

# Notice of Convocation

## of the 124th Annual General Meeting of Shareholders

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

To prevent the further spread of COVID-19, shareholders are requested to refrain from attending the meeting in person and instead to exercise their voting rights in advance in writing (by mail) or via the internet.

# Color & Comfort

Please note that this is an unofficial English translation of the Japanese Notice of Convocation of the 124th Annual General Meeting of Shareholders, and is provided for your reference and convenience only, without any warranty as to its accuracy or otherwise. The original Japanese version of the Notice of Convocation is the sole official version.

# Color & Comfort

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

- To prevent the further spread of COVID-19, shareholders are requested to refrain from attending the 124th Annual General Meeting of Shareholders in person.
- Shareholders are requested to exercise their voting rights in advance in writing (by mail) or via the internet, as outlined on pages 5 and 6.
- The meeting will be streamed live on the internet. For instructions on how to view the live stream, please see “Livestreaming of the Annual General Meeting of Shareholders” on page 7.
- Shareholders choosing to attend the meeting in person will be required to take preventative measures, including wearing masks and using the alcohol-based sanitizer provided. Any individual not wearing a mask may be refused admission.
- The time allotted for the meeting’s proceedings will be shorter than in most years.
- Any other notifications or advisories regarding significant changes to plans for the convening of the meeting will be posted on the Company’s website.

The understanding and cooperation of all shareholders is greatly appreciated.

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# To Our Shareholders

Let me begin by conveying my appreciation to shareholders for their ongoing support. COVID-19 continues to exert a major impact on society the world over. Like everyone, I sincerely hope that the efforts to bring the pandemic under control soon succeed and we are all able to once again resume our everyday lives.

In response to the rapid advance of global warming, people the world over are stepping up efforts to achieve carbon neutrality. We also expect the further acceleration of changes driven by COVID-19, including the shift to a new normal and the spread of digitalization. In this environment, it is increasingly important that companies do not exclusively focus on the maximization of profits, but that they equally prioritize society and the amplification of social value. Conscious of the need to share an aspirational *raison d'être* beyond profits, we will strive to remain a purpose-driven organization.

It is from this perspective that we have redefined our management vision, which is set forth in The DIC Way. The updated management vision is “We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*—”. To guide our efforts in the years ahead to fulfill this vision, we have formulated a new long-term management plan, DIC Vision 2030.

Looking ahead to fiscal year 2030, we will continue seeking to contribute to a society that is increasingly green, digital and quality of life (QOL)-oriented. To this end, we will promote strategies aimed at building a business portfolio that contributes to sustainable prosperity for society and helping to achieve sustainability for the global environment and for society—with a focus on five business areas that we have identified as long-term priorities.

For fiscal year 2021, we are proposing a year-end dividend of 50 yen per share, which is unchanged from our original forecast. As a result, the annual dividend will be 100 yen per share.

As always, in all our efforts we look forward to the continued support and guidance of our shareholders.

**Kaoru Ino**  
Representative Director, President and CEO



# Notice of Convocation

Securities Identification Code: 4631  
March 11, 2022

To Our Shareholders,

(Registered Office) 35-58, Sakashita 3-chome, Itabashi-ku, Tokyo  
(Corporate Headquarters) 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo

## DIC Corporation

Kaoru Ino, Representative Director

### Notice of Convocation of the 124th Annual General Meeting of Shareholders

The 124th Annual General Meeting of Shareholders of DIC Corporation (the "Company") will be held as described below.

To prevent the further spread of COVID-19, you are requested to refrain from attending the Annual General Meeting in person.

The meeting will be streamed live on the internet. For instructions on how to view the live stream, please see "Livestreaming of the Annual General Meeting of Shareholders" on page 7.

If you choose not to attend the meeting, upon review of the Reference Documents for the General Meeting of Shareholders (pages 8–23), **please exercise your voting rights in advance in writing (by mail) or via the internet** in accordance with the Guidance Notes on the Exercise of Voting Rights (pages 5 and 6) **by 5:15 p.m., Monday, March 28, 2022 (Japan time).**

#### Date and Time

10:00 a.m., Tuesday, March 29, 2022 (Japan time)

#### Place

Nihonbashi Mitsui Hall, COREDO Muromachi 1 (Reception Desk: 4th Floor)  
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

#### Agenda of the General Meeting

##### Matters to be Reported:

1. Business Report, Consolidated Financial Statements and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the 124th Fiscal Year (January 1, 2021–December 31, 2021)
2. Non-Consolidated Financial Statements for the 124th Fiscal Year (January 1, 2021–December 31, 2021)

##### Matters to be Resolved:

- Proposal 1.** Appropriation of Surplus  
**Proposal 2.** Partial Amendments to the Articles of Incorporation  
**Proposal 3.** Election of 9 Directors  
**Proposal 4.** Election of 1 Alternate Audit & Supervisory Board Member

## Matters Decided upon Convocation of the General Meeting

- (1) If you exercise your voting rights redundantly both by mail and via the internet or other electromagnetic means, the vote cast via the internet or other electromagnetic means shall be considered the valid vote.
- (2) If you exercise your voting rights on the same agenda more than once via the internet or other electromagnetic means, the latest vote cast shall be considered the valid vote.

In the event that revisions are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements, the revised items will be posted on the Company's website (<https://www.dic-global.com/en/ir/stocks/meeting.html>).

### Materials Disclosed via the Internet

Pursuant to applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following materials are disclosed on the Company's website and not included in the attachments to this Notice of Convocation:

- ① Basic Policy Regarding, and Operational Status of, Systems for Ensuring the Appropriate Execution of Business
- ② Consolidated Statement of Changes in Net Assets
- ③ Notes to the Consolidated Financial Statements
- ④ Non-Consolidated Statement of Changes in Net Assets
- ⑤ Notes to the Non-Consolidated Financial Statements

#### IR Information

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

In addition to the materials contained in the attachments to this Notice of Convocation, the Business Report—which has been audited by the Audit & Supervisory Board—and the Consolidated Financial Statements and Non-Consolidated Financial Statements—which have been audited by the Audit & Supervisory Board and the Accounting Auditor—include the materials listed in ①–⑤ above, all of which are available on the Company's website.





## Guidance Notes on the Exercise of Voting Rights

The right to vote at the General Meeting of Shareholders is an important shareholder entitlement. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights using one of the methods indicated below. To prevent the further spread of COVID-19, it is strongly recommended that you exercise your voting rights in writing (by mail) or via the internet.



### Attend the General Meeting of Shareholders

Please submit the enclosed Exercise of Voting Rights Form at the reception desk at the General Meeting of Shareholders on the day of the meeting.

Date and time of the General Meeting of Shareholders

**Tuesday, March 29, 2022**  
**10:00 a.m. (Japan time)**



### Exercise Your Voting Rights in Writing (By Mail)

Please indicate your approval or disapproval of the proposals on the enclosed Exercise of Voting Rights Form and return the Form to the Company by mail so that it arrives by the deadline indicated.

Deadline for arrival

**Monday, March 28, 2022**  
**No later than 5:15 p.m.**  
**(Japan time)**



### Exercise Your Voting Rights via the Internet

Please indicate your approval or disapproval of the proposals in accordance with the instructions on page 6 by the deadline indicated.

Deadline for voting via the internet

**Monday, March 28, 2022**  
**No later than 5:15 p.m.**  
**(Japan time)**

Institutional investors may use the electronic voting platform operated by ICJ, Inc.

## Instructions for Completing the Exercise of Voting Rights Form

議案	賛	否
第1号議案	賛	否
第2号議案	賛	否
第3号議案	賛	否
第4号議案	賛	否

Indicate your approval or disapproval of the proposals here.

#### Proposals 1, 2 and 4

- Approval >>> Circle **「賛」**
- Disapproval >>> Circle **「否」**

#### Proposal 3

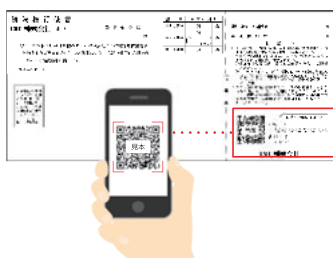
- Approval of all candidates >>> Circle **「賛」**
- Disapproval of all candidates >>> Circle **「否」**
- Approval of certain candidates only >>> Circle **「賛」**  
and enter the number(s) of the candidate(s) whose election you oppose.

## Instructions for Exercising Your Voting Rights via the Internet

### Voting via Smartphone Using the QR Code

This allows you to login without entering the login ID and temporary password provided on the Exercise of Voting Rights Form.

- 1 Scan the QR Code printed on the right side of the enclosed Exercise of Voting Rights Form.



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



You can exercise your voting rights using the QR Code **ONLY ONCE**.

If you wish to change your vote, or to vote using the login ID and temporary password, please follow the instructions in "Voting Using the Login ID and Temporary Password" to the right.

#### Caution

- Please note that the voting website cannot be accessed between 2:00 a.m. and 5:00 a.m. daily (Japan time).
- Depending on your specific computer or smartphone settings and/or internet environment, you may not be able to use the voting website to exercise your voting rights.
- Any transmission fees or other costs incurred in accessing the voting website shall be borne by the individual shareholder.
- Please address any inquiries regarding the exercise of voting rights via the internet using a computer or smartphone to the help desk indicated below.

Inquiries regarding the exercise of voting rights via the internet

Stock Transfer Agency Department (Help Desk)  
Mitsubishi UFJ Trust and Banking Corporation

Telephone: **0120-173-027** (Toll-free within Japan)

Operating hours: 9:00 a.m.–9:00 p.m. (Japan time)

### Voting Using the Login ID and Temporary Password

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

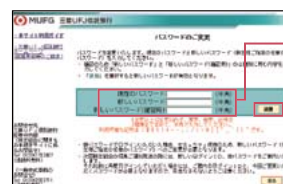
- 1 Access the voting website.
- 2 Enter the login ID and temporary password provided on the right side of the enclosed Exercise of Voting Rights Form.



Enter login ID and temporary password

Click "Login"

- 3 Register new password.



Enter new password

Click "Submit"

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

Note: Website voting form shown is a mockup.



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## Livestreaming of the Annual General Meeting of Shareholders

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The Annual General Meeting of Shareholders will be streamed live on the internet. Shareholders not attending the meeting in person will thus be able to view the proceedings online from home or another location.

Please also note that shareholders viewing the livestream will not be able to participate in resolutions on the day of the meeting. Shareholders choosing to view the livestream rather than attend the meeting in person are asked to exercise their voting rights in advance in writing (by mail) or via the internet.

For information on how to view the livestream and additional precautions to observe, please refer to the enclosed *Instructions for Viewing the Livestream of the Annual General Meeting of Shareholders and Submitting Questions in Advance*.



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## Submitting Questions in Advance

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The Company welcomes questions submitted by shareholders via the internet. Shareholders are asked to make their questions as specific and concise as possible and to focus on content pertinent to the agenda of the Annual General Meeting of Shareholders.

The Company will respond to questions regarding matters of high interest to shareholders on the day of the meeting. Please note that the Company does not guarantee it will be able to respond to all questions received in advance.

For information on the period during which questions will be accepted, the website for submitting questions and additional precautions to observe, please refer to the enclosed *Instructions for Viewing the Livestream of the Annual General Meeting of Shareholders and Submitting Questions in Advance*.



# Reference Documents for the General Meeting of Shareholders

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## Proposal 1

## Appropriation of Surplus

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The Company has a basic policy on the appropriation of retained earnings by ensuring stable management fundamentals and bringing more satisfactory profit returns to the shareholders.

The Company endeavors to maintain the internal reserves and uses those reserves effectively in order to promote the future interests of the shareholders by reinforcing the fundamentals of the Company.

The Company proposes the year-end dividends as follows:

### 1 Type of Dividend

Cash

### 2 Allocation of Dividend Property to Shareholders and Total Amount of Dividend

50 yen per share of common stock

Total amount of dividend: 4,739,332,700 yen

The Company previously paid out 50 yen per share as an interim dividend. Accordingly, the aggregate amount of the annual dividends for the fiscal year 2021 will be 100 yen per share.

### 3 Effective Date of Dividend

March 30, 2022

## Proposal 2

# Partial Amendments to the Articles of Incorporation

### 1 Reason for Amendments

The revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are due to come into effect on September 1, 2022. Accordingly, to prepare and introduce a system for providing reference documents, etc., for the exercise of voting rights in an electronic format, the Company will amend the Articles of Incorporation as follows:

- 1) Provision 1 of the proposed amendment to Article 15 stipulates that the Company shall implement measures to provide the information that comprises the contents of reference documents, etc., for the exercise of voting rights in an electronic format.
- 2) Provision 2 of the proposed amendment to Article 15 stipulates limitations to the scope of matters described in reference documents in a printed format delivered to shareholders who have requested documents in this format.
- 3) The current Article 15 will become unnecessary and will thus be deleted.
- 4) The proposed supplementary provisions concern the effective date of the establishment of the new article/deletion of the existing article.

### 2 Details of Amendments

The Company proposes to make partial amendments to the current Articles of Incorporation as follows:

(Underlined text is to be amended.)










Current Articles of Incorporation	Proposed Amendments
<p><u>(Disclosure on the Internet of Reference Documents for the Exercise of Voting Rights Deemed to Constitute the Provision of the Same)</u></p> <p><u>Article 15. In connection with the convocation of the general meeting of shareholders, the disclosure by the Company by means of the use of the internet, of information relating to matters which must be stated or set forth in the reference documents for the exercise of voting rights, business reports, accounting documents and consolidated financial statements, shall be deemed to constitute the provision of the same to shareholders, in accordance with the applicable directive of the Ministry of Justice.</u></p>	<p>(Delete)</p>
<p>(New)</p>	<p><u>(Measures for the Provision of Reference Documents for the Exercise of Voting Rights in an Electronic Format)</u></p> <p><u>Article 15. In connection with the convocation of the general meeting of shareholders, the Company shall take measures to provide the information that comprises the contents of reference documents, etc., for the exercise of voting rights in an electronic format.</u></p> <p><u>2. Among the contents provided in an electronic format, the Company may exclude all or part of the matters described, in accordance with the applicable Order of the Ministry of Justice, from reference documents in a printed format delivered to shareholders who have requested delivery in this format by the record date for voting rights.</u></p>
<p>(New)</p>	<p><u>(Supplementary Provisions)</u></p> <p><u>1. The deletion of the current Article 15 of the Articles of Incorporation (Disclosure on the Internet of Reference Documents for the Exercise of Voting Rights Deemed to Constitute the Provision of the Same) and the establishment of the new Article 15 (Measures for the Provision of Reference Documents for the Exercise of Voting Rights in an Electronic Format) shall go into effect on September 1, 2022 (the "enforcement date").</u></p> <p><u>2. Notwithstanding the provisions in the previous paragraph, the current Article 15 of the Articles of Incorporation shall remain in effect for any general meeting of shareholders held on a date within six (6) months of the enforcement date.</u></p> <p><u>3. These supplementary provisions shall be deleted on either the date on which six (6) months have passed since the enforcement date or the date on which three (3) months have passed since the date of the general meeting of shareholders described in the previous paragraph, whichever is later.</u></p>

## Proposal 3

## Election of 9 Directors

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

The candidates for Directors are as follows:

Candidate No.	Candidate Name	Current Positions and Responsibilities at the Company	Attendance at Board of Directors' Meetings
1	 <span>Re-Nominated</span> Masayuki Saito	Chairman of the Board of Directors	16/16 (100%)
2	 <span>Re-Nominated</span> Kaoru Ino	Representative Director President and CEO	16/16 (100%)
3	 <span>Re-Nominated</span> Toshifumi Tamaki	Representative Director Executive Vice President Assistant to President and CEO	16/16 (100%)
4	 <span>Re-Nominated</span> Yoshihisa Kawamura	Director	16/16 (100%)
5	 <span>Re-Nominated</span> Takeshi Asai	Director Managing Executive Officer Head of Corporate Strategy Unit In Charge of Kawamura Memorial DIC Museum of Art	11/11 (100%)
6	 <span>Re-Nominated</span> Shuji Furuta	Director Managing Executive Officer Head of Finance and Accounting Unit CFO	11/11 (100%)
7	 <span>Re-Nominated</span> Kazuo Tsukahara	<span>Outside Independent</span> Director	16/16 (100%)
8	 <span>Re-Nominated</span> Yoshiaki Tamura	<span>Outside Independent</span> Director	16/16 (100%)
9	 <span>Re-Nominated</span> Kuniko Shoji	<span>Outside Independent</span> Director	16/16 (100%)

Re-Nominated Re-Nominated Director Candidate

Outside Outside Director Candidate      Independent Independent Director Candidate

Note: Figures for attendance at Board of Directors' meetings for Takeshi Asai and Shuji Furuta reflect the number of meetings held subsequent to these individuals' assumption of office on March 30, 2021 until December 31, 2021.

