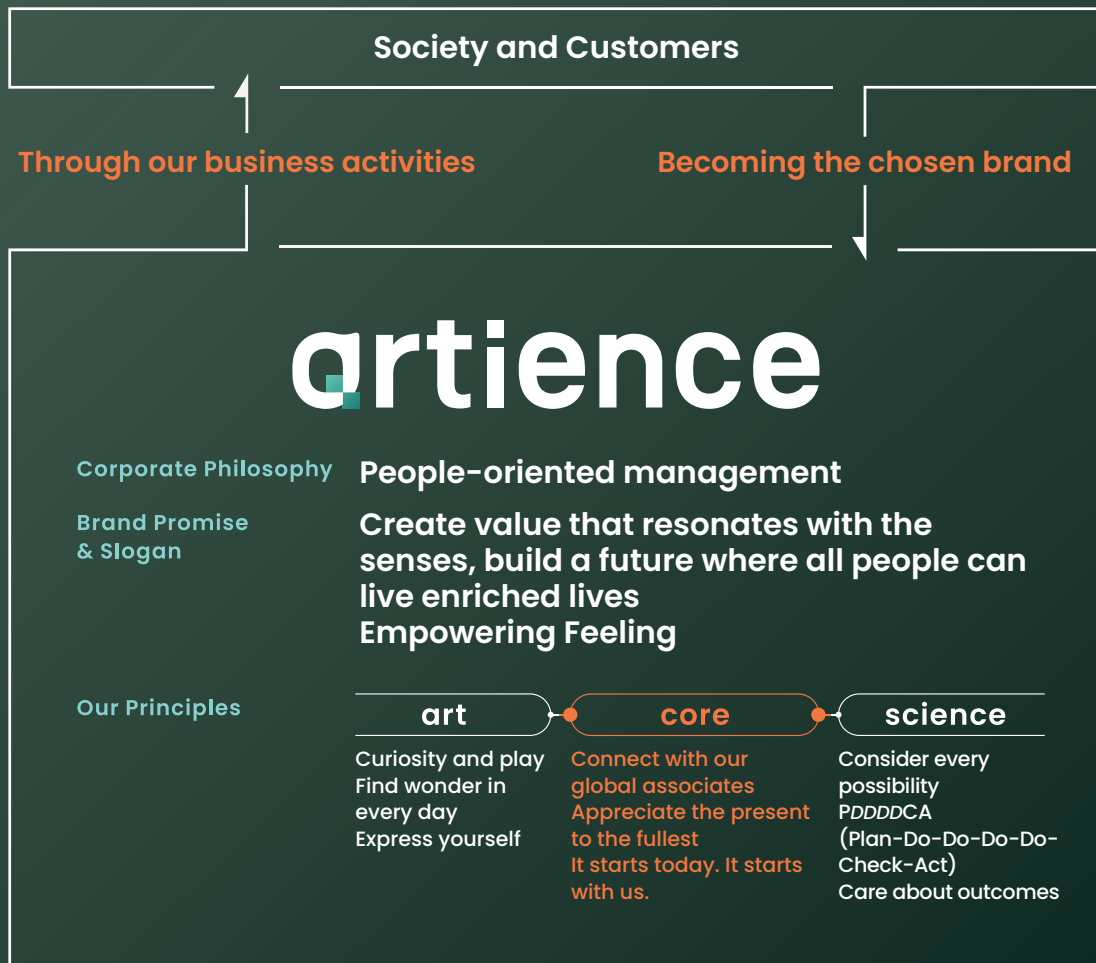




artience

# Philosophy System



**What is needed to achieve a sustainable and bright future?**

**We believe that it is the realization of a society in which all people can live enriched lives.**

**Our role is to connect various technologies and ideas, leading society to the solutions to its problems.**

**Instead of going it alone, we will deliver beauty, comfort and peace of mind that fills people's hearts by collaborating and joining forces with our partners.**

**We will create value that resonates with people's senses, from the things they see, the objects they touch, and what they feel through product quality, continually taking on the challenge of building an enriched future.**

# CONTENTS

## Group Overview

- 2 Philosophy System
- 4 Dear Readers
- 6 History of the artience Group
- 8 Overview of the artience Group
- 10 artience at a Glance

## Creating Value that Resonates with the Senses

- 12 Top Message
  - Special Feature: Strengths of the artience Group** —————
  - 18 Global Expansion into Growing Regions
  - 21 Open Innovation
  - 24 Business Development Based on Unique Core Technology
- 26 Value Creation Model
- 28 Capital Sources of Value Creation
- 30 artience Group Value Creation Looking Ahead to 2050
- 32 Group Materiality 2025–2030
  - artience2027, Medium-term Management Plan** —————
  - 36 artience2027, Medium-term Management Plan
  - 37 Management Strategy
  - 40 Financial Strategy
  - 42 Human Capital Strategy
  - 46 Technology and Intellectual Property Strategy
  - 48 Applying and Advancing Core Technologies to Create Values
- Business** —————
  - 50 Colorants and Functional Materials Business
  - 52 Polymers and Coatings Business
  - 54 Packaging Materials Business
  - 56 Printing and Information Business

## Foundation Supporting Value Creation

- 58 Sustainability Talks
- 62 Message from Outside Directors
- 64 Top Management
- 66 Corporate Governance
- 76 Risk Management
- 82 Compliance
- 83 Addressing Climate Change

## Corporate Data

- 86 Financial Information
- 99 Stock Information
- 100 Group Corporate Profile
- 102 External Recognition
- 103 Editorial Policies

# Dear Readers

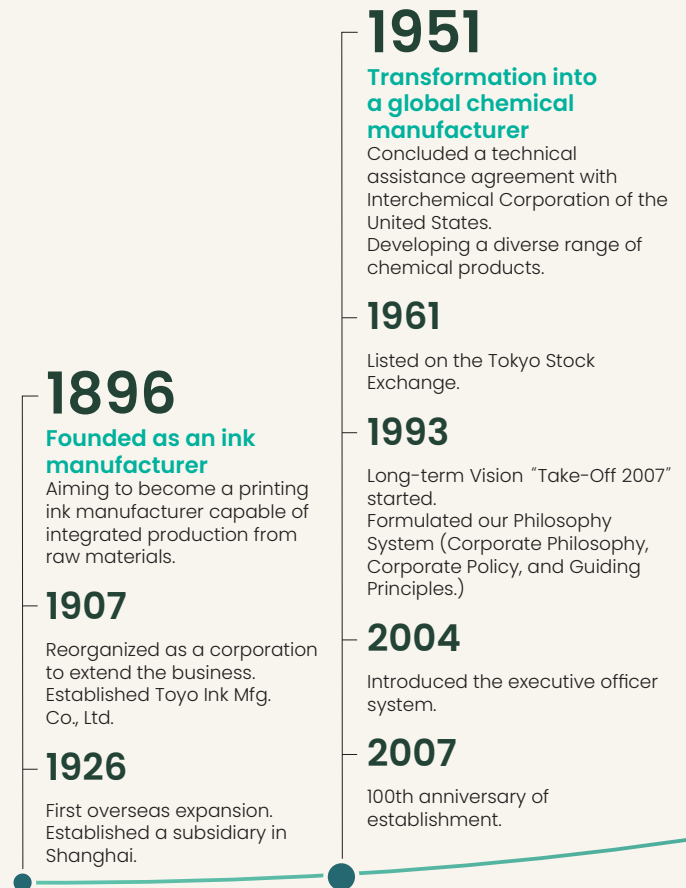
## On the publication of the Integrated Report 2025

This Integrated Report explains the artience Group’s management strategies, businesses, corporate governance, environmental and social initiatives in an integrated manner, to convey an overall picture of the Group and its value creation story, and to promote understanding of how the Group recognizes all manner of social issues, and how it is thinking and working to resolve them.

Published in the second year of artience2027, Medium-term Management Plan, Integrated Report 2025 includes a greater amount of interview content and messages than the 2024 edition, and provides explanations from the people responsible for the various initiatives and strategies being implemented throughout the Group to achieve its plans. We have also responded to the fullest extent possible to requests for information disclosure from many stakeholders, in stakeholder communication activities conducted from last year into this year. Through these efforts, we have endeavored to express the transformation that the Group has achieved in the first year of this plan, how we will continue to change going forward, and the kind of future we envisage. We hope that you will read this Integrated Report and use it as an opportunity for communicating with the Group’s management. We look forward to your continued support.

June 2025

### History of transformation



## Key points of Integrated Report 2025

This report contains a large amount of content, and introduces the artience Group from various angles and perspectives.

We have highlighted some key points of content that we think readers should pay particular attention to when reading this report.

### Discover the driving force behind our value creation!

#### Special Feature: Strengths of the artience Group

- Global Expansion into Growing Regions [▶ P. 18](#)
- Open Innovation [▶ P. 21](#)
- Business Development Based on Unique Core Technology [▶ P. 24](#)

Special features introduce the three key strengths that drive the Group to create "value that resonates with the senses." Key figures working on the front lines provide explanations.

### Feel the enthusiasm of our top-level management!

- Top Message [▶ P. 12](#)
- Sustainability Talks [▶ P. 58](#)

Satoru Takashima, Group CEO, speaks on various themes including "change," "the role of corporations," "value creation," "human resources," and "the spirit of challenge." His enthusiasm comes across clearly in his dialogue with an outside expert.

## 2008

### Taking on the challenge of becoming a specialty chemical manufacturer

Long-term Management Plan SCC2017 started.

## 2011

Shifted to a holding company system. Establishing operating companies for each business to speed up decision-making.

## 2017

Overseas sales ratio exceeded 50%.

## 2022

Transitioned to a company with Audit and Supervisory Committee. Sustainability Vision asv2050/2030 started.

## 2050

### Achieving asv2050/2030

- All products contribute to sustainability
- Minimize the environmental impact of manufacturing
- Contribute to improving the sustainability of society

## 2030

### Achieving artience2027/2030

#### "GROWTH"

- Realizing a spiritually wealthy future
- Realizing a sustainable society
- Maximizing corporate value

## 2025

Group Materiality 2025-2030 started.

## 2024

### Create value that resonates with the senses, build a future where all people can live enriched lives

Changed the company name to artience and attempted a second startup. Reconstructing the philosophy system and expressing the intention to reform both internally and externally. artience2027/2030 "GROWTH" Management Plan started.

### See our strategy for sustainable growth!

■ **artience2027, Medium-term Management Plan**

▶ P. 36

■ **Group Materiality 2025-2030**

▶ P. 32

The persons responsible for the Group's management strategy, financial strategy, and human capital strategy each give detailed explanations in response to comments and requests received from shareholders and investors through SR and IR. We also provide a comprehensive overview of our newly formulated Group materiality (material issues,) including the formulation process and comments from external experts.

## Production process

- (1) Communication with shareholders and investors
- (2) Formulation of editorial policy at planning and editorial meetings, planning and production of content  
 Editorial team: Corporate Planning Division (IR team,) Corporate Communication Department (CSR team)  
 Supervisor: Director in charge of Corporate Departments (Vice President)
- (3) Discussion and approval of planning and production by Group Management Committee and Board of Directors
- (4) Consultation with relevant personnel in each group company, preparation of drafts
- (5) Review and approval of content by Group CEO and Supervisor
- (6) Distribute PDF files online and print and publish booklets (Japanese version only)
- (7) Communication with shareholders and investors using the published Integrated Report



# History of the artience Group

Over the more than 120 years since its foundation, the artience Group has continued to grow by responding flexibly to the changing conditions and demands of society. During each era the Group experienced, we made major decisions on strategy and persistently and tirelessly implemented them, enabling the Group to be what it is today. We will continue to pass down our intent to “contribute to the enrichment of life and culture of people worldwide,” which is a part of our corporate DNA, to realize a sustainable society.



## For high-quality domestic printing inks that help the spread of learning and education

Kamataro Kobayashi moved from Yokohama to Tokyo when he was 11 years old. After apprenticing for a sign maker and working as a clerk at an art supply store, he became independent and opened a printing ink shop in Nihombashi, Tokyo in 1896. Kamataro could not attend school since his early childhood and remained illiterate throughout life. Therefore, he believed that learning and education are the most important factors for the development of Japan, and established Toyo Ink Manufacturing Co., Ltd. in January 1907, with the goal of domestically producing and improving the quality of printing inks for books and textbooks, which are necessary for learning and education.

Founder

### Kamataro Kobayashi (1875 - 1938)

## 1896—

### Founded as an ink manufacturer

Kamataro had founded a printing ink shop business called Kobayashi & Co. and offered a custom-mixed ink service (mixing raw materials to make inks) as an outsourcing service for small- and medium-sized business operators. But he faced a barrier: expensive imported raw materials were indispensable for the manufacturing of high-quality inks. In light of this, Kamataro took on the challenge of producing his own raw materials. In 1937, the company finally succeeded in the in-house production of Phthalocyanine Blue, which later became a flagship pigment product for the Group. In this way, the company acquired the technological capabilities to support integrated production ranging from materials to printing inks and developed into a leading ink manufacturer in Japan.



Ink color sample sheets used by Kobayashi & Co.



Head office of Toyo Ink Manufacturing Co., Ltd. in its early days (around 1910)

## 1950—

### Transformation into a global chemical manufacturer

In 1951, we entered into a technological tie-up with Interchemical Corporation (currently BASF SE), which was the largest chemical company in the United States, and introduced synthetic resin technologies. This resulted in the creation of a synthetic resin-based ink featuring excellent colors, gloss, and durability that were unachievable with conventional inks. In addition, we also introduced technologies for metal coating agents, adhesives and other products to enable its evolution into a chemical manufacturer that provides a wide variety of products, including coating agents, plastic colorants, double-sided tapes, etc. Separately, in 1963, the company began to fully engage in exports to China and Southeast Asia, and subsequently opened offices around the world, steadily building a global foundation for its business.



"DOUBLE-FACE™," Double-sided adhesive tape

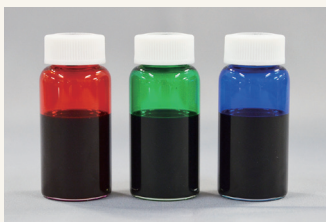


"ORIBINE™," Pressure sensitive adhesive

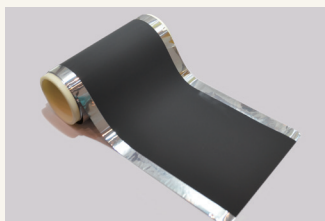
# 1990—

## Expanding into new markets with unique technologies

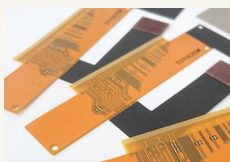
Since the 1990s, we have been advancing R&D activities to create applications for its own technologies used in our products, such as printing inks, adhesives, coatings, and plastic colorants, in new industrial fields. We evolved its technologies to add functionality, based on the electronic and optical properties of organic pigments and polymers, the film structure control technologies of printing and coating, and the dispersion control technologies used for the development of adhesives and colorants, then we developed and sold various functional materials for new markets for us, including electronics, telecommunication, automobiles, energy, etc. The Group also entered the medical market in 2016.



"Liocure™," Color resist for FPD

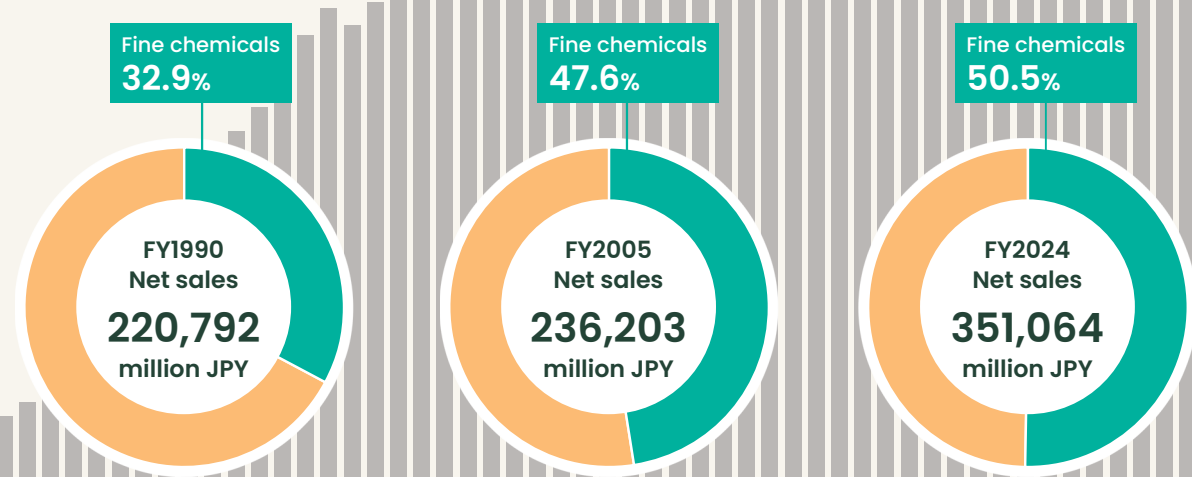


"LIOACCUM™," Electrode material for lithium ion batteries



"LIOELM™ TSS," Electromagnetic wave shielding film

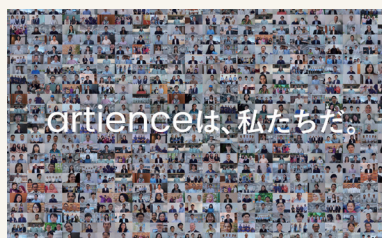
### Changes in business portfolio



# 2024—

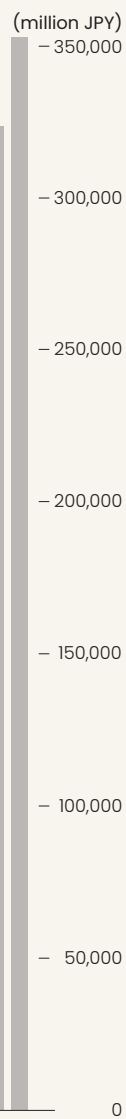
## Transform into a company that delivers value that resonates with the senses

In January 1, 2024, we changed our company name to artience Co., Ltd. This means that we stopped using the TOYO INK brand name, which was our brand name for the 117 years. This displays the Group's determination to achieve this major transformation and make a fresh start to people inside and outside the Group. We refine art, the value that moves people's minds, surprising, exciting and comforting them, as well as science, the trust based on the functionality and high quality supported by our reliable technologies. This enables us to create value that resonates with the senses.



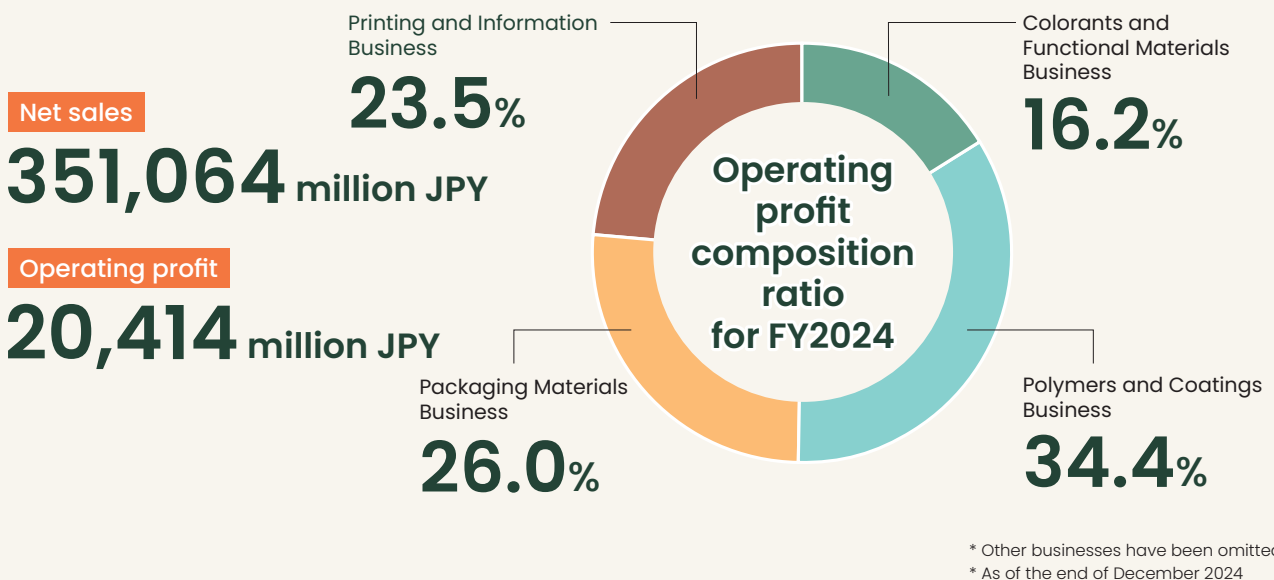
### Changes in net sales

\* FY1999 and before: Non-consolidated results, FY2000 and after: consolidated results



# Overview of the artience Group

The artience Group is engaged in diverse business operations in four segments: Colorants and Functional Materials, Polymers and Coatings, Packaging Materials, and Printing and Information. We have a balanced portfolio with low dependency on specific businesses.



## Colorants and Functional Materials Business

▶ P. 50

By merging low-molecular / colorant design technology and dispersion technology, we develop functional materials in a variety of fields, including color resists for displays and sensors, conductive carbon nanotube dispersions for cathode materials of lithium-ion batteries, and more.

- CNT dispersion for Li-ion batteries for EVs
- Color resist for displays
- Colorants for digital printing
- Plastic colorants for containers and automobiles



## Polymers and Coatings Business

▶ P. 52

Drawing on our strengths in integrated production from raw materials to end-products by way of our polymer design technologies and coating technologies, we provide cutting-edge products in the electronics, semiconductor, and medical sector. In addition, we also focus on development of environmentally friendly products.

- Laminating adhesives for flexible packaging
- Adhesives for electronics
- Functional films for mobile devices
- Coating agents for beverage and food cans



Our product lineup, which is closely integrated with people's daily lives, makes use of the Group's unique core technologies and core materials, and has secured a high market share both in Japan and overseas.

**Top-class**  
global market share

### Mobility



CNT dispersion for Li-ion batteries for EVs

### Electronics



Color resist for displays



Functional films for mobile devices

### Packaging

**No. 1**  
share in Japan



Inks and laminating adhesives for flexible packaging



Inks and coatings for metal cans

\* Shares according to our research

## Packaging Materials Business

▶ P. 54

We offer a variety of environmentally friendly products, such as water-based, solvent-free, and biomass items, as well as promoting recycling. We do our part to achieve a more sustainable society by enriching people's lives with our products while ensuring their safety and at the same time by caring for the natural environment.

- Printing inks for food packaging
- Printing inks for pouch of daily necessities
- Printing inks for construction materials



## Printing and Information Business

▶ P. 56

The artience Group has been engaged in the printing ink business since its very beginning, as the sector is an important one in support of information infrastructure. We apply proven technologies developed over the course of many years in the industry to develop new applications, such as functional inks for packaging.

- Printing inks for paper containers
- Printing inks for packaging labels
- Metal decorative inks for beverage and food cans



# artience at a Glance

## Financial indicators (FY2024)

Net sales

**351,064** million JPY

YoY +28,942 million JPY

Operating profit

**20,414** million JPY

YoY +7,041 million JPY

Operating profit margin

**5.8%**

YoY +1.6 points

Ordinary profit

**21,008** million JPY

YoY +8,127 million JPY

Profit attributable to owners of parent

**18,540** million JPY

YoY +8,803 million JPY

ROE

**7.3%**

YoY +3.1 points

Capital investments

**18,441** million JPY

YoY +715 million JPY

Total dividend payout ratio

**68.4%**

No dividend cuts for  
15 consecutive periods

## Sustainability management indicators (FY2024)

GHG (Scope1+2) emissions

**152,002** t-CO<sub>2</sub>

-24.7% from  
the FY2020 level

Sales ratio of sustainability-enhancing products

**55.5%**

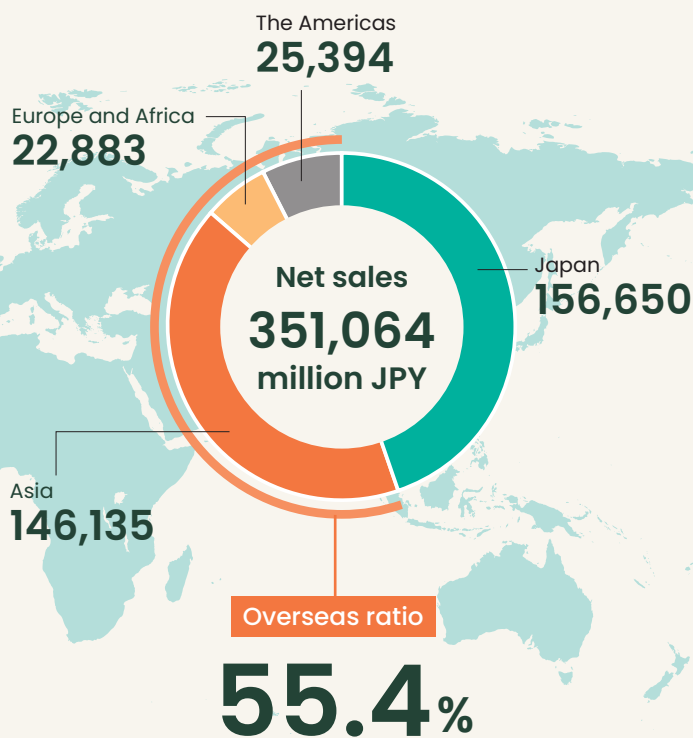
YoY +1.9 points

Ratio of CSR procurement

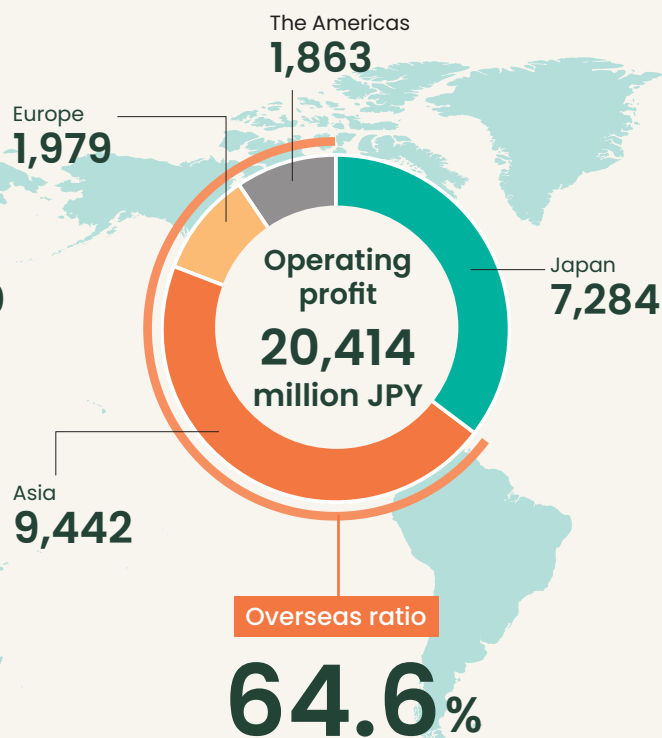
**69.1%**

YoY -1.4 points  
Coverage 42.4%

Net sales by business area  
(Unit: million JPY)



Operating profit by site location  
(Unit: million JPY)



\* Graphs do not include adjustment amounts.

\* Net sales by business area are the sum total of net sales of the Company and its consolidated subsidiaries in each of the above regions (excluding internal sales between consolidated companies.)

\* Operating profit by site location is the sum total of the operating profits of the Company and its consolidated subsidiaries located in each of the above regions. Inter-regional transactions and corporate / group-wide expenses are not deducted.

\* In operating profit by site location, the profits of consolidated subsidiaries of the Company's European subsidiaries located in Africa are accounted for as European profits for administrative purposes.

Engagement score

**76**

"Sustainable engagement" score based on surveys conducted in Japan and some overseas countries. [▶ P. 44](#)

Ratio of female managers  
(as of January 2025)

**5.8%**

YoY +0.3 points

Ratio of female directors  
(as of March 26, 2025)

**27.3%**

Three of the Company's 11 directors are female.

# Top Message

## Achieving transformation for sustainable growth and spreading “value that resonates with the senses” around the world

With FY2024, the artience Group completed the first year of the artience2027/2030 Management Plan, which is based on the theme of “GROWTH.” The global situation remains uncertain, with increasing instability in the global economy and intensifying geopolitical conflicts, all making it difficult to predict the future outlook.

Despite these challenging business conditions, the Group’s net sales, operating profit, and ordinary profit all reached record highs. This is an outcome of the combined efforts of our Group employees, both in Japan and overseas, and I feel that we are now seeing some promising results. That said, this is just one step along the way, and we still have a long way to go to achieve our goal of maximizing our corporate value. Until we achieve our targets for key indicators such as ROE and PBR, I will not be satisfied with the current situation. Rather, I believe that we are at a stage where we are finally seeing the first signs of transformation, and that the real struggle is still ahead of us.

### The significance of our new name and our role as a company

In January 2024, we changed our company name. That year marked the beginning of our new journey as the artience Group. There were two main reasons for the name change. One was a strong sense of crisis due to years of slow growth in performance and stagnant stock prices. The feeling that things could not be allowed to continue as they were led to a determination to transform the company, and changing our name was a symbolic first step in that direction. The other



# ience



## Satoru Takashima

Group CEO  
President and Representative Director

Group Overview

Creating Value that  
Resonates with the Senses

Foundation Supporting  
Value Creation

Corporate Data



reason was to go back to basics and ask ourselves the fundamental question of whether our products and services are truly beneficial to society. We fundamentally reviewed our business portfolio, and incorporated our commitment to shifting our focus—to providing products and services with greater value—into our new company name.

At the same time, we renewed our philosophy system and formulated the new Brand Promise, “Creating value that resonates with the senses and building a future where all people can live enriched lives.” This reflects the fusion of “art” and “science,” which is the origin of our new company name. In this way, we have demonstrated our commitment to creating unprecedented value, by combining “science” such as our technological capabilities, functionality, and quality, all developed over the course of many years, with “art,” which reflects human sensibilities and emotions.

Recently, when I visited the head office of one of our Group companies in India, I experienced something impressive that made me realize how widespread this philosophy has become. When I visited customers together with the local staff, I was deeply moved by the way they explained the origin of the new company name and our Purpose, all in their own words, and linked that explanation to their product proposals.

Actually, I have a deep connection with India myself. I personally visited the site where our factory is currently located, and worked hard to acquire it when I was head of the Corporate Planning Division. In all honesty, it is not an easy country in which to do busi-

ness, and there were many difficulties in the negotiation and contract process. It was at that time that I realized the importance of building relationships based on mutual understanding and respect, regardless of nationality or cultural differences.

I believe that one of our roles as a company is to create peace. As the Japanese industrialist Eiichi Shibusawa stated in his book, *The Analects and the Abacus*, friendly relations between countries in economic matters will eventually lead to friendly relations in political matters—thereby protecting international peace. It is this attitude that is required of business leaders.

### artience2027, Medium-term Management Plan: Aiming for growth by honing strengths

Under the artience2027, Medium-term Management Plan, we put forward two key policies for business portfolio transformation aiming for growth: the transformation of our existing businesses into highly profitable ones, and the creation of strategic high-priority businesses.

The first key policy is to focus capital investment on promising businesses within existing operations that are likely to grow in the future, and strengthen them. The results have exceeded our expectations, and we have revised our operating profit target upward from the initial 9.0 billion JPY to 12.0 billion JPY. As of FY2024, we have already reached 10.5 billion JPY, and we believe that it is entirely possible to achieve

this goal within the remaining two years.

The expansion of UV curing inks in Japan and overseas has also contributed to earnings. As a company that manufactures ink from raw materials, we are able to provide our customers with products that are competitive in terms of both quality and cost. Another of our strengths is our ability to respond quickly to environmental regulations, in Europe and around the world, through coordination with our Group company in Belgium.

Going forward, we will continue to focus on capturing growth in global markets, with particular emphasis on expanding our share in areas such as Southeast Asia and India. Our decision to keep investing in businesses such as the Polymers and Coatings and Packaging Materials businesses even during the COVID-19 pandemic is now bearing fruit in a very positive way.

The second key policy, strategic high-priority business areas, consists of Mobility and Battery Related Businesses, and Display and Advanced Electronics Related Businesses. For the former (Mobility and Battery Related Businesses,) we were forced to postpone investment in carbon nanotube (CNT) dispersions for lithium-ion batteries (LiB,) one of our mainstay products in this area, due to a temporary slump in the EV market. Despite this setback, we believe that the global shift toward EVs is irreversible, and will inevitably accelerate again. Issues currently facing EVs—such as driving range, charging time, and price—will eventually be overcome through technological innovation, and we will steadily advance our efforts in product and technology development to support this.

For the latter (Display and Advanced Electronics Related Businesses,) our efforts so far sowing seeds in the semiconductor field are finally beginning to bear fruit. As AI continues to evolve and change the structure of society, demand for semiconductor-related materials and process materials is expected to surge, presenting significant opportunities. While we have set a profit target of 5.0 billion JPY for FY2026, this is really a minimum target, and we expect to see even greater growth in the future.

Looking further beyond artience2027, we are focusing on the field of biotechnology as a next-generation business. For example, there are growing opportunities for our materials technologies to contribute in areas related to pharmaceuticals and test reagents, such as fluorescent probes and polymer materials used in cell culture. Currently, we are also investing in the US biotech venture VLP Therapeutics, supporting vaccine development, and deepening the level of our expertise in the biotech business field.

We are also promoting the use of AI as a growth strategy in transforming our business base. The Generative AI Promotion Task Force launched last year aims to further develop the group-wide culture of utilizing digital technologies by 2030, utilizing generative AI—particularly text-based large language models

(LLM)—as one such tool. There is a high level of interest within the company, and we often hear young employees saying that they would like to try their hand at AI. This makes me feel the importance of systems and mechanisms that draw out hidden motivation.

## Responding to trust and expectations to enhance corporate value

When we set improving corporate value as our top mission, we did so based on the belief that corporate value is a combination of trust and expectations. “Trust” means not engaging in fraudulent activities, and continuing to manage risks through appropriate systems. “Expectations” are the market’s predictions of how much cash flow a company will generate in the future. When these two elements are in place, corporate value increases, which is then reflected in share prices.

In terms of trust, we have built a solid track record over the course of our 129-year history. That said, we will not be complacent, and will continue to strengthen our systems and processes to ensure that trust remains intact. We have been implementing continuous reforms to our corporate governance, and we have made various advances over the past year. We have requested assessments of the effectiveness of our Board of Directors by both internal and external bodies, and have received feedback that “the content and quality of discussions have greatly improved from the previous year.” The makeup of the Board of Directors has also been strengthened to enhance independence, with the addition of new members from outside the company with management experience and CFO experience.

We have received feedback from outside directors that they would like to be more deeply involved and make greater contributions. Since April 2025, we have been increasing the number of opportunities for individual meetings with myself and other members of the senior management team. Although they sometimes give harsh criticism, I feel reassured by the fact that our outside directors state clearly that they are not there to stunt our growth, but rather to “support the Company in taking appropriate risks.”

The development of next-generation management personnel is another important theme, and we have increased the frequency of meetings of the Advisory Committee on Appointment and Remuneration to four times a year, to stimulate discussions. We are also reviewing officer compensation, with a view to adding indicators such as ROE and EBITDA as evaluation criteria. As our policy going forward, we will focus not only on sales and operating profit as in the past, but also on indicators that are more directly linked to corporate value.

In terms of expectations, we recognize that the current situation, in which PBR remains below 1, is an important issue to be addressed by management. To re-

## Top Message

solve this situation, in FY2025 we established a Balance Sheet Reform Task Force, with the aim of optimizing our capital structure. We are also deepening discussions with Task Force members, including the General Manager of the Finance & Accounting Department.

In terms of performance management, we have already introduced indicators such as CCC and ROIC that are directly linked to capital efficiency, and are working to shift to cash flow management. We have already seen some improvements in this area.

We are also strengthening our decision-making process for investment decisions. In addition to the existing Group Management Committee and Board of Directors, and the Investment Management Committee that deliberates on matters prior to those meetings, we have also established an Investment Policy Task Force to consider overall allocation of resources. Going forward, we will establish a system that enables us to make higher-quality decisions based on whether individual investments are truly aligned with our growth strategy, and what kind of returns we can expect to see in the future.

### The whole is nothing without individuals: A system that enables employees to take on challenges and maximize their individual strengths

Our basic approach to human capital is summed up by our corporate philosophy of “people-oriented management.” Although we have been implementing reforms, with the intention of changing everything to coincide with the change of our company name, we have consistently maintained this management philosophy. The organization as a whole is nothing without individuals. We believe that maximizing the value and strengths of each individual will ultimately lead to the improved performance of the entire Group.

We have also launched new HR systems to manifest this philosophy. We have established systems that support independent career development and taking on new challenges, such as the Career Challenge System, which allows employees to transfer to their desired departments, and Plus Try, which appropriately evaluates employees’ attempts at new challenges and their results, and reflects them in remuneration. With overseas sales already accounting for over 50% of the Group’s total net sales, we are also considering a transfer program to promote the understanding and development of local national staff profiles and stimulate mobility.

In terms of acquiring human resources, it is essential that we adopt flexible and diverse approaches that respond to the changing times. In addition to actively recruiting mid-career professionals in countries

around the world, including India, South Korea, Taiwan, China, and Japan, we have also introduced a Job Return System, in which we welcome former employees back to the Group. Last year, six former employees returned to the Company.

The Incubation Center, launched in FY2024 to develop human resources and create new businesses, is another important initiative. With the vision of being a company that brings together people and information from around the world, we are providing a platform for startups both in Japan and overseas, particularly in key areas that we value, such as the environment and deep tech. It is a place where not only artience employees but also people from other companies in the industry and local governments can transcend boundaries to interact and produce new ideas.

We also hold an ongoing Business Idea Contest centered on this Incubation Center. This year, the program has been renamed IPPO (derived from its Japanese slogan, which loosely translates as “take the first step with courage.”) More than 20 proposals are already underway, in collaboration with external consultants. Themes such as energy conservation and greening projects are also beginning to emerge as ideas for potential business opportunities. Employees who empathize with the enthusiasm of those making the proposals raise their hands and form teams. The ideal of “supporting the dreams of individuals as a whole” is beginning to take shape.

This is the true essence of artience. Technology alone cannot move people’s hearts, and feelings alone cannot build a business. It is only when both of these things align that value needed by society is created. I feel that this is now gradually becoming a reality.

### Creating new value through the fusion of art and science

To remain a company that is trusted by society, we will continue working steadily to implement environmental initiatives under our Sustainability Vision asv2050/2030. As a chemical manufacturer, naturally, it is our responsibility to reduce our environmental impact. At the same time, this presents new business opportunities.

In terms of reducing greenhouse gas (GHG) emissions, we aim to reduce our Scope 1 and Scope 2 emissions by 26% globally (compared to FY2020 levels) by FY2030 as an interim target, with a view to achieving carbon neutrality by 2050. In terms of products, we aim to increase the net sales ratio of sustainability-enhancing products to 80% by FY2030, and to 100% by FY2050. Examples include switching to LED-UV curable inks that do not use volatile organic compounds (VOCs)—an area which we are currently focusing on—and functional coating agents for reducing the use of plastics.



Although in recent years there have been some opposition movements against the SDGs and ESG activities, we believe that these are only temporary. Products that do not consider the environment will eventually be eliminated from the market. The global trend is clear, and there is no turning back. For our part, we will continue to exceed the expectations of our customers and consumers by making proactive efforts to stay ahead of these changes.

I believe that companies have two major roles to play in society. They are “solving issues” and “creating value.” “Solving issues” refers to taking responsibility as a company for the issues facing society, such as climate change and human rights issues. While the efforts of a single company may be small, when com-

panies work together they can be a powerful force for change in society.

At the same time, I believe that “creating value” will become even more important in the future. With the rapid advancement of technologies such as AI, social norms and people’s needs are changing significantly. In the face of such unprecedented change, there is a need for us to provide completely new value that differs from anything provided before. That is why the sense and creativity of individuals are so important. Our stance of aiming to combine “art” and “science” also reflects this. We hope to be a company that continues to be needed by society, through manufacturing which is in tune with people’s hearts and minds, which improves technology, and which creates new value.

# Strengths of the artience Group

## STRENGTHS

1

Global Expansion into Growing Regions

### Business strategy in India: current situation and future outlook

TOYO INK INDIA PVT. LTD.

2025 marks the 100th anniversary of the beginning of the artience Group’s overseas expansion. One of the Group’s strengths is its ability to expand globally and capture growing overseas markets, with overseas sales already accounting for over 60% of its total earnings.

The Indian market, with its particularly significant growth, is a key target for our existing high-profit businesses. Naotoshi Nakamura, Chair of Toyo Ink India Pvt. Ltd. (TIID,) and Anooj Abraham, Director, discussed the factors behind the Group’s strong business performance in India and its future prospects.

#### Market environment

**Nakamura:** TIID was established in Delhi in July 2006, to meet the growing needs of the Indian market. We began with the import and sale of printing inks. In 2008, we completed our manufacturing plant in Delhi and began local production.

Although as a printing ink manufacturer we already had many competitors, we were able to rapidly improve our business results, and in 2014 we launched operations at our Gujarat plant, which is five times the size of the Delhi plant. As part of the artience Group of comprehensive chemical manufacturers, we have now expanded our business beyond printing inks to include pressure sensitive adhesives, other adhesives, plastic colorants, and more, and are raising our profile as a high-quality and competitive brand.

**Anooj:** We are taking various opportunities to explain to customers that, with the change of the company name, the artience Group will be focusing on a wide range of fields, particularly in green and sustainable areas, going forward. We have received many responses saying that artience—the fusion of art and science—is a very easy-to-understand and catchy name.

#### Competitive advantage

##### Building trust through total solutions

**Anooj:** We leverage the artience Group’s wide range of advanced technologies to do more than just sell products. We collaborate with customers at their business sites, working together to refine products until they are ready for launch. Repeated visits help strengthen trust

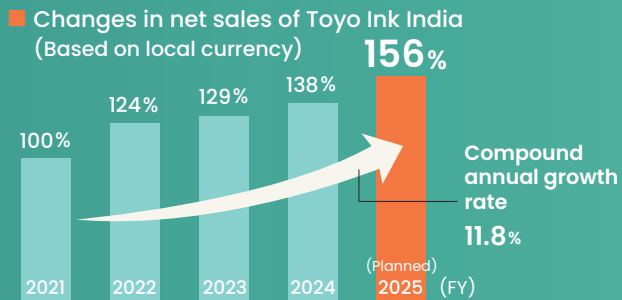


- No. 1 in population (1.44 billion people)
- No. 5 in GDP (\$3.57 trillion, growth rate 5-7%)
- Expanding middle-income class (> x10 from 2010 to 2030)



TIID’s business strategy: Expanding both domestic share and export business

- In addition to expanding its domestic market share in India, TIID is also expanding its business as an export base to neighboring countries, the Middle East, and Africa.
- The company is expanding sales with a focus on gravure and offset inks, while sales of pressure sensitive adhesives and laminating adhesives are also growing in line with local industrialization.



### Anooj Abraham

Director of Toyo Ink India Pvt. Ltd.

#### PROFILE

Joined the Group in 2010, after studying at a technical college in Japan. He was assigned to work overseas at Toyo Ink India in 2013 and currently serves as a Director overseeing all business operations.

### Naotoshi Nakamura

Chair of Toyo Ink India Pvt. Ltd.

#### PROFILE

Joined the Group in 1996. After working in the R&D and Engineering departments, and overseas in the US, he was assigned to Toyo Ink India in 2022. As Chair, he serves as overall head of the Group's business operations in India.

and lead to the development of better relationships. **Nakamura:** In India, too, there is growing interest in sustainability-enhancing products, and there is a need to incorporate them into business. In view of this, our sales and technical staff are working together to make proposals to customers and create products together, while providing technical support.

**Anooj:** We provide total solutions for our customers right up to product completion, and we believe this is why customers choose our products, even when our prices are higher than those of competitors.

We offer these consulting services as a unique, fee-based initiative in India. Having customers pay for our services increases the level of seriousness on both sides, leading to growth for both the customer's business and our own. This approach allows us to build win-win relationships and increase recognition of our

position as a total solutions provider.

