

# DIC Corporation

Consolidated Financial Results  
FY2022: Six Months Ended June 30

August 2022



MSCI Japan ESG  
Select Leaders Index



MSCI Japan Empowering  
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DIC Corporation

# Highlights

## FY2022 six months results

### Net sales

**¥521.4billion**

YoY +**33.1%**

### Operating income

**¥24.0billion**

YoY -**12.2%**

- Although shipments for certain products and regions showed signs of stagnation, hindered by falling automobile production and the impact of pandemic lockdowns in the People's Republic of China (PRC), efforts to adjust sales prices across all segments led to a sharp increase in consolidated net sales. In the Color & Display segment, the margin of improvement in net sales was boosted by the addition of sales from the C&E pigments business, formerly the Colors & Effects business of Germany's BASF SE.
- The depreciation of the yen over the first half also contributed to the increase in sales.
- Operating income was down as efforts to adjust sales prices to pass on increases in raw materials, logistics and energy costs fell short. The C&E pigments business shifted into the black as shipment delays—caused by the fact that it took some time to build a logistics configuration following the business' integration—were resolved.

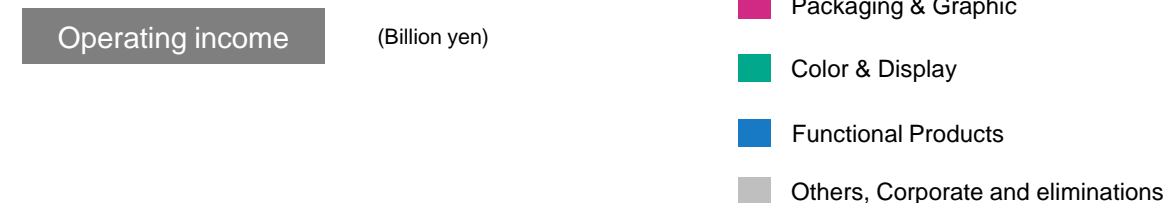
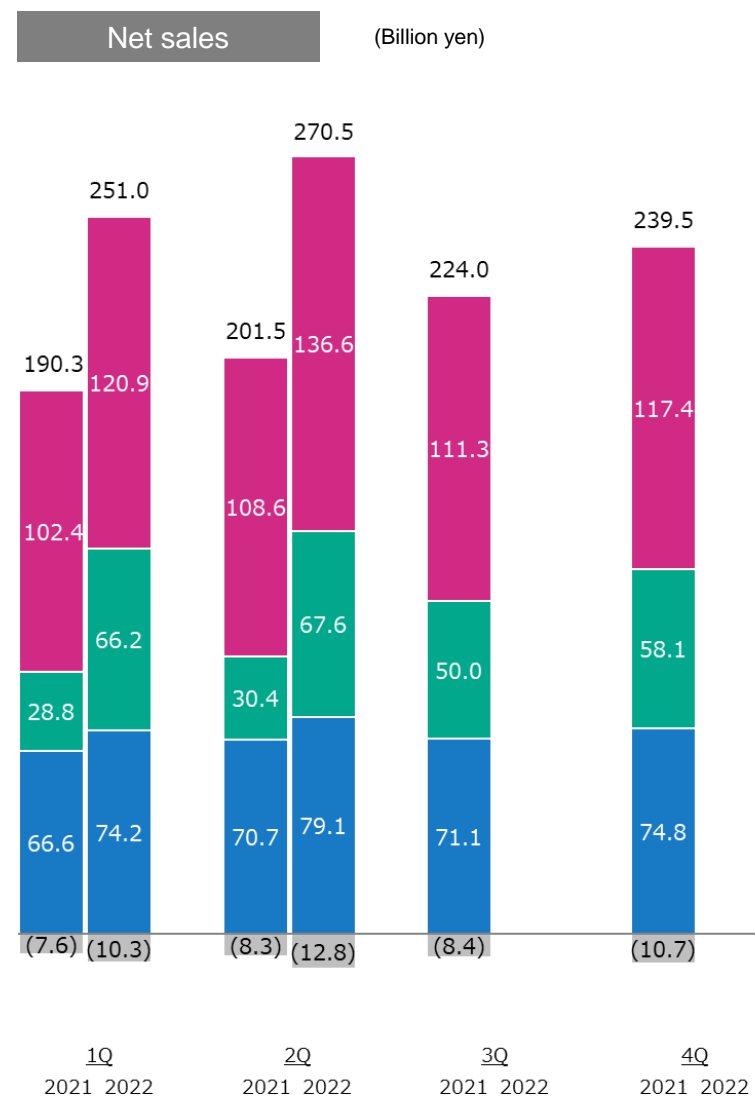
## FY2022 forecasts

- Forecast for net sales has been revised upward;
- Forecast for operating income has been revised down;
- Forecast for annual dividends per share remains unchanged

- Owing to the progress of ongoing efforts to adjust sales prices to counter elevated raw materials, logistics, and energy costs, and to a reassessment of assumed currency exchange rates, the forecast for consolidated net sales has been revised upward, to ¥1,100.0 billion.
- Given trends in Groupwide attempts to modify sales prices, as well as recent results in the Packaging & Graphic segment, operating income has been revised down to ¥50.0billion.
- The forecast for dividends remains unchanged at ¥100.00 per share.

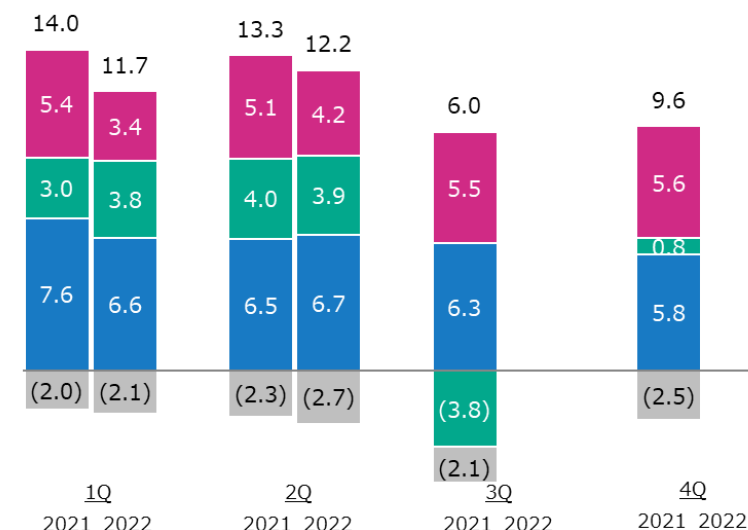
The fiscal year of all overseas and domestic companies in the DIC Group ends on December 31. This document presents consolidated results for the first six months of fiscal year 2022, ended June30, 2022.

# Quarterly trends in segment results



Progress toward full-term operating income forecast (¥50.0 billion)

	3M	6M	9M	FY
2022 (%)	23.4	47.9		



Note: The figure above each graph bar includes Others and Corporate and eliminations and thus differs from the height of the bar.

