

IR Briefing for 1H the Fiscal Year Ending March 2023

Progress in the Second Year of Medium-Term Management Plan *NC2023*

Inabata & Co., Ltd.

Katsutaro Inabata, Director, President

Inabata & Co., Ltd. held the financial results briefing for 1H the fiscal year ending March 2023 via live broadcast on December 5, 2022.

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Company Overview

About Inabata:

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.



Inabata Dye Shop (Nishijin, Kyoto)

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

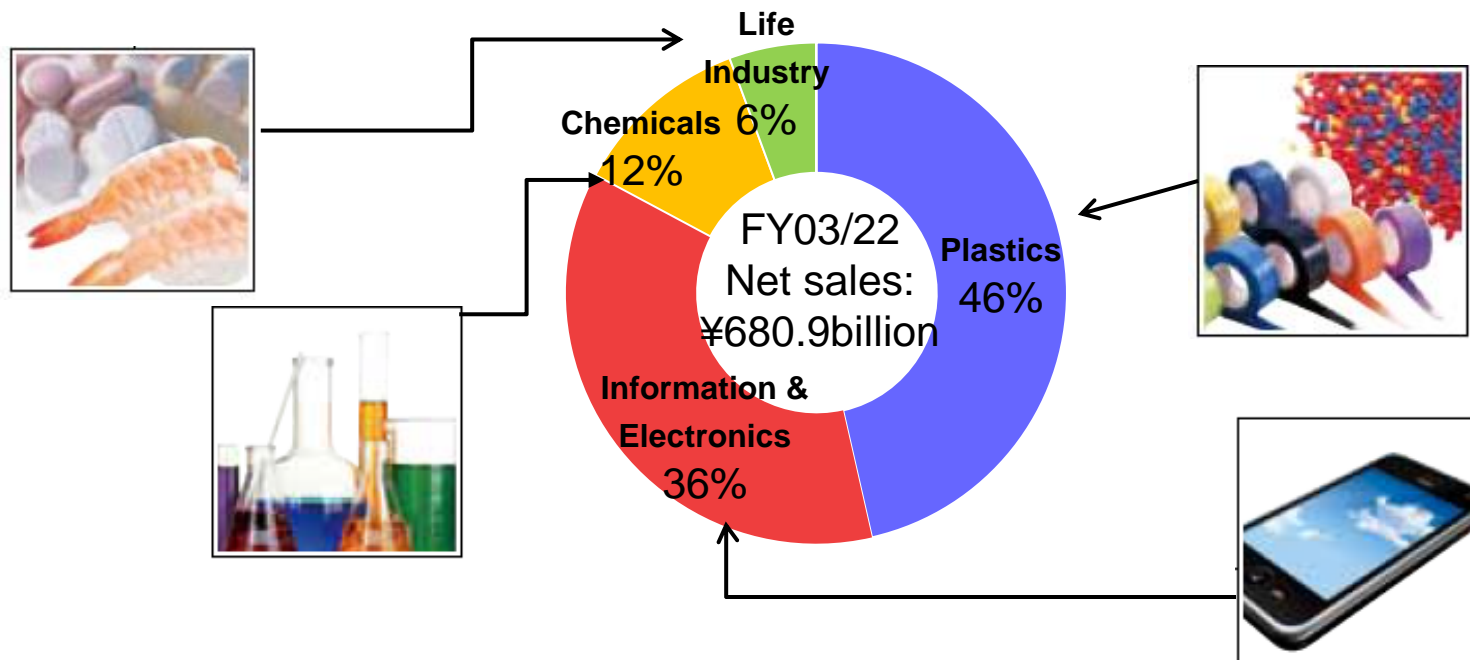
The company operates at 60 locations across 18 countries. Business functions include market development, manufacturing and processing, logistics, and finance. Our plans and proposals are based on specialized expertise and knowledge of products and markets.



Company Overview

3. Four business segments

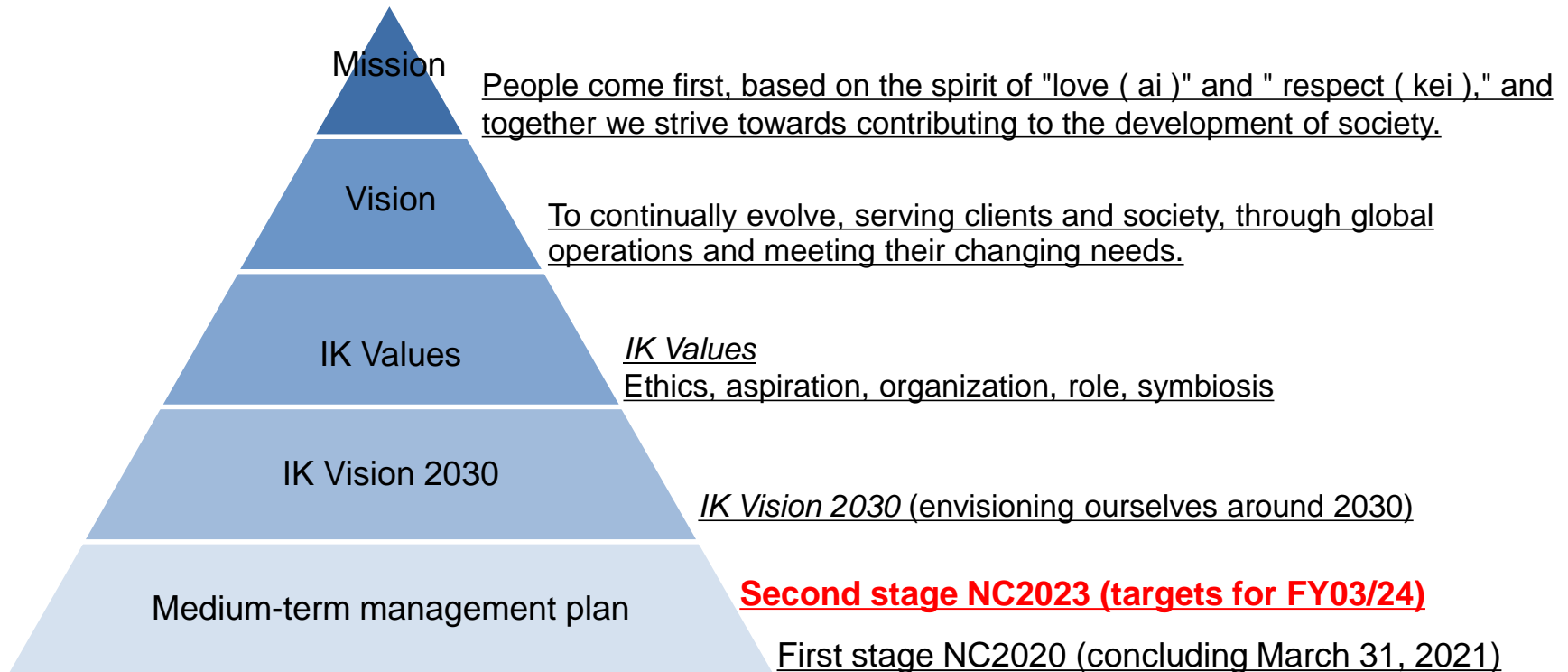
We operate in four segments: Information & Electronics, Chemicals, Life Industry, and Plastics.



- 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*



Long-term Vision *IK Vision 2030*

- Inabata's aspirations for itself in around 2030

Reach consolidated net sales of **¥1 trillion**

Further enhancing multifaceted capabilities (such as manufacturing, logistics, and finance) in addition to trading


At least **one-third** of business from segments other than Information & Electronics and Plastics

Overseas business
70% or more

[Formulated May 2017]

NC2023 Quotative Target

Results in the first year of the plan exceeded goals for the final year in terms of both sales and profit, so goals and performance indicators for the final year were adjusted upward based on the business environment and future outlook.

