

**TRANSLATION:**

This is an English translation of Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Three Quarters of the Fiscal Year Ending December 31, 2022. 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.

# TOYO INK SC

## Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Three Quarters of the Fiscal Year Ending December 31, 2022

November 11, 2022

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange  
Code: 4634 URL: <https://schr.toyoinkgroup.com>  
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Scheduled date of submission of quarterly report: November 11, 2022

Scheduled date of commencement of dividend payments: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

(Amounts of less than million yen are omitted.)

## 1. Consolidated business results for the first three quarters of fiscal 2022 ending December 31, 2022

(From January 1, 2022 to September 30, 2022)

## (1) Business results (cumulative totals)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three quarters, fiscal 2022	235,006	11.4	5,309	-45.5	7,235	-35.2	8,758	25.4
First three quarters, fiscal 2021	210,965	12.6	9,746	15.5	11,159	49.5	6,985	65.7

(Note) Comprehensive income: First three quarters, fiscal 2022: 20,430 million yen (38.1%)

First three quarters, fiscal 2021: 14,790 million yen (-%)

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
First three quarters, fiscal 2022	160.09	159.90
First three quarters, fiscal 2021	124.47	124.26

\* The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards were adopted at the beginning of the first quarter of the fiscal year and have been applied to the results of the third quarter of the fiscal year ending December 31, 2022, but they have not been taken into account when evaluating year-on-year change due to the negligible impact of these standards.

## (2) Financial position

	Total assets		Net assets		Net worth/Total assets	
	Million yen	%	Million yen	%	Million yen	%
First three quarters, fiscal 2022	412,021		236,607			55.1
Fiscal 2021	406,896		226,947			53.7

(Note) Net worth: First three quarters, fiscal 2022: 227,145 million yen

Fiscal 2021: 218,449 million yen

\* From the beginning of the first quarter of the fiscal year ending December 31, 2022, the Company began adopting the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. The figures for the third quarter of the fiscal year ending December 31, 2022 are the figures after the application of the relevant accounting standards.

## 2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	–	45.00	–	45.00	90.00
Fiscal 2022	–	45.00	–		
Fiscal 2022 (Forecast)				45.00	90.00

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

## 3. Forecasts for the year ending December 31, 2022 (From January 1, 2022 to December 31, 2022)

(Figures in percentages denote the 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	315,000	9.4	7,000	-46.2	8,500	-45.0	9,000	-5.2	165.82

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

\* The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards were adopted at the beginning of the first quarter of the fiscal year and have been applied to the forecasts for consolidated results for the fiscal year ending December 31, 2022, but they have not been taken into account when evaluating year-on-year change due to the negligible impact of these standards.

\* 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 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  |
- (4) Numbers of shares issued (ordinary shares)
- |  |                   |
|--|-------------------|
| (i) Numbers of shares issued at the end of the terms (including treasury shares):            |                   |
| First three quarters of fiscal 2022:   | 58,286,544 shares |
| Fiscal 2021:   | 60,621,744 shares |
| (ii) Numbers of treasury shares at the end of the terms:                                     |                   |
| First three quarters of fiscal 2022:   | 5,303,053 shares  |
| Fiscal 2021:   | 4,775,558 shares  |
| (iii) Average numbers of shares issued during the terms (consolidated accumulation periods): |                   |
| First three quarters of fiscal 2022:   | 54,707,680 shares |
| First three quarters of fiscal 2021:   | 56,116,835 shares |

\* 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 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 “(3) Information on the consolidated earnings forecasts and other future forecasts” of “1. Qualitative Information on Financial Results, etc., for the First Three Quarters Ended September 30, 2022” on page 4 of the accompanying materials.
2. Supplementary documents for financial results will be posted on the Company’s website on November 11, 2022 (Friday).

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## 1. Qualitative Information on Financial Results, etc., for the First Three Quarters Ended September 30, 2022

### (1) Details of operating results

During the first three quarters of the fiscal year under review, the global economy was affected by sharp rises in the prices of raw materials and energy and supply constraints chiefly due to the prolonged state of affairs in Ukraine and restrictions on economic activities in China. In addition, there were downside risks due to worldwide monetary tightening and violent exchange rate fluctuations. Meanwhile, the COVID-19 pandemic was entering a new phase where people live with COVID-19, and there were signs of recovery in the global economy. In the display industry, one of the main markets of the Toyo Ink Group, inventory adjustments progressed rapidly, which had significant adverse effects on corporate activities.

