

DIC Corporation

Consolidated Financial Results FY2020: Six Months Ended June 30

August 2020

Color & Comfort



FY2020 six months results

- Consolidated net sales were down. Owing to the COVID-19 pandemic, global economic growth slowed, as a result of which shipments sank in multiple areas, including publication inks, pigments for cosmetics and materials for use in automobiles.
- Operating income slipped. The negative impact of flagging shipments in diverse businesses was offset by cost reductions facilitated by lower raw materials prices, as well as by reduced activity expenses and rationalization measures. Nonetheless, operating income was pushed down by a decline in results overseas after translation, a consequence of the depreciation of emerging economy currencies, among others.
- Net income attributable to owners of the parent fell. The principal factor behind this result was one-time costs associated with an acquisition.

FY2020 operating results forecasts

- In light of operating performance trends in the first half, forecasts for the full term were revised downward.

The fiscal year of all overseas and domestic companies in the DIC Group ends on December 31. This document presents consolidated results for the first six months of fiscal year 2020, ended June 30, 2020

Summary of financial results

(Billion yen)	2019 6 Months	2020 6 Months	% Change	% Change on a local currency basis
Net sales	385.0	343.7	-10.7%	-7.7%
Operating income	18.4	17.8	-3.0%	+3.2%
Operating margin	4.8%	5.2%	—	—
Ordinary income	19.0	15.6	-18.1%	—
Net income*	13.1	10.3	-21.3%	—
EPS (Yen)	138.73	109.18	—	—
EBITDA**	33.7	30.7	-9.0%	—
Average rate	USD/YEN	109.83	108.03	-1.6%
	EUR/YEN	124.05	118.99	-4.1%

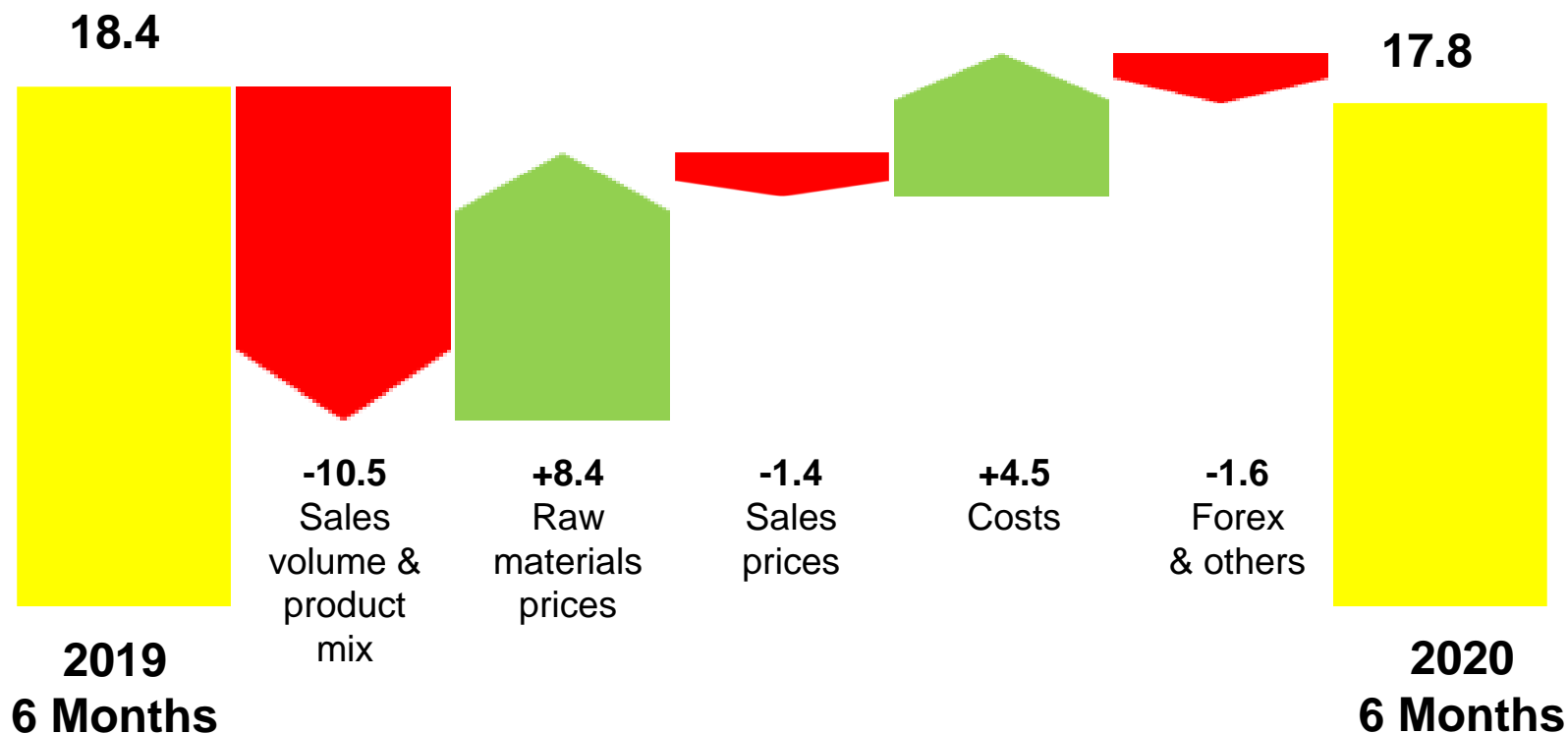
* Net income attributable to owners of the parent

** EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization

Operating income variance

- Owing to COVID-19, global economic growth slowed, as a result of which shipments sank significantly.
- Lower raw materials prices and cost-cutting efforts, which focused on rationalization, were insufficient to offset flagging shipments, pushing down operating income.

