

Financial Results Briefing Material for the Fiscal Year Ended December 31, 2024

SAKATA INX CORPORATION

TSE Prime | Securities code: 4633

The performance forecasts and other forward-looking statements found in this document are based on information available at the time this document was prepared and on certain assumptions deemed reasonable by the Company. Actual performance and other outcomes may differ significantly for various reasons. Amounts shown are rounded down to the nearest whole unit.



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FY2024/12 Financial Results Overview

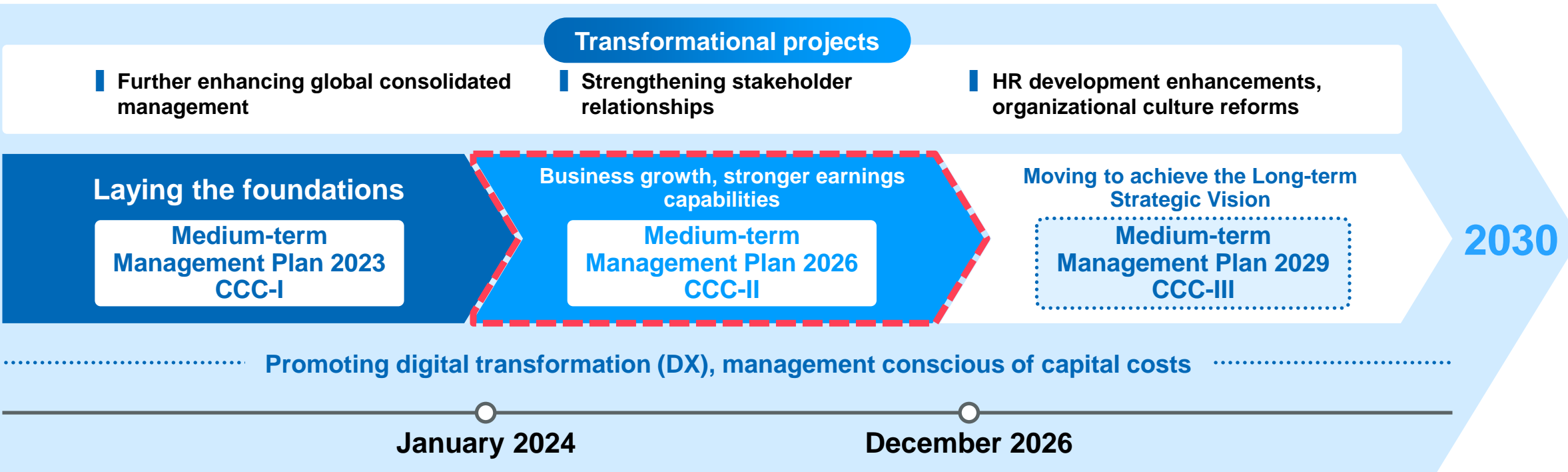
Yoshiaki Ueno, Representative Director, President & CEO

SAKATA INX VISION 2030

Create and Innovate, Care for the Earth, Color for Life

**Strategic courses of action for the
Long-term Strategic Vision**

- Growing the Printing inks / Digital and specialty product businesses
- Tackling new business areas
- Enhancing ESG and sustainability initiatives with an emphasis on the environment and local communities



FY2024 full-year results

- **Net sales** and **operating income hit record highs** as volume grew following the expansion of sales in the overseas segment which drove performance.
- Approximately JPY1.0 billion was posted in a lump sum as expenses for acquiring Coatings & Adhesives Corporation (C&A) and establishing SAKATA BRAND SOLUTIONS CO., LTD. in line with the growth strategy.

FY2025 full-year forecasts

- **Net sales** and **operating income** are both **expected to rise**.
- While expenses, centered on personnel expenses, will increase, the Group as a whole will push forward with the expansion of sales and raw material prices are projected to be stable overseas.

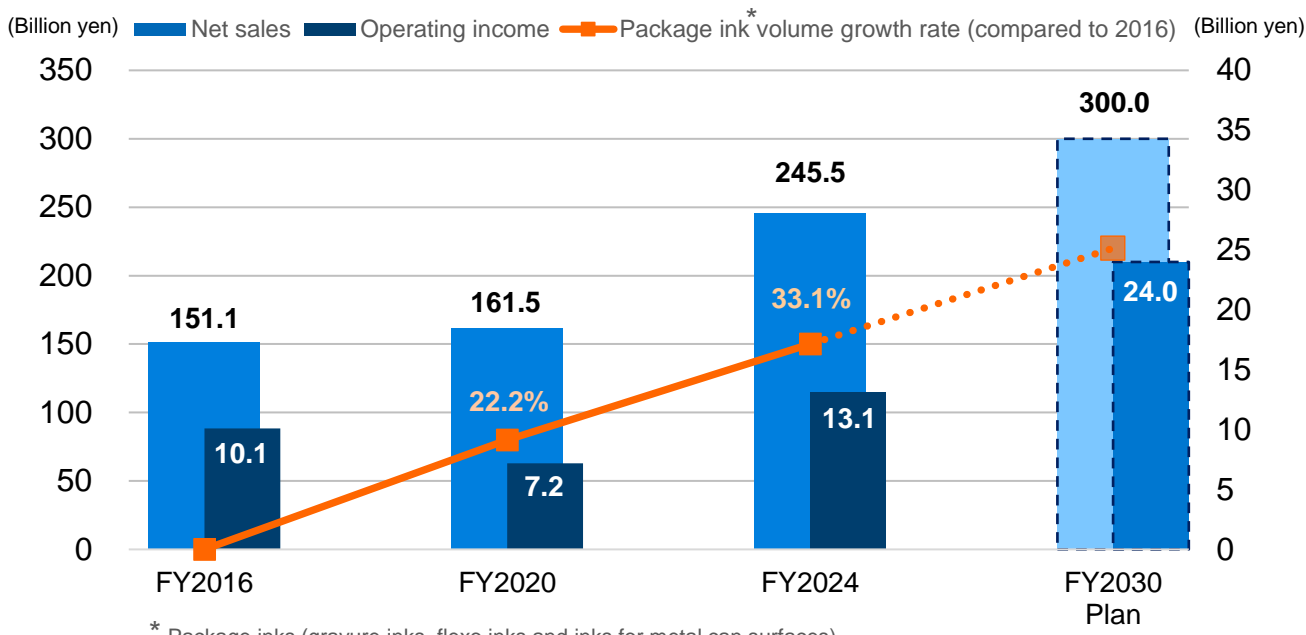
Shareholder returns

- Dividends in FY2024 were **increased to JPY70 per share** (double the dividends in FY2023), and JPY1.0 billion of treasury stock was purchased.
- In FY2025, we expect to pay dividends of **JPY90 per share**.
In view of cash flows, market expectations and other factors, we will aim to achieve the dividend and treasury stock purchase targets in the Medium-term Management Plan ahead of schedule.

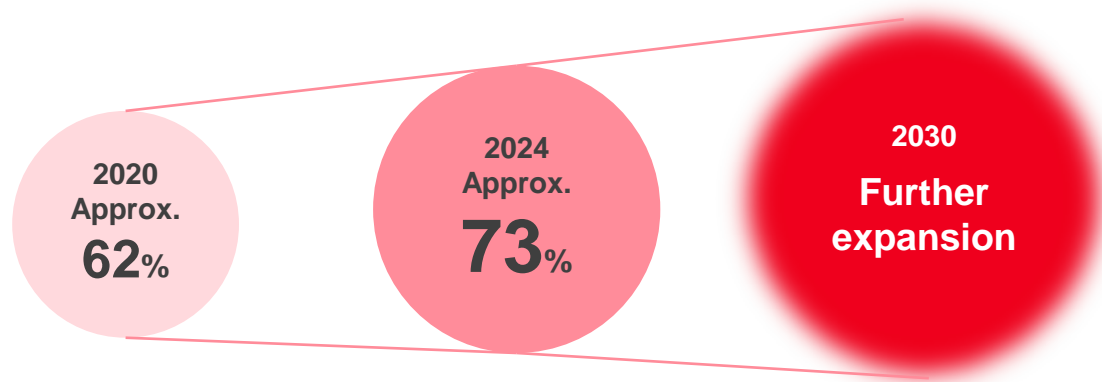
Topics

- In November 2024, we acquired C&A, a U.S.-based coating agent manufacturer.
- In May 2024, SAKATA BRAND SOLUTIONS CO., LTD. was established.

— FY2024/12 Financial Results Overview (for the growth of business and stronger earnings capabilities)



Overseas sales ratio



We stepped up global consolidated management in the package area centering on food, an area where demand is continuously increasing, in growing regions where the middle class is expanding amid the growth of the population and economic development.

Major Initiatives

- **Active investment in existing areas where business is growing**
 - Packaging inks and functional coatings
 - Industrial inkjet printer inks and next-generation display materials
- **Acceleration of global consolidated management**
 - Increase and expand sales of strategic products for global accounts
 - Regional collaboration to increase the efficiency of purchasing, production and logistics
- **Appropriate pricing strategy**
 - Flexible response to the fluctuation of the cost of raw materials and other expenses.
- **Investment in mergers and acquisitions, new businesses and research and development activities that will produce synergy with our businesses and technologies**
- **Creating new businesses**
 - Targeting of three areas: electronics and energy, bio-based petrochemical-free fuels and healthcare
- **Maximum use of human capital**
 - ➔ Human resources that achieve continuous growth and create medium- and long-term value

