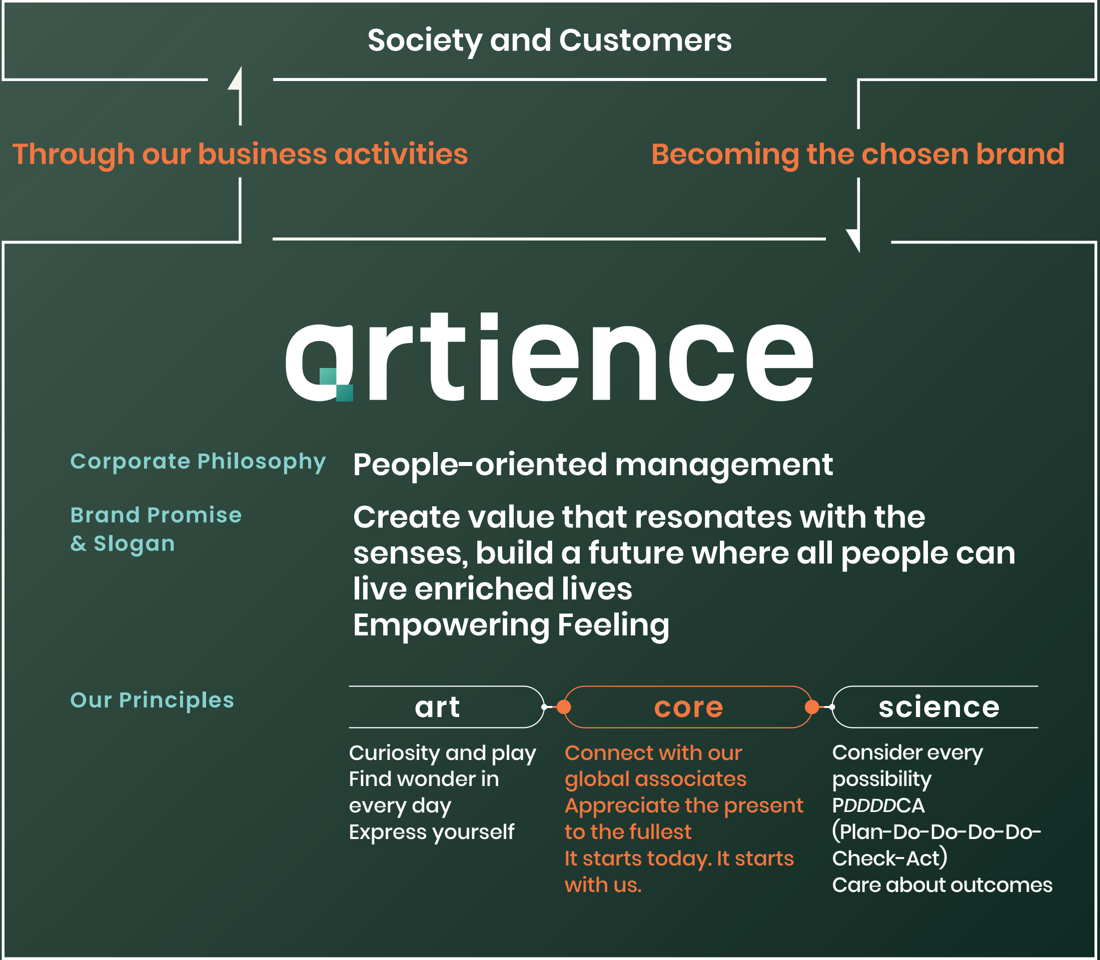
INTEGRATED REPORT 2026

artience

Philosophy System



Society and Customers

Through our business activities

Becoming the chosen brand

artience

Corporate Philosophy People-oriented management

Brand Promise & Slogan Create value that resonates with the senses, build a future where all people can live enriched lives
Empowering Feeling

Our Principles

art	core	science
Curiosity and play Find wonder in every day Express yourself	Connect with our global associates Appreciate the present to the fullest It starts today. It starts with us.	Consider every possibility PDDDDCA (Plan-Do-Do-Do-Do-Check-Act) Care about outcomes

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

Creating Value that Resonates with the Senses

Foundation Supporting Value Creation

Corporate Data

Dear Readers

On the Publication of the Integrated Report 2026

This Integrated Report explains the artience Group's management strategies, businesses, corporate governance, environmental and social initiatives, etc. 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 final year of the artience2027 Medium-term Management Plan, Integrated Report 2026 features interviews with people responsible for the implementation of various management and business strategies and initiatives that the Group is pursuing. It also includes messages from these people. We have made every effort to meet stakeholders' expectations and address their questions to the best of our ability. We will outline the Group's progress in its transformation during the first two years of the current medium-term management plan. Additionally, we will discuss the completion of the reforms in the final year of the plan and the establishment of a solid foundation before the start of the next medium-term management plan. 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 2026

Questions from investors

What does "value that resonates with the senses" mean? How will this enhance corporate value?	▶ P.10	Top Message
What are artience's competitive advantages?	▶ P.16	Special Feature: Strengths of the artience Group
What progress has been made in restructuring and strategy-rebuilding businesses?	▶ P.10 ▶ P.37	Top Message Management Strategy
What are the growth factors in your overseas business?	▶ P.17	Special Feature: Strengths of the artience Group — Global Expansion into Growing Regions
Your PBR is below 1. What capital policies do you plan to implement to address this situation?	▶ P.40	Financial Strategy
What steps are you taking to make the most of your human capital?	▶ P.42	Human Capital Strategy
Could you please explain your policies and strategies regarding the remuneration system for your officers and cross-shareholdings?	▶ P.64	Corporate Governance

artience at a Glance

Business Segments 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.48

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.50

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 sustainability-enhancing products.

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

Packaging Materials Business

▶ P.52

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

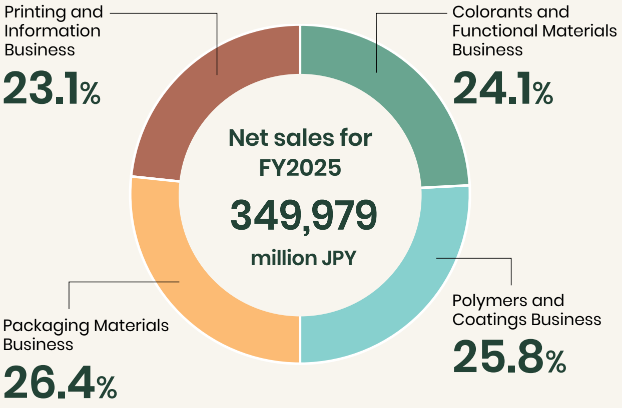
Printing and Information Business

▶ P.54

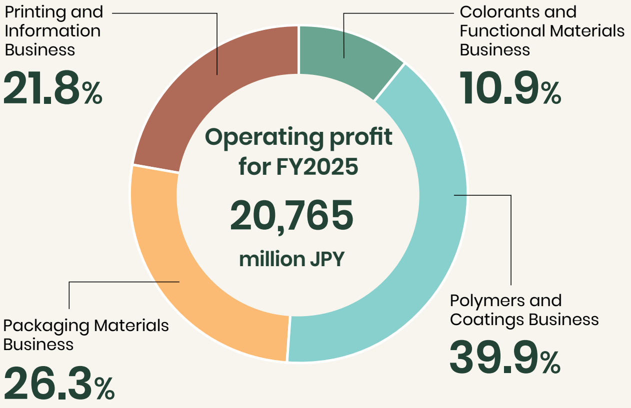
The artience Group has been engaged in the printing ink business since its very beginning, as the sector is an important one in support of information infrastructure. We apply proven technologies developed over the course of many years in the industry to develop new applications, such as functional inks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

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

Net sales by business segment (FY2025)



Operating profit by business segment (FY2025)



*Other businesses have been omitted. *As of the end of December 2025

artience at a Glance

Financial Indicators (FY2025)

■ **Net sales**

349,979 million JPY

YoY - 1,084 million JPY

■ **Operating profit**

20,765 million JPY

YoY + 351 million JPY

■ **Operating profit margin**

5.9%

YoY + 0.1 points

■ **Ordinary profit**

20,888 million JPY

YoY - 120 million JPY

■ **Profit attributable to owners of parent**

10,340 million JPY

YoY - 8,200 million JPY

■ **ROE (Return on equity)**

3.9%

YoY - 3.4 points

■ **Research and development expenses**

10,159 million JPY

YoY + 49 million JPY

■ **Capital investments**

16,372 million JPY

YoY - 2,067 million JPY

■ **CCC (Cash Conversion Cycle)**

112 days

YoY 1 day extended

■ **Total dividend payout ratio**

147.8%

No dividend cuts for
16 consecutive periods

Sustainability Management Indicators (FY2025)

■ **GHG (Scope1+2) emissions**

145,525 $t\text{-}CO_2$

- 27.9% from the FY2020 level

■ **Sales ratio of sustainability-enhancing products**

61.9%

YoY + 6.4 points

■ **Ratio of CSR procurement**

77.5%

YoY + 8.4 points

Coverage 42.1%

■ **Engagement score**

83

YoY + 7 points

External Recognition

2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

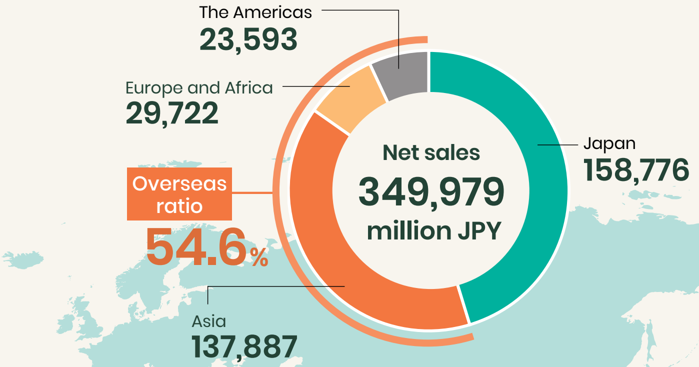
FTSE JPX Blossom
Japan Index

FTSE JPX Blossom
Japan Sector
Relative Index

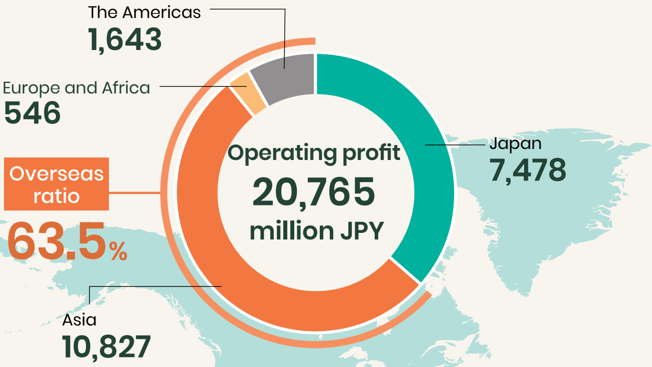
S&P/JPX
Carbon
Efficient
Index

2026
Sompo Sustainability Index

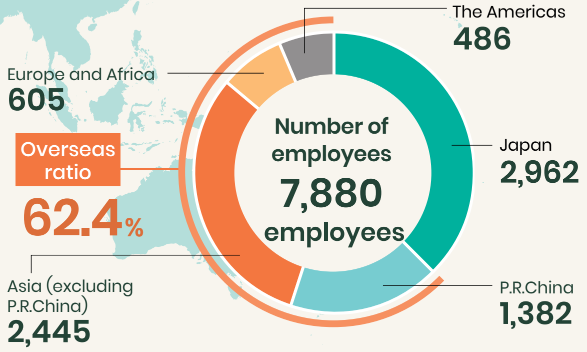
Net sales by business area (Unit: million JPY)



Operating profit by site location (Unit: million JPY)



Number of employees by region (employees)



* The graphs do not include adjustment amounts about net sales by business area and operating profit by site location.

* 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.

Percentage of new graduates hired as women (original employees of artience Co., Ltd. In Japan, as of April 2026)

54.2%

YoY + 9.2 points

Ratio of female directors (as of March 24, 2026)

27.3%

Three of the Company's 11 directors are female.

Ratio of female managers (as of January 2026)

6.2%

YoY + 0.4 points

Time spent maintaining trusting relationships with customers

130 years

Founded in 1896

CDP Score 2025

Climate Change	Water Security
B	B

Total Score 57/100

* 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 (the registered trade mark of FTSE Internationaal Limited and Frank Russell Company) 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 JPX Blossom Japan Index and the FTSE JPX Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index and the FTSE JPX Blossom Japan Sector Relative Index are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE JPX Blossom Japan Index and the FTSE JPX Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

History of the artience Group

For 130 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.

Founder

Kamataro Kobayashi

(1875—1938)

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.

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)

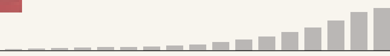
1950—

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

"ORIBAIN™," Pressure sensitive adhesive



1896 1907 1910 1920 1930 1940 1950 1960

1990—

Expanding into new markets with unique technologies

Since the 1990s, we have been advancing R&D activities to create applications for our 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

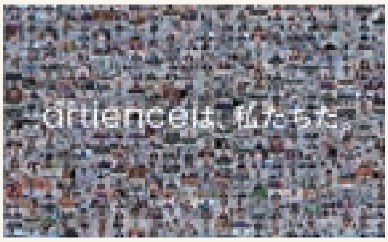
"LIOACCUM™," Electrode material for lithium ion batteries

"LIOELM™ TSS,"
Electromagnetic wave shielding film

2024—

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

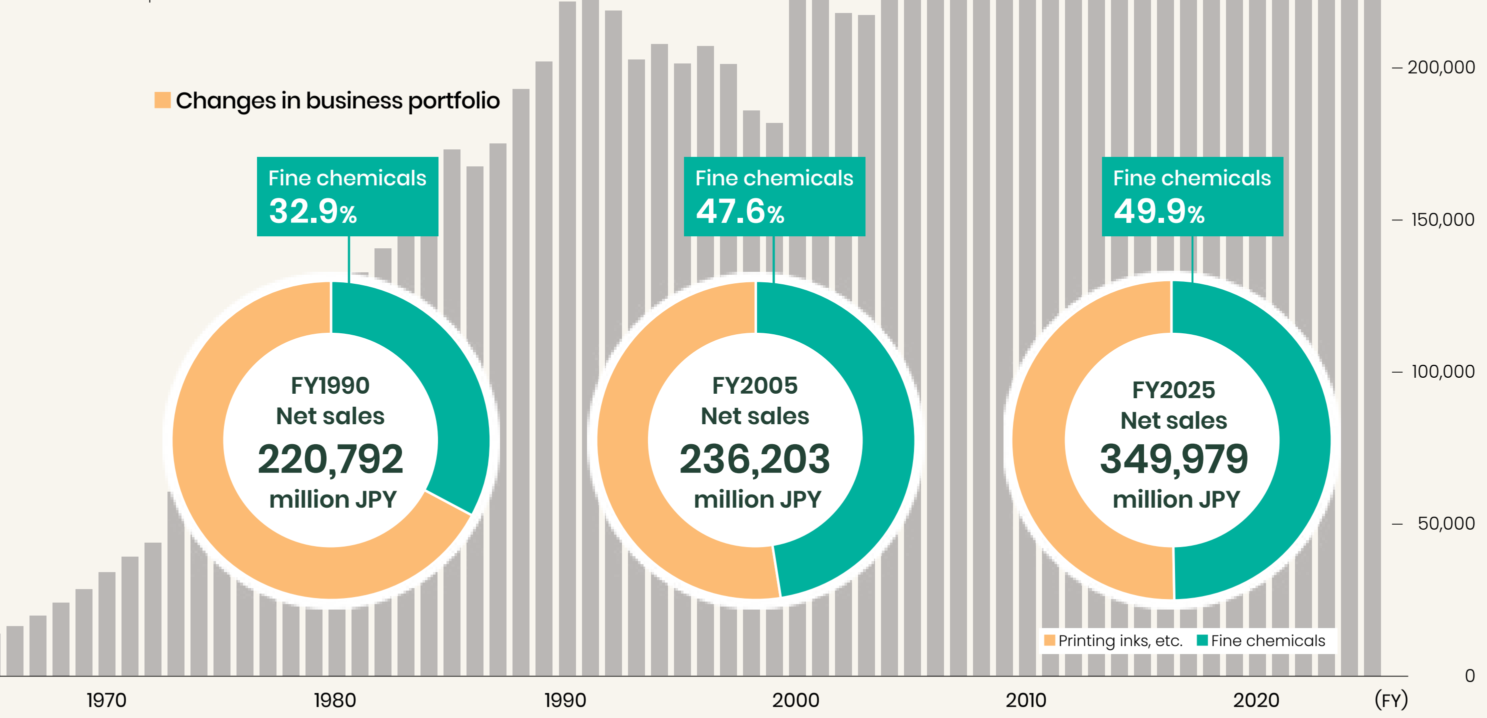
In January 1, 2024, we changed our company name to artience Co., Ltd. This means that we stopped using the TOYO INK brand name, which was our brand name for 117 years. This displays the Group's determination to achieve this major transformation and make a fresh start to people inside and outside the 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

Changes in business portfolio



Top Message

Continually creating “value that resonates with the senses” in defiance of this age of uncertainty to achieve transformation for growth

A corporate position tested in a turbulent world

Looking back at FY2025 and looking toward FY2026 and further into the future, I realize how violent changes in our environment have been. In addition to the increase in geopolitical risks, AI and other technologies are advancing. The number of consumers and the working population are shrinking in Japan, and new issues are emerging regarding the sustainability of the environment, society and other matters. Business conditions are changing dramatically. None of these things are temporary. We need to assume that they will be lasting issues when thinking about management.

In particular, the current geopolitical risks related to the Middle East are unpredictable. Immediately after armed conflict began in Iran at the end of this past February, our management executives gathered to discuss our response actions. At that time, we agreed that decisions would be left to individual sites, assuming that something on the level of an emergency was happening, and we agreed to thoroughly share information. We have shared the information gathered from bases around the world among individual companies and divisions and taken the best possible measures based on decisions made at the individual sites. In March and April, the procurement of raw materials was the greatest issue. Coordination with suppliers and trading companies and emergency imports from overseas bases within the Group were conducted at the discretion of individual sites. This enabled us to supply our products without causing our customers any problems. Since then, we have been working to maintain and improve our performance by changing products and their prices based on the raw materials available while seeking the understanding and cooperation of customers. I feel that we have steadily increased our resilience and ability to act quickly and appropriately through the structural and corporate transformation we have implemented to adapt to past changes in the environment surrounding us, such as the COVID-19 pandemic and the situation in Ukraine.

Satoru Takashima

Group CEO
President and Representative Director

Top Message

One of our strengths is the business infrastructure we possess in many different countries and regions around the world. We share information through our global network and serve customers sincerely to provide them with peace of mind. Related divisions work hand-in-hand to do their best. In addition to the transformation of mechanisms, we will persistently pursue these mindsets to turn challenges into future opportunities.

Regarding the continuing tensions between the United States and China, we are in a difficult situation in which we must distribute risks to India and other growing areas while maintaining and expanding our operations in the two countries, as they are both important markets to us. Eiichi Shibusawa said, "*Goodwill in economic relations between ourselves and others will in time become political goodwill, and thus international peace shall be preserved.*" This was included in a collection of "*Kungenshu* (Maxims)," and I strongly agree with this idea. I believe that one of our roles as a company is to create peace. Businesspeople can visit foreign locations in person to meet local people directly and deepen friendships with them that overcome prejudice. I am convinced that maintaining economic relationships and increasing mutual understanding will help prevent confrontations, even as international tensions mount.

artience2027, Medium-term Management Plan — Steadily building up earning strength in its second year

FY2025 was the second year of the artience2027/2030 "GROWTH" Management Plan in which goals for 2030 were set. In the course of the business portfolio transformation toward growth, net sales decreased slightly from the previous fiscal year. But, disregarding foreign exchange impacts, net sales effectively improved. Operating profit hit a new high. Our overall earning strength is steadily improving.

Under the artience2027 medium-term management plan, the first of the basic policies supporting the growth strategy is the "shift to highly-profitable existing businesses." We divided our existing businesses into those that should be expanded and those that should be restructured, and we made different efforts for both of these groups and achieved the stable growth of profit. In overseas markets, sales of pressure-sensitive adhesives and liquid inks expanded. In Japan, profits from liquid inks were stable. For pigments, we carried out structural reforms and their sales improved. I feel that we are seeing tangible results.

The second basic policy is the "creation of strategic priority businesses." Accordingly, we worked with a focus on mobility and batteries and on displays and advanced electronics. In mobility and batteries, operations concerning carbon nanotube (CNT) dispersions for lithium-ion batteries (LiB) were affected by the sluggish electric vehicle (EV) market. Our plants in Kentucky, USA and in Hungary posted major impairment losses, which resulted in a decline in profit. Our major customers have successively revised and postponed their investment plans. In view of these industry-wide changes, our position was that it would be appropriate to reconsider our plan. After careful discussions with a certified public accountant, we have ensured our financial statements properly reflect these matters.

Meanwhile, multiple projects were created in the domain of displays and advanced electronics, centered on semiconductors. These buds of businesses have been developed to establish a firm foundation for growth. Sales of optical pressure-sensitive adhesives for securing displays grew in China and elsewhere. In the market for image sensors used in smartphones and in-vehicle cameras, our color filter materials have an increasing presence. In addition, amid the data center construction boom, mainly in the United States, polymers are increasingly used for circuit boards. We expect to see them continue to grow in the future.

Increasing investments for growth to carry through with the business portfolio transformation

Japan escaped 30 years of deflation and moved into an era of inflation. I see this as a major turning point in corporate management. In an environment where retaining funds is a risk, the speed and precision of growth investments are decisive factors in our fate in the coming years.

Recognizing this, we will prioritize growth investments in our allocation of our cash flows with a view toward the achievement of the artience2027/2030 "GROWTH" Management Plan. Shareholder return is another important duty that we have, but our priority is ensuring that we grow in the future.

Regarding investment destinations, we will focus on the aforementioned area of advanced electronics, in addition to strengthening our existing businesses. We anticipate that it will be a key growth driver during the period of artience2030, our next medium-term management plan that commences in FY2027. We will carry out proactive initiatives, including mergers and acquisitions, as necessary.

At the same time, we will not allow the CNT dispersion business to move backwards. The EV market is currently in an adjustment phase. Amid rapid advancements in autonomous driving and other mobility technologies, we project steady progress in the transition to EVs in light of its affinity with digital technologies. While monitoring the timing of the expansion of the EV market, we will expand the scope of our business to include anode materials and all-solid-state batteries. We will also expand from automotive applications to applications in the fields of stationary storage batteries for data centers and physical AI power supplies, which are expected to expand in the future. We will develop this business into a pillar of growth.

Another domain we believe has great potential as a next-generation area is the field of bioscience and life sciences. We will capitalize on our polymer technologies and our strength in fluorescent materials with the goal of entering the field of in-vitro diagnostic agents. Many conventional test drugs have been made from animal-derived raw materials, and there are supply and quality stability issues in this area. The need to switch to chemical products is increasing. In July 2025, we formed a business alliance with Immuno-Biological Laboratories, Co., Ltd. (IBL), a manufacturer of antibodies. Through this alliance, test drugs using our synthetic polymers have been released. We also invested in U.S.-based biotech venture VLP Therapeutics, and we have dispatched engineers to it to work on the development of vaccines. These actions are beginning to produce positive results. We are engaged in in-depth evaluations to increase our emphasis on this domain during the next medium-term management plan.

We must also accelerate our decision-making process regarding poor profitability businesses. We ask businesses failing to improve their cash flows over a predetermined period to create recovery plans. If there is no potential for the business to recover, we need to make decisions, including decisions regarding withdrawal from the business. We will develop rules regarding these decisions to accelerate our business portfolio transformation.

Ensuring to increase capital efficiency to advance business management

Increasing capital efficiency is a top management priority. In the artience2027 medium-term management plan, a target return on equity (ROE) of 8% was set. We see this as the minimum level we must achieve to exceed a price-to-book-value ratio (PBR) of 1. In FY2025, we failed to achieve the ROE target due to the posting of an impairment loss. However, there were no problems regarding our cash flows. We will make sure that we will achieve our targets for FY2026, the final fiscal year of the artience2027 plan.

To realize this, we will further strengthen the Group's management structure. In the past, our management of progress and performance has centered on net sales and operating profit. In the future, we will also include profit attributable to owners of parent. We will ensure that reports prepared by the financial section include profit attributable to owners of parent, so that we are able to monitor it continuously. This will enable us to transition to management that pays close attention to the bottom line.

We are working to fully leverage cash conversion cycle (CCC) and return on invested capital (ROIC) as indicators of capital efficiency. We set ROIC targets for individual segments, and we also set more detailed targets for individual product categories, and we check these figures every month.

From FY2026, officer remuneration is more closely linked to performance. In addition to traditional net sales and operating profit, we have incorporated ROE into the index to evaluate performance, and we have widened the range that performance-based compensation fluctuates within. This will enable us to fulfill our management responsibilities from a perspective that is more aligned with the perspectives of our shareholders.

Increasing the power of individuals based on people-oriented management

The third basic policy in artience2027 is the "reforming of business foundation." Our human capital strategy is at the heart of this. Even as we are working on reforms with a determination to change everything within the company, we are keeping our "people-oriented management" principle unchanged because we believe that maximizing the capabilities of diverse individuals is the essence of corporate growth.

Top Message

In the area of digital transformation, which we are focused on, we are striving to create an environment that enables our internal staff to engage in personal development, rather than relying solely on the acquisition of external specialists. A symbol of these efforts is our Generative AI Task Force, a trans-divisional team whose members include people from production, sales and back-office departments. We are seeing the emergence of a series of employees who are taking the initiative in personal development activities with a strong sense of purpose and are changing operations, and I find this encouraging. In the R&D division, we are using AI to develop products, and we have already started to develop AI agents.

The mission of the Incubation Center is to develop an organizational culture that facilitates people's taking on challenges and the creation of new businesses. Its initiatives are beginning to produce positive results. The Incubation Center organizes the IPPO internal business idea contests. IPPO, which means "first step" in Japanese, is derived from its slogan, "Take the first step with courage." Each time a contest is held, it attracts more applicants than the previous contest. The applicants vary widely in age, ranging from their twenties to their sixties. External consultants are involved in the process of intensively improving their ideas in terms of business feasibility and revenue models. This process helps achieve personnel development and the creation of new businesses. The energy-saving solution that won the grand prize in FY2024 is already in the commercialization phase. There are hopes that a project being implemented in collaboration with a university-originated business venture that possesses an electric power sensor technology will develop into a consulting business for the AI-based remote management of the power consumption of factories that makes it possible to propose energy conservation measures. In October 2025, we launched Incubation CANVAS TOKYO, a global co-creation hub specializing in materials. It is a place where personnel, technologies and ideas can come together to accelerate the creation of new value.

We have also worked hard to increase employee engagement by engaging in a dialogue with them. To date, I have visited 29 bases in Japan and abroad to hold roundtable talks with a total of approximately 300 employees. The number of participants in each of these roundtable talks is limited to focus on listening to the personal opinions of employees. In FY2026 in particular, I emphasized manufacturing workers and discussions suited to the issues that individual bases are facing in consideration of the results of the engagement survey.

Direct conversations with employees significantly impact the management decisions that I make. At one plant, an employee said that the plant staff were concerned about the slow approval of their applications for the replacement of equipment, even though their equipment was becoming older and older. Directly listening to the worker highlighted the fact that we were not making the necessary investment in existing equipment as we were pushing ahead with major growth investments, and it enabled me to realize the problem. In response, we reviewed investment limits in the management plan and ensured that we could flexibly invest in equipment maintenance and replacement within depreciation limits. I understand that investing capital to reduce the burdens borne by workers is also necessary from the perspective of addressing the intensifying labor shortage in Japan.

Placing sustainability at the heart of management to facilitate the continual growth of corporate value

We have consistently believed that environmental initiatives are both responsibilities that manufacturers must naturally meet and also business opportunities. The need for environmental products and technologies continues to increase. In our asv2050/2030 Sustainability Vision, we set the target of increasing our sustainability-enhancing product sales ratio to 80% by FY2030 and to 100% by FY2050. The progress we achieved in FY2025 includes the commercialization of sustainable packages that feature enhanced recyclability in collaboration with Lion Corporation.

Currently, there is a backlash against ESG and the SDGs, but long term, companies that do not consider the environment or society will not be chosen. This trend is more obvious among the members of younger generations who have been educated about sustainability. When speaking with employees in Japan and overseas, I have heard many times that they chose to join artience because they found artience's environmentally considerate management and product development to be appealing. In the future, the people who are members of these generations will play central roles in society. In view of this, I have an awareness of the necessity of sustainability management.

It is also necessary to improve governance to continuously increase corporate value. In FY2025, a female outside director who has experience in corporate management joined us, further improving our knowledge in the areas of management, financial affairs and accounting. Regarding the composition of the Board of Directors, we will improve our skills matrix from the perspectives of diversity and specializations to improve the management team's ability to fulfill its supervisory duties.

The Advisory Committee on Appointment and Remuneration continues to deliberate our succession plans for selecting future management executives. We will create candidate shortlists and provide the candidates with opportunities to deliver presentations during the committee's meeting to assess their aptitude from multiple perspectives.

Continuing to work for the future based on 130 years of history

The artience Group celebrated the 130th anniversary of its foundation in 2026. While the Group's long history is a testament to our sustainability, we are currently working to break out of the mold we have created for ourselves as a long-established company.

In FY2024, we changed the name of our company, and we also changed our philosophy system. We created our Brand Promise, "Creating value that resonates with the senses, build a future where all people can live enriched lives." It has been two full years since we did that. We are achieving steady progress in our transformation and steady results in our processes to establish a culture that encourages us to take on challenges and transform our business portfolio.

However, looking at our results, these efforts are still incomplete. We must achieve the numerical targets set in the medium-term management plan and earn a positive evaluation from the market in the form of a PBR of more than 1. Not just in our founding business of printing inks, but also in new areas, we will develop mainstay products that will earn global recognition. I think that we cannot say that we have changed until we achieve this.

Several days ago, something impressive occurred during an internal discussion. A young staff member thanked me for changing the name of the company to artience. They said they were encouraged to take on any challenge within the company. I realized that our workers clearly understand the direction we aspire to move in, and this was really encouraging.

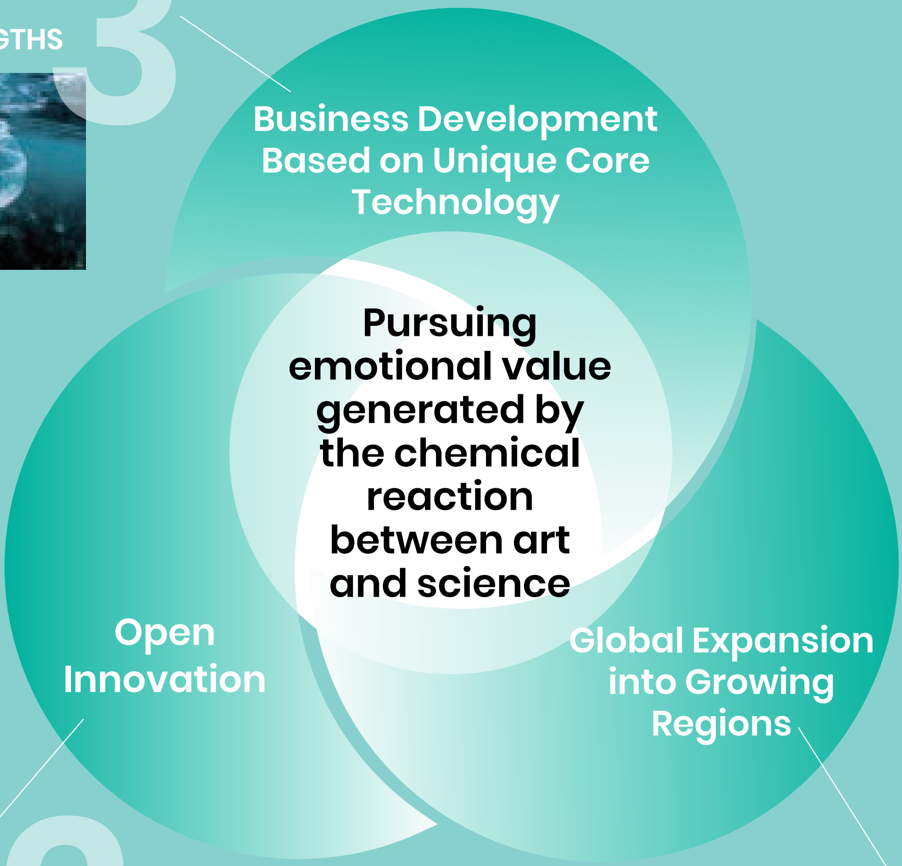
Building on our 130 years of history, we will continue to take on new challenges for the future as a company that combines art, which resonates with people's sensibilities and hearts, and science, which includes technical capabilities and functionality, to continuously create value that resonates with the senses.

Special Feature

Strengths of the artience Group

STRENGTHS 3

▶ P.23



Business Development Based on Unique Core Technology

Pursuing emotional value generated by the chemical reaction between art and science

Open Innovation

Global Expansion into Growing Regions

STRENGTHS 2

▶ P.20

STRENGTHS 1

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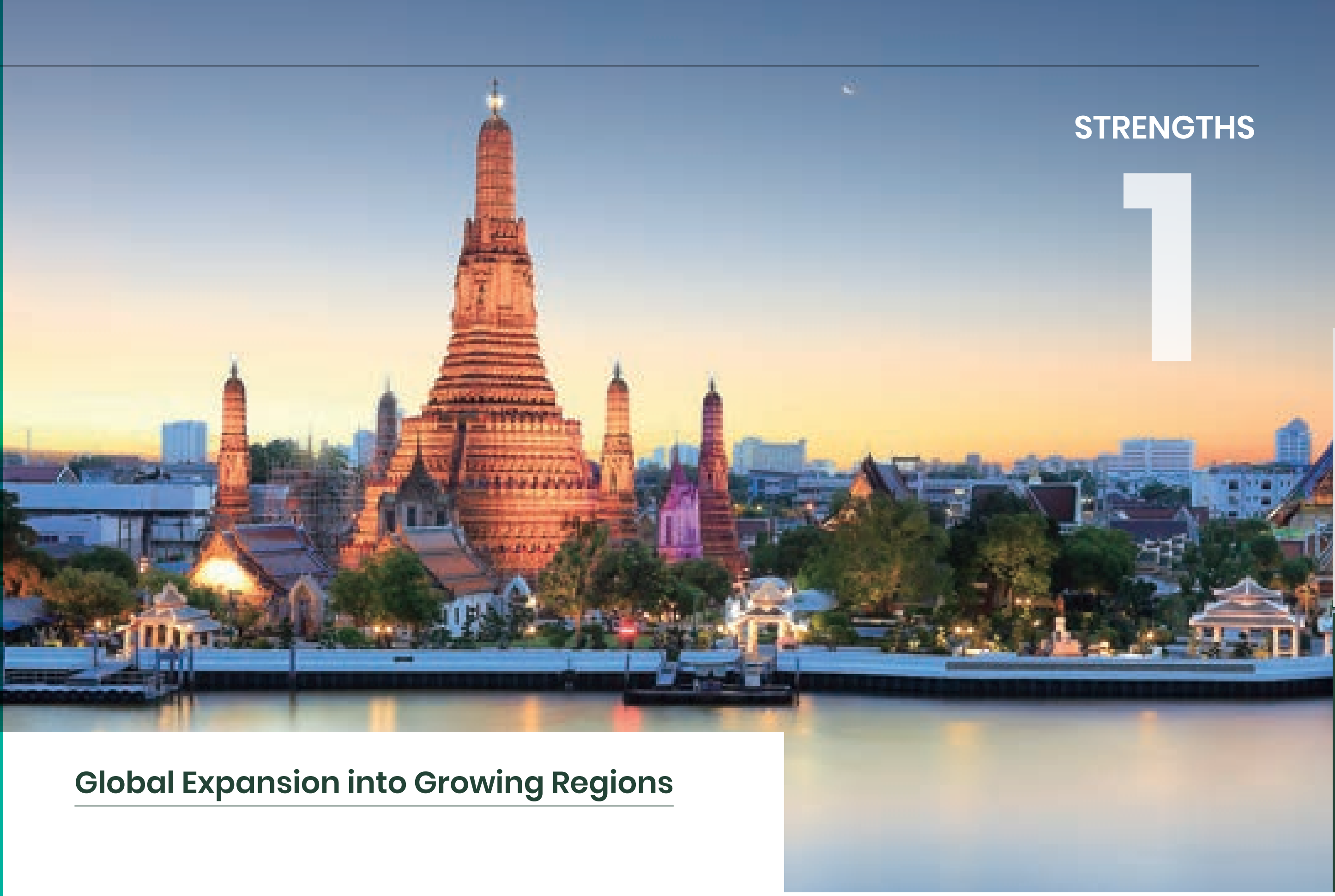
The artience Group is dedicated to achieving sustainable growth and creating value that resonates with the senses by practicing its business model, which is built on its three strengths: global expansion into growing regions, open innovation and business development based on unique core technology.



