

Cover illustration: **Ultramarine II**

Illustrator: **Ken Matsuda**

Born in 1990, from Yonago City, Tottori Prefecture. Graduated from the Department of Early Childhood Education, Faculty of Education, Shimane University.

Using a pen and watercolor, the main theme is the coexistence of animals and plants.

In the absence of art experience, he strives to create works by relying on his sensibility and experience, with the issue of how painting can bring out more vitality.

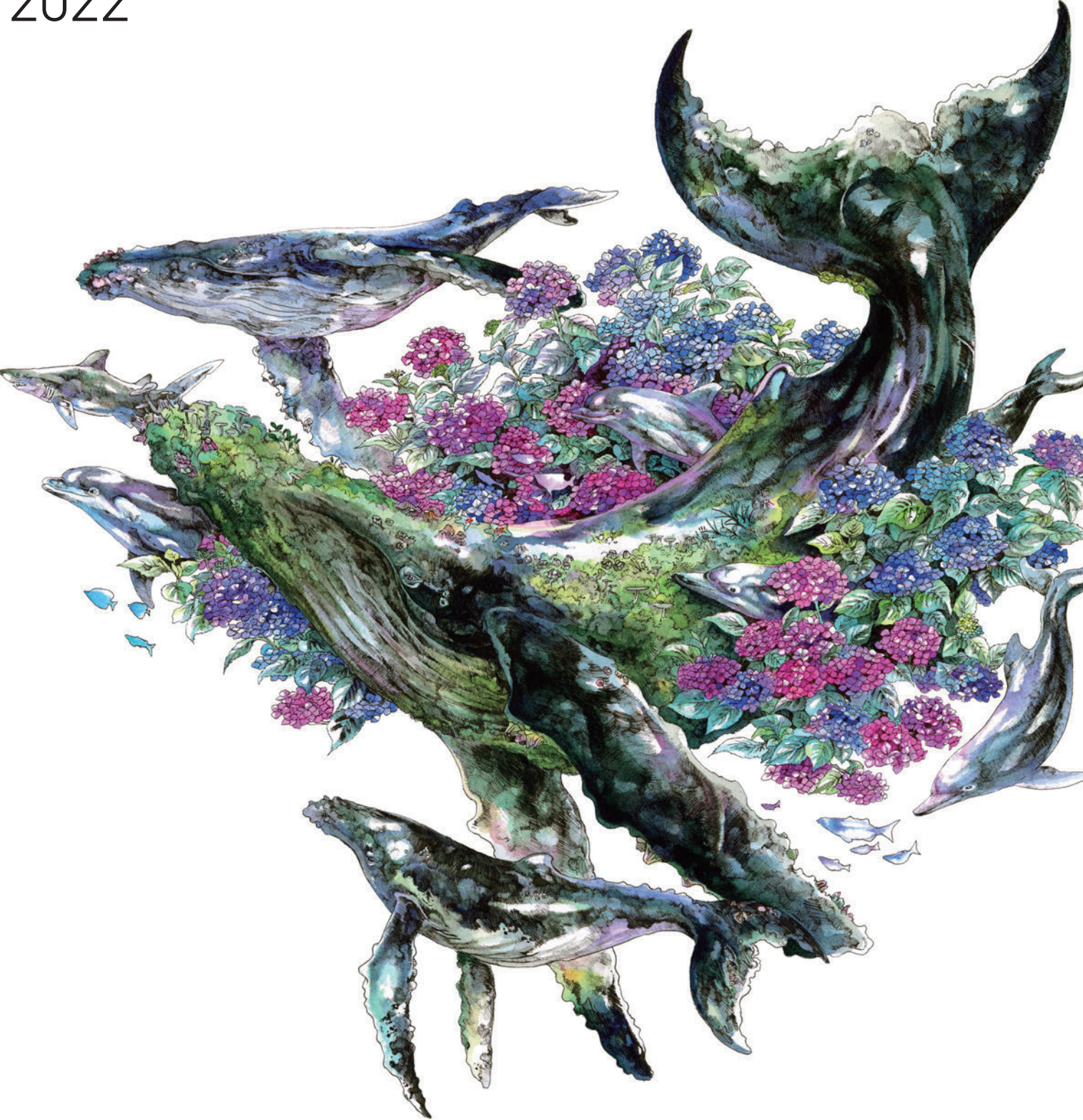
After resigning from the city hall, he moved his base to Kanto in April 2019 and started full-scale production activities.

TOYOINKGROUP

<https://schd.toyoinkgroup.com/en/>

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Toyo Ink Group
Integrated Report
2022



Toyo Ink Group's Philosophy

Corporate Philosophy | People-oriented management

Corporate Policy | We, the Toyo Ink Group, endeavor to be a company that contributes to the enrichment of life and culture throughout the world.

- Contribute to the affluence and culture of people worldwide.
- Create lifestyle value for the new age.
- Provide advanced technology and quality products and services.

Guiding Principles

- Provide knowledge that enhances customer trust and satisfaction.
CS (Customer Satisfaction)
- Respect the realization of all employees' ambitions.
ES (Employee Satisfaction)
- Act as a responsible corporate citizen in harmony with society and the environment.
SS (Society Satisfaction)
- Respect shareholders' rights, improve shareholder value and enhance market valuation.
ShS (Shareholder Satisfaction)

Established April 1993, Revised April 2014

The Toyo Ink Group was founded in 1896, with the aim of supporting the development of society through the manufacture and sale of printing inks used in books, which are the basis for the spread of academic education. For over 120 years since, we have engaged in business activities with a focus on contributing to enriching the lives of people around the world. "Enrichment" here means not only economic affluence but also richness of lifestyles and culture—where people's lives are filled with color, where the free will of all people is respected, and where everyone can feel comfortable, unburdened and truly at ease. The mission of the Toyo Ink Group is to continue being a company that creates products and services through the power of science and enriches life and culture around the world.

CONTENTS

- 1 Toyo Ink Group's Philosophy
- 2 About the Integrated Report 2022
- 3 History of the Toyo Ink Group
- 5 Overview of the Toyo Ink Group
- 7 Top Message

Value Creation of the Toyo Ink Group

- 13 Toyo Ink Group Value Creation Looking Ahead to 2050
- 15 Value Creation Model Aiming for the Sustainable Growth of the Group and Society
- 17 Capital Sources of Value Creation
- 19 Strengths that Form the Basis for Value Creation
- 23 Progress of the SIC-II Medium-term Management Plan to Achieve Sustainable Growth
- 31 Sustainability Management
- 35 Climate Change Information Disclosure Based on the TCFD Recommendations

Businesses of the Toyo Ink Group

- 41  Colorants and Functional Materials Business
- 43  Polymers and Coatings Business
- 45  Packaging Materials Business
- 47  Printing and Information Business

Governance

- 49 Message from Outside Directors
- 51 Corporate Governance
- 56 Top Management
- 58 Risk Management
- 60 Compliance

Corporate Data

- 61 Financial / Non-financial Highlights
- 63 Financial Information
- 76 Stock Information
- 77 Group Corporate Profile
- 78 External Recognition

About the Integrated Report 2022

◀ Editorial policies ▶

In order to convey an overall picture of the Toyo Ink Group and its value creation story in an easily understandable manner, the Group has integrated the past, present and future of its management strategies, businesses, corporate governance, environmental and social initiatives into a single integrated report. In preparing this report, we refer to the International Integrated Reporting Framework of the Value Reporting Foundation (VRF) and the Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade and Industry (METI), among other guidelines. In this, the second issue of our integrated report, we have enhanced our disclosure of information with regard to our response to the TCFD recommendations and our Sustainability Vision "TSV2050/2030" announced in February 2022, in addition to improving and enhancing our value creation story. For more details of financial information, please refer to our annual Securities Report filed with the Financial Services Agency. For more details of non-financial information, please refer to our Sustainability Data Book, scheduled to be published in September 2022.

◀ Period covered ▶

January 1, 2021 to December 31, 2021 (FY2020)
* Some sections cover the period before FY2020 or FY2022.

◀ Areas covered ▶

Information in this report covers Toyo Ink SC Holdings Co., Ltd. and its consolidated subsidiaries and equity-method affiliates in Japan and overseas. The areas covered differ for some information, including environmental data and personnel data.

◀ Guidelines used as reference ▶

- Value Reporting Foundation (VRF), International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures

◀ Dates of publication ▶

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Caution concerning forward-looking statements

The opinions and forward-looking statements contained in this report are our views as of the time of the creation of this report. We do not guarantee or promise the accuracy or completeness of this information. Accordingly, future results may differ from those expressed in our forward-looking statements.



History of the Toyo Ink Group

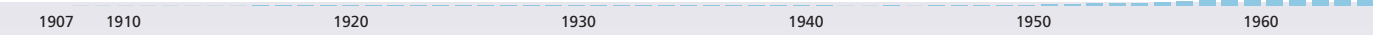
Over the more than 120 years since its foundation, the Toyo Ink Group has continued to grow by responding flexibly to the changing conditions and demands of society. During each era the Group experienced, we made major decisions on strategy and persistently and tirelessly implemented them, enabling the Group to be what it is today. We will continue to pass down our intent to “contribute to the enrichment of life and culture of people worldwide,” which is a part of our corporate DNA, to realize a sustainable society.



For high-quality domestic printing inks that help the spread of learning and education

Kamataro Kobayashi moved from Yokohama to Tokyo when he was 11 years old. After apprenticing for a sign maker and working as a clerk at an art supply store, he became independent and opened a printing ink shop in Nihombashi, Tokyo in 1896. Kamataro could not attend school since his early childhood and remained illiterate throughout life. Therefore, he believed that learning and education are the most important factors for the development of Japan, and established Toyo Ink Manufacturing Co., Ltd. in January 1907, with the goal of domestically producing and improving the quality of printing inks for books and textbooks, which are necessary for learning and education.

Founder **Kamataro Kobayashi** (1875 - 1938)



1896—

1907—

1950—

1960—

1990—

2010—

Establishment of Kobayashi & Co.

Having witnessed the significant progress that was occurring at the time in color printing technologies, Kamataro established a printing ink shop, in 1896. In those days, most printing business operators did not purchase inks as finished products. They bought raw materials, such as pigments and varnishes (resins for inks), and custom-mixed them to produce original inks. In response, Kamataro began providing a custom-mixed ink service as an outsourcing service for small- and medium-sized business operators who did not have the staff to dedicate to making inks. Later, Kobayashi & Co. grew to the scale of manufacturing and selling finished inks, but Kamataro faced a barrier: expensive imported raw materials were indispensable for the manufacturing of high-quality inks. And this barrier led Kamataro toward a new dream, the realization of the in-house production of raw materials.



Ink color sample sheets used by Kobayashi & Co.

Toward the integrated production of inks made in Japan

Kamataro established the first stock company in the ink industry in 1907 and began researching the in-house production of pigments and varnishes, the raw materials of inks, with the goal of producing high quality inks that were fully made in Japan. Catalyzed by the difficulty of procuring organic colorants during the First World War, he accelerated R&D efforts. In 1920, Toyo Ink Manufacturing succeeded in the in-house production of azo pigments such as Brilliant Carmine 3B, which excel in color development and durability, and started mass production. Then, in 1937, the company succeeded in the in-house production of Phthalocyanine Blue, which later became a flagship pigment product from the Toyo Ink Group. In this way, Toyo Ink Manufacturing acquired the technological capabilities to support integrated production ranging from materials to printing inks and developed into a leading ink manufacturer in Japan.



Head office of Toyo Ink Manufacturing Co., Ltd. in its early days (around 1910)

From an ink manufacturer to a chemical manufacturer

In 1951, Toyo Ink Manufacturing entered into a technological tie-up with Interchemical Corporation (now known as BASF SE), which was the largest chemical company in the United States, and introduced synthetic resin technologies. This resulted in the creation of a synthetic resin-based ink featuring excellent colors, gloss, and durability that were unachievable with conventional inks. In addition, the company also acquired technologies for pigment textile printing agents, metal coating agents, adhesives, and pressure sensitive adhesives, and other technologies, and entered a new business with polymer materials beyond printing inks. The company was also proactively developing applications for new products and evolved as a chemical manufacturer providing a wide variety of products, including coating agents for beverage cans, plastic colorants, double-sided tapes for industrial use, and resist inks for printed circuit boards.



“ORIBAIN™,” Pressure sensitive adhesive
“DOUBLE-FACE™,” Double-sided adhesive tape

Expansion and growth into a global company

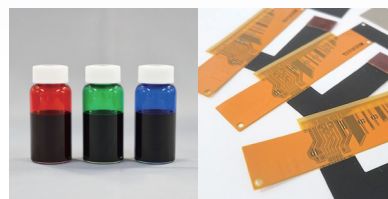
In 1961, in parallel with its growth in the domestic market, the company established an overseas representative office in Hong Kong, with the goal of full-scale product exports to China and Southeast Asia. In 1963, the first overseas subsidiary after WWII was established in Hong Kong as a joint venture with Interchemical Corporation, and built sites in Singapore and Malaysia. In the 1970s, the company established sites in South Korea, Thailand, Belgium, and the United States. In the 1980s, it quickly increased its sites in China and Southeast Asian countries, building a foundation for the global management of the Toyo Ink Group. Since the 2000s, the Toyo Ink Group has been expanding into emerging markets such as India, the Middle East, Turkey, and Central and South America, and building a global supply system based on local production for local consumption.



Toyo Ink (Thailand) Co., Ltd. (Established 1971)

Expanding into new markets mainly leveraging the company’s own technologies

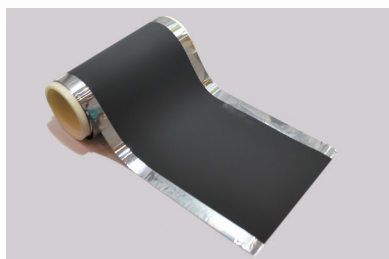
Since the 1990s, the company has been advancing R&D activities to create applications for its own technologies used in existing products, such as printing inks, adhesives, coatings, and plastic colorants, in new industrial fields. The company evolved its technologies to add functionality, based on the electronic and optical properties of organic pigments and polymers, the film structure control technologies of printing and coating, and the dispersion control technologies used for the development of adhesives and colorants, then the company developed and sold materials such as organic colorants for OPC drum, conductive inks, resists for FPD color filter, and electromagnetic wave shielding films for new markets for the Toyo Ink Group, including electronics, displays, telecommunication, automobiles, and solar cells.



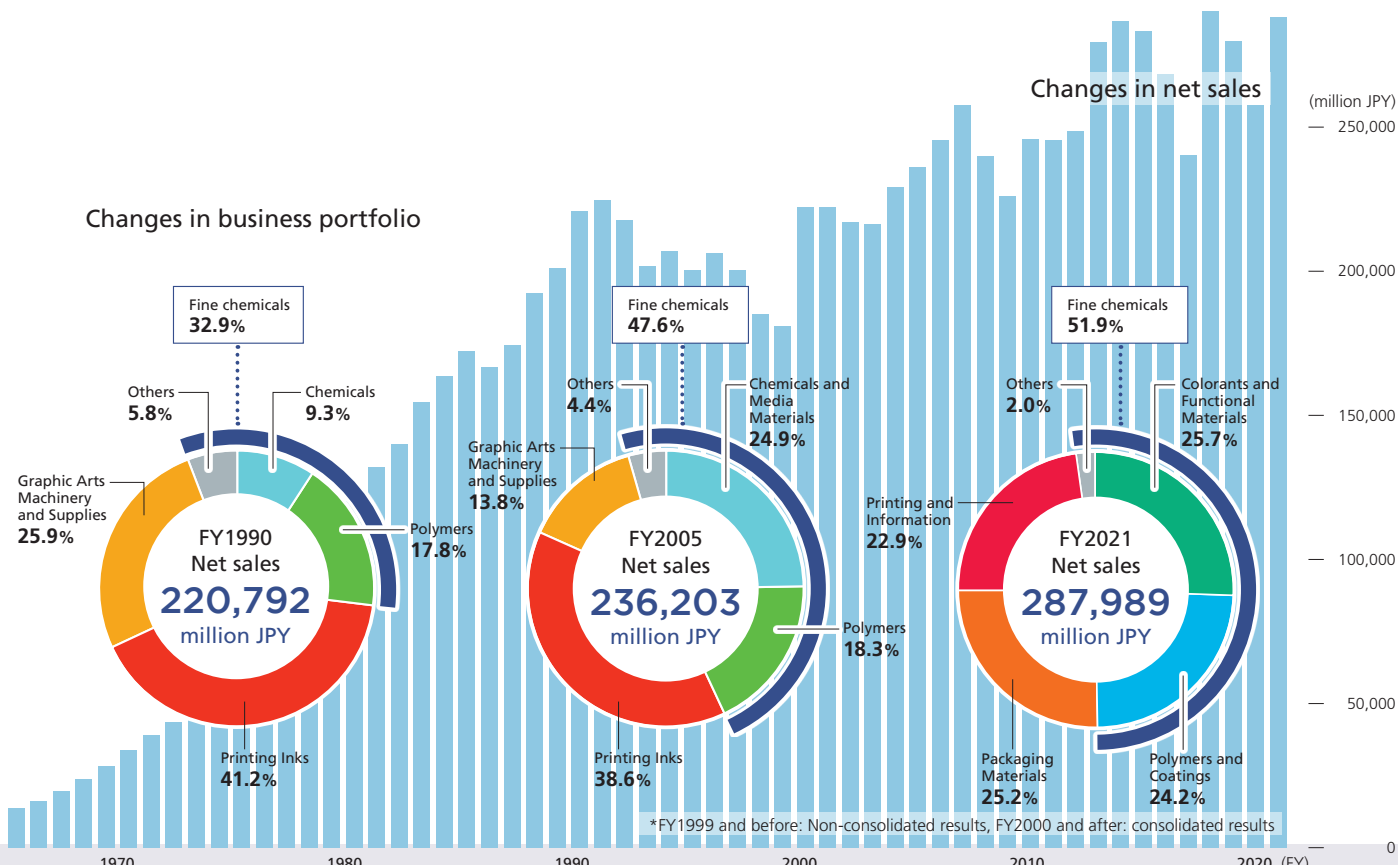
“Liocure™,” Color resist for FPD
“LIOELM™ TSS,” Electromagnetic wave shielding film

Taking on challenges to realize a sustainable society

The Toyo Ink Group, which adopted a holding company system in 2011, has been developing advanced products for new markets as a material chemical company, taking on challenges to realize a sustainable society. This has led to a wide array of achievements, including printing inks and adhesives made from biomass raw materials, seal materials that improve the efficiency and life of solar cells, and carbon nanotube (CNT) electrode materials for lithium ion batteries. In the medical field, we are also focusing on solutions for healthcare professionals and materials related to drug discovery, with a focus on the transdermal patches business. In its SIC27 long-term corporate vision, which began in 2018, the Toyo Ink Group set the task of reforming its corporate infrastructure to achieve sustainable growth together with society looking 100 years ahead.



“LIOACCUM™,” Electrode material for lithium ion batteries



Overview of the Toyo Ink Group

The business activities of the Toyo Ink Group are divided into four segments, the Colorants and Functional Materials Business, the Polymers and Coatings Business, the Packaging Materials Business, and the Printing and Information Business. Group companies work globally within these businesses with the three core operating companies, Toyocolor Co., Ltd., Toyochem Co., Ltd., and Toyo Ink Co., Ltd. playing central roles.

Colorants and Functional Materials Business

The Toyo Ink Group is a leading company of colorants, and the synthetic technologies for organic pigments are one of the areas we have been developing since our foundation. In addition, the nano-level dispersal technology that we have cultivated in the manufacturing of inks and coatings is applied far beyond the purpose of coloring objects. It is also used in flat panel display (FPD) color filters, automotive lithium ion batteries, and other products.

〈Core operating company〉 Toyocolor Co., Ltd.

〈Major products〉 Pigments, pigment dispersions, high functional pigments, pastes for color filter, color resist, color masterbatches, functional masterbatches, functional compounds, paints for data recording materials, carbon dispersions, inkjet inks, etc.



Polymers and Coatings Business

We use resins (polymers), one of the core materials developed by the Group, to create an array of products that respond to the needs of the times. A large number of functional products that we have developed, leveraging our synthetic and coating technologies, are applied in fields that are essential for daily life, such as the medical and healthcare field, as well as the fields of automobiles, electronics, and energy including solar cells.

〈Core operating company〉 Toyochem Co., Ltd.

〈Major products〉 Pressure sensitive adhesives, laminating adhesives, hot-melt adhesives, adhesive tapes, functional film materials for electronics, marking films, can coatings, resins, hard coating materials, medical products, natural extracts, etc.



Packaging Materials Business

We provide a diverse array of highly functional products for manufacturing processes of packaging materials, which are essential for our lives. In the field of food packaging, where security and safety are required, we are expanding the replacement of inks with water-based and non-solvent ones for the purpose of maintaining the flavor of the contents and improving safety. We are also proactively developing biomass products ahead of others in the industry, with the goal of breaking free from dependence on petrochemicals and establishing a sustainable society.

〈Core operating company〉 Toyo Ink Co., Ltd.

〈Major products〉 Gravure inks, flexographic inks, gravure printing systems, gravure and flexographic plate making, etc.



Printing and Information Business

The Toyo Ink Group has been engaged in the printing ink business since its very beginning. It has remained one of our mainstay businesses. Taking advantage of our strengths in integrated production, from raw materials such as pigments and resins down to end-products, we develop a diverse array of products, including sustainability-enhancing products and highly functional UV curing inks. We also provide solutions, including support for the standardization of customers' printing processes and color management.

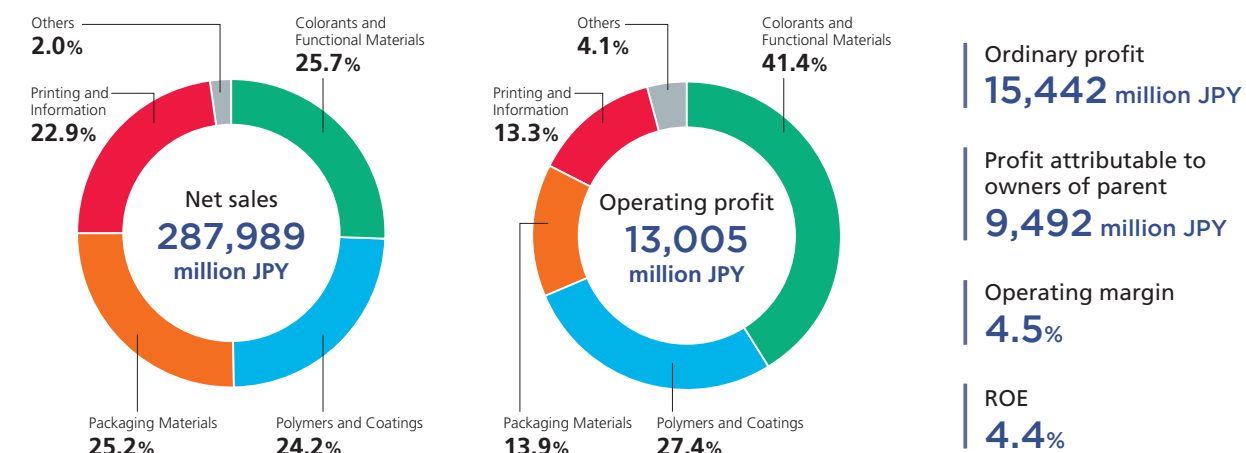
〈Core operating company〉 Toyo Ink Co., Ltd.

〈Major products〉 Offset inks, newspaper inks, metal decorative inks, UV curing inks, offset printing materials, printing inspection equipment, screen inks, etc.

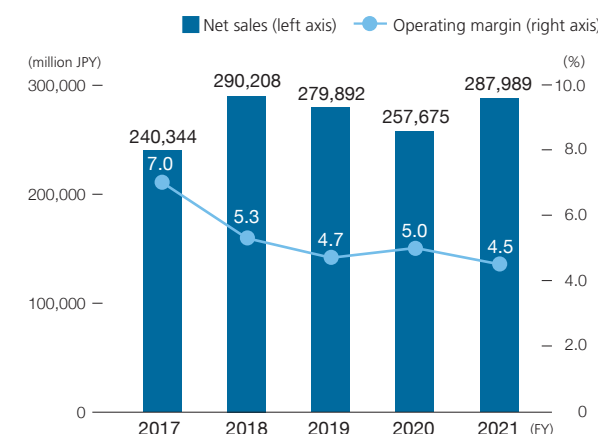


Numerical Information (As of December 31, 2021)

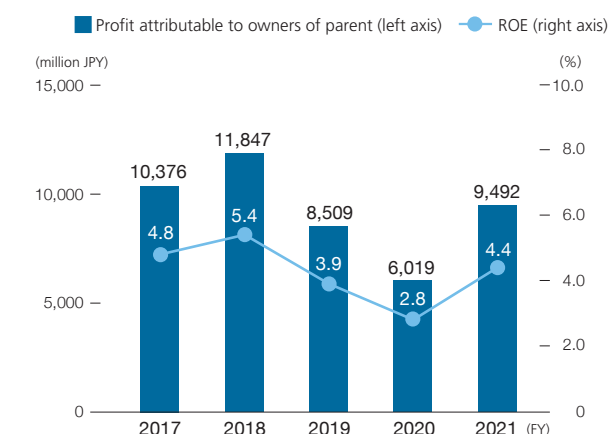
Net sales and operating profit by business segment



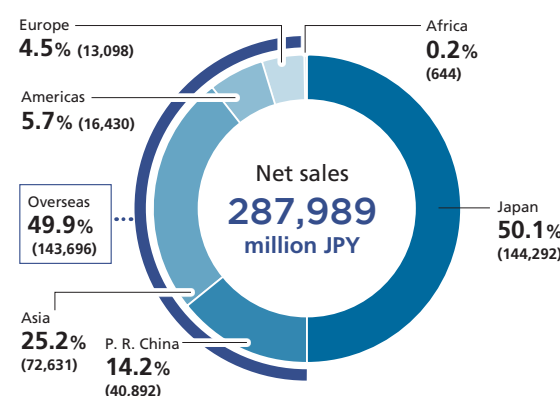
Trends in net sales and operating margin



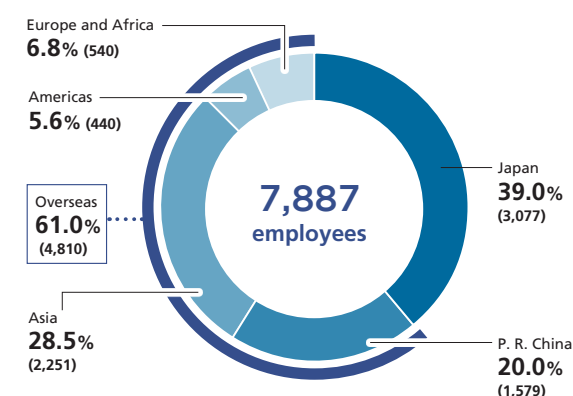
Trends in profit and ROE



Net sales by business area (Unit: million JPY)



Employees by business area (Unit: Number of employees)



Global Expansion



Top Message



Satoru Takashima

Satoru Takashima

Group CEO
President and Representative Director

Transforming into a corporate group that meets the expectations of the children who will shape the future, based on our core values as a company that enriches life and culture

Our company's raison d'être: aiming to become a company that enriches life and culture

The COVID-19 pandemic has now continued for over two years, and the impact of Russia's invasion of Ukraine in February of this year has caused major fluctuations in supply chains around the world, including major increases in energy and raw material prices. During these challenging times, we at the Toyo Ink Group have continued to adapt to the "New Normal" and various other changes in our environment. It is because it is an age of such violent changes and uncertainty for the future that we have taken the opportunity to clarify what we should act on as an anchor point to fulfill our corporate responsibilities. In our medium-term management plan, SIC-II, we laid out the vision of aiming to become a company that contributes to a new era through the enrichment of life and culture. This vision is also connected to the Group's corporate policy, and is considered one of our core values.

What is a company that enriches life and culture? All around the world, people with diverse values are living their daily lives while faced with various issues and problems that stem from their regional, generational and social environments. My idea of the enrichment of life and culture is to provide products and services that contribute not just to economic affluence but also cultural and spiritual enrichment for the lives of such people. I also believe that this does not conflict with securing profits in business. The book *Rongo to Soroban* (The Analects and the Abacus) by Eiichi Shibusawa discusses the concept of *Giri Goitsu* (the unity of public and private interests), the idea that the pursuit of profits and contribution to society go hand in hand. Going forward, we will make maximum effective use of the Group's key strengths—its technological capabilities and global network—to contribute to society and generate profits at the same time. This is what aiming to be a company that enriches life and culture means.

There is also another key point in aiming to become such a company. The Group places importance on the satisfaction of customers, employees, society and shareholders. I think that this can be rephrased as "making the children of the future happy." In addition to responding to the demands of the Group's current stakeholders, the question of what we should do for the children who will build our future—and the people of future generations—also leads to issues such as the achievement of the SDGs and ESG management. Going forward, we will look to the future as we conduct our business operations, create jobs, generate revenue and pay taxes, and reinvest in new, future-oriented businesses. I am confident that, by staying aware of this obvious need on a daily basis as we engage in our corporate management activities, we can create a Toyo Ink Group that can meet the expectations of the children of the future.

Two-way engagement between employees and the organization for continued growth

I believe that the relationship between companies and employees has been changing significantly for some time. The era where companies were able to grow with the support of employee loyalty is over, and we are now entering an era in which individuals and companies grow together through the bi-directional power of employees and companies with diverse values. I believe that this will be the essence of engagement for the future.

The Toyo Ink Group has a personnel rotation system known as "sixth-year rotation." Under this system, employees in their sixth year after joining the company as new graduates are transferred to departments in different job areas. But I have heard numerous opinions from the workplace questioning whether this is really the best system, for the company to transfer employees at the time when we want them to take active roles as key personnel after five years of training. I can understand the feelings of those who raise this point, but considering the growth of the person in his or

her long life, I think a change of scenery is positive for both employees and the company. While a familiar work environment provides employees with a sense of security and partial organizational strength, it can also hinder the development of individual potential and the growth of the organization as a whole without us realizing it.

The experiences that shaped the foundation for my current self come from being stationed in the United States during my 30s. I learned that pigments are the source of the color for everything in the world, and joined the company because I was drawn to this idea. A while after my joining the company, the then president announced what he called the “First Year of Internationalization,” and my desire to be posted overseas grew stronger. My wish came true a few years later, when I was posted to the US. I remember it as a very fruitful time during which I learned the mindset to tackle challenges in any environment, the enjoyment of facing difficulties, and how to clearly express my ideas under different cultural conditions.

The growth of a company or business is achieved through the growth of its employees, because the whole is made up of individuals. I want the company to always be ready to make reforms to facilitate appropriate engagement between employees and the organization, and enable us to continue to be an organization where employees can get a real feel for their own growth.

We are already seeing the growth of our employees come to fruition in the workplace. New products and technologies are created in the Group’s divisions on a daily basis, and I feel very reassured by the point that ideas and proposals arise spontaneously from the workplace level while grasping changes in the external environment from a global perspective. I am confident that this culture—in which this bottom-up style of development takes place continuously—is a key feature of the Group, and has become a powerful engine for driving organizational growth.

The COVID-19 pandemic is a time to strengthen our corporate foundation

Our SIC-II medium-term management plan, which started in FY2021, has now entered its second year. While we were formulating this plan, there were internal discussions on whether or not we should be launching a new medium-term management plan at such a time. At the time, the COVID-19 pandemic was spreading, and there were several instances where other companies had postponed the release of their own medium-term management plans as a response to this state of emergency. I think they made the judgement that social trends themselves—let alone the business performance of a single company—were completely opaque at that time, and that postponing of the announcement of their plans was unavoidable.

I had many discussions with executives and employees in charge of corporate planning, but eventually decided to formulate and disclose the plan as scheduled. The reason for this is that I believe that it is precisely because we are facing this COVID-19 pandemic that it is time to reshape the fundamentals of the Group. It is because we are in this challenging situation that important issues relating to the foundation of the Group will become apparent, and I strongly believe that this is a perfect opportunity to target and resolve them.

These fundamentals are not limited only to visible manufacturing capital or intellectual capital such as technology platforms. In formulating the medium-term management plan, we also considered invisible or intangible aspects such as the mindset of our employees, the direction we should take, and what we should base our work on. With the keyword of “a company that contributes to a new era through the enrichment of life and culture” as our vision, we have incorporated our will to continue to be a company that enriches life and culture—which can adapt to the New Normal and contribute to the new era precisely because the future is so uncertain—at the plan’s very core.



Short-term issues to be addressed and medium to long-term strategies

Looking back on FY2021, although net sales reached a level that met the annual target of SIC-II, operating profit lagged behind significantly at 13 billion JPY, below the annual target of 14.5 billion JPY. This should not simply be considered as a decline in profits due to the surge in raw material prices, and it is a point of reflection for management that we were not able to respond sufficiently to environmental changes such as the surge in raw material prices.

In view of this, the short-term issues that the Group should address going forward are clear. Increases in raw material prices are expected to continue in the future, and this is also a matter of concern to our stakeholders. While we are very grateful for the fact that we have already gained the understanding of many customers and other stakeholders with regard to price revisions, as a manufacturer, we will make our best efforts to reduce costs and engage in persistent dialogue with our customers. In the medium to long term, it is essential for us to strengthen the earning power of our business, so that it is not easily affected by any changes in the business environment. In FY2021, in addition to the closure and sale of our production locations in the Philippines and France, as well as the temporary suspension of business in Myanmar, we also reorganized and consolidated our manufacturing and R&D locations in Japan. This fiscal year as well, we will further our efforts to strengthen the profitability of our business, such as reviewing low-profit businesses, and withdrawing in some cases, and drastically transforming our product and business portfolios.

On the other hand, in terms of the creation and expansion of key development areas, I would like to highlight the materials business for lithium ion batteries (LiBs) as a leading new business that will serve as an engine for future growth. Our technological capabilities that enable stable dispersal of CNTs (carbon nanotubes) and our global supply network—in four regions around the world that correspond to key demand regions—are our major strengths. This is a market area with very high demand, and we are working to augment our production locations in each region. There are many things for us to learn from the boldness and speed of investment by major overseas battery manufacturers, who are our customers, and we would like to make this a core component of the Group’s sustainable growth while closely monitoring trends.