### Human resources development with a focus on empowerment

**Nakamura:** Our concept is to focus on empowerment. As an organization, we have transitioned from a work style in which employees worked alone to one in which they work together as teams. We have also established a system in which leaders actively make their own decisions and move things forward.

**Anooj:** Our employees clearly define their missions by setting their own goals at the beginning of the year, reviewing them every six months, and incorporating them into their personnel evaluations. Employee motivation has increased visibly, as they see clear results from their own decisions and actions.



At the same time, we encourage them to take on challenges without fear of failure. Even if we fail, we have a culture of acknowledging our failures and moving forward.

**Nakamura:** We actively provide opportunities to strengthen relationships among employees. For example, we hold dinner parties after meetings and events on special occasions that are open to employees and their families. As a result, it seems that the sense of unity among employees has been strengthened, leading to greater motivation.

Thanks to these efforts, we have managed to develop a highly motivated organization with employees who actively make proposals. We currently have employees with high-level skills in sales, technology, production, procurement, and human resources. Our very strong business performance is due to the exceptional people supporting our organization.

### Developed independently by TIID to meet the needs of the Indian market

**Nakamura:** When we first started, we received technical support from Japan. Now, however, we have a very talented team of technical staff and have established technical departments for each business. This allows us to make improvements and develop new technologies on our own.

We have set a target of tripling our business performance in 2030. Since we cannot achieve this with our existing products alone, we plan to achieve 30% of this target with new products.

**Anooj:** Business growth in India is remarkable, and lifestyle needs are also changing dramatically. To lay a solid foundation for the future, we will be conducting our own research tailored to local needs, in collaboration with local brand owners.

### Creating value that resonates with the senses in India

**Anooj:** India is undoubtedly a challenging market.

But we have built a solid foundation by making forward-looking investments. I believe that building on this foundation and improving our customer service to respond to new themes put forward by customers is the key to creating “value that resonates with the senses” in India.

**Nakamura:** We want to be a company that people can consult with easily when they have a problem. Listening to our customers allows us to discover new business opportunities and expand needs. Being a company that customers can consult with easily to achieve success... I think that is what leads to value that resonates with the senses.

### Long-term vision for the future

#### Recognizing future challenges and continuing to achieve sustainable growth

**Anooj:** As one challenge in India, we will be engaging in material research in anticipation of environmental regulations that are expected to be introduced in the future. This is also laying the foundation for 2050.

**Nakamura:** We pride ourselves on being a top-class organization, but maintaining this status is a very difficult challenge, and we need to take continuous measures to achieve this. While our business is performing steadily, we are taking proactive measures to achieve further growth, including addressing environmental cycles and organizational aspects. This will allow us to continue growing even during periods of slower growth.

In terms of our business, we believe that there is significant growth potential not only in gravure inks, which are currently enjoying the highest level of demand, but also in areas such as pressure sensitive adhesives and other adhesives, for which our market share is still small. We will focus our efforts on expanding these areas.

**Anooj:** Going forward, we will achieve sustainable growth by continuing to provide the value our customers require in the rapidly developing Indian market.



## STRENGTHS

# 2

### Open Innovation

# Creating a place where people and information from around the world come together, driving collaboration and new business creation

## Incubation Center

Creating new businesses that will support the next generation is one of artience's most important management issues.

At our Incubation Center, we foster a culture of challenge through unconventional approaches, and work to discover and nurture new business opportunities.

Hayato Takahashi, General Manager of Incubation Center, and Jun Kawashima, of the New Business Exploration Group, discussed their thoughts and motivations behind their activities.



**Jun Kawashima**

New Business Exploration Group, Incubation Center

### PROFILE

After graduating from university, he gained experience at three companies, in areas such as construction of the building's energy management system, before joining the Company in 2019. He won the FY2023 Business Idea Contest. He is currently working on creating a new business using energy-saving solutions, which he has been working on for many years.



**Hayato Takahashi**

General Manager of Incubation Center

### PROFILE

Joined the Company in 2003. In the R&D division, he was involved in the launch of a new business for functional coating agents using nano-dispersion technology. After subsequent roles in R&D, production technology, marketing, and sales, in 2023 he was appointed the first General Manager of Incubation Center.

## An organization specialized in creating new businesses, established by the Future Discussion Task Force

**Takahashi:** The Incubation Center was launched in January 2023, with the mission of creating new businesses. The catalyst for its creation was a company-wide project called the Future Discussion Task Force the previous year, in which we shared a sense of crisis that the Company has not been very successful in developing new businesses in recent years. At that

time, sales and technical staff met once a month to discuss new themes, but there were limits to what we could do under a system where each employee had to perform their original duties in addition to these tasks. It led to the decision that a dedicated department was needed. There were three initial members, including myself, who launched the Incubation Center with the goal of creating new businesses seriously and quickly. We started as an organization working directly under the president.

### Starting with the creation of a foundation for actualizing business ideas

**Takahashi:** In the beginning, everything was trial and error. We conducted interviews with leading companies and participated in external seminars on new businesses. It became clear that, before gathering innovative business ideas, we first needed to build a foundation of corporate culture and human resources to support them. So, we focused our efforts on planning and holding lectures by experts and human resources training programs for those who would lead this transformation.

Another new initiative was to open up the free space in our head office, free of charge, as a place for people and information to come together. We have invited startups, local governments, NGOs, and other organizations to participate in various events themed around science and innovation, with over 10,000 people participating to date. Starting this fiscal year, we are planning a full-scale launch of the Incubation CANVAS TOKYO, a global hub specializing in materials.

We have also restructured and renamed our Business Idea Contest, which we have been holding for many years, as "IPPO" (meaning "first step.") In the past, the application process was difficult, requiring the submission of a business plan, but we have now made it possible for people to apply with just a single A4 sheet of paper explaining their idea. Applicants will receive mentoring from an external consulting firm, and refine their proposals in stages through a stage-gate process.

### The shoots of new businesses gradually grow and take shape

**Takahashi:** Two years have now passed since our establishment, and we have grown as an organization. By transferring promising themes that were previously buried in our business and R&D divisions to dedicated members, the size of our team has now grown to around 20 strong. From among these diverse initia-

### ■ Five initiatives for creating new businesses

1. **Fostering a corporate culture and developing human resources**  
Continuing to hold lectures by outside experts, operating an internal proposal system, holding transformative HR training programs involving outside participants, etc.
2. **Developing systems and know-how**  
Adopting a stage-gate approach to successfully launch a small number of promising new business ventures from among many proposals
3. **Creating an environment**  
Operating the Incubation CANVAS TOKYO: a place where people and information from around the world come together
4. **Promoting open innovation**  
Gradually starting collaborations with startup companies that have not had many opportunities to showcase their activities
5. **Driving commercialization**  
Separation and commercialization of as-yet uncommercialized themes from operating companies and R&D divisions

tives, we are now beginning to see some results, such as sales taking root in some areas.

We have also started collaborating with startup companies, which is something with which we have had only limited experience in the past. Through repeated participation in various matching events, we have built connections, and new forms of co-creation are now beginning to take shape, with joint contracts already established on multiple themes.

In "IPPO," the energy-saving solution that won the grand prize in FY2024 is nearing commercial readiness. Mr. Kawashima—who proposed the idea—has transferred to the Center, and is currently 100% committed to advancing this project. We have also started to conduct paid demonstration experiments with customers. The seeds that we have nurtured at our Incubation Center are now beginning to shoot.

### Commercializing a long-time pet project, boosted by the grand prize award

**Kawashima:** After we received the Energy Conservation Grand Prize for our factory buildings and facilities, the president of the operating company I was working for at the time asked me to enter last year's IPPO contest. I have long considered energy conservation to be one of my personal missions, and I had always wanted to turn it into a business, but I never imagined that things would happen so quickly. Winning the grand prize was a major turning point. I am grateful for the strong support of those around me, and eager to live up to their expectations.

We are currently working on solutions that focus on equipment operation methods to significantly reduce energy consumption. I joined the Company as a mid-career hire, and this is the fourth company that I have worked at. Through my work in facility management for office buildings and commercial facilities, I came to realize that, even if we introduce the latest



equipment, it is the way in which we operate it after introduction that determines whether we can actually achieve energy savings. I have often seen issues where information obtained from on-site inspections is not shared effectively within the company, and this initiative aims to address that problem.

## A mission to foster a positive corporate culture and develop human resources

**Takahashi:** At the Incubation Center, we consider it one of our key missions to enroot a culture of challenge throughout the entire Group while creating new businesses. The starting point for everything is the mindset of each individual. No matter how excellent the system or how innovative the theme, without the will of individuals to take the first step, things will not move forward.

Through initiatives such as IPPO and the Incubation CANVAS TOKYO, we are beginning to see tangible results in terms of a gradual change to the company's internal atmosphere and corporate culture. Employees who had always thought, "Hey, I'd really like to try doing something like this..." while going about their daily work are gradually starting to take action. Having an environment within the company that allows employees to actualize such aspirations is also important for improving engagement.

## Towards creating value that resonates with the senses

**Kawashima:** First, I will focus all of my efforts on the early commercialization of our current energy-saving solutions project. We have already received inquiries from several customers, and I hope that we can contribute to reducing overall energy consumption in society through the realization of this business. I would also like to use the experience I have gained to take on new challenges in the future. This project has deepened cooperation within the organization with a focus



on energy conservation, and I think the same should be possible in other business areas. As someone who joined the Company from a different industry, midway through my career, I believe that launching a new business is significant in that it shows the possibilities for others who might follow in my footsteps.

**Takahashi:** Going forward, we will continue to nurture new business opportunities for the future while steadily expanding existing businesses. I feel the difficulties in this "ambidextrous" style of management every day. New businesses need to be approached from a long-term perspective, and do not immediately generate earnings like existing businesses. But in an environment where results are not achieved, employees will not develop a mindset of having a go for themselves. We believe that it is important to continue creating a culture and system that fosters new businesses, while increasing the number of success stories like Mr. Kawashima's. Through Incubation Center activities, we aim to create a culture of challenge, with a view to realizing our vision of "A Future Where All People Can Live Enriched Lives," and which will lead to significant changes in our business portfolio.

## Another approach to fostering a culture of innovation

### Promoting individual thinking among employees through roundtable discussions with the CEO

As part of efforts to instill its corporate identity and drive internal transformation, artience continues to hold CEO roundtable discussions, in which President Takashima visits Group locations to speak directly with young and mid-career employees about the future of the Group, its philosophy, and issues to be addressed. Since these talks began in 2023, we have held discussions with a total of 290 employees at 28 locations on various themes relating to innovation within the Group, on topics such as "Ideal Visions for the Company" and "Our Own Ideas of Value that Resonates with the Senses."

This fiscal year, we are focusing on the theme of "Core Competencies Within Our Division." Drawing on core technologies, manufacturing expertise, and the trust we have built with customers over the course of many years, we are discussing the need to deliver new value to society through co-creation with partners both within and outside the Group, in order to realize our vision of "A Future Where All People Can Live Enriched Lives." These talks offer valuable opportunities for the president and employees to work together to create the future of the Group.



**Kaori Nakamura**

Corporate Planning Division



STRENGTHS

3

Business Development Based on Unique Core Technology

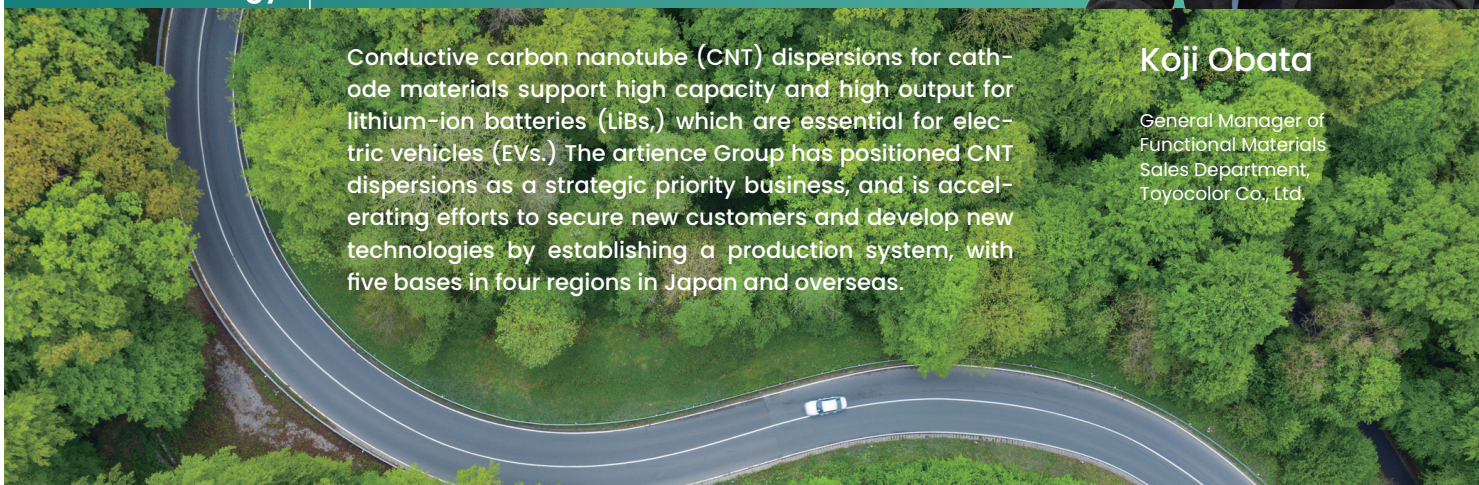
Moving forward with next-generation development with customers, leveraging proprietary dispersion technologies

Conductive CNT Dispersions Business for Lithium-ion Battery Cathode Materials

Conductive carbon nanotube (CNT) dispersions for cathode materials support high capacity and high output for lithium-ion batteries (LiBs,) which are essential for electric vehicles (EVs.) The artience Group has positioned CNT dispersions as a strategic priority business, and is accelerating efforts to secure new customers and develop new technologies by establishing a production system, with five bases in four regions in Japan and overseas.

Koji Obata

General Manager of Functional Materials Sales Department, Toyocolor Co., Ltd.



Market environment

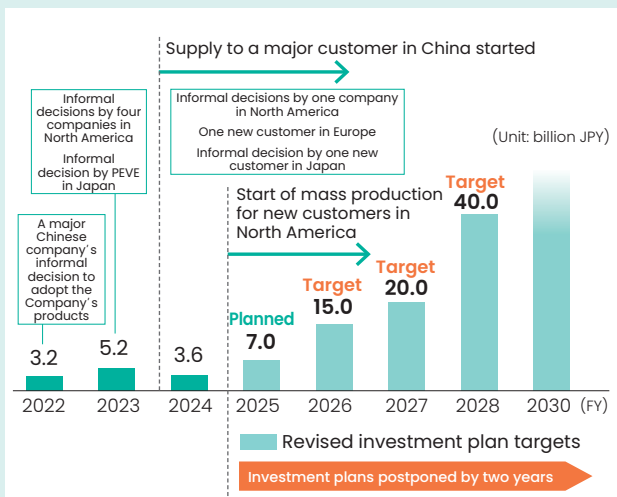
Medium- to long-term growth trends in the EV market

With countries around the world tightening their environmental regulations to reduce CO<sub>2</sub> emissions, the automotive industry is leaning heavily toward electrification. The artience Group has been actively engaged in the CNT dispersion business since 2019, supplying CNT dispersions for EV LiB electrodes. Because CNT offers higher conductivity than carbon black, a widely used conductive additive for LiBs, CNT has been attracting attention as a material that can contrib-

ute to the production of high-capacity, high-output, long-lasting LiBs. This is significant because the capacity, output, and service life of LiBs can affect the driving range and charging performance of EVs.

FY2024 was a challenging year for the EV market as a whole, with policy changes in various countries, inflation, and rising interest rates all contributing to slower growth. Shipments to major existing customers in the US were sluggish. While sales of EVs and plug-in hybrid vehicles in China grew significantly year on year, sales of Japanese and European brands were sluggish, and orders from LiB manufacturers that primarily handle European vehicles remained flat.

Changes in sales of the business and forecast / target (as on November 2024)



Progress

The number of prospective client companies is also steadily increasing

In light of these circumstances, we have decided to postpone the net sales and market share targets set under our artience2027, Medium-term Management Plan by two years.

Meanwhile, full-scale production is now underway in Zhuhai, China, and progress has also been made in expanding production capacity for mass production at our bases in Kentucky, USA, and Hungary. In addition, the number of customers who have informally decided to adopt our products has grown from seven in 2023 to ten in 2024. Although we are experiencing temporary market stagnation, the medium- to long-term growth trend remains unchanged, and we will continue to strengthen our efforts in this area as a strategic priority.

■ Total investment planned in this business (FY2019—)



**Competitive advantage**

**Global mass production system with five bases in four regions**

Our CNT dispersions for LiBs originated from the dispersion technologies used to uniformly mix pigments in printing inks. Using core technologies accumulated over the course of more than 100 years, we carefully separate CNTs one by one without damaging them, then disperse them at the nano level to maximize their electrical conductivity. We have also developed our own dispersion agents and improved them over time. Another one of our key strengths is our customizable production process. For example, we can control the length of CNT fibers to meet customer requirements.

In addition, CNT dispersions are used in automotive LiBs, so quality requirements are strict. Based on thorough consultations with our customers, we design products that ensure safety, and carry out daily production activities under a strict quality control system. Our automotive LiBs have been commercially available for use in hybrid vehicle (HV) applications for over ten years, and we believe that they have earned a reputation for reliability in the market.

In our main markets (Europe, the US, China, and Japan,) we have established a supply system that enables stable localized procurement and production, and have built strong trust and networks with our customers based on our results. In the current unstable political climate, having a system that can quickly

■ The artience Group’s advantages

- Dispersion technologies that maximize CNT performance
- Strict quality control system
- Mass production system with five bases in four regions

■ Five production bases in four regions



supply products locally is a significant advantage. We are also building a global patent network to deter new competitors from entering the market, which we believe will give us a competitive advantage.

**Product development and investment optimization that anticipate next-generation needs**

We have set the target of securing a 20% share of the global market for CNT dispersions for LiBs (as a percentage of total demand for automotive LiB capacity) by FY2032, and will stay ahead of the diversification of EVs and the corresponding changes in LiBs. In addition to our existing conductive additives for ternary systems, which are designed for high capacity and performance, we are also considering products that address cost-conscious needs, such as low-cost lithium iron phosphate (LFP) batteries. At the same time, it is important to build a development system that can respond to diverse needs while maintaining awareness of next-generation, high-end products, such as all-solid-state batteries.

Expanding our customer base is essential for business growth. As our customer base grows, we will be able to gather more information, which will allow us to understand market trends more accurately and incorporate them into our business strategy. In addition, building a solid track record of business results will make it easier to expand and cater to new customers.

We will continue to invest actively in increasing our supply capacity, while constantly reviewing and optimizing the timing and amount of our investments. A long-term perspective is essential in this business because the process from investment decision to equipment installation and start of mass production takes between two and two-and-a-half years. We will incorporate market needs into our business plans and take the necessary actions based on close sharing of information with customers and component manufacturers.

**Long-term vision for the future**

**Taking on the challenges of solving issues to achieve carbon neutrality**

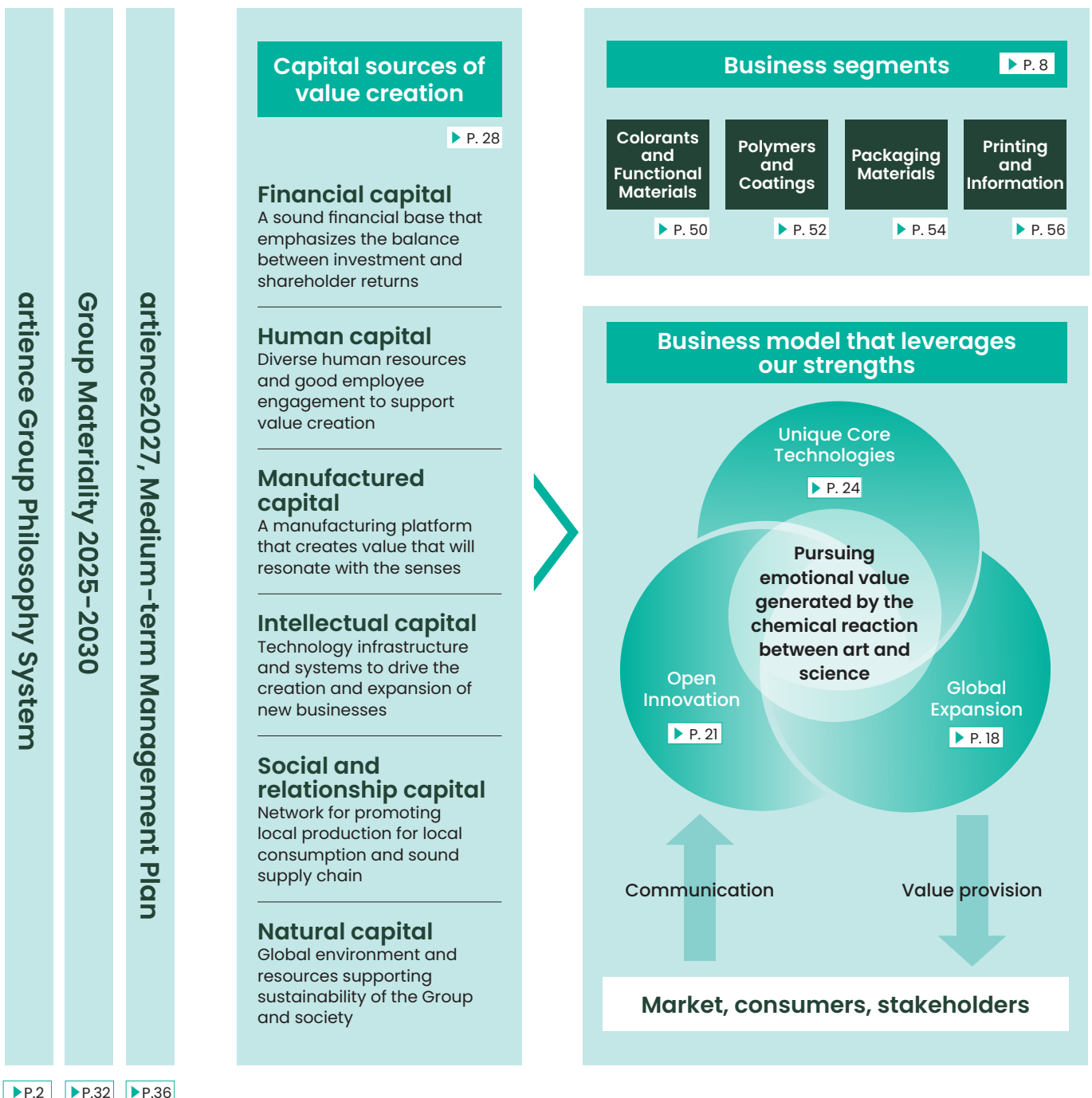
The trend toward achieving carbon neutrality is growing stronger, and we believe that social demand for EVs will remain high in the future. While it is necessary to carefully monitor power generation methods for charging and CO<sub>2</sub> emissions throughout LiB life cycles, the fact remains that electrification is an essential element for the automotive industry as it moves toward decarbonization. Our focus should be on contributing to the improvement of price, driving range, and charging times—key issues hindering the widespread adoption of EVs—through the provision of CNT dispersions for LiBs. We believe that encouraging consumers to choose EVs and contributing to the realization of carbon neutrality in this way will also help us to achieve one of the artience Group’s material issues: providing value that resonates with the senses through our products and services.

# Value Creation Model

The Group works to provide value through products and services created through its business activities, with the aim of sustainable growth of the Group and society. We leverage unique core technologies developed over the course of many years, a culture of open innovation geared toward co-creation, and global business expansion, with more than half of the Group’s net sales and operating profits coming from overseas operations. By building a business model that makes effective use of these strengths of the Group, we are creating value that resonates with the senses.

## INPUT

## PROCESS



### Achieving the Sustainability Vision asv2050/2030

- All products and services provided contribute to sustainability
- Minimizing the environmental impact of manufacturing
- Being a company that can contribute to improving the sustainability of society

▶ P. 31

## OUTPUT

## OUTCOME

### Products and services of Strategic Priority Businesses ▶ P. 36

**Materials for mobility and battery**

- Materials for LiB electrodes for EVs
- Laminating adhesives for LiB pouches for EVs, etc.

**Materials for display and advanced electronics**

- Color filter materials
- Semiconductor-related materials

**Materials for next-generations (environmental, biotechnology and energy)**

- Functional materials for medical and drug discovery research
- Functional materials for next-generation batteries
- Functional materials for heat insulation and CCUS, etc.

### Products and services of Existing Businesses with High Profitability ▶ P. 36

**Packaging materials**

- Liquid inks, adhesives, UV-curable inks, etc.

**Sustainability-enhancing Products**

- BPA-NI (bisphenol A-free) paints
- Healthcare adhesives for athletic tapes, etc.

### Value of appealing to their senses

emotion astonishment delight  
excitement anticipation relaxing  
beauty happiness comfort  
reassurance admiration cheery  
passion curiosity  
empathy



**Environmental Value**  
Realizing a society that co-exists in harmony with the environment

**Lifestyle Value**  
Realizing a comfortable, healthy and safe society

# Capital Sources of Value Creation

The artience Group’s six forms of capital—financial, manufactured, human, intellectual, social and relationship and natural—support its management base and serve as sources of value creation. By freely utilizing these sources of capital, we will continue to engage in business activities that solve various social issues. The economic value, environmental value and lifestyle value created by the Group’s business activities will act as a driving force for strengthening its management base and achieving further value creation.

## Financial capital

A sound financial base that emphasizes the balance between investment and shareholder returns

Investments for the sustainable growth of the Group can be realized with a sound financial base. The artience Group supports its value creation activities by allocating resources with an emphasis on achieving an appropriate balance during “financial soundness,” “active investment for growth” and “shareholder returns.” To financially support growth businesses, we have introduced objective indicators and are working to maximize capital efficiency and cash flow.

- Total assets  
**472,787** million JPY
- Profit attributable to owners of parent  
**18,540** million JPY
- Shareholders’ equity  
**262,113** million JPY
- Cash flows (balance of cash and cash equivalent)  
**60,052** million JPY



## Human capital

Diverse human resources and good employee engagement to support value creation

The management capitals that the artience Group regards as most important are its employees. Approximately 8,000 diverse human resources are engaged in various missions around the world, supporting the Group’s value creation. Through various HR strategies and HR development and retention, we are working to support employees as they engage in challenges and pro-active career development, promote diversity, equity and inclusion (DE&I), create a work environment where each and every employee can shine, and build good engagement.

- Number of consolidated employees  
**7,897** employees  
(2,974 in Japan, 4,923 overseas)
- Ratio of female hires (new graduate and mid-career recruits)  
**29.6%**  
(employees registered at holding company)
- Ratio of female managers  
**5.8%**  
(as of January 2025 in Japan)
- Number of overseas managers recruited locally  
**598** persons  
(as of the end of March 2025)
- Engagement score  
**76**  
(“Sustainable engagement” score based on surveys conducted in Japan and some overseas countries)

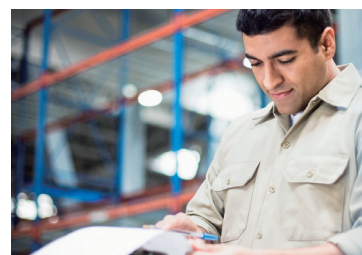


## Manufactured capital

A manufacturing platform that creates value that will resonate with the senses

Since the time of its founding, the Group has aspired to contribute to society as a manufacturing company. Through our production and supply system for diverse colorants, polymer products, and functional products, we go beyond simple manufacturing to create “value that resonates with the senses” for people. By sharing production technologies and know-how worldwide, we achieve local production for local consumption and global quality management, delivering solutions that exceed customer expectations.

- Production bases  
**12** bases in Japan,  
**27** bases overseas
- Capital investments  
**18,441** million JPY
- Overseas production ratio (quantity basis)  
**60.3%**
- Frequency rate of lost-workday injuries  
**1.050** (Japan)



## Intellectual capital

Technology infrastructure and systems to drive the creation and expansion of new businesses

Strengthening intellectual capital helps to increase and nurture the key pillars of the businesses that will support the Group in the future. In addition to making continuous reforms to our group-wide R&D system, we are also seeking to speed up R&D through the effective use of digital technologies, such as digital transformation (DX) and AI, while at the same time combining internal and external knowledge through collaborations and open innovation with external academic institutions and other companies.

■ Number of employees in R&D and Technology departments  
**1,044** persons  
(as of April 1, 2025 in Japan)

■ Research and development expenses  
**10,109** million JPY

■ Number of patents  
**2,348** patents in Japan,  
**1,002** patents overseas



## Social and relationship capital

Network for promoting local production for local consumption and sound supply chain

Corporate value cannot be increased without building good relationships with diverse stakeholders, including customers, employees, local communities, shareholders, investors and business partners. The Group establishes sustainable supply chains, conducts manufacturing activities aligned with local communities, and listens carefully to the voices of stakeholders through proactive communication. Through these activities, we are striving to meet their expectations.

■ Number of Affiliates  
**56** consolidated subsidiaries,  
**4** equity-method affiliates

■ Business regions and sites  
**23** countries or region,  
**32** sites in Japan,  
**81** sites overseas

■ Overseas sales ratio  
**55.4%**

■ Major suppliers  
Approx. **520** companies  
in Japan

■ Time spent maintaining trusting relationships with customers  
**129** years (Founded in 1896)



## Natural capital

Global environment and resources supporting sustainability of the Group and society

We take seriously the fact that all business activities are heavily dependent on natural resources. As a global chemical manufacturer, the Group carries out activities that help improve the sustainability of the global environment and society to protect rights and interests of future generations of people. Our activities include reducing the consumption of petrochemical raw materials, resource circulation, reducing greenhouse gas (GHG) emissions, promoting plastic recycling, circular use of water, etc.

■ GHG (Scope1+2) emissions  
**152,002**t-CO<sub>2</sub>

■ Energy consumption  
**72,859**kL  
[crude-oil equivalent]

■ Water consumption  
**3,957** thousand m<sup>3</sup>

■ Raw materials (fossil, non-fossil)  
**154,789**t



\* Figures are as of December 31, 2024 unless stated otherwise.

# artience Group Value Creation Looking Ahead to 2050

The artience Group has been implementing three-year-long medium-term management plans, and is currently working on the artience2027/2030 "GROWTH" Management Plan, with the target year of FY2030. We will continue to steadily implement this management plan to manifest the strong commitment to transformation that we expressed both within and outside the Group through changes to our Philosophy System and the change of our company name to artience in FY2024.

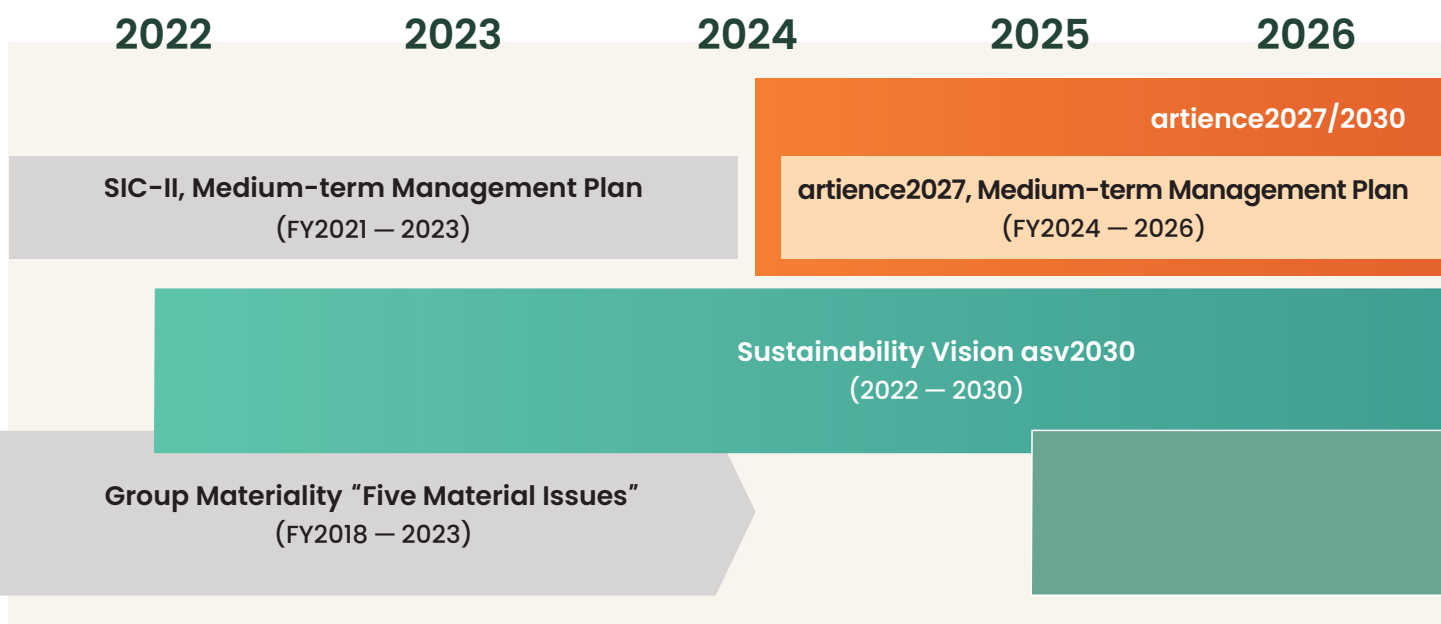
In addition to engaging in business activities with set financial targets under the two medium-term management plans, artience2027 and artience2030, we have also formulated Group Materiality 2025-2030, which identifies key sustainability issues for the Group and society, and are engaged in Group sustainability activities aligned with our medium-term management plans. We have also formulated Sustainability Vision

asv2050/2030 as a set of long-term practical targets for the Group's sustainability activities and a direction for Group Materiality 2025-2030. The goal is to respond to recent global trends relating to efforts to achieve the Sustainable Development Goals (SDGs,) such as in addressing climate change, carbon neutrality, recycling of resources, human rights, and diversity, and the situation in which greater demands are being placed on companies to resolve various social issues.

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 during term of artience2027/2030 "GROWTH" Management Plan

	FY2023 (result)	FY2024 (result)	FY2025 (planned)	FY2026 (target)	FY2029 (target)
Consolidated net sales	322,122 million JPY	351,064 million JPY	370,000 million JPY	400,000 million JPY	500,000 million JPY
Consolidated operating profit	13,372 million JPY	20,414 million JPY	22,000 million JPY	25,000 million JPY	—
Operating profit margin	4.2%	5.8%	5.9%	6.3%	—
ROE	4.2%	7.3%	7.0%	8.0% or more	10.0% or more



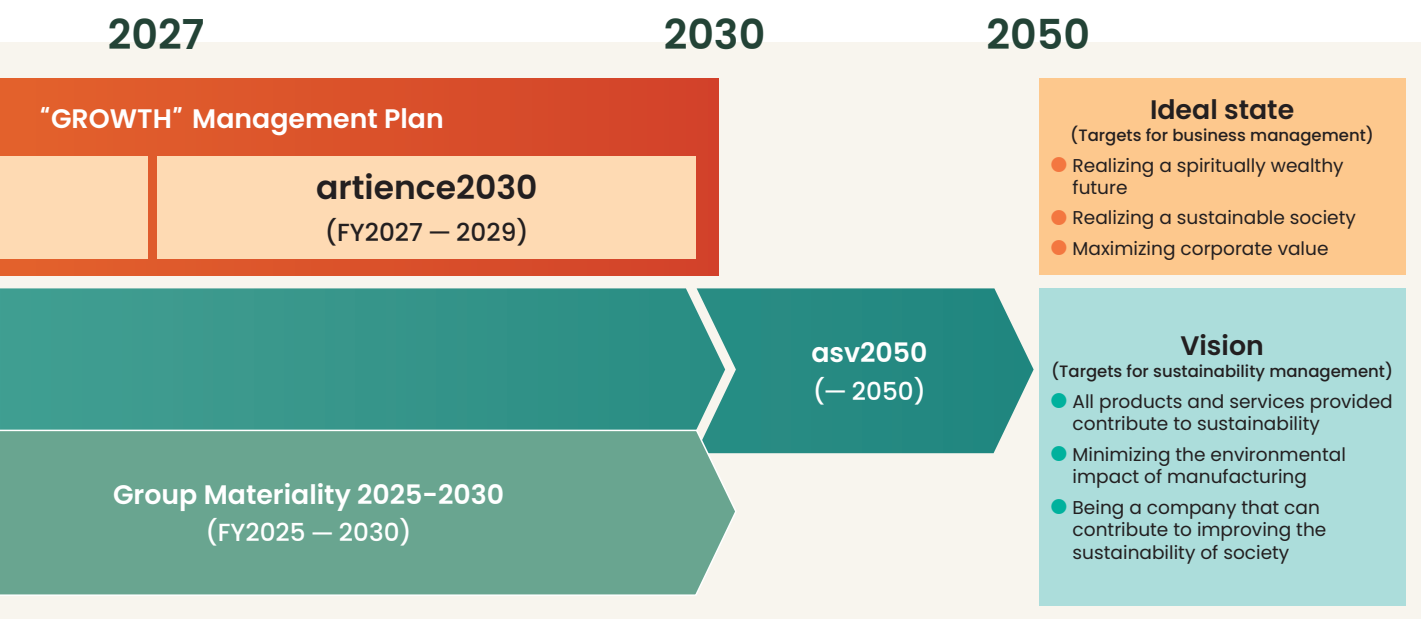
## Sustainability Vision asv2050/2030

The Group formulated the Sustainability Vision asv2050/2030 in January 2022 to indicate a direction for implementing sustainability management from a medium to long-term perspective. To link this more specifically to our management plans, we reviewed

the previous group materiality “Five Material Issues” from scratch and formulated Group Materiality 2025–2030 in February 2025. At the same time, we revised asv2050/2030 to enhance its permeation within the Group and its linkage with our management plans.

### ■ Sustainability Vision asv2050/2030

asv2030 Intermediate targets at milestone towards 2050 Corporate contributions to achieving the SDGs	asv2050 Direction leading to vision for 2050 Achievement of carbon neutrality
<b>1. Providing products and services that realize a sustainable society</b>	
<ul style="list-style-type: none"> <li>● Sales ratio of Sustainability-Enhancing Products will be 80%</li> <li>● Expanding the lineup of products that are able to contribute to a reduction in CO<sub>2</sub> emissions throughout the product lifecycle</li> </ul>	<ul style="list-style-type: none"> <li>● Making all products Sustainability-Enhancing Products</li> <li>● Contributing to decarbonization throughout the entire value chain</li> </ul>
<b>2. Reducing the environmental impact of manufacturing</b>	
<ul style="list-style-type: none"> <li>● Scope 1 and 2 emissions (global): 26% reduction (from FY2020 level) = CO<sub>2</sub> emissions: 35% reduction in Japan (from the FY2020 level), 35% reduction overseas (compared to the FY2030 BAU)</li> <li>● Reduce water consumption at production sites and carry out water quality preservation activities</li> <li>● Achieve zero emissions as the Group as a whole and increase the conservation and recycling of resources</li> <li>● Harmful chemical substance emissions (Global): 30% reduction (from the FY2020 level)</li> </ul>	<ul style="list-style-type: none"> <li>● Achieve the carbon neutrality of production activities and minimize greenhouse gas (GHG) emissions from all corporate activities</li> <li>● Achieve sustainable water consumption in production activities</li> <li>● Minimize waste generation and maximize resource recycling</li> <li>● Become a chemical manufacturer that emits no harmful chemical substances during production activities</li> </ul>
<b>3. Building a foundation for trust</b>	
<ul style="list-style-type: none"> <li>● Realize the responsible procurement of raw materials in consideration of human rights, labor and the environment</li> <li>● Realize a working environment that respects human rights and diversity</li> <li>● Improve employee engagement through promoting personnel development that leads to their growth and providing a safe and secure working environment</li> <li>● Govern the corporation in ways that meet stakeholders' expectations through uninterrupted reform</li> <li>● Achieve the co-creation of value by establishing partnerships and coexisting with local communities and nature</li> </ul>	<ul style="list-style-type: none"> <li>● From a sustainability perspective, address supply chains, human rights and diversity, human resource management, connections with local nature and communities, and reform and transformation of governance continuously</li> </ul>



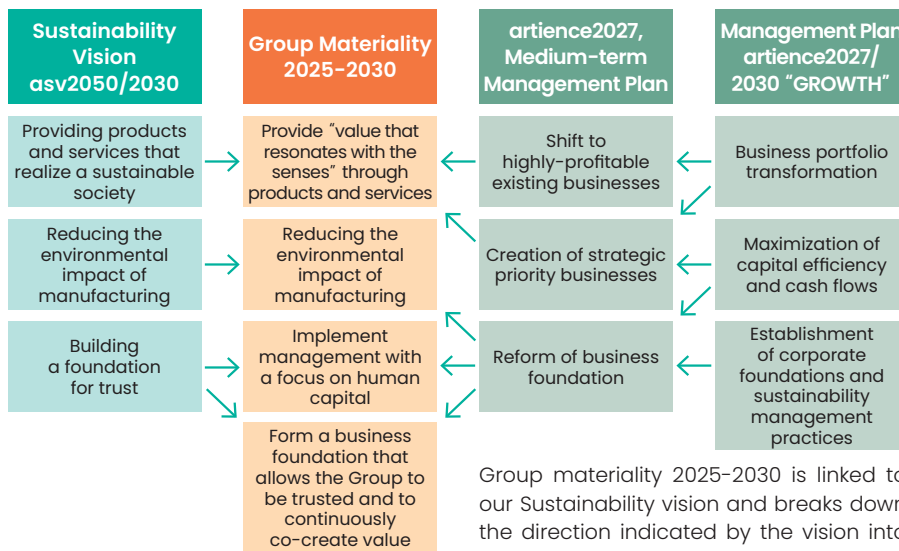
# Group Materiality 2025–2030

After changing our company name and launching the new management plan in January 2024, we identified material issues (Group Materiality) that will significantly impact the artience Group’s medium- to long-term value creation and the realization of its Sustainability Vision. We set targets for 2030, and began implementation in February 2025.

## Background to the formulation of the new Group Materiality

The situation surrounding solving corporate sustainability issues has changed significantly since the implementation of the previous material issues (2017.) This includes changes in social demands, increased reflection of non-financial issues in management strategies, disclosure of response measures, and increasing sophistication and complexity of issues. We established the new Group Materiality in response to these issues.

In formulating the Group Materiality, we made efforts to (1) ensure consistency and coordination with our management plans and asv2050/2030, (2) reflect trends in social demand, and (3) identify issues specific to artience, using our own criteria and perspectives.



Group materiality 2025–2030 is linked to our Sustainability vision and breaks down the direction indicated by the vision into more specific target areas and goals. Furthermore, by linking it to our management, it supports the promotion of business strategies and the implementation of measures linked to sustainability.

### Process of formulating the Group Materiality

<p><b>STEP 1</b> Identification and organization of issues</p>	<p>Based on international sustainability disclosure standards such as ISSB, evaluation criteria for major ESG investment indicators, and the Group’s management plans and Sustainability Vision, we identified candidates and created a shortlist of 39 material issues.</p>
<p><b>STEP 2</b> Interviews with internal and external stakeholders</p>	<p>We held workshops with the heads of the production, sales, engineering, and corporate planning departments of our major consolidated subsidiaries, and exchanged opinions on the importance, priority, and impact of each issue from their perspectives as business managers and internal stakeholders. We also consulted with external experts in various ESG fields to determine the material issues that the Group should address.</p>
<p><b>STEP 3</b> Analysis and consideration of each issue</p>	<p>Based on opinions gathered through workshops and expert interviews, we analyzed and examined the mutual impact of the Group’s activities and social and environmental trends on each issue, and assessed the importance of each issue for the 2025–2030 Group Materiality management period.</p>
<p><b>STEP 4</b> Identification of important issues</p>	<p>Based on the results of the workshop and the materiality assessment, the formulation team held repeated discussions and identified 15 material issues for the new Group Materiality. In line with this, we have partially revised our Sustainability Vision, supplementing missing elements and updating quantitative targets to reflect the current situation.</p>
<p><b>STEP 5</b> KPI / target selection</p>	<p>We consulted with relevant departments on each material issue and set KPIs/targets (including qualitative targets) linked to each medium-term management plan. The above has been approved by the Sustainability Committee meeting, the Group Management Committee, and the Board of Directors, and is being implemented as of FY2025.</p>



New Group Materiality formulation workshop (October 2024)

## Formulating new material issues linked to management plans

### Tetsuaki Sato

Director in charge of Quality Assurance, Production and Environment, Sustainability, Purchasing and Logistics



### Improving effectiveness through internal instillment

In FY2024, the artience Group reviewed its Group Materiality (material issues) for the first time in seven years.

