Color & Comfort

DIC Report 2021

Financial Section Year ended December 31, 2020

DIC Corporation

One of the world's leading diversified chemicals companies, DIC Corporation is also the core of the DIC Group, a multinational organization with operations in more than 60 countries and territories worldwide. Established in 1908 as a manufacturer of printing inks, DIC has capitalized on its extensive technologies, know-how and experience in the years since to build a broad business portfolio of materials and finished products, enabling it to provide innovative solutions to customers in diverse industries and transforming it into a global powerhouse in its key fields of endeavor.

Now in its second century in business, DIC is redoubling its efforts to develop and market innovative, high-performance products that respond to the needs of customers in markets around the world, in line with its "Color & Comfort by Chemistry" vision. A responsible corporate citizen, DIC is also committed to helping realize environmental and social sustainability.

The DIC Way

Mission

We create enhanced value and utilize innovation to introduce socially responsible and sustainable products.

Vision

Color & Comfort by Chemistry
We improve the human condition by safely bringing color and comfort into people's lives.*

Core Values

Enterprising: Lead with a passion for excellence that is evident in the solution-focused actions taken each day to drive value through innovation.*

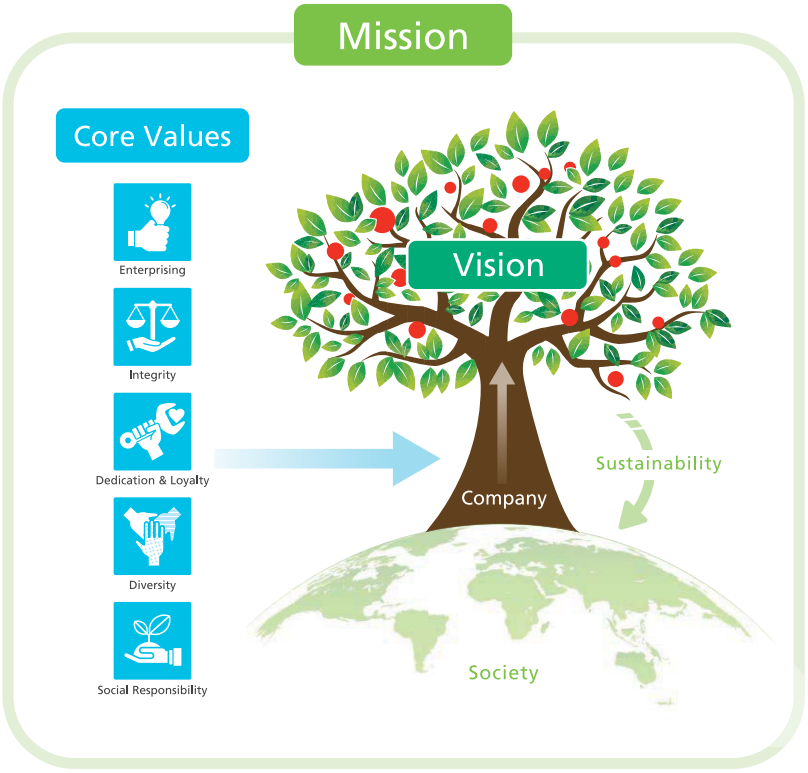
Integrity: Be honest, forthright, and ethical in all dealings with customers, suppliers, and coworkers.*

Dedication & Loyalty: Take responsibility for performance in the office, laboratory, and factory, by demonstrating commitment to customers, suppliers, and coworkers.*

Diversity: Respect other viewpoints and work collaboratively while valuing collective goals over personal interests to achieve excellence; foster communication and cooperation with people from all backgrounds.*

Social Responsibility: Go beyond compliance to promote products and activities that achieve socially responsible and sustainable development that protect the environment.*

* = Annotation



Contents

Consolidated Five-Year Summary 1
Management's Discussion and Analysis 2
Consolidated Balance Sheet 5
Consolidated Statement of Income 7
Consolidated Statement of Comprehensive Income 8
Consolidated Statement of Changes in Net Assets 9
Consolidated Statement of Cash Flows 10
Notes to the Consolidated Financial Statements 11
Management's Report on Internal Control 45
Independent Auditor's Report 46
Investor Information and Corporate Data 50

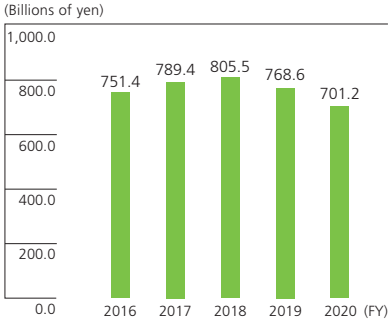
1 Consolidated Five-Year Summary

DIC Corporation and Consolidated Subsidiaries
Years ended December 31, 2020 to 2016

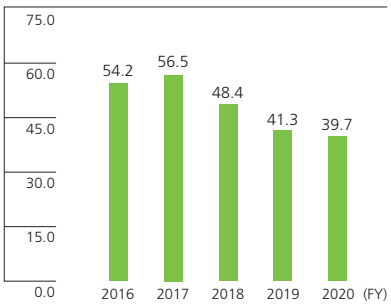
	Millions of yen, except for per share information					Thousands of U.S. dollars, except for per share information (Note 7)
	FY2020	FY2019	FY2018	FY2017	FY2016	**FY2020**
Net sales	**¥701,223**	¥768,568	¥805,498	¥789,427	¥751,438	**$6,807,990**
Percent increase (decrease)	**(8.8)%**	(4.6)%	2.0%	5.1%	(8.4)%	**(8.8)%**
Operating income	**39,663**	41,332	48,385	56,483	54,182	**385,078**
Net income attributable to owners of the parent	**13,233**	23,500	32,028	38,603	34,767	**128,476**
Equity (Note 3)	**318,492**	312,740	298,896	315,129	278,535	**3,092,155**
Total assets	**817,950**	803,083	801,296	831,756	764,828	**7,941,262**
Equity per share (Notes 1, 4 and 6)	**¥3,364.92**	¥3,304.34	¥3,158.05	¥3,329.60	¥2,938.12	**$32.67**
Earnings per share (basic) (Notes 2, 4 and 6)	**139.81**	248.29	338.40	407.56	366.72	**1.36**
Cash dividends per share applicable to the period (Note 5)	**100.00**	100.00	125.00	120.00	64.00	**0.97**
Equity ratio to total assets	**38.9%**	38.9%	37.3%	37.9%	36.4%	**38.9%**
ROE (return on equity)	**4.2%**	7.7%	10.4%	13.0%	12.9%	**4.2%**
Number of employees	**20,242**	20,513	20,620	20,628	20,481	**20,242**

Notes: 1. The computation of equity per share has been based on the number of shares issued as of the balance sheet date.
2. The computation of earnings per share has been based on the weighted-average number of shares issued during each fiscal year.
3. Equity comprises "Total shareholders' equity" and "Total accumulated other comprehensive income."
4. The Company implemented a consolidation of shares of common stock by a factor of 10 to 1 with July 1, 2016, as the effective date. Earnings per share (basic) and equity per share are calculated respectively based on the assumption that the consolidation had been implemented at the beginning of the fiscal year ended December 31, 2016.
5. The Company implemented a consolidation of shares of common stock by a factor of 10 to 1 with July 1, 2016, as the effective date. Cash dividends per share applicable to the period for the fiscal year ended December 31, 2016, comprises interim dividends of ¥4.00 (before the consolidation) and year-end dividends of ¥60.00 (after the consolidation). If the consolidation had been taken into consideration, cash dividends per share applicable to the period for the fiscal year ended December 31, 2016, would be ¥100.00.
6. From the fiscal year ended December 31, 2017, the Company introduced the Board Benefit Trust (BBT). The shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the number of shares issued as of the balance sheet date used for the calculation of equity per share includes the number of shares held by the trust. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings per share includes the number of shares held by the trust.
7. Yen amounts have been translated, for readers' convenience only, at the rate of ¥103 to US$1, the approximate rate of exchange at December 31, 2020.
8. The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, issued on February 16, 2018), etc., since the beginning of the fiscal year ended December 31, 2019. The figures as of December 31, 2018, are based on retrospective application.

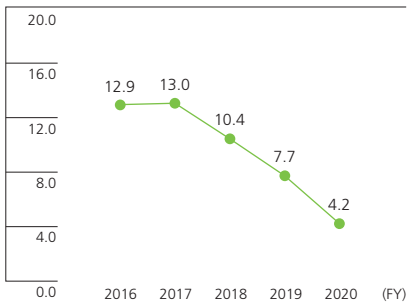
Net Sales
(Billions of yen)



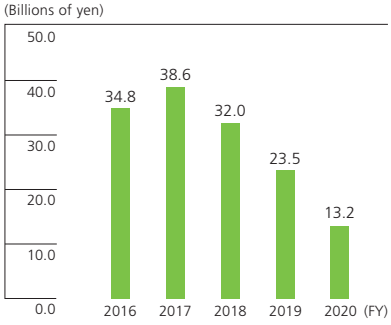
Operating Income
(Billions of yen)



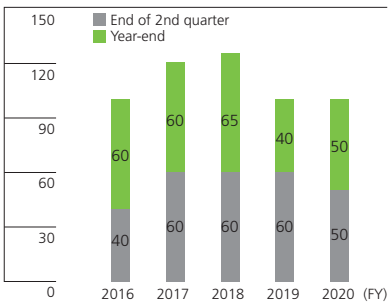
ROE
(%)



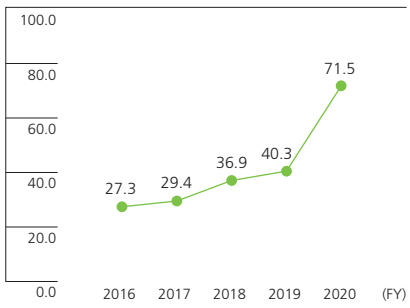
Net Income Attributable to Owners of the Parent
(Billions of yen)



Cash Dividends per Share
(Yen)



Dividend Payout Ratio
(%)



* These figures have been adjusted to account for the impact of a consolidation of shares of common stock by a factor of 10 to 1 with July 1, 2016, as the effective date.

This document presents consolidated results for fiscal year 2020, comprising the accounts for the year ended December 31, 2020, of DIC and its domestic and overseas subsidiaries.

Overview of Operating Results

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, recovered. 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.

	Billions of yen			
	FY2020	FY2019	Change (%)	Change calculated in local currency (%)
Net sales	**¥701.2**	¥768.6	(8.8)%	(6.2)%
Operating income	**39.7**	41.3	(4.0)	1.5
Ordinary income	**36.5**	41.3	(11.7)	—
Net income attributable to owners of the parent	**13.2**	23.5	(43.7)	—
EBITDA*	**55.6**	67.4	(17.5)	—

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

	Yen	
	FY2020	FY2019
Average exchange rate (¥/US$)	**¥106.37**	¥109.11
Average exchange rate (¥/EUR)	**121.43**	122.13

Segment Results

Packaging & Graphic

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.

	Billions of yen		Change calculated in local currency (%)
	FY2020	Change (%)	
Net sales	**¥388.4**	(6.7)%	(2.9)%
Operating income	**21.8**	13.5	23.3

Color & Display

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.

	Billions of yen FY2020	Change (%)	Change calculated in local currency (%)
Net sales	**¥105.8**	(9.1)%	(6.7)%
Operating income	**8.4**	(21.7)	(19.7)

Functional Products

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.

	Billions of yen FY2020	Change (%)	Change calculated in local currency (%)
Net sales	**¥236.0**	(12.1)%	(11.6)%
Operating income	**17.1**	(11.1)	(10.6)

** 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.*

Analysis of Cash Flows

Cash and cash equivalents as of December 31, 2020, totaled ¥41.4 billion, an increase of ¥24.7 billion from December 31, 2019.

Operating Activities

Net cash provided by operating activities amounted to ¥54.5 billion, compared with ¥50.6 billion provided by such activities in fiscal year 2019. Income before income taxes and non-controlling interests was ¥25.1 billion, while the adjustment for depreciation and amortization was ¥32.6 billion. Income taxes paid totaled ¥7.4 billion, while working capital increased ¥8.5 billion.

Investing Activities

Net cash used in investing activities came to ¥33.0 billion, up from ¥24.9 billion used in such activities in the previous fiscal year. A net total of ¥2.8 billion was applied to the purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation, while proceeds from sales of property, plant and equipment amounted to ¥5.9 billion.

Financing Activities

Net cash provided by financing activities amounted to ¥6.3 billion, up from ¥26.8 billion used in such activities in fiscal year 2019. A net total of ¥17.9 billion was applied to the proceeds from interest-bearing debt, while cash dividends paid came to ¥8.5 billion.