In terms of improving our technical capabilities as a foundation for business management, in addition to reorganizing the R&D functionality within the Group, we have also begun to engage in collaborative efforts with the Tokyo Institute of Technology, as an example of intellectual collaboration with external partners. By sharing information and progress among all of the Group’s R&D departments, we are building a speedy and dynamic R&D system that does not deviate from market needs or sense of costs.

The advent of a sustainable society is a major business opportunity

In response to the global issue of climate change, many companies are now engaged in proactive efforts of self-analysis and information disclosure based on the TCFD recommendations. Responding to climate change is one of our most important material issues. Approximately 50% of the Group's overall net sales are overseas, and we are conducting analyses on how to ascertain and reduce greenhouse gas (GHG) emissions at overseas locations, how to change our energy mix, which currently relies predominantly on fossil fuels and others. Even though it may be difficult for a single company to make a difference, we will respond by organizing the policies and circumstances of each country in which we operate. Addressing GHG emissions and Scope 3 in the supply chain—from raw material procurement to transportation, use and disposal—is another key material issue. We will cooperate with customers and suppliers to ascertain emissions and take appropriate measures.

Our sustainability vision "TSV2050/2030"—which is a long-term vision for 2050—states that we should work actively to reduce various environmental impacts such as waste and energy consumption in addition to GHG emissions and provide value through products and services aimed at society. The three pillars of this vision are "Providing products and services that realize a sustainable society," "Reducing the environmental impact of manufacturing," and "Building a foundation for trust." Specific numerical targets such as "achieving effective carbon neutrality by 2050" and "over 80% sales ratio for sustainability-enhancing products" are the Group's commitments to future generations, that is the children who will shape our future.

The arrival of a sustainable society represents a major business opportunity for the Group. There is no doubt that if efforts are not made, business opportunities will be lost, and the trust of stakeholders will be damaged. With that firmly in mind, I want us to work actively on these issues.

Laying a foundation for sustainable growth

In order to maintain governance that supports the sustainable growth of the company, it is essential to receive the objective opinions and proposals of outside directors. In addition to situations that require advanced management decisions, there are also frequent situations in which the words of outside directors are the key to active discussions at daily meetings of the Board of Directors.

At the first board meeting of the Board of Directors after I was appointed president, we received a recommendation from an outside director requesting for us to consider fostering the next generation of senior management personnel. The Next-Generation Management Training Program which I am currently hosting was launched in response to this proposal. Every year, we select around eight members and work on concepts for the next long-term management plan and new corporate branding ideas, to foster the next generation of executive candidates who can coordinate between the Toyo Ink group and the world of the future. One of my most important missions is to nurture the next generation of managers who can inherit—and sometimes break down—precedents and make independent management decisions.

In addition to fostering the next generation of managers, securing excellent human resources and placing them in active roles is also another key issue for foundation development. The thousands of employees working within the Group are truly diverse, and each of them has a range of abilities to offer. While matching everyone with jobs that enable them to fully demonstrate their abilities may be idealistic, it is quite possible to imagine cases where employees who have not been able to make use of their abilities so far actually have outstanding skills in responding to digital transformation. That is why management must have the ability to discern the characteristics and strengths of employees in line with the current trends. In order to secure excellent human resources and place them in active roles, whether in Japan or overseas, I believe that it is important for us to

enhance the attractiveness of the Group, both as a company and as a workplace, and to enhance its engagement capabilities with respect to both employees and job seekers.

In terms of diversity and inclusion, we aim to be an organization where employees with all manner of attributes can play an active role. We are currently working to promote active roles for women, seniors, employees with disabilities, foreign employees, etc., as a matter of policy. For example, in promoting active roles for women, we have set targets of hiring 30% female employees and 8% female managers. But simply reforming our recruitment and evaluation systems alone will not enable women to play an active role in the workplace in the true sense. We will work to create a workplace environment in which all employees discard the filter of gender, where childbirth and childcare do not hinder the careers of female employees, where male employees are actively involved in raising their children, and where the children who will shape our future can grow up in a sound and healthy living environment.

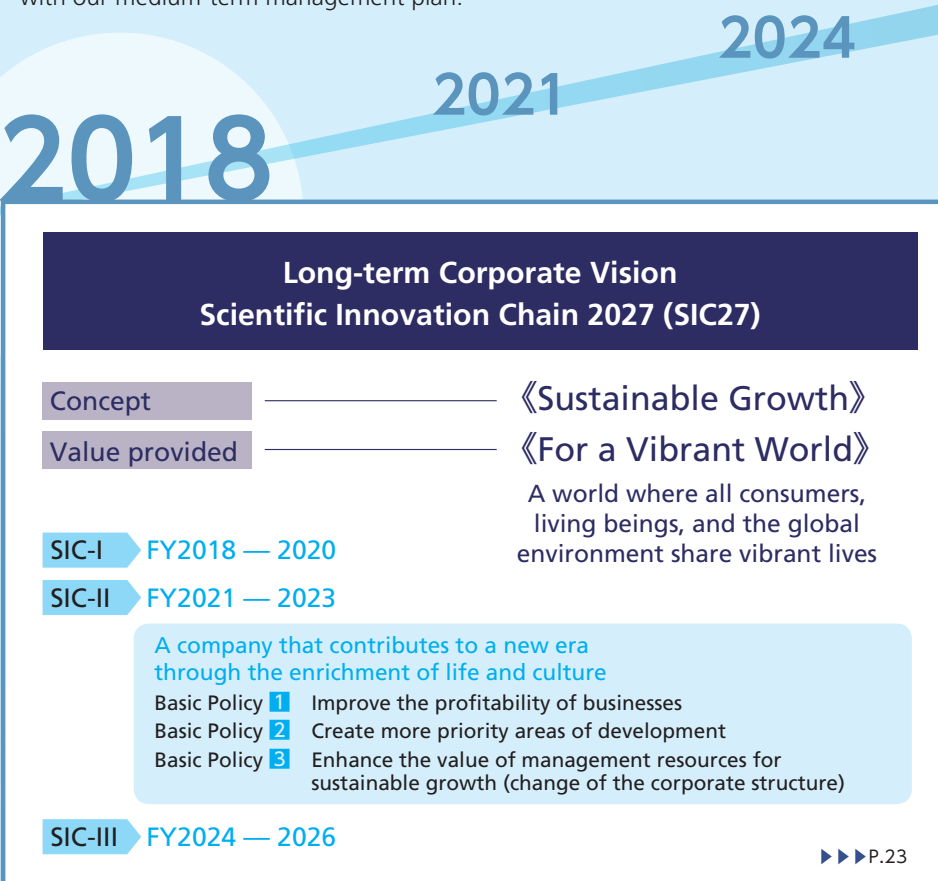
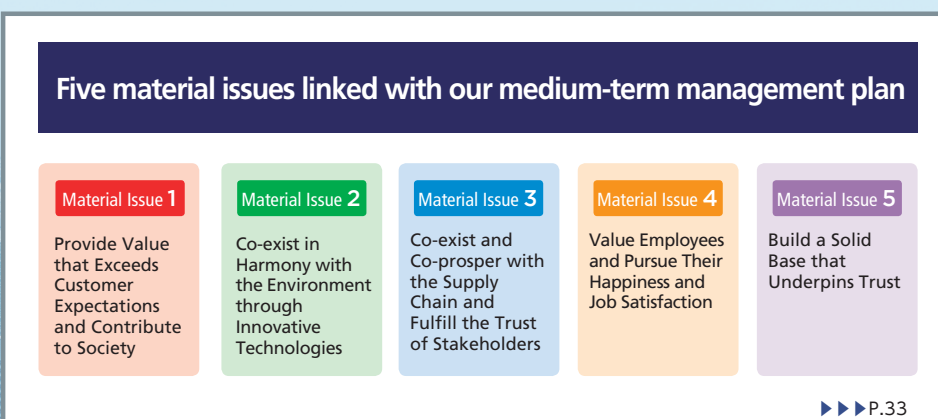
For more than 120 years since its founding, the Toyo Ink Group has contributed to enriching life and culture of people around the world. Going forward, we will continue to engage in innovation and tackle new challenges while continuing to inherit the spirit of our founding, so that all stakeholders who have chosen the Toyo Ink Group—whether as a product buyer, materials supplier, workplace, investment or local community neighbor—can be confident that they made the best choice. I hope that you will continue to have high expectations for the growth of the Toyo Ink Group, which aims to be a company that contributes to a new era through the enrichment of life and culture.



Toyo Ink Group Value Creation Looking Ahead to 2050

In order to adapt to the rapidly changing business environment, the Toyo Ink Group is working to achieve the goals of its long-term corporate vision that target year is 2027, Scientific Innovation Chain 2027 (SIC27) by implementing three-year medium-term management plans. In SIC27 we define the concept of “Sustainable Growth” as the Toyo Ink Group growing sustainably and contributing to the improvement of society’s sustainability through our corporate activities to provide value by realizing a world where all consumers, living beings, and the global environment share vibrant lives. We have also identified five material issues aimed at both achieving sustainable growth for the Group and improving the sustainability of society, and are engaged in a range of sustainability activities in conjunction with our medium-term management plan.

The Group has also established the Sustainability Vision “TSV2050/2030,” which is closely linked with SIC27, with long-term practical targets for its sustainability activities. We have established this vision with a view to 2050, based on our belief that initiatives with a more long-term outlook will be needed beyond SIC27 and our material issues, in order to respond to recent global trends regarding climate change, carbon neutrality and initiatives for the achievement of the SDGs, as well as the current social situation which requires that companies fulfill increasing demands for sustainability.



Reflecting the specific goals of TSV2030 and linking TSV and the medium-term management plan

Formulating a long-term vision to adapt to the rapidly changing business environment

2018 2021 2024 2027 2030 2050

• Contributing to the achievement of the SDGs

• Achievement of carbon neutrality

Sustainability Vision TSV2050/2030	
TSV2030	TSV2050
1. Providing products and services that realize a sustainable society	
<ul style="list-style-type: none"> The percentage of sales from sustainability-enhancing products will be 80% Increasing the number of products able to contribute to the reduction of CO₂ emissions throughout their lifecycle 	<ul style="list-style-type: none"> Making all products sustainability-enhancing products Helping customers achieve decarbonization
2. Reducing the environmental impact of manufacturing	
<ul style="list-style-type: none"> CO₂ emissions: 35% reduction in Japan (from the FY2020 level), 35% reduction overseas (compared to the FY2030 BAU) Amount of waste treated off-site (Japan): 50% reduction (from the FY2020 level) Harmful chemical substance emissions (Japan): 30% reduction (from the FY2020 level) 	<ul style="list-style-type: none"> Achieving net zero CO₂ emissions from production activities and minimizing their environmental impact Minimizing waste generation Realizing sustainable water use
3. Building a foundation for trust	
<ul style="list-style-type: none"> Sourcing raw materials in ways that are friendly to the environment and good for society Respecting the diversity of employees and co-existing in harmony with the natural environment and local communities Continually restructuring our governance system 	<ul style="list-style-type: none"> Continuing to reform and transform our supply chain, human resources, regional activities, and governance from the perspective of environmental and social contribution

Set interim targets as a milestone by backcasting

Formulating a vision from a more long-term perspective and responding to recent social conditions

Business environment and social conditions

Social and environmental issues

Toyo Ink Group's ideal corporate image

All products and services provided contribute to sustainability

Minimizing the environmental impact of manufacturing

Being a company that can contribute to the improvement of social sustainability

Setting direction and goals by backcasting starting from our ideal corporate image

TSV2050/2030 consists of TSV2050, which indicates a direction to reach our ideal vision with 2050 as the target year, and TSV2030, which sets various interim targets by backcasting toward 2030 as a milestone.

TSV2050 is our basic vision for driving various corporate activities. It outlines our ideal vision, as a company that contributes to sustainability through all of the products it provides, minimizes the environmental impact of manufacturing, including carbon neutrality, and can contribute reliably to the improvement of social sustainability. In contrast, TSV2030 is a milestone on the road to achieving TSV2050, setting interim targets to drive our contributions as a corporate Group toward the achievement of the Sustainable Development Goals (SDGs) advocated by the United Nations. TSV2050/2030 is the basis for all of the Group's CSR, sustainability and ESG-related initiatives.

Value Creation Model Aiming for the Sustainable Growth of the Group and Society

The Toyo Ink Group began implementing its SIC-II medium-term management plan in 2021 to reflect our recognition of global issues and an understanding of the Group's strengths. This plan was established under our Corporate Policy, a timeless and invariant pillar, with the goals of ensuring the sustainable growth of the Group and society and providing the value described in Scientific Innovation Chain 2027 (SIC27), our long-term corporate vision. As a company that contributes to a new era through the enrichment of life and culture, we will continue working to create new value in the priority areas of development laid out in SIC-II.



Five material issues for realize sustainable growth ▶▶▶P.33

Material Issue 1	Provide value that exceeds customer expectations and contribute to society	3, 7, 9, 12
Material Issue 2	Co-exist in harmony with the environment through innovative technologies	3, 6, 7, 12, 13, 15
Material Issue 3	Co-exist and co-prosper with the supply chain and fulfill the trust of stakeholders	12, 16
Material Issue 4	Value employees and pursue their happiness and job satisfaction	4, 5, 8
Material Issue 5	Build a solid base that underpins trust	10, 16

Governance supporting sustainable growth ▶▶▶P.51

- Corporate Governance
- Risk Management
- Compliance

Corporate Philosophy, Corporate Policy, Guiding Principles ▶▶▶P.1

Capital Sources of Value Creation

The Toyo Ink Group’s six forms of capital—financial, manufactured, human, intellectual, social and relationship and natural—support its management base and serve as sources of value creation. By freely utilizing these sources of capital, we will continue to engage in business activities that solve various social issues. The economic value, environmental value and lifestyle value created by the Group’s business activities will act as a driving force for strengthening its management base and achieving further value creation.

* Figures are as of the end of December 2021 unless stated otherwise.



Financial capital

A sound financial base that emphasizes the balance between investment and shareholder returns

Investments for the sustainable growth of the Group can be realized with a sound financial base. The Toyo Ink Group supports its value creation activities by allocating resources with an emphasis on achieving an appropriate balance between the three elements of “financial soundness,” “active investment for growth” and “shareholder returns.”

■ Total assets	406,896 million JPY
■ Profit attributable to owners of parent	9,492 million JPY
■ Net income attributable	218,449 million JPY
■ Cash flows (balance of cash and cash equivalent)	60,949 million JPY



Manufactured capital

A manufacturing platform that serves as the foundation for the enrichment of life and culture

Since the time of its founding, the Toyo Ink Group has aspired to contribute to society as a manufacturing company. Through an integrated production system that enables production of everything from raw materials such as pigments and polymers to products such as inks and other functional products, we realize *enriching life and culture* that we hold. By sharing formula, know-how and production technologies among the Group companies in Japan and overseas, we can build a system of local production for local consumption and global quality management, and provide solutions that exceed expectations for the needs of each region and market.

■ Integrated production system from raw materials to products	
■ Global quality management network	
■ Production bases	13 bases in Japan, 30 bases overseas
■ Capital investments	19,680 million JPY
■ Overseas production ratio (quantity basis)	61.9%
■ Frequency rate of lost-workday injuries	0.569 (Japan)



Human capital

Diverse human resources and good employee engagement to support value creation

The management resources that the Toyo Ink Group regards as most important are its employees. Approximately 8,000 diverse human resources are engaged in various missions around the world, supporting the Group’s value creation. Through various HR strategies, training and development programs, we are working to build good engagement between the Group and its employees by promoting diversity and inclusion, creating a rewarding work environment and supporting the career development of each employee. In order to accelerate business reform through digital technologies, we are also working to develop human resources who can respond to digital transformation needs.

■ Number of consolidated employees	7,887 employees (3,077 in Japan, 4,810 overseas)	■ Number of overseas managers recruited locally	508 persons
■ Ratio of female hires (new graduate and mid-career recruits)	33.3% (employees registered at Toyo Ink SC Holdings)	■ Employee satisfaction (positive response rate in employee awareness survey in Japan)	84.5%
■ Number of female managers	24 persons (as of January 2022 in Japan)		



Intellectual capital

Technology infrastructure and systems to drive the creation and expansion of new businesses

■ R&D system divided and layered into basic research, applied research, and product development		■ Research and development expenses	8,496 million JPY
■ Technology platform that enables a wide range of business development		■ Number of patents	1,991 patents in Japan, 869 patents overseas
■ Number of employees in R&D and Technology departments	778 persons in Japan		



Social and relationship capital

Network for promoting local production for local consumption and sound supply chain

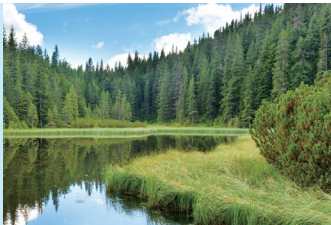
■ Number of Affiliates	61 consolidated subsidiaries, 7 equity-method affiliates	■ Major suppliers	Approx. 300 companies in Japan
■ Business regions and sites	24 countries or region, 106 sites	■ Time spent maintaining trusting relationships with customers	126 years (Founded in 1896)
■ Overseas sales ratio	49.9%		



Natural capital

Global environment and resources supporting sustainability of the Group and society

■ Energy consumption	89,709kL [crude-oil equivalent]	■ Raw materials (fossil, non-fossil)	168,356t
■ Water consumption	5,650 thousand m³		



Strengths that Form the Basis for Value Creation

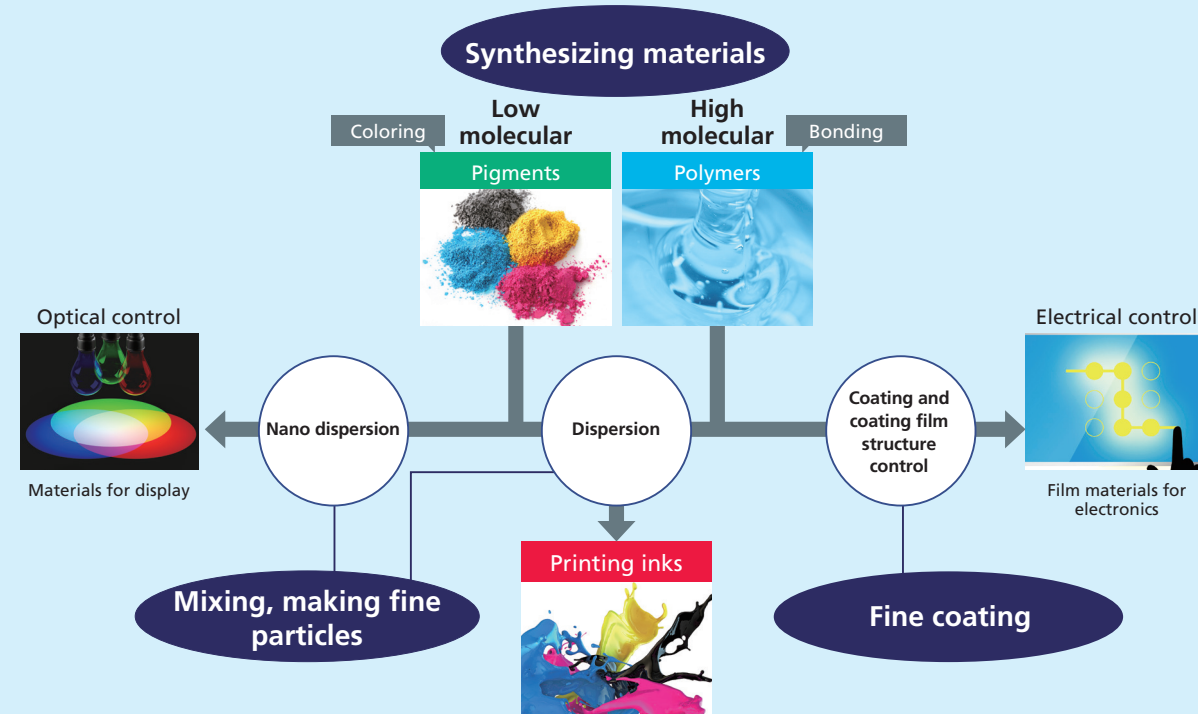
(1) Unique Core Technologies and Growth Potential

The Toyo Ink Group has invested considerable business resources into fields where the Group can leverage its technological strengths—such as technologies for the synthesis of pigments and resins, for integrated production of products using those as raw materials, and processing technologies such as dispersion, coating and coating film structure control. Going forward, we will work to create healthier and more comfortable lives for people around the world by focusing on the creation of new businesses in three key development areas—sustainability, communication and life—which we will set as new social needs.

Unique core technologies

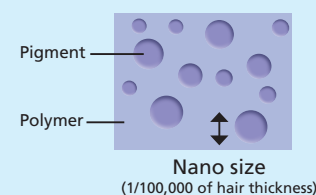
Synthesis technologies

The Toyo Ink Group creates original materials according to the required function using molecular design and synthesis technology. Pigments with controlled chromogenic properties and wavelengths and polymers with controlled adhesive and electrical characteristics are used in materials for sensors and electronic devices.



Dispersion technologies

Dispersion technologies that control the shape and surface state of pigments enhance printability and stability and bring out superior functionality. They are used for printing inks, display materials and materials for lithium ion batteries.



Coating and coating film structure control technologies

We deliver products with functions that meet the needs of our customers by processing sheets and films using coating and coating film structure control technologies. They are used for applications such as electromagnetic wave shielding films and sensor components.

TOPICS

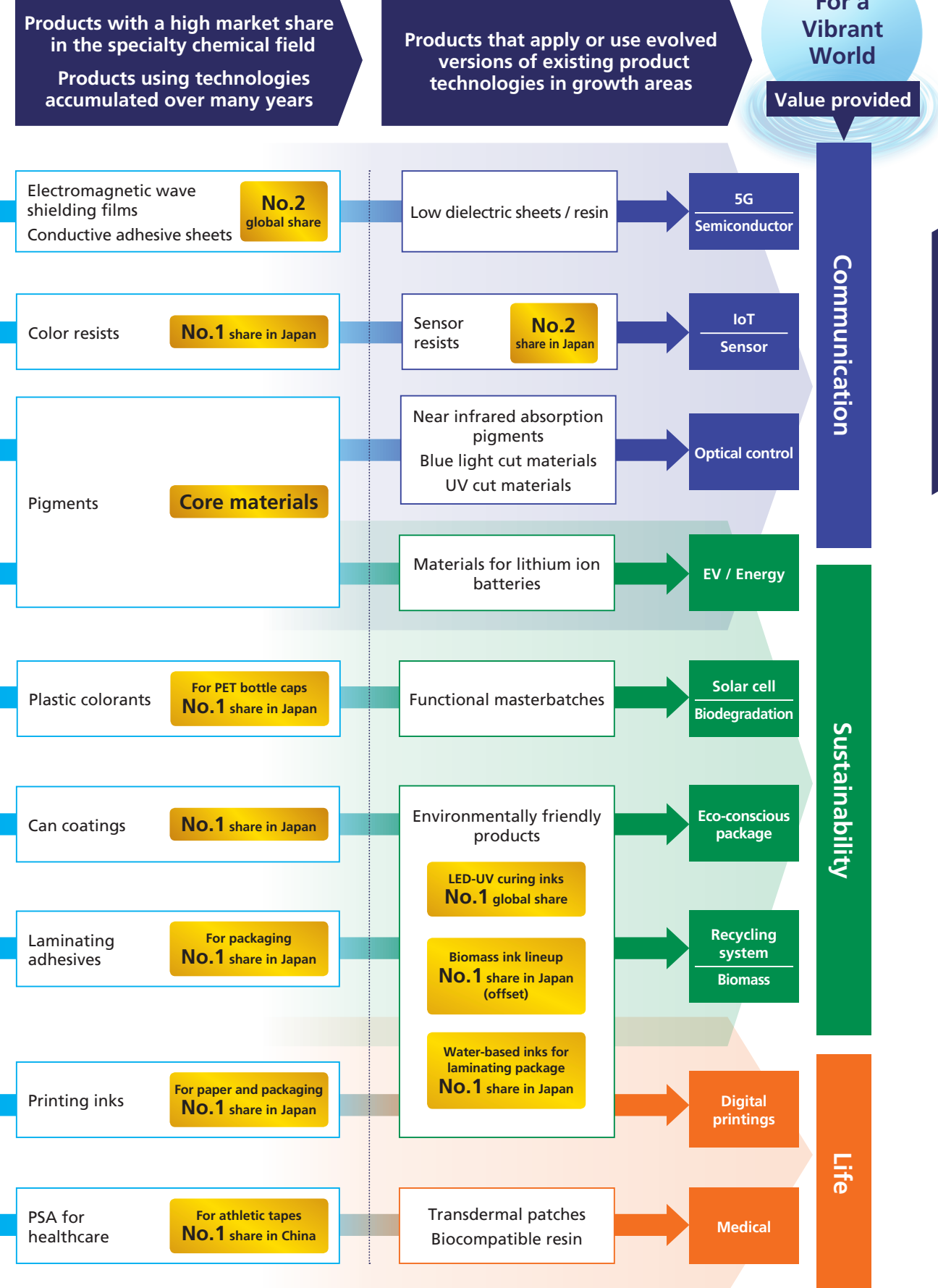
Established Toyo Ink Group Collaborative Research Center in Tokyo Institute of Technology

On January 13, 2022, the Toyo Ink Group and the Tokyo Institute of Technology established the Toyo Ink Group Collaborative Research Center, which conducts cutting-edge research in the fields of the environment, IT and biotechnology. The research center was established with the support of the Tokyo Institute of Technology's Open Innovation Platform. Going forward, the center will take on the challenges of creating value demanded in the new era through efforts such as developing next-generation batteries and CO₂ utilization solutions to solve global environmental problems, developing IT-related material technologies that contribute to the further advancement of digital technologies, and pursuing biotechnologies that will lead to next-generation medical technologies.



Toyo Ink Group's CEO Satoru Takashima (left) and President Kazuya Masu of Tokyo Institute of Technology (right)

Synthesis x Dispersion x Coating and coating film structure control



* Shares according to our research

Strengths that Form the Basis for Value Creation

(2) Co-creation with Customers

Over the course of more than 120 years since the time of its founding, the Toyo Ink Group has built long-term, stable and robust cooperative relationships with a wide array of customers. One of our key strengths is our ability to respond flexibly to changes in contemporary needs and solve problems that provide the value demanded by customers and society through our products.

Turning failure into value and creating new value through co-creation with customers

The co-creation story with Asahi Breweries

On April 20, 2021, Asahi Breweries, Ltd., a major beverage manufacturer in Japan, launched “Asahi Super Dry Nama Jokki Can” (Mug Beer Can) nationwide. Toyochem Co., Ltd.—a member of the Toyo Ink Group—worked together with Asahi Breweries to develop cans that could generate a foam head, which was crucial for the development of the Mug Beer Can. The Mug Beer Can has attracted a great deal of attention in Japan as a product that allows customers to enjoy the excitement of drinking a delicious mug of draft beer with a fine head of foam, just as when it is served at bars and restaurants, simply by opening the lid of the can. As the key technology in actualizing this new product value, Asahi Breweries utilized a “foam-generating beer can coating,” developed in a joint effort between Toyochem and Asahi Breweries after a series of discussions on “the value demanded of beer by customers.”

Accumulated can coating technologies

Coatings are applied to the inner surface of beverage and food cans, mainly to protect the can from its contents (corrosion protection) and to prevent the metal of the can from dissolving into the contents and changing the flavor. Our can coatings—developed using polymer synthesis technologies—have the top market share in Japan, and already have a long-running track record in use as internal coatings for beer cans. One of the values we have delivered over the course of that track record is reducing foaming when the can is opened. Canned beer that foams and gushes out unintentionally is typically regarded as a bad thing—a failure. Based on numerous past failures, we researched ways to suppress foaming, discovered that foaming occurs when the coated interior surface of the can is uneven, and accumulated technologies for producing coatings that can form smooth surfaces.

Partnership with Asahi Breweries, Ltd.

At the same time, in order to enhance our product development capabilities, we continued to approach end-product manufacturers, who are most familiar with the needs of consumers. During an R&D division exchange meeting between Asahi Breweries and Toyochem, stories of our past failures—where the foam in beer cans would gush out—proved to be a valuable hint. Although Asahi Breweries’ idea of creating a product that foams up when the lid of a can of beer is opened was the exact opposite of our conventional wisdom, we decided that it was possible to develop a coating to achieve this effect. It was truly a moment



when past failures helped us to create new value. It could even be said that this value that could not have been obtained by our company alone, and that it was created only because there was a deep level of dialogue and partnership with our customers. “The key point in appreciating the deliciousness of draft beer drunk from a mug is the foam. If we could develop a mag beer can, then customers could enjoy the same taste of beer served at bars and restaurants anywhere,” said Asahi Breweries. Toyochem empathized with the enthusiasm to deliver such a surprise and new value to consumers and began to engage in the challenge of developing a new can coating together with Asahi Breweries. The Toyo Ink Group has a corporate policy of being a company that enriches life and culture, and this was truly a challenge to create new value for people’s lives.

Providing new value to beer culture

With the foaming mechanism already understood, it seemed that the development of a new can coating would go smoothly. In reality, however, there were many obstacles to overcome along the way, such as controlling the shape of irregularities on the coated surface to optimize variations in foaming and bubble size, the construction of a quality assurance system, and ensuring the stability of production at factories. During the nearly four-year development period, Toyochem submitted

dozens of sample coatings. In the midst of the last-minute development schedule, employees from all departments—including sales, technology, production and management—came together to engage in the development efforts together with Asahi Breweries, right up until just before the start of production. When the sale of Mug Beer Cans began on April 20, 2021, it was a memorable day, with a real sense that our can coatings had contributed to providing new value to beer culture.

Accumulated can coating technologies

- Protect the can from its contents
- Prevent the metal of the can from dissolving into the contents and changing the flavor



Partnership with Asahi Breweries, Ltd.

- An idea that was completely opposite to our conventional wisdom
- Development of a can coating that forms irregularities on the inner surface of the can to optimize foaming

Turning past failures into value = Creating new value

We have made many mistakes during the course of manufacturing products over many years. Because we took each failure seriously and continued to face up to new challenges, the accumulation of those failures fed our technological capabilities, and became the source of our competitiveness. Above all, the strong and sincere partnerships we have

forged with customers with different perspectives are the key driving force for the creation of new and unprecedented value.

Going forward, the Toyo Ink Group will continue to provide new value that enriches the lives of people around the world, through co-creation with customers.

Voice of Customer

We interviewed Mr. Ryuhei Kuroda and Mr. Hiroaki Nakajima of Research & Development Laboratories for Packaging Technology, Asahi Breweries, Ltd., who were involved in the development together with us, in order to provide the “foam-generating beer can coating.”

The development of beverage cans is typically carried out together with a can manufacturer. It is normal for materials companies to be involved in the development of inner coatings via the can manufacturer. This case was unusual because we developed the coating in direct partnership with Toyochem Co., Ltd., which is a coating manufacturer. Although it was a joint development that resulted from various coincidences, looking back we feel that it was a very fruitful project.

Toyochem was quick to respond, answered graciously to requests for improvements right up until directly before tests using actual production machinery, and had a wealth of scientific knowledge to offer—so it was a really fulfilling technical exchange.

Asahi Breweries has been delivering deliciousness that exceeds expectations of customers for many years, mainly through two approaches: the evolution of beverages (the contents) and aluminum cans (as containers). Through the development of our Mug Beer Cans, we also acquired a new approach: inner coatings. By continuing to refine this partnership in the future, we hope to deliver even more delicious products to consumers.

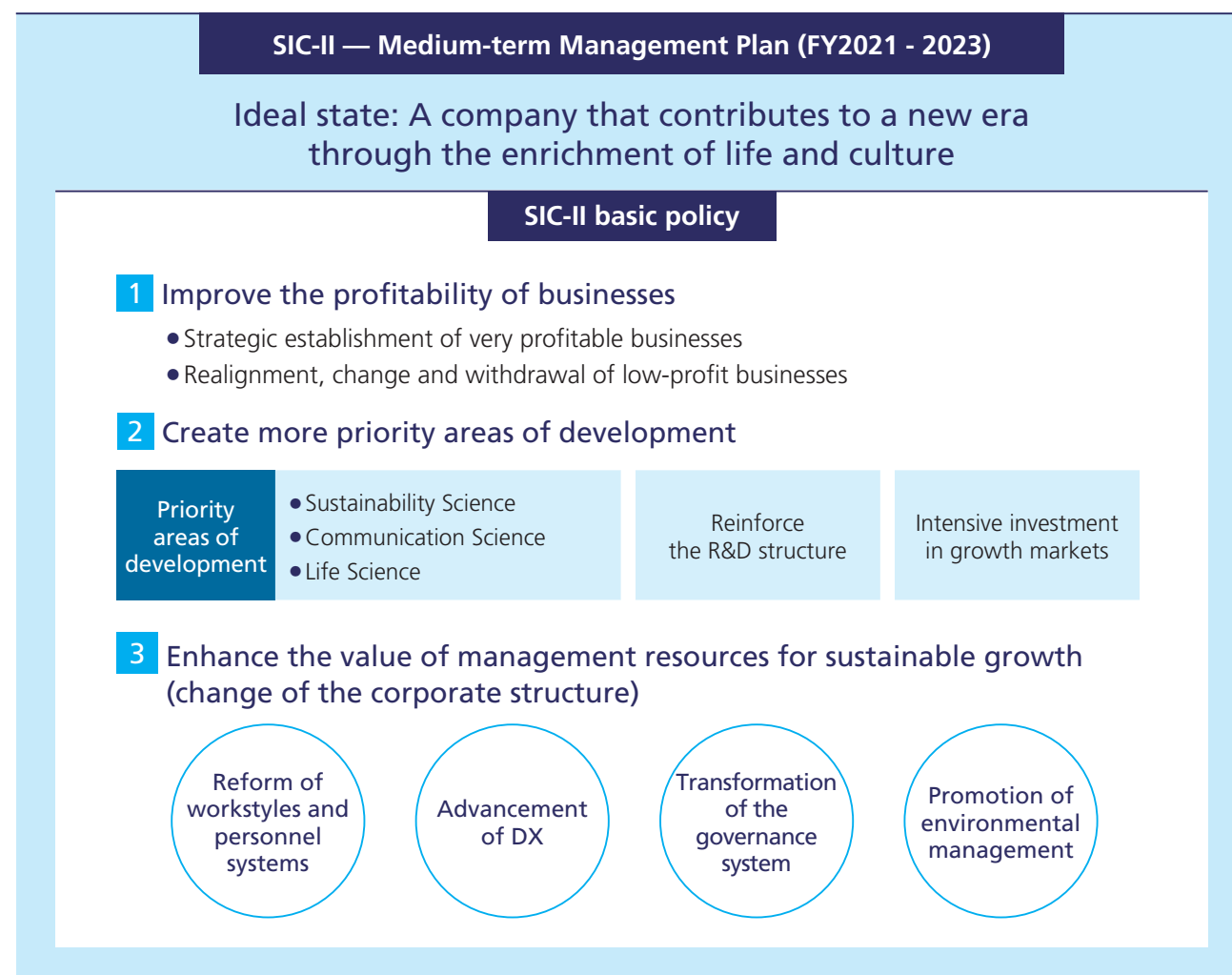


Ryuhei Kuroda (right) and Hiroaki Nakajima (left)
Research & Development Laboratories for Packaging Technology,
Asahi Breweries, Ltd.

