

Presentation of the Medium-Term Management Plan “SMART 2030”

FY2025 - FY2029 (Fiscal Year Ending March 2026 — Fiscal Year Ending March 2030)

DKS Co. Ltd.

Tokyo Stock Exchange (TSE) Prime Market: 4461

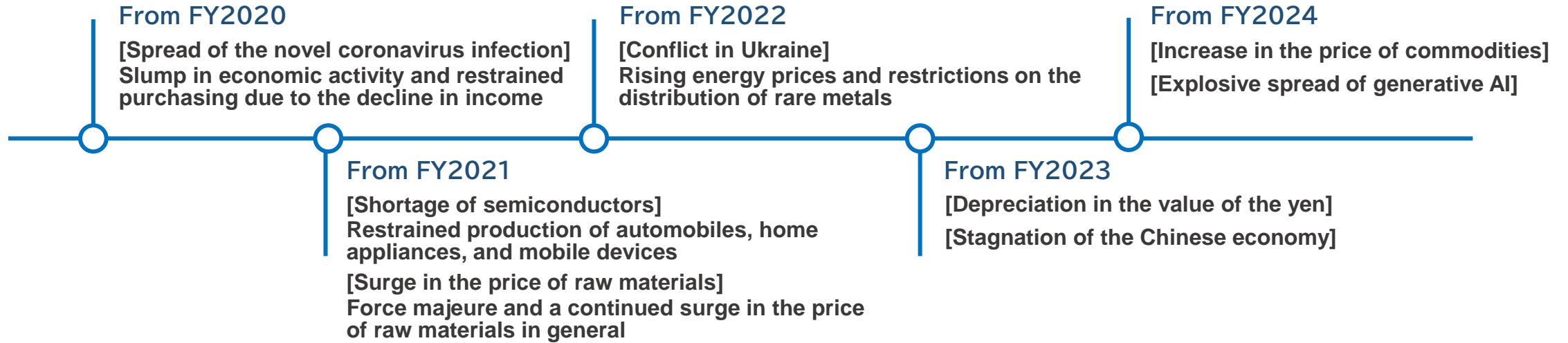
01 /03

Review of the Previous Medium-Term Management Plan “FELIZ 115”



1-1. Changes in the External Environment

● Immediate external environment surrounding the Company



● Toward 2030 [Keyword: Sustainability]

Changes in the Global Economy

- Rise of artificial intelligence, automation, and renewable energy
- Growing awareness toward sustainability and environmental concerns
⇒ Growth in environmental technology and green energy industries
- Focus on environmental contributions when assessing corporate value

Changes in Chemical Industry Trends

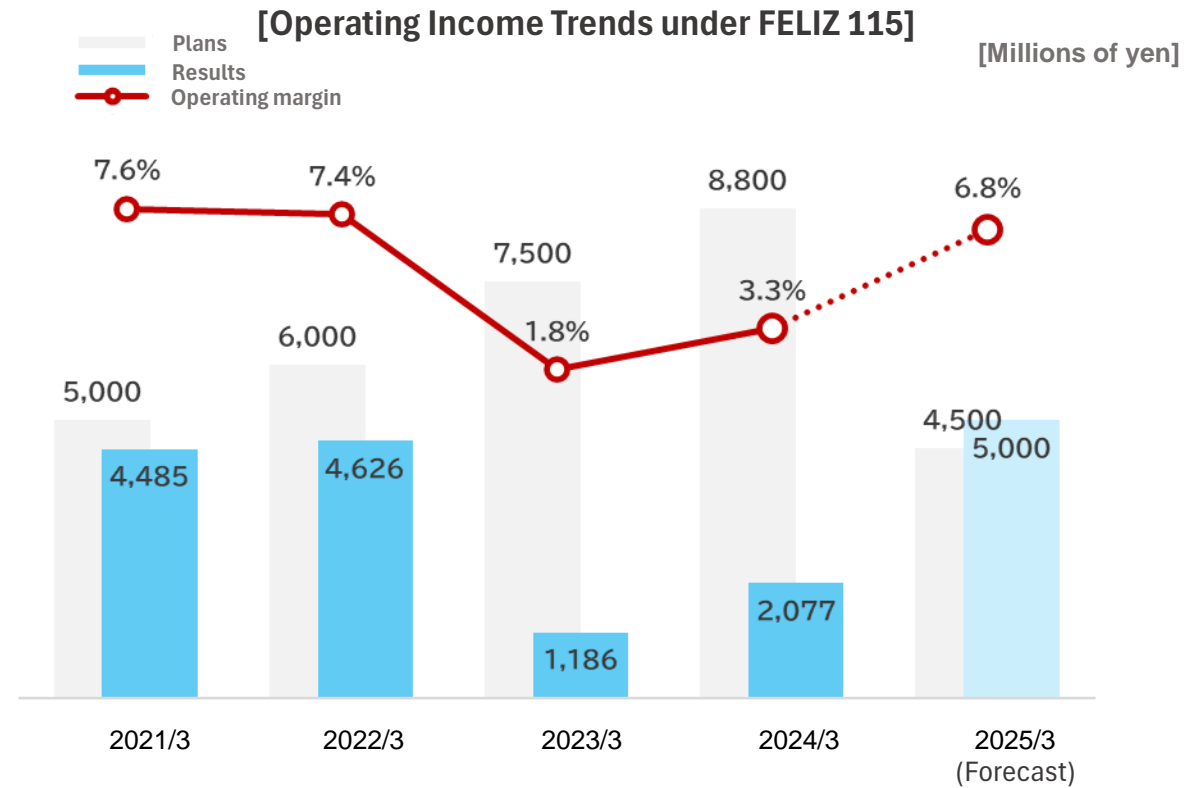
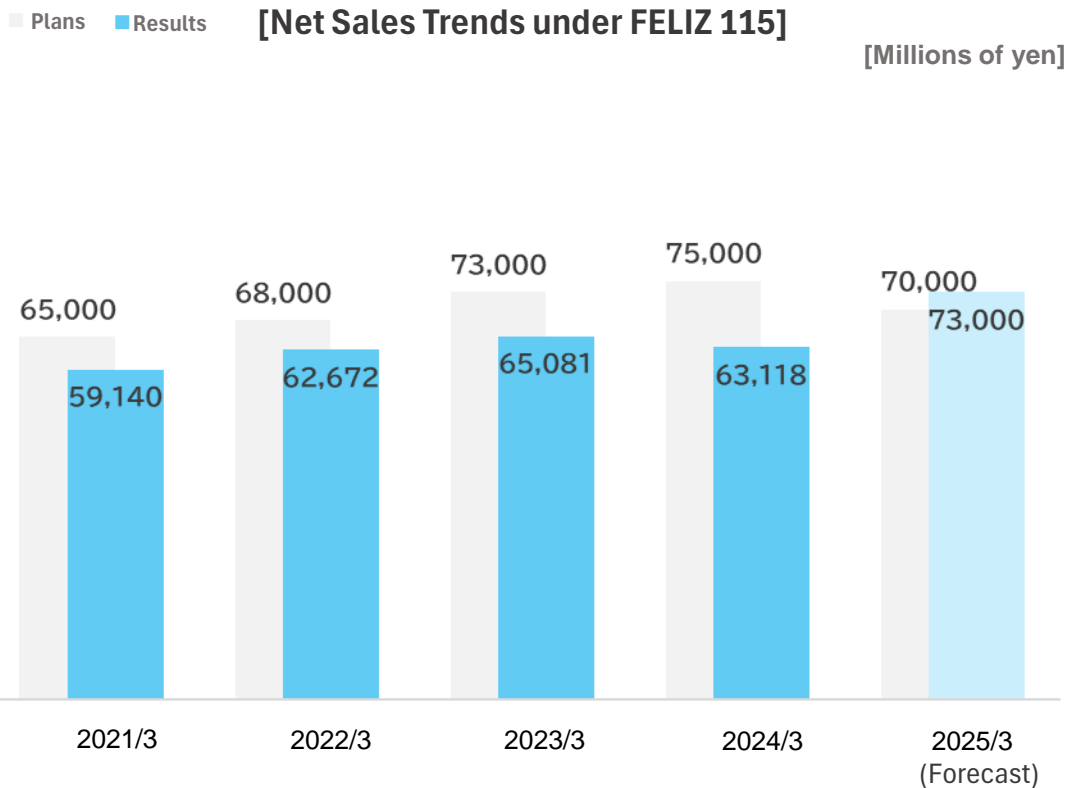
- Shift to green chemistry
- Plant-based raw materials, waste recycling, and upcycling
- Focus on bioplastics, high-performance, and other new materials

✓ Heightened requirements regarding sustainability

1-2. Performance Trends



- Improvements in profits on the back of efforts to promote selection and concentration following a review of the business portfolio from FY2020 to FY2021
- Despite record-high net sales, fell short of targets owing to the pressure placed on profits by a variety of factors, including economic stagnation and an upswing in raw material and energy costs attributable to the novel coronavirus infection and the conflict in Ukraine in FY2022
- Results enter a recovery trajectory on the back of robust trends in radcure resin materials for high-end servers and the positive turnaround in sales from FY2023



* FY2024 plan represents data revised downward in June 2023.

1-3. Review of Priority Projects

Withdraw from noncontributing products



[Management that prioritizes the degree of contribution]

- Build an earnings base through a process of review
- Rebuild the business portfolio

Increase contributions from older plants



[Maximization of the use of resources]

- Implement various measures, including the reduction of inventories and promotion of DX across manufacturing operations
- Shift toward showroom-type plants

Create proactive business models centered on solutions businesses



[Shift from passive to active businesses]

- Increase profitability through price revisions
- Critical need to collect additional market information

Shorten the product development period by concentrating product development



[Integration of the sales, research, and production functions]

- Integrate development themes
- Lack of sales, research, and production coordination

Create profitable patterns and eliminate hidden losses



[Improvement of business processes]

- Implement behavioral management of customer activities
- Commence digital marketing

Eliminate work that does not contribute to customers or DKS (work-style reform)



[Work-style reform]

- Maintain Health & Productivity Stock Selection
- Promote standardization and automation through DX

Strengthen appropriate human resource management and revise evaluation systems



[Corporate culture reform]

- Introduce a goal management system
- Revise the incentive program

Ongoing issues regarding
development and technology
as well as **personnel and organization**

02_{/03}

Vision



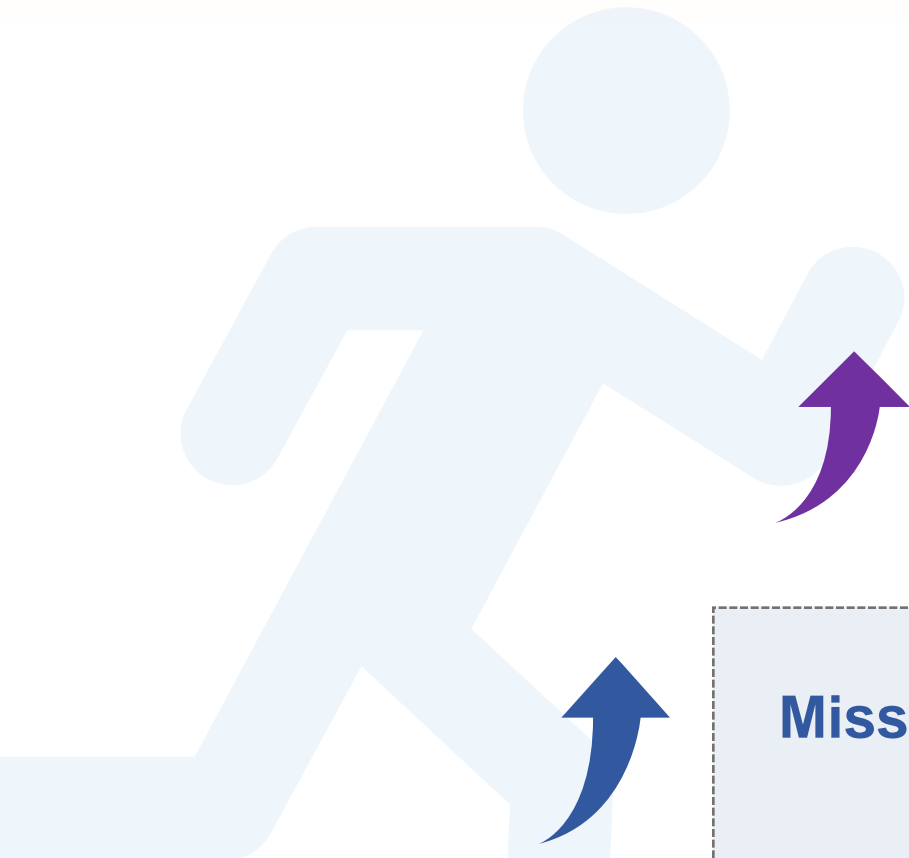
DKS Credo

**Contributing to the nation and
society through industry**

DKS Mottoes

**Quality First
Cost Reduction
R&D Efforts**

2-2. DKS' Vision for 2030



Value (Code of Conduct)

- 1. Provide value based on the Company's mottoes**
Engage in business activities based on the principles of Quality First, Cost Reduction, and R&D Efforts
- 2. Responsible consumption and production**
Protect the global environment and contribute to the realization of a sustainable society
- 3. Empathy, respect, and growth**
Promote empathy and respect among employees, customers, and partners as well as mutual growth

Vision (Prospects)

SMART 2030

Become a smart chemical partner that can solve various issues in society

Sustainability M_ission A_ction R_eliability T_ransformation

Mission

Chemistry provides a solution.