In this environment, the Toyo Ink Group worked to achieve its policies for the year of 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 in the first three quarters of the fiscal year under review increased to 235,006 million yen (up 11.4% year on year), operating profit decreased to 5,309 million yen (down 45.5% year on year), and ordinary profit fell to 7,235 million yen (down 35.2% year on year). Profit attributable to owners of parent rose to 8,758 million yen (up 25.4% year on year).

Due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., net sales were 678 million yen less, and operating profit and ordinary profit were 96 million yen and 66 million yen less each, compared with values calculated by applying the previous method.

Results by segment are as follows.

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

Shipments of LCD color filter materials were sluggish in the latter half of the first three quarters under review as production of large and small and medium-sized liquid crystal panels was reduced sharply due to a decline in demand for liquid crystal panels for large television sets and smartphones.

Sales of plastic colorants, particularly those for foods containers, remained strong; however, growth in sales of plastic colorants for automobiles and office equipment slowed due to the impact of shortages of semiconductors and other components and lockdowns in China.

Sales of inkjet inks, particularly those for commercial printing and signage, were firm. The Group made progress in the improvement of production facilities for lithium-ion battery materials for automotive applications in the U.S. and Europe, and supply of lithium-ion battery materials expanded as demand increased.

As a result, net sales for this segment as a whole increased to 59,025 million yen (up 6.3% year on year) while operating profit decreased to 1,357 million yen (down 66.4% year on year) due to a steep rise in raw materials and energy costs.

With the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased 399 million yen and operating profit decreased 15 million yen.

#### (ii) Polymers and Coatings Related Business

Among functional films and tapes, sales of conductive adhesive sheets and electromagnetic shielding films were affected by a market slump of smartphones in the latter half of the first three quarters under review. Sales of heat durable and low adhesive films for liquid crystal panels and automobiles were slow due to sharp production adjustments in the market.

Domestic sales of adhesives for the packaging of snack foods and pet foods remained strong. Meanwhile, domestic sales of pressure sensitive adhesives for labels and displays were affected by sluggish demand. Overseas sales of pressure sensitive adhesives grew thanks to facility extensions in the US and India and sales of adhesives for food products and pharmaceuticals also increased.

Domestic sales of new can coatings with added functionality increased, but overall domestic sales saw sluggish growth. Overseas sales of can coatings for alcohol and other beverage cans grew.

As a result, net sales for this segment as a whole increased to 56,756 million yen (up 9.8% year on year) while operating profit decreased to 1,794 million yen (down 33.2% year on year) due to the lag of selling price revisions and cost reductions behind continuing steep rises in raw materials and energy costs.

With the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased 195 million yen and operating profit decreased 46 million yen.

(iii) Packaging Materials Related Business

In Japan, sales of liquid inks, particularly mainstay products for packaging materials, remained strong thanks to firm demand for liquid inks for food products such as frozen foods, labels for beverages, and noodles, based on the continued movement of customers toward increasing inventory in preparation for the disruption of the supply of materials and price increases. Overseas, sales in China were adversely affected by lockdowns. However, sales were firm in other regions, reflecting a recovery in economic activity and progress in expansion of sales.

In the gravure cylinder platemaking business, demand for new plates in the packaging segment was low. Sales of precision platemaking related to electronics saw sluggish growth.

As a result, net sales for this segment as a whole increased to 62,148 million yen (up 16.0% year on year) while operating profit decreased to 640 million yen (down 56.6% year on year) due to difficulty in the procurement of raw materials, a steep rise in their prices, and an increase in energy prices on a global scale.

With the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased 49 million yen and operating profit decreased 20 million yen.

(iv) Printing and Information Related Business

While domestic sales of products for flyers, advertising, and publishing were sluggish due to the structural contraction of the information-related printing market, sales of products for paper containers and metal printing for beverage cans remained strong. In response to the difficulty in procuring raw materials, the increase of prices and surging energy and other costs, the Group collaborated with competitors and implemented the structural reform of its business to reduce costs.

In overseas markets, the market was weak in Europe and China due to the affairs in Ukraine and the impact of COVID-19. However, in other regions, sales were firm, reflecting a recovery in economic activities and progress in the expansion of sales.