Candidate No.

1

# Masayuki Saito

 [DOB: November 8, 1954]

Number of the Company's  
Shares Held  
**17,691**

Attendance at Board of  
Directors' Meetings  
**16/16**

## ▶ Brief Personal History, Positions and Responsibilities

April 1977	Joined the Company
April 2007	General Manager, Finance Dept.
April 2008	Executive Officer; In Charge of Finance & Accounting Div.
June 2010	Director; Executive Officer; In Charge of Finance & Accounting Div.
April 2011	Director; Managing Executive Officer; In Charge of Finance & Accounting Div.
April 2012	Representative Director; Senior Managing Executive Officer; Assistant to President and CEO; In Charge of Finance & Accounting Div.
January 2016	Representative Director; Executive Vice President; Assistant to President and CEO; CFO
January 2020	Representative Director; Executive Vice President; Assistant to President and CEO
January 2021– Present	Chairman of the Board of Directors

## ▶ Principal Concurrent Position Held at Other Organization

Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.

## ▶ Reasons for Being a Candidate for Director

Masayuki Saito previously served as General Manager of the Corporate Strategic Planning Dept., Managing Director of the regional headquarters for Asia and General Manager of the Finance Dept. Until fiscal year 2020, he assisted the President and CEO as Representative Director and Executive Vice President. At present, he serves as Chairman of the Board of Directors and supervises management of the DIC Group. He has extensive experience, achievements and knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

### Notes:

1. There are no special interests between Masayuki Saito and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

**2****Kaoru Ino**

[DOB: September 15, 1957]

Number of the Company's  
Shares Held**10,264**Attendance at Board of  
Directors' Meetings**16/16**

### ▶ Brief Personal History, Positions and Responsibilities

April 1981	Joined the Company
April 2008	General Manager, Finance Dept.
April 2011	General Manager, Purchasing and Logistics Dept.
April 2012	Executive Officer; General Manager, Corporate Planning Dept.
January 2014	Executive Officer; In Charge of Corporate Strategy Div.; General Manager, Corporate Planning Dept.
January 2016	Managing Executive Officer; In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art
March 2016	Director; Managing Executive Officer; In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art
January 2018– Present	Representative Director; President and CEO

### ▶ Reasons for Being a Candidate for Director

Kaoru Ino previously served as General Manager of the Finance Dept., General Manager of the Purchasing and Logistics Dept., General Manager of the Corporate Planning Dept. and Executive Officer in Charge of Corporate Strategy Div. At present, he is Representative Director, President and CEO. He has extensive experience, achievements and knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Kaoru Ino and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.



Candidate No.

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

Number of the Company's  
Shares Held  
**7,074**

Attendance at Board of  
Directors' Meetings  
**16/16**

### ▶ Brief Personal History, Positions and Responsibilities

April 1980	Joined the Company
October 2010	General Manager, Polymer Technical Div. 2
April 2012	Executive Officer; General Manager, Corporate R&D Div.; General Manager, Color Science Laboratory; General Manager, Central Research Laboratories
January 2016	Managing Executive Officer; In Charge of Technical Segment (Technical Administrative Div. and Corporate R&D Div.); General Manager, Technical Administrative Div.
January 2018	Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
March 2018	Director; Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
January 2021– Present	Representative Director; Executive Vice President; Assistant to President and CEO

### ▶ Principal Concurrent Position Held at Other Organization

Director, TAIYO HOLDINGS CO., LTD.

### ▶ Reasons for Being a Candidate for Director

After joining the Company, Toshifumi Tamaki engaged in research and development in the polymers business and previously served as General Manager of the Polymer Technical Div. 2, General Manager of the Corporate R&D Div., General Manager of the Technical Administrative Div. and Head of Corporate Strategy Unit. At present, he assists the President and CEO as Representative Director and Executive Vice President. He has extensive experience and achievements in research and development, as well as knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Toshifumi Tamaki and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

**4****Yoshihisa Kawamura**

[DOB: November 12, 1960]



Number of the Company's  
Shares Held  
**85,489**

Attendance at Board of  
Directors' Meetings  
**16/16**

### ▶ Brief Personal History, Positions and Responsibilities

April 1984	Joined Mitsui & Co., Ltd.
April 1991	Joined the Company
June 2004	Executive Officer; General Manager, Strategic Global Purchasing Div.
June 2007	Director; General Manager, Corporate Strategic Planning Dept.
April 2008	Director; Managing Executive Officer; President, Graphic Arts Materials Business Operations
July 2011	Director; Managing Executive Officer; President, Neo-Graphic Arts Materials Business Operations
January 2014– Present	Director

### ▶ Principal Concurrent Position Held at Other Organization

Chairman of the Board of Directors, DIC Graphics Corporation

### ▶ Reasons for Being a Candidate for Director

Yoshihisa Kawamura previously served as General Manager of the Corporate Strategic Planning Dept., President of the Graphic Arts Materials Business Operations and President of the Neo-Graphic Arts Materials Business Operations. At present, he supervises management of the DIC Group as a Director. He has extensive experience, achievements and knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

#### Notes:

1. There are no special interests between Yoshihisa Kawamura and the Company.
2. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

**5****Takeshi Asai**

[DOB: April 3, 1964]



Number of the Company's  
Shares Held  
**1,659**

Attendance at Board of  
Directors' Meetings  
**11/11**

### ▶ Brief Personal History, Positions and Responsibilities

April 1988	Joined the Company
May 2008	Director, Sun Chemical Corporation
October 2010	Managing Director, DIC Europe GmbH
January 2016	General Manager, Business Performance Control Dept.
January 2018	Executive Officer; General Manager, Corporate Planning Dept.; In Charge of Osaka Branch and Nagoya Branch
January 2021	Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
March 2021	Director; Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art
January 2022 - Present	Director; Managing Executive Officer; Head of Corporate Strategy Unit; In Charge of Kawamura Memorial DIC Museum of Art

### ▶ Principal Concurrent Position Held at Other Organization

Vice Chairman of the Board, Sun Chemical Corporation  
Outside Director, RENAISSANCE, INCORPORATED

### ▶ Reasons for Being a Candidate for Director

Since joining the Company, Takeshi Asai has been involved primarily in accounting and corporate planning. He previously served as president of a subsidiary in Europe, General Manager of the Business Performance Control Dept. and General Manager of the Corporate Planning Dept. At present, he is Head of the Corporate Strategy Unit. He has extensive experience and achievements in finance, accounting and corporate strategy, as well as knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Takeshi Asai and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

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

Number of the Company's  
Shares Held  
**2,604**

Attendance at Board of  
Directors' Meeting  
**11/11**

### ▶ Brief Personal History, Positions and Responsibilities

April 1987	Joined the Company
January 2016	General Manager, Finance Dept.
January 2019	Executive Officer; Head of Finance and Accounting Unit
January 2020	Executive Officer; Head of Finance and Accounting Unit; CFO
March 2021	Director; Executive Officer; Head of Finance and Accounting Unit; CFO
January 2022 - Present	Director; Managing Executive Officer; Head of Finance and Accounting Unit; CFO

### ▶ Principal Concurrent Position Held at Other Organization

Representative Member, DIC INVESTMENTS JAPAN, LLC.

### ▶ Reasons for Being a Candidate for Director

Since joining the Company, Shuji Furuta has been involved primarily in accounting. He previously served as General Manager of the Finance Dept. and is currently Head of the Finance and Accounting Unit and CFO. He has extensive experience and achievements in finance and accounting, as well as knowledge regarding the management of global businesses. Accordingly, he is once again a candidate for Director.

Notes:

1. There are no special interests between Shuji Furuta and the Company.
2. The number of the Company's shares held includes the number of those to be provided under the performance-based compensation plan, a certain proportion of which will be sold at market and provided in cash equivalent to the proceeds from the sale.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

Candidate No.

7

Kazuo Tsukahara

[DOB: April 17, 1950]

Outside Director

Independent Director

Number of the Company's  
Shares Held

0

Attendance at Board of  
Directors' Meetings

16/16

### ▶ Brief Personal History, Positions and Responsibilities

April 1974	Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently, IHI Corporation)
April 2006	Executive Officer, IHI Corporation
April 2008	Director and Managing Executive Officer, IHI Corporation
April 2012	Representative Director and Executive Vice President, IHI Corporation
June 2014	Advisor, IHI Corporation
March 2017– Present	Outside Director, the Company

### ▶ Principal Concurrent Position Held at Other Organization

Outside Director, ASKUL Corporation

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

As indicated above, Kazuo Tsukahara has been engaged in corporate management for many years and thus has extensive experience and insight in this area, which he can be expected to leverage to help strengthen management of the DIC Group, as well as to provide advice from a broad management perspective. In addition, as a member of the Nomination Committee and the Remuneration Committee he will be able to participate in both the selection of candidates and the determination of remuneration for Directors from an objective position. Accordingly, he is once again a candidate for Outside Director.

Notes:

- There are no special interests between Kazuo Tsukahara and the Company.
- Kazuo Tsukahara is a candidate for Outside Director. Matters to be particularly mentioned in connection therewith are as follows:
  - Number of Years since the Candidate First Assumed the Office of Outside Director of the Company  
At the conclusion of the General Meeting, he will have served for five years as Outside Director of the Company.
  - Summary of Liability Limitation Contracts  
The Company plans to extend the contract for limitation of liability with him if he is reelected. Pursuant to the contract, if he neglects his duties and causes damages to the Company, he shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that he acted in good faith and was not grossly negligent in performing his duties.
  - Designation as Independent Director  
He is designated as Independent Director pursuant to the rules of the Tokyo Stock Exchange. For the Company's Independence Standards for Independent Outside Officers, please refer to page 23.
- The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.





Candidate No.

9

**Kuniko Shoji**

[DOB: January 8, 1954]

Outside Director

Independent Director



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

Attendance at Board of  
Directors' Meetings  
**16/16**

### ▶ Brief Personal History, Positions and Responsibilities

April 1977      Joined Mochida Pharmaceutical Co., Ltd.  
July 1986      Joined Johnson & Johnson Medical K.K.(Currently, Johnson & Johnson K.K.)  
September 2002      Joined Terumo Corporation  
June 2004      Executive Officer, Terumo Corporation  
June 2010      Director and Senior Executive Officer, Terumo Corporation  
April 2017      Director and Advisor, Terumo Corporation  
June 2017      Advisor, Terumo Corporation  
March 2019-      Outside Director, the Company  
Present

### ▶ Principal Concurrent Positions Held at Other Organizations

Outside Director, Nichirei Corporation  
Outside Director, Medipal Holdings Corporation

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

As indicated above, Kuniko Shoji has been engaged in corporate management for many years and thus has extensive experience and insight in this area, which she can be expected to leverage to help strengthen management of the DIC Group, as well as to provide advice from a broad management perspective. In addition, as a member of the Nomination Committee and the Remuneration Committee she will be able to participate in both the selection of candidates and the determination of remuneration for Directors from an objective position. Accordingly, she is once again a candidate for Outside Director.

#### Notes:

1. There are no special interests between Kuniko Shoji and the Company.
2. Kuniko Shoji is a candidate for Outside Director. Matters to be particularly mentioned in connection therewith are as follows:
  - (1) Number of Years since the Candidate First Assumed the Office of Outside Director of the Company  
At the conclusion of the General Meeting, she will have served for three years as Outside Director of the Company.
  - (2) Summary of Liability Limitation Contracts  
The Company plans to extend the contract for limitation of liability with her if she is reelected. Pursuant to the contract, if she neglects her duties and causes damages to the Company, she shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that she acted in good faith and was not grossly negligent in performing her duties.
  - (3) Designation as Independent Director  
She is designated as Independent Director pursuant to the rules of the Tokyo Stock Exchange. For the Company's Independence Standards for Independent Outside Officers, please refer to page 23.
3. The Company purchases directors' and officers' (D&O) liability insurance for all Directors, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. Each candidate for Director whose nomination is approved will be covered by this insurance, which will be renewed during his or her term of office.

## Proposal 4

## Election of 1 Alternate Audit &amp; Supervisory Board Member

With the expiration of the term of office of Alternate Audit & Supervisory Board Member Satoshi Hiyama at the start of the General Meeting, the Company proposes the election of one Alternate Audit & Supervisory Board Member to ensure that it is prepared in the event the number of Outside Audit & Supervisory Board Member falls below that required by laws and regulations.

This election may be cancelled prior to the Alternate Audit & Supervisory Board Member taking office by a resolution of the Board of Directors upon the consent of the Audit & Supervisory Board.

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

The candidate for Alternate Audit & Supervisory Board Member is as follows:

Candidate Name	Current Positions at the Company	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
 <div style="display: inline-block; border: 1px solid orange; padding: 2px;">Re-Nominated</div> Satoshi Hiyama	<div style="display: inline-block; background-color: #c00000; color: white; padding: 2px;">Outside</div> <div style="display: inline-block; background-color: #6b8e23; color: white; padding: 2px;">Independent</div> (if appointed)	—	—





Re-Nominated Re-Nominated Alternate Audit & Supervisory Board Member Candidate

Outside Outside Member Candidate

Independent Independent Member Candidate

(Reference)

Audit & Supervisory Board Members who will remain as Members after the conclusion of the General Meeting are as follows:

Name	Current Positions at the Company
 Hiroyuki Ninomiya	Full-time Audit & Supervisory Board Member
 Akihiro Ikushima	Full-time Audit & Supervisory Board Member
 Michiko Chiba	<div style="display: inline-block; background-color: #c00000; color: white; padding: 2px;">Outside</div> <div style="display: inline-block; background-color: #6b8e23; color: white; padding: 2px;">Independent</div> Audit & Supervisory Board Member
 Keita Nagura	<div style="display: inline-block; background-color: #c00000; color: white; padding: 2px;">Outside</div> <div style="display: inline-block; background-color: #6b8e23; color: white; padding: 2px;">Independent</div> Audit & Supervisory Board Member

Outside Outside Member

Independent Independent Member

## Candidate

# Satoshi Hiyama

 [DOB: October 15, 1972]

Outside Member	Independent Member (if appointed)
----------------	--------------------------------------



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

## ▶ Brief Personal History and Positions

March 1998	Completed the training courses of the Legal Training and Research Institute
April 1998	Assistant Judge, Tokyo District Court
April 2000	Assigned to Civil Affairs Bureau, General Secretariat, Supreme Court
April 2002	Assistant Judge, Tokyo District Court
April 2003	Assistant Judge, Kokura Branch, Fukuoka District Court
August 2004	Joined Anderson Mori & Tomotsune
October 2006	Joined Sudoh & Takai Law Office
October 2015	Partner, Kikkawa Law Offices
July 2017	Partner, Kikkawa Sogo Law Offices
March 2018-	Alternate Audit & Supervisory Board Member, the Company
Present	
May 2020-	Representative Partner, Hiyama & Saga Law Offices
Present	

## ▶ Principal Concurrent Position Held at Other Organization

Outside Audit & Supervisory Board Member, ARTNATURE INC.

