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

SAKATA INX CORP.

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https://www.inx.co.jp/english/

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

Published July 2025

SAKATA INX CORPORATION Integrated Report 2025

SAKATA INX
Visual Communication Technology

INTEGRATED REPORT 2025

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.

Mind within the Mind

Business Theme

Creation of visual communication technology

Core Purpose of Existence

Develop a communication culture that makes people’s lives more enjoyable

Mission

- Be a company with a corporate culture that is creative, refined, and energetic, open-minded and newsy
- Be a company that has a sensitive, responsive, flexible, innovative and progressive corporate culture

Corporate Principles

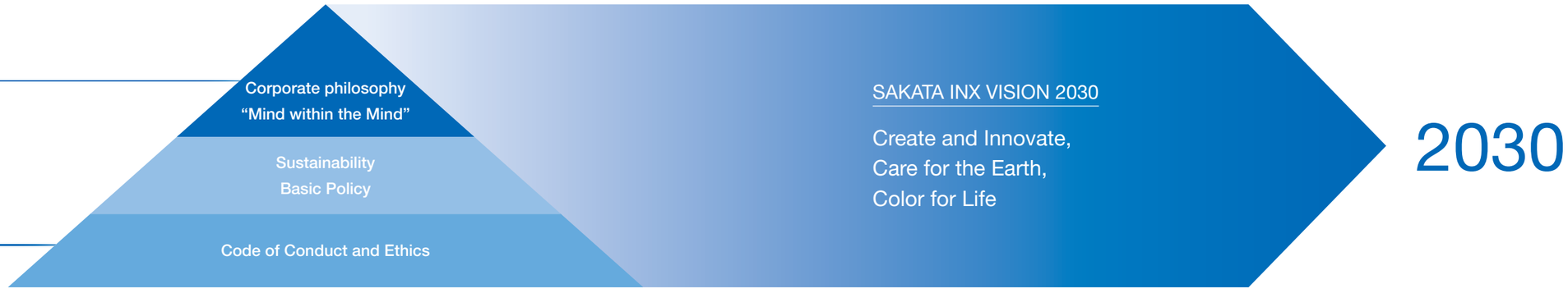
- Customer first
- Aggressive business development
- Challenges
- Creativity
- Fair business practices
- Corporate values and assessment of the practices

Promise

We promise to provide all who are involved with us to have “pleasant” feelings, especially:

- dream inspiring and colorful lives for our society
- brightness and distinctiveness for our community
- pride for our shareholders
- more satisfaction for our customers
- mutual prosperity for our suppliers
- pride and job satisfaction for our employees

To uphold these principles, we hereby pledge that we shall always put our feelings of “We Love You” to everything we do.



Code of Conduct and Ethics

To achieve sustainable growth and become a company that society trusts and needs, it is essential that we not only comply with all relevant laws, regulations, and international rules, but also clearly state our values and ethics so that each and every employee behaves wisely in accordance with these standards. In recognition of this, we have established a Code of Conduct and Ethics.

With Society and the Community

Compliance with laws and regulations; regulations on act of donations and political contributions; severing ties with antisocial groups; coexistence with the community; environmental preservation and protection; and security export control

With Shareholders, Customers and Suppliers

Providing shareholder pride; adequate and timely disclosure of management information; ban on insider trading; maintaining and promoting fair and free competition; fair transaction with suppliers; prohibition of unfair competition; entertainment and gift rules; and ensuring safety

With Employees

Ban on discrimination; ban on harassment; creation of a better, healthier, and safer workplace and working environment; ban on conflicts of interest with the Company; management of information; appropriate use of Corporate assets; and protection of intellectual property rights

Contents

What we hope to convey in our Integrated Report

1 What is SAKATA INX?

We are a company that manufacture inks primarily used for printing on paper and film. Many people may not have heard of us. But, our inks are used in many products essential to everyday life, and demand for them is increasing, particularly in regions with high economic growth and growing populations. Furthermore, Japanese inks are highly competitive, with Japanese manufacturers accounting for half of the top 10 in terms of global ink sales. SAKATA INX boasts the third largest ink sales in the world. We have expanded globally from an early stage and overseas sales now account for over 70% of our total sales. We introduce our business in the Positioning and Business Model section.

2 SAKATA INX's vision for the future of ink

Ink plays a vital role in communicating various types of information every day. We are also developing products and expanding businesses that contribute to sustainability to help resolve social issues. Applying our unique core technologies to create products that are not only environmentally friendly but also bring about positive changes for our customers, consumers, and local communities drives us toward realizing our Purpose (the core of existence) of "Develop a communication culture that makes people's lives more enjoyable." The Value Creation Process section introduces our value creation story for society.

3 What is SAKATA INX doing to achieve sustainable growth?

To sustain our growth going forward, we will continue to develop sustainable, high-quality products using our advanced technological capabilities and expand our market share. At the same time, we aim to make inroads into new businesses by harnessing the core technologies we have cultivated over the past 130 years. In order to adapt to the major changes of today, we are also working on a transformation towards 2030. Our efforts and thoughts for our Long-term Strategic Vision are explained in the Message from the President & CEO, while specific content is detailed in the Material Issues & KPI section and presented according to five key issues.

Editorial Policy

This Integrated Report is 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 approved by the Sustainability Committee, chaired by the Representative Director, President & CEO and whose members include of all Directors, including Outside Directors, and published at the end of July 2025. There have been no significant changes to our organization or supply chain since the previous Integrated Report 2024 published at the end of July 2024.

Reference Frameworks

- *GRI Sustainability Reporting Standard* established by the Global Reporting Initiative (GRI)
- *International Integrated Reporting Framework* established by the International Integrated Reporting Council (IIRC)
- *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation* established by the Ministry of Economy, Trade and Industry

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, 2024
Information prior to 2023 is included to show data trends or ongoing activities, and information beyond 2025 is also provided where appropriate.

Publication Date

Previous issue: July 2024 Current issue: October 2025
Next issue: July 2026 (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.

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About the Cover

The design for this year's cover was selected based on employee feedback.

The colorful balls that the children ride represent ink. Our ink products are closely related to people's lives, and in this regard, the design intends to depict a brighter and more prosperous future.

Disclaimer

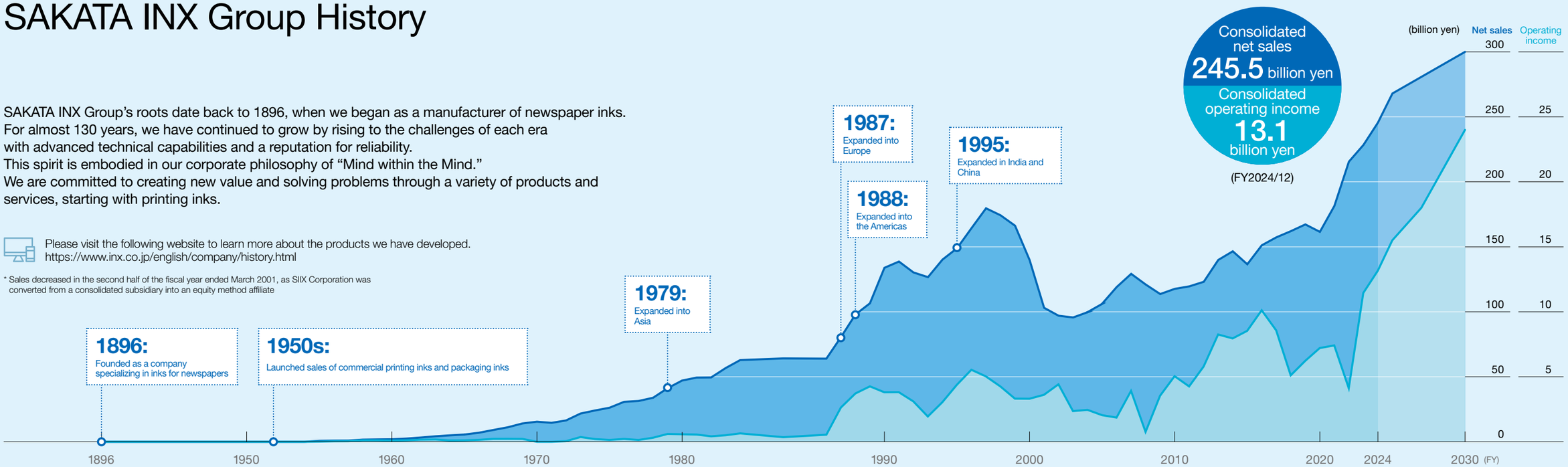
This Integrated Report contains projections and forwardlooking statements regarding plans, strategies and performance. Please note that actual results may differ from these projections and forward-looking statements due to economic conditions and various other uncertainties. We are not liable for any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

SAKATA INX Group History

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.

Please visit the following website to learn more about the products we have developed.
https://www.inx.co.jp/english/company/history.html

* 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



Development and evolution of the printing and information industry

In 1896, 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 found the company as a manufacturer specializing in inks for newspapers. Since then, we have expanded our product range in line with developments in printing technology and its applications.

Currently, the printing inks business, which accounts for approximately 80% of our sales, is broadly divided into two segments: inks for information media and packaging ink. Demand for inks for information media used in newspapers, magazines, and other publications expanded with Japan's rapid postwar economic growth and rising population. Similarly, demand for packaging inks expanded rapidly as Japan's economic growth led to increased product distribution and inks began to be used on a variety of packaging, including food packaging, cardboard boxes, and cans. Today, demand is growing around the world, especially in regions with high economic growth rates and continuing population increases, such as Asia and the Americas. We have responded quickly to changes in the market environment resulting from the diversification of packaging and growing environmental awareness, and worked to develop sustainable products and provide services.

Expansion overseas in search of new technologies Building out the foundation for our current technology base and globalization

From the Taisho period to the early Showa period (1920s to 1940s), under the leadership of the second president, Motoo Sakata, we imported materials and machinery, while actively learning foreign technology, leading various companies on overseas inspection tours as chairman of the ink industry association, with the aim of improving Japan's ink technology. After World War II, as many beautiful American printed materials and products began to be imported into Japan, there was a growing domestic demand for vibrant, glossy, beautiful printed materials. In response, we focused on introducing advanced technology, such as inviting renowned ink technical instructors from the United States and promoting technical collaboration with American companies. These efforts improved SAKATA INX's technological capabilities and built the foundation for its current technology base. This proactive approach to overseas markets led to our subsequent globalization and establishment of our first overseas office in the Philippines. Furthermore, we accelerated our overseas expansion by establishing production bases in Taiwan and Indonesia and acquiring a leading American ink manufacturer in the 1980s. As a result, overseas sales now account for more than 70% of total sales.

American ink manufacturer acquisition signing ceremony

Our strengths

Balancing localization and globalization using a local production for local consumption business model

We have manufacturing bases in over 20 countries and regions around the world. Our business model is based on a local production for local consumption, covering everything from production to sales. We expanded overseas at an early stage after World War II and have localized our products and services to accurately meet the needs of customers in each region. This has earned us a high level of trust and is one of our greatest strengths.

Demand for core packaging ink products is growing in Asia and South America, particularly in regions with rapid population and economic growth. Sales are also increasing in North America and Europe driven by our development of high value-added products. As our packaging manufacturer customers and the brand owners who use their packaging also continue to expand globally, we are leveraging our strengths to build a stronger Group network in order to meet the needs of both localization and globalization.

High quality product and customer first

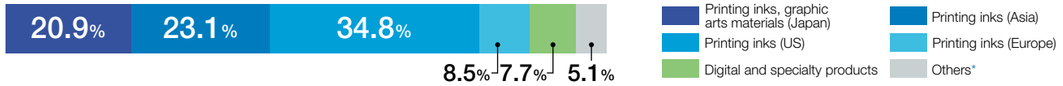
By combining high-quality products with attentive services, we provide total printing solutions. Furthermore, our prompt response to problems and proactive approach to solving customer issues are highly regarded and major strengths. This enables our customers to use our products stably and efficiently, helping them achieve high productivity and high quality in their production.

Additionally, we are able to provide high-quality products overseas because our engineers and researchers dispatched to each location are able to directly understand customer needs and develop and improve products at R&D hubs in Japan and the United States. Furthermore, we provide technical guidance to local staff, building close cooperative relationships and achieving global technical collaboration.

We are working to gain even greater trust by utilizing the various information we obtain in each country in the development of new products and for compliance with environmental regulations.

Positioning and Business Model

FY2024 Total consolidated net sales **245.5 billion yen** (adjustments of -6.9 billion yen)



* Segment composition by segment is before adjustments (-6.9 billion yen).
* The "Others" category primarily includes sales from subsidiaries in Japan (Sakata Chemtech, Sakata Labostation, Sakata Brand Solutions, etc.).

Printing Inks Business

Approximately 80% of our consolidated sales originate from the printing inks business. The business has two segments: inks for packaging and inks for information media.

Inks for packaging are used on film packaging, paper packaging, and metal can surfaces, with these three applications accounting for more than half of sales. Among these, film packaging is used for packaging a variety of products including foods because of its excellent durability and preservation capacity. Film packaging is the segment where we sell the most ink, primarily solvent-based gravure inks and flexographic inks. In addition, paper packaging, such as cardboard, paper containers, paper bags and paper boxes, is highly recyclable and is becoming more widely used as a form of packaging that contributes to a circular economy. This type of packaging uses water-based flexographic inks and UV offset inks. In particular, our inks for corrugated cardboard enjoy a high domestic market share of over 70%. Inks for metal can surfaces are widely used on aluminum beverage cans, and the Group boasts the top market share in this field globally. In recent years, aluminum's high recyclability has garnered attention again and demand is expected to continue growing.

As for information media, in addition to inks for newspapers, the field of SAKATA INX's founding, we also offer inks for commercial printing applications such as advertisements, catalogs, and publications. We face a challenging environment where the market is shrinking due to the digitalization of information media. In response, we are working to improve efficiency by restructuring our production system and collaborating with other companies.

We also manufacture and sell coating agents with a variety of functions to add value to films, paper, and various other base films.

Inks for metal can surfaces	Corrugated cardboard inks	Film package inks
market share globally **No.1**	market share in Japan **No.1**	market share in Japan **No.2**
(Note) As estimated by SAKATA INX	(Note) As estimated by SAKATA INX	(Note) As estimated by SAKATA INX

Digital and Specialty Products Business

We are growing our digital and specialty products business by applying the technologies we have amassed in printing inks. As a result, this segment is fast becoming a second pillar in our business portfolio. Unlike printing ink, we do not separate segments in this business according to geographic area and instead report worldwide sales. The three main sales fields in this business are industrial inkjet inks, pigment dispersions for imaging display materials, and color toners.

Industrial inkjet inks are not used in small consumer printers, but are manufactured and sold on an OEM basis for large printers used in industrial applications. This accounts for more than half of the sales of the digital and specialty products business. Also, we engage in joint development with manufacturers of printers and printer heads to develop products tailored to the uses of each model. Conventionally, inkjet inks were primarily used for printing on paper, such as for indoor and outdoor advertisements and forms, but in recent years their use has expanded to include the fields of "food, clothing, and shelter." Demand is expected to grow significantly in the future in fields such as textiles, including clothing and fabrics, that take advantage of inkjet printings' strengths in low-volume, high-mix production; food packaging made from paper and film; and building materials such as wallpaper and flooring.

Imaging display materials are manufactured and sold on an OEM basis as digital imaging display materials for various displays. They account for approximately 30% of our sales in the digital and specialty products business. As a color display material primarily used for flat panel displays, imaging display materials consist of pixels made up of red, green, and blue, and a black matrix that prevents color mixing between adjacent sub-pixels and blocks backlighting. These materials, a bedrock for displays with beautiful images, must be of high quality and high performance. Furthermore, we are expanding the range of applications for these materials beyond just liquid crystal displays to include materials for next-generation displays and other types of displays.

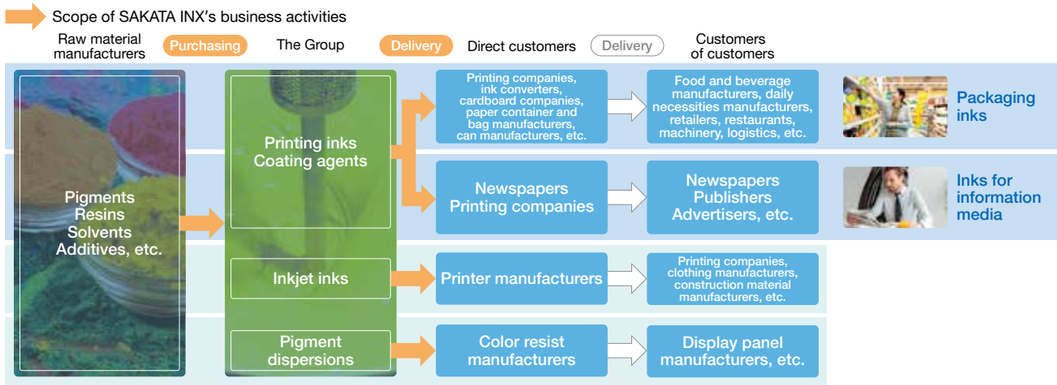
We also offer color toners for use in multifunction printers, laser printers, and other devices.

Supply Chain

We purchase materials such as pigments, resins, and solvents. As many of these materials are derived from crude oil, material prices are affected by naphtha market conditions as well as the supply-demand balance. Because we do not manufacture pigments, the workload on our facilities is relatively low and we have the freedom to choose pigments from various manufacturers. We mix purchased materials to manufacture printing ink and digital and specialty products. Our products are then delivered to the customers shown in the diagram below, used for printing, and sold to consumers as a variety of product packaging and information media. We also sell inkjet inks to industrial printer manufacturers and imaging display materials to resist manufacturers.

Our products are consumables that are used daily, so we have positioned our plants in areas with high demand, which shortens lead time. Additionally, in order to respond to regional differences in performance requirements and environmental regulations, we conduct R&D in both Japan and the United States to develop products that are tailored to regional needs. Furthermore, we have engineers and researchers stationed at each local subsidiary to ensure that we are able to respond to customer requests.

The Group's Supply Chain



Coverage Area

The Group operates business sites in over 20 countries and regions, and while adhering to the principle of local production for local consumption, we also export to areas where we have yet to set up. As a result, our products are sold in more than 60 countries and regions around the world. One of the cornerstones of our Corporate Philosophy is "customer first." By directly listening to our customers' needs, we turn these needs into business opportunities that in turn bolster our global competitiveness.

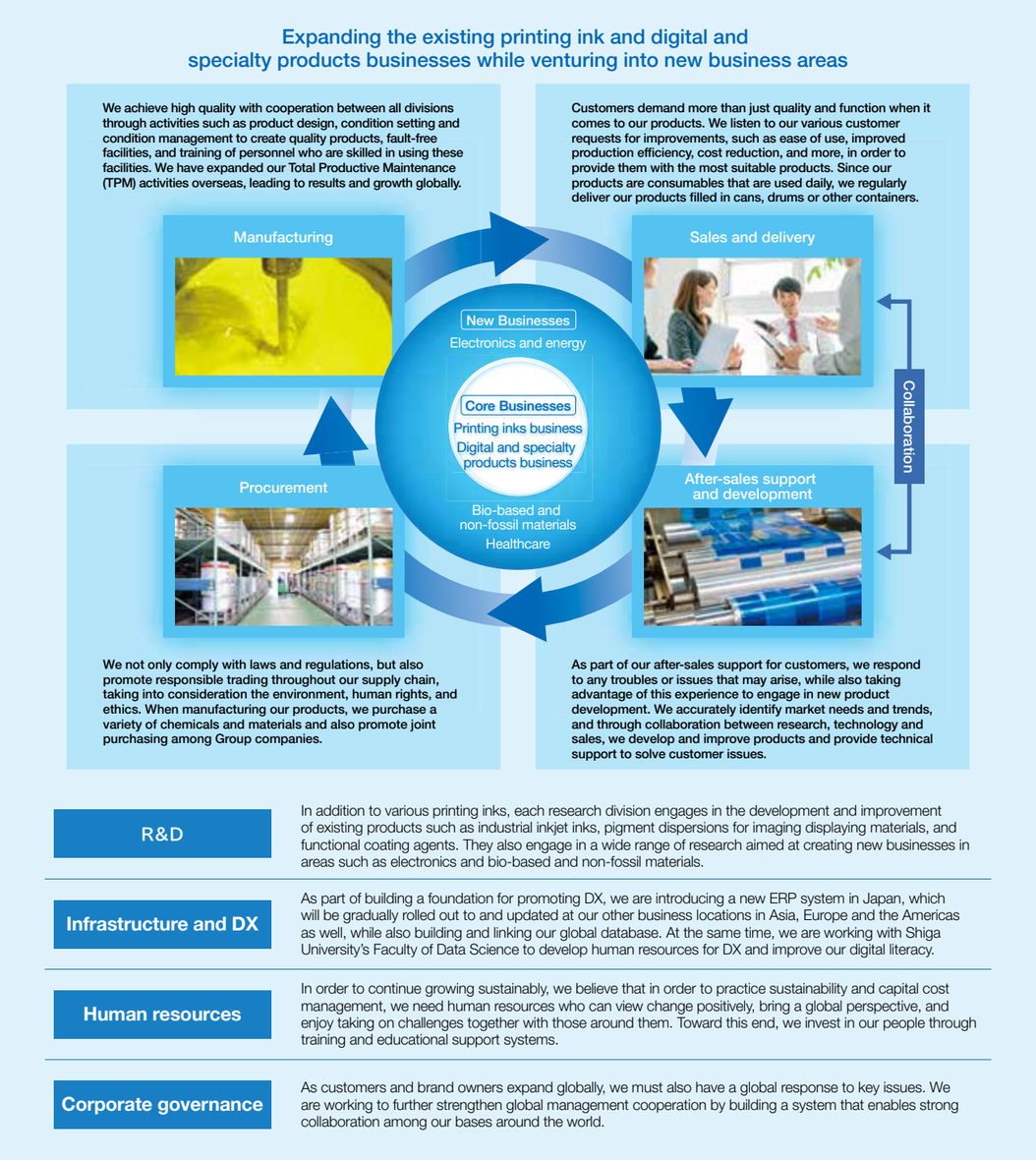
Overseas sales ratio: approx. 70%

	Europe	Asia	Japan	The Americas
Number of employees	Approx. 500	Approx. 2,000	Approx. 1,000	Approx. 1,800
Number of companies	7	10	4	7

*Consolidated subsidiaries (as of June 31, 2025)

Creating Added Value in Value Chains in Tune with Customer Needs

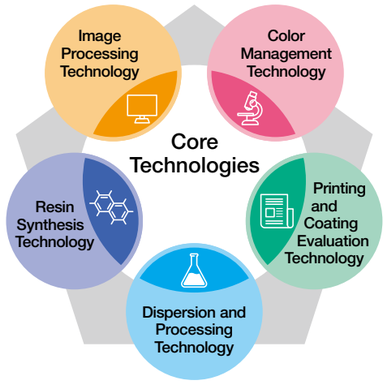
SAKATA INX's business theme is "Creation of visual communication technology" and raison d'être is "Develop a communication culture that makes people's lives more enjoyable." We create social value through our products that include printing inks as well as digital and specialty products. To respond to changes in the business environment that include shifts in the market and competitive environment, changes in the value chain due to digitalization, and responses to environmental and social issues, we are expanding our core technologies into new areas beyond the realm of inks.



R&D	In addition to various printing inks, each research division engages in the development and improvement of existing products such as industrial inkjet inks, pigment dispersions for imaging displaying materials, and functional coating agents. They also engage in a wide range of research aimed at creating new businesses in areas such as electronics and bio-based and non-fossil materials.
Infrastructure and DX	As part of building a foundation for promoting DX, we are introducing a new ERP system in Japan, which will be gradually rolled out to and updated at our other business locations in Asia, Europe and the Americas as well, while also building and linking our global database. 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.
Human resources	In order to continue growing sustainably, we believe that in order to practice sustainability and capital cost management, we need human resources who can view change positively, bring a global perspective, and enjoy taking on challenges together with those around them. Toward this end, we invest in our people through training and educational support systems.
Corporate governance	As customers and brand owners expand globally, we must also have a global response to key issues. We are working to further strengthen global management cooperation by building a system that enables strong collaboration among our bases around the world.

Core Technologies

Our proprietary core technologies include resin synthesis technology, dispersion and processing technology, and printing and coating evaluation technology that we have developed through our ink business. We apply these technologies in existing businesses such as functional coating agents, pigment dispersions for imaging display materials, and inkjet inks, along with new businesses such as materials for electronics, and in new product development of bio-based and non-fossil materials, among others. We are also developing imaging 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.



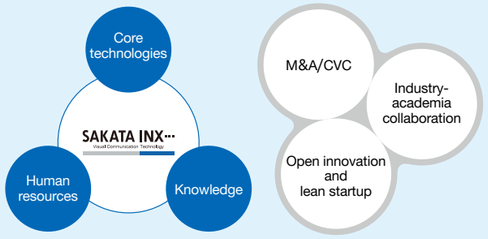
- **Resin Synthesis Technology**
  Technology to add coloring disperse function, adhesive function, printability, various durability and functions to binder resin used in ink.
- **Dispersion and Processing Technology**
  Technology for fine, stable and uniform dispersion of particles such as organic 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.

Co-creation Through Open Innovation

By collaborating with various companies and external organizations using open innovation, we hope to create new businesses in areas that have a high affinity with the technologies we have cultivated in inks and provide new value to society.

We will advance strategic investments in various forms, including joint research through industry-academia collaboration, technical support, capital participation, M&A, and corporate venture capital, to develop products and services in areas where we can expand our existing businesses and in new business areas that use our core technologies.

Refer to
p. 64 Create New Businesses



Creating new value for society

Examples

Business development domains

- Functional coating agents
- Primers for digital printing
- Laster marking inks

etc.

https://www.inx.co.jp/english/product/business/new/

Electronics & Energy

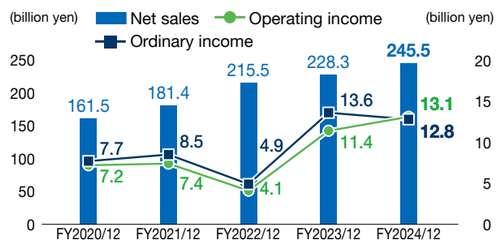
- Electrically conductive pastes
- Electrically conductive adhesives
- Conformal coatings
- Printed electronics

https://www.inx.co.jp/product/business/new/electronics.html (Japanese only)

Business Performance Highlights

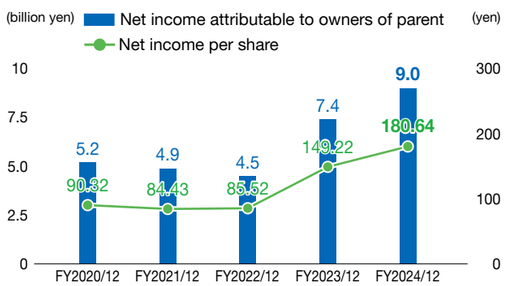
Financial Data

Net sales* / Operating income / Ordinary income

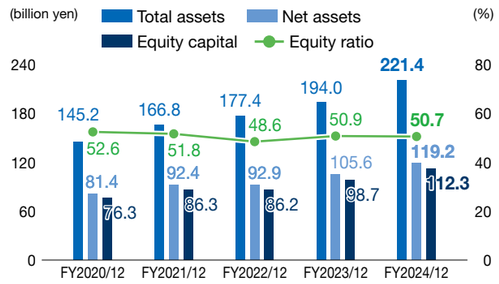


* Royalty income, which was previously recorded in non-operating income, is now included in net sales starting from the fiscal year ended December 31, 2024.

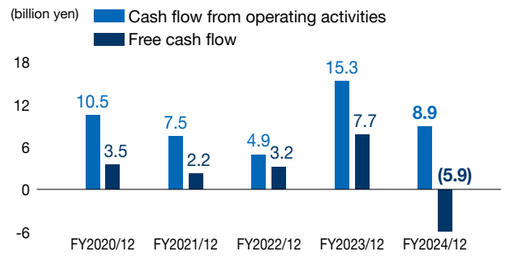
Net income attributable to owners of parent / Net income per share



Total assets / Net assets / Equity capital / Equity ratio

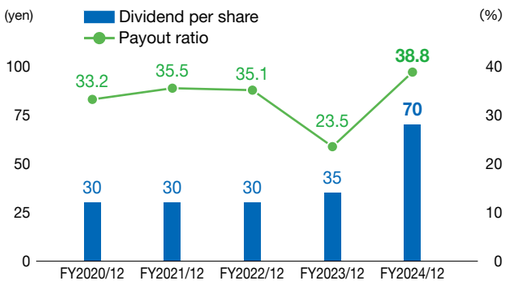


Cash flow from operating activities / Free cash flow*

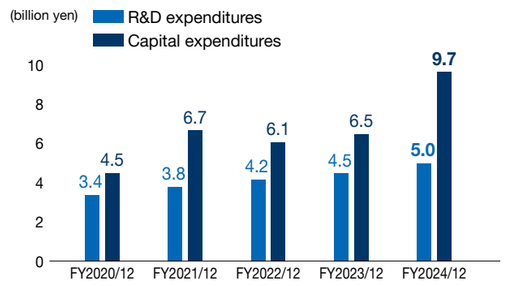


* Cash flow from operating activities + Cash flow from investing activities

Dividend per share / Payout ratio

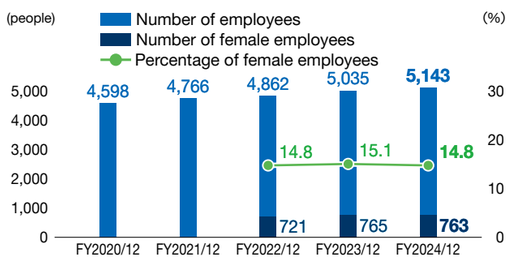


R&D expenditures / Capital expenditures



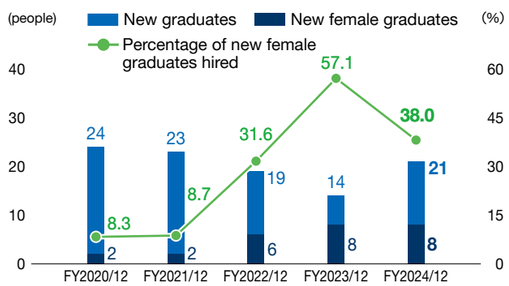
Non-Financial Data

[Consolidated] Number of employees / Number of female employees / Percentage of female employees

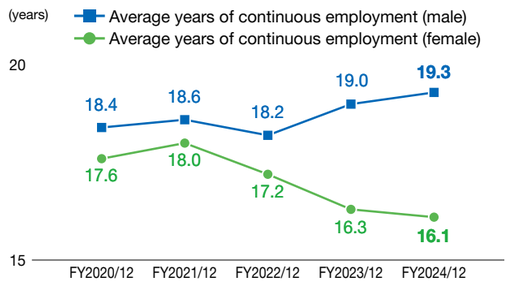


(Note) [Non-Consolidated] 2024 Number of employees: 904/
Number of female employees: 157/ Percentage of female employees: 17.3%

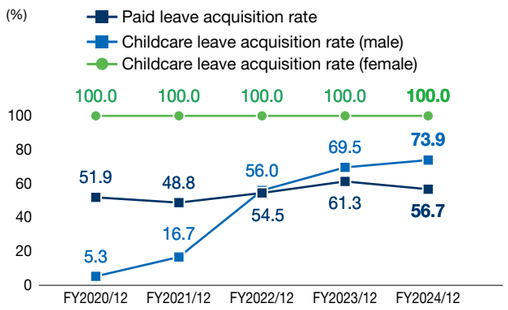
[Non-Consolidated] New graduates / New female graduates / Percentage of new female graduates hired



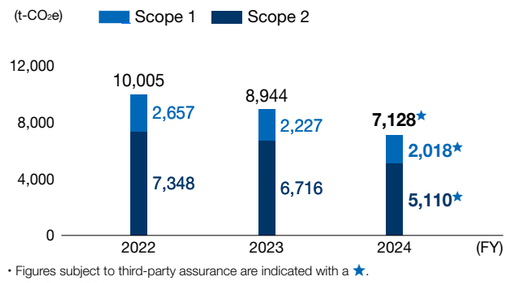
[Non-Consolidated] Average years of continuous employment



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

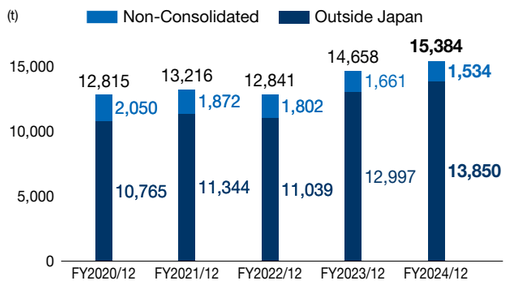


[Non-Consolidated] CO_2 emissions (Scope 1&2)



・Figures subject to third-party assurance are indicated with a ★.
(Note) See p. 53 for calculation methodology.

[Consolidated] Waste generation



Value Creation Process

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.

External environment

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

Input

Financial Capital

- Total assets ..... 221.4 billion yen
- Net assets ..... 119.2 billion yen

Production Capital

- Number of production sites
  - Japan 4
  - Overseas 29
- Capital expenditures ..... 9.7 billion yen

Intellectual Capital

- Number of R&D sites
  - Japan 3
  - Overseas 1
- R&D expenditure ..... 5 billion yen

Human Capital

- Number of employees
  - Non-consolidated 904
  - Consolidated 5,143
- Percentage of overseas employees ..... approx. 80%
- Training hours per employee ..... 10.1 hours

Social Capital

- Distribution network based on local production for local consumption
- Consolidated subsidiaries and equity method affiliates
  (29 companies:
  4 in Japan, 25 overseas)

Natural Capital*

- Energy consumption ..... 4,517 kl
- Water consumption ..... 139,000 m³

p. 56

* Total of 4 plants in Japan

Business Activities

Expanding the existing printing Inks and digital and specialty products businesses while venturing into new business areas

SAKATA INX’s core competencies to take advantage of growth opportunities

- Eco-friendly SAKATA
- Core technologies
- Highly capital-efficient value chain centered on ink manufacturing
- Optimization through global expansion and localization

Core Businesses

Printing Inks Business
Packaging ink
Inks for information media

Digital and Specialty Products Business

Application of Core Technologies

New Businesses
Business development domains
Electronics and energy
Bio-based and non-fossil materials
Healthcare

Factors driving growth

- Capital cost management
- Group partnership
- Open innovation and lean startup
- Digital transformation (DX)

Governance and Risk Management

Corporate Philosophy “Mind within the Mind”

Output

Products and services created from the promotion of materialities through our business

Materialities	Values to be created
Maintain a sustainable global environment	Protect the global environment, and deliver safety and health
Supply safe and secure products • Gravure inks • Flexographic inks • Inks for metal can surfaces • UV inks for packaging • Newspaper inks • Industrial inkjet inks • Imaging display materials • Functional coating agents	Achieve comfort, convenience, and a circular economy
Enhance R&D and technology capabilities • EB inks • Environmentally-friendly inks • Electronics materials • Coating agents • Biomass-based materials, etc.	Create new, abundant lifestyles
Enhance corporate governance and compliance	Good relationships with stakeholders
Respect for human rights and promotion of DEIB	Respect for human rights, individuality, and diversity, as well as a comfortable working environment

Outcome

SAKATA INX VISION 2030

Develop a communication culture that makes people’s lives more enjoyable

Reinvestment

We will pursue total optimization globally to enhance the Group's collective strengths and increase capital efficiency.