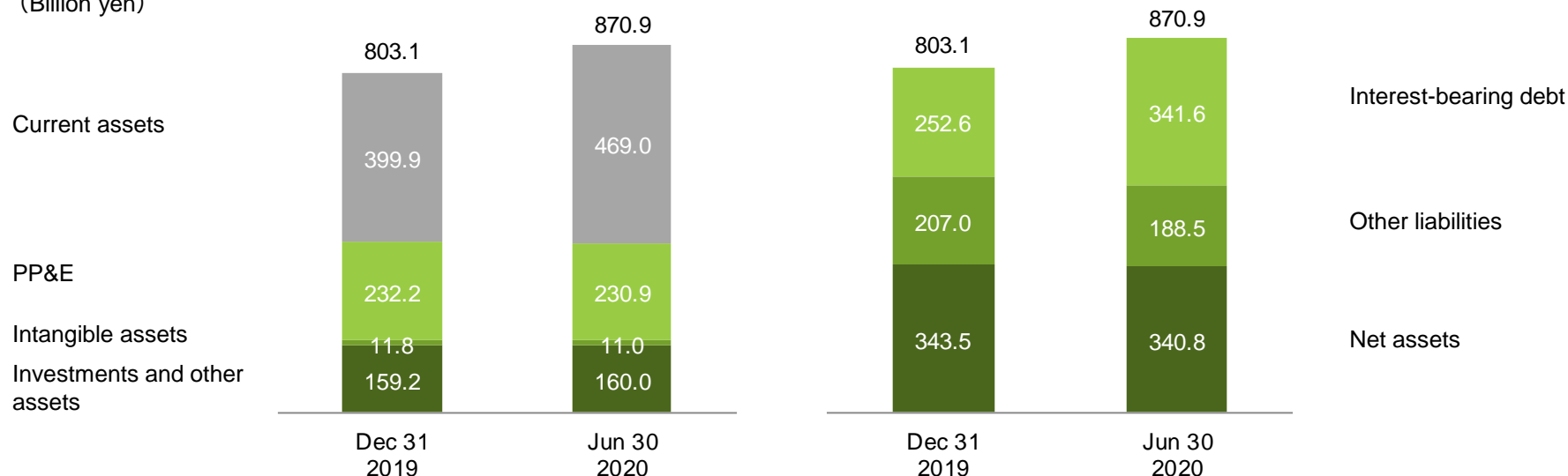
(Billion yen)



Financial health

Balance sheet

(Billion yen)



Financial health

(Billion yen)	Dec 31 2019	Jun 30 2020	Change
Interest-bearing debt	252.6	341.6	88.9
Net interest-bearing debt	235.8	231.4	-4.4
Net assets	343.5	340.8	-2.7
D/C ratio *	42.4%	50.1%	
Equity ratio	38.9%	35.5%	
BPS (Yen)	3,304.34	3,269.92	
Closing rate (USD/YEN)	108.71	107.74	



Up as a result of an increase in cash on hand

* D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)

Segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months
Packaging & Graphic	208.7	190.1	-18.6	-8.9%	-4.6%	8.0	8.7	0.7	+ 9.4%	+ 20.3%	3.8%	4.6%
Japan	57.2	51.1	-6.1	-10.7%	-10.7%	3.0	2.5	-0.5	-17.6%	-17.6%	5.2%	4.8%
The Americas and Europe	123.5	115.9	-7.6	-6.2%	+ 0.1%	3.3	4.6	1.3	+ 39.1%	+ 62.8%	2.7%	3.9%
Asia and Oceania	33.6	28.9	-4.7	-14.0%	-9.8%	1.7	1.9	0.2	+ 13.3%	+ 16.8%	5.0%	6.6%
Eliminations	(5.7)	(5.8)	-0.1	-	-	0.0	(0.2)	-0.2	-	-	-	-
Color & Display	61.1	54.5	-6.6	-10.8%	-8.1%	6.0	4.6	-1.4	-23.8%	-21.2%	9.8%	8.4%
Japan	15.6	13.5	-2.1	-13.3%	-13.3%	2.6	2.7	0.1	+ 4.5%	+ 4.5%	16.9%	20.3%
Overseas	51.0	44.9	-6.2	-12.1%	-8.7%	3.4	1.9	-1.5	-44.0%	-39.6%	6.6%	4.2%
Eliminations	(5.5)	(3.8)	1.6	-	-	0.0	(0.0)	-0.1	-	-	-	-
Functional Products	132.1	114.5	-17.6	-13.3%	-12.4%	7.9	8.1	0.2	+ 2.6%	+ 3.7%	6.0%	7.1%
Japan	98.1	88.0	-10.1	-10.3%	-10.3%	4.7	5.0	0.4	+ 8.3%	+ 8.3%	4.7%	5.7%
Overseas	45.4	36.8	-8.7	-19.1%	-16.5%	3.2	3.1	-0.0	-1.1%	+ 1.6%	7.0%	8.5%
Eliminations	(11.5)	(10.3)	1.2	-	-	0.1	(0.1)	-0.1	-	-	-	-
Others, Corporate and eliminations	(16.9)	(15.4)	1.5	-	-	(3.5)	(3.6)	-0.1	-	-	-	-
Total	385.0	343.7	-41.3	-10.7%	-7.7%	18.4	17.8	-0.6	-3.0%	+ 3.2%	4.8%	5.2%
USD/YEN	109.83	108.03		-1.6%		109.83	108.03		-1.6%			
EUR/YEN	124.05	118.99		-4.1%		124.05	118.99		-4.1%			

Packaging & Graphic

Net sales

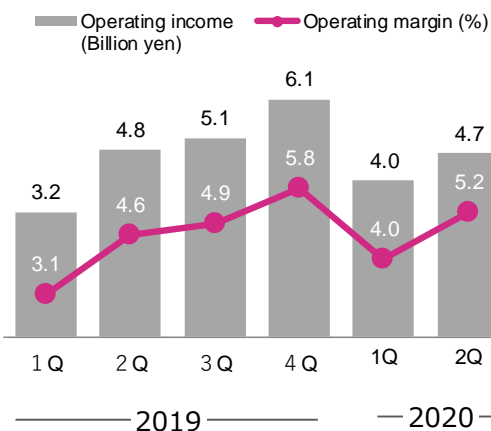
- Segment sales were level in Europe and the Americas on a local currency basis, as shipments of packaging inks remained firm. In Japan, where the weighting of publication inks is high, segment sales decreased as shipments fell sharply in response to the declaration of a state of emergency, which discouraged demand for print advertisements and leaflets.
- Owing to the depreciation of the euro and emergency economy currencies, segment net sales declined on a yen basis.

Operating income

- Segment operating income rose substantially on a local currency basis. This was attributable to rationalization measures and lower raw materials prices.
- In Japan, shipments of high-value-added jet inks languished, pushing the operating margin down.