To review our material issues, we held a group-wide workshop in October 2024. Department heads from the corporate planning, production, sales, and engineering departments were invited to share their opinions and suggestions. During the discussions, many teams expressed awareness of the importance of coexisting with society, which was particularly impressive since it reflects the values of our Brand Promise. We also interviewed experts in finance, diversity, equity, and inclusion (DE&I), and the environment, and reflected their insights in the formulation of our Group Materiality.

To increase effectiveness, quantitative indicators have been established for each material issue wherever possible. For issues that are difficult to quantify, we try to use expressions that each responsible employee can easily understand, even if they are qualitative. We also emphasize the importance of internal instillment, so that everyone can understand and relate to the material issues. Currently, around two-thirds of our Group employees are overseas personnel. At the Global Management Forum (GMF), which is held twice a year and attended by executives from overseas bases, simultaneous interpretation is provided in English and Chinese. We are also focusing on communication with regard to sustainability. We also feel that it is crucial to reflect the opinions of employees working at overseas locations, and are currently developing a system to do so.

### Driving toward our goals together with stakeholders

Human capital—one of the pillars of the new Group Materiality—was a key point in this review. Building on our previous Group Materiality, which focused on coexistence and co-prosperity with the supply chain, as well as employee happiness and motivation, we have revised our material issues from a human perspective. This clearly demonstrates our commitment to valuing everyone involved in the Group's business activities.

I have been the manager of a manufacturing plant for a long time, but I still feel that there are many issues to be addressed in the workplace. Driving automation and labor saving, creating a safe and secure working environment, and improving productivity through DX are all issues that require immediate action.

There are also many other elements that have been incorporated into this revision. We have incorporated environmental items that are still insufficient, such as resource recycling, water management, and Scope 4 emissions, as well as themes that we want to develop further, such as DX and fostering a culture of co-creation.

There are many challenges involved in promoting sustainability that are difficult for the Company to tackle alone. As a chemical manufacturer, our company has always contributed to society by supporting customers' businesses and services from behind the scenes. With a history spanning 129 years since our founding, we will continue moving forward toward our goals by cherishing the relationships we have built with our customers, business partners, local communities, and other stakeholders, while at the same time seeking to collaborate with new partners.

## Messages from experts

### Mr. Komei Harada

Representative Director of Sustainability Technology Design Organization, Inc.  
Representative of Circular Economy & Wide-area Multi-Value Circulation Research Group



- artience's sustainability activities seem to focus heavily on reducing negative impacts. I believe this is why your business and sustainability activities are not fully integrated. I would like to see you demonstrate how your products and services contribute to sustainability and societal transformation, and incorporate the challenges of seizing opportunities into your material issues.
- By consuming resources and energy to produce and supply products and services, manufacturers contribute to reducing society's overall environmental impact and improving the lives of consumers. Aiming to increase your positive impact will enable you to contribute to sustainability through your business.

### Ms. Mari Yoshitaka

Representative Director of General Incorporated Association Virtue Design  
Visiting Professor, Faculty of Arts and Sciences, University of Tokyo



- It would be best to consider materiality for each business. Even for the same issue, the reasons for selection and approach may vary depending on the business, resulting in unique material issues that are specific to artience. Investors prioritize materiality to compare with peer competitors.
- It is essential to address human capital issues. The necessary human resources will change in line with revisions to your business portfolio. Given your company's high percentage of overseas personnel, I would also like you to focus on addressing gender issues.
- I think it would be beneficial to set quantitative targets (KPIs) that can easily be compared with those of other companies. At the same time, set qualitative targets that express your company's uniqueness.
- It is important to clearly outline a growth strategy based on governance.

Group Materiality 2025–2030

Group Materiality 2025–2030 (formulated in February 2025)

The Group’s new Group Materiality consists of 15 material themes (areas of the issue) identified based on the assessments of internal and external stakeholders, corresponding actions (to be taken to address the issue,) KPIs/2030 targets (quantitative targets,) and measures (qualitative targets.) It also outlines SDGs targets relating to each material issue, and correspondences with

the artience2027/2030 “GROWTH” Management Plan, the artience2027, Medium-term Management Plan, and the Sustainability Vision asv2050/2030. We have also designated departments responsible for achieving the targets we have set, in order to ensure that they are achieved in a steady manner.

Theme (area of the issue)	Relevant SDGs goals	Actions (to be taken to address the issue)
<b>1. Provide “value that resonates with the senses” through products and services</b>		
1-1 Products & Services		<ul style="list-style-type: none"> <li>● Increase sales of Sustainability-Enhancing Products, mainly in the strategic priority businesses</li> </ul>
1-2 Decarbonization		<ul style="list-style-type: none"> <li>● Promote GHG emissions reduction and decarbonization throughout the value chain</li> </ul>
<b>2. Reducing the environmental impact of manufacturing</b>		
2-1 Climate Change		<ul style="list-style-type: none"> <li>● Tackle to reduce GHG emissions taking every possible measures and contribute to mitigating climate change</li> </ul>
2-2 Water Management		<ul style="list-style-type: none"> <li>● Improve water use at production sites and contribute to preserving the natural and living environment</li> </ul>
2-3 Wastes / Resource Circulation		<ul style="list-style-type: none"> <li>● Reduce waste from production sites and offices and encourage resource circulation in the value chain</li> </ul>
2-4 Pollution Prevention / Chemical Substances		<ul style="list-style-type: none"> <li>● Prevent air, water and soil pollution and aim for production activities with zero-environmental pollution</li> </ul>
<b>3. Implement management with a focus on human capital</b>		
3-1 SCM		<ul style="list-style-type: none"> <li>● Construct a supply chain that realizes responsible procurement of raw materials</li> </ul>
3-2 Respect for Human Rights / DE&I		<ul style="list-style-type: none"> <li>● Create a working environment that respects human rights and diversity and that has no gender gap</li> </ul>
3-3 Human Capital		<ul style="list-style-type: none"> <li>● Accelerate employees’ career development efforts and engagement through personnel training that supports their challenges</li> </ul>
3-4 Occupational Safety / Health & Productivity Management		<ul style="list-style-type: none"> <li>● Improve labor safety in workplaces and improve employees’ health to establish a working environment where employees feel secure</li> </ul>
<b>4. Form a business foundation that allows the Group to be trusted and to continuously co-create value</b>		
4-1 Corporate Governance / Financial Foundation		<ul style="list-style-type: none"> <li>● Promote to ensure the transparency of management and improve the soundness of our financial foundation</li> </ul>
4-2 Compliance / Risk Management / Information Security		<ul style="list-style-type: none"> <li>● Continuously review compliance and risk management systems to improve their effectiveness</li> </ul>
4-3 Product Safety / Quality Assurance		<ul style="list-style-type: none"> <li>● Strengthen the product safety and quality assurance system to improve our credibility as a manufacturing company</li> </ul>
4-4 Promoting Digital Transformation		<ul style="list-style-type: none"> <li>● Accelerate digital transformation, the use of artificial intelligence (AI,) and digitalization of operations to bolster the Group’s ability to adapt to changes in business environment and improve labor productivity</li> </ul>
4-5 Co-creation Culture / Community		<ul style="list-style-type: none"> <li>● Foster a corporate culture that realizes value co-creation through the establishment of partnerships with other organizations and co-existing with local communities</li> </ul>

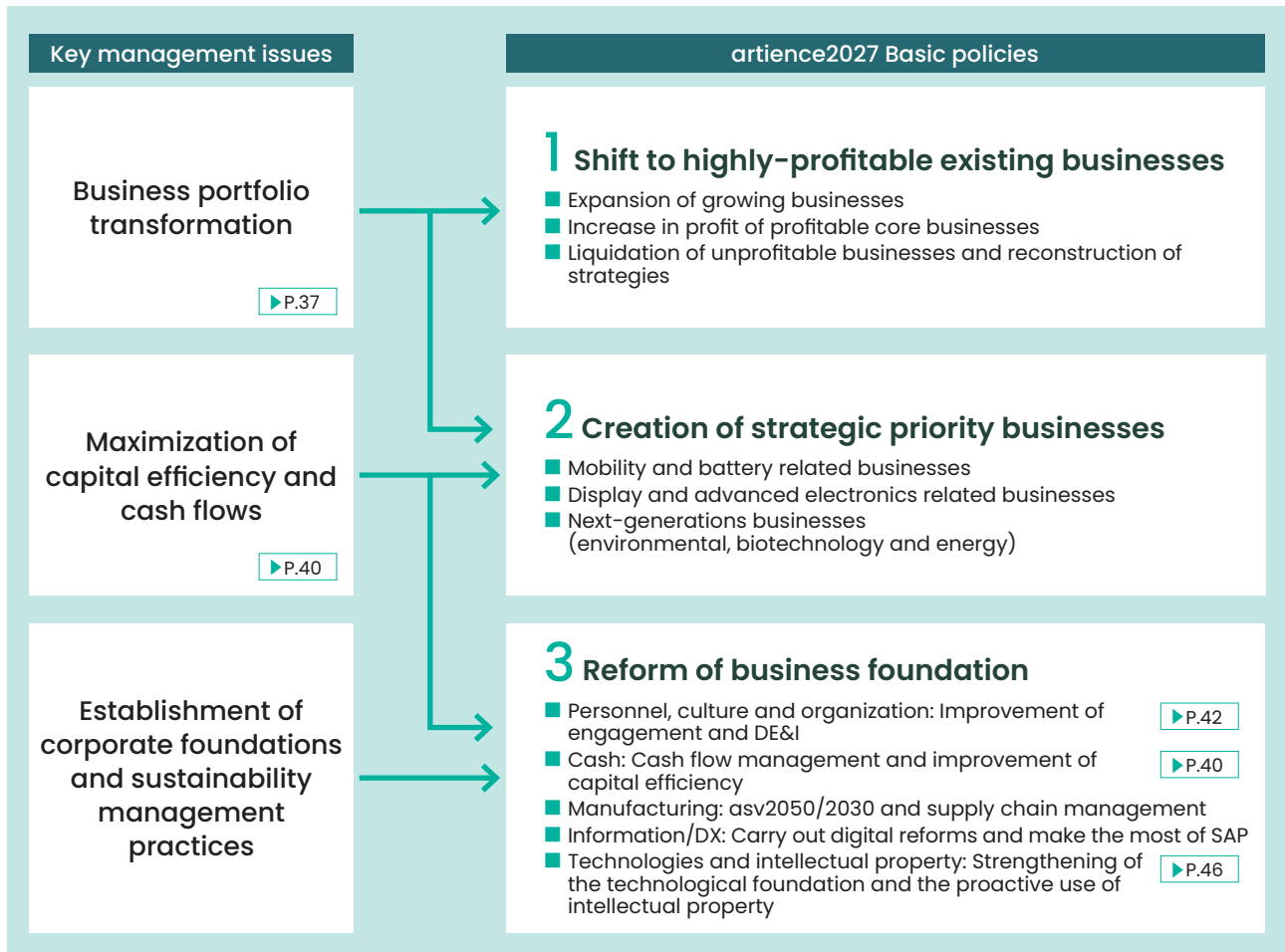
**WEB** For more information about the reasons for identification of each issue, visit our website and click on Sustainability > artience's Sustainability > Group Materiality 2025-2030. Departments responsible for achieving the targets are listed on pages 18 and 19 of our 187th Annual Securities Report.  
<https://www.artiencegroup.com/en/corporate/sustainability/strategy/materiality/>  
[https://ssl4.eir-parts.net/doc/4634/yo\\_ho\\_pdt/S100VGQE/00.pdf](https://ssl4.eir-parts.net/doc/4634/yo_ho_pdt/S100VGQE/00.pdf)

KPI/targets (FY2030) or measures (qualitative targets)	Relevant management plans
<ul style="list-style-type: none"> <li>● Operating profit ratio of the strategic priority businesses (consolidated): 40% or more</li> <li>● Sales ratio of Sustainability-Enhancing Products: 80%</li> <li>● Expanding the lineup of Sustainability-Enhanced Products (environmental / lifestyle value products)</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 1. Business portfolio transformation</p> <p><b>artience2027, Medium-term Management Plan:</b> 1. Shift to highly-profitable existing businesses 2. Creation of strategic priority businesses</p> <p><b>Sustainability Vision asv2050/2030:</b> 1. Providing products and services that realize a sustainable society</p>
<ul style="list-style-type: none"> <li>● Initiate and promote calculation of Scope 4 (contribution to reducing GHG emissions downstream in the supply chain)</li> <li>● Established in-house carbon footprint (CFP) calculation system based on international rules and completed application to specific product categories</li> <li>● Step up supplier engagement for the purpose of reducing Scope 3 emissions</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 2. Maximization of capital efficiency and cash flows 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 2. Reducing the environmental impact of manufacturing</p>
<ul style="list-style-type: none"> <li>● Scope 1 and 2 emissions (global): 26% reduction from FY2020 level [CO<sub>2</sub> emissions: 35% reduction in Japan from the FY2020 level, 35% reduction overseas compared to the FY2030 BAU]</li> <li>● Carry out initiatives to reduce Scope 3 emissions</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 2. Maximization of capital efficiency and cash flows 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 2. Reducing the environmental impact of manufacturing</p>
<ul style="list-style-type: none"> <li>● Carry out water resources conservation activities at sites located in water-risk areas (droughts, floods, lacking purified water)</li> <li>● Promote water recycling activities and calculate the recycling ratio</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 2. Maximization of capital efficiency and cash flows 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Achieved zero emissions (final waste disposal rate of 1% or less for total production sites) by promoting 3Rs (reduce-reuse-recycle) throughout production activities</li> <li>● Carry out initiatives for plastic resource circulation and plastic waste reduction</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 2. Maximization of capital efficiency and cash flows 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Harmful chemical substance emissions (Global): 30% reduction (from the FY2020 level)</li> <li>● Number of violations of laws and regulations related to pollution prevention: Zero cases continued</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 2. Maximization of capital efficiency and cash flows 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● CSR procurement rate: 80% (Coverage: 70%)</li> <li>● Guideline consent rate: 85% (Coverage: 70%)</li> <li>● Carry out initiatives for a sustainable supply chain, including logistics, raw material transactions and the contracting of services</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 2. Maximization of capital efficiency and cash flows 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Percentage of women in managerial positions (on a consolidated basis in Japan): 10%</li> <li>● Implementation rate of human rights due diligence for employees (global): 100%</li> <li>● Employment rate for people with disabilities (employment of special subsidiary applied to the Group in Japan): 3%</li> <li>● Promoting DE&amp;I activities (addressing gender, disabilities, senior employees, etc.)</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Increase in average investment in employee education and training (Japan)</li> <li>● Accelerate the creation of independent career development programs (in-house staff recruitment and in-house job hunting in Japan)</li> <li>● Achieve higher scores in employee engagement surveys</li> <li>● Strengthen support for employees' challenges (support for people entering Business Idea Contests, reward programs, etc.)</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Number of lost-workday injuries in Japan, including injuries incurred by contractors working on our premises: Zero</li> <li>● Reduce lifestyle-related disease risks in Japan: Risk of obesity: 21.3%, risk of hypertension: 9.7%, risk of diabetes: 9.1%, risk of dyslipidemia: 31.0%</li> <li>● Percentage of employees taking childcare leave or leave for childcare purposes in Japan: 100% continued</li> <li>● Promote initiatives that contribute to employee occupational safety and health / health improvement</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Increase the diversity (in terms of gender, skills) of officers (directors and operating officers)</li> <li>● Reform of the remuneration system for officers (increasing transparency in the determining process, reflection of non-financial results, information disclosure of compensation amounts, etc.)</li> <li>● ROE (Profit attributable to owners of parent / net worth): 10% or more</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Raising awareness of the Code of Ethical Conduct and the whistleblowing system</li> <li>● Number of serious compliance violations (violations of laws and regulations and other conduct for disciplinary action): Zero continued</li> <li>● Building overseas information security systems (implementation of common rules, customization for individual bases, vulnerability testing / corrective activities, etc.)</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Enrichment of the Global Quality Standard Network (unification and control of quality standards, sharing of quality assurance information, etc.)</li> <li>● Number of serious incidents regarding product safety and quality (violation laws and regulations, human damages, economic loss beyond a certain level): Zero continued</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Promote "Generative AI Native 500" project (the development of generative AI core talent and utilization promoting talent): Developing 500 employees by FY2027</li> <li>● Promoting digital transformation in each of the production, sales, engineering and administrative fields</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>
<ul style="list-style-type: none"> <li>● Promoting partnership building with governments, companies and research institutes (business co-creations, joint R&amp;D projects, etc.)</li> <li>● Increase communication with local communities</li> <li>● Conduct social contribution activities (such as disaster reliefs, cultural and educational supports, environmental conservation, donations, local employment)</li> </ul>	<p><b>artience2027/2030 "GROWTH" Management Plan:</b> 3. Establishment of corporate foundations and sustainability management practices</p> <p><b>artience2027, Medium-term Management Plan:</b> 3. Reform of business foundation</p> <p><b>Sustainability Vision asv2050/2030:</b> 3. Building a foundation for trust</p>

# artience2027, Medium-term Management Plan

artience2027/2030 “GROWTH” Management Plan which has FY2030 as its target year, is to build a future where all people can live enriched lives and a sustainable society and to maximally increase corporate value. In the plan, three key management issues were identified: the transformation of the business portfolio, the maximization of capital efficiency and cash flow, and the establishment of a corporate foundation and sustainability management practices. During the artience2027, Medium-term Management Plan, we will shift to highly-profitable existing businesses and create strategic priority businesses. We will transformation the foundation of our management centered on organizational, personnel and cash flow management. This is where we will start the transformation.

## artience2027, Medium-term Management Plan (FY2024 – 2026)



## Achievements and progress in FY2024

Basic policies	Achievements and progress in FY2024
1. Shift to highly-profitable existing businesses	<ul style="list-style-type: none"> <li><b>Growing businesses:</b> Overseas facilities invested in during the previous plan entered operation, leading to increased earnings, primarily in the Packaging Materials business. We are also considering additional investments.</li> <li><b>Profitable core businesses, restructuring and strategy-rebuilding businesses:</b> Losses were reduced and earning power was increased by shifting to high value-added products, instituting price revisions, and streamlining business processes.</li> </ul>
2. Creation of strategic priority businesses	<ul style="list-style-type: none"> <li><b>Mobility and battery related businesses:</b> While the EV market for CNT dispersions for LiBs will remain stagnant in the short term, we invested capital in anticipation of medium- to long-term growth. Ten companies informally decided to adopt our products (up three from the previous year.)</li> <li><b>Display related businesses:</b> Peripheral materials were expanded in response to the shift to China and intensifying competition.</li> <li><b>Advanced electronics related businesses:</b> We made progress in the development of materials for semiconductors, and some of them have yielded results.</li> </ul>
3. Reform of business foundation	<ul style="list-style-type: none"> <li><b>Enhancing corporate value:</b> We made improvements in capital efficiency (sold 9.5 billion JPY in cross-held shares, repurchased treasury shares, and increased annual dividends by 10 JPY per share compared to the previous year.)</li> <li><b>Sustainability:</b> The Company established a new Group Materiality linked to the Medium-term Management Plan and asv2050/2030.</li> <li><b>Environment:</b> We introduced electricity derived from renewable energy sources and additional solar power generation equipment at multiple sites in Japan and other countries.</li> <li><b>Social (empowering human capital):</b> We introduced a new personnel system and human resources development programs, implemented initiatives to improve engagement, and held internal roundtable discussions with management.</li> <li><b>Governance:</b> We increased the ratio of outside directors, increased the frequency of Advisory Committee on Appointment and Remuneration meetings (from one to four times/year,) and strengthened SR/IR activities.</li> </ul>

# Management Strategy

## Accelerating growth by investing resources to build on our strengths

The artience Group has grown by leveraging the technologies and expertise it has developed through its business expansion in diverse markets. To respond to the changing market environment and aim for further growth, the artience 2027, Medium-term Management Plan increases investment in and allocation of resources to the Group's strongest businesses. Going forward, we will accelerate growth by clarifying our focus areas through a two-pronged approach of transforming existing businesses into highly profitable ones and creating strategic priority businesses.



### Progress in business portfolio management

#### Building on strengths and enhancing global competitiveness

We launched the artience2027, Medium-term Management Plan with growth as our top priority, as a plan to shift to an offensive strategy. In the first year, FY2024, we made progress largely in line with our plan, with net sales, operating profit, and ordinary profit all reaching record highs. In addition to increased profits driven by the weak JPY and stabilized raw material prices overseas, earnings were also boosted by the favorable tax treatment of investments in Turkey.

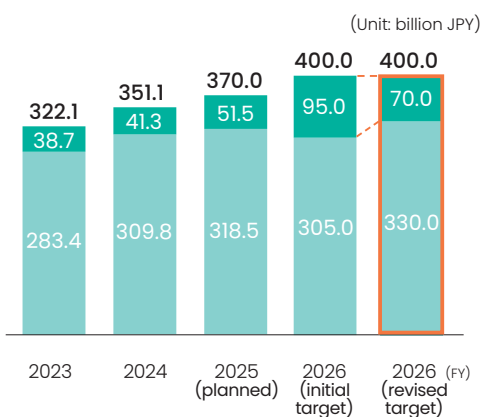
With artience2027, we are placing particular emphasis on business portfolio transformation. To further strengthen our strengths by leveraging the technologies and expertise we have developed over the years, we have identified two major areas of focus. The first is to shift to existing businesses with high profitability. We will further enhance the profitability of our strong existing businesses while accelerating our expansion into overseas markets. The other is creation of strategic priority businesses. We will create new businesses that will become pillars of future growth and nurture them to maturity. In FY2024, we surpassed expectations in

the former, particularly by successfully capturing growth in the Indian market.

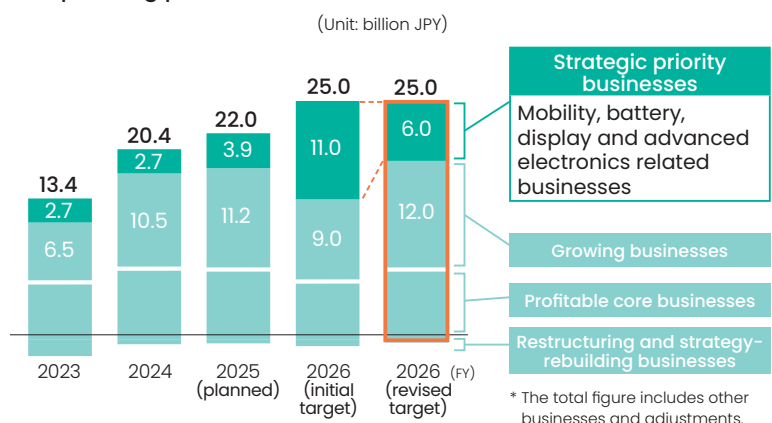
When you hear the term "business portfolio transformation," you may imagine large-scale divestitures, business withdrawals, or mergers and acquisitions (M&A.) However, our business is characterized by its diversification across markets and regions. While this may be less efficient than rolling out specific products to large markets, our ability to meet a wide range of needs is an advantage, and also acts as a barrier to entry for competitors. In addition, there is also the advantage that businesses can support each other even when some are performing sluggishly.

Therefore, our business portfolio transformation is not simply a replacement of existing businesses, but aims to expand products that meet market needs and high value-added products in each area. To accomplish this, we will fully leverage our strengths in sales, technology, and global networks within our current markets and regions.

#### Net sales



#### Operating profit



## Shift to highly-profitable existing businesses

### Growth businesses: the key to overseas expansion

We have divided our existing businesses into three groups, growth businesses, stable earnings base businesses and businesses where we will implement a restructuring and re-building strategy; and determined approaches for each of these groups.

Of these, the growth businesses deal mainly with packaging-related areas such as liquid inks, pressure sensitive adhesives, and laminating adhesives, which require concentrated investment of management resources. At the start of artience2027, we set a target operating profit of 9.0 billion JPY for FY2026. We have already achieved operating profit of 10.5 billion JPY in FY2024, significantly exceeding our target. One factor contributing to this achievement is that our business has expanded beyond our target markets of India, Southeast Asia, and Turkey to include Europe and the United States.

We believe that our strategy of adapting our business model to the needs of each region—rather than simply replicating our domestic model—has been successful. For example, in the Indian market, technical services impact customer satisfaction. We have established a system that enables us to respond immediately to any problems that arise during product use, and have also trained local national staff to

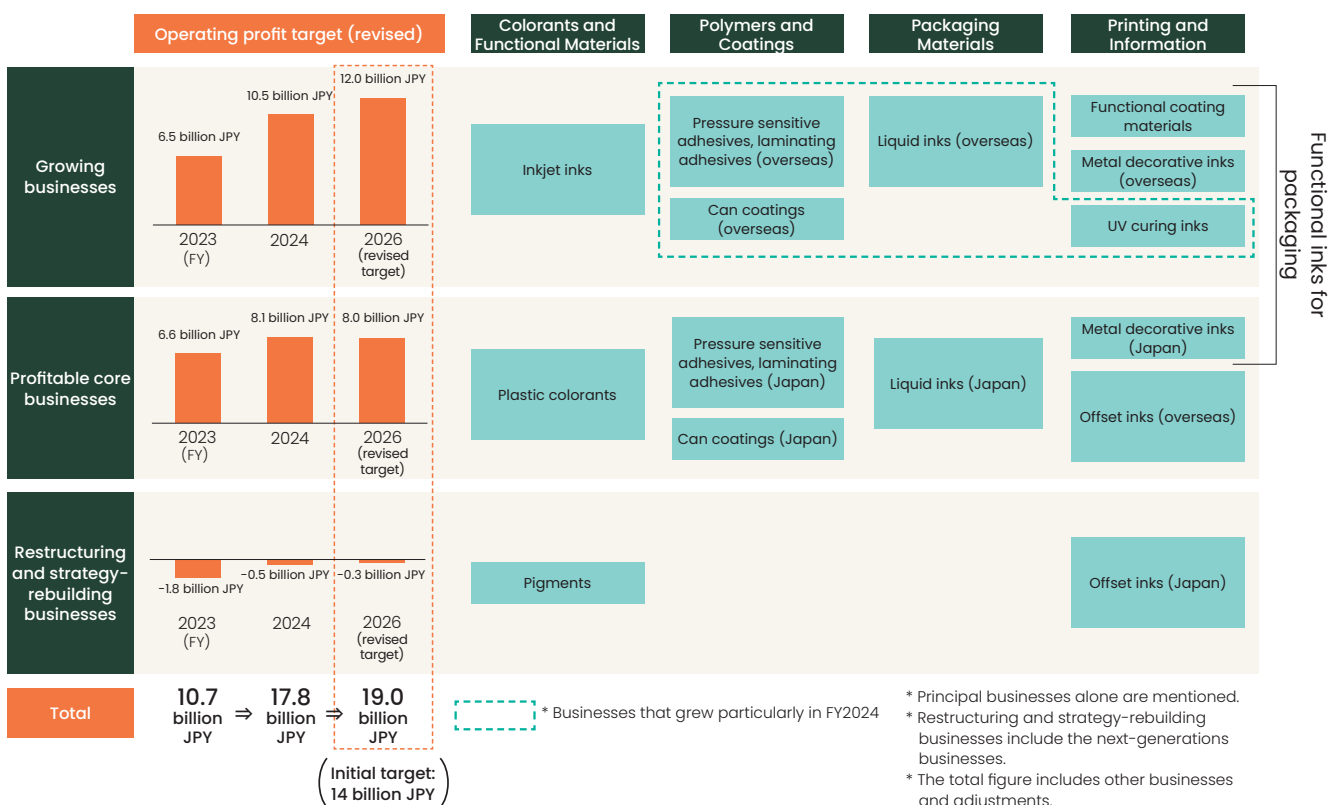
handle such situations (▶P.18.) In Thailand, we have acquired a local can coating manufacturer as a subsidiary, which has expanded our market share by enabling us to develop products tailored to customer needs. This has also led to improved raw material procurement capabilities. As this is an area that is expected to continue growing in the future, we have raised the FY2026 operating profit target for this business to 12.0 billion JPY.

On the other hand, there are still countries with room for growth. In Indonesia, for example, local companies have strong ties with each other, which makes it difficult for foreign companies to reach the top of the market. We will address this issue by forming alliances with local companies and considering M&A. We will also be focusing on Africa as a new growth area. Although we already have a subsidiary in Morocco, given the vast size of the African market, we will identify and select locations for expansion and initiate full-scale operations.

### Emphasis on shifting to high value-added products and improving efficiency

While our stable earnings base businesses are strong mainly in Japan, we believe that future growth in demand will be limited due to factors such as population decline. We are therefore working to secure profits by increasing the ratio of high value-added products, integrating product types, reviewing raw materials, and requesting price adjustments to appropriate levels. These steady efforts have

### Classification of the main existing businesses and operating profit targets



already begun to bear fruit. We have already achieved 8.1 billion JPY in operating profit in FY2024, surpassing the 6.7 billion JPY target set for FY2026. Despite this, domestic prices continue to rise due to the weak JPY and increased costs from raw material manufacturers, making it essential for us to further improve efficiency and adjust prices accordingly. Our revised target for FY2026 is 8.0 billion JPY, based on the view that the current profit level will be maintained. Ensuring business continuity will require labor and personnel reductions, as well as compliance with environmental regulations. In particular, at production sites, we will aim to create smart factories to reduce the burden on workers and attract more human resources.

Meanwhile, the domestic offset ink market continues to shrink as a result of the shift toward paperless operations and digital transformation (DX.) In response to this situation, for businesses subject to our restructuring and rebuilding strategy, we have been making rigorous improvements in efficiency in line with market size, and are now approaching the break-even point. We believe that personnel shifts, the application of operational DX, the integration of bases, and the review of production systems have led to cost reductions (▶P.56,) and we will continue these efforts in the future.

In the Printing and Information business segment as a whole, operating profit increased significantly from 2.4 billion JPY in FY2023 to 4.9 billion JPY in FY2024 due to our focus on UV curing inks. We consider this an example of the concrete results that can be achieved by shifting management resources to growth areas.

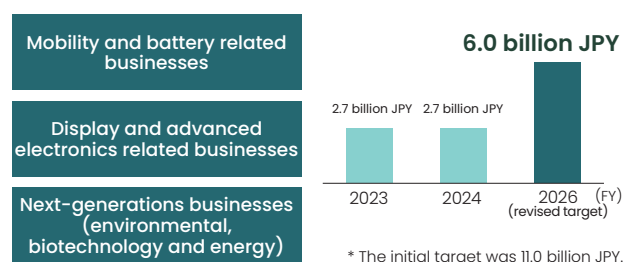
## Creation of strategic priority businesses

The core of our new business creation efforts is Mobility and Battery Related Businesses. As our next growth pillar, we have been investing heavily in carbon nanotube (CNT) dispersions to improve the performance of lithium-ion batteries (LiBs) for electric vehicles (EVs.) In FY2024, the EV market stagnated due to factors such as the lowering of EV targets in various countries, reductions in subsidies, and delays in infrastructure development, forcing a review of plans. However, there is no doubt that the shift to EVs as a means of addressing environmental issues is a global trend, and we are focusing on future-oriented development in collaboration with automobile manufacturers and battery manufacturers. We are confident that our superiority in terms of our technologies and customer network is becoming increasingly robust, and will enable us to contribute to solving issues such as driving range, charging time, and cost in the spread of EVs.

In addition to cathode materials for our ternary (nickel-cobalt-manganese) batteries, we believe it is also necessary to respond to the demand for lithium-iron phosphate (LFP) batteries and anode materials, which are highly competitive in terms of price. Furthermore, we are working on the development of all-solid-state batteries, which are attracting attention as a next-generation technology, and lithium-manganese iron phosphate (LMFP) batteries, which are an improvement on LFP batteries. Our goal is to eventually cover all areas of LiB materials (▶P.25.)

Another key area, Display and Advanced Electronics Related Businesses, performed well in FY2024, offsetting delays in the CNT dispersion business. Although individual products in this field are not particularly large, we will enhance our lineup by developing semiconductor-related products into product groups that will increase competitiveness and profitability.

## Changes in operating profit of strategic priority businesses



## Toward our long-term vision

### Maintaining an offensive attitude and continuing proactive investment

We plan to continue prioritizing overseas expansion and investment in strategic priority businesses in FY2025 and beyond, while further strengthening our business portfolio management. In terms of business portfolio transformation, all directors recognize its necessity, and have agreed to allocate resources for this purpose. Active discussions regarding individual business plans are currently underway from various perspectives.

The expansion of overseas operations to their current level is also the result of bold investments to expand production capacity during the previous medium-term management plan period. To continue this policy, under artience2027, we plan to invest 60.0 billion JPY over the course of three years. This amount exceeds depreciation and amortization expenses (▶P.41.)

Environmental considerations—such as reducing CO<sub>2</sub> emissions and developing products that do not use organic solvents—are also important. As global efforts toward decarbonization accelerate and environmental regulations tighten in countries around the world, we have set a target of increasing our sales ratio of sustainability-enhancing products to 80% by 2030. This aligns with current needs, and we will continue to respond flexibly to the different regulations and market characteristics of each country.

Our goal is for overseas sales to account for at least 60% of our total sales by FY2026. Securing global human resources is essential to achieving this goal. To improve our sales and technical support capabilities and tailor them to the needs of each region, we will actively recruit and develop local personnel. Going forward, the Group will work together as a team to accomplish the goals of artience2027, maintaining an offensive attitude and striving to achieve significant growth.

# Financial Strategy

## Driving financial reforms focused on improving capital efficiency



**Takeshi Arimura**

Operating Officer in charge of Finance, General Manager of Finance & Accounting Department

### Progress in the first year of the medium-term management plan

#### 2024 was a year of transformation. Awareness of improving capital efficiency has increased

FY2024 was a year of major transformation for artience. Changing our company name—which had been used for over 100 years—and renewing our management philosophy had a significant impact on the mindset within the Company. This wasn't just about replacing our signboards. The change has inspired a new mindset among our employees to radically transform all business activities and corporate operations, which has provided a major boost to our efforts to improve capital efficiency. The Finance & Accounting Department has also planned and implemented capital policies such as treasury share buybacks, introduced cash flow and efficiency indicators, and implemented measures to improve the capital efficiency of the Company as a whole. I believe that this was

#### Financial reform measures (progress as of FY2024)

<b>Business portfolio transformation</b>	<ul style="list-style-type: none"> <li>Increase the earnings capacity of existing businesses, including structural reforms of low-profitability businesses.</li> <li>Steadily enlarge strategic priority businesses and clarify the growth story.</li> </ul>
<b>Increase capital efficiency</b>	<ul style="list-style-type: none"> <li>Introduce ROIC as an indicator to the whole company to improve efficiency.</li> <li>Reduce operating capital by improving CCC (FY2024 actual: 111 days ⇒ FY2025 target: 108 days)</li> </ul>
<b>Capital policies</b>	<ul style="list-style-type: none"> <li>Improve the CCC to reduce operating funds (FY2024 actual: 10 JPY YoY increase in dividend, treasury share buybacks*)</li> <li>Reduce cross-shareholdings (FY2024: 9.5 billion JPY sold)</li> </ul>
<b>Efforts to lower capital costs</b>	<ul style="list-style-type: none"> <li>Disclose information in a timely and appropriate manner, step up IR activities including the positive distribution of information and increase dialogues with stakeholders.</li> </ul>

\* Up to 4.5 million shares or 10.0 billion JPY (Purchase period: August 13, 2024 to August 12, 2025)

a year in which awareness of improving capital efficiency increased significantly throughout the Company.

In FY2024, we introduced ROIC and CCC (cash conversion cycle) as internal management indicators. In February 2025, at the end of the first year of the artience2027, Medium-term Management Plan, the Company revised the original plan and announced an updated version, including treasury share buybacks and a policy to reduce cross-shareholdings. The original medium-term plan's target of achieving an ROE of 7.0% or higher over three years was met in FY2024. However, this was due in part to one-time gains from the sale of shares and other special factors, so we do not consider this to be a satisfactory level. Going forward, we have set a revised target of 8.0% or higher as our actual performance figure, excluding special factors, and will work toward achieving this goal.

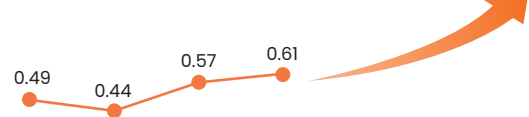
#### Challenges and growth strategies for achieving a PBR of 1

A major challenge for the Finance & Accounting Department is achieving a PBR of 1. There are two important points to consider in order to achieve this.

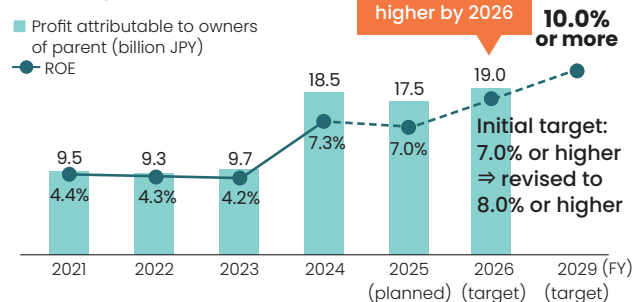
One of them is for us to achieve an ROE of 7.0% or higher, and then 8.0% or higher, based on actual performance rather than relying on temporary special factors. To achieve this, we have established the management policy of transforming existing business into highly profitable ones, and are working to improve the profitability of our existing businesses. The domestic Printing and Information Business, which had been operating at a loss for several years, achieved significant profits in 2024. The offset inks business in Japan has reduced its losses through structural reforms and price revisions, while other businesses have improved their ability to generate earnings by shifting to high value-added products, revising prices, and improving their efficiency. We have revised our operating profit target for 2026 for highly profitable existing businesses upward from our initial target of 14.0 billion JPY to 19.0 billion JPY.

Another key point is the establishment of new growth areas within our strategic priority businesses. Contrary to initial expectations, sales of LiB materials for EVs have fallen behind

#### Changes in PBR



#### Changes in profit and ROE



original targets due to the recent downturn in the EV market. However, we are preparing to respond to diverse demands when the EV market recovers. In terms of future growth businesses, we see promising signs of progress in the display, semiconductor, and advanced electronics sectors, and we will actively invest in these areas as growth fields.

### Improvements in CCC driven by active frontline efforts

In FY2024 CCC improved from 114 days to 111 days: an improvement of 3 days. Frontline employees worked enthusiastically to shorten the number of days required to collect inventory and accounts receivable. This is likely the result of increased awareness of our management policy to improve capital efficiency.

We still feel that there is more room for improvement in terms of ROIC awareness. We are engaged in various efforts to raise awareness. For example, by releasing results monthly instead of quarterly, we are increasing the frequency with which employees are exposed to such information.

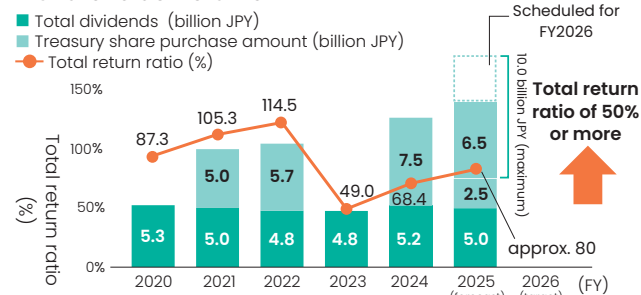
### Reducing cross-shareholdings to maximize capital efficiency

Until now, we have previously reduced cross-shareholdings by verifying their economic rationality, comparing their associated benefits with the cost of capital, and reviewing transaction conditions. In FY2024, we took a further step by announcing a reduction policy. We are adopting a more proactive policy with the aim of maximizing capital efficiency. Going forward, we will carefully reduce our cross-shareholdings while maintaining good relationships with our business partners, and use the proceeds to make growth investments and increase shareholder returns, thereby enhancing corporate value.

### Aiming to increase shareholder returns

Our capital policy—prioritizing growth investments in cutting-edge electronics and growing overseas regions while actively returning profits to shareholders—remains unchanged. In FY2024, profits exceeded our plans, and so we

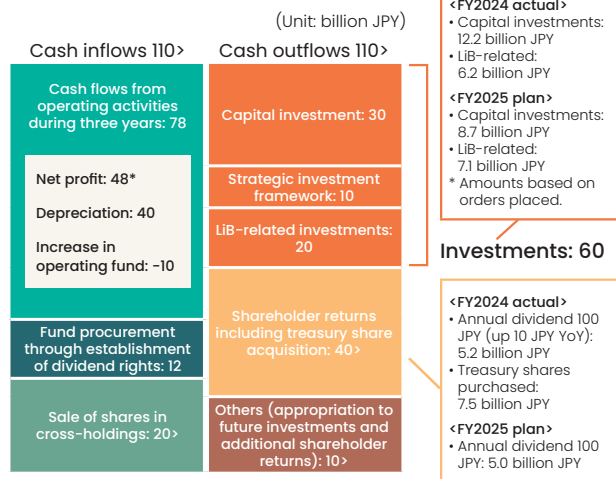
#### Shareholder returns



Annual dividend per share (JPY)	90	90	90	90	100	100	
Profit attributable to owners of parent (billion JPY)	6.0	9.5	9.3	9.7	18.5	17.5	19.0

\* On May 9, 2025, the Company announced a treasury share buyback program of up to 4.5 million shares or 10 billion JPY (Purchase period: May 12, 2025, to May 11, 2026.)

#### Cash allocation



\* Excludes gains on sales of investment securities. (Revised in February 2025.)

have increased our planned operating cash flow for the three-year medium-term plan period from 40.0 billion JPY to 48.0 billion JPY. We have decided to return a portion of this to our shareholders.

Since we expect to surpass our initial targets for reducing cross-shareholdings, our policy will be to enhance corporate value by allocating the profits from this to growth investments and shareholder returns. Going forward, we will continue aiming to improve the level of shareholder returns in line with profit growth.

### Towards enhancing corporate value

#### Emphasizing the role of outside directors in management decision-making

Based on our Group policy of strengthening governance, we have increased the number of outside directors. Currently, the majority of our directors are outside directors. Since outside directors play an important role as representatives of shareholders and external stakeholders, we strive to enhance communication by taking time to explain proposals to them in detail. The decisions to review our treasury share buyback and cross-shareholding reduction policies in FY2024 were also made after thorough discussion by the Board of Directors. I believe that decisions are made with consideration for external requests as well.

#### Maintaining an "A" credit rating while improving capital efficiency

Maintaining an "A" credit rating is essential for achieving an optimal capital structure. Without a solid financial foundation strong enough to maintain an "A" rating, we cannot invest with sufficient flexibility. As interest rates rise, a downgrade in credit rating would increase financing costs.

Improving capital efficiency is an urgent priority. While maintaining our "A" rating, we will pursue improvements in capital efficiency as a dual strategy to enhance medium- to long-term corporate value, aiming for a balance sheet that is appropriately matched to our progress of growth.

# Human Capital Strategy

## Maximizing the power of individuals based on *People-oriented Management*

Business planning and human capital are inseparable

### Three key initiatives for human capital strategy in the artience2027, Medium-term Management Plan

At artience, we place people at the center of all corporate activities, and consider them the driving force behind business growth. By bringing out and utilizing the strengths of each and every employee, we aim to enhance the corporate value of our Group as a whole. This is a reflection of our corporate philosophy of *People-oriented Management*.

The basic policies of the Group's artience2027, Medium-term Management Plan are the transformation of existing businesses into highly profitable ones, the creation of strategic priority businesses, and the transformation of our management foundation. As we aim for significant transformation under the slogan of "GROWTH," it is our people—our employees—who will support this effort. Based on our belief that business planning and human capital are inseparable, the human capital strategy of artience2027 focuses on the following three initiatives.

