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# IR Briefing for the Fiscal Year Ended March 31, 2020 (FY03/20) (Overview)

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June 4, 2020

Inabata & Co., Ltd.

Kenichi Yokota

Director and Senior Managing Executive Officer

**Net sales:                    ¥600.3 billion                    -5.4% YoY**

**Net sales declined due to lower plastics prices and the spread of the novel coronavirus pandemic.**

**Operating profit:            ¥13.2 billion                    -5.7% YoY**

**Operating profit fell as net sales declined.**

**Ordinary profit:            ¥14.2 billion                    -0.7% YoY**

**The year-on-year drop in ordinary profit was narrowed due to an increase in dividend income and a decrease in interest expenses.**

**Profit attributable to owners of parent:            ¥11.4 billion                    -11.5% YoY**

**The decrease in profit attributable to owners of parent was partly the result of lower gain on sales of investment securities.**

(Billions of yen)

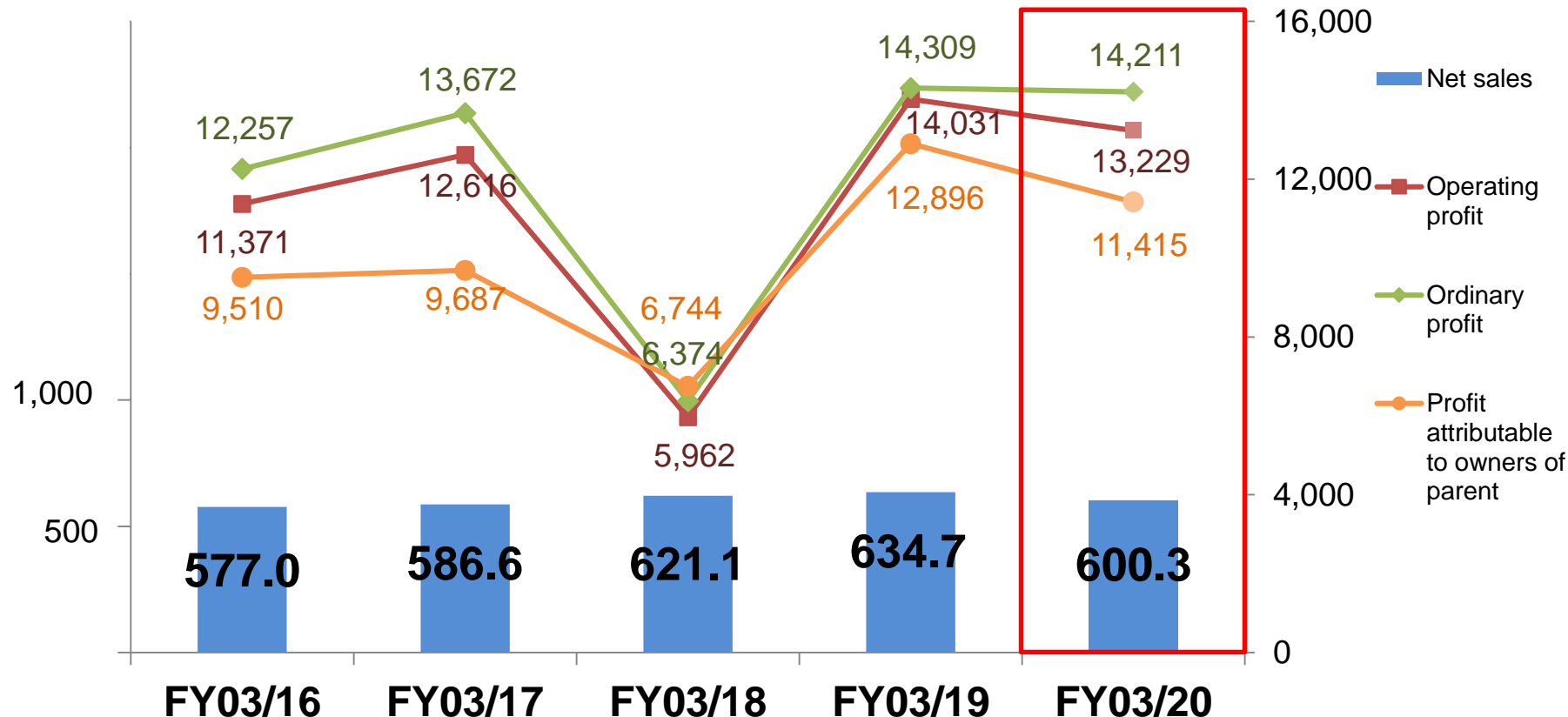
	FY03/19	FY03/20 (A)	YoY change		Forecast announced May 9, 2019 (B)	Achievement rate (A)/(B)
			Amount	%		
Net sales	634.7	600.3	-34.4	-5.4%	670.0	89.6%
Operating profit	14.0	13.2	-0.8	-5.7%	14.5	91.2%
Ordinary profit	14.3	14.2	-0.0	-0.7%	14.5	98.0%
Profit attributable to owners of parent	12.8	11.4	-1.4	-11.5%	11.0	103.8%
Exchange rate (USD/JPY)	110.92	108.70	-2.22		110.00	

# Operating Performance



(Net sales:  
billions of yen)

(Profits:  
millions of yen)



(Reference)

	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20
Exchange rate (USD/JPY)	120.15	108.34	110.85	110.92	108.70

Notes: FY03/18 operating profit reflects the recording of allowance for doubtful accounts (¥6.65 billion) at a European subsidiary. Gain on sales investment securities were ¥0.83 billion in FY03/16, ¥4.45 billion in FY03/17, ¥8.38 billion in FY03/18, ¥5.11 billion in FY03/19, and 3.03 billion in FY03/20.

