

4631.T : Tokyo Stock Exchange

DIC Corporation

Consolidated Financial Results
FY2023: Three Months Ended March 31

May 2023



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DIC Corporation

Highlights

FY2023 three months results

Net sales

¥255.2billion

YoY + **1.7%**

Operating income

¥6.0billion

YoY **-49.0%**

FY2023 forecasts

- Forecasts for net sales and operating income have been revised down
- Forecast for annual dividends per share remains unchanged
- Consolidated net sales increased 1.7%, although they slipped 3.8% on a local currency basis. Inventory adjustments were seen in multiple industries, pushing down shipments. In the Functional Products segment, in particular, sales volume in the area of digital materials, used principally in electrical and electronics equipment and in displays, was down, while in industrial materials,* used primarily in mobility solutions, prolonged inventory adjustments across the supply chain depressed shipments. In the Color & Display segment, pigments were affected by slowing economic growth in Europe, a leading market for these products, as a result of which shipments sagged.
- * DIC uses the term “industrial materials” to describe products for use in mobility solutions, namely, automobiles, railroads and shipping, and for general industrial applications such as construction equipment and industrial machinery.
- Operating income fell. This was despite the progress of efforts to pass on higher costs, mainly for raw materials, by modifying sales prices for many products, and was due largely to sinking shipments of high-value-added products, notably digital materials and materials used in mobility solutions, and of pigments.
- With a recovery in demand now expected to take longer than initially anticipated, forecasts for full-term consolidated net sales and operating income have been revised downward, to ¥1,100.0 billion and ¥38.0 billion, respectively.
- The forecast for annual dividends remains unchanged at ¥100 per share.

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

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

Packaging & Graphic (Packaging inks, Publication inks*)

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

- Shipments remained on a downtrend, as rising prices led to sluggish demand for consumer goods.
- In the People’s Republic of China (PRC), markets had been expected to rally after the lifting of the country’s “zero COVID” policy, but the pace of improvement was gradual, as a result of which shipments were down.

*Including News inks

Color & Display (Pigments*)

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

- Shipments shrank overall, owing to a decrease in demand resulting from slowing economic growth in Europe, a primary market, and moves by customers to curtail inventories.
- Shipments were up from the previous quarter.
- Pigments used in displays showed signs of recovering, reflecting the progress of display manufacturers’ inventory adjustments.
- Sales of pigments for cosmetics rallied from pandemic levels and were firmer than those of pigments for other applications.

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

Functional Products (Performance Materials products*)

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

- Shipments of epoxy resins and other digital materials declined, as conditions in the semiconductor market deteriorated sharply.
- Shipments of industrial materials, used primarily in mobility solutions, tumbled as a consequence of prolonged inventory adjustments across the supply chain.

*Sales volume excludes sales of listed subsidiaries and Guangdong TOD acquired in July 2022.

Quarterly trends in segment results

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

Consolidated statement of income

(Billion yen)	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis
Net sales	251.0	255.2	4.3	+ 1.7%	-3.8%
Cost of sales	(200.0)	(207.3)	-7.3		
Selling, general and administrative expenses	(39.3)	(41.9)	-2.7		
Operating income	11.7	6.0	-5.7	-49.0%	-49.2%
Operating margin	4.7%	2.3%	-		
Interest expenses	(0.4)	(1.0)	-0.6		
Equity in earnings (losses) of affiliates	0.2	0.2	0.0		
Foreign exchange gains (losses)	0.8	(0.4)	-1.2		
Other, net	0.1	(0.2)	-0.2		
Ordinary income	12.4	4.6	-7.8	-63.1%	—
Extraordinary income	-	-	-		
Extraordinary losses	(0.4)	(0.6)	-0.2		
Income before income taxes	12.0	3.9	-8.0		
Income taxes	(4.2)	(1.9)	2.3		
Net income	7.8	2.1	-5.7		
Net income attributable to non-controlling interests	(0.4)	(0.2)	0.2		
Net income attributable to owners of the parent	7.4	1.9	-5.5	-74.4%	—
EBITDA*	23.3	17.0	-6.2	-26.8%	—

	2022 3 Months	2023 3 Months
Extraordinary income and losses		
Extraordinary income	-	-
Extraordinary losses		
Severance costs	(0.1)	(0.4)
Loss on disposal of non-current assets	(0.3)	(0.2)

■ Average rate

	2022 3 Months	2023 3 Months
YEN/US\$	117.03	133.02
YEN/EUR	131.32	142.71

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

Operating income variance

- Sinking shipments of high-value-added products used in electrical and electronics equipment and in mobility solutions caused sales volume and the product mix to deteriorate.
- Operating income fell, despite efforts to pass on higher costs and promote rationalization.



Financial health

(Billion yen)	Dec 31 2022	Mar 31 2023	Change
Net interest-bearing debt	445.9	476.0	30.0
Shareholder's equity	387.0	387.3	0.3
Net D/E ratio * (times)	1.15	1.23	
Equity ratio	30.7%	29.6%	
BPS (Yen)	4,088.60	4,091.24	