5 Consolidated Balance Sheet

DIC Corporation and Consolidated Subsidiaries
December 31, 2020

Assets

	Millions of yen	
	2020	2019
Current assets:		
Cash and deposits (Notes 6, 12 and 20)	**¥ 44,885**	¥ 16,786
Notes and accounts receivable—trade (Notes 12, 20 and 21)	**197,595**	211,232
Merchandise and finished goods (Note 12)	**78,273**	91,555
Work in process (Note 12)	**9,065**	9,566
Raw materials and supplies (Note 12)	**55,058**	58,610
Other (Note 20)	**24,294**	21,607
Allowance for doubtful accounts	**(9,171)**	(9,437)
Total current assets	**399,997**	399,919
Non-current assets:		
Property, plant and equipment (Notes 9, 11 and 12):		
Buildings and structures	**86,885**	88,540
Machinery, equipment and vehicles	**67,386**	70,867
Tools, furniture and fixtures	**10,468**	11,191
Land	**51,362**	51,961
Construction in progress	**11,977**	9,616
Total property, plant and equipment	**228,078**	232,176
Intangible assets:		
Goodwill	**819**	762
Software	**2,963**	2,585
Customer-related assets	**2,853**	2,674
Other	**4,877**	5,782
Total intangible assets	**11,512**	11,804
Investments and other assets:		
Investment securities (Notes 7, 8 and 20)	**57,201**	59,313
Deferred tax assets (Note 17)	**32,407**	33,192
Net defined benefit asset (Note 13)	**63,784**	44,339
Other (Notes 7 and 20)	**25,705**	23,020
Allowance for doubtful accounts	**(734)**	(680)
Total investments and other assets	**178,363**	159,184
Total non-current assets	**417,953**	403,164
Total assets	**¥817,950**	¥803,083

See notes to the consolidated financial statements.

Liabilities and Net Assets

	Millions of yen	
	2020	2019
Current liabilities:		
Notes and accounts payable—trade (Notes 20 and 21)	**¥ 95,263**	¥108,562
Short-term loans payable (Notes 12 and 20)	**10,275**	20,139
Current portion of long-term loans payable (Notes 12, 20 and 21)	**27,096**	23,456
Lease obligations (Notes 12 and 20)	**1,061**	1,244
Income taxes payable (Notes 17 and 20)	**4,985**	2,556
Provision for bonuses	**5,480**	5,724
Other (Note 20)	**53,022**	48,445
Total current liabilities	**197,181**	210,126
Non-current liabilities:		
Bonds payable (Notes 12 and 20)	**100,000**	80,000
Long-term loans payable (Notes 12, 20 and 21)	**123,766**	122,602
Lease obligations (Notes 12 and 20)	**4,543**	5,191
Deferred tax liabilities (Note 17)	**12,525**	8,768
Net defined benefit liability (Note 13)	**17,071**	21,377
Asset retirement obligations	**1,691**	1,696
Other	**9,809**	9,826
Total non-current liabilities	**269,405**	249,459
Total liabilities	**466,586**	459,585
Net assets:		
Shareholders' equity (Notes 14 and 24):		
Capital stock (Note 15)	**96,557**	96,557
Capital surplus	**94,468**	94,456
Retained earnings	**219,778**	218,209
Treasury shares (Notes 5 and 16)	**(1,800)**	(1,823)
Total shareholders' equity	**409,003**	407,398
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**2,903**	1,676
Deferred gains or losses on hedges	**2,468**	683
Foreign currency translation adjustment	**(82,321)**	(72,671)
Remeasurements of defined benefit plans (Note 13)	**(13,562)**	(24,346)
Total accumulated other comprehensive income	**(90,511)**	(94,658)
Non-controlling interests	**32,873**	30,757
Total net assets	**351,364**	343,497
Total liabilities and net assets	**¥817,950**	¥803,083

7 Consolidated Statement of Income

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2020

	Millions of yen	
	2020	2019
Net sales	**¥701,223**	¥768,568
Cost of sales	**544,430**	603,199
Gross profit	**156,793**	165,369
Selling, general and administrative expenses (Note 18)	**117,130**	124,037
Operating income	**39,663**	41,332
Non-operating income:		
Interest income	**1,263**	2,420
Dividends income	**416**	414
Equity in earnings of affiliates	**771**	2,475
Other	**2,066**	1,692
Total non-operating income	**4,516**	7,001
Non-operating expenses:		
Interest expenses	**2,225**	3,724
Foreign exchange losses	**1,384**	811
Other	**4,117**	2,496
Total non-operating expenses	**7,726**	7,031
Ordinary income	**36,452**	41,302
Extraordinary income:		
Gain on sales of non-current assets	**5,226**	1,401
Gain on bargain purchase	**1,295**	—
Insurance income	**531**	1,409
Gain on sales of subsidiaries' and affiliates' securities	**—**	1,624
Total extraordinary income	**7,052**	4,435
Extraordinary loss:		
Loss on business liquidation (Note 10)	**8,762**	—
Acquisition-related expenses	**4,563**	1,914
Loss on disposal of non-current assets	**2,903**	2,399
Impairment loss (Note 11)	**1,251**	3,078
Severance costs	**924**	840
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	**18,403**	11,061
Income before income taxes and non-controlling interests	**25,102**	34,676
Income taxes (Note 17):		
Income taxes—current	**10,336**	7,869
Income taxes—deferred	**(1,651)**	1,461
Total income taxes	**8,685**	9,330
Net income	**16,417**	25,346
Net income attributable to non-controlling interests	**3,184**	1,846
Net income attributable to owners of the parent	**¥ 13,233**	¥ 23,500
		Yen
Earnings per share (Note 2):		
Basic	**¥ 139.81**	¥ 248.29
Diluted	**—**	—
Weighted-average number of shares issued during the period, excluding treasury shares (in thousands)	**94,651**	94,646
Cash dividends per share applicable to the period (Note 2)	**¥ 100.00**	¥ 100.00

See notes to the consolidated financial statements.

8 Consolidated Statement of Comprehensive Income

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2020

	Millions of yen	
	2020	2019
Net income	**¥16,417**	¥25,346
Other comprehensive income:		
Valuation difference on available-for-sale securities	**1,175**	327
Deferred gains or losses on hedges	**1,785**	669
Foreign currency translation adjustment	**(9,827)**	(4,394)
Remeasurements of defined benefit plans, net of tax (Note 13)	**10,689**	7,269
Share of other comprehensive income of associates accounted for using equity method	**158**	(744)
Total other comprehensive income (Note 23)	**¥ 3,980**	¥ 3,127
Comprehensive income	**¥20,396**	¥28,473
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	**¥17,368**	¥26,546
Comprehensive income attributable to non-controlling interests	**3,028**	1,927

See notes to the consolidated financial statements.

9 Consolidated Statement of Changes in Net Assets

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2020

Millions of yen

	Shareholders' equity					
	Issued number of common stock (thousands)	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2019	95,157	¥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
Dividends from surplus, ¥125.00 per share (Note 14)				(11,849)		(11,849)
Net income attributable to owners of the parent				23,500		23,500
Purchase of treasury shares—2,187 shares					(7)	(7)
Disposal of treasury shares—1,600 shares					6	6
Change in scope of consolidation				(90)		(90)
Change in ownership interest of the parent due to transactions with non-controlling interests			11			11
Net changes of items other than shareholders' equity (Notes 8 and 14)						
Balance at December 31, 2019	95,157	96,557	94,456	218,209	(1,823)	407,398
Dividends from surplus, ¥90.00 per share (Note 14)				**(8,531)**		**(8,531)**
Net income attributable to owners of the parent				**13,233**		**13,233**
Purchase of treasury shares—1,900 shares					**(5)**	**(5)**
Disposal of treasury shares—7,200 shares					**28**	**28**
Change in scope of equity method				**(3,133)**		**(3,133)**
Change in ownership interest of the parent due to transactions with non-controlling interests			**12**			**12**
Net changes of items other than shareholders' equity (Notes 8 and 14)						
Balance at December 31, 2020	**95,157**	**¥96,557**	**¥94,468**	**¥219,778**	**¥(1,800)**	**¥409,003**

Millions of yen

	Accumulated other comprehensive income						
	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	Non-controlling interests	Total net assets
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
Dividends from surplus, ¥125.00 per share (Note 14)							(11,849)
Net income attributable to owners of the parent							23,500
Purchase of treasury shares—2,187 shares							(7)
Disposal of treasury shares—1,600 shares							6
Change in scope of consolidation							(90)
Change in ownership interest of the parent due to transactions with non-controlling interests							11
Net changes of items other than shareholders' equity (Notes 8 and 14)	269	670	(5,055)	7,161	3,046	2,320	5,365
Balance at December 31, 2019	1,676	683	(72,671)	(24,346)	(94,658)	30,757	343,497
Dividends from surplus, ¥90.00 per share (Note 14)							**(8,531)**
Net income attributable to owners of the parent							**13,233**
Purchase of treasury shares—1,900 shares							**(5)**
Disposal of treasury shares—7,200 shares							**28**
Change in scope of equity method							**(3,133)**
Change in ownership interest of the parent due to transactions with non-controlling interests							**12**
Net changes of items other than shareholders' equity (Notes 8 and 14)	**1,227**	**1,785**	**(9,650)**	**10,784**	**4,147**	**2,116**	**6,262**
Balance at December 31, 2020	**¥2,903**	**¥2,468**	**¥(82,321)**	**¥(13,562)**	**¥(90,511)**	**¥32,873**	**¥351,364**

See notes to the consolidated financial statements.

10 Consolidated Statement of Cash Flows

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2020

	Millions of yen	
	2020	2019
Net cash provided by (used in) operating activities:		
Income before income taxes and non-controlling interests	**¥ 25,102**	¥ 34,676
Adjustments for:		
Depreciation and amortization	**32,581**	33,127
Amortization of goodwill	**143**	99
Gain on bargain purchase	**(1,295)**	—
Increase (decrease) in allowance for doubtful accounts	**(548)**	559
Increase (decrease) in provision for bonuses	**(124)**	(561)
Interest and dividends income	**(1,679)**	(2,834)
Equity in (earnings) losses of affiliates	**(771)**	(2,475)
Interest expenses	**2,225**	3,724
Loss (gain) on sales and retirement of non-current assets	**(2,324)**	997
Impairment loss	**1,251**	3,078
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	**10,781**	(3,054)
Decrease (increase) in inventories	**10,158**	4,614
Increase (decrease) in notes and accounts payable—trade	**(12,453)**	(9,802)
Other, net	**(10,847)**	(3,543)
Subtotal	**60,963**	57,298
Interest and dividends income received	**3,249**	4,335
Interest expenses paid	**(2,385)**	(3,865)
Income taxes paid	**(7,366)**	(7,132)
Net cash provided by (used in) operating activities	**54,462**	50,637
Net cash provided by (used in) investing activities:		
Payments into time deposits	**(8,024)**	(3,685)
Proceeds from withdrawal of time deposits	**4,589**	4,740
Purchase of property, plant and equipment	**(32,719)**	(34,042)
Proceeds from sales of property, plant and equipment	**5,895**	1,613
Purchase of intangible assets	**(1,280)**	(919)
Purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	**(2,817)**	(1,558)
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	**890**	900
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**	9,508
Purchase of investment securities	**(51)**	(350)
Proceeds from sales and redemption of investment securities	**352**	134
Payments for transfer of business	**(78)**	(96)
Other, net	**(3)**	(1,363)
Net cash provided by (used in) investing activities	**(33,037)**	(24,884)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	**(8,866)**	(9,383)
Proceeds from long-term loans payable	**42,105**	40,250
Repayment of long-term loans payable	**(35,325)**	(63,513)
Proceeds from issuance of bonds	**20,000**	20,000
Cash dividends paid	**(8,531)**	(11,849)
Cash dividends paid to non-controlling interests	**(782)**	(767)
Net decrease (increase) in treasury shares	**23**	(1)
Purchase of shares and investments in capital of subsidiaries not resulting in change in scope of consolidation	**(114)**	(186)
Other, net	**(2,173)**	(1,351)
Net cash provided by (used in) financing activities	**6,338**	(26,799)
Effect of exchange rate change on cash and cash equivalents	**(3,100)**	(895)
Net increase (decrease) in cash and cash equivalents	**24,663**	(1,941)
Cash and cash equivalents at beginning of the period (Note 6)	**16,690**	18,631
Cash and cash equivalents at end of the period (Note 6)	**¥ 41,354**	¥ 16,690

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

DIC Corporation and Consolidated Subsidiaries
Year ended December 31, 2020

Note 1:

Basis of Presenting Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated financial statements are stated in Japanese yen, the currency of the country in which DIC Corporation (the "Company") is incorporated.

Note 2:

Summary of Significant Accounting Policies

Consolidated financial statements

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

The consolidated financial statements include the accounts of the Company and its significant subsidiaries: Sun Chemical Group Coöperatief U.A., DIC (China) Co., Ltd., DIC Asia Pacific Pte Ltd, SEIKO PMC CORPORATION, DIC INVESTMENTS JAPAN, LLC., DIC Graphics Corporation and 146 other companies in the fiscal year ended December 31, 2020 (145 other companies in the fiscal year ended December 31, 2019). All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Company and its consolidated subsidiaries (the "Group") is eliminated.

