TRANSLATION:
This is an English translation of Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended December 31, 2023. 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.

Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended December 31, 2023

February 14, 2024

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
Contact: Takeshi Arimura, Operating Officer and General Manager of Finance & Accounting Department
Tel: +81-3-3272-6002

Scheduled date of ordinary shareholders' meeting: March 26, 2024
Scheduled date of commencement of dividend payments: March 27, 2024
Scheduled date of submission of financial report: March 26, 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 year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 2023	322,122	2.0	13,372	94.8	12,880	62.9	9,737	4.6
December 2022	315,927	9.7	6,865	-47.2	7,906	-48.8	9,308	-1.9

(Note) Comprehensive income: December 2023 31,888 million yen (172.4%) December 2022 11,705 million yen (-41.2%)

Year ended	Profit per share (Basic)	Profit per share (Diluted)	Return on equity	Ordinary profit/ Total assets	Operating profit/ Net sales
	Yen	Yen	%	%	%
December 2023	183.69	183.57	4.2	3.0	4.2
December 2022	171.49	171.30	4.3	1.9	2.2

(Note) Equity in earnings of associated companies: December 2023 -8 million yen December 2022 -173 million yen

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net assets per share
	Million yen	Million yen	%	Yen
December 2023	447,798	255,653	54.9	4,634.95
December 2022	411,177	227,877	53.3	4,133.90

(Note) Net worth: December 2023 245,762 million yen December 2022 219,047 million yen

(3) Consolidated cash flow condition

Year ended	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
December 2023	23,478	-19,457	-2,629	56,040
December 2022	4,262	-5,645	-8,102	53,385

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	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 2022	–	45.00	–	45.00	90.00	4,794	52.5	2.2
December 2023	–	45.00	–	45.00	90.00	4,771	49.0	2.1
December 2024 (Forecast)	–	45.00	–	45.00	90.00		47.7	

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	340,000	5.6	14,500	8.4	13,500	4.8	10,000	2.7	188.59

* Notes:

(1) Important changes of subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): 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: Yes
- (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):
  - December 2023: 58,286,544 shares
  - December 2022: 58,286,544 shares
- (ii) Numbers of treasury shares at the end of the terms:
  - December 2023: 5,262,779 shares
  - December 2022: 5,298,507 shares
- (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
  - December 2023: 53,010,881 shares
  - December 2022: 54,277,815 shares

Reference: Financial summary (non-consolidated)

Non-consolidated business results for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Results of operations (Percentages show year-on-year rates.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 2023	14,235	-19.8	4,025	-49.8	5,257	-44.9	6,703	-48.2
December 2022	17,751	7.9	8,019	22.2	9,536	21.2	12,945	142.7

Year ended	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
December 2023	126.45	126.37
December 2022	238.51	238.24

(2) Financial position

Year ended	Total assets	Net assets	Net worth/Total assets	Net assets per share
	Million yen	Million yen	%	Yen
December 2023	279,573	184,788	66.1	3,484.14
December 2022	256,097	168,332	65.7	3,174.94

(Note) Net worth: December 2023 184,742million yen December 2022 168,233million 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 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. 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, 2024 (Wednesday).

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 20, 2024 (Tuesday): Briefing for institutional investors and security analysts.

Accompanying Materials – Contents

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2023

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
December 2023	322,122	13,372	12,880	9,737
Growth rate (%)	2.0	94.8	62.9	4.6
December 2022	315,927	6,865	7,906	9,308

During the consolidated fiscal year under review, the global economy recovered modestly, bolstered by government policies amid an improvement in the employment and income situation. Nonetheless, the outlook remains uncertain, mainly reflecting higher prices, the conflict in the Middle East, and fluctuations in the financial and capital markets.

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

Regarding the first policy of strengthen the profitability of its businesses, products including materials for LCD color filters, the market for which came to a temporary standstill, adhesives and pressure sensitive adhesives for electronics, and functional films were weak in terms of profit. In contrast, progress was made in local production of materials for color filters in China. Meanwhile, sales of gravure inks and adhesives and pressure sensitive adhesives, the equipment for which was enhanced mainly in India and Southeast Asia, saw growth with the launch of products tailored to local market needs. In addition, the Group acquired a can coating manufacturer in Thailand and took other steps to acquire cost competitiveness in the global market and to reinforce the foundations for overseas expansion. In the Printing and Information Related Business, the Group executed business structural reforms, including streamlining through the elimination and consolidation of sales bases in response to the shrinking of the information-related printing market of Japan, as well as forming a production alliance. The Group also advanced initiatives to shift to the paper container and packaging market with functional coatings and UV curable inks that help to reduce the volume of plastics. Further, in response to the rising raw materials and energy prices and surging logistics costs in recent years, the Group revised price while reducing costs by improving production efficiency and using alternative raw materials in each business, as part of its efforts to secure profits.

Under its second policy, creating and expanding priority development domains, the Group continued to implement business activities in the three priority domains below. In the field of Sustainability Science, the Group commenced construction of a new plant in Kentucky, the United States and took steps to build a structure with five bases in four regions (Europe, the United States, China, and Japan), aiming to expand the business of lithium-ion battery materials for automotive applications. The Group also expanded initiatives for biomass inks, water-based flexographic inks, masterbatches for recycling, and other environmentally friendly products. In the field of Communication Science, the Group constructed a new pilot plant for polymers in Japan for developing products for next-generation electronics and aggressively undertook marketing activities. In the field of Life Science, the Group invested in VLP Therapeutics, Inc. of the United States, which develops leading-edge vaccines to prevent infection, with a view to operating business in the medical field in the future. Construction of a new plant in Japan for patch-type pharmaceuticals made progress toward the commencement of operation in the next fiscal year.

