

TRANSLATION:

This is an English translation of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended December 31, 2025. 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, 2025

February 13, 2026

Name of Listed Company: artience Co., Ltd.

Code: 4634

Representative: Satoru Takashima, President and Representative Director, Group CEO

Contact: Takeshi Arimura, Operating Officer in charge of IR and General Manager of Finance & Accounting Dept.

Listings: Tokyo Stock Exchange
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Scheduled date of ordinary shareholders' meeting: March 24, 2026

Scheduled date of commencement of dividend payments: March 25, 2026

Scheduled date of submission of financial report: March 19, 2026

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 financial results for the year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated business results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2025	349,979	-0.3	20,765	1.7	20,888	-0.6	10,340	-44.2
Fiscal 2024	351,064	9.0	20,414	52.7	21,008	63.1	18,540	90.4

(Note) Comprehensive income:

Fiscal 2025: 18,957 million yen (-36.7%)

Fiscal 2024: 29,959 million yen (-6.1%)

	Profit per share (Basic)	Profit per share (Diluted)	Return on equity	Ordinary profit/Total assets	Operating profit/Net sales
	Yen	Yen	%	%	%
Fiscal 2025	210.50	210.47	3.9	4.5	5.9
Fiscal 2024	352.53	352.41	7.3	4.6	5.8

(Note) Equity in earnings of associated companies:

Fiscal 2025: 78 million yen

Fiscal 2024: -74 million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital Adequacy Ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2025	462,600	277,220	57.5	5,609.42
Fiscal 2024	472,787	273,754	55.4	5,164.85

(Note) Shareholders' equity:

Fiscal 2025: 266,021 million yen

Fiscal 2024: 262,113 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal 2025	27,554	-11,162	-31,716	45,792
Fiscal 2024	26,964	-10,172	-14,975	60,052

2. Dividends

	Dividends per share					Dividends total (annual)	Dividend payout ratio (consolidated)	Dividends/Net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2024	—	50.00	—	50.00	100.00	5,189	28.4	2.0
Fiscal 2025	—	50.00	—	50.00	100.00	4,840	47.5	1.9
Fiscal 2026 (Forecast)	—	60.00	—	60.00	120.00		27.1	

3. Consolidated business forecasts for the year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes)

	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	360,000	2.9	23,000	10.8	22,500	7.7	21,000	103.1	442.81

* Notes:

- (1) Important changes in the scope of consolidation during the term: No
- (2) Changes in accounting policies and changes or restatement of accounting estimates
- (i) Changes in accounting policies due to the amendments to accounting standards: 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):
 - Fiscal 2025: 50,286,544 shares
 - Fiscal 2024: 53,286,544 shares
 - (ii) Number of treasury shares at the end of the terms:
 - Fiscal 2025: 2,862,378 shares
 - Fiscal 2024: 2,537,112 shares
 - (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
 - Fiscal 2025: 49,121,980 shares
 - Fiscal 2024: 52,591,629 shares

Reference: Financial summary (non-consolidated)

Non-consolidated financial results for the year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Business Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2025	17,474	11.7	6,700	30.2	7,834	26.9	9,020	20.1
Fiscal 2024	15,637	9.9	5,144	27.8	6,173	17.4	7,510	12.0

	Profit per share (Basic)		Profit per share (Diluted)	
	Yen		Yen	
Fiscal 2025	183.63		183.60	
Fiscal 2024	142.81		142.76	

(2) Financial position

	Total assets	Net assets	Capital Adequacy Ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2025	270,014	177,433	65.7	3,741.22
Fiscal 2024	277,816	180,518	65.0	3,556.47

(Note) Shareholders' equity: Fiscal 2025: 177,424 million yen Fiscal 2024: 180,488 million yen

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

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

- The earnings forecasts and other forward-looking statements in this document are based on the information available to the Company at the time of its announcement and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly due to various factors. Please refer to "(4) Future prospects" of "1. Overview of Operating Results, etc." on page 5 of the attached materials for the assumptions underlying the earnings forecasts and precautions regarding the use thereof.
- Supplementary documents for financial results will be posted on the Company's website on February 13, 2026 (Friday).
- The Company will hold a financial results briefing for institutional investors and securities analysts on February 20, 2026 (Friday). 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.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2025

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal 2025	349,979	20,765	20,888	10,340
Growth rate (%)	-0.3	1.7	-0.6	-44.2
Fiscal 2024	351,064	20,414	21,008	18,540

During the consolidated fiscal year under review, the global economy faced the impacts of US trade policies. Although certain regions such as China showed signs of faltering, the Japanese and Southeast Asian economies improved moderately and India continued to achieve economic growth. In the battery related business, which the Group is focusing on developing, the Group's strategies were also significantly impacted by the global slowdown in growth momentum in the EV market.

Amid this business environment, the Group operated its business activities in line with the following three management policies. The first policy is to shift to highly-profitable existing businesses. In the overseas packaging materials related business, which the Group identifies as a growing business, a new plant for liquid ink products and adhesives began operating in Turkey, and the Group also decided to expand production capacity for liquid ink products in India and reorganized its production network in China. In Thailand, can coatings remained strong due to the maximization of synergies through management integration. Driven by expansion in the digital printing market, growth of inkjet inks was mostly unchanged year on year, despite signs of stagnation in some areas due to customer inventory adjustments. As environmental awareness increases, functional coatings that help to reduce plastic usage performed strongly. However, sales of energy-saving UV and LED curable inks were affected by the deterioration in the sales mix caused by rising demand for affordable items amid the slump in the publishing market.

In the plastic colorants business, which the Group considers a profitable core business, overseas sales fell due to inventory adjustments affecting colorants for solar cell applications. In Japan, meanwhile, the Group reduced costs and revised prices. Adhesives and liquid ink products were affected by rising raw material and transportation costs in Japan. The Group secured a profit by improving efficiency through product integration, cost cutting and reorganizing the sales structure, and also decided to invest in increasing production efficiency at its core Saitama Factory. As the information-related printing market continued to contract, the Group improved profitability in the domestic offset ink business by furthering production and logistics alliances and promoting supply chain efficiency.

The second policy is the creation of strategic priority businesses. In the Display & Advanced Electronics Related Businesses, the shift of LCD display market to China accelerated rapidly. In this environment, the Group established a joint venture with a local partner in China and began the local supply of materials for color filters. The Group also expanded its sales of optical semiconductor materials, including CMOS image sensors. In addition, sales of pressure sensitive adhesives for displays in the Chinese market grew significantly, and the Group also started to reorganize the supply chain. In semiconductor related products, insulation protective sheet for encapsulating semiconductor chips grew, and the Group also began providing low dielectric resin materials to the semiconductor industry.