Control volatility and seek stable income

Explore new sources of revenue

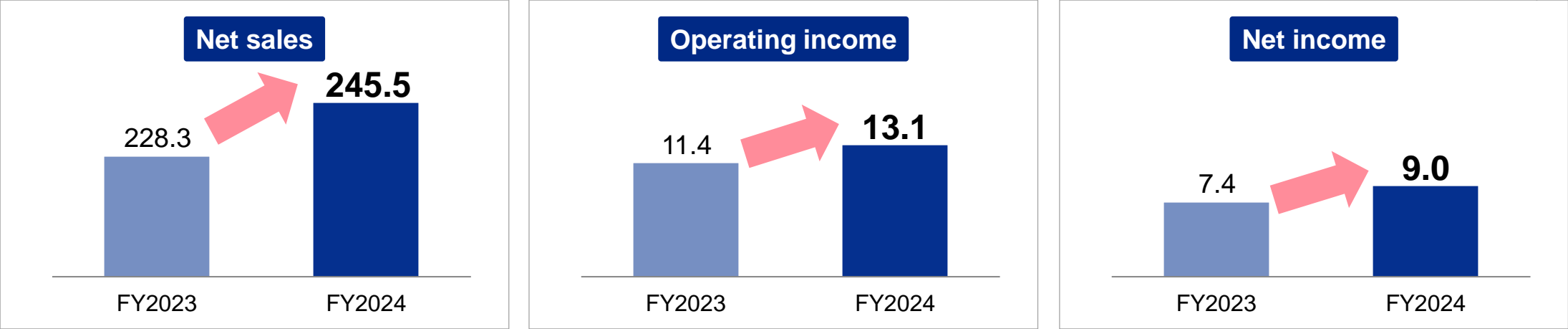
FY2024/12 Full-year Results

Toshihiko Fukunaga, Director and Senior Managing Executive Officer

FY2024/12 Full-year Results

Full-year Consolidated Financial Results

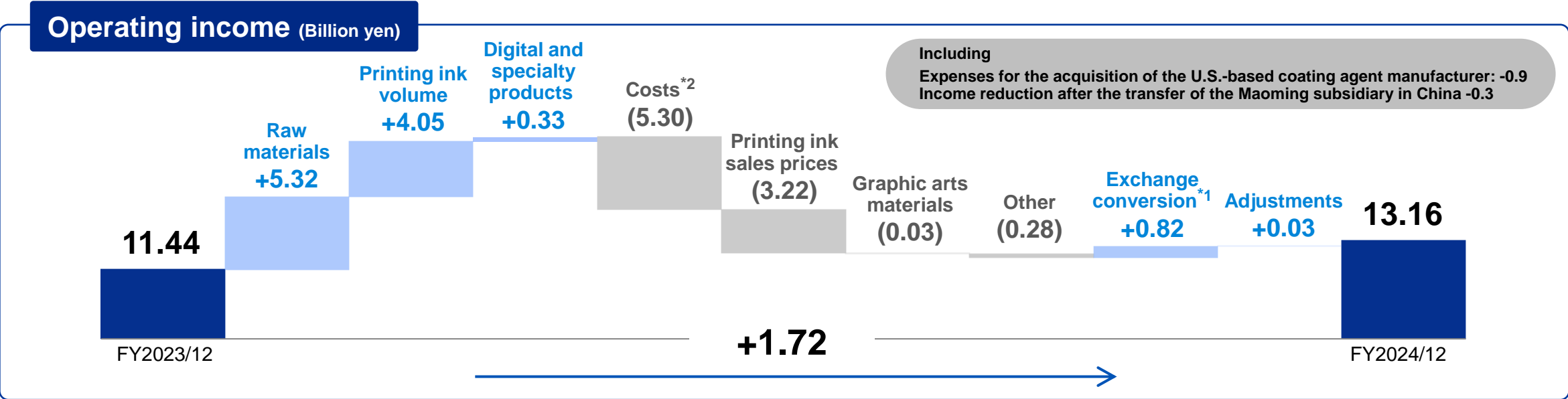
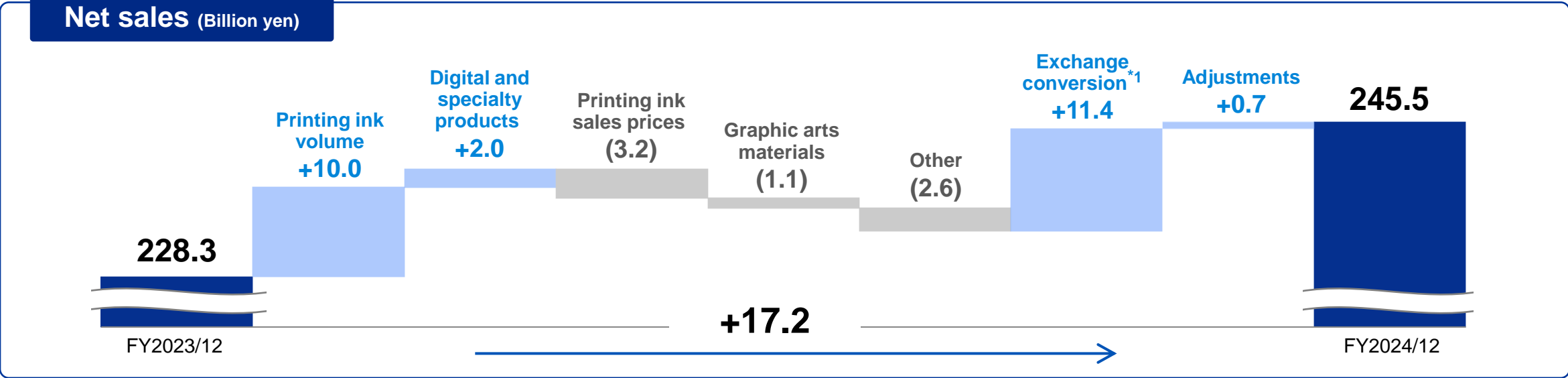
(Billion yen)



	FY2023/12	FY2024/12			
	Amount	Amount	Change	YoY (%)	Rate of change based on local currency (%)
(Billion yen)					
Net sales	228.3	245.5	17.2	7.5	2.6
Operating income	11.4	13.1	1.7	15.0	7.8
Ordinary income	13.6	12.8	(0.7)	(5.4)	(11.2)
Net income attributable to owners of parent	7.4	9.0	1.5	20.6	12.3
ROE (%)	8.1	8.5		—	—
Exchange rate (JPY against USD)	140.56	151.58	11.02	—	—

About the exchange rate:

- The exchange rate represents a simple average of the average rates during individual quarters.
- Exchange rate sensitivity: A depreciation of JPY1 against the USD increases net sales by around JPY1.2 billion and operating income by JPY0.08 billion in one year.
- The impact of exchange rates occur mostly from the conversion of currency into the Japanese yen at the time of the closing of the books of individual overseas subsidiaries.



*1 Impact of exchange rates at the time of the closing of the books of overseas subsidiaries *2 Manufacturing costs, SGA, etc.

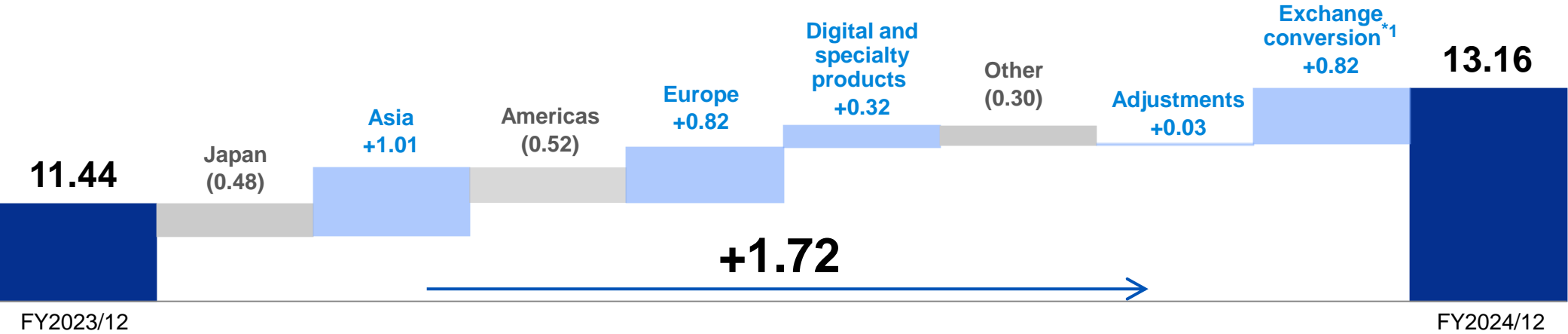
Results by Segment (net sales and operating income)

		Net sales				Operating income			
		FY2023/12	FY2024/12	Change (%)	Rate of change based on local currency (%)	FY2023/12	FY2024/12	Change (%)	Rate of change based on local currency (%)
(Billion yen)									
	Printing Inks and Graphic Arts Materials (Japan)	52.9	52.8	(0.3)	(0.3)	1.4	0.9	(34.1)	(34.1)
	Printing Inks (Asia)	52.4	58.2	11.2	4.3	4.3	5.7	32.2	23.4
	Printing Inks (Americas)	78.8	87.8	11.4	4.5	4.6	4.4	(4.3)	(11.1)
	Printing Inks (Europe)	19.5	21.4	9.7	0.7	(0.7)	0.0	—	—
	Digital and Specialty Products	16.8	19.4	15.3	11.8	1.8	2.2	21.6	17.2
	Reporting segments total	220.6	239.8	8.7	3.5	11.5	13.5	17.2	10.1
	Other	15.3	12.7	(16.8)	(16.8)	0.4	0.1	(63.6)	(63.6)
	Adjustments	(7.5)	(6.9)	—	—	(0.5)	(0.5)	—	—
	Total	228.3	245.5	7.5	2.6	11.4	13.1	15.0	7.8

Key points

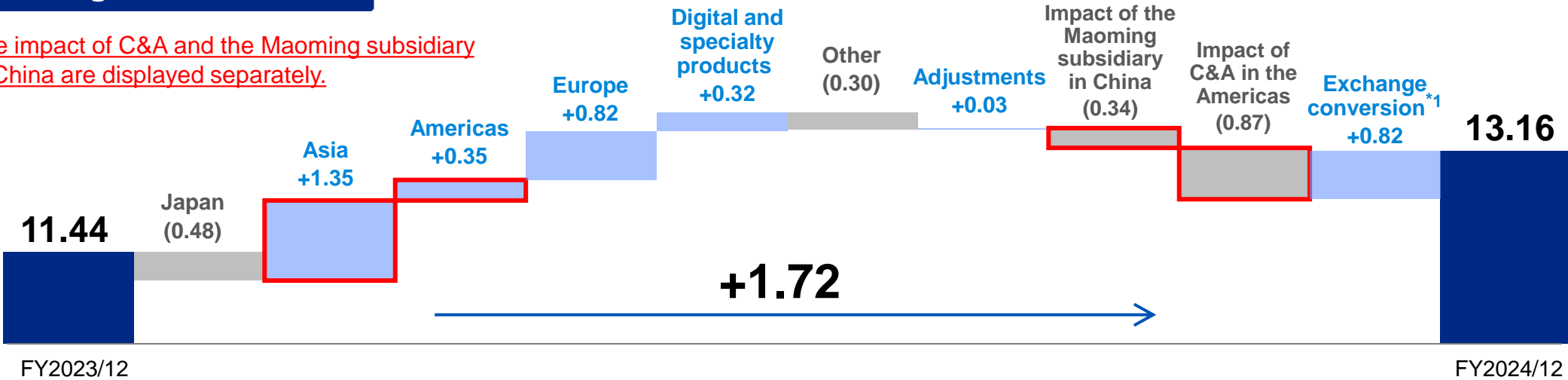
- Sales of packaging inks increased. They have been mainstay products in Asia and the Americas, which are regions driving growth.
- Expenses rose in Japan following the increase in wages and the full operation of the ERP system.
- In the Americas, approx. JPY0.9 billion was posted in a lump sum in the second half as expenses related to an acquisition in the United States.
- In Europe, operating income turned positive after efforts to expand sales increased the volume of sales.
- In Digital and Specialty Products, sales of inkjet inks climbed in new fields in apparel, food and home furnishings, and sales of pigment dispersions were brisk.

Operating income (Billion yen)



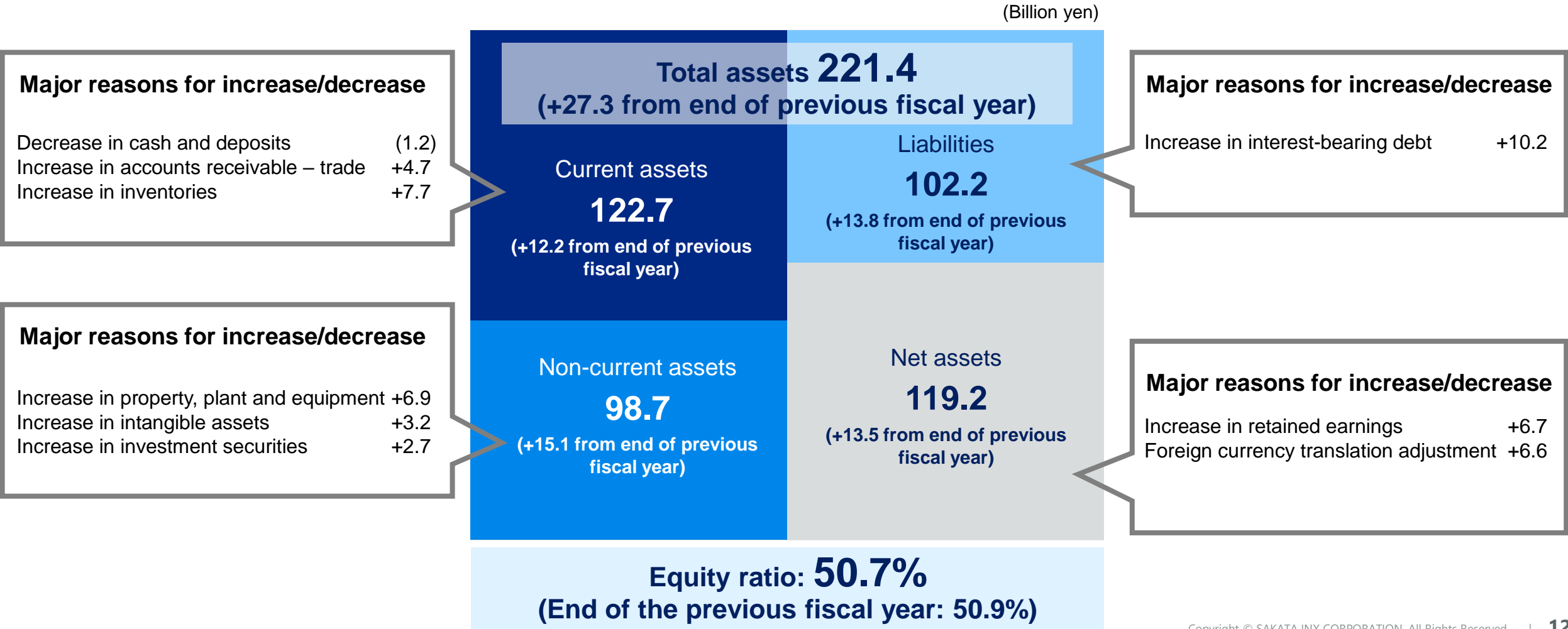
Operating income (Billion yen)

The impact of C&A and the Maoming subsidiary in China are displayed separately.



^{*1} Impact of exchange rates at the time of the closing of the books of overseas subsidiaries

- The increase in sales led to increases in accounts receivable - trade and in inventories.
- Different kinds of assets including property, plant and equipment and intangible assets increased after the acquisition in the United States.
- The increase reflects the effect of the exchange rates.



Cash flows from operating activities dropped year on year mainly due to an increase in working capital.

