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# IR Briefing for 1H Fiscal Year Ending March 2023 (Overview)

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December 5, 2022

Inabata & Co., Ltd.

Kenichi Yokota

Director and Senior Managing Executive Officer

**Net sales:** **¥373.4 billion** **+13.6% YoY**

Net sales grew backed by rising selling prices of raw materials and a weaker yen

**Operating profit:** **¥10.5 billion** **-4.8% YoY**

Operating profit decreased due primarily a decline in contribution from the Information & Electronics segment.

**Ordinary profit:** **¥10.3 billion** **-14.4% YoY**

Ordinary profit fell as a result of lower operating profit and higher non-operating expenses

**Profit attributable to owners of parent:** **¥9.6 billion** **-28.9% YoY**

Profit attributable to owners of parent declined due to decreases in ordinary profit and gain on sales of investment securities

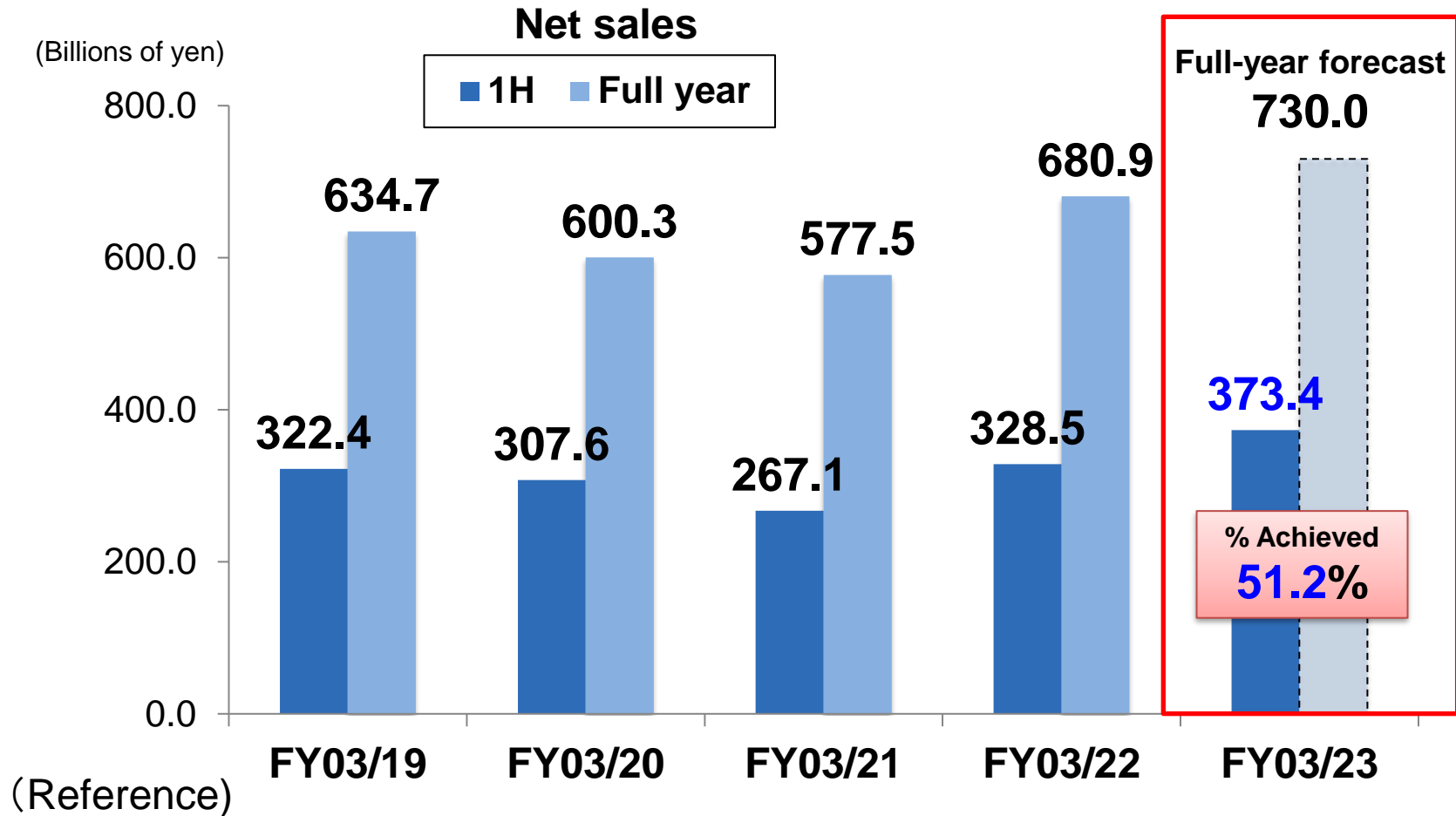
# Consolidated Results Review—1H FY03/23



(Billions of yen)

	1H FY03/22	1H FY03/23 (A)	YoY change		FY03/23 Forecast (B)	Achievement rate (A)/(B)
			Amount	%		
Net sales	328.5	373.4	+44.8	+13.6%	730.0	51.2%
Operating profit	11.0	10.5	-0.5	-4.8%	19.5	54.1%
Ordinary profit	12.0	10.3	-1.7	-14.4%	20.5	50.3%
Profit attributable to owners of parent	13.5	9.6	-3.9	-28.9%	20.5	46.9%
Exchange rate (USD/JPY)	109.81	134.03	+24.22		140.00	

