

**TRANSLATION:**

This is an English translation of Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Half of the Fiscal Year Ending 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 Semi-annual Financial Results (Japanese Accounting Standards) for the First Half of the Fiscal Year Ending December 31, 2024

August 9, 2024

Name of Listed Company: artience Co., Ltd.

Code: 4634

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Scheduled date of submission of semi-annual report: August 9, 2024

Scheduled date of commencement of dividend payments: September 9, 2024

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 first half of fiscal 2024 ending December 31, 2024

(From January 1, 2024 to June 30, 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	%
First half, Fiscal 2024	172,257	12.1	10,551	122.1	12,361	130.5	9,356	143.5
First half, Fiscal 2023	153,676	-0.7	4,749	2.9	5,362	-20.3	3,842	-54.3

(Note) Comprehensive income: First half, fiscal 2024: 27,994 million yen (39.1%) First half, fiscal 2023: 20,128 million yen (4.5%)

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
First half, Fiscal 2024	176.44	176.37
First half, Fiscal 2023	72.50	72.45

(Note) At the end of the previous consolidated fiscal year, a provisional accounting method pertaining to a business combination was finalized, and each one of the figures for the first half of the fiscal year ended December 31, 2023 reflects a review that was made based on the finalization of the provisional accounting method.

## (2) Financial position

	Total assets		Net assets		Net worth/Total assets	
	Million yen		Million yen		%	
First half, Fiscal 2024	485,384		281,942		55.7	
Fiscal 2023	447,798		255,653		54.9	

(Note) Net worth: First half, fiscal 2024: 270,200 million yen

Fiscal 2023: 245,762 million yen

## 2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Fiscal 2023	—	45.00	—	45.00	90.00
Fiscal 2024	—	50.00			
Fiscal 2024 (Forecast)			—	50.00	100.00

(Note) Revisions to the most recently announced dividend forecasts: Yes

## 3. Forecasts for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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	355,000	10.2	20,000	49.6	20,000	55.3	16,500	69.5	311.12

(Note) Revisions to the most recently announced earnings forecasts: Yes

\* Notes:

- |  |                   |
|--|-------------------|
| (1) Important changes in the scope of consolidation during the term:   | No                |
| (2) Application of special accounting treatment to the preparation of semi-annual consolidated financial statements: | No                |
| (3) 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                |
| (4) Numbers of shares issued (ordinary shares)   |                   |
| (i) Numbers of shares issued at the end of the terms (including treasury shares):                                    |                   |
| First half, fiscal 2024:   | 53,286,544 shares |
| Fiscal 2023:   | 58,286,544 shares |
| (ii) Numbers of treasury shares at the end of the terms:   |                   |
| First half, fiscal 2024:   | 246,254 shares    |
| Fiscal 2023:   | 5,262,779 shares  |
| (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):                         |                   |
| First half, fiscal 2024:   | 53,028,863 shares |
| First half, fiscal 2023:   | 53,000,712 shares |

\* These semi-annual 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 note

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 “(3) Information on the consolidated earnings forecasts and other future forecasts” of “1. Qualitative Information on Financial Results, etc., for the First Half Ended June 30, 2024” on page 4 of the accompanying materials.
2. Supplementary documents for financial results will be posted on the Company’s website on August 9, 2024 (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.
  - August 20, 2024 (Tuesday): Briefing for institutional investors and security analysts.

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## 1. Qualitative Information on Financial Results, etc., for the First Half Ended June 30, 2024

Regarding Thai Eurocoat Ltd. in the Kingdom of Thailand, shares of which were acquired on April 3, 2023 by Toyo Ink (Thailand) Co., Ltd., a wholly owned subsidiary of the Company, a provisional accounting method had been applied. However, because the accounting method was finalized at the end of the previous consolidated fiscal year, values after a review made based on the finalization of the provisional accounting method were used for comparison and analysis with the first half of the previous consolidated fiscal year.

### (1) Details of operating results

In the first half of the consolidated fiscal year under review, the global economy as a whole continued to recover modestly, although the recovery of consumer spending was at a temporary standstill. The outlook remains uncertain, although the modest recovery is expected to continue amid the improvement of the employment and income situation, chiefly reflecting the risk of interest rates remaining high in Europe and the United States, concerns regarding the future of the Chinese economy and other issues that may put downward pressure on the economy.

In this environment, the Group worked to execute its policies for the fiscal year: transformation of existing business groups into highly profitable ones, creation of strategic, high priority business groups, and transformation of the management foundation.

