
- Proposal 3. Election of 1 Audit & Supervisory Board Member
- Proposal 4. Revision of the Performance-Based Stock Compensation Plan

Matters Decided upon Convocation of the General Meeting

- (1) If you exercise your voting rights redundantly both by mail and via the internet or other electromagnetic means, the vote cast via the internet or other electromagnetic means shall be considered the valid vote.
- (2) If you exercise your voting rights on the same agenda more than once via the internet or other electromagnetic means, the latest vote cast shall be considered the valid vote.

In the event that revisions are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements, the revised items will be posted on the Company's website (<https://www.dic-global.com/en/ir/stocks/meeting.html>).

Materials Disclosed via the Internet

Pursuant to applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following materials are disclosed on the Company's website and not included in the attachments to this Notice of Convocation:

- ① Consolidated Statement of Changes in Net Assets
- ② Notes to the Consolidated Financial Statements
- ③ Non-Consolidated Statement of Changes in Net Assets
- ④ Notes to the Non-Consolidated Financial Statements

IR Information

<https://www.dic-global.com/en/ir/stocks/meeting.html>

In addition to the materials contained in the attachments to this Notice of Convocation, the Consolidated Financial Statements and the Non-Consolidated Financial Statements—which have been audited by Audit & Supervisory Board Members and the Accounting Auditor—contain the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-Consolidated Statement of Changes in Net Assets and the Notes to the Non-Consolidated Financial Statements, all of which are available on the Company's website.



Guidance Notes on the Exercise of Voting Rights

The right to vote at the General Meeting of Shareholders is an important shareholder entitlement. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights using one of the methods indicated below. To prevent the further spread of COVID-19, it is strongly recommended that you exercise your voting rights in writing (by mail) or via the internet.



Attend the General Meeting of Shareholders

Please submit the enclosed Exercise of Voting Rights Form at the reception desk at the General Meeting of Shareholders on the day of the meeting.

Date and time of the General Meeting of Shareholders

**Tuesday, March 30, 2021
10:00 a.m. (Japan time)**



Exercise Your Voting Rights in Writing (By Mail)

Please indicate your approval or disapproval of the proposals on the enclosed Exercise of Voting Rights Form and return the Form to the Company by mail so that it arrives by the deadline indicated.

Deadline for arrival

**Monday, March 29, 2021
No later than 5:15 p.m. (Japan time)**



Exercise Your Voting Rights via the Internet

Please indicate your approval or disapproval of the proposals in accordance with the instructions on page 6 by the deadline indicated.

Deadline for voting via the internet

**Monday, March 29, 2021
No later than 5:15 p.m. (Japan time)**

Institutional investors may use the electronic voting platform operated by ICJ, Inc.

Instructions for Completing the Exercise of Voting Rights Form

議案	賛成	反対	白紙
第1号議案	○	○	○
第2号議案	○	○	○
第3号議案	○	○	○
第4号議案	○	○	○

Indicate your approval or disapproval of the proposals here.

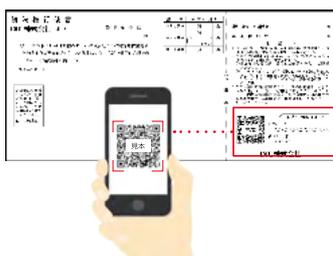
- Proposals 1, 3 and 4
 - Approval >> Circle [賛]
 - Disapproval >> Circle [否]
- Proposal 2
 - Approval of all candidates >> Circle [賛]
 - Disapproval of all candidates >> Circle [否]
 - Approval of certain candidates only >> Circle [賛] and enter the number(s) of the candidate(s) whose election you oppose.

Instructions for Exercising Your Voting Rights via the Internet

Voting via Smartphone Using the QR Code

This allows you to login without entering the login ID and temporary password provided on the Exercise of Voting Rights Form.

- 1 Scan the QR Code printed on the right side of the enclosed Exercise of Voting Rights Form.



- 2 Indicate your approval or disapproval of the proposals in accordance with the directions given.



You can exercise your voting rights using the QR Code **ONLY ONCE**.

If you wish to change your vote, or to vote using the login ID and temporary password, please follow the instructions in "Voting Using the Login ID and Temporary Password" to the right.

Caution

- Please note that the voting website cannot be accessed between 2:00 a.m. and 5:00 a.m. daily (Japan time).
- Depending on your specific computer or smartphone settings and/or internet environment, you may not be able to use the voting website to exercise your voting rights.
- Any transmission fees or other costs incurred in accessing the voting website shall be borne by the individual shareholder.
- Please address any inquiries regarding the exercise of voting rights via the internet using a computer or smartphone to the help desk indicated below.

Inquiries regarding the exercise of voting rights via the internet

Stock Transfer Agency Department (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation

Telephone: **0120-173-027** (Toll-free within Japan)

Operating hours: 9:00 a.m.–9:00 p.m. (Japan time)

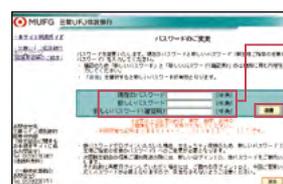
Voting Using the Login ID and Temporary Password

Voting website: <https://evote.tr.mufg.jp/>

- 1 Access the voting website.
- 2 Enter the login ID and temporary password provided on the right side of the enclosed Exercise of Voting Rights Form.



- 3 Register new password.



- 4 Indicate your approval or disapproval of the proposals in accordance with the directions given.

Note: Website voting form shown is a mockup.

Reference Documents for the General Meeting of Shareholders

Proposal 1

Appropriation of Surplus

The Company has a basic policy on the appropriation of retained earnings by ensuring stable management fundamentals and bringing more satisfactory profit returns to the shareholders.

The Company endeavors to maintain the internal reserves and uses those reserves effectively in order to promote the future interests of the shareholders by reinforcing the fundamentals of the Company.

The Company proposes the year-end dividends as follows:

1 Type of Dividend

Cash

2 Allocation of Dividend Property to Shareholders and Total Amount of Dividend

50 yen per share of common stock

Total amount of dividend: 4,739,479,100 yen

The Company previously paid out 50 yen per share as an interim dividend. Accordingly, the aggregate amount of the annual dividends for the fiscal year 2020 will be 100 yen per share.

3 Effective Date of Dividend

March 31, 2021

Proposal 2

Election of 9 Directors

The term of office of all eight incumbent Directors will be expired at the conclusion of the General Meeting. The Company proposes the election of nine Directors, increasing the number by one to reinforce its management framework.

The candidates for Directors are as follows:

Candidate No.	Candidate Name	Current Positions and Responsibilities at the Company	Attendance at Board of Directors' Meetings
1	 Re-Nominated Masayuki Saito	Chairman of the Board of Directors	17/17 (100%)
2	 Re-Nominated Kaoru Ino	Representative Director President and CEO	17/17 (100%)
3	 Re-Nominated Toshifumi Tamaki	Representative Director Executive Vice President Assistant to President and CEO	17/17 (100%)
4	 Re-Nominated Yoshihisa Kawamura	Director	17/17 (100%)
5	 Newly Nominated Takeshi Asai	Executive Officer Head of Corporate Strategy Unit In Charge of Kawamura Memorial DIC Museum of Art	—
6	 Newly Nominated Shuji Furuta	Executive Officer Head of Finance and Accounting Unit CFO	—
7	 Re-Nominated Kazuo Tsukahara	Outside Independent Director	17/17 (100%)
8	 Re-Nominated Yoshiaki Tamura	Outside Independent Director	17/17 (100%)
9	 Re-Nominated Kuniko Shoji	Outside Independent Director	17/17 (100%)

Re-Nominated Re-Nominated Director Candidate Newly Nominated Newly Nominated Director Candidate

Outside Outside Director Candidate Independent Independent Director Candidate

Candidate No.

1

Masayuki Saito

 [DOB: November 8, 1954]

Number of the Company's
Shares Held
16,445

Attendance at Board of
Directors' Meetings
17/17

▶ Brief Personal History, Positions and Responsibilities

April 1977	Joined the Company
April 2007	General Manager, Finance Dept.
April 2008	Executive Officer; In Charge of Finance & Accounting Div.
June 2010	Director; Executive Officer; In Charge of Finance & Accounting Div.
April 2011	Director; Managing Executive Officer; In Charge of Finance & Accounting Div.
April 2012	Representative Director; Senior Managing Executive Officer; Assistant to President and CEO; In Charge of Finance & Accounting Div.
January 2016	Representative Director; Executive Vice President; Assistant to President and CEO; CFO
January 2020	Representative Director; Executive Vice President; Assistant to President and CEO
January 2021– Present	Chairman of the Board of Directors

▶ Principal Concurrent Position Held at Other Organization

Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.

▶ Reasons for Being a Candidate for Director

Masayuki Saito previously served as General Manager of the Corporate Strategic Planning Dept., Managing Director of the regional headquarters for Asia and General Manager of the Finance Dept. Until fiscal year 2020, he assisted the President and CEO as Representative Director and Executive Vice President. At present, he serves as Chairman of the Board of Directors and supervises management of the DIC Group. He has extensive experience, achievements and knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Masayuki Saito and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the Directors, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

2**Kaoru Ino**

[DOB: September 15, 1957]

Number of the Company's
Shares Held**8,451**Attendance at Board of
Directors' Meetings**17/17**

▶ Brief Personal History, Positions and Responsibilities

April 1981	Joined the Company
April 2008	General Manager, Finance Dept.
April 2011	General Manager, Purchasing and Logistics Dept.
April 2012	Executive Officer; General Manager, Corporate Planning Dept.
January 2014	Executive Officer; In Charge of Corporate Strategy Div.; General Manager, Corporate Planning Dept.
January 2016	Managing Executive Officer; In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art
March 2016	Director; Managing Executive Officer; In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art
January 2018– Present	Representative Director; President and CEO

▶ Reasons for Being a Candidate for Director

Kaoru Ino previously served as General Manager of the Finance Dept., General Manager of the Purchasing and Logistics Dept., General Manager of the Corporate Planning Dept. and Executive Officer in Charge of Corporate Strategy Div. At present, he is Representative Director, President and CEO. He has extensive experience, achievements and knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Kaoru Ino and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the Directors, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

3**Toshifumi Tamaki** [DOB: January 30, 1956]

Number of the Company's
Shares Held
6,324

Attendance at Board of
Directors' Meetings
17/17

▶ Brief Personal History, Positions and Responsibilities

April 1980	Joined the Company
October 2010	General Manager, Polymer Technical Div. 2
April 2012	Executive Officer; General Manager, Corporate R&D Div.; General Manager, Color Science Laboratory; General Manager, Central Research Laboratories
January 2016	Managing Executive Officer; In Charge of Technical Segment (Technical Administrative Div. and Corporate R&D Div.); General Manager, Technical Administrative Div.
January 2018	Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
March 2018	Director; Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
January 2021– Present	Representative Director; Executive Vice President; Assistant to President and CEO

▶ Principal Concurrent Position Held at Other Organization

Director, TAIYO HOLDINGS CO., LTD.

▶ Reasons for Being a Candidate for Director

After joining the Company, Toshifumi Tamaki engaged in research and development in the polymers business and previously served as General Manager of the Polymer Technical Div. 2, General Manager of the Corporate R&D Div., General Manager of the Technical Administrative Div. and Head of Corporate Strategy Unit. At present, he assists the President and CEO as Representative Director and Executive Vice President. He has extensive experience and achievements in research and development, as well as knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Toshifumi Tamaki and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the Directors, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

4

Yoshihisa Kawamura [DOB: November 12, 1960]

Number of the Company's
Shares Held
85,489

Attendance at Board of
Directors' Meetings
17/17

▶ Brief Personal History, Positions and Responsibilities

April 1984	Joined Mitsui & Co., Ltd.
April 1991	Joined the Company
June 2004	Executive Officer; General Manager, Strategic Global Purchasing Div.
June 2007	Director; General Manager, Corporate Strategic Planning Dept.
April 2008	Director; Managing Executive Officer; President, Graphic Arts Materials Business Operation
July 2011	Director; Managing Executive Officer; President, Neo-Graphic Arts Materials Business Operations
January 2014– Present	Director

▶ Principal Concurrent Position Held at Other Organization

Chairman of the Board of Directors, DIC Graphics Corporation

▶ Reasons for Being a Candidate for Director

Yoshihisa Kawamura previously served as General Manager of the Corporate Strategic Planning Dept., President of the Graphic Arts Materials Business Operations and President of the Neo-Graphic Arts Materials Business Operations. At present, he supervises management of the DIC Group as a Director. He has extensive experience, achievements and knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Yoshihisa Kawamura and the Company.
2. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the Directors, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

5

Takeshi Asai

[DOB: April 3, 1964]

Newly Nominated

Number of the Company's
Shares Held

1,132

Attendance at Board of
Directors' Meetings

—

▶ Brief Personal History, Positions and Responsibilities

April 1988	Joined the Company
May 2008	Director, Sun Chemical Corporation
October 2010	Managing Director, DIC Europe GmbH
January 2016	General Manager, Business Performance Control Dept.
January 2018	Executive Officer; General Manager, Corporate Planning Dept.; In Charge of Osaka Branch and Nagoya Branch
January 2021- Present	Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art

▶ Principal Concurrent Position Held at Other Organization

Vice Chairman of the Board, Sun Chemical Corporation
Outside Director, RENAISSANCE, INCORPORATED

▶ Reasons for Being a Candidate for Director

Since joining the Company, Takeshi Asai has been involved primarily in accounting and corporate planning. He previously served as president of a subsidiary in Europe, General Manager of the Business Performance Control Dept. and General Manager of the Corporate Planning Dept. At present, he is Head of the Corporate Strategy Unit. He has extensive experience and achievements in finance, accounting and corporate strategy, as well as knowledge regarding the management of global business. Accordingly, he is a candidate for Director.

Notes:

1. Takeshi Asai is a newly nominated candidate for Director.
2. There are no special interests between Takeshi Asai and the Company.
3. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
4. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the Directors, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

6

Shuji Furuta [DOB: June 11, 1964]

Newly Nominated



Number of the Company's
Shares Held
2,077

Attendance at Board of
Directors' Meeting
—

▶ Brief Personal History, Positions and Responsibilities

April 1987 Joined the Company
January 2016 General Manager, Finance Dept.
January 2019 Executive Officer; Head of Finance and Accounting Unit
January 2020- Executive Officer; Head of Finance and Accounting Unit; CFO
Present

▶ Reasons for Being a Candidate for Director

Since joining the Company, Shuji Furuta has been involved primarily in accounting. He previously served as General Manager of the Finance Dept. and is currently Head of the Finance and Accounting Unit and CFO. He has extensive experience and achievements in finance and accounting, as well as knowledge regarding the management of global businesses. Accordingly, he is a candidate for Director.