# Trend in Net Sales

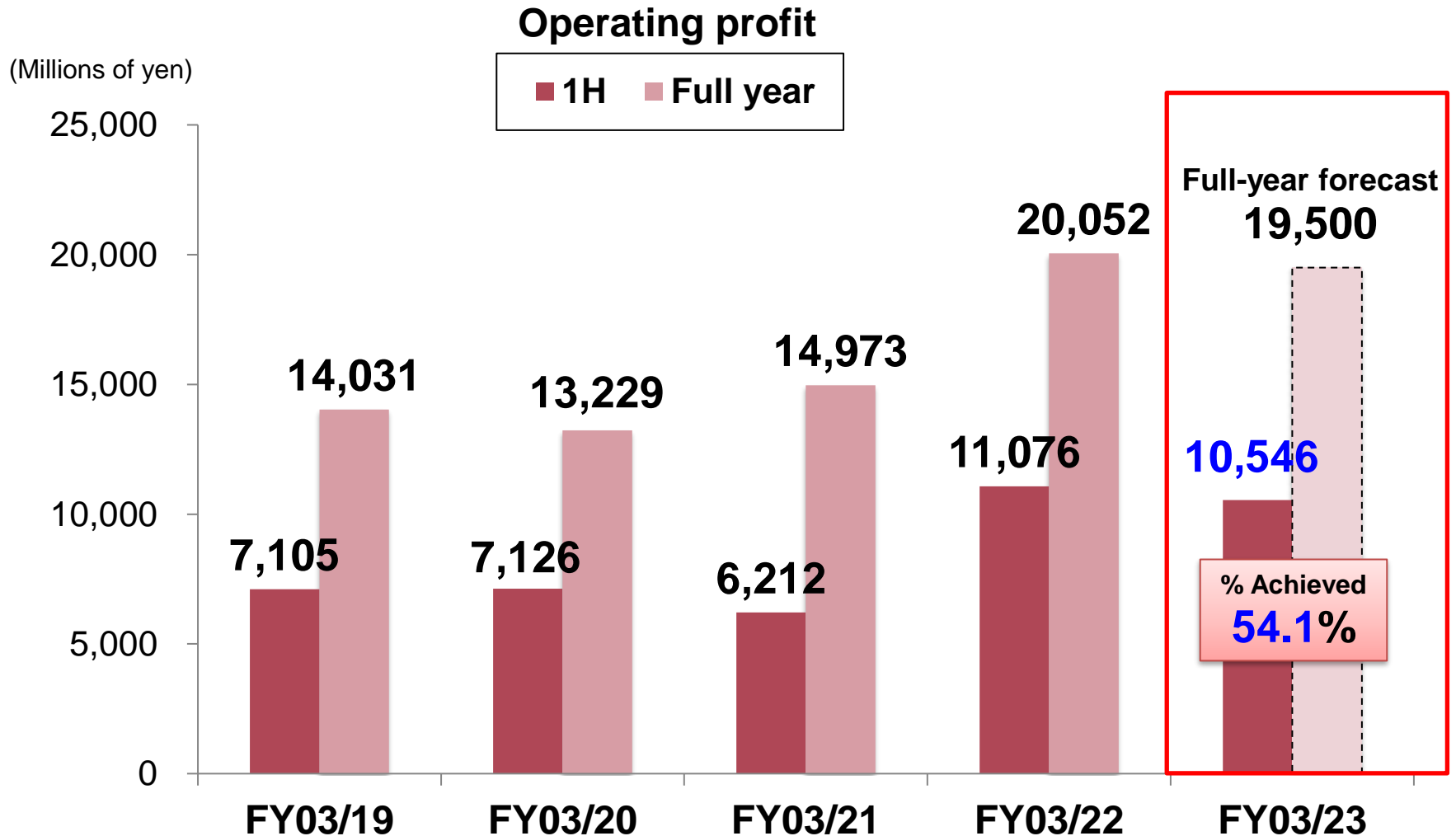


		FY03/19	FY03/20	FY03/21	FY03/22	FY03/23
<b>Exchange rate: USD/JPY</b>	<b>1H</b>	110.26	108.60	106.93	109.81	134.03
	<b>Full year</b>	110.92	108.70	106.10	112.39	(Note) 140.00

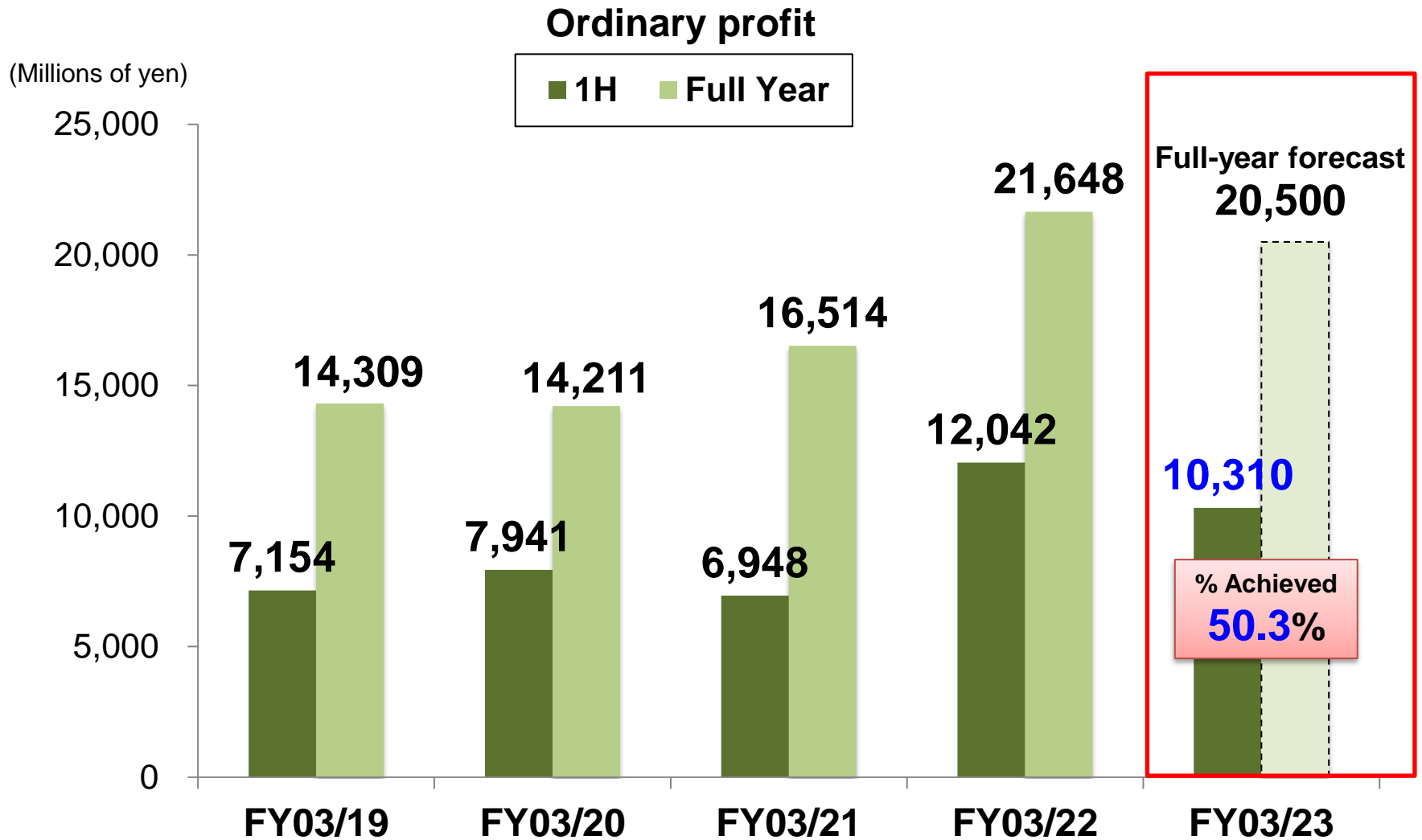
\* Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) effective from Q1 FY03/22.