For the third policy of enhancing the value of management resources for sustainable growth, the Group implemented structural reforms to change the cost structure in indirect departments, identified and organized operations to improve efficiency, and redeployed its human resources to growth domains. The Group also reduced cross-held shares to improve capital efficiency and enhanced the management of working capital, aiming to realize management with an awareness of capital cost and share prices. Regarding ESG, the Group advanced its sustainability vision, TSV2050/2030 (now renamed asv2050/2030) to create a roadmap of CO2 reduction that includes overseas facilities. The Group also established the Toyo Ink Group Human Rights Policy (now renamed Basic Policy on Respect for Human Rights), which organizes and integrates its basic views and policies on human rights. In terms of governance, the Group increased the number of female directors from two to three and took other steps to build a workplace where diverse human resources play active roles. With regard to DX, the Group pursued initiatives such as developing practice applications for material informatics in technology development, adopting measures leading to higher efficiency and higher added value of various operations, and establishing a system for security measures for addressing cyber risk, which has been growing in recent years.

As a result, net sales for the fiscal year under review rose to 322,122 million yen (up 2.0% year on year). Operating profit stood at 13,372 million yen (up 94.8% year on year) and ordinary profit came to 12,880 million yen (up 62.9% year on year). Profit attributable to owners of parent was 9,737 million yen (up 4.6% 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	79,380	81,069	2.1	1,846	2,687	45.5
Polymers and Coatings Related Business	76,240	77,746	2.0	2,504	5,257	109.9
Packaging Materials Related Business	83,464	84,292	1.0	963	3,668	280.6
Printing and Information Related Business	75,180	77,202	2.7	654	2,373	262.8
Other	4,948	5,609	13.4	890	-601	–
Subtotal	319,214	325,919	2.1	6,860	13,384	95.1
Adjustment	-3,287	-3,797	–	5	-12	–
Total consolidated	315,927	322,122	2.0	6,865	13,372	94.8

(i) Colorants and Functional Materials Related Business

In materials for LCD color filters, there were seasonal fluctuations in the operating rate of LCD panel manufacturers; however, shipments were strong in the full year due to progress in sales expansion in China and the increase in market share in Taiwan.
Sales of plastic colorants for containers were sluggish in Japan due to consumer pullbacks. Overseas, meanwhile, demand for plastic colorants for OA equipment decreased, while plastic colorants for solar cells were strong.
Sales of inkjet inks were impacted by inventory adjustments in overseas markets but started to recovery in the latter half of the first three quarters under review. Sales of lithium-ion battery materials for automotive applications grew through the ramp-up of supply in the U.S. and Europe, and the Group is expanding facilities to meet further expansion in demand in the U.S. and China.
As a result, net sales for this segment as a whole increased to 81,069 million yen (up 2.1% year on year), and operating profit increased to 2,687 million yen (up 45.5% year on year).

(ii) Polymers and Coatings Related Business

Among functional films and tapes, sales of functional films for smartphones recovered in the demand season, but full-year sales were down, and materials for LCD panels were also lackluster amid a continued adjustment in the market.
Slow growth in domestic sales of pressure sensitive adhesives for labels and displays was offset by increased sales of pressure sensitive adhesives in the U.S., India and China. Sales of adhesives for packaging in Japan and overseas were sluggish due to a downturn in consumption, while sales of adhesives for industrial use in overseas markets were strong, attributable partly to efforts to expand sales of adhesives for lithium-ion batteries.
Domestic sales of can coatings were subpar, reflecting slow growth in customer operations, and overseas sales of coatings for food cans were also weak, mainly due to a decline in fish catches. However, the Group made steady progress in its business expansion as a result of efforts to expand sales in Turkey and the acquisition of a local coating manufacturer in Thailand.
Consequently, this segment achieved growth in both revenues and income, partly attributable to the effect of price revision. Net sales as a whole came to 77,746 million yen (up 2.0% year on year), and operating profit were 5,257 million yen (up 109.9% year on year).

(iii) Packaging Materials Related Business

In the liquid ink products market in Japan, demand for packaging materials for pet food and souvenirs remained strong; however, products for food packaging were weak due to restrained purchases among consumers amid rising prices. Sales of products for cardboard boxes were also lackluster as demand for fruit and vegetable applications declined due to extreme heat and surging prices. Overseas, demand in India was solid and sales also held firm; however, sales of products for food packaging were weak due to sluggish consumption in China. Profitability improved both in Japan and overseas, mainly reflecting cost cutting in production and the revision of selling prices in response to rising raw material prices.
In the gravure cylinder platemaking business, while sales of products for packaging were firm, partly owing to efforts to capture new demand, sales of precision platemaking related to electronics were weak.
As a result, net sales for this segment as a whole increased to 84,292 million yen (up 1.0% year on year), and operating profit increased to 3,668 million yen (up 280.6% 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, sales of products for paper containers and packaging were firm partly attributable to efforts to bolster sales. In face of persistently high energy and raw material costs, the Group continued to reduce costs through collaboration with competitors and business structure reforms while at the same time making revisions to selling prices to cover cost increases the Group could not absorb through its own efforts.
In overseas markets, sales were lackluster, partly due to economic downturn in China caused by property market woes and weak exports; however, sales of functional coatings for paper containers and packaging increased.
As a result, net sales for this segment as a whole increased to 77,202 million yen (up 2.7% year on year), and operating profit increased to 2,373 million yen (up 262.8% year on year).

(v) Other
This Other segment includes businesses not included in the above segments, services provided by Toyo Ink SC Holdings Co. Ltd., etc., and other businesses. Net sales increased to 5,609 million yen (up 13.4% year on year), but operating loss of 601 million yen (operating profit of 890 million yen in the same period of the previous fiscal year) mainly due to a decrease in revenue from the rendering of services.

