

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

INTEGRATED REPORT 2024

SAKATA INX CORP.

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This report was printed with Diatone Dream Cure BM UV ink,
from our Botanical Ink series containing plant-based materials.
In addition, the front and back covers are treated with an antiviral
varnish that inhibits the growth of viruses.

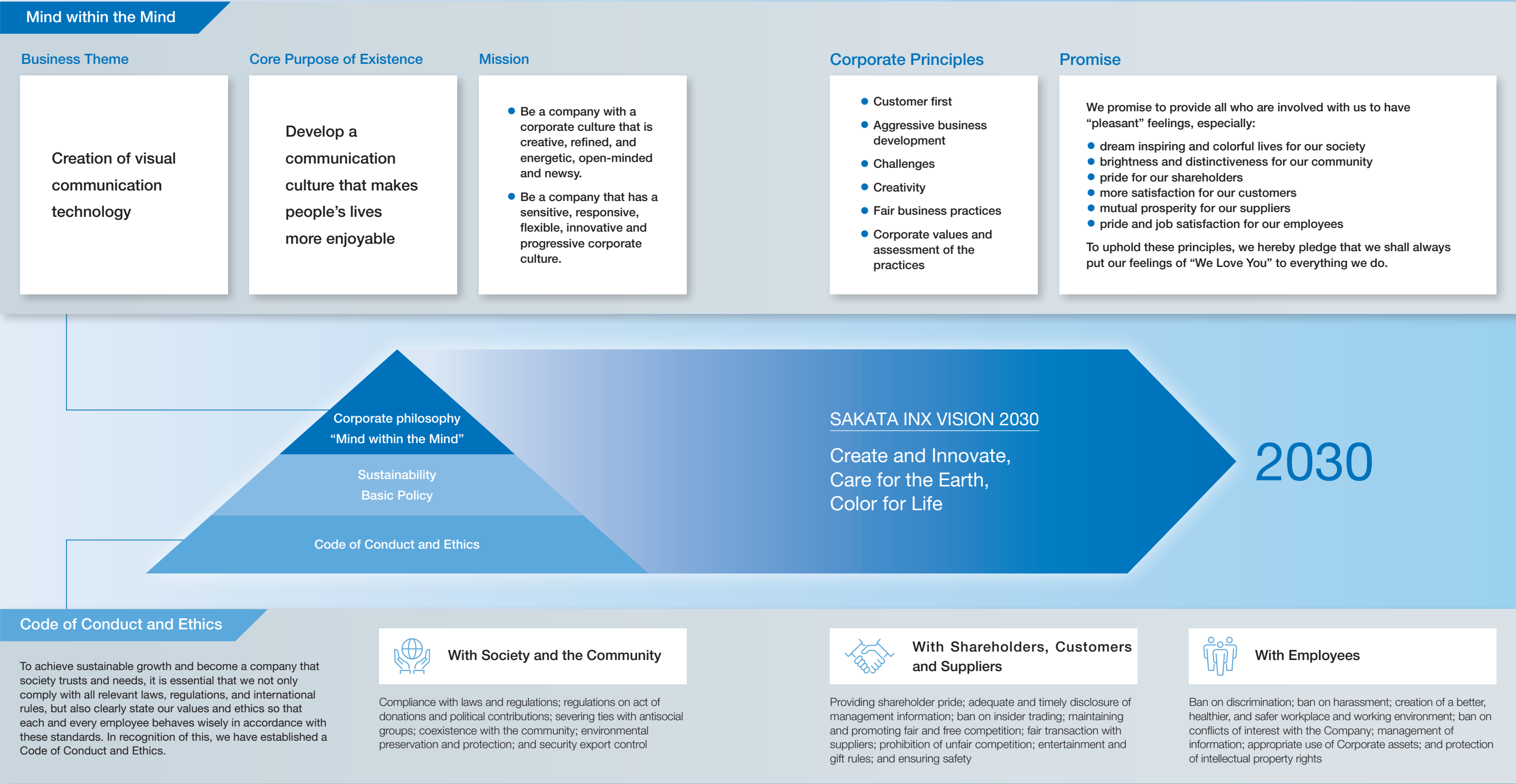


This report is made of LIMEX, a new material mainly made
from limestone.

SAKATA INX...
Visual Communication Technology

Corporate Philosophy

When we changed our name to SAKATA INX in 1987, we established a new corporate philosophy, “Mind within the Mind.” This philosophy defines what kind of company SAKATA INX is, in what direction it is moving, and how its business activities should be conducted. The philosophy is shared throughout the Group, both in Japan and overseas, to help employees achieve their common mission. This philosophy also drives our Long-term Strategic Vision. In addition, we have defined our purpose (core of existence) as “Develop a communication culture that makes people’s lives more enjoyable,” based on our belief that it is important to solve social issues via our business activities as we continue to pursue ESG management in the future.



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Editorial Policy

The Integrated Reports are based on the Long-term Strategic Vision established in 2021. We have endeavored to communicate to our stakeholders in an easily understandable manner the Group's financial information, such as results and forecasts, non-financial information, including environmental and social considerations and corporate governance, as well as our medium- to long-term strategy to sustainably enhance corporate value based on such information.

This Integrated Report was published at the end of July 2024 after approval by the Sustainability Committee, which is chaired by the President & CEO and consists of all members of the Board of Directors, including outside directors. There have been no material changes in the organization or supply chain since the previous report (Integrated Report 2023; published at the end of July 2023).

Reference Frameworks

In preparing this Integrated Report, we have taken into account the Guidance for Collaborative Value Creation (published by the Ministry of Economy, Trade and Industry), the GRI Sustainability Reporting Standard, and ISO 26000, an international standard for social responsibility.

Scope of Report

The scope of this Report mainly covers SAKATA INX CORPORATION, but also includes some initiatives of subsidiaries and affiliates in Japan and overseas.

Reporting Period

January 1 to December 31, 2023
Information prior to 2022 is included to show data trends or ongoing activities, and information beyond 2024 is also provided where appropriate.

Publication Date

Previous issue: July 2023
Current issue: July 2024
Next issue: July 2025 (planned)

Website and Various Detailed Data

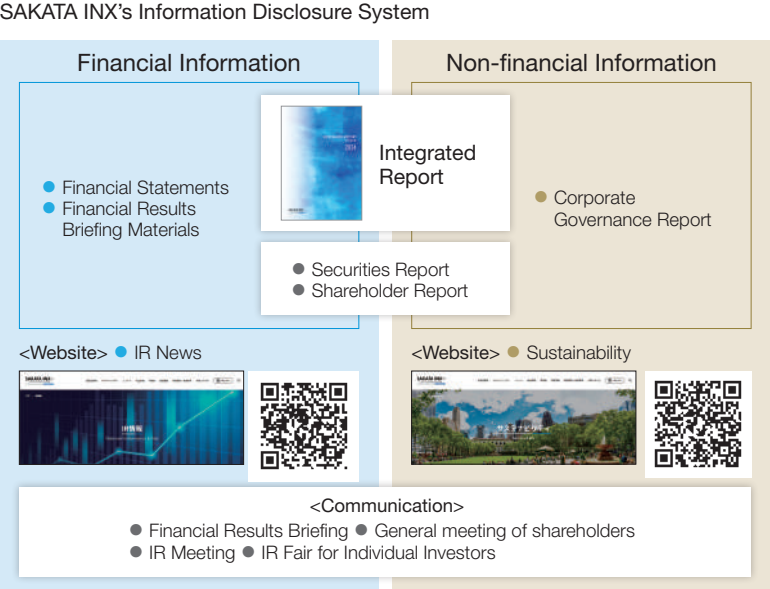
Our website contains the various initiatives described in this Integrated Report and a PDF version of this Report. Detailed information that could not be included in this Report is also available on our website. Please use the "Contact" section of our website to send us any comments or suggestions you may have regarding this Integrated Report.

Materialities

In this Report, information related to the Group's materialities (key issues) is marked with the following icons:

Disclaimer

This Integrated Report contains projections and forward-looking statements regarding plans, strategies and performance. Please note that actual results may differ from these projections and forward-looking statements due to economic conditions and various other uncertainties. We are not liable for any losses incurred as a result of the use of this Integrated Report. We will provide timely notice of any material changes in events, etc.



FTSE Blossom Japan Sector Relative Index

Since 2022, we have continuously been selected as one of the issues to compose the Index. This Index has been built by FTSE Russell, a global index provider, and reflects the relative performance of Japanese companies in each sector in terms of environmental, social, and governance (ESG) responsiveness.

Nikkei SDGs Management Survey 2023

In November 2023, we were certified as a 3-star company in the 5th Nikkei SDGs Management Survey sponsored by the Nihon Keizai Shimbun, Inc. SDGs Management is defined as a company's efforts to contribute to the SDGs through its business and enhance its corporate value in four areas: SDGs strategic/economic value, social value, environmental value, and governance. Based on this definition, this Survey evaluates companies comprehensively.

EcoVadis Silver

Our UK subsidiary INX International UK Ltd. and our Spanish subsidiary Sakata INX Espana, S.A. have been awarded a silver rating in the EcoVadis Sustainability Assessment. In this Assessment, international experts evaluate the quality of a company's CSR management system by industry, country, and company size based on four themes: environment, labor practices and human rights, ethics, and sustainable sourcing.

S&P/JPX Carbon Efficient Index

Since January 2019, we have been continuously selected as a component of the S&P/JPX Carbon Efficient Index, a newly adopted equity index for environmental, social and governance (ESG) investments by the Pension Fund Investment Fund Management Incorporated (GPIF).

CDP

In 2022, we received a B rating in both the Climate Change Report 2023 and the Water Security Report 2023 published by CDP, a non-governmental organization (NGO) that works internationally to disclose information on environmental assessments.

Health & Productivity Management Outstanding Organization

In recognition of our commitment to health management, we have been certified as one of the Health & Productivity Management Outstanding Organizations 2024, by the Ministry of Economy, Trade and Industry and NIPPON KENKO KAIGI. We have positioned the maintenance and promotion of employee health and the creation of a pleasant working environment as important issues.

To achieve our Long-term Strategic Vision,
we will expand our businesses and
enhance profitability.

Yoshiaki Ueno

Representative Director, President & CEO
SAKATA INX CORPORATION

Our Group's Long-term Strategic Vision for 2030 is to achieve net sales of 300 billion yen, an operating profit margin of 8%, and an ROE of 10%. We have completed the first phase of our efforts to achieve these targets and have moved to the second phase from FY2024.

US and Asia grew in CCC-I. Net sales and ordinary income targets were met.

During the Medium-term Management Plan 2023 (CCC-I) period, which began in FY2021, unexpected external changes sometimes caused profits to fall significantly. Still, in the end, we were generally able to achieve our targets. Especially, profit in the United States increased significantly. We attribute this outcome to the implementation of business structure reforms, including pricing strategies on the business side and improvements in each product line. In Asia, sales increased significantly in four key countries: India, Indonesia, Thailand and Vietnam. This was primarily due to an increase in sales volume in Thailand and Vietnam, where many global companies are located.

Meanwhile, sales of information media in Japan continue to decline. We are developing an efficient framework to fulfill our supply responsibilities and ensure business continuity. This will be achieved by restructuring our production system and promoting partial collaboration with peers. We are reducing the size of our supply structure in order to align it with the supply-demand balance. Some production facilities at the Hanyu Plant have already been eliminated, and the production infrastructure at the Tokyo Plant has been reorganized. I would like to create an environment where employees can take on new challenges by identifying emerging needs in the information media business as the business structure changes.

CCC-II started in FY2024. We will invest proactively to expand our businesses and enhance profitability.

The Medium-term Management Plan 2026 (CCC-II), which started in January 2024, represents a phase of expansion and stable growth. The company's objective is to achieve sales of 270 billion yen and an operating income of 18 billion yen in FY2026, its last fiscal year. A particular emphasis is placed on profit margins. We are determined to compete with high value-added products and services. Our group's Purpose is to "Develop a communication culture that makes people's lives more enjoyable." To materialize this Purpose, our Long-term

Strategic Vision sets an operating margin target of 8%. We are working to achieve this goal.

Major capital investments include a new plant in Sao Paulo, Brazil, which will begin operations in 2024, and a new plant in Wrightstown, Wisconsin, U.S.A., which will begin operations by the end of 2025. Furthermore, as part of our digital transformation (DX), we will expand the ERP system that we launched in Japan in 2024 to other parts of Asia. We will build a system that will facilitate the direct and rapid use of data accumulated in management and R&D for business operations. Furthermore, we are committed to transforming our business model in order to generate new value. In order to promoting business activities with an awareness of the cost of capital, each business unit made a thorough effort to manage by ROIC (return on invested capital) in the previous Medium-term Management Plan. This has clarified how much capital has been invested in each business and how much has been converted into profit. In addition, capital efficiency has been further improved by shortening the time to collect receivables and improving the cash conversion cycle. In the current Medium-term Management plan, we are implementing the PDCA cycle.

In CCC-II, we will continue to pursue initiatives based on three strategic directions.

Expand printing inks / digital & specialty product businesses

In response to the need to reduce environmental impact, we are committed to further developing environmentally friendly packaging ink. Our own brand Botanical Ink series is just one example of our ongoing efforts in this area. We are also focused on paper-based and recycling-oriented products and services to promote the shift away from plastics.

We will pursue growth in sales of digital and specialty products in rising countries and in areas where demand will grow in the future. To this end, we will promote global sales by strengthening strategic partnerships and cooperation among Group companies. In the industrial inkjet inks sector, we will expand into new markets for food, clothing, and housing, while also promoting environmentally friendly products. In display materials such as pigment dispersions, we will increase our share of the LCD market, develop new products, and expand

into new areas by applying our technology.

To strengthen our global operations, we established a company in Malaysia in February 2024 to oversee our local subsidiaries in six Asian countries. The company will consolidate resources and information from each country, serve as a single point of interaction with brand owners, and formulate strategies for the entire Asian region that transcend country-specific frameworks. The Company aims to accelerate growth by strengthening cooperation among Group companies and further increase operating income in the Asian segment from the planned level. This will be achieved by improving procurement capabilities and reducing inventories. In particular, its objective is to expand our market position to become the leading provider of packaging solutions in Indonesia, where we have a competitive advantage.

Global efforts are increasingly needed to address environmental issues. Particularly in Europe, where such efforts are more advanced, various platforms have been established to reduce environmental impact, such as recycling and mono-materialization. If brand owners participate in those platforms, we should also join them to build a relationship with them. The regional management company will serve as a contact point for communication to work with customers and brand owners in an integrated manner. This way we will work to reinforce consolidated management.

Meet new market challenges

In order to meet the challenges of the new market, our strategy is based on four keywords: Decarbonization, improving quality of life (QOL), comfort and convenience, and safety and security. We will drive these efforts through open innovation

with external parties while leveraging our core competencies. We will develop promising products and services that lead to commercialization and profitability in the four areas of electronics, energy, bio-based and non-fossil materials, and healthcare, intending to achieve sales of 5 billion yen in the new areas by FY2026.

I proposed these four strategic keywords as pillars when I was the General Manager of the Corporate R&D Division. All of these keywords are related to sustainability. Their goal is to address societal issues, such as ensuring safety and security and reducing the environmental burden. With this in mind, we will bring sustainable solutions to new markets using our proprietary technologies, such as materials and products that utilize environmentally friendly bio-materials. In the field of electronics, we are considering actively entering the field of flexible devices. This would allow us to capitalize on the mounting process of various components, which will be printed in the field of electronics conductive chemicals. This is a technology closely related to our business development field. In January 2024, we entered into a business alliance with Electroninks, an American company that is a world leader in Metal Organic Decomposition (MOD) inks. We will pursue collaboration in product development to develop highly functional materials. We will also partner with other leading companies to ensure the presence of our technologies and materials in printed electronics as we grow our businesses. In the energy field, we are developing conductive adhesive materials and other products by applying printing ink technology to areas related to energy conservation and green energy, durable consumer materials such as solar panels, and energy range.

Strengthen ESG/sustainability efforts emphasizing the global environment and local community

In terms of Group corporate governance, we have established an International Advisory Board, which includes executives from our overseas affiliates as members, to discuss issues such as product strategy, capital investment, mergers and acquisitions, and the global management structure for future business expansion. In addition, to further bolster consolidated management, Bryce Kristo, CEO of our U.S. subsidiary, was appointed as a Senior Executive Officer of our Company. Furthermore, we have appointed a director in charge of each segment to clarify accountabilities and to enable each director to assume greater responsibility in his or her respective area in order to improve capital profitability.

Last year, we merged the Human Resources Division and the General Affairs Division into the Human Capital & General Affairs Division, hoping that this would help create value and nurture ambitious dreams. We recognize the importance of

human capital as a driver of medium- and long-term value creation, and the realization of a sustainable society. In order to create and drive a new future, we are vigorously developing human resources and improving our internal environment so that every one of our employees can continue to boldly embrace change and innovation. As for the DEIB^{*1} initiative, DEIB can only be achieved when an organization and its culture encourage people of different races, ages, genders, and mindsets to maximize their abilities, and when such thinking leads to improved productivity and results. We should not be satisfied with having created an organization but continue to create systems, provide training, and offer opportunities for diverse employees to perform better and try new things. We are also working to create a mechanism for employees to make suggestions directly to management. According to the results of our internal survey, the level of satisfaction with engagement increases every year, but I feel that the voices of individual employees still rarely reach the management. I am trying to visit the production site to have more opportunities for two-way communication, such as town hall meetings. I want to make other improvements to encourage more employees to speak up. We drive these transformation efforts in collaboration with the Corporate Communications Department, which is integrally responsible for internal and external communications, brand building, and brand penetration.

The scope of our environmental initiatives has expanded to include the reduction of greenhouse gas (GHG) emissions, the achievement of SBT certification^{*2}, and TNFD biodiversity initiatives. Our Group target for Scope 1&2 CO₂ emission reduction is 58.8% reduction by FY2034, in comparison to figures recorded in FY2022. We are promoting production efficiency, introduction of solar power generation systems at factories, energy conservation, and other measures. We will continue to discuss Scope 3 initiatives throughout the supply chain, including raw material manufacturers. We will also respond to the European Corporate Sustainability Reporting Directive (CSRD), which came into force in January 2023, to comply with its disclosure standards.