# Consolidated statement of income

(Billion yen)	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis
<b>Net sales</b>	<b>391.8</b>	<b>521.4</b>	<b>129.6</b>	<b>+ 33.1%</b>	<b>+ 26.8%</b>
Cost of sales	(301.1)	(415.4)	-114.3		
Selling, general and administrative expenses	(63.4)	(82.0)	-18.7		
<b>Operating income</b>	<b>27.3</b>	<b>24.0</b>	<b>-3.3</b>	<b>-12.2%</b>	<b>-10.2%</b>
<b>Operating margin</b>	<b>7.0%</b>	<b>4.6%</b>	-		
Interest expenses	(0.4)	(0.9)	-0.5		
Equity in earnings (losses) of affiliates	0.9	1.0	0.1		
Foreign exchange gains (losses)	0.5	2.1	1.6		
Other, net	0.0	0.0	-0.0		
<b>Ordinary income</b>	<b>28.2</b>	<b>26.2</b>	<b>-2.1</b>	<b>-7.4%</b>	<b>—</b>
Extraordinary income	1.1	1.3	0.2		
Extraordinary losses	(7.1)	(3.5)	3.6		
Income before income taxes	22.2	24.0	1.7		
Income taxes	(5.0)	(8.8)	-3.8		
Net income	17.2	15.1	-2.1		
Net income attributable to non-controlling interests	(1.2)	(0.7)	0.4		
<b>Net income attributable to owners of the parent</b>	<b>16.0</b>	<b>14.4</b>	<b>-1.6</b>	<b>-10.2%</b>	<b>—</b>
<b>EBITDA*1</b>	<b>38.2</b>	<b>47.4</b>	<b>9.2</b>	<b>+ 24.2%</b>	<b>—</b>

\*1 EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization

Extraordinary income and loss	2021 6 Months	2022 6 Months
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0.3	0.9
Gain on sales of investment securities	-	0.4
Gain on sales of subsidiaries' and affiliates' securities	0.8	-
<b>Extraordinary losses</b>		
Impairment losses	-	(1.0)
Loss on disposal of non-current assets	(1.2)	(1.0)
Severance costs	(0.2)	(0.9)
Loss on withdrawal from business	-	(0.5)
Acquisition-related expenses*2	(5.7)	-

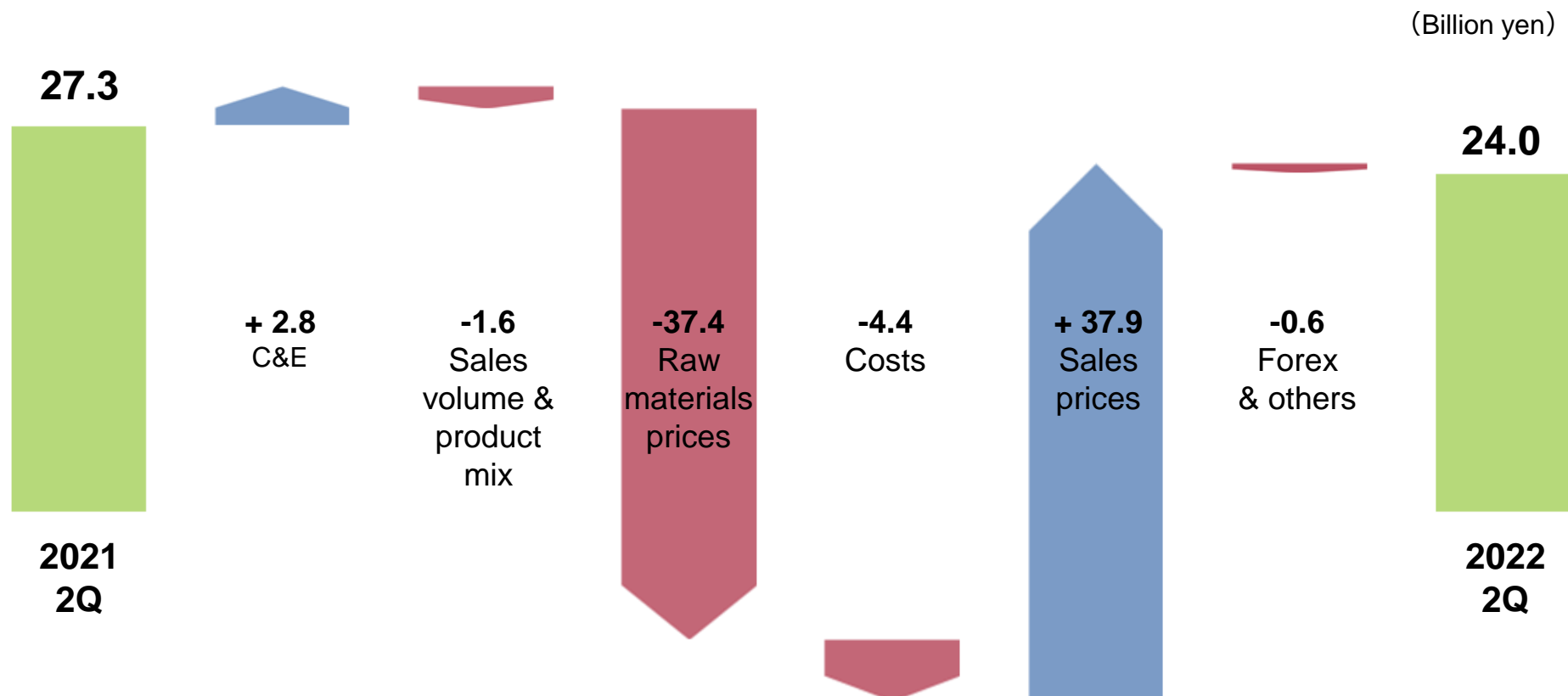
\*2Acquisition of the C&E pigments business

## ■Average rate

	2021 6 Months	2022 6 Months
YEN/US\$	107.68	123.25
YEN/EUR	129.63	134.89

# Operating income variance

- In the C&E pigments business, shipments of pigments for coatings and plastics were sluggish due to declining demand in Europe, but operating income was in line with the forecast.
- Shipments for certain products and regions showed signs of stagnation, hindered by falling automobile production and the impact of pandemic lockdowns in the PRC.
- Despite ongoing efforts to adjust sales prices with the aim of passing on raw materials, logistics and energy costs, such attempts struggled to keep pace.



# Financial health

(Billion yen)	Dec 31 2021	Jun 30 2022	Change
Net interest-bearing debt	346.0	430.3	84.3
Shareholder's equity	345.9	406.8	60.9
Net D/E ratio * <sup>1</sup> (times)	1.00	1.06	
[Net D/C ratio * <sup>2</sup> ]	[47.6%]	[49.4%]	
Equity ratio	32.3%	31.1%	
BPS (Yen)	3,654.61	4,297.71	



Increase attributable to a change in accounting standards requiring lease obligations to be included on the balance sheet: ¥11.7 billion

■ Closing rate

	Dec 31 2021	Jun 30 2022
YEN/US\$	115.10	136.37

\*<sup>1</sup> Net D/E ratio: Net Interest-bearing debt / Shareholder's equity

\*<sup>2</sup> Net D/C ratio: Net Interest-bearing debt / (Net Interest-bearing debt + Net assets)

# Segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months
Packaging & Graphic	211.0	257.4	46.4	+ 22.0%	+ 17.2%	10.5	7.7	-2.8	-26.9%	-16.9%	5.0%	3.0%
Japan	55.1	62.7	7.6	+ 13.8%	+ 13.8%	2.6	2.2	-0.4	-15.4%	-15.4%	4.8%	3.6%
The Americas and Europe	128.2	162.1	33.9	+ 26.5%	+ 21.2%	6.4	4.4	-2.0	-31.0%	-13.0%	5.0%	2.7%
Asia and Oceania	34.7	40.8	6.1	+ 17.6%	+ 6.3%	1.8	1.4	-0.4	-24.0%	-30.6%	5.1%	3.3%
Eliminations	(6.9)	(8.1)	-1.3	-	-	(0.2)	(0.3)	-0.0	-	-	-	-
Color & Display	59.2	133.9	74.7	+ 126.2%	+ 107.8%	7.0	7.8	0.8	+ 11.0%	+ 10.3%	11.8%	5.8%
Japan	14.0	19.3	5.3	+ 37.9%	+ 37.9%	3.4	3.6	0.2	+ 4.9%	+ 4.9%	24.6%	18.7%
Overseas	49.1	122.2	73.1	+ 148.8%	+ 125.5%	3.5	4.1	0.6	+ 17.1%	+ 15.5%	7.2%	3.4%
Eliminations	(4.0)	(7.7)	-3.7	-	-	0.0	(0.0)	-0.0	-	-	-	-
Functional Products	137.4	153.2	15.9	+ 11.6%	+ 7.4%	14.1	13.3	-0.8	-5.5%	-8.3%	10.3%	8.7%
Japan	97.8	107.6	9.7	+ 10.0%	+ 10.0%	8.9	9.0	0.1	+ 0.9%	+ 0.9%	9.1%	8.3%
Overseas	52.8	61.2	8.4	+ 15.8%	+ 4.8%	5.3	4.5	-0.8	-15.6%	-23.2%	10.0%	7.3%
Eliminations	(13.3)	(15.5)	-2.2	-	-	(0.1)	(0.1)	-0.0	-	-	-	-
Others, Corporate and eliminations	(15.8)	(23.1)	-7.3	-	-	(4.3)	(4.8)	-0.5	-	-	-	-
Total	391.8	521.4	129.6	+ 33.1%	+ 26.8%	27.3	24.0	-3.3	-12.2%	-10.2%	7.0%	4.6%
YEN/US\$	107.68	123.25		+ 14.5%		107.68	123.25		+ 14.5%			
YEN/EUR	129.63	134.89		+ 4.1%		129.63	134.89		+ 4.1%			

Note: The C&E pigments business is incorporated into results for the Color & Display segment.