(2) Overview of financial position during the fiscal year ended December 31, 2023

(Million yen)

	End of previous fiscal year	End of fiscal year under review	Change
Total assets	411,177	447,798	36,620
Liabilities	183,300	192,144	8,844
Net assets	227,877	255,653	27,776

Total assets at the end of the fiscal year under review stood at 447,798 million yen, up 36,620 million yen from the end of the previous consolidated fiscal year. Liabilities were 192,144 million yen, up 8,844 million yen from the end of the previous consolidated fiscal year. Net assets came to 255,653 million yen, up 27,776 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. 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. On the other hand, notes and accounts payable - trade decreased, reflecting a decline in inventory. Additionally, the Company issued its second unsecured straight bonds to repay borrowings, and 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, 2023

(Million yen)

	Previous term	Term under review	Change
Net cash provided by (used in) operating activities	4,262	23,478	19,216
Cash flows from investing activities	-5,645	-19,457	-13,811
Cash flows from financing activities	-8,102	-2,629	5,473
Cash and cash equivalents at end of period	53,385	56,040	2,655

Cash and cash equivalents (“cash”) at the end of the fiscal year under review stood at 56,040 million yen, up 2,655 million yen from the end of the previous fiscal year.
Cash provided by operating activities stood at 23,478 million yen, up 19,216 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 a decrease in inventories and a decrease in cash flows due to a decrease in notes and accounts receivable - trade and income taxes paid.
Cash used in investment activities was 19,457 million yen, up 13,811 million yen from the end of the previous fiscal year. This mainly reflects purchase of property, plant and equipment and proceeds from sale and redemption of short-term and long-term investment securities.
Funds used for financing activities was 2,629 million yen, down 5,473 million yen from the end of the previous fiscal year. Contributing factors include a decrease in funds that resulted from the payment of dividends and a net decrease in short-term loans payable and an increase in funds through the issuance of bonds.

Trends in Group cash flows are as follows:

	Term ended December 2020	Term ended December 2021	Term ended December 2022	Term ended December 2023
Capital adequacy ratio (%)	55.2	53.7	53.3	54.9
Market value-based capital adequacy ratio (%)	30.3	26.5	23.2	31.1
Ratio of interest-bearing debt to cash flows (years)	4.9	5.1	20.3	3.8
Interest coverage ratio (times)	31.7	29.6	3.5	12.8

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 2024 (Forecast)	340,000	14,500	13,500	10,000
Term ended December 2023	322,122	13,372	12,880	9,737
Growth rate (%)	5.6	8.4	4.8	2.7

While the economy is expected to continue a moderate recovery during the next fiscal year, there are also risks of a downturn, for instance with the impact of a global credit crunch and concerns over the future of the Chinese economy. The Group also expects to face a harsh environment with challenges such as the consumer spending associated with rising prices as well as the conflict in the Middle East and other geopolitical risks. Notwithstanding this, the Group forecasts net sales of 340,000 million yen (growth rate of 5.6%), operating profit of 14,500 million yen (growth rate of 8.4%), ordinary profit of 13,500 million yen (growth rate of 4.8%), and profit attributable to owners of parent of 10,000 million yen (growth rate of 2.7%) as a result of taking measures to address the issues described on page 9.

2. Group Overview

The Group is constituted of the Company, 56 consolidated subsidiaries and 6 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., and others
		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., Thai Eurocoat Ltd., Shanghai Toyo Ink Mfg. Co., Ltd., Sam Young Ink & Paint Mfg. 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, 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., and others
		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	Toyo Ink SC Holdings 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

During the consolidated fiscal year under review, there was no important change to the businesses operated at the Group (the Company and its affiliates).

Regarding transfer of major affiliates, Toyo Ink Co., Ltd., a wholly owned subsidiary of the Company, absorbed Toyo Ink Hokkaido Co., Ltd., Toyo Ink Tohoku Co., Ltd., Toyo Ink Chusikoku Co., Ltd, Toyo Ink Kyushu Co., Ltd., Toyo Ink Graphics Co., Ltd., and Toyo Ink Graphics Nishinihon Co., Ltd., which are all wholly owned subsidiaries of the Company, in January 2023.

In addition, in January 2023, the Company established LioChem e-Materials LLC as its second base in North America for conductive carbon nanotube (CNT) dispersions for the cathode materials of lithium-ion batteries.

Further, in April 2023, the Company acquired shares in Thai Eurocoat Ltd., a manufacturer of can coatings that manufactures and sells coatings for the internal and external surfaces of food cans and caps, and made it a wholly owned subsidiary.

And in July 2023, TOYO B-Net Co., Ltd., a wholly owned subsidiary of the Company, acquired Toyo SC Trading Co., Ltd., which is also a wholly owned subsidiary of the Company, in an absorption-type merger.

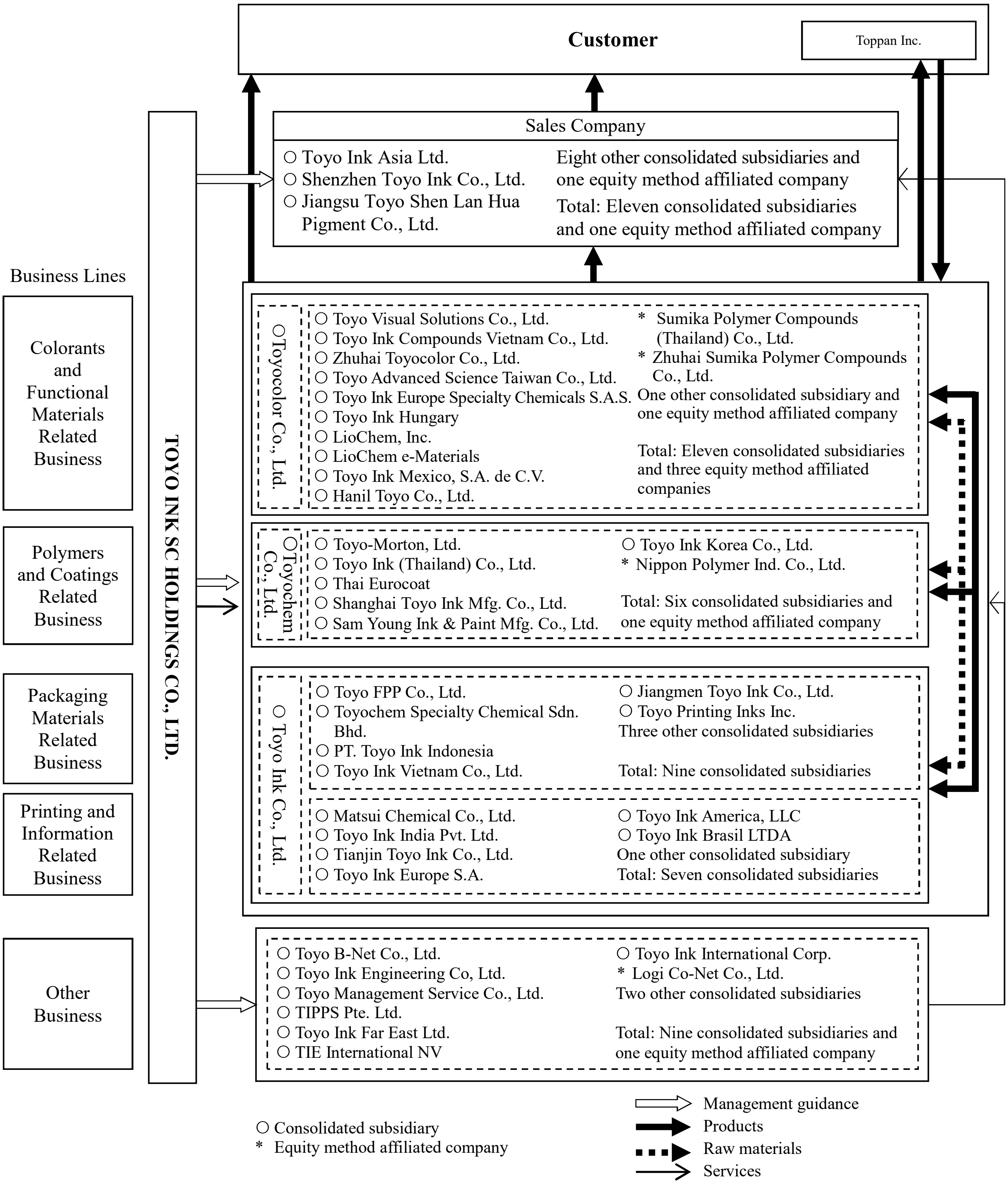
As a result, the Group is constituted of the Company, 56 consolidated subsidiaries and 6 equity method affiliate companies (as of December 31, 2023).

