

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT  
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Color & Comfort



## Consolidated Financial Results for the Year Ended December 31, 2021 (Japan GAAP)

(The fiscal year ended December 31, 2021)

February 18, 2022

Stock Exchange: Tokyo

Head Office: Tokyo

Tel: +81 (3) 6733-3000

### Company Name: DIC Corporation

Listing Code Number: 4631

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

Representative: Kaoru Ino, Representative Director, President and CEO

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.)

Annual Meeting of Shareholders : March 29, 2022

Dividend Payment : March 30, 2022

Scheduled Filing Date of Securities Report : March 29, 2022

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

## 1. Consolidated Financial Results for Fiscal Year 2021 (January 1, 2021 - December 31, 2021)

### (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)	%
FY2021	855,379	22.0	42,893	8.1	43,758	20.0	4,365	-67.0
FY2020	701,223	-8.8	39,663	-4.0	36,452	-11.7	13,233	-43.7

Note: Comprehensive income (JPY million): FY2021 40,596 (99.0%), FY2020 20,396 (-28.4%)

	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	%	%	%
FY2021	46.12	—	1.3	4.6	5.0
FY2020	139.81	—	4.2	4.5	5.7

Note: Equity in earnings of affiliates (JPY million): FY2021 2,943, FY2020 771

### (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, 2021	1,071,481	381,008	32.3	3,654.61
As of December 31, 2020	817,950	351,364	38.9	3,364.92

Note: Shareholders' equity (JPY million): As of December 31, 2021 345,927, As of December 31, 2020 318,492

### (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)
FY2021	44,812	-147,612	99,549	37,572
FY2020	54,462	-33,037	6,338	41,354

## 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			
	JPY	JPY	JPY	JPY	JPY	JPY (million)	%	%
FY2020	—	50.00	—	50.00	100.00	9,479	71.5	3.0
FY2021	—	50.00	—	50.00	100.00	9,479	216.8	2.8
FY2022 (Plan)	—	50.00	—	50.00	100.00		33.8	

## 3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 - December 31, 2022)

(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 FY2022	465,000	18.7	26,000	-4.8	25,500	-9.7	14,000	-12.7	147.91
FY2022	950,000	11.1	54,000	25.9	53,500	22.3	28,000	541.4	295.81

## Notes

(1) Changes in the scope of consolidation for significant subsidiaries during the fiscal year ended December 31, 2021: Yes

New consolidated subsidiaries: Colors & Effects USA LLC

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies arising from revision of accounting standards: No

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 2021 95,156,904 shares, FY 2020 95,156,904 shares,

2) Number of treasury shares at the end of the period

FY 2021 501,950 shares, FY 2020 506,322 shares,

3) Average number of shares issued during the period, excluding treasury shares

FY 2021 94,655,311 shares, FY 2020 94,650,562 shares,

\* Since the fiscal year ended December 31, 2017, the Company has 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 2021 (January 1, 2021 - December 31, 2021)

#### (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)	%
FY2021	231,550	18.5	11,637	175.1	23,966	237.9	29,811	330.1
FY2020	195,403	-11.1	4,230	-36.4	7,093	-44.0	6,930	-60.8

	Earnings per share basic	Earnings per share diluted
	JPY	JPY
FY2021	314.94	—
FY2020	73.22	—

#### (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, 2021	829,904	319,291	38.5	3,373.21
As of December 31, 2020	691,051	300,089	43.4	3,170.49

Note: Shareholders' equity (JPY million): As of December 31, 2021 319,291, As of December 31, 2020 300,089

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 5 and 6.

## Analysis of Results of Operations

### (1) Overview of Operating Results

(Billions of yen)

	FY2020	FY2021	Change (%)	Change (%) [Local currency basis]
Net sales	701.2	855.4	22.0%	18.2%
Operating income	39.7	42.9	8.1%	7.1%
Ordinary income	36.5	43.8	20.0%	—
Net income attributable to owners of the parent	13.2	4.4	-67.0%	—
EBITDA *	55.6	69.0	24.1%	—
¥/US\$1.00 (Average rate)	106.37	109.75	3.2%	—
¥/EUR1.00 (Average rate)	121.43	129.73	6.8%	—

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

In the fiscal year ended December 31, 2021, consolidated net sales advanced 22.0%, to ¥855.4 billion. If the results of the C&E pigments business (formerly BASF SE's Colors & Effects business), included in the scope of consolidation since July 2021, were discounted, the increase would have been 15.3%. With progress in the drive to vaccinate people against COVID-19 and the effectiveness of vaccinations, the effect of the pandemic on economic activity eased, particularly in developed countries and territories. Against a backdrop of buoyant digital-related demand worldwide, shipments remained robust, including those of high-value-added products such as materials for use in semiconductor devices and in electrical and electronics equipment. Shipments of materials for use in daily necessities such as food packaging stayed firm, while those of pigments for cosmetics showed signs of recovering. While certain products and regions continued to feel the brunt of falling automobile production, a result of semiconductor device shortages, shipments of materials for automotive applications were steady overall.

