

IR Briefing for the Fiscal Year Ended March 2022

Progress in the First Year of Medium-Term Management Plan *NC2023* and
Revision of Final Year Goals

Inabata & Co., Ltd.

Katsutaro Inabata, Director, President

Contents

Page

3	Company Overview
5	Summary of Medium-Term Management Plan <i>NC2023</i>
7	Progress in the First Year of <i>NC2023</i> and Revision of Final Year Goals
14	Returning Profits to Shareholders
17	Strategic shareholdings reduction policy
19	Reference Materials

Company Overview

About Inabata:



Inabata Dye Shop (Nishijin, Kyoto)

1. **Founded in 1890**

The Company was founded in Kyoto in 1890 as an importer of dyestuffs. The business was later expanded with a focus on chemicals.



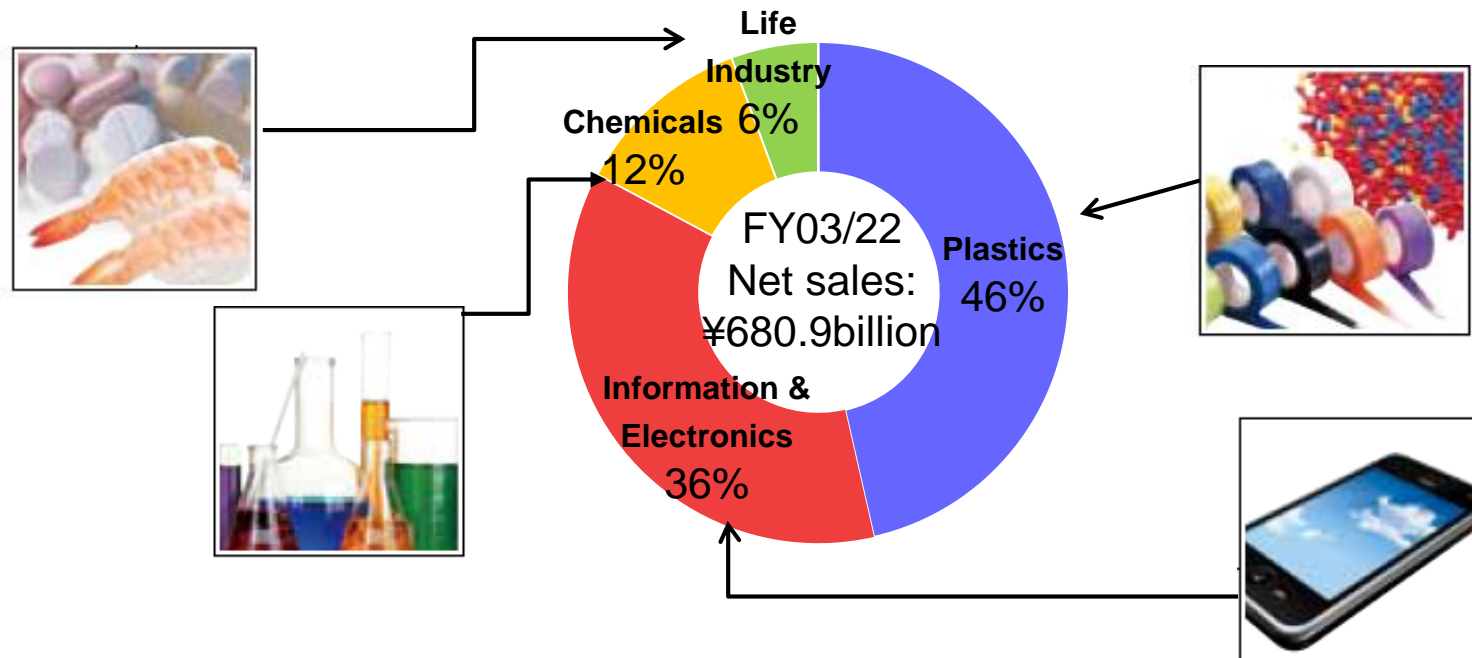
2. **A globally expanding, multifaceted trading company**

The company operates at 60 locations across 18 countries. Business functions include market development, manufacturing and processing, logistics, and finance. Our plans and proposals are based on specialized expertise and knowledge of products and markets.

Company Overview

3. Four business segments

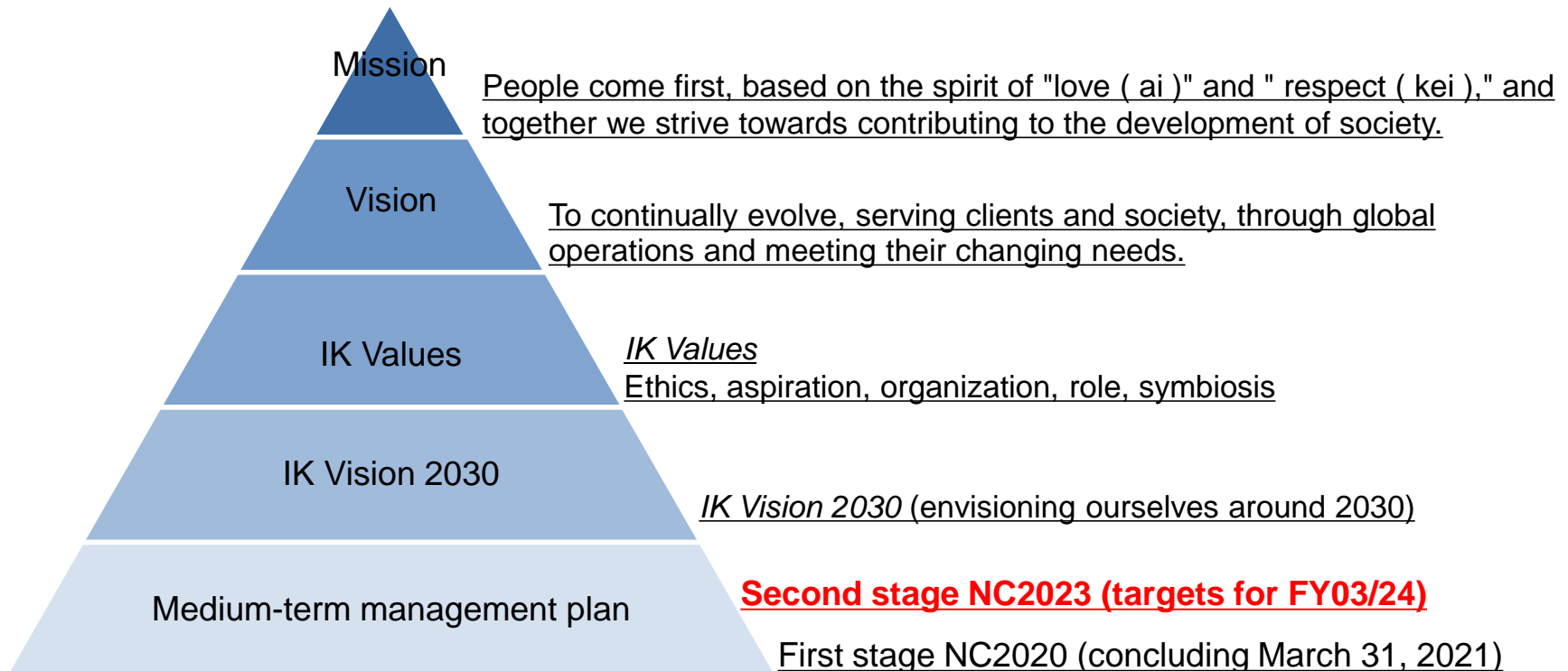
We operate in four segments: Information & Electronics, Chemicals, Life Industry, and Plastics.



■ Summary
of Medium-Term Management Plan
New Challenge 2023 (NC2023)

NC2023: Basic Policies

- Second-stage medium-term management plan on the way to our long-term vision, *IK Vision 2030*
- Continues along the same basic trajectory as *NC2020*, the first-stage plan
- Some adjustments have been made based on the degree of achievement associated with targets in *NC2020* and changes in the current business environment.



