

# FY2023 Results Briefing

**artience Co.,Ltd.**

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# Points

## FY2023 Summary

- Earnings strength began to improve due to price revisions, a range of cost-cutting measures, and structural reform that were implemented to address the impact of the surging raw materials prices.
- The profit level far exceeded the previous year's level overall, notwithstanding the sluggish growth in volume attributable to the conditions of the electronics market and the stagnation of the Chinese market, as well as the stagnation of earnings from color filter materials that had been the driving force of earnings.
- The operating margin, which represents the Group's earnings strength, has continued to improve year on year every quarter.

## FY2024 Outlook

- Full-year business performance: The forecast amount of operating profit has been increased by 1.1 billion yen from FY2023, to 14.5 billion yen.
- LCD panels are expected to begin recovering in Q2. For CNT dispersions, full-scale production in China will begin.
- Profit will continue to grow in India, Southeast Asia, and other overseas markets. Although the recovery of the Chinese market is uncertain, the company will expand its business with functional inks and other products.

## Focuses of the Company

- With the new company name, the Company will take on challenges with a determination to transform itself.
- Under the new Medium-Term Management Plan, the Company will: (1) Transformation of existing business groups into highly profitable ones; (2) Creation of strategic, high priority business groups, and; (3) Transformation of the management foundation.
- The Company will approach management with a focus on a turnaround in earnings and capital efficiency, set ROE of 7% of more under the next Medium-Term Management Plan, and take steps to improve PBR.

# FY2023 Summary of Consolidated Business Performance

(Unit: 1 billion yen)

	Results for FY2022	Results for FY2023	Increase/decrease (%)	Full year targets for FY2023 (Revised)	Full year targets for FY2024
Net sales	315.9	322.1	2.0	320.0	340.0
Operating profit	6.9	13.4	94.8	12.0	14.5
Ordinary profit	7.9	12.9	62.9	12.5	13.5
Profit attributable to owners of parent	9.3	9.7	4.6	8.0	10.0
Operating margin	2.2%	4.2%	+2.0 (point)	3.8%	4.3%
Overseas sales ratio	52.8%	53.7%	+0.9 (point)		
ROE	4.3%	4.2%	-0.1 (point)		

## Assumed indexes for targets

		2022 Avg.	2023 Avg.	2024 Projections
Exchange rate	1 USD	¥132.1	¥ 141.2	¥140.0
	1 EUR	¥138.5	¥ 153.2	¥155.0
	1 RMB	¥19.5	¥ 19.9	¥20.0

		2022 Avg.	2023 Avg.	2024 Projections
Raw material	Naphtha (/KL)	¥76,150	¥67,600	¥70,000

# FY2023 Summary of Consolidated Business Performance

- **Increased Sales and Profit:** Sales increased due to an increase in overseas sales.  
Profit increased with progress in structural reform and price revisions.

## Sales

Foreign exchange rate and price revisions contributed to sales growth. Products for packaging materials saw positive growth overseas (overseas sales ratio: 53.7%).  
Sales from functional inks, functional coating materials, and dispersions for LiB increased.

## Operating profit

The improvement in earnings from Printing and Information in Japan made progress, contributing to higher profit.  
Operating profit from the three color filter materials decreased, with a weak market for small and medium-sized panels.

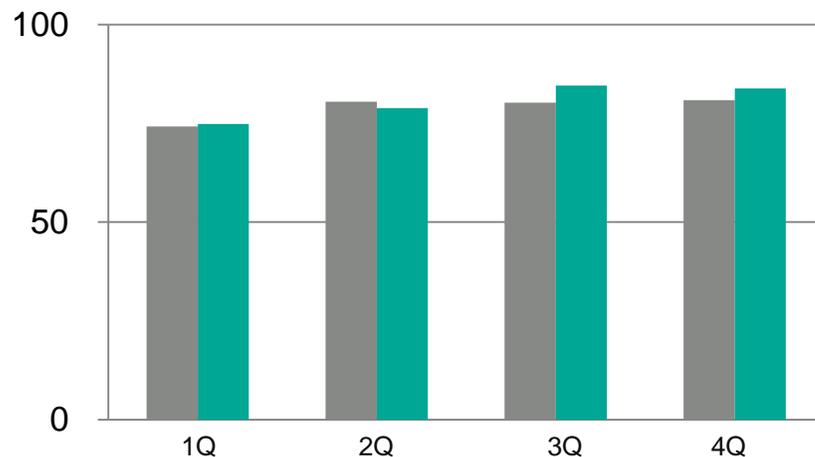
Operating profit from adhesives, pressure sensitive adhesives, gravure inks, and other products related to packaging materials increased in Japan and other countries with the contribution of price revisions.

