

artience Group Value Creation Looking Ahead to 2050

The artience Group has been working on a long-term concept with the target year of 2027 called Scientific Innovation Chain 2027 (SIC27) and we have been implementing three-year-long medium-term management plans. To make a fresh start as artience in FY2024, the Group formulated artience2027/2030 "GROWTH", a new management plan whose target year is 2030, so as to implement the transformation consistently.

In addition to engaging in business activities with financial targets in each medium-term management plan, we have also identified key material issues relating to the sustainability of the Group and society, and are engaged in sustainability activities in conjunction with our medium-term management plan. The Group

established its asv 2050/2030 Sustainability Vision as a set of long-term practical targets for its sustainability activities. The goal is to respond to recent global trends regarding climate action, carbon neutrality and initiatives for the achievement of the SDGs, as well as the current social situation which includes an increasing number of demands being made of businesses.

To serve in new area and achieve continued growth in fast-changing social circumstances, we will transform into a company that delivers pioneering value to people around the world using cutting-edge technologies and work together as one group to create value that resonates with the senses for a future where all people can live enriched lives.

Targets for business performance

	FY2021 (result)	FY2022 (result)	FY2023 (result)	FY2024 (planned)	FY2026 (target)	FY2029 (target)
Consolidated net sales	287,989 million JPY	315,927 million JPY	322,122 million JPY	340,000 million JPY	400,000 million JPY	500,000 million JPY
Consolidated operating profit	13,005 million JPY	6,865 million JPY	13,372 million JPY	14,500 million JPY	25,000 million JPY	—
Operating margin	4.5%	2.2%	4.2%	4.3%	6.3%	—
ROE	4.4%	4.3%	4.2%	—	7.0% or more	10.0% or more

Summary of the previous SIC-II Medium-term Management Plan (2021–2023)

There was some progress in growth initiatives and the net sales target was achieved. However, operating profit was far below the target due mainly to a decrease in the operating margin due to rising raw material prices and a decline in volume.

Achievements and issues in the SIC-II period

Basic policy	Achievements	Issues
1. Improve the profitability of businesses	<ul style="list-style-type: none"> Progress was made in the expansion of business and investment in growth regions (India, Southeast Asia and Turkey): Overseas sales ratio: 46.4% → 53.7% Business structure rationalized Printing and Information: Sales companies in Japan were integrated and alliances were formed with other companies Colorants and Functional Materials: Bases reorganized and integrated (France, Philippines, Tianjin and Mobara) 	<ul style="list-style-type: none"> Change the market we operate within and reform the product portfolio to increasing profitability
2. Create more priority areas of development	<ul style="list-style-type: none"> Global supply chain management (SCM) system for CNT dispersions for LiBs constructed and put into practical operation The number of sustainability-enhancing products (formerly, environmentally-friendly products) increased The number of high value-added products (e.g. functional coating materials) increased 	<ul style="list-style-type: none"> Intensively invest in the expansion of the business of CNT dispersions for LiBs, create earnings pillars and achieve growth through new businesses
3. Enhance the value of management resources for sustainable growth (change of the corporate structure)	<ul style="list-style-type: none"> asv 2050/2030 Sustainability Vision (formerly TSV 2050/2030) and a dedicated ESG department established Organizational reform implemented to change the cost structure of back office operations Enhanced governance and acceleration of business execution (transformation into a company with an audit and supervisory committee, increased in the number of directors that are women and halved the number of operating officers (from 26 to 13 as of December 31, 2023)) Cross-shareholdings reduced (13.1 billion yen) Treasury shares purchased (10.7 billion yen) 	<ul style="list-style-type: none"> Correct the cash flows that had deteriorated due to an increase in working capital due to the COVID-19 pandemic and other external conditions and actively invest