# Packaging & Graphic

## Net sales

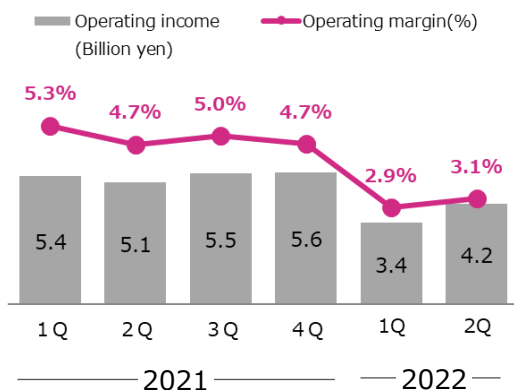
- Segment sales advanced, bolstered by sales price adjustments implemented to counter elevated raw materials costs. Sales of packaging inks, which account for approximately 70% of DIC's printing inks portfolio, were up in volume terms.
- An Italian adhesives manufacturer\* acquired in January 2022 saw steady results.

## Operating income

- Owing to the progress of efforts to modify sales prices in Japan, the operating margin was higher than in the first quarter. However, such attempts struggled to keep pace, as a result of which overall segment operating income declined.

(Billion yen)	Net sales					Operating income					Operating margin	
	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months
Packaging & Graphic	211.0	257.4	46.4	+ 22.0%	+ 17.2%	10.5	7.7	-2.8	-26.9%	-16.9%	5.0%	3.0%
Japan	55.1	62.7	7.6	+ 13.8%	+ 13.8%	2.6	2.2	-0.4	-15.4%	-15.4%	4.8%	3.6%
The Americas and Europe	128.2	162.1	33.9	+ 26.5%	+ 21.2%	6.4	4.4	-2.0	-31.0%	-13.0%	5.0%	2.7%
Asia and Oceania	34.7	40.8	6.1	+ 17.6%	+ 6.3%	1.8	1.4	-0.4	-24.0%	-30.6%	5.1%	3.3%
Eliminations	(6.9)	(8.1)	-1.3	-	-	(0.2)	(0.3)	-0.0	-	-	-	-

## Operating income/margin



## Sales of principal products

	% Change	
Packaging inks*	+ 19%	Sales increased, bolstered by sales price adjustments on a global scale. An Italian adhesives manufacturer acquired in January 2022 saw steady results.
Publication inks*	+ 11%	Shipments declined in Japan, and in the Americas and Europe, as demand for use in publishing slumped, but sales rose thanks to sales price adjustments worldwide.
Jet inks	+ 8%	Shipments were brisk for industrial applications, including outdoor signage (billboards and posters) and banners, as well as for commercial printing applications such as direct mail.
Polystyrene	+ 35%	Despite falling demand from supermarkets for use in packaging, owing to the lifting of pandemic restrictions on movement, sales climbed sharply as efforts to adjust sales prices boosted unit prices.
Multilayer films	+ 15%	Sales volume was level, but sales rose, underpinned by efforts to adjust sales prices.

\*Change on a local currency basis

\*News (Jan 2022) : DIC group acquires Italian adhesives and polymers manufacturer Sapici S.p.A. and its holding company



# Color & Display

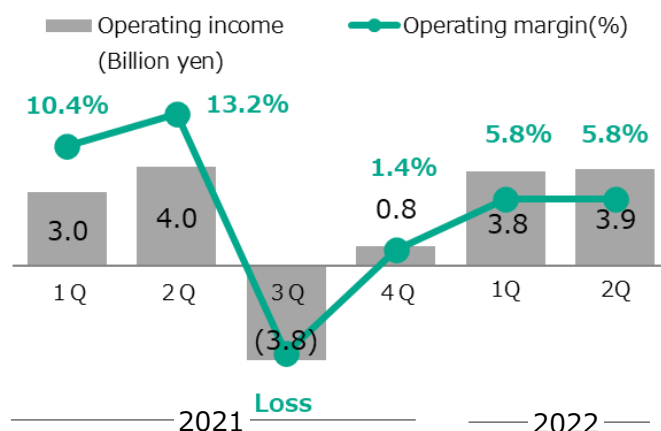
## Net sales

## Operating income

- Segment sales soared, owing to the addition of sales from the C&E pigments business, which resulted in a sharp increase in sales of pigments for coatings, plastics and cosmetics.
- Shipments of pigments for coatings and plastics slowed, particularly in Europe. As a result, overall shipments were down from the corresponding period of the previous fiscal year except in the C&E pigments business.
- Although demand fell in Europe from the second quarter forward and shipments of certain high-value-added products, notably pigments for displays and specialty applications, flagged, segment operating income was up, thanks to decisive steps to modify sales prices and the fact that the C&E pigments business reported a profit.

(Billion yen)	Net sales					Operating income					Operating margin	
	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months
Color & Display	59.2	133.9	74.7	+ 126.2%	+ 107.8%	7.0	7.8	0.8	+ 11.0%	+ 10.3%	11.8%	5.8%
Japan	14.0	19.3	5.3	+ 37.9%	+ 37.9%	3.4	3.6	0.2	+ 4.9%	+ 4.9%	24.6%	18.7%
Overseas	49.1	122.2	73.1	+ 148.8%	+ 125.5%	3.5	4.1	0.6	+ 17.1%	+ 15.5%	7.2%	3.4%
Eliminations	(4.0)	(7.7)	-3.7	-	-	0.0	(0.0)	-0.0	-	-	-	-

## Operating income/margin



## Sales of principal products

		% Change	
Pigments for	coatings	+ 242%	Sales increased, owing to the addition of sales from the C&E pigments business, but shipments for use in automotive coatings slowed, particularly in Europe.
	plastics	+ 348%	Sales increased, owing to the addition of sales from the C&E pigments business, but demand began slipping in Europe in the second quarter.
	printing inks	+ 49%	Sales increased, owing to the addition of sales from the C&E pigments business.
	cosme ics	+ 177%	Sales increased, owing to the addition of sales from the C&E pigments business. Signs of a recovery in demand were seen first in the Americas and Europe and then in Asia.
	displays	-4%	Shipments stagnated, a consequence of production adjustments by display manufacturers.
	specialty applications	+ 61%	Sales increased, owing to the addition of sales from the C&E pigments business, but demand began slipping in Europe in the second quarter.
Health food		+ 1%	Shipments were level with the same period of the previous fiscal year, as the situation surrounding export delays improved.

