

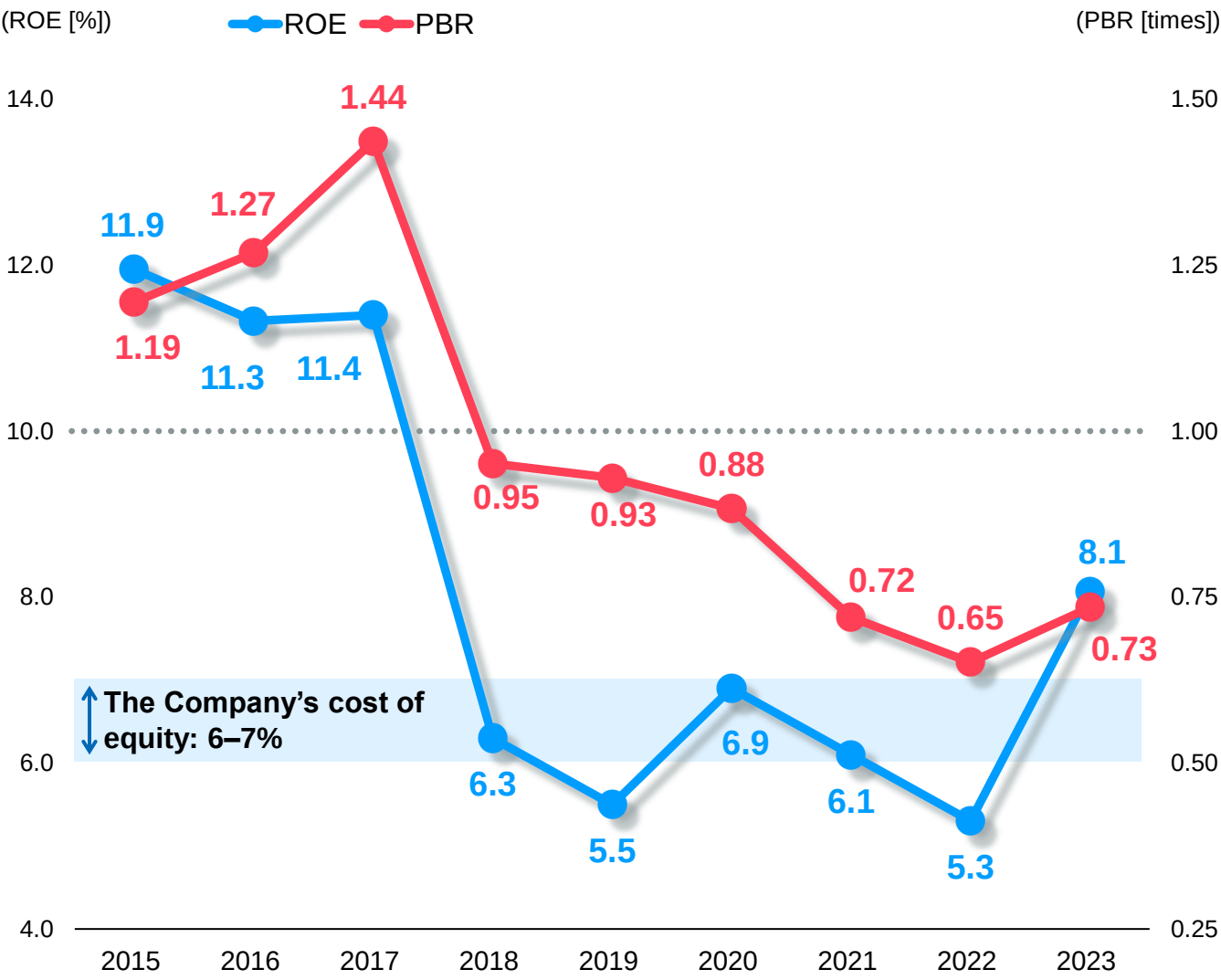
SAKATA INX...

Visual Communication Technology

Toward implementation of management that accounts for capital costs and share price

SAKATA INX CORPORATION

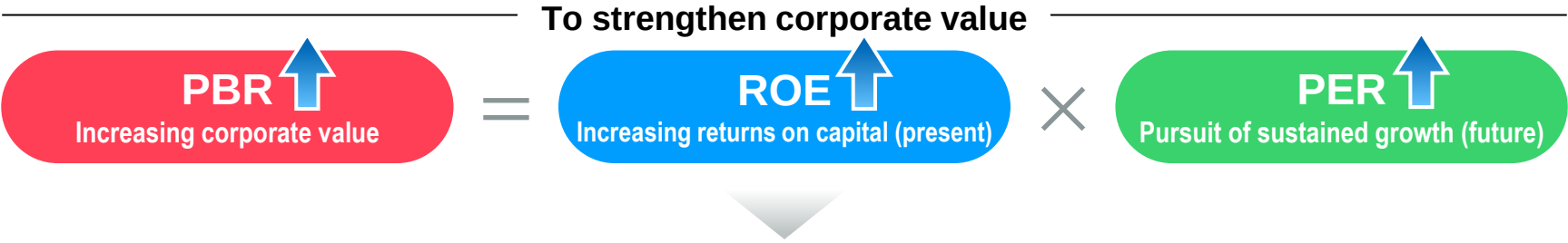
TSE Prime | Securities code: 4633



Analysis

- Although ROE had been trending steadily through 2017, it has remained low, at roughly the same levels as the Company's cost of equity since 2018.
- This is due mainly to lower profitability, which is attributable to higher-raw-materials prices for printing inks.
- Low PBR may be due to low returns on capital.
- Low PBR is also attributable to the low level of persuasiveness of the Group's growth vision.

