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February 14, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 [JGAAP]

Company Name: DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.
Stock Code: 4116
(URL: https://www.daicolor.co.jp)
Stock Exchange Listing: Tokyo
Representative: Koji Takahashi, Representative Director and President
Contact: Tatsuhiko Komada, Senior Managing Executive Officer, Chief Financial Officer
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Scheduled date to commence dividend payments: –
Availability of supplementary briefing material on results: Yes
Holding of Results Briefing Session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(1) Consolidated Results of Operations (cumulative) (% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	94,362	4.2	6,037	68.3	6,489	64.9	10,152	171.3
Nine months ended December 31, 2023	90,578	(2.4)	3,586	44.2	3,935	22.4	3,742	53.9

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥11,449 million [56.1%]
Nine months ended December 31, 2023: ¥7,336 million [(0.5)%]

	Profit per share	Fully diluted profit per share
	Yen	Yen
Nine months ended December 31, 2024	591.65	–
Nine months ended December 31, 2023	210.85	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	197,518	127,939	63.6
As of March 31, 2024	194,852	119,166	59.9

(Reference) Equity: As of December 31, 2024: ¥125,677 million
As of March 31, 2024: ¥116,748 million

2. Dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	40.00	–	70.00	110.00
Year ending March 31, 2025	–	66.00	–		
Year ending March 31, 2025 (Forecast)				90.00	156.00

(Note) Revisions of dividend forecast from recently announced figures: Applicable

(Note) Breakdown of Year-end dividend for Year ended March 31, 2024: Ordinary dividend: ¥40.00; Extraordinary dividend: ¥30.00
Breakdown of Interim dividend for Year ending March 31, 2025: Ordinary dividend: ¥51.00; Extraordinary dividend: ¥15.00
Breakdown of Year-end dividend for Year ending March 31, 2025 (Forecast): Ordinary dividend: ¥75.00; Extraordinary dividend: ¥15.00

3. Earnings Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	124,000	3.5	6,900	51.6	7,500	49.9	10,600	189.6	617.67

(Note) Revisions of forecast of financial results from recently announced figures: Not applicable

*** Notes**

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: Applicable

Included: –	(–)
Excluded: One company	DSF CO., LTD.

(2) Adoption of specific accounting treatments to the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes in accounting policies, changes in accounting estimates and restatements
1) Changes in accounting policies due to the revision of accounting standards: Applicable
2) Changes in accounting policies other than 1): Not applicable
3) Changes in accounting estimates: Not applicable
4) Restatements: Not applicable

(Note) For details, please refer to the "2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes to Quarterly Consolidated Financial Statements" on page 8 of this report.

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):	As of December 31, 2024	18,613,110 shares	As of March 31, 2024	18,613,110 shares
2) Total number of treasury shares at the end of the period:	As of December 31, 2024	1,451,859 shares	As of March 31, 2024	1,456,394 shares
3) Average number of shares during the period (cumulative):	Nine months ended December 31, 2024	17,159,797 shares	Nine months ended December 31, 2023	17,750,883 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants and audit corporations: Not applicable

* Explanation for the appropriate use of performance forecasts and other special notes:

- The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Overview of Business Results, etc. (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" on page 3 of this report.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Nine-month Period

Trends among the main customers of the Group in the nine months ended December 31, 2024 were as follows.

- Transport equipment industry
  In compounds, colorants, and polyurethanes for automobiles, domestic sales were on a recovery trend after bottoming out in the second quarter. While overseas sales to China were weak although sales to North America were strong.
- Information-electronics industry
  Sales of pigments for LCDs were weak from the second quarter onwards but sales of coatings for LCDs were strong. Meanwhile, sales of pigments and colorants for office equipment were sluggish.
- Packaging materials industry
  Gravure printing ink for flexible packaging applications for food products and other uses performed well due to the elimination of inventory in distribution channels, while ink for beverage labels performed well due to higher-than-average temperatures in the fall, which led to higher demand than usual, as well as strong demand from inbound tourists.
- Building materials industry
  Sales of colorants and coatings for new construction demand were sluggish but sales of colorants for use in renovations were steady.