Notes:

1. Shuji Furuta is a newly nominated candidate for Director.
2. There are no special interests between Shuji Furuta and the Company.
3. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
4. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the Directors, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

9

Kuniko Shoji

[DOB: January 8, 1954]

Outside Director

Independent Director

Number of the Company's
Shares Held

0

Attendance at Board of
Directors' Meetings

17/17

▶ Brief Personal History, Positions and Responsibilities

April 1977 Joined Mochida Pharmaceutical Co., Ltd.
 July 1986 Joined Johnson & Johnson Medical K.K.(Currently, Johnson & Johnson K.K.)
 September 2002 Joined Terumo Corporation
 June 2004 Executive Officer, Terumo Corporation
 June 2010 Director and Senior Executive Officer, Terumo Corporation
 April 2017 Director and Advisor, Terumo Corporation
 June 2017 Advisor, Terumo Corporation
 March 2019- Outside Director, the Company
 Present

▶ Principal Concurrent Positions Held at Other Organizations

Outside Director, Nichirei Corporation
 Outside Director, Medipal Holdings Corporation

▶ Reasons for Being a Candidate for Outside Director

As indicated above, Kuniko Shoji has been engaged in corporate management for many years and thus has extensive experience and insight in this area, which she can be expected to leverage to help strengthen management of the DIC Group, as well as to provide advice from a broad management perspective. In addition, as a member of the Nomination Committee and the Remuneration Committee she will be able to participate in both the selection of candidates and the determination of remuneration for Directors from an objective position. Accordingly, she is once again a candidate for Outside Director.

Notes:

1. There are no special interests between Kuniko Shoji and the Company.
2. Kuniko Shoji is a candidate for Outside Director. Matters to be particularly mentioned in connection therewith are as follows:
 - (1) Number of Years since the Candidate First Assumed the Office of Outside Director of the Company
 At the conclusion of the General Meeting, she will have served for two years as Outside Director of the Company.
 - (2) Summary of Liability Limitation Contracts
 The Company plans to extend the contract for limitation of liability with her if she is reelected. Pursuant to the contract, if she neglects her duties and causes damages to the Company, she shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that she acted in good faith and was not grossly negligent in performing her duties.
 - (3) Designation as Independent Director
 She is designated as Independent Director pursuant to the rules of the Tokyo Stock Exchange. For the Company's Independence Standards for Independent Outside Officers, please refer to page 20.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the Directors, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Proposal 3

Election of 1 Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Katsunori Takechi will expire at the conclusion of the General Meeting. Accordingly, the Company proposes the election of one Audit & Supervisory Board Member.

This proposal has received the consent of the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is as follows:

Candidate Name	Current Positions at the Company	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
 <div style="display: inline-block; border: 1px solid black; padding: 2px;">Newly Nominated</div> Keita Nagura	<div style="display: inline-block; background-color: #e91e63; color: white; padding: 2px;">Outside</div> <div style="display: inline-block; background-color: #8d6e33; color: white; padding: 2px;">Independent</div>	—	—

Newly Nominated

 Newly Nominated Audit & Supervisory Board Member Candidate

Outside

 Outside Member Candidate

Independent

 Independent Member Candidate

(Reference)

Audit & Supervisory Board Members who will remain as Members after the conclusion of the General Meeting are as follows:

Name	Current Positions at the Company
 Hiroyuki Ninomiya	Fulltime Audit & Supervisory Board Member
 Akihiro Ikushima	Fulltime Audit & Supervisory Board Member
 Michiko Chiba	<div style="display: inline-block; background-color: #e91e63; color: white; padding: 2px;">Outside</div> <div style="display: inline-block; background-color: #8d6e33; color: white; padding: 2px;">Independent</div> Audit & Supervisory Board Member

Outside

 Outside Member

Independent

 Independent Member

Candidate

Keita Nagura

 [DOB: January 11, 1971]

Newly Nominated

Outside Member

Independent Member



Number of the Company's
Shares Held
0

▶ Brief Personal History and Positions

April 1998- Present Registered as an attorney (Osaka Bar Association)
 Present Joined Yodoyabashi Godo Law Office (currently Yodoyabashi & Yamagami Legal Professional Corporation)
 February 2002- Present Changed registration as an attorney (Dai-Ichi Tokyo Bar Association)
 Present

▶ Principal Concurrent Position Held at Other Organization

Outside Director, Helios Techno Holding Co., Ltd.

▶ Reasons for Being a Candidate for Audit & Supervisory Board Member

As an attorney in the area of corporate legal affairs, Keita Nagura has accumulated a wealth of specialized knowledge and experience. As such, he is seen as able to perform his duties as an Outside Audit & Supervisory Board Member from a professional, multifaceted and independent perspective. Accordingly, he is a candidate for Outside Audit & Supervisory Board Member.

Notes:

1. Keita Nagura is a newly nominated candidate for Audit & Supervisory Board Member.
2. There are no special interests between Keita Nagura and the Company.
3. Keita Nagura is a candidate for Outside Audit & Supervisory Board Member. Matters to be particularly mentioned in connection therewith are as follows:
 - (1) Summary of Liability Limitation Contracts
 The Company plans to enter into a contract for limitation of liability with him if he is elected. Pursuant to the contract, if he neglects his duties and causes damages to the Company, he shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that he acted in good faith and was not grossly negligent in performing his duties.
 - (2) Designation as Independent Audit & Supervisory Board Member
 The Company plans to designate him as Independent Audit & Supervisory Board Member pursuant to the rules of the Tokyo Stock Exchange. For the Company's Independence Standards for Independent Outside Officers, please refer to page 20.
4. The Company purchases directors' and officers' (D&O) liability insurance for all Audit & Supervisory Board Members, payable to the Audit & Supervisory Board Members, as indemnification from losses incurred as a result of their performance of their duties or legal action brought against them for alleged wrongful acts. Each candidate for Audit & Supervisory Board Member whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Reference**1 Policy for Nominating Director and Audit & Supervisory Board Member Candidates**

The Company's policy is to nominate Director and Audit & Supervisory Board Member candidates who have high ethical standards and who have the knowledge, experience and ability to perform their duties as delegated by shareholders in a manner that will contribute to sustainable growth and increased corporate value for the DIC Group as a whole.

2 Independence Standards for Independent Outside Officers

The Company does not recognize individuals with the connections listed below as being independent in the appointment of Independent Outside Officers.

- 1) Individuals who are executives of the Company or one of its consolidated subsidiaries (collectively, the "DIC Group") at present or have been in the preceding 10 years.
- 2) Individuals to whom any of the following items has applied in the preceding 3 years:
 - ① A business partner or any executive of said business partner of the DIC Group with whom transactions exceed 3% of the DIC Group's consolidated net sales in a single fiscal year.
 - ② A business partner or any executive of said business partner for whom transactions with the DIC Group exceed 3% of the business partner's consolidated net sales in a single fiscal year.
 - ③ A shareholder or any executive of said shareholder who holds 5% or more of the voting rights of the Company.
 - ④ A principal lender or any executive of said principal lender of the DIC Group from which the loans in a single fiscal year exceed 3% of the DIC Group's total assets.
 - ⑤ An individual who or any individual of an organization which has received a contribution of more than 10 million yen annually from the DIC Group.
 - ⑥ An accountant or member, partner or employee of an audit firm who serves as an accounting auditor or accounting advisor for the DIC Group.
 - ⑦ Excluding those to whom item ⑥ applies, providers of professional services, such as consultants, accountants or attorneys, who received remuneration from the DIC Group in excess of 10 million yen annually not including remuneration received as a director or corporate officer of DIC Group, or an individual of an organization that received remuneration in excess of 3% of the organization's consolidated net sales in compensation for professional services, such as consulting, accounting or legal.
 - ⑧ An executive of another company, in the event that an executive of the Company takes office as an outside officer of that company.
- 3) Spouses and relatives within the second degree of kinship of individuals listed in Sections 1) and 2).
- 4) An individual whose term as an outside officer of the Company exceeds 8 years.

Proposal 4

Revision of the Performance-Based Stock Compensation Plan

1 Reasons for the Proposal and Justifications for doing so

At the 119th Annual General Meeting of Shareholders held on March 29, 2017, the Company resolved to establish the Board Benefit Trust (BBT) (the "Plan"), a performance-based stock compensation plan for Executive Officers, as well as Directors who concurrently serve as Executive Officers (the "Target Officers"). On March 1, 2021, the Companies Act was amended, and it became necessary to stipulate that when shares are granted to Directors as remuneration, a maximum number of shares to be granted shall be determined. In accordance with the amendment, the Company will set an upper limit on the number of points to be granted to Target Officers under the Plan (the "Revision").

The purpose of this Revision is to make the remuneration to be granted to the Target Officers under the Plan within an appropriate range. The Company believes that the Plan, including this Revision, is appropriate for the purpose of further clarifying the linkage between the compensation of the Target Officers, and corporate performance and the value of the Company's shares with an intended result of strengthening the Target Officers' awareness of their contributions to the medium- to long-term improvement of corporate performance and value.

This proposal is submitted again for approval as provided in 2 below. The Plan would provide revised stock compensation based on the Revision for Directors of the Company who concurrently serve as Executive Officers in addition to the compensation for Directors which was approved at the 109th Annual General Meeting of Shareholders held on June 27, 2007.

If "Proposal 2. Election of 9 Directors" is approved, the number of Directors eligible for inclusion under the Plan will be 4.

2 Amount of Compensation etc. and Concrete Details of the Plan

1) Outline of the Plan

The proposed trust established under the Plan (the "Trust") will acquire the Company's shares by cash contributed by the Company. The Trust will provide 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.

Please note that the Company would like to entrust the details of the Plan to the Board of Directors within the scope of the structure provided in this 2.

2) Individuals Eligible for the Plan

Executive Officers as well as Directors who concurrently serve as Executive Officers (excluding Outside Directors and Audit & Supervisory Board Members).

3) Amount of Trust Cash

The Company has introduced the Plan, having contributed the following amount of cash to the Trust as funds to acquire shares of the Company, initially targeting the three fiscal years beginning from fiscal year ending December 2017 to the fiscal year ending December 2019 (the period of the three fiscal years concerned is hereinafter referred to as the "Initial Covered Period", with each subsequent three-year fiscal period thereafter a "Covered Period") as well as each subsequent Covered Period, for the purpose of granting the Company's Shares and Cash Benefits to the Target Officers under the Plan. The Company has established the Trust for the benefit of the Target Officers who satisfy the beneficiary requirements. The Trust is funded by funds contributed by the Company. The Trust acquired 151,700 shares of the Company's stock during the Initial Covered Period using funds contributed by the Company as the source.

The Company contributed up to 600 million yen to the Trust as the necessary funds under the Plan with regard to the Initial Covered Period when the Trust is established.

In addition, following the Initial Covered Period, and during the time until the Plan ends, the Company shall make additional contributions of funds in such amounts necessary, subject to the upper limit of 600 million yen, for each Covered Period. However, if, on the last day of the Covered Period immediately preceding the Covered Period in which such additional contribution is to be made, the shares of the Company (excluding the shares of the Company that are corresponding to the points granted to the Target Officers and of which provision to the Target Officers has not yet been completed) and cash remain in the Trust (hereinafter, such shares and cash shall be referred to as the "Residual Shares and Cash"), the upper limit for the additional contributions that the Company can make in the subsequent Covered Period shall be the amount calculated by deducting the amount of the Residual Shares and Cash (for shares, the book value on the day immediately preceding the commencement of the Covered Period) from 600 million yen. In the event that the Company decides to make an additional contribution, it will be disclosed in a timely and appropriate manner.

4) Amount of Compensation

In line with the introduction of the Plan, the Company shall contribute up to 600 million yen to the Trust for each Covered Period. The Company proposes that the Company shall contribute up to 250 million yen out of the above 600 million yen for Directors who concurrently serve as Executive Officers.

5) Method and Number of Acquisition of the Shares of the Company for the Trust

The Trust shall acquire the shares of the Company through the stock market or through subscribing to the Company's disposal of treasury shares by using the funds contributed as in 3) above as the underlying funds.

6) Upper Limit of the Number of the Company's Shares and Cash Benefits to be Granted to the Target Officers

Each fiscal year, the Target Officers shall be granted a specified number of points fixed according to predetermined factors including the position of the Target Officers and the degree of achievement of performance of the Company, which shall be granted in accordance with the Rules of Officer Share Benefit.

The maximum total number of points to be granted to Target Officers per fiscal year shall be 110,000 points. Of these, the total number of points per fiscal year to be granted to Directors who concurrently serve as Executive Officers will be limited to 46,000 points. This decision was made in comprehensive consideration of the current level of remuneration paid to Directors, trends in the number of Directors and future prospects, and other factors, and is deemed to be appropriate.

It should be noted that when providing the Company's Shares and Cash Benefits as in 7) below, points granted to the Target Officers shall be converted into the Company's common shares at the rate of 1 common share of the Company per 1 point. However, if a share split, allotment without consideration, share consolidation, etc. of the Company's shares occurs after the approval of this proposal, reasonable adjustments shall be made to the number of points that have been granted to the Target Officer or the conversion rate in accordance with the share split ratio, share consolidation ratio, or other relevant ratio, etc.

The number of points for a Target Officer that is used as the basis for the provision of the Company's Shares and Cash Benefits as in 7) below shall be fixed at the number of cumulative points granted to that Target Officer until the time of retirement from office (the "Finalized Point Number").

7) Provision of the Company's Shares and Cash Benefits

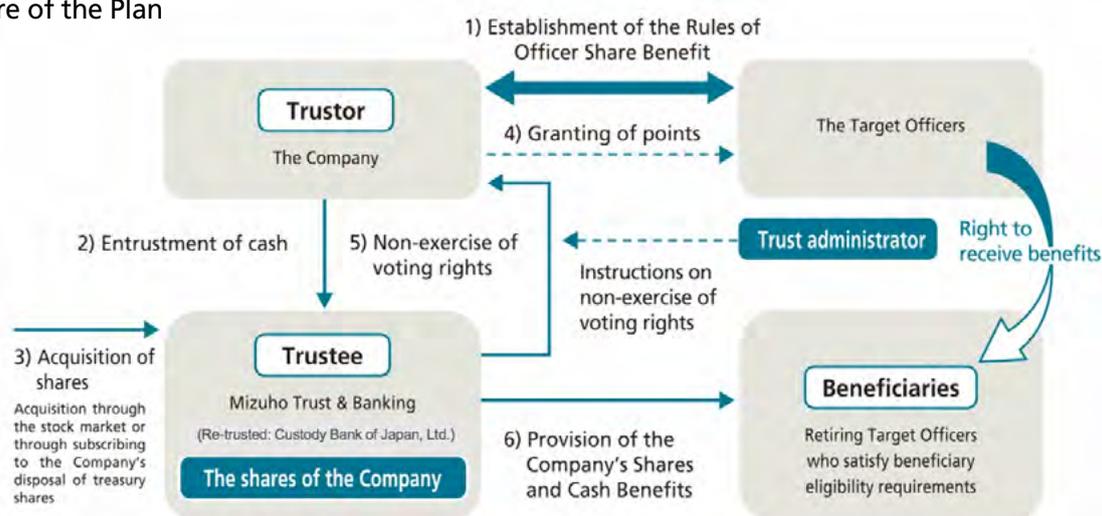
If a Target Officer fulfills the beneficiary eligibility requirements stipulated in the Rules of Officer Share Benefit, the Target Officer can, upon retirement from office, receive the shares of the Company corresponding to the Finalized Point Number fixed as in 6) above, from the Trust. However, if requirements stipulated separately in the Rules of Officer Share Benefit are fulfilled in addition to the beneficiary eligibility requirements, the Target Officers shall receive provision of cash equivalent to the amount obtained if converting the shares of the Company at the market price in lieu of the shares of the Company for a certain proportion of the number of points granted to the relevant Target Officers. It should be noted that the shares of the Company may be sold by the Trust in order to provide cash to the Target Officers.