As a result, net sales for this segment as a whole increased to 55,750 million yen (up 14.1% year on year), but operating profit decreased to 737 million yen (down 25.9% year on year).

With the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased 34 million yen and operating profit decreased 13 million yen.

(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 decreased to 3,704 million yen (down 17.2% year on year), but operating profit increased to 776 million yen (up 36.3% year on year) due to a decrease in retirement benefit expenses and other factors.

With the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased 0 million yen and operating profit decreased 0 million yen.

## (2) Details of financial position

Total assets at the end of the first three quarters under review stood at 412,021 million yen, up 5,124 million yen from the end of the previous consolidated fiscal year. Liabilities were 175,413 million yen, down 4,535 million yen from the end of the previous consolidated fiscal year. Net assets came to 236,607 million yen, up 9,659 million yen from the end of the previous consolidated fiscal year.

On the last day of the third quarter 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. Inventories increased primarily due to the procurement of raw materials and surges in the prices of raw materials. Meanwhile, cash and deposits decreased because the final day of the previous fiscal year fell on a financial institution holiday and because of dividends paid and the purchase of treasury shares. Accounts payable - trade declined due to a decrease in purchases resulting mainly from inventory adjustments in the display industry, one of the main markets of the Group. Investment securities, deferred tax liabilities, and valuation difference on available-for-sale securities decreased, reflecting the sale of part of shares held.

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

The Group is continuing to face a very difficult environment, including sharply rising prices of raw materials and energy and rapid progress in inventory adjustments in the display industry, one of the main markets of the Group, which makes its corporate activities difficult. In response, the Toyo Ink Group procured raw materials to provide customers with a stable supply of products. Its business was affected by the depreciation of the yen and the relative appreciation of foreign currencies, and net sales remained above the Group's forecast. Meanwhile, although the Group is striving to cut costs and revise sales prices to appropriate level according to higher raw materials and energy prices, it will take time to achieve a profit recovery and low profits in the first three quarters are not expected to be offset because prices of raw materials and energy are increasing more sharply than expected. The Group has thus changed the full-year consolidated results forecast for the fiscal year ending December 31, 2022 that was announced on May 13, 2022. For details, please refer to the "Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts" announced on November 11, 2022.

## 2. Consolidated Financial Statements and Primary Notes

## (1) Consolidated balance sheet

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2021)	End of the consolidated third quarter accounting period (As of September 30, 2022)
(Assets)		
Current assets		
Cash and deposits	64,816	46,805
Notes and accounts receivable - trade	94,297	98,750
Securities	24	425
Merchandise and finished goods	34,149	41,199
Work in process	726	1,462
Raw materials and supplies	24,695	28,943
Other	5,979	6,556
Allowance for doubtful accounts	-1,100	-1,220
Total current assets	223,589	222,923
Non-current assets		
Property, plant and equipment		
Buildings and structures	107,134	114,571
Accumulated depreciation	-68,102	-72,185
Buildings and structures, net	39,031	42,386
Machinery, equipment and vehicles	158,945	167,672
Accumulated depreciation	-134,125	-140,678
Machinery, equipment and vehicles, net	24,819	26,993
Tools, furniture and fixtures	26,277	29,097
Accumulated depreciation	-22,354	-23,279
Tools, furniture and fixtures, net	3,922	5,817
Land	30,060	30,991
Leased assets	5,426	6,240
Accumulated depreciation	-1,530	-1,818
Leased assets, net	3,895	4,422
Construction in progress	9,986	13,516
Total property, plant and equipment	111,716	124,126
Intangible assets	2,225	2,821
Investments and other assets		
Investment securities	54,093	45,258
Retirement benefit asset	10,255	10,391
Deferred tax assets	2,420	2,837
Other	2,777	3,856
Allowance for doubtful accounts	-182	-195
Total investments and other assets	69,364	62,148
Total non-current assets	183,306	189,097
Total assets	406,896	412,021

