

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT
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Consolidated Financial Results for the Year Ended December 31, 2022 (Japan GAAP)
(The fiscal year ended December 31, 2022)

February 14, 2023
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, 2023

Dividend Payment : March 30, 2023

Scheduled Filing Date of Securities Report : March 29, 2023

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

1. Consolidated Financial Results for Fiscal Year 2022 (January 1, 2022 - December 31, 2022)

(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)	%
FY2022	1,054,201	23.2	39,682	-7.5	39,946	-8.7	17,610	303.4
FY2021	855,379	22.0	42,893	8.1	43,758	20.0	4,365	-67.0

Note: Comprehensive income (JPY million): FY2022 52,233 (28.7%), FY2021 40,596 (99.0%)

	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	%	%	%
FY2022	186.05	—	4.8	3.4	3.8
FY2021	46.12	—	1.3	4.6	5.0

Note: Equity in earnings of affiliates (JPY million): FY2022 2,368, FY2021 2,943

(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, 2022	1,261,637	421,088	30.7	4,088.60
As of December 31, 2021	1,071,481	381,008	32.3	3,654.61

Note: Shareholders' equity (JPY million): As of December 31, 2022 386,997, As of December 31, 2021 345,927

(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)
FY2022	12,027	-77,252	83,948	62,560
FY2021	44,812	-147,612	99,549	37,572

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)	%	%
FY2021	—	50.00	—	50.00	100.00	9,479	216.8	2.8
FY2022	—	50.00	—	50.00	100.00	9,479	53.7	2.6
FY2023(Plan)	—	50.00	—	50.00	100.00		47.3	

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(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 FY2023	570,000	9.3	19,000	-20.7	17,000	-35.0	7,000	-51.4	73.95
FY2023	1,150,000	9.1	43,000	8.4	40,000	0.1	20,000	13.6	211.30

Notes

- (1) Changes in the scope of consolidation for significant subsidiaries during the fiscal year ended December 31, 2022: None
(Changes in specified subsidiaries resulting in the change in scope of consolidation)

Newly included: — (Company name) — Excluded: — (Company name) —

- (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): None
3) Changes in accounting estimates: None
4) Restatements: None

- (3) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the period, including treasury shares

FY 2022 95,156,904 shares, FY 2021 95,156,904 shares

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

FY 2022 504,123 shares, FY 2021 501,950 shares

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

FY 2022 94,653,910 shares, FY 2021 94,655,311 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 2022 (January 1, 2022 - December 31, 2022)

(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)	%
FY2022	246,495	6.5	8,178	-29.7	13,720	-42.8	10,287	-65.5
FY2021	231,550	18.5	11,637	175.1	23,966	237.9	29,811	330.1

	Earnings per share (basic)	Earnings per share (diluted)
	JPY	JPY
FY2022	108.68	—
FY2021	314.94	—

(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, 2022	880,585	318,147	36.1	3,361.20
As of December 31, 2021	829,904	319,291	38.5	3,373.21

Note: Shareholders' equity (JPY million): As of December 31, 2022 318,147, As of December 31, 2021 319,291

Note: **Presented consolidated financial results in this report 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)

	FY2021	FY2022	Change (%)	Change (%) [Local currency basis]
Net sales	855.4	1,054.2	23.2%	16.2%
Operating income	42.9	39.7	-7.5%	-5.1%
Ordinary income	43.8	39.9	-8.7%	—
Net income attributable to owners of the parent	4.4	17.6	303.4%	—
EBITDA *	69.0	85.5	23.8%	—
¥/US\$1.00 (Average rate)	109.75	130.59	19.0%	—
¥/EUR1.00 (Average rate)	129.73	137.71	6.2%	—

* 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, 2022, consolidated net sales climbed 23.2%, to ¥1,054.2 billion. This sharp increase, coming amid global economic turmoil caused by a multiplicity of escalating geopolitical risks, including rising inflationary pressure worldwide, the protracted crisis in Ukraine and restrictions on movement in the People's Republic of China (PRC) under a stringent “zero-COVID” policy, was attributable to ongoing efforts to adjust sales prices in response to elevated energy, logistics and raw materials costs, as well as to the influence of yen depreciation on results denominated in other currencies after translation. In the Color & Display segment, the margin of improvement in net sales was boosted by the addition of a full year of sales from the C&E pigments business, which was not included in the scope of consolidation until the second half of the previous fiscal year. Nonetheless, shipments of high-value-added products were down in all regions from the third quarter forward, that is, from July through December, as demand for digital materials, used principally in electrical and electronics equipment and displays, continued to deteriorate in a negative rebound from gains ascribed to COVID-19-induced stay-at-home lifestyles, as well as to the fact that automobile production-related markets, plagued by semiconductor shortages, remained in recovery mode. Shipments of pigments also fell from the third quarter forward, owing to waning economic conditions in Europe, a leading market for these products.

