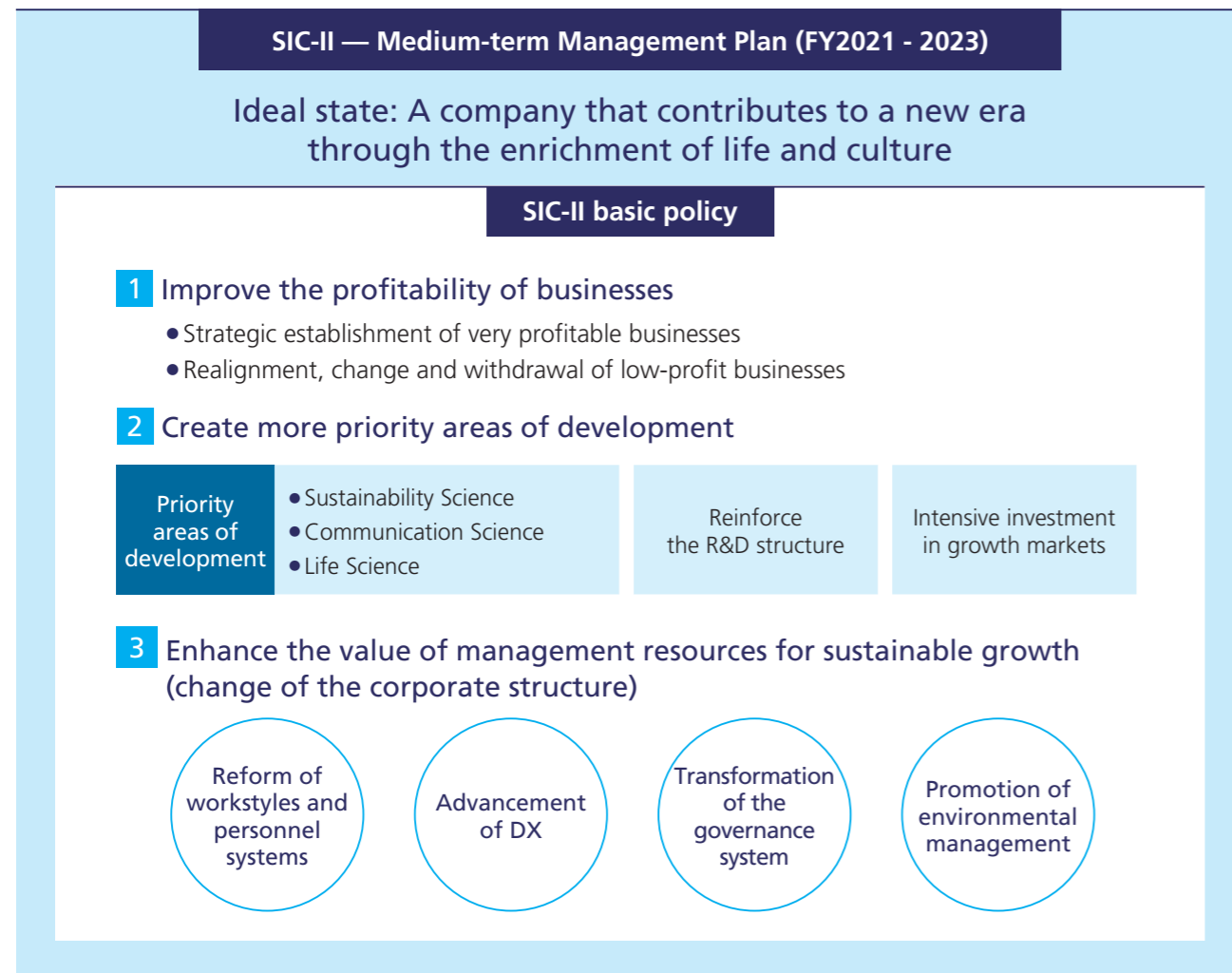


Progress of the SIC-II Medium-term Management Plan to Achieve Sustainable Growth

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.

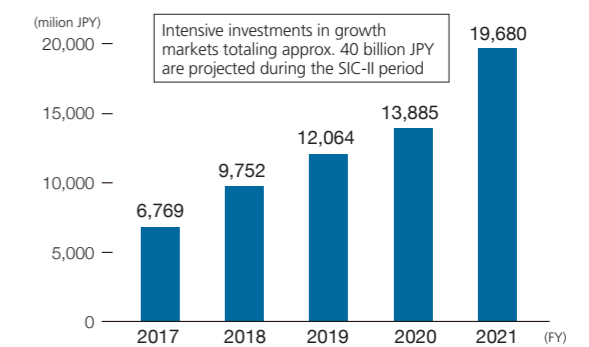
As a result of these measures, the Group's consolidated net sales for FY2021 increased, as did operating profit, ordinary profit and profit attributable to owners of parent.