Investments in 20 affiliates in the fiscal year ended December 31, 2020 (22 in the fiscal year ended December 31, 2019), are accounted for by the equity method.

Accounting period of consolidated subsidiaries

The closing date of the consolidated subsidiaries is the same as the consolidated closing date.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on hand, certificates of deposit and short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and have insignificant risk of changes in value.

Investment securities

Investment securities are classified and accounted for, depending on management's intent, into available-for-sale securities. Available-for-sale securities are carried at fair value as of the balance sheet date, with unrealized gain and loss, net of applicable taxes, reported in a separate component of net assets. Available-for-sale securities whose fair values are not readily available are carried at cost and calculated using the moving-average method. The cost of securities sold is calculated by the moving-average method.

Allowance for doubtful accounts

Allowance for doubtful accounts is provided mainly based on historical experience for normal receivables and on an estimate of collectability of receivables from companies in financial difficulty.

Inventories

Inventories are principally stated at cost, cost being determined by the first-in, first-out (FIFO) method, which evaluates the amount of the inventories shown in the balance sheet by writing them down based on their decrease in profitability.

Property, plant and equipment (excluding leased assets)

Property, plant and equipment are carried at cost. Significant renewals and additions are capitalized; maintenance and repairs, and minor renewals and improvements, are charged to income as incurred.

Depreciation of buildings (other than facilities attached to buildings) of the Company and its domestic consolidated subsidiaries is calculated principally by the straight-line method. Besides, depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, is also calculated by the straight-line method. Other property, plant and equipment are calculated by the declining-balance method.

Depreciation of property, plant and equipment of foreign consolidated subsidiaries is calculated principally by the straight-line method. The range of useful lives is principally from 8 to 50 years for buildings and structures and from 3 to 11 years for machinery, equipment and vehicles.

Intangible assets (excluding leased assets)

Intangible assets are carried at cost less accumulated amortization, and are amortized by the straight-line method. Goodwill is amortized by the straight-line method over a reasonable period not exceeding 20 years.

Leased assets

Leased assets related to finance leases that do not transfer ownership of the leased property to the lessee are depreciated on a straight-line basis, with the lease periods used as their useful lives and no residual value.

Right-of-use assets

Right-of-use assets are depreciated by the straight-line method, with no residual value from the commencement date to the earlier of the end of the lease term or end of the useful life of the right-of-use asset.

Retirement and pension plans

Net defined benefit assets/liabilities are recognized for employees' and executive officers' retirement benefits. Pension assets are deducted from retirement benefit obligations and the net amount is recognized based on the estimated amount of payment as of the balance sheet date. In calculating retirement benefit obligations, the Company applies a method of attributing expected retirement benefits to each period on a benefit formula basis. The Company and its domestic consolidated subsidiaries amortize actuarial gains and losses in the succeeding years primarily by the straight-line method over stated years that do not exceed the average remaining service period of the eligible employees (14 to 16 years). Past service costs are amortized in the accounting periods when they accrue.

Foreign consolidated subsidiaries amortize actuarial gains and losses in the succeeding years primarily by the straight-line method over stated years that do not exceed the average remaining service period of the eligible employees (7 to 25 years). Past service costs are amortized over 22 to 25 years.

Unrecognized actuarial gains and losses and unrecognized past service costs are recorded in "Remeasurements of defined benefit plans" in net assets after adjusting income tax effect.

Asset retirement obligations

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period in which the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

Income taxes

The provision for income taxes is computed based on the pretax income (loss) included in the consolidated statement of income.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Consolidated taxation system

The Company and some of its consolidated subsidiaries have adopted the consolidated taxation system, with the Company registered as the consolidated taxation parent company.

Tax effect accounting for the transition from the consolidated taxation system to the Group tax sharing system

Concerning items which transitioned to the Group tax sharing system and those for which the nonconsolidated tax payment system were reviewed in line with the transition to the Group tax sharing system, which

was established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020), the Company and some of its domestic consolidated subsidiaries have not applied the provisions stipulated in Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, issued on February 16, 2018) in accordance with the treatment set out Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, issued on March 31, 2020). Instead, they have applied the provisions of the tax regime before the revision to calculate the amounts of deferred tax assets and deferred tax liabilities.

Research and development costs

Research and development costs are charged to income as incurred.

Basis of translation of financial statements of foreign consolidated subsidiaries

The financial statements of foreign consolidated subsidiaries included in the consolidated financial statements are translated into Japanese yen based on the following procedures:

(1) Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rates as of the balance sheet date.

(2) Income and expenses are translated into Japanese yen at the average rate during the year.

The differences of translation are included in foreign currency translation adjustment and non-controlling interests, which are presented as separate components of net assets.

Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the balance sheet date and any difference arising from the translation is recognized in the consolidated statement of income if hedge accounting is not applied.

Derivatives and hedging activities

To hedge risks associated with the fluctuations of exchange rates, interest rates and commodity prices, the Group uses foreign currency forward contracts, currency swaps, interest rate swaps and commodity swaps. To hedge a part of the risks associated with the fluctuations of exchange rates for investments in foreign entities, the Company uses loans denominated in foreign currencies. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: 1) all derivatives are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized in the consolidated statement of income and 2) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Receivables and payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting. Gains and losses related to qualifying hedges of firm commitments or anticipated transactions are deferred and recognized in income when the hedged transaction occurs. If interest rate swaps qualify for hedge accounting and meet certain specific matching criteria, they will not be measured at market value, rather the differential paid or received under the swaps will be recognized in interest expenses or interest income.

Per share information

Earnings per share (basic) is computed by dividing net income attributable to owners of the parent available to common shareholders by the weighted-average number of shares issued for the period.

Earnings per share (diluted) reflects the potential dilution that could occur if securities were exercised or converted into common stock. Earnings per share (diluted) assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the fiscal year.

From the fiscal year ended December 31, 2017, the Company introduced the Board Benefit Trust (BBT). The shares held by the trust are recorded under net assets as treasury shares. The number of treasury shares excluded from the number of shares issued as of the balance sheet date used for the calculation of equity per share

includes the number of shares held by the trust. The number of treasury shares excluded from the weighted-average number of shares issued during the fiscal year used for the calculation of earnings per share includes the number of shares held by the trust.

The number of treasury shares held by the trust excluded from the calculation of equity per share as of December 31, 2020 and 2019, is 139,000 shares and 146,200 shares, respectively. The number of treasury shares held by the trust excluded from the calculation of earnings per share as of December 31, 2020 and 2019, is 140,038 shares and 146,323 shares, respectively.

Note 3:

Accounting Changes

Adoption of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements and other standards

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No. 18, issued on June 28, 2019) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, issued on September 14, 2018) have been applied from the beginning of the fiscal year. As a result of this application, in the event that foreign subsidiaries that adopt IFRS 9 "Financial Instruments" have elected to present subsequent changes in fair value of equity instruments in other comprehensive income, the amounts of gain or loss on sale or impairment losses of such equity instruments will be adjusted as a gain or loss for the period for consolidated accounting.

As a result, the application of PITF No. 18 has no material impact on consolidated financial statements and per share information for the fiscal year.

Note 4:

New Accounting Pronouncements

The Company and its domestic consolidated subsidiaries:

- **"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020)**
- **"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, issued on March 31, 2020)**
- **"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued on March 31, 2020)**

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and issued "Revenue from Contracts with Customers" in May 2014 (IFRS 15 by the IASB, and Accounting Standards Update (ASU) 2014-09 by the FASB).

IFRS 15 was applied for annual reporting periods beginning on or after January 1, 2018, and ASU 2014-09 was also applied from annual reporting periods beginning after December 15, 2017. Based on such a situation, the ASBJ developed the comprehensive accounting standard for revenue recognition and the implementation guidance and issued them together.

The basic objective of the ASBJ in developing the accounting standard for revenue recognition was to enhance comparability between financial statements, which is one of the points of convenience of interfacing with IFRS 15. Accordingly, the accounting standard fundamentally incorporates the basic policies of IFRS 15.

Also, where there are items that should be considered to reflect business practices in Japan, alternative policies will be added to the extent that comparability is not lost.

(2) Date of adoption

The Company and its domestic consolidated subsidiaries will adopt these revised PITFs from the beginning of the fiscal year ending December 31, 2022.

(3) Impact of the adoption of the revised PITFs

The Company is in the process of measuring the effects of applying these revised PITFs in future applicable periods.

- **"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019)**
- **"Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 4, 2019)**
- **"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, issued on July 4, 2019)**

- **"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, issued on July 4, 2019)**
- **"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued on March 31, 2020)**

(1) Overview

The IASB and the FASB have provided detailed guidance of almost the same contents for fair value measurement (IFRS 13 Fair Value Measurement by the IASB, and ASU 2018-13 Fair Value Measurement (Topic 820) by the FASB). Based on such a situation, the ASBJ issued "Accounting Standard for Fair Value Measurement," as a result of initiatives mainly concerning promoting the consistency between Japanese and international accounting standards regarding guidance for fair value measurement and required disclosures.

The basic objective of the ASBJ in developing the accounting standard for fair value measurement was to enhance comparability between financial statements of domestic and foreign entities, through a unified measuring method. Accordingly, the accounting standard fundamentally incorporates the basic policies of IFRS 13.

Also, where there are items that should be considered to reflect business practices in Japan, exceptional treatments have been established for certain items to the extent that comparability is not lost significantly.

(2) Date of adoption

The Company and its domestic consolidated subsidiaries will adopt these revised PITFs from the beginning of the fiscal year ending December 31, 2022.

(3) Impact of the adoption of the revised PITFs

The Company is in the process of measuring the effects of applying these revised PITFs in future applicable periods.

- **"Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Correction" (ASBJ Statement No. 24, revised on March 31, 2020)**

(1) Overview

The ASBJ has amended certain accounting standards, and issued "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Correction" to reflect recommendations for enhancing footnote information related to accounting principles and procedures if the related accounting standards are not definitive. In addition, Paragraph 1-2 of annotations on generally accepted accounting principles continue to be effective when enhancing footnote information in notes regarding accounting principles and procedures adopted if the related accounting standards are not definitive, in order not to conflict with current accounting practices where related accounting standards are definitive.

(2) Date of adoption

The Company and its domestic consolidated subsidiaries will adopt the issued accounting standard from the end of the fiscal year ending December 31, 2021.

- **"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020)**

(1) Overview

The IASB issued International Accounting Standard 1, "Presentation of Financial Statements," in 2003, and Paragraph 125 of this accounting standard requires disclosures of key sources of estimation uncertainty. As such information is required for the convenience of users of financial statements in Japan, the ASBJ issued "Accounting Standard for Disclosure of Accounting Estimates." The ASBJ presents the principles and the purposes of disclosure of key sources of estimation uncertainty, and the items to be disclosed should be determined by management in a way that helps users of the financial statements understand the judgments applied. The nature and extent of the information to be disclosed will vary according to the nature of the assumptions and the other circumstances. This accounting standard was developed based on Paragraph 125 of "Presentation of Financial Statements."

(2) Date of adoption

The Company and its domestic consolidated subsidiaries will adopt the issued accounting standard from the end of the fiscal year ending December 31, 2021.

Foreign consolidated subsidiaries:
ASU 2016-02 Leases
ASU 2019-10 Financial Instruments–Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates
(1) Overview
These accounting standards require lessees to recognize a right-of-use asset and a lease liability in the statement of financial position. There are no significant changes for lessors in these accounting standards.

The FASB has issued ASU 2019-10, which amends the effective dates for three major accounting standards. The ASU defers the effective dates for the credit losses, derivatives and hedging, and leases standards for certain companies.

(2) Date of adoption
Foreign consolidated subsidiaries will adopt ASU 2016-02 from the beginning of the fiscal year ending December 31, 2022.

(3) Impact of the adoption of the accounting standards
The Company is in the process of measuring the effects of applying the accounting standards in future applicable periods.

Note 5:
Additional Information

Board Benefit Trust (BBT)
With regard to compensation for executive officers, as well as directors who concurrently serve as executive officers (the "Target Officers"), the Company introduced a performance-based stock compensation plan called BBT (the "Plan") from the fiscal year ended December 31, 2017. The purpose of the Plan is to further clarify the linkage between the compensation of the Target Officers, and corporate performance and the value of the Company's shares. The intended result is strengthening the Target Officers' awareness of their contributions to the medium- to long-term improvement of corporate performance and value.