STRENGTHS

1

Global Expansion into Growing Regions

The Kitchen of the World
ASEAN Region Growth Strategy in Thailand
Toyo Ink (Thailand) Co., Ltd.

Established in 1971, Toyo Ink (Thailand) Co., Ltd. (TIT) has established a firm foothold as a base supporting the overseas growth of the artience Group. In 2023, TIT expanded its business portfolio by taking control of can coating manufacturer Thai Eurocoat Ltd. (TEC). It is now ready to answer greater requests from customers. Taichiro Matsuoka, the president of TIT, Namthip Sabaywong, director in charge of can coating business, and Pruksapong Jiamanurat (Pete), general manager of SCM, discussed their initiatives for transforming TIT into a leading company in the packaging market in Thailand and the ASEAN region under the country's Thailand 4.0 policy of using innovation and technology to transition to high value-added industries.

Major products of TIT/TEC

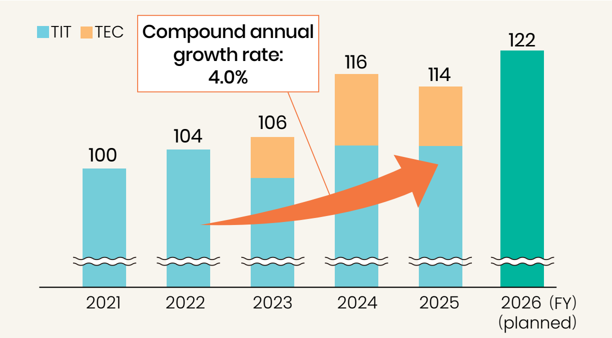
Market environment and competitive advantage

TIT's strengths in the food packaging materials market

Matsuoka: The current economic conditions in Thailand cannot be considered good compared to the rest of the ASEAN region. Even so, Thailand is called the kitchen of the world because it is a large food processing center. Processed food products manufactured in this country are exported to the entire world. In 2026, it is expected that the Asia-Pacific food can market will be around 40% larger than in 2020. Similarly, the food packaging materials-related market will be strong.

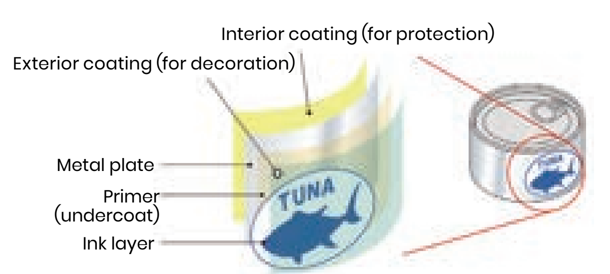
Changes in net sales of TIT/TEC

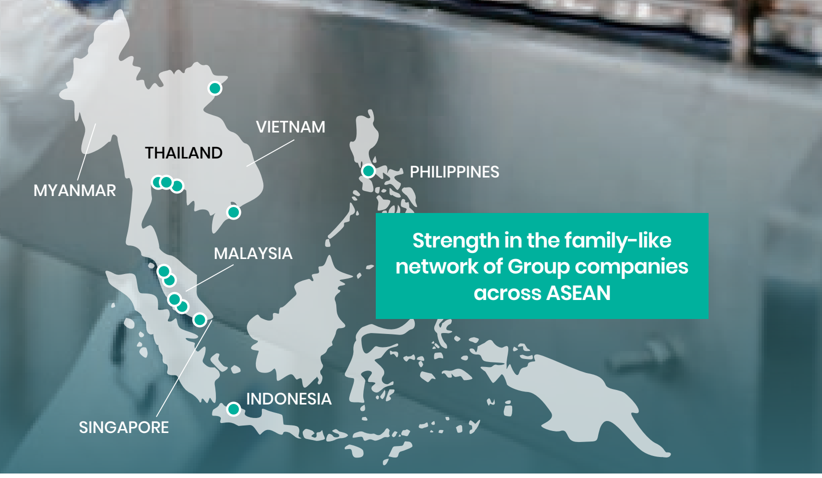
(Based on local currency; FY2021=100)



Special Feature

Strengths of the artience Group





Strength in the family-like network of Group companies across ASEAN

Business is expanding in the field of TIT's products, including liquid inks and laminating adhesives for flexible packaging and can coatings for food cans.

Pete: I am currently engaged in supply chain management (SCM). Before that, I was engaged in sales for years. My experiences have enabled me to understand that TIT has a long history, mainly in the packaging materials business it has operated since its foundation. In Thailand, it is an established and greatly trusted brand.

Namthip: Yes, I feel the same. Essentially, in the Thai and ASEAN markets, Japanese branded products and technologies are recognized as reliable. I feel that the peace of mind this provides is a major asset.

Pete: In addition to stable high quality, my perception is that we have preserved our provision of meticulous services to customers and our working closely with them as a part of our DNA, and this provides us with an advantage.

Namthip: Additionally, I feel that our advantages are our family-like network of Group companies in different areas that support each other as they operate businesses in ASEAN countries, in addition to our ability to design advanced products.

Business complementation and synergy through M&A

Namthip: In 2023, TEC became a subsidiary through an M&A deal. It had outstanding strengths in can coatings for blank cans, which are cans without product designs printed on their surfaces. Blank cans are low cost and paper labels are affixed to them in the final packaging process. This paves the way for the flexible expansion of product lines. They are in high demand in overseas end markets. TEC has a significant competitive advantage in this domain. At the same time, TIT's strengths are in the area of high performance and high added value printed cans. The two companies became one to complement each other's businesses, which enabled them to have the largest share of the Thai market. Today, we are fully capable of handling both printed and blank cans. By uniting with the greatest rival, we have further strengthened our market coverage.

Matsuoka: Subsequently, operating profit has grown steadily. I see this as proof of the synergy being produced. In addition, there have been huge advantages in terms of the procurement of raw materials and

Expansion of the can coatings business through M&A

TIT

Toyo Ink (Thailand)

- Strengths in the area of coatings for printed cans
- Oriented toward higher performance and higher added value
- Leading resin synthesis technologies
- Supplying a broad range of products to the flexible packaging market

→

TIT+TEC

New structure after the M&A deal

- A new peaceful family structure
- Increasing the variety of products
- Integrating the technologies of the two companies
- Massively expanding market coverage
- From ASEAN to the global market

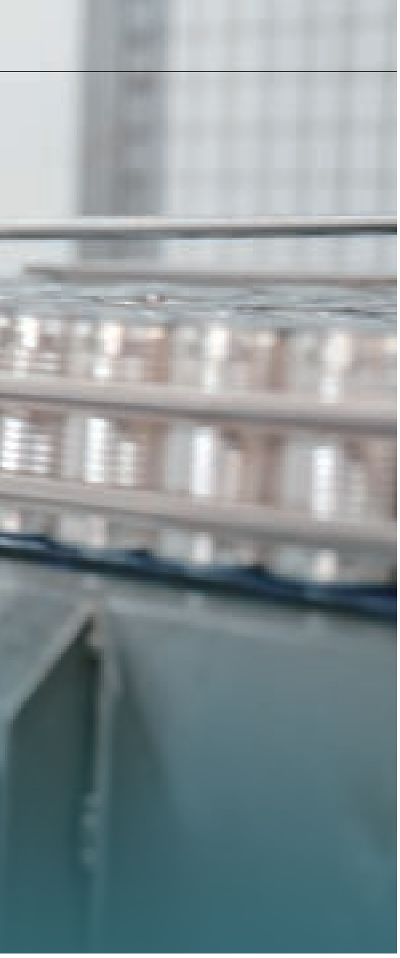
Possessing the largest share of the Thai can coating market

←

TEC

Thai Eurocoat

- Strengths in the area of coatings for blank cans
- Staff familiar with can production processes
- Outstanding technology development capabilities
- Highly competitive in the market



Taichiro Matsuoka
President of Toyo Ink (Thailand) Co., Ltd.

Namthip Sabaywong
Director of Can Coating Business, Toyo Ink (Thailand) Co., Ltd.

Pruksapong Jiamanurat (Pete)
General Manager of SCM, Toyo Ink (Thailand) Co., Ltd.

the development of technology. We are able to be a one-stop provider of the solutions that customers need. Human connections lie at the core of the various forms of synergy that have been generated. In mergers and acquisitions, a top priority is ensuring that the workforces of the two companies integrate smoothly. We endeavored to be considerate and respectful during the integration of TEC's employees. I am happy that all of us were able to peacefully become members of one single family. I think this is an embodiment of the Group's corporate philosophy, people-oriented management. Moreover, we worked to share the new know-how we have obtained through the M&A deal and product information at the global meeting organized by Toyochem Co., Ltd., a company that is in charge of the Group's polymers and coatings-related businesses. We strive to help increase the Group's presence in the packaging business, not only in the ASEAN region but around the world.

The value creation story in Thailand

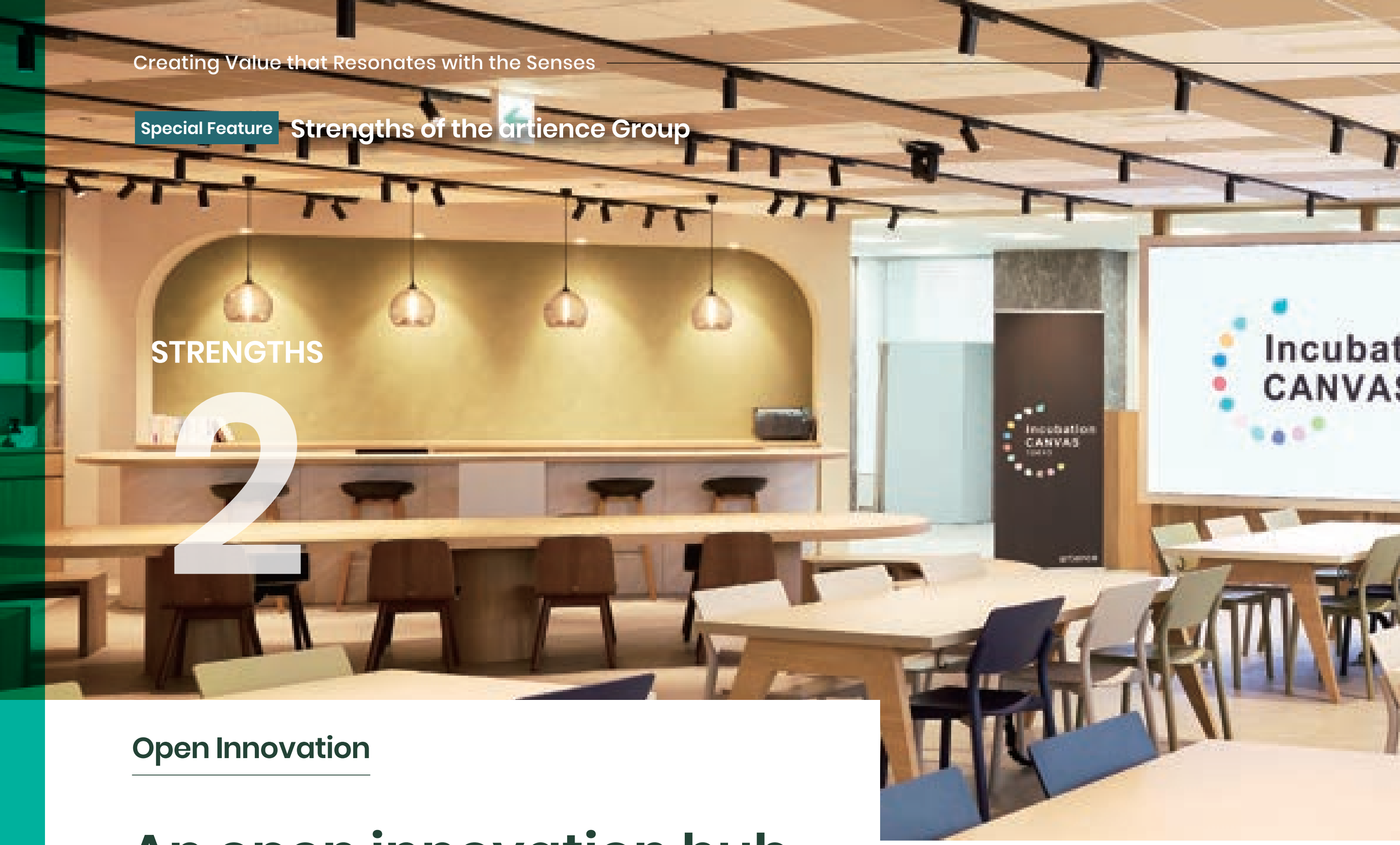
Matsuoka: The artience Group aims to build a future where all people can live enriched lives and a sustainable society. It aims to maximize its corporate value by achieving high profitability, creating strategic priority businesses, transforming its management base and achieving other goals so that it can create value. TIT handles liquid inks, can coatings, laminating adhesives and pressure sensitive adhesives. They are defined by the Group as growing businesses. We will proactively invest to strengthen individual businesses to achieve continued growth. In accordance with the principles that the companies in the ASEAN region should collaborate and that the right personnel should be assigned to the right positions, the artience Group's policy is to achieve the global growth of its business through the Group companies sharing their individual strengths. TIT will capitalize on its own strengths and help achieve the growth of business in the region.

Namthip: For corporations to survive, they must continue to develop products and venture into new initiatives ahead of the market. Constant change, including mergers and acquisitions which are a means of change, are indispensable in the creation of value. In my opinion, when we solve customers' problems and provide safety, quality and ease of use through our research and development and product development, we create the value that resonates with the senses that the Group aims to deliver.

Pete: Our strengths lie in our building good trust-based relationships with customers and our ability to provide various services. However, we will go beyond that. We can create value by going a step beyond merely creating good products and continually thinking about how we can better serve our customers and provide a wide range of solutions.

Continuing our predecessors' sincere and steady efforts to create new value

Matsuoka: TIT is celebrating its 55th anniversary this year. We have achieved steady growth because of the people who represented us in the past and our local staff working hand-in-hand to address the issues that our customers face and build a solid organization. We have achieved globalization in a true sense, and we are now a strong company in which local employees have serious responsibilities. Our predecessors worked steadily and made improvements. We will take over the important practices they have established while intrepidly and actively changing things that should be changed in line with the changes of the times. We will develop together with our new colleagues and work together with other Group companies in the ASEAN region to innovate. In doing this, we will contribute to the artience Group's creation of value.



STRENGTHS 2

Open Innovation

An open innovation hub specializing in materials
Incubation CANVAS TOKYO

Three years have passed since the opening of the Incubation Center for the creation of new businesses. In FY2025, we made steady progress on our initiatives focusing on open innovation, including the opening of the global co-creation hub Incubation CANVAS TOKYO. This special feature reports on the progress of initiatives to create ideas for next-generation businesses and an organization and culture that will support these initiatives through the Incubation Center's activities.

Hayato Takahashi
Director of Incubation Center

Providing opportunities to be a leader in the global materials industry

Incubation CANVAS TOKYO (ICT)'s opening in October 2025 was a major turning point for us. ICT was constructed as Japan's first innovation hub specializing in the field of materials. It was built inside the Kyobashi Edogrand facility in Tokyo, which houses the head office of artience Co., Ltd. It operates as a hub attracting various companies and organizations related to the materials industry to enhance co-creation and interaction. It supports the artience Group's open innovation activities.

Originally, we faced the challenge of expanding our co-creation activities with other companies and accelerating open innovation to create new businesses. I have taken part in a wide variety of matching pitch events. They provided few opportunities to meet anyone in the fields of materials and chemicals. I wondered if I could create these kinds of opportunities my-

Features of Incubation CANVAS TOKYO

- Japan's one and only open innovation facility specializing in the field of materials
- Organizing events and pitches to generate opportunities for co-creation
- Collaborating with powerful partners including venture capital companies in Silicon Valley

self. This was the starting point.

The ICT logo has a wide variety of colors overlapping one another on a white canvas. A major objective is to create a place that makes everyone feel that this place in Tokyo, Japan, is a place where new technologies, information and people in the field of materials come together from all over the world and lead the global materials industry. I believe that this establishes a cycle that leads to the creation of new businesses and that it will have a positive effect on our creation of value.

Combining internal and external technologies to meet the market's needs

Prior to ICT beginning to fully operate, it opened up space for free during a year-long preparation period to explore the direction it would take through some 300 different events. Currently, some 30 companies engaged in the areas of materials and chemistry are participating as members. Nearly half of them are business operators such as materials and chemicals

Voices from Members and Partners

A place for practically verifying materials solutions, essential if they are to find practical application

B2B transaction-focused materials manufacturers face a major obstacle in the final verification of value it is planning to offer. This facility is a valuable place for practical verification, where we can regularly listen to the opinions of manufacturers, start-ups and research institutions in different areas of business. Our aim is to expand the possibilities for joint research activities in the future and new collaborations that originate here. In this environment, where different support organizations come together, we will accelerate the integration of technology to help innovative materials solutions that resolve issues in society for the next generation achieve practical application.

Member Company

Mr. Takashi Hayashiguchi

Executive Officer, Director of Marketing & Incubation Division
Nippon Light Metal Holdings Co., Ltd.

Full support for initiatives of knowledge sharing in the materials chemicals industry

Incubation CANVAS TOKYO is an unprecedented place where knowledge and technologies in the materials chemicals field from around the world collect. This is a field in which Japan is strong. This platform paves the way to the sharing of knowledge on a global scale, and its goals are to create opportunities to match cutting-edge technologies from Silicon Valley and the rest of the world with Japanese companies and business ventures, to share technologies that originated in Japan with the world, and to continually energize the field of materials chemicals. Pegasus will fully support this initiative.

Partner Company

Mr. Anis Uzzaman

Founder and CEO
Pegasus Tech Ventures

manufacturers, and the remainder are start-ups. They include some foreign companies that have bases in Japan. ICT is increasingly used as a venue for product releases and regular events. There are approximately 25 partners, including academic institutions, venture capital companies and businesses that support innovation. They continually organize programs for research presentations, personnel development, start-up sourcing and other purposes. The plan is to increase the number of ICT members to 100 to 200 companies in the future.

ICT's opening caused changes inside artience as well. We began to develop ideas about how our technologies should be used and a perspective on what we can do together with other companies that possess technologies that we do not. We are gradually considering collaborations with start-ups in greater depth.

We are currently in a stage of prioritizing the enhancement of ICT's functionality as a place for people to meet. Going forward, we will enrich accelerator and other programs in collaboration with partners and work intensively to achieve the social implementation of solutions. ICT's long-term role is to combine internal and external knowledge and technologies to more effectively meet the needs of the market.

Fostering a corporate culture of taking on challenges to become a company that is admired by society

Three years after the Incubation Center opened, we are now beginning to see its tangible effects in business, beyond just the opening of ICT. Semiconductor materials are one subject of a next-generation business. After generating a certain amount of sales, they were shifted from incubation in the center to being a companywide project. The life sciences domain is still in the incubation phase. Regarding biotechnology and drug development materials, we have narrowed the focus of our subjects for medium- and long-term projects and are making steady progress. The energy-saving solution that won the grand prize in the FY2024 IPPO business idea contest was commercialized and the FY2025 sales targets were achieved. It is now in the phase to expand the scale of the business.

Networking during the ICT opening ceremony

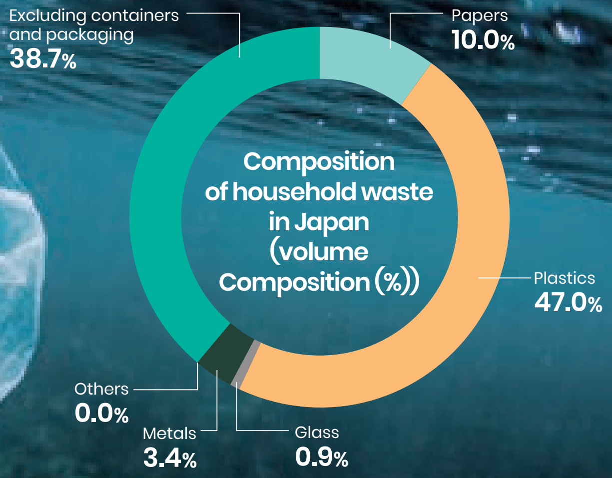
The number of entries to the IPPO contest is increasing. They support the creation of new subjects of business. It is common for the number of entries to internal programs like this to go down each time the program is conducted. However, the number of entries to the IPPO contest increased sharply, from 114 in FY2024 to 204 in FY2025. At first, I imagined that many of the people entering the contest would be young employees in their twenties and thirties, but in fact, the program attracted people from all age groups, including those in their fifties and sixties. I was happy that my prediction was wrong. To further strengthen the culture of taking on challenges that has developed throughout the company, we began collaborating with the Human Resources Department in FY2026 to incorporate the development of an innovation-oriented mindset into training programs for employees at various levels.

The semiconductor materials business was created at the Incubation Center before it was transferred to a business unit. In the future, we will continue to increase the number of seeds of businesses like this. I think that it would be good if we were able to increase the number of seeds of businesses from various sources, including both the IPPO program for internal proposals and ICT. When these seeds of businesses sprout and grow into saplings that can be transplanted to business units or be spun off as new subsidiaries, the Incubation Center has achieved its goals.

Open innovation does not generate profit in the short term, but I am convinced that it will be a fundamental foundation for our continued growth ten and twenty years from now. The business units support our operations today, while the R&D department and the Incubation Center prepare for tomorrow. Open innovation is a part of these activities to prepare for tomorrow. By continuing to take on challenges and creating new businesses, the artience Group aims to be a global leader in the field of materials, and it aims to be admired by society. Accordingly, we will try many different things to create new businesses. The Incubation Center will be a starting point for our transformation so that our individual employees are proud to work for the company.

STRENGTHS

3



Source: Ministry of the Environment, *Summary of Fact-Finding Survey on Use and Discharge of Container and Package Waste (FY2024)*

Circumstances surrounding plastics

- Globally, 400-500 million tons of plastics are produced annually.
- The largest percentage of these plastics is used to make containers and packages. These products are largely designed to be disposable and have a short service life, so it is likely that they will be discarded. A high percentage of marine debris is made of plastic (The Ellen MacArthur Foundation based in the United Kingdom).
- In Europe, a portion of the Packaging and Packaging Waste Regulation (PPWR) will come into force in August 2026. Accordingly, all packaging in Europe must be recyclable by 2030. Plastic packaging must be partly made from recycled content.

Business Development Based on Unique Core Technology

Solving an environmental issue that manufacturers of consumable goods face using the Group's unique core technologies

Plastic packaging materials are indispensable to the manufacturers of consumable goods. For a long time, there have been issues regarding the poor recyclability of the materials. Film packages in particular have developed to be multi-layered and include different materials to enhance the functions of the packages. This structure has been an obstacle to the recycling of the materials.
The artience Group developed technologies for the closed-loop recycling of film packages used for food and other products in collaboration with many different stakeholders, including consumable goods manufacturers. Takumi Miyagawa, General Manager of the Sustainable Packaging Department at Toyo Ink Co., Ltd., speaks about the background behind these efforts.

Market environment

The social issue of plastic waste

In recent years, people's concerns about the issues related to plastic waste have been increasing around the world. It is said that 11 million of the 400-500 million tons of plastics produced annually around the world flow into the ocean.

Europe is ahead of the rest of the world in terms of the circular economy, and its Packaging and Packaging Waste Regulation (PPWR) is coming into force in August 2026. This regulation requires all packaging to be recyclable and the reduction of plastic packages. In Japan, the revised Act on the Promotion of Effective Utilization of Resources took effect in April 2026, comprehensively strengthening product design, manufacturing and recycling. The global plastic recycling market will absolutely continue to expand. Accordingly, I believe that being a leader in developing the recycling technologies the world needs will help increase our corporate value over the medium and long term.

Takumi Miyagawa
General Manager of Sustainable Packaging Department
Toyo Ink Co., Ltd.

Competitive advantage

Recycling of used plastic packaging

Since around 2019, the artience Group has had a group-wide project, one that transcends the boundaries between Group companies, which is working to develop peeling and recycling technologies to recover and recycle plastics from used plastic packaging.

Years of research and development have resulted in gradual improvement in the performance of plastic film packages for food, pharmaceuticals and other products, known as flexible packaging. Films made of different materials and aluminum are laminated to achieve a range of performance benefits for different applications, such as the maintenance of freshness or the long-term preservation of products.

A drawback of multilayered packaging is its poor recyclability due to the difficulty of removing the adhesives used to laminate the multiple layers together and the inks used to print on the plastic packaging. Additionally, the residual inks in colored plastics after they are recovered and recycled cause quality issues. The number of applications for these plastics is limited. For a long time, the closed-loop recycling of plastics, where the recycled plastics are used as raw materials to make the same type of packaging, has been considered difficult.

From the development of proprietary technologies to commercialization

In this situation, the artience Group combined the cutting-edge technologies in resin synthesis, colorant synthesis and various other fields possessed by Group companies to independently develop advanced peeling and deinking technologies. These new technologies remove adhesives and inks from used packaging

Statement from a brand owner

Lion Corporation

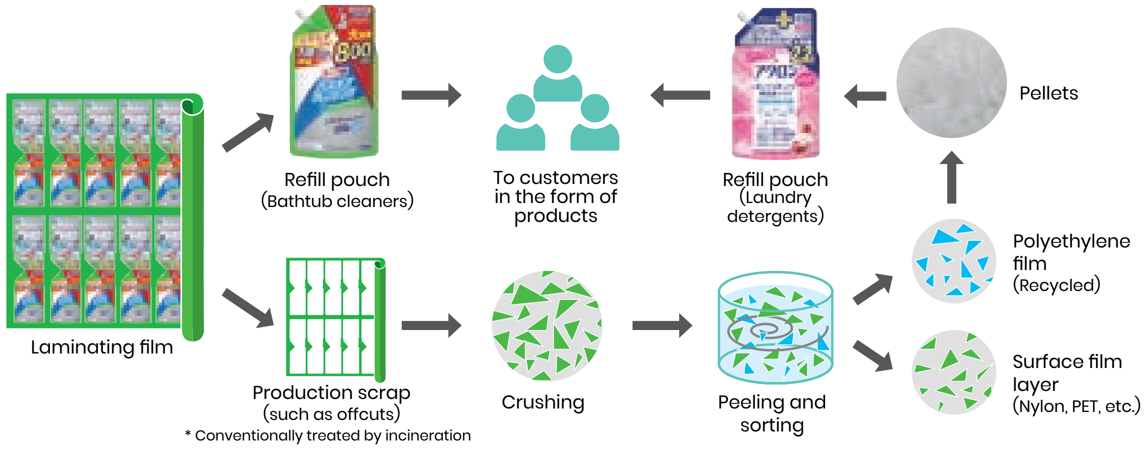
Lion Corporation has been considerably reducing its plastic consumption by changing the containers and packages used for its detergents, fabric softeners and other products from bottles to refill pouches as part of its environmental response measures. However, refill pouches are manufactured by laminating different plastic materials to ensure the desired performance. This makes them difficult to recycle.

Our encountering the peeling and deinking technologies possessed by Toyo Ink Co., Ltd. was a turning point. Using these technologies, we were able to release a recyclable pouch for our LOOK Plus Bathtub Cleansing household cleaner in 2024. This product won various awards in Japan and overseas in recognition of its potential to contribute to the environment. In addition, in 2026, we established a circular scheme in which production scrap of this product is peeled and selectively recycled into polyethylene, which is manufactured into the refill pouches used for ACRON laundry detergents for delicates.

We will continue to accelerate our collaboration with Toyo Ink Co., Ltd. and other stakeholders with a view toward expanding our plastic recycling using these technologies.

Japan Packaging Contest in 2025
Packaging Development Team (from left): Hatanaka, Hanada and Sato

Closed-loop packaging scrap recycling process



* Conventionally treated by incineration

to facilitate the recovery of high-purity plastics. These technologies have opened the way to ensuring the high performance and recyclability of film packages.

In addition to its relationships with external partners that it has cultivated through the packaging materials business it has operated for many years, one of artience's strengths is that it independently owns a large lab plant where demonstration trials can be implemented. It is not possible for a single company alone to establish a circular economy. For society to implement these technologies, there must be a scheme that includes arterial and venous industries. In light of this, we have worked to expand co-creation with an awareness of how we can increase artience's presence in this scheme.

We cooperate with multiple brand owners and packaging materials manufacturers for verifications and improvements so that the plastics recycled using this technology are appropriate for their practical applications in terms of their quality, strength, cost and other factors. In close collaboration with multiple machinery manufacturers, we have jointly developed highly productive and efficient production equipment.

Progress towards commercialization has quickly been achieved in our joint development project with Lion Corporation, one of the brand owners proactively involved in these initiatives. Lion decided to release detergent refill pouch products using the high-quality plastics recycled using our technology. As of May 2026, verification was underway with a view toward full-scale commercialization.

The closed-loop recycling of film packages now being possible is a major step toward the expansion of plastic recycling schemes. In the future, we will popularize peeling and deinking technologies broadly in collaboration with more stakeholders to support the closed-loop recycling trend.

Long-term vision for the future

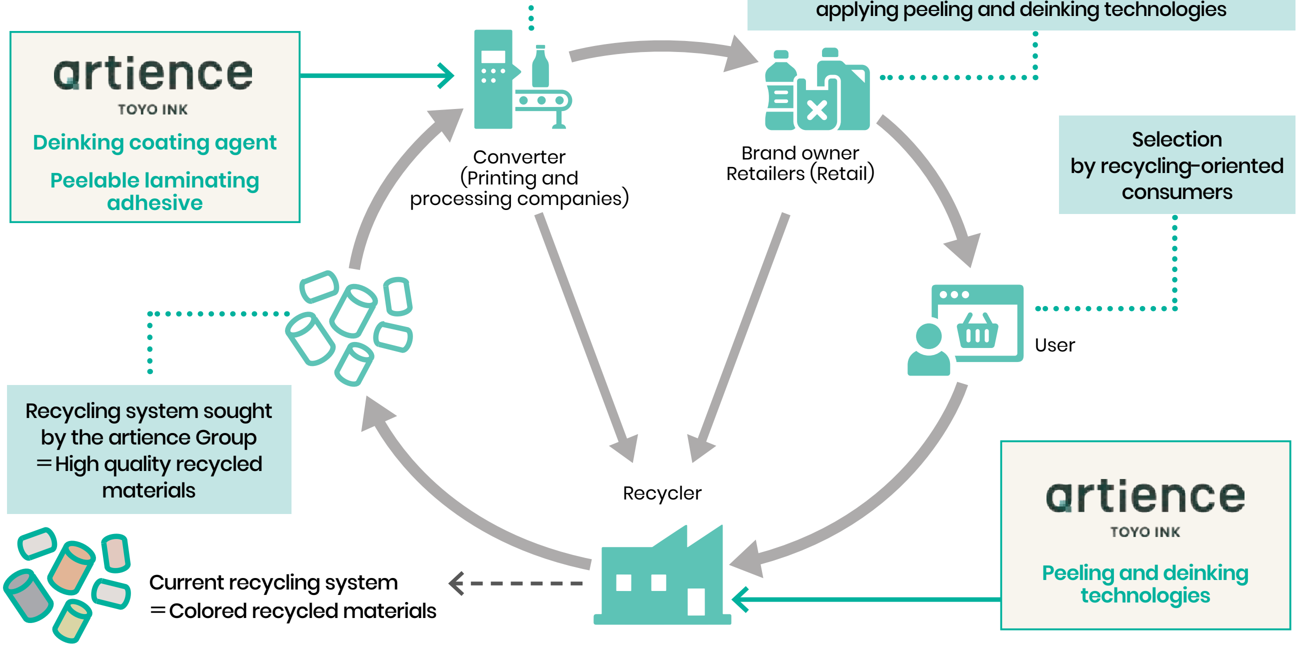
Used plastic packaging is no longer waste

Plastic packaging used to be seen as the crystallization of the latest technologies, but it is also viewed negatively as a source of waste. When I was a junior gravure ink sales staff member, I was shocked to hear a customer say that the things that we produced would eventually be waste. Even so, I wanted to work positively with pride and to explore the future of the entire packaging industry. I then became a Certified Packaging Professional (CPP.*) I participate in a committee and gatherings of CPPs to discuss the ideal form of packaging 10-20 years from now.

As an employee of a company engaged in the plastics industry, I want to continue to improve the quality of plastic recycling. Used plastic packaging is no longer waste, but is a core resource that supports the circular economy. I want to create this new value and cause the paradigm of society as a whole to shift. To do this, I will transcend the boundaries between the different industries involved in this scheme and even collaborate with competitors to enlarge our circles of co-creation. In parallel, I will popularize the recently established scheme and idea as a concept for developing the technologies and business of the artience Group as a whole. The circular economy is an issue that will prompt a huge transformation in manufacturing. I am sure that this is the value the artience Group should provide in the future.

* Certified Packaging Professional (CPP): A private qualification established by the Japan Packaging Institute to certify highly qualified experts in packaging technology.

Plastic packaging resource circulation sought through peeling and deinking technologies

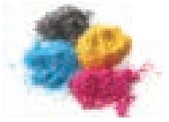


Applying and Advancing Core Technologies to Provide Values

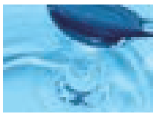
The artience Group applies and evolves its unique core technologies, developed over the course of over 100 years of product development and manufacturing, as a technology platform to create a wide range of products. These products create value that resonates with the senses and moves people's hearts, contributing to the creation of a spiritually enriched society.

Unique core technologies

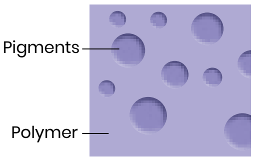
Low-molecular / colorant design technology



Polymer design technology



The artience Group creates original materials according to the required function using molecular design and synthesis technology. Pigments with controlled chromogenic properties and optical characteristics, and polymers with controlled adhesive and electrical characteristics are used in materials for sensors and electronic devices.



Dispersion technology

Refinement and particle size control

Control of filler properties

Dispersion technologies that control the shape and surface conditions of colorants to maximize the distinguishing functions of fillers. They are used for printing inks, display materials and materials for lithium-ion batteries.

Blending

We deliver products with functions that meet the needs of our customers by processing sheets and films using coating technologies. They are used for applications such as electromagnetic wave shielding films and sensor components.

Coating technology

Analysis / MI (Materials Informatics)

Products that form the basis for value creation

Low-molecular / colorant design × Polymer design × Dispersion × Coating

Conductive adhesive sheets	For FPC No.1 global share
Color resists	No.1 share in Taiwan & Japan
Pressure sensitive adhesives	Core materials
Pigments / Pigment dispersion	Core materials
Plastic colorants	For PET bottle caps No.1 share in Japan
PSA for healthcare	For athletic tapes No.1 share in China
Can coatings	No.1 share in Thailand & Japan
Laminating adhesives	For packaging No.1 share in Japan
Printing inks	For packaging No.1 share in Japan

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

Low dielectric sheets / resin

Sensor resists
No.2 global share

PSA for optics
For fixing display polarizing plates
No.2 global share

Near infrared absorption pigments
Blue light cut materials
UV cut materials

Materials for lithium-ion batteries

Functional masterbatches

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 inks
No.1 share in Japan

* Shares according to our research

Strategic priority businesses and value provided

Beyond 5G・IoT

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

Optical control / sensing

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

Clean energy

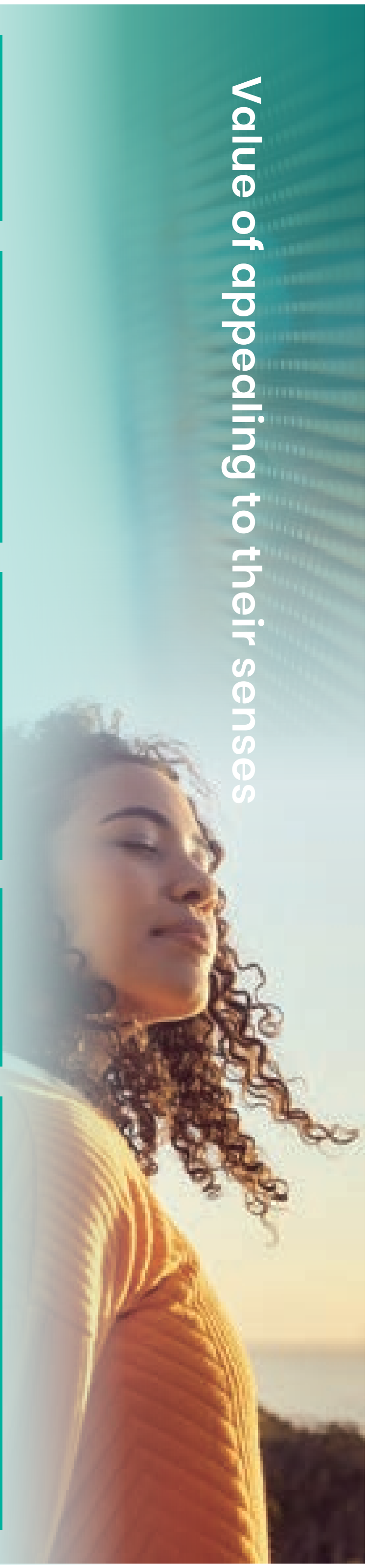
Attain stable use of renewable energy in functional materials used in solar panels, lithium-ion batteries for electric vehicles and others to realize a low-carbon society

Medical

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

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 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

Capital = Source of Value Creation

Financial capital

Total assets	**462,600** million JPY
Shareholders' equity	**266,021** million JPY
Investment in growth areas	**10,189** million JPY

Human capital

Number of consolidated employees	**7,880** employees (2,962 in Japan, 4,918 overseas)
Ratio of female managers	**6.2**% in Japan (as of January 2026)
Number of overseas managers recruited locally	**594** persons (as of the end of March 2026)
Engagement score[1]	**83**

Manufactured capital

Production bases	**12** bases in Japan, **28** bases overseas
Capital investments	**16,372** million JPY
Overseas production ratio	**61.5**% (quantity basis)

Intellectual capital

Number of employees in R&D and Technology departments	**824** persons in Japan (as of April 1, 2026)
Research and development expenses	**10,159** million JPY
Number of patents	**2,453** patents in Japan **1,014** patents overseas

Social and relationship capital

Major suppliers	**495** companies in Japan
Activity volume of Incubation Center	**125** events held
Communication with shareholders / investors IR / SR meetings, etc.	Approx. **120** meetings held in total

Natural capital

GHG (Scope1+2) emissions	**145,525** t-CO_2
Energy consumption	**69,526** kL [crude-oil equivalent]
Raw materials (fossil, non-fossil)	**125,022** t

[1] "Sustainable Engagement" score in Japan and some overseas employee surveys.