## Profit attributable to owners of parent

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

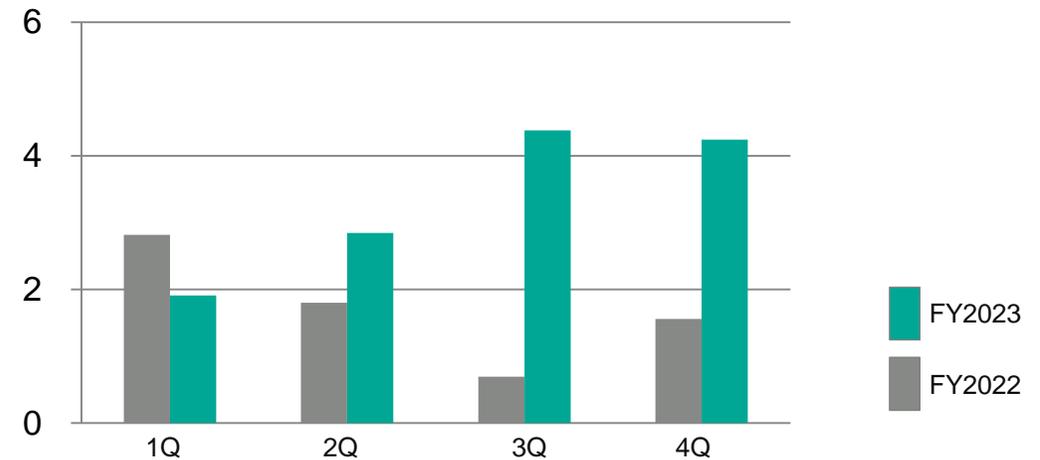
(1 Billion yen)

Quarterly changes in net sales

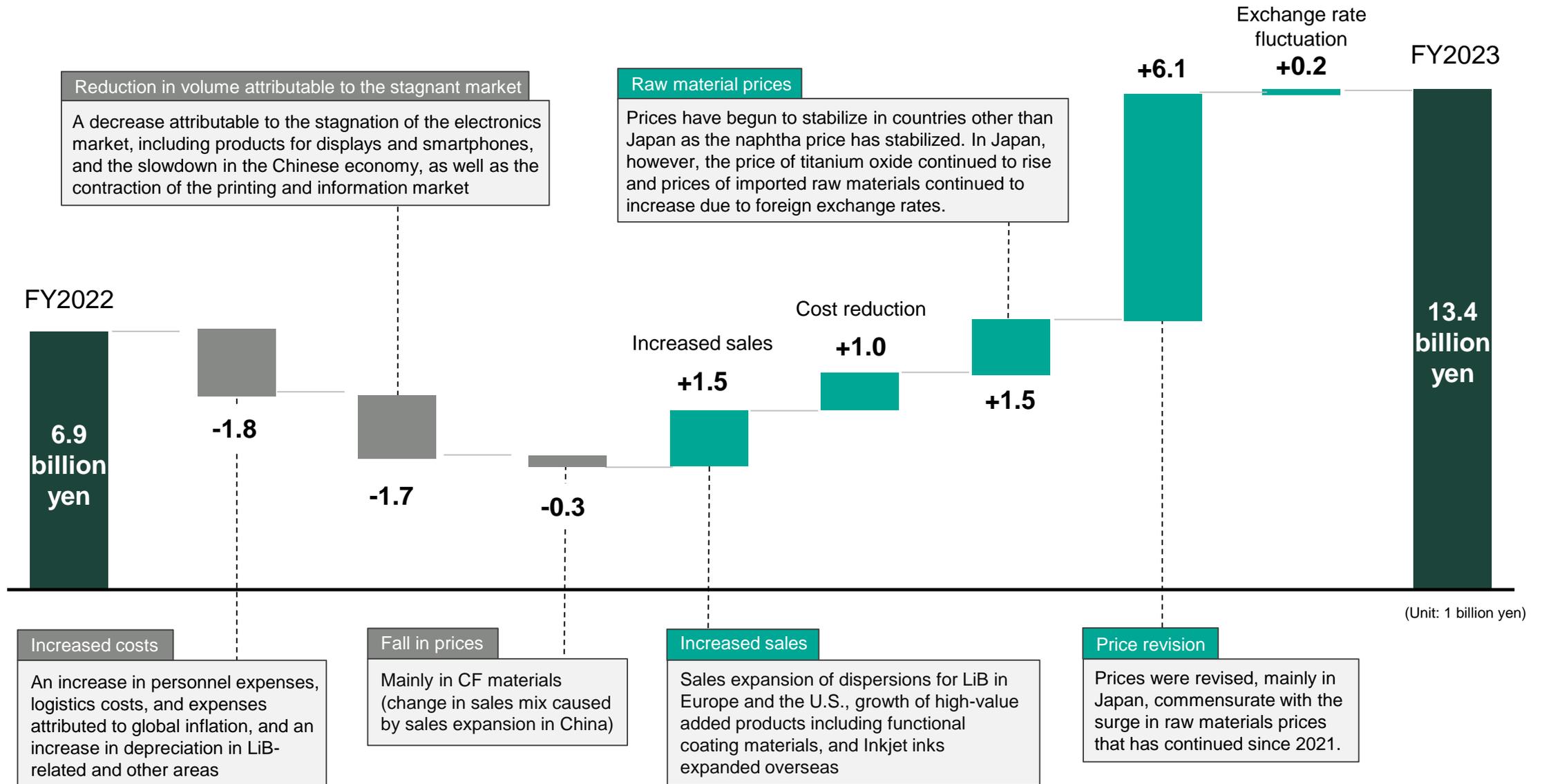


(1 Billion yen)

