

FY2024 First Quarter Results Briefing

artience Co.,Ltd.

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Today's points

1Q of FY2024 Summary

- Progress against the full year targets: Progress of net sales was 24% and operating profit was 30%. OP exceeded expectations. The effective tax rate decreased due to an increase in overseas profit ratio and displacement of taxable income from prior years ,thus the profit attributable to owners of parent increased.
- Business performance: Despite a downturn in domestic market conditions, profit levels far outpaced the previous year, reflecting ongoing effects from price revisions made to address surging raw material prices, various cost-cutting measures and structural reforms. Functional links such as UV curable inks performed strongly in overseas markets, offsetting sluggish revenue growth from color filter materials.
- Overview of priority businesses: CNT dispersions for LiBs, steady progress has been made in preparations for production at our Chinese plant, despite an ongoing slowdown in the EV markets in Europe and the United States. One new company has informally decided to adopt our products in the US .

FY2024 Outlook

- Full-year results forecast: There are no revisions to the forecast that was announced on February 14, 2024.
- Forecast for major businesses: The LCD panel market is expected to recover for small and medium-sized panels from Q2. Looking at CNT dispersions for LiBs, the Chinese plant will be in full operation in Q2. There are predictions for increased and decreased demand depending on the customer, but there are no changes to the medium-term outlook overall.
Profit will continue to grow in India, Southeast Asia, and other overseas markets. Functional inks will expand, chiefly for packaging materials. Sharply rising prices for raw materials will persist domestically, and we will continue to make price revisions.

1Q of FY2024 Summary of Consolidated Business Performance

(Unit : 1 billion yen)

	1Q, FY2023	1Q, FY2024	Increase/decrease (%)	Full year targets FY2024
Net sales	74.8	81.7	9.2	340
Operating profit	1.9	4.4	128.0	14.5
Ordinary profit	1.6	5.0	212.5	13.5
Profit attributable to owners of parent	0.5	4.1	739.7	10.0
Operating margin	2.6%	5.3%	+2.7 (point)	4.3%
Overseas sales ratio	52.3%	55.9%	+3.6 (point)	

Assumed indexes for targets

		1Q, 2023 Avg.	1Q, 2024 Avg.	2024 Projections
Exch ange rate	1 USD	¥133.4	¥ 149.9	¥140.0
	1 EUR	¥144.0	¥ 162.2	¥155.0
	1 RMB	¥19.4	¥ 20.7	¥20.0

		1Q, 2023 Avg.	1Q, 2024 Avg.	2024 Projections
Raw materials	Naphtha(/KL)	¥66,500	¥72,500	¥70,000

1Q of FY2024 Summary of Consolidated Business Performance

■ **Increased Sales and Profit:** Overseas sales increased. Continued effects of structural reform and price revisions led profit increase.

Net sales

Overseas currency exchange ratio, price revisions, and product lines for packaging materials (gravure inks, UV inks etc.) , contributed to sales growth.

Operating profit

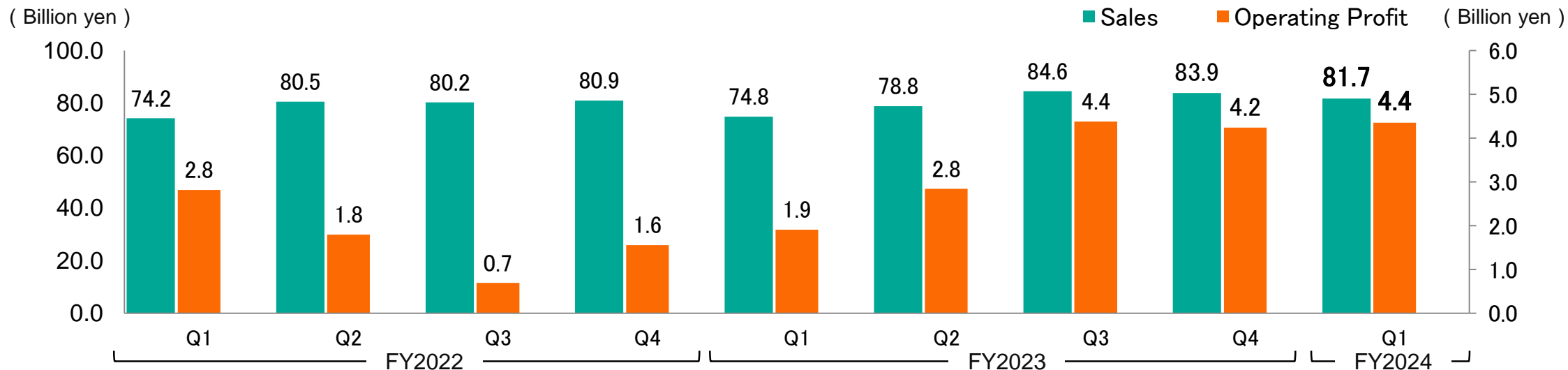
Profit improved both domestically and overseas, reflecting ongoing effects from earnings improvement in the domestic printing and information segment, and continued effects from price revisions made to gravure inks and other packaging related products, as well as functional inks.

