

# First Half of FY2024 Results Briefing

**artience Co.,Ltd.**

Date of Results Briefing : August 20, 2024

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- Performance by Segment and Region
- Major Product and Applications

# First Half of FY2024 Summary of Consolidated Business Performance

(Unit : 1 billion yen)

	1H, FY2023	1H, FY2024	Increase/ decrease(%)	FY2024 Forecast(Initial)	FY2024 Forecast (revised on Aug.9)
Net sales	153.7	172.3	12.1	340.0	355.0
Operating profit	4.7	10.6	122.1	14.5	20.0
Ordinary profit	5.4	12.4	130.5	13.5	20.0
Profit attributable to owners of parent	3.8	9.4	143.5	10.0	16.5
Operating margin	3.1%	6.1%	+3.0 (point)	4.3%	5.6%
Overseas sales ratio	52.8%	56.0%	+3.2 (point)		

## Assumed indexes for targets

		1H, 2023 Avg.	1H, 2024 Avg.	2024 Projections
Exchange rate	1 USD	¥136.5	¥ 154.1	¥140.0
	1 EUR	¥147.9	¥ 166.1	¥155.0
	1 RMB	¥19.6	¥ 21.3	¥20.0

		1H, 2023 Avg.	1H, 2024 Avg.	2024 Projections
Raw materials	Naphtha(/KL)	¥67,000	¥75,750	¥70,000

# Today's points①

## First Half of FY2024 Summary

- **Business Performance:** Sales and income increased in all business segments. Sales of existing business groups into highly profitable ones expanded due to brisk demand and the expansion of facilities and measures to strengthen sales activities which were implemented during the previous Medium-Term Management Plan. (including gravure inks, pressure sensitive adhesives, laminating adhesives, UV curable inks and IJ inks) Among the strategic, high priority business groups, CNT dispersions for LiB saw stagnation in the EV market in Europe and the U.S., but functional films for smartphones grew positively. Color filter materials were sluggish. Profit levels far outpaced the previous year, especially in Q2, as both volume and sales increased reflecting ongoing effects of price revisions to address surging raw material prices and logistics costs, various cost-reduction measures and structural reforms.
- **Overview of priority businesses:** With CNT dispersions for LiBs, the EV market in Europe and the US remained stagnant but preparations for production at our Chinese plant have been completed.

## FY2024 Outlook

- **FY2024 outlook:** There are revisions to the forecast that was announced on February 14, 2024 (revised on August 9, 2024). Net sales are expected to exceed the initial forecast due to progress in expansion mainly in overseas markets. Profit forecasts were also revised upward due to the improvement in OP and the gains on the sale of shareholdings are anticipated. However, global economy, raw materials, exchange rate fluctuations, and geometric risks, are being monitored as a risk.
- **Forecast for high priority businesses:**
  - **Color filter materials:** In the LCD panel market, the recovery of the small and medium-sized panel market will be delayed, demand outlook uncertain in the second half, on the other hand, sensor-related materials are firm.
  - **CNT dispersions for LiBs:** Demand will be slow to recover in Europe and the US, and production for a major customer in China etc. is expected to be the driving force. For 2025 and beyond, there has been no change to the informal decisions made by customers, including other customers that are expected to select artience's products, but the sales forecasts for 2025 and 2026 have been changed, reflecting the latest forecasts. The expected achievement of sales of 40.0 billion yen has been postponed one year to 2027.
  - **Others:** It is expected that India, Southeast Asia and other overseas markets will remain strong although impact of falling prices is expected in some of them. In Japan, we will continue to revise prices because the sharply rising raw materials prices and cost increases are expected to continue.

# Today's points②

First Half of FY2024 : Progress of Mid-term management plan

## ■ Basic Policy (1) Transformation of existing business groups into highly profitable ones

Growth businesses expanded globally. We considered additional investments.

## ■ Basic Policy (2) Creation of strategic, high priority business groups

Regarding CNT dispersions for LiBs, the EV market remains stagnant in the short term, but we invested capital in anticipation of medium- to long-term growth. We achieved results in relation to some semiconductor-related products.

### Overseas sales ratio

53.7% (FY2023) ⇒56.0% (1H, FY2024)

## ■ Basic Policy (3) Transformation of management foundation

We improved capital efficiency to enhance our corporate value.

Improve ROE, and higher PBR

### (1) Reducing shareholdings\*

We decided to revise the Basic Policy on Corporate Governance. We clearly state that we will also move forward with the reduction of our shareholdings which will help improve capital efficiency in addition to economic rationality, and we will reduce them accordingly.

### (2) Sale of some shareholdings\*

- Stock to be sold: 5 stocks
- Period of sale: July to December 2024 (plan)
- Gain on sale: 3.4 billion yen (estimated)

### Growth investment

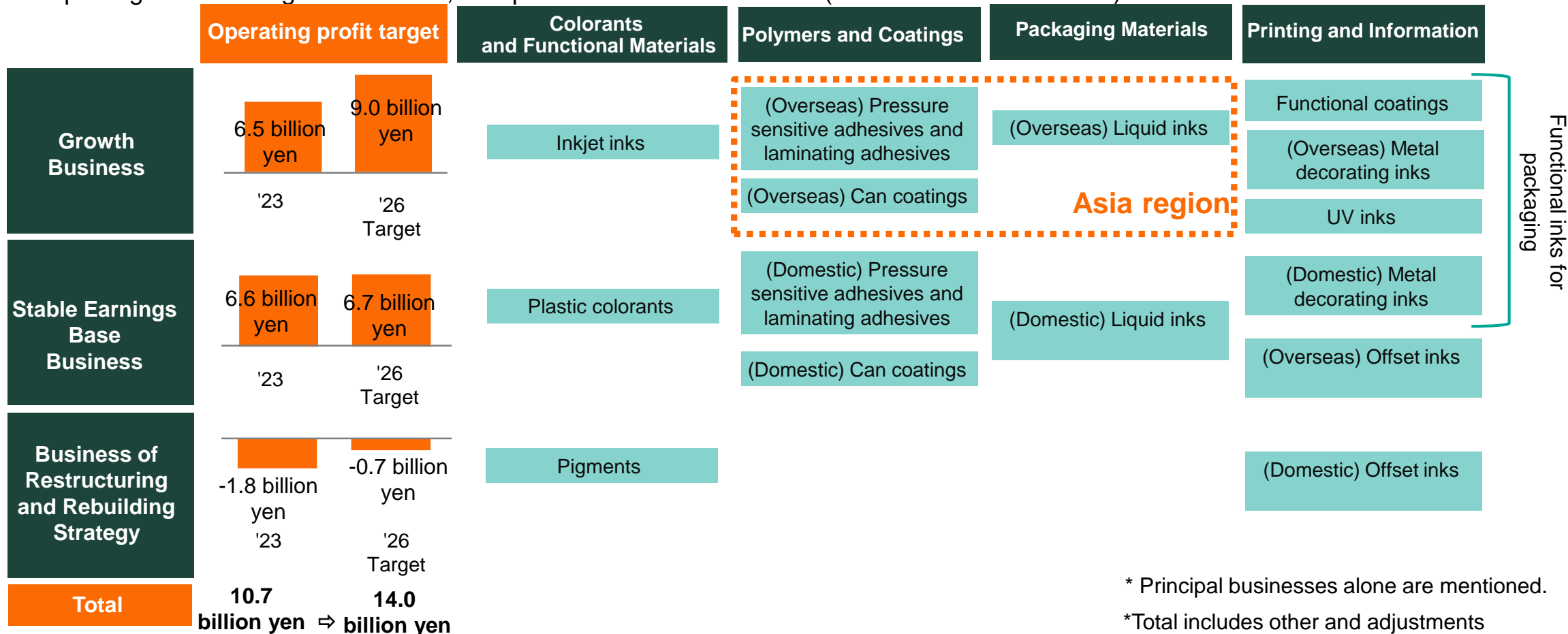
- We will consider further investing in remarkably growing areas and businesses

### Shareholder returns

- Acquisition of treasury shares\* :  
(with an upper limit of 4,500,000 shares or 10.0 billion yen)  
(Acquisition period: August 13, 2024 to August 12, 2025)
- Dividend increase\*: The annual dividend for FY2024 will be 100 yen (up 10 yen YoY).

# Basic Policy (1) Transformation of existing business groups into highly profitable ones

- Classify businesses into three groups of growth businesses, stable earnings base businesses, and businesses of restructuring and rebuilding strategy. Carry out reforms including changes in product and market portfolios.
- Achieve high profitability through growth especially in the area of packaging, such as liquid inks, pressure sensitive adhesives and laminating adhesives.
- Capture growth in the global markets, with particular focus on the Asia (Southeast Asia and India).



\* Principal businesses alone are mentioned.

\*Total includes other and adjustments

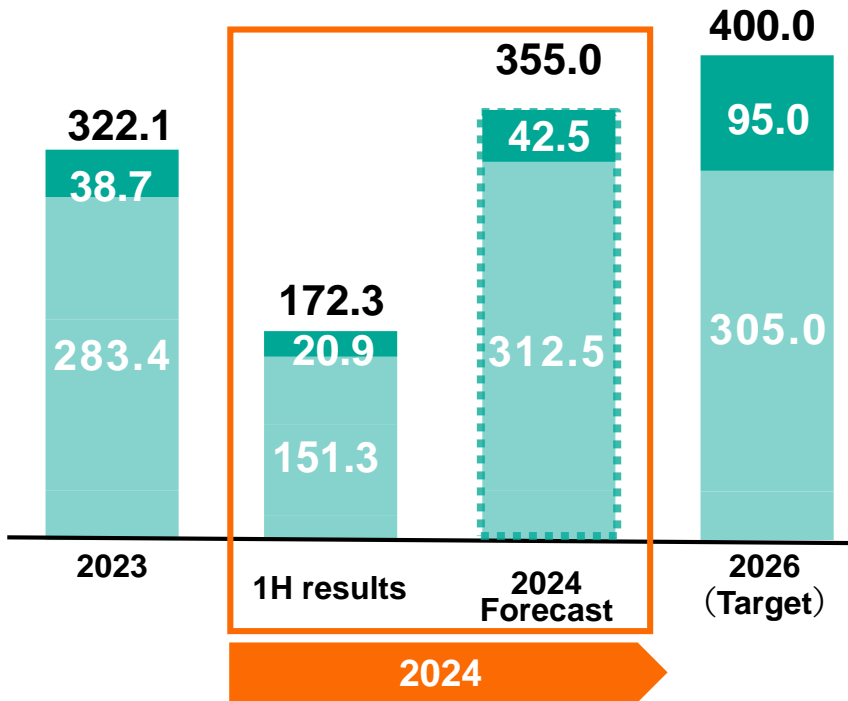
# First Half of FY2024 Progress of Mid-term management plan artience2027