In the Mobility & Battery Related Businesses, shipments of materials for lithium-ion batteries for automotive applications from all production facilities were slow due to a global downturn in the EV market. The Group postponed the start of operation at a new plant that will produce materials for lithium-ion batteries used in automotive applications in Kentucky, the Group's second production base in North America. Meanwhile, the Group completed expansion of its facilities in Hungary, with a view to supplying a second company, but revised the business plan to reflect the recent market trend. This situation required the Group to recognize impairment losses on both facilities. In addition, the Group continued to develop products for new applications, particularly for anode materials and all-solid-state batteries. However, it reviewed the amounts and timing of investments across the board and decided to use funds for strategic investments such as M&A.

The third policy is the reform of business foundation. The Group sought to strengthen its management resources with an emphasis on environmental, social and corporate governance (ESG) criteria and sought to raise awareness internally and externally of the new materiality developed based on the artience asv2050/2030 Sustainability Vision. The Group also steadily implemented sustainability management, promoting the adoption of electricity derived from renewable energy and the additional installation of solar power generation facilities both in Japan and overseas.

To enhance its human resources, the Group expanded the scope of the engagement survey conducted for the first time last year to include all Southeast Asian companies and increased dialogue with them for the resolution of any issues. The Group also implemented initiatives focusing on diversity, equity and inclusion (DE&I). In addition, the Group introduced artience HR CANVAS, a new personnel system where each employee's potential is maximized through proactive career autonomy and growth, and challenge is encouraged. Moreover, as corporate identity (CI) activities following the change of its business name and corporate philosophy system, the Group continued to organize sessions where the CEO visits sites to exchange opinions with employees in the form of a roundtable discussion. The Group also opened Incubation CANVAS TOKYO, a global co-creation hub specialized in the materials field established within head office to encourage employees to take on challenge and achieve personal growth, foster a challenging culture, and generate innovation.

The Group promoted the use of digital transformation technologies, including artificial intelligence, to drive the development of technology and production innovation. Under the Generative AI Native 500 project, the Group also promoted the development of human resources, with the aim of securing 500 employees who are digital core talent by 2027. It also improved operational efficiency across many functions and expanded global sourcing by utilizing the Enterprise Resource Planning system, while also strengthening measures to address cybersecurity and other risks.

To enhance capital efficiency and adopt management practices that consider share prices, the Group raised the ROE target to 8% by the end of 2026, and made progress in introducing return on invested capital (ROIC) throughout the organization, improving the cash conversion cycle (CCC) and reducing working capital, decreasing the shares held and repurchasing treasury shares. To enhance governance, the Group increased the number of independent outside directors with management experience, continued engaging in dialogue with shareholders through investor relations (IR) and shareholder relations (SR) activities, and incorporating their feedback into management initiatives.

As a result, net sales for the fiscal year under review fell to 349,979 million yen (down 0.3% year on year), but operating profit rose to 20,765 million yen (up 1.7% year on year). Ordinary profit decreased to 20,888 million yen (down 0.6% year on year), and profit attributable to owners of parent dropped to 10,340 million yen (down 44.2% year on year) due in part to impairment losses. 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	86,089	84,304	-2.1	3,367	2,254	-33.1
Polymers and Coatings Related Business	88,518	90,305	2.0	7,151	8,292	15.9
Packaging Materials Related Business	91,527	92,499	1.1	5,413	5,464	0.9
Printing and Information Related Business	83,325	80,994	-2.8	4,885	4,528	-7.3
Other	5,805	5,712	-1.6	-381	313	—
Subtotal	355,267	353,818	-0.4	20,436	20,853	2.0
Adjustment	-4,202	-3,838	—	-22	-87	—
Total consolidated	351,064	349,979	-0.3	20,414	20,765	1.7

(i) Colorants and Functional Materials Related Business

Sales of materials for LCD color filters fell, with increased demand for materials used in large panels during the first half in China, due in part to the effect of government subsidies, offset by continued weak shipments of materials for small and midsize panels used in applications such as personal computers in Taiwan as well as the withdrawal of a domestic panel manufacturer. Sales of optical semiconductor materials for smartphones in China expanded.

The profitability of plastic colorants improved on the solid performance of products for beverage caps in Japan as well as the effects of cost cutting and price revisions. Overseas, sales of plastic colorants for solar cells and automotive applications remained weak in contrast to the strong performance of the previous fiscal year.

Sales of lithium-ion battery materials for automotive applications were lackluster, reflecting a slowdown in the growth of the EV market. The Group continued to develop customers and next-generation products, although this could not offset increased expenses for the start of operation of the Chinese plant and product development. Sales of inkjet inks were mostly unchanged year on year, despite being severely impacted by customer inventory adjustments and intensifying competition.

As a result, net sales for this segment as a whole slipped to 84,304 million yen (down 2.1% year on year), and operating profit fell to 2,254 million yen (down 33.1% year on year).

(ii) Polymers and Coatings Related Business

Among functional films and tapes, functional films, including conductive adhesive sheets sold well due to an increase in sales for new smartphone models and expansion of sales in China. Meanwhile, in the area of semiconductor-related materials, developed products were more widely used.

Among pressure sensitive adhesives, those for automotive and other industrial applications performed strongly in Japan. In China, the Group met growing demand for pressure sensitive adhesives for displays and achieved significant growth. In India, sales grew through market development. Among adhesives, products for packaging generally performed strongly in Japan and overseas but were affected by sluggish markets in some regions. As for products for industrial applications, sales for lithium-iron batteries were slow, reflecting a slowdown in the growth of the EV market.

Sales of can coatings grew in Japan, partly due to sales expansion efforts. Overseas, especially in Thailand, demand for can coatings for processed food remained strong and progress was also made expanding sales of can coatings for beverage cans. The Group also achieved growth in Turkey through increased sales to major customers.

As a result, net sales for this segment as a whole increased to 90,305 million yen (up 2.0% year on year), and operating profit increased to 8,292 million yen (up 15.9% year on year).

(iii) Packaging Materials Related Business

In Japan, demand for liquid inks for packed rice, frozen food, and refill packaging materials, among other applications, remained firm. In addition, among inks for cardboard boxes, those related to beverages performed strongly partly due to the effects of the intense heat in summer. In addition, net sales increased due in part to progress with the sales promotion for environmentally friendly products and the effect of price revisions.