# Balance Sheet



- Both investment securities and accumulated other comprehensive income fell due to a drop in the market value of investment securities held

(Billions of yen)

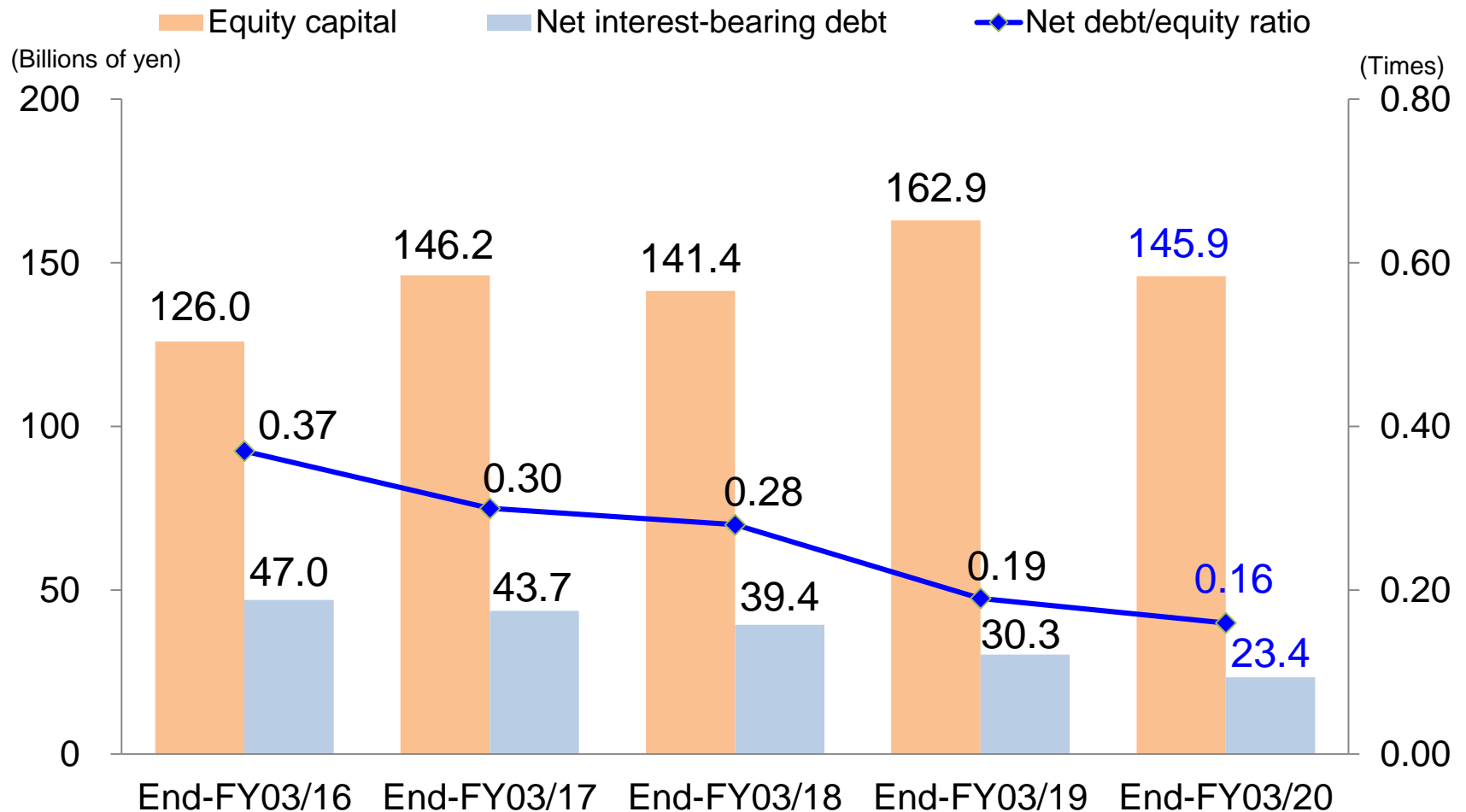
Assets	End-FY03/19	End-FY03/20	Change
Cash and deposits	26.9	29.4	+2.5
Notes and accounts receivable - trade	163.9	152.4	-11.5
Inventories	57.4	55.9	-1.5
Other current assets	8.2	7.3	-0.8
Property, plant and equipment	13.4	13.9	+0.4
Intangible assets	3.2	3.0	-0.2
Investment securities	86.3	54.2	-32.1
Other fixed assets	6.8	6.5	-0.3
<b>Total assets</b>	<b>366.5</b>	<b>322.8</b>	<b>-43.6</b>

Liabilities and net assets	End-FY03/19	End-FY03/20	Change
Notes and accounts payable - trade	109.7	96.7	-13.0
Short-term loans payable	43.6	43.0	-0.5
Other current liabilities	11.2	10.9	-0.2
Long-term loans payable	13.6	9.7	-3.8
Other non-current liabilities	23.5	14.5	-8.9
Shareholders' equity	111.2	119.1	+7.8
Accumulated other comprehensive income	51.7	26.7	-24.9
Non-controlling interests	1.7	1.8	+0.0
<b>Total liabilities and net assets</b>	<b>366.5</b>	<b>322.8</b>	<b>-43.6</b>

Current ratio	155.9%	162.6%
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Equity ratio	44.5%	45.2%
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# Equity Capital, Net Interest-Bearing Debt, Net Debt/Equity Ratio



Notes: Equity capital = Net assets – stock acquisition rights – non-controlling interests  
 Net debt/equity ratio = (Interest-bearing debt – cash and deposits) / equity capital

Note: Valuation difference on other available-for-sale securities: ¥48.8 billion at end-FY03/19 → ¥26.1 billion at end-FY03/20