YOSHIAKI UENO

Representative Director, President & CEO
SAKATA INX CORPORATION

As an organization tackling the challenges of the future, we will work together with our frontline operations while embracing change

SAKATA INX has pioneered new markets using the advanced technical capabilities of its employees and sincere customer service. Our growth so far is no accident. It is the result of our employees at every plant and in every country carefully addressing the challenges before them and making steady efforts. Now is the time to unite these individual strengths and evolve into a company that delivers value across the entire corporate group.

Under Medium-term Management Plan 2026 (CCC-II), the second phase of our Long-term Strategic Vision for 2030, we are carefully working to grow our businesses and enhance profitability. Our goal is to increase capital efficiency, generate consistent profits, and meet the expectations of all stakeholders, including investors, customers, and employees. To achieve this, we will strengthen governance at our bases around the world and steadily execute our strategies.

SAKATA INX's competitive advantage is evolving from "individual" to "whole"

SAKATA INX was founded in 1896. After World War II, the company quickly turned its attention to overseas markets, while continuing to grow domestically, establishing its first overseas base in the Philippines in 1960. Since then, we have actively expanded our operations overseas, focusing on regions with an emerging middle class due to population growth and economic development. We currently operate bases in over 20 countries and regions around the world, and do business in over 60 countries. In particular, we have strengthened our operations by targeting the growing demand in food packaging, and today, the Group now has the third largest sales globally in the printing ink market.

Until now, our basic policy has been "individual optimization" rooted in each region, and we have placed great importance on our approach of working together with our sales and technical teams to carefully address our customers' issues. I am convinced that our strength and the driving force behind our growth is our sustained ability to provide added value that exceeds customer expectations through detailed support such as on-site color adjustments and quality improvements. With my R&D background, almost daily I feel the value of the ingenuity that comes from our frontline operations and the co-creation with customers.

In recent years, however, with the globalization of our customers and industry realignment, we are now expected to provide the same level of service and quality consistently around the world. To respond to these changes, in addition to our traditional "individual optimization," it is essential to achieve "total optimization," which means collaboration and integration from a global perspective. By strengthening cross-functional collaboration among our four regional segments - Japan, Asia, the Americas, and Europe - and integrating the supply chain across the entire Group, we will be able to meet the sophisticated and diverse needs of our customers and the brand owners beyond.

Currently, overseas sales account for more than 70% of total sales, but we are still in the process of becoming a truly global company. Going forward, we will strive to step up all aspects of our business, including product appeal, supply capacity, price competitiveness, quality, and environmental friendliness, and build a structure that will enable us to be recognized as a global company in both name and reality. As part of this effort, we have established an Asian regional management company to review overlapping production facilities and country-specific strategies in Asia, while also improving asset efficiency and optimizing our supply system. We are also promoting Groupwide initiatives such as a purchasing strategy conscious of the cost of capital, streamlining indirect departments, reviewing pricing strategies, and strengthening governance. We are already beginning to see results in terms of sales growth and improved profit margins.

Furthermore, in FY2024 we started operating our ERP* system in Japan, and in FY2025 we plan to expand it to Asia followed by redevelopment of the system in the United States in FY2026. This will enable us to standardize supply chain management in each region and put in place a system where we can respond quickly and flexibly to global orders. This initiative will provide us with a new competitive edge and will also strengthen our business continuity planning (BCP) capabilities.

* ERP stands for enterprise resource planning. ERP is a concept that aims to make effective use of management resources whereby a system centrally manages all information such as accounting, finance, purchasing, human resources, inventory management, production management, sales management, CRM, and BI, enabling information sharing within the company in real time.

Europe is an environmentally progressive region and a frontline market for realizing our global strategy

Our business in Europe is currently facing financial challenges, with ROIC currently below the weighted average cost of capital (WACC). However, we do not view Europe as a region that should be evaluated solely on its stand-alone profitability. Global brand owners expect SAKATA INX to provide consistent quality and responsible supply anywhere in the world. Now that we have built up a solid base of operations in Japan, Asia, and the Americas, establishing an equivalent system in Europe is an essential piece for the Group to remain a company of choice globally. What's important to customers is not just our service capabilities in their own region, but also globally. Our efforts in Europe are a strategically vital piece that underpin our trust and competitiveness around the world.

Furthermore, Europe has the strictest environmental regulations in the world, with high societal demands.

Europe places major demands on the next generation of inks that we must address, such as sustainable product development and the use of plant-derived raw materials. Becoming the company of choice in Europe is a testament to the Group's environmental capabilities and supports our world-class technological prowess that can be rolled out to Asia and the Americas in the future.

In fact, our European business is growing in presence and has finally achieved profitability. Going forward, we will continue to make strategic investments to strengthen both profitability and functionality in the region. In addition to deepening existing businesses, we will proceed with restructuring centered on growth themes linked to social issues, such as environmental solutions and high value-added materials.

We do not feel the need to withdraw from Europe because it is unprofitable, but rather we believe that building technologies and systems that can be used in Europe will pave the way for SAKATA INX's future. We believe that facing a challenging market head-on is the only way to increase our credibility and competitiveness as a global company.

Actively investing to grow the printing inks and digital and specialty products businesses

In the printing inks business, we are focusing on expanding our market share and achieving sustainable growth, primarily in the Americas and Asia.

In the Americas, we are actively making capital investments to strengthen our supply system. In the United States, we are currently planning to build a new packaging ink plant, which is scheduled to begin operations in 2027. In Brazil, sales have more than tripled since we acquired a local packaging ink manufacturer in 2016. The company completed a new plant in São Paulo in February 2025, laying the foundation for further growth.

Meanwhile, in Asia, the four countries of India, Indonesia, Thailand and Vietnam account for more than 70% of our sales in the region. Additionally, a new plant in the Philippines was completed in January 2025 to support further growth. Many of these countries have populations of over 100 million and are growing markets with a large youthful population, resulting in increased demand for packaging. We intend to continue investing in this area going forward.

In the digital and specialty products business, we are focusing on industrial inkjet inks. Inkjet printing makes it possible to print directly from data without printing plates. It can also be used to print in small lots according to customer requests. Due to these advantages, the market is expanding globally, and we are actively investing resources in this growth area. Specifically, we are focusing on the development of inkjet technology in the areas of "food, clothing, and shelter," where demand is expanding in line with the world's growing population and economic development. We aim to expand sales in textiles, including clothing and fabric products, where the market is growing, food packaging, where the Group has extensive knowledge, and in coatings for iron and steel plates that use inkjet technology as an alternative to paint, which are used for durable consumer goods.

Regarding pigment dispersions for imaging display materials, another growth driver, demand is growing as the surface area of color filters increases with the trend toward larger displays. However, with China being the main market, competition is fierce and prices are becoming tougher every year. We do not offer products that involve price competition, but rather differentiate ourselves by supplying high-quality products that make use of our technological capabilities. We also aim to improve profitability by developing products for next-generation displays and creating new high-added-value products for use in color image sensors.

In terms of functional coating agents, with the aim of further expanding in the packaging field, we acquired all of the business and related assets of Coatings & Adhesives Corporation (C&A), a provider of excellent coating solutions, through our U.S. subsidiary in November 2024. As more and more packaging is made of paper and other mono-materials in an effort to realize a sustainable society, there will be an ever-increasing need for coating agents that can add various functions to a single material. In the growing global coatings market, we will continue to advance research and development of core technologies in Japan, while promoting strategies that utilize C&A's bases, technologies and networks in the Americas to increase our market share.

Taking on the challenge of creating new businesses with the potential for monetization

In new business areas, we are working to establish new businesses by applying the technology we have cultivated in the printing inks business. By FY2026, we aim to achieve sales of 5 billion yen from new businesses.

One of the areas we are particularly focusing on is "bio-based and non-fossil materials," which aim to reduce environmental impacts. We are promoting the transition from petrochemical-based materials to plant-based non-edible biomass materials, and in collaboration with partner companies, we are accelerating development toward commercialization in FY2026 and FY2027.

Additionally, we have begun offering brand protection solutions as a new initiative based on integration with digital printing technology. SAKATA Brand Solutions, established in May 2024, utilizes the comprehensive brand protection technology of UK-based OpSec Security to combat counterfeiting, provide traceability, and offer anti-counterfeiting technologies. These technologies are used on tags for clothing and branded products, and can even be used in supply chain management for industrial materials. We hope to deploy these technologies within the Group's extensive supply chain.

Towards management that utilizes technology and passion — driven by dialogue with employees

When I became president in 2021, my first thought was that the voices of employees on the front lines were not being fully reflected in management decision-making. This overlaps with my own experience as an engineer. Speaking from personal experience, even with excellent technology, efforts may be wasted without internal understanding and support. I know that frustration.

That is why I have made it a central focus of my management to listen carefully to the voices of each and every employee and to uncover technologies and ideas that have yet to be realized. As part of this, I have held townhall meetings and GENBA Walks to engage in dialogue with employees on the ground. To date, I've taken part in four townhall meetings and exchanged opinions with many employees across Japan, both in person and online. In FY2024, 32 GENBA Walks were held, giving me the opportunity to listen to honest feedback over lunch with a total of 137 employees, mostly young employees who have been with the company for less than five years. Among them, I heard many participants say, "I don't know how to deploy technology or share issues." I believe that carefully listening to these voices through dialogue with employees is

an important first step toward improving the company's core business capabilities. Going forward, I will also be holding dialogue with mid-career employees in their 40s to listen to their career and business plans. The true strength of an organization is the sum of the ability to turn ideas into reality possessed by each and every employee. We will continue to lay the groundwork to maximize that potential.

Leading the way in reform for the improvement of corporate value

Currently, our P/B ratio sits at 0.8 to 0.9 times, which is still below 1.0 times. This reflects the reality that our management is not being adequately valued by the market. We take this situation seriously, and as top management, I will accelerate transformation in order to achieve sustainable enhancement in corporate value. First, while our ROE for FY2024 remained at a steady level of 8.5%, we are working across the board to improve profitability and capital efficiency in order to achieve our target of 10% or more. Each business division thoroughly implements the PDCA cycle focused on ROIC to optimize the allocation of management resources. In addition, our P/E ratio remains low at 8 to 9 times, so we will strive to gain trust by clarifying our strategy, visualizing non-financial information, and carefully disclosing information in order to raise expectations for our future growth. However, rather than simply chasing numbers, we aim to evolve into a truly "globally competitive company" by 2030 by establishing product appeal, price competitiveness, quality, and decision-making structures for global markets.

As top management, I will listen to voices from the frontline, identify signs of change, and act as an information hub connecting both inside and outside the company, while advancing structural reforms with an eye to the future. With unwavering determination, we will continue to practice responsible management and be a company that lives up to your trust.

I can say with confidence that the SAKATA INX Group has a bright future.

Messages from Outside Directors

Accelerating steps toward improving group governance and evaluation/remuneration systems

Yoshio Sato

Q1 What challenges and expectations have emerged with regard to the Medium-term Management Plan 2026 (CCC-II)?

The company's performance in FY2024, the first year of Medium-term Management Plan 2026 (CCC-II), got off to a good start, with both sales and profits up year on year on a consolidated basis. Asia and the Americas performed particularly well, with the digital and specialty products business also performing well. Both of these achievements can be attributed to the Group's aggressive expansion outside Japan and a focus on growth areas. The theme of the current Medium-term Management Plan is "expand our businesses and enhance profitability." It is encouraging to see the company vigorously moving forward under the strong leadership of the president toward realizing these two key themes while strengthening ESG initiatives. In addition to expanding into regions where future growth is expected and focusing on new business and product development, the company must also urgently respond to the declining demand in the domestic information media sector. The company is now carrying out all of these efforts with a sense of urgency. To this end, there has been vigorous discussion about the necessary group governance, evaluation and remuneration systems, and the use of new systems, and some of these have already been implemented. I also believe that the company has taken further steps to return profits to shareholders.

Q2 What was the process behind adopting ROE (return on equity) and other indicators for performance-linked remuneration (monetary portion) of executive pay?

Reforms are underway to maintain and increase employee motivation while ensuring fairness. In particular, the evaluation and remuneration systems for executive officers and other key management personnel are an extremely important element in corporate management. Vigorous discussions on reforms have been held mainly by the Nomination & Compensation Committee. The recent revision to the performance-linked evaluation criteria for monetary remuneration for executives is intended to better meet the expectations of shareholders. Considering that the mission of management from the shareholders' perspective is to effectively utilize capital while always being conscious of the cost of this capital and increasing corporate value, the company has determined that using ROE as the standard is more appropriate. The introduction of non-monetary remuneration was the result of taking this idea a step further. Going forward, we will continue to discuss what the evaluation and remuneration systems for executives should be, not only in Japan but also outside Japan.

Improvement of corporate value that gains the understanding of investors

Yukiko Tsujimoto

Q1 What discussions have taken place at Board of Directors meetings over the past year and what is your assessment of the board's effectiveness?

In regards to management aimed at "expand our businesses and enhance profitability" under the current Medium-term Management Plan 2026 (CCC-II), we were able to hold repeated discussions on the company's medium- to long-term competitive advantages and the ideal image for the entire Group. Specifically, I understand that lively discussions were held on issues such as structural reforms and business process reengineering (BPR) in existing businesses to respond to changes in the business environment, growth investments that will support the future business portfolio, such as M&A and investments in new businesses, as well as issues such as enhancing corporate value, strengthening governance systems, and human capital investments, including confirmation of capital efficiency and progress. Furthermore, with Outside Directors participating in the Management Council as observers and information being shared through business progress report meetings and advisory committees, I believe the company has a system in place that allows for substantive and constructive discussion. Going forward, it will be necessary to consider measures to further increase the effectiveness of the Board of Directors, including ensuring diversity, in order to strengthen global governance.

Q2 What is your assessment of the Company's initiatives to enhance corporate value and what challenges exist?

The Company recognizes that enhancing corporate value is one of its top priorities, and it is working to achieve this with a sense of urgency. At Board of Directors meetings, we not only monitor strategies and KPIs aimed at "expand our businesses and enhance profitability," but also discuss medium- to long-term business portfolio reviews and growth investments with a view to improving capital efficiency. We also talk about engagement with investors to help them understand our future potential. First, we will continue to explore ways to improve management indicators such as ROE and consider optimal capital policies. Furthermore, there is a need to build an organizational structure that can sustainably improve capital efficiency and profitability and make swift and decisive management decisions that are optimal for the entire Group. Additionally, fostering awareness of the company's brand as a global company that can be shared among all Group employees supporting the organization will promote understanding of management strategies, which will lead to the acquisition of diverse, talented personnel and the continuous improvement of corporate value in the future.

Multifaceted discussion based on the results of the evaluation of the effectiveness of the Board of Directors

Kazuko Otsuki

Q1 What role do Outside Directors play at SAKATA INX?

I believe that the importance of my role as an Outside Director who is a certified public accountant is that I can utilize my specialized knowledge of finance and accounting to provide an objective perspective on the validity of management decisions and risks. In particular, for a global company like SAKATA INX with a high ratio of overseas sales, there is no denying the possibility that management issues could arise. These include complex transactions and compliance with international accounting standards such as US GAAP and IFRS. I am in a position to contribute to ensuring the soundness and transparency of management by providing advice from a financial perspective at Board of Directors meetings and expressing appropriate opinions on business strategies, investment decisions, and the effectiveness of internal control. Additionally, Outside Directors are expected to fulfill their role of checking and supervising from an independent standpoint for the sustainable enhancement of corporate value and to secure the trust of stakeholders. As an Outside Director, I am doing more than just playing a formal role at the company, I am working to contribute to strengthening actual governance.

Q2 What kinds of discussions take place and opinions are exchanged by the Meeting of Independent Outside Directors?

At meetings of the Meeting of Independent Outside Directors, which have been held since 2023, we have been actively discussing the progress of the Medium-term Management Plan and issues to be addressed in achieving future goals. This includes the exchange of opinions based on the results of the evaluation of the effectiveness of the Board of Directors. In addition, we exchange opinions from various perspectives on the systems and governance required of a global company, as well as the management systems of affiliated companies. Furthermore, we are also considering how to set the agenda for regular meetings with the Representative Director and how to proceed with these meetings, and are working to reflect external perspectives in management. Each Outside Director utilizes their specialized knowledge and experience to engage in constructive and substantive exchanges of opinions.

Medium- to Long-term Strategic Vision

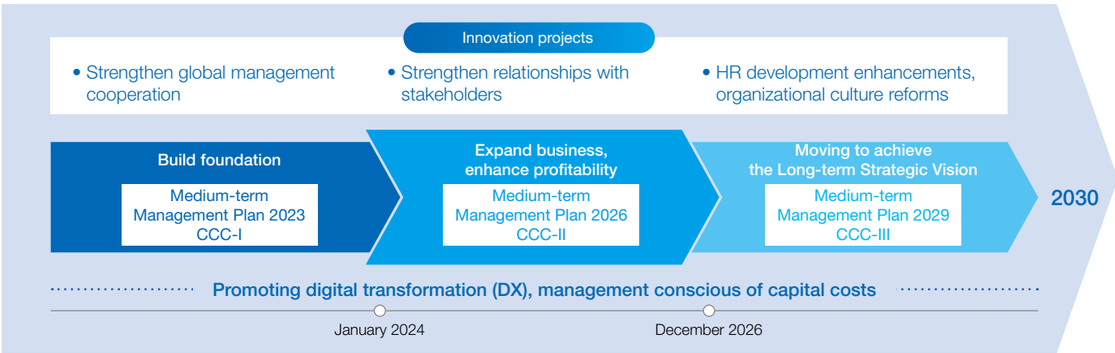
Realizing our Long-term Strategic Vision

We 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.

SAKATA INX VISION 2030

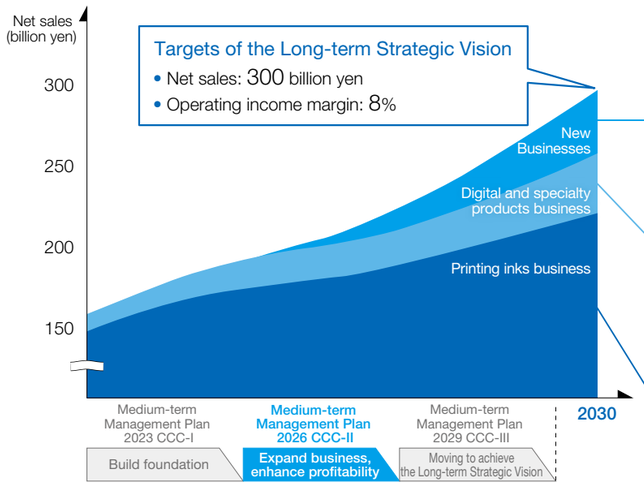
Create and Innovate, Care for the Earth, Color for Life

Strategic direction for the Long-term Strategic Vision	• Expand printing inks/digital & specialty product businesses • Meet new market challenges • Strengthen ESG/sustainability efforts emphasizing the global environment and local community



Vision for 2030

Our strategic targets for 2030 are to reach consolidated net sales of 300 billion yen and an operating income margin of 8%. We are advancing measures to achieve these targets centered around the three pillars of printing inks, digital and specialty products, and new businesses.



New Businesses
- Utilize the Group’s core competencies based on our core technologies
- Promote open innovation

Define target domains in each of the four areas of focus (business development domains, electronics and energy, bio-based and non-fossil materials, and healthcare) and build a foundation for commercialization

Digital and Specialty Products Business
- Deploy high-value-added products globally that capture social trends accurately and timely
- Expand sales in each field, strengthen profitability, and improve brand power

Printing Inks Business
- Strengthen global collaboration across the entire value chain
- Develop and sell high value-added products that meet market needs
- Allocate management resources optimally to growth and new markets

Progress of the Medium-term Management Plan: Strategic Directions

Based on the strategies of our Long-term Strategic Vision targeting 2030, we will steadily work toward reaching the targets of Medium-term Management Plan 2026 (CCC-II), the second phase which ends in FY2026, as a period when we aim to expand our business and strengthen our profitability.

Also, we have defined strategic directions and innovation projects common to all phases to achieve our Long-term Strategic Vision. The CCC-II’s strategic directions are to develop the activities of the previous phase CCC-I and launch new initiatives. The innovation projects will strengthen the entire Group organization through cross-divisional horizontal collaboration.

		Specific policies and initiatives
Strategic direction	Expand printing inks/ digital & specialty product businesses	• Business structural reforms (portfolio revisions) • Contributing to sustainability in the package industry • Enhancement of global operations
	Strengthen ESG/ sustainability efforts emphasizing the global environment and local community	• Formulation and review of various policies • TCFD and TNFD initiatives • SBT certification • Quantifying the financial impact of sustainability • Promoting global ESG governance • Improving external evaluations
	Meet new market challenges	• Accelerating commercialization • Technology creation in target areas • Developing HR and corporate culture for tackling new fields and global success • Open innovation
Innovation projects	Strengthen global management cooperation	• Building a global strategic promotion structure • Enhancing the governance structure through the Asia regional management company • Promoting global projects (sales, ESG, procurement, safety, quality)
	Strengthen relationships with stakeholders	• Strengthening IR activities and enhancing dialogue with investors • Proactive disclosure of financial and non-financial information, and enhanced dialogue-building • Enhancing internal branding
	HR development enhancements, organizational culture reforms	• Growing and enhancing programs and systems to enable employees to energetically tackle new challenges • Introducing educational and development systems to promote autonomous career-building • Holding meetings to exchange viewpoints and to deepen understanding of and sympathy with Company vision and policies • Offering new workstyles targeting well-being, higher productivity, and co-creation

Progress of the Medium-term Management Plan: Towards Achieving the Targets

We will continue to promote the proactive rollout of sustainable products across the Group, centering on environmentally friendly products such as the botanical ink series, primarily in the packaging field, while also advancing business structure reforms in response to changes in the business environment resulting from digitalization. Additionally, for inkjet inks, we will expand into new markets targeting “food, clothing, and shelter,” as well as expand sales and develop new fields for imaging display materials. “Meet new market challenges” is positioned as a period in which we will identify products and services that have a high possibility of commercialization and monetize them. In addition to advancing R&D, we will also promote open innovation with companies and organizations with promising technologies that are highly compatible with our technologies and services, and accelerate the proposal of new products and business models.

Furthermore, based on management that is conscious of capital costs and share price, we will optimize capital allocation between strengthening profitability, investing in growth strategies, and returning capital to shareholders, while also working to reduce capital costs. At the same time, we will use investor relations activities to help stakeholders understand the effectiveness and feasibility of the Group’s growth story. In this way, we will strive to improve corporate value and work toward achieving the targets of our Medium-term Management Plan.

Full-year Consolidated Earnings Forecast (Unit: billion yen)

	FY2021	FY2022	FY2023	FY2024	Full-year forecast for FY2025/12			Medium-term Management Plan 2026 targets
	Amount	Amount	Amount	Amount	Amount	Year on year (amount/rate of change)		Amount
Net sales	181.4	215.5	228.3	245.5	268.0	22.4	9.1%	270
Operating income	7.4	4.1	11.4	13.1	15.5	2.3	17.8%	18
Ordinary income	8.5	4.9	13.6	12.8	16.0	3.1	24.1%	19
Net income attributable to owners of parent	4.9	4.5	7.4	9.0	10.8	1.7	19.9%	12.7
ROE (%)	6.1	5.3	8.1	8.5	—	—	—	10% or more
Foreign exchange rate (JPY to USD)	109.80	131.43	140.56	151.58	150.00	(1.58)	(1.0%)	—

Message from the Director in Charge of Finance

We will focus on strengthening the business portfolio and allocating resources for growth in order to improve return on capital.

Toshihiko Fukunaga

Director and Senior Managing Executive Officer
In charge of Information Systems Div., Finance & Accounting Div., and Business Process Re-engineering Dept., and supervising international operations
Chairman of INX International Ink Co.

Advancing measures to improve return on capital

In FY2026, the final year of Medium-term Management Plan 2026 (CCC-II), the Group aims to achieve net sales of 270 billion yen, operating income of 18 billion yen, and ROE of 10% or higher. To reach these targets, we will strive to both improve return on capital and achieve sustainable growth by striking an appropriate balance between growth investments, financial soundness, and shareholder returns. In FY2024, the first year of the plan, net sales reached 245.5 billion yen and operating income 13.1 billion yen, both record highs, driven by increased sales volume of packaging ink. Additionally, ROE was 8.5%, showing steady progress toward the target. By region, in the growth drivers of the Americas and Asia segments, our sales volume and market share are expanding at a faster pace than expected, and we are making our largest-ever investments to further grow in these markets.

In terms of cost structure, we have been working to extensively reduce costs and improve productivity at our production bases, and going forward we will further improve our cost ratio by expanding sales of high value-added products, adjusting pricing in response to fluctuations in raw material prices, and promoting joint purchasing based on a global strategy.

On the other hand, selling, general and administrative expenses increased significantly in FY2024, with the selling, general, and administrative expenses ratio increasing 1.4 points from the previous fiscal year to 18.5%. This was mainly due to elevated personnel costs as well as the recording of depreciation and licensing fees associated with the enterprise resource planning (ERP) system introduced in Japan. After implementing the ERP system, we set up a specialized team that has been promoting business process reengineering (BPR) in the administrative and indirect departments. Going forward, we plan to use AI and robotic process automation (RPA) to improve operational efficiency and achieve labor-savings. Through this, we aim to return the selling, general and administrative expenses ratio to its previous level of around 17%. Going forward, we plan to roll out our ERP system in Asia from FY2025, and then upgrade it in the Americas and Europe in FY2026, in order to build a totally optimized system globally.

Our capital policy is being implemented based on the cash allocation plan in Medium-term Management Plan 2026 (CCC-II). Regarding cash inflows, operating cash flow is expected to be 40 billion yen in total over three years. This is due to increased demand and sales growth mainly in emerging countries for packaging inks, for industrial inkjet inks for the growing market for “food, clothing, and shelter,” and for pigment dispersions for next-generation displays and sensors, which require increased functionality, along with the creation of new businesses. On the other hand, looking at business investments, which are a part of cash outflows, we are working to contain costs by reviewing design and procurement so that they do not exceed initial expectations, even as we face changes in the external environment due to soaring material prices and construction costs. Specifically, we restructured plant layouts and process design to achieve maximum effectiveness with the minimum necessary structure and equipment while still meeting production capacity and quality requirements. This will enable us to realize a facility design that combines efficiency and flexibility. We expect to be able to make capital investments that ensure production volume and functionality within the total investment amount of 40 billion yen over the three-year period of Medium-term Management Plan 2026 (CCC-II). These efforts are not just about reducing costs; they are also helping us accumulate know-how in terms of design and operation, with a view to future overseas expansion and capital investment. We believe that these efforts have produced significant results in terms of improving our ability to adapt to change and strengthening our driving force.

As for shareholder returns, our policy is to provide proactive and stable dividends and execute share buybacks in a timely manner. We have set a target to either reach a total return ratio of 50% or more or DOE of 2.5%, whichever is greater, by FY2026. Toward this end, we plan to spend a total of 15 billion yen over the three-year period of Medium-term Management Plan 2026 (CCC-II). The dividend per share for FY2025 is expected to be 90 yen, resulting in a dividend payout ratio of 40% or more, which marks the third consecutive year of increased dividends. Additionally, in March 2025, we announced a share buyback plan valued up to a maximum of 1 billion yen. We are now steadily moving ahead with our efforts to improve capital efficiency and maximize shareholder value.

Refer to
p. 78 Cash Allocation Plan for Medium-term Management Plan 2026 (CCC-II)

Toward achieving the target of ROE of 10% or higher

Recognizing that improving capital efficiency is essential to the sustainable improvement of corporate value, we have set ROE of 10% or higher as an important management target. For FY2024, ROE improved from the previous fiscal year to 8.5%. To improve profitability, as mentioned earlier, we are expanding sales in growth areas and developing high value-added products in digital and specialty products along with new businesses. We are also promoting cost structure reforms in areas such as raw materials costs and personnel expenses. On the other hand, we are maintaining a stable financial base, with our equity ratio at 50.7% as of the end of FY2024. In order to further improve capital efficiency, we recognize that there is some room for us to utilize interest-bearing debt in addition to proactively returning profits to shareholders. In fact, last year we increased our borrowings to fund M&A. We are also considering measures to utilize financial leverage.

We estimate our cost of capital to be around 6 to 8%. In dialogue with investors, we have received feedback calling for a higher expected rate of return, and we recognize that a certain gap exists between the cost of capital and rate of return. One of the factors behind this gap is investors’ perception of the risk posed by the volatility of our earnings. In this regard, I regret that we have not been able to fully communicate how the Group’s current earnings structure is stronger than in the past. For example, demand in our core ink business is highly correlated with population and GDP, making it less susceptible to economic fluctuations. As a result, net sales are expected to be stable over the medium- to long-term, and there is relatively little risk of deviating significantly from the plan. On the other hand, in terms of profits, the fact that there was a time lag of several months before product prices were revised in response to changes in prices of raw materials such as pigments and crude oil was a factor in fluctuating earnings. In recent years, however, profit stability has improved due to factors such as the promotion of data-driven pricing. Given this background, I ask for your understanding that our current cost of capital and target of ROE of 10% or more based on that cost is appropriate.

Focusing on strengthening the business portfolio and resource reallocation for growth

Japan’s population has been declining since peaking in 2008, and with the advancement of digitalization of media, demand for printing of information media is shrinking over the long term. Furthermore, as digitalization has accelerated further since the COVID-19 pandemic, sales of newspapers, offset printing inks, and printing-related equipment have continued to slide. The Group enjoys a large share of the market for printing inks for newspapers, and from the perspective of its social responsibility, we are not willing to withdraw from the business easily. Instead, we are proceeding with structural reforms that will enable us to sustain the business while ensuring profits. Specifically, we are working to improve productivity and efficiency by consolidating production facilities and sales bases, while also allocating personnel to businesses with potential for growth, such as packaging inks as well as digital and specialty products, in an effort to ensure profitability. Looking outside of Japan, in the Americas, sales of inks for information media accounted for less than 10% of our total sales, so the impact of the shrinking market is limited. Although there is still room for demand for inks for paper media in China to grow, given the uncertainty about the future and the difficulties of doing business in the China market, we decided to sell our offset printing ink business there. Meanwhile, the India market continues to grow, and we are focusing on expanding our sales coverage there.

Since packaging inks are used for packaging closely related to our daily lives, such as for food and daily necessities, demand fluctuations are relatively small and the market is growing steadily in line with population and GDP growth. In particular, in the Americas, in addition to increased demand in the South America market, our existing plants in the United States continue to operate at high levels, so much so that we expect the current equipment structure will not be able to meet future demand. In light of this supply and demand environment, we are bolstering our production capacity, including by starting up a new plant in South America in April 2025, as part of our investments with an eye toward medium- to long-term growth. In addition, with regard to expanding into new areas that use our digital and specialty products or ink technologies, all projects are monitored individually by the Board of Directors, and the appropriateness of these investments and their progress are strictly confirmed. In particular, through our long-standing joint development relationships with customers, we are able to accurately identify customer needs and cutting-edge technologies, assess future market potential and profitability, and make decisions while carefully evaluating the balance between input costs and returns. We emphasize being proactive in initiating transformations while flexibly responding to changes in the environment. Each project is evaluated strictly based on ROIC and is advanced under appropriate controls and governance practices to contribute to improving capital efficiency across our entire business portfolio.

Regarding capital investment, we plan to spend a total of 25 billion yen over the three-year period of Medium-term

Management Plan 2026 (CCC-II). We are currently investing primarily in growth areas of our existing business, such as packaging inks, functional coating agents, industrial inkjet inks, and next-generation imaging display materials. In particular, in the Americas, where our plant utilization rates remain at high levels, we are moving forward with plans to build new plants.

Furthermore, we plan to invest 15 billion yen during the same period as strategic investments for future growth. These will include actively investing in M&A, new businesses, and research and development that are expected to create synergies with the Group's businesses and technologies. In November 2024, through our U.S. subsidiary, we acquired all of the business and related assets of Coatings & Adhesives Corporation (C&A), a provider of excellent coating solutions, for approximately 8 billion yen.

As part of our efforts to improve capital efficiency, we are reducing our cross-shareholdings. As of December 31, 2024, we hold approximately 5.7 billion yen in shares, excluding unlisted stocks, based on market value. We aim to reduce these holdings by more than 50% by FY2025 and to completely eliminate cross-shareholdings from FY2026 onwards. We intend to use the proceeds from these sales for the improvement of corporate value, to invest in sustainable growth, and to return profits to shareholders.

Plans and initiatives in each segment under Medium-term Management Plan 2026 (CCC-II)

► Printing Inks and Equipment (Japan)

For FY2025, we forecast net sales of 51.6 billion yen, down 2.1% from FY2024, and operating income of 1.5 billion yen, up 67.7% from FY2024. In FY2026, the final year of the Medium-term Management Plan 2026 (CCC-II), we are targeting net sales of 53 billion yen and operating income of 2.9 billion yen, with the operating income target being particularly ambitious. To achieve these targets, we are currently reviewing how to pass on higher input costs to product prices, which has lagged behind other countries, in an effort to arrive at appropriate price levels. We will also focus on expanding sales of high value-added products, such as environmentally friendly products and functional coating agents, in order to improve profitability.

To improve capital efficiency, we calculate ROIC for each business division, visualize the profitability of each business, and then work to make improvements. In particular, in the information media business, in light of the shrinking market, we are reviewing our production system and streamlining and consolidating our sales items, as well as eliminating unprofitable items, in order to rebuild our profit structure.

To further improve productivity, we are promoting the integration and reorganization of our bases and advancing business process reengineering (BPR), including for white-collar work, through the operation of the latest ERP system. We are also continually working to optimize personnel allocation and reduce indirect costs through digitalization in order to promote an efficient management structure.

Regarding capital investment, in FY2024 we spent a

total of 1.9 billion yen for the introduction of our new ERP core system and the renovation of the Osaka Plant. In FY2025, we plan to invest 1.4 billion yen, including for the relocation of the Osaka Head Office in April. The objective of these investments is to improve operational efficiency and strengthen our business base. Therefore, we view them as important measures for future growth.

► Printing Inks (Asia)

For FY2025, we are forecasting net sales of 61.5 billion yen, up 5.7% from FY2024, and operating income of 6.3 billion yen, up 11.0% from FY2024. For FY2026, the final year of Medium-term Management Plan 2026 (CCC-II), we had planned to reach net sales of 66.7 billion yen and operating income of 4.3 billion yen. However, operating income has already exceeded this plan, showing progress that exceeds our expectations.

This strong performance has been underpinned by the growing middle class with purchasing power due to population increase and economic growth, driving up demand. Sales volume has exceeded initial expectations, and raw material prices, which had been rising sharply until 2023, have stabilized, which has also boosted our bottom line. Although there is a possibility that demand could decline due to an economic downturn and raw material prices rise again in the future, we will accelerate our efforts to strengthen our competitiveness. This includes implementing a unified strategy across the entire region under our Asian regional management company established in 2024, tapping into brand owners with global operations and promoting joint purchasing.