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

■ Closing rate	Dec 31 2022	Mar 31 2023
	YEN/US\$	132.63

Segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months
Packaging & Graphic	120.9	131.5	10.6	+ 8.8%	+ 2.4%	3.4	3.6	0.2	+ 4.8%	+ 8.8%	2.9%	2.7%
Japan	29.8	30.4	0.5	+ 1.8%	+ 1.8%	0.8	0.5	-0.3	-36.2%	-36.2%	2.5%	1.6%
The Americas and Europe	75.3	86.2	10.9	+ 14.5%	+ 5.2%	2.1	2.6	0.5	+ 23.0%	+ 30.6%	2.8%	3.0%
Asia and Oceania	19.5	19.0	-0.5	-2.5%	-7.6%	0.6	0.7	0.1	+ 15.7%	+ 15.7%	2.9%	3.4%
Eliminations	(3.7)	(4.0)	-0.3	-	-	0.0	(0.1)	-0.1	-	-	-	-
Color & Display	66.2	60.5	-5.8	-8.7%	-16.1%	3.8	1.4	-2.5	-64.1%	-62.8%	5.8%	2.3%
Japan	9.1	8.1	-1.0	-11.2%	-11.2%	1.5	1.0	-0.5	-33.0%	-33.0%	16.4%	12.4%
Overseas	61.0	55.5	-5.5	-9.0%	-17.4%	2.4	0.4	-2.0	-85.0%	-82.6%	3.9%	0.6%
Eliminations	(3.8)	(3.1)	0.7	-	-	(0.1)	0.0	0.1	-	-	-	-
Functional Products	74.2	73.4	-0.7	-1.0%	-3.7%	6.6	3.1	-3.5	-52.6%	-55.0%	8.9%	4.2%
Japan	52.0	50.0	-2.0	-3.9%	-3.9%	4.3	1.1	-3.2	-73.5%	-73.5%	8.3%	2.3%
Overseas	29.5	29.8	0.4	+ 1.3%	-5.9%	2.3	1.9	-0.3	-15.1%	-22.1%	7.7%	6.5%
Eliminations	(7.3)	(6.4)	0.9	-	-	0.0	0.0	0.0	-	-	-	-
Others, Corporate and eliminations	(10.3)	(10.2)	0.1	-	-	(2.1)	(2.1)	0.0	-	-	-	-
Total	251.0	255.2	4.3	+ 1.7%	-3.8%	11.7	6.0	-5.7	-49.0%	-49.2%	4.7%	2.3%
YEN/US\$	117.03	133.02		+ 13.7%		117.03	133.02		+ 13.7%			
YEN/EUR	131.32	142.71		+ 8.7%		131.32	142.71		+ 8.7%			

Packaging & Graphic

Net sales

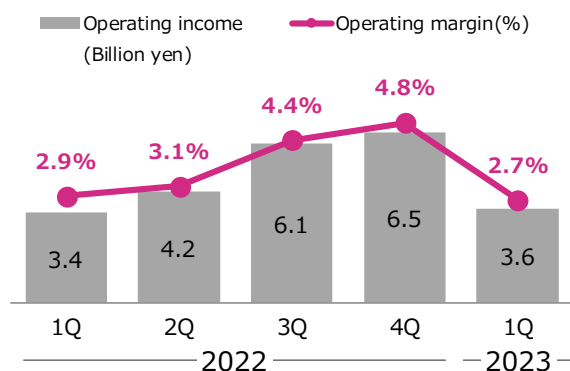
- Segment sales advanced, bolstered by sales price modifications. This was despite sluggish demand for consumer goods, owing to rising prices, which pushed down overall shipments.
- In the PRC, markets had been expected to rally after the lifting of the country's "zero COVID" policy, but the pace of improvement was gradual, as a result of which sales were down in Asia alone.

Operating income

- In Japan, operating income decreased as efforts to counter higher costs by modifying sales prices, especially for publication inks, fell short.
- Overall segment operating income rose, underpinned by the success of efforts to adjust sales prices for packaging and publication inks overseas, particularly in the Americas and Europe.

(Billion yen)	Net sales					Operating income					Operating margin	
	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months
Packaging & Graphic	120.9	131.5	10.6	+ 8.8%	+ 2.4%	3.4	3.6	0.2	+ 4.8%	+ 8.8%	2.9%	2.7%
Japan	29.8	30.4	0.5	+ 1.8%	+ 1.8%	0.8	0.5	-0.3	-36.2%	-36.2%	2.5%	1.6%
The Americas and Europe	75.3	86.2	10.9	+ 14.5%	+ 5.2%	2.1	2.6	0.5	+ 23.0%	+ 30.6%	2.8%	3.0%
Asia and Oceania	19.5	19.0	-0.5	-2.5%	-7.6%	0.6	0.7	0.1	+ 15.7%	+ 15.7%	2.9%	3.4%
Eliminations	(3.7)	(4.0)	-0.3	-	-	0.0	(0.1)	-0.1	-	-	-	-

Operating income/margin



Sales of principal products

	% Change	
Packaging inks*	+ 5%	Shipments declined worldwide, as rising prices led to sluggish demand for consumer goods. Nonetheless, sales price adjustments pushed sales up.
Publication inks*	-0%	Shipments fell in the Americas and Europe, and in Asia, but sales were level, thanks to efforts to modify sales prices.
Jet inks	-5%	Sales were down, as inventory adjustments, which began in the fourth quarter of the previous fiscal year, weakened shipments.
Polystyrene	-5%	Rising food prices depressed demand for use in food packaging, resulting in a decline in sales.
Multilayer films	+ 11%	Rising food prices depressed demand for use in food packaging, but sales rose thanks to efforts to adjust sales prices, which boosted unit prices.

