



# Notice of Convocation

of the 125th Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will be streamed live on the internet to enable shareholders to view the proceedings remotely.

Shareholders may also submit questions in advance via the internet, which they are encouraged to do.

# Color & Comfort

Please note that this is an unofficial English translation of the Japanese Notice of Convocation of the 125th 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.



# Color & Comfort

## Measures to Prevent the Further Spread of COVID-19

- Shareholders choosing not to attend the meeting in person are requested to exercise their voting rights in advance in writing (by mail) or via the internet, as outlined on pages 5 and 6.
- The meeting will be streamed live on the internet.
- Depending on conditions at the time, shareholders choosing to attend the meeting in person may be asked to take preventative measures, including wearing masks and using the alcohol-based hand sanitizer.
- 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.

# To Our Shareholders

Let me begin by conveying my appreciation to shareholders for their ongoing support.

In fiscal year 2022, we launched a new long-term management plan, DIC Vision 2030, under our redefined vision statement, which seeks to communicate our image of DIC as an organization that improves the human condition by safely delivering color and comfort for sustainable prosperity, anchored by our evolving “Color & Comfort” brand slogan. In this context, we continued to promote ambitious business portfolio transformation and sustainability strategies, with the goal of providing solutions that contribute broadly to society, including by realizing carbon neutrality, guided by our long-term vision for society.

The global economy was buffeted during the period by both the lingering impact of COVID-19 and escalating geopolitical risks. The year was indeed a test of our determination to conduct our businesses in line with our basic policy of providing greater social benefits that enhance shareholder value and build long-term corporate value.

As we embark on the second year of DIC Vision 2030, it is crucial that we clarify our fundamental mission to maximize the benefits DIC provides to society. This means recommitting ourselves to always acting with integrity, placing an equal priority on the amplification of social value by working to contribute to a society that is increasingly green, digital and quality of life (QOL)-oriented. We will address this challenge by advancing our two core strategies of Value Transformation, which focuses on strengthening our corporate structure through qualitative reforms of businesses, and New Pillar Creation, which emphasizes the creation of new businesses in response to environment, safety and health (ESH)-related issues and social changes, in five priority business areas identified with a long-term perspective.

For fiscal year 2022, we are proposing a year-end dividend of 50 yen per share, which is unchanged from our original forecast. 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 14, 2023

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 125th Annual General Meeting of Shareholders

The 125th Annual General Meeting of Shareholders of DIC Corporation (the "Company") will be held as described below.

In convening the 125th Annual General Meeting of Shareholders, the Company has adopted measures for the electronic provision of the information that comprises the contents of the Reference Documents for the Exercise of Voting Rights ("electronic-format materials"). Please access and review these materials, which are available on the Company's website at "Notice of Convocation of the 125th Annual General Meeting of Shareholders."

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

In addition to the Company's website, these electronic-format materials are available on the website of the Tokyo Stock Exchange (TSE). To access and review these materials, please input search criteria (the Company's name or securities identification code), select "Basic Information" and then go to "Documents for public inspection/PR information."

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

The Annual General Meeting of Shareholders will be streamed live on the internet.

If you choose not to attend the meeting, upon review of the Reference Documents for the General Meeting of Shareholders (pages 7–22), please exercise your voting rights in advance in writing (by mail) or via the internet in accordance with the Guidance Notes on the Exercise of Voting Rights (pages 5 and 6) by 5:15 p.m., Tuesday, March 28, 2023 (Japan time).

#### Date and Time

10:00 a.m., Wednesday, March 29, 2023 (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 125th Fiscal Year (January 1, 2022–December 31, 2022)
2. Non-Consolidated Financial Statements for the 125th Fiscal Year (January 1, 2022–December 31, 2022)

##### Matters to be Resolved:

- Proposal 1. Appropriation of Surplus  
Proposal 2. Election of 9 Directors  
Proposal 3. Election of 2 Audit & Supervisory Board Members

## 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.
- (3) If you have not indicated your approval or disapproval of any particular proposal on the Exercise of Voting Rights form that you have submitted, you will be deemed to have voted to approve in the case of a Company proposal and to disapprove in the case of a shareholder proposal.

In the event of any revisions to the electronic-format materials, a notice to that effect will be posted on the website shown on page 3 of this Notice of Convocation along with the relevant text before and after revision.

The Company delivers a printed copy of the electronic-format materials, excluding “Items Not Included in Documents Delivered” below, to shareholders who have requested delivery. Shareholders who have not requested document delivery but wish to do so from next year forward are asked to access the website below.

<https://www.tr.mufg.jp/daikou/denshi.html>

### Items Not Included in Documents Delivered

Pursuant to applicable laws and regulations and Article 15, Paragraph 2 of the Company’s Articles of Incorporation, the following items are posted on the website shown on page 3 and so are not included in the printed copy of the materials delivered to shareholders who have requested a printed copy.

- 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

Accordingly, the documents delivered to shareholders who have requested a printed copy are a portion of the documents audited by the Audit & Supervisory Board and the Accounting Auditor when preparing the audit report.



## 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. Shareholders choosing not to attend the meeting in person are requested to exercise their voting rights in advance 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

**Wednesday, March 29, 2023  
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

**Tuesday, March 28, 2023  
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

**Tuesday, March 28, 2023  
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	原案に対し	
第1号議案	賛	否
第2号議案	賛	否
第3号議案	賛	否

Indicate your approval or disapproval of the proposals here.

#### Proposal 1

- Approval >>> Circle **【賛】**
- Disapproval >>> Circle **【否】**

#### Proposals 2 and 3

- 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.

## Voting Using the Login ID and Temporary Password

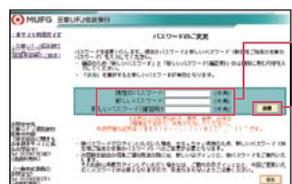
Voting website: <https://evote.tr.mufg.jp/>

- 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.



Enter login ID and temporary password  
Click "Login"

- 3 Register new password.



Enter new password  
Click "Submit"

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

Note: Website voting form shown is a mockup.

### 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)

# Reference Documents for the General Meeting of Shareholders

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## Proposal 1

## Appropriation of Surplus

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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: 4,739,224,050 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 2022 will be 100 yen per share.

### 3 Effective Date of Dividend

March 30, 2023

## Proposal 2

## Election of 9 Directors

The term of office of all nine incumbent Directors will be expired at the conclusion of the General Meeting. Accordingly, the Company proposes the election of nine Directors.

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	 <span>Re-Nominated</span> Masayuki Saito	Chairman of the Board of Directors	15/15 (100%)
2	 <span>Re-Nominated</span> Kaoru Ino	Representative Director President and CEO	15/15 (100%)
3	 <span>Re-Nominated</span> Toshifumi Tamaki	Representative Director Executive Vice President Assistant to President and CEO	15/15 (100%)
4	 <span>Re-Nominated</span> Yoshihisa Kawamura	Director	15/15 (100%)
5	 <span>Re-Nominated</span> Takeshi Asai	Director Managing Executive Officer Head of Corporate Strategy Unit In Charge of Kawamura Memorial DIC Museum of Art	15/15 (100%)
6	 <span>Re-Nominated</span> Shuji Furuta	Director Managing Executive Officer Head of Finance and Accounting Unit CFO	15/15 (100%)
7	 <span>Re-Nominated</span> Yoshiaki Tamura	<span>Outside</span> <span>Independent</span> Director	15/15 (100%)
8	 <span>Re-Nominated</span> Kuniko Shoji	<span>Outside</span> <span>Independent</span> Director	15/15 (100%)
9	 <span>Newly Nominated</span> Masami Fujita	<span>Outside</span> <span>Independent</span>	—

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

Outside Outside Director Candidate      Independent Independent Director Candidate

Note: The Company purchases directors' and officers' (D&O) liability insurance from an insurance company as stipulated in Article 430-3, Paragraph 1, of Japan's Companies Act, for all Directors, payable to the insured individuals. The insurance premiums of the insured individuals are paid in full by the Company. The insurance covers damages, including legal expenses incurred by insured individuals in the event of a claim for damages arising from an act or acts committed in the course of performing their duties. The contract is renewed annually. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during their term of office.

Candidate No.

1

# Masayuki Saito

 [DOB: November 8, 1954]

Number of the Company's  
Shares Held

**17,691**

Attendance at Board of  
Directors' Meetings

**15/15**

## ▶ 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.  
Outside Director and Audit & Supervisory Committee Member, Mitsubishi HC Capital Inc.

## ▶ 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 those shares to be provided under the performance-based stock compensation plan for years served as an executive officer, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.

Candidate No.

**2****Kaoru Ino**

[DOB: September 15, 1957]



Number of the Company's  
Shares Held  
**12,077**

Attendance at Board of  
Directors' Meetings  
**15/15**

### ▶ 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.

Candidate No.

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

Number of the Company's  
Shares Held  
**8,320**

Attendance at Board of  
Directors' Meetings  
**15/15**

### ▶ 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

### ▶ 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.



Candidate No.

**5****Takeshi Asai**

[DOB: April 3, 1964]



Number of the Company's  
Shares Held  
**2,186**

Attendance at Board of  
Directors' Meetings  
**15/15**

### ▶ 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	Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
March 2021	Director; Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
January 2022 - Present	Director; Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art

### ▶ 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 businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Takeshi Asai 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.

Candidate No.

**6** **Shuji Furuta** [DOB: June 11, 1964]

Number of the Company's  
Shares Held  
**3,131**

Attendance at Board of  
Directors' Meeting  
**15/15**

### ▶ 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
March 2021	Director; Executive Officer; Head of Finance and Accounting Unit; CFO
January 2022 - Present	Director; Managing Executive Officer; Head of Finance and Accounting Unit; CFO

### ▶ Principal Concurrent Position Held at Other Organization

Representative Member, DIC INVESTMENTS JAPAN, LLC.

### ▶ 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 once again a candidate for Director.

Notes:

1. There are no special interests between Shuji Furuta 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.



Candidate No.

8

**Kuniko Shoji**

[DOB: January 8, 1954]

Outside Director

Independent Director



Number of the Company's  
Shares Held  
**0**

Attendance at Board of  
Directors' Meetings  
**15/15**

### ▶ 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 and Expected Roles

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 four 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 22.

Candidate No.

