

4631.T : Tokyo Stock Exchange

DIC Corporation

Consolidated Financial Results
FY2023: Nine Months Ended September 30

November 2023



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



DIC Corporation

Highlights

FY2023 nine months results

Net sales

¥781.6 billion

YoY **-1.7%**

Operating income

¥13.2 billion

YoY **-59.9%**

FY2023 forecasts

- Forecasts have been revised down.
- Forecast for annual dividends per share remains unchanged at ¥80.00.

- In the Color & Display segment, pigments were affected by prolonged economic stagnation in Europe, a leading market for these products, and rising prices in the United States, which depressed demand for consumer goods. As a result, pigments for coatings and for plastics continued to decline.
- In the Functional Products segment, signs of improvement were seen in shipments of digital materials, used principally in electrical and electronics equipment and in displays, and of industrial materials,* used primarily in mobility solutions, owing to progress in resolving surplus inventories across the supply chain. Nonetheless, sales remained lackluster overall, as demand remained in recovery mode.
 - * DIC uses the term “industrial materials” to describe products for use in mobility solutions, namely, automobiles, railroads and shipping, and for general industrial applications such as construction equipment and industrial machinery.
- Operating income fell sharply. This was due largely to sinking shipments of pigments, mainly those for coatings and for plastics, and of high-value-added digital materials and materials used in mobility solutions, as well as to the temporary suspension of operations at certain production sites in the United States and Europe, a move aimed at paring inventories of pigments.
- With a full recovery in demand likely to take some time, the forecast for full-term consolidated net sales was revised downward, to ¥1,050.0 billion.
- Demand for pigments remains stubbornly sluggish, a consequence of prolonged economic stagnation in Europe and rising prices in the United States. Owing to the extension of operational adjustments at certain pigment production sites, the forecast for full-term consolidated operating income was revised downward, to ¥15.0 billion.
- The forecast for annual cash dividends per share remains unchanged at ¥80.00.

The fiscal year of all overseas and domestic companies in the DIC Group ends on December 31. This document presents consolidated results for the first nine months of fiscal year 2023, ended September 30, 2023.

FY2023 forecasts: Segment operating income

(Billion yen)

| | Forecasts Published in August | FY2023 | | | Forecasts Published in November | Difference |
|------------------------------------|-------------------------------------|--------|-------|-----------------|---------------------------------------|------------|
| | | 1H | 3Q | 4Q Forecasts | | |
| Packaging & Graphic | 20.0 | 8.3 | 5.6 | 5.3 | 19.2 | -0.8 |
| Color & Display | (1.6) | (0.1) | (4.3) | (5.2) | (9.7) | -8.0 |
| Functional Products | 17.8 | 6.7 | 4.6 | 4.6 | 15.8 | -2.0 |
| Others, Corporate and eliminations | (11.2) | (4.8) | (2.7) | (2.8) | (10.3) | 0.8 |
| Total | 25.0 | 10.0 | 3.2 | 1.8 | 15.0 | -10.0 |

- Thanks to an improvement in profitability, underpinned by efforts to maintain prices overseas and the progress of price adjustments in Japan for printing inks, operating income is expected to be close to the previous forecast.
- Despite indications that demand, particularly in the Americas and Europe, has bottomed out, actual demand lacks strength and a recovery is likely to be delayed until fiscal year 2024. Production adjustments were implemented at certain sites again in the fourth quarter as a priority was placed on the reduction of inventories.
- Progress has been made in the resolution of surplus inventories across the supply chain and while shipments are trending toward recovery, the pace thereof is slower than previously expected.

Year-on-year changes in quarterly shipments of principal products by segment

Packaging & Graphic (Packaging inks, Publication inks*)

| 2022 | | | | 2023 | | |
|---------|---------|---------|---------|---------|---------|---------|
| Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep |
| +0% | -0% | -4% | -9% | -8% | -10% | -8% |

- Shipments stagnated, as rising prices led to sluggish demand for consumer goods.
- Thanks to efforts to expand sales, shipments of packaging inks and publication inks in the People's Republic of China (PRC) began to rise in the third quarter (July–September).

* Includes news inks

Color & Display (Pigments*)

| 2022 | | | | 2023 | | |
|---------|---------|---------|---------|---------|---------|---------|
| Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep |
| -5% | -11% | -19% | -28% | -18% | -17% | -11% |

- Demand remained weak in Europe and the United States. Despite signs that shipments had bottomed out, actual demand lacks strength and a recovery is likely to be delayed until fiscal year 2024 or later.

* The results of the C&E pigments business are excluded from year-on-year calculations for fiscal year 2022 but included in those for fiscal year 2023.

Functional Products (Performance Materials products*)

| 2022 | | | | 2023 | | |
|---------|---------|---------|---------|---------|---------|---------|
| Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep |
| -6% | -6% | -5% | -10% | -15% | -10% | -4% |

- In industrial materials, used primarily in mobility solutions, progress in resolving surplus inventories progressed and shipments recovered gradually.

* The results of listed subsidiaries, Guangdong TOD, acquired in July 2022, and PCAS Canada, acquired in June 2023, are excluded.

Consolidated statement of income

| (Billion yen) | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis |
|--|------------------|------------------|--------------|---------------|--|
| Net sales | 795.2 | 781.6 | -13.5 | -1.7% | -5.7% |
| Cost of sales | (639.1) | (640.0) | -0.9 | | |
| Selling, general and administrative expenses | (123.2) | (128.5) | -5.3 | | |
| Operating income | 32.9 | 13.2 | -19.7 | -59.9% | -57.3% |
| Operating margin | 4.1% | 1.7% | - | | |
| Interest expenses | (1.6) | (4.0) | -2.4 | | |
| Equity in earnings (losses) of affiliates | 1.8 | 1.8 | -0.1 | | |
| Foreign exchange gains (losses) | 2.6 | (1.1) | -3.7 | | |
| Other, net | (0.1) | (0.6) | -0.6 | | |
| Ordinary income | 35.6 | 9.1 | -26.5 | -74.3% | — |
| Extraordinary income | 2.4 | 1.9 | -0.4 | | |
| Extraordinary losses | (5.8) | (4.1) | 1.7 | | |
| Income before income taxes | 32.2 | 7.0 | -25.2 | | |
| Income taxes | (13.2) | (9.1) | 4.2 | | |
| Net income | 18.9 | (2.1) | -21.0 | | |
| Net income attributable to non-controlling interests | (1.1) | (0.7) | 0.4 | | |
| Net income attributable to owners of the parent | 17.8 | (2.8) | -20.6 | Loss | — |
| EBITDA* | 68.1 | 49.3 | -18.7 | -27.5% | — |

| | 2022 9 Months | 2023 9 Months |
|--|------------------|------------------|
| Extraordinary income and losses | | |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0.9 | 1.0 |
| Gain on sales of investment securities | 0.4 | 0.6 |
| Insurance claim income | - | 0.3 |
| Settlement income | 1.1 | - |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | (1.6) | (1.6) |
| Severance costs | (2.6) | (1.5) |
| Impairment losses | (1.1) | (1.0) |
| Loss on withdrawal from business | (0.6) | - |