8) Treatment of Dividends

Dividends on the shares of the Company in the Trust account shall be received by the Trust, and used for the acquisition of the shares of the Company and trust fees payable to the trustee of the Trust, among other things. It should be noted that if the Trust is terminated, the dividends remaining in the Trust shall be provided to the Target Officers in office at that time in proportion to the number of points that each of them holds, in accordance with the Rules of Officer Share Benefit.

(Reference)

Structure of the Plan



- 1) The Company shall establish the Rules of Officer Share Benefit within the scope of the structure approved in this proposal.
- 2) The Company shall entrust cash within the scope approved in this proposal.
- 3) The Trust shall acquire the shares of the Company through the stock market or subscribing to the Company's disposal of treasury shares by using cash entrusted as in 2) above as the underlying funds.
- 4) The Company shall grant points to the Target Officers in accordance with the Rules of Officer Share Benefit.
- 5) The Trust shall not exercise voting rights of the shares of the Company in the Trust account in accordance with the instructions from the trust administrator independent of the Company.
- 6) The Trust shall provide those individuals who retire from office as the Target Officers and fulfill the beneficiary eligibility requirements stipulated in the Rules of Officer Share Benefit (the "Beneficiaries") with the shares of the Company according to the number of points granted to the relevant Beneficiaries. However, if the Target Officers fulfill requirements stipulated separately in the Rules of Officer Share Benefit, the Company shall provide the Target Officers with cash equivalent to the amount obtained if converting the shares of the Company at the market price in lieu of the shares of the Company for a certain proportion of the number of points granted to the relevant Target Officers.

(Attachments)

Business Report

(January 1, 2020 - December 31, 2020)

1 Current Conditions of the DIC Group

1 Business Progress and Achievements

In fiscal year 2020, consolidated net sales declined 8.8%, to ¥701.2 billion. Despite the protracted COVID-19 pandemic, economic activity recovered in multiple areas in the fourth quarter (October 1–December 31, 2020), as a result of which shipments of many products, notably materials for use in automobiles and publication inks, rallied. Nonetheless, full-term sales shrank in all segments. Net sales were 9.6% higher in the fourth quarter than in the third quarter (July 1–September 30, 2020).

Operating income slipped 4.0%, to ¥39.7 billion. Cost reductions, prompted by falling raw materials prices, reduced activity expenses and rationalization measures, combined with a recovery in shipments in diverse businesses in the fourth quarter to boost operating income 1.5% on a local currency basis. However, operating income was pushed down by a weakening of results overseas after translation, a consequence of the depreciation of emerging economy currencies, among others.

Ordinary income, at ¥36.5 billion, was down 11.7%.

Net income attributable to owners of the parent fell 43.7%, to ¥13.2 billion. The principal factors behind this result were one-time costs and an extraordinary loss associated with the acquisition of BASF SE's Colors & Effects business, which was announced on August 29, 2019.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 17.5%, to ¥55.6 billion.

(Billions of yen)

	Fiscal Year 2019	Fiscal Year 2020	Change (%)	Change (%) [Local Currency Basis]
Net Sales	768.6	701.2	-8.8%	-6.2%
Operating Income	41.3	39.7	-4.0%	1.5%
Ordinary Income	41.3	36.5	-11.7%	—
Net Income Attributable to Owners of the Parent	23.5	13.2	-43.7%	—
EBITDA*	67.4	55.6	-17.5%	—
¥/US\$1.00(Average Rate)	109.11	106.37	-2.5%	—
¥/EUR1.00(Average Rate)	122.13	121.43	-0.6%	—

* EBITDA = Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization

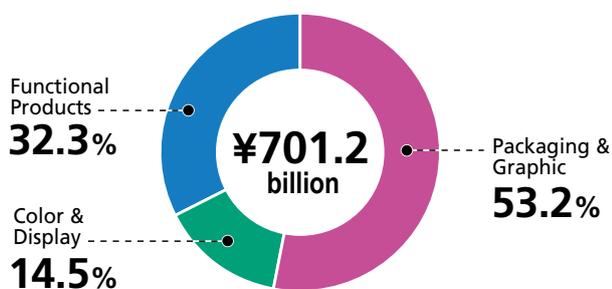
Results of operations by segment are as follows:

(Billions of yen)

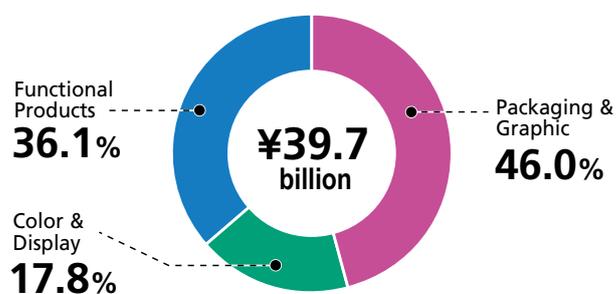
Segment	Net Sales				Operating Income			
	Fiscal Year 2019	Fiscal Year 2020	Change (%)	Change (%) [Local Currency Basis]	Fiscal Year 2019	Fiscal Year 2020	Change (%)	Change (%) [Local Currency Basis]
Packaging & Graphic	416.4	388.4	-6.7%	-2.9%	19.2	21.8	13.5%	23.3%
Color & Display	116.4	105.8	-9.1%	-6.7%	10.8	8.4	-21.7%	-19.7%
Functional Products	268.6	236.0	-12.1%	-11.6%	19.2	17.1	-11.1%	-10.6%
Others, Corporate and Eliminations	(32.8)	(29.0)	—	—	(7.9)	(7.6)	—	—
Total	768.6	701.2	-8.8%	-6.2%	41.3	39.7	-4.0%	1.5%

Segment results in key markets are detailed on pages 26-28. Year-on-year percentage changes in squared parentheses represent increases or decreases on a local currency basis.

Breakdown of Fiscal Year 2020 Net Sales by Segment



Breakdown of Fiscal Year 2020 Operating Income by Segment



Note: Percentages are calculated by adding back others, corporate and eliminations.

Packaging & Graphic



Packaging Materials that Bring Safety and Peace of Mind

Principal Products

[Printing Materials]

Gravure Inks, Flexo Inks, Offset Inks, News Inks, Jet Inks, Can Coatings, Printing Plates, Security Inks, Printing Supplies

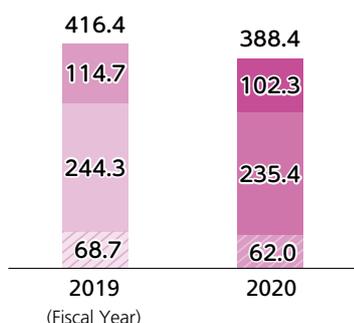
[Packaging Materials]

Polystyrene, Packaging Adhesives, Multilayer Films

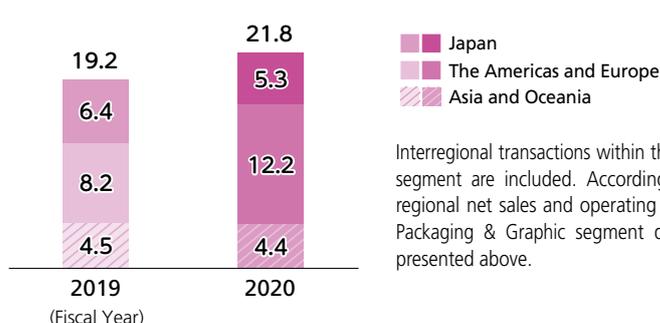
Net Sales **¥388.4 billion**
Change **-6.7%** [-2.9%]

Operating Income **¥21.8 billion**
Change **+13.5%** [+23.3%]

● Net Sales (Billions of yen)



● Operating Income (Billions of yen)



Legend:
 ■ Japan
 ■ The Americas and Europe
 ▨ Asia and Oceania

Interregional transactions within the Packaging & Graphic segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Packaging & Graphic segment differ from the figures presented above.

Segment sales declined 6.7%, to ¥388.4 billion. In the area of materials for food packaging, sales of packaging inks advanced in Asia, as well as in the Americas and Europe, as firm demand bolstered shipments, but decreased in Japan as COVID-19 led to sluggish sales to convenience stores, among others. Although demand for print advertisements and commercial printing improved from the third quarter forward, full-term sales of publication inks—which center on publishing inks and news inks—dwindled in all regions as shipments, having slumped as a result of the pandemic, failed to recover completely. Sales of jet inks for digital printing were up as demand rebounded after flagging in the third quarter, underpinning firm shipments.

Segment operating income rose 13.5%, to ¥21.8 billion. Factors contributing to this significant increase included higher demand for food packaging, a consequence of the pandemic, which led to firm full-term shipments of packaging inks in Asia, and in the Americas and Europe, and of multilayer films in Japan, as well as to costcutting efforts, which focused on rationalization.

Focus: Development of New Technologies

Development of New Inks, Adhesives and Films Made with Recycled and Biomass Raw Materials

The DIC Group has recently released a number of innovative biomass-derived products. One of these was a series of dry laminating adhesives for flexible packaging that are made from recovered post-consumer polyethylene terephthalate (PET) bottles that have been chemically recycled into adhesive raw materials. Another was a nashiji (pear skin-textured) packaging film with a matte surface reminiscent of Japanese paper made from biomass plastic. The Group also pressed ahead with efforts to market an easy-peel sealant film lid material for containers used for salads sold at convenience stores that extend shelf life, thereby helping to reduce food loss.

Overseas, Group company Sun Chemical Corporation continued to cultivate markets for such innovative offerings as a compostable laminating adhesive, direct food contact inks, deinkable inks and various products with high biomass content ratios. Sun Chemical has also commenced the development of antimicrobial coatings.



Color & Display



Color and Display Materials that Make Life Colorful

Principal Products

[Color Materials]

Pigments for Printing Inks, Pigments for Coatings and Plastics, Effect Pigments, Pigments for Color Filters, Pigments for Cosmetics, Health Foods

[Display Materials]

TFT Liquid Crystals, STN Liquid Crystals

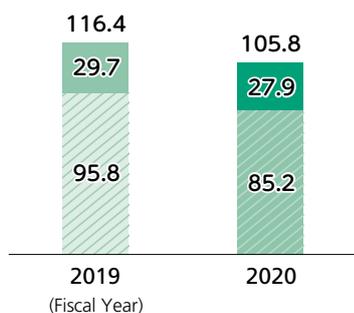
Net Sales

¥105.8 billion
Change -9.1% [-6.7%]

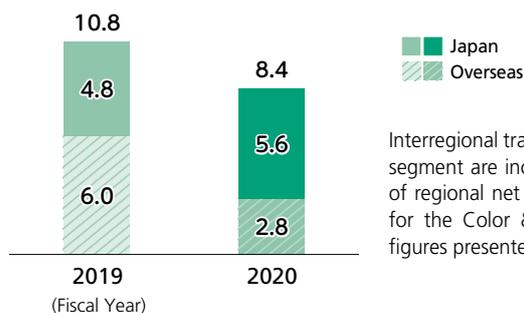
Operating
Income

¥8.4 billion
Change -21.7% [-19.7%]

● Net Sales (Billions of yen)



● Operating Income (Billions of yen)



■ Japan
▨ Overseas

Interregional transactions within the Color & Display segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Color & Display segment differ from the figures presented above.

Segment sales, at ¥105.8 billion, were down 9.1%. Sales of color materials fell sharply, owing to declining shipments, particularly of pigments for cosmetics, as mask-wearing became an ingrained part of life worldwide, as well as to persistently weak sales of pigments for use in inks. In display materials, full-term sales rose as increased time spent by consumers at home led to robust demand in the market for liquid crystal displays (LCDs), pushing up shipments of pigments for color filters and of thin-film transistor liquid crystals (TFT LCs). Full-term sales of effect pigments also advanced, buttressed by higher demand in Europe for autoclaved aerated concrete for construction-related applications.

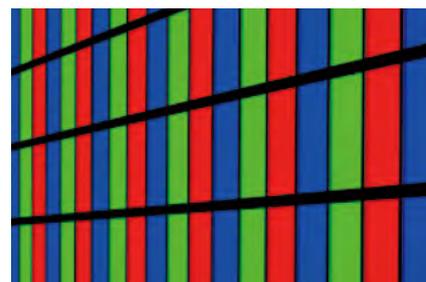
Segment operating income dropped 21.7%, to ¥8.4 billion. Despite increased shipments of products for the highvalue-added area of displays in the fourth quarter, operating income plunged as production adjustments prompted the cutting of operating rates at certain production facilities in the Americas and Europe amid stagnant shipments of pigments for cosmetics, making it impossible to absorb fixed and other costs.

Focus: Development of New Technologies

Development of Pigments for Color Filters for Next-Generation Displays and Food with Function Claims

Notable achievements by the DIC Group of late in color materials include the development of new green and blue pigments for color filters used in high-definition displays for organic light-emitting diode (OLED) displays. In pigments for cosmetics, the Group also embarked on the development of color materials using unique surface processing technologies. Overseas, Sun Chemical proceeded with the development of natural wax dispersions for use in pigments for cosmetics.

In healthcare, the Group developed *Phycona*, a food with function claims* (FFC) that enhances the skin's barrier function and has been proven in clinical trials to help retain moisture. The principal constituent of this new product is phycocyanin, a blue pigment extracted from *Spirulina*, an edible blue-green algae, using a patented proprietary process.



Pigments for color filters

* An FFC is a product that is permitted to carry statements about specific health benefits, including scientific evidence on food safety and effectiveness—for which the manufacturer takes full responsibility—on its packaging, in line with government-established rules. Notification must be submitted to Japan's Consumer Affairs Agency before an FFC is marketed.