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months
Packaging & Graphic	208.7	190.1	-18.6	-8.9%	-4.6%	8.0	8.7	0.7	+ 9.4%	+ 20.3%	3.8%	4.6%
Japan	57.2	51.1	-6.1	-10.7%	-10.7%	3.0	2.5	-0.5	-17.6%	-17.6%	5.2%	4.8%
The Americas and Europe	123.5	115.9	-7.6	-6.2%	+ 0.1%	3.3	4.6	1.3	+ 39.1%	+ 62.8%	2.7%	3.9%
Asia and Oceania	33.6	28.9	-4.7	-14.0%	-9.8%	1.7	1.9	0.2	+ 13.3%	+ 16.8%	5.0%	6.6%
Eliminations	(5.7)	(5.8)	-0.1	-	-	0.0	(0.2)	-0.2	-	-	-	-

Operating income/margin



Sales of principal products

(Billion yen)	% Change	
Packaging inks*	+ 0%	Demand driven by stay-at-home measures peaked, but sales in Europe and the Americas remained comparatively firm.
Publication inks*	-22%	Sales declined as the spread of COVID-19 discouraged demand for advertisements and leaflets and prompted newspapers to reduce print runs and page counts.
Jet inks	-14%	Sales were down, as the expanded use of teleworking arrangements depressed demand for office use.
Polystyrene	-14%	Sales declined, owing to falling sales prices.
Multilayer films	+ 3%	Sales rose despite demand driven by stay-at-home measures having run its course in Japan, owing to an increase in the adoption of DIC Group products.

*Change on a local currency basis

Color & Display

Net sales

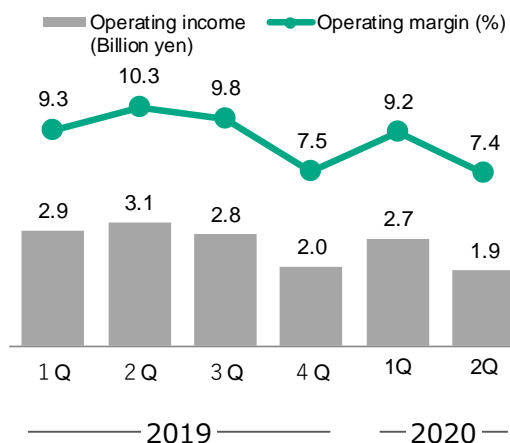
- Owing to the spread of COVID-19, shipments of pigments declined for a broad range of applications, particularly cosmetics.
- Shipments of thin-film transistor liquid crystals (TFT LCs) decreased.

Operating income

- Operations at certain production facilities in Europe and the Americas were suspended to adjust production, making it impossible to absorb fixed and other costs.

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months
Color & Display	61.1	54.5	-6.6	-10.8%	-8.1%	6.0	4.6	-1.4	-23.8%	-21.2%	9.8%	8.4%
Japan	15.6	13.5	-2.1	-13.3%	-13.3%	2.6	2.7	0.1	+ 4.5%	+ 4.5%	16.9%	20.3%
Overseas	51.0	44.9	-6.2	-12.1%	-8.7%	3.4	1.9	-1.5	-44.0%	-39.6%	6.6%	4.2%
Eliminations	(5.5)	(3.8)	1.6	-	-	0.0	(0.0)	-0.1	-	-	-	-

Operating income/margin



Sales of principal products

(Billion yen)	% Change	
General-purpose pigments	-7%	Sales were down, as special procurement demand of pigments for packaging inks drew to an end and sales of pigments for publication inks fell.
Functional pigments	-18%	Shipments of pigments for cosmetics declined, owing to the COVID-19 pandemic, pushing down sales.
Liquid crystal (LC) materials	-15%	Shipments of TFT LCs fell.
Health foods	-5%	

Functional Products

Net sales

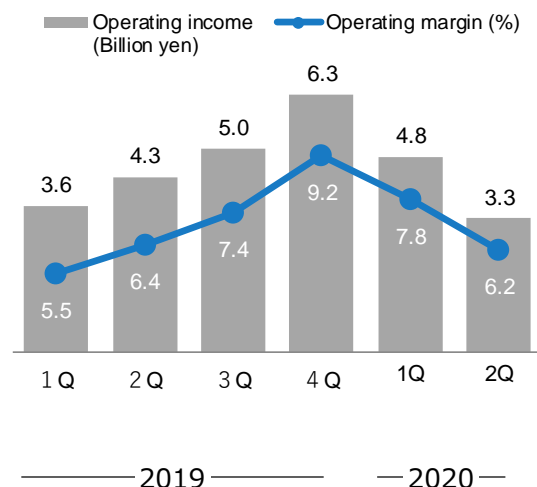
- Shipments of epoxy resins were robust, bolstered by increased demand for use in semiconductor devices for 5G.
- Shipments of a wide range of other products dwindled, hampered by slowing economic conditions amid the spread of COVID-19.

Operating income

- Segment operating income edged up, notwithstanding dwindling shipments. Contributing factors included lower raw materials prices and efforts to reduce costs.

(Billion yen)	Net sales					Operating income					Operating margin	
	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months	Change	% Change	% Change on a local currency basis	2019 6 Months	2020 6 Months
Functional Products	132.1	114.5	-17.6	-13.3%	-12.4%	7.9	8.1	0.2	+ 2.6%	+ 3.7%	6.0%	7.1%
Japan	98.1	88.0	-10.1	-10.3%	-10.3%	4.7	5.0	0.4	+ 8.3%	+ 8.3%	4.7%	5.7%
Overseas	45.4	36.8	-8.7	-19.1%	-16.5%	3.2	3.1	-0.0	-1.1%	+ 1.6%	7.0%	8.5%
Eliminations	(11.5)	(10.3)	1.2	-	-	0.1	(0.1)	-0.1	-	-	-	-

Operating income/margin



Sales of principal products

(Billion yen)	% Change	
Environment-friendly resins*	-13%	Shipments of resins for use in automobiles and housing construction applications—other than ultraviolet (UV)-curable resins—declined.
Epoxy resins	+ 6%	Shipments for use in semiconductor devices were brisk.
Polyphenylene sulfide (PPS) compounds	-16%	Sales decreased, owing to a decrease in automotive production and a negative rebound in the second quarter, following a strong first quarter.
Industrial tapes	+ 0%	Sales were level as demand for use in smartphones ran its course and shipments for use in office automation (OA) equipment languished.
Hollow-fiber membrane modules	+ 9%	Shipments for use in semiconductor fabrication were robust.