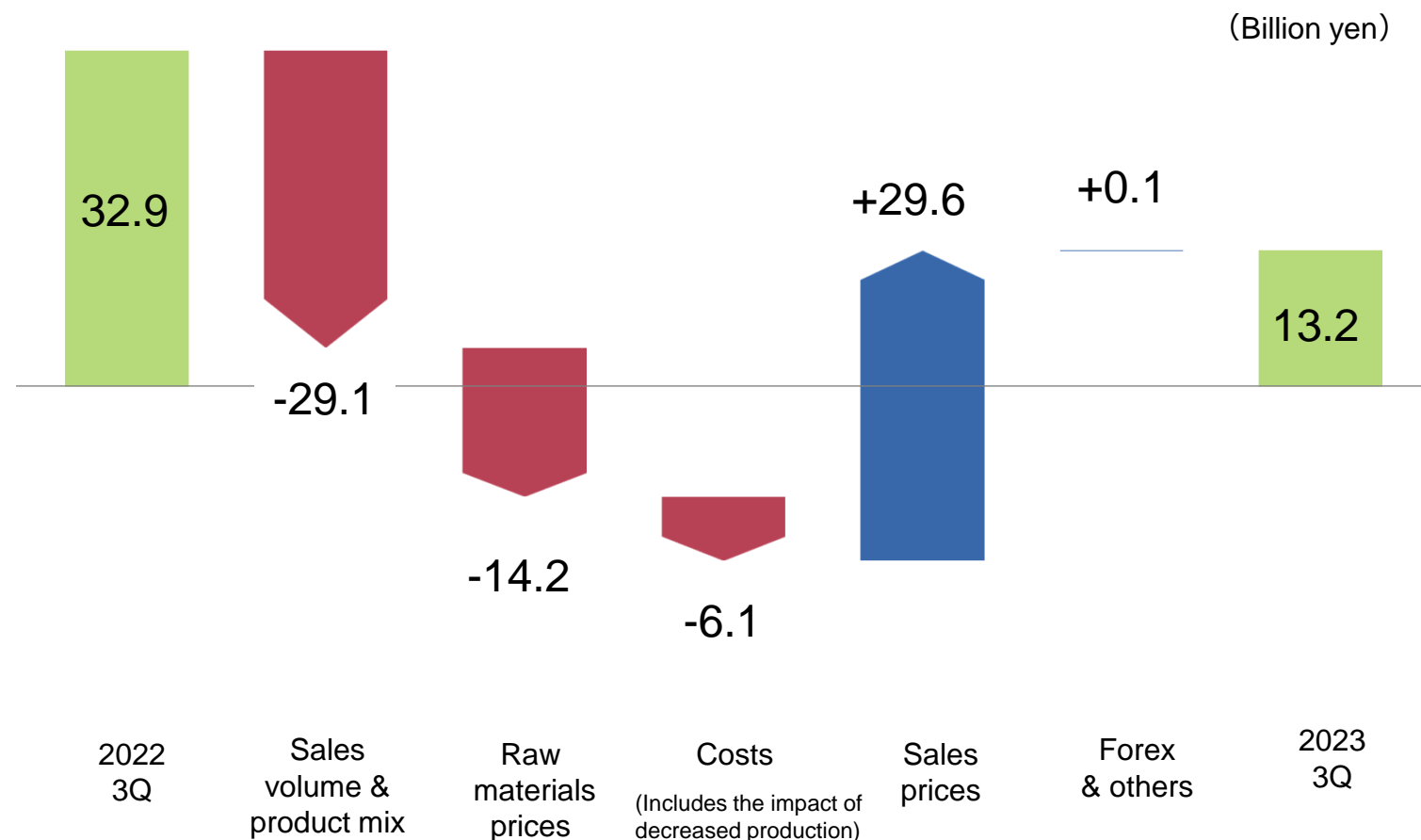
■ Average rate

| | 2022 9 Months | 2023 9 Months |
|----------|------------------|------------------|
| Yen/US\$ | 127.87 | 138.81 |
| Yen/EUR | 136.26 | 150.37 |

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

Operating income variance

- Shipments of pigments decreased substantially, owing to economic stagnation in Europe, a leading market for these products. The sharp decline in operating income also reflected the temporary suspension of operations at certain production sites in the United States and Europe, a move undertaken with the aim of paring inventories.



Financial health

- Cash provided by operating activities improved significantly, thanks to the reduction of inventories in the United States and Europe.
- Net interest-bearing debt at the end of the third quarter was ¥485.3 billion, down from ¥501.4 billion at the end of the second quarter.
- DIC's goal is to reduce interest-bearing debt to ¥468.0 billion at the end of fiscal year 2023 by further trimming working capital.

| (Billion yen) | Dec 31 2022 | Sep 30 2023 | Change |
|---------------------------|----------------|----------------|--------|
| Net interest-bearing debt | 445.9 | 485.3 | 39.4 |
| Shareholders' equity | 387.0 | 418.5 | 31.5 |
| Net D/E ratio * (Times) | 1.15 | 1.16 | |
| Equity ratio | 30.7% | 31.2% | |
| BPS (Yen) | 4,088.60 | 4,420.94 | |

* Net D/E ratio: Net Interest-bearing debt / Shareholders' equity

■ Closing rate

| | Dec 31 2022 | Sep 30 2023 |
|----------|----------------|----------------|
| Yen/US\$ | 132.63 | 149.17 |

Segment results

| (Billion yen) | Net sales | | | | | Operating income | | | | | Operating margin | |
|------------------------------------|------------------|------------------|--------|----------|---|------------------|------------------|--------|----------|---|------------------|------------------|
| | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months |
| Packaging & Graphic | 397.3 | 405.0 | 7.6 | + 1.9% | -2.4% | 13.8 | 13.9 | 0.1 | + 0.7% | + 3.3% | 3.5% | 3.4% |
| Japan | 95.5 | 91.7 | -3.8 | -4.0% | -4.0% | 3.4 | 2.9 | -0.5 | -15.8% | -15.8% | 3.6% | 3.1% |
| The Americas and Europe | 251.2 | 262.6 | 11.4 | + 4.6% | -1.5% | 8.3 | 8.2 | -0.0 | -0.4% | + 4.5% | 3.3% | 3.1% |
| Asia and Oceania | 62.6 | 60.8 | -1.8 | -2.9% | -6.3% | 2.2 | 2.8 | 0.6 | + 25.7% | + 23.2% | 3.5% | 4.5% |
| Eliminations | (12.0) | (10.2) | 1.8 | - | - | (0.1) | 0.0 | 0.1 | - | - | - | - |
| Color & Display | 195.3 | 175.6 | -19.7 | -10.1% | -15.9% | 7.2 | (4.4) | -11.6 | Loss | Loss | 3.7% | - |
| Japan | 27.2 | 24.3 | -2.9 | -10.7% | -10.7% | 4.1 | 3.4 | -0.7 | -16.5% | -16.5% | 15.1% | 14.1% |
| Overseas | 179.1 | 162.4 | -16.7 | -9.3% | -16.0% | 3.0 | (7.9) | -10.9 | Loss | Loss | 1.7% | - |
| Eliminations | (11.1) | (11.1) | -0.0 | - | - | 0.0 | (0.0) | -0.0 | - | - | - | - |
| Functional Products | 234.5 | 228.8 | -5.7 | -2.4% | -4.4% | 18.8 | 11.2 | -7.6 | -40.4% | -41.8% | 8.0% | 4.9% |
| Japan | 161.4 | 151.4 | -10.0 | -6.2% | -6.2% | 12.3 | 4.6 | -7.7 | -62.5% | -62.5% | 7.6% | 3.0% |
| Overseas | 96.4 | 97.4 | 1.0 | + 1.0% | -4.0% | 6.7 | 6.6 | -0.1 | -1.0% | -6.7% | 6.9% | 6.8% |
| Eliminations | (23.3) | (20.0) | 3.3 | - | - | (0.1) | 0.0 | 0.1 | - | - | - | - |
| Others, Corporate and eliminations | (32.0) | (27.7) | 4.2 | - | - | (7.0) | (7.5) | -0.5 | - | - | - | - |
| Total | 795.2 | 781.6 | -13.5 | -1.7% | -5.7% | 32.9 | 13.2 | -19.7 | -59.9% | -57.3% | 4.1% | 1.7% |
| Yen/US\$ | 127.87 | 138.81 | | + 8.6% | | 127.87 | 138.81 | | + 8.6% | | | |
| Yen/EUR | 136.26 | 150.37 | | + 10.4% | | 136.26 | 150.37 | | + 10.4% | | | |

