

Consolidated Financial Results for the First Half of the Fiscal Year Ending December 31, 2021 (Japanese GAAP)

August 6, 2021

Name of listed company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange
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 Scheduled date of submission of quarterly report: August 11, 2021
 Scheduled date of commencement of dividend payment: September 1, 2021
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are omitted)

1. Consolidated results for the first half of Fiscal Year 2021 ending December 31, 2021 (From January 1, 2021 to June 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half, fiscal 2021	139,356	13.0	7,230	30.3	8,662	75.6	6,319	138.8
First half, fiscal 2020	123,290	-11.5	5,549	-9.2	4,933	-22.3	2,646	-4.5

(Note) Comprehensive income: First half, fiscal 2021: 12,861 million yen (-%) First half, fiscal 2020: -7,911 million yen (-%)

	Profit per share (Basic)		Profit per share (Diluted)	
	Yen		Yen	
First half, fiscal 2021	112.33		112.21	
First half, fiscal 2020	45.31		45.23	

(2) Financial position

	Total assets	Net assets	Net worth/Total assets
	Million yen	Million yen	%
First half, fiscal 2021	392,314	222,538	54.6
Fiscal 2020	380,227	217,325	55.2

(Note) Shareholders' equity: First half, fiscal 2021: 214,378 million yen Fiscal 2020: 209,705 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	45.00	—	45.00	90.00
Fiscal 2021	—	45.00			
Fiscal 2021 (forecast)			—	45.00	90.00

(Note) Revision to dividend forecasts published most recently: None

3. Forecasts for the fiscal year ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	280,000	8.7	14,500	12.3	15,000	19.6	8,500	41.2	151.65

(Note) Revision to consolidated business performance forecasts published most recently: Yes

* Notes

- (1) Important changes of subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
- (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
 - (i) Changes in accounting policies caused by revision of accounting methods: No
 - (ii) Changes in accounting policies other than (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement of revisions: No
- (4) Number of shares issued (common shares)
 - (i) Number of shares issued at the end of the terms (including treasury shares):

First half, fiscal 2021:	60,621,744 Shares	Fiscal 2020:	60,621,744 Shares
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 - (ii) Numbers of treasury shares at the end of the terms:

First half, fiscal 2021:	4,779,082 Shares	Fiscal 2020:	2,195,524 Shares
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 - (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):

First half, fiscal 2021:	56,254,022 Shares	First half, fiscal 2020:	58,407,998 Shares
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* These quarterly financial results are not subject to quarterly audits by certified public accountants or audit corporations.

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

1. The above forecasts are based on the information available on the date these materials are released and incorporate assumptions about uncertainties that may affect future earnings. The forecasts do not constitute an assurance that the Company promises to achieve the earnings. Actual earnings could differ materially from these forecasts due to various factors in the future. For notes about assumptions of earnings forecasts and the use of earnings forecasts, refer to "(3) Information on the consolidated earnings forecasts and other future forecasts" in "1. Qualitative Information on Financial Results, etc.", for the First Half Ended June 30, 2021" on page 3 of the accompanying materials.
 2. Supplementary documents for financial results will be posted on the Company's website on August 6, 2021 (Friday)
 3. The Company will hold a financial results briefing for investors as follows. Reference materials for financial results and forecasts used in the briefing will be posted on the Company's website prior to the event the briefing.
- * August 17, 2021 (Tuesday) Briefing for institutional investors and security analysts.

○ Accompanying Materials – Contents

1. Qualitative Information on Financial Results, etc. for the First Half Ended June 30, 2021	2
(1) Details of operating results	2
(2) Details of financial position	3
(3) Information on the consolidated earnings forecasts and other future forecasts.....	3
2. Consolidated Financial Statements and Primary Notes.....	5
(1) Consolidated balance sheet	5
(2) Consolidated statements of income and consolidated statements of comprehensive income	7
(3) Consolidated statements of cash flows	9
(4) Notes to consolidated quarterly financial statements.....	10
(Notes on assumption of going business)	10
(Notes on significant changes in the amount of shareholders' equity).....	10
(Additional Information)	10
(Segment information, etc.).....	11
(Important subsequent events).....	12

1. Qualitative Information on Financial Results, etc. for the First Half Ended June 30, 2021

(1) Details of operating results

In the second quarter of the consolidated year under review, the global economy showed signs of recovery due to the influence of large-scale monetary easing and fiscal stimulus measures, although economic activity was restrained due to the COVID-19 pandemic, and the situation has remained severe. The business environment for the Group continues to be challenging due to insufficient supply of raw materials and soaring prices, caused by plant damage at multiple raw material manufacturers and the stagnation of logistics.