9

**Masami Fujita** [DOB: September 22, 1956]

Newly Nominated

Outside Director

Independent Director



Number of the Company's  
Shares Held  
**2,000**

Attendance at Board of  
Directors' Meetings  
—

### ▶ Brief Personal History, Positions and Responsibilities

April 1980	Joined Fujitsu Limited
June 2012	Representative Director and Vice President, Fujitsu Limited
April 2016	Representative Director and President, Fujitsu Marketing Limited (Currently, Fujitsu Japan Limited)
January 2019	Advisor, Fujitsu Marketing Limited (Currently, Fujitsu Japan Limited)
April 2019	Executive Vice President, SHINKO ELECTRIC INDUSTRIES CO., LTD.
June 2019	Representative Director and President, SHINKO ELECTRIC INDUSTRIES CO., LTD.
June 2021-Present	Representative Director and Chairman, SHINKO ELECTRIC INDUSTRIES CO., LTD.

### ▶ Principal Concurrent Positions Held at Other Organizations

Representative Director and Chairman, SHINKO ELECTRIC INDUSTRIES CO., LTD.  
Outside Director, HAZAMA ANDO CORPORATION

### ▶ Reasons for Being a Candidate for Outside Director and Expected Roles

As indicated above, Masami Fujita has been engaged in corporate management for many years and thus has extensive experience and insight in this area, which he 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 he will be able to participate in both the selection of candidates and the determination of remuneration for Directors from an objective position. Accordingly, he is a candidate for Outside Director.

#### Notes:

1. Masami Fujita is a newly nominated candidate for Director.
2. There are no special interests between Masami Fujita and the Company.
3. Masami Fujita is a candidate for Outside Director. 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 Director

The Company plans to designate him 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 22.

## Proposal 3

## Election of 2 Audit &amp; Supervisory Board Members

The term of office of Audit & Supervisory Board Members Hiroyuki Ninomiya and Michiko Chiba will expire at the conclusion of the General Meeting. Accordingly, the Company proposes the election of two Audit & Supervisory Board Members.

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

The candidates for Audit & Supervisory Board Members is as follows:

Candidate No.	Candidate Name	Current Positions at the Company	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
1	 <span>Re-Nominated</span> Hiroyuki Ninomiya	Full-time Audit & Supervisory Board Member	15/15 (100%)	17/17 (100%)
2	 <span>Newly Nominated</span> <span>Outside</span> Keiko Kishigami <span>Independent</span>		—	—

Newly Nominated Newly Nominated Audit & Supervisory Board Member Candidate

Re-Nominated Re-Nominated Alternate 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
 Akihiro Ikushima	Full-time Audit & Supervisory Board Member
 Keita Nagura <span>Outside</span> <span>Independent</span>	Audit & Supervisory Board Member

Outside Outside Member

Independent Independent Member

Note: The Company purchases directors' and officers' (D&O) liability insurance from an insurance company as stipulated in Article 430-3, Paragraph 1, of Japan's Companies Act, for all Audit & Supervisory Board Members, payable to the insured individuals. The insurance premiums of the insured individuals are paid in full by the Company. The insurance covers damages, including legal expenses incurred by insured individuals in the event of a claim for damages arising from an act or acts committed in the course of performing their duties. The contract is renewed annually. Each candidate for Audit & Supervisory Board Member whose nomination is approved will be covered by this insurance, which will be renewed during their term of office.

Candidate No.

1

# Hiroyuki Ninomiya

[DOB: July 8, 1959]



Number of the Company's  
Shares Held  
**4,958**

Attendance at Board of  
Directors' Meetings  
**15/15**

Attendance at Audit &  
Supervisory Board Meetings  
**17/17**

## ▶ Brief Personal History and Positions

April 1984      Joined the Company  
April 2008      General Manager, Accounting Dept.  
January 2016    Executive Officer; In Charge of Finance and Accounting Div.  
January 2018    Executive Officer, Head of Finance and Accounting Unit  
January 2019    Executive Officer; ESG Unit  
March 2019-    Audit & Supervisory Board Member  
Present

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

After joining the Company, Hiroyuki Ninomiya worked at Group companies in both Europe and the People's Republic of China, after which he served as General Manager of the Accounting Department and Head of the Finance and Accounting Unit. He has expertise in finance and accounting, as well as global knowledge regarding the DIC Group's businesses. Accordingly, he is once again a candidate for Audit & Supervisory Board Member.

### Notes:

1. There are no special interests between Hiroyuki Ninomiya and the Company.
2. The number of the Company's shares held includes those shares to be provided under the performance-based stock compensation plan for years served as an executive officer, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.

Candidate No.

2

**Keiko Kishigami**

[DOB: January 28, 1957]

Newly Nominated

Outside Member

Independent Member

Number of the Company's  
Shares Held

0

Attendance at Board of  
Directors' Meetings

—

Attendance at Audit &  
Supervisory Board Meetings

—

### ▶ Brief Personal History and Positions

- October 1985    Joined Peat Marwick Minato (Currently, Ernst & Young ShinNihon LLC)
- August 1989    Registered as a certified public accountant
- December 1997    Partner, Century Audit Corporation (Currently, Ernst & Young ShinNihon LLC)
- May 2004        Representative Partner (Currently, Senior Partner), Ernst & Young ShinNihon (Currently, Ernst & Young ShinNihon LLC)
- September 2018-    Board Member, WWF Japan
- Present

### ▶ Principal Concurrent Position Held at Other Organization

Outside Audit & Supervisory Board Member, Okamura Corporation  
 Outside Director and Audit Committee Member, Sony Group Corporation  
 Outside Director and Audit & Supervisory Committee Member, Sumitomo Seika Chemicals Company, Limited

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

As noted above, Keiko Kishigami is a certified public accountant. As such, she has specialized expertise in finance and accounting and extensive experience in corporate auditing. She is seen as an individual capable of effectively fulfilling the role of Outside Audit & Supervisory Board Member to advise management of the DIC Group from an expert, multifaceted and independent perspective. Accordingly, she is a candidate for Outside Audit & Supervisory Board Member.

Notes:

1. Keiko Kishigami is a newly nominated candidate for Audit & Supervisory Board Member.
2. There are no special interests between Keiko Kishigami and the Company.
3. Keiko Kishigami is a candidate for 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 her if she is elected. 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.

#### (2) Designation as Independent Audit & Supervisory Board Member

The Company plans to designate her 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 22.

## Reference

## Expertise and Experience of Directors and Audit & Supervisory Board Members

(Assuming the Election of All Candidates at the Annual General Meeting of Shareholders)

### Skills Matrix

Name	Position	Expertise/Experience									
		Corporate Management	Finance/Asset Building	Legal Affairs/Risk Management	International Experience	Sustainability	IT/DX	Personnel/Labor	Marketing/Sales/Purchasing	Technology/R&D	Production/Quality
Masayuki Saito	Chairman of the Board of Directors	●	●		●		●	●			
Kaoru Ino	Representative Director President and CEO	●	●	●	●				●		
Toshifumi Tamaki	Representative Director Executive Vice President	●					●	●		●	●
Yoshihisa Kawamura	Director	●			●	●			●		
Takeshi Asai	Director Managing Executive Officer	●	●		●	●					
Shuji Furuta	Director Managing Executive Officer	●	●	●	●						
Yoshiaki Tamura	Outside Director	●			●	●			●	●	
Kuniko Shoji	Outside Director	●			●	●			●	●	
Masami Fujita	Outside Director	●		●		●		●	●		
Akihiro Ikushima	Audit & Supervisory Board Member (Full-time)			●		●		●	●		
Hiroyuki Ninomiya	Audit & Supervisory Board Member (Full-time)		●	●	●		●				
Keita Nagura	Audit & Supervisory Board Member (Independent)		●	●		●		●			
Keiko Kishigami	Audit & Supervisory Board Member (Independent)		●	●	●	●					

## 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 principal business partner of the DIC Group (a business partner with which transactions in a single fiscal year exceed 3% of the DIC Group's consolidated net sales in that year) or an executive of a business partner to which this description applies
  - ② An individual for which the DIC Group is a principal business partner (a business partner with which transactions in a single fiscal year exceed 3% of the partner's consolidated net sales in that year) or an executive of an entity to which this description applies
  - ③ A shareholder who holds 5% or more of the voting rights of the Company or an executive of a said shareholder to which this description applies
  - ④ A principal lender to the DIC Group (a lender from which loans in a single fiscal year exceed 3% of the DIC Group's total assets in that year) or an executive of a said lender to which this description applies
  - ⑤ An individual who has received contributions from the DIC Group in a year that exceed more than 10 million yen or an individual who belongs to an entity to which this description applies
  - ⑥ An accountant who serves as an accounting auditor or accounting advisor for the DIC Group or an individual who is an employee, partner or associate of an audit firm to which this description applies
  - ⑦ Any individual to whom item ⑥ does not apply but has received remuneration from the DIC Group that exceeds 10 million yen in a year, excluding remuneration received as a director or corporate officer of the DIC Group, as a provider of professional services, such as consulting, accounting or legal services, or an individual of an organization that received remuneration in excess of 3% of its consolidated net sales in a fiscal year as compensation for professional services
  - ⑧ An executive of another company, in the event that an executive of the Company is appointed to an outside officer position at that company
- 3) Spouses and relatives within the second degree of kinship of individuals listed in 1) or 2) above.
- 4) An individual whose term as an outside officer of the Company exceeds 8 years.

# Business Report

(January 1, 2022 - December 31, 2022)

## 1 Current Conditions of the DIC Group

### 1 Business Progress and Achievements

In the fiscal year 2022, consolidated net sales climbed 23.2%, to ¥1,054.2 billion. This sharp increase, coming amid global economic turmoil caused by a multiplicity of escalating geopolitical risks, including rising inflationary pressure worldwide, the protracted crisis in Ukraine and restrictions on movement in the People's Republic of China (PRC) under a stringent "zero-COVID" policy, was attributable to ongoing efforts to adjust sales prices in response to elevated energy, logistics and raw materials costs, as well as to the influence of yen depreciation on results denominated in other currencies after translation. In the Color & Display segment, the margin of improvement in net sales was boosted by the addition of a full year of sales from the C&E pigments business, which was not included in the scope of consolidation until the second half of the previous fiscal year. Nonetheless, shipments of high-value-added products were down in all regions from the third quarter forward, that is, from July through December, as demand for digital materials, used principally in electrical and electronics equipment and displays, continued to deteriorate in a negative rebound from gains ascribed to COVID-19-induced stay-at-home lifestyles, as well as to the fact that automobile production-related markets, plagued by semiconductor shortages, remained in recovery mode. Shipments of pigments also fell from the third quarter forward, owing to waning economic conditions in Europe, a leading market for these products.