*Change on a local currency basis

Color & Display

Net sales

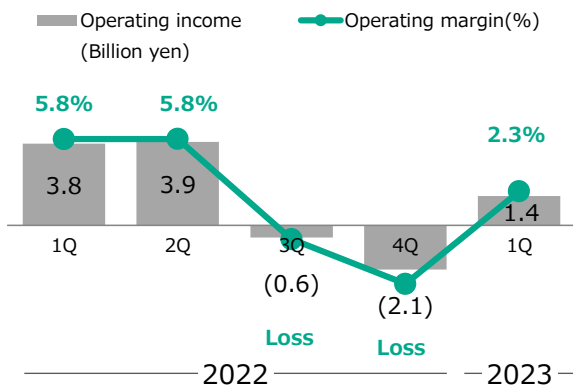
- Segment sales declined, as shipments shrank overall, owing to a decrease in demand resulting from slowing economic growth in Europe, a primary market, and moves by customers to curtail inventories.
- Having bottomed out in the third quarter of fiscal year 2022, sales of pigments used in displays trended up, reflecting the progress of display manufacturers' inventory adjustments, which began in the previous fiscal year.

Operating income

- Segment operating income plunged. This was attributable to, among others, dwindling shipments of pigments for coatings and for plastics, and the fact that shipments of pigments used in displays and other high-value-added products remained in recovery mode.
- Rationalization efforts aimed at maximizing the benefits of the integration of the C&E pigments business progressed. The segment moved back into the black in the fourth quarter of the previous fiscal year.

(Billion yen)	Net sales					Operating income					Operating margin	
	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months
Color & Display	66.2	60.5	-5.8	-8.7%	-16.1%	3.8	1.4	-2.5	-64.1%	-62.8%	5.8%	2.3%
Japan	9.1	8.1	-1.0	-11.2%	-11.2%	1.5	1.0	-0.5	-33.0%	-33.0%	16.4%	12.4%
Overseas	61.0	55.5	-5.5	-9.0%	-17.4%	2.4	0.4	-2.0	-85.0%	-82.6%	3.9%	0.6%
Eliminations	(3.8)	(3.1)	0.7	-	-	(0.1)	0.0	0.1	-	-	-	-

Operating income/margin



Sales of principal products

Product Category	% Change	Description
Pigments for coatings	-5%	A decline in demand was seen, owing to slowing economic growth, as a result of which shipments fell.
plastics	-1%	A decline in demand was seen, owing to slowing economic growth, as a result of which shipments fell.
printing inks	-7%	A decline in demand was seen, owing to slowing economic growth, as a result of which shipments fell.
cosmetics	+ 23%	Demand recovered in Asia and Europe.
displays	-4%	Shipments showed signs of recovering, reflecting the progress of display manufacturers' inventory adjustments.
specialty applications	+ 14%	Sales for agricultural use were firm, but shipments for use in building materials fell in Europe.
Health food	+ 25%	Sales were up, thanks to front-loaded demand in advance of sales price increases.

Functional Products

Net sales

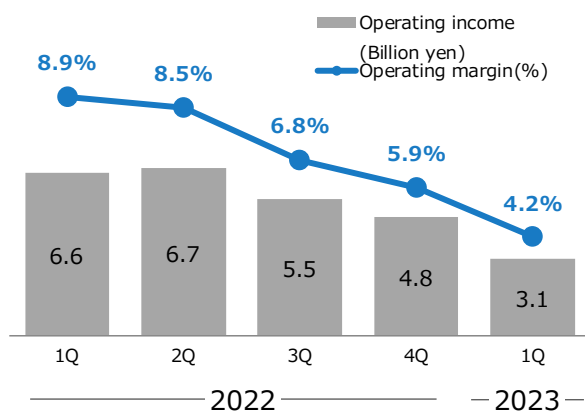
- Shipments of digital materials, used principally in electrical and electronics equipment and in displays, declined sharply.
- Shipments of products used in automobiles tumbled as a consequence of prolonged inventory adjustments across the supply chain and wilting demand for automobiles in the PRC.

Operating income

- Despite efforts to modify sales prices to pass on cost increases, segment operating income fell, reflecting sinking shipments of high-value-added products and a deteriorating product mix.

(Billion yen)	Net sales					Operating income					Operating margin	
	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months	Change	% Change	% Change on a local currency basis	2022 3 Months	2023 3 Months
Functional Products	74.2	73.4	-0.7	-1.0%	-3.7%	6.6	3.1	-3.5	-52.6%	-55.0%	8.9%	4.2%
Japan	52.0	50.0	-2.0	-3.9%	-3.9%	4.3	1.1	-3.2	-73.5%	-73.5%	8.3%	2.3%
Overseas	29.5	29.8	0.4	+ 1.3%	-5.9%	2.3	1.9	-0.3	-15.1%	-22.1%	7.7%	6.5%
Eliminations	(7.3)	(6.4)	0.9	-	-	0.0	0.0	0.0	-	-	-	-

Operating income/margin



Sales of principal products

Product	% Change	Product	% Change
Epoxy resins	-15%	polyphenylene sulfide (PPS) compounds	+ 7%
Polyurethane resins	-8%	Industrial tapes	-15%
Acrylic resins*	+ 42%	Hollow-fiber membrane	+ 24%
Waterborne resins*	+ 3%		
Polyester resins*	+ 6%		
UV-curable resins	-10%		

In digital materials, shipments of epoxy resins fell, owing to a slump in the semiconductor market. Sales of hollow-fiber membrane modules for semiconductor fabrication equipment, a promising market over the long term, were robust. Sales of polyphenylene sulfide (PPS) compounds were firm for applications other than automobiles, including housing equipment.

FY2023 forecasts: Full-term operating results

- A recovery in demand is likely to take longer than originally anticipated. Accordingly, operating results forecasts for the first half of fiscal year 2023 have been revised downward.
- With the positive impact of a recovery in demand expected to increase beginning in the second half of fiscal year 2023, second-half forecasts are unchanged.

