

TRANSLATION:

This is an English translation of Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2025. This is an English translation of the Japanese original, prepared only for the convenience of shareholders residing outside Japan. The original Japanese version will prevail should there be any difference in the meaning between the English version and the Japanese version.



Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2025

May 9, 2025

Name of Listed Company: artience Co., Ltd.

Code: 4634

Representative: Satoru Takashima, President and Representative Director, Group CEO

Contact: Takeshi Arimura, Operating Officer and General Manager of Finance & Accounting Department

Listings: Tokyo Stock Exchange

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Scheduled date of commencement of dividend payments: –

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts of less than million yen are omitted)

1. Consolidated business results for the first quarter of fiscal 2025 ending December 31, 2025

(From January 1, 2025 to March 31, 2025)

(1) Business results (cumulative totals)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter, Fiscal 2025	82,133	0.5	4,479	2.9	4,205	-15.6	2,946	-28.0
First Quarter, Fiscal 2024	81,727	9.2	4,354	128.0	4,981	212.5	4,095	739.7

(Note) Comprehensive income: First Quarter, Fiscal 2025: -6,355 million yen (–%) First Quarter, Fiscal 2024: 10,281 million yen (18.3%)

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
First Quarter, Fiscal 2025	58.50	58.48
First Quarter, Fiscal 2024	77.23	77.20

(2) Financial position

	Total assets	Net assets	Net worth/Total assets
	Million yen	Million yen	%
First Quarter, Fiscal 2025	442,219	263,149	57.0
Fiscal 2024	472,787	273,754	55.4

(Reference) Net worth: First Quarter, Fiscal 2025: 252,068 million yen

Fiscal 2024: 262,113 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2024	—	50.00	—	50.00	100.00
Fiscal 2025	—				
Fiscal 2025 (Forecast)		50.00	—	50.00	100.00

(Note) Revisions to the most recently announced dividend forecasts: None

3. Forecasts for the year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Figures in percentages denote the year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	370,000	5.4	22,000	7.8	21,000	-0.0	17,500	-5.6	348.38

(Note) Revisions to the most recently announced earnings forecasts: None

* Notes:

- | | |
|--|-------------------|
| (1) Important changes of subsidiaries during the term: | No |
| (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements: | No |
| (3) Changes in accounting policies and changes or restatement of accounting estimates: | |
| (i) Changes in accounting policies due to the modification in accounting methods: | Yes |
| (ii) Changes in accounting policies other than (i): | No |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatement: | No |
| (4) Numbers of shares issued (ordinary shares) | |
| (i) Numbers of shares issued at the end of the terms (including treasury shares): | |
| First Quarter, Fiscal 2025: | 53,286,544 shares |
| Fiscal 2024: | 53,286,544 shares |
| (ii) Number of treasury shares at the end of the terms: | |
| First Quarter, Fiscal 2025: | 3,101,267 shares |
| Fiscal 2024: | 2,537,112 shares |
| (iii) Average numbers of shares issued during the terms (consolidated accumulation periods): | |
| First Quarter, Fiscal 2025: | 50,374,002 shares |
| First Quarter, Fiscal 2024: | 53,023,249 shares |

* Review of the attached consolidated quarterly financial statements by certified public accountants or audit firms: Yes (voluntary)

* Explanations about the proper use of financial forecasts and other important notes

1. The earnings forecasts and other forward-looking statements in this document are based on the information available to the Company at the time of its announcement and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly due to various factors. Please refer to “(3) Information on the consolidated earnings forecasts and other future forecasts” of “1. Qualitative Information on Financial Results, etc. for the First Quarter Ended March 31, 2025” on page 3 of the attached materials for the assumptions underlying the earnings forecasts and precautions regarding the use thereof.
2. Supplementary documents for financial results will be posted on the Company’s website on May 9, 2025 (Friday).
3. The Company will hold a financial results briefing for investors as follows. Reference materials for financial results and forecasts used in the briefing will be posted on the Company’s website before the opening of the briefing.
 - May 16, 2025 (Friday): Briefing for institutional investors and securities analysts.