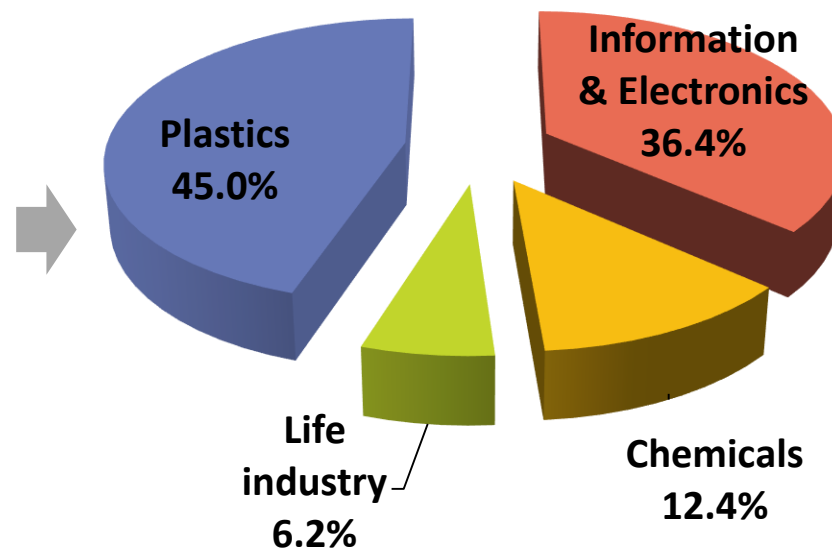
# Sales by Business Segment

- ✓ Sales rose in the Information & Electronics segment due to increased sales of polarizing films in China.
- ✓ Performance in the Chemicals segment was sluggish overall due in part to environmental regulations in China.
- ✓ Sales of materials for the automobile industry were strong, but the Plastics segment incurred substantial negative impact from a drop in plastics prices.

## Sales

(Billions of yen)

	FY03/19	FY03/20	YoY change
Information & Electronics	217.9	218.6	+0.4%
Chemicals	77.5	74.1	-4.3%
Life Industry	39.0	36.9	-5.4%
Plastics	300.0	270.3	-9.9%
Other	0.1	0.1	+1.5%
<b>Total</b>	<b>634.7</b>	<b>600.3</b>	<b>-5.4%</b>



Note: Effective FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment. FY03/19 results have been calculated according to the new alignment. **7**

# Gross Profit and Operating Profit by Business Segment



- ✓ Profit declined in the Information & Electronics segment due in part to lower sales of LED encapsulant materials.
- ✓ Profit fell in the Chemicals segment due to a drop in sales of materials for data recording paper in Europe.
- ✓ In the Life Industry segment, profit declined because of sluggish food-related sales and booking of an allowance for doubtful accounts.

## Gross profit

(Millions of yen)

	FY03/19	FY03/20	YoY change
Information & Electronics	14,280	14,055	-1.6%
Chemicals	5,675	5,506	-3.0%
Life Industry	5,193	4,890	-5.8%
Plastics	21,971	21,671	-1.4%
Other	136	135	-0.3%
Total	47,257	46,259	-2.1%

## Operating profit

(Millions of yen)

	FY03/19	FY03/20	YoY change
Information & Electronics	4,819	4,482	-7.0%
Chemicals	1,424	1,208	-15.1%
Life Industry	1,310	1,166	-11.0%
Plastics	6,341	6,235	-1.7%
Other	136	135	-0.3%
Total	14,031	13,229	-5.7%

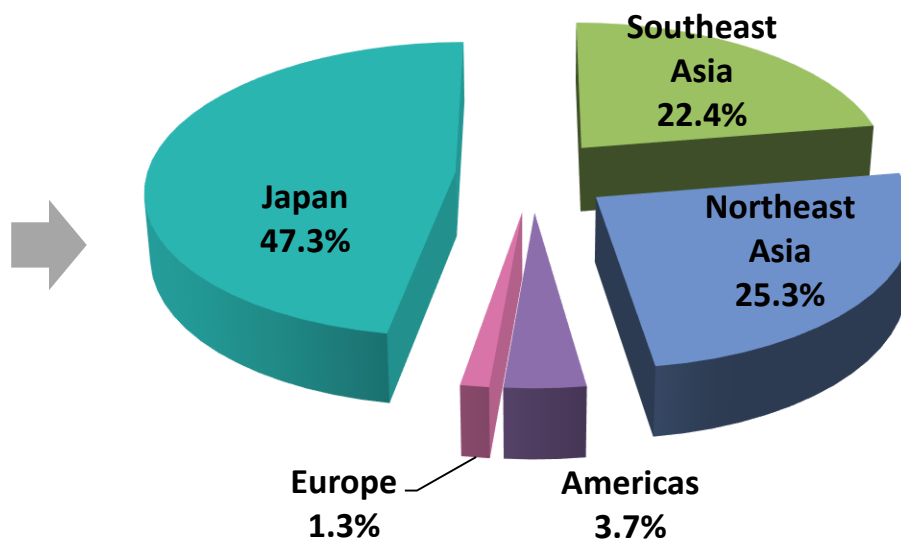
Note: Effective FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment. FY03/19 results have been **8** calculated according to the new alignment.



## ✓ Northeast and Southeast Asia

Plastics sales fell due to a drop in plastics prices and reduced demand caused by the spread of the novel coronavirus.

Sales		(Billions of yen)	
	FY03/19	FY03/20	YoY change
Southeast Asia	147.0	134.6	-8.4%
Northeast Asia	163.6	152.0	-7.1%
Americas	21.0	21.9	+4.3%
Europe	8.9	7.6	-14.8%
Japan	294.0	283.9	-3.4%
Total	634.7	600.3	-5.4%
(Overseas ratio)	(53.7%)	(52.7%)	(-1.0%)



Note: Sales in the Japan segment include exports (¥48.1 billion in FY03/20).