Numerical goals and performance indicators	NC2023 FY03/2024 Initial goals		NC2023 FY03/2024 Revised goals
Net sales	¥670.0 billion		¥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

NC2023 Quotative Target (by segment)

- Raised sales and operating profit projections in all segments for the plan's final fiscal year (FY03/24)

(Billions of yen)

Segment	NC2023 Initial goals		NC2023 Revised goals		Difference	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Information & Electronics	246.0	5.65	284.0	6.30	+38.0	+0.65
Chemicals	77.0	1.50	119.0	2.60	+42.0	+1.10
Life Industry	46.0	2.20	52.0	2.50	+6.0	+0.30
Plastics	300.8	7.05	344.8	9.00	+44.0	+1.95
Other	0.2	0.10	0.2	0.10	0.0	0.0
Total	670.0	16.50	800.0	20.50	+130.0	+4.00

Exchange rate	USD1=¥105.00	USD1=¥120.00	+¥15.0
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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 improvement of global management information infrastructure
5.	Continuous review of assets and further improvement of capital and asset efficiency
6.	Enhancement of human capital utilization efforts

- 1H Progress in the Second Year of
Medium-Term Management Plan *NC2023*

FPD(flat panel display) Market

- We continued to encounter inventory glut as a result of sluggish end-user demand, and adjustments to production levels remained significant due to declining panel prices.
- Demand associated with FPD products for use with TVs declined substantially due to inventory adjustment, while demand for smartphone FPD products slumped due to sluggish end-user demand and prolonged smartphone replacement cycles among consumers. Meanwhile, demand surrounding FPD products for PCs, monitors, and tablets fell significantly primarily because it was not spurred on by special demand that was previously observed in FY03/22.
- Sales of organic electroluminescent panels for smartphones continued to grow, but this growth was limited when measured in terms of area. We project that LCD panels will maintain a dominant share of total FPD area for some time to come.
- Sales of raw materials for polarizing plates and other FPD materials fell sharply. We expect demand to remain sluggish in 2H.

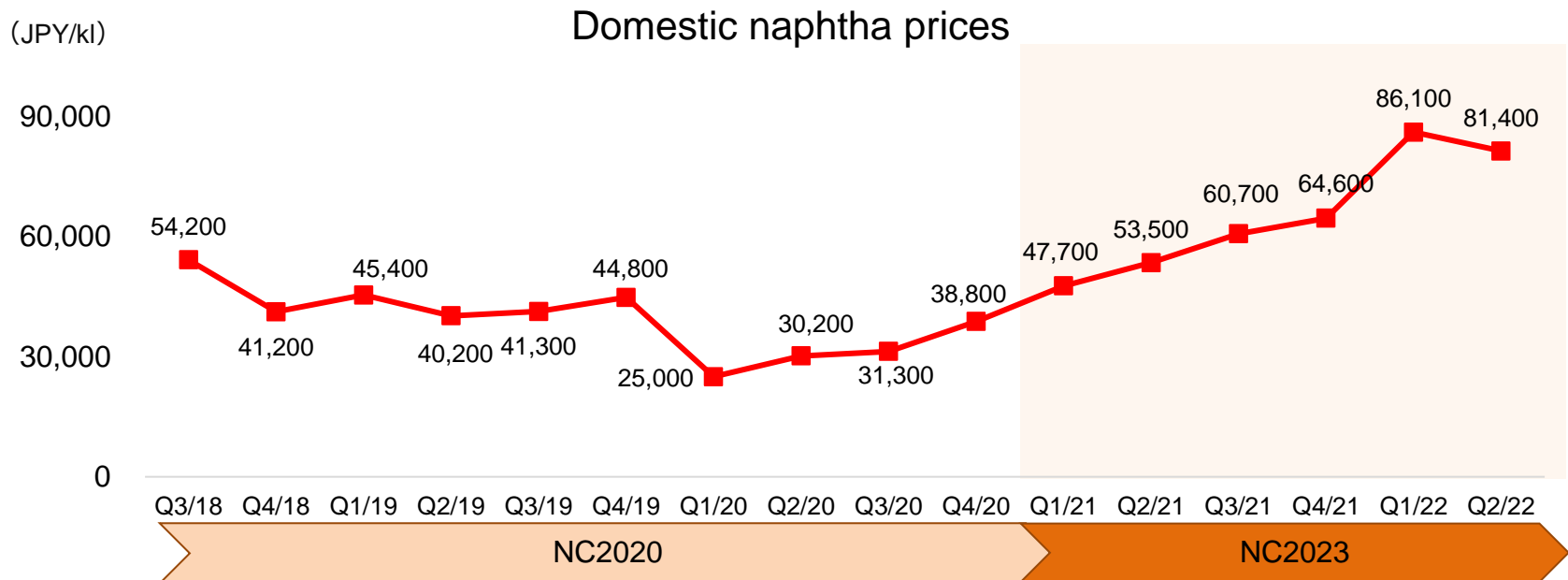
Projected Breakdown of Total Flat Panel Display Area (LCDs and OLEDs)

% of total panel area	2019	2020	2021	2022	2023	2024	2025
LCDs	96%	96%	95%	94%	94%	93%	93%
OLEDs	4%	4%	5%	6%	6%	7%	7%

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

Operating Environments in 1H FY03/23: Plastics

- Despite a lull in their growth, naphtha prices remained high in the JPY80,000 range, and per-unit selling prices of commodity resins continued to be high as a result. We also anticipate high naphtha prices in 2H.
- With the exception of resins for daily goods, sales of commodity resins were generally strong amid growth in selling prices.
- Thanks in part to growth in selling prices, sales of high-performance resins remained robust despite ongoing impact from shortages of OA-related and automotive electronic components.



1H Progress in the Second Year of *NC2023*

- Deterioration in market conditions surrounding the Information & Electronics segment was greater than anticipated. However, progress toward second-year targets in *NC2023* was generally favorable thanks in part to depreciation of the yen.
- We achieved solid progress toward final-year targets in *NC2023*.

	FY03/23			NC2023 FY03/24 Final year targets
	1H actual	FY03/23 forecast	NC2023 Second year targets	
Net sales	¥373.4 billion	¥730.0 billion	¥730.0 billion	¥800.0 billion
Operating profit	¥10.5 billion	¥19.5 billion	¥19.5 billion	¥20.5 billion
Ordinary profit	¥10.3 billion	¥20.5 billion	¥20.5 billion	¥21.5 billion
Profit attributable to owners of parent	¥9.6 billion	¥20.5 billion	¥20.5 billion	¥22.5 billion
Net debt/equity ratio	0.24x	-	0.5x or less	0.5x or less
Equity ratio	46.6%	-	Approximately 40–50%	Approximately 40–50%
Exchange rate	USD1=¥134.03	USD1=¥140.00*	USD1=¥120.00	USD1=¥120.00

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

* Assumed exchange rates were revised at the beginning of Q3 FY03/23

(initial assumption of USD1=JPY120.00 → assumption of USD1=JPY140.00 adopted at beginning of Q3 FY03/23).

Differences between Full-Year Forecasts and Planned Targets

- Based on our surrounding business environment, we have lowered our operating profit forecast for the Information & Electronics segment. Meanwhile, we raised projections for the Chemicals, Life Industry, and Plastics segments and expect to achieve our overall second-year target.

(Billions of yen)

Segment	FY03/23 forecast		NC2023 Second year targets		difference	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Information & Electronics	229.5	4.50	273.0	6.20	-43.5	-1.70
Chemicals	90.5	2.60	83.0	2.00	+7.5	+0.60
Life Industry	46.5	2.60	47.0	2.30	-0.5	+0.30
Plastics	363.3	9.70	326.8	8.90	+36.5	+0.80
Other	0.2	0.10	0.2	0.10	0.0	0.0
Total	730.0	19.5	730.0	19.5	0.0	0.0
Exchange rate (USD/JPY)		140.0		120.0		+20.0

NC2023 Investment Status

- Through our Plastics segment, we pushed forward with investment related primarily to compounds and inflation molding.
- We continue to explore opportunities for investment related primarily to renewable energy, food products, and motor vehicles.