## Color & Display (supplementary information)

Break down of 2022 six months results for the Color & Display segment (Billion yen)

	Net sales				Operating income			
	2021 6 M	2022 6 M	Change	% Change	2021 6 M	2022 6 M	Change	% Change
<b>Color &amp; Display</b>	<b>59.2</b>	<b>133.9</b>	<b>74.7</b>	<b>+ 126.2%</b>	<b>7.0</b>	<b>7.8</b>	<b>0.8</b>	<b>+ 11.0%</b>
Existing Businesses	59.2	63.8	4.6	-	7.0	5.0	-2.0	-
C&E	-	70.1	70.1	-	-	2.8	2.8	-

- In the C&E pigments business, shipments of pigments for coatings and plastics were sluggish due to declining demand in Europe, but operating income for the full term is expected to be ¥3.2 billion, in line with the initial forecast.
- Operating income in existing categories declined, as shipments of certain high-value-added products, notably pigments used in display materials and pigments for specialty applications, flagged and demand in Europe fell.

# Functional Products

## Net sales

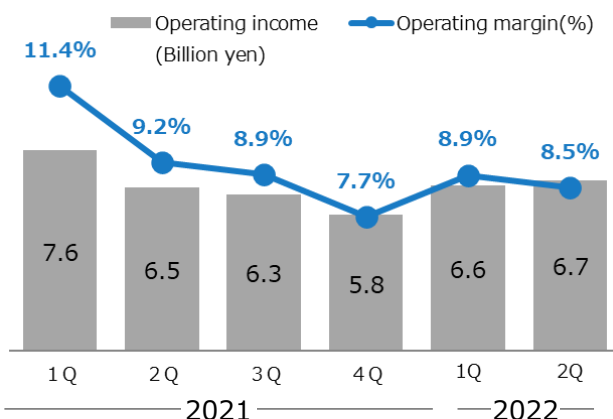
- Shipments of materials for automotive applications declined, owing to falling automobile production, and the impact of pandemic lockdowns in the PRC, but those of digital materials remained firm.
- Overall shipments were down from the corresponding period of the previous fiscal year, owing largely to stagnant shipments in the PRC.

## Operating income

- Segment operating income decreased, as ongoing efforts to adjust sales prices to pass on logistics, energy and raw materials cost increases fell short.

(Billion yen)	Net sales					Operating income					Operating margin	
	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months	Change	% Change	% Change on a local currency basis	2021 6 Months	2022 6 Months
Functional Products	137.4	153.2	15.9	+ 11.6%	+ 7.4%	14.1	13.3	-0.8	-5.5%	-8.3%	10.3%	8.7%
Japan	97.8	107.6	9.7	+ 10.0%	+ 10.0%	8.9	9.0	0.1	+ 0.9%	+ 0.9%	9.1%	8.3%
Overseas	52.8	61.2	8.4	+ 15.8%	+ 4.8%	5.3	4.5	-0.8	-15.6%	-23.2%	10.0%	7.3%
Eliminations	(13.3)	(15.5)	-2.2	-	-	(0.1)	(0.1)	-0.0	-	-	-	-

## Operating income/margin



## Sales of principal products

	% Change
Epoxy resins	+ 15%
Urethane resins	+ 5%
Acrylic resins	+ 15%
Waterborne resins	+ 19%
Polyester resins	+ 19%
UV-curable resins	+ 15%

	% Change
Polyphenylene sulfide	-0%
Industrial tapes	+ 15%
Hollow-fiber membrane	+ 28%

In digital materials, sales of ultraviolet (UV)-curable resins, industrial tapes and hollow-fiber membrane modules were robust. In materials for automotive applications, sales of polyphenylene sulfide (PPS) compounds, among others, were impacted by falling automobile production.

## FY2022 forecasts: Full-term operating results

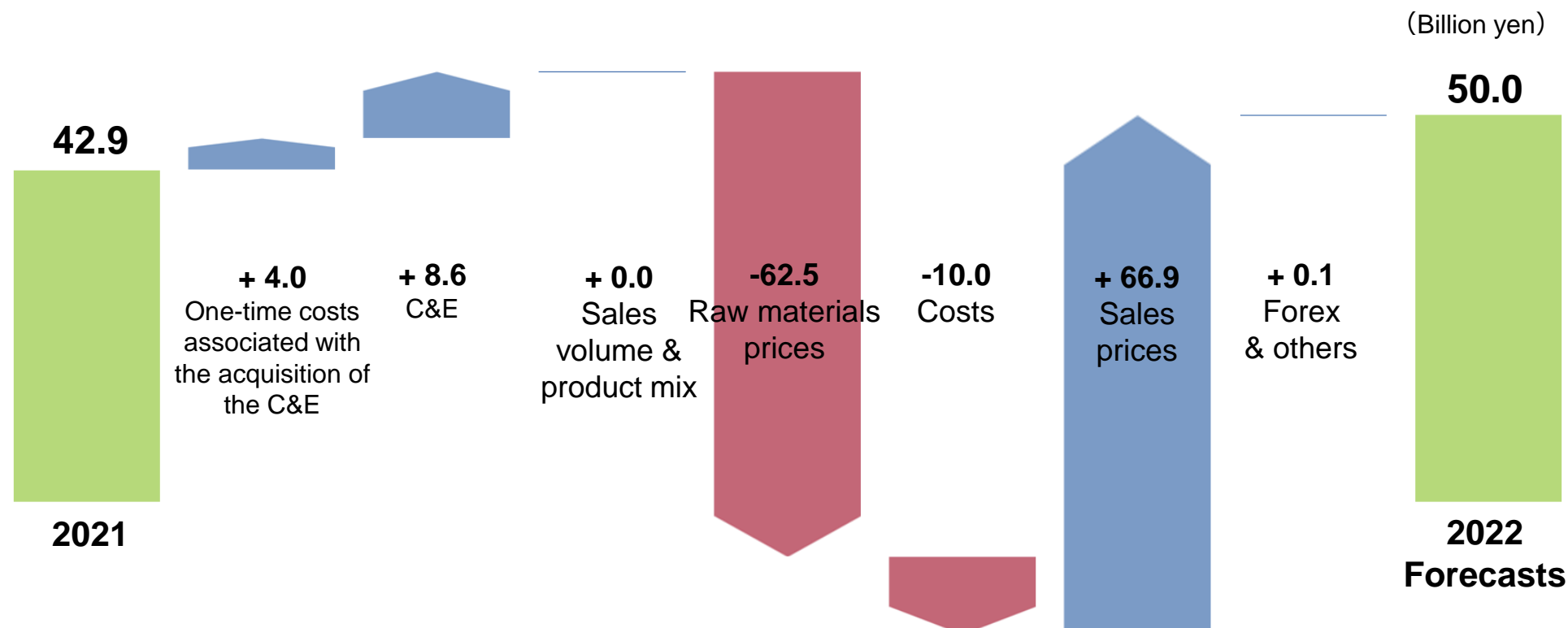
- Owing to ongoing efforts to adjust sales prices to counter elevated costs for energy and raw materials, and to a reassessment of assumed currency exchange rates, the forecast for net sales was revised upward.
- Shipments are expected to fall short of initial expectations as a result of stagnant demand in Europe and falling automobile production. Accordingly, the forecast for operating income has been revised downward.
- Forecast for annual dividends per share remains unchanged.