Packaging & Graphic

Net sales

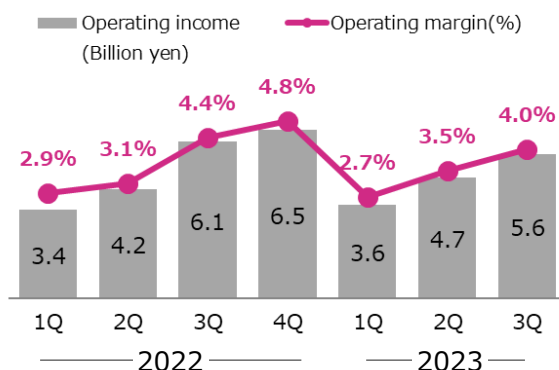
- Shipments declined as rising prices depressed demand for consumer goods. Thanks to efforts to cultivate new customers, shipments in the PRC began to rise in the third quarter (July–September).

Operating income

- In Japan, operating income decreased as shipments of high-value-added jet inks were sluggish.
- In the Americas and Europe, operating income was level as a consequence of the depreciation of emerging market currencies, despite rising on a local currency basis thanks to moves to maintain sales prices.
- In Asia, operating income was boosted by efforts to increase sales of packaging inks and publication inks in the PRC.

| (Billion yen) | Net sales | | | | | Operating income | | | | | Operating margin | |
|-------------------------|------------------|------------------|--------|----------|---|------------------|------------------|--------|----------|---|------------------|------------------|
| | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months |
| Packaging & Graphic | 397.3 | 405.0 | 7.6 | + 1.9% | -2.4% | 13.8 | 13.9 | 0.1 | + 0.7% | + 3.3% | 3.5% | 3.4% |
| Japan | 95.5 | 91.7 | -3.8 | -4.0% | -4.0% | 3.4 | 2.9 | -0.5 | -15.8% | -15.8% | 3.6% | 3.1% |
| The Americas and Europe | 251.2 | 262.6 | 11.4 | + 4.6% | -1.5% | 8.3 | 8.2 | -0.0 | -0.4% | + 4.5% | 3.3% | 3.1% |
| Asia and Oceania | 62.6 | 60.8 | -1.8 | -2.9% | -6.3% | 2.2 | 2.8 | 0.6 | + 25.7% | + 23.2% | 3.5% | 4.5% |
| Eliminations | (12.0) | (10.2) | 1.8 | - | - | (0.1) | 0.0 | 0.1 | - | - | - | - |

Operating income/margin



Sales of principal products

| | % Change | |
|-------------------|-------------|---|
| Packaging inks* | -1% | Shipments declined in all regions, except the PRC, as rising prices depressed demand for consumer goods. Nonetheless, sales were level, thanks to efforts to modify sales prices. |
| Publication inks* | -4% | In Japan, efforts were made to adjust sales prices, but sales were down in the Americas and Europe, as well as in Asia. |
| Jet inks | + 1% | Shipments decreased, owing to flagging demand from overseas customers, but sales were level after translation thanks to a weak yen. |
| Polystyrene | -13% | Rising food prices depressed demand for use in food packaging, resulting in a decline in sales. |
| Multilayer films | + 5% | Rising food prices depressed demand for use in food packaging, but sales rose thanks to efforts to adjust sales prices, which boosted unit prices. |

*Change on a local currency basis

Color & Display

Net sales

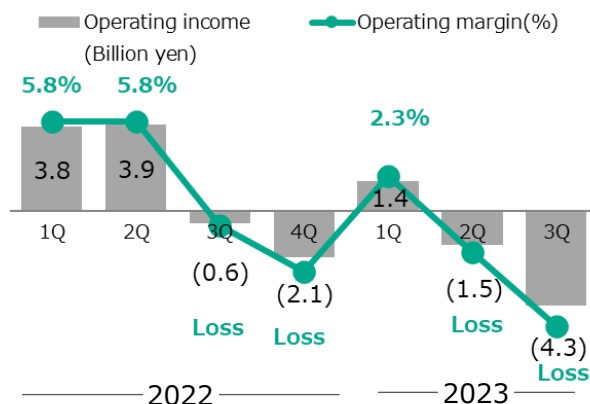
- Segment sales declined as demand for pigments shrank. Shipments, notably of pigments for coatings and for plastics were down, with contributing factors including economic stagnation in Europe, a leading market for these products, rising prices in the United States and ongoing moves by customers to adjust inventories. Among pigments for coatings, the impact of economic stagnation was particularly felt by pigments for use in building materials and for industrial applications.

Operating income

- Demand for pigments remained stubbornly sluggish, a consequence of high interest rates and persistent inflation in Europe and the Americas. The temporary suspension of operations at certain production sites in the United States and Europe, a move aimed at paring inventories, also caused results to plummet. Steps will be taken to optimize inventory levels and rationalize costs with the objective of promptly repositioning the segment on a growth trajectory.

| (Billion yen) | Net sales | | | | | Operating income | | | | | Operating margin | |
|-----------------|------------------|------------------|--------|----------|---|------------------|------------------|--------|----------|---|------------------|------------------|
| | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months |
| Color & Display | 195.3 | 175.6 | -19.7 | -10.1% | -15.9% | 7.2 | (4.4) | -11.6 | Loss | Loss | 3.7% | - |
| Japan | 27.2 | 24.3 | -2.9 | -10.7% | -10.7% | 4.1 | 3.4 | -0.7 | -16.5% | -16.5% | 15.1% | 14.1% |
| Overseas | 179.1 | 162.4 | -16.7 | -9.3% | -16.0% | 3.0 | (7.9) | -10.9 | Loss | Loss | 1.7% | - |
| Eliminations | (11.1) | (11.1) | -0.0 | - | - | 0.0 | (0.0) | -0.0 | - | - | - | - |