Cash flows from investing activities fell, due mainly to the securing of property, plant and equipment via acquisition and facility extension and spending related to a business takeover.

Cash flows from financing activities rose mainly due to an increase in borrowings despite the receipt of dividends, purchase of treasury shares and other factors.

Item	Fiscal Year	FY2023/12	FY2024/12	Change
Cash flows from operating activities		15.3	8.9	(6.4)
Cash flows from investing activities		(7.5)	(14.8)	(7.2)
Free cash flows		7.7	(5.9)	(13.7)
Cash flows from financing activities		(4.2)	4.2	8.5
Cash and cash equivalents at end of period		16.2	14.5	(1.6)

Rough breakdowns of cash flows in FY2024

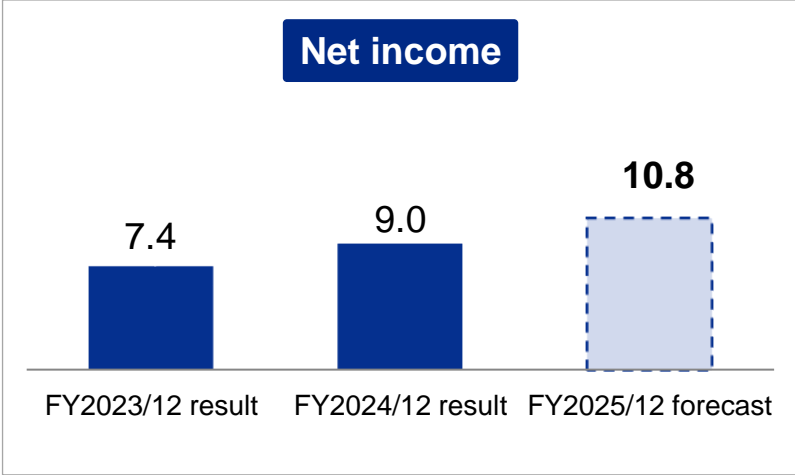
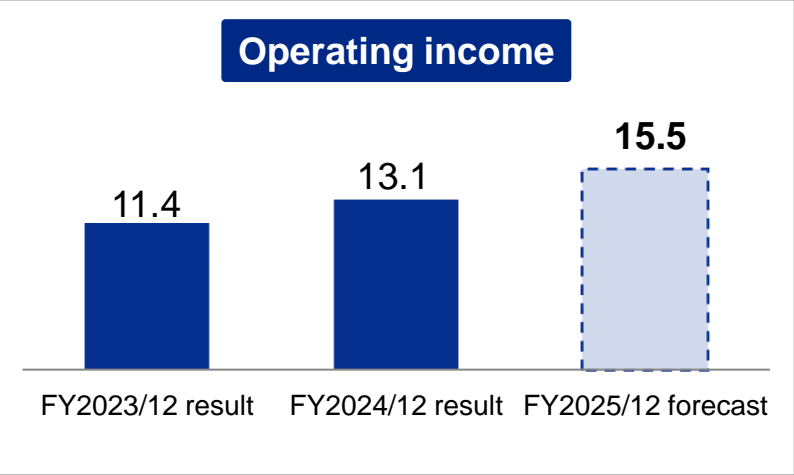
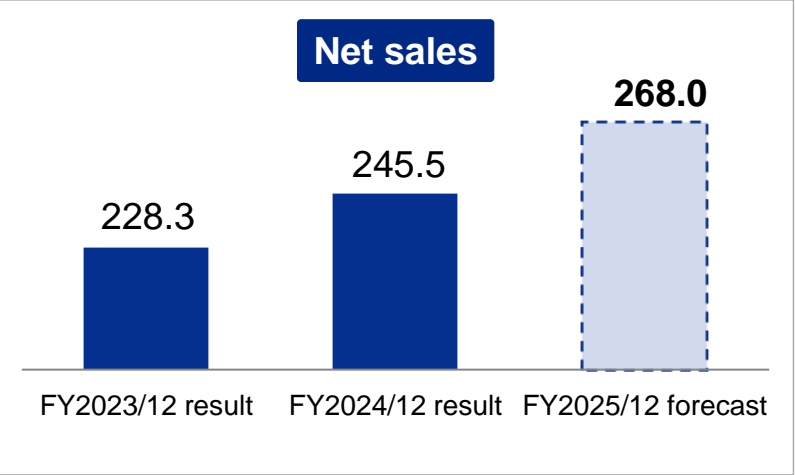
Cash flows from operating activities:	+8.9
Income before income taxes:	+13.2
Depreciation and amortization of goodwill:	+5.6
Gain on sale of investments in capital of subsidiaries and associates:	(0.6)
Decrease (increase) in trade receivables:	(2.5)
Decrease (increase) in inventories:	(2.6)
Increase (decrease) in trade payables:	(1.8)
Cash flows from investing activities:	(14.8)
Purchase of property, plant and equipment and intangible assets:	(7.4)
Payments for acquisition of businesses:	(8.2)
Cash flows from financing activities:	+4.2
Proceeds from long-term loans payable:	+11.3
Repayments of long-term loans payable:	(3.6)
Dividend payments:	(2.2)
Total change in cash and deposits:	14.5

FY2025/12 Full-year Forecasts

FY2025/12 Full-year Forecasts

Full-year Consolidated Forecasts

(Billion yen)

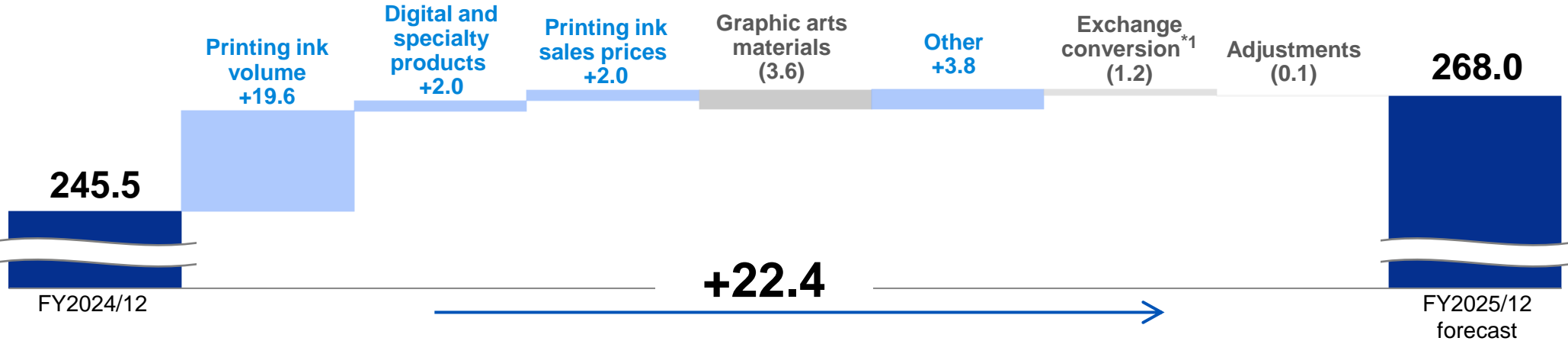


(Billion yen)	2021	2022	2023	2024	FY2025/12 full-year forecasts			2026 Medium-term Management Plan targets
	Amount	Amount	Amount	Amount	Amount	YoY (amount, % change)		Amount
Net sales	181.4	215.5	228.3	245.5	268.0	22.4	9.1%	270.0
Operating income	7.4	4.1	11.4	13.1	15.5	2.3	17.8%	18.0
Ordinary income	8.5	4.9	13.6	12.8	16.0	3.1	24.1%	19.0
Net income attributable to owners of parent	4.9	4.5	7.4	9.0	10.8	1.7	19.9%	12.7
ROE (%)	6.1	5.3	8.1	8.5	—	—	—	10% or more
Exchange rate (JPY against USD)	109.80	131.43	140.56	151.58	150.00	(1.58)		—

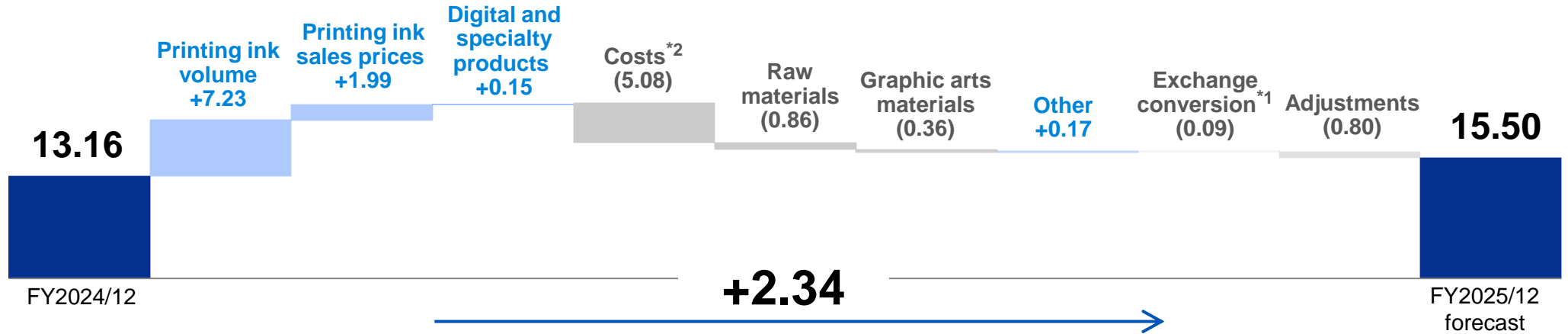
About the exchange rate:

- The exchange rate represents a simple average of the average rates during individual quarters.
- Exchange rate sensitivity: A depreciation of JPY1 against the USD increases net sales by around JPY1.3 billion and operating income by JPY0.1 billion in one year.
- The impact of exchange rates occur mostly from the conversion of currency into the Japanese yen at the time of the closing of the books of individual overseas subsidiaries.

Operating income (Billion yen)



Operating income (Billion yen)



^{*1} Impact of exchange rates at the time of the closing of the books of overseas subsidiaries

^{*2} Manufacturing costs, SGA, etc.

(Billion yen)		Net sales				Operating income			
		FY2023/12	FY2024/12	FY2025/12 (forecasts)	YoY Change (%)	FY2023/12	FY2024/12	FY2025/12 (forecasts)	YoY Change (%)
	Printing Inks and Graphic Arts Materials (Japan)	52.9	52.8	51.6	(2.1)	1.4	0.9	1.5	67.7
	Printing Inks (Asia)	52.4	58.2	61.5	5.7	4.3	5.7	6.3	11.0
	Printing Inks (Americas)	78.8	87.8	101.4	15.5	4.6	4.4	5.7	29.5
	Printing Inks (Europe)	19.5	21.4	22.4	4.8	(0.7)	0.0	0.3	380.3
	Digital and Specialty Products	16.8	19.4	21.3	10.0	1.8	2.2	2.4	6.3
	Reporting segments total	220.6	239.8	258.5	7.8	11.5	13.5	16.4	22.0
	Other	15.3	12.7	16.5	30.1	0.4	0.1	0.3	99.4
	Adjustments	(7.5)	(6.9)	(7.1)	—	(0.5)	(0.5)	(1.3)	—
	Total	228.3	245.5	268.0	9.1	11.4	13.1	15.5	17.8

Key points

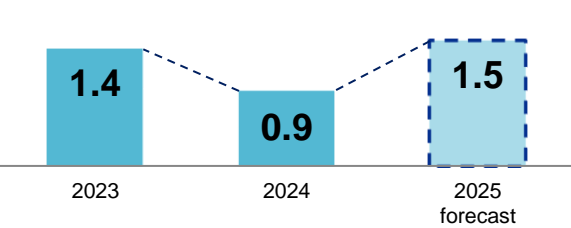
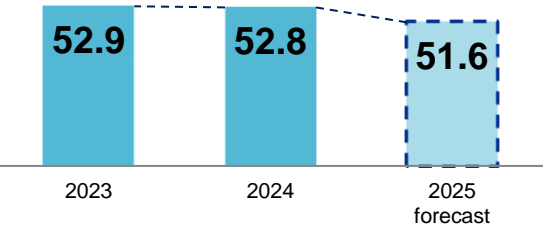
- The expansion of sales in Asia and the Americas, which are growth-driving regions, will increase the volume of sales.
- In the Americas, sales of package inks will grow and C&A's sales and income will be added.
- In Digital and Specialty Products, sales of inkjet inks and pigment dispersions for color filters will be strong.
- Overseas, raw material prices will stay at the same level as in the previous year. At the same time, they will stay high in Japan.
- Personnel expenses will rise in individual segments due to increased wages.