(Billion yen)		2021	2022 Forecasts	% Change	% Change on a local currency basis	Old forecasts	2021	2022 Forecasts
Net sales		855.4	1,100.0	+ 28.6%	+ 20.5%	1,040.0	ROIC* <sup>2</sup>	4.8% 4.5%
Operating income		42.9	50.0	+ 16.6%	+ 17.5%	54.0	Net D/E ratio * <sup>3</sup> (times)	1.00 1.05
Operating margin		5.0%	4.5%	—	—	5.2%	[Net D/C ratio * <sup>4</sup> ]	[47.6%] [49.2%]
Ordinary income		43.8	51.0	+ 16.6%		53.5	Annual dividends per share (Yen)	100.0 100.0
Net income attributable to owners of the parent		4.4	26.0	+ 495.6%		28.0	Payout ratio	216.8% 36.4%
EPS (Yen)		46.12	274.68	—		295.81	<sup>*2</sup> Operating income x (1–tax rate 28%) / (Net interest-bearing debt + Net assets) <sup>*3</sup> Net D/E ratio: Interest-bearing debt / Shareholder's equity <sup>*4</sup> Net D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)	
EBITDA* <sup>1</sup>		69.0	90.0	+ 30.4%		88.0		
Capital expenditure and investment		168.2	82.0	-51.2%		83.0		
Depreciation and amortization		38.1	47.0	+ 23.5%		44.0		
Average rate	YEN/US\$	109.75	129.00	+ 17.5%		121.00		
	YEN/EUR	129.73	142.00	+ 9.5%		137.00		

\*1 EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization

# FY2022 forecasts : Operating income variance

- Forecasts for the C&E pigments business are net sales of ¥136.8 billion and operating income of ¥3.2billion, with contributing factors including the realization of new synergies.
- Forecasts published on August 10, 2022, assume that the West Texas Intermediate (WTI) price for crude oil will remain at approximately US\$100.00/barrel. In contrast, both raw materials prices and costs are expected to continue increasing, owing to rising prices for domestically produced naphtha—a consequence of yen depreciation—and elevated utility costs.
- While efforts to pass on higher costs by adjusting sales prices will continue, shipments are expected to fall short of initial expectations as a result of stagnant demand in Europe and falling automobile production. Accordingly, the forecast for full-term operating income has been revised down to ¥50.0 billion, from ¥54.0 billion.



# FY2022 forecasts: Full-term segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2021	2022 Forecast	Change	% Change	% Change on a local currency basis	2021	2022 Forecast	Change	% Change	% Change on a local currency basis	2021	2022 Forecast
Packaging & Graphic	439.8	546.8	107.0	+ 24.3%	+ 19.1%	21.6	17.9	-3.8	-17.4%	-5.2%	4.9%	3.3%
Japan	114.7	135.3	20.6	+ 18.0%	+ 18.0%	4.8	5.1	0.3	+ 5.2%	+ 5.2%	4.2%	3.8%
The Americas and Europe	265.1	336.6	71.5	+ 27.0%	+ 21.7%	13.2	9.4	-3.8	-28.8%	-6.4%	5.0%	2.8%
Asia and Oceania	73.1	91.0	17.9	+ 24.5%	+ 10.9%	3.8	3.4	-0.4	-10.1%	-18.6%	5.2%	3.8%
Eliminations	(13.0)	(16.0)	-3.0	-	-	(0.2)	(0.1)	0.2	-	-	-	-
Color & Display	167.2	269.6	102.4	+ 61.3%	+ 40.9%	4.0	14.0	10.0	+ 253.6%	+ 231.4%	2.4%	5.2%
Japan	32.6	37.6	5.0	+ 15.2%	+ 15.2%	6.9	6.2	-0.6	-9.3%	-9.3%	21.1%	16.6%
Overseas	145.7	248.6	102.9	+ 70.6%	+ 46.2%	(2.8)	7.7	10.5	Into the black	Into the black	-	3.1%
Eliminations	(11.2)	(16.6)	-5.4	-	-	(0.2)	0.0	0.2	-	-	-	-
Functional Products	283.3	334.5	51.2	+ 18.1%	+ 11.7%	26.2	27.9	1.7	+ 6.6%	+ 1.5%	9.2%	8.3%
Japan	201.3	220.8	19.6	+ 9.7%	+ 9.7%	16.1	18.6	2.5	+ 15.4%	+ 15.4%	8.0%	8.4%
Overseas	108.3	143.4	35.1	+ 32.4%	+ 15.5%	10.1	9.3	-0.7	-7.0%	-20.4%	9.3%	6.5%
Eliminations	(26.3)	(29.8)	-3.5	-	-	0.0	(0.0)	-0.0	-	-	-	-
Others, Corporate and eliminations	(34.9)	(51.0)	-16.0	-	-	(8.9)	(9.8)	-0.9	-	-	-	-
Total	855.4	1,100.0	244.6	+ 28.6%	+ 20.5%	42.9	50.0	7.1	+ 16.6%	+ 17.5%	5.0%	4.5%
YEN/US\$	109.75	129.00		+ 17.5%		109.75	129.00		+ 17.5%			
YEN/EUR	129.73	142.00		+ 9.5%		129.73	142.00		+ 9.5%			

Note: The C&E pigments business is incorporated into results for the Color & Display segment.

# Major topics: Respond to a Circular Economy

News Releases  
<https://www.dic-global.com/en/news/2022/>

■ **DIC continue to support efforts in the food packaging market, which is the Company's focus, to promote the realization of a circular economy.**

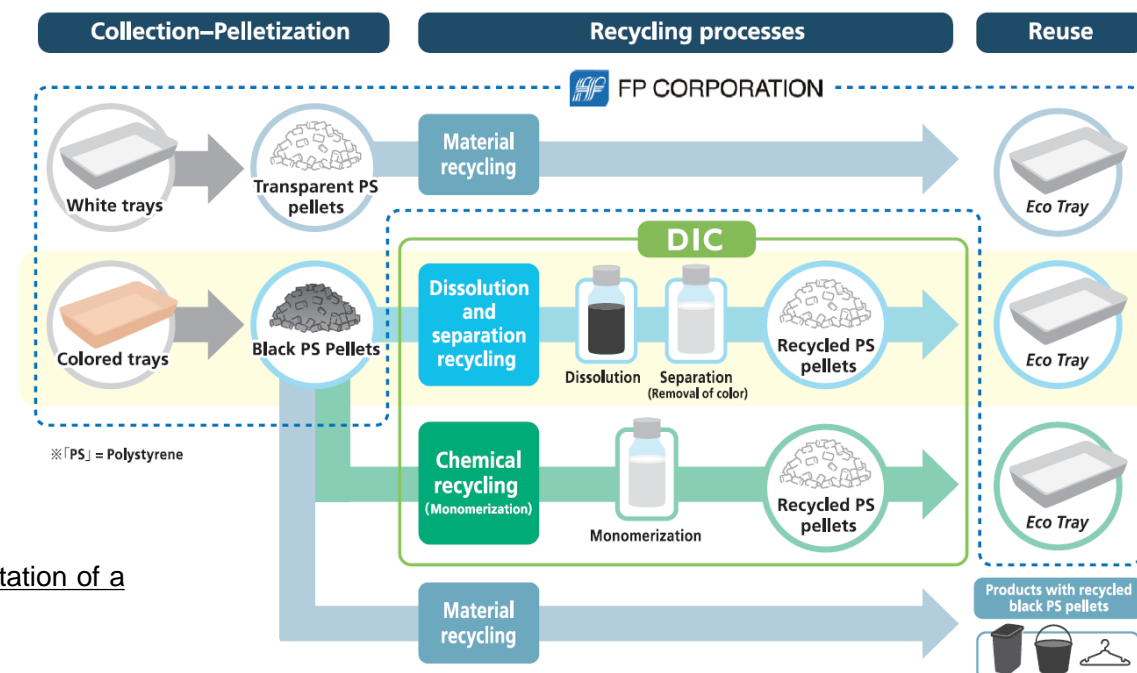
**Jul** DIC and SAP SE undertake pilot project using blockchain technology in the construction of a waste plastics traceability system

- The aim is to track raw materials across the entire supply chain, from the point of generation, to enhance the visibility of production and inspection processes for recycled materials, and of data pertaining to physical properties and quality.
- The system will help customers understand how much recycled material is actually contained in the recycled plastics they are using.

**Aug** DIC and FP Corporation (FPCO) begin collaborating to deploy the world's first dissolution and separation recycling technology for the closed-loop recycling of foamed plastic food trays

- DIC has developed a new dissolution and separation recycling technology for colored and/or patterned polystyrene trays.
- DIC and FPCO plan to launch recycling of collected post-consumer colored and/or patterned foamed polystyrene trays in fiscal year 2023, as well as to combine this technology with chemical recycling\*, which the two companies are promoting simultaneously.