As a result, net sales increased to ¥94,362 million, up by 4.2% compared with the same period of the previous fiscal year. Operating profit increased to ¥6,037 million and ordinary profit increased to ¥6,489 million, up by 68.3% and 64.9% respectively compared with the same period of the previous fiscal year, mainly due to the favorable performance of overseas subsidiaries and the effects of consolidating business bases following the completion of the relocation to the new plant. Profit attributable to owners of parent increased to ¥10,152 million, up by 171.3% compared with the same period of the previous fiscal year, mainly due to recording a ¥7,760 million gain on sale of non-current assets, including the former site of the Kawaguchi Production Plant, in extraordinary income.

(Color & Functional Products)

In the Color & Functional Products segment, focused on pigments and related secondary processed products, the Group manufactures and sells pigments, colorants for fabrics, colorants used in plastics, resin compounds, pigment dispersion and functional materials.

Net sales of pigments and dispersion for the information-electronics industry were sluggish for both LCD applications and OA equipment applications. Domestic sales of compounds and colorants for the transport equipment industry bottomed out in the second quarter and shifted to a recovery trend from the impact of the declines in production among automobile manufacturers. Overseas, sales of compounds and colorants for home appliance and OA equipment applications remained sluggish at a local subsidiary in China, but sales of compounds for food packaging materials and automobiles were strong at local subsidiaries in Thailand and Vietnam.

As a result, net sales in the segment stood at ¥50,586 million, up by 2.6% compared with the same period of the previous fiscal year, while operating profit was ¥2,731 million, up by 55.5% compared with the same period of the previous fiscal year.

(Polymers & Coating Materials)

In the Polymers & Coating Materials segment, focused on synthetic resins and specialty coatings, the Group manufactures and sells polyurethanes and polymers derived from natural substances, UV and EB coating materials.

Net sales of polyurethanes were strong for the transport equipment industry in North America and for outdoor clothing applications in the clothing industry respectively. Sales of thermal-recording coating materials for industrial materials were also strong due to the completion of inventory adjustments. Sales of coating materials for the information-electronics industry were favorable.
Overseas, sales of local subsidiaries in China for clothing as well as sales of local subsidiaries in the U.S. for automobiles were favorable.
As a result, net sales in the segment stood at ¥19,344 million, up by 5.6% compared with the same period of the previous fiscal year, while operating profit was ¥2,701 million, up by 18.2% compared with the same period of the previous fiscal year.

(Graphic & Printing Materials)
In the Graphic & Printing Materials segment, focused on inks for packaging, advertising, and publishing, the Group develops, manufactures, and sells a wide range of gravure, flexographic, and offset printing inks for various applications.
In gravure inks for the packaging materials industry, sales of flexible packaging applications for food products were firm due to the completion of adjustments in inventory distribution, and also sales of beverage label applications were firm due to higher-than-average temperatures in the fall, which led to higher demand than usual, as well as being supported by strong demand from inbound tourists. Overseas, a local subsidiary in Indonesia recorded an increase in revenue due to progress in the revision of sales prices.
Sales of offset printing ink were weak due to a decrease in demand.
As a result, net sales in the segment increased to ¥24,379 million, up by 6.6% compared with the same period of the previous fiscal year, and the segment transitioned into profitability with an operating profit of ¥603 million (compared with the operating loss of ¥454 million for the same period of the previous fiscal year) due to improvement in profit and loss resulting mainly from the effects of consolidating business bases following the completion of the relocation to the new plant and revisions to sales prices at overseas subsidiaries.

(2) Overview of Financial Position for the Nine-month Period
(Assets)
Total assets as of December 31, 2024 increased by ¥2,666 million compared with the end of the previous fiscal year to ¥197,518 million. This is mainly due to an increase in “notes and accounts receivable - trade.”

(Liabilities)
Total liabilities as of December 31, 2024 decreased by ¥6,106 million compared with the end of the previous fiscal year to ¥69,578 million. This is mainly due to a decrease in interest-bearing debt.