^{*1} Diversity, equity, inclusion, and belonging

^{*2} Science Based Targets: Greenhouse gas emission reduction targets that are scientifically consistent with the goals of the Paris Agreement.

To improve return on capital and achieve sustainable growth.

Our cross-shareholdings represent 5% of the total capital, excluding the shares of SIIX, our equity method affiliate. We have set certain standards and review them periodically to

reduce them year after year. Our cash allocation during the three-year period of the current Medium-term Management Plan aims to improve capital profitability and achieve sustainable growth. This will be achieved by balancing strategic investments for the future (including business investments as well as M&A and start-up investments) with financial soundness and shareholder returns. We will also achieve a P/B ratio of 1.0x or more as soon as possible by gaining the understanding of shareholders and investors on the effectiveness and feasibility of such investment through IR activities. Our shareholder return policy is to actively and consistently pay dividends and flexibly repurchase our shares. We hope to achieve a total return of at least 50% or a DOE of at least 2.5%, whichever is higher, throughout this Medium-term Management Plan. To achieve our Long-term Strategic Vision, we need to direct our efforts toward investments in growth areas and new businesses. We will secure a dominant position by completing business restructuring as soon as possible. We will also strive to enhance our global competitiveness, branding, and corporate value by creating high-value-added products that our customers value.

At a town hall meeting last year, an employee asked how SAKATA INX would survive for the next 100 years. We started our ink business about 130 years ago in Osaka, and have become a global company with overseas sales accounting for more than 70% of our total sales. In regions such as Asia, Latin America, the Middle East, and Africa, where populations are growing and economic development is continuing, we will expand our existing business while maintaining a firm grip on the situation. On the other hand, the population in Japan and other developed countries will continue to decline, and the demand for printing inks will gradually decrease. I have always believed that constant change and innovation leads to evolution. To ensure our continued survival and success in the future, we will continue to change, transform, and evolve SAKATA INX by expanding our market share through the development of sustainable products that require high technological capabilities. We will also apply the fundamental technologies we have developed over 130 years to expand into new businesses.

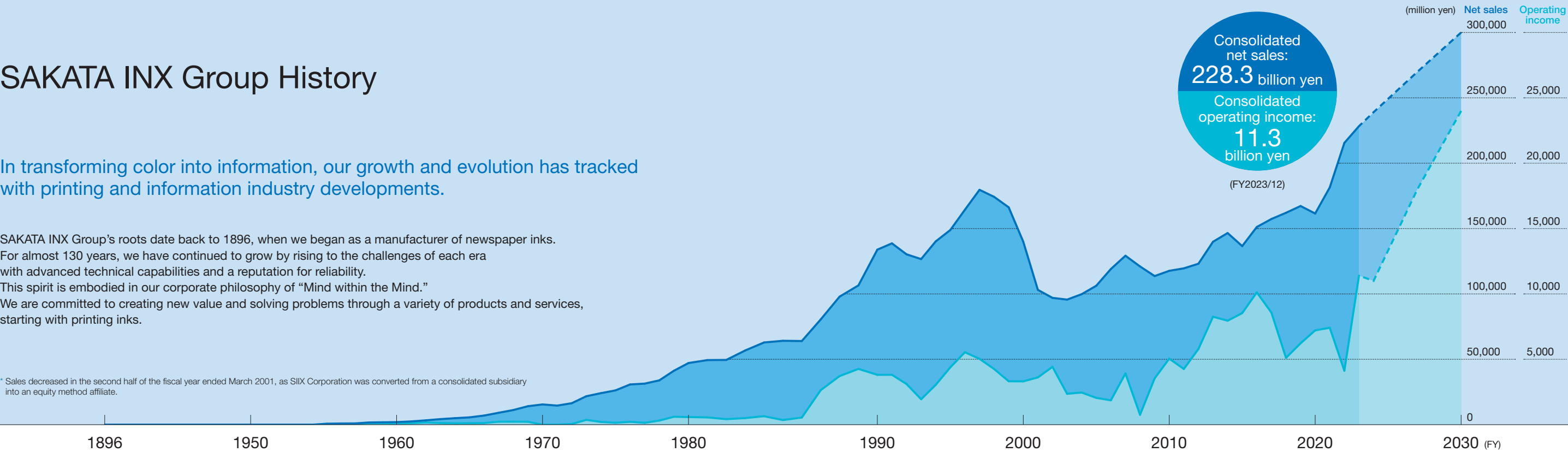


SAKATA INX Group History

In transforming color into information, our growth and evolution has tracked with printing and information industry developments.

SAKATA INX Group’s roots date back to 1896, when we began as a manufacturer of newspaper inks. For almost 130 years, we have continued to grow by rising to the challenges of each era with advanced technical capabilities and a reputation for reliability. This spirit is embodied in our corporate philosophy of “Mind within the Mind.” We are committed to creating new value and solving problems through a variety of products and services, starting with printing inks.

* Sales decreased in the second half of the fiscal year ended March 2001, as SIIX Corporation was converted from a consolidated subsidiary into an equity method affiliate.

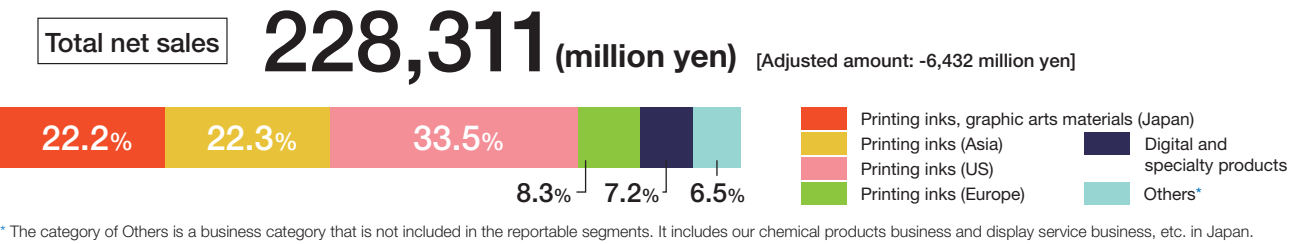


	1896–	1950s–	1970s–	1990s–	2000s–	2020s–
	<p>Founding and initial growth</p> <p>Our predecessor, SAKATA INK SEIZOUSHO, had its beginnings in Osaka. Founder Tsuneshiro Sakata strongly felt that the business of providing information would grow when he noticed increasing demand for newspapers during the Sino-Japanese War. He took this opportunity to begin manufacturing the ink needed for those newspapers.</p> <p>The company name would later be changed to SAKATA SHOKAI, with the intention of expanding into trading activities in addition to the core ink manufacturing business. The company grew along with the development of the printing ink industry.</p>  <p>Tsuneshiro Sakata (founder)</p>	<p>Diversifying the business base during the postwar reconstruction period</p> <p>Soon after the end of World War II, SAKATA SHOKAI celebrated its 50th anniversary, not only resuming the operations it halted during the war but also introducing new technologies and expanding into new business areas. Seeking to meet increased demand for new types of inks for multi-color, high-speed printing and influenced by industry developments in the United States, SAKATA SHOKAI evolved its knowledge of resin inks and varnishes to create products with excellent wear, increasing product value and expanding fields for printing demand. The company also began importing and selling peripheral materials for printing while strengthening its overseas trading divisions.</p>  <p>Varnish for linseed oil printing ink</p>	<p>Promoting reforms for business development</p> <p>Beginning with Taiwan as our overseas ink production base, we expanded into Europe, the Americas, Southeast Asia and other regions to develop our overseas business. In October 1987, we changed our name from SAKATA SHOKAI to SAKATA INX and successfully listed on the first section of the Tokyo Stock Exchange. While ink is the foundation of our business since the company's founding, we decided to use INX rather than "INKS," with the X representing the infinite possibilities of our group's growth and technological development capabilities. The three-dot ellipsis after SAKATA INX in the corporate logo represents our boundless development into the future.</p> 	<p>Strengthened attention to the environment and safety and accelerated global expansion</p> <p>In 1991, we set out our future direction as a global company in our 2001 Vision as well as Plan-100, a long-term business plan that concluded in 1996. To establish and enhance our business foundation, we expanded into India and China. As environmental awareness grew globally, we began to focus on developing environmentally friendly products, including being the first company to develop a soy oil-based offset ink as an alternative to mineral oil inks.</p>  <p>New Delhi, India</p>	<p>Expansion of environmentally-friendly inks</p> <p>The overseas expansion that we began in 1979 continued into the 2000s, with our package ink business expanding along with Asia's economic growth. In Japan, we established a global supply system, with the Shiga Plant coming online in 2014 as a major production site. This strengthened our production and system for business continuity plan. Celebrating our 120th anniversary in 2016, we launched our Botanical Ink series, which is one of the representative products demonstrating our commitment to being an environmentally friendly company. The ink solids in this series contain at least 10% plant-derived ingredients, contributing to the reduction of CO₂ emissions.</p> 	<p>Toward 2030, taking on new challenges into new fields</p> <p>To respond to changes in the business environment, such as shifts in the market and competitive climate, changes in the value chain from a digital shift, and responses to environmental and social issues, in 2021 we announced SAKATA INX Vision 2030, which lays out three strategic directions for our future: strengthen ESG/sustainability efforts emphasizing the global environment and local community; expand printing inks / digital & specialty product businesses; meet new market challenges. We will expand our core technologies into new areas beyond the realm of inks.</p>  <p>SAKATA INX Core Technologies</p>
Our Products	<p>1896 Newspaper printing black ink</p> <p>1911 Varnish for linseed oil printing ink</p> <p>1948 Scented inks for newspaper advertising</p>	<p>1955 Oil-based and water-based inks for heavy duty bags</p> <p>1960 Diatone series of oil-based offset inks</p> <p>1966 FK series of flexographic inks for corrugated cardboard</p>	<p>1975 Heat oven fixing toner for copiers</p> <p>1978 Lamming NT-95, a non-toluene laminate ink</p> <p>1978 WebMaster, an offset ink for web offset press</p>	<p>1993 Soy oil-based EcoPure offset inks, based on the concept of "earth-friendly, people-friendly, and beautiful"</p> <p>1994 Super LamiPure, a general-purpose laminate ink for water-based gravure printing</p>	<p>2002 Belle Color, a non-toluene/non-MEK general purpose gravure ink</p> <p>2004 WebMaster EcoPure Mega Soy, a web offset ink that dries at low temperatures</p>	<p>2016 Launch of the Botanical Ink series, for which the ink solids contain at least 10% of plant-derived ingredients from trees and seeds</p> <p>2017 DreamCure series of high-sensitivity UV inks</p>

At a Glance

Core Businesses

Net Sales by Segment



Core Businesses Overview

► Printing inks business Refer to pp.29-32

Packaging ink

Our printing inks and varnishes are used to enhance the appeal and value of a wide variety of available products and deliver their contents in a safe, hygienic condition.

- Main Product Ranges**
- Gravure inks • Flexo inks • Offset inks
 - Functional coating agents • Inks for metal can surfaces

- Main Applications**
- Film packaging • Paper packaging • Cans



Inks for information media

Our business was founded on the production of newspaper inks that continue to be used by many newspapers today. We have also been an industry pioneer in developing offset inks that use vegetable oils, offering high-quality, environmentally friendly inks. We also provide total printing solutions in the Japanese market.

- Main Product Ranges**
- Offset inks • Functional coating agents

- Main Applications**
- Newspapers, fliers, books, etc.



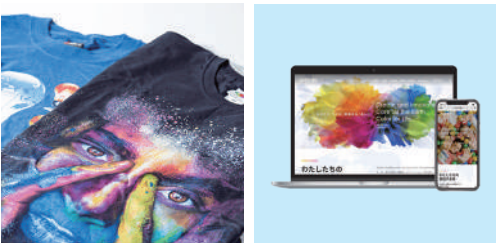
► Digital and specialty products business Refer to p.33

Digital and specialty products

Digital and specialty products have become the second pillar of our business after printing inks. We are making full use of the resin synthesis and dispersion/processing technologies we have cultivated through the development of our printing inks.

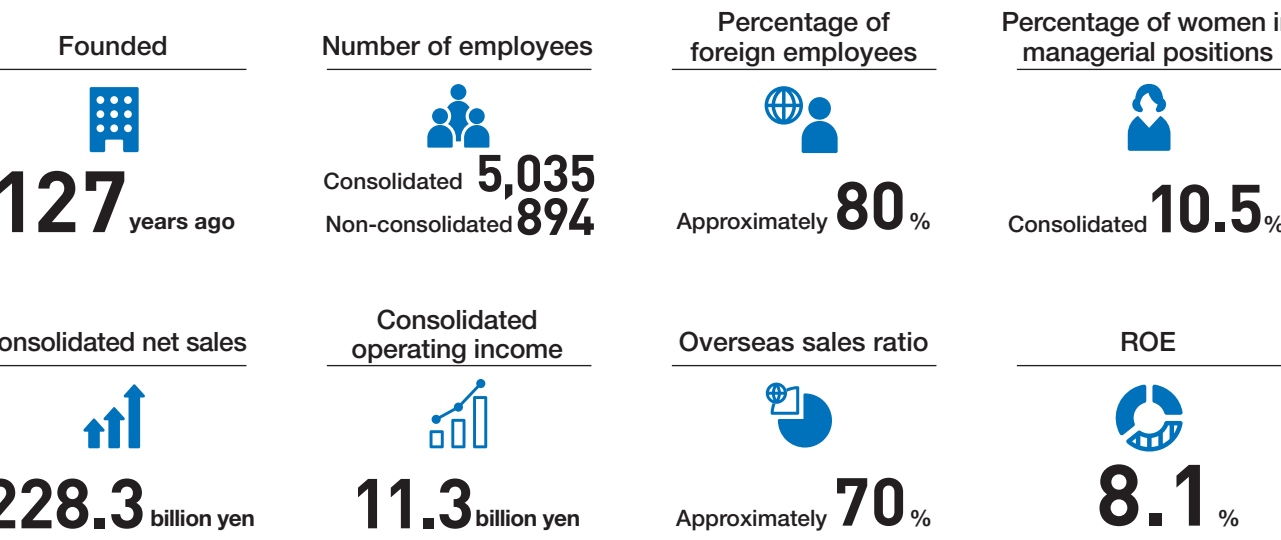
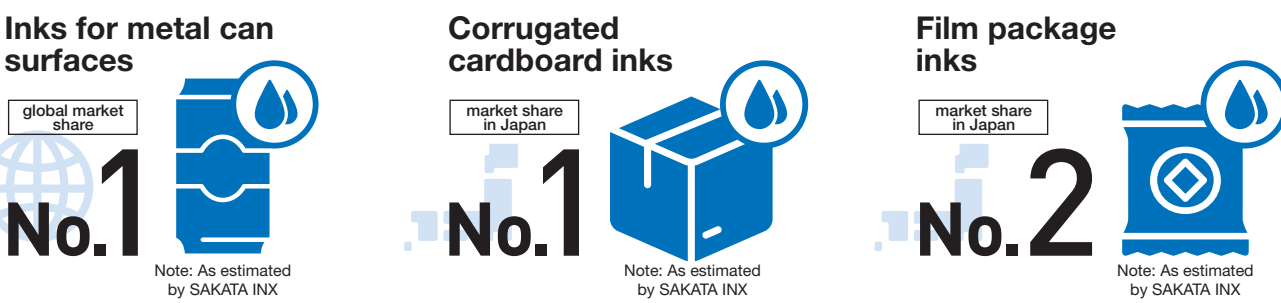
- Main Product Ranges**
- Industrial inkjet printer inks
 - Pigment dispersions for color filters • Color toners
 - Functional coating agents

- Main Applications**
- Advertising displays • Construction materials, textiles, etc.
 - Liquid crystal displays • Multifunction printers

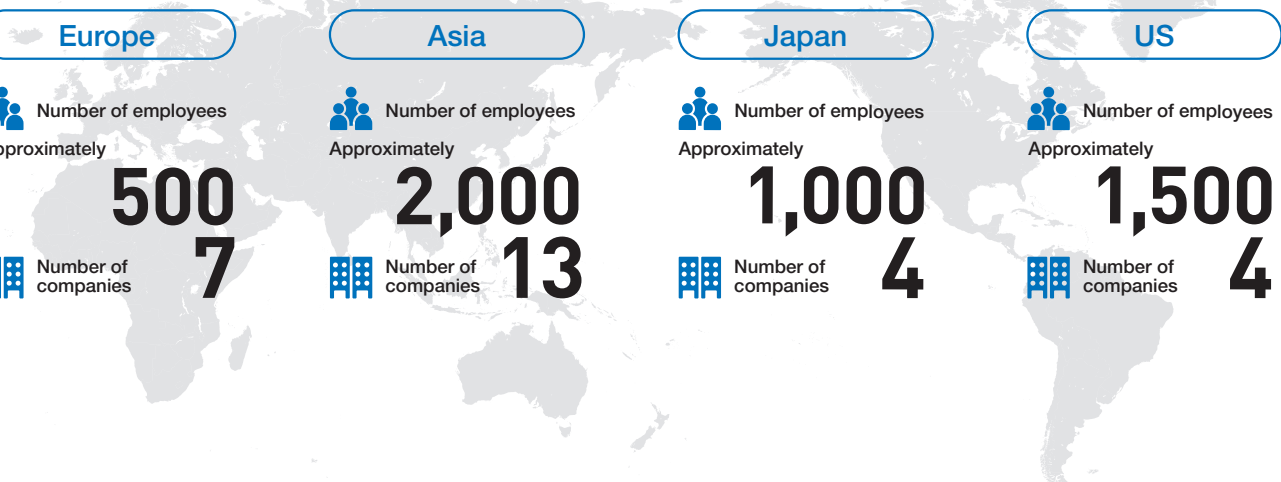


SAKATA INX in Numbers (as of December 2023)