Progress of the SIC-II Medium-term Management Plan to Achieve Sustainable Growth

Our SIC-II medium-term management plan, which started in 2021, is the second stage of our long-term vision, SIC27, which is comprised of three medium-term management plans. Our vision under SIC-II is to be a company that contributes to a new era through the enrichment of life and culture, and we aim to continue to provide value that is truly needed to meet the changing needs of society.

SIC-II — Medium-term Management Plan (FY2021 - 2023)



Major Targets for Business Performance under SIC-II

	FY2020 (result)	FY2021 (result)	FY2023 targets
Consolidated net sales	257.7 billion JPY	288.0 billion JPY	300.0 billion JPY
Consolidated operating profit	12.9 billion JPY	13.0 billion JPY	22.0 billion JPY
Operating margin	5.0%	4.5%	7.0% or more
ROE	2.8%	4.4%	7.0% or more

Stressing the importance of the balance between financial soundness, investments and shareholder returns in implementing strategies

During the SIC-II medium-term management plan, the Toyo Ink Group will attach greater importance to operating profit and operating margin as indexes for gauging corporate value than to pursuit of net sales as an indicator of company size. In the last several years, the Group has been in a standstill, just below achieving net sales of 300 billion JPY and operating profit of 20 billion JPY. We therefore aim to break these barriers. Our cash flow policy during SIC-II will be to implement strategies while stressing the importance of the balance between financial soundness and investments / shareholder returns.

We believe that maximizing corporate value through business growth is the highest priority in the use of cashflow. To that end, we invested 19.7 billion JPY in FY2021. Through proactive advancement of digital transformation (DX) and the enhancement of governance, we hope to build a foundation for the Group's sustainable growth.



Hiroya Aoyama
Senior Managing Director,
Chief Financial Officer

FY2021 results

In FY2021, although the outlook for the global economy was uncertain at the start due to the COVID-19 pandemic, the Group's consolidated financial results recovered, mainly overseas, where a relatively early recovery was seen. At the same time, however, shortages in the supply of raw materials and a surge in prices due to the rapid recovery in demand had a significant impact on the Group's consolidated business results. Despite these conditions, the Group is steadily implementing the three policies laid out under SIC-II. Under Policy (1), "improve the profitability of businesses," the Group has worked to build a resilient business portfolio by shifting to high value-added products, through measures such as strategically forming an array of profitable businesses and reorganizing, reforming, or withdrawing from less profitable businesses. Under Policy (2), "create more priority areas of development," the Group has established three priority areas of development with a focus on new social needs—Sustainability Science, Communication Science and Life Science—and engaged in proactive investment and development, such as building a supply system for materials for automotive lithium ion batteries. Under Policy (3), "enhance the value of management resources for sustainable growth (change of the corporate structure)," the Group has worked to advance digital transformation (DX) such as in digital marketing, established the Sustainability Vision "TSV2050/2030," and transitioned to a company with audit & supervisory committee to enhance supervisory functions with regard to its Board of Directors.

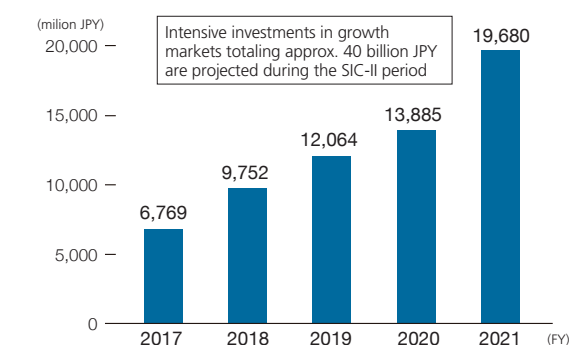
As a result of these measures, the Group's consolidated net sales for FY2021 increased, as did operating profit, ordinary profit and profit attributable to owners of parent.

Making capital investments that drive growth

In FY2021, we made capital investments of 19.7 billion JPY. By business segment, we have been investing in the established of a global four-base production system for materials

for automotive lithium ion batteries in the Colorants and Functional Materials Business; making capital investments in adhesives and pressure sensitive adhesives for overseas markets, which are key growth engines in the Polymers and Coatings Business; and are investing in new pharmaceutical plants in the medical field. In the Packaging Materials Business, we have made capital investments for the establishment and augmentation of new plants in China, Turkey and India, which are growth regions.

Changes in capital investment



Agile approach to shareholder returns, based on stable dividends

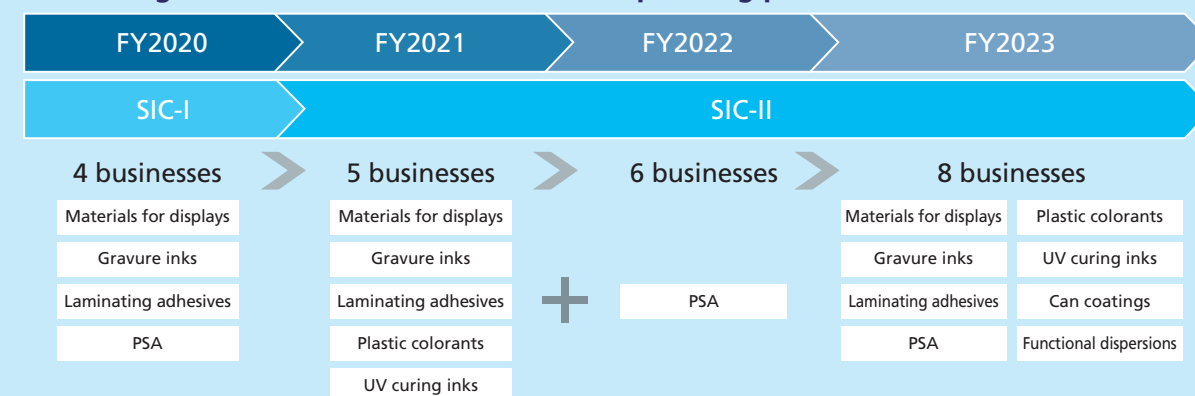
The Group's basic policy with regard to shareholder returns is to continuously pay stable dividends while ensuring a stable business foundation over many years. While we have set the rate of 90 JPY / year as the lowest limit during the current medium-term management plan, we will consider reviewing this figure depending on financial results. In addition, we will also take an agile approach to advancing comprehensive shareholder return measures, including the acquisition of treasury stock. Our policy is to allocate internal reserves to capital investment in basic businesses and business areas in which growth is expected, as well as in research and development that can contribute to future profit growth.

Progress of the SIC-II Medium-term Management Plan to Achieve Sustainable Growth

1 Improve the profitability of businesses

Under the basic policy 1 of the SIC-II medium-term management plan, “improve the profitability of businesses,” the Group strategically increases high-profit businesses through a shift to high value-added products and takes drastic measures regarding the businesses with structural issues.

Doubling the number of businesses with operating profit in excess of 1 billion JPY



Strategically promote development of key sources of revenue and structural reforms

In terms of “Improve the profitability of businesses,” we are actively investing in and allocating our resources into new businesses that are expected to grow and expand, in order to increase the number of highly profitable businesses driving the Group’s growth, and advancing reforms for our mature businesses in order to create a business structure that matches the scale of each market. Although business conditions in FY2021 were challenging, with soaring raw material prices, we continued to make investments and reforms in areas such as materials for displays, adhesives and pressure sensitive adhesives, plastic colorants and UV curing inks, and the number of businesses generating operating profit in excess of 1 billion JPY increased from four in FY2020 to five in FY2021. Going forward, we will continue to develop key sources of revenue and structural reforms to enhance the Group’s overall earning power.



Hiroyuki Hamada
Managing Director
in charge of Corporate Planning

Materials for displays

Staying ahead of changes in the flat panel display market

In the materials for displays business, we are developing products for flat panel displays (FPDs), with the Group engaging in integrated production of everything from pigments (raw materials) to pastes (intermediates) and color resists (as final products). Our strengths are cost competitiveness through the overall improvement of production processes and high-level technology development capabilities for responding quickly to various needs.

Looking ahead, we expect the FPD market to continue to grow globally in terms of panel size (area), but it is a rapidly changing market. Currently, around 60% of large-sized LCD displays are produced in China, and this percentage is expected to increase in the future. Since commodity products are the mainstream in the Chinese market, cost competitiveness is the biggest key point. Going forward,

the Group will seek to further increase its market share through cost competitiveness with innovative manufacturing methods utilizing an integrated production process from pigments to final products, and through alliances in China. Since high-end products are the mainstream in the market for small and medium-sized LCD displays such as PCs and in-car panels, the key point will be to respond to various high-performance enhancements. Armed with our advanced technological development capabilities, we will continue to deliver a range of highly differentiated and functional products.

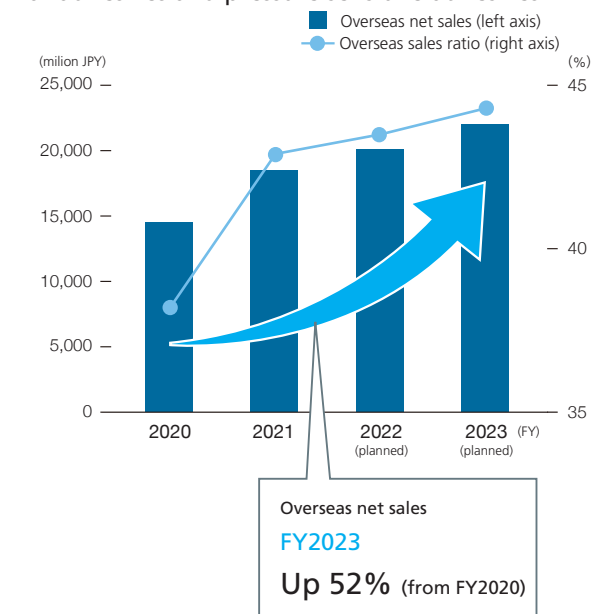
Through these two strategies leveraging our strengths, we will seek to maximize our business and secure stable profits and future growth.

Adhesives / PSA

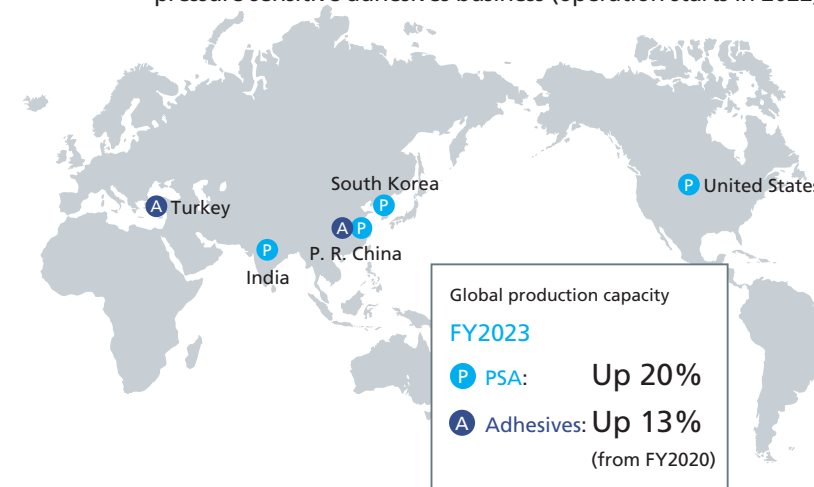
To be a Global Adhesives Manufacturer

In the adhesives and pressure sensitive adhesives (PSA) business, we aim to be a global adhesives manufacturer and transform our earnings structure by shifting to high value-added products, by working to develop environmentally friendly and functional products. So far, we have developed and marketed environmentally friendly products such as biodegradable, biomass, solvent-free and thin-film products as well as highly functional products such as structural adhesives, pressure sensitive adhesives for healthcare applications with low skin irritation, and reactive hot-melt adhesives. While the Group’s overall consolidated overseas sales ratio in FY2021 was 49.9%, the overseas sales ratio for the adhesives and PSA business remained at a lower level than the Group as a whole, at around 43%. Going forward, we aim to further increase the ratio of overseas sales by expanding our business through minimal investment making maximum effective use of the Group’s global site infrastructure and expanding globally by increasing new production facilities at existing overseas bases.

Overseas net sales / overseas sales ratio of adhesives and pressure sensitive adhesives



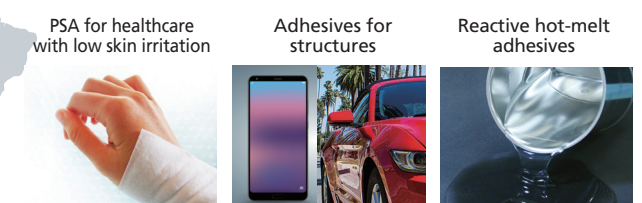
Enhancement of overseas facilities for the adhesives and pressure sensitive adhesives business (operation starts in 2022)



Environmentally friendly products



High functional products



Plastic colorants

Business restructuring

In the plastic colorants business, since FY2020, we have been reorganizing unprofitable bases in Europe and South-east Asia to improve business profitability. At the same time, we are transforming our product mix by switching to more functional products, and increasing sales and profits by expanding sales of high value-added products. Starting with masterbatches for solar cells, for which demand is growing rapidly in China and India, we are releasing a series of newly developed products, such as environmentally friendly products that contribute to improving recycling and products that use biodegradable plastics.

UV curing inks

Strategic expansion

As the market for oil-based printing inks for paper continues to shrink, UV curing inks are attracting attention as a market where demand will continue to expand in the future. We are shifting to more environmentally friendly products, including biomass products using our uniquely developed resin and products that can be cured with low-power LED-UV, contributing to energy conservation. We are also working actively to expand sales of differentiated products for labels and containers, for the Japanese and European packaging materials markets, which are expected to grow steadily in the future.

Progress of the SIC-II Medium-term Management Plan to Achieve Sustainable Growth

2 Create more priority areas of development

At the Toyo Ink Group, we have identified *Green*: Rising awareness of environmental problems, *Digital*: Rapid acceleration of digitalization, and *Health*: Rising awareness of safety, security, and health as new social needs and have established three priority areas of development corresponding to the respective issues: Sustainability Science, Communication Science, and Life Science. We will provide the value that is truly needed for these social needs and create and expand new businesses.

Stimulating cross-business R&D and accelerating medium-term development

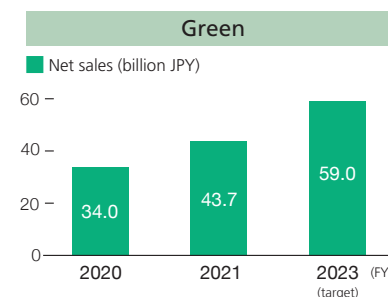
In "Create more priority areas of development," the Group will thoroughly identify true needs in society both during and after the COVID-19 pandemic, and aim to create and deliver value based on its strengths and competitive advantages. In FY2021, sales in Sustainability Science, Communication Science, and Life Science all increased steadily in comparison with FY2020. The creation of a new research system at our core operating companies has also stimulated cross-business R&D and further accelerated medium-term development in priority development areas. We will also continue to make agile and speedy investments in human resources, technology, and equipment to boost development.



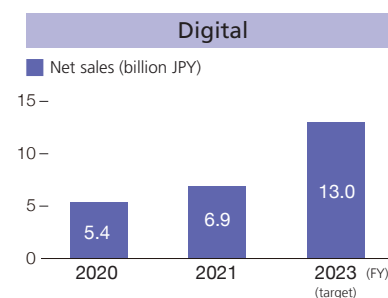
Shintaro Yamaoka
Senior Executive Operating Officer,
Chief Technical Officer

Priority areas of development

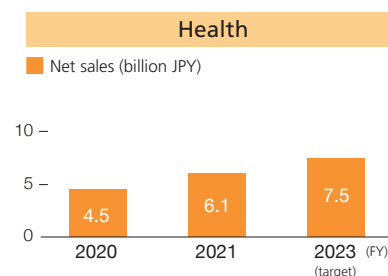
Sustainability Science For creating a sustainable society



Communication Science Contribute to a 5G and IoT society with key materials and solutions



Life Science Enrich people's lives and improve their health



Materials for automotive lithium ion batteries

Business expansion through original technologies and enhancement of global supply system

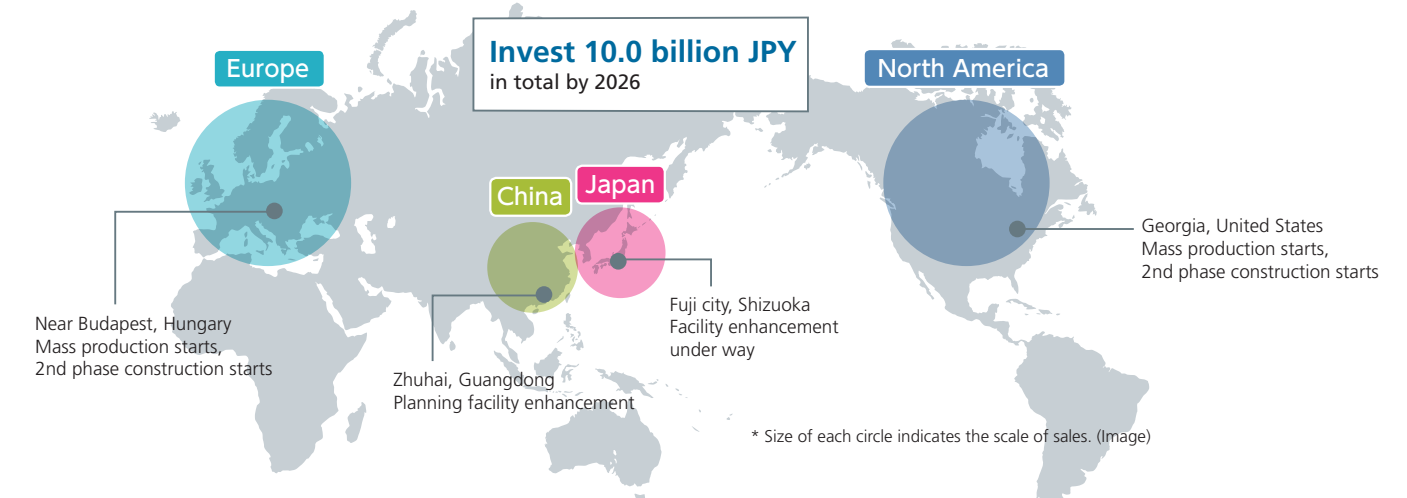
In FY2021, it was decided that carbon nanotube (CNT) dispersions for cathode materials of lithium ion batteries (LiB) supplied by Toyocolor Co., Ltd. will be used at the North American and European bases of Korean LiB manufacturer SK ON. We began supplying them for electric vehicles (EVs) manufactured by the Volkswagen Group and Ford Motor Company Started.

Although the shift toward EVs is accelerating rapidly due to the global trend of decarbonization, increasing the capacity of LiB holds an important key to the widespread popularization and advancement of EVs in the market. In order to increase LiB capacity, it is necessary to use CNTs that can achieve conductive performance with a small amount of addition, but dispersion is difficult and there are many problems in achieving practical applications. In response to this challenge, Toyocolor has succeeded in developing a stable CNT dispersion using a proprietary dispersion technology, contributing to extending the cruising ranges of EVs by increasing LiB capacity and solving other

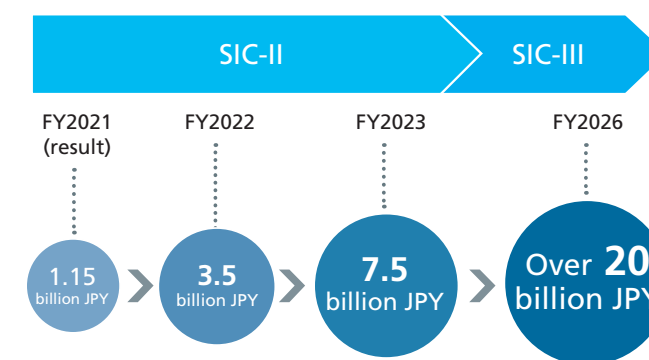
problems faced by batteries such as safety, miniaturization, charging speed and durability. The Group has also established itself in a position as the only manufacturer of CNT dispersions with a four-base production system that allows it to provide a stable supply in North America, Europe, China and Japan—which are the world's major automotive markets. The adoption of the Group's products by Korea-based SK ON constitutes recognition of the Group's advanced technological capabilities and global supply system. We are also currently receiving many projects from other major automotive LiB manufacturers and proceeding with development efforts.

During SIC27—its long-term vision leading up until FY2026—the Group will invest approximately 10 billion JPY to augment CNT dispersion production facilities at its bases in North America, Europe, China and Japan, and to build a stable supply system. Net sales for FY2021 totaled approximately 1.15 billion JPY. We aim to achieve net sales of 7.5 billion JPY in FY2023 and in excess of 20 billion JPY in FY2026, and work to grow this business into a core business of the Group.

The world's major EV markets and Toyo Ink Group's four-base production system



Sales targets for the LiB materials business (during SIC27)



Voice of the development manager

As the global shift toward EVs continues to accelerate, in FY2021, the full-scale supply of CNT dispersions utilizing our dispersion and material design technologies began. Going forward, we will continue to contribute to improving performance of and proliferating next-generation batteries through technologies for high-dispersion and modification of CNT materials with superior conductivity, high-purity product designs for enhanced safety, and proposals for innovative processes that reduce environmental impact—with the aims of further extending cruising range, shortening charging times and improving reliability.

Shinichi Sato
General Manager of Technical Division,
Toyocolor Co., Ltd.



Progress of the SIC-II Medium-term Management Plan to Achieve Sustainable Growth

3 Enhance the value of management resources for sustainable growth (change of the corporate structure)

To improve the value of the management resources that support our sustainable growth, we will strengthen initiatives for reforming workstyles and our personnel system, promoting digital transformation (DX), transforming our governance system, and promoting environmental management.

Continuing to reform our management base and corporate structure in line with current needs

The Toyo Ink Group's long-term corporate vision, SIC27, defines the concept of "Sustainable Growth" as both the Group and society growing together mutually and sustainably. In order to achieve sustainable growth, it is important for the Group to continue to reform its management base and corporate structure—which form the foundation for its business—in line with the times. Under this policy, we are executing concrete actions focused on four key issues: engagement between the Group and its employees, business in a DX society, business management in a VUCA* business environment, and responding to environmental issues as a chemical manufacturer. In FY2021 we implemented various measures, regarding it as a year to lay a solid foundation for the future.

* VUCA: a state of increased volatility, uncertainty, complexity and ambiguity, making it difficult to predict the future



Tetsuaki Sato
Executive Operating Officer,
Chief Sustainability Officer

Formulating a Sustainability Vision

We believe that in order for the Group to achieve sustainable growth, initiatives with an even more long-term outlook beyond 2027, the final year of our SIC27 long-term vision, will be required. Based on this belief, we have also established a long-term Sustainability Vision "TSV2050/2030" as the core component of the Group's sustainability strategies, and commenced activities as of FY2022. TSV2050/2030 is a basic vision for engaging in various sustainability activities with a view to 2050. The three pillars of this vision are "Providing products and services that realize a sustainable society," "Reducing the environmental impact of manufacturing" and "Building a foundation for trust." These pillars are a direction for the Toyo Ink Group's provision of value, and form the foundation for all of the Groups sustainability initiatives.

In order to steadily advance the initiatives of TSV2050/2030, in January 2022, we reorganized the CSR Generalization Committee into the Sustainability Committee, and established the ESG Promotion Committee under its oversight. The ESG Promotion Committee is composed of



teams that work to advance the initiatives of TSV2050/2030 from the three aspects of technology, production and corporate infrastructure; and share information regularly.

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Promotion of environmental management

In addition to focusing on the development and expansion of environmentally friendly products that form the basis for environmental management and building a global supply system for materials for lithium ion batteries (LiBs), we have also developed and launched various packaging materials with a focus on keywords such as biomass, biodegradable and solvent-free and more. These materials have already been adopted by multiple brand owners.

Major trends on environmentally friendly products (FY2021)

2021	Feb.	Development of biomass inks for screen printing (launched in May)
	Jul.	CNT dispersions for LiB adopted by SK ON of South Korea
	Aug.	Hot-melt pressure sensitive adhesives for PET bottle labels that leave no residue adopted by Suntory
	Oct.	Development of high-biomass LED-UV curing flexographic inks Launched sales of high-solid water-based gravure inks

With regard to reducing greenhouse gas emissions, the Technical & Administration Building at Toyochem Co., Ltd.'s Kawagoe Factory has been certified as Nearly ZEB*, and we have also introduced 100% renewable energy

power at non-production business sites such as Kyobashi Head Office and Toyo Ink Co., Ltd.'s Kansai Branch Office.

We regard addressing climate change as a Group-wide issue. We have categorized risks due to climate change as one form of business risk, identified risks / opportunities based on TCFD recommendations, and analyzed with scenarios and disclosed the results.

* Nearly ZEB: Nearly Zero Energy Building. A term for buildings that reduce annual primary energy consumption by 75 to 99%, and by at least 50% even for non-renewable energy.

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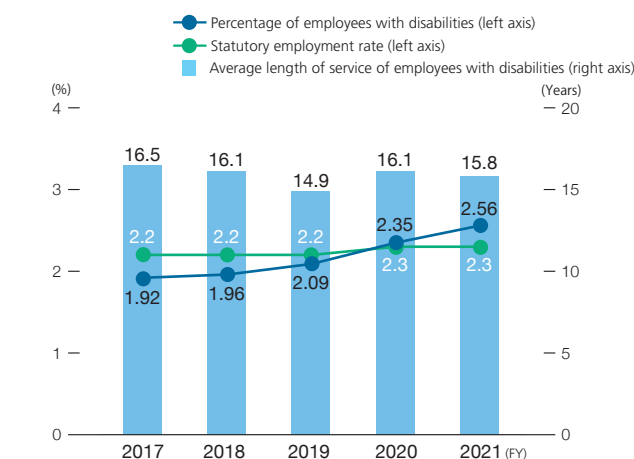
Reform of workstyles and personnel systems

Based on our corporate philosophy of *People-oriented Management*, we believe that it is important to create a workplace environment in which every employee can maximize their potential in active roles, and are engaged in work style and personnel system reforms to achieve this. In March 2021, we held the first Business Idea Competition. It is a Group-wide contest that calls on a wide range of employees to submit ideas—for the creation of new businesses, improvement of existing businesses and operational reforms—and propose them to the Group's senior management. We continued to hold this event in FY2022, with the aim of inspiring employee motivation and encouraging growth. In July 2021 we introduced a volunteer leave system (up to 5 days per year), with the aims of actively encouraging and supporting employee volunteering activities and fostering a corporate culture that values and emphasizes social contribution.

In terms of diversity, we are continuously promoting the employment of people with disabilities in Japan. In FY2021, we exceeded the statutory employment rate by achieving a percentage of 2.56% (of employees with disabilities registered with Toyo Ink SC Holdings Co., Ltd.) Going forward, we will aim to improve the percentage of employees with disabilities throughout the Group.

In terms of promoting the active participation of female employees, as of January 2022, the percentage of newly appointed female managers was 8.8%, and the percentage of

Changes in percentage of employees with disabilities



* Employees who belong to Toyo Ink SC Holdings Co., Ltd.

female managers in Japan was 4.5%. Going forward, we will strengthen measures to achieve our target of 8% for the period of the SIC-II medium-term management plan.

As a health and productivity management initiative designed to improve the workplace environment, for employees to work healthily, we implemented a sleep improvement program by industry-academia collaboration with Waseda University. We have also collaborated with health insurance societies to effectively maintain and improve the health of Group employees. In recognition of these efforts, in March 2022, we received the Health and Productivity Management Outstanding Organizations (White 500) certification, which is awarded to the top 500 companies in a health and productivity management survey of certified Health and Productivity Management Outstanding Organizations (large enterprise category)—a certification that the Toyo Ink Group has received for six successive years.



Advancement of DX

The Group is engaged in digital transformation (DX) in three key directions—*Use*: using digital technologies as tools; *Create*: providing products that contribute to the advancement of DX; and *Change*: transforming our own business model. While on one hand we are using this as a means of transforming our own business efficiency and business processes, we are also working to create new business models by utilizing DX. As an example, we are advancing the introduction of materials informatics to accelerate R&D efforts that require enormous amounts of information and trial and error, such as material search and production process development.

From January 2022, we launched e-learning courses for all management employees in Japan, to improve the DX skills of our human resources.

Transformation of the governance system

We continue working to reform our governance system, to further earn the trust of our shareholders and investors. In March 2022, based on the resolution by the Annual General Meeting of Shareholders to amend our Articles of Incorporation, we made a major shift from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. By allowing Audit and Supervisory Committee Members, who are Directors, to exercise their voting rights at meetings of the Board of Directors, we aim to increase the level of fairness and transparency of management and strengthen oversight of the Board of Directors. We have also improved transparency and the level of performance-linkage by revising the executive compensation system, and made efforts to reduce cross-shareholdings of listed stocks.

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Sustainability Management

Basic approach

The Toyo Ink Group’s philosophical system is a fundamental part of its management. At the top of the system is the Corporate Philosophy, which is followed by the Corporate Policy and the Guiding Principles. They serve as the norms for the corporate activities practiced by each employee. The Toyo Ink Group refers to its Corporate Philosophy and CSR Charter and Action Guidelines as standards for its stance and actions, with the goals of resolving social issues and creating a sustainable society through its business operations.

In January 2022, we formulated the Sustainability Vision “TSV2050/2030,” to respond flexibly to social changes and drive our corporate activities from a medium to long-term perspective.

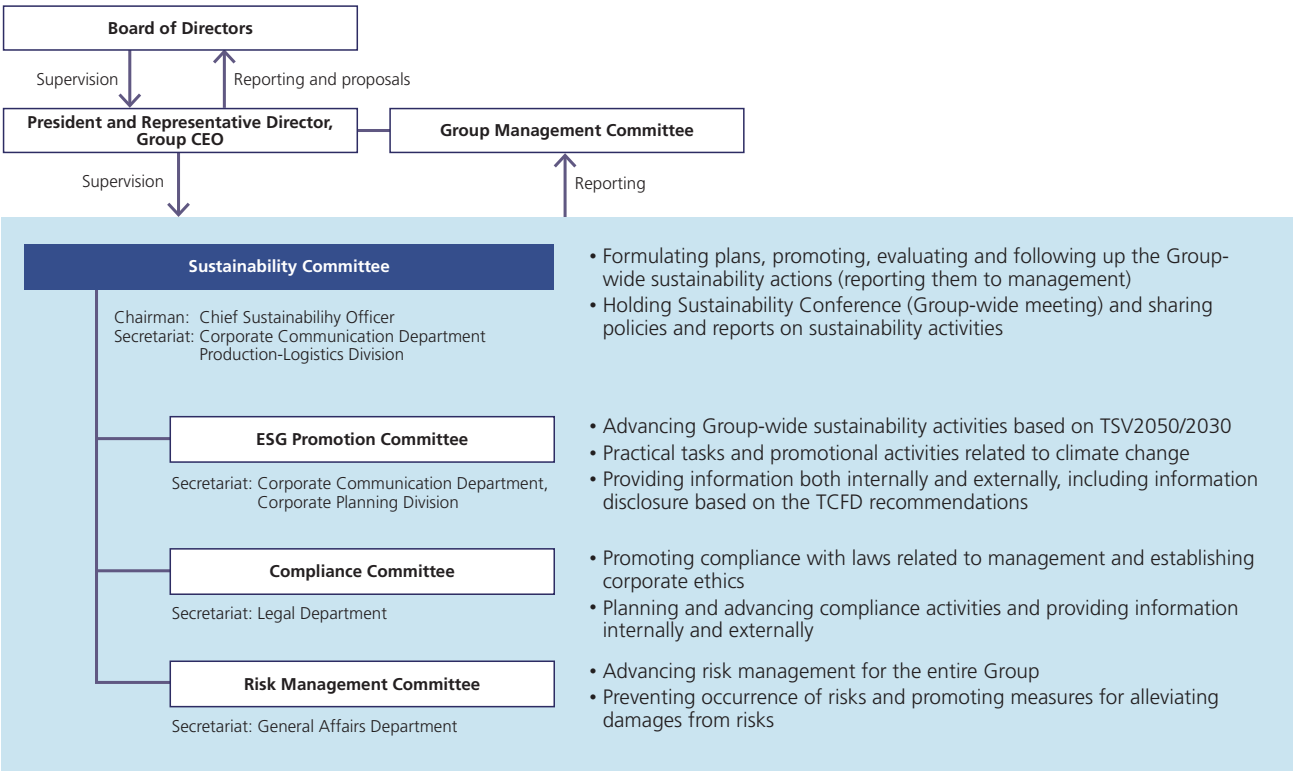
We will continue to promote sustainable management by implementing management strategies under the SIC-II medium-term management plan and steadily executing measures to address material issues, and the goals of TSV2050/2030 that lie beyond.

Sustainability Vision “TSV2050/2030”

- 1. Providing products and services that realize a sustainable society
- 2. Reducing the environmental impact of manufacturing
- 3. Building a foundation for trust

Details of TSV2050/2030 are shown in the CSR Activities section of our website.

Sustainability promotion system (FY2022)



Promotion system

To enhance Group-wide sustainability activities, in January 2022 we renamed and reorganized the CSR Generalization Committee into the Sustainability Committee, and established the ESG Promotion Committee under it. The Sustainability Committee is supervised by the Board of Directors via the President and Representative Director, Group CEO. Chaired by the Group’s Chief Sustainability Officer, the committee formulates plans, implements, evaluates, and follows up on all Group-wide sustainability-related activities and reports to the management team via the Group Management Committee, etc. The missions of the ESG Promotion Committee include driving sustainability activities based on TSV2050/2030, addressing the issue of climate change, and disclosing information based on the TCFD recommendations. The committee’s secretariat consists of the Corporate Communication Department and Corporate Planning Division of Toyo Ink SC Holdings Co., Ltd.