(Billions of yen)	FY03/22 actual	1H FY03/23 Actual	Major growth investments in 1H FY03/23	NC2023 period (FY03/22 onward)
Growth investment	1.20	0.83	Plastics segment: ¥0.24 billion for facilities (related to compound) ¥0.15 billion for recycling business ¥0.11 billion for facilities (related to inflation molding) Information & Electronics: ¥0.24 billion for Semiconductor-related	2.03
Fixed investment	2.01	0.95	Plastics segment: ¥0.15 billion for facilities (related to compound) ¥0.14 billion for facilities (related to inflation molding)	2.96
Total	3.21	1.78		4.99

- Returning Profits to Shareholders

Basic Policy on Shareholder Return

During NC2023

■ Progressive dividends

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

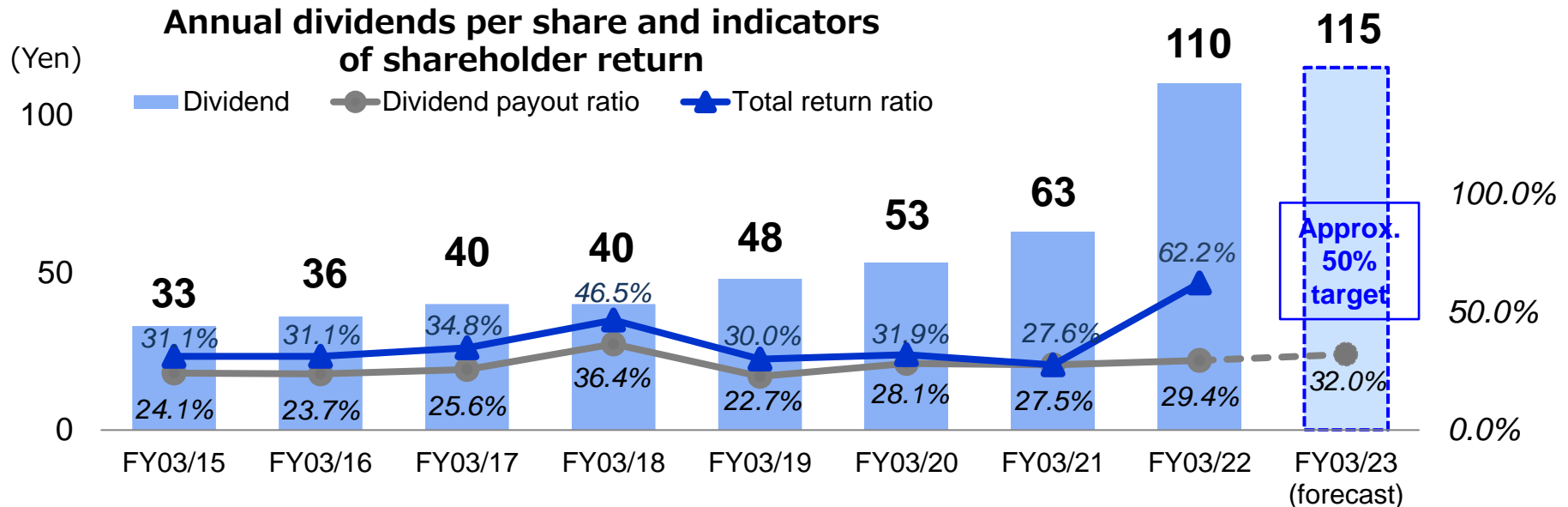
■ Target total return ratio of around 50%

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.

Note: Total return ratio (%) = (dividend amount + amount of treasury shares acquired) / consolidated net income x 100

NC2023 Returning Profits to Shareholders

- As planned, we expect to issue dividends of ¥115 per share for FY03/23 (interim dividend of ¥50 per share and a year-end dividend of ¥65 per share).
- We repurchased and canceled treasury shares to improve capital efficiency.



Treasury shares	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23*
Acquisition amount	604	707	891	679	936	425	-	7,499	1,478
No. of shares acquired	600	600	600	400	600	300	-	3,085	600
No. of shares cancelled	1,660	-	-	-	-	-	-	2,700	3,685

(Millions of yen)
(Thousands of shares)

* Amounts current as of October 31, 2022

■ ESG

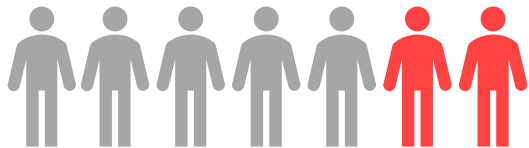
Corporate Governance Structure

June 2022

Transition to Company with Audit and Supervisory Committee
 Transition to monitoring-type Board of Directors where independent outside directors account for more than half

Directors (excluding audit and supervisory committee members)

7 persons



Outside

Directors (audit and supervisory committee members)

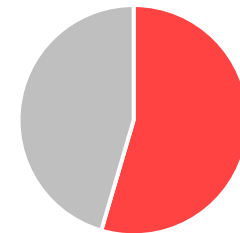
4 persons



Outside

Ratio of independent outside directors

55% (6 out of 11)



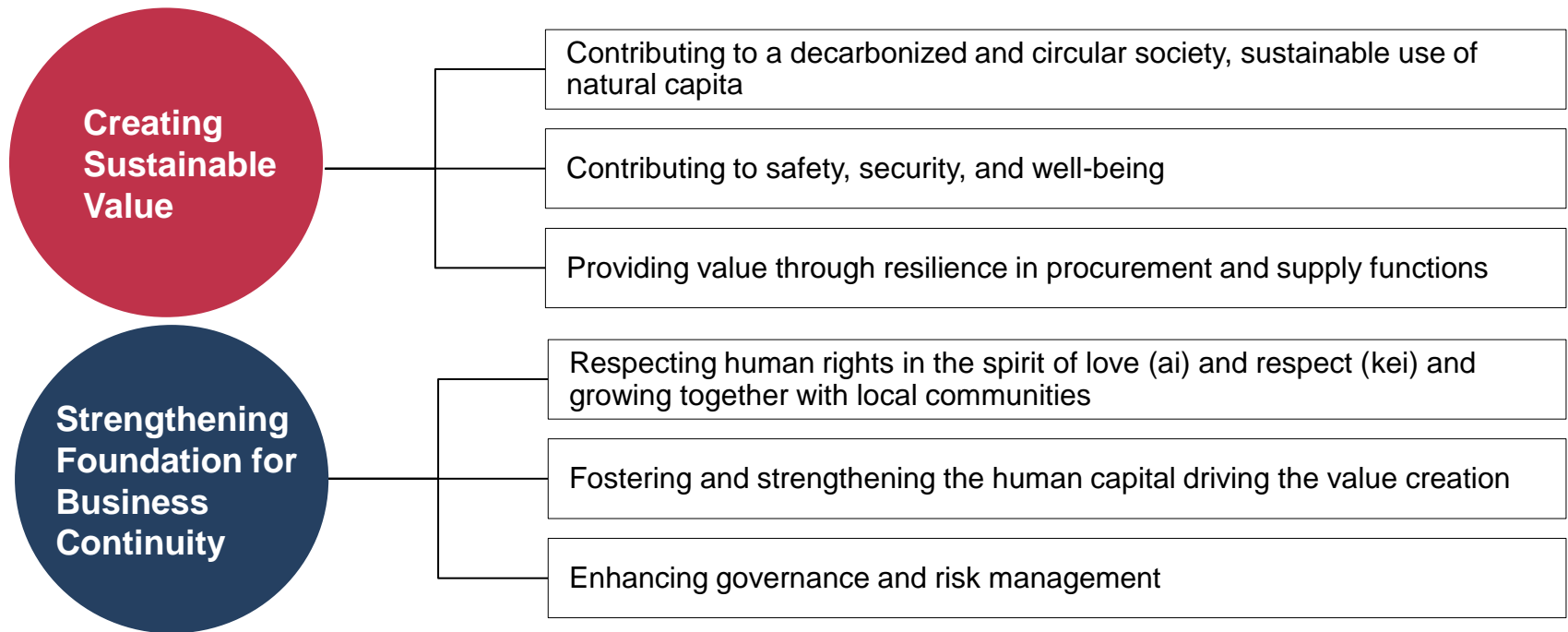
Sustainability Initiatives

- We will push forward with sustainability management in accordance with our corporate group's mission, which emphasizes respect for humankind.