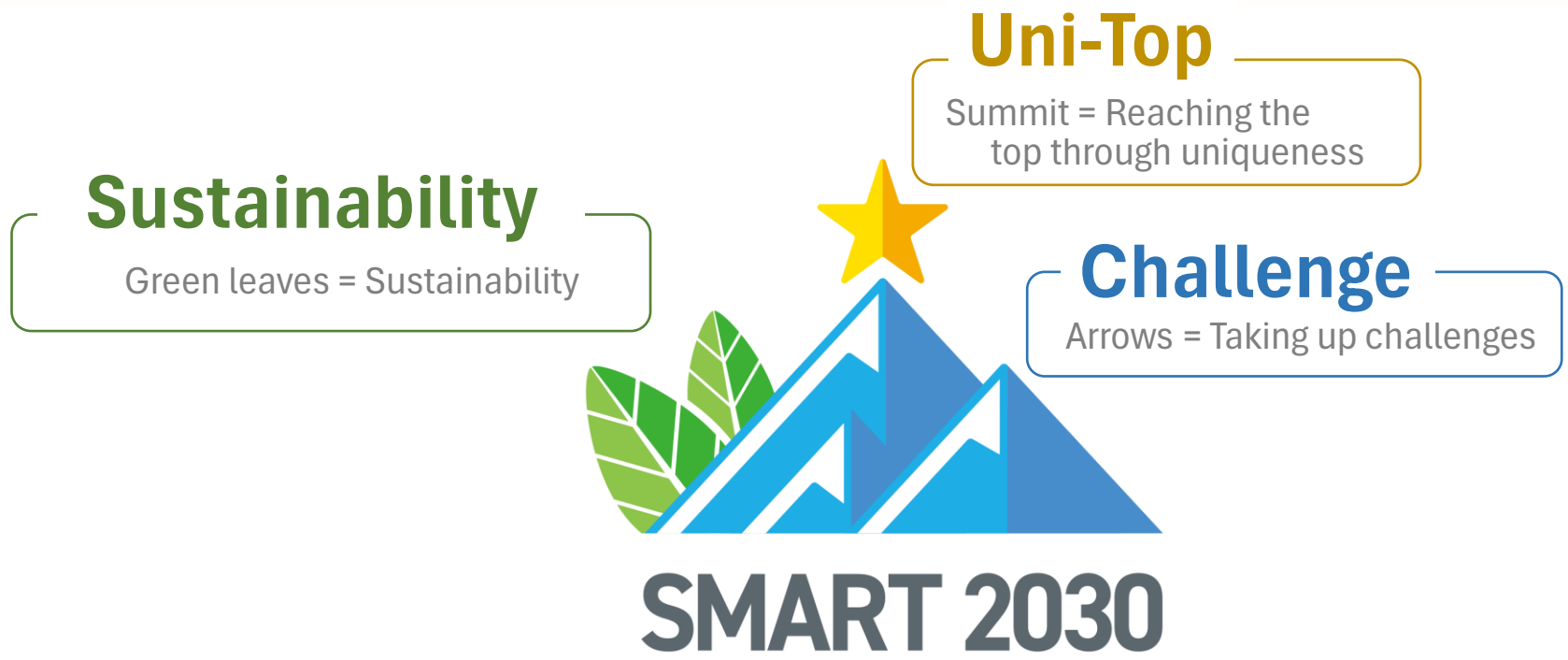
Electronics & IT	Develop new technologies and products, contribute to the digital society
Environment & Energy	Put forward materials that have a low environmental impact, promote a decarbonized society
Life & Wellness	Protect lifestyles and health through health-conscious products and services
Core Materials	Utilize fundamental technologies, help realize a sustainable, circular society

Purpose (Raison D'etre)

Contributing to the nation and society through industry

Digital society	Decarbonized society	Healthy society	Circular society
Electronics & IT	Environment & Energy	Life & Wellness	Core Materials

2-3. The Conduct and Human Resources to Which DKS Aspires



Item	Policy
Uni-Top	Aim for the top through uniqueness, without pursuing scale
Sustainability	Take into consideration environmental, social, and governance concerns, promote sustainable growth
Challenge	Maintain collaboration and flexibility, meet the challenge of technological innovation while addressing environmental concerns

Uni-Top

Unique × **Top**

Aim for the top through uniqueness, without pursuing scale
—A company that is chosen by customers for its comprehensive proposal capabilities, including its technologies, quality and services—

■ **New value creation**

Developing new products and processes from unique perspectives and providing new value to markets

■ **Sustainable technologies**

Adopting environmentally friendly, sustainable technologies and providing products that aim to achieve harmony between society and environment in the long run

■ **Stable quality**

Maintaining high quality standards and providing reliable, high-performance products

■ **Customer-centric approach**

Identifying customer issues and offering solutions to resolve them

■ **On-trend products and services**

Providing pioneering, innovative products and services that anticipate future industry trends

Sustainability



Take into consideration environmental, social, and governance concerns, promote sustainable growth

■ Carbon neutrality

Accelerating efforts to reduce GHG emissions to achieve carbon neutrality by 2050

■ Expansion of products that contribute to the environment

Developing and providing products that help solve customers' environmental issues

■ Respect for human rights

Contributing to the realization of a sustainable society by fulfilling our responsibility to respect human rights as required of corporations

■ Strengthening of human capital

Working to maximize the value of human resources by strategically investing in human capital while ensuring long-term growth and increasing corporate value

■ Further deepening of corporate governance

Ensuring a fair and transparent management structure by strengthening the supervisory function by outside officers and supporting growth

Challenge

Maintain collaboration and flexibility, meet the challenge of technological innovation while addressing environmental concerns

■ Teamwork and cooperation

Creating value together through dialogue while working in unison for a better future

■ Flexible thinking and adaptability

Sharing and utilizing new knowledge and technologies while continuing to provide innovative solutions

■ Technology innovation promotion

Creating cutting-edge innovations together through external collaboration

■ Environmental accountability and sustainability

Aligning with society while promoting new initiatives aimed at protecting the environment

■ Culture of learning and growth

Contributing to industrial development by sharing information, building collaborative structures and systems, and engaging in joint research

03 /03

Overview of the New Medium-Term Management Plan “SMART 2030”



3-1. Medium-Term Management Plan “SMART 2030”



SMART 2030



**Become a smart chemical partner
that can solve various issues in society**

Sustainability

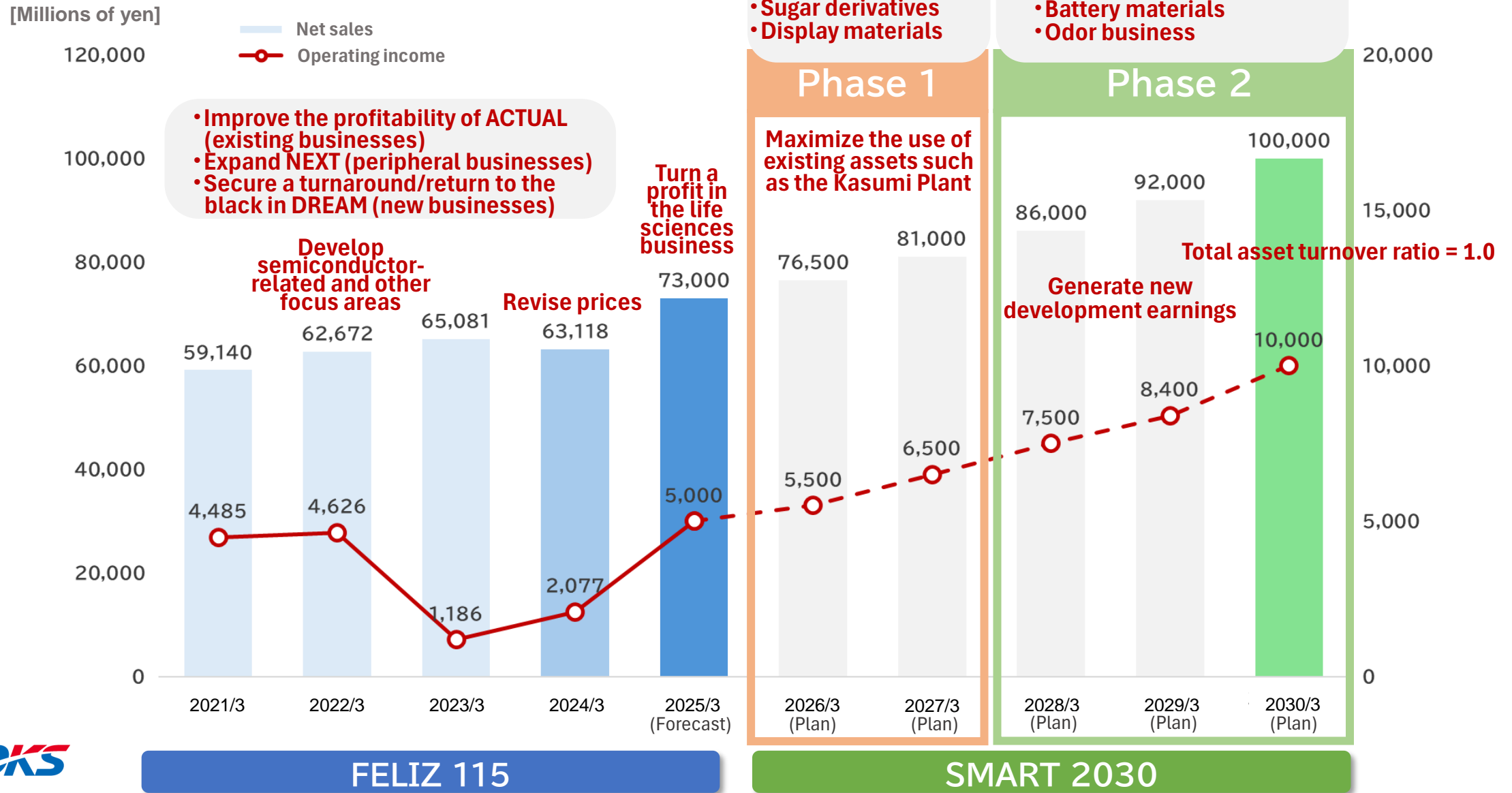
Mission

Action

Reliability

Transformation

3-2. Scenario Targeting 2030



3-3-1. Growth Strategy Targeting 2030



● Surpass the past 1+2 years — April 2024- March 2027 (1+2 years)

● Soaring into the future 3 years — April 2027-March 2030 (3 years)

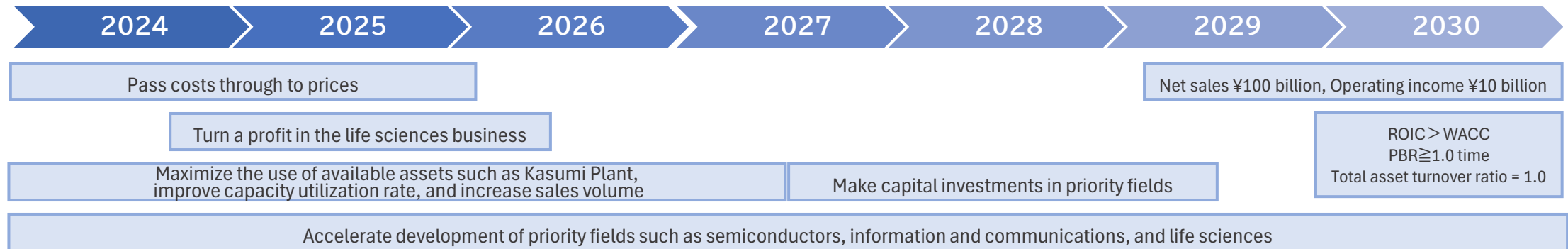
Existing New
Revival Creation

- Maximize use of available assets
- Turn a profit in the life sciences business
- Promote new development, increase sales volume (strengthen the segment structure)

Existing New
Survival Growth

- Promote the development of and capital investment in priority fields (Electronics & IT, Environment & Energy, Life & Wellness)
- Quickly commercialize new developments (Semiconductions, battery materials, odor businesses)

Growth Strategy Targeting 2030



Non-Financial Strategy

(1) Stakeholder engagement

- Promote constructive dialogue between investors and management (Company briefings and plant tours, etc. at least 4 times a year)
- Enhance shareholder returns
- Upgrade and expand disclosure, increase awareness

(2) Promote ESG and sustainability strategies

- Expand products that contribute to the environment
- Promote a GX strategy to help realize a decarbonized society as well as measures aimed at reducing environmental impact
- Actively disclose non-financial information on a variety of issues, including climate change, human capital, and intellectual property

(3) Measures to improve employee engagement

- Overhaul personnel systems (job grades, assessment, pay)
- Develop framework and educational programs to foster career development
- Review in-house awards systems
- Implement measures based on the Health & Productivity Management strategy map (maintain and improve employee health)

(4) Increase labor productivity by promoting DE&I

- Reallocate management resources in a bid to optimize the direct ratio
- Acquire specialist human resources by establishing diverse recruitment methods
- Achieve a female manager ratio of 15% (2030 target)



Increase the new product conversion rate

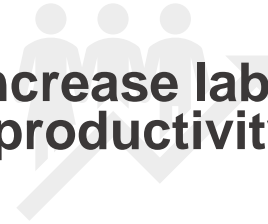


Organizational Reform

- **Introduce a business headquarters system**
 - Change disclosure segments
 - Simplify the introduction of themes
- **Establish a production technology R&D division**
 - Increase the accuracy and speed of development
 - Strengthen research and production collaboration



Increase labor productivity



Personnel System Reform

- **Restructure the evaluation system**
 - Increase employee engagement
 - Reform the organizational culture
- **Upgrade and expand training programs**
 - Promote human resource development
 - Foster a corporate culture



Increase corporate value



GX Strategy Promotion

- **Expand products that contribute to the environment**
 - Set targets and incentives
 - Focus on environment and energy fields
- **Reduce GHG emissions**
 - Introduce energy-saving equipment, improve production processes
 - Install solar power systems, procure electricity from renewable energy sources

3-3-3. Growth Strategy Targeting 2030 —Change in Disclosure Segments—

- Work toward clarifying DKS' vision by changing disclosure segments

FELIZ 115

By **material**

6 business segments

Surfactants

Amenity Materials

Polyurethane Materials

Functional Materials

Electronic Device Materials

Life Sciences

SMART 2030

By **field**

4 business segments

Electronics & IT

Information and communications-related materials, semiconductor peripheral field

Environment & Energy

Battery materials, electronic control-related materials (mobility field, etc.)