In this situation, the Group responded to these challenges and worked to realize its annual policies, enhancing the profitability of its businesses, creating and expanding priority development areas, and enhancing the value of management resources for sustainable growth.

As a result, net sales for the first half under review increased to 139,356 million yen (up 13.0% year on year), an increase from the same period of the previous fiscal year. In addition, operating income increased to 7,230 million yen (up 30.3% year on year), ordinary income increased to 8,662 million yen (up 75.6% year on year), and profit attributable to owners of parent increased to 6,319 million yen (up 138.8% year on year)

Operating results by segment are as follows.

From the first quarter of the fiscal year under review, the Company changed the classification of reportable segments for certain businesses. Comparison and analysis for the second quarter of the fiscal year under review are based on the new classification.

(i) Colorants and Functional Materials Related Business

There was strong demand for high-performance pigments and materials for liquid crystal display color filters for displays for TVs, tablets, and PCs due to people voluntarily refraining from leaving home. Sales also expanded in Taiwan and China.

In general-purpose pigments, sales for liquid inks were firm, but sales for information-based printing inks remained sluggish and were affected by soaring raw material prices. Demand for digital printing in inkjet inks recovered, particularly in China, the United States, Europe and other countries and regions.

Sales of plastic colorants in Japan were firm for food containers due to people refraining from leaving home. Overseas, sales for automobile and solar cell applications were strong, but the Group also made progress in revising selling prices in response to increased raw material prices. The Group also withdrew from unprofitable bases in Europe and Southeast Asia.

As a result, overall sales in this segment increased to 36,796 million yen (up 21.6% year on year), and operating income increased to 2,723 million yen (up 170.3% year on year).

(ii) Polymers and Coatings Related Business

In functional films and tapes, sales of conductive adhesive sheets and electromagnetic shielding films for smartphones were strong, and sales of heat durable and low adhesives films for LCD panels and automobile applications were favorable.

In the adhesives segment, sales of adhesives for use in packaging such as snacks and pet foods were firm in Japan, and sales of adhesives for food packaging were also firm in overseas markets. In pressure sensitive adhesives, demand for use in labels were firm in Japan, and domestic and overseas sales of products for polarizing films were also strong. On the other hand, despite our efforts to revise selling prices in response to the global difficulty in procuring raw materials and the sharp rise in prices, profits were greatly squeezed.

In can coatings, demand for can coatings for beverage cans applications in Japan was robust due to consumption driven by people refraining from leaving home, and overseas demand recovered in China and Thailand, but was affected by soaring raw material prices.

As a result, net sales for this segment as a whole increased to 33,614 million yen (up 12.3% year on year), but operating profit decreased to 1,989 million yen (down 18.8% year on year).

(iii) Packaging Materials Related Business

In Japan, demands for liquid inks for use in paper bags for souvenirs and apparel were sluggish due to people refraining from going out. However, sales of liquid inks for use in household foods such as frozen foods and noodles were firm, and sales expanded. Demand also recovered for use in construction materials. Overseas, sales recovered from the same period of the previous fiscal year, a period when operations were suspended in China, and were also strong in India and the Middle East. Meanwhile, the Group continued to revise selling prices due to ongoing worldwide difficulties in procuring raw materials and rising prices, but profits were significantly affected.

In the gravure cylinder platemaking business, sales of electronics-related precision plates were firm, and sales for flexible packaging and paper container-related packaging recovered.

As a result, net sales for this segment as a whole increased to 35,406 million yen (up 7.6% year on year), but operating profit decreased to 1,271 million yen (down 33.7% year on year).