Summary and Strategy by Segment

Net sales and operating income (Billion yen)

Net sales

Operating income



Net sales	Q1	Q2	Q3	Q4
2024	12.2	13.2	13.4	13.9
2023	12.9	13.1	12.8	14.0

Operating income	Q1	Q2	Q3	Q4
2024	0.3	0.1	0.1	0.2
2023	0.2	0.2	0.4	0.4

FY2024 factors in change

Operating income (JPY0.5 billion)

- +
- Rallying demand for packaging inks
 - Effect of selling price revisions
 - Effects of business structural reforms

-
- Raw material prices continued to be high and logistics expenses increased
 - Costs increased due to increased wages and the introduction of an ERP system

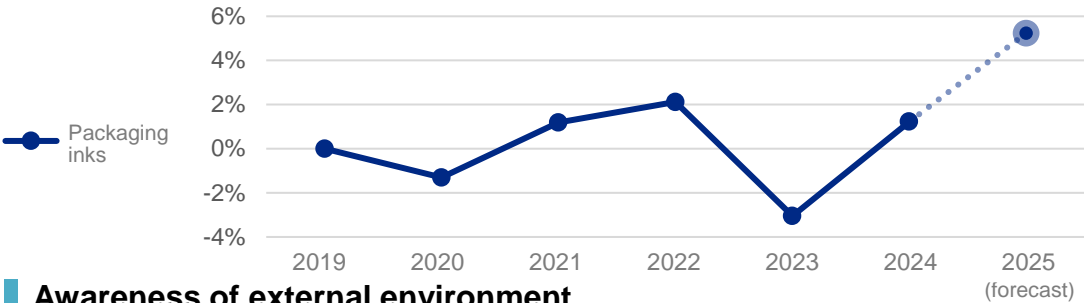
FY2025 factors in change forecast

Operating income +JPY0.6 billion

- +
- Expansion of sales and rallying demand for packaging inks
 - Effect of selling price revisions
 - Effects of business structural reforms

-
- Prices of raw materials staying high
 - Increases in wages and other costs

Volume growth rate (from the 2019 level)



Awareness of external environment

- Packaging inks:** Sales of packages for food will remain strong, but the turnaround in consumer spending will be moderate.
- Inks for information media:** The number of newspapers, catalogs and flyers printed will continue to decrease.
- Raw materials:** Sales of titanium oxide and resin materials will stay high.

Key initiatives

- Expand sales of environmentally-friendly ink and coating agent products
- Implementation of business structural reforms
 - ➔ **Production/sales:** Concentration of production in a limited number of bases, integration and closure of sales bases, strategic integration and discontinuation of models of ink for information media, etc.
 - ➔ **Other:** Alliances with competitors, etc.

Topics

Implementation of business structural reforms (operations)

A new enterprise resource planning (ERP) system came into operation in March 2024.

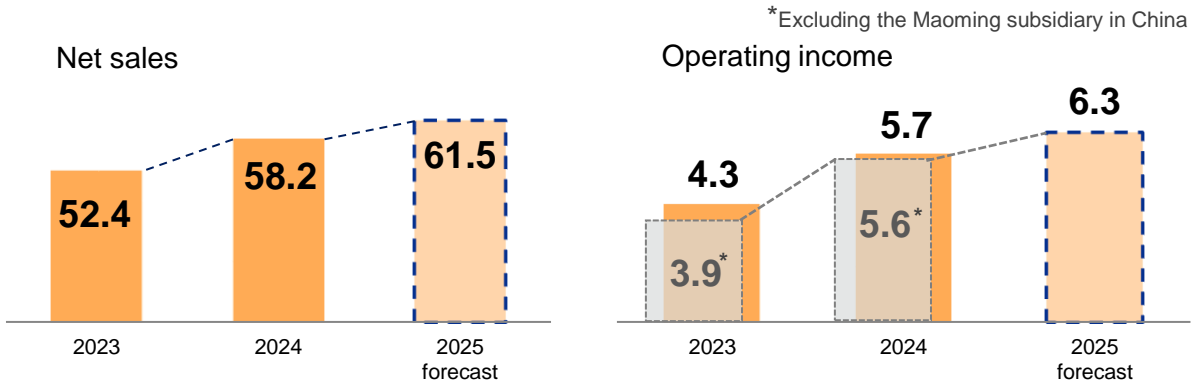
- ➔ Transition from the existing ERP system
Initiatives were taken to construct a single global system.

Business process reengineering (BPR) was implemented (a promotion office was established) in November 2024.

- ➔ Operations of administrative and back office functions were streamlined.



Net sales and operating income (Billion yen)



Net sales	Q1	Q2	Q3	Q4
2024	14.8	14.2	14.5	14.6
2023	11.7	12.3	13.9	14.4

Operating income	Q1	Q2	Q3	Q4
2024	1.5	1.3	1.4	1.4
2023	0.7	0.8	1.3	1.4

FY2024 factors in change

Operating income +JPY1.4 billion

- ⊕ Increase in sales and growth in demand mainly for packaging inks in individual countries
- Raw material prices remain stably low

- ⊖ Increase in personnel expenses due to an increase in wages amid economic growth
- Revision of unit prices for sales to customers

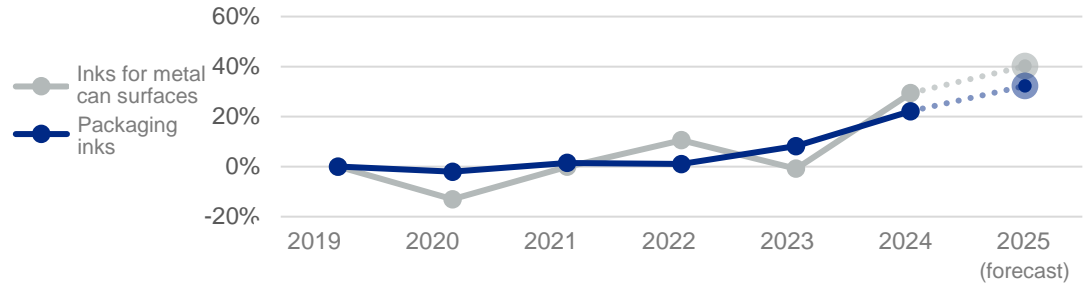
FY2025 factors in change forecast

Operating income +JPY0.6 billion

- ⊕ Increase in sales and growth in demand mainly for packaging inks in individual countries
- Raw material prices continue to remain low

- ⊖ Increase in personnel expenses due to an increase in wages amid economic growth

Volume growth rate (from the 2019 level)



Awareness of external environment

- Rising demand for packages amid the growth of the population, rapid growth of the economy and expansion of the middle class
- Intensification of the competitive environment because the region is growing
- Prices of raw materials have remained stably low since the second half of the previous year
- Personnel expenses are trending upward due to the increased demand for labor due to the economic growth

Key initiatives

- Increase the number of strategic products for global accounts and expand sales of these products
- Have the Asia regional management company formulate, implement and manage strategies in the Asian region
- Optimize production bases according to the market and product group

Topics

Reinforcement of production facilities for packaging inks in Vietnam

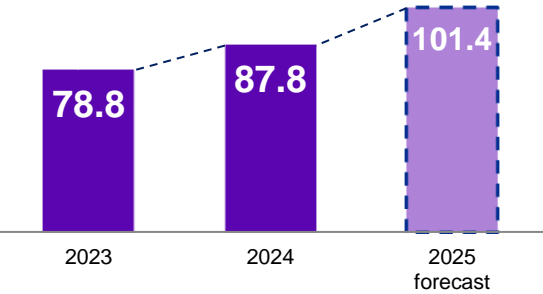
A new gravure ink manufacturing building in the Hanoi-Bac Ninh Plant in northern Vietnam began operating in 2024. This opened the way to an increase in production capacity, lower transport costs than for products from the southern base in Ho Chi Minh and the timely supply of products to customers in the northern part of the country. We will capitalize on these advantages to achieve yet higher sales.



Opening ceremony

Net sales and operating income (Billion yen)

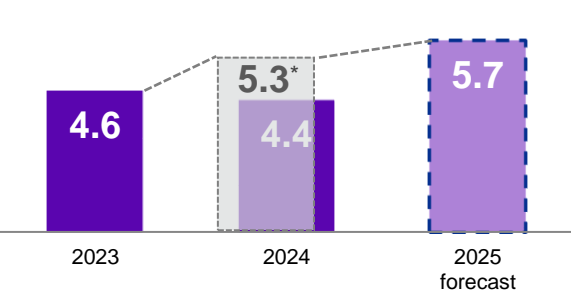
Net sales



Net sales	Q1	Q2	Q3	Q4
2024	20.3	22.4	21.9	23.0
2023	18.7	19.6	20.5	20.0

*Excluding expenses for the acquisition of C&A

Operating income



Operating income	Q1	Q2	Q3	Q4
2024	1.3	1.3	1.5	0.1
2023	1.1	1.3	1.3	0.8

FY2024 factors in change

Operating income (JPY0.2 billion)

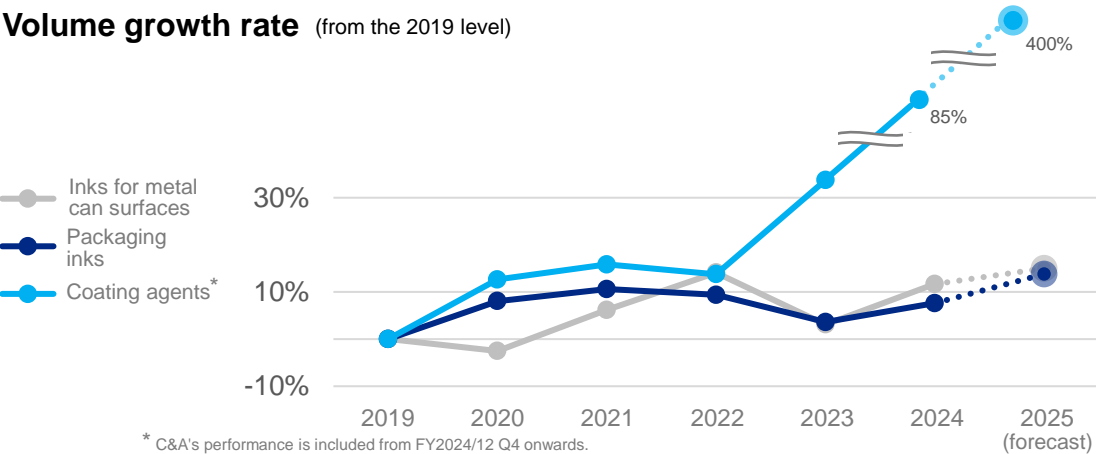
- +** Increase in sales and growth in demand mainly for packaging inks in individual countries
- Turnaround in demand for inks for metal can surfaces
- Increase in personnel expenses due to an increase in wages because of inflation
- Revision of unit prices for sales to customers
- Temporary expenses related to the M&A transaction (in the current fiscal year only)

FY2025 factors in change forecast

Operating income +JPY1.3 billion

- +** Increase in sales and growth in demand mainly for packaging inks in individual countries
- Raw material prices continue to remain low
- Increase in personnel expenses due to an increase in wages because of inflation
- Burden of the depreciation of the new plant in Brazil

Volume growth rate (from the 2019 level)



Awareness of external environment

- Demand for package inks and inks for metal can surfaces is buoyant
- Prices of raw materials have remained stably low since the second half of the previous year
- Personnel expenses continue to trend upward.

Key initiatives

- Expand sales of environmentally-friendly products for packages
- Regarding inks for metal can surfaces, maintain the market share in North America and increase sales in South America
- Make sure that the acquired coating agent business positively contributes to the financial results throughout the year
- Step up efforts to expand sales in Brazil and neighboring countries after the completion of a new plant in Brazil

Topics

Acquisition of a large coating agent manufacturer in North America

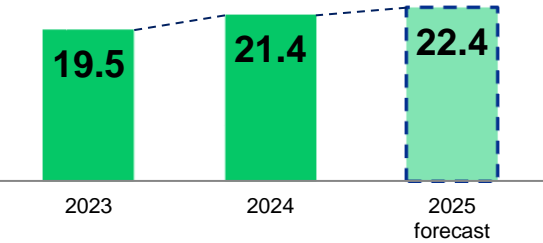
In November 2024, we acquired Coatings & Adhesives Corporation (C&A). It possesses specialist knowledge in coating solutions that it has cultivated over more than 35 years. It boasts an excellent track record and superior services and quality. Through this alliance, we will improve the appeal of products, streamline production and share sales expertise to create new possibilities and continuously expand our business in the package market.