\*News (Nov 2020) : DIC and FPCO explore collaboration in the practical implementation of a closed-loop recycling system for polystyrene that employs chemical recycling



# Major topics: Business Portfolio Transformation

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## ■ In the Functional Products segment, initiatives aimed at business portfolio transformation progressed.

### ▶ Coating resins operations in the PRC and elsewhere in Asia were expanded, primarily through M&As

- May** Ideal Chemi Plast Pvt. Ltd. of India commences construction of new coating resins production facility
- In April 2019 DIC acquired this mid-tier coatings manufacturer to enable its full-scale entry into the promising Indian market.
  - Against a backdrop of robust demand, Ideal Chemi Plast's existing coating resins production facility had been operating continuously at full capacity. The expansion of capacity will respond to expected increases in demand in India. The company also plans to serve as a base for exports to the Middle East and Africa.

- Jul** DIC acquires Chinese coating resins manufacturer Guangdong TOD New Material Co., Ltd. (TODNM)
- The acquisition of a local manufacturer will position DIC to expand its coating resins operations in the PRC, the world's largest market for these products.
  - TODNM has the capability to produce waterborne resins and other products in a manner that complies with stringent local environmental regulations. The company's products will be sold globally through DIC's sales network.

### ▶ Steps were taken to expand functional products that anticipate needs in the area of digital materials

- Jun** Innovative active ester-related technology wins a Technology Award from the Japan Institute of Electronics Packaging
- The award recognized the development of an active ester epoxy resin curing agent for high-frequency printed circuit boards that will support the expansion of 5G communications.
  - As demand increases with 5G's full-scale deployment, shipments of epoxy resin-related products, including this curing agent, remain brisk.

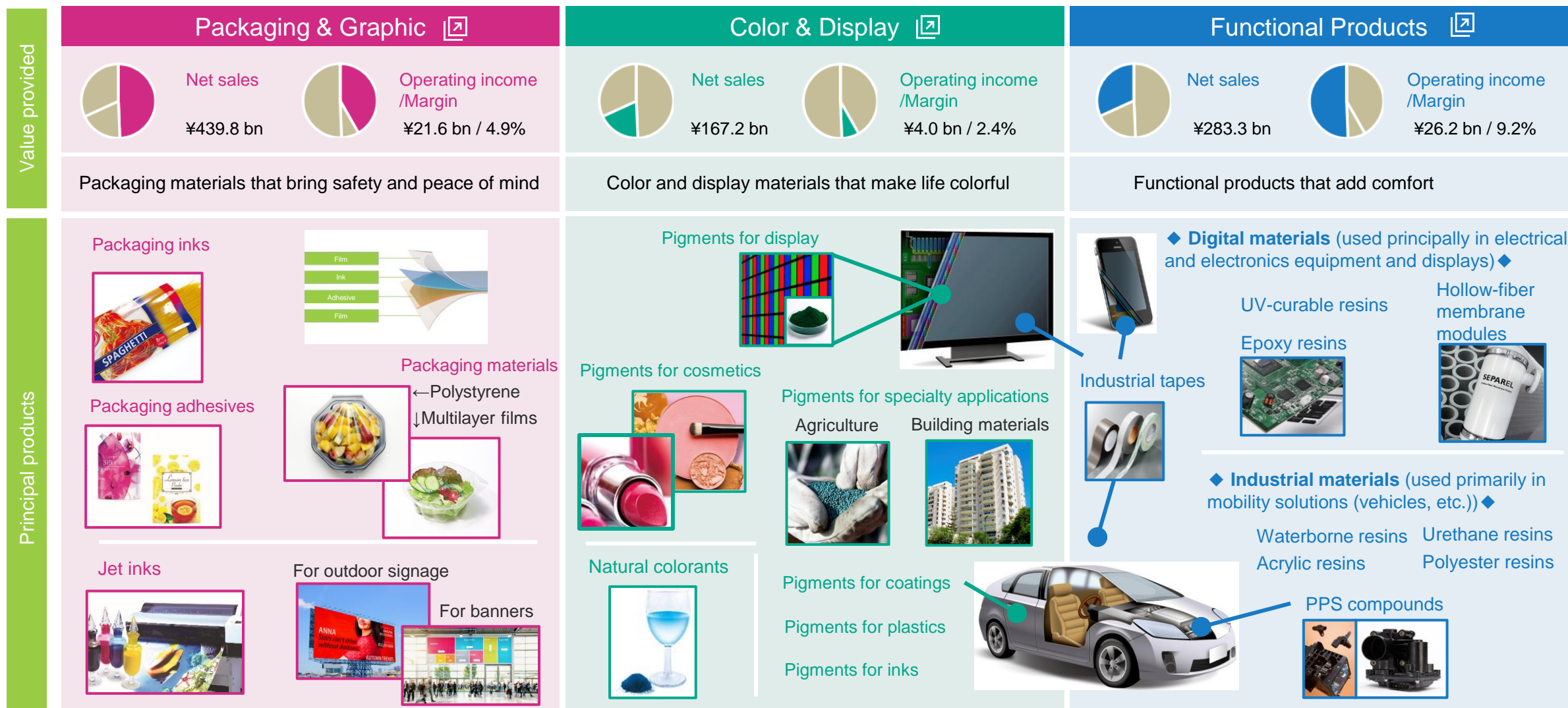
### ▶ Management resources were concentrated in priority business areas

- Jun** Plans to withdraw from the 4-tertiary butylphenol (PTBP) business were announced.



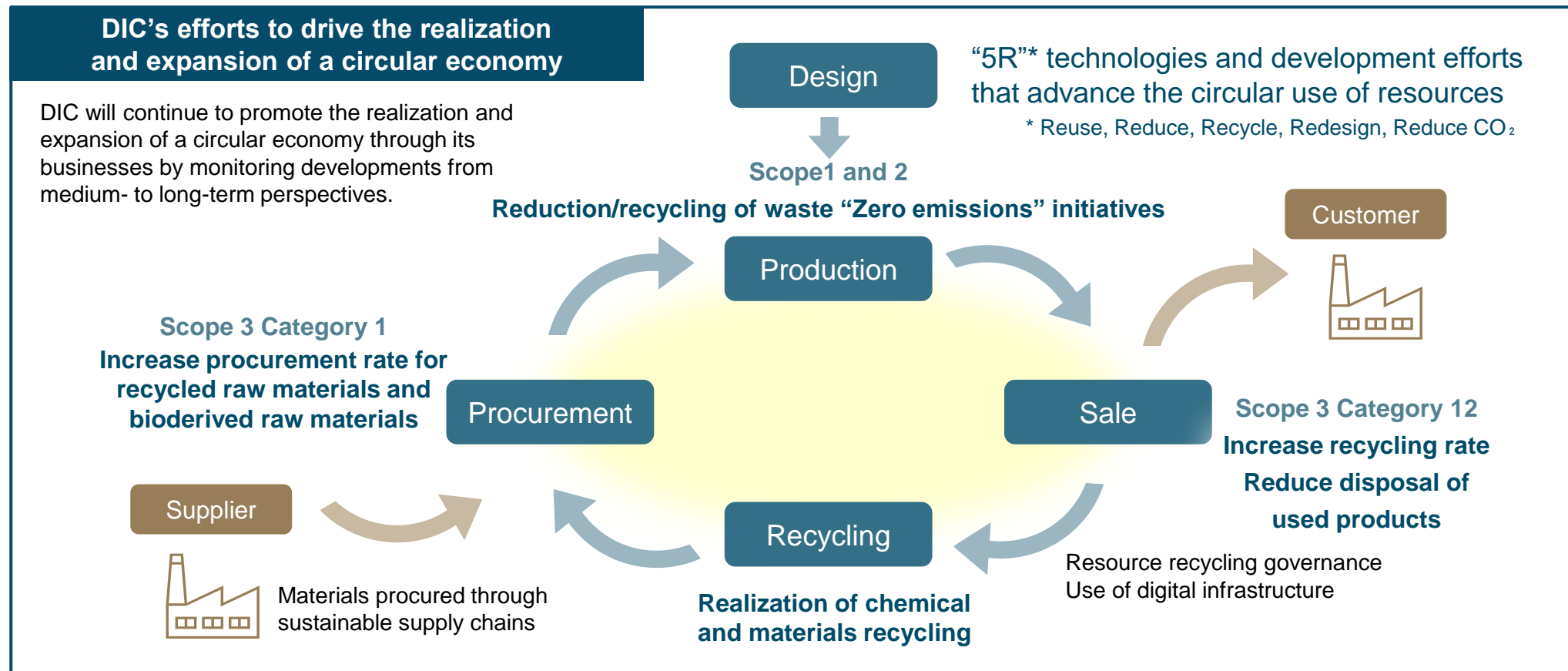
# Business segments and principal products

