

---

IR Briefing for 2Q  
Fiscal Year ending March 2018

---

January 2018  
Inabata & Co., Ltd.

- P.3- Summary of the Company
- P.9- Gist of the incident at our German Subsidiary
- P.13- “NC2020” – Year 1 Progress
- P.31- Corporate Governance
- P.36- Returning Profits to Shareholders
- P.39- Summary of Financial Results – 2Q FY3/2018
- P.46- Reference

## About Inabata:

### 1. Founded in 1890

Founded in Kyoto in 1890 as *Inabata Senryoten* – an importer of dyestuffs

The business was later expanded, with the focus on chemicals



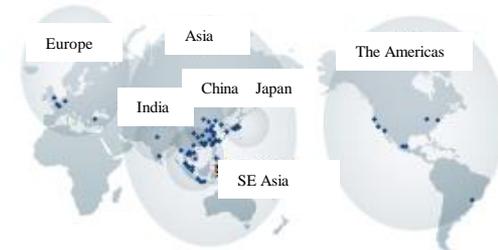
**Inabata Dye Shop  
(Nishijin, Kyoto)**

### 2. A globally expanding, multi-faceted trading company

Around 60 locations deployed across 18 countries

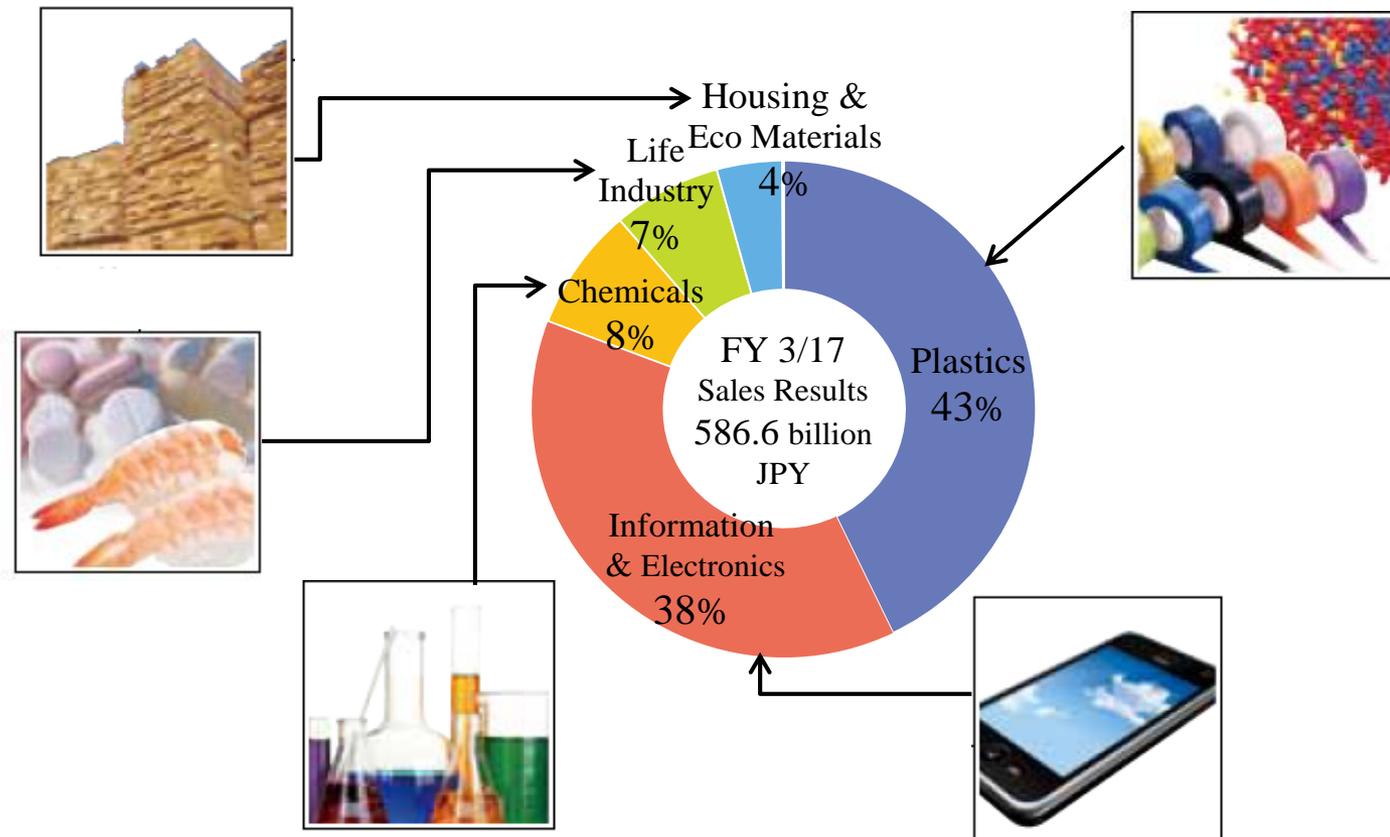
Business functions include market development; manufacturing & processing; logistics; finance etc.

Planning and proposals based on expertise and know-how of products and markets



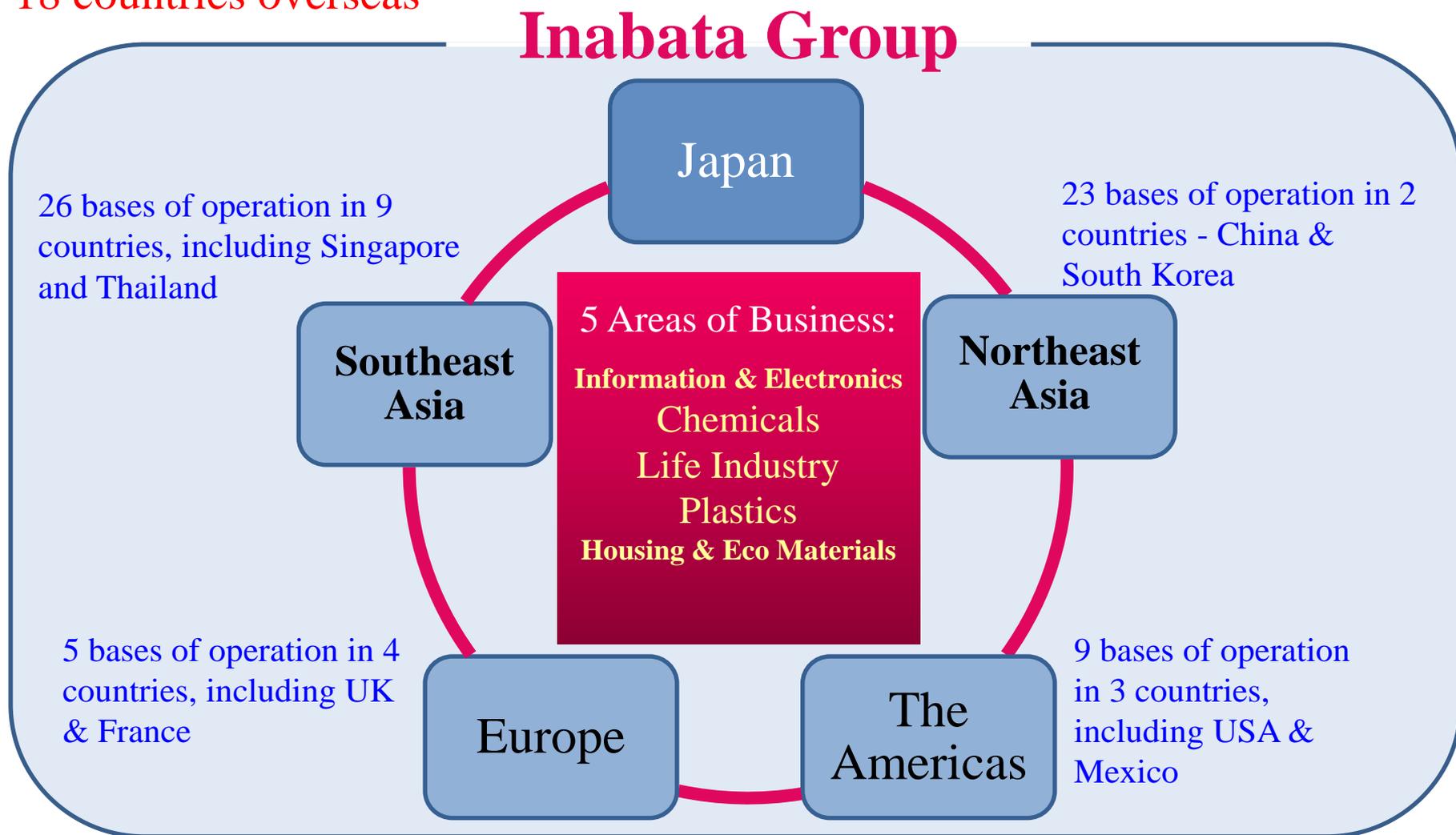
## 3. 5 Business Segments

Operating in 5 segments: Information & Electronics; Chemicals; Life Industry; Plastics; and Housing & Eco Materials



# Inabata's Business Spheres

Operating in 5 business segments at about 60 locations, throughout Japan and 18 countries overseas

