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Color & Comfort

**Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Japan GAAP)**
**(The fiscal year ending December 31, 2024)**

November 14, 2024
Stock Exchange: Tokyo
Head Office: Tokyo
Tel: +81 (3) 6733-3000

**Company Name: DIC Corporation**
Listing Code Number: 4631 Dividend Payment: ―
URL: https://www.dic-global.com/en/
Representative: Takashi Ikeda, Representative Director, President and CEO
Contact Person: Shigeki Takata, General Manager, Accounting Department
Preparation of Supplemental Explanatory Materials: Yes
Holding of Financial Results Meeting: Yes (for security analysts and institutional investors, etc.)
(Yen amounts are rounded to the nearest million, except for per share information)

## 1. Consolidated Financial Results for the Nine Months Ended September 30, 2024 (January 1, 2024 – September 30, 2024)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | |
|---|---|---|---|---|---|---|---|---|
| | JPY (million) | % | JPY (million) | % | JPY (million) | % | JPY (million) | % |
| Nine months ended September 30, 2024 | 807,666 | 3.3 | 34,031 | 158.5 | 27,571 | 201.6 | 10,631 | ― |
| Nine months ended September 30, 2023 | 781,618 | -1.7 | 13,165 | -59.9 | 9,141 | -74.3 | (2,759) | ― |

Note: Comprehensive income (JPY million): Nine months ended September 30, 2024 9,945 (-76.7%)
Nine months ended September 30, 2023 42,739 (-45.8%)

| | Earnings per share (basic) | Earnings per share (diluted) |
|---|---|---|
| | JPY | JPY |
| Nine months ended September 30, 2024 | 112.29 | ― |
| Nine months ended September 30, 2023 | (29.14) | ― |

### (2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio to total assets |
|---|---|---|---|
| | JPY (million) | JPY (million) | % |
| As of September 30, 2024 | 1,197,501 | 384,231 | 30.5 |
| As of December 31, 2023 | 1,244,889 | 399,267 | 29.2 |

Reference: Shareholders' equity (JPY million): As of September 30, 2024 365,588 As of December 31, 2023 363,937

## 2. Cash Dividends

| | Cash dividends per share | | | | |
|---|---|---|---|---|---|
| (Record date) | End of 1st quarter | End of 2nd quarter | End of 3rd quarter | Year-end | Annual |
| | JPY | JPY | JPY | JPY | JPY |
| FY2023 | ― | 50.00 | ― | 30.00 | 80.00 |
| FY2024 | ― | 50.00 | ― | | |
| FY2024 (Plan) | | | | 50.00 | 100.00 |

Note: Revision of the forecasts for the dividends payment: None

## 3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 - December 31, 2024)

(Percentages indicate year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | | Earnings per share (basic) |
|---|---|---|---|---|---|---|---|---|---|
| | JPY (million) | % | JPY (million) | % | JPY (million) | % | JPY (million) | % | JPY |
| FY2024 | 1,100,000 | 5.9 | 40,000 | 122.9 | 35,000 | 279.8 | 16,000 | ― | 168.99 |

Note: Revision of the forecasts for the consolidated operating results: None

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**Notes**

(1) Significant changes in the scope of consolidation during the nine months ended September 30, 2024: Yes
Newly included: － (Company name) － Excluded: 8 (Company name) SEIKO PMC CORPORATION, etc

(2) Adoption of accounting methods which are exceptional for quarterly consolidated financial statements: Yes
For details, please refer to page 10, "3. Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements, (Notes on Accounting Methods Which Are Exceptional for Quarterly Consolidated Financial Statements).