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

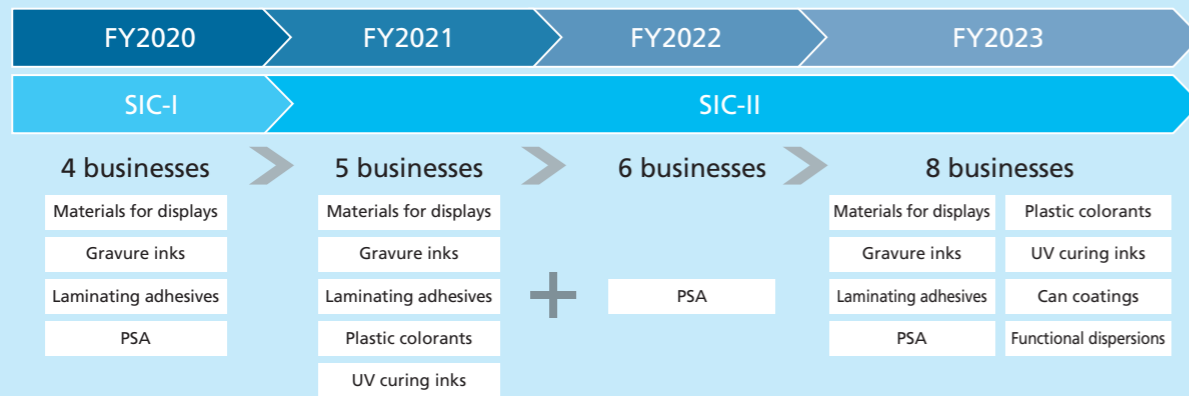
The Group's basic policy with regard to shareholder returns is to continuously pay stable dividends while ensuring a stable business foundation over many years. While we have set the rate of 90 JPY / year as the lowest limit during the current medium-term management plan, we will consider reviewing this 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.

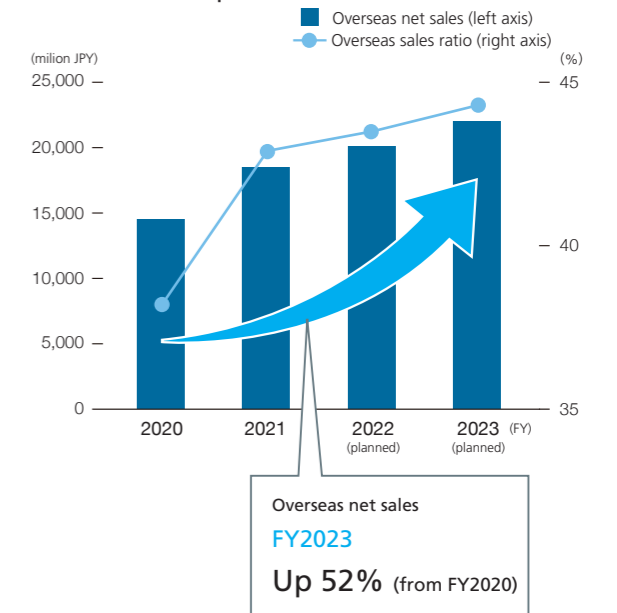
Through these two strategies leveraging our strengths, we will seek to maximize our business and secure stable profits and future growth.

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



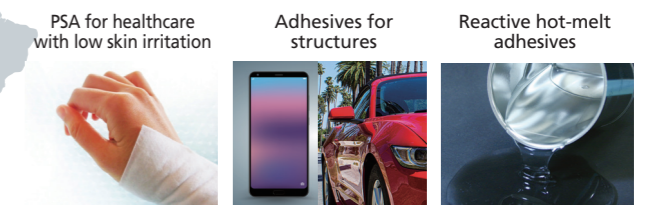
Enhancement of overseas facilities for the adhesives and pressure sensitive adhesives business (operation starts in 2022)



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.



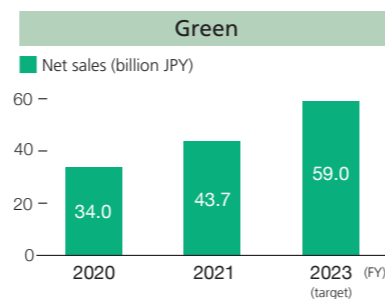
Shintaro Yamaoka
Senior Executive Operating Officer,
Chief Technical Officer

Priority areas of development

Sustainability Science For creating a sustainable society

Eco-conscious packages
Biomass / Recycling

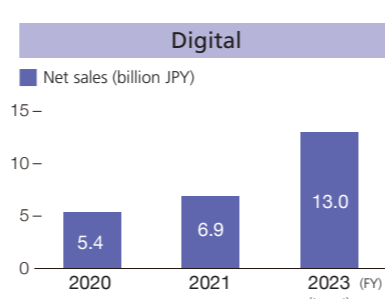
EV / New energy
Materials for lithium ion batteries



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

IoT / Sensors
Optical control materials

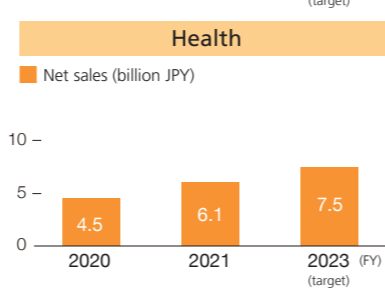
5G / Semiconductor
Low dielectric materials / Functional films