Operating income decreased 7.5%, to ¥39.7 billion. This was despite the progress of efforts to pass on higher costs, particularly for raw materials, by modifying sales prices for many products, and was due largely to falling shipments of high-value-added products, notably digital materials and materials used in mobility solutions, which pushed down results in the Color & Display and Functional Products segments. The absence of ¥4.0 billion in one-time expenses recorded in the previous fiscal year in association with the integration of the C&E pigments business narrowed the margin of decline.

Ordinary income, at ¥39.9 billion, was down 8.7%.

Net income attributable to owners of the parent soared 303.4%, to ¥17.6 billion. The foremost factors behind this jump were one-time costs associated with the acquisition of the C&E pigments business, together with the reversal of deferred tax assets in the United States and the recording of an equivalent amount as income taxes-deferred, in the preceding period.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose 23.8%, to ¥85.5 billion.

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(2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2021	FY2022	Change (%)	Change (%) [Local currency basis]	FY2021	FY2022	Change (%)	Change (%) [Local currency basis]
Packaging & Graphic	439.8	533.0	21.2%	14.9%	21.6	20.3	-6.0%	0.3%
Color & Display	167.2	248.2	48.5%	34.4%	4.0	5.1	29.1%	37.7%
Functional Products	283.3	315.4	11.3%	6.5%	26.2	23.6	-9.9%	-13.6%
Others, Corporate and eliminations	(34.9)	(42.4)	—	—	(8.9)	(9.4)	—	—
Total	855.4	1,054.2	23.2%	16.2%	42.9	39.7	-7.5%	-5.1%

Packaging & Graphic

	FY2021	FY2022	Change (%)	Change (%) [Local currency basis]
Net sales	¥439.8 billion	¥533.0 billion	21.2%	14.9%
Operating income	¥21.6 billion	¥20.3 billion	-6.0%	0.3%

Segment sales advanced 21.2%, to ¥533.0 billion. Sales of packaging inks, used primarily on packaging for food products, increased, supported by efforts in all regions to modify sales prices. Nonetheless, shipments in Asia were down, as those in the PRC remained listless, hampered by that country's relentless zero-COVID measures. In publication inks, which center on inks for commercial printing and news inks, demand in Japan failed to recover for use in pamphlets and event-related printed materials, while demand in Europe fell amid weakening economic conditions, causing shipments in both areas to slump, although sales rose thanks to assertive sales price adjustments worldwide. In jet inks, used in digital printing, demand was down for industrial applications, including outdoor signage (billboards and posters) and banners, as well as for commercial printing, but sales were up as yen depreciation boosted results denominated in other currencies after translation. The inclusion of the sales of Italian adhesives manufacturer Sapici S.p.A., the acquisition of which was completed in January 2022, also bolstered segment sales.

Segment operating income fell 6.0%, to ¥20.3 billion, despite edging up 0.3% on a local currency basis. Continued efforts to counter higher energy, logistics and raw materials costs globally by modifying sales prices met with success overseas, mainly in the Americas and Europe, but a decline in shipments combined with the depreciation of emerging market currencies pushed down results in those markets after translation. Against this backdrop, moves by Sapici to expand its sales of adhesives in Europe led to steady growth in the Italian company's profits.

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Color & Display

	FY2021	FY2022	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥167.2 billion	¥248.2 billion	48.5%	34.4%
Operating income	¥4.0 billion	¥5.1 billion	29.1%	37.7%

Segment sales climbed 48.5%, to ¥248.2 billion. Owing to the addition of sales from the C&E pigments business, sales of pigments for coatings, plastics and cosmetics increased significantly. Demand for pigments for cosmetics rallied in the Americas and Europe, both of which were swift to eliminate COVID-19 mask rules, while signs of recovery were also seen in Asia. In display materials, sales of pigments for color filters fell markedly, as production cuts by display manufacturers, together with attendant inventory adjustments, depressed shipments. In pigments for specialty applications, sales of pigments for agricultural uses were firm, although shipments of those for building materials, used in autoclaved aerated concrete, remained on a downtrend in Europe, the principal market for these products.