(3) Changes in accounting policies and accounting estimates, and restatements

| | |
|---|---|
| 1) Changes in accounting policies arising from revision of accounting standards: | None |
| 2) Changes in accounting policies other than 1): | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatements: | None |

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period, including treasury shares

| | | | |
|---|---|---|---|
| As of September 30, 2024 | 95,156,904 shares, | As of December 31, 2023 | 95,156,904 shares |

2) Number of treasury shares at the end of the period

| | | | |
|---|---|---|---|
| As of September 30, 2024 | 474,240 shares, | As of December 31, 2023 | 497,680 shares |

3) Average number of shares issued during the period, excluding treasury shares

| | | | |
|---|---|---|---|
| For the nine months ended September 30, 2024 | 94,677,082 shares, | For the nine months ended September 30, 2023 | 94,659,963 shares |

* The Company has introduced the Board Benefit Trust (BBT), and the shares held by the trust are included in the number of treasury shares.

Note: Review of the attached quarterly consolidated financial statements by certified public accountants or audit firms: None

Note: **Explanation of the appropriate use of performance forecasts, and other special items**

**Caution concerning forward-looking statements**

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, the users should be aware that actual results may differ from any expressed future performance herein due to various factors.

For information regarding the assumptions used to prepare the forecasts, please refer to page 5.

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# 1. Analysis of Results of Operations

## (1) Overview of Operating Results

(Billions of yen)

| | Nine months ended September 30, 2023 | **Nine months ended September 30, 2024** | Change (%) | Change (%) 〔Local currency basis〕 |
|---|---|---|---|---|
| Net sales | 781.6 | **807.7** | 3.3% | -0.6% |
| Operating income | 13.2 | **34.0** | 158.5% | 164.1% |
| Ordinary income | 9.1 | **27.6** | 201.6% | — |
| Net income attributable to owners of the parent | (2.8) | **10.6** | Into the black | — |
| EBITDA* | 49.3 | **65.1** | 31.9% | — |
| ¥/US$1.00 (Average rate) | 138.81 | **150.43** | 8.4% | — |
| ¥/EUR1.00 (Average rate) | 150.37 | **163.44** | 8.7% | — |

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

In the nine months ended September 30, 2024, consolidated net sales increased 3.3%, to ¥807.7 billion. On a local currency basis, however, consolidated net sales edged down 0.6%. Looking at key global economies, in the Americas and Europe there were signs of changes in monetary policy in response to the easing of inflationary pressures, including decisions by central banks to reverse course and lower interest rates, while in the People's Republic of China (PRC) the economic outlook further darkened, owing to a persistently sluggish real estate market, waning domestic demand and other factors. Against this backdrop, demand trends in core customer industries varied. In the area of digital materials, used principally in electrical and electronics equipment and in displays, demand in the display market remained firm, mirroring display manufacturers' production levels, and continued to show signs of picking up in the semiconductor market, driven by growth sectors such as generative AI, although a full-scale revival in demand for general-purpose products remained elusive. In industrial materials,* used primarily in mobility solutions, demand for materials for use in automobiles was steady as vehicle sales remained solid worldwide. In this environment, shipments in the Functional Products segment continued to rally, led by high-value-added offerings for use in electronics equipment and in mobility solutions. In the Packaging & Graphic segment, shipments of jet inks and of packaging inks in overseas markets advanced, underpinned by firm demand. In the Color & Display segment, sales of pigments for coatings and for plastics rallied from the sharp decline seen in the nine months ended September 30, 2023, thanks to ongoing moves by customers to secure new inventories. Higher net sales also reflected the positive impact of a weak yen on sales denominated in other currencies after translation.

Operating income climbed 158.5%, to ¥34.0 billion. The Packaging & Graphic and Functional Products segments saw sharp gains, buttressed by a sustained recovery in shipments of high-value-added products and an improved product mix, as well as by the efforts to revise sales prices in response to specific regional and product characteristics. In addition, higher shipments of pigments for coatings and for plastics combined with structural reforms aimed at, among others, optimizing production configurations—particularly in the United States and Europe—and efforts to lower costs to push the Color & Display segment back into the black.

Ordinary income soared 201.6%, to ¥27.6 billion.This steep gain was recorded even though foreign exchange losses amounted to ¥3.9 billion, a consequence of exchange rate fluctuations.