SAKATA INX's Competitive Advantages



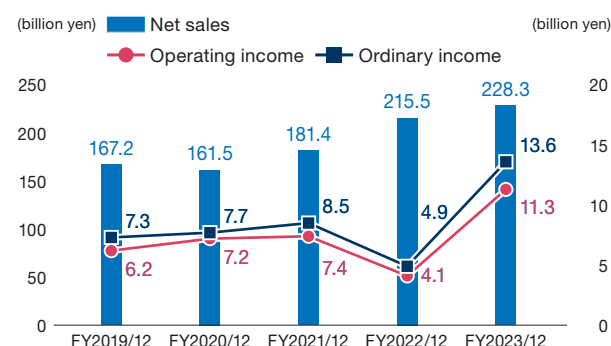
Global Network



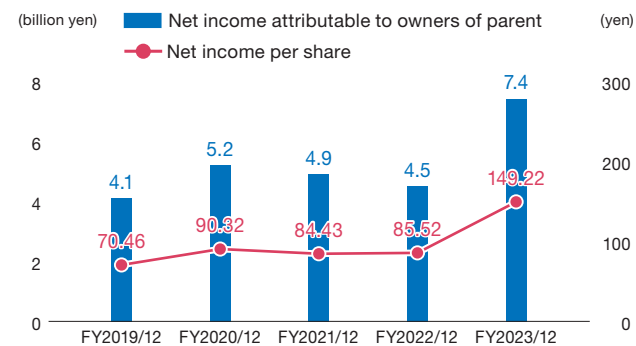
Business Performance Highlights

Financial Data

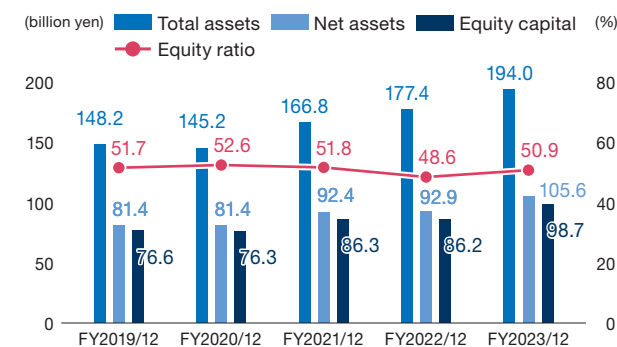
Net sales / Operating income / Ordinary income



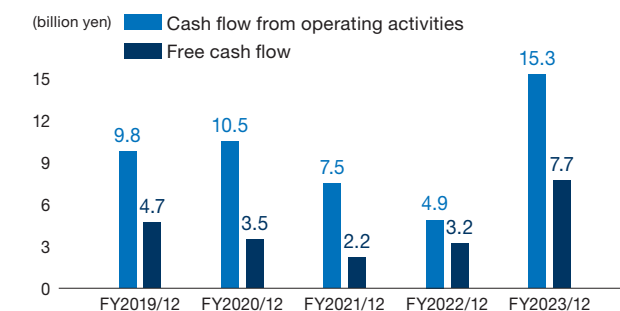
Net income attributable to owners of parent / Net income per share



Total assets / Net assets / Equity capital / Equity ratio

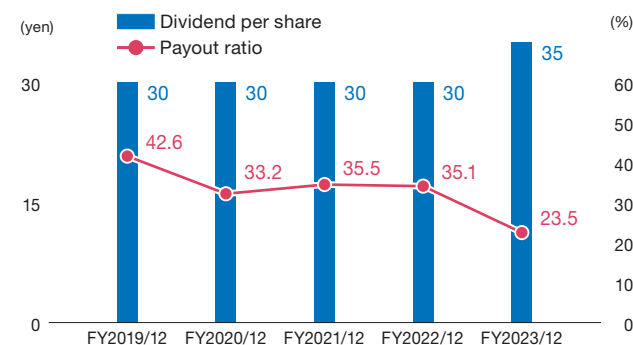


Cash flow from operating activities / Free cash flow*

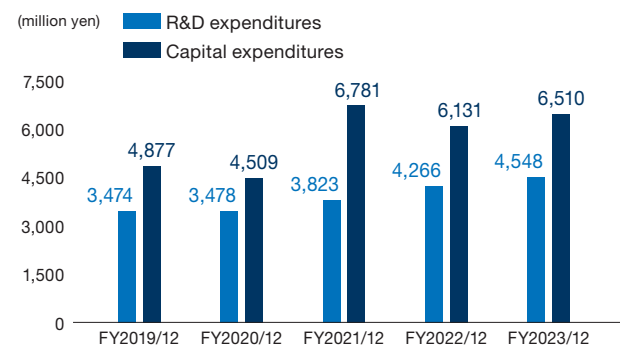


* Cash flow from operating activities + Cash flow from investing activities

Dividend per share / Payout ratio

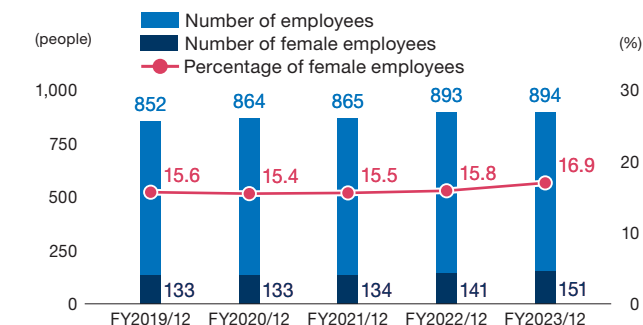


R&D expenditures / Capital expenditures



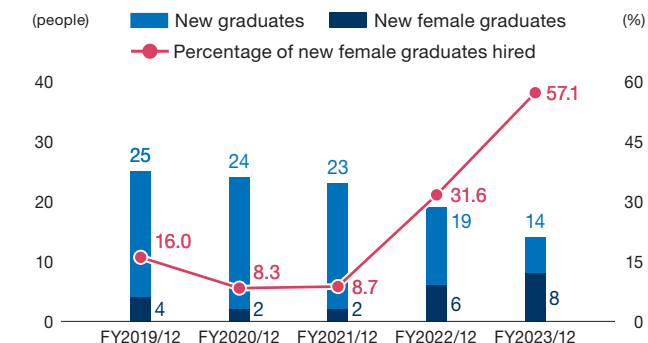
Non-financial Data

[Non-consolidated] Number of employees / Number of female employees / Percentage of female employees

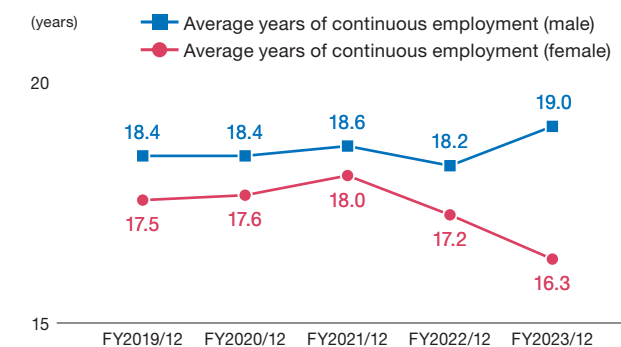


(Note) [Consolidated] Number of employees: 5,035/Number of female employees: 765/
Percentage of female employees: 15.1%

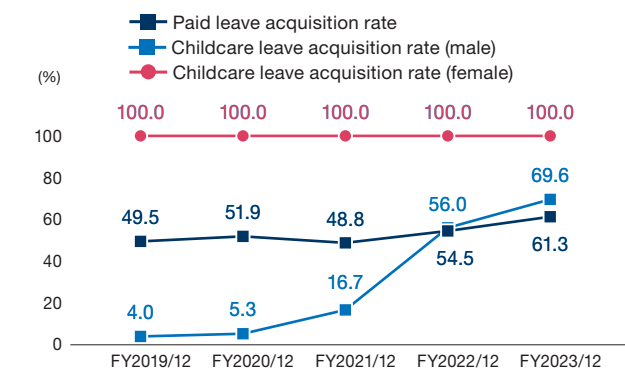
[Non-consolidated] New graduates / New female graduates / Percentage of new female graduates hired



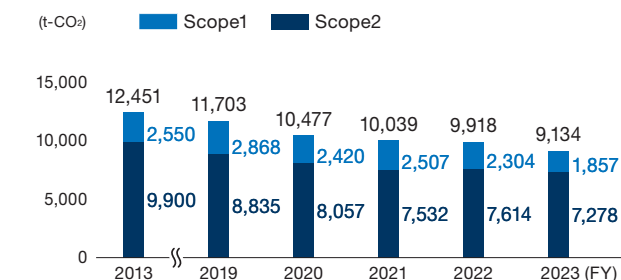
[Non-consolidated] Average years of continuous employment



[Non-consolidated] Paid leave acquisition rate / Childcare leave acquisition rate

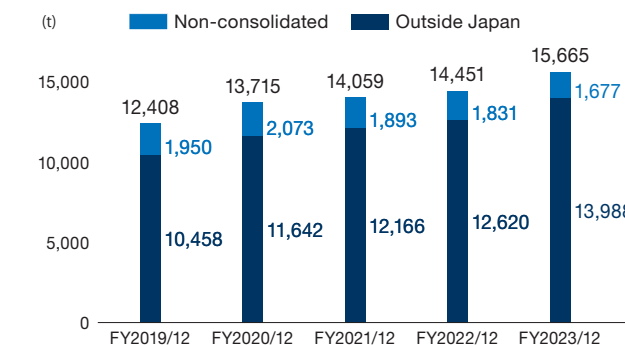


[Non-consolidated] CO₂ emissions (Scope 1&2)



Calculation methods have been carefully examined and data from previous fiscal years has been revised. CO₂ emission coefficients (after adjustment) for each power supplier are used. (FY2022 data has been recalculated using FY2022 actual coefficients. For FY2023, the FY2022 actual coefficient is used.)

[Consolidated] Waste generation



R&D and Core Technologies

Materialities 

Intellectual Property Strategies

We are committed to actively creating, utilizing and protecting intellectual property to contribute to the development of society as a whole. We also pursue intellectual property strategies that are integrated with our business and research strategies across the Group to secure a competitive advantage and increase our corporate value.

Basic Policy on Intellectual Property

- 1. Create and utilize intellectual property
- 2. Protect and respect intellectual property
- 3. Risk management related to intellectual property
- 4. Protect and enhance brand value by strategic utilization of intellectual property
- 5. Education on intellectual property, foster and secure human resources

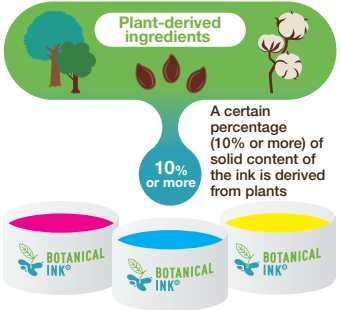


SAKATA INX Group Basic Policy on Intellectual Property
https://www.inx.co.jp/english/sustainability/governance/risk/intellectual_property_policy.html

Environmentally-friendly Products

Botanical Ink

We have been working on developing environmentally-friendly products for a long time. Initially, our approach focused primarily on changing the solvents used to disperse materials in the ink to environmentally friendly ingredients (vegetable oil or toluene-free). However, in 2016, we decided to try using plant-based ingredients for some of the solids in the inks that are applied to the material surfaces. Based on this concept, we started working on gravure inks first and began developing Botanical Inks as our own new brand.

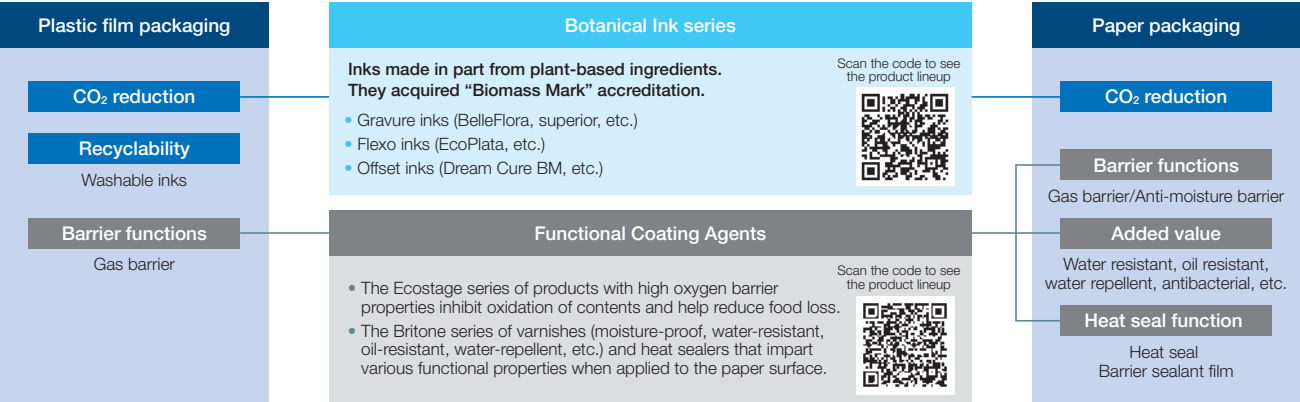


Functional Coating Agents

The issue of marine pollution caused by plastic waste has raised environmental awareness and calls for the achievement of the SDGs. As people seek to build a sustainable society, the use of plastic is once again being questioned. While paper packaging has long been used in a variety of situations, it is actually quite difficult to be used as a substitute for plastic film because it is less durable and less capable of preserving contents than plastic film. We therefore compensate for these shortcomings by applying coating agents that give paper special functions and added value. This is our challenge, to replace plastic film packaging with paper.

CO ₂ reduction	Plant-derived ingredients
3Rs	Add functions

- Use of botanical ink (use of plant-based ingredients in some materials to help reduce CO₂ emissions)
- Use of monolayer film or paperization (helping to reduce plastic waste in packaging by adding various functions to paper)
- Adding barrier functions (helping to reduce food loss by adding barrier functions against oxygen and water vapor to inhibit deterioration of contents)



R&D Vision

“Contribute to enjoyable lifestyles” and “Achieve sustainable society”

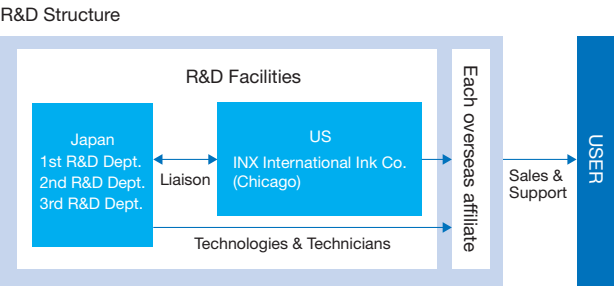
To realize the strategies outlined in our Long-term Strategic Vision, SAKATA INX VISION 2030, we are not only strengthening product development in existing businesses, but also actively engaging in research and development, utilizing open innovation through industry-academia collaboration in order to enter into new business areas and contribute to solving environmental and societal issues such as global warming and marine plastic pollution.

Basic Policy for Research & Development

- 1. Expand printing inks/digital & specialty product businesses
Promote the development of high value-added products that meet market needs and social trends.
- 2. Meet new market challenges
Create new businesses by leveraging core technologies developed in existing businesses and fostering open innovation.
- 3. Strengthen ESG/sustainability efforts emphasizing the global environment and local community
Promote the supply of safe and reliable products and the development of products that address environmental and social issues.

R&D Structure

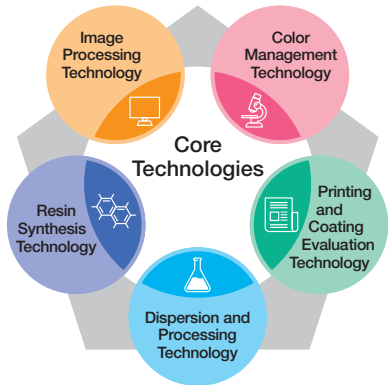
We have positioned our research and development in Japan as the mother R&D. Depending on the purpose, those initiatives are being carried out in three R&D Departments at our Tokyo Plant and Osaka Plant. To develop and implement our global research and intellectual property strategies, we also maintain liaison with the R&D Center of INX INTERNATIONAL INK CO., our consolidated subsidiary in the United States. This enables us to develop products tailored to the needs of our global operations and the characteristics of each region. In addition, Japanese engineers are stationed at each local subsidiary to provide guidance and training to the local staff.



Core Technologies

Through our ink business, we have cultivated our unique core technologies, which include resin synthesis technology, dispersion and processing technology, and printing and coating evaluation technology. We apply these technologies in existing businesses such as functional coating agents, pigment dispersions for color filters, and inkjet inks, and in new businesses such as materials for electronics and eco-friendly materials.

We are also developing image processing systems and color management systems based on image processing technology and color management technology that we have fostered through our relationships with the printing industry.



Resin Synthesis Technology

Technology to add coloring disperse function, adhesive function, printability, various durability and functions to binder resin used in ink.

Dispersion and Processing Technology

Technology for fine, stable and uniform dispersion of particles such as organic and inorganic pigments from submicron to nanoscale.

Printing and Coating Evaluation Technology

Technology to coat the surface of base materials such as paper and film with inks and functional coating agents, and to evaluate the formed images and functional thin films.

Image Processing Technology

Technology to process, store, and transmit digital information into various types of information using computers.