Overseas sales were affected by weak consumption in China and the slowdown of the housing market in North America but

remained firm in Southeast Asia and India, underpinned by market conditions. In Turkey, sales promotion targeting new customers and surrounding countries made robust progress due to the start of operation of a new plant, while the depreciation expenses increased.

In the gravure cylinder platemaking business, sales were strong due to the capturing of demand for new printing plates for packaging and the gradual recovery of precision platemaking related to electronics.

As a result, net sales for this segment as a whole increased to 92,499 million yen (up 1.1% year on year), and operating profit increased to 5,464 million yen (up 0.9% year on year).

(iv) Printing and Information Related Business

While domestic sales of products for advertising and publishing remained sluggish due to the continued structural contraction of the information-related printing market, demand for cards increased and sales of functional coatings and functional inks such as energy-saving highly sensitive UV-curable inks expanded, reflecting progress on business portfolio reforms.

In overseas markets, sales of products for publishing, newspapers, etc. were weak in China, Europe, and North America as a result of the stagnation of the information-related printing market. Sales of products for paper packaging materials also showed slow growth in Southeast Asia and other regions. These resulted in intensified competition.

As a result, net sales for this segment as a whole slipped to 80,994 million yen (down 2.8% year on year), and operating profit fell to 4,528 million yen (down 7.3% year on year).

(v) Other

This Other segment includes businesses not included in the above segments, services provided by artience as the holding company, and other businesses. In the fiscal year under review, net sales fell to 5,712 million yen (down 1.6% year on year) and operating profit was 313 million yen (operating loss of 381 million yen in the previous fiscal year).

(2) Overview of financial position during the fiscal year ended December 31, 2025

(Million yen)

	End of previous fiscal year	End of fiscal year under review	Change
Total assets	472,787	462,600	-10,187
Liabilities	199,033	185,379	-13,653
Net assets	273,754	277,220	3,466

Total assets at the end of the fiscal year under review stood at 462,600 million yen, down 10,187 million yen from the end of the previous consolidated fiscal year. Liabilities were 185,379 million yen, down 13,653 million yen from the end of the previous consolidated fiscal year. Net assets came to 277,220 million yen, up 3,466 million yen from the end of the previous consolidated fiscal year.

On the last day of the fiscal year under review, the exchange rate changed in the direction of weaker yen and stronger foreign currencies compared to 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. As a result of the completion of new plant overseas, buildings and structures as well as machinery, equipment and vehicles increased, while construction in progress decreased. Furthermore, investment securities and valuation difference on available-for-sale securities each increased, reflecting the rising stock prices of stocks held. The Company issued the Third Series of Unsecured Straight Bonds and refinanced part of its borrowings, which resulted in an increase in long-term borrowings and a significant decrease in short-term borrowings. In addition, cash and deposits decreased significantly due to the purchase of treasury shares and the payment of income taxes and dividends.

(3) Overview of cash flow during the fiscal year ended December 31, 2025

(Million yen)

	Previous term	Term under review	Change
Cash flows from operating activities	26,964	27,554	589
Cash flows from investing activities	-10,172	-11,162	-989
Cash flows from financing activities	-14,975	-31,716	-16,741
Cash and cash equivalents at end of period	60,052	45,792	-14,260

Cash and cash equivalents ("cash") at the end of the fiscal year under review stood at 45,792 million yen, down 14,260 million yen from the end of the previous fiscal year.

Cash provided by operating activities was 27,554 million yen, up 589 million yen from the previous fiscal year. This mainly reflects an increase in cash due to the posting of profit before income taxes and depreciation and a decrease in cash due to a decrease in notes and accounts payable - trade, and income taxes paid.

Cash used in investment activities was 11,162 million yen, up 989 million yen from the previous fiscal year. This mainly reflects a decrease in cash due to purchase of property, plant and equipment and an increase in cash due to proceeds from sale and redemption of short-term and long-term investment securities.

Cash used for financing activities was 31,716 million yen, up 16,741 million yen from the previous fiscal year. This mainly reflects

a decrease in cash due to repayments of long-term borrowings, purchase of treasury shares and dividends paid, as well as an increase in cash due to proceeds from long-term borrowings.

Trends in Group cash flows are as follows:

	Term ended December 2022	Term ended December 2023	Term ended December 2024	Term ended December 2025
Capital adequacy ratio (%)	53.3	54.9	55.4	57.5
Market value-based capital adequacy ratio (%)	23.2	31.1	33.9	37.5
Ratio of interest-bearing debt to cash flows (years)	20.3	3.8	3.1	2.4
Interest coverage ratio (times)	3.5	12.8	11.2	21.0

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 2026 (Forecast)	360,000	23,000	22,500	21,000
Term ended December 2025	349,979	20,765	20,888	10,340
Growth rate (%)	2.9	10.8	7.7	103.1

In the next fiscal year, the economy is expected to continue its moderate recovery. However, there are still downside risks to the economy, such as the impact of persistent price increases on personal consumption. The Group's business environment remains uncertain, with challenges such as the impacts of US policies and China's economic stagnation. This notwithstanding, the Group forecasts net sales of 360,000 million yen (growth rate of 2.9%), operating profit of 23,000 million yen (growth rate of 10.8%), ordinary profit of 22,500 million yen (growth rate of 7.7%), and profit attributable to owners of parent of 21,000 million yen (growth rate of 103.1%) as a result of the measures to address the issues described on page 8.