Materials for color filters saw mixed performance. The large size is on a recovery track, while performance of the small and medium sizes has been sluggish. Functional films for smart phones grew.

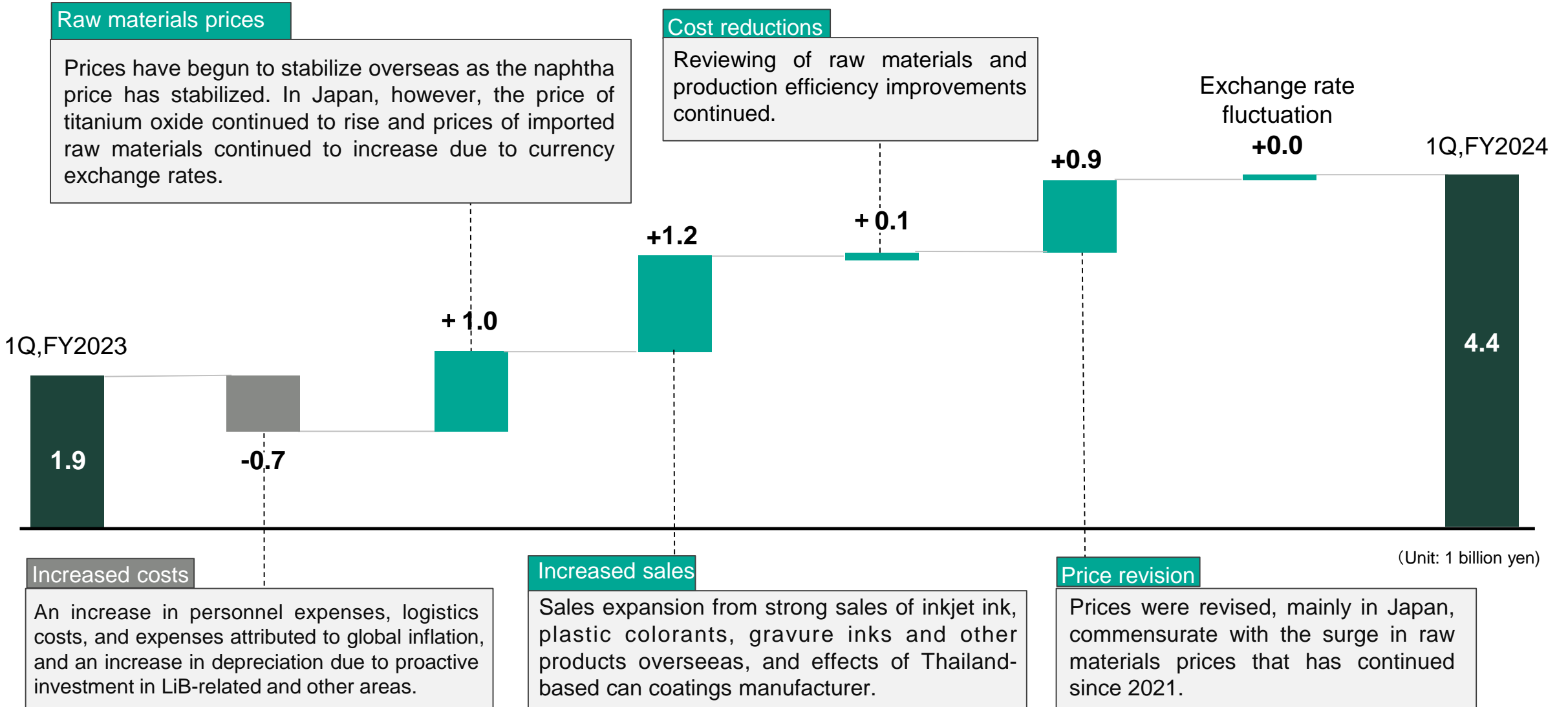
Profit attributable to owners of parent

Profit was improved due to the improvement in the earnings strength of businesses.

