

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT  
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## Consolidated Financial Results for the Six Months Ended June 30, 2023 (Japan GAAP) (The fiscal year ending December 31, 2023)

August 9, 2023  
Stock Exchange: Tokyo  
Head Office: Tokyo  
Tel: +81 (3) 6733-3000

### Company Name: DIC Corporation

Listing Code Number: 4631

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

Representative: Kaoru Ino, Representative Director, President and CEO

Contact Person: Jun Kaneko, General Manager, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

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

Scheduled Filing Date of Quarterly Securities Report: August 9, 2023

Dividend Payment: September 1, 2023

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

### 1. Consolidated Financial Results for the Six Months Ended June 30, 2023 (January 1, 2023 - June 30, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
Six months ended June 30, 2023	515,311	-1.2	9,962	-58.4	7,143	-72.7	997	-93.1
Six months ended June 30, 2022	521,411	33.1	23,966	-12.2	26,151	-7.4	14,390	-10.2

Note: Comprehensive income (JPY million):  
Six months ended June 30, 2023 39,100 (-42.2%)  
Six months ended June 30, 2022 67,687 (74.9%)

	Earnings per share (basic)		Earnings per share (diluted)	
	JPY	JPY	JPY	JPY
Six months ended June 30, 2023	10.53	—	—	—
Six months ended June 30, 2022	152.03	—	—	—

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	JPY (million)	JPY (million)	%
As of June 30, 2023	1,341,251	455,216	31.3
As of December 31, 2022	1,261,637	421,088	30.7

Reference: Shareholders' equity (JPY million): As of June 30, 2023 420,126 As of December 31, 2022 386,997

### 2. Cash Dividends

(Record date)	Cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
	JPY	JPY	JPY	JPY	JPY
FY2022	—	50.00	—	50.00	100.00
FY2023	—	50.00	—	—	—
FY2023 (Plan)	—	—	—	30.00	80.00

Note: Revision of the forecasts for the dividends payment: Yes

For details, please refer to "Notice Regarding Differences between Forecasts and Actual Consolidated Operating Results for the Six Months Ended June 30, 2023, Revision of Consolidated Operating Results Forecasts for Fiscal Year 2023, Dividends from Surplus and Revision of the Year-End Cash Dividends Forecast" released on August 9, 2023.

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

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share (basic)
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
FY2023	1,060,000	0.6	25,000	-37.0	20,000	-49.9	4,000	-77.3	42.26

Note: Revision of the forecasts for the consolidated operating results for the fiscal year ending December 31, 2023: Yes

For details, please refer to "Analysis of Results of Operations (3) Operating Results Forecasts for Fiscal Year 2023" on page 4.

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#### **Notes**

- (1) Changes in the scope of consolidation for significant subsidiaries during the six months ended June 30, 2023: None  
(Changes in specified subsidiaries resulting in the change in scope of consolidation)  
Newly included: — (Company name) — Excluded: — (Company name) —
- (2) Adoption of accounting methods which are exceptional for quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and accounting estimates, and restatements
- |  |      |
|--|------|
| 1) Changes in accounting policies arising from revision of accounting standards: | Yes  |
| 2) Changes in accounting policies other than 1):                                 | None |
| 3) Changes in accounting estimates:  | None |
| 4) Restatements:   | None |
- (4) Number of shares issued (common stock)
- |   |                    |  |                   |
|---|--------------------|--|-------------------|
| 1) Number of shares issued at the end of the period, including treasury shares  |                    |  |                   |
| As of June 30, 2023   | 95,156,904 shares, | As of December 31, 2022                | 95,156,904 shares |
| 2) Number of treasury shares at the end of the period                           |                    |  |                   |
| As of June 30, 2023   | 496,487 shares,    | As of December 31, 2022                | 504,123 shares    |
| 3) Average number of shares issued during the period, excluding treasury shares |                    |  |                   |
| For the six months ended June 30, 2023  | 94,659,868 shares, | For the six months ended June 30, 2022 | 94,654,474 shares |
- \* Since the fiscal year ended December 31, 2017, the Company has introduced the Board Benefit Trust (BBT). The shares held by the trust are included in the number of treasury shares.