Functional Products



Functional Products that Add Comfort

Principal Products

[Performance Materials]

Synthetic Resins for Inks and Coatings, Molded Products, Adhesives and Textiles (Polyester Resins, Epoxy Resins, Polyurethane, Acrylic Resins, Plasticizers, Phenolic Resins), Papermaking Chemicals, Alkylphenols, Sulphur Chemicals, Fiber and Textile Colorants, Metal Carboxylates

[Composite Materials]

PPS Compounds, Plastic Colorants, Interior Housing Products, Industrial Adhesive Tapes, Hollow-Fiber Membranes and Modules, High-Performance Optical Materials, Plastic Pallets, Containers, Decorative Boards

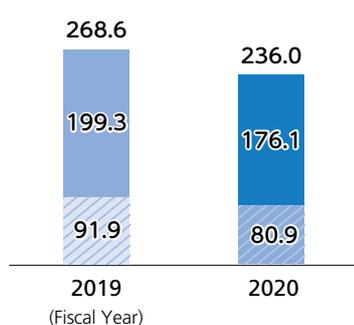
Net Sales

¥236.0 billion
Change -12.1% [-11.6%]

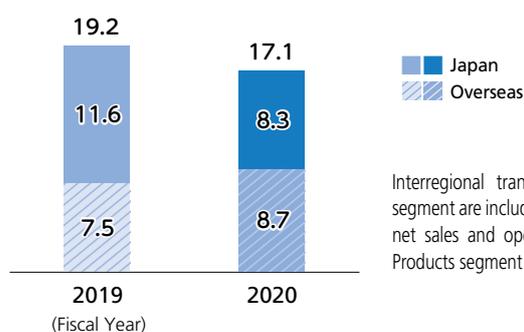
Operating
Income

¥17.1 billion
Change -11.1% [-10.6%]

● Net Sales (Billions of yen)



● Operating Income (Billions of yen)



Interregional transactions within the Functional Products segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Functional Products segment differ from the figures presented above.

Segment sales decreased 12.1%, to ¥236.0 billion. Shipments of epoxy resins, the principal application for which is semiconductor devices, were brisk as demand for use in onboard equipment rallied in the fourth quarter. Shipments of industrial-use tapes, used primarily in smartphones, were also up. Although shipments of environment-friendly resins* recovered strongly, thanks to demand for use in automobiles, full-term sales waned. Shipments of polyphenylene sulfide (PPS) compounds—uses for which continue to expand, underpinned by the trend toward lighter and increasingly electrified vehicles—also rose sharply in the fourth quarter, bolstered by a recovery in the automobile market across all regions, but full-term sales declined.

Segment operating income was down 11.1%, to ¥17.1 billion. This result was despite a recovery in sales of highvalue-added epoxy resins and was attributable to the fact that lower raw materials prices and cost reductions were insufficient to offset the decline in full-term shipments of products for diverse industrial applications, including automobiles and building materials.

* DIC uses the term "environment-friendly resins" to describe strategic resins designed to improve both environmental performance and functionality. These include waterborne, ultraviolet (UV)-curable, polyester, acrylic and polyurethane resins.

Focus: Development of New Technologies

Development of Environment-Friendly Metal Carboxylates and Antiviral Products that Protect Against COVID-19

Coatings and printing inks contain dryers, that is, metal carboxylates that hasten curing and drying. Cobalt dryers are the most commonly used and the most powerful, but cobalt is also highly toxic and harmful to the environment, as well as costly. These concerns prompted the Company to develop an innovative cobalt-free dryer that delivers a performance equal to or better than cobalt dryers.

The Group also developed and released products that are assisting in the fight against COVID-19. These include an antiviral UV-curable floor coating that satisfies standards set by the Society of International Sustaining Growth for Antimicrobial Articles (SIAA), an inorganic antibacterial and antiviral agent for interior materials, a glass fiber-reinforced super-tough PPS compound with antimicrobial properties, and a thermoplastic resin masterbatch that imparts antiviral properties to PET fibers.



Printing inks using a cobalt-free carboxylate drying accelerator (Image)

2 Operating Results and Financial Position

Consolidated operating results and financial position are as follows:

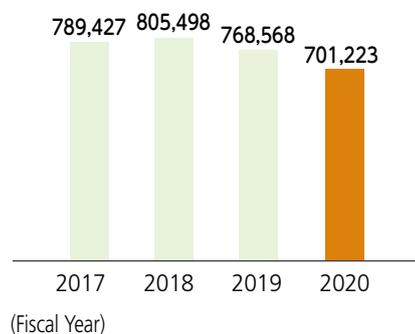
Category	Fiscal Year 2017 (January 1, 2017– December 31, 2017)	Fiscal Year 2018 (January 1, 2018– December 31, 2018)	Fiscal Year 2019 (January 1, 2019– December 31, 2019)	Fiscal Year 2020 (January 1, 2020– December 31, 2020)
Net Sales (Millions of yen)	789,427	805,498	768,568	701,223
Operating Income (Millions of yen)	56,483	48,385	41,332	39,663
Operating Margin (%)	7.2	6.0	5.4	5.7
Ordinary Income (Millions of yen)	56,960	48,702	41,302	36,452
Net Income Attributable to Owners of the Parent (Millions of yen)	38,603	32,028	23,500	13,233
Earnings per Share (Yen)	407.56	338.40	248.29	139.81
Net Assets (Millions of yen)	343,951	327,334	343,497	351,364
Total Assets (Millions of yen)	831,756	801,296	803,083	817,950

Notes:

- From the fiscal year 2017, the Company introduced the Board Benefit Trust (BBT). The shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings per share includes the number of shares held by the trust.
- The Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of the Fiscal Year 2019. Total assets as of December 31, 2018 are based on retroactive application.

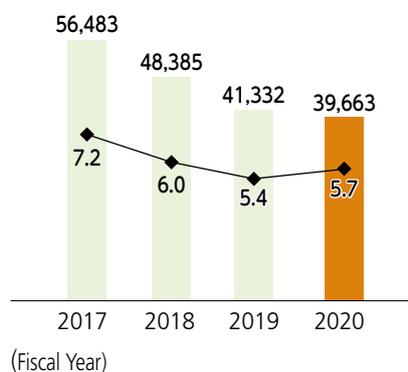
Net Sales

(Millions of yen)



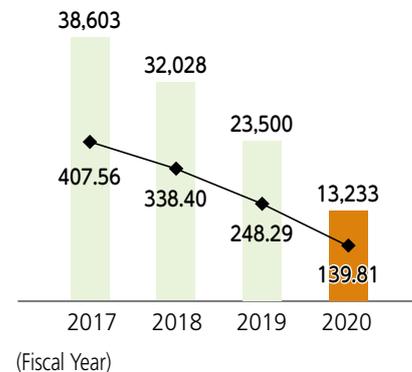
Operating Income/Operating Margin

Operating Income (Millions of yen)
Operating Margin (%)



Net Income Attributable to Owners of the Parent/Earnings per Share

Net Income Attributable to Owners of the Parent (Millions of yen)
Earnings per Share (yen)



3 Financing Activities

1) Methods of Financing

During the fiscal year 2020, the DIC Group raised necessary funds through borrowing from financial institutions and issuing corporate bonds and commercial papers.

As a consequence, as of December 31, 2020, the total interest-bearing debt amounted to 266.7 billion yen (including leases), an increase of 14.1 billion yen from the previous fiscal year-end, owing to piling up of cash.

2) Principal Borrowings (as of December 31, 2020)

Lender	Balance of Borrowings (Millions of yen)
MUFG Bank, Ltd.	51,499
Mizuho Bank, Ltd.	36,861
Sumitomo Mitsui Trust Bank, Limited	10,409

3) Investment in Facilities

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

In fiscal year 2020, the DIC Group invested 34.0 billion yen in facilities. Principal investments to build new or expand existing facilities, by segment, were as follows:

Segment	Investment	Outline
Packaging & Graphic	Optimization of packaging inks production facilities	Optimization investments aimed at improving the efficiency of production facilities for packaging inks to accommodate the expansion of the packaging materials market
Color & Display	Expansion of pigments production facilities	Investments to increase production capacity for aluminum pigments for use in autoclaved aerated concrete (ALC) in response to market growth in Europe
Functional Products	Expansion of production facilities for synthetic resins	Investments to bolster production capacity for epoxy resins and other products in response to rising demand for use in state-of-the-art electronics components
Others and Corporate	Construction of global chemical substance information management system	Investments in the construction of a system to centralize the management of chemical substance information that satisfies increasingly stringent laws and regulations worldwide



Aluminum pigments plant and head office of Benda-Lutz Werke GmbH



New production facilities for synthetic resins

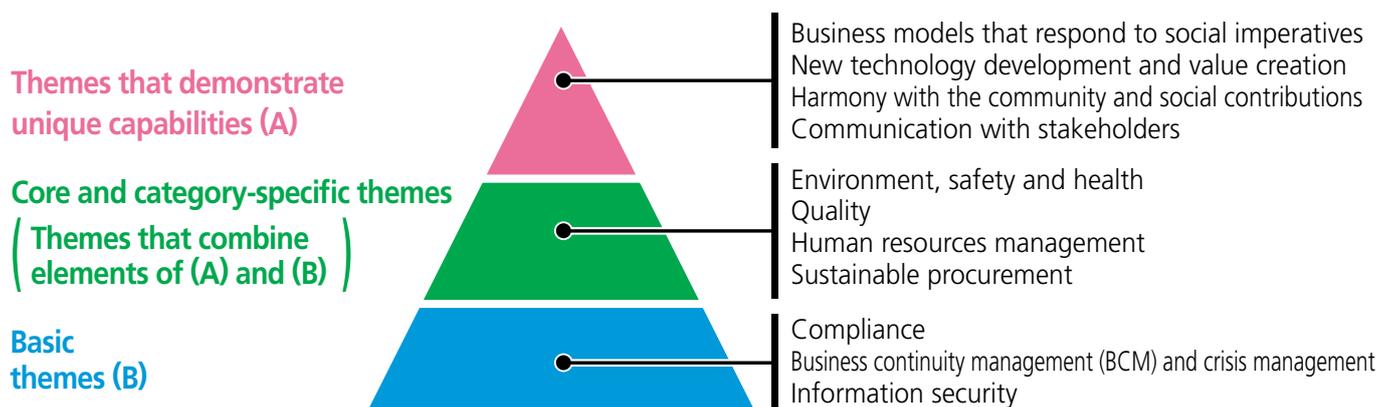
4 Sustainability Initiatives

DIC has established the ESG Unit, a specialized department, with the aim of further expanding the DIC Group's environmental, social and governance (ESG)-related initiatives worldwide. These initiatives are backed by the Company's future vision, set forth in its DIC 111 medium-term management plan, which is to become a unique global company that is trusted by society by delivering both social value, which contributes to environmental impact reduction and society, and economic value, which underpins growth and profitability.

In line with its basic sustainability policy, created to help facilitate the achievement of its future vision, the DIC Group upholds and promotes initiatives in line with five key concepts: 1) preserving safety and health, 2) managing risks, 3) ensuring fair business practices and respect for diversity and human rights, 4) maintaining harmony with the environment and advancing its protection and 5) creating value for society through innovation and contributing to ongoing economic growth.

Facing an ever-more diverse array of challenges, the DIC Group will continue implementing these and other initiatives as it seeks to remain an organization that contributes to the achievement of the Sustainable Development Goals (SDGs), thereby earning the trust of its stakeholders.

The Group has organized its sustainability initiatives into a framework comprising 11 key themes, as shown below.



Against a backdrop of significant social change, the DIC Group will continue to promote efforts to address key social imperatives while maintaining its commitment to effective compliance, recognizing issues related to the environment, safety and health (ESH), as well as to quality, as fundamental to its existence as a manufacturer of fine chemicals.

Special Topic

1

Toward the Achievement of a Sustainable Society

The DIC Group conducts its operations in a manner that reflects a steadfast awareness of its ability as a manufacturer of fine chemicals to contribute to the resolution of social imperatives related to concerns such as climate change, waste plastic and marine plastics.

1 Responses to Issues Related to Packaging Materials

In fiscal year 2020, DIC began formally exploring collaboration with FP Corporation (FPCO), a leading manufacturer of food containers used by retailers, in the practical implementation of a closed-loop recycling system for polystyrene. The new system, which converts polystyrene back into its precursor, styrene monomer, will also facilitate the recycling of colored and/or patterned foamed polystyrene into new food containers, something previously seen as impossible. DIC looks forward to this new system contributing to the effective utilization of post-consumer plastics and the reduction of CO₂ emissions over the life cycle of food packaging*.

DIC continues working to address a variety of social imperatives from two perspectives, promoting both the reuse of resources through chemical recycling and the development of bioderived materials. Recent achievements include the development of a series of dry laminating adhesives for flexible packaging that are made from recovered polyethylene terephthalate (PET) bottles and a new nashiji (pear skin-textured) coextruded multilayer film made entirely from biomass-derived plastic (please see page 26).

*Life cycle of food packaging

The entire life of a product, encompassing the procurement of raw materials, manufacturing, distribution, use, end-of-life disposal and recycling.



2 Loan Agreements with Key Financial Institutions Based on ESG Assessments

In September 2020, DIC concluded a Positive Impact Finance (PIF) (with unspecified use of funds) loan agreement with Sumitomo Mitsui Trust Bank, Limited. PIF is a financing framework designed to facilitate the comprehensive analysis and evaluation of the positive and negative environmental, social and economic impacts of corporate activities and the extension of loans to support these activities on an ongoing basis.

A year earlier, in September 2019, DIC entered into a loan agreement with Mizuho Bank, Ltd., under the Mizuho Environmentally Conscious Finance (“Mizuho Eco Finance”) scheme, a financing product based on an environmental assessment model developed by Mizuho Information & Research Institute, Inc. DIC was the first company in the chemicals industry approved under this scheme, an achievement that reflects the high marks given to its global efforts to combat climate change. In April 2020, DIC entered into a second Mizuho Eco Finance loan agreement.



Themes assessed in Positive Impact Finance

Special Topic

2

The DIC Group's Initiatives in the Fight Against COVID-19

The DIC Group continues working to support frontline healthcare professionals, as well as striving to contribute to society by providing distinctively DIC Group products and technologies to a wide range of healthcare facilities and local communities.

Supporting Frontline Healthcare Professionals and Providing Distinctively DIC Group Products and Technologies

In April 2020, DIC provided a total of 10,000 N95, surgical and ostrich antibody masks from its stockpile to healthcare facilities in Japan. In addition, DIC Group companies in Southeast Asia donated masks and other medical supplies to senior care facilities and charities across the region.



In response to COVID-19, the DIC Group developed and is selling special seals to signify that proper disinfection and cleaning has been implemented. These seals are used by hotels, for example, to indicate to guests that their room has not been accessed after cleaning and disinfection.



The Group also diverted headbands normally used in DIC helmets to the production of face shields, putting them on the market and donating approximately 1,000 of these face shields to various healthcare facilities.



DIC provides hollow-fiber membranes to add oxygen to the blood in extracorporeal membrane oxygenation (ECMO), which is currently being used worldwide to treat critically ill COVID-19 patients.

