TRANSLATION:
This is an English translation of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended December 31, 2024. This is an English translation of the Japanese original, prepared only for the convenience of shareholders residing outside Japan. The original Japanese version will prevail should there be any difference in the meaning between the English version and the Japanese version.

artience

Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended December 31, 2024

February 14, 2025

Name of Listed Company: artience Co., Ltd. Listings: Tokyo Stock Exchange
Code: 4634 URL: https://www.artiencegroup.com
Representative: Satoru Takashima, President and Representative Director, Group CEO
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Scheduled date of ordinary shareholders' meeting: March 26, 2025
Scheduled date of commencement of dividend payments: March 27, 2025
Scheduled date of submission of financial report: March 26, 2025
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts of less than million yen are omitted.)

1. Consolidated business results for the year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Business results (cumulative totals) (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2024	351,064	9.0	20,414	52.7	21,008	63.1	18,540	90.4
Fiscal 2023	322,122	2.0	13,372	94.8	12,880	62.9	9,737	4.6

(Note) Comprehensive income: Fiscal 2024: 29,959 million yen (-6.1%) Fiscal 2023: 31,888 million yen (172.4%)

	Profit per share (Basic)	Profit per share (Diluted)	Return on equity	Ordinary profit/ Total assets	Operating profit/ Net sales
	Yen	Yen	%	%	%
Fiscal 2024	352.53	352.41	7.3	4.6	5.8
Fiscal 2023	183.69	183.57	4.2	3.0	4.2

(Note) Equity in earnings of associated companies: Fiscal 2024: -74 million yen Fiscal 2023: -8 million yen

(2) Financial position

	Total assets	Net assets	Net worth/Total assets	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2024	472,787	273,754	55.4	5,164.85
Fiscal 2023	447,798	255,653	54.9	4,634.95

(Note) Net worth: Fiscal 2024: 262,113 million yen Fiscal 2023: 245,762 million yen

(3) Consolidated cash flow condition

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal 2024	26,964	-10,172	-14,975	60,052
Fiscal 2023	23,478	-19,457	-2,629	56,040

2. Dividends

	Dividends per share					Dividends total (annual)	Dividend payout ratio (consolidated)	Dividends/ Net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2023	—	45.00	—	45.00	90.00	4,771	49.0	2.1
Fiscal 2024	—	50.00	—	50.00	100.00	5,189	28.4	2.0
Fiscal 2025 (Forecast)	—	50.00	—	50.00	100.00		29.0	

3. Forecasts for the year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	370,000	5.4	22,000	7.8	21,000	-0.0	17,500	-5.6	344.83

* Notes:

(1) Important changes in the scope of consolidation during the term: No

(2) Changes in accounting policies and changes or restatement of accounting estimates:
- (i) Changes in accounting policies due to the modification in accounting methods: No
- (ii) Changes in accounting policies other than (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatement: No

(3) Numbers of shares issued (ordinary shares)
- (i) Numbers of shares issued at the end of the terms (including treasury shares):
  - Fiscal 2024: 53,286,544 shares
  - Fiscal 2023: 58,286,544 shares
- (ii) Number of treasury shares at the end of the terms:
  - Fiscal 2024: 2,537,112 shares
  - Fiscal 2023: 5,262,779 shares
- (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
  - Fiscal 2024: 52,591,629 shares
  - Fiscal 2023: 53,010,881 shares

Reference: Financial summary (non-consolidated)

Non-consolidated business results for the year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Results of operations (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2024	15,637	9.9	5,144	27.8	6,173	17.4	7,510	12.0
Fiscal 2023	14,235	-19.8	4,025	-49.8	5,257	-44.9	6,703	-48.2

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
Fiscal 2024	142.81	142.76
Fiscal 2023	126.45	126.37

(2) Financial position

	Total assets	Net assets	Net worth/Total assets	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2024	277,816	180,518	65.0	3,556.47
Fiscal 2023	279,573	184,788	66.1	3,484.14

(Note) Net worth: Fiscal 2024: 180,488 million yen Fiscal 2023: 184,742 million yen

* These financial results are not subject to audits by certified public accountants or audit corporations.

* Explanations about the proper use of financial forecasts and other important notes

1. The above forecasts are based on the information available on the date these materials are released and incorporate assumptions about uncertainties that may affect future earnings. The forecasts do not constitute an assurance that the Company promises to achieve the earnings. The forecasts do not constitute an assurance that the Company promises to achieve the earnings. Actual earnings could differ materially from these forecasts due to various factors in the future. For notes about assumptions of earnings forecasts and the use of earnings forecasts, refer to "(4) Future prospects" of "1. Overview of Operating Results, etc." on page 5 of the accompanying materials.

2. Supplementary documents for financial results will be posted on the Company's website on February 14, 2025 (Friday).

3. The Company will hold a financial results briefing for investors as follows. Reference materials for financial results and forecasts used in the briefing will be posted on the Company's website before the opening of the briefing.
   - February 21, 2025 (Friday): Briefing for institutional investors and security analysts.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2024

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal 2024	351,064	20,414	21,008	18,540
Growth rate (%)	9.0	52.7	63.1	90.4
Fiscal 2023	322,122	13,372	12,880	9,737

During the consolidated fiscal year under review, there were signs of a recovery of consumer spending in Japan. The U.S. and Indian economies expanded. Southeast Asia's economies recovered moderately. In China, supply increased due to policy measures, but the economy remained stagnant.

Amid this business environment, the Group operated its business activities in line with the following three management policies.

The first policy is the transformation of existing business groups into highly profitable ones. In the overseas packaging materials related business, which the Group identifies as a growth business, sales of pressure sensitive adhesives, other adhesives and liquid ink products increased, primarily in India and Southeast Asia, where the Group engaged in capital expenditures during the period of the previous medium-term management plan. Additionally, sales of inkjet inks rose in China and Europe, driven by the expansion of the digital printing market. As environmental awareness increases, sales of functional coatings that contribute to the reduction of plastic usage and energy-saving UV and LED curable inks were strong.

In the plastic colorants business, which the Group considers a stable earnings base business, sales of colorants for automotive and solar cell applications remained solid in North America. Profits from adhesives and liquid ink products were affected by rising raw material and transportation costs in Japan. The Group secured a profit by improving efficiency through product integration and cost cutting. As the information-related printing market continued to contract, the Group improved profitability in the domestic offset ink business by forming new production and logistics alliances and promoting supply chain efficiency.

The second policy is the creation of strategic priority business groups. In the Display & Advanced Electronics Related Businesses, the LCD display market in China grew rapidly. In this environment, the Group made progress in preparing for the local supply of materials for color filters in collaboration with local partners. The Group also expanded its sales of materials for optical semiconductors, including CMOS image sensors. Sales of pressure sensitive adhesives for displays increased in the Chinese market. The Group began providing semiconductor insulation sheets for electronic devices. The development of resin materials for semiconductors progressed at a pilot plant in Japan.

In the Mobility & Battery Related Businesses, the Group began manufacturing materials for lithium-ion batteries for automotive applications in China. However, shipments from production facilities in Europe, the United States, and China were slow due to a global downturn in the EV market. Sales of adhesives for lithium-ion batteries increased as the Group captured demand in China and South Korea. The Group has been establishing a new plant to produce materials for lithium-ion batteries used in automotive applications in Kentucky, USA, which is the second production base in North America, and expanded its facilities in Hungary. The Group implemented equipment tailored to the market environment and continued to develop products for new applications, particularly for anode materials and all-solid-state batteries.

The third policy is the transformation of the management foundation. The Company strived to strengthen its management resources with an emphasis on environmental, social and corporate governance (ESG) criteria. It steadily promoted sustainability management in line with the artience asv2050/2030 Sustainability Vision. The Company implemented a tool for visualizing CO2 emissions.

To enhance its human resources, the Company conducted an engagement survey of its employees in Japan and overseas and reviewed its personnel system. Additionally, the Group also implemented initiatives focusing on diversity, equity and inclusion (DE&I). This included increasing the percentage of new hires that are women and establishing a special subsidiary to support the active participation of people with disabilities. The Company sought to make sure that employees are aware of the corporate identity (CI) following the change of its business name and corporate philosophy system.

The Company promoted the use of digital transformation technologies, including artificial intelligence, to drive the development of technology and production innovation. It improved operational efficiency across many functions and expanded global sourcing by utilizing an integrated core business system. It also strengthened measures to address cyber security and other risks.

To enhance capital efficiency and adopt management practices that consider share prices, the Company introduced return on invested capital (ROIC) as a key business management indicator throughout the organization. The Company focused on improving the cash conversion cycle (CCC) and reducing working capital. Additionally, the Company decreased the shares held and repurchased treasury shares to improve return on equity (ROE). To enhance governance, the Company increased the number of independent outside directors. Additionally, the Company enhanced its investor relations (IR) and shareholder relations (SR), thereby significantly increasing dialogue with shareholders and incorporating their feedback into management initiatives.

As a result, net sales for the fiscal year under review rose to 351,064 million yen (up 9.0% year on year). Operating profit stood at 20,414 million yen (up 52.7% year on year) and ordinary profit came to 21,008 million yen (up 63.1% year on year). Profit attributable to owners of parent was 18,540 million yen (up 90.4% year on year).

Operating results by segment are as follows.