Note: **Quarterly consolidated financial results in this report are not subject to quarterly review procedures conducted by certified public accountants or audit firms.**

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

#### **Caution concerning forward-looking statements**

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

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

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## Analysis of Results of Operations

### (1) Overview of Operating Results

(Billions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023	Change (%)	Change (%) [Local currency basis]
Net sales	521.4	<b>515.3</b>	-1.2%	-5.5%
Operating income	24.0	<b>10.0</b>	-58.4%	-58.3%
Ordinary income	26.2	<b>7.1</b>	-72.7%	—
Net income attributable to owners of the parent	14.4	<b>1.0</b>	-93.1%	—
EBITDA *	47.4	<b>32.8</b>	-30.8%	—
¥/US\$1.00 (Average rate)	123.25	<b>135.88</b>	10.2%	—
¥/EUR1.00 (Average rate)	134.89	<b>146.91</b>	8.9%	—

\* EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses - Interest income) + Depreciation and amortization + Amortization of goodwill

In the six months ended June 30, 2023, consolidated net sales edged down 1.2%, to ¥515.3 billion. Uncertainties persisted in the global economy, owing to such factors as the continued pursuit of inflation-curbing monetary policies in the United States and Europe, the protracted crisis in Ukraine and a delay in economic recovery in the People's Republic of China (PRC) following the lifting of stringent anti-COVID-19 measures, while concerns regarding interest rates and an economic slowdown inhibited demand and spurred efforts to curtail inventories in multiple industries. Against this backdrop, demand trends in core customer industries varied. In the area of digital materials, used principally in electrical and electronics equipment and in displays, demand picked up as the market for products for displays rallied, underpinned by the progress of inventory adjustments by display manufacturers. The semiconductor market overall remained weak as demand for finished products failed to rally. In industrial materials,\* used primarily in mobility solutions, a recovery in vehicle sales was seen worldwide, but surplus inventories of materials for use in automobiles across the supply chain remained unresolved. Reflecting these trends, shipments of high-value-added products, notably those in the Functional Products segment, were down. In the Color & Display segment, pigments were impacted by slowing economic growth in Europe, a leading market for these products, as a result of which shipments of pigments for coatings and for plastics, among others, sagged.

Operating income fell 58.4%, to ¥10.0 billion. This sharp decrease was despite the progress of efforts in all segments to pass on higher costs by modifying sales prices and a gain in the Packaging & Graphic segment, and was due largely to sinking shipments of high-value-added products used in electrical and electronics equipment and in mobility solutions, and of pigments.

Ordinary income, at ¥7.1 billion, dropped 72.7%.

Net income attributable to owners of the parent plummeted 93.1%, to ¥1.0 billion.

Earnings before interest, taxes, depreciation and amortization (EBITDA) declined 30.8%, to ¥32.8 billion.

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

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## (2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	Six months ended June 30, 2022	Six months ended June 30, 2023	Change (%)	Change (%) [Local currency basis]	Six months ended June 30, 2022	Six months ended June 30, 2023	Change (%)	Change (%) [Local currency basis]
Packaging & Graphic	257.4	<b>266.6</b>	3.5%	-1.3%	7.7	<b>8.3</b>	7.7%	6.8%
Color & Display	133.9	<b>117.8</b>	-12.0%	-17.9%	7.8	<b>(0.1)</b>	Loss	Loss
Functional Products	153.2	<b>149.4</b>	-2.5%	-4.6%	13.3	<b>6.7</b>	-50.0%	-51.8%
Others, Corporate and eliminations	(23.1)	<b>(18.5)</b>	—	—	(4.8)	<b>(4.8)</b>	—	—
Total	521.4	<b>515.3</b>	-1.2%	-5.5%	24.0	<b>10.0</b>	-58.4%	-58.3%

### Packaging & Graphic

	Six months ended June 30, 2022	Six months ended June 30, 2023	Change (%)	Change (%) [Local currency basis]
Net sales	¥257.4 billion	<b>¥266.6 billion</b>	3.5%	-1.3%
Operating income	¥7.7 billion	<b>¥8.3 billion</b>	7.7%	6.8%

Segment sales advanced 3.5%, to ¥266.6 billion. On a local currency basis, sales were down 1.3%. Shipments of packaging inks, used chiefly on packaging for food products, slumped in all regions, owing to rising consumer prices, but sales were essentially level thanks to successful efforts to maintain sales prices. In publication inks, which center on inks for commercial printing and news inks, sales were down, as dwindling demand and price competition in the Americas and Europe, as well as in Asia, countered efforts to adjust sales prices worldwide. Sales of jet inks, used in digital printing, were pushed down by a decline in overall demand, a consequence of conspicuous efforts to curb inventories, particularly by overseas customers, amid worsening inflation and interest rates in the United States and Europe.