Operating income decreased 7.5%, to ¥39.7 billion. This was despite the progress of efforts to pass on higher costs, particularly for raw materials, by modifying sales prices for many products, and was due largely to falling shipments of high-value-added products, notably digital materials and materials used in mobility solutions, which pushed down results in the Color & Display and Functional Products segments. The absence of ¥4.0 billion in one-time expenses recorded in the previous fiscal year in association with the integration of the C&E pigments business narrowed the margin of decline.

Ordinary income, at ¥39.9 billion, was down 8.7%.

Net income attributable to owners of the parent soared 303.4%, to ¥17.6 billion. The foremost factors behind this jump were one-time costs associated with the acquisition of the C&E pigments business, together with the reversal of deferred tax assets in the United States and the recording of an equivalent amount as income taxes-deferred, in the preceding period.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose 23.8%, to ¥85.5 billion.

(Billions of yen)

	Fiscal Year 2021	Fiscal Year 2022	Change (%)	Change (%) [Local Currency Basis]
Net Sales	855.4	1,054.2	23.2%	16.2%
Operating Income	42.9	39.7	-7.5%	-5.1%
Ordinary Income	43.8	39.9	-8.7%	—
Net Income Attributable to Owners of the Parent	4.4	17.6	303.4%	—
EBITDA*	69.0	85.5	23.8%	—
¥/US\$1.00 (Average Rate)	109.75	130.59	19.0%	—
¥/EUR1.00 (Average Rate)	129.73	137.71	6.2%	—

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

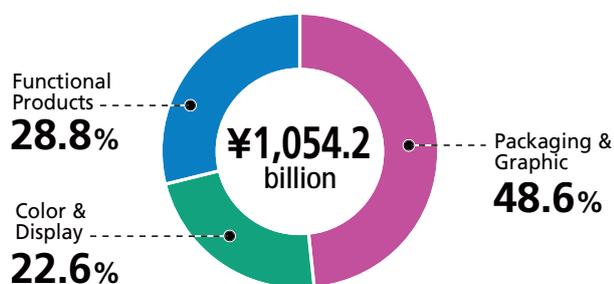
Results of operations by segment are as follows:

(Billions of yen)

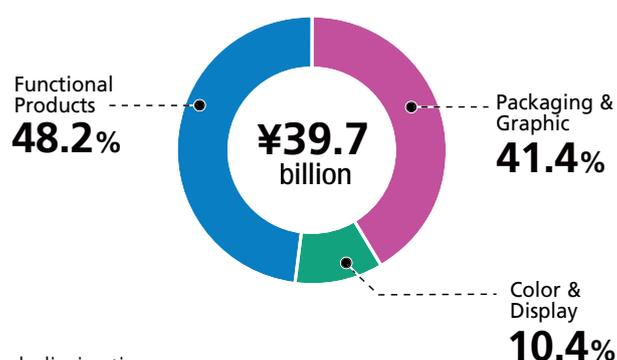
Segment	Net Sales				Operating Income			
	Fiscal Year 2021	Fiscal Year 2022	Change (%)	Change (%) [ Local Currency Basis ]	Fiscal Year 2021	Fiscal Year 2022	Change (%)	Change (%) [ Local Currency Basis ]
Packaging & Graphic	439.8	533.0	21.2%	14.9%	21.6	20.3	-6.0%	0.3%
Color & Display	167.2	248.2	48.5%	34.4%	4.0	5.1	29.1%	37.7%
Functional Products	283.3	315.4	11.3%	6.5%	26.2	23.6	-9.9%	-13.6%
Others, Corporate and Eliminations	(34.9)	(42.4)	—	—	(8.9)	(9.4)	—	—
Total	855.4	1,054.2	23.2%	16.2%	42.9	39.7	-7.5%	-5.1%

Segment results in key markets are detailed on pages 25-27. Year-on-year percentage changes in squared parentheses represent increases or decreases on a local currency basis.

Breakdown of Fiscal Year 2022 Net Sales by Segment



Breakdown of Fiscal Year 2022 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, Metal Decorative Inks, Printing Plates, Security Inks

#### [Packaging Materials]

Polystyrene, Packaging Adhesives, Multilayer Films

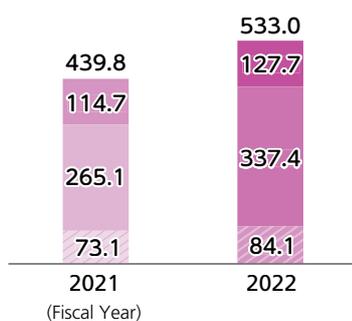
Net Sales

¥533.0 billion  
Change +21.2% [+14.9%]

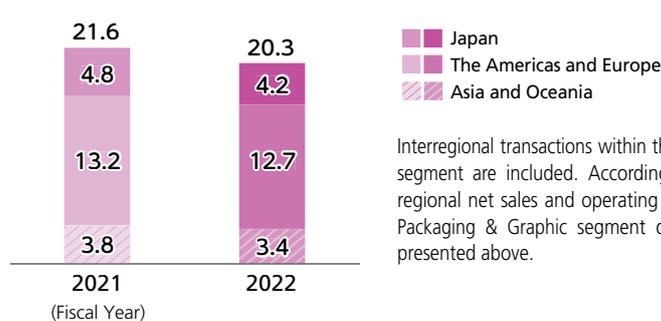
Operating  
Income

¥20.3 billion  
Change -6.0% [+0.3%]

#### ● Net Sales (Billions of yen)



#### ● Operating Income (Billions of yen)



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 advanced 21.2%, to ¥533.0 billion. Sales of packaging inks, used primarily on packaging for food products, increased, supported by efforts in all regions to modify sales prices. Nonetheless, shipments in Asia were down, as those in the PRC remained listless, hampered by that country's relentless zero-COVID measures. In publication inks, which center on inks for commercial printing and news inks, demand in Japan failed to recover for use in pamphlets and event-related printed materials, while demand in Europe fell amid weakening economic conditions, causing shipments in both areas to slump, although sales rose thanks to assertive sales price adjustments worldwide. In jet inks, used in digital printing, demand was down for industrial applications, including outdoor signage (billboards and posters) and banners, as well as for commercial printing, but sales were up as yen depreciation boosted results denominated in other currencies after translation. The inclusion of the sales of Italian adhesives manufacturer Sapici S.p.A., the acquisition of which was completed in January 2022, also bolstered segment sales.

Segment operating income fell 6.0%, to ¥20.3 billion, despite edging up 0.3% on a local currency basis. Continued efforts to counter higher energy, logistics and raw materials costs globally by modifying sales prices met with success overseas, mainly in the Americas and Europe, but a decline in shipments combined with the depreciation of emerging market currencies pushed down results in those markets after translation. Against this backdrop, moves by Sapici to expand its sales of adhesives in Europe led to steady growth in the Italian company's profits.

## Color & Display



### Color and Display Materials that Make Life Colorful

#### Principal Products

#### [Color Materials]

Pigments for Coatings, Pigments for Plastics, Pigments for Printing Inks, Pigments for Specialty Applications, Pigments for Color Filters, Pigments for Cosmetics, Health Foods

#### [Display Materials]

TFT Liquid Crystals, STN Liquid Crystals

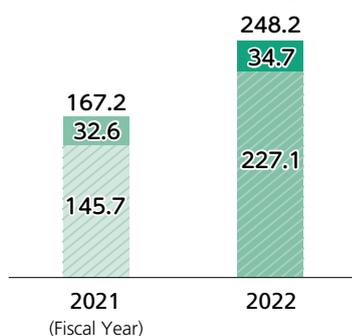
Net Sales

**¥248.2 billion**  
Change **+48.5%** [+34.4%]

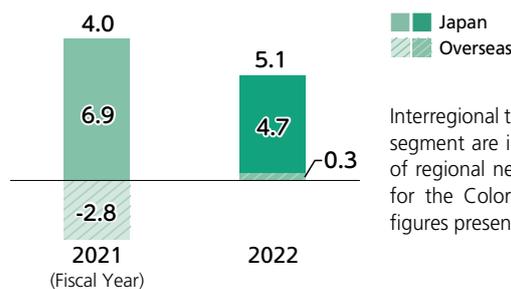
Operating  
Income

**¥5.1 billion**  
Change **+29.1%** [+37.7%]

#### ● Net Sales (Billions of yen)



#### ● Operating Income (Billions of yen)



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 climbed 48.5%, to ¥248.2 billion. Owing to the addition of sales from the C&E pigments business, sales of pigments for coatings, plastics and cosmetics increased significantly. Demand for pigments for cosmetics rallied in the Americas and Europe, both of which were swift to eliminate COVID-19 mask rules, while signs of recovery were also seen in Asia. In display materials, sales of pigments for color filters fell markedly, as production cuts by display manufacturers, together with attendant inventory adjustments, depressed shipments. In pigments for specialty applications, sales of pigments for agricultural uses were firm, although shipments of those for building materials, used in autoclaved aerated concrete, remained on a downtrend in Europe, the principal market for these products.

Segment operating income, at ¥5.1 billion, was up 29.1%. This gain was due largely to the absence of ¥4.0 billion in one-time expenses recorded in the previous fiscal year in association with the integration of the C&E pigments business. If this factor was discounted, operating income would have been pushed down by, among others, dwindling shipments of high-value-added products, notably pigments for color filters and specialty applications, a decline in income in the C&E pigments business attributable to waning economic conditions and mounting energy costs in Europe, and a decrease in shipments of thin-film transistor liquid crystals (TFT LCs) from the third quarter forward.