The first initiative is "Securing human resources to drive business growth." To achieve our business objectives, we will implement talent shifts within the Group through internal recruitment and career challenge programs in strategic priority business areas, including new technological fields such as batteries and semiconductors. It will also be essential for us to acquire human resources from outside the Group, who possess expertise that is not currently available internally. Additionally, we recognize that securing specialist personnel in administrative departments, such as legal affairs, finance, and public relations, and production site staff who support manufacturing on the front lines is a key issue in responding to rapid and drastic environmental changes.

The second initiative is "Promoting employee challenges and growth, and creating a culture of challenge." We will accelerate human resources development and cultural reform through collaboration with our Incubation Center, which explores new businesses. In FY2024, we launched a new human resources system that emphasizes individual abilities, achievements, and a willingness to take on challenges.

The third initiative is "Creating an environment that leverages the strengths of diverse individuals." We will work to create an environment in which all employees can thrive, regardless of their background. Gender imbalance among our employees has been a long-standing issue for our company. In our new graduate recruitment for 2025, however, female recruits accounted for 41.2% of new hires. At the same time, the percentage of women in management positions remains low, at 5.8%, so continued efforts are necessary. In addition, with overseas sales accounting for over 50% of our total sales, the utilization of global human resources is also an important key to our success.

### Instilling our philosophy and fostering employee growth

"Create value that resonates with the senses and build a



**Junji Sekino**

Operating Officer in charge of Human Resources, General Manager of Human Resources Department

future where all people can live enriched lives." This brand promise is both a commitment to society and a vision that we hold for all our employees. In other words, it encapsulates the message of with what kind of human resources the Group wants to create the future.

Because our workforce is so diverse, it is difficult for everyone to understand and act upon such a philosophy equally. For this reason, the Company has been holding roundtable discussions, in which the president visits various locations to engage in direct dialogue with employees. In FY2024, we held these discussions at 14 locations in Japan and overseas. We also hold workshops for department heads and managers, to enable them to translate our philosophy into departmental policies. Many participants have commented that these workshops provided a valuable opportunity to reevaluate the implementation of higher-level policies in their own departments, and we feel that we have achieved some results in this area. In FY2025, we plan to expand this initiative to our overseas bases.

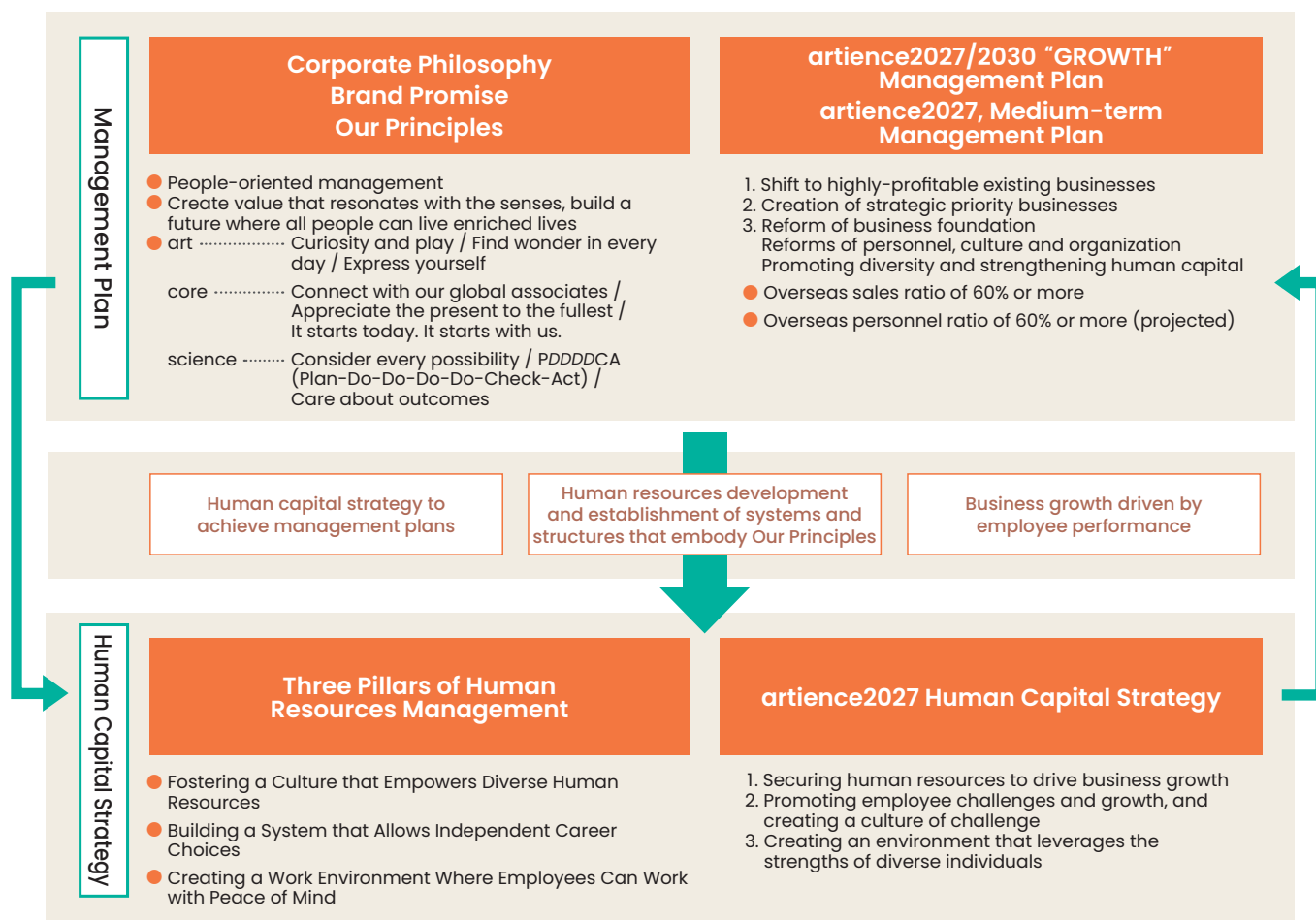
The background to this revision of the personnel system is to strengthen the link between the Company's philosophy and management plans. The existing system lacked an adequate mechanism for fairly evaluating employees who took on challenges beyond their daily work. The new system is designed to enable more differentiated treatment based on employees' attitudes toward challenges and the results they achieve.

In particular, to improve the quality of goal setting, which tended to be very uniform, we held a Goal Setting Improvement Workshop for 217 section chiefs in January and February 2025. The way in which employees approach their work changes depending on the goals that serve as the starting point for their evaluation. Going forward, we will establish a system in which section chiefs, who are close to the front lines, can help their subordinates set effective goals.

The introduction of a system for promoting specialist personnel to management positions is also a major step forward. This has shown that not all employees need to pursue a management or generalist career path. Instead, they can build their careers based on their specialist expertise. We aim for even our youngest employees to feel that the company recognizes and values their specialist expertise.

■ Overview of the human capital strategy

The artience Group places people at the center of all corporate activities, driving business growth. By enabling each and every employee to perform to the best of their abilities, we maximize the corporate value of the entire Group.



■ artience2027 Human Capital Strategy, quantitative measurement methods for each initiative

Human Capital Strategy	Theme	Specific initiatives	Quantitative measurement methods
Securing human resources to drive business growth	Human Capital / DE&I	<ul style="list-style-type: none"> <li>• Active recruitment of experienced and specialist personnel</li> <li>• New education system "artience growth field"</li> <li>• Internal job postings, career challenge programs, overseas workshops</li> <li>• National staff development "Global Leadership Program"</li> </ul>	<ul style="list-style-type: none"> <li>• Ratio of experienced and specialist human resources hired</li> <li>• Education and training expenses per employee</li> <li>• Results of each career and development initiative</li> <li>• Ratio of national staff to executives</li> </ul>
Promoting employee challenges and growth, and creating a culture of challenge	Human Capital	<ul style="list-style-type: none"> <li>• New HR system "HR Canvas"</li> <li>• Promoting innovation "Incubation CANVAS TOKYO"</li> <li>• Business idea contest "IPPO," improvement proposal award system</li> </ul>	<ul style="list-style-type: none"> <li>• Plus Try system results, engagement scores</li> <li>• Number of collaboration events, business creation results</li> <li>• Number of contest entries, implementation results, number of improvement proposals</li> </ul>
Creating an environment that leverages the strengths of diverse individuals	Respect for Human Rights/ DE&I / Health & Productivity Management	<ul style="list-style-type: none"> <li>• Promoting DE&amp;I</li> <li>• Operating the special subsidiary Clover Biz Co., Ltd.</li> <li>• Global initiatives to promote talent mobility</li> <li>• Initiatives to enhance employee engagement</li> <li>• Promoting health and productivity management</li> </ul>	<ul style="list-style-type: none"> <li>• Continuation and expansion of scope of certification for work-life balance support</li> <li>• Employment rate of people with disabilities, expansion of Clover Biz operations</li> <li>• International transfers of national staff</li> <li>• Engagement score</li> <li>• Results of regular employee health checks, etc.</li> </ul>

### Improving engagement

In FY2024, we conducted an engagement survey targeting roughly 3,600 employees, both in Japan and overseas, and received responses from 83% of them. Overall, the results were on par with global manufacturing industry benchmarks in several categories, exceeding the average for Japanese manufacturers. The external agency that conducted the survey also evaluated the results as "healthy" for the first year. The five areas in which we received particularly high ratings were "work-life balance," "psychological safety," "good relationships with immediate supervisors," "trust in the company's handling of safety," and "honest communication with outside parties." On the other hand, issues were highlighted in areas such as "information sharing about the company and businesses," and "eliminating factors that impair operational efficiency." We recognize these as areas for improvement going forward.

To improve engagement, we are focusing on two main areas in FY2025. The first area is improvement activities within each department. The survey results showed different trends depending on the department and job type, indicating that there are issues which cannot be addressed with a one-size-fits-all approach. Some departments have already implemented specific improvement measures immediately after the engagement survey. In FY2025, we will share these examples throughout the Company and continue to develop them.

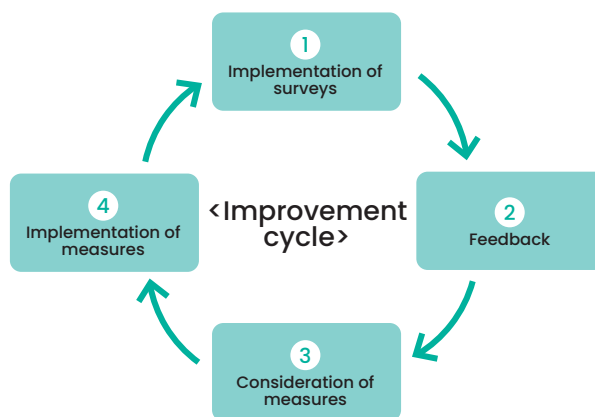
The second area is a group-wide initiative. First, we will hold interactive policy briefings in which department heads will communicate directly with employees to address the issue of "insufficient information sharing with regard to company and business policies," which was identified in the survey results. By showing the Group's specific policies and measures, we aim to give employees confidence in the competitiveness of our businesses and organizations. Furthermore, through repeated dialogue, we aim to encourage each employee to combine their own work with the Company's direction and feel that their daily work is contributing to

the development of the entire Group.

Another point we will emphasize is reviewing and eliminating waste in business operations. Section chiefs and Group Leaders who have a deep understanding of frontline operations will take the lead in identifying issues that employees encounter in their daily work, and work to improve operational efficiency.

Furthermore, in order to improve engagement, it will also be essential for us to establish a system that values a spirit of challenge and enthusiasm. We will effectively implement the new personnel system we introduced in FY2024 to evaluate employees' new efforts and attempts. Under the newly established Retention Committee, the Human Resources Department will take the lead in improving evaluation and compensation.

Because engagement surveys relate to the feelings of employees, there are challenges in quantifying the results and using them as KPIs. Even so, they remain an important tool for hearing employee feedback and understanding the current situation. I would like us to work to understand the qualitative aspects, take the results seriously, and translate them into concrete actions.



### Engagement survey results

- Purpose** : Employee awareness survey aimed at improving engagement
- Survey period** : August 2024
- Target employees**: approx. 3,600  
All domestic Group companies (regular employees and contract employees)  
Overseas subsidiaries: Toyo Ink America (USA), Toyo Printing Inks (Turkey), Toyo Ink India (Delhi, India)
- Response rate** : 83%
- Survey content** : 15 categories

	Question	Score
Strengths	Overall, the artience Group's policies and systems support employees in achieving a healthy work-life balance	72
	Even if creative ideas do not come to fruition, the originator or team is not blamed	72
	Immediate supervisors evaluate and recognize employees if they do a good job	82
	If there are any issues with safety in the workplace, the Company takes appropriate measures in accordance with internal guidelines and rules	89
	The Company responds to external stakeholders (such as customers and suppliers) with integrity	86
Areas for improvement	Question	Score
	The Company successfully anticipates the products or services that customers require	38
	The Company effectively eliminates factors that hinder operational efficiency (such as bureaucracy, waste, and unnecessary rules)	33
	Information is shared effectively across departmental boundaries within the artience Group	47

\* Provided by WTW, our survey partner company.

## Focusing on active roles for global human resources

Activating talent and organization globally is a key theme for artience at present. In FY2024, the number of employees in Japan fell below 3,000, while the number of overseas employees exceeded 5,000 for the first time. We expect this trend to continue in the future. Although the playing field for our business is now clearly centered overseas, Japan-centric thinking in human resources remains a deep-rooted issue. Even in the countries where we operate, our local subsidiaries are often perceived as (small to medium-sized) Japanese-owned foreign companies, and many of their employees lack a strong sense of belonging to the global artience Group.

However, in countries such as Turkey, the United States, China, and Singapore, local employees are taking on leadership roles and achieving positive results. Cross-border cycling of human resources within the Group has also begun. For example, a former CEO in Mexico is now leading a Group company in the United States.

Although artience is a Japanese company, it is no longer limited to just Japanese employees. We must entrust local management to people who can share our philosophy and policies, regardless of ethnicity or nationality. To develop human resources capable of thriving globally, in FY2025 we will run a development program targeting overseas senior management candidates, and conduct training in Japan for current executive-level employees.

In FY2024, we also established the Global Support Unit (GSU) to strengthen human resources support for overseas subsidiaries. GSU supports overseas bases from various perspectives, with a primary focus on human resources, but also including legal affairs and general affairs. Going forward, we plan to focus on missions such as global talent development and cross-border mobility.



Cross-border cycling of human resources within the Group has also begun. In FY2024, we established the Global Support Unit (GSU) to strengthen human resources support for overseas subsidiaries.

## Maximizing the potential of all employees both in Japan and overseas

Going forward, I believe that our mission in HR will continue to be embodying the Group's philosophy of "People-oriented Management." This term can be interpreted in various ways, but I interpret it as "creating an environment in which each and every employee can make maximum effective use of their abilities." To achieve this, we will make efforts in all areas, including understanding, assigning, developing, evaluating, and compensating our employees, and ensure that these areas are organically linked.

So far, we have established a solid foundation within Japan. The most critical challenge moving forward will be instilling a sense of belonging as part of the artience Group among our growing overseas workforce, which now exceeds 5,000 employees, and expanding their opportunities to contribute. We need to show a clear path forward for developing human resources who can share our philosophy and aim for growth together across borders.

As the Human Resources Department, we will continue to pursue the challenge of identifying and maximizing the potential of all employees worldwide.

## Future Discussion Task Force: Shaping the future of the artience Group for the next five to ten years

In FY2022 we launched the Future Discussion Task Force, aimed at fostering the next generation of senior managers. To date, a total of 24 employees have participated. The Task Force aims to foster a high-level perspective and vision among participants by engaging them in discussions with top-level management, thereby enhancing their understanding of top-level thinking and decision-making, increasing their desire to become business leaders, and developing them into the next generation of senior managers.

In FY2025, we are working to develop the next generation of core human resources who will drive change in order to achieve business portfolio transformation, which is one of the key management issues outlined in our artience2027/2030 "GROWTH" Management Plan. In addition to discussions with senior management, we are strengthening leadership and business planning skills through external training programs. These programs are aimed at developing participants' capabilities, with the goal of fostering a more proactive next generation of core personnel.



**Kazuaki Takashima**

Leader of Human Resources Development Group, Human Resources Department

# Technology and Intellectual Property Strategy

## Maximizing utilization of resources both inside and outside the Group to open up new markets

The artience Group continues to create new value by leveraging its core technologies and the wide range of applications stemming from them. By combining our core technologies with external resources, we are expanding the possibilities of next-generation technologies and driving innovation.

### Technology platforms are the foundation for providing value

Our Group’s strength lies in our core technologies of colorant and polymer design, dispersion, and coating, which we have cultivated over the course of many years; and in our ability to refine numerous applied technologies and apply them to a wide range of fields. While each technology or product itself may be small, we flexibly combine multiple technologies and products to build technology platforms that provide optimal solutions to our customers.

In the short to medium term, we will explore “spillover areas” that lie just outside the scope of existing technologies, to deliver products that meet market needs with a high degree of accuracy. At the same time, it is crucial for us to explore new areas with a long term perspective, and embrace challenges toward the next innovation. Through these actions, we drive the evolution of our platforms and create new value.

### Progress for technology strategies for developing next-generation business

The semiconductor field is one of our strategic priority business areas. In particular, currently, the spread of generative AI is rapidly increasing demand for data centers. Our semiconductor polymers are beginning to be adopted as a low-dielectric base material for pattern formation, and we aim to expand further in this growing market. In addition, the adoption of insulating materials for electronic devices is progressing. We will strengthen our efforts to expand into areas with higher volume potential, such as smartphones, while building deeper relationships of trust with customers.

In the battery field, we will continue to focus on carbon



**Toshinori Machida**

Executive Operating Officer in charge of Technical, R&D, Intellectual Properties (CTO)  
Division Director of R&D Division

nanotube (CNT) dispersions for lithium-ion batteries (LiBs) while accelerating our efforts to address all-solid-state batteries, which are expected to become popular in the future. Although these are still in the pilot stage, we have already received inquiries. We believe it is important to establish our market position through early entry, before all-solid-state batteries are put into practical use.

Another area that we are prioritizing as a next-generation market is HAI (Human-Agent interaction.) AI is now evolving beyond a tool for calculation and reasoning to a technology that deepens relationships with humans and understands emotions and intentions. In this area, we are conducting joint research with Nihon University’s College of Humanities and Sciences, and in FY2024 we announced the HAI experiential content Tomonigo™. We are exploring the possibilities of a future in which people and AI agents complement each other and spend time together.

Responding to environmental regulations is also essential. In addition to developing products that make use of recyclable single materials and biomass materials, and products that don’t require solvents, we are also working on a new curing system for LED-UV curing inks. LED-UV curing inks are subject to strict regulations in Europe, due to concerns that the substances generated during curing may have an im-

#### Development policies

**Policy (1)** Development of new products, technologies, and production technologies for strategic priority businesses

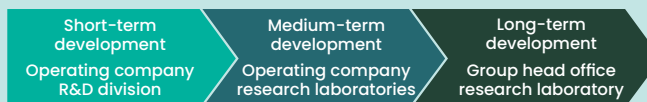
**Policy (2)** Expansion through new product and business development overseas

**Policy (3)** Attempting new research and development methods

- Transforming research and development methods through the combination of technology platforms, generative AI, ML, and computational chemistry
- Further expansion of open innovation
- Utilization of strategic IP assets in business

#### Development structure

The Group’s development activities are divided into short-term themes, which are handled by the R&D divisions of operating companies, and medium-term themes, which are handled jointly by the research laboratories of each company. Long-term development is led by the Group’s head office research laboratory. Depending on the development theme, overseas bases may also be involved, and progress is shared at monthly strategy meetings for each project. To seize new possibilities through open innovation, we are also collaborating with universities and other materials manufacturers both in Japan and overseas.



pact on the environment, and on human health. We are developing safe and reliable LED-UV curing inks that meet these requirements using a new technology with a different mechanism from existing ones, and aim to bring them to market.

### Fully utilizing generative AI in R&D and intellectual property activities

We are also strengthening our efforts to utilize generative AI. The Generative AI Utilization Promotion Task Force, established in FY2025, is attempting to train generative AI using approximately 30 years of experimental research data, and is also exploring ways to combine this with publicly available academic papers and patent information. The aim is to build a system that can present optimal ideas and solutions in response to questions, enabling employees to solve problems that were previously handled individually by leveraging all kinds of knowledge from both inside and outside the company.

In intellectual property activities, we have also been working to automate patent searches and patent application document creation using generative AI. While in the past we have filed numerous detailed patents to protect our technologies, going forward we will strategically acquire patents that can serve as sales tools by identifying patent gaps based on competitors' movements.

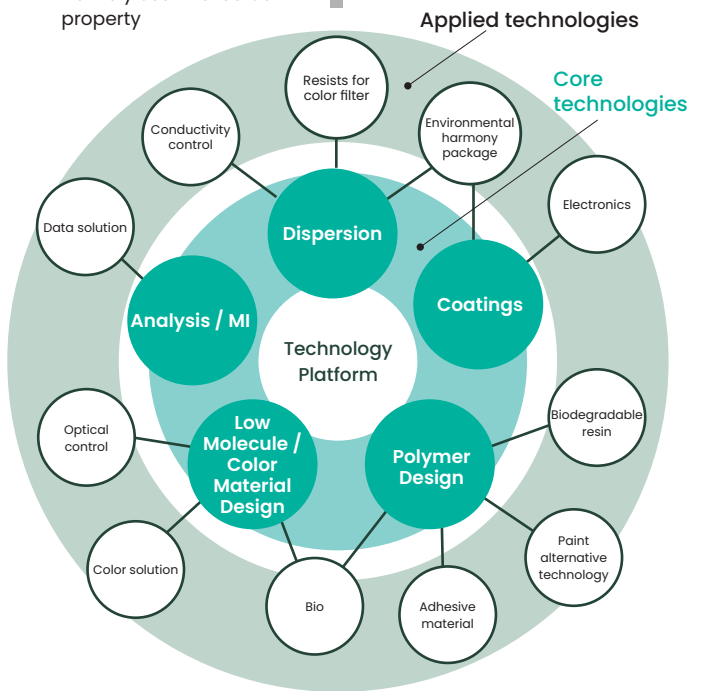
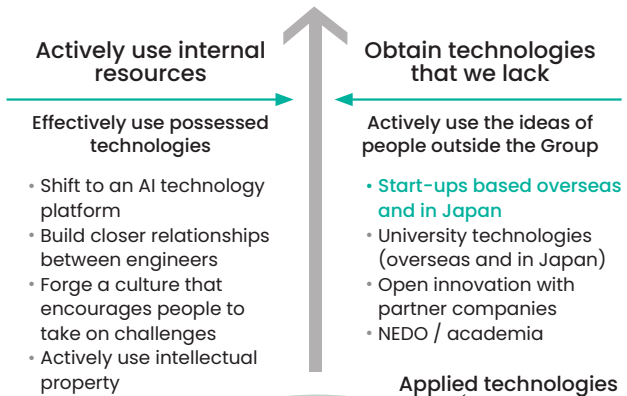
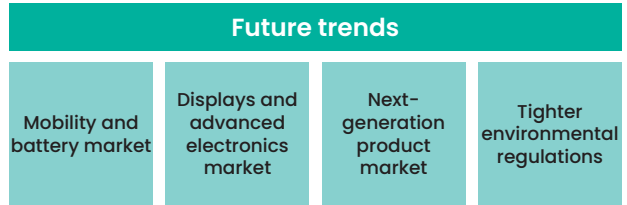
### Strengthening the development of technical personnel and providing value that resonates with the senses

Based on the major assumption that the development of new technologies is built on numerous failures, the Group's R&D division has introduced a system called "20% Free Exploration Activities." Members can freely allocate 20% of their working hours to themes based on their own interests. In these activities, failure is not a problem, and achievements are evaluated and recognized appropriately. In FY2025, we have also established the "R&D Challenge Award" to reward the innovative spirit of our employees and teams.

In response to the many employees in technical development positions who wish to pursue their expertise over the course of a long career, we have also introduced a "Specialist System." By providing management-level treatment to employees in specialist roles, we aim to develop highly skilled engineers who are widely recognized in the industry.

As we continue to enhance our competitiveness in the market, the importance of value that resonates with the senses continues to grow. Can we provide products that move the hearts and minds of end users, and evoke surprise and emotion? Can we exceed the expectations of our customers with whom we have daily interactions, and deliver technical proposals that excite them? And can the employees responsible for technical development approach their work with a sense of excitement? It is only by dedicating ourselves to what we truly want to do, rather than simply performing routine tasks, that we can achieve results beyond our imagination. We believe that engineers should have the opportunity to share the technologies they develop with the world, and to experience the life-changing sense of accomplishment that comes with it. We will continue striving for this, and aiming to create a virtuous cycle of further business expansion and corporate growth as a result.

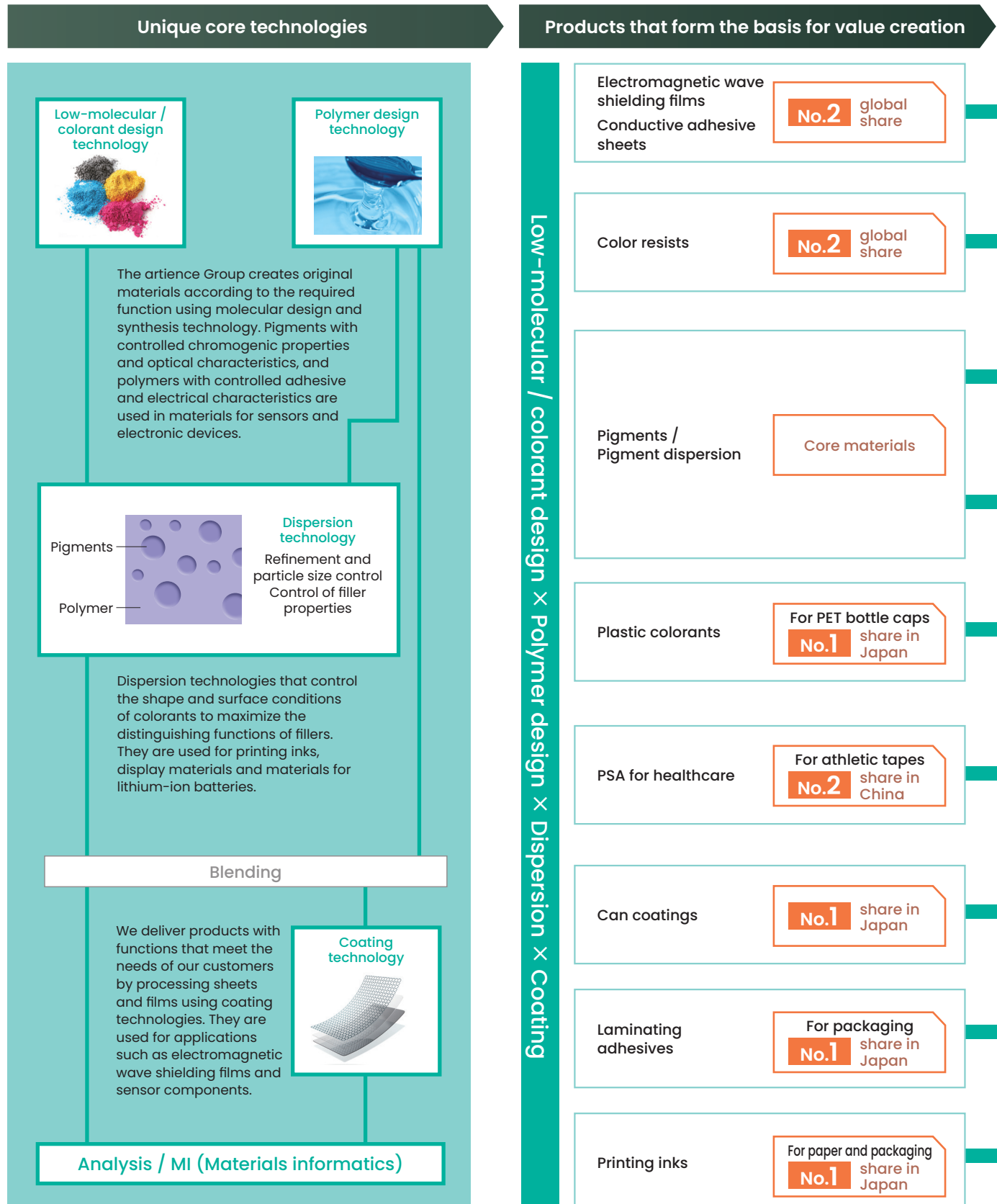
### Structure for the development of technologies that lead to the development of future businesses



The HAI experiential content Tomonigo™, a joint research project with Nihon University's College of Humanities and Sciences, which make it possible to experience a future of spending time together with AI agents.

# Applying and Advancing Core Technologies to Create Value

The artience Group applies and evolves its unique core technologies, developed over the course of over 100 years of product development and manufacturing, as a technology platform to create a wide range of



products. These products create value that resonates with the senses and moves people's hearts, contributing to the creation of a spiritually enriched society.

**Products that apply or use evolved versions of existing products or technologies**

**Strategic priority businesses and value provided**

Low dielectric sheets / resin



**Beyond 5G·IoT**

Facilitating more comfortable lifestyles with stable, high-speed, high-capacity communication



Sensor resists **No.2** global share



**Optical control / sensing**

Enabling safe and secure lifestyles through sensor materials used in autonomous driving control and near-infrared cameras



Near infrared absorption pigments  
Blue light cut materials  
UV cut materials



**Clean energy**

Attain stable use of renewable energy in functional materials used in solar panels, lithium-ion batteries for electric vehicles and others to realize a low-carbon society



Materials for lithium ion batteries

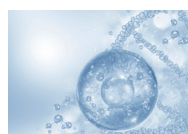


Functional masterbatches



**Medical**

Enabling healthy lifestyles with transdermal patches and biotech solutions that apply polymer synthesis technologies



Transdermal patches  
Biocompatible resin



Environmentally friendly products

LED-UV curing inks **No.1** global share

Water-based inks for laminating package **No.1** share in Japan

Biomass ink lineup (offset inks) **No.1** share in Japan



**Eco-conscious package  
Plastic recycling**

Helping to create a recycling-oriented society using environmentally friendly packaging materials by utilizing biomass materials and building recycling systems



Value of appealing to their senses



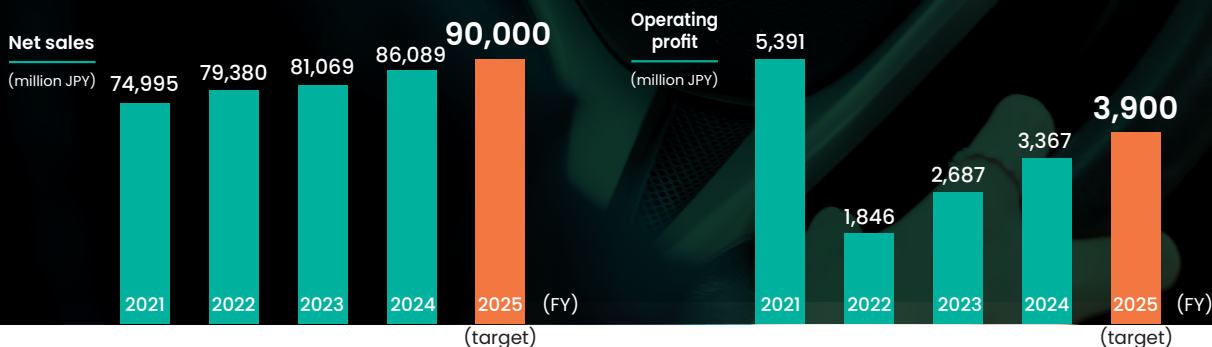
\* Shares according to our research

**Business**

**Colorants and Functional Materials Business**

**Delivering colorants that enrich people's hearts, minds, and lifestyles, and functional materials that help address social issues**

**Changes in performance (as of February 2025)**



**Message from management**

**Hideki Okaichi**

President and Representative Director  
Toyocolor Co., Ltd.



**Review of FY2024**

In the Colorants and Functional Materials Business, we combine colorant design technologies and dispersion technologies to provide functional materials for many different sectors.

In FY2024, sales of liquid crystal color filter materials for large panels were impacted by changes in customer capacity utilization and a shrinking domestic market. However, new development projects and sales promotions produced positive results in our main markets of China and Taiwan.

Despite sluggish demand for plastic colorants in the domestic container and building materials markets, we have improved our profitability by reducing costs and focusing our resources. Overseas, we have improved our global performance by successfully launching new products for applications such as automobiles, solar cells, and air conditioners.

We expanded our sales of inkjet inks due to an increase in our market share, as well as growth in both the domestic and overseas digital printing markets.

We also ramped up our supply of CNT dispersions for lithium-ion batteries (LiBs) to be used in electric vehicles (EVs), by creating a stronger structure of five bases in four regions in the United States and Europe. Despite this, we failed to meet our targets due to a slowdown in the EV market.



## SWOT analysis

### 《Positive factors》

### 《Negative factors》

Internal factors

**S**

<Strength>

- Capable of developing products-from material to finished product-based on dispersal technologies, particle and interface control technologies, and synthesis technologies
- Sustainable, stable supply through an integrated development and production system covering all stages from pigment synthesis to finished product

**W**

<Weakness>

- Profit structure biased toward certain businesses
- It is difficult to engage in mass business due to small scale compared to competitors

External factors

**O**

<Opportunity>

- Expansion of the renewable energy
- Popularization of electric vehicles (EVs)
- Growing needs for environmentally friendly products
- Growing needs for value that resonates with the senses in addition to functionality

**T**

<Threat>

- Decline in demand for pigments for printing inks due to acceleration of digitalization
- Decline in demand for plastic products, resulting from growing environmental awareness, including awareness of the waste plastic problem

Category	Major products	Major applications
Chemicals	Pigments, pigment dispersions	Printing inks, paints for vehicle, plastic colorants, etc.
High functional chemicals	High functional pigments, pastes for color filter	Resist for color filter of flat panel display (FPD), camera devices for smartphones, inks for digital printing
Display materials	Color resists, OCF resists	Color filters for FPD, imaging sensors, etc.
Plastic colorants	Color / functional masterbatches, functional compounds	Plastic containers, vehicle interior / exterior, OA equipment, electrical appliances, solar cell components, plastic conductive materials for semiconductor equipment, etc.
Developed products and others	CNT dispersions, inkjet inks, paints for data recording materials, CCUS materials	Lithium-ion batteries, signboards, labels, magnetic tape for data storage, CO <sub>2</sub> capture system, etc.

>>

### Medium-term strategy and priority measures for FY2025

Under the slogan "GROWTH," we will implement reforms necessary to enhance the profitability of our existing businesses while maintaining our market share. At the same time, we will focus on developing our strategic priority businesses, which will serve as key revenue pillars to drive the Group forward.

In liquid crystal display (LCD) color filter resists, we will establish a production system in collaboration with local partner companies to expand our market share in China and maximize profits. In optical semiconductor materials, for which there are now prospects for business expansion, we plan to steadily increase profits while further expanding the scope of the business through the development of next-generation technologies with a diverse range of applications.

In CNT dispersions for LIBs for EVs, we will continue to closely monitor the business environment as we develop our production systems in Europe, the US, China, and Japan, anticipating a continued shift toward EVs in the medium to long term. At the same time, we will diversify our revenue opportunities by securing new business and expanding our product lineup to include conductive additives for negative electrodes and lithium-manganese iron phosphate (LMFP) batteries. At the same time, we will continue working to develop next-generation technologies, including all-solid-state batteries, to respond to future changes in the market environment.

>>

### Development of functional materials to address social issues

We are applying our organic synthesis and dispersion technologies, which we have accumulated over many years, to address social issues for the future. Here are some examples.

The first is a CO<sub>2</sub> absorption material that is effective for achieving carbon neutrality. We aim to achieve global commercialization of this material through the synthesis of our proprietary amine. The second is the development of millimeter-wave absorption materials and CMOS resists for sensors, which are essential for preventing malfunctions and improving the safety of autonomous driving. These have already been adopted by several client companies. The third is a plastic recycling business that utilizes waste plastics as raw materials. We are developing technologies and products centered on the theme of reducing plastic use and enabling reuse. This involves collecting mixed-color plastic waste, sorting it, and then utilizing coloring and processing technologies to align color tones and physical properties, restoring it to a level where it can be reused in containers.

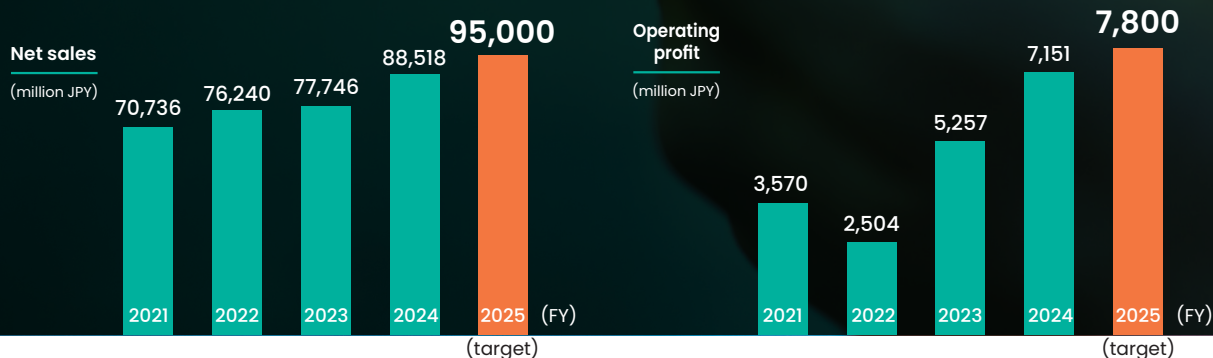
We are also concentrating on developing technologies and products that tackle various social issues, such as carbon electrode materials for perovskite solar cells, semiconductor materials, and materials designed to reduce blue light, which is believed to affect vision and the body's natural clock.

Business

Polymers and Coatings Business

Providing value to diverse markets based on polymers with greater functionality

Changes in performance (as of February 2025)



Message from management

Yasushi Ariyoshi

President and Representative Director  
Toyochem Co., Ltd.



Review of FY2024

In the Polymers and Coatings Business, we leverage our advantage of being able to develop not only products but also materials, making effective use of our precision polymer synthesis, coating, and dispersion technologies to deliver cutting-edge products.

In functional films and tapes, in FY2024, sales of functional films such as conductive adhesive sheets remained strong, due in part to the effect of the expansion of sales in China, in addition to an increase in mobile device production. In addition, progress was made in the achievement of results in the area of semiconductor-related materials.

Sales of pressure sensitive adhesives for displays and labels were slow in Japan, primarily due to rising raw material prices and costs that exerted downward pressure on profits. Overseas, however, sales increased steadily thanks to the expansion of facilities. Sales of adhesives for packaging were strong in Japan and increased in Southeast Asia and other overseas markets. Among the adhesives for industrial use, sales of adhesives for lithium-ion batteries were strong, reflecting the expansion of customers' operations.

Sales of can coatings for beverage cans remained strong in Japan. In Thailand, the demand for cans for processed seafood and beer increased, and sales expanded partly due to the acquisition of a coating manufacturer in the previous fiscal year.

## SWOT analysis

### 《Positive factors》

### 《Negative factors》

Internal factors

**S**

<Strength>

- Advanced technological capabilities in precision polymer synthesis, dispersion stabilization, precision coating and processing
- Integrated production from in-house production of polymers to processing into adhesives and coating

**W**

<Weakness>

- Business earning structure susceptible to fluctuations in raw material prices
- Scale of operations and supply capabilities is small compared to that of major global manufacturers

External factors

**O**

<Opportunity>

- Expansion of new markets as a result of changes in industry structure (semiconductors, EVs, secondary batteries and bio)
- Growth in demand for environmentally friendly products resulting from increasing global environmental awareness

**T**

<Threat>

- Toughening of environmental regulations and increasing social demands (abandoning the use of plastics, recycling, solvent emission regulations and CO<sub>2</sub> emission regulations)
- Sharply rising raw material prices and difficulty in procuring raw materials

Category	Major products	Major applications
Adhesives	Pressure sensitive adhesives, laminating adhesives, hot-melt adhesives	Packaging films, flat panel display (FPD) lithium-ion batteries, body-wrapping labels for PET bottle, etc.
Coating materials	Adhesive tapes, functional film for electronics, marking films	Double-sided adhesive tapes, electronic products, signboards and interior / exterior decoration, etc.
Paints and resins	Can coatings, resins, hard coating materials	Beverage cans, food cans, drums, architectural paints, functional films, FPDs, etc.
Developed products and others	Medical products, natural extracts	Transdermal patches, foods, feeds, etc.

>>

### Medium-term strategy and priority measures for FY2025

We are developing a range of products that contribute to solving social issues, with the goal of becoming a manufacturer that is chosen both domestically and internationally for its high-quality, high-added-value polymer products.

In pressure-sensitive adhesives and other adhesives, overseas, we will optimize our global supply chain and further increase our production capacity, based on financial strategies that take into account capital investment and M&A in growing markets such as India and China. Meanwhile, in Japan, we will accelerate the transformation of our market portfolio in each business, striving to improve profitability and strengthen our resilience to market changes.

In can coatings, we will enhance our global network between overseas locations to expand the effect of M&A activities in 2023 across the Group as a whole, and generate synergies.

In electronics-related materials, we will drive the development of high-added-value products for strategic priority business areas such as next-generation displays and mobility batteries. We will steadily expand and improve our business performance in semiconductor products while accelerating the development of differentiated products and the acquisition of mass production technologies through the use of the polymer pilot plant at our Kawagoe Factory.

>>

### Development of semiconductor products based on polymer technologies

Our functional films for mobile devices are gaining recognition in the electronics market and experiencing steady growth. This product line combines TOYOCEM's core precision polymer synthesis technologies with dispersion and coating technologies.

Since the late 2010s, we have been working to enter the rapidly growing semiconductor industry by further refining our technologies. In 2024, we successfully secured the adoption of two products. One of these products is an insulating protection material from the LIOTELAN™ series, which includes both insulating protection and electromagnetic wave shielding materials for encapsulating package substrates. This is an example of a proposal we made for a customer's manufacturing process. Although it was a significant challenge for the customer, they recognized the value of our product and proposal.

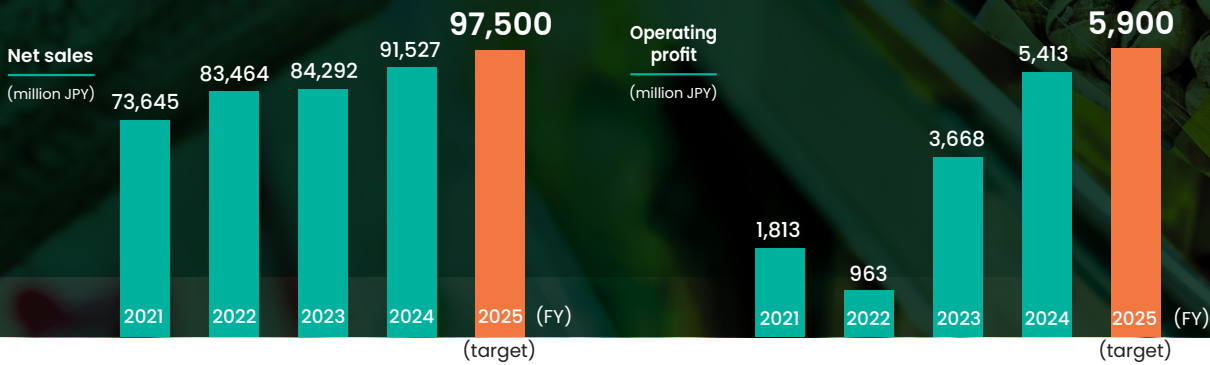
The other adopted product is a new polymer that imparts low dielectric characteristics and dimensional stability in insulating materials used in semiconductor-related components. Its adoption has been informally decided, and the customer is now considering mass production. Low dielectric properties contribute to achieving high-speed communication with minimal transmission loss, and our products are highly valued for their combination of strong adhesion with low dielectric characteristics. While these achievements are modest, we view them as the initial step toward making significant contributions to new technological advances in the semiconductor field.