Regarding capital investment, we invested a total of 1 billion yen in FY2024, including for the construction of our new plant in the Philippines. In FY2025, in addition to starting full-scale operations at the new plant in the Philippines, we plan to expand our manufacturing facilities in Vietnam and Thailand, with a total investment of 2.3 billion yen planned. These investments are intended not only to meet growing demand, but also to strengthen supply systems across the region and establish a competitive advantage for future growth.

► Printing Inks (The Americas)

For FY2025, we forecast net sales of 101.4 billion yen, up 15.5% from FY2024, and operating income of 5.7 billion yen, up 29.5% from FY2024. For FY2026, the final year of Medium-term Management Plan 2026 (CCC-II), we had planned to achieve net sales of 92.8 billion yen and operating income of 4.9 billion yen, but we expect to achieve these targets ahead of schedule in FY2025. The current targets for FY2026 are based on the market environment at the time the plan was formulated. Given the rapid expansion of the market and the full effects of increased production from new investments now becoming apparent, we are considering the possibility of this leading to even higher earnings growth.

In the Americas market, sales of packaging inks and metal inks have been steady, and we have been able to implement appropriate pricing. In FY2025, sales from C&A, which was not included in the initial plan, are also expected to contribute, leading to even greater growth.

On the other hand, one risk factor is uncertainty regarding U.S. trade policy. Our business is based on local production for local consumption, so the impact of tariffs on sales will be limited, but we need to exercise caution on the procurement side. We expect some degree of impact as the raw materials for printing inks, such as pigments, are sourced from China and India. However, we have already explained the price adjustments to account for the tariffs to customers in order to gain their understanding, and are working to secure the bottom line.

Regarding capital investment, in FY2024, we spent a total of 5.9 billion yen. This includes investments related to the construction of a new plant in North America and a new plant in Brazil. In FY2025, we plan to invest 4.3 billion yen, including continued spending on our new plants in North America and Brazil.

► Printing Inks (Europe)

For FY2025, we forecast net sales of 22.4 billion yen, up 4.8% from FY2024, and operating income of 300 million yen, compared to 6 million yen in FY2024. For FY2026, the final year of Medium-term Management Plan 2026 (CCC-II), we had planned to achieve net sales of 21.2 billion yen and operating income of 500 million yen. However, net sales have already exceeded the plan, and profits are also improving at a faster pace than expected.

Our initial goal was to turn a profit in the third year of the Medium-term Management Plan, so we have achieved this earlier than expected. Going forward, we plan to continue expanding sales of our environmentally friendly packaging inks, which are gaining recognition, and our metal inks, which boast a high market share, as well as grow sales of inks for pad printing, which are expected to generate stable sales and profits. Additionally, in Germany, we will establish a production and sales system for INX brand packaging inks, which are currently produced in Spain, with the plan to promote sales expansion throughout Germany and Eastern Europe. At the same time, we will work to further reduce costs by restructuring our production and sales systems under the control of our European regional management company and by further promoting collaborative procurement efforts within the Group.

Regarding capital investment, we invested 800 million yen in FY2024 and plan to spend 900 million yen in FY2025 with the aim of improving business efficiency and establishing a foundation for growth in Europe. Looking ahead, we will continue to assess the business's growth potential and the market environment, while also considering further investments and expansion of our bases.

► Digital and Specialty Products

For FY2025, we are forecasting net sales of 21.3 billion yen, up 10.0% from FY2024, and operating income of 2.4 billion yen, up 6.3% from FY2024. For FY2026, the final year of Medium-term Management Plan 2026 (CCC-II), we forecast net sales of 24.4 billion yen and operating income of 4.4 billion yen, which are rather ambitious targets in terms of earnings.

Inkjet inks, which account for more than half of the sales of the digital and specialty products business, are expected to see a significant increase in applications beyond traditional paper printing into new fields such as "food, clothing, and shelter." Currently, we are focusing on expanding sales of inkjet inks by introducing new products. Sales are growing year by year, with sales expanding in both traditional and new fields. In the field of imaging display materials, we are stepping up our expansion into next-generation imaging display materials in addition to conventional materials for liquid crystal displays, and are also working on development for sensor applications.

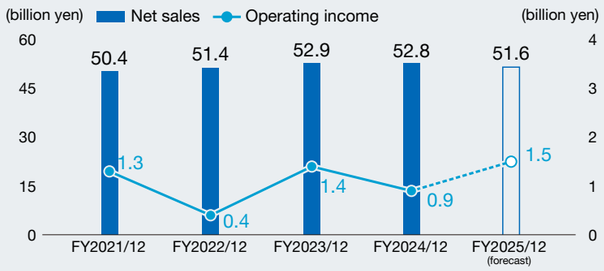
With regard to capital investment, we have expanded our inkjet ink production plants in the Czech Republic and the U.S., and have also installed production facilities for imaging display materials in Shanghai, thereby improving our supply systems in each region. We are currently considering production capacity increases to further expand sales.

Performance and Investment Amounts in Each Segment Under Medium-term Management Plan 2026 (CCC-II) Unit: Billion yen

	FY2024/12		FY2025/12 (planned)		FY2026/12 (planned)		FY2024	FY2025	FY2026
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Investments *1	Investments (forecast) *1,2	
Printing Inks and Equipment (Japan)	52.8	0.9	51.6	1.5	53.0	2.9	1.9	1.4	–
Printing Inks (Asia)	58.2	5.7	61.5	6.3	66.7	4.3	1.0	2.3	1.4
Printing Inks (The Americas)	87.8	4.4	101.4	5.7	92.8	4.9	5.9	4.3	6.5
Printing Inks (Europe)	21.4	0	22.4	0.3	21.2	0.5	0.8	0.9	–
Digital and Specialty Products	19.4	2.2	21.3	2.4	24.4	4.4	–	–	–

*1 Investment amounts include digital and specialty products.
*2 Estimates to indicate strategies for each region.

Business Portfolio Japan



Business sites Japan (4 production sites)

Hiroshi Morita
Managing Executive Officer

Main Products and Presence

Main Products

- Packaging inks
- Information media inks
- Printing-related equipment

Industry Share Note: As estimated by SAKATA INX

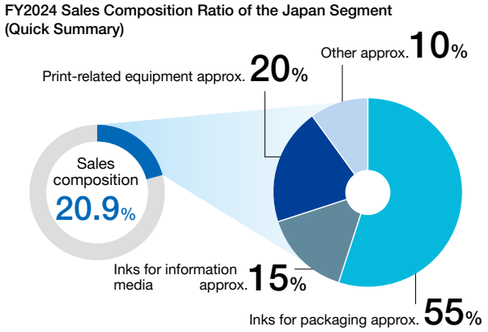
- Corrugated cardboard inks in Japan — No. 1 share
- Film package inks in Japan — No. 2 share

In terms of gravure inks for film packaging, we were among the first to develop inks that do not use the organic solvents toluene and MEK, and we have expanded our botanical ink series, which includes plant-derived ingredients. Such environmentally friendly inks are currently represent more than 60% of our sales in Japan. With regard to flexographic inks for corrugated card board, our efforts in the area of water-based inks have made water-based flexographic inks the industry standard and we boast a market share of more than 70% in Japan. Additionally, we also maintain a high market share in our traditional newspaper ink business providing high-quality inks and printing-related services.

Characteristics of the Japan Market

Due to the full-fledged aging of Japanese society with low birthrate and the declining population, as well as advancements in the digitalization of information media, the printing market for paper media such as newspapers and magazines is gradually shrinking, and along with it, demand for printing inks. On the other hand, in the field of packaging, the trend is moving towards smaller quantities, wider variety and individual packaging. This is because of product diversification and differentiation, along with rising demand for ready-made meals amid the increase in single-person households and elderly households. In addition, the COVID-19 pandemic has made hygienic products more important than ever, and we expect demand for packaging to remain strong as a daily necessity.

FY2024 Sales Composition Ratio of the Japan Segment (Quick Summary)



(Note) Sales composition ratio is calculated based on figures before eliminations.

Medium- to Long-term Strategy

The Japan segment involves sales in the Japan market, while also functioning as a R&D hub that supports the entire Group and playing an important role in overseeing the entire Group as the global head office. Furthermore, because Japan is a market that demands the highest quality and functionality in the world, we are not only developing technology for high-value-added products that will increase customer satisfaction, but also exploring new market possibilities. Our "Made in Japan" products and technologies created in this market environment are highly reliable and serve as an important foundation for the entire Group, acting as a major driving force behind sales growth in global markets. Going forward, the Japan segment will continue to play a leading role in realizing the Group's medium- to long-term overall strategy.

As for specific strategies within Japan, in the packaging industry, where continued solid demand is forecast, we expect that products that contribute to social sustainability will become mainstream more than ever before. Such products include environmentally conscious recycled materials, materials that reduce environmental impact, and mono-materials with a view to eliminating plastics. As a Group, we will continue to develop environmentally friendly products such as the botanical ink series, which is partially made from plant-derived materials, and sustainable products such as functional coating agents for using paper in packaging and are recycling-friendly from the perspective of eliminating plastic. We are also promoting the development of services that contribute to a circular economy in the printing industry. At the same time, in order to address issues such as the shrinking information media market, labor shortages due to population decline, and inflation caused by soaring prices globally, we will introduce and utilize the latest ERP system and AI, while promoting efficiency through business process reengineering (BPR) to realize business structure reform.

Progress in Our Business Structure Reforms

- **Introduction of an ERP system and promotion of BPR**
  In addition to instituting new core system to all Group companies to promote data-driven management, we are promoting operational efficiency focused on business process re-engineering (BPR) in back-office departments.
- **Improved production efficiency and restructuring of our production systems**
  We have consolidated information media ink production at our Shiga Plant, which uses labor-saving production methods with minimal production losses.
- **Reorganization of bases in Japan to optimize sales and logistics**
  Reorganization and optimization of our regional bases in Japan into three branches and five distribution centers

Business Opportunities and Risks

As Japan is a mature market, it is difficult to significantly increase market share for existing ink sales. However, we believe that sustainability-focused products, such as those that are environmentally friendly or related to food safety and security, will provide an opportunity for future business expansion. An environmentally friendly product would be botanical ink, which uses plant-derived materials as part of the ink solids. Another example would be a film or paper coating that adds value to packaging, such as gas barrier agents that prevent content oxidation or a paper coating that provides oil resistance. Such products offer an opportunity to provide increased package functionality.

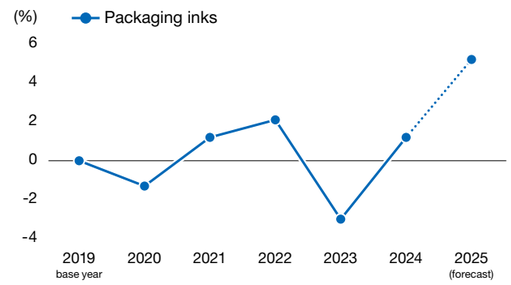
On the other hand, risks include declining demand due to falling birthrates and an aging population, as well as a decrease in ink use by information media from shifting to digitalization. We have been working for several years to significantly reduce unprofitable items and improve efficiency through production integration and are working to expand sales by creating the aforementioned environmentally friendly products, high-value-added products, and new businesses.

FY2024 Results and FY2025 Forecast

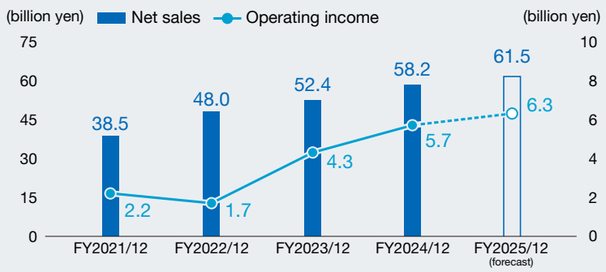
For FY2024, consumer reluctance to buy due to ongoing inflation from the previous year had affected our business until the first half of the year, but it ran its course in the second half, with inks for packaging applications showing a recovery. Meanwhile, the effects of our fifth price revision announced in March also contributed to profit toward the end of the year. Information media inks continued to be weak due to the impact of digitization, but business structure reforms such as consolidating production items, reducing unprofitable items, streamlining production, consolidating production bases, and reorganizing our regional bases in Japan, have been steadily showing positive effects. On the other hand, operating costs increased due to higher prices for raw materials resulting from a depreciated yen, profitability adjustments for personnel costs and logistics costs, costs from the introduction of an ERP system for future growth, and a base wage increase to cope with inflation. As a result, net sales were 52.8 billion yen, down 0.3% year-on-year, and operating income was 0.9 billion yen, down 34.1% year-on-year.

For the FY2025 forecast, raw material prices will remain high and inflation will continue. However, we expect sales volume to increase with continued recovery for packaging inks and the effects of price revisions to contribute substantially to profits. In addition, as our business structure reforms progress, we will efficiently reduce unprofitable items in our information media business, which will decrease sales but also eliminate unprofitable items, We expect these efforts to result in an increased profits.

Volume Growth Rate



Business Portfolio Asia



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

Takashi Kimura
Senior Executive Officer

Main Products and Presence

Main Products

- Packaging inks
- Inks for metal can surfaces (China and Vietnam)
- Inks for information media (India and Indonesia)

Industry Share Note: As estimated by SAKATA INX

- Film packaging inks

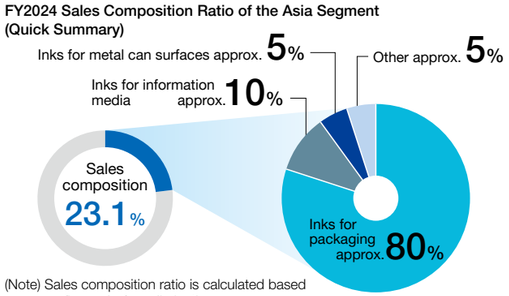
Indonesia Top market share Vietnam Top market share

In each country, our mainstay products are gravure inks for film packaging. The Group targets inks used in packaging that requires relatively high quality and performance, mainly focusing on high-end and mid-range products. In recent years, environmental regulations have become stricter in each country, and global companies that use packaging, such as food and daily necessity manufacturers, are also becoming more environmentally conscious. As a result, there is increasing demand for environmentally friendly inks, such as toluene-free types and our botanical ink series. We produce inks for information media only in India and a select few other countries. In India, we have set up new UV ink facilities and producing inks not only for domestic use but also export to Africa and other countries.

Characteristics of the Asia Market

The annual economic growth rate (GDP) of countries in Southeast Asia and South Asia is trending at around 5%, making this region one of the fastest growing in the world. The region's population is also increasing, with the largest sales volume and purchasing power coming from consumers in their teens and twenties. In addition, economic development is increasing the number of retail businesses such as supermarkets and convenience stores. As populations continue to grow and economies develop, the variety of products will increase. As a result, demand for packaging inks in the region is expected to continue to grow steadily. Demand for inks for information media is gradually falling in Asia due to the advancement of digitalization, but our sales of these inks outside of India is small. India has the world's second largest newspaper circulation after China, and our specialty newspaper ink enjoys a large market share there.

FY2024 Sales Composition Ratio of the Asia Segment (Quick Summary)



(Note) Sales composition ratio is calculated based on figures before eliminations.

Medium- to Long-term Strategy

We will continue to expand sales of packaging inks, particularly in India, Indonesia and Vietnam, as we have a large market share locally and these countries have large populations and are expected to see more economic growth in the future. To achieve this, we need to respond to increasing demand and expand sales, and so we will continue to make aggressive business investments, as we did during the previous Medium-term Management Plan. In February 2024, we established SAKATA INX ASIA HOLDINGS SDN. BHD. which will oversee our six local subsidiaries in Asia, as the organization spearheading these efforts. It will formulate strategies covering purchasing, technology, production, sales, and other activities for the entire Asian region beyond the framework of each country, while strengthening governance systems such as ESG, BCP, security measures, etc., to maximize Group profits by strengthening cooperation between the company and local subsidiaries. To gain an edge in an increasingly competitive environment, we will strengthen our approach to global accounts that value environmental considerations.

To Fortify Our Global Operations

Business Opportunities and Risks

Asia is a market with both a steadily increasing population and robust economic growth. Packaging ink sales volumes there are also growing as the middle class expands and consumption of food and daily necessities increases. In the future, we expect business from growing brand owners and global ink converters for the Asian market to continue to expand. As a result, there will be a demand for products that meet global standards, and we believe that sustainability-focused products, such as those that are environmentally friendly or related to food safety and security, will provide an opportunity for future business expansion.

As for risks, we see the competitive environment becoming even more severe as this is a growth market. In addition, economic growth is expected to lead to higher costs, including personnel expenses, and geopolitical risks are also anticipated in some regions.

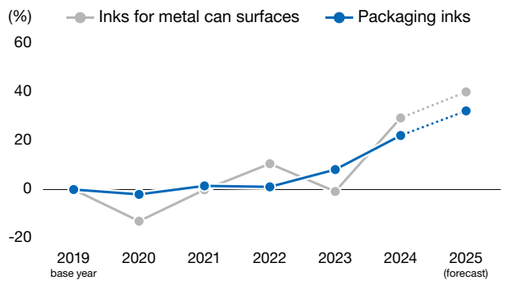
Under the leadership of the newly established Asian regional management company, we will work to maximize Group profits by formulating strategies for sales, production, and management in the Asia region.

FY2024 Results and FY2025 Forecast

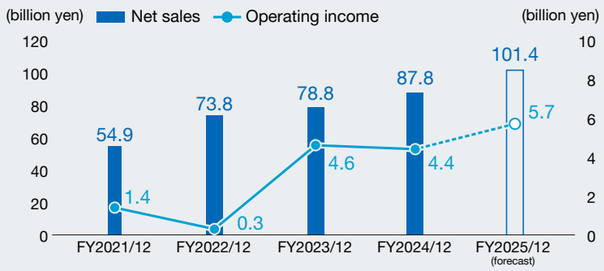
Although sales in China declined due to the transfer of the offset inks business in Maoming (China), sales in FY2024 were up significantly amid increased demand for packaging inks and growing sales of environmentally friendly inks in all regions of Asia (excluding China), including our mainstay markets of Indonesia, India, and Vietnam. Operating income rose beyond initial expectations amid lower raw materials prices due to the sluggish Chinese economy, an easing in first half selling price declined in the second half, and higher sales volume in each region. As a result, net sales totaled 58.2 billion yen, up 11.2% year-on-year, and operating income was 5.7 billion yen, up 32.2%.

Our forecast for FY2025 calls for higher sales and profits as we continue to expand sales of packaging inks, primarily in our mainstay regions, and as our Asian regional management company begins full-scale operations, we will strengthen cooperation in purchasing, production, and sales across the entire Asian region. In Asia, where the middle class is expected to continue to expand due to population and economic growth, we will leverage investments we have made over the past three years to expand production volume, and increase sales through price competitiveness and improved customer service. These investments include expanding gravure ink production facilities in Indonesia, Vietnam, Thailand, and other markets, starting up a new plant in the Philippines, and establishing a new manufacturing facility for UV inks for packaging in India.

Volume Growth Rate



Business Portfolio The Americas



Business sites U.S.A., Canada, Mexico, Brazil (10 production sites)

Bryce Kristo
Senior Executive Officer

Main Products and Presence

Main Products

- Packaging inks
- Inks for metal can surfaces
- Coating agents

Industry Share Note: As estimated by SAKATA INX

- Inks for metal can surfaces

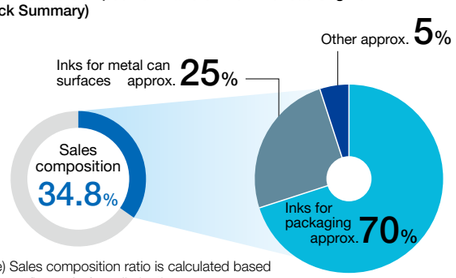
North America No. 1 share

In terms of packaging inks, we offer products that not only feature high quality and functionality, but also address growing awareness of the environment. These include environmentally friendly inks that use plant-derived materials and washable inks that make it easy to recycle printed films. As for inks for metal can surfaces, we boast a particularly high share of the market for aluminum beverage cans. By having our staff stationed on the production lines of can manufacturers, we have established a system that allows us to respond to user needs in a precise manner. We also offer a wide range of functional coating agents that, when combined with packaging inks, add further value to packaging.

Characteristics of the Americas Market

North America is a market with stable economic growth and strong consumer confidence, centered around the United States, the most populous developed country. A wide variety of products, including food, beverages, and daily necessities, are in sold in the region, and demand for the packaging and metal cans used for these products is expected to grow going forward. Along with this, demand for packaging inks is also expected to continue growing. Additionally, environmental consideration is becoming a requirement in the packaging field. As the variety of packaging made with sustainable materials increases in the future, demand for environmentally friendly inks for such packaging is also expected to grow. Meanwhile, Latin America has a population of approximately 600 million and is expected to see sustained economic and population growth in the future. The middle class is also expanding, increasing expectations of rising demand for packaging. In the information media market, demand for ink is waning amid digitalization. Nevertheless, as we strategically moved to reduce unprofitable items at an early stage, the impact on SAKATA INX is limited.

FY2024 Sales Composition Ratio of the Americas Segment (Quick Summary)



(Note) Sales composition ratio is calculated based on figures before eliminations.

Medium- to Long-term Strategy

In North America, our basic strategy is to provide safe and sustainable solutions in the packaging market, where sustainability is set to become even more important against the backdrop of robust consumption. One example is products that contribute to the promotion of a circular economy, such as washable inks*, which make it easy to recycle printed film. In addition, demand for highly recyclable aluminum cans is expected to grow steadily. SAKATA INX has a nearly 100% share of the market for inks for aluminum cans. We will continue to leverage our strengths of high quality solutions and customer service to maintain our market share.

Furthermore, the coating business of C&A (Coatings & Adhesives) Corporation, which we acquired in 2024, is generating synergies in both production and sales for our coating solutions. We aim to expand sales through synergistic effects realized with ink sales in the package printing market.

In South America, we set up shop in Brazil in 2016 as our base of operations and have since expanded our sales network throughout the region, with the effects of this expansion now steadily emerging. In spring 2025, we began operations at a new packaging ink plant in Brazil, which is expected to strengthen our competitiveness not only in terms of quality but also productivity and cost, further spurring on sales expansion in South America.

New plant in Brazil

* Ink that can be easily removed by immersing the printed film in a special solution and stirring it.

Business Opportunities and Risks

Demand is expanding in the North America packaging market. Although our market share is high, there is still significant room for sales growth, as the market is expected to grow in the future. As the trend for packaging to use diverse and sustainable materials continues to grow, we believe that our strengths in high-quality, environmentally friendly products will drive further growth. In addition, can manufacturers predict that demand for highly recyclable aluminum cans will grow steadily through to 2030. We will continue to strengthen the trust of our customers and maintain a large share of the market for inks for can surfaces. Although we maintain a relatively high share of the South America market for inks for can surfaces, our share of the packaging inks market is not as high, so there is ample room for growth in the future. We will set up sales bases throughout South America, primarily in Brazil, to expand sales of our brand-name, high-quality packaging inks.

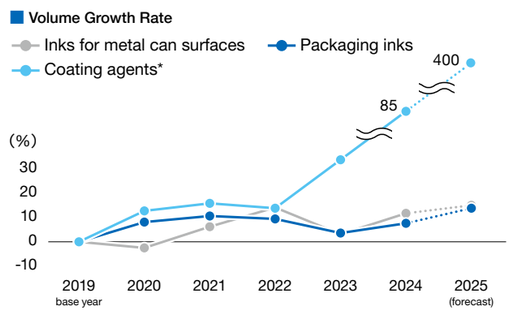
While there are no particular risks specific to the Americas segment, in recent years, inflation in the American economy in particular has had a greater impact than in other segments, even amid the global inflationary environment, and rising labor costs and other expenses continue to be a factor pushing down growth of profits from sales. We are endeavoring to secure profit margins by improving production efficiency and implementing appropriate pricing strategies.

FY2024 Results and FY2025 Forecast

In FY2024, profits grew amid higher sales volumes, easing raw materials prices, and solid expansion of sales in South America, primarily Brazil, offsetting the major issue of surging personnel expenses. The decrease in profit of 200 million yen compared to 2023 is due to recording approximately 900 million yen in one-off expenses for the acquisition of C&A, a coating agent manufacturer. Excluding this, profit would have increased significantly. As a result, net sales totaled 87.8 billion yen, up 11.4% year-on-year, and operating income was 4.4 billion yen, down 4.3%.

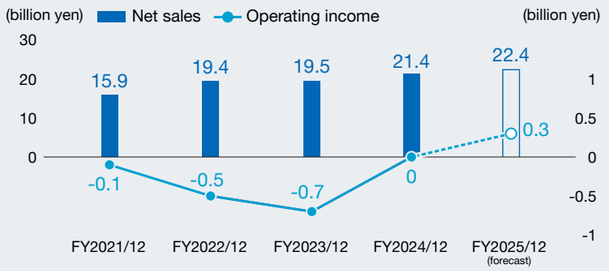
Our forecast for FY2025 includes continuing growth in sales volumes for both packaging inks and metal inks. It also reflects the addition of sales and profits from the newly acquired coating agent business. Additionally, in South America, we will further expand sales by taking advantage of the high productivity of our new plant in Brazil, which was completed in April 2025, and by leveraging the increasing number of sales bases throughout the region. Although personnel expenses are expected to remain elevated for some time, we forecast both sales and profits to increase amid the continued growth in demand and expansion of sales.

C&A



(Note) C&A's performance is included from the fourth quarter of 2024.

Business Portfolio Europe



Business sites United Kingdom, Spain and Germany (3 production sites)

Bryce Kristo
Senior Executive Officer

Main Products and Presence

Main Products

- Packaging inks
- Inks for metal can surfaces

Industry Share Note: As estimated by SAKATA INX

- Inks for metal can surfaces

Europe No. 1 share

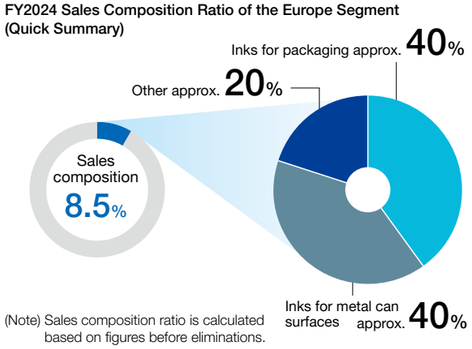
Packaging inks are produced at our plant in Spain and then distributed throughout Europe. Some products are also produced in Germany, and we are currently exploring strengthening our German production base in Eastern Europe. Our inks for metal can surfaces is exported throughout Europe from its base in the United Kingdom, as well as to the Middle East and Africa. We also produce specialty inks for pad printing on three-dimensional objects in Germany and export them to customers all over the world. Due to waning demand for inks for information media, sales volume has dwindled to only a small amount.

Characteristics of the Europe Market

Demand across the Europe market remains sluggish due to factors as the economic downturn and the prolonged conflict in Ukraine. As in other regions, Europe's printing market for information media is shrinking amid the advancement of digitalization and demand for printing inks is also declining. On the other hand, Europe as a whole is highly aware of environmental issues, including the reduction of greenhouse gas emissions. European governments are introducing progressive environmental regulations, while brand owners who use packaging are also setting their own standards and actively working to spread and expand sustainable products.

Against this background, there is strong demand for packaging inks to limit the use of chemical substances and to be environmentally friendly. With this in mind, companies are accelerating their development and deployment of environmentally friendly inks. Going forward, demand for high value-added products, including environmentally friendly products, is expected to continue growing.

FY2024 Sales Composition Ratio of the Europe Segment (Quick Summary)



(Note) Sales composition ratio is calculated based on figures before eliminations.

Medium- to Long-term Strategy

The Europe segment had been in the red for a long time, but achieved profitability in FY2024. This is the result of our efforts to improve profits by restructuring purchasing, production and sales systems throughout the region, led by our European regional management company. We will continue to implement cost-cutting measures locally to strengthen our earnings base. Additionally, we will accelerate the rollout of eco-friendly packaging inks and strengthen product development and sales to meet the needs of environmentally conscious brand owners and comply with European regulations. Furthermore, we will expand the environmental technologies and global account information we have cultivated in Europe to other regions, thereby increasing the competitiveness of the entire Group. We currently hold a high market share in Europe for ink for metal can surfaces. Our aim is to further expand this market share while also working to increase exports to the Middle East and Africa markets in order to improve profitability. Going forward, we aim to have a leading share of the European packaging ink market by 2030 and will achieve sustainable growth by balancing business restructuring with strategic investments.

RUCO of Germany is working to improve its profitability.

Business Opportunities and Risks

Europe is home to Germany, the birthplace of printing technology. It is also a region where Western ink manufacturers have a high market share. As a result, as a latecomer, it was difficult for us to grow our market share, and we continued to incur losses for many years. However, by continuing to provide high-quality products and excellent technical support, we are gradually gaining recognition in the marketplace. As for inks for metal can surfaces, our main customers are can manufacturers with global operations, so we have implemented a sales strategy in cooperation with our subsidiary in the United States. The product has secured a high market share in Europe as well. Meanwhile, initially, it was difficult to expand sales of packaging inks. In recent years, though, interest in sustainable packaging has been growing, which has provided a tailwind for us, as our strength lies in environmentally friendly inks. Our packaging inks are highly regarded for their quality and environmental friendliness, and shipment volumes are increasing year by year. This was one of the factors that led to the segment achieving profitability in FY2024. At the same time, our brand awareness and credibility have increased. Our market share in Europe is currently low, but we believe there is ample room for future sales growth. Although our market share in Europe is currently low, we believe there is ample room for future sales expansion.

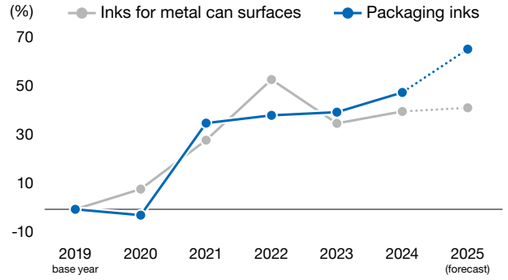
In terms of risks, although there are signs of improvement thanks to the effects of business restructuring and increased sales of environmentally friendly products, operating income remains low and there is a possibility that the segment may once again fall into the red due to surging raw materials prices and higher expenses. Going forward, we will continue to improve operating profits by raising productivity, reducing costs, and strengthening our sales strategy.

FY2024 Results and FY2025 Forecast

In FY2024, our environmentally friendly packaging inks received positive feedback from customers, leading to increased sales. Additionally, in terms of ink for metal can surfaces, in addition to sales to existing customers, we made progress with expanding sales in the Middle East and Africa. In the second half of the year, selling prices stabilized and, combined with easing pressure on raw materials prices and cost improvements achieved through business efficiencies, segment profitability improved significantly. As a result, net sales totaled 21.4 billion yen, up 9.7% from the previous fiscal year, and operating income totaled 60 million yen, an improvement of 700 million yen over the previous year, to achieve profitability.

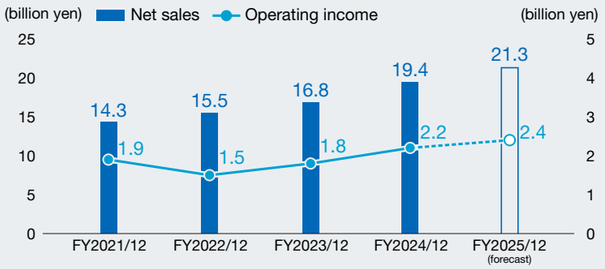
Our forecast for FY2025 includes continuing to review the production and sales systems through our European regional management company, and further promoting sales expansion of packaging inks, which are performing well. In particular, we will aim to further increase sales volumes by strengthening our production system in Germany and focusing on expanding sales into the Eastern European market, an area where we have yet to enter and where there is ample room for growth. Additionally, looking at inks for metal can surfaces, we will continue to step up our sales expansion in the Middle East and Africa, where population and economic growth are expected. As such, we expect to see increased sales and profits in the Europe segment as a whole.

Volume Growth Rate



(Note) Acquired RUCO (Germany) in 2020

Business Portfolio Digital and Specialty Products



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

Hiroyuki Yoshizawa
Senior Executive Officer

Main Products and Presence

Main Products

- Industrial inkjet inks
- Imaging display materials (pigment dispersions for color filters)
- Color toners

Industrial inkjet inks are developed in a variety of types, including water-based, UV and solvent-based inks, depending on the type of printer and use. We are focusing in particular on expanding our product lineups of environmentally friendly water-based inks and highly safe UV inks. Furthermore, to ensure print quality and adhesion on a broad mix of media, we also offer primers tailored to each ink type as a set. With production bases in Japan, the United States, the Czech Republic, China and Brazil, we have established a global supply system for printer manufacturers both in Japan and overseas. Additionally, pigment dipersions for imaging display materials, primarily target high-end panel displays that require high quality and high definition. The display market is shifting to China, but our direct customers are resist manufacturers in Japan, Korea, Taiwan, China, and other countries who we supply.

Characteristics of the Digital and Specialty Products Market

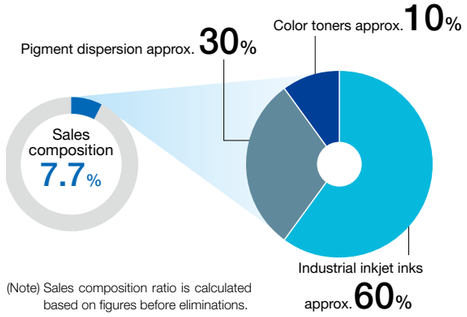
As noted earlier (see p. 7), in the digital and specialty products segment, sales are reported on a global basis, rather than by region, which is the same for printing inks. The digital and specialty products segment mainly consists of three product ranges: industrial inkjet inks, pigment dispersions for imaging display materials, and color toners.

For inkjet inks, we develop inks suited to the print heads of each printer for industrial printer manufacturers and supply them on an OEM basis. As a result, sales of inkjet inks are affected by the number of printers sold and the operating status of printers at end users.

Pigment dispersions for imaging display materials are a mainstay material for color filters, which are components of display panels. We sell these products to manufacturers of resists used in the production of color filters. Therefore, sales of pigment dispersions for imaging display materials are influenced by the sales trends of end-use products for display panels, such as televisions and various digital display devices.

Color toner is used in multifunction printers and laser printers. Since color toner is primarily used in offices, sales are influenced by office printing demand.

FY2024 Sales Composition Ratio of the Digital and Specialty Products Segment (Quick Summary)



(Note) Sales composition ratio is calculated based on figures before eliminations.

Medium- to Long-term Strategy

We will strengthen strategic partnerships among Group companies and collaborate with them in global sales efforts targeting Asia and other regions with robust economic growth and in sectors where demand is expected to grow in the future. In the inkjet inks business, we are working to increase sales in the fields of "food, clothing, and shelter," which are expected to see significant growth moving forward, while also stepping up the development of environmentally friendly products such as water-based inks and low-migration UV inks. In the display materials field, in addition to increasing our market share for pigment dispersions for imaging display materials used in LCD panels, we are also harnessing our conventional technologies to develop and expand products in new fields such as next-generation displays, augmented reality, virtual reality, and image sensors.

Expanding the inkjet ink market

- Technological advances
  ➡ High-speed printing, high-resolution printing, printing on curved surfaces and three-dimensional objects
- Lower costs and environmental impact
  ➡ No printing plates required, energy saving, reduced waste fluid and drainage
- Adaptable to a variety of uses
- Able to accommodate small lots and a wide variety of products

Food
- Labels and seals
- Films and other packaging materials etc.