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

As an attorney in the area of corporate legal affairs, Satoshi Hiyama has accumulated a wealth of specialized knowledge and experience. As such, he is seen as able to perform his duties as an Outside Audit & Supervisory Board Member from a professional, multifaceted and independent perspective. Accordingly, he is once again a candidate for Alternate Outside Audit & Supervisory Board Member.

### Notes:

- There are no special interests between Satoshi Hiyama and the Company.
- Satoshi Hiyama is a candidate for Alternate Outside Audit & Supervisory Board Member. Matters to be particularly mentioned in connection therewith are as follows:
  - Summary of Liability Limitation Contracts
 

The Company plans to enter into a contract for limitation of liability with him if he takes office as Outside Audit & Supervisory Board Member. Pursuant to the contract, if he neglects his duties and causes damages to the Company, he shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that he acted in good faith and was not grossly negligent in performing his duties.
  - Designation as Independent Audit & Supervisory Board Member
 

The Company plans to designate him as Independent Audit & Supervisory Board Member pursuant to the rules of the Tokyo Stock Exchange if he takes office as Outside Audit & Supervisory Board Member. For the Company's Independence Standards for Independent Outside Officers, please refer to page 23.
- The Company purchases directors' and officers' (D&O) liability insurance for all Audit & Supervisory Board Members, payable to the insured individuals. For details on these policies, please see page 42 of this Notice of Convocation. The candidate for Alternate Audit & Supervisory Board Member, if taking office as Audit & Supervisory Board Member, will be covered by this insurance, which will be renewed during his term of office.

## Reference

## Composition of the Board of Directors and the Audit & Supervisory Board

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

### Skills Matrix

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



## Reference

**1 Policy for Nominating Director and Audit & Supervisory Board Member Candidates**

The Company's policy is to nominate Director and Audit & Supervisory Board Member candidates who have high ethical standards and who have the knowledge, experience and ability to perform their duties as delegated by shareholders in a manner that will contribute to sustainable growth and increased corporate value for the DIC Group as a whole.

**2 Independence Standards for Independent Outside Officers**

The Company does not recognize individuals with the connections listed below as being independent in the appointment of Independent Outside Officers.

- 1 ) Individuals who are executives of the Company or one of its consolidated subsidiaries (collectively, the "DIC Group") at present or have been in the preceding 10 years.
- 2 ) Individuals to whom any of the following items has applied in the preceding 3 years:
  - ① A business partner or any executive of said business partner of the DIC Group with whom transactions exceed 3% of the DIC Group's consolidated net sales in a single fiscal year.
  - ② A business partner or any executive of said business partner for whom transactions with the DIC Group exceed 3% of the business partner's consolidated net sales in a single fiscal year.
  - ③ A shareholder or any executive of said shareholder who holds 5% or more of the voting rights of the Company.
  - ④ A principal lender or any executive of said principal lender of the DIC Group from which the loans in a single fiscal year exceed 3% of the DIC Group's total assets.
  - ⑤ An individual who or any individual of an organization which has received a contribution of more than 10 million yen annually from the DIC Group.
  - ⑥ An accountant or member, partner or employee of an audit firm who serves as an accounting auditor or accounting advisor for the DIC Group.
  - ⑦ Excluding those to whom item ⑥ applies, providers of professional services, such as consultants, accountants or attorneys, who received remuneration from the DIC Group in excess of 10 million yen annually not including remuneration received as a director or corporate officer of DIC Group, or an individual of an organization that received remuneration in excess of 3% of the organization's consolidated net sales in compensation for professional services, such as consulting, accounting or legal.
  - ⑧ An executive of another company, in the event that an executive of the Company takes office as an outside officer of that company.
- 3 ) Spouses and relatives within the second degree of kinship of individuals listed in Sections 1 ) and 2 ).
- 4 ) An individual whose term as an outside officer of the Company exceeds 8 years.

(Attachments)

# Business Report

(January 1, 2021 - December 31, 2021)

## 1 Current Conditions of the DIC Group

### 1 Business Progress and Achievements

In the fiscal year 2021, consolidated net sales advanced 22.0%, to ¥855.4 billion. If the results of the C&E pigments business (formerly BASF SE's Colors & Effects business), included in the scope of consolidation since July 2021, were discounted, the increase would have been 15.3%. With progress in the drive to vaccinate people against COVID-19 and the effectiveness of vaccinations, the effect of the pandemic on economic activity eased, particularly in developed countries and territories. Against a backdrop of buoyant digital-related demand worldwide, shipments remained robust, including those of high-value-added products such as materials for use in semiconductor devices and in electrical and electronics equipment. Shipments of materials for use in daily necessities such as food packaging stayed firm, while those of pigments for cosmetics showed signs of recovering. While certain products and regions continued to feel the brunt of falling automobile production, a result of semiconductor device shortages, shipments of materials for automotive applications were steady overall.

Operating income, at ¥42.9 billion, was up 8.1%. If the impact of the C&E pigments business was excluded, the gain would have been 31.6%. This was despite the impact of elevated raw materials costs, a consequence of rising crude oil prices, among others, and higher logistics costs, attributable to supply chain stagnation, throughout the period, and was due to solid shipments in all segments, particularly of high-value-added products, and ongoing efforts to reduce the influence of escalating costs by adjusting sales prices. Nonetheless, operating income growth was hindered by flagging sales in the C&E pigments business—reflecting shipment delays attributable to the fact that it took some time to build a logistics configuration following the integration of the new business—as well as by an increase in operating costs to resolve this business' logistics-related issues, among others.

Ordinary income rose 20.0%, to ¥43.8 billion, owing to expanded equity in earnings of affiliates and foreign exchange gains.

Net income attributable to owners of the parent tumbled 67.0%, to ¥4.4 billion. The principal factor behind this steep decrease was the reversal of deferred tax assets in the United States and the recording of an equivalent amount as income taxes—deferred, as detailed in the press release titled "Notice Regarding Revision of Consolidated Operating Results Forecasts for Fiscal Year 2021 and Reversal of Deferred Tax Assets," published on February 7, 2022.

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached ¥69.0 billion, up 24.1%.

(Billions of yen)

	Fiscal Year 2020	Fiscal Year 2021	Change (%)	Change (%) [Local Currency Basis]
Net Sales	701.2	855.4	22.0%	18.2%
Operating Income	39.7	42.9	8.1%	7.1%
Ordinary Income	36.5	43.8	20.0%	—
Net Income Attributable to Owners of the Parent	13.2	4.4	-67.0%	—
EBITDA*	55.6	69.0	24.1%	—
¥/US\$1.00 (Average Rate)	106.37	109.75	3.2%	—
¥/EUR1.00 (Average Rate)	121.43	129.73	6.8%	—

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

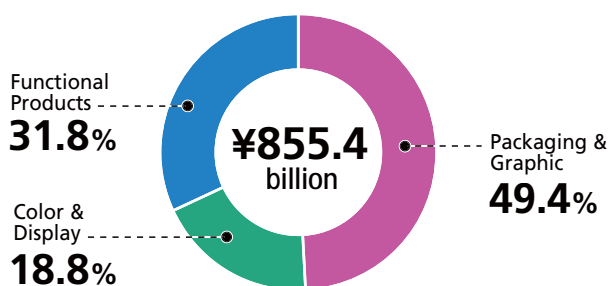
Results of operations by segment are as follows:

(Billions of yen)

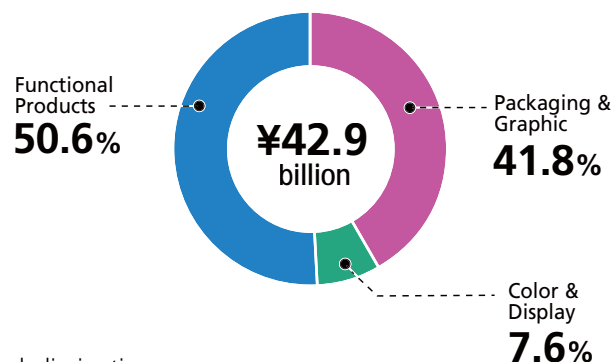
Segment	Net Sales				Operating Income			
	Fiscal Year 2020	Fiscal Year 2021	Change (%)	Change (%) [Local Currency Basis]	Fiscal Year 2020	Fiscal Year 2021	Change (%)	Change (%) [Local Currency Basis]
Packaging & Graphic	388.4	439.8	13.2%	9.8%	21.8	21.6	-0.7%	-0.2%
Color & Display	105.8	167.2	58.0%	51.7%	8.4	4.0	-53.2%	-49.3%
Functional Products	236.0	283.3	20.1%	17.1%	17.1	26.2	53.2%	49.4%
Others, Corporate and Eliminations	(29.0)	(34.9)	—	—	(7.6)	(8.9)	—	—
Total	701.2	855.4	22.0%	18.2%	39.7	42.9	8.1%	7.1%

Segment results in key markets are detailed on pages 26-28. Year-on-year percentage changes in squared parentheses represent increases or decreases on a local currency basis.

Breakdown of Fiscal Year 2021 Net Sales by Segment



Breakdown of Fiscal Year 2021 Operating Income by Segment



Note: Percentages are calculated by adding back others, corporate and eliminations.

# Packaging & Graphic



## Packaging Materials that Bring Safety and Peace of Mind

### Principal Products

#### [Printing Materials]

Gravure Inks, Flexo Inks, Offset Inks, News Inks, Jet Inks, Metal Decorative Inks, Printing Plates, Security Inks

#### [Packaging Materials]

Polystyrene, Packaging Adhesives, Multilayer Films

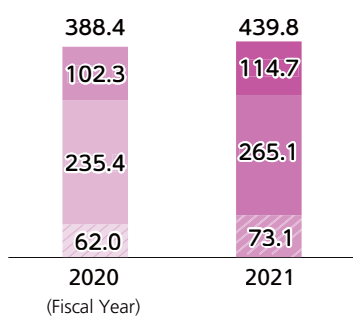
Net Sales

**¥439.8 billion**  
Change **+13.2%** [+9.8%]

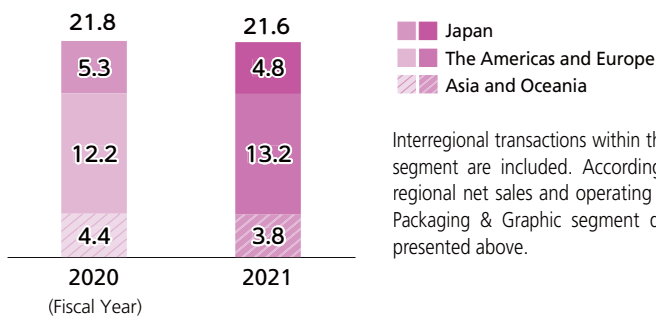
Operating Income

**¥21.6 billion**  
Change **-0.7%** [-0.2%]

### ● Net Sales (Billions of yen)



### ● Operating Income (Billions of yen)



Interregional transactions within the Packaging & Graphic segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Packaging & Graphic segment differ from the figures presented above.

Segment sales rose 13.2%, to ¥439.8 billion. In materials for food packaging, sales of packaging inks were bolstered by the continued expansion of shipments in the Americas and Europe, and signs of a recovery in demand in Japan. Sales of publication inks, which center on inks for commercial printing and news inks were also up—despite a decline in demand for the former in Japan, notably for printing pamphlets and event-related printed materials—thanks to higher sales in Asia, bolstered by persistently robust market conditions, and in the Americas and Europe, backed by firm demand. Sales of jet inks for digital printing increased sharply, buttressed by brisk sales throughout the year for industrial applications, including outdoor signage (billboards and posters) and banners, and for commercial printing, as well as by the positive impact of the June 2020 acquisition of a business engaged in the production of jet inks for digital printing on textiles.

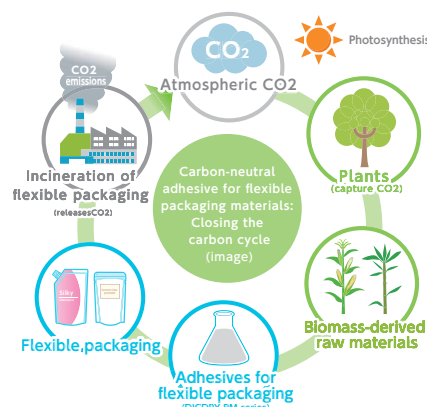
Segment operating income edged down 0.7%, to ¥21.6 billion. Notwithstanding ongoing efforts to counter the heightened influence of escalating raw materials costs—a result of rising raw materials prices—worldwide, operating income was down in Japan and Asia, as a consequence of which the overall result remained essentially level with the previous fiscal year.

## Focus: Development of New Technologies

### Development of New Biomass Gravure Inks, Antibacterial Varnish and Adhesives for Flexible Packaging Materials

The DIC Group has recently developed biomass gravure inks for surface printing on films used for food packaging, including bread bags, with high resistance to alcohol disinfectants. At the same time, the Group has also promoted the development of a biomass antibacterial varnish with outstanding alcohol-, heat- and oil-resistant properties, sales of which recently commenced. In the area of adhesives for flexible packaging materials, the Group has developed a series of biomass adhesives that deliver the same performance as conventional petroleum-based products and is steadily expanding its track record in this market.

Overseas, the Sun Chemical Group has developed a variety of products that enhance the sustainability of packaging. These include polyvinyl chloride (PVC)-free inks for lamination with adhesives, coatings that help realize compostable paper and film, water-based inks and coatings with high levels of biomass-derived raw materials, and deinkable inks, that is, inks that that can be easily removed during recycling.



# Color & Display



## Color and Display Materials that Make Life Colorful

### Principal Products

#### [Color Materials]

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

#### [Display Materials]

TFT Liquid Crystals, STN Liquid Crystals

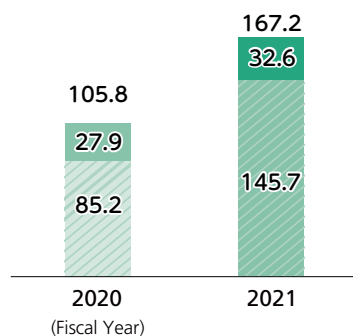
Net Sales

¥167.2 billion  
Change +58.0% [+51.7%]

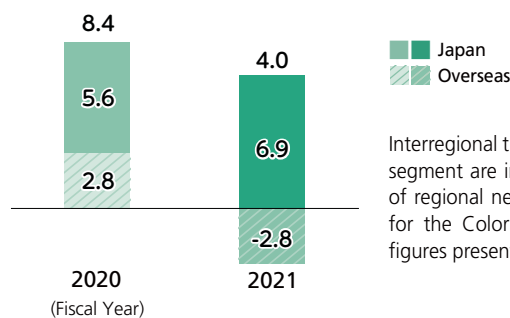
Operating  
Income

¥4.0 billion  
Change -53.2% [-49.3%]

### ● Net Sales (Billions of yen)



### ● Operating Income (Billions of yen)



■ Japan  
▨ Overseas

Interregional transactions within the Color & Display segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Color & Display segment differ from the figures presented above.

Segment sales climbed 58.0%, to ¥167.2 billion. If the impact of the C&E pigments business was excluded, the increase would have been 13.9%. Among existing businesses, sales of color materials rose, as shipments of pigments for cosmetics continued showing signs of recovering. In display materials, sales of pigments for color filters were up, with shipments remaining high, supported by steady demand for use in liquid crystal displays (LCDs), although sales of thin-film transistor liquid crystals (TFT LCs) decreased, owing to intensified competition with manufacturers in the People's Republic of China (PRC). In pigments for specialty applications, sales of effect pigments remained on an uptrend, bolstered by higher demand in Europe for autoclaved aerated concrete for construction-related applications. In addition to amplified results in these existing businesses, segment sales were boosted by the inclusion of the results of the C&E pigments business. Sales in the C&E pigments business flagged, reflecting shipment delays attributable to a tight supply-demand situation in the area of maritime shipping arising from a global container shortage, as well as to the fact that it took some time to build a logistics configuration following the integration of this new business.