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)
June 2022	Announced “2050 Carbon Neutrality Declaration” Defined materiality issues Began disclosures in accordance with TCFD recommendations

Identifying Materiality Issues

- We have identified priority issues with impact on our pursuit of sustainable growth (June 2022).
- We will establish indicators, targets, and plans for each priority issue in FY2023.



Products that reduce environmental load

- 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 load such as environmentally-friendly and recycled resins.
- Contribute to realizing a sustainable society while aiming for solid profitability

(Billions of yen)

Field	Main contents	FY03/22 Sales	1H FY03/23 Sales	FY03/23 Sales (forecast)
Energy & Power	Renewable energy, Alternative fuels, etc.	2.0	0.0	0.4
Resources & Environment	Sustainable raw materials, Recycling, etc.	4.2	5.7	11.5
Materials & Chemicals	Low-carbon materials, EV/battery materials, etc.	12.2	7.0	18.1
Agriculture & Food	Food waste reduction, Soil improvement, etc.	0.0	0.0	0.0
Transportation & Logistics	EV charging, Green logistics, etc.	0.0	0.0	0.0
Environmental certifications	FSC, MSC, ASC, etc.	0.3	0.1	0.5
Total		18.7*	13.0*	30.7*

* Simple aggregate value

■ 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 improvement of global management information infrastructure

Key Initiatives

- 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

NC2023 Further Development of Core Businesses (Key Initiative 1)

Progress at our compounds plant
(sales in the automotive sector in Mexico)



■ As of 1H FY03/23

- Demand is slowly recovering from a previous decline caused by COVID-19.
- We expect recovery to continue in 2H, but we do not anticipate full-scale recovery until FY03/24 at the earliest.

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

Production capacity: 22,300 MT/year

Location: Silao, Guanajuato, central Mexico
Commenced operations in November 2013, with mass production starting in September 2014



Sales volume	
FY03/21 (actual)	6,900 MT
FY03/22 (actual)	8,700 MT
1H FY03/23 (actual)	5,700 MT
FY03/23 (forecast)	11,900 MT

NC2023 Further Development of Core Businesses (Key Initiative 1)

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



■ As of 1H FY03/23

- Despite a decline in sales volume caused by production cutbacks implemented by OA manufacturers (our primary customer base) in response to electronic component shortages, we were able to generate sales growth thanks in part to higher prices for plastics.
- In 2H, we expect sales volume to be level with 1H as our primary customers continue to implement production cutbacks.

Company: IK PLASTIC COMPOUND PHILS. INC.

Production capacity: 17,700 MT/year

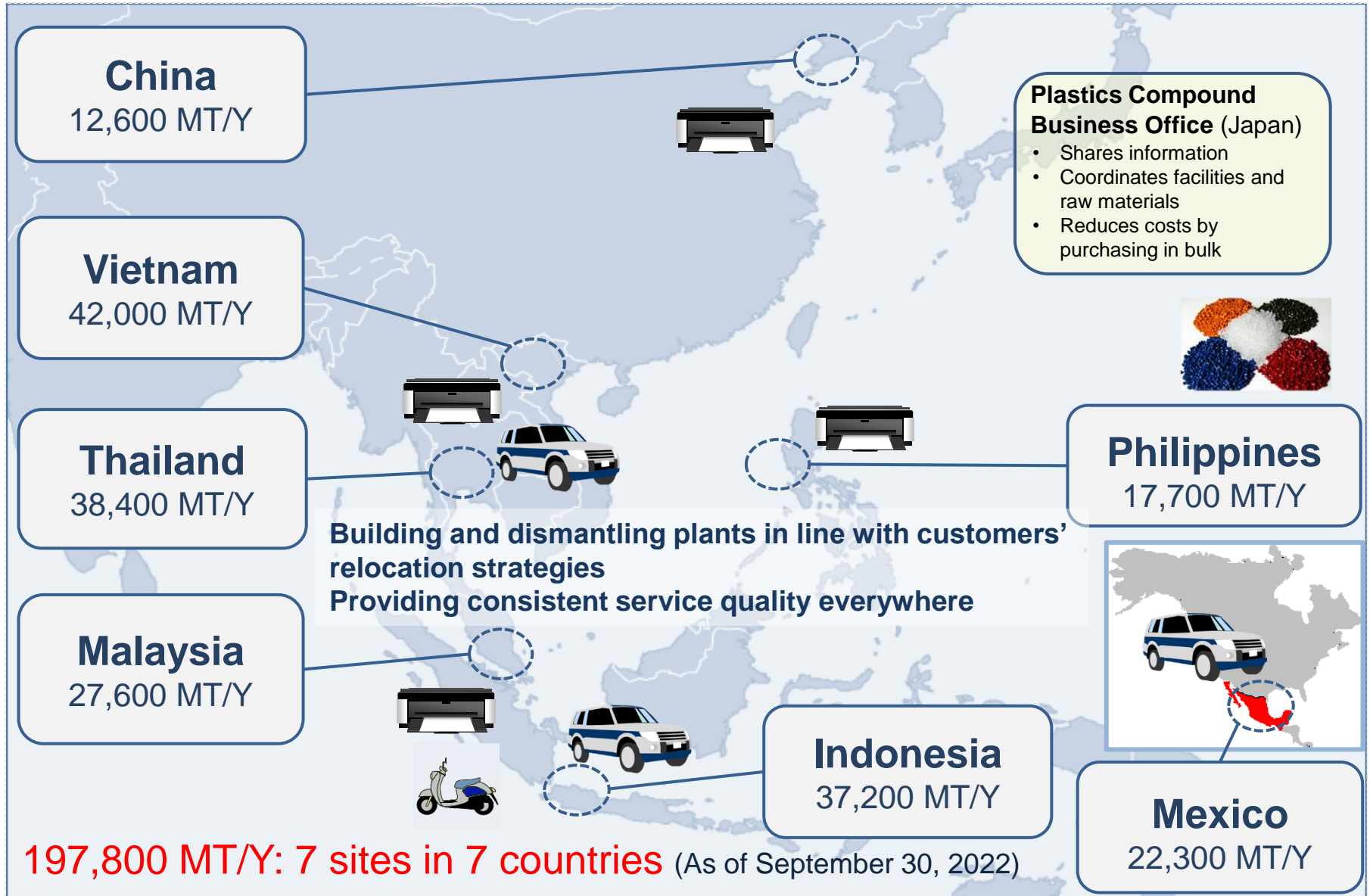
Location: Laguna Province, Philippines

Commenced business and production in July 2014



Sales volume	
FY03/21 (actual)	9,500 MT
FY03/22 (actual)	17,000 MT
1H FY03/23 (actual)	8,100 MT
FY03/23 (forecast)	15,500 MT

[Reference] Annual Production Capacity for Plastic Compounds

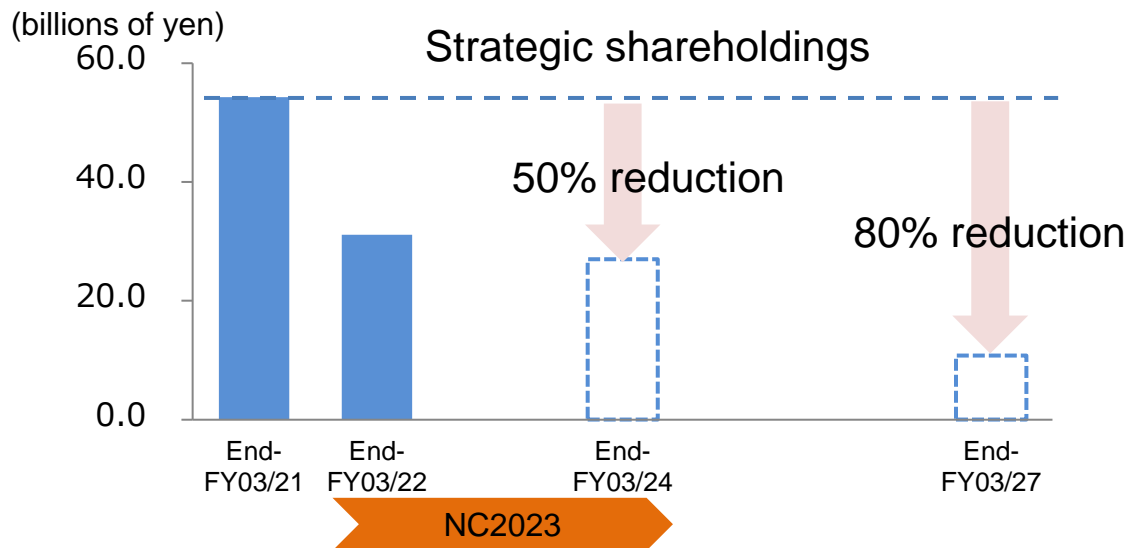


NC2023 Strategic shareholdings reduction policy (Key Initiative 5)