Clothing
- Shirts and other apparel
- Curtains and other textiles etc.

Shelter
- Lumber, wall paper, steel sheets, films and other construction materials

Business Opportunities and Risks

With inkjet inks, matching with the printer head is extremely important, so we share data closely with printer head manufacturers and use that data in product development. Additionally, to ensure high print quality and adhesion to a wide variety of media (printed materials), we have developed primers (undercoating agents) for inks. This is one of our major strengths, as we can utilize the know-how we have cultivated in printing inks to meet customer needs. As the applications of digital printing expand into the fields of "food, clothing, and shelter," the market is expected to continue to grow. The track record and technologies that we have amassed over more than two decades give us a major advantage. On the other hand, one risk is that because we supply OEM products, we are unable to make decisions on our own regarding changes to raw materials or manufacturing methods, which can result in higher costs for procuring raw materials and controlling quality.

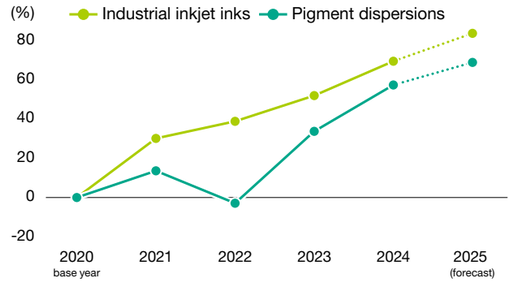
One of our strengths in pigment dispersions for imaging display materials is that we use proprietary pigment dispersion and atomization techniques, which we have cultivated through our printing ink manufacturing technology. This gives us a competitive edge in both quality and cost. As digital devices become more advanced, the market is expected to expand as the quality of imaging display materials improves. For this reason, we believe there is ample room for us to increase sales of our products. However, in terms of risks, price competition in the display market is fierce and technological innovation occurs at a rapid pace, meaning prices tend to be more volatile than printing inks.

FY2024 Results and FY2025 Forecast

In FY2024, sales of our mainstay industrial inkjet inks remained strong in existing fields such as paper and advertising. Furthermore, we introduced new products in the fields of "food, clothing, and shelter," which are expected to see future growth, and saw sales grow. As for imaging display materials, sales also grew, thanks to increased sales to new customers, as well as higher demand driven by the Olympics and subsidies for the purchase of home appliances in China. As a result,net sales totaled 19.4 billion yen, up 15.3% year-on-year, and operating income was 2.2 billion yen, up 21.6% year-on-year.

Looking at our forecast for FY2025, we expect to see increased sales amid the expanded adoption of environmentally friendly water-based inkjet inks in fields such as food packaging, labels, and textiles, as well as UV inkjet inks in fields such as building materials and steel sheets. Additionally, for imaging display materials, we expect to see increased sales and profits by targeting the adoption of high-quality new products and their use in new fields which we are currently developing.

Volume Growth Rate



Message from the Director in Charge of ESG

To achieve sustainable growth, we will focus on further promoting sustainability management and strengthening our human resources.

Makoto Kasuya
Executive Officer
General Manager, Sustainability Dept., Corporate Planning Div.

Respect for human rights and environmental initiatives stand at the core of our corporate activities globally

The Group currently operates business bases in more than 20 countries and regions around the world, giving us a diverse workforce active globally with approximately 80% of employees outside of Japan. The Sustainability Department is working to raise awareness of sustainability and establish disciplined behavior in each region in order to further promote sustainability management throughout the Group.

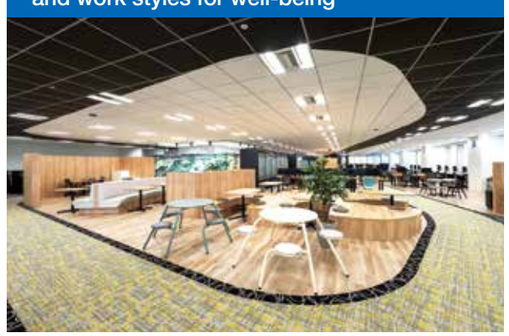
In terms of respect for human rights, we formulated the SAKATA INX Group Human Rights Policy in 2022, translated it into 12 languages, and thoroughly disseminated it to the entire Group. Additionally, our Code of Conduct and Ethics and Procurement Guidelines clearly state our opposition to any and all human rights violations, including forced labor and child labor. Furthermore, with the aim of creating an environment where each employee can work with peace of mind, we are taking concrete measures based on our basic policy of diversity, equity, inclusion and belonging (DEIB). These include improving the work environment, providing regular training, and setting up a consultation desk.

In Asia in particular, the Sustainability Department visits the heads of each Group company together with the Asian regional management company to engage in dialogue for strengthening global governance. In the spring of 2025, we visited Group companies in Indonesia, Malaysia, and Thailand to check on their progress toward ESG targets and initiatives going forward.

In terms of the environment, we have identified "maintain a sustainable global environment" as one of our key issues. The environmentally friendly botanical ink series accounts for more than 70% of ink sales for film packaging and paper bags for the domestic market, firmly establishing the eco-friendly SAKATA brand in Japan. By 2030, we aim to switch 100% of our packaging inks for the domestic market to botanical inks. Our environmentally friendly products are highly regarded in overseas markets, too, including Europe, where environmental regulations are strict. In order to meet the diverse needs of global brand owners, we will work together across the Group to provide high-added-value products and services that exceed expectations, thereby further establishing the SAKATA INX brand.

In March 2025, we obtained certification from the Science Based Targets initiative (SBTi), an international climate change initiative. Since then, each of our local subsidiaries has launched initiatives toward achieving greenhouse gas emissions reduction targets.

The new Osaka Head Office incorporates activity based working (ABW) and work styles for well-being



■ Office area consolidated on a single floor

Furthermore, we introduced internal carbon pricing (ICP) at our domestic bases in 2023 and at our overseas bases in 2024, and put into place a system for calculating ICP when formulating capital investment budgets. Going forward, we will continue to promote understanding and implementation towards the realization of a decarbonized society globally, and contribute to the realization of a sustainable society.

Transforming HR strategies and organizational culture to strengthen human capital

Human resources are the source of our sustainable growth and driving force behind medium- to long-term corporate value. We are promoting the development of an organizational culture and corporate environment that respects the individuality, personality, and diversity of each employee and allows them to take on challenges with a sense of fulfillment and pride.

In order to support employees' career autonomy and increase the flexibility and vitality of our organization, we introduced three systems in August 2023: namely, the Open Career Recruitment System, the Open Intern Recruitment System, and the Trial Intern System. These systems provide employees with the opportunity to take on the challenge of working in other departments of their own volition and encourage development of diverse career pathways. Approximately two years have passed since the systems were introduced, and in order to further raise awareness among employees, we will create opportunities to explain the purpose of the systems and promote the job content of the recruiting departments, thereby increasing understanding and interest in the systems. We will continue to create an environment where employees can proactively think about their own careers and expand their options.

In April 2025, we relocated our Osaka Head Office and consolidated all of our departments onto one floor, removing physical barriers between departments. This is expected to promote greater interactions between employees across departments and deepen mutual understanding and collaboration.

In terms of human resources development, we support the development and reskilling of global human resources through training programs offered at overseas Group companies for six months to one year and the provision of learning content that employees can select themselves. Going forward, we will further increase our investments in education and expand opportunities for employee growth. Furthermore, in January 2025, we completed the transition to a performance-based evaluation and remuneration system, eliminating function-based standards and seniority-tied elements. This change will allow us to improve employee motivation and ensure fair evaluations.

In order to acquire talent, we will strengthen mid-career recruitment and in FY2024 we hired experienced personnel on the same scale as new graduates. The participation of people with new knowledge and experience brings new vitality to our organizations and

projects. Looking ahead, we will continue to actively recruit people with diverse backgrounds.

Furthermore, as part of our efforts to promote the active participation of women in the workplace in Japan, we have set a goal of achieving a 15% ratio of female managers by 2030, but as of the end of FY2024, this figure remained at 4.3%. In the future, we will work to improve our work style reform system and raise awareness based on our Ikuboss Declaration, so that more women will feel that they want to become managers and support the company.

Promoting sustainability management and focusing on disclosing non-financial information

To further advance sustainability management, we are focusing on thoroughly explaining the significance and direction of reforms to the bases of overseas Group companies to promote understanding. We are also continually checking the progress of each initiative and providing feedback. We interview each Group company about the status of their efforts to address materiality (key issues) and clarify the background to issues, after which we take concrete steps to achieve our targets.

We also focus on disclosing required non-financial information so that investors can invest with confidence. As a result, we were selected for inclusion in the FTSE Blossom Japan Index in July 2024, following the S&P/JPX Carbon Efficient Index and FTSE Blossom Japan Sector Relative Index, which are ESG indices used by Japan's Government Pension Investment Fund (GPIF). We believe that this evaluation is the result of external recognition of the sustainable initiatives that the Group has placed at the core of its business activities. These include addressing environmental issues, respecting human rights, creating a safe and rewarding work environment, compliance and building a sound governance system.

Going forward, we will continue to steadily promote sustainability management globally in order to enhance corporate value and achieve sustainable growth.

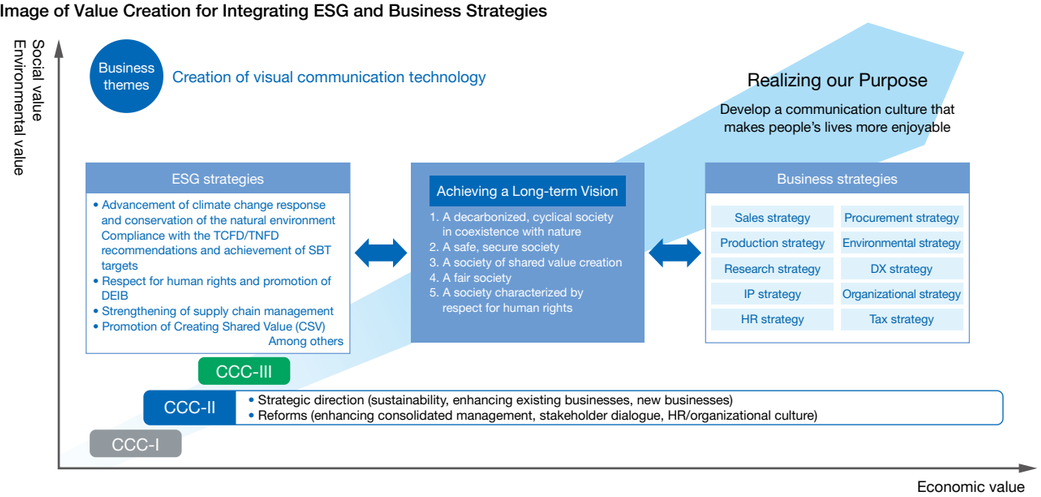
Sustainability Strategy

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.

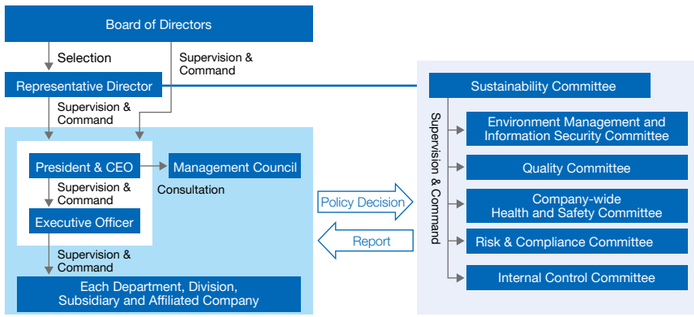
Image of Value Creation for Integrating ESG and Business Strategies



Sustainability Promotion Structure

Our highest-level committee for sustainability is the Sustainability Committee, which is chaired by the Representative Director, President & 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.



SAKATA INX Group Sustainability Basic Policy

Under the corporate philosophy "Mind within the Mind," we conduct corporate activities to strive to develop a communication culture that makes people's lives more enjoyable through our business theme "Creation of visual communication technology." We believe that it is an important management agenda to build a good relationship and earn trust from stakeholders, to contribute to the sustainable development of society, and also to pursue appropriate profits by fair competition.

We will deploy our corporate activities with respect for human rights, high standard of ethics and social conscience, and will provide products, commodities and service that can help to resolve various social challenges and global environmental issues. By growing sustainably and becoming a "global company" needed from society and also contributing to the "Sustainable Development Goals (SDGs)" adopted by the United Nations, we will enhance SAKATA INX Group's corporate value.

SAKATA INX Group Sustainability Basic Policy
https://www.inx.co.jp/english/sustainability/policy/system/basic_policy.html

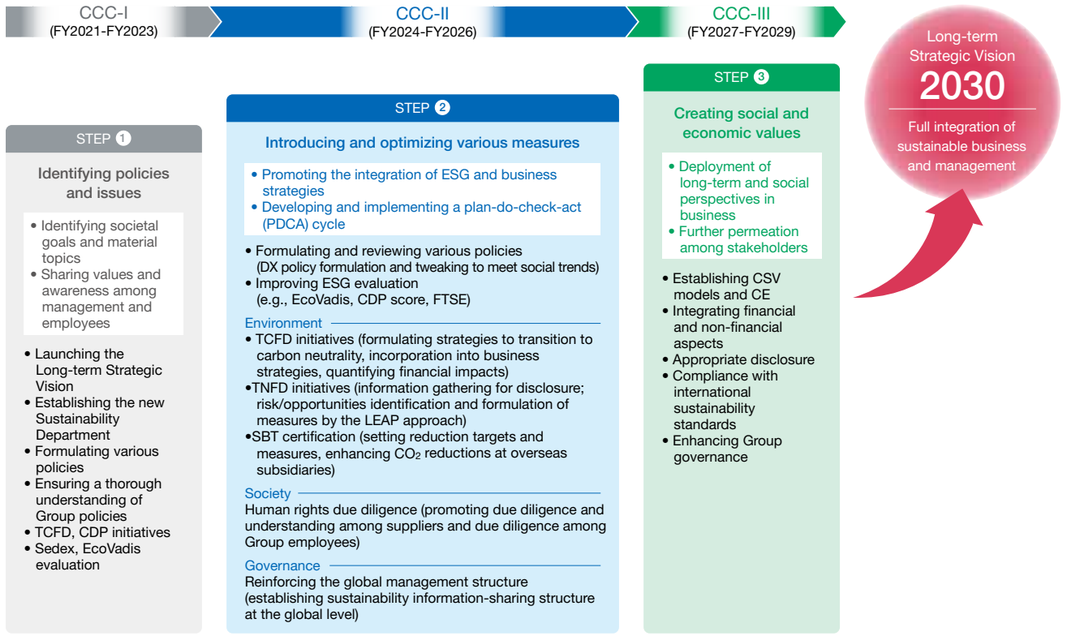
Toward a Shared Vision

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
- Distribution of an internal sustainability newsletter
- ESG-related departmental briefings and questionnaires
- ESG-related briefings and distributing materials at overseas sites
- Activities to disseminate Group policies (holding briefing 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



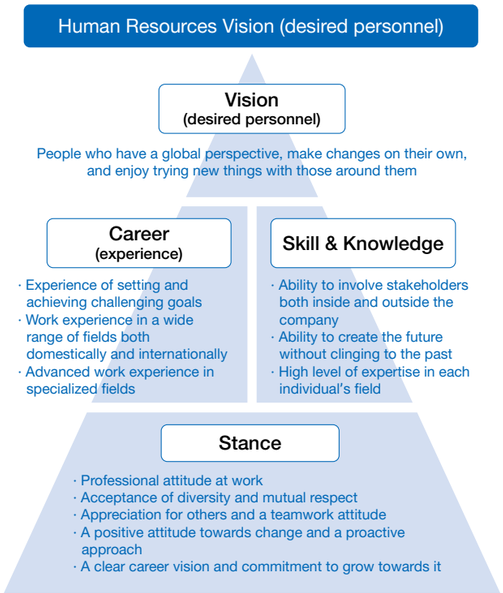
HR Strategy

HR Strategy and Human Capital Management

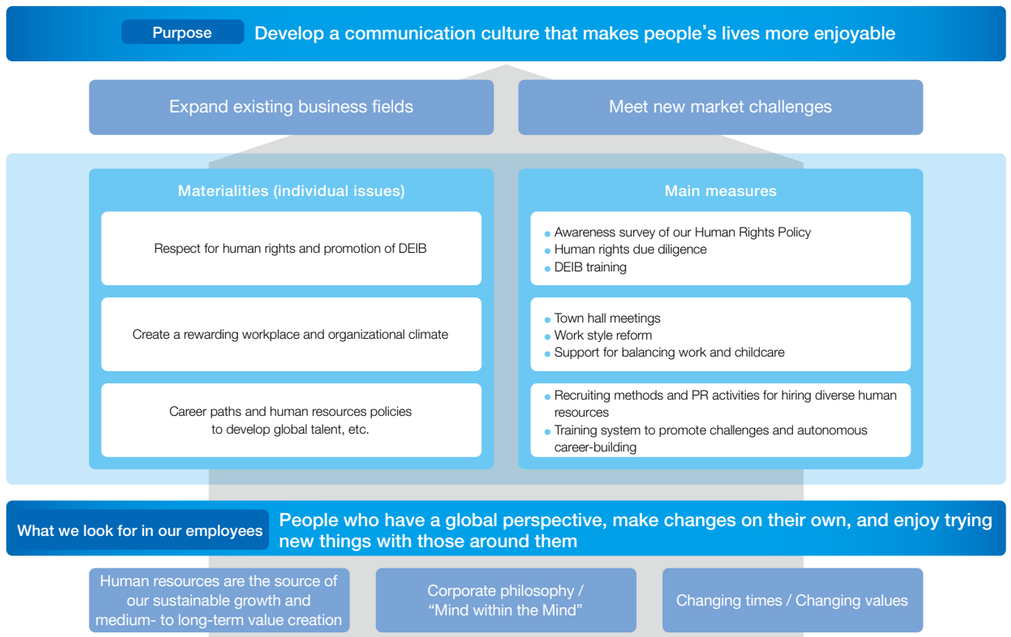
To achieve the targets of our Long-term Strategic Vision SAKATA INX VISION 2030, we are working to implement management that is conscious of sustainability and the cost of capital. This is because SAKATA INX faces a rapidly changing environment due to such factors as Japan's declining birthrate and aging population, the shift to digital media, environmental issues, changing values, and intensifying global competition. In order to continue growing sustainably despite these challenges, we place importance on viewing change in a positive light and continuing to innovate. Furthermore, implementing management that is conscious of sustainability and cost of capital requires human resources who have a global perspective and who enjoy taking on challenges together with those around them. For this reason, we will invest in our people.

We regard our employees as important capital for the company, in other words, our "human capital." We will develop internal systems and an organizational culture that will enable our employees to maintain a healthy physical, mental, and also social state. As a company, we will create an environment where each individual can maximize their capabilities and promote human capital management.

Refer to
p. 83 Human Resources Development



Our Approach to Human Capital Investment



Strategy

To achieve our Long-term Strategic Vision SAKATA INX VISION 2030, we are currently aiming to expand business and enhance profitability under Medium-term Management Plan 2026 CCC-II. Our human capital policies in CCC-II will be developed and implemented based on the four strategies in the table below in order to foster a culture in which each employee respects each other and can maximize their individual capabilities, create an environment that rewards those who take on challenges, encourage employee autonomy, and produce a workforce that takes on challenges.

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

Medium-term Management Plan 2026 (CCC-II) Initiatives

Welcoming diversity	An environment that encourages the pursuit of challenges	Enhancing education and HR development programs	Well-being
Promoting reforms to create an organization in which diverse human resources can thrive	**Structural reforms to ensure positive evaluations of employees who seek out challenges and further environmental improvements to promote employee autonomy**	**Providing opportunities for growth and education to support autonomous career building**	**Improving productivity by promoting the sound mental and physical health of employees**
• Promoting hiring activities (for new graduates and midcareer hires) and HR assignments in line with management strategies • At least 8.5% of managerial positions in Japan occupied by women • Boosting 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)	• Eliminating seniority-based aspects and reforming the HR system to one better suited to evaluating employees who seek out challenges • Designing and enhancing systems for autonomous career planning by employees	• Enhancing education including support for autonomous career building • Enhancing reskilling support measures • Enhancing training programs to develop global human resources • Preparing succession and development plans for the next generation of leaders	• Promoting various health programs to be named to the White 500 in the Certified Health & Productivity Management Outstanding Organizations Recognition Program • Work environmental development and enhancements to create diverse workstyles (e.g., in workplaces and work-life balance support programs)

Human Resources Development and Workplace Environment Enhancement Policy

In order to develop employees into our desired form of human resources and encourage their growth, we established the following Human Resource Development and Workplace Environment Enhancement Policy. We respect the personality, individuality, and diversity of our employees, and are enhancing the workplace environment so that employees can be autonomous, can take on challenges, be satisfied and have pride in their work.

The 6 guiding principles to put human resource development and workplace environment enhancement into practice are as follows.

1. Respect diversified personalities and abilities and realize an organizational climate that human resources with challenging spirit can perform to the best
   We understand and respect the "personality" and "ability" of each employee that they have various skills, experiences, values, life stages, attributions, etc. We will realize an organizational climate that employees can take on challenges by leveraging their characteristics such as sex, age, race and nationality, various values, etc.
2. Realize a diversified work style
   In order to enrich work and life, we respect diverse lifestyles of our employees. We will realize a diversified work style regardless of location and time.
3. Offer educational training
   As employee development is the foundation for the sustainable growth of SAKATA INX Group, we will provide fair and equal educational training opportunities so that employees can set out their career, enhance their abilities and skills, which will lead to growth.
4. Support career development and capacity building
   We will support career development and capacity building so that employees can create new values and lead to growth, and furthermore, to enhance their market value by gaining new skills.
5. Value autonomy and the challenging spirit, and assessment of the practices
   We value autonomy and the challenging spirit of our employees. We aim to grow our employees and enhance our organization. To evaluate employees with challenging spirit, we will secure just and transparent treatment. We will also provide an appropriate and fair system so that employees who achieve results can venture further.
6. Employee safety, and physical and mental health
   We put importance on safety, physical and mental health of our employees. We will secure good communication at the workplace, and work to maintain and promote health for the mind and body of each employee.

Risk Management

As we practice human capital management, we strive to ensure that our employees can work with greater enthusiasm and have opportunities for growth. On the other hand, there are risks that could result in lost opportunities, and we will implement measures to avoid these risks.

Risk management	Initiatives to reach the 2030 targets
Preventing compliance violations by employees	• 100% attendance rate for various compliance training courses • Zero serious compliance violations
Measures for preventing human rights violations	• 100% participation in human rights training • Zero serious human rights abuse
Understanding of diversity	• 100% attendance rate for DEIB training
Declining productivity due to prolonged working hours	• No overtime days and adding one day to annual paid leave • Average monthly overtime under 16 hours
Falling productivity due to employees' physical and mental illness	• Promotion of health management • 100% attendance to mental health workshops
Decreased competitiveness due to lack of human resources	• Expansion of mid-career recruitment • Increased percentage of global human resources

Matelialities (Key Issues) & KPIs

Materiality Identification Process

STEP 1 — Identification and organization of issues

We have identified and organized social issues based on various guidelines such as GRI Standards, Environmental Reporting Guidelines, ISO 26000, as well as SDGs, UN Global Compact, TCFD, TNFD and other initiatives.

STEP 2 — Importance assessment

During the process of creating our Long-term Strategic Vision, our sustainability promotion organization selected and listed issues for our Group to address from among the social issues we identified and organized. The importance of each listed issue has been assessed based on future megatrends and other factors.

STEP 3 — Priority consideration

We repeatedly discussed with outside consultants and mapped the listed issues, considering priorities based on two axes: importance to our stakeholders, and importance to our Group.

STEP 4 — Materiality identification

After verifying the mapping results against our Purpose and Long-term Strategic Vision, along with the approval of the Management Council, we have identified five matelialities. These have been revised as necessary to respond to changes in the business environment.

Materiality Highlights for 2024

Enhance corporate governance and compliance

- Established the Asian regional management company p. 29
- Increased frequency of dialogue with institutional investors p. 77

Maintain a sustainable global environment

- Acquisition of SBTi certification p. 49
- Circular economy initiatives for the printing industry pp. 59- 60

Materialities (Key issues)	Opportunities and risks: Opportunities	Opportunities and risks: Risks	Specific task	KPI: KPIs for 2030 goals	KPI:	KPI: 2024 Initiatives and achievements	Aimed society	Relevant SDGs
Maintain a sustainable global environment	• Expansion of environment-related markets such as the circular economy • Improvement of brand image • Long-term cost reduction • Realization of open innovation based on environmental issues	• Loss of market share • Loss of brand image	• Promote activities related to climate change and the conservation of the natural environment (in compliance with TCFD and TNFD)	• Reduction of Scope 1 and 2 emissions Consolidated: compared to FY2022 FY2029: 34.3% reduction FY2034: 58.8% reduction • Reduction of Scope 3 emissions Consolidated: Engagement target with suppliers equal to 89% of purchase price by 2029		• Reduced Scope 1 and 2 emissions by 9.6% compared to FY2022 • Started surveys and requests for Scope 3 emission reductions for suppliers • Adopted non-fossil fuel electricity (Shiga Plant) • Began operating solar power generation equipment (for company use at Osaka Plant) • Constructed a ZEB-certified utility building (Osaka Plant) • Continued energy conservation activities • Adopted effectively renewable electricity at our head office and branches • Shiga Plant's SAKATA Forest ecosystem research • Shiga Plant's SAKATA Forest was certified as a Nature-Symbiosis Site by the Ministry of the Environment • CDP (climate change, water security) B score	• Simultaneous pursuit of consumers' greater comfort and convenience, and the realization of a recycling-oriented society	6, 7, 12, 13, 14, 15, 17
			• Business activities aimed at reducing waste	• Waste generation: Reduce by 30% in FY2029 compared to FY2022 • Zero emissions: Effective resource utilization rate of 99.5% or higher • Plastic waste generation: Reduce by 7% in FY2029 compared to FY2022		• Reduced waste emissions by 14.9% • Reduced waste plastic emissions by 12.3% • Began pilot experiment to realize a circular economy for waste in the printing industry		
			• Business activities aimed at reducing water consumption	• Reduce water consumption (in plant production) Reduce by 6% in FY2029 compared to FY2023 • Conduct joint water risk assessments in group companies located in regions with extremely high water stress		• Reduced water usage by 8.2% (domestic plants) • Cleaning water during the production process has been reduced		
			• Adoption of renewable energy	• Install more solar panels		• Participated in Eco Village Concept		
			• Establishment of a supply chain management system	• Improve collection rate of CSR procurement surveys on a global basis • Build a strong supply chain management system • Improve evaluations by external rating agencies • 100% environmental training attendance rate		• Made the Basic Procurement Policy and the Procurement Guidelines known to suppliers through the CSR survey		
Supply safe and secure products	• Hedging against business continuity risks and smooth implementation of global environmental strategies • Gaining customers' trust	• Business continuity risks associated with environmental contamination, quality incidents, and health hazards • Loss of customers' trust	• Establish a global chemical substance management system	• Operate and monitor the global chemical substance management system Introduce chemical substance management system Establish and operate global committee Create functioning network for sharing information and human resources		• Renewal of the chemical substance management system was considered • Considered global chemical substance standards • Considered establishing a global committee • Southeast Asian subsidiaries and other companies have begun to use the legal and regulatory information Web service • Provided legal and regulatory support for local subsidiaries	• Protecting the environment and ensuring a safe and healthy life for people	3, 9, 12
			• Strengthen quality assurance and product management systems	• Strengthen quality assurance and product management systems (Phase 3) Zero non-conformities Expand global quality assurance system Establish a company-wide quality assurance system		• Improved quality assurance with the introduction of an automated pass/fail inspection assessment • Conducted quality audits (in-house, external, and overseas business locations) • Data analysis of quality audit results and information sharing through feedback • Launched new quality assurance training course		
			• Improve occupational health and safety, and promote health management	• Monitor and mitigate critical risks • Zero serious accidents • 100% safety training attendance rate • Continue to receive "Tomonin" certification for support in balancing work and caregiving • 100% attendance to mental health workshops		• Established BCP Subcommittee • Created and distributed overseas BCP manuals • Safety training attendance rate was 100% • "Tomonin" certification for support in balancing work and caregiving was awarded • Mental health workshops attendance rate was 95.4% (including general employee self-care and managerial line care) • Held seminars to support women's health • Revised regulations on accumulated paid leave (hourly increments permitted and expanded reasons accepted for use)		

Matelialities (Key Issues) & KPIs

Materialities (Key issues)	Opportunities and risks		Specific task	KPI			Aimed society	Relevant SDGs
	Opportunities	Risks		KPIs for 2030 goals		2024 Initiatives and achievements		
Enhance R&D and technology capabilities	• Increased competitiveness • Improvement of brand image • Creation of social issue-driven open innovation	• Loss of market share	• Product development based on Creating Shared Value (CSV)	• Increase the proportion of botanical products (100%) (Note) For packaging inks • Use more plant-based materials • Create value chain • Expand our sustainable product lineup		• Botanical ink products expanded (to over 70%) • Developed monosolvent inks and inks free of polyvinyl chloride to enable their recycling • Developed deinking primers for effective use of waste plastics • Developed electron beam (EB) curable inks that do not require photoinitiators • Developed water-based gravure and flexographic inks • Developed various functional coating agents using fluorine-free and biomass materials • Developed plant-based urethane foam and elastomer • Further expanded sales of inkjet inks in the fields of "food, clothing, and shelter" • Technical meetings were held with overseas bases	Our products should: • help enrich the people's lives in developing countries • create new lifestyles that further enhance people's quality of life in developed countries	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE, AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
			• Create new businesses	• Establish new businesses in four areas: Environmental and biochemicals, energy chemicals, electronics chemicals, and optochemicals		• Developed (established) commercialization processes • Enhanced cooperation activities (fusing technologies, generating synergies) • HR development (development of corporate culture) • Developed materials for printed electronics • Developed new materials using inedible biomass materials • Developed refractive index adjusters to improve light extraction efficiency in displays, etc. • Developed functional food ingredients • Invested in M&A, new businesses and R&D that can generate synergies with our businesses and technologies New businesses: Established SAKATA Brand Solutions Co., Ltd. M&A: Purchased C&A, a US-based coatings and adhesives manufacturer Joint development with Singapore SU: Developed thermal management materials		
Enhance corporate governance and compliance	• Efficiency improvement and upgrading of risk management • Improvement of corporate value	• Damage to corporate image • Damage due to violations of laws and regulations	• Reinforce a global management structure	• 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		• Established information sharing and implementation system across a wide range of fields, including research, the environment, purchasing, and sustainability • Established the Asian regional management company • Held IAB meetings (twice) • Disseminated basic BCP policy and manuals to Asian countries	• Promotion of fair trade • Promotion of compliance	3 GOOD HEALTH AND WELL-BEING 16 PEACE, JUSTICE, AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
			• Strengthen risk management governance	• Establish a global risk management system • Gradually reduce cross-holdings (Phase 3) • 100% attendance rate for various compliance training courses • Zero serious compliance violations		• Redeveloped the internal reporting system Fine-tuned the INX Helpline Established the Speak Up Policy • Introduced a Global Whistleblower System (starting with some Group companies in Asia) • Gradually reduced cross-holdings • Monitored the operation of the internal control system. Additionally, reviewed the system after the change of the core system • Compliance training attendance rate not achieved • Zero serious compliance violations		
			• Enhance stakeholder dialogues	**Investor relations** • Increase the percentage of shareholders who understand and appreciate our sustainable growth measures • Increase the number of meetings with institutional investors fivefold (compared to 2020) • Increase sell-side coverage fourfold (compared to 2020) • Number of long-term individual shareholders: 10,000 (1 unit or more / 3 years of holding) **Public relations, advertising, and internal communications** • Increase the number of articles about the company published in the media by tenfold (compared to 2020) • Increase the number of views of our corporate website by 3.4 times (compared to 2020)		• Expanded the content of the integrated report and created an English version • Increased the number of dialogue sessions with institutional investors by 2.1 times (compared to 2020) • Built and started operation of an internal portal site • Expanded website content (enhanced sustainability pages, more English pages, and enhanced product and technology introduction pages) • Number of media articles about the company increased by 4.3 times (compared to 2020, including online articles) • Number of views of our corporate website increased by 1.2 times (compared to 2020) • Provided assistance following the Noto Peninsula Earthquake in 2024 (donated 2 million yen) • Participation in social contribution activities (44 employees in Japan)		
Respect for human rights and promotion of DEIB	• Stabilization of business • Expectation of improved performance through diverse hiring • Reform of organizational culture • Improvement of corporate value	• Decreased trust and credibility with stakeholders • Decreased competitiveness due to lack of human resources • Decreased market competitiveness (decline in ability to respond to diverse customer segments)	• Respect for human rights and promotion of DEIB	• Zero serious human rights abuse • 100% positive responses regarding understanding the background and purpose of DEIB • Conduct human rights due diligence (Phase 3)		• Globally disseminated and educated employees about the SAKATA INX Group Human Rights Policy • Attendance rate at discrimination and harassment training: 91% (managers) • Attendance rate at DEIB training: 100% (new hires) • Developed and implemented human rights due diligence infrastructure (Phase 1)	• 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	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE, AND STRONG INSTITUTIONS
			• Create a rewarding workplace and organizational climate	• 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) • Work environment satisfaction rate of 90% or higher		• Annual paid leave acquisition rate: 56.7% (including managers) • Average monthly overtime of an ordinary employee: under 16 hours • Childcare leave take-up rate: Female 100% Male 73.9% • Joined IKUKYU.PJT, a project to promote childcare leave for men • Work environment satisfaction rate: 67.5% • Held GENBA Walk (a small-group face-to-face exchange of opinions between the president and frontline employees) 32 times • Introduced a stock delivery trust for general employees • Introduced a restricted stock incentive system for the Employee Shareholders Association		
			• Career paths and human resources policies to develop global talent, etc.	• Maintain the percentage of females employed in Japan at 30% or higher • Percentage of females in management positions 15% or more • Diversify board and executive meetings • Survey on career path skills improvement: 70% satisfaction • Expand recruitment methods Recruit 50% of diverse talent outside of new graduates • Develop global human resources 20% of employees are able to/want to work overseas		• Introduced and operated overseas training programs • Operated system for sending employees to graduate schools in Japan • Females accounted for 27.1% of domestic hires • The percentage of female employees in management positions (including chiefs) is 31.2% • Implemented the female employee leader development program • Transitioned to an employee personnel system that abolishes job standards and seniority-based factors • Expanded internal systems to strengthen human resource development (established the new career challenge system) • Survey on career path skills improvement: 45.7% satisfaction • Mid-career recruitment ratio (full-time employees): 56.3% • Preparation for launching the Global HR Committee • Established a Multi-Stakeholder Policy		

Promote Activities Related to Climate Change and the Conservation of the Natural Environment (in Compliance with TCFD and TNFD)

Materiality

Basic Principles and Policy for the Environment

SAKATA INX considers global environmental conservation as one of its most important management issues, and we continuously engage in activities with concern for the environment. The Environmental Management Committee formulated a company-wide basic policy to promote environmental management in June 2002 and makes decisions regarding the implementation of basic measures in this regard.