(Million yen)

	Net sales			Operating profit		
	Previous term	Term under review	Change (%)	Previous term	Term under review	Change (%)
Colorants and Functional Materials Related Business	81,069	86,089	6.2	2,687	3,367	25.3
Polymers and Coatings Related Business	77,746	88,518	13.9	5,257	7,151	36.0
Packaging Materials Related Business	84,292	91,527	8.6	3,668	5,413	47.6
Printing and Information Related Business	77,202	83,325	7.9	2,373	4,885	105.8
Other	5,609	5,805	3.5	-601	-381	-
Subtotal	325,919	355,267	9.0	13,384	20,436	52.7
Adjustment	-3,797	-4,202	-	-12	-22	-
Total consolidated	322,122	351,064	9.0	13,372	20,414	52.7

(i) Colorants and Functional Materials Related Business

Sales of materials for LCD color filters for large panels were affected by changes in display manufacturers' capacity utilization and a shrinking domestic market. However, development projects and sales promotions produced positive results in China and Taiwan. Meanwhile, sales of small and midsize panels for automotive applications and personal computers remained weak.

Though sales of plastic colorants were sluggish due to stagnant demand for containers and construction material in Japan, the Company improved its profit-margin through streamlining, and captured increased demand overseas for solar cells and air conditioners. Sales of inkjet inks expanded, driven by the expansion of the domestic and overseas digital printing markets. Sales of lithium-ion battery materials for automotive applications were sluggish due to a stagnant EV market, although the Group increased supply in the United States and Europe.

As a result, net sales for this segment as a whole increased to 86,089 million yen (up 6.2% year on year), and operating profit increased to 3,367 million yen (up 25.3% year on year).

(ii) Polymers and Coatings Related Business

Among functional films and tapes, sales of functional films, including conductive adhesive sheets, remained strong due in part to the effect of the expansion of sales in China, in addition to an increase in smartphone production. In addition, progress was made in the achievement of results in the area of semiconductor-related materials.

Sales of pressure sensitive adhesives for displays and labels were sluggish in Japan, with mainly rising raw material prices and costs putting downward pressure on profit. Sales of pressure sensitive adhesives remained strong overseas, due to expansion of sales driven by the expansion of facilities. Sales of adhesives for packaging were strong in Japan and increased in Southeast Asia and other overseas markets. Among the adhesives for industrial use, sales of adhesives for lithium-ion batteries were strong, reflecting the expansion of customers' operations.

Sales of can coatings for beverage cans remained strong in Japan. In Thailand, the demand for cans for processed seafood and beer increased, and sales expanded partly due to the acquisition of a coating manufacturer in the previous fiscal year.

As a result, net sales for this segment as a whole increased to 88,518 million yen (up 13.9% year on year), and operating profit increased to7,151 million yen (up 36.0% year on year).

(iii) Packaging Materials Related Business

In Japan, sales of liquid ink products for pet food and frozen food and for convenience stores continued to indicate solid demand. In the summer, demand for applications in frozen desserts and beverages increased due to extreme heat. Sales of products for cardboard boxes increased due to demand associated with chilled drinks during the summer. Overall, however, demand declined due to a fall in exports of processed seafood.

Overseas, sales showed sluggish growth due to a decline in consumption in China and Europe, but there was solid growth in demand in India and Southeast Asia, and even in South Korea, environmentally friendly water-based inks showed a growth in sales.

In the gravure cylinder platemaking business, demand for new printing plates for packaging started to increase in the second half of the fiscal year. Sales of precision platemaking related to electronics were trending modestly toward a recovery.

Consequently, this segment achieved growth in both sales and profit, partly attributable to the effect of price revision. Net sales as a whole came to 91,527 million yen (up 8.6% year on year), and operating profit was 5,413 million yen (up 47.6% year on year).

(iv) Printing and Information Related Business
While domestic sales of products for flyers, advertising, and publishing were sluggish due to the continued structural contraction of the information-related printing market, improvements on the profit front made progress due to cost cutting through business structure reforms and price revisions made in response to rising raw material prices. Sales of functional inks showed growth for card usage, and sales of energy-saving highly sensitive UV curable inks also showed expansion.
In overseas markets, the Chinese market was slow but sales of products for educational materials increased. In Southeast Asia, sales of functional inks for paper containers and packaging were strong. In Europe and the United States, sales of UV curable inks compatible with LED and energy-saving UV curable inks remained strong, although in the Americas, sales of these products were affected by delays in distribution in the second half of the fiscal year.
As a result, net sales for this segment as a whole increased to 83,325 million yen (up 7.9% year on year), and operating profit increased to 4,885million yen (up 105.8% year on year).

(v) Other
This Other segment includes businesses not included in the above segments, services provided by artience as the holding company, and other businesses. In the consolidated fiscal year under review, net sales stood at 5,805 million yen (up 3.5% year on year) and an operating loss of 381 million yen was posted (as compared to an operating loss of 601 million yen posted in the same period of the fiscal year).

(2) Overview of financial position during the fiscal year ended December 31, 2024

(Million yen)

	End of previous fiscal year	End of fiscal year under review	Change
Total assets	447,798	472,787	24,989
Liabilities	192,144	199,033	6,888
Net assets	255,653	273,754	18,100

Total assets at the end of the fiscal year under review stood at 472,787 million yen, up 24,989 million yen from the end of the previous consolidated fiscal year. Liabilities were 199,033 million yen, up 6,888million yen from the end of the previous consolidated fiscal year. Net assets came to 273,754 million yen, up 18,100 million yen from the end of the previous consolidated fiscal year.
On the last day of the fiscal year under review, the exchange value of the yen decreased from its level on the last day of the previous consolidated fiscal year. As a result, assets and liabilities held by overseas subsidiaries and foreign currency translation adjustments increased respectively. Given the increase in net sales, notes and accounts receivable - trade, together with inventories, each showed an increase. Moreover, property, plant and equipment also increased as a result of the construction of a new plant overseas. At the same time, investment securities decreased reflecting the sale of shares that were held. Additionally, some long-term loans payable were restated as short-term loans payable because they will mature within a year.

(3) Overview of cash flow during the fiscal year ended December 31, 2024

(Million yen)

	Previous term	Term under review	Change
Cash flows from operating activities	23,478	26,964	3,486
Cash flows from investing activities	-19,457	-10,172	9,284
Cash flows from financing activities	-2,629	-14,975	-12,345
Cash and cash equivalents at end of period	56,040	60,052	4,012

Cash and cash equivalents (“cash”) at the end of the fiscal year under review stood at 60,052 million yen, up 4,012 million yen from the end of the previous fiscal year.
Cash provided by operating activities stood at 26,964 million yen, up 3,486 million yen from the end of the previous fiscal year. This mainly reflects an increase in cash flows due to the posting of profit before income taxes and depreciation and a decrease in cash flows due to an increase in notes and accounts receivable - trade, and income taxes paid.
Funds used in investment activities was 10,172 million yen, down 9,284 million yen from the end of the previous fiscal year. This mainly reflects a decrease in cash flows due to purchase of property, plant and equipment and an increase in cash flows due to proceeds from sale and redemption of short-term and long-term investment securities.
Cash used for financing activities was 14,975 million yen, up 12,345 million yen from the end of the previous fiscal year. This mainly reflects a decrease in cash flows due to repayments of long-term borrowings, purchase of treasury shares and dividends paid, as well as an increase in cash flows due to proceeds from long-term borrowings and financing through the conclusion of agreement to set the right to demand earnings distribution.

Trends in Group cash flows are as follows:

	Term ended December 2021	Term ended December 2022	Term ended December 2023	Term ended December 2024
Capital adequacy ratio (%)	53.7	53.3	54.9	55.4
Market value-based capital adequacy ratio (%)	26.5	23.2	31.1	33.9
Ratio of interest-bearing debt to cash flows (years)	5.1	20.3	3.8	3.1
Interest coverage ratio (times)	29.6	3.5	12.8	11.2

Capital adequacy ratio: Shareholders' equity / total assets
Market value-based capital adequacy ratio: Market capitalization / total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / cash flows
Interest coverage ratio: Cash flows / Interest payments
(Notes) 1. Each indicator is calculated using consolidated financial data.
2. Market capitalization is computed based on the number of shares issued excluding treasury shares.
3. Cash flows denote cash flows from operating activities.
4. Interest-bearing debt denotes all debts recorded in consolidated balance sheets that pay interest.

(4) Future prospects

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Term ending December 2025 (Forecast)	370,000	22,000	21,000	17,500
Term ended December 2024	351,064	20,414	21,008	18,540
Growth rate (%)	5.4	7.8	-0.0	-5.6

In the next fiscal year, the economy is expected to continue its moderate recovery. However, there is the risk that a downturn will occur due to persistently high interest rates in the United States and Europe and the stagnant real estate market in China. The Group also expects the business environment to be harsh with challenges such as rising prices, the potential impacts of future US policies, and the ongoing conflicts in the Middle East. This notwithstanding, the Group forecasts net sales of 370,000 million yen (growth rate of 5.4%), operating profit of 22,000 million yen (growth rate of 7.8%), ordinary profit of 21,000 million yen (growth rate of minus 0.0%), and profit attributable to owners of parent of 17,500 million yen (growth rate of minus 5.6%) as a result the measures to address the issues described on page 8.

2. Group Overview

The Group is constituted of the Company, 56 consolidated subsidiaries and 4 equity method affiliate companies.