TOPPAN Inc., an affiliate of the Group, made the transition to a holding company structure and changed its business name to TOPPAN Holdings Inc. in October 2023.

As a result, the Group has transactions of finished goods and merchandise with TOPPAN Inc., which is an operating company under the holding company and which has succeeded the main businesses of the former TOPPAN Inc.

The organization chart is as follows:

(Organization Chart)



Note) On January 1, 2024, TOYO INK SC HOLDINGS CO., LTD changed its company name to "artience" (stylized in all lowercase letters).

3. Management Policy

(1) Basic management policy

All corporate activities of the Group are guided by a corporate philosophy of "People-oriented management," a corporate policy of "Endeavoring to be a company that contributes to enrichment creating new values for human culture throughout the world," and guiding principles that call for customer satisfaction, employee satisfaction, society satisfaction, and shareholder satisfaction. However, the social environment has changed dramatically. To contribute in this new era and achieve continued growth, the Group clearly showed the value needed in the future that it will provide and the direction that it should take, and with the approval of its shareholders at the annual general meeting of shareholders held in March 2023, changed its business name and corporate philosophy system on January 1, 2024. This change expresses the Group's strong determination and desire to transform itself into a "company which delivers pioneering value to people around the world with cutting-edge technologies, with each member playing a leading role."

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. Further, the Group redefined 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 what they feel through product quality, thus contributing to building a spiritually wealthy future.

(2) Medium- to long-term management strategy

The Group establishes a long-term vision and is striving to reform to build a corporate structure capable of achieving century-long sustainable growth and to become a corporate group that contributes to the development of a world where all consumers, people, and the global environment can vibrantly coexist. Since FY2018, the Group has been implementing medium-term management plans. Since FY2021, the Group has been implementing SIC (Scientific Innovation Chain) -II (FY2021 - FY2023). The Group has established a vision of being a lifestyle and culture creator which contributes to the new age, and has worked to realize this vision through the implementation of three basic policies: strengthen the profitability of businesses, create and expand priority development domains and enhance the value of management resources for sustainable growth.

To make a fresh start as artience in FY2024, the Group adopted artience2027/2030 "GROWTH," a new management plan whose target year is 2030, so as to implement the transformation consistently. 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.

Under artience2027, whose period is FY2024 to FY2026, the Group will advance initiatives under the three basic policies: transformation of existing businesses into highly profitable ones, creation of strategic, priority businesses, and transformation of management foundation.

To transform its existing businesses into highly profitable operations, 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 strategy for each. For the transformation, the Group will concentrate its resources on growth fields to increase its earnings capacity. The Group will also implement structural reforms by taking bold measures with fundamentally revised sales and business strategies.

To create strategic, high priority businessgroups, the Group will allocate resources strategically to accelerate the expansion and growth of businesses. It will do this by positioning as strategic priorities next-generations businesses operated by looking ahead to 2030 and beyond, including the environmental, biological, and energy businesses, in addition to businesses related to two growth markets, namely the field of mobility and batteries, which includes lithium-ion battery materials for automotive applications and laminating adhesives, and the field of displays and advanced electronics, including materials for LCD color filters, optical pressure sensitive adhesives, and materials for semiconductors.

To transform its management foundations, the Group will strengthen its management resources from the environmental, social and governance (ESG) perspective. For its people and climate, the Group will work to develop a new personnel system that will lead to higher employee engagement and create a climate that promotes diversity, including globalization and Diversity, Equity and Inclusion (DE&I), and that encourages employees to take on challenges. In financial terms, the Group will ensure thorough cashflow management with the introduction of ROE target-based CCC and ROIC, aiming to improve the capital efficiency. In addition to the above, the Group will transform the management foundation to helps achieve its vision, including activities to reduce its environmental footprint through the artience Sustainability Vision and asv2050/2030, manufacturing innovations and the reinforcement of foundations for intellectual property and technologies made using DX.

(3) Our challenges

In the next fiscal year, which is the first 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 make progress on the local production of materials for LCD color filters in China using a local partner, use the shift of the display market to China as an opportunity to maximize market share and revenue, and drive initiatives to expand applications to next-generation technologies, such as sensors, so as to increase added value. For lithium-ion battery materials for automotive applications, the Group will focus on enhancing its production systems in Europe, the United States, China, and Japan, such as starting production and supply in China, and increasing their competitiveness in terms of performance and cost. At the same time, the Group will also push ahead with the development of next-generation technologies, including all-solid-state batteries.