* Figures are as of December 31, 2025 unless stated otherwise.

artience2027, Medium-term Management Plan ▶P.36

Group Materiality 2025-2030 ▶P.32

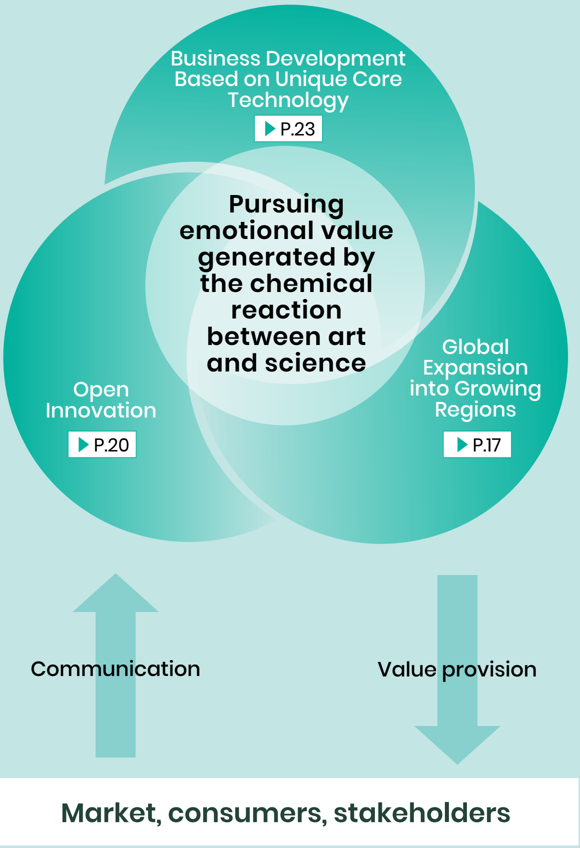
artience Group Philosophy System ▶P.2

PROCESS

Business segments ▶P.5

- Colorants and Functional Materials ▶P.48
- Polymers and Coatings ▶P.50
- Packaging Materials ▶P.52
- Printing and Information ▶P.54

Business model that leverages our strengths



Business Development Based on Unique Core Technology ▶P.23

Open Innovation ▶P.20

Global Expansion into Growing Regions ▶P.17

Pursuing emotional value generated by the chemical reaction between art and science

Communication

Value provision

Market, consumers, stakeholders

OUTPUT

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

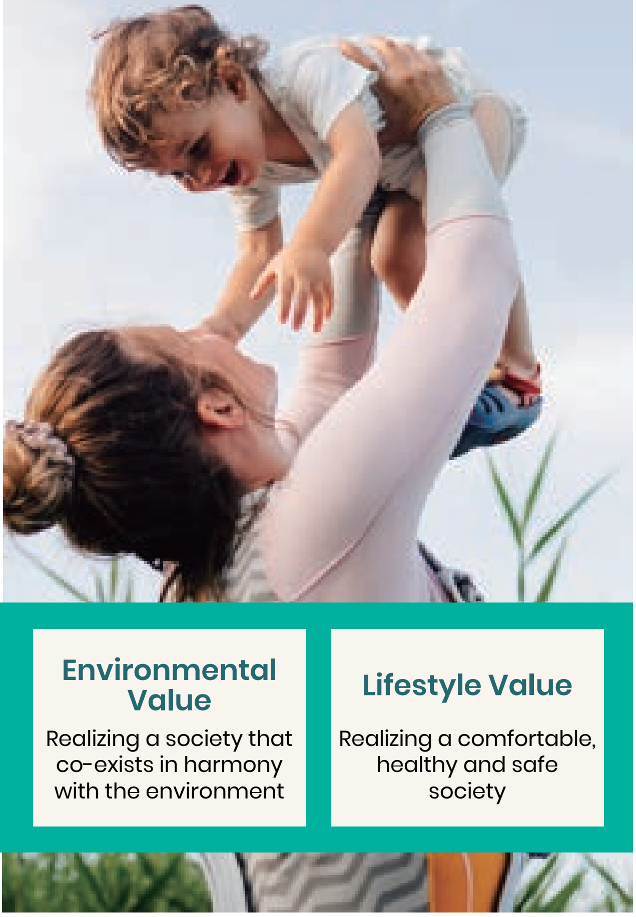
Packaging materials

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

OUTCOME

Value of appealing to their senses

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



Sustainability-enhancing Products

- BPA-NI (bisphenol A-free) paints
- Deinkable coating agents, debondable laminating adhesives
- Healthcare adhesives for athletic tapes, etc.

Environmental Value

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

Lifestyle Value

Realizing a comfortable, healthy and safe society

artience Group Value Creation Looking Ahead to 2050

The artience Group is currently working on the artience 2027/2030 "GROWTH" Management Plan, with the target year of FY2030. This plan is a grand design for the transformation we have communicated both within the Group and externally by changing the name of our company and revising our philosophy in January 2024. To achieve the objectives of our designs, we are implementing the artience2027 three-year-long medium-term management plan during the FY2024 to FY2026 period.

We have formulated Sustainability Vision asv 2050/2030 as a set of long-term practical targets for the Group's sustainability activities to communicate the direction of our initiatives. Additionally, we have identified material sustainability issues and are working to achieve the specific qualitative and quantitative targets we set in Group Materiality 2025-2030. The goal is to respond to recent global trends relating to efforts to achieve the Sustainable Development Goals (SDGs,) addressing climate change, carbon neutrality, recycling of resources, human rights and diversity, as well as responding to the situation in which greater demands are being placed on companies to resolve various social issues.

To serve in new era 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.

artience2027/2030 "GROWTH" Management Plan

The Group has established artience2027/2030 "GROWTH" as a comprehensive management plan. The key concept of the plan is growth. The Group envisions a future where all people can live enriched lives, a sustainable society, and maximizing corporate value. To achieve this transformation by FY2030, the Group has identified three key management issues to address.

Key management issues		Basic approach		Ideal state
Business portfolio transformation	→	Since its founding, the Group's primary business has been printing inks, but the value needed by society changes over time. The Group will thoroughly review its business portfolio and develop businesses that can deliver new value, leveraging its strengths to address the needs of society.	→	Realizing a spiritually wealthy future Realizing a sustainable society Maximizing corporate value
Maximization of capital efficiency and cash flows	→	Currently, the Company's PBR is extremely low, which we believe is a serious concern for a commercial enterprise. The Company aims to increase its capital efficiency and maximize cash flow by implementing measures to enhance profitability in each business segment, ultimately achieving the growth of profit and the enhancement of PBR.	→	
Establishment of corporate foundations and sustainability management practices	→	The Company will establish a corporate foundation to support its operational and financial transformation with the goals of addressing the two issues mentioned above and to achieve sustainable growth. The Group will implement sustainability management to fulfill its corporate social responsibilities and to see the different ESG issues it encounters as opportunities to enhance its long-term corporate value and business prospects.	→	

■ Targets for business performance during the term of artience2027/2030 "GROWTH" Management Plan

← artience2027 period →

	FY2023 (result)	FY2024 (result)	FY2025 (result)	FY2026 (planned)	FY2029 (target)
Consolidated net sales	322,122 million JPY	351,064 million JPY	349,979 million JPY	360,000 million JPY	500,000 million JPY
Consolidated operating profit	13,372 million JPY	20,414 million JPY	20,765 million JPY	23,000 million JPY	–
Operating profit margin	4.2%	5.8%	5.9%	6.4%	–
ROE	4.2%	7.3%	3.9%	8.0%	10.0% or more

Sustainability Vision asv2050/2030

The Group formulated the Sustainability Vision asv 2050/2030 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	Vision for 2050
1. Providing products and services that realize a sustainable society		
● Sales ratio of Sustainability-Enhancing Products will be 80% ● Expanding the lineup of products that are able to contribute to a reduction in CO_2 emissions throughout the product lifecycle	● Making all products Sustainability-Enhancing Products ● Contributing to decarbonization throughout the entire value chain	All products and services provided contribute to sustainability
2. Reducing the environmental impact of manufacturing		
● Scope 1 and 2 emissions (global): 26% reduction (from FY2020 level) = CO_2 emissions: 35% reduction in Japan (from the FY2020 level,) 35% reduction overseas (compared to the FY2030 BAU) ● Reduce water consumption at production sites and carry out water quality preservation activities ● Achieve zero emissions as the Group as a whole and increase the conservation and recycling of resources ● Harmful chemical substance emissions (Global): 30% reduction (from the FY2020 level)	● Achieve the carbon neutrality of production activities and minimize greenhouse gas (GHG) emissions from all corporate activities ● Achieve sustainable water consumption in production activities ● Minimize waste generation and maximize resource recycling ● Become a chemical manufacturer that emits no harmful chemical substances during production activities	Minimizing the environmental impact of manufacturing
3. Building a foundation for trust		
● Realize the responsible procurement of raw materials in consideration of human rights, labor and the environment ● Realize a working environment that respects human rights and diversity ● Improve employee engagement through promoting personnel development that leads to their growth and providing a safe and secure working environment ● Govern the corporation in ways that meet stakeholders'expectations through uninterrupted reform ● Achieve the co-creation of value by establishing partnerships and coexisting with local communities and nature	● 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	Being a company that can contribute to improving the sustainability of society

Group Materiality 2025-2030

Generating management value by addressing material issues

Reflecting on the first year in which the Group tackled new material issues

The Group believes that sustainability is a fundamental principle integrated into its management practices. In February 2025, the Group redefined its material issues based on this thought. Its goal is to create management value by integrating its core mission, "creating value through its business and delivering it to customers," and "generating value through sustainability initiatives and contributing to the improvement of societal sustainability" during the period of the artience2027/2030 "GROWTH" Management Plan. The Group recognizes the headwind that is being faced regarding environmental, social and governance (ESG) practices. However, we do not plan to significantly change our established direction regarding our material issues. We aim to achieve effective sustainability by accurately understanding the needs of society, enhancing that understanding, and aligning it with our growth strategy. Materiality is not a one-time project, but a continuous process. We will regularly review and refine our material issues in response to our operational growth, changing business environment, and increasing societal demands. Among the things that the market requests of us, our stakeholders' inquiries regarding how the changes in the structure of businesses, primarily those related to electric vehicles, impact our materiality are especially significant. As sustainability is closely connected to our business, our sustainability initiatives naturally change with the changes in our business structure.

In FY2025, the first year in which we are addressing new material issues, we aimed to provide value that resonates with the senses through our products and services while contributing to future sustainability. We realized that sustainability is becoming an essential requirement for manufacturers to survive. Our material issue targets include expanding the lineup of Sustainability-Enhancing Products, mainly in our strategic priority businesses, and increasing sales of these products. The assessment of sustainability is a priority when we make investment decisions. We believe that over the past year, sustainability and management have become more closely integrated following the review of our material issues.

Aiming to create value that resonates with the senses by addressing material issues

I believe we should always be aware of the inseparability of sustainability and management when making materiality-related decisions. I have recently become the Chief Sustainability Officer, but previously I was engaged in sustainability through factory operations. I worked in sales and marketing, gaining firsthand insight into the demands of the market regarding sustainability through discussions with customers and corporate executives. ESG impact assessment has become an essential part of investment decisions. We must evaluate the ESG impact of our business strategies and integrate this information into our decision-making process. We implement sustainability initiatives for many of our product lines. However, we have not effectively communicated information about these efforts. We need to consider how we convey this information more clearly. We are currently reviewing our progress in addressing material issues and providing feedback. We believe the key challenge lies in identifying risks and opportunities in consideration of strategies and determining how we integrate them into our next medium-term management plan.


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

As the Chief Sustainability Officer, I am responsible for making management decisions that consistently reflect a sustainability perspective, and defining this perspective is a crucial challenge. To create value that resonates with the senses, which is part of our Brand Promise, I focus on talent with firsthand insight into manufacturing. By addressing material issues, we aim to enhance both management decision-making and on-the-ground decision-making. In the process of doing this, we cultivate on-site personnel able to see things from both a sustainability perspective and a management perspective. In this way, I aim to create an organization that generates management value.

Our value lies in leveraging a unique strength: our ability to create new value by fusing art and science, which inspired our name. I believe that we can help solve social issues by creating value that resonates with the senses.

Process of formulating

STEP 1
Identification and organization of issues

Identified social and environmental issues based on key ESG investment indicators, international standards, and the SDGs. Categorized and organized the issues to create a short-list of 39 issues.

STEP 2
Interviews with internal and external stakeholders

Discussed the significance, priority, and impact of each potential issue at internal workshops. Consulted with external experts to gather opinions.

STEP 3
Analysis and consideration of each issue

Analyzed the Company's impact (risks and opportunities) on society and the environment, and vice versa, when addressing issues. Created an **importance matrix** during the materiality management period.

STEP4
Identification of important issues

The formulation team repeatedly discussed issues and **identified 15 material issues**. Ensured their linkage with asv2050/2030, which outlines non-financial strategies.

STEP 5
KPI / target selection

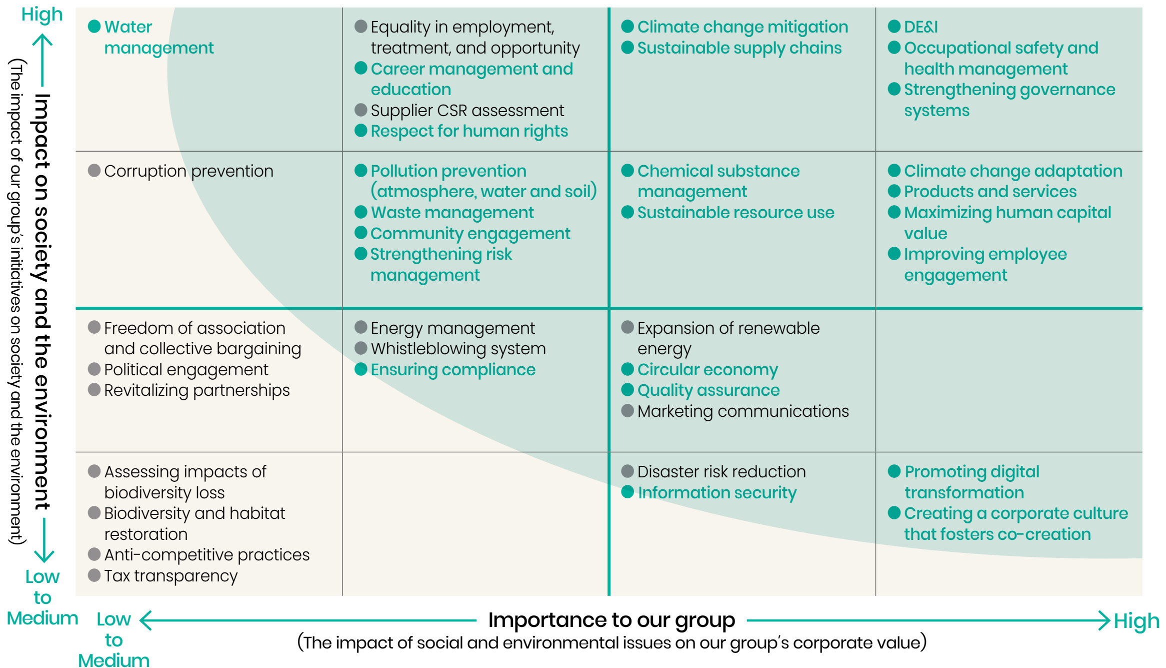
Consulted with relevant departments regarding each issue and set KPIs and targets linked to the medium-term management plan. The Group Management Committee and the Board of Directors approved them.

STEP6
Review and revision

Conduct annual progress reviews and evaluations. Review the materiality while considering the next medium-term management plan to **maintain its linkage with the management plans**.

Importance matrix (analysis of a short list of 39 issues)

We compiled a short list of 39 material issue candidates identified using international non-financial information disclosure frameworks, evaluation items for major ESG investment indicators, the SDGs, and the Responsible Business Alliance Code of Conduct. We then assessed the significance of each option to society, the public, and the natural environment through 2030. This significance is classified into four levels based on factors such as interest, seriousness, and urgency. Additionally, we classified the significance of each candidate to the Group in four levels, primarily based on the opinions and interests of the workshop participants (the heads of key departments), their relationships with businesses, market demand, and their influence on shaping the identity of artience. To help identify material issues, we have created a matrix.



● **Water management**	● Equality in employment, treatment, and opportunity ● **Career management and education** ● Supplier CSR assessment ● **Respect for human rights**	● **Climate change mitigation** ● **Sustainable supply chains**	● **DE&I** ● **Occupational safety and health management** ● **Strengthening governance systems**
● Corruption prevention	● **Pollution prevention (atmosphere, water and soil)** ● **Waste management** ● **Community engagement** ● **Strengthening risk management**	● **Chemical substance management** ● **Sustainable resource use**	● **Climate change adaptation** ● **Products and services** ● **Maximizing human capital value** ● **Improving employee engagement**
● Freedom of association and collective bargaining ● Political engagement ● Revitalizing partnerships	● Energy management ● Whistleblowing system ● **Ensuring compliance**	● Expansion of renewable energy ● **Circular economy** ● **Quality assurance** ● Marketing communications	
● Assessing impacts of biodiversity loss ● Biodiversity and habitat restoration ● Anti-competitive practices ● Tax transparency		● Disaster risk reduction ● **Information security**	● **Promoting digital transformation** ● **Creating a corporate culture that fosters co-creation**

* The identified material issues are highlighted in **bold**.

WEB For more information about the reasons why each of the 15 material issues were selected, visit our website and click on Sustainability > artience Group's Sustainability > Group Materiality 2025-2030. Departments responsible for achieving the targets are listed on pages 20 and 21 of our 188th Annual Securities Report.
https://www.artiencegroup.com/ja/corporate/sustainability/strategy/materiality/
https://ssl4-eir-parts.net/doc/4634/yuho_pdf/S100XRLA/00.pdf

Group Materiality 2025-2030

Group Materiality 2025-2030 (Progress Report for FY2025)

Theme (area of the issue)		Actions (to be taken to address the issue)	KPI/targets (FY2030) or measures (qualitative targets)
1. Provide "value that resonates with the senses" through products and services			
1-1	Products & Services	● Increase sales of Sustainability-Enhancing Products, mainly in the strategic priority businesses	● Operating profit ratio of the strategic priority businesses (consolidated): 40% or more ● Sales ratio of Sustainability-Enhancing Products: 80% ● Expanding the lineup of Sustainability-Enhancing Products (environmental / lifestyle value products)
1-2	Decarbonization	● Promote GHG emissions reduction and decarbonization throughout the value chain	● Initiate and promote calculation of Scope 4 (contribution to reducing GHG emissions downstream in the supply chain) ● Established in-house carbon footprint (CFP) calculation system based on international rules and completed application to specific product categories ● Step up supplier engagement for the purpose of reducing Scope 3 emissions
2. Reducing the environmental impact of manufacturing			
2-1	Climate Change	● Tackle to reduce GHG emissions taking every possible measures and contribute to mitigating climate change	● Scope 1 and 2 emissions (global): 26% reduction from FY2020 level [CO_2 emissions: 35% reduction in Japan from the FY2020 level, 35% reduction overseas compared to the FY2030 BAU] ● Carry out initiatives to reduce Scope 3 emissions
2-2	Water Management	● Improve water use at production sites and contribute to preserving the natural and living environment	● Carry out water resources conservation activities at sites located in water-risk areas (droughts, floods, lacking purified water) ● Promote water recycling activities and calculate the recycling ratio
2-3	Wastes Resource Circulation	● Reduce waste from production sites and offices and encourage resource circulation in the value chain	● Achieved zero emissions (final waste disposal rate of 1% or less for total production sites) by promoting 3Rs (reduce-reuse-recycle) throughout production activities ● Carry out initiatives for plastic resource circulation and plastic waste reduction
2-4	Pollution Prevention Chemical Substances	● Prevent air, water and soil pollution and aim for production activities with zero-environmental pollution	● Harmful chemical substance emissions (Global): 30% reduction (from the FY2020 level) ● Number of violations of laws and regulations related to pollution prevention: Zero cases continued
3. Implement management with a focus on human capital			
3-1	SCM	● Construct a supply chain that realizes responsible procurement of raw materials	● CSR procurement rate: 80% (Coverage: 70%) ● Guideline consent rate: 85% (Coverage: 70%) ● Carry out initiatives for a sustainable supply chain, including logistics, raw material transactions and the contracting of services
3-2	Respect for Human Rights DE&I	● Create a working environment that respects human rights and diversity and that has no gender gap	● Percentage of women in managerial positions (on a consolidated basis in Japan): 10% ● Implementation rate of human rights due diligence for employees (global): 100% ● Employment rate for people with disabilities (employment of special subsidiary applied to the Group in Japan): 3% ● Promoting DE&I activities (addressing gender, disabilities, senior employees, etc.)
3-3	Human Capital	● Accelerate employees' career development efforts and engagement through personnel training that supports their challenges	● Increase in average investment in employee education and training (Japan) ● Accelerate the creation of independent career development programs (in-house staff recruitment and in-house job hunting in Japan) ● Achieve higher scores in employee engagement surveys ● Strengthen support for employees' challenges (support for people entering Business Idea Contests, reward programs, etc.)
3-4	Occupational Safety Health & Productivity Management	● Improve labor safety in workplaces and improve employees' health to establish a working environment where employees feel secure	● Number of lost-workday injuries in Japan, including injuries incurred by contractors working on our premises: Zero ● 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% ● Percentage of employees taking childcare leave or leave for childcare purposes in Japan: 100% continued ● Promote initiatives that contribute to employee occupational safety and health / health improvement
4. Form a business foundation that allows the Group to be trusted and to continuously co-create value			
4-1	Corporate Governance Financial Foundation	● Promote management transparency and improve the soundness of the financial foundation	● Increase the diversity (in terms of gender, skills) of officers (directors and operating officers) ● Reform of the remuneration system for officers (increasing transparency in the determining process, reflection of non-financial results, information disclosure of compensation amounts, etc.) ● ROE (Profit attributable to owners of parent / net worth): 10% or more
4-2	Compliance Risk Management Information Security	● Continuously review compliance and risk management systems to improve their effectiveness	● Raising awareness of the Code of Ethical Conduct and the whistleblowing system ● Number of serious compliance violations (violations of laws and regulations and other conduct for disciplinary action): Zero continued ● Building overseas information security systems (implementation of common rules, customization for individual bases, vulnerability testing / corrective activities, etc.)
4-3	Product Safety Quality Assurance	● Strengthen the product safety and quality assurance system to improve our credibility as a manufacturing company	● Enrichment of the Global Quality Standard Network (unification and control of quality standards, sharing of quality assurance information, etc.) ● Number of serious incidents regarding product safety and quality (violation laws and regulations, human damages, economic loss beyond a certain level): Zero continued
4-4	Promoting Digital Transformation	● 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	● Promote "Generative AI Native 500" project (the development of generative AI core talent and utilization promoting talent): Developing 500 employees by FY2027 ● Promoting digital transformation in each of the production, sales, engineering and administrative fields
4-5	Co-creation Culture Community	● Foster a corporate culture that realizes value co-creation through the establishment of partnerships with other organizations and co-existing with local communities	● Promoting partnership building with governments, companies and research institutes (business co-creations, joint R&D projects, etc.) ● Increase communication with local communities ● Conduct social contribution activities (such as disaster reliefs, cultural and educational supports, environmental conservation, donations, local employment)

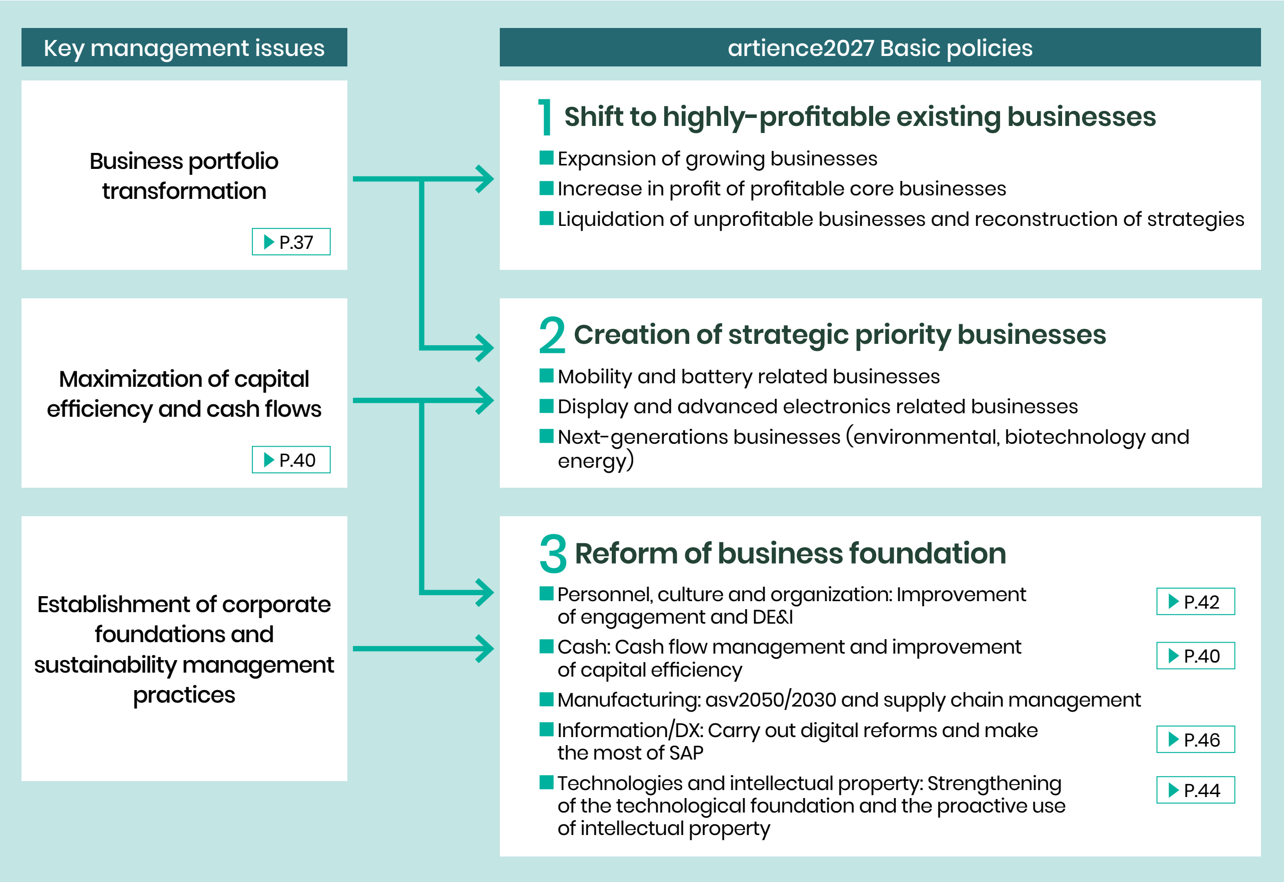
	Progress / Achievements for FY2025	Relevant SDGs goals
	● Sales in the Strategic Priority Businesses (consolidated): 2,700 million JPY ● Operating profit ratio of the Strategic Priority Businesses (consolidated): 13.2% (percentage of the target: 33.0%) ● Sales ratio of Sustainability-Enhancing Products: 61.9% ● Peeling and deinking recycling scheme for flexible packaging, functional coatings for paper container packaging, biomass UV curing inks compatible with LED, water-based inks for flexible packaging, PFAS/BPA-free coatings, etc.	2, 3, 7, 11, 12
	● Began trial calculation of Scope 4 emissions ● Completed the development of in-house carbon footprint (CFP) calculation rules ● Promoted the calculation of the CFPs of purchased raw materials Conducted CSR procurement and CO_2 emissions surveys. Implemented an online system for suppliers on a trial basis	7
	● Scope 1 and 2 emissions: 145,525 t-CO_2 (27.9% reduction from FY2020 level), 107.3% of the target ● CO_2 emissions per unit of sales: 0.42 t-CO_2/ million JPY ● Energy consumption: 69,526 kL [crude oil equivalent]	7, 13
	● Utilized a rainwater harvesting system (Turkey), developed a water utilization scheme using reservoirs (India)	6
	● Promoted the recycling of work clothes of employees involved in production work (Moriyama Factory)	9, 11, 12, 14, 15
	● An A rank rating in the 5th JRECO CFC Countermeasures Rating received for the third consecutive year	3, 6, 12, 14
	● CSR procurement rate: 77.5% (Coverage: 42.1%) ● Guideline consent rate: 83.2% (Coverage: 42.1%) ● Established a Mineral Procurement Subcommittee under the Sustainability Committee. Revised the terms of trade to comply with the Act to Amend the Subcontracting Act (Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment)	8, 10, 12, 16
	● Percentage of women in managerial positions in Japan (employees registered at holding company; as of January 2026): 6.2% (up 0.4 percentage points from the previous fiscal year) ● Percentage of new graduate hires that are women (on a consolidated basis in Japan; as of April 2026): 54.2% (up 9.2 percentage points from the previous fiscal year) ● Wage difference between men and women (employees in Japan registered at holding company): 78.8% (up 0.6 percentage points from the previous fiscal year) ● Activities designed to promote awareness of the Company's philosophy system, including its corporate philosophy, "People-oriented Management" Global: 100%, ongoing activities to raise awareness of different types of harassment through compliance training ● Employment rate for people with disabilities: 2.8% (up 0.23 percentage points from the previous fiscal year) ● Activities at the special subsidiary Clover Biz Co., Ltd. were expanded. A laundry started operating at the Saitama Factory. Interns from special-needs schools continued to be accepted. ● Received a Gold rating in the PRIDE Index for the fourth consecutive year ● Conducted diversity management training for managers with female subordinates and held study sessions for LGBTQ allies (including a screening of the LGBTQ-themed film *Kalanchoe No Hana*)	4, 5, 8, 10
	● Education and training costs per employee: 58,000 JPY ● Number of successful internal job postings, career challenge programs, overseas workshops: 13 ● Sustainable engagement score based on engagement surveys: 83 (up 7 points from the previous fiscal year) ● Number of submissions for internal awards: 31 ● Number of entries submitted to the Business Idea Contest: 204 (up 79% from the previous fiscal year) ● Introduced the Plus Try system as part of the new personnel system. About half of the members of the labor union registered with the holding company to indicate their intent to actively participate in the system, and about 60% of them acted on this.	4, 8, 9, 10
	● Number of lost-workday injuries (reported internally in Japan): 5 ● Lost-workday injury frequency rate: 0.755; lost-workday injury severity rate: 0.006 ● Number of violations of labor standards-related laws and regulations: 0 ● Percentage of employees taking childcare leave or leave for childcare purposes: (men) 100%, (women) 100%; percentage of employees returning to work after childcare leave: (women) 100%, (men) 100%; number of employees working shortened hours due to childcare: 39 ● Average overtime: 8.7 hours per month; percentage of employees taking paid leave: 70.0%; average number of days of annual paid leave taken: 13.3 days; optional welfare program utilization rate: 83.9%	3, 8
	● Percentage of the Board of Directors that are women: 27.3% (three of eleven members) ● Reform of the compensation system for officers: The Board of Directors delegated the authority to determine compensation for individual directors to the advisory committee. The Board of Directors resolved to change the ratios of performance-linked compensation and stock compensation and to introduce ROE as a performance evaluation indicator, and it also resolved to implement a malus and clawback system. ● ROE: 3.9% (down 3.4 percentage points from the previous fiscal year)	12, 16
	● Held compliance meetings at business locations of overseas Group companies to increase awareness of the Code of Ethical Conduct. A total of 2,708 people participated in these meetings at a total of 31 sites. ● Number of serious compliance violations: 0 ● Established global security guidelines and outlined measures to prevent compliance violations. Assessed the compliance status of each Group company using checklists and conducted on-site inspections as necessary. Performed vulnerability testing throughout the year. Shared information. Implemented corrective measures.	5, 10, 11, 16
	● Conducted global standard hearings at eight production sites in Japan to evaluate the management status and documentation related to quality standard requirements ● Number of serious product accidents related to safety or quality: 0	9, 12
	● Number of employees who completed the Generative AI Native 500 training program (for generative AI core talent and utilization promoting talent): total of 296 employees ● Created smart factories (Saitama Factory, Kawagoe Factory, etc.). Used the capabilities of the CX Center of Toyo Ink Co., Ltd. in areas other than Tokyo. Developed a company-wide knowledge-sharing platform. Encouraged the use of MI, RPA, and business cloud services. Established and operated a generative AI platform.	4
	● Opened Incubation CANVAS TOKYO. Established overseas R&D and co-creation bases (in India and South Korea) ● Partnership agreements with sports teams (the Tokyo Great Bears in the SV League, and COEDO KAWAGOE F.C., a local football club) ● Risk communication (Kawagoe Factory), engagement in and support for local environmental beautification, disaster prevention, and other community events	4, 8, 9, 11, 17

* The above information is based on data compiled as of May 2026.

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)



Key management issues

Business portfolio transformation ▶P.37

Maximization of capital efficiency and cash flows ▶P.40

Establishment of corporate foundations and sustainability management practices

artience2027 Basic policies

1 Shift to highly-profitable existing businesses

- Expansion of growing businesses
- Increase in profit of profitable core businesses
- Liquidation of unprofitable businesses and reconstruction of strategies

2 Creation of strategic priority businesses

- Mobility and battery related businesses
- Display and advanced electronics related businesses
- Next-generations businesses (environmental, biotechnology and energy)

3 Reform of business foundation

- Personnel, culture and organization: Improvement of engagement and DE&I ▶P.42
- Cash: Cash flow management and improvement of capital efficiency ▶P.40
- Manufacturing: asv2050/2030 and supply chain management
- Information/DX: Carry out digital reforms and make the most of SAP ▶P.46
- Technologies and intellectual property: Strengthening of the technological foundation and the proactive use of intellectual property ▶P.44

Achievements and progress in FY2025

Basic policies	Achievements and progress in FY2025
1. Shift to highly-profitable existing businesses	• **Growing businesses**: Profits increased due to growth in our overseas coatings business, where we conducted M&A activities, and the overseas packaging materials business. We have decided to invest further in liquid ink production in India. • **Profitable core businesses, restructuring and strategy-rebuilding businesses**: Earning power increased due to continuous cost reductions, price revisions and streamlining of business processes. We have decided to invest in increasing the efficiency of domestic liquid ink production.
2. Creation of strategic priority businesses	• **Mobility and battery related businesses:** The market of CNT dispersions for LiBs has been stagnant, especially in North America. We will continue to develop products for negative electrodes and all-solid-state batteries. • **Display related businesses**: We have established a joint venture with a Chinese company to increase our share of the Chinese resist ink market by selling locally produced products. Optical pressure-sensitive adhesives achieved significant growth by successfully capitalizing on shifts in the market environment. • **Advanced electronics related businesses**: We advanced steadily in our business focused on resists for sensors for optical semiconductors. We primarily obtained results from low-dielectric resins intended for use in data centers.
3. Reform of business foundation	• **Enhancing corporate value**: We improved capital efficiency (sold 4.6 billion JPY of cross-held shares and repurchased 10.4 billion JPY of treasury shares). • **Sustainability**: We implemented a new Group Materiality linked to the medium-term management plan and asv2050/2030. • **Environment**: We have expanded the scope of our decarbonization roadmap. • **Social (empowering human capital)**: We conducted engagement surveys for the second consecutive year and addressed areas that need improvement. Management continued to hold internal roundtable discussions. The percentage of new graduate hires who are women increased (from 45.0% for the previous fiscal year to 54.2% in April 2026). • **Governance**: We increased the ratio of performance-linked compensation in the compensation of internal directors and added ROE as an indicator. We enhanced business operations using the ROIC indicator and strengthened SR/IR activities.