Segment operating income increased 7.7%, to ¥8.3 billion. Operating income in Japan decreased, as sales of high-value-added jet inks were down and efforts to counter higher costs in the area of packaging inks and publication inks by modifying sales prices fell short. Operating income overseas was up overall, buttressed by the success of price adjustments for packaging inks and publication inks, particularly in the Americas and Europe.

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### Color & Display

	Six months ended June 30, 2022	Six months ended <b>June 30, 2023</b>	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥133.9 billion	<b>¥117.8 billion</b>	-12.0%	-17.9%
Operating income	¥7.8 billion	<b>¥(0.1) billion</b>	Loss	Loss

Segment sales declined 12.0%, to ¥117.8 billion. Shipments of pigments for coatings and for plastics, which account for a significant proportion of segment sales, were down overall. Factors behind this result included falling demand and moves by customers to curtail inventories, both consequences of slowing economic growth in Europe, a leading market for these products. Among high-value-added products, sales of pigments for color filters, used in displays, rose, as the progress of display manufacturers' inventory adjustments boosted demand. In pigments for cosmetics, shipments in the Americas and Europe were listless, reflecting deteriorating business confidence, but demand in Asia continued to rally, bolstered by the lifting of pandemic masking rules. In pigments for specialty applications, shipments of products for agricultural use flagged, a consequence of inventory adjustments by customers, and shipments of pigments for use in building materials remained sluggish in Europe, a primary market for these products, owing to the protracted crisis in Ukraine.

The segment reported an operating loss of ¥0.1 billion. This was despite a recovery in shipments of pigments for color filters and was attributable to, among others, dwindling shipments of pigments for coatings and for plastics, particularly in Europe, and stagnant shipments of high-value-added pigments for specialty applications.

### Functional Products

	Six months ended June 30, 2022	Six months ended <b>June 30, 2023</b>	Change (%)	Change (%) 〔Local currency basis〕
Net sales	¥153.2 billion	<b>¥149.4 billion</b>	-2.5%	-4.6%
Operating income	¥13.3 billion	<b>¥6.7 billion</b>	-50.0%	-51.8%

Segment sales dipped 2.5%, to ¥149.4 billion. Sales of digital materials, used principally in electrical and electronics equipment and in displays, waned as the market for epoxy resins, the foremost application for which is semiconductors, weakened and overall shipments declined. The same issue also pushed down sales of industrial-use adhesive tapes, used mainly in smartphones and other mobile devices. Despite stagnating shipments of materials for use in automobiles, sales of industrial materials, used primarily in mobility solutions, advanced, underpinned by the addition of the sales of Guangdong DIC TOD Resins Co., Ltd. a coating resins manufacturer in the PRC acquired in July 2022. Sales of polyphenylene sulfide (PPS) compounds advanced, despite shipments for use in automobiles remaining in recovery mode, bolstered by the positive impact of factors such as sales price adjustments.

Segment operating income fell 50.0%, to ¥6.7 billion. This substantial decrease was despite efforts to modify sales prices for all products to pass on cost increases and reflected sinking shipments of high-value-added products used in electrical and electronics equipment and in mobility solutions.

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### (3) Operating Results Forecasts for Fiscal Year 2023

DIC has revised its operating results forecasts, published on May 15, 2023, as indicated below.

(Billions of yen)

	FY2022	FY2023	Change (%)	Change (%) [Local currency basis]
Net sales	1,054.2	<b>1,060.0</b> [1,100.0]	0.6%	-1.6%
Operating income	39.7	<b>25.0</b> [38.0]	-37.0%	-35.4%
Ordinary income	39.9	<b>20.0</b> [34.0]	-49.9%	—
Net income attributable to owners of the parent	17.6	<b>4.0</b> [17.0]	-77.3%	—
EBITDA	85.5	<b>70.0</b> [83.0]	-18.1%	—
¥/US\$1.00 (Average rate)	130.59	<b>140.00</b>	7.2%	—
¥/EUR1.00 (Average rate)	137.71	<b>151.00</b>	9.7%	—

Note: Forecasts in squared parentheses are those published on May 15, 2023.