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1. Qualitative Information on Financial Results, etc. for the First Quarter Ended March 31, 2025

(1) Details of operating results

During the first quarter of the fiscal year under review, the global economy continued to recover, although stagnation was seen in some regions. However, the impact of the continued cost-of-living increase on consumer spending and developments in U.S. policies, including trade policies, posed downside risks to the economy.

In this environment, the Group worked to execute its policies for the fiscal year: transformation of existing business groups into highly profitable ones, creation of strategic, high priority business groups, and transformation of the management foundation. At the same time, the Group endeavored to grasp the impact of changes in the business environment in each region, and also made preparations for measures in case of change.

As a result, the Group achieved gains in sales and profit in the first quarter of the fiscal year under review, with net sales of 82,133 million yen (up 0.5% year on year) and operating profit of 4,479 million yen (up 2.9% year on year). Due to foreign exchange losses, however, ordinary profit fell to 4,205 million yen (down 15.6% year on year) and profit attributable to owners of parent sank to 2,946 million yen (down 28.0% year on year).

Operating results by segment are as follows.

(i) Colorants and Functional Materials Related Business

Shipments of materials for LCD color filters for large panels used in TVs were strong due to the effect of government subsidies in China; however, shipments for small and midsize panels used in applications such as personal computers were sluggish. Sales of optical semiconductor materials for smartphones in China expanded.

Overseas, sales of plastic colorants for solar cells were weak due to inventory adjustments and sales of plastic colorants for automotive applications also languished. In Japan, sales of plastic colorants for construction materials and daily necessities were sluggish, but profitability improved due to cost reductions and price revisions.

Sales of inkjet inks were strong as a result of growing demand. Sales of lithium-ion battery materials for automotive applications were lackluster, reflecting the continued slowdown in growth on the EV market; however, the Company continued to make progress with customer development and next-generation product development.

As a result, net sales and operating profit for this segment as a whole both decreased with net sales of 19,775 million yen (down 1.8% year on year), and operating profit of 495 million yen (down 37.0% year on year).

(ii) Polymers and Coatings Related Business

Among functional films and tapes, sales of functional films, including conductive adhesive sheets, remained strong due to an increase in sales for new smartphone models and expansion of sales in China. In the area of semiconductor-related materials, shipments of developed products continued.

In Japan, sales of pressure sensitive adhesives for automotive and other industrial applications were strong, while sales of pressure sensitive adhesives for labels were weak. Overseas, sales of pressure sensitive adhesives for displays grew, as the Company captured increased demand associated with the shift of production to China. Sales of adhesives for packaging were strong in Japan and the Asia region; however, sales of adhesives for industrial use were sluggish due to customers' inventory adjustments of adhesives for lithium-ion batteries.

Sales of can coatings remained strong in Japan, partly due to growing demand ahead of beer price increases. Overseas, sales were also strong due to sales expansion of can coatings for beverage cans and increased demand for food cans, especially in Thailand.

As a result, net sales for this segment as a whole increased to 21,213 million yen (up 6.6% year on year), and operating profit increased to 1,595 million yen (up 20.3% year on year).

(iii) Packaging Materials Related Business

In Japan, sales of liquid ink products grew, partly due to firm demand for rice bags, cut vegetables and frozen food, as well as the effect of price revisions implemented in the previous fiscal year. Sales of products for cardboard boxes were lackluster, reflecting slowdown in the movement of fruit and vegetables due to the impact of inclement weather. Overseas, sales in China showed sluggish growth due to decline in consumption, but sales in India and Southeast Asia were generally strong, underpinned by market conditions, despite variation from region to region. Market conditions in Turkey were sluggish, reflecting a sense of stagnation caused by inflation.

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.

As a result, net sales for this segment as a whole increased to 21,573 million yen (up 0.9% year on year), but operating profit decreased to 1,161 million yen (down 1.6% year on year).