Management Strategy

Increasing investments in growth areas to accomplish the business portfolio transformation

Progress in business portfolio management

FY2025 was the second year of the artience2027 Medium-term Management Plan. It was a year in which it was necessary to redesign our business portfolio management.

We made smooth progress on our first basic policy, shift to highly profitable existing businesses. I feel that we achieved strong results in terms of the qualitative improvement of our portfolio. Overseas sales of liquid inks and pressure sensitive adhesives for displays jumped sharply. This helped us reach a new high operating profit of 20.8 billion JPY.

On the other hand, regarding the second basic policy, the creation of strategic priority businesses, a major delay occurred in the CNT dispersions for lithium-ion batteries (LiBs) business, which we had defined as a growth pillar. A series of automobile manufacturers reconsidered their EV investments. Changes in external conditions have had a significant impact. As a consequence, we posted a huge impairment loss related to equipment in North America that is unlikely to operate in the foreseeable future.

Since the preconditions have changed, we must review our strategies with a calm mind. For growth, we are shifting our focus to how we should cultivate the display and advanced electronics related businesses as the next pillar of our business.

FY2026 is the year for completing artience2027. We have already achieved the initial target of 14 billion JPY in operating profit regarding highly profitable existing businesses. We set a new target of 18 billion JPY in February 2026. The groupwide operating profit target for FY2026 is 23 billion JPY. Our stance of pursuing the business portfolio transformation and continuing to proactively invest in growth areas in line with our enterprising policy will not change throughout the period of the current medium-term management plan.

Under artience2030, the next Medium-term Management Plan, we will continue to sow seeds and create a blueprint for steady growth.

Hiroyuki Hamada
Vice President
In charge of Overall Management
and Corporate Departments

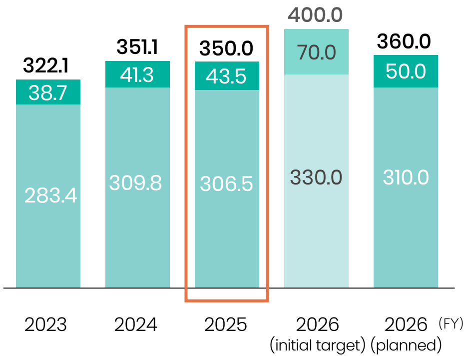
Shift to highly-profitable existing businesses

■Sharing the technologies and knowledge cultivated in Japan with the world

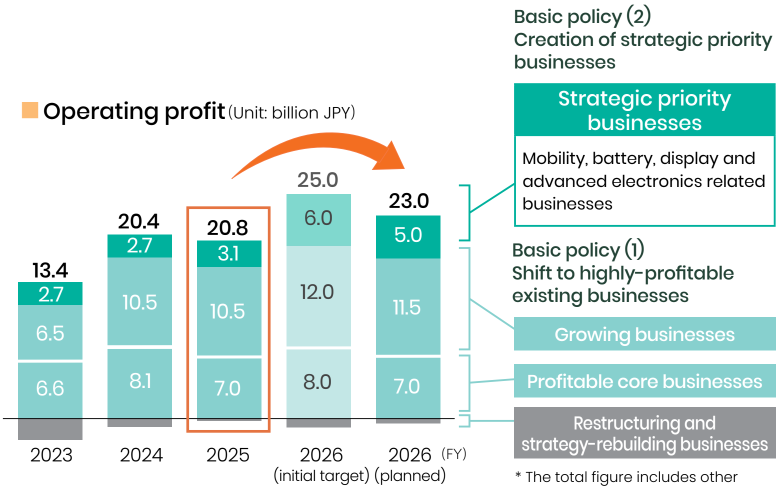
Many of our highly profitable existing businesses are of the highest class in terms of competitiveness in Japan. They are our revenue base. They are classified into three types of business: growing businesses, profitable core businesses and restructuring and strategy-rebuilding businesses. The roles of these businesses are clearly defined.

For example, liquid inks, which drive the Packaging Materials Business, is categorized as a growing business outside Japan, and as a profitable core business in Japan. In this business, we first achieved a large market share in Japan. Packaging for food and daily necessities ultimately ends up in the hands of consumers, and growth is limited in markets where the population has peaked. Our strengths in the technologies and knowledge that we have cultivated will be utilized to increase profits in

■ **Net sales** (Unit: billion JPY)



■ **Operating profit** (Unit: billion JPY)



* The total figure includes other businesses and adjustments.

artience2027, Medium-term Management Plan

Management Strategy

overseas markets where demographic dividends are anticipated and some earnings will be allocated to our next investments to support our corporate growth. This is the role that growing businesses have to play.

We already operate businesses in 24 countries and regions, including India, Southeast Asia, China and Turkey. Our extensive network of bases enables us to respond flexibly to different markets. There are quite a few cases where new businesses are created when a customer launches a new business overseas. Our overseas operations are already responsible for at least 60% of the Group's total profit. I believe that this trend will continue.

■Focusing on capital investment at Japanese bases

Profitable core businesses in Japan are also important as they stably generate profits. We are keenly aware that the expertise we have developed in Japan drives our overseas expansion. We will more actively invest in Japan in FY2026. One example of these efforts is an approx. 4 billion JPY capital investment at the Saitama Factory, which manufactures inks and materials in the Packaging Materials Business. We attach importance to improving the working environment as well as streamlining and the reduction of labor, as the labor shortage is worsening. We will build a smart factory that people will want to work at.

In FY2025, we achieved positive results in the restructuring and strategy-rebuilding businesses category, too, by revising prices and increasing added value. The profitability of the pigments business increased considerably. Offset inks also turned profitable in Japan. This is a good example of the structural reforms to achieve profitability even amid the contraction of the market.

Creation of strategic priority businesses

■Increasingly diverse applications for CNT dispersions

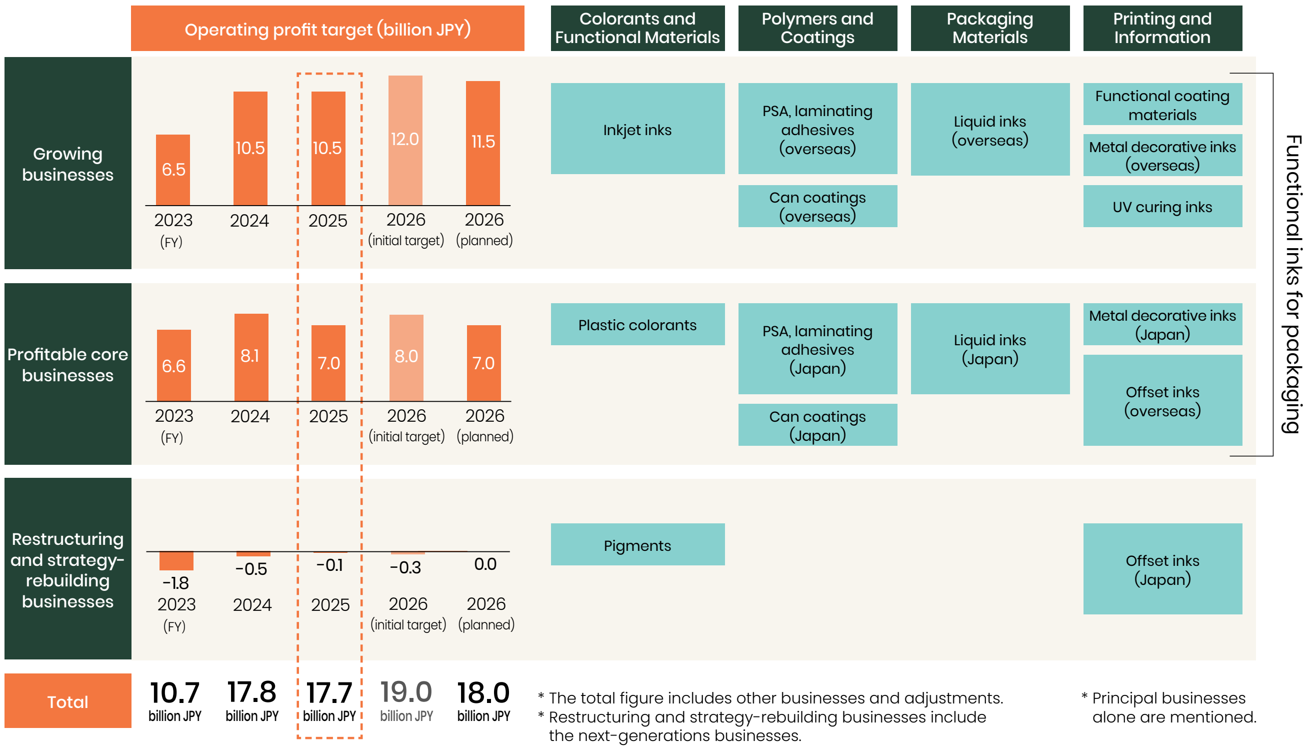
Strategic priority businesses constitute a domain for developing new pillars for future growth. The artience2027 plan began amid the global shift to EVs. We initially expected that the CNT dispersions for LiBs business would make a big difference to the entire portfolio. However, its performance has not been as forecast, mainly due to changes in EV policies in the United States after the change of administration and delays in the construction of infrastructure.

However, this does not mean that the shift to EVs has ended. We will expand target markets and product ranges to prepare to seize opportunities when the EV market expands again. In addition to our mainstay products for ternary battery cathode materials, we are developing materials for lithium manganese iron phosphate (LMFP) batteries and anode materials and researching all-solid-state batteries. We are also looking to hugely expand applications for our products from the automotive industry to the fields of backup power sources for data centers and consumer devices.

■Developing displays and advanced electronics into a new pillar of business

Another priority area compensating for the delays in CNT dispersions is the display and advanced electronics related businesses. We are making capital investments in a factory in Jiangmen, China to increase its optical pressure sensitive adhesive production capacity, as demand is high. In this area, a cycle has been established

■ Classification of the main existing businesses and operating profit targets



	Colorants and Functional Materials	Polymers and Coatings	Packaging Materials	Printing and Information
Growing businesses	Inkjet inks	PSA, laminating adhesives (overseas) Can coatings (overseas)	Liquid inks (overseas)	Functional coating materials Metal decorative inks (overseas) UV curing inks
Profitable core businesses	Plastic colorants	PSA, laminating adhesives (Japan) Can coatings (Japan)	Liquid inks (Japan)	Metal decorative inks (Japan) Offset inks (overseas)
Restructuring and strategy-rebuilding businesses	Pigments			Offset inks (Japan)

* The total figure includes other businesses and adjustments.
* Restructuring and strategy-rebuilding businesses include the next-generations businesses.

* Principal businesses alone are mentioned.

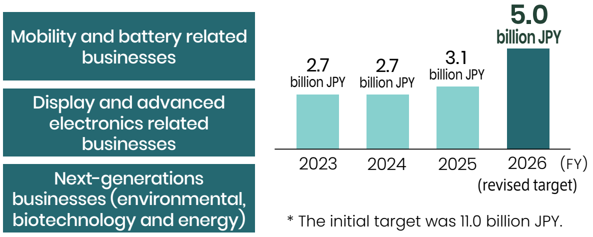
in which products developed in Japan are produced in China and provided to local customers. Business models like this that are premised on global operations have taken root, and they include cross-border collaboration in sales activities within the East Asia region and different bases engaging in complementary production.

On the other hand, color filter materials, which are mainly for the Chinese and Taiwanese markets, were affected by Chinese competition in FY2025. To address this competition, we established a joint venture with China-based Shenzhen RongDa Photosensitive Science & Technology Co., Ltd. to construct a structure for selling locally manufactured products.

In the domain of advanced electronics, we are accelerating our development of materials for smartphone components, data center applications and other products for growing markets.

To ensure that we capture business opportunities in promising areas, we have established a task force of about 20 people. I participate in its activities regularly. Some projects are already in the test marketing phase. We will step up our efforts with a view toward the next medium-term management plan. We possess unique materials such as polymer resins for semiconductors. We will expand the number of applications they have and the number of fields they are used in, including niche markets, through the development of products in multi-model projects to enable seedlings of new businesses to grow.

Trends in operating profit of strategic priority businesses



* The initial target was 11.0 billion JPY.

Status of CNT dispersions for LiBs at individual bases (as of March 2026)

Europe (Hungary)	• Two customers. With production volume and sales exceeding the previous year, customers were experiencing strong demand. • Local production of products for the second company will start by Q2 of 2026.
North America (Georgia, Kentucky)	• Two customers. Production volume decreased year on year, but sales increased. • Product evaluation was underway after confirmation of demand for use in energy storage systems (ESSs).
China (Zhuhai City, Guangdong)	• One customer. Production volume and sales were higher than in the previous year following the expansion of end-targeted vehicle models to include non-European vehicles. They will continue to increase in and after Q2. • Customers continued to evaluate materials for anodes. Efforts were made to start mass production in 2027.
Japan (Fuji City, Shizuoka)	• One customer. Shipments of CNT dispersions for HEVs remained strong. • Progress was also being made on the development of products for all-solid-state batteries.

Reform of business foundation

We cultivate new businesses while improving the earning capabilities of existing businesses. These two endeavors are supported by our third basic policy, the reform of our business foundation.

For example, we are accelerating groupwide purchases of raw materials that account for 60% or more of our net sales. We have constructed a system in which our Singapore base acts as a hub for understanding demand in different regions to procure materials under more favorable conditions. The purchasing department cannot do this alone. The R&D and manufacturing departments have to cooperate in this initiative.

Digital transformation (DX) is also a key issue specified in our materiality. We actively encourage the use of generative AI, and we have constructed a system enabling people to use it in a closed internal environment. We will use it to share and analyze technical information for patent surveys and other tasks.

All of these initiatives depend entirely on people. We are working to increase their motivation by revising the evaluation system so that we appreciate people with proactive attitudes (▶ pp. 42–43) and by organizing opportunities for the president and employees to talk directly.

Now that approximately 5,000 of the nearly 8,000 people in the Group work outside Japan, developing overseas personnel is extremely important. In FY2025, we invited mid-career managers based overseas to Japan for training. We will continue these initiatives to improve their understanding of and engagement in the artience Group. Our recent investment in the streamlining of operations and the enhancement of worker-friendliness at the Saitama Factory was done with an eye toward the sharing of the know-how gained there with the rest of the Group.

Toward our long-term vision

The core of our growth story looking toward the next medium-term management plan lies entirely in how we build add-ons through strategic priority businesses on top of the solid platform established by our existing businesses. chieving our ROE target of 10% or more under the next medium-term management plan requires taking on challenges that go far beyond business-as-usual. Instead of relying solely on operational efforts, we will make bold management decisions and strategic investments to reach a higher level.

Another thing we focus on is our organizational culture. Our corporate philosophy is "people-oriented management." We have a people-friendly corporate culture. Ideally, we want to capitalize on this advantage to ensure that every employee is aware of their roles and acts independently, and we work to unite the whole Group organically. We hope they will actively discuss issues in different places within the Group to survive this age of drastic change. It is important that they discuss issues on equal terms, regardless of their position, and that they act based on agreement.

When I talk with young and mid-career staff, I realize that they have strong ideas and that we have excellent personnel. One significant role that the management team plays is creating an organization that enables employees to fully display their potential. I am sure that these efforts will create a new artience that will support the Group's operations over the next ten years.

artience2027, Medium-term Management Plan

Financial Strategy

Accelerating the improvement of capital efficiency and investments for growth while firmly maintaining financial discipline

Takeshi Arimura
Executive Operating Officer
in charge of Finance,
IR and Information Systems

Progress of the artience2027 Medium-term Management Plan

In FY2025, we endeavored to reconstruct the foundation for achieving GROWTH amid a dramatically changing environment. We posted an impairment loss in the business of CNT dispersions because of the slowdown of the EV market, and it significantly impacted our quantitative results. Although operating profit hit a new high, profit attributable to owners of parent fell and ROE stood at a low 3.9% because of this extraordinary factor. On the other hand, excluding the impact of that extraordinary factor, our profitability improved steadily. We forecast that our financial results will continue to improve in FY2026.

ROE in particular is such a key indicator that management is committed to achieving the 8% target set in the artience2027 Medium-term Management Plan. We will combine our business portfolio transformation, whose goal is mainly to increase operating profit, and capital policies, including the systematic sale of cross-shareholdings and the increase in shareholder returns, in a steady effort to reach that 8% target.

Currently, our PBR is below 1. My understanding is that this is due to our failing to achieve the ROE target on a real basis, and that it does not reflect our future growth potential. We must communicate our strategies and progress in detail through investor relations activities to increase investors' expectations. We will incorporate investor feedback into specific measures and management plans.

We are in the middle of a major transition from a deflationary macroeconomic environment to an inflationary one. From a business perspective, it is now easier to incorporate cost increases into prices. On the other hand, interest rates increasing in the future is inevitable. In view of this, we worked to reduce interest-bearing debt and strengthen our financial position in FY2025.

Regarding capital efficiency, we manage return on invested capital (ROIC) on a groupwide basis while separate operating organizations use the cash conversion cycle (CCC) as a principal indicator. We are making progress in our efforts to reduce inventories mainly in Japan, although there is variation from department to department. The awareness of our workers is undoubtedly changing. I believe that workers proactively engaging in improvement activities without waiting for instructions from supervisors will increase the strength of the Group in the future.

Reconsidering our investment policies and optimizing cash allocation

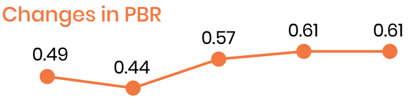
In FY2025, we established the Investment Policy Discussion Task Force and the Balance Sheet Reform Task Force. They are both groupwide initiatives that discuss involvement policy and balance sheet reform, respectively. Specifically, the Investment Policy Review Task Force has organized and proposed specific policies to

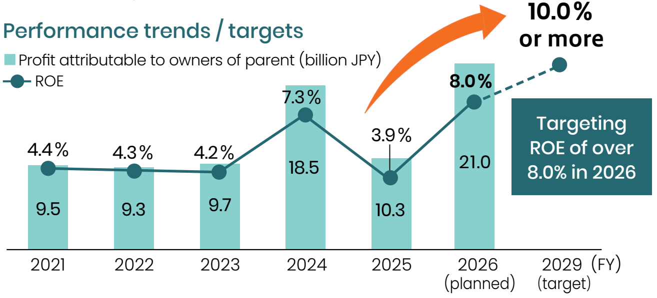
Financial reform measures (progress as of FY2025)

- ROE fell temporarily under the impact of the impairment losses recorded in 2025.
- In 2026, we aim to achieve the ROE target of over 8.0% by increasing profit. We will achieve an ROE that exceeds the cost of equity (approximately 8%) to increase our PBR.

Business portfolio transformation	• Strengthen the profitability of highly profitable existing businesses • Strategic priority businesses were stagnant in some areas while the performance of displays and advanced electronics was strong
Increase capital efficiency	• Capital efficiency improved through the introduction of ROIC as an indicator to the whole company. • Continue initiatives to improve the CCC (112 days in FY2025, up 1 day longer than the previous fiscal year)
Capital policies	• Increase shareholder returns in accordance with the total payout ratio (results for FY2025: treasury share buybacks,* forecast for FY2026: 20 JPY YoY increase in dividends) • Reduction of cross-shareholdings (FY2025: 4.6 billion JPY sold) • Cancel treasury shares (at the end of 2025)
Efforts to lower capital costs	• Disclose information in a timely and appropriate manner, step up IR activities including the proactive information disclosure and increase dialogues with stakeholders.

* Up to 4.5 million shares or 10.0 billion JPY (Purchase period: May 12, 2025 to May 11, 2026)





balance two perspectives, the perspectives of where to invest to accelerate growth and how to maintain financial and investment discipline.

Our past investment decisions were based on whether the amount was roughly within the limit of depreciation. This approach led to the prioritization of investments for growth, and it restricted investments in the maintenance and replacement of equipment. At Japanese sites, aging buildings and equipment had to be used for a long time.

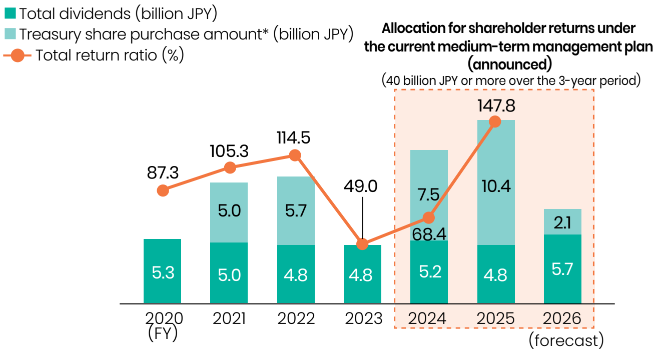
In light of these circumstances, we have changed our investment policy. First, we have introduced a new system regarding investments for growth. Accordingly, we will implement necessary investment projects flexibly without being constrained by the conventional limit of depreciation. With an eye toward the decrease of the working population in the future, we will allocate sufficient resources to investments in automation, labor-saving, and working environments. Our focus is on clearly prioritizing investments rather than uniformly investing in all businesses. While keeping ROIC at a certain level or higher, we will concentrate on investments that will increase our competitiveness in areas defined as growing businesses or profitable core businesses.

One example of our cash allocation decisions is that we decided to cancel a portion of an investment scheduled in the business of CNT dispersions in consideration of the changes in market conditions. The funds that would have been used for the canceled portion of the investment were reallocated to growth investments in other areas and investments in maintenance and streamlining. We plan to front-load growth investments when the timing is right, even in areas in which we expect to invest during the period of the next medium-term management plan, artience2030. In the current fiscal year, we are accelerating the increase of our production capacity in the liquid inks business in India and the pressure sensitive adhesives business in China.

In the category of investments for maintenance and streamlining, we decided to invest in the liquid inks business at the Saitama Factory. In this business, we are improving profitability through integrated manufacturing and sales operations, such as product line consolidation, and we are implementing other cost-cutting initiatives. We will address labor shortage and streamline operations by means of automation and replacement of equipment.

Regarding shareholder returns, we already achieved our total payout ratio target of at least 50% that was set in artience2027. We have already allocated more than 35 billion JPY of the anticipated 40 billion JPY in total shareholder returns over the three-year period. We have already announced that dividends will increase in FY2026. We are studying appropriate methods for returning the remainder.

Shareholder returns

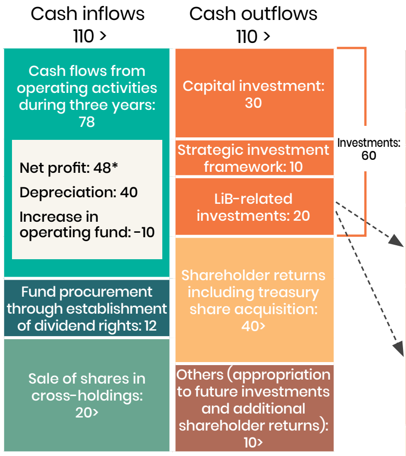


	2020 (FY)	2021	2022	2023	2024	2025	2026 (forecast)
Annual dividend per share(JPY)	90	90	90	90	100	100	120
Profit attributable to owners of parent (billion JPY)	6.0	9.5	9.3	9.7	18.5	10.3	21.0

* Up to 10.0 billion JPY or 4.5 million shares (Purchase period: 1 year each from August 13, 2024 and May 12, 2025)

Capital policy in the 3 years of the medium-term management plan and progress with cash flow allocation

(Unit: billion JPY)



Item	2024 — 2025	Cumulative estimated amount
Capital investments	22.0	30.0
Strategic Investments	0.0	Under Consider-ation
Additional Capital Investments Growth + Efficiency	4.3	10.0
LiB-Related Investments	7.6	11.0
Shareholder Returns	28.1	40.0>

* Excludes gains on sales of investment securities.

Improving the precision of investment decisions to ensure accountability

The greatest key to accomplishing the artience2027/2030 "GROWTH" management plan is increasing the profit margin. It is of course important to increase the profit margins of individual businesses, but it is also necessary to boldly transform the business portfolio to the one with higher capital efficiency and profit margins from a broader point of view. I feel that we are assessed based on our real ability to utilize our stable financial base to increase our corporate value. In the current phase in which the yen is depreciating and interest rates are rising, it is vital that we retain our A financial rating. It is directly linked to the cost of procuring funds. We will continue to firmly maintain this policy.

It is essential that we proactively invest in growth, but, from the Finance & Accounting Department's perspective, it is also essential that we maintain investment discipline. Given our posting of a large impairment loss in FY2025, we will more closely examine preconditions for investment decisions and review them as appropriate after we invest. This does not however mean that we will be overly conservative. We will assess the appropriateness of investments calmly and support truly valuable investments while putting the brakes on projects that do not meet our criteria. I believe that distinguishing between the two is my core role as the officer responsible for finance.

I always make decisions based on explainability. I continually question if it is possible to explain the appropriateness of each measure or proposal to people inside and outside the Group, and check whether each decision can be explained with a clear, logical rationale. I seek financial strategies that can be understood through dialogue, even when people have different views, to achieve accountability in its true sense.

artience2027, Medium-term Management Plan

Human Capital Strategy

Improving the capabilities of personnel in global operations as a whole


Junji Sekino

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

Progress in the human capital strategy

The artience Group's human capital strategy is closely associated with the artience2027/2030 "GROWTH" management plan. We see our human capital as management resources to accomplish the "GROWTH" plan. Specifically, we have implemented a strategy of supporting our business portfolio transformation, which is a key management priority. I understand that we have achieved some progress in the three pillars of our human capital strategy (▶ P. 43).

■Global talent acquisition

The first initiative, which we believe is our top priority, is securing human resources to drive business growth. We are systematically recruiting engineers, mainly in strategic priority businesses and also in highly profitable existing businesses. Regarding the acquisition of competent overseas personnel as essential to improve our technology development capabilities and productivity, we started hiring engineers in India in FY2025. This is driven by not only the high skill levels of the individual personnel but also by the growth potential of the Indian market and by importance of India as a base for expanding into Africa, where rapid growth is anticipated. We are looking to hire not only engineers but also management personnel in the future.

■Developing a culture of taking on challenges

The second pillar is promoting employee challenges and growth and creating a culture of challenge. In FY2024, we launched a new human resources system that emphasizes individual abilities, achievements, and a willingness to take on challenges. To implement this initiative, we reconstructed our education system, naming it growth field. We ask that our personnel acquire the leadership and problem-solving skills that are required at different career levels. We also launched the new "growth+" (growth plus) recurrent education program for mid-career and senior personnel. This has already yielded positive results in boosting employee motivation and engagement. Regarding increasing global human resources, developing global talent has become a key priority in encouraging Japanese personnel to take on overseas challenges more actively. We are working to enrich the education system with the goal of helping employees acquire a broad range of skills and perspectives by gaining experience via a wide variety of programs in growth fields.

Currently, we are working to determine key performance indicators (KPIs) for improving human resources development and productivity. Production sites are stepping up their initiatives for developing the capabilities of individual staff members to increase productivity while working on their transformation into smart factories. We hope that these efforts will help us achieve a higher ROIC in the future.

The third pillar is creating an environment that leverages the strengths of diverse individuals. We are creating an environment in which all employees can thrive, regardless of their background. The gender imbalance among our employees has been a long-standing issue for our company. In our new graduate recruitment activities for April 2026, female recruits accounted for 54.2% of new hires, up 9.2 percentage points year on year. I perceive that we are gradually seeing the results of our efforts over the past couple of years.

Enhancing employee engagement

In recent years, we have received many inquiries from investors regarding engagement scores. Approximately 5,500 employees were included in the FY2025 engagement survey, 2,000 more than in the previous fiscal year. The overall score was 83, seven points higher than the previous fiscal year. The survey results suggest that our strengths are aligned with the management philosophy, relationships with supervisors, sincerity, and other areas, and that our weaknesses are in areas like failure to remove wasteful or unnecessary rules or poor collaboration between departments. We share the results of the survey with our individual departments. We urge departments with problems to formulate and implement remedial measures.

To improve engagement, it is important that we ensure that a system that values employees' spirit of challenge and enthusiasm becomes entrenched. We will continue to implement the Career Challenge System and other schemes effectively to construct a mechanism for evaluating employees' new efforts and attempts.

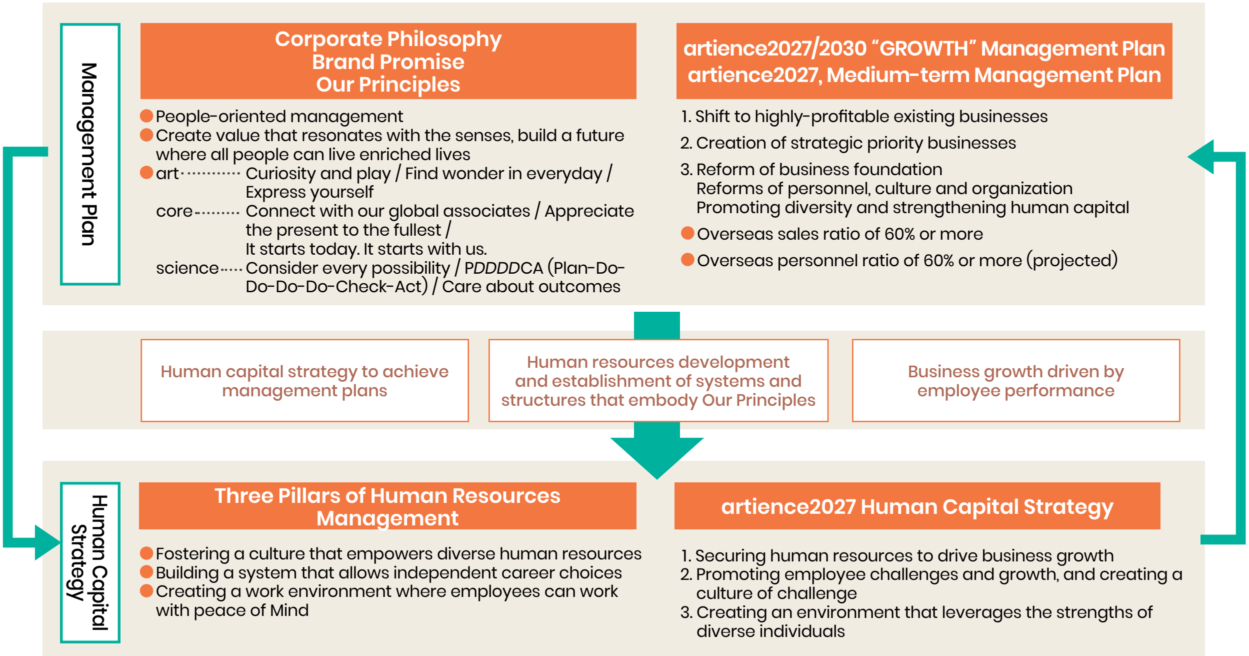
Aiming to develop human resources in Japan and overseas as an officer responsible for human resources

My understanding is that artience's "people-oriented management" corporate philosophy means helping every employee live up to their potential and maximizing the strengths of our personnel. I view it as my responsibility to build and refine human resources programs and many different personnel training programs. In line with the growth of our overseas businesses, the number of employees of our overseas subsidiaries is increasing. We must establish robust frameworks and programs to develop these personnel. In the current fiscal year, we are implementing a new initiative gathering together the people who became officers of overseas subsidiaries in the past few years in Japan to provide them with officer training. We are also planning to hold a meeting of human resources department managers and other personnel in management positions at overseas bases. We have received more applications to participate in this meeting from people in different regions than expected. In this meeting, we will discuss the implementation of engagement surveys and inter-regional personnel rotation in depth.

As a person in charge of human resources, I will implement many different measures to improve the capabilities of our personnel in all of our global operations.

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.



Management Plan

Corporate Philosophy
Brand Promise
Our Principles

- People-oriented management
- Create value that resonates with the senses, build a future where all people can live enriched lives
- art············ Curiosity and play / Find wonder in everyday / Express yourself
  core········· Connect with our global associates / Appreciate the present to the fullest / It starts today. It starts with us.
  science····· Consider every possibility / PDDDDCA (Plan-Do-Do-Do-Do-Check-Act) / Care about outcomes

artience2027/2030 "GROWTH" Management Plan
artience2027, Medium-term Management Plan

1. Shift to highly-profitable existing businesses
2. Creation of strategic priority businesses
3. Reform of business foundation
   Reforms of personnel, culture and organization
   Promoting diversity and strengthening human capital

- Overseas sales ratio of 60% or more
- Overseas personnel ratio of 60% or more (projected)

Human capital strategy to achieve management plans

Human resources development and establishment of systems and structures that embody Our Principles

Business growth driven by employee performance

Human Capital Strategy

Three Pillars of Human Resources Management

- Fostering a culture that empowers diverse human resources
- Building a system that allows independent career choices
- Creating a work environment where employees can work with peace of Mind

artience2027 Human Capital Strategy

1. Securing human resources to drive business growth
2. Promoting employee challenges and growth, and creating a culture of challenge
3. Creating an environment that leverages the strengths of diverse individuals

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	• Active recruitment of experienced and specialist personnel • Internal job postings, career challenge programs, overseas workshops • National staff development "Global Leadership Program"	• Ratio of experienced and specialist human resources hired • Results of each career and development initiative • Ratio of national staff to executives
Promoting employee challenges and growth, and creating a culture of challenge	Human Capital	• New HR system "HR Canvas" • New education system "artience growth field" • Promoting innovation "Incubation CANVAS TOKYO" • Business idea contest "IPPO," improvement proposal award system	• Plus Try system results, engagement scores • Training investment per employee • Number of collaboration events, business creation results • Number of contest entries, implementation results, number of improvement proposals
Creating an environment that leverages the strengths of diverse individuals	Respect for Human Rights DE&I Health & Productivity Management	• Promoting DE&I • Operating the special subsidiary Clover Biz Co., Ltd. • Global initiatives to promote talent mobility • Initiatives to enhance employee engagement • Promoting health and productivity management	• Continuation and expansion of scope of certification for work-life balance support • Employment rate of people with disabilities, expansion of Clover Biz operations • International transfers of national staff • Engagement score • Results of regular employee health checks, etc.

artience2027, Medium-term Management Plan

Technology and Intellectual Property Strategy

Bringing the technical knowledge of the Group together to innovate and open the path to the next growth area

Toshinori Machida

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

Continued scaling up of technology platforms

The artience Group's core polymer design, low molecule and colorant design, dispersion and coating technologies are at the heart of our technology strategies. We combine these technologies to create a wide variety of materials. Process technologies required for manufacturing and digital and analysis technologies to increase performance are also key elements of our strategies. Based on our technology platforms, we create value that we provide to society in the form of functions and applications. The greatest characteristic of our technology strategies is scalability. In other words, we combine multiple technologies to continually create new products and businesses.

The implementation of these strategies requires that we collaborate beyond the boundaries between our individual operating companies. The individual operating companies have their priorities and perspectives when making decisions. Even so, in technology development, it is necessary to use the Group's knowledge in a cross-organizational manner and, in some cases, to share human and other resources. The Group Development Strategy Committee plays a leadership role in this kind of collaboration. Since I became CTO, I have been increasing the functionality of the committee.

While individual operating companies are responsible for short- and medium-term development, the Group should handle development themes from a longer-term perspective. One example is the development of materials for UV curing inks that do not emit hazardous substances. This development project is being conducted at a base in Europe. In this area, there are currently no regulations. Taking early action in anticipation of future increasing safety needs may allow us to establish a new industry standard. The Group Development Strategy Committee will implement studies, and then we will work on development themes that operating companies by themselves would hesitate to implement.

Collaboration with external parties is also important. We value open innovation and actively participate in joint development projects with large companies based in Japan and start-ups in Japan and overseas. Our goal is to obtain ideas and technologies that are not an extension of our activities and use them to create new value.

Active use of AI and big data to transform our development process

We are currently focusing in particular on the transformation of our development process using generative AI. We have incorporated a huge amount of technology data that we have accumulated over the past two decades into a closed generative AI tool and built an environment which enables people throughout the Group to use it. We launched its operation in FY2025. The AI is now capable of providing answers comparable to those of highly experienced engineers when asked, for example, questions about methods for improving the heat resistance of pressure sensitive adhesives.