* DIC uses the term "Environment-friendly resins" to describe strategic resins designed to improve both environmental performance and functionality. These include waterborne, UV-curable, polyester, acrylic and polyurethane resins.

Consolidated balance sheet

(Billion yen)	Dec 31 2019	Jun 30 2020	Change
Current assets	399.9	469.0	69.1
Property, plant and equipment	232.2	230.9	-1.2
Intangible assets	11.8	11.0	-0.8
Investments and other assets	159.2	160.0	0.8
Total assets	803.1	870.9	67.8
Current liabilities	210.1	262.9	52.8
Non-current liabilities	249.5	267.2	17.7
Total liabilities	459.6	530.1	70.5
Shareholders' equity	407.4	414.0	6.6
Accumulated other comprehensive income	(94.7)	(104.5)	-9.8
[Foreign currency translation adjustment]	[(72.7)]	[(83.3)]	[-10.6]
Non-controlling interests	30.8	31.3	0.5
Total net assets	343.5	340.8	-2.7
Total liabilities and net assets	803.1	870.9	67.8
Closing rate (USD/YEN)	108.71	107.74	
Shareholders' equity to total assets	38.9%	35.5%	
Interest-bearing debt	252.6	341.6	88.9
Cash and deposits	16.8	110.1	93.3



- Cash on hand was increased.
- As a result, interest-bearing debt also rose.

Consolidated statement of income

(Billion yen)	2019 6 Months	2020 6 Months	Change
Net sales	385.0	343.7	-41.3
Cost of sales	(303.2)	(266.3)	36.9
Selling, general and administrative expenses	(63.4)	(59.7)	3.8
Operating income	18.4	17.8	-0.6
Interest expenses	(0.6)	(0.5)	0.1
Equity in earnings of affiliates	1.1	-	-1.1
Equity in losses of affiliates	-	(0.3)	-0.3
Foreign exchange gains (losses)	(0.4)	(0.5)	-0.2
Other, net	0.5	(0.9)	-1.4
Ordinary income	19.0	15.6	-3.4
Extraordinary income	1.6	3.1	1.5
Extraordinary loss	(2.4)	(3.2)	-0.8
Income before income taxes	18.2	15.4	-2.7
Income taxes	(4.0)	(3.9)	0.1
Net income	14.2	11.5	-2.7
Net income attributable to non-controlling interests	(1.1)	(1.2)	-0.1
Net income attributable to owners of the parent	13.1	10.3	-2.8
Average rate	USD/YEN	109.83	108.03
	EUR/YEN	124.05	118.99

Extraordinary income and loss

	2019 6 Months	2020 6 Months
Extraordinary income		
Gain on sales of non-current assets	-	1.7
Gain on bargain purchase	-	1.3
Gain on sales of subsidiaries and affiliates securities	1.6	-
Extraordinary loss		
! Acquisition related expenses	-	(1.9)
Loss on disposal of non-current assets	(0.9)	(1.0)
Severance costs	(0.5)	(0.3)
Provision of allowance for doubtful accounts	(0.6)	-
Amortization of past service costs	(0.4)	-

! Acquisition of BASF SE's Colors & Effects business

Consolidated statement of cash flows

(Billion yen)	2019 6 Months	2020 6 Months	Change
Cash flows from operating activities	3.2	23.3	20.0
[Excluding the impact of restraint of A/R securitization]	[16.3]	[23.3]	[7.0]
Cash flows from investing activities	(15.7)	(18.5)	-2.9
Cash flows from financing activities	52.8	83.5	30.8
[Excluding the impact of restraint of A/R securitization]	[39.7]	[83.5]	[43.8]
Cash and cash equivalents at end of the period	57.9	105.8	47.9
Free cash flow	(12.4)	4.7	17.2
[Excluding the impact of restraint of A/R securitization]	[0.6]	[4.7]	[4.1]
Increase (decrease) in working capital	(20.4)	5.7	26.1
[Excluding the impact of restraint of A/R securitization]	[(7.4)]	[5.7]	[13.1]
Capital expenditure and investment	18.4	16.8	-1.6
Depreciation and amortization	15.9	15.9	-0.1

FY2020 forecasts: Full-year operating results

DIC has revised its full-year operating results forecasts down.