Quarterly changes in net sales and operating profit



1Q of FY2024 Analysis of Factors Behind YoY Difference in Operating Profit



1Q of FY2024 Summary of Performance by Business Segment

	Results for 1Q, FY2023 (billion yen)		Results for 1Q, FY2024 (billion yen)		Increase/decrease (%)		Target for FY2024 (1 billion yen)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Colorants and Functional Materials	18.7	0.5	20.1	0.8	7.6	45.1	90.0	3.4
Polymers and Coatings	17.3	0.8	19.9	1.3	14.8	64.9	82.0	5.6
Packaging Materials	20.2	0.7	21.4	1.2	5.7	69.2	88.0	4.0
Printing and Information	17.9	-0.1	19.9	1.1	11.2	-	78.0	2.5
Others and Adjustment	0.7	0.0	0.4	-0.0	-	-	2.0	-1.0
Total consolidated	74.8	1.9	81.7	4.4	9.2	128.0	340.0	14.5

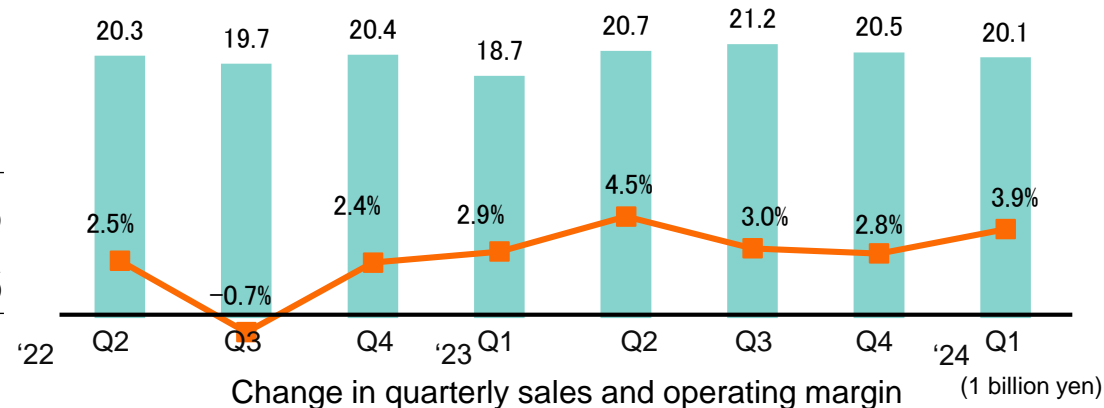
1Q of FY2024 Summary by Business Segment (Colorants & Functional Materials)

■ **Net sales** Sales of color filter materials for large panels rallied, and plastic colorants performed strongly for overseas automotive, and inkjet ink sales rose thanks to expanded demand in Japan and abroad.

■ **Operating profit** Operating profit increased thanks to strong performance with plastic colorants for automotive use in the US and solar cells in China, as well as expanded demand for inkjet ink, more than offsetting the decline in profitability for color filter materials due to a delayed recovery for small and medium sizes.

Results	1Q, FY2024	YoY Increase/decrease(%)	QonQ Increase/decrease(%)	1Q, FY2023	4Q, FY2023
Net sales	20.1	7.6	-1.9	18.7	20.5
Operating profit	0.8	45.1	36.2	0.5	0.6

(1 billion yen)