(iv) Printing and Information Related Businesses

Structural contraction in the information-related printing market was further advanced by the prolonged COVID-19 pandemic and the limitations placed on economic activities. Domestic sales for flyers, advertising, and publishing were sluggish, but the Group made progress in improving the structure of its business, including collaboration with other companies in the same industry, cost reductions, and the passing on of a portion of the increase in raw material prices to sales prices.

Overseas, demand recovered in China, where operations had been suspended in the same period of the previous fiscal year, and sales for paper containers, such as food and medical products, were firm. In line with demand, the Group worked to optimize its global supply system and rebuild the structure of business at each base.

As a result, overall sales in this segment as a whole increased to 32,633 million yen (up 11.4% year on year), and operating profit increased to 858 million yen (22.9 times year on year).

(v) Other

This report covers businesses not included in the above segments, as well as services provided by TOYO INK SC HOLDINGS CO., LTD. and other means. Net sales decreased to 3,222 million yen (down 2.9% year on year), but operating income increased to 406 million yen (up 183.8% year on year) due to a decrease in retirement benefit expenses and other factors.

(2) Details of financial position

Total assets at the end of the second quarter under review were 392,314 million yen, up 12,087 million yen from the end of the previous fiscal year. Liabilities were 169,776 million yen, an increase of 6,873 million yen from the end of the previous fiscal year. Net assets were 222,538 million yen, an increase of 5,213 million yen from the end of the previous fiscal year.

Assets, liabilities, and foreign currency translation adjustments held in foreign subsidiaries increased due to the yen's depreciation against foreign currencies compared to the exchange rates at the end of the previous fiscal year on the last day of first half of the fiscal year under review. Inventories also increased in line with higher raw material prices. In addition, investment securities, deferred tax liabilities, and unrealized gains on available-for-sale securities each increased, reflecting rising stock prices in Japan. On the other hand, cash and deposits decreased due to the effect of the last day of the previous fiscal year being a holiday for financial institutions and the purchase of treasury stock.

(Status of cash flow)

The balance of cash and cash equivalents ("funds") at the end of the first half on the fiscal year under review was 63,075 million yen, a decrease of 10,041 million yen from the balance at the beginning of the fiscal year.

Net cash provided by operating activities was 7,311 million yen (up 2,698 million yen year on year). This was due mainly to an increase in cash flows due to the recording of profit before income taxes and a decrease in cash flows due to income taxes paid, etc.

Net cash used in investing activities was 10,053 million yen (up 4,486 million yen year on year). This was mainly due to a decrease in cash with payments for purchases of property, plant and equipment, etc.

Net cash used in financing activities was 8,472 million yen (net cash provided of 12,829 million yen in the same period of the previous fiscal year). This was mainly due to a net decrease in short-term borrowings, the repurchase of treasury stock, and a decrease in funds due to the payment of dividends.

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

In the first half of the current fiscal year, the environment surrounding the global economy remained severe as limitations were placed on economic activities due to the COVID-19 pandemic. However, the Group has decided to revise its full-year consolidated earnings forecast from the figure announced on February 12, 2021 because net sales have been trending higher than initially anticipated due to the capturing of demand from customers who are refraining from leaving home and the expanding of sales of high-performance products, and this is expected to continue from the third quarter onward.

Revisions to the forecasts for the fiscal year ending December 2021 (From January 1, 2021 to December 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	270,000	14,000	14,000	7,500	133.81
Forecast as currently revised (B)	280,000	14,500	15,000	8,500	151.65
Change (B-A)	10,000	500	1,000	1,000	—
Change (%)	3.7	3.6	7.1	13.3	—
(Reference) Results for the previous fiscal year (Fiscal 2020)	257,675	12,909	12,543	6,019	103.06