Quarterly changes in operating profit



# FY2023 Analysis of Factors Behind YoY Difference in Operating Profit

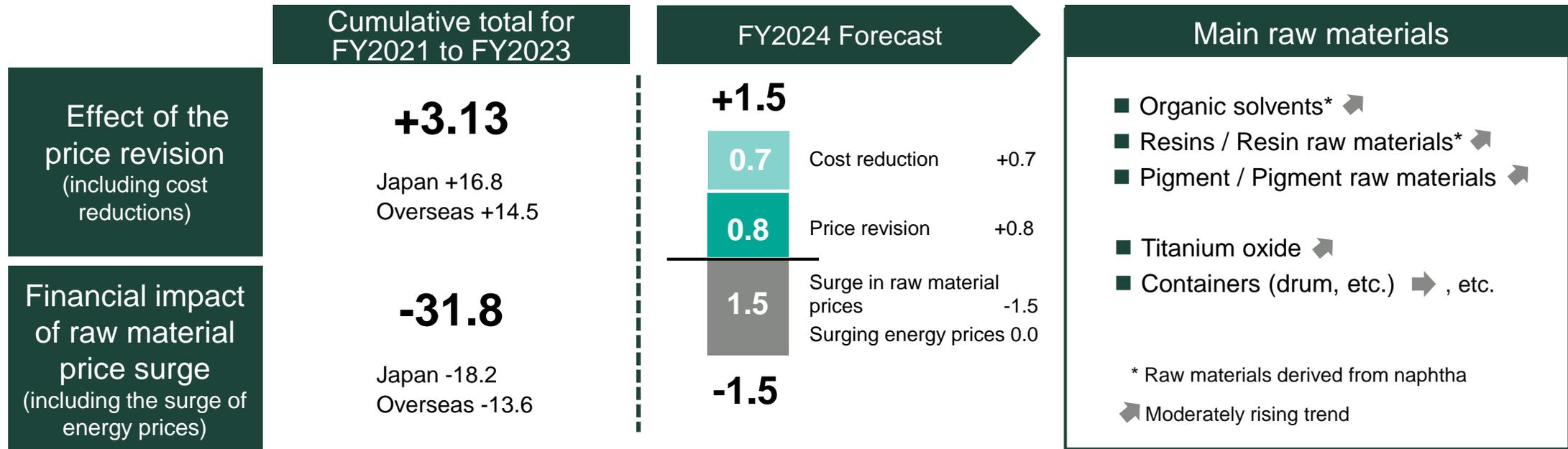


# FY2023 Trends in Raw Material Prices and Price Revisions

## ■ Current status and outlook of raw material prices

- The naphtha price rose in FY23Q4, but has begun to stabilize compared to the previous year. Prices are expected to rise in FY2024 due to a correction in the profitability of petrochemical industry in Japan. The prices of certain raw materials including titanium oxide have remained high. Prices of ethyl acetate, acrylic ester, and others have returned to the pre-COVID-19 level.
- Rising prices of imported raw materials linked to foreign exchange rates (weakening of the yen)
- Increased costs for actions to address the continuing enhancement of global environmental regulations