## – Business Portfolio transformation (Basic Policy 1・2) –

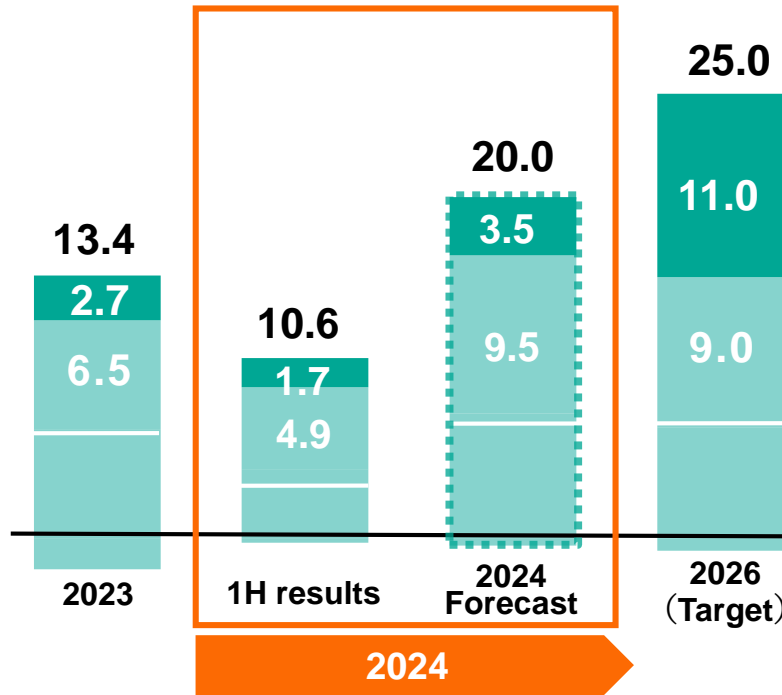
Progress was made in the expansion of profit focused on growth businesses, the downsizing of loss-generating businesses, and investments to expand strategic high priority businesses.

- Existing businesses with high profitability: Profit from growth businesses increased due to the steady commencement of the operation of facilities at overseas bases that we invested in during the previous Medium-Term Management Plan. For the offset ink business in Japan, the deficit was reduced by promoting structural reforms and revising prices, which has resulted in a profitable, lean structure.
- Strategic, high priority business groups: In mobility and battery related businesses, the CNT dispersions market slowed, but progress was made in capital investment toward 2025 and beyond.

**Net sales** (Unit:1 billion yen)



**Operating profit** (Unit: 1 billion yens)



**Basic Policy (2) Creation of strategic, high priority business groups**

**Strategic, high priority businesses**

mobility & battery, display & advanced electronics-related markets

**Basic Policy (1) Transformation of existing business groups into highly profitable ones**

**Growth Business**

**Stable Earnings Base Business**

**Business of Restructuring and Rebuilding Strategy**

\*Total includes other and adjustments

## Business portfolio transformation of the Printing and Information Segment

- Profit from the offset ink business grew positively due to continued structural reforms in Japan in addition to the expansion of packaging-related area in Japan and overseas and the concentration on functional inks.

### Offset inks (conventional)

- Overseas: Demand is strong, with products having many packaging-related applications such as paper containers and labels.

#### Shift of applications

- Expanding in Asia and India, mainly in high-end markets.



- Japan: The commercial printing market shrinking.

#### Structural reforms

- Alliances, transfer of human resources and DX
- Integration of a total of six demerged companies and sales companies (January 2023 and beyond)
- 15% reduction of fixed costs in 2024 (compared to 2022)

### Functional inks

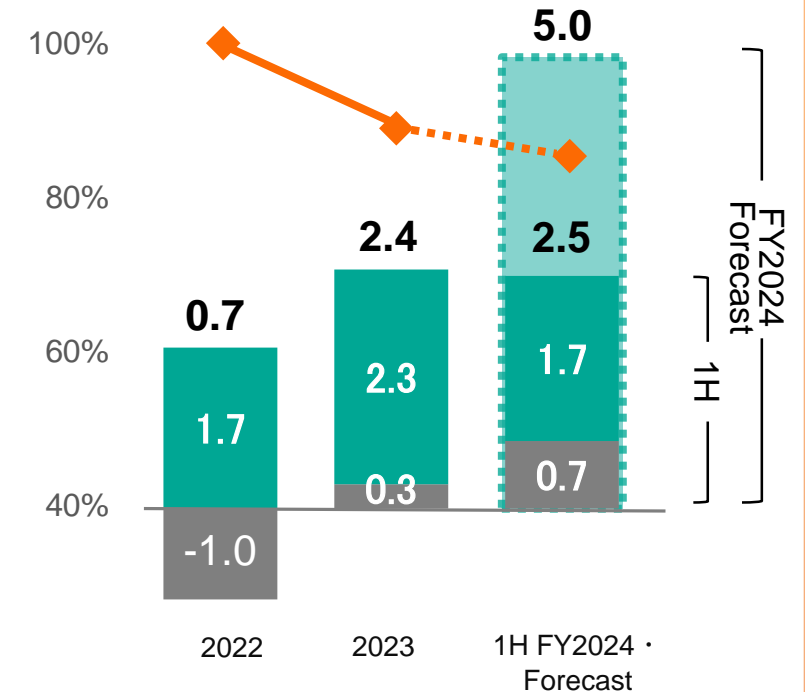
- Japan and overseas: Demand is increasing for packaging-related products and products for high-end applications.

#### Business expansion

- UV inks: Strengthening competitiveness by using unique resins. Expanding including the energy-saving LED-UV curable inks.
- Metal decorating inks: Expanding in overseas by leveraging our having the largest share of the domestic market.
- Functional coatings: Providing added value for applications related to high-end paper containers.

### < Printing and Information Operation profit transition\* > (Unit:1 billion yen)

■ Overseas ■ Japan ◆ fixed costs in Japan (FY2022=100%)



Domestic profit improve

(Note) The segment performance for Japan and overseas does not take into account eliminations between regions.



## Capture global market growth (Polymers and Coatings, Packaging Materials segments)

- Positive growth was achieved mainly in Asia due to the increase in production capacity which resulted from capital investment in overseas sites during the previous Medium-Term Management Plan and M&A activities in Thailand.
- Above all, the growth in India was remarkable, so we decided to additionally expand pressure sensitive adhesives for industrial materials.

### Asian market outlook

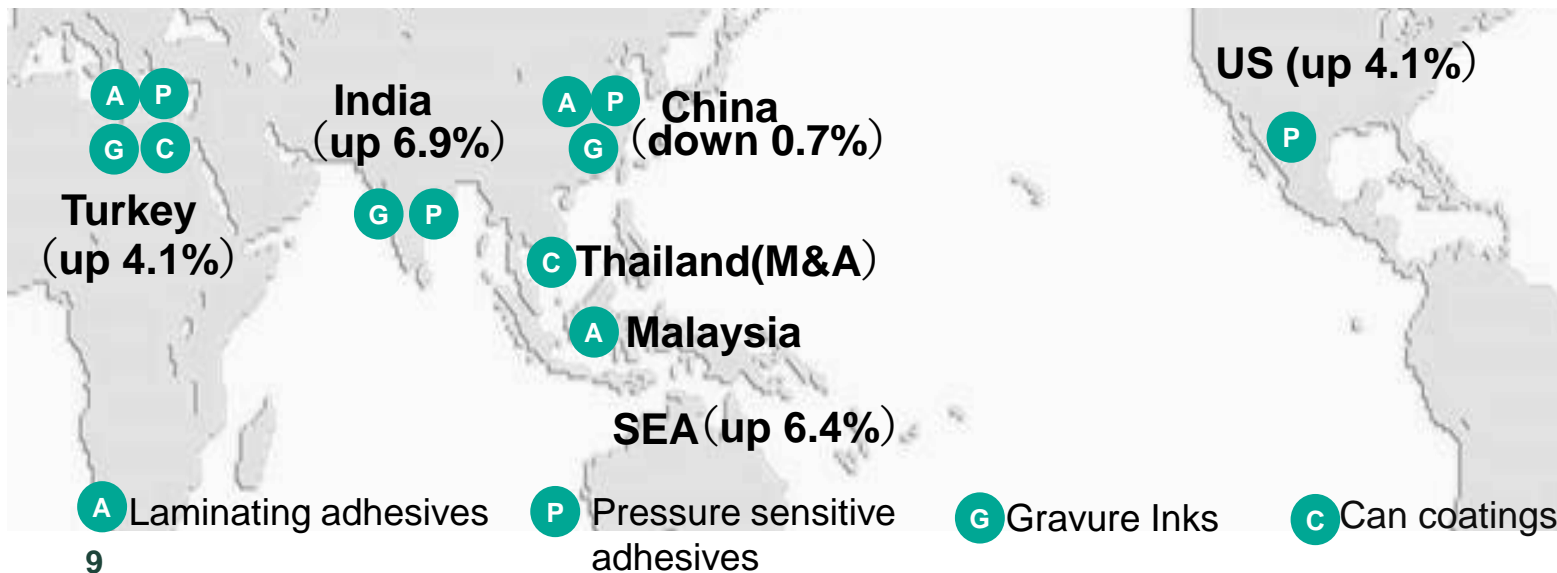
- Demand will grow in the packaging-related market in proportion to population increase.
- In step with economic development, progress will be made in the shift to higher quality products, the growth of demand for environmental consideration, and the shift to the local production of industrial materials.