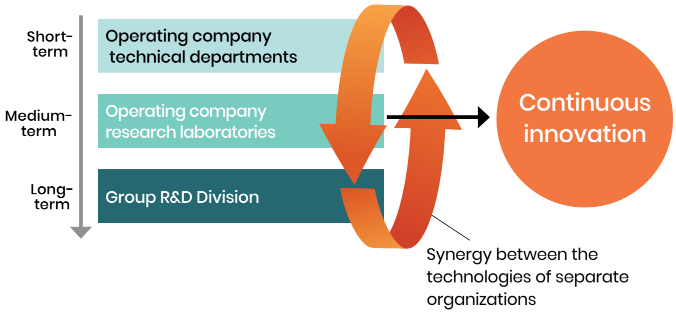
This initiative is leading to the creation of a collective intelligence that transcends the boundaries between businesses. There are now some examples of people using AI tools to incorporate technologies and

■ 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	Taking on challenges in new R&D methods

- Transforming R&D methods through the combination of technology platforms, generative AI, MI, and computational chemistry
- Further expansion of open innovation
- Utilization of strategic IP assets in business

■ R&D System



knowledge from other businesses in their efforts when they face difficulties in the development process, helping them create new solutions beyond what they could imagine. In the future, we will combine technology data and marketing data to discover applications for technologies that we were unaware of and cultivate new markets and customers.

The advancement of production technologies with a view toward the transformation of factories into smart factories is another key initiative. In Japan, the population is decreasing. Securing a workforce engaged in practical operations is a major issue. It is necessary to shift to a structure that is not dependent on labor. At the Kawagoe Factory and other sites, we have already operationalized model facilities for automation and labor-saving are already operational. The knowledge obtained in these places will be shared with all of our global operations.

In terms of research and development, we will further accelerate lab automation. If nightly examinations are conducted automatically using AI and robots, researchers will be able to concentrate on analyses and the creation of hypotheses from the following morning. We will clearly divide the roles of humans and AI to improve development efficiency and quality while reducing the workload borne by humans.

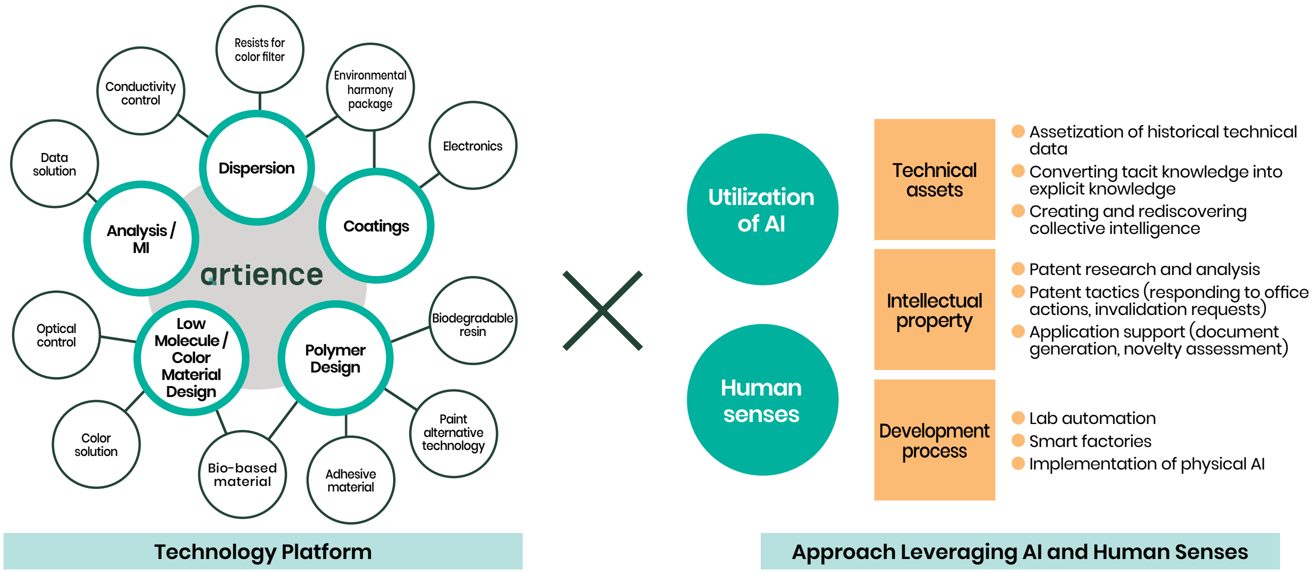
Amid the increasing importance of intellectual property, we have shifted to a strategy in which we look at development and intellectual property in an integrated manner. In a situation in which we are competing based on the performance and cost of products, competitive advantage depends largely on possessing strong patents. We will not only protect our own technologies. We will also analyze the development trends of competitors and strive to obtain patents at an early stage in areas where competition is expected in the future. Using AI will be a key to intellectual property activities. We have already introduced AI tools and are actively use them in patent surveys and the creation of application documents and responses to competitors' patents.

To create future value based on human senses using past data accumulated by AI

My duties as CTO are to gather the technological assets scattered across the Group's individual companies so they can be used by the Group as a whole and to encourage people to take on challenges in areas that will lead to the creation of strategic priority businesses, which are not an extension of each business. Development activities do not produce tangible results in a short period of time. They are built on countless instances of trial and error. Accordingly, we will identify the areas in which we can be successful based on artience's unique core technologies and use our management resources, including human, physical, and financial capital, in these areas. Another of the tasks I have to complete is envisioning the growth pillars of the next medium-term management plan and farther into the future and to transform this vision into tangible technologies and product development.

As the change of the social environment accelerates, a series of issues that are the result of these changes arise. For example, the widespread use of generative AI leads to higher-performance devices. At the same time, controlling power consumption and heat generation is emerging as a new technological challenge. It is important to not only meet immediate needs but also propose solutions in anticipation of issues that will arise in the future. The roles that humans play are even more important in these circumstances. An area in which AI is strong is in the organization of historical data and facts, but humans create new ideas. Science is accumulation of historical achievements, but the human senses facilitate discoveries and enable us to leap toward the future. They will be the next source of our competitiveness. We will combine the full strength of the Group and continue to innovate with the goal of creating value that resonates with the senses.

Fusion of technology platforms with approaches to technology and intellectual property



artience2027, Medium-term Management Plan

DX Strategy

Digital transformation (DX) supporting the artience2027 Medium-term Management Plan

Shinji Ueno
General Manager of
Group Information System
Department

In the artience2027 Medium-term Management Plan, the Group lays out the transformation of the business portfolio and the maximization of capital efficiency and cash flow as key management priorities. Digital transformation (DX) lays the management foundation for their realization.

Our DX strategies date back to 2021, when a task force was launched prior to the announcement of artience2027. We have since been working to streamline operations in four departments, our manufacturing, technology, sales and back-office departments. This has enabled us to reduce costs by approx. 50 million JPY and reduce labor by approx. 100,000 person-hours in FY2025.

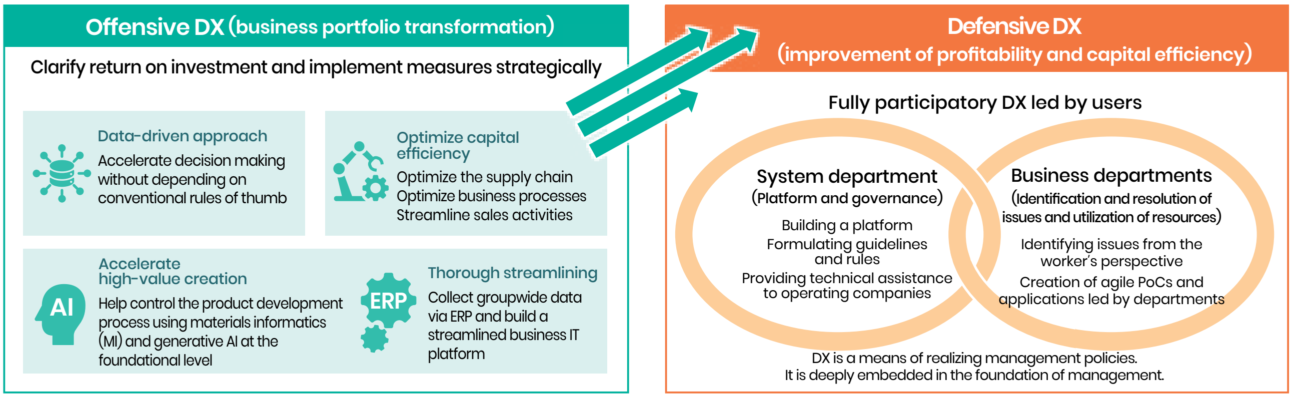
In 2024, we upgraded our DX initiative. Since then, we have been implementing it not as a mere step to streamline operations but as a strategic measure to implement while clarifying the return on investment as we work to solve management issues. Our business portfolio transformation requires a fast, high-quality and data-based decision-making process, rather than depending solely on rules of thumb. We need to accelerate the shift to high value-added products businesses. DX serves as a foundation for realizing our goals.

In the context of the improvement of profitability and capital efficiency, it is important to reduce costs, but it is also vital that we visualize and optimize the whole supply chain and to streamline sales operations. Centered on DX, we will achieve our goals and thereby improve capital efficiency.

In addition to offensive DX, defensive DX is also important. This means that all of the departments use IT tools to identify and resolve issues. We are working to enhance technical assistance to ensure that the system department plays a role in the construction of a DX platform and the strengthening of governance and ensure that business departments are able to solve their own issues. We will push forward with the democratization of IT like this to encourage a fully participatory user-led digital transformation.

Since 2024, we have been increasingly introducing generative AI in line with this policy. In view of the results of our six-month PoC, we have defined generative AI as a core IT tool in our DX strategies in the future. In the future, we will use it to accelerate the streamlining of operations and create added value.

DX strategies supporting the artience2027 Medium-term Management Plan



Offensive DX (business portfolio transformation)

Clarify return on investment and implement measures strategically

Data-driven approach
Accelerate decision making without depending on conventional rules of thumb

Optimize capital efficiency
Optimize the supply chain
Optimize business processes
Streamline sales activities

Accelerate high-value creation
Help control the product development process using materials informatics (MI) and generative AI at the foundational level

Thorough streamlining
Collect groupwide data via ERP and build a streamlined business IT platform

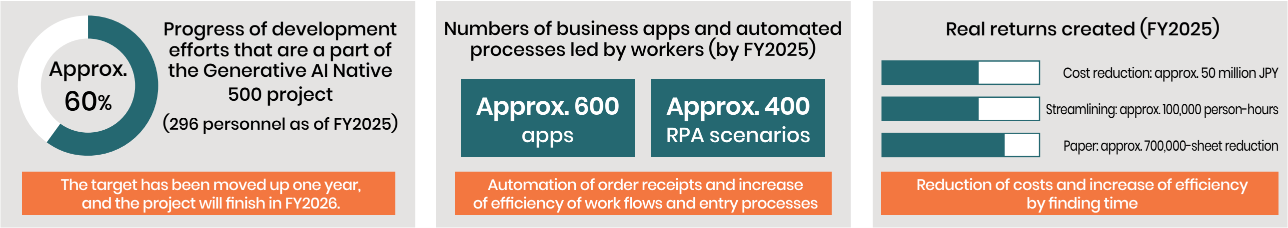
Defensive DX (improvement of profitability and capital efficiency)

Fully participatory DX led by users

System department
(Platform and governance)
Building a platform
Formulating guidelines and rules
Providing technical assistance to operating companies

Business departments
(Identification and resolution of issues and utilization of resources)
Identifying issues from the worker's perspective
Creation of agile PoCs and applications led by departments

DX is a means of realizing management policies.
It is deeply embedded in the foundation of management.



Progress of development efforts that are a part of the Generative AI Native 500 project
(296 personnel as of FY2025)

The target has been moved up one year, and the project will finish in FY2026.

Numbers of business apps and automated processes led by workers (by FY2025)

Approx. 600 apps

Approx. 400 RPA scenarios

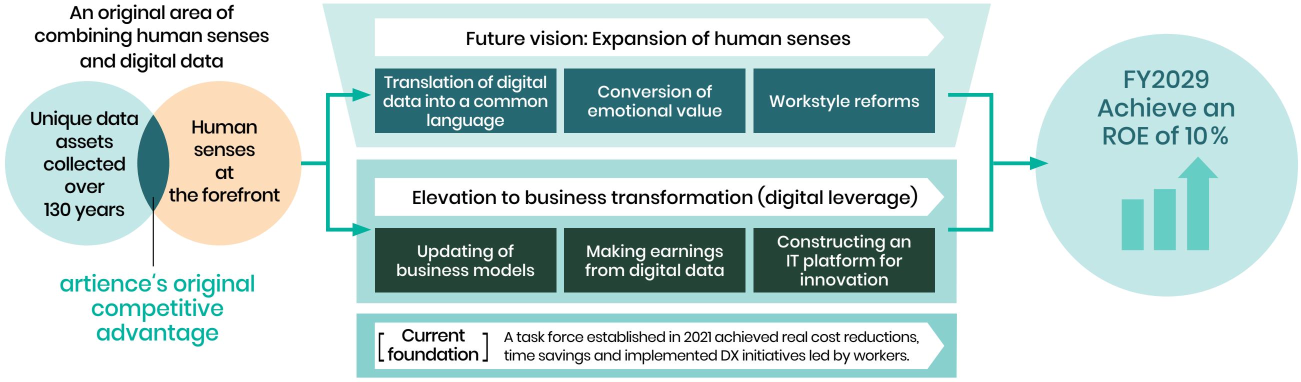
Automation of order receipts and increase of efficiency of work flows and entry processes

Real returns created (FY2025)

Cost reduction: approx. 50 million JPY
Streamlining: approx. 100,000 person-hours
Paper: approx. 700,000-sheet reduction

Reduction of costs and increase of efficiency by finding time

Going beyond DX: Sublimating digital data into artience's new strategic resources



Crisis management basics

Security and compliance with laws and regulations
- Construction of secure environments
- Response to AI and compliance with laws and regulations following global expansion
- Adaptation to, and compliance with, information security standards

Continuity of personnel
- Multi-level personnel development to eliminate key talent depletion risks
- Entrenchment of DX and AI in routine operations

Minimization of investment risks
- PoCs based on issues identified from the worker's perspective
- Regular checks on and optimization of tools

Creation of business value through DX and growth strategies

I believe that concentrating resources in strategic priority businesses and the development of global competitiveness at an early stage are keys to creating and increasing business value through digital transformation.

First, regarding the concentration of resources in strategic priority businesses, we will capitalize on our digital transformation to integrate our technological strengths and the technologies of external parties to create new markets, products and ideas for solutions. We will also share the technologies and knowledge we have accumulated throughout the Group using MI and generative AI to accelerate our development activities. In terms of sales activities, we will step up market research and sales assistance. In doing this, we will concentrate our resources in high value-added businesses.

Regarding the strengthening of our global competitiveness, it is primarily essential that we build a business IT platform. We will expand the internal generative AI platform we are currently operating in Japan to the whole Group, including overseas bases, to establish a structure in which high-level measures can be implemented by the Group in any region. We aim to complete the introduction of the platform at major sites by the end of FY2027.

We are currently renovating the mission-critical systems of the Group as a whole. When this is completed, we will be able to obtain production and sales data from Japanese and overseas bases at the same granularity. We will actively use generative AI and other IT tools to advance our utilization of data and increase our speed to increase our global competitiveness.

Our digital transformation will also be beneficial in our employee workstyle reforms. After introducing generative AI, the use of technical knowledge and routine tasks will be assigned to AI, freeing human employees to concentrate on creative work. Additionally, digital assistance facilitates global collaboration beyond time, distance and other physical constraints. Amid these changes, we will review our organization and carry out our transformation with an eye to the future.

Making the utilization of digital technologies a new part of artience's DNA

To steadily implement these measures, we determined that the development of 500 Generative AI Natives personnel by FY2027 was a key management priority. Accordingly, we are working to cultivate DX personnel. Of these 500 generative AI natives, 200 will play central roles in encouraging utilization of generative AI and the remaining 300 will lead the active use of DX in operations in individual departments. These generative AI natives are required to take established training programs. We expect to achieve our target within FY2026, one year ahead of schedule. We will carry out similar personnel development activities at overseas bases as well.

Following the progress in the digitalization of business processes, we are establishing an environment where all employees—not just technical experts—routinely utilize IT tools. More and more personnel within the Group are making good use of information technologies in their departments, seeing them as their own tools, rather than the tools of the system department. With the goal of ensuring that business is conducted using IT and digital technologies, a digital transformation is beginning to take root as a part of the foundation of the artience Group. In the future, our digital transformation efforts will focus on the transformation of businesses, rather than merely streamlining them. We will define DX as a key engine for accomplishing our business portfolio transformation, and we will utilize digital technologies to strive to achieve the continued evolution of our business models.

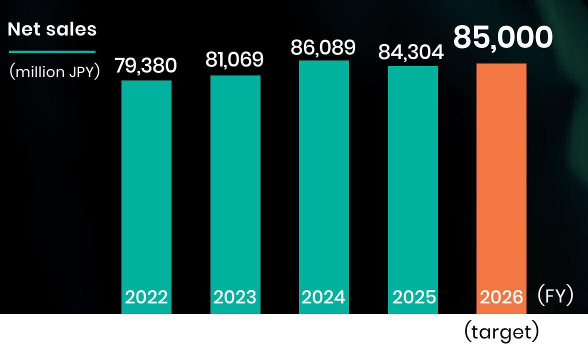
We will also return to our brand promise, "Creating value that resonates with the senses and building a future where all people can live enriched lives." Through DX, we aim to expand the domains where we create this value. Using AI as a partner that stimulates our creativity, we will capitalize on the power of digital technologies to enable every employee to fully use their imagination. Through these initiatives, we will embed digital technology as a new part of the artience Group's DNA. We will continually work to transform ourselves into an organization able to create value for customers by combining our senses and our intellect, or emotions and digital technologies.

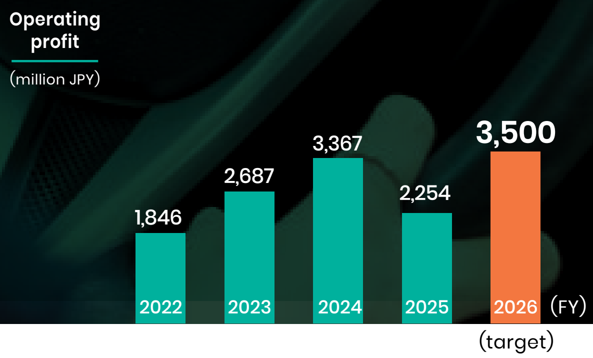
Business

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 2026)





Message from management

Masaki Nagatsubo
President and Representative Director
Toyocolor Co., Ltd.

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Review of FY2025

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

In FY2025, sales of materials for FPD color filters fell, mainly because shipments of materials for small and midsize panels used in applications such as personal computers in Taiwan remained weak, and sales decreased due to factors including the withdrawal of a Japanese panel manufacturer from the business despite the increased demand for materials used in large panels during the first half in China due to government subsidies. Sales of optical semiconductor materials for smartphones grew in China. We will endeavor to continue increasing these sales in the future.

The profitability of plastic colorants improved due to the solid performance of products for beverage caps in Japan as well as the effects of cost reductions and price revisions. Outside Japan, sales of plastic colorants for solar cells and automotive applications were weak, although they were buoyant in the previous fiscal year.

Although revenues increased, results for automotive lithium-ion battery materials fell short of expectations, reflecting the slowing growth of the EV market and delays in the launch of products in China.

Sales of inkjet inks remaining flat YoY, despite being severely impacted by customer inventory adjustments and intensifying competition.

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> • Development cost burdens in new 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) and lithium-ion batteries (LiBs) • 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 • Decrease in demand for plastic products and shift to uncolored products following progress in the circular economy • Slowdown of growth in EV market

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, magnetic powder paste, CCUS materials	Lithium-ion batteries, signboards, labels, magnetic tape for data storage, inductor, CO_2 capture system, etc.

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Medium-term strategy and priority measures for FY2026

Under the slogan "GROWTH," we will implement reforms that are necessary to enhance the profitability of our existing businesses while paying attention to our market share. At the same time, we will develop our strategic priority businesses into revenue pillars and accelerate our business portfolio transformation.

In liquid crystal display (LCD) color filter resists, we will seek to increase our share of the Chinese market by maximizing profits in collaboration with local partner companies engaged in production.

In optical semiconductor materials, now positioned 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.

Regarding CNT dispersions for lithium-ion batteries for electric vehicles (EVs), we will accelerate the development of materials for anodes, lithium manganese iron phosphate (LMFP) batteries and all-solid-state batteries with an eye toward a business environment based on the assumption that the medium-to-long-term trend of shifting to EVs will not change.

We will also expand the applications these materials have to non-automotive areas, including stationary storage batteries for consumer equipment and for energy storage systems (ESS), to enlarge the business while reducing risks related to changes in the market.

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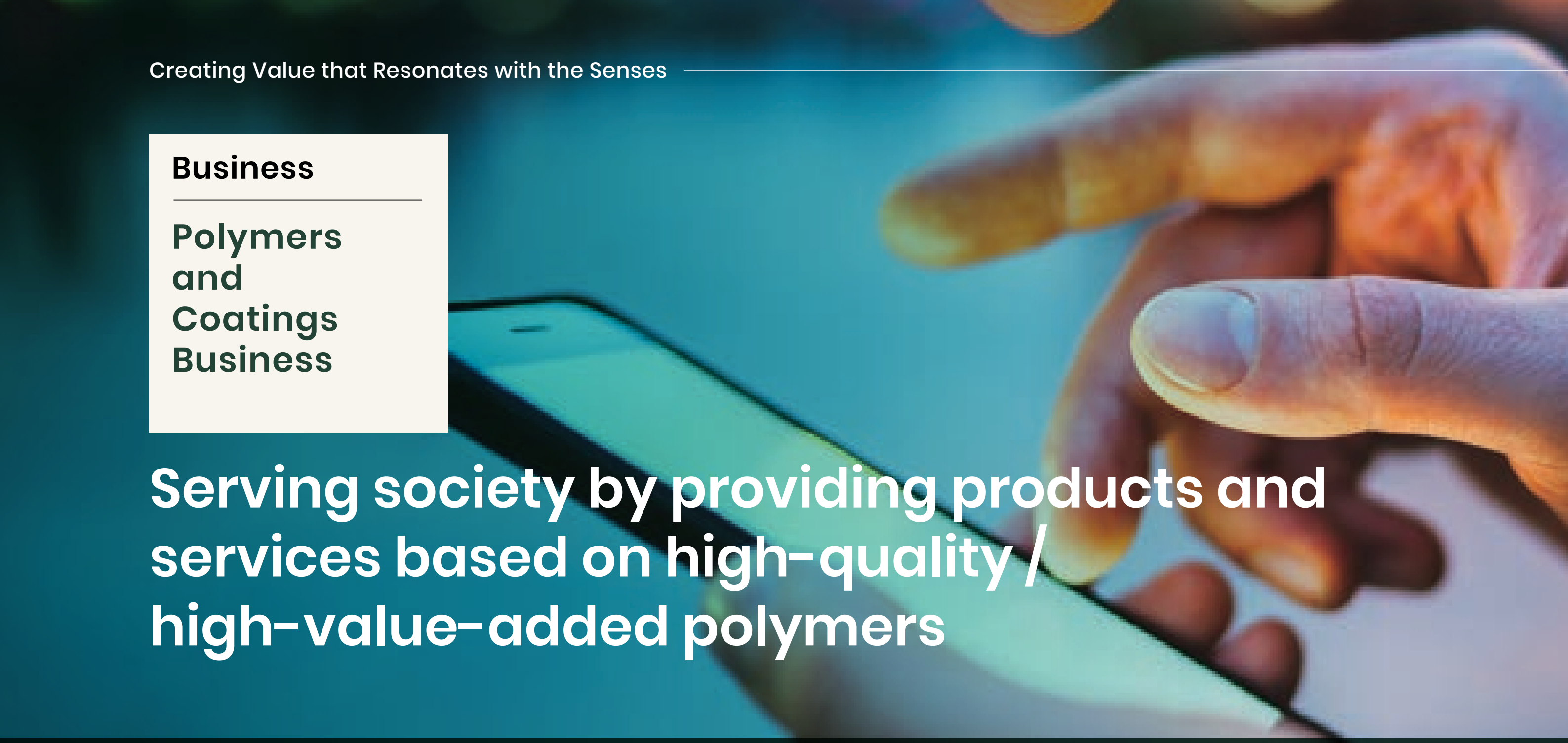
Progress in the development of materials products for new fields

We are working to develop products for business portfolio transformation based on our core technologies, including our expertise in low molecular synthesis and polymer synthesis centered on dispersions that we cultivated in the pigments business, the expertise in surface treatment and dispersion technologies that we accumulated in the business of functional dispersions and colorants, and the carbon material technologies we acquired in the LiB business.

In growing markets in particular, such as the mobility, environmental energy and advanced electronics markets, new products have advanced to the practical evaluation stage, and we are achieving tangible results with some products, including millimeter wave absorber materials for automotive radars, materials for semiconductor wafer transport containers, magnetic materials for inductors, CO_2 absorber materials, and electrode materials for perovskite solar cells. Collaboration with external parties is important for development in these new fields. We actively endeavor to collaborate in business, for example, we are jointly developing proprietary CNTs with Japanese and overseas material manufacturers and CO_2 absorber materials with overseas start-ups and plant manufacturers.

We are also working to strengthen our business foundation. This includes establishing a new promotional department aimed at embedding and utilizing DX and AI within our internal development framework, as well as introducing a cross-functional scheme and fostering human resources to enhance our intellectual property capabilities.

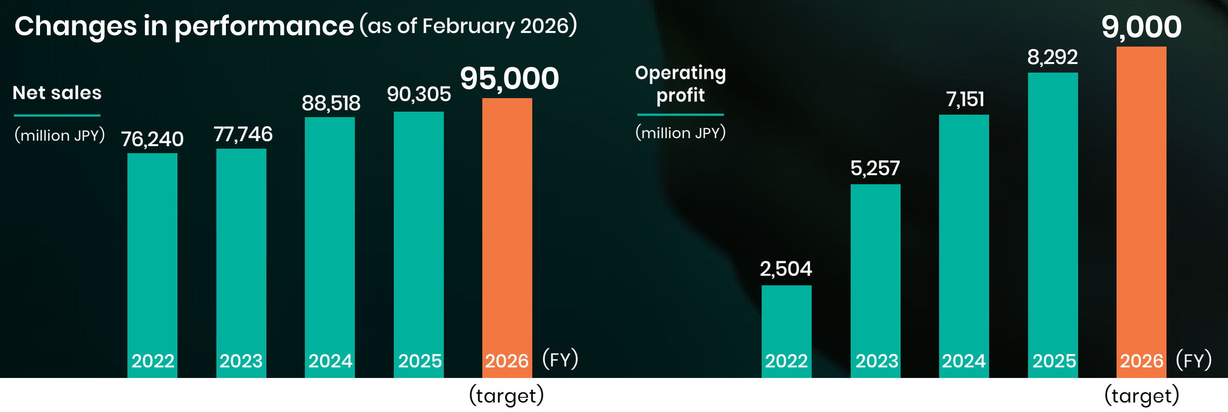


Business

Polymers and Coatings Business

Serving society by providing products and services based on high-quality / high-value-added polymers

Changes in performance (as of February 2026)



Message from management

Yasushi Ariyoshi
President and Representative Director
Toyochem Co., Ltd.

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Review of FY2025

In the Polymers and Coatings Business, we leverage our advantage of being able to develop not only products but also materials, effectively using our polymer design, coating, and dispersion technologies to deliver cutting-edge products.

In functional films and tapes, conductive adhesive sheets and other functional films sold well in FY2025, reflecting the increased production of new models for smartphones and the expansion of sales in China.

In pressure sensitive adhesives, sales were strong in Japan for automotive and other industrial applications. In India, sales grew following the cultivation of the market. In China, we commenced restructuring our supply framework after a major expansion that was achieved by capturing the increased demand for display applications.

Among adhesives, products for packaging generally performed strongly in Japan and overseas but were impacted by sluggish market conditions in some regions. As for products for industrial applications, sales for lithium-iron batteries were slow, reflecting a slowdown in the growth of the EV market.

Sales of can coatings grew in Japan, partly due to efforts to expand sales, and overseas sales grew as well. Can coatings for food cans were in high demand and sales of coatings for beverage cans expanded, mainly in Thailand. The Group also achieved the growth of sales in Turkey by expanding sales to major customers.

In semiconductor-related materials, sales of insulating protective sheet for the encapsulation of semiconductor chips grew, and the low dielectric resin materials were newly adopted to the semiconductor industry.

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_2 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.

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Medium-term strategy and priority measures for FY2026

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-value-added polymer products.

In functional films and tapes, we will strive to set proper functional film selling prices that reflect the rising price of silver, a raw material.

In pressure sensitive adhesives and other adhesives, we will move ahead with the development of new products to meet the needs of customers and production innovation to continuously improve profitability. For optical pressure sensitive adhesives for displays in particular, we will increase production capacity in China and optimize our global supply chain to further expand our business. In India, expanded production facilities will begin operating. We will work to expand business by capturing demand for tapes and other products driven by the shift from imports to domestic production.

In can coatings, we will strengthen our global network of operating bases to accelerate the creation of synergy, beginning in Japan and Thailand.

In electronics-related materials, we will steadily expand semiconductor-related products with which we are increasingly achieving positive results. In strategic priority businesses areas, such as next-generation displays, mobility and batteries, we will develop high-value-added functional products that meet the needs of the market.

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Developing environmentally friendly products based on polymer design technologies

We are striving to expand the polymer science and technology platform that is the foundation of our business and working to develop environmentally friendly products.

In pressure sensitive adhesives, we are working to develop next-generation products combining biomass raw materials and solvent-free UV curing technologies. In biomass products, we have acquired the International Sustainability and Carbon Certification (ISCC) PLUS certification that attests to our sustainability, and we are enhancing environmental value proposals throughout the supply chain. To help establish a circular economy, we have developed new trigger-detachable pressure sensitive adhesives and degradable adhesives that make final products more recyclable.

Among adhesives, we are working hard to increase the number of applications for the ECOAD® non-solvent type laminating adhesive, and it is being used by an increasing number of customers. High durability adhesives for industrial use have been highly evaluated for their applications in perovskite solar cells and hydrogen fuel cells. In hot-melt adhesives (solvent-free heat-melting adhesives), we developed industrial applications for them and highlighting their benefits in improving work environments and efficiency. As a result, they have been selected for automotive interior applications.

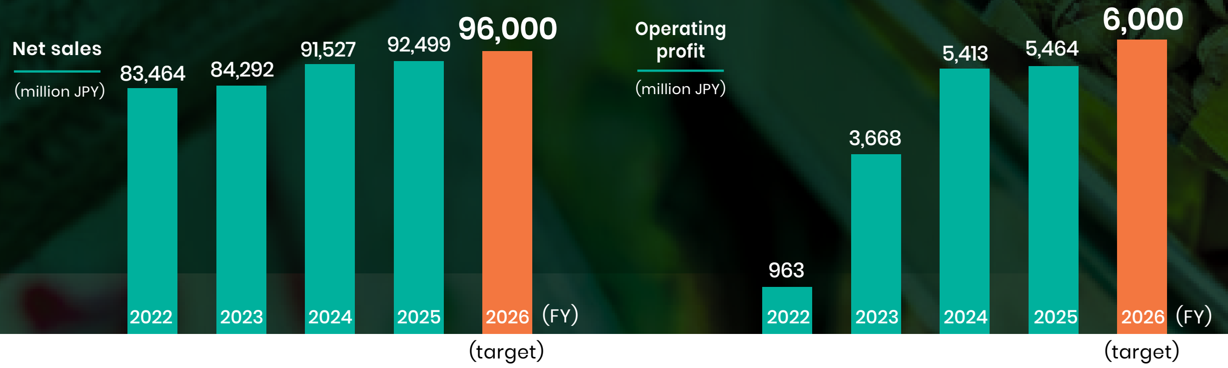
In can coatings, an increasing number of customers appreciate environmentally friendly products that do not contain fluorine compounds (PFAS), bisphenol A and other substances of concern. These products are increasingly chosen, particularly in Southeast Asian markets.

Business

Packaging Materials Business

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

Changes in performance (as of February 2026)



Message from management

Hideki Yasuda
President and Representative Director
Toyo Ink Co., Ltd.

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Review of FY2025

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 and biomass products.

In FY2025, demand for liquid inks was solid in Japan for liquid inks for packed rice, frozen food, and refill packaging materials, and for other applications. In addition, among inks for cardboard boxes, those related to beverages performed strongly partly due to the impact of intense summer heat. We proposed solutions regarding environmentally friendly products that responded to market needs, which resulted in the expansion of business.

Regarding overseas operations, performance was solid in Southeast Asia and India, supported by the conditions in these markets, while performance was negatively impacted by stagnant consumption in China, the weak housing market in North America and difficulties in procuring some raw materials in western regions. In Turkey, significant progress was achieved in the expansion of sales to new customers and surrounding countries after a new factory began operating.

In the gravure cylinder platemaking business, sales were strong due to the capturing of demand for new printing plates for packaging and the gradual recovery of precision platemaking related to electronics.

SWOT analysis

	《Positive factors》	《Negative factors》
Internal factors	**S** <Strength> • Technical capabilities to design and develop pigments, resins, inks, platemaking technologies and laminating adhesives • Integrated production system and quality control capabilities covering all stages from materials to products • Printing equipment necessary for the development of packaging materials and technologies for evaluating their performance	**W** <Weakness> • Easily affected by rising raw material prices, making it difficult to revise prices quickly • Low-level market presence in Western markets
External factors	**O** <Opportunity> • Population growth in emerging countries and consequent continued growth in overall demand for packaging materials • Shift to paper and (recyclable) monomaterials to help achieve the SDGs and establish a circular economy	**T** <Threat> • Trend toward abandoning the use of ink, and adhesives as a response to the SDGs and circular economy

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

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Medium-term strategy and priority measures for FY2026

In the mature Japanese market, we will accelerate the transformation of factories into smart factories to increase production efficiency and profitability. In contrast, we see environmental awareness, which is increasing globally, as an opportunity for growth in overseas markets where continued growth is anticipated. We will seek to increase our share of these markets and contribute to the environment by proposing high-performance products such as barrier coatings and heat-resistant coatings, in addition to other environmentally friendly products.

Regarding recycling systems, we will advance to a stage in which we will more specifically verify them with the goal of establishing resource circulation in the field of packaging for food and daily necessities.

In Asia, we decided to expand our facilities to capture growing demand for packaging materials in India. The expanded facilities are scheduled to come online during FY2028. In China, we will rebuild our inter-site collaboration, enhancing our sales and technical support capabilities to expand business. In Europe, we will accelerate our expansion into the European, Middle East and African markets leveraging the supply capacity we have available after the opening of a new factory in Turkey.

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.

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Peeling and deinking recycling technologies and practical applications

The reduction of the thickness of packaging films and the transition to mono-material films and paper packaging are believed to be important measures to reduce the use of plastics and recycle them, which are issues that are drawing attention. In this environment, we have developed functional coating agents that add gas barrier, heat-resistant and other features to conventional laminated films, and we are proposing these solutions to customers. In addition, 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. These systems are paving the way toward the recovery of nearly transparent recycled plastics by type and broadening the possibilities in the recycling of plastic packaging materials.

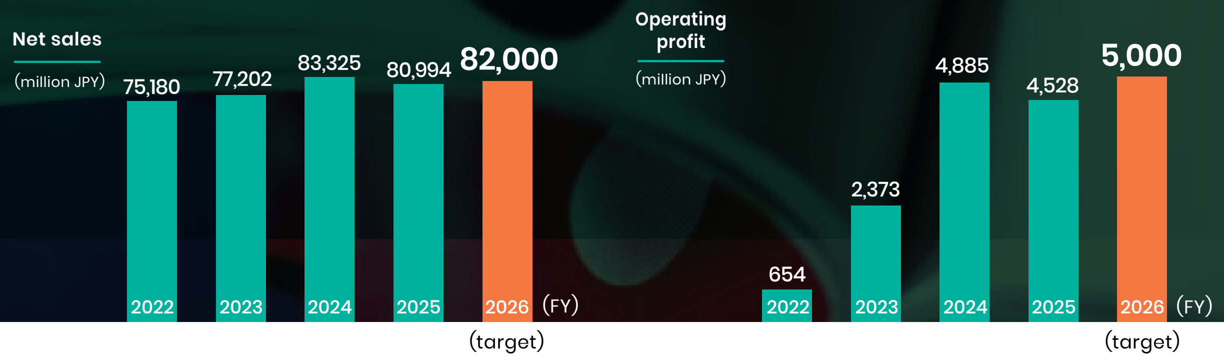
In September 2025, the refill pouch made using the peeling and recycling technology we jointly developed with a large manufacturer of daily necessities won a top-ranked Japan Star award at Japan Packaging Contest 2025 (▶ P.24). With a view toward the social implementation of the closed-loop recycling of packaging materials, we are collaborating with organizations in various ways to construct recycling systems. We are collaborating with organizations willing to conduct joint studies beyond the boundaries between industries, not just in the daily necessities industry but also in other industries. In doing this, we aim to help establish a circular economy with an eye toward the realization of a sustainable society.