## ■ Impact on operating profit (changes from the previous year) (1 billion yen)



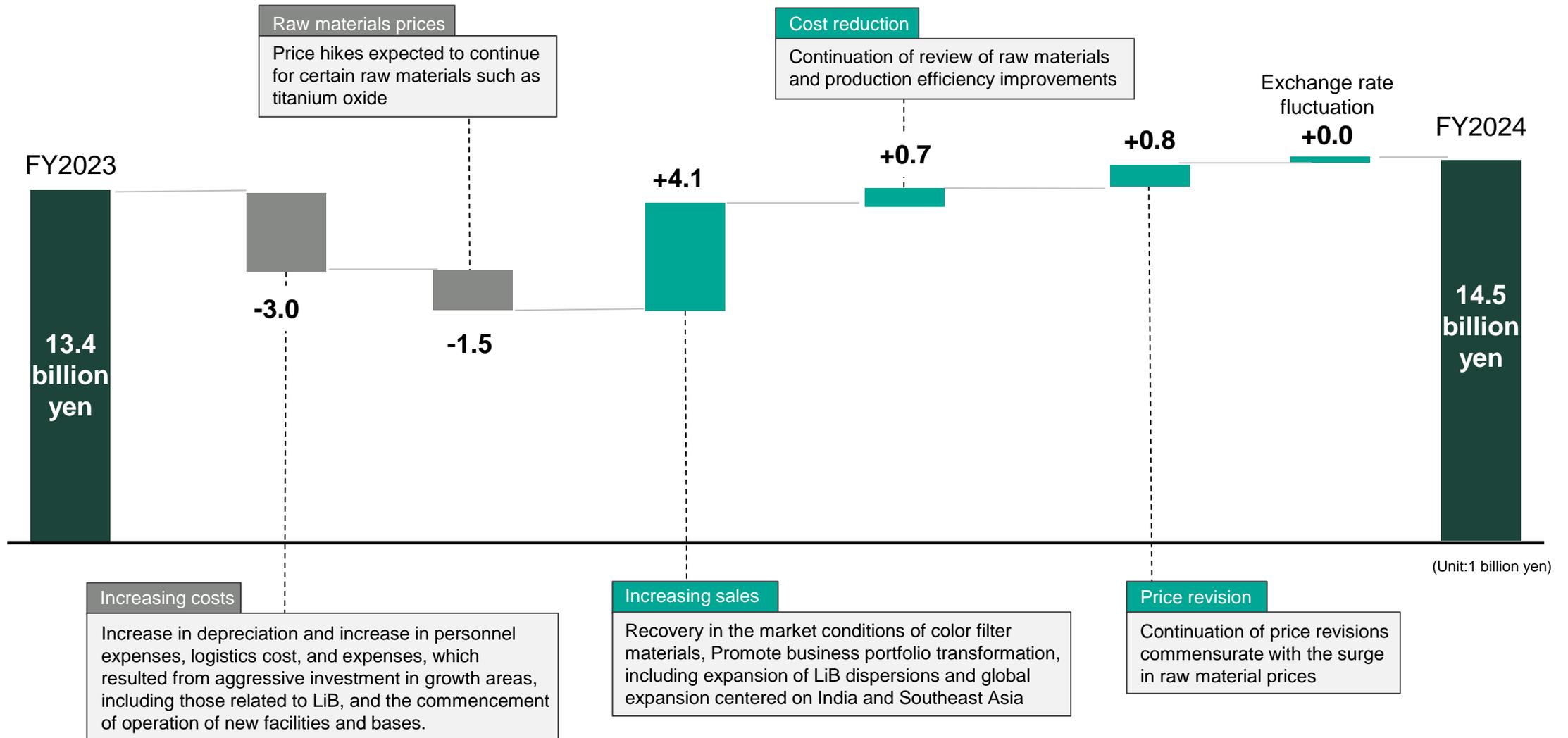
# FY2023 Summary of Performance by Business Segment

- **Colorants & Functional Materials:** Color filter materials increased in terms of volume but posted lower earnings. The inkjet inks expanded for label applications. The market for plastic colorants in Japan and overseas were weak. Performance of dispersions for LiB improved in Europe and the U.S.
- **Polymers and coatings:** Adhesives and pressure sensitive adhesives grew with progress in the expansion of sales in countries other than Japan. Electronics-related products struggled with the stagnation of the Chinese market. Earnings recovered, partly reflecting the effects of price revisions.
- **Packaging Materials:** Materials for food packaging were strong in Japan and other countries. The business expanded, especially in India and Turkey among markets other than Japan. Earnings recovered thanks to the effects of cost reductions and price revisions. Sustainability contributing products made progress in each region.
- **Printing and Information:** Earnings improved due to the promotion of structural reforms and price revisions in Japan. In countries other than Japan, functional inks\* grew in China, Europe, and the U.S.

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

	Result for FY2022 (1 billion yen)		Result for FY2023 (1 billion yen)		Increase/decrease (%)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Colorants and Functional Materials	79.4	1.8	81.1	2.7	2.1	45.5
Polymers and Coatings	76.2	2.5	77.7	5.3	2.0	109.9
Packaging Materials	83.5	1.0	84.3	3.7	1.0	280.6
Printing and Information	75.2	0.7	77.2	2.4	2.7	262.8
Others and Adjustment	1.7	0.9	1.8	-0.6	-	-
Total consolidated	315.9	6.9	322.1	13.4	2.0	94.8

# FY2024 Full-year Forecast for Changes in Operating Profit



# Measures for FY2024 by Segment

- **Colorants & Functional Materials:** Start production of dispersions for LiB in China. Consider the production of color filter materials and improve their profitability in the Chinese market.  
Make improvements in Japan and expand functional products for plastic colorants. Inkjet inks capture growth in Chinese label application market.
- **Polymers and Coatings:** Achieve further growth in adhesives and pressure sensitive adhesives in markets other than Japan, expand sales in the area of industrial materials including those for LiB, and have semiconductor materials adopted.
- **Packaging Materials:** Increase shares and improve earnings in markets other than Japan with a focus on sustainability contributing products, and maintain earnings in Japan.
- **Printing and Information:** Transform the business portfolio centering on functional inks.

