

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT  
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Color & Comfort



**Consolidated Financial Results for the Year Ended December 31, 2020 (Japan GAAP)**  
**(The fiscal year ended December 31, 2020)**

February 19, 2021  
Stock Exchange: Tokyo  
Head Office: Tokyo  
Tel: +81 (3) 6733-3000

**Company Name: DIC Corporation**

Listing Code Number: 4631

Annual Meeting of Shareholders : March 30, 2021

URL: <https://www.dic-global.com/en/>

Dividend Payment : March 31, 2021

Representative: Kaoru Ino, Representative Director, President and CEO

Scheduled Filing Date of Securities Report : March 30, 2021

Contact Person: Jun Kaneko, General Manager, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

Holding of Annual Financial Results Meeting: Yes (for security analysts and institutional investors, etc.)

(Yen amounts are rounded to the nearest million, except for per share information)

**1. Consolidated Financial Results for Fiscal Year 2020 (January 1, 2020 - December 31, 2020)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
FY2020	701,223	-8.8	39,663	-4.0	36,452	-11.7	13,233	-43.7
FY2019	768,568	-4.6	41,332	-14.6	41,302	-15.2	23,500	-26.6

Note: Comprehensive income (JPY million): FY2020 20,396 (-28.4%), FY2019 28,473 (-%)

	Earnings per share basic	Earnings per share diluted	ROE (Return on equity)	Ordinary income ratio to total assets	Operating income ratio to net sales
	JPY	JPY	%	%	%
FY2020	139.81	—	4.2	4.5	5.7
FY2019	248.29	—	7.7	5.1	5.4

Note: Equity in earnings of affiliates (JPY million): FY2020 771, FY2019 2,475

**(2) Consolidated financial position**

	Total assets	Net assets	Shareholders' equity ratio to total assets	Shareholders' equity per share
	JPY (million)	JPY (million)	%	JPY
As of December 31, 2020	817,950	351,364	38.9	3,364.92
As of December 31, 2019	803,083	343,497	38.9	3,304.34

Note: Shareholders' equity (JPY million): As of December 31, 2020 318,492, As of December 31, 2019 312,740

**(3) Consolidated cash flows**

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
	JPY (million)	JPY (million)	JPY (million)	JPY (million)
FY2020	54,462	-33,037	6,338	41,354
FY2019	50,637	-24,884	-26,799	16,690

**2. Cash Dividends**

(Record date)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
FY2019	—	60.00	—	40.00	100.00	9,479	40.3	3.1
FY2020	—	50.00	—	50.00	100.00	9,479	71.5	3.0
FY2021 (Plan)	—	50.00	—	50.00	100.00		47.3	

**3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2021 (January 1, 2021 - December 31, 2021)**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
First half of FY2021	368,000	7.1	20,500	14.9	19,000	22.1	9,000	-12.9	95.09
FY2021	750,000	7.0	45,000	13.5	42,000	15.2	20,000	51.1	211.30

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## Notes

- (1) Changes in the scope of consolidation for significant subsidiaries during the fiscal year ended December 31, 2020: No
- (2) Changes in accounting policies and accounting estimates, and restatements
- 1) Changes in accounting policies arising from revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1): No
- 3) Changes in accounting estimates: No
- 4) Restatements: No
- (3) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the period, including treasury shares
- |         |                    |         |                    |
|---------|--------------------|---------|--------------------|
| FY 2020 | 95,156,904 shares, | FY 2019 | 95,156,904 shares, |
|---------|--------------------|---------|--------------------|
- 2) Number of treasury shares at the end of the period
- |         |                 |         |                 |
|---------|-----------------|---------|-----------------|
| FY 2020 | 506,322 shares, | FY 2019 | 511,622 shares, |
|---------|-----------------|---------|-----------------|
- 3) Average number of shares issued during the period, excluding treasury shares
- |         |                    |         |                    |
|---------|--------------------|---------|--------------------|
| FY 2020 | 94,650,562 shares, | FY 2019 | 94,646,331 shares, |
|---------|--------------------|---------|--------------------|
- \* From the fiscal year ended December 31, 2017, the Company introduced the Board Benefit Trust (BBT). The shares held by the trust are included in the number of treasury shares.