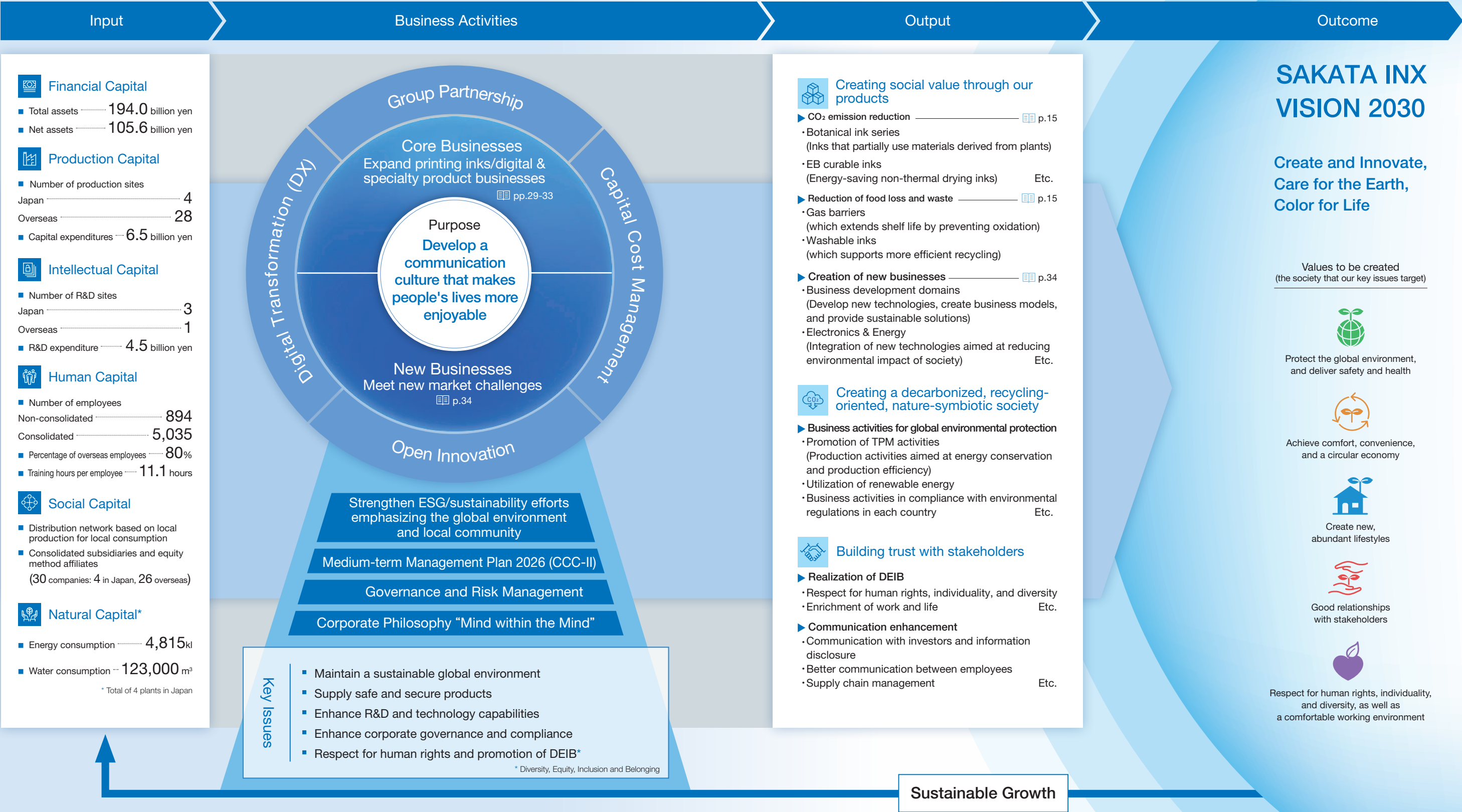
Color Management Technology

Technology to manage color in absolute values using a spectrophotometer and computers.

Value Creation Process

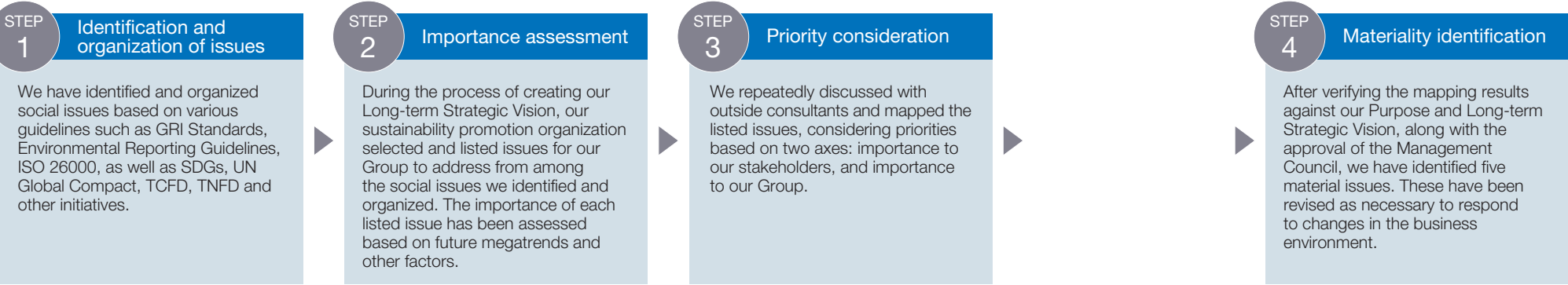
External environment	Climate change	Plastic ocean pollution	Food loss
	Respect for human rights	Gender equality	Risk governance

The SAKATA INX Group has built up a number of assets since its establishment, with “Develop a communication culture that makes people’s lives more enjoyable” as its main purpose (the core of existence). It has leveraged these assets to create social and economic value by offering a wide range of products and services centered on printing inks. It will continue to contribute to the achievement of the Sustainable Development Goals (SDGs) while creating sustainable developments and becoming an indispensable global company to society. The aim is to increase the Group’s corporate value.



Material Issues & KPI

Materiality Identification Process









Materiality Highlights for 2023

Strengthening risk management and governance
Establishment of an Asian regional management company pp.35-36
Establishment of the Meeting of Independent Outside Directors

Promotion of activities related to climate change and conservation of the natural environment
Financial impact of anticipated risks
Biodiversity preservation

Materialities (Material issues)	Opportunities and risks		Specific task	KPI			Aimed society	Relevant SDGs
	Opportunities	Risks		KPIs for 2030 goals		2023 Initiatives and achievements		
Maintain a sustainable global environment	<ul style="list-style-type: none">Expansion of environment-related markets such as the circular economyImprovement of brand imageLong-term cost reductionRealization of open innovation based on environmental issues	<ul style="list-style-type: none">Loss of market shareLoss of brand image	Promote activities related to climate change and the conservation of the natural environment (in compliance with TCFD and TNFD)	<ul style="list-style-type: none">Consolidated: GHG reduction from FY2022: 34.3% in FY2029 58.8% in FY2034 (Scope 1&2)Engagement target with suppliers equal to 80% of purchase price (Scope 3)		<ul style="list-style-type: none">Non-consolidated: 28.7% GHG reduction from FY2013 (Scope 1&2)ICP system was implementedBasic Policy on Biodiversity was establishedShiga Plant's Sakata Forest ecosystem researchCDP (climate change, water security) B scoreSupport for the Keidanren Initiative of Biodiversity ConservationParticipation in the Japan Climate InitiativeRenewable electricity was implemented at our headquartersParticipation in the Task Force on Nature-related Financial Disclosures (TNFD) ForumCommitment letter was submitted to SBTiShiga Plant's Sakata Forest was certified as a nature symbiosis site by the Ministry of the Environment (March 2023)		<ul style="list-style-type: none">Simultaneous pursuit of consumers' greater comfort and convenience, and the realization of a recycling-oriented society
			Business activities aimed at reducing waste	<ul style="list-style-type: none">Waste generation: Reduce by 30% in FY2029 compared to FY2022Zero emissions: Effective resource employment rate of 99.5% or higherPlastic waste generation: Reduce by 7% in FY2029 compared to FY2022		<ul style="list-style-type: none">Waste generation: from production in plants: reduced by 13.4% (intensity) from non-production in plants: reduced by 3.9% (amount) 2023 target: 1% reduction from prior year		
			Business activities aimed at reducing water consumption	<ul style="list-style-type: none">Reduce water use (in plant production) Reduce by 6% in FY2029 compared to FY2023		<ul style="list-style-type: none">Monitoring environment for water consumption has been establishedCleaning water during the production process has been reduced		
			Adoption of renewable energy	<ul style="list-style-type: none">Install more solar panels		<ul style="list-style-type: none">105kW (PC 63kW) solar panels were installed in the administration building of the Shiga Plant		
			Establishment of a supply chain management system	<ul style="list-style-type: none">Improve collection rate of CSR procurement surveys on a global basisSuggestion: Build a strong supply chain management systemImprove evaluations by external rating agencies100% environmental training attendance rate		<ul style="list-style-type: none">The Basic Procurement Policy and the Procurement Guidelines were transmitted to suppliers through the CSR surveysCurrently working on obtaining EcoVadis medalsEnvironmental training attendance rate was 92.5%		
Supply safe and secure products	Gaining customers' trust	Business continuity risks associated with environmental contamination, quality incidents, and health hazards	Establish a global chemical management system	<ul style="list-style-type: none">Operate and monitor the global chemical substance management system		<ul style="list-style-type: none">Renewal of the chemical substance management system was consideredA person responsible for chemical substance management has been assigned to the Southeast Asian subsidiary. Raw materials management training has been provided and the responsible person at each Group company has been established.Southeast Asian subsidiaries and other companies have begun to use the legal information Web service		<ul style="list-style-type: none">Protecting the environment and ensuring a safe and healthy life for people
			Strengthen quality assurance and product management systems	<ul style="list-style-type: none">Strengthen quality assurance and product management systems (Phase 3)Expand the global quality assurance system to achieve zero non-conformitiesEstablish a company-wide quality assurance system		<ul style="list-style-type: none">Two internal quality assurance departments have been mergedA quality audit system for the Production Dept. has been established		
			Improve occupational health and safety, and promote health management	<ul style="list-style-type: none">Monitor and mitigate critical risks (Phase 1)100% safety training attendance rateZero serious accidentsSupport for work balance, and medical treatment [Expand eligibility for medical leave (fertility treatment, cancer treatment, etc.)]Pursue "Tomonin," or a certification to support work-caregiving balance100% attendance to mental health workshops		<ul style="list-style-type: none">The BCMS is now in regular operationThe new operational approval process for specially controlled substances was established and the current operational status was evaluated (Applied globally)Safety training attendance rate was 100%"Tomonin" certification for support in balancing work and caregiving was awardedMental health workshops attendance rate was 95.2% (including general employee self-care and managerial line care)		

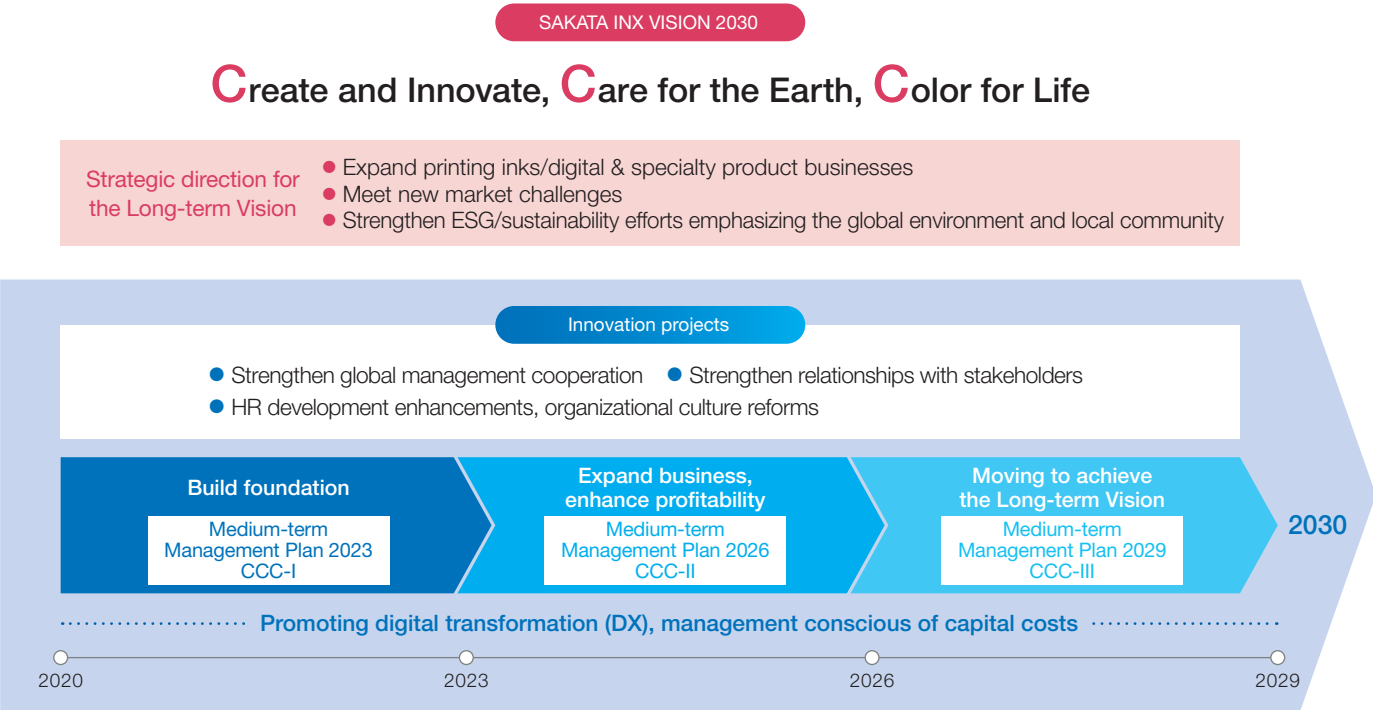
Material Issues & KPI

Materialities (Material issues)	Opportunities and risks		Specific task	KPI			Aimed society	Relevant SDGs
	Opportunities	Risks		KPIs for 2030 goals		2023 Initiatives and achievements		
Enhance R&D and technology capabilities	<ul style="list-style-type: none"> Increased competitiveness Enhanced brand image Creation of social issue-driven open innovation 	<ul style="list-style-type: none"> Loss of market share 	<ul style="list-style-type: none"> Product development based on Creating Shared Value (CSV) 	<ul style="list-style-type: none"> Increase the percentage of plant-based products (100%) *For packaging inks Use more plant-based materials Create value chain Expand our sustainable product lineup 		<ul style="list-style-type: none"> Botanical ink products expanded (to over 70%) Botanical inks (gravure inks) using 100% biomass-derived ethyl acetate have been commercialized The performance of the Botanical Ink series has been improved Electron beam (EB) cured inks that do not require photoinitiators have been developed Several functional coatings, such as water-based heat sealants, have been developed New materials using inedible biomass materials have been developed Technical meetings were held with overseas bases 	 <p>Our products should:</p> <ul style="list-style-type: none"> help enrich the people's lives in developing countries create new lifestyles that further enhance people's quality of life in developed countries 	
			<ul style="list-style-type: none"> Create new businesses 	<ul style="list-style-type: none"> Establish new businesses in four areas: Electronics, energy, bio-based and non-fossil materials, and healthcare. 		<ul style="list-style-type: none"> Commercialization process developed (established) Collaborative activities have been strengthened (technology integration and synergy creation) Human resources has been developed (fostering an internal culture) As a member of the MATSURI project to build an algae industry, we participated in NEDO's Green Innovation Fund Project 		
Enhance corporate governance and compliance	<ul style="list-style-type: none"> Enhance stakeholder dialogues Strengthen risk management 	<ul style="list-style-type: none"> Damage to corporate image Violation of laws and regulations 	<ul style="list-style-type: none"> Reinforce a global management structure 	<ul style="list-style-type: none"> Create and operate a global organizational structure Consider governance structure in Asia (Phase 3) Hold International Advisory Board (IAB) meetings twice a year Hold various global strategy meetings once a year Increase the number of sites covered by BCP, and implement and maintain BCP training 		<ul style="list-style-type: none"> As the global project progressed, an information-sharing network was established among Group companies The Asia regional headquarters was established The specially controlled substance operational standards have been established on a global basis Risk survey was conducted at PT. Sakata INX Indonesia BCP initial response training was conducted at PT. Sakata INX Indonesia Global BCP deployment (BCMS operational preparation is complete) 	 <ul style="list-style-type: none"> Promotion of fair trade Promotion of compliance 	
			<ul style="list-style-type: none"> Strengthen risk management governance 	<ul style="list-style-type: none"> Establish a global risk management system Gradually reduce cross-holdings (Phase 3) 100% attendance rate for various compliance training courses Zero serious compliance violations 		<ul style="list-style-type: none"> The Global Whistleblower System was established (Starting with some Group companies in Asia) The operation of the internal control system was monitored. Additionally, the system was reviewed after the change of the core system. Cross-holdings are gradually reduced (Phase 1) The effectiveness of the Board of Directors was assessed through a questionnaire to all directors, and current issues and actions were discussed and implemented The SAKATA INX Group Code of Conduct and Ethics has been established Zero serious compliance violations The SAKATA INX Group Anti-Corruption Basic Policy has been established Compliance training for managers was conducted 		
			<ul style="list-style-type: none"> Enhance stakeholder dialogues 	<ul style="list-style-type: none"> Build good relations and coexist peacefully with all stakeholders Annual target of 200 interviews with institutional investors 		<ul style="list-style-type: none"> An Integrated Report was published Web pages have been renewed Information dissemination through social media IR: Communication with shareholders have been improved IR: Investors' feedback to the Company Support for earthquake damage in Turkey and Syria (donation of 3 million yen) Participation in social contribution activities (178 employees in Japan) 		
Respect for human rights and promotion of DEIB	<ul style="list-style-type: none"> Stabilization of business Expectation of improved performance through diverse hiring Reform of organizational culture Improvement of corporate value 	<ul style="list-style-type: none"> Decreased trust and credibility with stakeholders Decreased competitiveness due to lack of human resources 	<ul style="list-style-type: none"> Respect for human rights and promotion of DEIB 	<ul style="list-style-type: none"> Zero serious human rights abuse 100% participation in human rights training Conduct human rights due diligence (Phase 3) 100% attendance rate for DEIB training 		<ul style="list-style-type: none"> The SAKATA INX Group Human Rights Policy has been established and disseminated Human rights training participation rate of 96.6% (implemented in 2023) Human rights due diligence infrastructure was developed and implemented (Phase 1) DEIB training was provided during management training and new employee training The "Osaka City Leading Company in Women's Participation" certification was renewed Support for the "My Declaration of Human Rights" project 	 <ul style="list-style-type: none"> Achieving a society free from discrimination Eliminating child Labor Realizing DEIB Achieving a society in which women play an active role Addressing an aging society with a declining birthrate Achieving gender equality 	
			<ul style="list-style-type: none"> Create a rewarding workplace and organizational climate 	<ul style="list-style-type: none"> Maintain an annual paid leave utilization rate of 55% or higher Keep average monthly overtime under 16 hours 100% childcare leave take-up rate (for male and female employees) 		<ul style="list-style-type: none"> Annual paid leave utilization rate: 61.3% (including managers) Average monthly overtime of an ordinary employee: under 16 hours Childcare leave take-up rate: Female 100% Male 69.6% Certified as a company that practices "Telework Tokyo Rule" by the Bureau of Industrial and Labor Affairs, Tokyo Metropolitan Government Our statement on the work style reform was published under the auspices of the Osaka Labor Bureau A new "office casual" dress code has been adopted Joined IKUKYU.PJT, a Project to Promote Childcare Leave for Men 		
			<ul style="list-style-type: none"> Career paths and human resources policies to develop global talent, etc. 	<ul style="list-style-type: none"> Maintain the percentage of women employed in Japan at 30% or higher Percentage of women in management positions 15% or more Diversify board and executive meetings 		<ul style="list-style-type: none"> Overseas training programs have been introduced and are in operation A system for sending employees to graduate schools in Japan is in place The percentage of women employed in Japan (new graduates and mid-career) is 45.2% The percentage of female employees in management positions (including chiefs) is 28.5% The female employee leader development program has been implemented Internal systems to strengthen human resource development have been established (Career open recruitment system, intern recruitment system, intern challenge system) 		

Long-term Strategic Vision

SAKATA INX VISION 2030

We have formulated our Long-term Strategic Vision SAKATA INX VISION 2030, and established three strategic directions based on our business theme, “Creation of Visual Communication Technology,” and on our purpose (core of existence), “Develop a communication culture that makes people’s lives more enjoyable,” as defined in our Corporate Philosophy, “Mind within the Mind.” In addition, we have launched innovation projects to build a stronger corporate infrastructure.