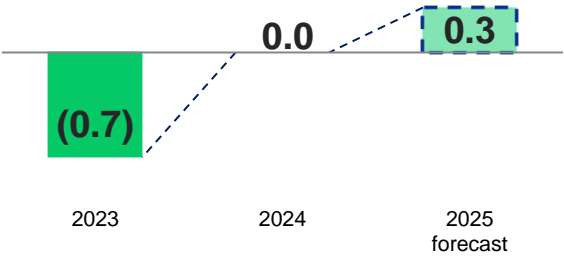
C&A

Net sales and operating income (Billion yen)

Net sales



Operating income



Net sales	Q1	Q2	Q3	Q4
2024	5.5	5.6	5.3	4.9
2023	4.6	4.8	5.1	4.8

Operating income	Q1	Q2	Q3	Q4
2024	0.2	0.0	0.0	(0.1)
2023	(0.1)	(0.2)	(0.1)	(0.2)

FY2024 factors in change

Operating income +JPY0.7 billion

- +
- Increase in sales and growth in demand mainly for packaging inks in individual countries
 - Raw material prices remain stably low

-
- Increase in personnel expenses due to an increase in the number of employees
 - Revision of unit prices for sales to customers

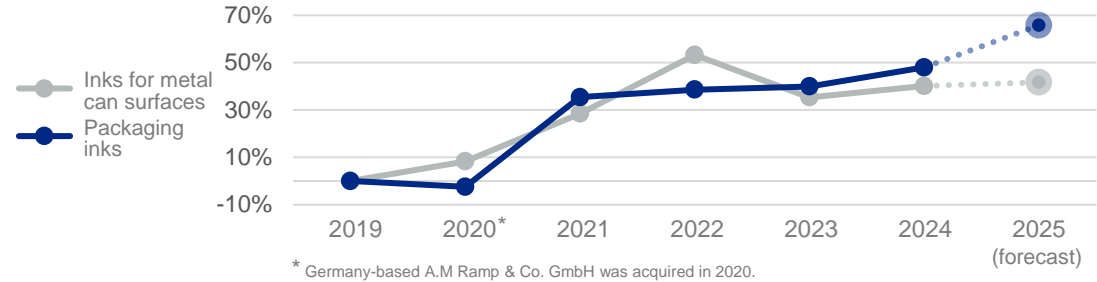
FY2025 factors in change forecast

Operating income +JPY0.3 billion

- +
- Increase in sales and growth in demand mainly for packaging inks in individual countries
 - Raw material prices remain stably low

-
- Increase in expenses due mainly to an increase in wages

Volume growth rate (from the 2019 level)

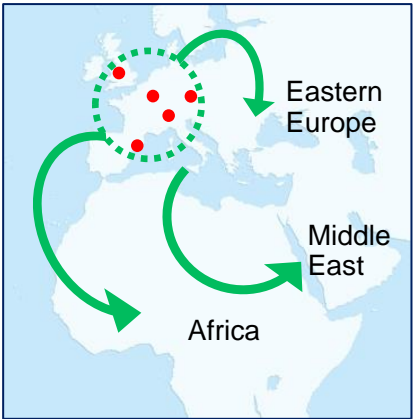


Awareness of external environment

- Europe as a whole: Sluggish demand due to a weak economy and concerns about the increase of utility and raw material expenses due to geopolitical risks
- Middle East and Africa: Expansion of the package ink and inks for metal can surfaces markets following economic growth

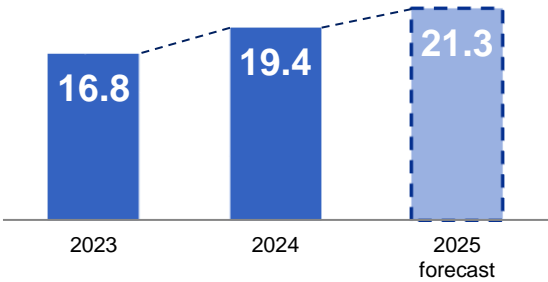
Key initiatives

- Packaging inks: Expand sales of environmentally-friendly models and expand sales of products for the Middle East and Africa
- Promote sales of sustainability-related products
- Review production items at individual bases in accordance with the sales strategy
- Collect information on environmental regulations, develop products that conform to environmental regulations and share them with other bases



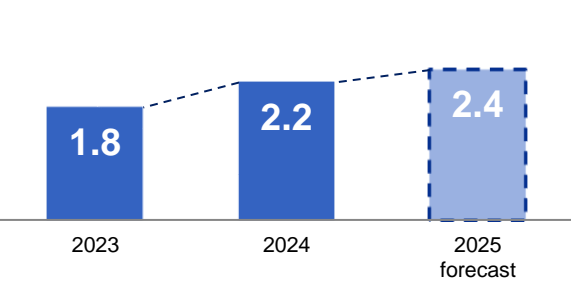
Net sales and operating income (Billion yen)

Net sales



Net sales	Q1	Q2	Q3	Q4
2024	4.4	5.1	4.9	4.8
2023	4.1	4.0	4.1	4.4

Operating income



Operating income	Q1	Q2	Q3	Q4
2024	0.6	0.5	0.5	0.5
2023	0.5	0.4	0.4	0.4

FY2024 factors in change

Operating income +JPY0.4 billion

- +
- Brisk sales of inkjet printer inks mainly outside Japan
 - Brisk sales of pigment dispersions for color filters
 - Developing new customers

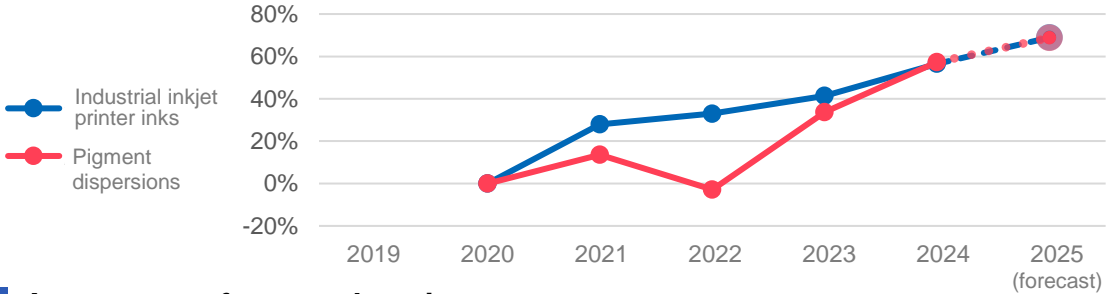
FY2025 factors in change forecast

Operating income +JPY0.2 billion

- +
- Expansion of sales in the fields of apparel, food and home furnishings
 - Expansion of sales of pigment dispersions for color filters

-
- Increase in utility and personnel expenses due to inflation
 - Change of the product portfolio

Volume growth rate (from the 2020 level)



Awareness of external environment

- Inkjet printing, which does not require printing plates or wastewater treatment after cleaning, is increasingly used in Europe and the United States from the perspectives of focusing on production efficiency and protecting the environment.
- To protect the environment, the apparel sector is moving forward with the transition from mass-production screen printing to inkjet printing suited for the production of a wide variety of products in small lots.
- In the panel display market, demand is expected to be firm while price fluctuations are anticipated.

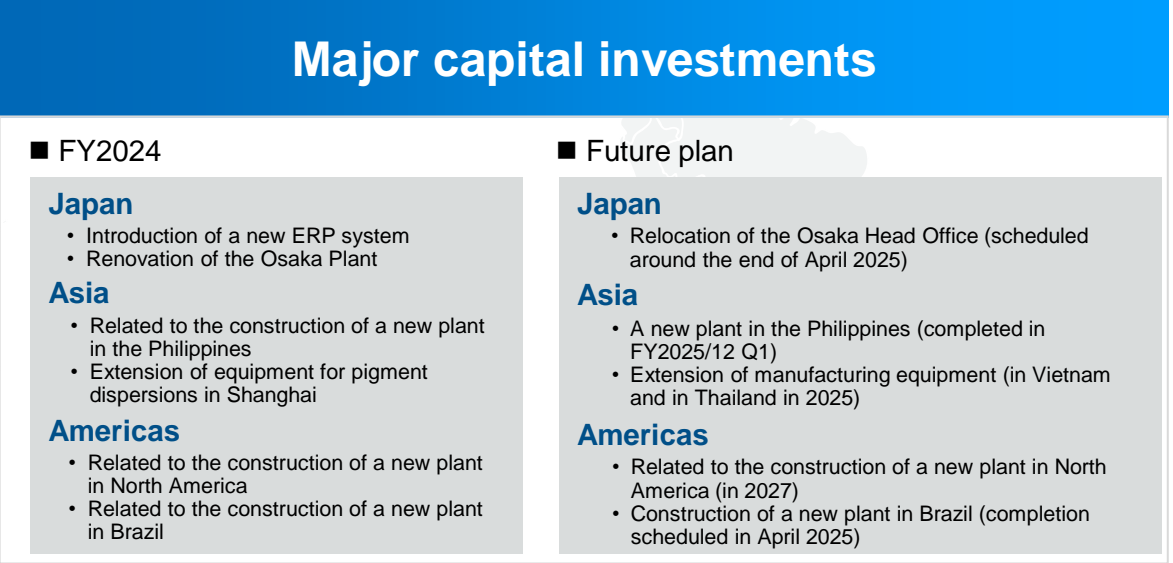
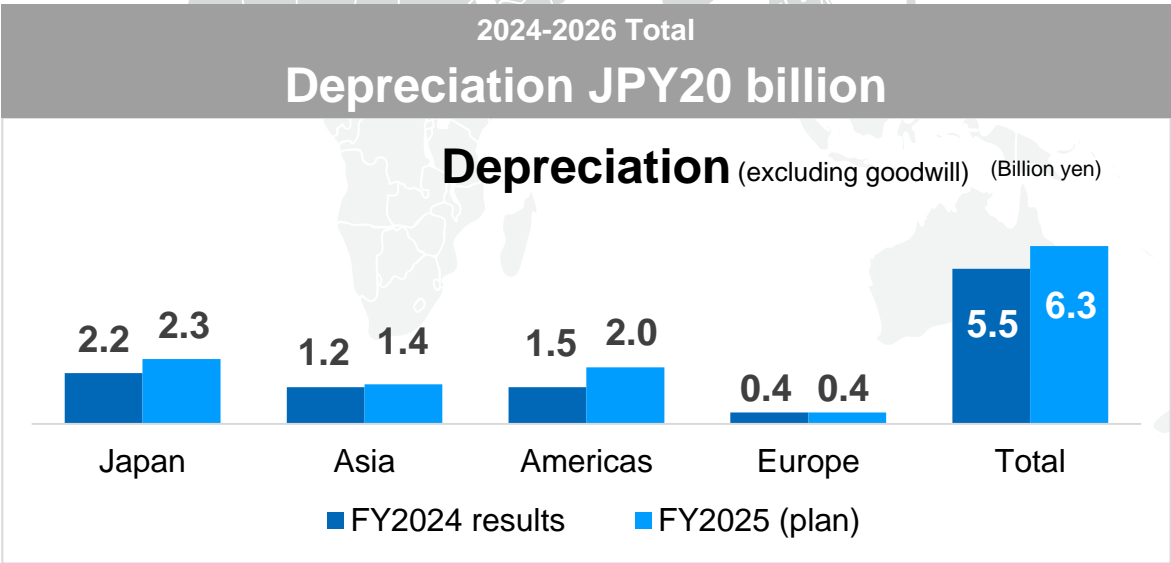
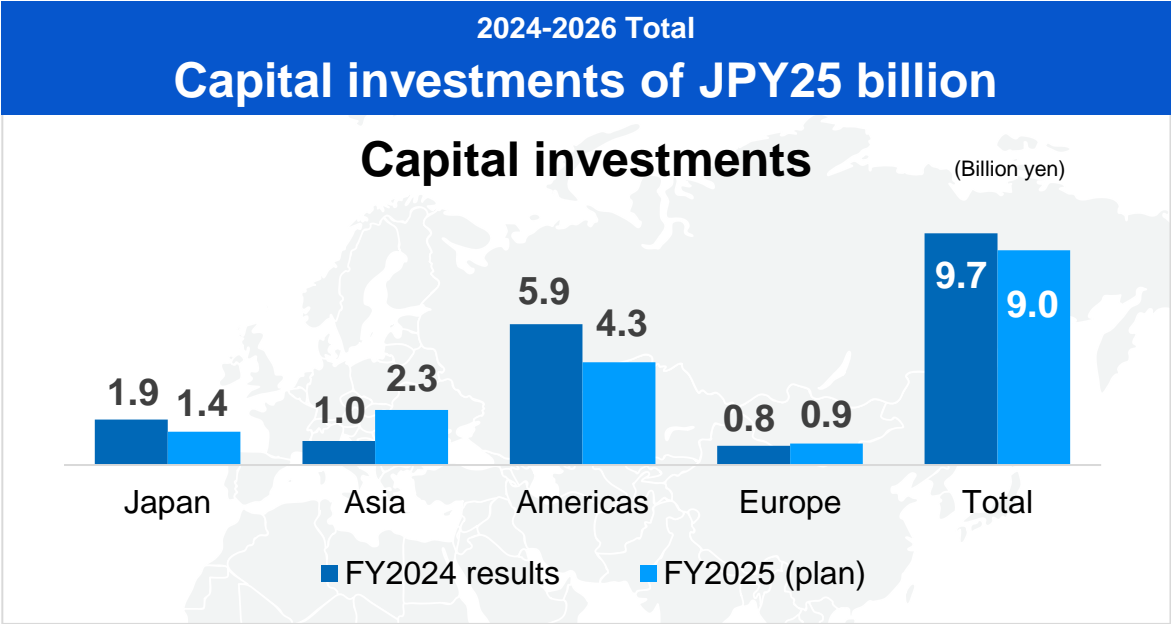
Key initiatives

- Aim for the continued expansion of sales of inkjet printer inks in the areas of apparel, food and home furnishings
- Expand sales of image display materials, including high quality pigment dispersions for color filters.