In the Polymers and Coatings Related Business, the Group aims to expand the business by offering adhesive and pressure sensitive adhesive products that cater to local market needs in India, China, and North America. For this purpose, the Group will advance initiatives such as increasing production capacity, looking to alliances with partners, and developing products that cater to market needs. The Group will also use the pilot plant established in Japan to develop products for the next-generation semiconductor post-process market.

In the Packaging Materials Related Business, the Group will focus on increasing market share by pioneering environmentally friendly products, such as water-based inks and biomass inks, while tapping growth in markets such as India and Southeast Asia. In addition, the Group will expand the business globally by taking advantage of increased supply capacity, such as sales expansion in China through bolstered sales and technology structures and the start of operation of a new plant in Turkey.

In the Printing and Information Related Business, which is confronting a contraction of the information-related printing market in Japan, the Group will redouble its efforts to improve supply chain efficiency, such as forming alliances in production and logistics. The Group will also take steps to expand in overseas markets, including the overseas expansion of metal decorating inks and the expansion of sales of functional coatings that contribute to plastic reduction, as well as the shift to the paper packaging market.

In addition to undertaking these business activities, to build its management foundations and practice sustainable management, the Group will introduce new personnel and training systems designed to improve employee engagement. It will also enhance human capital, for instance by promoting DE&I, and introduce and instill management indicators for improving capital efficiency. The Group will meanwhile continue its activities for reducing its environmental footprint based on the artience Sustainability Vision and asv2050/2030, and will use DX in a multi-faceted manner, such as for innovating the production process and developing new materials. Moreover, for the primary purpose of embodying the new CI and Corporate Philosophy that will be introduced in FY2024, the Group will take steps to establish them internally and push forward to build a new brand as artience.

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, 2022		As of December 31, 2023
(Assets)				
Current assets				
Cash and deposits		55,117		57,917
Notes and accounts receivable - trade	*1, *6	100,390	*1, *6	102,930
Securities		430		65
Merchandise and finished goods		38,494		37,714
Work in process		1,000		722
Raw materials and supplies		28,088		26,282
Other		6,881		6,224
Allowance for doubtful accounts		-1,154		-944
Total current assets		229,247		230,911
Non-current assets				
Property, plant and equipment				
Buildings and structures	*3, *7	113,121	*3, *7	117,331
Accumulated depreciation		-70,863		-74,044
Buildings and structures, net		42,258		43,286
Machinery, equipment and vehicles		165,907		174,680
Accumulated depreciation		-138,746		-144,890
Machinery, equipment and vehicles, net		27,160		29,789
Tools, furniture and fixtures		28,442		28,542
Accumulated depreciation		-23,092		-23,472
Tools, furniture and fixtures, net		5,349		5,070
Land	*3, *7	30,490	*3, *7	30,802
Leased assets		6,978		8,190
Accumulated depreciation		-1,944		-2,581
Leased assets, net		5,033		5,608
Construction in progress		12,075		19,700
Total property, plant and equipment		122,366		134,258
Intangible assets		2,619		5,290
Investments and other assets				
Investment securities	*2	42,791	*2	63,874
Retirement benefit asset		7,645		8,410
Deferred tax assets		2,826		3,323
Other		3,881		2,027
Allowance for doubtful accounts		-200		-298
Total investments and other assets		56,944		77,337
Total non-current assets		181,930		216,886
Total assets		411,177		447,798

(Million yen)

		As of December 31, 2022		As of December 31, 2023
(Liabilities)				
Current liabilities				
Notes and accounts payable - trade	*3, *6	70,738	*3, *6	67,075
Short-term loans payable	*3	24,022	*3	36,542
Income taxes payable		726		1,579
Other	*8	17,975	*8	18,756
Total current liabilities		113,463		123,953
Non-current liabilities				
Bonds payable		5,000		10,000
Long-term loans payable		54,851	*3	40,161
Deferred tax liabilities		6,276		13,563
Provision for environmental measures		251		118
Retirement benefit liability		1,676		1,878
Asset retirement obligations		33		34
Other		1,746		2,434
Total non-current liabilities		69,836		68,191
Total liabilities		183,300		192,144
(Net assets)				
Shareholders' equity				
Capital stock		31,733		31,733
Capital surplus		32,530		32,468
Retained earnings		151,414		156,381
Treasury shares		-10,687		-10,615
Total shareholders' equity		204,990		209,967
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		5,007		19,845
Foreign currency translation adjustment		7,986		14,809
Remeasurements of defined benefit plans		1,062		1,139
Total accumulated other comprehensive income		14,056		35,794
Subscription rights to shares		98		45
Non-controlling interests		8,731		9,845
Total net assets		227,877		255,653
Total liabilities and net assets		411,177		447,798

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

Consolidated statements of income

(Million yen)

		From January 1, 2022 to December 31, 2022		From January 1, 2023 to December 31, 2023
Net sales	*1	315,927	*1	322,122
Cost of sales	*2	261,725	*2	258,272
Gross profit		54,202		63,849
Selling, general and administrative expenses				
Packing and transportation costs		7,811		7,542
Salaries and allowances		12,370		12,903
Bonuses		2,512		2,377
Welfare expenses		3,110		3,124
Depreciation		1,816		1,847
Research and development expenses	*2	3,452	*2	3,637
Other		16,261		19,043
Total selling, general and administrative expenses		47,336		50,476
Operating profit		6,865		13,372
Non-operating income				
Interest income		226		411
Dividend income		1,567		1,323
Foreign exchange gains		1,833		357
Other		696		494
Total non-operating income		4,324		2,586
Non-operating expenses				
Interest expenses		1,365		1,942
Share of loss of entities accounted for using equity method		173		8
Loss on net monetary position		1,183		289
Other		560		837
Total non-operating expenses		3,283		3,078
Ordinary profit		7,906		12,880
Extraordinary profit				
Gain on sales of non-current assets	*3	276	*3	130
Gain on sales of investment securities		5,648		1,953
Other		9		125
Total extraordinary profit		5,934		2,208
Extraordinary losses				
Loss on sales and retirement of non-current assets	*4	362	*4	389
Impairment loss	*5	456	*5	565
Loss on sales of investment securities		–		297
Business restructuring expenses	*6	125	*6	736
Extra retirement payments		233		231
Shutdown costs	*7	226		–
Other		76		53
Total extraordinary loss		1,480		2,274
Profit before income taxes		12,360		12,815
Income taxes - current		2,839		3,134
Income taxes - deferred		129		-91
Total income taxes		2,968		3,042
Profit		9,392		9,772
Profit attributable to non-controlling interests		83		34
Profit attributable to owners of parent		9,308		9,737