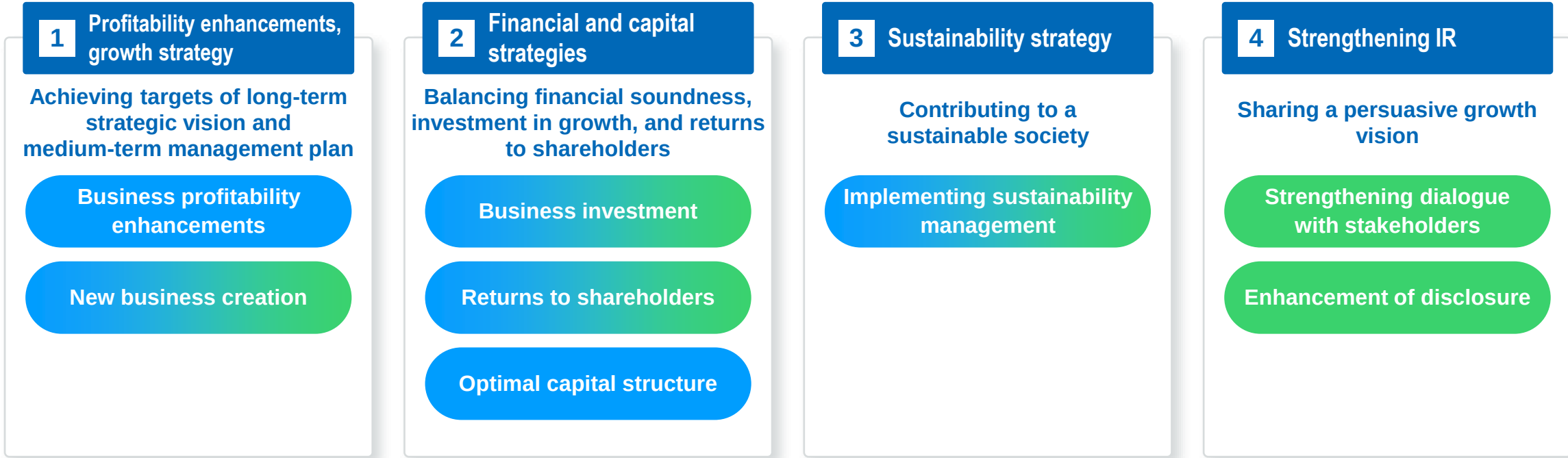
We expect improvement of returns on capital and pursuit of sustained growth to contribute to improved PBR



Policies toward increasing corporate value **1** **2** **3** **4**

Increasing returns on capital **Pursuit of sustained growth**

— Measures —



— Measures to strengthen corporate value ①

1 Profitability enhancements, growth strategy

Achieving targets of long-term strategic vision and medium-term management plan

Business profitability enhancements

We will analyze and evaluate growth potential and profitability in each business and optimize invested capital in low-growth and low-profit businesses, while increasing asset turnover ratio and maximizing capacity utilization through efficiency management.

Also, we will reallocate resources such as R&D, capital investment, and human resources to priority businesses that can promise high growth and profitability, aiming for further business expansions.

In addition to these efforts, we will advance M&A activities, new business creation, and other initiatives to optimize the business portfolio.



New business creation

In the four target areas of electronics, energy, healthcare, and bio-based and non-fossil materials, we aim to create new businesses to meet society's needs based on strategies and tactics formulated by researching market environments.

Also, by proactively using open innovation including joint R&D with other firms, industry-academia collaboration, and investment in startups to leverage external technologies and ideas with high affinity with our technologies and services, we will generate new value from joint efforts and accelerate the process for creating new businesses.



2 Financial and capital strategies

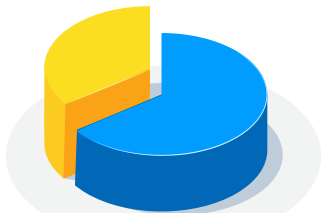
Balancing financial soundness, investment in growth, and returns to shareholders

Business investment

Implementing proactive investment in sustained growth

To increase returns on capital, we will enhance the management foundations by investing JPY40.0 B during the period of the current medium-term management plan 2026 (CCC-II).

We will allocate JPY15.0 B of this figure to strategic investment in future growth.



Returns to shareholders

Considering returns to shareholders to be an important management topic, we will comprehensively consider business results, investment plans, and the business environment and pay proactive and stable dividends while acquiring treasury stock with agility.

Based on this policy, we will target a total payout ratio of 50% or higher or DOE of 2.5% or higher during the period of the current medium-term management plan.



Optimal capital structure

We will pursue an optimal capital structure to maximize corporate value.

While giving comprehensive consideration to soundness to maintain a robust financial foundation, we will use interest-bearing debt with tax-reduction effects to increase financial leverage within an appropriate extent, to lower WACC. Furthermore, we will improve capital efficiency through reducing asset holdings and cross-shareholdings.



— Measures to strengthen corporate value ③

3 Sustainability strategy

Contributing to a sustainable society

Implementing sustainability management

We will implement sustainability initiatives as central parts of our business activities, in areas such as solutions to environmental issues including climate change, protecting human rights, developing rewarding and safe working environments, and governance, including compliance and appropriate controls.

We will create social and environmental value by being sensitive to the demands of diverse stakeholders and responding appropriately to changes in society.



4 Strengthening IR

Sharing a persuasive growth vision with stakeholders

Strengthening dialogue with stakeholders

Enhancement of disclosure

We will establish the Corporate Relations Division to enhance internal and external communication.

We will increase opportunities for dialogue with stakeholders, including meetings with investors and Company briefings, to permeate understanding of our growth vision.

We will proactively disclose financial information, management strategies, and sustainability information, and enhance the content of the Integrated Report, website, and financial reports to strengthen disclosure in response to stakeholder needs.



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.

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