2. Group Overview

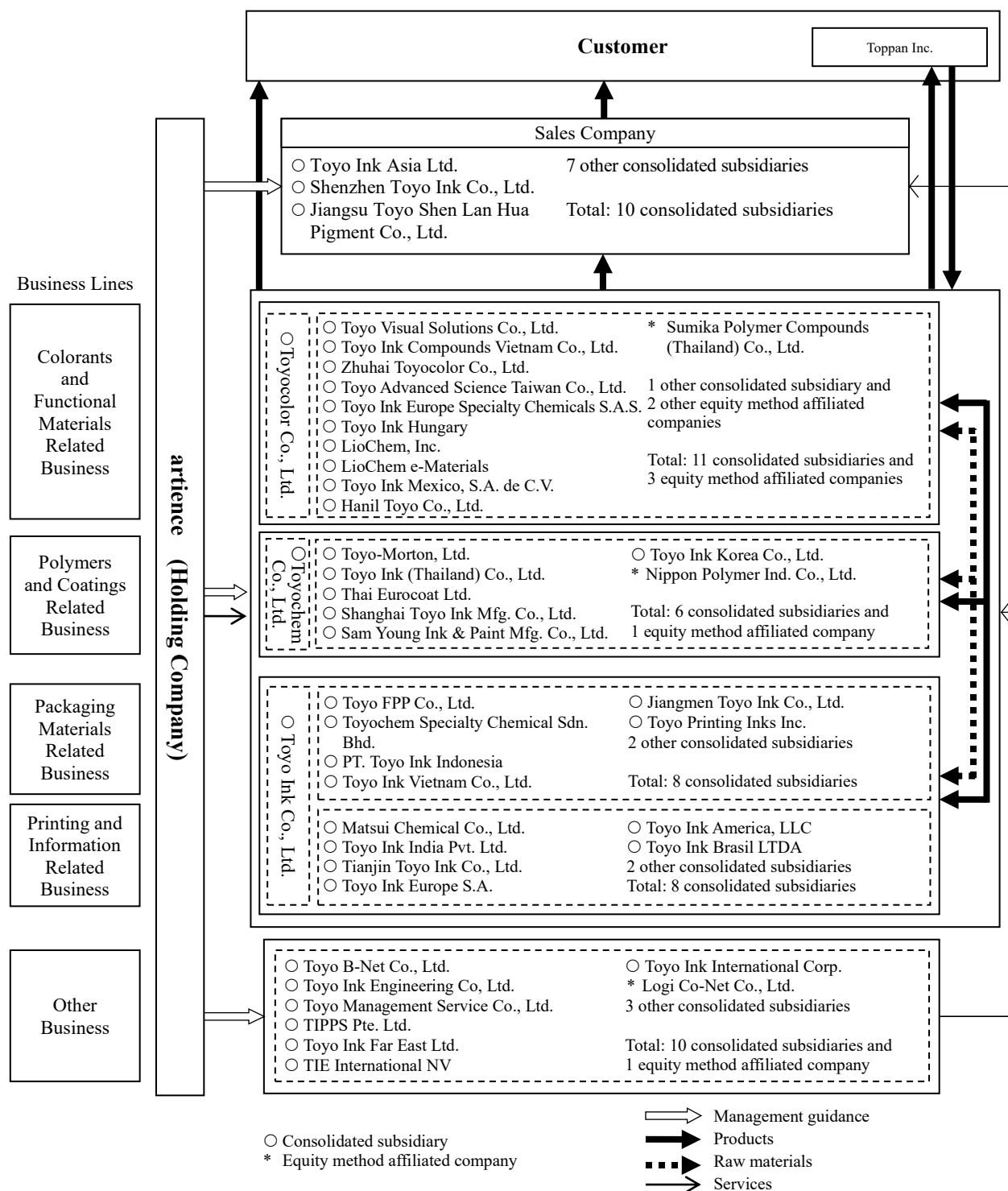
The Group is constituted of the Company, 56 consolidated subsidiaries and 5 equity method affiliate companies.

Business lines of the Group are as follows:

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

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

The organization chart is as follows:
(Organization Chart)



3. Management Policy

(1) Basic management policy

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

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

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

(2) Medium- to long-term management strategy

The Group formulated artience2027/2030 GROWTH, a new management plan targeting 2030. Under the plan, the Group will implement transformation based on artience's new corporate philosophy system. Throughout this period, the Group is working on business portfolio transformation, maximization of capital efficiency and cash flows, and establishment of corporate foundations and sustainability management practices. The Group has named the three years beginning with 2024 artience2027(2024-2026). During this period, the Group is advancing transformation initiatives under the three basic policies: the shift to highly-profitable existing businesses, the creation of strategic priority businesses and the reform of business foundation.

To shift to highly-profitable existing businesses, the Group has classified its existing businesses into growing businesses, profitable core businesses, and restructuring and strategy-rebuilding businesses, and will transform the business portfolio by implementing strategies according to the positioning of each. While concentrating on the expansion of growing businesses, the Group will seek to strengthen profitability by improving efficiency and productivity in profitable core businesses. In restructuring and strategy-rebuilding businesses, the Group will take bold measures to implement structural reforms, and for businesses with a potential growth trajectory, the Group will formulate new strategies to bring about transformation.

To create strategic priority business, the Group will concentrate its resources in two fields: mobility and battery related businesses, which includes lithium-ion battery materials and laminating adhesives, and display and advanced electronics related businesses, including color resists for LCD, optical pressure sensitive adhesives and semiconductor related materials including materials for image sensors. By doing this, the Group aims to create new key profit-generating businesses. Looking ahead to 2030 and beyond, the Group positions the environmental, biotechnology and energy businesses as next-generation businesses, and will undertake initiatives to create and expand business domains.

To reform business foundation, the Group will strengthen its management resources based on the environmental, social and governance (ESG) perspective. The Group will focus on enhancing human capital, fostering a good corporate culture and strengthening the foundations for management conscious of the cost of capital, viewing them as the starting point for its transformation. In terms of digital transformation, the Group will strengthen information security alongside the rollout of AI. In addition to the above, the Group aims to fulfill its responsibilities to society, especially on environmental issues, and will transform its management foundation to realize its vision.

(3) Our challenges

In the next fiscal year, which is the third 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 work to increase market share for materials used in LCD color filters by leveraging the production system established through its joint venture with a Chinese company to better meet market needs. In the area of optical semiconductor materials, the Group will keep expanding steadily and use the knowledge it has accumulated in this business to develop next generation technologies and expand applications by bringing together optical semiconductor materials and the Group's other related materials. In the area of materials for automotive lithium-ion batteries, the Group will steadily build up a track record through activities such as scaling up production for major Chinese companies and supplying new customers in Hungary, while maintaining appropriate production systems by adapting flexibly to changes in the business environment. The Group will also seek to diversify its profit opportunities through expansion of product lines, including branching out into conductive agents for negative electrodes and LMFP batteries and considering ESS applications in addition to automotive applications. At the same time, the Group will push ahead with the development of next-generation technologies, including all-solid-state batteries.

In the Polymers and Coatings Related Business, the Group plans to improve the profitability of pressure sensitive adhesives by developing products to meet customer needs and transforming production. Especially in the area of optical pressure sensitive adhesives for displays, the Group will seek further business expansion through increase in production capacity and optimization of the supply chain. As for can coatings, the Group will enhance its global network to accelerate the generation of synergy. Regarding materials related to advanced electronics, the Group aims to steadily expand semiconductor-related products on the back of its

growing track record, and to also expand functional product groups that meet market requirements.