Segment operating income, at ¥5.1 billion, was up 29.1%. This gain was due largely to the absence of ¥4.0 billion in one-time expenses recorded in the previous fiscal year in association with the integration of the C&E pigments business. If this factor was discounted, operating income would have been pushed down by, among others, dwindling shipments of high-value-added products, notably pigments for color filters and specialty applications, a decline in income in the C&E pigments business attributable to waning economic conditions and mounting energy costs in Europe, and a decrease in shipments of thin-film transistor liquid crystals (TFT LCs) from the third quarter forward.

Functional Products

	FY2021	FY2022	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥283.3 billion	¥315.4 billion	11.3%	6.5%
Operating income	¥26.2 billion	¥23.6 billion	-9.9%	-13.6%

Segment sales rose 11.3%, to ¥315.4 billion. In digital materials, used principally in electrical and electronics equipment and displays, shipments of epoxy resins—the principal application for which is semiconductor devices—declined dramatically worldwide, hampered by the PRC’s strict zero-COVID measures and slowing growth in the market for electronic devices, but sales advanced thanks to efforts to modify sales prices. Sales of industrial-use tapes, used mainly in smartphones and other mobile devices, were also up, bolstered by persistent moves to lock in demand. While demand for industrial materials,* used primarily in mobility solutions, particularly automobiles, tumbled both in Japan and overseas, sales price adjustments pushed up sales of core products. Sales of polyphenylene sulfide (PPS) compounds also expanded, notwithstanding flagging shipments for use in mobility solutions, as a result of sales price modifications and rising shipments for applications other than automobiles, including housing equipment.

Segment operating income decreased 9.9%, to ¥23.6 billion. This was despite headway made in adjusting sales prices for numerous products to pass on increases in energy, logistics and raw materials costs amid falling shipments, particularly of epoxy resins and other high-value-added products in the area of digital materials, which came up short.

*DIC uses the term “industrial materials” to describe products for use in mobility solutions, namely automobiles, railroads and shipping, and in general industrial applications such as construction equipment and industrial machinery.

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(3) Operating Results Forecasts for Fiscal Year 2023

(Billions of yen)

	FY2022	FY2023	Change (%)	Change (%) [Local currency basis]
Net sales	1,054.2	1,150.0	9.1%	9.3%
Operating income	39.7	43.0	8.4%	8.3%
Ordinary income	39.9	40.0	0.1%	—
Net income attributable to owners of the parent	17.6	20.0	13.6%	—
EBITDA	85.5	87.0	1.8%	—
¥/US\$1.00 (Average rate)	130.59	130.00	-0.5%	—
¥/EUR1.00 (Average rate)	137.71	140.00	1.7%	—

Economic conditions are expected to remain highly uncertain in fiscal year 2023, with business and price trends overseas, the evolving situation in Ukraine, resource price movements, and the future trajectory and impact of COVID-19 worldwide, among factors warranting particular concern.

In this environment, the DIC Group expects to report improvements in net sales and operating income thanks to persistent moves to adjust sales prices and expanded 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.

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(4) Segment Results Forecasts for Fiscal Year 2023

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2022	FY2023	Change (%)	Change (%) [Local currency basis]	FY2022	FY2023	Change (%)	Change (%) [Local currency basis]
Packaging & Graphic	533.0	569.9	6.9%	7.0%	20.3	21.5	5.7%	5.6%
Color & Display	248.2	282.3	13.8%	14.2%	5.1	9.3	83.3%	83.2%
Functional Products	315.4	349.3	10.8%	10.9%	23.6	25.3	7.2%	7.2%
Others, Corporate and eliminations	(42.4)	(51.5)	—	—	(9.4)	(13.1)	—	—
Total	1,054.2	1,150.0	9.1%	9.3%	39.7	43.0	8.4%	8.3%

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)

	Previous Fiscal Year As of December 31, 2021	Current Fiscal Year As of December 31, 2022
(Assets)		
Current assets		
Cash and deposits	38,253	63,380
Notes and accounts receivable - trade	237,916	247,520
Merchandise and finished goods	132,773	182,572
Work in process	9,651	11,656
Raw materials and supplies	91,199	116,522
Other	36,282	42,432
Allowance for doubtful accounts	(3,959)	(4,116)
Total current assets	542,114	659,967
Non-current assets		
Property, plant and equipment		
Buildings and structures	288,987	330,046
Accumulated depreciation	(185,949)	(201,304)
Buildings and structures, net	103,039	128,742
Machinery, equipment and vehicles	461,394	497,171
Accumulated depreciation	(351,875)	(378,061)
Machinery, equipment and vehicles, net	109,519	119,110
Tools, furniture and fixtures	74,041	80,714
Accumulated depreciation	(59,111)	(63,626)
Tools, furniture and fixtures, net	14,930	17,089
Land	64,219	66,353
Construction in progress	15,978	22,242
Total property, plant and equipment	307,684	353,536
Intangible assets		
Goodwill	20,182	33,641
Software	4,002	10,277
Customer-related assets	3,107	9,609
Other	25,022	25,238
Total intangible assets	52,313	78,764
Investments and other assets		
Investment securities	59,289	63,819
Deferred tax assets	17,320	16,419
Net defined benefit asset	69,715	64,383
Other	23,201	24,849
Allowance for doubtful accounts	(156)	(98)
Total investments and other assets	169,370	169,371
Total non-current assets	529,367	601,671
Total assets	1,071,481	1,261,637