Accounting treatment related to the trust agreement is in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, issued on March 26, 2015).
(1) Outline of the transactions
The trust established under the Plan acquires the Company's shares by cash contributed by the Company. The trust provides shares of the Company and the cash equivalent to the market price of the shares of the Company (the "Company's Shares and Cash Benefits") to the Target Officers, in accordance with the Rules of Officer Share Benefit established by the Company. The Target Officers shall in principle receive the Company's Shares and Cash Benefits upon their retirement.
(2) The Company's shares remaining in the trust
The shares remaining in the trust are recorded under net assets as treasury shares at the book value in the trust (excluding incidental costs). The book value and number of such treasury shares are ¥549 million and 139 thousand as of December 31, 2020, and ¥577 million and 146 thousand as of December 31, 2019, respectively.

Acquisition of the shares and assets of a pigments business from BASF SE and transformation of the business into a subsidiary
On August 29, 2019, the Company resolved to acquire the shares and assets of the Colors & Effects business of BASF SE, Europe's largest chemicals manufacturer, and entered into the master sale and purchase agreement. This transaction is subject to regulatory approval by pertinent U.S., European and other authorities as well as other customary conditions.
(1) Objectives of the acquisition of shares and assets
To hasten the qualitative transformation of its Color & Display business, the Company is working to expand its functional pigments business with the aim of driving growth as a leading global manufacturer of high-growth, high-value specialty pigments, including those for displays, cosmetics and automobiles. The annual global pigments market is estimated at approximately ¥2.3 trillion. The Company is a leader in organic pigments and a valued manufacturer of aluminum effect pigments. The target business, which is based in Europe and has

sites around the world, has established itself as a prominent global manufacturer of effect pigments (for pearl pigments) and for specialty inorganic pigments. Accordingly, the product portfolios of the Company and the target business are highly complementary, with little product overlap. Through this acquisition, the Company will add a functional pigments product portfolio which is highly regarded by customers. The Company has committed itself to achieving sustainable growth for its color materials business by expanding its functional pigments business, recognizing this as crucial to bolstering its corporate value.

(2) Name of the seller of the target business

BASF SE

(3) Profile of the target business

This acquisition involves obtaining the pigments business–related assets—including technologies, patents and other intellectual property, as well as goodwill not included in the share purchase—and the shares of 18 individual companies.

(4) Schedule of the acquisition of the target business: In the first quarter of 2021

(Notes)

1. This transaction is subject to regulatory approval by pertinent U.S., European and other authorities—including under the antitrust laws of the relevant countries—as well as other customary conditions.
2. Owing to regulatory review timing and other closing conditions, the effective date of the transfer of shares and assets may change.
3. The closing of this transaction is pending approval by the U.S. Federal Trade Commission. As such, there is a possibility that execution will be rescheduled to the first half of 2021 as a consequence of ongoing approval procedures.

(5) Cost of acquisition (Reference): €985 million (¥116.2 billion)

(Notes)

1. The figure above is derived from adjusting cash and debt as of December 31, 2018, from the enterprise value (€1,150 million) of the target business. The actual cost of acquisition may vary depending on actual net cash/debt and differences in working capital, among others, at closing.
2. Advisory and other fees will depend on fees related to procedures to determine compliance with the antitrust laws of the United States and Europe, as well as of other relevant countries. Accordingly, such expenses are not included.
3. The exchange rate used is ¥118.00/€1.00. This figure has been rounded.

(6) Plans for raising funds

The Company intends to raise funds in a manner that avoids a decline in capital efficiency due to stock dilution and which maintains financial soundness. Thus, the Company decided to finance through a subordinated term loan. DIC has no plans to raise funds using equity financing.

Financing through a subordinated term loan

Procurement of a total of ¥60 billion through a subordinated term loan ("the subordinated loan") was approved at a meeting of the Company's Board of Directors held on March 24, 2020.

(1) Purpose and significance of the subordinated loan

The Company had resolved to acquire the shares and assets of the Colors & Effects business of German firm BASF SE on August 29, 2019.

With regard to the method of procuring funds for this acquisition, the Company planned to choose an approach that would avoid a decline in capital efficiency due to stock dilution and enable it to maintain financial soundness. Having since explored hybrid financing, the Company made the decision to use a subordinated loan.

Also, the Company currently has no plans to raise funds through the issue of new shares (equity financing).

(2) Characteristics of the subordinated loan

A subordinated loan is a type of hybrid financing midway between equity and debt. Accordingly, while classified as debt, it has characteristics similar to equity. As a result, the subordinated loan will be eligible for recognition by credit rating agencies as having equity credit attributes to a certain extent, enabling the Company to strengthen its financial base without causing stock dilution. Specifically, the Company expects 50% of the total amount procured to be assessed as having equity credit attributes by Japan Credit Rating Agency, Ltd.

(3) Summary of the subordinated loan

- Total amount procured: ¥60 billion
- Contract date: March 31, 2020
- Drawdown date (*1): Any date up to and including June 30, 2021
- Use of funds procured: Business acquisition
- Due date: 60 years from the drawdown date
- Early repayment (*2): The Company may repay before the due date all or part of the principal on each interest payment date five years from the drawdown date or later, or in certain other specified circumstances.
- Applicable interest rate: From drawdown date up to the 10th year, at base floating interest rate plus the initial spread.
  From the 10th year up to the 25th year, at base floating interest rate plus a 0.25% step-up from the initial spread.
  From the 25th year on, at base floating interest rate plus a 1.00% step-up from the initial spread.
- Interest deferral clause: The Company may defer payment of interest.
- Subordination clause: The creditors of the subordinated loan shall have a claim subordinated to that of other senior debt creditors in the event of the Company's liquidation, bankruptcy, corporate reorganization or civil rehabilitation proceedings under Japanese law or any equivalent proceedings under any laws other than Japanese law. Any provisions stipulated in the subordinated loan agreement shall not be amended in any manner detrimental to any of the Company's creditors other than the creditors of the subordinated loan.
- Lenders: MUFG Bank, Ltd., Mizuho Bank, Ltd., etc.
- Assessment of equity credit attributes
  Japan Credit Rating Agency: Medium / 50%

**1 As described in "Acquisition of the shares and assets of a pigments business from BASF SE and transformation of the business into a subsidiary," there is a possibility that execution will be rescheduled to the first half of 2021. Therefore, there is a possibility that the drawdown date will be rescheduled to any date up to and including June 30, 2021. Accordingly, on March 5, 2021, the Company resolved to reschedule the drawdown date.*

**2 In the case of early repayment of the subordinated loan, the Company anticipates procuring funds through the issue of common stock or debt (refinancing securities) approved by rating agencies as having equity credit attributes equivalent to or higher than the subordinated loan. However, if the Company satisfies certain financial requirements when early repayment is made five years after the drawdown date or later, it may defer the procurement of funds through refinancing securities.*

Accounting estimates associated with the spread of COVID-19

Owing to the COVID-19 pandemic, global economic growth slowed in the second quarter (April 1–June 30, 2020) and the third quarter (July 1–September 30, 2020), as a result of which shipments fell in multiple areas. However, shipments of many products, notably materials for use in automobiles and publication inks, recovered in the fourth quarter (October 1–December 31, 2020). Although the impact of the spread of COVID-19 varies by region and business, the Company has made accounting estimates such as impairment of non-current assets and recoverability of deferred tax assets based on the assumption that economic conditions will gradually recover in fiscal year 2021 and has assumed that an impact on the estimates would not be significant as of December 31, 2020.

However, due to uncertainties in the application of such assumption to the estimates above, unexpected changes in the recovery time for COVID-19 or its impact on the economic environment may affect the financial position, operating results and cash flows of the Company in the future.

Note 6:

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2020 and 2019, include the following:

	Millions of yen	
	2020	2019
Cash and deposits	**¥44,885**	¥16,786
Less: time deposits and short-term investments which mature over three months after the date of acquisition	**(3,531)**	(95)
Cash and cash equivalents	**¥ 41,354**	¥16,690

Note 7:

Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates as of December 31, 2020 and 2019, include the following:

	Millions of yen	
	2020	2019
Investments in stock of unconsolidated subsidiaries and affiliates	**¥40,756**	¥44,505
Investments in equity of unconsolidated subsidiaries and affiliates	**678**	653
Total	**¥41,434**	¥45,158

Note 8:

Investment Securities

The carrying amounts and aggregate fair values of available-for-sale securities as of December 31, 2020 and 2019, are as follows:

	Millions of yen			
				2020
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	**¥8,508**	**¥5,379**	**¥(1,028)**	**¥12,859**
Total	**¥8,508**	**¥5,379**	**¥(1,028)**	**¥12,859**

	Millions of yen			
				2019
	Cost	Unrealized gains	Unrealized losses	Fair value
Available-for-sale securities:				
Stocks	¥8,330	¥3,147	¥(501)	¥10,976
Total	¥8,330	¥3,147	¥(501)	¥10,976

Note 9:

Property, Plant and Equipment

Accumulated depreciation on property, plant and equipment as of December 31, 2020 and 2019, is ¥567,341 million and ¥563,939 million, respectively.

Note 10:

Loss on Business Liquidation

In relation to the divestiture of a high-performance pigments business based in the United States, the Company recognized a loss on business liquidation, which it expects to incur on the disposal of assets. The Company has entered into an agreement with the German company BASF to acquire the shares and assets of the latter's Colors & Effects business, and is currently working with BASF to close this transaction in the first quarter of 2021. The divestiture is being undertaken to ensure compliance with relevant antitrust laws.

Note 11:

Impairment of Long-Lived Assets

Impairment losses on long-lived assets for the fiscal year ended December 31, 2020, for each asset group are as follows:

Millions of yen

			2020
Used status	Category of assets	Location	Allocated impairment loss
Factory assets in use	Machinery, equipment and vehicles, and Other	Australia	¥ 478
Idle assets	Buildings and structures, Machinery, equipment and vehicles, and Other	Ina, Japan	383
Factory assets in use	Machinery, equipment and vehicles	Singapore	379
Idle assets	Buildings and structures, Machinery, equipment and vehicles, and Other	Others	12
Total			¥1,251

In reviewing the impairment of long-lived assets, the Group categorizes its operating assets mainly by each consolidated company or product group.

The carrying amount of factory assets in use was reduced to its recoverable amount because the recoverable amount is less than the carrying amount.

The carrying amount of idle assets was reduced to its recoverable amount because of production stop and others.

For foreign consolidated subsidiaries, the recoverable amount was measured as value in use. Value in use of relevant assets was calculated by discounting future cash flows at a rate from 10.0% to 10.5%. For idle assets, the recoverable amount was measured as value in use and was evaluated as zero because an estimate of future cash flows is zero.

Impairment losses on long-lived assets for the fiscal year ended December 31, 2019, for each asset group are as follows:

Millions of yen

			2019
Used status	Category of assets	Location	Allocated impairment loss
Factory assets in use	Buildings and structures, and Land	Hirakata, Japan	¥1,463
Factory assets in use	Buildings and structures, Machinery, equipment and vehicles, Land, and Other	Kawaguchi, Japan	925
Factory assets in use	Buildings and structures, Machinery, equipment and vehicles, Land, and Other	China	690
Total			¥3,078

In reviewing the impairment of long-lived assets, the Group categorizes its operating assets mainly by each consolidated company or product group.

The carrying amount of factory assets in use was reduced to its recoverable amount because the recoverable amount is less than the carrying amount.

For domestic consolidated subsidiaries, the recoverable amount was measured as value in use. Value in use of relevant assets was calculated by discounting future cash flows at a rate of 6.0%. For foreign consolidated subsidiaries, the recoverable amount was measured as value in use and was evaluated as zero.

Note 12:

Short-Term Loans Payable and Long-Term Loans Payable

Information with respect to short-term loans payable as of December 31, 2020 and 2019, is as follows:

The average interest rate for the fiscal years ended December 31, 2020 and 2019, is 0.99% and 2.26%, respectively, for short-term loans payable, and -0.00% and -0.01%, respectively, for commercial papers.

Bonds payable, long-term loans payable and lease obligations as of December 31, 2020 and 2019, comprise the following:

	Millions of yen	
	2020	2019
0.53% Japanese yen notes due 2022	**¥ 10,000**	¥ 10,000
1.00% Japanese yen notes due 2025	**10,000**	10,000
0.95% Japanese yen notes due 2036	**5,000**	5,000
0.36% Japanese yen notes due 2026	**5,000**	5,000
0.42% Japanese yen notes due 2027	**10,000**	10,000
0.15% Japanese yen notes due 2022	**10,000**	10,000
0.15% Japanese yen notes due 2023	**10,000**	10,000
0.19% Japanese yen notes due 2024	**10,000**	10,000
0.28% Japanese yen notes due 2029	**10,000**	10,000
0.05% Japanese yen notes due 2023	**20,000**	—
Loans due 2020–2031, with an average interest rate of 1.30%	**150,862**	146,058
Lease obligations	**5,604**	6,435
Subtotal	**256,466**	232,493
Less: current portion of long-term loans payable	**(27,096)**	(23,456)
Less: current portion of bonds	**—**	—
Less: lease obligations—current	**(1,061)**	(1,244)
Total	**¥228,309**	¥207,793

The annual maturities of bonds payable, long-term loans payable and lease obligations for the fiscal years subsequent to December 31, 2020, are as follows:

	Millions of yen
2021	**¥ —**
2022	**20,000**
2023	**30,000**
2024	**10,000**
2025	**10,000**
Thereafter	**30,000**
Total	**¥100,000**

The amounts of assets pledged as collateral and secured borrowings and loans as of December 31, 2020, comprise the following:

	Millions of yen
Assets pledged as collateral:	
Cash and deposits	¥ 14
Notes and accounts receivable—trade	2,597
Inventories	1,447
Property, plant and equipment	907
Land	2,200
Total	¥7,166
Secured borrowings and loans:	
Short-term loans payable	¥ —
Current portion of long-term loans payable	75
Long-term loans payable	620
Total	¥ 695

Note 13: Retirement and Pension Plans

(1) Overview of adopted retirement and pension plans

The Company and a number of domestic consolidated subsidiaries have defined benefit pension plans such as a cash balance–style pension plan and retirement plans, and defined contribution pension plans. Some foreign consolidated subsidiaries maintain defined benefit pension plans and defined contribution pension plans. The Company contributes certain available-for-sale securities to the employee retirement benefit trust.