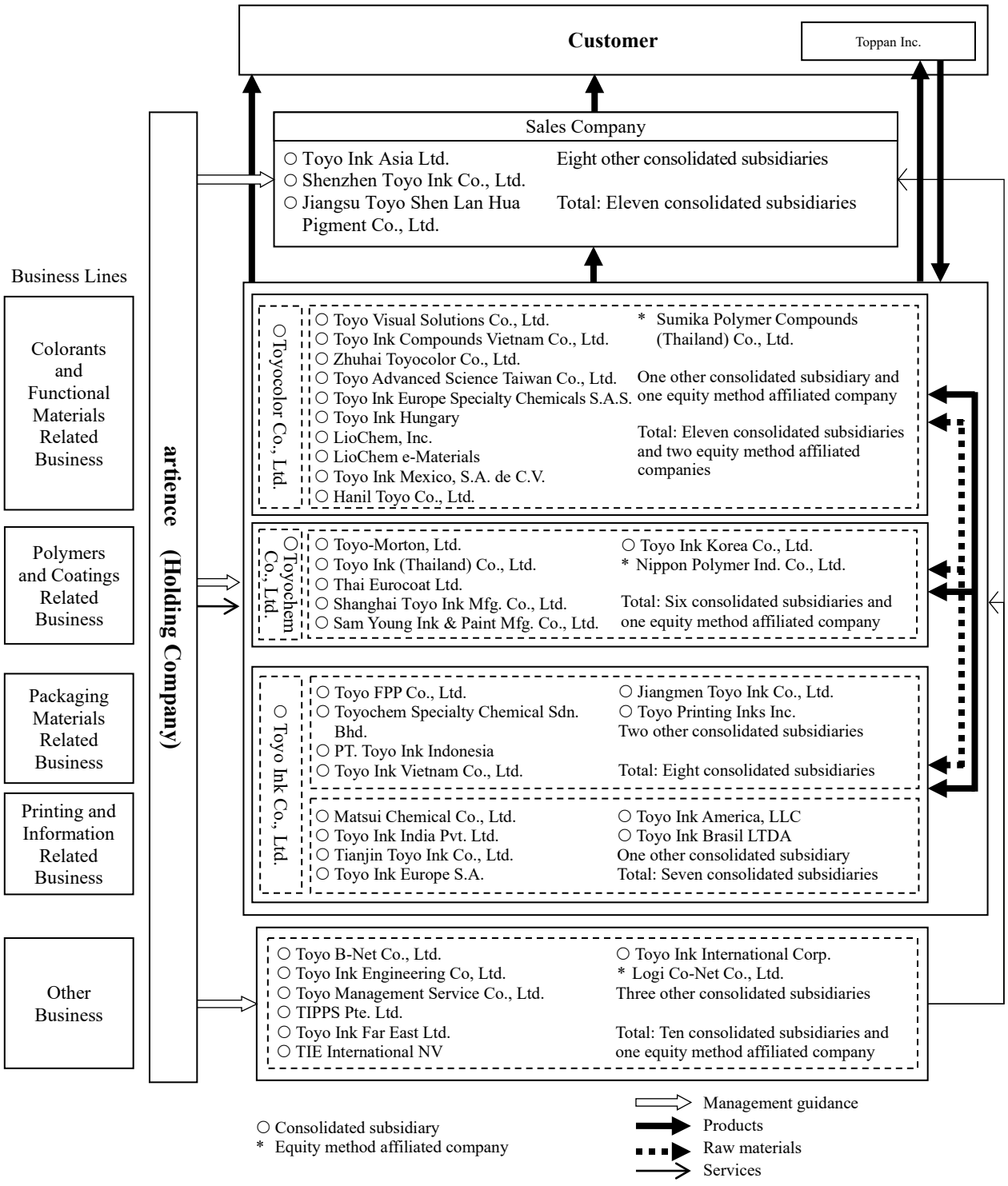
Business lines of the Group are as follows:

Business Line	Major Business	Major Company	
Colorants and Functional Materials Related Business	Organic pigments, processed pigments, plastic colorants, color filter materials, inkjet materials, lithium-ion battery materials and others	Domestic	Toyocolor Co., Ltd., Toyo Visual Solutions Co., Ltd.,
		Overseas	Toyo Ink Compounds Vietnam Co., Ltd., Zhuhai Toyocolor Co., Ltd., Toyo Advanced Science Taiwan Co., Ltd, Toyo Ink Europe Specialty Chemicals S.A.S, LioChem Inc., LioChem e-Materials LLC, Hanil Toyo Co., Ltd., and others
Polymers and Coatings Related Business	Can coatings, resins, adhesives, pressure sensitive adhesives, functional films and tapes, natural materials, medical products and others	Domestic	Toyochem Co., Ltd., Toyo-Morton, Ltd., and others
		Overseas	Toyo Ink (Thailand) Co., Ltd., Shanghai Toyo Ink Mfg. Co., Ltd., Sam Young Ink & Paint Mfg. Co., Ltd., Toyo Ink Korea Co., Ltd., and others
Packaging Materials Related Business	Gravure inks, flexographic inks, gravure cylinders and others	Domestic	Toyo Ink Co., Ltd., and others
		Overseas	Toyochem Specialty Chemical Sdn. Bhd., PT. Toyo Ink Indonesia, Toyo Ink Vietnam Co., Ltd., Jiangmen Toyo Ink Co., Ltd., Toyo Printing Inks Inc., and others
Printing and Information Related Business	Offset inks, metal printing inks, printing machines, printing equipment, prepress systems, printing supplies and others	Domestic	Toyo Ink Co., Ltd., Matsui Chemical Co., Ltd.,
		Overseas	Toyo Ink India Pvt. Ltd., Tianjin Toyo Ink Co., Ltd, Toyo Ink Europe N.V., Toyo Ink America, LLC, Toyo Ink Brasil Ltda., and others
Other Business	Sale of raw materials, service provision, real estate rental business management, holding company for subsidiaries and others	Domestic	artience Co., Ltd., Toyo B-Net Co., Ltd., and others
		Overseas	TIPPS Pte. Ltd., Toyo Ink Far East Ltd., Toyo Ink International Corp., and others
Sales Business	Sales of products handled by the Group companies	Overseas	Toyo Ink Asia Ltd., Shenzhen Toyo Ink Co., Ltd., and others

The artience Group deals with Toppan Inc., a subsidiary of other affiliated company , in finished goods and merchandise.

The organization chart is as follows:

(Organization Chart)



3. Management Policy

(1) Basic management policy

On January 1, 2024, the Company changed the name of its business and its philosophy system. The new business name, “artience,” is a portmanteau of the words “art” and “science.” The “art” expresses the stimulation of the five senses and the mind, including the application of color as well as a liberal arts perspective; while the “science” represents the application of technology, materials and a rational approach to discovery.

The new corporate philosophy system consists of: “People-oriented management,” the Corporate Philosophy describing the basic approach to management; the Brand Promise & Slogan as its promise to its stakeholders, which says “Create value that resonates with the senses and building a future where all people can live enriched lives” and “Empowering Feeling”; as well as Our Principles that serve as the cornerstone for employees’ activities. With this system, the Group clarifies the “reason for its existence,” that is, building a society where people can live spiritually enriching lives to create a future that remains sustainably brilliant, as well as “our role,” that is, to deliver beauty, comfort and peace of mind that fills people’s hearts by collaborating and joining forces with its partners instead of going it alone, for the purpose of connecting technologies and ideas to achieve solutions to the issues faced by society. The Group defined the value that it should deliver to the world in the future as “value that resonates with the senses.”

Under this new corporate philosophy system, the Group will combine and refine art and science as its strengths and create value that resonates with people’s senses, from the things they see, the objects they touch, and the things that they feel through the quality of products, thus contributing to building a spiritually wealthy future.

(2) Medium- to long-term management strategy

To make a fresh start as artience in FY2024, the Group adopted artience 2027/2030 “GROWTH”, a new management plan whose target year is 2030, to consistently implement its transformation under the new corporate philosophy system. Throughout this period, the Group will work on business portfolio transformation, maximization of capital efficiency and cash flow, and the development of the foundations of the company and sustainable management.

The Group has named the three years beginning with 2024 artience2027. During this period, the Group will advance transformation initiatives under the three basic policies: the transformation of existing businesses into highly profitable ones, the creation of strategic priority businesses and the transformation of the management foundation.

To transform its existing businesses into highly profitable ones, the Group has classified its existing businesses into growth businesses, profitable core businesses, and businesses part of a restructuring and rebuilding strategy and will implement the transformation based on the position for each. For this transformation, the Group will concentrate on expanding the businesses whose profitability is expected to grow. Additionally, the Group will take bold measures to implement structural reforms in businesses where the growth of profit is sluggish.

To create strategic, priority business, the Group will concentrate its resources in two fields: mobility and batteries, which includes lithium-ion battery materials for automotive applications and laminating adhesives, and displays and advanced electronics, including materials for LCD color filters, optical pressure sensitive adhesives and materials for semiconductors. By doing this, the Group aims to create new key profit-generating business groups. Looking ahead to year 2030 and beyond, the Group positions the environmental, biological and energy businesses as next-generations businesses. The Group will strategically allocate resources to them and undertake initiatives to create and expand operations.