Note: Estimate at time of release

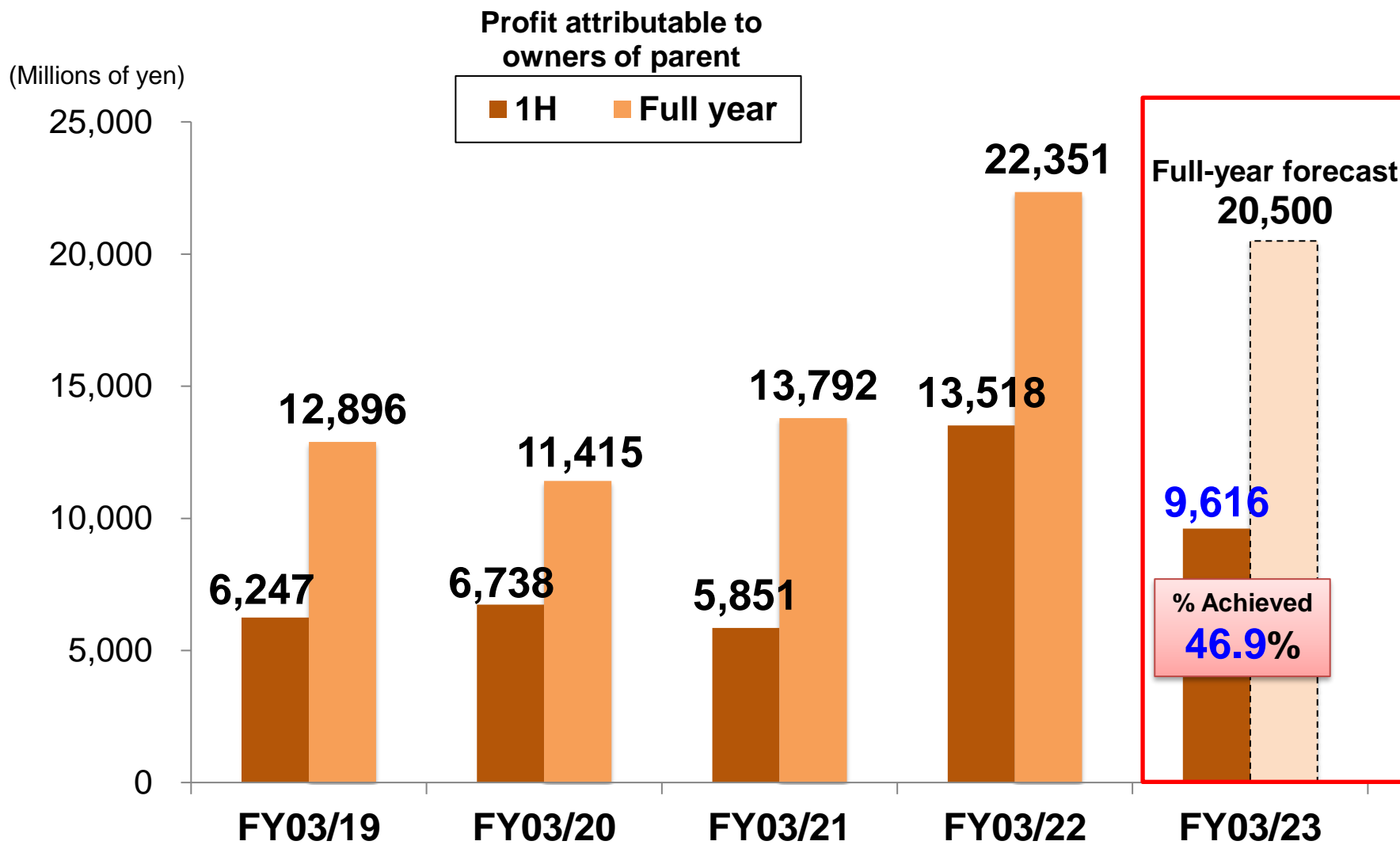
# Trend in Operating Profit



# Trend in Ordinary Profit



# Trend in Profit Attributable to Owners of Parent



Note: Recording of gain on sales of investment securities:

¥5.11 billion in FY03/19, ¥3.03 billion in FY03/20, ¥2.98 billion in FY03/21, ¥8.97 billion in FY03/22

¥1.74 billion in 1H FY03/19, ¥1.72 billion in 1H FY03/20, ¥1.41 billion in 1H FY03/21, ¥6.54 billion in 1H FY03/22, and ¥3.45 billion in 1H FY03/23

# Balance Sheet



- Accounts receivable, inventories, and loans of overseas subsidiaries increased due primarily to yen depreciation
- Investment securities declined due to a drop in market value and sales of shareholdings

(Billions of yen)

Assets	End-FY03/22	End-Sep. 2022	Change
Cash and deposits	35.4	30.7	-4.6
Notes and accounts receivable - trade	184.6	187.3	+2.6
Inventories	79.0	93.7	+14.6
Other current assets	12.3	13.2	+0.9
Property, plant and equipment	15.3	16.7	+1.4
Intangible assets	2.6	2.4	-0.1
Investment securities	48.3	38.5	-9.7
Other fixed assets	11.2	11.8	+0.5
<b>Total assets</b>	<b>389.0</b>	<b>394.7</b>	<b>+5.6</b>

Liabilities and net assets	End-FY03/22	End-Sep. 2022	Change
Notes and accounts payable - trade	115.9	104.6	-11.3
Short-term loans payable	58.6	68.9	+10.3
Other current liabilities	18.5	18.5	-0.0
Long-term loans payable	5.8	5.1	-0.7
Other non-current liabilities	13.0	11.5	-1.5
Shareholders' equity	139.5	143.2	+3.6
Accumulated other comprehensive income	35.3	40.6	+5.3
Non-controlling interests	1.9	1.9	-0.0
<b>Total liabilities and net assets</b>	<b>389.0</b>	<b>394.7</b>	<b>+5.6</b>