	Sales increase/decrease	Summary
Color filter materials (Materials for displays)	+ 10%	Resist inks and pastes for large panels in China and Taiwan entered another adjustment phase from late Q3 last year but volume increased on a recovery trend. The small and medium sized panel market remained weak, leading to a decline in profitability. There was growth in products for sensors.
Plastic colorants	+ 2%	Despite strong performance with products for automotives in the US and solar cells in China, sales of products for OA were sluggish. Domestically, price revisions are underway due to sluggish consumption and sharply rising raw material prices affecting products for containers, a mainstay business.
Pigments	+ 9%	Demand for pigments for offset printing remained weak, leading to lower sales, but profit rose in part from the consolidation of sites and price revisions.
Other	+ 24%	Sales of inkjet ink increased, benefitting from strong sales for commercial printing and signage. Looking at dispersions for LiBs, the EV market has remained sluggish since late 2023, but steady progress is being made preparing for production in China from Q2 of 2024. One new company in the US has informally decided to adopt artience's products.

Mobility & Battery Related Businesses: CNT dispersions for LiBs

■ Overview of Q1 FY2024:

From Q4 of 2023 a sluggish EV market has persisted in Europe and the US, there are no changes to our initial forecast (announced February 2024) that net sales for FY2024 will be 6.5 billion yen. Steady progress has been made in preparations for production at our plant in China, and demand also increased. We have continued with activities encouraging companies to adopt our products, and one new company in the US has informally decided to adopt artience's products.

■ Major news in Q1 FY2024:

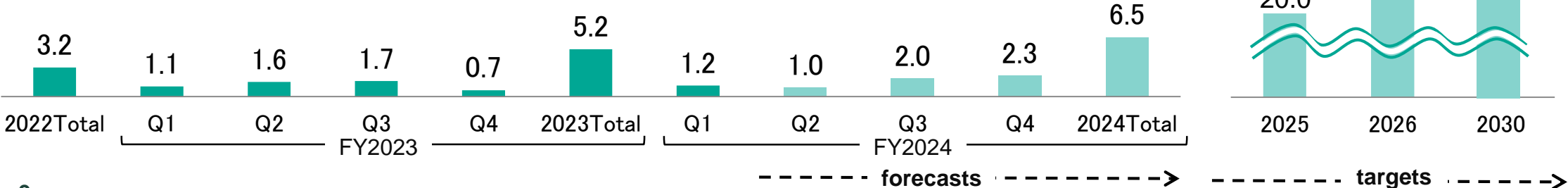
- Sites in Georgia, U.S., and Hungary: In business for SK on, demand has continued to decline since Q4 of 2023, reflecting sluggish growth in the EV market.
- Site in Kentucky, U.S.: In business for North American customers, three new companies informally decided to adopt artience's products in Q2 of FY2023, followed by another company in Q1 of FY2024. These additions are expected to start contributing to results from 2025. A new plant is under construction.
- Site in Zhuhai, China: We expect to commence production for a major customer in China on schedule from Q2 of FY2024. We expect an increase of at least 20% over our initial forecast.

■ Future prospects:

Recovery is expected toward the second half of FY2024. For 2025 and beyond, taking into account both increases and decreases including other customers expected to adopt artience's products, the medium-term outlook is on track with our initial forecast.

Sales, forecasts, and targets

(1 billion yen)



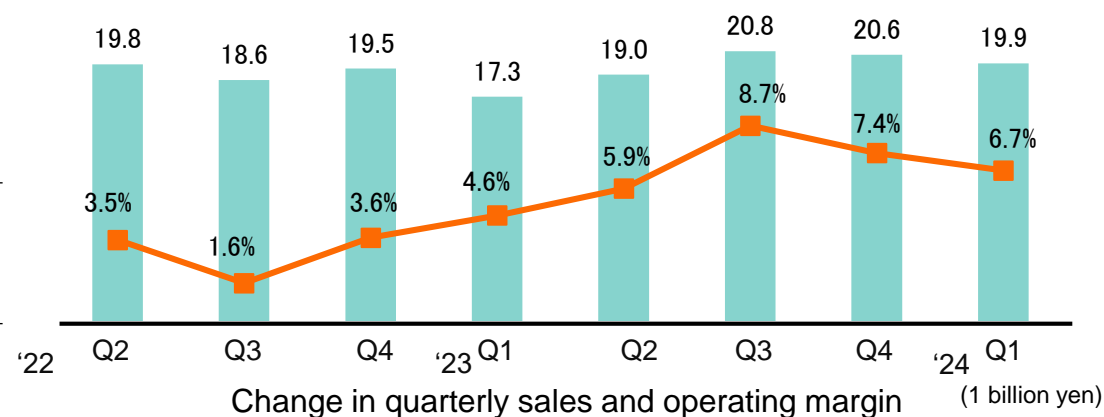
1Q of FY2024 Summary by Business Segment (Polymers and Coatings)

■ **Net sales** Sales of adhesives and can coatings continued to expand, particularly overseas, and there was growth in functional films and tapes for smartphones and mobile devices.