In the Packaging Materials Related Business, the Group aims to capture growth in overseas markets, and to strengthen the profit base in the domestic market. Positioning the new plant that commenced operation in Turkey as its core production site in the region, the Group will pursue business expansion not only for liquid ink products but also for laminating adhesives. In India, the Group will steadily tap into market growth and also push ahead with investment to expand production capacity. In China, the Group will accelerate business growth under a new system that integrates the production, sales and technologies of multiple sites. In the domestic market, the Group will seek to strengthen the profit base through investments in labor-saving and automation to increase efficiency. In addition, the Group will develop and enhance environmentally friendly products and conduct marketing activities that anticipate customer needs.

In the Printing and Information Related Business, the Group will pursue overseas sales expansion of functional inks (UV curable inks, metal decorating inks and screen inks). Especially in the area of UV curable inks, the Group will focus on the global expansion of differentiated products using its own materials and on the sales expansion of UV and LED inks that meet energy saving needs. Additionally, the Group will pursue further expansion of functional coatings for high-grade paper containers. Meanwhile, in Japan, the Group will seek to further improve efficiency through expansion of joint logistics and other means, based on the assumption of a continued contraction in Japan's information-related printing market.

In addition to undertaking these business activities, the Group will strengthen the management foundation to help implement sustainable management practices. In particular, the Group will work to further strengthen human capital, which is the cornerstone of management, implementing a range of measures that will help secure and develop talent linked to global business strategies and improve productivity. The Group aims to enhance employee engagement and foster a corporate culture that encourages employees to embrace challenges by implementing DE&I initiatives and conducting business idea contests and other related efforts. At the same time, the Group will implement initiatives to improve capital efficiency, including allocating resources to growing businesses based on indicators such as ROIC and focusing on activities to improve existing businesses. Additionally, the Group will continue actions to address the demands of society, including addressing environmental issues, in accordance with the asv2050/2030 artience Sustainability Vision and the newly established materiality. The Group will accelerate the use of AI across all areas of its business activities and management foundations to drive product development and the transformation of operations. To ensure improvement in productivity and production sustainability, the Group will promote creating smart factories using digital transformation, while also stepping up information security initiatives. The Group will also work to further increase penetration of its new brand based on its new CI and corporate philosophy system.

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, 2024	As of December 31, 2025
(Assets)		
Current assets		
Cash and deposits	62,855	47,625
Notes and accounts receivable - trade	*1, *6 109,412	*1, *6 106,769
Securities	99	291
Merchandise and finished goods	39,004	40,377
Work in process	622	599
Raw materials and supplies	28,608	27,675
Other	5,833	5,681
Allowance for doubtful accounts	-1,154	-1,347
Total current assets	245,282	227,672
Non-current assets		
Property, plant and equipment		
Buildings and structures	*3, *7 124,648	*3, *7 133,334
Accumulated depreciation	-78,813	-83,133
Buildings and structures, net	45,834	50,200
Machinery, equipment and vehicles	183,215	197,682
Accumulated depreciation	-150,695	-157,033
Machinery, equipment and vehicles, net	32,519	40,649
Tools, furniture and fixtures	29,479	30,664
Accumulated depreciation	-24,406	-24,867
Tools, furniture and fixtures, net	5,072	5,796
Land	*3, *7 31,084	*3, *7 31,311
Leased assets	8,810	9,153
Accumulated depreciation	-3,006	-3,378
Leased assets, net	5,803	5,774
Construction in progress	28,022	14,192
Total property, plant and equipment	148,338	147,926
Intangible assets	5,964	6,028
Investments and other assets		
Investment securities	*2 57,610	*2 61,997
Retirement benefit asset	9,427	11,461
Deferred tax assets	4,828	5,019
Other	1,673	2,859
Allowance for doubtful accounts	-338	-365
Total investments and other assets	73,202	80,972
Total non-current assets	227,504	234,927
Total assets	472,787	462,600

(Million yen)

	As of December 31, 2024	As of December 31, 2025
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	*3, *6 70,747	*3, *6 67,913
Short-term loans payable	*3 45,825	*3 14,336
Income taxes payable	2,972	2,983
Other	*8 19,923	*8 20,837
Total current liabilities	139,469	106,070
Non-current liabilities		
Bonds payable	10,000	15,000
Long-term loans payable	*3 24,914	34,100
Deferred tax liabilities	13,968	17,066
Provision for environmental measures	80	79
Retirement benefit liability	3,254	3,747
Asset retirement obligations	35	35
Other	*9 7,310	*9 9,279
Total non-current liabilities	59,564	79,309
Total liabilities	199,033	185,379
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,466	32,513
Retained earnings	159,807	155,804
Treasury shares	-7,992	-9,049
Total shareholders' equity	216,015	211,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,645	24,483
Foreign currency translation adjustment	25,147	29,516
Remeasurements of defined benefit plans	304	1,020
Total accumulated other comprehensive income	46,097	55,019
Subscription rights to shares	29	8
Non-controlling interests	11,611	11,189
Total net assets	273,754	277,220
Total liabilities and net assets	472,787	462,600

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

Consolidated statements of income

(Million yen)

	From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Net sales	*1 351,064	*1 349,979
Cost of sales	*2 276,445	*2 273,964
Gross profit	74,618	76,015
Selling, general and administrative expenses		
Packing and transportation costs	8,195	8,217
Salaries and allowances	13,803	14,129
Bonuses	2,561	2,517
Welfare expenses	3,365	3,468
Depreciation	1,997	2,147
Research and development expenses	*2 3,951	*2 4,312
Other	20,331	20,457
Total selling, general and administrative expenses	54,204	55,249
Operating profit	20,414	20,765
Non-operating income		
Interest income	594	473
Dividend income	1,346	1,411
Foreign exchange gains	384	—
Share of profit of entities accounted for using equity method	—	78
Gain on net monetary position	1,373	2,251
Other	767	704
Total non-operating income	4,466	4,919
Non-operating expenses		
Interest expenses	2,762	1,232
Foreign exchange losses	—	2,307
Share of loss of entities accounted for using equity method	74	—
Other	*5 1,034	*5 1,256
Total non-operating expenses	3,872	4,796
Ordinary profit	21,008	20,888
Extraordinary profit		
Gain on sales of non-current assets	*3 22	*3 336
Gain on sales of investment securities	4,238	2,846
Other	3	6
Total extraordinary profit	4,264	3,189
Extraordinary losses		
Loss on sales and retirement of non-current assets	*4 336	*4 574
Impairment loss	*6 401	*6 7,267
Loss on sales of investment securities	556	—
Loss on valuation of investment securities	839	—
Other	234	250
Total extraordinary loss	2,368	8,092
Profit before income taxes	22,904	15,984
Income taxes - current	5,370	6,175
Income taxes - deferred	-1,214	33
Total income taxes	4,156	6,208
Profit	18,748	9,776
Profit or loss attributable to non-controlling interests	207	-564
Profit attributable to owners of parent	18,540	10,340