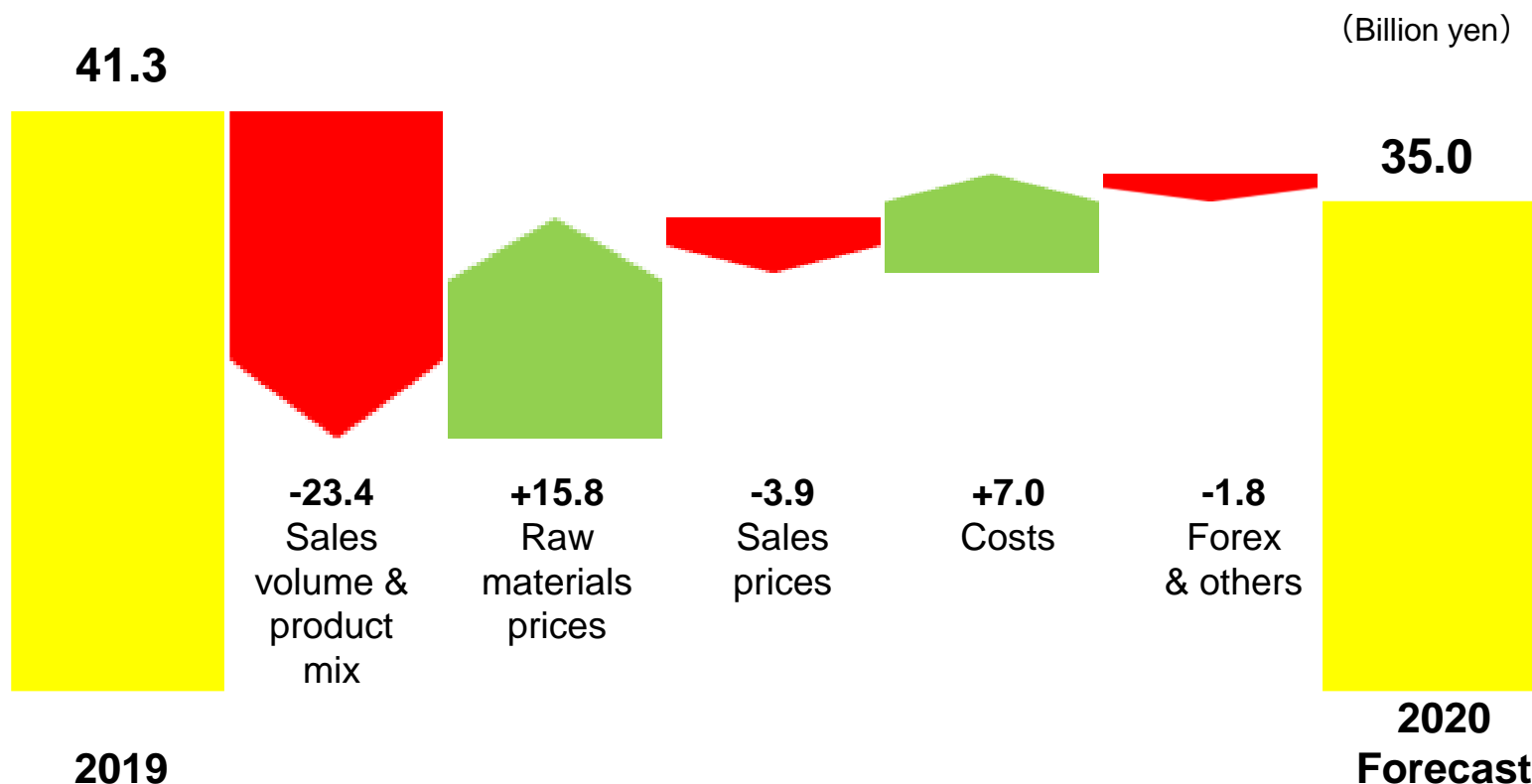
(Billion yen)	2019	2020 Forecast	% Change	% Change on a local currency basis
Net sales	768.6	700.0	-8.9%	-6.3%
Operating income	41.3	35.0	-15.3%	-11.1%
Operating margin	5.4%	5.0%	—	—
Ordinary income	41.3	31.5	-23.7%	—
Net income*	23.5	15.0	-36.2%	—
EPS (Yen)	248.29	158.48	—	—
EBITDA	67.4	57.1	-15.3%	—
Capital expenditure and investment	37.5	38.0	+1.4%	
Depreciation and amortization	33.1	32.5	-1.9%	
Average rate				
USD/YEN	109.11	108.01	-1.0%	
EUR/YEN	122.13	118.40	-3.1%	
ROE	7.7%	4.8%		
D/C ratio **	42.4%	44.7%		
Annual dividends per share (Yen)	100.0	100.0		
Payout ratio	40.3%	63.1%		

* Net income attributable to owners of the parent

** D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)

Operating income variance

- Owing to a slowdown in global economic growth, a consequence of the spread of COVID-19, overall shipments are expected to sink. In addition, a recovery in sales of products for which demand has declined owing to lifestyle changes—including publication inks and pigments for cosmetics—is likely to lag.
- With the positive impact of lower raw materials prices insufficient to offset falling shipments, full-term operating income is expected to decline.



FY2020 forecasts: Full-year segment results

(Billion yen)	Net sales					Operating income					Operating margin	
	2019	2020 Forecast	Change	% Change	% Change on a local currency basis	2019	2020 Forecast	Change	% Change	% Change on a local currency basis	2019	2020 Forecast
Packaging & Graphic	416.4	390.5	-25.9	-6.2%	-2.4%	19.2	17.5	-1.7	-8.9%	-3.5%	4.6%	4.5%
Japan	114.7	103.0	-11.6	-10.1%	-10.1%	6.4	4.8	-1.6	-24.4%	-24.4%	5.6%	4.7%
The Americas and Europe	244.3	235.9	-8.3	-3.4%	+ 2.2%	8.2	8.3	0.0	+ 0.4%	+ 10.6%	3.4%	3.5%
Asia and Oceania	68.7	62.9	-5.9	-8.5%	-4.9%	4.5	4.4	-0.1	-2.3%	+ 0.8%	6.5%	7.0%
Eliminations	(11.3)	(11.3)	-0.0	-	-	0.1	(0.0)	-0.1	-	-	-	-
Color & Display	116.4	109.0	-7.4	-6.4%	-4.7%	10.8	8.9	-1.9	-17.5%	-13.0%	9.3%	8.2%
Japan	29.7	27.8	-1.9	-6.3%	-6.3%	4.8	5.8	0.9	+ 19.2%	+ 19.2%	16.3%	20.7%
Overseas	95.8	90.3	-5.5	-5.8%	-3.6%	6.0	3.1	-2.8	-47.4%	-39.1%	6.2%	3.5%
Eliminations	(9.1)	(9.1)	-0.0	-	-	(0.0)	(0.0)	0.0	-	-	-	-
Functional Products	268.6	235.5	-33.1	-12.3%	-11.5%	19.2	16.1	-3.2	-16.5%	-15.5%	7.2%	6.8%
Japan	199.3	177.0	-22.4	-11.2%	-11.2%	11.6	8.8	-2.8	-24.5%	-24.5%	5.8%	5.0%
Overseas	91.9	81.3	-10.7	-11.6%	-9.1%	7.5	7.3	-0.1	-2.0%	+ 1.1%	8.1%	9.0%
Eliminations	(22.7)	(22.7)	-0.0	-	-	0.2	(0.0)	-0.2	-	-	-	-
Others, Corporate and eliminations	(32.8)	(35.0)	-2.2	-	-	(7.9)	(7.4)	0.4	-	-	-	-
Total	768.6	700.0	-68.6	-8.9%	-6.3%	41.3	35.0	-6.3	-15.3%	-11.1%	5.4%	5.0%
YEN/USD	109.11	108.01		-1.0%		109.11	108.01		-1.0%			
YEN/EUR	122.13	118.40		-3.1%		122.13	118.40		-3.1%			

Packaging & Graphics

Shipments of packaging inks are expected to be solid. The significant impact of lifestyle changes is expected to delay a recovery in demand for publication inks and jet inks for office use.