Net income attributable to owners of the parent was ¥10.6 billion. This was despite higher extraordinary losses, owing to a loss on sales of affiliated company stocks arising from the sale of all shares held in SEIKO PMC CORPORATION and to escalating severance costs, a result of restructuring measures, and was due primarily to an increase in extraordinary income, the result of a gain on sales of non-current assets stemming from the transfer of intellectual property related to the liquid crystal (LC) materials business.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose 31.9%, to ¥65.1 billion.

*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.

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**(2) Segment Results**

(Billions of yen)

| | Net sales | | | | Operating income (loss) | | | |
|---|---|---|---|---|---|---|---|---|
| | Nine months ended September 30, 2023 | **Nine months ended September 30, 2024** | Change (%) | Change (%) 〔Local currency basis〕 | Nine months ended September 30, 2023 | **Nine months ended September 30, 2024** | Change (%) | Change (%) 〔Local currency basis〕 |
| Packaging & Graphic | 405.0 | **428.3** | 5.8% | 2.1% | 13.9 | **24.7** | 78.1% | 85.1% |
| Color & Display | 175.6 | **199.4** | 13.6% | 6.4% | (4.4) | **0.9** | Into the black | Into the black |
| Functional Products | 228.8 | **211.7** | -7.5% | -10.1% | 11.2 | **15.9** | 41.8% | 36.7% |
| Others, Corporate and eliminations | (27.7) | **(31.7)** | — | — | (7.5) | **(7.5)** | — | — |
| Total | 781.6 | **807.7** | 3.3% | -0.6% | 13.2 | **34.0** | 158.5% | 164.1% |

**Packaging & Graphic**

| | Nine months ended September 30, 2023 | **Nine months ended September 30, 2024** | Change (%) | Change (%) 〔Local currency basis〕 |
|---|---|---|---|---|
| Net sales | ¥405.0 billion | **¥428.3 billion** | 5.8% | 2.1% |
| Operating income | ¥13.9 billion | **¥24.7 billion** | 78.1% | 85.1% |

Segment sales advanced 5.8%, to ¥428.3 billion. In the area of packaging inks, used chiefly on packaging for food products, shipments in Japan declined, as rising prices continued to dampen demand for consumer goods, but sales were buoyed by efforts to adjust sales prices, and by increased sales overseas, underpinned by a revival in demand for consumer goods in the Americas and Europe, as well as by efforts to cultivate customers in Asia, which boosted shipments. Despite expanded shipments in Asia, owing to a recovery in demand and the cultivation of customers, sales of publication inks, which center on inks for commercial printing and news inks, fell as dwindling demand pushed shipments down in Japan, as well as in the Americas and Europe. Sales of jet inks, used in digital printing, climbed sharply as customers completed measures to resolve surplus inventories and demand rallied.

Segment operating income rose 78.1%, to ¥24.7 billion. In Japan, shipments of high-value-added jet inks were robust, while moves to counter elevated costs in packaging inks and publication inks by modifying sales prices progressed. Operating income was also up sharply worldwide, buttressed by higher shipments of packaging inks and publication inks in Asia, together with efforts to maintain sales prices for packaging inks and publication inks in the Americas and Europe amid falling raw materials prices by ensuring stable supplies and services.

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**Color & Display**

| | Nine months ended September 30, 2023 | **Nine months ended September 30, 2024** | Change (%) | Change (%) 〔Local currency basis〕 |
|---|---|---|---|---|
| Net sales | ¥175.6 billion | **¥199.4 billion** | 13.6% | 6.4% |
| Operating income | ¥(4.4) billion | **¥0.9 billion** | Into the black | Into the black |

Segment sales were up 13.6%, to ¥199.4 billion. While demand for pigments for coatings and for plastics has failed to recover fully, reflecting a delayed economic revival in Europe, a leading market for these products, shipments rose as the completion of inventory adjustments by customers continued to encourage moves to secure new inventories, particularly of pigments for use in building materials and for industrial applications. Among high-value-added products, shipments of pigments for color filters used in displays outpaced the corresponding period of the previous fiscal year, as demand remained steady, mirroring display manufacturers' production levels. Shipments of pigments for cosmetics were down, hindered by listless demand as cosmetics manufacturers in the Americas and Europe, key customers for these products, stepped up efforts to adjust inventories. In pigments for specialty applications, shipments for use in building materials were bolstered by various factors, including efforts to cultivate new customers in Asia, but shipments for agricultural use plunged, a consequence of protracted customer inventory adjustments.