Consolidated statements of comprehensive income

(Million yen)

	From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Profit	18,748	9,776
Other comprehensive income		
Valuation difference on available-for-sale securities	799	3,837
Foreign currency translation adjustment	11,639	4,607
Remeasurements of defined benefit plans, net of tax	-834	715
Share of other comprehensive income of entities accounted for using equity method	-394	19
Total other comprehensive income	*1 11,211	*1 9,181
Comprehensive income	29,959	18,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,843	19,262
Comprehensive income attributable to non-controlling interests	1,115	-304

(3) Consolidated statements of changes in equity

From January 1, 2024 to December 31, 2024

(Million yen)

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

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

From January 1, 2025 to December 31, 2025

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	31,733	32,466	159,807	-7,992	216,015
Changes of items during period					
Dividends of surplus			-5,006		-5,006
Profit attributable to owners of parent			10,340		10,340
Purchase of treasury shares				-10,450	-10,450
Disposal of treasury shares		-12		69	57
Cancellation of treasury shares		-9,323		9,323	—
Transfer from retained earnings to capital surplus		9,336	-9,336		—
Change in ownership interest of parent due to transactions with non-controlling interests		46			46
Net changes of items other than shareholders' equity					
Total changes of items during period	—	46	-4,002	-1,057	-5,013
Balance at end of current period	31,733	32,513	155,804	-9,049	211,002

	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	20,645	25,147	304	46,097	29	11,611	273,754
Changes of items during period							
Dividends of surplus							-5,006
Profit attributable to owners of parent							10,340
Purchase of treasury shares							-10,450
Disposal of treasury shares							57
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Change in ownership interest of parent due to transactions with non-controlling interests							46
Net changes of items other than shareholders' equity	3,837	4,368	715	8,921	-20	-421	8,479
Total changes of items during period	3,837	4,368	715	8,921	-20	-421	3,466
Balance at end of current period	24,483	29,516	1,020	55,019	8	11,189	277,220

(4) Consolidated statements of cash flows

(Million yen)

	From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Cash flows from operating activities		
Profit before income taxes	22,904	15,984
Depreciation	12,083	13,308
Gain on net monetary position	-1,373	-2,251
Impairment loss	401	7,267
Interest and dividend income	-1,940	-1,885
Interest expenses	2,762	1,232
Share of (profit) loss of entities accounted for using equity method	74	-78
Loss (gain) on sales of property, plant and equipment	2	-325
Loss on retirement of property, plant and equipment	65	124
Loss (gain) on sales of investment securities	-3,681	-2,846
Loss (gain) on valuation of investment securities	839	—
Decrease (increase) in notes and accounts receivable - trade	-3,211	3,624
Decrease (increase) in inventories	-1,121	320
Increase (decrease) in notes and accounts payable - trade	1,700	-3,471
Other	695	2,304
Subtotal	30,200	33,308
Interest and dividend income received	2,219	1,945
Interest expenses paid	-2,408	-1,310
Income taxes paid	-3,046	-6,389
Net cash provided by (used in) operating activities	26,964	27,554
Cash flows from investing activities		
Net decrease (increase) in time deposits	-591	-19
Purchase of property, plant and equipment	-18,033	-14,728
Proceeds from sales of property, plant and equipment	60	483
Purchase of intangible assets	-863	-692
Purchase of short-term and long-term investment securities	-90	-265
Proceeds from sales and redemption of short-term and long-term investment securities	9,599	4,587
Other	-255	-526
Net cash provided by (used in) investing activities	-10,172	-11,162
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-3,331	-5,021
Proceeds from long-term loans payable	12,370	11,300
Repayments of long-term loans payable	-16,174	-28,661
Proceeds from issuance of bonds	—	5,000
Proceeds from agreement to set the right to demand earnings distribution	4,639	1,906
Purchase of treasury shares	-7,505	-10,450
Cash dividends paid	-5,035	-5,003
Proceeds from share issuance to non-controlling shareholders	770	—
Repayments of lease obligations	-593	-619
Other	-114	-166
Net cash provided by (used in) financing activities	-14,975	-31,716
Effect of exchange rate change on cash and cash equivalents	2,195	1,064
Net increase (decrease) in cash and cash equivalents	4,012	-14,260
Cash and cash equivalents at beginning of period	56,040	60,052
Cash and cash equivalents at end of period	*1 60,052	*1 45,792

(5) Explanatory notes to consolidated financial statements

(Notes on assumption of going concern)

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

2. Application of the equity method

The equity method is applied to investments in 5 affiliates.

Names of major affiliates:

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

In the fiscal year under review, one company was added as an entity accounted for using the equity method.

- In the fiscal year under review, Shenzhen Rongda Color Science and Technology Co., Ltd. was established and included as an entity accounted for using the equity method.

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) Appraisal standards and appraisal method for important 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, finished goods, work-in-process and raw material held by overseas consolidated subsidiaries are valued primarily at the lower-of-cost-or-market method using the gross 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, supplies held by overseas consolidated subsidiaries is valued primarily at the lower-of-cost-or-market method using the moving 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
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Machinery, equipment and vehicles	4 to 15 years
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Tools, furniture and fixtures	3 to 15 years
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2) Leased assets

Financing lease transactions that do not involve a transfer of ownership

Straight-line method is applied. The depreciation method for leased assets is to use the lease period as useful lives, calculating the residual value of such assets as zero.

(3) Appropriation standards for important allowances

1) Allowance for doubtful receivables

We record an allowance based on historical bad debt rate for ordinary receivables and an estimated amount of loss for specific doubtful 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 (mainly 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 (mainly 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, for those that satisfy the requirements for special treatment, special hedge accounting is applied.

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 treatment.

(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 restated 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 restate 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 restated using the conversion factor based on the acquisition date. Monetary accounts and nonmonetary accounts stated at current cost are deemed to be presented in terms of the measurement unit on the last day of the reporting period and are thus not restated. The effect of inflation on the net monetary position is presented in non-operating income in the consolidated statement of income.