■ **Operating profit** Operating profit recovered due to expanded sales and cost reductions in Japan and overseas. Appropriate price revisions were made in response to rising raw material and logistics costs, etc.

Results	1Q, FY2024	YoY Increase/decrease(%)	QoQ Increase/decrease(%)	1Q, FY2023	4Q, FY2023
Net sales	19.9	14.8	-3.2	17.3	20.6
Operating profit	1.3	64.9	-13.4	0.8	1.5

(1 billion yen)



	Sales increase/decrease	Summary
Functional films and tapes	+32%	Sales of functional films such as conductive adhesive sheets for smartphones and mobile devices expanded. Some developments of semiconductor-related materials resulted in sale.
Adhesives	+11%	Domestically, sales were sluggish due to low consumption driven by the rising prices of goods, but overseas sales expanded in part thanks to facility expansions, with expanded sales of products for LiB pouches also contributing.
Paints and resins	+21%	In Japan, products for beverage cans recorded solid performance, while overseas sales enjoyed significant growth, helped in part by a recovery of sales for food cans in Thailand and the effects of acquisitions.
Other	-5%	In the medical field, transdermal patches saw solid performance.

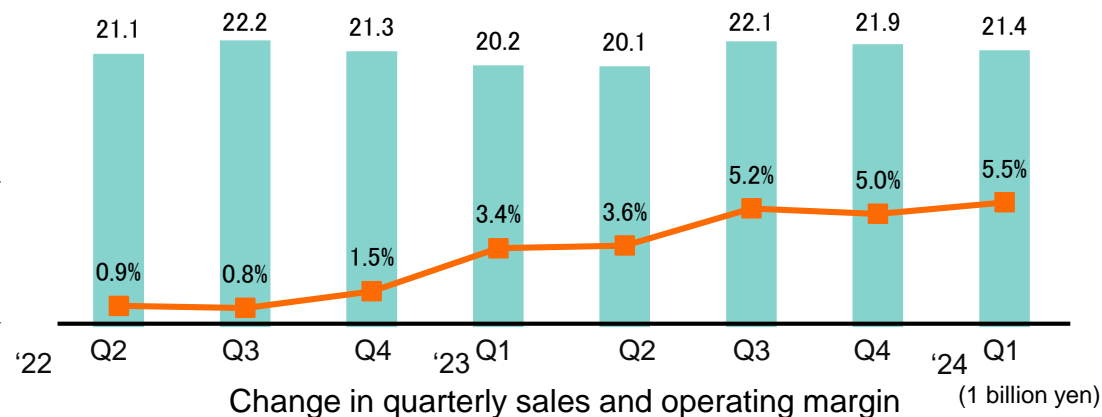
1Q of FY2024 Summary by Business Segment (Packaging Materials)

■ **Net sales** Materials for food packaging failed to meet the previous year's figures in Japan, but were strong overseas. Sustainability contributing products expanded in each region, resulting in increased sales.

■ **Operating profit** Profit increased mainly overseas due to cost reductions and price revisions, but raw materials and logistics expenses are trending higher.

Results	1Q, FY2024	YoY Increase/decrease(%)	QonQ Increase/decrease(%)	1Q, FY2023	4Q, FY2023
Net sales	21.4	5.7	-2.2	20.2	21.9
Operating profit	1.2	69.2	8.0	0.7	1.1

(1 billion yen)