## (Reference) Summary of Non-consolidated Financial Results

### Non-consolidated Financial Results for Fiscal Year 2020 (January 1, 2020 - December 31, 2020)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
FY2020	195,403	-11.1	4,230	-36.4	7,093	-44.0	6,930	-60.8
FY2019	219,849	-6.6	6,651	-43.5	12,660	-40.5	17,663	-14.3

	Earnings per share basic	Earnings per share diluted
	JPY	JPY
FY2020	73.22	—
FY2019	186.62	—

#### (2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets	Shareholders' equity per share
	JPY (million)	JPY (million)	%	JPY
As of December 31, 2020	691,051	300,089	43.4	3,170.49
As of December 31, 2019	688,683	297,940	43.3	3,147.97

Note: Shareholders' equity (JPY million): As of December 31, 2020 300,089, As of December 31, 2019 297,940

Note: **Presented consolidated financial results are not subject to annual audit procedures conducted by certified public accountants or audit firms.**

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

#### Caution concerning forward-looking statements

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

For information regarding the assumptions used to prepare the forecasts, please refer to page 4 and 5.

## Analysis of Results of Operations

### (1) Overview of Operating Results

(Billions of yen)

	FY2019	FY2020	Change (%)	Change (%) [Local currency basis]
Net sales	768.6	701.2	-8.8%	-6.2%
Operating income	41.3	39.7	-4.0%	1.5%
Ordinary income	41.3	36.5	-11.7%	—
Net income attributable to owners of the parent	23.5	13.2	-43.7%	—
EBITDA*	67.4	55.6	-17.5%	—
¥/US\$1.00 (Average rate)	109.11	106.37	-2.5%	—
¥/EUR1.00 (Average rate)	122.13	121.43	-0.6%	—

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

In fiscal year 2020, consolidated net sales declined 8.8%, to ¥701.2 billion. Despite the protracted COVID-19 pandemic, economic activity recovered in multiple areas in the fourth quarter (October 1–December 31, 2020), as a result of which shipments of many products, notably materials for use in automobiles and publication inks, rallied. Nonetheless, full-term sales shrank in all segments. Net sales were 9.6% higher in the fourth quarter than in the third quarter (July 1–September 30, 2020).

Operating income slipped 4.0%, to ¥39.7 billion. Cost reductions, prompted by falling raw materials prices, reduced activity expenses and rationalization measures, combined with a recovery in shipments in diverse businesses in the fourth quarter to boost operating income 1.5% on a local currency basis. However, operating income was pushed down by a weakening of results overseas after translation, a consequence of the depreciation of emerging economy currencies, among others.

Ordinary income, at ¥36.5 billion, was down 11.7%.

Net income attributable to owners of the parent fell 43.7%, to ¥13.2 billion. The principal factors behind this result were one-time costs and an extraordinary loss associated with the acquisition of BASF SE's Colors & Effects business, which was announced on August 29, 2019.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 17.5%, to ¥55.6 billion.

## (2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2019	FY2020	Change (%)	Change (%) 〔Local currency basis〕	FY2019	FY2020	Change (%)	Change (%) 〔Local currency basis〕
Packaging & Graphic	416.4	<b>388.4</b>	-6.7%	-2.9%	19.2	<b>21.8</b>	13.5%	23.3%
Color & Display	116.4	<b>105.8</b>	-9.1%	-6.7%	10.8	<b>8.4</b>	-21.7%	-19.7%
Functional Products	268.6	<b>236.0</b>	-12.1%	-11.6%	19.2	<b>17.1</b>	-11.1%	-10.6%
Others, Corporate and eliminations	(32.8)	<b>(29.0)</b>	—	—	(7.9)	<b>(7.6)</b>	—	—
Total	768.6	<b>701.2</b>	-8.8%	-6.2%	41.3	<b>39.7</b>	-4.0%	1.5%

### Packaging & Graphic

	FY2019	FY2020	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥416.4 billion	<b>¥388.4 billion</b>	-6.7%	-2.9%
Operating income	¥19.2 billion	<b>¥21.8 billion</b>	13.5%	23.3%

Segment sales declined 6.7%, to ¥388.4 billion. In the area of materials for food packaging, sales of packaging inks advanced in Asia, as well as in the Americas and Europe, as firm demand bolstered shipments, but decreased in Japan as COVID-19 led to sluggish sales to convenience stores, among others. Although demand for print advertisements and commercial printing improved from the third quarter forward, full-term sales of publication inks—which center on publishing inks and news inks—dwindled in all regions as shipments, having slumped as a result of the pandemic, failed to recover completely. Sales of jet inks for digital printing were up as demand rebounded after flagging in the third quarter, underpinning firm shipments.