Business

Packaging Materials Business

Providing eco-conscious packaging materials in view of a product's entire lifecycle

Changes in performance (as of February 2025)



Message from management

Hideki Yasuda

President and Representative Director  
Toyo Ink Co., Ltd.



Review of FY2024

In the Packaging Materials Business, we deal chiefly with liquid inks used for printing on food packages. In response to the global increase in environmental awareness, we provide many different environmentally-friendly products, including water-based products, solvent-free products, and biomass products.

In FY2024, we were able to significantly exceed our results in FY2023 by implementing activities aimed at expanding our market share in both domestic and overseas markets. In Japan, sales for use in pet food, frozen food products, and convenience store products continued to indicate solid demand. In the summer, demand for use in frozen desserts and beverages increased due to extreme heat. Sales of products for cardboard boxes increased due to demand associated with chilled drinks during the summer. Overall, however, demand declined due to a fall in exports of processed seafood. Overseas, sales showed sluggish growth due to a decline in consumption in China, but there was solid growth in demand in India and Southeast Asia, and even in South Korea, environmentally friendly water-based inks showed a growth in sales.

In the gravure cylinder platemaking business, demand for new printing plates for packaging started to increase in the second half of the fiscal year. Sales of precision platemaking related to electronics were trending modestly toward a recovery.

## SWOT analysis

	《Positive factors》	《Negative factors》
<b>Internal factors</b>	<p><b>S</b> 《Strength》</p> <ul style="list-style-type: none"> <li>• Technical capabilities to design and develop pigments, resins, inks, platemaking technologies and laminating adhesives</li> <li>• Integrated production system and quality control capabilities covering all stages from materials to products</li> <li>• Printing equipment necessary for the development of packaging materials and technologies for evaluating their performance</li> </ul>	<p><b>W</b> 《Weakness》</p> <ul style="list-style-type: none"> <li>• Easily affected by rising raw material prices, making it difficult to revise prices quickly</li> <li>• Low-level market presence in Western markets</li> </ul>
<b>External factors</b>	<p><b>O</b> 《Opportunity》</p> <ul style="list-style-type: none"> <li>• Population growth in emerging countries and consequent continued growth in overall demand for packaging materials</li> <li>• Shift to paper and (recyclable) monomaterials to help achieve the SDGs and establish a circular economy</li> </ul>	<p><b>T</b> 《Threat》</p> <ul style="list-style-type: none"> <li>• Trend toward abandoning the use of ink, and adhesives as a response to the SDGs and circular economy</li> </ul>

Category	Major products	Major applications
Liquid inks	Gravure inks, flexographic inks	Flexible packaging materials, building materials, corrugated cardboards, labels, paper containers, etc.
Gravure printing systems and prepress	Gravure printing systems, gravure and flexographic plate making	Gravure / flexographic printing, precision plate making for electronics

### >> Medium-term strategy and priority measures for FY2025

In overseas markets where growth is expected to continue, we will continue to focus on increasing our share with sustainability-enhancing products. In addition, as a medium- to long-term strategy, we will work to create new markets through the creation of recycling systems.

As environmental awareness continues to grow worldwide, we will seek to increase our market share and contribute to environmental sustainability by proposing high-performance products such as barrier coatings and heat-resistant coatings, in addition to other environmentally friendly products. With regard to recycling systems in the field of packaging materials for food and daily necessities, we will advance to a more concrete verification stage, aiming to create a circular society.

In Asia, we will secure market growth in India and Southeast Asia while strengthening our water-based ink business in South Korea. We will also expand and streamline our operations in China by bolstering our sales and technical capabilities.

In Europe, we will leverage the supply capacity of our new plant in Turkey to expand our global business and develop new areas.

We will work with partners beyond the boundaries between industries in different ways to help establish a circular society and to expand our business through the creation of markets.

### >> Peeling and deinking recycling technologies and practical applications

As concerns about marine plastic waste and global warming continue to grow, interest in reducing plastic use and recycling resources is increasing. Reducing the thickness of packaging films and converting laminated films to mono-material films are considered important in achieving this, and we have developed and are proposing functional coating agents that complement the gas barrier and heat-resistance functions of traditional laminated films. We are working to improve the quality of recycled plastic materials, such as by developing deinking coatings that effectively remove printing ink and laminated films, as well as peelable laminating adhesives. We are also building recycling systems that incorporate deinking and peeling processes. This has enabled the collection of near-transparent recycled plastics by type, leading to a significant expansion in the applications of recycled plastic materials.

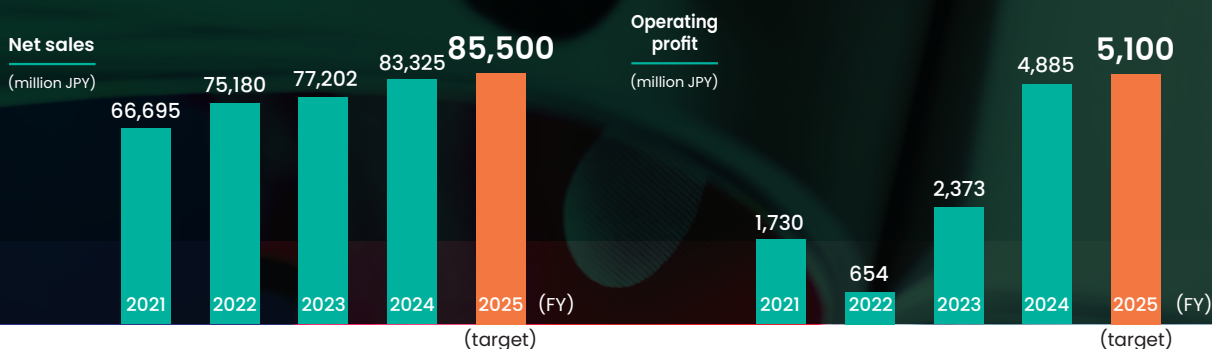
In November 2024, this initiative was adopted by a major daily consumables manufacturer, and pouch products using peelable adhesives were launched. We are continuing development efforts with the aim of horizontal recycling, whereby factory scraps generated during pouch production are stripped and recycled into plastic materials that are then reused as raw materials for pouch products. We are already working with many companies, and have attracted a high level of interest at trade shows.

**Business**

**Printing and Information Business**

Deploying products in the high-value added printing market featuring environmentally friendly technologies and technologies that enable superior functionality

Changes in performance (as of February 2025)



Message from management

**Hideki Yasuda**

President and Representative Director  
Toyo Ink Co., Ltd.



Review of FY2024

In the Printing and Information Business, we deal mainly with printing inks for commercial printing applications such as books, magazines and flyers and for container applications such as paper containers and beverage cans.

In FY2024, sales of products for flyers, advertising, and publishing in Japan remained slow due to the continued structural contraction of the information-related printing market, owing to the ongoing shift toward digital media for information distribution. Improvements were made on the profit front by cost-cutting through business structure reforms and price revisions in response to rising raw material prices and cost increases.

Sales of functional inks for card usage showed growth, and sales of energy-saving, highly sensitive UV curing inks also expanded.

In overseas markets, the Chinese market was slow but sales of products for educational materials increased. In Southeast Asia, sales of functional inks for paper containers and packaging were strong. In Europe and the United States, sales of UV curing inks compatible with LED and energy-saving UV curing inks remained strong, although in the Americas, sales of these products were affected by delays in distribution in the second half of the fiscal year.

## SWOT analysis

### 《Positive factors》

### 《Negative factors》

Internal factors

**S**

<Strength>

- Formulation technologies, evaluation technologies and equipment
- Extensive lineup of environmentally friendly products
- The Business has the largest share of the Japanese commercial printing using rotary offset inks and UV curing inks market

**W**

<Weakness>

- Scale of business infrastructure is too large for the decrease in demand due to digitalization and population decline

External factors

**O**

<Opportunity>

- Expansion of paper packaging materials due to the trend of shifting away from the use of fossil fuel resources and plastics
- Accelerating global expansion by advancing the use of information and communication technologies
- Increased demand for UV curing inks due to expectations for energy-saving products

**T**

<Threat>

- Domestic printing industry continues to shrink due to digitalization and population decline and continuing decline in demand for inks
- Decline in demand for offset inks due to partial shift to inkjet printing method

Category	Major products	Major applications
Offset inks	Offset inks, newspaper inks, metal decorative inks, UV curing inks	Flyers, books, magazines, newspapers, stickers / labels, paper containers, beverage cans, food cans, etc.
Printing materials and machinery	Offset printing materials, printing equipment	Offset plate making, offset printing, etc.
Developed products and others	Screen inks, others	Packaging, instrument panel for vehicles, printed electronics materials, etc.

>>

### Medium-term strategy and priority measures for FY2025

We believe that the domestic information-related printing market will continue to shrink structurally, and that demand for paper media will decline in the future due to the shift to digital media in commercial and publishing printing. Under these business conditions, we will continue to engage in alliances for production, consider measures to respond to market contraction, and implement structural reforms such as improving operational efficiency through digital transformation (DX,) as we strive to improve profitability.

Regarding functional inks for packaging, the paper container packaging market is expected to grow amid the worldwide trend towards decarbonization. In Japan, we will work to expand sales of UV curing inks and functional coatings for use on paper containers and packaging materials. We will also push ahead with the transformation of our business portfolio on a global scale by actively promoting sheet-fed printing inks for paper containers and metal decorating inks for can production overseas.

We will also work to construct a global supply chain management (SCM) system for existing businesses and develop new markets by capitalizing on our long-cultivated material design and ink technologies. We will create and supply new products aligned with the characteristics of customers and regions to continually increase the value of this business.

>>

### CX Center operations: results from DX in sales activities

In January 2024, we established the CX Center in the Tokyo area, utilizing the CEEX web platform to disclose and provide product information, and to respond to customer inquiries and requests. Through this platform, we have introduced a new style of sales activities, the first of their kind in the printing ink industry, shifting from the traditional model of individual sales representatives handling individual customers to communicating with customers via a web-based platform.

CEEX is equipped with features that are highly compatible with Internet use, such as information browsing, request applications, and information distribution. Technical requests that previously required handling by sales representatives can now be processed more quickly and efficiently using these functions, resulting in improved customer satisfaction.

We have also been implementing strong internal business process reforms, including DX, to enhance profitability. As one of these measures, the CX Center achieved significant results in improving operational efficiency in FY2024. Going forward, we will expand the use of CEEX and introduce it into other areas, while working to improve business process efficiency and productivity to adapt to changes in the business environment.

# Sustainability Talks

## Utilizing individual abilities to create value that resonates with the senses through innovation

What is essential for artience as it aims to drive the next wave of innovation and achieve further growth, building on a foundation of trust?

Since returning to Japan in 1995, Peter D. Pedersen has supported Japanese companies in their sustainability management efforts, gaining extensive expertise in nurturing the next generation of leaders. President Takashima discussed organizational management strategies to enhance corporate value with him.

### Attempting transformation, under the banner of a company name change

**Takashima** When I became president in 2020, the COVID-19 pandemic had begun, and our stock price and business performance were not good. Driven by a sense of crisis that the Company would have no future without change, we resolved to change our company name, as a symbol of transformation.

**Pedersen** I heard that the name “artience” is a combination of the words “art” and “science.”

**Takashima** Yes, that’s right. Until now, we have positioned ourselves as a science-driven company. However, in a world where technology and AI will become

the central focus, we believe it is important for us to deliberately focus more on people. The new company name embodies our commitment to providing not only “science” but also “art”—forms of value that resonate with the senses (emotional value,) such as empathy and shared emotional thrills. The concept of “art” also encompasses the liberal arts philosophy of embracing diverse perspectives, making it a fitting name for our new direction as a company.

**Pedersen** That’s interesting. Typically, a name doesn’t convey a company’s philosophy, but the name “artience” itself expresses your philosophy. It’s wonderful.

**Takashima** “Creating value that resonates with the senses and building a future where all people can



D I A L

### Satoru Takashima

President and Representative Director,  
Group CEO

live enriched lives” is our raison d’être as a company. Being useful to society, and understanding people’s wants and needs. We are pursuing these two things. Through discussions on the theme of “emotional value” during internal roundtable talks, my perspective has changed. Before, I believed that emotional value was about “universalizing identity.” Now, I understand that it is about “wishing for people’s happiness.” In conversations with frontline employees, I heard them express that “emotional value is about the joy of seeing the products we create being used in the world.” The perspective is external. It’s about altruism, or serving the interests of others. I learned this through my discussions with employees.

**Pedersen** During the World Future Society conference held in the United States in 1997, it was said that we had entered the era of the “experience economy.” Experience is really about emotional or sensory value. Companies that provide good experiences will prevail in business. In that sense, artience’s “value that resonates with the senses” is a great asset.

### People-oriented management with an emphasis on individuals

**Pedersen** I hear that the overseas ratio of your business is increasing. Overseas, the name “artience” probably comes across better than “Toyo Ink Co., Ltd.” How do your employees feel about it?

**Takashima** Some employees had a particular attachment to the word “ink.” In overseas markets, particularly in Asia, “ink” remains the core of our business. On the other hand, many employees view the new name very positively. Over the past two years, we have held roundtable talks with young and mid-career employees at various locations, and one thing that surprised me was how positively the employees in India viewed the name change. While the company name at our subsidiary in India is still “Toyo Ink India,” employees have expressed a desire to change it to “artience” there as well, and they agree with the philosophy behind the change.

**Pedersen** Thinking about art and science seems to be becoming an “interface” for communication.

**Takashima** We have been streaming videos since January 2025, in which we convey the message that we are not a manufacturing company, but rather one that creates emotional value and joy. Then, I received an email directly from a factory employee saying that they felt uncomfortable about this.

**Pedersen** It’s great that you have a company culture where employees can speak directly to the president about such things.

**Takashima** Yes, it made me happy. In my direct response, I communicated the fact that the company name actually emphasizes manufacturing, and is forward-thinking. Thanks to increased opportunities for dialogue, we’ve noticed gradual changes.

**Pedersen** Large Japanese companies tend to sup-

## O G U E

### Peter D. Pedersen

Professor at Shizenkan University Graduate School  
Representative Director of Nelis Non-profit Organization

#### PROFILE

An entrepreneur, originally from Denmark. After attending high school in Japan, he recognized the great potential in Japan’s rich nature, history, culture, and values. He returned to Japan in 1995, and has since been involved in supporting sustainability management at various companies and organizations. Currently, he serves as the representative director of Nelis, a non-profit organization dedicated to cultivating next-generation leaders on a global scale, while also holding positions as an outside director for multiple Japanese companies.



## Sustainability Talks



press individual thinking and smooth out sharp edges in their organizational cultures. However, in the coming era, it will be essential for us to bring out that individuality while working toward our goals. I believe that organizations where people can take the initiative to move toward their goals will be the ones that survive.

**Takashima** Our management philosophy is “*People-oriented management*.” The whole exists because of its individual parts. It is absolutely unacceptable for individuals to be sacrificed for the sake of the organization. We are currently undergoing corporate reforms, but we have decided that this philosophy will never change.

**Pedersen** Companies need to unlock the potential of each individual and ensure that their lives are not wasted. Human capital management can easily become a formality. I believe that the most important thing is to maximize the abilities of individuals and enable them to continue taking on new challenges, thereby leveraging “people” as a form of capital.

### Creating an organization where individuals are empowered

**Pedersen** I feel that few people in Japan possess strong leadership abilities. An ideal organization is one that supports those who dare to venture into uncharted territory. Even if 70% of our efforts fail, I fear that there is no future for Japanese industry unless we take on bold challenges.

**Takashima** One of the core companies in our group, TOYO INK Co., Ltd., has traditionally had a strong top-down corporate culture, and is now undergoing the most significant transformation. Frontline employees are now submitting proposals. One such initiative is a new system called CX Center. By reducing staff by one-third while leveraging digital transformation (DX,) they are implementing a system to handle technical services and order processing. They are confident that this will improve customer satisfaction.

**Pedersen** That’s great. Empowering individuals is something that was impossible for us to do in a top-down organization. It may take five or ten years to see results, but I believe the company will undergo a dramatic transformation, so I encourage everyone to keep trying.

**Takashima** Another example is the Business Idea Contest (now known as “IPPO,”) which we launched in

2021 to support individuals who want to take on new challenges. This year marks the fourth time around, and the contest continues to evolve. The most applications have come from Toyo Ink Co., Ltd., which has experienced a tough 4–5 years due to the shrinking printing market, and is now really hungry for success. Performance has improved, and investors are expressing their surprise.

**Pedersen** It’s great that you’re able to turn a business contest into results, because that’s really hard to do. I think that having intrapreneurs, or entrepreneurs within the company, is a good fit for Japanese companies. It’s about maximizing freedom with a certain level of resources. It’s important for us to become an organization that can embrace diverse approaches to working and tackling new challenges.

**Takashima** Generally, the number of entries in business contests tends to decrease after a few years, but in our case it continues to increase. There are some really promising ideas. We want to increase the number of success stories, so we’re trying to create a system to support them more. When we posted a call for ideas for a certain project and said we needed people with marketing or sales experience, several employees volunteered immediately. We’re hoping to create a system where everyone supports the dreams of individuals.

**Pedersen** It’s a system where top-level management sets the direction, middle management provides support, and front-line employees take the lead, isn’t it?

### Aiming for creative governance

**Pedersen** Japanese companies are great at auditing, risk management, and compliance, but I am also concerned that focusing too much on these areas may hinder innovation. Governance exists to support and back up the free exploration of opportunities, underpinned by high ethical standards. The question is whether individual leaders can ensure a culture of integrity on the front lines.

**Takashima** Differences in corporate ethics and governance are clearly reflected in attitudes toward the use of generative AI. We launched a cross-functional Generative AI Utilization Promotion Task Force in 2024, identified it as a material issue, and are exploring rules as we actively attempt new challenges. However, I have heard that some companies are restricting or prohibiting the use of AI to minimize risks, such as structural inadequacies or information leaks.

**Pedersen** Rules are meant to support, not suppress. I hope this shift continues to progress in a positive direction.

**Takashima** As part of our governance reforms, we started by reforming our Board of Directors. Do you think that the company will change as a result of this?

**Pedersen** Yes, it will. First, it is important to select the right people. I serve as an outside director for several companies. Some engage in strategic discussions, while others hold overnight retreats. At one company, I also serve as chair of the sustainability committee.

When outside directors with specialist knowledge and experience come together, the discussions can be very interesting. This is creative governance.

**Takashima** It is very beneficial to have outside directors who are professionals in the areas that the Company values. When I speak with our external board members, they all express a desire to be more involved and fulfill their roles more fully.

**Pedersen** Yes, that's how it is. External board members want to get more involved, within the limits of the time available to them.

## Contributing to sustainability issues and enhancing corporate value

**Pedersen** In addition to its technological and financial capabilities, Japan also has a non-Western view of nature, and the sanpo-yoshi ("three-way satisfaction" or "win-win-win") philosophy of the Omi merchants. I came back to Japan in 1995 because I believed that Japan could show the world a different path from the Western approach to solving sustainability issues. However, I believe that Japanese companies today are being swept away by the influences of neoliberalism, global financial capitalism, and shareholder capitalism, and are unable to fully realize their true potential. Your company's "emotional value" could be the solution to this problem.

**Takashima** As president, I base my management philosophy on Eiichi Shibusawa's The Analects and the Abacus, which states that contribution to society and pursuit of profit are not mutually exclusive. They can coexist. I believe that true shareholder capitalism is achieved only when the economic benefits for shareholders are balanced with contributions to society.

**Pedersen** That's right. That's why listed companies are forced to make very tough decisions.

**Takashima** Currently, an anti-ESG trend is emerging globally, but as a manufacturer we view climate change mitigation as our responsibility, while also recognizing the business opportunities associated with it. Pursuing both of these things is at the core of our Sustainability Vision asv2050/2030, and we have no intention of changing that.

**Pedersen** That's good. In today's world, ESG activities must be linked to business to be positively recognized by the market. Being business-oriented is, in a sense, the ultimate form of recognition. While it is important to value shareholders as stakeholders, I believe that being swayed by them is not the role of management.

## A diverse organization generates diverse emotional value

**Takashima** With global operations advancing, and more than 50% of our net sales and 60% of our operating profit coming from overseas, the Human Resources Department is working to increase the global mobility of our human resources. Since over 60% of our employees are overseas national staff, we believe that

seeking out new talent globally will also increase innovation and corporate value. Additionally, both our Board of Directors and Group Management Committee meetings are composed entirely of Japanese members, which we recognize as a significant issue.

**Pedersen** Globalization of corporate headquarters is a significant issue for many Japanese companies. Some companies have deliberately placed the core of their global human resources functions overseas. They have also hired a significant number of foreign employees at their head offices, to the point where it is noticeable.

**Takashima** With regard to our overseas offices, we hold a Global Management Forum twice a year in Japan, where top-level management from our overseas subsidiaries gather. While there are some women among our overseas executives, their numbers are not yet significant.

**Pedersen** The Global Management Forum is a great initiative. You should definitely continue holding it. While the number of female executives is important, the recruitment of female employees is also key. Similar to the hiring of foreign nationals, as we spoke of earlier, it is essential to purposefully recruit a significant number of female employees at once. Without such bold and symbolic initiatives, the pace of change will not increase.

**Takashima** Yes. We still have a low percentage of female employees, so we are strategically setting targets and working toward them.

**Pedersen** Technical and manufacturing fields have historically tended to have fewer women, but I feel that women are often better at empathizing with and considering things from a user's perspective, regardless of the business they are in. Incorporating that perspective further will help artience to enhance its ability to create emotional value.

**Takashima** Since we changed the company name to artience, the number of female applicants has increased. I hope that the "art and science" concept is resonating with them.

**Pedersen** It must be resonating. The company name symbolizes a transformation for the entire company, and it gives me hope for the future.

**Takashima** I am grateful for your assessments and valuable insights. Thank you very much for today.



# Message from Outside Directors

## Drawing on experience in diplomacy to provide management advice in the face of increasingly complex global circumstances

### Yutaka Yokoi

Leading Independent Outside Director  
Audit and Supervisory Committee member  
Leader of Advisory Committee on Appointment and Remuneration



#### Q Please tell us about your background and expertise as an independent outside director.

I joined the Ministry of Foreign Affairs (MOFA) in 1979 and served as a diplomat for over 40 years. In addition to holding overseas posts in countries such as the United States, China, Turkey, and Malaysia, I also worked in MOFA's Economic Cooperation Bureau, where I was involved with Official Development Assistance (ODA) policies for many years. I believe that the experience I gained from reviewing numerous projects has given me insights that are still relevant from a modern corporate management perspective.

My association with artience began before my retirement from MOFA. By coincidence, the Company has key bases in the countries where I worked, and this led to my appointment as an outside director in 2022. While I may not be an expert in matters of business management, I do bring an international policy perspective and holistic view of changes in the external environment, which I leverage to provide advice on the Company's global strategy and other matters.

#### Q How would you assess the current operations and supervisory functions of the Board of Directors?

I feel that the Board of Directors has evolved significantly over the past four years. Compared to when I first joined, there are now more open and active discussions taking place, and the Board now includes members with diverse backgrounds from both inside and outside the company, with an increased percentage of female directors. The Advisory Committee on Nomination and Remuneration now meets four times a year, and has begun to actively address themes relating to the very foundation of the Company's business, including succession planning, salaries, and personnel systems.

I believe that our management monitoring function is also currently functioning adequately. While it is difficult for outside directors to fully grasp details of all corporate activities, recent efforts such as providing outside directors with tablets that enable them to access the same information as employees have strengthened information-sharing mechanisms.

#### Q What are your thoughts on the progress and issues of the artience2027/2030 Management Plan?

One of artience's strengths is its diverse business portfolio, which enables it to maintain overall stability even if certain areas are underperforming. However, the ink business—

which has been the cornerstone of the Company's business since its founding—is gradually shrinking. artience cannot afford to rely on it going forward. For this reason, I believe that the new management plan, which aims to provide “value that resonates with the senses” beyond just manufacturing, and clearly defines the direction in which the Company is heading, holds significant meaning.

In particular, the decision to make large-scale investments to establish production facilities in five bases in four countries overseas in the LiB sector was an insightful, forward-thinking move, anticipating the potential fragmentation of the global supply chain. The external environment is experiencing rapid changes, with the EV market undergoing a radical restructuring of power dynamics centered on China, and fluctuations in European and US trade policies having complex effects. Given this environment, the fact that artience has already established its bases in advance should give it a solid competitive advantage going forward.

However, the reality is that the Company's overall plan is currently around two years behind schedule. While there are high expectations for the future of the LiB field, it is also essential to establish second and third pillars of revenue to avoid excessive dependency. I believe that it is important to focus on other new growth areas, such as the semiconductor field.

#### Q What are the key perspectives for improving artience's corporate value?

From my experience as Press Secretary for MOFA, I understand the importance of communicating information, so I believe that it is essential to consider how to communicate the value that the Company has to offer. While artience's IR activities have made significant progress in recent years, I feel that there is still room for more proactive communication regarding the state of the LiB business. The challenging business environment requires that we communicate with the market in a precise yet bold manner.

Additionally, artience is already a global enterprise with more than 50% of its net sales and employees based overseas. Because artience is conducting business in an environment where the policies, cultures, and business practices of various countries intertwine, it is very important to swiftly identify risks and work together with local authorities and stakeholders. I aim to leverage the expertise I have gained from adjusting to the policies of various governments and advising Japanese companies in diplomatic settings to support artience in actualizing its business strategies.

## Leveraging expertise in international corporate law to support the sustainable growth of artience as it continues its global expansion



**Yoshinobu Fujimoto**

Independent Outside Director

### Q Please tell us about your background and expertise as an independent outside director.

Since beginning my career as an attorney in 1991, I have focused primarily on corporate law, M&A, and international transactions. After studying abroad in the United States, I also obtained a New York State bar license, and have since been involved in numerous overseas cases. I have been associated with artience since around 2000, providing legal support for international cases, including the acquisition of local subsidiaries in Belgium and Turkey. In particular, in 2010, I worked closely with the current president, Mr. Takashima, on a very challenging case involving the US Department of Justice, which helped to build a strong trusting relationship between us. Since then, I have continued my involvement with the Company in various capacities, and in 2024 I was approached to join its Board of Directors. Having gained a deep understanding of artience through many years of work, and recognizing this as an opportunity to contribute by leveraging my legal expertise, I accepted the role of outside director.

### Q How would you assess the current operations and supervisory functions of the Board of Directors?

My initial impression of the Board itself was that it was somewhat cautious and rigid, but now its membership has changed significantly, and the depth of our discussions has increased dramatically with the addition of new outside directors with expertise in management and finance. Recently, our Board meetings have been so lively that discussions cannot be concluded within two hours.

In order for us to exercise our voting rights as outside directors appropriately, it is essential for us to know the Company well. In FY2024, I made multiple factory visits. I found it highly beneficial to gain firsthand insights from the front lines. I also consider it meaningful that my proposal to create informal opportunities for open dialogue with the management team outside of formal board meetings was adopted and implemented.

It is also essential that outside directors have a proactive attitude and take the initiative in accessing information. Rather than demanding excessive documentation from the secretariat, I believe it is possible to enhance our supervisory function more efficiently by sharing existing management meeting materials and participating as observers in internal meetings.

### Q What are your thoughts on the progress and issues of the artience2027/2030 Management Plan?

In terms of business performance, ROE has been steadily improving, and it is our assessment that the Company has made a solid start from the first year (of the plan.) The decisions to change the company name, revise the philosophy framework, and undertake cultural reforms were all driven by a strong commitment by management to transform the Company. The key question going forward will be how to infuse real passion into the plan targets and execute them effectively. Particularly in non-financial areas such as human capital and sustainability, where targets and evaluations tend to be more qualitative than quantitative, there is a need to engage in practical efforts and translate them into tangible results.

In addition, artience is now a company where both sales and profits from overseas markets exceed 50% of total sales and profits. While the domestic (i.e., Japanese) market offers a relatively stable business environment, expanding overseas operations brings various risks. I believe that it will become increasingly important to respond quickly and accurately to changes in policies and regulations that vary between countries and regions.

### Q What are the key perspectives for improving artience's corporate value?

artience is a serious and sincere company that is committed to ESG and sustainability. However, its PBR is currently below 1, and I feel that external recognition is yet to catch up with its efforts. The issue of how to communicate the value the Company offers is an IR/SR issue that must be addressed with an even greater level of care.

The role of outside directors goes beyond mere monitoring. The essence lies in how effectively we can contribute to sustainably enhancing corporate value by leveraging our expertise and experience. Personally, I hope to contribute to artience's value creation by making full use of my legal expertise, as well as all available resources and networks. In particular, as artience strengthens its efforts toward global expansion, it will face increasing challenges in addressing complex legal systems and risks. In such situations, I will strive to provide sound advice that will lead to better management decisions.

# Top Management (As of March 26, 2025)



Back row from left: Keiko Kimura, Tetsuaki Sato, Yoshinobu Fujimoto, Noriko Kosugi, Yukihiro Tachifuji, Minoru Matsumoto  
 Front row from left: Masayuki Kano, Tomoko Adachi, Satoru Takashima, Hiroyuki Hamada, Yutaka Yokoi

## Satoru Takashima

President and Representative Director,  
 Group CEO

App. & Rem.

April	1984	Joined the Company
March	2020	President and Representative Director
March	2022	Group CEO
Number of shares held: 37,721 shares / Term of office: 11 years 9 months		

## Hiroyuki Hamada

Vice President  
 In charge of Overall Management and Corporate  
 Departments

April	1981	Joined the Company
March	2025	Vice President In charge of Overall Management and Corporate Departments
Number of shares held: 11,021 shares / Term of office: 8 years 9 months		

## Tetsuaki Sato

Director in charge of Quality Assurance,  
 Production and Environment, Sustainability,  
 Purchasing and Logistics

April	1985	Joined the Company
March	2023	Director
July	2023	In charge of Quality Assurance, Production, Environment, Sustainability, Purchasing and Logistics
Number of shares held: 13,490 shares / Term of office: 2 years		

## Masayuki Kano

Director  
 Audit and Supervisory  
 Committee member (full-time)

Audit

April	1984	Joined the Company
March	2024	Director (Audit & Supervisory Committee member (full-time))
Number of shares held: 11,598 shares / Term of office: 1 year		

## Tomoko Adachi

Independent Outside Director

Outside Independent

November	1995	Assistant Professor, Department of Obstetrics and Gynecology, Tokyo Women's Medical University
December	2017	Board member of Aiiiku Association for Maternal, Child Health and Welfare
December	2017	Director of Aiiiku Association Maternal and Child Health Center Aiiiku Hospital ("Aiiiku Hospital")
April	2022	Honorary Director of Aiiiku Hospital
March	2023	Outside Director of the Company
June	2024	Vice President of the Japan Society of Obstetrics and Gynecology
Number of shares held: 2,200 shares / Term of office: 2 years		

## Yoshinobu Fujimoto

Independent Outside Director

Outside Independent

April	1991	Registered with the Daini Tokyo Bar Association
April	1991	Joined Masuda and Ejiri Law Office (current Nishimura & Asahi (Gaikokuho Kyodo Jigyo))
January	1999	Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo)
June	2008	Outside Auditor of Mita Securities Co., Ltd.
March	2024	Outside Director of the Company
Number of shares held: 100 shares / Term of office: 1 year		



New

**Yukihiro Tachifuji**

Independent Outside Director

Outside

Independent

App. &amp; Rem.

April	1985	Joined Mitsubishi Paper Mills Co., Ltd.
June	2019	President and CEO of Mitsubishi Paper Mills Co., Ltd.
June	2022	Advisor of Mitsubishi Paper Mills Co., Ltd.
June	2023	Outside Director of Fuji Electric Co., Ltd.
June	2023	Outside Director of JNC Corporation
March	2025	Outside Director of the Company

Number of shares held: 0 shares / Term of office: 0 years

New

**Noriko Kosugi**

Independent Outside Director

Outside Independent

April	1990	Joined Kawasaki Steel Corporation (currently JFE Steel Corporation)
June	2019	Managing Director and Managing Executive Officer of Unizo Holdings Co., Ltd.
August	2020	Finance Director of the British School in Tokyo
April	2023	Outside Director of Computer Engineering & Engineering Co., Ltd.
March	2025	Outside Director of the Company

Number of shares held: 0 shares / Term of office: 0 years

Outside

Independent

App. &amp; Rem.

Audit

**Yutaka Yokoi**Leading Independent  
Outside Director  
Audit and Supervisory  
Committee member

April	1979	Joined the Ministry of Foreign Affairs of Japan
August	2013	Ambassador Extraordinary and Plenipotentiary of Japan to Turkey
March	2016	Ambassador Extraordinary and Plenipotentiary of Japan to the People's Republic of China
December	2020	Retired from the Ministry of Foreign Affairs of Japan
March	2021	Outside Director of the Company
October	2021	Councilor at Chiba Institute of Technology
January	2022	Distinguished Professor at Chiba Institute of Technology
March	2022	Outside Director of the Company (Audit & Supervisory Committee member)
June	2022	Outside Director of Hokuhoku Financial Group, Inc.

Number of shares held: 3,400 shares / Term of office: 4 years

**Keiko Kimura**Independent Outside Director  
Audit and Supervisory  
Committee member

Outside

Independent

App. &amp; Rem.

Audit

April	1980	Joined Itochu Corporation
October	1989	Joined Citibank, N.A.
October	2002	Registered with Daiichi Tokyo Bar Association
October	2002	Joined Anzai & Sotai Law Offices (currently Anzai Law Offices)
June	2016	Outside Director of the Company
June	2017	Outside Director (Audit and Supervisory Committee member) of Yashima & Co., Ltd.
March	2022	Outside Director of the Company (Audit & Supervisory Committee member)

Number of shares held: 2,100 shares /  
Term of office: 8 years 9 months**Minoru Matsumoto**Independent Outside Director  
Audit and Supervisory  
Committee member

Outside

Independent

Audit

October	1983	Joined Tohmatsu & Aoki Audit Corp. (currently Deloitte Touche Tohmatsu LLC)
March	1987	Registered as a Certified Public Accountant
September	2012	Retired from Deloitte Touche Tohmatsu LLC
October	2013	Established Minoru Matsumoto CPA Office
June	2015	Outside Director of Foster Electric Co., Ltd.
March	2021	Outside Audit & Supervisory Board member (part-time) of the Company
March	2022	Outside Director of the Company (Audit & Supervisory Committee member)
October	2022	Representative employee of Terada Kaikei Office (tax accountants)

Number of shares held: 0 shares / Term of office: 3 years

# Corporate Governance

## Enhancing group-wide corporate governance, starting with reforms to the Board of Directors

### Holding discussions without time limits, until all members are satisfied

Two key challenges in strengthening corporate governance are enhancing the supervisory function of the Board of Directors and ensuring independence.

At artience, the Board of Directors is working to improve the quality of its supervisory function by sharing sufficient information in advance on matters for resolution, and conducting in-depth discussions at meetings. The Board operates with a policy of purposefully not setting time limits for meetings and continuing discussions until all members are satisfied, when necessary. We are also working to deepen the understanding of the Group's business operations among outside directors by providing direct explanations from business unit leaders and arranging opportunities for site visits.

### Enhancing the balance of skills and attributes among Board members

In FY2025, we improved the balance of our skill matrix by appointing two new outside directors with management experience at listed companies. The current ratio of outside directors is 64%, with three of them being women. Although the percentage of female managers within the company is still low, we aim to promote gender diversity throughout the entire Group by taking the lead in increasing the ratio of women on the Board of Directors.

Stakeholders have also pointed out that the independence of directors tends to decline around 8–10 years after their appointment. To address this, we have established a maximum term of office for officers in our internal regulations to promote turnover.

The Advisory Committee on Appointment and Remuneration, which meets four times a year as of FY2024, has been discussing the appropriateness of officer compensation, with the lead outside director serving as Chair. While our remuneration system has traditionally emphasized contributions to sales and profits, we now need to place a greater emphasis on



**Hiroyuki Hamada**

Vice President  
In charge of Overall Management and Corporate Departments

capital efficiency. For this reason, we are considering adding achievement of ROE targets to our evaluation metrics and expanding the proportion of performance-based remuneration.

### The growing importance of global risk management

As a group that generates more than half of its revenue overseas, risk management is essential as we continue to expand our global operations. The Group's global risk management framework involves each company conducting its own risk assessments, with the Risk Management Subcommittee compiling the results to identify and prioritize common risks. Response measures are then implemented across the entire Group (▶P.76.)

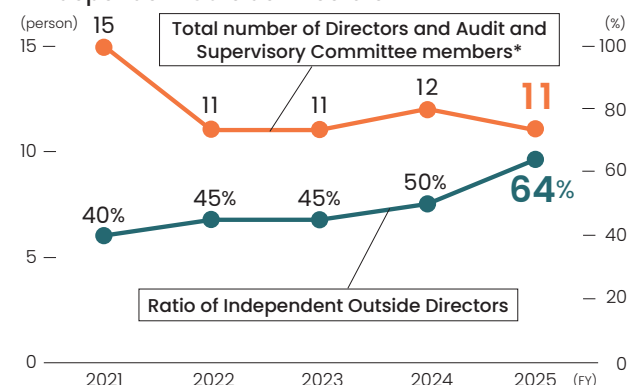
Over the past few years, we have implemented an internal whistleblowing system at overseas locations, and expanded and enhanced internal audits both domestically and internationally. The introduction of an ERP system for centralized management of finance, accounting, and tax has also enhanced our global monitoring capabilities.

Deepening the level of communication with overseas Group companies and sharing our vision and philosophy as a group are also important elements for strengthening governance. The Group has been holding a Global Management Forum twice a year for over ten years, attended by members of the Group Management Committee, presidents of domestic and overseas Group companies, and senior managers, to share information and awareness on global issues, strategies, and measures. We actively disclose these initiatives to enhance management transparency, aiming for the sustainable growth and enhancement of the Group's corporate value.

### Major initiatives to strengthen corporate governance

FY2020	Abolish takeover defense measures (introduced in 2008)
FY2021	Significant reduction in number of Directors (15 to 11) Launch of the Future Discussion Task Force (next-generation management development program)
FY2022	Transition from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee
FY2023	Significant reduction in number of Operating Officers (32 to 16) Increase in number of female Directors (2 to 3)
FY2024	Increase in number of meetings per year of the Advisory Committee on Appointment and Remuneration (established in 2017) (1 to 4) Basic Policy on Corporate Governance (established in 2015)

### Changes in number of Directors and ratio of Independent Outside Directors



\*For FY2021, this shows Directors and Auditors.

## Basic approach

The artience Group has defined the “Enhancement of corporate governance through continuous reform” as one of the key objectives of sustainability management in its Sustainability Charter.

### Enhancement of corporate governance through continuous reform

We will continue to incessantly reform and validate management resources and risk management, and build and maintain effective corporate governance. We will adapt flexibly to changes in the business environment and work to achieve resilient corporate management that contributes to the sustainable growth of the Group.

Excerpt from the “Sustainability Charter” (revised January 2024)

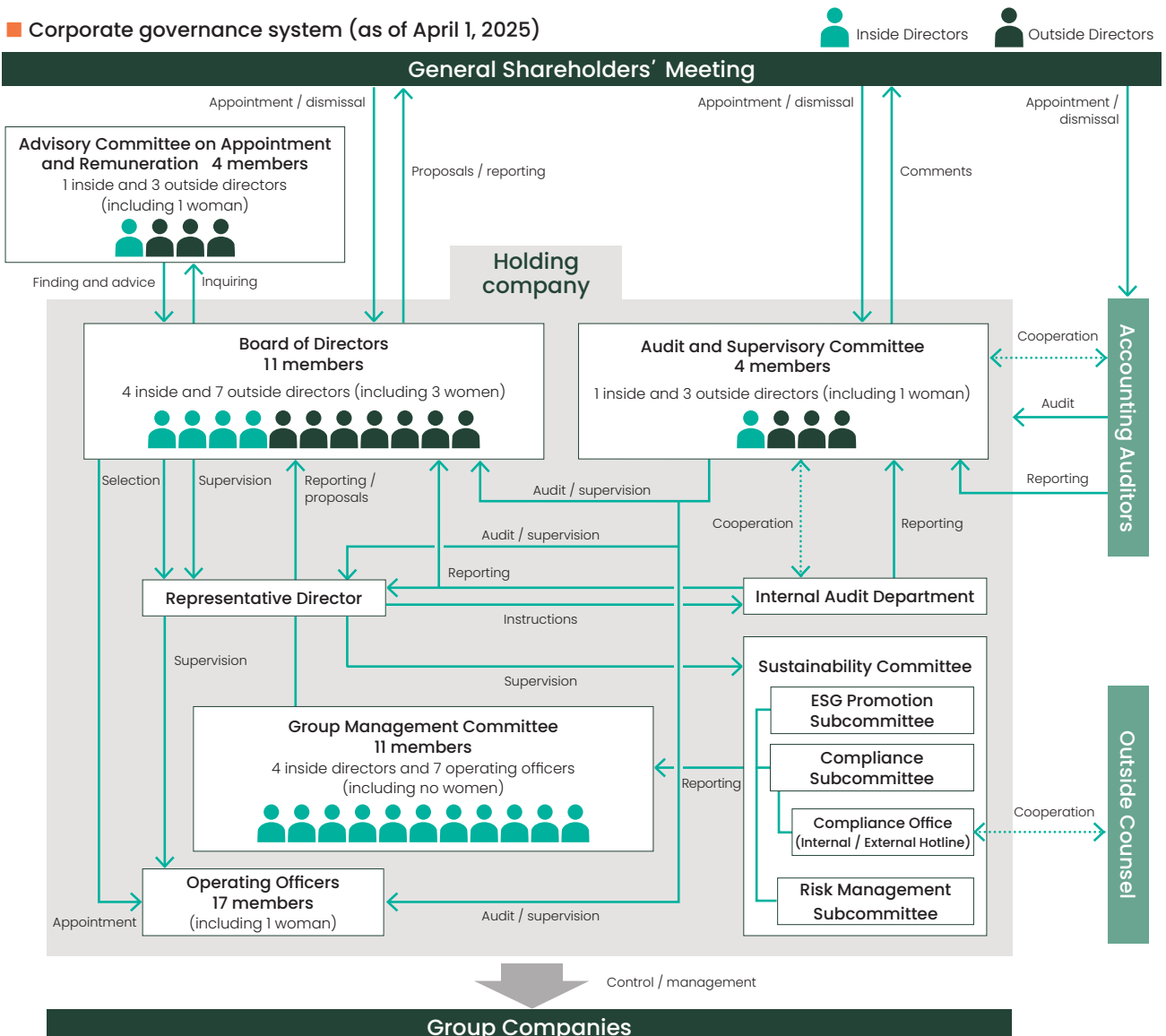
We will address individual corporate governance issues in accordance with the basic policy regarding corporate governance in an effort to establish proper corporate governance.

By adopting an Audit and Supervisory Committee system, we have enabled Committee members to exercise their voting rights at meetings of the Board of Directors, thereby increasing the level of fairness and transparency of management and strengthening oversight of the Board of Directors. By adopting an operating officer system (one-year term,) we have clarified the division of roles between management supervisory and executive functions and are speeding up decision making and enhancing supervisory functions with regard to execution of business.

Additionally, Toyocolor Co., Ltd., Toyochem Co., Ltd., and Toyo Ink Co., Ltd., the core operating companies of the group, each have an Operating Company Management Committee that regularly meets to share management policies and strategies, and discuss issues and achievements regarding the execution of business. Directors of the holding company attend these meeting.

**WEB** For more information about the Basic Policy on Corporate Governance and our corporate governance initiatives are posted on our website under [Sustainability > Governance > Corporate Governance.]