# 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, Sulphur Chemicals, Fiber and Textile Colorants, Metal Carboxylates, Surfactant for Electronics Equipment

#### [Composite Materials]

PPS Compounds, Plastic Colorants, Interior Housing Products, Industrial Adhesive Tapes, Hollow-Fiber Membranes and Modules, Medical Diagnostic Products, High-Performance Optical Materials

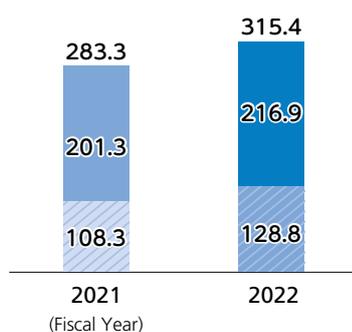
Net Sales

¥315.4 billion  
Change +11.3% [+6.5%]

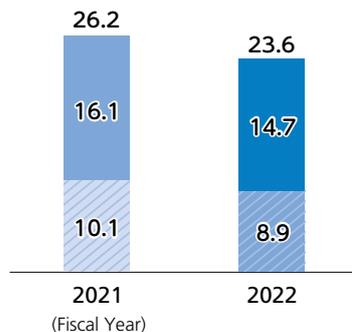
Operating  
Income

¥23.6 billion  
Change -9.9% [-13.6%]

### ● Net Sales (Billions of yen)



### ● Operating Income (Billions of yen)



■ Japan  
▨ Overseas

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 rose 11.3%, to ¥315.4 billion. In digital materials, used principally in electrical and electronics equipment and displays, shipments of epoxy resins—the principal application for which is semiconductor devices—declined dramatically worldwide, hampered by the PRC's strict zero-COVID measures and slowing growth in the market for electronic devices, but sales advanced thanks to efforts to modify sales prices. Sales of industrial-use tapes, used mainly in smartphones and other mobile devices, were also up, bolstered by persistent moves to lock in demand. While demand for industrial materials,\* used primarily in mobility solutions, particularly automobiles, tumbled both in Japan and overseas, sales price adjustments pushed up sales of core products. Sales of polyphenylene sulfide (PPS) compounds also expanded, notwithstanding flagging shipments for use in mobility solutions, as a result of sales price modifications and rising shipments for applications other than automobiles, including housing equipment.

Segment operating income decreased 9.9%, to ¥23.6 billion. This was despite headway made in adjusting sales prices for numerous products to pass on increases in energy, logistics and raw materials costs amid falling shipments, particularly of epoxy resins and other high-value-added products in the area of digital materials, which came up short.

\* DIC uses the term "industrial materials" to describe products for use in mobility solutions, namely automobiles, railroads and shipping, and in general industrial applications such as construction equipment and industrial machinery.

## 2 Operating Results and Financial Position

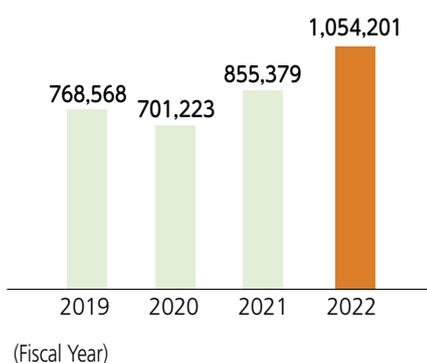
Consolidated operating results and financial position are as follows:

	Fiscal Year 2019 (January 1, 2019– December 31, 2019)	Fiscal Year 2020 (January 1, 2020– December 31, 2020)	Fiscal Year 2021 (January 1, 2021– December 31, 2021)	Fiscal Year 2022 (January 1, 2022– December 31, 2022)
Net Sales (Millions of yen)	768,568	701,223	855,379	1,054,201
Operating Income (Millions of yen)	41,332	39,663	42,893	39,682
Operating Margin (%)	5.4	5.7	5.0	3.8
Ordinary Income (Millions of yen)	41,302	36,452	43,758	39,946
Net Income Attributable to Owners of the Parent (Millions of yen)	23,500	13,233	4,365	17,610
Earnings Per Share (Yen)	248.29	139.81	46.12	186.05
Net Assets (millions of yen)	343,497	351,364	381,008	421,088
Total Assets (millions of yen)	803,083	817,950	1,071,481	1,261,637

Note: Since the fiscal year 2017, the Company has 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.

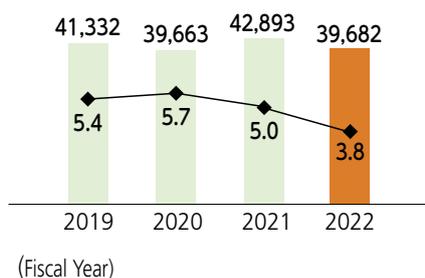
### Net Sales

(Millions of yen)



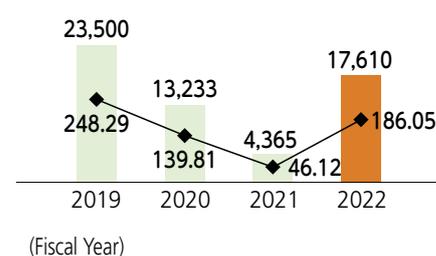
### Operating Income/Operating Margin

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 2022, the DIC Group raised necessary funds through borrowing from financial institutions and issuing commercial papers.

As a consequence, as of December 31, 2022, the total interest-bearing debt amounted to 509.3 billion yen (including leases), an increase of 125.1 billion yen from the previous fiscal year end, owing to increases in working capital, acquisitions of companies, etc.

#### 2) Principal Borrowings (as of December 31, 2022)

Lender	Balance of Borrowings (Millions of yen)
MUFG Bank, Ltd.	114,035
Mizuho Bank, Ltd.	67,947
The Norinchukin Bank	22,000

### 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 2022, the DIC Group invested 49.5 billion yen in facilities. Principal investments to update or expand existing facilities, by segment, were as follows:

Segment	Investment	Details
Packaging & Graphic	Update of printing materials production facilities	Investments to upgrade and optimize production facilities, particularly for packaging inks, to improve production efficiency
Color & Display	Reinforcement of pigments production facilities	Investments to reinforce production facilities for pigments for coatings and functional pigments, among others, to bolster production efficiency in response to business expansion
Functional Products	Expansion of synthetic resins production facilities	Investments to enhance production facilities for waterborne and solvent-free synthetic resins for which demand is expanding as a result of growing awareness of the benefits of environment-friendly products
Others and Corporate	Update of information systems	Investments to shift to a new information system capable of supporting digital transformation (DX)



Packaging & Graphic Business Group Office (USA)



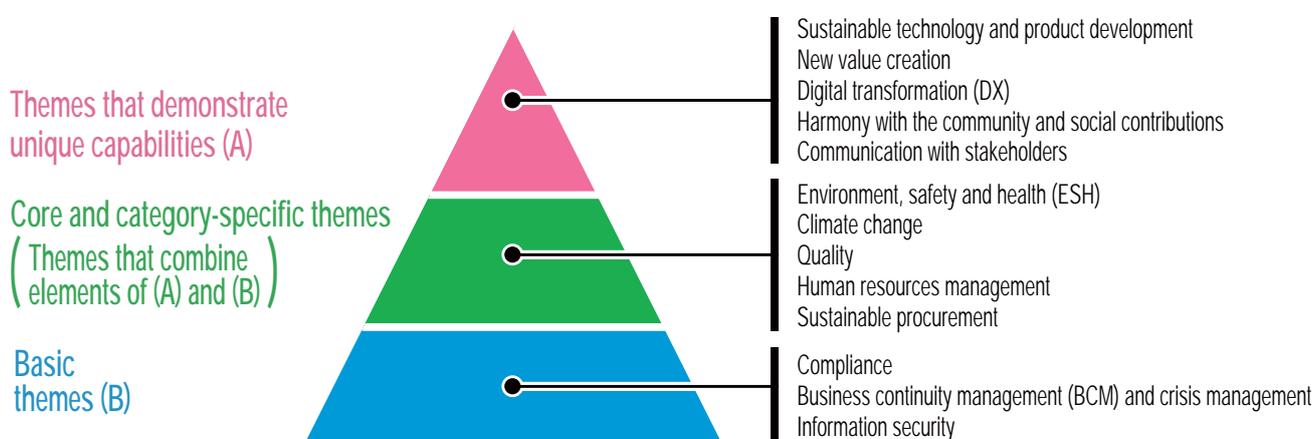
Pigment Manufacturing Plant (Japan)

## 4 Sustainability Initiatives

The Company has established the ESG Unit, a specialized department, with the aim of further expanding DIC Group environmental, social and governance (ESG) initiatives worldwide.

The Company's DIC Vision 2030 long-term management plan outlines two crucial objectives, namely, build a business portfolio that contributes to sustainable prosperity for society and help achieve sustainability for the global environment and for society. The DIC Group will work to achieve these objectives while promoting initiatives in line with the five key concepts of its basic sustainability policy: 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.

The DIC Group has organized its sustainability initiatives into a framework comprising 13 themes, as shown below.



Against a backdrop of significant social change, including accelerated efforts to decarbonize society, the DIC Group remains committed 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. By empowering employees to fully exercise their abilities, the Group will work to reinforce its management of human capital, thereby leading to improved organizational cohesiveness. Group employees will continue working as one to address key social imperatives, in line with the sustainability strategy set forth in DIC Vision 2030, with the aim of responding to the expectations of stakeholders and evolving as a trusted global company.

## 5 Challenges to be Addressed

Looking ahead to fiscal year 2030, the DIC Group has identified and will focus its allocation of management resources in five priority business areas to contribute to a society that is increasingly green, digital and Quality of Life (QOL)-oriented. To this end, the Group will promote five strategies outlined in DIC Vision 2030 with the aim of building a business portfolio that contributes to sustainable prosperity for society and helping achieve sustainability for the global environment and for society.

### 1 Business Portfolio Transformation

#### 1) Five Priority Business Areas

Designate and focus the allocation of management resources in five priority business areas: Sustainable energy, Healthcare, Smart living, Color science, Sustainable packaging

#### 2) Five Strategies for Transforming the DIC Group's Business Portfolio

- ① Reinforce management of human capital
- ② Make strategic investments- Budget ¥230 billion for strategic investments between fiscal years 2022 and 2025
- ③ Enhance the technology platform
- ④ Establish a more global management configuration
- ⑤ Promote IT and DX

### 2 Sustainability Strategies

- 1) Expand sustainable products\* (Target: Increase sustainable products as a percentage of net sales to 60% by fiscal year 2030)
- 2) Reduce CO<sub>2</sub> emissions (Target: Net zero CO<sub>2</sub> emissions—by fiscal year 2050 and will seek to reduce CO<sub>2</sub> emissions by 50% from the fiscal year 2013 level by fiscal year 2030)
- 3) Respond to a circular economy

\* Defined "sustainable products" by using the Company's unique indicators based on whether the Company can demonstrate its strengths and contribute to solving social issues.