Life & Wellness

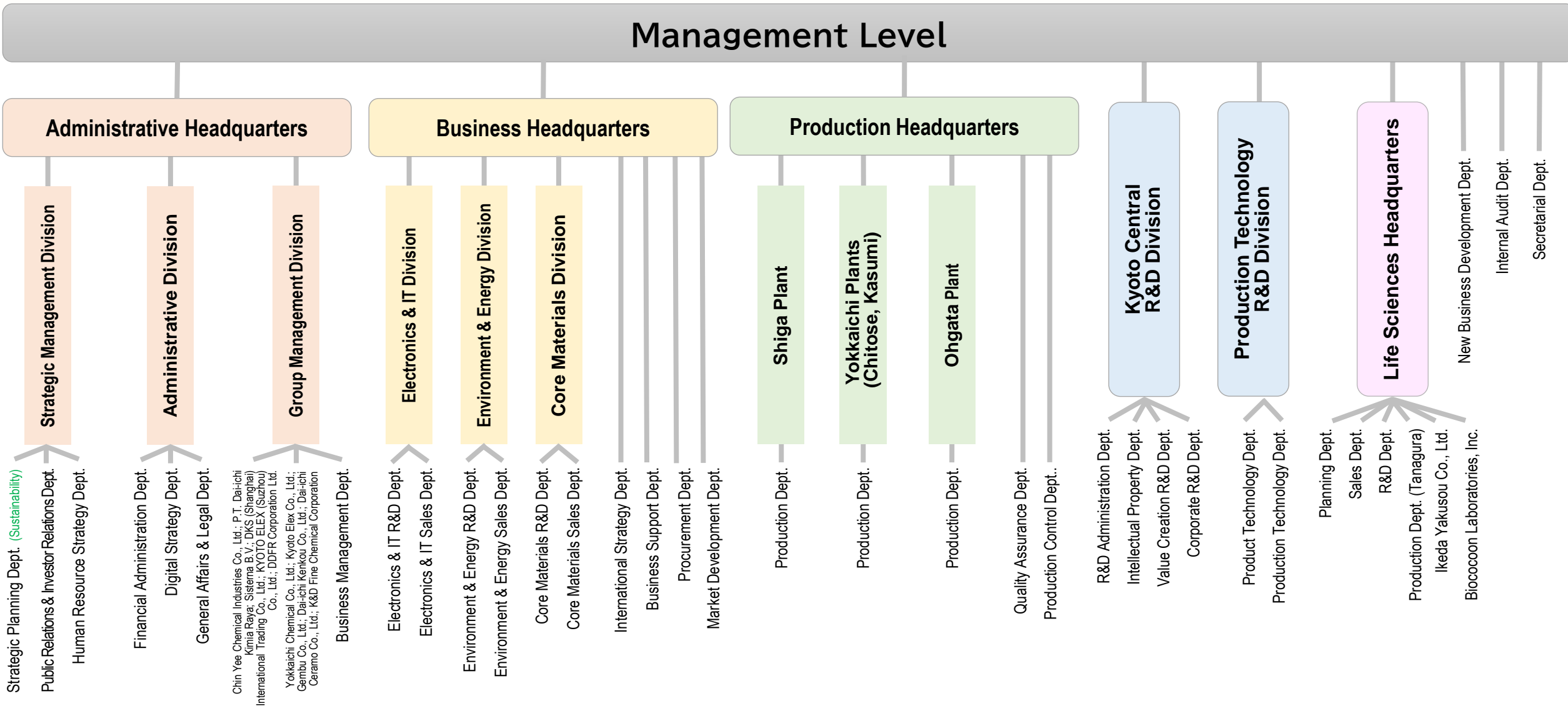
Lifestyle- and QOL improvement-related material fields

Core Materials

DKS' fundamental technologies, development in three focus fields

3-3-4. Growth Strategy Targeting 2030 —Organization Chart: April 2025—

Uni·Top / Sustainability / Challenge



3-4. Management Objectives

	FELIZ 115	SMART 2030	
	[Forecasts] FY2024 (2025/3)	[Phase 1] FY2026 (2027/3)	[Phase 2] FY2029 (2030/3)
Net sales	¥73.0 billion	¥81.0 billion	¥100.0 billion
Operating income	¥5.0 billion	¥6.5 billion	¥10.0 billion
Operating margin	6.8%	8.1%	10.0%
Profit attributable to owners of parent	¥2.5 billion	¥3.5 billion	¥5.0 billion
Total asset turnover ratio	0.7	-	1.0
ROE	6.5%	8.0%	10.0%
ROIC	4.8%	5.5%	8.0%
R&D expenses to sales ratio (consolidated)	5.2%	5.3%	5.3%
New product conversion rate (non-consolidated)	3.3%	12.0%	25.0%
Labor productivity (non-consolidated)	¥2.2 million/person	¥4.7 million/person	¥9.7 million/person
Reduction in GHG emissions (compared with 2013)	12% reduction	18% reduction	30% reduction

3-5. Conduct and Human Resources to Which DKS Aspires for Each Strategy

Uni-Top / Sustainability / Challenge

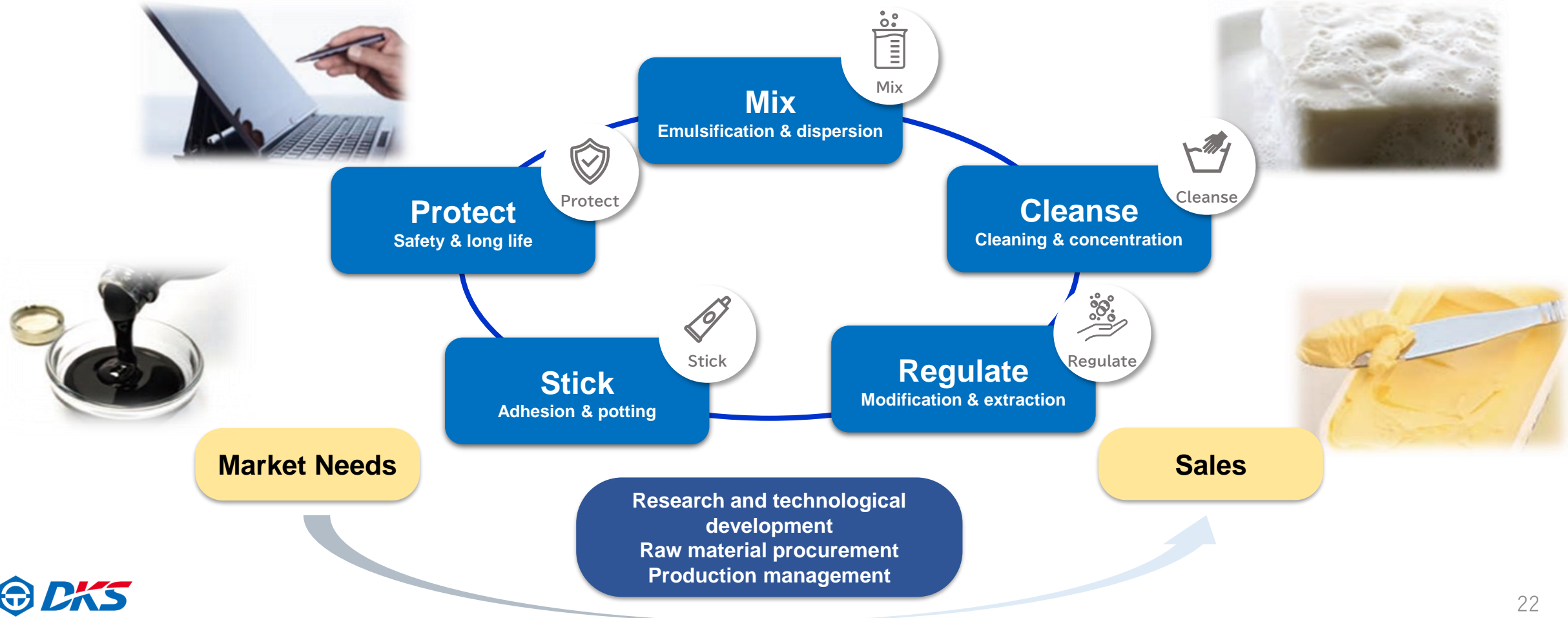


- Formulate conduct guidelines and secure the human resources for each strategy in line with aspirations

	Uni-Top	Sustainability	Challenge
Group-wide	Aim for a top share in the industry through differentiated products	Create environmental value with a view to long-term growth	Take proactive steps to enter emerging markets and seize growth opportunities
Sales	Cultivate the future together with customers through unique technologies	Contribute to a sustainable society through environmentally conscious products	Take on the challenge of new themes on an ongoing basis with an eye toward the future
Production	Achieve high quality while forging a unique position through proprietary technologies	Reduce the environmental impact of production by increasing energy efficiency	Promote continuous improvement and work to increase productivity
R&D	Continue to lead the industry through cutting-edge technologies	Focus on the research and development of technologies that help reduce environmental impact	Take on the challenge of entering unexplored fields and create innovation
Personnel	Develop leading human resources who excel in their fields of expertise	Secure sustainable growth by leveraging the power of human resources	Foster a culture of change that welcomes each challenge and is not afraid of failure
Finance	Create unique value through the comprehensive procurement of funds and indicator management	Balance the need to contribute to a sustainable society with efforts to secure a return on investment	Strengthen the Company's financial position to solidify the management base

3-6-1. DKS' Technological Strengths

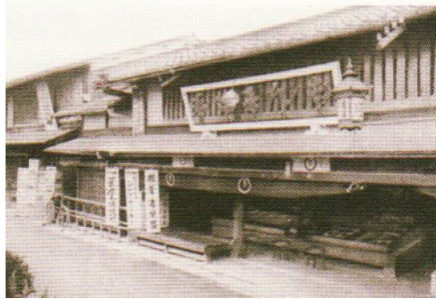
DKS boasts an optimal combination of technological strengths that address the function- and manufacturing method-related needs of each customer through customized proposals



3-6-2. History of DKS' Technology

History of DKS Co. Ltd.

1909 Founded



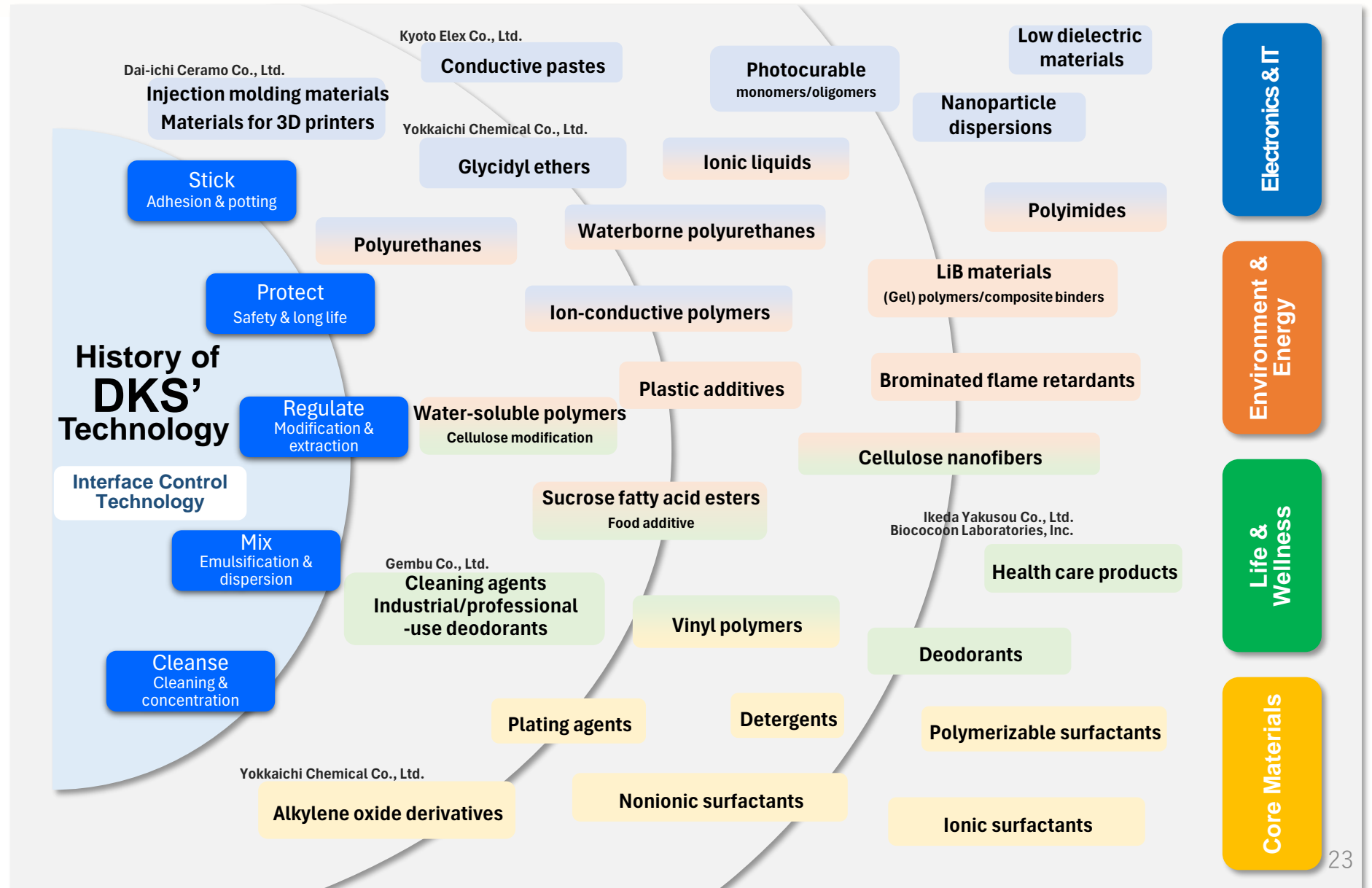
1912 Business commenced at Ohno Kungyokudo in front of Nishi-Honganji Temple
Launched the cocoon unwinding agent SILKREELER