### Our strength

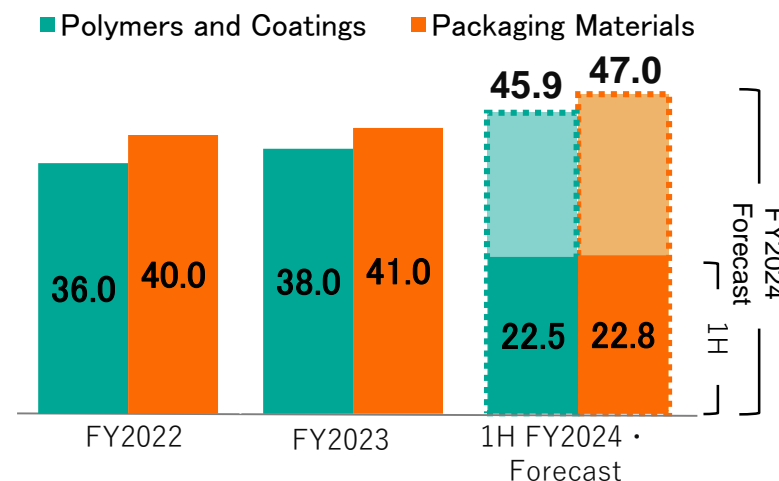
- In Asia, strong network and brand power which we will develop over many years
- System for speedy development tailored to local needs

- Outlook for overseas capital investments and population increase by area from 2021 and beyond (2030 forecasts (compared to 2022))

Source: : UN, World Population Prospects 2022



### < Polymers and Coatings, Packaging materials overseas sales transition\* > (Unit:1 billion yen)



(Note) The segment performance for Japan and overseas does not take into account eliminations between regions.

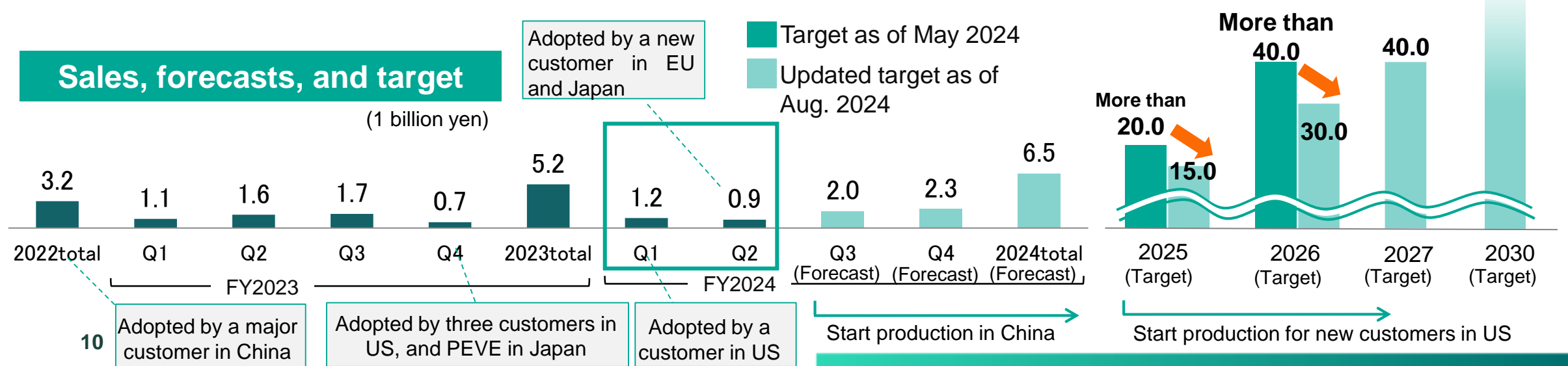
# Mobility & Battery Related Businesses: CNT dispersions for LiB

**First Half of FY2024 outlook :** Sales decreased year on year to 2.1 billion yen due to the persistently sluggish EV market. In particular, demand was weak in Europe and the US. Preparations for production in China have been completed, and there has been progress in the development of products for next-generation batteries

**Major topics of FY2024Q2 :**

- Sites in Georgia in the US and in Hungary: In business for SKon, demand has remained weak. Got an informal decision from a company in Europe.
- Site in Kentucky in the US: A new plant is under construction, with production expected to begin in 2025. The scale of production will be two to four times larger than Georgia.
- Site in Zhuhai in China: Production for a major customer in China commenced in July. We expect an increase of at least 20% over our forecast in the beginning of the fiscal year.
- Site in Japan : Adopted by a new customer, following PEVE.

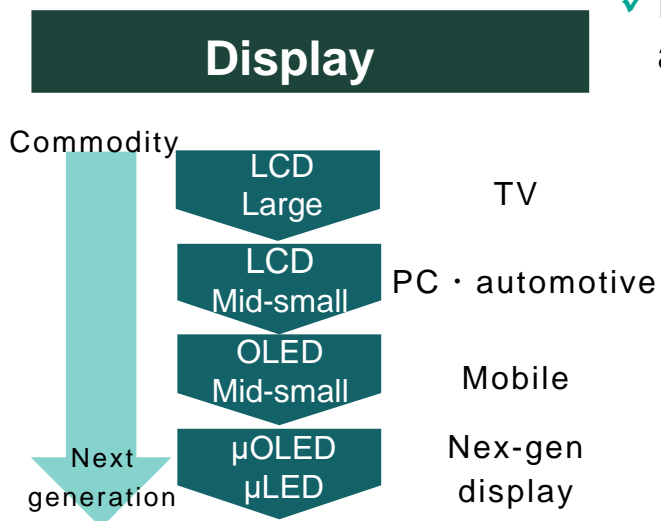
**Business outlook :** The recovery of demand in Europe and the US will continue to be slow, and the production for a major customer in China is expected to be the driving force for the business. For 2025 and beyond, there has been no change to the informal decisions made by customers, including other customers that are expected to select artience products, but targets for 2025 and 2026 have been changed, reflecting the latest forecasts. The achievement of 40.0 billion forecast has been postponed to 2027, one year later than initially expected. Activities to obtain new offers are ongoing (Newly developed products, such as products for anodes and LMFPs, are not included in the targets below.) .



## Display & Advanced Electronics Related Businesses : Expand business around current field

■ We responded to the shift to China and the increasingly fierce competitive environment by expanding peripheral products through development and marketing efforts.

✓ Expand share in the Chinese market, where demand will continue to grow, to ensure profits and develop next-generation materials



### CF materials

- Expand sales in the world largest Chinese market
- Developing thoroughly differentiated and functional products
- We strengthened antireflective materials for foldable OLED displays and materials for micro OLED and micro LED displays.

### Optical adhesives

- Strengthening supply system in China
- We rolled out high heat-resistance, value-added products for automotive applications.
- We expanded biomass pressure sensitive adhesives that cater to demand for environmental consideration.

✓ Expanding new materials, mainly for semiconductors, and promoting evaluation of developed products

- We enhanced materials for next-generation sensing devices.
- We applied film technologies and unique resins which were developed for FPC to make products for semiconductor assembly and testing processes, and the results in 2024 partly reflected these efforts. We aim to expand these efforts during the next Medium-Term Management Plan. We accelerated the development of new resins in the polymer pilot building.
- Development of thermal components for the power semiconductor market.

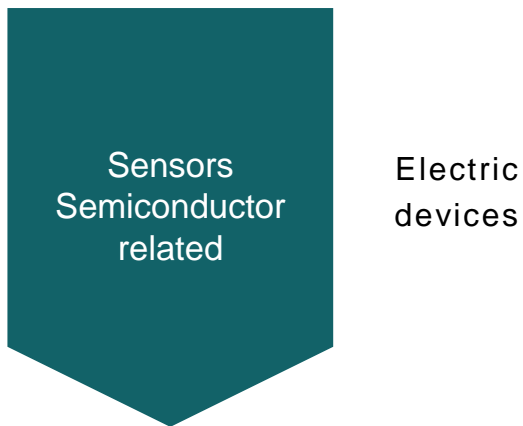
### Development trends of semiconductor peripheral materials

Transmission loss  
⇒ Low dielectric

Warpage suppression  
⇒ Stress relief

High heat ⇒ Heat conductivity,  
Heat durability

## Advanced electronics



# ESG Topics

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## Initiatives for achieving the asv2050/2030 Sustainability Vision

- Increasing the percentage of domestic and overseas sites included in the scope of the CO<sub>2</sub> reduction roadmap towards the achievement of carbon neutrality by 2050 (50% in 2023 => 80% in 1H of 2024)
- Introduction of a tool for visualizing CO<sub>2</sub> emissions (operation to begin in 2H of 2024)
- Participation in the GX League (Feb. 2024), publication of Integrated Report (Jun. 2024)

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## Measures implemented to improve engagement and realize DE&I

- Strengthening the Human capital  
Introduction of a new personnel system and a new personnel development program and provision of workshops to entrench the new philosophy  
Commencement of the Incubation CANVAS Program (an initiative to expand our human network to include researchers, entrepreneurs, operating companies and supporters)
- Promotion of diversity: Establishment of Clover Biz Co., Ltd. aimed at supporting the employment of people with disabilities

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## Management initiatives with awareness of capital efficiency improvement and the share price

- Cancellation of treasury shares\*<sup>1</sup>, acquisition of treasury shares\*<sup>2</sup>, continuing to reduce shareholdings
- Strengthening the governance system  
The number of independent outside directors increased by one. The frequency of advisory committee on appointment and remuneration meetings was increased (1 time/year => 4 times/year).  
Strengthening the SR/IR activities