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Consolidated Balance Sheet

(Millions of yen)

	Previous Fiscal Year As of December 31, 2021	Current Fiscal Year As of December 31, 2022
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	145,816	154,964
Short-term loans payable	10,437	26,056
Commercial papers	—	30,000
Current portion of bonds payable	20,000	30,000
Current portion of long-term loans payable	37,131	35,928
Lease obligations	1,092	4,607
Income taxes payable	5,640	5,650
Provision for bonuses	6,125	5,555
Other	79,334	97,133
Total current liabilities	305,575	389,892
Non-current liabilities		
Bonds payable	140,000	110,000
Long-term loans payable	171,443	260,259
Lease obligations	4,112	12,479
Deferred tax liabilities	10,725	14,443
Net defined benefit liability	35,989	28,742
Asset retirement obligations	7,689	8,449
Other	14,940	16,286
Total non-current liabilities	384,897	450,657
Total liabilities	690,473	840,549
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,468	94,234
Retained earnings	214,665	222,796
Treasury shares	(1,780)	(1,785)
Total shareholders' equity	403,910	411,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,449	5,360
Deferred gains or losses on hedges	92	694
Foreign currency translation adjustment	(55,456)	(17,286)
Remeasurements of defined benefit plans	(8,067)	(13,573)
Total accumulated other comprehensive income	(57,983)	(24,805)
Non-controlling interests	35,081	34,091
Total net assets	381,008	421,088
Total liabilities and net assets	1,071,481	1,261,637

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Consolidated Statement of Income

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2021	Current Fiscal Year Ended December 31, 2022
Net sales	855,379	1,054,201
Cost of sales	678,061	854,979
Gross profit	177,318	199,221
Selling, general and administrative expenses		
Freightage and packing expenses	15,870	16,701
Employees' salaries and allowances	48,950	61,005
Provision of allowance for doubtful accounts	287	769
Provision for bonuses	2,431	2,356
Retirement benefit expenses	(552)	(2,908)
Research and development costs	13,503	15,144
Other	53,935	66,472
Total selling, general and administrative expenses	134,425	159,539
Operating income	42,893	39,682
Non-operating income		
Interest income	1,223	1,968
Dividends income	401	465
Foreign exchange gains	250	750
Equity in earnings of affiliates	2,943	2,368
Other	2,017	2,223
Total non-operating income	6,835	7,774
Non-operating expenses		
Interest expenses	2,176	4,512
Other	3,794	2,998
Total non-operating expenses	5,970	7,510
Ordinary income	43,758	39,946
Extraordinary income		
Settlement income	—	1,077
Gain on sales of non-current assets	482	957
Gain on sales of investment securities	—	445
Insurance income	—	340
Gain on sales of shares and investments in capital of subsidiaries and affiliates	769	—
Total extraordinary income	1,251	2,819
Extraordinary losses		
Severance costs	522	3,514
Loss on disposal of non-current assets	3,139	2,407
Impairment losses	1,563	1,107
Loss on withdrawal from business	—	559
Acquisition-related expenses	6,911	—
Loss on disaster	463	—
Provision for environmental measures	300	—
Total extraordinary losses	12,897	7,586
Income before income taxes	32,112	35,179
Income taxes - current	13,609	12,449
Income taxes - deferred	12,041	4,081
Total income taxes	25,650	16,531
Net income	6,462	18,649
Net income attributable to non-controlling interests	2,097	1,039
Net income attributable to owners of the parent	4,365	17,610

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Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2021	Current Fiscal Year Ended December 31, 2022
Net income	6,462	18,649
Other comprehensive income		
Valuation difference on available-for-sale securities	2,549	(94)
Deferred gains or losses on hedges	(2,376)	598
Foreign currency translation adjustment	27,010	38,266
Remeasurements of defined benefit plans, net of tax	5,616	(5,545)
Share of other comprehensive income of associates accounted for using equity method	1,334	358
Total other comprehensive income	34,134	33,584
Comprehensive income	40,596	52,233
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	36,894	50,788
Comprehensive income attributable to non-controlling interests	3,702	1,445