Note: Fiscal year 2021 actual



# Sustainability Strategies: Respond to a Circular Economy (Reference)

- Society is increasingly demanding the shift to a circular economy as a crucial step toward the realization of a sustainable society.
- Japan's Ministry of the Environment has issued "milestone" targets for Japan to achieve a reuse/recycle rate for containers of 60%, and to double its use of biomass plastics and recycled materials, by 2030.
- DIC will continue to support efforts in the food packaging market, which is the Company's focus, to promote the realization of a circular economy.



## Consolidated balance sheet (Reference)

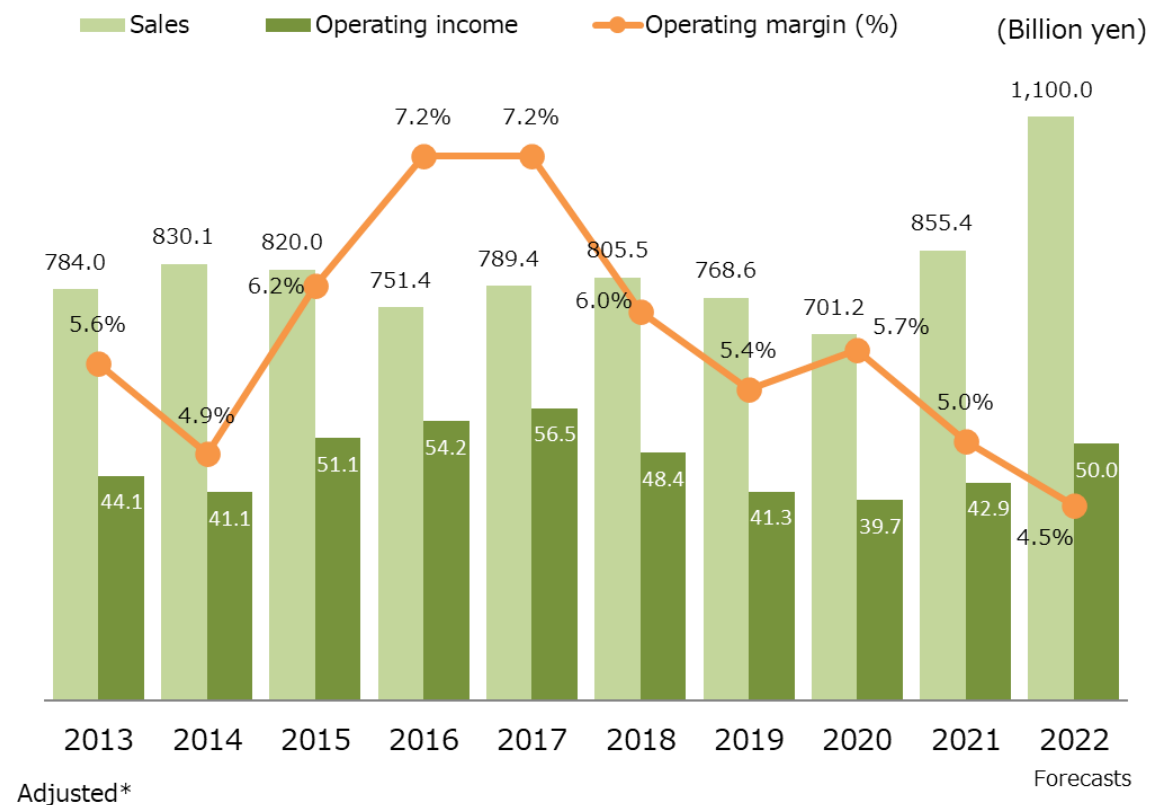
(Billion yen)	Dec 31 2021	Jun 30 2022	Change
Current assets	542.1	719.3	177.2
Property, plant and equipment	307.7	351.2	43.5
Intangible assets	52.3	63.1	10.8
Investments and other assets	169.4	175.8	6.4
<b>Total assets</b>	<b>1,071.5</b>	<b>1,309.4</b>	<b>237.9</b>
Current liabilities	305.6	394.3	88.7
Non-current liabilities	384.9	473.6	88.7
<b>Total liabilities</b>	<b>690.5</b>	<b>867.8</b>	<b>177.4</b>
Shareholders' equity	403.9	413.3	9.4
Accumulated other comprehensive income	(58.0)	(6.5)	51.5
[Foreign currency translation adjustment]	[(55.5)]	[0.3]	[55.8]
Non-controlling interests	35.1	34.8	-0.3
<b>Total net assets</b>	<b>381.0</b>	<b>441.6</b>	<b>60.6</b>
<b>Total liabilities and net assets</b>	<b>1,071.5</b>	<b>1,309.4</b>	<b>237.9</b>
Interest-bearing debt	384.2	530.3	146.1
Cash and deposits	38.3	100.0	61.8
Net interest-bearing debt	346.0	430.3	84.3

## Consolidated statement of cash flows (Reference)

(Billion yen)	2021 6 Months	2022 6 Months	Change
Cash flows from operating activities	30.4	(24.8)	-55.2
Cash flows from investing activities	(128.3)	(33.1)	95.2
Cash flows from financing activities	150.4	106.2	-44.2
Cash and cash equivalents at end of the period	96.0	98.8	2.8
<b>Free cash flow</b>	<b>(97.9)</b>	<b>(57.9)</b>	<b>40.0</b>
Increase (decrease) in working capital	1.1	(48.6)	-49.7
Capital expenditure and investment	144.7	34.8	-109.8
Depreciation and amortization	16.7	23.3	6.6

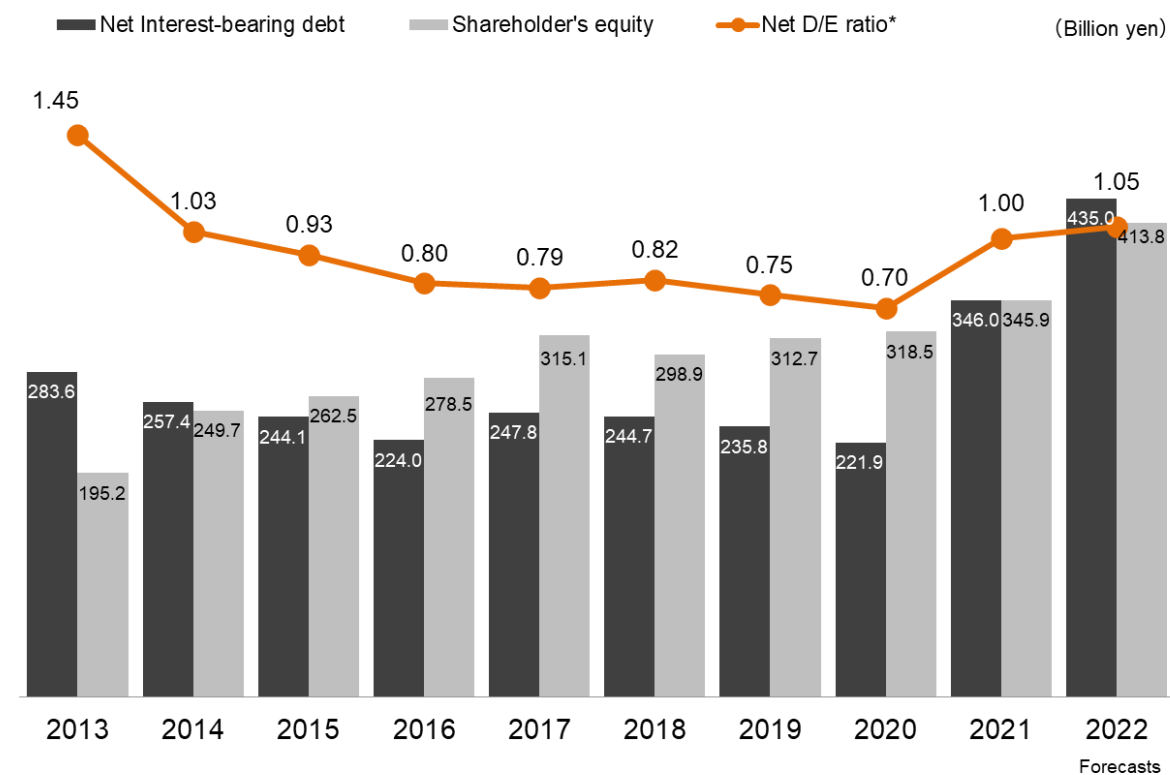
# Historical performance data (Reference)