The integrated report 2024

\*1 : Already implemented in the end of May 2024

\*2 : Resolution of the Board of Directors on August 9, 2024

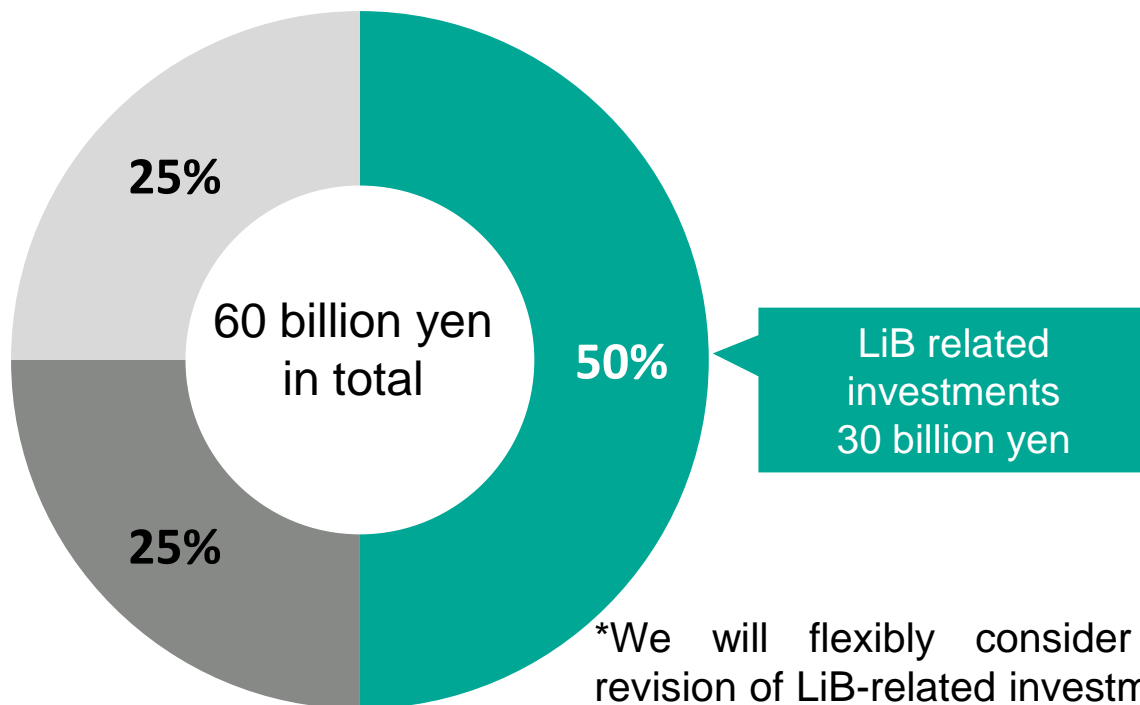
## Progress of the capital investment

Planning total 60 billion yen during this 3 year mid-term management plan. Half of the total 30 billion yen will be allocated for the LiB related business area.

### 3 years total allocation

#### Allocations of capital expenditures planned

■ Strategic priority businesses
 ■ Existing businesses with high profitability
 ■ Strengthening of foundations for bases in Japan and abroad



\*We will flexibly consider the revision of LiB-related investments in accordance with demand.

### FY2024 capital investment plan and depreciation cost

	1H, FY2024 (Results)	FY2024 (Plan)
<b>Capital Investment*</b>	10.3	30.3
<b>Depreciation</b>	6.0	12.5

※Capital investment's plan means orders placed.

#### Major capital investment

**CNT dispersions for LiB in FY2024**  
14.0 billion yen

**FY2024 others :**  
Pressure sensitive adhesives in India,  
New plan in Turkey, Polymer pilot plant etc.

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# First Half of FY2024 Summary of Consolidated Business Performance

(Unit : 1 billion yen)

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Net sales	153.7	172.3	12.1	340.0	355.0
Operating profit	4.7	10.6	122.1	14.5	20.0
Ordinary profit	5.4	12.4	130.5	13.5	20.0
Profit attributable to owners of parent	3.8	9.4	143.5	10.0	16.5
Operating margin	3.1%	6.1%	+3.0 (point)	4.3%	5.6%
Overseas sales ratio	52.8%	56.0%	+3.2 (point)		

## Assumed indexes for targets

		1H, 2023 Avg.	1H, 2024 Avg.	2024 Projections
Exchange rate	1 USD	¥136.5	¥ 154.1	¥140.0
	1 EUR	¥147.9	¥ 166.1	¥155.0
	1 RMB	¥19.6	¥ 21.3	¥20.0

		1H, 2023 Avg.	1H, 2024 Avg.	2024 Projections
Raw materials	Naphtha(/KL)	¥67,000	¥75,750	¥70,000

# First Half of FY2024 Summary of Consolidated Business Performance

**Increased Sales and Profit** : Sales increased due to the growth of overseas markets. Profit increased due to the ongoing effects of structural reforms and price revisions.

## Sales

Sales increased as growth businesses (including gravure inks, pressure sensitive adhesives and adhesives, and UV curable inks) grew positively due to the effects of exchange rates and price revisions, as well as the expansion of facilities and measures to strengthen sales activities which were implemented during the previous Medium-Term Management Plan.

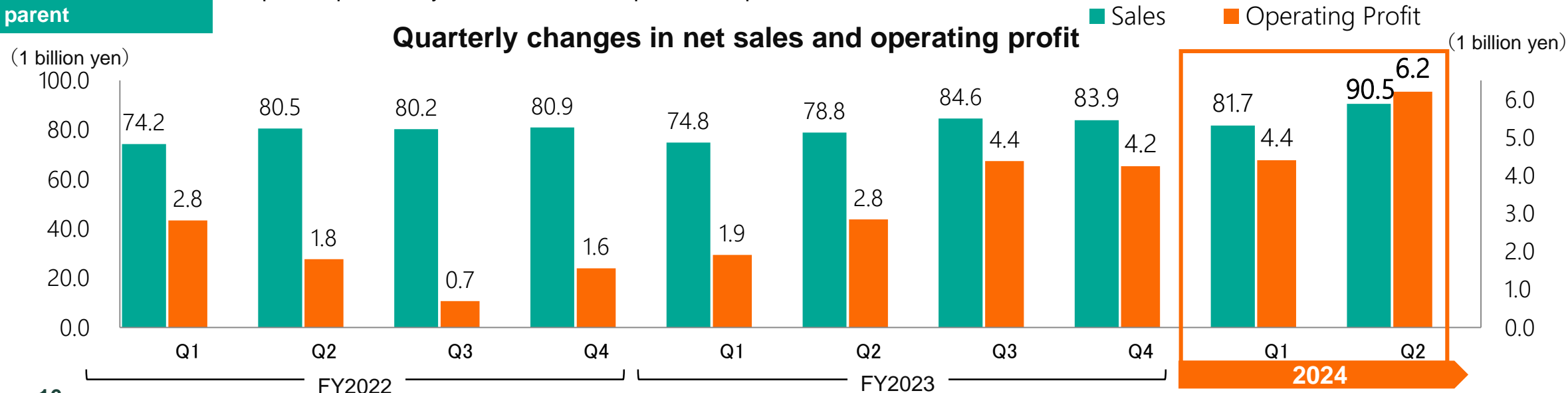
## Operating Profit

Profits increased both domestically and overseas due to the continued effect of improved profitability in the domestic printing and information segments, as well as the continuing effect of price revisions on packaging-related products such as gravure inks and functional inks. In electronics-related business, performance of color filter materials for small and medium-sized panels remained sluggish despite the recovery of color filter materials for large panels. However, sales of functional films for smartphones increased and contributed to the growth of profit.

## Profit attributable to owners of parent

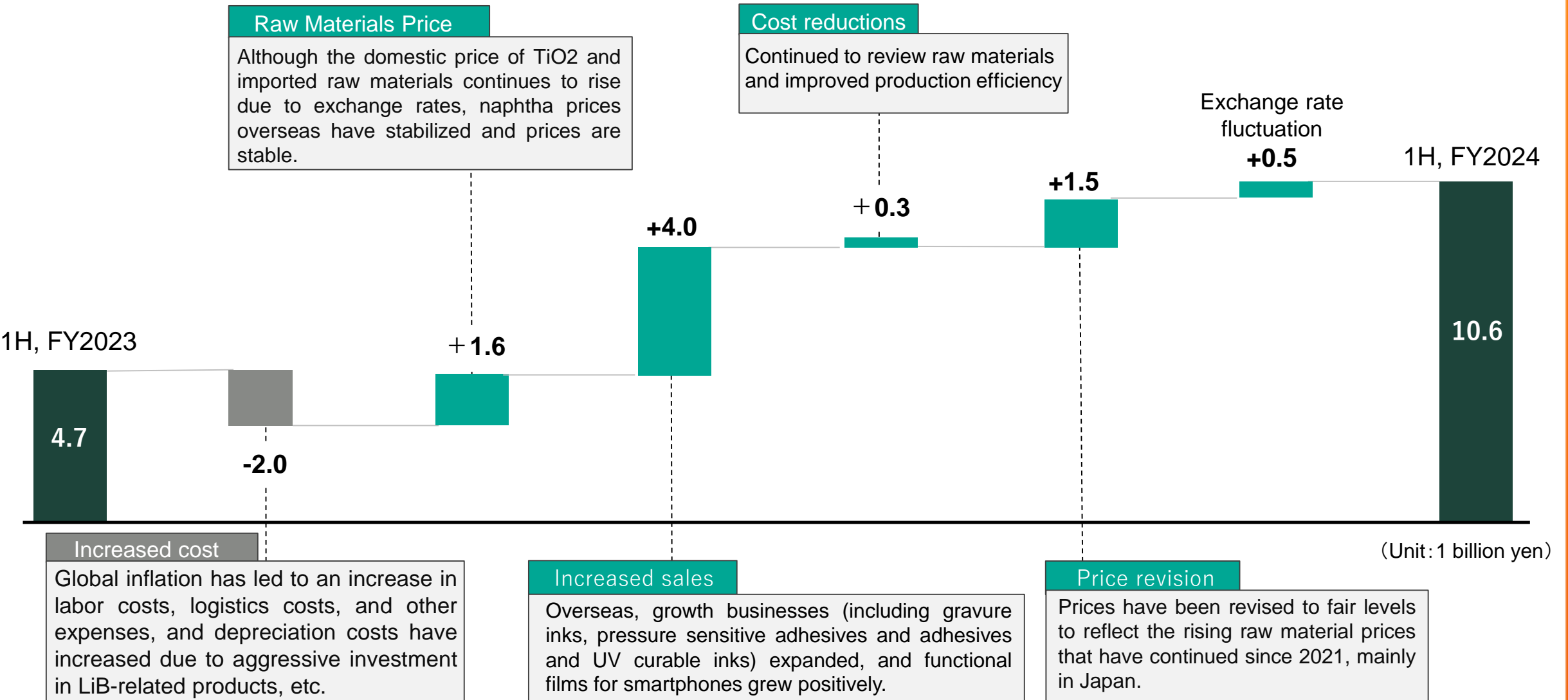
Improved profitability of business and improved net profit