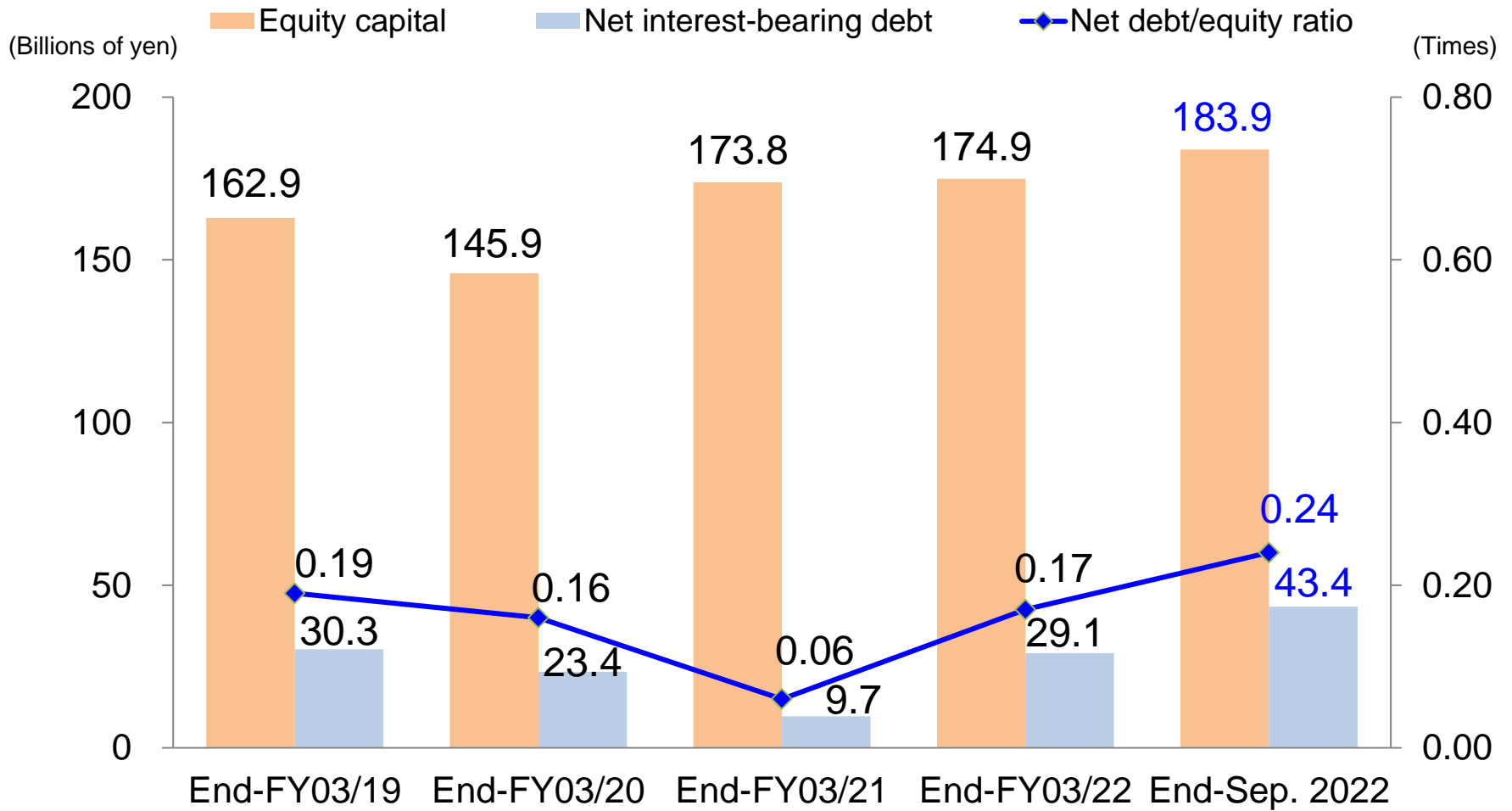
Current ratio	161.2%	169.2%
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Equity ratio	45.0%	46.6%
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\* Notes and accounts receivable—trade: ¥22.5 billion in notes receivable and ¥162.1 billion in accounts receivable at end-March 2022  
 ¥23.1 billion in notes receivable and ¥164.2 billion in accounts receivable at end-September 2022



# 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

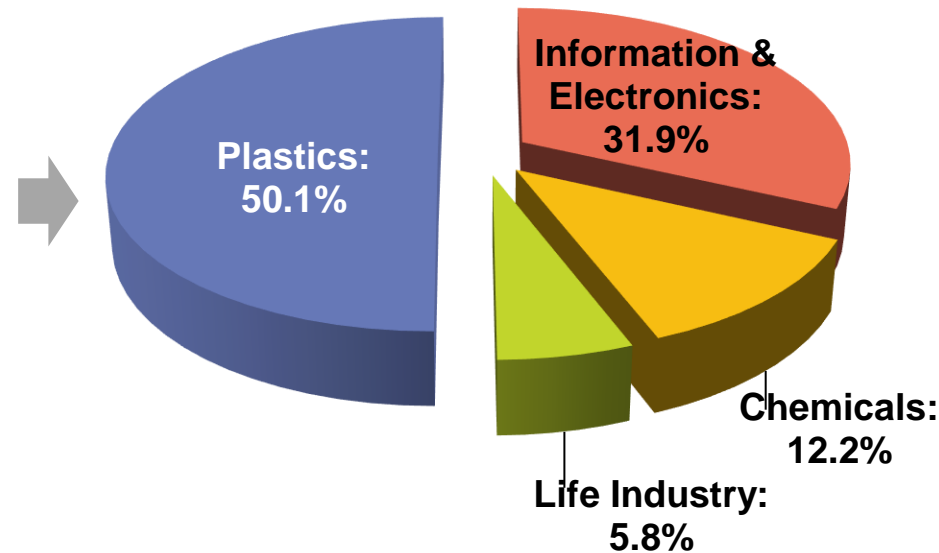
# Sales by Business Segment

✓ Net sales grew in Plastics and Chemicals owing to a weaker yen and rising raw material prices

## Sales

(Billions of yen)

	1H FY03/22	1H FY03/23	YoY change
Information & Electronics	123.8	118.9	-4.0%
Chemicals	36.0	45.6	+26.7%
Life Industry	18.3	21.5	+17.8%
Plastics	150.2	187.1	+24.5%
Other	0.0	0.0	+1.6%
Total	328.5	373.4	+13.6%



Net Sales Breakdown by Segment and Region 

(Billions of yen)

	Information & Electronics	Chemicals	Life Industry	Plastics	Other	Total
Japan	43.4	30.8	14.8	58.9	-	148.1
Southeast Asia	9.2	5.7	0.1	84.4	-	99.6
Northeast Asia	55.6	3.7	0.4	34.7	-	94.5
Americas	6.2	3.1	5.1	7.2	-	21.7
Europe	4.2	2.1	1.0	1.7	-	9.2
Revenue arising from contracts with customers	118.9	45.6	21.5	187.1	-	373.3
Other revenue	-	-	-	-	0.0	0.0
Sales to external customers	118.9	45.6	21.5	187.1	0.0	373.4

\* Revenue arising from contracts with customers are recorded based on the location of corresponding sales offices, categorized by country or region. **11**

# Operating Profit by Business Segment



- ✓ Profit generated through the Information & Electronics segment declined due to a decrease in sales of flat panel display-related materials and growth in SG&A expenses.
- ✓ In Chemicals, profit grew backed by robust performance in addition to a weaker yen and rising sales prices
- ✓ Profit generated through the Life Industry segment declined due to a decrease in profit margin of seafood products in the US and growth in SG&A expenses.

## Operating profit

(Millions of yen)

	1H FY03/22	1H FY03/23	YoY change
Information & Electronics	3,738	2,643	-29.3%
Chemicals	1,042	1,406	+34.8%
Life Industry	1,367	1,171	-14.3%
Plastics	4,860	5,261	+8.2%
Other	66	63	-4.4%
Total	11,076	10,546	-4.8%