Segment operating income fell 53.2%, to ¥4.0 billion. If the impact of the C&E pigments business was disregarded, this would have been a gain of 56.8%. Despite a recovery in shipments of pigments for cosmetics and persistently firm shipments of high-value-added products such as pigments for color filters and effect pigments, numerous factors, including sluggish sales in the C&E pigments business, an increase in operating costs to resolve this business' logistics-related issues and one-time costs associated with the integration of this business, combined to push operating income down.

### Focus: Development of New Technologies

#### Use of *Linablue* and Other Natural Colorants and Other Algae-Derived Materials for Cosmetics in Response to a Growing Preference for Natural Products

In addition to new pigments for color filters used in displays, in the area of color materials the DIC Group has focused on responding to an increasing awareness of sustainability for cosmetics. Recent efforts include promoting the use of *Linablue* and other natural colorants in cosmetics that capitalize on the growing preference for natural products and the development of ultraviolet (UV)-protective cosmetics containing Sacran, a polysaccharide extracted from freshwater blue-green algae called *Suizenji Nori*, through a capital and business alliance with a green biotech start-up. In liquid crystal (LC) materials, the Group worked to advance applications for LC technologies by developing smart windows and LC antennas, among others.

Overseas, the Sun Chemical Group's development efforts continue to yield solid results against a backdrop of rising environmental awareness. These include pigments that exhibit excellent near-infrared reflectivity, thereby helping reduce cooling costs, and transparent pigments that increase the efficiency of plastics recycling.



Used in skin-care products, makeup and a variety of everyday items, *Linablue* is a natural blue colorant that yields a vivid blue and boasts excellent antioxidation properties.



# Functional Products



## Functional Products that Add Comfort

### Principal Products

#### [Performance Materials]

Synthetic Resins for Inks and Coatings, Molded Products, Adhesives and Textiles (Polyester Resins, Epoxy Resins, Polyurethane, Acrylic Resins, Plasticizers, Phenolic Resins), Papermaking Chemicals, Alkylphenols, Sulphur Chemicals, Fiber and Textile Colorants, Metal Carboxylates, Surfactant for Electronics Equipment

#### [Composite Materials]

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

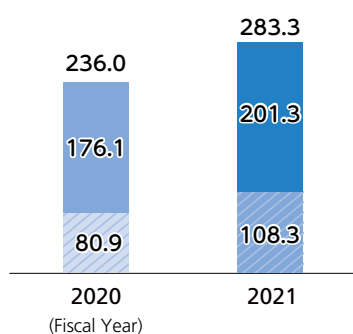
Net Sales

¥283.3 billion  
Change +20.1% [+17.1%]

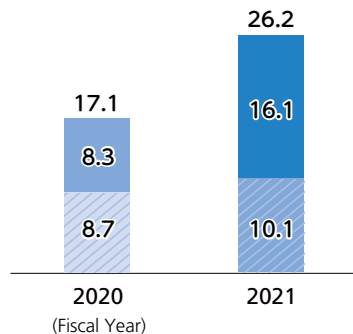
Operating  
Income

¥26.2 billion  
Change +53.2% [+49.4%]

### ● Net Sales (Billions of yen)



### ● Operating Income (Billions of yen)



■ Japan  
▨ Overseas

Interregional transactions within the Functional Products segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Functional Products segment differ from the figures presented above.

Segment sales advanced 20.1%, to ¥283.3 billion. Shipments of epoxy resins, the principal application for which is semiconductor devices, were brisk overall for use as sealing materials in electronics equipment. Shipments of industrial-use tapes, used primarily in smartphones and other mobile devices, were firm. Sales of all environment-friendly resins\* increased, led by robust shipments of products for a wide range of applications, including electrical and electronics equipment, and building materials, although shipments of certain materials for use in automobiles in Asia flagged. Sales of polyphenylene sulfide (PPS) compounds—uses for which continue to multiply, underpinned by the trend toward lighter and more electrified vehicles—were up in all regions, as orders remained solid, particularly in Japan, although concerns remained over the impact of a shortage of semiconductor devices in the automobile industry.

Segment operating income leapt 53.2%, to ¥26.2 billion. This sharp gain was despite elevated raw materials costs and reflected continued brisk shipments of epoxy resins and other high-value-added products and efforts to adjust sales prices.

\*DIC uses the term “environment-friendly resins” to describe strategic resins designed to improve both environmental performance and functionality. These include waterborne, ultraviolet (UV)-curable, polyester, acrylic and polyurethane resins.

## Focus: Development of New Technologies

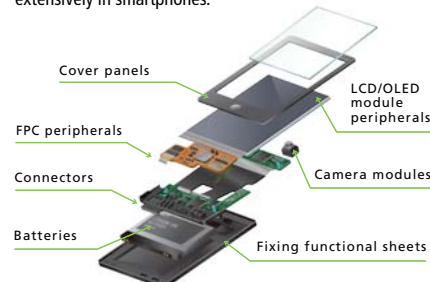
### Development of a Thin Adhesive Tape for Smartphones that Delivers Outstanding Strength and Removability

Recent achievements in the area of synthetic resins include low-dielectric materials for electronic circuit boards in preparation for the full-scale deployment of the 5G cellular telecommunications standard and high biomass-content additives that improve the flowability of biodegradable resin compounds. In polyphenylene sulfide (PPS) compounds, the DIC Group launched a number of new products, notably a PPS alloy for vehicle parts that will contribute to the increased electrification of vehicles and a non-aluminum insulating and heat-dissipating compound for automotive sensors.

In adhesive tapes, the Group developed a new thin adhesive tape for smartphones that delivers outstanding strength and removability and a product for fixing panels in the production of computers that boasts excellent reworkability.

The Group also developed a hybrid inorganic antiviral and antibacterial agent comprising a visible light-responsive photocatalyst and metal compound that boasts superior antiviral and antibacterial effectiveness and unique features such as a self-cleaning function.

The DIC Group's adhesive tapes are used extensively in smartphones.





## 2 Operating Results and Financial Position

Consolidated operating results and financial position are as follows:

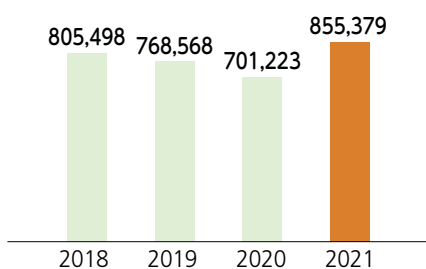
Category	Fiscal Year 2018 (January 1, 2018– December 31, 2018)	Fiscal Year 2019 (January 1, 2019– December 31, 2019)	Fiscal Year 2020 (January 1, 2020– December 31, 2020)	Fiscal Year 2021 (January 1, 2021– December 31, 2021)
Net Sales (Millions of yen)	805,498	768,568	701,223	855,379
Operating Income (Millions of yen)	48,385	41,332	39,663	42,893
Operating Margin (%)	6.0	5.4	5.7	5.0
Ordinary Income (Millions of yen)	48,702	41,302	36,452	43,758
Net Income Attributable to Owners of the Parent (Millions of yen)	32,028	23,500	13,233	4,365
Earnings Per Share (Yen)	338.40	248.29	139.81	46.12
Net Assets (millions of yen)	327,334	343,497	351,364	381,008
Total Assets (millions of yen)	801,296	803,083	817,950	1,071,481

Notes:

- Since the fiscal year 2017, the Company has introduced the Board Benefit Trust (BBT). The shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings per share includes the number of shares held by the trust.
- The Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018), etc. since the beginning of the Fiscal Year 2019. Total assets as of December 31, 2018 are based on retroactive application.

### Net Sales

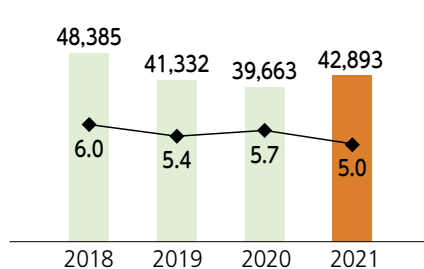
(Millions of yen)



(Fiscal Year)

### Operating Income/Operating Margin

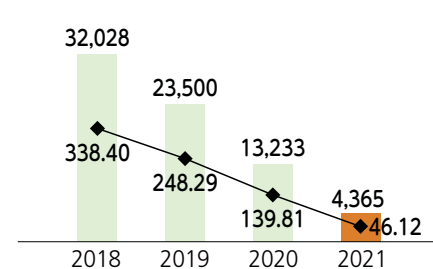
Operating Income (Millions of yen)  
Operating Margin (%)



(Fiscal Year)

### Net Income Attributable to Owners of the Parent/Earnings Per Share

Net Income Attributable to Owners of the Parent (Millions of yen)  
Earnings Per Share (yen)



(Fiscal Year)

### 3 Financing Activities

#### 1) Methods of Financing

During the fiscal year 2021, the DIC Group raised necessary funds through borrowing from financial institutions and issuing corporate bonds and commercial papers.

As a consequence, as of December 31, 2021, the total interest-bearing debt amounted to 384.2 billion yen (including leases), an increase of 117.5 billion yen from the previous fiscal year end, owing to transactions such as acquisition of BASF SE's Colors & Effects business.

#### 2) Principal Borrowings (as of December 31, 2021)

Lender	Balance of Borrowings (Millions of yen)
MUFG Bank, Ltd.	79,094
Mizuho Bank, Ltd.	39,019
The Dai-ichi Life Insurance Company, Limited	12,500

#### 3) Transfer of a Business from Another Company

With the aim of expanding the DIC Group's pigments business, on June 30, 2021, the Company acquired the shares and assets of the Colors & Effects business from BASF SE of Germany. As a result, Colors & Effects USA LLC and 17 other companies comprising this business became consolidated subsidiaries of the Company.

#### 4) Investment in Facilities

In addition to placing a high priority on product development and research themes that promise long-term growth, the DIC Group invests in labor efficiency, rationalization, conservation and environmental safety.

In fiscal year 2021, the DIC Group invested 38.6 billion yen in facilities. Principal investments to update or expand existing facilities, by segment, were as follows:

Segment	Investment	Outline
Packaging & Graphic	Update of packaging materials production facilities	Investments to update and optimize production facilities for packaging inks and polystyrene for packaging applications aimed at improving production efficiency to accommodate the expansion of the packaging materials market
Color & Display	Enhancement of pigments production facilities	Investments to enhance production facilities for pigments for coatings and functional pigments, among others, to bolster production efficiency in response to business expansion
Functional Products	Expansion of production facilities for synthetic resins	Investments to expand production facilities for waterborne and solvent-free synthetic resins, for which demand is expanding as a result of expanded awareness of environment-friendly products
Others and Corporate	Update of information systems	Investments to shift to a new information system capable of supporting digital transformation (DX)



Production facilities for pigments (Indonesia)



Production facilities for packaging materials (Japan)

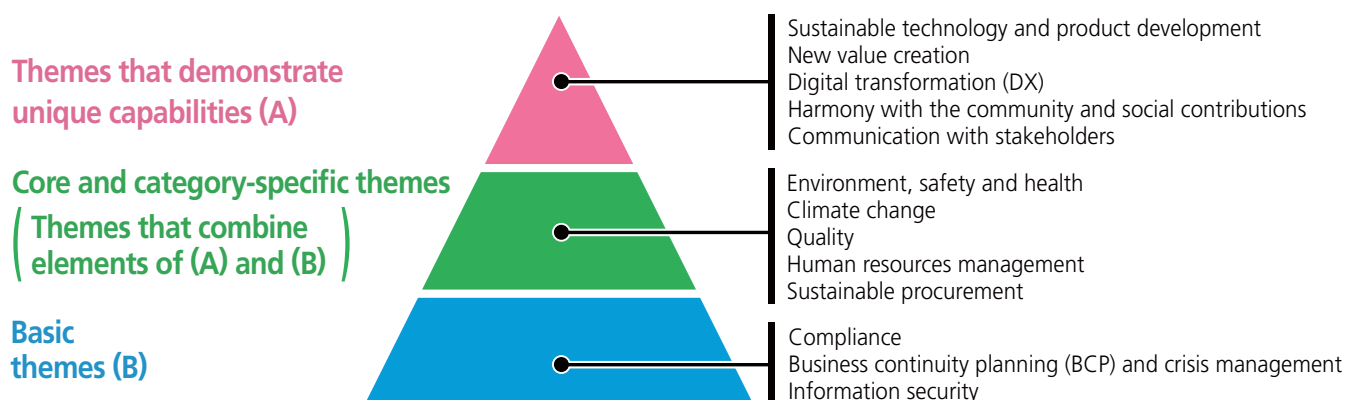
## 4 Sustainability Initiatives

The Company has established the ESG Unit, a specialized department, with the aim of further expanding DIC Group environmental, social and governance (ESG) initiatives worldwide. These initiatives are backed by the Company's new DIC Vision 2030 long-term management plan, which outlines two crucial objectives, namely, build a business portfolio that contributes to sustainable prosperity for society and help achieve sustainability for the global environment and for society.

The DIC Group will work to achieve these objectives while promoting initiatives in line with the five key concepts of its basic sustainability policy: 1) preserving safety and health, 2) managing risks, 3) ensuring fair business practices and respect for diversity and human rights, 4) maintaining harmony with the environment and advancing its protection and 5) creating value for society through innovation and contributing to ongoing economic growth.

Facing an ever-more diverse array of challenges, the DIC Group will continue implementing these and other initiatives as it seeks to remain an organization that contributes to the achievement of a sustainable society, thereby earning the trust of its stakeholders.

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



Against a backdrop of significant social change, including accelerated efforts to decarbonize society, two new themes—"digital transformation" and "climate change"—have been added to this framework effective from fiscal year 2022. Looking ahead, the DIC Group will continue to promote efforts to address key social imperatives while maintaining its commitment to effective compliance, recognizing issues related to the environment, safety and health (ESH), as well as to quality, as fundamental to its existence as a manufacturer of fine chemicals.