(2) Defined benefit pension plans (including multi-employer plan)

Changes in defined benefit obligations

	Millions of yen	
	Domestic plans	Foreign plans
As of January 1, 2020	¥89,699	¥150,981
Service cost	2,132	589
Interest cost	708	3,106
Actuarial gains and losses	2,342	11,947
Benefits paid	(4,594)	(6,217)
Past service cost	—	27
Exchange translation differences	—	(4,523)
Other	(50)	295
As of December 31, 2020	¥90,237	¥156,205

Note: Some of the domestic consolidated subsidiaries have adopted a simplified method for the calculation of retirement benefits.

	Millions of yen	
	Domestic plans	Foreign plans
As of January 1, 2019	¥91,678	¥135,066
Service cost	2,184	549
Interest cost	729	4,082
Actuarial gains and losses	(405)	16,658
Benefits paid	(4,691)	(6,805)
Past service cost	306	153
Exchange translation differences	—	549
Other	(102)	729
As of December 31, 2019	¥89,699	¥150,981

Note: Some of the domestic consolidated subsidiaries have adopted a simplified method for the calculation of retirement benefits.

Changes in plan assets

	Millions of yen	
	Domestic plans	Foreign plans
As of January 1, 2020	**¥129,969**	**¥133,673**
Expected return on plan assets	**3,286**	**5,965**
Actuarial gains and losses	**15,459**	**12,009**
Contributions by the employer	**3,519**	**4,242**
Benefits paid	**(4,446)**	**(6,053)**
Exchange translation differences	**—**	**(4,450)**
Other	**—**	**(18)**
As of December 31, 2020	**¥147,788**	**¥145,368**

	Millions of yen	
	Domestic plans	Foreign plans
As of January 1, 2019	¥114,309	¥117,005
Expected return on plan assets	3,086	5,800
Actuarial gains and losses	12,834	12,995
Contributions by the employer	4,333	3,719
Benefits paid	(4,593)	(6,782)
Exchange translation differences	—	951
Other	—	(15)
As of December 31, 2019	¥129,969	¥133,673

Reconciliation of defined benefit obligations and plan assets on retirement benefits recognized in the consolidated balance sheet

	Millions of yen	
	2020	
	Domestic plans	Foreign plans
Funded defined benefit obligations	**¥ 89,173**	**¥ 154,740**
Plan assets	**(147,788)**	**(145,368)**
Subtotal	**(58,614)**	**9,372**
Unfunded defined benefit obligations	**1,064**	**1,465**
Net amount of liabilities and assets recognized in consolidated balance sheet	**¥ (57,550)**	**¥ 10,837**
Liabilities (net defined benefit liability)	**¥ 1,112**	**¥ 15,959**
Assets (net defined benefit asset)	**(58,662)**	**(5,122)**
Net amount of liabilities and assets recognized in consolidated balance sheet	**¥ (57,550)**	**¥ 10,837**

	Millions of yen	
	2019	
	Domestic plans	Foreign plans
Funded defined benefit obligations	¥ 88,562	¥ 149,637
Plan assets	(129,969)	(133,673)
Subtotal	(41,407)	15,964
Unfunded defined benefit obligations	1,137	1,344
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ (40,270)	¥ 17,308
Liabilities (net defined benefit liability)	¥ 1,193	¥ 20,184
Assets (net defined benefit asset)	(41,463)	(2,876)
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ (40,270)	¥ 17,308

Retirement benefit expenses and its breakdowns

	Millions of yen	
	2020	
	Domestic plans	Foreign plans
Service cost	¥ 2,132	¥ 589
Interest cost	708	3,106
Expected return on plan assets	(3,286)	(5,965)
Recognition of actuarial gains and losses	464	1,514
Amortization of past service cost	—	27
Total	¥ 18	¥ (729)

Notes: 1. Other than these retirement benefit expenses, severance costs in the consolidated statement of income include retiree premium benefit.
2. Other than these retirement benefit expenses,¥65 million of losses on termination of the retirement benefit plans has been recognized in non-operating expenses as a result of the termination of the retirement benefit plans of a consolidated subsidiary during the fiscal year ended December 31, 2020.

	Millions of yen	
	2019	
	Domestic plans	Foreign plans
Service cost	¥ 2,184	¥ 549
Interest cost	729	4,082
Expected return on plan assets	(3,086)	(5,800)
Recognition of actuarial gains and losses	431	1,408
Amortization of past service cost	306	153
Total	¥ 563	¥ 392

Notes: 1. Other than these retirement benefit expenses, severance costs in the consolidated statement of income include retiree premium benefit.
2. ¥443 million of losses from amortization of past service cost has been recognized in extraordinary loss as a result of the amendment to the retirement benefit plans of the Company and a number of consolidated subsidiaries during the fiscal year ended December 31, 2019.

Past service cost and actuarial gains and losses

The past service cost and actuarial gains and losses recognized in accumulated other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal years ended December 31, 2020 and 2019, are as follows:

	Millions of yen	
	2020	
	Domestic plans	Foreign plans
Past service cost	¥ —	¥ 45
Actuarial gains and losses	13,582	1,883
Total	¥13,582	¥1,928

	Millions of yen	
	2019	
	Domestic plans	Foreign plans
Past service cost	¥ —	¥ 10
Actuarial gains and losses	13,669	(2,919)
Total	¥13,669	¥(2,909)

Unrecognized past service cost and unrecognized actuarial gains and losses

The unrecognized past service cost and unrecognized actuarial gains and losses recognized in accumulated other comprehensive income as remeasurements of defined benefit plans (amount before income tax effect) for the fiscal years ended December 31, 2020 and 2019, are as follows:

	Millions of yen	
	2020	
	Domestic plans	Foreign plans
Unrecognized past service cost	**¥ —**	**¥ (692)**
Unrecognized actuarial gains and losses	**25,456**	**(45,863)**
Total	**¥25,456**	**¥(46,555)**

	Millions of yen	
	2019	
	Domestic plans	Foreign plans
Unrecognized past service cost	¥ —	¥ (737)
Unrecognized actuarial gains and losses	11,874	(47,746)
Total	¥11,874	¥(48,483)

Major breakdown of plan assets

	2020	
	Domestic plans	Foreign plans
Equity securities	**54.8%**	**27.4%**
Debt securities	**20.4%**	**59.2%**
Other	**24.8%**	**13.4%**
Total	**100.0%**	**100.0%**

Note: 36.6% of the assets of the domestic plans is available-for-sale securities contributed to the employee retirement benefit trust.

	2019	
	Domestic plans	Foreign plans
Equity securities	55.9%	21.2%
Debt securities	22.5%	63.0%
Other	21.6%	15.8%
Total	100.0%	100.0%

Note: 29.7% of the assets of the domestic plans is available-for-sale securities contributed to the employee retirement benefit trust.

Actuarial assumptions

	2020	
	Domestic plans	Foreign plans
Discount rate	**0.8%**	**0.3%–2.5%**
Expected return rate on plan assets	**3.0%**	**4.6%–5.0%**
Expected rate of increase in salary	**3.1%**	**2.0%–3.5%**

Note: Expected return rate on plan assets is determined by considering the current and anticipated future portfolio of plan assets and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

	2019	
	Domestic plans	Foreign plans
Discount rate	0.8%	0.4%–3.2%
Expected return rate on plan assets	3.0%	4.6%–5.5%
Expected rate of increase in salary	3.1%	1.7%–3.5%

Note: Expected return rate on plan assets is determined by considering the current and anticipated future portfolio of plan assets and current and anticipated future long-term performance of individual asset classes that comprise the funds' asset mix.

(3) Defined contribution pension plans

The required contributions borne by the Company and a number of consolidated subsidiaries in relation to the defined contribution pension plans for the fiscal years ended December 31, 2020 and 2019, are ¥1,916 million and ¥2,001 million, respectively.

Note 14:

Net Assets

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (a) having a board of directors, (b) having independent auditors, (c) having a board of corporate auditors and (d) the term of service of the directors being prescribed as one year rather than the two years of a normal term by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury shares. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(2) Increases/decreases and transfer of common stocks, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury shares and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury shares and dispose of such treasury shares by resolution of the board of directors. The amount of treasury shares purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury shares. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Note 15:

Capital Stock

The total amount of capital stock authorized as of December 31, 2020 and 2019, is 150,000,000 shares.

The total amount of capital stock issued as of December 31, 2020 and 2019, is 95,156,904 shares.

Note 16:

Treasury Shares

The number of treasury shares as of December 31, 2020 and 2019, is as follows:

Shares

	2020			
	As of January 1, 2020	Increase in FY2020	Decrease in FY2020	As of December 31, 2020
Treasury shares:				
Common stock	**511,622**	**1,900**	**7,200**	**506,332**
Total	**511,622**	**1,900**	**7,200**	**506,332**

Notes: 1. The shares held by the BBT (139,000 shares) are included in the number of treasury shares.
2. The increase of treasury shares of common stock (1,900 shares) was due to the purchase of odd-lot shares.
3. The decrease of treasury shares of common stock (7,200 shares) was due to the benefit of the Company's shares by the BBT.

Shares

	2019			
	As of January 1, 2019	Increase in FY2019	Decrease in FY2019	As of December 31, 2019
Treasury shares:				
Common stock	511,035	2,187	1,600	511,622
Total	511,035	2,187	1,600	511,622

Notes: 1. The shares held by the BBT (146,200 shares) are included in the number of treasury shares.
2. The increase of treasury shares of common stock (2,187 shares) was due to the purchase of odd-lot shares.
3. The decrease of treasury shares of common stock (1,600 shares) was due to the benefit of the Company's shares by the BBT.

Note 17:

Income Taxes

The differences between the normal effective statutory tax rate in Japan and the actual effective tax rate for the fiscal years ended December 31, 2020 and 2019, are as follows:

	2020	2019
Normal effective statutory tax rate in Japan	**30.6%**	30.6%
Adjustments:		
Valuation allowance change	**15.9%**	2.5%
Tax rate differences	**(6.0)%**	(6.4)%
Equity in earnings of affiliates	**(1.0)%**	(2.1)%
Entertainment and other non-deductible expenses	**1.2%**	3.0%
Elimination of intercompany dividends income	**8.2%**	9.7%
Dividends income and other non-taxable income	**(6.8)%**	(15.2)%
State, provincial, municipal and local taxes	**0.6%**	0.8%
Tax credit for research and development and others	**(3.2)%**	(1.3)%
Tax credit for the Special Tax Law for the March 11 Earthquake	**(1.5)%**	(0.1)%
Other	**(3.4)%**	5.4%
Actual effective tax rate	**34.6%**	26.9%

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities, as of December 31, 2020 and 2019, are as follows:

	Millions of yen	
	2020	2019
Deferred tax assets:		
Inventories	**¥ 3,630**	¥ 3,381
Property, plant and equipment	**4,391**	4,777
Intangible assets	**5,095**	4,863
Research and development costs	**4,500**	4,693
Allowance for doubtful accounts	**1,523**	1,685
Provision for bonuses	**1,667**	1,717
Net defined benefit liability	**4,666**	5,733
Unrealized gain	**758**	799
Net operating loss carryforwards (Note 2)	**19,252**	18,198
Other	**13,199**	8,481
Subtotal	**58,682**	54,326
Less: valuation allowance for tax loss carryforwards (Note 2)	**(12,699)**	(8,315)
Less: valuation allowance for temporary differences	**(3,980)**	(4,023)
Valuation allowance (Note 1)	**(16,679)**	(12,338)
Total	**42,002**	41,989
Deferred tax liabilities:		
Property, plant and equipment	**(2,720)**	(2,475)
Net defined benefit asset	**(9,597)**	(6,852)
Contribution of securities to employee retirement benefit trust	**(1,255)**	(1,277)
Deferred income taxes related to gains from property, plant and equipment	**(2,560)**	(2,683)
Valuation difference on available-for-sale securities	**(1,343)**	(812)
Other	**(4,645)**	(3,466)
Total	**(22,120)**	(17,565)
Net deferred tax assets	**¥ 19,882**	¥ 24,424

Notes: 1. The valuation allowance decreased significantly for the fiscal year ended December 31, 2020. A major reason for this is a decrease in valuation allowance for tax loss carryforwards of the Sun Chemical Group.