Segment operating income rose 13.5%, to ¥21.8 billion. Factors contributing to this significant increase included higher demand for food packaging, a consequence of the pandemic, which led to firm full-term shipments of packaging inks in Asia, and in the Americas and Europe, and of multilayer films in Japan, as well as to cost-cutting efforts, which focused on rationalization.

## Color & Display

	FY2019	FY2020	Change (%)	Change (%) [Local currency basis]
Net sales	¥116.4 billion	<b>¥105.8 billion</b>	-9.1%	-6.7%
Operating income	¥10.8 billion	<b>¥8.4 billion</b>	-21.7%	-19.7%

Segment sales, at ¥105.8 billion, were down 9.1%. Sales of color materials fell sharply, owing to declining shipments, particularly of pigments for cosmetics, as mask-wearing became an ingrained part of life worldwide, as well as to persistently weak sales of pigments for use in inks. In display materials, full-term sales rose as increased time spent by consumers at home led to robust demand in the market for liquid crystal displays (LCDs), pushing up shipments of pigments for color filters and of thin-film transistor liquid crystals (TFT LCs). Full-term sales of effect pigments also advanced, buttressed by higher demand in Europe for autoclaved aerated concrete for construction-related applications.

Segment operating income dropped 21.7%, to ¥8.4 billion. Despite increased shipments of products for the high-value-added area of displays in the fourth quarter, operating income plunged as production adjustments prompted the cutting of operating rates at certain production facilities in the Americas and Europe amid stagnant shipments of pigments for cosmetics, making it impossible to absorb fixed and other costs.

## Functional Products

	FY2019	FY2020	Change (%)	Change (%) [Local currency basis]
Net sales	¥268.6 billion	<b>¥236.0 billion</b>	-12.1%	-11.6%
Operating income	¥19.2 billion	<b>¥17.1 billion</b>	-11.1%	-10.6%

Segment sales decreased 12.1%, to ¥236.0 billion. Shipments of epoxy resins, the principal application for which is semiconductor devices, were brisk as demand for use in onboard equipment rallied in the fourth quarter. Shipments of industrial-use tapes, used primarily in smartphones, were also up. Although shipments of environment-friendly resins\* recovered strongly, thanks to demand for use in automobiles, full-term sales waned. Shipments of polyphenylene sulfide (PPS) compounds—uses for which continue to expand, underpinned by the trend toward lighter and increasingly electrified vehicles—also rose sharply in the fourth quarter, bolstered by a recovery in the automobile market across all regions, but full-term sales declined.

Segment operating income was down 11.1%, to ¥17.1 billion. This result was despite a recovery in sales of high-value-added epoxy resins and was attributable to the fact that lower raw materials prices and cost reductions were insufficient to offset the decline in full-term shipments of products for diverse industrial applications, including automobiles and building materials.

\* 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.

### (3) Operating Results Forecasts for Fiscal Year 2021

(Billions of yen)

	FY2020	FY2021	Change (%)	Change (%) [Local currency basis]
Net sales	701.2	750.0	7.0%	7.1%
Operating income	39.7	45.0	13.5%	13.1%
Ordinary income	36.5	42.0	15.2%	—
Net income attributable to owners of the parent	13.2	20.0	51.1%	—
EBITDA	55.6	64.8	16.6%	—
¥/US\$1.00 (Average rate)	106.37	105.00	-1.3%	—
¥/EUR1.00 (Average rate)	121.43	125.00	2.9%	—

Amid ongoing efforts worldwide to prevent the further spread of COVID-19, economic conditions are expected to continue improving in fiscal year 2021. However, the downside risk posed by the resurgence of COVID-19 infections continues to warrant caution. Additionally, given the likelihood that demand for crude oil will be higher than in fiscal year 2020, rising crude oil price and its impact on raw materials prices will also demand attention.