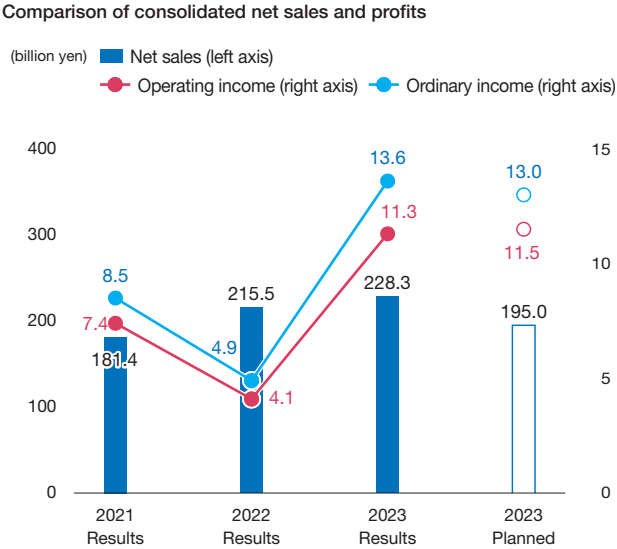
Review of the previous Medium-term Management Plan CCC-I: Results

The previous Medium-term Management Plan CCC-I was positioned as the first phase of the Long-term Strategic Vision, or as a period for building the infrastructure to achieve our 2030 goals. Various initiatives in line with the plan were implemented. Although unexpected external environmental changes during the planning stage resulted in some significant profit declines, net sales and ordinary income were ultimately in line with the plan. Additionally, the operating income was close to plan.

	Plan for 2023	Actual results for 2023
Net sales	195.0 billion yen	228.3 billion yen
Operating income	11.5 billion yen	11.3 billion yen
Ordinary income	13.0 billion yen	13.6 billion yen
ROE	10% or higher	8.1%
Exchange rate	1 USD = 105 JPY	1 USD = 140.56 JPY

External factors affecting the plan

- Lower demand for information media due to rapid digitalization
- Emerging geopolitical risks
- Exchange rate effects (yen depreciation)
- Fluctuations in raw material costs
- COVID-19 pandemic
- Global inflation (rising labor costs and prices)



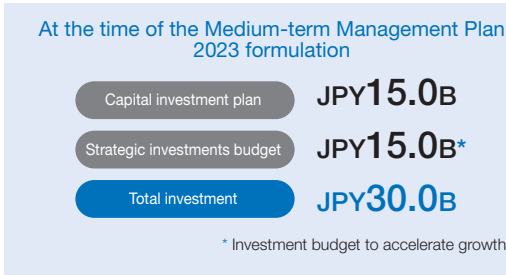
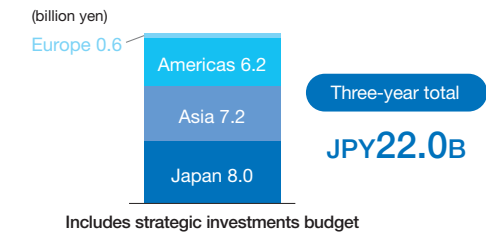
Review of previous Medium-term Management Plan CCC-I: Investment plans * including non-consolidated

We invested 22 billion yen, in comparison with our investment plan of 30 billion yen over three years.

To expand our existing business, we invested in the renovation of our Osaka plant and the renovation of our Osaka plant, including the expansion of its research facility; the expansion of our gravure ink plant in Vietnam, where the economy is strong and demand is growing; and the expansion of the Ohio plant, our flagship plant in the United States.

To promote open innovation and create new businesses investments in Japan and the United States were included in our strategic investments.

Breakdown of investments by region



Results

Capital investment

- Japan: Osaka Plant renovations
- Vietnam: Construction of new gravure ink plant
- Philippines: Construction of new plant for relocation
- USA: Expansion of the Ohio plant and installation of additional equipment
- Brazil: Construction of new plant

Strategic investments

- US CVC initiatives
- Investments in startups and university-based business ventures for open innovation
- Investments to establish new businesses

CCC-I results and continuing issues

To achieve our Long-term Strategic Vision, we have set strategic direction for the sustainable development of our Group and launched innovation projects. For each of these strategies and projects, we achieved the results described below during the period of infrastructure building. This demonstrates our plan’s steady progress. We have also been able to link them to the Medium-term Management Plan 2026 (CCC-II), which is the second phase of the Long-term Strategic Vision that began this fiscal year.

	Policies	Results (overview)	Ongoing issues
Strategic direction	Expand printing inks/digital and specialty product businesses	<ul style="list-style-type: none">Laying the foundations for global alliancesAchieving a product portfolio with high added valueExpanding growth businesses (packages and functional businesses)	<ul style="list-style-type: none">Enhancing synergies among domestic and overseas facilities (enhancing global operations)Proposing eco-friendly solutionsImproving earnings capabilities through business structural reforms
	Strengthen ESG/sustainability efforts emphasizing the global environment and local community	<ul style="list-style-type: none">Formulating various ESG policies, including a basic sustainability policyParticipating in ESG platformsDeclaring TCFD support	<ul style="list-style-type: none">Integrating financial and nonfinancial considerations (quantifying financial impacts)Promoting ESG governance at overseas subsidiariesEnhancing businesses for solutions to social issues
	Meet new market challenges	<ul style="list-style-type: none">Strategic, visionary targeting based on technological exploration and database developmentStartup investment activities	<ul style="list-style-type: none">Developing (establishing) commercialization processesEnhancing cooperation activities (fusing technologies, generating synergies)HR development (corporate culture)
Innovation projects	Strengthen global management cooperation	<ul style="list-style-type: none">Achieving progress on building the infrastructure for global execution of corporate strategy in ESG and other areas	<ul style="list-style-type: none">Continuing to build the infrastructure for global management of procurement, sales, ESG, safety, and quality
	Strengthen relationships with stakeholders	<ul style="list-style-type: none">Enhancing communication tools to create shared value and build dialogue with stakeholders	<ul style="list-style-type: none">Increasing corporate value by enhancing external communication and building stronger foundations through more active internal communication
	HR development enhancements, organizational culture reforms	<ul style="list-style-type: none">Adopting various HR programs with an emphasis on initiative, holding dialogue meetings, and improving workstyles and other aspects of the working environment	<ul style="list-style-type: none">Building evaluation programs and training systems based on human capital policy

Medium-term Management Plan 2026 CCC-II

-Expand business and enhance profitability to achieve our Long-term Strategic Vision -

As the second phase of the Long-term Strategic Vision for 2030, we have created the Medium-term Management Plan 2026 (CCC-II), which ends in FY2026. Positioning this as a period to expand business and enhance profitability, we will steadily advance our efforts toward the next phase.

Medium-term Management Plan 2026 (CCC-II): Targets and KPIs

We aim to increase net sales by 41.7 billion yen to 270 billion yen, operating income by 6.7 billion yen to 18 billion yen, and ROE to 10% or higher in FY2026, the last year of the Plan.

	Medium-term Management Plan CCC-I		Medium-term Management Plan CCC-II		FY2023 - FY2026	
	FY2023 result (billion yen)	Profit margin	FY2026 plan (billion yen)	Profit margin	Change (billion yen)	Growth rate
Net sales	228.3	—	270.0	—	+41.7	+18%
Operating income	11.3	5.0%	18.0	6.7%	+6.7	+59%
Ordinary income	13.6	6.0%	19.0	7.0%	+5.4	+39%
Net income attributable to owners of parent	7.4	3.3%	12.7	4.7%	+5.3	+71%
ROE	8.1%		10.0% or higher		—	

Strategic direction and Innovation Projects of CCC-II - Specific Policies and Activities in CCC-II -

We have defined strategic courses of action and transformational projects common to all phases to achieve our Long-term Strategic Vision. The CCC-II's strategic courses of action are to develop the activities of the CCC-I and launch new initiatives. The transformational projects will strengthen the entire Group organization through cross-divisional horizontal collaboration.

Strategic direction	Expand printing inks/digital and specialty product businesses	Specific policies and initiatives	<ul style="list-style-type: none">Business structural reforms (portfolio revisions)Contributing to sustainability in the package industryEnhancement of global operations
	Strengthen ESG/sustainability efforts emphasizing the global environment and local community		<ul style="list-style-type: none">Formulation and review of various policiesTCFD and TNFD initiativesSBT certificationQuantifying the financial impact of sustainabilityPromoting global ESG governanceImproving external evaluations
	Meet new market challenges		<ul style="list-style-type: none">Accelerating commercializationTechnology creation in target areasDeveloping HR and corporate culture for tackling new fields and global successOpen innovation
Innovation projects	Strengthen global management cooperation		<ul style="list-style-type: none">Building a global strategic promotion structureEnhancing the governance structure through the Asia regional management companyPromoting global projects (sales, ESG, procurement, safety, quality)
	Strengthen relationships with stakeholders		<ul style="list-style-type: none">Strengthening IR activities and enhancing dialogue with investorsProactive disclosure of financial and nonfinancial information, and enhanced dialogue-buildingEnhancing internal branding
	HR development enhancements, organizational culture reforms		<ul style="list-style-type: none">Growing and enhancing programs and systems to enable employees to energetically tackle new challengesIntroducing educational and development systems to promote autonomous career-buildingHolding meetings to exchange viewpoints and to deepen understanding of and sympathy with Company vision and policiesOffering new workstyles targeting well-being, higher productivity, and co-creation

Human capital policies

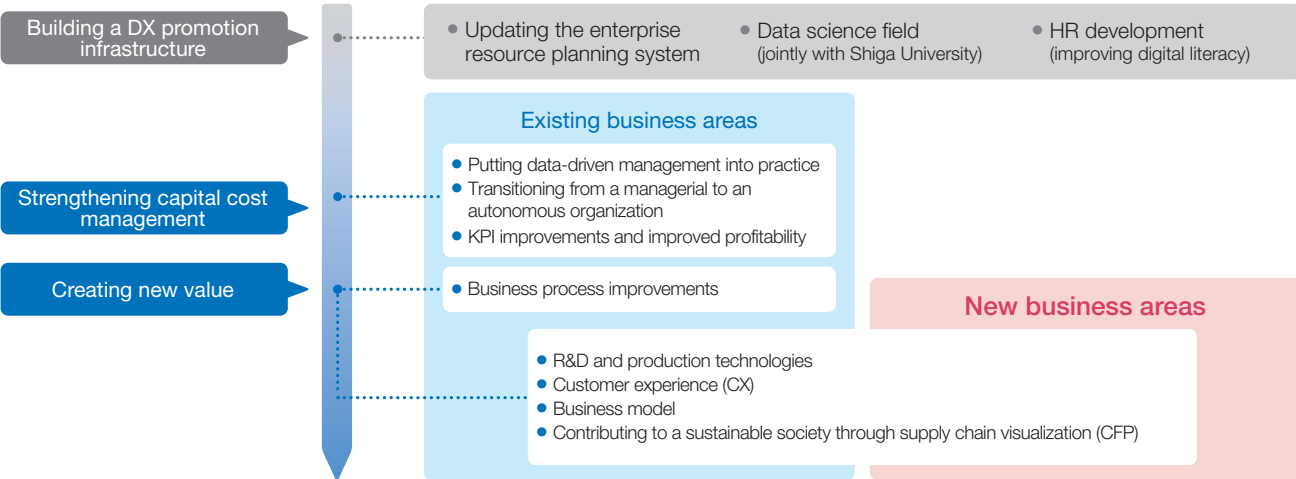
As a Group, we believe that human resources are the source of sustainable growth, mid- to long-term value creation, and the realization of a sustainable society. To drive the creation of a new future, we are taking initiatives to develop human resources and improve the internal environment so that each employee can continuously and boldly pursue change and transformation. In addition, out of respect for the personality, individuality, and diversity of our employees, we will foster an atmosphere within the company that encourages each of them to take on new challenges independently and freely, with a sense of fulfillment and pride.

What we look for in our employees People who have a global perspective, make changes on their own, and enjoy trying new things with those around them

CCC-II Initiatives			
<div>Welcoming diversity</div> <div></div> <div>Promoting reforms to create an organization in which diverse human resources can thrive</div> <ul style="list-style-type: none">Promoting hiring activities (for new graduates and midcareer hires) and HR assignments in line with management strategiesAt least 8.5% of managerial positions in Japan occupied by womenBoosting the percentage of employees taking childcare leave (at least 70% of male employees)DEIB training, human rights training, safety training (undergone by 100% of employees)	<div>An environment that encourages the pursuit of challenges</div> <div></div> <div>Structural reforms to ensure positive evaluations of employees who seek out challenges and further environmental improvements to promote employee autonomy</div> <ul style="list-style-type: none">Eliminating seniority-based aspects and reforming the HR system to one better suited to evaluating employees who seek out challengesDesigning and enhancing systems for autonomous career planning by employees	<div>Enhancing education and HR development programs</div> <div></div> <div>Providing opportunities for growth and education to support autonomous career building</div> <ul style="list-style-type: none">Enhancing education including support for autonomous career buildingEnhancing reskilling support measuresEnhancing training programs to develop global human resourcesPreparing succession and development plans for the next generation of leaders	<div>Well-being</div> <div></div> <div>Improving productivity by promoting the sound mental and physical health of employees</div> <ul style="list-style-type: none">Promoting various health programs to be named to the White 500 in the Certified Health & Productivity Management Outstanding Organizations Recognition ProgramWork environmental development and enhancements to create diverse workstyles (e.g., in workplaces and work-life balance support programs)

Digital transformation (DX) initiatives

As an infrastructure for advancing DX, we are renovating to a new ERP system on a global basis, which will facilitate collaboration with our overseas Group companies. At the same time, we are working with Shiga University's Faculty of Data Science to develop human resources for DX and improve our digital literacy. Once the infrastructure building has reached a certain level, we will first improve the management and business based on the data in the existing businesses. Building on those achievements, we will work to transform our entire business model to create new value, including in new businesses.



Message from the Director in Charge of Finance



Under our growth strategy, we will improve our capitalization rate by consistently implementing measures to expand our business and strengthen profitability.

Toshihiko Fukunaga
Director and Senior Managing Executive Officer
In charge of Corporate Planning Div., Information Systems Div, and Finance & Accounting Div.

We achieved significant profit growth in FY2023, providing momentum for the Medium-term Management Plan 2026 CCC-II.

In FY2023, during the last year of the Medium-term Management Plan 2023 (CCC-I), net sales increased 5.9% year on year up to 228.3 billion yen. This increase in net sales was partly due to price revisions, expanded sales of digital and specialty products, and the decline of the yen. Operating income increased 176.3% year on year up to 11.39 billion yen and current net income increased 63.9% to 7.46 billion yen due to stabilized raw material prices, (particularly in the Americas and Asia) and improved profits in Japan.

We have invested approximately 22 billion yen during the previous Mid-term Management Plan period. To expand existing businesses, we renovated our Osaka Plant, which included the expansion of research facilities. Additionally, we made capital investments to meet growing demand in Asia and the U.S. Strategic investments included investments to promote open innovation in Japan and the U.S. and to establish new businesses.

During these three years, changes in the external environment that were not anticipated at the time of planning led to significant declines in profits at times. However, in the end we were able to achieve most of our goals, and we believe this has provided momentum for the new Medium-term Management Plan.

For FY2024, which is the first year of the new Plan, we forecast a 4.7% year-on-year increase in net sales up to 239 billion yen, a 3.5% year-on-year decrease in operating income to 11 billion yen, and a 9.8% year-on-year increase in net income attributable to shareholders of the parent company up to 8.2 billion yen. Regarding the printing ink segment, revenue growth is expected due to sales expansion in all regions, (particularly in packaging inks) and due to the effect of price revision in Japan. On the other hand, operating income in this segment is likely to decrease slightly due to the cost burden of implementing a core system in Japan, capital expenditures in Asia, and rising labor costs as well as material costs in the Americas and Asia. Within the digital and specialty products segment, sales of inkjet inks for a wide range of applications are estimated to expand, whereas pigment dispersions, which grew last year, will face a tough environment as the LCD market is expected to enter a production correction phase.

We will steadily pursue initiatives in each segment to achieve the goals of the Medium-term Management Plan 2026 CCC-II.

In regard to our Long-term Strategic Vision toward 2030, our Group aims to achieve net sales of 300 billion yen and an operating profit margin of 8% by that year. During the second phase of the plan to reach these goals, the Medium-term Management Plan 2026 CCC-II targets net sales of 270 billion yen and an operating income of 18 billion yen during FY2026, the last year of the plan. The Plan also aims for an ROE of 10% or higher.

● Printing Inks and Equipment (Japan)
In Japan, while ink sales for information media are declining due to the contraction of its printing industry, ink sales for packaging, are growing., particularly for film packaging. Our botanical inks are helping us grow our market share. They are an environmentally friendly product that accounts for more than 60% of our packaging ink sales.