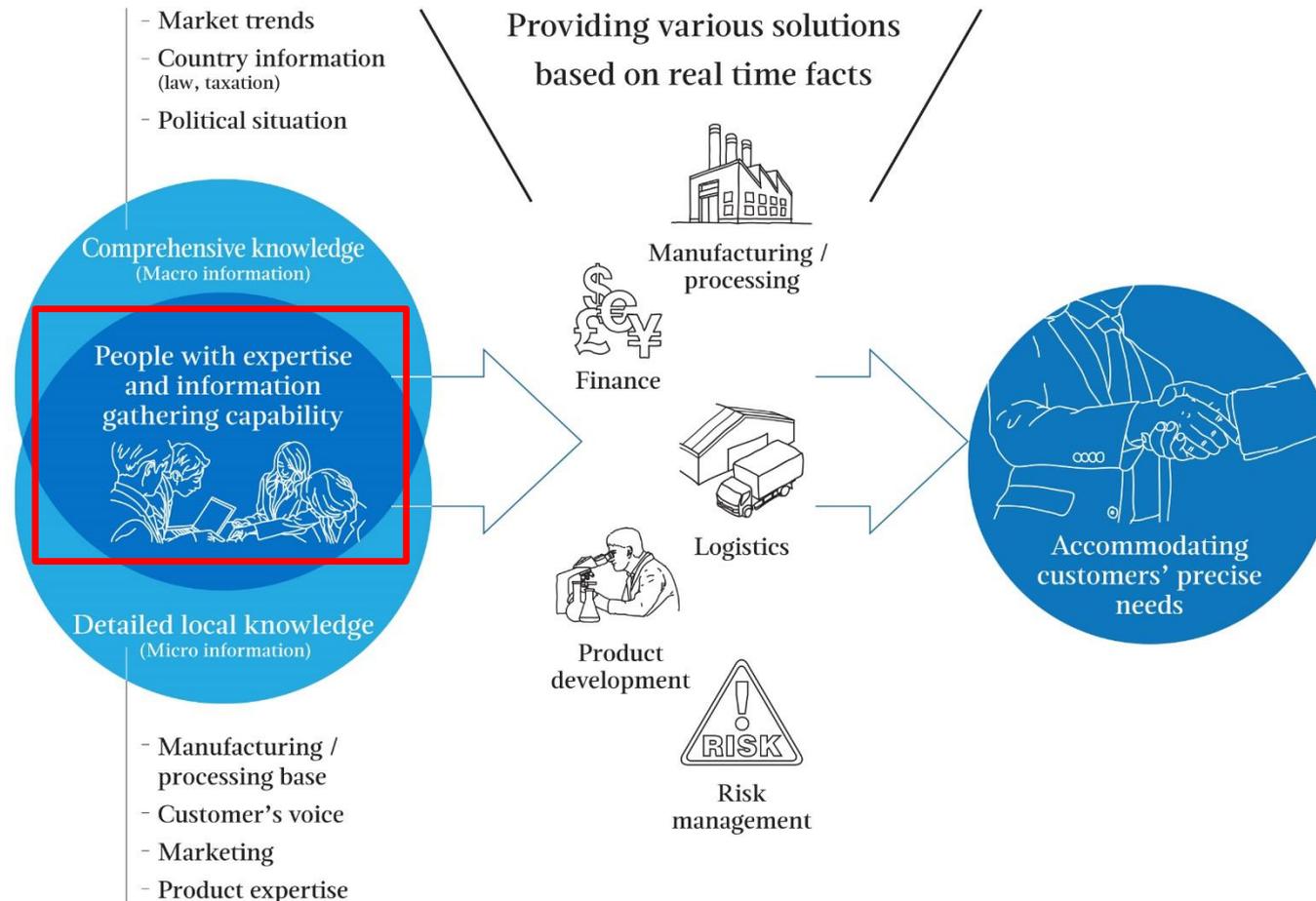


(NB) No. of overseas countries and operation bases valid as of 1 July 2017

(NB) No. of operation bases includes bona fide Inabata & Co., Ltd. affiliates

# Inabata's Wide Range of Capabilities

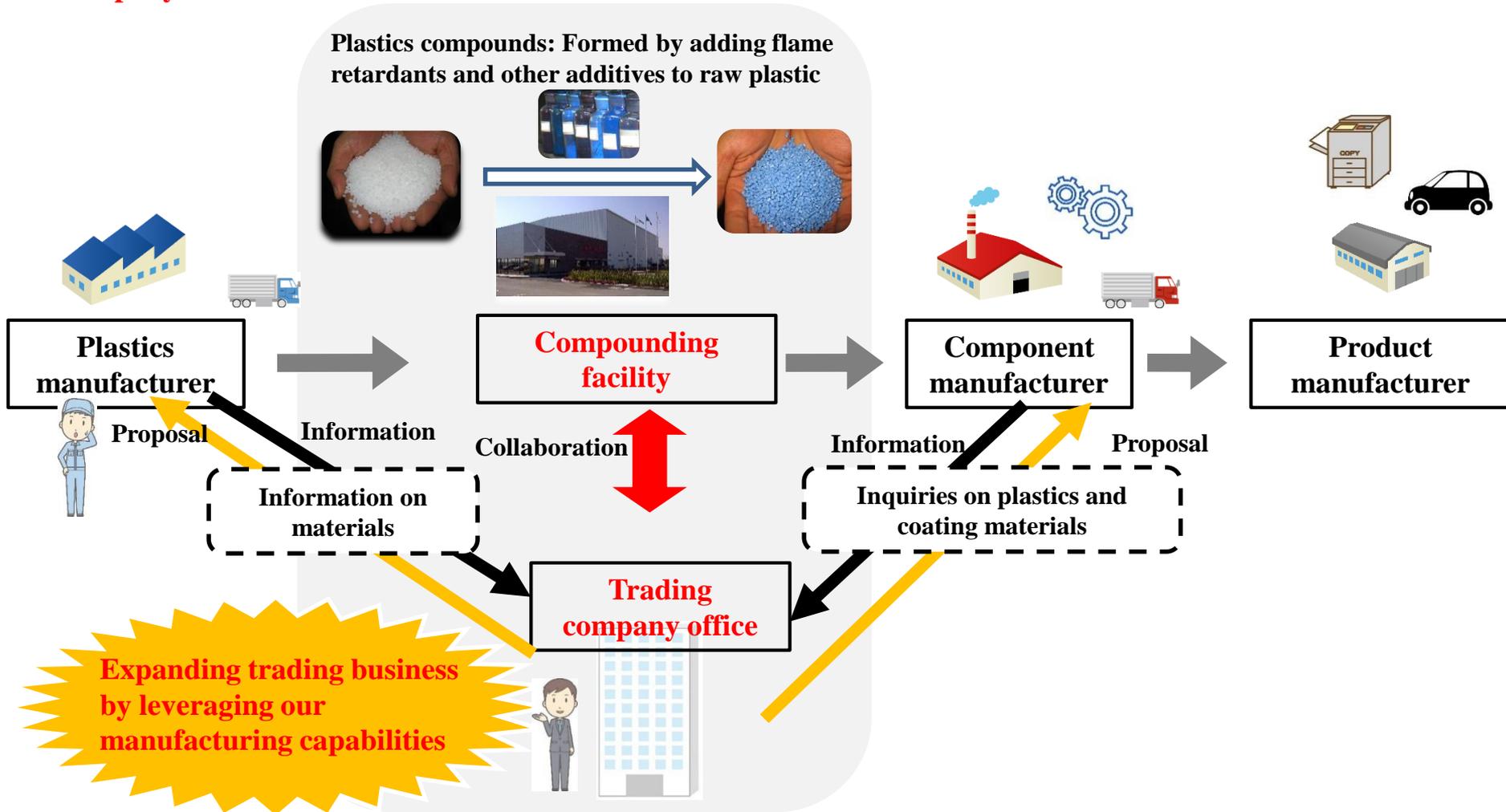
Highly specialized people  
empowered with cutting edge information