## DIC in the Future

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

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

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

Contribute to a society that is increasingly

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

### 2 Help achieve sustainability for the global environment and for society

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

**Target** Reduce annual CO<sub>2</sub> emissions by **50% by FY2030**

## DIC NET ZERO 2050

The DIC Group aims to achieve carbon neutrality—net zero CO<sub>2</sub> emissions—by FY2050 and will seek to reduce CO<sub>2</sub> emissions by 50% from the FY2013 level by FY2030.

## 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)

Shiga Plant (Shiga)

Chiba Plant (Chiba)

Kashima Plant (Ibaraki)

Saitama Plant (Saitama)

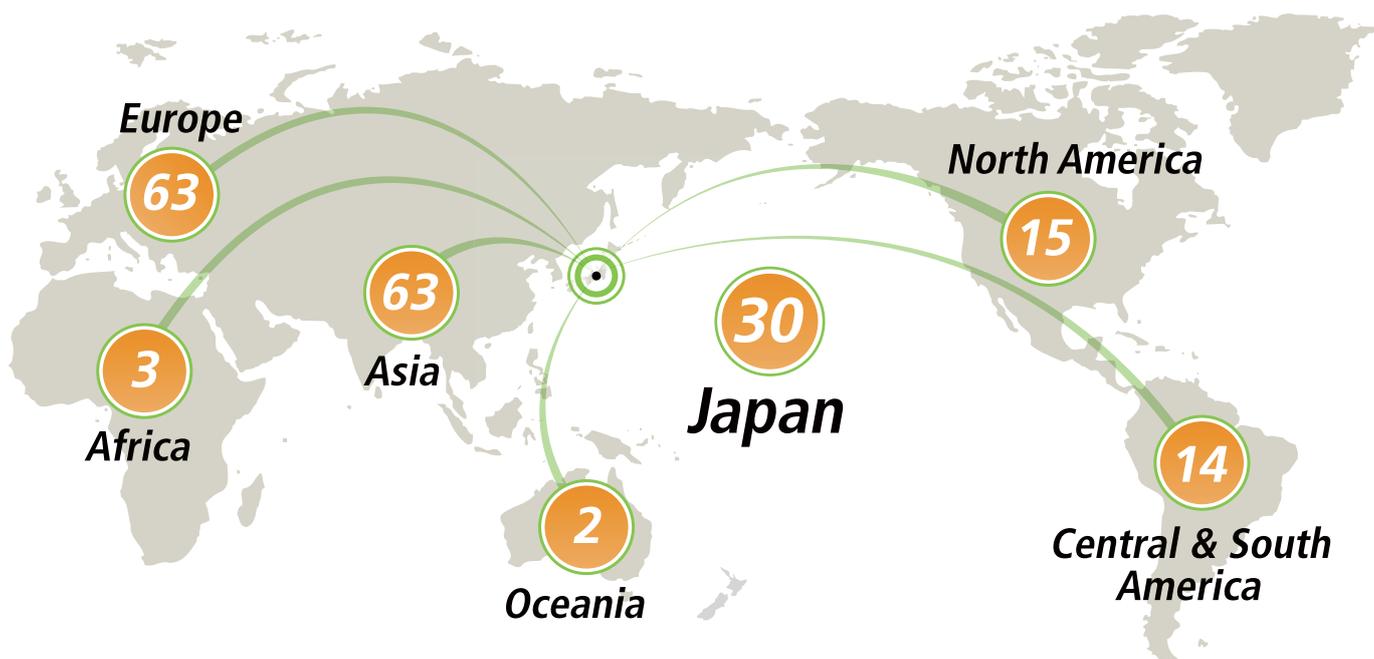
Central Research Laboratories (Chiba)

Hokuriku Plant (Ishikawa)

Yokkaichi Plant (Mie)

Tatebayashi Plant (Gunma)

### Global Network (190 companies in 63 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 (27 companies)

Colors & Effects USA LLC (USA)  
Sun Chemical Colors & Effects GmbH (Germany)  
Qingdao DIC Finechemicals CO., LTD. (PRC)  
Earthrise Nutritionals LLC (USA)  
and 23 other companies

### Functional Products (40 companies)

SEIKO PMC CORPORATION (Tokyo, Japan)  
DIC Decor, Inc. (Saitama, Japan)  
DIC EP Corporation (Chiba, Japan)  
DIC PLASTICS Inc. (Saitama, Japan)  
DIC Material Inc. (Tokyo, Japan)  
DIC Zhangjiagang Chemicals Co., Ltd. (PRC)  
Siam Chemical Industry Co., Ltd. (Thailand)  
Guangdong DIC TOD Resins Co., Ltd. (PRC)  
Changzhou Huari New Material Co., Ltd. (PRC)  
LIDYE CHEMICAL CO., LTD. (Taiwan)  
DIC SYNTHETIC RESINS (ZHONGSHAN) CO., LTD. (PRC)  
and 29 other companies

### Others (9 companies)

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

## 7 Principal Subsidiaries and Affiliates

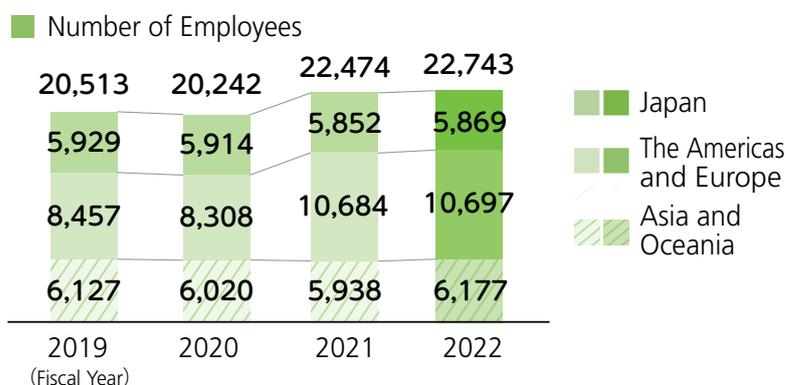
Company Name	Location	Capital	Ownership of Voting Rights	Principal Business
Sun Chemical Group Coöperatief U.A.	Netherlands	€2,469,852 thousand	100.0%	Investment in and financing for Sun Chemical Group companies
DIC Asia Pacific Pte Ltd	Singapore	S\$310,161 thousand	100.0%	Investment in and financing for DIC Group companies in the Asia and Oceania regions, and manufacture and sale of DIC products
DIC (CHINA) CO., LTD.	PRC	RMB1,695,979 thousand	100.0%	Investment in and financing for DIC Group companies in the PRC
Colors & Effects USA LLC	USA	\$484,602 thousand	100.0%	Manufacture and sale of pigments and related products
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	¥9,761 million	20.1%	Setting the group's broad strategic direction, managing subsidiaries, and research and development for Taiyo Group companies

Notes:

- The figures for capital of Sun Chemical Group Coöperatief U.A. and Colors & Effects USA LLC are equivalent to the companies' capital surplus since the companies have no figure equivalent to the capital.
- Ownership of voting rights includes indirect investments.

## 8 Workforce Statistics

Segment	Number of Employees
Packaging & Graphic	10,688
Color & Display	4,630
Functional Products	5,485
Others	546
Corporate (Shared)	1,394
Total	22,743



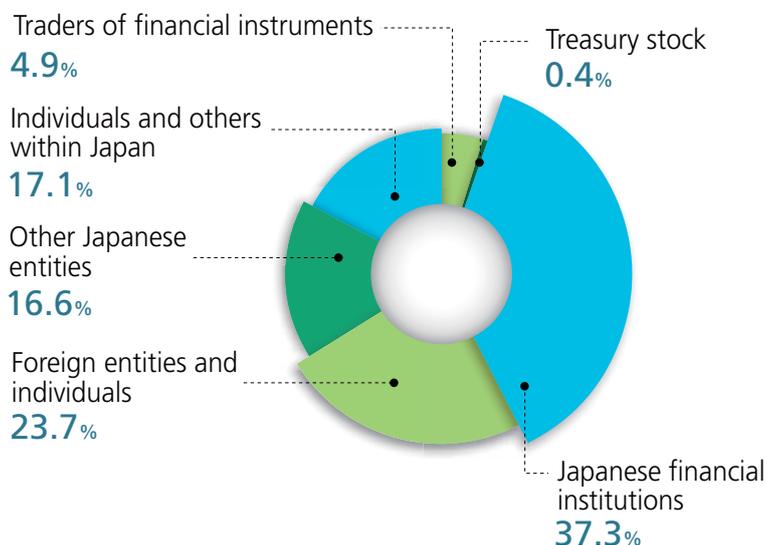
## 2 Stock Information

**1 Total Number of Shares Authorized**  
150,000,000

**2 Total Number of Shares Issued**  
95,156,904

**3 Number of Shareholders**  
48,169

**■ Distribution of Shareholders by Investor Type**



### 4 Major Shareholders

Name of Shareholder	Number of Shares Owned	Shareholding Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,444,300	14.18
SHOEI INC.	12,694,386	13.39
Custody Bank of Japan, Ltd. (Trust Account)	5,223,600	5.51
The Dai-ichi Life Insurance Company, Limited	3,500,009	3.69
SMBC Nikko Securities Inc.	2,810,400	2.97
Custody Bank of Japan, Ltd. (Trust Account 4)	2,493,000	2.63
JP MORGAN CHASE BANK 385632	2,152,023	2.27
Aioi Nissay Dowa Insurance Co., Ltd.	2,020,859	2.13
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	1,917,700	2.02
NIPPON LIFE INSURANCE COMPANY	1,900,075	2.00

Notes:

- The above table lists the top 10 shareholders.
- The shareholding percentage is calculated by subtracting the number of treasury shares (372,423 shares) from the total number of shares issued. The number of treasury shares does not include shares held by Custody Bank of Japan, Ltd. (131,700 shares) as trustee of the Company's board benefit trust (BBT).

### 5 Stock Provided to Directors and Audit & Supervisory Board Members as Compensation for the Performance of Duties in Fiscal Year 2022

	Number of Shares	Number of Recipients
Directors (Excluding Outside Directors)	—	—
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

Note: No shares were bestowed on Directors or Audit & Supervisory Board Members as performance-based remuneration upon retirement.