The policy was revised in August 2022 to serve as a Group-wide policy. The policy was then updated in February 2024 to clarify the necessary education to be implemented, expand the scope of efforts to reduce the environmental impacts of our business activities, and promote sustainable consumption.

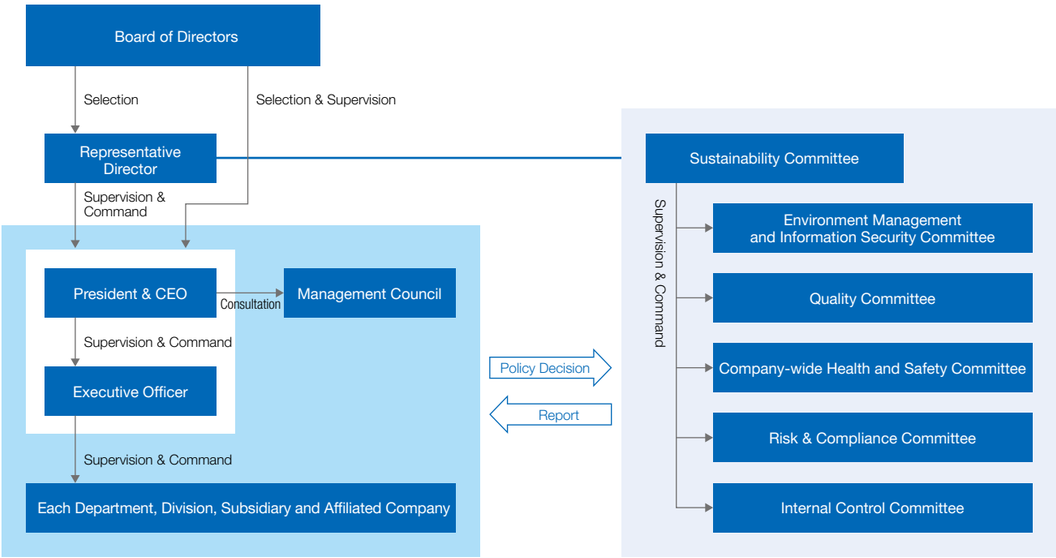
SAKATA INX Group Basic Principles and Policy for the Environment
https://www.inx.co.jp/english/sustainability/environment/system/environment_policy.html

Governance and Risk Management

Governance related to climate change and biodiversity is overseen by the Sustainability Committee, which is chaired by the Representative Director, President & CEO and includes all directors. Various subcommittees identify various climate change–related risks in the Group and discuss measures to address them. The Sustainability Committee meets twice a year to approve important environmental policies and targets such as those related to climate change and biodiversity, as well as manage progress in this area. The International Advisory Board also discusses climate change-related issues.

In addition, based on the Risk Management Regulations, the Risk & Compliance Committee has established a system to identify risks and prevent their occurrence. Risks and countermeasures are reviewed accordingly through monitoring and periodic evaluations.

Sustainability Promotion System, Including Climate Change Measures



Compliance with Environmental Laws and Regulations

We comply with the various Japanese environmental laws and regulations for pollution, waste and recycling, chemical substances, the global environment, and nature conservation that culminate in the Basic Act on the Environment, as well as with local government ordinances and agreements. To ascertain and monitor actual conditions, we also conduct our own environmental measurements and request measurements from third-party analysis parties to periodically check compliance.

For environmental laws and regulations outside of Japan, we work closely with our overseas subsidiaries/affiliates and use outside consultants to comply with environmental regulations in Europe, the US, etc. and understand the latest trends. There were no cases of punishment in FY2024.

Approach to Climate Change

We endorse the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and also are a member of the TCFD Consortium, a forum for companies and financial institutions that support TCFD to discuss climate change–related issues. In addition, we are a member of the Japan Climate Initiative, a network of companies, local governments, organizations, NGOs, and other diverse non-governmental entities actively working to address climate change in Japan. We will further enhance our existing efforts to address various social issues such as climate change and actively promote information disclosure in line with the disclosure framework (governance, risk management, strategies, and metrics and targets related to climate-related risks and opportunities) proposed by TCFD.

Strategies (TCFD)

As climate change and other global environmental issues have become more serious in recent years, discussions about realizing a decarbonized society have accelerated worldwide. It has also become increasingly important to manage crises such as natural disasters and address sustainability issues. Recognizing that climate change is a key management issue and that the risks and opportunities associated with climate change will have a significant impact on our business strategies, we looked at the Sixth Assessment Report of the UN Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency's (IEA) World Energy Outlook, and other information prepared by international research institutions and analyzed the transition risks and opportunities for the 1.5°C scenario and the physical risks and opportunities for the 4°C scenario for the Group.

Our analysis using the 1.5°C scenario shows that for the transition to a low-carbon and decarbonized society, our business may be affected by risks such as strengthened legal and regulatory requirements and increased costs and decreased sales from market changes. To address these risks, we have set greenhouse gas (Scope 1 & 2) reduction targets and formulated a roadmap for emissions reduction to achieve carbon neutrality by 2050. We also continue with efforts such as promoting production efficiency, visualizing energy use, promoting energy conservation activities, and adopting renewable energy.

Furthermore, we are also considering the introduction of low-carbon technologies and equipment to further reduce emissions. We also see an opportunity to expand our Group's business with growing demand for botanical inks that contribute to a low-carbon, recycling-oriented society and functional coating agents such as gas barrier agents for packaging.

Conversely, in the 4°C scenario, extreme weather conditions resulting in typhoons, torrential rains, floods, and other natural disasters could affect our business by increasing costs from physical risks such as plant shutdowns, equipment damage, and supply chain disruptions. To deal with these risks, we are working to strengthen our business continuity plan (BCP) on a global basis.

Because SAKATA INX Group views climate change not only as a risk but also as an opportunity, we aim to solve social issues through our business activities. To enhance quantitative analysis and our disclosure of financial impacts into the future, we will continue to conduct scenario analyses and integrate the results into our management strategies.

Refer to
pp. 51-52 Scenario analysis results

Promote Activities Related to Climate Change and the Conservation of the Natural Environment (in Compliance with TCFD and TNFD)

Materiality

Metrics and Targets (TCFD)

Our Group's greenhouse gas emission reduction targets have been certified as Science Based Targets (SBTs)[*1] by the international climate change organization Science Based Targets initiative (SBTi).[*2]

We have also made the action to enhance R&D and technology capabilities a key issue (materiality) and have set product development based on Creating Shared Value (CSV) as a specific task. For example, we are working on various initiatives by expanding our sustainable product lineup and setting KPIs to achieve our targets by 2030, which include increasing the ratio of botanical products using plant-derived ingredients that will contribute to a decarbonized society the use of and functional coating agents (e.g., gas barrier agents) that will contribute to a recycling-oriented society.

*1 Greenhouse gas emission reduction targets set by companies for the next 5–10 years, consistent with the levels called for under the Paris Agreement.
*2 A joint initiative of CDP (formerly the Carbon Disclosure Project), the World Resources Institute (WRI), the United Nations Global Compact (UNGC), and the World Wide Fund for Nature (WWF) to assess corporate greenhouse gas reduction targets.

Group Greenhouse Gas Emissions Reduction Targets

Classification		Target
Scope1	Direct greenhouse gas emissions (directly generated)	By FY2034, a 58.8% reduction in CO_2 emissions from FY2022
Scope2	Indirect greenhouse gas emissions (electricity, heat and steam supplied from others)	
Scope3	Indirect emissions other than Scope 2 (emissions by other parties related to the business activities)	By FY2029, 89% of suppliers are to establish science-based targets based on spending for purchased goods and services

Helping Society Achieve Carbon Neutrality

Product Development Based on Creating Shared Value (CSV)

Major Initiatives and Achievements

- Expand botanical products (over 70% in Japan)
- Develop deinking primers for effective use of waste plastics
- Develop functional coating agents using fluorine-free and biomass materials

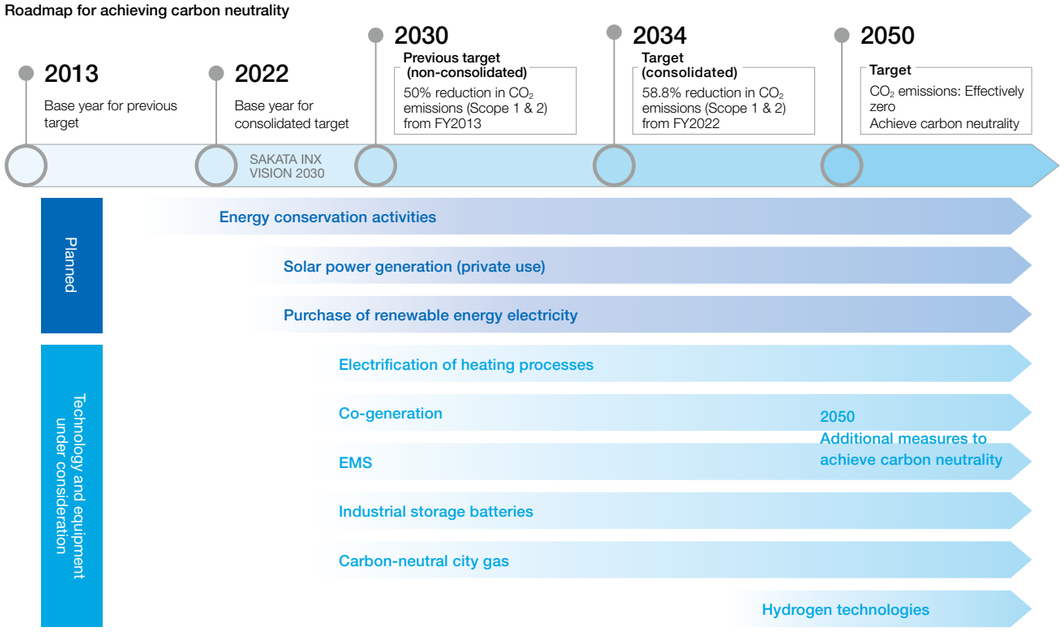
Among others

KPIs for Achieving SAKATA INX VISION 2030

- Increase the proportion of botanical products
- Improve botanical content
- Expand the lineup of sustainable products

Response Roadmap

Roadmap for achieving carbon neutrality



Basic Policy on Biodiversity

SAKATA INX Group business activities are dependent on ecosystem services provided by various sources of natural capital. As stated in our Basic Environmental Philosophy, we recognize that maintaining a sustainable global environment one of our most important management issues.

In terms of our business activities, we understand our dependence and impact on biodiversity throughout our supply chain, promoting conservation initiatives and disclosure in line with the TNFD recommendations.

The SAKATA INX Group Basic Policy on Biodiversity, is a set of guidelines we implemented in 2023 with the aim of conserving and sustainably using biodiversity as the basis for social activities

SAKATA INX Group Basic Policy on Biodiversity

1. Management issues 2. Understanding and reducing impacts
3. Expanding eco-friendly products
4. Coordinating with stakeholders 5. Sharing information

SAKATA INX Group Basic Policy on Biodiversity
https://www.inx.co.jp/english/sustainability/environment/biodiversity/biodiversity_policy.html

Relationship between Our Business Activities and Biodiversity

To clarify the relationship between our business activities and ecosystems, we have created a SAKATA INX Biodiversity Relationship Map (Japanese only), which lists the relationship between the lifecycle of our products or other aspects such as land use and ecosystem. By visualizing our relationship with biodiversity, we can further raise our awareness of biodiversity conservation and promote activities that take ecosystems into consideration.

In addition to the water risk surveys at all our production sites (32 in total, including sites outside Japan), we also survey important biodiversity areas within an approximately three-kilometer radius of a site using the IBAT biodiversity assessment tool in order to understand the impact of our business activities on biodiversity in the surrounding area.

- Relationship between our business activities and biodiversity
- Evaluation of biodiversity dependence and impacts
- Risk assessment and improvement initiatives in direct operations

https://www.inx.co.jp/english/sustainability/environment/biodiversity/

SAKATA Forest Conservation Activities

At our Shiga Plant, which opened in 2014, we created the SAKATA Forest (approximately 0.7 hectares) on the plant grounds in harmony with the surrounding natural area and are working to conserve local biodiversity. Surrounded by abundant natural surroundings such as Lake Biwa and Mount Ibuki, SAKATA Forest provides green spaces and waterfronts that contribute to the formation of a connected ecosystem network, contributing to the conservation of biodiversity throughout the region. We will continue monitoring and conservation activities, and strive to further conserve the ecosystem.

SAKATA Forest

SAKATA Forest Conservation Activities (details)
https://www.inx.co.jp/english/sustainability/environment/biodiversity/

Biodiversity Conservation Activities at Each Site

We participate in the Zero Marine Debris Week nationwide cleanup campaign organized by the Ministry of the Environment and the Nippon Foundation. In 2024, we did beach cleanups in Hiratsuka City, Kanagawa Prefecture and Sakai City, Osaka Prefecture.

We also participate in various local social contribution activities outside of Japan. In Vietnam, our employees participate in beach cleanups and tree planting activities. They have also painted vivid marine messages on plain plastic drums and donated them to Ba Ria - Vung Tau Province as unique trash cans that aid environmental protection activities.

The SAKATA INX Group believes that an important role of a company in society is to build good relationships with various stakeholders, gain their trust, and contribute to the sustainable development of society. We have also endeavored to create an environment in which employees voluntarily participate in community contribution activities and support our employees in the community contribution activities they undertake.

Beach cleanup activities in Sakai City, Osaka

Promote Activities Related to Climate Change and the Conservation of the Natural Environment (in Compliance with TCFD and TNFD)

Materiality

Scenario Analysis Results

Main Risks Posed by Climate Change

Possibility: High Extremely high | Medium Around 50% | Low Low
Time horizon: Short term 1 to 3 years | Medium term 3 to 10 years | Long term 10 years or longer

Category			Impact on business and finances	Degree of impact	Likelihood	Time horizon	SAKATA INX's response
1.5°C scenario	Transition risks	Regulation and policy	**Increase in carbon taxes** ▶ Carbon tax costs will increase if greenhouse gas emission reduction targets are not met	Medium	High	Short to medium term	**Growing in-house generation of electricity through the adoption of renewable energy sources such as solar panels** ▶ Solar power generation adopted at the Shiga and Tokyo plants Exploration of further adoption of renewable energy in the future **Promotion of energy conservation activities** ▶ Improved productivity from continuing and deepening TPM activities (improving the efficiency of production facilities and reviewing manufacturing conditions) ▶ Improved boiler efficiency ▶ Optimization of air conditioning temperatures and improved efficiency ▶ Reduction of electricity and gasoline consumption at non-production sites
			Increase in investment and upgrade costs for low-carbon new and existing facilities ▶ Increasing costs for installing solar power generation equipment	Medium	High	Short to medium term	
			Increase in the cost of purchasing emissions credits under the Emissions Trading System ▶ Increasing costs of purchasing emissions credits to achieve greenhouse gas emission reduction targets	Small	High	Short to medium term	
		Market	**Delays in transition to low-carbon solutions lead to a decline in market competitiveness** ▶ Both market competitiveness and sales will decrease if product development that contributes to low carbon solutions is delayed	Large	High	Short to medium term	**Development and sales of environmentally friendly inks (botanical ink, inks made from recycled materials, etc.)** ▶ Expansion of the botanical product lineup and increased botanical content **Building of a resource recycling system that contributes to a circular economy** ▶ Pilot experiment aimed at building a recycling system for waste collection, processing, and resource recovery in the printing industry, with the goal of realizing a circular economy. **New business development (bio-based and non-fossil materials)** ▶ Development of biomass-based digital and specialty products **Mitigation of the impact of raw materials price fluctuation risks** ▶ Monitoring of raw materials price trends ▶ Reduction of petrochemical materials
			Increase in raw materials costs Impacts due to introduction of carbon taxes ▶ Costs will increase if the carbon tax for the CO_2 emissions of purchased products (raw materials) in Category 1 of Scope 3 is added to the cost of raw materials	Large	High	Short to medium term	
		Technological	**Transition to low-energy printing methods** ▶ Sales will decrease due to lost business opportunities if there are delays in the development and commercialization of products that are compatible with low-energy printing	Large	High	Medium term	**Development of low energy printing ink** ▶ Development of EB curable inks ▶ Development of UV curable inks ▶ Development of UV curable inkjet inks
			Reduction of the printing area ▶ Decrease in sales of label inks due to the trend towards label-less products ▶ Decrease in sales of packaging ink	Large	High	Short term	
		Reputation	**Failure to respond to climate change and to disclose information could result in a decline in investor evaluations** ▶ Market capitalization will decline if the stock price falls due to weaker investor evaluations	Medium	Medium	Medium term	**Proactive promotion of climate change responses** **Appropriate disclosure of TCFD-related information**
4°C scenario	Physical risks	Acute	**Natural disasters cause halting of production facility operations, supply chain disruptions, and damages to infrastructure** ▶ Sales decrease due to plant shutdown caused by floods ▶ Damage to plant facilities caused by floods ▶ Rising costs for flood and inundation countermeasures	Large	High	Medium term	**Strengthening of global BCP response** ▶ Establishment of a supply system from alternative bases and implementation of training ▶ Building of a BCP system that utilizes the Group's global network **Regular surveys using the Aqueduct water risk assessment tool** ▶ Investigation of water risks (floods, droughts, water stress, etc.) and consideration of responses, including future predictions
		Chronic	**Rising average temperatures will increase costs of countermeasures and reduce productivity** ▶ Increased facility costs for heat stroke prevention ▶ Decrease in labor productivity due to an increase in heat stroke and infectious diseases	Large	High	Long term	**Prevention of deterioration of working conditions due to rising temperatures** ▶ Continuation of improvements in the work environment based on feedback from each workplace **Promotion of biodiversity conservation activities** ▶ Participation in the 30by30 Alliance ▶ Participation in the Clean Ocean Material Alliance (CLOMA)
			Decrease in agricultural and marine products ▶ Decrease in sales of our packaging ink	Large	Medium	Medium term	

Quantitative evaluation 1: financial impact of carbon taxes

Assumed risks

Increased operating costs due to rising carbon prices

Calculation conditions

- Calculations are based on the CO_2 emissions in the base year (2022) of the SBT reduction target, assuming that the 58.8% reduction target is not achieved or achieved in the target year (2034).
- Uses a carbon price of 140 US dollars for developed countries in 2030 in the Net Zero Emissions scenario of the IEA's World Energy Outlook 2022 (calculated at the 2022 rate of 110 Japanese yen to 1 US dollar).

Assessment results

Base year: 2022	Target year: 2034	
SAKATA INX Group's Scope 1 & 2 CO_2 Emissions	Target not achieved	Assumes that 2022 CO_2 emissions continue through 2034 and a future carbon price is imposed Financial impact: **710 million yen**
	Target achieved	Assuming that the SBT target of a 58.8% reduction is achieved and a future carbon price is imposed Financial impact: **290 million yen**

If the reduction target is achieved, operating costs will be reduced by 420 million yen per year.

Measures to reduce risks

- Promotion of energy conservation activities through production efficiency, etc.
- Adoption of renewable energy
- Reduction of electricity-derived CO_2 emission coefficients, etc.

Main Business Opportunities from Climate Change

Possibility: High Extremely high | Medium Around 50% | Low Low
Time horizon: Short term 1 to 3 years | Medium term 3 to 10 years | Long term 10 years or longer

Category		Impact on business and finances	Degree of impact	Likelihood	Time horizon	SAKATA INX's response
Business opportunity	Efficiency of resources	**Establishment of a business scheme related to plastics recycling** ▶ Increase in sales of SAKATA INX's compatible products	Large	High	Medium term	**Product development that contributes to a circular economy** ▶ Development of washable inks ▶ Development of recyclable film peeling materials
	Energy sources	**Improvement in energy efficiency through electrification and energy conservation activities** ▶ Reduction of energy intensity due to CO_2 countermeasures	Medium	High	Medium term	**Growing in-house generation of electricity through the adoption of renewable energy sources such as solar panels** ▶ Same response as "Transition Risks: regulation and policy" **Promotion of energy conservation activities** ▶ Same response as "Transition Risks: regulation and policy"
		Reduction of CO_2 emissions through the adoption of renewable energy ▶ Reduction of carbon tax costs by adopting renewable energy to reduce greenhouse gas emissions	Small	High	Short to medium term	
	Products and services	**Expansion of eco-friendly products** ▶ Sales of packaging inks and gas barrier agents increase due to increased sales opportunities for paper packaging as a result of the move away from plastic ▶ Increased sales of low-energy printing inks (inkjet, UV, and EB) ▶ Increased sales of products made from recycled materials	Large	High	Short to medium term	**Development of ink for recyclable packaging in line with the SDGs** ▶ Development of the gas barrier coating agent Ecostage series ▶ Development of functional coating agent Britone series ▶ Consideration for increasing the ratio of plant-derived materials in the botanical ink series ▶ Development of water-based inkjet inks and UV curable inks
		Expansion of renewable energy and battery industries ▶ Increased sales opportunities for energy products ▶ Increased sales opportunities for products in the electronics chemicals field	Large	High	Short to medium term	**New business development (energy and electronics chemicals fields)** ▶ Development of semiconductors and sensitizers for renewable energy applications such as solar cells ▶ Development of conductive and insulating materials that are expected to be used in the fields of IoT and mobility
	Market	**Increased occurrence of heat stroke due to global warming** ▶ Increased sales of packaging inks driven by growing demand for drinking water	Large	High	Short to long term	**Development of packaging ink for beverages** ▶ Flexographic ink, gravure ink, and inks for metal can surfaces
	Resilience	**Strengthening of BCP response** ▶ Increased trust from customers and improved evaluations from investors, leading to higher stock price	Medium	Medium	Medium term	**Strengthening of global BCP response** ▶ Same response as "Physical risk: Acute"

■ Business opportunities in the 1.5℃ scenario ■ Business opportunities in the 4°C scenario

Quantitative evaluation 2: financial impact of floods

Assumed risks

Sales decrease due to damage to and shutdown of plant facilities caused by flood

Calculation conditions

- Of all the SAKATA INX Group production sites, four plants in Japan and five plants overseas that were assessed as having extremely high risk of river flooding in Aqueduct 4.0 of the water risk assessment tool Aqueduct Water Risk Atlas developed and published by the World Resources Institute (WRI) conducted flood simulations under the 1.5°C and 4°C scenarios with the cooperation of Gaia Vision Inc., a startup company spun out of the University of Tokyo.
- The financial impact was calculated based on the estimated facility damage rate and number of days of business interruption estimated from the calculated flood depth.

Assessment results

Financial impact in the case of a once-a-century flood occurring under the 4°C scenario

	Targets	Damages to facilities	Reduction in sales	Total financial impact
Operations in Japan	Four domestic plants (Tokyo, Osaka, Shiga, and Hanyu)	5.7 billion yen	7.2 billion yen	13.0 billion yen
Operations outside Japan	Jakarta (Indonesia)	Flood depth 0m		
	Sinsakhon (Thailand)	Flood depth 0m		
	Bangkok (Thailand)	1.4 billion yen	0.6 billion yen	2.0 billion yen
	Hanoi (Vietnam)			
	Dhaka (Bangladesh)			

(Note) Indonesia (Jakarta) and Thailand (Sinsakhon) are not included in the financial impact amount because the flood depth was analyzed as 0 meters according to Gaia Vision's climate risk analysis platform Climate Vision.

Measures to reduce risks

- Establishment of standards of conduct in the event of storm and/or floods
- Stockpiling of flood prevention equipment (sandbags, waterstops, etc.)
- Establishment of BCP regulations and a BCM subcommittee, etc.

Information Disclosure in line with TCFD recommendations
https://www.inx.co.jp/english/sustainability/environment/tcfd.html

CO_2 Emissions Materiality

Our Initiatives

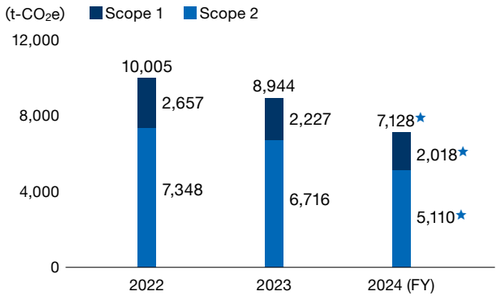
The CO_2 emissions (Scope 1 & 2) associated with our energy use in FY2024 were 7,128t-CO_2e★, a 28.7% reduction over FY2022 and a 44.6% over FY2013. Using FY2022 as a baseline of 100, our CO_2 emissions per unit of production in FY2024 were 84 (70 if FY2013 is used as the baseline), which demonstrates steady improvement. This achievement is the result of ongoing ingenuity and activities aimed at improving production efficiency and saving energy.

Continuing on from last year, we also promoted the use of renewal energy at our head offices (which are non-production sites) by purchasing non-fossil certificates for FY2024 electricity consumption.

Additionally, we are calculating our Scope 3 emissions in order to consider and implement reductions in CO_2 emissions in our supply chain.

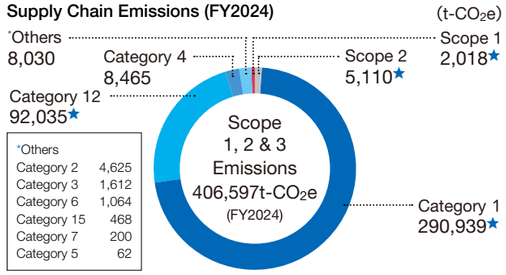
In the interests of realizing a decarbonized society, we are continuously working to optimize energy use and expand the adoption of renewable energy (installation of more solar panels, switching to renewable electricity, etc.). We will also work to reduce environmental impacts throughout our supply chain, thereby contributing to the realization of a sustainable society.

CO_2 Emissions (Scope 1&2)



· Figures subject to third-party assurance are indicated with a ★.
<Calculation Methodology>
· Calculations were based on the *Greenhouse Gas Emissions Accounting and Reporting Manual* (Ver. 6.0, 2025) from Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry, and the *Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard* (Revised Edition).
· Boundary of calculation: SAKATA INX CORPORATION (non-consolidated)
· Indicators: GHG emissions are calculated using the global warming potential (GWP) of CO_2 and other greenhouse gases.
Scope 1 refers to greenhouse gas emissions directly associated with business activities, including GHG emissions from energy-derived CO_2 and HFCs.
Scope 2 calculates greenhouse gas emissions indirectly associated with energy use in business activities (using the GHG Protocol market-based method).
· Emissions coefficients: Use the values specified in the *Greenhouse Gas Emissions Accounting and Reporting Manual*.
· Uncertainty in quantifying greenhouse gas emissions: GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.
· Figures are rounded to the nearest whole number so the total may not match the sum of individually rounded values. (The same applies to supply chain emissions.)
· To improve calculation accuracy, we have reviewed past figures and revised the figures for FY2022 and FY2023.

Supply Chain Emissions (FY2024)

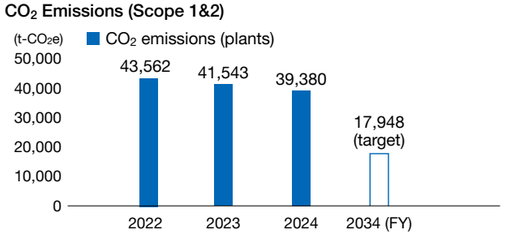


· Figures subject to third-party assurance are indicated with a ★.
<Calculation Methodology>
· Calculations have been made in accordance with the *Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain* (Ver.2.7) using the *Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain* (Ver.3.4) and IDEA (Inventory Database for Environmental Analysis) Ver.3.4 (April 30, 2024) from the IDEA Lab at the Research Institute of Science for Safety and Sustainability, part of the National Institute of Advanced Industrial Science and Technology (AIST).
· Boundary of calculation: SAKATA INX CORPORATION (non-consolidated)
· For Scope 3, categories 1–7, 12, and 15 (nine categories in total) were calculated.
Category 1 covers purchased raw materials, containers, adhesives, outsourced solvent procurement, products, and services. It was calculated by multiplying the annual purchase volume of each item by their respective emission intensities.
Category 2 was calculated by multiplying the value of newly acquired fixed assets for a give fiscal year by the emissions intensity per unit of capital goods price.
Category 3 was calculated by multiplying various emission intensities by electricity and fuel consumption.
Category 4 was calculated by multiplying purchased raw materials, containers, adhesives, and outsourced solvents by the emission intensity from the transportation scenario in the carbon footprint trial project.
Category 5 was calculated by multiplying various emission intensities by the amount of waste discharged outside business premises.
Category 6 was calculated by multiplying various emission intensities by travel expenses.
Category 7 was calculated by multiplying various emission factors by commuting expenses.
Category 12 was calculated by estimating the amount of non-volatile components in the weight of purchased raw materials, containers, adhesives, and products as future waste, and multiplying this by the emission intensity for each treatment method.
Category 15 was calculated by multiplying the CO_2 emissions (Scope 1 & 2) of applicable companies by the investment ratio.
· Uncertainty in quantifying greenhouse gas emissions: GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Initiative Inside and Outside Japan

We have set a target of reducing CO_2 emissions (Scope 1 & 2) associated with our consolidated business activities by 58.8% by FY2034 (compared to FY2022) and have started working toward this target. CO_2 emissions in FY2024 from energy use were 39,380t-CO_2e, a 9.6% reduction compared with 2022. Going forward, we will increase use of renewable energy by increasing or newly installing solar panels at our plants in and outside Japan, working to reduce CO_2 emissions across the entire group.

CO_2 Emissions (Scope 1&2)



The emission factors used are the latest ones available at the time of calculation.

Adoption of Renewable Energy

Materiality

Solar Power Generation (private generation)

Solar power generation at the Shiga Plant consists of the original installation on the west side of the site and a second installation on the roof of the warehouse. Together, they generate approximately 2 million kWh of electricity annually (equivalent to the power consumption of around 550 households) via a feed-in tariff (FIT) system for renewable energy.

Since the end of 2023, we also have a 63kWh private-use solar power generation system in the administration building to reduce electricity consumption. The Tokyo Plant uses 30kWh of solar power, while the Osaka Plant installed 40kWh of solar panels in 2024.

Outside of Japan, we have installed solar panels at Bhiwadi (operational from 2023), Panoli (operational from 2024) in India, and Homewood, Illinois in the United States (operational from 2024) to help reduce CO_2 emissions across the entire Group.

The solar power installation No.1 at the Shiga Plant

Solar power generation in Bhiwadi, India

Participated in Maibara City's Eco Village Concept

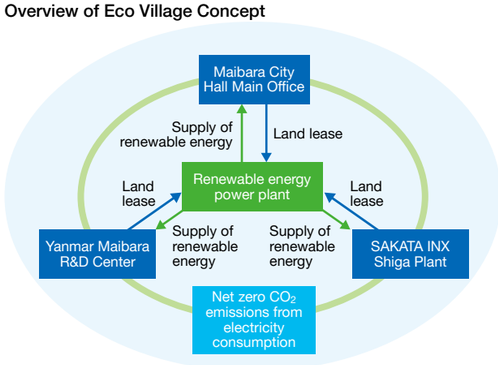
We participated in the Eco Village Concept as part of our activities to reduce CO_2 emissions. This initiative was done together with Maibara City (Shiga Prefecture), Shiga Prefectural Government and Yanmar Holdings Co., Ltd.

The Eco Village Concept was selected as one of the Ministry of the Environment's initial decarbonization pilot regions. It aims to introduce solar power generation equipment to the main office of Maibara City Hall, public welfare facilities around Maibara Station, and abandoned farmland in the area. The generated power will be used at public welfare facilities around Maibara Station, for electric vehicles, and for the production facilities of local companies. In this way, renewable energy is produced and consumed locally, aiming to effectively reduce CO_2 emissions associated with electricity consumption to zero.

Specifically, the initiative involves Yanmar Holdings installing solar power generation facilities at our Shiga Plant in Maibara City, on the site of Yanmar Holdings, and on abandoned farmland in Maibara City. The electricity generated by these facilities will be supplied to our Shiga Plant and public welfare facilities around Maibara Station, effectively reducing CO_2 emissions from electricity consumption to zero.

We are currently in discussions regarding the installation of the solar power generation system and how to utilize the generated electricity.

Overview of Eco Village Concept



Completion of SAKATA INX's First ZEB-certified*1 Building

At the Osaka Plant, we have completed SAKATA INX's first ZEB-certified utility building. Combining office space such as offices and meeting rooms and a workshop for equipment maintenance, it is an environmentally friendly building that conserves energy. From the design stage, the building has been designed to reduce energy consumption by 54% with the use of heat-shield walls and steel roofs with excellent thermal insulation properties. When including solar power energy generation, a total reduction of 127% was achieved. This has earned the building the highest rating of five stars from the Building-Housing Energy-efficiency Labeling System (BELS).*2

Going forward, we will continue to work toward carbon neutrality by increasing use of renewable energy sources such as solar panels to reduce our energy consumption (reducing CO_2) in our production activities.

Utility Building

Rooftop solar panels

*1 ZEB (Net Zero Energy Building) refers to a building aiming for zero energy consumption while providing a comfortable indoor environment through a combination of energy-efficient equipment and energy generation (energy creation) through solar power generation and other means. Depending on the level of energy efficiency and other factors, ZEB buildings are classified into four categories: ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented.
*2 BELS (Building-Housing Energy-efficiency Labeling System) is an evaluation and labeling system specifically for building energy efficiency performance. Under this system, BELS third-party evaluators assess and rate buildings into one of five ranks based on primary energy consumption.

Business Activities Aimed at Reducing Waste

Materiality

Plant Initiatives

The general affairs departments at our plants check the status of waste disposal contractors and use electronic manifests to ensure waste disposal is appropriately managed. For waste generated by our business activities, we are also actively trying to curb the amount disposed of externally (outside our plants), while also promoting reuse and effective use of resources.

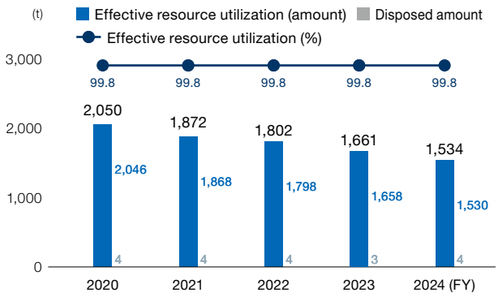
In FY2024, we reduced the amounts of waste ink and waste solvents, sludge, and waste plastics to 1,534 tons, a 14.9% reduction from 1,802 tons in FY2022 (base year). We reduced plastic waste by 12.3%. The effective resource utilization rate was 99.8% (material recycling and heat recovery), with our four plants in Japan (Tokyo, Osaka, Shiga, and Hanyu) achieving an effective resource utilization rate of 99.5% or higher (zero emissions).

We will continue our efforts to achieve our reduction targets and maintain zero emissions.