Consolidated statements of comprehensive income

(Million yen)

	From January 1, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Profit	9,392	9,772
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,934	14,837
Foreign currency translation adjustment	9,509	6,692
Remeasurements of defined benefit plans, net of tax	-2,421	76
Share of other comprehensive income of entities accounted for using equity method	159	509
Total other comprehensive income	2,313	22,116
Comprehensive income	11,705	31,888
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,151	31,475
Comprehensive income attributable to non-controlling interests	554	413

(3) Consolidated statements of changes in equity

From January 1, 2022 to December 31, 2022 (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	31,733	32,546	151,740	-9,784	206,236
Cumulative effects of changes in accounting policies			-2		-2
Restated balance	31,733	32,546	151,738	-9,784	206,233
Changes of items during period					
Dividends of surplus			-4,922		-4,922
Profit attributable to owners of parent			9,308		9,308
Purchase of treasury shares				-5,734	-5,734
Disposal of treasury shares		7		98	106
Cancellation of treasury shares		-4,733		4,733	–
Transfer from retained earnings to capital surplus		4,708	-4,708		–
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	–	-16	-323	-902	-1,242
Balance at end of current period	31,733	32,530	151,414	-10,687	204,990

	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	9,941	-1,212	3,483	12,213	163	8,334	226,947
Cumulative effects of changes in accounting policies							-2
Restated balance	9,941	-1,212	3,483	12,213	163	8,334	226,945
Changes of items during period							
Dividends of surplus							-4,922
Profit attributable to owners of parent							9,308
Purchase of treasury shares							-5,734
Disposal of treasury shares							106
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	-4,934	9,198	-2,421	1,842	-64	397	2,175
Total changes of items during period	-4,934	9,198	-2,421	1,842	-64	397	932
Balance at end of current period	5,007	7,986	1,062	14,056	98	8,731	227,877

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
Cumulative effects of changes in accounting policies					–
Restated balance	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
Cumulative effects of changes in accounting policies							–
Restated balance	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

(4) Consolidated statements of cash flows

(Million yen)

	From January 1, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,360	12,815
Depreciation	10,747	11,339
Loss on net monetary position	1,183	289
Impairment loss	456	565
Business restructuring expenses	125	736
Interest and dividend income	-1,794	-1,734
Interest expenses	1,365	1,942
Share of (profit) loss of entities accounted for using equity method	173	8
Loss (gain) on sales of property, plant and equipment	-263	-85
Loss on retirement of property, plant and equipment	129	125
Loss (gain) on sales of investment securities	-5,648	-1,655
Decrease (increase) in notes and accounts receivable - trade	-3,481	-498
Decrease (increase) in inventories	-5,328	5,110
Increase (decrease) in notes and accounts payable - trade	39	-3,859
Other	-2,708	1,899
Subtotal	7,358	27,000
Interest and dividend income received	1,936	1,745
Interest expenses paid	-1,230	-1,828
Income taxes paid	-3,802	-3,438
Net cash provided by (used in) operating activities	4,262	23,478
Cash flows from investing activities		
Net decrease (increase) in time deposits	2,362	-370
Purchase of property, plant and equipment	-17,660	-18,967
Proceeds from sales of property, plant and equipment	535	624
Purchase of intangible assets	-285	-1,039
Purchase of short-term and long-term investment securities	-76	-1,455
Proceeds from sales and redemption of short-term and long-term investment securities	9,546	4,323
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2 -2,486
Other	-67	-85
Net cash provided by (used in) investing activities	-5,645	-19,457
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,451	-3,943
Proceeds from long-term borrowings	152	1,679
Repayments of long-term loans payable	-6,509	-785
Proceeds from issuance of bonds	5,000	5,000
Repayments of lease obligations	-384	-438
Purchase of treasury shares	-5,734	-4
Cash dividends paid	-4,922	-4,770
Proceeds from share issuance to non-controlling shareholders	3	907
Other	-158	-274
Net cash provided by (used in) financing activities	-8,102	-2,629
Effect of exchange rate change on cash and cash equivalents	1,921	1,264
Net increase (decrease) in cash and cash equivalents	-7,564	2,655
Cash and cash equivalents at beginning of period	60,949	53,385
Cash and cash equivalents at end of period	*1 53,385	*1 56,040

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

During the consolidated fiscal year under review, the Company consolidated 2 subsidiaries and deconsolidated 7 subsidiaries.
In the fiscal year under review, LioChem e-Materials LLC was established and became a consolidated subsidiary.

- In the consolidated fiscal year under review, Thai Eurocoat Ltd. became a consolidated subsidiary as a result of a share acquisition.
- 6 companies that were consolidated subsidiaries in the previous consolidated fiscal year — Toyo Ink Hokkaido Co., Ltd., Toyo Ink Tohoku Co., Ltd., Toyo Ink Chushikoku Co., Ltd., Toyo Ink Kyushu Co., Ltd., Toyo Ink Graphics Co., Ltd., and Toyo Ink Graphics Nishinihon Co., Ltd. — have been excluded from the scope of consolidation because they were merged with TOYO Ink Co., Ltd. in the consolidated fiscal year under review, and Toyo SC Trading Co., Ltd., which was a consolidated subsidiary in the previous consolidated fiscal year, has been excluded from the scope of consolidation because it was merged with Toyo B-Net Co., Ltd. in the consolidated fiscal year under review.