- Progress in the First Year of Medium-Term Management Plan *NC2023* and Revision of Final Year Goals

Operating Environments in FY03/22: Information & Electronics (FPD)

FPD Market

- In the LCD panel market, demand deteriorated from Q2 onward as extraordinary demand associated with shelter-in-place measures implemented to prevent the spread of COVID-19 ran its course. LCD panel prices fell sharply between Q2 and Q4.
- In Inabata's FPD material sales, sales of materials for polarizing film for use in large TVs in particular were strong as Chinese panel manufacturers maintained high utilization rates. For small- and medium-sized panels, raw materials for OLED for use in smartphones and components for automotive applications increased.
- Sales of organic electroluminescent panels for smartphones continued to grow, but this growth was limited when measured in terms of area. The percentage of FPDs using LCD panel display area is expected to remain high for the foreseeable future.

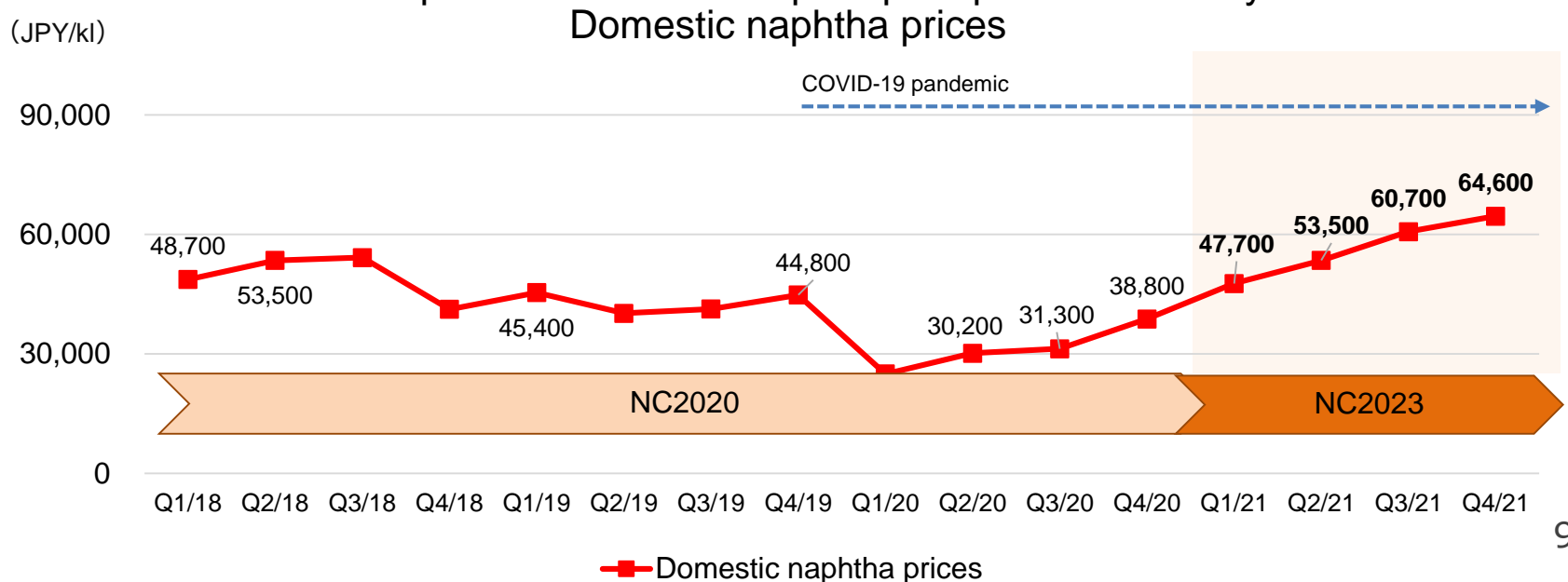
Projected Breakdown of Total Flat Panel Display Area (LCDs and OLEDs)

% of total panel area	2019	2020	2021	2022	2023	2024
LCDs	96%	96%	95%	94%	93%	92%
OLEDs	4%	4%	5%	6%	7%	8%

Note: Projected figures are provided for reference and represent company predictions based on various data

Operating Environments in FY03/22: Plastics

- Naphtha prices rose to over ¥ 64,000/kl through to Q4, and as a result, the price of commodity resins continued to increase.
- Performance of high-performance resins recovered from a worldwide market deterioration set off by the COVID-19 pandemic in 1H. In 2H, conditions remained uncertain due to global supply chain disruptions caused by such factors as semiconductor shortages and lockdowns in Asia.
- Plastics business performed strong, driven by demand from companies seeking to stock up on inventory out of concern for unstable supply conditions and demand arising from automakers' increased production to make up for prior production delays.



Progress in the First Year of *NC2023*

- Sales and profits exceeded both the first year targets and final year goals of *NC2023*, owing to recovery from the sharp drop in earnings caused by the pandemic in FY03/21 and contributions from increased selling prices of raw materials and a weak yen.

	<i>NC2023</i> FY03/22 First year actual	<i>NC2023</i> FY03/22 First year targets	<i>NC2023</i> FY03/24 Final year goals
Net sales	¥680.9 billion	¥600.0 billion	(*1) ¥670.0 billion
Operating profit	¥20.0 billion	¥14.5 billion	¥16.5 billion
Ordinary profit	¥21.6 billion	¥15.0 billion	¥17.0 billion
Profit attributable to owners of parent	¥22.3 billion	¥14.0 billion	¥16.0 billion
ROE	12.8%	8% or more	8% or more
Net debt/equity ratio	0.17x	0.3x or less	0.3x or less
Equity ratio	45.0%	50% or more	50% or more
Exchange rate	USD1=¥112.39	USD1=¥105.00	USD1=¥105.00

(*1) Sales target based on accounting standards prior to the adoption of the revised revenue recognition methods: 700.0 billion JPY (Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) effective from FY03/22)

(*2) Net D/E ratio = (interest-bearing debt – cash and deposits) / equity capital

NC2023: Revision of Final Year Goals

Inabata revised goals and performance indicators for the final year of *NC2023* as sales and profits in the first year of the plan surpassed the final year goals, while also taking into account the business environment and outlook.

Numerical goals and performance indicators	NC2023 FY03/24 Initial goals		NC2023 FY03/24 Revised goals
Net sales	(*1) ¥670.0 billion		(*2) ¥800.0 billion
Operating profit	¥16.5 billion		¥20.5 billion
Ordinary profit	¥17.0 billion		¥21.5 billion
Profit attributable to owners of parent	¥16.0 billion		¥22.5 billion
ROE	8% or more		10% or more
Net debt/equity ratio	0.3x or less		0.5x or less
Equity ratio	50% or more		Approximately 40–50%
Exchange rate	USD1=¥105.00		USD1=¥120.00

(*1) Sales target based on accounting standards prior to the adoption of the revised revenue recognition methods: 700.0 billion JPY

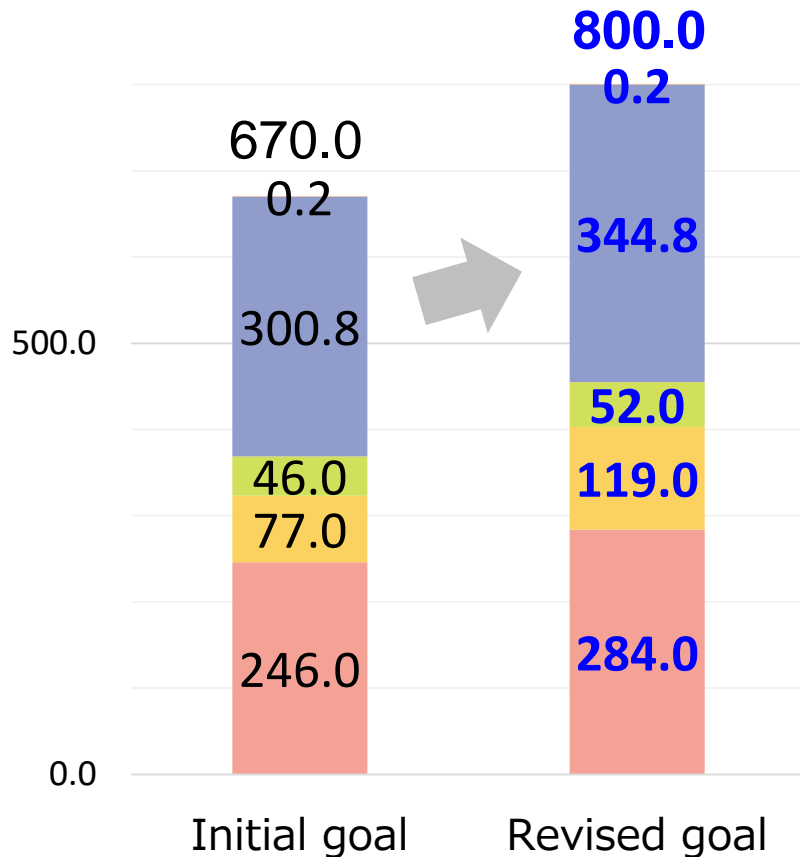
(*2) Sales target based on accounting standards prior to the adoption of the revised revenue recognition methods: 830.0 billion JPY