**Quarterly changes in net sales and operating profit**





# First Half of FY2024 Analysis of Factors Behind YoY Difference in Operating Profit



# First Half of FY2024 Summary of Performance by Business Segment

	Results for 1H, FY2023 (billion yen)		Results for 1H, FY2024 (billion yen)		Increase/decrease(%)	
	Net sales	Operating Profit	Net sales	Operating Profit	Net sales	Operating Profit
Colorants and Functional Materials	39.4	1.5	43.8	2.2	11.3	47.9
Polymers and Coatings	36.3	1.9	42.6	3.5	17.3	81.7
Packaging Materials	40.4	1.4	44.3	2.5	9.9	76.5
Printing and Information	36.3	-0.0	40.7	2.5	12.1	-
Others and Adjustment	1.3	-0.0	0.8	-1.0	-	-
<b>Total consolidated</b>	<b>153.7</b>	<b>4.7</b>	<b>172.3</b>	<b>10.6</b>	<b>12.1</b>	<b>122.1</b>

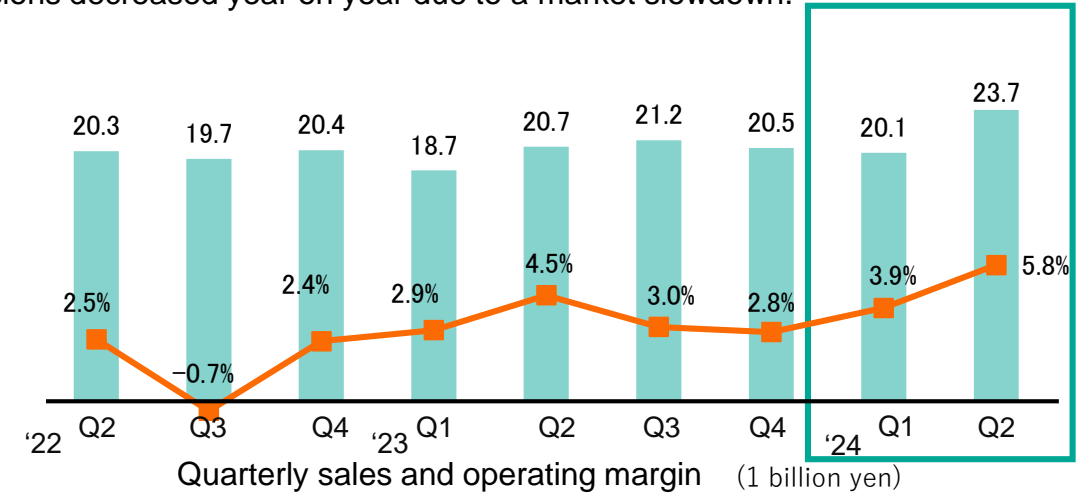
# First Half of FY2024 Summary by Business Segment (Colorants & Functional Materials)

## Net sales/ Operating profit

Color filter materials for large panels were trending toward a recovery, resulting in the growth of net sales, but profit remained flat year on year. Plastic colorants for automobiles and solar cells were strong overseas. Sales of inkjet inks increased due to increases in the domestic and overseas market shares. Sales of CNT dispersions decreased year on year due to a market slowdown.

Results	1H, FY2023	1H, FY2024	YoY Increase/decrease(%)	FY2024 (after Aug.9 <sup>th</sup> revision)	FY2024 progress (%) (after Aug.9 <sup>th</sup> revision)
Sales	39.4	43.8	11.3	91.0	48.1
Operating profit	1.5	2.2	47.9	4.0	54.2

(Unit: 1 billion yen)



	Sales increase/decrease	Summary
Color filter materials (Materials for displays)	+ 4%	Sales increased but profit decreased. Resist inks and pastes for large panels in China and Taiwan increased in volume. The small and medium-sized panel market remained weak and profit declined. Color filter materials for sensors were strong.
Plastic colorants	+ 13%	Overseas, plastic colorants for automobiles were strong in North America and plastic colorants for solar cells were strong in China. In Japan, products for containers were weak mainly due to a shift to colorless containers, and profit increased in the second quarter chiefly reflecting price revisions.
Pigments	+ 20%	Sales increased due to the strong performance of products for digital equipment. The consolidation of sites, price revisions, etc. contributed to an increase in profit
Other	+ 11%	Inkjet inks for commercial printing and labels, etc., were strong. Sales of dispersions for LiBs decreased year on year due to the slowdown of the EV market, but the production of products for a major customer in China commenced in July 2024.

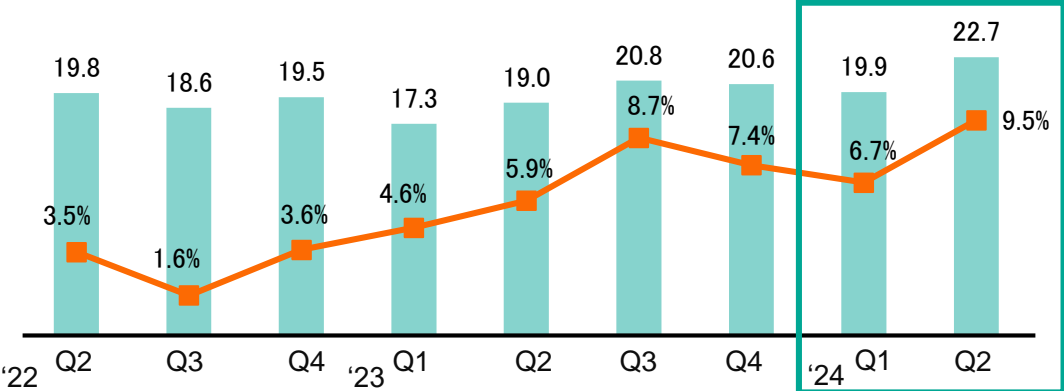
# First Half of FY2024 Summary by Business Segment (Polymers and Coatings)

**Net sales/  
Operating profit**

Sales of adhesives and can coatings continued to expand, particularly overseas, and functional films and tapes for smartphones and mobile devices expanded. In Japan, there was progress in the expansion of sales of laminating adhesives, but the appropriate revision of prices continued in response to rising raw material prices, logistics costs, etc.

Results	1H, FY2023	1H, FY2024	YoY Increase/decrease(%)	FY2024 (after Aug.9 <sup>th</sup> revision)	FY2024 progress (%) (after Aug.9 <sup>th</sup> revision)
Sales	36.3	42.6	17.3	87.0	49.0
Operating profit	1.9	3.5	81.7	7.0	49.7

(Unit: 1 billion yen)



Quarterly sales and operating margin (1 billion yen)

Sales increase/decrease	Summary
Functional films and tapes	+ 34% Sales of functional films such as conductive adhesive sheets for smartphones and mobile devices continued to expand throughout the first half. Some semiconductor-related materials developed by artience also produced results.
Adhesives	+ 14% In Japan, products for displays, LiB pouches, etc., were strong, but rising raw materials prices, logistics costs, etc. put pressure on profit. Overseas, sales were strong in Southeast Asia, India and other regions.
Paints and resins	+ 22% In Japan, products for beverage cans performed solidly, while overseas sales grew significantly, helped in part by the effects of acquisitions in addition to the recovery of sales for food cans in Thailand and an increase in the use of environmentally friendly products.

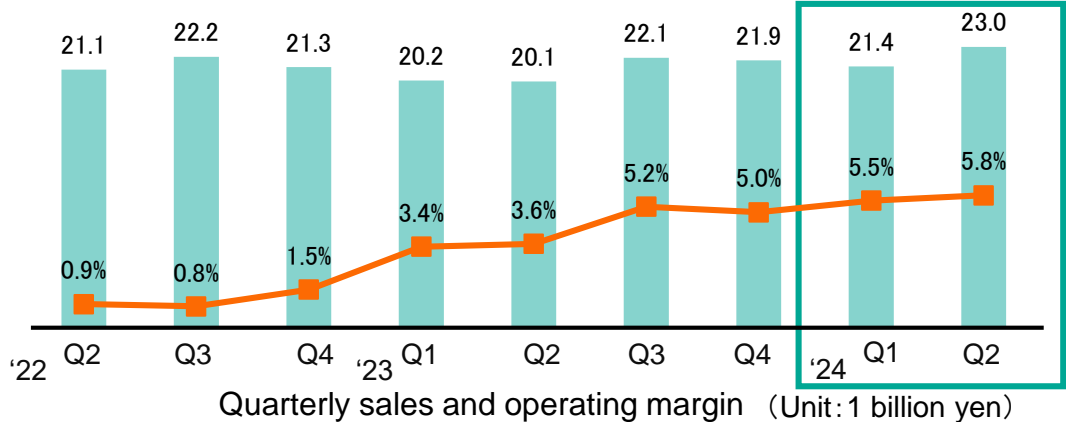
# First Half of FY2024 Summary by Business Segment (Packaging Materials)

**Net sales/  
Operating profit**

Overseas, the segment's performance was steady with both sales and profit growing. Products helpful to sustainability also expanded in each region. In Japan, profit increased due to cost reduction and price revisions although the materials for food packaging market remained flat. However, raw materials and logistics expenses are trending upward.

Results	1H, FY2023	1H, FY2024	YoY Increase/decrease(%)	FY2024 (after Aug.9 <sup>th</sup> revision)	FY2024 progress (%) (after Aug.9 <sup>th</sup> revision)
Sales	40.4	44.3	9.9	91.0	48.7
Operating profit	1.4	2.5	76.5	5.0	50.0

(Unit: 1 billion yen)



Sales increase/decrease	Summary
Domestic liquid inks	+3% Both sales and profit increased. With the absence of a significant recovery in the domestic market, we moved forward with cost reduction through product integration. Price revisions continued in response to persistently rising prices, particularly for imported raw materials.
Overseas liquid inks	+20% Both sales and profit increased. Despite sluggish market conditions in China, demand was strong in Southeast Asia and India, resulting in the expansion of middle-grade products. Performance was strong in Turkey, but there was a delay in the commencement of the operation of a new plant. Raw materials prices were stable.