For FY2026, we plan to achieve net sales of 53 billion yen, up 1.7% from FY2023, and an operating income of 2.9 billion yen, which is 5.8 times higher than in FY2023. To improve profitability, we will continue to review prices and reform the business structure. This includes the reorganization of our production system in response to the shrinking paper-based media printing industry.

● Printing Inks (Asia)
Indonesia and India account for approximately 60% of sales in Asia. Meanwhile, Vietnam and Thailand account for approximately 20% of sales. Sales in all these countries are favorable, with particularly strong sales growth in Indonesia and Vietnam beginning the second half of 2023.

For FY2026, we plan to achieve sales of 66.7 billion yen (up 27.3% from FY2023) and an operating income of 4.3 billion yen, (the same as in FY2023) assuming there is a sharp increase in raw material prices. In February 2024, we established an Asian regional management company in Malaysia to oversee our many local subsidiaries in Asia. The company will further expand sales and maximize profits by promoting strategies for the entire Asian region and by strengthening inter-regional cooperation and service support systems.

● Printing Inks (Americas)
The sales composition in the Americas is approximately 85% in North America and 15% in South America. In North America, our metal decorating inks for aluminum cans have a market share of more than 90%. We expect demand for aluminum cans to continue to grow during the medium term.

For FY2026, we plan to achieve net sales of 92.8 billion yen, (up 18.2% from FY2023) and an operating income of 4.9 billion yen (up 14.0% from FY2023).

In the Americas, we plan to make a major capital investment of 16.7 billion yen over the three years of the CCC-II. This includes 8.1 billion yen to build a new packaging ink plant in North America, which is scheduled to start operations in 2025. The new facility will be located near our current plant and will allow us to increase our production capacity by approximately 1.5 times, as well as expand our market share. In addition, we plan to invest 3.1 billion yen to construct a new packaging ink plant in Brazil, which is scheduled to be completed by 2024 and start operations in early 2025.

● Printing Inks (Europe)
In Europe, we have manufacturing facilities in the United Kingdom, Spain, and Germany. However, our earning capacity remains a challenge as the raw material cost ratio is exacerbated by our weak purchasing power due to the small size of the business compared to other regions. This is also due to competition from large European ink companies.

For FY2026, we plan to move into the black by achieving net sales of 21.2 billion yen (up 8.7% from FY2023) and an operating income of 0.5 billion yen (compared with an operating loss of 0.7 billion yen in FY2023).

In Spain, our packaging ink sales are growing steadily, while in the UK and Germany, we are developing markets that will replace the Russian market. Sales to the Middle East and Africa are also increasing. We will also seek to expand sales of packaging inks from Germany to Eastern Europe.

Since many of the recent environmental regulations have been introduced at the European initiative, responding to them properly in Europe will help us win business opportunities on a global basis.

● Digital and Specialty Products
By focusing on the development of high-value-added products that will ensure high profitability, we plan to achieve sales of 24.4

billion yen in FY2026, (up 45.2% from FY2023) and an operating income of 4.4 billion yen (2.4 times higher than that of FY2023).

As the improved performance of inkjet printers has reduced print time, inkjet inks are being used in a wider range of applications. We are expanding their sales not only in advertising-related applications such as outdoor displays but also in food, clothing, and shelter. This includes textiles, building materials, and packages. We will also expand our market share in pigment dispersions and other display materials while leveraging our technology to apply them to next-generation digital display materials and develop new products.

Strengthen capital cost management, through an ROE target of 10% or higher by balancing financial soundness, growth investments, and shareholder returns.

Our current Medium-term Management Plan target is an ROE of 10% or higher. To achieve this goal, we will constantly improve our operating margin and make investments for our growth.

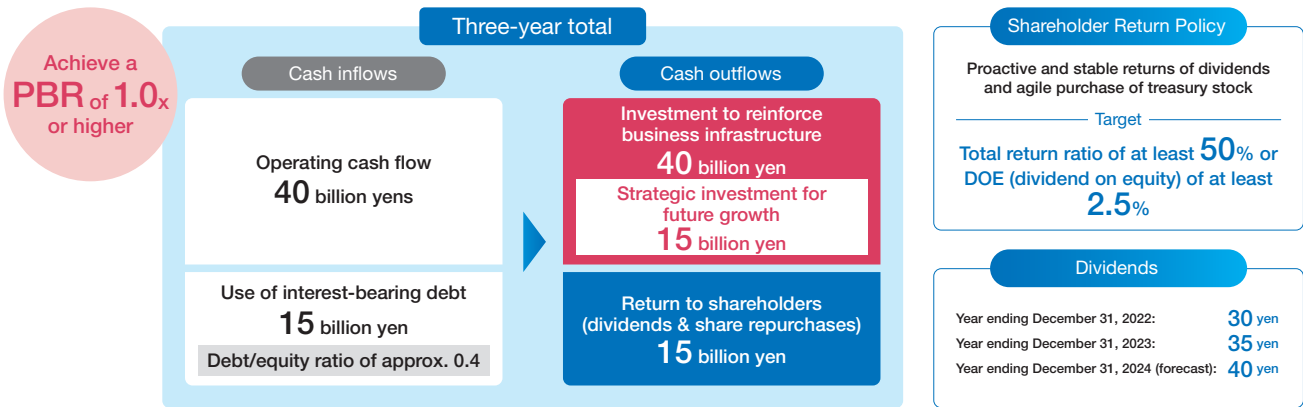
First, we plan to invest 40 billion yen from operating cash flow and an additional 15 billion yen from the effective use of interest-bearing debt from the perspective of an optimal capital structure over three years. The strategic investment of 15 billion yen is to bolster the packaging ink segment, envisioning mergers and acquisitions of companies involved in the development of new fields.

Our equity ratio at the end of FY2023 was 50.9% and our D/E ratio was 0.26x, which is low compared to our peers. However, we will consider increasing the D/E ratio to about 0.4x by using loans for higher leverage.

Furthermore, we have positioned shareholder returns as a key management policy. We also plan to pay out a total of 15 billion yen over the three-year period. Our shareholder return policy is to actively and consistently pay dividends and flexibly repurchase shares. We therefore aim to achieve a total return of at least 50% or a DOE of at least 2.5%, whichever is higher, over the period of this Medium-term Management Plan.

We will balance financial soundness, growth investments, and shareholder returns to deliver an improved capitalization rate and sustainable growth.

Capital policies (cash allocation)



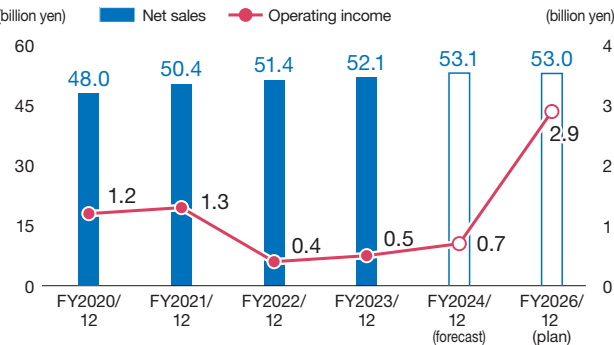
Business Portfolio



Japan



Toshiyuki Nishida, Managing Executive Officer



Business sites Japan (4 production sites)

[Main Products]
Package inks, inks for information media, and print-related equipment

[Market Share] * Our estimation
Corrugated package ink in Japan **Share No.1**
Film package ink in Japan **Share No.2**

[Business Opportunities and Risks]

- Changing and growing environmental needs, such as the shift from plastic to paper
- Diversification of printing and shift to small-lot multi-variety printing
- Shrinking Japanese market (declining population, shrinking print market due to digitization)

among other reasons

Review of Medium-term Management Plan 2023 (CCC-I)

While demand for inks for information media continued to decline due to increasing digitization, sales of packaging inks were supported by strong demand for packaging. This was due to an increase in individual packaging due to the growing number of single-person households, and the rising demand for products related to ready-made meals. It was also because of increased healthcare-related products due to greater healthcare awareness. Sales of Botanical inks are also expanding in response to heightened environmental awareness. In FY2023, even the packaging segment was sluggish as repeated price hikes for daily necessities made consumers reluctant to spend. Meanwhile, profits improved thanks to price revisions in response to skyrocketing raw material prices and overhead costs. In addition, we began to see the effects of the business restructuring, which we undertook as part of our capital-cost-conscious management.

Growth Strategies

- Basic strategies**
- Enhancement and expanded sales of eco-friendly products to raise sustainability in the packaging business
 - Promoting business structural reforms and improving profitability in response to the shrinking industry of paper media-based printing
 - Promoting improvements in production efficiency, and approaches to cost-cutting that account for capital costs

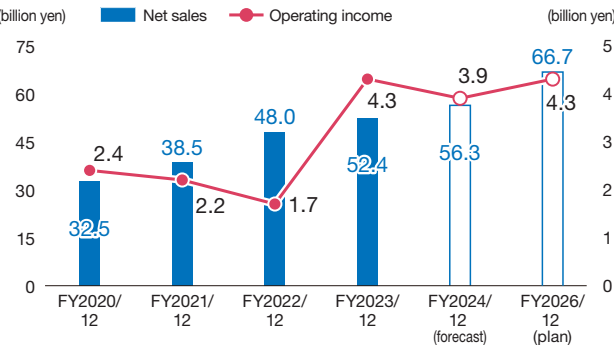
- Key measures**
- **Packaging field**
 - Expanding sales of eco-friendly inks, centered on botanical inks (e.g., botanical ink series, water-based inks, EB offset inks)
 - Introducing products and services that account for the transition to paper and recycling to reduce plastic waste (e.g., functional coatings, de-inking anchor coatings)
 - **Business structural reforms and profitability enhancements**
 - Improving production efficiency and rebuilding production structures
 - Reorganizing domestic facilities to optimize sales and logistics structures
 - Reallocating human resources to new businesses and priority business areas
 - Putting management resources to effective use



Asia



Takashi Kimura, Senior Executive Officer



Business sites Indonesia, Malaysia, Vietnam, Cambodia, Philippines, Thailand, India, Bangladesh, China, and Taiwan (15 production sites)

[Main Products]
Packaging inks, inks for metal can surfaces (for China, Vietnam, etc.), inks for information media (India, etc.)

[Market Share] * Our estimation
Film package ink
Indonesia **Top share** Vietnam **Top share**

[Business Opportunities and Risks]

- Higher demand in line with rising GDP and population growth
- Growing interest in environmentally friendly products
- Rising labor costs and intensifying competition

among other reasons

Review of Medium-term Management Plan 2023 (CCC-I)

Although there was a period of sluggish demand due to the impact of infectious diseases and the slowdown in the U.S. economy, sales volume increased during the second half of the Medium-term Management Plan due to demand recovery and sales expansion. However, the sluggish Chinese economy continues to impact our business. Net profits recovered significantly as raw material prices, which had been soaring until 2022, eased in 2023 as a result of the positive impact of our proactive price revisions. The Bangladesh branch, which was newly established in 2021, saw a steady increase in sales volume. We also expanded our facilities in Indonesia, Vietnam, India, and Thailand to meet growing sales of package inks. We also began selling botanical inks to meet the growing demand for environmentally friendly products in Asia.

Growth Strategies

- Basic strategies**
- Establishing foundations for the global execution of corporate strategy
 - Reducing product costs and expanding sales of eco-friendly products
 - Introducing sustainable products for global accounts

- Key measures for each country**
- India Growing sales of inexpensive high-performance inks to succeed in rapidly growing markets (packaging inks, UV inks)
 - Indonesia Establishing a position as the top packaging ink producer in the country, and developing new customers through gas barrier materials
 - Vietnam Increasing production capacity, and growing the sales of packaging inks, for which demand is booming; enhancing exports to nearby growing markets
 - Thailand Growing packaging ink sales for ink converters including major brands that handle everything from printing to finishing
 - Philippines Moving to a new plant to improve production efficiency and safety. Establishing a system to meet the demand for different types of packaging inks in the country

Business Portfolio

Sales composition
33.5%

The Americas



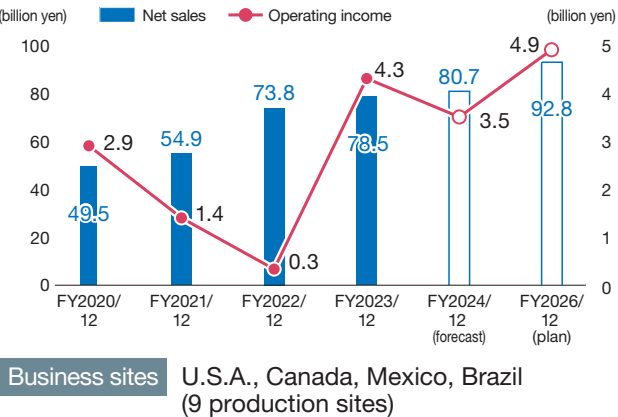
Bryce Kristo, Senior Executive Officer

Sales composition
8.3%

Europe



Bryce Kristo, Senior Executive Officer



[Main Products]
Packaging inks, inks for metal can surfaces, inks for information media, and inks for special use

[Market Share] * Our estimation
Inks for metal can surfaces
North America **Share No.1**

[Business Opportunities and Risks]

- Market expectations for sustainable products
- Growing demand in the South American market
- Rising prices of raw materials and other commodities due to U.S.-China trade tensions

among other reasons

Review of Medium-term Management Plan 2023 (CCC-I)

During the first half of the Medium-term Management Plan, we suffered from rising costs due to soaring raw material prices and material supply problems caused by logistical delays. However, we were able to achieve a significant profit recovery in 2023 through vigorous price revisions. In addition, we are gradually recovering from the impact of a temporary sharp decline in the demand for packaging and beverage cans due to cooled consumption caused by the government's monetary tightening policy in late 2022. In particular, metal decoration inks for aluminum can were supported by increasing demand for low-alcohol beverages and energy drinks, as well as by growing environmental awareness. In addition, sales expansion in the South America, based in Brazil, continued steadily. Sales and profits grew significantly over the three years.

Medium-term Management Plan 2026 (CCC-II)

We are building a new facility in Wrightstown, Wisconsin, to meet future growth in demand and expand our share of the packaging ink market. In addition, we are expanding our aluminum can ink production facility in Dunkirk, New York, to meet market demand for beverage cans, which is expected to grow steadily over the medium to long term. At the same time, we will reduce costs and establish a stable supply system by streamlining production and optimizing the supply chain. We will also promote the development of sustainable and high-performance products that are chosen by brand owners and influential customers. Furthermore, in the booming South American market, a new plant in Brazil will come on stream. This will increase the volume and price competitiveness of inks for packaging and aluminum cans, and help us to gain market share.

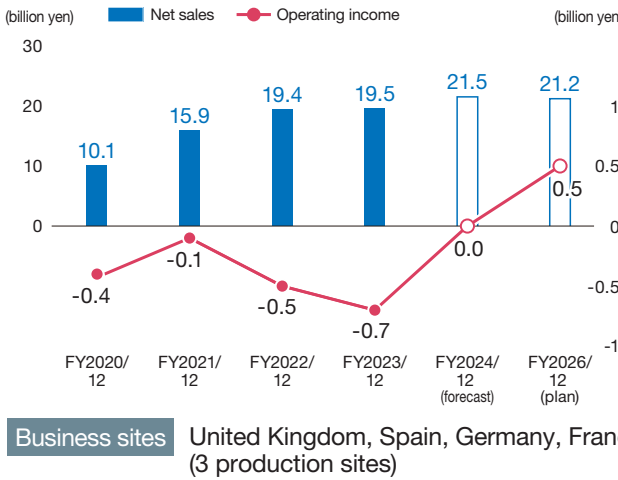
Growth Strategies

Basic strategies

- Growing sales volume and market share, backed by strong consumption
- Promoting production capacity enhancements and production efficiency improvements based on a review of capital investment and production structures

Key measures for each country

- North America
 - Building a new plant for packaging inks and enhancing facilities at the existing plant in response to growth markets
 - Maintaining high market shares based on expectations for revived growth in the metal ink market
- South America
 - Growing production capacity and supply areas by bringing the Colombia plant and the new Brazil plant online during 2024
 - Growing the packaging ink market share in Brazil, expanding sales to nearby markets and Central America
 - Targeting further growth in market share in metal inks through emphasis on quality and price



[Main Products]
Packaging inks, inks for metal can surfaces, inks for information media, and inks for special use

[Market Share] * Our estimation
Inks for metal can surfaces
Europe **Share No.1**

[Business Opportunities and Risks]

- Market demand for sustainability
- Growing demand from emerging markets
- Rising prices of raw materials and other commodities due to geopolitical risks
- Country risks

among other reasons

Review of Medium-term Management Plan 2023 (CCC-I)

In 2021, RUCO, a German company, joined our Group and increased our presence in the Europe. However, our business faced challenging conditions due to the impact of the Russia-Ukraine conflict in 2022. This outbreak led to higher raw material and utility costs, the loss of sales to Russia, and a weak European economy. On the other hand, we moved towards profitability as a result of the progress we had been making in restructuring our production and distribution system throughout Europe, as well as price revisions. In addition, we successfully expanded sales of packaging inks produced in Spain last year. The implementation of an ERP system in Germany was also completed. We made progress in establishing our structure as the INX Group in Europe and in building our brand.

Medium-term Management Plan 2026 (CCC-II)

First, we will pursue further cost reductions by restructuring purchasing, production, and sales systems for the entire region through cooperation between the UK, Spain, and Germany. We aim to achieve operating profitability by 2024. In addition, since Europe has a high awareness of CO₂ reduction and strict environmental regulations, we will develop and market sustainable products that satisfy environmentally conscious brand owners and comply with the strict environmental regulations of each country. Sharing these technologies and products with Group companies in other regions will help improve product quality for the entire Group. In addition to expanding our market share in Europe, we will also work to boost exports to the Middle East and Africa, grow revenues, and enhance the INX brand value.