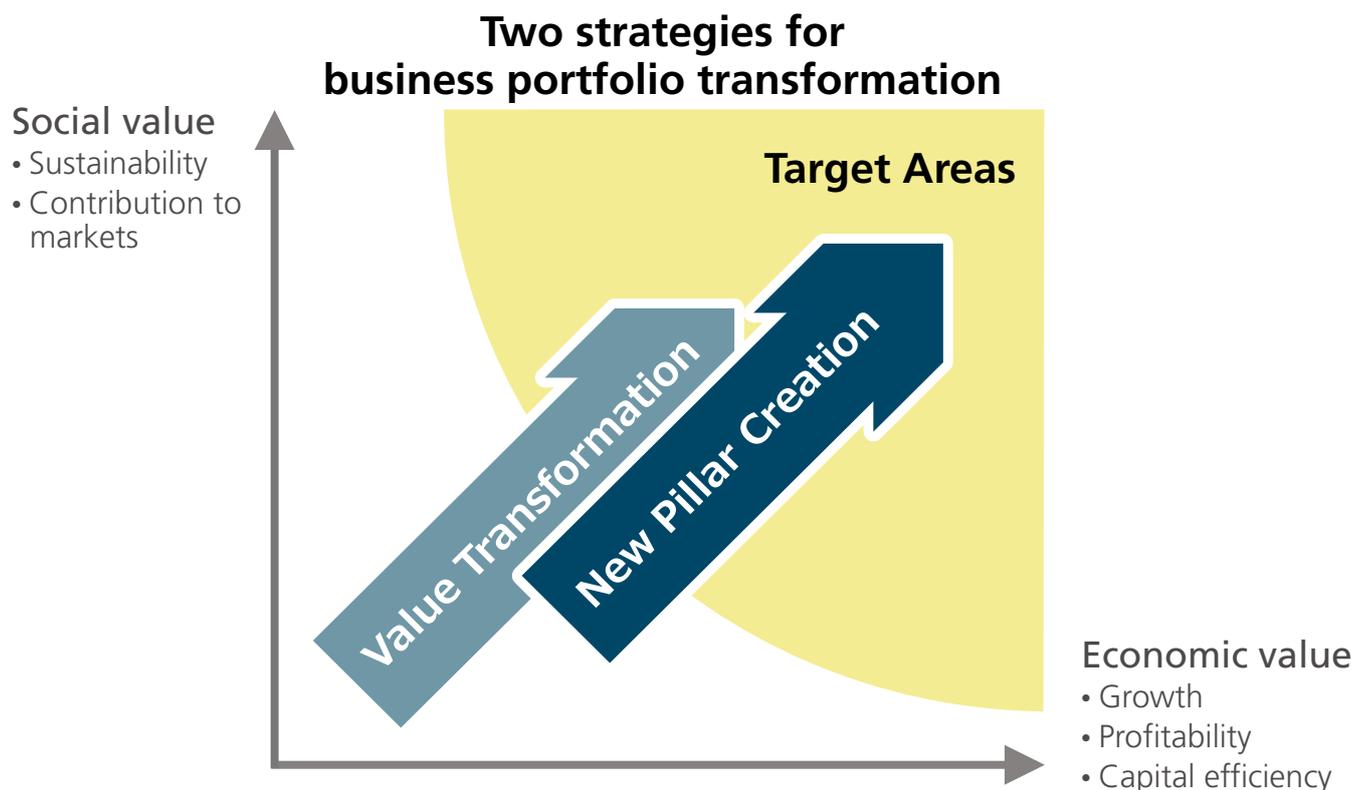


The DIC Group will persist in its efforts to protect the health and safety of employees and their families. The Group also pledges to fulfill its responsibility to help safeguard stable supplies of daily necessities and will collaborate with its customers, business partners and other stakeholders with the aim of overcoming this crisis together.

5 Challenges to be Addressed

In 2019, the DIC Group formulated a medium-term management plan, DIC111, to be carried out during the period from 2019 to 2021. In DIC111, the DIC Group defined its target business areas as those which combine (a) economic value represented by growth, profitability and capital efficiency and (b) social value based on social imperatives. To reach these target business areas, the DIC Group will implement the following basic strategies and supporting initiatives:

- 1 Business portfolio transformation to achieve growth
 - Value Transformation
Proceed with qualitative change by identifying business areas to focus on by segment.
 - New Pillar Creation
Accelerate creation of next-generation businesses by identifying the business areas at the intersection of (a) social issues and social change and (b) the DIC Group's competence as priority areas.
- 2 Strengthening management foundation to support global, ESG and safety management
- 3 Cash flow management to pursue an optimal balance between financial health and shareholder's return, while implementing strategic investments. For large acquisitions, successfully implementing post-merger integration (PMI) and pursuing synergistic opportunities.



(The following information is as of December 31, 2020, unless otherwise noted.)

Special Topic

3

New Technologies that Will Contribute to the Proliferation of CASE Vehicles and 5G-Enabled Devices

The DIC Group has advanced into the area of inorganic materials, a new business domain, and will direct efforts toward the development of highly sought-after new technologies that will help enhance the strength and reduce the weight of vehicles and electronics equipment.

Development of the Distinctive CeramNex™ AP10 Flake Alumina Filler

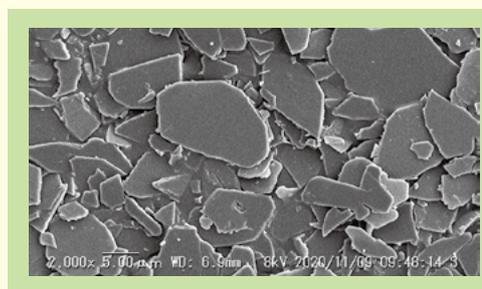
In fiscal year 2020, DIC developed CeramNex™ AP10, a distinctive flake alumina filler that imparts heat dissipating properties to components for electronics equipment and other applications. While efforts focus on businesses underpinned by organic materials technologies, the Group will build on the development of CeramNex™ AP10 to add inorganic materials technologies to its portfolio, positioning it to expand into businesses that would have been problematic with its existing basic technologies.

The growing importance of the CASE (Connected, Autonomous, Shared and Electric)* concept and the deployment of the 5G cellular telecommunications standard continue to drive the trend toward ever-smaller components with more sophisticated performance features in both the automobile and electronics industries. As a consequence, the dissipation of heat generated inside equipment is an increasingly important consideration. Alumina fillers, which offer superb thermal stability, are used to impart heat dissipating properties to automotive and electronics equipment components.

Unlike conventional alumina fillers comprising spherical or irregular particles, CeramNex™ AP10—which is synthesized using an original process—boasts excellent crystallinity and high aspect ratio flat and wide flake-shaped particles. As a consequence, greater strength can be achieved with the addition of a smaller amount, thereby helping reduce weight. Moreover, superior surface uniformity means that DIC's new product is suitable as an additive for applications in areas other than the automobile and electronics industries.

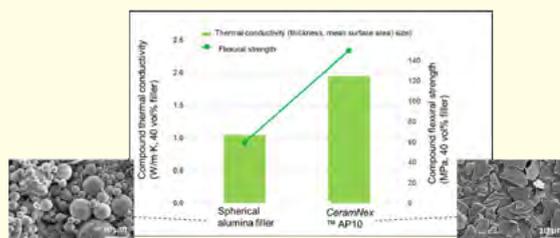
Sales of CeramNex™ AP10, which was launched January 2021, are being conducted exclusively through trading firm Nagase & Co., Ltd. Going forward, DIC intends to focus marketing efforts on automotive and electronics equipment component manufacturers in Japan, the People's Republic of China, the Republic of Korea, Taiwan, Europe and the United States.

* The words from which the acronym CASE is formed describe four key areas—vehicle connectivity, autonomous driving, shared mobility and electrification—in which next-generation technologies and services are defining the future of the automobile industry.



CeramNex™ AP10 flake alumina filler

Performance comparison of resin compounds made with spherical alumina filler and CeramNex™ AP10



6 Principal Facilities (Principal Offices, Plants and R&D Facilities)

1) The Company

Corporate Headquarters

7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo

Branch Offices

Osaka Branch (Osaka) Nagoya Branch (Aichi)

Plants and R&D Facilities

Tokyo Plant (Tokyo)

Sakai Plant (Osaka)

Komaki Plant (Aichi)

Central Research Laboratories (Chiba)

Chiba Plant (Chiba)

Kashima Plant (Ibaraki)

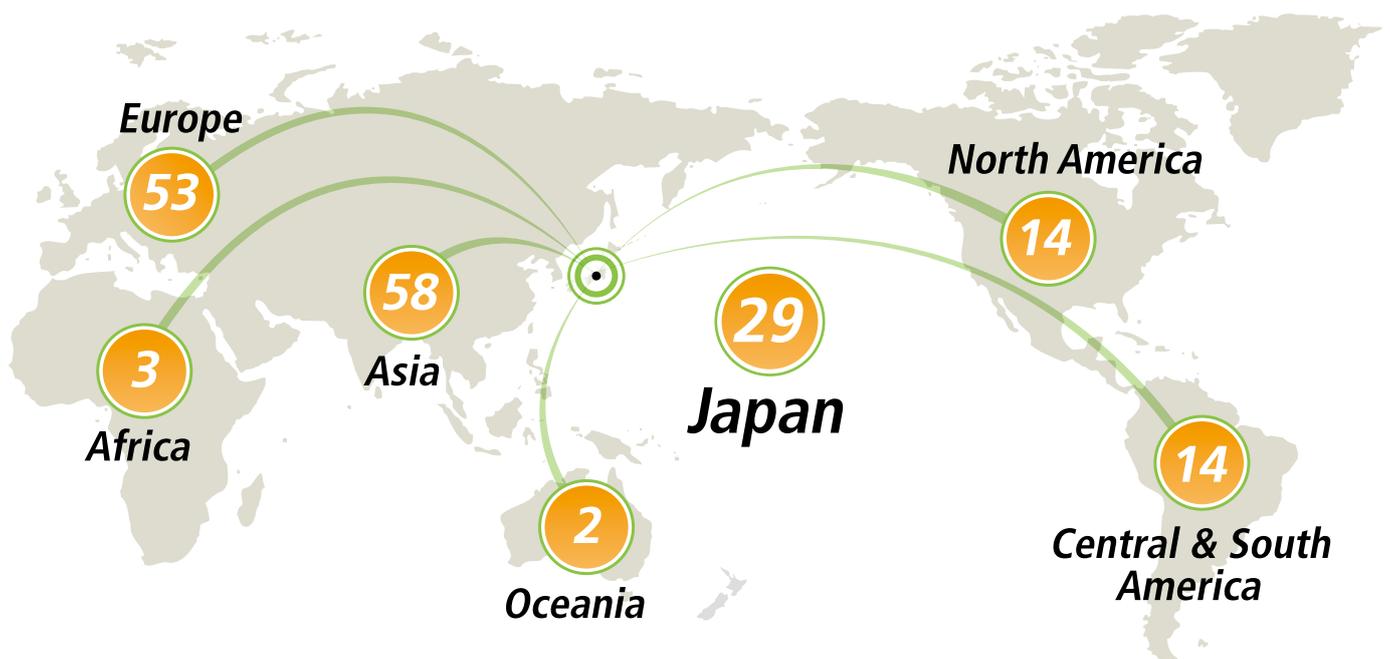
Saitama Plant (Saitama)

Hokuriku Plant (Ishikawa)

Yokkaichi Plant (Mie)

Tatebayashi Plant (Gunma)

Global Network (173 companies in 62 countries and territories)



2) Subsidiaries and Affiliates

Packaging & Graphic (113 companies)

DIC Graphics Corporation (Tokyo, Japan)
 Sun Chemical Group Coöperatief U.A. (Netherlands)
 PT. DIC GRAPHICS (Indonesia)
 Nantong DIC Color Co., Ltd. (PRC)
 DIC India Limited (India)
 DIC Graphics (Thailand) Co., Ltd. (Thailand)
 DIC (MALAYSIA) SDN. BHD. (Malaysia)
 and 106 other companies

Color & Display (9 companies)

Qingdao DIC Finechemicals CO., LTD. (PRC)
 Earthrise Nutritionals LLC (USA)
 and 7 other companies

Functional Products (41 companies)

SEIKO PMC CORPORATION (Tokyo, Japan)
 DIC Decor, Inc. (Saitama, Japan)
 DIC Material Inc. (Tokyo, Japan)
 DIC EP Corporation (Chiba, Japan)
 DIC PLASTICS Inc. (Saitama, Japan)
 Siam Chemical Industry Co., Ltd. (Thailand)
 DIC Zhangjiagang Chemicals Co., Ltd. (PRC)
 Changzhou Huari New Material Co., Ltd. (PRC)
 LIDYE CHEMICAL CO., LTD. (Taiwan)
 DIC SYNTHETIC RESINS (ZHONGSHAN) CO., LTD. (PRC)
 and 31 other companies

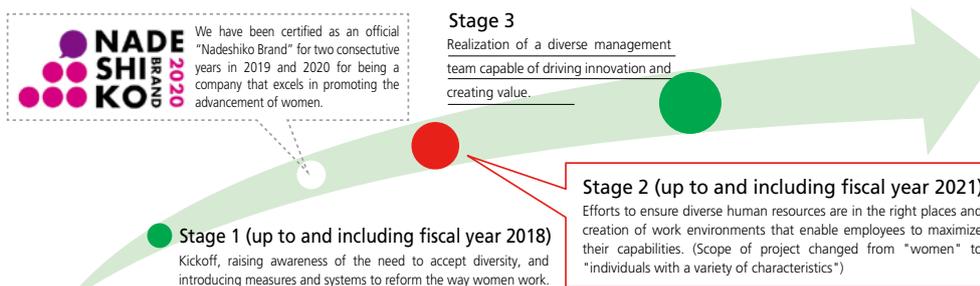
Others (9 companies)

DIC Asia Pacific Pte Ltd (Singapore)
 DIC (CHINA) CO., LTD. (PRC)
 and 7 other companies

(Reference) Diversity and Inclusion of DIC

Roadmap for diversity promotion activities

- DIC is promoting "Diversity Management" to reflect new values in our management by fostering a corporate culture that fosters creative thinking through mutual understanding and respect for diversity through diversity, and by creating a workplace that is worth working in for all employees.



7 Principal Subsidiaries and Affiliates

Company Name	Location	Capital	Ownership of Voting Rights	Principal Business
Sun Chemical Group Coöperatief U.A.	Netherlands	€1,501,852 thousand	100.0%	Investment in and financing for Sun Chemical Group companies
DIC Asia Pacific Pte Ltd	Singapore	S\$310,161 thousand	100.0%	Investment in and financing for DIC Group companies in the Asia and Oceania regions, and manufacture and sale of DIC products
DIC (CHINA) CO., LTD.	PRC	RMB697,380 thousand	100.0%	Investment in and financing for DIC Group companies in the PRC
DIC Graphics Corporation	Tokyo, Japan	¥500 million	66.6%	Manufacture and sale of printing inks and supplies
SEIKO PMC CORPORATION	Tokyo, Japan	¥2,000 million	54.5%	Manufacture and sale of papermaking chemicals and resins for printing inks and imaging and reprographic products
DIC INVESTMENTS JAPAN, LLC.	Tokyo, Japan	¥91 million	100.0%	Investment in and financing for DIC Group companies
TAIYO HOLDINGS CO., LTD.	Saitama, Japan	¥9,499 million	19.6%	Investment in and financing for Taiyo Group companies

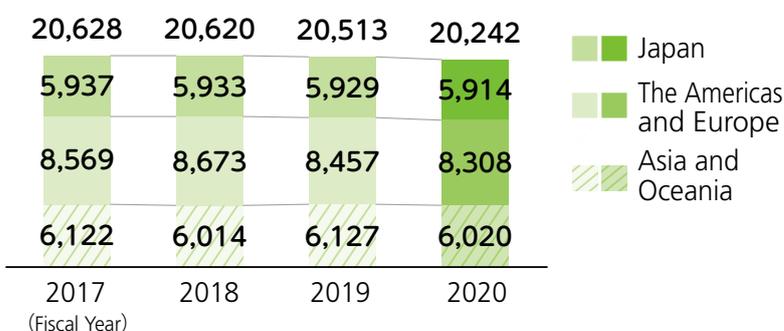
Notes:

- The figure for capital of Sun Chemical Group Coöperatief U.A. is equivalent to the company's capital reserve since the company has no figure equivalent to the capital.
- Ownership of voting rights includes indirect investments.
- Although the ownership of voting rights of TAIYO HOLDINGS CO., LTD. is 19.6%, the Company deems it as an affiliate because the Company has substantial influence over it.
- On August 13, 2020, RENAISSANCE, INCORPORATED disposed of treasury shares through a third-party allotment. As a result, the Company's ownership of voting rights of RENAISSANCE decreased to 19.81%. For this reason, and because it has no intention of exerting influence over RENAISSANCE's management, the Company no longer deems RENAISSANCE an affiliate.