2. The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of December 31, 2020, were as follows:

	2021	2022	2023	2024	2025	Thereafter	Total
Tax loss carryforward (*a)	¥ 689	¥ 1,197	¥ 1,631	¥ 169	¥ 148	¥15,418	¥ 19,252
Valuation allowance	(571)	(1,010)	(1,345)	(151)	(103)	(9,519)	(12,699)
Net deferred tax assets	119	187	286	18	45	5,900	(*b) 6,553

*(*a) Tax loss carryforward shown in the above table is after multiplying by the statutory tax rate.*

*(*b) Deferred tax assets of ¥6,553 million was recognized for tax loss carryforward of ¥19,252 million. No valuation allowance is recognized for tax loss carryforward since the amount was determined to be recoverable based on expected future taxable income.*

Note 18:

Research and Development Costs

Research and development costs charged to income for the fiscal years ended December 31, 2020 and 2019, are ¥12,029 million and ¥12,505 million, respectively.

Note 19:

Leases

Operating leases

Future minimum rental payments under non-cancellable operating leases as of December 31, 2020 and 2019, are as follows:

	Millions of yen	
	2020	2019
Due within one year	**¥1,883**	¥1,932
Due after one year	**6,105**	6,379
Total	**¥7,988**	¥8,311

Note 20:

Financial Instruments

Group policy for financial instruments

The Group manages funds with safe and secure financial assets. Means of financings include direct financing such as the issuance of bonds and commercial papers and liquidation of receivables, as well as indirect financing such as short- and long-term bank borrowings, the terms of which are determined based on financial market conditions and account balances at the time.

Nature and extent of risks arising from financial instruments

Receivables such as trade notes and accounts receivable are exposed to customer credit risk. In addition, some of such receivables are denominated in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates. Investment securities, mainly the stocks of customers and suppliers, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and accounts payable, are less than one year. In addition, some of such payables are denominated in foreign currencies and are exposed to the market risk of fluctuation in foreign currency exchange rates.

Funds needed for operations are mainly procured as short-term loans payable, whereas funds needed for capital expenditure and investment are mainly procured as long-term loans payable, bonds payable and lease obligations with regard to finance lease transactions. A part of such bank loans, bonds and lease obligations are exposed to market risks from changes in variable interest rates. Trade accounts payable and loans payable of the Company are also exposed to liquidity risk that the Company cannot meet its contractual obligations in full on maturity dates.

Risk management for financial instruments

The Company manages its credit risk from trade notes and accounts receivable on the basis of internal guidelines, which include the monitoring of payment terms and balances of customers by the sales and business administration departments to identify the default risk of customers at an early stage. The consolidated subsidiaries of the Company manage the exposure to credit risk on their own in accordance with their internal guidelines. Investment securities are managed by monitoring market values, the financial position of issuers and considering the relationship with customers and suppliers on a regular basis. The Group also tries to mitigate liquidity risk by arranging lines of credit with financial institutions, along with adequate financial planning.

Fair values of financial instruments

The following tables present the carrying amounts and the fair values of financial instruments as of December 31, 2020 and 2019. Financial instruments whose fair values are not reliably measured are excluded from the tables below.

Millions of yen

	2020		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 44,885	¥ 44,885	¥ —
Notes and accounts receivable—trade	197,595	197,595	—
Investment securities			
Stocks of subsidiaries and affiliates	22,318	34,322	12,004
Other	12,859	12,859	—
Total	¥277,658	¥289,662	¥12,004
Liabilities:			
Notes and accounts payable—trade	¥ 95,263	¥ 95,263	¥ —
Short-term loans payable	10,275	10,275	—
Current portion of long-term loans payable	27,096	27,096	—
Lease obligations (current)	1,061	1,061	—
Income taxes payable	4,985	4,985	—
Bonds payable	100,000	100,314	314
Long-term loans payable	123,766	123,918	152
Lease obligations (non-current)	4,543	4,783	240
Total	¥366,989	¥367,695	¥ 706
Derivative financial instruments: (Note)			
Hedge accounting—not applied	¥ 21	¥ 21	¥ —
Hedge accounting—applied	3,565	3,565	—
Total	¥ 3,586	¥ 3,586	¥ —

Note: Figures are net of debts and credits that arise from derivative financial instruments. Net debt amounts are indicated in parentheses.

	Millions of yen		
	2019		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	¥ 16,786	¥ 16,786	¥ —
Notes and accounts receivable—trade	211,232	211,232	—
Investment securities			
Stocks of subsidiaries and affiliates	26,723	31,574	4,851
Other	10,976	10,976	—
Total	¥265,717	¥270,568	¥4,851
Liabilities:			
Notes and accounts payable—trade	¥108,562	¥108,562	¥ —
Short-term loans payable	20,139	20,139	—
Current portion of long-term loans payable	23,456	23,645	189
Lease obligations (current)	1,244	1,244	—
Income taxes payable	2,556	2,556	—
Bonds payable	80,000	80,640	640
Long-term loans payable	122,602	123,014	412
Lease obligations (non-current)	5,191	5,514	323
Total	¥363,750	¥365,314	¥1,564
Derivative financial instruments: (Note)			
Hedge accounting—not applied	¥ (106)	¥ (106)	¥ —
Hedge accounting—applied	985	985	—
Total	¥ 879	¥ 879	¥ —

Note: Figures are net of debts and credits that arise from derivative financial instruments. Net debt amounts are indicated in parentheses.

The valuation techniques used to estimate the fair values of financial instruments and information on the marketable securities and derivative financial instruments are as follows:

Assets

Cash and deposits and notes and accounts receivable–trade

The fair values of cash and deposits and notes and accounts receivable–trade approximate their carrying amounts as these amounts are settled in a short period of time.

Investment securities

The fair values of investment securities are measured at the quoted market price on the stock exchange.

Liabilities

Notes and accounts payable–trade, short-term loans payable, lease obligations (current) and income taxes payable

The fair values of these accounts approximate their carrying amounts as these amounts are settled in a short period of time.

Current portion of long-term loans payable and long-term loans payable

For long-term loans payable bearing a floating interest rate, the fair values of those subject to special treatment of interest rate swaps are based on present value by totaling the amount of principal and interest, together with related interest rate swaps, discounted by the interest rate that would apply if equivalent long-term loans were newly entered into. The fair values of other long-term loans payable for which a floating interest rate is applied approximate their carrying amounts, due to the fact that the market rate of interest is quickly factored in while credit status of the Company remains unchanged.

On the other hand, the fair values of long-term loans payable for which a fixed interest rate is applied are determined by discounting the cash flows related to the long-term loans payable. The discount rate applied for the calculation above is the interest rate that may be currently available to the Group for loans payable with similar terms and conditions.

Lease obligations (non-current)

The fair values of these accounts are determined by discounting the cash flows related to the lease obligations. The discount rate applied for the calculation above is the interest rate that may be currently available to the Group for lease obligations with similar terms and conditions.

Bonds payable

The fair values are measured at the quoted market prices.

Derivative financial instruments

Please see Note 21 "Derivative Financial Instruments" for more information.

Financial instruments whose fair value is not reliably measured

There are no market prices for non-listed stocks and others (carrying amounts as of December 31, 2020 and 2019, are ¥22,023 million and ¥21,614 million, respectively) whose future cash flows cannot be estimated. The fair values of such non-listed stocks and others are not reliably determinable and thus excluded from investment securities.

Redemption schedule for financial assets and securities

The redemption schedules for financial assets and securities with contractual maturities as of December 31, 2020 and 2019, are summarized as follows:

Millions of yen

	2020			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Notes and accounts receivable—trade	**¥197,595**	**¥—**	**¥—**	**¥—**
Total	**¥197,595**	**¥—**	**¥—**	**¥—**

Millions of yen

	2019			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Notes and accounts receivable—trade	¥211,232	¥—	¥—	¥—
Total	¥211,232	¥—	¥—	¥—

Repayment schedule for bonds payable, long-term loans payable and other interest-bearing debt

The repayment schedules for bonds payable, long-term loans payable and other interest-bearing debt with contractual maturities as of December 31, 2020 and 2019, are summarized as follows:

Millions of yen

	2020			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Short-term loans payable	**¥10,275**	**¥ —**	**¥ —**	**¥ —**
Current portion of long-term loans payable	**27,096**	**—**	**—**	**—**
Lease obligations (current)	**1,061**	**—**	**—**	**—**
Bonds payable	**—**	**70,000**	**25,000**	**5,000**
Long-term loans payable	**—**	**82,415**	**41,323**	**28**
Lease obligations (non-current)	**—**	**2,387**	**1,577**	**578**
Total	**¥38,432**	**¥154,802**	**¥67,900**	**¥5,606**

	Millions of yen			
	2019			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Short-term loans payable	¥20,139	¥ —	¥ —	¥ —
Current portion of long-term loans payable	23,456	—	—	—
Lease obligations (current)	1,244	—	—	—
Bonds payable	—	40,000	35,000	5,000
Long-term loans payable	—	90,039	32,495	68
Lease obligations (non-current)	—	2,561	2,062	568
Total	¥44,839	¥132,600	¥69,557	¥5,636

Note 21:

Derivative Financial Instruments

The Group has entered into various foreign currency forward contracts, currency options and swaps, interest rate swaps and commodity swaps.

Foreign currency forward contracts and currency options and swaps are entered into to hedge the effects of exchange rate changes on receivables and payables or anticipated transactions denominated in foreign currencies. Interest rate swaps are entered into to hedge the effects of interest rate changes and to reduce financing cost. Commodity swaps are entered into to hedge the effects of commodity price changes of fuel. Loans denominated in foreign currencies are entered into to hedge a part of risks associated with the fluctuations of exchange rates for investments in foreign entities.

The Group does not use derivative instruments for trading or speculative purposes. Derivative transactions performed by the Group have risks due to fluctuations of exchange rates, interest rates and other factors.

Because these transactions are executed with creditworthy financial institutions, the Group does not anticipate the likelihood of any losses resulting from default by the counterparties to these agreements.

Internal regulation for managing derivative transactions has been established for the purpose of risk control in the Company, and all derivative transactions are performed under this regulation.

The execution of derivative transactions is carried out by the Company's finance department, and the management of risk is monitored by the Company's accounting department. Transactions are periodically reported to the board of directors by the officer in charge of the Finance and Accounting Division.

Consolidated subsidiaries execute transactions in accordance with their regulations for derivative management and periodically report the results of those transactions to the Company.

Derivative transactions to which hedge accounting is not applied as of December 31, 2020 and 2019

(1) Currency related

Millions of yen

	2020			
	Contract/notional amount	Contract/notional amount due after one year	Fair value	Unrealized gain/loss
Currency options: (Note 1)				
Foreign currency forward contracts: (Note 2)				
Selling				
Russian ruble	**¥2,546**	**¥—**	**¥ 58**	**¥ 58**
Colombian peso	**2,269**	**—**	**5**	**5**
Canadian $	**1,226**	**—**	**1**	**1**
Other	**83**	**—**	**(0)**	**(0)**
Buying				
U.S.$	**1,865**	**—**	**(44)**	**(44)**
Other	**129**	**—**	**1**	**1**
Total	**¥8,119**	**¥—**	**¥ 21**	**¥ 21**

Note: The fair values of foreign currency forward contracts are measured using the forward quotation.

Millions of yen

	2019			
	Contract/notional amount	Contract/notional amount due after one year	Fair value	Unrealized gain/loss
Currency options: (Note 1)				
(Payment in Australian $ and receipt in U.S.$)	¥ 1,067	¥—	¥ (24)	¥ (24)
Other	315	—	(5)	(5)
Foreign currency forward contracts: (Note 2)				
Selling				
Russian ruble	3,272	—	(21)	(21)
U.S.$	3,172	—	3	3
Colombian peso	1,512	—	(18)	(18)
Canadian $	1,322	—	(14)	(14)
Other	550	—	(2)	(2)
Buying				
U.S.$	1,829	—	(27)	(27)
Other	779	—	1	1
Total	¥13,817	¥—	¥(106)	¥(106)

Notes: 1. The fair values of currency swap contracts are measured using the quoted price obtained from financial institutions.
2. The fair values of foreign currency forward contracts are measured using the forward quotation.