The three subcommittees of the Sustainability Committee—the ESG Promotion Committee, the Compliance Committee and the Risk Management Committee—and the administrative departments of each domestic Group company play a central role in supporting the sustainability activities of the entire Toyo Ink Group, including overseas, from their various perspectives, and are working to drive activities on a global scale.

In FY2021, we held the CSR Conference, a Group-wide meeting, in September to report on the progress of the Group’s activities and share our activity policies.

Material issues (materiality) for the Toyo Ink Group

At the Toyo Ink Group, we believe that formulation of material issues, which are aimed at improving both the Group’s corporate value and sustainability of society, is necessary for achieving the SIC27 long-term corporate vision and “Sustain-

able Growth” into the future. Therefore, we began tasks for formulating the material issues of the Toyo Ink Group in FY2016, and completed them in FY2017.

Process of formulating the material issues

STEP1 Identifying issues (2016-)

By considering international guidelines and material issues at chemical manufacturers, among others, we identified aspects in which the Toyo Ink Group is believed to significantly impact the economy, society, and the environment, as well as candidate material issues that we must address.

STEP2 Prioritizing material issues

Based on the candidate material issues identified, the CSR Promotion Committee mapped the issues, with coordinate axes of materiality for stakeholders and materiality for the Toyo Ink Group. Thus, the Committee narrowed the candidate issues down to high-priority ones.

● Result of mapping of identified material issues

STEP3 Narrowing the issues from stakeholders’ perspective (2017-)

We narrowed down the material issues further through communications with inside and outside the Group, including dialogues with external experts and in-house workshops.

STEP4 Formulating the material issues

We organized the material issues that were narrowed down, ideal states, boundaries (extent of their impact), and other points, thereby clarifying the five material issues, position of each, and relationships between them. Following this, we determined the Toyo Ink Group’s material CSR issues with the approval of the CSR Generalization Committee and the Group Management Committee.

Future initiatives and issues

- Instilling the issues further in the Group
- Review of activities during the three-year period of each medium-term management plan and of KPIs and targets in view of the circumstances of society
- Review and adjustment of materiality

Sustainability Management

Material issues and progress of our activities

The Toyo Ink Group defined its material issues through dialogue with stakeholders. In FY2018, we linked our sustainability activities to our medium-term management plan, and have since carried out activities with a focus on material issues. In FY2021, we engaged in activities in line with KPIs and targets during SIC-II (FY2021–FY2023), matching the period of activities for the SIC-II medium-term management plan.

In particular, the numerical environmental targets for Material Issue 2 (reduction of CO₂ emissions) and social targets for Material Issue 4 (promoting health and productivity management, increasing female manager ratio to 8%) are equivalent to “Promotion environmental management” and “Reform workstyles and personnel systems” under Basic Policy 3 of SIC-II “Enhance the value of management resources for sustainable growth (change of the corporate structure),” and we are bolstering our efforts accordingly. Activities in FY2021 proceeded as planned for the most part.

Material issues, ideal states, and actions

Evaluation: A as Progress beyond plan, B as Progress as planned, and C as Further efforts required

Material issues	Ideal state	Relevant SDGs goals	Actions	KPIs and targets during SIC-II (FY2021 - 2023)	Achievements in FY2021	Evaluation for FY2021
<div>Material Issue 1</div> <div>Provide value that exceeds customer expectations and contribute to society</div>	We provide value that contributes to innovations and the solution of issues in society, through creative products and services that exceed customers' expectations. Through these activities, we win the trust of a wide range of stakeholders and contribute to developing a sustainable society.	<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div> <div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div> <div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div> <div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	<div>1. Create the enrichment of life and culture based on the three strategic orientations of Life, Communication and Sustainability</div> <div>2. Build customer trust through safe products and services</div> <div>3. Assure highest quality</div> <div>4. Achieve a high level of customer satisfaction</div>	<div>• Creation of products, services and technologies that contribute to provision value to society</div> <div>• Initiatives to improve quality: Operation of the Quality Global Standard at all production bases around the world</div>	<div>• Created new products and services for value creation (development of PSA for PET bottles, high biomass / LED-UV curing flexographic inks, biomass inks for screen printing for UV curing PET substrates, low-odor and low-VOC PSA)</div> <div>• Held online event “Value Showcase” on the Group’s website to introduce material technologies and solutions that are indispensable for creating high value-added products (4,829 online visitors)</div> <div>• Formulated the Quality Global Standard policy</div>	B
<div>Material Issue 2</div> <div>Co-exist in harmony with the environment through innovative technologies</div>	With innovative environmental technologies, we have become a leading company in society in the aspects of both products and services. In addition, we contribute greatly to harmonizing society with the environment and improving the sustainability of society through initiatives we take in overall business, from the upstream to the downstream.	<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div> <div><div>6</div><div>CLEAN WATER AND SANITATION</div></div> <div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div> <div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> <div><div>13</div><div>CLIMATE ACTION</div></div> <div><div>15</div><div>IFE AND LAND</div></div>	<div>5. Development and dissemination of innovative technologies, products, and services that reduce environmental impact</div> <div>6. Efforts to solve and respond to the problem of climate change</div> <div>7. Appropriate management of chemical substances</div> <div>8. Steady promotion of environmental management</div>	<div>• Reduction of CO₂ emissions (Japan): 67,500t (down 12% from the FY2020 level)</div> <div>• Improvement of specific energy consumption (overseas): 165.0L/t (down 3% from the FY2020 level)</div> <div>• Reduction of chemical emissions (Japan): 62.2t (down10% from the FY2020 level)</div> <div>• Reduction of amount of waste treated off-site (Japan): 10,500t (down 19% from the FY2020 level)</div> <div>• Increasing of sales ratio of environmentally friendly products: 70.0% (up 4.0 percentage points from the FY2020 level)</div> <div>• Conservation of forest and aquatic ecosystems: Tree-planting, ecological surveys, strengthening of water intake / drainage management at production bases with high water risks, etc.</div>	<div>• Reduction of CO₂ emissions (Japan): 79,380 t (up 3.3% from the FY2020 level)</div> <div>• Improvement of specific energy consumption (overseas): 164.1 L/t (down 3.6% from the FY2020 level)</div> <div>• Reduction of chemical emissions (Japan): 62.3 t (down 9.8% from the FY2020 level)</div> <div>• Amount of waste treated off-site (Japan): 13,949 t (up 8.1% from the FY2020 level)</div> <div>• Sales ratio of environmentally friendly products: 64.4% (down 1.6% from the FY2020 level)</div> <div>• Launched a task force on climate change and promoted information disclosure in line with TCFD recommendations</div>	B
<div>Material Issue 3</div> <div>Co-exist and co-prosper with the supply chain and fulfill the trust of stakeholders</div>	We have built a firm relationship of trust with the supply chain toward co-existence and co-prosperity, by respecting the supply chain on an equal footing and stimulating each other. Based on this relationship, we continue to take on further challenges through mutual cooperation with the supply chain.	<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> <div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>	<div>9. Co-existence and co-prosperity in the supply chain through collaboration</div> <div>10. Respect for the human rights of all stakeholders</div>	<div>• Implementation of major supplier assessments based on the Criteria for Selecting Suppliers: Continuation of 100% implementation rate</div> <div>• Conducting a sustainability surveys for major suppliers: Implementation rate 100%</div> <div>• Promoting efficiency and sustainability improvements through collaboration in logistics</div> <div>• Thorough human rights education during overseas assignment training: Continuation of 100% attendance rate</div>	<div>• Created criteria for assessments for major suppliers in Japan and started surveys (percentage of suppliers surveyed in FY2021: 10%)</div> <div>• Prepared questions for sustainability surveys toward the start of surveys in FY2022</div> <div>• Number of employees who took human rights education during overseas assignment training: 24 employees (percentage of employees receiving training: 100%)</div>	B
<div>Material Issue 4</div> <div>Value employees and pursue their happiness and job satisfaction</div>	We have established a corporate climate where the personality of each employee and their diversity are respected and employees pursue job satisfaction and self-actualization. In addition, our open, family-like workplace environment serves as the base for creating innovations at home and abroad.	<div><div>4</div><div>QUALITY EDUCATION</div></div> <div><div>5</div><div>GENDER EQUALITY</div></div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div>	<div>11. Thorough occupational safety and health, and promote health and productivity management, which are closely linked to employee satisfaction</div> <div>12. Foster diversity to invigorate the organization</div> <div>13. Cultivate human resources that have global perspectives and abilities</div>	<div>• Continuing to be selected as <i>White 500</i> company by promoting health and productivity management</div> <div>• Continuing acquirement <i>Eruboshi</i> certification by promoting women’s employment and active participation: Continuing 30% female recruitment ratio in Japan, and female manager ratio in Japan to be 8%</div> <div>• Continuing acquirement <i>Kurumin</i> certification promoting childcare and nursing care support: Continuing 80% childcare leave acquisition (10 days or more) rate for male employees in Japan</div> <div>• Zero serious accidents</div>	<div>• Continued to be selected as a <i>White 500</i> company and acquired <i>Eruboshi</i> certification</div> <div>• Percentage of female new graduates hired in Japan: 32%</div> <div>• Percentage of female managers: 4.5% (as of January 2022)</div> <div>• Percentage of male employees in Japan taking childcare leave for 10 days or more: 93%</div> <div>• Zero serious accidents (frequency rate of lost-workday injuries in Japan: 0.569, severity rate: 0.001, accident rate: 2.35)</div>	B
<div>Material Issue 5</div> <div>Build a solid base that underpins trust</div>	We have established a solid base that underpins the trust of stakeholders through compliance, communications, and other practices. In addition, this base serves as a secure foundation for the Group to survive until its 200th anniversary while maintaining its traditions.	<div><div>10</div><div>REDUCED INEQUALITIES</div></div> <div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>	<div>14. Ensure compliance</div> <div>15. Eliminate corruption</div> <div>16. Promote effective risk management and disaster preparedness</div> <div>17. Implement timely, appropriate and proactive information disclosure, and strengthen stakeholder communication</div> <div>18. Contribute to local community development through our business activities</div> <div>19. Contribute to the resolution of problems affecting local communities</div>	<div>• Zero serious compliance violations</div> <div>• Comprehensive implementation and content enhancement of compliance meetings in each site</div> <div>• Formulation of the Compliance Programs tailored to local circumstances of each site of the Group, and continuing implementation of education (Anti-monopoly Act, Subcontract Act, bribery prevention, privacy protection regulations, etc.)</div> <div>• Promoting activities for communication with local communities</div> <div>• Promoting educational / cultural activities in local communities</div> <div>• Promoting social contribution activities: Volunteer activities or their support, disaster countermeasure support, etc.</div>	<div>• Zero serious compliance violations</div> <div>• Held compliance meetings in each site (3,456 participants during the first half of the year; 3,740 participants during the Improvement Month)</div> <div>• Held various compliance seminars (Anti-monopoly Act: 28 seminars with a total of 857 participants, Subcontract Act: 24 seminars with a total of 544 participants, Handling of confidential information: 31 seminars with a total of 1,065 participants)</div> <div>• Held compliance meetings in each site using the Code of Business Ethics and its explanatory materials which are translated into local languages</div> <div>• Responded appropriately to natural disasters (earthquakes, typhoons, heavy rain, etc.)</div> <div>• Responded to the COVID-19 pandemic (including the revision of guidelines)</div> <div>• Conducted risk assessments (100% of locations in Japan, 97% of locations overseas)</div> <div>• Encouraged the formulation of disaster response manuals at domestic bases (85% of bases have created manuals)</div> <div>• Accepted a tour by students from Takashina Kawagoe branch of Saitama Prefectural Kawagoe Special Needs School (Saitama Factory of Toyo Ink Co., Ltd. in July 2021)</div> <div>• Introduced and implemented a volunteer leave system</div>	B

Climate Change Information Disclosure Based on the TCFD Recommendations

The Toyo Ink Group understands that the response to climate change is a material management issue with a huge impact on business activities. We expressed support for the Task Force on Climate-related Financial Disclosures (TCFD) in November 2020. We are currently engaged in a number of activities to address climate change, such as working to reduce CO₂ emissions with the aim of achieving carbon neutrality by FY2050.

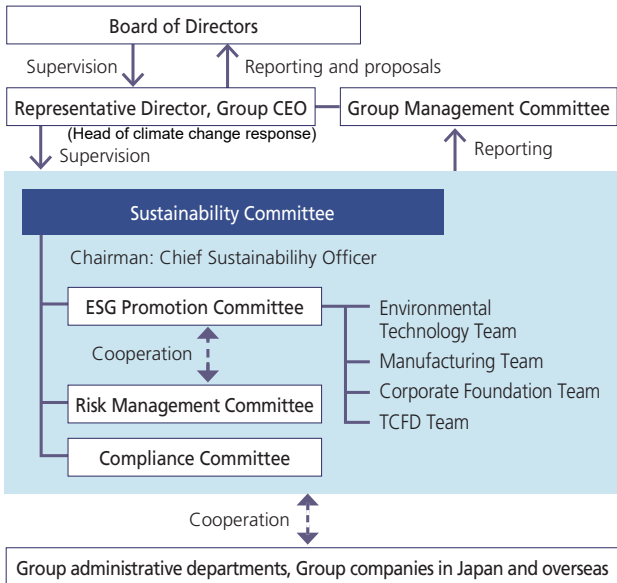
Governance / Risk Management

The Sustainability Committee—which oversees the sustainability activities of the entire Toyo Ink Group—is chaired by the Chief Sustainability Officer and is supervised by the Board of Directors via the President and Representative Director, Group CEO. The status of sustainability activities is reported to senior management via the Group Management Committee and other means. The missions of the ESG Promotion Committee—a subordinate organization under the Sustainability Committee—include driving sustainability activities throughout the Group based on the Sustainability Vision “TSV2050/2030,” along with practical operations, promotion and disclosure of information on addressing the issue of climate change. The committee is comprised of three teams (Environmental Technologies, Manufacturing and Corporate Foundation), which engage in specific activities in coordination with the various Group companies and divisions.

They also coordinate with the Risk Management Committee to identify, assess and study climate change risks in the same way as other risks, and identify and address material risks. The state of CO₂ emissions is evaluated by the Environment & SCM Promotion Department under the Production-Logistics Division.

[WEB](#) Details of TSV2050/2030 are shown in the CSR Activities section of our website.

System for addressing climate change (FY2022)



Agenda items of meeting bodies and status of meetings held, etc. (FY2022)

Committees	Agenda, status of meetings held and reporting, etc.
Sustainability Committee	<ul style="list-style-type: none">Sustainability meeting (Group-wide, held in September)Reports to management: two times (proposal for disclosure of climate change-related information and report on results)
ESG Promotion Committee	<ul style="list-style-type: none">Review of the product portfolioConsideration of low-carbon raw materialsConsideration of energy-saving measures and introduction of renewable energy, etc.Consideration of the content for disclosures of climate change informationMeeting status: regular meetings held once a month, and as necessary for each theme

Strategy

Basic policies and strategies

The Toyo Ink Group recognizes that the policies and measures taken by national and local governments in response to global climate change have a significant impact on market conditions, the procurement of raw materials and consumer preferences and may have a strong impact on business continuity and business performance in the future. We analyze these risks and opportunities, reflect them in our management policies and business plans, and engage in appropriate activities to address climate change.

Basic policy on activities to address climate change

The Toyo Ink Group recognizes that climate change is a serious business risk, and actively engages responses to global demands. At the same time, we will endeavor to contribute to the improvement of social sustainability through comprehensive sustainability activities, including addressing climate change.

1. Tracking and reducing greenhouse gas (GHG) emissions in all business activities
2. Provision of products and services that contribute to helping customers and consumers address climate change
3. Building a business foundation that facilitates proactive activities to address climate change
4. Appropriate disclosure of information on the Group’s activities to address climate change

Process for identifying risks / opportunities and disclosing information

In disclosing information based on the TCFD recommendations, we identified risks / opportunities while involving the entire Group to confirm the appropriateness of them. Going forward, we will continue to implement and enhance these initiatives, and seek to further refine the content of our disclosures.



Risks / opportunities organized and summarized in the process of identifying risks / opportunities (partial list)

Transition Risks	Policy and Legal	<ul style="list-style-type: none">Cost increases due to introduction of carbon taxes and soaring emissions trading pricesToughening and/or changing of environmental regulations on GHG emissions, etc., and their impact on production facilities
	Technology	<ul style="list-style-type: none">Decline in the value of existing technologies accompanying the transition to a decarbonized societyIncreasing costs of investment in energy-saving equipment, human resources development and R&D accompanying the transition to low-emission products
	Market	<ul style="list-style-type: none">Decline in demand for packaging materials and printing-related items, etc., accompanying the transition to a circular economy and decarbonizationRise in raw material and energy prices due to the use of non-fossil and recycled raw materials and compliance with regulations
Physical Risks	Reputation	<ul style="list-style-type: none">Decrease in rate of being chosen by customers, due to demands from customers, etc., to reduce GHG emissions
	Acute	<ul style="list-style-type: none">Failure to fulfill supply responsibilities or loss of business opportunities due to supply chain disruptions as a result of climate-related disastersDamage to equipment and facilities caused by climate-related disasters, increased recovery costs and loss of business opportunities due to infrastructure stoppages
Opportunity	Chronic	<ul style="list-style-type: none">Increase in measures and relocation costs for bases located in flood and drought risk areas
		<ul style="list-style-type: none">Increase in sales due to growing customer demand for low-emission products and products that lead to energy conservation, reduction of GHG emissions and recycling of resourcesCapture of business opportunities due to market growth for new climate-related businesses (carbon negative materials and products for combating infectious diseases)

Climate Change Information Disclosure Based on the TCFD Recommendations

Strategy

Scenario analysis

TCFD recommends using multiple climate scenarios—including the 2°C or less scenario—to perform analyses when disclosing strategies. In performing its analyses, the Toyo Ink Group refers to a 1.5°C scenario, which envisages a world in which various measures are taken to limit the average temperature rise to 1.5°C in comparison with pre-industrial levels, and a 4°C scenario, which envisages a world in which the impact of physical risks due to climate change increases.

* For our 1.5°C scenario, we refer to the IEA World Energy Outlook: Net Zero Emission by 2050 Scenario and IPCC: SSP1-1.9 scenario.
For our 4°C scenario, we refer to IEA World Energy Outlook: Stated Policy Scenario and IPCC: SSP5-8.5 scenario.

Financial impact: 3=financial impact of several billion JPY or higher; 2=financial impact of around one billion JPY; 1=financial impact of less than one billion JPY
Likelihood of occurrence: 3=already occurring at the present time, or almost certain to occur in the future; 2=relatively high likelihood of occurrence; 1=low likelihood of occurrence

	Risks / Opportunities	Events / Factors	Impact		Countermeasures / actions
			1.5°C	4°C	
Risks	Rising raw material and energy prices	<ul style="list-style-type: none">● Increasing demand for non-fossil and recycled raw materials● Increase in cost of measures for suppliers due to toughening of GHG emission regulations● Increased raw material costs due to a decrease in naphtha production volume	Financial Impact 3	Financial Impact 2	<ul style="list-style-type: none">● Reduction of high-cost raw materials by reviewing formulations and changing product lineups● Stable procurement of raw materials through review of contracts with suppliers● Reduction of energy consumption by shortening transportation distances, by promoting local production for local consumption
	Decline in demand for packaging materials and printing-related items	<ul style="list-style-type: none">● Circular economy-oriented market growth● Progress in the transition to a decarbonized society● Developments in the packaging industry to eliminate plastics	Financial Impact 3	Financial Impact 2	<ul style="list-style-type: none">● Review of the business portfolio● Enhancing superiority by increasing environmental performance and low-emission characteristics of products● Appealing to customers regarding value-added products through CFP labeling● Rollout of products that support use of low-carbon packaging materials
	Increased impact of carbon prices on costs	<ul style="list-style-type: none">● Introduction of a carbon tax● Carbon taxes on fossil-fuel derived electricity and an increase in carbon tax prices on raw materials● Stimulation of the emissions trading market leading to growing scarcity of emissions credits	Financial Impact 3	Financial Impact 2	<ul style="list-style-type: none">● Transferring increases in raw material prices due to carbon taxes to product prices● Reduction and elimination of high-carbon raw materials through product formulation reforms● Active shift toward electricity derived from renewable energy● Avoiding the purchase of emissions credits by rigorous reduction of direct emissions
	Loss of business opportunities due to the intensification of climate-related disasters	<ul style="list-style-type: none">● Disruption of supply chains due to climate-related disasters (suspension of operations at production bases, obstructions to the transport of raw materials and products)● Delay or suspension of supply of biomass raw materials due to adverse effects on farmland due to climate-related disasters	Financial Impact 2	Financial Impact 3	<ul style="list-style-type: none">● Enhancing disaster readiness through BCM● Construction of a complementary domestic and overseas production network that includes other companies in the same industry● Diversification of sources of raw materials and modes of transport
Opportunities	Increased sales of low-emission products	<ul style="list-style-type: none">● Increase in demand for raw materials (including CO₂-derived raw materials) and products with low emissions during production● Increase in demand for products that lead to energy conservation, low emissions and recycling of resources by customers● Growing consumer expectations for carbon-negative materials	Financial Impact 3	Financial Impact 2	<ul style="list-style-type: none">● Prioritizing selection and securing supplies of low-emission raw materials● Reducing CO₂ emissions from production activities● Expanding lineup of products that consider low emissions from a life cycle assessment (LCA) perspective (e.g., heating/pretreatment at the time of use not necessary, easy to recycle)● Pursuing R&D and commercialization of carbon-negative materials
	Acquisition of business opportunities such as materials for combating extreme heat and infectious diseases	<ul style="list-style-type: none">● Increase in demand for temperature measures in the living environment due to chronic temperature rises● Frequent emergence of newly emerging infectious diseases due to the impact of climate change● Growing demand for products with a low risk of temperature-related accidents during storage and/or use	Financial Impact 2	Financial Impact 3	<ul style="list-style-type: none">● Pursuing R&D and commercialization of materials to combat deterioration of living conditions (hot weather) due to climate change● Pursuing R&D and commercialization of medical-related materials (e.g., drug discovery, medication, medical devices and prevention of infections)

Amount of impact from carbon tax

The impact of carbon taxes on CO₂ emissions (estimated for Scope 1 and 2) in FY2030 was calculated at around 1.74–3.51 billion JPY. On the other hand, if the targets for TSV2030 are met, this impact will be reduced by approximately 38%.

* For a carbon tax per ton of emissions, we referred to the IEA World Energy Outlook 2021. The 1.5°C scenario quotes the carbon tax price for developed countries given by the Net Zero Emission by 2050 Scenario, while the 4°C scenario quotes the EU carbon tax price given by the Stated Policy Scenario.

Scenario	Carbon tax per ton of emissions* (2030)	FY2030BAU		When TSV2030 targets are achieved		Difference
		CO ₂ emissions	Impact from carbon tax	CO ₂ emissions	Impact from carbon tax	
1.5°C	14,950 JPY/t-CO ₂	Japan: 88,400t-CO ₂ Overseas: 146,000t-CO ₂	3.51 billion JPY	Japan: 50,000t-CO ₂ (down 35% from FY2020) Overseas: 95,000t-CO ₂ (down 35% from FY2030BAU)	2.17 billion JPY	-1.34 billion JPY
4°C	7,475 JPY/t-CO ₂		1.74 billion JPY		1.08 billion JPY	-0.66 billion JPY

Climate Change Information Disclosure Based on the TCFD Recommendations

Metrics and Targets

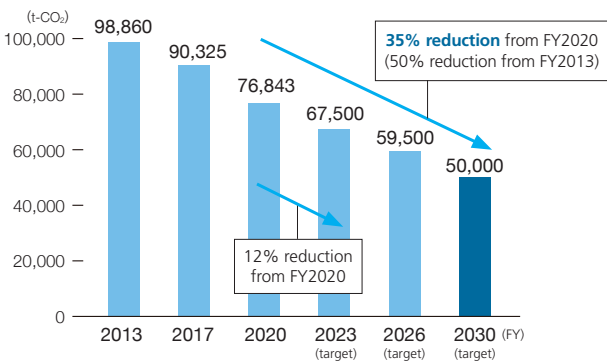
1 CO₂ emissions

Since launching the “CO₂ Reduction Project” in FY2010, the Toyo Ink Group has been striving to reduce CO₂ emissions from its production bases in Japan and overseas. Under the current SIC-II medium-term management plan, we declared that “we would achieve carbon neutrality by FY2050” and set this as the central target of TSV2050/2030.

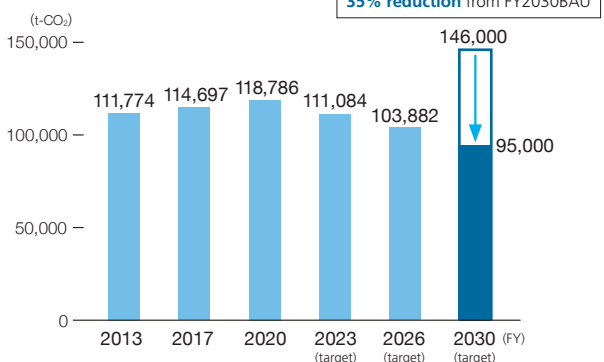
In TSV2030, we set the targets of reducing CO₂ emissions in Japan by 35% from the FY2020 level, to 50,000 t-CO₂; and overseas CO₂ emissions by 35% from the FY2030 BAU level, to 95,000 t-CO₂. Our measures to achieve these targets can be classified into three aspects: reducing energy consumption, shifting to low-carbon energy, and shifting to low-carbon power.

35% reduction
by FY2030

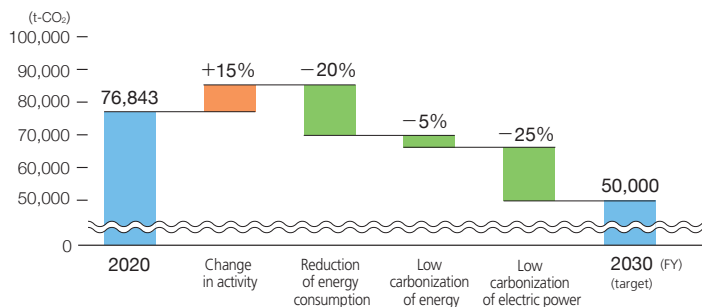
Changes in CO₂ emissions and targets (Japan)



Changes in CO₂ emissions and targets (overseas)



Major reduction measures and assumed reduction amount (Japan)



Direction of measures	Major reduction measures
Reduction of energy consumption	• Energy conservation (eliminating energy loss in processes) • Production process reform from an energy-saving perspective
Shift to low-carbon energy	• Electrification of production equipment (reducing direct emissions) • Preparation and research for the use of LNG alternative fuels
Shift to low-carbon power	• Introducing low-carbon power • Introducing renewable energy equipment

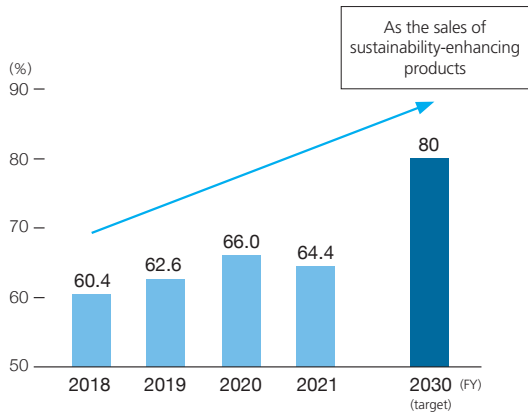
2 The percentage of sales from sustainability-enhancing products

The Toyo Ink Group began our efforts to improve the environmental friendliness of our products in the early days of the Group. In the 1990s we started releasing environmentally friendly products. In recent years, our product development has been focused on “environmental value” and also the comfort in people’s lives, their health and welfare, and safety and reliability. These efforts have enabled us to launch a diverse array of products that are able to contribute to the enhancement of the sustainability of society, thus providing lifestyle value.

Under TSV2050/2030, we added criteria for products with “lifestyle value” to our existing criteria for environmentally friendly products and redefined them as “Toyo Ink Group Sustainability-Enhancing Products.” The Group has set a target of increasing the ratio of the sales of these sustainability-enhancing products to the net sales of the entire Group to at least 80% globally by 2030.

More than 80%
by FY2030

Sales ratio of environmentally friendly products and targets



Environmental value and lifestyle value defined for sustainability-enhancing products, their direction, and examples

Value provided	Direction	Keywords / Examples of initiatives
Environmental Value	Container / package area	Reduce: Reduction and replacement of fossil-derived raw materials
		Replace: Simplification of product mix, replacement with paper
		Recycle: Rollout of materials and systems that support the recycling of plastics
	Mobility / energy area	Shift to EV transportation: Proposal and advance development of materials and technologies that contribute to the acceleration of the shift to EVs Clean energy / new energy: Developing environmentally friendly new power generation systems and proposing materials for these systems
	Carbon recycling	Developing Carbon Capture, Usage and Storage (CCUS) technologies, utilizing CO ₂ -derived raw materials
Lifestyle Value		Medical and healthcare area (prevention and diagnosis, medical treatment, safety and security) Communications, electronics and digital area (high-speed, high-capacity communications, advanced sensing, Big Data)

Case 1 Completion of a Nearly ZEB Technical & Administration Building

In March 2022, Toyochem Co., Ltd.’s Kawagoe Factory completed construction of a “Nearly ZEB” certified Technical & Administration Building. This certification is granted to buildings where effective energy consumption has been reduced by 75% or more. In addition to energy-saving measures such as reducing air-conditioning load by adopting horizontal eaves that limit direct solar radiation, the effective energy consumption of the building was reduced by 76% by creating energy through on-site PPA model solar panels utilizing subsidies from Japan’s Ministry of the Environment (MOE). The building was awarded Nearly ZEB certification and the highest rating (five stars) under the Building-Housing Energy-efficiency Labeling System (BELS).



The new Technical & Administration Building at Kawagoe Factory

Case 2 Toyo Ink India Pvt. Ltd. initiatives

In 2020, Toyo Ink India Pvt. Ltd. (India) switched to natural gas as the source of energy used at its Gujarat Plant. In January 2021, the company also introduced solar power generation systems supplying around 20% of the power consumed at the Gujarat Plant, with the aim of transforming it into a green factory. As a result of these efforts, as of 2021, Toyo Ink India as a whole has achieved a 24% reduction in CO₂ emissions compared to FY2018 levels. From March 2022, the company is also introducing solar power generation systems at its Delhi Plant.



Solar power generation facilities at the Gujarat Plant

Case 1 Biomass inks



Inks made from biomass raw materials—which do not increase the overall amount of CO₂ at the time of disposal—contribute to the reduction of CO₂ emissions from packaging materials.

Case 2 Water-based coating agent for paper



By delivering technologies that give water and oil resistance to paper substrates, we are encouraging the conversion of food packaging materials from plastic to paper.

Case 3 Materials for lithium ion batteries



The addition of just a tiny amount of CNT dispersion enables high conductivity and large capacity for LiBs. It also contributes to longer cruising ranges and improved safety of EVs.

Colorants and Functional Materials Business

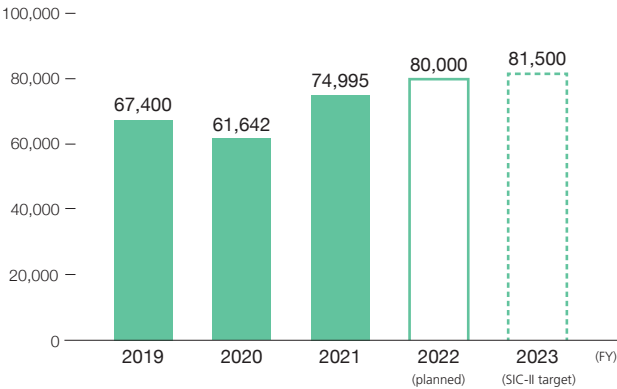
Pursuing technologies to achieve colors and functionality, with organic pigments as the starting point

Changes in performance

(As of July 2022)

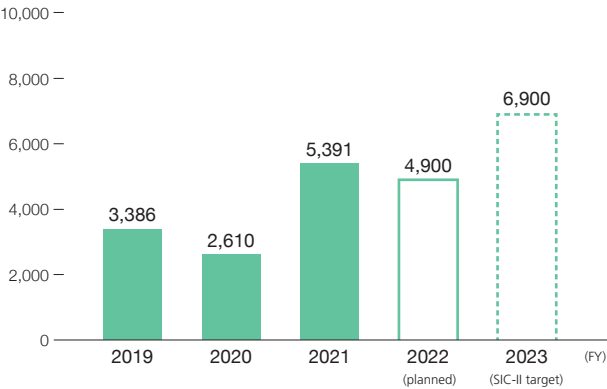
Net sales

(million JPY)



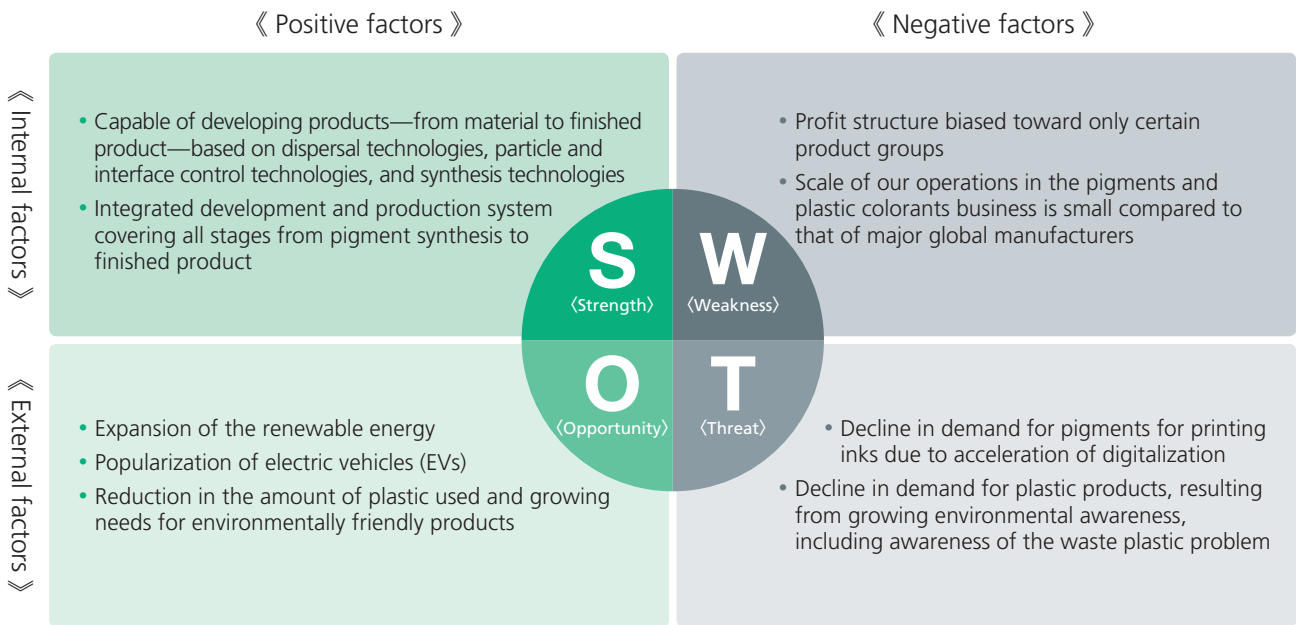
Operating profit

(million JPY)



Category	Major products	Major applications
Chemicals	Pigments, pigment dispersions	Printing inks, paints for vehicle, plastic colorants, etc.
High functional chemicals	High functional pigments, pastes for color filter	Resist for color filter of flat panel display (FPD), inks for digital printing
Display materials	Color resist	Color filters for FPD, imaging sensors, etc.
Plastic colorants	Color Masterbatches, Functional Masterbatches, Functional Compounds	Plastic containers, vehicle interior / exterior, OA equipment, electrical appliances, etc.
Developed products and others	Paints for data recording materials, carbon dispersions, inkjet inks	Magnetic tape for data storage, lithium ion batteries, signboards, labels, etc.