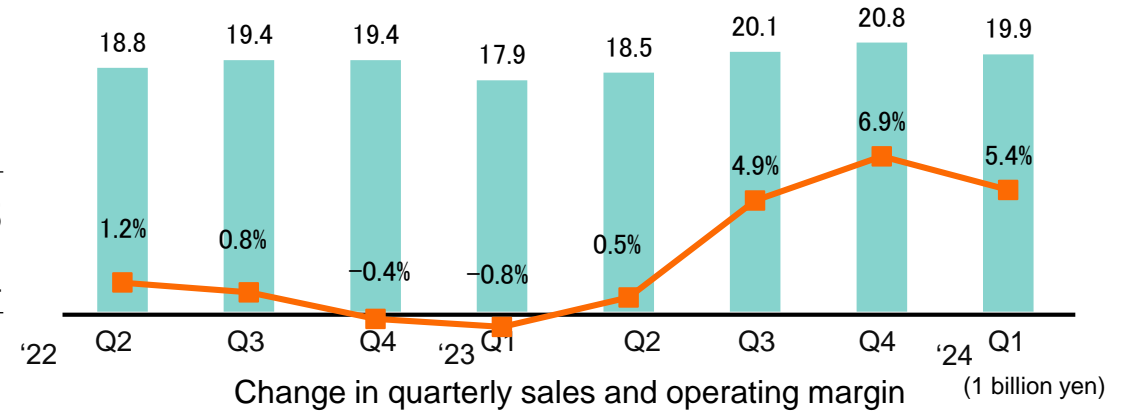
Sales increase/decrease	Summary
Domestic liquid inks	-1% Progress was made in product integration and price revisions, and we achieved expanded sales of products helpful to sustainability such as products for paper while promoting cost reductions through product integration. However, sharply rising prices, particular for imported raw materials, persisted.
Overseas liquid inks	+16% Despite sluggish market conditions in China, sales of sustainability contributing materials grew in South Korea. Both sales and profit increased due to strong demand and middle-grade products expansion in Southeast Asia and India, strong performance in Turkey, cost reductions and price revisions.

1Q of FY2024 Summary by Business Segment (Printing and Information)

- **Net sales** Despite a shrinking domestic market, growth in paper container overseas drove increased sales.
- **Operating profit** Profit increased, reflecting the ongoing effects of domestic structural reforms and price revisions, as well as growth in functional inks for paper container overseas.

Results	1Q, FY2024	YoY Increase/decrease(%)	QonQ Increase/decrease(%)	1Q, FY2023	4Q, FY2023
Net sales	19.9	11.2	-4.4	17.9	20.8
Operating profit	1.1	-	-25.3	-0.1	1.4

(1 billion yen)



Sales increase/decrease	Summary
Offset inks (General inks)	+ 7% In Japan, operating profit improved thanks to cost reductions, reforms to the production and sales structure and the implementation of price revisions, despite market contraction. In other countries, operating profit increased due to growth in products including sheet-fed inks for paper containers.
Functional Inks*	+ 18% In Japan, UV curable inks for packaging materials and commercial printing performed strongly, while overseas there was growth in LED-UV curable inks in Europe and the United States. Operating profit increased, with a significant profit contribution from functional coating materials for countries other than Japan.

* Functional inks: UV curable inks, metal inks, and screen inks

■ **IR inquiries** ir@artiencegroup.com

■ **Website** <https://www.artiencegroup.com>

■ Major News Releases

- artience group to Boost Adhesive Production Capacity by 3.5X (April 9, 2024)
~Aiming for top share of solvent-based adhesives in Indian market by 2026~

<https://www.artiencegroup.com/en/news/2024/24040901.html>

- Notice Concerning Retirement of Treasury Share (May 10, 2024)
~5,000,000 shares (8.85% of total numbers of issued shares) to be retired on May 31, 2024~

<https://ssl4.eir-parts.net/doc/4634/tdnet/2436423/00.pdf>

(Reference) IR schedule

■ IR schedule (plan)

- Q2 : Financial results announcement (August 9), Results Briefing (August 20)
Business Briefing on CNT dispersions business for Lithium ion Battery (August 20)
- Q3 : Financial results announcement (November 8), Results Briefing (November 15)

* The above schedule is subject to change without prior notice.