1915 Commenced the manufacture of soap



Launched Gembu Marseille Soap

1934 Launched Japan's first synthetic detergent (MONOGEN)

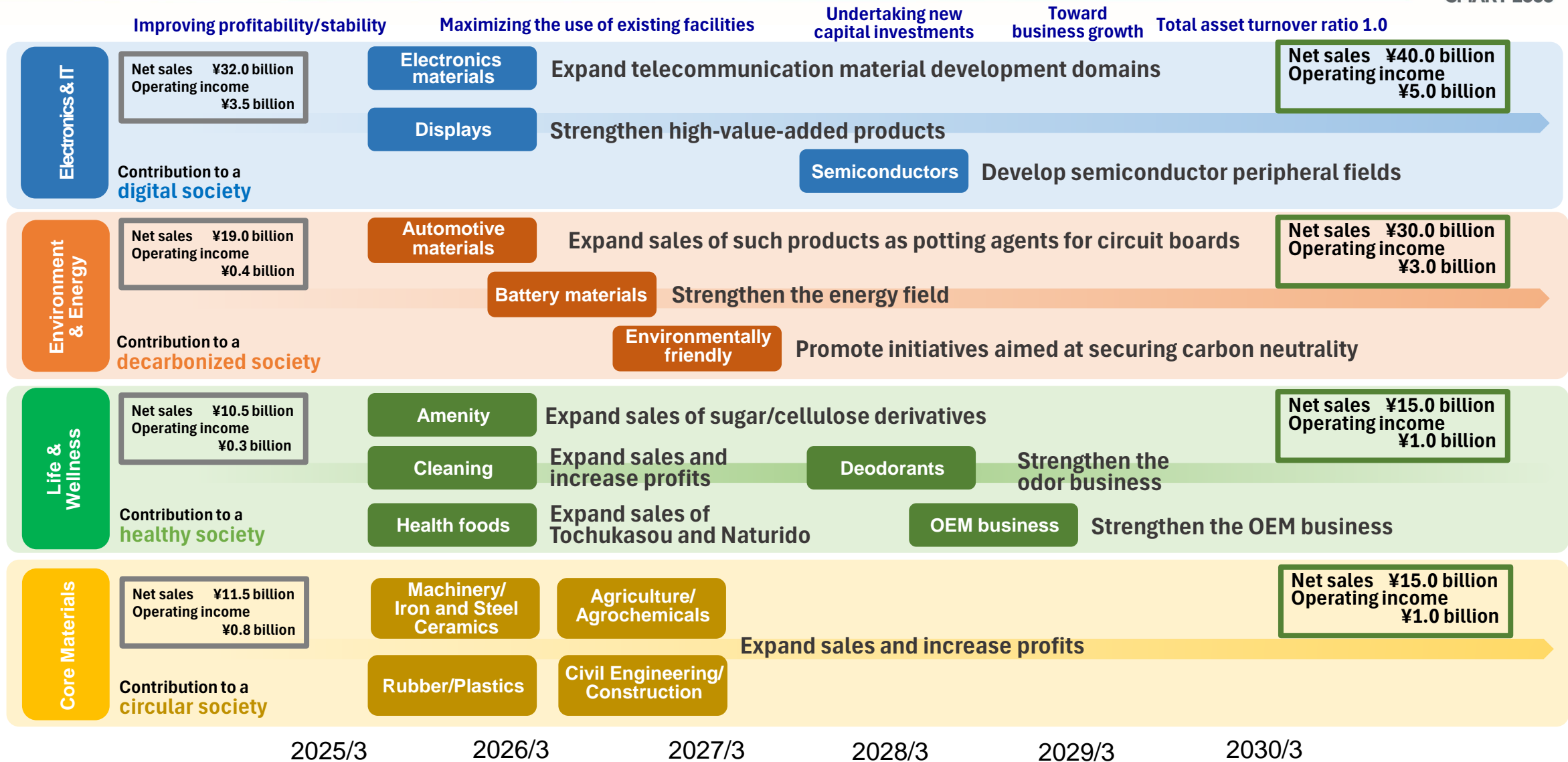


3-7-1. Strategies by Field

	Electronics & IT	Environment & Energy	Life & Wellness	Core Materials
Business Domain and Scale				
	Contribution to a digital society	Contribution to a decarbonized society	Contribution to a healthy society	Contribution to a circular society
	Net sales ¥40.0 billion Operating income ¥5.0 billion Operating margin 13%	Net sales ¥30.0 billion Operating income ¥3.0 billion Operating margin 10%	Net sales ¥15.0 billion Operating income ¥1.0 billion Operating margin 7%	Net sales ¥15.0 billion Operating income ¥1.0 billion Operating margin 7%
	Displays, 5G/6G communication components, power semiconductor potting agents, optoelectronic components, edge devices	Transportation equipment industry, electric vehicles, sensors, batteries, solar panels, environmentally friendly resins, recycling, bioplastic, waterborne coatings/resins	Food, food additive, health food, pharmaceutical raw material, plant extract, deodorant, cleaning, cosmetics, soap/detergents	Textile and paper industry, iron and steel, non-ferrous, agriculture, agrochemical, civil engineering and construction, paint ink, rubber/plastic, tunnel collapse prevention agent, flame retardant, dispersant, emulsifier
	Proprietary Technologies	Low-dielectric resin modification, oxidative polymerization, low thermal expansion, low dielectric, flame retardation, potting, radiation curing, heat conductivity/dissipation, nano-dispersion, refractive index control, 3D printing, organic alkalis	Adhesion, peeling, composite films, particle surface modification, potting, electronic conduction, ion conduction, cellulose, sugar and polysaccharide derivatives, resin recycling, water systems	Natural material use, emulsification, dispersion, solubilization, pulverization, extraction, deodorization, sanitization, biosensor/diagnostic, sugar/cellulose derivatives

Focused technologies: Energy-saving processes, low environmental impact, biomass feedstock utilization, flow synthesis, computational chemistry/prediction/machine learning

3-7-2. Focus Area: Strategy Roadmap



3-7-3. Strategy Roadmap —Electronics Materials—

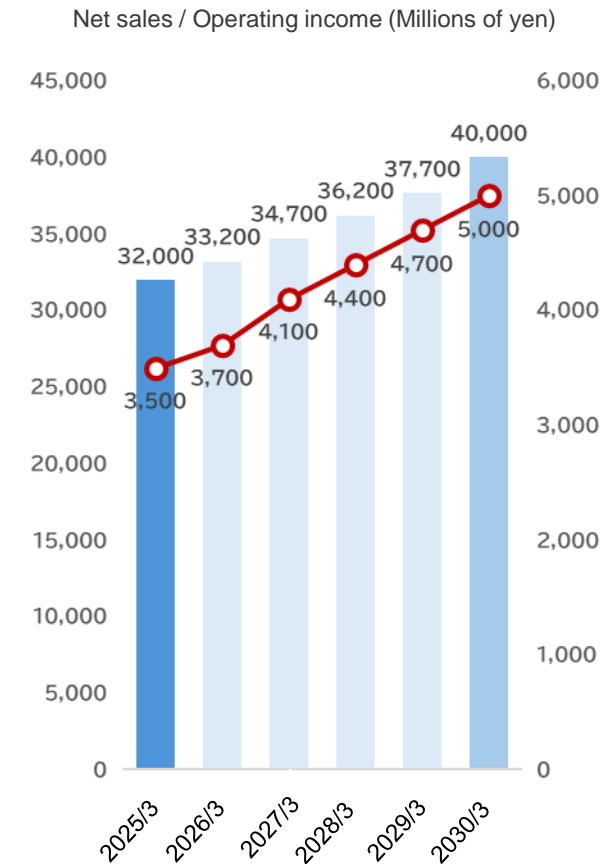
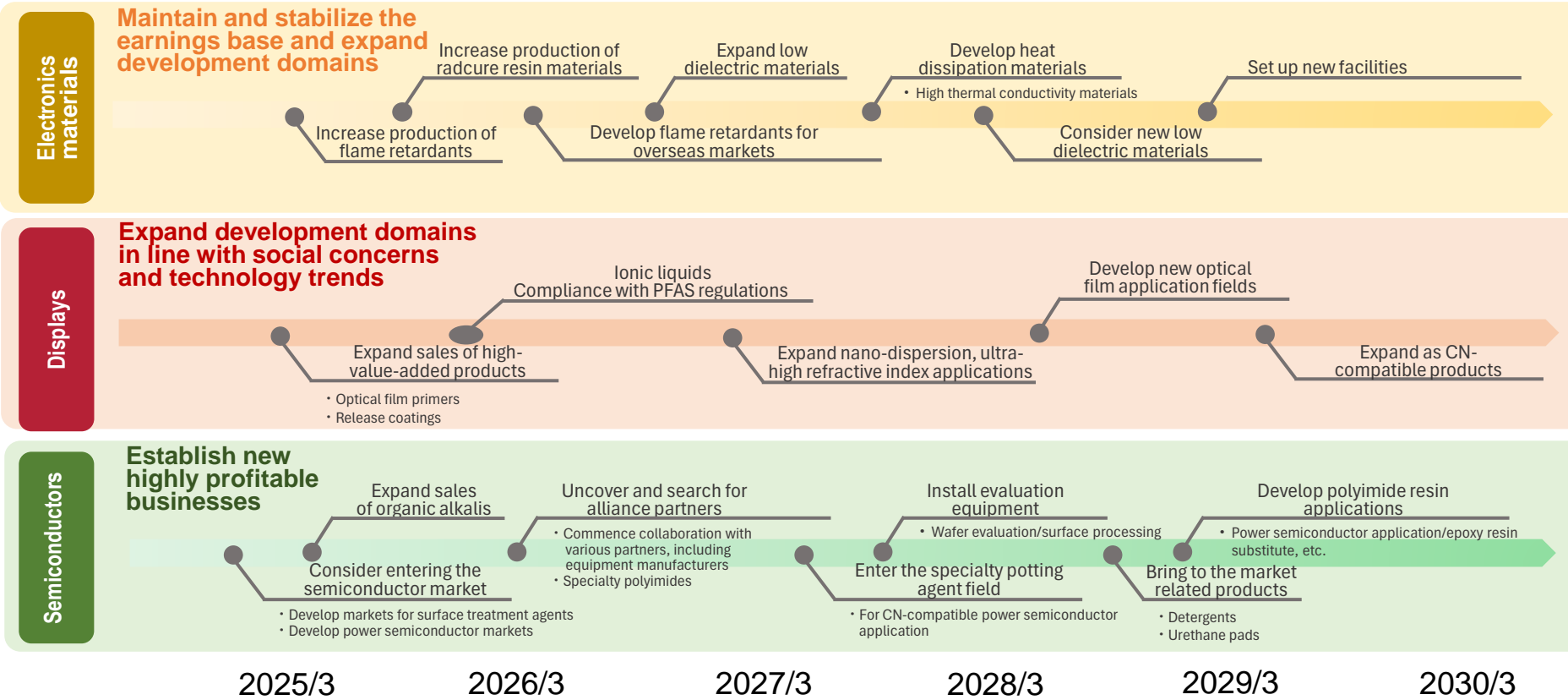


Electronics & IT



Contribution to a **digital society**

- Expand sales of **low dielectric materials** for next-generation high-speed communications
- Promote the development of **cutting-edge materials for displays** in line with technology trends
- Newly enter **next-generation semiconductor materials** that leverage proprietary technologies



3-7-4. Strategy Roadmap —Environmental & Energy—

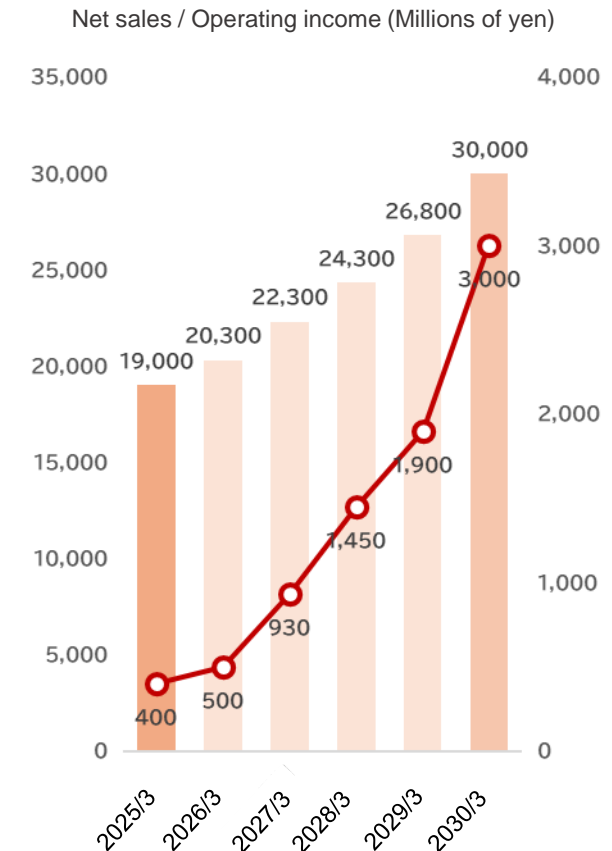
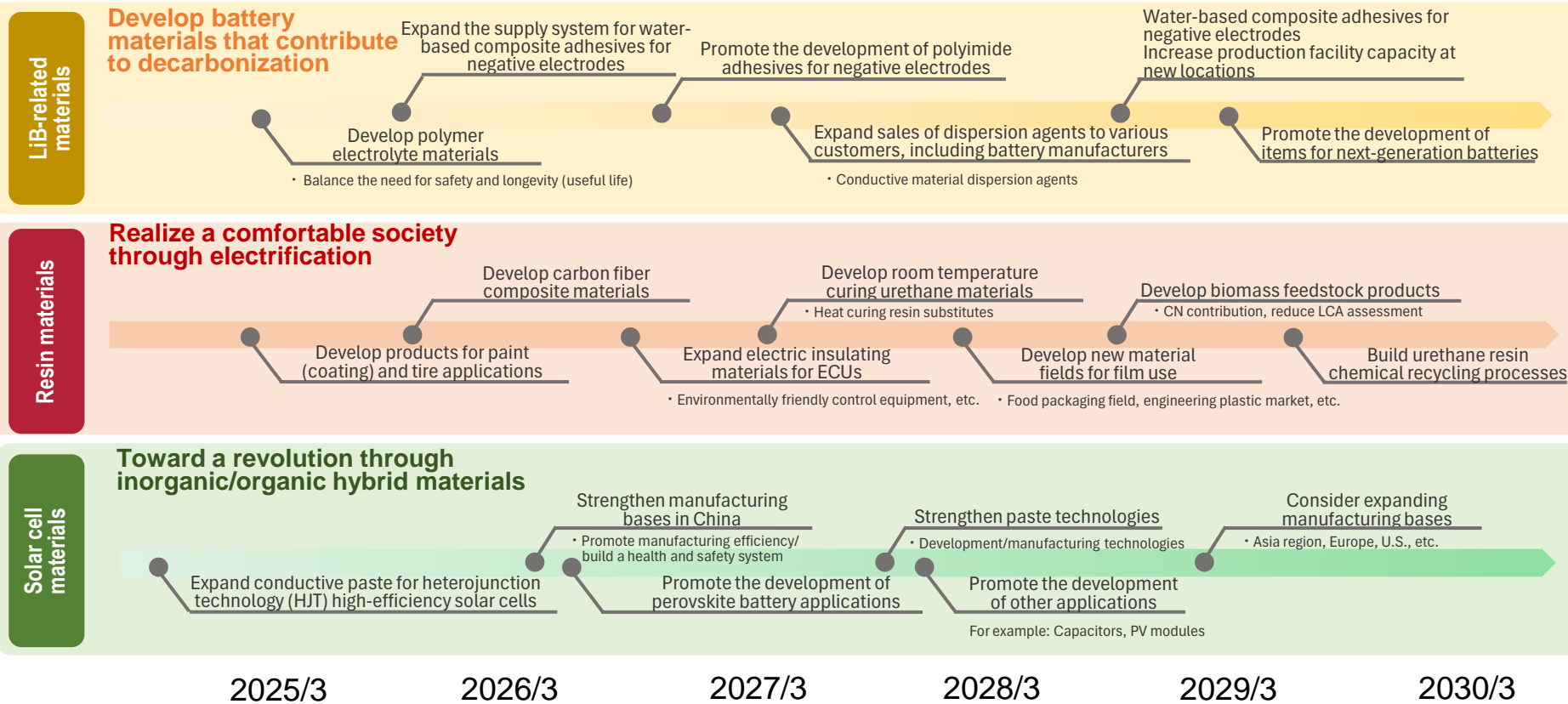