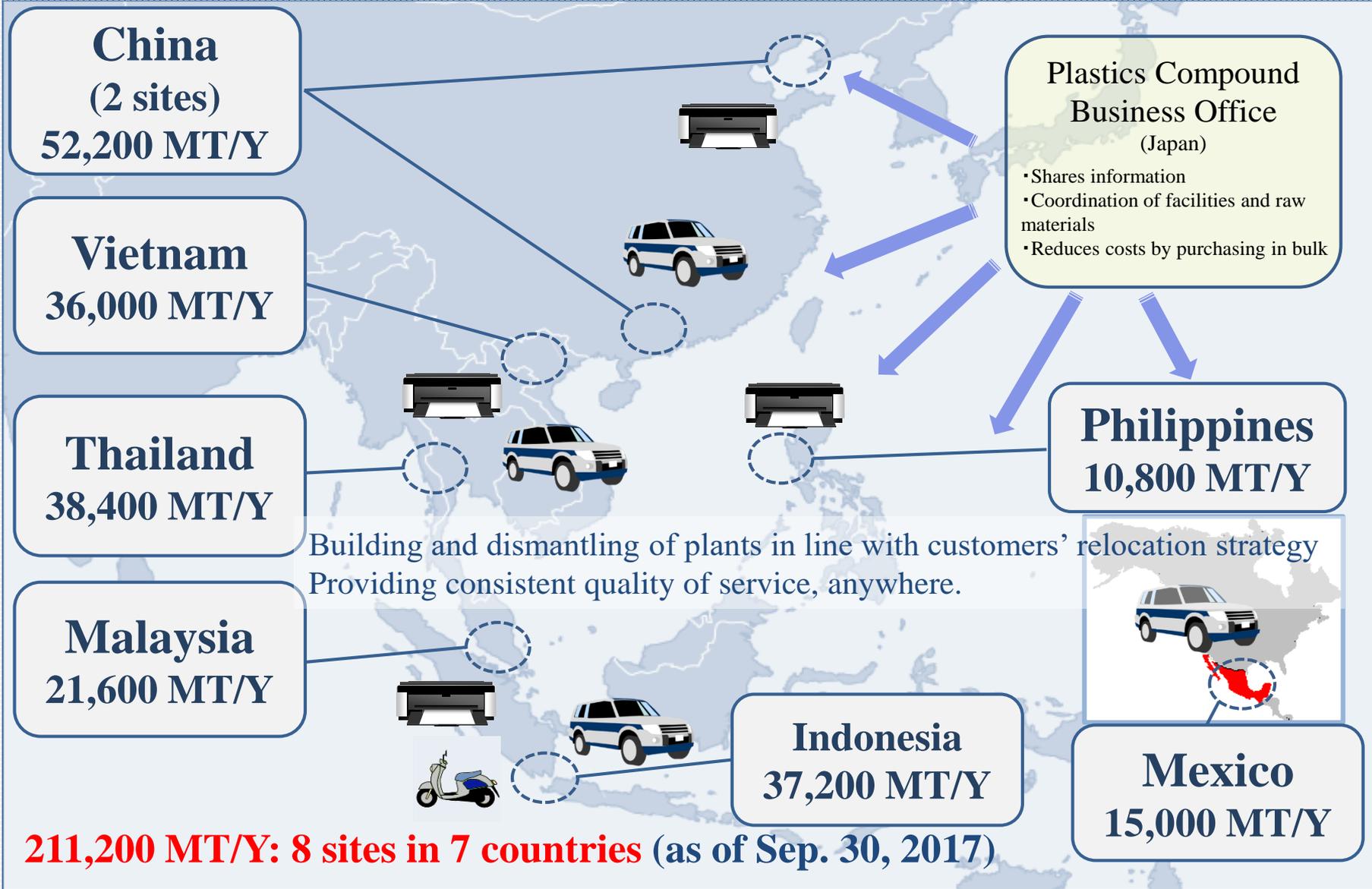
# Inabata's Strengths [Manufacturing and Processing]



Our strategy involves expanding our trading business by swiftly grasping with information regarding development of new products and market trends by drawing on our worldwide processing bases and trading company offices.



# Annual Production Capacity of Plastics Compound (Worldwide)



## ■ Gist of the incident at our German subsidiary\*

---

\* Refers to Inabata Europe GmbH (IKEG), Inabata's trading company in Europe.

- **Unauthorized sales of solar cell module inventories by an intended buyer (Company X) were discovered at Inabata's German subsidiary.**



- **Accounts settlement for 1Q FY3/2018 was postponed in order to conduct verification of the incident and to confirm financial results data. The announcement was delayed from August 14 to September 13, 2017.**



- **Internal Investigation Committee encompassing third parties was established. The committee, after thoroughly reviewing the facts and analyzing the cause of the incident, compiled an investigation report comprising recommendations for preventing recurrence of such an incident**



- **In response to the investigation report, Committee for the Promotion of Preventing Recurrences was set up to compose recurrence prevention measures.**

- **The recurrence prevention measures were resolved at a meeting of the board of directors and was disclosed on September 28, 2017.**

**Dissemination and thorough inculcation of the recurrence prevention measures throughout the Group**

## ◆ Background causes of this incident

- **Business expansion was expedited amid slower growth of the European region in comparison with our other regions.**
- **Being a relatively young company set up in December 2013 as a European trading base, the German subsidiary's employee education and organizational framework were not fully established to meet the Group standards.**
- **Part of efforts to upgrade the managerial framework of Group companies worldwide was outpaced by the rapid expansion of overseas business.**

Recurrence Prevention Measures	
1. Measures in purchasing and inventory management	1-1 Reinforce onsite stocktaking and book inventory practices 1-2 Set criteria for approval to a large quantity purchasing
2. Measures in the operational management	2-1 Disseminate and thoroughly inculcate the Administrative Operations Rules among overseas subsidiaries 2-2 Ensure thorough education and training on purchasing and inventory management, credit management and operational management
3. Measures to ensure smoother communication between sales department and administration department	
4. Measures to reinforce capability of managing group companies	4-1 Build new information systems 4-2 Strengthen checking function of the Company's administration department

## ◆ Effects on consolidated accounting for the six months ending September 30, 2017

- **Increase in costs of sales brought about by an unidentified discrepancy in inventories of solar cell modules:** **12 million JPY**
- **Recording of an allowance for doubtful accounts with respect to claims against a business counterparty in relation to solar cells (= Company X), and other related claims:** **Approx. 3.1 billion JPY**
- **Recording of related loss on valuation of investment securities under extraordinary losses:** **0.25 billion JPY**



### Downward revision of full-year forecasts

(billion JPY)	Sales	Op. income	Current profit	Net income attributable to owners of parent
Initial forecasts	630.0	12.5	13.0	10.0
1Q forecasts	620.0	11.5	12.0	10.0
2Q forecasts	620.0	9.0	9.5	10.0*

\* In 3Q, Inabata plans to record approximately 4.1 billion JPY under extraordinary income for gain on sales of investment securities, as disclosed on December 14 and 30, 2017. Combined with the 2.791 billion JPY recorded up through 2Q, the aggregated sum is expected to be approximately 6.9 billion JPY.

- Year 1 Progress of Medium-Term Management Plan “NC2020”

- ◆ Our long-term vision has been drawn up as part of our new Medium-Term Management Plan



◆ **What Inabata envisions to be in years around 2025 to 2030**

Function :

**Further enhancing multi-faceted capabilities such as manufacturing, logistics and finance, in addition to trading.**

Scale of operation :

**Achieving more than 1 trillion JPY in consolidated sales in early stage.**

Sales and operating income generated outside of Japan :

**70% or more**

Portfolio :

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

**Four-year medium-term management plan with FY 3/2021 as its final fiscal year**

Quantitative Targets	FY3/2021
Sales	<b>730 billion JPY</b>
Op. Income	<b>15.5 billion JPY</b>
Current Profit	<b>16.0 billion JPY</b>
Net Income	<b>12.0 billion JPY</b>
Net D/E Ratio	<b>0.4X or less<sup>(※)</sup></b>
Assumed Exchange Rate	<b>USD1= JPY110</b>

(※) Net D/E Ratio = (Int. Bearing Debt – Cash & Deposits) / Equity Capital

**1**

**Further broadening and deepening of business outside Japan**

**2**

**Focus on markets with growth potential and sectors that have yet to be developed**

- **Continual development of the automotive, life science & medical, and environment & energy sectors**
- **Launching new initiatives in the agricultural sector, which includes food business**

**3**

**Further enhancement of information infrastructure essential for global management**

- **Setting priority on what is best as a group**
- **Further enhancement of global business management and standardization**

**4**

**Stepping up investments to expand trading business**

- **Making minority investments primarily to expand trading business**
- **Considering majority investments but with limited risk and scale**

**5**

**Continual review of assets and enhancement of financial standing**

**6**

**Establishing global human resources management**

Segments	
Information & Electronics	<ul style="list-style-type: none"> <li>• The liquid crystal-related business poised to increase slightly in the medium-term; panel display production continues shifting to China</li> <li>• The photocopier and printer business is a mature industry, but there is room for growth with respect to industrial applications</li> <li>• With solar power generation, expectations are low in Japan but growth persists overseas</li> </ul>
Chemicals	<ul style="list-style-type: none"> <li>• The existing Chemicals market in Japan has changed little, and the market for products handled by Inabata is also limited</li> <li>• Foreign chemical manufacturers are moving toward having trading companies handle their marketing in the Japanese market</li> </ul>
Life Industry	<ul style="list-style-type: none"> <li>• In pharmaceuticals, markets for new drugs and regenerative medicine have been growing at a moderate pace</li> <li>• In home products, the Japanese market is saturated while markets in emerging economies are expanding</li> <li>• In food products, industrialized nations are becoming more health and safety conscious, while food consumption is increasing in emerging economies</li> </ul>
Plastics	<ul style="list-style-type: none"> <li>• Customers and suppliers are becoming increasingly more international</li> <li>• Companies are opting to channel business to trading companies that are able to operate globally</li> </ul>
Housing & Eco Materials	<ul style="list-style-type: none"> <li>• The number of housing starts is expected to keep decreasing</li> <li>• The market for renovations is expanding</li> <li>• Major homebuilders and housing equipment manufacturers are increasingly entering overseas markets</li> </ul>