Including this amount, the percentage of overseas sales was 61.6% in FY03/19 and 60.4% in FY03/20.

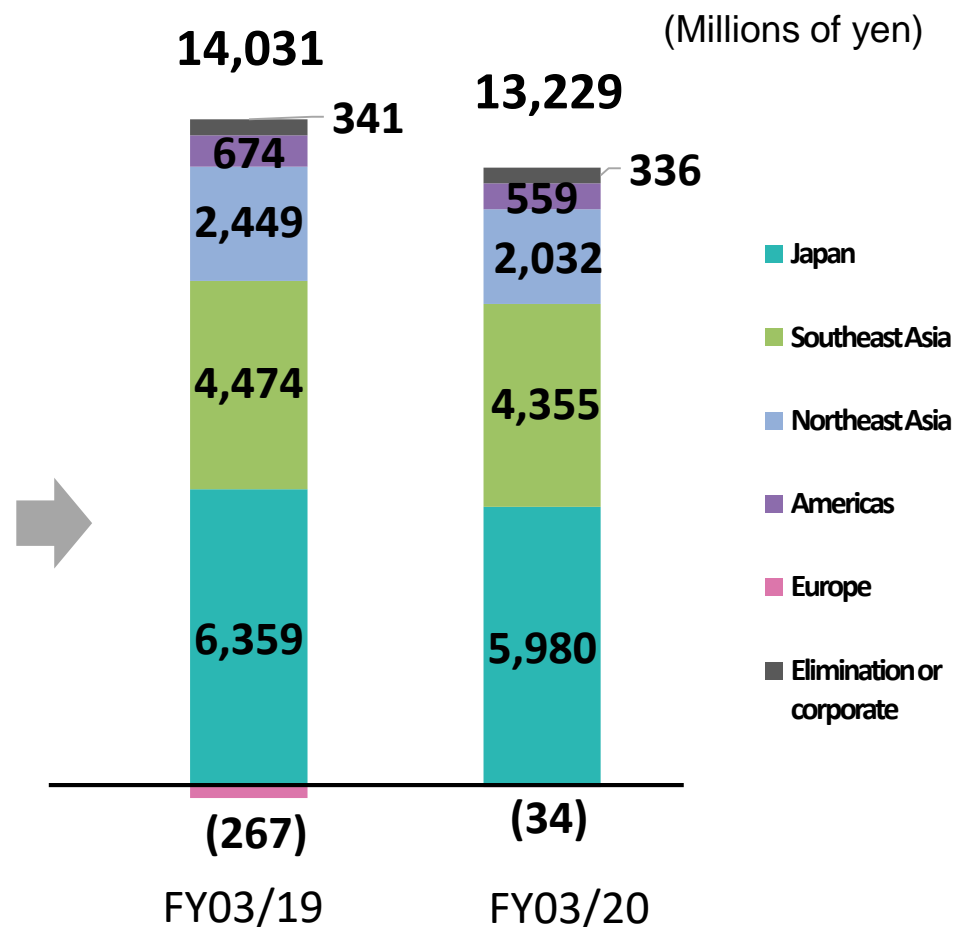
# Operating Profit by Region

- ✓ Northeast Asia: Sales of plastics for automobiles fell
- ✓ Americas: Profit dropped due to sluggish results at our fishery products subsidiary in the United States