The segment reported operating income of ¥0.9 billion, returning to profitability despite inconsistent trends in shipments of high-value-added products thanks to higher shipments of pigments for coatings and for plastics, as well as to the progress of structural reforms aimed at, among others, optimizing production configurations, mainly in the United States and Europe, and efforts to lower costs.

**Functional Products**

| | Nine months ended September 30, 2023 | **Nine months ended September 30, 2024** | Change (%) | Change (%) 〔Local currency basis〕 |
|---|---|---|---|---|
| Net sales | ¥228.8 billion | **¥211.7 billion** | -7.5% | -10.1% |
| Operating income | ¥11.2 billion | **¥15.9 billion** | 41.8% | 36.7% |

Segment sales decreased 7.5%, to ¥211.7 billion. If the impact of business withdrawals, including the divestiture of SEIKO PMC, was discounted, segment sales would have been up 7.4%. In digital materials, sales of epoxy resins—the foremost application for which is electronics equipment, notably semiconductors—advanced, owing to an improvement in the product mix attributable to, among others, a resurgence in demand for use in AI servers, computers and smartphones, which pushed up shipments of related products. Sales of industrial-use adhesive tapes, used mainly in smartphones and other mobile devices, were boosted by steady efforts to lock in demand. In the area of industrial materials, products for use in mobility solutions remained solid, bolstered by an upturn in shipments of polyphenylene sulfide (PPS) compounds, notably in Japan, which was due to firm vehicle sales worldwide.

Segment operating income increased 41.8%, to ¥15.9 billion. Factors behind this included a recovery in shipments of high-value-added products for use in electronics equipment and in mobility solutions, contributing to an improved product mix, as well as to successful efforts to revise sales prices for all products.

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**(3) Operating Results Forecasts for Fiscal Year 2024**

(Billions of yen)

| | FY2023 | **FY2024** | Change (%) |
|---|---|---|---|
| Net sales | 1,038.7 | **1,100.0** | 5.9% |
| Operating income | 17.9 | **40.0** | 122.9% |
| Ordinary income | 9.2 | **35.0** | 279.8% |
| Net income attributable to owners of the parent | (39.9) | **16.0** | Into the black |
| EBITDA | 30.8 | **93.0** | 201.7% |
| ¥/US$1.00 (Average rate) | 140.51 | **148.00** | 5.3% |
| ¥/EUR1.00 (Average rate) | 151.98 | **160.00** | 5.3% |

Note: Currency exchange rates have been adjusted, but forecasts are unchanged from those published on August 9, 2024.

**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 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.

## 2. Analysis of Financial Position

(Analysis of assets, liabilities and net assets)

At the end of the third quarter of current fiscal year, total assets decreased ¥47.4 billion from the end of the previous fiscal year, to ¥1,197.5 billion, mainly due to the sales of shares in SEIKO PMC CORPORATION, which resulted in the company and its consolidated subsidiaries being excluded from the scope of consolidation. Total liabilities decreased ¥32.4 billion from the end of the previous fiscal year, to ¥813.3 billion, due to a decrease in interest-bearing liabilities, and others. In addition, net assets decreased ¥15.0 billion from the end of the previous fiscal year, to ¥384.2 billion, mainly due to a decrease in non-controlling interests resulting from the sale of shares in SEIKO PMC CORPORATION.