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2021)	End of the consolidated third quarter accounting period (As of September 30, 2022)
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	68,221	63,916
Short-term loans payable	24,042	24,072
Income taxes payable	1,652	1,783
Provision for environmental measures	537	437
Other	17,672	19,145
Total current liabilities	112,125	109,355
Non-current liabilities		
Long-term borrowings	55,415	55,170
Deferred tax liabilities	8,703	7,288
Provision for environmental measures	364	261
Retirement benefit liability	2,275	2,129
Asset retirement obligations	32	33
Other	1,030	1,173
Total non-current liabilities	67,823	66,058
Total liabilities	179,948	175,413
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,546	32,530
Retained earnings	151,740	150,861
Treasury shares	-9,784	-10,696
Total shareholders' equity	206,236	204,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,941	6,516
Foreign currency translation adjustment	-1,212	13,058
Remeasurements of defined benefit plans	3,483	3,142
Total accumulated other comprehensive income	12,213	22,717
Subscription rights to shares	163	112
Non-controlling interests	8,334	9,349
Total net assets	226,947	236,607
Total liabilities and net assets	406,896	412,021



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

## Consolidated statements of income

Consolidated first three quarters

(Million yen)

	Previous first three quarter period (From January 1, 2021 to September 30, 2021)	First three quarters under review (From January 1, 2022 to September 30, 2022)
Net sales	210,965	235,006
Cost of sales	167,206	194,514
Gross profit	43,759	40,491
Selling, general and administrative expenses		
Packing and transportation expenses	5,527	5,808
Salaries and allowances	8,791	9,123
Bonuses	1,933	2,020
Welfare expenses	2,269	2,322
Depreciation	1,517	1,382
Research and development expenses	2,487	2,577
Other	11,484	11,947
Total selling, general and administrative expenses	34,012	35,181
Operating profit	9,746	5,309
Non-operating income		
Interest income	126	155
Dividend income	799	973
Foreign exchange gains	730	2,452
Other	600	601
Total non-operating income	2,256	4,182
Non-operating expenses		
Interest expenses	399	855
Share of loss of entities accounted for using equity method	143	165
Loss on net monetary position	–	1,007
Other	301	229
Total non-operating expenses	844	2,257
Ordinary profit	11,159	7,235
Extraordinary profit		
Gain on sales of non-current assets	311	18
Gain on sales of investment securities	227	5,534
Other	14	–
Total extraordinary profit	553	5,553
Extraordinary losses		
Loss on sales and retirement of non-current assets	175	257
Impairment loss	603	–
Business restructuring expenses	1,208	–
Shutdown costs	–	225
Other	281	134
Total extraordinary loss	2,268	618
Profit before income taxes	9,443	12,170
Income taxes - current	2,900	3,639
Income taxes - deferred	-611	-300
Total income taxes	2,288	3,338
Profit	7,154	8,831
Profit (loss) attributable to non-controlling interests	169	73
Profit attributable to owners of parent	6,985	8,758

## Consolidated statements of comprehensive income

Consolidated first three quarters

(Million yen)

	Previous first three quarter period (From January 1, 2021 to September 30, 2021)	First three quarters under review (From January 1, 2022 to September 30, 2022)
Profit	7,154	8,831
Other comprehensive income		
Valuation difference on available-for-sale securities	3,915	-3,425
Foreign currency translation adjustment	3,707	15,050
Remeasurements of defined benefit plans, net of tax	-105	-340
Share of other comprehensive income of entities accounted for using equity method	118	315
Total other comprehensive income	7,635	11,598
Comprehensive income	14,790	20,430
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,976	19,261
Comprehensive income attributable to non-controlling interests	813	1,168

(3) 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.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 dated March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. at the beginning of the first quarter. Under this standard, revenue is recognized, when the Company transfers the control of a promised good or service to a customer, in an amount that the Company expects to receive in exchange for such good or service. The main changes from the previous revenue recognition method are as follows.

(1) Domestic sales of finished goods and merchandise

While in the past revenue had been recognized generally at the time of shipping, the Group has changed to the method of recognizing revenue when the product or merchandise arrives at the customer.

(2) Sales discounts

In the past, sales discounts were recognized as non-operating expenses, which has been changed to the method of deducting sales discounts from net sales.

(3) Buy-sell transactions in which the Group sells and buys back goods

The materials supplied for a fee were previously deemed to have ceased to exist. However, such supplied materials are no longer deemed as having ceased to exist if the Company is obliged to repurchase them.

(4) Buy-sell transactions in which the Group buys and sells back goods

Previously, the Company had recognized revenues from onerous receipt transactions using total compensation, including purchasing costs for raw materials. The Company replaced the practice with the method of recognizing such revenues using net compensation excluding purchasing costs for raw materials.