## Operating profit

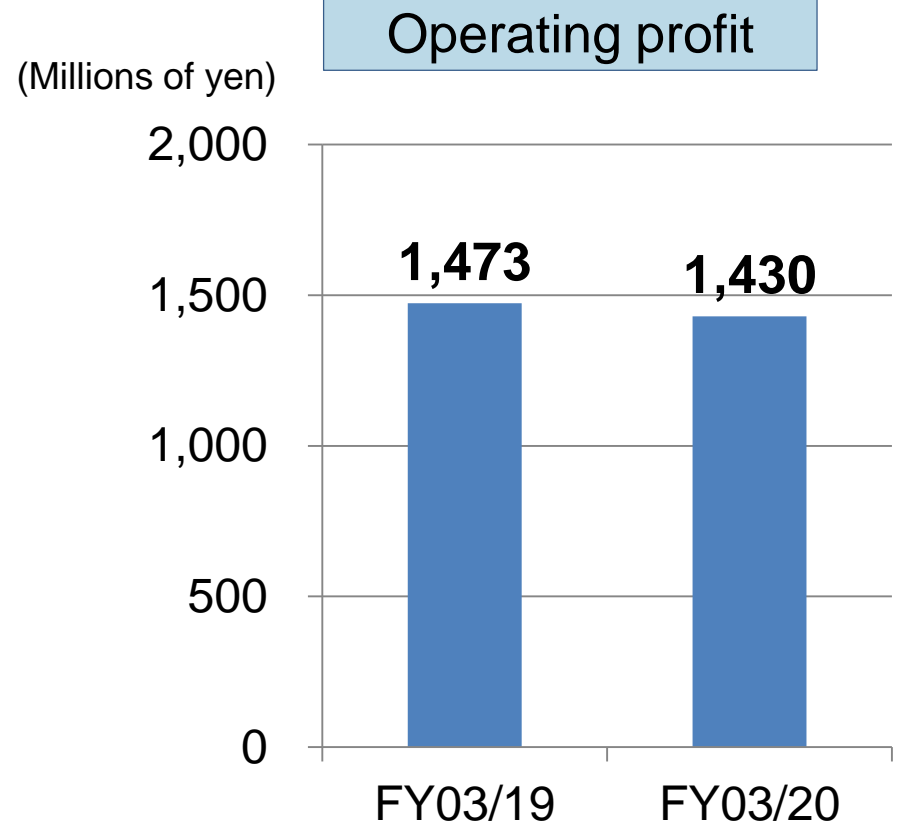
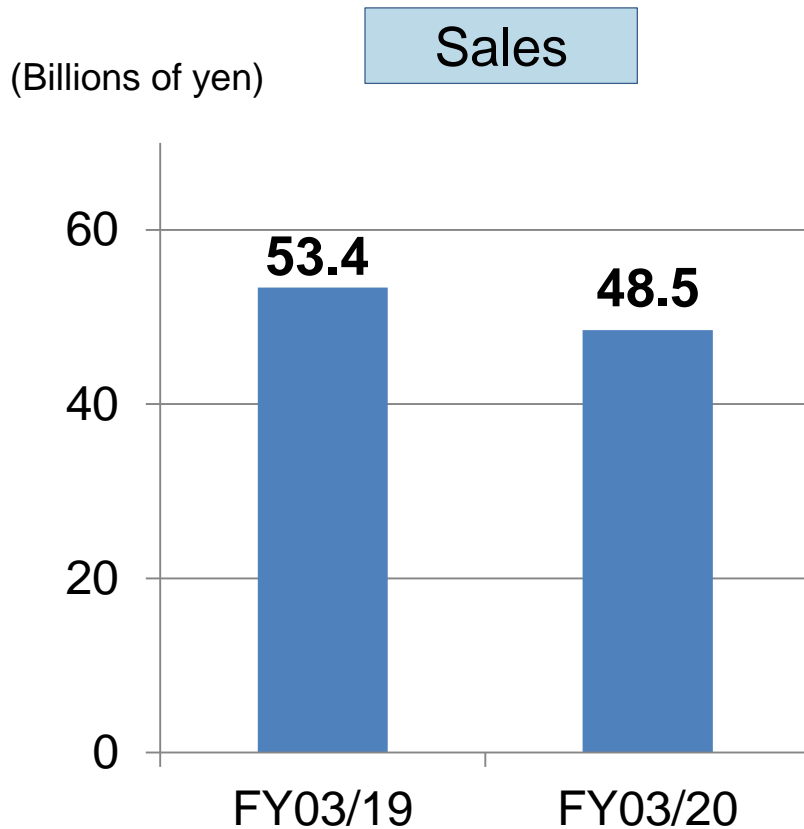
(Millions of yen)

	FY03/19	FY03/20	YoY change
Southeast Asia	4,474	4,355	-2.7%
Northeast Asia	2,449	2,032	-17.0%
Americas	674	559	-17.1%
Europe	-267	-34	-
Japan	6,359	5,980	-6.0%
Subtotal	13,690	12,892	-5.8%
Elimination or corporate	341	336	
Total	14,031	13,229	-5.7%
(Overseas ratio)	(53.5%)	(53.6%)	(+0.1%)



# Sales and Operating Profit in the Manufacturing Sector

Performance of materials for OA equipment and electric appliances from compound plants declined