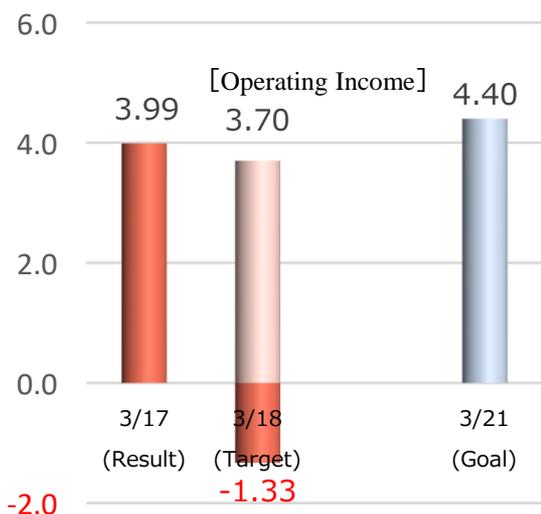
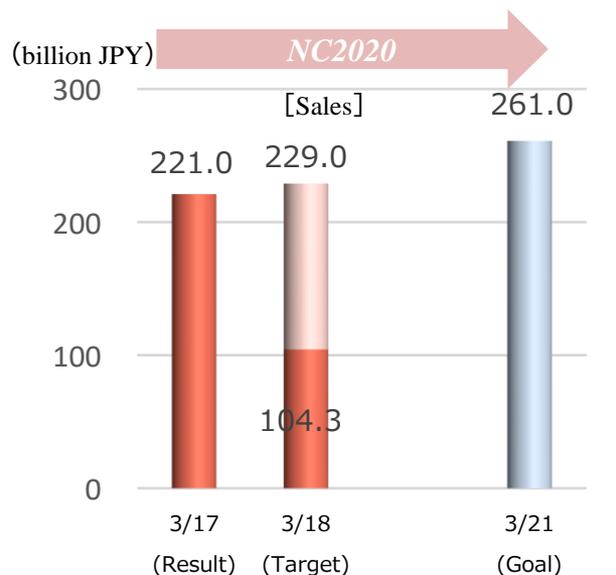
Segments	
Information & Electronics	<ul style="list-style-type: none"> <li>We will work to maintain steady profits in the liquid display business which will remain a mainstay business while the medium-term plan is in effect</li> <li>We will work to expand new businesses in anticipation of slowing growth in our current mainstay businesses over the long term</li> </ul>
Chemicals	<ul style="list-style-type: none"> <li>Achieve deeper penetration in the automotive parts industry</li> <li>Expand the coating business with a focus on the automotive industry</li> <li>Enhance initiatives with foreign chemical manufacturers</li> </ul>
Life Industry	<ul style="list-style-type: none"> <li>Develop promising opportunities in the business of new drugs and raw materials, and focus efforts on leading-edge medical fields</li> <li>In home products and food products, work to increase sales driven by expanding markets, including those overseas</li> <li>In food products, continue expansion into business involving production and processing</li> </ul>
Plastics	<ul style="list-style-type: none"> <li>Expand sales of plastics leveraging the plastic compounds business</li> <li>Focus on automotive sector and particularly the North American market</li> </ul>
Housing & Eco Materials	<ul style="list-style-type: none"> <li>Expand sales to overseas markets</li> <li>Focus on non-housing fields of business</li> </ul>

## [Quantitative Targets]

(billion JPY)

	2Q FY3/18 Results (A)	NC2020 FY3/18 Target (B)	% Achieved (A)/(B)	FY3/18Forecast
Sales	<b>304.9</b>	<b>630.0</b>	<b>48.4%</b>	<b>620.0</b>
Op. income	<b>2.9</b>	<b>12.5</b>	<b>23.5%</b>	<b>9.0</b>
Current profit	<b>3.3</b>	<b>13.0</b>	<b>25.9%</b>	<b>9.5</b>
Net income	<b>2.7</b>	<b>10.0</b>	<b>27.3%</b>	<b>10.0</b>
Net worth ratio	<b>39.8%</b>	—		—
Exchange rates	<b>USD 1 = JPY 111.04</b>	USD 1 = JPY 110.00		USD 1 = JPY 110.00

# NC2020 Progress (per business segment): (1) Information & Electronics

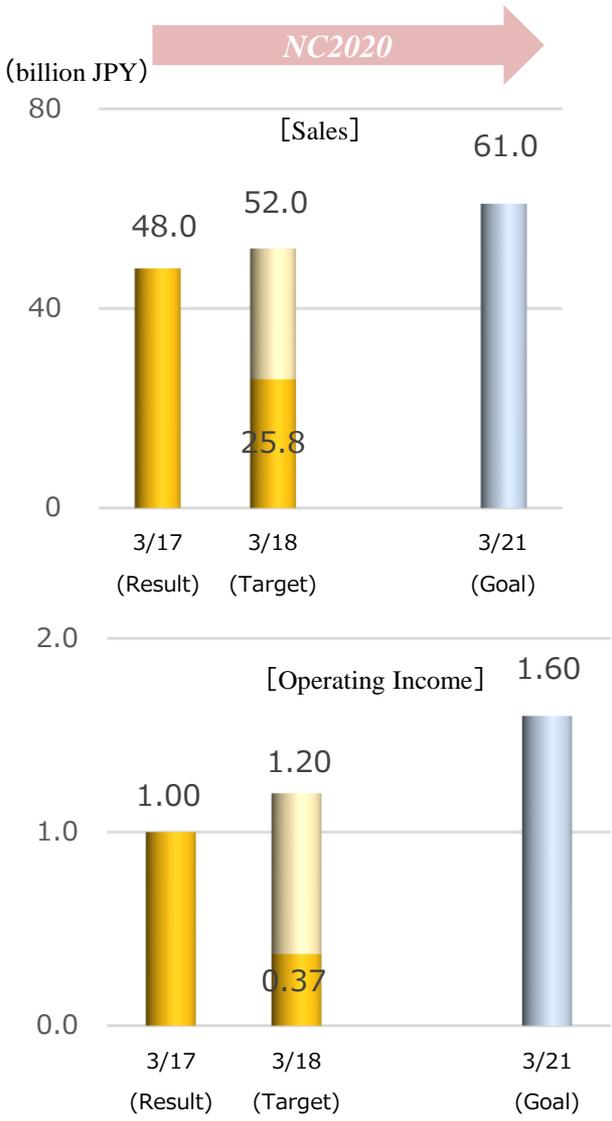


	2Q FY3/18 Results (A)	NC2020 FY3/18 Target (B)	% Achieved (A)/(B)	FY3/18 Forecast
Sales	104.3	229.0	45.6%	219.0
Op. income	-1.33	3.70	—	0.40

- ✓ Recording of a loss allowance in relation to solar cells led to the operating loss. Business strategy for solar power generation was partially revised.
- ✓ The liquid crystal-related business was solid on the profit front supported by strong sales of polarizing film materials in Japan, despite loss of market share in China and Taiwan amid fierce competition on pricing of large polarizing films.
- ✓ Focus will remain on production of prototypes and evaluation of lithium-ion batteries, as well as the sale of materials for Chinese and South Korean battery manufacturers.

Profit drivers	Growth drivers
<ul style="list-style-type: none"> <li>• Parts and materials for liquid crystal displays</li> <li>• Parts and materials for photocopiers and printers</li> </ul>	<ul style="list-style-type: none"> <li>• Business related to lithium-ion batteries (Business related to solar power generation)</li> <li>• Development of business involving “storing, releasing and saving energy,” in addition to “creating energy”</li> </ul>

# NC2020 Progress (per business segment): (2) Chemicals

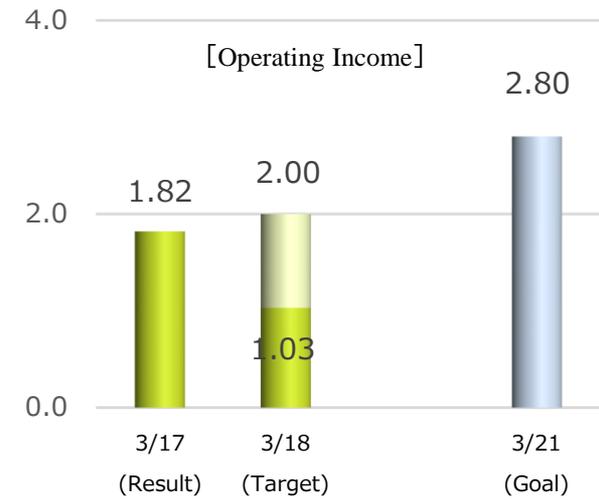
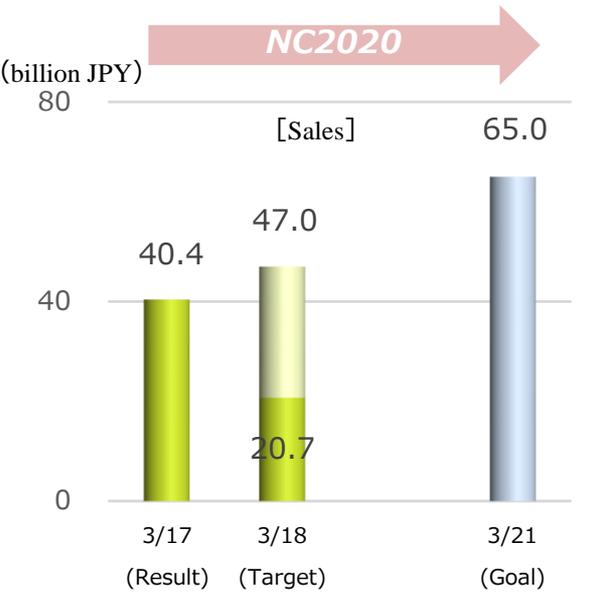


	2Q FY3/18 Results (A)	NC2020 FY3/18 Target (B)	% Achieved (A)/(B)	FY3/18 Forecast
Sales	25.8	52.0	49.7%	52.0
Op. income	0.37	1.20	31.4%	1.10

- ✓ Although sales have been on track, operating income was limited partially as a result of having recorded an allowance for doubtful accounts.
- ✓ Sales to overseas markets of materials and intermediates for the paints and inks sector increased.
- ✓ Sales of materials for heat-releasing parts grew steadily, while heat-releasing parts themselves gradually increased for auto use. Focus on this area will continue.