8 Workforce Statistics

Segment	Number of Employees
Packaging & Graphic	10,664
Color & Display	2,462
Functional Products	5,185
Others	683
Corporate (Shared)	1,248
Total	20,242

Number of Employees



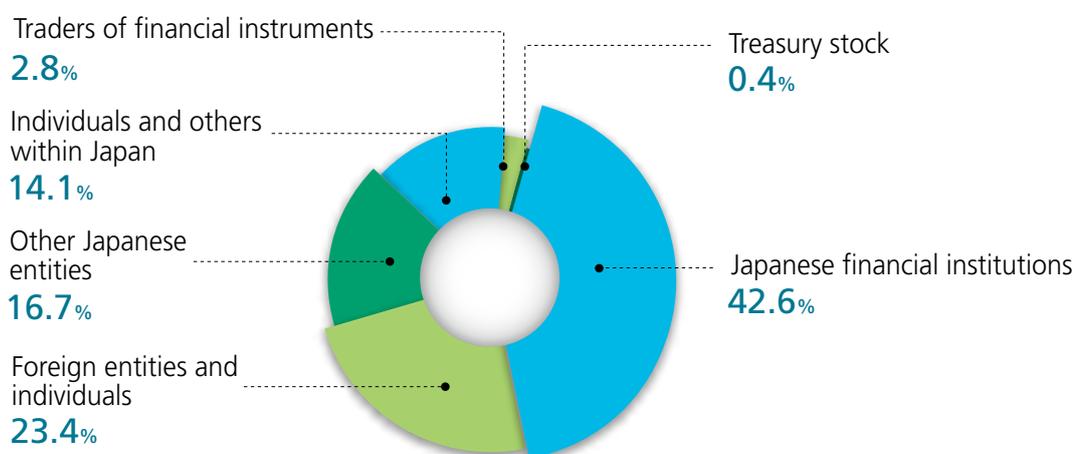
2 Stock Information

1 Total Number of Shares Authorized
150,000,000

2 Total Number of Shares Issued
95,156,904

3 Number of Shareholders
41,443

■ Distribution of Shareholders by Investor Type



4 Major Shareholders

Name of Shareholder	Number of Shares Owned (Thousands)	Shareholding Percentage (%)
SHOEI INC.	12,694	13.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,348	8.81
Custody Bank of Japan, Ltd. (Trust Account)	5,799	6.12
The Dai-ichi Life Insurance Company, Limited	3,500	3.69
JP MORGAN CHASE BANK 385632	3,267	3.45
Custody Bank of Japan, Ltd. (Trust Account 4)	2,441	2.58
Custody Bank of Japan, Ltd. (Trust Account 7)	2,031	2.14
Aioi Nissay Dowa Insurance Co., Ltd.	2,020	2.13
NIPPON LIFE INSURANCE COMPANY	1,900	2.00
JP MORGAN CHASE BANK 380072	1,705	1.80

Notes:

- The above table lists the top 10 shareholders.
- The shareholding percentage is calculated by subtracting the number of treasury shares (367,322 shares) from the total number of shares issued. The number of treasury shares does not include shares held by Trust & Custody Services Bank, Ltd. (139,000 shares) as trustee of the Company's board benefit trust (BBT).

3 Matters Concerning Directors and Audit & Supervisory Board Members

1 Directors and Audit & Supervisory Board Members

1. Directors

Position	Name	Responsibilities at the Company and Principal Concurrent Positions at Other Organizations	Attendance at Board of Directors' Meetings
Chairman of the Board of Directors	Yoshiyuki Nakanishi	Outside Director, The Japan Steel Works, Ltd. Outside Director, IHI Corporation	17/17 (100%)
Representative Director President and CEO	Kaoru Ino		17/17 (100%)
Representative Director Executive Vice President	Masayuki Saito	Assistant to the President and CEO Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.	17/17 (100%)
Director	Yoshihisa Kawamura	Chairman of the Board of Directors, DIC Graphics Corporation	17/17 (100%)
Director Managing Executive Officer	Toshifumi Tamaki	Head of Corporate Strategy Unit In charge of Kawamura Memorial DIC Museum of Art Director, TAIYO HOLDINGS CO., LTD.	17/17 (100%)
Outside <small>Independent</small> Director	Kazuo Tsukahara	Outside Director, ASKUL Corporation	17/17 (100%)
Outside <small>Independent</small> Director	Yoshiaki Tamura	Outside Director, Kawasaki Heavy Industries, Ltd.	17/17 (100%)
Outside <small>Independent</small> Director	Kuniko Shoji	Outside Director, Nichirei Corporation Outside Director, Medipal Holdings Corporation	17/17 (100%)

2. Audit & Supervisory Board Members

Position	Name	Responsibilities at the Company and Principal Concurrent Positions at Other Organizations	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
Fulltime Audit & Supervisory Board Member	Hiroyuki Ninomiya		17/17 (100%)	16/16 (100%)
Fulltime Audit & Supervisory Board Member	Akihiro Ikushima		13/13 (100%)	11/11 (100%)
Outside <small>Independent</small> Audit & Supervisory Board Member	Katsunori Takechi	Attorney Outside Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation	17/17 (100%)	16/16 (100%)
Outside <small>Independent</small> Audit & Supervisory Board Member	Michiko Chiba	Certified public accountant Outside Director and Audit & Supervisory Committee Member, Casio Computer Co., Ltd. Outside Audit & Supervisory Board Member, TDK Corporation	17/17 (100%)	16/16 (100%)

Notes:

- Directors Kazuo Tsukahara, Yoshiaki Tamura and Kuniko Shoji are Outside Directors.
- Audit & Supervisory Board Members Katsunori Takechi and Michiko Chiba are Outside Members.
- Audit & Supervisory Board Member Hiroyuki Ninomiya oversaw corporate accounts at the Company for many years, was the General Manager of Accounting Dept. and Head of Finance and Accounting Unit, and has extensive expertise in finance and accounting.
- In addition to providing expertise in corporate law, Outside Audit & Supervisory Board Member Katsunori Takechi provides tax accounting services pursuant to Article 51 of the Certified Public Tax Accountant Act and has extensive expertise in finance and accounting.

Notes:

5. Outside Audit & Supervisory Board Member Michiko Chiba is qualified as a certified public accountant, has engaged in the audit of companies for many years, and has extensive expertise in finance and accounting.
6. Outside Directors Kazuo Tsukahara, Yoshiaki Tamura and Kuniko Shoji and Outside Audit & Supervisory Board Members Katsunori Takechi and Michiko Chiba are designated as Independent Directors/Members in accordance with the rules of the Tokyo Stock Exchange.
7. Audit & Supervisory Board Member Akihiro Ikushima was newly elected and assumed office at the 122nd Annual General Meeting of Shareholders held on March 26, 2020.
8. At the conclusion of the 122nd Annual General Meeting of Shareholders held on March 26, 2020, Director Hideo Ishii and Audit & Supervisory Board Member Yoshiyuki Mase retired from their positions.
9. In June 2020, Director Yoshiyuki Nakanishi became an Outside Director of The Japan Steel Works, Ltd. and IHI Corporation.
10. In March 2020, Outside Director Kazuo Tsukahara became an Outside Director of ASKUL Corporation.
11. Figures for attendance at Board of Directors' meetings and Audit & Supervisory Board meetings for Audit & Supervisory Board Member Akihiro Ikushima reflect the number of meetings held subsequent to his assumption of office on March 26, 2020 until December 31, 2020.
12. The Company executed the contract for limitation of liability with all of the Outside Directors and Outside Audit & Supervisory Board Members. Pursuant to the contract, if they neglect their duties and cause damages to the Company, they shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that they acted in good faith and were not grossly negligent in performing their duties.
13. As of January 1, 2021, certain Directors' positions and responsibilities at the Company were amended as shown below.

Position	Name	Responsibilities at the Company and Principal Concurrent Positions at Other Organizations
Chairman of the Board of Directions	Masayuki Saito	Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.
Representative Director Executive Vice President	Toshifumi Tamaki	Assistant to the President and CEO Director, TAIYO HOLDINGS CO., LTD.
Director	Yoshiyuki Nakanishi	Outside Director, The Japan Steel Works, Ltd. Outside Director, IHI Corporation

(Reference)

The Company has adopted an Executive Officer system in order to facilitate the prompt execution of operations and better clarify responsibilities. As of January 1, 2021, Executive Officers who do not concurrently serve as Directors are as shown below.

Position	Name	Responsibilities at the Company
Managing Executive Officer	Naoyoshi Furuta	General Manager, Production Management Unit
Managing Executive Officer	Masaya Nakafuji	Head of General Affairs and Legal Unit In Charge of Diversity, Osaka Branch and Nagoya Branch
Managing Executive Officer	Kazuo Hatakenaka	Chairman, DIC (CHINA) CO., LTD. Chairman, DIC (Shanghai) Co., Ltd.
Managing Executive Officer	Kiyotaka Kawashima	General Manager, Technical Management Unit
Managing Executive Officer	Masamichi Sota	President, Packaging & Graphic Business Group General Manager, Printing Material Products Div.
Managing Executive Officer	Kiyofumi Takano	General Manager, New Business Development Headquarters
Managing Executive Officer	Yoshinari Akiyama	President, Color & Display Business Group General Manager, Color Material Products Div.
Executive Officer	Taihei Mukose	Head of Purchasing and Logistics Unit Head of ESG Unit

Position	Name	Responsibilities at the Company
Executive Officer	Paul Koek	Managing Director, DIC Asia Pacific Pte Ltd
Executive Officer	Myron Petruch	President and CEO, Sun Chemical Corporation
Executive Officer	Takeshi Asai	Head of Corporate Strategy Unit In Charge of Kawamura Memorial DIC Museum of Art Vice Chairman of the Board, Sun Chemical Corporation
Executive Officer	Koji Asada	Head of SCM Unit
Executive Officer	Masahiro Kikuchi	Deputy Managing Director (AP Region Non Graphic Business and South Asia), DIC Asia Pacific Pte Ltd
Executive Officer	Yuji Morinaga	General Manager, Packaging Material Products Div.
Executive Officer	Shuji Furuta	Head of Finance and Accounting Unit CFO
Executive Officer	Toshiro Ariga	General Manager, R&D Management Unit General Manager, Central Research Laboratories
Executive Officer	Takashi Ikeda	President, Functional Products Business Group General Manager, Composite Material Products Div.
Executive Officer	Yuji Kikuchi	General Manager, Performance Material Products Div.
Executive Officer	Tomoyuki Tanaka	General Manager, Corporate Planning Dept.

2 Remuneration for Directors and Audit & Supervisory Board Members

Category	Total Amount (Millions of yen)	Composition of Remuneration (Millions of yen)			Number of Directors and Audit & Supervisory Board Members
		Basic Remuneration	Performance-Based Remuneration		
			Bonus	Stock Compensation	
Directors (Excluding Outside Directors)	264	200	49	15	6
Audit & Supervisory Board Members (Excluding Outside Members)	60	60	—	—	3
Outside Directors	41	41	—	—	3
Outside Audit & Supervisory Board Members	28	28	—	—	2

Notes:

1. The above data includes one Director (excluding Outside Directors) and one Audit & Supervisory Board Member (excluding Outside Members) who retired at the conclusion of the 122nd Annual General Meeting of Shareholders held on March 26, 2020.
2. The total amount in the bonus column represents bonuses that are scheduled to be paid after the 123rd Annual General Meeting of Shareholders.
3. The total amount of stock compensation is the monetary amount of the number of the Company's stocks equivalent to the points granted for the fiscal year 2020 based on the performance-based stock compensation plan.

Reference Outline of System of Remuneration for Directors and Audit & Supervisory Board Members

The Company's system of remuneration for Directors and Audit & Supervisory Board Members is as follows:

The Company's basic policy for remuneration is based on the ability to reliably implement business planning and business strategies to design sustainable development and medium- to long-term corporate value improvement, as well as secure diversified capable human resources for the further development of global management.

Remuneration for Directors consists of (a) basic remuneration (fixed), (b) bonuses which are linked to consolidated operating results and achievement of individual targets (performance-based) and (c) stock compensation which is linked to medium- to long-term achievement rates of performance targets and growth rate of profit to the previous year. Directors who serve concurrently as executive officers are eligible for bonuses and stock compensation. Other Directors and Outside Directors are eligible for basic remuneration only.

Audit & Supervisory Board Members are eligible for basic remuneration only.

Remuneration for Directors and Audit & Supervisory Board Members

	Type of Remuneration	Method of Determination	Maximum Limit	Date of Resolution of Annual General Meeting of Shareholders
Directors	Basic Remuneration	①	700 million yen/year as aggregate total of basic remuneration and bonus	June 27, 2007
	Bonus	②		
	Performance-Based Remuneration	Stock Compensation	③	250 million yen as maximum contribution to trust by the Company for three fiscal years
Audit & Supervisory Board Members	Basic Remuneration	④	100 million yen/year	June 28, 2005

- ① Basic remuneration for Directors is determined by the Remuneration Committee based on the level of responsibility and with consideration given to prevailing market rates.
- ② Bonuses are determined by the Remuneration Committee. Amounts are linked to increases/decreases in consolidated operating income, taking into account individual contribution, with consideration given to prevailing market rates.
- ③ Each fiscal year, eligible Directors are granted points, the number of which is determined based on the degree of achievement of targets for the year's consolidated operating income and consolidated net income attributable to owners of the parent set forth in the Company's medium-term management plan, as well as the year-on-year growth rate of consolidated operating income and consolidated net income attributable to owners of the parent. Upon retirement, these Directors receive shares of the Company and cash equivalent to the shares of the Company at the market price corresponding to the number of points they have accumulated.
- ④ Basic remuneration for Audit & Supervisory Board Members is determined through discussion involving all Audit & Supervisory Board Members, in accordance with internal rules established by the Audit & Supervisory Board, with consideration given to ensuring a balance with remuneration for Directors and to prevailing market rates.