Operating income/margin



Sales of principal products

| | % Change | |
|------------------------|-------------|--|
| Pigments for coatings | + 2% | Demand fell, owing to economic stagnation, which pushed down shipments, but sales were up after translation thanks to a weak yen. |
| plastics | + 3% | Demand fell, owing to economic stagnation, which pushed down shipments, but sales were up after translation thanks to a weak yen. |
| printing inks | -8% | Demand fell, owing to economic stagnation, which pushed down shipments. |
| cosmetics | + 20% | Sales flagged in the United States and Europe, a consequence of deteriorating business confidence. In Asia, demand continued to rally. |
| displays | + 22% | Shipments of pigments for displays recovered to a normal level, as display manufacturers completed inventory adjustments. |
| specialty applications | + 7% | Shipments flagged for agricultural use, owing to inventory adjustments by customers, and shipments for use in building materials continued to slump in Europe, but sales were up after translation into yen. |
| Health food | -10% | Demand decreased, owing to slowing economic growth in the United States and Europe. |

Functional Products

Net sales

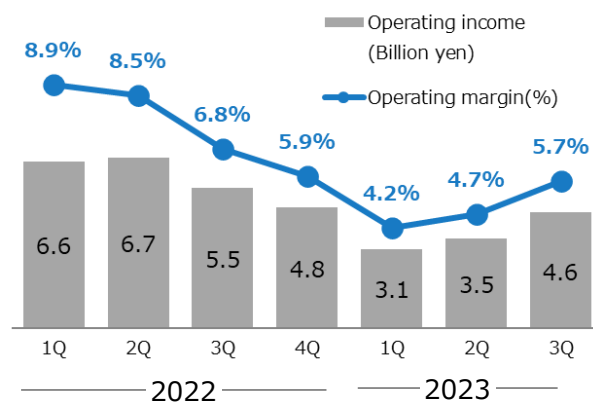
- With vehicle production recovering, shipments of materials for use in automobiles, including acrylic resins and polyphenylene sulfide (PPS) compounds picked up. The market for epoxy resins, the foremost application for which is semiconductors, showed signs of having bottomed out, and an upturn was seen in shipments of certain products. Nonetheless, the recovery in segment sales overall lacked strength and shipments remained generally low.

Operating income

- Despite shipments of most products bottoming out and profitability recovering, the pace of improvement remained slow. The substantial decrease in segment operating income also reflected sluggish shipments of high-value-added products.

| (Billion yen) | Net sales | | | | | Operating income | | | | | Operating margin | |
|---------------------|------------------|------------------|--------|----------|---|------------------|------------------|--------|----------|---|------------------|------------------|
| | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months | Change | % Change | % Change on a local currency basis | 2022 9 Months | 2023 9 Months |
| Functional Products | 234.5 | 228.8 | -5.7 | -2.4% | -4.4% | 18.8 | 11.2 | -7.6 | -40.4% | -41.8% | 8.0% | 4.9% |
| Japan | 161.4 | 151.4 | -10.0 | -6.2% | -6.2% | 12.3 | 4.6 | -7.7 | -62.5% | -62.5% | 7.6% | 3.0% |
| Overseas | 96.4 | 97.4 | 1.0 | + 1.0% | -4.0% | 6.7 | 6.6 | -0.1 | -1.0% | -6.7% | 6.9% | 6.8% |
| Eliminations | (23.3) | (20.0) | 3.3 | - | - | (0.1) | 0.0 | 0.1 | - | - | - | - |

Operating income/margin



Sales of principal products

| | % Change | | % Change |
|---------------------|-------------|---------------------------------------|-------------|
| Epoxy resins | -15% | polyphenylene sulfide (PPS) compounds | + 10% |
| Polyurethane resins | -11% | Industrial-use adhesive tapes | + 1% |
| Acrylic resins* | + 34% | Hollow-fiber membrane | + 8% |
| Waterborne resins* | + 1% | | |
| Polyester resins* | + 6% | | |
| UV-curable resins | -3% | | |

In epoxy resins, shipments are trending toward recovery for use in servers and base stations, but results remained sluggish. In materials for use in automobiles, a full-scale revival remained elusive, despite a gradual recovery in acrylic resins, waterborne resins and PPS compounds for this application.

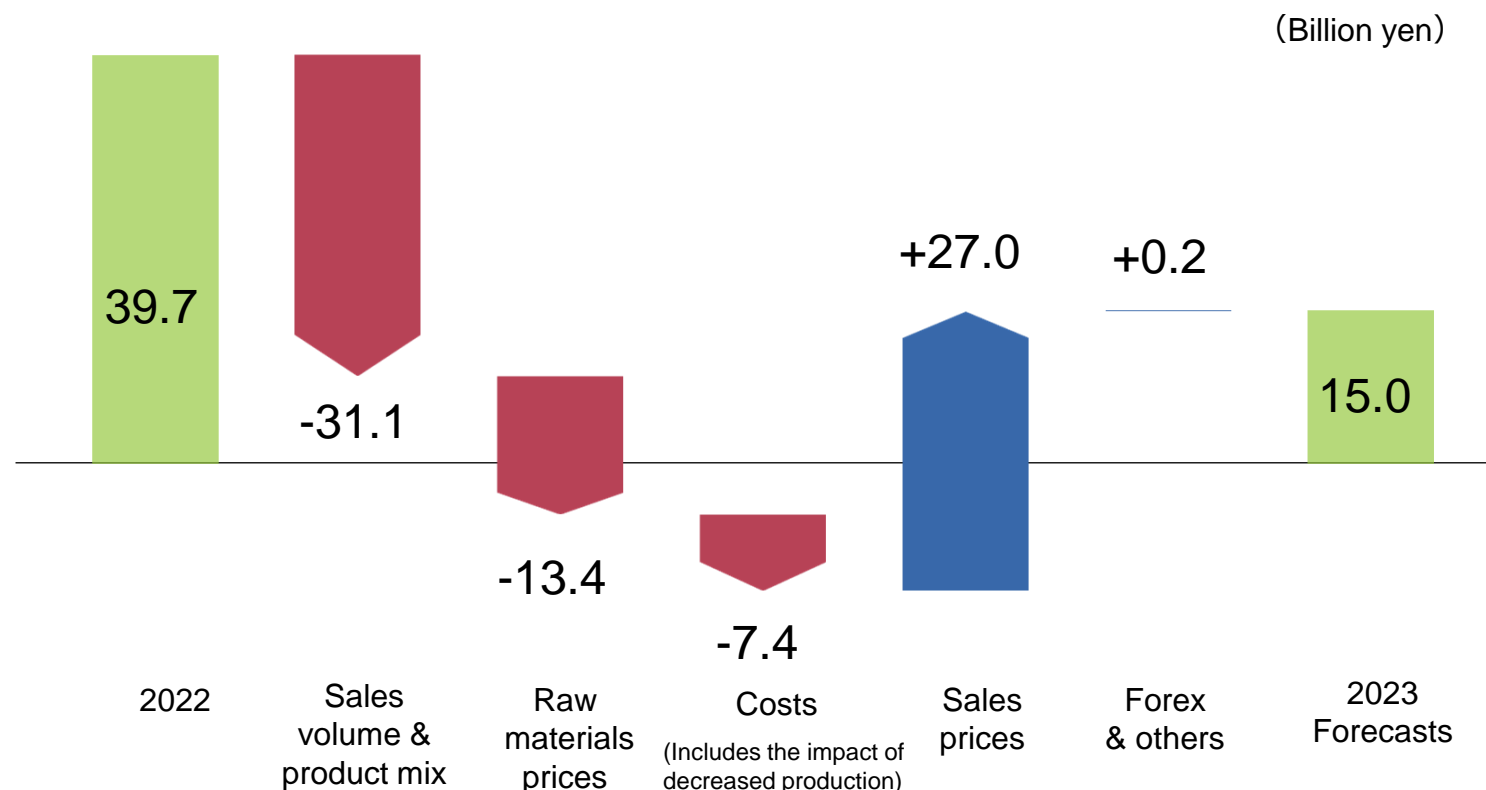
FY2023 forecasts: Full-term operating results