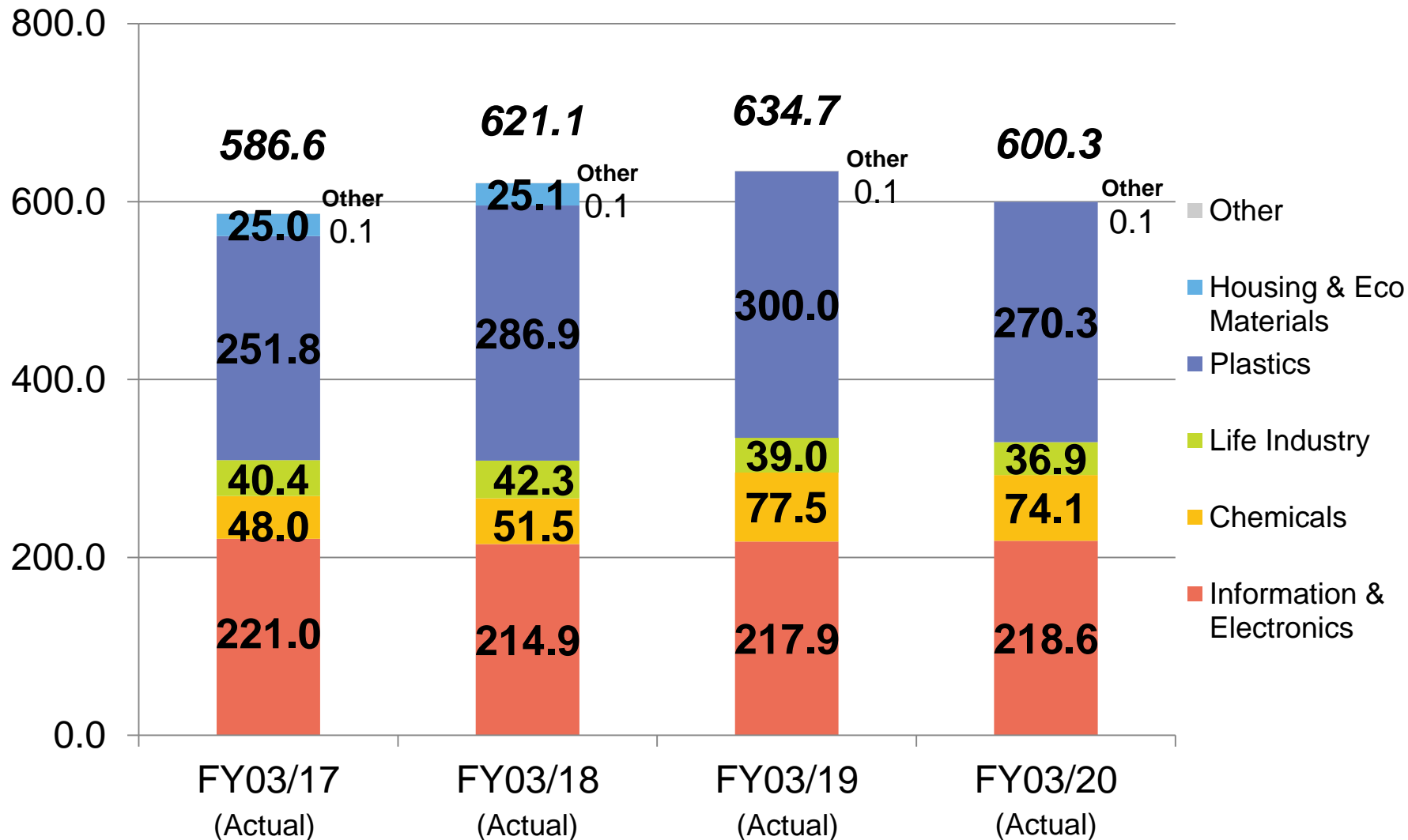


Note: Results for FY03/19 have been converted at the exchange rate for FY03/20 (USD1=JPY108.70).

# Sales by Business Segment



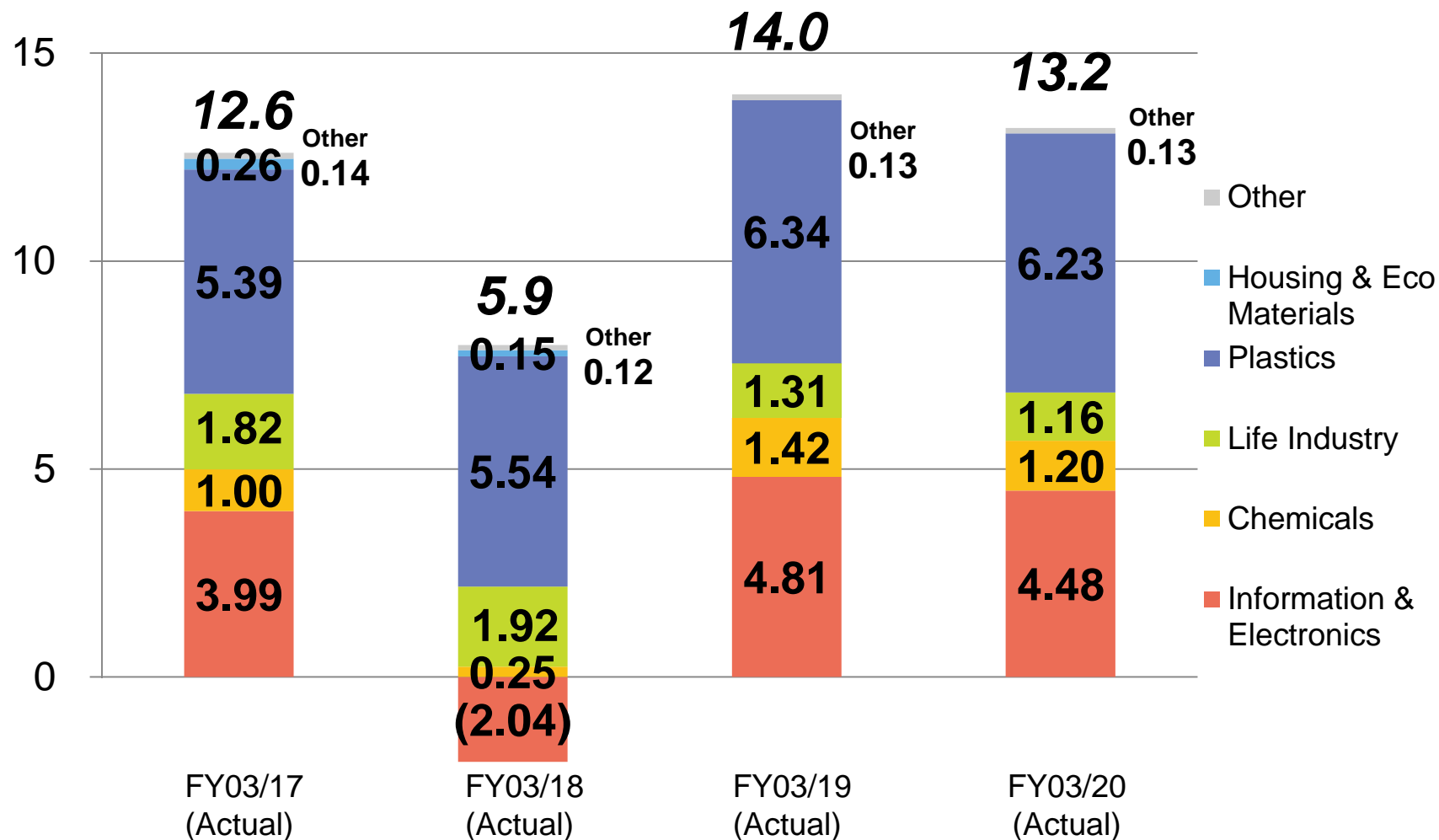
(Billions of yen)



Note: Effective FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment. FY03/19 results have been calculated according to the new alignment.

# Operating Profit by Business Segment

(Billions of yen)



Notes: In FY03/18, we posted an allowance for doubtful accounts in relation to a European subsidiary, of ¥5.90 billion in the Information & Electronics segment and ¥0.75 billion in the Chemicals segment.

The Housing & Eco Materials segment was combined with the Chemicals segment in FY03/20.