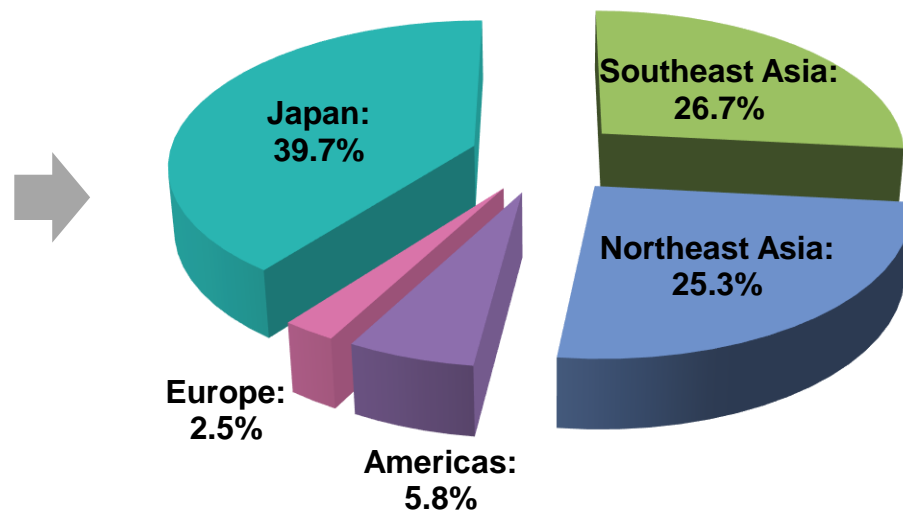
# Sales by Region

- ✓ Southeast Asia, Americas, Europe  
Achieved sales increase thanks primarily to depreciation of the yen

## Sales

(Billions of yen)

	1H FY03/22	1H FY03/23	YoY change
Southeast Asia	76.6	99.6	+29.9%
Northeast Asia	94.6	94.5	-0.1%
Americas	15.5	21.7	+39.7%
Europe	5.8	9.2	+59.5%
Japan	135.8	148.1	+9.1%
Total	328.5	373.4	+13.6%
(Overseas ratio)	(58.6%)	(60.3%)	(+1.7%)



Note: Sales in the Japan segment include exports (¥24.2 billion in 1H FY03/23). Including this amount, the percentage of overseas sales was 64.2% in 1H FY03/22 and 65.1% in 1H FY03/23.

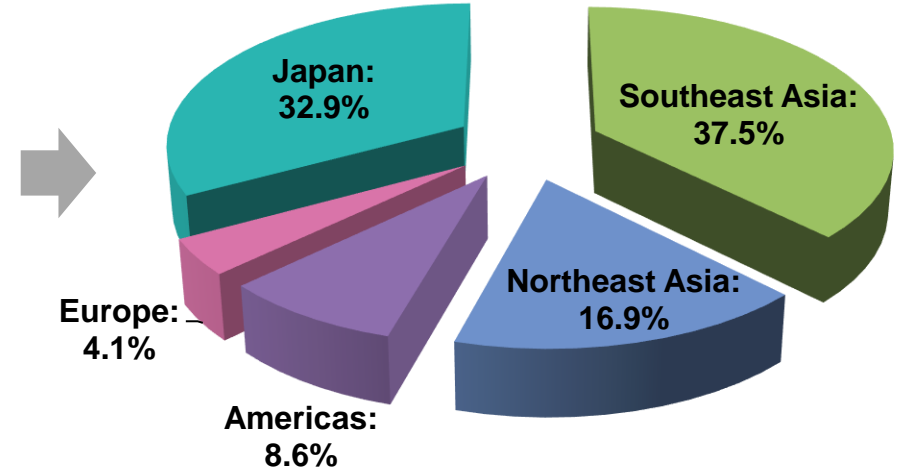
# Operating Profit by Region

- ✓ Northeast Asia Profit declined due to a decrease in sales of flat panel display-related materials and growth in SG&A expenses.
- ✓ Japan Sales of flat panel display-related materials fell, and price hikes implemented by Group companies for bag products lagged behind increases in corresponding costs. Accordingly, the Company reported a decrease in profit generated in Japan.

## Operating profit

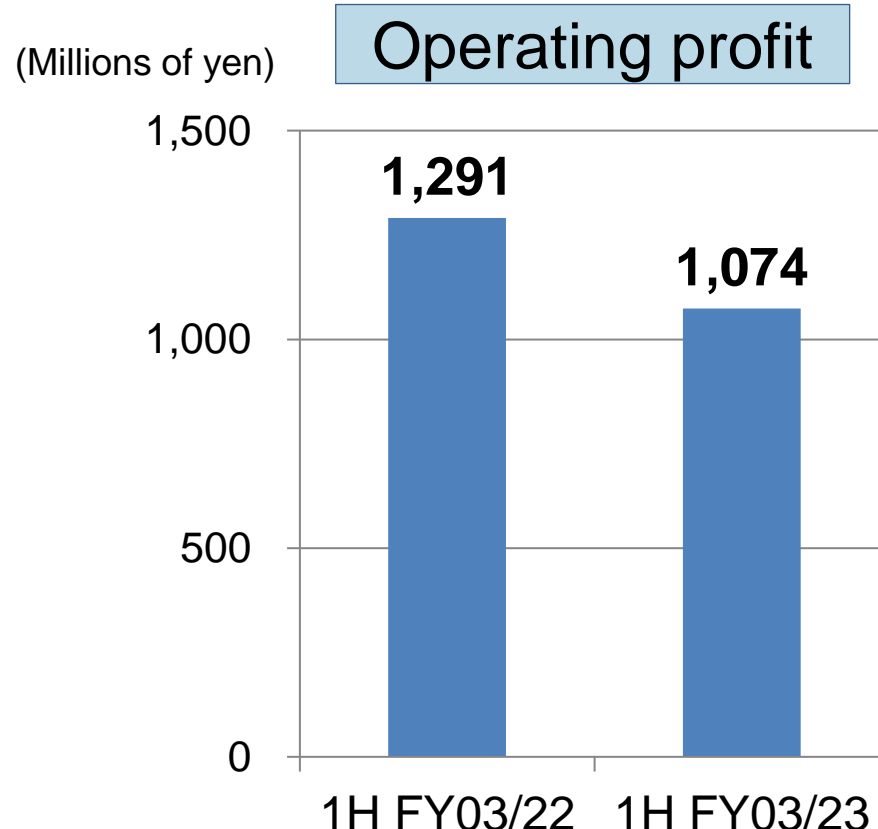
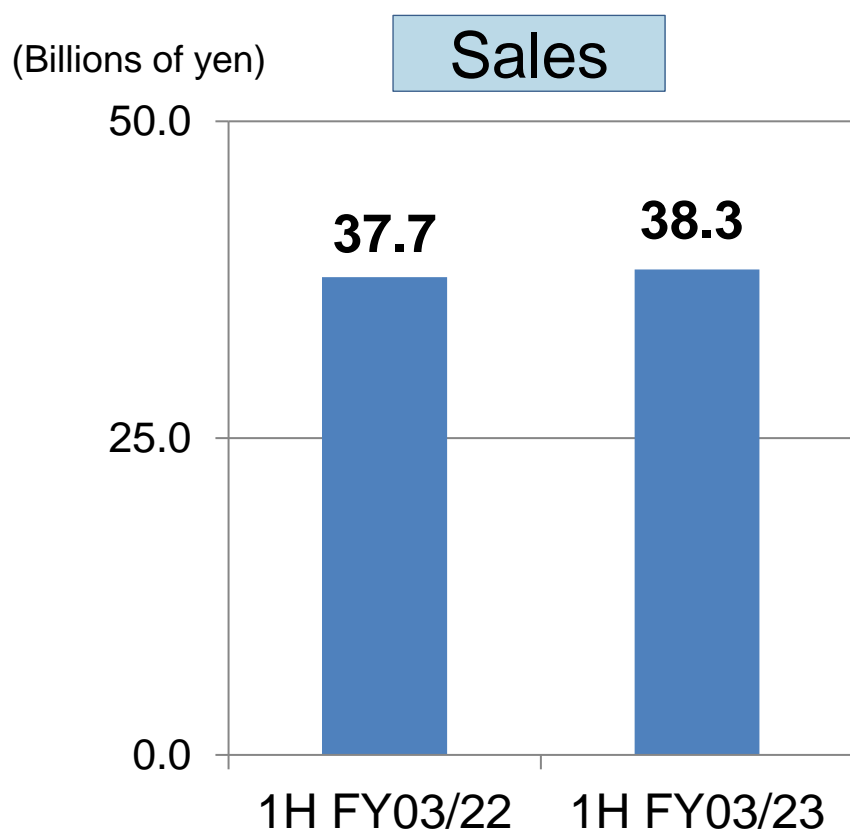
(Millions of Yen)