### Corporate governance system (as of April 1, 2025)



## Corporate Governance

### Responsibilities and composition of major meetings and committees

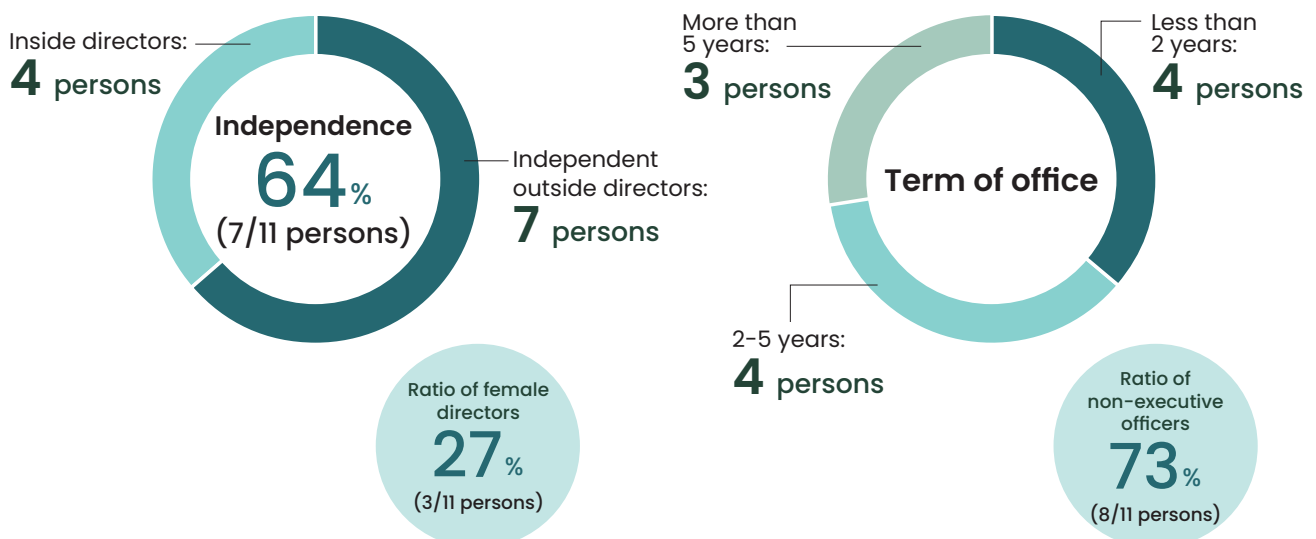
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>· Makes management decisions and supervises execution of business for the entire Group</li> <li>· Makes decisions on matters stipulated by law and important management issues</li> <li>· Chair: President and Representative Director</li> <li>· Members: Eleven members (three of whom are women): seven directors who are not Audit and Supervisory Committee members (of whom four are outside directors) and four directors who are Audit and Supervisory Committee members (of whom three are outside directors)</li> <li>· Term of office: 1 year for directors who are not Audit and Supervisory Committee members, 2 years for directors who are Audit and Supervisory Committee members</li> <li>· 17 meetings were held in FY2024</li> </ul>
<b>Audit and Supervisory Committee</b>	<ul style="list-style-type: none"> <li>· Cooperates with the Internal Audit Department and accounting auditor to audit the legality and appropriateness of directors' execution of their duties</li> <li>· Makes regular reports at Audit and Supervisory Committee meetings and holds information exchange meetings with the Internal Audit Department as needed, and reports audit results and holds information exchange meetings with the accounting auditor as needed</li> <li>· Members: Four Audit and Supervisory Committee members (of whom three are independent outside directors)</li> <li>· Term of office: 2 years</li> <li>· 13 meetings were held in FY2024</li> </ul>
<b>Advisory Committee on Appointment and Remuneration</b>	<ul style="list-style-type: none"> <li>· Discusses the selection of director candidates and their remuneration in a transparent and objective manner</li> <li>· Considers and evaluates succession plans</li> <li>· Chair: Outside Director</li> <li>· Members: An inside director and three outside directors</li> <li>· 4 meetings were held in FY2024</li> </ul>
<b>Group Management Committee</b>	<ul style="list-style-type: none"> <li>· Making important decisions on the execution of business as a consultative and decision-making body subordinate to the Board of Directors.</li> <li>· Members: Inside Directors, Audit and Supervisory Committee member (full-time,) Corporate Officers in charge of important management functions (CTO, General Managers of General Affairs Department / Finance and Accounting Department / Human Resources Department, representative directors of three core operating companies)</li> <li>· 26 meetings were held in FY2024</li> </ul>

### Composition of the Board of Directors

We select the members of our Board of Directors in consideration of diversity and expertise. We pay attention to their knowledge and experience in different areas of business management, to the achievement of gender equality and to other aspects to ensure diversity. The Board is currently composed of directors

with a wide variety of advanced skills, and over half of its members are independent outside directors who meet the standards we have determined for the independence of outside officers.

#### Composition of the Board of Directors



## Promoting sustainability management

The Group has established a Sustainability Charter as its basic philosophy for promoting sustainability in all of its corporate activities. The Charter is based on the Group’s philosophy system, consisting of our Corporate Philosophy, Brand Promise, and Our Principles. To drive sustainability management from a medium- to long-term perspective, we are implementing initiatives throughout the entire Group using the Sustainability Vision asv2050/2030, which is derived using a back-casting approach based on our ideal vision for 2050, as a guideline for our activities (▶ P.31.) In addition, artience2027, Medium-term Management Plan, which is currently underway, sets out three basic policies: (1) shift to highly-profitable existing businesses, (2) create strategic priority businesses, and (3) transform the Company’s management foundation. It also clearly specifies sustainability management issues that should be addressed to (3) transform the Company’s management foundation, such as the reform of the personnel development program, the maximization of capital efficiency, innovation in production processes, digital transformation and the strengthening a technological foundation for the Company (▶ P.36.)

At the same time, we have established a new Group Materiality 2025–2030, which identifies sustainability issues that must be addressed by 2030 and sets specific targets, as part of our efforts to integrate sustainability activities into our business activities (value provision) and put our Brand Promise of “Creating value that resonates with the senses and building a future where all people can live enriched lives” into practice (▶ P.32.) Based on this, we will engage in sustainability activities throughout the entire Group and collaborate with partners and communities to implement various measures aimed at creating a sustainable society.

**WEB** Our policies and guidelines are posted on our website under [Sustainability > Related Policies and Guidelines.]

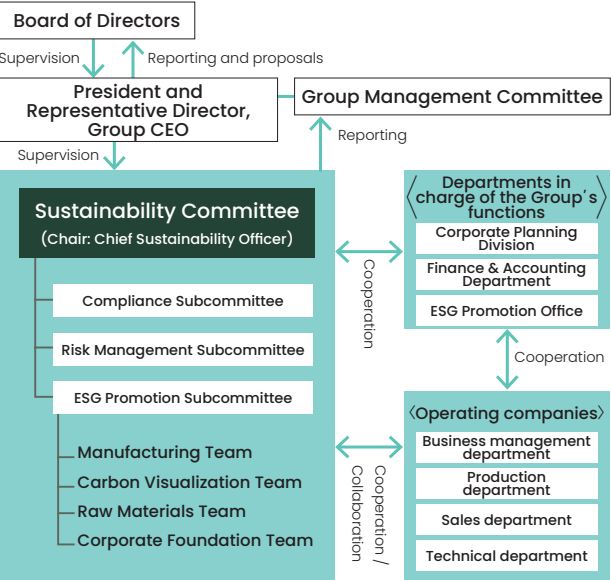
\* Related policies and guidelines are written in Japanese, English, and Simplified Chinese.

## Promotion system

The Sustainability Committee is chaired by the Group’s Chief Sustainability Officer, with the Group CEO as chief supervisor. The committee formulates plans, implements, evaluates, and follows up on all group-wide sustainability-related activities. The committee’s activities are reported to management through the Group Management Committee and the Board of Directors, with particularly important matters being decided upon and supervised by the Board.

The three subcommittees of the Sustainability Committee and the administrative departments of each domestic Group company play a central role in supporting the sustainability activities of the entire Group from their various perspectives, and are working to drive activities on a global scale.

### Sustainability promotion system (FY2025)



## Activity status of the Sustainability Committee (FY2024)

In FY2024, we held three Sustainability Committee meetings and one Sustainability Conference (group-wide meeting) to report and discuss progress. The Sustainability Committee also took a central role in formulating the new Group Materiality, and is driving activities to ensure its implementation from FY2025 onward.

### Date of Sustainability Committee meetings

January 19, 2024	Sustainability Committee meeting (extraordinary meeting)
February 8, 2024	1st Sustainability Committee meeting
April 16, 2024	2nd Sustainability Committee meeting
July 1, 2024	Sustainability Conference (group-wide meeting)

### Major activities of the three subcommittees (FY2024)

Risk Management Subcommittee	Confirmed company/group-wide risks, reviewed and considered guidelines for responding to overseas risks, reported risk themes in a timely manner, and organized reporting routes for natural disasters and other risks
Compliance Subcommittee	Increased knowledge and understanding of the Code of Ethical Conduct, handled labor cost price transfers, and increased knowledge and understanding of the whistleblowing system
ESG Promotion Subcommittee	Created a roadmap for decarbonization (achieved at 87% of group bases (based on CO <sub>2</sub> emissions,)) introduced a scope calculation system, held dialogues with suppliers toward decarbonization and distributed questionnaires (engagement survey)

## Corporate Governance

### Evaluation of the effectiveness of the Board of Directors

To ensure that corporate governance functions correctly, we analyze and evaluate the effectiveness of the Board of Directors as a whole, and work to improve it based on the issues identified.

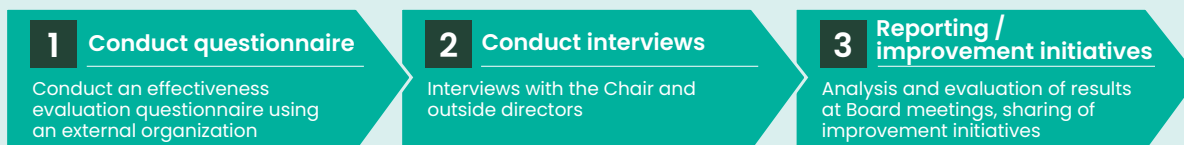
In 2024, we conducted a questionnaire survey of all directors, with a five-point scoring scale (multiple-choice scoring questions) and free-response questions. As in 2023, we requested the involvement and advice of an external organization to ensure un-

biased questions and quantitative analysis of results, including comparisons with other companies. To accurately identify issues, we also conducted interviews with the Chair of the Board of Directors and independent outside directors to check and reaffirm their individual awareness of issues.

Based on the results of the questionnaire and interviews, the Board of Directors held discussions and made a final assessment.

#### ■ Outline of evaluation of effectiveness

##### [Implementation process]



##### [Issues identified and initiatives implemented in the past two years]

###### Initiatives to address issues identified in the evaluation of effectiveness in FY2022

- In light of feedback that reporting on dialogue with shareholders and investors was insufficient, we decided to report on dialogue with shareholders and investors to the Board of Directors semiannually from FY2023.
- Based on feedback that details of training including executive training were unclear, we reported information on training implemented over the year to the Board of Directors.
- In view of feedback that reporting from the Advisory Committee on Appointment and Remuneration to the Board of Directors was inadequate, from FY2024, we increased the number of meetings of the advisory committee for more in-depth examination and also stepped up reporting to the Board of Directors.

###### Initiatives to address issues identified in the evaluation of effectiveness in FY2023

- Based on the view that the Board of Directors should be made up of more individuals with business experience, two individuals with expertise in management and finance were selected as first-time outside director candidates and elected at the 187th Annual General Meeting of Shareholders held in March 2025.

###### Process of evaluation of effectiveness in FY2024 (implemented from December 2024 to February 2025)

- We prepared and implemented a questionnaire survey with the involvement and advice of a third-party external organization.

- Based on the external organization's aggregated questionnaire survey results, we interviewed the Chair of the Board and independent outside directors.
- The results of the questionnaire and interviews were analyzed, discussed and evaluated at a meeting of the Board of Directors in March 2025.

###### FY2024 effectiveness evaluation results and issues

- The evaluation was mostly positive, including that the Board of Directors is becoming more effective year by year, and it was found that the Board of Directors functions effectively overall.
- Improvements were also confirmed in the matters pointed out in the evaluation of effectiveness in past fiscal years.
- In the FY2024 effectiveness evaluation, a number of operational improvements to enhance discussions at meetings of the Board of Directors were proposed/identified. These included clarification of discussion points based on the role expected of Directors and enhancement of information provision by executives. In response to such comments, the Company will commit to creating an environment for useful discussion through greater focus in FY2025 on expanding opportunities for the exchange of opinions between Directors and improving information sharing with outside directors. The Board will address the issues identified in this assessment and work to continuously improve effectiveness by reviewing the state of improvements in the next assessment.

### Facilitating animated discussion by the Board of Directors

Documents regarding agendas are distributed to Board of Directors meeting participants in advance to facilitate spirited discussion.

Issues discussed and deliberated at meetings of the Board of Directors in FY2024 included matters for resolution pursuant to laws and regulations, as well as matters required under the Corporate Governance Code (evaluation of effectiveness of Board of Directors, verification of the economic rationale of cross-shareholdings, analysis of results of voting at the Gener-

al Meeting of Shareholders, status of dialogue with shareholders and investors, etc.,) enactment and revision of sustainability-related policies, artience2027, Medium-term Management Plan, the fiscal year plan, initiatives for improving capital efficiency, large investments and loans, status of activities of the Advisory Committee on Appointment and Remuneration, and initiatives for human capital, risk management and compliance.

## Attendance at major meetings, expertise and careers (skill matrix)

We define the areas where we expect the individual directors to provide helpful supervision and advice regarding management issues. We also make sure that the Board of Directors is composed of diverse directors with abundant experience and expert knowledge to enable proper deliberation and supervise the execution of business.

### Attendance at major meetings, expertise and careers (skill matrix) of Directors

Name and position	Age Gender (Nationality)	Attendance rate at meetings*1				Main expertise and careers*4						
		Board of Directors	Audit & Supervisory Committee	Advisory Committee on Appointment and Remuneration	Group Management Committee	Corporate Management	Technical / R&D / Production	Sales / Marketing	Global	Finance / Accounting	Human Resources / DE&I	ESG / Compliance / Risk Management
<b>Satoru Takashima</b> President and Representative Director, Group CEO	64 Male (Japan)	○ (Chair) 100% (17/17)		○ 100% (4/4)	○ 100% (26/26)	○		○	○			
<b>Hiroyuki Hamada</b> Vice President In charge of Overall Management and Corporate Departments	66 Male (Japan)	○ 100% (17/17)			○ 100% (26/26)	○		○	○	○		○
<b>Tomoko Adachi</b> Independent Outside Director	71 Female (Japan)	○ 100% (17/17)				○	○				○	
<b>Yoshinobu Fujimoto</b> Independent Outside Director	59 Male (Japan)	○ 92% (12/13) *2						○				○
<b>Yukihiko Tachifuji</b> Independent Outside Director	65 Male (Japan)	○ *3		○ *3		○	○					
<b>Noriko Kosugi</b> Independent Outside Director	58 Female (Japan)	○ *3				○		○	○			
<b>Tetsuaki Sato</b> Director in charge of Quality Assurance, Production, Environment, Sustainability, Purchasing and Logistics	64 Male (Japan)	○ 100% (17/17)			○ 100% (26/26)		○					○
<b>Masayuki Kano</b> Director Audit and Supervisory Committee member (full-time)	62 Male (Japan)	○ 100% (13/13) *2	○ (Chair) 100% (10/10) *2		○ 100% (20/20) *2						○	○
<b>Yutaka Yokoi</b> Leading Independent Outside Director Audit and Supervisory Committee member	70 Male (Japan)	○ 100% (17/17)	○ 100% (13/13)	○ (Chair) 100% (4/4)				○				○
<b>Keiko Kimura</b> Independent Outside Director Audit and Supervisory Committee member	65 Female (Japan)	○ 100% (17/17)	○ 100% (13/13)	○ 100% (4/4)							○	○
<b>Minoru Matsumoto</b> Independent Outside Director Audit and Supervisory Committee member	68 Male (Japan)	○ 100% (17/17)	○ 100% (13/13)						○			○

\*1 Attendance rate in 2024 \*2 Appointed on March 26, 2024 \*3 Appointed on March 26, 2025

\*4 The above matrix does not show all the expertise or careers of each director.

## Corporate Governance

### Attendance at major meetings, expertise and careers (skill matrix) of Operating Officers who are members of the Group Management Committee

Name and position	Age Gender (Nationality)	Attendance rate at meetings*1				Main expertise and careers*3						
		Board of Directors	Audit & Supervisory Committee	Advisory Committee on Appointment and Remuneration	Group Management Committee	Corporate Management	Technical / R&D / Production	Sales / Marketing	Global	Finance / Accounting	Human Resources / DE&I	ESG / Compliance / Risk Management
<b>Toshinori Machida</b> Executive Operating Officer in charge of Technical, R&D, Intellectual Properties (CTO) Division Director of R&D Division	63 male (Japan)				○ 100% (26/26)	○	○					
<b>Takahiro Nakamura</b> Executive Operating Officer in charge of Incubation Center General Manager of General Affairs Department	63 male (Japan)				○ *2			○				○
<b>Takeishi Arimura</b> Operating Officer in charge of Finance, General Manager of Finance & Accounting Department	52 male (Japan)				○ 100% (26/26)					○		
<b>Junji Sekino</b> Operating Officer in charge of Human Resources, General Manager of Human Resources Department	53 male (Japan)				○ 100% (26/26)						○	○
<b>Hideki Okaichi</b> Executive Operating Officer President and Representative Director of Toyocolor Co., Ltd.	64 male (Japan)				○ 96% (25/26)	○		○	○			
<b>Yasushi Ariyoshi</b> Executive Operating Officer President and Representative Director of Toyochem Co., Ltd.	52 male (Japan)				○ 100% (26/26)	○	○					
<b>Hideki Yasuda</b> Executive Operating Officer President and Representative Director of Toyo Ink Co., Ltd.	57 male (Japan)				○ 100% (26/26)	○	○					

\*1 Attendance rate in 2024 \*2 Became a member of the Group Management Committee on April 1, 2025.

\*3 The above matrix does not show all the expertise or careers of each operating officer.

### Details of each skill and reason for selection

Section	Reason for selection	
Matters relating to the base and growth of the company	Corporate Management	Formulating and implementing a sustainable growth strategy in the medium to long term requires comprehensive judgment in corporate management, and experience in business management and / or organizational management were selected as necessary knowledge and skills, with no bias toward individual expertise.
	Technical / R&D / Production	Sound knowledge and experience in the fields of technology, research and development, quality, and production were selected as necessary knowledge and skills to further advance and develop the technologies the Group has developed and bring about various innovations.
	Sales / Marketing	Extensive knowledge and experience in sales and marketing were selected as necessary knowledge and skills to steadily increase sales and profits in the market and continue to achieve growth in the medium to long term.
	Global	A wide range of insights and experience relating to overseas management experience, overseas lifestyles and culture, business environments, geopolitics, and regional strategies were selected as necessary knowledge and skills in view of the Group's global business presence.
Matters that ensure the company's growth	Finance / Accounting	Solid knowledge and experience enabling accurate financial reporting, building a solid financial base, making growth investments to sustainably increase corporate value, and strengthening shareholder returns were selected as key knowledge and skills to maximize corporate value through the efficient management of the Company's capital.
	Human Resources / DE&I	Human resources are the most important management resource for the Company, and experience, insight, and expertise in the field of human resources (including HR development and D&I) were selected as necessary knowledge and skills for securing diverse human resources to support the Group's value creation.
	ESG / Compliance / Risk Management	A wide range of experience, insights, and expertise in ESG, compliance, and risk management were selected as key knowledge and skills to implement sustainability management, achieve the asv2050/2030 sustainability vision, and solve social issues indicated by the Group's material issues.

## Criteria for assessing independence of outside directors

We elect outside directors in accordance with the “Standards Concerning the Independence of Outside Officers” to ensure their independence.

\* The details of the “Standards Concerning the Independence of Outside Officers” are stated in securities reports and corporate governance reports.

**WEB** The Corporate Governance Reports are posted on our website under [Investor Relations > IR archives > Corporate Governance Reports.]

## Roles and functions of outside directors

Outside directors act as independent and objective overseers and advisors, performing management oversight and advisory functions to ensure sound corporate governance and management of the Company.

## Training of directors and operating officers

Regular training is provided to directors and operating officers with the goal of enabling them to improve their knowledge. In FY2024, we conducted workshops to foster a change-oriented mindset among officers (participants: directors, operating officers,) governance training (participants: newly appointed operating officers, newly appointed overseas expatriates assigned to top-level management positions,) training to deepen understanding of women’s advancement “Seminar on PMS and Menstrual Disorders” and “Seminar to

Promote Understanding of Infertility Treatment” (participants: operating officers, department heads,) and generative AI training (participants: directors, operating officers.)

Through systematic training, we provide opportunities for officers to acquire the experience and knowledge necessary for senior management, and to strengthen the skills required to formulate and execute sustainable growth strategies with a broad perspective over the medium to long term.

## Succession planning plan for chief executive officers, etc.

As part of our succession planning, which includes succession planning for the position of CEO, we have established Future Discussion Task Force (participants: department heads) and Training for Next-Generation Leaders (participants: production section managers) programs headed and participated by the president to discover and develop the next generation of management personnel. These programs are part of our

efforts to develop future candidates for senior management.

The Advisory Committee on Appointment and Remuneration reviews the status of these initiatives, discusses training measures, conducts interviews with candidates as appropriate, and reports to the Board of Directors.

## Appointment and dismissal of senior management and nomination of director candidates

When a candidate for Director is nominated, the executives in charge select candidates by comprehensive judgement based on the Group’s director nomination standards. The result of the selection is discussed by the Advisory Committee on Nomination and Remuneration, before a final decision is reached through deliberation and a resolution at a meeting of the Board of Directors. Candidates for Directors who are Audit & Supervisory Committee members are determined by deliberation and resolution of the Board of Directors

after the consent of the Audit & Supervisory Committee has been obtained with regard to the submission of a motion for selection to the shareholder’s meeting.

The dismissal of senior management members is advised by the Advisory Committee, pursuant to the dismissal criteria stipulated in the Disciplinary Regulations for Directors. The criteria for nominating candidates for CEO and Director positions are described in the Corporate Governance Report.

## Corporate Governance

### Supporting system for outside directors

In order to deepen their understanding of the Group’s management strategies and the content and status of the Group’s business activities, outside directors are given opportunities to learn about the Company at Sustainability Conference (held once a year,) training for officers and managers, factory tours and roundtable-discussion with employees as well as at the time of their appointment (by visiting business sites and receiving explanations from officers in charge.)

There is a structure in place to enable outside directors to keep up to date with the Company’s operations by distributing materials relating to issues

submitted for discussion by the Board of Directors to outside directors in advance and creating opportunities to explain them. Important matters from Management Committee meetings, including meetings of the Board of Directors, are communicated to outside directors by enabling them to view important documents and receive reports given at Board of Directors meetings, regardless of whether or not they attended the relevant meeting. In 2024, we improved meeting processes by significantly increasing the amount of time allocated for adjustments and preliminary explanations, to enable more in-depth discussions.

### Status of shareholdings

#### [Standards and approach to the classification of investment shares]

The Company classifies investment shares into those held for pure investment purposes (shares held for the purpose of earning profits from fluctuations in market value, or from dividends) and those held for purposes other than pure investment.

#### [Investment shares held for purposes of pure investment]

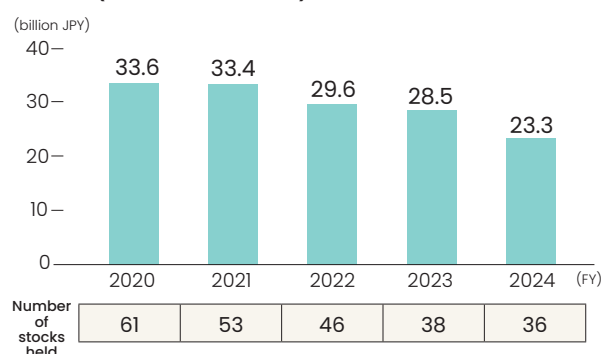
As part of its management strategy, including business alliances, maintaining and strengthening business relationships, and stable procurement of raw materials, the Company holds shares in companies that it deems necessary, as a matter of policy.

Every year, the Board of Directors examines the economic rationality of each individual shareholding from a medium- to long-term perspective, and sells those shares that have lost their significance as shareholdings. As a result of these validations, the Board of Directors resolved, at a meeting in August 2024, that when selling individual stocks contributes to improving the capital efficiency of the Group, even when the significance of shareholdings is not judged to have diminished, we will still proceed with selling them after careful dialogue with the issuing company.

The Company sold 13.1 billion JPY in stocks during the period of the previous medium-term management plan (FY2021 to FY2023) and plans to sell more than 20.0 billion JPY in stocks during the period of the current medium-term management plan (FY2024 to FY2026.)

Voting rights in relation to listed share held are exercised in an appropriate manner on a case-by-case basis, taking into account whether or not the relevant proposal will help enhance the corporate value of the issuing company over the medium to long term, whether or not it will contribute to the profits of all shareholders, including us, and the qualitative and overall impact it will have on the Group in terms of their management and businesses. Where an issuing company has special circumstances, such as significant damage to its corporate value or a serious violation of laws, regulations, or other rules, or where there is a concern that an issuing company may damage the corporate value of us as its shareholder, we will determine the actions to be taken carefully by collecting sufficient information through dialogue with the issuing company and other means.

#### Listed shares held by the Company in monetary terms (book value basis)



### Remuneration system for officers

We understand that the remuneration system for officers is an important matter in corporate governance. We have established a system based on the following

basic policy, operated from an objective perspective by the Advisory Committee on Appointment and Remuneration.

#### Policies on the remuneration of officers

1. Remuneration should be at a level that reflects economic conditions and corporate performance.
2. It should be at a level that enables the Company to attract and retain talent to increase its corporate value.
3. The remuneration system should embody the Company’s Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth.
4. Remuneration should adopt the performance-linked system and inspire the achievement of the disclosed performance forecasts.
5. It should be designed to be fair and rational from a perspective of accountability to the stakeholders. It should be determined through an appropriate process that increases fairness and transparency.

## Process for determining remuneration for officers

In the past, when determining remuneration for directors, the Advisory Committee on Nomination and Remuneration deliberated and reported on the evaluation process and evaluation results, followed by a resolution of the Board of Directors. At a Board of Directors' meeting held on March 26, 2025, the Board resolved to delegate authority for determining compensation for individual directors (excluding Audit & Supervisory Committee members) to the Advisory Committee, effective as of that date. Delegating this authority to the Advisory Committee—which is made up of a majority of independent outside directors—has increased the fairness, transparency and objectivity of procedures for determining the amount of remuneration for individual directors (sum total of the amounts of basic compensation and performance-linked compensation.)

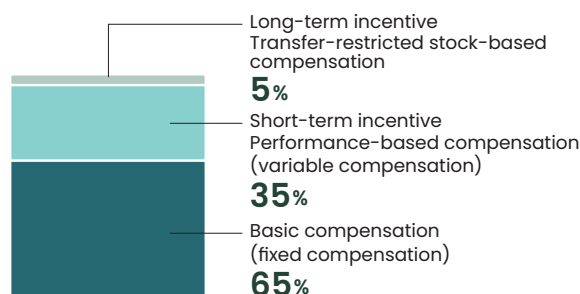
In addition, in the future officer compensation system, we are considering increasing the ratio of restricted stock compensation aimed at improving medium- to long-term corporate value, and introducing ROE as a new performance evaluation indicator for performance-linked compensation, with an emphasis on capital efficiency.

### [Overview of officer remuneration]

From the perspective of ensuring transparency and focusing on performance, remuneration for directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee) consists of basic compensation, performance-linked compensation, and transfer-restricted stock compensation. At the Annual General Meeting of Shareholders held on March 23, 2022, it was resolved that the total amount of remuneration, etc. for directors (excluding Directors who are Audit & Supervisory Committee Members) shall be within 500 million JPY annually (up to 100 million JPY of which shall be paid to outside directors,) and that the total amount of remuneration for directors who are Audit & Supervisory Committee Members shall be within 100 million JPY annually.

The aggregate amount of monetary compensation claims to be provided as transfer-restricted stock compensation to directors (excluding directors who

### Percentage composition of remuneration\*



\* In the case of directors (excluding outside directors and directors who are the members of the Audit & Supervisory Committee)

are Audit & Supervisory Committee Members and outside directors) is set at up to 100 million JPY annually, outside the framework of the maximum of 500 million JPY annually for monetary compensation.

- Basic remuneration is fixed monetary remuneration paid monthly, based on a director's post.
- Performance-based compensation is designed to reflect the evaluation of consolidated financial results and takes the form of monthly compensation paid as a short-term incentive. Only directors who are not Audit and Supervisory Committee members are eligible to receive this compensation.
- Transfer-restricted stock-based compensation is a long-term incentive paid to inside directors who are not Audit and Supervisory Committee members, with the aims of sharing the benefits and risks of fluctuations in share prices with shareholders, improving the Company's results over the medium to long term based on a healthy entrepreneurship, and increasing directors' enthusiasm for and contribution to enhancing corporate value.

Remuneration for outside directors who are members of the Audit and Supervisory Committee is limited to only basic compensation up to a maximum amount of 100 million JPY per year, in light of their duties and roles of supervising and auditing the execution of business.

### Total amounts of remuneration, etc. by directors (FY2024)

Position	Total amount of remuneration, etc. (million JPY)	Total amount of remuneration, etc. by type (million JPY)			Number of eligible persons (persons)
		Basic compensation (fixed compensation)	Performance-based compensation (variable compensation)	Transfer-restricted stock-based compensation	
Directors (excluding directors who are members of the Audit & Supervisory Committee) (outside directors)	300 (37)	203 (37)	86 (-)	10 (-)	8 (4)
Directors (members of the Audit and Supervisory Committee) (outside directors)	56 (30)	56 (30)	-	-	5 (3)
<b>Total (outside directors)</b>	<b>356 (68)</b>	<b>259 (68)</b>	<b>86 (-)</b>	<b>10 (-)</b>	<b>13 in total (7 in total)</b>

\*The number of people and the amounts of compensation above include the one director who resigned at the closing of the Annual General Meeting of Shareholders held on March 26, 2024.

# Risk Management

## Basic approach

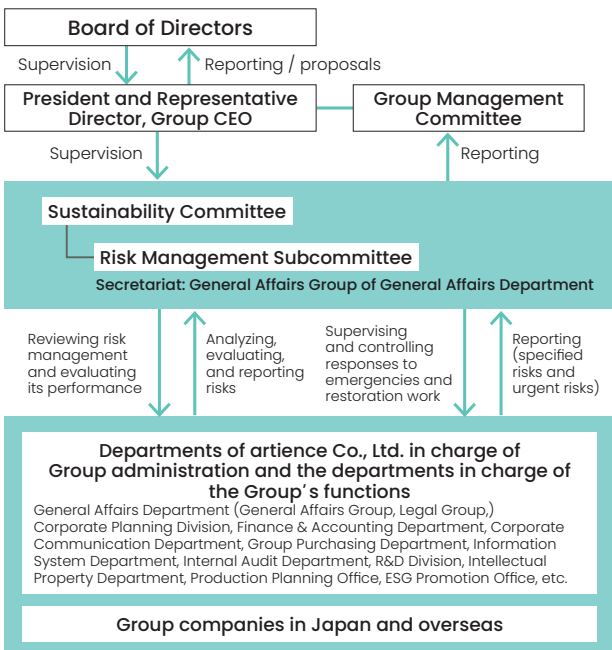
The artience Group recognizes that identifying risks that may affect business continuity and addressing these risks promptly and appropriately to minimize the impact of the risks is an important task. In addition to the Basic Policy on Risk Management (revised on January 1, 2024) and the Basic Policy on Development of Internal Control System (also revised on January 1, 2024,) the Risk Management Subcommittee has established the Risk Management Action Policy as its policy, and is implementing initiatives while continuously reviewing risks and making improvements.

**WEB** The Basic Policy on Risk Management, the Basic Policy on Development of Internal Control System, and the Risk Management Action Policy are posted on our website under [Sustainability > Governance > Risk Management.]

## Risk management system

The Risk Management Subcommittee, whose secretariat is the General Affairs Department, exhaustively and comprehensively manages the risks of the entire Group under the operating officer in charge of risk management (the Chair of the Risk Management Subcommittee.) Each company and department of the Group are working to identify risks that are hidden in the changes in the social environment and in daily operations to assess and study them, prevent risks from materializing and carry out measures to reduce risk-related damage. The Risk Management Subcommittee assesses the risks of each company and de-

### Risk management system (FY2025)

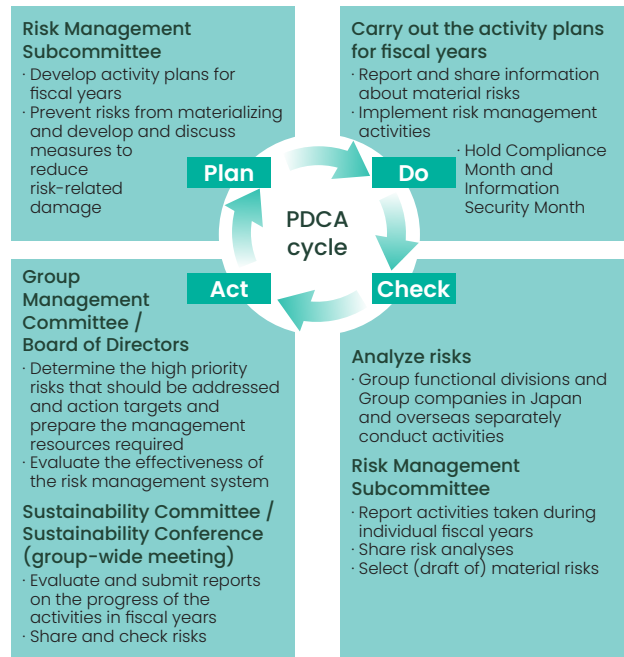


\* Excerpts and additions from P.69 Sustainability promotion system (FY2025)

partment based on the frequency of occurrence and severity, and creates and shares a risk map. The committee checks the progress and level of achievement of activities for the mitigation of serious risks. It reports the group-wide risks, which need to be addressed by the Group as a whole, to the Group Management Committee and the Board of Directors. If a new problem arises that could develop into a serious risk, we report to the Board of Directors and establish an emergency headquarters to address the risk.

## Risk management process

Leveraging the risk management system, we review risks and implement a PDCA cycle to improve the quality of activities.



## Major activities in FY2024

In FY2024, we conducted a risk assessment from the group-wide perspective and checked important risks throughout the Group. We also (1) shared the latest incident status using CSIRT, (2) checked the status of responses to quality fraud and quality defect risks, and (3) checked the status of responses to legal risks and shared information. In terms of educational and awareness-raising activities, we (1) conducted safe driving seminars for drivers and managers of all company vehicles at all locations in Japan, (2) provided safety education on preventing back injuries and electrical fires at production sites, including temporary dispatch staff and part-time employees, using e-learning (held twice, with approximately 2,000 participants each time,) and (3) created quality check sheets for each business to stabilize quality and reduce risks throughout the entire Group, and rolled them out to overseas locations.

## Selection of material risks

The Risk Management Subcommittee assesses and reviews the risks of each company and department based on the probability of occurrence and severity and shares a risk map with the whole Group. For themes among the anticipated material risks that are considered to have a high degree of impact on business continuity, the relevant departments systemat-

ically implement measures and report their progress to the Group Management Committee and the Board of Directors. By monitoring material risks at the senior management level, we conduct risk management activities based on a group-wide perspective and management perspective of risk awareness.

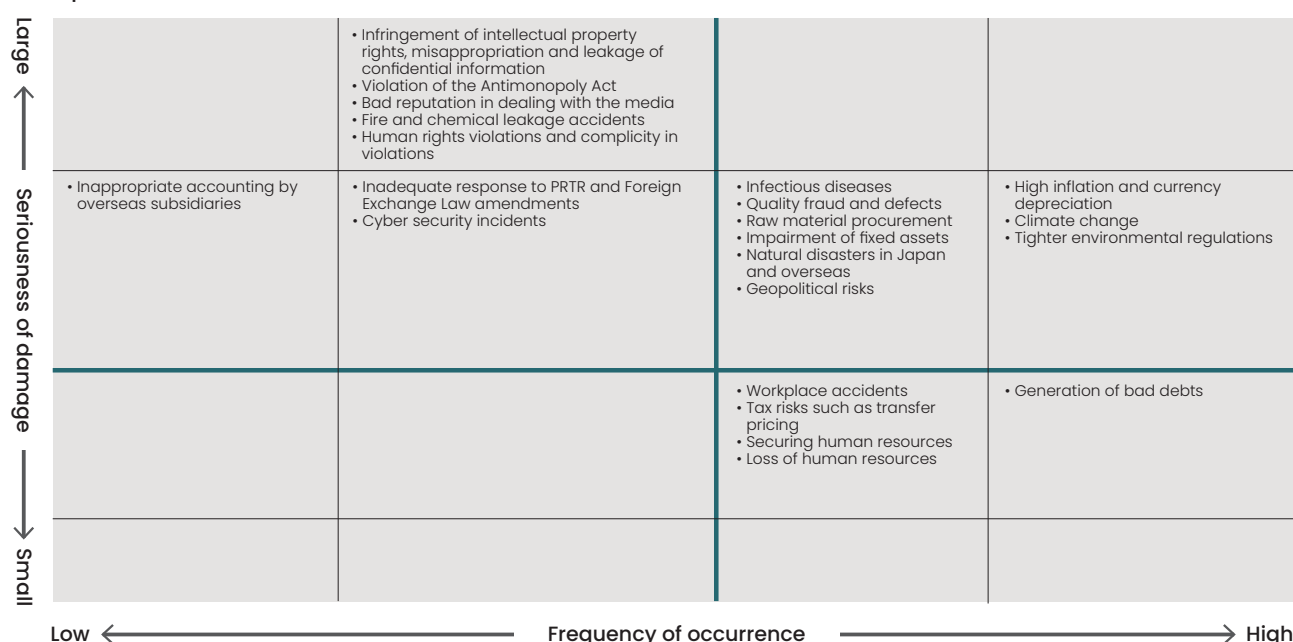
### ■ Evaluation criteria for frequency of occurrence

<b>4</b>	Almost certain possibility of occurrence (once to several times a year)	<b>2</b>	Able to predict possibility of occurrence (once every 10 to 50 years)
<b>3</b>	Possibility of occurrence (once every few years or once every 10 years)	<b>1</b>	Occurs only under exceptional circumstances (once every 50 or more years, or long term)

### ■ Evaluation criteria for seriousness

	Personal damages	Financial damages	Reputation
<b>4</b>	Fatal accidents	Damage of over 5 billion JPY	<ul style="list-style-type: none"> <li>· Long-term major coverage in mass media and social media (negative coverage)</li> <li>· Significant loss of confidence among business partners and consumers</li> </ul>
<b>3</b>	Many injured	Damage of over 1 billion JPY	<ul style="list-style-type: none"> <li>· Temporary major coverage in mass media and social media (negative coverage)</li> <li>· Loss of confidence among multiple business partners and consumers (5 years or more to recover trust)</li> </ul>
<b>2</b>	Injuries requiring hospitalization	Damage of 100 million JPY	<ul style="list-style-type: none"> <li>· Slight coverage in mass media and social media</li> <li>· Loss of confidence among some business partners and consumers (2-3 years or more to recover trust)</li> </ul>
<b>1</b>	Light wounds	Damages of less than 100 million JPY	<ul style="list-style-type: none"> <li>· Resolved by daily management</li> </ul>

### ■ Map of material risks



## Risk Management

### Responses to material risks (FY2024)

- High inflation and currency depreciation ..... Mitigated impact of environmental changes through cash flow management and CCC reduction.
- Climate change / tighter environmental regulations ..... Formulated a roadmap for reducing CO<sub>2</sub> emissions. Calculated group-wide global Scope 3 emissions.
- Raw material procurement ..... Reviewed raw material lists and supplier evaluation sheets relating to risk concerns, formulated purchasing strategies in response to demand fluctuations, and implemented flexible price revisions.
- Quality fraud and defects ..... Rolled out quality trouble sheets both in Japan and overseas, and implemented quality education and preventive measures.
- Natural disasters in Japan and overseas ..... Reviewed disaster response manuals and communication methods during times of disaster, and promoted business continuity through training drills.

### Typical business risks

Representative risks that management recognizes could have a significant impact on the financial position, operating results and cash flows of the Group are

as follows. In FY2024, there was no new risk of a significant adverse impact on the Group.

#### ■ Typical business risks

Category	Typical risks concerning the entire Group
(1) Risks related to overseas operations	<ul style="list-style-type: none"> <li>· Changes in laws and regulations, and changes in tax systems that could have adverse effects</li> <li>· The adverse effect of inadequate social common capital on corporate activities</li> <li>· Unfavorable political factors</li> <li>· Social turmoil caused by terrorism or war</li> <li>· Unexpected rapid change in the work environment</li> </ul>
(2) Risks related to system fault, information leakage, loss, and damage	<ul style="list-style-type: none"> <li>· Suspension of operations due to system failure</li> <li>· Occurrence of the leak, loss, or damage of information due to malware attacks, including ransomware</li> </ul>
(3) Risks related to quality and product liability	<ul style="list-style-type: none"> <li>· Accidents or complaints caused by the quality of products</li> <li>· The 2024 Problems in Logistics</li> </ul>
(4) Risks related to natural disasters and epidemics	<ul style="list-style-type: none"> <li>· Difficulties in procuring raw materials, hindrance to production activities, stagnation of global consumer activities and stagnation of logistics functions in the supply chain, etc., due to natural disasters, such as major earthquakes, heavy rain and epidemics in Japan and other countries</li> </ul>
(5) Risks related to the sourcing of raw materials	<ul style="list-style-type: none"> <li>· The increase of prices and supply shortages due to the fluctuation of market conditions, natural disasters, accidents, government policies, and other issues</li> <li>· Compensation for damages due to the delayed or suspended supply of raw materials from suppliers and the resulting failure to supply products to customers</li> </ul>
(6) Risks related to exchange rate fluctuations	<ul style="list-style-type: none"> <li>· Dramatic fluctuations in exchange rates</li> </ul>
(7) Risks related to general legal restrictions	<ul style="list-style-type: none"> <li>· Changes to legal restrictions in Japan and overseas and the resulting changes in markets</li> <li>· Litigation or other legal procedures that seriously affect the Group's businesses, including litigation related to environmental issues, product liability, and patent infringement</li> </ul>
(8) Risks of environmental burdens	<ul style="list-style-type: none"> <li>· Changes to environmental laws and regulations in Japan and overseas and the resulting changes in markets</li> <li>· Increased expenses caused by delays in taking measures to reduce environmental impact</li> <li>· Additional investment and changes in business portfolio in response to social environmental requirements (such as the shift away from plastics and the carbon neutrality, etc.)</li> </ul>
(9) Risks related to climate changes	<ul style="list-style-type: none"> <li>· Changes to climate change-related laws and regulations in Japan and other countries and the resulting changes in markets</li> <li>· Increase in costs due to delays in responding to social demands, such as the reduction of CO<sub>2</sub> emissions</li> </ul>
(10) Risks related to common debt collection	<ul style="list-style-type: none"> <li>· Difficulty in collecting of trade receivables and other claims due to the worsening of customers' financial conditions</li> </ul>
(11) Risks relating to impairment losses on non-current assets	<ul style="list-style-type: none"> <li>· Impairment losses on non-current assets due to changes in economic conditions, etc.</li> </ul>
(12) Risks related to human resource	<ul style="list-style-type: none"> <li>· Labor shortage due to changes in social environment</li> </ul>
(13) Risks related human rights	<ul style="list-style-type: none"> <li>· Impairment of social trust and suspension of transactions due to human rights issues</li> <li>· Lawsuits and conflicts due to human rights issues</li> </ul>

\* Details of business risks are shown in the securities reports.

## Internal controls

### [Status of internal control systems]

At the artience Group, we recognize that the improvement and utilization of the internal controls system is an important management issue. The Board of Directors has formulated the "Basic Policy on the Internal Controls System" (revised on January 2024,) and we strive to put in place the implementation systems and monitoring systems needed to ensure that we carry out our business activities in an appropriate manner.



For information about the Basic Policy on Development of Internal Control System, visit our website and click on [Sustainability > Governance > Risk Management.]

### [Internal audit initiatives]

The Group's Internal Audit Department conducts internal audits to establish a sound foundation for business activities, from the perspectives of legality, appropriateness, effectiveness of business activities, efficiency, and risk management. It also provides advice and recommendations for improvement to the audited departments, and follows up on the progress of improvements.