Derivative transactions to which hedge accounting is applied as of December 31, 2020 and 2019

(1) Currency related

Millions of yen

	Hedged item	2020 Contract/notional amount	2020 Contract/notional amount due after one year	2020 Fair value
Foreign currency forward contracts: (Note 1)				
Buying				
Euro	Forecast transaction and Accounts payable—trade	**¥62,891**	**¥—**	**¥3,668**
Other		**65**	**—**	**(0)**
Foreign currency forward contracts: (Notes 1 and 2)				
Selling				
U.S.$	Accounts receivable—trade	**1,328**	**—**	
Total		**¥64,284**	**¥—**	**¥3,668**

Notes: 1. The fair values of foreign currency forward contracts are measured using the quoted price obtained from financial institutions.
2. Exchange contracts appropriated to specific debts and credits are settled together with either accounts receivable–trade or accounts payable–trade subject to hedged transaction. Accordingly, the fair values of such exchange contracts are reflected in accounts receivable–trade or accounts payable–trade.

Millions of yen

	Hedged item	2019 Contract/notional amount	2019 Contract/notional amount due after one year	2019 Fair value
Foreign currency forward contracts: (Note 1)				
Selling				
U.S.$	Forecast transaction	¥ 359	¥—	¥ (1)
Other		168	—	(2)
Buying				
Euro	Forecast transaction and Accounts payable—trade	23,553	—	994
Other		92	—	0
Foreign currency forward contracts: (Notes 1 and 2)				
Selling				
U.S.$	Accounts receivable—trade	2,593	—	
Other		275	—	
Currency swaps: (Notes 1 and 3)				
(Payment in Japanese yen and receipt in U.S.$)	Loans payable	10,871		
Total		¥37,909	¥—	¥991

Notes: 1. The fair values of foreign currency forward contracts are measured using the quoted price obtained from financial institutions.
2. Exchange contracts appropriated to specific debts and credits are settled together with either accounts receivable–trade or accounts payable–trade subject to hedged transaction. Accordingly, the fair values of such exchange contracts are reflected in accounts receivable–trade or accounts payable–trade.
3. Currency swaps appropriated to specific credits are settled together with loans payable subject to hedged transaction. Accordingly, the fair values of such currency swaps are reflected in loans payable.

(2) Interest related

Millions of yen

	Hedged item	2020 Contract/notional amount	2020 Contract/notional amount due after one year	2020 Fair value
Interest rate swaps: (Note 1) (Fixed rate payment, floating rate receipt)	Loans payable	**¥ 2,579**	**¥ 2,579**	**¥(101)**
(Note 2)		**65,470**	**65,470**	
Total		**¥68,049**	**¥68,049**	**¥(101)**

Notes: 1. The fair values of interest rate swaps are measured using the quoted price obtained from financial institutions.
2. If interest rate swaps qualify for hedge accounting and meet certain specific criteria, they are settled together with loans payable subject to hedged transaction. Accordingly, the fair values of such interest rate swaps are reflected in loans payable.

Millions of yen

	Hedged item	2019 Contract/notional amount	2019 Contract/notional amount due after one year	2019 Fair value
Interest rate swaps: (Note) (Fixed rate payment, floating rate receipt)	Loans payable	¥66,306	¥66,306	¥—
Total		¥66,306	¥66,306	¥—

Note: If interest rate swaps qualify for hedge accounting and meet certain specific criteria, they are settled together with loans payable subject to hedged transaction. Accordingly, the fair values of such interest rate swaps are reflected in loans payable.

(3) Commodity related

Millions of yen

	Hedged item	2020 Contract/notional amount	2020 Contract/notional amount due after one year	2020 Fair value
Commodity swaps: (Note) (Fixed price payment, floating price receipt)	Fuel	**¥89**	**¥—**	**¥(2)**
Total		**¥89**	**¥—**	**¥(2)**

Note: The fair values of commodity swaps are measured using the quoted price obtained from the exchange.

Millions of yen

	Hedged item	2019 Contract/notional amount	2019 Contract/notional amount due after one year	2019 Fair value
Commodity swaps: (Note) (Fixed price payment, floating price receipt)	Fuel	¥42	¥—	¥(6)
Total		¥42	¥—	¥(6)

Note: The fair values of commodity swaps are measured using the quoted price obtained from the exchange.

Note 22:

Commitments and Contingent Liabilities

Contingent liabilities as of December 31, 2020 and 2019, are as follows:

Millions of yen

	2020	2019
Liabilities for guarantee and other	**¥560**	¥583
Total	**¥560**	¥583

In the opinion of management, the eventual settlement of pending lawsuits in which any of the companies in the Group is the defendant will not have a material effect on the consolidated financial position or consolidated results of operations of the Group.

Note 23:

Other Comprehensive Income

Each component of other comprehensive income and related tax effects (including those on non-controlling interests) for the fiscal years ended December 31, 2020 and 2019, comprises the following:

	Millions of yen	
	2020	2019
Valuation difference on available-for-sale securities:		
Gains (losses) arising during the year	**¥ 1,706**	¥ 564
Reclassification adjustments to profit (loss)	**(0)**	(73)
Amount before income tax effect	**1,706**	491
Income tax effect	**(531)**	(164)
Total	**1,175**	327
Deferred gains or losses on hedges:		
Gains (losses) arising during the year	**2,566**	1,008
Reclassification adjustments to profit (loss)	**14**	(42)
Amount before income tax effect	**2,580**	966
Income tax effect	**(795)**	(297)
Total	**1,785**	669
Foreign currency translation adjustment:		
Adjustments arising during the year	**(9,827)**	(4,394)
Reclassification adjustments to profit (loss)	**—**	—
Amount before income tax effect	**(9,827)**	(4,394)
Total	**(9,827)**	(4,394)
Remeasurements of defined benefit plans:		
Adjustments arising during the year	**13,504**	8,892
Reclassification adjustments to profit (loss)	**2,005**	1,868
Amount before income tax effect	**15,510**	10,760
Income tax effect	**(4,821)**	(3,491)
Total	**10,689**	7,269
Share of other comprehensive income of associates accounted for using equity method:		
Gains (losses) arising during the year	**159**	(1,298)
Reclassification adjustments to profit (loss)	**(1)**	554
Total	**158**	(744)
Total other comprehensive income	**¥ 3,980**	¥ 3,127

Note 24:

Subsequent Events

Dividends

At the Company's annual general meeting of shareholders held on March 30, 2021, the shareholders approved the following appropriations of retained earnings:

	Millions of yen
Cash dividends, ¥50.00 per share	**¥4,739**
Total	**¥4,739**

Note: The total amount of dividends resolved at the annual general meeting of shareholders held on March 30, 2021, includes dividends of ¥7 million for the Company's shares held by the Board Benefit Trust (BBT).

Note 25:

Segment Information

(1) Segment information

Description of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to evaluate their performance and determine the allocation of management resources.

The Group has six product divisions, namely "Printing Materials," "Packaging Materials," "Color Materials," "Display Materials," "Performance Materials" and "Composite Materials," and each product division conducts its business.

The product divisions are aggregated into three reportable segments, namely "Packaging & Graphic," "Color & Display" and "Functional Products," based on the similarity of the products and services.

"Packaging & Graphic" mainly consists of gravure inks, flexo inks, offset inks, news inks, jet inks and polystyrene. "Color & Display" mainly consists of organic pigments, liquid crystal materials and health foods. "Functional Products" mainly consists of synthetic resins, such as acrylic, polyurethane, epoxy resins, PPS compounds and industrial adhesive tapes.

Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2 "Summary of Significant Accounting Policies."

Segment profits are based on operating income.

Intersegment sales are mainly based on market price or cost of goods manufactured.

Information about sales, profit (loss), assets, liabilities and other items

Millions of yen

	2020					
	Reportable Segments					
	Packaging & Graphic	Color & Display	Functional Products	Total	Others	Total
Sales:						
Sales to customers	¥388,423	¥ 79,404	¥232,979	¥700,806	¥ 417	¥701,223
Intersegment sales		26,398	3,014	29,413	—	29,413
Total sales	388,423	105,803	235,993	730,218	417	730,636
Segment profit	21,766	8,443	17,103	47,312	427	47,739
Segment assets	¥356,273	¥ 87,727	¥331,773	¥775,773	¥35,800	¥811,573
Others:						
Depreciation and amortization	12,430	4,515	14,116	31,060	521	31,581
Amortization of goodwill	33	—	110	143	—	143
Investments in affiliates	5,505	678	35,251	41,434	—	41,434
Increase in property, plant and equipment and intangible assets	14,039	3,229	15,542	32,810	235	33,045

Millions of yen

	2019					
	Reportable Segments					
	Packaging & Graphic	Color & Display	Functional Products	Total	Others	Total
Sales:						
Sales to customers	¥416,377	¥ 86,500	¥265,248	¥768,125	¥ 443	¥768,568
Intersegment sales	—	29,912	3,342	33,253	—	33,253
Total sales	416,377	116,411	268,590	801,378	443	801,821
Segment profit	19,178	10,784	19,234	49,196	443	49,629
Segment assets	¥358,108	¥ 93,475	¥320,720	¥772,303	¥31,367	¥803,670
Others:						
Depreciation and amortization	12,910	5,099	13,515	31,524	552	32,076
Amortization of goodwill	21	—	78	99	—	99
Investments in affiliates	5,379	652	35,169	41,200	3,958	45,158
Increase in property, plant and equipment and intangible assets	12,384	5,840	15,345	33,569	413	33,982

Reconciliation between reportable segment total and amounts disclosed in consolidated financial statements

Millions of yen

	2020	2019
Sales:		
Reportable segment total	**¥730,218**	¥801,378
Sales in "Others"	**417**	443
Elimination of intersegment transactions	**(29,413)**	(33,253)
Sales in consolidated financial statements	**¥701,223**	¥768,568

Millions of yen

	2020	2019
Profit:		
Reportable segment total	**¥47,312**	¥49,196
Profit in "Others"	**427**	433
Corporate expenses	**(8,076)**	(8,297)
Operating income in consolidated financial statements	**¥39,663**	¥41,332

Note: Corporate expenses consist substantially of R&D expenses incurred by the DIC Central Research Laboratories to develop new products, which are not included in any reportable segment.

Millions of yen

	2020	2019
Assets:		
Reportable segment total	**¥775,773**	¥772,303
Assets in "Others"	**35,800**	31,367
Elimination between segments	**(48,404)**	(45,235)
Corporate assets	**54,781**	44,648
Assets in consolidated financial statements	**¥817,950**	¥803,083

Note: Corporate assets consist of deferred tax assets and assets of the DIC Central Research Laboratories and Kawamura Memorial DIC Museum of Art, which are not included in any reportable segment.

Other items are as follows:

Millions of yen

	2020				2019			
	Reportable Segments	Others	Adjustments	Consolidated	Reportable Segments	Others	Adjustments	Consolidated
Depreciation and amortization	**¥31,060**	**¥521**	**¥999**	**¥32,581**	¥31,524	¥ 552	¥1,051	¥33,127
Amortization of goodwill	**143**	**—**	**—**	**143**	99	—	—	99
Investments in affiliates	**41,434**	**—**	**—**	**41,434**	41,200	3,958	—	45,158
Increase in property, plant and equipment and intangible assets	**32,810**	**235**	**954**	**33,999**	33,569	413	980	34,962

Notes: 1. The adjustments for depreciation and amortization are mainly depreciation and amortization related to the DIC Central Research Laboratories that cannot be allocated to any reportable segment.
2. The adjustments for increase in property, plant and equipment and intangible assets are mainly capital investments of the DIC Central Research Laboratories that cannot be allocated to any reportable segment.

(2) Related information

Information about geographical areas

Millions of yen

	2020			
	Japan	USA	Others	Total
Net sales (Note)	**¥247,062**	**¥90,996**	**¥363,164**	**¥701,223**
Property, plant and equipment	**124,247**	**24,940**	**78,892**	**228,078**

Note: Net sales is based on customer location and is classified by country.

Millions of yen

	2019			
	Japan	USA	Others	Total
Net sales (Note)	¥280,147	¥96,654	¥391,767	¥768,568
Property, plant and equipment	125,932	28,685	77,559	232,176

Note: Net sales is based on customer location and is classified by country.

Information about major customers

Not applicable for the fiscal years ended December 31, 2020 and 2019, because there is no single customer which accounts for more than 10% of net sales shown on the consolidated statement of income.

(3) Impairment loss of assets by reportable segment

Millions of yen

	2020					
	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Consolidated
Impairment loss	**¥479**	**¥383**	**¥389**	**¥—**	**¥—**	**¥1,251**

Millions of yen

	2019					
	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Consolidated
Impairment loss	¥2,388	¥690	¥—	¥—	¥—	¥3,078

(4) Amortization and unamortized balances of goodwill by reportable segment

Millions of yen

	2020					
	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Consolidated
Amortization	**¥ 33**	**¥—**	**¥110**	**¥—**	**¥—**	**¥143**
Unamortized balances	**229**	**—**	**590**	**—**	**—**	**819**

Millions of yen

	2019					
	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Consolidated
Amortization	¥21	¥—	¥ 78	¥—	¥—	¥ 99
Unamortized balances	7	—	755	—	—	762

(5) Gain on bargain purchase by reportable segment

There was no gain on bargain purchase for the fiscal year ended December 31, 2019.