(Billion yen)	2022	2023 Forecasts	% Change	% Change on a local currency basis	Old forecasts	2022	2023 Forecasts
Net sales	1,054.2	1,100.0	+ 4.3%	+ 3.4%	1,150.0	ROIC* ²	3.6% 3.2%
Operating income	39.7	38.0	-4.2%	-5.6%	43.0	Net D/E ratio * ³ (times)	1.15 1.09
Operating margin	3.8%	3.5%	—	—	3.7%	Annual dividends per share (Yen)	100.0 100.0
Ordinary income	39.9	34.0	-14.9%		40.0	Payout ratio	53.7% 55.7%
Net income attributable to owners of the parent	17.6	17.0	-3.5%		20.0		
EPS (Yen)	186.05	179.59	—		211.30		
EBITDA*¹	85.5	83.0	-2.9%		87.0		
Capital expenditure and investment	81.1	69.5	-14.3%		69.2		
Depreciation and amortization	48.8	49.0	+ 0.4%		49.0		
Average rate							
YEN/US\$	130.59	133.00	+ 1.8%		130.00		
YEN/EUR	137.71	143.00	+ 3.8%		140.00		

*² ROIC: Operating income x (1–tax rate 28%) / (Net interest-bearing debt + Net assets)

*³ Net D/E ratio: Interest-bearing debt / Shareholder's equity

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

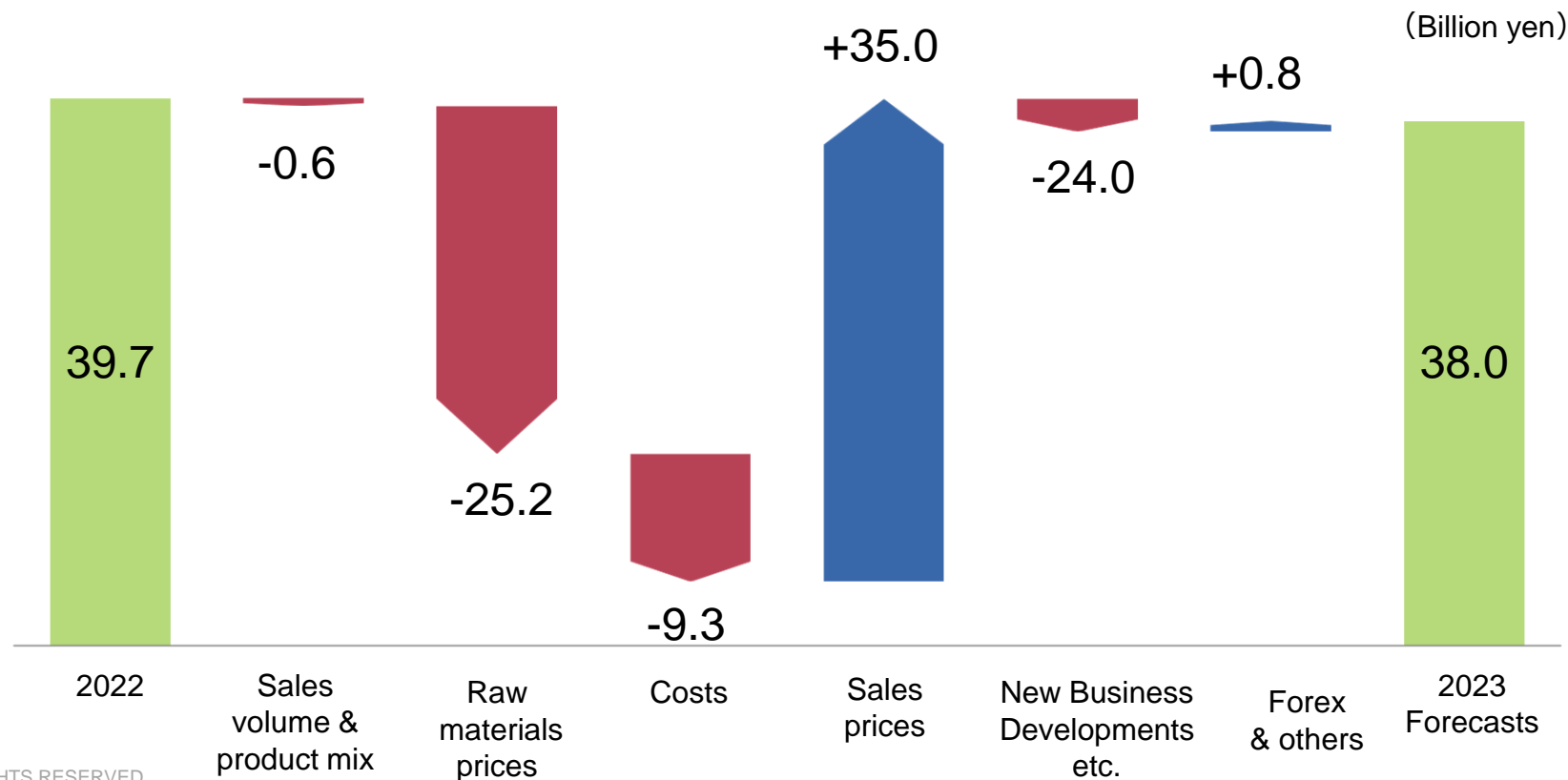
FY2023 forecasts: First half operating results

- A recovery in demand is likely to take longer than originally anticipated. Accordingly, operating results forecasts for the first half of fiscal year 2023 have been revised downward.