	Result for FY2023 (1 billion yen)		Target for FY2024 (1 billion yen)		Increase/decrease (%)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Colorants and Functional Materials	81.1	2.7	90.0	3.4	11.0	26.5
Polymers and Coatings	77.7	5.3	82.0	5.6	5.5	6.5
Packaging Materials	84.3	3.7	88.0	4.0	4.4	9.1
Printing and Information	77.2	2.4	78.0	2.5	1.0	5.4
Others and Adjustment	1.8	-0.6	2.0	-1.0	-	-
Total consolidated	322.1	13.4	340.0	14.5	5.6	8.4

## IR schedule

- The Results Briefings for the first quarter and third quarter will begin to be held online in FY2024.
  
- IR schedule (plan)
  - Q1: Financial results announcement (May 10), Results Briefing (May 17)
  - Q2: Financial results announcement (early August), Results Briefing (late August)
  - Q3: Financial results announcement (early November), Results Briefing (middle of November)

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

■ **Inquiries concerning IR**

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■ **Website**

<https://www.artiencegroup.com/en>

■ **Major News Releases**

- CNT dispersions for LiBs is adopted by Primearth EV Energy and installed in Toyota's hybrid vehicles (February 06, 2024)  
<https://www.artiencegroup.com/en/news/2024/24020601.html>
- Notice Regarding Development of New Medium-Term Management Plan artience2027 (February 14, 2024)  
<https://ssl4.eir-parts.net/doc/4634/tdnet/2399548/00.pdf>
- Notice of Financing through the Conclusion of Agreement to Set the Right to Demand Earnings Distribution with Development Bank of Japan Inc. (February 14, 2024)  
<https://ssl4.eir-parts.net/doc/4634/tdnet/2399549/00.pdf>

## Caution:

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

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All amounts are rounded to the nearest 100 million yen.

# (Reference) FY2023 Summary by Business Segment (Colorants & Functional Materials)

## ■ Net sales

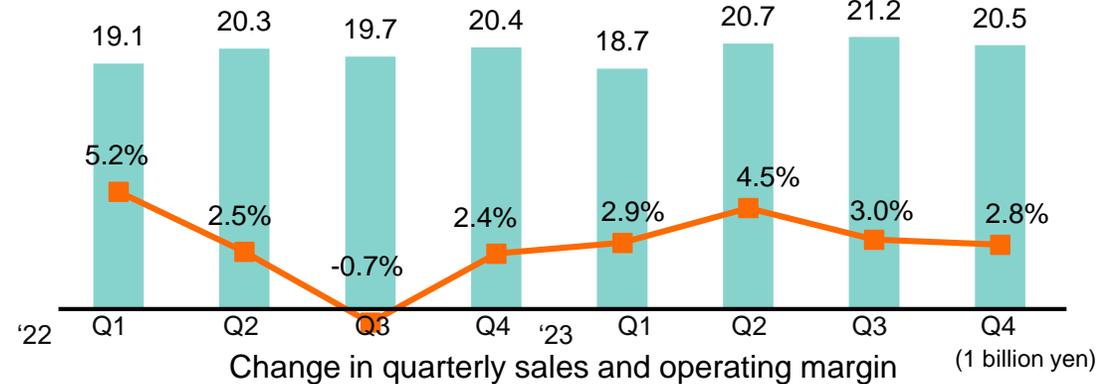
Net sales of functional dispersions increased, but plastic colorants saw a downturn in the Japanese container market and overseas OA market. Color filter materials, which have been recovering since last year, began to adjust capacity utilization in the latter half of Q3.

## ■ Operating profit

Profit of plastic colorants increased due to sales expansion in the automotive field in the U.S. and solar cell applications in China; profit of pigments improved due to optimization of bases and price revision; inkjet market recovered; profit of CF materials declined due to price decline in large general-purpose products and delay in recovery of small- and medium-sized products

Results	FY2022	FY2023	Increase/ decrease (%)
Net sales	79.4	81.1	2.1
Operating profit	1.8	2.7	45.5

(1 billion yen)