(Reference) Consolidated Balance Sheet

(unit : 1 billion yen)

	As at Dec. 31, 2023	As at Mar. 31, 2024	Increase/ decrease(%)
Current assets	230.9	233.4	1.1
Fixed assets	216.9	224.5	3.5
Total assets	447.8	457.9	2.3

Current liabilities	124.0	116.7	-5.8
Long-term liabilities	68.2	77.3	13.4
Total liabilities	192.1	194.1	1.0

Total net assets	255.7	263.8	3.2
Total of liabilities and net assets	447.8	457.9	2.3

	As at Dec.31,2023	As at Mar.31, 2024
Interest-bearing debt(1billion yen)	89.9	86.2
New worth ratio(%)	54.9	55.3
D/E ratio	0.43	0.41

Number of affiliated companies

	As at Dec. 31, 2023	As at Mar.31, 2024
Consolidated subsidiaries	56	56
Equity method companies	6	6

Dividend payment

(yen/1share)

	FY2023	FY2024
First Half	45.0	(forecast) 45.0
Year End	45.0	(forecast) 45.0

Investment in facilities and depreciation expenses

(Unit: 1 billion yen)

	Full year targets for FY2024	Results for 1Q of FY2024
Capital investment *	30.3	5.6
Depreciation	12.5	2.9

*Capital investment: Results shows the amount on an acceptance inspection basis, while the targets shows the amount on an order-placing basis.

(Reference) Consolidated statement of income

(unit : 1 billion yen)

	Results for 1Q of FY2023	Ratio to net sales(%)	Results for 1Q of FY2024	Ratio to net sales(%)	Increase/ decrease(%)
Net sales	74.8	100.0	81.7	100.0	9.2
Gross profit	13.8	18.5	17.6	21.5	26.9
Total selling, general and administrative expenses	11.9	16.0	13.2	16.2	10.7
Operating profit	1.9	2.6	4.4	5.3	128.0
Total non-operating income	0.5	0.6	1.5	1.8	216.5
Total non-operating expenses	0.8	1.1	0.9	1.1	10.8
Ordinary profit	1.6	2.1	5.0	6.1	212.5
Total extraordinary income	0.1	0.2	0.0	0.0	-93.1
Total extraordinary losses	0.7	1.0	0.2	0.3	-68.8
Profit before income taxes	1.0	1.3	4.8	5.8	387.1
Total income taxes	0.6	0.7	0.6	0.8	16.7
Profit	0.4	0.6	4.1	5.0	872.7
Profit attributable to owners of parent	0.5	0.7	4.1	5.0	739.7

(Reference)Performance by Segment

		1st Quarter, FY2024 (1 billion yen)		Increase/decrease(%) Year on Year		Increase/decrease(%) Quarter on Quarter		Total Results, FY 2024 (1 billion yen)		Increase/decrease(%) Year on Year	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Colorants and Functional Materials	Japan	9.6	0.3	11.7	258.7	-10.2	37.6	9.6	0.3	11.7	258.7
	Overseas	14.9	0.3	2.4	34.5	0.8	-9.7	14.9	0.3	2.4	34.5
	Total	20.1	0.8	7.6	45.1	-1.9	36.2	20.1	0.8	7.6	45.1
Polymers and Coatings	Japan	12.7	0.4	9.6	3.0	-9.6	-45.7	12.7	0.4	9.6	3.0
	Overseas	10.4	1.0	29.8	95.6	4.6	9.6	10.4	1.0	29.8	95.6
	Total	19.9	1.3	14.8	64.9	-3.2	-13.4	19.9	1.3	14.8	64.9
Packaging	Japan	10.8	0.4	-1.9	-19.3	-5.9	-9.3	10.8	0.4	-1.9	-19.3
	Overseas	10.9	0.7	16.2	390.7	2.5	21.7	10.9	0.7	16.2	390.7
	Total	21.4	1.2	5.7	69.2	-2.2	8.0	21.4	1.2	5.7	69.2
Printing and Information	Japan	9.3	0.3	1.8	-	-14.1	-54.2	9.3	0.3	1.8	-
	Overseas	11.7	0.8	19.6	340.1	1.9	-9.2	11.7	0.8	19.6	340.1
	Total	19.9	1.1	11.2	-	-4.4	-25.3	19.9	1.1	11.2	-
Others		1.4	0.0	-6.9	-77.3	-10.1	-	1.4	0.0	-6.9	-77.3
Adjustment		-0.9	-0.0	-	-	-	-	-0.9	-0.0	-	-
Total consolidated		81.7	4.4	9.2	128.0	-2.6	2.7	81.7	4.4	9.2	128.0