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

- 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)

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



Sales of strategically held shares	
FY03/18	¥9,017 million
FY03/19	¥5,298 million
FY03/20	¥3,026 million
FY03/21	¥2,944 million
FY03/22	¥9,367 million
FY03/23*	¥3,800 million

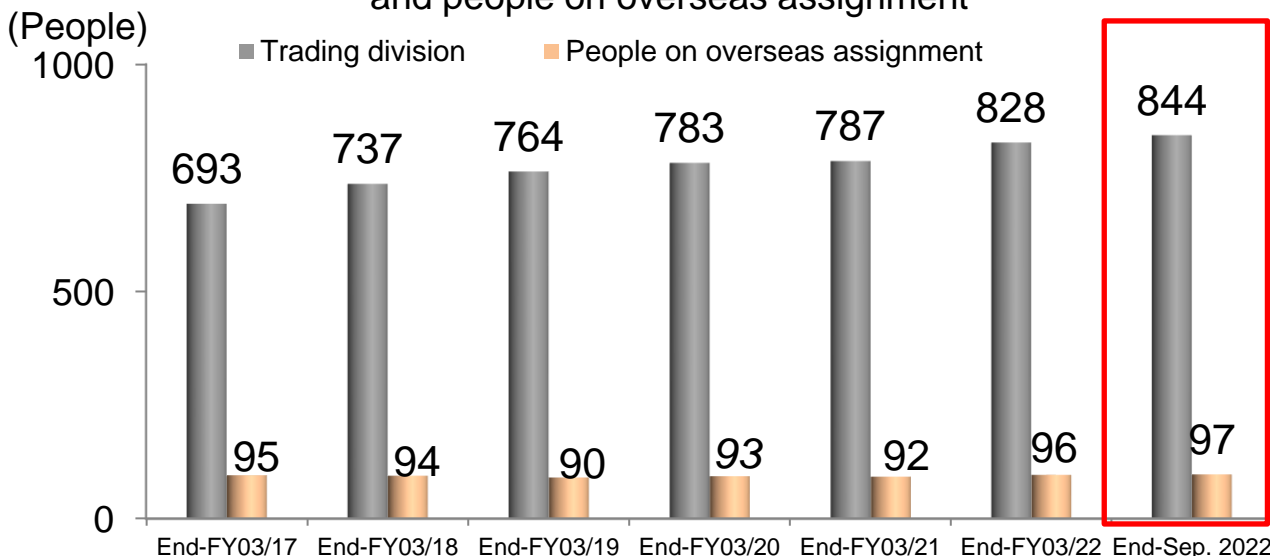
* As of September 30, 2022

Notes: The balance of strategic shareholdings in the figure above is the total of the Company's shareholdings in listed companies in Japan. Strategic shareholding balances have been calculated using fiscal year-end stock prices

NC2023 Enhancement of Human Capital Utilization Efforts (Key Initiative 6)

- We established the Global Human Resources Management Department in January 2022. Moving forward, we will intensify our focus on the centralized management and development of global human resources.
- Promoted diversity (encouraging active participation from women and supporting prosperous activity among the elderly).
- We continued to administer our employee engagement survey and observed increases in both response rates and key ratings.

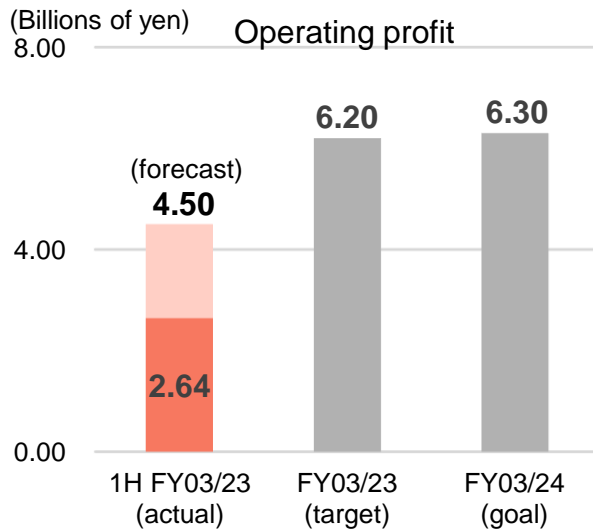
Number of overseas personnel in the trading division and people on overseas assignment



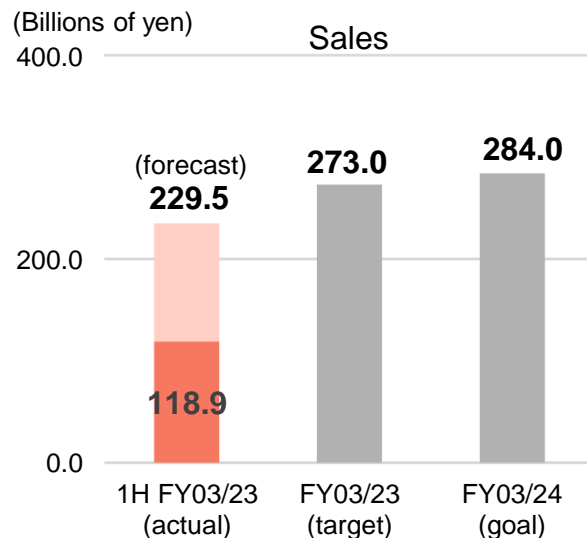
Employees at Inabata France

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

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

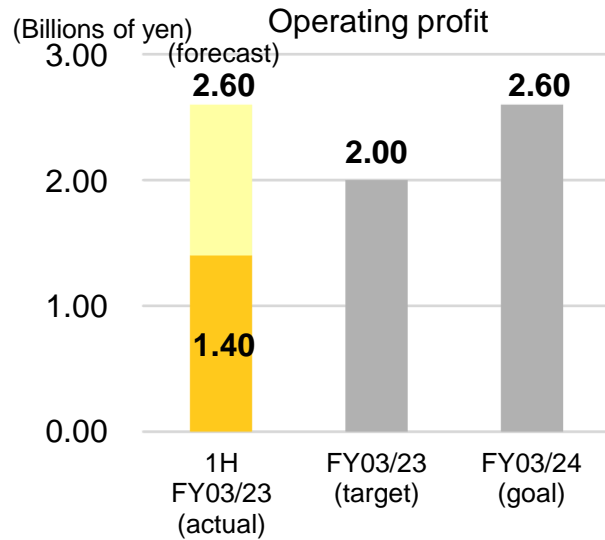


(Billions of yen)	1H FY03/23 actual	FY03/23 forecast	NC2023 Second year targets (FY03/23)	NC2023 Final year goals (FY03/24)
Operating profit	2.64	4.50	6.20	6.30
Operating profit margin	2.2%	2.0%	2.3%	2.2%
Sales	118.9	229.5	273.0	284.0

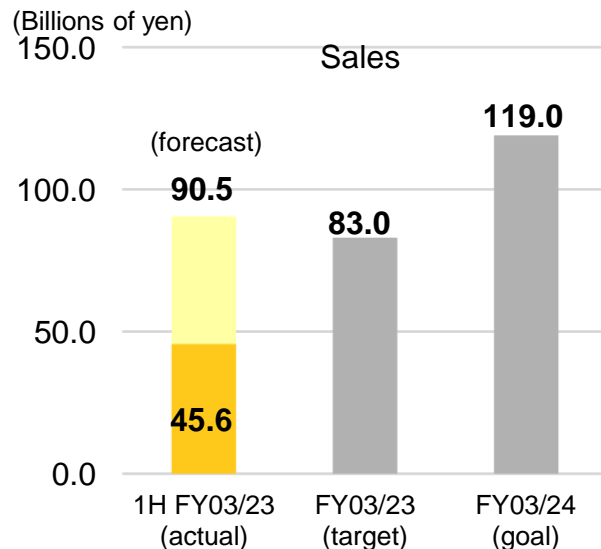


- Due to rapid deterioration in our surrounding business environment, both sales and operating profit are on pace to fall short of their second-year targets.
- Sales of FPD-related materials were sluggish due to significant adjustments to production and inventory levels. Meanwhile, OA-related and solar cell-related sales were solid.