As a result, net sales in the first half of the fiscal year under review increased to 172,257 million yen (up 12.1% year on year), operating profit increased to 10,551 million yen (up 122.1% year on year), and ordinary profit increased to 12,361 million yen (up 130.5% year on year). Profit attributable to owners of parent increased to 9,356 million yen (up 143.5% year on year).

Operating results by segment are as follows.

#### (i) Colorants and Functional Materials Related Business

In materials for LCD color filters, overall shipments increased, reflecting progress in the expansion of sales in China and Taiwan and an increase in the operations for large LCD panels for TVs. However, sales of products for small and midsize panels, including panels for automotive applications and for industrial equipment, remained stagnant.

Sales of plastic colorants for solar cells and air conditioners remained strong in overseas markets. In Japan, growth of plastic colorants for containers and construction material films was sluggish.

Sales of inkjet inks expanded in domestic and overseas markets, reflecting rising demand. Sales of lithium-ion battery materials for automotive applications decreased due to the stagnant EV market, but progress was made in the preparations for production to respond to a future increase in shipments.

As a result, net sales for this segment as a whole increased to 43,795 million yen (up 11.3% year on year), and operating profit increased to 2,166 million yen (up 47.9% 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 recovered but sales of pressure sensitive adhesives for labels remained 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. Sales of can coatings also grew positively overseas, partly reflecting the effect of the acquisition of a coating manufacturer in Thailand that was carried out in the previous fiscal year, an increase in demand for cans for processed seafood and the increased adoption of environmentally friendly products.

As a result, net sales for this segment as a whole increased to 42,631 million yen (up 17.3% year on year), and operating profit increased to 3,479 million yen (up 81.7% year on year).

#### (iii) Packaging Materials Related Business

In Japan, sales of liquid ink products for frozen desserts and beverages were strong due to the climate warming trend, and sales of liquid ink products for pet food and for convenience stores also remained strong. Sales of products for cardboard boxes were lackluster due to a decrease in the export of processed seafood and slow movement of fruits and vegetables, mainly reflecting the earthquake.

Overseas, sales grew sluggishly due to low consumer spending in China, but there was progress in the expansion of sales in India, and demand remained strong in Southeast Asia, the United States and other markets. Additionally, there was progress in the expansion of sales of environmentally friendly water-based inks in South Korea.

In the gravure cylinder platemaking business, demand for new printing plates for packaging were slumping, partly reflecting a decrease in the number of products attributed to restrained consumer spending. However, sales of precision platemaking related to electronics were trending modestly toward 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 44,341 million yen (up 9.9% year on year), and operating profit were 2,502 million yen (up 76.5% 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 for paper containers and packaging were affected by consumer pullbacks, but sales of energy-saving highly sensitive UV curable inks experienced positive growth as a result of sales expansion.

In overseas markets, the Chinese market was slow but sales of products for educational materials increased. In Southeast Asia, sales of products 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.

As a result, net sales for this segment as a whole increased to 40,730 million yen (up 12.1% year on year), and operating profit was 2,480 million yen (operating loss of 41 million yen in the same period of the previous fiscal 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 first half of the consolidated fiscal year under review, net sales stood at 2,762 million yen (down 2.5% year on year) and an operating loss of 62 million yen was posted (as compared to an operating profit of 12 million yen posted in the same period of the fiscal year).

## **(2) Details of financial position**

Total assets at the end of the first half under review stood at 485,384 million yen, up 37,585 million yen from the end of the previous consolidated fiscal year. Liabilities were 203,441 million yen, up 11,297 million yen from the end of the previous consolidated fiscal year. Net assets came to 281,942 million yen, up 26,288 million yen from the end of the previous consolidated fiscal year.

On the last day of the first half 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. Property, plant and equipment also increased as a result of the construction of a new plant overseas. Furthermore, investment securities, deferred tax liabilities, and valuation difference on available-for-sale securities each increased, reflecting rising stock prices in Japan. However, while profit attributable to owners of parent was posted, retained earnings and treasury shares decreased, chiefly reflecting the cancellation of treasury shares. Short-term loans payable decreased because some of the loans reached their maturity and were refinanced, and long-term loans payable increased.

### **(Status of cash flow)**

Cash and cash equivalents (“cash”) at the end of the first half of the fiscal year under review was 59,361 million yen, an increase of 3,320 million yen from the balance at the beginning of the fiscal year.

Cash provided by operating activities was 15,146 million yen (up 9,514 million yen year on 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, an increase in inventories and income taxes paid.