## 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	Masayuki Saito	Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. Outside Director and Audit & Supervisory Committee Member, Mitsubishi HC Capital Inc.	15/15 (100%)
Representative Director President and CEO	Kaoru Ino		15/15 (100%)
Representative Director Executive Vice President	Toshifumi Tamaki	Assistant to the President and CEO	15/15 (100%)
Director	Yoshihisa Kawamura	Chairman of the Board of Directors, DIC Graphics Corporation	15/15 (100%)
Director Managing Executive Officer	Takeshi Asai	Head of Corporate Strategy Unit In charge of Kawamura Memorial DIC Museum of Art	15/15 (100%)
Director Managing Executive Officer	Shuji Furuta	Head of Finance and Accounting Unit CFO Representative Member, DIC INVESTMENTS JAPAN, LLC.	15/15 (100%)
<b>Outside</b> <b>Independent</b> Director	Kazuo Tsukahara	Outside Director, ASKUL Corporation	15/15 (100%)
<b>Outside</b> <b>Independent</b> Director	Yoshiaki Tamura	Outside Director, Dai Nippon Printing Co., Ltd.	15/15 (100%)
<b>Outside</b> <b>Independent</b> Director	Kuniko Shoji	Outside Director, Nichirei Corporation Outside Director, Medipal Holdings Corporation	15/15 (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
Full-time Audit & Supervisory Board Member	Hiroyuki Ninomiya		15/15 (100%)	17/17 (100%)
Full-time Audit & Supervisory Board Member	Akihiro Ikushima		15/15 (100%)	17/17 (100%)
<b>Outside</b> <b>Independent</b> 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	15/15 (100%)	17/17 (100%)
<b>Outside</b> <b>Independent</b> Audit & Supervisory Board Member	Keita Nagura	Attorney Outside Director, Helios Techno Holding Co., Ltd.	15/15 (100%)	17/17 (100%)

#### Notes:

- Directors Kazuo Tsukahara, Yoshiaki Tamura and Kuniko Shoji are Outside Directors.
- Audit & Supervisory Board Members Michiko Chiba and Keita Nagura 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.
- 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.
- In addition to providing expertise in corporate law, Outside Audit & Supervisory Board Member Keita Nagura provides tax accounting services pursuant to Article 51 of the Certified Public Tax Accountant Act and has extensive expertise in finance and accounting.
- Outside Directors Kazuo Tsukahara, Yoshiaki Tamura and Kuniko Shoji and Outside Audit & Supervisory Board Members Michiko Chiba and Keita Nagura are designated as Independent Directors/Members in accordance with the rules of the Tokyo Stock Exchange.
- In June 2022, Director Masayuki Saito became an Outside Director and Audit & Supervisory Committee Member of Mitsubishi HC Capital Inc.

## Notes:

8. In June 2022, Representative Director Toshifumi Tamaki retired from his position as Director of TAIYO HOLDINGS CO., LTD.
9. In June 2022, Director Takeshi Asai retired from his position as Outside Director of RENAISSANCE, INCORPORATED.
10. In June 2022, Director Yoshiaki Tamura retired from his position as Outside Director of Kawasaki Heavy Industries, Ltd., and became an Outside Director of Dai Nippon Printing Co., Ltd.
11. 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.

### 3) Outline of D&O Liability Insurance

The Company purchases directors' and officers' (D&O) liability insurance from an insurance company, as stipulated in Article 430-3, Paragraph 1, of the Companies Act, for all Directors, Audit & Supervisory Board Members, Executive Officers and other individuals designated as important employees under the Companies Act (including those who have already retired) of the Company and of its domestic subsidiaries (excluding listed companies), payable to the insured individuals. The insurance premiums of the insured persons are paid in full by the Company.

This insurance covers damages, including legal expenses incurred by insured individuals in the event of a claim for damages arising from an act or acts committed in the course of performing their duties. This contract is renewed annually.

## (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, 2023, Executive Officers who do not concurrently serve as Directors are as shown below.

Position	Name	Responsibilities at the Company
Senior Managing Executive Officer	Masaya Nakafuji	Head of General Affairs and Legal Unit In Charge of Risk Management, 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.
Managing Executive Officer	Myron Petruch	President and CEO, Sun Chemical Corporation
Managing Executive Officer	Takashi Ikeda	President, Functional Products Business Group General Manager, Composite Material Products Div.
Managing Executive Officer	Koji Asada	Head of IT Strategy Unit
Executive Officer	Paul Koek	Managing Director, DIC Asia Pacific Pte Ltd
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	Toshiro Ariga	General Manager, R&D Management Unit General Manager, Central Research Laboratories
Executive Officer	Yuji Kikuchi	General Manager, Performance Material Products Div.
Executive Officer	Tomoyuki Tanaka	General Manager, Corporate Planning Dept.

Position	Name	Responsibilities at the Company
Executive Officer	Kuniko Torayama	Head of ESG Unit In Charge of Diversity
Executive Officer	Masaaki Kusaka	General Manager, Legal Dept.
Executive Officer	Takao Iribe	Head of SCM Unit General Manager, Supply Chain Planning Dept.
Executive Officer	Yoshiharu Ootoshi	General Manager, Production Management Unit
Executive Officer	Kevin Michaelson	Vice President and Chief Financial Officer, Sun Chemical Corporation

Note: "AP region" refers to the geographical area in which DIC Group operations are overseen by DIC Asia Pacific Pte Ltd.

## 2 Remuneration for Directors and Audit & Supervisory Board Members

### 1) Policies on and Other Matters Concerning the Determination of Remuneration for Directors

At the Board of Directors' meeting held on May 15, 2017, the Company revised the Executive Regulations, adopting a resolution on a policy for determining remuneration for individual Directors. Prior to adopting this resolution, the Board of Directors consulted with the Remuneration Committee and received a report on the content thereof.

In addition, the Board of Directors has confirmed that the method used to determine remuneration and remuneration thus determined are consistent with the policy decided by the Board of Directors and has judged that remuneration for each individual Director for fiscal year 2022 is in accordance with the policy.

The details of the policies, etc., for determining remuneration for individual Directors are as follows:

#### ① Policy on Basic Remuneration

Remuneration for Directors, including bonuses, is determined by the Remuneration Committee, which has been entrusted with this responsibility by the Board of Directors, within the limit for total remuneration decided by resolution at the Annual General Meeting of Shareholders, with consideration given to individual responsibilities, ability to perform duties, actual performance of duties, the Company's operating results, a management compensation database offered by an external research organization, and balance with employee salaries.

#### ② Policy on Performance-Based Remuneration

The Company pays performance-based remuneration to Directors who serve concurrently as Executive Officers, consisting of bonuses, which are linked to performance of duties as Executive Officer and commensurate with the Company's operating results. Individual performance-based remuneration is determined by the Remuneration Committee, which has been entrusted with this responsibility by the Board of Directors.

#### ③ Policy on Non-Monetary Remuneration

The Company provides non-monetary remuneration to Directors who concurrently serve as Executive Officers with the objective of strengthening Executive Officers' awareness of the importance of contributing to the medium- to long-term improvement of operating results, as well as to the enhancement of corporate value, and of sharing the same objectives as shareholders. Individual points granted are calculated using the method stipulated in the Rules of Officer Share Benefit.

#### ④ Policy on Composition of Remuneration

The composition of remuneration provided by the Company, that is, the weighting of basic remuneration (fixed) and performance-based remuneration, is determined by the Remuneration Committee in accordance with the policy for determination stipulated in the Executive Regulations. In making this determination, the Company verifies the appropriateness of compensation levels by referring to a management compensation database offered by an external research organization and benchmarks total remuneration and the composition thereof for each position. The composition of remuneration by position is as follows:

Representative Director: Basic remuneration: 55% / Bonus: 30% / Stock compensation: 15% (Fixed remuneration: 55% / Performance-based remuneration: 45%)

Director: Basic remuneration: 60% / Bonus: 25% / Stock compensation: 15% (Fixed remuneration: 60% / Performance-based remuneration: 40%)

#### ⑤ Policy on the Timing and Conditions for the Payment of Remuneration

Basic remuneration is paid on the day on which an employee's salary is paid. Performance-based remuneration and non-monetary remuneration are paid and points are granted after the Annual General Meeting of Shareholders.

## ⑥ Matters Concerning the Delegation of Authority for Determining Remuneration

By resolution of the Board of Directors, authority for determining remuneration for Directors is entrusted to the Remuneration Committee.

## ● Members of the Remuneration Committee

Chairman: Kazuo Tsukahara Outside Director

Members: Masayuki Saito Chairman of the Board of Directors Kaoru Ino Representative Director; President and CEO  
Yoshiaki Tamura Outside Director Kuniko Shoji Outside Director

## ● Authority delegated

Matters concerning the determination of remuneration for individual Directors

## ● Reasons for entrusting authority

This is because the Company believes that objectively evaluating each Director while taking into consideration the Company's overall business performance and other factors is not a matter suited to consideration by Directors, but rather is more appropriately discussed and deliberated by the Remuneration Committee, which consists of the Chairman of the Board of Directors and the President and CEO, who have an overall view of the Company, and Outside Directors, who are in a position to increase transparency and fairness. To ensure the appropriate exercise of delegated authority, the Remuneration Committee is chaired by an Outside Director and a majority of the members are Outside Directors.

## 2) Policies on and Other Matters Concerning the Determination of Remuneration for Audit & Supervisory Board Members

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, within the limit of the total remuneration determined by resolution of the Annual General Meeting of Shareholders, with consideration given to ensuring a balance with remuneration for Directors and to prevailing market rates.