Environment & Energy



Contribution to a **decarbonized society**

- Develop **LiB-related materials** that contribute to the realization of a sustainable society
- Promote further expansion through **resin materials** that contribute to a circular society as well as electrification
- Expand **solar cell materials** that contribute to the promotion of renewable energy



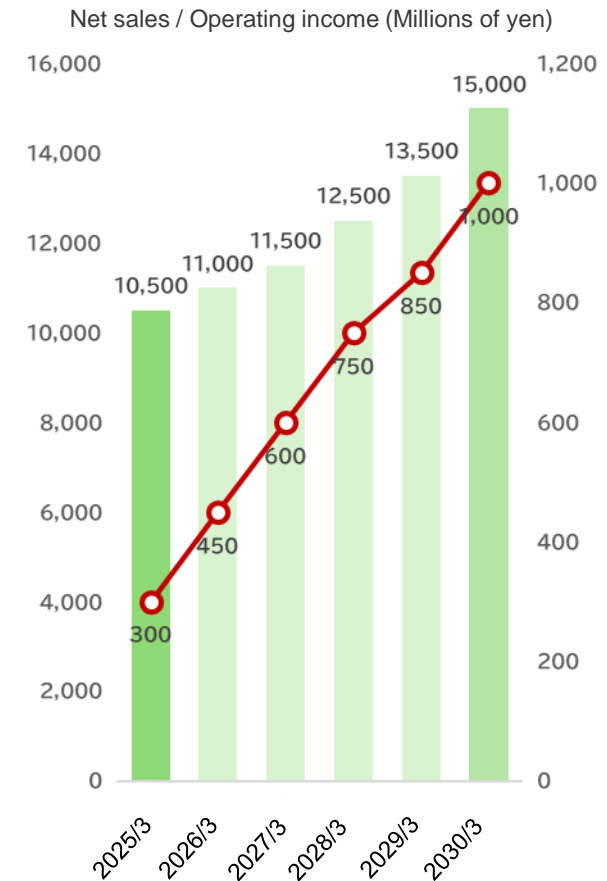
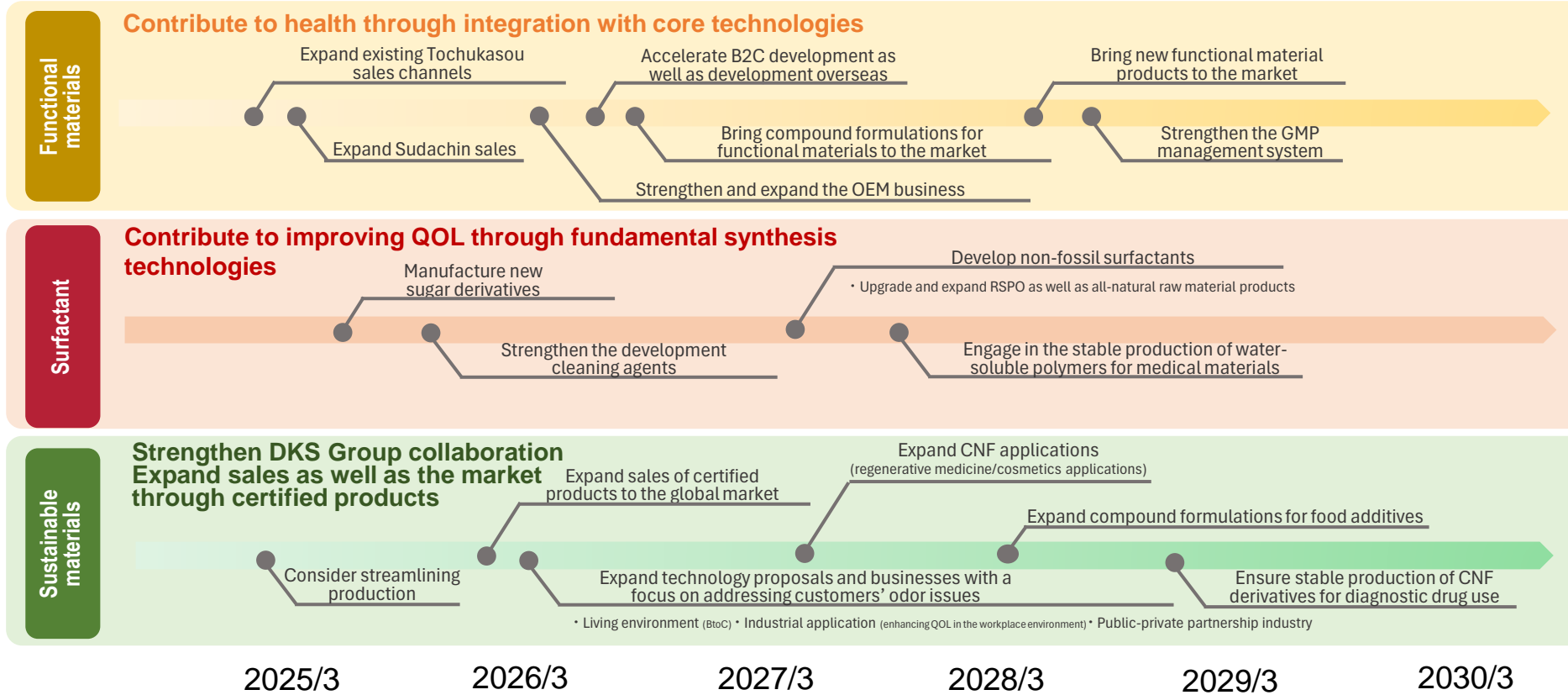
3-7-5. Strategy Roadmap —Life & Wellness—

Life & Wellness



Contribution to a **healthy society**

- Expand sales of **Tochukasou**, a food product with functional claims that supports the maintenance of cognitive functions
- Based on **surfactant** technology, work to expand food additives, cosmetics, cleaning agents, and the odor business while promoting the development of materials for new applications



3-7-6. Strategy Roadmap —Core Materials—

Core Materials

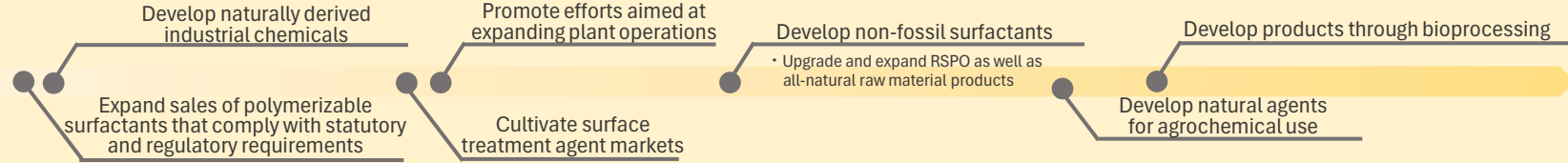


Contribution to a circular society

- Utilize **environmentally friendly, naturally derived raw materials** that contribute to a decarbonized society
- **Expand** core interface technologies **into three focus areas**
- Promote traditional products and technologies that **contribute to efforts aimed at strengthening and expanding the industrial base**

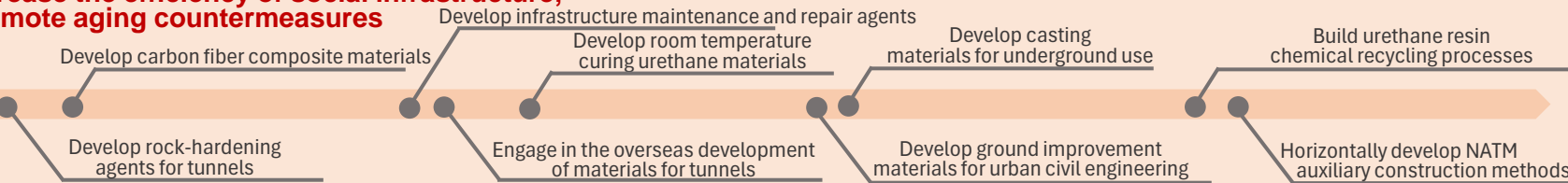
Surfactant

Strengthen the earnings and technology base, transition to future technologies



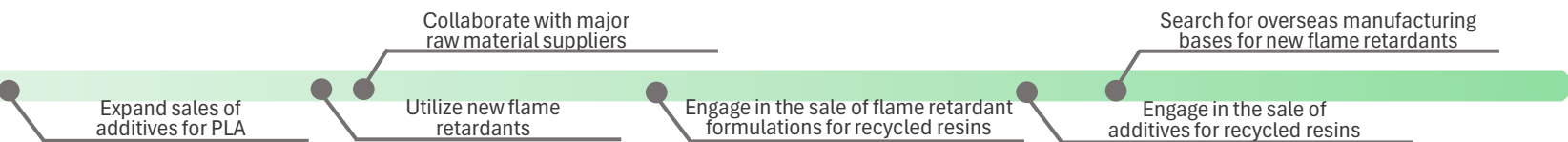
Resin materials

Increase the efficiency of social infrastructure, promote aging countermeasures



Flame-retardant agents/Plastic additives

Develop materials in line with the expansion of recycled resins



2025/3

2026/3

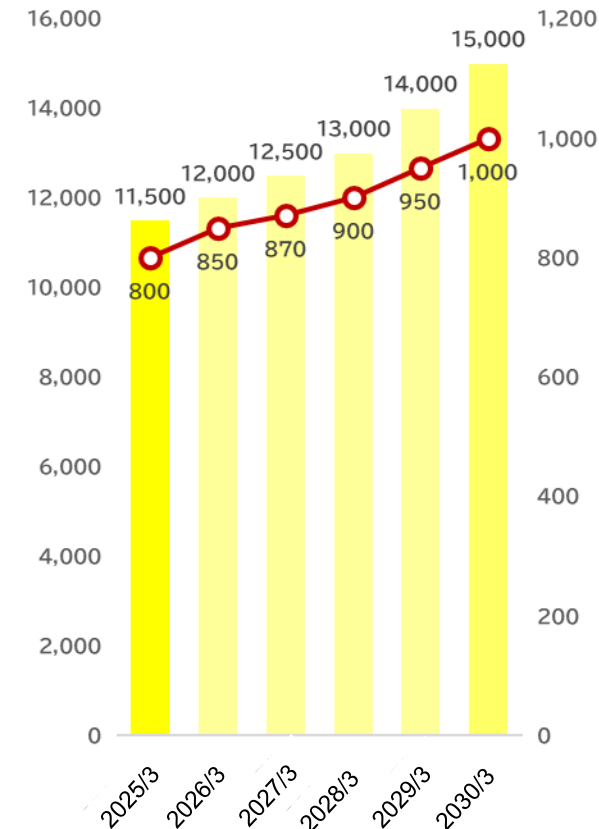
2027/3

2028/3

2029/3

2030/3

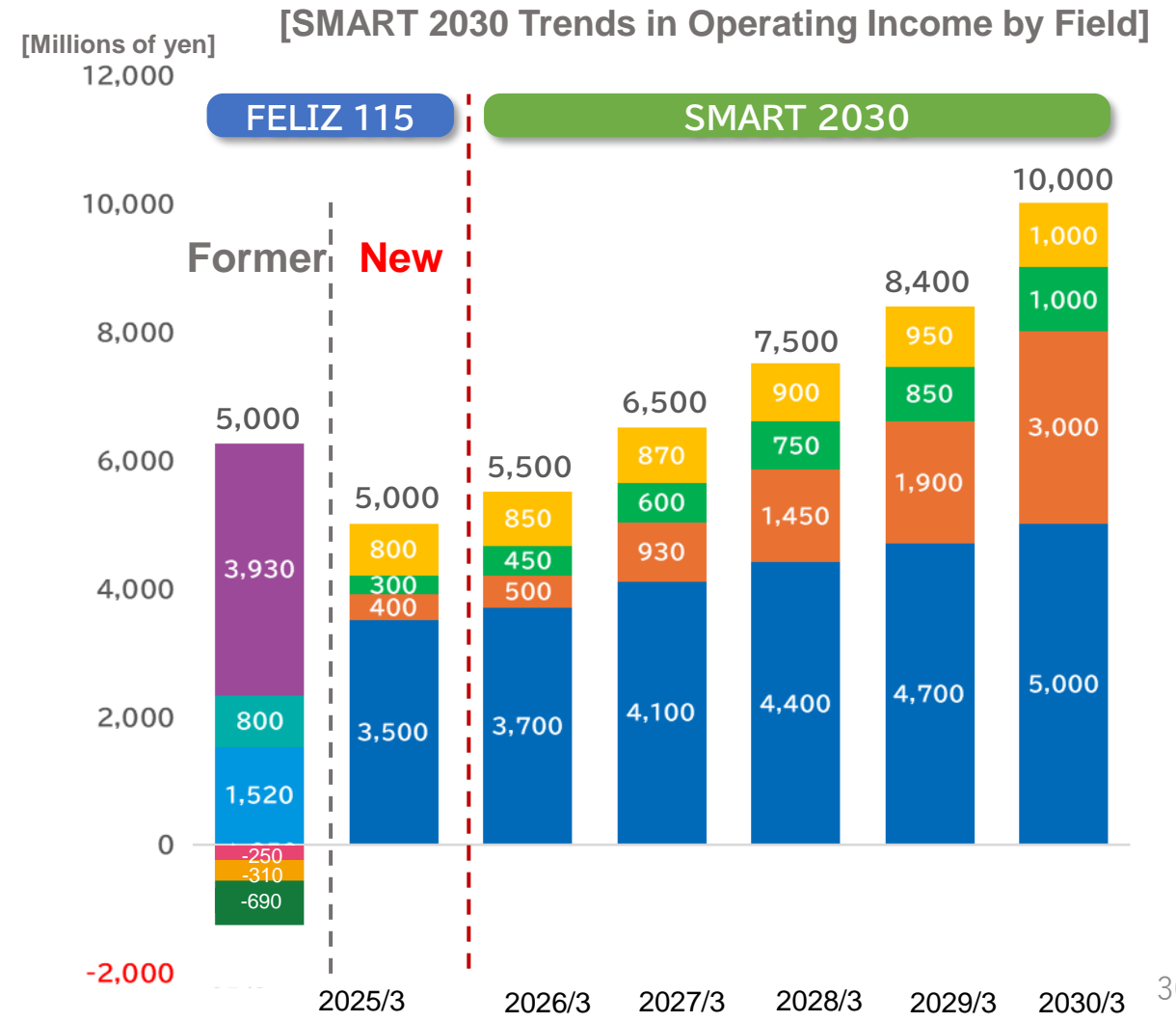
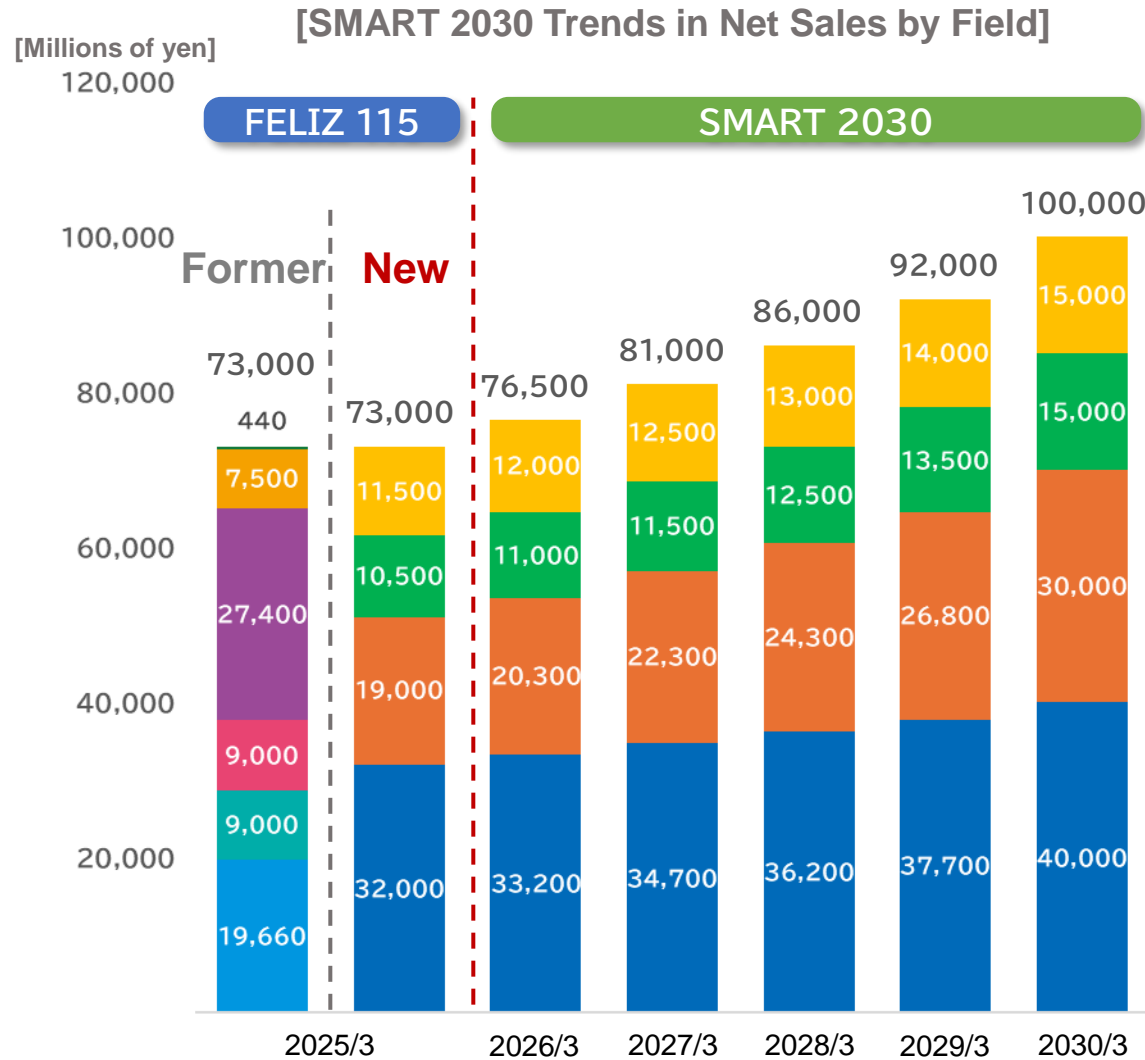
Net sales / Operating income (Millions of yen)



3-7-7. Trends in Net Sales and Operating Income by Field



New segments	■ Electronics & IT	■ Environment & Energy	■ Life & Wellness	■ Core Materials
Former segments	■ Surfactants	■ Amenity Materials	■ Polyurethane Materials	■ Functional Materials
	■ Electronic Device Materials	■ Life Sciences		



3-8. Coordination with Each Segment



Management Strategy [SMART 2030]

Vision: Become a smart chemical partner that can solve various issues in society

Uni-Top

Unique × Top

Phase 1

Surpass the past 1+2 years

[Existing] Revival
[New] Creation

Phase 2

Soaring into the future 3 years

[Existing] Survival
[New] Growth

Challenge

[Business Strategy]

Net sales = ¥100 billion, Operating income = ¥10 billion, Total asset turnover ratio = 1.0

Electronics & IT	Environment & Energy	Life & Wellness	Core Materials
Net sales ¥40.0 billion Operating income ¥5.0 billion Operating margin 13%	Net sales ¥30.0 billion Operating income ¥3.0 billion Operating margin 10%	Net sales ¥15.0 billion Operating income ¥1.0 billion Operating margin 7%	Net sales ¥15.0 billion Operating income ¥1.0 billion Operating margin 7%

[Sales Strategy]

- Strengthen sales Agents
- Supply chain
- Create themes

[Manufacturing Strategy]

- Utilize assets
- Supply chain
- GX, DX

[R&D Strategy]

- Expand the earnings base
- Development
- Decarbonization

Sustainability

- Further deepening corporate governance
- Environment/Society

[Intangible Asset Strategy]

- Brands
 - Know-how
 - Intellectual property
 - Foster a corporate culture
 - Develop human resources
- Intellectual assets
Human assets
Intangible assets

[Personnel Strategy]

- Develop human resources
- Human resource career planning
- Organizational culture/communication

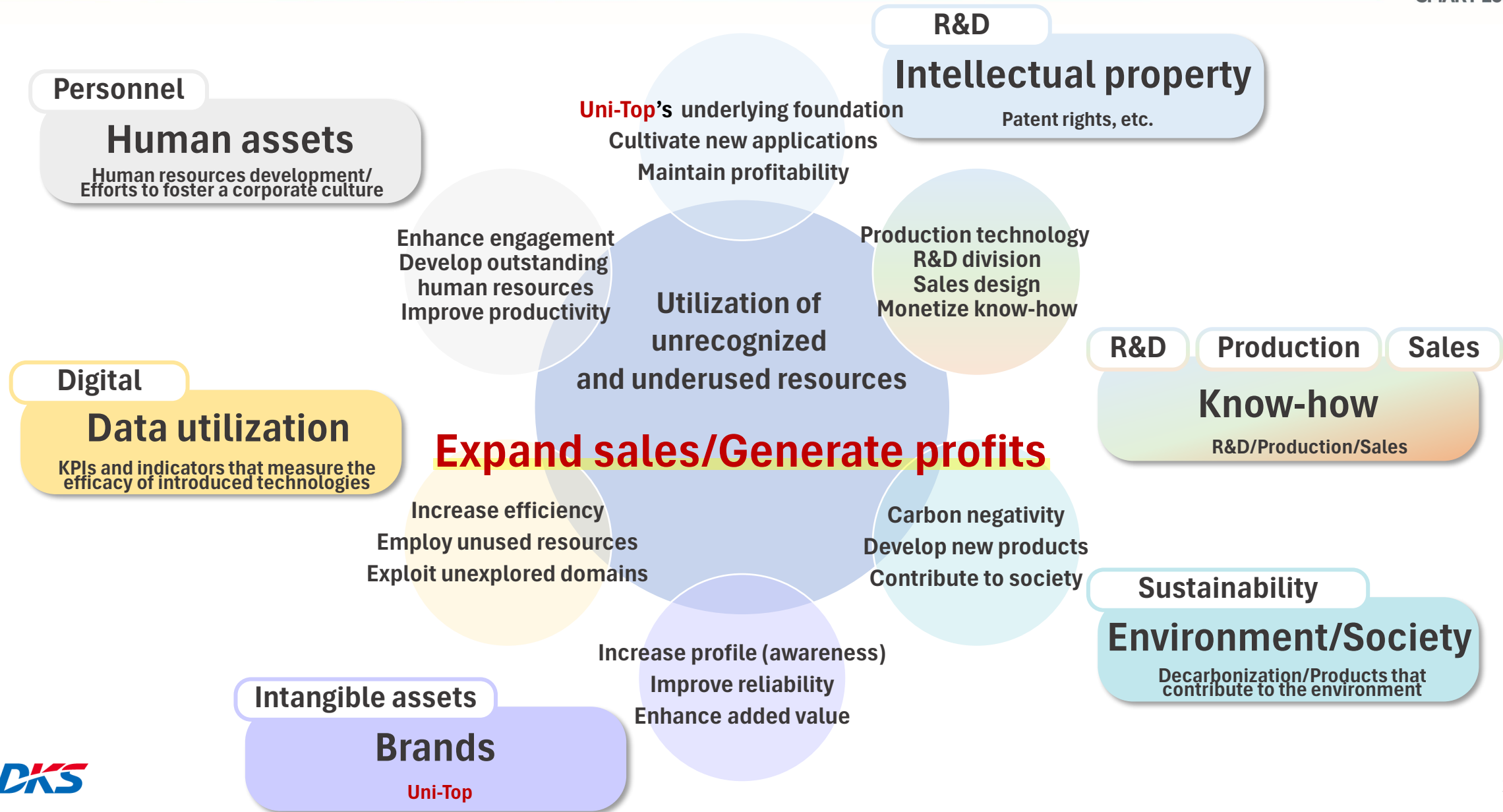
[Digital Strategy]

- Digital education
- Business investment
- System infrastructure
- Data utilization

[Financial Strategy]

- Capital
- Investment
- Asset utilization

3-9. Uni-Top —Use of Intangible Assets—



ESG Basic Policy

DKS looks to take on important ESG issues and to protect our environment and way of life while improving safety and levels of comfort. To do these things, we believe that “chemistry provides a solution” and shall contribute to the establishment of a sustainable society.

E: Environment

Climate change/Circular economy

■ Products that contribute to the environment

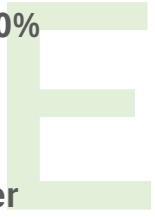
Sales ratio: 30% or higher

■ Reduce GHG emissions

GHG emissions: Reduce by 30%
(compared with 2013)

■ Modal shift

Modal shift rate: 40% or higher



S: Society

Respect for human rights/ Human capital

■ Respect for human rights

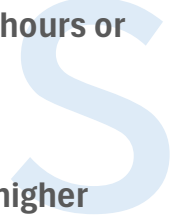
Business activities that respect human rights

■ Strategic human resources development

Total annual training hours: 30 hours or more/person

■ DE&I promotion

Female manager ratio: 15% or higher



G: Governance

Further deepening corporate governance

■ Management that integrates the operating and executive functions

Appropriate distance and relationships of trust

■ Role of outside officers

Supervise management and support sustainable growth

■ Data governance

Strengthen the reliability and security of data



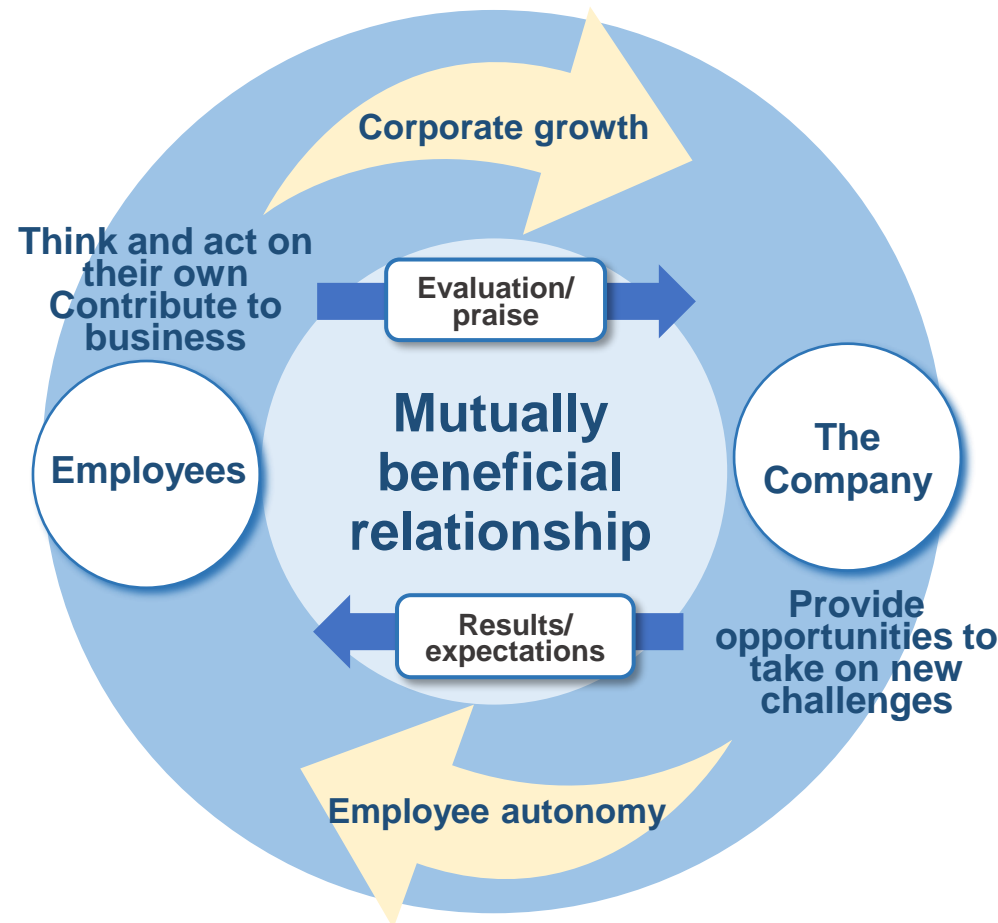
3-11. Challenge —Employee Autonomy x Corporate Growth—

DKS Challenge Cycle

A mechanism through which autonomous employees continue to actively take on challenges, encouraged and supported by the Company, to generate mutual benefits

■ Qualities we look for in employees

- Continuously taking the initiative to gain additional knowledge
- A strong commitment to achieving goals
- A flexible and proactive approach
- Team-oriented behavior
- A spirit to take on new challenges, unafraid of change



■ Mindset needed for the Company

- A system that recognizes challenges
- Efforts to upgrade and expand the support system for enhancing skills
- A culture that tolerates failure
- Diverse career paths
- Opportunities to participate in projects

3-12. R&D Strategy —Working to Increase the New Product Conversion Rate—



Develop new products

[Develop new products through concentrated investment in growth domains]

Engage in development activities in the information/communication, semiconductor, battery material, and life science fields
 Strengthen application evaluation capabilities, strengthen technology marketing, engage in joint development with partners
 Introduce and implement new technologies and low environmental impact processes

Expand existing activities

[Improve productivity and expand existing businesses]

Establish a production technology R&D division
 Strengthen segment management and expand by diverting and enhancing technologies
 Increase plant utilization rates through multi-plant operations

R&D expenses to sales ratio **5% or higher**
 New product conversion rate **25% or higher**
 Rate of products that contribute to the environment **30% or higher**

Development and training

[Develop human resources]

Pass on technological capabilities and develop Uni-Top specialist human resources
 Strengthen measures aimed at shortening development periods through digitalization

R&D expenses to sales ratio **5% or higher**
 New product conversion rate **12% or higher**
 Rate of products that contribute to the environment **Certification Committee/ Open disclosure**

R&D expenses to sales ratio **5% or higher**
 New product conversion rate **Less than 5%**
 Rate of products that contribute to the environment **Formulate a definition**

[Calculation standards]

New product conversion rate (non-consolidated): Sales of products brought to the market over the past 3 years/Net sales

Rate of products that contribute to the environment (non-consolidated): Sales of products that contribute to the environment/Net sales

2025

2027

2030

3-13-1. Human Resources Strategy —Toward Increasing Labor Productivity—

Uni·Top / Sustainability / Challenge



Recruitment

【Establish diverse recruitment methods】

Strengthen career recruitment, undertake year-round recruitment, strengthen relationships with the National Institute of Technology

Development /Training

【Put in place an environment and training systems that cater to active choice】

Selective education (design concept training, MBA)
 Optional education (on-demand, Udemy, reskilling)
 * Targeting JPX 150 companies for the amount of training investment and training hours

Portfolio

【Shift in operations with an eye on the optimal direct ratio】

Indirect operation consolidation (DX, automation)
 Shift in personnel direct ratio: Direct 6.0/Indirect 4.0

Consolidated employees	1,275
Non-consolidated employees	668
Labor productivity	¥9.7 million/person
Amount of training investment	¥100 million/year
Training hours	20,000 hours/year

Consolidated employees	1,232
Non-consolidated employees	635
Labor productivity	¥4.7 million/person
Amount of training investment	¥50 million/year
Training hours	15,300 hours/year

Consolidated employees	1,162
Non-consolidated employees	600
Labor productivity	¥2.2 million/person
Amount of training investment	¥13 million/year
Training hours	8,322 hours/year

[Calculation standard]
 Labor productivity (non-consolidated): Operating income/Number of employees = Operating income per person

2025

2027

2030

3-13-2. Human Resources Strategy —Personnel System Reform—

Autonomy

Leadership/High level of expertise

■ Personnel system that values challenge

[Grade I positions]
Growth phase

Preparatory phase to meet the behavioral and human resource requirements set by DKS



[Grade II positions]
Demonstrating expertise

Excel at demonstrating enhanced human resource requirements and expertise



[Grade III positions]

Focus on and commitment to results that contribute to business

Exhibit leadership, self-leadership, and ownership that encompass a high level of expertise and sound personal attributes while contributing to business



[Management]

M grade course (management)
SP grade course (specialist)

- Multi-level career courses that make the most of individual characteristics
- Training and development in line with the growth phase

Career education and training, voluntary career/vision formation

[Self-development] Remote-learning, e-learning: Basic skills, advanced specialized skills

DX basic training

DX application training

- Abolish the seniority system
- Adopt a job performance grading system that emphasizes ability
- A compensation system that rewards contributions

- Training programs for each grade and position
- Active investment in the training of human resources who actively take on challenges
- Career training to develop autonomous human resources

Basic Policy

Provide market-in technologies to expanding overseas markets

(1) Identify/clarify markets

- Regions, fields, utilization of proprietary technologies
- Establish optimal proprietary technology inventories

(2) Select customers

- Strengthen relationships with customers who are strong in their fields
- Supply locally to the overseas plants of domestic customers

(3) Put in place production bases in advance

- Seek collaboration with overseas manufacturers
- Address overseas production needs with a focus on speed

(4) Develop human resources

- Develop global human resources
- Utilize existing bases

Expanding overseas markets

Electronics & IT	: AI, EV, automated driving, semiconductors
Environment & Energy	: Renewable energy, CN, LCA
Life & Wellness	: Food, health, medicine
Core Materials	: Surfactants, resin materials

Customers' overseas bases

Local production, cost reduction
BCP measures
Supply stability

Cooperation with agents

Connections, local bases, market knowledge, logistics network, communication skills

DKS technology and local production

Cutting-edge technologies, existing technologies, past technologies

[Europe]
Increase in personal care demand for natural ingredients and organic products
⇒ Sucrose fatty acid esters

[North America]
Accelerated construction of data centers in line with growing AI and cloud demand
⇒ Lubricant additives

[India]
Advances in upscale demand trends in the food industry especially in the upper-class market
⇒ Food additives

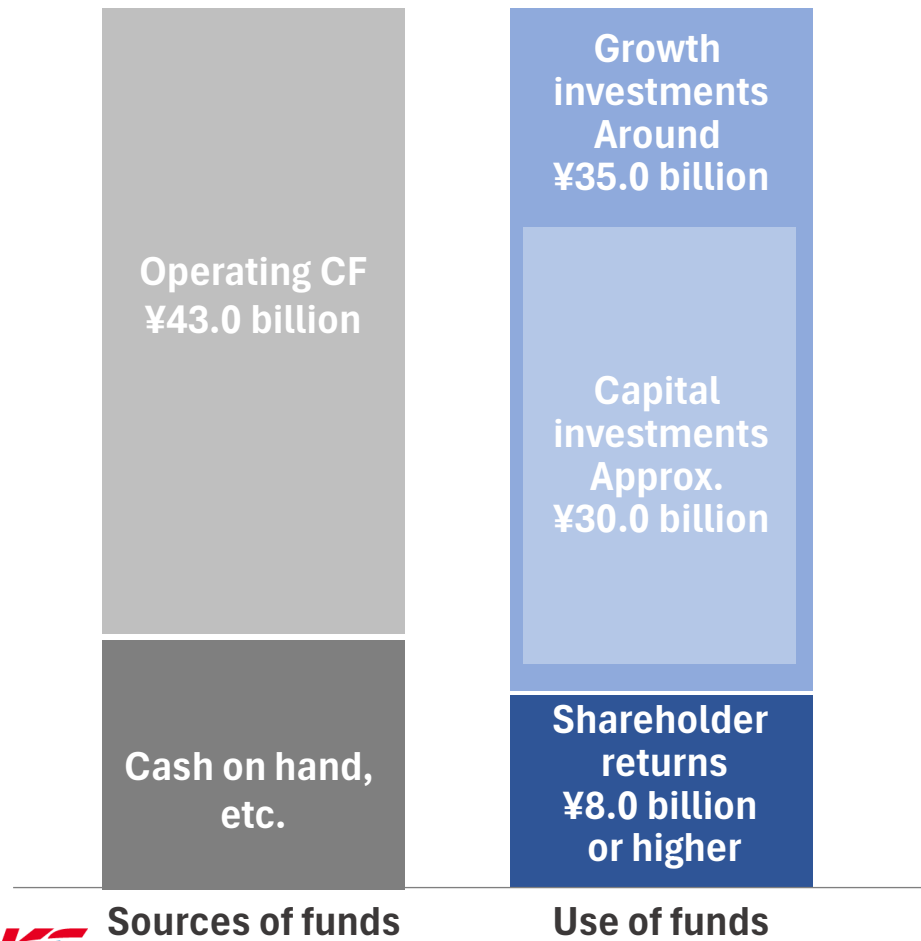
[China]
Rapid growth in the LiB industry in line with EV market expansion and advances in continued technology innovation
⇒ Battery materials, evaluation technology

[South-East Asia]
Rapid growth in the two- and three-wheel markets, increase also in the local bases of Japanese companies
⇒ Potting agents for PCBs

3-15. Cash Allocation (FY2025-FY2029)

Undertake investments in growth (including R&D as well as human resources) in a bid to expand earnings, and work to enhance shareholder returns

FY2025-FY2029 (Cumulative Forecasts)



● Growth investments

■ Capital investments

- Renew and expand existing facilities
- Invest in new development projects

■ Human capital investments

- Put in place an environment and training systems that cater to active choice

■ Sustainability, M&A, etc.

- Promote M&As aimed at expanding the customer base and acquiring technologies in growth fields
- Systematically install energy-saving facilities
- Expand the use of renewable energy (solar power, renewable electricity)

● Shareholder returns

- Set a final consolidated dividend payout ratio target of 40% or higher, and actively provide shareholder returns in line with profit growth

Basic Policy

Promote M&As aimed at expanding the customer base and acquiring technologies in growth fields

- Formulate basic policy for each business
- Constantly collect information, and take action in line with standards as and when opportunities arise

(1) Maintain consistency with management policies

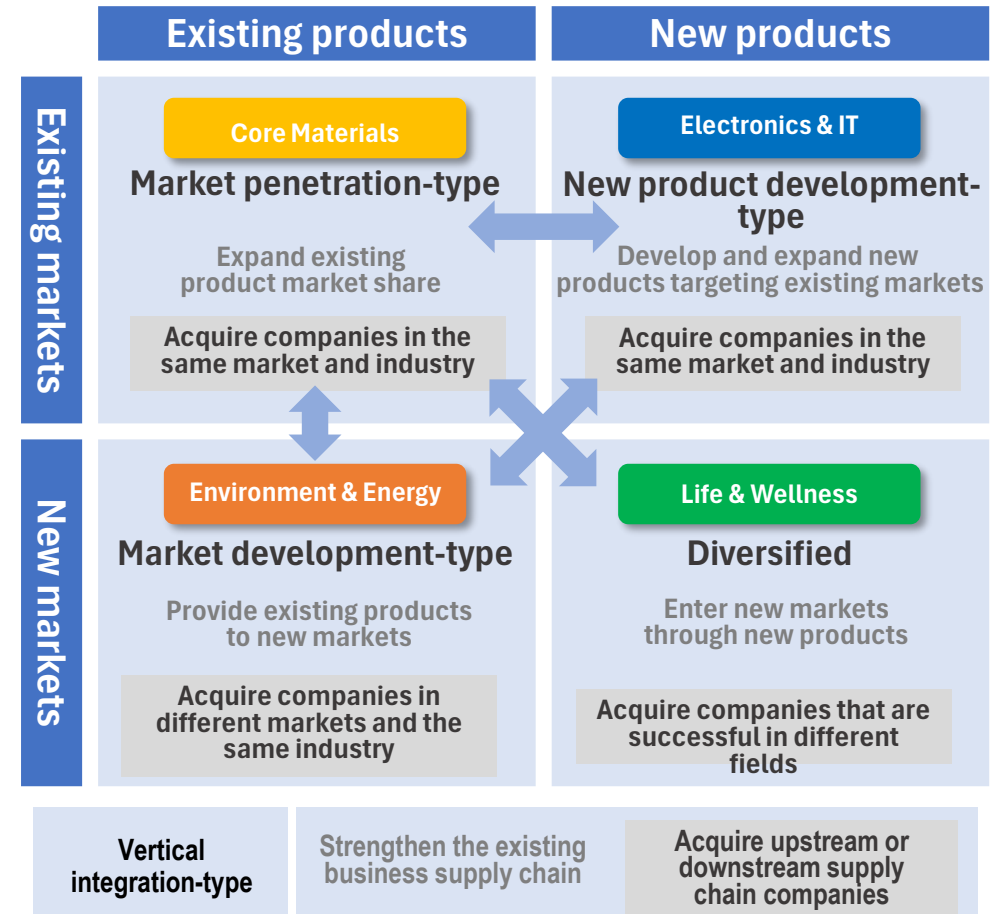
Work to strengthen competitiveness in growth domains

(2) M&A management rules

Engage in thorough integrated planning and risk management

(3) Put in place target company selection criteria

Companies whose technologies and customer base match the Company

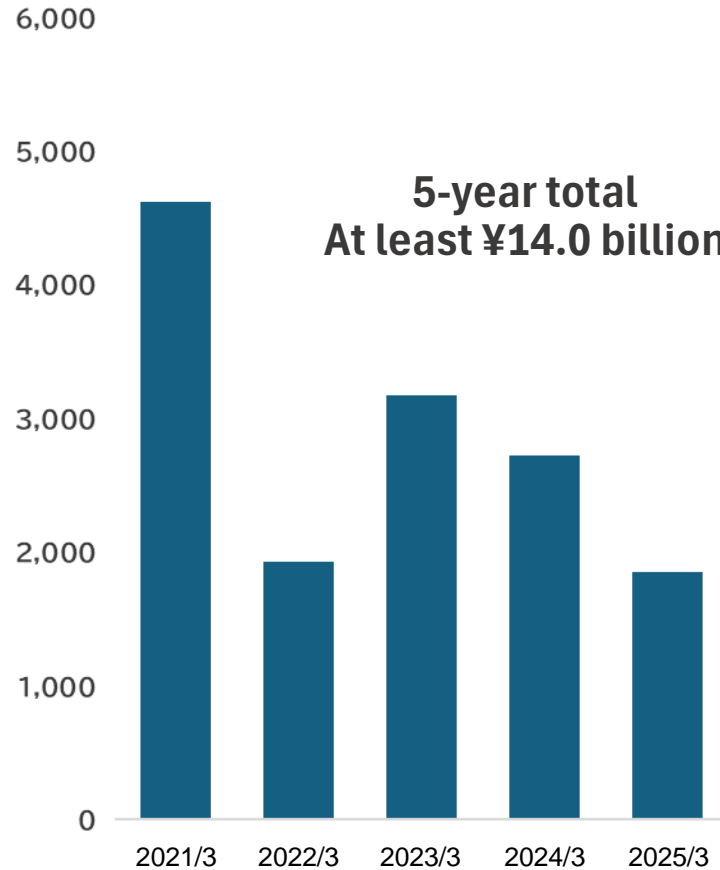


3-17. Capital Investment Strategy



In addition to maintaining, renewing, and expanding existing facilities, undertake new development investments; plans in place to undertake a cumulative investment of at least ¥30.0 billion over five years

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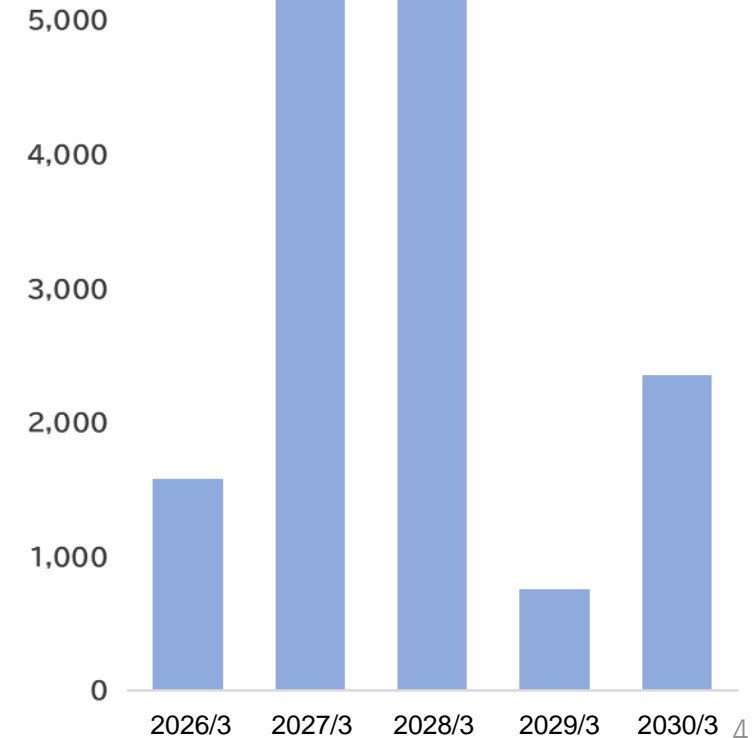
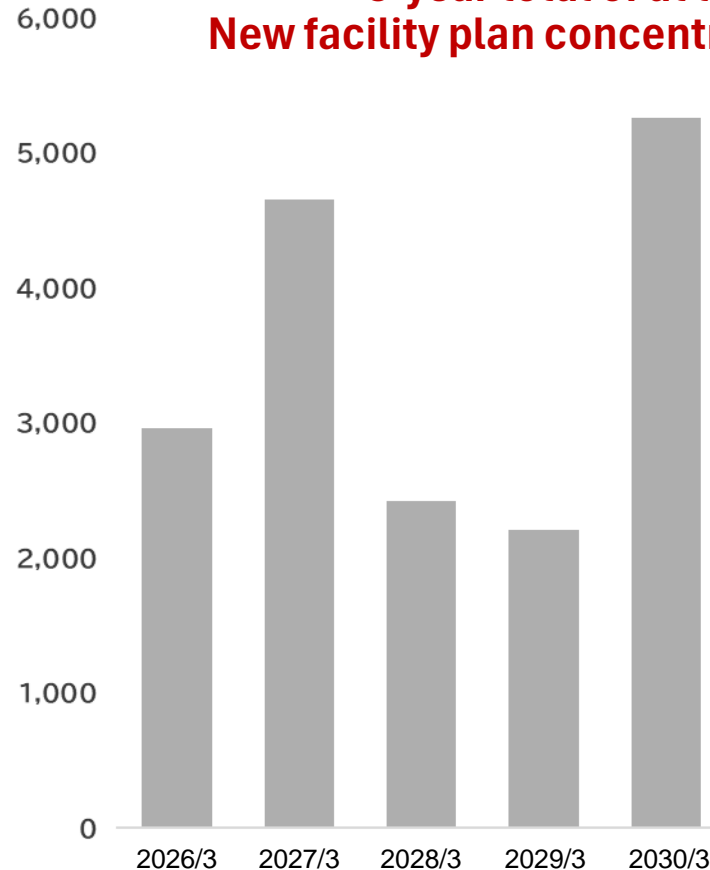


SMART 2030

Existing facility maintenance and renewal plan

Capital investment plan

**5-year total of at least ¥30.0 billion
New facility plan concentrated in three focus areas**

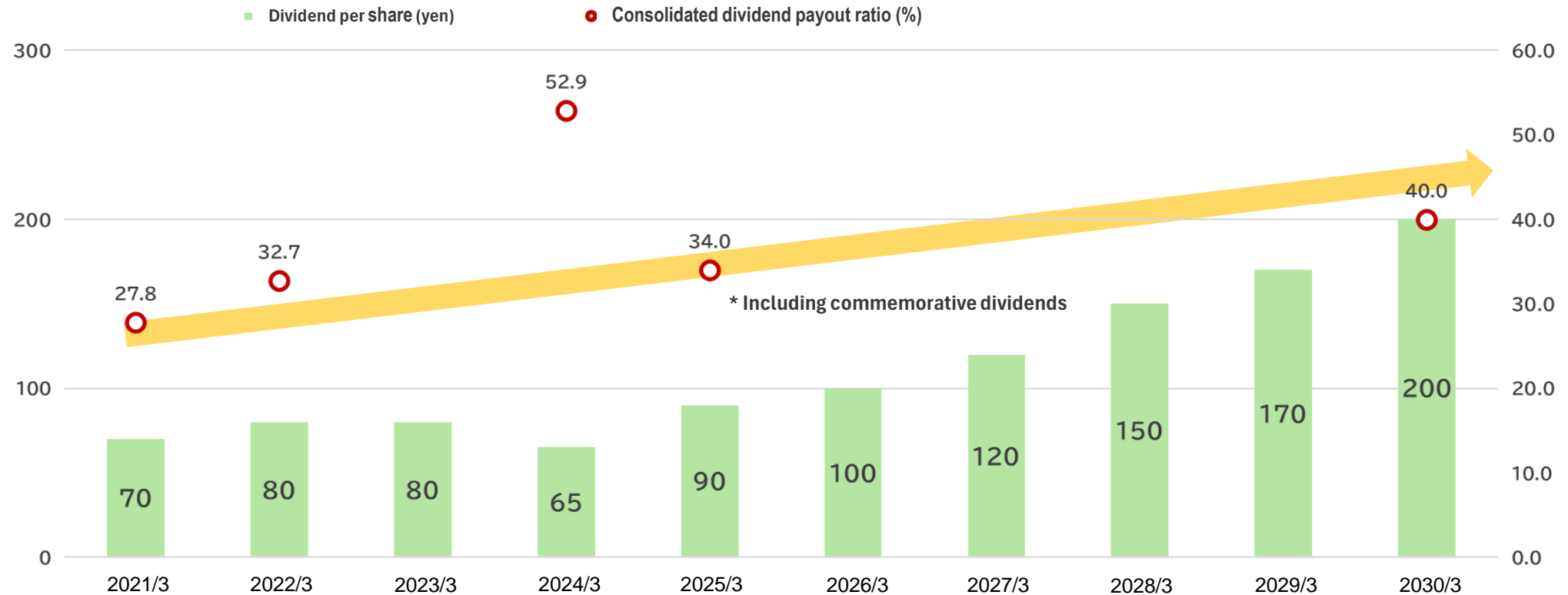


[Millions of yen]

3-18. Shareholder Returns Policy

Dividend policy

- Secure the necessary internal reserves to fund future business expansion
- Set a final consolidated dividend payout ratio target of 40%, and actively provide shareholder returns
- In addition to profit growth, aim for long-term, stable dividend growth



3-19. Toward PBR ≥ 1.0

$$\begin{array}{c}
 \text{PBR} \\
 \frac{\text{Share price}}{\text{Book value per share (BPS)}} \\
 \text{ROE} \\
 \frac{\text{Earnings per share (EPS)}}{\text{BPS}} \\
 \text{PER} \\
 \frac{\text{Share price}}{\text{EPS}}
 \end{array}
 = \frac{\text{Earnings per share (EPS)}}{\text{BPS}} \times \frac{\text{Share price}}{\text{EPS}}$$

● Increase capital efficiency

- (1) ROE > Cost of shareholders' equity (7-8%)
- (2) Optimize PER to around 15 times (chemical industry average)
- (3) Enhance corporate value through the allocation of cash aimed at sustainable growth

● Deepen dialogue with the market

- (1) Disclose details of the business strategy roadmap with an eye toward 2030
 - ⇒ Convey a medium- to long-term story to stakeholders in an easy-to-understand manner
- (2) Engage in management that is conscious of the cost of capital and share price
 - ⇒ Increase ROE and PER with a PBR target that exceeds 1.0 time
- (3) Enhance corporate value by upgrading and expanding the disclosure of ESG information
 - ⇒ Achieve sustainable growth by resolving social issues

ROE perspective

<Increase ROE>

Maintain at 7.0% or higher on a stable basis

■ Short term

- Increase net profit on the back of a recovery in profitability
- Reduce net assets by reducing inventories and non-current assets

■ Medium to long term

- Stabilize ACTUAL (existing businesses)
- Expand NEXT (peripheral businesses)
- Monetize DREAM (new businesses)

PER perspective

<Increase PER>

Work to raise the share price to the industry average of 15 times by optimizing the cost of shareholders' equity and creating sustainable growth expectations

$$\text{EPS} \times \frac{\text{PER}}{\text{Industry average 15 times}} = \text{Share price}$$

3-20. Perceived Risks



Significant risks	Examples of risk countermeasures	Significant risks	Examples of risk countermeasures
(1) Raw material price fluctuation	<ul style="list-style-type: none"> Survey raw materials and trends of market prices Implement prompt product price revisions (securing profit) Coordinate with agents, suppliers, and customers 	(7) Strengthened laws and regulations	<ul style="list-style-type: none"> Gather information on legal revisions Strengthen internal oversight/checking systems Reinforce Company's compliance
(2) Reliance primarily on external procurement for raw materials	<ul style="list-style-type: none"> Diversify raw material procurement sources Make elaborate production plans and procure raw materials accordingly Promote business continuity plan (BCP) measures 	(8) Stricter quality controls	<ul style="list-style-type: none"> Avoid liability risks through PL insurance Ensure food safety through FSSC 22000 certification Strengthen quality control systems
(3) Environmental and human rights risks	<ul style="list-style-type: none"> Assess the impact of climate change on business and plan countermeasures (scenario analysis) Roll out initiatives based on green transformation (GX) strategy Roll out initiatives based in The Ten Principles of the UN Global Compact 	(9) Aging facilities/equipment	<ul style="list-style-type: none"> Implement structural reforms through digital transformation (DX) Strengthen management of regular repairs/preventive maintenance
(4) Large number of customers	<ul style="list-style-type: none"> Select and concentrate on themes Deepen market strategies including revenue management 	(10) IT security	<ul style="list-style-type: none"> Implement security literacy education Create process for responding to serious incidents Grasp costs through IT asset management
(5) Product composition that consists of a large variety of small-lot products	<ul style="list-style-type: none"> Implement thorough profit management for each product Review product composition that takes production efficiency/profit performance into account 	(11) Impact on economic activity due to the spread of infectious diseases	<ul style="list-style-type: none"> Strengthen measures based on BCP Decentralize and review manufacturing and distribution bases, and decentralize inventory holding
(6) Intensified competition due to growth in emerging nations	<ul style="list-style-type: none"> Promote a differentiation strategy through solution proposals, cost reductions, Japanese quality, and customization Strengthen the IP Department/strengthen IP assets Open Innovation 	(12) Employment diversification; changes in the human resources market	<ul style="list-style-type: none"> Strengthen coordination with various associations and educational institutions to help secure human resources Implement personnel system reforms and strengthen human resources training programs Promote work-style reform



DKS Co. Ltd.

Chemistry provides a solution.

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Actual results may differ from forecasts and plans owing to a variety of factors and uncertainties regarding the future.

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