(Billion yen)		2022 1st Half	2023 1st Half Forecasts	% Change	Old forecasts
Net sales		521.4	520.0	-0.3%	570.0
Operating income		24.0	14.0	-41.6%	19.0
Operating margin		4.6%	2.7%	—	3.3%
Ordinary income		26.2	12.0	-54.1%	17.0
Net income attributable to owners of the parent		14.4	3.0	-79.2%	7.0
EPS (Yen)		152.03	31.69	—	73.95
Average rate	YEN/US\$	123.25	133.00	+7.9%	130.00
	YEN/EUR	134.89	143.00	+6.0%	140.00

FY2023 forecasts : Operating income variance

- A recovery in demand for high-value-added products, notably those in the Functional Products segment, and of pigments, accounted for in the Color & Display segment, is expected to take time. However, shipments are expected to pick up gradually in the second half, in line with the progress of customer inventory adjustments.
- Forecasts published on May 15, 2023, assume a West Texas Intermediate (WTI) crude oil price of around \$80/barrel. While there will be a time lag before this price is reflected in raw materials prices worldwide, the impact of lower raw materials prices will likely be gradual.
- Inflation is likely to continue pushing up costs. DIC will continue working to maintain profitability through the appropriate control of sales prices.



FY2023 forecasts: Full-term segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2022	2023 Forecast	Change	% Change	% Change on a local currency basis	2022	2023 Forecast	Change	% Change	% Change on a local currency basis	2022	2023 Forecast
Packaging & Graphic	533.0	557.1	24.1	+ 4.5%	+ 3.5%	20.3	19.8	-0.5	-2.4%	-3.3%	3.8%	3.6%
Japan	127.7	129.3	1.7	+ 1.3%	+ 1.3%	4.2	4.2	-0.1	-2.0%	-2.0%	3.3%	3.2%
The Americas and Europe	337.4	353.7	16.3	+ 4.8%	+ 3.2%	12.7	11.2	-1.4	-11.3%	-12.6%	3.8%	3.2%
Asia and Oceania	84.1	90.6	6.4	+ 7.6%	+ 7.7%	3.4	4.4	1.0	+ 29.6%	+ 29.1%	4.1%	4.9%
Eliminations	(16.2)	(16.4)	-0.2	-	-	(0.0)	0.0	0.0	-	-	-	-
Color & Display	248.2	262.2	14.0	+ 5.6%	+ 4.3%	5.1	8.4	3.3	+ 65.1%	+ 61.0%	2.1%	3.2%
Japan	34.7	35.1	0.4	+ 1.1%	+ 1.1%	4.7	5.8	1.1	+ 22.4%	+ 22.4%	13.5%	16.4%
Overseas	227.1	242.2	15.1	+ 6.6%	+ 5.1%	0.3	2.7	2.3	+ 699.2%	+ 636.1%	0.1%	1.1%
Eliminations	(13.7)	(15.1)	-1.5	-	-	0.1	0.0	-0.1	-	-	-	-
Functional Products	315.4	333.0	17.6	+ 5.6%	+ 5.2%	23.6	21.3	-2.3	-9.9%	-10.5%	7.5%	6.4%
Japan	216.9	218.7	1.8	+ 0.8%	+ 0.8%	14.7	11.7	-3.0	-20.2%	-20.2%	6.8%	5.4%
Overseas	128.8	141.2	12.4	+ 9.6%	+ 8.7%	8.9	9.5	0.6	+ 6.9%	+ 5.5%	6.9%	6.8%
Eliminations	(30.3)	(26.9)	3.5	-	-	(0.0)	0.0	0.0	-	-	-	-
Others, Corporate and eliminations	(42.4)	(52.3)	-9.9	-	-	(9.4)	(11.5)	-2.2	-	-	-	-
Total	1,054.2	1,100.0	45.8	+ 4.3%	+ 3.4%	39.7	38.0	-1.7	-4.2%	-5.6%	3.8%	3.5%
YEN/US\$	130.59	133.00		+ 1.8%		130.59	133.00		+ 1.8%			
YEN/EUR	137.71	143.00		+ 3.8%		137.71	143.00		+ 3.8%			

Major topics (February to April 2023)

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

Feb

The DIC Group’s greenhouse gas emissions reduction targets receive official endorsement from the SBTi



DIC Group Greenhouse Gas Emissions Reduction Targets (Base Year: Fiscal Year 2019)

- Scope 1 and 2: Reduce CO₂ emissions by 27.5% by fiscal year 2030.
- Scope 3: Categories 2, 3, 4, 5 and 12: Reduce greenhouse gas emissions by 13.5% by fiscal year 2030; and
 Category 1: Achieve engagement with suppliers accounting for 80% of procurement spending by fiscal year 2027.

Mar

DIC and Idemitsu Kosan agree to begin exploring the production of biomass polystyrene

- Actual production of biomass polystyrene, at DIC’s Yokkaichi Plant, is scheduled to commence by the second half of the fiscal year 2023.

Mar

DIC earns certification under the Health & Productivity Outstanding Entities Recognition Program (dubbed the “White 500”) for the sixth consecutive year

Major topics (February to April 2023)

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

Mar

DIC and Debut commence joint business development of polyphenols for the cosmetics and nutrition industries using innovative biotechnology

- Plans are to sell newly developed polyphenols to skincare brands around the world via the DIC Group's global distribution network.

Mar

DIC and Sumitomo Mitsui Trust Bank conclude positive impact finance agreement

Apr

DIC develops WATERSOL®-LB waterborne anode binder for LiBs

- The outstanding properties of this waterborne product, which has a low environmental impact, help prolong battery life.

Apr

DIC builds new globally optimized digital supply chain management (SCM) platform

- This new platform leverages advanced digital technologies to realize sustainable, resilient supply chains.
- DIC intends to introduce the new platform in certain markets and sectors of the color materials and performance materials businesses. Plans are to achieve full deployment worldwide by fiscal year 2025.