To transform its management foundations, the Group will strengthen its management resources based on the environmental, social and governance (ESG) perspective. The Group focuses on enhancing human capital, fostering a good corporate climate and improving capital efficiency, viewing them as the foundation for its transformation. For its people and climate, the Group will reform various systems and establish an environment that enhances engagement. The Group will also encourage employees to embrace challenges. The Group will implement management practices that are guided by indicators such as ROIC to improve capital efficiency. In addition to the above, the Group will transform its management foundation to realize its vision. The Group aims to fulfill its responsibilities to society in line with the asv2050/2030 artience Sustainability Vision and implement digital transformation and generative AI technologies.

(3) Our challenges

In the next fiscal year, which is the second fiscal year under the “artience2027,” the new medium-term management plan, the Group will move forward with each business as described below.

In the Colorants and Functional Materials Related Business, the Group will implement key initiatives include establishing a production system in China to meet market needs for increasing market share of materials used in LCD color filters there. The Group plans to steadily grow the optical semiconductor business. It aims to expand the scope of the business by developing next-generation technologies with a diverse range of applications. The Group intends to establish a system for manufacturing lithium-ion battery materials for automotive applications in Europe, the United States, China and Japan, taking into account the business environment, and assuming that the shift to electric vehicles will remain consistent in the medium to long term. The Group also aims to gain new customers for these products and expand its product lines, including conductive agents for negative electrodes and LMFP batteries, to diversify its profit opportunities. At the same time, the Group will push ahead with the development of next-generation technologies, including all-solid-state batteries.

In the Polymers and Coatings Related Business, the Group plans to develop pressure sensitive adhesives to meet needs, primarily in China, the United States and India. The Group aims to optimize the supply chain on a global scale and increase capacity of production. As for can coatings, the Group will enhance its global network to expand the effect of the mergers and acquisition in 2023 and generate synergy. Regarding materials related to electronics, the Group aims to enhance the performance of products used in semiconductors. The Group plans to accelerate business expansion by promoting the development of differentiated products and

the acquisition of mass production technologies through the use of a pilot plant. The Group also considers forming alliances as well as pursuing mergers and acquisitions.
In the Packaging Materials Related Business, the Group aims to capture growth in overseas markets, particularly in India and Southeast Asia. In China, the Group will rebuild the collaborative system among our business sites to enhance production, sales and technology and achieve further growth. The Group will accelerate its market expansion from Turkey to Europe, the Middle East and Africa (EMEA) following the commencement of operations at a new plant in Turkey. Meanwhile, the Group will develop environmentally friendly products in anticipation of emerging customer needs for these products.
In the Printing and Information Related Business, the Group aims to further improve efficiency in anticipation of a continued contraction in Japan's information-related printing market in Japan. To achieve this, the Group is considering forming alliances. The Group intends to take steps to expand the sales of UV and LED curable inks to address the demand for energy saving solutions and develop sheet-fed printing inks and functional coatings that contribute to plastic reduction. The Group will also accelerate its expansion into overseas markets and the development of products for the paper container and packaging market.
In addition to undertaking these business activities, the Group will enhance to build a management foundation to implement sustainable management practices. The Group aims to enhance employee engagement and foster a corporate climate that encourages employees to embrace challenges by reforming the personnel and human resource development systems, implementing DE&I initiatives and conducting business idea contests and other related efforts. Additionally, it will enhance its human resources through various talent acquisition initiatives linked to business strategies. The Group will encourage the use of ROIC and other indicators of capital efficiency to enhance business operations. Additionally, the Group will continue actions to address the demands of society, including initiatives aimed at reducing environmental impact, in accordance with the asv2050/2030, artience Sustainability Vision. The Group is committed to proactively and reactively moving forward with digital transformation. It will implement initiatives to transform product development and other operations, including using generative artificial intelligence in its material development and business strategy creation activities. Meanwhile, the Group will continue to strive to increase awareness of the new Corporate Identity and Philosophy System both internally and externally while promoting the establishment of its new brand.

4. Basic Position on the Selection of Accounting Standards

The Group utilizes the Japanese accounting standards due to the possibility of comparing the terms of financial statements and performance between the companies.
We are moving ahead with the necessary preparations for the future adoption of International Financial Reporting Standards (IFRS). We intend to make a decision on suitable timing for its implementation, factoring in the situations in Japan and abroad.

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheet

(Million yen)

	As of December 31, 2023		As of December 31, 2024	
(Assets)				
Current assets				
Cash and deposits		57,917		62,855
Notes and accounts receivable - trade	*1, *6	102,930	*1, *6	109,412
Securities		65		99
Merchandise and finished goods		37,714		39,004
Work in process		722		622
Raw materials and supplies		26,282		28,608
Other		6,224		5,833
Allowance for doubtful accounts		-944		-1,154
Total current assets		230,911		245,282
Non-current assets				
Property, plant and equipment				
Buildings and structures	*3, *7	117,331	*3, *7	124,648
Accumulated depreciation		-74,044		-78,813
Buildings and structures, net		43,286		45,834
Machinery, equipment and vehicles		174,680		183,215
Accumulated depreciation		-144,890		-150,695
Machinery, equipment and vehicles, net		29,789		32,519
Tools, furniture and fixtures		28,542		29,479
Accumulated depreciation		-23,472		-24,406
Tools, furniture and fixtures, net		5,070		5,072
Land	*3, *7	30,802	*3, *7	31,084
Leased assets		8,190		8,810
Accumulated depreciation		-2,581		-3,006
Leased assets, net		5,608		5,803
Construction in progress		19,700		28,022
Total property, plant and equipment		134,258		148,338
Intangible assets		5,290		5,964
Investments and other assets				
Investment securities	*2	63,874	*2	57,610
Retirement benefit asset		8,410		9,427
Deferred tax assets		3,323		4,828
Other		2,027		1,673
Allowance for doubtful accounts		-298		-338
Total investments and other assets		77,337		73,202
Total non-current assets		216,886		227,504
Total assets		447,798		472,787

(Million yen)

	As of December 31, 2023		As of December 31, 2024	
(Liabilities)				
Current liabilities				
Notes and accounts payable - trade	*3, *6	67,075	*3, *6	70,747
Short-term loans payable	*3	36,542	*3	45,825
Income taxes payable		1,579		2,972
Other	*8	18,756	*8	19,923
Total current liabilities		123,953		139,469
Non-current liabilities				
Bonds payable		10,000		10,000
Long-term loans payable	*3	40,161	*3	24,914
Deferred tax liabilities		13,563		13,968
Provision for environmental measures		118		80
Retirement benefit liability		1,878		3,254
Asset retirement obligations		34		35
Other		2,434	*9	7,310
Total non-current liabilities		68,191		59,564
Total liabilities		192,144		199,033
(Net assets)				
Shareholders' equity				
Capital stock		31,733		31,733
Capital surplus		32,468		32,466
Retained earnings		156,381		159,807
Treasury shares		-10,615		-7,992
Total shareholders' equity		209,967		216,015
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		19,845		20,645
Foreign currency translation adjustment		14,809		25,147
Remeasurements of defined benefit plans		1,139		304
Total accumulated other comprehensive income		35,794		46,097
Subscription rights to shares		45		29
Non-controlling interests		9,845		11,611
Total net assets		255,653		273,754
Total liabilities and net assets		447,798		472,787

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Million yen)

	From January 1, 2023 to December 31, 2023		From January 1, 2024 to December 31, 2024	
Net sales	*1	322,122	*1	351,064
Cost of sales	*2	258,272	*2	276,445
Gross profit		63,849		74,618
Selling, general and administrative expenses				
Packing and transportation costs		7,542		8,195
Salaries and allowances		12,903		13,803
Bonuses		2,377		2,561
Welfare expenses		3,124		3,365
Depreciation		1,847		1,997
Research and development expenses	*2	3,637	*2	3,951
Other		19,043		20,331
Total selling, general and administrative expenses		50,476		54,204
Operating profit		13,372		20,414
Non-operating income				
Interest income		411		594
Dividend income		1,323		1,346
Foreign exchange gains		357		384
Gain on net monetary position		–		1,373
Other		494		767
Total non-operating income		2,586		4,466
Non-operating expenses				
Interest expenses		1,942		2,762
Share of loss of entities accounted for using equity method		8		74
Loss on net monetary position		289		–
Other		837	*5	1,034
Total non-operating expenses		3,078		3,872
Ordinary profit		12,880		21,008
Extraordinary profit				
Gain on sales of non-current assets	*3	130	*3	22
Gain on sales of investment securities		1,953		4,238
Other		125		3
Total extraordinary profit		2,208		4,264
Extraordinary losses				
Loss on sales and retirement of non-current assets	*4	389	*4	336
Impairment loss	*6	565	*6	401
Loss on sales of investment securities		297		556
Loss on valuation of investment securities		36		839
Business restructuring expenses	*7	736		–
Other		247		234
Total extraordinary loss		2,274		2,368
Profit before income taxes		12,815		22,904
Income taxes - current		3,134		5,370
Income taxes - deferred		-91		-1,214
Total income taxes		3,042		4,156
Profit		9,772		18,748
Profit attributable to non-controlling interests		34		207
Profit attributable to owners of parent		9,737		18,540

Consolidated statements of comprehensive income

(Million yen)

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Profit	9,772	18,748
Other comprehensive income		
Valuation difference on available-for-sale securities	14,837	799
Foreign currency translation adjustment	6,692	11,639
Remeasurements of defined benefit plans, net of tax	76	-834
Share of other comprehensive income of entities accounted for using equity method	509	-394
Total other comprehensive income	*1 22,116	*1 11,211
Comprehensive income	31,888	29,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,475	28,843
Comprehensive income attributable to non-controlling interests	413	1,115