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

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

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

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

## (2) Segment Results

(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>439.8</b>	13.2%	9.8%	21.8	<b>21.6</b>	-0.7%	-0.2%
Color & Display	105.8	<b>167.2</b>	58.0%	51.7%	8.4	<b>4.0</b>	-53.2%	-49.3%
Functional Products	236.0	<b>283.3</b>	20.1%	17.1%	17.1	<b>26.2</b>	53.2%	49.4%
Others, Corporate and eliminations	(29.0)	<b>(34.9)</b>	—	—	(7.6)	<b>(8.9)</b>	—	—
Total	701.2	<b>855.4</b>	22.0%	18.2%	39.7	<b>42.9</b>	8.1%	7.1%

### Packaging & Graphic

	FY2020	FY2021	Change (%)	Change (%) [Local currency basis]
Net sales	¥388.4 billion	<b>¥439.8 billion</b>	13.2%	9.8%
Operating income	¥21.8 billion	<b>¥21.6 billion</b>	-0.7%	-0.2%

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

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

### Color & Display

	FY2020	FY2021	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥105.8 billion	<b>¥167.2 billion</b>	58.0%	51.7%
Operating income	¥8.4 billion	<b>¥4.0 billion</b>	-53.2%	-49.3%

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

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

# Functional Products

	FY2020	FY2021	Change (%)	Change (%) [Local currency basis]
Net sales	¥236.0 billion	<b>¥283.3 billion</b>	20.1%	17.1%
Operating income	¥17.1 billion	<b>¥26.2 billion</b>	53.2%	49.4%

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

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

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

### (3) Operating Results Forecasts for Fiscal Year 2022

(Billions of yen)

	FY2021	FY2022	Change (%)	Change (%) [Local currency basis]
Net sales	855.4	950.0	11.1%	11.1%
Operating income	42.9	54.0	25.9%	26.1%
Ordinary income	43.8	53.5	22.3%	—
Net income attributable to owners of the parent	4.4	28.0	541.4%	—
EBITDA	69.0	88.0	27.5%	—
¥/US\$1.00 (Average rate)	109.75	110.00	0.2%	—
¥/EUR1.00 (Average rate)	129.73	130.00	0.2%	—

Amid ongoing measures worldwide to prevent the further spread of COVID-19, economic conditions are expected to continue improving in fiscal year 2022. However, the downside risk posed by the resurgence of infections continues to warrant caution. As in fiscal year 2021, rising crude oil prices and the impact thereof on raw materials prices will also continue to demand attention, as will higher logistics costs and supply chain issues attributable to a tight global supply-demand situation in the area of maritime shipping.

In this environment, the DIC Group expects to report improvements in full-term net sales and operating income thanks to ongoing moves to adjust sales prices and to expand sales of high-value-added products. In line with its new long-term management plan, DIC Vision 2030, which will guide its efforts between fiscal year 2022 and fiscal year 2030, the Group will continue seeking to contribute to a society that is increasingly green, digital and quality of life (QOL)-oriented. To this end, it will promote strategies aimed at two key objectives—build a business portfolio that contributes to sustainable prosperity for society and help achieve sustainability for the global environment and for society—with a focus on five business areas that it has identified as long-term priorities.

Detailed information on DIC Vision 2030 is available on the DIC global website.

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

#### (4) Segment Results Forecasts

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2021	<b>FY2022</b>	Change (%)	Change (%) (Local currency basis)	FY2021	<b>FY2022</b>	Change (%)	Change (%) (Local currency basis)
Packaging & Graphic	439.8	<b>480.0</b>	<b>9.1%</b>	9.1%	21.6	<b>24.0</b>	11.0%	11.0%
Color & Display	167.2	<b>220.0</b>	<b>31.6%</b>	31.5%	4.0	<b>16.0</b>	305.1%	308.0%
Functional Products	283.3	<b>300.0</b>	<b>5.9%</b>	6.1%	26.2	<b>25.0</b>	-4.6%	-4.4%
Others, Corporate and eliminations	(34.9)	<b>(50.0)</b>	—	—	(8.9)	<b>(11.0)</b>	—	—
Total	855.4	<b>950.0</b>	<b>11.1%</b>	11.1%	42.9	<b>54.0</b>	25.9%	26.1%