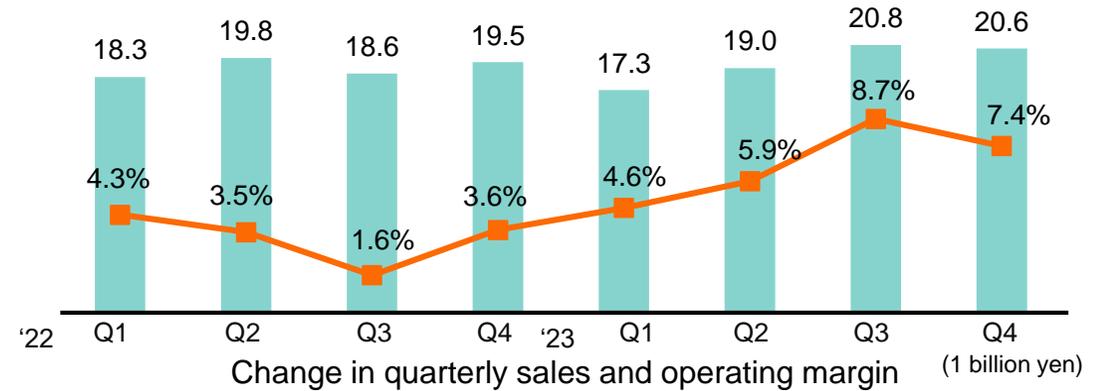
	Sales increase/ decrease	Summary
Color filter materials (Materials for displays)	13%	In China and Taiwan, market share of resist/paste recovered from Q2 last year, especially for large-size products, and is expected to recover in a shorter period than expected, despite an adjustment phase from the latter half of Q3. The small- and medium-size slump will recover from the second half of 2024 due to PC replacements, etc.
Plastic colorants	-6%	In Japan, the plastic colorants for containers and building materials markets were slumping. In other countries, products for OA equipment were weak. Products for automobiles in the U.S. and products for solar cells in China were strong. While the prices of some raw materials continued to rise, there was progress in price revisions.
Pigments	-12%	Sales decreased but profit increased. While demand for pigments for offset printing remained weak, profit increased due to progress in reforms including the integration of bases.
Other	30%	Inventory adjustments in the inkjet ink market settled, having led to the start of a recovery in the second half and growth in both sales and profit. Dispersions for LiB did not reach the initially forecast level due to the slowdown in the EV market and strikes in North America in the second half.

# (Reference) FY2023 Summary by Business Segment (Polymers and Coatings)

- Net sales** Products for displays and smartphones were weak due to the inventory adjustments that have continued since last year. Sales of products for packaging and industrial materials were affected by reluctance to buy due to rising prices, but sales expanded overseas.
- Operating profit** Operating profit recovered due to cost reductions in Japan and overseas and revisions to appropriate prices to match the impact of raw material prices.

Results	FY2022	FY2023	Increase/ decrease (%)
Net sales	76.2	77.7	2.0
Operating profit	2.5	5.3	109.9

(1 billion yen)



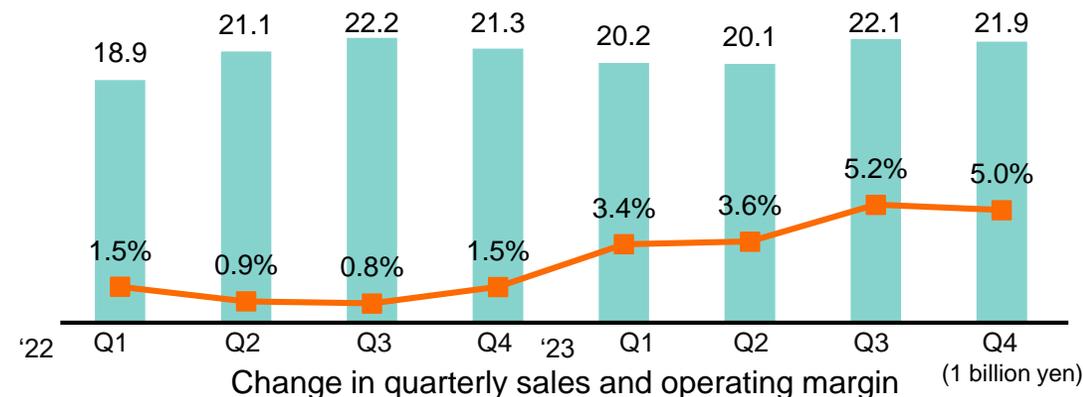
	Sales increase/ decrease	Summary
Functional films and tapes	-8%	While the electronics market remained sluggish, sales in the demand season recovered, partly due to sales expansion in China, but sales for the full year ended in a decline.
Adhesives	3%	Overseas sales expansion and sales expansion for LiB pouch type contributed to the increase. Both sales and income increased, partly due to the effect of price revision to a reasonable level.
Paint resin	5%	Sales and income increased due to sales expansion in Turkey and synergies from the acquisition of a paint manufacturer in Thailand.
Other	-3%	In Medical, sales declined due to lower demand for medical related materials, despite steady sales of patch medicines.

# (Reference) FY2023 Summary by Business Segment (Packaging Materials)

- Net sales** Products for food packaging applications remained strong in both Japan and other countries. Sales of sustainability contributing products increased, having expanded in each region.
- Operating profit** Operating profit increased with progress in price revisions and cost reduction in Japan and other countries. The operating margin has been recovering.