Cash used in investing activities was 11,456 million yen (up 2,088 million yen year on year). Cash decreased mainly due to the purchase of property, plant and equipment.

Cash used in financing activities was 2,883 million yen (down 622 million yen year on year). This mainly reflects factors increasing in cash such as proceeds from long-term loans payable and proceeds from agreement to set the right to demand earnings distribution and factors decreasing cash, mainly the repayments of long-term loans payable and the payment of dividends.

## **(3) Information on the consolidated earnings forecasts and other future forecasts**

During the first half of the fiscal year under review, the business environment surrounding the Group was affected by the stagnancy of the EV market, which resulted in a decrease in sales of lithium-ion battery materials for automotive applications. However, there was progress in the preparations for production to respond to a future increase in shipments, and overall sales are increasing, supported by strong global demand and driven by the expansion of facilities in overseas growth regions. Consequently, net sales are expected to remain above the initial target.

Profits are also expected to exceed the initial targets, reflecting an anticipated gain on the sale of investment securities, in addition to the improvement of profit due to progress in the revision of sales prices and the reduction of costs through the improvement of the business structure and other measures

As a result, changes have been made to the full-year forecasts of consolidated financial results for the fiscal year ending December 31, 2024 that were announced on February 14, 2024.

For more information, please refer to the “Notice of the Revision of the Consolidated Results Forecast, the Increase of the Interim Dividend, and the Upward Revision of the Year-End Dividend Forecast” and the “Notice of Policy to Reduce Shareholdings and Gain on Sale of Investment Securities (Extraordinary Income)” which were published today (August 9, 2024).

## 2. Semi-annual Consolidated Financial Statements and Primary Notes

**(1) Semi-annual consolidated balance sheet**

(Million yen)

	As of December 31, 2023	As of June 30, 2024
(Assets)		
Current assets		
Cash and deposits	57,917	62,745
Notes and accounts receivable - trade	102,930	109,858
Securities	65	81
Merchandise and finished goods	37,714	40,442
Work in process	722	1,320
Raw materials and supplies	26,282	27,899
Other	6,224	5,508
Allowance for doubtful accounts	-944	-1,104
<b>Total current assets</b>	<b>230,911</b>	<b>246,752</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	117,331	122,452
Accumulated depreciation	-74,044	-77,692
Buildings and structures, net	43,286	44,759
Machinery, equipment and vehicles	174,680	184,386
Accumulated depreciation	-144,890	-151,326
Machinery, equipment and vehicles, net	29,789	33,060
Tools, furniture and fixtures	28,542	29,423
Accumulated depreciation	-23,472	-24,353
Tools, furniture and fixtures, net	5,070	5,069
Land	30,802	31,487
Leased assets	8,190	8,988
Accumulated depreciation	-2,581	-2,880
Leased assets, net	5,608	6,107
Construction in progress	19,700	26,343
<b>Total property, plant and equipment</b>	<b>134,258</b>	<b>146,828</b>
Intangible assets	5,290	5,793
Investments and other assets		
Investment securities	63,874	71,995
Retirement benefit asset	8,410	8,640
Deferred tax assets	3,323	3,554
Other	2,027	2,182
Allowance for doubtful accounts	-298	-363
<b>Total investments and other assets</b>	<b>77,337</b>	<b>86,008</b>
<b>Total non-current assets</b>	<b>216,886</b>	<b>238,631</b>
<b>Total assets</b>	<b>447,798</b>	<b>485,384</b>

(Million yen)

	As of December 31, 2023	As of June 30, 2024
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	67,075	70,756
Short-term loans payable	36,542	27,987
Income taxes payable	1,579	2,858
Other	18,756	21,433
<b>Total current liabilities</b>	<b>123,953</b>	<b>123,035</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	40,161	46,936
Deferred tax liabilities	13,563	15,390
Provision for environmental measures	118	80
Retirement benefit liability	1,878	2,139
Asset retirement obligations	34	34
Other	2,434	5,823
<b>Total non-current liabilities</b>	<b>68,191</b>	<b>80,406</b>
<b>Total liabilities</b>	<b>192,144</b>	<b>203,441</b>
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,468	32,466
Retained earnings	156,381	153,278
Treasury shares	-10,615	-496
<b>Total shareholders' equity</b>	<b>209,967</b>	<b>216,981</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,845	25,381
Foreign currency translation adjustment	14,809	26,909
Remeasurements of defined benefit plans	1,139	927
<b>Total accumulated other comprehensive income</b>	<b>35,794</b>	<b>53,218</b>
Subscription rights to shares	45	33
Non-controlling interests	9,845	11,708
<b>Total net assets</b>	<b>255,653</b>	<b>281,942</b>
<b>Total liabilities and net assets</b>	<b>447,798</b>	<b>485,384</b>