Business segments and principal products

Note: Fiscal year 2022 actual

	Packaging & Graphic	Color & Display	Functional Products
Value provided	<p>Net sales ¥533.0 bn</p> <p>Operating income /Margin ¥20.3 bn / 3.8%</p>	<p>Net sales ¥248.2 bn</p> <p>Operating income /Margin ¥5.1 bn / 2.1%</p>	<p>Net sales ¥315.4 bn</p> <p>Operating income /Margin ¥23.6 bn / 7.5%</p>
	Packaging materials that bring safety and peace of mind	Color and display materials that make life colorful	Functional products that add comfort
Principal products	<p>Packaging inks</p> <p>Packaging materials</p> <p>Packaging adhesives</p> <p>← Polystyrene ↓ Multilayer films</p> <p>Jet inks</p> <p>For outdoor signage</p> <p>For banners</p>	<p>Pigments for display</p> <p>Pigments for cosmetics</p> <p>Pigments for specialty applications</p> <p>Agriculture</p> <p>Building materials</p> <p>Natural colorants</p>	<p>◆ Digital materials (used principally in electrical and electronics equipment and displays) ◆</p> <p>UV-curable resins</p> <p>Epoxy resins</p> <p>Hollow-fiber membrane modules</p> <p>Industrial tapes</p> <p>◆ Industrial materials (used primarily in mobility solutions (vehicles, etc.)) ◆</p> <p>Waterborne resins</p> <p>Polyurethane resins</p> <p>Acrylic resins</p> <p>Polyester resins</p> <p>PPS compounds</p>

Consolidated balance sheet (Reference)

(Billion yen)	Dec 31 2022	Mar 31 2023	Change
Current assets	660.0	700.7	40.7
Property, plant and equipment	353.5	359.9	6.4
Intangible assets	78.8	79.3	0.6
Investments and other assets	169.4	169.7	0.3
Total assets	1,261.6	1,309.6	48.0
Current liabilities	389.9	411.4	21.5
Non-current liabilities	450.7	476.7	26.0
Total liabilities	840.5	888.1	47.5
Shareholders' equity	411.8	409.0	-2.8
Accumulated other comprehensive income	(24.8)	(21.7)	3.1
[Foreign currency translation adjustment]	[(17.3)]	[(12.5)]	[4.8]
Non-controlling interests	34.1	34.2	0.1
Total net assets	421.1	421.5	0.4
Total liabilities and net assets	1,261.6	1,309.6	48.0
Interest-bearing debt	509.3	575.4	66.1
Cash and deposits	63.4	99.4	36.1
Net interest-bearing debt	445.9	476.0	30.0

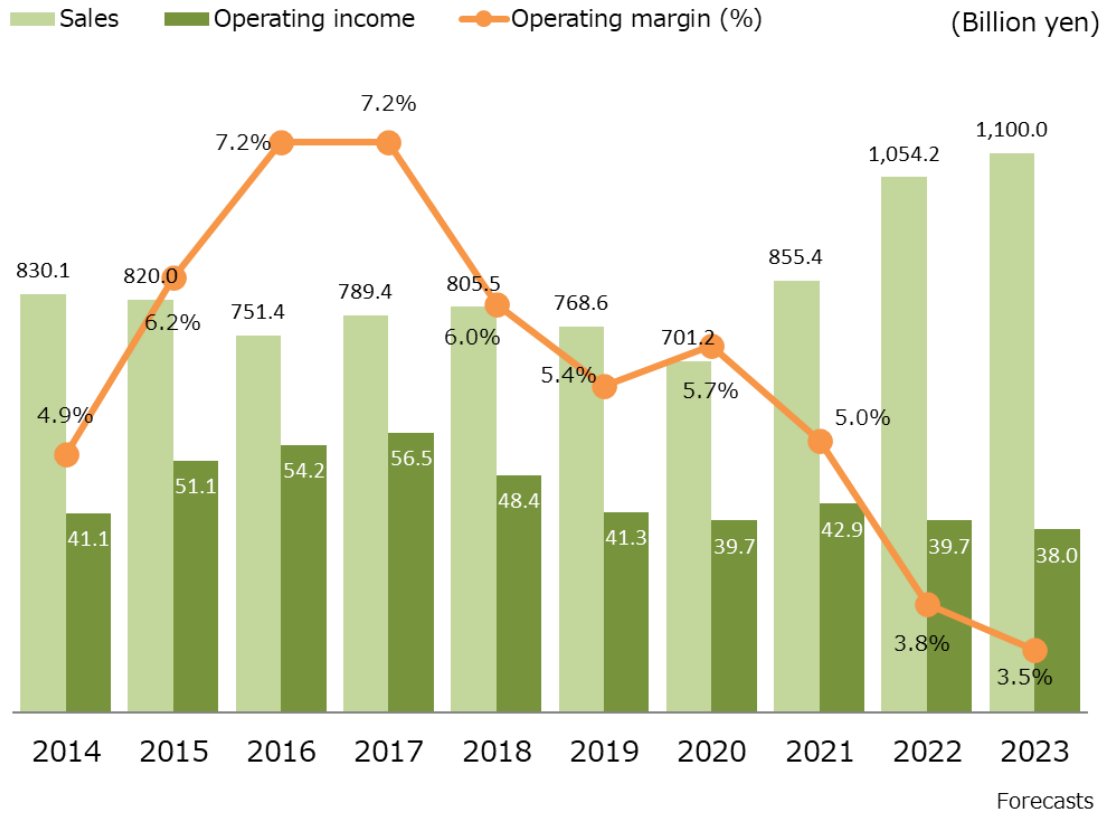
Consolidated statement of cash flows (Reference)