Results	FY2022	FY2023	Increase/ decrease (%)
Net sales	83.5	84.3	1.0
Operating profit	1.0	3.7	280.6

(1 billion yen)



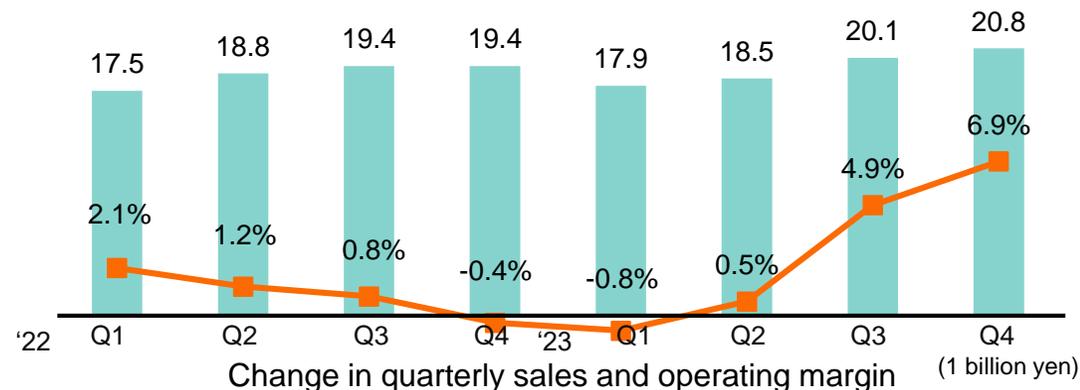
	Sales increase/ decrease	Summary
Domestic liquid inks	-1%	Despite reluctance in buying reflecting the inflation, demand for liquid inks for flexible food packaging and refill pouches was strong. There were the expansion of sustainability contributing products, such as products for paper, and progress in price revisions and cost reduction. However, raw material prices continued to soar.
Overseas liquid inks	3%	Sustainability contributing products grew, mainly in India and South Korea, with the horizontal deployment of products. Demand was strong and middle-grade products expanded in Southeast Asia and India. Cost reduction and price revisions made progress, resulting in increases in both sales and profit.

# (Reference) FY2023 Summary by Business Segment (Printing and Information)

- Net sales** The contraction of the market in Japan was accelerated, but sales increased mainly due to the effects of the structural reforms and price revisions, as well as seasonal factors..
- Operating profit** Operating profit increased due to the substantial effects of the structural reforms and price revisions in Japan and growth in functional inks in other countries.

Results	FY2022	FY2023	Increase/ decrease (%)
Net sales	75.2	77.2	2.7
Operating profit	0.7	2.4	262.8

(1 billion yen)



	Sales increase/ decrease	Summary
Offset inks (General inks)	-2%	Operating profit increased in Japan due to initiatives including cost-cutting, the reduction of selling, general and administrative expenses, and price revisions. In other countries, operating profit increased due to growth in products including sheet-fed inks for packaging materials.
Functional Inks*	8%	In Japan, UV curable inks for packaging materials remained strong. Outside Japan, UV inks saw positive growth in North America, Europe, China, and other countries. Operating profit increased, with a significant profit contribution from functional coating materials for countries other than Japan.

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

# (Reference) Consolidated Balance Sheet

(unit : 1 billion yen)

	As at Dec. 31, 2022	As at Dec. 31, 2023	Increase/ decrease(%)
Current assets	229.2	230.9	0.7
Fixed assets	181.9	216.9	19.2
Total assets	411.2	447.8	8.9

Current liabilities	113.5	124.0	9.2
Long-term liabilities	69.8	68.2	-2.4
Total liabilities	183.3	192.1	4.8

Total net assets	227.9	255.7	12.2
Total of liabilities and net assets	411.2	447.8	8.9

	As at Dec.31,2022	As at Dec.31, 2023
Interest-bearing debt(1billion yen)	86.4	89.9
New worth ratio(%)	53.3	54.9
D/E ratio	0.42	0.43

## Number of affiliated companies

	As at Dec. 31, 2022	As at Dec.31, 2023
Consolidated subsidiaries	61	56
Equity method companies	7	6

## Dividend payment

(yen/1share)

	FY2022	FY2023
First Half	45.0	45.0
Year End	45.0	(forecast) 45.0

## Investment in facilities and depreciation expenses

(Unit: 1 billion yen)

	Results for FY2023	Full year targets for FY2024
Capital investment *	19.2	30.3
Depreciation	11.3	12.5

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

# (Reference) Consolidated statement of income

(unit : 1 billion yen)

	Results for FY2022	Ratio to net sales(%)	Results for FY2023	Ratio to net sales(%)	Increase/ decrease(%)
Net sales	315.9	100.0	<b>322.1</b>	100.0	2.0
Gross profit	54.2	17.2	<b>63.8</b>	19.8	17.8
Total selling, general and administrative expenses	47.3	15.0	<b>50.5</b>	15.7	6.6
Operating profit	6.9	2.2	<b>13.4</b>	4.2	94.8
Total non-operating income	4.3	1.4	<b>2.6</b>	0.8	-40.2
Total non-operating expenses	3.3	1.0	<b>3.1</b>	1.0	-6.2
Ordinary profit	7.9	2.5	<b>12.9</b>	4.0	62.9
Total extraordinary income	5.9	1.9	<b>2.2</b>	0.7	-62.8
Total extraordinary losses	1.5	0.5	<b>2.3</b>	0.7	53.6
Profit before income taxes	12.4	3.9	<b>12.8</b>	4.0	3.7
Total income taxes	3.0	0.9	<b>3.0</b>	0.9	2.5
Profit	9.4	3.0	<b>9.8</b>	3.0	4.1
Profit attributable to owners of parent	9.3	3.0	<b>9.7</b>	3.0	4.6