(Net assets)
Total net assets as of December 31, 2024 increased by ¥8,772 million compared with the end of the previous fiscal year to ¥127,939 million. This is mainly due to an increase in “retained earnings.”

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information
The full-year forecast of consolidated financial results for the fiscal year ending March 31, 2025 is unchanged from the forecast announced on November 8, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	23,579	21,316
Notes and accounts receivable - trade	53,223	55,668
Inventories	31,609	32,796
Other	1,300	1,789
Allowance for doubtful accounts	(88)	(91)
Total current assets	109,625	111,479
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,344	19,518
Land	13,745	13,174
Other, net	13,753	15,359
Total property, plant and equipment	47,843	48,051
Intangible assets		
Other	1,175	1,198
Total intangible assets	1,175	1,198
Investments and other assets		
Investment securities	18,778	19,386
Retirement benefit asset	14,100	14,418
Other	3,346	3,000
Allowance for doubtful accounts	(17)	(16)
Total investments and other assets	36,207	36,788
Total non-current assets	85,227	86,039
Total assets	194,852	197,518
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,963	28,461
Short-term borrowings	11,686	10,460
Current portion of long-term borrowings	3,936	3,288
Income taxes payable	954	1,750
Provision for bonuses	1,799	1,116
Other	8,757	5,397
Total current liabilities	56,097	50,475
Non-current liabilities		
Long-term borrowings	9,316	7,231
Retirement benefit liability	7,035	7,252
Deferred tax liabilities	2,524	4,014
Other	710	604
Total non-current liabilities	19,587	19,102
Total liabilities	75,685	69,578

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	10,039	10,039
Capital surplus	9,768	9,774
Retained earnings	84,023	91,842
Treasury shares	(3,130)	(3,121)
Total shareholders' equity	100,701	108,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,044	7,543
Foreign currency translation adjustment	5,399	6,228
Remeasurements of defined benefit plans	3,601	3,370
Total accumulated other comprehensive income	16,046	17,141
Non-controlling interests	2,418	2,261
Total net assets	119,166	127,939
Total liabilities and net assets	194,852	197,518

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	90,578	94,362
Cost of sales	73,707	74,758
Gross profit	16,871	19,604
Selling, general and administrative expenses	13,284	13,566
Operating profit	3,586	6,037
Non-operating income		
Interest income	176	334
Dividend income	359	367
Share of profit of entities accounted for using equity method	–	41
Foreign exchange gains	173	–
Other	423	502
Total non-operating income	1,133	1,246
Non-operating expenses		
Interest expenses	208	185
Share of loss of entities accounted for using equity method	351	–
Foreign exchange losses	–	184
Rental expenses on non-current assets	45	50
Loss on compensation of claims	113	195
Other	65	177
Total non-operating expenses	784	793
Ordinary profit	3,935	6,489
Extraordinary income		
Gain on sale of non-current assets	2	7,760
Gain on sale of investment securities	1,633	121
Other	–	60
Total extraordinary income	1,635	7,942
Extraordinary losses		
Loss on retirement of non-current assets	92	120
Loss on sale of investment securities	0	29
Loss on closing of plant	–	79
Other	71	2
Total extraordinary losses	165	232
Profit before income taxes	5,406	14,199
Income taxes - current	1,062	2,505
Income taxes - deferred	519	1,395
Total income taxes	1,581	3,900
Profit	3,824	10,298
Profit attributable to non-controlling interests	81	145
Profit attributable to owners of parent	3,742	10,152

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	3,824	10,298
Other comprehensive income		
Valuation difference on available-for-sale securities	227	498
Foreign currency translation adjustment	3,271	914
Remeasurements of defined benefit plans, net of tax	(174)	(231)
Share of other comprehensive income of entities accounted for using equity method	187	(29)
Total other comprehensive income	3,512	1,151
Comprehensive income	7,336	11,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,036	11,247
Comprehensive income attributable to non-controlling interests	300	201

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes to Change in Accounting Policies)

(Application of the "Accounting Standard for Current Income Taxes" and other relevant ASBJ regulations)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, regarding the revisions related to revised treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities between consolidated companies, the Company has applied the Revised Guidance of 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. This change in accounting policies has no impact on either the quarterly consolidated financial statements of the same period of the previous fiscal year or the consolidated financial statements of the previous fiscal year.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows are not prepared for the nine months ended December 31, 2024. The amounts of depreciation (including amortization of intangible assets) for the nine months ended December 31, 2023 and nine months ended December 31, 2024 are as follows:

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	3,860	3,623

(Notes to Segment Information, etc.)