(iv) Printing and Information Related Business

While domestic sales of products for advertising and publishing remained sluggish due to the continued structural contraction of the information-related printing market, sales of functional coatings and functional inks such as energy-saving highly sensitive UV-curable inks expanded, reflecting progress on business portfolio reforms.

In overseas markets, sales of products for publishing and newspapers were weak, especially in China, as a result of stagnation of the information-related printing market, and sales of products for paper packaging materials also showed slow growth in Southeast Asia and India.

As a result, net sales for this segment as a whole decreased to 19,304 million yen (down 2.9% year on year), and operating profit fell to 1,008 million yen (down 5.7% year on year).

(v) Other

This Other segment includes businesses not included in the above segments, services provided by artience as the holding company, and other businesses. In the first quarter of the fiscal year under review, sales declined year on year, with net sales standing at 1,248 million yen (down 8.7% year on year) but operating profit increased to 211 million yen (up 7,391.9% year on year).

(2) Details of financial position

Total assets at the end of the first quarter under review stood at 442,219 million yen, down 30,567 million yen from the end of the previous consolidated fiscal year. Liabilities were 179,069 million yen, down 19,963 million yen from the end of the previous consolidated fiscal year. Net assets came to 263,149 million yen, down 10,604 million yen from the end of the previous consolidated fiscal year.

On the last day of the first quarter under review, the exchange rate changed in the direction of a stronger yen and weaker foreign currencies compared to the last day of the previous consolidated fiscal year. As a result, assets and liabilities held by overseas subsidiaries and foreign currency translation adjustments fell. Furthermore, investment securities and valuation difference on available-for-sale securities each decreased, reflecting declining stock prices in Japan. In addition, cash and deposits decreased due to the purchase of treasury shares and the payment of income taxes and dividends. The Company issued the Third Series of Unsecured Bonds, and repaid some of its debt.

(3) Information on the consolidated earnings forecasts and other future forecasts

No changes have been made to the full-year forecasts of consolidated financial results for the fiscal year ending December 31, 2025 that were announced on February 14, 2025.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheet

(Million yen)

	As of December 31, 2024	As of March 31, 2025
(Assets)		
Current assets		
Cash and deposits	62,855	46,389
Notes and accounts receivable - trade	109,412	102,215
Securities	99	80
Merchandise and finished goods	39,004	38,658
Work in process	622	1,159
Raw materials and supplies	28,608	26,642
Other	5,833	5,873
Allowance for doubtful accounts	-1,154	-1,101
Total current assets	245,282	219,918
Non-current assets		
Property, plant and equipment		
Buildings and structures	124,648	128,487
Accumulated depreciation	-78,813	-78,398
Buildings and structures, net	45,834	50,088
Machinery, equipment and vehicles	183,215	187,678
Accumulated depreciation	-150,695	-149,580
Machinery, equipment and vehicles, net	32,519	38,098
Tools, furniture and fixtures	29,479	30,015
Accumulated depreciation	-24,406	-24,352
Tools, furniture and fixtures, net	5,072	5,663
Land	31,084	30,826
Leased assets	8,810	8,392
Accumulated depreciation	-3,006	-3,074
Leased assets, net	5,803	5,317
Construction in progress	28,022	15,599
Total property, plant and equipment	148,338	145,594
Intangible assets	5,964	5,743
Investments and other assets		
Investment securities	57,610	55,440
Retirement benefit asset	9,427	9,498
Deferred tax assets	4,828	4,346
Other	1,673	1,994
Allowance for doubtful accounts	-338	-316
Total investments and other assets	73,202	70,963
Total non-current assets	227,504	222,301
Total assets	472,787	442,219

(Million yen)