Growth Strategies

Basic strategies

- Rebuilding production and sales structures
- Promoting cost savings by developing procurement strategies
- Developing and growing sales of eco-friendly and sustainable products

Key measures for each country

- Cutting costs by streamlining the product lineup and production facilities; enhancing sales to major customers
- Achieving progress on cutting raw material costs by promoting joint procurement within the Sakata Inx Group
- Promoting Groupwide deployment of Europe's advanced environmental regulations
- Developing gas barrier agents for mono-materials and deinkable inks to promote recycling
- UK Striving to grow sales to major customers in addition to achieving recovery in other areas to offset the lost Russian market
- Spain Further expanding sales of packaging inks, which are growing steadily
- Germany ... Leveraging the INX brand to expand sales to new customers and new markets

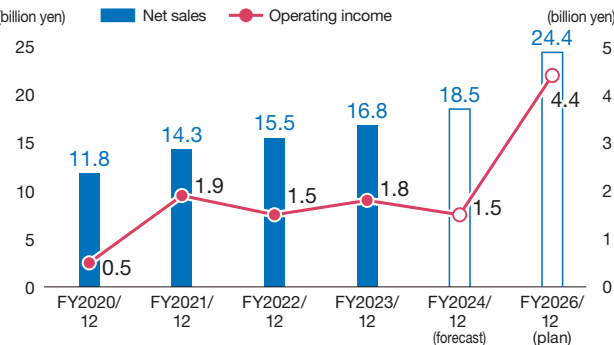
Business Portfolio



Digital and specialty products



Hiroshi Morita, Director and Managing Executive Officer



Business sites Japan, China, U.S.A., Czech Republic, Spain, Brazil (6 production sites)

Review of Medium-term Management Plan 2023 (CCC-I)

Although demand for advertising and office use had declined during the first half of the Medium-term Management Plan due to the impact of infectious diseases, demand for industrial inkjet inks and color toners gradually recovered mainly overseas. Additionally, sales volume grew along with sales expansion. Sales of imaging display materials were affected by the downturn in the panel market, but sales of pigment dispersions for color filters for high-end products (our main target) grew steadily. In addition, sales in FY2023 reached a record high thanks to the effect of price revisions and currency translations due to the weaker yen. On the structural side, we strengthened our production facilities in China and the Czech Republic, enhancing our technological capabilities and price competitiveness to respond to the timely introduction of high value-added products in growing markets.

Growth Strategies

Basic strategies

- Promoting global sales
- Growing sales in regions and areas with high economic growth
- Promoting and strengthening strategic partnerships

Key measures for each country

- Inkjet inks..... While securing existing markets, expanding sales in new markets such as textiles, food packaging, building materials, and other products for food, clothing, and housing
Expanding the introduction of eco-friendly products (e.g., next-generation water-based inks, eco-friendly UV inks), expanding local production capacity
- Display materials ... Further growth in market share and sales to new customers
Leveraging technologies to advance into new fields
Promoting new product development and joint development by exploring market needs and feasibility studies
- Color toners Further sales expansion and cost-cutting
Securing new deals using existing powder technologies
- Inks for metal can surfaces Reentering the Japanese market

[Main Products]

Industrial inkjet inks, pigment dispersions for color filters, and color toners

[Business Opportunities and Risks]

- Changes in the value chain due to digitization
- Market expansion in the food, clothing, and shelter sectors
- Impact of display market conditions
- Country risks

among other reasons

Medium-term Management Plan 2026 (CCC-II)

We will strengthen strategic partnerships among Group companies and collaborate with them in global sales efforts. Our aim is to expand sales in Asia and other regions with remarkable economic growth and in sectors where demand is expected to grow in the future. We will expand sales of inkjet inks in the new clothing, food, and housing markets. We will also strengthen the rollout of environmentally friendly products such as water-based inks and low-migration UV inks. Our plan in the display materials segment is to expand our market share of pigment dispersions and to develop and promote new products in new areas through technological applications. Moreover, inks for beverage cans, which have a large share in overseas markets, are environmentally friendly products that we intend to market in Japan.

New Businesses

Materialities



We are carrying out a lean start-up by leveraging our core competencies and open innovation with external parties, based on the strategic keywords such as a low-carbon society, improvement of quality of life (QOL), comfort and convenience, and safety and security. After exploring various opportunities during the previous Medium-term Management Plan (CCC-I)

period, we plan to expand our current businesses and develop promising products and services that will lead to new businesses and profitability in four new areas: electronics, energy, healthcare, and bio-based/non-fossil materials. Through these efforts, we expect to generate sales of 5 billion yen in new fields during the current Medium-term Management Plan (CCC-II).

Sales target

5.0 billion yen (2026)

Strategic keywords

Decarbonization

Improved QOL

Comfort and convenience

Safety and security

Target domains

- Open innovation and lean startup
- Deploying our core competencies to address social issues

Business development domains

Providing sustainable solutions by developing new technologies and creating new business models



Bio-based and non-fossil materials

Eco-friendly product development



Electronics and energy

Integration of new technologies aimed at reducing the environmental impact of society
Decarbonization and green energy generation for a sustainable society



Healthcare

Helping people live lives characterized by health and well-being



Details of main initiatives

- New business development through cooperation
- Drawing on core competencies to create new businesses

Business development domains

Product authentication solutions

Offering advanced brand protection solutions that draw on our knowledge of product sales, and domestic and international networks (OpSec)

Digital can-printing inks

Developing inks for digital printing on metal cans and growing sales for canned beverages produced in small lots, such as craft beers (Canworks)

Eco-friendly coatings

PFAS-free paper package coatings; bringing to market technologies that help achieve both safety and transition from plastics (DetraPel)

Sustainable products

Developing and introducing functional package coatings and EB inks

Electronics and energy

Thermal management materials, next-generation solar cell materials, electronics materials

Accelerating materials development and marketing to promote the generation and efficient use of renewable energy (Electroninks, WFC, Matwerkz)

Bio-based and non-fossil materials

Biomass resins

Developing eco-friendly biomass resins to contribute to carbon neutrality and developing markets and applications

New bio materials

Bio materials based on cell-free synthesis technologies for use in our businesses and for sustainable product development (Debut Bio)

Healthcare

Plant-based functional food materials

Developing plant-based functional food materials to further health (Salus Lab)

Note: Alliance partners are indicated in parentheses.

Message from the Director in Charge of ESG



To promote ESG and sustainability, we will bolster our efforts in environmental responsiveness, human resource development, and corporate governance across the Group.

Takashi Kimura
Senior Executive Officer
General Manager of the Corporate Planning Div.

We review various policies across the Group and ensure that they are widely understood.

The Corporate Planning Division that I head consists of four departments: the Sustainability Department; the Corporate Planning Division; the International Operations Department, which oversees overseas business; and the Development Planning Department, which manages new businesses. With half of its members having a technical background, the Sustainability Dept. is able to play a leading role in planning and executing projects that require scientific knowledge, especially in the E (environment) area, such as reducing CO₂ emissions, rather than leaving it to other departments.

The three-year Medium-term Management Plan 2023 (CCC-I), which began in FY2021 implementing the Long-term Strategic Vision, was a period of infrastructure building. During that period, we identified materialities for implementing sustainable management and revised the Human Rights Policy, the Basic Procurement Policy, and the Code of Conduct and Ethics. Various policies and systems were also revised to clarify that they are policies for the entire Group.

To ensure that these policies are shared throughout the

Group, they have been translated and distributed in 12 languages that are used in the 21 countries and regions in which the Group operates. I recently visited Vietnam and Thailand and saw that the Group's Human Rights Policy was displayed and used in the local languages. In the future, I would like to organize opportunities to discuss ESG issues with employees in each country to further promote and implement ESG.

CCC-II promotes the operation and optimization of various measures focusing on environmental initiatives.

The Medium-term Management Plan 2026 (CCC-II), which began in FY2024 promotes operation and optimization of various measures for sustainable activities.

In terms of environmental responsiveness, we will make greater efforts in our global initiatives to reduce greenhouse gas emissions. Our "Botanical" ink series is an environmentally friendly product in which part of the solid content of the ink is derived from plants. This series accounts for more than 60% of our ink sales for film packaging and paper bag applications in

Japan. We are trying to introduce this series overseas as well. Global brand manufacturers are actively using eco-friendly products to increase their corporate value. Therefore, we will also promote ourselves as eco-friendly SAKATA to meet the growing needs of our customers.

When I visited one of our customers in Europe last year, I observed a remarkable interest in sustainability. This made me realize that without a more focused approach to sustainability, the risks to business continuity would become apparent. With this in mind, we submitted a letter of commitment to the Science-Based Targets (SBT) for the Greenhouse Gas Reduction initiative in December 2023. We stated that we aim to achieve SBT certification within two years. We will work to set reduction targets, establish measures to achieve them, and intensify efforts to reduce CO₂ emissions at our overseas subsidiaries.

In February 2024, we received a B rating, third out of eight, in both the 2023 CDP Climate Change Report and the 2023 CDP Water Security Report. We believe this is due to our expanded assessment of risks and opportunities related to climate change and water resources, which includes disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We will also strengthen our response to the Corporate Sustainability Reporting Directive (CSRD), which will apply to Europe, including our Group companies, from 2024.

ICP will be introduced to our Japanese sites in 2023, and to our overseas sites in 2024.

As an initiative for our own equipment and facilities, we have introduced Internal Carbon Pricing (ICP) since 2023, setting 15,000 yen per ton of CO₂ to use as a criterion for capital investment decisions. In the future, we will work to improve production capacity and production efficiency, reduce energy consumption, and ensure that our equipment considerations are rooted in an awareness of the need to reduce carbon dioxide emissions. Good results were achieved last year. In 2024, we have started to implement ICP at our overseas sites as well. We calculate ICP for future capital investments at the time of budgeting. We are also actively working to generate our own power by installing solar panels at our plants and facilities in Japan and abroad, thereby helping to reduce CO₂ emissions.

In addition, part of the Shiga Plant site is a forest called "Sakata Forest." It is home to various rare species. In March 2024, it was certified by the Ministry of the Environment as a Nature-Symbiosis Site, where biodiversity is being conserved by private companies. We will continue to take biodiversity into account and pursue Nature Positive activities.

We will create new systems and networks to develop human resources and reform organizational culture.

We believe that human resources are the source of sustainable

growth and value creation over the medium to long term. That is why we focus on attracting the right talent, developing our people, and reforming our culture.

In August 2023, as part of our efforts to improve human resources development, we established the following three systems: the "Open Career Recruitment System," which allows employees to transfer to another department that has openly offered a position; the "Open Intern Recruitment System," which allows employees to work in another department that has openly recruited them without leaving their own department; and the "Trial Intern System," which allows employees to work in another department of their choice without leaving their own department. We have seen a positive response from our employees, with dozens of applications from various departments in response to the initial call. We want to continue to establish this program as an opportunity for our employees to grow.

In addition, we have launched three employee networks to provide opportunities for horizontal connections and information sharing among employees on specific topics. The Women's Network aims to create a work environment and organizational atmosphere in which female employees can share their concerns and challenges, and continue to work in a more positive environment. The Working Parents Network aims to create a supportive work environment for employees balancing work and parenting by helping others understand their needs. The Ikuboss Network aims to help bosses become an "Ikuboss," the ideal boss that is needed in the new era. They discuss values and work practices with their subordinates to change the attitudes and behaviors of both bosses and subordinates.

Future Challenges and Initiatives.

To fortify our global operations, in February 2024 we established Sakata Inx Asia Holdings in Malaysia. It is an Asian regional management company, of which I was appointed its president. The new company will oversee local subsidiaries in six countries: India, Malaysia, Vietnam, Indonesia, the Philippines, and Thailand. It will reinforce cooperation between the head office and local subsidiaries. It will also strengthen governance systems such as ESG, BCP, and security measures based on sustainability management. Finally, it will improve our approach to global brand owners in the Asian region to maximize Group earnings.

As a future challenge, we will work to tell a story that combines financial and non-financial aspects of how our investment activities contribute to solving ESG issues and how they are relate to our profitability. For example, increasing sales of Botanical inks will help reduce CO₂ emissions and increase revenue, but to demonstrate this concretely, the first step will be to incorporate sustainability KPIs into each of our businesses and make it our mission to improve these KPIs.

To Fortify Our Global Operations



Sustainability Strategy

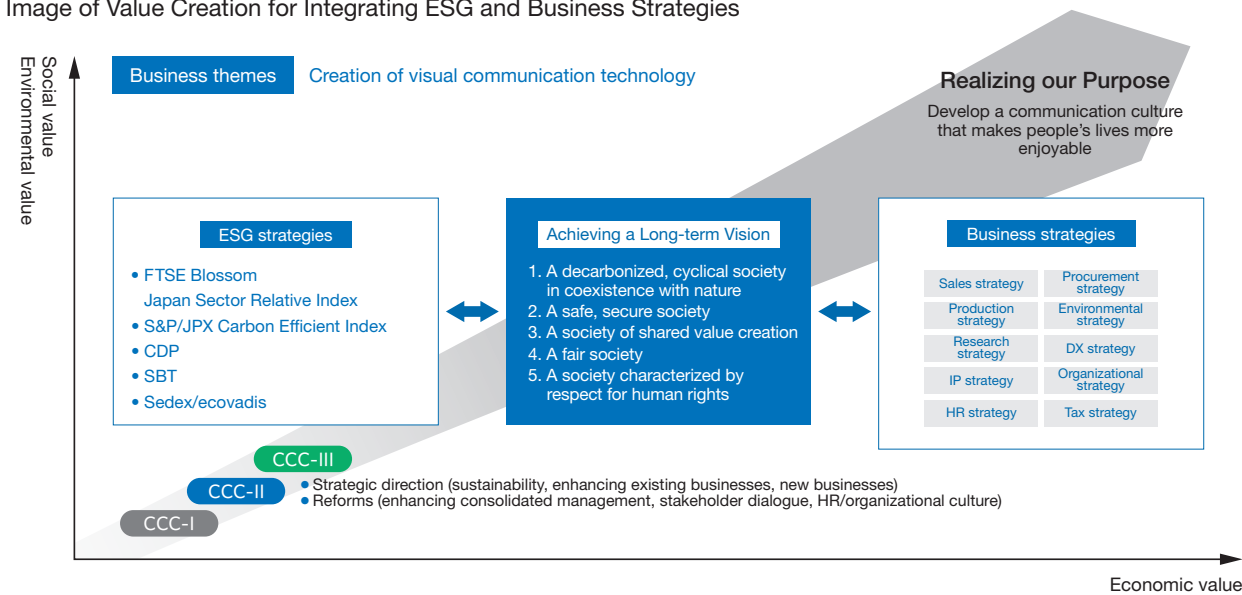
Approach

In order for our Group to develop sustainably as a company that is trusted and expected, our business activities are centered on sustainable initiatives, such as solving climate change and other environmental issues, protecting human rights, providing a safe and rewarding work environment, and ensuring compliance and sound governance. We also believe that being sensitive to the demands of various stakeholders and responding appropriately to changes in society will lead to the Group's social value.

Under our corporate philosophy of "Mind within the Mind" and Sustainability Basic Policy, we are committed to realizing

the Five Societies defined in our Long-term Strategic Vision, SAKATA INX VISION 2030, and our Purpose, "Develop a communication culture that makes people's lives more enjoyable," by conducting business activities with consideration for economic, environmental, and social aspects, by building better relationships of trust with various stakeholders, by integrating them into our business strategies in sales, production, research, and other areas, and by taking initiatives to solve social problems.

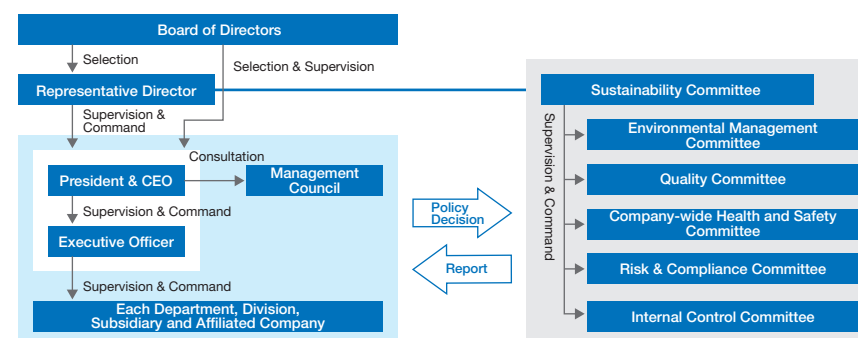
Image of Value Creation for Integrating ESG and Business Strategies



Sustainability Promotion Structure

Our highest-level committee for sustainability is the Sustainability Committee, which is chaired by the Representative Director, President and CEO and consists of all members of the Board of Directors. Each committee, which reports to the Sustainability Committee, identifies various sustainability-related risks in the Group and discusses measures to address them. In addition, the Sustainability Department is in place to strengthen the Group's ESG activities.

The Sustainability Committee meets twice a year to approve company-wide goals for ESG activities and to monitor the progress of each committee's activities. This committee promotes contributions to solving social and environmental problems through our business activities, to building a sustainable society, and to creating new values. The entire company is united in our ESG activities to build a sustainable society.



Initiatives

One of the strategic directions under our Long-term Strategic Vision, SAKATA INX VISION 2030 is to "strengthen ESG and sustainability efforts emphasizing the global environment and local community." To achieve the SDGs by 2030, we have defined the materialities (key issues) to be addressed, analyzed the opportunities and risks associated with them, and are driving initiatives to address them.

During the Medium-term Management Plan CCC-I, we have established an infrastructure by creating various policies such as the Human Rights Policy and the Basic Procurement Policy, identifying issues, implementing sustainability management, and disseminating these policies throughout the Group. Based on this infrastructure, the Medium-term Management Plan CCC-II, which started in 2024, will promote the implementation of various measures in the areas of environment, society, and governance, and establish a PDCA cycle. In the environmental area, we will develop transition strategies towards carbon neutrality and integrate them into our business strategies. We will also identify risks and opportunities and implement countermeasures based on the LEAP approach developed by TNFD to disclose our impact on the natural environment and biodiversity. In the social area, we will promote due diligence and understanding of our suppliers and due diligence towards the Group's employees. In the area of governance, we will establish a system for sharing sustainability information globally. Through these measures, we will promote the integration of ESG strategies and business strategies.

The next Medium-term Management Plan CCC-III aims to create new social and economic value, and to fully integrate sustainable business and management.