Profit drivers	Growth drivers
<ul style="list-style-type: none"> <li>• Raw materials for automotive parts</li> <li>• Coatings (paints and inks)</li> </ul>	<ul style="list-style-type: none"> <li>• Heat-releasing parts (Polymatech Japan Co., Ltd.)</li> <li>• New products such as plastic compounds reinforced with glass wool</li> </ul>

# NC2020 Progress (per business segment): (3) Life Industry



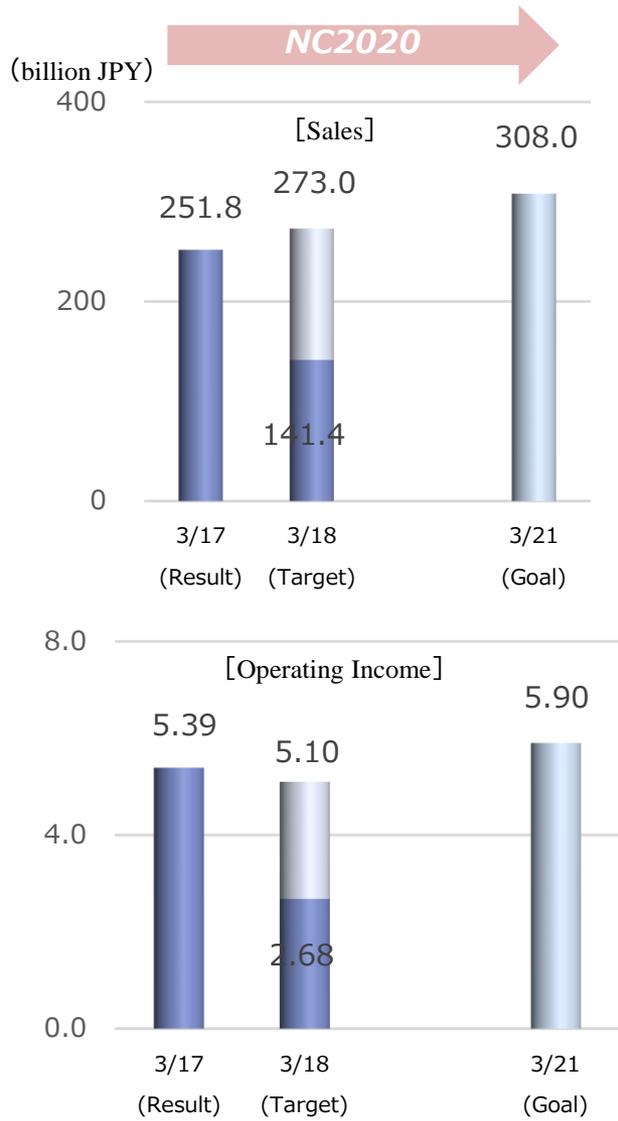
	2Q FY3/18 Results (A)	NC2020 FY3/18 Target (B)	% Achieved (A)/(B)	FY3/18 Forecast
Sales	20.7	47.0	44.1%	47.0
Op. income	1.03	2.00	51.6%	2.00

- ✓ Operating income exceeded target due to firm results with business related to pharmaceuticals and home products.
- ✓ Profit of pharmaceutical and cosmetics subsidiary in France improved due to restructuring efforts.
- ✓ In Hokkaido, cultivation and sales of agricultural products\* was launched. Contribution to the profit is expected in the next fiscal year and on.

\* Blueberries, pumpkins, garlic, etc.

Profit drivers	Growth drivers
<ul style="list-style-type: none"> <li>• Materials for pharmaceuticals (new drugs)</li> <li>• Materials for home products</li> </ul>	<ul style="list-style-type: none"> <li>• Regenerative medicine and other leading-edge medical fields</li> <li>• Agricultural products, particularly blueberries</li> <li>• Develop new business models (agriculture and food processing)</li> </ul>

# NC2020 Progress (per business segment): (4) Plastics

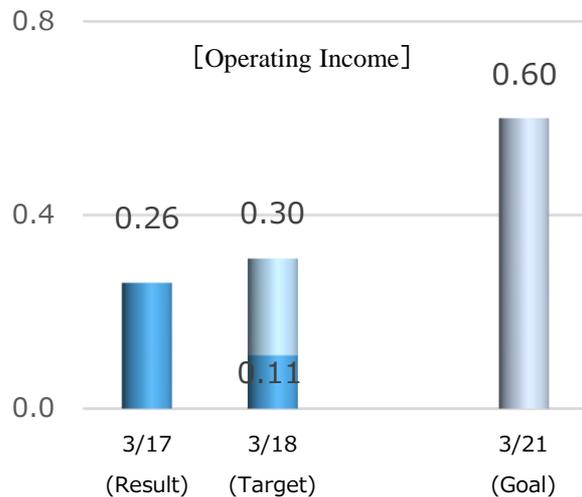
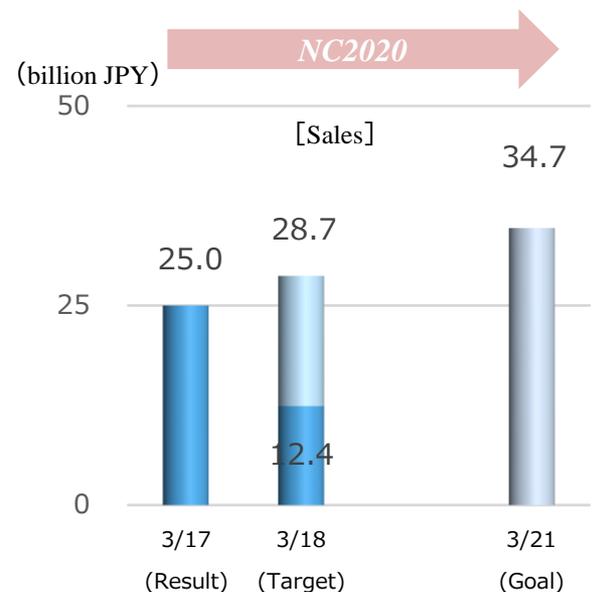


	2Q FY3/18 Results (A)	NC2020 FY3/18 Target (B)	% Achieved (A)/(B)	FY3/18 Forecast
Sales	141.4	273.0	51.8%	273.0
Op. income	2.68	5.10	52.6%	5.20

- ✓ Sales of resins primarily for our focus area of automotive-related applications were favorable both in Japan and abroad. Consequently, both sales and operating income exceeded targets.
- ✓ Growth in sales and profit in the film and sheet-related business fell short of target, partially due to adverse effects of unusual weather patterns.
- ✓ Automotive-related sales to global users have increased steadily, and sales to Japanese automakers based in Thailand and Indonesia are also on track to recovery.

Profit drivers	Growth drivers
<ul style="list-style-type: none"> <li>• Plastics for the automobile, office equipment, and home electrics sectors</li> <li>• Film-related products, including manufacturing and processing</li> </ul>	<ul style="list-style-type: none"> <li>• Sales to global users</li> <li>• Further expansion in overseas business (regionally and in different fields)</li> </ul>

# NC2020 Progress (per business segment): (5) Housing & Eco Materials



	2Q FY3/18 Results (A)	NC2020 FY3/18 Target (B)	% Achieved (A)/(B)	FY3/18 Forecast
Sales	12.4	28.7	43.5%	28.7
Op. income	0.11	0.30	39.3%	0.20

- ✓ Sales and operating income both fell short of target, amid stagnant growth in overseas-related and housing-related business.
- ✓ Sales of particle boards made from scrap wood grew.

Profit drivers	Growth drivers
<ul style="list-style-type: none"> <li>• Materials for major homebuilders and housing equipment manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>• Overseas markets (flooring, etc.)</li> <li>• Non-housing fields of business (urethane materials, wood chips, etc.)</li> </ul>