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheet

	End of the previous consolidated fiscal year (As of December 31, 2020)	(Million yen) End of the consolidated second quarter accounting period (As of June 30, 2021)
(Assets)		
Current assets		
Cash and deposits	76,469	66,732
Notes and accounts receivable - trade	87,126	89,177
Securities	57	9
Merchandise and finished goods	28,328	31,313
Work in process	1,070	1,212
Raw materials and supplies	16,790	21,643
Other	5,178	5,178
Allowance for doubtful accounts	-924	-1,013
Total current assets	214,097	214,253
Non-current assets		
Property, plant and equipment		
Buildings and structures	100,156	102,712
Accumulated depreciation	-65,629	-66,900
Buildings and structures, net	34,526	35,811
Machinery, equipment and vehicles	152,140	154,122
Accumulated depreciation	-131,816	-133,297
Machinery, equipment and vehicles, net	20,324	20,825
Tools, furniture and fixtures	25,303	25,896
Accumulated depreciation	-22,067	-22,314
Tools, furniture and fixtures, net	3,236	3,581
Land	30,529	30,681
Leased assets	4,996	5,586
Accumulated depreciation	-1,269	-1,562
Leased assets, net	3,726	4,024
Construction in progress	10,273	16,428
Total property, plant and equipment	102,616	111,353
Intangible assets	3,113	2,698
Investments and other assets		
Investment securities	48,440	51,833
Retirement benefit asset	8,608	8,701
Deferred tax assets	2,398	2,575
Other	1,143	1,086
Allowance for doubtful accounts	-191	-187
Total investments and other assets	60,399	64,009
Total noncurrent assets	166,130	178,061
Total assets	380,227	392,314

	End of the previous consolidated fiscal year (As of December 31, 2020)	(Million yen) End of the consolidated second quarter accounting period (As of June 30, 2021)
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	54,608	57,473
Short-term loans payable	19,379	18,758
Income taxes payable	1,082	2,263
Other	16,340	18,643
Total current liabilities	91,411	97,139
Non-current liabilities		
Long-term borrowings	60,492	61,211
Deferred tax liabilities	6,561	6,877
Provision for environmental measures	1,485	1,461
Retirement benefit liability	1,914	2,011
Asset retirement obligations	31	32
Other	1,005	1,042
Total non-current liabilities	71,491	72,636
Total liabilities	162,902	169,776
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,499	32,512
Retained earnings	147,390	151,080
Treasury shares	-4,916	-9,792
Total shareholders' equity	206,706	205,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,699	8,175
Foreign currency translation adjustment	-5,284	-1,818
Remeasurements of defined benefit plans	2,583	2,486
Total accumulated other comprehensive income	2,998	8,844
Subscription rights to shares	249	174
Non-controlling interests	7,370	7,985
Total net assets	217,325	222,538
Total liabilities and net assets	380,227	392,314

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

(Million yen)

	Previous first half period (From January 1, 2020 to June 30, 2020)	First half under review (From January 1, 2021 to June 30, 2021)
Net sales	123,290	139,356
Cost of sales	95,901	109,437
Gross profit	27,388	29,918
Selling, general and administrative expenses		
Packing and transportation costs	3,270	3,698
Salaries and allowances	5,645	5,862
Bonuses	1,293	1,300
Welfare expenses	1,440	1,535
Depreciation	965	1,023
Research and development expenses	1,482	1,646
Other	7,739	7,621
Total selling, general and administrative expenses	21,838	22,688
Operating profit	5,549	7,230
Non-operating income		
Interest income	118	82
Dividend income	765	652
Foreign exchange gains	-	837
Other	229	440
Total non-operating income	1,114	2,014
Non-operating expenses		
Interest expenses	270	263
Foreign exchange losses	938	-
Share of loss of entities accounted for using equity method	156	106
Other	365	212
Total non-operating expenses	1,730	582
Ordinary profit	4,933	8,662
Extraordinary income		
Gain on sales of non-current assets	6	6
Gain on sales of investment securities	-	218
Total extraordinary income	6	224
Extraordinary losses		
Loss on sales and retirement of non-current assets	102	122
Loss on liquidation of business	-	275
Shutdown costs	361	-
Other	22	4
Total extraordinary loss	486	402
Profit before income taxes	4,453	8,484
Income taxes - current	2,498	2,881
Income taxes - deferred	-883	-848
Total income taxes	1,615	2,032
Profit	2,838	6,452
Profit attributable to non-controlling interests	191	133
Profit attributable to owners of parent	2,646	6,319

Consolidated statements of comprehensive income
Consolidated first half

(Million yen)