I. For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

1. Information regarding net sales and operating profit or loss by the reportable segments

(Millions of yen)

	Reportable segments				Other	Posted amount to the quarterly consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Net sales						
(1) Net sales to external customers	49,324	18,322	22,877	90,524	54	90,578
(2) Intersegment net sales and transfer	92	370	30	493	(493)	–
Total	49,416	18,693	22,908	91,018	(439)	90,578
Segment profit [Operating profit] (loss)	1,756	2,285	(454)	3,586	0	3,586

Note: The "Other" category comprises adjusted amounts and business that is not included in reportable segments, and includes the company that provides services such as property management for the Group companies.

2. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

(Millions of yen)

	Reportable segments				Other	Posted amount to the quarterly consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Japan	38,439	12,621	16,656	67,717	54	67,771
Asia (excluding Japan)	8,736	3,566	5,881	18,183	–	18,183
Other	2,149	2,134	339	4,623	–	4,623
Total	49,324	18,322	22,877	90,524	54	90,578
Revenue from contracts with customers	49,324	18,322	22,877	90,524	31	90,556
Other revenue	–	–	–	–	22	22
Net sales to external customers	49,324	18,322	22,877	90,524	54	90,578

<Impact of subcontract processing with charged receipt on net sales>

(Millions of yen)

	Reportable segments				Other	Posted amount to the quarterly consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Gross sales to external customers	79,867	18,372	22,881	121,121	54	121,175
Amount of sales offset due to subcontract processing with charged receipt	(30,543)	(50)	(4)	(30,597)	–	(30,597)
Net sales to external customers	49,324	18,322	22,877	90,524	54	90,578

II. For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

1. Information regarding net sales and operating profit or loss by the reportable segments

(Millions of yen)

	Reportable segments				Other	Posted amount to the quarterly consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Net sales						
(1) Net sales to external customers	50,586	19,344	24,379	94,309	53	94,362
(2) Intersegment net sales and transfer	83	332	216	632	(632)	–
Total	50,669	19,676	24,595	94,942	(579)	94,362
Segment profit [Operating profit]	2,731	2,701	603	6,036	0	6,037

Note: The "Other" category comprises adjusted amounts and business that is not included in reportable segments, including real estate leasing, non-life insurance agency businesses, and other insurance intermediary agency businesses.

2. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

(Millions of yen)

	Reportable segments				Other	Posted amount to the quarterly consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Japan	38,703	12,637	17,301	68,642	53	68,695
Asia (excluding Japan)	9,106	4,323	6,486	19,917	–	19,917
Other	2,776	2,382	591	5,750	–	5,750
Total	50,586	19,344	24,379	94,309	53	94,362
Revenue from contracts with customers	50,586	19,344	24,379	94,309	31	94,341
Other revenue	–	–	–	–	21	21
Net sales to external customers	50,586	19,344	24,379	94,309	53	94,362

<Impact of subcontract processing with charged receipt on net sales>

(Millions of yen)

	Reportable segments				Other	Posted amount to the quarterly consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Gross sales to external customers	80,632	19,391	24,382	124,406	53	124,459
Amount of sales offset due to subcontract processing with charged receipt	(30,046)	(47)	(2)	(30,096)	–	(30,096)
Net sales to external customers	50,586	19,344	24,379	94,309	53	94,362

(Notes Related to Revenue Recognition)

Information on disaggregation of revenue from contracts with customers is presented in "(3) Notes to Quarterly Consolidated Financial Statements (Notes to Segment Information, etc.)."

(Significant Subsequent Events)

(Cancellation of Treasury Shares)

At a meeting of the Board of Directors held on February 14, 2025, the Company resolved to cancel treasury shares as described below, pursuant to Article 178 of the Companies Act.