NC2023: Revision of Final Year Goals

Final year (FY03/24) goals for sales and operating profit by segment

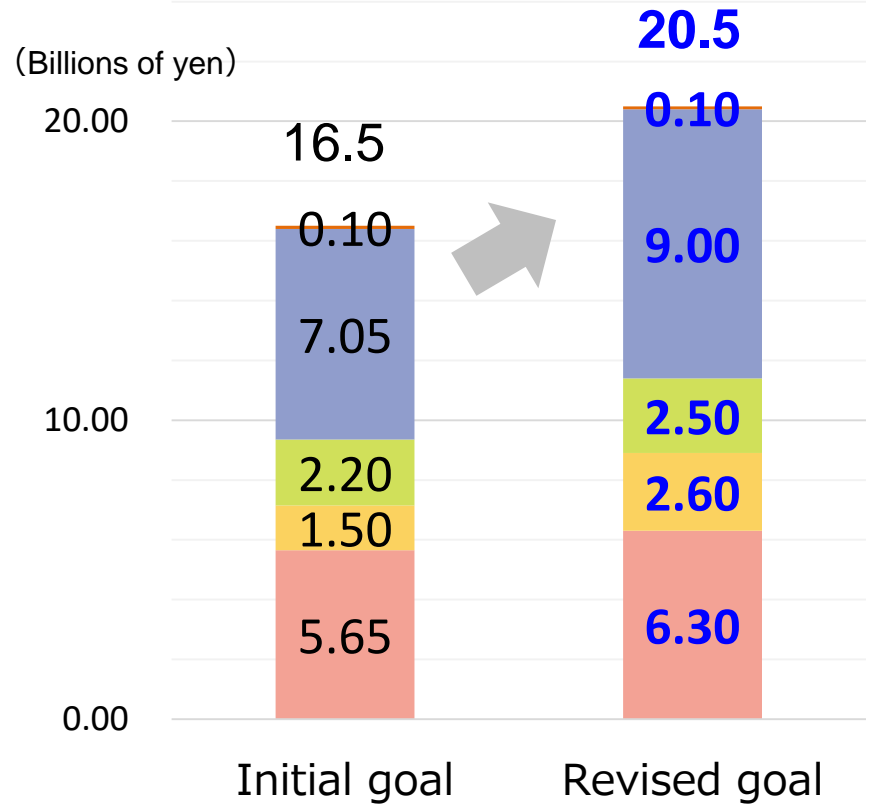
(Billions of yen)
1,000.0

[Sales]



- Information & Electronics
- Chemicals
- Life Industry
- Plastics
- Other

[Operating Profit]



NC2023: Revision of Final Year Goals

No change was made to the six Key Initiatives; Inabata will continue working on them.

Key Initiatives for NC2023

- 1. Further development of core businesses and horizontal expansion into growth sectors**
- 2. Multi-faceted approach to markets with potential for future growth and steady monetization efforts**
- 3. Intensification of investment targeting future growth**
- 4. Further upgrades to global management information infrastructure**
- 5. Continuous review of assets and further improvement of capital and asset efficiency**
- 6. Enhancement of human capital utilization efforts**

- Returning Profits to Shareholders

NC2023 Returning Profits to Shareholders

Revised the total return ratio in the basic policy for shareholder returns

During NC2023

■ Continue raising dividends (disclosed in March 2021)

We will ensure that dividend per share does not decline year on year by continually increasing our dividends

■ Target total return ratio of around 50% (disclosed in March 2021)

However, in fiscal years when the Company has recorded a considerable amount of cash inflows from the sale of strategically held shares, instead of being strictly bounded by the target total return ratio, the Company will return profits to shareholders after comprehensive consideration of various factors including future funding needs, financial position, stock price, and market conditions.

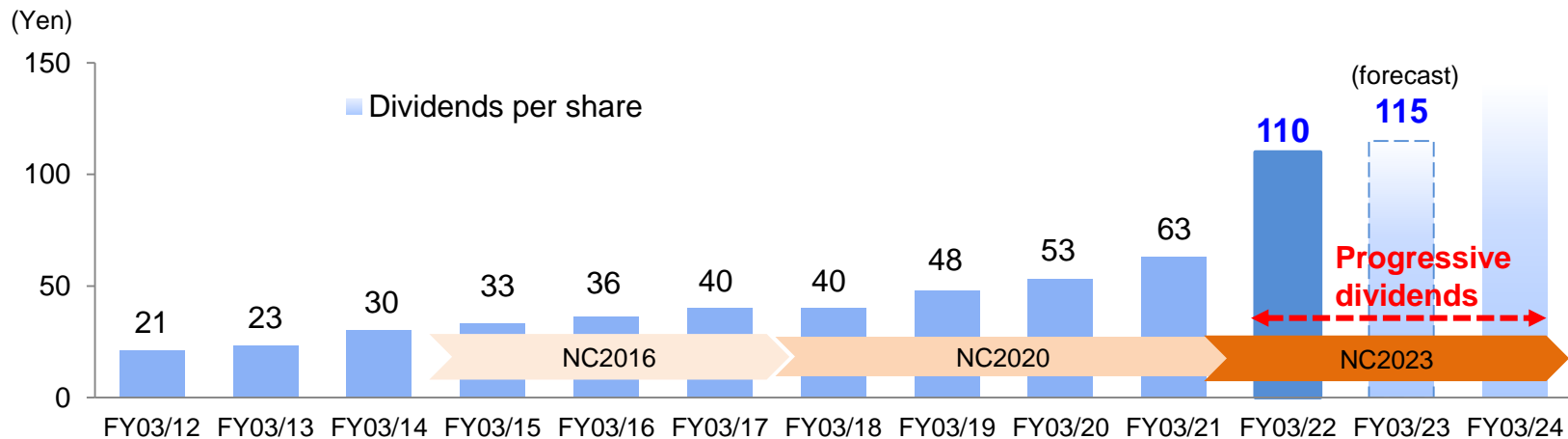
NC2023 Returning Profits to Shareholders

■ Share buyback

Acquisition period	Acquisition cost	Total number of shares acquired	Cancellation status
February 2022	¥7,499 million	3,085,100 shares	Cancelled as of April 2022

■ Annual dividends per share

	Annual	Interim	Year-end	Payout ratio
FY03/22 (actual)	¥110	¥30	¥80	29.4%
FY03/23 (forecast)	¥115	¥50	¥65	32.0%



- Strategic shareholdings reduction policy

Strategic shareholdings reduction policy

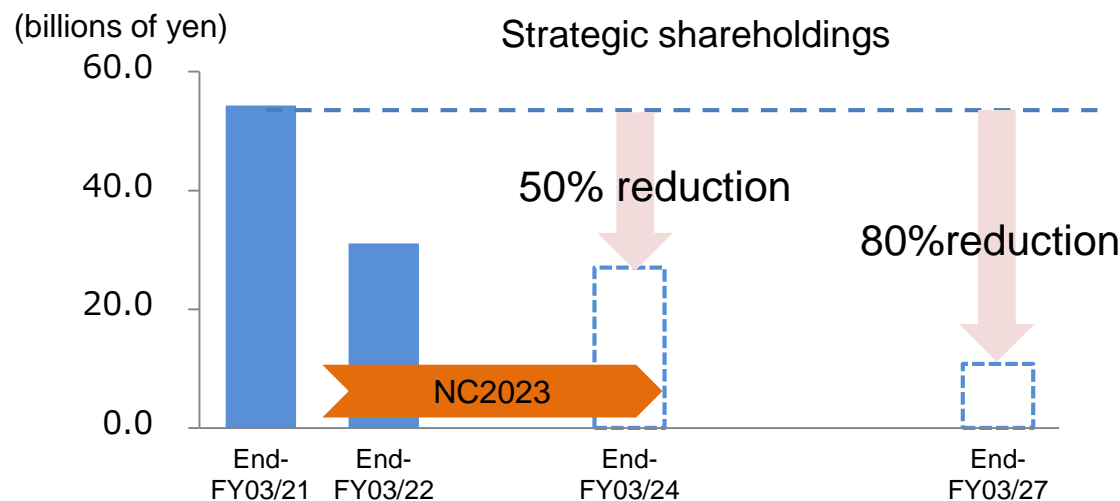
In addition to the policy covering the three years of *NC2023*, added a longer-term policy covering years after that