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 2026)



Message from management

Hideki Yasuda

President and Representative Director
Toyo Ink Co., Ltd.

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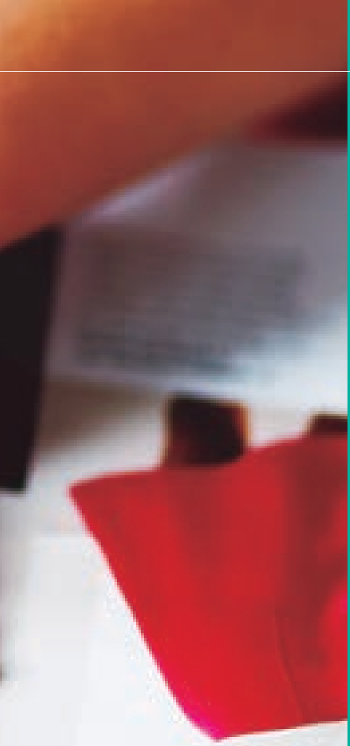
Review of FY2025

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 Japan, the ongoing contraction of the information-related printing market resulted in the poor performance of products for advertising, publication and newspapers. At the same time, sales expanded in the areas of stickers, labels, cards and plastic cups. We also conducted our business portfolio transformation to expand sales of functional and environmentally friendly products, such as functional coating agents, energy-efficient high-sensitivity UV curing inks and biomass inks.

Outside Japan, sales were sluggish in China, Europe and North America as sheet-fed printing inks for commercial printing were adversely impacted by digitalization. Sales of these products were strong in India, where printing demand is growing in line with economic growth. Sales of UV curing inks expanded in China due to environmental regulations. They also sold well in India in line with the rising demand for packaging. Regarding the implementation of DX, the CX Center, whose achievements were significant in FY2024, expanded its service area from Tokyo to the entire country to massively increase the number of its users. This expansion was achieved by increasing the operations covered by the CEEX web platform and by strengthening connections to internal systems.



SWOT analysis

	《Positive factors》	《Negative factors》
Internal factors	**S** <Strength> • Formulation technologies, evaluation technologies and equipment • Extensive lineup of environmentally friendly products • In-house production of original key materials ensuring our competitiveness by enabling differentiation in terms of quality • 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 • Tightening of regulations on chemical substances

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.

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Medium-term strategy and priority measures for FY2026

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, demand in the paper container packaging market is expected to grow amid the worldwide trend towards plastic-free containers. In Japan, we will work to expand sales of UV curing inks and functional coatings for use on paper containers and packaging materials.

In overseas operations, we will promote sheet-fed printing inks for paper containers, UV-curing inks, UV-curing flexographic inks for labels and metal decorating inks for can production to push forward with our business portfolio transformation globally.

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.

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Seeking our next revenue pillars—New businesses for new markets

With a view toward establishing our next revenue pillars in new markets, we are working on two new businesses while seeking to participate in industry-government-academia collaborations.

One is a business in which we apply and popularize color technologies that we have traditionally developed as precision optical control technologies in totally new markets. One example of this is a technology that is incorporated into the lenses of smartphones and digital single-lens reflex (SLR) cameras to minimize the diffused reflection of light and produce images that are clearer and more vivid. Another is a technology that conceals from view infrared cameras and sensors mounted in the facial authentication systems of smartphones, smart door locks and other devices, while letting infrared rays through, to ensure both functionality and visual appeal.

Another business is the use of printed electronics technologies centered on conductive materials design technologies and electrode circuit formation technologies for various sensing applications. These technologies include a high-precision water level sensor technology for agricultural IoT devices that may help improve agricultural productivity, ensure environmental compliance and generate new earning opportunities. We are also engaged in development efforts in which we are applying and expanding these printed electronics technologies into the field of renewable energy and mobility-related areas.

Governance Talks

A blueprint for artience's transformation to increase its corporate value

The artience Group is working on a thorough transformation with a view toward the maximization of its corporate value.
What do investors think about these initiatives?
How should artience communicate the significance of this transformation to the capital market?
Prof. Keisuke Takegahara, a leading expert in sustainable finance in Japan, was invited to artience's headquarters to talk with Group CEO Satoru Takashima.

The dialogue took place in April 2026.

Satoru Takashima

President and Representative Director, Group CEO

Keisuke Takegahara

Professor at the National Graduate Institute for Policy Studies (GRIPS)

PROFILE

A researcher and businessperson specializing in sustainable finance and environmental policies. Before assuming his present post, he led environmentally rated loan and other programs, headed the Environment and CSR Department and the Economic & Industrial Research Department and served as an executive officer and as Executive Director of the Research Institute of Capital Formation at the Development Bank of Japan (DBJ.) He also served as the chair of several governmental committees and held other posts on these committees, and he was involved in institutional design for green transformation (GX) and ESG finance schemes. Additionally, he has served as an outside director of a Japanese company.

Determined to change our core business through business portfolio transformation

Takashima Our strong feeling that we were in crisis triggered our transformation. When I became president in 2020, we were in the midst of the COVID-19 pandemic. Our performance was sluggish and the growth of our mainstay products had slowed. If that situation persisted, our very survival as a company would be at risk. We did a blank-sheet review of whether our products and businesses were really needed by society, and I decided that our business portfolio had to be changed. In a sense, it was an attempt to change our core business.

Takegahara I heard that you also changed the name of the company to artience as part of this initiative. A long-standing company changing the name it has had for more than a century is a serious thing indicating your determination.

Takashima Looking back at the steps we have taken, I think our transformation is still a work in progress. We defined the business of carbon nanotube (CNT) dispersions for lithium-ion batteries (LiBs) as a growth pillar, but currently, it has been affected by the slowdown of the electric vehicle (EV) market. We have thus been forced to revise our targets. Consequently, we have yet to achieve our targets for return on equity (ROE) and our other performance indicators. At the same time, we are now steadily achieving progress in another pillar of our business, the field of semiconductors and electronics. Our existing businesses handling liquid inks, pressure sensitive adhesives and other products have grown, mainly overseas. As a result, operating profit in FY2025 was a record high. We feel that our efforts have achieved a certain degree of results.

Takegahara Making your business portfolio transformation the cornerstone of this change makes perfect sense. Long-term investors emphasize whether companies have a clear future vision based on megatrends and a clear understanding of the position the company seeks to have. They also assess companies based on whether they have used both backcasting and forecasting methods to outline a path toward growth. Companies with more detailed blueprints are seen as having greater growth potential.

Takashima I entirely agree. From the viewpoint of megatrends, I think the evolution of AI and other technologies and climate change issues will be significant to us. In addition, the increase in geopolitical risks and inflation and structural changes such as the decrease of the population of Japan cannot be ignored. They are seen not as temporary, but a long-lasting business circumstance and preconditions for the establishment of businesses.

Achieving business growth and creating value for society at the same time

Takegahara I think that EVs, which do not run on fossil fuels, will become popular in the long run, as you predict. Assuming this, your strategy is to apply the dispersion technologies you have cultivated in your ink business to capture the LiB market with CNT dispersions. This is easy to understand from the perspective of someone outside your company. However, regarding the other pillar, semiconductors and electronics, my impression is that its specific form is rather unclear.

Takashima We see it as taking on challenges to support the advancements in AI and other technologies. I believe that we can display our strength as a chemical manufacturer not in the area of the AI models themselves but in peripheral areas such as infrastructure and chips. For example, our polymer technologies can help address issues regarding power consumption and the heat generated by data centers and materials issues due to the miniaturization of semiconductors. The pigments for the color filters used in camera sensors that collect data and other optical semiconductor materials are also in the domain we have been working on for a long time.

Takegahara I understand. Amid the sharp increase in the demand for electricity following the advancement of generative AI technologies, materials technologies that help increase efficiency fall into an area in which sustainability coincides with the long-term vision of society.

Takashima Responding to the environment is an important issue in our existing businesses as well. Many of our products are closely linked to people's everyday lives. They include printing inks for packaging materials and pressure sensitive adhesives for labels. We must reduce our environmental impact in these domains. In the course of expanding the market in the future, we will strengthen our environmentally friendly and resource-circulating solutions to brand owners.

Takegahara I believe that driving circularity while capturing growth markets makes it possible to achieve both the growth of business and the creation of value for society. I think that this would be well received by investors.

Takashima Although there have been some expressing anti-ESG sentiments lately, as I visit different countries, I feel that Europe and some other regions continue to have a high environmental awareness. I hear that many young employees in these regions say they joined the artience Group because it works seriously on environmental issues. Responding to environmental issues is now a prerequisite in their selection of the companies they work for. As this generation will be the core of society in the future, a time will come when environmental initiatives will no longer be viewed as merely a cost, but will instead command a premium.

Takegahara You are absolutely right. In the European Union (EU), digital product passports are already being introduced at an increased pace. It is becoming a common practice that materials and environmental impact of products are visualized, and products are selected based on this. This means that companies that fail to adapt to this trend may be excluded from markets. Some view ESG investing as low in terms of economic rationality, but this is a major misunderstanding. Originally, ESG investing was not for the sake of social justice. Instead, it aims to identify companies with the long-term "earning power" to align social problem-solving with growth, moving toward their envisioned future business model. It is based on the idea of selecting companies that can achieve continuous growth even in an uncertain environment.

Governance Talks

A network of locations in 24 countries that thrives in an age of uncertainty

Takashima I feel that how we operate our business globally amid the ongoing decrease of the Japanese population is becoming an increasingly significant question. The world is currently filled with uncertainty with the continuing cost-push inflation. Looking ahead to when the business environment stabilizes, I believe we must invest proactively now. Looking back, we did not slow our overseas investments even during the COVID-19 pandemic. This laid a foundation for our current growth.

Takegahara Your company is unique in that its global expansion and business portfolio transformation are proceeding in an integrated manner. In Japan, you have structurally reformed your founding business of printing inks and other products. In parallel, you entered emerging countries in which demand for materials related to everyday life was increasing at an early stage to capture growing markets. Consequently, your overseas sales ratio surpassed 50%. I think this is how you built the foundation of the business that you have today.

Takashima In addition, the importance of diversification is currently growing. Amid the mounting geopolitical risks and rising tensions in the Middle East involving Iran, the procurement of raw materials is a major challenge. We have a network of locations in 24 different countries. We are continuing to procure materials by switching supply sources and taking other actions. I feel that the structure we have built is helping now.

Takegahara You mean that the business infrastructure you have constructed in multiple regions is now functioning as a resilient supply chain. This clearly indicates the superiority of companies that are able to successfully respond to uncertainty.

Takashima Today, we need to make decisions quickly, so we are focusing on two main things: prioritizing on-site judgments, and ensuring thorough information sharing. As for China, despite the existence of the tensions in the China-U.S. relationship, we will capitalize on our advantage of already having local development bases to steadily seize business opportunities. I believe that it is very important for businesspeople to deepen economic relationships that span national borders, especially when international situations are complicated.

Creating a workforce portfolio aligned with business strategies

Takashima While we work to transform with a determination to change everything, there is one thing we will never change: our corporate philosophy of "people-oriented management." I have said "The individual comes first, then the whole," many times. In an age of great uncertainty, we develop organizational competitiveness by utilizing the diversity of our workforce and transforming their differences into strengths. From this point of view, we invest in training our workforce and revising our personnel systems, and we strive to create a culture that encourages people to take on challenges.

Takegahara The idea that individuals contributing in various ways in line with the direction indicated by leadership is the strength of an organization is quite fitting for the current times, but since investments in human capital are treated as expenses on the financial statements, how you demonstrate that these investments support your business portfolio in the future is significant.

Takashima I think it is increasingly necessary to link human capital and business strategies. It is extremely important and we give it particular emphasis.

Takegahara Your company already has its own vision, and you are working on the business portfolio transformation accordingly. If this is so, there should be a workforce portfolio that supports these efforts. What types of people are needed? How many are required? How will you fill the gaps between this and your current situation? Businesses are expected to clearly demonstrate their processes for transforming their human capital into corporate value through re-skilling, recruitment, codifying knowledge and other initiatives to people outside their company.

Takashima I agree with you. For example, we are working hard particularly on the recruitment and development of global human resources to accelerate overseas expansion. In February 2026, we opened an R&D center in Bangalore, India. It is the first facility of its kind run by a Japanese company. The goal is not only to establish a development base but also to acquire skilled local human resources. In the current fiscal year, we have gained three new employees from India via this facility. We will help them use their strengths to step up our autonomous R&D operations overseas.

Takegahara You should stress that aligning your workforce portfolio transformation with global expansion is a key strength.

Takashima Another notable action is the Generative AI Utilization Promotion Task Force whose goal is to develop core personnel to improve the AI literacy of the company as a whole. Since it began, one employee after another has voluntarily joined the initiative and started activities, and individual divisions are already seeing tangible results. Regarding product development, progress is being made in the creation of new value by utilizing AI.

Takegahara I heard that you created a database of artisanal techniques and knowledge that you had accumulated over many years and that this data is increasingly used throughout the company through the introduction of AI. This is highly aligned with the idea of combining art and science. I greatly appreciate it as the process of steadily transforms accumulated intellectual property into corporate value in the future.

How to communicate growth strategies to the capital market

Takegahara What you have said makes me feel that you already have all the elements of the story that investors require, but it seems you have not yet been fully communicated as a cohesive narrative. What society do you envision in the future? What roles will you play in this society? Why are you transforming your business portfolio into the one that you desire? How will you change the human capital that supports it? Weaving these causal relationships into a single, unified story will deepen investor understanding.

Takashima That is really helpful. In the future, we will be improving our investor relations activities in Europe and other parts of the world. Local partners have given me exactly this same advice.

Takegahara In particular, I would very much like you, the president, to communicate that sustainability is a growth strategy. Environmental actions and circularity are closely linked to artience's business portfolio. Currently, that link is not fully recognized. One effective approach would be to integrate it into your materiality assessment.

Takashima What non-financial information has to be disclosed?

Takegahara It is vital to present this information in tandem with your business strategies. Recently, the focus has shifted from "non-financial" to "pre-financial" information — data that will drive future corporate value. I recommend that you organize information from the perspective of elements that impact growth strategies, such as human capital, decarbonization initiatives, technical strengths and global expansion. I also advise that you proactively visualize the process for discussions with outside directors to demonstrate the effectiveness of governance.

Takashima We have been strengthening our dialogue with the capital market by increasing our interactions to a quarterly basis and hosting business briefings to deepen understanding of our operations. In view of your advice, we will continue our efforts in the future.

Future growth scenario leading to results from transformation

Takashima In the artience2027/2030 "GROWTH" management plan,we have set a target ROE of 10%. This will not be easy for us to achieve with our current business structure. We are currently discussing the next medium-term management plan that will begin in FY2027. Major questions that we are discussing include how we increase operating profit and how we formulate growth scenarios to do this.

Takegahara What you have said makes me strongly feel that the semiconductor domain may possibly be a growth driver in the future. The EV sector is expected to grow in the medium and long term. While a 10% ROE is certainly an ambitious target, I believe the pieces for achieving it are falling into place. ROE has steadily risen over the past few years, except in the previous fiscal year when it dropped temporarily. I think your financial data is beginning to reflect the effects of your transformation. You have introduced ROIC management as the basis for improving ROE.

Takashima We use indicators such as return on invested capital (ROIC) and cash conversion cycle (CCC) to monitor capital efficiency. Currently, we manage ROIC figures for individual product types. While operating profit, the numerator, has remained relatively flat, we have built a system to monthly monitor our capital efficiency—such as fixed assets and inventories, which form the denominator. The cost of capital is estimated to be about 8%.

Takegahara It is important that you practice management that is clearly conscious of the cost of capital. After the direction of the improvements comes into sight, the focus will shift to the evaluation of the price-to-earnings ratio (PER). Ultimately, the issue is the expectations of the market. As I said earlier, it depends heavily on the way that you communicate your story. Naturally, your market valuation will increase if it is understood that the cohesive narrative connecting your corporate rebranding, business portfolio transformation, and human capital investments, and that ROE is increasing, excluding the recent extraordinary factors. I believe a PBR of over 1.0x is well within reach.

Takashima I feel that you have given us very valuable suggestions about the presentation of our story. As we work hard to grow, we will work to maximize our corporate value. Thank you very much for today.

Message from Outside Directors

Capitalizing on experience in the management of a manufacturer to help artience increase its corporate value through endeavors for transformation

Yukihiro Tachifuji

Independent Outside Director

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

I worked for a paper-making company for a long time. There, I built my career mainly in the domains of manufacturing and production technologies. After serving as a mill manager at a key location and as a managing executive officer, I finally became president and CEO to direct corporate management. As artience was seeking an outside director with management experience at a manufacturer, I had the opportunity to be appointed an outside director in FY2025.

Like artience, my previous employer is also a long-standing company with approximately 130 years of history. Both companies have traditional founding businesses, namely paper and inks. Amid the ongoing shift to a paperless society, I myself, as a business manager, worked intensively on the transition to functional materials, the development of new businesses and global expansion. I have hands-on experience with the difficulties of changing the business structure at a company with a long history. Given that background, I believe I have a duty to offer candid remarks without hesitation at Board of Directors meetings.

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

I believe that the Board of Directors functions effectively in its supervisory function over business execution, with opinions being exchanged from a wide variety of perspectives, including those of outside directors. Regarding agenda items tabled, key subjects such as management plans, significant investments, personnel affairs and remuneration are properly determined. I am comfortable with the direction of discussions.

However, I also feel that there is room to further improve deliberations at Board of Directors meetings to make them more effective. For example, I find parts of materials on annual plans and others rather abstract. The quality of discussions at Board of Directors meetings could be elevated if visualized and quantified data are enriched, for example, by presenting grounds for numerical targets, specific KPIs, and analyses of the external environment and competition more clearly. Regarding business reports, I feel that there is room for spending more time on subjects related to the core part of corporate value, to promote more in-depth discussions. I will raise questions on these matters at Board of Directors meetings in order to help enhance its deliberations.

I also serve on the Advisory Committee on Appointment and Remuneration. In FY2026, some bold revisions were implemented, including expanding the performance-based portion of remuneration for officers and the introduction of return on equity (ROE) as a benchmark for evaluation. I see these revisions as significant in the sense that attention was paid to sharing value with shareholders. We should continue examining the weighting in order to develop into a system under which the management team can share interests with shareholders more intensely. We are continuously deliberating the succession plan as well. It is vital to take into consideration recruitment from outside the Group and from overseas and secure diverse potential without narrowing options for the next generation of management personnel.

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

In my understanding, the management team led by President Takashima is demonstrating a strong commitment to putting new businesses on track at an early stage through agile management, under the management plan aimed at transformation. I see a strong willingness to take on challenges, evidenced by efforts to expand applications of CNT dispersions and the activities of the Incubation Center aimed at next-generation business creation. In addition, it is a major step forward to conduct management that is clearly conscious of the cost of capital with a view to meeting the ROE target of 8%. In terms of organizational management, I believe that the management team works well together, under a structure where President Takashima provides leadership, and Vice President Hamada provides close support.

On the other hand, geopolitical risks, including the situation in Iran, constitute a major uncertainty. While the stable procurement of naphtha and other raw materials has been impacted, the Group immediately shared information internally to set up a rapid response structure. I appreciate this as a sign of its crisis response capabilities. A swift understanding of circumstances and trans-organizational collaboration will continue to be essential.

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

No continued increase in corporate value can be realized without further strengthening group governance. Today, overseas sales make up more than 50% of the Group's total net sales. The key test for the Group's head office is how it exercises leadership while respecting the independence of individual bases. I believe there is value in discussing the role of an organization that has a broad view over overseas operations and demonstrates cross-functional governance and monitoring.

The current holding company structure is significant in the sense of clarifying the responsibilities of individual businesses for profits. However, in view of artience's corporate size, it is also important to consider the extent to which decentralization could lead to a loss of management resources. We need to continue verifying the management structure from a long-term perspective to ensure that it supports the execution of growth strategies.

I myself will continue to draw on my management experience to actively offer opinions and contribute to the sustainable enhancement of corporate value at artience.

Supporting disciplined investment decisions from the standpoint of financial and business management to help realize continued global growth

Noriko Kosugi

Independent Outside Director
Audit and Supervisory Committee member

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

I have been engaged in financial affairs, accounting, corporate planning and investor relations in many different business sectors, including steel, electronic components, mining and real estate. I believe my key strength is my extensive experience at global companies in particular, chiefly in financial planning and analysis (FP&A) including for overseas bases, along with familiarity with personnel affairs, environmental safety and health.

One of the reasons for my decision to assume the post of outside director was that artience was a B-to-B materials manufacturer whose business closely aligns with my own career background. I also have experience working from different perspectives at the group headquarters, regional headquarters and local subsidiary levels, through which I may be able to provide useful insight for artience's global operations.

artience generates a large portion of its net sales from overseas and has expanded by capturing demand from growth markets. That growth potential makes it highly appealing. I feel that artience is also characterized by the earnest nature that is typical of a manufacturer, and by the positive work ethic of each employee.

Q How do you rate the effectiveness of the Board of Directors?

artience entrusts the executive side with investment decisions up to a certain monetary amount, in order to make speedy decision-making possible. When receiving reports after the fact, the Board of Directors fully verifies those decisions through questioning, and persistently seeks accountability from the executive side. This functions to ensure that even for projects that do not require Board of Directors approval, the executive side engages in thorough review when making decisions.

At Board of Directors meetings, agenda items are actively discussed, with the executive side offering detailed explanations on actual circumstances and the reasoning for its decisions. Multiple directors often make remarks from different viewpoints on a single subject, resulting in discussions that build upon one another to make deliberations more substantive. I feel that the knowledge of directors with various backgrounds is utilized in actual discussions.

Regarding an impairment loss posted in the CNT dispersions business in FY2025, it was very impressive that it had been shared with the Board of Directors from the stage where it was still considered a risk. The willingness to communicate bad news promptly is important to governance.

Q What do you perceive as weaknesses and how will you deal with them?

I am most concerned about the low ratio of operating profit to net sales and the low ROE. These days it is not enough to simply avoid making a loss; profitability exceeding the cost of capital is required. As I have also pointed out at Board of Directors meetings, we must aim for a higher level than the ROE target of 8% and improve to a PBR above 1.0x as early as possible. The key to this is our pricing strategies. Even as raw material expenses and personnel expenses are on the rise, we need to establish a system to maintain pricing commensurate with product functions while securing profits. I also feel that we might need to go beyond simply liquidating unprofitable businesses and consider changing the competitive environment itself, such as acquiring businesses or collaborating with competitors as circumstances allow.

In parallel with that, we need to constantly create future pillars that will support our medium- and long-term growth. I hope that the outstanding core technologies and intellectual property developed in the ink business will be used to expand into new fields and foster new businesses. As an outside director, I will support investments for growth with high future potential. It is important to engage in flexible management that is prepared to reconsider businesses that fail to produce positive results.

Q What do you think of roles that you have to play?

I feel that my scope of responsibility extends to finance-related subjects, including investment and financial strategy. I place an emphasis on the viewpoint of whether or not a prospective action will really lead to higher corporate value. With respect to investment projects, I check the data to rigorously assess the risks and returns, ensuring that overly optimistic thinking is not at play, and that the assumptions are appropriate. As an Audit & Supervisory Committee member, I am aware of my duties to quickly detect risks from changes in financial figures and to inspire necessary discussions.

In FY2025, a system was established to continuously monitor investment projects and make determinations on additional support measures or withdrawal when predetermined criteria are met. I see this as a major step forward in improving management discipline.

To enhance corporate value in the future, it is vital to deepen deliberations from a medium- and long-term perspective. In addition to deliberating on matters required under its regulations, it is essential for the Board of Directors to discuss matters that will lead to long-term growth, such as long-term research and development plans and human capital strategies. I hope to help drive those efforts and continue to support artience's growth.

Top Management (As of March 24, 2026)

Back row from left: Megumi Tsukamoto, Yoshimoto Nakajima, Yoshinobu Fujimoto, Noriko Kosugi, Yukihiro Tachifuji, Minoru Matsumoto, Yutaka Yokoi
Front row from left: Masayuki Kano, Tomoko Adachi, Satoru Takashima, Hiroyuki Hamada

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: 42,869 shares /
Term of office: 12 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: 14,337 shares /
Term of office: 9 years 9 months

Tomoko Adachi

Independent Outside Director

Outside
Independent
App. & Rem.

November	1995	Assistant Professor, Department of Obstetrics and Gynecology, Tokyo Women's Medical University
December	2017	Board member of Aiiku Association for Maternal, Child Health and Welfare
December	2017	Director of Aiiku Association Maternal and Child Health Center Aiiku Hospital ("Aiiku Hospital")
April	2022	Honorary Director of Aiiku Hospital
March	2023	Outside Director of the Company
June	2024	Vice President of the Japan Society of Obstetrics and Gynecology

Number of shares held: 3,600 shares / Term of office: 3 years

Yoshinobu Fujimoto

Independent Outside Director

Outside
Independent

April	1991	Registered with the Daini Tokyo Bar Association
Apri	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: 1,200 shares / Term of office: 2 years

Yukihiro Tachifuji

Independent Outside Director

Outside
Independent
App. & 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: 100 shares / Term of office: 1 year

New

Megumi Tsukamoto

Independent Outside Director

Outside
Independent

April	1985	Joined IBM Japan, Ltd.
October	2008	IBM Corporation Governmental Programs, Global Leadership Team Member General Manager of Government and Regulatory Affairs, IBM Japan, Ltd.
December	2017	Representative Operating Director, Director of Global Government and Corporate Affairs Japan, Caterpillar Japan LLC
April	2020	Executive Director of Niigata University (current position)
March	2023	Outside Director of AUCNET INC.
June	2023	Outside Director of TAKASAGO INTERNATIONAL CORPORATION
March	2026	Outside Director of the Company

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

New

Yoshimoto Nakajima

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

April	1992	Joined the Company
March	2026	Director In charge of Quality Assurance, Production and Environment, Sustainability, Purchasing and Logistics

Number of shares held: 2,938 shares / Term of office: 0 years

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: 4 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: 11,998 shares / Term of office: 2 years

New

Noriko Kosugi

Independent Outside Director
Audit and Supervisory Committee member

Outside
Independent
Audit

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
March	2026	Outside Director of the Company (Audit & Supervisory Committee member)

Number of shares held: 200 shares / Term of office: 1 year

Yutaka Yokoi

Leading Independent Outside Director
Audit and Supervisory Committee member

Outside
Independent
App. & Rem.
Audit

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: 4,900 shares / Term of office: 5 years

Corporate Governance

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)

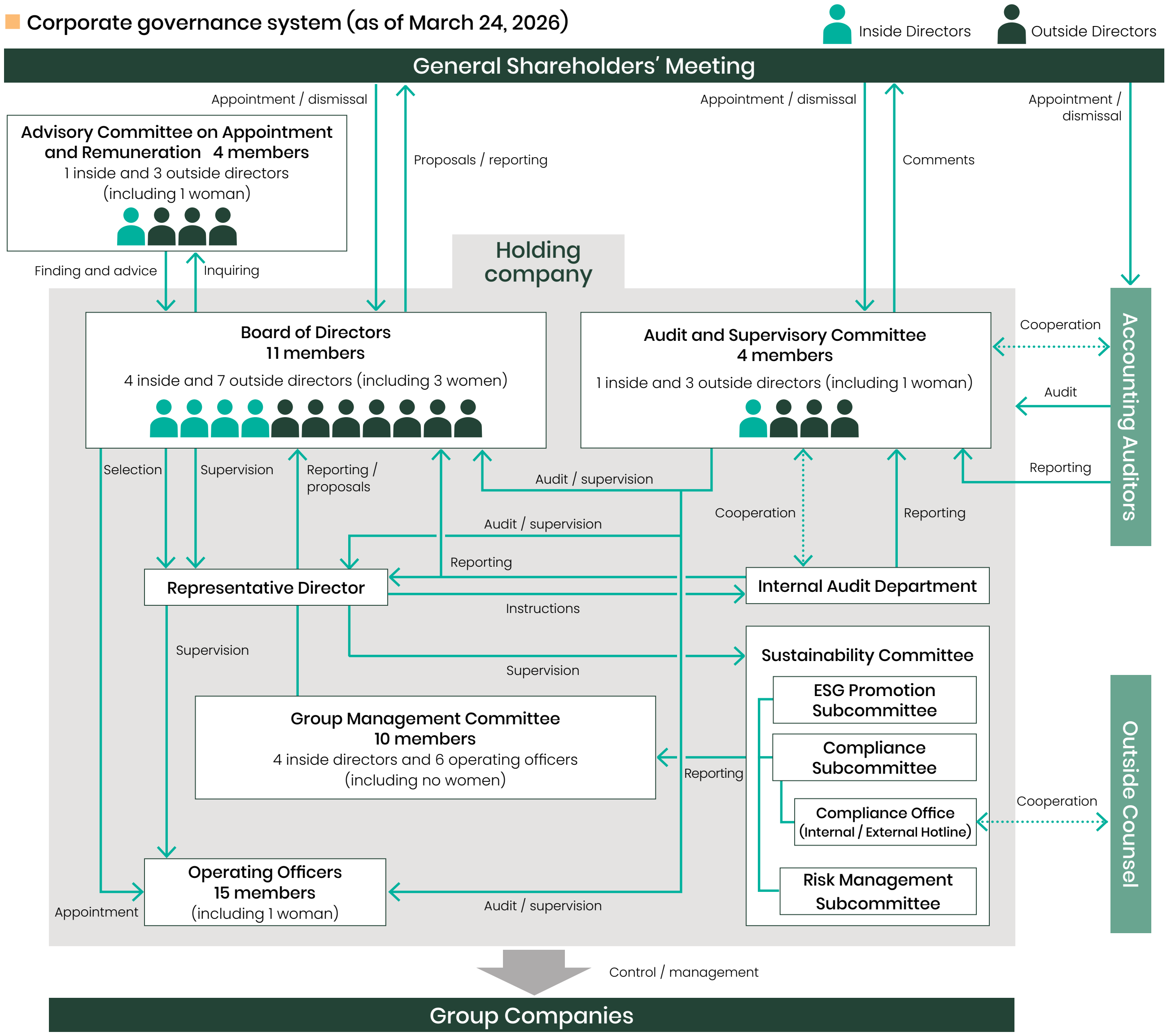
We will address individual corporate governance issues in accordance with the basic policy regarding corporate governance in an effort to establish proper corporate governance.

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 > overnance > Corporate Governance.]

Corporate governance system (as of March 24, 2026)



Responsibilities and composition of major meetings and committees

Board of Directors	• Makes management decisions and supervises execution of business for the entire Group • Makes decisions on matters stipulated by law and important management issues • Chair: President and Representative Director • 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) • 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 • 17 meetings were held in FY2025
Audit and Supervisory Committee	• Cooperates with the Internal Audit Department and accounting auditor to audit the legality and appropriateness of directors' execution of their duties • 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 • Members: Four Audit and Supervisory Committee members (of whom three are independent outside directors and one is woman) • Term of office: 2 years • 13 meetings were held in FY2025
Advisory Committee on Appointment and Remuneration	• Discusses the selection of director candidates and their remuneration in a transparent and objective manner • Considers and evaluates succession plans • Chair: Outside Director • Members: An inside director and three outside directors • 6 meetings were held in FY2025
Group Management Committee	• Making important decisions on the execution of business as a consultative and decision-making body subordinate to the Board of Directors. • Members: Inside Directors, Audit and Supervisory Committee member (full-time,) Corporate Officers in charge of important management functions (CTO, Corporate Officer in charge of Finance, IR and Information Systems, General Managers of Human Resources Department, representative directors of three core operating companies) • 26 meetings were held in FY2025

Strengthening corporate governance

We adapt flexibly to changes in the business environment and continuously seek the best form of corporate governance for the company. In FY2025, we appointed two new outside directors with management experience at listed companies to improve the balance of our skill matrix.

We discussed and resolved to revise the method for calculating officer compensation, to be implemented from FY2026.

Corporate governance reforms

Fiscal year	Major initiatives
FY2020	• Abolish takeover defense measures (introduced in FY2008) • Reduce the number of Directors from 14 to 11
FY2021	• Launch the Future Discussion Task Force (next-generation management development program) • Independent outside officers (Directors and Audit and Supervisory Board members) account for 40% of all officers.
FY2022	• Transition from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee • Start using an external organization to evaluate the effectiveness of the Board of Directors
FY2023	• Expand the investor relations (IR) system and start reporting to the Board of Directors • Women account for 27% of the Board of Directors.
FY2024	• Increase the number of meetings per year of the Advisory Committee on Appointment and Remuneration (from 1 to 4) • Revise the Basic Policy on Corporate Governance. Add a capital efficiency perspective to the policy on cross-shareholdings. • Start holding individual meetings with institutional investors (SR meetings) and reporting to the Board of Directors • Independent Outside Directors account for 50% of the Board of Directors.
FY2025	• Appoint two new Outside Directors with management experience to improve the balance of the skill matrix • Independent Outside Directors account for 64% of the Board of Directors.
As of March 2026	• Increase the proportions of performance-linked compensation and stock compensation in overall officer compensation, and add ROE to the evaluation indicators

Corporate Governance

Basic approach of 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.

The current Medium-term Management Plan, artience2027, sets out three basic policies on sustainability. One of them is to transform the Company's management foundation. This policy clearly specifies sustainability issues we should address strategically. These issues include the reform of the personnel development program, the maximization of capital efficiency, innovation in production processes, digital transformation and the strengthening of a technological foundation (▶P.36).

In February 2025, we established our Group Materiality 2025-2030 (▶P.32), which identifies KPIs and measures, taking into account our business's positive and negative impacts on society and the environment. We are dedicated to promoting sustainability initiatives throughout the entire Group, using the Sustainability Vision asv2050/2030, which has been developed from a medium- to long-term perspective and linked to our SDGs goals, and the new Group Materiality as indicators. We thereby aim to address social issues through our business activities.

Sustainability management process

We will implement initiatives using the PDCA cycle.

P : Establishing KPIs, measures, and action plans (February 2025)

D : Implementing plans and functional plans, with each subcommittee implementing their own action plans (from February 2025)

C : Reporting on progress (annual review) to the Sustainability Committee (February 2026)

A : Reporting to management, evaluating effectiveness, and identifying and reviewing issues (February to March, 2026)

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

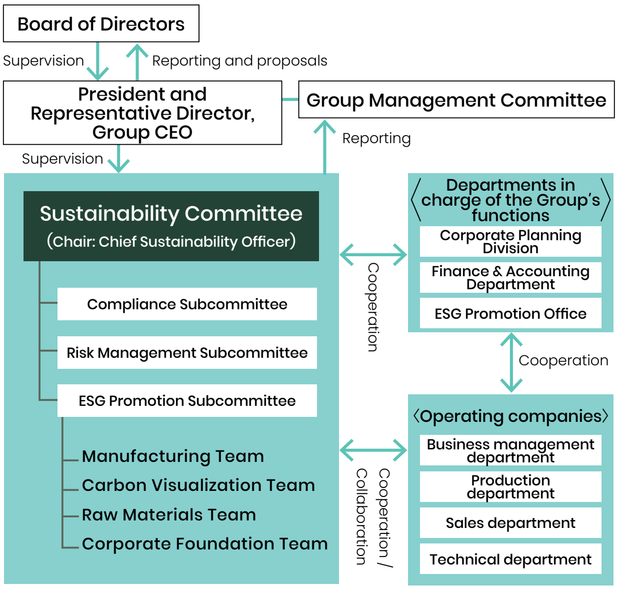
* Related policies and guidelines are posted in Japanese, English, and Chinese. Our Sustainability Charter, Code of Ethical Conduct, Basic Policy on Respect for Human Rights, and Basic Policy on Occupational Safety and Health have been translated into 15 languages and are available in PDF format.

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 groupwide 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 (FY2026)



Activity status of the Sustainability Committee (FY2025)

In FY2025, we held three Sustainability Committee meetings and one Sustainability Conference (groupwide meeting) to report and discuss progress. The Sustainability Committee also took a central role in formulating the new Group Materiality, and promoted activities to ensure its implementation.