	Previous first half period (From January 1, 2020 to June 30, 2020)	First half under review (From January 1, 2021 to June 30, 2021)
Profit	2,838	6,452
Other comprehensive income		
Valuation difference on available-for-sale securities	-7,442	2,478
Foreign currency translation adjustment	-3,231	3,889
Remeasurements of defined benefit plans, net of tax	47	-96
Share of other comprehensive income of entities accounted for using equity method	-123	137
Total other comprehensive income	-10,749	6,409
Comprehensive income	-7,911	12,861
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-7,898	12,164
Comprehensive income attributable to non-controlling interests	-12	697

(3) Consolidated statements of cash flows

	(Million yen)	
	Previous first half period (From January 1, 2020 to June 30, 2020)	First half under review (From January 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Profit before income taxes	4,453	8,484
Depreciation	4,516	4,743
Loss on liquidation of business	-	275
Interest and dividends income	-884	-735
Interest expenses	270	263
Share of (profit) loss of entities accounted for using equity method	156	106
Loss (gain) on sales of property, plant and equipment	-5	-5
Loss on retirement of property, plant and equipment	25	26
Loss (gain) on sales of investment securities	-	-218
Increase (decrease) in provision for environmental measures	-0	-24
Decrease (increase) in trade receivables	7,838	-212
Decrease (increase) in inventories	-3,260	-6,778
Increase (decrease) in trade payables	-8,256	2,250
Other	905	325
Subtotal	5,758	8,501
Interest and dividends received	882	743
Interest expenses paid	-285	-255
Income taxes paid	-1,743	-1,678
Net cash provided by (used in) operating activities	4,612	7,311
Cash flow from investing activities		
Payments into time deposits	-265	-2,676
Proceeds from withdrawal of time deposits	792	2,510
Purchase of property, plant and equipment	-6,044	-10,360
Proceeds from sales of property, plant and equipment	13	136
Purchase of short-term and long-term investment securities	-21	-14
Proceeds from sales and redemption of short-term and long-term investment securities	0	399
Other	-41	-48
Net cash provided by (used in) investing activities	-5,567	-10,053
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	15,706	-1,237
Proceeds from long-term borrowings	12,381	969
Repayments of long-term borrowings	-12,375	-336
Repayments of lease obligations	-183	-216
Purchase of treasury shares	-1	-4,973
Cash dividends paid	-2,623	-2,623
Other	-75	-55
Net cash provided by (used in) financing activities	12,829	-8,472
Effect of exchange rate change on cash and cash equivalents	-615	1,173
Net increase (decrease) in cash and cash equivalents	11,258	-10,041
Cash and cash equivalents at beginning of period	53,765	73,117
Cash and cash equivalents at end of period	65,023	63,075

(4) Notes on consolidated quarterly financial statements
(Notes on assumption of going business)
Not applicable.

(Notes on significant changes in the amount of shareholders' equity)
Not applicable.

(Additional Information)

(Application of Tax Effect Accounting in the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries have not applied the provisions of paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018) in accordance with the treatment in paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Tax System to the Group Tax Sharing System (ASBJ Practical Issues Task Force No. 39, March 31, 2020) for items for which a review of the non-consolidated taxation system was conducted in conjunction with the transition to the Group Total System established in the Act for Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020) and the transition to the Group Total System. The amount of deferred tax assets and deferred tax liabilities is based on the provisions of the pre-revision tax law.

(Accounting estimates regarding the impact of the COVID-19 pandemic)

There have been no material changes in the accounting estimates assumptions related to the impact of the COVID-19 pandemic described in (Additional Information) in the previous fiscal year's securities report.

(Segment information, etc.)

I Consolidated cumulative first half of the previous fiscal year (from January 1, 2020 to June 30, 2020)

Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Businesses	Total				
Net sales									
Sales to customers	29,071	29,800	32,605	29,285	120,763	2,527	123,290	—	123,290
Intersegment sales	1,200	131	304	12	1,649	792	2,442	-2,442	—
Total	30,272	29,931	32,910	29,298	122,412	3,319	125,732	-2,442	123,290
Segment profit	1,007	2,449	1,916	37	5,410	143	5,554	-4	5,549

(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. The adjustment of -4 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 quarterly income statement.