Millions of yen

	2020					
	Packaging & Graphic	Color & Display	Functional Products	Others	Corporate and eliminations	Consolidated
Gain on bargain purchase	**¥1,295**	**¥—**	**¥—**	**¥—**	**¥—**	**¥1,295**

Note: Gain on bargain purchase comes from the acquisition of a subsidiary.

Note 26: Related-Party Transactions

(1) Related-party transactions with the Company

Related-party transactions with directors, corporate auditors, major individual shareholders and others of the Company for the fiscal years ended December 31, 2020 and 2019, are as follows:

Millions of yen

										2020
Type of related party	Name	Location	Capital or invest-ment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of trans-action (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the voting rights (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 4)	2,217	Security deposit	1,832
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 5)	413	Electronically recorded obligations, accounts payable–trade, and accounts payable–other	182
							Sales of merchandise and finished goods, and offering of service (Note 6)	43	Trade notes and accounts receivable	15
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 7)	6,300	Electronically recorded obligations, accounts payable–trade, and accounts payable–other	1,245
							Sales of merchandise and finished goods, and offering of service (Note 6)	3,375	Accounts receivable–trade and accounts receivable–other	1,380

Notes: 1. Excluding consumption taxes.
2. Including consumption taxes.
3. Yoshihisa Kawamura, a director of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd.
Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.
4. "Rental of buildings and others" are determined based on an arms-length transaction in the neighboring area.
5. "Purchase of metallic containers and others" are determined based on an arms-length transaction.
6. "Sales of merchandise and finished goods, and offering of service" are determined based on an arms-length transaction.
7. "Purchase of raw materials and others" are determined based on an arms-length transaction.

Millions of yen

2019										
Type of related party	Name	Location	Capital or investment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of transaction (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the voting rights (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 4)	2,232	Security deposit	1,832
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 5)	459	Electronically recorded obligations, accounts payable–trade, and accounts payable–other	192
							Sales of merchandise and finished goods, and offering of service (Note 6)	67	Trade notes and accounts receivable	16
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 7)	6,936	Electronically recorded obligations, accounts payable–trade, and accounts payable–other	1,720
							Sales of merchandise and finished goods, and offering of service (Note 6)	3,803	Accounts receivable–trade and accounts receivable–other	1,480

Notes: 1. Excluding consumption taxes.
2. Including consumption taxes.
3. Yoshihisa Kawamura, a director of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd.
Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.
4. "Rental of buildings and others" are determined based on an arms-length transaction in the neighboring area.
5. "Purchase of metallic containers and others" are determined based on an arms-length transaction.
6. "Sales of merchandise and finished goods, and offering of service" are determined based on an arms-length transaction.
7. "Purchase of raw materials and others" are determined based on an arms-length transaction.

(2) Related-party transactions with the consolidated subsidiaries

Related-party transactions with directors, corporate auditors, major individual shareholders and others of the Company for the fiscal years ended December 31, 2020 and 2019, are as follows:

Millions of yen

2020

Type of related party	Name	Location	Capital or investment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of transaction (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the voting rights (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 4)	16	Security deposit	7
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 5)	728	Electronically recorded obligations, accounts payable–trade, and accounts payable–other	290
							Sales of merchandise and finished goods, and offering of service (Note 6)	56	Trade notes and accounts receivable	25
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 7)	1,168	Electronically recorded obligations, accounts payable–trade, accounts payable–other, and advance payments to suppliers	256
							Sales of merchandise and finished goods, and offering of service (Note 6)	535	Accounts receivable–trade and accounts receivable–other	173
	SHANGHAI NISSIN TRADING CO., LTD.	Shanghai, PRC	US$200	Sale, import and export of petrochemical-related products	—	Purchase of raw materials	Purchase of raw materials and others (Note 7)	229	Accounts payable–trade	19

Notes: 1. Excluding consumption taxes.

2. Including consumption taxes.

3. Yoshihisa Kawamura, a director of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd.
Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.
SHANGHAI NISSIN TRADING CO., LTD. is fully owned by Nissin Trading Co., Ltd.

4. "Rental of buildings and others" are determined based on an arms-length transaction in the neighboring area.

5. "Purchase of metallic containers and others" are determined based on an arms-length transaction.

6. "Sales of merchandise and finished goods, and offering of service" are determined based on an arms-length transaction.

7. "Purchase of raw materials and others" are determined based on an arms-length transaction.

Millions of yen

2019

Type of related party	Name	Location	Capital or investment	Principal business	Ownership of voting rights	Relation with related parties	Contents of transaction	Amount of transaction (Note 1)	Account	Balance at year-end (Note 2)
Companies where directors and their close relatives owned a majority of the voting rights (Note 3)	Nissei Real-Estate Co., Ltd.	Chiyoda-ku, Tokyo	10	Rental of properties and others	—	Rental of buildings and others	Rental of buildings and others (Note 4)	15	Security deposit	8
	Dainichi Can Co., Ltd.	Chiyoda-ku, Tokyo	10	Manufacture and sale of metallic containers	—	Purchase of metallic containers and others	Purchase of metallic containers and others (Note 5)	790	Electronically recorded obligations, accounts payable–trade, and accounts payable–other	333
							Sales of merchandise and finished goods, and offering of service (Note 6)	59	Trade notes and accounts receivable	25
	Nissin Trading Co., Ltd.	Chiyoda-ku, Tokyo	20	Sale, import and export of petrochemical-related products	—	Purchase of raw materials and others	Purchase of raw materials and others (Note 7)	1,381	Electronically recorded obligations, accounts payable–trade, and accounts payable–other	238
							Sales of merchandise and finished goods, and offering of service (Note 6)	638	Accounts receivable–trade and accounts receivable–other	223

Notes: 1. Excluding consumption taxes.

2. Including consumption taxes.

3. Yoshihisa Kawamura, a director of the Company, and his close relatives substantially own a majority of the voting rights of Nissei Real-Estate Co., Ltd.

Dainichi Can Co., Ltd. and Nissin Trading Co., Ltd. are fully owned by Nissei Real-Estate Co., Ltd.

4. "Rental of buildings and others" are determined based on an arms-length transaction in the neighboring area.

5. "Purchase of metallic containers and others" are determined based on an arms-length transaction.

6. "Sales of merchandise and finished goods, and offering of service" are determined based on an arms-length transaction.

7. "Purchase of raw materials and others" are determined based on an arms-length transaction.

Management's Report on Internal Control

1. Basic framework for internal control over financial reporting

Kaoru Ino, Representative Director, President and CEO, and Shuji Furuta, Director, Executive Officer, Head of Finance and Accounting Unit and CFO of DIC Corporation (the "Company"), are responsible for designing and operating internal control over the Company's financial reporting and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)," issued by the Business Accounting Council of the Financial Services Agency of Japan.

Internal control aims to achieve its objectives to a reasonable extent with the organized and integrated function of basic individual elements of internal control as a whole. Accordingly, due to the inherent limitations, there is a possibility that misstatements may not be completely prevented or detected by internal controls over financial reporting.

2. Scope of assessment, the basis date of assessment and assessment procedures

The assessment of internal control over financial reporting for fiscal year 2020 was conducted as of December 31, 2020, which is the end of this fiscal year. The assessment was performed in accordance with relevant assessment standards generally accepted in Japan for internal control over financial reporting.

In conducting this assessment, we began by evaluating internal control which may have a material impact on overall consolidated financial reporting ("company-level controls") and, based on the results of this assessment, business processes to be assessed were selected. We then analyzed these selected business processes to identify key controls therein that may have a material impact on the reliability of the Company's financial reporting, after which we examined the design and operation of these controls. These procedures thus allowed us to accurately evaluate the effectiveness of the Company's internal control.

We determined the required scope of assessment of internal control over financial reporting for the Company and its consolidated subsidiaries and equity-method affiliates from the perspective of materiality or the degree to which it may affect the reliability of financial reporting. Materiality of the impact which may affect the reliability of financial reporting is determined based on potential quantitative and qualitative impact on financial reporting. In light of the results of assessment of company-level controls, we reasonably determined the scope of assessment of process-level controls. Consolidated subsidiaries and equity-method affiliates which were concluded as immaterial taking into account the degree of quantitative and qualitative impact are not included in the scope for assessment of company-level controls.

With regard to the process-level controls, significant locations and business units to be tested were selected based on the changes in the scope of consolidation during the year, as well as on net sales for the previous year, with locations and business units the combined sales volume of which reached approximately two-thirds of consolidated net sales being defined as "significant." The scope of assessment at these locations and business units encompassed business processes relevant to net sales, accounts receivable-trade, accounts payable-trade, inventories and manufacturing facilities included in property, plant and equipment as significant accounts that may have a material impact on the business objectives of the Company. In addition, business processes relating to (i) greater likelihood of material misstatements, and/or (ii) significant accounts involving estimates and management's judgment, were also identified as business processes having greater materiality, taking into account their impact on financial reporting, and were included in the scope.

3. Results of the assessment

Based on the results of the assessment, we concluded that as of the end of the fiscal year ended December 31, 2020, the Company's internal control over financial reporting was effectively maintained.



Kaoru Ino
Representative Director, President and CEO
DIC Corporation

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of DIC Corporation:

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of DIC Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of December 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Internal Control

Opinion

We have audited management's report on internal control over financial reporting of the consolidated financial statements of DIC Corporation as of December 31, 2020.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of DIC Corporation as of December 31, 2020, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards for internal control over financial reporting generally accepted in Japan will always detect a material misstatement when it exists.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

March 30, 2021

Investor Information and Corporate Data

(As of December 31, 2020)

Investor Information

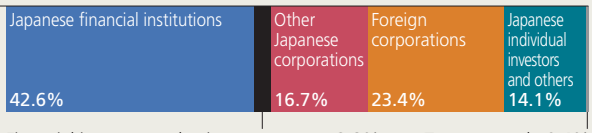
Common Stock

DIC common stock is listed and traded on the Tokyo Stock Exchange. There were 41,443 shareholders of record on December 31, 2020. On the Tokyo Stock Exchange, the high and low prices for each quarter of the years 2020 and 2019 were as follows:

	2020		2019	
	High	Low	High	Low
Jan.–Mar.	**¥3,130**	**¥1,833**	¥3,635	¥3,170
Apr.–Jun.	**2,936**	**2,170**	3,545	2,587
Jul.–Sept.	**2,798**	**2,456**	3,130	2,534
Oct.–Dec.	**2,722**	**2,520**	3,290	2,894

Total Number of Shares Authorized	150,000,000 shares
Number of Unit Shares	100 shares
Paid-in Capital	¥96,557 million (95,156,904 shares)
Independent Public Accountants	Deloitte Touche Tohmatsu LLC

Distribution of Shareholders



Financial instruments business operators: **2.8%** Treasury stock: **0.4%**

Major Shareholders

	Number of Shares Owned (Thousands)	Percentage of Total
SHOEI INC.	12,694	13.39%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,348	8.81
Custody Bank of Japan, Ltd. (Trust Account)	5,799	6.12
The Dai-ichi Life Insurance Company, Limited	3,500	3.69
JP MORGAN CHASE BANK 385632	3,267	3.45
Custody Bank of Japan, Ltd. (Trust Account 4)	2,441	2.58
Custody Bank of Japan, Ltd. (Trust Account 7)	2,031	2.14
Aioi Nissay Dowa Insurance Co., Ltd.	2,020	2.13
NIPPON LIFE INSURANCE COMPANY	1,900	2.00
JP MORGAN CHASE BANK 380072	1,705	1.80
	43,709	46.11%

Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Meeting of Shareholders	Our annual meeting of shareholders is held in March.
For Further Information, Contact:	Corporate Communications Dept. DIC Corporation DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan Tel.: (03) 6733-3033 E-mail: prir@ma.dic.co.jp

Corporate Data

Registered Address

35-58, Sakashita 3-chome, Itabashi-ku,
Tokyo 174-8520, Japan

Corporate Headquarters

DIC Building, 7-20,
Nihonbashi 3-chome, Chuo-ku,
Tokyo 103-8233, Japan
Tel.: (03) 6733-3000
https://www.dic-global.com/en/

Principal Domestic Offices, Plants and Laboratories (Nonconsolidated)

Number of Branch Offices: 2
Number of Plants: 9
Number of Laboratories: 1

Number of Employees

20,242

Date of Foundation

February 15, 1908

Date of Incorporation

March 15, 1937

(Contact)

DIC Corporation

Corporate Communications Dept.
Sustainability Dept.

DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan
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https://www.dic-global.com/en/

Color & Comfort

Making it Colorful
Innovation through Compounding
Specialty Solutions



Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

JPX-NIKKEI 400

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES