



## **SAKATA INX CORPORATION**

Consolidated Financial Statements

As of December 31, 2020 and 2019

## **Independent Auditor's Report**

To the Board of Directors of  
SAKATA INX CORPORATION:

### **Opinion**

We have audited the accompanying consolidated financial statements of SAKATA INX CORPORATION ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at December 31, 2020 and 2019, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors 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.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of 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 our 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, and 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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 corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors 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**

We 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.





Takaharu Higashiura  
Designated Engagement Partner  
Certified Public Accountant



Ryosuke Koike  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Osaka Office, Japan  
July 30, 2021

**SAKATA INX CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**Years ended December 31, 2020 and 2019**

	<i>Millions of yen</i>	
	2020	2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits (Note 7) .....	¥ 12,427	¥ 10,122
Notes and accounts receivable - trade (Notes 6, 7 and 11):		
Unconsolidated subsidiaries and affiliates .....	1,969	1,978
Other .....	41,114	43,851
	43,083	45,829
Inventories (Note 9) .....	21,184	21,683
Other .....	1,543	1,943
Allowance for doubtful accounts .....	(597)	(513)
Total current assets .....	77,640	79,064
 <b>Property, plant and equipment (Notes 5, 11 and 12):</b>		
Buildings and structures .....	33,685	34,395
Machinery, equipment and vehicles .....	46,937	47,387
Land .....	9,087	9,061
Lease assets .....	1,092	1,032
Construction in progress .....	3,514	1,684
Other .....	4,995	5,021
	99,310	98,580
Accumulated depreciation .....	(58,972)	(57,406)
Net property, plant and equipment .....	40,338	41,174
 <b>Investments and other assets:</b>		
Investments (Notes 7, 8 and 11):		
Unconsolidated subsidiaries and affiliates .....	16,357	14,289
Other .....	8,819	11,022
	25,176	25,311
Long-term loans receivable .....	47	58
Deferred tax assets (Note 14) .....	348	340
Net defined benefit asset (Note 13) .....	221	168
Other .....	1,209	1,628
Allowance for doubtful accounts .....	(415)	(534)
Total investments and other assets .....	26,586	26,971
 <b>Intangible assets:</b>		
Goodwill (Note 23) .....	501	738
Other .....	207	345
Total intangible assets .....	708	1,083
	¥ 145,272	¥ 148,292

*The accompanying notes are an integral part of these statements.*

		<i>Millions of yen</i>	
		2020	2019
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Notes and accounts payable - trade (Notes 6, 7 and 11):			
Unconsolidated subsidiaries and affiliates	¥	4	¥ 6
Electronically recorded obligations - operating		11,309	13,009
Other		16,372	17,626
		27,685	30,641
Short-term loans payable (Notes 7, 10 and 11)		4,534	6,011
Current portion of long-term loans payable (Notes 7, 10 and 11)		2,772	2,160
Lease obligations		216	250
Accrued expenses		3,563	3,639
Income taxes payable		614	567
Provision for bonuses		556	527
Other (Note 11)		2,375	2,522
Total current liabilities		42,315	46,317
<b>Non-current liabilities:</b>			
Long-term loans payable (Notes 7, 10, and 11)		9,755	8,059
Lease obligations		456	505
Deferred tax liabilities (Note 14)		3,316	4,504
Net defined benefit liability (Note 13)		4,940	4,770
Asset retirement obligations		72	70
Other (Note 11)		2,996	2,627
Total non-current liabilities		21,535	20,535
Total liabilities	¥	63,850	¥ 66,852
<b>Contingent liabilities (Note 15)</b>			
<b>Net Assets (Note 25):</b>			
<b>Shareholders' equity</b>			
Capital stock:			
Authorized – 144,000,000 shares			
Issued – 62,601,161 shares	¥	7,473	¥ 7,473
Capital surplus		5,673	5,673
Retained earnings		73,918	70,397
Treasury shares, at cost – 4,182,625 shares in December 2020 and 4,202,237 shares in December 2019		(4,028)	(4,047)
Total shareholders' equity		83,036	79,496
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities		1,652	3,329
Deferred gains or losses on hedges		(0)	0
Foreign currency translation adjustment		(7,282)	(5,050)
Remeasurements of defined benefit plans		(1,045)	(1,079)
Total accumulated other comprehensive income		(6,675)	(2,800)
Non-controlling interests		5,061	4,744
Total net assets		81,422	81,440
	¥	145,272	¥ 148,292

*The accompanying notes are an integral part of these statements.*

**SAKATA INX CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**Years ended December 31, 2020 and 2019**

	<i>Millions of yen</i>	
	2020	2019
<b>Net sales</b> .....	¥ 161,507	¥ 167,238
<b>Cost of sales</b> .....	126,049	131,508
<b>Selling, general and administrative expenses (Note 16)</b> .....	28,245	29,504
Operating income .....	7,213	6,226
<b>Other income (expenses):</b>		
Interest and dividend income .....	427	408
Real estate rent .....	189	194
Equity in earnings of affiliates .....	314	742
Interest expenses .....	(267)	(305)
Foreign exchange gains and losses .....	(158)	(109)
Gain on sales of investment securities (Notes 8) .....	3	211
Gain on sales of property, plant and equipment (Notes 18) .....	84	-
Subsidy income .....	100	100
Impairment loss (Notes 17) .....	-	(190)
Loss on retirement of property, plant and equipment (Note 19) .....	-	(40)
Loss on valuation of investment securities (Notes 8) .....	(3)	(2)
Restructuring loss (Notes 20) .....	(218)	(216)
Other, net .....	71	163
Income before income taxes .....	7,755	7,182
<b>Income taxes:</b>		
Current .....	2,245	2,040
Deferred (Note 14) .....	(396)	387
	1,849	2,427
<b>Net income</b> .....	5,906	4,755
<b>Net income attributable to non-controlling interests</b> .....	(630)	(640)
Net income attributable to owners of parent .....	¥ 5,276	¥ 4,115
	<i>Yen</i>	
Net income per share of capital stock (Note 27) .....	¥ 90.32	¥ 70.46
Cash dividends per share applicable to the year (Note 27) .....	¥ 30.00	¥ 30.00

*The accompanying notes are an integral part of these statements.*

**SAKATA INX CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Years ended December 31, 2020 and 2019**

	<i>Millions of yen</i>	
	2020	2019
<b>Net income</b> .....	¥ 5,906	¥ 4,755
<b>Other comprehensive income (Note 21):</b>		
Valuation difference on available-for-sale securities .....	(1,713)	647
Foreign currency translation adjustment .....	(1,894)	(308)
Remeasurements of defined benefit plans, net of tax .....	33	288
Share of other comprehensive income of affiliates accounted for using equity method .....	(492)	(42)
Total other comprehensive income .....	(4,066)	585
<b>Comprehensive income</b> .....	<u>¥ 1,840</u>	<u>¥ 5,340</u>
<b>Comprehensive income attributable to:</b>		
Owners of parent .....	¥ 1,400	¥ 4,681
Non-controlling interests .....	¥ 440	¥ 659

*The accompanying notes are an integral part of these statements.*



**pSAKATA INX CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**Year ended December 31, 2020**

	<i>Number of shares of common stock</i>	<i>Millions of yen</i>				
		<i>Capital stock</i>	<i>Capital surplus</i>	<i>Retained earnings</i>	<i>Treasury shares</i>	<i>Total shareholders' equity</i>
<b>Balance at the beginning of current period</b>	62,601,161	¥ 7,473	¥ 5,673	¥ 70,397	¥ (4,047)	¥ 79,496
Dividends of surplus (Notes 25 and 27)	-	-	-	(1,753)	-	(1,753)
Net income attributable to owners of parent	-	-	-	5,276	-	5,276
Transfer from retained earnings to capital surplus	-	-	2	(2)	-	-
Purchase of treasury shares	-	-	-	-	(0)	(0)
Disposal of treasury shares	-	-	(2)	-	19	17
Net changes in items other than shareholders' equity	-	-	-	-	-	-
Total changes in items during the period	-	-	-	3,521	19	3,540
<b>Balance at the end of current period</b>	62,601,161	¥ 7,473	¥ 5,673	¥ 73,918	¥ (4,028)	¥ 83,036

	Millions of yen						
	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 the beginning of current period	¥ 3,329	¥ 0	¥ (5,050)	¥ (1,079)	¥ (2,800)	¥ 4,744	¥ 81,440
Dividends of surplus (Notes 25 and 27)	-	-	-	-	-	-	(1,753)
Net income attributable to owners of parent	-	-	-	-	-	-	5,276
Transfer from retained earnings to capital surplus							
Purchase of treasury shares	-	-	-	-	-	-	(0)
Disposal of treasury shares							17
Net changes in items other than shareholders' equity	(1,677)	(0)	(2,232)	34	(3,875)	317	(3,558)
Total changes in items during the period	(1,677)	(0)	(2,232)	34	(3,875)	317	(18)
Balance at the end of current period	¥ 1,652	¥ (0)	¥ (7,282)	¥ (1,045)	¥ (6,675)	¥ 5,061	¥ 81,422

**SAKATA INX CORPORATION**

*The accompanying notes are an integral part of these statements.*

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**Year ended December 31, 2019**

	<i>Number of shares of common stock</i>	<i>Millions of yen</i>				
		<i>Capital stock</i>	<i>Capital surplus</i>	<i>Retained earnings</i>	<i>Treasury shares</i>	<i>Total shareholders' equity</i>
<b>Balance at the beginning of current period</b>	62,601,161	¥ 7,473	¥ 5,673	¥ 68,430	¥ (4,047)	¥ 77,529
Dividends of surplus (Notes 25 and 27)	-	-	-	(1,752)	-	(1,752)
Net income attributable to owners of parent	-	-	-	4,115	-	4,115
Purchase of treasury shares	-	-	-	-	(0)	(0)
Change in scope of consolidation	-	-	-	(396)	-	(396)
Net changes in items other than shareholders' equity	-	-	-	-	-	-
Total changes in items during the period	-	-	-	1,967	(0)	1,967
<b>Balance at the end of current period</b>	<u>62,601,161</u>	<u>¥ 7,473</u>	<u>¥ 5,673</u>	<u>¥ 70,397</u>	<u>¥ (4,047)</u>	<u>¥ 79,496</u>

	<i>Millions of yen</i>					
	<i>Valuation difference on available-for-sale securities</i>	<i>Deferred gains or losses on hedges</i>	<i>Foreign currency translation adjustment</i>	<i>Remeasurements of defined benefit plans</i>	<i>Total accumulated other comprehensive income</i>	<i>Total net assets</i>
<b>Balance at the beginning of current period</b>	¥ 2,714	¥ 5	¥ (4,550)	¥ (1,390)	¥ (3,221)	¥ 77,398
Dividends of surplus (Notes 25 and 27)	-	-	-	-	-	(1,752)
Net income attributable to owners of parent	-	-	-	-	-	4,115
Purchase of treasury shares	-	-	-	-	-	(0)
Change in scope of consolidation	-	-	-	-	-	(396)
Net changes in items other than shareholders' equity	615	(5)	(500)	311	421	2,075
Total changes in items during the period	615	(5)	(500)	311	421	4,042
<b>Balance at the end of current period</b>	<u>¥ 3,329</u>	<u>¥ 0</u>	<u>¥ (5,050)</u>	<u>¥ (1,079)</u>	<u>¥ (2,800)</u>	<u>¥ 81,440</u>

*The accompanying notes are an integral part of these statements.*

**SAKATA INX CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years ended December 31, 2020 and 2019**

	<i>Millions of yen</i>	
	2020	2019
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥ 7,755	¥ 7,182
Depreciation and amortization	4,350	4,341
Impairment loss	-	190
Amortization of goodwill	83	108
Increase (decrease) in allowance for doubtful accounts	(19)	268
Increase (decrease) in net defined benefit liability	180	180
Increase (decrease) in provision for bonuses	29	(25)
Interest and dividend income	(427)	(408)
Interest expenses	267	305
Equity in (earnings) losses of affiliates	(314)	(742)
Gain on sales of property, plant and equipment	(84)	-
Loss on retirement of property, plant and equipment	-	40
Loss (gain) on sales of investment securities	(3)	(211)
Loss (gain) on valuation of investment securities	3	2
Subsidy income	(100)	(100)
Restructuring loss	218	216
Decrease (increase) in notes and accounts receivable - trade	1,792	1,611
Decrease (increase) in inventories	(343)	(469)
Increase (decrease) in notes and accounts payable - trade, including electronically recorded obligations - operating	(2,396)	(1,884)
Other, net	1,224	71
Subtotal	12,215	10,675
Interest and dividend income received	739	708
Interest expenses paid	(264)	(305)
Proceeds from subsidy income	100	100
Income taxes paid	(2,190)	(1,358)
Net cash provided by (used in) operating activities	10,600	9,820
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(4,318)	(5,095)
Proceeds from sales of property, plant and equipment	293	22
Purchase of investment securities	(2,888)	(131)
Proceeds from sales of investment securities	15	481
Payments of loans receivable	(39)	(55)
Collection of loans receivable	48	45
Other, net	(122)	(374)
Net cash provided by (used in) investing activities	(7,011)	(5,107)

*The accompanying notes are an integral part of these statements.*

	<i>Millions of yen</i>	
	2020	2019
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loans payable .....	(1,282)	(3,137)
Proceeds from long-term loans payable .....	4,907	3,098
Repayments of long-term loans payable .....	(2,474)	(1,522)
Cash dividends paid .....	(1,752)	(1,752)
Dividends paid to non-controlling interests .....	(240)	(168)
Proceeds from share issuance to non-controlling shareholders .....	117	-
Other, net .....	(256)	(340)
Net cash provided by (used in) financing activities .....	(980)	(3,821)
<b>Effect of exchange rate change on cash and cash equivalents .....</b>	<b>(292)</b>	<b>254</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>2,317</b>	<b>1,146</b>
<b>Cash and cash equivalents at beginning of period .....</b>	<b>9,361</b>	<b>6,788</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation .....</b>	<b>-</b>	<b>1,427</b>
<b>Cash and cash equivalents at end of period (Note 22) .....</b>	<b>¥ 11,678</b>	<b>¥ 9,361</b>

*The accompanying notes are an integral part of these statements.*

# SAKATA INX CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of SAKATA INX CORPORATION (the “Company”) and its consolidated subsidiaries 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 conformity with generally accepted accounting principles in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (IFRS).

The accounts of the Company’s consolidated foreign subsidiaries are based on IFRS or generally accepted accounting principles in the United States of America (U.S. GAAP). The accompanying consolidated financial statements have been restructured and translated into English with some expanded descriptions and the inclusion of consolidated statements of shareholders’ equity from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

### 2. Significant Accounting Policies

#### *Consolidation*

The consolidated financial statements include the accounts of the Company and its twenty-five subsidiaries (twenty-seven in 2019). The principal subsidiaries of the Company were THE INX GROUP LIMITED, INX International Ink Co., SAKATA INX (INDIA) PRIVATE LIMITED and P.T. SAKATA INX INDONESIA. Creative Industria e Comercio Ltda. was excluded from the scope of consolidation due to the merger by INX do Brasil Ltda., and another company was also excluded due to the merger by the Company. All significant intercompany transactions and accounts have been eliminated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

The equity method was applied to four affiliates (four in 2019). The principal affiliate of the Company was SIIX Corporation.

The consolidated financial statements did not include the accounts of an unconsolidated subsidiary and two affiliates in 2020, and the equity method was not applied to those companies because they were immaterial. The principal unconsolidated subsidiary was A.M. Ramp & Co. GmbH.

#### *Securities*

The Company and its consolidated subsidiaries (the “Companies”) classify securities as (a) securities held for trading purposes (“trading securities”), (b) debt securities intended to be held to maturity (“held-to-maturity debt securities”), (c) equity securities issued by subsidiaries and affiliates and (d) all other securities that are not classified in any of the above categories (“available-for-sale securities”).

The Companies do not hold trading securities or held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliates accounted for by the equity method are stated at moving average cost. Available-for-sale securities with available fair values are stated at fair value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders’ equity. Realized gains and losses on the sale of such securities are computed using moving average cost. Other securities with no available fair value are stated at moving average cost. Investments on Investment limited partnership and similar partnership (deemed to be securities in Article 2-2 of Japanese Financial Instruments and Exchange Act) are recorded at net amounts of share of its value based on available financial statements following reporting date described in partnership agreement.

### *Inventories*

Inventories of the Company and its consolidated domestic subsidiaries are stated at cost based on the moving average method, in which the amount of inventories shown on the balance sheet are written down based on any decrease in profitability.

Inventories of the consolidated foreign subsidiaries are stated principally at the lower of cost or market, cost being determined by the first-in, first-out method.

### *Property, plant and equipment*

Property, plant and equipment are carried at cost. The Company and its consolidated domestic subsidiaries depreciate property, plant and equipment principally by the straight-line method over the estimated useful life of the asset.

The range of useful lives is summarized as follows:

Buildings and structures	3 to 60 years
Machinery, equipment and vehicles	2 to 17 years
Other	2 to 20 years

### *Intangible assets*

Intangible assets consist of in-house software and other. The straight-line method is used to amortize intangible assets. The amortization of in-house software is computed using the straight-line method based on the estimated useful life of mainly five years.

### *Finance leases*

Lease assets under finance lease transactions that do not transfer title of the lease assets are capitalized and depreciated on a straight-line basis with the lease period used as the useful life and no residual value.

### *Allowance for doubtful accounts*

The Companies have adopted the policy of providing an allowance for doubtful accounts in an amount sufficient to cover possible losses on collection mainly by estimating the uncollectible amounts of certain receivables and applying a percentage based on collection experience to the remaining receivables.

### *Bonuses*

The Company and certain consolidated subsidiaries provide for employees' bonuses at the balance sheet date based on the estimated amounts of projected bonus payments.

### *Retirement benefits*

#### 1. Method used to attribute estimated amounts of retirement benefits to periods

In calculating retirement benefit obligations, the method used to attribute the estimated amount of retirement benefits to a period until the end of the consolidated fiscal year is mainly based on the benefit formula basis.

#### 2. Accounting methods for actuarial difference and prior service cost

Prior service cost is recognized mainly as current costs, and actuarial gains and losses are recognized in expenses using the straight-line method over mainly 15 years, a period which reflects the average of the estimated remaining service years of employees, commencing with the current period.



#### *Translation of foreign currencies*

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end rates. All revenues and expenses in foreign currencies are translated at the exchange rates prevailing when such transactions are made. The resulting gains and losses are recognized in the statements of income.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at year-end rates, except for equity, which is translated at historical rates. Differences arising from the translations are presented as “Foreign currency translation adjustment” and “Non-controlling interests” in net assets. Income statement accounts of the consolidated foreign subsidiaries are translated at average annual rates.

#### *Derivatives and hedge accounting*

The Companies state derivative financial instruments at fair value and recognize changes in the fair value as gain or loss unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gain or loss resulting from changes in the fair value of the derivative financial instruments until the corresponding loss or gain on the hedged items is recognized. However, if forward foreign exchange contracts are used as hedges and meet certain hedging criteria, the forward foreign exchange contracts and hedged items are accounted for at the forward foreign exchange contract rate. If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the hedged assets or liabilities for which the interest rate swap contracts were executed.

The following summarizes hedging derivative financial instruments used by the Companies and the items hedged:

<u>Hedging instruments</u>	<u>Hedged items</u>
Forward foreign exchange contracts	Receivables and payables in foreign currency and others
Currency swap contracts	Loans payable in foreign currency
Interest rate swap contracts	Interest on loans payable in foreign currency and loans payable

The Companies use derivative financial instruments for hedging purposes to mitigate the risk of fluctuation in foreign currency exchange rates and interest rates.

The Companies evaluate hedging effectiveness by confirming a correlation between the hedging instruments and the hedged items. However, interest rate swap contracts that meet the requirements for special treatment are omitted from an assessment of effectiveness.

#### *Cash and cash equivalents*

Cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

#### *Goodwill*

Goodwill is amortized by the straight-line method over certain period within 20 years.

#### *Research and development expenses*

Research and development expenses are charged to income as incurred. Research and development expenses for the year ended December 31, 2020 and 2019 were ¥3,478 million and ¥3,475 million, respectively.

#### *Income taxes*

Income taxes comprise corporation tax, prefectural and municipal inhabitants taxes and enterprise tax.

The asset-liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and operating loss and tax credit carryforwards.

#### *Consumption taxes*

Consumption taxes are excluded from revenue and expense accounts.

#### *Amounts per share*

##### (a) Net income per share of common stock

The Companies have adopted Accounting Standard Board of Japan (“ASBJ”) Statement No. 2, “Accounting Standard for Earnings Per Share,” and Financial Accounting Standards Implementation Guidance No. 4, “Implementation Guidance for Accounting Standard for Earnings Per Share.”

##### (b) Cash dividends per share

Cash dividends per share presented in the statements of income represent the cash dividends declared applicable to the year, including dividends declared and paid after the end of the year.

#### *Net assets*

Under the Japanese Companies Act (the “Act”) and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

The Act requires that an amount equal to 10% of dividends must be appropriated as additional paid-in capital or legal earnings reserve until the total aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Act.

### **3. Accounting Standards and Guidance not yet Adopted**

The following standards and guidances were issued but not yet adopted.

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No.30, March 26, 2021)
- “Implementation Guidance on Disclosure of Fair Value on Financial Instruments” (ASBJ Guidance No.19, March 31, 2020)

#### (1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step1: Identify contract(s) with customers.

Step2: Identify the performance obligations in the contract.

Step3: Determine the transaction price.

Step4: Allocate the transaction price to the performance obligation in the contract.

Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending December 31, 2022.

(3) Effect of application of the standard and guidances

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards and guidances on the consolidated financial statements.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9, July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019)
- “Implementation Guidance on Disclosure of Fair Value on Financial Instruments” (ASBJ Guidance No.19, March 31, 2020)

(1) Overview

Under the situation that almost the same detailed guidance for fair value measurement established by the International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) (IFRS 13 “Fair Value Measurement” and Topic 820 “Fair Value Measurement”), the ASBJ promoted an initiative on alignment of Japanese GAAP with the international accounting standards, mainly in the area of the guidance on fair value of financial instruments and its disclosures, and developed and issued the “Accounting Standard for Measurement of Fair Value” and other standards and guidances.

The ASBJ’s basic policies in developing the accounting standard for fair value measurement were to establish accounting standards which adopt all principles of IFRS 13 from the view of comparability of financial statements between the domestic and foreign companies, by prescribing a unified measurement method and also to prescribe exceptional treatments for individual matters by taking into account the accounting practices that have conventionally been adopted in Japan to the extent that do not impair the comparability of financial statements.

(2) Effective date

Effective from the beginning of the fiscal year ending December 31, 2022.

(3) Effect of application of the standard and guidances

The Company and its consolidated subsidiaries are currently in the process of determining the effects of these new standards and guidances on the consolidated financial statements.

- “Accounting Standard for Disclosure on Accounting Estimates” (ASBJ Statement No.31, March 31, 2020)

(1) Overview

“Disclosure of sources of estimation uncertainty” is required by Paragraph 125 of IAS 1 “Presentation of Financial Statements” issued by the IASB in 2003. In relation to the disclosure, ASBJ received requests to consider disclosure of such useful information for users of financial statements under Japanese GAAP and accordingly, ASBJ developed and issued the standard.

The ASBJ’s basic policies in developing the accounting standard for disclosure of accounting estimates were to present principles (disclosure purpose) rather than enriching the existing notes, to request companies to make decisions about the specific disclosure contents in light of the disclosure purpose, and the provision of Paragraph 125 of IAS 1 were referred to in the development.

(2) Effective date

Effective from the last of the fiscal year ending December 31, 2021.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No.24, March 31, 2020)

#### (1) Overview

Following the proposal for a study of enriching disclosure of notes on “accounting principles and procedures adopted when requirements under the relating accounting standards are not clearly defined,” the ASBJ made necessary revisions and issued the revised “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.”

In enriching disclosure of notes on “accounting principles and procedures adopted when requirements under the relating accounting standards are not clearly defined,” Note 1-2 of the Business Accounting Principles should be followed to avoid affecting accounting practices when requirements under the relating accounting standards are clearly defined.

#### (2) Effective date

Effective from the last of the fiscal year ending December 31, 2021.

### 4. Additional Information

*(Accounting estimates along with expansion of COVID-19)*

Spread of COVID-19 has comprehensive impacts on economy and business activities and it also affects the Companies.

Although it was difficult to reasonably estimate the timing of the infection convergence and the extent of impacts, the Company made accounting estimates such as impairments of fixed assets and recoverability of deferred tax assets on the assumption that impacts on our financial statements would be limited.

### 5. Deferred Capital Gains on Tangible Fixed Assets

Under certain conditions, such as the exchange of similar kinds of fixed assets, gains from insurance claims and sales and purchases resulting from expropriation, Japanese tax acts permit companies to defer gains arising from such transactions by reducing the cost of the assets acquired. Accordingly, deferred capital gains from insurance claims were deducted from the cost of replacement properties, which amounted to ¥41 million as of both December 31, 2020 and 2019.

### 6. Effect of Bank Holiday

As financial institutions in Japan were closed on both December 31, 2020 and 2019, amounts that would have been settled on December 31 were collected or paid on the first business day in January 2021 and 2020. The amounts included in the consolidated balance sheet as of December 31, 2020 and 2019 were as follows:

	<i>Millions of yen</i>	
	2020	2019
Notes and accounts receivable - trade .....	¥ 799	¥ 874
Notes and accounts payable - trade .....	25	46
Electronically recorded obligations - operating .....	1,692	1,994

## 7. Financial Instruments

### 1. Qualitative information on financial instruments

#### (1) Policies for using financial instruments

The Companies have policies to limit fund management to the use of highly secure financial assets such as short-term deposits and financing to the use of bank loans. Derivative transactions are used to manage the risk of fluctuation in the interest rates of bank loans with variable interest rates. The Companies do not use derivative transactions for speculation.

#### (2) Details of risk and risk management for financial instruments

Operating receivables such as “Notes and accounts receivable - trade” are exposed to customer credit risk. To manage such risk, due dates and the balances of operating receivables by customer are monitored by reviewing overdue receivable reports. In addition, credit research is performed regularly on customers whose accounts need attention.

Securities such as available-for-sale securities consist mainly of securities of parties with whom the Companies have business relationships and are exposed to market fluctuations risk. To manage such risk, the Companies monitor the fair value of the securities and the financial condition of the investees regularly to evaluate investment policy, taking the business relationships with the investees into consideration.

Operating payables such as “Notes and accounts payable - trade” and “Electronically recorded obligations - operating” are mostly due within one year.

Short-term loans payable are used as financing mainly for operating transactions, and long-term loans payable and lease obligations on finance leases are used as financing mainly for capital expenditure.

Loans payable at variable interest rates are exposed to the risk of interest rate fluctuation. However, for some long-term loans payable, derivative transactions, namely interest rate swap contracts, are used as hedging instruments to avoid interest rate risk and stabilize interest expense. Hedge effectiveness testing is not conducted as the interest rate swap contracts meet certain hedging criteria.

The execution and management of derivative transactions are conducted under the Company’s derivative transaction management rules and regulations, and the counterparties to derivative financial instruments are limited to high credit rating financial institutions to mitigate credit risk.

Operating payables and bank loans are exposed to liquidity risk, but the Companies manage the risk by preparing and reviewing respective monthly cash management plans.

### 2. Fair values of financial instruments

Consolidated balance sheet amounts and fair values of financial instruments and any differences as of December 31, 2020 and 2019 are set forth in the tables below.

Note that the following tables do not include fair values for financial instruments for which the fair value was extremely difficult to measure.

#### *Year ended December 31, 2020*

	<i>Millions of yen</i>		
	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	¥ 12,427	¥ 12,427	¥ -
(2) Notes and accounts receivable - trade	43,083	43,083	-
(3) Investments:			
Securities in affiliates	13,072	16,683	3,611
Available-for-sale securities	8,283	8,283	-
Total assets	¥ 76,865	¥ 80,476	¥ 3,611
(1) Notes and accounts payable - trade	¥ 16,376	¥ 16,376	¥ -
(2) Electronically recorded obligations - operating	11,309	11,309	-
(3) Short-term loans payable	4,534	4,534	
(4) Long-term loans payable	12,527	12,552	25
Total liabilities	¥ 44,746	¥ 44,771	¥ 25
Derivative transactions (*)	-	-	-

(\*) Derivative assets and (liabilities) are on a net basis.

**Year ended December 31, 2019**

	<i>Millions of yen</i>		
	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	¥ 10,122	¥ 10,122	¥ -
(2) Notes and accounts receivable - trade	45,829	45,829	-
(3) Investments:			
Securities in affiliates	13,587	16,467	2,880
Available-for-sale securities	10,733	10,733	-
Total assets	¥ 80,271	¥ 83,151	¥ 2,880
(1) Notes and accounts payable - trade	¥ 17,632	¥ 17,632	¥ -
(2) Electronically recorded obligations - operating	13,009	13,009	-
(3) Short-term loans payable	6,011	6,011	
(4) Long-term loans payable	10,219	10,216	(3)
Total liabilities	¥ 46,871	¥ 46,868	¥ (3)
Derivative transactions (*)	-	-	-

(\*) Derivative assets and (liabilities) are on a net basis.

Note 1: Determination of fair value of financial instruments, securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The fair value approximates the carrying amount because of the short maturity of these instruments.

(3) Investments

The fair value of securities is stated at the quoted market price. The fair value of investment trusts approximates the carrying amount because of the short maturity.

Securities are classified as securities in affiliates or available-for-sale securities.

The consolidated balance sheet amounts, acquisition costs and any differences for securities as of December 31, 2020 and 2019 were as follows:

**Year ended December 31, 2020**

	<i>Millions of yen</i>		
	Consolidated balance sheet amount	Acquisition cost (*)	Difference
(1) Equity securities with consolidated balance sheet amount exceeding acquisition cost	¥ 20,374	¥ 5,144	¥ 15,230
(2) Other	-	-	-
Subtotal	20,374	5,144	15,230
(1) Equity securities with consolidated balance sheet amount not exceeding acquisition cost	981	1,203	(222)
(2) Other	-	-	-
Subtotal	981	1,203	(222)
Total	¥ 21,355	¥ 6,347	¥ 15,008

(\*) Acquisition cost is the consolidated balance sheet amount after write-down.

The amount of write-down was ¥0 million.



*Year ended December 31, 2019*

	<i>Millions of yen</i>		
	Consolidated balance sheet amount	Acquisition cost (*)	Difference
(1) Equity securities with consolidated balance sheet amount exceeding acquisition cost .....	¥ 24,262	¥ 6,271	¥ 17,991
(2) Other .....	-	-	-
Subtotal .....	24,262	6,271	17,991
(1) Equity securities with consolidated balance sheet amount not exceeding acquisition cost .....	58	64	(6)
(2) Other .....	-	-	-
Subtotal .....	58	64	(6)
Total .....	¥ 24,320	¥ 6,335	¥ 17,985

(\*) Acquisition cost is the consolidated balance sheet amount after write-down.  
There was no amount of write-down.

#### Liabilities

(1) Notes and accounts payable - trade, (2) Electronically recorded obligations – operating and (3) Short-term loans payable

The fair value approximates the carrying amount because of the short maturity of these instruments.

(4) Long-term loans payable

The fair value of long-term loans payable is estimated by the present value of the total amount of principal and interest discounted at the interest rate that would apply to similar new borrowings.

#### Derivative transactions

There were no amounts for derivative transactions as of December 31, 2020 and 2019.

Note 2: Financial instruments for which the fair value is extremely difficult to measure

Non-listed equity securities classified as available-for sale securities or equity securities issued by subsidiaries and affiliates in the consolidated balance sheet amount of ¥3,821 million as of December 31, 2020 and ¥991 million as of December 31, 2019 were not included in “Assets (3) Investments” because they had no quoted market price, future cash flows could not be estimated and the fair values were unavailable.

Note 3: Aggregate annual maturities of money claims and securities with maturities as of December 31, 2020 and 2019 were as follows:

*Year ended*

*December 31, 2020*

	<i>Millions of yen</i>			
	2021	2022-2025	2026-2030	2031 and thereafter
Cash and deposits .....	¥ 12,427	¥ -	¥ -	¥ -
Notes and accounts receivable - trade .....	43,083	-	-	-
Total .....	¥ 55,510	¥ -	¥ -	¥ -

**Year ended****December 31, 2019**

	<i>Millions of yen</i>			
	2020	2021-2024	2025-2029	2030 and thereafter
Cash and deposits .....	¥ 10,122	¥ -	¥ -	¥ -
Notes and accounts receivable - trade .....	45,829	-	-	-
Total .....	¥ 55,951	¥ -	¥ -	¥ -

Note 4: Aggregate annual maturities of long-term loans payable as of December 31, 2020 and 2019 were as follows:

**Year ended****December 31, 2020**

<i>December 31, 2020</i>	<i>Millions of yen</i>					
	2021	2022	2023	2024	2025	2026 and thereafter
Long-term loans payable .....	¥ 2,772	¥ 5,013	¥ 1,135	¥ 1,704	¥ 1,903	¥ -

**Year ended****December 31, 2019**

<i>December 31, 2019</i>	<i>Millions of yen</i>					
	2020	2021	2022	2023	2024	2025 and thereafter
Long-term loans payable .....	¥ 2,160	¥ 2,180	¥ 4,320	¥ 407	¥ 1,153	¥ -

## 8. Securities

The following tables summarize the consolidated balance sheet amount, acquisition cost and fair value of available-for sale securities as of December 31, 2020 and 2019. Available-for-sale securities (non-listed equity securities) in the consolidated balance sheet amount of ¥536 million as of December 31, 2020 and ¥289 million as of December 31, 2019 were not included because they had no quoted market price, the future cash flows could not be estimated and the fair values were unavailable. Proceeds from the sale of available-for-sale securities amounted to ¥15 million for the year ended December 31, 2020 and ¥480 million for the year ended December 31, 2019, and the related gains amounted to ¥3 million for the year ended December 31, 2020 and ¥211 million for the year ended December 31, 2019.

When the fair value of securities at the fiscal year end is lower than the acquisition cost by 50% or more, the whole amount of such difference is recorded as impairment loss, in principle. When the fair value at the fiscal year end is lower than the acquisition cost by between 30% and 50%, impairment loss in an amount deemed necessary is recorded after determining recoverability by considering quoted market price transactions during a certain past period, business performance and other factors.

The amount of impairment for available-for-sale securities was ¥3 million for the year ended December 31, 2020 and ¥2 million for the year ended December 31, 2019.

### *Year ended December 31, 2020*

	<i>Millions of yen</i>		
	Consolidated balance sheet amount	Acquisition cost	Difference
(1) Equity securities with consolidated balance sheet amount exceeding acquisition cost.....	¥ 7,302	¥ 4,720	¥ 2,582
(2) Other .....	-	-	-
Subtotal .....	7,302	4,720	2,582
(1) Equity securities with consolidated balance sheet amount not exceeding acquisition cost .....	981	1,203	(222)
(2) Other .....	-	-	-
Subtotal .....	981	1,203	(222)
Total .....	¥ 8,283	¥ 5,923	¥ 2,360

### *Period ended December 31, 2019*

	<i>Millions of yen</i>		
	Consolidated balance sheet amount	Acquisition cost	Difference
(1) Equity securities with consolidated balance sheet amount exceeding acquisition cost.....	¥ 10,675	¥ 5,847	¥ 4,828
(2) Other .....	-	-	-
Subtotal .....	10,675	5,847	4,828
(1) Equity securities with consolidated balance sheet amount not exceeding acquisition cost .....	58	64	(6)
(2) Other .....	-	-	-
Subtotal .....	58	64	(6)
Total .....	¥ 10,733	¥ 5,911	¥ 4,822

## 9. Inventories

Inventories at December 31, 2020 and 2019 consisted of the following:

	<i>Millions of yen</i>	
	2020	2019
Merchandise and finished goods .....	¥ 10,462	¥ 11,480
Work-in-process .....	1,119	1,178
Raw materials and supplies .....	9,603	9,025
	<u>¥ 21,184</u>	<u>¥ 21,683</u>

## 10. Short-term Loans Payable and Long-term Loans Payable

Short-term loans payable at December 31, 2020 and 2019 consisted of short-term notes generally for one year bearing interest ranging from 0.23% to 8.82%.

Long-term loans payable at December 31, 2020 and 2019 consisted of the following:

	<i>Millions of yen</i>	
	2020	2019
Secured:		
Loans principally from banks at 3.65% maturing through 2024 .....	¥ 209	¥ 211
Unsecured:		
Loans principally from banks at 0.19% - 4.70% maturing through 2025 .....	12,318	10,008
	<u>12,527</u>	<u>10,219</u>
Less amounts due within one year .....	<u>2,772</u>	<u>2,160</u>
	<u>¥ 9,755</u>	<u>¥ 8,059</u>

The aggregate annual maturities of long-term loans payable at December 31, 2020 were as follows:

<u>Year ending December 31,</u>	<u>Millions of yen</u>
2021 .....	¥ 2,772
2022 .....	5,013
2023 .....	1,135
2024 .....	1,704
2025 and thereafter .....	1,903
	<u>¥ 12,527</u>

The Company has specific commitment lines with three banks to finance working capital as follows:

Specific commitment lines .....	¥ 6,000 million
Used portion as of December 31, 2020 .....	¥ -

## 11. Assets Pledged as Collateral

Assets pledged as collateral as of December 31, 2020 and 2019 were as follows:

	<i>Millions of yen</i>	
	2020	2019
Notes and accounts receivable - trade .....	¥ 8	¥ 8
Buildings and structures, net of accumulated depreciation .....	573	638
Machinery, equipment and vehicles, net of accumulated depreciation .....	0	1
Land .....	122	129
Investments in other .....	43	50
	<u>¥ 746</u>	<u>¥ 826</u>

Liabilities secured by the above assets were as follows:

	<i>Millions of yen</i>	
	2020	2019
Notes and accounts payable - trade .....	195	214
Short-term loans payable.....	¥ 8	¥ 8
Current portion of long-term loans payable .....	69	73
Other current liabilities.....	0	1
Long-term loans payable.....	140	222
Other non-current liabilities .....	-	0
	<u>¥ 412</u>	<u>¥ 518</u>

## 12. Finance Leases

Capitalized finance leases of the Companies at December 31, 2020 and 2019 were as follows:

(As lessee)

Finance leases for which the ownership of the lease assets was not considered to be transferred to the lessee as of and for the year ended December 31, 2020 and 2019 were as follows:

### (1) Description of lease assets

Tangible fixed assets:

Mainly, the production facilities in the printing ink business (machinery and equipment) for common purposes or each business.

### (2) Depreciation method for lease assets

As described in Note 2, "Significant Accounting Policies - *Finance leases*"

### 13. Retirement Benefits

#### 1. Outline of adopted retirement benefit plans

The Company and certain domestic consolidated subsidiaries provide funded non-contributory pension plans, which include defined benefit pension plans and unfunded lump-sum payment plans. Certain foreign consolidated subsidiaries provide defined contribution plans as well as defined benefit pension plans.

#### 2. Defined benefit plans, including plans applying the simplified method

##### (1) Movement in retirement benefit obligations

	<i>Millions of yen</i>	
	2020	2019
Balance at the beginning of current period	¥ 12,706	¥ 12,626
Service cost (*)	511	522
Interest cost	86	86
Actuarial loss (gain)	179	(38)
Benefits paid	(558)	(473)
Past service cost	-	(52)
Other	(64)	35
Balance at the end of current period	¥ 12,860	¥ 12,706

(\*1) Service cost includes retirement benefit costs of consolidated subsidiaries applying the simplified method.

(\*2) In addition to costs above, there was ¥113 million for early retirement costs for the year ended December 31, 2020 and ¥184 million for the year ended December 31, 2019.

##### (2) Movement in plan assets

	<i>Millions of yen</i>	
	2020	2019
Balance at the beginning of current period	¥ 8,103	¥ 7,657
Expected return on plan assets	161	162
Actuarial loss (gain)	(21)	208
Contributions paid by the employer	321	436
Benefits paid	(395)	(352)
Other	(28)	(8)
Balance at the end of current period	¥ 8,141	¥ 8,103

##### (3) Reconciliation from retirement benefit obligations and plan assets to net defined benefit liability (asset)

	<i>Millions of yen</i>	
	2020	2019
Funded retirement benefit obligations	¥ 8,063	¥ 8,017
Plan assets	(8,141)	(8,103)
Total	(78)	(86)
Unfunded retirement benefit obligations	4,797	4,688
Total net liability (asset) for retirement benefits at the end of current period	¥ 4,719	¥ 4,602
Net defined benefit liability	4,940	4,770
Net defined benefit asset	(221)	(168)
Total net liability (asset) for retirement benefits at the end of current period	¥ 4,719	¥ 4,602



(4) Retirement benefit costs

	<i>Millions of yen</i>	
	2020	2019
Service cost (*)	¥ 511	¥ 522
Interest cost	86	86
Expected return on plan assets	(161)	(162)
Net actuarial loss amortization	241	161
Past service cost	-	(52)
Other	(13)	(5)
Total retirement benefit costs for defined benefit plans	¥ 664	¥ 550

(\*) Service cost includes retirement benefit costs of consolidated subsidiaries applying simplified method.

(5) Remeasurements of defined benefit plans

	<i>Millions of yen</i>	
	2020	2019
Actuarial gains and losses	50	421
Total	¥ 50	¥ 421

(6) Accumulated remeasurements of defined benefit plans

	<i>Millions of yen</i>	
	2020	2019
Actuarial gains and losses that are yet to be recognized	1,453	1,502
Total	¥ 1,453	¥ 1,502

(7) Plan assets

	2020	2019
(a) Plan assets comprise:		
Bonds	59.7 %	54.3 %
Equity securities	11.5	11.1
Alternative assets (*)	17.9	22.4
Other	10.9	12.2
Total	100.0 %	100.0 %

(\*) Alternative is investment mainly for multi-asset investment fund.

(b) Long-term expected rate of return

Current and expected plan assets portfolio and historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(8) Actuarial assumptions

	2020	2019
The principal actuarial assumptions were as follows:		
Discount rate	Mainly 0.30%	Mainly 0.30%
Long-term expected rate of return	Mainly 2.00%	Mainly 2.00%
Expected rate of pay raises	Mainly 2.86%	Mainly 2.86%

3. Defined contribution plan

	<i>Millions of yen</i>	
	2020	2019
Accrued contribution by consolidated subsidiaries	¥ 893	¥ 470

#### 14. Deferred Income Taxes

Significant components of the Companies' deferred tax assets and liabilities as of December 31, 2020 and 2019 were as follows:

	<i>Millions of yen</i>	
	2020	2019
Deferred tax assets:		
Allowance for doubtful accounts	¥ 199	¥ 227
Provision for bonuses	144	138
Net defined benefit liability	1,935	1,857
Write-down of inventories	108	48
Intangible assets	360	298
Tax loss carryforwards	1,207	1,112
Other	637	721
Subtotal	4,590	4,401
Valuation allowance for tax loss carryforwards	(1,153)	(1,042)
Valuation allowance for total of deductible temporary differences	(520)	(435)
Subtotal	(1,673)	(1,477)
Total deferred tax assets	2,917	2,924
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(722)	(1,470)
Special reserves	(860)	(955)
Retained earnings of subsidiaries and affiliates	(3,378)	(3,566)
Other	(925)	(1,097)
Total deferred tax liabilities	(5,885)	(7,088)
Net deferred tax assets (liabilities)	¥ (2,968)	¥ (4,164)

Note 1: Expiration period for tax loss carryforwards and deferred tax assets as of December 31, 2020 and 2019 were as follows:

##### *Year ended*

**December 31, 2020**

	<i>Millions of yen</i>						
	2021	2022	2023	2024	2025	2026 and thereafter	Total
Tax loss							
carryforwards	¥ 10	¥ -	¥ 20	¥ 16	¥ 49	¥ 1,112	¥ 1,207
Valuation allowance	(10)	-	(20)	(16)	(49)	(1,058)	(1,153)
Deferred tax assets	-	-	-	-	-	54	54

(\*) The amount of tax loss carryforwards in the above table is after multiplying the statutory tax rate.

##### *Year ended*

**December 31, 2019**

	<i>Millions of yen</i>						
	2020	2021	2022	2023	2024	2025 and thereafter	Total
Tax loss							
carryforwards	¥ 9	¥ 11	¥ -	¥ 21	¥ 59	¥ 1,012	¥ 1,112
Valuation allowance	(9)	(11)	-	(21)	(59)	(942)	(1,042)
Deferred tax assets	-	-	-	-	-	70	70

(\*) The amount of tax loss carryforwards in the above table is after multiplying the statutory tax rate.

The reconciliation between the effective tax rate reflected in the consolidated financial statements and the statutory tax rate for the years ended December 31, 2020 and 2019 is summarized as follows:

	2020	2019
Statutory tax rate of the Company	30.6%	30.6%
(Reconciliation)		
Expenses not qualifying for deduction	1.2	1.6
Revenues not in gross revenue	(4.7)	(3.9)
Tax credits	(2.6)	(2.8)
Equity in earnings of affiliates	(1.2)	(3.2)
Elimination of dividend income	3.8	4.3
Valuation allowance	3.6	8.8
Retained earnings of foreign subsidiaries	(2.4)	2.9
Difference in the effective tax rates of foreign subsidiaries	(5.3)	(2.5)
Other	0.8	(2.0)
Effective tax rate after adoption of tax effect accounting	23.8%	33.8%

## 15. Contingent Liabilities

At December 31, 2020 and 2019, the Companies were contingently liable as follows:

	<i>Millions of yen</i>	
	2020	2019
TAIWAN SAKATA INX CORP	¥ 151	¥ 149
Other	-	11
Total	¥ 151	¥ 160

The Company provides letters of awareness to banks for bank loans of unconsolidated subsidiaries and affiliates, and the Company also provides guarantees of indebtedness for leases of unconsolidated subsidiaries and affiliates. The guarantee obligations include amounts guaranteed by other parties, and those amounts are excluded from the amounts stated above.

The amounts guaranteed by other parties were as follows:

	<i>Millions of yen</i>	
	2020	2019
	¥ -	¥ 3

## 16. Selling, General and Administrative Expenses

The main items of selling, general and administrative expenses for the years ended December 31, 2020 and 2019 were as follows:

	<i>Millions of yen</i>	
	2020	2019
Freightage and packing expenses	¥ 4,929	¥ 5,252
Salaries and allowances	9,594	9,642
Depreciation	758	790
Provision of allowance for doubtful accounts	180	372
Provision for bonuses	288	276
Retirement benefit expenses	909	563
Research and development expenses	3,478	3,475

## 17. Impairment Loss

### *Year ended December 31, 2020*

Not applicable

### *Year ended December 31, 2019*

Impairment loss recognized for the year ended December 31, 2019 was as follows:

Location	Purpose of use	Type	Amount (Millions of yen)
Hyogo, Japan	Welfare facility	Land	¥ 140
		Buildings and structures	50
Total			¥ 190

The business assets of the Companies are generally grouped based on business segment, while the assets of a part of consolidated subsidiaries are grouped based on each company.

Welfare facilities were treated as common assets that do not generate independent cash flow. Book value on the above assets was reduced to recoverable value.

The recoverable value of the assets was calculated based on net sale prices which were measured by expected sale prices.

## 18. Gain on Sales of Property, Plant and Equipment

The details of gain on sales of property, plant and equipment for the years ended December 31, 2020 and 2019 were as follows:

<i>Millions of yen</i>		
	2020	2019
Buildings and structures, and Land (*)	¥ 80	¥ -
Land	4	-
Total	¥ 84	¥ -

(\*) Total gains on sale was described because the contract was to sell buildings and structures, and land together and it was difficult to measure gains on each assets separately.

## 19. Loss on Retirement of Property, Plant and Equipment

The details of loss on retirement of property, plant and equipment for the years ended December 31, 2020 and 2019 were as follows:

<i>Millions of yen</i>		
	2020	2019
Buildings and structures	¥ -	¥ 1
Machinery, equipment and vehicles	-	1
Other fixed assets	-	0
Demolition and removal expenses	-	38
Total	¥ -	¥ 40

## 20. Restructuring loss

### *Year ended December 31, 2020*

¥113 million as early retirement costs and ¥105 million as other restructuring costs were recognized. They were related to close of a factory of INX International FRANCE SAS and dissolution of Sakata Inx Engineering Co.,Ltd.,.

### *Year ended December 31, 2019*

Close of a factory of INX International FRANCE SAS was decided to reconstruct a production system in Europe, and ¥216 million was recognized as restructuring loss.

The details were ¥184 million as early retirement costs and ¥32 million as other restructuring costs.

## 21. Consolidated Statements of Comprehensive Income

The reclassification adjustment and the tax benefit concerning other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	<i>Millions of yen</i>	
	2020	2019
Valuation difference on available-for-sale securities		
Amount arising during the period	¥ (2,459)	¥ 1,150
Reclassification adjustment included in net income	(3)	(211)
Pre-tax amount	(2,462)	939
Tax benefit	749	(292)
Valuation difference on available-for-sale securities	(1,713)	647
Foreign currency translation adjustment		
Amount arising during the period	(1,894)	(308)
Remeasurements of defined benefit plans		
Amount arising during the period	(184)	230
Reclassification adjustment included in net income	234	191
Pre-tax amount	50	421
Tax benefit	(17)	(133)
Remeasurements of defined benefit plans	33	288
Share of other comprehensive income of affiliates accounted for using equity method		
Amount arising during the period	(501)	(53)
Reclassification adjustment included in net income	9	11
Share of other comprehensive income of affiliates accounted for using equity method	(492)	(42)
Total other comprehensive income	¥ (4,066)	¥ 585

## 22. Supplementary Cash Flow Information

The reconciliation of cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets as of December 31, 2020 and 2019 were as follows:

	<i>Millions of yen</i>	
	2020	2019
Cash and deposits	¥ 12,427	¥ 10,122
Time deposits with original maturity of more than three months	(749)	(761)
Cash and cash equivalents	¥ 11,678	¥ 9,361

## 23. Segment Information

### 1. Overview of reportable segments

The Companies' reportable segments are components of the Companies for which separate financial information is obtainable and which the Board of Directors and Management Committee regularly consider in order to determine the allocation of business resources and evaluate business performance. The Companies are engaged mainly in the manufacture and sale of printing inks. Multiple divisions of the Company are engaged in the domestic market, and the foreign subsidiaries are engaged in their own respective overseas markets, such as markets of Asia, Americas and Europe.

Foreign subsidiaries that have independent management units establish their own comprehensive strategies and develop business activities in their respective regions and surrounding areas. Besides the sale of printing inks, the Company purchases and sells graphic arts materials in the domestic market. In addition, the Company purchases and sells printing equipment in the domestic market.

The digital & specialty products business such as inkjet ink, toner, pigment dispersion and others developed through the basic technology of printing inks like pigment dispersion make up various independent operational segments. The Companies focus on expanding the revenue base of the digital & specialty products business led by the Company.

Therefore, the Companies' printing inks business, our core business, comprises the geographic segments based on the production and sales structure. The Companies' printing inks business consists of the four reportable segments of "Printing inks and graphic arts materials (Japan)," "Printing inks (Asia)," "Printing inks (Americas)" and "Printing inks (Europe)." Furthermore, the "Digital & Specialty products" business, in which the Companies promote business expansion, constitutes another reportable segment for a total of five reportable segments.

<i>Reportable segment</i>	<i>Main products and merchandise</i>
Printing inks and graphic arts materials (Japan)	Packaging ink, Flexible packaging gravure ink, News paper printing ink, Commercial printing ink, Print and plate making equipment and materials, Packaging equipment and supplies
Printing inks (Asia)	Packaging ink, Flexible packaging gravure ink, Metal decorating ink, News paper printing ink, Commercial printing ink
Printing inks (Americas)	Packaging ink, Flexible packaging gravure ink, Metal decorating ink, Commercial ink
Printing inks (Europe)	Packaging ink, Flexible packaging gravure ink, Metal decorating ink, Commercial ink
Digital & Specialty products	Inkjet ink, Toner, Pigment dispersion for color filter, Functional coating

### 2. Basis of measurement for reported segment sales, income or loss, assets and other items

The accounting policies of the reportable segments are essentially the same as those described in Note 2, "Significant Accounting Policies."

Segment income or loss is stated on an operating income basis. Intersegment income and transfers are based on the prevailing markets prices.

### 3. Information about reportable segment sales, segment income or loss, segment assets and other items

*Year ended*  
*December 31, 2020*

*Millions of yen*

	Reportable Segment						Other businesses (*1)	Total	Adjustments (*2)	Consolidated (*3)
	Printing inks and graphic arts materials (Japan)	Printing inks (Asia)	Printing inks (Americas)	Printing inks (Europe)	Digital & Specialty products	Total				
Net sales to outside customers	48,056	32,490	48,770	9,672	11,785	150,773	10,734	161,507	-	161,507
Intersegment sales and transfers	15	107	740	492	60	1,414	6,250	7,664	(7,664)	-
Total	48,071	32,597	49,510	10,164	11,845	152,187	16,984	169,171	(7,664)	161,507
Segment income	984	2,451	2,953	(432)	482	6,438	156	6,594	619	7,213
Segment assets	37,174	34,696	25,773	10,704	9,863	118,210	5,643	123,853	21,419	145,272
Depreciation	1,435	747	905	267	925	4,279	71	4,350	-	4,350
Amortization of goodwill	-	-	83	-	-	83	-	83	-	83
Increase in property, plant and equipment and intangible assets	885	1,364	1,600	476	171	4,496	13	4,509	-	4,509

(\*1) The “Other businesses” category includes the chemical products business, color film developing and printing services and equipment for color matching systems not shown in reportable segments.

(\*2) Adjustments are as follows:

1. The adjustment of ¥619 million for segment income includes eliminations for intersegment transactions of ¥817 million and corporate expenses of ¥(198) million that have not been allocated to any segment. Corporate expenses are mainly service fees to unconsolidated subsidiaries and affiliates.
2. The adjustment of ¥21,419 million for segment assets includes eliminations for intersegment transactions of ¥(6,343) million and corporate assets of ¥27,762 million that have not been allocated to any segment. Corporate assets are mainly investment securities held for a common corporate purpose.

(\*3) Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.

Year ended  
December 31, 2019

Millions of yen

	Reportable Segment						Other businesses (*1)	Total	Adjustments (*2)	Consolidated (*3)
	Printing inks and graphic arts materials (Japan)	Printing inks (Asia)	Printing inks (Americas)	Printing inks (Europe)	Digital & Specialty products	Total				
Net sales to outside customers	51,858	35,204	47,595	9,481	12,359	156,497	10,741	167,238	-	167,238
Intersegment sales and transfers	19	73	1,176	310	94	1,672	6,096	7,768	(7,768)	-
Total	51,877	35,277	48,771	9,791	12,453	158,169	16,837	175,006	(7,768)	167,238
Segment income	822	2,421	1,945	(985)	926	5,129	370	5,499	727	6,226
Segment assets	41,404	32,798	25,487	8,989	11,037	119,715	5,583	125,298	22,994	148,292
Depreciation	1,480	730	905	247	907	4,269	72	4,341	-	4,341
Amortization of goodwill	-	-	108	-	-	108	-	108	-	108
Increase in property, plant and equipment and intangible assets	801	1,813	977	354	914	4,859	19	4,878	-	4,878

(\*1) The "Other businesses" category includes the chemical products business, color film developing and printing services and equipment for color matching systems not shown in reportable segments.

(\*2) Adjustments are as follows:

1. The adjustment of ¥727 million for segment income includes eliminations for intersegment transactions of ¥929 million and corporate expenses of ¥(202) million that have not been allocated to any segment. Corporate expenses are mainly service fees to unconsolidated subsidiaries and affiliates.
2. The adjustment of ¥22,994 million for segment assets includes eliminations for intersegment transactions of ¥(6,274) million and corporate assets of ¥29,268 million that have not been allocated to any segment. Corporate assets are mainly investment securities held for a common corporate purpose.

(\*3) Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.



(Related information)

**Year ended December 31, 2020**

1. Information about each product and service

<i>Year ended December 31, 2020</i>	<i>Millions of yen</i>				
	Printing inks	Graphic arts materials	Digital & Specialty products	Other	Total
Net sales to outside customers	¥ 126,818	¥ 12,227	¥ 11,785	¥ 10,677	¥ 161,507

2. Information about geographic areas

<i>Year ended December 31, 2020</i>	<i>Millions of yen</i>											
	Japan		Asia		America		Europe		Other		Total	
Net sales	¥	61,666	¥	35,109	¥	42,239	¥	10,877	¥	11,616	¥	161,507
Property, plant and equipment	¥	21,714	¥	8,314	¥	7,309	¥	2,618	¥	383	¥	40,338

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

3. Major customers

No information is available as there were no outside customers accounting for 10% or more of the Companies' total net sales.

**Year ended December 31, 2019**

1. Information about each product and service

<i>Year ended December 31, 2019</i>	<i>Millions of yen</i>				
	Printing inks	Graphic arts materials	Digital & Specialty products	Other	Total
Net sales to outside customers	¥ 130,951	¥ 13,247	¥ 12,359	¥ 10,681	¥ 167,238

2. Information about geographic areas

<i>Year ended December 31, 2019</i>	<i>Millions of yen</i>										
	Japan		Asia		America		Europe		Other		Total
Net sales	¥	65,441	¥	37,439	¥	41,411	¥	11,411	¥	11,536	¥ 167,238
Property, plant and equipment	¥	23,021	¥	7,968	¥	7,334	¥	2,574	¥	277	¥ 41,174

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

3. Major customers

No information is available as there were no outside customers accounting for 10% or more of the Companies' total net sales.

(Impairment loss by reportable segments)

**Year ended December 31, 2020**

Not applicable

**Year ended December 31, 2019**

<b>Year ended December 31, 2019</b>	<b>Millions of yen</b>								
	Reportable Segment								
	Printing inks and graphic arts materials (Japan)	Printing inks (Asia)	Printing inks (Americas)	Printing inks (Europe)	Digital & Specialty products	Total	Other businesses	Adjustments	Consolidated
Impairment loss	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 190	¥ 190

(Amortization and unamortized balance of goodwill)

**Year ended December 31, 2020**

<b>Year ended December 31, 2020</b>	<b>Millions of yen</b>								
	Reportable Segment								
	Printing inks and graphic arts materials (Japan)	Printing inks (Asia)	Printing inks (Americas)	Printing inks (Europe)	Digital & Specialty products	Total	Other businesses	Adjustments	Consolidated
Amortization of goodwill	¥ -	¥ -	¥ 83	¥ -	¥ -	¥ 83	¥ -	¥ -	¥ 83
Balance as of December 31, 2020	¥ -	¥ -	¥ 501	¥ -	¥ -	¥ 501	¥ -	¥ -	¥ 501

**Year ended December 31, 2019**

<b>Year ended December 31, 2019</b>	<b>Millions of yen</b>								
	Reportable Segment								
	Printing inks and graphic arts materials (Japan)	Printing inks (Asia)	Printing inks (Americas)	Printing inks (Europe)	Digital & Specialty products	Total	Other businesses	Adjustments	Consolidated
Amortization of goodwill	¥ -	¥ -	¥ 108	¥ -	¥ -	¥ 108	¥ -	¥ -	¥ 108
Balance as of December 31, 2019	¥ -	¥ -	¥ 739	¥ -	¥ -	¥ 739	¥ -	¥ -	¥ 739

(Negative goodwill in other income by reportable segments)

**Year ended December 31, 2020**

Not applicable

**Year ended December 31, 2019**

Not applicable

## 24. Related Party Transactions

Transactions with related parties for the years ended December 31, 2020 and 2019 were as follows:

### *Year ended December 31, 2020*

Attribute	Name	Location	Capital stock (Millions of RMB)	Operations or occupation	Holding equity (%)	Relationship	Transaction details	Transaction amount (Millions of yen)	Account	Balance at year end (Millions of yen)
Affiliate	SHENZHEN SAKATA INX CO., LTD.	Shenzhen, China	2	Printing ink	Direct 25.0	Sales of finished goods	Sales of finished goods	¥ 2,541	Notes and accounts receivable - trade	¥ 1,925
									Investments and other assets: Other	¥ 171

Note 1: The trade terms of the above transactions were determined using the same methods as those for third-party transactions.

Note 2: The amount of ¥171 million was accounted for as allowance for doubtful accounts to cover possible losses on collection from SHENZHEN SAKATA INX CO., LTD., and the amount of reversal of allowance for doubtful accounts for the year ended December 31, 2020 was ¥7 million.

### *Year ended December 31, 2019*

Attribute	Name	Location	Capital stock (Millions of RMB)	Operations or occupation	Holding equity (%)	Relationship	Transaction details	Transaction amount (Millions of yen)	Account	Balance at year end (Millions of yen)
Affiliate	SHENZHEN SAKATA INX CO., LTD.	Shenzhen, China	2	Printing ink	Direct 25.0	Sales of finished goods	Sales of finished goods	¥ 2,863	Notes and accounts receivable - trade	¥ 2,062
									Investments and other assets: Other	¥ 174

Note 1: The trade terms of the above transactions were determined using the same methods as those for third-party transactions.

Note 2: The amount of ¥174 million was accounted for as allowance for doubtful accounts to cover possible losses on collection from SHENZHEN SAKATA INX CO., LTD., and the amount of reversal of allowance for doubtful accounts for the year ended December 31, 2019 was ¥1 million.

## 25. Changes in Net Assets

### 1. Shares issued and treasury shares

#### *Year ended December 31, 2020*

Type	Number of shares as of the beginning of current period	Increase in number of shares during the period	Decrease in number of shares during the period	Number of shares as of the end of current period
Shares issued: Common stock	62,601,161	-	-	62,601,161
Treasury shares: Common stock	4,202,237	719	20,331	4,182,625

Note : The increase of 210 shares in the number of treasury shares was due to the purchase of fractional shares, and the increase of 509 shares was due to the acquisition of restricted stock without compensation.

The decrease of 20,331 in the number of treasury shares was due to disposal of treasury shares as restricted stock based compensation.

#### *Year ended December 31, 2019*

Type	Number of shares as of the beginning of current period	Increase in number of shares during the period	Decrease in number of shares during the period	Number of shares as of the end of current period
Shares issued: Common stock	62,601,161	-	-	62,601,161
Treasury shares: Common stock	4,201,943	294	-	4,202,237

Note: The increase of 294 shares in the number of treasury shares was due to the purchase of fractional shares.

### 2. Dividends

#### Dividends paid in the year ended December 31, 2020

Date of resolution	Type of shares	Amount of dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Annual meeting of stockholders held on March 26, 2020	Common stock	¥ 876	¥ 15	December 31, 2019	March 27, 2020
Directors' meeting held on August 7, 2020	Common stock	¥ 876	¥ 15	June 30, 2020	September 4, 2020

#### Dividends paid in the year ended December 31, 2019

Date of resolution	Type of shares	Amount of dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Annual meeting of stockholders held on March 26, 2019	Common stock	¥ 876	¥ 15	December 31, 2018	March 27, 2019
Directors' meeting held on August 10, 2019	Common stock	¥ 876	¥ 15	June 30, 2019	September 6, 2019

Dividends with a record date attributable to the year ended December 31, 2020 but an effective date after December 31, 2020

Date of resolution	Type of shares	Source of dividends	Amount of dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Annual meeting of stockholders held on March 26, 2021	Common stock	Retained earnings	¥ 876	¥ 15	December 31, 2020	March 29, 2020

Dividends with a record date attributable to the year ended December 31, 2019 but an effective date after December 31, 2019

Date of resolution	Type of shares	Source of dividends	Amount of dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Annual meeting of stockholders held on March 26, 2020	Common stock	Retained earnings	¥ 876	¥ 15	December 31, 2019	March 27, 2020

## 26. Information on Significant Affiliates

A summary of the financial statements of SIIX Corporation, a significant affiliate, is as follows:

### Summarized balance sheets as of December 31, 2020 and 2019

	<i>Millions of yen</i>	
	2020	2019
Current assets .....	¥ 104,255	¥ 101,991
Non-current assets .....	¥ 40,182	¥ 41,401
Current liabilities .....	¥ 59,855	¥ 68,873
Non-current liabilities .....	¥ 28,083	¥ 16,269
Net assets .....	¥ 56,499	¥ 58,250

### Summarized statements of income for the years ended December 31, 2020 and 2019

	<i>Millions of yen</i>	
	2020	2019
Net sales .....	¥ 181,599	¥ 223,038
Income before income taxes .....	¥ 2,764	¥ 5,635
Net income attributable to owners of parent .....	¥ 1,724	¥ 3,695

## 27. Amounts Per Share

	<i>Yen</i>	
	2020	2019
Net assets per share .....	¥ 1,307.13	¥ 1,313.31
Dividends per share .....	¥ 30.00	¥ 30.00
Net income per share .....	¥ 90.32	¥ 70.46

Note 1: There were no dilutive securities.

Note 2: The calculation of net income per share was as follows:

	2020	2019
Net income attributable to owners of parent (millions of yen) .....	¥ 5,276	¥ 4,115
Net income attributable to owners of parent related to common stock (millions of yen) .....	¥ 5,276	¥ 4,115
Average number of shares of common stock during the fiscal year (thousands) .....	58,413	58,399