(3) Consolidated statements of changes in equity

From January 1, 2023 to December 31, 2023 (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	31,733	32,530	151,414	-10,687	204,990
Changes of items during period					
Dividends of surplus			-4,770		-4,770
Profit attributable to owners of parent			9,737		9,737
Purchase of treasury shares				-4	-4
Disposal of treasury shares		2		76	78
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Change in ownership interest of parent due to transactions with non-controlling interests		-63			-63
Net changes of items other than shareholders' equity					
Total changes of items during period	–	-61	4,967	71	4,977
Balance at end of current period	31,733	32,468	156,381	-10,615	209,967

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,007	7,986	1,062	14,056	98	8,731	227,877
Changes of items during period							
Dividends of surplus							-4,770
Profit attributable to owners of parent							9,737
Purchase of treasury shares							-4
Disposal of treasury shares							78
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Change in ownership interest of parent due to transactions with non-controlling interests							-63
Net changes of items other than shareholders' equity	14,837	6,823	76	21,738	-53	1,114	22,799
Total changes of items during period	14,837	6,823	76	21,738	-53	1,114	27,776
Balance at end of current period	19,845	14,809	1,139	35,794	45	9,845	255,653

From January 1, 2024 to December 31, 2024 (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	31,733	32,468	156,381	-10,615	209,967
Changes of items during period					
Dividends of surplus			-5,038		-5,038
Profit attributable to owners of parent			18,540		18,540
Purchase of treasury shares				-7,505	-7,505
Disposal of treasury shares		8		42	50
Cancellation of treasury shares		-10,086		10,086	–
Transfer from retained earnings to capital surplus		10,076	-10,076		–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	-2	3,425	2,623	6,047
Balance at end of current period	31,733	32,466	159,807	-7,992	216,015

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	19,845	14,809	1,139	35,794	45	9,845	255,653
Changes of items during period							
Dividends of surplus							-5,038
Profit attributable to owners of parent							18,540
Purchase of treasury shares							-7,505
Disposal of treasury shares							50
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes of items other than shareholders' equity	799	10,337	-834	10,303	-16	1,765	12,053
Total changes of items during period	799	10,337	-834	10,303	-16	1,765	18,100
Balance at end of current period	20,645	25,147	304	46,097	29	11,611	273,754

(4) Consolidated statements of cash flows

(Million yen)

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Cash flows from operating activities		
Profit before income taxes	12,815	22,904
Depreciation	11,339	12,083
Gain on net monetary position	–	-1,373
Loss on net monetary position	289	–
Impairment loss	565	401
Business restructuring expenses	736	–
Interest and dividend income	-1,734	-1,940
Interest expenses	1,942	2,762
Share of (profit) loss of entities accounted for using equity method	8	74
Loss (gain) on sales of property, plant and equipment	-85	2
Loss on retirement of property, plant and equipment	125	65
Loss (gain) on sales of investment securities	-1,655	-3,681
Loss (gain) on valuation of investment securities	36	839
Decrease (increase) in notes and accounts receivable - trade	-498	-3,211
Decrease (increase) in inventories	5,110	-1,121
Increase (decrease) in notes and accounts payable - trade	-3,859	1,700
Other	1,862	695
Subtotal	27,000	30,200
Interest and dividend income received	1,745	2,219
Interest expenses paid	-1,828	-2,408
Income taxes paid	-3,438	-3,046
Net cash provided by (used in) operating activities	23,478	26,964
Cash flows from investing activities		
Net decrease (increase) in time deposits	-370	-591
Purchase of property, plant and equipment	-18,967	-18,033
Proceeds from sales of property, plant and equipment	624	60
Purchase of intangible assets	-1,039	-863
Purchase of short-term and long-term investment securities	-1,455	-90
Proceeds from sales and redemption of short-term and long-term investment securities	4,323	9,599
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 -2,486	–
Other	-85	-255
Net cash provided by (used in) investing activities	-19,457	-10,172
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-3,943	-3,331
Proceeds from long-term loans payable	1,679	12,370
Repayments of long-term loans payable	-785	-16,174
Proceeds from issuance of bonds	5,000	–
Proceeds from agreement to set the right to demand earnings distribution	–	4,639
Purchase of treasury shares	-4	-7,505
Cash dividends paid	-4,770	-5,035
Proceeds from share issuance to non-controlling shareholders	907	770
Repayments of lease obligations	-438	-593
Other	-274	-114
Net cash provided by (used in) financing activities	-2,629	-14,975
Effect of exchange rate change on cash and cash equivalents	1,264	2,195
Net increase (decrease) in cash and cash equivalents	2,655	4,012
Cash and cash equivalents at beginning of period	53,385	56,040
Cash and cash equivalents at end of period	*1 56,040	*1 60,052

(5) Explanatory notes to consolidated financial statements

(Notes on assumption of going business)

Not applicable.

(Basic and important matters in preparing the consolidated financial statements)

1. Scope of consolidation

The Company had 56 consolidated subsidiaries; all of the subsidiaries were consolidated.

Names of major consolidated subsidiaries:

Toyocolor Co., Ltd.;
Toyochem Co., Ltd.;
Toyo Ink Co., Ltd.;
Toyo Visual Solutions Co., Ltd.;
Toyo-Morton, Ltd.;
Matsui Chemical Co., Ltd.;
Toyo B-Net Co., Ltd.;
Tianjin Toyo Ink Co., Ltd.;
Toyo Ink (Thailand) Co., Ltd.;
Toyo Printing Inks Inc.;
LioChem, Inc.;
Toyo Ink India Pvt. Ltd.;
Toyo Advanced Science Taiwan Co., Ltd.;
Zhuhai Toyocolor Co., Ltd.;
Shanghai Toyo Ink Mfg. Co., Ltd.;
Jiangmen Toyo Ink Co., Ltd.;
Toyochem Specialty Chemical Sdn. Bhd.;
LioChem e-Materials LLC;
TIPPS Pte. Ltd.;
Sam Young Ink & Paint Mfg. Co., Ltd.;
Toyo Ink Europe NV;
Toyo Ink America, LLC;
Toyo Ink Europe Specialty Chemicals SAS;
PT. Toyo Ink Indonesia;
Toyo Ink Compounds Vietnam Co., Ltd.;
Toyo Ink Hungary Kft

During the consolidated fiscal year under review, the Company consolidated one subsidiary and deconsolidated one subsidiary.

- In the fiscal year under review, Clover Biz Co., Ltd. was established and became a consolidated subsidiary.
- Toyo Ink Myanmar Co., Ltd., which was a consolidated subsidiary in the previous consolidated fiscal year, has been excluded from the scope of consolidation due to the sale of its stock in the consolidated fiscal year under review.

2. Application of the equity method

The equity method is applied to investments in four affiliates.

Names of major subsidiaries:

Nippon Polymer Ind. Co., Ltd.;
Sumika Polymer Compounds (Thailand) Co., Ltd.

In the fiscal year under review, two companies were excluded from the affiliates accounted for using the equity method.

- MAVERIQ Partners Inc. which was an affiliate accounted for using the equity method during the previous fiscal year, has been excluded from the scope of application of the equity method due to the sale of its shares during the fiscal year under review.
- Zhuhai Sumika Polymer Compounds Co., Ltd. which was an affiliate accounted for using the equity method during the previous fiscal year, has been excluded from the scope of application of the equity method due to the sale of its stock during the fiscal year under review.

3. Fiscal year-end of consolidated subsidiaries

The fiscal year-end date of consolidated subsidiaries is the same as the consolidated closing date.

4. Accounting standards

(1) Important appraisal standards and appraisal method for assets

1) Securities

Available-for-sale securities

Securities other than shares, etc. without market prices: Market value method

(Unrealized valuation gains or losses are reported in the shareholders' equity, and sales costs are determined by the moving average method.)

Shares, etc. without market prices: Stated at cost as determined using the moving average method.

2) Derivatives

Market value method

3) Inventories

Merchandise: In principle, the cost method based on the gross average method is applied.

(The value in the balance sheet is calculated by the method of book value devaluation based on lowering of profitability)

However, merchandise held by overseas consolidated subsidiaries is valued primarily at the lower-of-cost-or-market method using the moving average method.

Finished goods, work-in-process and raw material: In principle, the cost method based on the gross average method is applied.

(The value in the balance sheet is calculated by the method of book value devaluation based on lowering of profitability)

However, merchandise held by overseas consolidated subsidiaries is valued primarily at the lower-of-cost-or-market method using the weighted-average method.

Supplies: In principle, the last cost method is applied.

(The value in the balance sheet is calculated by the method of book value devaluation based on lowering of profitability)

However, merchandise held by overseas consolidated subsidiaries is valued primarily at the lower-of-cost-or-market method using the weighted-average method.

(2) Depreciation method of important depreciable fixed assets

1) Property, plant and equipment (excluding leased assets)

Straight-line method

Major useful lives:

Buildings and structures	8 to 50 years
Machinery, equipment and vehicles	4 to 15 years
Tools, furniture and fixtures	3 to 15 years

2) Leased assets

Financing lease transactions that do not involve a transfer of ownership

Calculation method for the equivalent of depreciation cost. The depreciation method for assets is to use the lease period as useful lives, calculating the residual value of such assets as zero.

