



May 13, 2022

To whom it may concern,

Company Name: Toyo Ink SC Holdings Co., Ltd.
Representative: Satoru Takashima, President and Representative Director
Stock Code: 4634, Prime Section of the Tokyo Stock Exchange
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Notice of Dissolution of Capital Alliance and Continuation of Business Alliance with SAKATA INX CORPORATION, and Recording of Extraordinary Profit

At a meeting of Board of Directors held on May 13, 2022, Toyo Ink SC Holdings Co., Ltd. (the “Company”) resolved to dissolve the capital alliance with SAKATA INX CORPORATION (“SAKATA INX”). Furthermore, the two companies have agreed to continue to promote their business alliance, which has produced results in the areas of logistics efficiency, outsourced manufacturing to enhance the supply system for customers, and emergency production support based on business continuity planning (BCP) measures. In addition, as a result of this transaction, the Company expects to record a gain on sales of investment securities (extraordinary profit) as a result of the sale of SAKATA INX shares held by the Company. Transaction details are provided below.

1. Reason for dissolution of capital alliance

Since 1999, the Company and SAKATA INX have promoted alliances in various fields such as production and logistics. As the years have passed and the environment surrounding the industry has changed considerably, the two firms sold a portion of cross-shareholdings on February 21, 2017. As announced on February 20, 2017 in the "Notice of Promotion of Business Alliance and Continuation of Capital Alliance with SAKATA INX CORPORATION," the two companies had agreed to continually hold remaining shares.

Subsequently, while considering the promotion of the alliance commensurate with their shareholding, the two firms have also discussed the need for reviewing their cross-shareholding policy in light of the recent reduction of cross-shareholdings as specified under the fundamental principles of Japan’s Corporate Governance Code.

The two companies have consequently reached an agreement to continue their business alliance and to sell off their cross-shareholdings, which they believe will contribute to enhancing their respective corporate value. In the midst of a challenging business environment surrounding the industry, including declining demand for printing inks due to digital transformation and other factors, as well as significant increases in raw material and distribution costs, the Company and SAKATA INX will continue to promote their business alliance to maintain and improve the high quality of their services to customers.

2. Details of dissolution of capital alliance and recording of extraordinary profit

The Company plans to repurchase its own shares (the "repurchase") through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3). Upon the dissolution of the Capital Alliance, SAKATA INX has informed the Company that it intends to accept the repurchase of all of the Company's shares (2,335,200 shares) held by SAKATA INX. For details of the repurchase, please refer to the "Notice of Repurchase of Own Shares through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and Cancellation of Repurchased Shares" also announced today.

In addition, all of the 8,428,800 shares of SAKATA INX common stock held by the Company (Equivalent to 14.42% of the total number of issued shares [excluding treasury stock]) will be tendered for repurchase by SAKATA INX through the off-hours trading system (ToSTNeT-3). The transaction is scheduled to be implemented on May 16, 2022. As a result of this transaction, the Company expects to record an extraordinary profit of approximately 4.5 billion yen in the second quarter of the fiscal year ending December 31, 2022.

3. Overview of the Dissolution of the Capital Alliance

(1) Company name	SAKATA INX CORPORATION
(2) Location of head offices	Osaka Head Office: 1-23-37, Edobori, Nishi-ku, Osaka-shi Tokyo Head Office: Nikkyohan Building, 1-4-25, Kohraku, Bunkyo-ku
(3) Representative	Yoshiaki Ueno, Representative Director, President and Chief Executive Officer
(4) Business description	Manufacture and sale of various printing inks and auxiliary agents Sale of graphic arts materials for printing and plate-making Sale of electronic apparatus and information-related equipment Manufacture and sale of digital and specialty products Import and export
(5) Capital	7,472 million yen (as of December 31, 2021)
(6) Incorporated	September 5, 1920
(7) Total number of shares issued	62,601,161 shares (as of December 31, 2021)
(8) Fiscal Year End	December 31
(9) Number of employees	Consolidated 4,766 (as of December 31, 2021)
(10) Major shareholders and shareholding ratio	(as of December 31, 2021) [TOYO INK SC HOLDINGS CO., LTD. 14.42%] [The Master Trust Bank of Japan, Ltd. (trust account) 10.19%] [JP MORGAN CHASE BANK 385632 7.12%] [Custody Bank of Japan, Ltd. (trust account) 6.41%] [SUMITOMO LIFE INSURANCE COMPANY 6.01%]
(11) Relationship of companies	
Capital relationship	SAKATA INX owns 2,335,200 shares of the Company (Equivalent to 4.18% of the total number of issued shares [excluding treasury stock]). After the dissolution of the capital alliance, the companies' capital relationship is dissolved.

Personnel relationship	There are no personal relationships to be noted between the Company and its related parties or affiliates with the relevant company and its related parties or affiliates.
Business relationship	The Company's affiliated companies have transactions such as product sales with SAKATA INX.
Applicability to a related party	SAKATA INX is not a related party of the Company. In addition, the related parties and affiliated companies of SAKATA INX do not fall under the category of related parties of the Company.

(12) Consolidated operating results and consolidated financial position of SAKATA INX for the past three years

Fiscal yearend	Fiscal year ended in December 2019	Fiscal year ended in December 2020	Fiscal year ended in December 2021
Net assets (consolidated)	81,439	81,421	92,465
Total assets (consolidated)	148,292	145,272	166,899
Consolidated net assets per share (yen)	1,313.31	1,307.13	1,478.18
Net sales (consolidated)	167,237	161,507	181,487
Operating profit (consolidated)	6,225	7,212	7,414
Ordinary profit (consolidated)	7,319	7,789	8,506
Profit attributable to owners of parent	4,114	5,275	4,933
Profit per share (consolidated, in yen)	70.46	90.32	84.43
Dividend per share (yen)	30.0	30.0	30.0

(Unit: million yen unless otherwise indicated)

4. Schedule

(1) The Board of Directors' resolution date	May 13, 2022
(2) Repurchase date (planned)	May 16, 2022

5. Future Outlook

In the "Consolidated Quarterly Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022" released today, the full-year consolidated earnings forecast has been revised to take into account the aforementioned sale of shares and other factors. The amount of extraordinary profit will be announced as soon as it is determined.

(NOTE) This document is a translation of the original Japanese version. In the event of any discrepancy between the meaning or wording of the English version and the Japanese version, the meaning or wording of the Japanese version shall prevail.