In this environment, the DIC Group will continue striving to accelerate growth by implementing initiatives to transform its business portfolio in line with the two key strategies of its DIC111 medium-term management plan, “Value Transformation” and “New Pillar Creation.” Fiscal year 2021 is the final year of this plan. During the period, the Group will expedite efforts to launch and expand sales of differentiated high-value-added products that are not vulnerable to macroenvironmental changes. The Group expects that this, together with efforts to further reduce costs, will underpin increases in net sales and operating income in all segments.

DIC will continue working toward completing its acquisition of BASF SE’s Colors & Effects business in the first quarter of 2021, as well as to the subsequent smooth transfer of the business. The impact of this acquisition is not reflected in the operating results forecasts for fiscal year 2021 published today. Because the closing of this transaction is pending approval by the U.S. Federal Trade Commission, there is a possibility that execution will be rescheduled to the first half of 2021 as a consequence of ongoing approval procedures. Should any matters requiring disclosure arise, DIC will promptly issue notification.

#### (4) Segment Results Forecasts

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2020	FY2021	Change (%)	Change (%) (Local currency basis)	FY2020	FY2021	Change (%)	Change (%) (Local currency basis)
Packaging & Graphic	388.4	<b>408.5</b>	<b>5.2%</b>	5.2%	21.8	<b>23.2</b>	6.7%	6.8%
Color & Display	105.8	<b>111.3</b>	<b>5.2%</b>	5.6%	8.4	<b>10.6</b>	25.7%	23.3%
Functional Products	236.0	<b>259.8</b>	<b>10.1%</b>	10.4%	17.1	<b>20.2</b>	17.9%	18.4%
Others, Corporate and eliminations	(29.0)	<b>(29.6)</b>	—	—	(7.6)	<b>(9.0)</b>	—	—
Total	701.2	<b>750.0</b>	<b>7.0%</b>	7.1%	39.7	<b>45.0</b>	13.5%	13.1%

#### Disclaimer Regarding Forward-Looking Statements

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

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## Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
(Assets)		
Current assets		
Cash and deposits	16,786	44,885
Notes and accounts receivable-trade	211,232	197,595
Merchandise and finished goods	91,555	78,273
Work in process	9,566	9,065
Raw materials and supplies	58,610	55,058
Other	21,607	24,294
Allowance for doubtful accounts	(9,437)	(9,171)
Total current assets	399,919	399,997
Non-current assets		
Property, plant and equipment		
Buildings and structures	262,087	262,318
Accumulated depreciation	(173,547)	(175,432)
Buildings and structures, net	88,540	86,885
Machinery, equipment and vehicles	408,064	404,451
Accumulated depreciation	(337,197)	(337,065)
Machinery, equipment and vehicles, net	70,867	67,386
Tools, furniture and fixtures	64,386	65,312
Accumulated depreciation	(53,195)	(54,844)
Tools, furniture and fixtures, net	11,191	10,468
Land	51,961	51,362
Construction in progress	9,616	11,977
Total property, plant and equipment	232,176	228,078
Intangible assets		
Goodwill	762	819
Software	2,585	2,963
Customer-related assets	2,674	2,853
Other	5,782	4,877
Total intangible assets	11,804	11,512
Investments and other assets		
Investment securities	59,313	57,201
Deferred tax assets	33,192	32,407
Net defined benefit asset	44,339	63,784
Other	23,020	25,705
Allowance for doubtful accounts	(680)	(734)
Total investments and other assets	159,184	178,363
Total non-current assets	403,164	417,953
Total assets	803,083	817,950



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## Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	108,562	95,263
Short-term loans payable	20,139	10,275
Current portion of long-term loans payable	23,456	27,096
Lease obligations	1,244	1,061
Income taxes payable	2,556	4,985
Provision for bonuses	5,724	5,480
Other	48,445	53,022
Total current liabilities	210,126	197,181
Non-current liabilities		
Bonds payable	80,000	100,000
Long-term loans payable	122,602	123,766
Lease obligations	5,191	4,543
Deferred tax liabilities	8,768	12,525
Net defined benefit liability	21,377	17,071
Asset retirement obligations	1,696	1,691
Other	9,826	9,809
Total non-current liabilities	249,459	269,405
Total liabilities	459,585	466,586
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,456	94,468
Retained earnings	218,209	219,778
Treasury shares	(1,823)	(1,800)
Total shareholders' equity	407,398	409,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,676	2,903
Deferred gains or losses on hedges	683	2,468
Foreign currency translation adjustment	(72,671)	(82,321)
Remeasurements of defined benefit plans	(24,346)	(13,562)
Total accumulated other comprehensive income	(94,658)	(90,511)
Non-controlling interests	30,757	32,873
Total net assets	343,497	351,364
Total liabilities and net assets	803,083	817,950

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## Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	768,568	701,223
Cost of sales	603,199	544,430
Gross profit	165,369	156,793
Selling, general and administrative expenses		
Freightage and packing expenses	13,104	12,914
Employees' salaries and allowances	41,742	42,776
Provision of allowance for doubtful accounts	995	866
Provision for bonuses	2,233	2,242
Retirement benefit expenses	1,043	(257)
Research and development costs	12,505	12,029
Other	52,414	46,560
Total selling, general and administrative expenses	124,037	117,130
Operating income	41,332	39,663
Non-operating income		
Interest income	2,420	1,263
Dividends income	414	416
Equity in earnings of affiliates	2,475	771
Other	1,692	2,066
Total non-operating income	7,001	4,516
Non-operating expenses		
Interest expenses	3,724	2,225
Foreign exchange losses	811	1,384
Other	2,496	4,117
Total non-operating expenses	7,031	7,726
Ordinary income	41,302	36,452
Extraordinary income		
Gain on sales of non-current assets	1,401	5,226
Gain on bargain purchase	—	1,295
Insurance income	1,409	531
Gain on sales of subsidiaries and affiliates securities	1,624	—
Total extraordinary income	4,435	7,052
Extraordinary loss		
Loss on business liquidation	—	8,762
Acquisition-related expenses	1,914	4,563
Loss on disposal of non-current assets	2,399	2,903
Impairment loss	3,078	1,251
Severance costs	840	924
Loss on disaster	1,520	—
Provision of allowance for doubtful accounts	551	—
Amortization of past service costs	443	—
Loss on sales of subsidiaries and affiliates securities	316	—
Total extraordinary loss	11,061	18,403
Income before income taxes and non-controlling interests	34,676	25,102
Income taxes-current	7,869	10,336
Income taxes-deferred	1,461	(1,651)
Total income taxes	9,330	8,685
Net income	25,346	16,417
Net income attributable to non-controlling interests	1,846	3,184
Net income attributable to owners of the parent	23,500	13,233

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## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net income	25,346	16,417
Other comprehensive income		
Valuation difference on available-for-sale securities	327	1,175
Deferred gains or losses on hedges	669	1,785
Foreign currency translation adjustment	(4,394)	(9,827)
Remeasurements of defined benefit plans, net of tax	7,269	10,689
Share of other comprehensive income of associates accounted for using equity method	(744)	158
Total other comprehensive income	3,127	3,980
Comprehensive income	28,473	20,396
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	26,546	17,368
Comprehensive income attributable to non-controlling interests	1,927	3,028

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## Consolidated Statement of Changes in Net Assets

Fiscal year ended December 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2019	96,557	94,445	207,421	(1,823)	396,600
Cumulative effects of changes in accounting policies	—	—	(774)	—	(774)
Restated balance	96,557	94,445	206,647	(1,823)	395,826
Change in FY2019					
Dividends from surplus			(11,849)		(11,849)
Net income attributable to owners of the parent			23,500		23,500
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares				6	6
Change of scope of consolidation			(90)		(90)
Change in ownership interest of parent due to transactions with non-controlling interests		11			11
Net changes of items other than shareholders' equity					
Total change in FY2019	—	11	11,561	(1)	11,572
Balance at December 31, 2019	96,557	94,456	218,209	(1,823)	407,398

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2019	1,407	14	(67,617)	(31,508)	(97,704)	28,438	327,334
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	(774)
Restated balance	1,407	14	(67,617)	(31,508)	(97,704)	28,438	326,560
Change in FY2019							
Dividends from surplus							(11,849)
Net income attributable to owners of the parent							23,500
Purchase of treasury shares							(7)
Disposal of treasury shares							6
Change of scope of consolidation							(90)
Change in ownership interest of parent due to transactions with non-controlling interests							11
Net changes of items other than shareholders' equity	269	670	(5,055)	7,161	3,046	2,320	5,365
Total change in FY2019	269	670	(5,055)	7,161	3,046	2,320	16,937
Balance at December 31, 2019	1,676	683	(72,671)	(24,346)	(94,658)	30,757	343,497

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT.

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## Consolidated Statement of Changes in Net Assets

Fiscal year ended December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2020	96,557	94,456	218,209	(1,823)	407,398
Change in FY2020					
Dividends from surplus			(8,531)		(8,531)
Net income attributable to owners of the parent			13,233		13,233
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares				28	28
Change in scope of equity method			(3,133)		(3,133)
Change in ownership interest of parent due to transactions with non-controlling interests		12			12
Net changes of items other than shareholders' equity					
Total change in FY2020	—	12	1,569	23	1,605
Balance at December 31, 2020	96,557	94,468	219,778	(1,800)	409,003

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2020	1,676	683	(72,671)	(24,346)	(94,658)	30,757	343,497
Change in FY2020							
Dividends from surplus							(8,531)
Net income attributable to owners of the parent							13,233
Purchase of treasury shares							(5)
Disposal of treasury shares							28
Change in scope of equity method							(3,133)
Change in ownership interest of parent due to transactions with non-controlling interests							12
Net changes of items other than shareholders' equity	1,227	1,785	(9,650)	10,784	4,147	2,116	6,262
Total change in FY2020	1,227	1,785	(9,650)	10,784	4,147	2,116	7,868
Balance at December 31, 2020	2,903	2,468	(82,321)	(13,562)	(90,511)	32,873	351,364

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## Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	34,676	25,102
Depreciation and amortization	33,127	32,581
Amortization of goodwill	99	143
Gain on bargain purchase	—	(1,295)
Increase (decrease) in allowance for doubtful accounts	559	(548)
Increase (decrease) in provision for bonuses	(561)	(124)
Interest and dividends income	(2,834)	(1,679)
Equity in (earnings) losses of affiliates	(2,475)	(771)
Interest expenses	3,724	2,225
Loss (gain) on sales and retirement of non-current assets	997	(2,324)
Impairment loss	3,078	1,251
Loss on business liquidation	—	8,762
Loss (gain) on sales of subsidiaries and affiliates securities	(1,308)	—
Decrease (increase) in notes and accounts receivable-trade	(3,054)	10,781
Decrease (increase) in inventories	4,614	10,158
Increase (decrease) in notes and accounts payable-trade	(9,802)	(12,453)
Other, net	(3,543)	(10,847)
Subtotal	57,298	60,963
Interest and dividends income received	4,335	3,249
Interest expenses paid	(3,865)	(2,385)
Income taxes paid	(7,132)	(7,366)
Net cash provided by (used in) operating activities	50,637	54,462
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,685)	(8,024)
Proceeds from withdrawal of time deposits	4,740	4,589
Purchase of property, plant and equipment	(34,042)	(32,719)
Proceeds from sales of property, plant and equipment	1,613	5,895
Purchase of intangible assets	(919)	(1,280)
Purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	(1,558)	(2,817)
Proceeds from purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	235	—
Proceeds from sales of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	900	890
Payments for sales of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	—	(16)
Proceeds from sales of subsidiaries and affiliates securities	9,508	226
Purchase of investment securities	(350)	(51)
Proceeds from sales and redemption of investment securities	134	352
Payments for transfer of business	(96)	(78)
Other, net	(1,363)	(3)
Net cash provided by (used in) investing activities	(24,884)	(33,037)

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## Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(9,383)	(8,866)
Proceeds from long-term loans payable	40,250	42,105
Repayment of long-term loans payable	(63,513)	(35,325)
Proceeds from issuance of bonds	20,000	20,000
Cash dividends paid	(11,849)	(8,531)
Cash dividends paid to non-controlling interests	(767)	(782)
Net decrease (increase) in treasury shares	(1)	23
Purchase of shares and investments in capital of subsidiaries not resulting in change in scope of consolidation	(186)	(114)
Other, net	(1,351)	(2,173)
Net cash provided by (used in) financing activities	(26,799)	6,338
Effect of exchange rate change on cash and cash equivalents	(895)	(3,100)
Net increase (decrease) in cash and cash equivalents	(1,941)	24,663
Cash and cash equivalents at beginning of the period	18,631	16,690
Cash and cash equivalents at end of the period	16,690	41,354