	1H FY03/22	1H FY03/23	YoY change
Southeast Asia	3,288	3,941	+19.8%
Northeast Asia	2,229	1,777	-20.2%
Americas	802	904	+12.7%
Europe	334	425	+27.4%
Japan	4,445	3,462	-22.1%
Subtotal	11,100	10,512	-5.3%
Elimination or corporate	-23	34	
Total	11,076	10,546	-4.8%
(Overseas ratio)	(60.0%)	(67.1%)	(+7.1%)



# Sales and Operating Profit in the Manufacturing Sector

Despite growth in sales, operating profit fell as electronic component shortages and other obstacles caused sluggish performance from processing operations conducted through compound manufacturing plants in Southeast Asia.



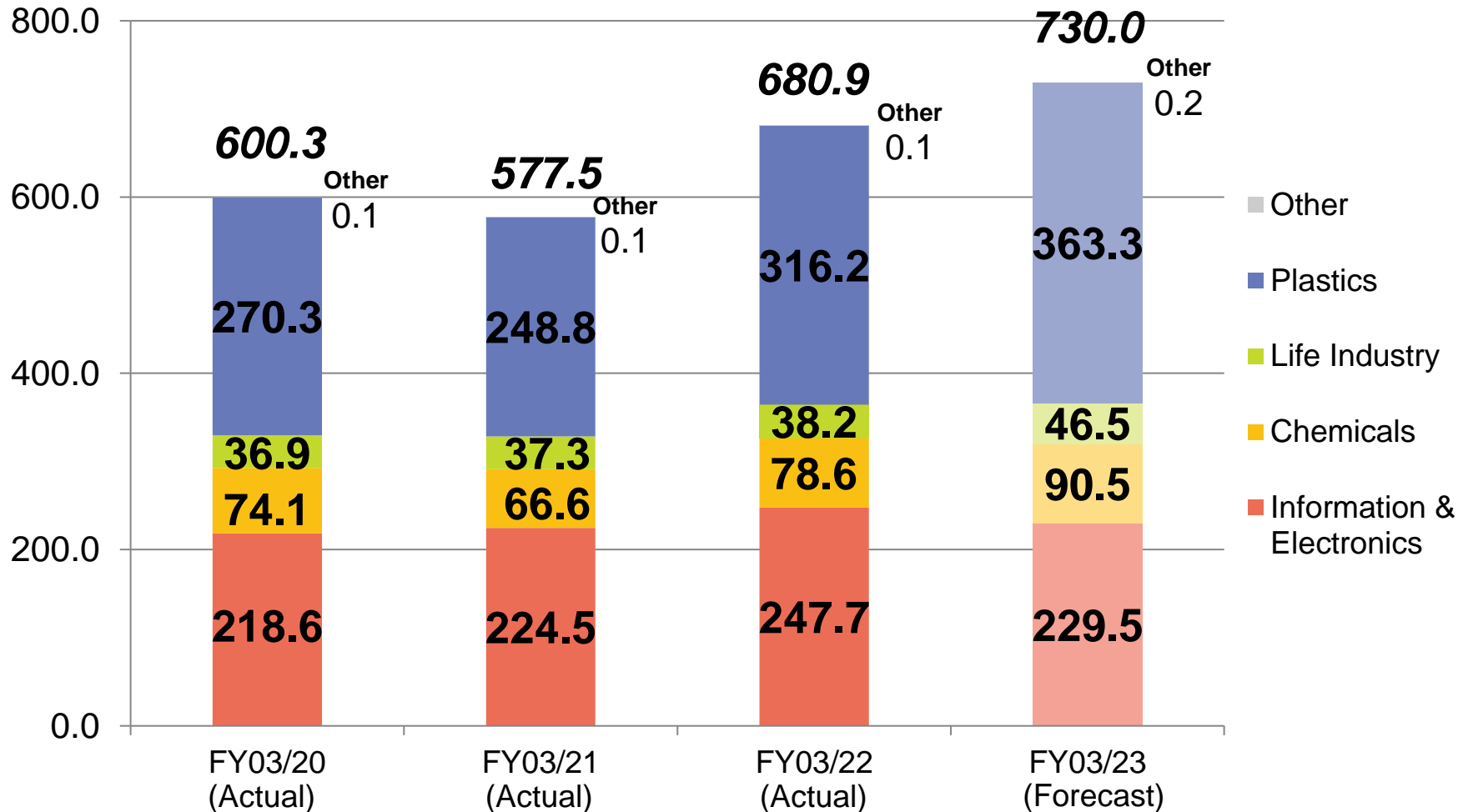
Note: Results for 1H FY03/22 have been converted at the exchange rate for 1H FY03/23 (USD1=JPY134.03).

# Net Sales by Business Segment (Full Year)



✓ Initial individual segment forecasts for FY03/23 have been revised.

(Billions of yen)



Notes: The initial FY03/23 forecast:

Information & Electronics ¥273.0 billion, Chemicals ¥83.0 billion, Life Industry ¥47.0 billion, Plastics ¥326.8 billion, Other ¥0.2 billion