	As of December 31, 2024	As of March 31, 2025
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	70,747	59,825
Short-term loans payable	45,825	35,583
Income taxes payable	2,972	1,588
Other	19,923	18,609
Total current liabilities	139,469	115,607
Non-current liabilities		
Bonds payable	10,000	15,000
Long-term loans payable	24,914	23,393
Deferred tax liabilities	13,968	13,459
Provision for environmental measures	80	80
Retirement benefit liability	3,254	3,289
Asset retirement obligations	35	35
Other	7,310	8,204
Total non-current liabilities	59,564	63,462
Total liabilities	199,033	179,069
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,466	32,513
Retained earnings	159,807	160,215
Treasury shares	-7,992	-9,739
Total shareholders' equity	216,015	214,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,645	18,956
Foreign currency translation adjustment	25,147	18,186
Remeasurements of defined benefit plans	304	203
Total accumulated other comprehensive income	46,097	37,346
Subscription rights to shares	29	21
Non-controlling interests	11,611	11,059
Total net assets	273,754	263,149
Total liabilities and net assets	472,787	442,219

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

Consolidated first quarter	(Million yen)	
	From January 1, 2024 to March 31, 2024	From January 1, 2025 to March 31, 2025
Net sales	81,727	82,133
Cost of sales	64,157	64,478
Gross profit	17,570	17,655
Selling, general and administrative expenses		
Packing and transportation costs	1,934	1,991
Salaries and allowances	3,405	3,391
Bonuses	652	720
Welfare expenses	814	853
Depreciation	478	499
Research and development expenses	913	1,053
Other	5,017	4,665
Total selling, general and administrative expenses	13,215	13,176
Operating profit	4,354	4,479
Non-operating income		
Interest income	108	102
Dividend income	26	27
Share of profit of entities accounted for using equity method	20	20
Foreign exchange gains	655	–
Gain on net monetary position	569	1,453
Other	122	171
Total non-operating income	1,503	1,776
Non-operating expenses		
Interest expenses	565	475
Foreign exchange losses	–	1,298
Other	310	275
Total non-operating expenses	875	2,050
Ordinary profit	4,981	4,205
Extraordinary profit		
Gain on sales of non-current assets	7	3
Gain on sales of investment securities	0	32
Other	–	5
Total extraordinary profit	7	40
Extraordinary losses		
Loss on sales and retirement of non-current assets	85	65
Loss on sales of shares of subsidiaries	85	–
Business restructuring expenses	–	83
Other	55	–
Total extraordinary loss	226	149
Profit before income taxes	4,762	4,097
Income taxes - current	970	1,069
Income taxes - deferred	-323	40
Total income taxes	647	1,109
Profit	4,115	2,988
Profit attributable to non-controlling interests	20	41
Profit attributable to owners of parent	4,095	2,946

Consolidated statements of comprehensive income

Consolidated first quarter

(Million yen)

	From January 1, 2024 to March 31, 2024	From January 1, 2025 to March 31, 2025
Profit	4,115	2,988
Other comprehensive income		
Valuation difference on available-for-sale securities	791	-1,689
Foreign currency translation adjustment	5,385	-7,499
Remeasurements of defined benefit plans, net of tax	-105	-101
Share of other comprehensive income of entities accounted for using equity method	93	-53
Total other comprehensive income	6,165	-9,343
Comprehensive income	10,281	-6,355
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,786	-5,804
Comprehensive income attributable to non-controlling interests	494	-550

(3) Notes to consolidated quarterly financial statements

(Basic and important matters in preparing the quarterly consolidated financial statements)

The quarterly consolidated financial statements have been prepared, conforming to the Tokyo Securities Exchange's General Principles for Preparing Quarterly Consolidated Financial Statements, Article 4 paragraph (i) and accounting standards for quarterly financial statements accepted generally as being fair and appropriate in Japan (however, when matters stipulated under Article 4 paragraph (ii) apply, there is no need for adoption).

(Notes on assumption of going business)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first quarter of the current fiscal year.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). The application has no effect on quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been applied since the beginning of the first quarter of the fiscal year under review.

The impact of this change is insignificant and it has not been applied retroactively.

(Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.)

The Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ PITF No. 46, March 22, 2024), etc. has been applied since the beginning of the first quarter of the consolidated fiscal year under review.

Since paragraph 7 of this practical solution has been applied, the Company did not record current taxes related to the Global Minimum Tax Rules in the consolidated financial statements for the first quarter.