(3) Important standards for appropriation of allowances

1) Allowance for doubtful receivables

We record an allowance based on historical percentage for ordinary receivables and an estimated amount for specific uncollectible receivables.

2) Provision for environmental measures

To prepare for spending on environmental measures, we recorded the estimated amount of spending at the end of the consolidated fiscal year under review.

(4) Important standards for reporting revenues and expenses

The Group handles organic pigments, processed pigments, plastic colorants, color filter materials, inkjet materials, lithium ion battery materials and other products or merchandise in the Colorants and Functional Materials Related Business, can coatings, resins, adhesives, pressure sensitive adhesives, functional films and tapes, natural materials, medical products and other products or merchandise in the Polymers and Coatings Related Business, gravure inks, flexographic inks, gravure cylinders and other products or merchandise in the Packaging Materials Related Business and offset inks, metal printing inks, printing presses, printing equipment, prepress systems, printing supplies and other products or merchandise in the Printing and Information Related Business.

The Group's main business is the manufacturing and sale of products and the sale of merchandise in the four businesses above. In each business, the Group has an obligation to deliver products or merchandise under sales agreements with customers.

In the domestic sale of products or merchandise, the customer is deemed to gain control of products or merchandise when they are delivered to them and the performance obligation is deemed to be fulfilled. Revenue is recognized when the products or merchandise arrive at the customer location. In the export sale of products or merchandise, the performance obligation is deemed to be fulfilled and revenue is recognized when the risk borne is transferred to the customer under the terms of trade set out according to the Incoterms rules.

The transaction price is an amount based on the consideration promised under an agreement with the customer and reflects any discount, etc. In a transaction where raw materials are bought from the customer and a product made from them are sold to the customer, the revenue recognized is the price of the product less the cost of the raw materials purchased.

On average, the Group receives the consideration of a transaction about four months after the fulfillment of the performance obligation. No important financial elements are included in the agreement.

(5) Accounting treatment for retirement benefits

To provide for employees' retirement benefits, the amount remaining after deduction of pension plan assets from retirement benefit obligations based on estimated amounts as of the end of the consolidated fiscal year is recorded as a net defined benefit liability.

If the amount of pension plan assets exceeds the amount of retirement benefit obligations, the excess amount is accounted for as a net defined benefit asset.

Some consolidated subsidiaries use the simplified method for the calculation of retirement benefit obligations.

1) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the period until the end of the consolidated fiscal year under review based on the benefit formula.

2) Treatment of unrecognized actuarial differences and past service costs

Past service costs are posted in expenses based on the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees when costs accrue from their service.

Actuarial differences are posted in expenses from the consolidated fiscal year following their accruals based on proportional division through the straight-line method for a fixed period of years (13 years) within the average remaining service years of employees.

(6) Standards for translating significant foreign currency-denominated assets or liabilities into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the consolidated settlement day. The effect of exchange rate changes is posted as a translation gain or loss. In connection with this, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rates on their settlement day. Revenues and expenses are translated into Japanese yen at the average rate during the year. The effect of exchange rate changes is posted in foreign currency translation adjustments and non-controlling interests in the section of net assets.

However, income and expenses of subsidiaries in a hyperinflationary economy are translated into yen at the spot exchange rate on the consolidated balance sheet date in order to apply hyperinflationary accounting.

(7) Significant hedge accounting

1) Hedge accounting

Among interest swap transactions, those that satisfy special transaction requirements are processed.

2) Hedging method and hedging target

Hedging method: Interest swap transactions

Hedging target: Long-term borrowings

3) Hedging policy

The Company engages in interest swap transactions to prevent the risk of payable interest rate fluctuations and to fix payable interest cash flow.

4) Assessing hedging effectiveness

Assessing hedging effectiveness is omitted because interest swap transactions have satisfied requirements for special transactions.

(8) Amortization of goodwill and amortization period

Goodwill is amortized individually and equally over a reasonable period of up to 20 years.

(9) Cash and cash equivalents in the consolidated cash flow statements

In preparing the consolidated cash flow statements, cash on hand, readily available deposits, and short-term liquid investments with maturities not exceeding three months at the time of purchase and little risk of changing value are considered to be cash and cash equivalents.

(10) Other important matters for production of the consolidated financial statements

1) Application of the group tax sharing system

The group tax sharing system is applied.

2) Financial reporting in hyperinflationary economies

The cumulative inflation rate in Turkey over three years exceeded 100 percent. Accordingly, the Group has made accounting adjustments to the financial statements of its subsidiary in Turkey, whose functional currency is the Turkish lira, following the requirements set out in IAS 29: financial reporting in hyperinflationary economies.

IAS 29 requires that the financial statements of the subsidiary in a hyperinflationary economy be prepared and presented in terms of the measurement unit on the last day of the reporting period and be included in the consolidated financial statements.

The Group used a conversion factor calculated using the consumer price index (CPI) published by the Turkish Statistical Institute (TURKSTAT) to make adjustments to the financial statements of the subsidiary in Turkey.

Nonmonetary accounts, such as property, plant and equipment, stated at acquisition cost at the subsidiary in Turkey are adjusted using the conversion factor based on the acquisition date. Monetary accounts and nonmonetary accounts stated at cost are deemed to be presented in terms of the measurement unit on the last day of the reporting period and are thus not adjusted. The effect of inflation on the net monetary position is presented in non-operating income in the consolidated statement of income.

The financial statements of the subsidiary in Turkey are translated into Japanese yen at the spot exchange rate prevailing at the date of the consolidated fiscal year end under review and are reflected in the Group's consolidated financial statements.

(Changes in presentation methods)

(Notes to consolidated statements of income)

"Loss on valuation of investment securities," which was included in "Other" under "Extraordinary losses" in the previous consolidated fiscal year exceeded 10% of "Extraordinary losses" in the consolidated fiscal year under review and is presented separately from the consolidated fiscal year under review. “Extra retirement payments” which was presented separately under “Extraordinary losses” in the previous consolidated fiscal year is included in “Other” in the consolidated fiscal year under review because “Extra retirement payments” accounts for 10% or less of extraordinary losses. The consolidated financial statements for the previous consolidated fiscal year have been restated to reflect these changes in presentation.

Consequently, “Extra retirement payments” of 231 million yen and “Other” of 53 million yen presented under extraordinary losses in the previous consolidated fiscal year are reclassified as “Loss on valuation of investment securities” of 36 million yen and “Other” of 247 million yen.

(Notes to consolidated statements of cash flows)

“Loss (gain) on valuation of investment securities,” which was included in “Other” under “Cash flows from operating activities” in the previous consolidated fiscal year, are presented separately from the consolidated fiscal year under review due to increased quantitative materiality. The consolidated financial statements for the previous consolidated fiscal year have been restated to reflect these changes in presentation.

As a result, 1,899 million yen presented in “Other” of “Cash flows from operating activities” in the consolidated statements of cash flows in the previous fiscal year has been reclassified into “Loss (gain) on valuation of investment securities” of 36 million yen and “Other” of 1,862 million yen.

(Notes to consolidated balance sheet)

*1. Of notes and accounts receivable - trade, receivables generated from agreements with customers are as shown below.

(Million yen)

	As of December 31, 2023	As of December 31, 2024
Notes and accounts receivable - trade	102,919	109,376

*2. Shares of affiliates

(Million yen)

	As of December 31, 2023	As of December 31, 2024
Investment securities (shares)	3,192	1,910

*3. Assets pledged as collateral and secured debt

Assets pledged as collateral

(Million yen)

	As of December 31, 2023	As of December 31, 2024
Buildings and structures	234	208
Land	352	453
Total	586	661

Secured debt is as follows.

(Million yen)

	As of December 31, 2023	As of December 31, 2024
Notes and accounts payable - trade	241	114
Short-term loans payable	165	161
Long-term loans payable	1,306	2,160
Total	1,714	2,435

4. Liabilities on guarantee

The Company extends a guarantee over borrowings from financial institutions, etc. The foreign currency-denominated conversion amount of the yen is based on the exchange rate on the consolidated settlement date. (Million yen)

As of December 31, 2023		As of December 31, 2024	
Sumika Polymer Compounds(Thailand) Co., Ltd. (THB 117,000 thousand)	483	Sumika Polymer Compounds(Thailand) Co., Ltd. (THB 108,000 thousand)	501
Zhuhai Sumika Polymer Compounds Co., Ltd. (USD 4,500 thousand)	638		
Sumika Polymer Compounds Dalian Co., Ltd. (JPY 27 million, etc.)	40		
Employees (housing loans)	6	Employees (housing loans)	2
Total	1,168	Total	503

5. Discounts on notes and accounts receivable and endorsement of notes and accounts receivable (Million yen)

	As of December 31, 2023	As of December 31, 2024
Discounts on notes receivable	18	19
Endorsement of notes and accounts receivable	–	169

*6. Treatment of notes maturing on the last day of the fiscal year

Although the last day of the fiscal year under review fell on a bank holiday, notes that matured on the last day of the fiscal year are treated in accounting as having settled on the maturity date. The values of notes that matured on the last day of the fiscal year under review are as follows: (Million yen)

	As of December 31, 2023	As of December 31, 2024
Notes receivable - trade	1,436	1,514
Notes payable - trade	159	321

*7. Reduction entry

Reduction entry reflecting direct write-down of cost of property, plant and equipment in connection with exchange of rights accompanying execution of Type I Urban Redevelopment Project pursuant to Urban Renewal Act is as follows: (Million yen)

	As of December 31, 2023	As of December 31, 2024
Buildings and structures	1,924	1,924
Land	6,763	6,763
Total	8,687	8,687

*8. Of current liabilities, contract liabilities are as shown below. (Million yen)

	As of December 31, 2023	As of December 31, 2024
Contract liabilities	195	335

*9. Financing through the conclusion of agreement to set the right to demand earnings distribution

As of December 31, 2023

Not applicable.