Color & Display

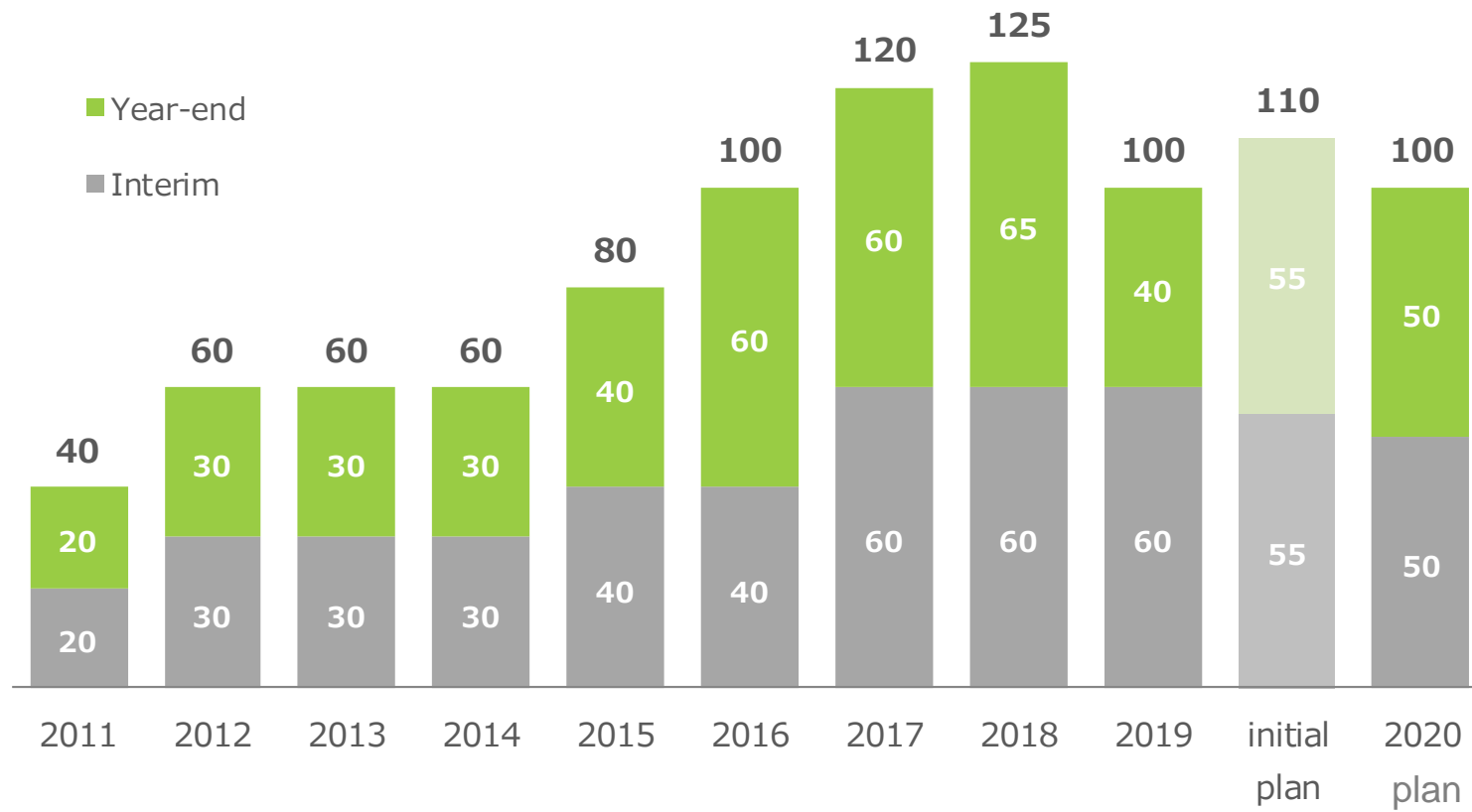
The impact of lifestyle changes is expected to delay a recovery in demand for pigments for cosmetics.

Functional Products

Products for use in automobiles are expected to begin recovering in the third quarter, but the pace is likely to be slow, owing to the need to eliminate current distribution inventory.

Annual dividend per share

- The forecast for annual dividend per share, initially ¥110, has been revised downward to ¥100, level with fiscal year 2019.



Acquisition of BASF SE's Colors & Effects business

Timeline

- Efforts to secure approval under pertinent antitrust laws proceeded and plans for closing by the end of December 2020 are unchanged.

Financing

- In addition to previously secured bridge loans, in March 2020 ¥60 billion was procured for this acquisition through a subordinated term loan.

Major topics (April to June 2020)

- April

Announcement of plan to participate in collaborative project involving industry, government and academia to develop innovative adhesion technologies that contribute to the achievement of Japan's Vision for Society 5.0
—Helping facilitate the recycling of components used in electric and other next-generation vehicles and the realization of a circular economy—
- April

Donation of 10,000 N95 and other high-performance masks to healthcare facilities
- May

Provision of approximately 7,000 bottles of *Linagreen*® 21 Extract K1 nutritional drink to healthcare facilities
—Support for frontline medical professionals working to prevent the spread of COVID-19—
- May

Acquisition of liquid inks for packaging business from Liaoning Tianqi Technology Co., Ltd.
—Reinforcing supply configuration in the north and northeast of the PRC—
- May

DIC Graphics' Kyushu production teams wins special prize in the Japan Chemical Industry Association (JCIA) Safety Awards
—High marks given to the team's 50-plus years of accident-free operations—
- June

Acquisition of jet inks business from U.S. firm Sensient Technologies Corporation
—Addition of jet inks for textiles expands the DIC Group portfolio—
- June

Development of quick-acting dryer for coatings and printing inks
—Environment-friendly cobalt-free dryer cuts drying time in half—

News Releases
<https://www.dic-global.com/en/news/2020/>



Business segments and principal products

Packaging & Graphic



Net sales
¥416.4 bn



Operating income /Margin
¥19.2 bn
4.6%

Packaging materials that bring safety and peace of mind

Color & Display



Net sales
¥116.4 bn



Operating income /Margin
¥10.8 bn
9.3%

Color and display materials that make life colorful

Functional Products



Net sales
¥268.6 bn



Operating income /Margin
¥19.2 bn
7.2%

Functional products that add comfort



Packaging inks
Packaging adhesives
Packaging materials

Polystyrene
Multilayer films



Security inks



Jet inks



Publication inks

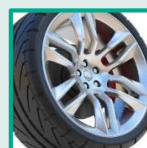
Functional pigments



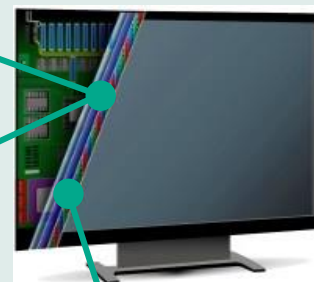
Pigments
for color filters



Pigments
for cosmetics



Effect pigments



Liquid
crystal
materials



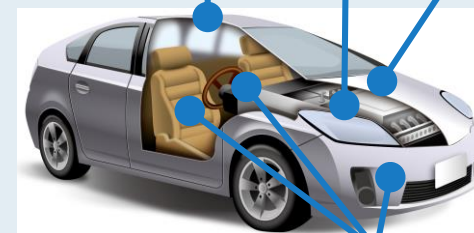
Natural
colorants



Industrial tapes



PPS compounds



Environment-friendly products*



Epoxy resins



Hollow-fiber
membrane
modules

Note: Fiscal year 2019 actual

*Waterborne resins, UV-curable resins, Polyester resins, Acrylic resins, Urethane resins