- Maintain the existing policy

Reduce the balance of strategic shareholdings at the end of March 2021 by half during the three years of *NC2023*

- Addition of a new policy

Further reduce strategic shareholdings in the medium to long term, cutting the balance of strategic shareholdings at the end of March 2021 by about 80% in the next five years (by the end of March 2027)



Funds procured from the sale of strategic shareholdings are in principle allocated to shareholder returns and growth investment

■ Reference Materials

Key Initiatives for NC2023

1. Further development of core businesses and horizontal expansion into growth sectors

Segment	Key Initiatives
Information & Electronics	<ul style="list-style-type: none"> • Enrich LCD and OLED businesses within the Chinese market • Focus on FPDs for the new generation and peripheral components • Concentrate on the currently expanding business related to industrial inkjet printers
Plastics	<ul style="list-style-type: none"> • Take advantage of global expansion in the plastic compounds business and other operations and achieve business expansion, particularly in the automotive sector

Key Initiatives for NC2023

2. Multi-faceted approach to markets with potential for future growth and steady monetization efforts

Segment	Key Initiatives
Information & Electronics Plastics Chemicals	<ul style="list-style-type: none"> • Expand our lineup of environmental impact-reducing products • Conduct multifaceted rollout of initiatives supporting business in the new energy sector, 5G-related business, and business associated with automotive applications and mobility
Life industry (Food and agriculture)	<ul style="list-style-type: none"> • Accelerate upstream and downstream expansion through wide-ranging investment and other initiatives
Life industry (Life science)	<ul style="list-style-type: none"> • Strengthen focus on the regenerative medicine sector and other markets with growth potential

Key Initiatives for NC2023

3. Intensification of investment targeting future growth

- We will consider investing in the following sectors and fields to achieve expansion in the trading business.

Segment	Key Initiatives
Information & Electronics	<ul style="list-style-type: none"> • Batteries and other elements of renewable energy
Life industry	<ul style="list-style-type: none"> • Upstream and downstream domains associated with food products and agriculture (especially processing functions) • Regenerative medicine and other growth areas (venture investment, etc.)
Plastics	<ul style="list-style-type: none"> • Pursue manufacturing functions with the aim of achieving enrichment in the automotive sector • Automation and labor saving in manufacturing divisions for compounds, etc.
Chemicals	<ul style="list-style-type: none"> • Mobility sector

Key Initiatives for NC2023

4. Further upgrades to global management information infrastructure

Key Initiatives
<ul style="list-style-type: none">• Embrace new technological trends and promote further digitalization (digital transformation initiatives)• Establish a global management information infrastructure that will support security enhancement, business continuity planning, and new workstyles

Key Initiatives for NC2023

5. Continuous review of assets and further improvement of capital and asset efficiency

Key Initiatives

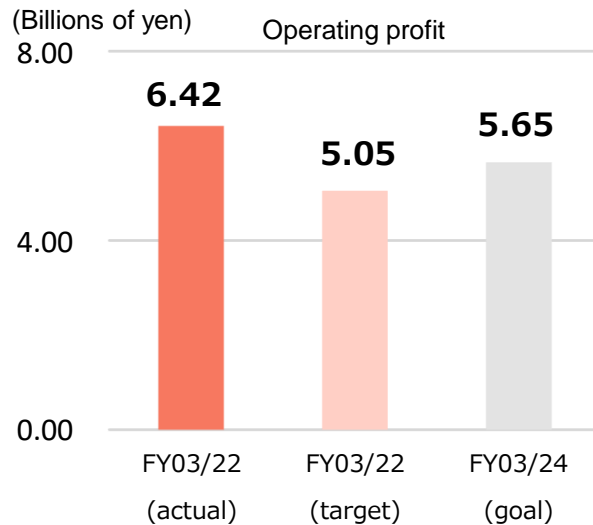
- Reduce the balance of strategic shareholdings at the end of March 2021 by half during the three years of NC2023
- Further reduce strategic shareholdings in the medium to long term, cutting the balance of strategic shareholdings at the end of March 2021 by about 80% in the next five years (by the end of March 2027)
- The policy is to allocate the funds obtained from the sale of shares held as strategic shareholdings not to internal reserves but to shareholder returns and investment for future growth.

Key Initiatives for NC2023

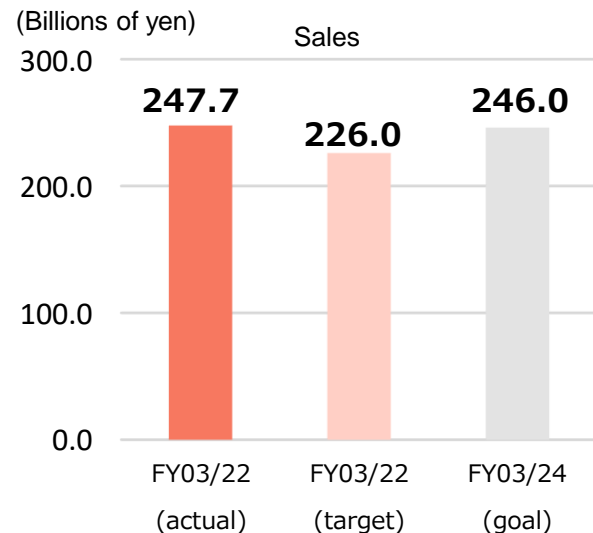
6. Enhancement of human capital utilization efforts

Key Initiatives
<ul style="list-style-type: none">• Further implement systemic enhancements aimed at supporting global human resource development and increasing diversity• Strengthen initiatives targeting employee engagement and new workstyle reforms

Progress in the First Year of NC2022: (1) Information & Electronics

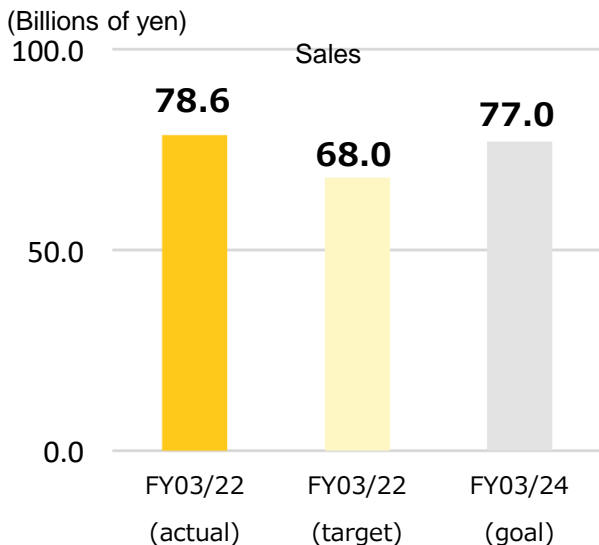
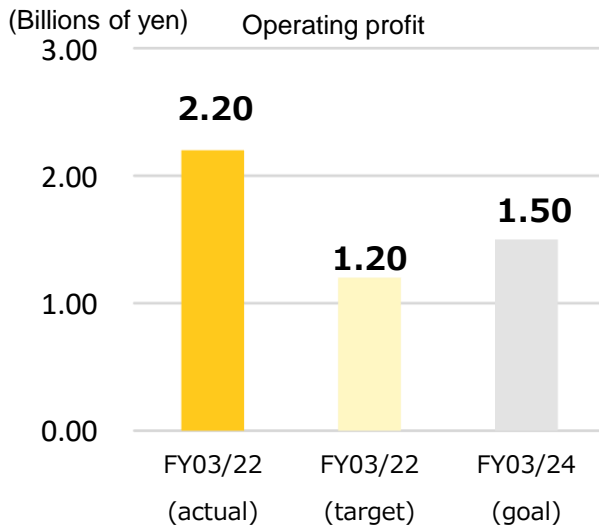


(Billions of yen)	NC2023 FY03/22 First year actual	NC2023 FY03/22 First year targets	NC2023 FY03/24 Final year goals
Operating profit	6.42	5.05	5.65
Operating profit margin	2.6%	2.2%	2.3%
Sales	247.7	226.0	246.0



- Sales of mainstay products, including FPD-related (e.g., LCD panel), OA equipment-related, and solar cell-related products, were robust.
- Sales and operating profit exceeded both the first year targets and final year goals.