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

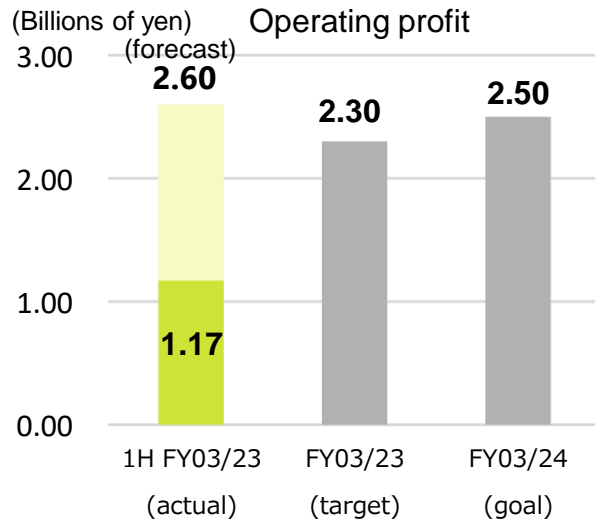


(Billions of yen)	1H FY03/23 actual	FY03/23 forecast	NC2023 Second year targets (FY03/23)	NC2023 Final year goals (FY03/24)
Operating profit	1.40	2.60	2.00	2.60
Operating profit margin	3.1%	2.9%	2.4%	2.2%
Sales	45.6	90.5	83.0	119.0

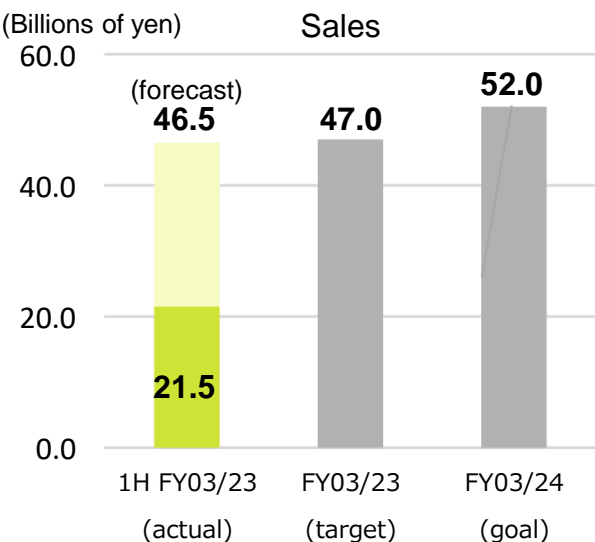


- Both sales and operating profit are on pace to exceed their second-year targets.
- We observed strong performance stemming primarily from resin materials, additives, raw materials for automotive components, and housing construction materials.

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

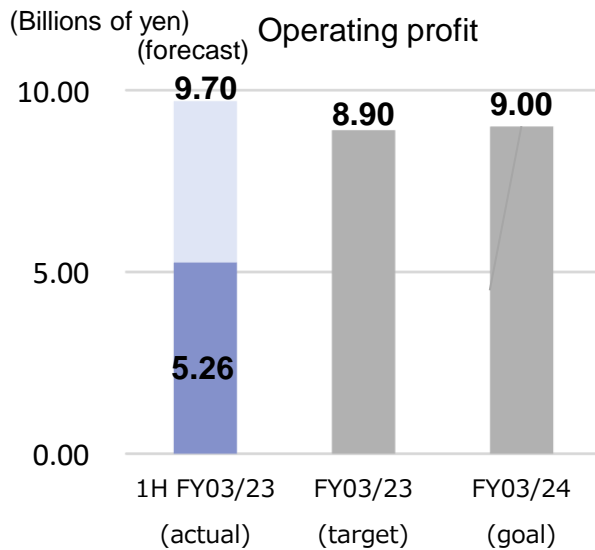


(Billions of yen)	1H FY03/23 actual	FY03/23 forecast	NC2023 Second year targets (FY03/23)	NC2023 Final year goals (FY03/24)
Operating profit	1.17	2.60	2.30	2.50
Operating profit margin	5.4%	5.6%	4.9%	4.8%
Sales	21.5	46.5	47.0	52.0

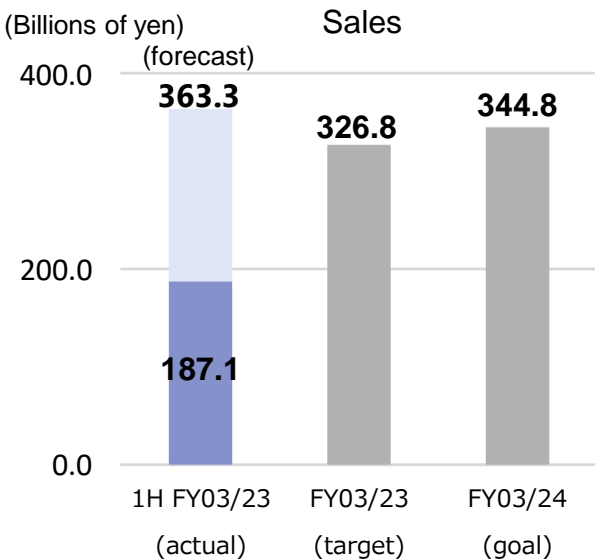


- Both sales and operating profit are on pace to slightly outperform their second-year targets.
- With regard to the food product-related sales, we observed strong performance from agricultural products despite slowdown in demand for seafood products in the US. Sales of raw materials for pharmaceuticals, cosmetics, and daily goods were also steady.

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



(Billions of yen)	1H FY03/23 actual	FY03/23 forecast	NC2023 Second year targets (FY03/23)	NC2023 Final year goals (FY03/24)
Operating profit	5.26	9.70	8.90	9.00
Operating profit margin	2.8%	2.7%	2.7%	2.6%
Sales	187.1	363.3	326.8	344.8