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## 3. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

| | Previous Fiscal Year as of December 31, 2023 | Third Quarter of Current Fiscal Year as of September 30, 2024 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 87,533 | 58,712 |
| Notes and accounts receivable - trade | 225,148 | 230,767 |
| Merchandise and finished goods | 167,427 | 164,381 |
| Work in process | 11,250 | 12,289 |
| Raw materials and supplies | 94,157 | 95,686 |
| Other | 38,623 | 41,003 |
| Allowance for doubtful accounts | (3,951) | (4,690) |
| Total current assets | 620,188 | 598,148 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 133,062 | 128,800 |
| Machinery, equipment and vehicles, net | 128,613 | 125,815 |
| Tools, furniture and fixtures, net | 17,822 | 16,544 |
| Land | 66,488 | 56,895 |
| Construction in progress | 27,907 | 23,316 |
| Total property, plant and equipment | 373,892 | 351,369 |
| Intangible assets | | |
| Goodwill | 17,782 | 16,964 |
| Software | 14,298 | 14,778 |
| Customer-related assets | 11,639 | 10,647 |
| Other | 25,198 | 23,612 |
| Total intangible assets | 68,916 | 66,001 |
| Investments and other assets | | |
| Investment securities | 63,071 | 64,462 |
| Net defined benefit asset | 78,961 | 79,022 |
| Other | 39,959 | 38,564 |
| Allowance for doubtful accounts | (98) | (65) |
| Total investments and other assets | 181,893 | 181,984 |
| Total non-current assets | 624,701 | 599,353 |
| Total assets | 1,244,889 | 1,197,501 |

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(Millions of yen)

| | Previous Fiscal Year as of December 31, 2023 | Third Quarter of Current Fiscal Year as of September 30, 2024 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 140,089 | 138,223 |
| Short-term loans payable | 46,302 | 51,247 |
| Commercial papers | 33,000 | 20,000 |
| Current portion of bonds payable | 30,000 | 10,000 |
| Income taxes payable | 2,870 | 5,613 |
| Provision for bonuses | 5,037 | 4,810 |
| Other | 91,450 | 93,660 |
| Total current liabilities | 348,749 | 323,552 |
| Non-current liabilities | | |
| Bonds payable | 95,000 | 100,000 |
| Long-term loans payable | 308,231 | 298,588 |
| Net defined benefit liability | 36,056 | 33,272 |
| Asset retirement obligations | 9,480 | 9,393 |
| Other | 48,106 | 48,465 |
| Total non-current liabilities | 496,873 | 489,719 |
| Total liabilities | 845,622 | 813,270 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 96,557 | 96,557 |
| Capital surplus | 94,234 | 94,234 |
| Retained earnings | 173,292 | 176,326 |
| Treasury shares | (1,586) | (1,496) |
| Total shareholders’ equity | 362,497 | 365,621 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,542 | 6,484 |
| Deferred gains or losses on hedges | 248 | 378 |
| Foreign currency translation adjustment | 12,559 | 11,976 |
| Remeasurements of defined benefit plans | (16,910) | (18,870) |
| Total accumulated other comprehensive income | 1,440 | (33) |
| Non-controlling interests | 35,330 | 18,643 |
| Total net assets | 399,267 | 384,231 |
| Total liabilities and net assets | 1,244,889 | 1,197,501 |

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**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**

Quarterly Consolidated Statement of Income

(Millions of yen)

| | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 |
|---|---|---|
| Net sales | 781,618 | 807,666 |
| Cost of sales | 639,982 | 637,677 |
| Gross profit | 141,635 | 169,989 |
| Selling, general and administrative expenses | | |
| Employees' salaries and allowances | 49,348 | 51,703 |
| Provision of allowance for doubtful accounts | 250 | 779 |
| Provision for bonuses | 2,903 | 3,174 |
| Retirement benefit expenses | (168) | 133 |
| Other | 76,139 | 80,170 |
| Total selling, general and administrative expenses | 128,471 | 135,958 |
| Operating income | 13,165 | 34,031 |
| Non-operating income | | |
| Interest income | 4,528 | 2,838 |
| Dividends income | 473 | 497 |
| Equity in earnings of affiliates | 1,773 | 2,231 |
| Other | 1,286 | 1,269 |
| Total non-operating income | 8,060 | 6,835 |
| Non-operating expenses | | |
| Interest expenses | 8,533 | 6,834 |
| Foreign exchange losses | 1,144 | 3,895 |
| Other | 2,407 | 2,566 |
| Total non-operating expenses | 12,084 | 13,295 |
| Ordinary income | 9,141 | 27,571 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,035 | 3,836 |
| Gain on sales of shares and investments in capital of subsidiaries and affiliates | — | 945 |
| Gain on sales of investment securities | 573 | 91 |
| Insurance claim income | 341 | — |
| Total extraordinary income | 1,949 | 4,872 |
| Extraordinary losses | | |
| Loss on sales of shares and investments in capital of subsidiaries and affiliates | — | 4,513 |
| Severance costs | 1,495 | 3,536 |
| Loss on disposal of non-current assets | 1,605 | 2,119 |
| Impairment losses | 1,002 | 175 |
| Total extraordinary losses | 4,102 | 10,342 |
| Income before income taxes | 6,988 | 22,101 |
| Income taxes | 9,077 | 10,701 |
| Net income (loss) | (2,089) | 11,399 |
| Net income attributable to non-controlling interests | 670 | 769 |
| Net income (loss) attributable to owners of the parent | (2,759) | 10,631 |