Date of Sustainability Committee meetings

February 13, 2025	1st Sustainability Committee meeting
April 10, 2025	2nd Sustainability Committee meeting
July 1, 2024	Sustainability Conference (group-wide meeting) · ESG Promotion Subcommittee Report · Risk Management Subcommittee Report · Compliance Subcommittee Report · Energy Saving Promotion Solution Progress Report · Group DE&I Activity Report
September 26, 2025	Sustainability Committee meeting (extraordinary meeting) · Responding to responsible mineral sourcing

Major activities of the three subcommittees (FY2025)

Compliance Subcommittee	Increased knowledge and understanding of the Code of Ethical Conduct and developed, enhanced, and monitored legal risk management systems domestically and internationally
Risk Management Subcommittee	Developed business continuity plans (BCPs), conducted risk analyses (selected and shared key risks), disclosed risk maps, updated and expanded emergency communication methods, revised operation manuals for emergency response headquarters and revised guidelines to address global risks
ESG Promotion Subcommittee	Created a roadmap for decarbonization (achieved at 97% of Group bases, based on CO_2 emissions), acquired third-party verification of CO_2 emissions calculations for each Scope (expanded the scope of calculations to business sites overseas), held dialogues with suppliers toward decarbonization, and distributed questionnaires (engagement survey)

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	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
Satoru Takashima President and Representative Director, Group CEO	Male (Japan)	○ (Chair) 100% (17/17)		○ 100% (6/6)	○ 100% (26/26)	○		○	○			
Hiroyuki Hamada Vice President In charge of Overall Management and Corporate Departments	Male (Japan)	○ 100% (17/17)			○ 100% (26/26)	○		○	○	○		○
Tomoko Adachi Independent Outside Director	Female (Japan)	○ 100% (17/17)		○ *3		○	○				○	
Yoshinobu Fujimoto Independent Outside Director	Male (Japan)	○ 100% (17/17)							○			○
Yukihiro Tachifuji Independent Outside Director	Male (Japan)	○ 100% (13/13) *2		○ 100% (5/5) *2		○	○					
Megumi Tsukamoto Independent Outside Director	Female (Japan)	○ *3				○			○		○	
Yoshimoto Nakajima Director in charge of Quality Assurance, Production and Environment, Sustainability, Purchasing and Logistics	Male (Japan)	○ *3			○ *3		○	○				
Masayuki Kano Director Audit and Supervisory Committee member (full-time)	Male (Japan)	○ 100% (17/17)	○ 100% (13/13)		○ 100% (26/26)						○	○
Yutaka Yokoi Leading Independent Outside Director Audit and Supervisory Committee member	Male (Japan)	○ 100% (17/17)	○ 100% (13/13)	○ (Chair) 100% (6/6)					○			○
Minoru Matsumoto Independent Outside Director Audit and Supervisory Committee member	Male (Japan)	○ 100% (17/17)	○ 100% (13/13)							○		○
Noriko Kosugi Independent Outside Director Audit and Supervisory Committee member	Female (Japan)	○ 100% (13/13) *2	○ *3			○			○	○		

*1 Attendance rate in FY2025 *2 Appointed on March 26, 2025 *3 Appointed on March 24, 2026
*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	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
Toshinori Machida Executive Operating Officer in charge of Technical, R&D, Intellectual Properties (CTO) Division Director of R&D Division	male (Japan)				○ 100% (26/26)	○	○					
Takeshi Arimura Executive Operating Officer in charge of Finance, IR, Information Systems	male (Japan)				○ 100% (26/26)					○		
Junji Sekino Operating Officer General Manager of Human Resources Department	male (Japan)				○ 100% (26/26)						○	○
Masaki Nagatsubo Executive Operating Officer President and Representative Director of Toyocolor Co., Ltd.	male (Japan)				○ *2	○			○			
Yasushi Ariyoshi Executive Operating Officer President and Representative Director of Toyochem Co., Ltd.	male (Japan)				○ 100% (26/26)	○	○					
Hideki Yasuda Executive Operating Officer President and Representative Director of Toyo Ink Co., Ltd.	male (Japan)				○ 100% (26/26)	○	○					

*1 Attendance rate in FY2025 *2 Appointed as a member of the Group Management Committee, effective January 1, 2026.
*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.

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 2025, 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 and 2024, we requested the involvement and advice of an external organization to ensure unbiased questions and quantitative analysis of results, including comparisons with other companies. Furthermore, all members of the Board of Directors participated in discussions to accurately identify issues.

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

Outline of evaluation of effectiveness

[Implementation process (FY2025)]

1 Conduct questionnaire
Conduct an effectiveness evaluation questionnaire using an external organization

2 Conduct discussions
Discussions involving all Directors

3 Reporting / improvement initiatives
Analysis and evaluation of results at Board meetings, sharing of improvement initiatives

Issues identified and initiatives implemented in the past two years

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.

Initiatives to address issues identified in the evaluation of effectiveness in FY2024

- A number of operational improvements to enhance discussions at meetings of the Board of Directors were proposed/identified. These included clarifying points of discussion based on the roles expected of Directors, and enhancing the provision of information from the executive side. In response, the Chair of the Board of Directors and a small number of internal officers, employees, and Outside Directors held several discussions to review how to provide materials to the Outside Directors.

Process of evaluation of effectiveness in FY2025 (implemented from October 2025 to March 2026)

- In October 2025, we implemented a questionnaire survey with the involvement and advice of a third-party external organization.
- Taking the aggregated questionnaire results compiled by the external organization into consideration, the Board of Directors held discussions to improve its operation at a meeting held in December 2025.
- At a meeting held in March 2026, the Board of Directors decided on initiatives and policies for FY2026 based on the questionnaire survey and discussion results.

FY2025 effectiveness evaluation results and issues

- The evaluation was mostly positive, including that there is a real sense the Board of Directors is more effective following improvements made in the past, and it was acknowledged that overall the Board of Directors functions effectively.
- In the FY2025 effectiveness evaluation, a number of points in relation to discussions at meetings of the Board of Directors were proposed/identified. These included enhancement of discussions about medium- to long-term management policies and the need to strengthen monitoring. In response, in FY2026, the Board of Directors will focus on reviewing the annual agenda for meetings of the Board of Directors, enhancing deliberations, including deliberations of medium-to-long-term management policies, and further strengthening communication between 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 FY2025 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 General Meeting of Shareholders, status of dialogue with shareholders and investors, etc.) revision of the Sustainability Vision asv2050/2030 and Group Materiality 2025-2030, 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 internal audit, human capital, risk management and compliance.

Corporate Governance

Activity status of the Advisory Committee on Appointment and Remuneration

The Company has established the Advisory Committee on Appointment and Remuneration with the aim of further enhancing transparency and objectivity in processes for determining the appointment and remuneration of Directors. In FY2025, the committee met six times.

Message from Chair of Advisory Committee on Appointment and Remuneration

The majority of the members of this committee are Independent Outside Directors. The members engage in effective discussions from diverse and objective perspectives. In FY2025, the committee met six times (compared with four times in the previous fiscal year), including extraordinary meetings, to actively discuss system reforms. We thoroughly examined both appointments and remuneration.

Enhancing dialogue in the appointment process

We consider the discovery and development of the next generation management personnel to be our top priority. We are enhancing communication with members of the Future Discussion Task Force, chaired by President Takashima, as well as with the executives of each Group company. Through these activities, the committee also rigorously assesses the qualities required of those entrusted with the Company's leadership.

Reactive and proactive remuneration system reform

We have reformed our remuneration system for officers and introduced a new system from the current fiscal year to provide strong incentives, aiming to maximize corporate value. We have thoroughly pursued performance linkage, which was insufficient in the previous system, and incorporated ROE, a crucial management indicator used in our management plan, into our evaluation indicators. Additionally, we aim to further clarify management responsibilities by implementing a malus and clawback system. We are confident that we have improved the system to strongly promote medium- to long-term growth and meet the expectations of all stakeholders.

Going forward, I am committed to making every effort to enhance our corporate value as Chair of the Advisory Committee.

Yutaka Yokoi

Leading Independent Outside Director
Chair of Advisory Committee on Appointment and Remuneration

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

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.

The Board of Directors delegates decision-making authority regarding remuneration, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee members) to the Advisory Committee on Appointment and Remuneration.

One of our policies on the remuneration of officers states, "The remuneration system should embody the Company's Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth." To emphasize this, we decided to include ROE as one of the performance-linked compensation evaluation indicators. At a meeting on July 11, 2025, the Board of Directors resolved to revise the method for calculating compensation. Resolutions by the Board of Directors on compensation are based on reports from the Advisory Committee, which is consulted in advance regarding the details of proposed resolutions. The revised calculation method took effect for compensation payments made starting March 24, 2026.

Percentage composition of remuneration

(Basic amount assuming 100% achievement of evaluation indicators for performance-linked compensation)

Position	Basic compensation (fixed compensation)	Performance-based compensation (variable compensation)	Transferrestricted stock-based compensation (variable compensation)
President and Representative Director	50%	35%	15%
Other directors (Excluding outside directors and directors who are members of the Audit and Supervisory Committee)	60%	30%	10%
Outside directors and directors who are members of the Audit and Supervisory Committee	100%	—	—

- 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.

Evaluation indicators, weights and payment coefficient fluctuation ranges for performance-based compensation

Evaluation indicator (vs. target)	Weight in performance-based compensation	Payment coefficient fluctuation range
Consolidated net sales	10%	0 ～200%
Consolidated operating profit	60%	
Consolidated ROE	30%	

* Basic amount of performance-based compensation for each position x Weight of each evaluation indicator x Payment coefficient based on the evaluation of consolidated financial results. Basic amount of performance-based compensation for each position means the basic amount assuming 100% achievement of each evaluation indicator. The target is the published target at the beginning of the period.

- Transfer-restricted stock-based compensation is a long-term incentive 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. We provide Directors who are not Audit & Supervisory Committee members with shares equal to a fixed percentage of their base remuneration at a certain time. We have also established provisions that allow us to reduce or claw back performance-based compensation if Directors are deemed to have acted in a way that is counter to the enhancement of corporate value or that damages corporate value (malus and clawback provisions).

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 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.

Total amounts of remuneration, etc. by directors (FY2025)

Position	Total amount of remuneration, etc. (million JPY)	Total amount of remuneration, etc. by type (million JPY)			Number of eligible persons (persons)
		Fixed compensation (basic compensation)	Performancebased compensation (variable compensation)	Transferrestricted stock-based compensation	
Directors (excluding directors who are members of the Audit & Supervisory Committee) (outside directors)	260 (42)	174 (42)	74 (—)	11 (—)	10 (6)
Directors (members of the Audit and Supervisory Committee) (outside directors)	58 (33)	58 (33)	—	—	4 (3)
Total (outside directors)	318 (76)	233 (76)	74 (—)	11 (—)	14 in total (9 in total)

* 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, 2025.

Corporate Governance

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.

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. To enable more in-depth discussions, additional materials are provided to Outside Directors, including explanations of operating results from the heads of business execution departments and documents from the Board of Directors.

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 managers and section managers) and External Dispatch Program for Next-Generation Leaders (participants: division directors and department 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 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.

In FY2022, we launched the Future Discussion Task Force, aimed at fostering the next generation of senior managers. To date, a total of 39 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 worked 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 will continue to cultivate next-generation leaders to drive transformation by strengthening their business planning skills through external training programs.

Appointment and dismissal of senior management and nomination of director candidates

When a candidate for Director is nominated, the executors 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.

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 FY2025, we conducted workshops to encourage a mindset shift for transformation and promote positive dialogues (participants: directors, operating officers), governance training (participants: newly appointed operating officers, newly appointed overseas expatriates assigned to top-level management positions). We organized lectures by industrial experts on business strategy and innovation (participants: directors, operating officers, and department heads). 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.

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]

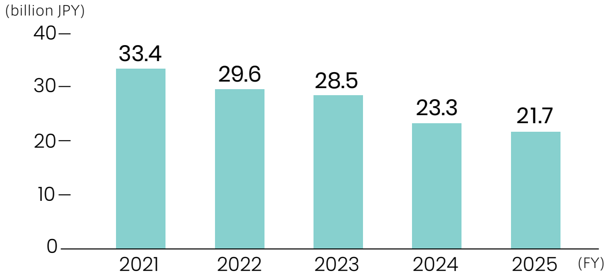
As part of its management strategy, including business alliances, maintaining and strengthening business relationships, and stable procurement of raw materials, the Company holds shares in companies that it deems necessary, as a matter of policy.

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)



Number of stocks held	53	46	38	36	35

Risk Management

Basic approach

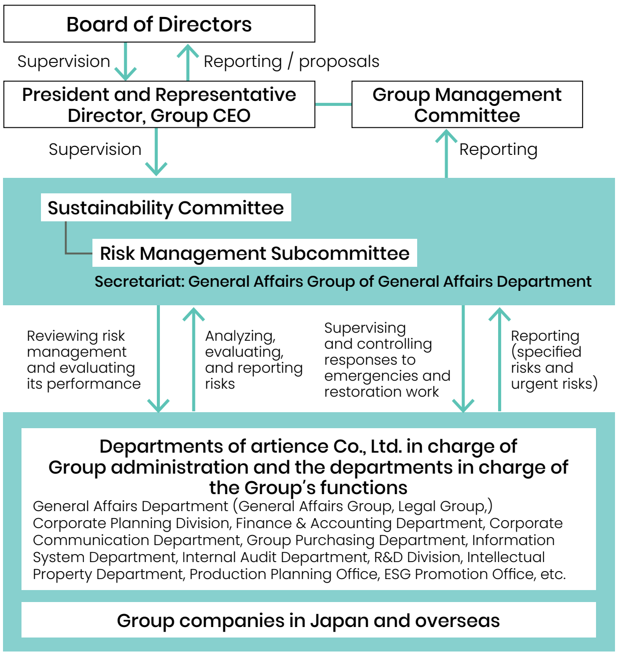
The artience Group recognizes that identifying risks that may affect business continuity and addressing these risks promptly and appropriately to minimize the impact of the risks is an important task. In addition to the Basic Policy on Risk Management (revised on January 1, 2024) and the Basic Policy 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. In July 2025, we established a Business Continuity Plan (BCP) Policy.

WEB Our risk management related policies and guidelines 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 Director in charge of Sustainability.) 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 department 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.

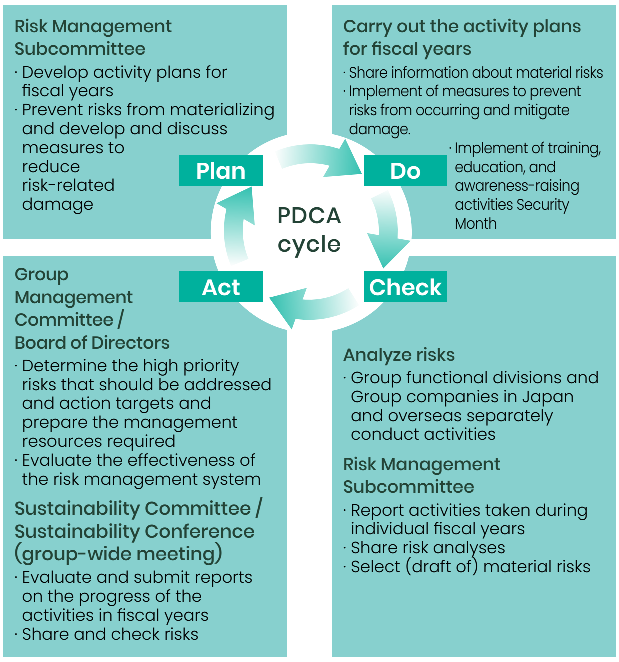
Risk management system (FY2026)



* Excerpts and additions from P.66 Sustainability promotion system (FY2026)

Risk management process

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



Risk Management Subcommittee
- Develop activity plans for fiscal years
- Prevent risks from materializing and develop and discuss measures to reduce risk-related damage

Carry out the activity plans for fiscal years
- Share information about material risks
- Implement of measures to prevent risks from occurring and mitigate damage.
- Implement of training, education, and awareness-raising activities Security Month

Analyze risks
- Group functional divisions and Group companies in Japan and overseas separately conduct activities

Risk Management Subcommittee
- Report activities taken during individual fiscal years
- Share risk analyses
- Select (draft of) material risks

Group Management Committee / Board of Directors
- Determine the high priority risks that should be addressed and action targets and prepare the management resources required
- Evaluate the effectiveness of the risk management system

Sustainability Committee / Sustainability Conference (group-wide meeting)
- Evaluate and submit reports on the progress of the activities in fiscal years
- Share and check risks

Metrics and targets

[Relevant themes in Group Materiality 2025-2030]
Theme: 4-2. Compliance / Risk Management / Information Security

Continuously review compliance and risk management systems to improve their effectiveness (▶ P.34-35)

Achievements

KPIs and measures	Achievements in FY2025
Building overseas information security systems (implementation of common rules, customization for individual bases, vulnerability testing / corrective activities, etc.)	• Incident response training conducted by the Cyber Security Incident Response Team (CSIRT) • Assessment of the state of security measures, examination of vulnerabilities, guidance on remediation and visiting support for priority sites • Provision of security-related information to overseas sites and education and awareness-raising activities during Information Security Months (September to November)

* CSIRT: Cyber Security Incident Response Team

Evaluation of material risks

The Risk Management Subcommittee assesses risks across all companies and divisions based on their likelihood of occurrence and severity. We have revised our assessment criteria to standardize them, and share a company-wide risk map listing all significant risks across our organization. For themes among the anticipated material risks that are considered to have a high degree of impact on business continuity, the relevant departments systematically 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.

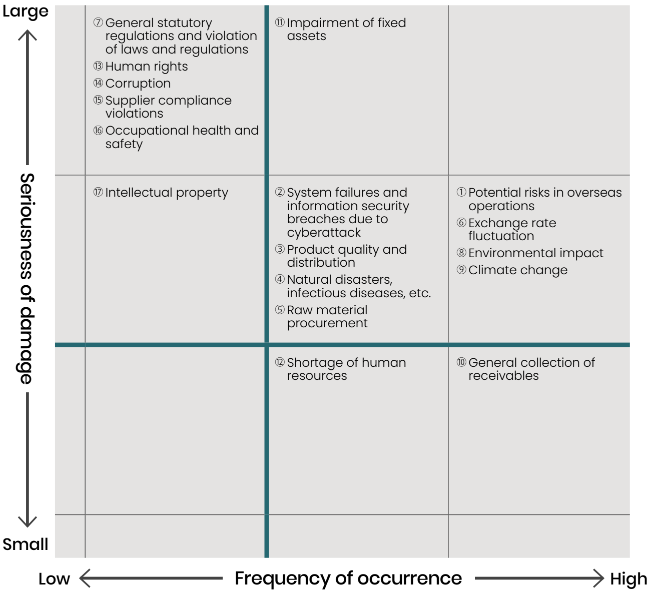
Evaluation criteria for frequency of occurrence

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

Evaluation criteria for seriousness

	Personal damages	Financial damages
	Reputation	
4	Fatal accidents	Damage of over 5 billion JPY
	• Long-term major coverage in mass media and social media (negative coverage) • Significant loss of confidence among business partners and consumers	
3	Many injured	Damage of over 1 billion JPY
	• Temporary major coverage in mass media and social media (negative coverage) • Loss of confidence among multiple business partners and consumers (5 years or more to recover trust)	
2	Injuries requiring hospitalization	Damage of 100 million JPY
	• Slight coverage in mass media and social media • Loss of confidence among some business partners and consumers (2-3 years or more to recover trust)	
1	Light wounds	Damages of less than 100 million JPY
	• Resolved by daily management	

Group-wide material risk map



WEB For details about material risks, see PP. 34-41 of our Securities Report for the fiscal year ending December 2025.

Responses to material risks (FY2025)

In FY2025, we addressed risks that were considered to require an immediate response or a response with an eye toward the future. The Risk Management Subcommittee delivered a report to the management team.

Theme	Initiatives / Report Contents
Climate change / tighter environmental regulations	• Report on the progress of the creation of a roadmap to decarbonization and the status of CO_2 emissions reduction.
Geopolitical risks	• Sharing of changes in circumstances surrounding the Group and awareness-raising activities Report on initiatives to address geopolitical risks (risks concerning war and conflict, tariffs, human rights and travel)
Supply chain risks	• Sharing of risks and actions for responsible mineral procurement • Report on initiatives for groupwide joint purchases
Comprehensive report on fires	• Report on checks on the states of accidents, the implementation of recurrence prevention measures, customer services, checks of business continuity planning (BCP) actions and estimation of impact on financial results
Information security	• Report on the state of occurrence of incidents and measures for enhancing security in Japan and overseas (CSIRT training and education and awareness-raising activities)
Raw material procurement	• Consideration of Japanese and overseas bases collaborating to jointly purchase common raw materials
Quality fraud and defects	• Implementation of audits of overseas factories using an audit sheet created by the mother factory • Provision of training using a video on responding to quality risks in Japan and overseas

Risk Management

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

Policies on Information Security Activities in FY2025

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

① Develop incident response capabilities under the artience-CSIRT structure and organizational strengths

② Accelerate the global improvement of security governance

③ Step up human security measures based on the premise that IT and data will be utilized

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

[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.

[Information security incidents]

In FY2025, there was no occurrence of a material information security incident, such as leaks of personal information.

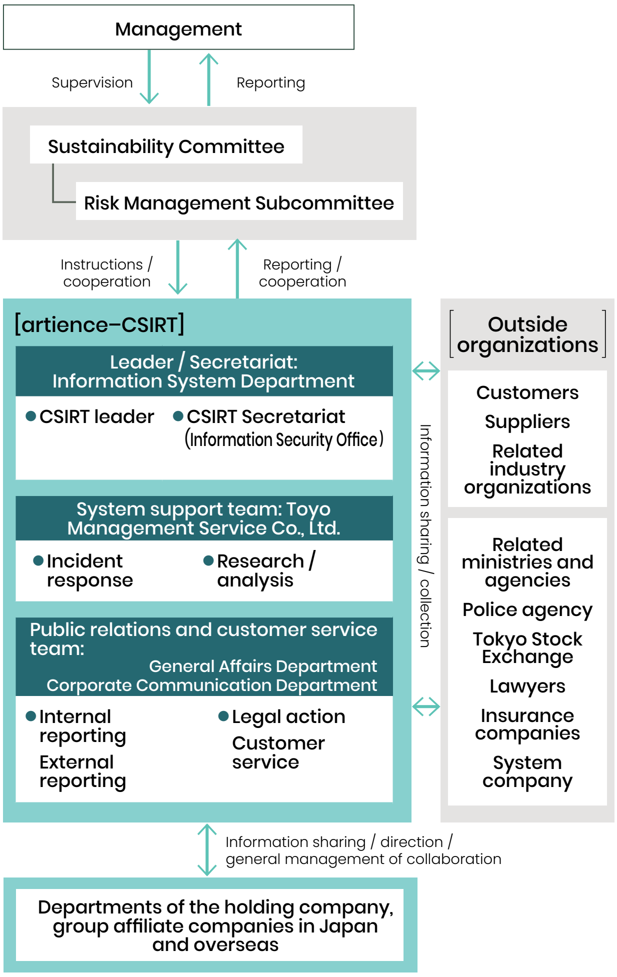
[Cyber security measures]

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 cyberattack.

Security incident response structure (FY2026)



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 the Sustainability Charter and the Code of Ethical Conduct. We also established a new Basic Policy on Compliance (enacted on May 10, 2024.)

Our Sustainability Charter, Code of Ethical Conduct, Basic Policy on Respect for Human Rights, and Basic Policy on Occupational Safety and Health have been translated into 15 languages* in accordance with our multilingual initiative.

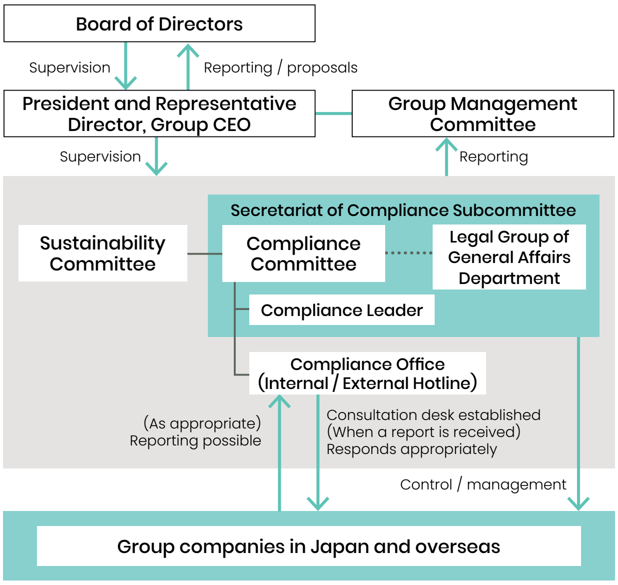
WEB Our policies are posted on our website under
[Sustainability › Related Policies and Guidelines.]

* Related policies and guidelines are posted in Japanese, English and Chinese. Policies and guidelines prepared through the multilingual initiative are available in PDF format.

Promotion 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 (FY2026)



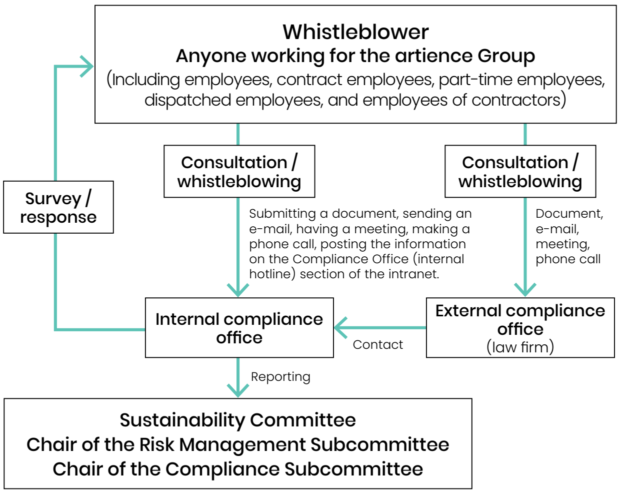
* Excerpts and additions from P.66 Sustainability promotion system (FY2026)

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 FY2025, there were eight consultations / reports regarding harassment and violations of internal regulations, but none of them posed a serious risk.

Whistleblowing system



Metrics and targets

[Relevant themes in Group Materiality 2025-2030]
Theme: 4-2. Compliance / Risk Management / Information Security

Continuously review compliance and risk management systems to improve their effectiveness (▶P.34-35)

Achievements

KPIs and measures	Achievements in FY2025
Raising awareness of the Code of Ethical Conduct and the whistleblowing system	• Implemented the multilingual initiative for important policies and guidelines, such as the Sustainability Charter, the Code of Ethical Conduct, the Basic Policy on Respect for Human Rights, and the Basic Policy on Occupational Safety and Health. • Ensured awareness and understanding among employees both domestically and internationally through compliance meetings at individual sites. Strengthened activities, especially at overseas sites.

KPIs and measures	FY2023	FY2024	FY2025	Target (every FY)
Number of serious compliance violations (cases)	0	0	0	0

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_2 emissions towards carbon neutrality in 2050 in accordance with our Sustainability Vision "asv2050/2030." We also disclose information in accordance with the TCFD recommendations.

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 (▶P.66 "Promotion system for sustainability".)

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.

Risk management

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 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)

Scaring up risks / opportunities	Validation by practical departments	Sorting and summarizing of extracted results	Financial impact assessment	Identification of risks / opportunities	Consideration of response measures
Comprehensively scared up risks / opportunities by a team led by the ESG Promotion Subcommittee (approximately 300 items)	Confirmation of consistency between extracted results and actual real-world conditions through workshops with department managers	Organized identified risks / opportunities and summarized them into 41 items	Evaluated the importance of each item based on the financial impact and likelihood of occurrence	Identification of four risks and two opportunities with significant impacts and checks on the details of the impacts	Confirmation of state of response to identified risks / opportunities and consideration of future measures and actions

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/tcfd/#qa_1_1

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/

[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	Countermeasures / actions
		1.5℃	4℃		
Transition risks: Legal, Market	Rising raw material and energy prices	Impact 3 Expressivity 3	Impact 2 Expressivity 3	Mid	· Reduction of high-cost raw materials by reviewing formulations and changing product lineups · Stable procurement of raw materials through review of contracts with suppliers · Reduction of energy consumption by shortening transportation distances, by promoting local production for local consumption
Transition risks: Technology, Market, Reputation	Decline in demand for packaging- and printing-related items	Impact 3 Expressivity 3	Impact 2 Expressivity 2	Short	· Review of the business portfolio · Strengthening competitive advantage by increasing environmental performance and low-emission characteristics of products · Appealing to customers regarding value-added products through CFP labeling · Rollout of products that support use of low-carbon packaging materials
Transition risks: Policy and Legal	Increased impact of carbon prices on costs	Impact 3 Expressivity 3	Impact 2 Expressivity 3	Short	· Transferring increases in raw material prices due to carbon taxes to product prices · Reduction and elimination of high-carbon raw materials through product formulation reforms · Active shift toward electricity derived from renewable energy · Avoiding the purchase of emissions credits by rigorous reduction of direct emissions
Physical risks: Acute	Loss of business opportunities due to the intensification of climate-related disasters	Impact 2 Expressivity 2	Impact 3 Expressivity 3	Long	· Enhancing disaster readiness through BCM · Construction of a complementary domestic and overseas production network that includes other companies in the same industry · Diversification of sources of raw materials and modes of transport
Opportunities: Energy Source, Products and services	Increased sales of low-emission products	Impact 3 Expressivity 3	Impact 2 Expressivity 3	Short	· Prioritizing selection and securing supplies of low-emission raw materials · Reducing CO$_2$ emissions from production activities · Expanding lineup of products that consider low emissions from a life cycle assessment (LCA) perspective (e.g., heating/pretreatment at the time of use not necessary, easy to recycle) · Pursuing R&D and commercialization of carbon-negative materials
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	· Pursuing R&D and commercialization of materials to combat deterioration of living conditions (hot weather) due to climate change · Pursuing R&D and commercialization of medical-related materials (e.g., drug discovery, medication, medical devices and prevention of infections)

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

[Scope1 + 2 emissions] (indicator for risk)

In its Sustainability Vision asv2050/2030, the artience Group declares that it will achieve carbon neutrality by 2050 and it sets an interim target of reducing Scope 1 + 2 emissions globally by 26% from the FY2020 level by FY2030.

Changes in Scope 1 + 2 emissions and targets

FY2020	FY2023	FY2024	FY2025	FY2030 (target)
201,857t-CO$_2$	154,568t-CO$_2$ -23.4%	152,002t-CO$_2$ -24.7%	145,525t-CO$_2$ -27.9%	149,000t-CO$_2$ -26%

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

The artience Group defines its products that help improve the sustainability of society as sustainability-enhancing products. These products provide lifestyle value, which includes comfort, health, welfare, safety and peace of mind in people's lives, in addition to the environmental value provided by sustainability-enhancing products that we have released onto the market.

Changes in sales ratio of Sustainability-enhancing products and targets

FY2020	FY2023	FY2024	FY2025	FY2030 (target)
66.0%	53.6%	55.5%	61.9%	80%

Financial Information

Key consolidated financial data

		March 2016	March 2017	December 2017[1]	December 2018
sales	(million JPY)	283,208	268,484	240,344	290,208
Operating profit	(million JPY)	18,236	19,231	16,774	15,276
Ordinary profit	(million JPY)	18,466	19,262	17,473	15,429
Profit attributable to owners of parent	(million JPY)	11,818	12,702	10,376	11,847
Comprehensive income	(million JPY)	5,196	13,179	16,371	-2,441
Net assets	(million JPY)	211,859	216,979	228,384	221,091
Total assets	(million JPY)	359,395	364,066	378,459	371,610
Net assets per share[2]	(JPY)	3,442.76	3,608.23	3,792.89	3,668.36
Profit per share (Basic)[2]	(JPY)	198.09	214.98	177.73	202.93
Profit per share (Diluted)[2]	(JPY)	198.05	214.84	177.53	202.60
Total shareholders' equity ratio	(%)	57.2	57.9	58.5	57.6
Interest-bearing debts	(million JPY)	67,303	64,759	61,772	60,199
Return on total shareholders' equity ratio[3]	(%)	5.8	6.1	4.8	5.4
Return on total assets ratio[4]	(%)	3.3	3.5	2.8	3.2
Price earnings ratio	(times)	11.4	12.5	18.8	12.0
Cash flows from operating activities	(million JPY)	25,727	23,370	18,663	19,197
Cash flows from investing activities	(million JPY)	-17,457	-10,611	-5,912	-10,828
Cash flows from financing activities	(million JPY)	-5,817	-11,231	-8,355	-5,695
Balance of cash and cash equivalent	(million JPY)	43,744	44,132	49,262	50,958
Dividend payout ratio	(%)	39.1	37.2	45.0	41.9
Number of employees	(persons)	8,116	8,021	8,135	8,274

*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 2016	March 2017	December 2017[1]	December 2018
Asia	(million JPY)	101,329	86,992	95,699	106,304
The Americas	(million JPY)	15,275	13,660	13,940	14,909
Europe	(million JPY)	7,581	12,212	12,825	12,912
Africa	(million JPY)	434	309	461	513
Total	(million JPY)	124,621	113,175	122,926	134,639
Overseas sales ratio	(%)	44.0	42.2	51.1	46.4

*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 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
279,892	257,675	287,989	315,927	322,122	351,064	**349,979**
13,174	12,909	13,005	6,865	13,372	20,414	**20,765**
13,847	12,543	15,442	7,906	12,880	21,008	**20,888**
8,509	6,019	9,492	9,308	9,737	18,540	**10,340**
10,675	-3,993	19,892	11,705	31,888	29,959	**18,957**
226,892	217,325	226,947	227,877	255,653	273,754	**277,220**
376,130	380,227	406,896	411,177	447,798	472,787	**462,600**
3,757.35	3,589.24	3,911.64	4,133.90	4,634.95	5,164.85	**5,609.42**
145.72	103.06	169.36	171.49	183.69	352.53	**210.50**
145.44	102.85	169.09	171.30	183.57	352.41	**210.47**
58.3	55.2	53.7	53.3	54.9	55.4	**57.5**
59,507	81,386	81,007	86,448	89,897	83,936	**66,655**
3.9	2.8	4.4	4.3	4.2	7.3	**3.9**
2.3	1.6	2.4	2.3	2.3	4.0	**2.2**
18.3	19.1	11.4	10.5	14.3	8.9	**16.3**
19,673	16,743	15,760	4,262	23,478	26,964	**27,554**
-10,404	-13,294	-17,576	-5,645	-19,457	-10,172	**-11,162**
-6,247	16,221	-11,988	-8,102	-2,629	-14,975	**-31,716**
53,765	73,117	60,949	53,385	56,040	60,052	**45,792**
61.8	87.3	53.1	52.5	49.0	28.4	**47.5**
8,246	8,157	7,887	7,930	7,836	7,897	**7,880**

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
101,361	94,252	113,523	125,627	127,470	146,135	**144,891**
14,386	13,286	16,430	23,056	20,029	25,394	**24,106**
12,393	11,562	13,098	17,306	25,098	22,141	**22,819**
576	510	644	862	463	742	**849**
128,718	119,613	143,696	166,853	173,061	194,414	**192,666**
46.0	46.4	49.9	52.8	53.7	55.4	**55.1**

Financial Information

Segment information

Segment information by business group

Net sales

	March 2016	March 2017	December 2017*	December 2018
Colorants and Functional Materials Business	71,878	65,935	63,385	74,660
Polymers and Coatings Business	60,894	58,325	52,028	66,099
Packaging Materials Business	64,623	62,965	55,640	68,047
Printing and Information Business	87,439	81,651	69,011	79,378
Others	5,980	6,115	5,166	7,228
Adjustment	-7,608	-6,509	-4,889	-5,205
Total consolidated	283,208	268,484	240,344	290,208

Operating profit

	March 2016	March 2017	December 2017*	December 2018
Colorants and Functional Materials Business	4,227	4,604	5,273	5,329
Polymers and Coatings Business	5,547	6,641	5,868	6,035
Packaging Materials Business	2,723	2,871	2,096	1,491
Printing and Information Business	2,977	3,317	2,996	931
Others	2,754	1,777	541	1,481
Adjustment	5	18	-1	6
Total consolidated	18,236	19,231	16,774	15,276

* Inter-segment transactions and Company-wide expenses have not been deducted from the figures for each business segment above.
* In 2017, the company's fiscal year end was changed from March 31 to December 31.

Segment information by location

Net sales

	March 2016	March 2017	December 2017*	December 2018
Japan	181,884	176,297	134,961	181,666
Asia[*2]	100,732	86,592	96,331	106,499
Europe[*3]	14,481	18,361	19,988	20,210
The Americas	14,234	12,825	13,159	14,258
Adjustment	-28,124	-25,592	-24,096	-32,426
Total consolidated	283,208	268,484	240,344	290,208

Operating profit

	March 2016	March 2017	December 2017*	December 2018
Japan	11,885	12,671	9,650	9,602
Asia[*2]	6,075	6,176	6,157	5,449
Europe[*3]	359	587	1,030	406
The Americas	-135	-106	-101	-145
Adjustment	52	-96	37	-36
Total consolidated	18,236	19,231	16,774	15,276

* 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 for administrative purposes.