# First Half of FY2024 Summary by Business Segment (Printing and Information)

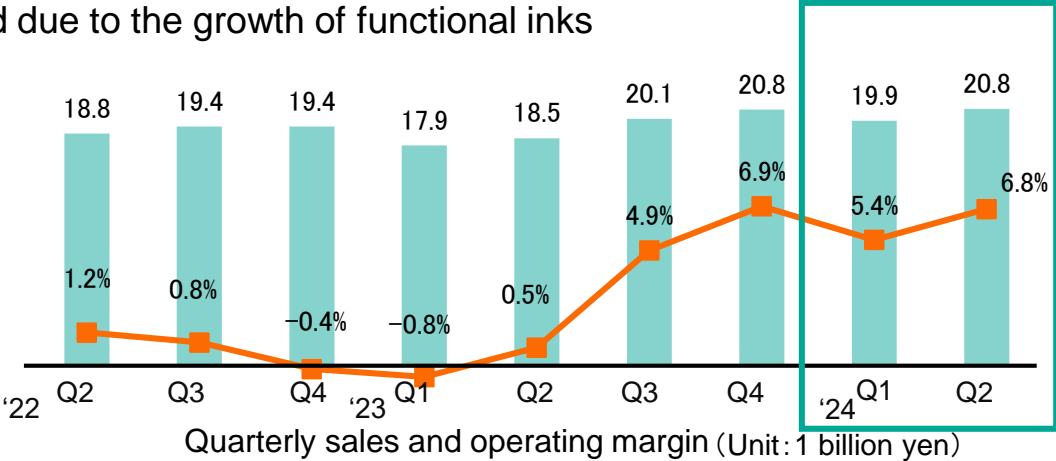
## Net sales/ Operating profit

Despite a shrinking domestic market, functional inks grew. Both sales and profit increased due to the effects of structural reforms and price revisions.

In overseas markets, both sales and profit increased due to the growth of functional inks

Results	1H, FY2023	1H, FY2024	YoY Increase/decrease(%)	FY2024 (after Aug.9 <sup>th</sup> revision)	FY2024 progress (%) (after Aug.9 <sup>th</sup> revision)
Sales	36.3	40.7	12.1	84.0	48.5
Operating profit	-0.0	2.5	-	5.0	49.6

(Unit: 1 billion yen)

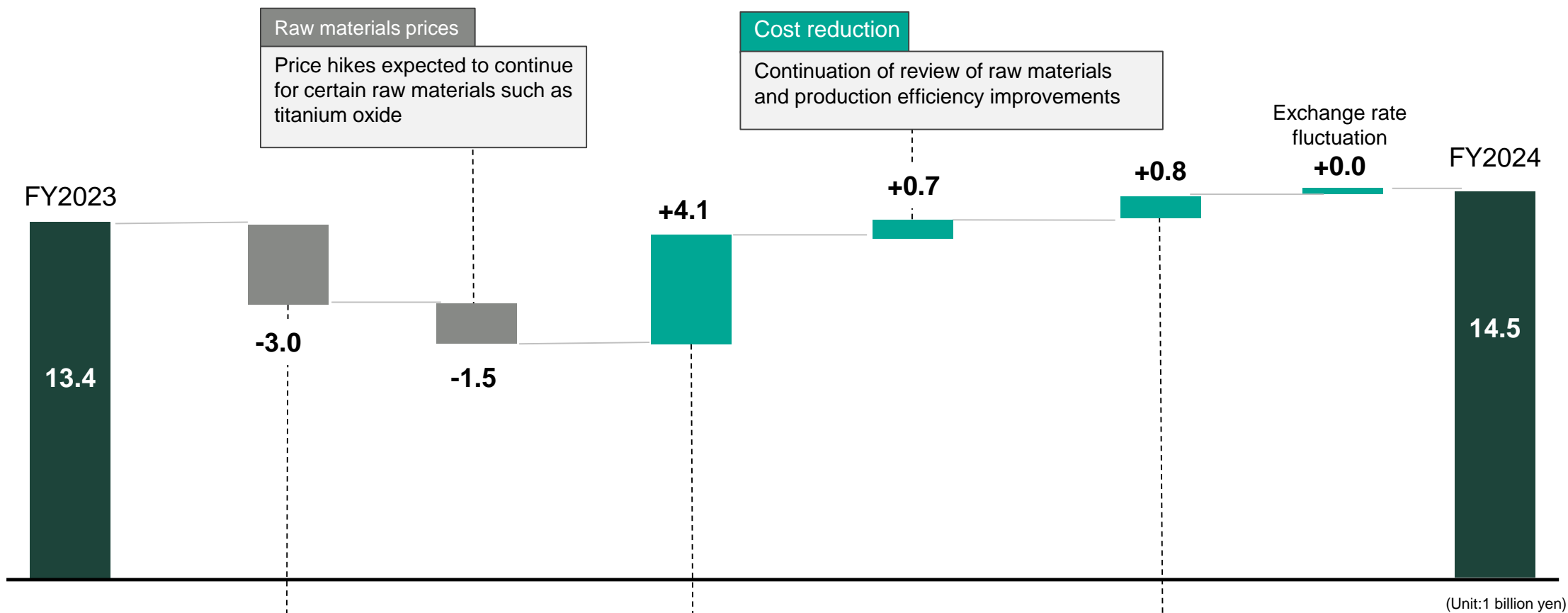


	increase/decrease	Summary
Offset inks (General inks)	+ 9%	Both sales and profit increased. In Japan, operating profit improved despite market contraction, thanks to the continuation of the reform of the production and sales structure and the implementation of price revisions, which partly reflect logistics costs. Sales of sheet-fed inks increased in other countries.
Functional Inks*	+ 18%	Both sales and profit increased. In Japan, UV curable inks for commercial printing and packaging materials remained strong, while overseas, in Europe and the US, there was growth in LED-UV curable inks. Functional coatings also expanded.

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

# (Reference) FY2024 Full-year Forecast for Changes in Operating Profit

(Re-positing)  
From FY2023 results briefing  
on Feb.19<sup>th</sup>, 2024

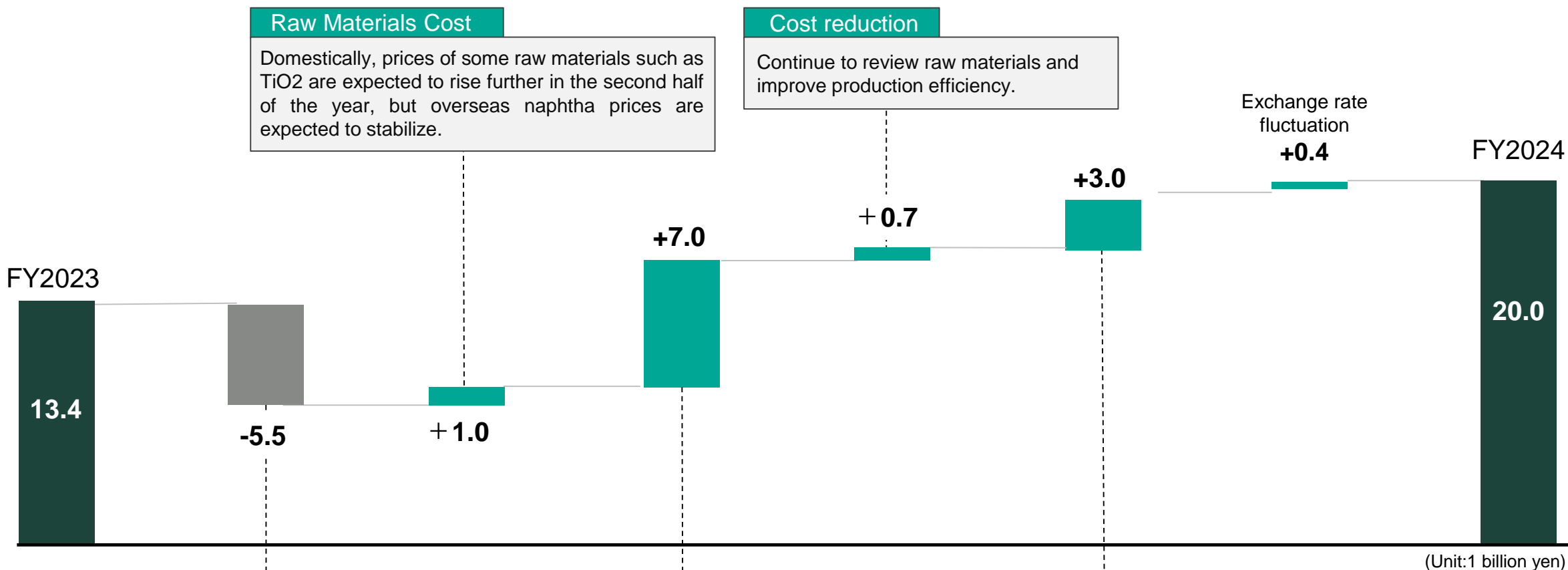


**Increasing costs**  
Increase in depreciation and increase in personnel expenses, logistics cost, and expenses, which resulted from aggressive investment in growth areas, including those related to LiB, and the commencement of operation of new facilities and bases.

**Increasing sales**  
Recovery in the market conditions of color filter materials, Promote business portfolio transformation, including expansion of LiB dispersions and global expansion centered on India and Southeast Asia

**Price revision**  
Continuation of price revisions commensurate with the surge in raw material prices

# FY2024 Forecast of Factors Behind YoY Difference in Operating Profit (after revision on Aug.9<sup>th</sup>, 2024 )



**Cost increase**  
Increased depreciation costs due to active investment in growth areas such as LiB-related and the operation of new facilities and new bases, as well as increases in labor costs, logistics costs and expenses.

**Sale increase**  
Promote business portfolio transformation, such as global expansion centered on India and Southeast Asia, expand CNT dispersions for LiBs, and expand functional films and coatings.

**Price revision**  
Continuing price revisions to reflect rising raw material costs, mainly in Japan.

**Raw Materials Cost**  
Domestically, prices of some raw materials such as TiO2 are expected to rise further in the second half of the year, but overseas naphtha prices are expected to stabilize.

**Cost reduction**  
Continue to review raw materials and improve production efficiency.



## Second Half of FY2024 Forecast by Business Segment

- **Domestic** : Although raw material prices are expected to rise and a significant recovery in domestic consumption is not expected, the company will secure profits by continuing structural reforms and cost reductions.
- **Overseas** : Volume and sales are expected to continue to increase due to active sales expansion. **In colorants and functional materials**, plastic colorants and inkjet will remain strong, but CF materials will be sluggish, and sales of CNT dispersions are expected to expand to major Chinese companies. **In Polymers and Coatings**, adhesives and paints & resins will drive performance, but the momentum of functional films and tapes in the first half of the year is expected to slow down once the busy period is over. **In packaging materials and printing and information**, performance similar to that in the first half is expected.