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

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Group has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) since the beginning of the current fiscal year.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). The application has no effect on consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been applied since the beginning of the fiscal year under review.

The impact of this change is insignificant and it has not been applied retroactively.

(Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.)

The Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ PITF No. 46, March 22, 2024), etc. has been applied since the beginning of the consolidated fiscal year under review.

The impact of this change on consolidated financial statements is insignificant.

(Notes to consolidated balance sheet)

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

	(Million yen)	
	As of December 31, 2024	As of December 31, 2025
Notes and accounts receivable - trade	109,376	106,764

*2. Shares of affiliates

	(Million yen)	
	As of December 31, 2024	As of December 31, 2025
Investment securities (shares)	1,910	2,158

*3. Assets pledged as collateral and secured debt

Assets pledged as collateral are as follows.

	(Million yen)	
	As of December 31, 2024	As of December 31, 2025
Buildings and structures	208	186
Land	453	52
Total	661	238

Secured debt is as follows.

	(Million yen)	
	As of December 31, 2024	As of December 31, 2025
Notes and accounts payable - trade	114	124
Short-term loans payable	161	54
Long-term loans payable	2,160	—
Total	2,435	179

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.

	As of December 31, 2024		As of December 31, 2025
Sumika Polymer Compounds (Thailand) Co., Ltd. (THB 108,000 thousand)	501	Sumika Polymer Compounds (Thailand) Co., Ltd. (THB 90,000 thousand)	447
Employees (housing loans)	2	Employees (housing loans)	0
Total	503	Total	447

5. Discounts on notes receivable and endorsement of notes receivable

	(Million yen)	
	As of December 31, 2024	As of December 31, 2025
Discounts on notes receivable	19	31
Endorsement of notes receivable	169	179

*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.

	As of December 31, 2024	As of December 31, 2025
Notes receivable - trade	1,514	2,899
Notes payable - trade	321	435

*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, 2024	As of December 31, 2025
Buildings and structures	1,924	1,924
Land	6,763	6,763
Total	8,687	8,687

*8. Of other in current liabilities, contract liabilities are as follows.

(Million yen)

	As of December 31, 2024	As of December 31, 2025
Contract liabilities	335	300

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

As of December 31, 2024

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

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

As of December 31, 2025

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

In the consolidated fiscal year under review, the Company recorded 6,919 million yen in other in non-current liabilities under the agreement.

(Notes to consolidated statements of income)

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

From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
350,632	349,525

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

From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
10,109	10,159

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

	From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Buildings and structures	2	40
Machinery, equipment and vehicles	17	19
Land	—	244
Other	2	31
Total	22	336

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

	From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Buildings and structures	107	261
Machinery, equipment and vehicles	211	242
Other	17	70
Total	336	574

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

From January 1, 2024 to December 31, 2024

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

From January 1, 2025 to December 31, 2025

On February 14, 2024, the Company concluded an agreement to set the right to demand earnings distribution with the Development Bank of Japan Inc. (hereinafter “DBJ”). As described in the Notes to consolidated balance sheet, the Company plans to distribute earnings to DBJ. The Company posted expenses for the distribution of earnings of 88 million yen in other of non-operating expenses for the consolidated fiscal year under review. The Company has estimated the amount that it will allocate to DBJ under the agreement, based on the cash flows generated by the subsidiary operating the CNT dispersion business. Based on the Company’s estimates, it has determined that expenses of 88 million yen would be recognized for the consolidated fiscal year under review.

*6. Impairment loss

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

From January 1, 2024 to December 31, 2024

Location	Use	Type
Fushimi-ku, Kyoto, Kyoto	Parking lot	Land

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

From January 1, 2025 to December 31, 2025

Location	Use	Type
Kentucky, USA	Factory assets, etc.	Construction in progress
Pest, Hungary	Factory assets, etc.	Construction in progress, machinery, equipment and vehicles, land, tools, furniture and fixtures
Guangdong, China	Factory assets, etc.	Buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures
Fuji, Shizuoka	Manufacturing plant assets, etc.	Buildings and structures, machinery, equipment and vehicles, etc.

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

The Group reduced the book value of factory assets, etc. owned in Kentucky, USA to their recoverable amount because plans in the business of materials for automotive lithium-ion batteries at the Kentucky factory were delayed due to a significant slowdown in EV market growth in North America and the forecast of its profitability was changed. The amount of the reduction (4,951 million yen) is recorded as an impairment loss in extraordinary losses. The breakdown of the impairment loss is construction in progress of 4,951 million yen.

The Group determines the recoverable amount as the fair value less costs of disposal, based on the evaluation from the external expert.

In addition, the Group reduced the book value of factory assets, etc. owned in Pest, Hungary because plans in the business of materials for automotive lithium-ion batteries at the Pest factory were changed due to a significant slowdown in EV market growth in Europe and reviewed the forecast of its profitability. The amount of the reduction (1,257 million yen) is recorded as an impairment loss in extraordinary losses. The breakdown of the impairment loss is construction in progress of 892 million yen, machinery, equipment, and vehicles of 313 million yen, land of 49 million yen, and tools, furniture and fixtures of 3 million yen. The recoverable amount of the asset group is measured by the value in use and determined by discounting future cash flow at 14.6%.

Furthermore, the Group reduced the book value of factory assets owned in Guangdong, China because, in the pressure sensitive adhesives business in China, sales growth was slow as the shift from solvent-based to water-based adhesives had not progressed in the market as expected in line with VOC regulations and, despite efforts to manage this through product development and customer development, the business continued to post an operating loss. The amount of the reduction (972 million yen) is recorded as an impairment loss in extraordinary losses. The breakdown of the impairment loss is buildings and structures of 570 million yen, machinery, equipment and vehicles of 387 million yen, and tools, furniture and fixtures of 14 million yen.

As the sale of this asset group on an individual basis is not feasible, the Group has determined that its fair value less costs of disposal is zero. The recoverable amount is measured based on value in use. However, no future cash flows are expected, the entire carrying amount has been recognized as an impairment loss.

In addition, the Group reduced the book value of factory assets, etc. owned in Fuji, Shizuoka Prefecture to their recoverable amount because a review of the cost benefits of a co-generation system in operation as a energy system at the factory resulted in a decision to shut the system down before the end of the year due to the increased maintenance and management costs associated with aging. The amount of the reduction (85 million yen) is recorded as an impairment loss in extraordinary losses. The breakdown of the impairment loss is buildings and structures of 43 million yen, machinery, equipment and vehicles of 39 million yen, and other of 2 million yen.