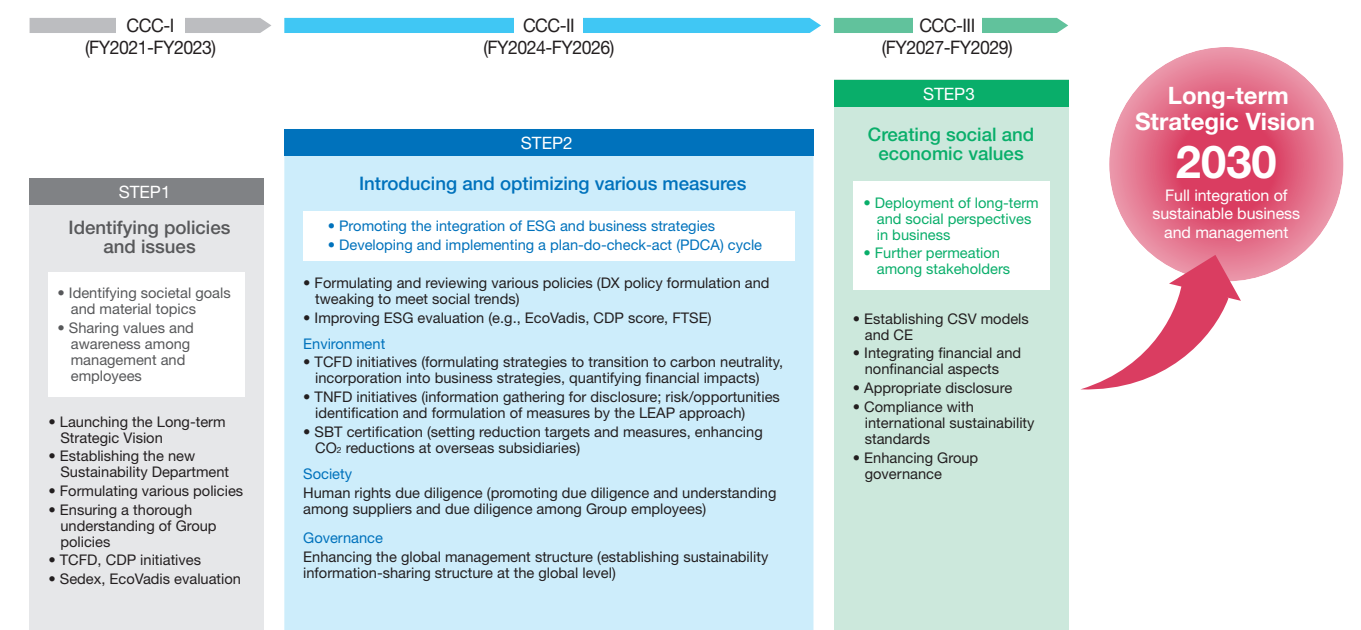
To Share Our Vision

Our Long-term Strategic Vision was developed through discussions with senior management and selected members from each division of the company. One of the strategic directions for achieving this Vision is to "strengthen ESG/sustainability efforts emphasizing the global environment and local community." Our Long-term Strategic Vision was communicated to all employees via video distribution and an employee awareness survey was conducted. In addition, we conduct the following awareness-raising activities to ensure that every employee understands the importance of and engaged in ESG activities:

- Publication of Sustainability Department News
- Publication of the "Sustainability Report" in the company newsletter
- ESG-related departmental briefings and questionnaires
- ESG-related briefings and distributing materials at overseas sites
- Activities to disseminate Group policies (holding briefings and translating Group policies into many languages)
- Posting of internal awareness-raising posters

We will continue to use a variety of methods and tools to communicate our activities and share our values to achieve our long-term vision and to address social and environmental issues so that all employees of our Group are aligned and promote sustainability activities.

Evolutionary steps in sustainability management



Outside Director Roundtable



Yoshio Sato
Outside Director

Kazuko Otsuki
Outside Director

Yukiko Tsujimoto
Outside Director

Challenges and Expectations in the New Phase of SAKATA INX’s Corporate Value Enhancement

Outside directors spoke about the challenges and expectations to expand business and enhance profitability under the Medium-term Management Plan 2026 (CCC-II), which started in FY2024, as well as the effectiveness of the Board of Directors.

Evaluation of the Medium-term Management Plan 2023 (CCC-I)

Tsujimoto: The Medium-term Management Plan 2023 (CCC-I) was positioned as a period for building an infrastructure to achieve the SAKATA INX VISION 2030. Looking back over the past three years, my evaluation is that the Group has

been able to grow globally and deliver good results despite a challenging external environment, including the COVID-19 pandemic, the situation in Ukraine and the Middle East, and exchange rate fluctuations.

Otsuki: In Japan, sales grew thanks to successful price revisions, but profits faced an uphill battle. On the other hand, growth in the United States and Asia led to record profits in FY2023.

In addition, the Company is actively pursuing sustainability

» The challenge for CCC-II is how to make the new businesses profitable.



initiatives, such as endorsing the TCFD and the basic concept of the GX League and participating in the Ikuboss Corporate Alliance. I believe this has made SAKATA INX more attractive to stakeholders.

Sato: In Japan, the digital and specialty product business has been increasing in terms of profit, but the printing ink business is facing challenges. Overseas, however, the United States and Southeast Asia performed well in terms of earnings. As a result, I believe the Company’s performance on a consolidated basis was favorable.

Regarding sustainability activities, as I attend meetings of the Sustainability Committee and the Compliance Committee, I feel that the Company has established a framework for detailed and firm initiatives.

Challenges and Expectations for the Medium-term Management Plan 2026 (CCC-II)

Tsujimoto: The three years of CCC-II will be a phase to expand business and enhance profitability. I hope that the Group will be able to raise both the top and bottom lines of the digital and specialty product business. I also hope that it will optimize the balance between its top line and bottom line of the printing ink business according to the actual conditions of each region and segment.

Otsuki: In recent years, the Company has been investing in start-ups with growth potential and launching internal start-ups in business fields other than printing inks, and I have high expectations for these ventures. To give one example,

I have been interested in the printed electronics initiatives being promoted by Wonder Future Corporation in collaboration with SIIX Corporation, SAKATA INX’s affiliated company.

Under CCC-II, I hope that new pillars will emerge from the four chemical fields that the Company has been focusing on as new businesses: electronics, energy, biobased/de-petrochemical materials, and health care, based on what has been accumulated so far. I would like to make proposals to achieve this.

Sato: At the end of last year, each R&D Department made a detailed presentation on specific new business initiatives. The challenge for CCC-II is how to make them profitable.

Tsujimoto: To expand business and enhance profitability, it is necessary to strengthen the corporate functions that support these efforts, otherwise it will be difficult to operate the entire Group smoothly. It is crucial to think backward, starting from the goal, to strategically consider what kind of organization should be created. In February 2024, an Asian regional management company was established to formulate strategies for purchasing, technology, production, and sales for the entire Asian region. This is the first step. I look forward to the leadership of the global headquarters to drive more strategic initiatives in other regions as well.

Sato: While it is important to carry out each initiative, President Ueno has instructed employees to consider the entire picture from the cross-departmental perspective to know what the optimal form should be. I would like each department to work with an awareness of overall optimization. In addition, I believe it is important to further accelerate the pace of efforts to reform the structure of the printing ink business in Japan, although these efforts are already underway.

Outside Director Roundtable

Characteristics of the Board of Directors and Efforts to Improve Its Effectiveness

Otsuki: The Board of Directors meetings are open to comments and lively discussions. Outside directors are also able to participate in the Management Council meetings where employees present their ideas. This enable us to understand how such proposals are discussed and brought up to the Board of Directors, or how they are not submitted to the Board but sent to relevant people for their approval. In addition, we can see what ideas employees have and how they interact with President Ueno.

Although, as Outside Directors, we are required to perform management and advisory functions, I believe that what investors expect of us most is the monitoring function. I feel that we are able to monitor the Company because we can speak frankly at Board meetings and participate in various other meetings.

Tsujimoto: I also feel comfortable to express opinions and communicate with internal Directors in an open atmosphere at the Board of Directors meetings. President Ueno is the chairman of the board, but he actively answers questions. I sense his strong leadership.

Last year, I participated in the evaluation of the effectiveness of the Board of Directors by an external organization. The Company got a high score both internally and externally.

They explained their long-term strategy and new businesses. I look forward to seeing the progress of the mid-term evaluation

as well. If Board of Directors discuss the gap between the mid-term evaluation and the long-term strategy, I believe it will be a more proactive discussion.

Sato: Outside directors may also participate in the Audit & Supervisory Board's regular meetings with the Representative Director. I would like to see this continue, as it provides a cross-sectional understanding of management's thinking. I also participate in the Management Council meetings. I feel that the atmosphere of these meetings is increasingly open as frank discussions are being held.

In order to strengthen our monitoring function, it would be better to have a venue where we can discuss in a flat manner the progress of initiatives from their initial stages, their bottlenecks, and measures to overcome them. I look forward to future Board of Directors meetings where the executive officers and department heads in charge will have the opportunity to attend and explain their work.

I hope that agendas for the Board of Directors meetings include, for example, what the business structure, global management structure and production system should be like and what should be done to achieve that, so that we can have discussions from a higher perspective.

Initiatives to Enhance Corporate Value

Otsuki: All companies include a lot of qualitative information in their integrated reports, but in order to be appreciated by stakeholders, it is necessary to forecast the future of society

» We would like the Company to make efforts to run ahead of other companies so that it can promote its corporate value.



» The Company needs a human resource strategy devised backwards starting from what the organization should be in the future.



and the Group from a long-term perspective, set future KPIs toward that end, analyze progress on a regular basis, and disclose the information.

A recent Management Council meeting discussed strategic disclosure. I look forward to seeing the Group's management, governance, and disclosure work in unison to showcase its corporate value and be a step ahead of other companies.

Tsujimoto: Both investors and students, who are potential employees, are interested in the future of the Company. For the Group to be highly regarded, it is essential to make its stakeholders identify with its future vision. This will ultimately increase its corporate value. What kind of company is SAKATA INX and what kind of value does it provide to society? It must define and develop the SAKATA INX brand with a view to the next 100 years.

Internal communication is also imperative so that the employees can see the same picture. This is especially crucial for a company like this Group, which has global offices and a diverse workforce. President Ueno started the "GENBA Walk," an interaction with a small group of employees, at the end of 2023. He has already conducted it more than 10 times at business sites in Japan. I expect that he will carry out similar activities also at overseas sites in due course. I hope that, through such dialogues, everyone in the Company will share a common understanding of its corporate brand, so that SAKATA INX will evolve into its future stage.

Sato: The Company needs to establish firmly a concept of what it should be and develop a strategy for how it will appeal to the public. A mere exhaustive list of its businesses would not convey what the company does. Internal branding should

also be considered. I believe that the relocation of the Osaka Head Office is a good opportunity for the Company to state clearly what it is trying to achieve. It should work effectively and persistently to spread this branding to its employees.

On the other hand, the Company's P/B ratio has remained below 1.0x. I think it needs to further devise ways to disclose its efforts to improve return on capital and other measures, and to communicate more with investors.

Tsujimoto: The human capital strategy is also critical. The Group should think about what it should look like in 30 to 40 years, what kind of organization and what kind of human resources it will have at that time. Starting from those thoughts, it should think backwards to work out its strategy and put it into action. It must start hiring now for the human resources that will play a central role at that time. Simply hiring people based on what they studied in college may result in a mismatch. I would like to see the Company actively recruit local people in each region of the world, as well as hire international students.

Sato: As the birthrate declines, competition for employment will intensify. To ensure a solid pool of human resources, it will be necessary to consider measures to improve working conditions and promote career advancement. Looking to the future, SAKATA INX should think globally in its recruitment activities. I hope that the Company will hire local people and train managers at each location around the world.

Company Information/Stock Information

Company Overview (as of December 31, 2023)

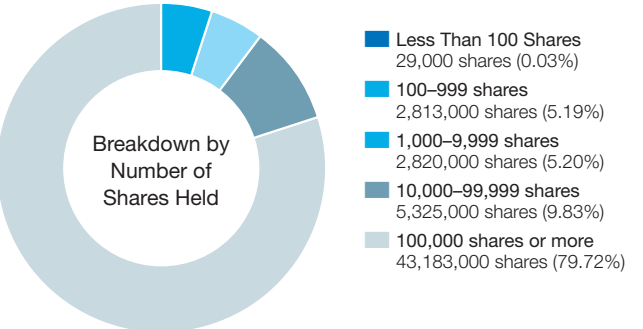
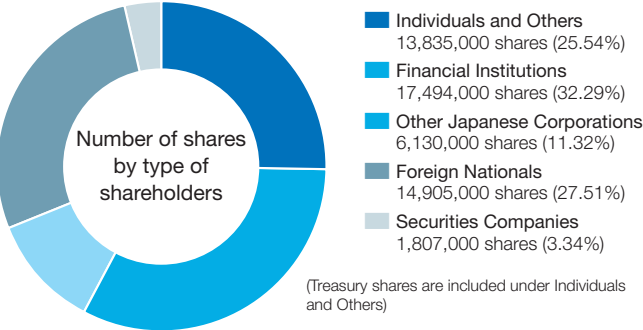
Company Name	SAKATA INX CORPORATION	Sales Bases in Japan	Branches (Aichi, Okayama, Fukuoka) Branch Offices (Hokkaido, Miyagi, Shizuoka, Ishikawa) Sales Offices, etc.
Founded	November 1, 1896	Production Sites in Japan	Tokyo Plant (Noda City, Chiba), Osaka Plant (Itami City, Hyogo), Shiga Plant (Maibara City, Shiga), Hanyu Plant (Hanyu City, Saitama)
Incorporated	September 5, 1920	Operations outside Japan	United States, Canada, Brazil, United Kingdom, Spain, Germany, Czech Republic, Italy, France, Indonesia, Malaysia, Vietnam, Cambodia, Philippines, Thailand, India, Bangladeshi, China, Taiwan
Head Offices	(Osaka) 1-23-37, Edo-ori, Nishi-ku, Osaka (Tokyo) Nikkyohan Building, 1-4-25, Kohraku, Bunkyo-ku, Tokyo	Number of employees	5,035 consolidated (894 non-consolidated)
Representative	Representative Director, President & CEO YOSHIKI UENO		
Capital	7,472 million yen		
Fiscal Year-End	December 31		
Business Activities	Manufacture and sale of various printing inks and auxiliary agents Sales of graphic arts materials for printing and plate-making Sale of electronic apparatus and information-related equipment Manufacture and sale of digital and specialty products Importing and exporting		

Stock Information (as of December 31, 2023)

Stock Status

Authorized number of shares: 144,000,000
Total number of issued shares: 54,172,000
Number of shareholders: 28,812
Average number of shares held per person: 1,880

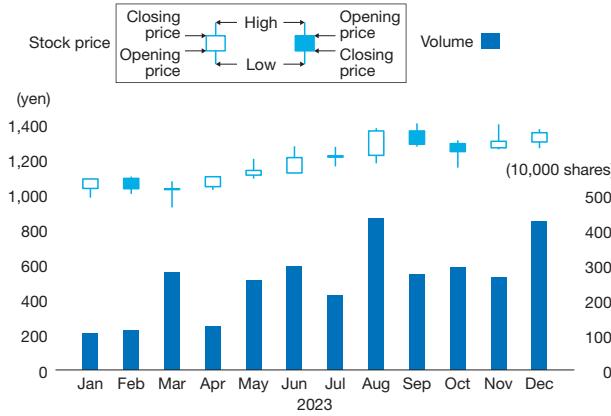
Distribution of Shares



Major Shareholders

Name of shareholder	Shareholding (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,337	11.70
SAKATA INX CORPORATION	4,127	7.62
JP MORGAN CHASE BANK 385632	3,865	7.14
Sumitomo Life Insurance Company	3,510	6.48
Custody Bank of Japan, Ltd. (trust account)	3,311	6.11
SAKATA INX Employee Shareholders Association	1,675	3.09
Resona Bank, Ltd.	1,563	2.89
Kanbe Bussan Co., Ltd.	1,416	2.61
The Asahi Shimbun Company	1,181	2.18
Kanbe Michio	1,004	1.85

Stock Price and Trading Volume Trend



Global Network

In Japan

- SAKATA INX CORPORATION**
- Head Offices
 - Branches (Satellite Offices)
 - Branch Offices
 - Sales Offices
 - Plants
- Main Group Companies in Japan**
- Sakata Industrial Co., Ltd.
 - Sakata Labostation Co., Ltd.
 - Logi Co-Net Corporation (equity method affiliate)
 - SIIX Corporation (equity method affiliate)

Outside Japan

Main Overseas Group Companies

The Americas

- The INX Group Ltd. (holding company, United States)
- INX International Ink Co. (Chicago, United States)
- INX International Ink Corp. (Montreal, Canada)
- INX Do Brasil Ltda. (Sao Paulo, Brazil)

Europe

- INX Europe Ltd. (holding company, United Kingdom)
- INX International UK Ltd. (Manchester, United Kingdom)
- Sakata INX Espana, S.A. (Barcelona, Spain)
- A.M. Ramp & Co. GmbH (Frankfurt, Germany)
- INX Digital Czech, A.S. (Prague, Czech Republic)
- INX Digital Italy S.R.L. (Milan, Italy)
- INX International France Sas (Paris, France)

Asia

- PT. Sakata INX Indonesia (Jakarta, Indonesia)
- Sakata INX (Malaysia) Sdn. Bhd. (Kuala Lumpur, Malaysia)
- Sakata INX Vietnam Co., Ltd. (Ho Chi Minh, Vietnam)
- Sakata INX (Cambodia) Co., Ltd. (Phnom Penh, Cambodia)
- CDI Sakata INX Corp. (Manila, Philippines)
- Eternal Sakata INX Co., Ltd. (Bangkok, Thailand)
- Sakata INX (India) Private Ltd. (New Delhi, India)
- Sakata INX (Bangladesh) Private Ltd. (Dhaka, Bangladesh)
- Sakata INX Shanghai Co., Ltd. (Shanghai, China)
- Sakata INX (Zhongshan) Corp. (Zhongshan, Guangdong, China)
- Taiwan Sakata INX Corp. (Taipei, Taiwan)

24 consolidated subsidiaries and 4 equity method affiliates
1 non-consolidated company and 4 affiliates not accounted for under the equity method