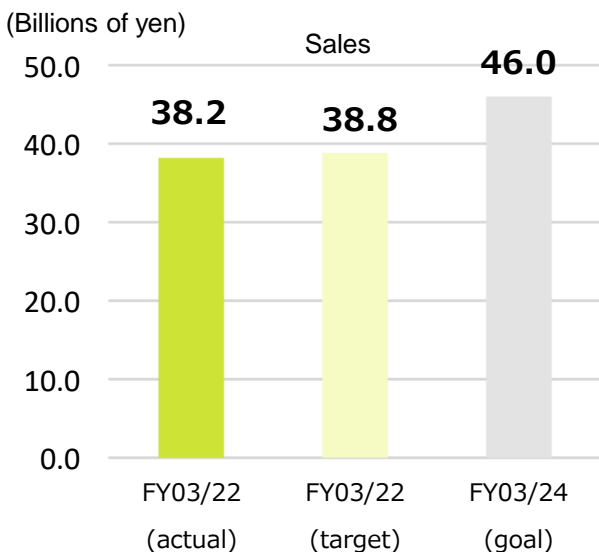
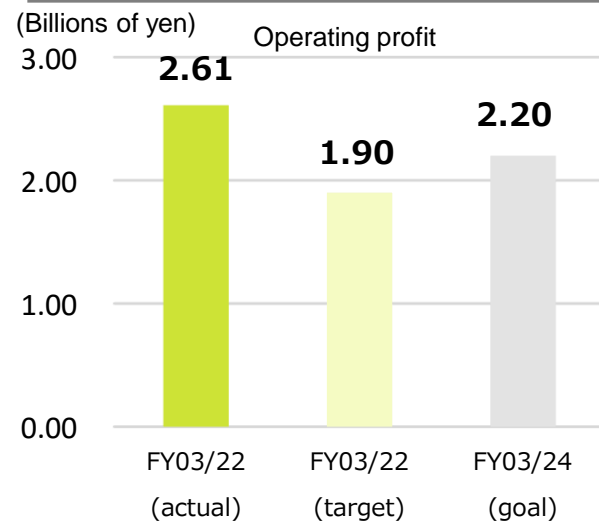
Progress in the First Year of NC2022: (2) Chemicals



(Billions of yen)	NC2023 FY03/22 First year actual	NC2023 FY03/22 First year targets	NC2023 FY03/24 Final year goals
Operating profit	2.20	1.20	1.50
Operating profit margin	2.8%	1.8%	1.9%
Sales	78.6	68.0	77.0

- Sales of resin materials and additives, raw materials for automotive components, and housing construction materials recovered overall from the sharp decline in FY03/21 caused by the pandemic.
- Sales and operating profit exceeded both the first year targets and final year goals.

Progress in the First Year of NC2023: (3) Life Industry

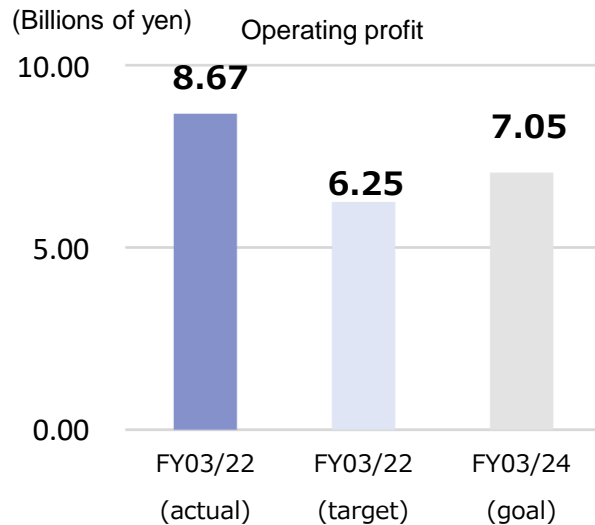


(Billions of yen)	NC2023 FY03/22 First year actual	NC2023 FY03/22 First year targets	NC2023 FY03/24 Final year goals
Operating profit	2.61	1.90	2.20
Operating profit margin	6.9%	4.9%	4.8%
Sales	38.2	38.8	46.0

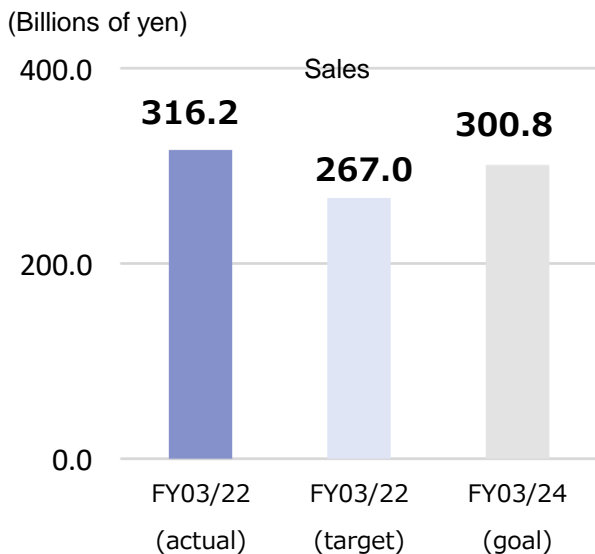
- Sales of processed seafoods and agricultural products in the food-related business, and ingredients for cosmetics and raw materials for daily goods in the life science-related business were robust.
- Operating profit exceeded both the first year targets and final year goals thanks in part to strong sales of seafood products in the US.
- Sales were in line with the first year targets.

Note: FY03/24 goals in figures above are those prior to the revision.

Progress in the First Year of NC2023: (4) Plastics



(Billions of yen)	NC2023 FY03/22 First year actual	NC2023 FY03/22 First year targets	NC2023 FY03/24 Final year goals
Operating profit	8.67	6.25	7.05
Operating profit margin	2.7%	2.3%	2.3%
Sales	316.2	267.0	300.8



- Sales of all products, including automotive-related, OA equipment-related, daily goods-related, and food-related products, recovered from a major slump in FY03/21 caused by the pandemic; increase in resin prices also contributed to sales growth.
- Sales and operating profit exceeded both the first year targets and final year goals

NC2023 Investment Status

(Billions of yen)	<i>NC2020</i> Four years cumulative results	<i>NC2023</i> FY03/22 actual	<i>NC2023</i> cumulative results
Growth investment	8.90	1.20	1.20
Fixed investment	8.03	2.01	2.01
Total	16.93	3.21	3.21

■ Major growth investments in FY03/22

- Plastics segment:
 - ¥0.29 billion for facilities (related to compound)
 - ¥0.16 billion for facilities (related to inflation molding)
 - ¥0.10 billion for facilities (others)
- Life industry segment:
 - ¥0.09 billion (related to food-related business, Awaji Island Project)

NC2023 Further Development of Core Businesses

Progress at our compounds plant (sales to automakers in Mexico)



■ As of FY03/22

Sales volume increased as demand recovered versus FY03/21. Selling prices rose on higher resin prices.

■ Outlook for FY03/23

Sales to existing customers recovered to pre-pandemic levels, in part because semiconductor shortages were resolved. Sales volume is expected to increase owing to production transfers from other companies among other factors.

	Sales volume
FY03/21 (actual)	6,900 MT
FY03/22 (actual)	8,700 MT
FY03/23 (forecast)	14,000 MT



Company: IK Plastic Compound Mexico, S.A. de C.V.

Production capacity: 15,000 MT/year

Location: Silao, Guanajuato, central Mexico

Commenced operations in November 2013, with mass production starting in September 2014

NC2023 Further Development of Core Businesses

Progress at our compounds plant (sales to manufacturers of OA equipment in the Philippines)



■ As of FY03/22

Sales targets were not met, as a key customer, an OA equipment manufacturer, missed its production targets due to electronic parts and resin shortages. That said, overall performance held firm thanks in part to higher selling prices on the back of soaring resin prices.

■ Outlook for FY03/23

Sales volume is expected to remain flat YoY.