(Billion yen)	2022 3 Months	2023 3 Months	Change
Cash flows from operating activities	(8.0)	(4.4)	3.5
Cash flows from investing activities	(20.5)	(18.5)	2.0
Cash flows from financing activities	109.8	60.2	-49.5
Cash and cash equivalents at end of the period	122.6	98.0	-24.7
Free cash flow	(28.5)	(22.9)	5.5
Increase (decrease) in working capital	(23.1)	(7.1)	16.1
Capital expenditure and investment	24.7	18.1	-6.7
Depreciation and amortization	11.3	12.3	1.0

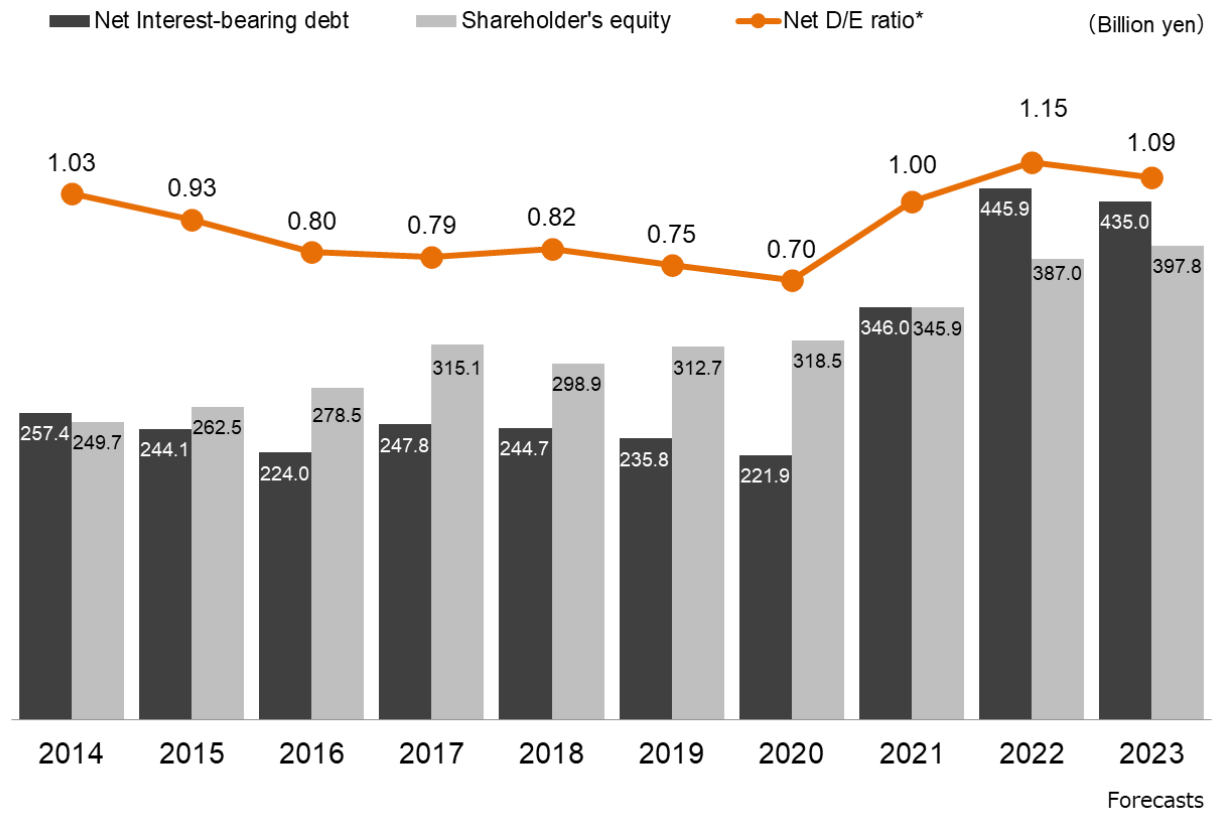
Note: Consolidated statement of cash flows fall outside the scope of required disclosure. Accordingly, these figures are provided for reference only.

Historical performance data (Reference)

Operating results

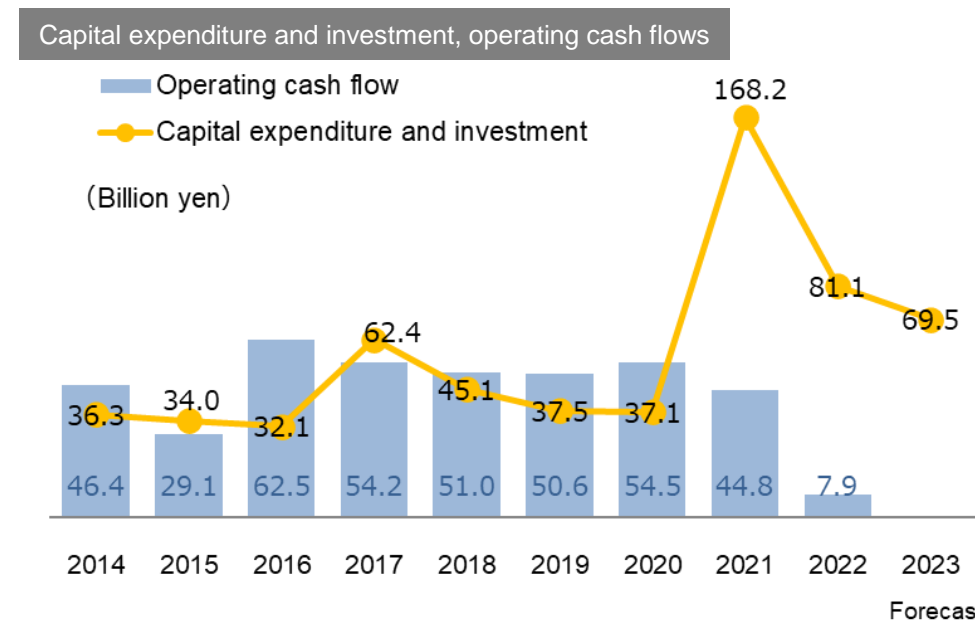
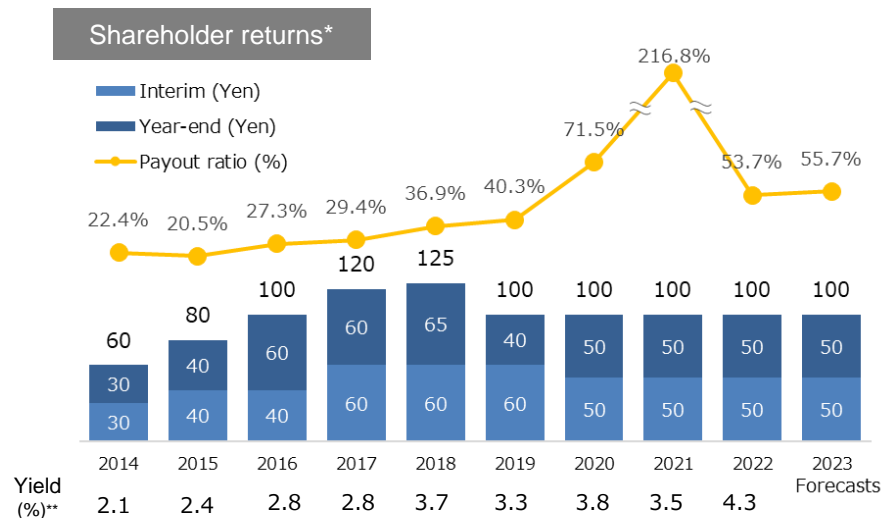
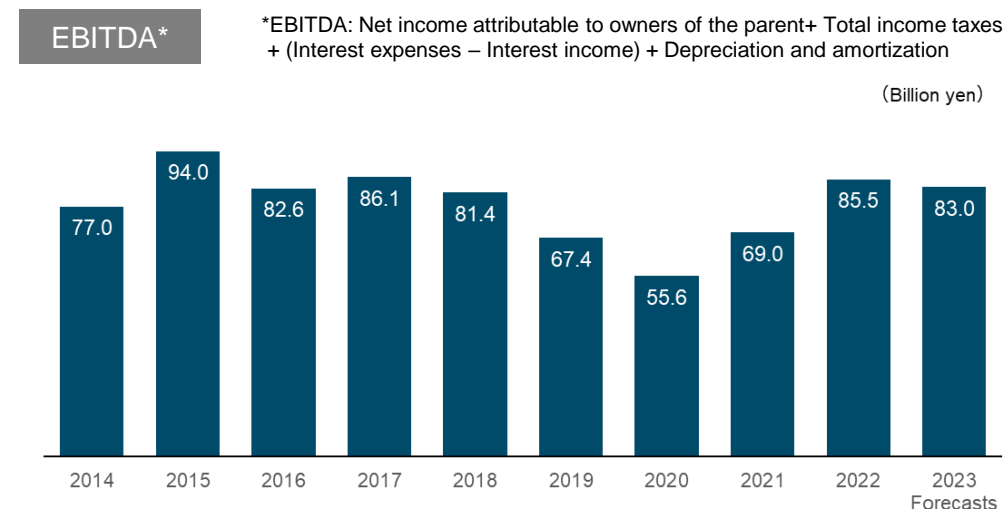
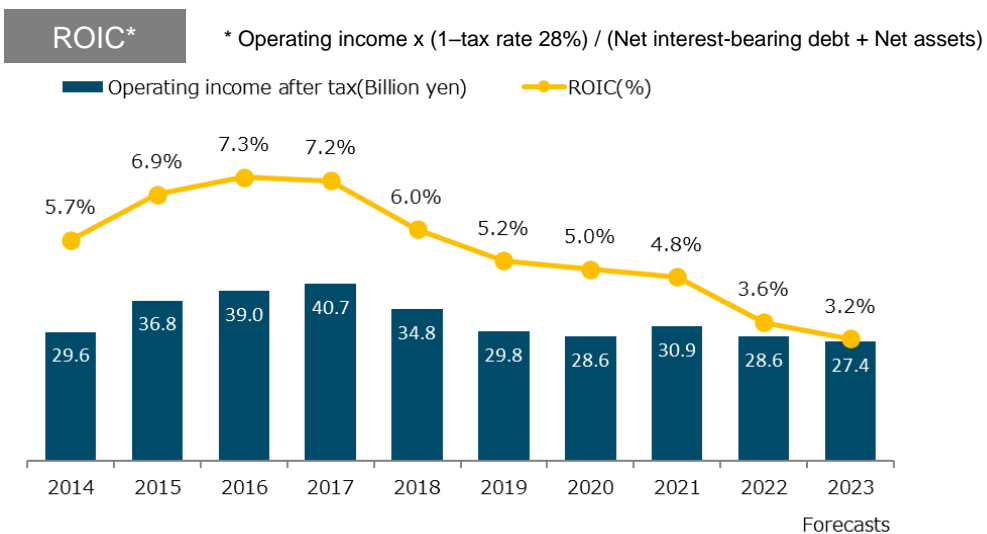


Financial health



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

Historical performance data (Reference)



* Adjusted to reflect the impact of the consolidation of shares of common stock
 ** Dividend yield: Annual dividends / Closing price per share at fiscal year-end

Disclaimer Regarding Forward-Looking Statements

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



Color & Comfort



DIC Corporation