2. Application of the equity method

The equity method is applied to investments in 6 affiliates.

Names of major subsidiaries:

Nippon Polymer Ind. Co., Ltd.;
Zhuhai Sumika Polymer Compounds Co., Ltd.

In the fiscal year under review, 1 company was excluded from the affiliates accounted for using the equity method.

- Sumika Polymer Compounds Europe Ltd., which was an affiliate accounted for using the equity method during the previous consolidated fiscal year, has been excluded from the scope of consolidation because of the sale of its shares 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 expenses 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 accounting policies)
(Application of Accounting Standard for Fair Value Measurement)
The Company started to apply the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Accounting Standard Implementation Guidance") at the beginning of the fiscal year under review. Moving forward, the Company will apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard Implementation Guidance in accordance with transitional measures stipulated in Paragraph 27-2 of the Fair Value Measurement Accounting Standard. The application of the accounting standard has no impact on the consolidated financial statements.

(Changes in presentation methods)
(Notes to consolidated statements of cash flows)
"Proceeds from share issuance to non-controlling shareholders," which were included in "Other" under "Cash flows from financing 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, -155 million yen presented in "Other" of "Cash flows from financing activities" in the consolidated statements of cash flows in the previous fiscal year has been reclassified into "Proceeds from share issuance to non-controlling shareholders" of 3 million yen and "Other" of -158 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, 2022	As of December 31, 2023
Notes and accounts receivable - trade	100,380	102,919

*2. Shares of affiliates (Million yen)

	As of December 31, 2022	As of December 31, 2023
Investment securities (shares)	3,667	3,192

*3. Assets pledged as collateral and secured debt
Assets pledged as collateral (Million yen)

	As of December 31, 2022	As of December 31, 2023
Buildings and structures	247	234
Land	50	352
Total	297	586

Secured debt is as follows. (Million yen)

	As of December 31, 2022	As of December 31, 2023
Notes and accounts payable - trade	244	241
Short-term loans payable	158	165
Long-term loans payable	-	1,306
Total	402	1,714

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, 2022		As of December 31, 2023	
Zhuhai Sumika Polymer Compounds Co., Ltd. (USD 5,400 thousand)	716	Zhuhai Sumika Polymer Compounds Co., Ltd. (USD 4,500 thousand)	638
Sumika Polymer Compounds (Thailand) Co., Ltd. (THB 144,000 thousand)	547	Sumika Polymer Compounds (Thailand) Co., Ltd. (THB 117,000 thousand)	483
Sumika Polymer Compounds Dalian Co., Ltd. (USD 271 thousand, etc.)	69	Sumika Polymer Compounds Dalian Co., Ltd. (JPY 27 million, etc.)	40
Sumika Polymer Compounds (UK) Co., Ltd. (GBP 2,083 thousand, etc.)	341		
Other: two companies	424		
Employees (housing loans)	11	Employees (housing loans)	6
Total	2,111	Total	1,168

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

	As of December 31, 2022	As of December 31, 2023
Discounts on notes receivable	1	18

*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, 2022	As of December 31, 2023
Notes receivable - trade	1,512	1,436
Notes payable - trade	141	159

*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, 2022	As of December 31, 2023
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, 2022	As of December 31, 2023
Contract liabilities	120	195

(Notes to consolidated statements of income)

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

From January 1, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
315,616	321,750

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

From January 1, 2022 to December 31, 2022)	From January 1, 2023 to December 31, 2023
9,111	9,616

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

	From January 1, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Buildings and structures	94	51
Other	182	78
Total	276	130

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

	From January 1, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Buildings and structures	194	169
Machinery, equipment and vehicles	142	150
Other	25	69
Total	362	389

*5. Impairment loss

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

From January 1, 2022 to December 31, 2022

Location	Use	Type
Kawagoe, Saitama, etc.	Factory assets, etc.	Tools, furniture and fixtures, machinery, equipment and vehicles, buildings and structures and other
Fuji, Shizuoka	Factory assets	Construction in progress, machinery, equipment and vehicles

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 Company 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. However, operating profit in the Printing and Information 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(182 million yen) is recorded as an impairment loss in extraordinary losses. The breakdown of the impairment loss is tools, furniture and fixtures of 73 million yen, machinery, equipment and vehicles of 63 million yen, buildings and structures of 18 million yen and other of 27 million yen.

The recoverable amount of the asset group is measured by the value in use and calculated by discounting future cash flow at 3.6%.

The Company’s factory assets, etc. in Fuji, Shizuoka became idle assets due to changes in the business environment, and some of them were converted to be used for different purposes. The Company decided that it is very unlikely that it will use the remaining facilities. The book value of the asset group was thus reduced to its recoverable amount, and the amount of the reduction (274 million yen) is recorded as an impairment loss in extraordinary losses. The breakdown of the impairment loss is construction in progress of 271 million yen and machinery, equipment and vehicles of 2 million yen.

The recoverable amount of the asset group is measured by the value in use. The future cash flow is estimated to be zero, and the recoverable amount is zero.

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%.

*6. Business restructuring expenses
Previous fiscal year (From January 1, 2022 to December 31, 2022)
Losses and expenses (125 million yen) incurred for the reorganization of offices were posted as extraordinary losses. Major components include an impairment loss of 101 million yen and other of 24 million yen.
The Impairment loss consists of the following:

Location	Use	Type
Mobara, Chiba	Factory assets	Machinery, equipment and vehicles, 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.
Considering the changes in the business environment, the Group reexamined the transfer of the production functions of the factory in Mobara, Chiba. Certain factory assets were expected to become idle assets and the likelihood of operating them was extremely low, so the book value of the assets was reduced to their recoverable amount and the amount of the reduction (101 million yen) is included in business restructuring expenses in extraordinary losses. The breakdown of the impairment loss is machinery, equipment, and vehicles of 61 million yen, tools, furniture and fixtures of 24 million yen and other of 15 million yen.
The recoverable amount of the asset group is measured by the value in use. The future cash flow is estimated to be zero, and the recoverable amount is zero.

Fiscal year under review (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.