	FY2023 (billion yen)		FY2024 forecast (billion yen) (initial target)		FY2024 forecast (billion yen) (after Aug.9 <sup>th</sup> revision)	
	Net sales	Operating Profit	Net sales	Operating Profit	Net sales	Operating Profit
Colorants and Functional Materials	81.1	2.7	90.0	3.4	91.0	4.0
Polymers and Coatings	77.7	5.3	82.0	5.6	87.0	7.0
Packaging Materials	84.3	3.7	88.0	4.0	91.0	5.0
Printing and Information	77.2	2.4	78.0	2.5	84.0	5.0
Others and Adjustment	1.8	-0.6	2.0	-1.0	2.0	-1.0
<b>Total consolidated</b>	<b>322.1</b>	<b>13.4</b>	<b>340.0</b>	<b>14.5</b>	<b>355.0</b>	<b>20.0</b>

■ **Inquiries concerning IR**     [ir@artiencegroup.com](mailto:ir@artiencegroup.com)

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

## ■ Major News Releases

- **artience group to Boost Adhesive Production Capacity by 3.5X in Gujarat, India (April 9<sup>th</sup> , 2024)**

Aiming for top share of solvent-based adhesives in Indian market by 2026

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

- **"Incubation CANVAS Program" trial started (April 24<sup>nd</sup> , 2024)**

Establishment of a program and real space to promote the social implementation of innovations originating in science and technology

<https://www.artiencegroup.com/en/news/2024/24042401.html>

- **Notice Regarding Determination of Matters Related to Treasury Share Acquisition (August 9<sup>th</sup> ,2024)**

<https://ssl4.eir-parts.net/doc/4634/tdnet/2490671/00.pdf>

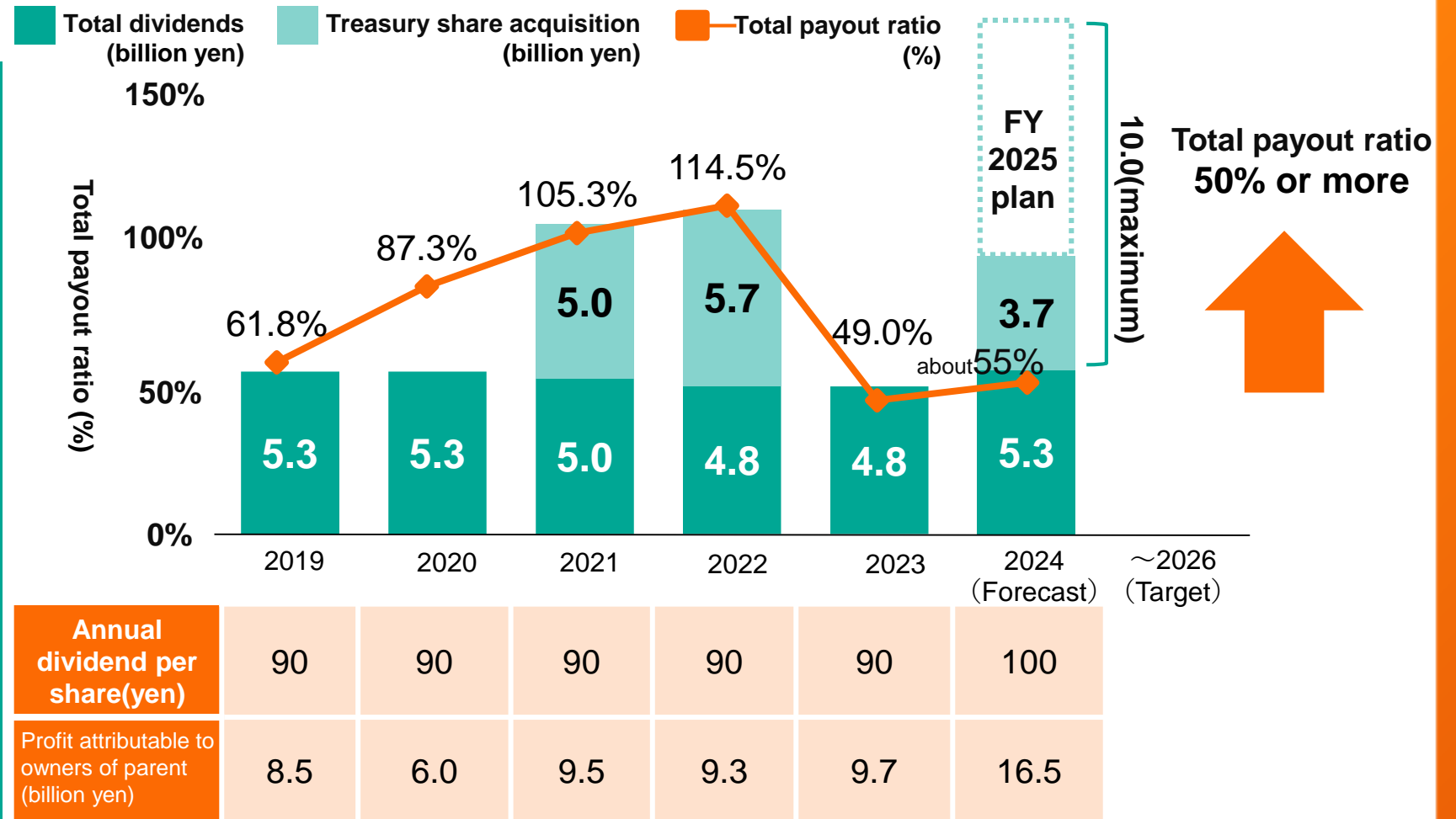
- **Notice of Policy to Reduce Shareholdings and Gain on Sale of Investment Securities (Extraordinary Income) (August 9<sup>th</sup> ,2024)**

<https://ssl4.eir-parts.net/doc/4634/tdnet/2490670/00.pdf>

# (Reference) mid-term management plan artience2027 Shareholder Return Policy

■ Introduce a total payout ratio target and aim to raise the level of shareholder returns according to profit growth.

- In the event of securing a profit, allocate the surplus cash to strategic investments and increased shareholder returns including treasury share acquisition while retaining the basic policy of paying stable dividends.
- Set the total payout ratio target at 50% or more.



※On August 9<sup>th</sup> 2024, announced annual dividend, including interim dividend, will be 100 yen (+ 10 yen than previous fiscal year)

※On August 9<sup>th</sup> 2024, announced 4.5million shares(maximum)or 10 billion yen(maximum) Treasury Share Acquisition . Period: Aug.13,2024-Aug. 12,2025

# (Reference) Consolidated Balance Sheet

(unit : 1 billion yen)

	As at Dec. 31, 2023	As at June 30, 2024	Increase/ decrease(%)
Current assets	230.9	246.8	6.9
Fixed assets	216.9	238.6	10.0
Total assets	447.8	485.4	8.4
Current liabilities	124.0	123.0	-0.7
Long-term liabilities	68.2	80.4	17.9
Total liabilities	192.1	203.4	5.9
Total net assets	255.7	281.9	10.3
Total of liabilities and net assets	447.8	485.4	8.4

	As at Dec.31,2023	As at June 30, 2024
Interest-bearing debt (1billion yen)	89.9	88.3
New worth ratio(%)	54.9	55.7
D/E ratio	0.43	0.41

Number of affiliated companies

	As at Dec. 31, 2023	As at June 30, 2024
Consolidated subsidiaries	56	56
Equity method companies	6	5

Dividend payment

(Unit: Yen/share)

	FY2023	FY2024
Interim	45.0	50.0
Year-end	45.0	50.0(Forecast)

Investment in facilities and depreciation expenses

(unit : 1 billion yen)

	Full year targets for FY2024	Results for 1H, FY2024
Capital investment *	30.3	10.3
Depreciation	12.5	6.0

\* 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 1H,FY2023	Ratio to net sales(%)	Results for 1H,FY2024	Ratio to net sales(%)	Increase/ decrease(%)
Net sales	153.7	100.0	<b>172.3</b>	100.0	12.1
Gross profit	28.9	18.8	<b>37.4</b>	21.7	29.4
Total selling, general and administrative expenses	24.2	15.7	<b>26.9</b>	15.6	11.2
Operating profit	4.7	3.1	<b>10.6</b>	6.1	122.1
Total non-operating income	2.0	1.3	<b>3.7</b>	2.1	79.8
Total non-operating expenses	1.4	0.9	<b>1.9</b>	1.1	30.5
Ordinary profit	5.4	3.5	<b>12.4</b>	7.2	130.5
Total extraordinary income	1.0	0.6	<b>0.0</b>	0.0	-95.2
Total extraordinary losses	1.0	0.6	<b>0.4</b>	0.2	-60.6
Profit before income taxes	5.4	3.5	<b>12.0</b>	7.0	123.9
Total income taxes	1.6	1.0	<b>2.6</b>	1.5	64.8
Profit	3.8	2.5	<b>9.5</b>	5.5	148.1
Profit attributable to owners of parent	3.8	2.5	<b>9.4</b>	5.4	143.5

## (Reference) Performance by Segment

		2nd 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	10.8	0.5	11.1	97.3	13.1	73.6	20.4	0.9	11.4	136.1
	Overseas	17.8	0.9	13.7	10.9	19.7	212.4	32.7	1.2	8.3	15.8
	Total	23.7	1.4	14.5	49.5	17.5	75.4	43.8	2.2	11.3	47.9
Polymers and Coatings	Japan	14.6	0.9	18.2	141.6	15.2	149.0	27.3	1.3	14.0	74.3
	Overseas	12.2	1.2	33.2	72.9	17.2	25.2	22.5	2.2	31.6	82.3
	Total	22.7	2.2	19.5	93.9	14.3	62.4	42.6	3.5	17.3	81.7
Packaging	Japan	11.6	0.6	5.9	77.0	7.3	26.0	22.5	1.0	2.0	15.9
	Overseas	11.8	0.8	25.0	88.4	8.1	4.6	22.8	1.5	20.6	169.6
	Total	23.0	1.3	14.0	83.5	7.4	12.1	44.3	2.5	9.9	76.5
Printing and Information	Japan	10.0	0.5	9.5	-	7.9	78.9	19.3	0.7	5.6	-
	Overseas	12.3	0.9	18.7	167.0	5.2	16.5	24.0	1.7	19.1	226.3
	Total	20.8	1.4	12.9	-	4.9	32.0	40.7	2.5	12.1	-
Others		1.4	-0.1	2.1	-	1.9	-	2.8	-0.1	-2.5	-
Adjustment		-1.1	-0.0	-	-	-	-	-2.0	-0.0	-	-
Total consolidated		90.5	6.2	14.8	118.2	10.8	42.3	172.3	10.6	12.1	122.1

30 (Note) The segment performance for Japan and overseas does not take into account eliminations between regions.