	Sales volume
FY03/21 (actual)	9,500 MT
FY03/22 (actual)	17,000 MT
FY03/23 (forecast)	17,000 MT



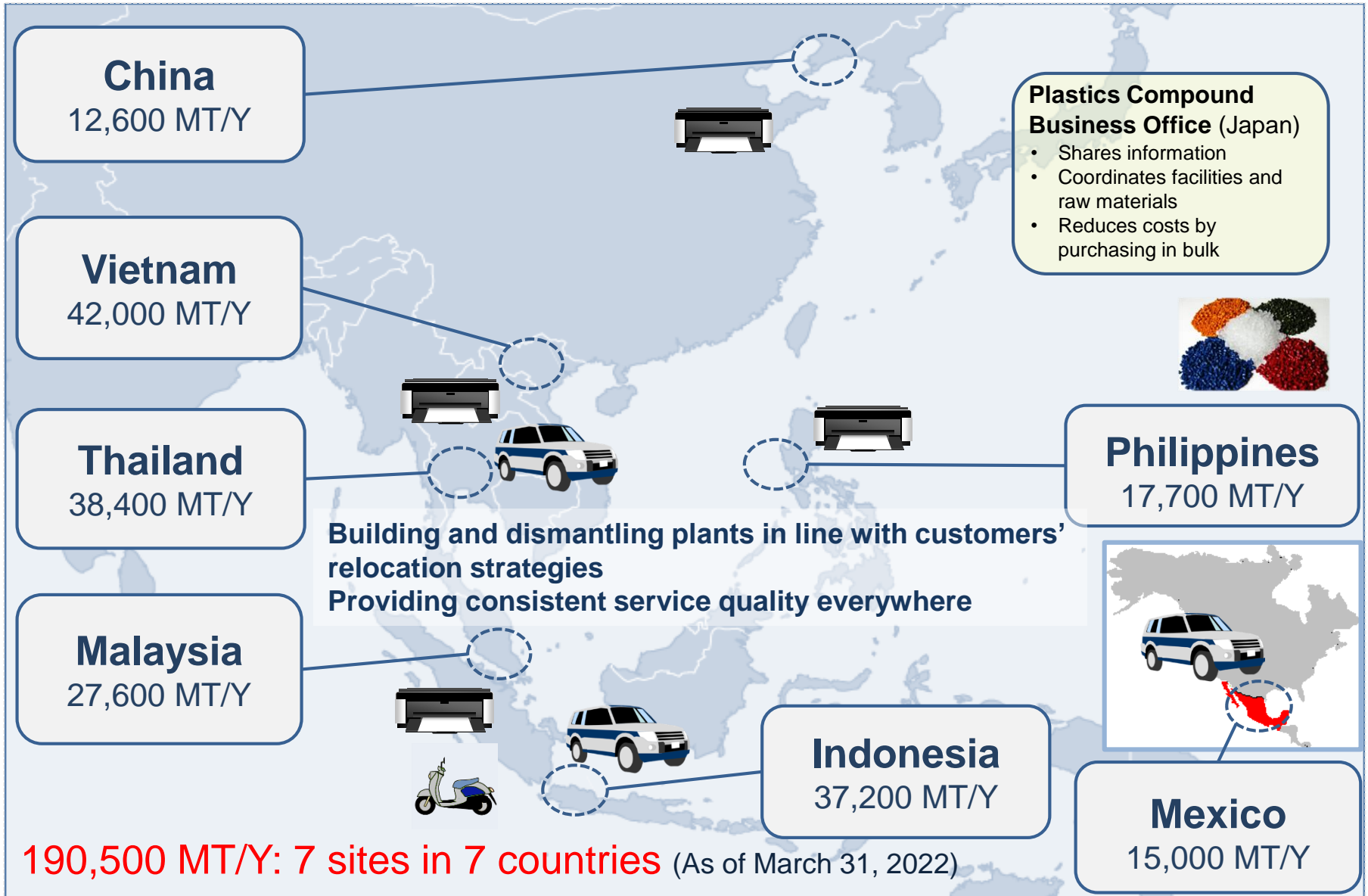
Company: IK PLASTIC COMPOUND PHILS. INC.

Production capacity: 17,700 MT/year

Location: Laguna Province, Philippines

Commenced business and production in July 2014

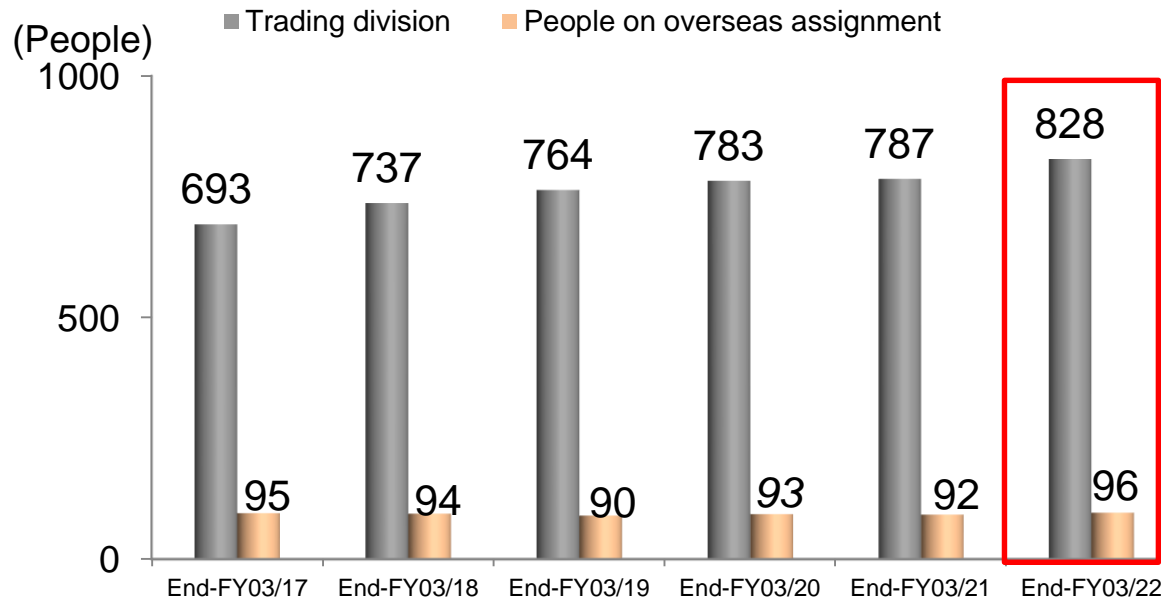
Annual Production Capacity for Plastic Compounds



NC2023 Enhancement of Human Capital Utilization Efforts

- ✓ In May 2022, Inabata conducted an engagement survey of 1,700 employees at 29 locations in 17 countries.
- ✓ Introduced remote work and work-at-home systems to accommodate flexible work styles

Number of overseas personnel in the trading division and people on overseas assignment



Employees at Inabata Mexico

Note: The number of people on overseas assignment is as of the first day of the following month.


[Governance] Board of Directors evaluation

- Objective: To enhance corporate value by increasing the effectiveness and transparency of the Board of Directors
- Conducts a third-party evaluation every three years (in the form of surveys and interviews)
- **FY03/22**
 - Performed a self-evaluation of all directors and Audit & Supervisory Board members using a survey format
 - ⇒ In April 2022, disclosed summary of evaluation

Sustainability Initiatives

- | | |
|---------------|---|
| October 2021 | Established Sustainability Committee
Chaired by the Company president; all directors, including those from outside the Company, participate in the Committee as a member or observer |
| November 2021 | Formulated the Inabata Group Sustainability Basic Policy and the Code of Conduct |
| April 2022 | Signed UN Global Compact (UNGC) |

Under *NC2023*, Inabata will strengthen initiatives in the environment and energy sectors, including in the areas of photovoltaic power generation and lithium-ion batteries, and focus on expanding sales of products that reduce environmental burden such as environmentally-friendly and recycled resins.