*7. Expenses for suspension of operations
Previous fiscal year (From January 1, 2022 to December 31, 2022)
Fixed expenses incurred by overseas consolidated subsidiaries during periods in which some of their business sites suspended operations in accordance with requests by national and local governments worldwide aimed at preventing the spread of COVID-19 were recorded under extraordinary losses.

Fiscal year under review (From January 1, 2023 to December 31, 2023)
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, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Valuation difference on available-for-sale securities		
Amount arisen in the fiscal year under review	-1,378	24,043
Amount of recycling	-5,661	-2,590
Before tax adjustment	-7,039	21,452
Amount of the tax effect equivalent	2,104	-6,614
Valuation difference on available-for-sale securities	-4,934	14,837
Foreign currency translation adjustment		
Amount arisen in the fiscal year under review	9,485	6,692
Amount of recycling	24	-
Before tax adjustment	9,509	6,692
Foreign currency translation adjustment	9,509	6,692
Remeasurements of defined benefit plans, net of tax		
Amount arisen in the fiscal year under review	-2,583	875
Amount of recycling	-906	-764
Before tax adjustment	-3,490	110
Amount of the tax effect equivalent	1,068	-33
Remeasurements of defined benefit plans, net of tax	-2,421	76
Share of other comprehensive income of entities accounted for using equity method		
Amount arisen in the fiscal year under review	191	28
Amount of recycling	-32	481
Share of other comprehensive income of entities accounted for using equity method	159	509
Total other comprehensive income	2,313	22,116

(Notes to consolidated statements of changes in equity)
From January 1, 2022 to December 31, 2022

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)	60,621	–	2,335	58,286
Total	60,621	–	2,335	58,286
Treasury shares				
Ordinary shares (Notes 2, 3)	4,775	2,906	2,383	5,298
Total	4,775	2,906	2,383	5,298

(Notes) 1. The decrease of 2,335 thousand shares in the number of shares issued of common shares is a decrease of 2,335 thousand shares due to the retirement of treasury stock by resolution of the Board of Directors.
2. The increase of 2,906 thousand shares in the number of common shares held as treasury shares consists of an increase due to the purchase of 2,905 thousand treasury shares and an increase of 1 thousand shares due to the purchase of odd-lot shares by resolution of the Board of Directors.
3 The decrease of 2,383 thousand shares in the number of shares of common shares held as treasury shares consists of a decrease of 2,335 thousand shares due to the retirement of treasury stock by resolution of the Board of Directors, a decrease of 26 thousand shares due to the exercise of stock options and a decrease of 21 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	–	–	–	–	–	163
Total			–	–	–	–	163

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, 2022	Ordinary shares	2,513	45.00	December 31, 2021	March 24, 2022
Board of directors' meeting on August 5, 2022	Ordinary shares	2,409	45.00	June 30, 2022	September 1, 2022

(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 23, 2023	Ordinary shares	2,384	Retained earnings	45.00	December 31, 2022	March 24, 2023

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

(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, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Cash and time deposits	55,117	57,917
Securities	430	65
Total	55,548	57,983
Time deposits with maturity of more than 3 months	-1,765	-1,942
Bonds, etc. with redemption period of more than 3 months	-397	–
Cash and cash equivalents	53,385	56,040

*2. Breakdown of major asset and liability items of a company that was included in consolidation due to share acquisition.
From January 1, 2022 to December 31, 2022
Not applicable.

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

(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 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, 2022 to December 31, 2022 (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	78,086	75,832	82,587	75,175	311,682	4,244	–	315,927
Intersegment sales	1,293	408	876	5	2,584	703	-3,287	–
Total	79,380	76,240	83,464	75,180	314,266	4,948	-3,287	315,927
Segment profits	1,846	2,504	963	654	5,969	890	5	6,865

(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 5 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating profit recorded in the consolidated financial statements.

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.

b. Relevant information

Information by region

Net sales

From January 1, 2022 to December 31, 2022

(Million yen)

Japan	China	Other	Total
149,074	44,548	122,304	315,927

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

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.

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

From January 1, 2022 to December 31, 2022

(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	375	–	–	182	558	—	–	558

(Note) 101 million yen out of the impairment loss of 375 million yen related to Colorants and Functional Materials Related Business is included in business restructuring expenses in the consolidated statement of income.

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.

(Per share information)

	From January 1, 2022 to December 31, 2022	From January 1, 2023 to December 31, 2023
Net assets per share	4,133.90 yen	4,634.95 yen
Profit per share	171.49 yen	183.69 yen
Fully diluted profit per share	171.30 yen	183.57 yen

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

	From January 1, 2022 to December 31, 2022)	From January 1, 2023 to December 31, 2023
Profit per share		
Profit attributable to owners of parent (million yen)	9,308	9,737
Amount not belonging to common shareholders (million yen)	–	—
Profit attributable to owners of parent concerning ordinary shares (million yen)	9,308	9,737
Weighted average number of shares issued and outstanding during the period (thousand shares)	54,277	53,010
Fully diluted profit per share		
Profit attributable to owners of parent (million yen)	–	—
Increase in the number of ordinary shares (thousand shares)	60	33
(Subscription rights to shares included (thousand shares))	60	33
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, 2022	As of December 31, 2023
Net assets on the consolidated balance sheet (million yen)	227,877	255,653
Amount deducted from total net assets (million yen)	8,830	9,891
(Subscription rights to shares included (million yen))	(98)	(45)
(Non-controlling interests included (million yen))	(8,731)	(9,845)
Year-end net assets concerning ordinary shares (million yen)	219,047	245,762
Ordinary shares used for calculation of net assets per share (thousand shares)	52,988	53,023

(Important subsequent events)
(Financing through the conclusion of agreement to set the right to demand earnings distribution)
At the Board of Directors meeting held on February 14, 2024, the Company resolved to raise funds from Development Bank of Japan Inc.
For details, please refer to the “Notice of Financing through the Conclusion of Agreement to Set the Right to Demand Earnings Distribution with Development Bank of Japan Inc.” announced separately today.

6. Other

(1) Management turnover

With respect to the transfer of directors, please refer to the "Notice Regarding Change of Officers" announced separately today.