(Notes on significant changes in the amount of shareholders' equity)

The Company acquired 564,900 treasury shares in accordance with a resolution passed at the meeting of the Board of Directors held on August 9, 2024. As a result, treasury shares increased by 1,750 million yen during the first quarter under review, and treasury shares amounted to 9,739 million yen as of March 31, 2025.

(Notes on statement of cash flows)

Quarterly consolidated statements of cash flows for the first quarter under review have not been prepared. Depreciation (and amortization) figures relating to the first quarter under review (including amortization relating to intangible assets, but excluding goodwill) are as follows.

	From January 1, 2024 to March 31, 2024	From January 1, 2025 to March 31, 2025
Depreciation	2,926 million yen	3,126 million yen

(Segment information, etc.)**I. From January 1, 2024 to March 31, 2024**

Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total				
Net sales									
Sales to customers	19,624	19,856	21,166	19,875	80,522	1,205	81,727	—	81,727
Intersegment sales	515	37	209	7	770	162	932	-932	—
Total	20,140	19,894	21,375	19,882	81,292	1,368	82,660	-932	81,727
Segment profits	786	1,326	1,179	1,069	4,362	2	4,364	-10	4,354

- (Notes) 1. The “Other” segment comprises business segments that are not included in the reported segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.
2. An adjustment of -10 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating profit recorded in the consolidated quarterly income statement.

II. From January 1, 2025 to March 31, 2025

Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total				
Net sales									
Sales to customers	19,267	21,134	21,329	19,295	81,027	1,106	82,133	—	82,133
Intersegment sales	507	78	243	9	838	142	981	-981	—
Total	19,775	21,213	21,573	19,304	81,866	1,248	83,115	-981	82,133
Segment profits	495	1,595	1,161	1,008	4,260	211	4,471	7	4,479

- (Notes) 1. The “Other” segment comprises business segments that are not included in the reported segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.
2. An adjustment of 7 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating profit recorded in the consolidated quarterly income statement.

(Important subsequent events)**(Acquisition of treasury shares)**

artience Co., Ltd. (the “Company”) announces that, at a Board of Directors meeting held on May 9, 2025, the Company resolved matters concerning the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act that are applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the Act. Details are as follows.

1. Reason for the acquisition of treasury shares

The Company has developed the Medium-Term Management Plan artience2027 for the three-year period starting January 2024. During this plan, the Group aims to achieve an ROE of 10.0% or higher in the fiscal year ending December 31, 2029, and an ROE of 8.0% or higher in the fiscal year ending December 31, 2026. Regarding shareholder return, the Company will actively consider achieving a total payout ratio of 50% or more.

In alignment with this policy, the Company has decided to acquire treasury shares to increase shareholder return, improve capital efficiency and implement flexible capital policies to adapt to changes in the business environment, thereby enhancing corporate value. This decision is based on comprehensive consideration of the Company’s consolidated results, financial status and investment plans.

2. Details of the acquisition

- | | |
|--|---|
| (1) Class of shares to be acquired: | Common shares of the Company |
| (2) Total number of shares to be acquired: | 4,500,000 shares (maximum)
(Maximum ratio of 8.97% in proportion to total shares outstanding
(excluding treasury shares)) |
| (3) Total acquisition value of shares: | 10,000 million yen (maximum) |
| (4) Method of acquisition: | Market purchases on the Tokyo Stock Exchange |
| (5) Acquisition period: | From May 12, 2025 to May 11, 2026 |

(Retirement of treasury shares)

artience Co., Ltd. (hereinafter the “Company”) announces that at the meeting of the Board of Directors held on May 9, 2025, the Company resolved the retirement of treasury shares in accordance with Article 178 of the Companies Act, as follows.

Details of the retirement of treasury shares

- | | |
|---|--|
| 1. Type of shares to be retired | Common stock of the Company |
| 2. Total number of shares to be retired | 3,000,000 shares
(5.63% of the total number of issued shares before retirement) |
| 3. Scheduled date of the retirement | May 30, 2025 |
| 4. Total number of issued shares after retirement | 50,286,544 shares |