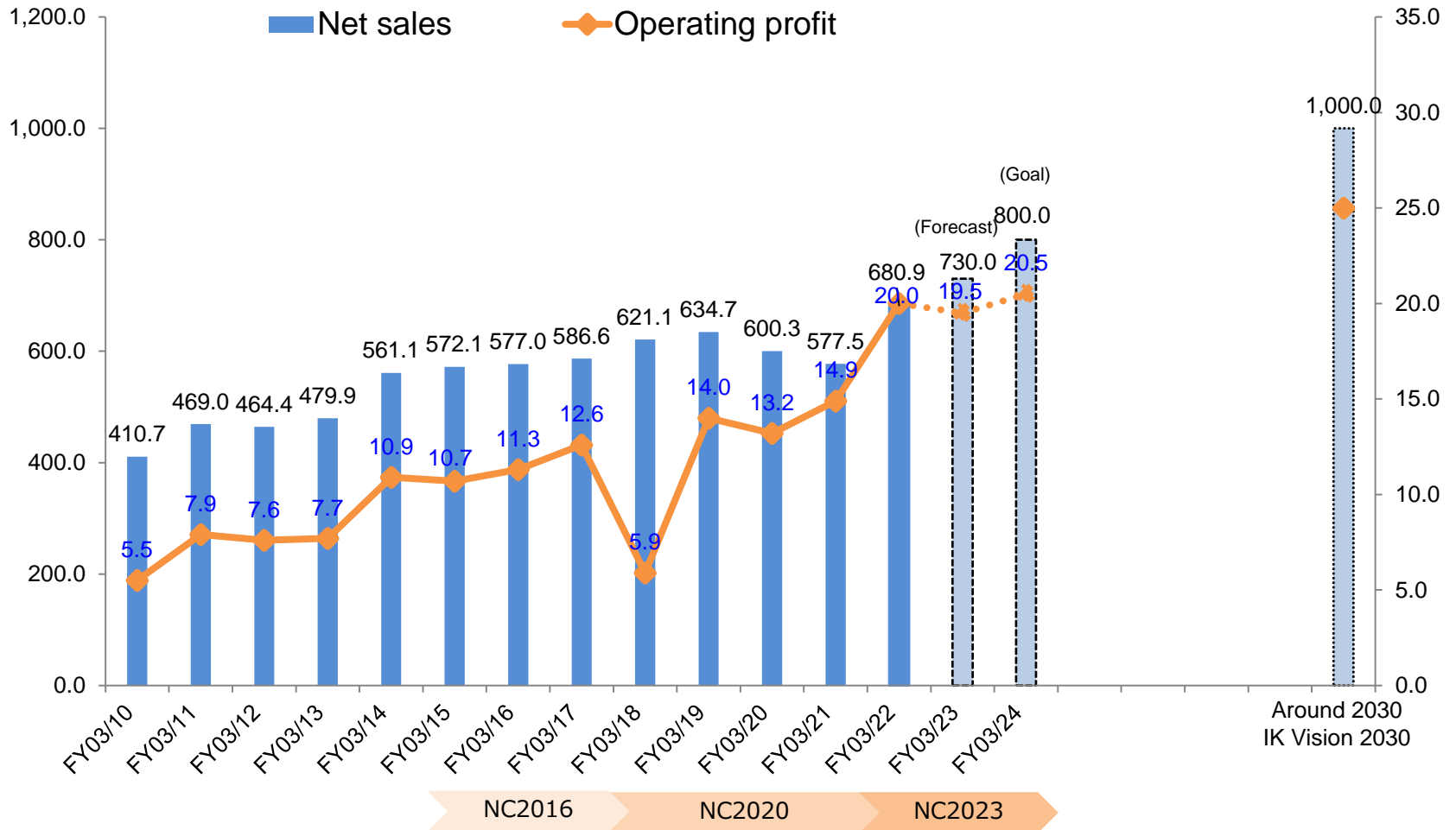


- Both sales and operating profit are on pace to slightly outperform their second-year targets.
- Thanks in part to growth in prices for plastics, performance was generally favorable, particularly in the automotive, OA-related, and food product-related categories.

Net Sales and Operating Profit

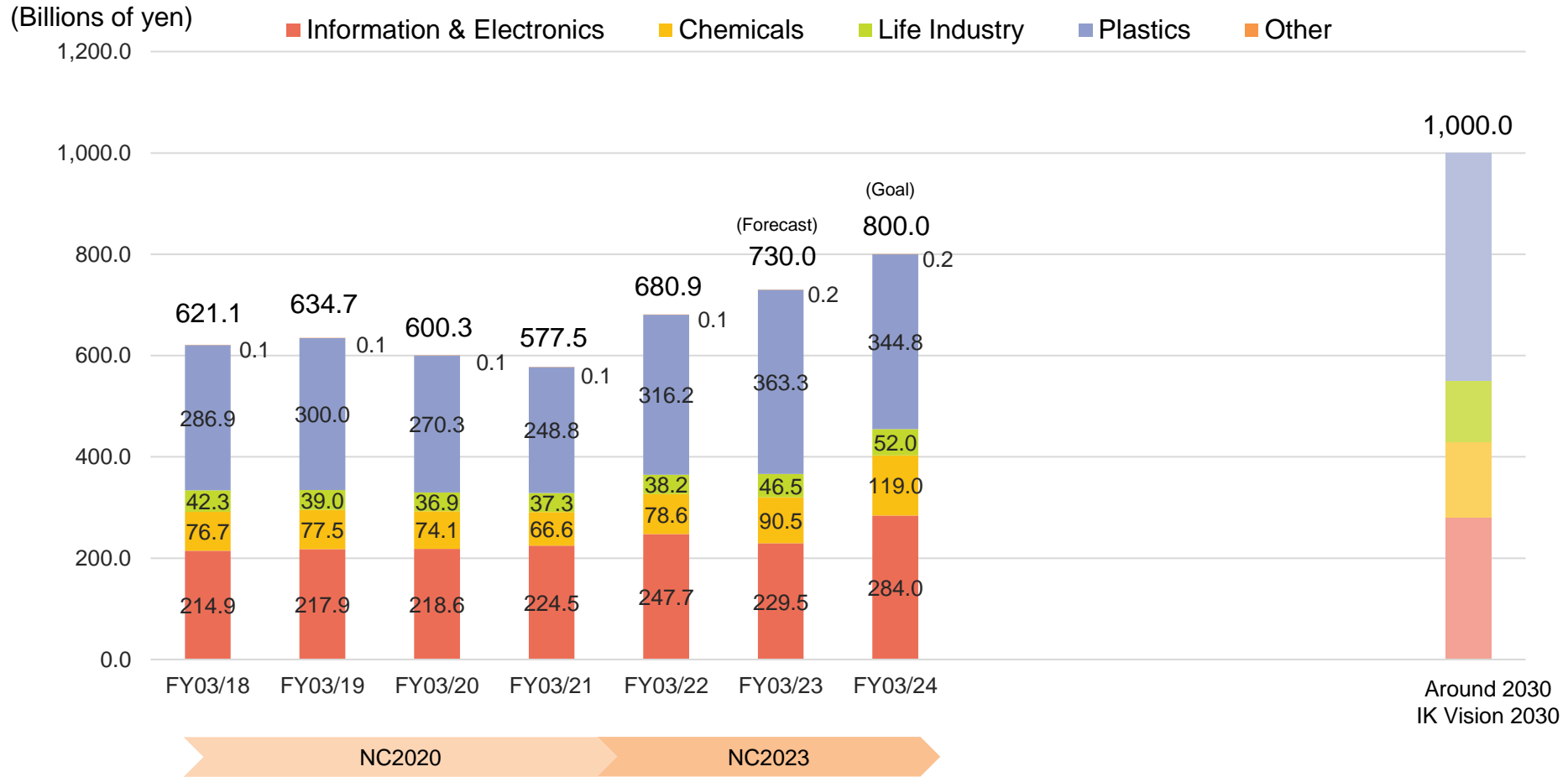
(Net sales: Billions of yen)

(Operating profit: Billions of yen)