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

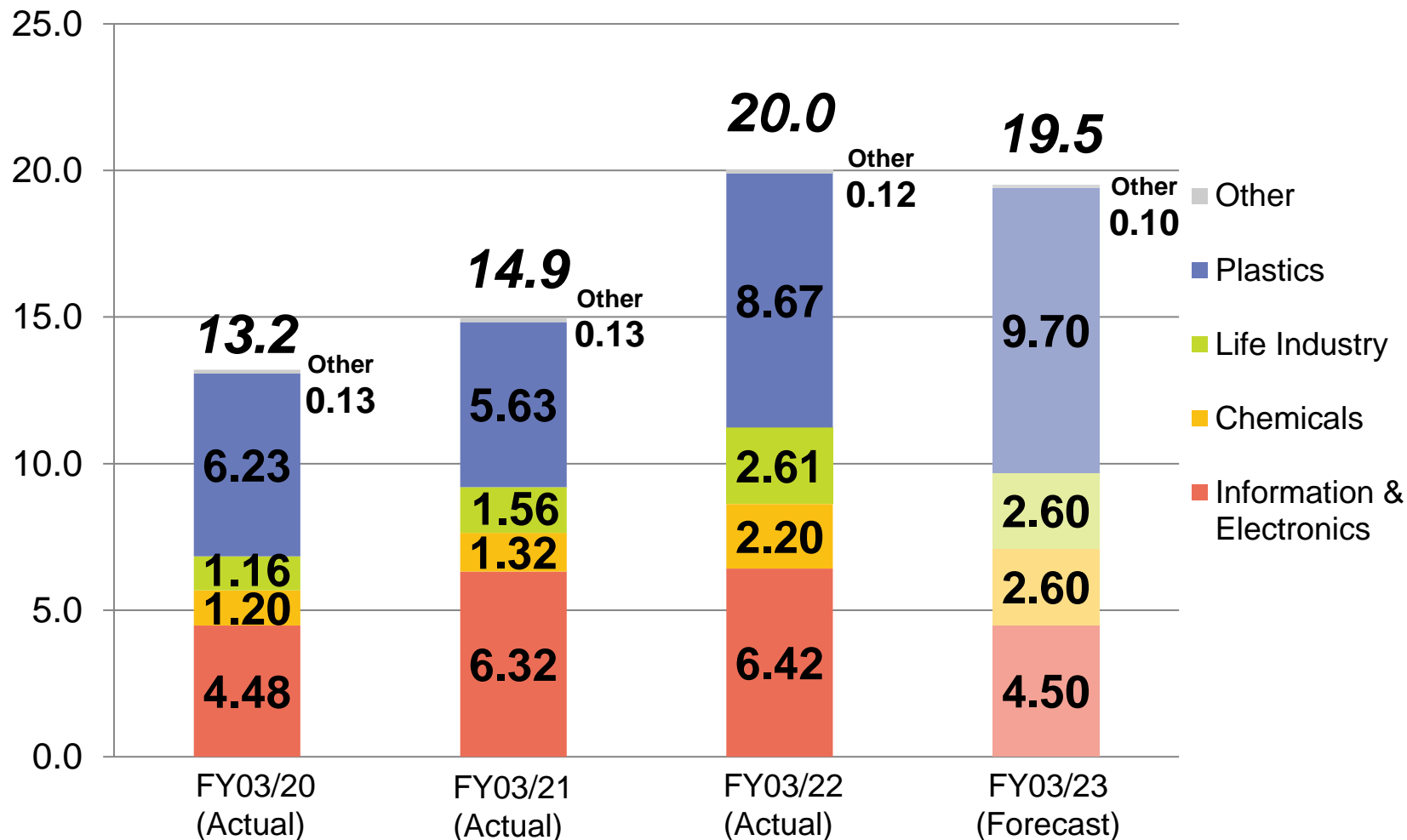


# Operating Profit by Business Segment (Full Year)



✓ Initial individual segment forecasts for FY03/23 have been revised.

(Billions of yen)



Notes: The initial FY03/23 forecast

Information & Electronics ¥6.20 billion, Chemicals ¥2.00 billion, Life Industry ¥2.30 billion, Plastics ¥8.90 billion, Other ¥0.10 billion

Recorded ¥0.75 billion in reversal of allowance for doubtful accounts in the Information & Electronics segment in FY03/21.

	Companies		
	Japan	Overseas	Total
Consolidated subsidiaries	7	36	43
(Of which, manufactures and processing companies )	(5)	(16)	(21)
Equity-method affiliates	4	1	5
(Of which, manufactures and processing companies )	(2)	(1)	(3)
Total	11	37	48
(Of which, manufactures and processing companies )	(7)	(17)	(24)

# Principle Consolidated Subsidiaries



(Millions of yen)

Company	Location	1H FY03/22			1H FY03/23			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	20,680	515	392	15,486	229	137	-25.1%	-55.6%	-65.0%
Inabata Sangyo (H.K.) Ltd.	Hong Kong	47,538	857	1,092	38,359	443	850	-19.3%	-48.3%	-22.1%
Inabata Singapore (Pte.) Ltd.	Singapore	39,945	767	963	38,031	682	1,057	-4.8%	-11.0%	+9.7%
Inabata Thai Co., Ltd.	Thailand	25,560	596	522	23,987	412	366	-6.2%	-30.8%	-29.9%
Shanghai Inabata Trading Co., Ltd.	Shanghai	44,135	894	703	38,240	829	520	-13.4%	-7.2%	-26.1%
PT. Inabata Indonesia	Indonesia	16,468	683	540	18,750	807	607	+13.9%	+18.1%	+12.3%
Inabata Fine Tech & Co., Ltd.	Japan	9,790	328	221	10,652	322	212	+8.8%	-1.8%	-4.0%

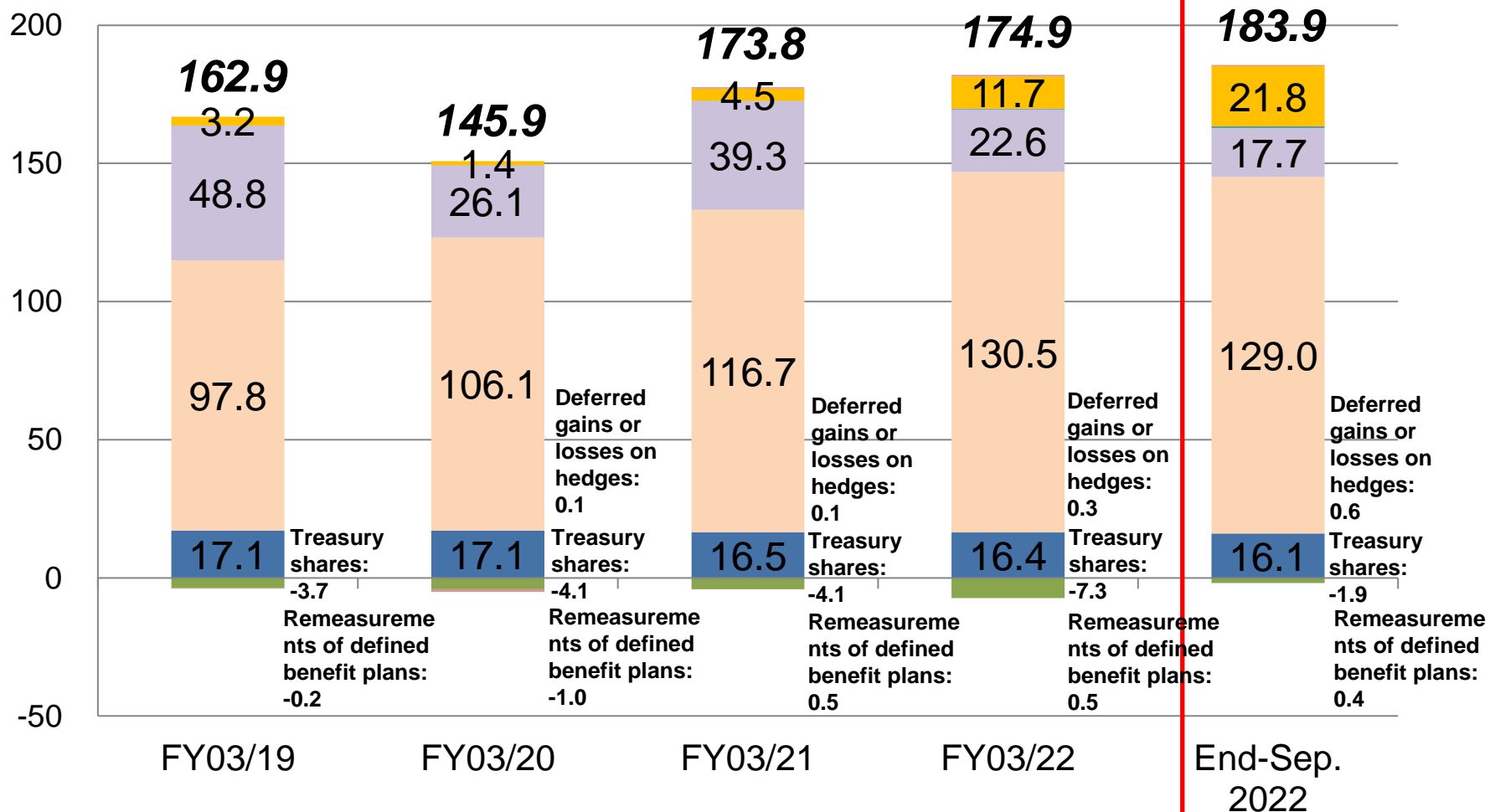
Note: Results for 1H FY03/22 have been converted at the exchange rate for 1H FY03/23 (USD1=JPY134.03).