Quarterly trends in segment results (Reference)

Net sales

(Billion yen)



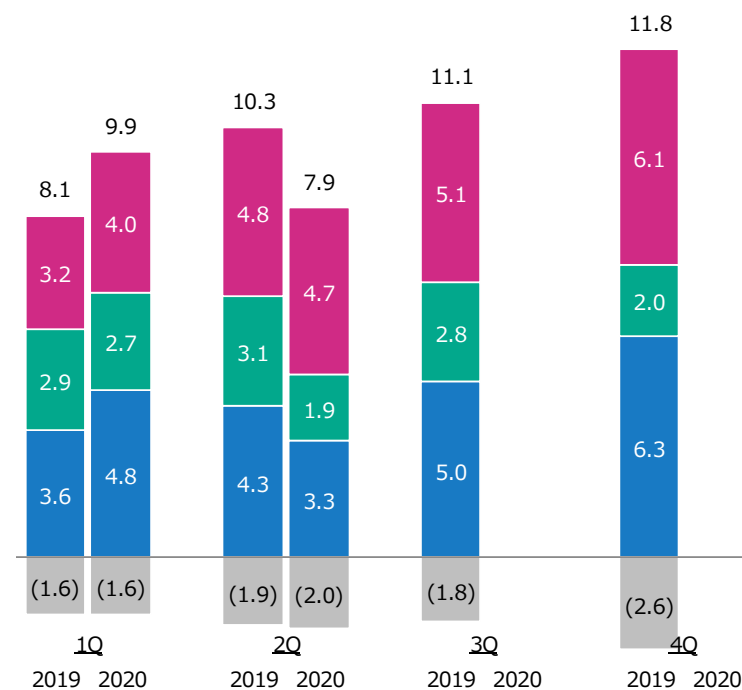
Operating income

(Billion yen)

Progress rate as per the full-year operating forecast (35 billion yen)

Note : Full-year forecast has been revised (See p.13)

	3M	6M	9M	FY
2020 (%)	28.4	51.0		
2019 (%)	19.7	44.9	71.9	100.8



Packaging & Graphic

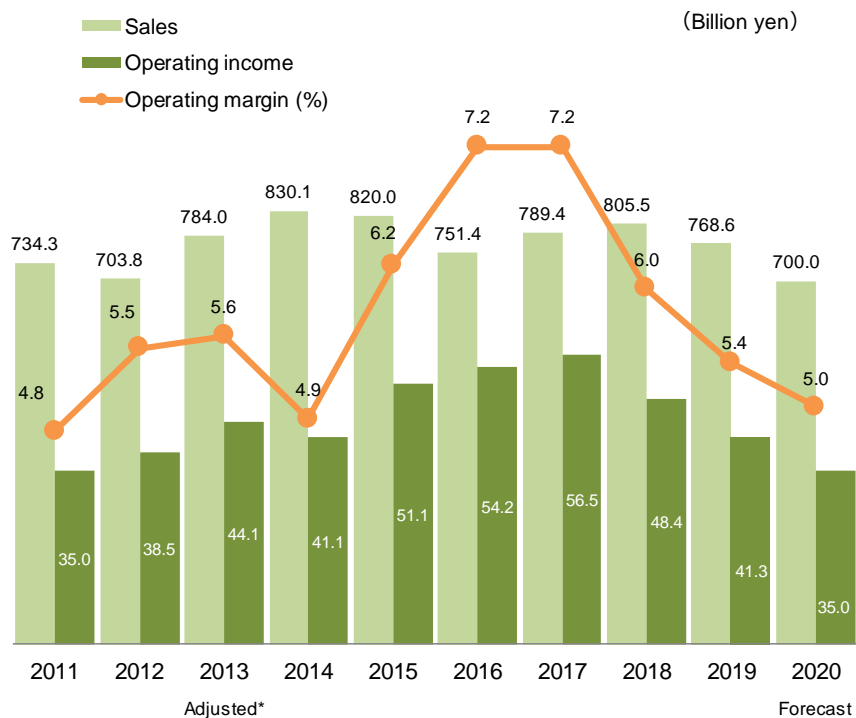
Color & Display

Functional Products

Others, Corporate and eliminations

Historical performance data (Reference)