#### 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.



## Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
(Assets)		
Current assets		
Cash and deposits	44,885	38,253
Notes and accounts receivable-trade	197,595	237,916
Merchandise and finished goods	78,273	132,773
Work in process	9,065	9,651
Raw materials and supplies	55,058	91,199
Other	24,294	36,282
Allowance for doubtful accounts	(9,171)	(3,959)
Total current assets	399,997	542,114
Non-current assets		
Property, plant and equipment		
Buildings and structures	262,318	288,987
Accumulated depreciation	(175,432)	(185,949)
Buildings and structures, net	86,885	103,039
Machinery, equipment and vehicles	404,451	461,394
Accumulated depreciation	(337,065)	(351,875)
Machinery, equipment and vehicles, net	67,386	109,519
Tools, furniture and fixtures	65,312	74,041
Accumulated depreciation	(54,844)	(59,111)
Tools, furniture and fixtures, net	10,468	14,930
Land	51,362	64,219
Construction in progress	11,977	15,978
Total property, plant and equipment	228,078	307,684
Intangible assets		
Goodwill	819	20,182
Software	2,963	4,002
Customer-related assets	2,853	3,107
Other	4,877	25,022
Total intangible assets	11,512	52,313
Investments and other assets		
Investment securities	57,201	59,289
Deferred tax assets	32,407	17,320
Net defined benefit asset	63,784	69,715
Other	25,705	23,201
Allowance for doubtful accounts	(734)	(156)
Total investments and other assets	178,363	169,370
Total non-current assets	417,953	529,367
Total assets	817,950	1,071,481

## Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	95,263	145,816
Short-term loans payable	10,275	10,437
Current portion of long-term loans payable	27,096	37,131
Current portion of bonds payable	—	20,000
Lease obligations	1,061	1,092
Income taxes payable	4,985	5,640
Provision for bonuses	5,480	6,125
Other	53,022	79,334
Total current liabilities	197,181	305,575
Non-current liabilities		
Bonds payable	100,000	140,000
Long-term loans payable	123,766	171,443
Lease obligations	4,543	4,112
Deferred tax liabilities	12,525	10,725
Net defined benefit liability	17,071	35,989
Asset retirement obligations	1,691	7,689
Other	9,809	14,940
Total non-current liabilities	269,405	384,897
Total liabilities	466,586	690,473
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,468	94,468
Retained earnings	219,778	214,665
Treasury shares	(1,800)	(1,780)
Total shareholders' equity	409,003	403,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,903	5,449
Deferred gains or losses on hedges	2,468	92
Foreign currency translation adjustment	(82,321)	(55,456)
Remeasurements of defined benefit plans	(13,562)	(8,067)
Total accumulated other comprehensive income	(90,511)	(57,983)
Non-controlling interests	32,873	35,081
Total net assets	351,364	381,008
Total liabilities and net assets	817,950	1,071,481

## Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	701,223	855,379
Cost of sales	544,430	678,061
Gross profit	156,793	177,318
Selling, general and administrative expenses		
Freightage and packing expenses	12,914	15,870
Employees' salaries and allowances	42,776	48,950
Provision of allowance for doubtful accounts	866	287
Provision for bonuses	2,242	2,431
Retirement benefit expenses	(257)	(552)
Research and development costs	12,029	13,503
Other	46,560	53,935
Total selling, general and administrative expenses	117,130	134,425
Operating income	39,663	42,893
Non-operating income		
Interest income	1,263	1,223
Dividends income	416	401
Foreign exchange gains	—	250
Equity in earnings of affiliates	771	2,943
Other	2,066	2,017
Total non-operating income	4,516	6,835
Non-operating expenses		
Interest expenses	2,225	2,176
Foreign exchange losses	1,384	—
Other	4,117	3,794
Total non-operating expenses	7,726	5,970
Ordinary income	36,452	43,758
Extraordinary income		
Gain on sales of subsidiaries' and affiliates' securities	—	769
Gain on sales of non-current assets	5,226	482
Gain on bargain purchase	1,295	—
Insurance income	531	—
Total extraordinary income	7,052	1,251
Extraordinary losses		
Acquisition-related expenses	4,563	6,911
Loss on disposal of non-current assets	2,903	3,139
Impairment losses	1,251	1,563
Severance costs	924	522
Loss on disaster	—	463
Provision for environmental measures	—	300
Loss on business liquidation	8,762	—
Total extraordinary losses	18,403	12,897
Income before income taxes and non-controlling interests	25,102	32,112
Income taxes-current	10,336	13,609
Income taxes-deferred	(1,651)	12,041
Total income taxes	8,685	25,650
Net income	16,417	6,462
Net income attributable to non-controlling interests	3,184	2,097
Net income attributable to owners of the parent	13,233	4,365

