

(Reference Translation)

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To whom it may concern,

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Notice Concerning Progress under the Plan for Compliance with the Continued Listing Criteria

On December 20, 2021, we submitted "Plan for Compliance with the Continued Listing Criteria for New Market Segments" (hereinafter referred as the "Plan"). And on May 24, 2022, we updated and disclosed the Plan in conjunction with announcement of the Medium-Term Management Plan "With You toward 2024" (fiscal year March 2023 to fiscal year March 2025). We inform progress of the Plan as of the end of December 2022 as follows.

Notice

1. Progress in Compliance with the Continued Listing Criteria

As of the base date (June 30, 2021), we did not comply with criteria for "daily average trading value" of the Continued Listing Criteria for the prime market. Subsequently, as a result of implementing of improvements based on the Plan, we complied all items of the prime market's Continued Listing Criteria, as of December 31, 2022.

		Number of tradable shares	Tradable share market capitalization	Tradable share ratio	Daily average trading value
Our status and progress	As of June 30, 2021 (as of the base date)	189,110 units	JPY15.4 billion	83.8%	JPY15 million
	As of December 31, 2022	172,139 units ※2	JPY16.9 billion ※2	75.9% ※2	JPY36 million ※1
Continued Listing Criteria		20,000 units	JPY10 billion	35.0%	JPY20 million
Compliance as of December 31, 2022		Comply	Comply	Comply	Comply

※1 We prepared this table based on a letter from the Tokyo Stock Exchange.

※2 We describe the compliance status as of December 31, 2022 based on our most recent share status (as of September 30, 2022) and others. We used average (JPY987) of daily closing stock price from October to December 2022 to calculate the tradable share market capitalization.

2. Status of Activities to Comply with Continued Listing Criteria

In order to comply with the Continued Listing Criteria, we have identified issues as ① enhancing corporate value (continuously improving stock prices) and ② increasing stock trading volume. We have been implementing the Medium-Term Management Plan "With You toward 2024" (hereinafter referred to as the "Medium-Term Management Plan") under the following 5 main guidelines: (a) improve our business performance paying attention to return on equity, (b) implement capital policies that enhance shareholder value paying attention to appropriate capital structure, (c) enhance corporate governance (d) enhance sustainability management, (e) enhance IR activities and deepen engagement with shareholders (SR activities).

With regard to "(a) improve our business performance paying attention to return on equity", we have defined the direction aiming the Medium-Term Management Plan as "1. Focus on improving profitability." And we clearly set that this will be achieved through "2. Clarifying product groups and regions to focus on." As a measure to "1. Focus on improving profitability," in response to rising raw material and energy costs due to the recent global situation, we have promptly commenced negotiations for price increases in the printing ink business and the specialty products (fine dispersion products/functional resin) business while gaining the understanding of customers, and we are working to improve profitability. In addition, in order to "2. Clarifying product groups and regions to focus on," we have defined our focus product groups as UV ink and specialty products, and have worked to concentrate and select our business portfolio. In addition, we have targeted UV ink markets in Vietnam and the Philippines, where TOKA brands have already taken root, and in Europe and the United States where the market for our products has not yet developed despite approximately 4 times and 3 times larger than Japan. In Vietnam and the Philippines, we have begun activities to expand our shares of UV ink and are working to expand sales channels in Europe and the United States. In fiscal year March 2023, we decided to sale and withdraw from DAY blanket (August 2022), metal (coating and glossy varnish) ink (September 2022), and gravure and flexo ink (January 2023), in order to concentrate management resources on UV ink, EB ink, and specialty products.

With regard to "(b) implement capital policies that enhance shareholder value", we have increased the consolidated dividend payout ratio to 50% or higher from 30% or higher we set previously. With regard to cash allocation, the we are working to "maximize long-term profits" and "optimize short-term profits" in conjunction with "Foundational development to promote the recovery to profitability and qualitative growth" that is stated in the Medium-Term Management Plan, and are working to increase corporate value through that profit cycle. In fiscal year 2022, in order to generate cash by improving capital efficiency, we are working to instill an awareness of capital costs at the division general manager level in order to ensure the effective operation of such cash. In addition, in order to allocate funds to growth areas, in addition to the sale of cross-shareholdings, we plan to actively convert non-core assets into cash. With regard to cross-shareholdings, we are aiming for zero in principle. After the board of directors verifies the rationality of the shareholdings, we plan to sell 12 brands worth approximately JPY800 million during period of the Medium-Term Management Plan.