| (Billion yen) | | | | | | | | | |
|---|----------|---------|-------------------|----------|--|---------------|---|-------|-------------------|
| | | 2022 | 2023 Forecasts | % Change | % Change on a local currency basis | Old forecasts | | 2022 | 2023 Forecasts |
| Net sales | | 1,054.2 | 1,050.0 | -0.4% | -2.6% | 1,060.0 | ROIC ^{*2} | 3.6% | 1.2% |
| Operating income | | 39.7 | 15.0 | -62.2% | -56.5% | 25.0 | Net D/E ratio ^{*3} (times) | 1.15 | 1.13 |
| Operating margin | | 3.8% | 1.4% | — | — | 2.4% | Annual dividends per share (Yen) | 100.0 | 80.0 |
| Ordinary income | | 39.9 | 9.0 | -77.5% | | 20.0 | Payout ratio | 53.7% | — |
| Net income attributable to owners of the parent | | 17.6 | -9.0 | Loss | | 4.0 | ^{*2} ROIC: Operating income x (1–tax rate 28%) / (Net interest-bearing debt + Net assets) ^{*3} Net D/E ratio: Interest-bearing debt / Shareholders' equity | | |
| EPS (Yen) | | 186.05 | -95.08 | — | | 42.26 | | | |
| EBITDA ^{*1} | | 85.5 | 60.0 | -29.8% | | 70.0 | | | |
| Capital expenditure and investment | | 81.1 | 74.7 | -7.9% | | 82.7 | | | |
| Depreciation and amortization | | 48.8 | 53.0 | + 8.6% | | 50.0 | | | |
| Average rate | Yen/US\$ | 130.59 | 141.00 | + 8.0% | | 140.00 | | | |
| | Yen/EUR | 137.71 | 153.00 | + 11.1% | | 151.00 | | | |

^{*1} EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization + Amortization of goodwill

FY2023 forecasts : Operating income variance

- The DIC Group’s volume and product mix has deteriorated, owing to decreased shipments of pigments and of high-value-added products in the Functional Products segment.
- Operational adjustments at certain pigment production sites in the United States and Europe, undertaken to reduce inventories, are taking longer than expected, which is likely to amplify the impact of decreased production on income.
- Steps are being taken to ensure the sufficient reductions of high-cost inventories and additional rationalization measures are being implemented with the goal of achieving improved profitability in fiscal year 2024.



FY2023 forecasts: Full-term segment results

| (Billion yen) | Net sales | | | | Operating income | | | | Operating margin | | Old Forecasts | |
|------------------------------------|-----------|------------------|--------|----------|------------------|------------------|--------|----------|------------------|------------------|-------------------|------------------------------------|
| | 2022 | 2023 Forecast | Change | % Change | 2022 | 2023 Forecast | Change | % Change | 2022 | 2023 Forecast | 2023 Net Sales | 2023 Operating income forecasts |
| Packaging & Graphic | 533.0 | 546.9 | 13.9 | + 2.6% | 20.3 | 19.2 | -1.1 | -5.5% | 3.8% | 3.5% | 545.6 | 20.0 |
| Japan | 127.7 | 123.8 | -3.9 | -3.0% | 4.2 | 4.2 | -0.1 | -1.6% | 3.3% | 3.4% | 125.2 | 4.5 |
| The Americas and Europe | 337.4 | 353.5 | 16.1 | + 4.8% | 12.7 | 10.9 | -1.8 | -14.1% | 3.8% | 3.1% | 352.0 | 11.5 |
| Asia and Oceania | 84.1 | 82.8 | -1.3 | -1.5% | 3.4 | 4.2 | 0.7 | + 21.1% | 4.1% | 5.0% | 83.9 | 4.0 |
| Eliminations | (16.2) | (13.3) | 2.9 | - | (0.0) | 0.0 | 0.0 | - | - | - | (15.5) | 0.0 |
| Color & Display | 248.2 | 232.6 | -15.6 | -6.3% | 5.1 | (9.7) | -14.8 | Loss | 2.1% | - | 240.5 | (1.6) |
| Japan | 34.7 | 32.7 | -2.1 | -5.9% | 4.7 | 4.5 | -0.2 | -3.4% | 13.5% | 13.9% | 34.1 | 5.1 |
| Overseas | 227.1 | 213.7 | -13.5 | -5.9% | 0.3 | (14.2) | -14.6 | Loss | 0.1% | - | 220.2 | (6.8) |
| Eliminations | (13.7) | (13.8) | -0.1 | - | 0.1 | 0.0 | -0.1 | - | - | - | (13.8) | 0.0 |
| Functional Products | 315.4 | 307.8 | -7.6 | -2.4% | 23.6 | 15.8 | -7.8 | -33.1% | 7.5% | 5.1% | 314.2 | 17.8 |
| Japan | 216.9 | 202.3 | -14.6 | -6.7% | 14.7 | 6.9 | -7.8 | -53.2% | 6.8% | 3.4% | 204.7 | 9.0 |
| Overseas | 128.8 | 131.6 | 2.8 | + 2.2% | 8.9 | 8.9 | -0.0 | -0.2% | 6.9% | 6.8% | 135.1 | 8.8 |
| Eliminations | (30.3) | (26.1) | 4.2 | - | (0.0) | 0.0 | 0.0 | - | - | - | (25.6) | 0.0 |
| Others, Corporate and eliminations | (42.4) | (37.3) | 5.1 | - | (9.4) | (10.3) | -1.0 | - | - | - | (40.3) | (11.2) |
| Total | 1,054.2 | 1,050.0 | -4.2 | -0.4% | 39.7 | 15.0 | -24.7 | -62.2% | 3.8% | 1.4% | 1,060.0 | 25.0 |
| Yen/US\$ | 130.59 | 141.00 | | + 8.0% | 130.59 | 141.00 | | + 8.0% | | | 140.00 | 140.00 |
| Yen/EUR | 137.71 | 153.00 | | + 11.1% | 137.71 | 153.00 | | + 11.1% | | | 151.00 | 151.00 |

Major topics (August to November 2023)

News Releases
<https://www.dic-global.com/en/news/2023/>

Aug

DIC signs a partnership agreement with the city of Kobe to recycle polystyrene lactobacillus drink containers as part of its Japan Clean Ocean Material Alliance (CLOMA) working group activities.

- DIC will strengthen efforts to collaborate/liaise with other companies and local governments to promote the practical implementation of closed-loop recycling across the entire supply chain.

Sep

DIC resolves to divest listed consolidated subsidiary SEIKO PMC CORPORATION.

- Plans were announced for SEIKO PMC to acquire all of its shares held by DIC through a share repurchase.

Sep

DIC executes sustainability-linked loan with The Chiba Bank, Ltd.

Oct

DIC concludes a syndicated sustainability-linked loan for which Mizuho Bank, Ltd., will act as arranger.