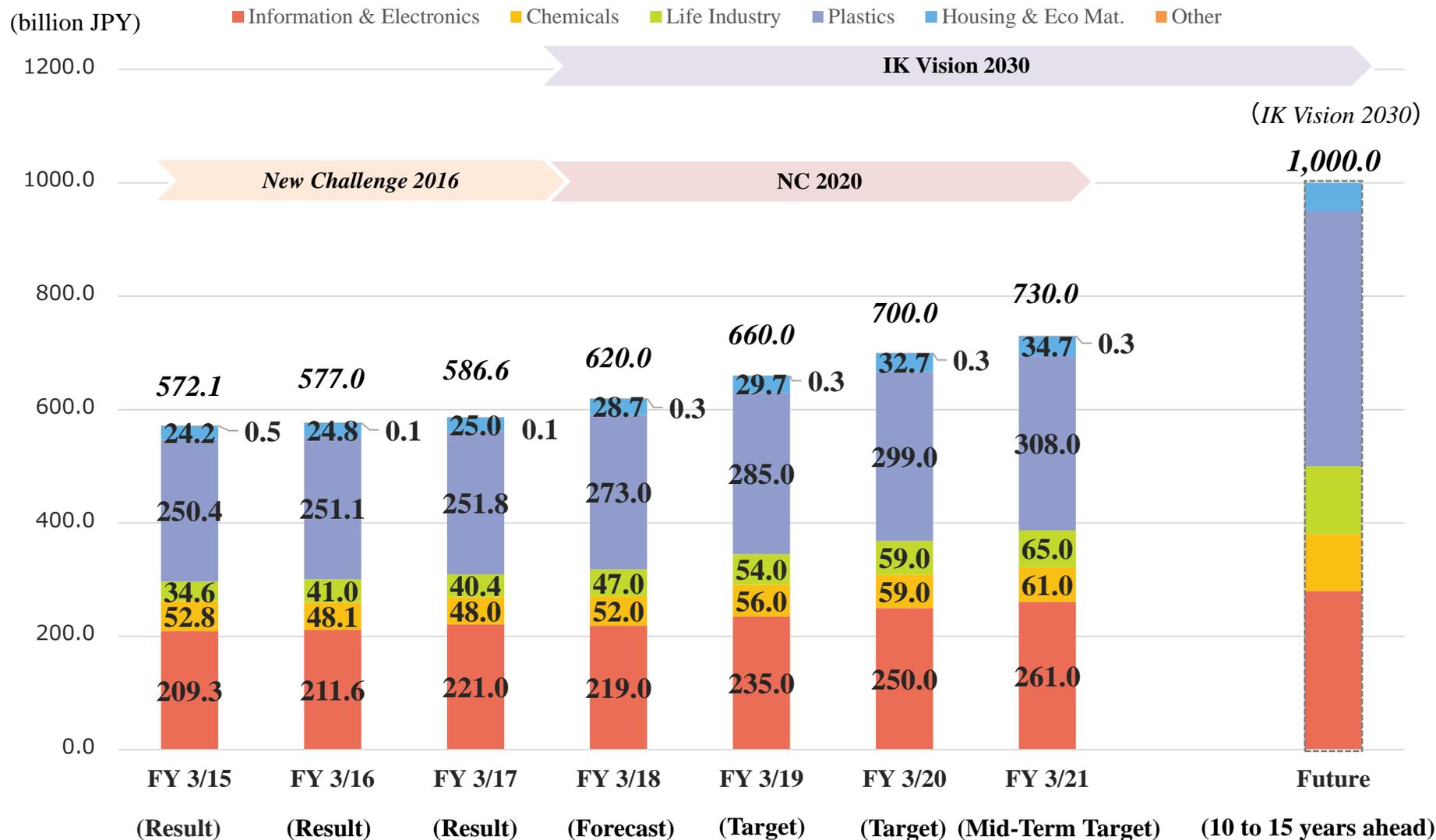
*Stepping up investments to expand trading business*

(billion JPY)	2Q FY3/18 Results
Growth investment	<b>2.59 billion JPY</b>
Fixed investment	<b>0.66 billion JPY</b>
Total	<b>3.25 billion JPY</b>

■ Major growth investments in 2Q FY3/2018

- Chemicals segment: Investment outlay of 1.67 billion JPY  
(Automotive and heat-releasing parts business)
- Information & Electronics segment: Investment outlay of 0.48 billion JPY  
(2 investments in the environment & energy-related business)
- Plastics segment: Capital investment of 0.10 billion JPY  
(Resin compound related)

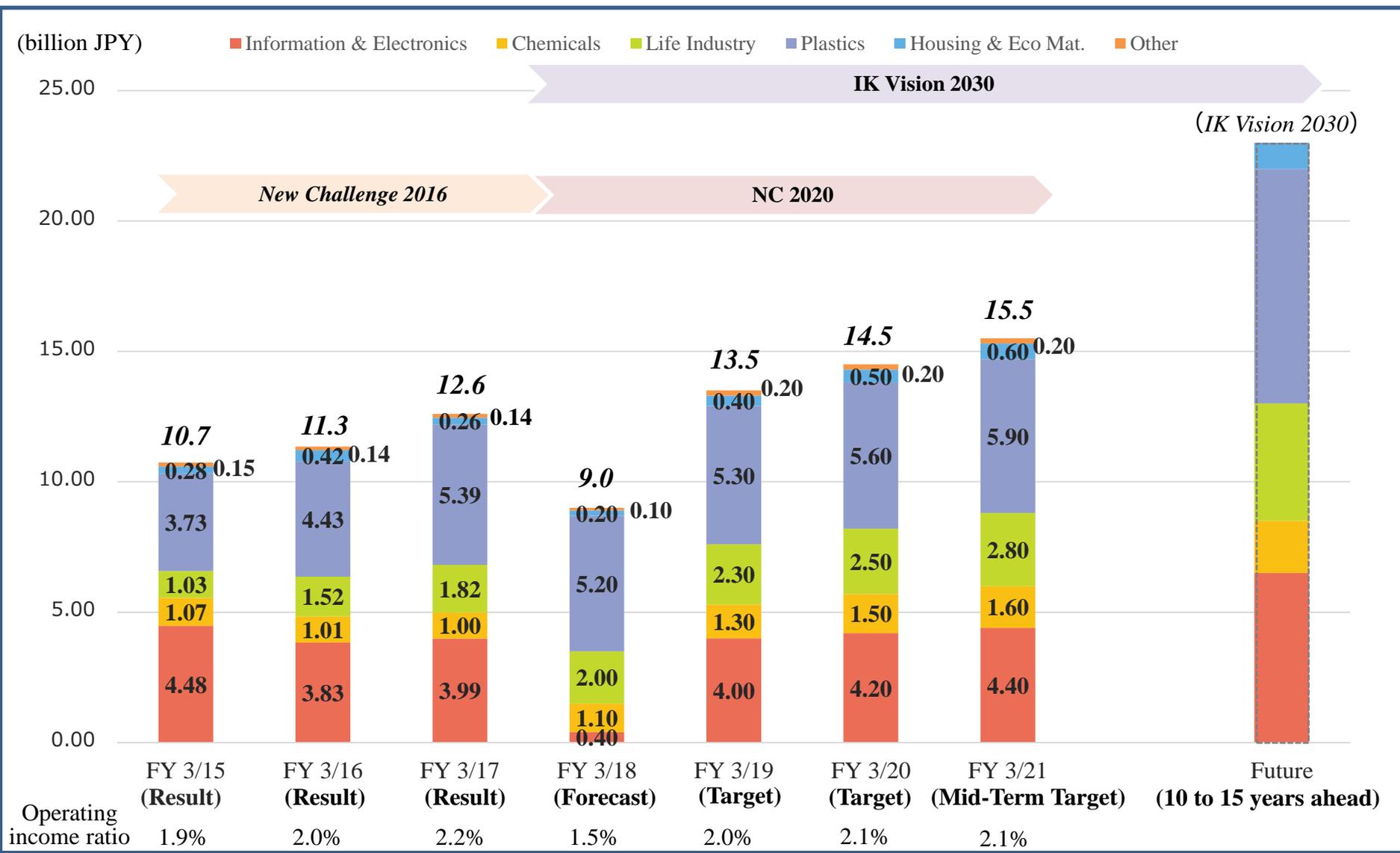
# NC2020: Sales Transition by Business Segment



(NB) Sales forecast for FY3/18 revised from 630.0 billion JPY to 620.0 billion JPY (announced on September 13, 2017)

(NB) From FY 3/17, crane business previously classified under “Other” is classified under “Information & Electronics.” Segment information for FY 3/16 has been prepared on the basis of the new classification.

# NC2020: Operating Income Transition by Business Segment



(NB) Operating income forecast for FY3/18 revised from 12.5 billion JPY to 9.0 billion JPY (announced on November 14, 2017)

(NB) From FY 3/17, crane business previously classified under “Other” is classified under “Information & Electronics.” Segment information for FY 3/16 has been prepared on the basis of the new classification.