1. Class of shares to be canceled	Common stock of the Company
2. Number of shares to be canceled	500,000 shares (2.69% of the total number of issued shares before the cancellation)
3. Scheduled date of cancellation	February 28, 2025

(Introduction of a Restricted Shares Incentive Plan for the Employee Shareholding Association and Disposal of Treasury Shares as Restricted Shares for the Employee Shareholding Association)

At a meeting of the Board of Directors held on February 14, 2025, the Company resolved to introduce a restricted shares incentive plan for the employee shareholding association (the "Incentive Plan") as described below. Based on the Incentive Plan, the Company also resolved to dispose of treasury shares as restricted shares (the "Disposal of Treasury Shares") with the Dainichiseika Employee Shareholding Association (the "ESA") as the planned allottee.

1. Outline of the Disposal

(1)	Date of disposal	July 1, 2025
(2)	Class and number of shares to be disposed of	274,450 shares of common stock of the Company (Note 1)
(3)	Disposal price	¥2,970 per share (Note 2)
(4)	Total value of disposal	¥815,116,500 (The estimated amount as of today, which is the amount obtained by multiplying the disposal price in (3) above by the number of shares to be disposed of in (2) above.)
(5)	Disposal method and designated allottee	On the condition that the application for subscription is made by the ESA through a third-party allotment, the number of shares applied for as determined by the ESA to be within the number of shares to be disposed of as described in (2) above, will be allotted to the ESA (the number of shares allotted will be the number of shares to be disposed of). (Dainichiseika Employee Shareholding Association: 274,450 shares) Note that applications for a portion of the number of shares granted to each eligible employee will not be accepted.
(6)	Other	An Extraordinary Report has been submitted for the Disposal of Treasury Shares in accordance with the Financial Instruments and Exchange Act.

(Note 1) The "number of shares to be disposed of" and "total value of disposal" were calculated on the assumption that 110 shares of the Company's common stock will be granted as restricted shares to each of the 2,495 employees of the Group, which is the maximum number of persons to whom the Incentive Plan may apply. The actual number of shares to be disposed of and the total value of disposal will be determined after the promotion of enrollment for those who are not members of the ESA and the confirmation of consent to the Incentive Plan to the members of the ESA are completed, depending on the number of eligible employees (up to 2,495 employees).

(Note 2) The estimated amount is based on the disposal price as calculated using the closing price of the common stock of the Company on the Prime Market of the Tokyo Stock Exchange on February 13, 2025. Furthermore, as the Company has published its "Consolidated Financial Results for the Nine Months Ended December 31, 2024 [JGAAP]" and other information today, in order to take into account the impact on the share price resulting from this publication and to take into account the interests of existing shareholders, on February 21, 2025 (the "Condition Determination Date"), after considering various factors such as stock price fluctuations, the higher of (i) 2,970 yen, the closing price of the common stock of the Company on the Tokyo Stock Exchange Prime Market on February 13, 2025, and (ii) the closing price of the common stock of the Company on the Tokyo Stock Exchange Prime Market on the trading day immediately preceding the Condition Determination Date, will be determined as the disposal price of the restricted shares.

2. Purpose and Reason for the Disposal

In our three-year Medium-Term Management Plan "TRANSFORMATION for TOMORROW 2027," which began in the fiscal year ending March 2025, we have formulated an "HR Strategy" as a new basic strategy, with the goal of "creating a corporate culture full of vitality where innovation can flourish."

In order to achieve this goal, at the meeting of the Company's Board of Directors held today, it was decided to provide the Group employees who join the ESA and agree to the Incentive Plan (the "Eligible Employees") with the opportunity to acquire common stock of the Company as restricted shares that the Company will dispose of through the ESA, as a measure to improve employee engagement and promote the active participation of human resources. In addition to helping the Eligible Employees to build up their assets, this is also intended to raise awareness of the Group's business performance and share price, thereby promoting the sharing of value with shareholders and increasing motivation towards the medium- to long-term improvement of corporate value.