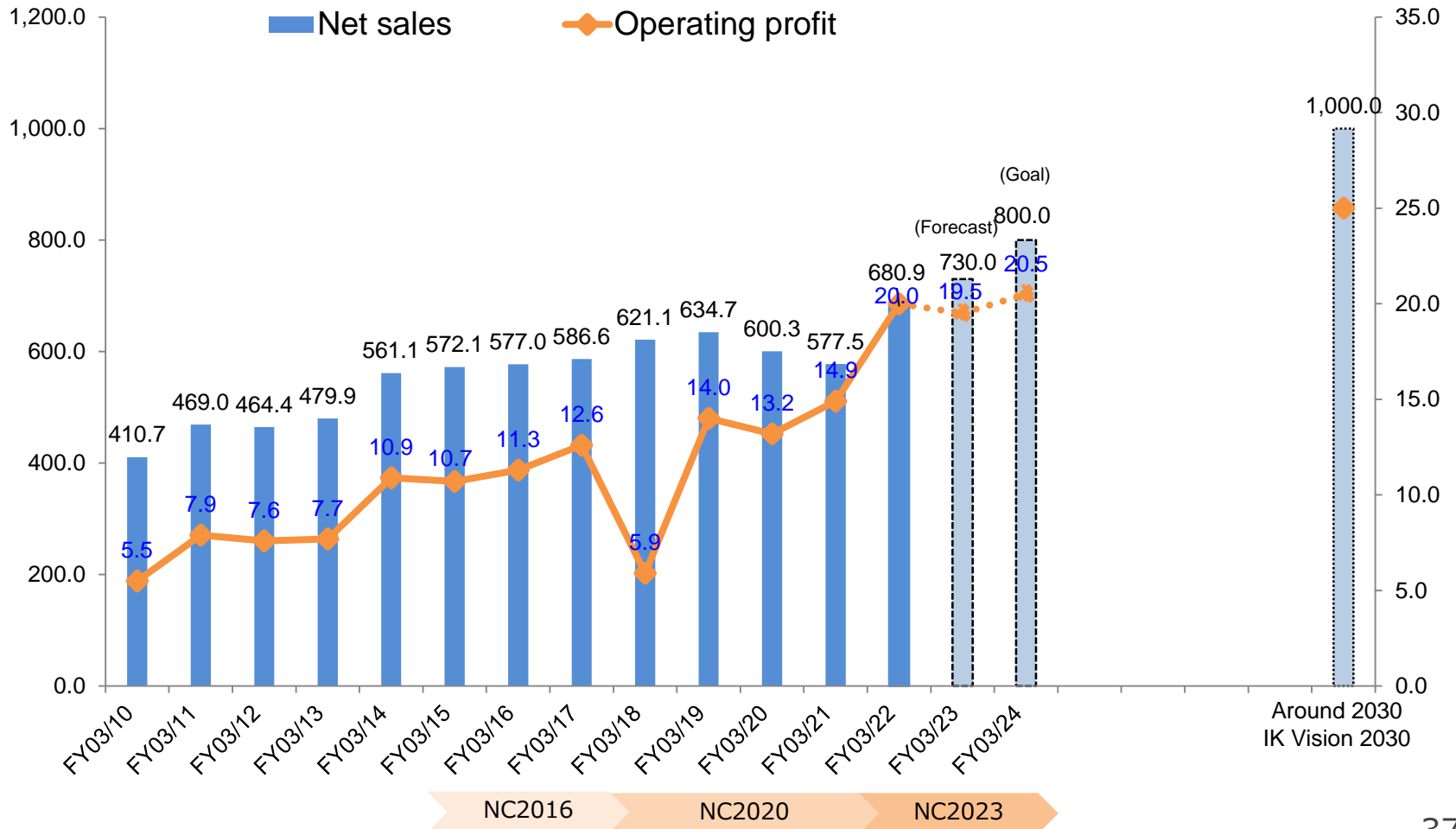


Contribute to realizing a sustainable society while aiming for solid profitability

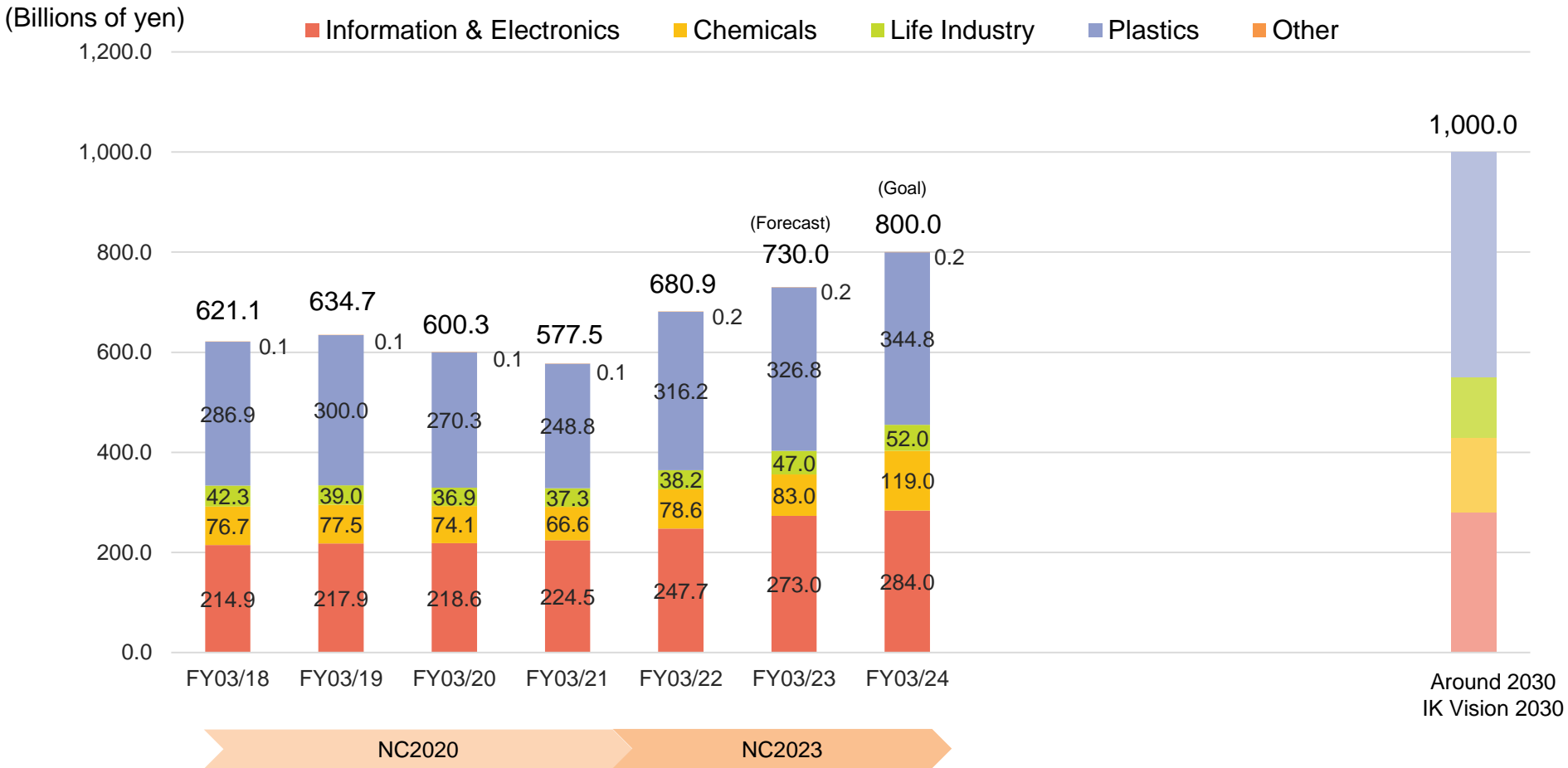
Net Sales and Operating Profit

(Net sales: Billions of yen)