Expansion of the inkjet market

- Technological advances
 - ➔ High speed printing, high precision printing and printing on curved surfaces and three-dimensional objects
- Reduction of cost and environmental impact
 - ➔ Printing plates are not necessary, energy efficiency, reduction of waste fluid and wastewater
- Many different applications
- Suitable for a wide variety of printing in small lots

Apparel	<ul style="list-style-type: none">• Shirts and other apparel items• Curtains and other textile items, etc.
Food	<ul style="list-style-type: none">• Labels and stickers• Films, other packaging materials, etc.
Home furnishings	<ul style="list-style-type: none">• Building materials such as lumber, wallpaper, steel sheets and films



Capital Policy and Shareholder Return

Yoshiaki Ueno, Representative Director, President & CEO

Capital Policy (Towards the implementation of management that is conscious of the cost of capital and the stock price – updated on February 14, 2025)

Strategy for the improvement of business profitability and growth

We stepped up global consolidated management in the package area centering on food, an area where demand is continuously increasing, in growing regions where the middle class is expanding amid the growth of the population and economic development.

- Increase and expand sales of strategic products for global accounts
- Broadening of the product line to enhance sustainability and functionality
- Regional collaboration to increase the efficiency of purchasing, production and logistics

Creating new businesses

- Targeting three areas: electronics and energy, bio-based petrochemical-free materials and healthcare

Appropriate pricing strategy

- Flexible response to the fluctuation of the cost of raw materials and other expenses.

Maximum use of human capital

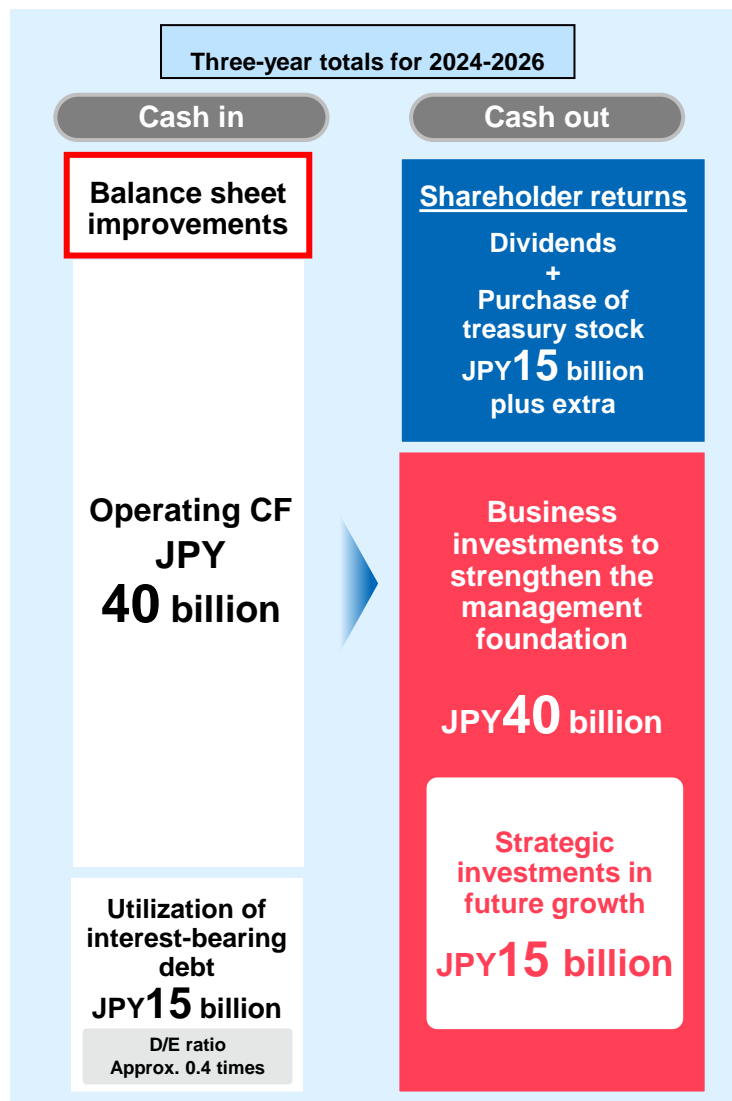
- Develop human resources that achieve continuous growth and create medium- and long-term value and actively reassign them to businesses where fast growth and high revenue are expected

Optimal capital structure

Continuous reduction of cross-shareholdings

Contraction of owned assets

- Concentration of production in limited bases and the integration and closure of sales and logistics bases in the information media business
- ➡ Concentration of production in the Shiga Plant, disposal of equipment at the Hanyu Plant, etc.



Shareholder returns

Shareholder return policy

Proactive and stable return of dividends and agile purchase of treasury stock

Target

Either a total payout ratio of 50% or more or a DOE of 2.5%, whichever is higher, by FY2026

- Increase of dividends in three consecutive years (JPY35 in 2023 ➡ JPY70 in 2024 ➡ JPY90 forecast in 2025)

Business investment

Capital investment

Positive investment in existing areas where business is growing

- Packaging inks and functional coating agents
- Industrial inkjet inks and next-generation display materials

Strategic investment

Investment in mergers and acquisitions, new businesses and research and development activities that will produce synergy with our businesses and technologies

- New business: Establishment of SAKATA Brand Solutions Co., Ltd. (in May 2024)
- M&A activity: Acquisition of C&A, a U.S.-based coating agent manufacturer (in November 2024)

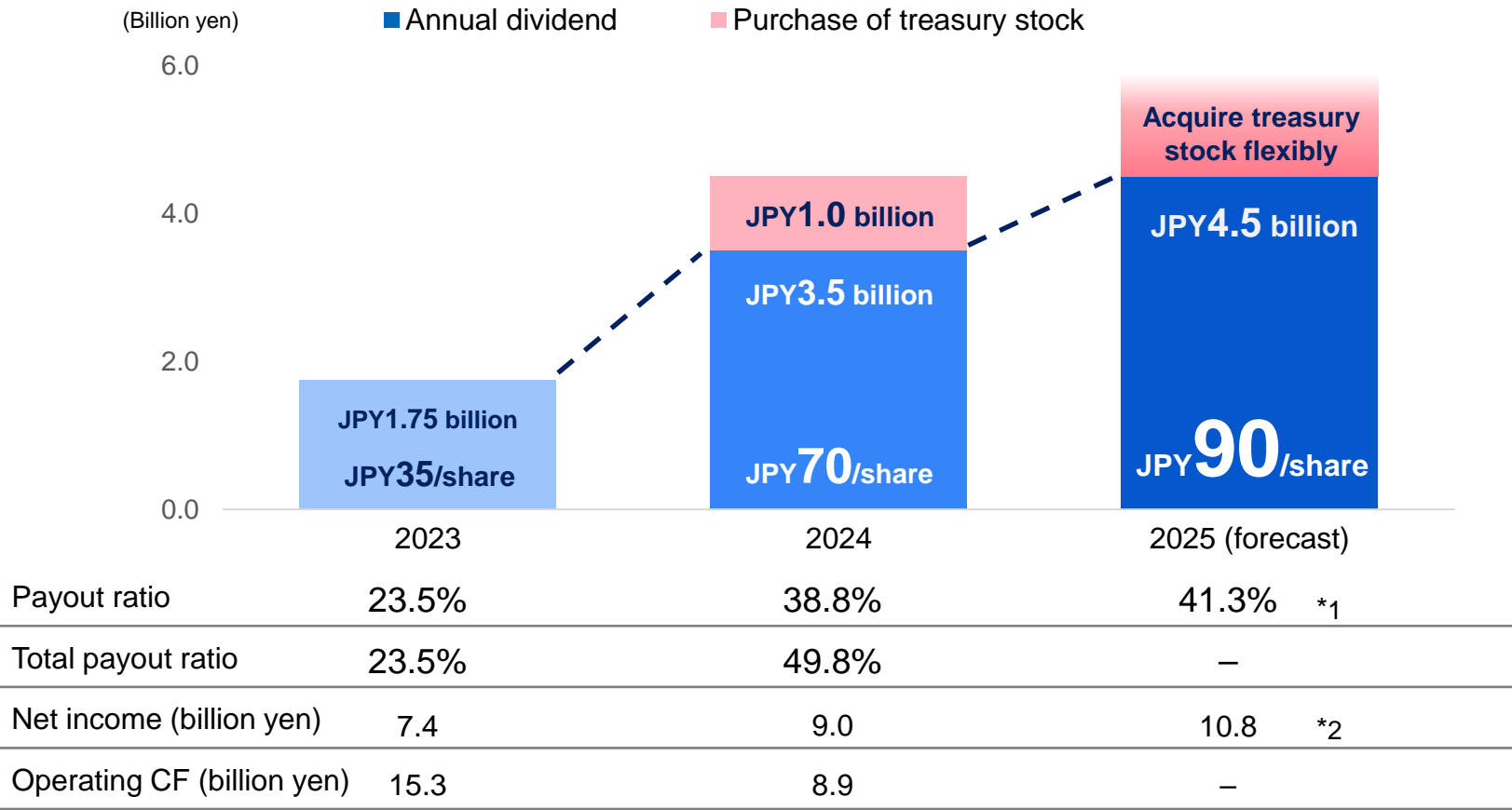
Shareholder Return — For the early achievement of the shareholder return target —

Shareholder return policy

Proactive and stable return of dividends and agile purchase of treasury stock

Target

Aim to achieve either a total payout ratio of 50% or more or a dividend on equity (DOE) of 2.5%, whichever is higher



Treasury stock

Flexibly acquire treasury stock

Annual dividend

FY2024	FY2025 Plan
JPY 70 /share	JPY 90 /share
Compared to the FY2023 level 2 times	Compared to the FY2023 level Approx. 2.5 times

*1 Estimate based on the outlook for FY2025 *2 Forecast for FY2025

SAKATA INX...

Visual Communication Technology



Contact

Corporate Communications Department, SAKATA INX CORPORATION



Email: inx-prir@inx.co.jp

Appendix

SAKATA INX...