The Revenue Recognition Accounting Standard is applied according to the provisional measures stipulated in the proviso in Paragraph 84 of the standard. With respect to the application of a new accounting policy, it is applied to the balance of retained surplus at the beginning of the first quarter. This balance of retained surplus is obtained through calculation using the cumulative amount of the impact from retrospective application of the new accounting policy to periods prior to the beginning of the first quarter, either by adding it to or deducting it from the retained surplus.

As a result, net sales in the first three quarters of the fiscal year under review decreased 678 million yen, cost of sales decreased 581 million yen, operating profit decreased 96 million yen. Ordinary profit and profit before taxes decreased 66 million yen respectively. The balance of retained earnings at the beginning of the period under review decreased 2 million yen.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019, hereinafter the “Fair Value Measurement Accounting Standard”) and related measures at the beginning of the first quarter of the fiscal year. Accordingly, the Company will apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard and related measures in the future in accordance with the transitional handling stipulated in Section 19 of the same standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019). The application of the accounting standard has no impact on the consolidated quarterly financial statements.

(Additional information)

(Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

The Company and domestic consolidated subsidiaries have calculated the amounts of deferred tax assets and deferred tax liabilities according to the tax acts before amendment based on the treatment of Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force No.39, March 31, 2020) instead of applying the provision in Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No.28, February 16, 2018), regarding the transition to group tax sharing system established in “Act for Partial Amendment of the Income Tax Act, etc.”(Act No.8 of 2020), and items for which the non-consolidated taxation system has been reviewed in the line with the transition to the group tax sharing system.

(Financial reporting in hyperinflationary economies)

In the first half of the fiscal year, the cumulative inflation rate in Turkey over three years exceeded 100 percent. The Group has thus determined that the subsidiary in Turkey, whose functional currency is the Turkish lira, operated in a hyperinflationary economy and has made accounting adjustments to the financial statements of the subsidiary in Turkey, 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 quarterly consolidated statement of income.

The financial statements of the subsidiary in Turkey are translated using the exchange rate on the last day of the third quarter under review and are reflected in the Group’s consolidated financial statements.

(Segment information, etc.)

I. From January 1, 2021 to September 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 Business	Total				
Net sales									
Sales to customers	54,038	51,471	52,979	48,843	207,332	3,633	210,965	–	210,965
Intersegment sales	1,470	204	579	4	2,258	838	3,097	-3,097	–
Total	55,508	51,676	53,558	48,847	209,590	4,471	214,062	-3,097	210,965
Segment profits	4,036	2,687	1,476	996	9,196	569	9,765	-19	9,746

(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 -19 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. Information on impairment loss on non-current assets by reportable segment

(Million yen)

	Reported segments					Other	Adjustment	Total
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Impairment loss	1,008	65	399	137	1,611	–	–	1,611

(Note) An impairment loss of 1,008 million yen related to Colorants and Functional Materials Related Business is included in business restructuring expenses in the quarterly consolidated statement of income.

## II. From January 1, 2022 to September 30, 2022

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

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total				
Net sales									
Sales to customers	58,086	56,460	61,481	55,748	231,776	3,229	235,006	–	235,006
Intersegment sales	938	296	666	2	1,903	474	2,378	-2,378	–
Total	59,025	56,756	62,148	55,750	233,680	3,704	237,384	-2,378	235,006
Segment profits	1,357	1,794	640	737	4,531	776	5,307	2	5,309

(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 2 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 reportable segments

As described in “Changes in accounting policies,” the Company adopted the Accounting Standard for Revenue Recognition, etc. and changed its accounting methods for revenue recognition at the beginning of the first quarter. Reflecting this change, it modified its method for measuring the profits and losses of its business segments.

As a result, compared with results calculated using the previous method, in the third quarter of the fiscal year under review net sales and segment profit for the Colorants and Functional Materials Related Business decreased 399 million yen and 15 million yen, respectively, net sales and segment profit for the Polymers and Coatings Related Business fell 195 million yen and 46 million yen, respectively, net sales and segment profit for the Packaging Materials Related Business declined 49 million yen and 20 million yen, respectively, net sales and segment profit for the Printing and Information Related Business declined 34 million yen and 13 million yen, respectively, and net sales and segment profit for Other businesses decreased 0 million yen and 0 million yen, respectively.