# (Reference) Equity Capital



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

(Billions of yen)

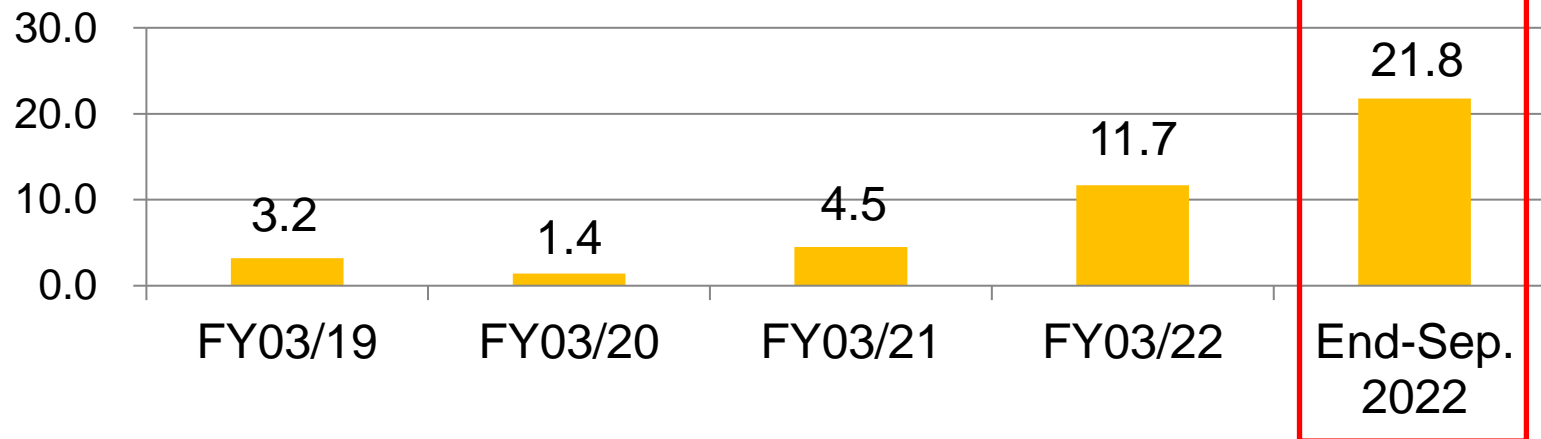


# (Reference) Impact of Exchange Rate Fluctuations on the Foreign Currency Translation Adjustment



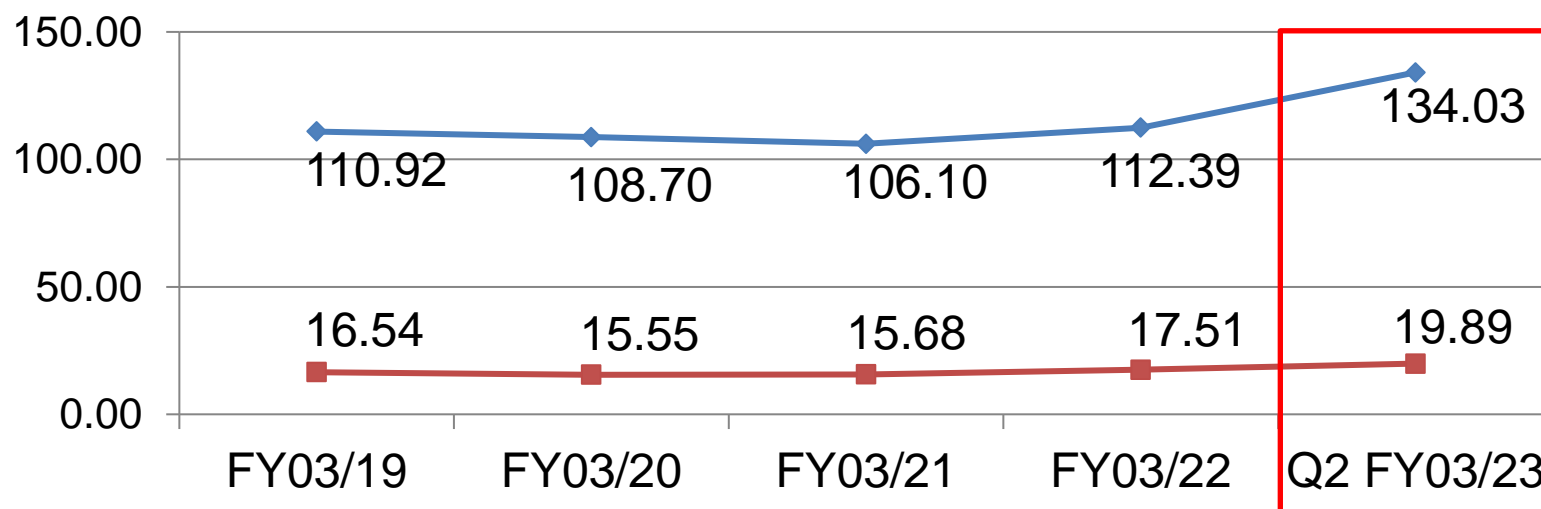
(Billions of yen)

■ 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.