(Reference)Performance by Region

FY 2024	1st Quarter, FY2024 (1 billion yen)		Increase/decrease(%) Year on Year		Increase/decrease(%) Quarter on Quarter		FY2024 Total Results (1 billion yen)		Increase/decrease(%) Year on Year	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Japan	43.8	1.4	5.1	74.2	-9.1	-9.2	43.8	1.4	5.1	74.2
Asia	33.5	1.9	15.9	106.9	-0.7	4.9	33.5	1.9	15.9	106.9
Europe	7.4	0.3	6.9	-	7.1	-44.0	7.4	0.3	6.9	-
The Americas	6.7	0.6	16.1	333.6	14.5	82.8	6.7	0.6	16.1	333.6
Adjustment	-9.7	0.2	-	-	-	-	-9.7	0.2	-	-
Total consolidated	81.7	4.4	9.2	128.0	-2.6	2.7	81.7	4.4	9.2	128.0





(Note) FY2023 (1 billion yen)	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total	
	Net sales	Operating profit	Net sales	Operating income	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Japan	41.7	0.8	43.6	0.7	44.7	1.1	48.2	1.5	178.1	4.2
Asia	28.9	0.9	31.7	1.5	34.4	2.1	33.8	1.8	128.8	6.3
Europe	6.9	0.0	6.4	0.6	8.6	0.8	6.9	0.6	28.9	2.0
The Americas	5.8	0.1	6.4	0.2	6.8	0.5	5.9	0.3	24.8	1.1
Adjustment	-8.5	0.1	-9.3	-0.2	-9.9	-0.1	-10.8	-0.0	-38.5	-0.3
Total consolidated	74.8	1.9	78.8	2.8	84.6	4.4	83.9	4.2	322.1	13.4

Colorants and Functional Materials Coatings Subsegments

Subsegments		Major Products	Major Applications
CF Materials	High functional pigments	High performance pigments Pastes for color filter	Pastes for color filter Resist inks
	Materials for displays	Resist inks	Display panels, Sensor for imaging
Pigments		Pigments, Pigment dispersions	Printing inks, Paints for automobiles
Plastic colorants		Master-batches Compounds	Containers, Automobiles Home electronics OA building materials
Others		Inkjet inks	Billboards, Labels, Cartons
		Functional dispersions	Lithium ion batteries



Polymers and Coatings Subsegments

Subsegment	Major Products	Major Applications	
Functional films and tapes	Adhesive tapes, Functional films	Smartphones	
	Marking films	Signboards	
Adhesives	Pressure sensitive adhesives	Labels, Displays	
	Laminating adhesives	Packaging films, lithium ion batteries, solar cells	
	Hot-melt adhesives	bookbinding, Body-wrapping labels for PET bottle	
Paints and resins	Can coatings	Beverage cans, food cans	
	resins, hard coatings	Printing Inks, Architectural paints, Display	
Others	Medical	Transdermal patches	
	Natural extracts	feeds, foods	

Packaging Materials, Printing and Information Subsegments

	Subsegments	Major Products	Major Applications
Packaging Materials	Liquid inks	Gravure inks	Flexible packaging (Food packaging, Refill pouches)
		Flexographic inks	Buildings Diapers, Cartons, Paper bag
	Gravure printing systems and prepress	Gravure printing systems, gravure and flexographic plate making	
Printing & Information	Offset inks (General inks)	Offset inks, Newspaper inks	Books, Newspaper, Flyers
	Functional inks	UV curable inks	Paper containers, Labels, Books
		Metal decorating ink	Beverage cans, Food can
		Screen inks	Electronics, Stickers
Printing materials and machinery	Offset printing materials, printing inspection equipment		



Caution:

The information disclosed by the Company or its Group may contain information on business forecasts or future projections. This information is based on information available at the time of disclosure and certain assumptions that the Company deems reasonable. It may differ from actual results due to various risk factors and other uncertain factors.

The information disclosed by the Company or its Group is intended to provide information for deepening stakeholders' understanding about the Company, and it is not intended to solicit investment. Please note that the Company accepts no liability whatsoever for any monetary or non-monetary damages arising in connection with the information disclosed by the Company or its Group.

All amounts are rounded to the nearest 100 million yen.