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
67,400	61,642	74,995	79,380	81,069	86,089	**84,304**
65,887	62,328	70,736	76,240	77,746	88,518	**90,305**
68,071	66,589	73,645	83,464	84,292	91,527	**92,499**
76,680	65,595	66,695	75,180	77,202	83,325	**80,994**
7,291	6,229	5,746	4,948	5,609	5,805	**5,712**
-5,439	-4,708	-3,831	-3,287	-3,797	-4,202	**-3,838**
279,892	257,675	287,989	315,927	322,122	351,064	**349,979**

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
3,386	2,610	5,391	1,846	2,687	3,367	**2,254**
6,013	5,937	3,570	2,504	5,257	7,151	**8,292**
3,058	3,885	1,813	963	3,668	5,413	**5,464**
314	247	1,730	654	2,373	4,885	**4,528**
424	234	531	890	-601	-381	**313**
-23	-7	-30	5	-12	-22	**-87**
13,174	12,909	13,005	6,865	13,372	20,414	**20,765**

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
175,513	161,798	173,526	176,986	178,091	191,054	**189,207**
101,192	94,478	113,580	126,888	128,807	146,344	**144,409**
19,842	17,954	21,059	26,944	28,871	33,040	**33,290**
13,992	12,708	16,223	22,711	24,842	25,177	**23,687**
-30,648	-29,264	-36,400	-37,604	-38,491	-44,552	**-40,615**
279,892	257,675	287,989	315,927	322,122	351,064	**349,979**

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
7,774	6,427	7,268	2,938	4,194	7,284	**7,478**
5,671	5,868	4,774	3,657	6,296	9,442	**10,827**
-204	523	1,336	500	2,006	1,979	**546**
-207	-57	77	-126	1,136	1,863	**1,643**
139	147	-450	-103	-262	-156	**270**
13,174	12,909	13,005	6,865	13,372	20,414	**20,765**

Financial Information

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

	March 2016	March 2017	December 2017*	December 2018
Colorants and Functional Materials Business	3,130	4,190	2,293	3,615
Polymers and Coatings Business	2,920	3,254	1,204	1,664
Packaging Materials Business	4,033	2,807	2,253	2,272
Printing and Information Business	5,577	4,578	1,341	2,574
Others	378	254	201	149
Total consolidated	16,039	15,085	7,294	10,277

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

Depreciation (by business group)

	March 2016	March 2017	December 2017*	December 2018
Colorants and Functional Materials Business	3,783	3,499	2,869	3,425
Polymers and Coatings Business	2,207	2,330	1,849	2,295
Packaging Materials Business	1,666	1,678	1,498	1,558
Printing and Information Business	2,663	2,809	2,354	2,472
Others	199	222	160	187
Total consolidated	10,520	10,540	8,731	9,939

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

Research and development expenses (by business group)

	March 2016	March 2017	December 2017*	December 2018
Colorants and Functional Materials Business	3,003	2,810	1,997	2,752
Polymers and Coatings Business	1,625	1,786	1,529	2,117
Packaging Materials Business	955	951	822	1,308
Printing and Information Business	1,835	1,822	1,539	1,916
Others	15	19	5	9
Total consolidated	7,434	7,390	5,894	8,104

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

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
4,524	4,922	5,185	6,325	8,647	10,816	**8,467**
2,129	3,739	8,118	5,618	4,526	2,713	**3,838**
2,347	2,563	4,594	3,373	3,402	3,633	**2,333**
3,319	2,781	1,997	2,024	2,817	2,089	**1,565**
247	104	211	144	562	194	**287**
12,567	14,111	20,107	17,486	19,956	19,447	**16,491**

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
3,235	3,353	3,615	3,846	4,275	4,516	**4,692**
2,047	2,000	2,207	2,608	2,748	3,040	**3,453**
1,697	1,692	1,773	2,096	2,188	2,259	**2,959**
1,931	1,973	1,970	1,993	1,923	2,028	**1,961**
176	167	163	200	203	239	**241**
9,087	9,187	9,731	10,747	11,339	12,083	**13,308**

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	December 2025
2,899	2,912	3,533	3,838	4,024	4,361	**4,109**
2,122	2,308	2,440	2,574	2,717	2,873	**2,981**
1,266	1,310	1,464	1,543	1,643	1,634	**1,676**
1,779	1,572	1,051	1,149	1,224	1,218	**1,389**
10	8	5	5	6	21	**3**
8,077	8,112	8,496	9,111	9,616	10,109	**10,159**

Financial Information

Quarterly financial data (consolidated)

Consolidated statements of income

	December 2022				December 2023	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	74,245	80,512	80,247	80,921	74,826	78,849
		【154,758】	【235,006】	【315,927】		【153,676】
Operating profit	2,817	1,798	694	1,556	1,909	2,840
		【4,615】	【5,309】	【6,865】		【4,749】
Ordinary profit	3,906	2,822	506	671	1,594	3,768
		【6,728】	【7,235】	【7,906】		【5,362】
Profit attributable to owners of parent	3,161	5,248	348	550	487	3,355
		【8,410】	【8,758】	【9,308】		【3,842】

Segment information by business group

Net sales	December 2022				December 2023	
	1Q	2Q	3Q	4Q	1Q	2Q
Colorants and Functional Materials Business	19,105	20,267	19,651	20,355	18,709	20,654
		【39,373】	【59,025】	【79,380】		【39,364】
Polymers and Coatings Business	18,334	19,810	18,611	19,483	17,325	19,024
		【38,144】	【56,756】	【76,240】		【36,349】
Packaging Materials Business	18,878	21,109	22,159	21,316	20,215	20,145
		【39,988】	【62,148】	【83,464】		【40,361】
Printing and Information Business	17,488	18,843	19,418	19,430	17,876	18,467
		【36,332】	【55,750】	【75,180】		【36,344】
Others	1,223	1,272	1,208	1,244	1,469	1,365
		【2,495】	【3,704】	【4,948】		【2,834】
Adjustment	-784	-792	-801	-908	-770	-808
		【-1,576】	【-2,378】	【-3,287】		【-1,579】
Total consolidated	74,245	80,512	80,247	80,921	74,826	78,849
		【154,758】	【235,006】	【315,927】		【153,676】

Operating profit	December 2022				December 2023	
	1Q	2Q	3Q	4Q	1Q	2Q
Colorants and Functional Materials Business	996	504	-143	489	542	923
		【1,501】	【1,357】	【1,846】		【1,465】
Polymers and Coatings Business	795	702	297	710	804	1,110
		【1,497】	【1,794】	【2,504】		【1,917】
Packaging Materials Business	287	182	169	323	697	720
		【470】	【640】	【963】		【1,418】
Printing and Information Business	359	228	149	-83	-141	99
		【588】	【737】	【654】		【-41】
Others	378	183	214	114	12	0
		【561】	【776】	【890】		【12】
Adjustment	-0	-2	5	3	-4	-14
		【-3】	【2】	【5】		【-18】
Total consolidated	2,817	1,798	694	1,556	1,909	2,840
		【4,615】	【5,309】	【6,865】		【4,749】

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

December 2023		December 2024				December 2025			
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
84,559	83,886	81,727	90,529	87,929	90,877	82,133	86,598	89,702	91,544
【238,235】	【322,122】		【172,257】	【260,187】	【351,064】		【168,732】	【258,434】	【349,979】
4,375	4,241	4,354	6,197	5,246	4,616	4,479	4,894	5,504	5,887
【9,125】	【13,372】		【10,551】	【15,797】	【20,414】		【9,373】	【14,878】	【20,765】
4,403	3,107	4,981	7,379	2,603	6,043	4,205	4,427	5,820	6,433
【9,766】	【12,880】		【12,361】	【14,964】	【21,008】		【8,633】	【14,454】	【20,888】
3,376	2,517	4,095	5,261	3,266	5,917	2,946	2,527	4,190	675
【7,219】	【9,737】		【9,356】	【12,622】	【18,540】		【5,474】	【9,665】	【10,340】

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

December 2023		December 2024				December 2025			
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
21,175	20,529	20,140	23,655	21,198	21,096	19,775	21,588	21,852	21,088
【60,539】	【81,069】		【43,795】	【64,993】	【86,089】		【41,363】	【63,216】	【84,304】
20,836	20,559	19,894	22,737	22,320	23,567	21,213	22,617	22,926	23,549
【57,186】	【77,746】		【42,631】	【64,951】	【88,518】		【43,830】	【66,756】	【90,305】
22,069	21,860	21,375	22,965	22,817	24,368	21,573	22,485	23,570	24,870
【62,431】	【84,292】		【44,341】	【67,159】	【91,527】		【44,059】	【67,629】	【92,499】
20,060	20,797	19,882	20,848	21,225	21,368	19,304	19,451	20,814	21,424
【56,404】	【77,202】		【40,730】	【61,956】	【83,325】		【38,755】	【59,570】	【80,994】
1,252	1,522	1,368	1,394	1,444	1,598	1,248	1,376	1,426	1,660
【4,086】	【5,609】		【2,762】	【4,207】	【5,805】		【2,624】	【4,051】	【5,712】
-835	-1,382	-932	-1,071	-1,076	-1,121	-981	-920	-888	-1,048
【-2,414】	【-3,797】		【-2,004】	【-3,080】	【-4,202】		【-1,901】	【-2,789】	【-3,838】
84,559	83,886	81,727	90,529	87,929	90,877	82,133	86,598	89,702	91,544
【238,235】	【322,122】		【172,257】	【260,187】	【351,064】		【168,732】	【258,434】	【349,979】

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

December 2023		December 2024				December 2025			
3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
644	577	786	1,379	704	495	495	317	587	854
【2,109】	【2,687】		【2,166】	【2,871】	【3,367】		【812】	【1,399】	【2,254】
1,805	1,531	1,326	2,153	1,827	1,845	1,595	2,069	2,266	2,360
【3,726】	【5,257】		【3,479】	【5,306】	【7,151】		【3,665】	【5,931】	【8,292】
1,157	1,092	1,179	1,322	1,329	1,581	1,161	1,324	1,390	1,589
【2,575】	【3,668】		【2,502】	【3,832】	【5,413】		【2,485】	【3,875】	【5,464】
983	1,432	1,069	1,411	1,388	1,016	1,008	1,053	1,161	1,305
【941】	【2,373】		【2,480】	【3,868】	【4,885】		【2,062】	【3,223】	【4,528】
-212	-402	2	-65	-16	-302	211	115	131	-145
【-199】	【-601】		【-62】	【-79】	【-381】		【326】	【458】	【313】
-3	9	-10	-4	12	-21	7	14	-33	-76
【-22】	【-12】		【-14】	【-1】	【-22】		【21】	【-11】	【-87】
4,375	4,241	4,354	6,197	5,246	4,616	4,479	4,894	5,504	5,887
【9,125】	【13,372】		【10,551】	【15,797】	【20,414】		【9,373】	【14,878】	【20,765】

Financial Information

Consolidated balance sheets

	March 2016	March 2017	December 2017*	December 2018
Assets				
Current assets	183,422	181,214	195,606	203,063
Cash and deposits	44,470	44,903	50,260	52,706
Notes and accounts receivable	90,949	89,049	94,594	95,553
Securities	529	116	477	43
Merchandise and finished goods	28,560	27,228	29,477	29,873
Work in process	1,421	1,279	1,103	1,034
Raw materials and supplies	13,768	13,963	16,085	17,872
Deferred tax assets	1,908	1,908	1,380	—
Other	3,046	3,852	3,220	6,744
Allowance for doubtful accounts	-1,233	-1,086	-993	-765
Non-current assets	175,973	182,851	182,853	168,547
Property, plant and equipment	100,209	101,398	97,081	94,013
Buildings and structures	39,081	40,639	38,762	36,828
Machinery, equipment and vehicles	25,347	25,124	23,105	21,834
Tools, furniture and fixtures	2,807	2,827	2,644	2,722
Land	28,374	30,003	30,007	30,272
Leased assets	251	196	187	136
Construction in progress	4,346	2,607	2,373	2,219
Intangible assets	5,683	4,487	4,307	4,649
Investments and other assets	70,080	76,964	81,463	69,883
Investment securities	60,604	66,718	68,541	58,302
Net defined benefit asset	4,293	5,927	8,614	6,423
Deferred tax assets	771	833	1,068	2,163
Other	4,715	3,904	3,671	3,228
Allowance for doubtful accounts	-304	-419	-432	-234
Total assets	359,395	364,066	378,459	371,610
Liabilities				
Current liabilities	87,369	97,513	94,808	100,839
Notes and accounts payable	48,520	49,588	56,129	62,460
Short-term loans payable	21,932	30,660	22,507	20,593
Income taxes payable	1,880	3,088	1,485	1,470
Provision for environmental measures	—	—	—	884
Other	15,036	14,175	14,685	15,429
Non-current liabilities	60,166	49,573	55,267	49,679
Corporate bonds	—	—	—	—
Long-term loans payable	46,037	33,262	38,409	38,845
Deferred tax liabilities	10,175	10,884	11,641	7,847
Provision for environmental measures	768	2,504	2,349	538
Net defined benefit liability	1,891	1,865	1,868	1,784
Asset retirement obligations	28	29	29	30
Other	1,266	1,027	968	632
Total liabilities	147,536	147,087	150,075	150,518
Net assets				
Total shareholders' equity	185,338	190,155	195,642	202,600
Capital stock	31,733	31,733	31,733	31,733
Capital surplus	32,926	32,918	32,710	32,500
Retained earnings	122,450	130,496	136,202	143,379
Treasury shares	-1,771	-4,992	-5,002	-5,012
Total accumulated other comprehensive income	20,060	20,525	25,807	11,570
Valuation difference on available-for-sale securities	12,610	17,726	19,284	11,888
Foreign currency translation adjustment	5,669	1,144	3,299	-1,513
Remeasurements of defined benefit plans	1,781	1,653	3,223	1,195
Subscription rights to shares	38	95	164	248
Non-controlling interests	6,422	6,202	6,768	6,671
Total net assets	211,859	216,979	228,384	221,091
Total liabilities and net assets	359,395	364,066	378,459	371,610

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

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	(%)	December 2025	(%)
199,969	214,097	223,589	229,247	230,911	245,282	(51.9)	**227,672**	**(49.2)**
56,691	76,469	64,816	55,117	57,917	62,855		**47,625**	
90,173	87,126	94,297	100,390	102,930	109,412		**106,769**	
29	57	24	430	65	99		**291**	
30,535	28,328	34,149	38,494	37,714	39,004		**40,377**	
1,319	1,070	726	1,000	722	622		**599**	
16,654	16,790	24,695	28,088	26,282	28,608		**27,675**	
—	—	—	—	—	—		**—**	
5,350	5,178	5,979	6,881	6,224	5,833		**5,681**	
-786	-924	-1,100	-1,154	-944	-1,154		**-1,347**	
176,161	166,130	183,306	181,930	216,886	227,504	(48.1)	**234,927**	**(50.8)**
99,577	102,616	111,716	122,366	134,258	148,338	(31.4)	**147,926**	**(32.0)**
35,940	34,526	39,031	42,258	43,286	45,834		**50,200**	
21,767	20,324	24,819	27,160	29,789	32,519		**40,649**	
2,873	3,236	3,922	5,349	5,070	5,072		**5,796**	
30,669	30,529	30,060	30,490	30,802	31,084		**31,311**	
4,043	3,726	3,895	5,033	5,608	5,803		**5,774**	
4,282	10,273	9,986	12,075	19,700	28,022		**14,192**	
4,202	3,113	2,225	2,619	5,290	5,964	(1.3)	**6,028**	**(1.3)**
72,381	60,399	69,364	56,944	77,337	73,202	(15.5)	**80,972**	**(17.5)**
61,071	48,440	54,093	42,791	63,874	57,610		**61,997**	
7,964	8,608	10,255	7,645	8,410	9,427		**11,461**	
2,333	2,398	2,420	2,826	3,323	4,828		**5,019**	
1,194	1,143	2,777	3,881	2,027	1,673		**2,859**	
-182	-191	-182	-200	-298	-338		**-365**	
376,130	380,227	406,896	411,177	447,798	472,787	(100.0)	**462,600**	**(100.0)**
106,747	91,411	112,125	113,463	123,953	139,469	(29.5)	**106,070**	**(22.9)**
59,543	54,608	68,221	70,738	67,075	70,747		**67,913**	
30,315	19,379	24,042	24,022	36,542	45,825		**14,336**	
1,279	1,082	1,652	726	1,579	2,972		**2,983**	
—	—	537	—	—	—		**—**	
15,608	16,340	17,672	17,975	18,756	19,923		**20,837**	
42,490	71,491	67,823	69,836	68,191	59,564	(12.6)	**79,309**	**(17.1)**
—	—	—	5,000	10,000	10,000		**15,000**	
27,460	60,492	55,415	54,851	40,161	24,914		**34,100**	
9,584	6,561	8,703	6,276	13,563	13,968		**17,066**	
2,348	1,485	364	251	118	80		**79**	
1,885	1,914	2,275	1,676	1,878	3,254		**3,747**	
31	31	32	33	34	35		**35**	
1,179	1,005	1,030	1,746	2,434	7,310		**9,279**	
149,237	162,902	179,948	183,300	192,144	199,033	(42.1)	**185,379**	**(40.1)**
205,891	206,706	206,236	204,990	209,967	216,015	(45.7)	**211,002**	**(45.6)**
31,733	31,733	31,733	31,733	31,733	31,733		**31,733**	
32,500	32,499	32,546	32,530	32,468	32,466		**32,513**	
146,627	147,390	151,740	151,414	156,381	159,807		**155,804**	
-4,969	-4,916	-9,784	-10,687	-10,615	-7,992		**-9,049**	
13,548	2,998	12,213	14,056	35,794	46,097	(9.8)	**55,019**	**(11.9)**
14,273	5,699	9,941	5,007	19,845	20,645		**24,483**	
-2,843	-5,284	-1,212	7,986	14,809	25,147		**29,516**	
2,118	2,583	3,483	1,062	1,139	304		**1,020**	
265	249	163	98	45	29	(0.0)	**8**	**(0.0)**
7,187	7,370	8,334	8,731	9,845	11,611	(2.5)	**11,189**	**(2.4)**
226,892	217,325	226,947	227,877	255,653	273,754	(57.9)	**277,220**	**(59.9)**
376,130	380,227	406,896	411,177	447,798	472,787	(100.0)	**462,600**	**(100.0)**

Financial Information

Consolidated statements of income

	March 2016	March 2017	December 2017*	December 2018
Net sales	283,208	268,484	240,344	290,208
Cost of sales	218,326	203,095	184,433	227,914
Gross profit	64,882	65,388	55,910	62,293
Selling, general and administrative expenses	46,645	46,156	39,136	47,017
Packing and transportation expenses	6,546	6,420	5,304	6,802
Salaries and allowances	11,762	11,596	9,991	11,691
Bonuses	2,708	2,698	2,123	2,760
Welfare expenses	2,969	3,006	2,443	3,062
Depreciation	1,412	1,801	1,525	1,805
Research and development expenses	2,918	2,831	2,786	3,372
Other	18,328	17,801	14,959	17,524
Operating income	18,236	19,231	16,774	15,276
Non-operating income	1,955	1,796	1,925	2,238
Interest income	239	191	229	244
Dividend income	1,078	1,094	940	1,126
Foreign exchange gains	—	—	—	—
Share of profit of entities accounted for using equity method	—	43	263	65
Gain on net monetary position	—	—	—	—
Other	637	467	491	802
Non-operating expenses	1,725	1,766	1,226	2,085
Interest expenses	735	896	756	745
Foreign exchange losses	736	385	94	904
Share of loss of entities accounted for using equity method	67	—	—	—
Loss on net monetary position	—	—	—	—
Other	186	484	375	434
Ordinary income	18,466	19,262	17,473	15,429
Extraordinary income	205	2,860	929	1,355
Gain on sales of non-current assets	62	67	579	866
Gain on sales of investment securities	9	2,637	340	489
Other	133	155	9	—
Extraordinary losses	684	4,895	3,637	867
Loss on sales and retirement of non-current assets	375	322	210	290
Impairment losses	166	375	3,054	437
Fire loss	—	—	—	98
Environmental expenses	83	—	—	—
Amortization of goodwill	—	650	—	—
Provision for environmental measures	—	2,950	—	—
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	59	596	371	41
Profit before income taxes	17,987	17,227	14,765	15,917
Income taxes, current	4,375	5,346	4,142	3,249
Income taxes, deferred	1,251	-1,355	-276	367
Total income taxes	5,626	3,990	3,865	3,617
Profit	12,360	13,236	10,900	12,299
Profit attributable to non-controlling interests	542	534	523	451
Profit attributable to owners of parent	11,818	12,702	10,376	11,847

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

(Unit: million JPY)

December 2019	December 2020	December 2021	December 2022	December 2023	December 2024	(%)	December 2025	(%)
279,892	257,675	287,989	315,927	322,122	351,064	(100.0)	**349,979**	**(100.0)**
219,559	200,479	229,284	261,725	258,272	276,445	(78.8)	**273,964**	**(78.3)**
60,333	57,196	58,704	54,202	63,849	74,618	(21.3)	**76,015**	**(21.7)**
47,159	44,286	45,699	47,336	50,476	54,204	(15.4)	**55,249**	**(15.8)**
7,181	6,657	7,517	7,811	7,542	8,195		**8,217**	
11,698	11,272	11,743	12,370	12,903	13,803		**14,129**	
2,651	2,559	2,499	2,512	2,377	2,561		**2,517**	
3,030	2,917	3,033	3,110	3,124	3,365		**3,468**	
1,879	1,962	1,961	1,816	1,847	1,997		**2,147**	
3,438	3,224	3,325	3,452	3,637	3,951		**4,312**	
17,279	15,692	15,617	16,261	19,043	20,331		**20,457**	
13,174	12,909	13,005	6,865	13,372	20,414	(5.8)	**20,765**	**(5.9)**
1,964	2,012	3,769	4,324	2,586	4,466	(1.3)	**4,919**	**(1.4)**
214	245	189	226	411	594		**473**	
1,137	1,280	1,263	1,567	1,323	1,346		**1,411**	
—	—	1,537	1,833	357	384		**—**	
—	—	—	—	—	—		**78**	
—	—	—	—	—	1,373		**2,251**	
611	485	779	696	494	767		**704**	
1,290	2,377	1,332	3,283	3,078	3,872	(1.1)	**4,796**	**(1.4)**
644	520	544	1,365	1,942	2,762		**1,232**	
130	1,129	—	—	—	—		**2,307**	
37	77	271	173	8	74		**—**	
—	—	—	1,183	289	—		**—**	
478	650	516	560	837	1,034		**1,256**	
13,847	12,543	15,442	7,906	12,880	21,008	(6.0)	**20,888**	**(6.0)**
2,088	91	694	5,934	2,208	4,264	(1.2)	**3,189**	**(0.9)**
30	23	311	276	130	22		**336**	
2,057	67	367	5,648	1,953	4,238		**2,846**	
—	0	14	9	125	3		**6**	
3,629	2,636	3,006	1,480	2,274	2,368	(0.7)	**8,092**	**(2.3)**
284	411	262	362	389	336		**574**	
364	247	708	456	565	401		**7,267**	
—	—	—	—	—	—		**—**	
—	—	—	—	—	—		**—**	
—	—	—	—	—	—		**—**	
2,688	—	—	—	—	—		**—**	
—	—	1,754	125	736	—		**—**	
—	1,040	237	—	—	—		**—**	
—	519	—	—	—	—		**—**	
—	—	—	233	231	—		**—**	
—	363	—	226	—	—		**—**	
283	—	—	—	—	—		**—**	
—	—	—	—	297	556		**—**	
—	—	—	—	36	839		**—**	
8	54	42	76	16	234		**250**	
12,306	9,999	13,130	12,360	12,815	22,904	(6.5)	**15,984**	**(4.6)**
3,313	3,124	3,482	2,839	3,134	5,370		**6,175**	
90	388	-32	129	-91	-1,214		**33**	
3,404	3,512	3,450	2,968	3,042	4,156	(1.2)	**6,208**	**(1.8)**
8,901	6,486	9,680	9,392	9,772	18,748		**9,776**	
392	467	187	83	34	207		**-564**	
8,509	6,019	9,492	9,308	9,737	18,540	(5.3)	**10,340**	**(3.0)**

Financial Information

Consolidated statements of cash flows

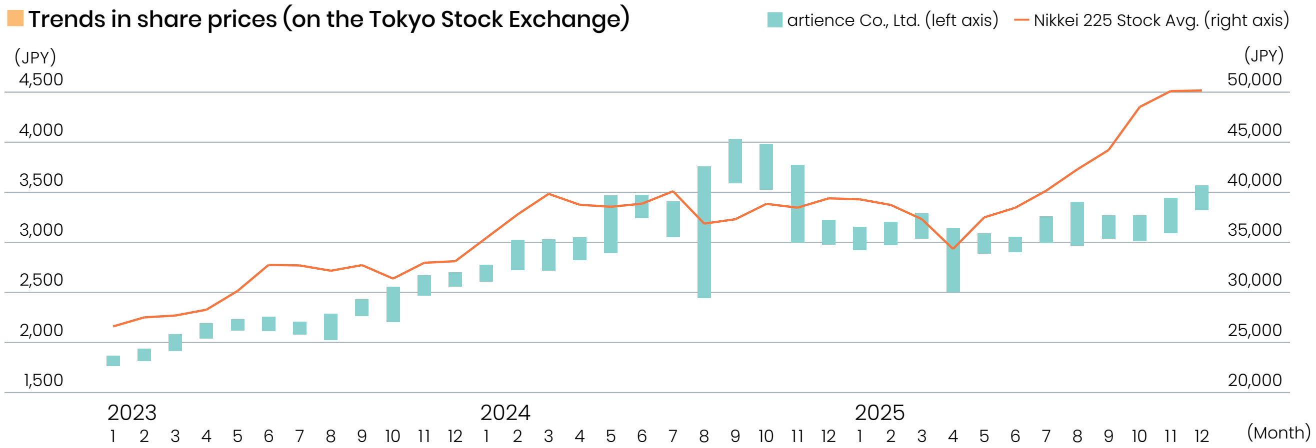
(Unit: million JPY)

	December 2024	December 2025
Cash flows from operating activities	26,964	**27,554**
Profit before income taxes	22,904	**15,984**
Depreciation	12,083	**13,308**
Gain on net monetary position	-1,373	**-2,251**
Impairment loss	401	**7,267**
Interest and dividend income	-1,940	**-1,885**
Interest expenses	2,762	**1,232**
Share of profit / loss of entities accounted for using equity method (negative is profit)	74	**-78**
Loss/gain on sale of property, plant and equipment (negative is gain)	2	**-325**
Loss on disposals of property, plant and equipment	65	**124**
Loss / gain on sales of investment securities (negative is gain)	-3,681	**-2,846**
Loss / gain on valuation of investment securities (negative is gain)	839	—
Decrease / increase in notes and accounts receivable (negative is increase)	-3,211	**3,624**
Decrease / increase in inventories (negative is increase)	-1,121	**320**
Increase / decrease in notes and accounts payable (negative is decrease)	1,700	**-3,471**
Other	695	**2,304**
Subtotal	30,200	**33,308**
Interest and dividend income received	2,219	**1,945**
Interest expenses paid	-2,408	**-1,310**
Income taxes paid	-3,046	**-6,389**
Cash flows from investing activities	-10,172	**-11,162**
Net decrease / increase in time deposits (negative is increase)	-591	**-19**
Purchase of property, plant and equipment	-18,033	**-14,728**
Proceeds from sales of property, plant and equipment	60	**483**
Purchase of intangible assets	-863	**-692**
Purchase of short-term and long-term investment securities	-90	**-265**
Proceeds from sales and redemption of short-term and long-term investment securities	9,599	**4,587**
Other	-255	**-526**
Cash flows from financing activities	-14,975	**-31,716**
Net increase / decrease in short-term loans payable (negative is decrease)	-3,331	**-5,021**
Proceeds from long-term loans payable	12,370	**11,300**
Repayments of long-term loans payable	-16,174	**-28,661**
Proceeds from issuance of bonds	—	**5,000**
Proceeds from agreement to set the right to demand earnings distribution	4,639	**1,906**
Purchase of treasury shares	-7,505	**-10,450**
Cash dividends paid	-5,035	**-5,003**
Proceeds from share issuance to non-controlling shareholders	770	—
Repayments of lease obligations	-593	**-619**
Other	-114	**-166**
Foreign currency translation adjustments on cash and cash equivalents	2,195	**1,064**
Net increase / decrease in cash and cash equivalents (negative is decrease)	4,012	**-14,260**
Cash and cash equivalents, beginning of period	56,040	**60,052**
Cash and cash equivalents, end of period	60,052	**45,792**

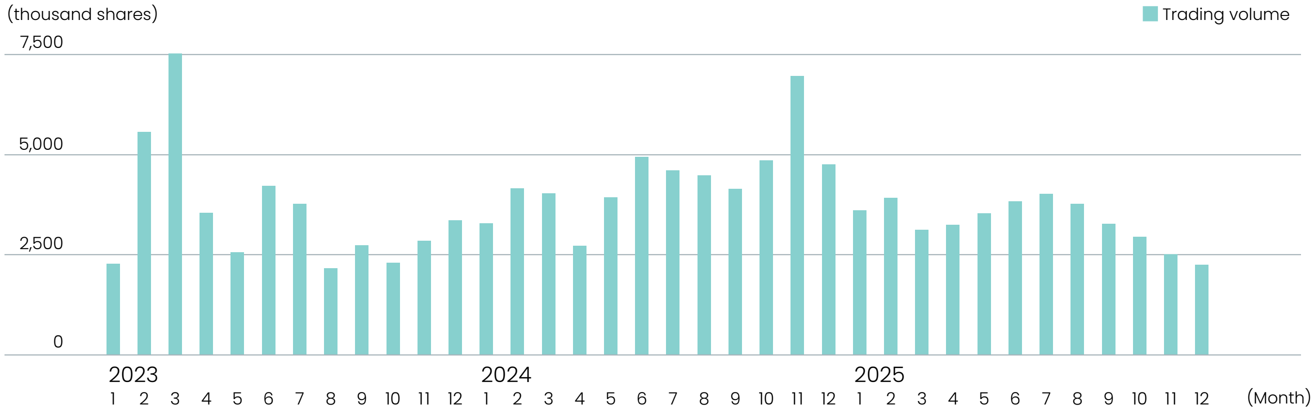
Stock Information (As of December 31, 2025)

Stock exchange listing	Prime Market in Tokyo Stock Exchange
Code	4634
Number of Authorized Shares	160,000,000 shares
Number of Outstanding Shares	50,286,544 shares
Number of treasury shares	2,862,378 shares
Number of shares issued excluding treasury shares	47,424,166 shares
Number of Shareholders	16,208 shareholders

Trends in share prices (on the Tokyo Stock Exchange)



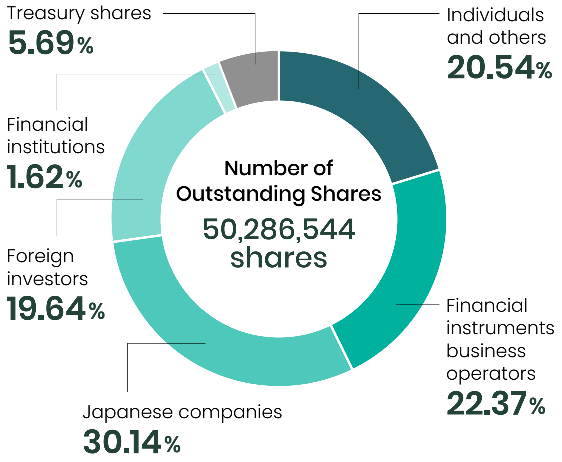
Trends in trading volume (on the Tokyo Stock Exchange)



Major 10 shareholders

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Toppan Holdings Inc.	10,446	22.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,966	12.58
Custody Bank of Japan, Ltd. (Trust Account)	3,008	6.34
Nippon Shokubai Co., Ltd.	1,661	3.50
Employees' Stock Club	1,333	2.81
Client stock ownership	979	2.06
STATE STREET BANK AND TRUST COMPANY 505001	962	2.03
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	815	1.72
STATE STREET BANK AND TRUST COMPANY 505103	727	1.53
BNYMSANV RE BNYMIL RE WS MORANT WRIGHT NIPPON YIELD FUND	530	1.12

Shareholder composition by type (based on number of shares)



Group Corporate Profile (As of December 31, 2025)

artience Co., Ltd.

Head office	2-1, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 JAPAN
Founded	January 1896
Established	January 15, 1907
Representative	Satoru Takashima, President and Representative Director, Group CEO
Capital	31,733,496,860 JPY

Website	https://www.artiencegroup.com/en/
Number of affiliates	13 in Japan, 48 overseas 56 consolidated subsidiaries and 5 equity-method affiliates
Operation area	24 countries 32 (12) sites in Japan, 78 (28) sites overseas * The numbers in parentheses indicate the number of production facilities.
Number of employees	392 employees (individual,) 7,880 employees (consolidated)

Company list of artience Group

Holding company

artience Co., Ltd.

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.
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.
Sudarshan Toyo Colour 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 Mexico S.A. de C.V.
Toyo Ink Brasil Ltda.

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 France S.A.S
UAB "Toyo Ink Europe Baltica"
Toyo Ink Europe España S.A.
Toyo Ink Europe Specialty Chemicals S.A.S
Toyo Ink Hungary Kft.
Toyo Matbaa Mürekkepleri Sanayi ve Ticaret A.S.
Toyo Ink North Africa S.A.R.L. AU

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 Yicai Technology Co., Ltd.

Editorial Policies

[Period covered]

January 1, 2025 to December 31, 2025 (FY2025)

* Some sections cover the period before 2024 or after 2026.

[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]

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English version:	August 2026 (Next edition to be published in August 2027)

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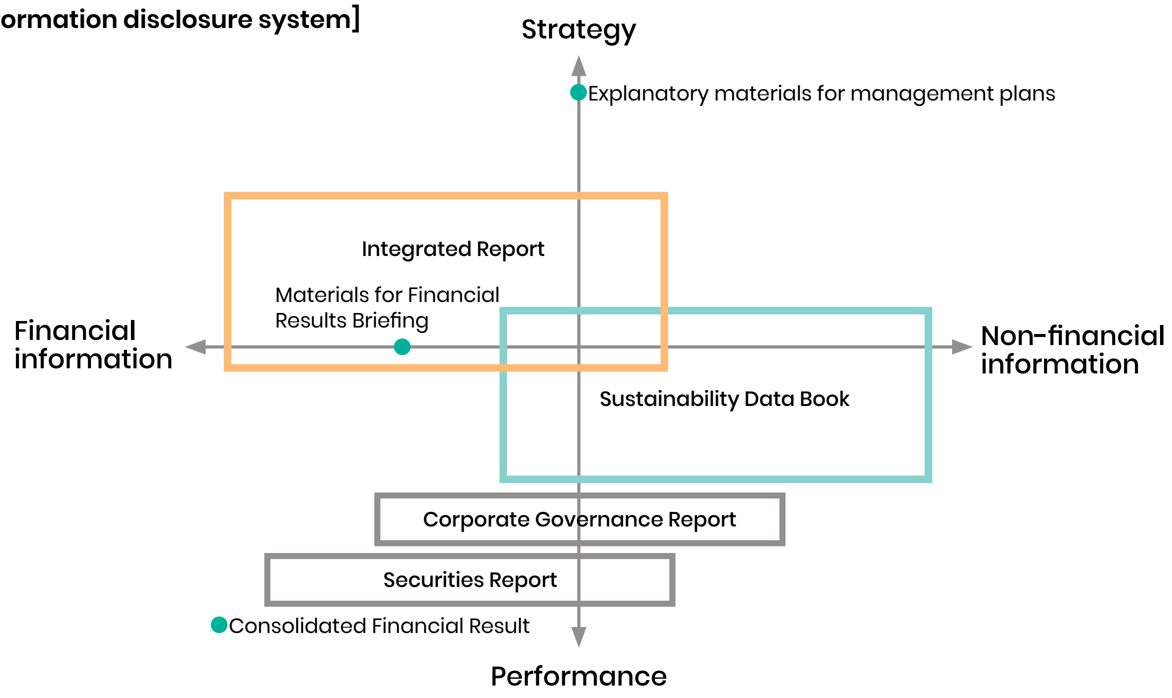
Caution concerning forward-looking statements

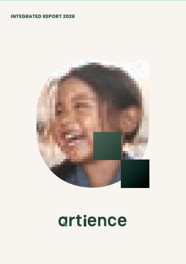
The opinions and forward-looking statements contained in this report are our views as of the time of the creation of this report. We do not guarantee or promise the accuracy or completeness of this information.
Accordingly, future results may differ from those expressed in our forward-looking statements.

[Information disclosure system]



Production process

① Communication with shareholders and investors (IR, SR, etc.)
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 Approval of issuance by Group Management Committee and Board of Directors
⑦ Communication with shareholders and investors using the published Integrated Report



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