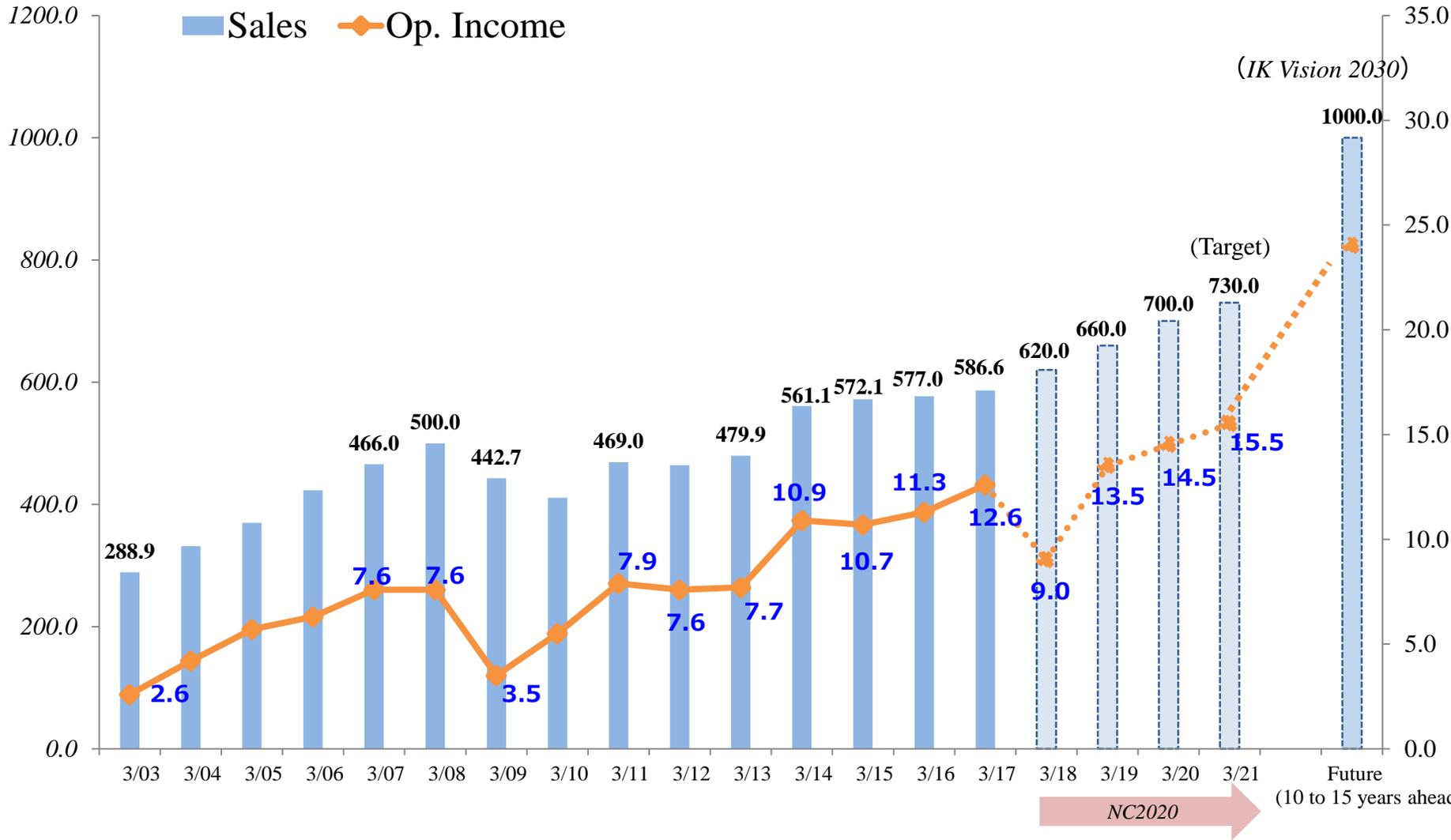
\*Operating income ratio FY3/17 was corrected on July 2, 2018 as follows. before correction:1.9% , after correction 2.2%

# Sales and Operating Income (Since FY2002)



(Sales: billion JPY)

(Op. Income: billion JPY)



(NB) Revision of full-year forecasts for FY3/18 (announced on November 14, 2017)

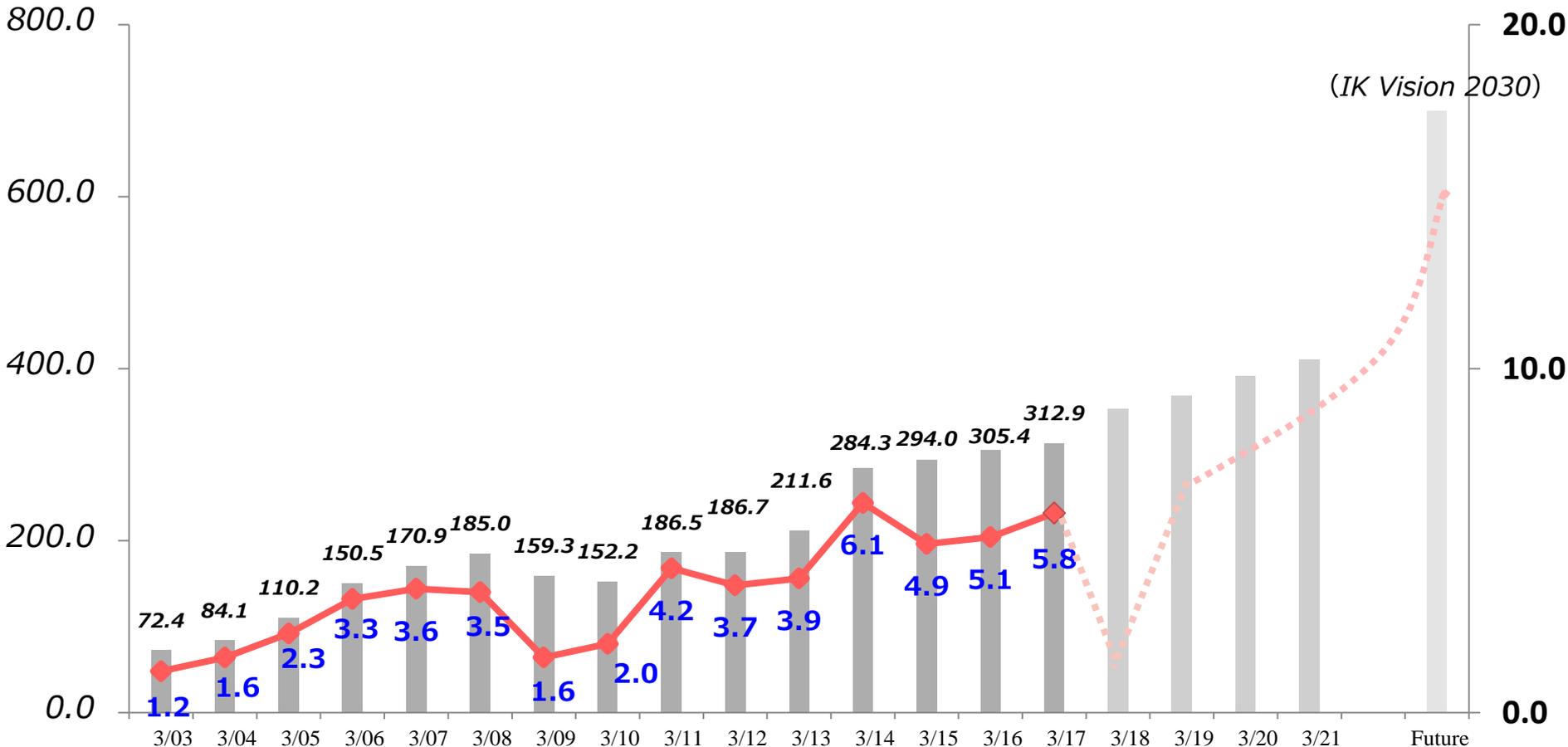
# Overseas Sales and Operating Income (Since FY2002)



(Sales: billion JPY)

■ Sales ◆ Op. Income

(Op. Income: billion JPY)



JPY:USD  
Exchange  
rates

119.9 107.1 104.2 118.0 119.1 114.1 91.0 92.1 81.49 77.74 79.81 100.17 109.76 120.15 108.34

NC2020

Future (10 to 15 years ahead)

- **3 outside directors (of 9 directors)**

We aim to enhance supervisory functions and increase corporate value by taking advantage of the outside directors' extensive experience and wide-ranging insight into company business.

## Outside Directors

- **Yoshimasa Takao**

Former Executive Deputy Chairman ; Current Advisor– Sumitomo Chemical Co., Ltd.

- **Katsumi Nakamura\***

Former Executive Vice President – Renault (France),  
Former Chairman of the Board– Calsonic Kansei Corp. ;  
Current Director (Outside) – Kito Corp.

- **Toshiyuki Kanisawa\***

Former Representative Director, Executive Vice President ;  
Current Counselor, - Tokyo Gas Co., Ltd.

The following initiatives were implemented to enhance governance

## 1. Established the Nominating and Remuneration Committee (voluntary)

Ensures objectivity, fairness and transparency with respect to appointing senior management, nominating director and audit & supervisory board member candidates, and making decisions on director remuneration

- Current membership: 1 internal director (chairperson) and 2 independent outside directors
- Held four times during FY 3/2017

## 2. Evaluating the board of directors (self-evaluation)

Objective - To increase corporate value by enhancing effectiveness and transparency of the board of directors

- Evaluations of the board of directors (self-evaluation) are carried out since FY2015
  - Third-party evaluation scheduled for FY2017
- 
- ✓ In November 2016, performed an evaluation involving all directors and audit & supervisory board members using a survey format
  - ✓ In April 2017, disclosed analysis/evaluation results in writing

## 2. Evaluating the board of directors (self-evaluation)

### ◆ Tasks and measures taken

#### (1) Improve discussion of medium and long-term issues by the board of directors

We will develop a framework that enables the board of directors to focus on more important proposals, so that its members can engage in more extensive discussions on medium- to long-term business issues and other such matters.

#### (2) Promote succession planning and diversity

Given that such matters are important issues for Inabata, the board of directors and the Nominating and Remuneration Committee will engage in more extensive discussions on such matters.

#### (3) Adequate collaborative framework and communication amongst outside directors and audit & supervisory board members

In March 2017, we established a forum where the outside directors and audit & supervisory board members can exchange views. We will continue monitoring the situation to ensure that a sufficient collaborative framework is established.

## 3. Strategically Held Shares

### [Basic Views]

Close business and cooperative relations with various companies are valuable assets to the Company, and the Company believes the establishment, maintenance and development of these relations improve the Company's corporate value in the medium and long term and lead to the benefit of shareholders and investors. Also, as the Company believes the strategic holding of shares of such companies is one effective way to establish, maintain and develop good cooperative relations, the Company owns strategically held shares.

### [Decisions on acquisition, continuous holding and disposal of such shares]

The Company bases its decisions regarding whether to maintain ownership of strategically held shares on whether such holdings contribute to the establishment of cooperative relations, enhance the Company's corporate value in the medium and long term, and lead to the benefit of shareholders and investors.

The necessity of such holdings is validated on a yearly basis, and the rationale for such holdings is explained to the board of directors.