## 3) Total Amount of Remuneration in Fiscal Year 2022

Category	Total Amount (Millions of yen)	Composition of Remuneration (Millions of yen)			Number of Directors and Audit & Supervisory Board Members
		Basic Remuneration (Fixed)	Performance-Based Remuneration		
			Bonus	Stock Compensation	
Directors (Portion of the above paid to Outside Directors)	385 43	273 43	54 —	58 —	9 3
Audit & Supervisory Board Members (Portion of the above paid to Outside Audit & Supervisory Board Members)	89 29	89 29	— —	— —	4 2
Total (Portion of the above paid to Outside Directors and Outside Audit & Supervisory Board Members)	474 72	362 72	54 —	58 —	13 5

## Notes:

- The key performance indicator (KPI) for calculating performance-based remuneration is consolidated operating income, which was 39,682 million yen. The standard component of performance-based remuneration, which is commensurate with position, is calculated by multiplying position-specific basic bonus by degree of achievement of the target for consolidated operating income in the fiscal year at the time the standard component is determined, taking into account evaluation of department performance and individual contribution, with the limit for increases and decreases set at 30%. The KPI used was chosen because it is representative of the quality of core businesses and the most important indicator for formulation of the Company's strategies.
- Non-monetary remuneration consists of stock compensation, conditions for the allotment of which are as described in "1) Policies on and Other Matters Concerning the Determination of Remuneration for Directors" above, which is performance based and calculated using the method stipulated in the Rules of Officer Share Benefit. The KPIs used are degree of achievement of targets for consolidated operating income and net income attributable to owners of the parent set forth in the management plan, as well as year-on-year percentage change in both. Stock compensation is granted in the form of points.
- Monetary remuneration for Directors was resolved at the 109th Annual General Meeting of Shareholders, held on June 27, 2007, to not exceed 700 million yen per year (not including that for the job of Executive Officer for Directors who serve concurrently in this position). The number of Directors at the conclusion of the 109th Annual General Meeting of Shareholders was 13, none of which were Outside Directors. At the 123rd Annual General Meeting of Shareholders, held on March 30, 2021, the Company resolved that the amount of stock compensation shall not exceed 250 million yen per three fiscal years and the maximum number of shares shall not exceed 46,000 points per year (Directors who do not concurrently serve as Executive Officers and Outside Directors are not eligible). The number of Directors (not including Directors who do not concurrently serve as Executive Officers and Outside Directors) at the conclusion of the 123rd Annual General Meeting of Shareholders was four.
- Monetary remuneration for Audit & Supervisory Board Members was resolved at the 107th Annual General Meeting of Shareholders, held on June 28, 2005, to not exceed 100 million yen per year. The number of Audit & Supervisory Board Members at the conclusion of the 107th Annual General Meeting of Shareholders was four.

### 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

The Company has transactions involving the sale and purchase of products with Dai Nippon Printing Co., Ltd., in which Outside Director Yoshiaki Tamura concurrently holds a principal position. These transactions account for less than 0.2% of the DIC Group's annual consolidated net sales.

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

#### 2) Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members for Fiscal Year 2022

Position	Name	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings	Statements at Meetings and Outline of Performance of Expected Duties as Outside Director
Director	Kazuo Tsukahara	15/15 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management and played an important role in strengthening the Group management oversight functions and decision making; as a member of the Nomination Committee and the Remuneration Committee, participated in both the selection of candidates for Director and the determination of remuneration for Directors from an objective position.
	Yoshiaki Tamura	15/15 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management and played an important role in strengthening the Group management oversight functions and decision making; as a member of the Nomination Committee and the Remuneration Committee, participated in both the selection of candidates for Director and the determination of remuneration for Directors from an objective position.
	Kuniko Shoji	15/15 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management and played an important role in strengthening the Group management oversight functions and decision making; as a member of the Nomination Committee and the Remuneration Committee, participated in both the selection of candidates for Director and the determination of remuneration for Directors from an objective position.
Audit & Supervisory Board Member	Michiko Chiba	15/15 (100%)	17/17 (100%)	Proactively made statements on proposed resolutions from her perspective as a certified public accountant with specialized expertise.
	Keita Nagura	15/15 (100%)	17/17 (100%)	Proactively made statements on proposed resolutions from his perspective as an attorney 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	150
Total Amount of Money and Other Property Benefits to be Paid by the Company and its Subsidiaries	279

Notes:

- 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.
- 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.
- 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 2022 and the calculation basis of remuneration estimate from Directors and senior executives in the Company 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 advisories for introduction of settlement of accounts management system and others

### 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 all 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 impairs 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 Other Systems for Ensuring the Appropriateness of Other Operations

The following is a summary of resolutions of the Board of Directors 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 has prepared and operates a system of internal controls based on the Companies Act of Japan to ensure the appropriateness of its operations.

Note: The DIC Way was formulated to represent the DIC Group's fundamental management philosophy and includes the Group's mission: "We create enhanced value and utilize innovation to introduce socially responsible and sustainable products."

### II . DIC Group's System of Internal Controls

#### 1 Systems for Ensuring that the Performance of Duties by Directors and Employees of the DIC Group Complies with Laws, Regulations and the Company's 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 to disseminate it.
- 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 execution of business, thereby creating 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, among others, in making firm responses to unwarranted demands, etc., made on the DIC Group 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* and 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.

The Company has nominated three individuals to serve as Independent Outside Directors, and the ratio of Independent Outside Directors to the total number of Directors has been one-third or more.

In the fiscal year 2022, e-learning programs on the DIC Group Code of Business Conduct, quality compliance, and the prevention of discrimination and harassment were conducted for DIC Group companies.

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

The Company handled internal claims appropriately by conducting investigations and interviews. In accordance with revisions to Japan's Whistleblower Protection Act, the Company amended its rules for handling reports from and ensuring protection for whistle-blowers.

## 2 Systems for Ensuring That Duties of Directors of the 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 expedite 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 for the Board of Directors, the Board of Directors shall also supervise the status of Executive Officers' business conduct.
- 3) The Company shall formulate management plans and annual budgets based on 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 decisions regarding the performance of important duties in accordance with the regulations for the Board of Directors, regulations for *Ringi* and other regulations.

The executive officer system facilitated efficient decision making, while the Board of Directors supervised the executive officers' performance of their duties through the preparation of performance reports.

The Company formulated DIC Vision 2030, a new long-term management plan, and promoted awareness thereof by giving presentations at key DIC Group sites, posting online messages and topic-specific presentations by the President and CEO, and preparing a DIC Vision 2030 Manual.

Regarding the annual budget, steps were taken to enhance awareness, including holding in-house briefings and posting related information on the Company's internal portal site, in addition to the monthly progress reports that were made available to the Board of Directors.

The WSR 2020 Committee, which is charged with working to boost employee job satisfaction and productivity, identified issues and needed improvements in the ways employees currently work and promoted recurring discussions regarding the Group's vision of itself going forward and the direction of measures.

## 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 the minutes of meetings of the Board of Directors and *Ringi* documents, shall be recorded, retained and managed appropriately based on 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】

Information related to the performance of duties by Directors is documented in a printed or electronic form and, together with related materials used in management decision making, retained for the period of time stipulated in the regulations for document management. Following the implementation of information security measures, such information was managed rigorously in accordance with the regulations for confidential information management and other related regulations.

Information on the performance of duties by Directors is retained in a manner that ensures it can be made available promptly for review if a request is received from a Director, Audit & Supervisory Board Member or other pertinent individual.

#### 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 and based on the growth scenario set forth in the DIC Vision 2030 long-term management plan, the Company identified related material issues, that is, issues with the potential to significantly affect its performance over the medium to long term. The Company also promoted Groupwide initiatives aimed at promptly minimizing the impact of latent risks on the DIC Group's business should such risks manifest. In addition, the Company reviewed risk-related material issues in light of changes in the operating environment and determined that effective countermeasures had been implemented for each. Further, it was resolved that a new Risk Management Working Group would be created in the fiscal year 2023, as a subordinate entity of the Sustainability Committee, as part of an effort to strengthen the risk management framework.

As part of its business continuity management (BCM) program, after revising business continuity plans (BCPs) designed to ensure the prompt restoration of operations in the event of a major natural or other disaster or a widespread outbreak of a novel infectious disease, the Company implemented its annual revision of individual product division BCPs and conducted drills for corporate headquarters' BCP Task Force, an initiative that also served as a practical test of the new DIC BC Portal, a dedicated portal system that was fully deployed in October 2021.

#### 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 business execution and management and shall supervise business affairs by dispatching a director to each subsidiary.
- 2) The Company shall clarify important matters, including those pertaining to subsidiaries, that must be approved by or reported to the Company.

##### **【Operational Status】**

In addition to dispatching a director to each subsidiary, the Company receives regular reports from subsidiaries on business plans and operating conditions, while corporate headquarters' administrative departments and other related departments collaborate to supervise subsidiaries under their jurisdiction.

The Company has established regulations regarding authority within the DIC Group pertaining to matters that must be approved by or reported to the Company.

The Company has formulated Group company management regulations and clarified its management support structure 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 they have made a 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.

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 met on a periodic basis with the Audit & Supervisory Board Members of subsidiaries. Overseas, Audit & Supervisory Board Members attended meetings of the Board of Directors of regional headquarters. Taking into account materiality and risk, Audit & Supervisory Board Members resumed on-site audits in the fiscal year 2022, while continuing to conduct audits remotely at certain sites.

# Consolidated Financial Statements

## Consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2022	Previous Fiscal Year As of December 31, 2021 (Reference)	Accounts	Current Fiscal Year As of December 31, 2022	Previous Fiscal Year As of December 31, 2021 (Reference)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>I Current assets</b>	<b>659,967</b>	<b>542,114</b>	<b>I Current liabilities</b>	<b>389,892</b>	<b>305,575</b>
Cash and deposits	63,380	38,253	Notes and accounts payable - trade	154,964	145,816
Notes and accounts receivable - trade	247,520	237,916	Short-term loans payable	26,056	10,437
Merchandise and finished goods	182,572	132,773	Commercial paper	30,000	—
Work in process	11,656	9,651	Current portion of bonds payable	30,000	20,000
Raw materials and supplies	116,522	91,199	Current portion of long-term loans payable	35,928	37,131
Other	42,432	36,282	Lease obligations	4,607	1,092
Allowance for doubtful accounts	(4,116)	(3,959)	Income taxes payable	5,650	5,640
			Provision for bonuses	5,555	6,125
<b>II Non-current assets</b>	<b>601,671</b>	<b>529,367</b>	Other	97,133	79,334
<b>Property, plant and equipment</b>	<b>353,536</b>	<b>307,684</b>	<b>II Non-current liabilities</b>	<b>450,657</b>	<b>384,897</b>
Buildings and structures	128,742	103,039	Bonds payable	110,000	140,000
Machinery, equipment and vehicles	119,110	109,519	Long-term loans payable	260,259	171,443
Tools, furniture and fixtures	17,089	14,930	Lease obligations	12,479	4,112
Land	66,353	64,219	Deferred tax liabilities	14,443	10,725
Construction in progress	22,242	15,978	Net defined benefit liability	28,742	35,989
			Asset retirement obligations	8,449	7,689
<b>Intangible assets</b>	<b>78,764</b>	<b>52,313</b>	Other	16,286	14,940
Goodwill	33,641	20,182	<b>Total liabilities</b>	<b>840,549</b>	<b>690,473</b>
Software	10,277	4,002	<b>(Net assets)</b>		
Customer-related assets	9,609	3,107	<b>I Shareholders' equity</b>	<b>411,802</b>	<b>403,910</b>
Other	25,238	25,022	Capital stock	96,557	96,557
			Capital surplus	94,234	94,468
<b>Investments and other assets</b>	<b>169,371</b>	<b>169,370</b>	Retained earnings	222,796	214,665
Investment securities	63,819	59,289	Treasury shares	(1,785)	(1,780)
Deferred tax assets	16,419	17,320	<b>II Accumulated other comprehensive income</b>	<b>(24,805)</b>	<b>(57,983)</b>
Net defined benefit asset	64,383	69,715	Valuation difference on available-for-sale securities	5,360	5,449
Other	24,849	23,201	Deferred gains or losses on hedges	694	92
Allowance for doubtful accounts	(98)	(156)	Foreign currency translation adjustment	(17,286)	(55,456)
			Remeasurements of defined benefit plans	(13,573)	(8,067)
<b>Total assets</b>	<b>1,261,637</b>	<b>1,071,481</b>	<b>III Non-controlling interests</b>	<b>34,091</b>	<b>35,081</b>
			<b>Total net assets</b>	<b>421,088</b>	<b>381,008</b>
			<b>Total liabilities and net assets</b>	<b>1,261,637</b>	<b>1,071,481</b>

# Consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal Year Ended December 31, 2022	Previous Fiscal Year Ended December 31, 2021 (Reference)
<b>I Net sales</b>	<b>1,054,201</b>	<b>855,379</b>
<b>II Cost of sales</b>	<b>854,979</b>	<b>678,061</b>
Gross profit	199,221	177,318
<b>III Selling, general and administrative expenses</b>	<b>159,539</b>	<b>134,425</b>
Operating income	39,682	42,893
<b>IV Non-operating income</b>	<b>7,774</b>	<b>6,835</b>
Interest income	1,968	1,223
Dividends income	465	401
Foreign exchange gains	750	250
Equity in earnings of affiliates	2,368	2,943
Other	2,223	2,017
<b>V Non-operating expenses</b>	<b>7,510</b>	<b>5,970</b>
Interest expenses	4,512	2,176
Other	2,998	3,794
<b>Ordinary income</b>	<b>39,946</b>	<b>43,758</b>
<b>VI Extraordinary income</b>	<b>2,819</b>	<b>1,251</b>
Settlement income	1,077	—
Gain on sales of non-current assets	957	482
Gain on sales of investment securities	445	—
Insurance income	340	—
Gain on sales of shares and investments in capital of subsidiaries and affiliates	—	769
<b>VII Extraordinary losses</b>	<b>7,586</b>	<b>12,897</b>
Severance costs	3,514	522
Loss on disposal of non-current assets	2,407	3,139
Impairment losses	1,107	1,563
Loss on withdrawal from business	559	—
Acquisition-related expenses	—	6,911
Loss on disaster	—	463
Provision for environmental measures	—	300
<b>Income before income taxes</b>	<b>35,179</b>	<b>32,112</b>
Income taxes - current	12,449	13,609
Income taxes - deferred	4,081	12,041
<b>Net income</b>	<b>18,649</b>	<b>6,462</b>
Net income attributable to non-controlling interests	1,039	2,097
<b>Net income attributable to owners of the parent</b>	<b>17,610</b>	<b>4,365</b>

# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2022	Previous Fiscal Year As of December 31, 2021 (Reference)	Accounts	Current Fiscal Year As of December 31, 2022	Previous Fiscal Year As of December 31, 2021 (Reference)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>I Current assets</b>	<b>181,999</b>	<b>158,017</b>	<b>I Current liabilities</b>	<b>234,636</b>	<b>219,066</b>
Cash and deposits	16,433	11,316	Electronically recorded obligations	10,633	10,349
Notes receivable - trade	3,032	3,818	Accounts receivable - trade	70,263	60,766
Electronically recorded monetary claims	5,254	4,477	Short-term loans payable	64,067	102,971
Accounts receivable - trade	68,955	66,908	Commercial paper	30,000	—
Merchandise and finished goods	29,431	23,934	Current portion of bonds payable	30,000	20,000
Work in process	5,134	4,695	Accounts payable - other	24,730	16,445
Raw materials and supplies	12,141	9,569	Income taxes payable	49	2,619
Advance payments - trade	1,509	633	Provision for bonuses	3,811	4,299
Prepaid expenses	2,112	2,042	Provision for directors' bonuses	56	63
Short-term loans receivable	7,882	6,108	Provision for environmental measures	14	300
Accounts receivable - other	29,017	23,925	Accrued expenses	382	431
Other	1,107	598	Advances received	138	173
Allowance for doubtful accounts	(8)	(7)	Deposits received	58	82
			Other	435	568
<b>II Non-current assets</b>	<b>698,586</b>	<b>671,888</b>	<b>II Non-current liabilities</b>	<b>327,803</b>	<b>291,548</b>
<b>Property, plant and equipment</b>	<b>100,911</b>	<b>98,957</b>	Bonds payable	110,000	140,000
Buildings	32,959	32,157	Long-term loans payable	209,300	145,500
Structures	6,678	6,560	Provision for retirement benefits	24	20
Machinery and equipment	22,547	23,659	Provision for stock payments	436	230
Vehicles	116	146	Provision for loss on business of subsidiaries and affiliates	21	287
Tools, furniture and fixtures	5,748	5,291	Provision for environmental measures	168	—
Land	27,526	27,551	Asset retirement obligations	638	638
Construction in progress	5,336	3,593	Deferred tax liabilities	3,852	1,369
			Other	3,364	3,504
<b>Intangible assets</b>	<b>10,121</b>	<b>4,199</b>	<b>Total liabilities</b>	<b>562,438</b>	<b>510,613</b>
Software	9,752	3,598			
Other	369	600	<b>(Net assets)</b>		
<b>Investments and other assets</b>	<b>587,554</b>	<b>568,732</b>	<b>I Shareholders' equity</b>	<b>317,975</b>	<b>317,172</b>
Investment securities	14,558	14,592	<b>Capital stock</b>	<b>96,557</b>	<b>96,557</b>
Stocks of subsidiaries and affiliates	485,564	481,447	<b>Capital surplus</b>	<b>94,156</b>	<b>94,156</b>
Investments in capital of subsidiaries and affiliates	32,246	22,512	Legal capital surplus	94,156	94,156
Long-term loans receivable	5	5	<b>Retained earnings</b>	<b>129,048</b>	<b>128,239</b>
Prepaid pension cost	35,836	31,745	Other retained earnings		
Other	19,491	18,577	Reserve for tax deferment of subsidies	86	101
Allowance for doubtful accounts	(146)	(146)	Reserve for tax deferment of insurance gains	150	27
			Reserve for special account for tax deferment of insurance gains	—	129
			Reserve for tax deferment of capital gains from eminent domain	793	814
			Reserve for reduction entry of replaced property	3,916	4,136
			Retained earnings brought forward	124,103	123,032
			<b>Treasury shares</b>	<b>(1,785)</b>	<b>(1,780)</b>
			<b>II Valuation and translation adjustments</b>	<b>172</b>	<b>2,119</b>
			Valuation difference on available-for- sale securities	5,039	5,047
			Deferred gains or losses on hedges	(4,867)	(2,927)
<b>Total assets</b>	<b>880,585</b>	<b>829,904</b>	<b>Total net assets</b>	<b>318,147</b>	<b>319,291</b>
			<b>Total liabilities and net assets</b>	<b>880,585</b>	<b>829,904</b>

# Non-Consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal Year Ended December 31, 2022	Previous Fiscal Year Ended December 31, 2021 (Reference)
I Net sales	246,495	231,550
II Cost of sales	202,314	184,441
Gross profit	44,182	47,109
III Selling, general and administrative expenses	36,004	35,472
Operating income	8,178	11,637
IV Non-operating income	8,666	16,022
Interest income	80	116
Dividends income	5,806	13,871
Foreign exchange gains	1,507	907
Other	1,273	1,129
V Non-operating expenses	3,124	3,693
Interest expenses	2,208	1,831
Other	916	1,863
Ordinary income	13,720	23,966
VI Extraordinary income	440	11,055
Gain on sales of investment securities	440	—
Gain on sales of shares and investments in capital of subsidiaries and affiliates	—	11,055
VII Extraordinary losses	1,317	2,903
Loss on disposal of non-current assets	807	876
Impairment losses	510	257
Loss on valuation of stocks of subsidiaries and affiliates	—	771
Acquisition-related expenses	—	699
Provision for environmental measures	—	300
Income before income taxes	12,843	32,118
Income taxes - current	(760)	3,583
Income taxes - deferred	3,316	(1,276)
Net income	10,287	29,811

# Audit Reports

## Audit Report of the Accounting Auditor for the Consolidated Financial Statements

(TRANSLATION)

### INDEPENDENT AUDITOR'S REPORT

March 2, 2023

To the Board of Directors of  
DIC Corporation:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Takaya Otake

Designated Engagement Partner,  
Certified Public Accountant:

Teppei Yamamoto

#### 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, 2022, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2022 to December 31, 2022, 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, 2022, 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.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**(TRANSLATION)**

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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.

**(TRANSLATION)**

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. The other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

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

(TRANSLATION)

### INDEPENDENT AUDITOR'S REPORT

March 2, 2023

To the Board of Directors of  
DIC Corporation:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Takaya Otake

Designated Engagement Partner,  
Certified Public Accountant:

Teppei Yamamoto

#### 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, 2022, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 125th fiscal year from January 1, 2022 to December 31, 2022, 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, 2022, 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.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**(TRANSLATION)**

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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.

**(TRANSLATION)**

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. In addition, the other information in "the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.

## 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 125th fiscal year from January 1, 2022 to December 31, 2022 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 provided by the Companies Act that it had established "a system to ensure that the performance of the duties of the Accounting Auditor" provided by the Companies Act 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 2, 2023

The Audit & Supervisory Board of DIC Corporation

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



**1**  
Akihiro Ikushima

**2**  
Hiroyuki Ninomiya

**3**  
Michiko Chiba

**4**  
Keita Nagura