Oct

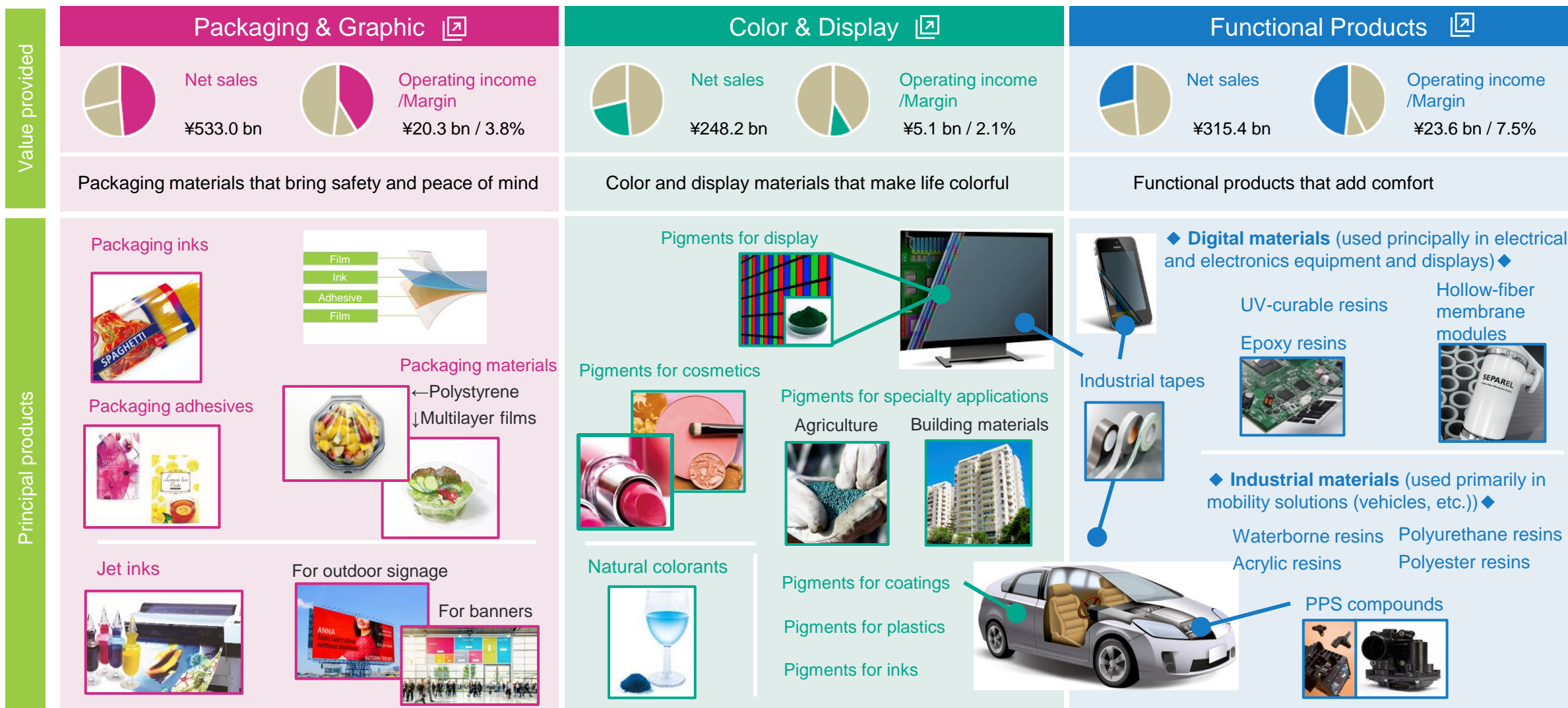
Changes to the Company's representative directors are announced.

Nov

An agreement is concluded to sell coatings for interior building materials business to a third party.

Business segments and principal products

Note: Fiscal year 2022 actual



Quarterly trends in segment results (Reference)

| (Billion yen) | Net sales | | | | | | | Operating Income | | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 Jan-Mar | 2022 Apr-Jun | 2022 Jul-Sep | 2022 Oct-Dec | 2023 Jan-Mar | 2023 Apr-Jun | 2023 Jul-Sep | 2022 Jan-Mar | 2022 Apr-Jun | 2022 Jul-Sep | 2022 Oct-Dec | 2023 Jan-Mar | 2023 Apr-Jun | 2023 Jul-Sep |
| Packaging & Graphic | 120.9 | 136.6 | 139.9 | 135.7 | 131.5 | 135.0 | 138.4 | 3.4 | 4.2 | 6.1 | 6.5 | 3.6 | 4.7 | 5.6 |
| Japan | 29.8 | 32.8 | 32.8 | 32.2 | 30.4 | 31.1 | 30.3 | 0.8 | 1.5 | 1.2 | 0.8 | 0.5 | 1.2 | 1.2 |
| The Americas and Europe | 75.3 | 86.8 | 89.1 | 86.2 | 86.2 | 87.3 | 89.1 | 2.1 | 2.3 | 3.9 | 4.4 | 2.6 | 2.9 | 2.7 |
| Asia and Oceania | 19.5 | 21.3 | 21.9 | 21.5 | 19.0 | 19.9 | 21.9 | 0.6 | 0.8 | 0.8 | 1.2 | 0.7 | 0.7 | 1.4 |
| Eliminations | (3.7) | (4.4) | (3.9) | (4.2) | (4.0) | (3.3) | (2.9) | 0.0 | (0.3) | 0.2 | 0.1 | (0.1) | (0.1) | 0.2 |
| Color & Display | 66.2 | 67.6 | 61.4 | 53.0 | 60.5 | 57.4 | 57.7 | 3.8 | 3.9 | (0.6) | (2.1) | 1.4 | (1.5) | (4.3) |
| Japan | 9.1 | 10.2 | 7.9 | 7.5 | 8.1 | 8.3 | 7.9 | 1.5 | 2.1 | 0.5 | 0.6 | 1.0 | 1.4 | 1.0 |
| Overseas | 61.0 | 61.3 | 56.9 | 48.0 | 55.5 | 53.3 | 53.6 | 2.4 | 1.7 | (1.1) | (2.7) | 0.4 | (2.9) | (5.3) |
| Eliminations | (3.8) | (3.8) | (3.4) | (2.6) | (3.1) | (4.2) | (3.8) | (0.1) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | (0.0) |
| Functional Products | 74.2 | 79.1 | 81.3 | 80.9 | 73.4 | 75.9 | 79.4 | 6.6 | 6.7 | 5.5 | 4.8 | 3.1 | 3.5 | 4.6 |
| Japan | 52.0 | 55.6 | 53.8 | 55.5 | 50.0 | 50.8 | 50.6 | 4.3 | 4.6 | 3.3 | 2.4 | 1.1 | 1.3 | 2.1 |
| Overseas | 29.5 | 31.7 | 35.2 | 32.4 | 29.8 | 31.9 | 35.7 | 2.3 | 2.2 | 2.2 | 2.3 | 1.9 | 2.1 | 2.6 |
| Eliminations | (7.3) | (8.2) | (7.8) | (7.0) | (6.4) | (6.8) | (6.9) | 0.0 | (0.1) | 0.0 | 0.1 | 0.0 | 0.1 | (0.1) |
| Others, Corporate and eliminations | (10.3) | (12.8) | (8.8) | (10.5) | (10.2) | (8.3) | (9.2) | (2.1) | (2.7) | (2.2) | (2.4) | (2.1) | (2.7) | (2.7) |
| Total | 251.0 | 270.5 | 273.7 | 259.0 | 255.2 | 260.1 | 266.3 | 11.7 | 12.2 | 8.9 | 6.8 | 6.0 | 4.0 | 3.2 |