As of December 31, 2024

On February 14, 2024, the Company concluded an agreement to set the right to demand earnings distribution with the Development Bank of Japan Inc. (hereinafter “DBJ”) to raise funds for capital investments to enhance the production capacity of the Group’s carbon nanotube (CNT) dispersion business. Under the agreement, the Company granted DBJ the right to demand a distribution of earnings. In return, the Company received from DBJ an amount equivalent to 30.6% of the funds for capital investments in the CNT dispersion business. This arrangement is contingent on certain conditions. The maximum amount the Company could receive is 15,000 million yen. The Company plans to allocate 30.6% of the cash flows generated by the subsidiary operating the CNT dispersion business to DBJ, calculated under specific conditions, based on the right to demand a distribution of earnings. The Company has the right to purchase the right to demand a distribution of earnings granted to DBJ in certain conditions.

In the consolidated fiscal year under review, the Company recorded 4,639 million yen in other in long-term liabilities under the agreement.

(Notes to consolidated statements of income)

*1. Revenue from contracts with customers is as shown below. (Million yen)

From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
321,750	350,632

*2. Research and development expenses included in selling, general and administrative expenses and manufacturing cost (Million yen)

From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
9,616	10,109

*3. Details of gain on sale of non-current assets (Million yen)

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Buildings and structures	51	2
Machinery, equipment and vehicles	24	17
Land	50	–
Other	3	2
Total	130	22

*4. Details of loss on sales and retirement of non-current assets (Million yen)

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Buildings and structures	169	107
Machinery, equipment and vehicles	150	211
Other	69	17
Total	389	336

*5. Financing through the conclusion of agreement to set the right to demand earnings distribution

From January 1, 2023 to December 31, 2023
Not applicable.

From January 1, 2024 to December 31, 2024
On February 14, 2024, the Company concluded an agreement to set the right to demand earnings distribution with the Development Bank of Japan Inc. (hereinafter “DBJ”). As described in the Notes to consolidated balance sheet, the Company plans to distribute earnings to DBJ. The Company posted expenses for the distribution of earnings of 286 million yen in other of non-operating expenses for the consolidated fiscal year under review. The Company has estimated the amount that it will allocate to DBJ under the agreement, based on the cash flows generated by the subsidiary operating the CNT dispersion business. Based on the Company’s estimates, it has determined that expenses of 286 million yen would be recognized for the consolidated fiscal year under review.

*6. Impairment loss

The Group recorded an impairment loss for the following asset group.

From January 1, 2023 to December 31, 2023

Location	Use	Type
Kawagoe, Saitama, etc.	Factory assets, etc.	Machinery, equipment and vehicles, construction in progress, tools, furniture and fixtures, etc.

The Group classifies its assets based on the categories of management accounting and classifies idle assets and assets for lease by individual property.
As for factory assets, etc. at Kawagoe, Saitama, since the domestic commercial printing market is shrinking rapidly, the Group continued to implement its structural reform and significantly reduced fixed costs for the factory to establish the profit-generating structure. Responding to surging raw materials prices, the Company improved production efficiency, reviewed raw materials to reduce costs, and revised prices, and a sign of recovery was seen in the second half of the year. However, operating profit in the Printing and Information Related Business did not move into the black. The Company thus reduced the book value of the asset group to its recoverable amount, and the amount of the reduction (565 million yen) is recorded as an impairment loss in extraordinary losses. The breakdown of the impairment loss is machinery, equipment, and vehicles of 318 million yen, construction in progress of 145 million yen, tools, furniture and fixtures of 77 million yen and other of 24 million yen.
The recoverable amount of the asset group is measured by the value in use and calculated by discounting future cash flow at 5.9%.

From January 1, 2024 to December 31, 2024

Location	Use	Type
Kyoto, Kyoto	Parking lot	Land

The Group classifies its assets based on the categories of management accounting and classifies idle assets and assets for lease by individual property. The usage of a parking lot owned by the Group in the city of Kyoto in Kyoto prefecture has changed and is now available for rent. The Group has thus reduced the book value of the property to its recoverable amount, recording an impairment loss of 401 million yen as an extraordinary loss. The Group determines the recoverable amount using the net selling price. The net selling price is derived by subtracting the expected disposal cost from the rationally calculated amount based on indicators considered to reflect the market price.

*7. Business restructuring expenses

From January 1, 2023 to December 31, 2023

Losses and expenses (736 million yen) incurred for the reorganization of offices were posted as extraordinary losses. Major components include an impairment loss of 529 million yen and other of 207 million yen.

The Impairment loss consists of the following:

Location	Use	Type
Tianjin city, China	Factory assets	Tools, furniture and fixtures, machinery equipment and vehicles, construction in progress, buildings and structures, etc.
New Jersey, USA	Factory assets	Leased assets
Kawagoe, Saitama, etc.	Assets for agribusiness	Buildings and structures, tools, furniture and fixtures

The Group classifies its assets based on the categories of management accounting and classifies idle assets and assets for lease by individual property.

The book value of the assets held at Tianjin, China was reduced to the recoverable amount to transfer the production function of the pigment plant at Tianjin, China to other factories, after determining that sustainable production of pigments at Tianjin, China was difficult due to tighter environmental regulations in China. The amount of the reduction (358 million yen) is included in business restructuring expenses in extraordinary losses. The breakdown of the extraordinary loss is machinery, equipment and vehicles of 203 million yen, buildings and structures of 97 million yen, construction in progress of 50 million yen, and tools, furniture and fixtures of 7 million yen.

While the recoverable amount of the asset group is measured by the value in use, the full amount of the book value is included in impairment losses because future cash flow is not expected.

The warehouses in New Jersey, the United States, for which a lease agreement has been signed, became idle assets as a result of business restructuring in the United States, so the book value of the assets was reduced to their recoverable amount and the amount of the reduction (63 million yen) is included in business restructuring expenses in extraordinary losses.

While the recoverable amount of the asset group is measured by the value in use, the full amount of the book value is included in impairment losses because future cash flow is not expected.

Further, assets for agribusiness held at Kawagoe, Saitama became idle assets due to the withdrawal from the business, so its book value was reduced to their recoverable amount and the amount of the reduction (107 million yen) is included in business restructuring expenses as extraordinary losses. The breakdown of the impairment loss is buildings and structures of 71 million yen and tools, furniture and fixtures of 36 million yen.

While the recoverable amount of this asset group is calculated at its net realizable value, the estimated sales value less expenses associated with the sales and others.

From January 1, 2024 to December 31, 2024

Not applicable.

(Notes to consolidated statements of comprehensive income)

*1 The amount of recycling and the amount of tax effect associated with other comprehensive income (Million yen)

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Valuation difference on available-for-sale securities		
Amount arisen in the fiscal year under review	23,406	5,374
Amount of recycling	-1,953	-4,235
Before tax adjustment	21,452	1,139
Amount of the tax effect equivalent	-6,614	-339
Valuation difference on available-for-sale securities	14,837	799
Foreign currency translation adjustment		
Amount arisen in the fiscal year under review	6,692	11,612
Amount of recycling	–	27
Before tax adjustment	6,692	11,639
Foreign currency translation adjustment	6,692	11,639
Remeasurements of defined benefit plans, net of tax		
Amount arisen in the fiscal year under review	432	-642
Amount of recycling	-321	-560
Before tax adjustment	110	-1,202
Amount of the tax effect equivalent	-33	368
Remeasurements of defined benefit plans, net of tax	76	-834
Share of other comprehensive income of entities accounted for using equity method		
Amount arisen in the fiscal year under review	28	188
Amount of recycling	481	-582
Share of other comprehensive income of entities accounted for using equity method	509	-394
Total other comprehensive income	22,116	11,211

(Notes to consolidated statements of changes in equity)
From January 1, 2023 to December 31, 2023

1. Matters concerning the type and the number of shares issued and treasury shares (Thousand shares)

	At the beginning of this period	Increase	Decrease	At the end of this period
Shares issued				
Ordinary shares	58,286	–	–	58,286
Total	58,286	–	–	58,286
Treasury shares				
Ordinary shares (Notes 1, 2)	5,298	1	37	5,262
Total	5,298	1	37	5,262

(Notes) 1. The increase of 1 thousand share in the number of shares of treasury ordinary stock is due to the purchase of odd-lot shares.
2. The decrease of 37 thousand shares in the number of shares of common shares held as treasury shares consists of a decrease of 25 thousand shares due to the exercise of stock options and a decrease of 12 thousand shares due to disposal of treasury shares as restricted stock compensation.

2. Matters concerning subscription rights to shares

Company	Breakdown	Type of stock purchased	Number of applicable shares (in thousands)				Balance at the end of this period (million yen)
			At the beginning of this period	Increase	Decrease	At the end of this period	
Reporting company	Subscription rights to shares as stock option	–	–	–	–	–	45
Total			–	–	–	–	45

3. Matters concerning dividend
(1) Cash dividends paid

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on March 23, 2023	Ordinary shares	2,384	45.00	December 31, 2022	March 24, 2023
Board of directors' meeting on August 7, 2023	Ordinary shares	2,385	45.00	June 30, 2023	September 1, 2023

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year.