II Consolidated cumulative first half under review (January 1, 2021 to June 30, 2021)

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

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Businesses	Total				
Net sales									
Sales to customers	35,678	33,459	35,036	32,632	136,806	2,549	139,356	—	139,356
Intersegment sales	1,118	155	369	1	1,644	673	2,318	-2,318	—
Total	36,796	33,614	35,406	32,633	138,451	3,222	141,674	-2,318	139,356
Segment profit	2,723	1,989	1,271	858	6,842	406	7,249	-18	7,230

(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. The adjustment of -18 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 quarterly income statement.

2. Changes in reported segments.

(Change in the method of classifying reported segments)

Effective from the first quarter of the current fiscal year, the Company has revised the classification of the businesses it administers to accelerate their development. Certain businesses previously included in printing and information related business have been reclassified into the colorants and functional materials related business.

Segment information for first half of the previous fiscal year has been prepared based on the revised reportable segment classifications.

(Important subsequent events)

(Matsui Chemical Co., Ltd. became a wholly owned subsidiary through share-for-share exchange)

At the Board of Directors meetings of the Company and Matsui Chemical Co., Ltd. ("Matsui Chemical") held on June 11, 2021, Toyo Ink SC Holdings Co., Ltd., and Matsui Chemical resolved to conduct a share exchange (the "Share Exchange") whereby we will become a wholly owning parent company and Matsui Chemical will become a wholly owned subsidiary. In conjunction with this, we executed the Share Exchange Agreement on June 11, 2021 and conducted the Share Exchange on July 26, 2021.

1. Purpose for Matsui Chemical becoming a wholly owned subsidiary through the Share Exchange

With pollutions caused by disposable plastics becoming a problem at home and abroad, recyclable metal containers are attracting renewed attention. Amid this business environment, the Group needs to accelerate the expansion of our metal-printing ink business, which boasts the greatest share of the domestic market, triggered by the progress in achieving results in overseas markets. For this reason, the Group decided to make Matsui Chemical a wholly owned subsidiary through the Share Exchange with the purpose of accelerating decision-making and conducting integrated and organic management that makes maximum use of the Group's management resources.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

Date of resolution of the Board of Directors (Matsui Chemical)	Friday, June 11, 2021
Date of resolution of the Board of Directors (Toyo Ink SC Holdings Co., Ltd.)	Friday, June 11, 2021
Date of conclusion of the share-for-share exchange agreement	Friday, June 11, 2021
Effective date of the Share Exchange	Monday, July 26, 2021
Monetary grant date related to the Share Exchange	Monday, July 26, 2021

(2) Method of the Share Exchange

This is an exchange of stock in which the Group will be the wholly owning parent company and Matsui Chemical will be a wholly owned subsidiary after the exchange of stock.

The Share Exchange was implemented on July 26, 2021 without the approval of the general meeting of shareholders in accordance with the simplified share exchange procedures in accordance with the provisions of Paragraph 2 of Article 796 of the Companies Act for Toyo Ink SC Holdings Co., Ltd. and in accordance with the summary share exchange procedures in accordance with the provisions of Paragraph 1 of Article 784 of the Companies Act for Matsui Chemical.

(3) Contents of allotment pertaining to the Share Exchange

The Company gave 101,972,000 yen to the single shareholder other than the Group in exchange for all of the common stock of Matsui Chemical held by them.

(4) Treatment related to stock acquisition rights and bonds with stock acquisition rights in accordance with the Share Exchange

Not applicable.

3. Basis for calculating the contents of the allotment pertaining to the Share Exchange

Taking into account that the Matsui Chemical's shares are unlisted and the Group's consolidated subsidiary, the Group calculates the share value of Matsui Chemical based on the revision book value method, which evaluates the share value based on the net asset value reflecting unrealized gains and losses based on market value on the basis of assets and liabilities on the balance sheet. Based on the results of this evaluation, the Group and Matsui Chemical determine the above allotment after consultation between the parties.

4. Outline of accounting treatment to be implemented

In accordance with the Accounting Standard for Business Combinations and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, the transaction will be accounted for as a transaction under common control.