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Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 |
|---|---|---|
| Net income (loss) | (2,089) | 11,399 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,721 | 940 |
| Deferred gains or losses on hedges | (294) | 130 |
| Foreign currency translation adjustment | 46,799 | (697) |
| Remeasurements of defined benefit plans | (4,139) | (1,952) |
| Share of other comprehensive income of affiliates accounted for using equity method | 741 | 125 |
| Total other comprehensive income | 44,828 | (1,455) |
| Comprehensive income | 42,739 | 9,945 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 40,935 | 9,158 |
| Comprehensive income attributable to non-controlling interests | 1,803 | 787 |

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**(3) Notes to Quarterly Consolidated Financial Statements**

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholder's Equity)

Not applicable

(Notes on Accounting Methods Which Are Exceptional for Quarterly Consolidated Financial Statements)

Calculation of Tax Expenses

Regarding tax expenses for some consolidated subsidiaries, the tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to income before income taxes for the fiscal year including the nine months ended September 30, 2024, and multiplying income before income taxes by this estimated effective tax rate.

(Additional Information)

Board Benefit Trust (BBT)

With regard to the compensation for executive officers, as well as directors who concurrently serve as executive officers (the "Target Officers"), the Company introduced a new performance-based stock compensation plan called Board Benefit Trust (BBT) (the "Plan") from the fiscal year ended December 31, 2017. The purpose of the Plan is to further clarify the linkage between the compensation of the Target Officers, and corporate performance and value of the Company's shares. The intended result is strengthening the 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.

Accounting treatment related to the trust agreement is in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (Practical Issue Task Force ("PITF") No. 30, March 26, 2015).

(1) Outline of the transactions

The trust established under the Plan acquires the Company's shares by cash contributed by the Company. The trust provides shares of the Company and the cash equivalent to the market price of the shares of the Company (the "Company's Shares and Cash Benefits") to the Target Officers, in accordance with the Rules of Officer Share Benefit established by the Company. The Target Officers shall in principle receive the Company's Shares and Cash Benefits upon their retirement.

(2) The Company's shares remaining in the trust

The shares remaining in the trust are recorded under net assets as treasury shares at the book value in the trust (excluding incidental costs). The book value and number of such treasury shares are ¥925 million and 303 thousand as of December 31, 2023, respectively, and ¥829 million and 277 thousand as of September 30, 2024, respectively.

(Notes on Quarterly Consolidated Statement of Cash Flows)

Quarterly consolidated statement of cash flows is not prepared in the nine months ended September 30, 2024. Depreciation and amortization (including amortization related to intangible assets apart from goodwill) and amortization of goodwill are as follows:

| | Nine months ended September 30, 2023 (From January 1, 2023 to September 30, 2023) | Nine months ended September 30, 2024 (From January 1,2024 to September 30, 2024) |
|---|---|---|
| Depreciation and amortization | ¥37,375 million | ¥38,869 million |
| Amortization of goodwill | 1,644 | 882 |

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT
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(Notes on Segment Information, etc.)