FY03/19 results have been calculated according to the new alignment.

	Companies		
	Japan	Overseas	Total
Consolidated subsidiaries	7	37	44
(Of which, manufacturers)	(4)	(17)	(21)
Equity-method affiliates	4	1	5
(Of which, manufacturers)	(2)	(1)	(3)
Total	11	38	49
(Of which, manufacturers)	(6)	(18)	(24)

# Principal Consolidated Subsidiaries



(Millions of yen)

Company	Location	FY03/19			FY03/20			YoY change		
		Net sales	Operating profit	Net income	Net sales	Operating profit	Net income	Net sales	Operating profit	Net income
Taiwan Inabata Sangyo Co., Ltd.	Taiwan	48,243	673	515	49,692	612	450	+3.0%	-9.1%	-12.5%
Inabata Sangyo (H.K.) Ltd.	Hong Kong	59,247	587	20	63,527	742	425	+7.2%	+26.4%	+2,046.1%
Inabata Singapore (Pte.) Ltd.	Singapore	54,208	567	759	48,888	592	772	-9.8%	+4.3%	+1.8%
Inabata Thai Co., Ltd.	Thailand	40,620	629	758	38,398	490	556	-5.5%	-22.1%	-26.6%
Shanghai Inabata Trading Co., Ltd.	Shanghai	60,958	828	451	55,690	336	185	-8.6%	-59.4%	-58.9%
PT. Inabata Indonesia	Indonesia	29,890	1,048	572	27,420	1,123	647	-8.3%	+7.1%	+13.1%
Inabata Fine Tech & Co., Ltd.	Japan	18,853	348	231	18,200	376	239	-3.5%	+8.0%	+3.7%

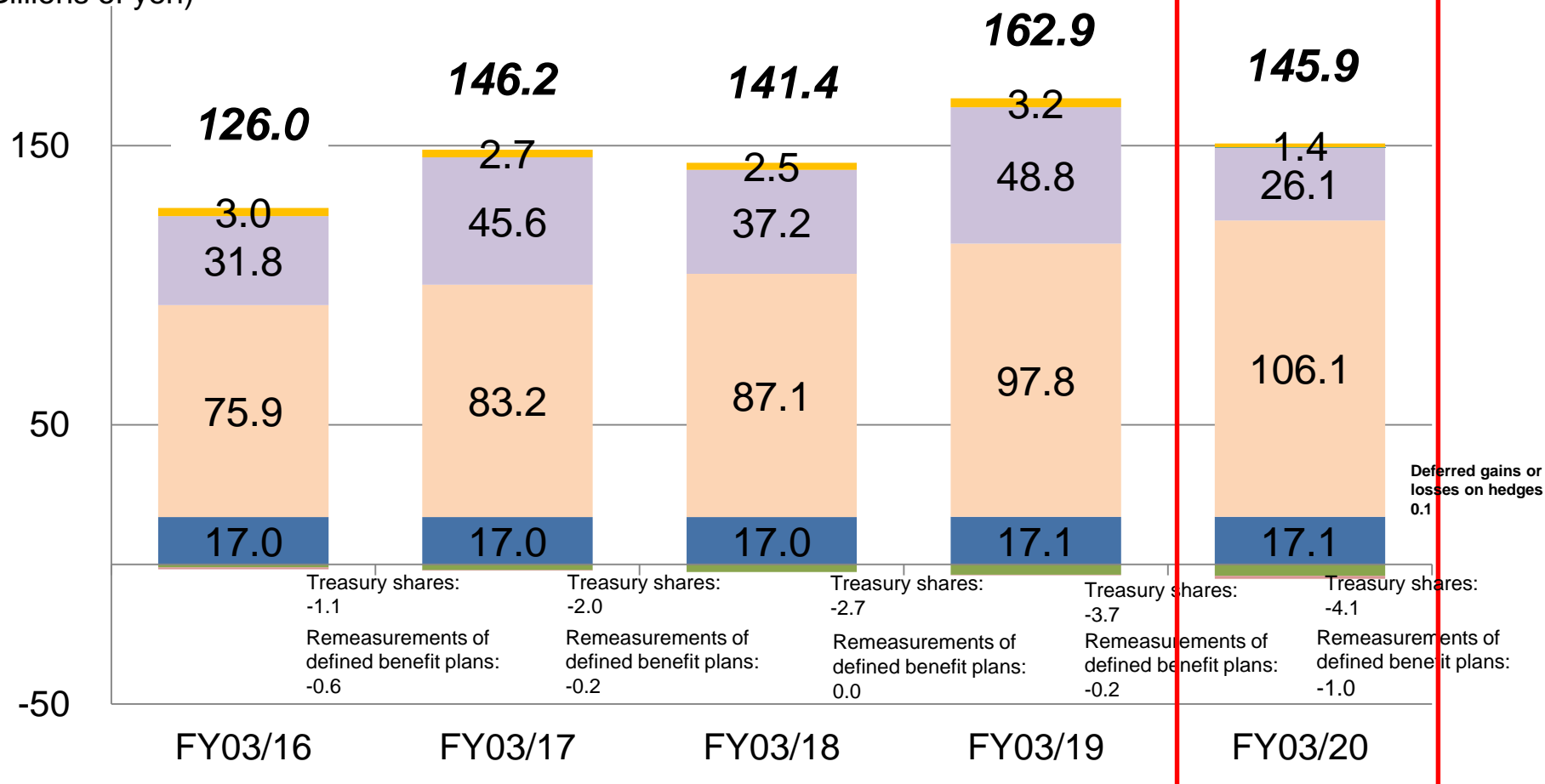
Notes: Results for FY03/19 have been converted at the exchange rate for FY03/20 (USD1=JPY108.70).