The Group's internal audits are broadly divided into audits of the state of development and operation of internal controls related to financial reporting (J-SOX audits) and audits of the state of compliance and risk management initiatives based on instructions from management and requests from the risk management department (business audits.) The Internal Audit Department reports the results of internal audits directly to the President and Representative Director, the director in charge of internal control, the Board of Directors and the Audit & Supervisory Committee, and shares information with operating officers and department heads. Audit and Supervisory Committee members and accounting auditors also meet regularly to share information and exchange opinions on audit policies, targets, and audit results, etc., in an effort to improve the efficiency and effectiveness of audits.

In FY2024, we conducted internal audits at 12 Group companies (42 departments) in Japan and 26 Group companies overseas.

## Information security

### [Basic approach]

Information security measures are becoming more important with each year. It is important to work out policies and measures to address diversifying risks, including infections with viruses, unauthorized access to systems, leaks of personal information, and cyber attacks, to prevent risk materialization and minimize the effects of incidents if they occur. The artience Group has established the Basic Policy on Information Security (established on May 10, 2024,) the Information Protection Management Regulations and Information System Management Regulations and has implemented technological and physical preventive measures using information technology, information se-

curity education, and incident response trainings. The Group works to maintain and enhance appropriate information management and information security.

### Policies on Information Security Activities in FY2024

Improve information security awareness and countermeasures based on IT and data utilization, and strengthen incident response capabilities against increasingly sophisticated cyber attacks

- (1) Continuing education for employees to achieve both data utilization and information security
- (2) Strengthen information security measures across the entire Group, including overseas
- (3) Enhance the effectiveness of artience-CSIRT\* in response to cyber incidents

\* Abbreviation for Cyber Security Incident Response Team



The Basic Policy on Information Security is posted on our website under [Sustainability > Governance > Risk Management.]

### [Promotion system]

The Information System Department takes a leading role in initiatives in information security and addressing risk cooperating with the General Affairs Department and Corporate Communication Department. We have established the Information Security Contact Office, a point of contact that receives consultation and reports from employees.

In the event of an incident, we will launch the artience Group Cyber Security Incident Response Team (artience-CSIRT) in accordance with the artience-CSIRT Setup Guidelines. The team will deliver reports to the Risk Management Subcommittee, to the Sustainability Committee and to management and carry out response actions for the purpose of minimizing its impacts. The Information System Department will serve as an administrative office for the team.

### [Major activities in FY2024]

In 2024, We are working to improve information security awareness by offering a range of education and conducting awareness-raising activities. They include the Information Security Months (in September and October) in the overall Group including its overseas sites, alerts and information distribution on data security with the use of our internal portal, education for new employees and training for representatives at overseas affiliates and an IT literacy test.

We also conduct targeted e-mail drills every year to combat information security risks caused by cyber attacks, which leads to improvements in the information security awareness of each and every employee (conducted on November 19 in FY2024.) In addition, we conducted incident response training for artience-CSIRT to confirm response procedures in the event of a cyber incident.

At overseas Group companies, we assessed the state of security measures to understand their current status, performed vulnerability assessments, and instructed and guided companies to respond quickly to known vulnerabilities.

## Risk Management

### [Information security incidents]

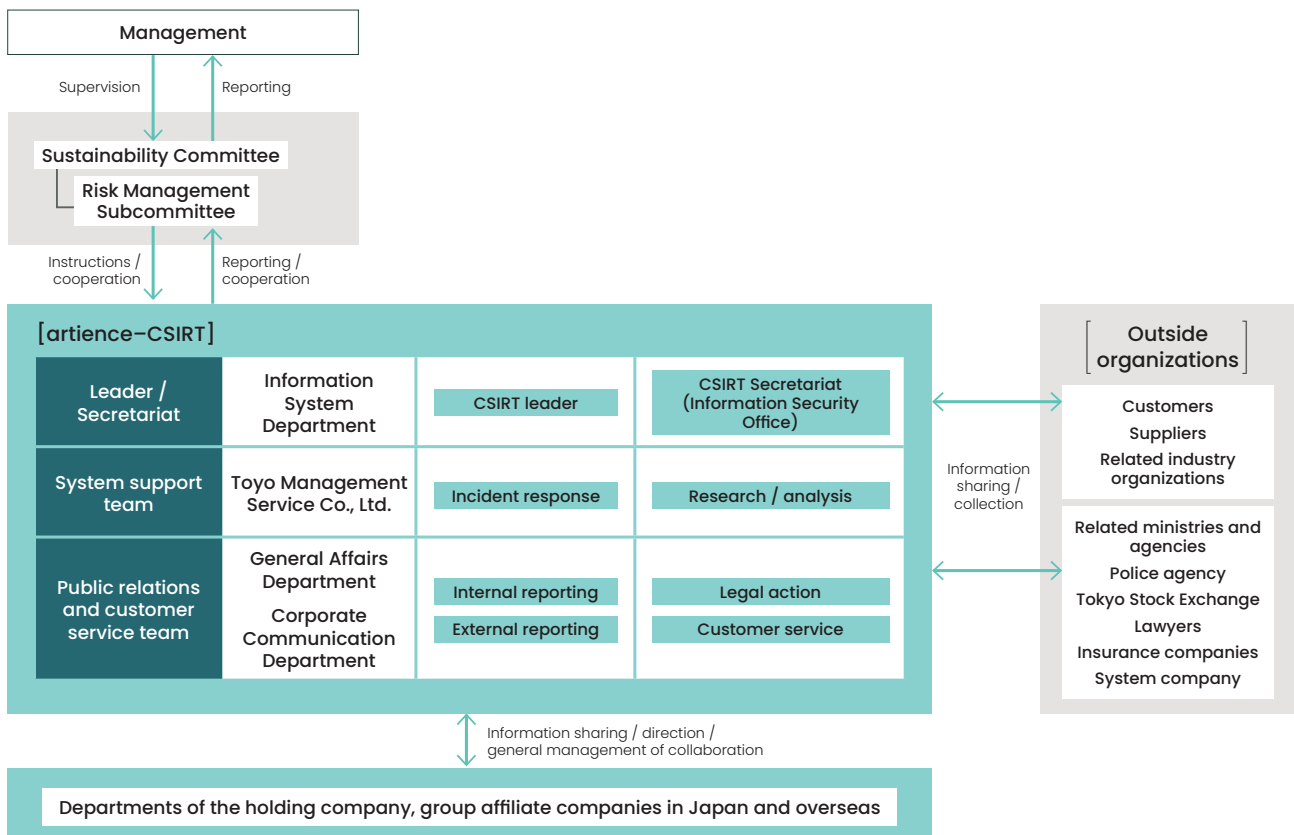
In FY2024, there was no occurrence of a material information security incident, such as leaks of personal information.

### [Protection of personal information]

The artience Group recognizes the importance of protecting personal information, and making efforts to properly handle and protect personal information while complying with laws and regulations regarding the handling of personal information. In addition to enacting the "Privacy Policy," we established "Personal Information Management Regulations" and appointed personal information managers to each department. A personal information ledger is used to properly manage information as part of our efforts to maintain customer confidence. We are also proceeding with initiatives based on the laws and regulations of each country, such as compliance with the EU General Data Protection Regulation (GDPR) that came into effect in the EU in May 2018.

**WEB** The Privacy Policy (Policy on Personal Information Protection) is posted on our website under [Sustainability > Related Policies and Guidelines.]

### ■ Security incident response structure (FY2025)



### [Cyber security measures]

The Group needs to build up its organizational capacity to respond to unexpected cyber incidents in accordance with its Basic Policy on Risk Management. For this purpose, we set up the artience-CSIRT as an organization for system BCP aimed at minimizing damage caused by an incident and at maintaining business continuity. We have developed the Risk Management Implementation Rules, the Emergency Response Rules, the Information System Disaster Control Measures Guidelines and other rules and response procedures for responding to, and recovering from, incidents. Additionally, we have developed the artience-CSIRT Setup Guidelines and the Cyber Incident Response Manual and strive to make them known to internal personnel.

#### Action Principles against Cyber Incidents

1. Take consistent actions to reduce and eliminate damage to information as important assets.
2. Always put customers first and serve them swiftly and sincerely.
3. Pay attention to maintaining and improving the brand image without yielding to cyber attack.

## Business Continuity Management (BCM)

### [Basic approach]

The artience Group implements risk response measures for Business Continuity Management (BCM) targeting risks that have the potential to be an obstacle to business continuity, including natural disasters such as earthquakes, typhoons and floods, etc., infectious diseases pandemics, accidents such as explosions, fires or leaks taking place at factories, and cyber attacks, etc. Recognizing the importance of ensuring smooth recovery, and of the establishment of the product supply systems, in the event of an accident either at a artience facility or at another chemical manufacturer, the artience Group has continued to implement BCM measures.

#### Basic policy on disaster countermeasures

1. Ensuring the safety of personnel (ensuring the safety of employees and visitors)
2. Preservation of assets (mitigation of damage to company assets such as buildings, equipment, products, and important documents)
3. Secondary disaster prevention (prevention of collapses of buildings, structures, and hazardous materials, etc., and prevention of secondary disasters such as fires)
4. Contribution to surrounding communities (participation in relief activities of local residents and actions in coordination with surrounding communities)
5. Business continuity (early-stage restoration of head office and site functions to ensure business continuity)

### [Establishment of emergency procedures]

We operate our safety confirmation system to verify the safety of all employees in the event of a major disaster and respond promptly to the disaster in accordance with the damage. This system automatically identifies employees in affected areas based on the intensity of the earthquake and the range of the affected areas and provides necessary information by receiving the latest disaster information. In addition, we conduct disaster drills and similar events every year at our major business locations, and an emergency contact network for prompt reporting, as well as satellite phones and disaster transceivers (installed at major bases in Japan) are in place.

In addition, we have launched the artience-CSIRT\* as a team for system BCP measures aimed at cyber security control.

\* For the artience-CSIRT, see Cyber security measures on page 80.

### [Making facilities more earthquake-resistant]

At the artience Group, we formulated the Rules on the Response to Measures against Earthquakes (Prevention of Collapses, Leaks, Fires, and Falling Objects) based on the results of the post-quake safety audits carried out after the Great East Japan Earthquake. These rules show specific measures for preventing falling objects, leaks, and fires by assuming a seismic intensity of upper 6 on the Japan Meteorological Agency (JMA) scale. At our business establishments in Japan, we promote mea-

asures including seismic analysis, reinforcement of buildings, demolition of aging buildings, fixing equipment, and introduction of earthquake-resistant equipment.

### [Response to climate disasters]

The artience Group supports the Task Force on Climate-Related Financial Disclosures (TCFD.) With business continuity plans (BCPs) at individual sites in Japan and overseas, we develop operation manuals in the event of disaster and implement disaster control measures.

Specifically, we adopted an emergency structure and response procedures to be used when the water level reaches a dangerous level in preparation for river overflows and flooding following heavy rainfall or typhoons. We also installed water stop panels and water-proof walls at production sites, and carried out actions based on past experiences, such as relocating electrical equipment to elevated locations, installing sandbags and turning procedures for breaking electric circuits into plans. We use Aqueduct Water Risk Atlas to assess water risks at different sites in Japan and overseas and to identify risks so that the findings will be used for measures.

\* For information disclosures in accordance with the TCFD recommendations, see pages 83 to 85.

### [Stable procurement of raw materials]

Since the Great East Japan Earthquake, we have been promoting the replacement of major limited-source materials (monopoly raw materials) with widely-available ones and the procurement of such materials from multiple sources. At the same time, we have been engaged in activities to prevent the occurrence of limited-source materials, which begin at the product design phase, so as to ensure the stable procurement of raw materials.

### [Establishment of a backup production system]

In response to major disasters and supply chain failures, we have established a backup production system for all of our domestic and overseas manufacturing facilities, created a system to prevent extensive damage to our business, and completed a backup production manual. Aiming for early recovery from an incident, we have clarified an action plan needed for a backup production system to be applied in the event of a one- to two-month shutdown. We are also establishing a system for backup production in cooperation with other companies in an emergency.

### [Extension of BCM to cover overseas business locations]

As part of its efforts to standardize business processes useful to the operation of its bases, the Group publishes the "Guidelines for Overseas Risk Responses," and the "Risk Management of the artience Group" textbook for overseas companies. The textbook is written in both Japanese and English, and the Guidelines are available in Japanese, English, and Chinese language versions. To ensure that the important business processes that we have identified are not interrupted even in the event of serious damage caused by natural disasters or other disasters, we are working to create BCM basic policies and establish systems for in the event of a disaster, to restore them within the target recovery time.

# Compliance

## Basic approach

Compliance activities of the artience Group are based on the belief that it is important that every single employee should be aware of compliance. We discuss compliance in daily operations, aiming to steadily instill within the Group an awareness of the importance of compliance with laws and regulations.

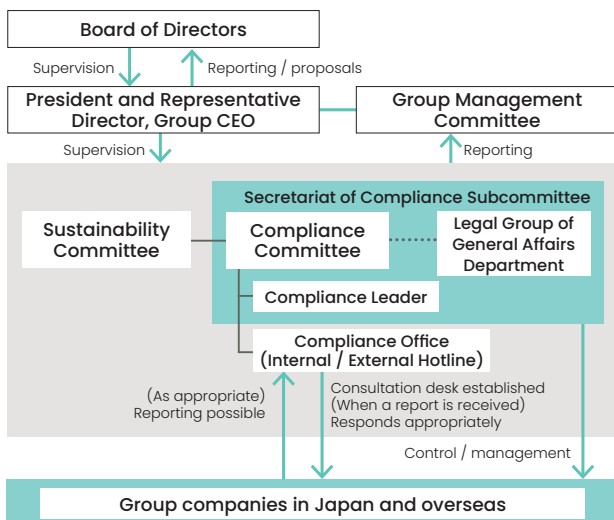
In line with the change of our company name and partial revision of our philosophy in January 2024, we have reviewed our sustainability-related policies and guidelines. We revised our CSR Charter, revising it as the Sustainability Charter, and reorganized and revised the Code of Business Ethics, which had previously been used as an explanatory material in our compliance activities, as the Code of Ethical Conduct. We also established a new Basic Policy on Compliance (enacted on May 10, 2024.)

**WEB** The Sustainability Charter, the Code of Ethical Conduct, and the Basic Policy on Compliance are posted on our website under [Sustainability > Related Policies and Guidelines.]

## Compliance system

We are planning compliance measures, disseminating the way of thinking about compliance and providing education on regulations throughout the Group, with the leading role played by the Compliance Subcommittee under the Sustainability Committee. We are also proactive in creating opportunities to deepen our awareness of compliance related to daily operations, with the central role played by compliance leaders in each operation site.

### Compliance system (FY2025)



\* Excerpts and additions from P.69 Sustainability promotion system (FY2025)

## Whistleblowing system

We have established internal / external Compliance Office as a consultation desk for compliance. We have also established the "Operating Regulations of Compliance Office" to ensure fair and proper operation of the Office. Consultations and reports mainly cover violations of laws and regulations (including corruption such as bribery and violations of the Antimonopoly Act) and violations of internal rules.

We investigate the fact based on consultation, and take measures immediately if there is any concern of problem occurrence. In addition, we give maximum consideration to protection and confidentiality of whistleblowers. In FY2024, there were seven consultations / reports regarding harassment and violations of internal regulations, but none of them posed a serious risk.

## Major activities in FY2024

- **Compliance meetings in each site (from April to June)**  
We held meetings at numerous locations in Japan (3,315 participants,) using materials that are used Group-wide, to promote the identification of new compliance issues and the formulation and implementation of solutions.
- **Compliance Improvement Month held in October**  
We held meetings at each operation site (3,375 participants.) We confirmed and studied response status of the issues identified at each site, as well as any newly occurred risks. In addition, we sent the compliance materials, which are translated into local languages, to all representatives at overseas affiliates, and requested that they hold compliance meetings including local staff, and strengthen their awareness of compliance.
- **Compliance education**  
Compliance seminar for new employees (held once a year)  
Advance training for overseas assignments (held twice a year)  
Antimonopoly Act seminar (13 sessions, 313 participants)  
Subcontracting Act seminar (23 sessions, 379 participants)
- **Compliance auditing, with the goal of creating an organization with integrity**  
In FY2024, we conducted a questionnaire survey of all Group companies regarding their responses to guidelines on price negotiations for the appropriate transfer of labor costs, as being promoted by the Fair Trade Commission and other organizations. As a result, we found no illegal transactions.
- **Response to overseas legal risks**  
We also established external hotlines for overseas sites to facilitate whistleblowing and informed overseas representatives and local staff of these hotlines. Further, in China, we check the status of operations in the country every six months based on the "Bribery Prevention Regulations."

# Addressing Climate Change — Information Disclosure Based on the TCFD Recommendations

The artience Group understands that responding to climate change is a material management issue with a huge impact on business activities. In November 2020, we expressed support for the Task Force on Climate-related Financial Disclosures (TCFD.) Currently, we conduct activities for addressing climate change such as reducing CO<sub>2</sub> emissions towards carbon neutrality in 2050 in accordance with our Sustainability Vision “asv2050/2030.” We also disclose information in accordance with the TCFD recommendations.

**WEB** This content omits some of our Group’s information disclosure based on the TCFD recommendations. The full document is put on our website under [Sustainability > Environment > Response to Climate Change > Information Disclosure Based on TCFD Recommendations.] [https://www.artiencegroup.com/en/corporate/sustainability/environment/climate-change/tcfd/](https://www.artiencegroup.com/en/corporate/sustainability/environment/climate-change/tcf/)

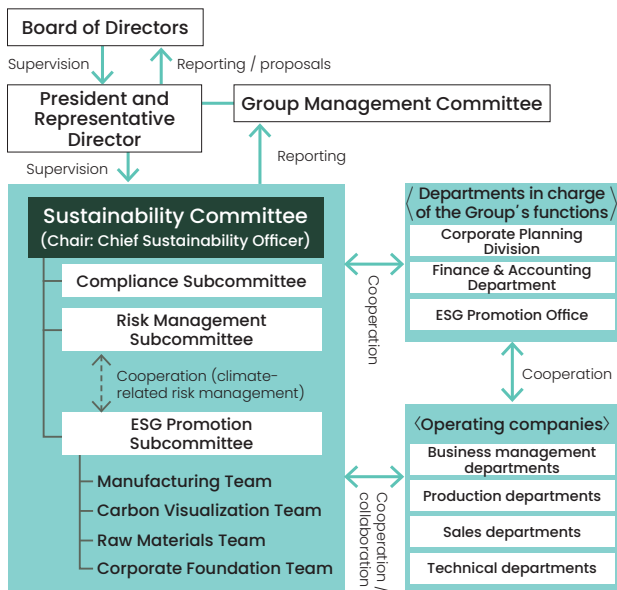
## Governance

The Sustainability Committee, which oversees the sustainability activities of the entire artience Group including climate change and promotes them across the organization, is supervised by the Board of Directors via the President and Representative Director. Important issues are discussed and resolved by the Group Executive Committee, and then reported to the Board of Directors for approval.

The President and Representative Director oversees the Sustainability Committee as the chief supervisor for the Group’s response to climate change, taking ultimate responsibility for management decisions relating to the group-wide sustainability activities, and appointing a Chief Sustainability Officer as the executive officer in charge of sustainability activities.

Subordinate to this committee, the ESG Promotion Subcommittee plans and implements specific activities relating to the group-wide sustainability, including the response to climate change. We are also enhancing the effectiveness of our climate change response activities by collaborating and cooperating with practical organizations such as the ESG Promotion Office, Group functional departments, and departments at each operating company.

### System for addressing climate change (FY2025)



\* Additions from P.69 Sustainability promotion system (FY2025)

### Report on climate change to management (Board of Directors and Group Management Committee)

	Contents of report
July 2024	Progress report based on the decarbonization roadmap for bases in Japan and overseas, proposal for establishing a Scope 3 / product’s CFP calculation systems (Sustainability Conference)
February 2025	Explained the Group’s new materiality (including detailed explanation of climate-related themes)
March 2025	Reports on activities in FY2024 and explanations on the activity policy for FY2025 at the Sustainability Committee meeting

## Risk management

### [Risk / opportunity management process]

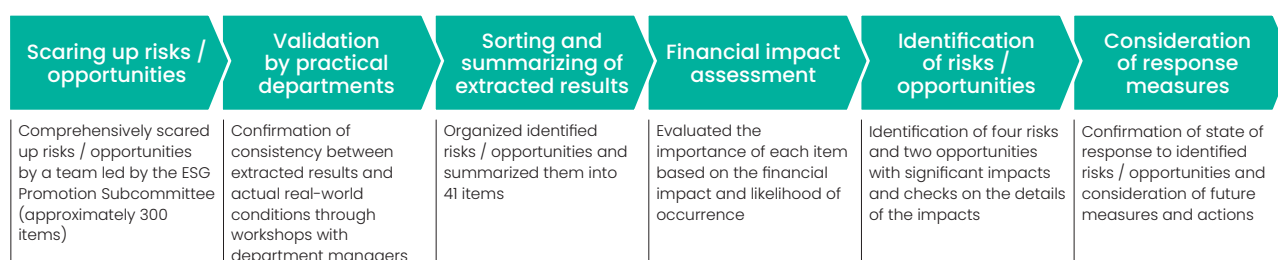
The Group has established a group-wide risk management system centered on the Risk Management Subcommittee. We recognize that climate-related risks, like other corporate risks, are factors that affect the sustainable growth of the Group, and that taking appropriate measures will lead not only to preventing the actualization of risks and the mitigation of their impact when they actualized, but also to opportunities such as increasing profits and improving the reputation in the market. The ESG Promotion Subcommittee manages climate-related risks and opportunities in cooperation with the Risk Management Subcommittee, applying the same management process as for corporate risks in general.

The ESG Promotion Subcommittee identifies and assesses climate-related risks and opportunities and reports them to the Group Management Committee and to the Board of Directors. It organizes a Sustainability Conference as the group-wide meeting on an annual basis to provide not only the management layer and managers of divisions in group companies but also general employees with opportunities to hear discussions in a bid to share information and views in the Group. It also provides education and training related to climate by means of e-learning to all employees to raise awareness, to update them with the latest information and to develop their ability to perceive risks. Management layer and Group companies incorporate response measures and action plans based on these risks and opportunities into their management plans and business plans, and reflect them in specific measures.

**[Risk / opportunity identifying process] (conducted from December 2021 to May 2022)**

Using a matrix of the categories of the risk and opportunity categories defined by the TCFD recommendations (Transition Risks: Policy and Legal, Technology, Markets, and Reputation; Physical Risks: Acute and Chronic; Opportunities: Resource Efficiency, Energy Sources, Products and Services, Markets, and Resilience) and the Group’s value chain processes (procurement, production, logistics, sales, R&D, management, use, and disposal,) we exhaustively extracted risks and opportunities associated with climate change. The va-

lidity of the extracted results (i.e. whether or not they are matched with the practical work and the on-the-spot situation) was confirmed through a workshop for department managers at each Group company. After organizing these risks and opportunities, we conducted an impact assessment (scenario analysis) based on two axes: financial impact and likelihood of occurrence. In this way, we identified four key risks and two key opportunities based on the evaluation results.



**Strategy**

**[Basic policies and strategies]**

The artience Group recognizes that the policies and measures taken by national and local governments in response to global climate change have a significant impact on market conditions, the procurement of raw materials and consumer preferences and may have a strong impact on business continuity and business

performance in the future. We have set out the “Policy on Climate Change” (established in April 2022, revised in January 2024,) analyze these risks and opportunities, reflect them in our management plans and business plans, and engage in appropriate activities to address climate change.

**WEB** The Policy on Climate Change is posted on our website under [Sustainability > Environment > Response to Climate Change > Information Disclosure Based on TCFD Recommendations.] [https://www.artiencegroup.com/en/corporate/sustainability/environment/climate-change/tcdf/#qa\\_1\\_1](https://www.artiencegroup.com/en/corporate/sustainability/environment/climate-change/tcdf/#qa_1_1)

**[Scenario analysis]**

The purpose of scenario-based analysis is to grasp and understand risks and opportunities that will arise from anticipated climate change and what kind of impact they will have on the Group, confirm the resilience of the Group’s sustainable growth strategy in the expected future, and consider the need for further measures.

We conducted a scenario analysis on four risks and two opportunities identified by the Group, referring to two climate change scenarios (1.5°C and 4°C) proposed by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC.)

Categories	Risks / opportunities	Financial impact / expressivity		Periods of increased impact
		1.5°C scenario	4°C scenario	
Transition risks: Legal, Market	Rising raw material and energy prices	Impact 3 / Expressivity 3	Impact 2 / Expressivity 3	Mid
Transition risks: Technology, Market, Reputation	Decline in demand for packaging- and printing-related items	Impact 3 / Expressivity 3	Impact 2 / Expressivity 2	Short
Transition risks: Policy and Legal	Increased impact of carbon prices on costs	Impact 3 / Expressivity 3	Impact 2 / Expressivity 3	Short
Physical risks: Acute	Loss of business opportunities due to the intensification of climate-related disasters	Impact 2 / Expressivity 2	Impact 3 / Expressivity 3	Long
Opportunities: Energy Source, Products and services	Increased sales of low-emission products	Impact 3 / Expressivity 3	Impact 2 / Expressivity 3	Short
Opportunities: Products and Services, Market	Acquisition of business opportunities such as materials for combating extreme heat and infectious diseases	Impact 2 / Expressivity 3	Impact 3 / Expressivity 3	Long

Financial impact: 3=impact of several billion JPY or higher; 2=impact of around one billion JPY; 1=impact of less than one billion JPY  
 Likelihood of occurrence: 3=already occurring at the present time, or almost certain to occur in the future;  
 2=relatively high likelihood of occurrence; 1=low likelihood of occurrence  
 Period of increase in impact: Short-term = around 1 year (period of annual plan) Medium-term = around 3 years (period of medium-term management plan)  
 Long-term = around 10 years (interim target year of asv2050/2030 = period up to FY2030)  
 For our 1.5°C scenario, we refer to the IEA World Energy Outlook: Net Zero Emission by 2050 Scenario and IPCC: SSP1-1.9 scenario.  
 For our 4°C scenario, we refer to IEA World Energy Outlook: Stated Policy Scenario and IPCC: SSP5-8.5 scenario.  
 Scope of analysis: Existing businesses of the entire Group and new businesses anticipated at this time

## Metrics and targets

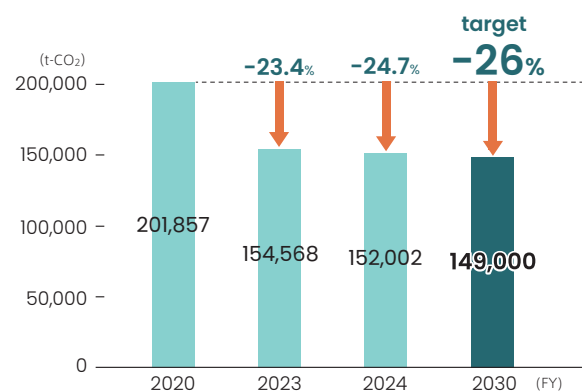
### [Scope 1 + 2 emissions] (indicator for risk)

Since launching the "CO<sub>2</sub> Reduction Project" in FY2010, the artience Group has been striving to reduce CO<sub>2</sub> emissions from its production bases in Japan and overseas.

Our Sustainability Vision asv2050/2030 declares that the artience Group will reduce GHG emissions from its production activities and achieve carbon neutrality by 2050. In addition, it sets specific interim targets of reducing Scope 1 + 2 emissions globally by 26% from the FY2020 level by FY2030.

Our measures to achieve these targets can be classified into three aspects: reducing energy consumption, shifting to low-carbon energy, and shifting to low-carbon power. In Japan, co-generation systems are in operation at many production bases. Our efforts will center on shifting to low-carbon energy, such as changing fuels for system into lower-carbon fuels and electrification of production facilities. Overseas, the electrification of production facilities is more advanced. There, we will focus on shifting to low-carbon energy, such as electric power generated from renewable energy.

### Changes in Scope 1 + 2 emissions and targets



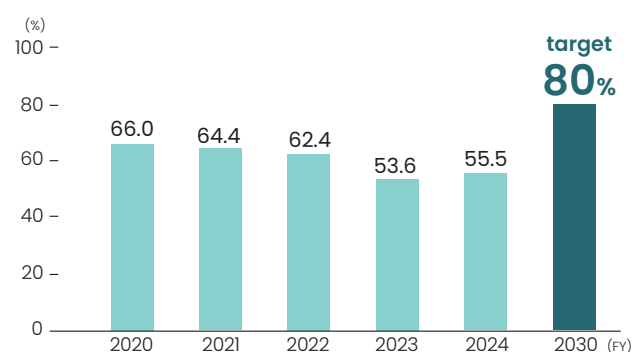
Direction of measures	Major reduction measures
Reduction of energy consumption	<ul style="list-style-type: none"> <li>Energy conservation (eliminating energy loss in processes)</li> <li>Production process reform from an energy-saving perspective</li> </ul>
Low carbonization of energy	<ul style="list-style-type: none"> <li>Electrification of production equipment (reducing direct emissions)</li> <li>Preparation and research for the use of LNG alternative fuels</li> </ul>
Low carbonization of electric power	<ul style="list-style-type: none"> <li>Introducing low-carbon power (reducing indirect emissions)</li> <li>Introducing renewable energy equipment</li> </ul>

### [Sales ratio of Sustainability-enhancing products] (indicator for opportunity)

The artience Group began our efforts to improve the environmental friendliness of our products in the early days of the Group. In the 1990s we started placing environmentally friendly products on the market. Our Sustainability Vision asv2050/2030 defines our products that help improve the sustainability of society as Sustainability-enhancing products. This category of products offers not only the environmental value provided by environmentally friendly products but also lifestyle value, which includes comfort, health, welfare, safety and peace of mind in people's lives. Through the Group's scenario analysis, we have identified two climate-related opportunities, namely increased sales of low-emission products and the acquisition of business opportunities such as materials for combating extreme heat and infectious diseases. Sustainability-enhancing products include products that are associated with these opportunities.

The asv2050/2030 adopts the ratio of sales of these Sustainability-enhancing products to the Group's total sales as an indicator of the Group's climate action and sets a target of attaining 80% or more in this indicator by FY2030.

### Changes in sales ratio of Sustainability-enhancing products\* and targets



\* In FY2023, a new definition of Sustainability-enhancing products was introduced under asv 2050/2030 and the scope of calculation was expanded to include overseas sales. The figures up to and including FY2022 are net sales and sales composition ratio of conventional environmentally friendly products.

# Financial Information

## Key consolidated financial data

		March 2015	March 2016	March 2017	December 2017*1
Net sales	(million JPY)	286,684	283,208	268,484	240,344
Operating profit	(million JPY)	18,210	18,236	19,231	16,774
Ordinary profit	(million JPY)	19,411	18,466	19,262	17,473
Profit attributable to owners of parent	(million JPY)	13,304	11,818	12,702	10,376
Comprehensive income	(million JPY)	32,605	5,196	13,179	16,371
Net assets	(million JPY)	213,756	211,859	216,979	228,384
Total assets	(million JPY)	364,262	359,395	364,066	378,459
Net assets per share*2	(JPY)	3,473.08	3,442.76	3,608.23	3,792.89
Profit per share (Basic)*2	(JPY)	222.98	198.09	214.98	177.73
Profit per share (Diluted)*2	(JPY)	—	198.05	214.84	177.53
Total shareholders' equity ratio	(%)	56.9	57.2	57.9	58.5
Interest-bearing debts	(million JPY)	66,924	68,786	64,759	61,772
Return on total shareholders' equity ratio*3	(%)	6.9	5.8	6.1	4.8
Return on total assets ratio*4	(%)	3.8	3.3	3.5	2.8
Price earnings ratio	(times)	12.6	11.4	12.5	18.8
Cash flows from operating activities	(million JPY)	25,702	25,727	23,370	18,663
Cash flows from investing activities	(million JPY)	-6,198	-17,457	-10,611	-5,912
Cash flows from financing activities	(million JPY)	-13,585	-5,817	-11,231	-8,355
Balance of cash and cash equivalent	(million JPY)	42,546	43,744	44,132	49,262
Dividend payout ratio	(%)	32.5	39.1	37.2	45.0
Number of employees	(persons)	7,919	8,116	8,021	8,135

\*1 In 2017, the company's fiscal year end was changed from March 31 to December 31.

\*2 The Company implemented a consolidation of its common stock at the ratio of five shares to 1 share on July 1, 2018.

Accordingly, the above figures have been calculated assuming such share consolidation was conducted at the beginning of the fiscal year ended March 2014.

\*3 Return on total shareholders' equity ratio (ROE) (%) = Profit attributable to owners of parent / Net worth

\*4 Return on total assets ratio (ROA) (%) = Profit attributable to owners of parent / Total assets

## Overseas sales\*2

		March 2015	March 2016	March 2017	December 2017*1
Asia	(million JPY)	101,550	101,329	86,992	95,699
The Americas	(million JPY)	13,983	15,275	13,660	13,940
Europe	(million JPY)	7,464	7,581	12,212	12,825
Africa	(million JPY)	401	434	309	461
Total	(million JPY)	123,399	124,621	113,175	122,926
Overseas sales ratio	(%)	43.0	44.0	42.2	51.1

\*1 In 2017, the company's fiscal year end was changed from March 31 to December 31.

\*2 Overseas sales include sales of artience Co., Ltd. and its consolidated subsidiaries in countries or regions other than Japan (excluding internal sales among consolidated subsidiaries.)

	December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
	290,208	279,892	257,675	287,989	315,927	322,122	351,064
	15,276	13,174	12,909	13,005	6,865	13,372	20,414
	15,429	13,847	12,543	15,442	7,906	12,880	21,008
	11,847	8,509	6,019	9,492	9,308	9,737	18,540
	-2,441	10,675	-3,993	19,892	11,705	31,888	29,959
	221,091	226,892	217,325	226,947	227,877	255,653	273,754
	371,610	376,130	380,227	406,896	411,177	447,798	472,787
	3,668.36	3,757.35	3,589.24	3,911.64	4,133.90	4,634.95	5,164.85
	202.93	145.72	103.06	169.36	171.49	183.69	352.53
	202.60	145.44	102.85	169.09	171.30	183.57	352.41
	57.6	58.3	55.2	53.7	53.3	54.9	55.4
	60,199	59,507	81,386	81,007	86,448	89,897	83,936
	5.4	3.9	2.8	4.4	4.3	4.2	7.3
	3.2	2.3	1.6	2.4	2.3	2.3	4.0
	12.0	18.3	19.1	11.4	10.5	14.3	8.9
	19,197	19,673	16,743	15,760	4,262	23,478	26,964
	-10,828	-10,404	-13,294	-17,576	-5,645	-19,457	-10,172
	-5,695	-6,247	16,221	-11,988	-8,102	-2,629	-14,975
	50,958	53,765	73,117	60,949	53,385	56,040	60,052
	41.9	61.8	87.3	53.1	52.5	49.0	28.4
	8,274	8,246	8,157	7,887	7,930	7,836	7,897

	December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
	106,304	101,361	94,252	113,523	125,627	127,470	146,135
	14,909	14,386	13,286	16,430	23,056	20,029	25,394
	12,912	12,393	11,562	13,098	17,306	25,098	22,141
	513	576	510	644	862	463	742
	134,639	128,718	119,613	143,696	166,853	173,061	194,414
	46.4	46.0	46.4	49.9	52.8	53.7	55.4

## Segment information

## ■ Segment information by business group

Net sales	March 2015	March 2016	March 2017	December 2017*1
Colorants and Functional Materials Business	78,465	71,878	65,935	63,385
Polymers and Coatings Business	59,495	60,894	58,325	52,028
Packaging Materials Business	63,114	64,623	62,965	55,640
Printing and Information Business	87,468	87,439	81,651	69,011
Others	5,704	5,980	6,115	5,166
Adjustment	-7,564	-7,608	-6,509	-4,889
Total consolidated	286,684	283,208	268,484	240,344

Operating profit	March 2015	March 2016	March 2017	December 2017*1
Colorants and Functional Materials Business	7,290	4,227	4,604	5,273
Polymers and Coatings Business	3,646	5,547	6,641	5,868
Packaging Materials Business	1,768	2,723	2,871	2,096
Printing and Information Business	2,639	2,977	3,317	2,996
Others	2,833	2,754	1,777	541
Adjustment	33	5	18	-1
Total consolidated	18,210	18,236	19,231	16,774

\* Inter-segment transactions and Company-wide expenses have not been deducted from the figures for each business segment above.

\*1 In 2017, the company's fiscal year end was changed from March 31 to December 31.

## ■ Segment information by location

Net sales	March 2015	March 2016	March 2017	December 2017*1
Japan	188,973	181,884	176,297	134,961
Asia*2	102,163	100,732	86,592	96,331
Europe*3	14,190	14,481	18,361	19,988
The Americas	12,425	14,234	12,825	13,159
Adjustment	-31,068	-28,124	-25,592	-24,096
Total consolidated	286,684	283,208	268,484	240,344

Operating profit	March 2015	March 2016	March 2017	December 2017*1
Japan	12,641	11,885	12,671	9,650
Asia*2	5,733	6,075	6,176	6,157
Europe*3	151	359	587	1,030
The Americas	-353	-135	-106	-101
Adjustment	37	52	-96	37
Total consolidated	18,210	18,236	19,231	16,774

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

\*1 In 2017, the company's fiscal year end was changed from March 31 to December 31.

\*2 Includes Oceania regional net sales and operating profit until 2018.

\*3 The net sales and the operating profits of consolidated subsidiaries of the Company's European subsidiaries located in Africa are accounted for as European sales and profits.

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
74,660	67,400	61,642	74,995	79,380	81,069	86,089
66,099	65,887	62,328	70,736	76,240	77,746	88,518
68,047	68,071	66,589	73,645	83,464	84,292	91,527
79,378	76,680	65,595	66,695	75,180	77,202	83,325
7,228	7,291	6,229	5,746	4,948	5,609	5,805
-5,205	-5,439	-4,708	-3,831	-3,287	-3,797	-4,202
290,208	279,892	257,675	287,989	315,927	322,122	351,064

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
5,329	3,386	2,610	5,391	1,846	2,687	3,367
6,035	6,013	5,937	3,570	2,504	5,257	7,151
1,491	3,058	3,885	1,813	963	3,668	5,413
931	314	247	1,730	654	2,373	4,885
1,481	424	234	531	890	-601	-381
6	-23	-7	-30	5	-12	-22
15,276	13,174	12,909	13,005	6,865	13,372	20,414

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
181,666	175,513	161,798	173,526	176,986	178,091	191,054
106,499	101,192	94,478	113,580	126,888	128,807	146,344
20,210	19,842	17,954	21,059	26,944	28,871	33,040
14,258	13,992	12,708	16,223	22,711	24,842	25,177
-32,426	-30,648	-29,264	-36,400	-37,604	-38,491	-44,552
290,208	279,892	257,675	287,989	315,927	322,122	351,064

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
9,602	7,774	6,427	7,268	2,938	4,194	7,284
5,449	5,671	5,868	4,774	3,657	6,296	9,442
406	-204	523	1,336	500	2,006	1,979
-145	-207	-57	77	-126	1,136	1,863
-36	139	147	-450	-103	-262	-156
15,276	13,174	12,909	13,005	6,865	13,372	20,414

## Financial Information

## ■ Gains on property, plant and equipment and intangible fixed assets (by business group)

	March 2015	March 2016	March 2017	December 2017*
Colorants and Functional Materials Business	4,258	3,130	4,190	2,293
Polymers and Coatings Business	3,156	2,920	3,254	1,204
Packaging Materials Business	2,039	4,033	2,807	2,253
Printing and Information Business	4,189	5,577	4,578	1,341
Others	281	378	254	201
Total consolidated	13,925	16,039	15,085	7,294

\* In 2017, the company's fiscal year end was changed from March 31 to December 31.

## ■ Depreciation (by business group)

	March 2015	March 2016	March 2017	December 2017*
Colorants and Functional Materials Business	3,731	3,783	3,499	2,869
Polymers and Coatings Business	2,159	2,207	2,330	1,849
Packaging Materials Business	1,488	1,666	1,678	1,498
Printing and Information Business	2,407	2,663	2,809	2,354
Others	170	199	222	160
Total consolidated	9,958	10,520	10,540	8,731

\* In 2017, the company's fiscal year end was changed from March 31 to December 31.

## ■ Research and development expenses (by business group)

	March 2015	March 2016	March 2017	December 2017*
Colorants and Functional Materials Business	2,950	3,003	2,810	1,997
Polymers and Coatings Business	1,641	1,625	1,786	1,529
Packaging Materials Business	934	955	951	822
Printing and Information Business	1,798	1,835	1,822	1,539
Others	15	15	19	5
Total consolidated	7,340	7,434	7,390	5,894

\* In 2017, the company's fiscal year end was changed from March 31 to December 31.

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
3,615	4,524	4,922	5,185	6,325	8,647	10,816
1,664	2,129	3,739	8,118	5,618	4,526	2,713
2,272	2,347	2,563	4,594	3,373	3,402	3,633
2,574	3,319	2,781	1,997	2,024	2,817	2,089
149	247	104	211	144	562	194
10,277	12,567	14,111	20,107	17,486	19,956	19,447

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
3,425	3,235	3,353	3,615	3,846	4,275	4,516
2,295	2,047	2,000	2,207	2,608	2,748	3,040
1,558	1,697	1,692	1,773	2,096	2,188	2,259
2,472	1,931	1,973	1,970	1,993	1,923	2,028
187	176	167	163	200	203	238
9,939	9,087	9,187	9,731	10,747	11,339	12,083

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	December 2024
2,752	2,899	2,912	3,533	3,838	4,024	4,361
2,117	2,122	2,308	2,440	2,574	2,717	2,873
1,308	1,266	1,310	1,464	1,543	1,643	1,634
1,916	1,779	1,572	1,051	1,149	1,224	1,218
9	10	8	5	5	6	21
8,104	8,077	8,112	8,496	9,111	9,616	10,109

## Quarterly financial data (consolidated)

## Consolidated statements of income

	December 2021				December 2022	
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q
Net sales	68,359	70,996	71,609	77,023	74,245	80,512
		【139,356】	【210,965】	【287,989】		【154,758】
Operating profit	3,527	3,702	2,515	3,259	2,817	1,798
		【7,230】	【9,746】	【13,005】		【4,615】
Ordinary profit	4,222	4,439	2,496	4,283	3,906	2,822
		【8,662】	【11,159】	【15,442】		【6,728】
Profit attributable to owners of parent	3,159	3,159	665	2,507	3,161	5,248
		【6,319】	【6,985】	【9,492】		【8,410】

## Segment information by business group

Net sales	December 2021				December 2022	
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q
Colorants and Functional Materials Business	18,516	18,280	18,711	19,486	19,105	20,267
		【36,796】	【55,508】	【74,995】		【39,373】
Polymers and Coatings Business	16,285	17,329	18,061	19,060	18,334	19,810
		【33,614】	【51,676】	【70,736】		【38,144】
Packaging Materials Business	17,047	18,358	18,152	20,087	18,878	21,109
		【35,406】	【53,558】	【73,645】		【39,988】
Printing and Information Business	16,156	16,477	16,213	17,847	17,488	18,843
		【32,633】	【48,847】	【66,695】		【36,332】
Others	1,543	1,679	1,249	1,274	1,223	1,272
		【3,222】	【4,471】	【5,746】		【2,495】
Adjustment	-1,188	-1,129	-779	-733	-784	-792
		【-2,318】	【-3,097】	【-3,831】		【-1,576】
Total consolidated	68,359	70,996	71,609	77,023	74,245	80,512
		【139,356】	【210,965】	【287,989】		【154,758】

Operating profit	December 2021				December 2022	
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q
Colorants and Functional Materials Business	1,176	1,546	1,312	1,354	996	504
		【2,723】	【4,036】	【5,391】		【1,501】
Polymers and Coatings Business	1,196	793	697	882	795	702
		【1,989】	【2,687】	【3,570】		【1,497】
Packaging Materials Business	717	553	205	337	287	182
		【1,271】	【1,476】	【1,813】		【470】
Printing and Information Business	263	594	138	733	359	228
		【858】	【996】	【1,730】		【588】
Others	181	225	162	-38	378	183
		【406】	【569】	【531】		【561】
Adjustment	-7	-11	-1	-11	-0	-2
		【-18】	【-19】	【-30】		【-3】
Total consolidated	3,527	3,702	2,515	3,259	2,817	1,798
		【7,230】	【9,746】	【13,005】		【4,615】

(Unit: million JPY) The lower row is the total amount since the beginning of the year.