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## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net income	16,417	6,462
Other comprehensive income		
Valuation difference on available-for-sale securities	1,175	2,549
Deferred gains or losses on hedges	1,785	(2,376)
Foreign currency translation adjustment	(9,827)	27,010
Remeasurements of defined benefit plans, net of tax	10,689	5,616
Share of other comprehensive income of associates accounted for using equity method	158	1,334
Total other comprehensive income	3,980	34,134
Comprehensive income	20,396	40,596
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	17,368	36,894
Comprehensive income attributable to non-controlling interests	3,028	3,702

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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 of 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 of 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 Changes in Net Assets

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2021	96,557	94,468	219,778	(1,800)	409,003
Change in FY2021					
Dividends from surplus			(9,479)		(9,479)
Net income attributable to owners of the parent			4,365		4,365
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares				29	29
Net changes of items other than shareholders' equity					
Total change in FY2021	—	—	(5,114)	20	(5,094)
Balance at December 31, 2021	96,557	94,468	214,665	(1,780)	403,910

	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, 2021	2,903	2,468	(82,321)	(13,562)	(90,511)	32,873	351,364
Change in FY2021							
Dividends from surplus							(9,479)
Net income attributable to owners of the parent							4,365
Purchase of treasury shares							(9)
Disposal of treasury shares							29
Net changes of items other than shareholders' equity	2,546	(2,377)	26,865	5,494	32,528	2,208	34,736
Total change in FY2021	2,546	(2,377)	26,865	5,494	32,528	2,208	29,643
Balance at December 31, 2021	5,449	92	(55,456)	(8,067)	(57,983)	35,081	381,008

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## Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	25,102	32,112
Depreciation and amortization	32,581	37,394
Amortization of goodwill	143	656
Gain on bargain purchase	(1,295)	—
Increase (decrease) in allowance for doubtful accounts	(548)	(1,386)
Increase (decrease) in provision for bonuses	(124)	632
Interest and dividends income	(1,679)	(1,624)
Equity in (earnings) losses of affiliates	(771)	(2,943)
Interest expenses	2,225	2,176
Loss (gain) on sales and retirement of non-current assets	(2,324)	2,657
Impairment losses	1,251	1,563
Loss on business liquidation	8,762	—
Loss (gain) on sales of subsidiaries' and affiliates' securities	—	(769)
Decrease (increase) in notes and accounts receivable-trade	10,781	(15,963)
Decrease (increase) in inventories	10,158	(34,348)
Increase (decrease) in notes and accounts payable-trade	(12,453)	34,261
Other, net	(10,847)	2,676
Subtotal	60,963	57,093
Interest and dividends income received	3,249	3,358
Interest expenses paid	(2,385)	(1,963)
Income taxes paid	(7,366)	(13,676)
Net cash provided by (used in) operating activities	54,462	44,812
Net cash provided by (used in) investing activities		
Payments into time deposits	(8,024)	(402)
Proceeds from withdrawal of time deposits	4,589	3,433
Purchase of property, plant and equipment	(32,719)	(35,935)
Proceeds from sales of property, plant and equipment	5,895	909
Purchase of intangible assets	(1,280)	(2,706)
Purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	(2,817)	(124,095)
Proceeds from sales of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	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	226	11,618
Purchase of investment securities	(51)	(142)
Proceeds from sales and redemption of investment securities	352	1,589
Proceeds from sales of businesses	—	95
Payments for transfer of businesses	(78)	—
Other, net	(3)	(1,975)
Net cash provided by (used in) investing activities	(33,037)	(147,612)

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## Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(8,866)	(650)
Proceeds from long-term loans payable	42,105	89,070
Repayment of long-term loans payable	(35,325)	(36,277)
Proceeds from issuance of bonds	20,000	60,000
Cash dividends paid	(8,531)	(9,479)
Cash dividends paid to non-controlling interests	(782)	(1,475)
Net decrease (increase) in treasury shares	23	20
Purchase of shares and investments in capital of subsidiaries not resulting in change in scope of consolidation	(114)	—
Other, net	(2,173)	(1,660)
Net cash provided by (used in) financing activities	6,338	99,549
Effect of exchange rate change on cash and cash equivalents	(3,100)	(531)
Net increase (decrease) in cash and cash equivalents	24,663	(3,782)
Cash and cash equivalents at beginning of the period	16,690	41,354
Cash and cash equivalents at end of the period	41,354	37,572