# (Reference) Equity Capital



- Capital stock and capital surplus
- Treasury shares
- Deferred gains or losses on hedges
- Remeasurements of defined benefit plans
- Retained earnings
- Valuation difference on available-for-sale securities
- Foreign currency translation adjustment

(Billions of yen)



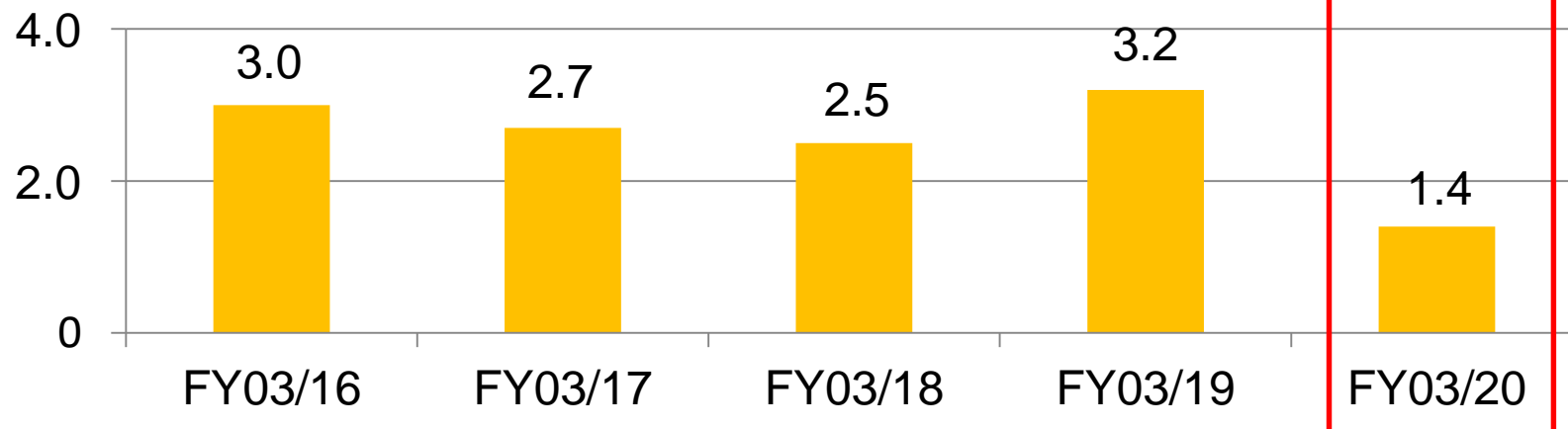


# (Reference) Impact of Exchange Rate Fluctuations on the Foreign Currency Translation Adjustment



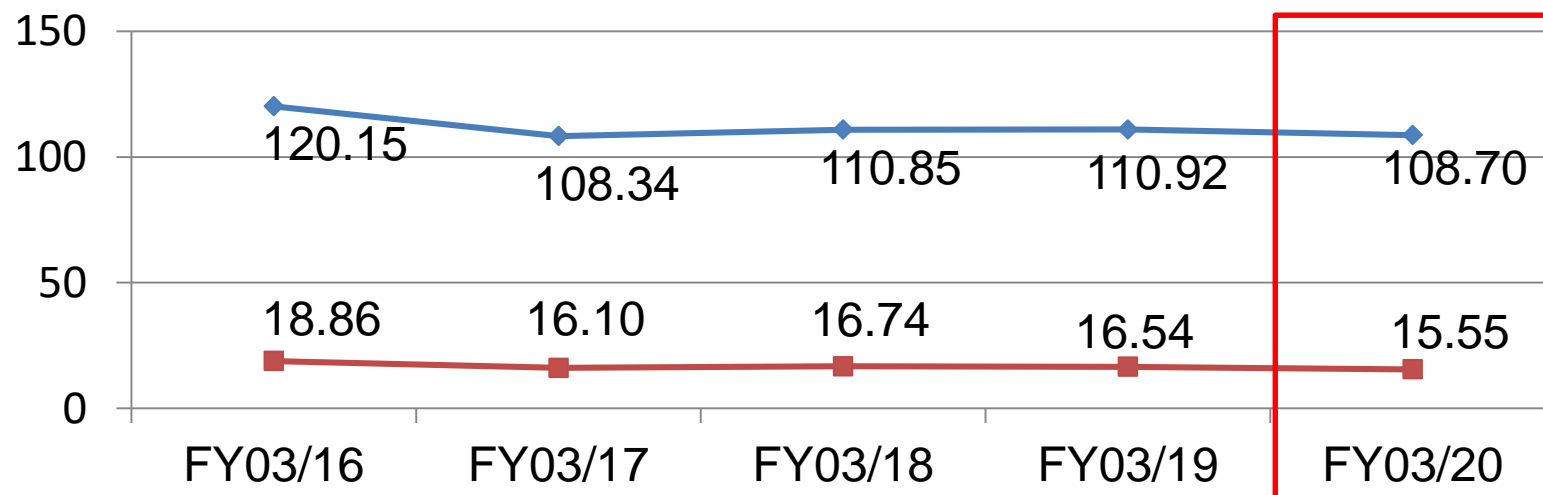
(Billions of yen)

■ Foreign currency translation adjustment



(Yen)

◆ USD/JPY ■ CNY/JPY



## □ IR Inquiries

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### ◆Cautionary note regarding future estimates

The data and future predictions contained in this document are based on information available and judgments applicable at the time of the document's release. The data and future forecasts contained herein may include elements that are subject to change, and this document and its contents are no guarantee of future performance.

### ◆Presentation of numbers

Yen figures presented in these materials have been rounded off below the unit indicated. Consequently, individual figures may not sum to the total amounts indicated.