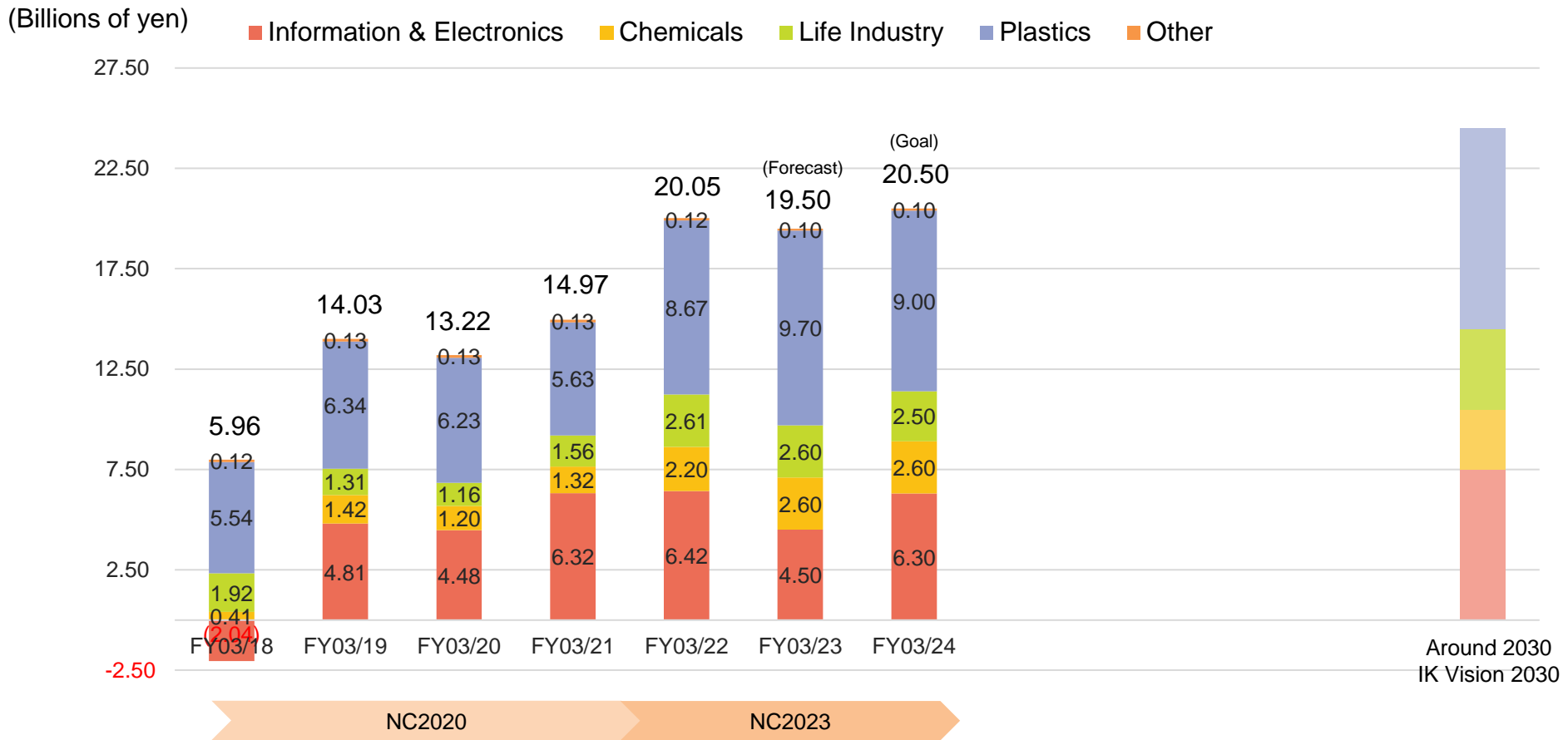
Note: Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) effective from FY03/22.

Sales by Segment

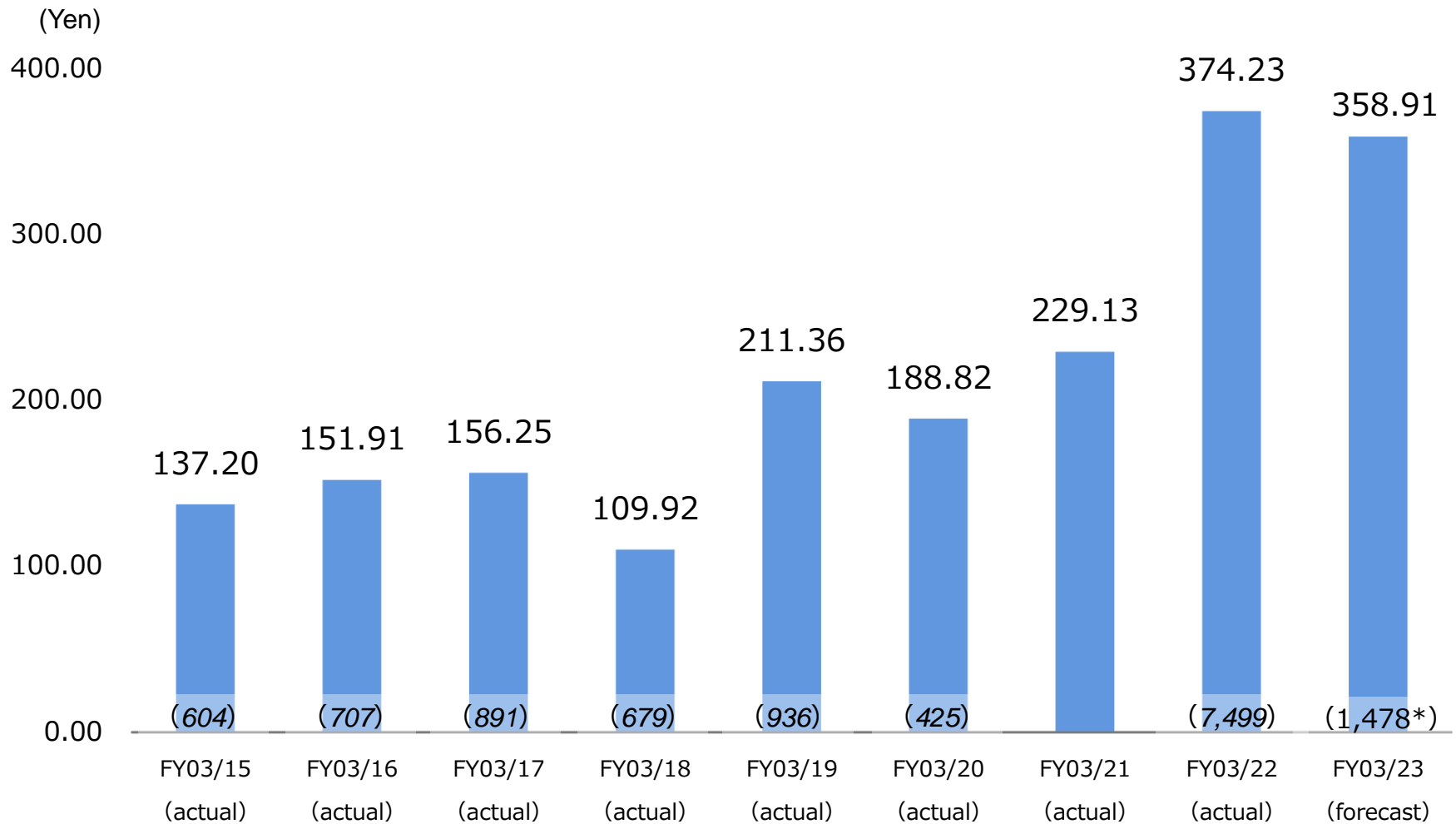


Note: Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) effective from FY03/22.

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).

* As of October 31, 2022

Company Overview (As of September 30, 2022)

Name	Inabata & Co., Ltd.	Fiscal year	April 1 to March 31														
Founded	October 1, 1890	Exchange listing	Prime Market of the Tokyo Stock Exchange														
Incorporated	June 10, 1918	Ticker	8098														
Capital stock	¥9,364 million	Trading unit	100 shares														
Representative	Katsutaro Inabata, Director, President	Shareholders	42,939														
Head offices	Osaka Head Office (1-15-14 Minami-semba, Chuo-ku, Osaka) Tokyo Head Office (2-8-2 Nihonbashi-honcho, Chuo-ku, Tokyo)*	<div data-bbox="1006 629 1908 1229" data-label="Figure"> <h3>Shareholder Composition</h3> <table border="1"> <caption>Shareholder Composition Data</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Individuals/others</td> <td>20.4%</td> </tr> <tr> <td>Financial institutions</td> <td>24.4%</td> </tr> <tr> <td>Domestic corporations</td> <td>33.6%</td> </tr> <tr> <td>Foreign investors</td> <td>19.3%</td> </tr> <tr> <td>Securities companies</td> <td>1.3%</td> </tr> <tr> <td>Treasury stock</td> <td>1.0%</td> </tr> </tbody> </table> <p>Shareholders: 42,939 (As of September 30, 2022)</p> </div>		Category	Percentage	Individuals/others	20.4%	Financial institutions	24.4%	Domestic corporations	33.6%	Foreign investors	19.3%	Securities companies	1.3%	Treasury stock	1.0%
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Treasury stock	1.0%																
Employees	699 (4,339 on consolidated basis)																
Issuable shares	200,000,000																
Shares issued and outstanding	57,714,127																

Note: We cancelled 600,000 shares of treasury stock on October 25, 2022, bringing our total number of shares issued and outstanding to 57,114,127.

*Due to the rebuilding the Tokyo Head Office Building, from December 19, 2022 to around September 2025, we will temporarily relocate the Tokyo Head Office and conduct business at the Muromachi Furukawa Mitsui Building (COREDO Muromachi 2), 2-3-1 Nihonbashi Muromachi, Chuo-ku, Tokyo.

□ 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.