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Consolidated Statement of Changes in Net Assets

Previous 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

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT.
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Consolidated Statement of Changes in Net Assets

Current Fiscal Year Ended December 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2022	96,557	94,468	214,665	(1,780)	403,910
Change in FY2022					
Dividends from surplus			(9,479)		(9,479)
Net income attributable to owners of the parent			17,610		17,610
Purchase of treasury shares				(6)	(6)
Change in ownership interest of parent due to transactions with non-controlling interests		(234)			(234)
Net changes of items other than shareholders' equity					
Total change in FY2022	—	(234)	8,131	(6)	7,892
Balance at December 31, 2022	96,557	94,234	222,796	(1,785)	411,802

	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, 2022	5,449	92	(55,456)	(8,067)	(57,983)	35,081	381,008
Change in FY2022							
Dividends from surplus							(9,479)
Net income attributable to owners of the parent							17,610
Purchase of treasury shares							(6)
Change in ownership interest of parent due to transactions with non-controlling interests							(234)
Net changes of items other than shareholders' equity	(88)	602	38,170	(5,506)	33,178	(989)	32,188
Total change in FY2022	(88)	602	38,170	(5,506)	33,178	(989)	40,080
Balance at December 31, 2022	5,360	694	(17,286)	(13,573)	(24,805)	34,091	421,088

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Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2021	Current Fiscal Year Ended December 31, 2022
Net cash provided by (used in) operating activities		
Income before income taxes	32,112	35,179
Depreciation and amortization	37,394	47,126
Amortization of goodwill	656	1,666
Increase (decrease) in allowance for doubtful accounts	(1,386)	(60)
Increase (decrease) in provision for bonuses	632	(660)
Interest and dividends income	(1,624)	(2,433)
Equity in (earnings) losses of affiliates	(2,943)	(2,368)
Interest expenses	2,176	4,512
Loss (gain) on sales and retirement of non-current assets	2,657	1,450
Impairment losses	1,563	1,107
Loss (gain) on sales of shares and investments in capital of subsidiaries and affiliates	(769)	—
Loss (gain) on sales of investment securities	—	(445)
Decrease (increase) in notes and accounts receivable - trade	(15,963)	4,318
Decrease (increase) in inventories	(34,348)	(55,521)
Increase (decrease) in notes and accounts payable - trade	34,261	(764)
Other, net	2,676	(5,549)
Subtotal	57,093	27,557
Interest and dividends income received	3,358	3,772
Interest expenses paid	(1,963)	(4,444)
Income taxes paid	(13,676)	(14,857)
Net cash provided by (used in) operating activities	44,812	12,027
Net cash provided by (used in) investing activities		
Payments into time deposits	(402)	(2,173)
Proceeds from withdrawal of time deposits	3,433	2,065
Purchase of property, plant and equipment	(35,935)	(42,299)
Proceeds from sales of property, plant and equipment	909	1,383
Purchase of intangible assets	(2,706)	(7,190)
Purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	(124,095)	(30,732)
Proceeds from sales of shares and investments in capital of subsidiaries and affiliates	11,618	2
Purchase of investment securities	(142)	(325)
Proceeds from sales and redemption of investment securities	1,589	749
Proceeds from sales of businesses	95	—
Payments for transfer of businesses	—	(16)
Other, net	(1,975)	1,285
Net cash provided by (used in) investing activities	(147,612)	(77,252)

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Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Fiscal Year Ended December 31, 2021	Current Fiscal Year Ended December 31, 2022
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(650)	13,715
Increase (decrease) in commercial papers	—	30,000
Proceeds from long-term loans payable	89,070	127,913
Repayment of long-term loans payable	(36,277)	(49,623)
Proceeds from issuance of bonds	60,000	—
Redemption of bonds	—	(20,000)
Cash dividends paid	(9,479)	(9,479)
Cash dividends paid to non-controlling interests	(1,475)	(681)
Net decrease (increase) in treasury shares	20	(6)
Purchase of shares and investments in capital of subsidiaries not resulting in change in scope of consolidation	—	(1,999)
Repayments of lease liabilities	(1,223)	(5,807)
Other, net	(438)	(85)
Net cash provided by (used in) financing activities	99,549	83,948
Effect of exchange rate change on cash and cash equivalents	(531)	6,265
Net increase (decrease) in cash and cash equivalents	(3,782)	24,989
Cash and cash equivalents at beginning of the period	41,354	37,572
Cash and cash equivalents at end of the period	37,572	62,560