With regard to strengthening "(c) enhance corporate governance," our board of directors, in light of our management strategy to increase corporate value, we identify experience and expertise required of executive directors. And, we identify experience and expertise in connection with supervision and governance that are expected to outside directors. And we ensure that the board of directors has knowledge, experience, balanced abilities, and diversity of skills set. Based on our Medium-Term Management Plan, we reviewed our skill matrix and increased members of independent outside director. As a consequence, our current composition of the board of directors is 5 internal directors and 6 outside director (54% outside director). And, in June 2022, we established

the "Investment Committee" with the aim of strengthening supervision and examination functions related to investment decisions, including M&A strategies. In order to improve the quality of discussions at meetings of the board of directors and the management meeting and the executive meeting, the Investment Committee is aware of the profitability of capital and the cost of capital, and confirms and discusses investment projects in advance. The Investment Committee has held 4 times since its establishment, and in the future, we will continue to allocate management resources to appropriate regions and businesses, optimize our business portfolio, continuously consider business restructuring, and strengthen financial governance through the Investment Committee.

In addition, based on the effectiveness evaluation of the board of directors in fiscal year 2022, the board of directors reviews the composition and skills set required to the board of directors, taking into consideration a discussed theme as strengthening policy, content of dialogue with shareholders (investors), and other factors. As a consequence, we are considering streamlining the board of directors and reviewing the criteria for issuing performance-linked remuneration (change from achievement ratio to achievement) in order to respond quickly and accurately to rapid changes in the business climate in the printing ink industry. This will lead to sustainable growth.

With regard to "(d) enhance sustainability management," we established the "Sustainability Committee" in June 2022 to enhance the quality of discussions in the board of directors, the management meeting, and the executive meeting. It is the aim of strengthening our supervision functions related to climate-related risks and earnings opportunities in our business activities. This was aimed at realizing our Long-term Vision 2030 "Be an organization that grows together with the individual in order to become a global company that is trusted in society" in order to both improve economic value and increase environmental and social value. The committee met 4 times after its establishment with the themes of formulating a policy on sustainability, consolidating and organizing its own sustainable initiatives, and aligning climate-related and other risks with management strategies, management issues, and other issues. As part of our efforts to climate change, following the installment of carbon neutral city gas in August 2021, in March 2022 we began installment CO2 free electricity, which is considered to be zero emissions of CO2 in response to RE100, RE100 Declaration, and RE Action. As a result, the amount of CO2 emitted from our Japanese manufacturing processes and offices in Fiscal Year 2022 is expected to be approximately 98.7% lower than in Fiscal Year 2020. In addition, since 2022, we have been subject to requests for responses to CDP questionnaire, and in December 2022, we received an "A- (leadership level)" rating in Climate Change 2022 category. In the future, we will work to formulate and implement a transition plan to Net-ZERO. Also, in connection with promoting diversity and employee engagement, in the renewal of certification for "Diverse Working Style Practice Companies (Womanomics)" in Saitama Prefecture, we were recognized as the highest ranked "Platinum" category in February 2023, in recognition of the improvement in the rate of employees taking childcare leave and the promotion of work style reforms.

With regard to "(e) enhance IR activities and deepen engagement with shareholders (SR activities,)" in May 2022 we began English translation of the convocation notice and disclosure of required information in English, and we also disclosed the medium-term management plan in English. In November 2022, we held our 10th shareholder factory tour, which had been suspended due to the Corona issue, for the first time in 4 years. Shareholders who participated in the tour gave us many requests to continue the tour. In addition, live financial results briefings on internet in May and November 2022, over 1000 people attended respectively. In addition, we promoted further enhancement of communications, such as holding 1 on 1 meetings with investors and

stockholders.

As a result of these efforts based on our plan, we created a virtuous cycle of rising stock prices and improving stock indices, improving liquidity and increasing trading value, which met the Continued Listing Criteria of the prime market.

Going forward, we will continue to strive to increase its number of tradable shares in conjunction with enhancing its corporate value so that it can consistently comply with the Continued Listing Criteria.

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