Consolidated balance sheet (Reference)

| (Billion yen) | Dec 31 2022 | Sep 30 2023 | Change |
|---|----------------|----------------|-------------|
| Current assets | 660.0 | 680.7 | 20.8 |
| Property, plant and equipment | 353.5 | 388.8 | 35.3 |
| Intangible assets | 78.8 | 92.8 | 14.1 |
| Investments and other assets | 169.4 | 180.6 | 11.3 |
| Total assets | 1,261.6 | 1,343.0 | 81.4 |
| Current liabilities | 389.9 | 409.7 | 19.8 |
| Non-current liabilities | 450.7 | 479.3 | 28.7 |
| Total liabilities | 840.5 | 889.0 | 48.4 |
| Shareholders' equity | 411.8 | 399.6 | -12.2 |
| Accumulated other comprehensive income | (24.8) | 18.9 | 43.7 |
| [Foreign currency translation adjustment] | [(17.3)] | [29.3] | [46.6] |
| Non-controlling interests | 34.1 | 35.5 | 1.5 |
| Total net assets | 421.1 | 454.0 | 32.9 |
| Total liabilities and net assets | 1,261.6 | 1,343.0 | 81.4 |
| Interest-bearing debt | 509.3 | 571.5 | 62.2 |
| Cash and deposits | 63.4 | 86.2 | 22.8 |
| Net interest-bearing debt | 445.9 | 485.3 | 39.4 |

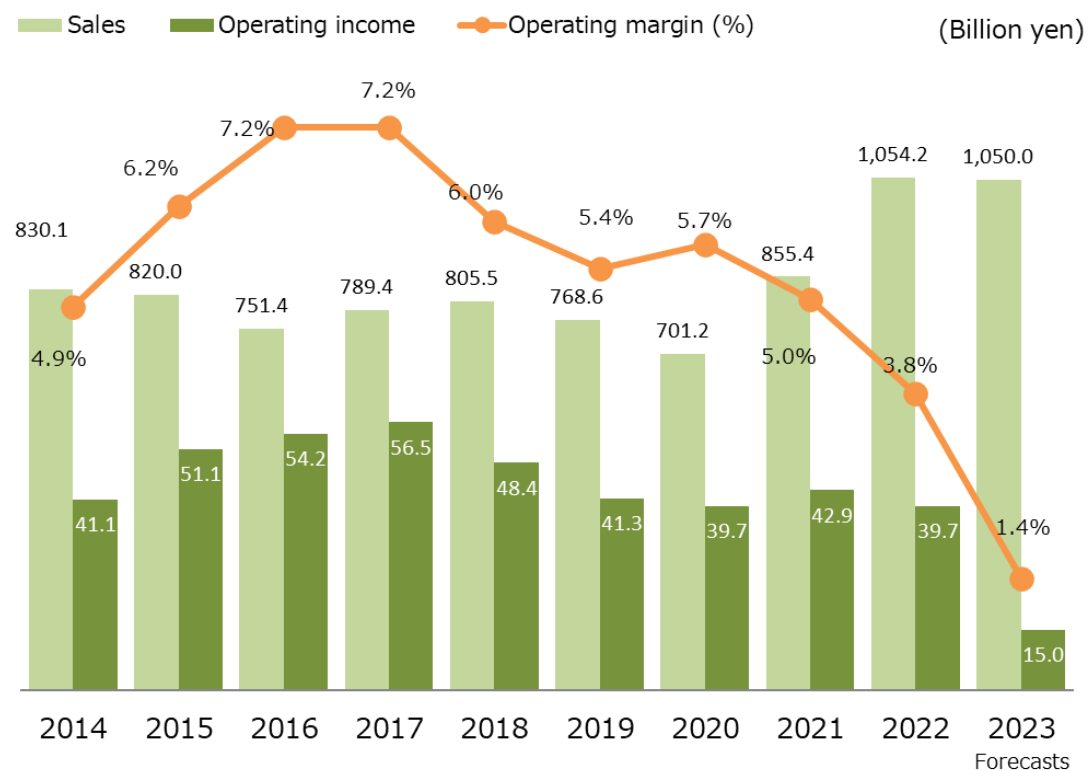
Consolidated statement of cash flows (Reference)

| (Billion yen) | 2022 9 Months | 2023 9 Months | Change |
|---|------------------|------------------|-------------|
| Cash flows from operating activities | (19.1) | 40.1 | 59.2 |
| Cash flows from investing activities | (59.9) | (59.9) | 0.1 |
| Cash flows from financing activities | 89.1 | 34.7 | -54.4 |
| Cash and cash equivalents at end of the period | 67.8 | 82.6 | 14.8 |
| Free cash flow | (79.0) | (19.8) | 59.2 |
| Increase (decrease) in working capital | (65.5) | 21.1 | 86.7 |
| Capital expenditure and investment | 65.8 | 59.8 | -6.0 |
| Depreciation and amortization, Amortization of goodwill | 35.4 | 39.0 | 3.6 |

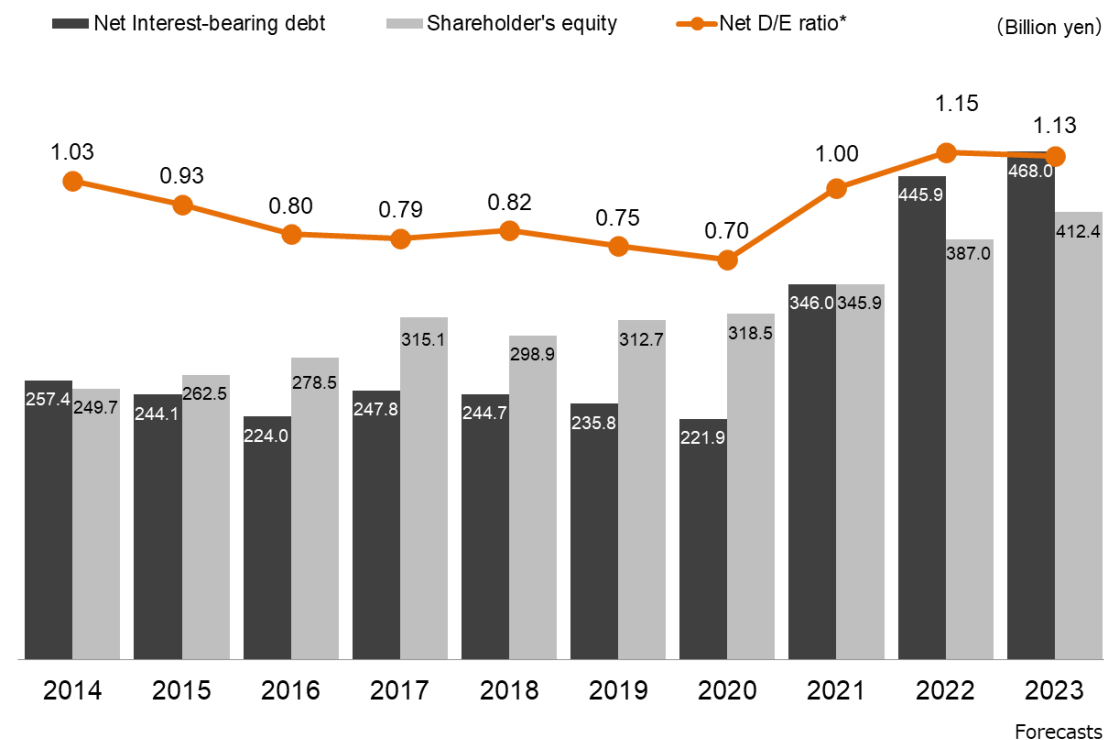
Note: Consolidated statement of cash flows fall outside the scope of required disclosure. Accordingly, these figures are provided for reference only.