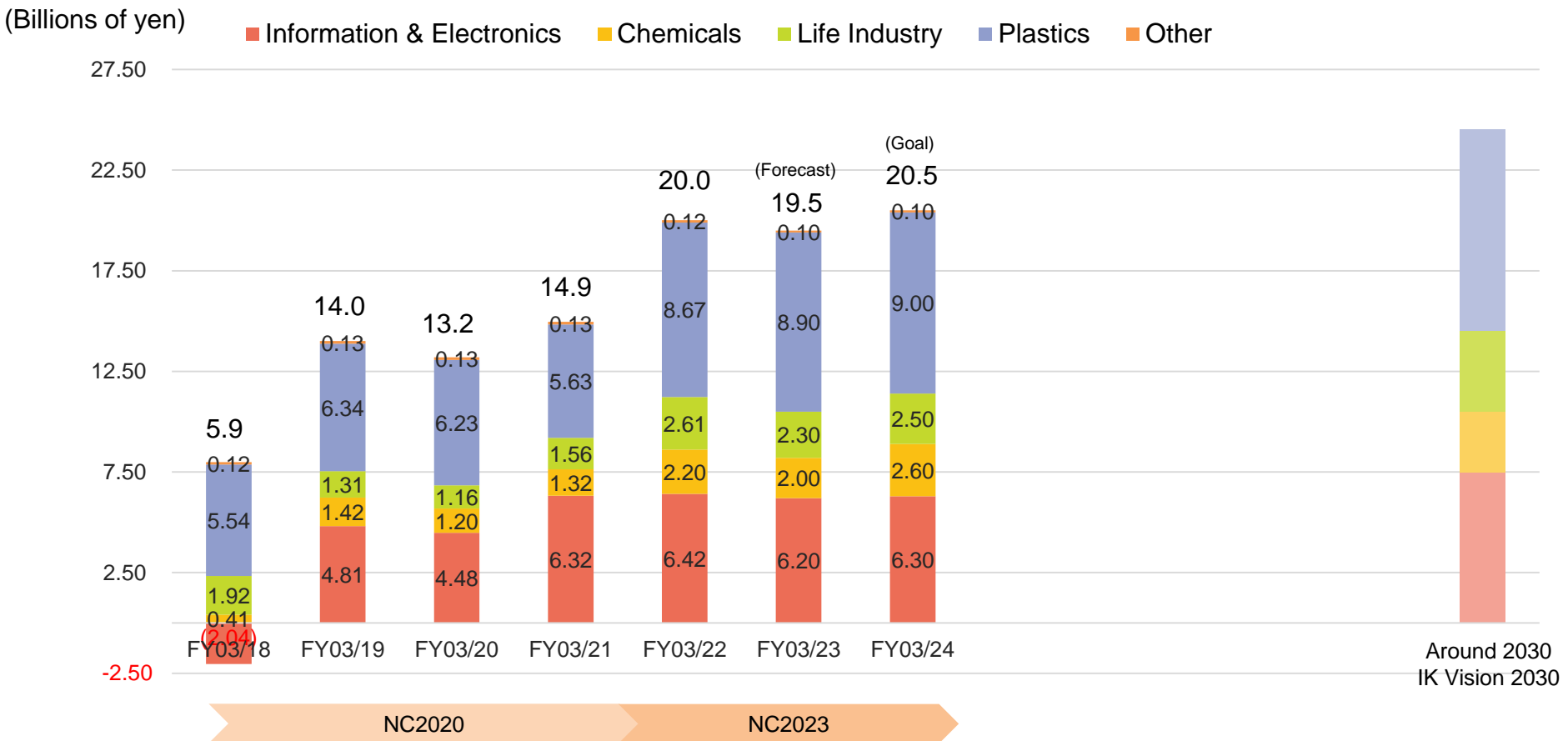
(Operating profit: Billions of yen)



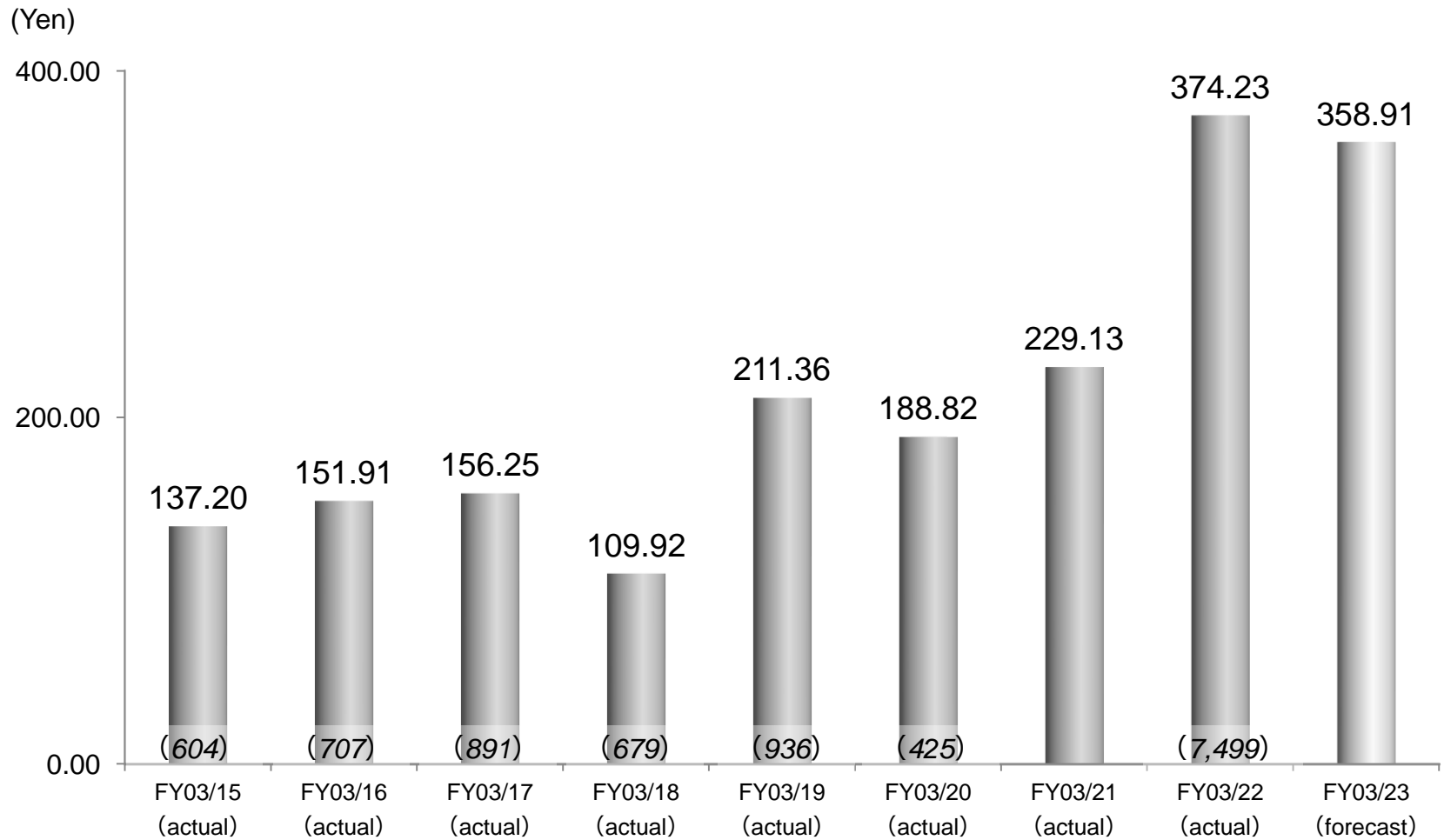
Sales by Segment



Operating Profit by Segment



Earnings per Share



Note: Figures in parentheses at the bottom of the bar graph indicate own-share purchases conducted during the year (in millions of yen).

Company Overview

Name	Inabata & Co., Ltd.
Founded	October 1, 1890
Incorporated	June 10, 1918
Capital stock	¥9,364 million
Representative	Katsutaro Inabata, Director, President
Head offices	Osaka Head Office (1-15-14 Minami-semba, Chuo-ku, Osaka) Tokyo Head Office (2-8-2 Nihonbashi-honcho, Chuo-ku, Tokyo)
Employees	672 (4,207 on consolidated basis)
Issuable shares	200,000,000
Shares issued and outstanding	60,799,227

(As of March 31, 2022)

Fiscal year	April 1 to March 31
Exchange listing	Tokyo Stock Exchange
Ticker	8098
Trading unit	100 shares
Shareholders	28,472
Major shareholders (top three and percentage ownership)	Sumitomo Chemical Co., Ltd. (24.1%) The Master Trust Bank of Japan, Ltd. (Trust Account) (10.7%) Custody Bank of Japan, Ltd. (Trust Account) (3.5%)

The Company owns 3,395,519 shares of treasury shares. This shareholding is not shown in the table and has not been included in the calculation of the shareholding ratio. However, 94,300 shares of the Company held by Custody Bank of Japan, Ltd. (Trust account E) as a trust property under the Board Benefit Trust (BBT) system is excluded from the number of the treasury shares, and hence, is included in the calculation of the ratio.

The Company retired 3,085,100 shares of treasury shares on April 5, 2022.

□ IR-related inquiries:

IR Department, Financial Management Office
Inabata & Co., Ltd.
E-mail: inabata-ir@inabata.com

◆ **Cautionary note regarding forward-looking statements**

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

◆ **Presentation of numerical figures**

Figures in this document presented in millions and billions of yen have been rounded down. Consequently, certain discrepancies may exist between individual values and total values, or values showing changes between sets of data.