#### Reasons for Revision of Operating Results Forecasts

Owing to sluggish conditions in the electronics market, delays in completing inventory adjustments in the automobile sector and slowing economic growth in Europe, among others, a recovery in demand for high-value-added products, notably those in the Functional Products segment, and pigments is likely to take time. Accordingly, consolidated net sales are expected to fall short of the initial forecast, as a result of which operating income, ordinary income and net income attributable to owners of the parent are also expected to be below forecasts. In light of these factors, DIC has revised its forecasts for the fiscal year 2023 full term.

#### Disclaimer Regarding Forward-Looking Statements

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

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## Consolidated Quarterly Balance Sheet

(Millions of yen)

	Previous Fiscal Year as of December 31, 2022	Second Quarter of Current Fiscal Year as of June 30, 2023
(Assets)		
Current assets		
Cash and deposits	63,380	74,207
Notes and accounts receivable - trade	247,520	251,237
Merchandise and finished goods	182,572	199,775
Work in process	11,656	12,792
Raw materials and supplies	116,522	114,980
Other	42,432	39,006
Allowance for doubtful accounts	(4,116)	(4,345)
Total current assets	659,967	687,652
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	128,742	136,869
Machinery, equipment and vehicles, net	119,110	133,348
Tools, furniture and fixtures, net	17,089	17,554
Land	66,353	68,290
Construction in progress	22,242	25,447
Total property, plant and equipment	353,536	381,507
Intangible assets		
Goodwill	33,641	46,667
Software	10,277	11,511
Customer-related assets	9,609	9,977
Other	25,238	26,302
Total intangible assets	78,764	94,457
Investments and other assets		
Investment securities	63,819	67,333
Net defined benefit asset	64,383	68,324
Other	41,267	42,076
Allowance for doubtful accounts	(98)	(98)
Total investments and other assets	169,371	177,635
Total non-current assets	601,671	653,599
Total assets	1,261,637	1,341,251

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## Consolidated Quarterly Balance Sheet

(Millions of yen)

	Previous Fiscal Year as of December 31, 2022	Second Quarter of Current Fiscal Year as of June 30, 2023
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	154,964	141,032
Short-term loans payable	61,983	89,292
Commercial papers	30,000	30,000
Current portion of bonds payable	30,000	30,000
Income taxes payable	5,650	3,950
Provision for bonuses	5,555	5,338
Other	101,740	90,035
Total current liabilities	389,892	389,647
Non-current liabilities		
Bonds payable	110,000	115,000
Long-term loans payable	260,259	294,492
Net defined benefit liability	28,742	31,406
Asset retirement obligations	8,449	9,415
Other	43,208	46,074
Total non-current liabilities	450,657	496,388
Total liabilities	840,549	886,034
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,234	94,234
Retained earnings	222,796	219,054
Treasury shares	(1,785)	(1,753)
Total shareholders' equity	411,802	408,092
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,360	6,113
Deferred gains or losses on hedges	694	149
Foreign currency translation adjustment	(17,286)	23,252
Remeasurements of defined benefit plans	(13,573)	(17,480)
Total accumulated other comprehensive income	(24,805)	12,034
Non-controlling interests	34,091	35,090
Total net assets	421,088	455,216
Total liabilities and net assets	1,261,637	1,341,251



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## Consolidated Quarterly Statement of Income