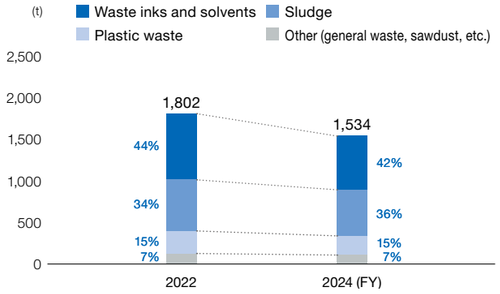
Examples of waste reduction activities

- Reuse of used drum cans, etc.
- Recovery of waste solvents
- Change in packaging and use of returnable containers for purchased raw materials (cans > drums > containers)

Waste Emissions and Effective Resource Utilization Rate



Breakdown of Waste Generation

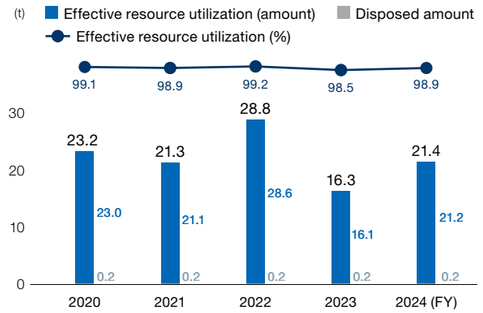


Head Office Initiatives

Our head offices (Osaka, Tokyo) survey the status of waste disposal, confirm the status of sorting, and revise sorting rules, among other efforts.

In FY2024, our emissions increased to 21.4 tons, up 31.0% (from 16.3 tons) from the previous fiscal year. This was the result of an increase in emissions from stored paper and other materials. The effective resource utilization rate was 98.9% (material recycling and heat recovery) due to the increase of paper that is used effectively. For waste generated by our business activities, we will continue to actively curb the portion disposed of outside our own business sites, while also promoting reuse and effective use of resources.

Waste Emissions and Effective Resource Utilization Rate

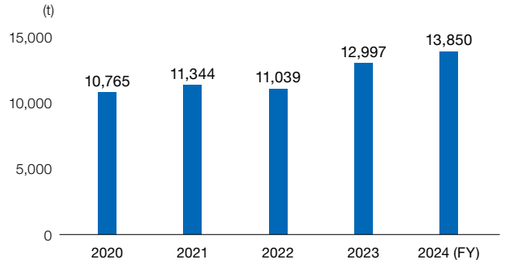


Initiatives at Affiliated Companies outside Japan

At production sites for our affiliated companies outside Japan, we promote acquisition of ISO 14001 certification and strive to properly manage waste disposal.

The amount of waste inks and waste solvents and the number of containers to be disposed of increased in FY2024, with the amount disposed of outside our business sites growing to 13,850 tons, which represents an increase of 6.6% over 12,997 tons in FY2023. Our affiliates outside Japan are also conduct waste surveys and are considering setting reduction targets.

Waste Emissions



Data up to FY2023 has been revised as a result of a review of the aggregated data.

Initiatives for Reducing Environmental Impacts (Water and Air)

Materiality

Prevent Water Pollution

We work to prevent water pollution by treating the wastewater within our plants used for cleaning, etc. at our water treatment facilities before discharging it outside the plant. We conduct regular water quality tests based on ordinances and agreements set by the competent local government and monitor the quality of wastewater.

We use water resources for purposes such as equipment cleaning, heating and cooling, and products. In FY2024, our water intake was 76,000m^3 from third-parties (tap water, industrial water), 33,000m^3 from groundwater, 28,000m^3 from surface water, and 2,000m^3 of water generated from production. We discharged 107,000m^3 of third-party water to sewage and 4,000m^3 of surface water to rivers.

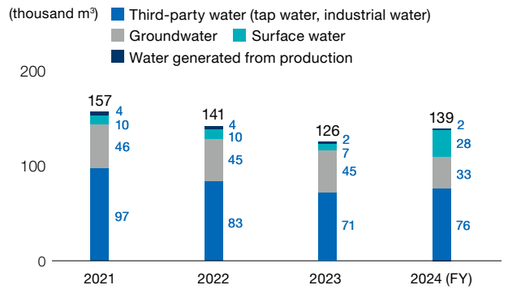
Compared with FY2023, in FY2024 we reduced the total amount of third-party water, groundwater, and water generated from production that was related to our business activities by approximately 6%.

Changes in BOD and COD (calculated from measured values and discharged water volumes) are shown in the graph on the right. The total amounts for FY2024 were 0.35 tons for BOD and 0.01 tons for COD.

We also used the World Resources Institute's Aqueduct assessment tool to conduct a survey on water risks (water stress, river flood risk) at our Group companies. The survey results are posted on our website. With these survey results in hand, we will prioritize understanding the current situation and developing countermeasures for sites with "extremely high" water stress levels.

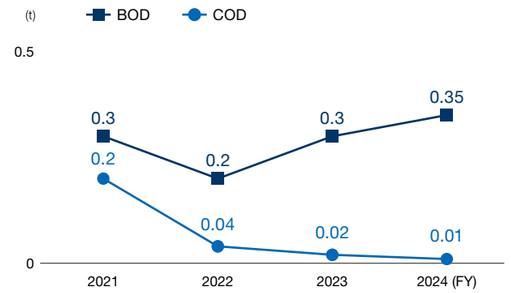
Conserve Water Resources
https://www.inx.co.jp/english/sustainability/environment/case_water.html

Water Intake Changes



(Note) The scope of data collection is SAKATA INX plants, head offices, and local offices (including affiliated companies within the offices). Totals may not add due to rounding.

Changes in BOD and COD

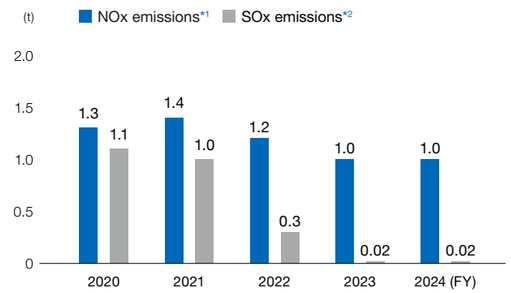


Reduce Air Pollution Emissions

NOx (nitrogen oxides) and SOx (sulfur oxides) are emitted into the atmosphere when we burn fuel in boilers at our plants. In FY2024, our NOx emissions were 1.0 ton and SOx emissions were 0.02 tons.

We regularly conduct exhaust gas inspections for each boiler to ensure that emission concentrations are below standard values. We also continue to efficiently use steam, reduce heat loss, and reduce the use of heavy fuel oil A as part of our efforts to reduce fuel consumption (reduce air pollutant emissions).

Changes in NOx and SOx Emissions



*1 The total value calculated from the amount of fuel used using the conversion coefficient from the Ministry of the Environment's Environmental Activity Evaluation Programme.
*2 The total value of sulfur (S) contained in the fuel used, converted into SO_2.

Third-party Assurance Report

To increase the reliability of our environmental data, figures marked with a ★ have been third-party assured by KPMG AZSA Sustainability Co., Ltd.

Figures Subject to Third-party Assurance

SAKATA INX CORPORATION (non-consolidated) CO_2 emissions: Scope 1, Scope 2, and Scope 3 (Categories 1 and 12) p. 53

Independent Practitioner's Limited Assurance Report

To the Representative Director, President & CEO of SAKATA INX CORPORATION

Conclusion

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") presented in SAKATA INX CORPORATION's (the "Company") INTEGRATED REPORT 2025 (the "Report") for the year ended December 31, 2024 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol "★".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended December 31, 2024 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI

As described in the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Company.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- evaluating whether the Company's process for developing estimates as well as its use of data, selection of the methods and assumptions were appropriate;
- performing a site visit at one of the Company's sites which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Keisuke Inoue

Keisuke Inoue, Engagement Partner

KPMG AZSA Sustainability Co., Ltd.

Osaka Office, Japan

October 8, 2025

Notes to the Reader of Independent Assurance Report:
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Circular Economy Initiatives for the Printing Industry

Overview

As the SDGs and sustainability have become a major social themes, the printing industry has also been introducing environmentally friendly products and services. We have been working to develop environmentally friendly products such as botanical inks that include plant-derived materials and are working to reduce CO_2 emissions generated in the course of production and sales. However, it is a fact that our business is one that generates various waste materials such as inks, solvents, paper, films, and containers that are disposed of as industrial waste. To address such issues, we are building a circular system for recycling our company's waste that can create significant environmental and economic benefits for the printing industry and contribute to solving social issue by helping to achieve a circular economy.

We are also searching for partners who can cooperate and support this recycling system, and are considering expanding it to our customers' business partners and even to other companies in the same industry. In order to contribute to the realization of a recycling-oriented and decarbonized society, we aim to be an environmental leader in the printing industry by working to build a circular economy in the printing and packaging industries.

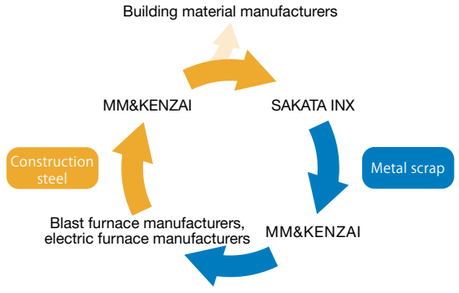
Recycle Metal Scrap, etc.

We are endeavoring to recycle metal scraps and other materials in collaboration with MM&KENZAI Corporation, a company with deep knowledge, an extensive track record, and a wide network in the field of metal recycling.

We are making progress in recycling waste materials such as drums, oil cans, and containers generated at our plants and in printing-related industries, and recycling discarded production equipment.

Additionally, when we relocated our Osaka Head Office, we separated and collected items such as office furniture and fixtures and made efforts to establish a recycling process for items no longer to be used.

Recycling Circulation Flow Diagram for Metal Scrap



Examples of Targeted Scrap Metal

Containers

18L cans

Drum cans

Ink cans

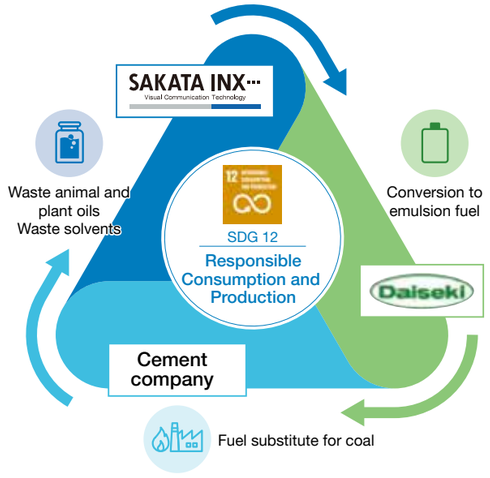
Recycling of Waste Inks, etc.

We are conducting pilot experiments with Daiseki Co., Ltd., which has advanced technological capabilities in the recycling of waste liquids such as waste ink and difficult-to-process liquid industrial waste such as waste oil, sewage, and sludge.

Daiseki collects the gravure ink waste from our Osaka Plant, turns it into an emulsion, and provides it to cement companies to use as a fuel alternative to coal for cement manufacturing.

Our original Botanical Ink brand series includes plant-derived ingredients. From a carbon-neutral perspective, when this ink is used as fuel, the CO_2 generated from the plant-derived portion is expected to have an offset effect.

Recycling Circulation Flow Diagram for Waste Ink and Other Waste Liquids

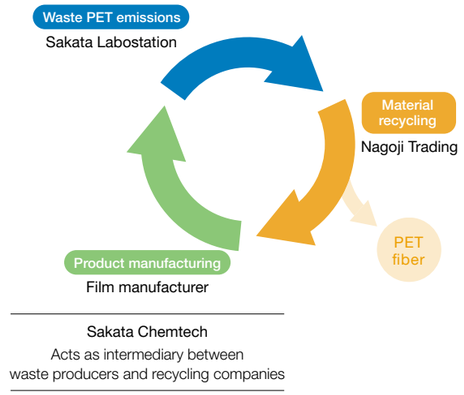


Waste PET Recycling

Group companies Sakata Labostation Co., Ltd. and Sakata Chemtech Corporation, in cooperation with Nagoji Trading Co., Ltd., a specialist in packaging material recycling, have launched an initiative to recycle PET waste generated during the sign and display production process.

The advertising industry is also taking various initiatives, including environmentally friendly media and processed goods and services. Sakata Labostation is committed to selecting environmentally friendly materials when producing and processing such advertising materials but the PET waste generated during the production and processing process is treated as industrial waste. We are working to improve this situation and realize a circular economy by recycling waste.

Recycling Circulation Flow Diagram for Waste PET

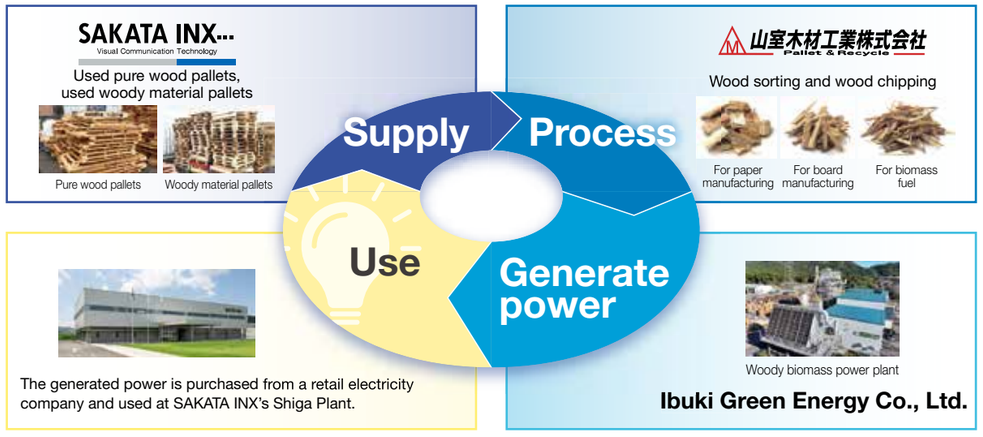


Wood Waste Recycling

We began a pilot experiment for woody biomass recycling with Yamamuro Co., Ltd.

We have also confirmed the effectiveness of converting waste wood pallets (pure wood and woody materials) from our Shiga Plant into wood chips for recycling into paper products and building boards, as well as for fuel for a wood biomass power plant operated by Ibuki Green Energy Co., Ltd., which is part of the Yamamuro Group.

Through a series of such activities, we will contribute to the industrial revitalization of the area surrounding our Shiga Plant by demonstrating the environmental and economic benefits.



Build a Chemical Substance Management System and Strengthen Quality Assurance and Product Management Systems

Chemical Substances Management System

In accordance with Japan's PRTR (Pollutant Release and Transfer Register) Act, we properly submit data regarding emissions and transfers for each of our business locations that handle one ton or more of Class I designated chemical substances per year. This data is submitted to the competent prefecture. We also provide customers with the necessary information on all products through Safety Data Sheets and labels. This ensures safety during handling and transportation and helps protect the environment through proper disposal.

We are also working to prevent soil contamination by installing leak-proof walls on raw material tanks and holding drills to simulate accidents involving leaks of ink, oil, and other substances. There were no cases of punishment in FY2024.

To enhance our chemical substance management capabilities as a Group, we also collaborate with our overseas subsidiaries to efficiently share information.

Basic Quality Philosophy and Company-wide Quality Policy

The Quality Committee comprehensively promotes quality assurance for the company's goods and has formulated and reviews the Basic Quality Philosophy and Company-wide Quality Policy with the aim of maintaining and improving customer trust and sales.

In August 2022, the basic policy was revised to apply to the whole Group and continues the previous policy while also clarifying our commitment to matters such as high-quality, safe and secure output to address social issues and communication with stakeholders.

SAKATA INX Group Basic Quality Philosophy and Basic Quality Policy
https://www.inx.co.jp/english/sustainability/social/quality/quality_policy.html

Acquisition of ISO 9001 and ISO 14001

As part of quality improvement efforts, we have obtained ISO 9001 certification for most of our offices, including those overseas. We are also promoting ISO 14001 certification in order to promote and continuously improve our own environmental conservation efforts. The state of these certifications is posted on our website.

List of Accreditations (ISO, OSHMS)
https://www.inx.co.jp/english/sustainability/data/iso.html

Quality Assurance and Product Management Systems

As a 2030 goal, we aim to establish a company-wide quality assurance system, expand that quality assurance system globally, ensure quality assurance for both existing printing inks and functional products and new business fields that require high quality, and achieve zero non-conformances.

In Japan, the findings of quality audits for all our production departments are data analyzed, with the results used to provide feedback and promote information sharing. We have also improved quality assurance with the introduction of an automated pass/fail inspection assessment. Going forward, we will further improve our quality assurance system by upgrading the degree of quality assurance through automation, digitization, and training of human resources.

Outside of Japan, we are also gathering information about non-conformance occurrence, analyze the data, provide feedback, and conduct quality audits. Into the future, we will work to strengthen our global quality audit and product management systems by providing support for root cause analysis, implementing countermeasures, and rolling these out to each base.

Ensure Safety

Our Group uses raw materials that comply with the laws and regulations and industry regulations in their respective countries, and we check relevant laws and regulations when developing, manufacturing, and selling products and services. Attention to such matters ensures safety. Should any doubts about safety arise, we immediately verify the facts and promptly take appropriate action.

There were no cases of punishment in FY2024.

TPM Activities

Our company's TPM (Total Productive Maintenance, or getting employees proactively involved in production management) activities aim to reduce all losses in our production system to zero, thereby improving the integrity of production and the quality of facilities and thus improving the corporate structure. We began TPM activities in 1998. In 2017, our four main plants in Japan received the Advanced Special Award for TPM Management from the Japan Institute of Plant Maintenance. We also use TPM in the United States and Asia, among other places.

TPM Activities
https://www.inx.co.jp/english/sustainability/social/quality/tpm.html

Improve Occupational Health and Safety, and Promote Health Management

Materiality

Company-wide Basic Health & Safety Policy

In accordance with our Human Rights Policy, SAKATA INX Group believes that protecting the safety and physical and mental health of all people working for us is among the most important management tasks in the course of all our corporate activities, and is working to promote health and safety activities.

The Company-wide Basic Health & Safety Policy applies to all Group companies in and outside Japan. It has been translated into English and other languages as necessary so that employees can fully understand it.

This policy applies to all officers, advisors and employees of our Group. We also require all business partners involved with our products and services to understand and support this policy.

SAKATA INX Group Company-wide Basic Health & Safety Policy
https://www.inx.co.jp/english/sustainability/social/safety/safety_policy.html

Management System

As a company that values our human resources, one of our major priorities is creating a safe and secure working environment for all employees in our Group. We have established a Health & Safety Committee, chaired by the Representative Director, President & CEO, under the Sustainability Committee with the aim of preventing workplace accidents and maintaining and promoting health. We are also working to improve the working environment based on feedback from each workplace. We also hold labor-management councils several times a year with the labor union to discuss ways to improve the working environment, including occupational safety and health.

With the aim of improving awareness and knowledge of occupational safety and health and further strengthening our daily activities, our four plants in Japan (Tokyo, Osaka, Shiga, and Hanyu) have obtained OSHMS (Occupational Safety and Health Management System) certification from JISHA (Japan Industrial Safety and Health Association). Our four plants in Japan are also planning to transition to ISO 45001 (JIS Q 45100) in 2025.

Additionally, our factories in the United States, Indonesia, India, Vietnam, Thailand, and Malaysia have obtained ISO 45001 (an international standard for occupational safety and health management systems) as we promote occupational safety and health initiatives globally.

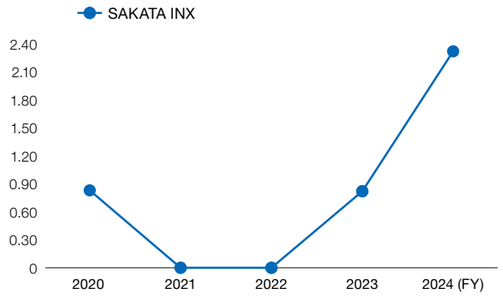
In FY2024, we established a Business Continuity Planning (BCP) Subcommittee, which is working on initiatives such as creating and distributing a BCP manual for our sites outside Japan. Going forward, we will promote the firm establishment of occupational health and safety throughout the Group to eliminate occupational accidents.

List of Accreditations (ISO, OSHMS)
https://www.inx.co.jp/english/sustainability/data/iso.html#iso45001

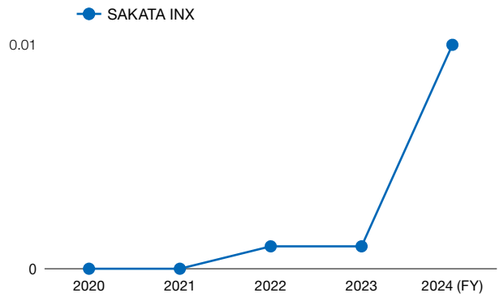
Frequency Rate and Intensity Rate

There were three accidents that resulted in time off from work in FY2024, including an injury at the Osaka Plant from contact with a hazardous material. We investigated the causes, considered countermeasures, and took steps to prevent a recurrence, which resulted in a significant reduction in occurrence risk. We will continue working to further improve safety awareness and aim for zero workplace accidents.

Change in Frequency Rate



Change in Intensity Rate



(Note) This reporting covers employees, temporary workers, and workers from on-site partner companies.

Product Development Based on Creating Shared Value (CSV)

R&D Vision

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.

Integrated IP, Research and Business Strategies

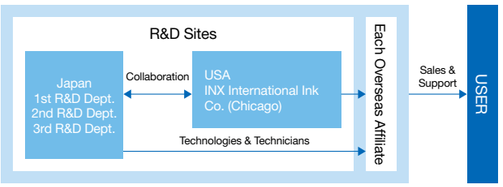
The R&D Management Department plays a central role in intellectual property strategy and deals primarily with patents and trademarks, and also provides researchers with education and training on intellectual property matters. We have also positioned research and development in Japan as the mothership for R&D in the Group, with initiatives carried out in three purpose-specific R&D departments at our Tokyo Plant and Osaka Plant. To develop and implement our research and intellectual property strategies across the Group, we also liaise with the R&D Center at INX International Ink Co., our consolidated subsidiary in the United States.

In addition, we have Japanese engineers stationed at each local subsidiary to provide guidance and training on Japanese technologies to the local staff. In collaboration with our research departments in Japan, we are developing products tailored to the characteristic of our clients' global operations and products that match the characteristics of different regions, as well as provide user support on a global level.

Integration of Three Strategies

- **Business Strategies**
  - Expand printing inks/digital & specialty product businesses
  - Strengthen ESG and sustainability strategy
  - Meet new market challenges
- **Research Strategies**
  - Printing ink: Development of high added-value products in line with market needs
  - Digital and specialty products: Utilize core technologies resulting from printing ink R&D
  - New fields: Initiatives in four key focus areas
- **Intellectual Property Strategies**
  - Developing and implementing intellectual property strategies in line with our business and research strategies

R&D Structure



Product Development from an Environmental and Social Standpoint

Developed products

Deinking primers and deinkable inks

Confectionery, retort pouches and other types of plastic packaging protect the product, while the use of printing inks also plays a vital role in terms of design and other aesthetic aspects and conveying information such as product characteristics and method of use.

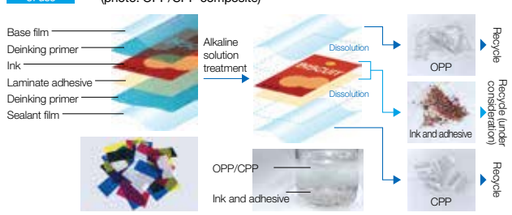
If printing ink remains during recycling, the ink discolors the recycled plastic or becomes foreign matter, reducing the quality of the recycled plastic. The peeling off and deinking* of printing ink expands uses for recycled plastics and helps to promote resource circulation.

SAKATA INX is contributing to the realization of a recycling-oriented society with the development of a deinking primer that uses an alkaline solution to peel off and deink multi-layered films, thus enabling the film to be recycled; outside of Japan, we are rolling out a deinkable ink for removal of ink from PET beverage bottle labels, making it possible to separate and recover the bottle and film.

* The removal of printing ink from its base material (films, sheets, etc.)

Deinking Primers

Examples of use ● Peeling off and deinking of laminated multi-layered films (photo: OPP/CPP composite)



(Note) Optimal primer formulation and deinking requirements vary depending on the film grade, ink type, adhesive type, and application.

Create New Businesses

While leveraging our core competencies, we are also applying a lean startup approach through open innovation with external parties based on strategic keywords such as "Decarbonization," "Improved 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 business 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

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

Target domains

Business development domains

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

Bio-based and non-fossil materials

Contribute to carbon neutrality

Electronics & 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

Established a New Company, SAKATA Brand Solutions Co., Ltd., for Brand Protection Solutions

SAKATA Brand Solutions is the exclusive distributor in Japan for OpSec Security,* a provider of consumer safety solution, and brand protection and value enhancement solutions for products and services. To meet the diverse needs of our customers, we strive to provide effective solutions that incorporate the latest technologies, leverage extensive security expertise, and consider local uniqueness. SAKATA INX Group is also committed to providing advanced security and reliability to our customers by making the most of the SAKATA INX Group network.

* OpSec Security works with over 600 leading brands and government agencies worldwide to improve intellectual property and brand value.

All-around, comprehensive brand protection for consumer safety and a high degree of security and reliability for customers

Management Issues	Counterfeit Goods Measures / Parallel Import Measures / Copyright/Trademark Infringement Measures / Brand Damage/Sales Loss Measures / Content Infringement Measures		
Products & Solutions	**Product Certification**	**Digital Solutions**	**Online Brand Protection**
	Authentication of branded products	Supply chain management Traceability	Online brand protection
	Security films and labels	Customer engagement	Phishing measures
	Solutions for government	License management platforms	Anti-piracy measures

Strengthen Corporate Governance Materiality

Approach

We believe that always being mindful of building good relationships with our various stakeholders and increasing our raison d'être in society will lead to the improvement of corporate value and sustainable growth. To that end, we are working to enhance appropriate corporate governance by improving management transparency, strengthening oversight functions, accelerating decision-making, and clarifying responsibilities.

Decision Making and Business Execution Structure

Board of Directors

The Board of Directors is comprised of eight members and is chaired by the Representative Director, President & CEO. It makes decisions on important management matters and oversees the execution of duties by each Director. The tenure of Directors is one year, and in order to clarify responsibilities while enhancing management oversight functions, we have appointed three outside directors (of which two are female).

Management Council

In addition to meetings of the Board of Directors held at least once a month, the Management Council, an advisory body to the Representative Director, President & CEO, is convened in a flexible manner to deliberate important management matters and report on the results and progress, thereby striving to implement necessary measures in an appropriate and timely manner.

Sustainability Committee

In order to fulfill our corporate social responsibilities, we created the Sustainability Committee, chaired by the Representative Director, President & CEO, as the highest-level committee to oversee corporate governance, with various committees established under it.

International Advisory Board

We established the International Advisory Board (IAB), whose members include officers from affiliated companies outside of Japan, to answer questions from the Representative Director, President & CEO regarding SAKATA INX's and the Group's state of global management, including overseas business strategies and management issues.

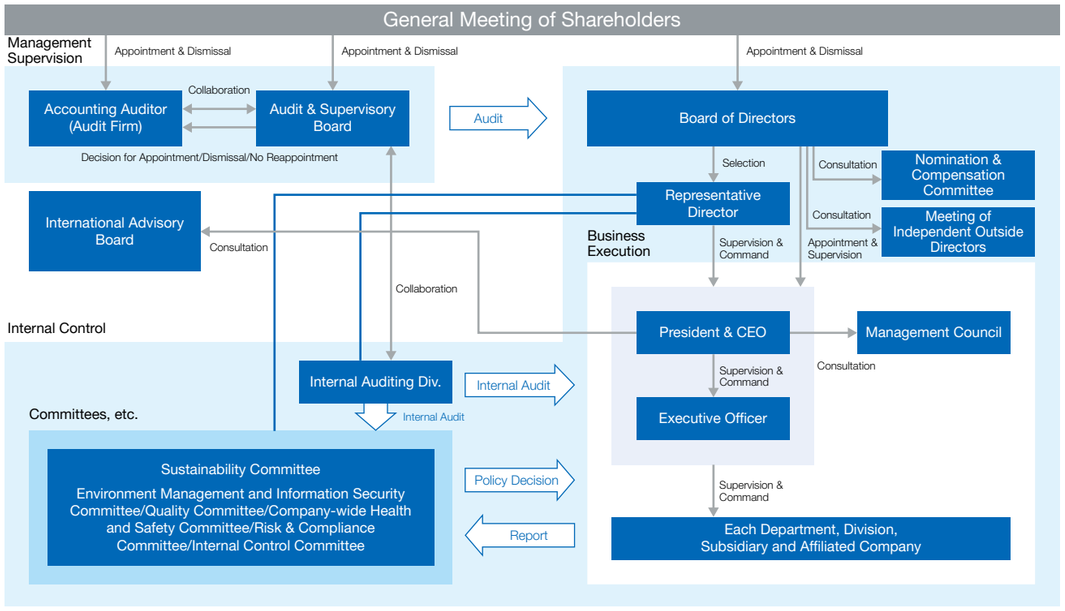
Chairperson	**Yoshiaki Ueno** (Representative Director, President & CEO)
Members	**Toshihiko Fukunaga** (Director, Senior Managing Executive Officer, and Chairman of INX International Ink Co.) **Takashi Kimura** (Senior Executive Officer, Director / President of Sakata INX Asia Holdings Sdn. Bhd.) **Bryce Kristo** (Senior Executive Officer, and President & CEO of INX International Ink Co.) **Cleo Nomikos** (President of INX Europe Ltd.) **Peter Lockley** (Executive Advisor of INX Europe Ltd.)

Nomination & Compensation Committee

We established the Nomination & Compensation Committee to strengthen oversight by making the decision-making process for the nomination of Directors, Audit & Supervisory Board Members and Executive Officers, as well as the compensation for Directors and Executive Officers, more transparent and objective, and to further enhance and strengthen our corporate governance system. The Nomination & Compensation Committee is composed of three members: an Outside Director as chairperson, and the Representative Director, President & CEO and one other Outside Director as committee members.

The committee met four times during FY2024 covering the selection of candidates for Directors, Audit & Supervisory Board Members, and Executive Officers, changes to the executive compensation system, as well as the approach and criteria for this process, and succession plans. The committee also examined matters to be submitted to the Board of Directors for discussion.

Diagram of Company Institutions and Internal Control (As of March 31, 2025)



Total Amount of Compensation Paid to Directors and Audit & Supervisory Board Members in FY2024

Officer category	Total amount of compensation, etc. (million yen)	Total amount of compensation by type (million yen)				Number of eligible officers (persons)
		Fixed compensation	Performance-linked compensation	Restricted share compensation	Of at left, non-monetary compensation, etc.	
Directors (excluding Outside Directors)	226	142	70	13	13	5
Audit & Supervisory Board Members (excluding Outside Directors)	36	36	–	–	–	2
Outside officers	37	37	–	–	–	6

Independence of Outside Directors and Outside Audit & Supervisory Board Members

We have established criteria for independence when selecting Outside Directors and Outside Audit & Supervisory Board Members, and, based on these criteria, we have notified the Tokyo Stock Exchange of five individuals (three Outside Directors and two Outside Audit & Supervisory Board Members) as independent officers specified by the exchange who are unlikely to have a conflict of interest with general shareholders.

Support System for Outside Directors and Outside Audit & Supervisory Board Members

In addition to the Board of Directors and the Audit & Supervisory Board, Outside Directors and Outside Audit & Supervisory Board Members also participate in important meetings such as the Management Council. They are also provided with separate opportunities for explanations to receive the necessary information for the deliberation of important matters. Additionally, regular meetings are held between the Representative Director and the Audit & Supervisory Board to exchange opinions, including with Outside Directors. We also implement other initiatives that facilitate their understanding of the Company, such as plant tours.

Furthermore, we have established and regularly hold the Meeting of Independent Outside Directors to exchange necessary information, share awareness of issues, hold free discussions, and make recommendations to the Board of Directors regarding the Company's management issues and corporate governance, including improving the effectiveness of the Board of Directors.

Plant visit

Criteria for determining the independence of outside officers
https://www.inx.co.jp/english/sustainability/governance/corporate/independence.html

Changes in the Strengthening of Corporate Governance

In order to strengthen the oversight of the Board of Directors and the business execution divisions, the Group is working to ensure diversity of the Board of Directors by increasing the number of independent Outside Directors and appointing female Directors. The Group is also making efforts to improve the effectiveness of the board by establishing the International Advisory Board (IAB) and the Nomination & Compensation Committee. Going forward, we will continue to strengthen the monitoring function of the Board of Directors, which supports the improvement of the Group's corporate value.

		2004	2006	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Changes in Governance Structure		Establishment of Compliance Committee												
			Resolution on Basic Policy for Implementation of Internal Control System											
					Establishment of International Advisory Board (IAB)									
								Establishment of Nomination & Compensation Committee						
								Introduction of Executive Officer System						
													Establishment of the Meeting of Independent Outside Directors	
Outside Directors (of which, female Outside Directors)	people			1	1	2	2	2	2	3(1)	3(1)	3(2)	3(2)	3(2)
Directors (of which, female Directors)	people	11	11	11	11	11	11	11	7	8(1)	9(1)	8(2)	8(2)	8(2)
Audit & Supervisory Board Members/ Outside Audit & Supervisory Board Members	people	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2	2 | 2
Executive Officers (not serving concurrently as Director)	people							6	9	10	10	12	8	12

Strengthen Corporate Governance

Basic Policy for Implementation of Internal Control System

We are promoting activities for the development of an internal control system based on the Basic Policy for Implementation of Internal Control System established by the Board of Directors. The Internal Control Committee, a subordinate body of the Sustainability Committee, has set up three subcommittees; namely, the General Control Subcommittee, Business Processing Control Subcommittee, and IT Control Subcommittee. Through these, the Internal Control Committee plans and implements various measures and regularly conducts comprehensive reviews.

The status of the development and operation of the internal control system is independently assessed every year by the Internal Auditing Div.

SAKATA INX Group Basic Policy for Implementation of Internal Control System
https://www.inx.co.jp/english/sustainability/governance/compliance/internal_control_system_policy.html

Officer Compensation

Basic Policy

Compensation paid to the Company's Directors is based on the basic policy set out below, and is decided by the Board of Directors after deliberation by the Nomination & Compensation Committee, a voluntary advisory body to the Board of Directors. The compensation system for Directors is comprised of fixed compensation, performance-linked compensation, and restricted share compensation, which is a non-monetary form of compensation. Furthermore, in light of their roles and the need to maintain independence, compensation for Outside Directors is limited to fixed compensation.

(1) The compensation system aims to achieve sustainable growth for the Group, while sharing corporate value with shareholders and leading to the improvement of corporate value.
(2) The level of compensation must be such that it is possible to secure diverse and excellent management talent.
(3) The decision-making process is objective and transparent.

Policy for Determining Calculation Methods for Fixed Compensation and Performance-linked Compensation

Basic compensation for Directors comprises monthly fixed compensation determined based on position and responsibilities, taking into consideration a comprehensive range of factors including the Company's performance, employee salary levels, and the levels of comparable companies based on compensation data from external research institutions.

Performance-linked compensation (monetary portion) is determined based on capital cost management and uses return on equity (ROE) and other indicators as calculation indicators. The amount is calculated and determined based on certain standards, depending on factors such as the achievement level of targets for each fiscal year. The reason for adopting this indicator is that we view return on equity (ROE) as one of the most important management indicators, and we have determined that disclosing this target figure is appropriate in terms of ensuring a strong financial base capable of steadily raising funds for growth investments while aiming to make effective use of shareholders' equity.

Policy for Determining the Calculation Method for Restricted Share Compensation

Restricted share compensation, which is a non-monetary form of compensation, is calculated and determined based on certain standards with the aim of providing an incentive for Directors to achieve the Company's medium- to long-term management indicators and targets and to sustainably improve corporate value, as well as to further share value with shareholders.