## (Reference) Performance by Segment (Quarterly Trends)

		FY2022				FY2023				FY2024							
		Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	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	7.8	-0.6	10.3	0.4	8.6	0.1	9.7	0.3	10.1	0.2	10.7	0.2	9.6	0.3	10.8	0.5
	Overseas	14.5	0.0	15.4	0.3	14.5	0.2	15.7	0.9	15.5	0.5	14.7	0.3	14.9	0.3	17.8	0.9
	Total	19.7	-0.1	20.4	0.5	18.7	0.5	20.7	0.9	21.2	0.6	20.5	0.6	20.1	0.8	23.7	1.4
Polymers and Coatings	Japan	12.5	-0.1	13.0	0.0	11.6	0.4	12.4	0.4	12.8	0.6	14.0	0.7	12.7	0.4	14.6	0.9
	Overseas	8.8	0.4	8.8	0.6	8.0	0.5	9.1	0.7	11.0	1.2	9.9	0.9	10.4	1.0	12.2	1.2
	Total	18.6	0.3	19.5	0.7	17.3	0.8	19.0	1.1	20.8	1.8	20.6	1.5	19.9	1.3	22.7	2.2
Packaging	Japan	11.6	0.2	11.7	0.3	11.0	0.6	11.0	0.3	10.9	0.3	11.5	0.5	10.8	0.4	11.6	0.6
	Overseas	10.8	0.0	9.9	0.0	9.4	0.1	9.5	0.4	11.5	0.8	10.7	0.6	10.9	0.7	11.8	0.8
	Total	22.2	0.2	21.3	0.3	20.2	0.7	20.1	0.7	22.1	1.2	21.9	1.1	21.4	1.2	23.0	1.3
Printing and Information	Japan	9.6	-0.2	10.0	-0.4	9.1	-0.2	9.2	-0.2	9.5	0.2	10.8	0.6	9.3	0.3	10.0	0.5
	Overseas	11.6	0.4	10.6	0.3	9.8	0.2	10.4	0.3	11.9	0.8	11.5	0.9	11.7	0.8	12.3	0.9
	Total	19.4	0.1	19.4	-0.1	17.9	-0.1	18.5	0.1	20.1	1.0	20.8	1.4	19.9	1.1	20.8	1.4
Others		1.2	0.2	1.2	0.1	1.5	0.0	1.4	0.0	1.3	-0.2	1.5	-0.4	1.4	0.0	1.4	-0.1
Adjustment		-0.8	0.0	-0.9	0.0	-0.8	-0.0	-0.8	-0.0	-0.8	-0.0	-1.4	0.0	-0.9	-0.0	-1.1	-0.0
Total consolidated		80.2	0.7	80.9	1.6	74.8	1.9	78.8	2.8	84.6	4.4	83.9	4.2	81.7	4.4	90.5	6.2

(Note) The segment performance for Japan and overseas does not take into account eliminations between regions.

## (Reference) Performance by Region

FY 2024	2nd 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	48.6	2.4	11.4	228.7	10.9	76.7	92.3	3.8	8.3	148.9
Asia	38.2	2.5	20.8	70.0	14.0	36.0	71.8	4.4	18.4	83.9
Europe	8.8	0.8	36.5	25.5	18.5	126.0	16.2	1.1	21.2	79.5
The Americas	6.8	0.5	5.5	166.5	1.2	-10.7	13.5	1.2	10.5	234.6
Adjustment	-11.8	-0.1	-	-	-	-	-21.6	0.0	-	-

<b>Total consolidated</b>	<b>90.5</b>	<b>6.2</b>	<b>14.8</b>	<b>118.2</b>	<b>10.8</b>	<b>42.3</b>	<b>172.3</b>	<b>10.6</b>	<b>12.1</b>	<b>122.1</b>
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(Note) FY2023 (1 billion yen)	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> 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
<b>Total consolidated</b>	<b>74.8</b>	<b>1.9</b>	<b>78.8</b>	<b>2.8</b>	<b>84.6</b>	<b>4.4</b>	<b>83.9</b>	<b>4.2</b>	<b>322.1</b>	<b>13.4</b>

(Note) Inter-regional transactions and Company-wide expenses have not been deducted from the figures for each geographical area above.

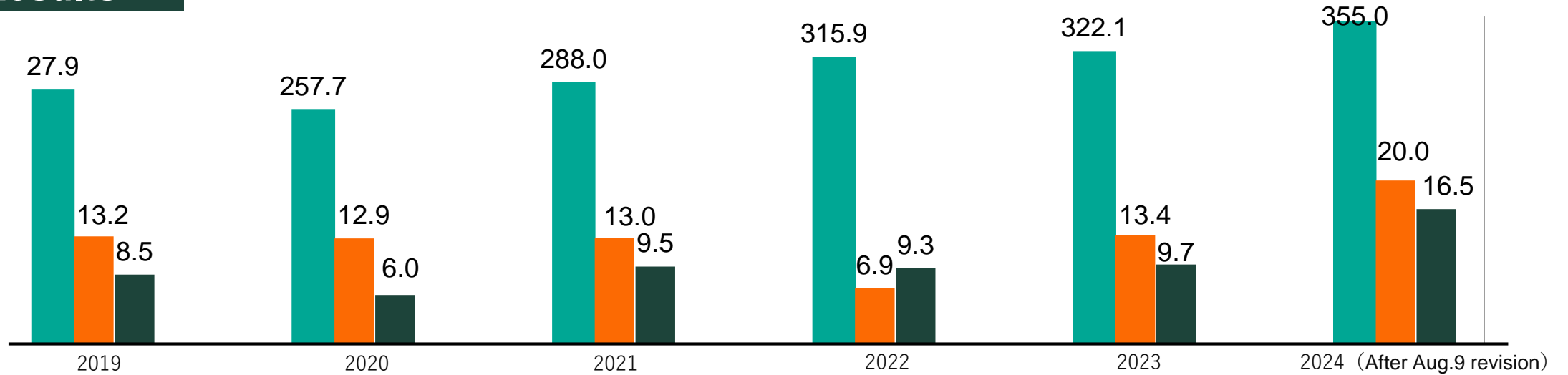


# (Reference) Supplemental Financial Data

■ Net sales ■ Operating profit ■ Profit attributable to owners of parent

## Results

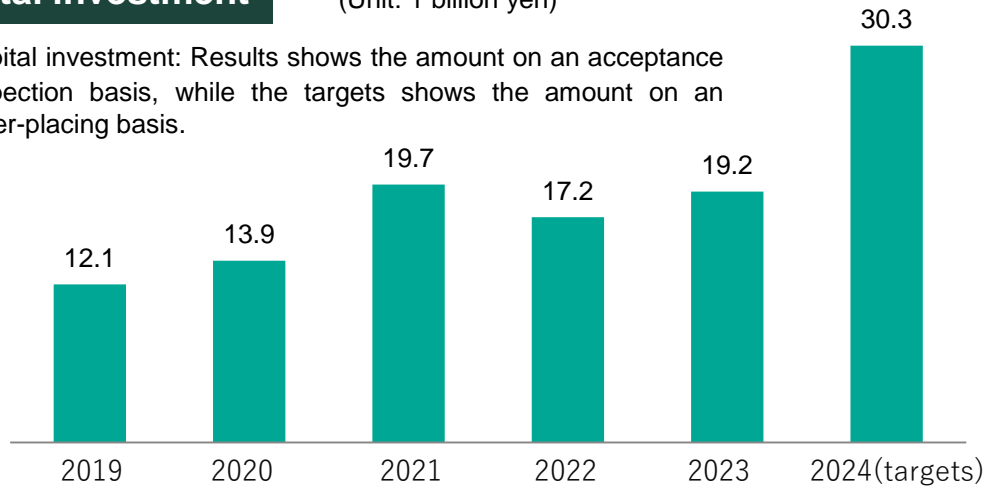
(Unit: 1 billion yen)



## Capital investment

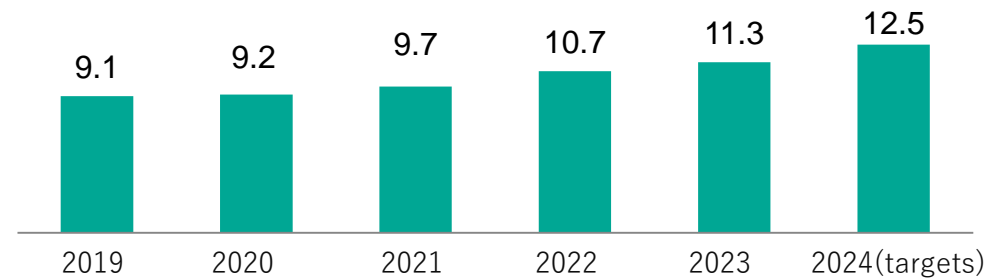
(Unit: 1 billion yen)

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



## Capital investment

(Unit: 1 billion yen)







# Colorants and Functional Materials 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	
<b>Functional films and tapes</b>	Adhesive tapes, Functional films  Marking films	Smartphones  Signboards	
<b>Adhesives</b>	Pressure sensitive adhesives  Laminating adhesives  Hot-melt adhesives	Labels, Displays  Packaging films, lithium ion batteries, solar cells  bookbinding, Body-wrapping labels for PET bottle	
<b>Paints and resins</b>	Can coatings  resins, hard coatings	Beverage cans, food cans  Printing Inks, Architectural paints, Display	
<b>Others</b>	Medical  Natural extracts	Transdermal patches  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 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 Group deems reasonable. It may differ from actual results due to various risk factors and other uncertain factors.

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

All amounts are rounded to the nearest 100 million yen.

■ IR schedule (plan) \* The schedule is subject to change without prior notice.

• FY2024Q3 : Financial results announcement (November 8), Results Briefing (November 15)