Resolution	Type of stock	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on March 26, 2024	Ordinary shares	2,386	Retained earnings	45.00	December 31, 2023	March 27, 2024

From January 1, 2024 to December 31, 2024

1. Matters concerning the type and the number of shares issued and treasury shares (Thousand shares)

	At the beginning of this period	Increase	Decrease	At the end of this period
Shares issued				
Ordinary shares (Notes 1)	58,286	–	5,000	53,286
Total	58,286	–	5,000	53,286
Treasury shares				
Ordinary shares (Notes 2, 3)	5,262	2,294	5,019	2,537
Total	5,262	2,294	5,019	2,537

(Notes) 1. The decrease of 5,000 thousand shares in the number of shares issued of common shares is a decrease of 5,000 thousand shares due to the retirement of treasury stock by resolution of the Board of Directors.
2. The increase of 2,294 thousand shares in the number of common shares held as treasury shares consists of an increase due to the purchase of 2,291 thousand treasury shares and an increase of 2 thousand shares due to the purchase of odd-lot shares by resolution of the Board of Directors.
3. The decrease of 5,019 thousand shares in the number of shares of common shares held as treasury shares consists of a decrease of 5,000 thousand shares due to the retirement of treasury stock by resolution of the Board of Directors, a decrease of 8 thousand shares due to the exercise of stock options and a decrease of 11 thousand shares due to disposal of treasury shares as restricted stock compensation.

2. Matters concerning subscription rights to shares

Company	Breakdown	Type of stock purchased	Number of applicable shares (in thousands)				Balance at the end of this period (million yen)
			At the beginning of this period	Increase	Decrease	At the end of this period	
Reporting company	Subscription rights to shares as stock option	–	–	–	–	–	29
Total			–	–	–	–	29

3. Matters concerning dividend

(1) Cash dividends paid

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on March 26, 2024	Ordinary shares	2,386	45.00	December 31, 2023	March 27, 2024
Board of directors' meeting on August 9, 2024	Ordinary shares	2,652	50.00	June 30, 2024	September 9, 2024

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year.

Resolution	Type of stock	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on March 26, 2025	Ordinary shares	2,537	Retained earnings	50.00	December 31, 2024	March 27, 2025

(Consolidated statements of cash flows)

*1. Reconciliation of the consolidated balance sheet items to cash and cash equivalents in the consolidated cash flows statements

(Million yen)

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Cash and time deposits	57,917	62,855
Securities	65	99
Total	57,983	62,955
Time deposits with maturity of more than 3 months	-1,942	-2,902
Bonds, etc. with redemption period of more than 3 months	–	-0
Cash and cash equivalents	56,040	60,052

*2. Breakdown of major asset and liability items of a company that was included in consolidation due to share acquisition.

From January 1, 2023 to December 31, 2023

Breakdown of assets and liabilities as of the commencement of consolidation of Thai Eurocoat Ltd., which was newly consolidated as a result of share acquisition, and the relationship between the cost of acquisition of the said company's shares and spending (net amount) for the acquisition are as follows.

(Million yen)

Current assets	1,027
Non-current assets	1,175
Goodwill	1,142
Current liabilities	-365
Non-current liabilities	-269
Cost of share acquisition	2,711
Cash and cash equivalents	-224
Net: Spending for the acquisition	2,486

From January 1, 2024 to December 31, 2024

Not applicable

(Segment information, etc.)

a. Segment information

1. Overview of reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

Based on factors such as the type and similarity of operations, the Company has categorized its operations into four groups, which are the reportable segments. They are the Colorants and Functional Materials Related Business, the Polymers and Coatings Related Business, the Packaging Materials Related Business, the Printing and Information Related Business. Each business unit operates by establishing comprehensive domestic and overseas strategies for each product and service.

The Colorants and Functional Materials Related Business mainly manufactures and sells organic pigments, processed pigments, plastic colorants, color filter materials, inkjet ink materials, and lithium ion battery materials etc. The Polymers and Coatings Related Business mainly manufactures and sells can coatings, resins, adhesives, pressure sensitive adhesives, functional films and tapes, natural materials and medical products. The Packaging Materials Related Business mainly manufactures and sells gravure inks, flexographic inks and gravure cylinders. The Printing and Information Related Business mainly manufactures and sells offset inks, metal printing inks, printing presses, printing equipment, prepress systems and printing supplies.

2. Method of calculation for net sales, profits or losses by reportable segment

Accounting procedures for reported business segments are generally the same as those stated in "Basic and important matters in preparing the consolidated financial statements."

Intersegment earnings and transfer are based on current market prices.

3. Information on net sales, profits or losses by reportable segment

From January 1, 2023 to December 31, 2023 (Million yen)

	Reported segments					Other (Note) 1	Adjustment (Note) 2	Amounts recorded in Consolidated Financial Statements (Note) 3
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Net sales								
Sales to customers	79,210	77,551	83,581	77,176	317,518	4,603	–	322,122
Intersegment sales	1,859	195	711	26	2,791	1,005	-3,797	–
Total	81,069	77,746	84,292	77,202	320,310	5,609	-3,797	322,122
Segment profits and losses (-)	2,687	5,257	3,668	2,373	13,986	-601	-12	13,372

(Notes) 1. The “Other” segment comprises business segments that are not included in the reportable segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.

2. An adjustment of -12 million yen in segment profits and losses (-) mainly represents the deduction of intersegment transactions.

3. Segment profits and losses (-) have been adjusted with operating profit recorded in the consolidated financial statements.

From January 1, 2024 to December 31, 2024 (Million yen)

	Reported segments					Other (Note) 1	Adjustment (Note) 2	Amounts recorded in Consolidated Financial Statements (Note) 3
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Net sales								
Sales to customers	83,959	88,256	90,407	83,297	345,920	5,143	–	351,064
Intersegment sales	2,130	262	1,120	27	3,540	661	-4,202	–
Total	86,089	88,518	91,527	83,325	349,461	5,805	-4,202	351,064
Segment profits and losses (-)	3,367	7,151	5,413	4,885	20,818	-381	-22	20,414

(Notes) 1. The “Other” segment comprises business segments that are not included in the reportable segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.

2. An adjustment of -22 million yen in segment profits and losses (-) mainly represents the deduction of intersegment transactions.

3. Segment profits and losses(-) have been adjusted with operating profit recorded in the consolidated financial statements.

b. Relevant information

Information by region

Net sales

From January 1, 2023 to December 31, 2023

(Million yen)

Japan	China	Other	Total
149,060	45,509	127,551	322,122

(Note) Net sales are based on the geographical area of the customers and categorized by country or region.

From January 1, 2024 to December 31, 2024

(Million yen)

Japan	China	Other	Total
156,650	53,434	140,980	351,064

(Note) Net sales are based on the geographical area of the customers and categorized by country or region.

c. Information concerning impairment loss on non-current assets by reportable segment
From January 1, 2023 to December 31, 2023

(Million yen)

	Reported segments					Other	Adjustment	Total
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Impairment loss	366	0	23	597	987	107	–	1,095

(Note) An impairment loss of 366 million yen related to Colorants and Functional Materials Related Business, that of 0 million yen related to Polymers and Coatings Related Business, that of 23 million yen related to Packaging Materials Related Business, 31 million yen out of impairment loss of 597 million yen related to Printing and Information Related Business, and an impairment loss of 107 million yen related to Other are included in business restructuring expenses in the consolidated statements of income.

From January 1, 2024 to December 31, 2024

(Million yen)

	Reported segments					Other	Adjustment	Total
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Impairment loss	–	–	–	401	401	–	–	401

(Per share information)

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Net assets per share	4,634.95 yen	5,164.85yen
Profit per share	183.69 yen	352.53 yen
Profit per share (Diluted)	183.57 yen	352.41 yen

(Notes) 1. The basis of calculating profit per share and fully diluted profit per share is as follows:

	From January 1, 2023 to December 31, 2023	From January 1, 2024 to December 31, 2024
Profit per share		
Profit attributable to owners of parent (million yen)	9,737	18,540
Amount not belonging to common shareholders (million yen)	–	–
Profit attributable to owners of parent concerning ordinary shares (million yen)	9,737	18,540
Weighted average number of shares issued and outstanding during the period (thousand shares)	53,010	52,591
Profit per share (Diluted)		
Profit attributable to owners of parent (million yen)	–	–
Increase in the number of ordinary shares (thousand shares)	33	18
(Subscription rights to shares included (thousand shares))	33	18
Overview of dilutive shares not included in the calculation of the amount of fully diluted profit per share due to absence of dilutive effect	–	–

2. The grounds for the calculation of net assets per share

	As of December 31, 2023	As of December 31, 2024
Net assets on the consolidated balance sheet (million yen)	255,653	273,754
Amount deducted from total net assets (million yen)	9,891	11,641
(Subscription rights to shares included (million yen))	(45)	(29)
(Non-controlling interests included (million yen))	(9,845)	(11,611)
Year-end net assets concerning ordinary shares (million yen)	245,762	262,113
Ordinary shares used for calculation of net assets per share (thousand shares)	53,023	50,749

(Important subsequent events)

Not applicable.