SWOT analysis



Management message

FY2021 results

In FY2021, sales and profits increased in spite of soaring raw material prices and supply-related concerns during the second half of the fiscal year affecting all products. Performance of pigments remained sluggish due to a continued decline in demand for printing inks, which are their main application. In plastic colorants, we were able to significantly improve business performance as a result of the recovery from the economic recession caused by the COVID-19 pandemic, steady demand for lifestyle-related products—which have always been one of our key strengths—and the performance of functional masterbatches used in products such as solar cells, etc., which we have been developing for some time. In highly functional chemicals and display materials (used mainly for FPD color filters), although there were impacts such as production adjustments due to the fall in LCD panel prices during the second half of 2021, sales of small and medium-sized pan-

Hideki Okaichi

President and Representative Director
Toyocolor Co., Ltd.



els such as monitors remained strong overall due to stay-home demand resulting from the COVID-19 pandemic. Production of large panels by Chinese manufacturers also increased, and sales remained steady. We were also able to begin supplying CNT dispersions for lithium ion batteries (LiBs) included in developed products to major overseas automobile manufacturers.

Priority measures for FY2022

Accelerate the establishment of the main source of revenue in the growth market

In FY2022, we aim to accelerate the establishment of the main source of revenue in the growth market. In the CNT dispersion business, in order to respond to the rapid growth in demand for LiB materials accompanying the acceleration of EV development, we will utilize the strengths of our production locations in each region the three major automobile markets (China, the United States and Europe) along with Japan, and seek to expand business by targeting mainly manufacturers of high-capacity LiBs.

In materials for color filters of FPD, we aim to expand sales by responding flexibly to development requests—including costs due to the expansion of the Chinese market—through an integrated development and production system

encompassing everything from pigment synthesis to paste design and resist inks, which are one of the distinctive characteristics of our business.

In the plastic colorant business, in which we reorganized and consolidated our unprofitable bases last year, we hope to accelerate our response to new markets and new functions such as recycling and biodegradability, in addition to existing markets. In the pigment business, which has been affected by the shrinking of the printing ink market due to the acceleration of digitalization, we will work to break away from our dependency on offset inks as a main application, and reduce costs through innovation with respect to manufacturing methods.

Topics of priority measures

Launch of electrode materials for lithium ion batteries

While the shift from gasoline vehicles to EVs is accelerated around the world, lithium ion batteries (LiB) are the key device attracting attention not only for their use in automobiles but also as a linchpin of the electricity infrastructures of a decarbonized society, to be used in, for example, power storage systems for the stable supply of electricity from solar energy and wind energy. We are seeing demand for the increase of the capacity and the reduced weight, safety and durability of LiBs.

The Toyo Ink Group supplies carbon nanotube (CNT) dispersions as electrode materials for LiBs, created through the application of the Group's technological capabilities in

dispersion processing technologies and design of optimal formulations tailored to each user. The addition of a tiny amount of these easy-to-handle, high-purity CNT dispersions enables higher capacity and improved durability of LiBs. In FY2021 they were adopted for use by major overseas automobile manufacturers, resulting in sales of approximately 1.15 billion yen.

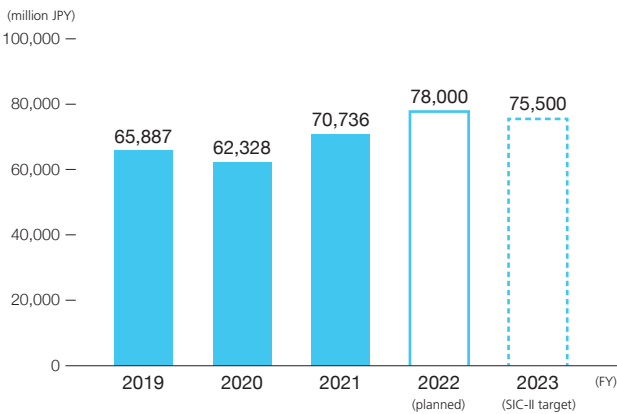


Polymers and Coatings Business

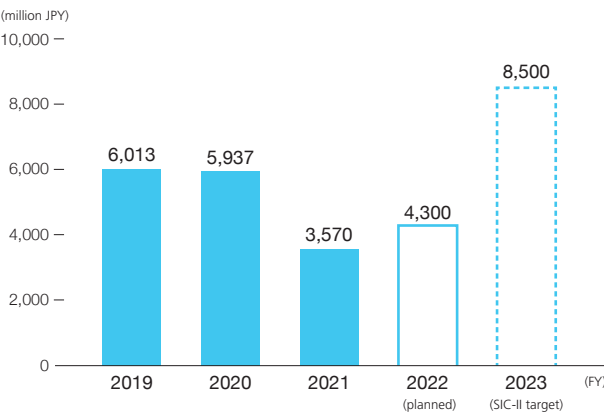
Providing value to diverse markets based on polymers with greater functionality

Changes in performance

Net sales

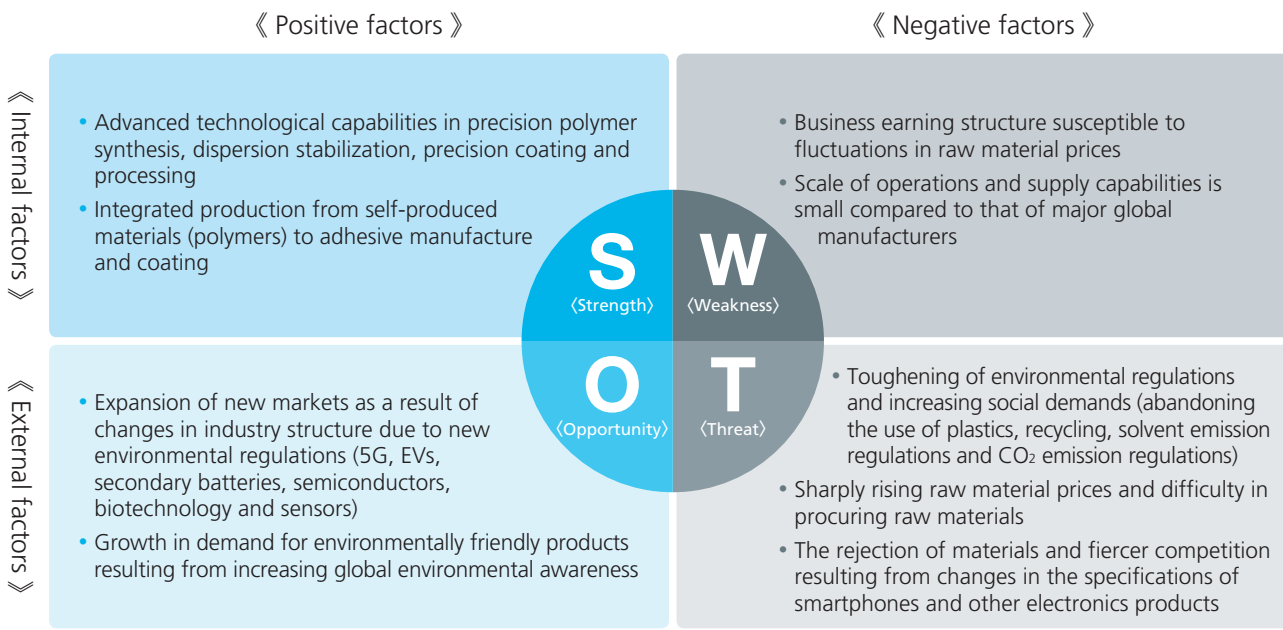


Operating profit



Category	Major products	Major applications
Adhesives	Pressure sensitive adhesives, laminating adhesives, hot-melt adhesives	Packaging films, flat panel display (FPD), bookbindings, body-wrapping labels for PET bottle, etc.
Coating materials	Adhesive tapes, functional film materials for electronics, marking films	Double-sided adhesive tapes, electronic products, signboards and interior / exterior decoration, etc.
Paints and resins	Can coatings, resins, hard coating materials	Beverage cans, food cans, drums, architectural paints, functional films, FPDs, etc.
Developed products and others	Medical products, natural extracts	Transdermal patches, foods, feeds, etc.

SWOT analysis



Management message

► FY2021 results

Sales increased significantly in FY2021 due to the growth of overall sales, both in Japan and overseas. Pressure sensitive adhesives grew significantly due to the expansion of sales of optical products and the incorporation of COVID-19-related demand, such as vaccination tickets. In adhesives, in addition to an increase in shipments of solvent-free adhesives, which are in particularly high demand for use in food packaging, the adoption of products in new areas such as India and Turkey also increased, and sales of exterior adhesives for LiBs also rose. In coating materials, sales of functional films such as electromagnetic shielding films and conductive adhesive sheets have grown as we have captured high global demand for mobile and 5G products. Paints and resins also contributed to the increase in sales, with a rise in shipments of can coatings due to an increase in demand for beer for home consumption.

► Priority measures for FY2022

Increase leading global product lines and reform earnings structure

As raw material prices continue to rise, we will push ahead with revisions to appropriate sales prices as a top priority. At the same time, in order to transform our earning structure to one that is less susceptible to fluctuations in raw material prices, we will focus our efforts on reviewing low-profit products and shifting to high value-added products. Specifically, we will take advantage of our strengths in being able to carry out integrated production from self-produced materials such as polymers to adhesive production and coating by continuing to advance the development of global top-ranking product lines including functional films such as 5G-compatible electromagnetic shielding films and conductive adhesive sheets for the mobile devices market,

Toshinori Machida

President and Representative Director
Toyochem Co., Ltd.



At the same time, operating profit declined in spite of cost reductions and product price revisions in response to global turmoil in supply / demand and disruptions to logistics accompanying the COVID-19 pandemic and the rapid increase in prices of raw material prices such as resins and solvents due to the rise in naphtha prices.

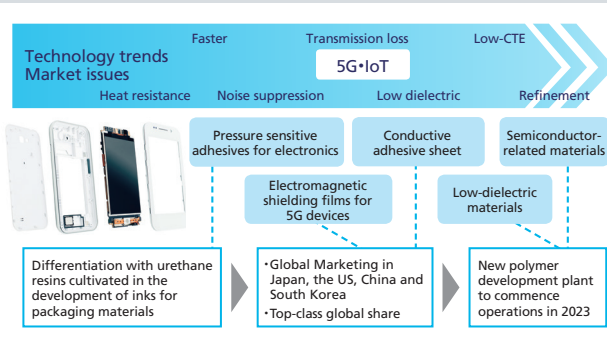
Topics of priority measures

Expansion of electronics-related business

Functional films—one of the products of the coating materials business—are used in many electronic devices, including those produced by major smartphone manufacturers, and we boast a top-class share in the global market for electromagnetic wave shielding films and conductive adhesive sheets for 5G devices. Behind the establishment of this share in the market for functional films are our technological development capabilities in both resin synthesis and dispersion technologies for materials that exhibit electrical characteristics, enabling us to achieve both the necessary heat resistance and flexibility required to produce flexible substrates. In addition, by marketing to major manufacturers in Japan, the United States, China, and South Korea (all major markets in the electronics industry), we believe that

as well as products for markets where future growth is expected, such as secondary batteries and semiconductors.

By taking advantage of environmental regulations and social demands such as reducing CO₂ emissions and abandoning the use of plastics as new opportunities, we will strive to expand our product lineup and increase sales of environmentally friendly products utilizing polymer synthesis technologies—one of the Group's specialties—for applications such as solvent-free products, biomass, biodegradable products, plastic-free and/or plastic reduction-related products (such as FILLHARMO®, a water-based coating agent for paper that can be used in contact with food).



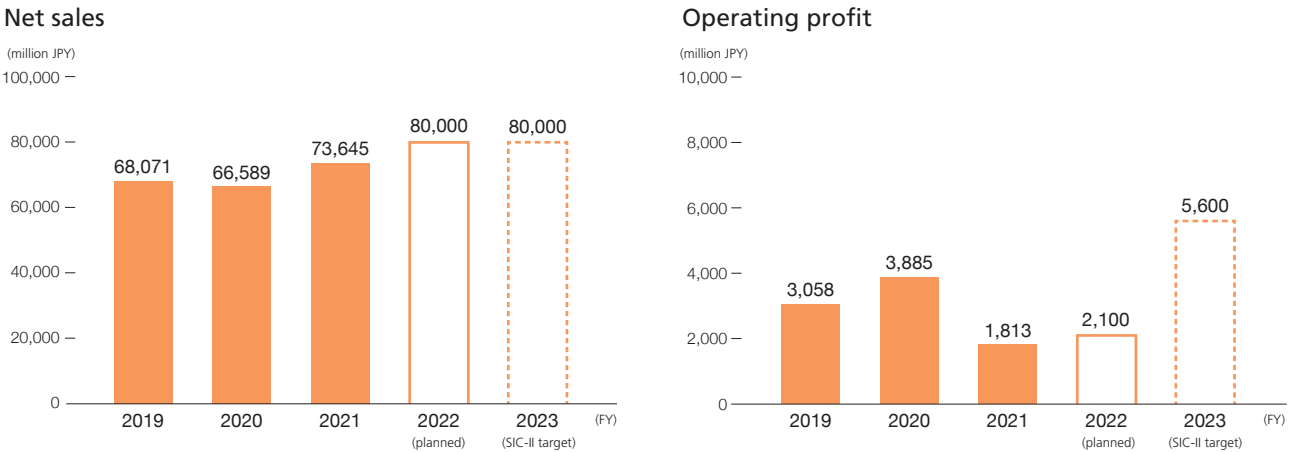
we were able to avoid missing any important turning points in technology trends, and make timely proposals.

In the future, we will construct a new polymer development plant in Japan to accelerate further applications in electronic materials and development of materials in the semiconductor field, which demands advanced functionality.

Packaging Materials Business

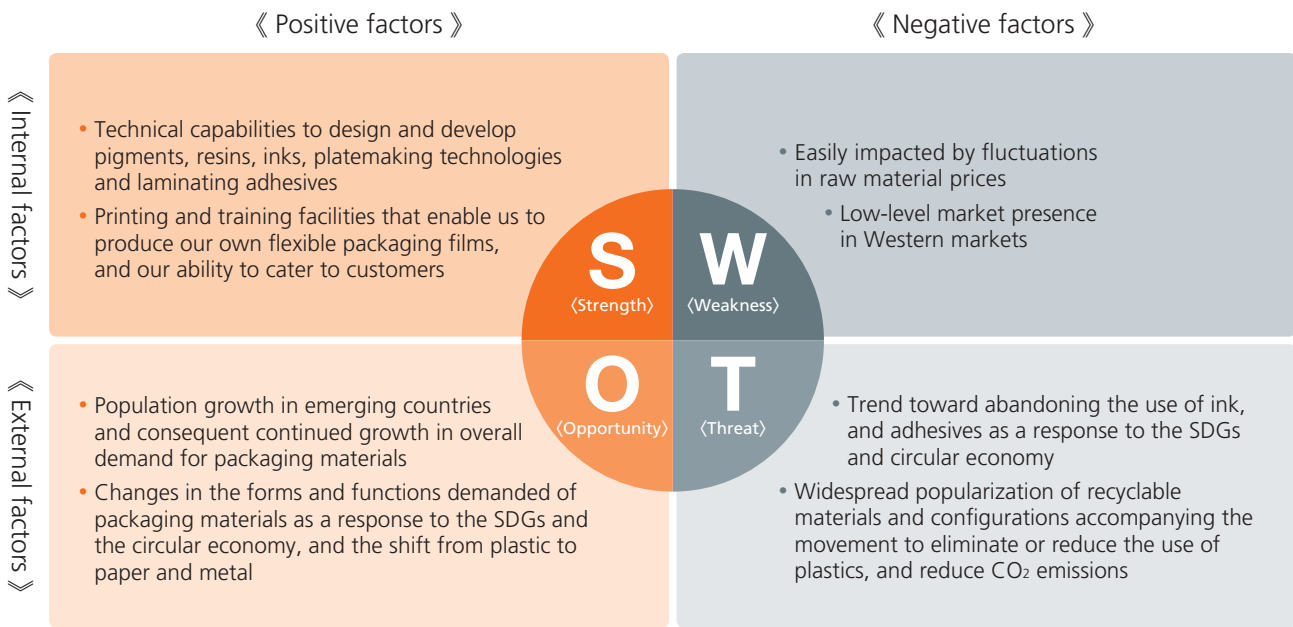
Providing eco-conscious packaging materials in view of a product's entire lifecycle

Changes in performance



Category	Major products	Major applications
Liquid inks	Gravure inks, flexographic inks	Flexible packaging materials, building materials, corrugated cardboards, labels, paper containers, etc.
Gravure printing systems and prepress	Gravure printing systems, gravure and flexographic plate making	Gravure / flexographic printing, precision plate making for electronics

SWOT analysis



Printing and Information Business

Deploying products in the high-value added printing market featuring environmentally friendly technologies and technologies that enable superior functionality

Management message

FY2021 results

In FY2021, the shrinking of the commercial printing market in Japan accelerated. Looking ahead, we believe that the market for general offset inks—such as rotary offset, sheet-fed offset and newspaper inks—will continue to shrink due to progress in digitalization. On the other hand, unlike general offset inks, we believe that the market for functional inks such as UV curing inks and metal decorative inks will continue to grow in the future, since these inks are also used in paper containers, beverage cans and other packaging materials. Functional inks—particularly UV curing inks—performed well both in Japan and overseas, contributing significantly to the increase in sales and income in the Printing and Information business. Until now, the business performance of UV curing inks had deteriorated due to soaring raw material prices, but we are now improving them by reviewing formulations and replacing raw materials with alter-

Masato Yanagi
President and Representative Director
Toyo Ink Co., Ltd.



natives. Other factors contributing to the increase in sales and income include the rigorous implementation of structural reforms—such as a review of personnel assignments in line with the shrinking market for inks for paper printing—and progress in recovery from the COVID-19 pandemic in overseas markets such as China.

Priority measures for FY2022

Implementation of reforms to a profitable business structure conforming to market environment

The Toyo Ink Group has the top share in offset inks in Japan and possesses a wealth of formulation design technologies, evaluation equipment—such as printing presses—and validation know-how, as well as an extensive lineup of environmentally friendly products. However, the shrinkage of the commercial printing market due to digitalization is steadily progressing. In FY2022 we will continue to implement structural reforms with regard to rotary offset, sheet-fed offset and newspaper inks, and have set the priority measure of building optimal production, logistics and sales systems according to the scale of demand.

At the same time, UV curing inks, metal decorative inks and screen inks—referred to as functional inks—are printing inks that target markets with high added value, which are expected to display growth in the future. In the field of UV curing inks, we aim to expand our sales of environmentally friendly biomass products by leveraging our strengths in resin production. In metal decorating inks, for which the Group has a very high domestic market share, we will accelerate the growth of environmentally friendly products by introducing power / energy-saving ink products to overseas markets.

Topics of priority measures

Focus on functional inks—high-sensitivity UV curing inks and biomass UV curing inks

Although the market for the printing and information business continues to shrink due to the progress of digitalization of information media, there are high hopes in the market for functional inks such as UV curing inks in particular, which are being adopted in many fields due to their instant curing and high coating properties.

In particular, high-sensitivity UV curing inks (including LED-UV curing inks)—which have now become commonplace—were announced for the first time in the world by the Group at the “drupa - International Printing and Media Equipment Exhibition” in 2008. Since then, we have also led the market and boast the world's top market share.

Going forward, with an awareness of the shift toward a decarbonized society, we will engage in active product development efforts to develop biomass UV curing inks, which are considered highly difficult to produce, and expand the range of our product lineup to include paper containers and packaging materials, seals and labels, and cups—all of which relate closely to people's lives.



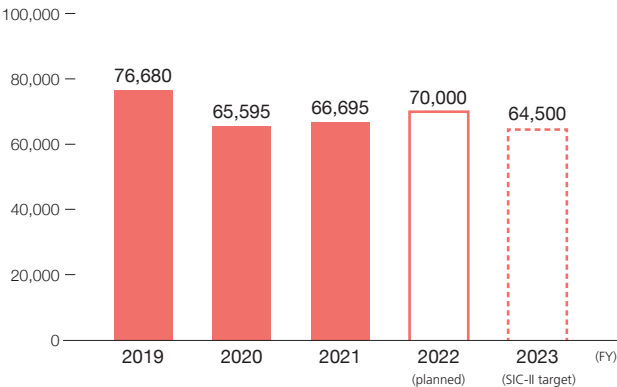
LED-UV irradiation device

Changes in performance

(As of July 2022)

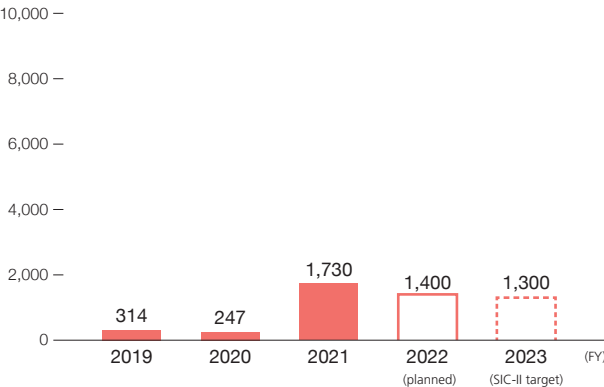
Net sales

(million JPY)



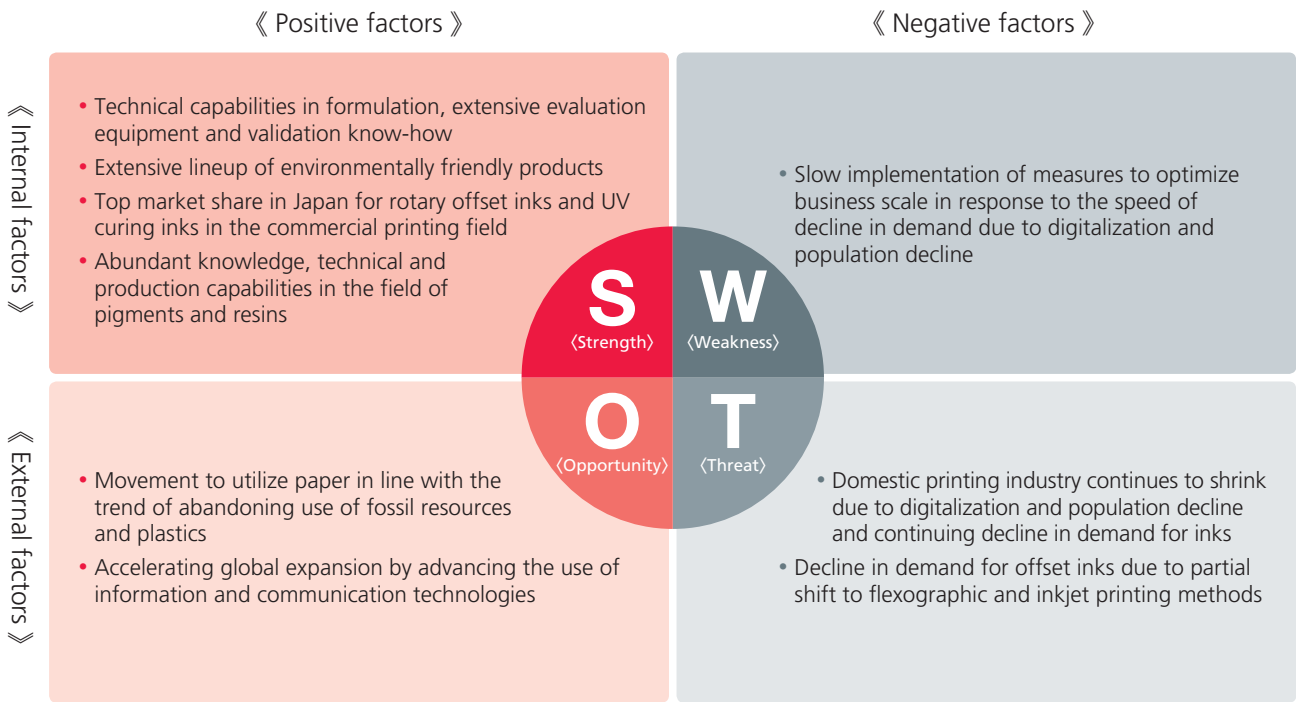
Operating profit

(million JPY)



Category	Major products	Major applications
Offset inks	Offset inks, newspaper inks, metal decorative inks, UV curing inks	Flyers, books, magazines, newspapers, stickers / labels, paper containers, beverage cans, food cans, etc.
Printing materials and machinery	Offset printing materials, printing inspection equipment	Offset plate making, printing paper surface inspection, etc.
Developed products and others	Screen inks, others	Packaging, instrument panel for vehicles, printed electronics materials, etc.

SWOT analysis



Message from Outside Directors



Supporting global management from a financial perspective as an Audit and Supervisory Committee member

Minoru Matsumoto
Independent Outside Director
(Audit and Supervisory Committee member)

Progress since transitioning to a company with an Audit and Supervisory Committee

Toyo Ink SC Holdings has recently transitioned to being a company with an Audit and Supervisory Committee, and I believe that there are two aspects to this. The first aspect is that even if the organizational structure changes, governance function will not be greatly improved by that change alone. What is important is the extent to which we act. Last fiscal year, as an Audit and Supervisory Board member, I provided opinions and advice to ensure that the governance of both the holding company and the group companies under its umbrella function effectively. I want to remain actively involved in efforts toward the actualization of effective governance.

The second aspect is that as a company that is expanding its business operations globally, it is important for us to be aware of the perspective of overseas investors. From that perspective, I believe that this transition to a company with an Audit and Supervisory Committee is a very significant and meaningful change. In order to assert that this is an effective change, we must examine future developments. It had been pointed out by overseas investors in the past that Audit and Supervisory Board members in Japan do not have voting rights at Board of Directors meetings. I believe that an advantage of this change to our organizational structure is that we have been able to send out a clear message in response to the doubts of overseas investors as to whether appropriate supervision is being carried out.

Creating a sustainable growth story from a financial perspective

I believe that the Company is making considerable efforts to resolve the issue of asymmetry of information among internal and outside directors. Since sufficient information such as reference materials and separate explanations are provided in advance, I feel that constructive discussions are possible on the actual day of Board of Directors meetings.

One episode I would like to share is that, perhaps due to our strong customer-oriented corporate culture, I felt that the company has a strong desire to control costs through corporate efforts instead of passing on prices to customers, despite soaring costs such as raw materials and logistics costs. While this is a natural stance for the BtoB manufacturing industry, I expressed the opinion that in order to continue fulfilling our responsibility to supply products, it is also neces-

sary to carefully explain to customers and gain their understanding with regard to the fact that we will transfer cost increases to them in the form of price increases. I believe that efforts to fulfill the Group's responsibilities as a supplier and make appropriate returns to stakeholders other than customers—such as employees and suppliers—will become even more crucial in the future.

The Company has a very high capital adequacy ratio and a deep financial base, which enables stable management. But further efforts are still needed to determine whether we are appealing successfully to external institutional investors with our sustainable growth story. I would like to continue to actively express my opinions—on this issue and others—from an outside perspective.

Achieving growth as a global company

The fact that the Board of Directors is operated efficiently is an advantage, but there is a tendency to end up with a slightly stereotypical meeting. While individual reports are necessary, I also feel that we should create more opportunities for discussion on issues that require sufficient time, such as the direction in which the Company should be headed.

Overseas markets are our growth driver, and our evolution as a global company is directly linked to sustainable growth. Global management is a very difficult management issue, but even from the perspective of international diversity, we can see that not all Group companies share the same corporate culture. For this reason, the Audit and Supervisory Committee also has a shared understanding of the fact that internal audits and other checks will continue to be necessary. While there is also the option of dispatching a president and a person in charge of finance from the head office, as long as we continue to adopt other options from various perspectives we should deal with this firmly as a long-term issue such as by reviewing internal controls, performing regular internal audits, and conducting hearings via web conferencing. In this way, the perspective of risk management is also important for achieving sustainable growth, and I intend to continue to fulfill my role as an Audit and Supervisory Committee member going forward.



Staying actively involved so that both individuals and the organization can grow, based on the spirit and philosophy of people-oriented management

Keiko Kimura
Independent Outside Director
(Audit and Supervisory Committee member)

Features and challenges of the Group's corporate culture

The root issue when discussing our corporate culture is our corporate philosophy of "*People-oriented management*." I often hear the phrases "people-oriented" being used around the Company, and recognize that this basic stance is an important point that we must not lose in order for the Company to continue to survive for the next 100 years to come.

Even at Board of Directors meetings, I feel on a daily basis that there is an attitude of respecting and listening to the opinions of outside directors. The executive side has responded with the stance of wanting to enhance the effectiveness of the Board of Directors and make it a better forum for discussion, and we have received careful explanations not only on matters to be resolved and reported, but also on the background of matters being reported, and details of specific initiatives. I also feel that outside directors are deepening their understanding of the external environment and risks, and that more practical discussions are becoming possible.

It is my understanding that the Company's Board of Directors exists—outside directors included—for the purpose of facilitating deeper management discussions from a long-term perspective. In order to entrust the next 100 years to the next generation of employees and stakeholders, we must always consider what is important now, in the present. I would like us to make the Board of Directors a forum for determining long-term management policies and our corporate stance.

Transition to a company with an Audit and Supervisory Committee

I agreed with the management decision to transition to a company with an Audit and Supervisory Committee with a focus on flexible management as a timely decision, in view of the current situation which requires management with a sense of urgency.

But it would be a problem if the transition to an Audit and Supervisory Committee structure weakened our existing audit function. I believe that it is necessary to respond with an awareness of whether appropriate audits are being carried out in accordance with the internal control system.

In particular, I feel that the Group has a somewhat strong tendency to make judgments based on the view that human beings are fundamentally good natured. Aside from domestic Group companies where communication and su-

pervision from Group headquarters are relatively easy to achieve, there are concerns about whether it is acceptable to manage overseas Group companies, which tend to lack proper supervision from Japan, based solely on this perspective. Having been appointed as an Audit and Supervisory Committee member, I want to fulfill my responsibilities as a Committee member by being ever mindful of whether internal control is functioning, and whether each person or organizational unit is fulfilling their roles.

Human capital management that enables global growth

Although we operate using a global value chain, we also respond firmly to the laws and regulations of the countries and regions in which we operate, and provide substantial reference materials and training on overseas human rights issues, such as response to the UK Modern Slavery Act. I feel that the Group practices appropriate human capital management, in terms of risk management aspects.

On the other hand, when considering the development of human resources who will be instrumental in achieving future growth, it is more important than ever to utilize and develop the abilities of diverse human resources, including women. Sustainable growth is difficult to achieve in an organization where it feels like there is a glass ceiling for career advancement. We have actively introduced systems that lower obstacles to becoming a manager, such as the team system, and are working to create an environment that makes it easy for women and young employees to engage in active roles. The reemployment system—which accepts employees who have left the company once—is also functioning. I feel that the return of human resources who have grown outside the company is also a good culture that expresses our philosophy of *people-oriented management* and respect for people.

It is important to have a style in which independent human resources grow autonomously while maintaining a certain sense of distance from the company, and for the company to continue working to remain an attractive organization. I believe that the process of individual human resources and the organization becoming more independent of each other will eliminate over-familiarity and reliance, leading to more sustainable growth. I would like to continue to be actively involved as an outside director to help enable the Company to remain such an independent organization.

Corporate Governance

Basic approach

The Toyo Ink Group strives to achieve appropriate corporate governance in accordance with the “Basic Corporate Governance Policies,” in order to enhance the corporate value of the Group as a whole through the enhancement of the Group’s strategic functions, speedy management, and a balance between Group-wide optimization and the optimization of individual businesses.

By adopting an Audit and Supervisory Committee system, we have enabled Committee members to exercise their voting rights at meetings of the Board of Directors, thereby increasing the level of fairness and transparency of management and strengthening oversight of the Board of Directors. By adopting an operating officer system (one-year term), we have clarified the division of roles between management supervisory and executive functions and are speeding up decision making and enhancing supervisory functions with regard to execution of business.