(Millions of yen)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Net sales	521,411	515,311
Cost of sales	415,420	420,635
Gross profit	105,991	94,676
Selling, general and administrative expenses		
Employees' salaries and allowances	30,382	32,508
Provision of allowance for doubtful accounts	759	(22)
Provision for bonuses	2,396	2,167
Retirement benefit expenses	(1,203)	(91)
Other	49,692	50,152
Total selling, general and administrative expenses	82,025	84,714
Operating income	23,966	9,962
Non-operating income		
Interest income	524	2,666
Dividends income	304	351
Foreign exchange gains	2,116	—
Equity in earnings of affiliates	951	891
Other	1,257	995
Total non-operating income	5,152	4,902
Non-operating expenses		
Interest expenses	1,407	5,107
Foreign exchange losses	—	963
Other	1,560	1,652
Total non-operating expenses	2,967	7,722
Ordinary income	26,151	7,143
Extraordinary income		
Gain on sales of non-current assets	869	507
Gain on sales of investment securities	427	—
Total extraordinary income	1,296	507
Extraordinary losses		
Impairment losses	1,047	895
Severance costs	876	845
Loss on disposal of non-current assets	1,011	596
Loss on withdrawal from business	545	—
Total extraordinary losses	3,479	2,336
Income before income taxes	23,968	5,313
Income taxes	8,845	4,010
Net income	15,123	1,303
Net income attributable to non-controlling interests	733	307
Net income attributable to owners of the parent	14,390	997

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### Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Net income	15,123	1,303
Other comprehensive income		
Valuation difference on available-for-sale securities	(622)	861
Deferred gains or losses on hedges	262	(542)
Foreign currency translation adjustment	56,464	40,483
Remeasurements of defined benefit plans, net of tax	(3,959)	(3,849)
Share of other comprehensive income of associates accounted for using equity method	418	842
Total other comprehensive income	52,564	37,796
Comprehensive income	67,687	39,100
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	65,843	37,836
Comprehensive income attributable to non-controlling interests	1,843	1,263

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## Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Net cash provided by (used in) operating activities		
Income before income taxes	23,968	5,313
Depreciation and amortization	22,533	24,268
Amortization of goodwill	746	1,070
Increase (decrease) in allowance for doubtful accounts	644	(204)
Increase (decrease) in provision for bonuses	(38)	(218)
Interest and dividends income	(828)	(3,016)
Equity in (earnings) losses of affiliates	(951)	(891)
Interest expenses	1,407	5,107
Loss (gain) on sales and retirement of non-current assets	142	89
Impairment losses	1,047	895
Loss (gain) on sales of investment securities	(427)	—
Decrease (increase) in notes and accounts receivable - trade	(11,902)	8,085
Decrease (increase) in inventories	(45,485)	8,434
Increase (decrease) in notes and accounts payable - trade	8,813	(21,006)
Other, net	(16,776)	(14,553)
Subtotal	(17,107)	13,372
Interest and dividends income received	1,712	3,812
Interest expenses paid	(1,301)	(5,117)
Income taxes paid	(8,096)	(4,899)
Net cash provided by (used in) operating activities	(24,791)	7,169
Net cash provided by (used in) investing activities		
Payments into time deposits	(619)	(873)
Proceeds from withdrawal of time deposits	212	75
Purchase of property, plant and equipment	(16,826)	(25,925)
Proceeds from sales of property, plant and equipment	654	685
Purchase of intangible assets	(2,758)	(5,014)
Purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	(11,701)	(14,092)
Proceeds from purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	—	9
Proceeds from sales of shares and investments in capital of subsidiaries and affiliates	—	300
Purchase of investment securities	(287)	(290)
Proceeds from sales and redemption of investment securities	739	57
Payments for acquisition of businesses	(16)	(5)
Other, net	(2,524)	(95)
Net cash provided by (used in) investing activities	(33,126)	(45,169)

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## Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2023
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	24,270	13,236
Increase (decrease) in commercial papers	40,000	—
Proceeds from long-term loans payable	83,019	42,947
Repayment of long-term loans payable	(20,519)	(6,339)
Proceeds from issuance of bonds	—	15,000
Redemption of bonds	(10,000)	(10,000)
Cash dividends paid	(4,739)	(4,739)
Cash dividends paid to non-controlling interests	(439)	(281)
Net decrease (increase) in treasury shares	(3)	32
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,999)	—
Repayments of lease liabilities	(3,289)	(2,627)
Other, net	(70)	(127)
Net cash provided by (used in) financing activities	106,232	47,103
Effect of exchange rate change on cash and cash equivalents	12,956	820
Net increase (decrease) in cash and cash equivalents	61,271	9,923
Cash and cash equivalents at beginning of the period	37,572	62,560
Cash and cash equivalents at end of the period	98,842	72,483