Visual Communication Technology

Towards the Implementation of Management That Is Conscious of the Cost of Capital and the Stock Price

(Updated February 2025)

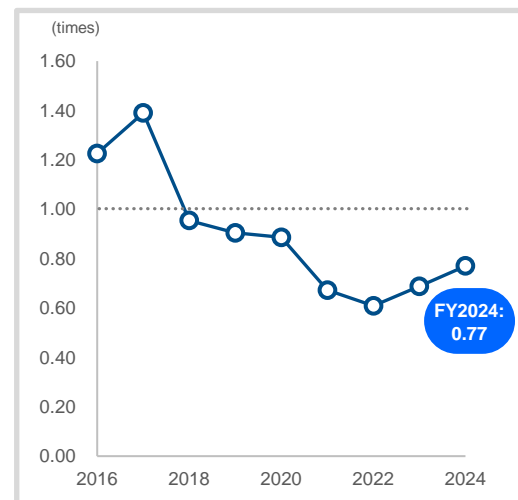
SAKATA INX CORPORATION

TSE Prime | Securities code: 4633

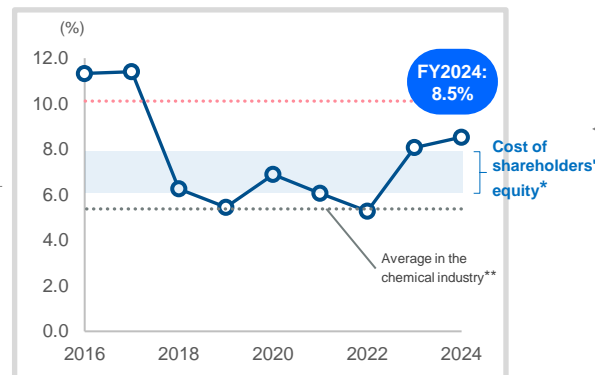
Recognition of Current Status

Analysis of PBR and ROE

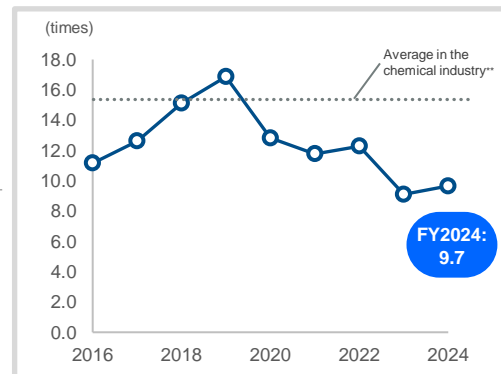
PBR



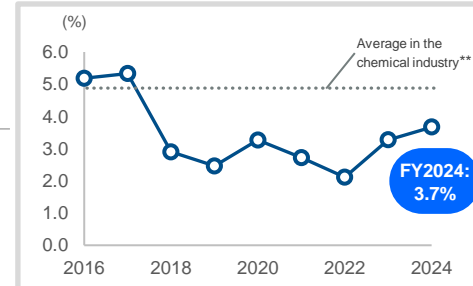
ROE → Our target is 10% or more



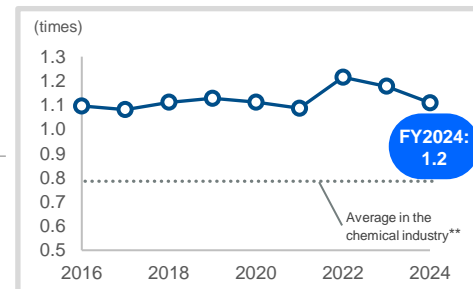
PER



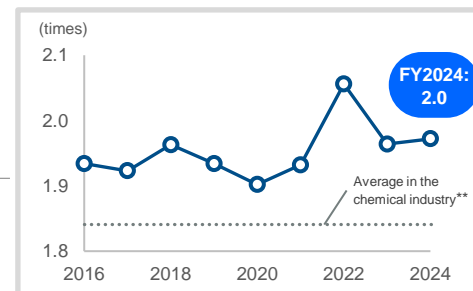
Ratio of net income to net sales (profitability)



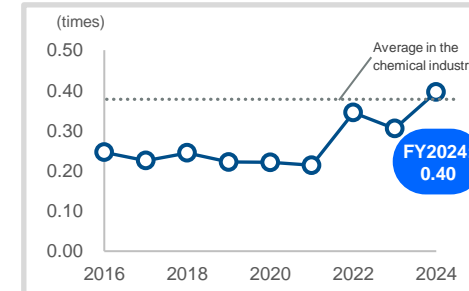
Total asset turnover (efficiency)



Financial leverage (degree of debt)



D/E ratio



**As of December 2023

Analysis

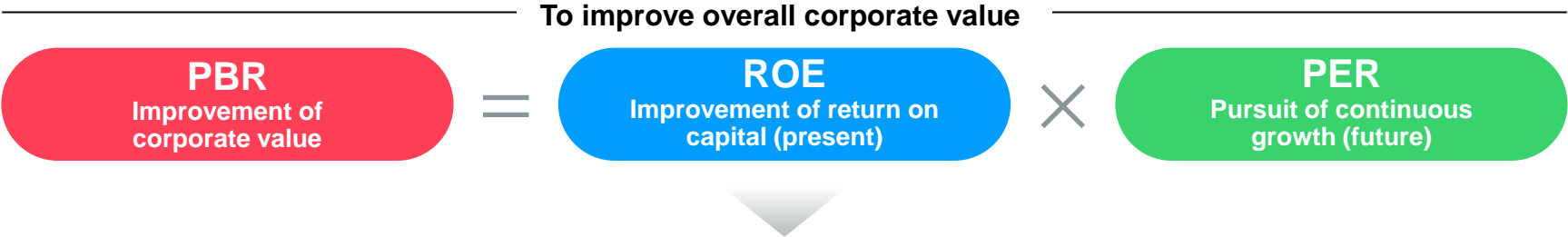
- While ROE is turning around, we still have not fully met shareholders' expectations.
- We will carry out measures with a focus on increasing profitability and optimizing financial leverage to achieve an ROE of 10% or more.
- We understand that it is very important to steadily implement and disseminate our medium- and long-term growth strategy.
- Our profitability improved with an increase in the sales volume, the reduction of the cost of inks and other factors. We will optimize our business portfolio to continually increase profitability.
- It is necessary to improve capital efficiency by reducing non-business assets.
- Given that the debt-equity (D/E) ratio is low in relation to our financial leverage, it is necessary to revise the capital composition.

Cost of shareholders' equity

Calculated using the capital asset pricing model (CAPM)*

$$\text{Risk-free rate} + \beta \times \text{Market risk premium} = \text{Cost of shareholders' equity}$$

6-8%



Policy for improving corporate value **1** **2** **3** **4**

Improvement of return on capital **Pursuit of continuous growth**

Initiatives

1 Improvement of business profitability and growth

Fulfill the targets set in the Long-term Strategic Vision and the Medium-term Management Plan

Improve the profitability of business

Creating new businesses

2 Financial and capital strategy

Achieve a balance between financial health, investment in growth and shareholder return

Business investment

Shareholder returns

Optimal capital structure

3 Sustainability strategy

Contribute to the establishment of a sustainable society

Implement sustainability management

4 Strengthening of IR

Share growth stories

Enhance dialogue with stakeholders

Enhance information disclosure

— Initiatives for Improving Corporate Value (1)

Fulfill the targets set in the Long-term Strategic Vision and the Medium-term Management Plan
Achieve a balance between financial health, investment in growth and shareholder return

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2 Financial and capital strategy

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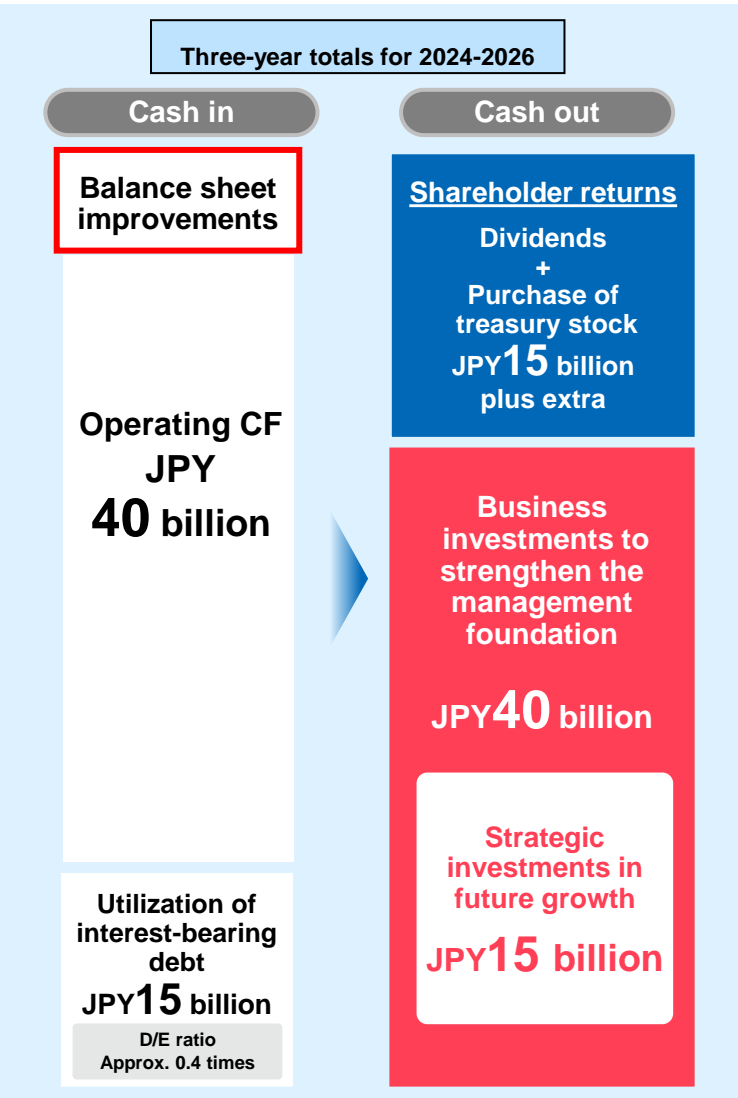
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3 Sustainability strategy

Contribute to the establishment of a sustainable society

Implement sustainability management

Environment

CO₂ emissions in FY2023
28.7% reduction

(from the FY2013 level on a non-consolidated basis)

On a consolidated basis, we set the target of reducing CO₂ emissions in FY2034 58.8% from level in FY2022. Accordingly, we are installing new and additional solar panels at our plants in Japan and abroad.

Governance

Establish a **board of independent outside officers**

It will be a voluntary advisory body that will exchange information and freely discuss corporate governance from an independent standpoint to submit proposals to the Board of Directors for increasing the effectiveness of the Board of Directors.

Human capital

Human resources are the source of continuous growth and the creation of medium- and long-term value.

Shift to an employee management system without job performance-based criteria and seniority elements

Introduce a program to enable employees to independently develop their careers

Introduce a **stock delivery trust program for employees**

Introduce a **restricted stock incentive program for the employee shareholders' association**

Introduce a program aimed at raising awareness of participation in corporate management, stimulating the organization as a whole and increasing employee engagement.

External recognition

Selected as a constituent stock of the FTSE Blossom Japan Index **for the first time**



FTSE Blossom
Japan Index

We received a **B-rating** in climate change and in water security in the CDP Score Report.



4 Strengthening of IR

Share growth stories with stakeholders

Enhance dialogue with stakeholders

Check on the progress of business

- Results and forecasts for individual segments (change of volume and change by factor)
- Cost trends, including raw material prices, and the effect of price revisions
- Effect of exchange rates
- Details of capital investment and depreciation and other matters

Understanding future potential

- Strategies under the Long-term Strategic Vision and the Medium-term Management Plan and state of progress
- States of progress of new businesses and consideration of mergers and acquisitions
- Competitive superiority to other companies and local manufacturers
- State of the expansion of environmentally-friendly products and sustainable products and other matters

Capital policies

- Strategies for meeting the ROE target of 10%
- Stance on balance sheets
- Elimination of cross-shareholdings
- Increase of the profitability of business and the future of unprofitable businesses and other matters

Shareholder returns

- Stance on the shareholder return policy
- Regarding the amount of dividends and the purchase of treasury stock and other matters

Enhance information disclosure

Reporting

- The officers in charge report the details of conversations regularly at Board of Directors' meetings.
- The IR department reports matters of concern to the representative director and to officers in charge as needed.
- The IR department gives outlines to relevant departments in project meetings for the purpose of discussion.

Matters incorporated into management after reporting

- Construct a company-wide cross-departmental IR-related project structure
- Clarify messages to shareholders and investors
- Introduce a restricted stock remuneration program for directors
- Introduce a stock delivery trust program for general employees

Enhance dialogue with shareholders and investors

- Integrated report and various IR materials
 - Proactive disclosure of financial information, management strategies and sustainability information and simultaneous disclosure of information in English
- Meetings with institutional investors
 - Hold meetings that the Representative Director, President and CEO and the Senior Managing Executive Officer participate in after financial results briefings
 - Increase the number of meetings with institutional investors (46 meetings held in 2022, 82 in 2023, and 162 in 2024)
- For individual investors
 - Plan and organize company briefings, facility tours and other events

The forward-looking statements in this document are based on information available at the time the document was prepared and on certain assumptions deemed reasonable, which entail uncertainties. Please note that the information in this document is subject to change.

Contact

Corporate Communications Department, SAKATA INX CORPORATION

Email: inx-prior@inx.co.jp

An exclusive distributor of OpSec Security's solutions and services in Japan

SAKATA BRAND SOLUTIONS CO., LTD.