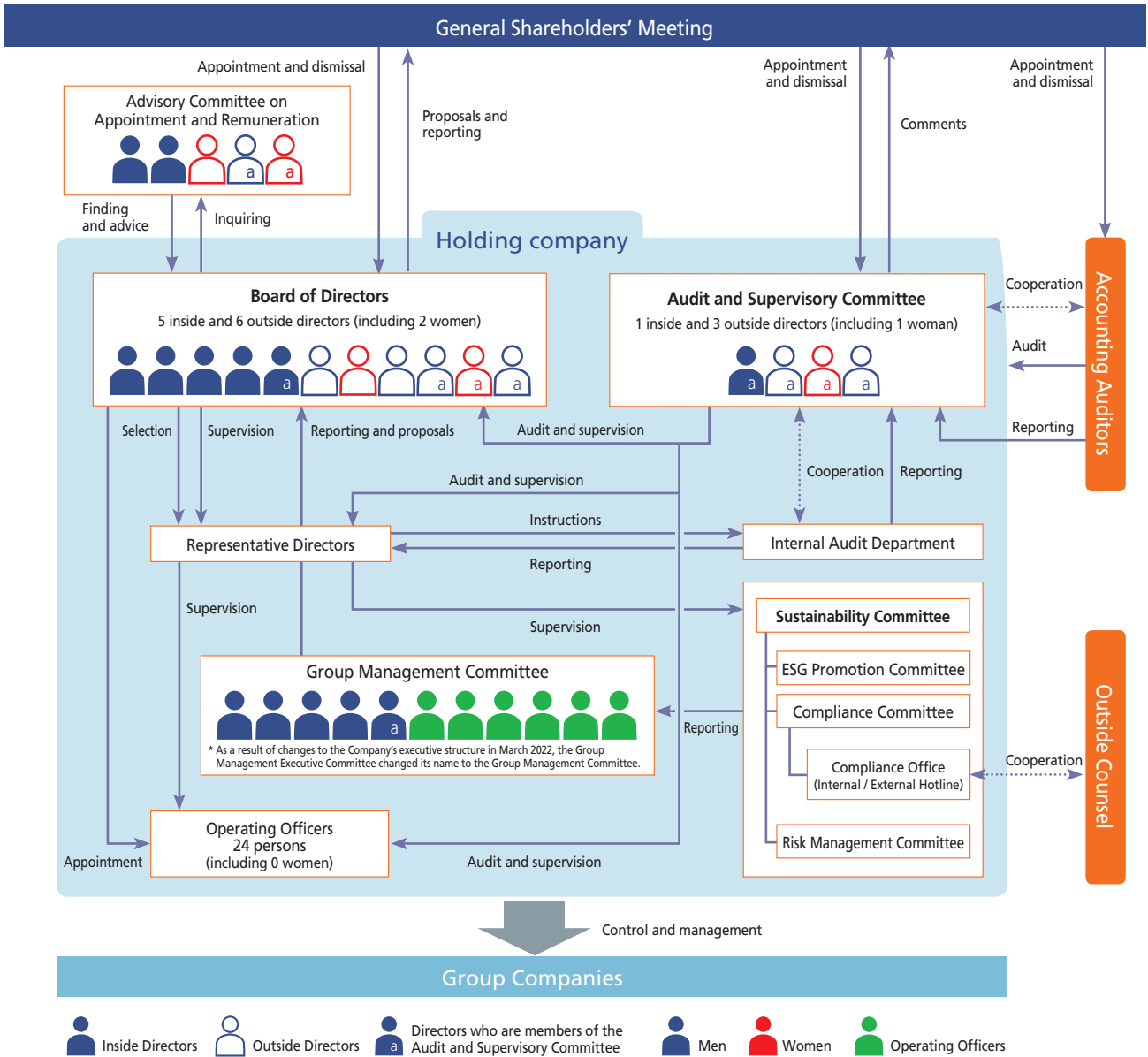
Additionally, Toyocolor Co., Ltd., Toyochem Co., Ltd., and Toyo Ink Co., Ltd., the core operating companies of the group, each have an Operating Company Management Committee that regularly meets to share management policies and strategies, and discuss issues and achievements regarding the execution of business. Directors of the holding company attend these meeting.

Basic Corporate Governance Policies

- 1. Respect the rights of shareholders and make efforts to guarantee their substantial equality.
- 2. Attempt appropriate collaborations with various stakeholders.
- 3. Guarantee transparency by disclosing corporate information (including nonfinancial information) appropriately.
- 4. The Board of Directors acknowledges its fiduciary responsibility to shareholders, and works to maintain and improve its functions.
- 5. Hold constructive dialogues with shareholders that have investment policies in agreement with medium- and long-term shareholder returns.

Established November 2015, Revised March 2022

Corporate governance system (FY2022)



Members of major meeting bodies related to corporate governance (As of March 23, 2022)

◎: Chairman ○: Member

Name and position	Board of Directors	Audit and Supervisory Committee	Advisory Committee on Appointment and Remuneration
Katsumi Kitagawa Chairman and Representative Director	○	—	○
Satoru Takashima President and Representative Director, Group CEO	◎	—	○
Hiroya Aoyama Senior Managing Director, CFO in charge of Human Resources, Finance & Accounting, General Affairs, and Internal Audit Department	○	—	—
Hiroyuki Hamada Managing Director in charge of Corporate Planning, Legal Affairs, and Investor Relations	○	—	—
Shingo Kaneko Outside Director	○	—	—
Chise Onodera Independent Outside Director	○	—	○
Jusuke Ikegami Independent Outside Director	○	—	—
Toshiaki Hirakawa Director Audit and Supervisory Committee member (full-time)	○	◎	—
Yutaka Yokoi Leading independent outside director Audit and Supervisory Committee member	○	○	◎
Keiko Kimura Independent Outside Director Audit and Supervisory Committee member	○	○	○
Minoru Matsumoto Independent Outside Director Audit and Supervisory Committee member	○	○	—

Board of Directors

The Board of Directors comprises 11 members (two of whom are women): seven directors who are not Audit and Supervisory Committee members (of whom three are outside directors) and four directors who are Audit and Supervisory Committee members (of whom three are outside directors). In addition to meeting every month as a key organizational body making decisions regarding the overall management of the Group, the Board also meets on an extraordinary basis as necessary, making decisions on legal matters and important management matters and overseeing the state of execution of business.

Chair: President and Representative Director
Term of Director: 1 year
Number of meetings held in FY2021: 17 times

Audit and Supervisory Committee

With the changes made to its Articles of Incorporation in March 2022, the Company shifted from being a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee comprises four directors who are Audit and Supervisory Committee members (three of whom are outside directors). The Audit and Supervisory Committee

cooperates with the Internal Audit Department and accounting auditor and audits the legality and appropriateness of directors’ execution of their duties.

The Group’s Internal Audit Department reports directly to the representative directors, and audits operations of each Group company to ensure they are being carried out in compliance with laws and regulations and the Articles of Incorporation and in an appropriate manner and that the internal control system is working effectively. In addition to reporting audit results to the representative directors and the director in charge of internal control, the department also reports to the Audit and Supervisory Committee.

In addition, the Audit and Supervisory Committee and the Internal Audit Department collaborate in auditing by formulating information liaison meetings. Further, the General Manager of the Internal Audit Department has been added to opinion exchange sessions of the Committee and accounting auditors, thereby strengthening the three-way auditing system.

Members: 4 Audit and Supervisory Committee members (including 3 external members and 3 independent members)
Term of Audit and Supervisory Committee member: 2 years
Number of meetings held in FY2021 (as Audit & Supervisory Board): 13 times

Corporate Governance

Group Management Committee

The Group Management Committee makes important decisions on the execution of business as a consultative and decision-making body subordinate to the Board of Directors. An Audit & Supervisory Committee member always participates in the committee’s meeting as part of a system that enables sufficient oversight of the directors’ execution of their duties. Because the Group Management Committee mainly examines the Group’s business strategies, business-related issues, and business results, its meetings are always attended by Chief R&D Officer, Chief Production Officer, General Manager of Finance & Accounting Department, and the representative directors of the Group’s core operating companies, Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd.

Members: Directors, Audit and Supervisory Committee members, operating officers who supervise or are responsible for key management functions, presidents of core operating companies
Number of meetings held in FY2021: 26 times

Advisory Committee on Appointment and Remuneration

We established the Advisory Committee on Appointment and Remuneration in 2017, with the goal of improving the transparency and objectivity of the decisions and the decision-making process regarding appointment of directors and their remuneration. The committee is chaired by an independent director and comprises two inside directors and three outside directors who satisfy the “Standards Concerning the Independence of Outside Directors” established by the Company. The Company convened the committee ahead of the Annual General Meeting of Shareholders to discuss director candidates and their remuneration.

Members: 2 inside directors and 3 outside directors (1 of whom is the chairman)
Number of meetings held in FY2021: once

 Standards Concerning the Independence of Outside Directors are shown in the Investors section of our official website.

Outside directors

There are a total of 11 directors including those who are Audit and Supervisory Committee members, with outside directors forming a majority of six (three outside directors who are Audit and Supervisory Committee members, and three who are not). Outside directors have a wealth of experience and knowledge as management experts familiar with this industry, high level knowledge and wide-ranging insights as legal and business scholars, lawyers and certified public accountants, as well as international perspectives and broad insights into world affairs cultivated through foreign diplomacy. They fulfill their role of overseeing management from an outside perspective and objective standpoint by attending important meetings, including meetings of the Board of Directors, and staying informed on important management information via access to important documents.

We have also appointed a Lead Independent Outside Director, further strengthening cooperation between our independent outside directors and executive directors and establishing a system that enables smooth communication and adjustment.

Response to the Corporate Governance Code

In response to the coming into effect of Japan’s Corporate Governance Code in June 2015, we formulated the “Basic Corporate Governance Policies” in November 2015 (these were subsequently revised, in March 2022). Since then, we have submitted a Corporate Governance Report to the Tokyo Stock Exchange every year.

 The latest version of the Corporate Governance Report are shown in the Investors section of our official website.

Evaluation of the effectiveness of the Board of Directors

The Company conducts an annual questionnaire survey of all directors and Audit & Supervisory Board members, including outside directors, to evaluate the appropriateness and effectiveness of the Board of Directors in accordance with its Basic Corporate Governance Policies. In January 2022, a questionnaire was conducted to evaluate the composition of the Board of Directors, its functions, operating methods, state of discussions and exchange of opinions, agenda and other aspects during the previous fiscal year. The report of results in March 2022 confirmed that the Board of Directors is operating soundly and that its effectiveness has improved, with many questions being asked by outside directors and Audit and Supervisory Board members, with lively debate and exchanges of views taking place in a free and open atmosphere, and with each director in charge also responding to questions with polite explanations. At the same time, however, the view that creativity was needed when explaining matters reported to the Board of Directors to outside directors was expressed. Going forward, we will continue to strengthen the foundation for the Group’s sustainable growth by working to improve the effectiveness of the Board of Directors based on the above results.

Main contents of the questionnaire

- Composition of the Board of Directors
- Roles of the Board of Directors (decision-making function)
- Operations of directors, etc.

Facilitating animated discussion by the Board of Directors

Documents regarding agendas are distributed to Board of Directors meeting participants in advance to facilitate spirited discussion.

Main agenda items of the Board of Directors (FY2021)

The Board discussed the SIC-II medium-term management plan, annual plan, monthly business results, economic rationality of cross-shareholdings, revision of the executive remuneration system, transition to a company with an Au-

dit and Supervisory Committee, and items to be discussed by the Group Management Executive Committee (capital investments, personnel system, measures against the COVID-19 pandemic, etc.)

Training of directors and operating officers

Regular training is provided to directors and operating officers with the goal of enabling them to improve their knowledge. In FY2021, held DX Mindset Training (for directors, operating officers and department managers) that trainees shared their awareness of DX, considered what DX means to the Toyo Ink Group, and Governance Training (for newly appointed operating officers and employees newly assigned to overseas management positions).

Remuneration system for officers

We understand that the remuneration system for officers is an important matter in corporate governance. We have established a system based on the following basic policy, operated from an objective perspective by the Advisory Committee on Appointment and Remuneration.

Policies on the remuneration of officers

1. Remuneration should be at a level that reflects economic conditions and corporate performance.
2. It should be at a level that enables the Company to attract and retain talent to increase its corporate value.
3. The remuneration system should embody the Company’s Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth.
4. Remuneration should adopt the performance-linked system and inspire the achievement of the disclosed performance forecasts.
5. It should be designed to be fair and rational from a perspective of accountability to the stakeholders. It should be determined through an appropriate process that increases fairness and transparency.

From the perspective of emphasizing results and ensuring transparency, our executive remuneration consists of basic compensation (fixed monetary compensation), performance-linked compensation (variable monetary compensation), and transfer-restricted stock-based compensation (non-monetary compensation). The upper limits on the total amount of remuneration resolved at the Annual General Meeting of Shareholders held on March 23, 2022, are as follows. For inside directors who are not Audit and Supervisory Committee members, monetary compensation (total of basic compensation and performance-linked compensation) should be no more than 400 million JPY per year, and non-monetary compensation should be no more than 100 million JPY per annum. Remuneration for outside directors who are not members of the Audit and Supervisory Committee is limited to only basic compensation up to a maximum amount of 100 million JPY per year, in light of their duties and roles of supervising the execution of business. Remuneration for directors who are members of the Audit and Supervisory Committee is limited to only basic compensation up to a maximum amount of 100 million JPY per year, in light of their duties and roles of supervising and auditing the execution of business. The percentage ratios of each constituent element of compensation (standard

amount when 100% of the targets for performance-linked compensation are achieved) are designed as follows: 65% basic compensation, 35% performance-linked compensation and 5% transfer-restricted stock-based compensation.

Total amounts of remuneration, etc. by directors and Audit and Supervisory Board members (FY2021)

Position	Total amount of remuneration, etc.	Total amount of remuneration, etc. by type			Number of eligible persons
		Basic compensation (Fixed monetary compensation)	Performance-linked compensation (Variable monetary compensation)	Transfer-restricted stock-based compensation (Non-monetary compensation)	
Directors (outside directors)	329 (47)	253 (47)	66 (–)	8 (–)	13 (6)
Audit and Supervisory Board members (outside members)	80 (32)	80 (32)	–	–	7 (4)
Total (outside officers)	409 (79)	334 (79)	66 (–)	8 (–)	20 (10)

* The number of people and the amounts of compensation above include the three directors and the two Audit and Supervisory Board members who resigned at the closing of the Annual General Meeting of Shareholders held on March 24, 2021.

Transfer-restricted stock-based compensation is a long-term incentive paid to inside directors who are not Audit and Supervisory Committee members, with the aims of sharing the benefits and risks of fluctuations in share prices with shareholders, improving the Company’s results over the medium to long term based on a healthy entrepreneurial spirit, and increasing directors’ enthusiasm for and contribution to enhancing corporate value. The amount is calculated by multiplying the base amount of compensation by position by a payment rate based on a consolidated performance evaluation. The consolidated performance evaluation gives a weighted average value using a predetermined ratio based on the budget ratio of consolidated net sales and consolidated operating profit and a year-on-year comparison as indicators. These indicators were chosen because the Company believes that the degree of achievement of performance targets in each business year reflects increases and decreases in corporate value and judges them to be appropriate as indicators.

The remuneration of individual directors who are not members of the Audit and Supervisory Committee is determined through the following processes.

- (1) The Board of Directors delegates the determination of the amounts of remuneration for individual directors to the outcome of consultations between the Chairman, the President and the director in charge of personnel affairs (hereinafter referred to as the delegated persons).
- (2) The delegated persons discuss the amounts of performance-linked compensation and the number of shares to be granted in transfer-restricted stock-based compensation for each director. The President then submits a draft proposal to the Advisory Committee on Appointment and Remuneration.
- (3) The Advisory Committee examines and deliberates on this evaluation process and the results of the evaluation, etc. with regard to the original proposal.
- (4) The delegated persons consult to make a final decision on the amount of remuneration for each director, taking the Advisory Committee’s report into consideration. The Board of Directors confirms the Company’s evaluation of performance-linked compensation and determines the number of shares for transfer-restricted stock-based compensation to be granted to each individual director.

Corporate Governance

Approach to cross-shareholdings for listed shares

Regarding cross-shareholdings for listed shares, their economic viability is examined at meetings of the Board of Directors each year. Benefits from holding the shares, status of transaction, and other elements are examined on a stock-by-stock basis in comparison with the capital cost. Where it is deemed to be inappropriate to hold shares in a particular company, the number of shares we own will be reduced, taking into consideration the conditions of the said company and market trends. In the fiscal 2021, we sold all of the shares of eleven stocks that we held and some of the shares of two stocks that we held. Furthermore, in May 2022, as a result of the cancellation of a capital tie-up with Sakata Inx Corporation, we sold all shares in that company. (Corresponding extraordinary income of 4,717 million JPY was posted in the second quarter.)

Voting rights in relation to cross-shareholdings for listed shares are exercised in an appropriate manner on a case-by-case basis, taking into account whether or not the relevant proposal will help enhance the corporate value of the issuing company over the medium to long term, whether or not it will contribute to the profits of all shareholders, including us, and the qualitative and overall impact it will have on the Group in terms of their management and businesses. Where an issuing company has special circumstances, such as significant damage to its corporate value or a serious violation of laws, regulations, or other rules, or where there is a concern that an issuing company may damage the corporate value of us as its shareholder, we will determine the actions to be taken carefully by collect-

ing sufficient information through dialogue with the issuing company and other means.

Dialogue with shareholders and investors

We believe that our shareholders and investors are important stakeholders in the Group. We have set Shareholder Satisfaction (ShS) as one of the Group's Guiding Principles, and we make effort to respect shareholders' rights and improve shareholder value. In particular, we believe in the importance of constructive dialogue with shareholders and investors. We appoint a director in charge of finance, general affairs, and IR, and ensure that information is shared through cooperation between related departments. The General Affairs Department and the Corporate Communication Department works to promote dialogue with shareholders and investors, respectively. If the feedback obtained through dialogue is deemed to be important, it is reported to the director in charge as necessary.

IR Activities (FY2021)

IR Activities	Content
General Shareholders' Meeting Results briefings	Once a year (March) Twice a year (February and August)
Individual meetings	Approx. 50 times
Information communicated via the company website	Securities reports, financial statements, results briefing materials, materials for general shareholders' meeting, fact books, integrated reports, etc. News releases (approx. 60 per year) Sponsored research reports (four times a year, Japanese and English)

 Our IR materials are shown in the Investors section of our website.

Expertise and careers (skills matrix) of directors

Name	Main expertise and careers						
	Corporate Management	R&D Production	Sales Business Strategy Marketing	Global	Finance Accounting	Human Resources	Compliance Risk Management Governance
Katsumi Kitagawa	●	●	●				
Satoru Takashima	●		●	●			
Hiroya Aoyama					●	●	●
Hiroyuki Hamada			●	●	●		●
Shingo Kaneko	●		●				
Chise Onodera							●
Jusuke Ikegami	●		●	●			●
Toshiaki Hirakawa					●		●
Yutaka Yokoi				●			●
Keiko Kimura						●	●
Minoru Matsumoto					●		●

* The above matrix does not show all the expertise or careers of each director.

Top Management (As of March 23, 2022)

Katsumi Kitagawa

Chairman and Representative Director

Born September 26, 1953 (age 68)
April 1977 Joined our company
March 2020 Chairman and Representative Director
Number of the Company's shares owned 44,499 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)
Member of Advisory Committee on Appointment and Remuneration
Attendance rate at Advisory Committee on Appointment and Remuneration in 2021 100% (1/1)

Satoru Takashima

President and Representative Director, Group CEO

Born April 18, 1960 (age 61)
April 1984 Joined our company
March 2020 President and Representative Director
March 2022 Group CEO
Number of the Company's shares owned 21,825 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)
Chairman of Board of Directors
Member of Advisory Committee on Appointment and Remuneration
Attendance rate at Advisory Committee on Appointment and Remuneration in 2021 100% (1/1)

Hiroya Aoyama

Senior Managing Director, CFO
in charge of Human Resources, Finance & Accounting, General Affairs, and Internal Audit Department

Born April 2, 1956 (age 65)
April 1979 Joined our company
July 2011 In charge of Human Resources, Finance & Accounting, General Affairs, Corporate Communication and Internal Audit Department
June 2015 Senior Managing Director
March 2022 In charge of Human Resources, Finance & Accounting, General Affairs and Internal Audit Department
Number of the Company's shares owned 21,720 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)

Hiroyuki Hamada

Managing Director
in charge of Corporate Planning, Legal Affairs, and Investor Relations

Born July 19, 1958 (age 63)
April 1981 Joined our company
March 2019 Managing Director
March 2021 In charge of Legal Affairs
March 2022 In charge of Corporate Planning, Legal Affairs, and Investor Relations
Number of the Company's shares owned 6,403 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)

Shingo Kaneko

Outside Director

Born November 25, 1950 (age 71)
April 1973 Joined Toppan Printing Co., Ltd.
June 2019 Chairman and Representative Director of Toppan Printing Co., Ltd. *1
March 2020 Outside Director of our company
Number of the Company's shares owned 2,000 shares
Attendance rate at Board of Directors meetings in 2021 88% (15/17)

Chise Onodera*2

Independent Outside Director

Born January 2, 1966 (age 56)
April 2018 Professor of College of Law, Nihon University
March 2019 Outside Audit & Supervisory Board member (part-time) of our company
March 2021 Outside Director of our company
Number of the Company's shares owned 1,500 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)
Attendance rate at Audit & Supervisory Board meetings in 2021 100% (3/3 *3)
Member of Advisory Committee on Appointment and Remuneration
Attendance rate at Advisory Committee on Appointment and Remuneration in 2021 100% (1/1)

Jusuke Ikegami

Independent Outside Director

Born August 4, 1966 (age 55)
June 2015 Outside Audit & Supervisory Board member (part-time) of our company
April 2017 Professor of Graduate School of Business Administration, Waseda University
March 2022 Outside Director of our company
Number of the Company's shares owned 3,200 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)
Attendance rate at Audit & Supervisory Board meetings in 2021 92% (12/13)

New

Toshiaki Hirakawa

Director
Audit and Supervisory Committee member (full-time)

Born September 13, 1958 (age 63)
April 1982 Joined our company
March 2021 Audit & Supervisory Board member (full-time)
March 2022 Director (Audit & Supervisory Committee member (full-time))
Number of the Company's shares owned 12,800 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)
Attendance rate at Audit & Supervisory Board meetings in 2021 100% (10/10 *4)
Chairman of Audit & Supervisory Committee

New

Yutaka Yokoi

Leading Independent Outside Director
Audit and Supervisory Committee member

Born January 10, 1955 (age 67)
April 1979 Joined the Ministry of Foreign Affairs of Japan
August 2013 Ambassador Extraordinary and Plenipotentiary of Japan to Turkey
March 2016 Ambassador Extraordinary and Plenipotentiary of Japan to the People's Republic of China
December 2020 Retired from the Ministry of Foreign Affairs of Japan
March 2021 Outside Director of our company
March 2022 Outside Director of our company (Audit & Supervisory Committee member)
Number of the Company's shares owned 200 shares
Attendance rate at Board of Directors meetings in 2021 100% (13/13 *5)
Chairman of Advisory Committee on Appointment and Remuneration
Attendance rate at Advisory Committee on Appointment and Remuneration in 2021 100% (1/1)

New

Keiko Kimura

Independent Outside Director
Audit and Supervisory Committee member

Born October 13, 1959 (age 62)
October 2002 Registered with Daiichi Tokyo Bar Association
October 2002 Joined Anzai & Sotoi Law Offices (currently Anzai Law Offices)
June 2016 Outside Director of our company
June 2017 Outside Director (Audit and Supervisory Committee member) of Yashima & Co., Ltd.
March 2022 Outside Director of our company (Audit & Supervisory Committee member)
Number of the Company's shares owned 1,300 shares
Attendance rate at Board of Directors meetings in 2021 100% (17/17)
Member of Advisory Committee on Appointment and Remuneration
Attendance rate at Advisory Committee on Appointment and Remuneration in 2021 100% (1/1)

New

Minoru Matsumoto

Independent Outside Director
Audit and Supervisory Committee member

Born February 16, 1957 (age 65)
March 1987 Registered as a Certified Public Accountant
October 2013 Established Minoru Matsumoto CPA Office
June 2015 Outside Director of Foster Electric Co., Ltd.
February 2016 Outside Director (Audit and Supervisory Committee member) of JASTEC Co., Ltd.
March 2021 Outside Audit & Supervisory Board member (part-time) of our company
March 2022 Outside Director of our company (Audit & Supervisory Committee member)
Number of the Company's shares owned 0 shares
Attendance rate at Board of Directors meetings in 2021 100% (13/13 *6)
Attendance rate at Audit & Supervisory Board meetings in 2021 100% (10/10 *6)

New

*1 Mr. Shingo Kaneko concurrently holds the position of Representative Director of Toppan Inc. Although there is no special interest between the Company and Toppan Inc. transactions exist between the Company and the Toppan Group, including the purchase and sale of manufactured products.
*2 The legal name (name in family register) of Ms. Chise Onodera, an outside director, is Chise Sakai.
*3 Ms. Chise Onodera resigned as an Audit & Supervisory Board member at the 183rd Annual General Shareholders' Meeting held on March 24, 2021. Accordingly, the number of Audit & Supervisory Board meetings she attended differs from that of other members.
*4 Mr. Toshiaki Hirakawa and Mr. Minoru Matsumoto were appointed as a full-time / part-time Audit & Supervisory Board members at the 183rd Annual General Shareholders' Meeting held on March 24, 2021. Accordingly, the number of Audit & Supervisory Board meetings they attended differs from that of other members.
*5 Mr. Minoru Matsumoto and Mr. Yutaka Yokoi were appointed as an Audit & Supervisory Board member and a Director at the 183rd Annual General Shareholders' Meeting held on March 24, 2021. Accordingly, the number of Board of Directors meetings they attended differs from that of other Audit & Supervisory Board members and Directors.
* Mr. Kimito Amari retired as an Outside Director on March 23, 2022. His attendance at Board of Directors meetings was 100% (17/17 times).
* Mr. Toshihiko Nobe retired as a full-time Audit & Supervisory Board member on March 23, 2022. His attendance at Audit & Supervisory Board meetings was 100% (13/13 times).
* Mr. Hidetaka Kakiya retired as a full-time Audit & Supervisory Board member on March 23, 2022. His attendance at Audit & Supervisory Board meetings was 92% (12/13 times).

Top Management

Reasons for Appointing Directors

Name and position	Reasons for Appointing
Katsumi Kitagawa Chairman and Representative Director	After holding key positions in the production and corporate planning divisions, he assumed the position of President and Representative Director of the Company in 2011, demonstrating strong leadership. He is responsible for executive and supervisory functions with regard to all aspects of the Company's management and the entire Toyo Ink Group. He has been appointed as a Director without membership of the Audit & Supervisory Committee, with expectations that his supervisory function with regard to all aspects of the Company's management as well as he will be a driving force in enhancing the Group's corporate value.
Satoru Takashima President and Representative Director, Group CEO	After holding key positions in the corporate planning division and major affiliate companies both in Japan and overseas, he assumed the position of President and Representative Director of the Company in 2020, demonstrating strong leadership. He is responsible for executive and supervisory functions with regard to all aspects of the Company's management. He has been appointed as a Director without membership of the Audit & Supervisory Committee, with expectations that his supervisory function with regard to all aspects of the Company's management as well as he will be a driving force in enhancing the Group's corporate value.
Hiroya Aoyama Senior Managing Director, CFO in charge of Human Resources, Finance & Accounting, General Affairs, and Internal Audit Department	After holding key positions primarily in the human resources division, since assuming the position of Director in 2009, he has supervised the management of the Company and executed business with a high level of competence and expertise relating to HR and financial strategies. He has been appointed as a Director (who is not a member of the Audit & Supervisory Committee) in the hope that he will utilize his knowledge of the relevant fields in supervising the Company's management.
Hiroyuki Hamada Managing Director in charge of Corporate Planning, Legal Affairs, and Investor Relations	After holding key positions mainly in the Corporate Administration division and at overseas representatives, since assuming the position of Director in 2016, he has supervised the management of the Company and executed business with a high level of competence and expertise relating to corporate strategy. He has been appointed as a Director (who is not a member of the Audit & Supervisory Committee) in the hope that he will utilize his knowledge of the relevant fields in supervising the Company's management.
Shingo Kaneko Outside Director	After his long service as a director at Toppan Inc., he was appointed President and Representative Director of the company in June 2010. He has an abundance of experience and broad-ranging insights in corporate management and various other areas. Although he does not meet the independence criteria set by the Company for Outside Directors, he has been appointed as a Director without membership of the Audit & Supervisory Committee, for the purpose of receiving advice and guidance on the Company's general management from an objective perspective, with a view toward the business environment surrounding the Group from an expert with seasoned knowledge of the industry.
Chise Onodera Independent Outside Director	Although she has never been involved in corporate management in the past other than by becoming an outside audit & supervisory board member or an outside director, she has a high degree of expertise in Insurance Act and Companies Act and high-level insights as a legal scholar, and has therefore been appointed as a Director who is not an Audit & Supervisory Committee member, to fulfill a management supervisory function from an impartial standpoint.
Jusuke Ikegami Independent Outside Director	In addition to a high level of specialized knowledge as a researcher of corporate strategy and marketing, he also has management experience at other companies outside the Group. Based on his past experience as a member of the Company's Outside Audit & Supervisory Board, he can oversee management from an impartial perspective, and for that reason he has been appointed as a Director without membership of the Audit & Supervisory Committee.
Toshiaki Hirakawa Director Audit and Supervisory Committee member (full-time)	He has considerable knowledge in finance and accounting based on his extensive experience fulfilling financial and accounting duties and subsequent service as a Director and head of Finance & Accounting Department. He has been appointed as a Director and Audit & Supervisory Committee member, with the expectation that he will execute his duties appropriately, in light of his specialist knowledge and broad-ranging insights in the relevant fields.
Yutaka Yokoi Leading Independent Outside Director Audit and Supervisory Committee member	Although he has never been involved in corporate management in the past other than by becoming an outside director, he has an international perspective and broad insight into world affairs cultivated through foreign diplomacy and many years of experience in key positions at Japan's Ministry of Foreign Affairs. He has therefore been appointed as a Director and Audit & Supervisory Committee member, to fulfill a management supervisory function from an impartial standpoint.
Keiko Kimura Independent Outside Director Audit and Supervisory Committee member	Although she has never been involved in corporate management in the past other than by becoming an outside director, she is a certified lawyer with advanced knowledge and extensive insight particularly regarding labor law and personnel and labor affairs. She has therefore been appointed as a Director and Audit & Supervisory Committee member, to fulfill a management supervisory function from an impartial standpoint.
Minoru Matsumoto Independent Outside Director Audit and Supervisory Committee member	Although he has never been involved in corporate management in the past other than by becoming an outside audit & supervisory board member or an outside director, he has extensive experience in accounting audits as a certified public accountant and considerable knowledge in finance and accounting. He has therefore been appointed as a Director and Audit & Supervisory Committee member, to fulfill a management supervisory function from an impartial standpoint.

Risk Management

The Toyo Ink Group advances initiatives based on our understanding that identifying risks that may affect business continuity and addressing these risks promptly and appropriately to minimize the impact of the risks is an important task.

Action Policies on Risk Management in FY2021

1. (Emergency response) We will establish countermeasures and systems for responding to emergencies that may affect the overall Group.

2. (Prevention of the actualization of risks, response to reduction / transfer of loss) We will identify and select existing risks which may affect the overall Group, investigate measures to address the risks, and inform employees of the measures.

3. (Awareness-raising activities) We will improve sensitivity to new risks.

Risk management system

The Risk Management Committee, whose secretariat is the General Affairs Department, exhaustively and comprehensively manages the risks of the entire Group under the operating of cer in charge of risk management (the head of the Risk Management Committee under the Sustainability Committee). In addition, Group companies and departments identify, assess, and examine the risks involved in changes in social environments and in their daily operations and implement measures to address these risks.

The Risk Management Committee assesses the risks of each company and department based on the frequency of occurrence and severity, and creates and shares a risk map. The committee checks the progress and level of achievement of activities for the mitigation of serious risks. It reports Groupwide risks, which need to be addressed by the Group as a whole, to the Group Management Committee. If a new problem arises that could develop into a serious

risk, we establish an emergency headquarters to address the risk.

Major activities in FY2021

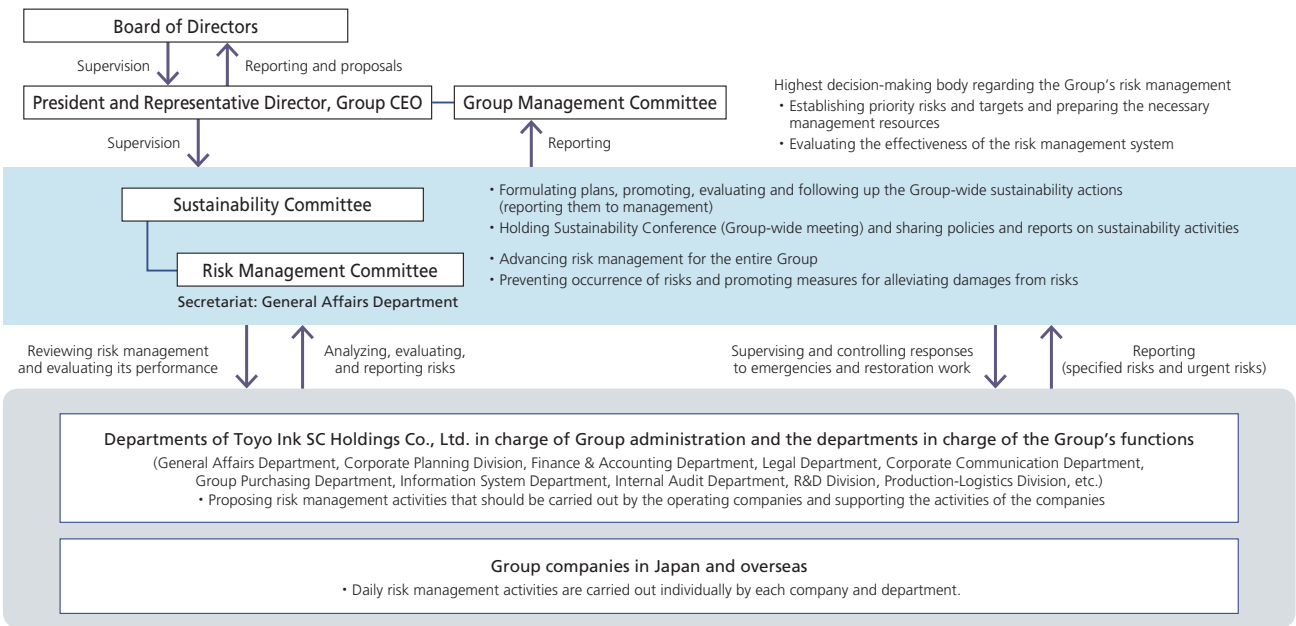
In FY2021, we addressed the spread of COVID-19 as a global risk and advanced initiatives focused on two goals, (1) ensuring employees' health (including the revision of in-house hygiene rules and personnel systems to reduce the risk of infection, and vaccine occupational inoculation) and (2) business continuity (the continuation of procurement, manufacturing, and order acceptance and the promotion of working from home and remote working for operations), while ensuring that the safety and security of our employees and stakeholders all over the world was our top priority. Remote working has been a part of our new normal.