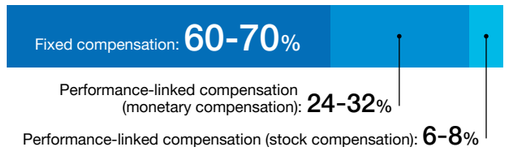
In addition, during the calculation process, non-financial indicators are used, such as the progress and achievement of KPIs for key issues (materiality), including ESG and sustainability initiatives, GHG reduction, establishment of supply chain management, strengthening of quality assurance and product control systems, establishment of new businesses, strengthening of global management systems, global human resources, and enhancement of corporate governance and compliance.

Policy for Determining the Percentage of Compensation Amounts

The composition of Directors' compensation is determined with reference to the levels of companies of a similar business scale of the Company or in related industries.

The composition ratio is roughly 60-70% fixed compensation, 24-32% performance-linked compensation (monetary remuneration), and 6-8% restricted share compensation, which is a non-monetary portion of the performance-linked compensation.

Composition of Officer Compensation



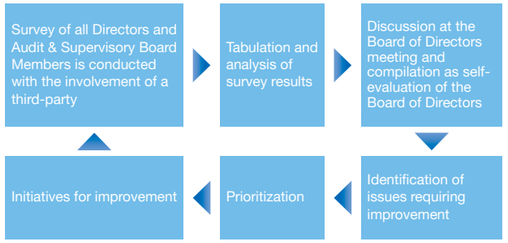
(Note) The composition of officer compensation varies according to business performance and other factors.

Evaluating the Effectiveness of the Board of Directors

Every year, we conduct a survey of all officers to evaluate the effectiveness of the Board of Directors. The survey is conducted with the involvement of a third-party, and the results are reported to the Board of Directors, who then discuss current issues and future countermeasures. Currently, we have judged that the effectiveness of the Board of Directors is ensured. We will strive to further improve the effectiveness of the Board of Directors by continually resolving issues going forward.

In order to further substantiate governance, the Company believes it is necessary to realize an autonomous corporate governance system in which the Company takes the initiative in working toward its vision. With this in mind, the Company is repeatedly and continuously working on and implementing improvement processes at the Board of Directors level while learning from outside sources.

Process for Evaluating and Improving the Effectiveness of the Board of Directors



Evaluating the Effectiveness of the Board of Directors

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Skills of Directors and Audit & Supervisory Board Members

SAKATA INX and the SAKATA INX Group pursue best practices in corporate governance in order to achieve sustainable growth and improvement of corporate value over the medium to long term and to put its Corporate Philosophy into practice. As part of this, we identify the skills necessary to manage the Company, consider appropriateness and balance, and select candidates for officer positions through deliberation by the Nomination & Compensation Committee.

Skills Matrix of Directors and Audit & Supervisory Board Members

Title	Name	Specialization and experience							
		Corporate management Management strategy	Finance and accounting	Global business	Research, manufacturing and development	Sales and marketing	Legal and risk compliance	Human resources development	ESG
Representative Director, President & CEO	Yoshiaki Ueno	●		●	●	●		●	●
Director, Senior Managing Executive Officer	Toshihiko Fukunaga	●	●	●			●	●	●
Director, Managing Executive Officer	Hiroshi Morita	●		●		●		●	●
Director, Senior Executive Officer	Minoru Tateiri	●		●	●			●	●
Director, Executive Officer	Takayuki Shirafuji	●	●	●				●	●
Outside Director	Yoshio Sato	●				●	●	●	●
Outside Director	Yukiko Tsujimoto	●		●		●		●	●
Outside Director	Kazuko Otsuki	●	●				●	●	●
Full-time Audit & Supervisory Board Member	Masahiro Fuchino					●	●		●
Full-time Audit & Supervisory Board Member	Haruhiko Matsuo	●		●		●	●		●
Outside Audit & Supervisory Board Member	Masami Iwasaki						●		●
Outside Audit & Supervisory Board Member	Eri Nakada		●				●		●

(Note) The above list does not represent all of the knowledge and experience possessed by the Directors and Audit & Supervisory Board Members.

Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 30, 2025)

Materiality

Directors

Five of whom serve concurrently as Executive Officer

Inside Directors　Outside Directors

Yoshiaki Ueno
Representative Director, President & CEO

Attendance at Board of Directors meetings: 17/17 meetings
Tenure: 11 years

April	1985	Joined the Company
June	2007	General Manager, 2nd R&D Dept., Corporate R&D Div.
October	2008	General Manager 3rd R&D Dept., Corporate R&D Div.
June	2014	Director Commissioned as General Manager, Corporate R&D Div.
March	2018	Director, Executive Officer
March	2019	Director, Managing Executive Officer
March	2021	Representative Director, President & CEO (current position)

Toshihiko Fukunaga
Director, Senior Managing Executive Officer

In charge of Information Systems Div., Finance & Accounting Div., Business Process Re-engineering Dept., supervising international operations, Chairman, INX International Ink Co.

Attendance at Board of Directors meetings: 17/17 meetings
Tenure: 9 years

April	1983	Joined the Company
March	2008	General Manager, International Operations Dept.
July	2015	General Manager, Finance & Accounting Div.
March	2016	Director
March	2018	Director, Executive Officer
March	2019	Director, Senior Executive Officer
March	2021	Director, Managing Executive Officer
January	2023	Director, Senior Managing Executive Officer (current position)

Hiroshi Morita
Director, Managing Executive Officer

In charge of Information Media Business, Packaging Ink Business, Digital & Specialty Products Business, Sales Administration Div., Customer Relationship Management Div., and supervising Sakata Chemtech Corporation, Sakata Labostation Co., Ltd. and SAKATA Brand Solutions Co., Ltd

Attendance at Board of Directors meetings: 17/17 meetings
Tenure: 2 years

April	1984	Joined the Company
June	2006	Branch Manager, Shikoku Branch Office
October	2015	General Manager, Offset Ink Div., General Manager, Tokyo 1st Sales & Marketing Dept., Offset Ink Div., concurrently, General Manager, Tokyo 2nd Sales & Marketing Dept., Offset Ink Div.
July	2016	Associate Director, General Manager, Digital & Specialty Products Div.
March	2017	Director, Commissioned General Manager, Digital & Specialty Products Div.
March	2018	Director, Executive Officer
March	2019	Senior Executive Officer
January	2022	Managing Executive Officer (current position)
January	2023	In charge of Digital & Specialty Products Div. (current position)
March	2023	Director (current position)

Minoru Tateiri
Director, Senior Executive Officer

In charge of Environment & Quality Div., General Manager, Production Management Div.

Attendance at Board of Directors meetings: 17/17 meetings
Tenure: 2 years

April	1989	Joined the Company
January	1996	Assigned to International Administration Dept. based in Chicago
January	1999	Assigned to International Operations Dept. based in Dunkirk
March	2009	Assigned to International Operations Dept. based in Maoming, China
February	2015	General Manager, Production Management Dept., Production Technology Div.
March	2020	Executive Officer
March	2021	General Manager, Production Technology Div.
January	2023	Senior Executive Officer, In charge of Environment & Quality Div., General Manager, Production Management Div. (current position)
March	2023	Director (current position)

Takayuki Shirafuji
New appointment

Director, Executive Officer

General Manager of the Corporate Planning Div.

April	1994	Joined the Company
March	2017	Assigned to International Operations Dept. based in Chicago
June	2022	General Manager, Planning Dept., Corporate Planning Div.
April	2023	General Manager, Corporate Planning Div.
January	2025	Executive Officer (current position) General Manager, Corporate Planning Div. (current position)
March	2025	Director (current position)

Yoshio Sato
Outside Director

Attendance at Board of Directors meetings: 16/17 meetings
Tenure: 2 years

April	1973	Joined Sumitomo Life Insurance Company
July	2000	Director (Head Office), General Manager, General Corporate Headquarters, Sumitomo Life Insurance Company
April	2002	Managing Director, Managing Executive Officer, Sumitomo Life Insurance Company
July	2007	Director, President & Chief Executive Officer, Sumitomo Life Insurance Company (Representative Director)
July	2013	Chairperson, The Life Insurance Association of Japan
April	2014	Chairman of the Board, Sumitomo Life Insurance Company
June	2014	Outside Audit & Supervisory Board Member, the Company Outside Audit & Supervisory Board Member, Panasonic Corporation (currently, Panasonic Holdings Corporation)
July	2015	Chairman of the Board, CEO, Sumitomo Life Insurance Company
June	2018	Outside Director, Rengo Co., Ltd. (current position)
July	2021	Senior Corporate Advisor, Sumitomo Life Insurance Company (current position)
June	2022	Outside Director, Toyo Securities Co., Ltd. (current position)
March	2023	Outside Director, the Company (current position)

Yukiko Tsujimoto
Outside Director

Attendance at Board of Directors meetings: 17/17 meetings
Tenure: 3 years

April	1986	Joined Procter & Gamble Far East Inc.
March	2006	Director, Procter & Gamble Japan K.K.
April	2008	Director, P&G Japan K.K.
June	2012	Resigned as Director, Procter & Gamble Japan K.K.
April	2014	Resigned as Director, P&G K.K.
June	2014	Retired from Procter & Gamble Japan K.K.
November	2014	Representative Director, shapes Co., Ltd. (current position)
March	2022	Outside Director, the Company (current position)

Kazuko Otsuki
Outside Director

Attendance at Board of Directors meetings: 17/17 meetings
Tenure: 2 years

October	1996	Joined Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)
May	2000	Registered as a certified public accountant
December	2015	Retired from Deloitte Touche Tohmatsu LLC
January	2016	Certified Public Accountant, Imaoka CPA and Tax Accountant Office (current position)
September	2021	Auditor, Osaka Research Institute of Industrial Science and Technology (current position)
March	2023	Outside Director, the Company (current position)
June	2023	Outside Director, Audit and Supervisory Committee Member, ISHIHARA CHEMICAL CO., LTD. (current position)
June	2024	Outside Auditor, Joshin Denki Co., Ltd.
June	2025	Outside Director, Audit and Supervisory Committee Member, Joshin Denki Co., Ltd. (current position)

Audit & Supervisory Board Members

Masahiro Fuchino
Full-time Audit & Supervisory Board Member

Attendance at Audit & Supervisory Board meetings: 16/16 meetings
Tenure: 3 years

April	1984	Joined the Company
October	2009	General Manager, Tokyo General Affairs Div.
May	2010	General Manager, Public & Investor Relations Div.
March	2017	General Manager, Sales Administration Div.
March	2021	Executive Officer, General Manager, Supply Chain Management Promotion Div.
March	2022	Audit & Supervisory Board Member (current position)

Haruhiko Matsuo
Full-time Audit & Supervisory Board Member

Attendance at Audit & Supervisory Board meetings: 16/16 meetings
Tenure: 2 years

April	1985	Joined the Company
October	2011	General Manager, Tokyo Sales & Marketing Dept., Gravure Packaging Ink Div.
March	2017	General Manager, Packaging Div. concurrently serving as General Manager, Tokyo Sales & Marketing Dept.
March	2018	Assigned to International Operations Dept. based in Shanghai Chairman, Sakata INX Shanghai Co., Ltd.
March	2019	Executive Officer
March	2023	Audit & Supervisory Board Member (current position)

Masami Iwasaki
Outside Audit & Supervisory Board Member

Attendance at Audit & Supervisory Board meetings: 16/16 meetings
Tenure: 2 years

April	1990	Admitted to the bar (Osaka Bar Association))
April	1995	Opened Iwasaki Masami Law Office Attorney, Iwasaki Masami Law Office (current position)
March	2023	Outside Audit & Supervisory Board Member, the Company (current position)

Eri Nakada
Outside Audit & Supervisory Board Member

Attendance at Audit & Supervisory Board meetings: 11/11 meetings
Tenure: 1 year

April	1995	Joined Tohmatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)
April	1998	Registered as a certified public accountant
February	2016	Retired from Deloitte Touche Tohmatsu LLC
March	2016	Opened the Eri Nakada CPA Office, Certified Public Accountant (current position)
June	2018	Outside Director, SANKYO KASEI CORPORATION
June	2019	Outside Director, Audit and Supervisory Committee Member, SANKYO KASEI CORPORATION (current position)
March	2024	Outside Audit & Supervisory Board Member, the Company (current position)

Executive Officers

18; five of whom serve concurrently as Director

Yoichi Hamada
Managing Executive Officer

In charge of Legal Div., Human Capital & General Affairs Div.

Yasuyuki Adachi
Executive Officer

INX International Ink Co.
Vice President of Site Operational Excellence

Hideki Kinoshita
New appointment

Executive Officer

In charge of Supply Chain Management Promotion Div., General Manager, Purchasing Div.

Yuichi Kataura
Senior Executive Officer

Sakata Labostation Co., Ltd.
Managing Director

Shigemi Kanazawa
Executive Officer

General Manager, Corporate Relations Div.
General Manager, Human Capital & General Affairs Div., In charge of HR Strategy

Atsushi Matsuura
New appointment

Executive Officer

In charge of Business Solution Div., General Manager, Gravure Packaging Ink Div.

Takashi Kimura
Senior Executive Officer

Sakata INX Asia Holdings Sdn. Bhd.
Director/President

Katsuya Tanaka
Executive Officer

Director, INX International Ink Co.
Senior Vice President

Makoto Kasuya
New appointment

Executive Officer

General Manager, Sustainability Dept., Corporate Planning Div.

Hiroyuki Yoshizawa
Senior Executive Officer

General Manager, Digital & Specialty Products Div.
Inkjet Global Sales Committee Chairman

Hirofumi Akao
Executive Officer

General Manager, Corporate R&D Div.

Bryce Kristo
Senior Executive Officer

INX International Ink Co.
President & CEO

Yuji Okamoto
Executive Officer

Sakata Labostation Co., Ltd.
President

Representatives of Overseas Subsidiaries

(As of June 30, 2025)

Materiality

Group Partnership

Having established regional management companies in each area, we are working to share our values globally and strengthen cooperation with each local subsidiary, which has discretion in managing its operations. We implement separate regional strategies tailored to the needs of clients in each region and a head office strategy. We have business locations in over 20 countries and regions as well as sell our products in over 60 countries around the world.

The Americas

Bryce Kristo

INX International Ink Co. (United States)
President & CEO
■ International Advisory Board Member

Guilherme Boulos Ribeiro

INX Do Brasil Ltda. (Brazil)
VP South American Operations

- 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)

INX International Ink Co.
(Chicago, United States)

INX International Ink Co.
(Ohio, United States)

INX Do Brasil Ltda.
(Sao Paulo, Brazil)

Europe

Cleo Nomikos

INX Europe Ltd.
President, INX Europe Ltd.
■ International Advisory Board Member

Benjamin Robert Grant

INX Europe Ltd.
Managing Director
Business Excellence Director-UK

Javier Bou

INX Europe Ltd.
Sakata INX Espana, S.A.
Managing Director-Spain

Thomas Kleps

INX Europe Ltd.
A. M. Ramp & Co. GmbH
Managing Director-Germany

Avi Bukai

INX Europe Ltd.
INX Digital Czech, A.S.
Managing Director-Digital EMEA

- 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)

INX International UK Ltd.
(Manchester, United Kingdom)

Sakata INX Espana, S.A.
(Barcelona, Spain)

Asia

Takashi Kimura

Sakata INX Asia Holdings Sdn. Bhd.
Director / President

Yogesh Kapur

Sakata INX (India) Private Ltd. (India)
Managing Director

Mitsuru Sugiyama

Taiwan Sakata INX Corp. (Taiwan)
General Manager

Lawrence Mondiguing

CDI Sakata INX Corp. (Philippines)
President

Urip Kurnia

PT. Sakata INX Indonesia (Indonesia)
President Director

Robert Ng

Sakata INX Vietnam Co., Ltd. (Vietnam)
General Director

Shingo Watano

Sakata INX (Malaysia) Sdn. Bhd. (Malaysia)
Managing Director

Sunil Kumar Chhabra

Sakata INX (Bangladesh) Private Ltd. (Bangladesh)
Managing Director

Phol Treesukkasem

Eternal Sakata INX Co., Ltd. (Thailand)
CEO

Thomas Yeung

Sakata INX (Zhongshan) Corp. (Zhongshan, China)
General Manager

Lin Shiqi

Sakata INX Shanghai Co., Ltd. (Shanghai, China)
President

- 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)

Sakata INX (India) Private Ltd.
(New Delhi, India)

Sakata INX (Bangladesh) Private Ltd.
(Dhaka, Bangladesh)

Sakata INX Vietnam Co., Ltd.
(Ho Chi Minh, Vietnam)

PT. Sakata INX Indonesia
(Jakarta, Indonesia)

Reinforce a Global Management Structure

International Advisory Board (IAB)

IAB meets twice a year to answer questions from the Representative Director, President & CEO regarding SAKATA INX's and the Group's state of the global management, including overseas business strategies and management issues. The Representative Director, President & CEO serves as IAB chair, and executives of overseas affiliated companies also participate as members.

Main Topics

- Confirmation of global management policy
- Discussions regarding global investments
- Discussions about strategies for different fields

IAB Members

Bryce Kristo

INX International Ink Co.
President & CEO

IAB discusses the progress of various initiatives across the Group. I am particularly looking forward to gaining a deeper understanding of developments in Japan and Asia.

Our teams in North America, South America and Europe work closely together on an ongoing basis. It is very important to discuss how to integrate the efforts of the SAKATA INX Group on a global basis in addition to Japan and Asia.

To improve our corporate value in the US and European markets, which I oversee, it is essential to set goals in line with our strategies. We also need to keep innovation and sustainability in mind for all our business activities.

Cleo Nomikos

INX Europe Ltd.
President

Through IAB, we are reviewing SAKATA INX Group's business and gaining a better understanding of the drivers, challenges and areas of focus for each region's long-term strategy. We are aligning across the board to establish to a long-term position at the global level, taking into account the unique challenges and differences in each region where we operate or plan to expand into.

It is vital that we clearly state our long-term goals at all levels of the organization and promote them together as one. To build on that foundation and achieve our goals, our core objective is to build a positive, collaborative culture and strive for the best in everything we do.

Reinforce a Global Management Structure and Move Forward with Initiatives

With offices in more than 20 countries and regions, we have steadily increased overseas sales. As we expand our customer base and business partners globally, we must also have a global response to key issues. To do this, SAKATA INX is aiming to become a "glocally" strong company that can adjust to the characteristics of each region while also ensuring that our bases around the world work well together. With this goal in mind, we will further strengthen our global consolidated management by creating a system and organization that is able to execute strategies on a company-wide basis.

Initiatives for establishing a governance system in Asia

We established a company in Malaysia in 2024 to oversee local subsidiaries in six Asian countries.
Going forward, we will develop the functions of the regional management company and work to strengthen our organizational and operational aspects.

Holding IAB and global meetings

In addition to hosting IAB, we also have global meeting to discuss strategies for topics such as the environment, ESG, materials and quality.
We are considering increasing opportunities for sharing information among countries.

Implement and Operate a Global Organization Structure

Increase the number of sites covered by BCP and hold training

We have held BCP training in India and Indonesia. We plan to hold BCP training in Vietnam in 2025.
In the future, we will promote understanding of BCP and safety in each country and create a unified approach by clarifying and standardizing policies and definitions to improve the efficiency of information sharing.

Initiatives to establish a global-level information sharing system

We are promoting global projects in a multiple fields, including research, the environment, materials and ESG and human resources. We are also building an information-sharing system and strengthening communication among these fields.
We will continue to develop a follow-up system to achieve our KPIs.

Risk Management Materiality

Basic Approach

We are working to prevent or mitigate the occurrence of latent risks with a possibility of occurring or materializing in the business environment surrounding the Group. In the event a contingency were to occur, we will endeavor to minimize any impacts on our business performance and financial condition.

Risk Management System

The process of identifying, assessing and responding to risks and opportunities that could have a significant financial or strategic impact is overseen by the Sustainability Committee, which is chaired by the Representative Director, President & CEO and comprises all Directors as members. The various committees under the Sustainability Committee also identify various risks within the Group and deliberate countermeasures, and manage these as company-wide risks. In addition, based on the Risk Management Regulations, the Risk & Compliance Committee identifies risks, while the Sustainability Committee deliberates on countermeasures to these risks, performs monitoring, and conducts regular assessments and reviews according to the situation. In the event of a contingency, based on our Emergency Response Regulations, we will prioritize safety and ensure business continuity by working together as a team to deal with the event, minimize losses, repair damage, and prevent recurrence, all of which will be carried out in order to bring the situation to a resolution.

Refer to
p. 65 Diagram of Company Institutions and Internal Control

Risk & Compliance Committee

The Risk & Compliance Committee usually meets semiannually to discuss and approve issues and countermeasures regarding risk and compliance, with the objectives of promoting risk management and ensuring thorough compliance based on the Company's management philosophy, ethical standards, and spirit of compliance.

In terms of risk, the committee focuses on disasters and other risks that the Group must address as a priority. With regard to compliance, the committee considers initiatives related to compliance with various laws and regulations, such as competition law, and promoting road safety. Additionally, by examining the results of internal reporting, the committee uses the information to plan and develop future compliance activities.

In FY2024, there were no reported cases of anti-competitive behavior or other violations of laws and regulations within the Group.

Information Security

We protect and manage trade secrets, such as technical information, know-how, and sales information of SAKATA INX and other companies, appropriately, recognizing that they are important intellectual property of each entity. In addition, we conduct rigorous information security measures, including malware countermeasures and zero trust measures (including restricting access to the internal network) implemented by the Information Systems Div.

In addition, we provide all employees with training on targeted email attacks and information security to raise awareness of the importance of information security and to warn them against information leaks.

All domestic SAKATA INX Group companies are currently building an Information Security Management System (ISMS) to continuously manage and improve information assets, and are working toward obtaining ISO 27001 certification.

SAKATA INX Group Basic Policy on Information Security
https://www.inx.co.jp/english/sustainability/governance/compliance/information_security_policy.html

SAKATA INX Group Basic Policy on Artificial Intelligence
https://www.inx.co.jp/english/sustainability/governance/compliance/artificial_intelligence_policy.html

Compliance Materiality

Corporate Ethics

We established a Code of Conduct and Ethics to ensure that all employees act with good sense. In 2023, we expanded its scope to Group companies and renamed it the SAKATA INX Group Code of Conduct and Ethics in order to serve as a guideline for initiatives against corruption, which is a major issue in the international community. The Code shows the values and ethics of the Group and incorporates the idea that it is not enough to simply follow rules and regulations, but that we should act with a higher level of awareness in order to meet the expectations of society.

SAKATA INX Group Code of Conduct and Ethics
https://www.inx.co.jp/english/sustainability/governance/compliance/ethical.html

Compliance Training and Awareness

In order to raise employee awareness of compliance, we provide various training programs, such as training for new employees and management, and also provide compliance training using video content. Additionally, we post legal information on our company intranet, which includes the SAKATA INX Group Code of Conduct and Ethics and an explanation of our internal reporting system (INX Helpline). We will continue to provide employees with the knowledge and information they need to comply with laws and regulations and internal rules, and work to strengthen the compliance system throughout the Group.

Speak Up Policy and Internal Reporting System

SAKATA INX and its domestic subsidiaries in Japan have established a Speak Up Policy that encourages officers, employees and employees to consult and report (speak up about) any violations or suspected violations of laws, regulations, the SAKATA INX Group Code of Conduct and Ethics or internal company rules. This policy also clearly describes how to consult or report, the role of a supervisor when receiving a consultation or report from a subordinate, and protections for whistleblowers, including prohibiting unfavorable treatment as a result of making a report.

The internal reporting system (INX Helpline) enables employees to seek advice regarding violations of laws and regulations, including about anti-competitive behavior, corruption, fraud, embezzlement and insider trading, to consult on matters that are questionable under the Code of Conduct and Ethics, or to report issues that are difficult to discuss with their supervisor. Reporting and consultation desks are set up both inside and outside the Company and subsidiaries in Japan and can be accessed by email or telephone.

In addition to prohibiting prejudicial treatment of whistleblowers, the Company has clarified the protection of whistleblowers and the duty of confidentiality, thereby curbing illegal activities and ensuring early identification and resolution of problems. When a report is received, it is reported to the Risk & Compliance Committee, which then investigates the matter, considers countermeasures, and takes appropriate measures to prevent recurrence of the problem. In FY2024, 14 reports were received through the INX Helpline.

Number of Reports (Reports)

FY2020	FY2021	FY2022	FY2023	FY2024
0	0	1	2	14

Exclusion of Antisocial Forces

Based on the SAKATA INX Group Code of Conduct and Ethics, we will not be easily swayed by antisocial forces or unjust pressure. We will take a resolute stance, cooperate with external specialist agencies, collect information on antisocial forces, and respond systematically.

Anti-corruption

As a guideline for our efforts to prevent corruption, which is an important issue in the international community, the Group has established rules on anti-corruption, such as prohibiting the provision of entertainment and gifts to public officials, in the SAKATA INX Group Code of Conduct and Ethics and the SAKATA INX Group Anti-Corruption Basic Policy, which was formulated in 2023. We raise employee awareness of these rules through various training programs and verify compliance using internal audits.

There were no cases of corruption in FY2024.

In addition to our internal reporting systems already in operation in the United States and Europe, we introduced new internal reporting systems at some of our overseas Group companies in Asia in FY2024. We will continue to build a Group-wide internal reporting system to serve as a check against corrupt practices.

Protection of Personal Information

Recognizing the importance of personal information of all those who provide it to us, including our customers, we have established a Personal Information Protection Policy to ensure that such information is handled appropriately and protected. In FY2024, there were no violations of this policy within the Group, such as leaks of personal information.

Basic perspective for handling personal information
https://www.inx.co.jp/english/etc/privacy.html

Enhance Stakeholder Dialogues

Strengthen Relationships with Stakeholders

Our basic policy is to strive for coexistence and mutual prosperity with all stakeholders and build good relationships through appropriate information disclosure and sincere communication with the aim of resolving social issues and achieving sustainable economic growth. We incorporate the opinions we receive through stakeholder dialogue and communication into our corporate activities as we work to continuously improve our corporate value and resolve social issues through our business activities.

Efforts for Stakeholders

Customers	• Communication as part of day-to-day sales activities • Customer questionnaires • Approaching customers at various exhibitions (8 times in FY2024) • Customer support
Stockholders and investors	• Ordinary general shareholders meetings • Stockholder reports • Financial results briefings (twice in FY2024) • IR Fair for individual investors (once in FY2024) • Individual IR meetings (162 in FY2024)
Suppliers	• Communication as part of day-to-day dealings • Interviews regarding CSR procurement • ISO-based onsite surveys
Local community	• Communication with local governments and neighborhood associations • Donations to and volunteering with local organizations
Employees	• Regular meetings with individual employees (twice a year) • Opinion surveys • Updates to internal portal site • Offsite meetings (twice in FY2024) • Small group discussions with management (32 times in FY2024)

Together with Stockholders and Investors

With regard to matter such as our business activities, financial information, and ESG initiatives, we proactively hold financial results briefings and events for individual investors, and meet with individual institutional investors to explain our current situation and future strategies in order to deepen understanding of our company and to incorporate stockholder and investor opinions into our management. We also strive to maximize access to information through our website to improve understanding and awareness of our company.

At an event for individual investors

Dialogue with Institutional Investors

Together with the IR department, management proactively participates in financial results briefings and IR meetings, engages in constructive dialogue with investors, and provides feedback to management and the Board of Directors on any questions or opinions received. Additionally, the IR department shares information with related departments through project meetings and other forums to consider measures for improvement. Going forward, we will continue to further enhance the information we provide and disclose information in an accurate, timely and ongoing way for the purposes of achieving sustainable growth and improving our corporate value.

Examples of Feedback in Action

- Policy changes for shareholder returns measures
- Establishment of a cross-company project system for IR-related matters
- Clearer messaging to stockholders and investors
- Introduction of a restricted share compensation plan for directors
- Introduction of a stock delivery trust for general employees

Past Dialogue Results

	FY2022	FY2023	FY2024
Financial results briefings (twice a year)	62 people	56 people	60 people
Individual IR meetings	46 cases	82 cases	162 cases

Together with Customers and Suppliers

Our basic policy is to strive for coexistence and mutual prosperity with all stakeholders, building good relationships through appropriate information disclosure and sincere communication with the aim of resolving social issues and achieving sustainable economic growth. We incorporate the opinions we receive from stakeholder dialogues and communication into our corporate activities as we work to continuously improve our corporate value and resolve social issues through our business activities.

Together with Employees

We regularly hold town hall meetings and roundtable discussions at our locations around Japan to provide opportunities for two-way communication between management and employees on a variety of topics such as our management vision, various policies, working conditions, and the working environment. The president also holds GENBA Walks (onsite walks) with young employees for the purpose of in-person opinion exchanges. In FY2024, these walks were held 32 times, with a total of 137 employees. From FY2025, board members have also been participating in these walks, which is revitalizing communication between management and frontline workers.

Outside Japan, INX International Ink Co. in the United States was recertified as a Great Place to Work® and recognized as one of the best workplace cultures in the country for the second consecutive year.

To Improve Corporate Value

To enhance the Group's corporate value, we are striving to improve capital profitability and pursue sustainable growth, as well as share our growth story with stakeholders.

To Improve Corporate Value

PBR (Improved corporate value) = ROE (Increased return on equity (current)) × PER (Pursuit of sustainable growth (future))

Policy to Improve Corporate Value 1 2 3 4

Increased return on equity / Pursuit of sustainable growth

Initiatives

1 Profitability Enhancement, Growth Strategies	2 Financial and Capital Strategies	3 Sustainability Strategies	4 Strengthen IR Areas
Achieve goals for the Long-term Strategic Vision and Medium-term Management Plan	Balance between financial soundness, investment for growth, and shareholder returns	Contribute toward a sustainable society	Share growth stories
Strengthen business profitability	Business investment	Implement sustainability management	Enhance stakeholder dialogues
Create new businesses	Shareholder returns		Expand information disclosure
	Optimal capital structure		
P21 Medium- to Long-term Strategic Vision P64 Create new businesses		P39 Sustainability Strategy	P77 Enhance stakeholder dialogues

Cash Allocation Plan for Medium-term Management Plan 2026 (CCC-II)

Profitability enhancement, growth strategies

Promote global management cooperation in the packaging area where demand continues to grow, with a focus on food products in regions with a growing middle class from population growth and economic development.

- Expand and increase sales of strategic products for global accounts
- Expand product development leading to improved sustainability and functionality
- Improve purchasing, production and logistics efficiency through regional cooperation

Create new businesses

- Four targeted business development domains: electronics & energy, bio-based and non-fossil materials, healthcare

Maximize the use of human capital

- Focused reallocation to businesses with high growth and profitability potential by developing human resources that will create sustainable growth and medium- to long-term value.

Optimal capital structure

Further reduction of strategically held shares

Reduction in held assets

- Consolidation of production facilities and sales and logistics bases in the information media business
  ▶ Consolidation of production to the Shiga Plant, disposal of Hanyu Plant facilities, etc.

2024-2026 3-year total

Cash inflows	Cash outflows
Balance sheet improvement	Shareholder returns Dividends + Acquisition of treasury stock 15 billion yen + α
Operating cash flow 40 billion yen	Investment to reinforce business 40 billion yen
Use of interest-bearing debt 15 billion yen	Strategic investment for future growth 15 billion yen
Debt/equity ratio About 0.4 times	

Shareholder returns

Shareholder Returns Policy

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

Target

Total return ratio of 50% or more
or DOE of 2.5% (whichever is higher)
by FY2026

- Dividend increase for three consecutive periods (35 yen in 2023 ▶ 70 yen in 2024 ▶ 90 yen (forecast) in 2025)

Business investment

Capital investment

Active investment in existing business growth areas

- Packaging inks, functional coatings
- Industrial inkjet inks, next-generation imaging display materials

Strategic investments

M&As that can generate synergies for our businesses and technologies and investment for new businesses and R&D

- New businesses: Establishment of SAKATA Brand Solutions (May 2024)
- M&A: Purchase of Coatings & Adhesives Corporation (C&A), a US-based coatings and adhesives manufacturer (November 2024)

Respect for Human Rights and Promotion of DEIB Materiality

Commitment to Respect for Human Rights

SAKATA INX Group has been contributing to the creation of communication culture for more than 120 years since its foundation in 1896. With its strengths in environmentally friendly products and high value-added products, we have actively developed our business globally, and is now one of the world's leading comprehensive ink manufacturers. We deliver our products to many countries and regions with global bases of production and sales. In addition, SAKATA INX group has more than 4,800 employees of various nationalities and ethnicities.

As a company with such global reach and diversity, we respect the human rights of our employees and other stakeholders in order to achieve a society in line with the SDGs (United Nations Sustainable Development Goals).

In the conduct of our business, we constantly keep eyes on the occurrence of human rights risks, and if negative impacts occur, we work to prevent and mitigate them, and take appropriate action to remedy and redress them. We recognize that respect for human rights is an important responsibility of a responsible company.

Our Commitment to Respect for Human Rights
https://www.inx.co.jp/english/sustainability/social/human/

Human Rights Policy

SAKATA INX Group has established a Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights, which was approved by the United Nations Human Rights Council, and is promoting initiatives that respect human rights. As a member of society, we recognize the importance of respecting human rights and have positioned this policy as our highest-level human rights rule based on our Corporate Philosophy, Sustainability Basic Policy, and Code of Conduct and Ethics. We prohibit unfair discrimination and human rights infringements on grounds such as nationality, race, creed, religion, sex, physical disability, or any other reason.

We shall continue to respect the human rights of our various stakeholders and be a company that is fair and trusted by society. By doing so, we will contribute to achieving a sustainable society.

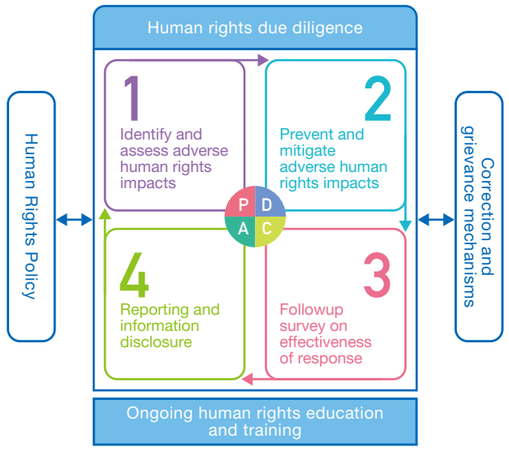
SAKATA INX Group Human Rights Policy
https://www.inx.co.jp/english/sustainability/social/human/humanrights_policy.html

Conduct Human Rights Due Diligence

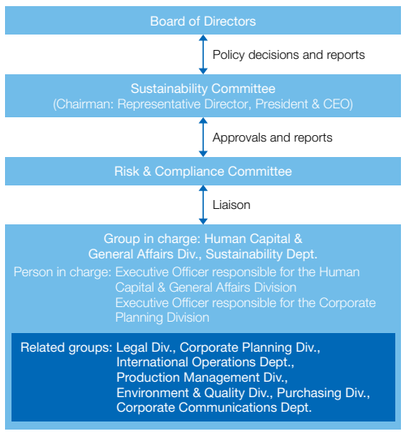
Based on the United Nations Guiding Principles on Business and Human Rights, we will fulfill our responsibility as a company to respect human rights through procedures to identify, assess, prevent, mitigate and remedy adverse impacts on human rights.