3 Outside Directors and Audit & Supervisory Board Members

1) Relationship between the Company and Organizations in which Outside Directors and Outside Audit & Supervisory Board Members Concurrently Hold Principal Positions

There are no special interests between the Company and the organizations in which Outside Directors and Outside Audit & Supervisory Board Members concurrently hold principal positions.

2) Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members for Fiscal Year 2020

Position	Name	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings	Statements at the Meetings
Director	Kazuo Tsukahara	17/17 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management
	Yoshiaki Tamura	17/17 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management
	Kuniko Shoji	17/17 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management
Audit & Supervisory Board Member	Katsunori Takechi	17/17 (100%)	16/16 (100%)	Proactively made statements on proposed resolutions from his perspective as an attorney with specialized expertise
	Michiko Chiba	17/17 (100%)	16/16 (100%)	Proactively made statements on proposed resolutions from her perspective as a certified public accountant with specialized expertise

4 Matters Concerning the Accounting Auditor

1 Name of Audit Firm

Deloitte Touche Tohmatsu LLC

2 Remuneration and Other Payments for the Accounting Auditor

	Total Amount (Millions of yen)
Amount of Remuneration and Other Payments Paid by the Company	145
Total Amount of Money and Other Property Benefits to be Paid by the Company and its Subsidiaries	232

Notes:

1. The audit agreement entered into by the Company and its Accounting Auditor does not distinguish clearly between the amount derived from the audit under the Companies Act and the amount derived from the audit under the Financial Instruments and Exchange Act and the two amounts cannot be substantially distinguished from each other. Consequently, both are included in the amount of remuneration to be paid by the Company.
2. The accounts of principal overseas subsidiaries are audited by firms other than the firm named above (accounting auditor, public accountants or other individuals or firms that hold a certification equivalent to that of accounting auditor in Japan) in conformity with the requirements of laws in their respective countries of domicile that correspond to the Companies Act or Financial Instruments and Exchange Act.
3. The Audit & Supervisory Board received briefings about the audit performance for the past fiscal years done by the Accounting Auditor, quality of audit, audit plans for fiscal year 2020 and the calculation basis of remuneration estimate from Directors and senior executives in DIC Corporation and the Accounting Auditor, and reviewed said briefings accordingly. As a result, remuneration and other payments for the Accounting Auditor were approved by the Audit & Supervisory Board because it was deemed appropriate to conduct the planned audit and align the standard to maintain audit quality.

3 Non-Audit Services

The Company provides remuneration to the Accounting Auditor for non-audit services which are services other than those listed in Article 2, Paragraph 1 of the Certified Public Accountants Act. These include the preparation of comfort letters.

4 Policy on Decisions Concerning Dismissal or Non-Reappointment of the Accounting Auditor

The Audit & Supervisory Board shall dismiss the Accounting Auditor with the Audit & Supervisory Board Members' unanimous consent if it determines that any act or circumstance of the Accounting Auditor falls under any of the events set forth in Article 340, Paragraph 1 of the Companies Act. When the Accounting Auditor is dismissed pursuant to the above mentioned provisions, an Audit & Supervisory Board Member elected mutually among the Members shall report such fact and the reason for the dismissal at the first General Meeting of Shareholders after the dismissal.

In such case that impair the Accounting Auditor's competence or independence, thus making it difficult for the Accounting Auditor to conduct an appropriate audit, the Audit & Supervisory Board has the right to determine the contents of a proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders by the Board of Directors.

5

Summary of Resolutions Regarding, and the Operational Status of, Systems for Ensuring that the Performance of Duties by Directors Complies with Laws, Regulations and the Company's Articles of Incorporation and for Ensuring the Propriety of Other Operations

The following is a summary of resolutions regarding, and the operational status of, the aforementioned systems.

I. Basic Concepts Regarding Internal Controls

In striving to conduct its operations in accordance with The DIC Way, the DIC Group maintains a keen awareness of four key objectives, which are to ensure the effectiveness and efficiency of businesses, uphold the reliability of its financial reporting, comply with laws and regulations relevant to its business activities, and safeguard its assets. To these ends, the Company has prepared and operates a system of internal controls, key components of which are summarized below, to ensure proper business activities based on the Companies Act and the Financial Instruments and Exchange Act.

II. DIC Group Internal Control Systems

1 Systems for Ensuring that the Performance of Duties by Directors and Employees of the DIC Group Complies with Laws, Regulations and the Articles of Incorporation

- 1) The Company shall prepare regulations for meetings of the Board of Directors and regulations for *Ringi* (approval by written circular) and shall clarify decision-making authority within the DIC Group.
- 2) The Company shall appoint Outside Directors and shall work to bolster monitoring functions with regard to management.
- 3) The Company shall work to set forth the DIC Group Code of Business Conduct as the standard regarding compliance, which Directors and employees of the DIC Group should comply with, and disseminate the same.
- 4) The Company shall establish an internal auditing department and shall monitor the status of the implementation and operation of internal control systems of the DIC Group on a periodic basis. Important matters that are discovered through such monitoring and the status of improvements shall be reported to Representative Directors on a periodic basis, and those matters of particular importance are to be reported to the Board of Directors.
- 5) The Company shall, as a part of its compliance activities, establish an internal notification system as a channel available for the employees of the DIC Group and set up multiple notification channels independent from channels for communication used in the conduct of business. The Company shall prepare a structure that can quickly respond to domestic and international notifications. In addition, a system shall be put into place so that any person making a notification will not suffer any detriment.
- 6) The Company shall sever any and all connections with antisocial elements and shall collaborate with legal counsel and the police in making firm responses to unwarranted demands made by such antisocial elements.

Operational Status

The Company has clarified decision-making authority within the DIC Group via the Articles of Incorporation, regulations for meetings of the Board of Directors, regulations for *Ringi*, regulations for authorization, etc., in order to ensure the performance of duties and enhancement of supervisory functions, all of which it reviews on an ongoing basis. In fiscal year 2020, the Company revised The DIC Way, which represents its fundamental management policy, with the aim of promoting a common understanding and greater penetration among the more than 20,000 employees of the DIC Group.

The Company has nominated three individuals to serve as Outside Directors who constitute one-third or more of the Board of Directors.

An e-learning program regarding the DIC Group Code of Business Conduct was implemented at DIC Group entities to instill an awareness of compliance. The Company handled internal claims appropriately by conducting investigations and interviews.

The Company's internal audit function monitored the status of implementation and operation of the internal controls system and reported to Representative Directors on important matters discovered through such monitoring, as well as on the status of improvements.

2 Systems for Ensuring that Duties of Directors of the DIC Group are Performed Efficiently

- 1) In order to ensure the duties of Directors are performed properly and efficiently within the DIC Group, the Company shall establish regulations regarding company organization and authority.
- 2) In order to speed up the conduct of business and clarify responsibilities, the Company shall introduce an Executive Officer system. In addition to resolving important business affairs of the DIC Group in accordance with the Articles of Incorporation and regulations of the Board of Directors, the Board of Directors shall also supervise the status of Executive Officers' business conduct.
- 3) The Company shall formulate medium-term management plans and the annual budget based upon management policies and management strategies of the DIC Group and, through dissemination of the same, ensure common goals are shared within the DIC Group. The Company shall make progress reports to the Board of Directors.

Operational Status

The Company made important business decisions based on regulations for meetings of the Board of Directors, regulations for *Ringi* and other regulations. Reports were given to the Board of Directors on the progress of initiatives implemented by individual Business Groups in line with the basic strategies of DIC111—Value Transformation and New Pillar Creation. Regarding the annual budget, in-house briefings were held and related information was posted on the Company's internal portal site to advance awareness, in addition to which monthly progress reports were made to the Board of Directors.

3 Systems for the Preservation and Management of Information Pertaining to the Performance of Duties by Directors

- 1) Information pertaining to the performance of duties by Directors, such as minutes of meetings of the Board of Directors and *Ringi* documents, shall be recorded, retained and managed appropriately based upon the regulations for document management.
- 2) The Company shall establish regulations for systems of information management and shall prepare a system for preventing leakage of confidential information of the DIC Group.

Operational Status

The Company retains and manages its information appropriately based upon regulations for document management, regulations for confidential information management and other regulations. In addition to holding periodic meetings of the Information Security Committee and advancing initiatives in line with key themes, the Company introduced various warning measures to further raise and reinforce awareness of information security with the aim of facilitating an effective shift to teleworking for employees to help prevent the spread of COVID-19. To address the increased security threat to computers resulting from the increasing number of employees working remotely, the Company also strengthened efforts to prevent computer viruses.

4 Regulations and Other Systems Relating to the Management of Risk of Loss to the DIC Group

- 1) The Company shall formulate a risk management policy and shall identify, assess, prioritize and address any risks that may have a significant impact on management of the DIC Group.
- 2) The Company shall establish a risk management system for the DIC Group and shall ensure its effectiveness by repeating the plan–do–check–act (PDCA) cycle.

Operational Status

In line with its risk management policy, the Company confirmed that the Sustainability Committee had identified risks associated with COVID-19, as well as high priority risks in emergency situations, and implemented appropriate countermeasures. As part of its business continuity management (BCM) program, the Company confirmed the effectiveness of business continuity planning (BCP) by conducting headquarters task force–led divisional BCP drills. In response to COVID-19, the Company also took steps to prevent the spread of infection and ensure the effective execution of business, including setting up a task force, actively promoting telework, restricting business travel worldwide and establishing a framework for identifying close contacts of COVID-19 patients based on stringent criteria.

5 Other Systems for Ensuring Proper Operations of the DIC Group

- 1) The Company shall determine an administrative department for each subsidiary from the standpoints of the conduct of business and business management and shall supervise business affairs by dispatching a director to each subsidiary.
- 2) The Company shall clarify important matters pertaining to subsidiaries that require reporting to the Company.

Operational Status

In addition to dispatching directors to each subsidiary from the pertinent administrative department, the Company conducted training for new presidents of subsidiaries regarding corporate governance and internal controls. In addition, the Company has established regulations regarding authority within the DIC Group, which include matters that require approval of or reporting to the Company. The Company also established management regulations and clarified management support structures for Group companies.

6 Systems for Ensuring that Audits by Audit & Supervisory Board Members are Conducted Effectively

- 1) In addition to attending meetings of the Board of Directors and other important meetings, Audit & Supervisory Board Members may inspect the contents of *Ringi* approvals at any time.
- 2) In addition to meeting with Representative Directors on a periodic basis to exchange information and opinions, Audit & Supervisory Board Members shall strive to foster close cooperation by holding liaison meetings on a periodic basis with the internal auditing department, the Accounting Auditor and the Audit & Supervisory Board Members of subsidiaries.
- 3) Directors and employees of the DIC Group shall report facts that could cause substantial damage to the Company and matters designated by the Audit & Supervisory Board as "Matters to be Reported to Audit & Supervisory Board Members or the Audit & Supervisory Board" to Audit & Supervisory Board Members or the Audit & Supervisory Board.
- 4) The DIC Group shall not treat persons who report to Audit & Supervisory Board Members unfavorably because of the report.
- 5) The Company shall establish an Audit & Supervisory Board Members' Office and shall assign dedicated personnel to assist Audit & Supervisory Board Members in their duties. Such personnel shall obey only the directions and orders of the Audit & Supervisory Board Members. Evaluations shall be conducted by Audit & Supervisory Board Members and matters such as personnel changes and disciplinary actions will require the prior consent of Audit & Supervisory Board Members.
- 6) The Company shall pay the costs and fees that Audit & Supervisory Board Members need to perform their duties.

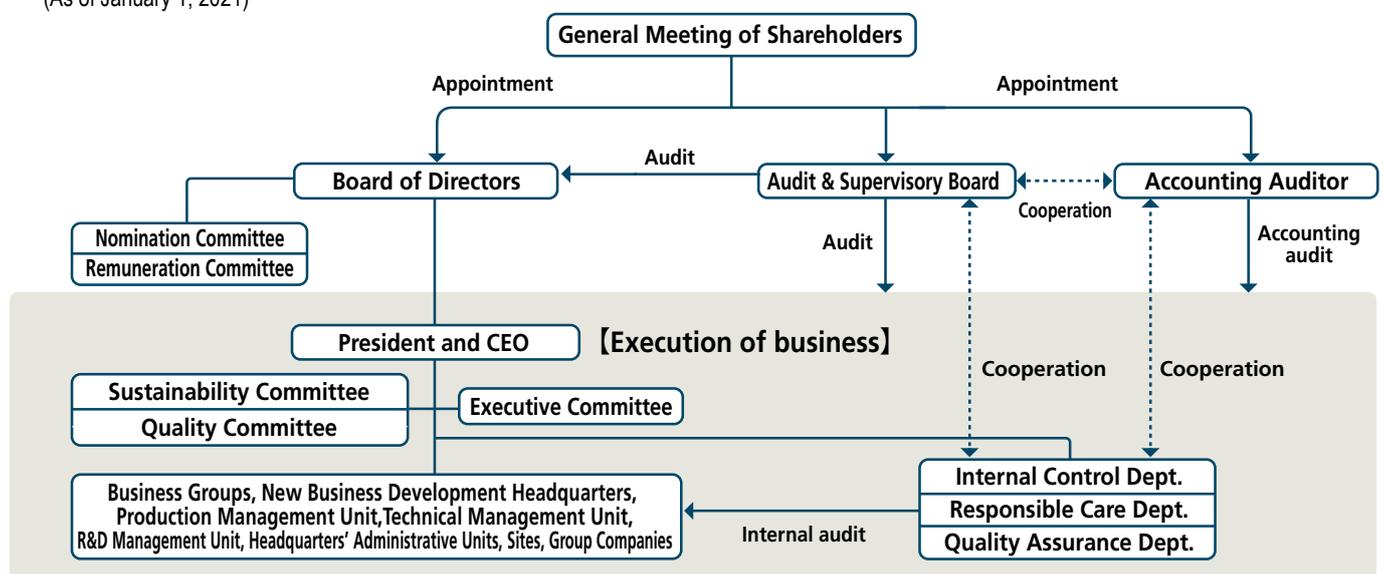
Operational Status

Audit & Supervisory Board Members attended important meetings, including those of the Board of Directors and the Executive Committee, and reviewed the contents of *Ringi* approvals as necessary. In addition, Audit & Supervisory Board Members held liaison meetings on a periodic basis with Representative Directors, the internal auditing department and the Accounting Auditor to exchange opinions. Directors and employees reported on matters designated by the Audit & Supervisory Board, as well as on other important matters.

Audit & Supervisory Board Members also met with the Audit & Supervisory Board Members of subsidiaries in Japan on a periodic basis. Overseas, Audit & Supervisory Board Members participated in meetings of the Board of Directors of regional headquarters, as well as conducted audits, taking into account materiality and risk, which for fiscal year 2020 were remote.

Corporate Governance Structure

(As of January 1, 2021)



Reference Corporate Governance

1 Basic Approach to Corporate Governance

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

The Company has prepared and disclosed a Policy on Corporate Governance to explain its basic approach to corporate governance.