# Performance by Segment

		4th Quarter, FY2023 (1 billion yen)		Increase/decrease(%) Year on Year		Increase/decrease(%) Quarter on Quarter		Total Results, FY2023 (1 billion yen)		Increase/decrease(%) Year on Year	
		Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Colorants and Functional Materials	Japan	10.7	0.2	3.6	-37.6	5.1	-3.9	39.1	0.8	1.2	-34.1
	Overseas	14.7	0.3	-4.2	15.4	-4.6	-30.9	60.4	1.9	3.5	198.2
	Total	20.5	0.6	0.9	18.1	-3.1	-10.4	81.1	2.7	2.1	45.5
Polymers and Coatings	Japan	14.0	0.7	7.7	-	9.9	9.0	50.8	2.1	-1.2	183.0
	Overseas	9.9	0.9	13.0	49.7	-10.1	-24.5	38.0	3.3	5.8	88.7
	Total	20.6	1.5	5.5	115.7	-1.3	-15.3	77.7	5.3	2.0	109.9
Packaging	Japan	11.5	0.5	-1.3	85.1	5.9	55.8	44.4	1.7	-0.4	76.8
	Overseas	10.7	0.6	7.7	-	-7.4	-28.4	41.0	2.0	2.6	-
	Total	21.9	1.1	2.6	238.0	-0.9	-5.6	84.3	3.7	1.0	280.6
Printing and Information	Japan	10.8	0.6	7.7	-	14.2	254.4	38.5	0.3	2.7	-
	Overseas	11.5	0.9	7.8	186.0	-3.8	5.0	43.5	2.3	2.3	33.5
	Total	20.8	1.4	7.0	-	3.7	45.7	77.2	2.4	2.7	262.8
Others		1.5	-0.4	22.4	-	21.6	-	5.6	-0.6	13.4	-
Adjustment		-1.4	0.0	-	-	-	-	-3.8	-0.0	-	-
Total consolidated		83.9	4.2	3.7	172.5	-0.8	-3.1	322.1	13.4	2.0	94.8

## Performance by Region

FY 2023	4th Quarter, FY2023 (1 billion yen)		Increase/decrease(%) Year on Year		Increase/decrease(%) Quarter on Quarter		Total Results, FY2023 (1 billion yen)		Increase/decrease(%) Year on Year	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Japan	48.2	1.5	4.1	292.3	7.8	33.6	178.1	4.2	0.6	42.8
Asia	33.8	1.8	6.8	60.8	-1.9	-16.3	128.8	6.3	1.5	72.1
Europe	6.9	0.6	-5.4	332.0	-19.1	-18.3	28.9	2.0	7.1	301.3
The Americas	5.9	0.3	4.6	-	-13.1	-26.8	24.8	1.1	9.4	-
Adjustment	-10.8	-0.0	-	-	-	-	-38.5	-0.3	-	-
<b>Total consolidated</b>	<b>83.9</b>	<b>4.2</b>	<b>3.7</b>	<b>172.5</b>	<b>-0.8</b>	<b>-3.1</b>	<b>322.1</b>	<b>13.4</b>	<b>2.0</b>	<b>94.8</b>

(Note) FY2022 (1 billion yen)	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total	
	Net sales	Operating profit	Net sales	Operating income	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Japan	43.1	1.8	44.9	1.2	42.7	-0.5	46.3	0.4	177.0	2.9
Asia	30.0	0.8	32.8	0.9	32.4	0.9	31.6	1.1	126.9	3.7
Europe	5.5	0.2	7.1	0.3	7.0	-0.1	7.3	0.1	26.9	0.5
The Americas	5.0	-0.0	5.7	-0.1	6.3	0.0	5.6	-0.0	22.7	-0.1
Adjustment	-9.4	0.1	-10.2	-0.5	-8.1	0.4	-9.9	-0.1	-37.6	-0.1
<b>Total consolidated</b>	<b>74.2</b>	<b>2.8</b>	<b>80.5</b>	<b>1.8</b>	<b>80.2</b>	<b>0.7</b>	<b>80.9</b>	<b>1.6</b>	<b>315.9</b>	<b>6.9</b>

# Colorants and Functional Materials Coatings Subsegments

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



# Polymers and Coatings Subsegments

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

# Packaging Materials, Printing and Information Subsegments

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