## Operating results



\* Adjusted to reflect the impact of the changes in the fiscal year-end

## Financial health

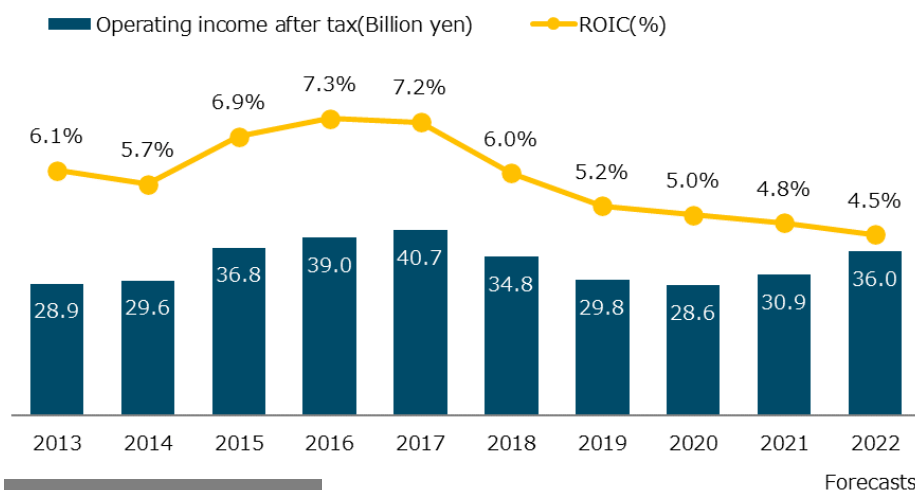


\* Net D/E ratio: Interest-bearing debt / Shareholder's equity

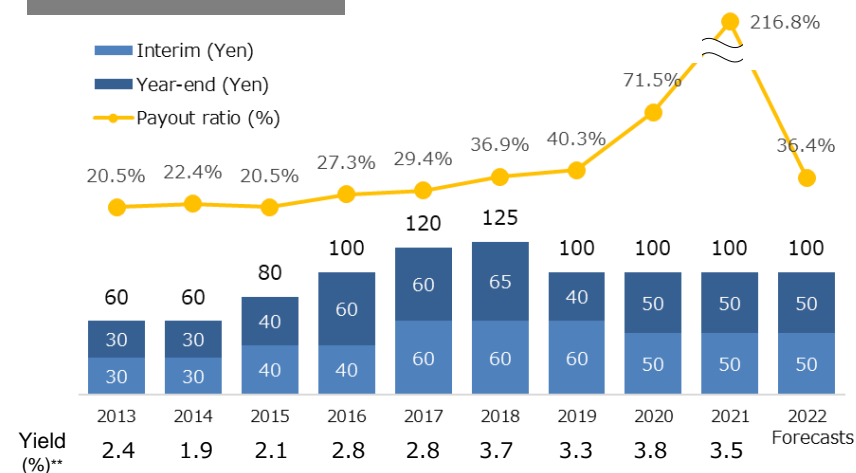
# Historical performance data (Reference)

## ROIC\*

\* Operating income x (1–tax rate 28%) / (Net interest-bearing debt + Net assets)



## Shareholder returns\*

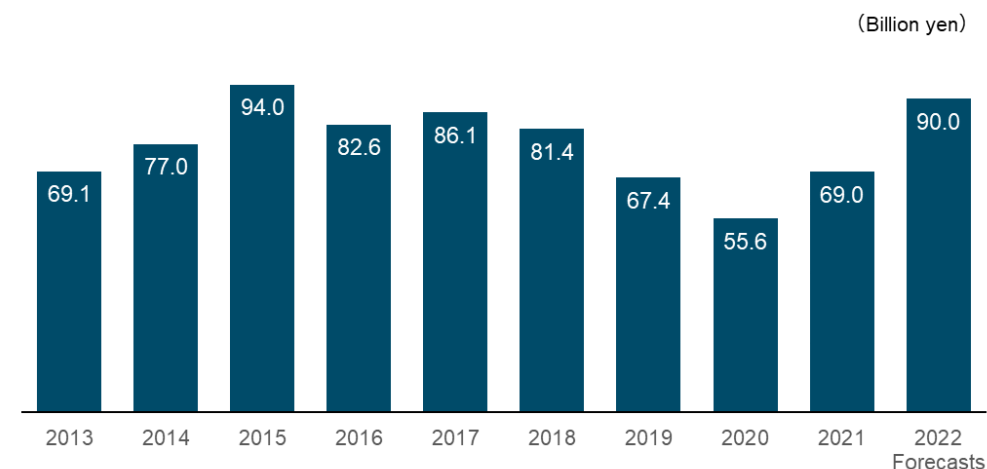


\* Adjusted to reflect the impact of the consolidation of shares of common stock

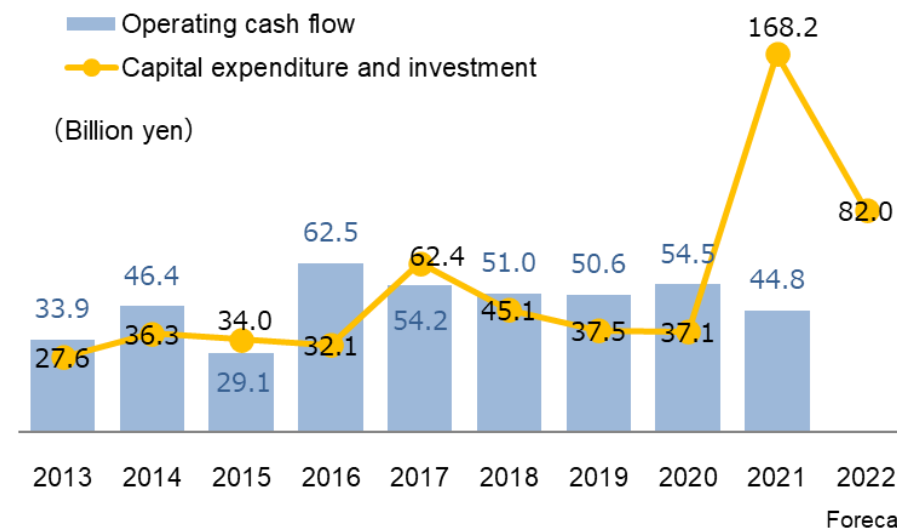
\*\* Dividend yield: Annual dividends / Closing price per share at fiscal year-end

## EBITDA\*

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



## Capital expenditure and investment, operating cash flows



## Disclaimer Regarding Forward-Looking Statements

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





Color & Comfort



**DIC Corporation**