For more information of the Policy on Corporate Governance, please refer to the Company's website:
https://www.dic-global.com/pdf/ir/management/governance/governance_en.pdf

2 Outline of the Company's Corporate Governance

1) Board of Directors

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

2) Nomination Committee

To ensure objectivity in the nomination of Directors, Audit & Supervisory Board Members and Executive Officers, among others, the Company has established a Nomination Committee, which provides recommendations to the Board of Directors regarding the appointment and dismissal of Directors, Audit & Supervisory Board Members and Executive Officers. The Nomination Committee consists of five Directors, three of whom are Independent Outside Directors, with an Independent Outside Director serving as Chairman.



3) Remuneration Committee

To ensure objectivity in the determination of remuneration for Directors and Executive Officers, the Company has established a Remuneration Committee, which has been entrusted with responsibility for determining remuneration, among others, for Directors and Executive Officers. The Remuneration Committee consists of five Directors, three of whom are Independent Outside Directors, with an Independent Outside Director serving as Chairman.



4) Executive Committee

Established as a body to advise on important matters related to the execution of business, the Executive Committee meets twice monthly in principle. The Executive Committee consists of Executive Officers and others appointed by the Board of Directors. As part of the auditing process, one Audit & Supervisory Board Member also attends Executive Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

5) Sustainability Committee

The Sustainability Committee, which functions as an advisory body, meets several times annually to formulate sustainability policies and activity plans, as well as to evaluate and promote sustainability initiatives. The Sustainability Committee consists of Executive Officers and others designated by the Board of Directors. As part of the auditing process, one Audit & Supervisory Board Member also attends Sustainability Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

6) Quality Committee

In addition to reporting on the status and progress of quality management, the Quality Committee functions as a deliberative body for the DIC Group's quality policies, principal initiatives and important issues. In principle, the Committee meets once quarterly. The Quality Committee consists of Executive Officers and others designated by the Board of Directors. As part of the auditing process, one Audit & Supervisory Board Member also attends Quality Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

7) Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, including two Outside Members (one of whom is female). In principle, the Audit & Supervisory Board meets once monthly. Board activities include debating and determining auditing policies and auditing plans. Members also report on the results of audits conducted, as well as attend important meetings, including those of the Board of Directors, the Executive Committee and the Sustainability Committee, meet with Representative Directors on a periodic basis to exchange information and opinions, and collect business reports from Directors, Executive Officers and employees. In addition, the Company has established an Audit & Supervisory Board Members' Office, to which it assigns dedicated personnel to assist the Audit & Supervisory Board Members in their duties.

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2020	Previous Fiscal Year As of December 31, 2019 (Reference)	Accounts	Current Fiscal Year As of December 31, 2020	Previous Fiscal Year As of December 31, 2019 (Reference)
(Assets)			(Liabilities)		
I Current assets	399,997	399,919	I Current liabilities	197,181	210,126
Cash and deposits	44,885	16,786	Notes and accounts payable - trade	95,263	108,562
Notes and accounts receivable - trade	197,595	211,232	Short-term loans payable	10,275	20,139
Merchandise and finished goods	78,273	91,555	Current portion of long-term loans payable	27,096	23,456
Work in process	9,065	9,566	Lease obligations	1,061	1,244
Raw materials and supplies	55,058	58,610	Income taxes payable	4,985	2,556
Other	24,294	21,607	Provision for bonuses	5,480	5,724
Allowance for doubtful accounts	(9,171)	(9,437)	Other	53,022	48,445
II Non-current assets	417,953	403,164	II Non-current liabilities	269,405	249,459
Property, plant and equipment	228,078	232,176	Bonds payable	100,000	80,000
Buildings and structures	86,885	88,540	Long-term loans payable	123,766	122,602
Machinery, equipment and vehicles	67,386	70,867	Lease obligations	4,543	5,191
Tools, furniture and fixtures	10,468	11,191	Deferred tax liabilities	12,525	8,768
Land	51,362	51,961	Net defined benefit liability	17,071	21,377
Construction in progress	11,977	9,616	Asset retirement obligations	1,691	1,696
Intangible assets	11,512	11,804	Other	9,809	9,826
Goodwill	819	762	Total liabilities	466,586	459,585
Software	2,963	2,585	(Net assets)		
Customer-related assets	2,853	2,674	I Shareholders' equity	409,003	407,398
Other	4,877	5,782	Capital stock	96,557	96,557
Investments and other assets	178,363	159,184	Capital surplus	94,468	94,456
Investment securities	57,201	59,313	Retained earnings	219,778	218,209
Deferred tax assets	32,407	33,192	Treasury shares	(1,800)	(1,823)
Net defined benefit asset	63,784	44,339	II Accumulated other comprehensive income	(90,511)	(94,658)
Other	25,705	23,020	Valuation difference on available-for-sale securities	2,903	1,676
Allowance for doubtful accounts	(734)	(680)	Deferred gains or losses on hedges	2,468	683
Total assets	817,950	803,083	Foreign currency translation adjustment	(82,321)	(72,671)
			Remeasurements of defined benefit plans	(13,562)	(24,346)
			III Non-controlling interests	32,873	30,757
			Total net assets	351,364	343,497
			Total liabilities and net assets	817,950	803,083

Consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal Year Ended December 31, 2020	Previous Fiscal Year Ended December 31, 2019 (Reference)
I Net sales	701,223	768,568
II Cost of sales	544,430	603,199
Gross profit	156,793	165,369
III Selling, general and administrative expenses	117,130	124,037
Operating income	39,663	41,332
IV Non-operating income	4,516	7,001
Interest income	1,263	2,420
Dividends income	416	414
Equity in earnings of affiliates	771	2,475
Other	2,066	1,692
V Non-operating expenses	7,726	7,031
Interest expenses	2,225	3,724
Foreign exchange losses	1,384	811
Other	4,117	2,496
Ordinary income	36,452	41,302
VI Extraordinary income	7,052	4,435
Gain on sales of non-current assets	5,226	1,401
Gain on bargain purchase	1,295	—
Insurance income	531	1,409
Gain on sales of subsidiaries and affiliates securities	—	1,624
VII Extraordinary loss	18,403	11,061
Loss on business liquidation	8,762	—
Acquisition-related expenses	4,563	1,914
Loss on disposal of non-current assets	2,903	2,399
Impairment loss	1,251	3,078
Severance costs	924	840
Loss on disaster	—	1,520
Provision of allowance for doubtful accounts	—	551
Amortization of past service costs	—	443
Loss on sales of subsidiaries and affiliates securities	—	316
Income before income taxes and non-controlling interests	25,102	34,676
Income taxes - current	10,336	7,869
Income taxes - deferred	(1,651)	1,461
Net income	16,417	25,346
Net income attributable to non-controlling interests	3,184	1,846
Net income attributable to owners of the parent	13,233	23,500

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2020	Previous Fiscal Year As of December 31, 2019 (Reference)	Accounts	Current Fiscal Year As of December 31, 2020	Previous Fiscal Year As of December 31, 2019 (Reference)
(Assets)			(Liabilities)		
I Current assets	148,837	152,457	I Current liabilities	179,713	203,398
Cash and deposits	18,190	9,879	Electronically recorded obligations	8,731	9,744
Notes receivable - trade	6,679	7,512	Accounts payable-trade	45,333	57,862
Accounts receivable - trade	56,618	62,727	Short-term loans payable	105,473	113,820
Merchandise and finished goods	19,612	21,088	Accounts payable-other	13,518	16,531
Work in process	4,541	4,471	Income taxes payable	1,663	—
Raw materials and supplies	6,960	8,399	Accrued consumption taxes	—	257
Advance payments - trade	677	606	Provision for bonuses	3,771	3,760
Prepaid expenses	1,447	1,198	Provision for directors' bonuses	46	34
Short-term loans receivable	9,391	9,370	Provision for product warranties	213	—
Accounts receivable - other	20,671	25,673	Accrued expenses	268	461
Other	4,057	1,554	Advances received	104	169
Allowance for doubtful accounts	(6)	(20)	Deposits received	72	132
			Other	520	628
II Non-current assets	542,213	536,225	II Non-current liabilities	211,249	187,344
Property, plant and equipment	97,438	99,045	Bonds payable	100,000	80,000
Buildings	32,543	33,212	Long-term loans payable	100,971	95,807
Structures	6,296	5,982	Provision for retirement benefits	17	15
Machinery and equipment	24,375	25,504	Provision for stock payments	192	176
Vehicles	64	56	Provision for loss on business of subsidiaries and affiliates	2,208	2,564
Tools, furniture and fixtures	5,438	5,692	Asset retirement obligations	638	637
Land	27,581	27,574	Deferred tax liabilities	3,197	3,721
Construction in progress	1,142	1,025	Other	4,027	4,425
Intangible assets	3,440	3,110	Total liabilities	390,962	390,742
Software	2,578	2,130	(Net assets)		
Other	863	981	I Shareholders' equity	296,820	298,397
Investments and other assets	441,335	434,070	Capital stock	96,557	96,557
Investment securities	12,542	10,422	Capital surplus	94,156	94,156
Stocks of subsidiaries and affiliates	359,765	359,930	Legal capital surplus	94,156	94,156
Investments in capital of subsidiaries and affiliates	18,625	18,625	Retained earnings	107,907	109,508
Long-term loans receivable	5	6	Other retained earnings		
Prepaid pension cost	30,767	27,503	Reserve for tax deferral of subsidies	120	145
Other	19,776	17,730	Reserve for tax deferral of insurance gains	7	7
Allowance for doubtful accounts	(146)	(146)	Reserve for special account for tax deferral of insurance gains	154	154
			Reserve for tax deferral of capital gains from eminent domain	834	855
			Reserve for reduction entry of replaced property	4,360	4,590
			Retained earnings brought forward	102,433	103,757
			Treasury shares	(1,800)	(1,823)
			II Valuation and translation adjustments	3,269	(457)
			Valuation difference on available-for- sale securities	2,688	1,327
			Deferred gains or losses on hedges	581	(1,784)
Total assets	691,051	688,683	Total net assets	300,089	297,940
			Total liabilities and net assets	691,051	688,683

Non-Consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal Year Ended December 31, 2020	Previous Fiscal Year Ended December 31, 2019 (Reference)
I Net sales	195,403	219,849
II Cost of sales	159,238	180,030
Gross profit	36,165	39,819
III Selling, general and administrative expenses	31,935	33,168
Operating income	4,230	6,651
IV Non-operating income	6,953	9,304
Interest income	140	187
Dividends income	5,985	8,494
Other	828	623
V Non-operating expenses	4,091	3,295
Interest expenses	1,649	2,142
Commission expenses	676	—
Other	1,766	1,153
Ordinary income	7,093	12,660
VI Extraordinary income	356	9,854
Reversal of provision for loss on business of subsidiaries and affiliates	356	—
Gain on sales of subsidiaries and affiliates securities	—	8,464
Insurance income	—	1,390
VII Extraordinary loss	1,301	3,438
Loss on disposal of non-current assets	918	974
Impairment loss	383	—
Loss on valuation of stocks of subsidiaries and affiliates	—	365
Loss on disaster	—	1,419
Acquisition-related expenses	—	369
Amortization of past service costs	—	311
Income before income taxes	6,148	19,075
Income taxes-current	1,380	577
Income taxes-deferred	(2,163)	836
Net income	6,930	17,663

Audit Reports

Audit Report of the Accounting Auditor for the Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

March 4, 2021

To the Board of Directors of
DIC Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hidetsugu Tsuda

Designated Engagement Partner,
Certified Public Accountant:

Takaya Otake

Designated Engagement Partner,
Certified Public Accountant:

Koji Inoue

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of DIC Corporation and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of December 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2020 to December 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report of the Accounting Auditor for the Non-Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

March 4, 2021

To the Board of Directors of
DIC Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hidetsugu Tsuda

Designated Engagement Partner,
Certified Public Accountant:

Takaya Otake

Designated Engagement Partner,
Certified Public Accountant:

Koji Inoue

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of DIC Corporation (the "Company"), namely, the nonconsolidated balance sheet as of December 31, 2020, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 123rd fiscal year from January 1, 2020 to December 31, 2020, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Audit Report of the Audit & Supervisory Board

AUDIT REPORT

The Audit & Supervisory Board has prepared this audit report following deliberations based on the audit reports prepared by each Audit & Supervisory Board Member pertaining to the conduct of the Directors in the performance of their duties during the 123rd fiscal year from January 1, 2020 to December 31, 2020 and hereby reports as follows:

1. Methods and Contents of the Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established the audit policies, the audit plan and other matters, and received reports from each Audit & Supervisory Board Member regarding the status of audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors and senior executives and the Accounting Auditor regarding the performance of their duties and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Member's auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and audit plans, each Audit & Supervisory Board Member endeavored to communicate with the Directors, internal audit departments and other relevant employees, endeavored to collect information and maintain and improve the audit environment and conducted audit with the methods described below;
 - ① Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and relevant employees, requested explanations as necessary, examined important documents regarding decisions and approvals made and inspected the status of the operations and property at the head office and other principal business locations. With respect to subsidiaries, each Audit & Supervisory Board Member endeavored to communicate with and exchanged information with the Directors, the Audit & Supervisory Board Members and relevant employees of the subsidiary, received reports on their business, and investigated the status of their operations and property as necessary.
 - ② In order to ensure the adequacy of establishment and maintenance of an internal control system that is set forth in the Companies Act of Japan, each Audit & Supervisory Board Member received reports of the Board of Directors' resolution and the status of establishment and operation of the system from the Directors and relevant employees, requested explanations as necessary and expressed opinions. On internal controls of the DIC Group consisting of DIC Corporation and its subsidiaries, each Audit & Supervisory Board Member received reports from the Directors and relevant employees of the subsidiaries and requested explanations as necessary.
 - ③ Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audits, received reports from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Accounting Auditor that it had established a system to ensure that the performance of the duties of the Accounting Auditor is being properly conducted in accordance with the "Quality Control Standards for Audits" constituted by the Business Accounting Council, and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and the accompanying supplementary schedules, the non-consolidated financial statements and the annexed detailed statements as well as the consolidated financial statements, for the fiscal year under consideration.

2. Results of Audit

(1) Results of Audit of the Business Report and Other Relevant Documents

- ① We acknowledge that the business report and the accompanying supplemental schedules fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- ② We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found in connection with the Directors' performance of their duties.
- ③ We acknowledge that the Board of Directors' resolutions with respect to the internal control system are appropriate. We did not find any matter to be mentioned with respect to the description in the business report and the Directors' performance of their duties concerning the internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and Annexed Detailed Statement

We acknowledge that the methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC are appropriate.

March 4, 2021

The Audit & Supervisory Board of DIC Corporation

Hiroyuki Ninomiya	Audit & Supervisory Board Member (Full-time)	[Seal]
Akihiro Ikushima	Audit & Supervisory Board Member (Full-time)	[Seal]
Katsunori Takechi	Audit & Supervisory Board Member (Independent)	[Seal]
Michiko Chiba	Audit & Supervisory Board Member (Independent)	[Seal]



1
Hiroyuki Ninomiya

2
Akihiro Ikushima

3
Katsunori Takechi

4
Michiko Chiba