**(2) Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income**

Semi-annual consolidated statements of income

(Million yen)

	From January 1, 2023 to June 30, 2023	From January 1, 2024 to June 30, 2024
Net sales	153,676	172,257
Cost of sales	124,765	134,846
Gross profit	28,910	37,411
Selling, general and administrative expenses		
Packing and transportation costs	3,568	3,998
Salaries and allowances	6,288	6,861
Bonuses	1,240	1,309
Welfare expenses	1,507	1,635
Depreciation	926	981
Research and development expenses	1,779	1,900
Other	8,849	10,174
Total selling, general and administrative expenses	24,160	26,859
Operating profit	4,749	10,551
Non-operating income		
Interest income	143	239
Dividend income	717	685
Foreign exchange gains	942	1,396
Gain on net monetary position	–	985
Other	240	370
Total non-operating income	2,044	3,676
Non-operating expenses		
Interest expenses	869	1,290
Share of loss of entities accounted for using equity method	53	13
Loss on net monetary position	158	–
Other	349	563
Total non-operating expenses	1,431	1,867
Ordinary profit	5,362	12,361
Extraordinary profit		
Gain on sales of non-current assets	118	11
Gain on sales of investment securities	879	36
Total extraordinary profit	998	48
Extraordinary losses		
Loss on sales and retirement of non-current assets	107	174
Loss on sales of investment securities	297	–
Loss on sales of shares of subsidiaries	–	85
Extra retirement payments	142	116
Business restructuring expenses	399	–
Other	49	15
Total extraordinary loss	995	392
Profit before income taxes	5,365	12,016
Income taxes - current	2,127	3,076
Income taxes - deferred	-572	-514
Total income taxes	1,554	2,562
Profit	3,811	9,454
Profit (loss) attributable to non-controlling interests	-31	98
Profit attributable to owners of parent	3,842	9,356

## Semi-annual consolidated statements of comprehensive income

(Million yen)

	From January 1, 2023 to June 30, 2023	From January 1, 2024 to June 30, 2024
Profit	3,811	9,454
Other comprehensive income		
Valuation difference on available-for-sale securities	9,338	5,536
Foreign currency translation adjustment	6,631	12,995
Remeasurements of defined benefit plans, net of tax	-178	-211
Share of other comprehensive income of entities accounted for using equity method	525	219
Total other comprehensive income	16,317	18,540
Comprehensive income	20,128	27,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,730	26,780
Comprehensive income attributable to non-controlling interests	398	1,213

## (3) Semi-annual consolidated statements of cash flows

(Million yen)

	From January 1, 2023 to June 30, 2023	From January 1, 2024 to June 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,365	12,016
Depreciation	5,443	5,963
Gain on net monetary position	–	-985
Loss on net monetary position	158	–
Business restructuring expenses	399	–
Interest and dividend income	-861	-924
Interest expenses	869	1,290
Share of (profit) loss of entities accounted for using equity method	53	13
Loss (gain) on sales of property, plant and equipment	-111	-4
Loss on retirement of property, plant and equipment	14	34
Loss (gain) on sales of investment securities	-582	-36
Decrease (increase) in notes and accounts receivable - trade	3,476	-2,553
Decrease (increase) in inventories	2,435	-1,412
Increase (decrease) in notes and accounts payable - trade	-11,614	706
Other	1,325	2,206
<b>Subtotal</b>	<b>6,373</b>	<b>16,315</b>
Interest and dividend income received	884	899
Interest expenses paid	-805	-1,206
Income taxes paid	-820	-861
<b>Net cash provided by (used in) operating activities</b>	<b>5,631</b>	<b>15,146</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	228	-1,098
Purchase of property, plant and equipment	-9,328	-9,981
Proceeds from sales of property, plant and equipment	555	71
Purchase of intangible assets	-512	-401
Purchase of short-term and long-term investment securities	-324	-39
Proceeds from sales and redemption of short-term and long-term investment securities	2,564	119
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-2,533	–
Other	-17	-124
<b>Net cash provided by (used in) investing activities</b>	<b>-9,367</b>	<b>-11,456</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-1,729	-779
Proceeds from long-term loans payable	1,339	12,435
Repayments of long-term loans payable	-355	-15,595
Proceeds from agreement to set the right to demand earnings distribution	–	3,067
Repayments of lease obligations	-209	-291
Cash dividends paid	-2,384	-2,384
Proceeds from share issuance to non-controlling shareholders	–	770
Other	-166	-105
<b>Net cash provided by (used in) financing activities</b>	<b>-3,506</b>	<b>-2,883</b>
Effect of exchange rate change on cash and cash equivalents	1,499	2,514
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-5,743</b>	<b>3,320</b>
Cash and cash equivalents at beginning of period	53,385	56,040
<b>Cash and cash equivalents at end of period</b>	<b>47,642</b>	<b>59,361</b>