In addition, our Safe Driving Seminars—with the goal of eliminating accidents involving our commercial vehicles—were held as an online seminar via the Internet, for all sales employees at all locations in Japan simultaneously. We carried out this and other risk management activities in accordance with the conditions of the new normal created by the COVID-19 pandemic.

Internal controls

At the Toyo Ink Group, we recognize that the improvement and utilization of the internal controls system is an important management issue. The Board of Directors has formulated the "Basic Policy on the Internal Controls System," and we strive to put in place the implementation systems and monitoring systems needed to ensure that we carry out our business activities in an appropriate manner.

Risk management system (FY2022)



* Excerpts and additions from P.31 Sustainability promotion system (FY2022)

Risk Management

Typical business risks and our response

Representative risks that management recognizes could have a significant impact on the financial position, operating results and cash flows of the Group are as follows. (This

is not an exhaustive list.)

In FY2021, there was no risk of a significant adverse impact on the Group.

Category	Typical risks concerning the entire Group	Examples of our response to risks
(1) Risks related to overseas operations	<ul style="list-style-type: none"> Changes in laws and regulations, and changes in tax systems that could have adverse effects The adverse effect of inadequate social common capital on corporate activities Unfavorable political factors Social turmoil caused by terrorism, war, or infectious disease Unexpected rapid change in the work environment 	<ul style="list-style-type: none"> Expanding business in worldwide and improving the balance of business fields, aiming to build an earnings structure that is unlikely to be affected by economic trends or other risks in individual countries Establishing supply chain management that enables a flexible response to risk Reducing fixed costs and variable costs such as raw materials expenses
(2) Risks related to information leakage, loss, and damage	<ul style="list-style-type: none"> Information leakage, loss, or damage due to computer viruses or security violations Loss of social trust, a breach of a non-disclosure agreement, or a decline in competitiveness due to an outflow or loss of expertise, resulting from information leakage, loss or damage 	<ul style="list-style-type: none"> Reduction of risks through the reinforcement of the information security management system, employee training and awareness-raising activities, which are implemented by the dedicated information security department Implementing security measures related to the promotion of teleworking and the formulation of operating rules
(3) Risks related to quality and product liability	<ul style="list-style-type: none"> Accidents or complaints caused by the quality of products 	<ul style="list-style-type: none"> Ensuring compliance with legal regulations related to quality and safety and carrying out activities to strengthen quality assurance Enhancing and strengthening quality assurance in a Group-wide manner through the application of the ISO 9001 international standard related to quality, and other measures
(4) Risks related to natural disasters and epidemics	<ul style="list-style-type: none"> Difficulties in procuring raw materials, hindrance to production activities, stagnation of global consumer activities and stagnation of logistics functions in the supply chain, etc., due to natural disasters, such as major earthquakes, heavy rains and epidemics in Japan and other countries 	<ul style="list-style-type: none"> Creating manuals tailored to specific risks and providing regular training to tackle them Implementing measures to control COVID-19 and other infectious diseases, establishing related guidelines and operating systems and vaccine occupational inoculation Establishing a disaster control system and systems for complementary production in Japan and overseas, through business continuity management (BCM)
(5) Risks related to the sourcing of raw materials	<ul style="list-style-type: none"> Raw materials price increases and stock shortages due to the fluctuation of market conditions, natural disasters, accidents, government policies, and other factors Suspension of raw material supply from suppliers Compensation for damages or the like resulting from an inability to supply products to customers 	<ul style="list-style-type: none"> Sourcing raw materials for appropriate prices by increasing and accuracy of market price and demand forecast Securing stocks of raw materials according to their characteristics by sourcing them from a wide range of suppliers Promoting procurement based on the Procurement Principles
(6) Risks related to exchange rate fluctuations	<ul style="list-style-type: none"> Dramatic fluctuations in exchange rates 	<ul style="list-style-type: none"> Taking steps to reduce exchange rate fluctuation risks, including exchange forward contracts and the balancing of foreign currency receivables and payables
(7) Risks related to general legal restrictions	<ul style="list-style-type: none"> Changes to legal restrictions in Japan and overseas and the resulting changes in markets Litigation or other legal procedures that seriously affect the Group's businesses, including litigation related to environmental issues, product liability, and patent infringement 	<ul style="list-style-type: none"> Collecting information about legal restrictions in Japan and overseas and taking measures to address them Review of compliance-related policies and implementation of measures by the Compliance Committee, a committee dedicated to compliance matters Managing the overall Group with internal control system and improving the effectiveness of the management
(8) Risks of environmental burdens	<ul style="list-style-type: none"> Changes to environmental laws and regulations in Japan and overseas and the resulting changes in markets Increased expenses caused by delays in taking measures to reduce environmental impact Additional investment and changes in business portfolio in response to social environmental requirements (such as the shift away from plastics and the carbon neutrality, etc.) 	<ul style="list-style-type: none"> Advancing environmental measures (including the reduction of CO₂ emissions, the development of VOC-free products, and the recycling of materials) by reviewing manufacturing processes in the long-term management plan Strengthening the management of chemicals and systematizing management
(9) Risks related to climate changes	<ul style="list-style-type: none"> Changes to climate change-related laws and regulations in Japan and other countries and the resulting changes in markets Increase in costs due to delays in responding to social demands, such as the reduction of CO₂ emissions 	<ul style="list-style-type: none"> Disclosures based on the TCFD (Task Force on Climate-related Financial Disclosures) recommendations Continuous efforts to reduce the environmental impact of manufacturing activities (reduction of CO₂ emissions, promotion of carbon neutrality, etc.) as outlined by the TSV2050/2030 Sustainability Vision
(10) Risks related to common debt collection	<ul style="list-style-type: none"> Difficulty in collecting of trade receivables and other claims due to the worsening of customers' financial conditions 	<ul style="list-style-type: none"> Regular review of customers' credit risk Implementing measures to protect receivables and strengthening credit management

* Details of business risks are shown in the securities reports.

Compliance

Compliance activities of the Toyo Ink Group are based on the belief that it is important that every single employee should be aware of compliance. We discuss compliance in daily operations, aiming to steadily instill within the Group an awareness of the importance of compliance with laws and regulations.

Policies on Compliance Activities in FY2021

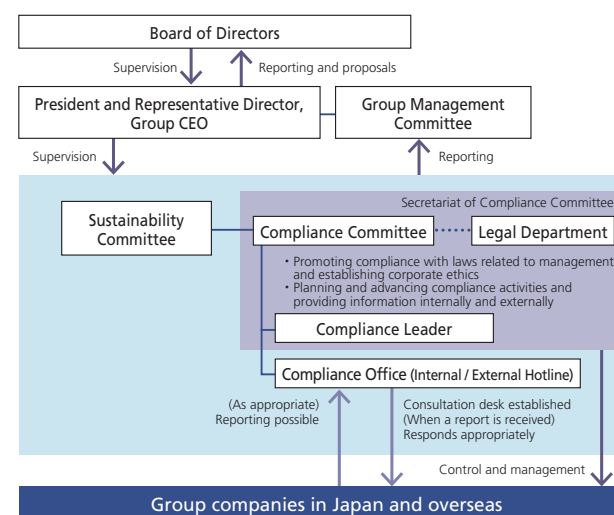
We will implement compliance measures to strengthen governance toward sound and sustainable growth based on our corporate philosophy—a timeless and invariant pillar—to build a solid corporate foundation that underpins trust in our CSR management.

1. Guiding compliance activities that foster a sound corporate culture for the Group
2. We will reinforce and monitor the system for addressing domestic / overseas legal risks.
3. We will provide compliance education with an emphasis on preventing the occurrence of serious legal risks.

Compliance system

We are disseminating the way of thinking about compliance and providing education on regulations throughout the Group, with the leading role played by the Compliance Committee under the Sustainability Committee. We are also proactive in creating opportunities to deepen our awareness of compliance related to daily operations, with the central role played by compliance leaders in each operation site.

Compliance system (FY2022)



* Excerpts and additions from P.31 Sustainability promotion system (FY2022)

Whistleblowing system

We have established internal / external Compliance Office as a consultation desk for compliance. We have also established the "Operating Regulations of Compliance Office" to ensure fair and proper operation of the Office. We investigate the fact based on consultation, and take measures immediately if there is any concern of problem occurrence.

In addition, we give maximum consideration to protection and confidentiality of whistleblowers. In consultations with the Compliance Office in FY2021, no issues were reported that could lead to serious risks.

Major activities in FY2021

• Compliance meetings in each site (from May to July)

Compliance leaders, who play a leading role in our compliance activities, held meetings at each operation site (3,456 participants) using Group-common materials, while taking measures against infection such as utilizing web conference tools, etc. Through these efforts they promoted the identification of issues and the formulation and implementation of solutions.

• Compliance Improvement Month held in October

We held meetings at each operation site (3,740 participants) while taking measures against COVID-19 infections. We confirmed and studied response status of the issues identified at each site, as well as any newly occurred risks, to entrench, improve, and strengthen our CSR and compliance awareness. In addition, we sent the Toyo Ink Group's Code of Business Ethics and its explanatory materials, which are translated into local languages, to all representatives at overseas affiliates, and requested that they hold compliance meetings including local staff, and strengthen their awareness of compliance.

• Compliance education

We ran some educational programs tailored to different levels and duties, including Compliance Training for New Employees, Overseas Assignment Training, etc. We also held web seminars on the Anti-monopoly Act (28 seminars with a total of 857 participants,) on the Subcontract Act (24 seminars with a total of 544 participants) and on handling of confidential information (31 seminars with a total of 1,065 participants.)

• Compliance auditing, with the goal of creating an organization with integrity

In FY2021, we conducted a questionnaire—based on Q&A previously published by the Japan Fair Trade Commission—to check whether transactions are being conducted in compliance with the Subcontract Act, at all Group companies which engage in transactions subject to the Subcontract Act. As a result, we found no illegal transactions.

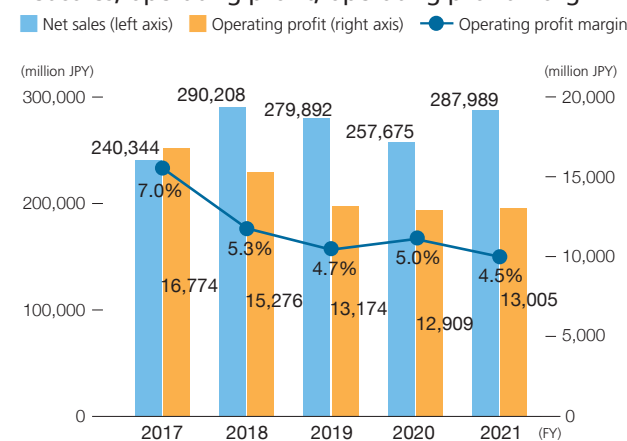
• Response to overseas legal risks

We also established external hotlines for overseas sites to facilitate whistleblowing and informed overseas representatives and local staff of these hotlines. Further, in China, we check the status of operations in the country every six months based on the "Bribery Prevention Regulations."

Financial / Non-financial Highlights

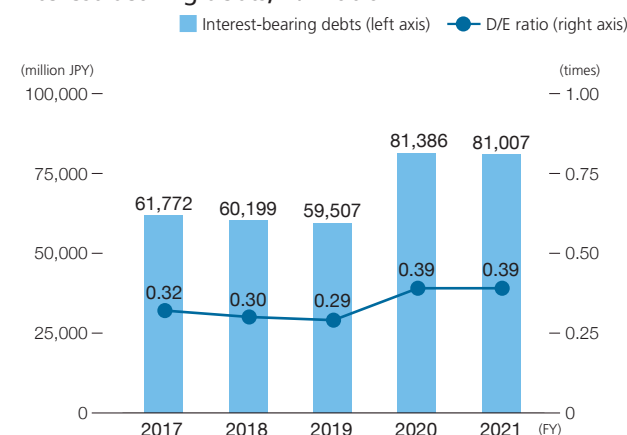
Financial Highlights

Net sales, operating profit, operating profit margin



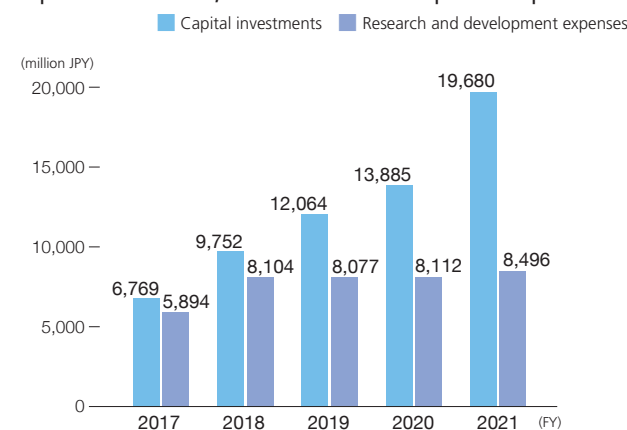
Net sales increased by 11.8% year-on-year due to the recovery from the economic slump caused by the COVID-19 pandemic, mainly in overseas markets. Operating income remained at the same level as the previous year, due to the impact of a sharp rise in raw material prices.

Interest-bearing debts, D/E ratio



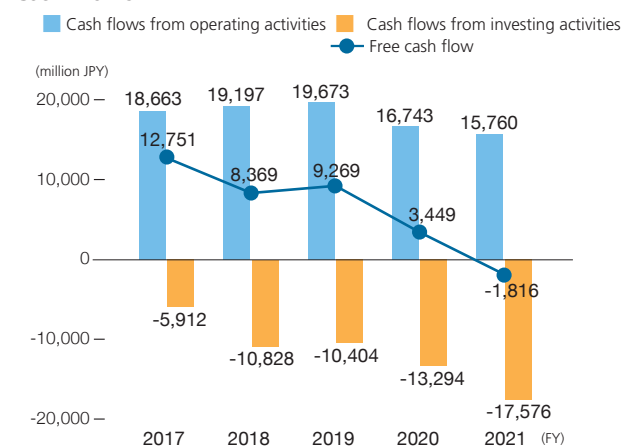
Interest-bearing debts decreased by 379 million JPY from the end of the previous fiscal year. D/E ratio remained at the same level as the end of the previous year. The increase in FY2020 was due to an increase in cash on hand through new borrowing as a measure to address the COVID-19 pandemic.

Capital investments, research and development expenses



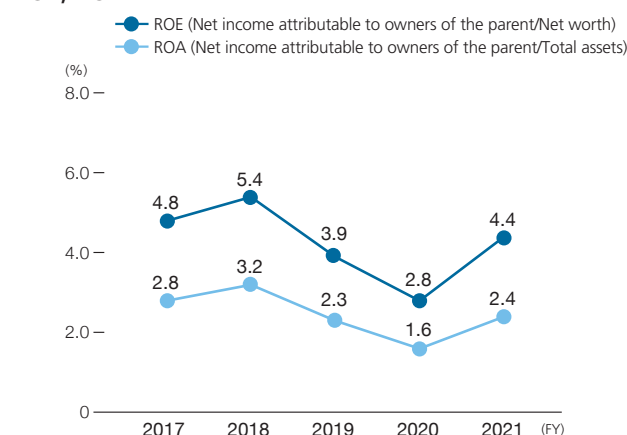
In order to create more priority areas of development under Policy (2) of the medium-term management plan, we made active capital investments, such as the creation of a supply system for materials for automotive LiBs (lithium-ion batteries) and the construction of a new plant for pharmaceutical production.

Cash flows



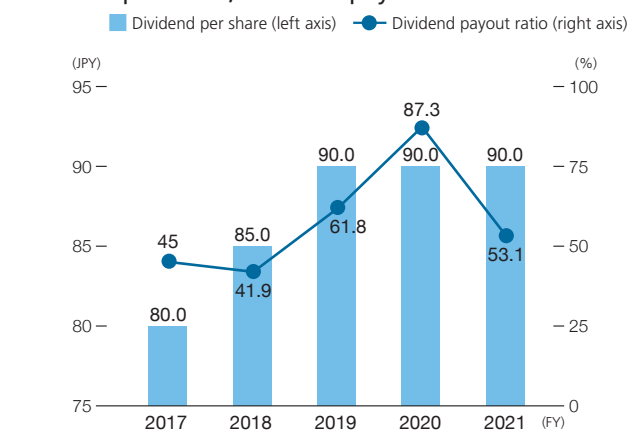
Cash flows from operating activities decreased due to an increase in receivables and inventory assets accompanying an increase in sales, while cash flows from investing activities saw an increase in capital investments. As a result, free cash flow was an outflow amounted to 1,816 million JPY.

ROE, ROA



Both ROE and ROA increased year-on-year, due to the improvement in net income attributable to owners of the parent.

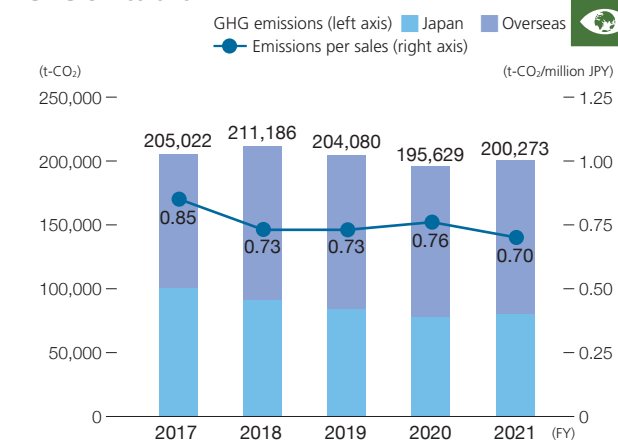
Dividend per share, dividend payout ratio



Based on our basic policy of continuing to pay stable dividends, we set the minimum dividend amount at 90 JPY per year during the SIC-II period.

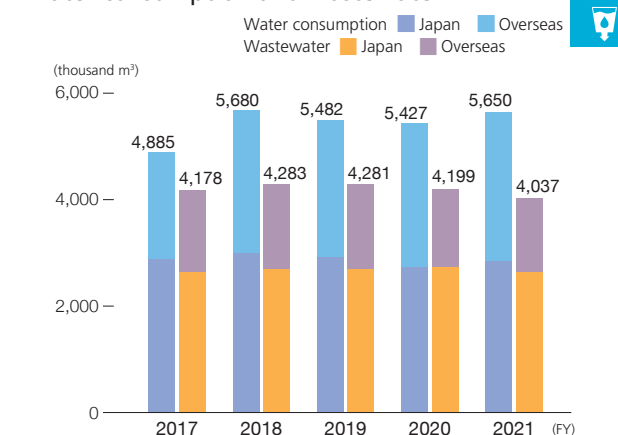
Non-financial Highlights

GHG emissions



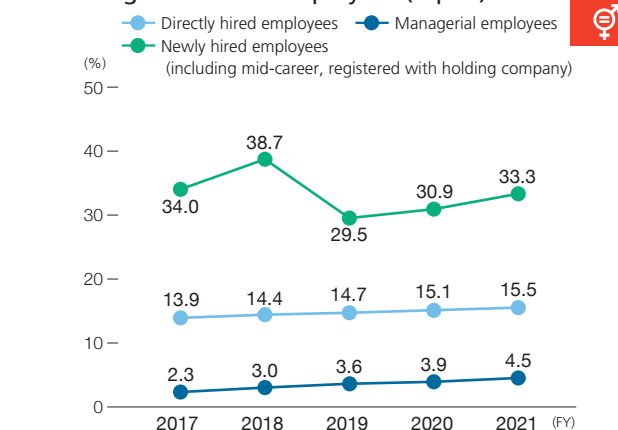
In TSV 2050/2030, we have set the target of reducing total domestic and overseas greenhouse gas (GHG) emissions to 145,000t-CO₂ by FY2030.

Water consumption and wastewater



We are striving to reduce the water consumption through measures such as reusing water as process water (reaction solvents, washing water, etc.) after using it as cooling water.

Percentage of female employees (Japan)

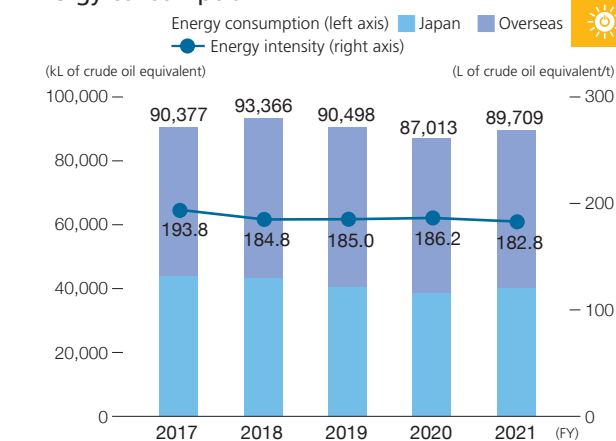


Our Declaration of Active Participation of Women stipulates that the ratio of women among newly hired employees in Japan (including mid-career hires) shall be at least 30%, and that the percentage of female managers shall be at least 8% or higher.

* GHG emissions are calculated based on the "Greenhouse Gas Emissions Calculation, Reporting, and Publication System" of the Act on Promotion of Global Warming Countermeasures. Since activities with regard to six substances other than CO₂ (CH₄, N₂O, HFCs, PFCs, SF₆, NF₃) have not reached a certain level of activity, GHG emissions are calculated assuming zero emissions of these substances.

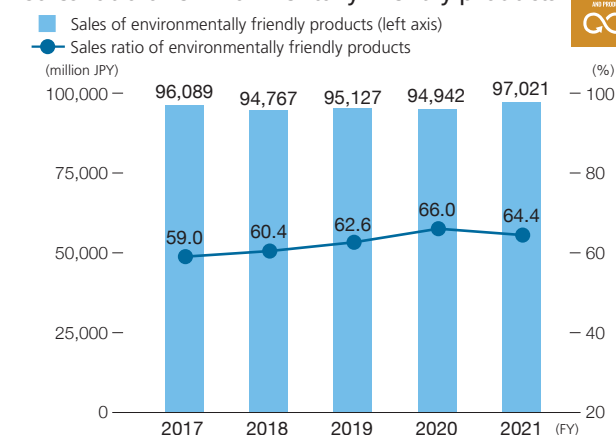
* The percentage of female employees is calculated as of the end of the fiscal year for directly hired and newly hired employees. For managerial employees, it is calculated as of January of the following year.

Energy consumption



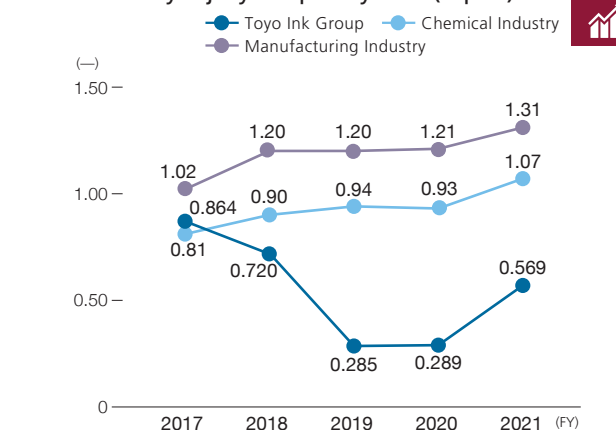
Although energy consumption increased due to the recovery in production volume, global specific energy consumption (intensity) improved due to improvements in capacity utilization rates and progress in energy-saving measures.

Sales ratio of environmentally friendly products



Going forward, we will redefine the criteria for environmentally friendly products in line with TSV2050/2030 and aggregate them as sustainability-enhancing products (environmental value and life value).

Lost-workday injury frequency rate (Japan)



There were four lost-workday injuries and the frequency rate increased from the previous fiscal year, but below that of the chemical industry as a whole, and the manufacturing industry as a whole.

Financial Information

Key Consolidated Financial Data (11 years)

		March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*1	December 2018	December 2019	December 2020	December 2021
Net sales	(million JPY)	245,337	248,689	279,557	286,684	283,208	268,484	240,344	290,208	279,892	257,675	287,989
Operating profit	(million JPY)	13,648	17,547	19,728	18,210	18,236	19,231	16,774	15,276	13,174	12,909	13,005
Ordinary profit	(million JPY)	13,445	18,468	20,553	19,411	18,466	19,262	17,473	15,429	13,847	12,543	15,442
Profit attributable to owners of parent	(million JPY)	7,238	8,714	12,260	13,304	11,818	12,702	10,376	11,847	8,509	6,019	9,492
Comprehensive income	(million JPY)	4,902	18,169	30,351	32,605	5,196	13,179	16,371	-2,441	10,675	-3,993	19,892
Net assets	(million JPY)	146,913	161,322	186,608	213,756	211,859	216,979	228,384	221,091	226,892	217,325	226,947
Total assets	(million JPY)	283,144	299,571	336,601	364,262	359,395	364,066	378,459	371,610	376,130	380,227	406,896
Net assets per share*2	(JPY)	2,398.55	2,628.10	3,031.96	3,473.08	3,442.76	3,608.23	3,792.89	3,668.36	3,757.35	3,589.24	3,911.64
Profit per share (Basic)*2	(JPY)	121.29	146.02	205.46	222.98	198.09	214.98	177.73	202.93	145.72	103.06	169.36
Profit per share (Diluted)*2	(JPY)	—	—	—	—	198.05	214.84	177.53	202.60	145.44	102.85	169.09
Total shareholders' equity ratio	(%)	50.6	52.4	53.7	56.9	57.2	57.9	58.5	57.6	58.3	55.2	53.7
Interest-bearing debts	(million JPY)	67,600	71,059	74,441	66,924	68,786	64,759	61,772	60,199	59,507	81,386	81,007
Return on total shareholders' equity ratio*3	(%)	5.1	5.8	7.3	6.9	5.8	6.1	4.8	5.4	3.9	2.8	4.4
Return on total assets ratio*4	(%)	2.6	2.9	3.6	3.8	3.4	3.5	2.8	3.2	2.3	1.6	2.4
Price earnings ratio	(times)	14.1	15.1	10.1	12.6	11.4	12.5	18.8	12.0	18.3	19.1	11.4
Cash flows from operating activities	(million JPY)	18,453	17,460	17,603	25,702	25,727	23,370	18,663	19,197	19,673	16,743	15,760
Cash flows from investing activities	(million JPY)	-10,354	-14,363	-13,249	-6,198	-17,457	-10,611	-5,912	-10,828	-10,404	-13,294	-17,576
Cash flows from financing activities	(million JPY)	-1,880	-1,465	-7,305	-13,585	-5,817	-11,231	-8,355	-5,695	-6,247	16,221	-11,988
Balance of cash and cash equivalent	(million JPY)	32,644	35,333	34,723	42,546	43,744	44,132	49,262	50,958	53,765	73,117	60,949
Dividend payout ratio	(%)	49.5	41.1	31.6	32.5	39.1	37.2	45.0	41.9	61.8	87.3	53.1
Number of employees	(employees)	7,351	7,469	7,781	7,919	8,116	8,021	8,135	8,274	8,246	8,157	7,887

*1 In 2017, the company's fiscal year end was changed from March 31 to December 31.

*2 The Company implemented a consolidation of its common stock at the ratio of five shares to 1 share on July 1, 2018. Accordingly, the above figures have been calculated assuming such share consolidation was conducted at the beginning of the fiscal year ended March 2010.

*3 Return on equity (%) = Net income attributable to owners of the parent / Net worth

*4 Return on asset (%) = Net income attributable to owners of the parent / Total assets

Overseas Sales*2 (11 years)

		March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*1	December 2018	December 2019	December 2020	December 2021
Asia	(million JPY)	68,809	72,790	95,018	101,550	101,329	86,992	95,699	106,304	101,361	94,252	113,523
The Americas	(million JPY)	8,360	9,732	11,863	13,983	15,275	13,660	13,940	14,909	14,386	13,286	16,430
Europe	(million JPY)	1,800	1,628	5,171	7,464	7,581	12,212	12,825	12,912	12,393	11,562	13,098
Africa	(million JPY)	109	134	254	401	434	309	461	513	576	510	644
Total	(million JPY)	79,080	84,286	112,398	123,399	124,621	113,175	122,926	134,639	128,718	119,613	143,696
Overseas sales ratio	(%)	32.2	33.9	40.2	43.0	44.0	42.2	51.1	46.4	46.0	46.4	49.9

*1 In 2017, the company's fiscal year end was changed from March 31 to December 31.

*2 Overseas sales include sales of Toyo Ink SC Holdings and its consolidated subsidiaries in countries or regions other than Japan (excluding internal sales among consolidated subsidiaries).

Financial Information

Segment Information

Segment Information by Business Group

(Unit: million JPY)											
Net Sales	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*1	December 2018	December 2019	December 2020	December 2021
Colorants and Functional Materials Business	62,636	66,846	76,414	78,465	71,878	65,935	63,385	74,660	67,400	61,642	74,995
Polymers and Coatings Business	52,541	51,010	56,742	59,495	60,894	58,325	52,028	66,099	65,887	62,328	70,736
Packaging Materials Business	55,562	56,160	62,530	63,114	64,623	62,965	55,640	68,047	68,071	66,589	73,645
Printing and Information Business	76,108	75,131	85,527	87,468	87,439	81,651	69,011	79,378	76,680	65,595	66,695
Others	6,073	5,895	5,403	5,704	5,980	6,115	5,166	7,228	7,291	6,229	5,746
Adjustment	-7,583	-6,355	-7,061	-7,564	-7,608	-6,509	-4,889	-5,205	-5,439	-4,708	-3,831
Total consolidated	245,337	248,689	279,557	286,684	283,208	268,484	240,344	290,208	279,892	257,675	287,989

(Unit: million JPY)											
Operating income (loss)	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*1	December 2018	December 2019	December 2020	December 2021
Colorants and Functional Materials Business	6,210	7,630	8,140	7,290	4,227	4,604	5,273	5,329	3,386	2,610	5,391
Polymers and Coatings Business	2,791	3,400	3,428	3,646	5,547	6,641	5,868	6,035	6,013	5,937	3,570
Packaging Materials Business	1,735	2,174	1,982	1,768	2,723	2,871	2,096	1,491	3,058	3,885	1,813
Printing and Information Business	1,367	3,329	4,263	2,639	2,977	3,317	2,996	931	314	247	1,730
Others	1,437	948	1,890	2,833	2,754	1,777	541	1,481	424	234	531
Adjustment	106	63	23	33	5	18	-1	-6	-23	-7	-30
Total consolidated	13,648	17,547	19,728	18,210	18,236	19,231	16,774	15,276	13,174	12,909	13,005

*1 Intersegment transactions and Company-wide expenses have not been deducted from the figures for each business segment above.

*2 In 2017, the company's fiscal year end was changed from March 31 to December 31.

Segment Information by Location

(Unit: million JPY)											
Net sales	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*1	December 2018	December 2019	December 2020	December 2021
Japan	185,842	186,378	192,946	188,973	181,884	176,297	134,961	181,666	175,513	161,798	173,526
Asia*2	70,193	73,085	95,522	102,163	100,732	86,592	96,331	106,499	101,192	94,478	113,580
Europe	4,117	4,199	10,587	14,190	14,481	18,361	19,988	20,210	19,842	17,954	21,059
The Americas	8,204	9,283	10,881	12,425	14,234	12,825	13,159	14,258	13,992	12,708	16,223
Adjustment	-23,020	-24,258	-30,379	-31,068	-28,124	-25,592	-24,096	-32,426	-30,648	-29,264	-36,400
Total Consolidated	245,337	248,689	279,557	286,684	283,208	268,484	240,344	290,208	279,892	257,675	287,989

(Unit: million JPY)											
Operating income (loss)	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*1	December 2018	December 2019	December 2020	December 2021
Japan	11,639	14,765	14,244	12,641	11,885	12,671	9,650	9,602	7,774	6,427	7,268
Asia*2	2,457	3,175	6,241	5,733	6,075	6,176	6,157	5,449	5,671	5,868	4,774
Europe	-108	131	37	151	359	587	1,030	406	-204	523	1,336
The Americas	-405	-396	-563	-353	-135	-106	-101	-145	-207	-57	77
Adjustment	65	-128	-231	37	52	-96	37	-36	139	147	-450
Total Consolidated	13,648	17,547	19,728	18,210	18,236	19,231	16,774	15,276	13,174	12,909	13,005

* Inter-regional transactions and Company-wide expenses have not been deducted from the figures for each geographical area above.

*1 In 2017, the company's fiscal year end was changed from March 31 to December 31.

*2 Includes Oceania regional net sales and operating profit until 2018.

Financial Information

Gains on property, plant and equipment and intangible fixed assets (by business group)

(Unit: million JPY)

	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*	December 2018	December 2019	December 2020	December 2021
Colorants and Functional Materials Business	3,622	4,630	3,281	4,258	3,130	4,190	2,293	3,615	4,524	4,922	5,185
Polymers and Coatings Business	1,842	2,254	2,923	3,156	2,920	3,254	1,204	1,664	2,129	3,739	8,118
Packaging Materials Business	1,684	2,198	1,663	2,039	4,033	2,807	2,253	2,272	2,347	2,563	4,594
Printing and Information Business	2,065	3,683	9,740	4,189	5,577	4,578	1,341	2,574	3,319	2,781	1,997
Others	188	382	178	281	378	254	201	149	247	104	211
Total consolidated	9,404	13,149	17,788	13,925	16,039	15,085	7,294	10,277	12,567	14,111	20,107

* In 2017, the company's fiscal year end was changed from March 31 to December 31.

Depreciation by (business group)

(Unit: million JPY)

	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*	December 2018	December 2019	December 2020	December 2021
Colorants and Functional Materials Business	3,513	3,480	3,648	3,731	3,783	3,499	2,869	3,425	3,235	3,353	3,615
Polymers and Coatings Business	1,972	2,045	2,127	2,159	2,207	2,330	1,849	2,295	2,047	2,000	2,207
Packaging Materials Business	1,413	1,327	1,451	1,488	1,666	1,678	1,498	1,558	1,697	1,692	1,773
Printing and Information Business	2,228	1,887	2,092	2,407	2,663	2,809	2,354	2,472	1,931	1,973	1,970
Others	201	189	157	170	199	222	160	187	176	167	163
Total consolidated	9,329	8,929	9,478	9,958	10,520	10,540	8,731	9,939	9,087	9,187	9,731

* In 2017, the company's fiscal year end was changed from March 31 to December 31.