Established:

Representative:

Capital:

Location:

Business:

May 2024

Teruo Koike










50 million yen

(wholly owned by SAKATA INX CORPORATION)

Nikkyohan Building, 1-4-25, Koraku, Bunkyo-ku, Tokyo

Sales of OpSec Security's brand protection projects and provision of services

To provide safety to consumers and high security and reliability to customers based on comprehensive omnidirectional brand protection activities

Corporate issues	Measures to address counterfeit products	Measures to address parallel imports	Measures to address copyright and trademark rights infringement	Measures to prevent brand impairment and lost sales	Measures to prevent content infringement
Products & Solutions	<u>Items for product certification</u>		<u>Digital solutions</u>		<u>Online brand protection</u>
	 Certification of authentic brand products		 Supply chain management and traceability		 Online brand protection
	 Security films and labels		 Customer engagement		 Anti-phishing measures
	 Solutions for governments		 License management platform		 Anti-piracy measures

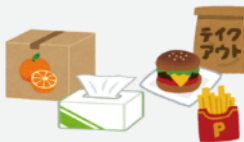
Printing Ink Business

Packaging Inks

Inks for film packaging



Inks for paper packaging



Inks for metal (aluminum) can surfaces



Inks for information media

Newspaper printing inks



Commercial offset printing inks



Digital and Specialty Products Business

Digital Recording and Display Materials

Industrial inkjet printer inks



Pigment dispersant for color filters

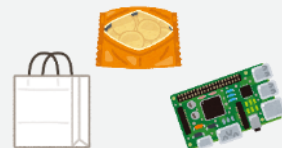


Color toners

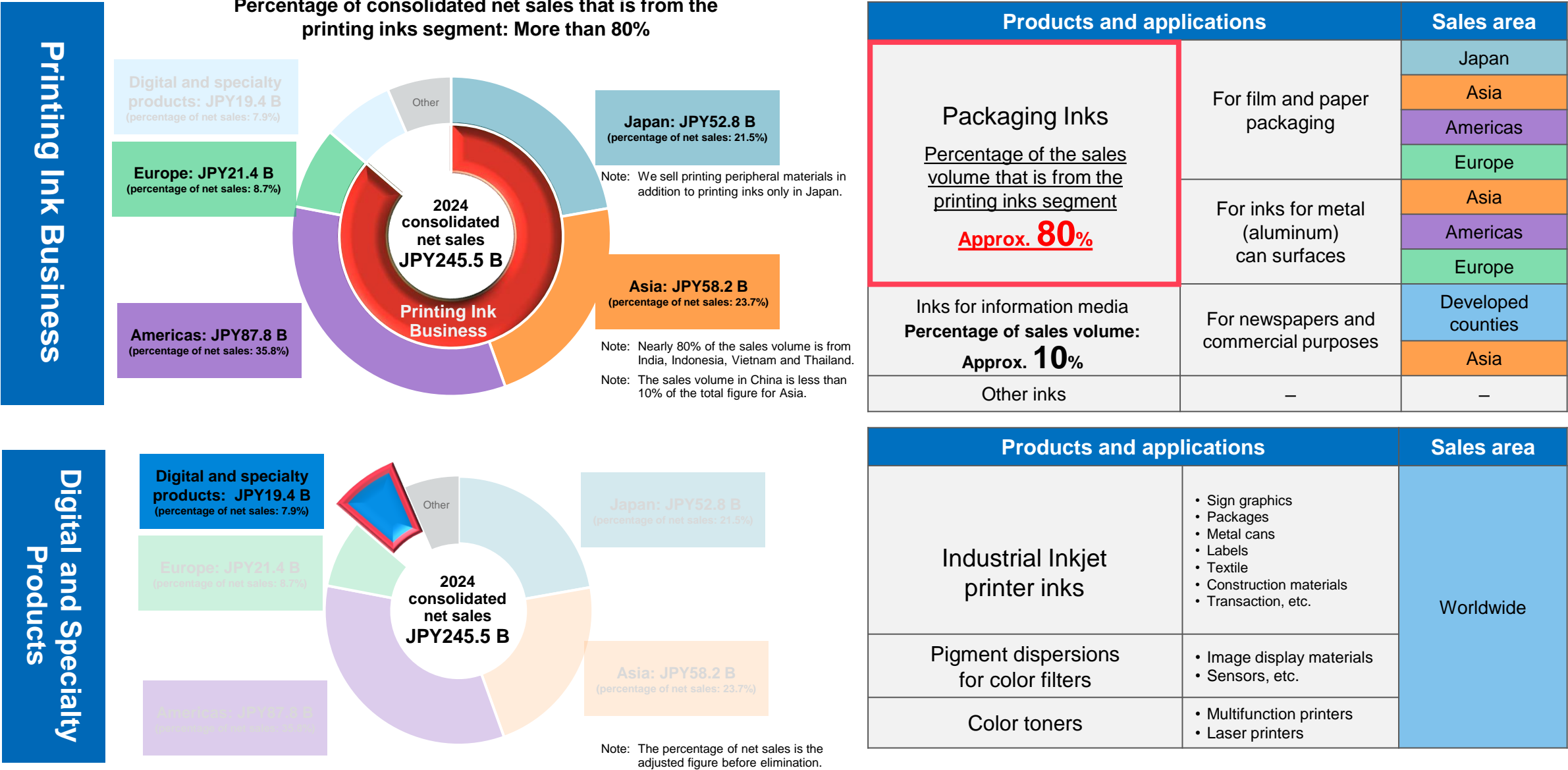


Functional Coating Agents

Coating agents with different functions



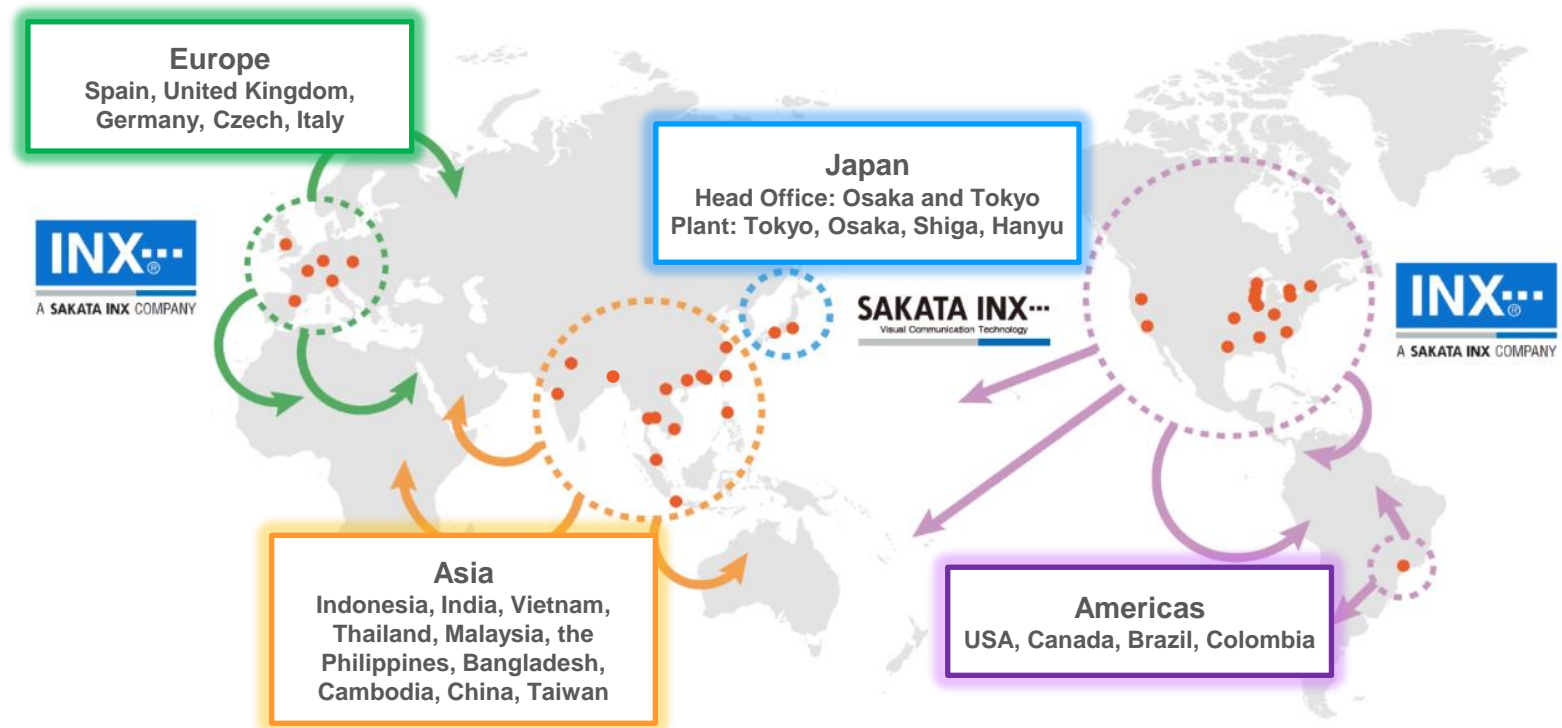
— Reference: Our Business at a Glance (segment details)



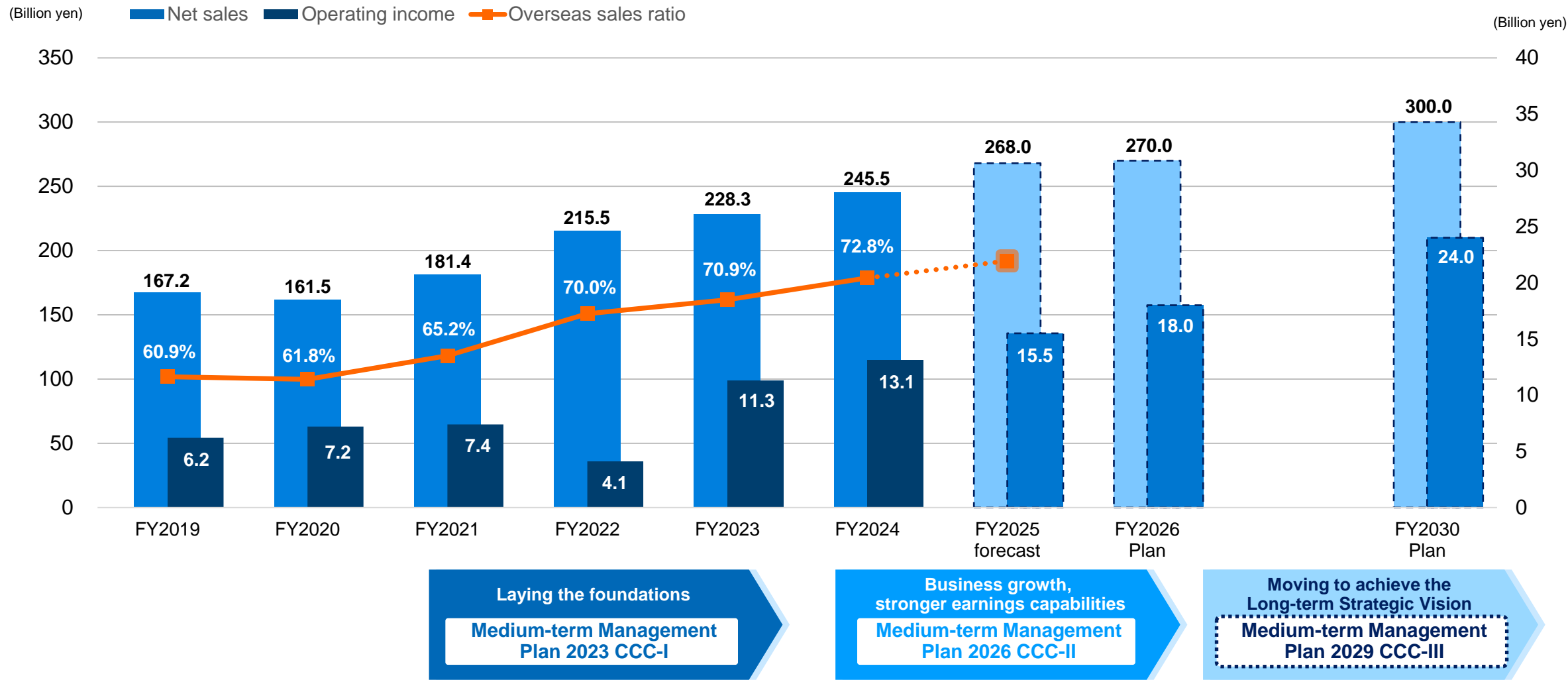
Years that major overseas subsidiaries were established

- 1960** The Company opens its first overseas office in the Philippines.
- 1979** The Company establishes its first overseas ink production base in Taiwan.
- 1987** Spain
- 1988** North America
- 1989** Indonesia
- 1992** The United Kingdom and the Philippines
- 1995** India and China
- 2003** Vietnam
- 2016** Brazil
- 2020** Germany
- 2021** Bangladesh

The SAKATA INX Group has bases in more than 20 countries and regions around the world and exports to the Middle East, Africa, Central and South America and other regions where it does not operate. Its products reach more than 60 countries around the world.



— Reference: Trends in Results




SAKATA INX...

Visual Communication Technology



Contact

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