**(4) Notes on semi-annual consolidated financial statements**  
**(Notes on assumption of going business)**

Not applicable

**(Notes on significant changes in the amount of shareholders' equity)**

On May 10, 2024, the Company cancelled 5,000,000 treasury shares in accordance with a resolution passed at the meeting of the Board of Directors held on May 31, 2024. As a result, during the first half of the fiscal year under review, capital surplus decreased by 13 million yen, retained earnings decreased by 10,073 million yen, and treasury stock decreased by 10,086 million yen. As of the end of the first half of the fiscal year under review, capital surplus was 32,466 million yen, retained earnings stood at 153,278 million yen, and treasury shares were 496 million yen.

**(Segment information, etc.)**

I. From January 1, 2023 to June 30, 2023

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in semi-annual consolidated statements of income (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	38,761	36,274	40,019	36,331	151,388	2,287	153,676	–	153,676
Intersegment sales	602	75	342	13	1,032	546	1,579	-1,579	–
Total	39,364	36,349	40,361	36,344	152,420	2,834	155,255	-1,579	153,676
Segment profits and losses (-)	1,465	1,914	1,418	-41	4,755	12	4,768	-18	4,749

(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.

- An adjustment of -18 million yen in segment profits and losses (-) mainly represents the deduction of intersegment transactions.
- Segment profits and losses (-) have been adjusted with operating profit recorded in the semi-annual consolidated statements of income.
- At the end of the previous consolidated fiscal year, the Company determined a provisional accounting method pertaining to a business combination. Segment information for the first half of the previous consolidated fiscal year reflects the details after the finalization of the provisional accounting method. Due to this, the segment profit of the Polymers and Coatings Related Business for the first half of the previous consolidated fiscal year applying the new method decreased 3 million yen compared to when the previous method was used.

2. Information on impairment loss on non-current assets by reportable segment

(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	305	–	–	–	305	–	–	305

(Note) An impairment loss of 305 million yen related to Colorants and Functional Materials Related Business is included in business restructuring expenses in the semi-annual consolidated statements of income.

## II. From January 1, 2024 to June 30, 2024

## 1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (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	42,629	42,561	43,912	40,718	169,822	2,435	172,257	-	172,257
Intersegment sales	1,165	70	428	12	1,677	327	2,004	-2,004	-
Total	43,795	42,631	44,341	40,730	171,499	2,762	174,261	-2,004	172,257
Segment profits and losses (-)	2,166	3,479	2,502	2,480	10,628	-62	10,565	-14	10,551

(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 -14 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 semi-annual consolidated statements of income.

## 2. Information on impairment loss on non-current assets by reportable segment

Not applicable.

**(Business combination, etc.)**

Significant review of initial allocation of the purchase price paid used in comparative information

In the first half of the previous consolidated fiscal year, a provisional accounting method had been applied regarding the acquisition of shares of Thai Eurocoat Ltd. on April 3, 2023. However, the accounting method was determined at the end of the previous consolidated fiscal year.

Following the determination of the accounting method, the comparative information in the consolidated financial statements for the first half of the consolidated fiscal year under review reflects a review of initial allocation of the purchase price paid.

Consequently, in the consolidated statements of income for the first half of the previous consolidated fiscal year, depreciation increased 15 million yen, amortization of goodwill decreased 12 million yen, and operating profit, ordinary profit and profit before income taxes all decreased 3 million yen.

In addition, in cash flows from operating activities in the consolidated statements of cash flows for the first half of the previous consolidated fiscal year, profit before income taxes decreased 3 million yen, depreciation increased 15 million yen, and “Other” decreased 12 million yen.

**(Important subsequent events)**

(Purchase of treasury shares)

At a meeting held on August 9, 2024, the Company’s Board of Directors passed a resolution on matters concerning purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act applied following the deemed replacement of terms pursuant to the provisions of Article 165, Paragraph 3 of the Act.

For more information, please refer to the “Notice Regarding Determination of Matters Related to Treasury Share Acquisition” which was published separately today.