## 5 Challenges to be Addressed

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

### 1 Business Portfolio Transformation

#### 1) Business Portfolio Transformation

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

#### 2) Five Measures to Support the Implementation of Business Portfolio Transformation

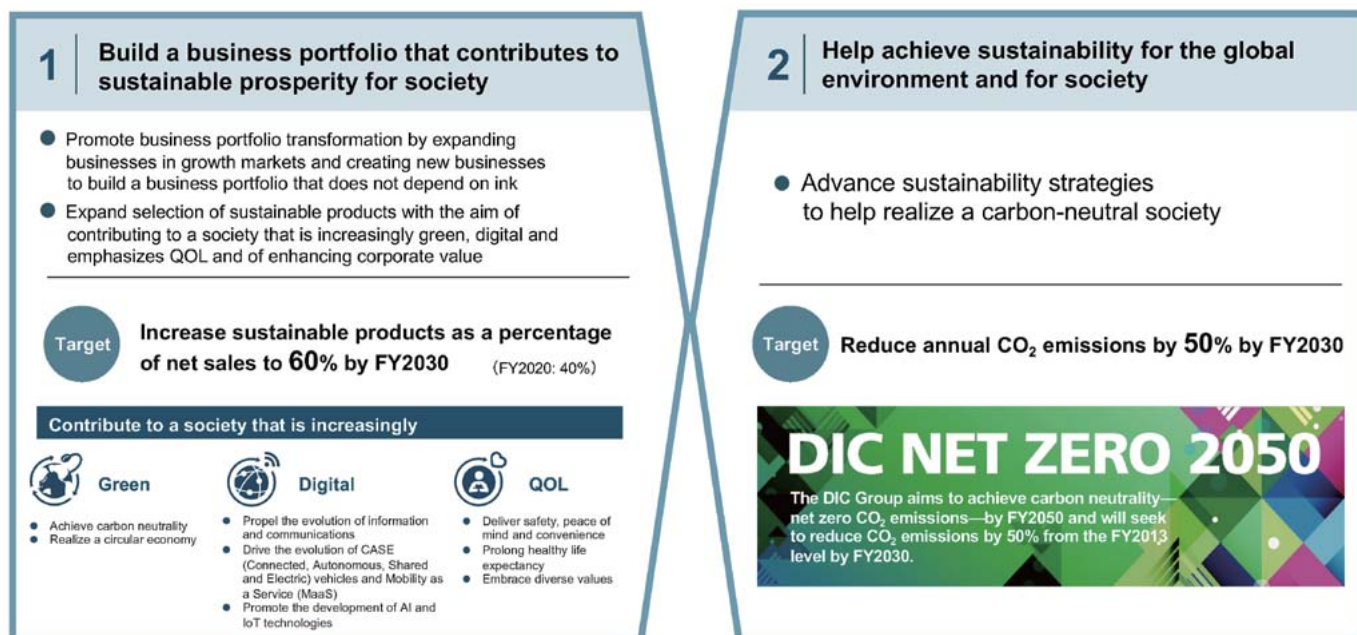
- ① Reinforce management of human capital
- ② Make strategic investments- Budget ¥230 billion for strategic investments between fiscal years 2022 and 2025
- ③ Enhance the technology platform
- ④ Establish a more global management configuration
- ⑤ Promote IT and DX

### 2 Sustainability Strategies

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

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

## DIC in the Future





Special Topic

1

# DIC Vision 2030: Basic Strategies






The DIC Group implements business portfolio transformation and sustainability strategies to achieve the goals set forth in the long-term management plan "DIC Vision 2030".

For more information on "DIC Vision 2030", please visit the website of the Company.

URL: <https://www.dic-global.com/en/ir/management/plan.html>











## 1 Business Portfolio Transformation

- Designate and focus the allocation of management resources in five priority business areas that contribute to an increasingly green, digital and QOL-oriented society
- Establish inorganic materials design and biomaterials design technologies as new basic technologies that will support efforts in the sustainable energy and healthcare fields; create new value by integrating these with existing basic technologies
- Position publication inks and TFT liquid crystals businesses as business in need of structural reform in which efficient operations are promoted

<b>Next-generation/ growth businesses</b>	<ul style="list-style-type: none"> <li>• Step up intensive investment in New Pillar Creation</li> <li>• Demonstrate strengths in highly promising markets</li> </ul>	Sustainable energy 	Healthcare 	Smart living 
<b>Businesses with stable earnings bases</b>	<ul style="list-style-type: none"> <li>• Shift to growth areas by capitalizing on existing business infrastructure</li> <li>• Reinforce earnings bases by transforming business models</li> </ul>	Color science 	Sustainable packaging 	
<b>Businesses in need of structural reform</b>	<ul style="list-style-type: none"> <li>• Maximize profitability by improving efficiency</li> </ul>	Publication inks	TFT LCs	

## 2 Areas of business portfolio transformation and measures to support it

① Five priority business areas for business portfolio transformation

<p><b>Sustainable Energy</b> </p> <ul style="list-style-type: none"> <li>● Specialty materials that contribute to the realization of the high-performance secondary batteries and fuel cells crucial to an electrified/hydrogen-powered society</li> </ul> <p>e.g.   Materials for secondary batteries and fuel cells Functional inorganic fillers</p> 	<p><b>Healthcare</b> </p> <ul style="list-style-type: none"> <li>● High-performance nutritional supplements that support the health of people of all ages</li> <li>● Healthcare-related products and services that deliver safety, peace of mind and comfort, contributing to a future in which people enjoy an improved QOL</li> </ul> <p>e.g.   High-performance nutritional products Natural skin-care materials</p> 	
<p><b>Smart living</b> </p> <ul style="list-style-type: none"> <li>● High-performance materials and solutions that contribute to the realization of a sustainable society that coexists with a healthy global environment</li> <li>● Chemical solutions for modern lives that have evolved and improved thanks to digitalization</li> </ul> <p>e.g.   Materials for 5G/6G-enabled devices, resins for next-generation semiconductors, bonding solutions with heterogeneous materials</p> 	<p><b>Color science</b> </p> <ul style="list-style-type: none"> <li>● Color that is sustainable and ecologically sound</li> <li>● Products with outstanding decorative properties that facilitate the creation of comfortable spaces</li> <li>● Functional materials that leverage dyeing technologies to deliver convenience, satisfaction, safety and peace of mind</li> </ul> <p>e.g.   Functional pigments (for light detection and ranging (LIDAR) signal coatings), heat-blocking coatings, biomass pigments, natural colorants for cosmetics</p> 	<p><b>Sustainable packaging</b> </p> <ul style="list-style-type: none"> <li>● Materials that ensure tastier, more enjoyable and safer merchandise reaches consumers</li> <li>● Materials that deliver both safety/peace of mind and convenience, as well as help reduce food loss</li> <li>● Product design that contributes to environmental soundness, i.e., is conducive to recycling and uses plant-derived and renewable raw materials</li> </ul> <p>e.g.   Materials with outstanding barrier properties, biomass packaging, recycling systems (chemical recycling, materials recycling)</p> 



## ② Key strategies to transform business portfolio











<b>Reinforce management of human capital</b>	<ul style="list-style-type: none"> <li>● Build a strategic human resources portfolio that maximizes the value of human capital</li> </ul>
<b>Make strategic investments</b>	<ul style="list-style-type: none"> <li>● Invest strategically, including in M&amp;As, to transform the business portfolio</li> <li>● Build a new business portfolio that takes ROIC into account</li> <li>● Budget ¥230 billion for strategic investments between fiscal years 2022 and 2025</li> </ul>
<b>Enhance the technology platform</b>	<ul style="list-style-type: none"> <li>● Shift to R&amp;D that leverages computational science</li> <li>● Establish new basic technologies</li> </ul>
<b>Establish a more global management configuration</b>	<ul style="list-style-type: none"> <li>● Adopt a sophisticated global management model and accelerate global expansion in five priority business areas</li> </ul>
<b>Promote IT and DX</b>	<ul style="list-style-type: none"> <li>● Use digital technologies to provide new added value and revamp the Group's business structure</li> </ul>

## 3 Sustainability Strategies

The Company will adopt the following strategies to contribute to the realization of sustainability of the global environment and society:

<b>Expand sustainable products</b>	<ul style="list-style-type: none"> <li>● Define "sustainable products" by using DIC's unique indicators based on whether DIC can demonstrate its strengths and contribute to solving social issues</li> <li>● Expand weighting of sustainable products in priority business areas to help address ESH-related issues (Increase sustainable products to 60% of net sales by fiscal year 2030 (fiscal year 2020: 40%))</li> </ul>
<b>Reduce CO<sub>2</sub> emissions</b>	<ul style="list-style-type: none"> <li>● Promote efforts to reduce CO<sub>2</sub> emissions and help "realize a carbon-neutral society" (Achieve carbon neutrality by 2050 and reduce CO<sub>2</sub> emissions* by 50% from the fiscal year 2013 level by fiscal year 2030) *Scope 1 and 2</li> </ul>
<b>Respond to a circular economy</b>	<ul style="list-style-type: none"> <li>● Advance efforts to respond to a circular economy, thereby contributing to a sustainable society</li> </ul>

Society to which DIC seeks to contribute and examples of sustainable products

The society to which DIC seeks to contribute	Value provided by DIC Products	Sustainable product examples
 <b>Green</b> <ul style="list-style-type: none"> <li>● Achieve carbon neutrality</li> <li>● Realize a circular economy</li> </ul>	<ul style="list-style-type: none"> <li>● Contain renewable materials</li> <li>● Lower energy use, improve insulation and reduce weight</li> <li>● Address the issue of marine plastics</li> <li>● Can be recycled</li> <li>● Reduce waste</li> <li>● Prolong product life</li> </ul>	 <b>Sustainable energy</b> <ul style="list-style-type: none"> <li>· Materials for next-generation secondary batteries and fuel cells</li> <li>· Functional inorganic fillers</li> </ul>  <b>Sustainable packaging</b> <ul style="list-style-type: none"> <li>· Materials with outstanding barrier properties</li> <li>· Biomass packaging</li> </ul>  <b>Color science</b> <ul style="list-style-type: none"> <li>· Biomass pigments</li> <li>· Functional pigments for heat-blocking coatings</li> </ul>
 <b>Digital</b> <ul style="list-style-type: none"> <li>● Propel the evolution of information and communications</li> <li>● Drive the evolution of CASE vehicles and MaaS</li> <li>● Promote the development of AI and IoT technologies</li> </ul>	<ul style="list-style-type: none"> <li>● Contribute to high-capacity, high-speed communications</li> <li>● Support the Internet of Things (IoT)</li> </ul>	 <b>Smart living</b> <ul style="list-style-type: none"> <li>· Materials for 5G/6G-enabled devices</li> <li>· Resins for next-generation semiconductors</li> </ul>  <b>Color science</b> <ul style="list-style-type: none"> <li>· Functional pigments for LIDAR signal coatings</li> </ul>
 <b>QOL</b> <ul style="list-style-type: none"> <li>● Deliver safety, peace of mind and convenience</li> <li>● Prolong healthy life expectancy</li> <li>● Embrace diverse values</li> </ul>	<ul style="list-style-type: none"> <li>● Contribute to health and comfort</li> <li>● Help reduce food loss</li> <li>● Reduce emissions of volatile organic compounds (VOCs) and enhance safety</li> </ul>	 <b>Healthcare</b> <ul style="list-style-type: none"> <li>· High-performance nutritional products</li> <li>· Natural skin-care materials</li> </ul>  <b>Color science</b> <ul style="list-style-type: none"> <li>· Natural colorants for cosmetics</li> </ul>

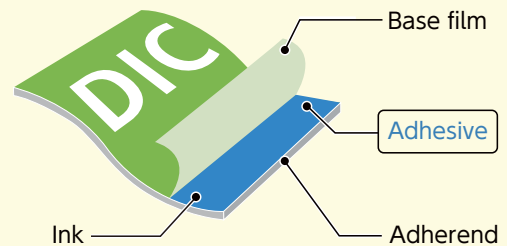
Special Topic

2

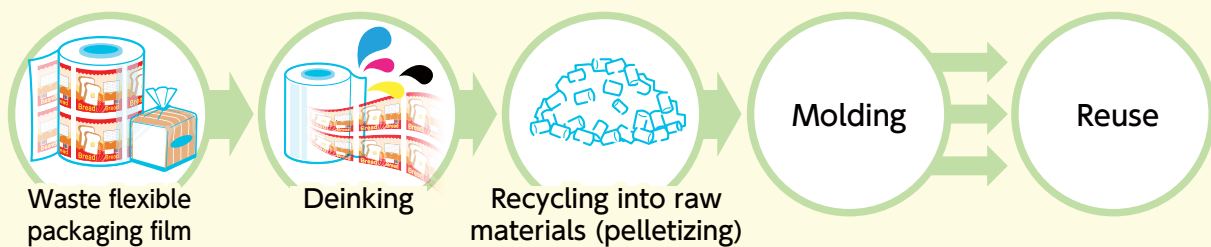
## Measures for the Circular Economy

### - Use of Deinking Technology to Enhance the Efficiency of Materials Recycling

The DIC Group and a major bread producer have begun collaborating to recycle waste flexible packaging film from plastic bread bags. Flexible packaging films feature a structure formed from multiple layers, including ink and adhesive. In conventional materials recycling\*, these films are recycled into black pellets, that is, pellets that are discolored owing to the presence of inks, among others, for which applications are limited.



#### Recycling Process for Waste Flexible Packaging Film



The Company is working with a major bread producer to verify a new method for recycling waste flexible packaging film into raw materials suitable for a variety of new applications. This method involves collecting waste film, including from trial print runs during processing and printing, and recycling it using a process that employs an innovative deinking technology to yield white pellets. The two companies have established a demonstration plant to optimize related processes, namely, deinking, pelletizing, molding and reuse, with the goal of realizing an advanced materials recycling system and expanding potential uses for recycled waste film.

Having identified a number of social imperatives related to waste plastic and marine plastics—issues of major concern worldwide—as challenges that it has a responsibility to address under its sustainability strategy, the DIC Group is reinforcing pertinent initiatives. In the area of packaging for food products, this includes conducting basic research regarding the influence of polystyrene, films, inks, adhesives and other materials on the performance characteristics of materials recycling of plastics, with the aim of providing packaging solutions that contribute to global sustainability. This collaborative effort will enable the Group to contribute simultaneously to resolving the issue of plastic waste and achieving the practical implementation of advanced plastic resource recycling.

\* Materials recycling, also called mechanical recycling, is the processing of end-of-life products into a format that allows them to be used as materials or raw materials for the same type of products, or in the creation materials or raw materials for different types of products.

## 6 Principal Facilities (Principal Offices, Plants and R&D Facilities)

### 1) The Company

#### Corporate Headquarters

7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo

#### Branch Offices

Osaka Branch (Osaka)      Nagoya Branch (Aichi)

#### Plants and R&D Facilities

Tokyo Plant (Tokyo)

Sakai Plant (Osaka)

Komaki Plant (Aichi)

Shiga Plant (Shiga)

Chiba Plant (Chiba)

Kashima Plant (Ibaraki)

Saitama Plant (Saitama)

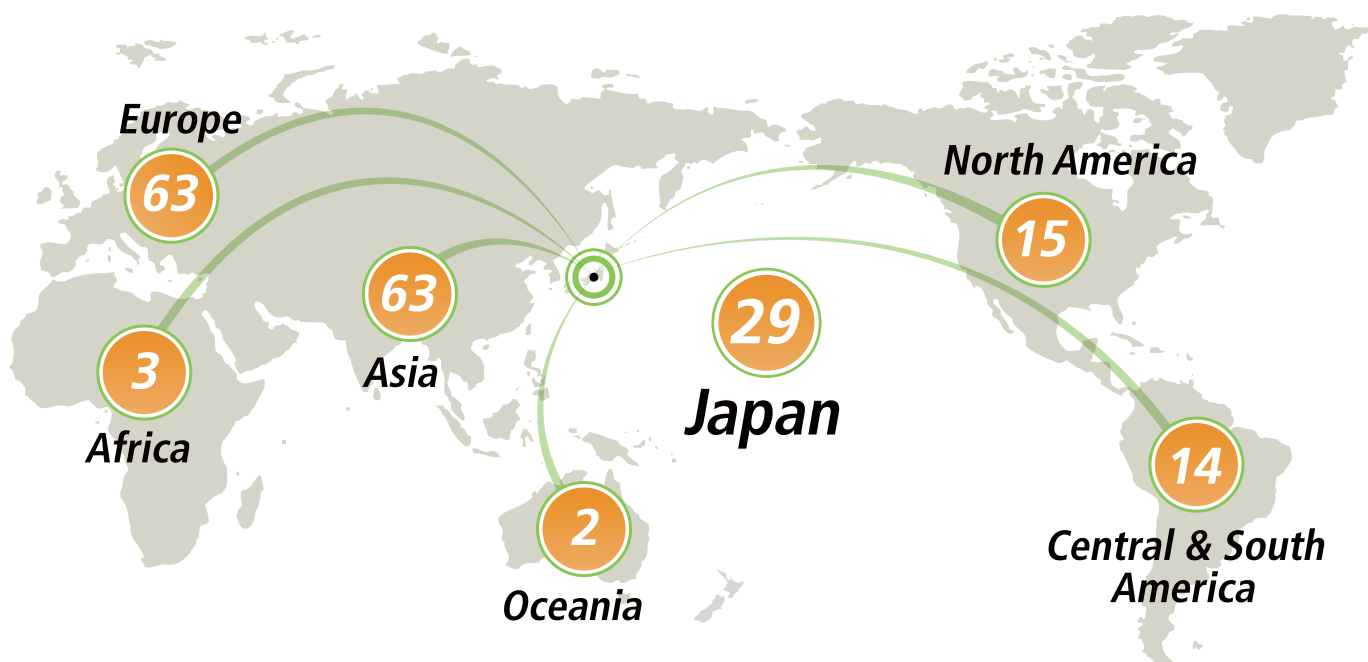
Central Research Laboratories (Chiba)

Hokuriku Plant (Ishikawa)

Yokkaichi Plant (Mie)

Tatebayashi Plant (Gunma)

### Global Network (189 companies in 63 countries and territories)



## 2) Subsidiaries and Affiliates

### Packaging & Graphic (112 companies)

DIC Graphics Corporation (Tokyo, Japan)  
Sun Chemical Group Coöperatief U.A. (Netherlands)  
PT. DIC GRAPHICS (Indonesia)  
Nantong DIC Color Co., Ltd. (PRC)

DIC India Limited (India)  
DIC Graphics (Thailand) Co., Ltd. (Thailand)  
DIC (MALAYSIA) SDN. BHD. (Malaysia)  
and 105 other companies

### Color & Display (28 companies)

Colors & Effects USA LLC (USA)  
Sun Chemical Colors & Effects GmbH (Germany)

Qingdao DIC Finechemicals CO., LTD. (PRC)  
Earthrise Nutritionals LLC (USA)  
and 24 other companies

### Functional Products (39 companies)

SEIKO PMC CORPORATION (Tokyo, Japan)  
DIC Decor, Inc. (Saitama, Japan)  
DIC Material Inc. (Tokyo, Japan)  
DIC EP Corporation (Chiba, Japan)  
DIC PLASTICS Inc. (Saitama, Japan)

DIC Zhangjiagang Chemicals Co., Ltd. (PRC)  
Siam Chemical Industry Co., Ltd. (Thailand)  
Changzhou Huari New Material Co., Ltd. (PRC)  
LIDYE CHEMICAL CO., LTD. (Taiwan)  
DIC SYNTHETIC RESINS (ZHONGSHAN) CO., LTD. (PRC)  
and 29 other companies

### Others (9 companies)

DIC Asia Pacific Pte Ltd (Singapore)

DIC (CHINA) CO., LTD. (PRC)  
and 7 other companies

## (Reference) Diversity and Inclusion of DIC

### Roadmap for diversity promotion activities

- DIC is promoting "Diversity Management" to reflect new values in our management by fostering a corporate culture that fosters creative thinking through mutual understanding and respect for diversity, and by creating a workplace that is worth working in for all employees.



We have been certified as an official "Nadeshiko Brand" for three consecutive years from 2019 to 2021 for being a company that excels in promoting the advancement of women.

Stage 3 (from fiscal year 2022)  
Aim to include diverse individuals.

Stage 2 (up to and including fiscal year 2021)

Efforts to ensure diverse human resources are in the right places and creation of work environments that enable employees to maximize their capabilities. (Scope of project changed from "women" to "individuals with a variety of characteristics")

Stage 1 (up to and including fiscal year 2018)

Kickoff, raising awareness of the need to accept diversity, and introducing measures and systems to reform the way women work.

## 7 Principal Subsidiaries and Affiliates

Company Name	Location	Capital	Ownership of Voting Rights	Principal Business
Sun Chemical Group Coöperatief U.A.	Netherlands	€2,469,852 thousand	100.0%	Investment in and financing for Sun Chemical Group companies
DIC Asia Pacific Pte Ltd	Singapore	S\$310,161 thousand	100.0%	Investment in and financing for DIC Group companies in the Asia and Oceania regions, and manufacture and sale of DIC products
DIC (CHINA) CO., LTD.	PRC	RMB915,241 thousand	100.0%	Investment in and financing for DIC Group companies in the PRC
Colors & Effects USA LLC	USA	\$252,939 thousand	100.0%	Manufacture and sale of pigments and related products
DIC Graphics Corporation	Tokyo, Japan	¥500 million	66.6%	Manufacture and sale of printing inks and supplies
SEIKO PMC CORPORATION	Tokyo, Japan	¥2,000 million	54.5%	Manufacture and sale of papermaking chemicals and resins for printing inks and imaging and reprographic products
DIC INVESTMENTS JAPAN, LLC.	Tokyo, Japan	¥91 million	100.0%	Investment in and financing for DIC Group companies
TAIYO HOLDINGS CO., LTD.	Saitama, Japan	¥9,612 million	19.9%	Setting the group's broad strategic direction, managing subsidiaries, and research and development of chemicals for electronic components for Taiyo Group companies

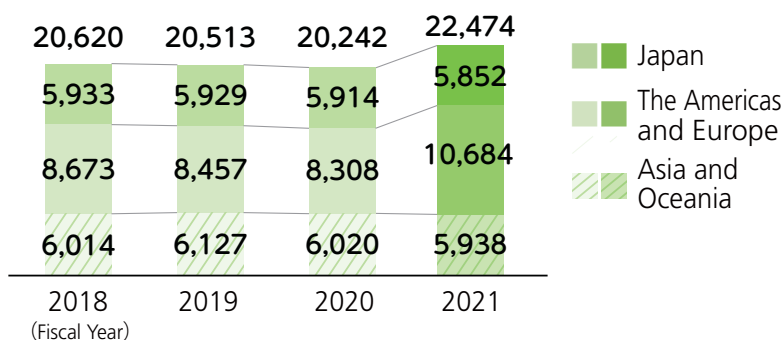
Notes:

- The figures for capital of Sun Chemical Group Coöperatief U.A. and Colors & Effects USA LLC are equivalent to the companies' capital reserve since the companies have no figure equivalent to the capital.
- BASF Colors & Effects USA LLC has changed its name to Colors & Effects USA LLC on October 18, 2021.
- Ownership of voting rights includes indirect investments.
- Although the ownership of voting rights of TAIYO HOLDINGS CO., LTD. is 19.9%, the Company deems it as an affiliate because the Company has substantial influence over it.

## 8 Workforce Statistics

Segment	Number of Employees
Packaging & Graphic	10,634
Color & Display	4,736
Functional Products	5,154
Others	609
Corporate (Shared)	1,341
Total	22,474

■ Number of Employees



Note: Figures for the number of employees reflect the corrected number as posted on the Company's website on March 10, 2022.



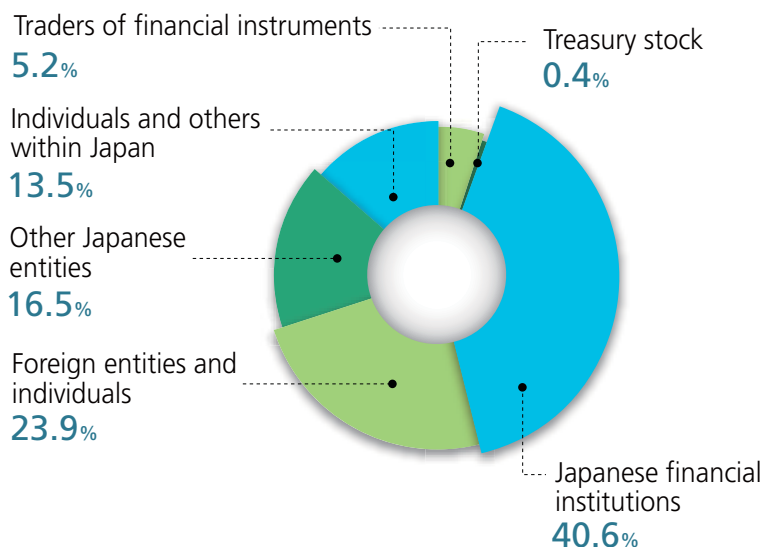
## 2 Stock Information

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

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

**3 Number of Shareholders**  
39,681

**■ Distribution of Shareholders by Investor Type**



### 4 Major Shareholders

Name of Shareholder	Number of Shares Owned	Shareholding Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,012,100	14.78
SHOEI INC.	12,694,386	13.39
Custody Bank of Japan, Ltd. (Trust Account)	5,113,100	5.39
The Dai-ichi Life Insurance Company, Limited	3,500,009	3.69
SMBC Nikko Securities Inc.	2,690,200	2.84
Custody Bank of Japan, Ltd. (Trust Account 4)	2,438,800	2.57
JP MORGAN CHASE BANK 385632	2,068,405	2.18
Aioi Nissay Dowa Insurance Co., Ltd.	2,020,859	2.13
JP MORGAN CHASE BANK 380072	1,911,600	2.02
NIPPON LIFE INSURANCE COMPANY	1,900,075	2.00

Notes:

- The above table lists the top 10 shareholders.
- The shareholding percentage is calculated by subtracting the number of treasury shares (370,250 shares) from the total number of shares issued. The number of treasury shares does not include shares held by Custody Bank of Japan, Ltd. (131,700 shares) as trustee of the Company's board benefit trust (BBT).

### 5 Stock Provided to Directors and Audit & Supervisory Board Members as Compensation for the Performance of Duties in Fiscal Year 2021

	Number of Shares	Number of Recipients
Directors (Excluding Outside Directors)	4,084	1
Outside Directors	—	—
Audit & Supervisory Board Members	—	—

Note: The above is the number of shares bestowed on a director as performance-based remuneration upon retirement.



## 3 Matters Concerning Directors and Audit & Supervisory Board Members

### 1 Directors and Audit & Supervisory Board Members

#### 1. Directors

Position	Name	Responsibilities at the Company and Principal Concurrent Positions at Other Organizations	Attendance at Board of Directors' Meetings
Chairman of the Board of Directors	Masayuki Saito	Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.	16/16 (100%)
Representative Director President and CEO	Kaoru Ino		16/16 (100%)
Representative Director Executive Vice President	Toshifumi Tamaki	Assistant to the President and CEO Director, TAIYO HOLDINGS CO., LTD.	16/16 (100%)
Director	Yoshihisa Kawamura	Chairman of the Board of Directors, DIC Graphics Corporation	16/16 (100%)
Director Executive Officer	Takeshi Asai	Head of Corporate Strategy Unit In charge of Kawamura Memorial DIC Museum of Art Vice Chairman of the Board, Sun Chemical Corporation Outside Director, RENAISSANCE, INCORPORATED	11/11 (100%)
Director Executive Officer	Shuji Furuta	Head of Finance and Accounting Unit CFO Representative Member, DIC INVESTMENTS JAPAN, LLC.	11/11 (100%)
<b>Outside</b> <b>Independent</b> Director	Kazuo Tsukahara	Outside Director, ASKUL Corporation	16/16 (100%)
<b>Outside</b> <b>Independent</b> Director	Yoshiaki Tamura	Outside Director, Kawasaki Heavy Industries, Ltd.	16/16 (100%)
<b>Outside</b> <b>Independent</b> Director	Kuniko Shoji	Outside Director, Nichirei Corporation Outside Director, Medipal Holdings Corporation	16/16 (100%)

#### 2. Audit & Supervisory Board Members

Position	Name	Responsibilities at the Company and Principal Concurrent Positions at Other Organizations	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
Full-time Audit & Supervisory Board Member	Hirofumi Ninomiya		16/16 (100%)	16/16 (100%)
Full-time Audit & Supervisory Board Member	Akihiro Ikushima		16/16 (100%)	16/16 (100%)
<b>Outside</b> <b>Independent</b> Audit & Supervisory Board Member	Michiko Chiba	Certified public accountant Outside Director and Audit & Supervisory Committee Member, Casio Computer Co., Ltd. Outside Audit & Supervisory Board Member, TDK Corporation	16/16 (100%)	16/16 (100%)
<b>Outside</b> <b>Independent</b> Audit & Supervisory Board Member	Keita Nagura	Attorney Outside Director, Helios Techno Holding Co., Ltd.	11/11 (100%)	11/11 (100%)

#### Notes:

- Directors Kazuo Tsukahara, Yoshiaki Tamura and Kuniko Shoji are Outside Directors.
- Audit & Supervisory Board Members Michiko Chiba and Keita Nagura are Outside Members.
- Audit & Supervisory Board Member Hirofumi Ninomiya oversaw corporate accounts at the Company for many years, was the General Manager of Accounting Dept. and Head of Finance and Accounting Unit, and has extensive expertise in finance and accounting.
- Outside Audit & Supervisory Board Member Michiko Chiba is qualified as a certified public accountant, has engaged in the audit of companies for many years, and has extensive expertise in finance and accounting.

## Notes:

5. In addition to providing expertise in corporate law, Outside Audit & Supervisory Board Member Keita Nagura provides tax accounting services pursuant to Article 51 of the Certified Public Tax Accountant Act and has extensive expertise in finance and accounting.
6. Outside Directors Kazuo Tsukahara, Yoshiaki Tamura and Kuniko Shoji and Outside Audit & Supervisory Board Members Michiko Chiba and Keita Nagura are designated as Independent Directors/Members in accordance with the rules of the Tokyo Stock Exchange.
7. Directors Takeshi Asai and Shuji Furuta and Audit & Supervisory Board Member Keita Nagura were newly elected and assumed office at the 123rd Annual General Meeting of Shareholders held on March 30, 2021.
8. At the conclusion of the 123rd Annual General Meeting of Shareholders held on March 30, 2021, Director Yoshiyuki Nakanishi and Audit & Supervisory Board Member Katsunori Takechi retired from their positions.
9. Figures for attendance at Board of Directors' meetings for Takeshi Asai and Shuji Furuta and figures for attendance at Board of Directors' meetings and Audit & Supervisory Board meetings for Audit & Supervisory Board Member Keita Nagura reflect the number of meetings held subsequent to these individuals' assumption of office on March 30, 2021 until December 31, 2021.
10. The Company executed the contract for limitation of liability with all of the Outside Directors and Outside Audit & Supervisory Board Members. Pursuant to the contract, if they neglect their duties and cause damages to the Company, they shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that they acted in good faith and were not grossly negligent in performing their duties.
11. As of January 1, 2022, certain Directors' positions and responsibilities at the Company were amended as shown below.

Position	Name	Responsibilities at the Company and Principal Concurrent Positions at Other Organizations
Director Managing Executive Officer	Takeshi Asai	Head of Corporate Strategy Unit In charge of Kawamura Memorial DIC Museum of Art Vice Chairman of the Board, Sun Chemical Corporation Outside Director, RENAISSANCE, INCORPORATED
Director Managing Executive Officer	Shuji Furuta	Head of Finance and Accounting Unit CFO Representative Member, DIC INVESTMENTS JAPAN, LLC.

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

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

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

#### (Reference)

The Company has adopted an Executive Officer system in order to facilitate the prompt execution of operations and better clarify responsibilities. As of January 1, 2022, Executive Officers who do not concurrently serve as Directors are as shown below.

Position	Name	Responsibilities at the Company
Managing Executive Officer	Naoyoshi Furuta	General Manager, Production Management Unit
Managing Executive Officer	Masaya Nakafuji	Head of General Affairs and Legal Unit General Manager, HR Strategy Dept. In Charge of Osaka Branch and Nagoya Branch
Managing Executive Officer	Kazuo Hatakenaka	Chairman, DIC (CHINA) CO., LTD. Chairman, DIC (Shanghai) Co., Ltd.
Managing Executive Officer	Kiyotaka Kawashima	General Manager, Technical Management Unit
Managing Executive Officer	Masamichi Sota	President, Packaging & Graphic Business Group General Manager, Printing Material Products Div.
Managing Executive Officer	Kiyofumi Takano	General Manager, New Business Development Headquarters
Managing Executive Officer	Yoshinari Akiyama	President, Color & Display Business Group General Manager, Color Material Products Div.
Managing Executive Officer	Myron Petruch	President and CEO, Sun Chemical Corporation

Position	Name	Responsibilities at the Company
Managing Executive Officer	Takashi Ikeda	President, Functional Products Business Group General Manager, Composite Material Products Div.
Executive Officer	Taihei Mukose	Head of SCM Unit
Executive Officer	Paul Koek	Managing Director, DIC Asia Pacific Pte Ltd
Executive Officer	Koji Asada	Head of IT Strategy Unit General Manager, DX Promotion Dept.
Executive Officer	Masahiro Kikuchi	Deputy Managing Director (AP Region Non Graphic Business and South Asia), DIC Asia Pacific Pte Ltd
Executive Officer	Yuji Morinaga	General Manager, Packaging Material Products Div.
Executive Officer	Toshiro Ariga	General Manager, R&D Management Unit General Manager, Central Research Laboratories
Executive Officer	Yuji Kikuchi	General Manager, Performance Material Products Div.
Executive Officer	Tomoyuki Tanaka	General Manager, Corporate Planning Dept.
Executive Officer	Kuniko Torayama	Head of ESG Unit In Charge of Diversity

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

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

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

In addition, the Board of Directors has confirmed that the method used to determine remuneration and remuneration thus determined are consistent with the policy decided by the Board of Directors and has judged that remuneration for each individual Director for fiscal year 2021 is in accordance with the policy.

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

#### A. Policy on Basic Remuneration

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

#### B. Policy on Performance-Based Remuneration

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

#### C. Policy on Non-Monetary Remuneration

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

#### D. Policy on Composition of Remuneration

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

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

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

#### E. Policy on the Timing and Conditions for the Payment of Remuneration

Basic remuneration is paid on the day on which an employee's salary is paid. Performance-based remuneration and non-monetary remuneration are paid and points are granted on the date of the Annual General Meeting of Shareholders within the limit determined in advance by resolution at the Annual General Meeting of Shareholders.

#### F. Matters Concerning the Delegation of Authority for Determining Remuneration

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

##### ● Members of the Remuneration Committee

Chairman: Kazuo Tsukahara Outside Director

Members: Masayuki Saito Chairman of the Board of Directors Kaoru Ino Representative Director; President and CEO

Yoshiaki Tamura Outside Director Kuniko Shoji Outside Director

##### ● Authority delegated

Matters concerning the determination of remuneration for individual Directors

##### ● Reasons for entrusting authority

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

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

Remuneration for Audit & Supervisory Board Members is determined through discussion involving all Audit & Supervisory Board Members, in accordance with internal rules established by the Audit & Supervisory Board, within the limit of the total remuneration determined by resolution of the Annual General Meeting of Shareholders, with consideration given to ensuring a balance with remuneration for Directors and to prevailing market rates.

## 3) Total Amount of Remuneration in Fiscal Year 2021

Category	Total Amount (Millions of yen)	Composition of Remuneration (Millions of yen)			Number of Directors and Audit & Supervisory Board Members
		Basic Remuneration (Fixed)	Performance-Based Remuneration		
			Bonus	Stock Compensation	
Directors (Portion of the above paid to Outside Directors)	333 43	249 43	68 —	16 —	10 3
Audit & Supervisory Board Members (Portion of the above paid to Outside Audit & Supervisory Board Members)	89 29	89 29	— —	— —	5 3
Total (Portion of the above paid to Outside Directors and Outside Audit & Supervisory Board Members)	422 72	338 72	68 —	16 —	15 6

### Notes:

- The number of Directors and Audit & Supervisory Board Members who retired at the conclusion of the 123rd Annual General Meeting of Shareholders, held on March 30, 2021, was one (there were no Outside Directors) and one (an Outside Audit & Supervisory Board Member), respectively.
- The key performance indicator (KPI) for calculating performance-based remuneration is consolidated operating income, which was 42,893 million yen. The standard component of performance-based remuneration, which is commensurate with position, is calculated by multiplying position-specific basic bonus by degree of achievement of the target for consolidated operating income in the fiscal year at the time the standard component is determined, taking into account evaluation of department performance and individual contribution, with the limit for increases and decreases set at 30%. The KPI used was chosen because it is representative of the quality of core businesses and the most important indicator for formulation of the Company's strategies.
- Non-monetary remuneration consists of stock compensation, conditions for the allotment of which are as described in "1) Policies on and Other Matters Concerning the Determination of Remuneration for Directors" above, which is performance based and calculated using the method stipulated in the Rules of Officer Share Benefit. The KPIs used are degree of achievement of targets for consolidated operating income and net income attributable to owners of the parent set forth in the management plan, as well as year-on-year percentage change in both. Stock compensation is granted in the form of points.
- Monetary remuneration for Directors was resolved at the 109th Annual General Meeting of Shareholders, held on June 27, 2007, to not exceed 700 million yen per year (not including that for the job of Executive Officer for Directors who serve concurrently in this position). The number of Directors at the conclusion of the 109th Annual General Meeting of Shareholders was 13, none of which were Outside Directors. At the 123rd Annual General Meeting of Shareholders, held on March 30, 2021, the Company resolved that the amount of stock compensation shall not exceed 250 million yen per three fiscal years and the maximum number of shares shall not exceed 46,000 points per year (Directors who do not concurrently serve as Executive Officers and Outside Directors are not eligible). The number of Directors (not including Directors who do not concurrently serve as Executive Officers and Outside Directors) at the conclusion of the 123rd Annual General Meeting of Shareholders was four.
- Monetary remuneration for Audit & Supervisory Board Members was resolved at the 107th Annual General Meeting of Shareholders, held on June 28, 2005, to not exceed 100 million yen per year. The number of Audit & Supervisory Board Members at the conclusion of the 107th Annual General Meeting of Shareholders was four.

### 3 Outside Directors and Audit & Supervisory Board Members

#### 1) Relationship between the Company and Organizations in which Outside Directors and Outside Audit & Supervisory Board Members Concurrently Hold Principal Positions

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

#### 2) Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members for Fiscal Year 2021

Position	Name	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings	Statements at Meetings and Outline of Performance of Expected Duties as Outside Director
Director	Kazuo Tsukahara	16/16 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management and played an important role in strengthening the Group management oversight functions and decision making; as a member of the Nomination Committee and the Remuneration Committee, participated in both the selection of candidates for Director and the determination of remuneration for Directors from an objective position.
	Yoshiaki Tamura	16/16 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management and played an important role in strengthening the Group management oversight functions and decision making; as a member of the Nomination Committee and the Remuneration Committee, participated in both the selection of candidates for Director and the determination of remuneration for Directors from an objective position.
	Kuniko Shoji	16/16 (100%)	—	Proactively made statements on proposed resolutions based on extensive experience and expertise in corporate management and played an important role in strengthening the Group management oversight functions and decision making; as a member of the Nomination Committee and the Remuneration Committee, participated in both the selection of candidates for Director and the determination of remuneration for Directors from an objective position.
Audit & Supervisory Board Member	Michiko Chiba	16/16 (100%)	16/16 (100%)	Proactively made statements on proposed resolutions from her perspective as a certified public accountant with specialized expertise.
	Keita Nagura	11/11 (100%)	11/11 (100%)	Proactively made statements on proposed resolutions from his perspective as an attorney with specialized expertise.

Note: Figures for attendance at Board of Directors' meetings and Audit & Supervisory Board meetings for Audit & Supervisory Board Member Keita Nagura reflect the number of meetings held subsequent to his assumption of office on March 30, 2021 until December 31, 2021.



## 4 Matters Concerning the Accounting Auditor

### 1 Name of Audit Firm

Deloitte Touche Tohmatsu LLC

### 2 Remuneration and Other Payments for the Accounting Auditor

	Total Amount (Millions of yen)
Amount of Remuneration and Other Payments Paid by the Company	147
Total Amount of Money and Other Property Benefits to be Paid by the Company and its Subsidiaries	236

Notes:

1. The audit agreement entered into by the Company and its Accounting Auditor does not distinguish clearly between the amount derived from the audit under the Companies Act and the amount derived from the audit under the Financial Instruments and Exchange Act and the two amounts cannot be substantially distinguished from each other. Consequently, both are included in the amount of remuneration to be paid by the Company.
2. The accounts of principal overseas subsidiaries are audited by firms other than the firm named above (accounting auditor, public accountants or other individuals or firms that hold a certification equivalent to that of accounting auditor in Japan) in conformity with the requirements of laws in their respective countries of domicile that correspond to the Companies Act or Financial Instruments and Exchange Act.
3. The Audit & Supervisory Board received briefings about the audit performance for the past fiscal years done by the Accounting Auditor, quality of audit, audit plans for fiscal year 2021 and the calculation basis of remuneration estimate from Directors and senior executives in the Company and the Accounting Auditor, and reviewed said briefings accordingly. As a result, remuneration and other payments for the Accounting Auditor were approved by the Audit & Supervisory Board because it was deemed appropriate to conduct the planned audit and align the standard to maintain audit quality.

### 3 Non-Audit Services

The Company provides remuneration to the Accounting Auditor for non-audit services which are services other than those listed in Article 2, Paragraph 1 of the Certified Public Accountants Act. These include the preparation of comfort letters.

### 4 Policy on Decisions Concerning Dismissal or Non-Reappointment of the Accounting Auditor

The Audit & Supervisory Board shall dismiss the Accounting Auditor with the Audit & Supervisory Board Members' unanimous consent if it determines that any act or circumstance of the Accounting Auditor falls under any of the events set forth in Article 340, Paragraph 1 of the Companies Act. When the Accounting Auditor is dismissed pursuant to the above mentioned provisions, an Audit & Supervisory Board Member elected mutually among all the Members shall report such fact and the reason for the dismissal at the first General Meeting of Shareholders after the dismissal.

In such case that impairs the Accounting Auditor's competence or independence, thus making it difficult for the Accounting Auditor to conduct an appropriate audit, the Audit & Supervisory Board has the right to determine the contents of a proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders by the Board of Directors.



# Reference Corporate Governance

## 1 Basic Approach to Corporate Governance

The DIC Group defines corporate governance as a mechanism to ensure effective decision making pertaining to its management policy of achieving sustainable corporate growth and expansion through sound and efficient management, while at the same time guaranteeing the appropriate monitoring and assessment of and motivation for management’s execution of business activities. With the aim of achieving a higher level of trust with our shareholders, customers and other stakeholders and enhancing corporate value, the DIC Group also promotes ongoing measures to reinforce its management system and ensure effective monitoring thereof.

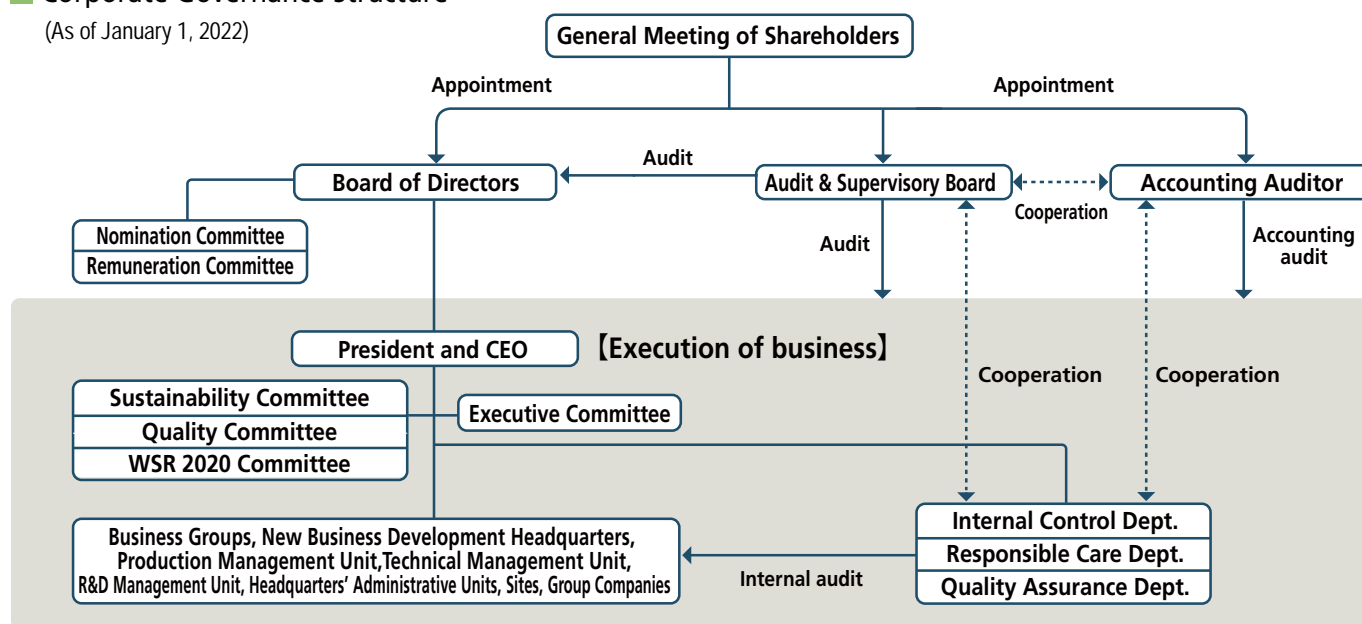
The Company has prepared and disclosed a Policy on Corporate Governance to explain its basic approach to corporate governance.

For more information of the Policy on Corporate Governance, please refer to the Company’s website: [https://www.dic-global.com/pdf/ir/management/governance/governance\\_en.pdf](https://www.dic-global.com/pdf/ir/management/governance/governance_en.pdf)

## 2 Outline of the Company’s Corporate Governance

### Corporate Governance Structure

(As of January 1, 2022)



As a company with Audit & Supervisory Board Members, the Company has a Board of Directors and an Audit & Supervisory Board. It has also instituted an executive officer system, a move aimed at separating decision making and implementation and thereby accelerating business execution and clarifying responsibilities. The Company has also established a Nomination Committee, Remuneration Committee, Executive Committee, Sustainability Committee, Quality Committee and WSR 2020 Committee.

### 1) Board of Directors

From the perspective of making business decisions in a timely manner and reinforcing corporate governance, the Board of Directors consists of nine Directors, three of whom are Outside Directors (one of whom is female). The Board of Directors typically meets once a month to make decisions on matters delegated to it under the Companies Act and on important business matters stated in the regulations for meetings of the Board of Directors, as well as to receive status reports on the execution of business operations and supervise the execution of the business.

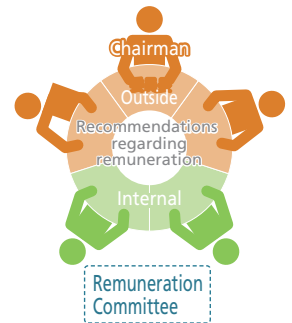
## 2) Nomination Committee

To ensure objectivity in the nomination of Directors, Audit & Supervisory Board Members and Executive Officers, among others, the Company has established a Nomination Committee, which provides recommendations to the Board of Directors regarding the appointment and dismissal of Directors, Audit & Supervisory Board Members and Executive Officers. The Nomination Committee consists of five Directors, three of whom are Independent Outside Directors, with an Independent Outside Director serving as Chairman.



## 3) Remuneration Committee

To ensure objectivity in the determination of remuneration for Directors and Executive Officers, the Company has established a Remuneration Committee, which has been entrusted with responsibility for determining remuneration, among others, for Directors and Executive Officers. The Remuneration Committee consists of five Directors, three of whom are Independent Outside Directors, with an Independent Outside Director serving as Chairman.