Historical performance data (Reference)

Operating results



Financial health

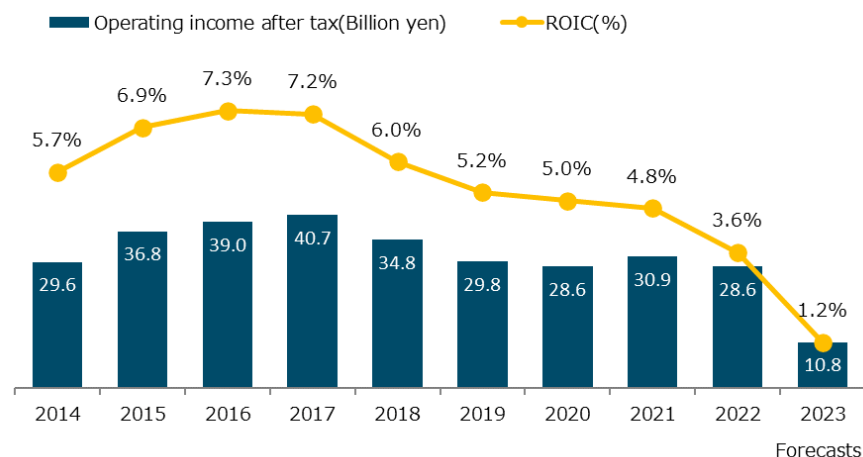


* Net D/E ratio: Interest-bearing debt / Shareholders' equity

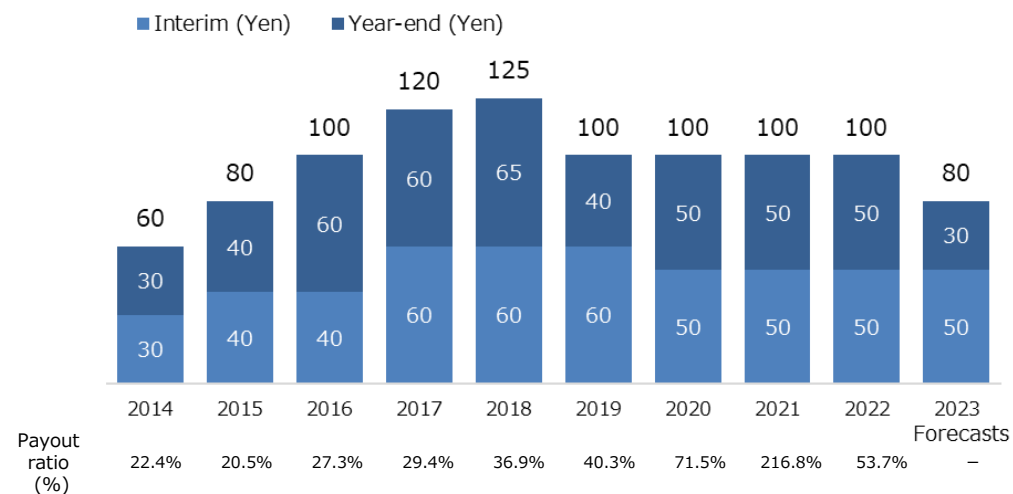
Historical performance data (Reference)

ROIC*

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



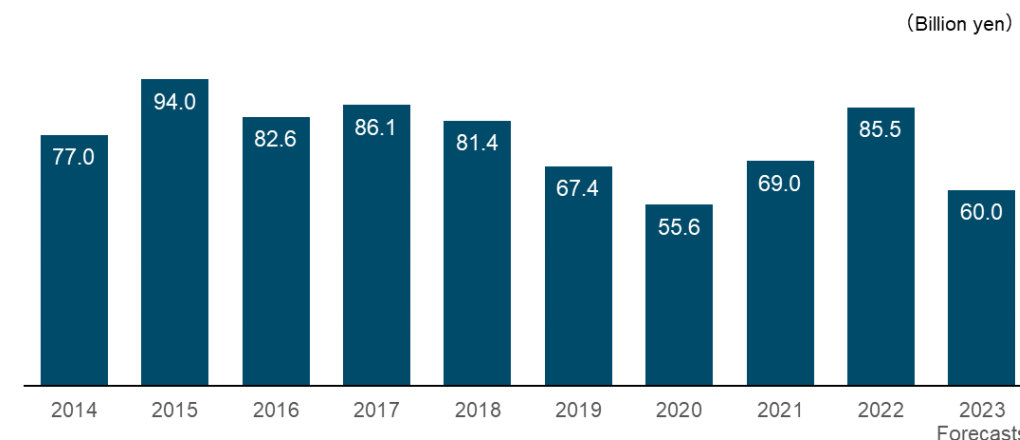
Shareholder returns*



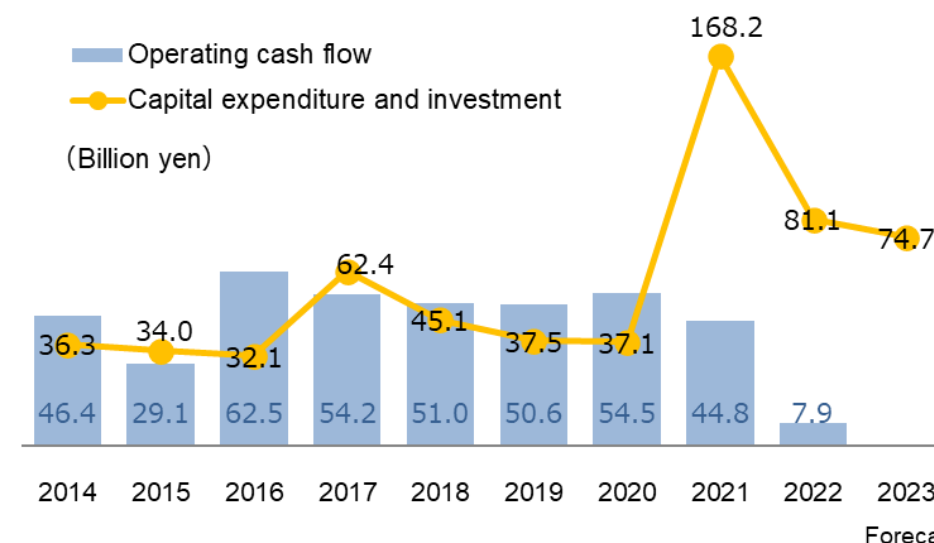
* Adjusted to reflect the impact of the consolidation of shares of common stock

EBITDA*

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



Capital expenditure and investment, operating cash flows



Disclaimer Regarding Forward-Looking Statements

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



Color & Comfort



DIC Corporation