Research and development expenses (by business group)

(Unit: million JPY)

	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*	December 2018	December 2019	December 2020	December 2021
Colorants and Functional Materials Business	2,646	2,711	3,012	2,950	3,003	2,810	1,997	2,752	2,899	2,912	3,533
Polymers and Coatings Business	1,546	1,622	1,618	1,641	1,625	1,786	1,529	2,117	2,122	2,308	2,440
Packaging Materials Business	836	964	1,017	934	955	951	822	1,308	1,266	1,310	1,464
Printing and Information Business	1,560	1,597	1,798	1,798	1,835	1,822	1,539	1,916	1,779	1,572	1,051
Others	360	290	347	15	15	19	5	9	10	8	5
Total consolidated	6,950	7,186	7,794	7,340	7,434	7,390	5,894	8,104	8,077	8,112	8,496

* In 2017, the company's fiscal year end was changed from March 31 to December 31.

Financial Information

Quarterly Financial Data (Consolidated)

Consolidated Statements of Income

(Unit: million JPY) The lower row is the total amount since the beginning of the year.

	December 2018				December 2019				December 2020				December 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	68,261	72,688	72,523	76,733	69,082	70,293	70,080	70,435	63,424	59,866	64,128	70,257	68,359	70,996	71,609	77,023
		【140,950】	【213,474】	【290,208】		【139,376】		【209,456】		【123,290】	【187,418】	【257,675】		【139,356】	【210,965】	【287,989】
Operating income	3,848	3,852	3,214	4,360	2,786	3,324	3,384	3,678	3,004	2,545	2,885	4,473	3,527	3,702	2,515	3,259
		【7,700】	【10,915】	【15,276】		【6,111】		【9,495】		【5,549】	【8,435】	【12,909】		【7,230】	【9,746】	【13,005】
Ordinary income	3,415	4,050	3,341	4,622	3,044	3,303	3,261	4,237	1,989	2,944	2,532	5,077	4,222	4,439	2,496	4,283
		【7,466】	【10,807】	【15,429】		【6,347】		【9,609】		【4,933】	【7,466】	【12,543】		【8,662】	【11,159】	【15,442】
Net income (loss) attributable to owners of parent	2,168	3,139	3,111	3,429	2,393	376	2,640	3,098	1,161	1,484	1,569	1,804	3,159	3,159	665	2,507
		【5,307】	【8,418】	【11,847】		【2,770】		【5,410】		【2,646】	【4,215】	【6,019】		【6,319】	【6,985】	【9,492】

Segment Information by Business Group

(Unit: million JPY) The lower row is the total amount since the beginning of the year.

Net Sales	December 2018				December 2019				December 2020				December 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Colorants and Functional Materials Business	17,650	18,904	18,956	19,150	16,807	17,813	16,493	16,286	15,070	13,686	15,558	17,326	18,516	18,280	18,711	19,486
		【36,554】	【55,510】	【74,660】		【34,620】		【51,114】		【28,757】	【44,315】	【61,642】		【36,796】	【55,508】	【74,995】
Polymers and Coatings Business	15,207	16,667	16,831	17,393	15,761	16,940	16,444	16,741	14,847	15,084	15,667	16,729	16,285	17,329	18,061	19,060
		【31,874】	【48,705】	【66,099】		【32,701】		【49,146】		【29,931】	【45,598】	【62,328】		【33,614】	【51,676】	【70,736】
Packaging Materials Business	15,853	17,085	17,064	18,044	16,439	16,995	17,070	17,565	16,321	16,589	16,267	17,411	17,047	18,358	18,152	20,087
		【32,938】	【50,003】	【68,047】		【33,434】		【50,505】		【32,910】	【49,177】	【66,589】		【35,406】	【53,558】	【73,645】
Printing and Information Business	19,158	19,597	19,145	21,475	19,562	18,071	19,656	19,390	16,874	13,939	16,375	18,407	16,156	16,477	16,213	17,847
		【38,756】	【57,902】	【79,378】		【37,633】		【57,290】		【30,813】	【47,188】	【65,595】		【32,633】	【48,847】	【66,695】
Others	1,699	1,641	1,710	2,175	1,799	1,852	1,822	1,816	1,551	1,768	1,334	1,575	1,543	1,679	1,249	1,274
		【3,341】	【5,052】	【7,228】		【3,652】		【5,474】		【3,319】	【4,654】	【6,229】		【3,222】	【4,471】	【5,746】
Adjustment	-1,307	-1,207	-1,184	-1,505	-1,288	-1,379	-1,405	-1,365	-1,240	-1,201	-1,073	-1,192	-1,188	-1,129	-779	-733
		【-2,514】	【-3,699】	【-5,205】		【-2,667】		【-4,073】		【-2,442】	【-3,516】	【-4,708】		【-2,318】	【-3,097】	【-3,831】
Total consolidated	68,261	72,688	72,523	76,733	69,082	70,293	70,080	70,435	63,424	59,866	64,128	70,257	68,359	70,996	71,609	77,023
		【140,950】	【213,474】	【290,208】		【139,376】		【209,456】		【123,290】	【187,418】	【257,675】		【139,356】	【210,965】	【287,989】

(Unit: million JPY) The lower row is the total amount since the beginning of the year.

Operating income (loss)	December 2018				December 2019				December 2020				December 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Colorants and Functional Materials Business	1,254	1,404	1,174	1,495	928	1,021	775	661	828	462	425	894	1,176	1,546	1,312	1,354
		【2,659】	【3,833】	【5,329】		【1,949】		【2,725】		【1,291】	【1,716】	【2,610】		【2,723】	【4,036】	【5,391】
Polymers and Coatings Business	1,222	1,671	1,503	1,638	1,174	1,615	1,581	1,642	1,169	1,280	1,656	1,831	1,196	793	697	882
		【2,893】	【4,397】	【6,035】		【2,789】		【4,371】		【2,449】	【4,106】	【5,937】		【1,989】	【2,687】	【3,570】
Packaging Materials Business	346	401	293	450	478	669	868	1,040	854	1,061	806	1,162	717	553	205	337
		【747】	【1,040】	【1,491】		【1,148】		【2,017】		【1,916】	【2,723】	【3,885】		【1,271】	【1,476】	【1,813】
Printing and Information Business	371	327	24	208	76	-39	98	178	94	-340	-95	589	263	594	138	733
		【699】	【723】	【931】		【37】		【135】		【-246】	【-341】	【247】		【858】	【996】	【1,730】
Others	639	49	218	573	139	54	70	160	56	86	77	14	181	225	162	-38
		【688】	【907】	【1,481】		【193】		【263】		【143】	【220】	【234】		【406】	【569】	【531】
Adjustment	13	-1	0	-6	-11	3	-9	-5	-0	-3	15	-18	-7	-11	-1	-11
		【12】	【13】	【6】		【-8】		【-17】		【-4】	【11】	【-7】		【-18】	【-19】	【-30】
Total consolidated	3,848	3,852	3,214	4,360	2,786	3,324	3,384	3,678	3,004	2,545	2,885	4,473	3,527	3,702	2,515	3,259
		【7,700】	【10,915】	【15,276】		【6,111】		【9,495】		【5,549】	【8,435】	【12,909】		【7,230】	【9,746】	【13,005】

Financial Information

Consolidated Balance Sheets

(Unit: million JPY)

	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*	December 2018	December 2019	December 2020	(%)	December 2021	(%)
Assets													
Current assets	155,709	161,963	176,609	187,727	183,422	181,214	195,606	203,063	199,969	214,097	(56.3)	223,589	(54.9)
Cash and deposits	32,457	33,996	31,894	39,620	44,470	44,903	50,260	52,706	56,691	76,469		64,816	
Notes and accounts receivable	81,413	82,733	92,991	94,883	90,949	89,049	94,594	95,553	90,173	87,126		94,297	
Securities	815	2,278	700	563	529	116	477	43	29	57		24	
Merchandise and finished goods	22,009	23,683	25,409	27,795	28,560	27,228	29,477	29,873	30,535	28,328		34,149	
Work in process	1,248	1,158	1,541	1,496	1,421	1,279	1,103	1,034	1,319	1,070		726	
Raw materials and supplies	12,896	12,676	15,146	16,139	13,768	13,963	16,085	17,872	16,654	16,790		24,695	
Deferred tax assets	2,184	2,646	2,248	2,048	1,908	1,908	1,380	—	—	—		—	
Other	3,253	3,379	7,571	6,226	3,046	3,852	3,220	6,744	5,350	5,178		5,979	
Allowance for doubtful accounts	-568	-590	-893	-1,047	-1,233	-1,086	-993	-765	-786	-924		-1,100	
Non-current assets	127,435	137,608	159,992	176,535	175,973	182,851	182,853	168,547	176,161	166,130	(43.7)	183,306	(45.1)
Property, plant and equipment	80,752	87,124	96,306	101,865	100,209	101,398	97,081	94,013	99,577	102,616	(27.0)	111,716	(27.5)
Buildings and structures	30,293	32,069	35,141	39,744	39,081	40,639	38,762	36,828	35,940	34,526		39,031	
Machinery, equipment and vehicles	17,684	19,506	20,877	25,329	25,347	25,124	23,105	21,834	21,767	20,324		24,819	
Tools, furniture and fixtures	2,441	2,699	3,090	3,081	2,807	2,827	2,644	2,722	2,873	3,236		3,922	
Land	26,805	28,043	28,771	28,617	28,374	30,003	30,007	30,272	30,669	30,529		30,060	
Leased assets	101	141	196	187	251	196	187	136	4,043	3,726		3,895	
Construction in progress	3,424	4,663	8,229	4,903	4,346	2,607	2,373	2,219	4,282	10,273		9,986	
Intangible assets	895	736	4,713	2,796	5,683	4,487	4,307	4,649	4,202	3,113	(0.8)	2,225	(0.5)
Investments and other assets	45,787	49,747	58,973	71,873	70,080	76,964	81,463	69,883	72,381	60,399	(15.9)	69,364	(17.1)
Investment securities	30,476	35,816	46,230	62,223	60,604	66,718	68,541	58,302	61,071	48,440		54,093	
Net defined benefit asset	—	—	7,552	4,115	4,293	5,927	8,614	6,423	7,964	8,608		10,255	
Deferred tax assets	3,882	1,053	938	1,025	771	833	1,068	2,163	2,333	2,398		2,420	
Other	12,016	13,432	4,739	5,020	4,715	3,904	3,671	3,228	1,194	1,143		2,777	
Allowance for doubtful accounts	-587	-554	-487	-512	-304	-419	-432	-234	-182	-191		-182	
Total assets	283,144	299,571	336,601	364,262	359,395	364,066	378,459	371,610	376,130	380,227	(100.0)	406,896	(100.0)
Liabilities													
Current liabilities	99,127	98,000	101,612	90,742	87,369	97,513	94,808	100,839	106,747	91,411	(24.0)	112,125	(27.6)
Notes and accounts payable	44,766	43,585	48,159	48,773	48,520	49,588	56,129	62,460	59,543	54,608		68,221	
Short-term loans payable	35,306	34,822	33,369	20,931	21,932	30,660	22,507	20,593	30,315	19,379		24,042	
Income taxes payable	4,522	4,371	3,658	2,824	1,880	3,088	1,485	1,470	1,279	1,082		1,652	
Provision for environmental measures	—	—	—	—	—	—	—	884	—	—		537	
Other	14,531	15,220	16,424	18,212	15,036	14,175	14,685	15,429	15,608	16,340		17,672	
Non-current liabilities	37,103	40,248	48,380	59,763	60,166	49,573	55,267	49,679	42,490	71,491	(18.8)	67,823	(16.7)
Long-term loans payable	31,491	35,383	40,051	44,895	46,037	33,262	38,409	38,845	27,460	60,492		55,415	
Deferred tax liabilities	2,104	1,481	4,664	10,451	10,175	10,884	11,641	7,847	9,584	6,561		8,703	
Provision for environmental measures	337	306	365	889	768	2,504	2,349	538	2,348	1,485		364	
Provision for retirement benefits	1,458	1,432	—	—	—	—	—	—	—	—		—	
Net defined benefit liability	—	—	1,496	1,775	1,891	1,865	1,868	1,784	1,885	1,914		2,275	
Asset retirement obligations	31	32	27	27	28	29	29	30	31	31		32	
Other	1,678	1,611	1,775	1,724	1,266	1,027	968	632	1,179	1,005		1,030	
Total liabilities	136,230	138,249	149,993	150,506	147,536	147,087	150,075	150,518	149,237	162,902	(42.8)	179,948	(44.2)
Net assets													
Total shareholders' equity	158,330	163,461	172,123	180,259	185,338	190,155	195,642	202,600	205,891	206,706	(54.4)	206,236	(50.7)
Capital stock	31,733	31,733	31,733	31,733	31,733	31,733	31,733	31,733	31,733	31,733		31,733	
Capital surplus	32,920	32,920	32,920	32,920	32,926	32,918	32,710	32,500	32,500	32,499		32,546	
Retained earnings	95,406	100,540	109,220	117,368	122,450	130,496	136,202	143,379	146,627	147,390		151,740	
Treasury shares	-1,729	-1,732	-1,750	-1,762	-1,771	-4,992	-5,002	-5,012	-4,969	-4,916		-9,784	
Total accumulated other comprehensive income	-15,189	-6,625	8,791	26,960	20,060	20,525	25,807	11,570	13,548	2,998	(0.8)	12,213	(3.0)
Valuation difference on available-for-sale securities	-2,919	-1	6,065	13,396	12,610	17,726	19,284	11,888	14,273	5,699		9,941	
Foreign currency translation adjustment	-12,269	-6,623	3,928	10,933	5,669	1,144	3,299	-1,513	-2,843	-5,284		-1,212	
Remeasurements of defined benefit plans	—	—	-1,203	2,630	1,781	1,653	3,223	1,195	2,118	2,583		3,483	
Subscription rights to shares	—	—	—	—	38	95	164	248	265	249	(0.1)	163	(0.0)
Non-controlling interests	3,772	4,487	5,694	6,536	6,422	6,202	6,768	6,671	7,187	7,370	(1.9)	8,334	(2.0)
Total net assets	146,913	161,322	186,608	213,756	211,859	216,979	228,384	221,091	226,892	217,325	(57.2)	226,947	(55.8)
Total liabilities and net assets	283,144	299,571	336,601	364,262	359,395	364,066	378,459	371,610	376,130	380,227	(100.0)	406,896	(100.0)

* In 2017, the company's fiscal year end was changed from March 31 to December 31.

Financial Information

Consolidated Statements of Income

(Unit: million JPY)

	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017	December 2017*	December 2018	December 2019	December 2020	(%)	December 2021	(%)
Net sales	245,337	248,689	279,557	286,684	283,208	268,484	240,344	290,208	279,892	257,675	(100.0)	287,989	(100.0)
Cost of sales	191,821	190,670	215,401	222,944	218,326	203,095	184,433	227,914	219,559	200,479	(77.8)	229,284	(79.6)
Gross profit	53,516	58,019	64,156	63,739	64,882	65,388	55,910	62,293	60,333	57,196	(22.2)	58,704	(20.4)
Selling, general and administrative expenses	39,868	40,472	44,427	45,529	46,645	46,156	39,136	47,017	47,159	44,286	(17.2)	45,699	(15.9)
Packing and transportation expenses	5,833	5,801	6,397	6,445	6,546	6,420	5,304	6,802	7,181	6,657		7,517	
Salaries and allowances	9,482	9,558	10,748	11,301	11,762	11,596	9,991	11,691	11,698	11,272		11,743	
Bonuses	2,395	2,426	2,547	2,563	2,708	2,698	2,123	2,760	2,651	2,559		2,499	
Welfare expenses	2,384	2,498	2,653	2,914	2,969	3,006	2,443	3,062	3,030	2,917		3,033	
Depreciation	1,175	969	1,140	1,284	1,412	1,801	1,525	1,805	1,879	1,962		1,961	
Research and development expenses	3,007	3,204	3,186	3,082	2,918	2,831	2,786	3,372	3,438	3,224		3,325	
Other	15,587	16,011	17,753	17,939	18,328	17,801	14,959	17,524	17,279	15,692		15,617	
Operating income	13,648	17,547	19,728	18,210	18,236	19,231	16,774	15,276	13,174	12,909	(5.0)	13,005	(4.5)
Non-operating income	1,391	2,339	2,264	2,656	1,955	1,796	1,925	2,238	1,964	2,012	(0.8)	3,769	(1.3)
Interest income	98	117	191	212	239	191	229	244	214	245		189	
Dividend income	597	643	662	751	1,078	1,094	940	1,126	1,137	1,280		1,263	
Foreign exchange gains	–	988	533	929	–	–	–	–	–	–		1,537	
Share of profit of entities accounted for using equity method	–	–	–	–	–	43	263	65	–	–		–	
Other	695	588	876	762	637	467	491	802	611	485		779	
Non-operating expenses	1,593	1,418	1,440	1,455	1,725	1,766	1,226	2,085	1,290	2,377	(0.9)	1,332	(0.5)
Interest expenses	986	895	850	812	735	896	756	745	644	520		544	
Foreign exchange losses	–	–	–	–	736	385	94	904	130	1,129		–	
Share of loss of entities accounted for using equity method	–	–	–	–	67	–	–	–	37	77		271	
Other	606	523	590	642	186	484	375	434	478	650		516	
Ordinary income	13,445	18,468	20,553	19,411	18,466	19,262	17,473	15,429	13,847	12,543	(4.9)	15,442	(5.4)
Extraordinary income	79	2,125	199	6,934	205	2,860	929	1,355	2,088	91	(0.0)	694	(0.2)
Gain on sales of non-current assets	73	–	45	6,854	62	67	579	866	30	23		311	
Gain on sales of investment securities	–	–	–	–	9	2,637	340	489	2,057	67		367	
Compensation for transfer	–	1,994	144	–	–	–	–	–	–	–		–	
Other	5	130	9	79	133	155	9	–	–	0		14	
Extraordinary losses	1,797	4,948	351	4,908	684	4,895	3,637	867	3,629	2,636	(1.0)	3,006	(1.0)
Loss on sales and retirement of non-current assets	284	362	286	390	375	322	210	290	284	411		262	
Impairment losses	–	–	–	257	166	375	3,054	437	364	247		708	
Fire loss	–	–	–	–	–	–	–	98	–	–		–	
Environmental expenses	–	–	–	–	83	–	–	–	–	–		–	
Amortization of goodwill	–	–	–	2,262	–	650	–	–	–	–		–	
Provision for environmental measures	–	–	61	530	–	2,950	–	–	2,688	–		–	
Loss on cancellation of securities to retirement benefit trust	–	–	–	1,125	–	–	–	–	–	–		–	
Settlement package	–	3,824	–	–	–	–	–	–	–	–		–	
Loss on business withdrawal	1,198	–	–	–	–	–	–	–	–	–		–	
Business restructuring expenses	–	–	–	–	–	–	–	–	–	–		1,754	
Loss on business restructuring	–	–	–	–	–	–	–	–	–	1,040		237	
Loss on remittance fraud at overseas subsidiaries	–	–	–	–	–	–	–	–	–	519		–	
Shut down cost	–	–	–	–	–	–	–	–	–	363		–	
Special investigation expenses	–	–	–	–	–	–	–	–	283	–		–	
Other	314	761	3	341	59	596	371	41	8	54		42	
Profit before income taxes	11,727	15,644	20,401	21,437	17,987	17,227	14,765	15,917	12,306	9,999	(3.9)	13,130	(4.6)
Income taxes, current	5,140	6,263	6,750	5,989	4,375	5,346	4,142	3,249	3,313	3,124		3,482	
Income taxes, deferred	-978	290	1,017	1,686	1,251	-1,355	-276	367	90	388		-32	
Total income taxes	4,161	6,554	7,768	7,676	5,626	3,990	3,865	3,617	3,404	3,512	(1.4)	3,450	(1.2)
Profit	–	–	–	13,761	12,360	13,236	10,900	12,299	8,901	6,486		9,680	
Profit attributable to non-controlling interests	328	375	372	456	542	534	523	451	392	467		187	
Profit attributable to owners of parent	7,238	8,714	12,260	13,304	11,818	12,702	10,376	11,847	8,509	6,019	(2.3)	9,492	(3.3)

* In 2017, the company's fiscal year end was changed from March 31 to December 31.

Financial Information

Consolidated Statements of Cash Flows

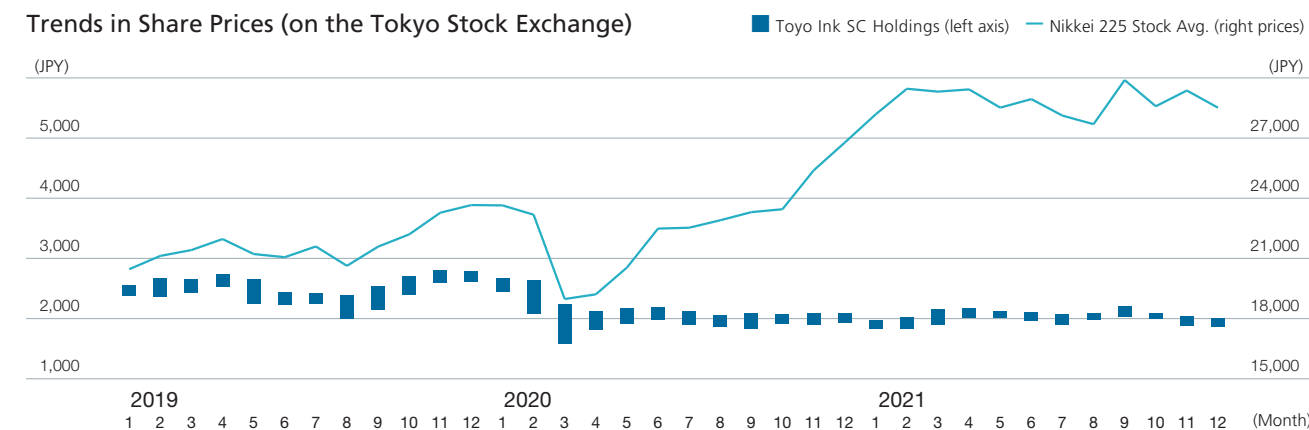
(Unit: million JPY)

	December 2020	December 2021
Cash flows from operating activities	16,743	15,760
Profit before income taxes	9,999	13,130
Depreciation	9,187	9,731
Impairment loss	247	708
Business restructuring expenses	—	1,754
Loss on business restructuring	1,040	237
Interest and dividend income	-1,526	-1,452
Interest expenses	520	544
Share of profit / loss of entities accounted for using equity method (negative is profit)	77	271
Loss/gain on sale of property, plant and equipment (negative is gain)	87	-301
Loss on disposals of property, plant and equipment	59	88
Loss / gain on sales of investment securities (negative is gain)	-38	-367
Decrease / increase in notes and accounts receivable (negative is increase)	1,747	-5,054
Decrease / increase in inventories (negative is increase)	1,213	-11,811
Increase / decrease in notes and accounts payable (negative is decrease)	-2,768	12,728
Other	-719	-2,408
Subtotal	19,127	17,799
Interest and dividend income received	1,519	1,455
Interest expenses paid	-527	-532
Special investigation expenses paid	-92	—
Income taxes paid	-3,283	-2,961
Cash flows from investing activities	-13,294	-17,576
Payments into time deposits	-2,677	-4,593
Proceeds from withdrawal of time deposits	2,140	4,204
Purchase of property, plant and equipment	-13,096	-18,065
Proceeds from sales of property, plant and equipment	97	552
Purchase of intangible assets	-64	-45
Purchase of short-term and long-term investment securities	-192	-33
Proceeds from sales and redemption of short-term and long-term investment securities	391	573
Other	105	-168
Cash flows from financing activities	16,221	-11,988
Net increase / decrease in short-term loans payable (negative is decrease)	1,388	-2,036
Proceeds from long-term loans payable	33,408	1,272
Repayments of long-term loans payable	-12,585	-511
Purchase of treasury shares	-3	-4,975
Repayments of lease obligations	-374	-417
Cash dividends paid	-5,256	-5,140
Expenditure for acquisition of subsidiary shares without change of consolidation scope	-281	-102
Other	-73	-76
Foreign currency translation adjustments on cash and cash equivalents	-317	1,636
Net increase / decrease in cash and cash equivalents (negative is decrease)	19,352	-12,168
Cash and cash equivalents, beginning of period	53,765	73,117
Cash and cash equivalents, end of period	73,117	60,949

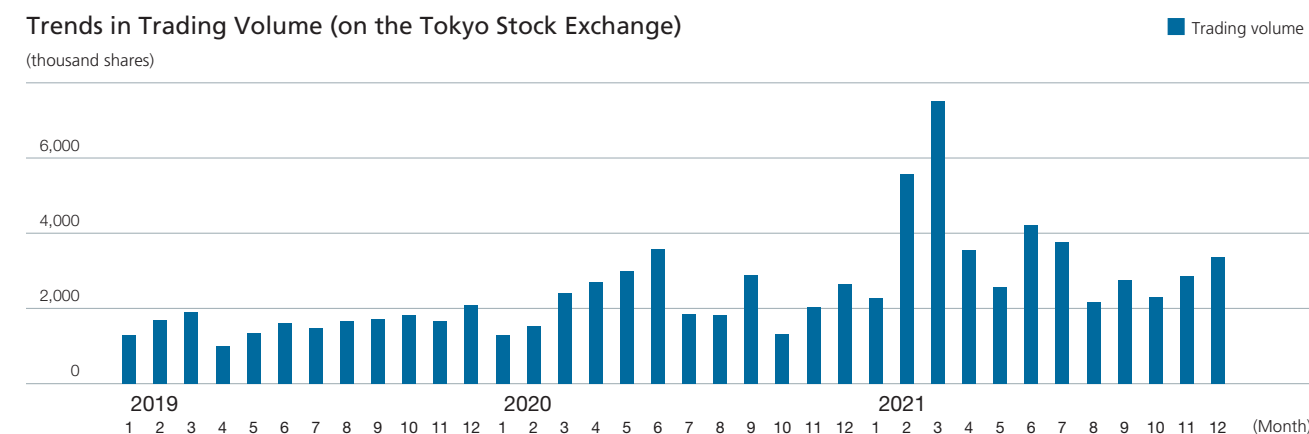
Stock Information (As of December 31, 2021)

Stock exchange listing	Prime Market in Tokyo Stock Exchange	Number of treasury shares	4,775,558 shares
Code	4634	Number of shares issued excluding treasury shares	55,846,186 shares
Number of Authorized Shares	160,000,000 shares	Number of Shareholders	17,183 shareholders
Number of Outstanding Shares	60,621,744 shares		

Trends in Share Prices (on the Tokyo Stock Exchange)



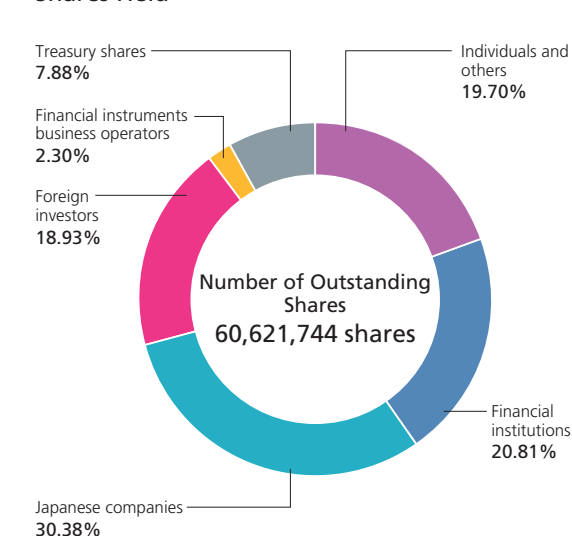
Trends in Trading Volume (on the Tokyo Stock Exchange)



Major Shareholders

Rank	Name of Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
1	Toppan Inc.	11,016	19.73
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	5,548	9.93
3	Sakata Inx Corp.	2,335	4.18
4	Custody Bank of Japan, Ltd. (Trust Account)	1,970	3.53
5	Nippon Shokubai Co., Ltd.	1,661	2.97
6	Employees' Stock Club	1,545	2.77
7	SMBC Nikko Securities Inc.	1,045	1.87
8	STATE STREET BANK AND TRUST COMPANY 505001	899	1.61
9	Client stock ownership	891	1.60
10	MUFG Bank, Ltd.	753	1.35

Shareholder Composition by Number of Shares Held



Group Corporate Profile

(As of December 31, 2021)

Toyo Ink SC Holding Co., Ltd.

Head Office	2-1, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 JAPAN	Number of Affiliates	20 in Japan, 48 overseas (61 consolidated subsidiaries and 7 equity-method affiliates)
Founded	January 1896	Number of Employees	402 employees (Non-consolidated), 7,887 employees (Consolidated)
Established	January 15, 1907	Website	https://schr.d.toyoinkgroup.com/en/
Representative	Katsumi Kitagawa, Chairman and Representative Director Satoru Takashima, President and Representative Director, Group CEO		
Capital	31,733,496,860 JPY		

Company List of Toyo Ink Group

Holding Company
Toyo Ink SC Holdings Co., Ltd.

Consolidated Subsidiaries
Japan
Toyocolor Co., Ltd.
Toyochem Co., Ltd.
Toyo Ink Co., Ltd.
Toyo Ink Hokkaido Co., Ltd.
Toyo Ink Tohoku Co., Ltd.
Toyo Ink Chushikoku Co., Ltd.
Toyo Ink Kyushu Co., Ltd.
Toyo Ink Engineering Co., Ltd.
Toyo Ink Graphics Co., Ltd.
Toyo Ink Graphics Nishinohon Co., Ltd.
Toyo SC Trading Co., Ltd.
Toyo FPP Co., Ltd.
Toyo B-Net Co., Ltd.
Toyo Visual Solutions Co., Ltd.
Toyo Management Service Co., Ltd.
Toyo-Morton, Ltd.
Matsui Chemical Co., Ltd.
Asia
TIPPS Pte. Ltd.
Toyochem Specialty Chemical Sdn. Bhd.
Toyo Ink (Thailand) Co., Ltd.
Toyo Ink (Philippines) Co., Inc.
Toyo Ink Compounds Corp.
PT. Toyo Ink Indonesia
PT. Toyo Ink Trading Indonesia
Toyo Ink (Middle East) Fze.
Toyo Ink Middle East Fze.
Toyo Ink Vietnam Co., Ltd.
Toyo Ink Compounds Vietnam Co., Ltd.
Toyo Ink India Pvt. Ltd.
Toyo Ink Arets India Pvt. Ltd.
Toyo Ink Myanmar Co., Ltd.
Tianjin Toyo Ink Co., Ltd.
Shanghai Toyo Ink Mfg. Co., Ltd.
Toyo Ink Asia Ltd.

Shenzhen Toyo Ink Co., Ltd.
Jiangmen Toyo Ink Co., Ltd.
Zhuhai Toyocolor Co., Ltd.
Jiangsu Toyo Shenlanhua Pigment Co., Ltd.
Chengdu Toyo Ink Co., Ltd.
Sichuan Toyo Ink Mfg. Co., Ltd.
Toyo Ink Far East Ltd.
Dong Da Li Chemical Co., Ltd.
Toyo Advanced Science Taiwan Co., Ltd.
Toyo Ink Korea Co., Ltd.
Hanil TOYO Co., Ltd.
Sam Young Ink & Paint Mfg. Co., Ltd.
The Americas
Toyo Ink International Corp.
Toyo Ink America, LLC
LioChem Inc.
Toyo Ink Brasil Ltda.
Toyo Ink Mexico S.A. de C.V.
Europe and Africa
Toyo Ink Europe International N.V.
Toyo Ink Europe N.V.
Toyo Ink Europe UK Ltd.
Toyo Ink Europe Deutschland GmbH
Toyo Ink Europe Specialty Chemicals S.A.S
Toyo Ink Europe France S.A.S
UAB “Toyo Ink Europe Baltica”
Toyo Ink North Africa S.A.R.L. AU
Toyo Matbaa Mrekkepleri Sanayi ve Ticaret A.Ş.
Toyo Ink Hungary Kft.

Equity-Method Affiliates
Nippon Polymer Industries Co., Ltd.
MAVERIQ Partners Inc.
Logi Co-Net Corp.
Sumika Polymer Compounds (Thailand) Co., Ltd.
Heubach Toyo Colour Pvt. Ltd.
Zhuhai Sumika Polymer Compounds Co., Ltd.
Sumika Polymer Compounds Europe Ltd.

External recognition

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX	MSCI Japan ESG Select Leaders Index This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. The constituents of this index are companies with high ESG evaluations selected from among the constituents of the MSCI Japan IMI Top 700 Index. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF).
2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	MSCI Japan Equity Women’s Empowerment Index (WIN) This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. Its constituents are Japanese companies which are excellent in terms of their promotion of gender diversity. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF).
	FTSE Blossom Japan Sector Relative Index This is an investment index designed by FTSE Russell. It reflects the performance of Japanese companies which are excellent in environmental, social, and governance (ESG) initiatives in their respective sectors, while minimizing bias toward specific sectors. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF).
	S&P / JPX Carbon Efficient Index This is an investment index designed by S&P Dow Jones Indices LLC and Japan Exchange Group, Inc. Its constituents are selected from among the TOPIX constituents, weighted by the status of their disclosure of environmental information and carbon efficiency.
	SOMPO Sustainability Index This is an investment index designed by Sompo Asset Management Co., Ltd. This index comprises approx. 300 companies with outstanding ESG initiatives. It is used in SOMPO Sustainable Management, an investment product from SOMPO Asset Management Co., Ltd. that is adopted by multiple pension funds and institutional investors oriented toward the long-term holding of stocks.
	EcoVadis Sustainability Rating Silver status achieved EcoVadis is a company which certifies sustainable supply chains. It evaluates companies’ policies, measures, and performance in the four fields of the environment, labor & human rights, ethics, and sustainable procurement. The Silver rating is awarded to companies ranked in the top 6% to 25% of approx. 65,000 evaluated companies.
	2022 Health and Productivity Management Outstanding Organizations (White 500) certification This is a recognition program run by the Ministry of Economy, Trade and Industry, under which the ministry certifies corporations taking excellent health and productivity management measures based on the initiatives for promoting good health advanced by the Nippon Kenko Kaigi. Toyo Ink SC Holdings Co., Ltd. was recognized as one of the top 500 corporations (White 500) in the large enterprise category after a health and productivity management survey. The company has been recognized by this program for the six consecutive years since 2017, when it was recognized for the first time.

* The inclusion of Toyo Ink SC Holdings Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Toyo Ink SC Holdings Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

* FTSE Russell confirms that Toyo Ink SC Holding Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.