December 2022		December 2023				December 2024			
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
80,247	80,921	74,826	78,849	84,559	83,886	81,727	90,529	87,929	90,877
[235,006]	[315,927]		[153,676]	[238,235]	[322,122]		[172,257]	[260,187]	[351,064]
694	1,556	1,909	2,840	4,375	4,241	4,354	6,197	5,246	4,616
[5,309]	[6,865]		[4,749]	[9,125]	[13,372]		[10,551]	[15,797]	[20,414]
506	671	1,594	3,768	4,403	3,107	4,981	7,379	2,603	6,043
[7,235]	[7,906]		[5,362]	[9,766]	[12,880]		[12,361]	[14,964]	[21,008]
348	550	487	3,355	3,376	2,517	4,095	5,261	3,266	5,917
[8,758]	[9,308]		[3,842]	[7,219]	[9,737]		[9,356]	[12,622]	[18,540]

(Unit: million JPY) The lower row is the total amount since the beginning of the year.

December 2022		December 2023				December 2024			
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
19,651	20,355	18,709	20,654	21,175	20,529	20,140	23,655	21,198	21,096
[59,025]	[79,380]		[39,364]	[60,539]	[81,069]		[43,795]	[64,993]	[86,089]
18,611	19,483	17,325	19,024	20,836	20,559	19,894	22,737	22,320	23,567
[56,756]	[76,240]		[36,349]	[57,186]	[77,746]		[42,631]	[64,951]	[88,518]
22,159	21,316	20,215	20,145	22,069	21,860	21,375	22,965	22,817	24,368
[62,148]	[83,464]		[40,361]	[62,431]	[84,292]		[44,341]	[67,159]	[91,527]
19,418	19,430	17,876	18,467	20,060	20,797	19,882	20,848	21,225	21,368
[55,750]	[75,180]		[36,344]	[56,404]	[77,202]		[40,730]	[61,956]	[83,325]
1,208	1,244	1,469	1,365	1,252	1,522	1,368	1,394	1,444	1,598
[3,704]	[4,948]		[2,834]	[4,086]	[5,609]		[2,762]	[4,207]	[5,805]
-801	-908	-770	-808	-835	-1,382	-932	-1,071	-1,076	-1,121
[-2,378]	[-3,287]		[-1,579]	[-2,414]	[-3,797]		[-2,004]	[-3,080]	[-4,202]
80,247	80,921	74,826	78,849	84,559	83,886	81,727	90,529	87,929	90,877
[235,006]	[315,927]		[153,676]	[238,235]	[322,122]		[172,257]	[260,187]	[351,064]

(Unit: million JPY) The lower row is the total amount since the beginning of the year.

December 2022		December 2023				December 2024			
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
-143	489	542	923	644	577	786	1,379	704	495
[1,357]	[1,846]		[1,465]	[2,109]	[2,687]		[2,166]	[2,871]	[3,367]
297	710	804	1,110	1,805	1,531	1,326	2,153	1,827	1,845
[1,794]	[2,504]		[1,917]	[3,726]	[5,257]		[3,479]	[5,306]	[7,151]
169	323	697	720	1,157	1,092	1,179	1,322	1,329	1,581
[640]	[963]		[1,418]	[2,575]	[3,668]		[2,502]	[3,832]	[5,413]
149	-83	-141	99	983	1,432	1,069	1,411	1,388	1,016
[737]	[654]		[-41]	[941]	[2,373]		[2,480]	[3,868]	[4,885]
214	114	12	0	-212	-402	2	-65	-16	-302
[776]	[890]		[12]	[-199]	[-601]		[-62]	[-79]	[-381]
5	3	-4	-14	-3	9	-10	-4	12	-21
[2]	[5]		[-18]	[-22]	[-12]		[-14]	[-1]	[-22]
694	1,556	1,909	2,840	4,375	4,241	4,354	6,197	5,246	4,616
[5,309]	[6,865]		[4,749]	[9,125]	[13,372]		[10,551]	[15,797]	[20,414]

## Consolidated balance sheets

	March 2015	March 2016	March 2017	December 2017*
<b>Assets</b>				
<b>Current assets</b>	187,727	183,422	181,214	195,606
Cash and deposits	39,620	44,470	44,903	50,260
Notes and accounts receivable	94,883	90,949	89,049	94,594
Securities	563	529	116	477
Merchandise and finished goods	27,795	28,560	27,228	29,477
Work in process	1,496	1,421	1,279	1,103
Raw materials and supplies	16,139	13,768	13,963	16,085
Deferred tax assets	2,048	1,908	1,908	1,380
Other	6,226	3,046	3,852	3,220
Allowance for doubtful accounts	-1,047	-1,233	-1,086	-993
<b>Non-current assets</b>	176,535	175,973	182,851	182,853
<b>Property, plant and equipment</b>	101,865	100,209	101,398	97,081
Buildings and structures	39,744	39,081	40,639	38,762
Machinery, equipment and vehicles	25,329	25,347	25,124	23,105
Tools, furniture and fixtures	3,081	2,807	2,827	2,644
Land	28,617	28,374	30,003	30,007
Leased assets	187	251	196	187
Construction in progress	4,903	4,346	2,607	2,373
<b>Intangible assets</b>	2,796	5,683	4,487	4,307
<b>Investments and other assets</b>	71,873	70,080	76,964	81,463
Investment securities	62,223	60,604	66,718	68,541
Net defined benefit asset	4,115	4,293	5,927	8,614
Deferred tax assets	1,025	771	833	1,068
Other	5,020	4,715	3,904	3,671
Allowance for doubtful accounts	-512	-304	-419	-432
<b>Total assets</b>	<b>364,262</b>	<b>359,395</b>	<b>364,066</b>	<b>378,459</b>
<b>Liabilities</b>				
<b>Current liabilities</b>	90,742	87,369	97,513	94,808
Notes and accounts payable	48,773	48,520	49,588	56,129
Short-term loans payable	20,931	21,932	30,660	22,507
Income taxes payable	2,824	1,880	3,088	1,485
Provision for environmental measures	—	—	—	—
Other	18,212	15,036	14,175	14,685
<b>Non-current liabilities</b>	59,763	60,166	49,573	55,267
Corporate bonds	—	—	—	—
Long-term loans payable	44,895	46,037	33,262	38,409
Deferred tax liabilities	10,451	10,175	10,884	11,641
Provision for environmental measures	889	768	2,504	2,349
Net defined benefit liability	1,775	1,891	1,865	1,868
Asset retirement obligations	27	28	29	29
Other	1,724	1,266	1,027	968
<b>Total liabilities</b>	<b>150,506</b>	<b>147,536</b>	<b>147,087</b>	<b>150,075</b>
<b>Net assets</b>				
<b>Total shareholders' equity</b>	180,259	185,338	190,155	195,642
Capital stock	31,733	31,733	31,733	31,733
Capital surplus	32,920	32,926	32,918	32,710
Retained earnings	117,368	122,450	130,496	136,202
Treasury shares	-1,762	-1,771	-4,992	-5,002
<b>Total accumulated other comprehensive income</b>	26,960	20,060	20,525	25,807
Valuation difference on available-for-sale securities	13,396	12,610	17,726	19,284
Foreign currency translation adjustment	10,933	5,669	1,144	3,299
Remeasurements of defined benefit plans	2,630	1,781	1,653	3,223
<b>Subscription rights to shares</b>	—	38	95	164
<b>Non-controlling interests</b>	6,536	6,422	6,202	6,768
<b>Total net assets</b>	<b>213,756</b>	<b>211,859</b>	<b>216,979</b>	<b>228,384</b>
<b>Total liabilities and net assets</b>	<b>364,262</b>	<b>359,395</b>	<b>364,066</b>	<b>378,459</b>

\* In 2017, the company's fiscal year end was changed from March 31 to December 31.

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	(%)	December 2024	(%)
203,063	199,969	214,097	223,589	229,247	230,911	(51.6)	245,282	(51.9)
52,706	56,691	76,469	64,816	55,117	57,917		62,855	
95,553	90,173	87,126	94,297	100,390	102,930		109,412	
43	29	57	24	430	65		99	
29,873	30,535	28,328	34,149	38,494	37,714		39,004	
1,034	1,319	1,070	726	1,000	722		622	
17,872	16,654	16,790	24,695	28,088	26,282		28,608	
—	—	—	—	—	—		—	
6,744	5,350	5,178	5,979	6,881	6,224		5,833	
-765	-786	-924	-1,100	-1,154	-944		-1,154	
168,547	176,161	166,130	183,306	181,930	216,886	(44.2)	227,504	(48.1)
94,013	99,577	102,616	111,716	122,366	134,258	(29.8)	148,338	(31.4)
36,828	35,940	34,526	39,031	42,258	43,286		45,834	
21,834	21,767	20,324	24,819	27,160	29,789		32,519	
2,722	2,873	3,236	3,922	5,349	5,070		5,072	
30,272	30,669	30,529	30,060	30,490	30,802		31,084	
136	4,043	3,726	3,895	5,033	5,608		5,803	
2,219	4,282	10,273	9,986	12,075	19,700		28,022	
4,649	4,202	3,113	2,225	2,619	5,290	(0.6)	5,964	(1.3)
69,883	72,381	60,399	69,364	56,944	77,337	(13.9)	73,202	(15.5)
58,302	61,071	48,440	54,093	42,791	63,874		57,610	
6,423	7,964	8,608	10,255	7,645	8,410		9,427	
2,163	2,333	2,398	2,420	2,826	3,323		4,828	
3,228	1,194	1,143	2,777	3,881	2,027		1,673	
-234	-182	-191	-182	-200	-298		-338	
371,610	376,130	380,227	406,896	411,177	447,798	(100.0)	472,787	(100.0)
100,839	106,747	91,411	112,125	113,463	123,953	(27.7)	139,469	(29.5)
62,460	59,543	54,608	68,221	70,738	67,075		70,747	
20,593	30,315	19,379	24,042	24,022	36,542		45,825	
1,470	1,279	1,082	1,652	726	1,579		2,972	
884	—	—	537	—	—		—	
15,429	15,608	16,340	17,672	17,975	18,756		19,923	
49,679	42,490	71,491	67,823	69,836	68,191	(15.2)	59,564	(12.6)
—	—	—	—	5,000	10,000		10,000	
38,845	27,460	60,492	55,415	54,851	40,161		24,914	
7,847	9,584	6,561	8,703	6,276	13,563		13,968	
538	2,348	1,485	364	251	118		80	
1,784	1,885	1,914	2,275	1,676	1,878		3,254	
30	31	31	32	33	34		35	
632	1,179	1,005	1,030	1,746	2,434		7,310	
150,518	149,237	162,902	179,948	183,300	192,144	(42.9)	199,033	(42.1)
202,600	205,891	206,706	206,236	204,990	209,967	(46.9)	216,015	(45.7)
31,733	31,733	31,733	31,733	31,733	31,733		31,733	
32,500	32,500	32,499	32,546	32,530	32,468		32,466	
143,379	146,627	147,390	151,740	151,414	156,381		159,807	
-5,012	-4,969	-4,916	-9,784	-10,687	-10,615		-7,992	
11,570	13,548	2,998	12,213	14,056	35,794	(8.0)	46,097	(9.8)
11,888	14,273	5,699	9,941	5,007	19,845		20,645	
-1,513	-2,843	-5,284	-1,212	7,986	14,809		25,147	
1,195	2,118	2,583	3,483	1,062	1,139		304	
248	265	249	163	98	45	(0.0)	29	(0.0)
6,671	7,187	7,370	8,334	8,731	9,845	(2.2)	11,611	(2.5)
221,091	226,892	217,325	226,947	227,877	255,653	(57.1)	273,754	(57.9)
371,610	376,130	380,227	406,896	411,177	447,798	(100.0)	472,787	(100.0)

Group Overview

Creating Value that  
Resonates with the SensesFoundation Supporting  
Value Creation

Corporate Data

## Consolidated statements of income

	March 2015	March 2016	March 2017	December 2017*
<b>Net sales</b>	286,684	283,208	268,484	240,344
<b>Cost of sales</b>	222,944	218,326	203,095	184,433
<b>Gross profit</b>	63,739	64,882	65,388	55,910
<b>Selling, general and administrative expenses</b>	45,529	46,645	46,156	39,136
Packing and transportation expenses	6,445	6,546	6,420	5,304
Salaries and allowances	11,301	11,762	11,596	9,991
Bonuses	2,563	2,708	2,698	2,123
Welfare expenses	2,914	2,969	3,006	2,443
Depreciation	1,284	1,412	1,801	1,525
Research and development expenses	3,082	2,918	2,831	2,786
Other	17,939	18,328	17,801	14,959
<b>Operating income</b>	18,210	18,236	19,231	16,774
<b>Non-operating income</b>	2,656	1,955	1,796	1,925
Interest income	212	239	191	229
Dividend income	751	1,078	1,094	940
Foreign exchange gains	929	—	—	—
Share of profit of entities accounted for using equity method	—	—	43	263
Gain on net monetary position	—	—	—	—
Other	762	637	467	491
<b>Non-operating expenses</b>	1,455	1,725	1,766	1,226
Interest expenses	812	735	896	756
Foreign exchange losses	—	736	385	94
Share of loss of entities accounted for using equity method	—	67	—	—
Loss on net monetary position	—	—	—	—
Other	642	186	484	375
<b>Ordinary income</b>	19,411	18,466	19,262	17,473
<b>Extraordinary income</b>	6,934	205	2,860	929
Gain on sales of non-current assets	6,854	62	67	579
Gain on sales of investment securities	—	9	2,637	340
Other	79	133	155	9
<b>Extraordinary losses</b>	4,908	684	4,895	3,637
Loss on sales and retirement of non-current assets	390	375	322	210
Impairment losses	257	166	375	3,054
Fire loss	—	—	—	—
Environmental expenses	—	83	—	—
Amortization of goodwill	2,262	—	650	—
Provision for environmental measures	530	—	2,950	—
Loss on cancellation of securities to retirement benefit trust	1,125	—	—	—
Business restructuring expenses	—	—	—	—
Loss on business restructuring	—	—	—	—
Loss on remittance fraud at overseas subsidiaries	—	—	—	—
Extra retirement payments	—	—	—	—
Shut down cost	—	—	—	—
Special investigation expenses	—	—	—	—
Loss on sales of investment securities	—	—	—	—
Loss on valuation of investment securities	—	—	—	—
Other	341	59	596	371
<b>Profit before income taxes</b>	21,437	17,987	17,227	14,765
Income taxes, current	5,989	4,375	5,346	4,142
Income taxes, deferred	1,686	1,251	-1,355	-276
<b>Total income taxes</b>	7,676	5,626	3,990	3,865
<b>Profit</b>	13,761	12,360	13,236	10,900
Profit attributable to non-controlling interests	456	542	534	523
<b>Profit attributable to owners of parent</b>	13,304	11,818	12,702	10,376

\* In 2017, the company's fiscal year end was changed from March 31 to December 31.

(Unit: million JPY)

December 2018	December 2019	December 2020	December 2021	December 2022	December 2023	(%)	December 2024	(%)
290,208	279,892	257,675	287,989	315,927	322,122	(100.0)	351,064	(100.0)
227,914	219,559	200,479	229,284	261,725	258,272	(80.2)	276,445	(78.8)
62,293	60,333	57,196	58,704	54,202	63,849	(19.8)	74,618	(21.3)
47,017	47,159	44,286	45,699	47,336	50,476	(15.7)	54,204	(15.4)
6,802	7,181	6,657	7,517	7,811	7,542		8,195	
11,691	11,698	11,272	11,743	12,370	12,903		13,803	
2,760	2,651	2,559	2,499	2,512	2,377		2,561	
3,062	3,030	2,917	3,033	3,110	3,124		3,365	
1,805	1,879	1,962	1,961	1,816	1,847		1,997	
3,372	3,438	3,224	3,325	3,452	3,637		3,951	
17,524	17,279	15,692	15,617	16,261	19,043		20,331	
15,276	13,174	12,909	13,005	6,865	13,372	(4.2)	20,414	(5.8)
2,238	1,964	2,012	3,769	4,324	2,586	(0.8)	4,466	(1.3)
244	214	245	189	226	411		594	
1,126	1,137	1,280	1,263	1,567	1,323		1,346	
—	—	—	1,537	1,833	357		384	
65	—	—	—	—	—		—	
—	—	—	—	—	—		1,373	
802	611	485	779	696	494		767	
2,085	1,290	2,377	1,332	3,283	3,078	(1.0)	3,872	(1.1)
745	644	520	544	1,365	1,942		2,762	
904	130	1,129	—	—	—		—	
—	37	77	271	173	8		74	
—	—	—	—	1,183	289		—	
434	478	650	516	560	837		1,034	
15,429	13,847	12,543	15,442	7,906	12,880	(4.0)	21,008	(6.0)
1,355	2,088	91	694	5,934	2,208	(0.7)	4,264	(1.2)
866	30	23	311	276	130		22	
489	2,057	67	367	5,648	1,953		4,238	
—	—	0	14	9	125		3	
867	3,629	2,636	3,006	1,480	2,274	(0.7)	2,368	(0.7)
290	284	411	262	362	389		336	
437	364	247	708	456	565		401	
98	—	—	—	—	—		—	
—	—	—	—	—	—		—	
—	—	—	—	—	—		—	
—	2,688	—	—	—	—		—	
—	—	—	—	—	—		—	
—	—	—	1,754	125	736		—	
—	—	1,040	237	—	—		—	
—	—	519	—	—	—		—	
—	—	—	—	233	231		—	
—	—	363	—	226	—		—	
—	283	—	—	—	—		—	
—	—	—	—	—	297		556	
—	—	—	—	—	36		839	
41	8	54	42	76	16		234	
15,917	12,306	9,999	13,130	12,360	12,815	(4.0)	22,904	(6.5)
3,249	3,313	3,124	3,482	2,839	3,134		5,370	
367	90	388	-32	129	-91		-1,214	
3,617	3,404	3,512	3,450	2,968	3,042	(0.9)	4,156	(1.2)
12,299	8,901	6,486	9,680	9,392	9,772		18,748	
451	392	467	187	83	34		207	
11,847	8,509	6,019	9,492	9,308	9,737	(3.0)	18,540	(5.3)

Group Overview

Creating Value that  
Resonates with the SensesFoundation Supporting  
Value Creation

Corporate Data

## Consolidated statements of cash flows

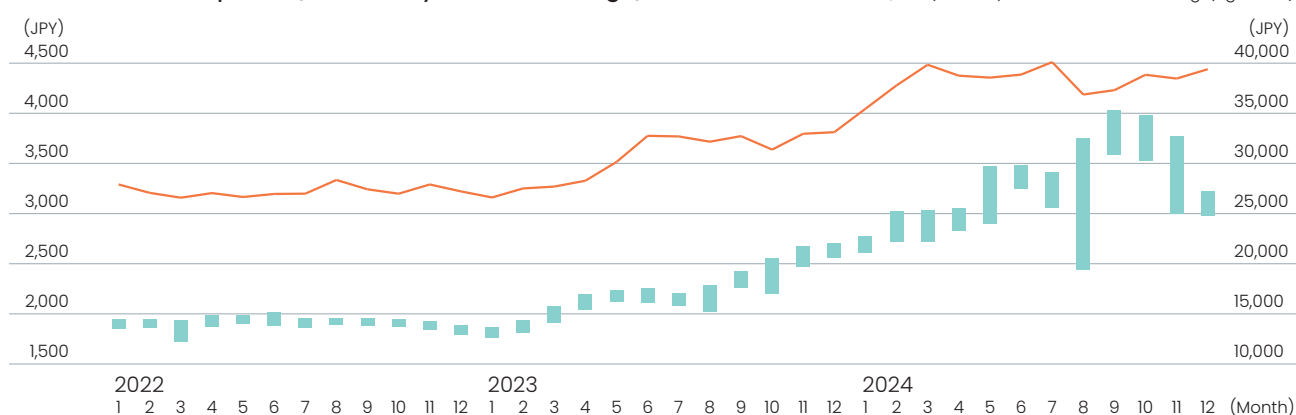
(Unit: million JPY)

	December 2023	December 2024
<b>Cash flows from operating activities</b>	23,478	26,964
Profit before income taxes	12,815	22,904
Depreciation	11,339	12,083
Gain on net monetary position	—	-1,373
Loss on net monetary position	289	—
Impairment loss	565	401
Business restructuring expenses	736	—
Interest and dividend income	-1,734	-1,940
Interest expenses	1,942	2,762
Share of profit / loss of entities accounted for using equity method (negative is profit)	8	74
Loss/gain on sale of property, plant and equipment (negative is gain)	-85	2
Loss on disposals of property, plant and equipment	125	65
Loss / gain on sales of investment securities (negative is gain)	-1,655	-3,681
Loss / gain on valuation of investment securities (negative is gain)	36	839
Decrease / increase in notes and accounts receivable (negative is increase)	-498	-3,211
Decrease / increase in inventories (negative is increase)	5,110	-1,121
Increase / decrease in notes and accounts payable (negative is decrease)	-3,859	1,700
Other	1,862	695
<b>Subtotal</b>	27,000	30,200
Interest and dividend income received	1,745	2,219
Interest expenses paid	-1,828	-2,408
Income taxes paid	-3,438	-3,046
<b>Cash flows from investing activities</b>	-19,457	-10,172
Net decrease / increase in time deposits (negative is increase)	-370	-591
Purchase of property, plant and equipment	-18,967	-18,033
Proceeds from sales of property, plant and equipment	624	60
Purchase of intangible assets	-1,039	-863
Purchase of short-term and long-term investment securities	-1,455	-90
Proceeds from sales and redemption of short-term and long-term investment securities	4,323	9,599
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-2,486	—
Other	-85	-255
<b>Cash flows from financing activities</b>	-2,629	-14,975
Net increase / decrease in short-term loans payable (negative is decrease)	-3,943	-3,331
Proceeds from long-term loans payable	1,679	12,370
Repayments of long-term loans payable	-785	-16,174
Proceeds from issuance of bonds	5,000	—
Proceeds from agreement to set the right to demand earnings distribution	—	4,639
Purchase of treasury shares	-4	-7,505
Cash dividends paid	-4,770	-5,035
Proceeds from share issuance to non-controlling shareholders	907	770
Repayments of lease obligations	-438	-593
Other	-274	-114
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	1,264	2,195
<b>Net increase / decrease in cash and cash equivalents (negative is decrease)</b>	2,655	4,012
<b>Cash and cash equivalents, beginning of period</b>	53,385	56,040
<b>Cash and cash equivalents, end of period</b>	56,040	60,052

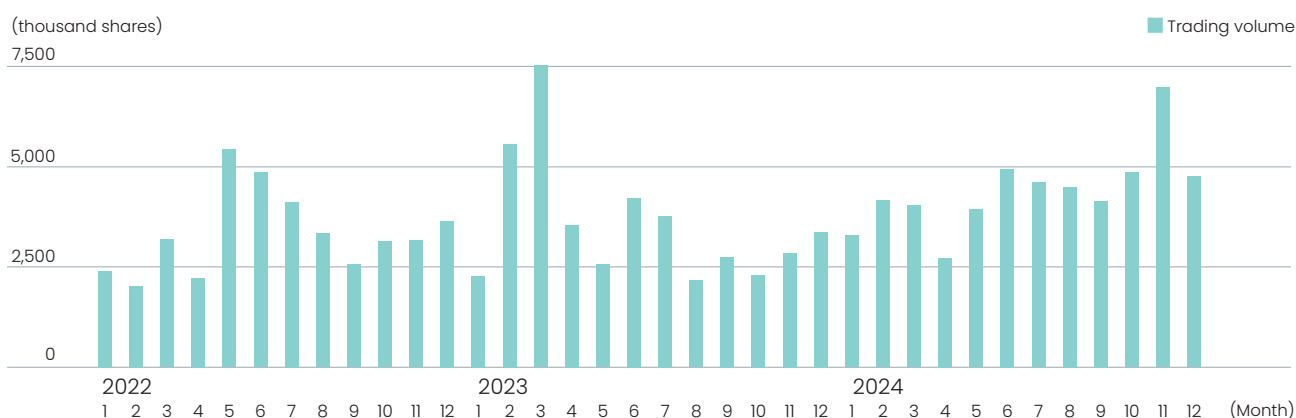
# Stock Information (As of December 31, 2024)

Stock exchange listing	Prime Market in Tokyo Stock Exchange	Number of treasury shares	2,537,112 shares
Code	4634	Number of shares issued excluding treasury shares	50,749,432 shares
Number of Authorized Shares	160,000,000 shares	Number of Shareholders	17,306 shareholders
Number of Outstanding Shares	53,286,544 shares		

## Trends in share prices (on the Tokyo Stock Exchange)



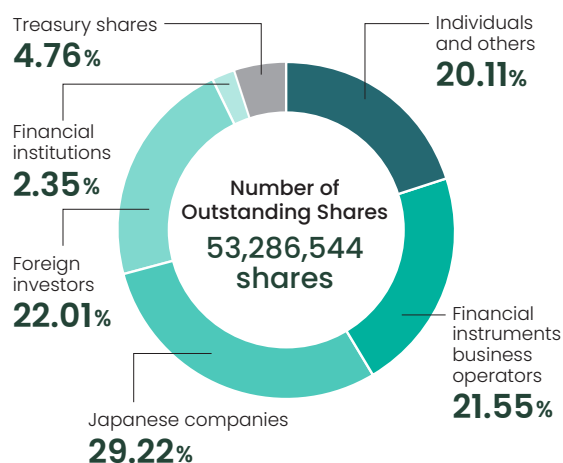
## Trends in trading volume (on the Tokyo Stock Exchange)



## Major 10 Shareholders

Name of Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Toppan Holdings Inc.	10,446	20.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,002	11.83
Custody Bank of Japan, Ltd. (Trust Account)	2,515	4.96
Nippon Shokubai Co., Ltd.	1,661	3.27
Employees' Stock Club	1,387	2.73
STATE STREET BANK AND TRUST COMPANY 505001	1,098	2.16
Client stock ownership	937	1.85
The Bank of New York Treaty Jasdec Account	710	1.40
STATE STREET BANK AND TRUST COMPANY 505103	676	1.33
BNYM SANV BNYMIL WS Morant Wright Nippon Yield Fund	530	1.04

## Shareholder Composition by Number of Shares Held



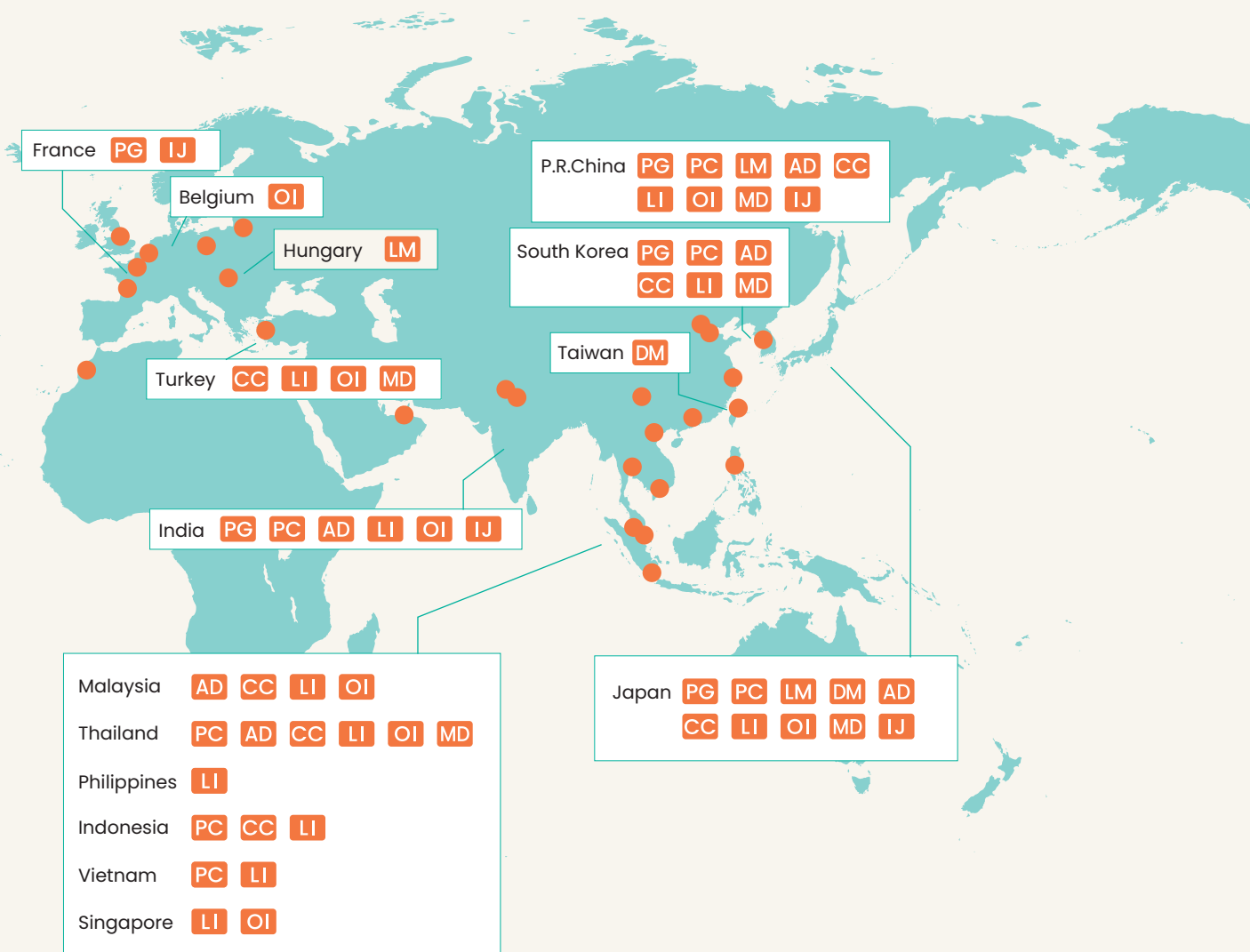
# Group Corporate Profile (As of December 31, 2023)

## artience Co., Ltd.

<ul style="list-style-type: none"> <li>Head office : 2-1, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 JAPAN</li> <li>Founded : January 1896</li> <li>Established : January 15, 1907</li> <li>Representative : Satoru Takashima, President and Representative Director, Group CEO</li> </ul>	<ul style="list-style-type: none"> <li>Capital : 31,733,496,860 JPY</li> <li>Number of affiliates : 13 in Japan, 47 overseas 56 consolidated subsidiaries and 4 equity-method affiliates</li> <li>Number of employees : 377 employees (individual), 7,897 employees (consolidated)</li> <li>Website : <a href="https://www.artiencegroup.com/en/">https://www.artiencegroup.com/en/</a></li> </ul>
---	--

### [Production items]

<b>PG</b> Pigments	<b>PC</b> Plastic colorants	<b>LM</b> LiB related materials	<b>DM</b> Display materials	<b>AD</b> Adhesives
<b>CC</b> Can coatings	<b>LI</b> Liquid Inks	<b>OI</b> Offset inks	<b>MD</b> Metal decorative inks	<b>IJ</b> Inkjet inks



## ■ Company list of artience Group

### I Holding company

artience Co., Ltd.

### I Consolidated subsidiaries

#### Japan

Toyocolor Co., Ltd.  
 Toyochem Co., Ltd.  
 Toyo Ink Co., Ltd.  
 Toyo Visual Solutions Co., Ltd.  
 Toyo-Morton, Ltd.  
 Matsui Chemical Co., Ltd.  
 Toyo FPP Co., Ltd.  
 Toyo B-Net Co., Ltd.  
 Toyo Ink Engineering Co., Ltd.  
 Toyo Management Service Co., Ltd.  
 Clover Biz Co., Ltd.

#### Asia

TIPPS Pte. Ltd.  
 Toyochem Specialty Chemical Sdn. Bhd.  
 Toyo Ink (Thailand) Co., Ltd.  
 Thai Eurocoat Ltd.  
 Toyo Ink (Philippines) Co., Inc.  
 TIP LH Corp.  
 Toyo Ink Compounds Corp.  
 PT. Toyo Ink Indonesia  
 PT. Toyo Ink Trading Indonesia  
 Toyo Ink Middle East Fze.  
 Toyo Ink Vietnam Co., Ltd.  
 Toyo Ink Compounds Vietnam Co., Ltd.  
 Toyo Ink India Pvt. Ltd.  
 Toyo Ink Arets India Pvt. Ltd.  
 Tianjin Toyo Ink Co., Ltd.  
 Shanghai Toyo Ink Mfg. Co., Ltd.  
 Toyo Ink Asia Ltd.  
 Shenzhen Toyo Ink Co., Ltd.  
 Jiangmen Toyo Ink Co., Ltd.  
 Zhuhai Toyocolor Co., Ltd.  
 Jiangsu Toyo Shenlanhua Pigment Co., Ltd.  
 Chengdu Toyo Ink Co., Ltd.  
 Sichuan Toyo Ink Mfg. Co., Ltd.  
 Toyo Ink Far East Ltd.  
 Dong Da Li Chemical Co., Ltd.  
 Toyo Advanced Science Taiwan Co., Ltd.  
 Toyo Ink Korea Co., Ltd.  
 Hanil TOYO Co., Ltd.  
 Sam Young Ink & Paint Mfg. Co., Ltd.

#### The Americas

Toyo Ink International Corp.  
 Toyo Ink America, LLC  
 LioChem Inc.  
 LioChem e-Materials LLC  
 Toyo Ink Brasil Ltda.  
 Toyo Ink Mexico S.A. de C.V.

#### Europe and Africa

Toyo Ink Europe International N.V.  
 Toyo Ink Europe N.V.  
 Toyo Ink Europe UK Ltd.  
 Toyo Ink Europe Deutschland GmbH  
 Toyo Ink Europe Specialty Chemicals S.A.S  
 Toyo Ink Europe France S.A.S  
 UAB "Toyo Ink Europe Baltica"  
 Toyo Ink Hungary Kft.  
 Toyo Matbaa Mürekkepleri Sanayi ve Ticaret A.Ş.  
 Toyo Ink North Africa S.A.R.L. AU

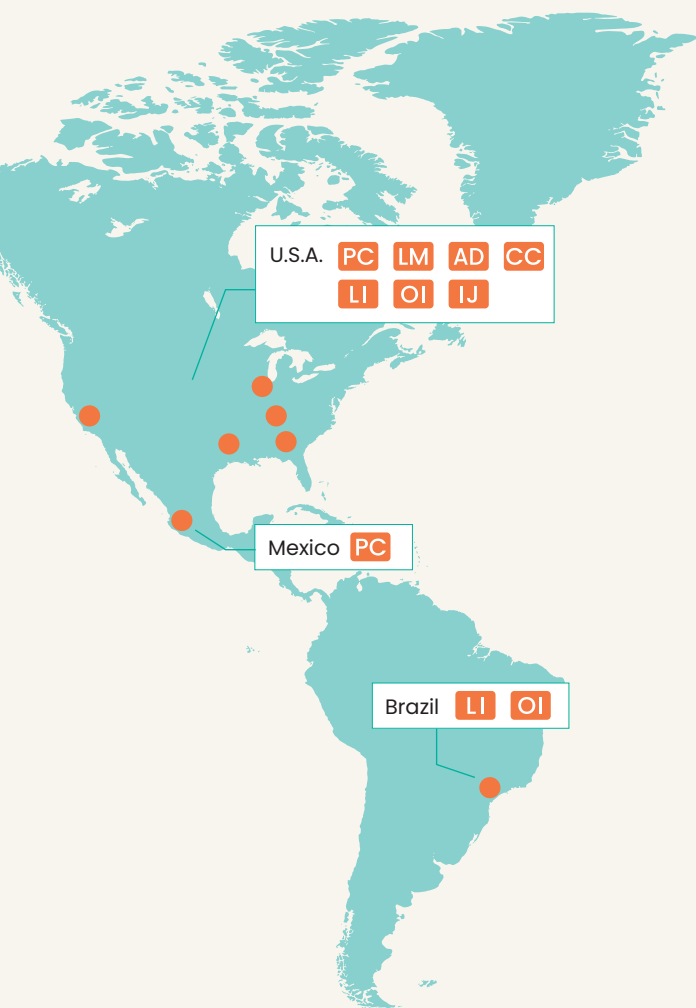
### I Equity-method affiliates

#### Japan

Nippon Polymer Industries Co., Ltd.  
 Logi Co-Net Corp.

#### Asia

Sumika Polymer Compounds (Thailand) Co., Ltd.  
 Heubach Toyo Colour Pvt. Ltd.



\* Shenzhen Rongda Color Science and Technology Co., Ltd. has established on March 31, 2025.

# External Recognition

2025 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

## MSCI Nihonkabu ESG Select Leaders Index

This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. Its constituents are Japanese companies which are excellent in terms of their score of MSCI ESG rating controlled for imbalances in industrial types. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)

2025 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

## MSCI Japan Equity Women's Empowerment Index (WIN)

This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. Its constituents are Japanese companies which are excellent in terms of their promotion of gender diversity. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)



## FTSE Blossom Japan Index

## FTSE Blossom Japan Index

This is an investment index designed by the global index and data provider FTSE Russell. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)



## FTSE Blossom Japan Sector Relative Index

## FTSE Blossom Japan Sector Relative Index

This is an investment index designed by FTSE Russell. It reflects the performance of Japanese companies which are excellent in environmental, social, and governance (ESG) initiatives in their respective sectors, while minimizing bias toward specific sectors. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)



## S&P / JPX Carbon Efficient Index

This is an investment index designed by S&P Dow Jones Indices LLC and Japan Exchange Group, Inc. Its constituents are selected from among the TOPIX constituents, weighted by the status of their disclosure of environmental information and carbon efficiency. artience Co., Ltd. has been evaluated according to the methodology of the S&P Carbon Global Standard as a 1st Decile constituent and its carbon information disclosure status is "Not Disclosed."

2025



Sompo Sustainability Index

## SOMPO Sustainability Index

This is an investment index designed by Sompo Asset Management Co., Ltd. This index comprises approx. 300 companies with outstanding ESG initiatives. It is used in SOMPO Sustainable Management, an investment product from SOMPO Asset Management Co., Ltd. that is adopted by multiple pension funds and institutional investors oriented toward the long-term holding of stocks.



## EcoVadis Sustainability Rating

EcoVadis is a company which certifies sustainable supply chains. It evaluates companies' policies, measures, and performance in the four fields of the environment, labor & human rights, ethics, and sustainable procurement. The overall score in 2024 is 53/100.



## Pride Index 2024 Gold Award

The Pride Index is an index formulated by work with Pride in 2016, to recognize initiatives in support of sexual minorities in the workplace. artience received a Gold certification in recognition of its efforts to promote diversity, including regular workshops to promote understanding of diversity and expand the circle of LGBT allies, as well as its endorsement of the Declaration of Business Support for LGBT Equality in Japan, which aims to create inclusive workplaces and societies where everyone is treated equally. artience has been certified for three successive years since it was initially recognized in 2022.



## IR site awarded high ratings by three major rating agencies

artience was selected as one of the Best Sites in the general category of Nikko Investor Relations (Nikko IR) Co., Ltd.'s FY2024 Ranking of Websites of All Listed Companies, for the third successive year. We were also awarded the "Excellent Award" for the first time in the Daiwa Internet IR Awards 2024, organized by Daiwa Investor Relations Co., Ltd., and received the "Silver Award" for the first time in the overall category of the Gomez IR Site Ranking 2024, organized by BroadBand Security, Inc.

\* The inclusion of artience Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of artience Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

\* FTSE Russell confirms that artience Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

# Editorial Policies

## [Period covered]

January 1, 2024 to December 31, 2024 (FY2024)

\* Some sections cover the period before 2023 or after 2025.

## [Areas covered]

The scope of this report covers the artience Group (artience Co., Ltd., its consolidated subsidiaries and equity-method affiliates in Japan and overseas.) For information that falls within a different scope, a note is provided indicating the scope of the report.

## [Guidelines used as reference]

- "International Integrated Reporting Framework," Value Reporting Foundation (VRF)
- "Guidance for Collaborative Value Creation," Ministry of Economy, Trade and Industry
- "Sustainability Reporting Standards," Global Reporting Initiative (GRI)
- "Recommendations of the Task Force on Climate-related Financial Disclosures," TCFD

## [Dates of publication]

Japanese version: June 2025 (Next edition to be published in June 2026)

English version: August 2025 (Next edition to be published in August 2026)

## [Inquiries]

Please contact Corporate Communication Department, artience Co., Ltd.

2-1, Kyobashi 2-chome, Chuo-ku, Tokyo, 104-8377 JAPAN

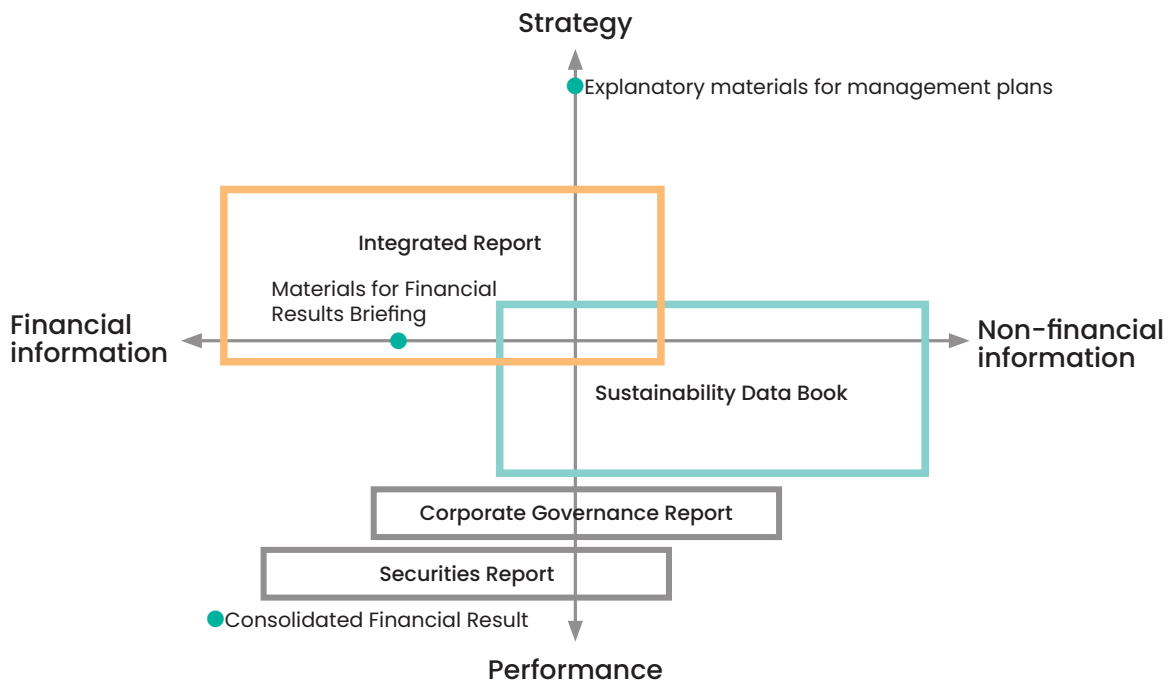
E-mail: [info@artiencegroup.com](mailto:info@artiencegroup.com)

Website: <https://www.artiencegroup.com/en/>

### Caution concerning forward-looking statements

The opinions and forward-looking statements contained in this report are our views as of the time of the creation of this report. We do not guarantee or promise the accuracy or completeness of this information. Accordingly, future results may differ from those expressed in our forward-looking statements.

## [Information disclosure system]





[artiencegroup.com](https://artiencegroup.com)

**artience Co., Ltd.**

Publisher: Corporate Communication Department  
2-1, Kyobashi 2-chome, Chuo-ku, Tokyo, 104-8377 JAPAN  
[info@artiencegroup.com](mailto:info@artiencegroup.com)

800D00050EN5-CE0825-0