Life Science Enrich people's lives and improve their health

Medical
Transdermal patches

Digital printings
Inkjet inks



Materials for automotive lithium ion batteries

Business expansion through original technologies and enhancement of global supply system

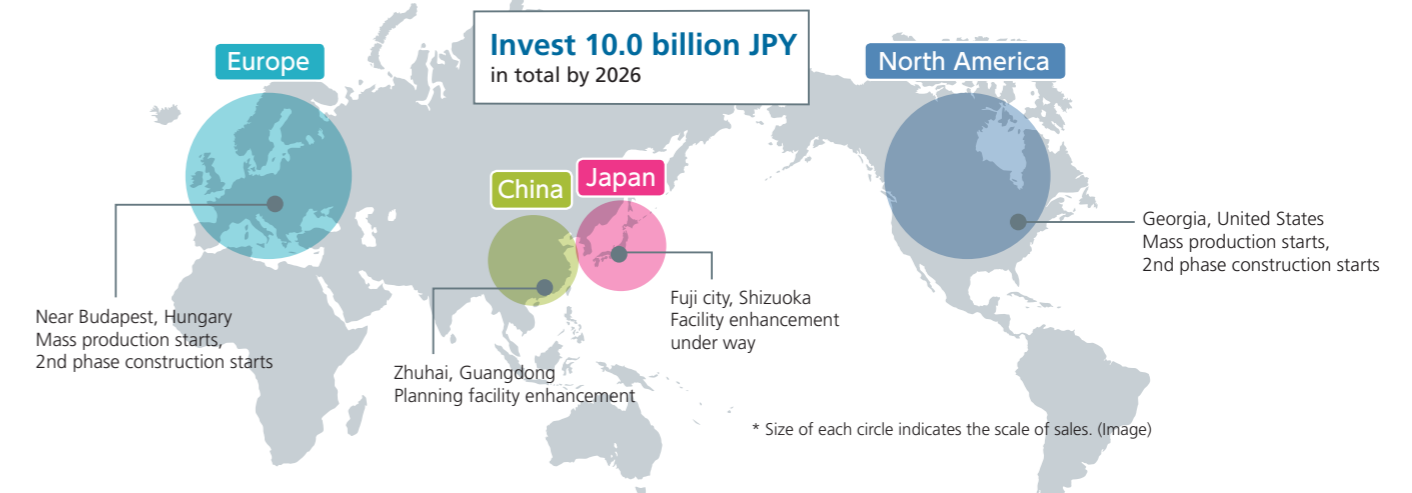
In FY2021, it was decided that carbon nanotube (CNT) dispersions for cathode materials of lithium ion batteries (LiB) supplied by Toyocolor Co., Ltd. will be used at the North American and European bases of Korean LiB manufacturer SK ON. We began supplying them for electric vehicles (EVs) manufactured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

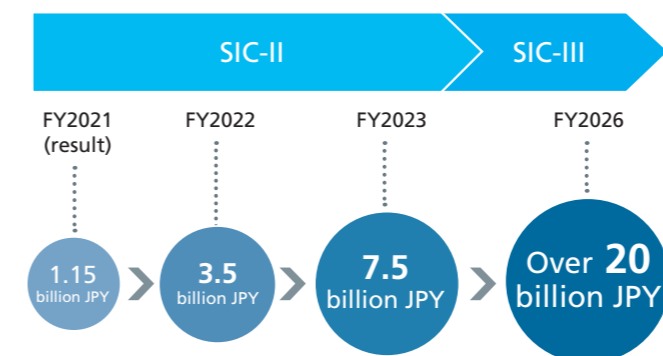
problems faced by batteries such as safety, miniaturization, charging speed and durability. The Group has also established itself in a position as the only manufacturer of CNT dispersions with a four-base production system that allows it to provide a stable supply in North America, Europe, China and 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

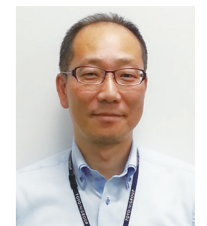


Sales targets for the LiB materials business (during SIC27)



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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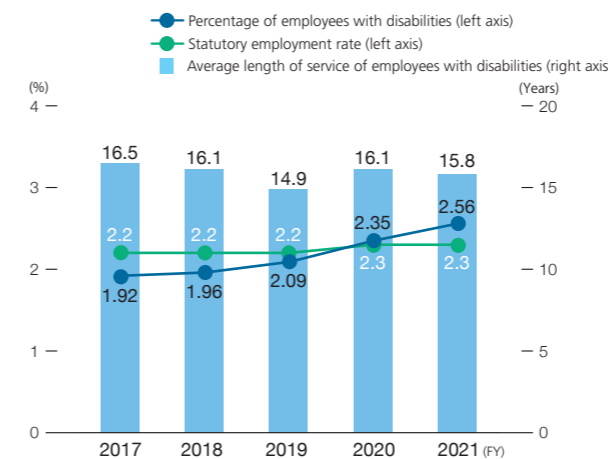
Reform of workstyles and personnel systems

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.

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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 science 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.