[Segment Information]

I. Nine months ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

(1) Information about sales and profit (loss) for each reportable segment

(Millions of yen)

| | Reportable segments | | | | Others | Total |
|---|---|---|---|---|---|---|
| | Packaging & Graphic | Color & Display | Functional Products | Total | | |
| Net sales: | | | | | | |
| Sales to external customers | 404,995 | 150,346 | 225,815 | 781,156 | 461 | 781,618 |
| Intersegment sales and transfers | — | 25,231 | 2,949 | 28,180 | — | 28,180 |
| Total | 404,995 | 175,577 | 228,764 | 809,336 | 461 | 809,798 |
| Segment profit (loss) | 13,894 | (4,448) | 11,227 | 20,674 | 173 | 20,847 |

(2) Differences between total profit (loss) for reportable segments and operating income reported in the quarterly consolidated statement of income, and the breakdown of the main factors underlying these differences (note on adjusting for differences)

(Millions of yen)

| Profit | Amount |
|---|---|
| Total reportable segments | 20,674 |
| Profit in “Others” | 173 |
| Corporate expenses | (7,682) |
| Operating income reported in the quarterly consolidated statement of income | 13,165 |

(Note) Corporate expenses substantially consist of R&D expenses incurred by the DIC Central Research Laboratories, which are not included in any reportable segment.

(3) Information about impairment losses on non-current assets and goodwill by reportable segment

(Material impairment losses on non-current assets)

In the nine months ended September 30, 2023, the Company recorded impairment losses of ¥1,002 million in the Packaging & Graphic segment.

(Material changes in goodwill)

On June 1, 2023, the Company acquired all shares of PCAS Canada Inc. (“PCAS Canada”), a Canadian manufacturer of polymers used in photoresists for semiconductor photolithography, through the holding company established for the acquisition. In line with this, the amount of goodwill of Functional Products segment has increased by ¥6,311 million from the end of the previous fiscal year.

The amount of goodwill is calculated on a provisional basis due to incompletion of purchase price allocation.

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II. Nine months ended September 30, 2024 (From January 1, 2024 to September 30, 2024)

(1) Information about sales and profit (loss) for each reportable segment

(Millions of yen)

| | Reportable segments | | | | Others | Total |
|---|---|---|---|---|---|---|
| | Packaging & Graphic | Color & Display | Functional Products | Total | | |
| Net sales: | | | | | | |
| Sales to external customers | 428,340 | 169,915 | 208,936 | 807,190 | 476 | 807,666 |
| Intersegment sales and transfers | — | 29,460 | 2,729 | 32,189 | — | 32,189 |
| Total | 428,340 | 199,375 | 211,665 | 839,379 | 476 | 839,855 |
| Segment profit | 24,741 | 902 | 15,921 | 41,563 | 283 | 41,846 |

(2) Information about assets by reportable segments

The Company transferred all shares held in consolidated subsidiary SEIKO PMC CORPORATION through the purchase of treasury stock by the latter in the first quarter (January-March 2024), and SEIKO PMC CORPORATION and seven other companies were excluded from the scope of consolidation. In line with this, the amount of segment assets of Functional Products has decreased by ¥50,298 million from the end of the previous fiscal year.

(3) Differences between total profit (loss) for reportable segments and operating income reported in the quarterly consolidated statement of income, and the breakdown of the main factors underlying these differences (note on adjusting for differences)

(Millions of yen)

| Profit | Amount |
|---|---|
| Total reportable segments | 41,563 |
| Profit in “Others” | 283 |
| Corporate expenses | (7,815) |
| Operating income reported in the quarterly consolidated statement of income | 34,031 |

(Note) Corporate expenses substantially consist of expenses incurred by new businesses and the DIC Central Research Laboratories, which are not included in any reportable segment.

(4) Information about impairment losses on non-current assets and goodwill by reportable segment

(Material impairment losses on non-current assets)

In the nine months ended September 30, 2024, the Company recorded impairment losses of ¥112 million in the Packaging & Graphic segment and ¥62 million in the Color & Display segment respectively.