We identify and assess potential human rights risks through our human rights due diligence process, and we are working to reduce these risks in respect of the human rights of various stakeholders affected by our business activities.

Human Rights Due Diligence Process



Promotion System for Human Rights Due Diligence



Important Human Rights Issues

We mapped human rights risks to identify human rights issues that could have an adverse impact due to our business activities. We have identified eight areas of focus as key human rights issues in order to mitigate potential human rights risks. Using our human rights due diligence process, we identify and assess these human rights risks as they occur or as potential human rights impacts.

Eight Areas of Focus

- Health and safety
- Effects on local communities
- Forced labor
- Working hours
- Harassment
- Discrimination
- Bribes and corruption
- Infection disease control

Important Human Rights Issues
https://www.inx.co.jp/english/sustainability/social/human/

Initiatives for the Respect of Human Rights

(1) Employee Questionnaire (within Japan)

As part of our assessment to identify potential human rights risks, we conduct a human rights assessment questionnaire for Group employees in Japan (including part-time, temporary employees and employees posted overseas).

(2) Questionnaires for Group Companies Outside Japan

We conduct surveys of top management outside Japan using Global Compact Network Japan's CSR/Sustainable Procurement Self-assessment Tool Set as a base and add our own original questions.

(3) A Responsible Supply Chain

Mainly for major suppliers in Japan (equivalent to about 90% of our domestic purchasing volume), we use Global Compact Network Japan's CSR/Sustainable Procurement Self-assessment Tool Set as a base and add our own original questions. We also hold corrective dialogues with suppliers when we have found it necessary for them to improve their self-assessment score. We also use the Sedex platform to disclose information about labor, health and safety, environment and business ethics in our supply chain.

(4) Endorsement of the "My Declaration of Human Rights"

We have endorsed the My Declaration of Human Rights project promoted by Japan's Ministry of Justice and have published our own declaration. My Declaration of Human Rights is an initiative that aims to realize a society in which everyone respects human rights by having companies, organizations and individuals declare their respect for human rights in practice.

(5) Freedom of Association and Collective Bargaining

In Japan, we comply with laws and regulations regarding matters such as fundamental labor rights and respect freedom of association and collective bargaining. Union and management work together to improve the working environment and enhance employee benefits, as well as take the initiative to develop next-generation human resources that will lead SAKATA INX Group. A union and management council is held at headquarters and each branch several times a year. The decisions made at this council apply to all employees.

(6) Human Rights Education

The President & CEO has issued a video message globally about SAKATA INX's commitment to respect for human rights, and we also conduct explanatory meetings and provide e-learning on this matter. We will continue to implement various types of human rights education to widely spread the spirit of respect for human rights.

(7) External Activities

We participate in the Human Rights Education Subcommittee and the Human Rights Due Diligence (HRDD) Subcommittee of the Global Compact Network Japan.

(8) Harassment Prevention

To ensure that employees are respected as individuals and to maintain a good working environment to carry out work duties, we have established a Harassment Prevention Committee, and have in place Harassment Prevention Regulations and a consultation service. When providing consultations and handling complaints, our rules set out that due consideration must be given to the dignity, human rights, and privacy of the persons involved.

Diversity, Equity, Inclusion and Belonging (DEIB) Basic Policy

People are the driving force of an organization. Based on the basic idea that it is important to recognize and utilize the diverse cultures, norms, skills, experience, and values of a global workforce full of individuality, and to create an environment in which people can thrive no matter the situation, we view DEIB as a way to maximize the capabilities of our employees to generate new ideas and create new value. We have established the SAKATA INX Group DEIB Basic Policy as a guidepost for our DEIB efforts.

SAKATA INX Group Diversity, Equity, Inclusion and Belonging (DEIB) Basic Policy
https://www.inx.co.jp/english/sustainability/social/dei/dei_policy.html

Create a Rewarding Workplace and Organizational Climate Materiality

Enrichment of Work and Life

We have established a Review Committee for Work Style, which holds regular meetings with the aim of promoting working style reforms such as balancing work and childcare. We are promoting the reduction of overtime work and efficient operations in the interests of being a company where it is both comfortable and rewarding to work.
We have also introduced a telework system to improve productivity and work efficiency with flexible working styles. A variety of working styles enriches work and life and contributes to business continuity in the event of a disaster, among other reasons.

Annual Paid Leave Aquisition Rate and Overtime Hours

There was an increase in overtime hours and a decrease in the use of paid leave compared to last year as we transitioned to the use of new core system in March 2024. We will continue to work on improving these figures with efforts to enhance employee awareness of measures such as “no overtime days” and “annual paid leave +1.”

	Unit	2021	2022	2023	2024	KPIs for 2030 goals
Average monthly overtime hours (per person, excluding managerial employees)	Hours	15.8	15.2	14.7	18.2	Maintain less than 16 hours
Annual paid leave aquisition rate (per person)	%	48.8	54.5	61.3	56.7	55% or higher

Support for Childcare, Nursing Care and Sick Care

To support employees in both work and childcare, we provide and expanded the upper limit to shortened working hours to the end of third grade, which is longer than is legally mandated. We also carry out awareness-raising activities, etc. about available systems with the goal of achieving a 100% childcare leave rate for both men and women by 2030. We are also working to encourage more employees to take such leave and to promote understanding among other employees, with initiatives to support men taking parental leave, raising awareness among superiors, and publishing a guidebook for employees for balancing work and childcare.

The period of leave to care for a family member in need of nursing care is a total of 186 days, exceeding the legal requirement. In FY2025, we newly established a consultation service for nursing care. We also have sick care leave for employees who need to care for a sick family member. We also have an accumulated paid leave system that can be used for illness, childcare, nursing care, sick care and the like. From FY2025, it has become possible to take this leave in hourly units.

We will continue to expand in-house understanding of employees with childcare, nursing care, and sick care duties, and promote the development of a comfortable and rewarding workplace where employees have mutual respect.

Utilization Rate for Childcare Support Systems

	2021	2022	2023	2024
Rate of return from childcare leave	100%	94.8%	100%	100%
Number of employees on childcare leave (women) and acquisition rate	5 (100%)	6 (100%)	5 (100%)	6 (100%)
Number of employees on childcare leave (men) and acquisition rate	3 (16.7%)	14 (56.0%)	16 (69.5%)	17 (73.9%)
Number of employees using the shortened-time work system for childcare (women)	11	10	7	11
Retention rate after returning	100%	94.8%	100%	100%

(Note) Includes employees who have taken accumulated paid leave (up to 50 days) for childcare purposes when their spouse gives birth

Three Employee Networks

These networks serve as a place for employees to connect and exchange information based on specific themes and collect suggestions and proposals from network members to improve the company.

(1) Women’s Network

This network promotes mutual assistance among women employees, helps solve issues faced by women employees, changes awareness among women employees and holds study sessions, among other activities.

(2) Ikuboss Network

By striving to become *ikubosses* (inclusive leaders) who support the careers and lives of employees working with them while producing results for the organization and also enjoying their own work and personal lives, this network fosters an organizational culture for the ideal bosses we need in today’s age of employee diversity.

(3) Working Parents Network

This network aims to foster a workplace environment that promotes understanding of and supports employees who balance work and childcare. In FY2024, the network collected employee feedback about the company and proposed new support systems, among other activities.

Town Hall Meetings and GENBA Walks

SAKATA INX holds town hall meetings, where executives can communicate directly with employees in the field in various ways. GENBA Walks are also held as small-group opinion exchange meetings.

We aim to achieve sustainable growth and improve corporate value by stimulating communication between management and employees, deepening mutual understanding, and uniting the entire company.

At the third town hall meeting, employees asked President Ueno questions about matters such as side jobs, expansion into Asia, the possibility of global expansion (including the European market), and SAP implementation, exchanging their opinions.

In 2024, President Ueno mainly participated in the GENBA Walk, but from 2025, all executives are participating.

Third Town Hall Meeting

GENBA Walk
at the Hanyu Plant
Director Morita
(second from right)

GENBA Walk
at the Osaka Plant
Executive Officer
Kanazawa
(third from right)

Employee Opinion Survey

We hold an annual employee opinion survey for engagement. We are implementing measures to improve human resource policies, including system reforms, in the interests of further enhancing employee growth and engagement.

Health and Productivity Management Declaration

Our Company-wide Basic Health & Safety Policy states that “ensuring the safety of working people in all business activities as well as their physical and mental health is an important management issue.” Maintaining and promoting employee health and creating a comfortable working environment is a key issue for us. We seek to build a sustainable society and increase our corporate value by further advancing our existing health and safety activities and actively promoting efforts to improve health so employees can work with vigor both physically and mentally.

Certified as one of the Outstanding Organizations of KENKO Investment for Health for the 5th Consecutive Year

We have been accredited as one of the 2025 Outstanding Organizations of KENKO Investment for Health (Large Corporation Category) jointly organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Health Management Promotion System

To promote health and productivity management, we work in cooperation with a health insurance association and operate under the following structure, centered on the Health Building Promotion Committee.

Action Guidelines

With the goal of “creating a healthy workplace where each individual plays a leading role,” our initiatives are in accordance with the following action guidelines.

- The company and the health insurance association will work together to maintain and improve employee health and prevent illness.
- We will strive to raise employee awareness of health issues through safety and health education and awareness campaigns.
- We are committed to creating a comfortable working environment where employees can work in good physical and mental health.
- We will support activities that enable employees to take the initiative in promoting their own health.
- We are also committed to maintaining and promoting the health of our employees’ families.

Strategy map / Target values and actual results for each indicator / Details of initiatives
https://www.inx.co.jp/english/sustainability/social/kenko_keiei/declaration.html

Career Paths and Personnel Policies for Human Resource Development Materiality

Human Resources Development (education and training system)

As a foundation for realizing our Long-term Strategic Vision and supporting the sustainable growth of our Group, we have developed and systematically implemented an education and training system that allows each employee to map out their own career path and independently hone the capabilities and skills that will lead to their own growth.

We have established an educational system, as illustrated in the diagram, and are actively engaged in effective employee development and talent cultivation through training programs tailored to job grades (hierarchical levels) and departments.

Training Hours (Japan) (Hours)

	FY2022	FY2023	FY2024
Total training hours	4,506	12,731	11,665
Average training hours (per person)	4.7	11.1	10.1

(Note) From FY2023, management training, elective training, and training/workshops at plant are included in the calculations.

Support for Career Development and Skills Development

We are working to enhance our systems and environments to enable each and every employee to envision their future careers. We are implementing various initiatives for the purposes of career autonomy and career ownership, in which employees consider their own careers and actively engage in career development through ongoing learning.

2023

Established an open career recruitment system (a system that allows employees to voluntarily transfer to a department that is recruiting) and an internal internship system (a system that allows employees to participate in the work of other departments while remaining registered in their own department).

2024

Established a "career challenge system" (a system that allows employees to request a transfer to their desired department) to foster a culture of taking on new challenges and to revitalize the entire organization.

2025

We revised our overall human resources system, taking into account the career autonomy system we had already introduced. Based on our human resources vision of "people who can initiate change and enjoy challenges while having a global perspective," we reviewed our qualification system, evaluation system, and wage system to strengthen our support for employee career planning, skill development, and human resources development by placing greater emphasis on evaluating work content and results.

Going forward, we will continue to update our systems and mechanisms related to career development, creating an environment that maximizes the performance of diverse individuals and teams.

Additionally, to support employees' proactive learning, we have established a distance learning incentive system and a qualification acquisition incentive system. We have introduced a self-selected learning content program, allowing employees to choose and participate in e-learning programs or external courses that interest them. When a correspondence course is completed or a qualification is received, the company partially reimburses expenses or provides incentive payments.

Education and Training System Chart

Qualification	General employee		Managerial employee		
Tiered education	New employee training	Mid-career employee training	New appointment training	Leader development program for future managers	Future executive leader candidate training program
	Tutor/advisor education		Evaluator training/Management training		
ESGs	SDGs/environmental education, human rights/harassment training, compliance training, safety and health training, mental health training, DEIB training				
	Childcare and caregiving life event seminars				
Career support and self-interest training	Qualification acquisition incentive system, English conversation education, elective training (public lectures by external organizations, e-learning)				
	Gender equality training				
		Retirement preparation (senior life study)			
Overseas training, language training	Overseas training, receiving overseas trainees, dispatch to English conversation school				
Department-specific education	Workplace On-the-Job Training (OJT), external seminars, goal management system (individual interviews)				
	Color-matching skills training				
	e-learning, debt management training, education related to research, technology and manufacturing				

Gender Equality

Since 2017, we have continuously been certified as an Osaka City Leading Company in Women's Participation and are working to eliminate gender disparities and further promote women's participation in the workforce by creating a workplace environment where women employees can continue working while actively promoting and building their careers. To build a foundation for achieving our Long-term Strategic Vision of having 15% women managers in Japan by 2030, we have formulated the following action plan based on the General Employers Action Plan under Japan's Act on Promotion of Women's Participation and Advancement in the Workplace. In 2024, we launched our Corporate Relations Division and established a Corporate Communications Department within the division to promote women's empowerment from the perspectives of DEIB, culture, and branding.

Action Plan from FY2024

Period: January 1, 2024–December 31, 2025

Target 1 Increase the ratio of female managers (internal title: Manager and above) to at least 6.0%.

Initiatives: From January 2024

- Continue providing leadership training and similar programs for potential female managers
- Introduce a talent management system and strengthen support from supervisors to help potential female managers build their careers
- Build and present role models to encourage more employees to aspire to promotion

Target 2 Increase the ratio of female employees to at least 30%.

Initiatives: From January 2024

- Enhance the work environment and expand systems for women in the workplace
- Include a gender equality perspective in recruitment plans and hire women more extensively
- Hold ongoing recruitment seminars for women in order to recruit diverse human resources

Progress on Each Target (%)

	FY2023	FY2024
Target 1	3.2	4.3
Target 2	45.2	27.1

Utilize Diverse Human Resources

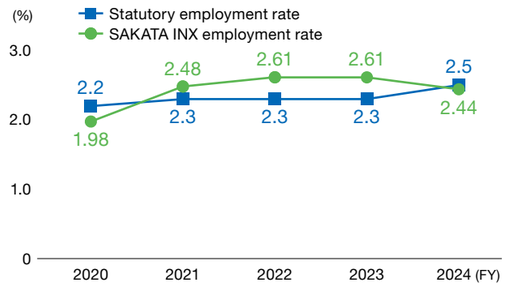
Promote the Utilization of Seniors

We have introduced a rehiring system for employees that have reached the retirement age of 60 to continue to play an active role in the company. Those who wish to do so can continue employment until a maximum age of 65. Under full-time and shortened-hour work arrangements, such rehired employees play a part in the sustainable growth of the company and the development of future generations by contributing their past experience and the high level of skills and expertise they have cultivated. We have in place an evaluation system to measure performance so that rehired employees can remain vibrant, active and motivated. We are considering future measures to secure such rehiring opportunities up to age 70 and extend the retirement age.

Employment of People with Disabilities

To contribute to the realization of a society in which people with disabilities can fully demonstrate their abilities and lead independent lives, we maintain and improve the working environment so that we can employ and retain people with disabilities. As of the end of December 2024, our employment rate of people with disabilities in Japan is 2.44%. Employees with disabilities, whether physical, intellectual or mental, are members of administrative, technical, and manufacturing departments in Japan, where they perform tasks suited to the degree and characteristics of their disabilities. In addition to activities that contribute to development of the local community, some employees also work on farms in Miyazaki Prefecture, further expanding the scope of their activities. In addition, we are adjusting our infrastructure, such as making facilities barrier-free, so that employees with disabilities can adapt to the workplace and perform their duties.

Employment Rate of People with Disabilities



(Note) The number for each fiscal year is as of December.

Financial and Non-financial Data

Financial Data

Category	Unit	143rd period FY2020	144th period FY2021	145th period FY2022	146th period FY2023	147th period FY2024
Net sales (consolidated)	billion yen	161.5	181.4	215.5	228.3	245.5
Operating income (consolidated)	billion yen	7.2	7.4	4.1	11.4	13.1
ROS	%	4.5	4.1	1.9	5.0	5.4
ROE	%	6.9	6.1	5.3	8.1	8.5
ROA	%	5.3	5.5	2.9	7.3	6.2
Ordinary income	billion yen	7.7	8.5	4.9	13.6	12.8
Net income attributable to owners of parent	billion yen	5.2	4.9	4.5	7.4	9.0
Cash flow from operating activities	billion yen	10.5	7.5	4.9	15.3	8.9
Cash flow from investing activities	billion yen	(7.0)	(5.3)	(1.6)	(7.5)	(14.8)
Cash flow from financial activities	billion yen	(0.9)	(2.8)	(3.8)	(4.2)	4.2
Free cash flow*1	billion yen	3.5	2.2	3.2	7.7	(5.9)
Total assets	billion yen	145.2	166.8	177.4	194.0	221.4
Net assets	billion yen	81.4	92.4	92.9	105.6	119.2
Equity capital	billion yen	76.3	86.3	86.2	98.7	112.3
Equity ratio	%	52.6	51.8	48.6	50.9	50.7
Current assets	billion yen	77.6	92.8	101.1	110.5	122.7
Net assets per share	yen	1,307.13	1,478.18	1,724.45	1,974.19	2,264.08
Net income per share	yen	90.32	84.43	85.52	149.22	180.64
Dividends per share	yen	30	30	30	35	70
Payout ratio	%	33.2	35.5	35.1	23.5	38.8

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

Net sales / Operating income by segment

Category	Unit	143rd period FY2020	144th period FY2021	145th period FY2022	146th period FY2023	147th period FY2024
Net sales						
Printing inks and Equipment (Japan)	billion yen	48.0	50.4	51.4	52.9	52.8
Printing inks (Asia)	billion yen	32.5	38.5	48.0	52.4	58.2
Printing inks (The Americas)	billion yen	49.5	54.9	73.8	78.8	87.8
Printing inks (Europe)	billion yen	10.1	15.9	19.4	19.5	21.4
Digital and specialty products	billion yen	11.8	14.3	15.5	16.8	19.4
Other	billion yen	16.9	17.2	14.0	15.3	12.7
Adjusted amount	billion yen	(7.6)	(9.9)	(6.8)	(7.5)	(6.9)
Total	billion yen	161.5	181.4	215.5	228.3	245.5
Operating income						
Printing inks and Equipment (Japan)	billion yen	1.25	1.36	0.40	1.40	0.92
Printing inks (Asia)	billion yen	2.45	2.24	1.74	4.34	5.74
Printing inks (The Americas)	billion yen	2.95	1.46	0.36	4.67	4.47
Printing inks (Europe)	billion yen	(0.43)	(0.18)	(0.57)	(0.78)	0.06
Digital and specialty products	billion yen	0.54	1.90	1.58	1.88	2.28
Other	billion yen	0.15	0.35	0.33	0.46	0.16
Adjusted amount	billion yen	0.28	0.27	0.26	(0.53)	(0.51)
Total	billion yen	7.21	7.41	4.12	11.44	13.16
Average exchange rate for the period	yen	106.82	109.80	131.43	140.56	151.58

Non-financial Data

Category		Unit	143rd period FY2020	144th period FY2021	145th period FY2022	146th period FY2023	147th period FY2024
Social Data							
Number of employees: Consolidated (Non-consolidated)		persons	4,598 (864)	4,766 (865)	4,862 (893)	5,035 (894)	5,143 (904)
Number of male managers: Consolidated (Non-consolidated)		persons	—	—	814 (269)	903 (270)	922 (269)
Number of female managers: Consolidated (Non-consolidated)		persons	—	—	104 (7)	106 (9)	120 (12)
Number of female employees: Consolidated (Non-consolidated)		persons	— (133)	— (134)	721 (141)	765 (151)	763 (157)
Percentage of female employees: Consolidated (Non-consolidated)		%	— (15.3)	— (15.4)	14.8 (15.7)	15.1 (16.8)	14.8 (17.3)
Percentage of female managers: Consolidated (Non-consolidated)		%	— (0)	— (0)	11.3 (2.5)	10.5 (3.2)	11.2 (4.3)
Percentage of new female graduates hired: Non-consolidated		%	8.3	8.7	31.6	57.1	38.0
New graduates: Non-consolidated		persons	24	23	19	14	21
New female graduates: Non-consolidated		persons	2	2	6	8	8
Number of mid-career hires: Non-consolidated		persons	10	11	14	18	27
Employee turnover: Non-consolidated		persons	7	20	32	20	23
Annual turnover rate (voluntary resignation): Non-consolidated		%	0.8	2.3	3.2	2.2	2.5
Average employee service length: Non-consolidated, Male/Female		years	18.4/17.6	18.6/18.0	18.2/17.2	19.0/16.3	19.3/16.1
Employment rate of people with disabilities: Non-consolidated		%	1.98	2.48	2.61	2.61	2.44
Enrichment of work and life							
Average monthly overtime (per person, excluding managers)		hours	11.8	15.9	15.3	14.7	18.2
Annual paid leave aquisition rate (per person, including managers)		%	51.9	48.8	54.5	61.3	56.7
Those taking childcare leave	Men	persons	1	3	14	16	17
		applicable persons	19	18	25	23	23
		%	5.3	16.7	56.0	69.5	73.9
	Women	persons	4	5	6	5	6
		%	100.0	100.0	100.0	100.0	100.0
Return-to-work rate following childcare leave		%	100.0	100.0	94.8	100.0	100.0
Retention rate after returning		%	100.0	100.0	94.8	100.0	100.0
Users of the shortened hours work system for childcare: Male/Female		persons	0/13	0/11	0/10	0/7	0/8
Those taking nursing care leave: Male/Female		persons	0/0	0/0	0/0	0/0	0/0
Occupational health and safety*2							
Frequency rate		—	0.83	0.00	0.00	0.82	2.323
Intensity rate		—	0.00	0.00	0.00	0.00	0.009
No. of accidents requiring time off work		reports	1	0	0	1	3
No. of accidents resulting in death		reports	0	0	0	0	0
Environmental data*3							
CO_2 emissions							
Scope 1 & 2 (consolidated)		t-CO_2e	—	—	43,562	41,543	39,380
Scope 1 & 2 (non-consolidated)		t-CO_2e	—	—	10,005	8,944	7,128★
Waste emissions							
Waste emissions (consolidated)		t	12,815	13,216	12,841	14,658	15,384
Waste emissions (non-consolidated)		t	2,050	1,872	1,802	1,661	1,534
Waste emissions (outside Japan)		t	10,765	11,344	11,039	12,997	13,850

*2 The four main plants in Japan
*3 New coefficients are used each year so figures may differ from previous years.
(Note) Figures subject to third-party assurance are indicated with a ★.

Financial Statements

Consolidated Balance Sheet

(Unit: Million yen)

	Previous consolidated fiscal year (December 31, 2023)	Current consolidated fiscal year (December 31, 2024)
Assets		
Current assets		
Cash and savings	17,013	15,717
Notes and accounts receivable	59,401	64,151
Goods and products	16,086	19,302
Works in progress	1,450	1,664
Raw materials and supplies	14,506	18,839
Other	2,762	3,751
Allowance for doubtful accounts	(663)	(665)
Total current assets	110,557	122,761
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	19,892	21,180
Machinery, equipment and vehicles (net)	10,684	11,830
Land	9,817	10,334
Leased assets (net)	256	199
Construction-in-progress account	2,223	4,991
Other (net)	4,201	5,472
Total tangible fixed assets	47,075	54,009
Intangible fixed assets		
Goodwill	386	1,482
Other	3,518	5,639
Total intangible fixed assets	3,904	7,122
Investments and other assets		
Investment securities	30,118	32,833
Long-term loans	28	29
Retirement benefit assets	339	1,127
Deferred tax assets	1,208	1,854
Other	1,735	1,829
Allowance for doubtful accounts	(880)	(97)
Total investments and other assets	32,549	37,576
Total fixed assets	83,529	98,708
Total assets	194,087	221,470

(Unit: Million yen)

	Previous consolidated fiscal year (December 31, 2023)	Current consolidated fiscal year (December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable	25,578	25,644
Electronically recorded debt	14,030	14,215
Short-term loans	8,354	9,433
Current portion of long-term borrowings	3,415	4,817
Lease obligations	696	834
Accrued expenses	5,623	6,985
Unpaid corporate taxes, etc.	839	467
Bonus reserve	663	760
Other	2,607	3,080
Total current liabilities	61,811	66,238
Fixed liabilities		
Corporate bonds	1,000	1,000
Long-term debt	11,285	17,748
Lease obligations	1,151	2,411
Deferred tax liabilities	4,353	5,723
Retirement benefit liabilities	5,040	4,727
Asset retirement obligations	76	74
Other	3,717	4,323
Total fixed liabilities	26,624	36,009
Total liabilities	88,435	102,248
Net worth		
Shareholder equity		
Capital	7,472	7,472
Capital surplus	5,673	5,814
Retained earnings	77,740	84,496
Treasury stock	(3,999)	(4,930)
Total shareholder equity	86,886	92,853
Accumulated other comprehensive income		
Unrealized gains on other securities	2,151	2,313
Deferred gains and losses on hedges	2	(0)
Cumulative translation adjustment	10,169	16,838
Accumulated adjustments for retirement	(411)	304
Total accumulated other comprehensive income	11,911	19,456
Non-controlling interests	6,853	6,911
Total net assets	105,651	119,221
Total liabilities and net assets	194,087	221,470

Consolidated Income Statement

(Unit: Million yen)

	Previous consolidated fiscal year (From January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (From January 1, 2024 To December 31, 2024)
Net sales	228,362	245,570
Cost of sales	177,985	186,937
Gross profit	50,376	58,633
Selling, general and administrative expenses	38,928	45,471
Operating income	11,448	13,161
Non-operating income	3,146	1,920
Non-operating expenses	960	2,189
Ordinary income	13,634	12,893
Extraordinary income	553	709
Extraordinary losses	3,077	308
Net income before taxes and other adjustments	11,111	13,293
Corporate taxes, resident taxes and business taxes	3,739	3,255
Corporate tax adjustment amount	(141)	(204)
Total corporate taxes, etc.	3,597	3,050
Net Income	7,513	10,243
Net income attributable to non-controlling interests	46	1,236
Net income attributable to owners of parent	7,466	9,006

Consolidated Statement of Comprehensive Income

(Unit: Million yen)

	Previous consolidated fiscal year (From January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (From January 1, 2024 To December 31, 2024)
Net income	7,513	10,243
Other comprehensive income		
Unrealized gains on other securities	1,087	226
Deferred gains and losses on hedges	2	(2)
Cumulative translation adjustment	4,248	5,006
Adjustment for retirement benefits	310	727
Amount equivalent to equity for equity method affiliates	1,325	2,313
Total other comprehensive income	6,974	8,272
Comprehensive income	14,487	18,515
(Breakdown)		
Comprehensive income attributable to owners of parent	13,966	16,551
Comprehensive income attributable to non-controlling interests	521	1,963

Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous consolidated fiscal year (From January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (From January 1, 2024 To December 31, 2024)
Cash flow from operating activities		
Net income before taxes and other adjustments	11,111	13,293
Depreciation costs	4,868	5,515
Increase/decrease in allowance for doubtful accounts (decrease)	(103)	(586)
Interest and dividend income	(345)	(468)
Interest expenses	767	811
Equity in earnings/losses of affiliates (earnings)	(1,750)	(874)
Gains/losses on sales of investment securities (gains)	(38)	(32)
Increase/decrease in accounts receivable (increase)	(3,404)	(2,501)
Increase/decrease in inventory assets (increase)	3,027	(2,623)
Increase/decrease in accounts payable (decrease)	1,085	(1,805)
Other	126	3,105
Subtotal	17,997	12,892
Interest and dividends received	693	1,065
Interest paid	(758)	(815)
Grants received	100	70
Corporate tax payments	(2,659)	(4,309)
Cash flow from operating activities	15,372	8,904
Cash flow from investing activities		
Expenditures for acquisition of tangible fixed assets	(4,269)	(6,924)
Income from sales of tangible fixed assets	249	283
Expenditures for acquisition of intangible fixed assets	(1,744)	(491)
Expenditures for acquisition of investment securities	(1,933)	(519)
Income from sales of investment securities	46	856
Other	(363)	(269)
Cash flow from investing activities	(7,590)	(14,846)
Cash flow from financial activities		
Net increase/decrease in short-term borrowings (decrease)	(3,305)	1,049
Income from long-term borrowings	3,647	11,311
Payments for long-term borrowing repayments	(2,541)	(3,699)
Dividend payouts	(1,501)	(2,249)
Dividends paid to non-controlling shareholders	(348)	(891)
Expenses for acquisition of treasury stock	(0)	(1,204)
Other	(250)	(305)
Cash flow from financial activities	(4,299)	4,214
Translation differences for cash and cash equivalents	1,002	92
Increase/decrease in cash and cash equivalents (decrease)	4,485	(1,635)
Cash and cash equivalents at beginning of period	11,721	16,218
Increase/decrease in cash and cash equivalents due to changes in the scope of consolidation (decrease)	12	–
Cash and cash equivalents at period end	16,218	14,583

Company Information/Stock Information

Company Overview (as of June 30, 2025)

Company Name	SAKATA INX CORPORATION
Founded	November 1, 1896
Incorporated	September 5, 1920
Head Offices	(Osaka) Urbannet Midosuji Building, 4-2-13 Awajimachi, Chuo-ku, Osaka-shi, Osaka (Tokyo) Nikkyohan Building, 1-4-25, Kohraku, Bunkyo-ku, Tokyo
Representative	Representative Director, President & CEO YOSHIAKI 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
Sales Bases in Japan	Branches (Miyagi, Aichi, Fukuoka) Office (Kagawa) Distribution centers (Hokkaido, Kanagawa, Ishikawa, Shizuoka, Okayama)
Production Sites in Japan	Tokyo Plant (Noda City, Chiba), Osaka Plant (Itami City, Hyogo), Shiga Plant (Maibara City, Shiga), Hanyu Plant (Hanyu City, Saitama)
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
Number of employees	5,143 consolidated (904 non-consolidated) (Note) as of December 31, 2024

Stock Information (as of December 31, 2024)

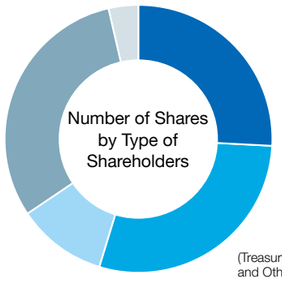
Stock Status

Authorized number of shares: 144,000,000
Total number of issued shares: 54,172,000
Number of shareholders: 28,549
Average number of shares held per person: 1,897

Major Shareholders

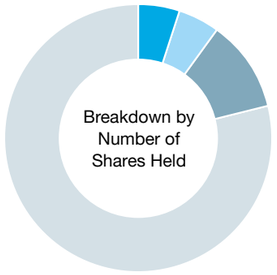
Name of shareholder	Shareholding (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,772	10.66
SAKATA INX CORPORATION	4,439	8.19
JP MORGAN CHASE BANK 385632	3,714	6.86
Sumitomo Life Insurance Company	3,510	6.48
Custody Bank of Japan, Ltd. (trust account)	2,595	4.79
SAKATA INX Employee Shareholders Association	1,673	3.09
Resona Bank, Ltd.	1,563	2.89
Kanbe Bussan Co., Ltd.	1,416	2.61
BBH BOSTON FOR NOMURA JAPAN SMALLER CAPITALIZATION FUND 620065	1,347	2.49
The Asahi Shimbun Company	1,181	2.18

Distribution of Shares



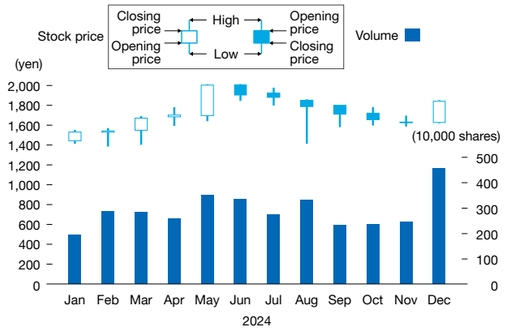
- Individuals and Others 14,052,000 shares (25.94%)
- Financial Institutions 15,693,000 shares (28,97%)
- Other Japanese Corporations 5,789,000 shares (10.69%)
- Foreign Nationals 16,763,000 shares (30.94%)
- Securities Companies 1,873,000shares (3.46%)

(Treasury shares are included under Individuals and Others)



- Less Than 100 Shares 30,000 shares (0.06%)
- 100–999 shares 2,780,000 shares (5.13%)
- 1,000–9,999 shares 2,678,000 shares (4.94%)
- 10,000–99,999 shares 6,078,000 shares (11.22%)
- 100,000 shares or more 42,604,000 shares (78.65%)

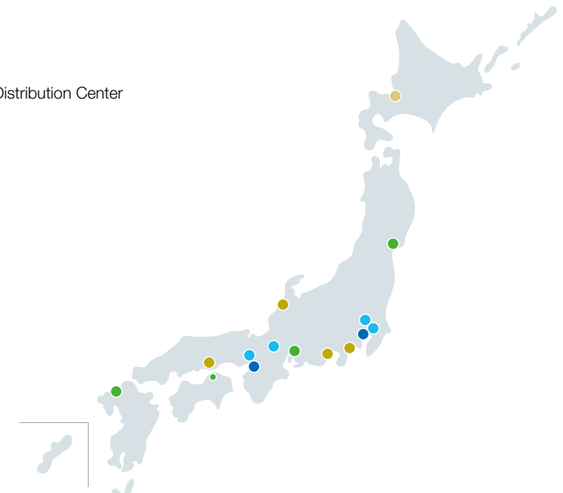
Stock Price and Trading Volume Trend



Domestic Bases

SAKATA INX CORPORATION

● Head Offices ● Branches (● Satellite Office) ● Plants ● Distribution Center



Main Group Companies in Japan

Sakata Chemtech Corporation (consolidated subsidiary)
Sakata Labostation Co., Ltd. (consolidated subsidiary)
SAKATA Brand Solutions Co., Ltd. (consolidated subsidiary)
Logi Co-Net Corporation (equity method affiliate)
SIIX Corporation (equity method affiliate)

External Evaluations

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. Also selected as a constituent stock of the FTSE Blossom Japan Index in July 2024.
We will continue to improve corporate value and contribute to the realization of a sustainable society.

Nikkei Sustainability Comprehensive Survey: SDGs Management Edition, 2024

In November 2024, we were certified as a 3.5-star company in the Nikkei Sustainability Comprehensive Survey: SDGs Management Edition, which is sponsored by Nikkei Inc. Nikkei has conducted the SDGs Management Survey since 2019. It targets listed companies and influential unlisted companies across Japan. Companies are evaluated on a five-star scale based on four factors: SDGs Strategic and Economic Value, Social Value, Environmental Value, and Governance.

EcoVadis Silver

Our subsidiary INX International UK Ltd. in the UK and Sakata INX Espana, S.A. in Spain have been awarded a silver rating in the EcoVadis Sustainability Assessment. INX International UK Ltd. has received this rating since 2020. INX International Ink Co. in the US and Sakata INX Vietnam Co., Ltd. in Vietnam also received the EcoVadis Bronze rating.
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 Government Pension Investment Fund (GPIF).

CDP

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 2025 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.