As the sale of this asset group on an individual basis is not expected to be feasible, the Group has determined that its net selling price is zero. The recoverable amount is measured based on value in use. However, no future cash flows are expected, the entire carrying amount has been recognized as an impairment loss.

(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, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Valuation difference on available-for-sale securities		
Amount arisen in the fiscal year under review	5,374	8,710
Amount of recycling	-4,235	-2,688
Before tax adjustment	1,139	6,021
Amount of the tax effect equivalent	-339	-2,183
Valuation difference on available-for-sale securities	799	3,837
Foreign currency translation adjustment		
Amount arisen in the fiscal year under review	11,612	4,607
Amount of recycling	27	—
Before tax adjustment	11,639	4,607
Foreign currency translation adjustment	11,639	4,607
Remeasurements of defined benefit plans, net of tax		
Amount arisen in the fiscal year under review	-642	1,377
Amount of recycling	-560	-326
Before tax adjustment	-1,202	1,050
Amount of the tax effect equivalent	368	-335
Remeasurements of defined benefit plans, net of tax	-834	715
Share of other comprehensive income of entities accounted for using equity method		
Amount arisen in the fiscal year under review	188	19
Amount of recycling	-582	—
Share of other comprehensive income of entities accounted for using equity method	-394	19
Total other comprehensive income	11,211	9,181

(Notes to consolidated statements of changes in equity)

From January 1, 2024 to December 31, 2024

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

(Thousand shares)

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

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

2. Matters concerning subscription rights to shares

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

3. Matters concerning dividend

(1) Cash dividends paid

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

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

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

From January 1, 2025 to December 31, 2025

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)	53,286	—	3,000	50,286
Total	53,286	—	3,000	50,286
Treasury shares				
Ordinary shares (Notes 2, 3)	2,537	3,347	3,022	2,862
Total	2,537	3,347	3,022	2,862

- (Notes)
1. The decrease of 3,000 thousand shares in the number of shares issued of ordinary shares is a decrease of 3,000 thousand shares due to the retirement of treasury shares by resolution of the Board of Directors.
 2. The increase of 3,347 thousand shares in the number of ordinary shares held as treasury shares consists of an increase due to the purchase of 3,346 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 3,022 thousand shares in the number of shares of ordinary shares held as treasury shares consists of a decrease of 3,000 thousand shares due to the retirement of treasury shares by resolution of the Board of Directors, a decrease of 7 thousand shares due to the exercise of stock options and a decrease of 15 thousand shares due to disposal of treasury shares as restricted stock compensation.

2. Matters concerning subscription rights to shares

Company	Breakdown	Type of shares 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	—	—	—	—	—	8
Total			—	—	—	—	8

3. Matters concerning dividend

(1) Cash dividends paid

Resolution	Type of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on March 26, 2025	Ordinary shares	2,537	50.00	December 31, 2024	March 27, 2025
Board of directors' meeting on August 8, 2025	Ordinary shares	2,469	50.00	June 30, 2025	September 8, 2025

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

Resolution	Type of shares	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary meeting of shareholders on March 24, 2026	Ordinary shares	2,371	Retained earnings	50.00	December 31, 2025	March 25, 2026

(Notes to 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, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Cash and deposits	62,855	47,625
Securities	99	291
Total	62,955	47,917
Time deposits with maturity of more than 3 months	-2,902	-1,926
Bonds, etc. with redemption period of more than 3 months	-0	-198
Cash and cash equivalents	60,052	45,792

(Segment information, etc.)**a. Segment information****1. Overview of reportable segments**

The reportable segments of the Group are those units for which separate financial statements can be obtained among the constituent units of the Group 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 Group has categorized its operations into four groups, which are the reportable segments. They are the Colorants and Functional Materials Related Business, the Polymers and Coatings Related Business, the Packaging Materials Related Business, the Printing and Information Related Business. Each business unit operates by establishing comprehensive domestic and overseas strategies for each product and service.

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

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

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

Intersegment earnings and transfer prices are based on current market prices.

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

From January 1, 2024 to December 31, 2024

(Million yen)

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

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

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

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

From January 1, 2025 to December 31, 2025

(Million yen)

	Reportable 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	82,062	90,060	91,751	80,974	344,847	5,132	—	349,979
Intersegment sales	2,242	245	748	20	3,257	580	-3,838	—
Total	84,304	90,305	92,499	80,994	348,105	5,712	-3,838	349,979
Segment profits	2,254	8,292	5,464	4,528	20,540	313	-87	20,765

(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 -87 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.

b. Relevant information

Information by region

Net sales

From January 1, 2024 to December 31, 2024

(Million yen)

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

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

From January 1, 2025 to December 31, 2025

(Million yen)

Japan	China	Other	Total
157,313	54,607	138,059	349,979

(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, 2024 to December 31, 2024

(Million yen)

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

From January 1, 2025 to December 31, 2025

(Million yen)

	Reportable 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	6,294	972	—	—	7,267	—	—	7,267

(Per share information)

	From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Net assets per share	5,164.85 yen	5,609.42 yen
Profit per share	352.53 yen	210.50 yen
Profit per share (Diluted)	352.41 yen	210.47 yen

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

	From January 1, 2024 to December 31, 2024	From January 1, 2025 to December 31, 2025
Profit per share		
Profit attributable to owners of parent (million yen)	18,540	10,340
Amount not belonging to ordinary shareholders (million yen)	—	—
Profit attributable to owners of parent concerning ordinary shares (million yen)	18,540	10,340
Weighted average number of ordinary shares issued and outstanding during the period (thousand shares)	52,591	49,121
Profit per share (Diluted)		
Adjustments to profit attributable to owners of parent (million yen)	—	—
Increase in the number of ordinary shares (thousand shares)	18	7
(Subscription rights to shares included (thousand shares))	18	7
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, 2024	As of December 31, 2025
Net assets on the consolidated balance sheet (million yen)	273,754	277,220
Amount deducted from total net assets (million yen)	11,641	11,198
(Subscription rights to shares included (million yen))	(29)	(8)
(Non-controlling interests included (million yen))	(11,611)	(11,189)
Year-end net assets concerning ordinary shares (million yen)	262,113	266,021
Ordinary shares used for calculation of net assets per share (thousand shares)	50,749	47,424

(Important subsequent events)

Not applicable.