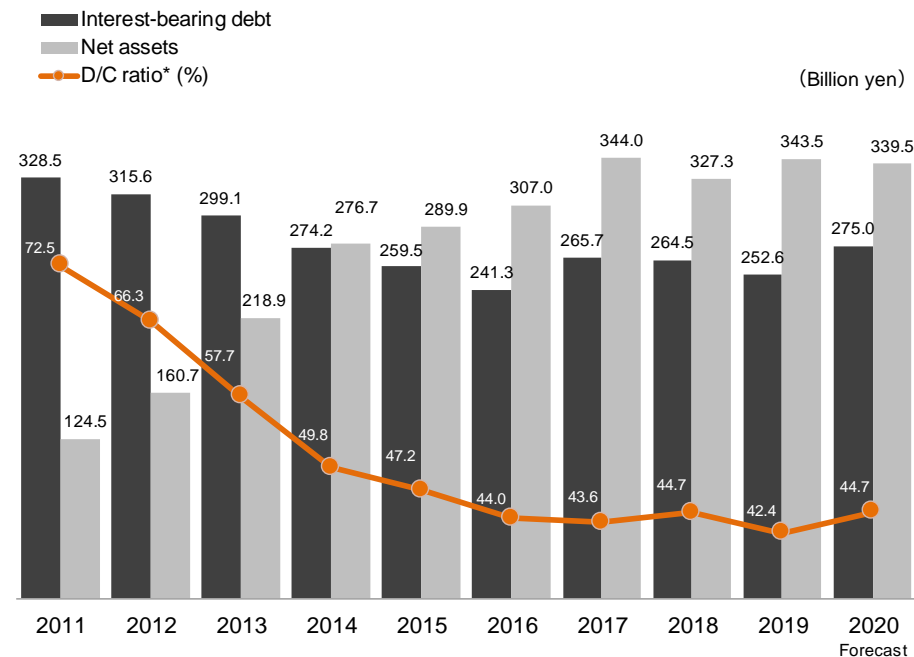
Operating results



Increase operating margin

Increase operating income

Financial health



Improvement of D/C ratio*

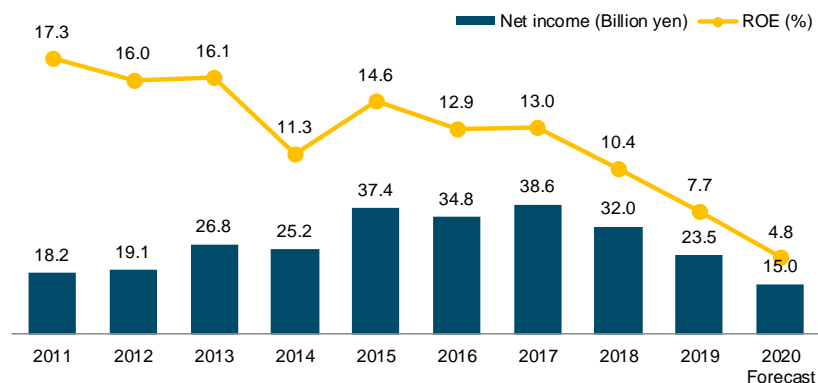
D/C ratio*
around 50%

* Adjusted to reflect the impact of the changes in the fiscal year-end

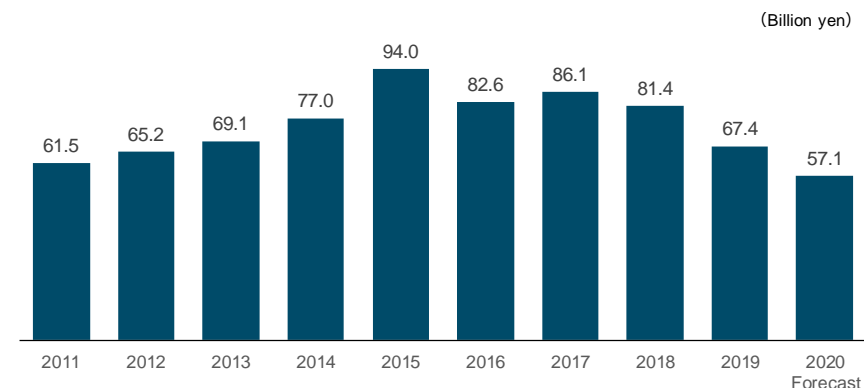
* D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)

Historical performance data (Reference)

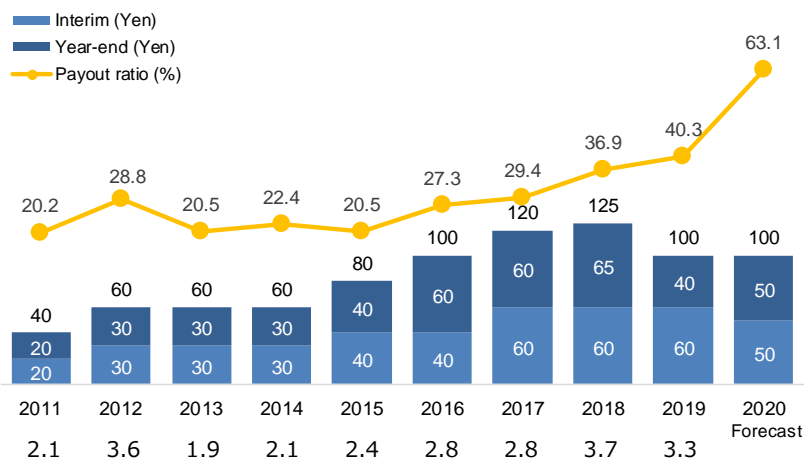
ROE



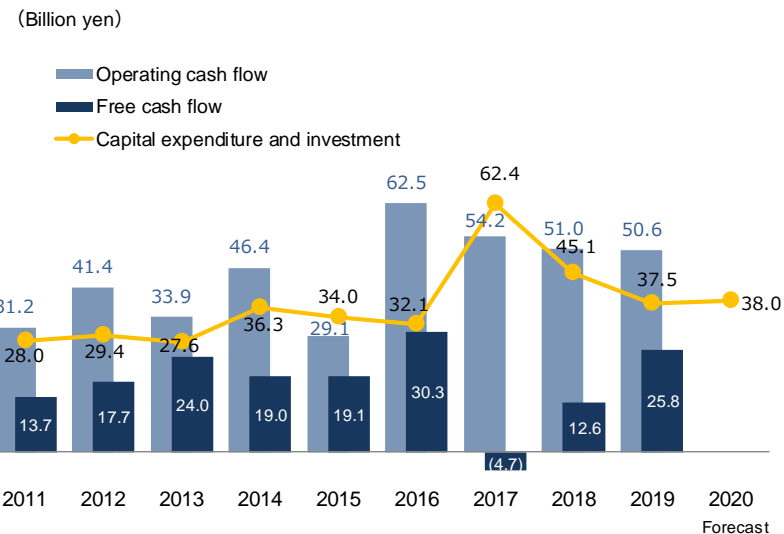
EBITDA***



Shareholder returns*



Capital expenditure and investment, operating cash flows



* Adjusted to reflect the impact of the consolidation of shares of common stock

** Dividend yield: Annual dividends / Closing price per share at fiscal year-end

*** EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization



Color & Comfort

Disclaimer Regarding Forward-Looking Statements

Statements herein, other than those of historical fact, are forward-looking statements that reflect management's projections based on information available as of the publication date. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, economic conditions in Japan and overseas, market trends, raw materials prices, interest rate trends, currency exchange rates, conflicts, litigations, disasters and accidents, as well as the possibility the Company will incur special losses related to the restructuring of its operations.