## 4) Executive Committee

Established as a body to advise on important matters related to the execution of business, the Executive Committee meets twice monthly in principle. The Executive Committee consists of Executive Officers and others appointed by the Board of Directors. As part of the auditing process, one Audit & Supervisory Board Member also attends Executive Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

## 5) Sustainability Committee

The Sustainability Committee, which functions as an advisory body, meets several times annually to formulate sustainability policies and activity plans, as well as to evaluate and promote sustainability initiatives. The Sustainability Committee consists of Executive Officers and others designated by the Board of Directors. As part of the auditing process, one Audit & Supervisory Board Member also attends Sustainability Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

## 6) Quality Committee

In addition to reporting on the status and progress of quality management, the Quality Committee functions as a deliberative body for the DIC Group's quality policies, principal initiatives and important issues. In principle, the Quality Committee meets once quarterly. The Quality Committee consists of Executive Officers and others designated by the Board of Directors. As part of the auditing process, one Audit & Supervisory Board Member also attends Quality Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

## 7) WSR 2020 Committee

The Work Style Revolution (WSR) 2020 Committee was established to deliberate work style reform-related measures and investment plans, among others, with the aim of enhancing Group employee job satisfaction and productivity. In principle, the WSR 2020 Committee meets once quarterly. The WSR 2020 Committee consists of Executive Officers and others designated by the Board of Directors. Details of important deliberations at meetings and the results thereof are reported to the Board of Directors.

## 8) Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, including two Outside Members (one of whom is female). In principle, the Audit & Supervisory Board meets once monthly. Board activities include debating and determining auditing policies and auditing plans. Members also report on the results of audits conducted, as well as attend important meetings, including those of the Board of Directors, the Executive Committee and the Sustainability Committee, meet with Representative Directors on a periodic basis to exchange information and opinions, and collect business reports from Directors, Executive Officers and employees. In addition, the Company has established an Audit & Supervisory Board Members' Office, to which it assigns dedicated personnel to assist the Audit & Supervisory Board Members in their duties.

# Consolidated Financial Statements

## Consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2021	Previous Fiscal Year As of December 31, 2020 (Reference)	Accounts	Current Fiscal Year As of December 31, 2021	Previous Fiscal Year As of December 31, 2020 (Reference)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>I Current assets</b>	<b>542,114</b>	<b>399,997</b>	<b>I Current liabilities</b>	<b>305,575</b>	<b>197,181</b>
Cash and deposits	38,253	44,885	Notes and accounts payable-trade	145,816	95,263
Notes and accounts receivable - trade	237,916	197,595	Short-term loans payable	10,437	10,275
Merchandise and finished goods	132,773	78,273	Current portion of long-term loans payable	37,131	27,096
Work in process	9,651	9,065	Current portion of bonds payable	20,000	—
Raw materials and supplies	91,199	55,058	Lease obligations	1,092	1,061
Other	36,282	24,294	Income taxes payable	5,640	4,985
Allowance for doubtful accounts	(3,959)	(9,171)	Provision for bonuses	6,125	5,480
			Other	79,334	53,022
<b>II Non-current assets</b>	<b>529,367</b>	<b>417,953</b>	<b>II Non-current liabilities</b>	<b>384,897</b>	<b>269,405</b>
<b>Property, plant and equipment</b>	<b>307,684</b>	<b>228,078</b>	Bonds payable	140,000	100,000
Buildings and structures	103,039	86,885	Long-term loans payable	171,443	123,766
Machinery, equipment and vehicles	109,519	67,386	Lease obligations	4,112	4,543
Tools, furniture and fixtures	14,930	10,468	Deferred tax liabilities	10,725	12,525
Land	64,219	51,362	Net defined benefit liability	35,989	17,071
Construction in progress	15,978	11,977	Asset retirement obligations	7,689	1,691
			Other	14,940	9,809
<b>Intangible assets</b>	<b>52,313</b>	<b>11,512</b>	<b>Total liabilities</b>	<b>690,473</b>	<b>466,586</b>
Goodwill	20,182	819	<b>(Net assets)</b>		
Software	4,002	2,963	<b>I Shareholders' equity</b>	<b>403,910</b>	<b>409,003</b>
Customer-related assets	3,107	2,853	Capital stock	96,557	96,557
Other	25,022	4,877	Capital surplus	94,468	94,468
			Retained earnings	214,665	219,778
<b>Investments and other assets</b>	<b>169,370</b>	<b>178,363</b>	Treasury shares	(1,780)	(1,800)
Investment securities	59,289	57,201	<b>II Accumulated other comprehensive income</b>	<b>(57,983)</b>	<b>(90,511)</b>
Deferred tax assets	17,320	32,407	Valuation difference on available-for-sale securities	5,449	2,903
Net defined benefit asset	69,715	63,784	Deferred gains or losses on hedges	92	2,468
Other	23,201	25,705	Foreign currency translation adjustment	(55,456)	(82,321)
Allowance for doubtful accounts	(156)	(734)	Remeasurements of defined benefit plans	(8,067)	(13,562)
			<b>III Non-controlling interests</b>	<b>35,081</b>	<b>32,873</b>
<b>Total assets</b>	<b>1,071,481</b>	<b>817,950</b>	<b>Total net assets</b>	<b>381,008</b>	<b>351,364</b>
			<b>Total liabilities and net assets</b>	<b>1,071,481</b>	<b>817,950</b>

# Consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal Year Ended December 31, 2021	Previous Fiscal Year Ended December 31, 2020 (Reference)
<b>I Net sales</b>	<b>855,379</b>	<b>701,223</b>
<b>II Cost of sales</b>	<b>678,061</b>	<b>544,430</b>
Gross profit	177,318	156,793
<b>III Selling, general and administrative expenses</b>	<b>134,425</b>	<b>117,130</b>
Operating income	42,893	39,663
<b>IV Non-operating income</b>	<b>6,835</b>	<b>4,516</b>
Interest income	1,223	1,263
Dividends income	401	416
Foreign exchange gains	250	—
Equity in earnings of affiliates	2,943	771
Other	2,017	2,066
<b>V Non-operating expenses</b>	<b>5,970</b>	<b>7,726</b>
Interest expenses	2,176	2,225
Foreign exchange losses	—	1,384
Other	3,794	4,117
<b>Ordinary income</b>	<b>43,758</b>	<b>36,452</b>
<b>VI Extraordinary income</b>	<b>1,251</b>	<b>7,052</b>
Gain on sales of subsidiaries' and affiliates' securities	769	—
Gain on sales of non-current assets	482	5,226
Gain on bargain purchase	—	1,295
Insurance income	—	531
<b>VII Extraordinary losses</b>	<b>12,897</b>	<b>18,403</b>
Acquisition-related expenses	6,911	4,563
Loss on disposal of non-current assets	3,139	2,903
Impairment losses	1,563	1,251
Severance costs	522	924
Loss on disaster	463	—
Provision for environmental measures	300	—
Loss on business liquidation	—	8,762
<b>Income before income taxes and non-controlling interests</b>	<b>32,112</b>	<b>25,102</b>
Income taxes - current	13,609	10,336
Income taxes - deferred	12,041	(1,651)
<b>Net income</b>	<b>6,462</b>	<b>16,417</b>
Net income attributable to non-controlling interests	2,097	3,184
<b>Net income attributable to owners of the parent</b>	<b>4,365</b>	<b>13,233</b>

# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2021	Previous Fiscal Year As of December 31, 2020 (Reference)	Accounts	Current Fiscal Year As of December 31, 2021	Previous Fiscal Year As of December 31, 2020 (Reference)
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>I Current assets</b>	<b>158,017</b>	<b>148,837</b>	<b>I Current liabilities</b>	<b>219,066</b>	<b>179,713</b>
Cash and deposits	11,316	18,190	Electronically recorded obligations	10,349	8,731
Notes receivable-trade	3,818	3,661	Accounts payable-trade	60,766	45,333
Electronically recorded monetary claims	4,477	3,017	Short-term loans payable	102,971	105,473
Accounts receivable-trade	66,908	56,618	Current portion of bonds payable	20,000	—
Merchandise and finished goods	23,934	19,612	Accounts payable-other	16,445	13,518
Work in process	4,695	4,541	Income taxes payable	2,619	1,663
Raw materials and supplies	9,569	6,960	Provision for bonuses	4,299	3,771
Advance payments-trade	633	677	Provision for directors' bonuses	63	46
Prepaid expenses	2,042	1,447	Provision for environmental measures	300	—
Short-term loans receivable	6,108	9,391	Provision for product warranties	—	213
Accounts receivable-other	23,925	20,671	Accrued expenses	431	268
Other	598	4,057	Advances received	173	104
Allowance for doubtful accounts	(7)	(6)	Deposits received	82	72
			Other	568	520
<b>II Non-current assets</b>	<b>671,888</b>	<b>542,213</b>	<b>II Non-current liabilities</b>	<b>291,548</b>	<b>211,249</b>
<b>Property, plant and equipment</b>	<b>98,957</b>	<b>97,438</b>	Bonds payable	140,000	100,000
Buildings	32,157	32,543	Long-term loans payable	145,500	100,971
Structures	6,560	6,296	Provision for retirement benefits	20	17
Machinery and equipment	23,659	24,375	Provision for stock payments	230	192
Vehicles	146	64	Provision for loss on business of subsidiaries and affiliates	287	2,208
Tools, furniture and fixtures	5,291	5,438	Asset retirement obligations	638	638
Land	27,551	27,581	Deferred tax liabilities	1,369	3,197
Construction in progress	3,593	1,142	Other	3,504	4,027
			<b>Total liabilities</b>	<b>510,613</b>	<b>390,962</b>
<b>Intangible assets</b>	<b>4,199</b>	<b>3,440</b>	<b>(Net assets)</b>		
Software	3,598	2,578	<b>I Shareholders' equity</b>	<b>317,172</b>	<b>296,820</b>
Other	600	863	<b>Capital stock</b>	<b>96,557</b>	<b>96,557</b>
			<b>Capital surplus</b>	<b>94,156</b>	<b>94,156</b>
<b>Investments and other assets</b>	<b>568,732</b>	<b>441,335</b>	Legal capital surplus	94,156	94,156
Investment securities	14,592	12,542	<b>Retained earnings</b>	<b>128,239</b>	<b>107,907</b>
Stocks of subsidiaries and affiliates	481,447	359,765	Other retained earnings		
Investments in capital of subsidiaries and affiliates	22,512	18,625	Reserve for tax deferral of subsidies	101	120
Long-term loans receivable	5	5	Reserve for tax deferral of insurance gains	27	7
Prepaid pension cost	31,745	30,767	Reserve for special account for tax deferral of insurance gains	129	154
Other	18,577	19,776	Reserve for tax deferral of capital gains from eminent domain	814	834
Allowance for doubtful accounts	(146)	(146)	Reserve for reduction entry of replaced property	4,136	4,360
			Retained earnings brought forward	123,032	102,433
			<b>Treasury shares</b>	<b>(1,780)</b>	<b>(1,800)</b>
			<b>II Valuation and translation adjustments</b>	<b>2,119</b>	<b>3,269</b>
			Valuation difference on available-for- sale securities	5,047	2,688
			Deferred gains or losses on hedges	(2,927)	581
<b>Total assets</b>	<b>829,904</b>	<b>691,051</b>	<b>Total net assets</b>	<b>319,291</b>	<b>300,089</b>
			<b>Total liabilities and net assets</b>	<b>829,904</b>	<b>691,051</b>



## Non-Consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal Year Ended December 31, 2021	Previous Fiscal Year Ended December 31, 2020 (Reference)
I Net sales	231,550	195,403
II Cost of sales	184,441	159,238
Gross profit	47,109	36,165
III Selling, general and administrative expenses	35,472	31,935
Operating income	11,637	4,230
IV Non-operating income	16,022	6,953
Interest income	116	140
Dividends income	13,871	5,985
Other	2,036	828
V Non-operating expenses	3,693	4,091
Interest expenses	1,831	1,649
Other	1,863	2,442
Ordinary income	23,966	7,093
VI Extraordinary income	11,055	356
Gain on sales of subsidiaries' and affiliates' securities	11,055	—
Reversal of provision for loss on business of subsidiaries and affiliates	—	356
VII Extraordinary losses	2,903	1,301
Loss on disposal of non-current assets	876	918
Loss on valuation of stocks of subsidiaries and affiliates	771	—
Impairment losses	257	383
Acquisition-related expenses	699	—
Provision for environmental measures	300	—
Income before income taxes	32,118	6,148
Income taxes-current	3,583	1,380
Income taxes-deferred	(1,276)	(2,163)
Net income	29,811	6,930

# Audit Reports

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

### INDEPENDENT AUDITOR'S REPORT

March 3, 2022

To the Board of Directors of  
DIC Corporation:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Hidetsugu Tsuda

Designated Engagement Partner,  
Certified Public Accountant:

Takaya Otake

Designated Engagement Partner,  
Certified Public Accountant:

Teppei Yamamoto

#### Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of DIC Corporation and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of December 31, 2021, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2021 to December 31, 2021, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

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

### INDEPENDENT AUDITOR'S REPORT

March 3, 2022

To the Board of Directors of  
DIC Corporation:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Hidetsugu Tsuda

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Designated Engagement Partner,  
Certified Public Accountant:

Takaya Otake

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Designated Engagement Partner,  
Certified Public Accountant:

Teppey Yamamoto

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#### Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of DIC Corporation (the "Company"), namely, the nonconsolidated balance sheet as of December 31, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 124th fiscal year from January 1, 2021 to December 31, 2021, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Readers of Independent Auditor's Report**

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.



## Audit Report of the Audit & Supervisory Board

### AUDIT REPORT

The Audit & Supervisory Board has prepared this audit report following deliberations based on the audit reports prepared by each Audit & Supervisory Board Member pertaining to the conduct of the Directors in the performance of their duties during the 124th fiscal year from January 1, 2021 to December 31, 2021 and hereby reports as follows:

1. Methods and Contents of the Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established the audit policies, the audit plan and other matters, and received reports from each Audit & Supervisory Board Member regarding the status of audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors and senior executives and the Accounting Auditor regarding the performance of their duties and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Member's auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and audit plans, each Audit & Supervisory Board Member endeavored to communicate with the Directors, internal audit departments and other relevant employees, endeavored to collect information and maintain and improve the audit environment and conducted audit with the methods described below;
  - ① Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and relevant employees, requested explanations as necessary, examined important documents regarding decisions and approvals made and inspected the status of the operations and property at the head office and other principal business locations. With respect to subsidiaries, each Audit & Supervisory Board Member endeavored to communicate with and exchanged information with the Directors, the Audit & Supervisory Board Members and relevant employees of the subsidiary, received reports on their business, and investigated the status of their operations and property as necessary.
  - ② In order to ensure the adequacy of establishment and maintenance of an internal control system that is set forth in the Companies Act of Japan, each Audit & Supervisory Board Member received reports of the Board of Directors' resolution and the status of establishment and operation of the system from the Directors and relevant employees, requested explanations as necessary and expressed opinions. On internal controls of the DIC Group consisting of DIC Corporation and its subsidiaries, each Audit & Supervisory Board Member received reports from the Directors and relevant employees of the subsidiaries and requested explanations as necessary.
  - ③ Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audits, received reports from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Accounting Auditor that it had established a system to ensure that the performance of the duties of the Accounting Auditor is being properly conducted in accordance with the "Quality Control Standards for Audits" constituted by the Business Accounting Council, and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and the accompanying supplementary schedules, the non-consolidated financial statements and the annexed detailed statements as well as the consolidated financial statements, for the fiscal year under consideration.

## 2. Results of Audit

### (1) Results of Audit of the Business Report and Other Relevant Documents

- ① We acknowledge that the business report and the accompanying supplemental schedules fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- ② We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found in connection with the Directors' performance of their duties.
- ③ We acknowledge that the Board of Directors' resolutions with respect to the internal control system are appropriate. We did not find any matter to be mentioned with respect to the description in the business report and the Directors' performance of their duties concerning the internal control system.

### (2) Results of Audit of Non-Consolidated Financial Statements and Annexed Detailed Statement

We acknowledge that the methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC are appropriate.

March 3, 2022

The Audit & Supervisory Board of DIC Corporation

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



**1**  
Hiroyuki Ninomiya

**2**  
Akihiro Ikushima

**3**  
Michiko Chiba

**4**  
Keita Nagura