	<b>Sales of other securities</b>
FY3/15	¥730 million
FY3/16	¥1,421 million
FY3/17	¥5,150 million

Policy for returning profits to shareholders

**Total Return Ratio of 30-35% (target)**

Total Return Ratio (%) = (amount of dividends + amount of treasury shares acquired) / consolidated net income x 100

## 【 Treasury stock 】

● **Retirement of treasury shares**  
(August 2014)

- **No. of Shares Retired: 1,660,000**

(equivalent to 2.55% of the total no. of shares issued and outstanding prior to retirement)

● **Acquisition of Treasury shares**  
(Details for FY 3/2018)

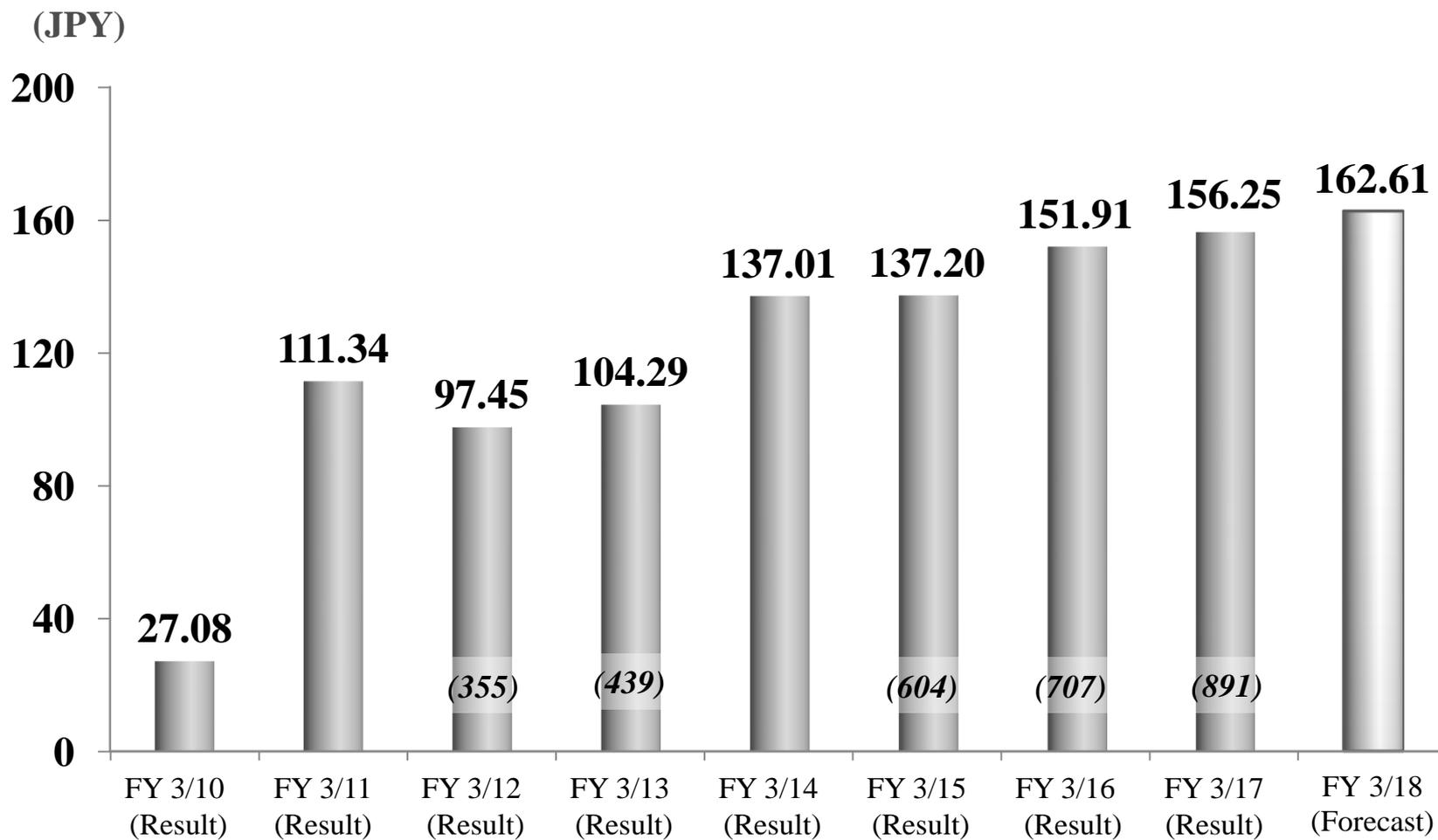
**No. of Shares Acquired: 400,000**

**Value of Shares Acquired**

**: 679,580,600 JPY**

**Acquisition Period: 15<sup>th</sup> Nov.-13<sup>th</sup> Dec. 2017**

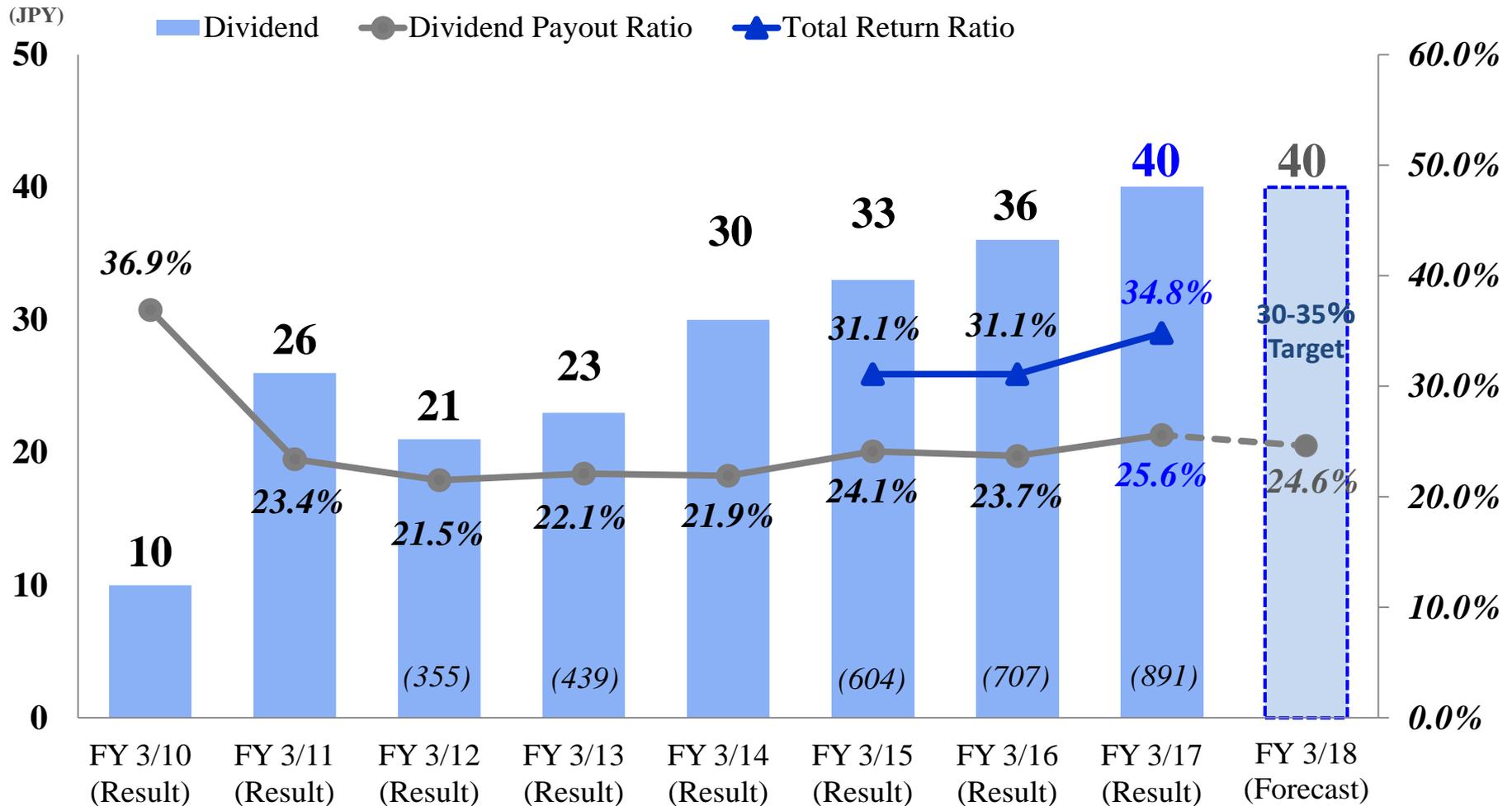
# EPS Trends



(NB) The figures in brackets at the bottom of the bar chart show the amount of treasury shares acquired during the period (JPY million).

# Returning Profits to Shareholders (2)

*Trends in Annual DPS & Shareholder Return Indicators*



(NB) The figures in brackets at the bottom of the bar chart show the amount of treasury stock acquired during the period (JPY million).

(NB) Figures for FY 3/11 include a special dividend of 2 JPY to commemorate the company's 120<sup>th</sup> anniversary.

# Summary of Financial Results – 2Q FY3/2018

**Sales : 304.9 billion JPY +5.6% YoY**

Increased due to effect of yen depreciation and strong performance in the plastics business

**Op. Income : 2.9 billion JPY -48.2% YoY**

Decreased substantially due to having recorded an allowance for doubtful accounts

**Current Profit : 3.3 billion JPY -47.5% YoY**

Decreased due to lower operating income

**Net Income : 2.7 billion JPY -41.6% YoY**

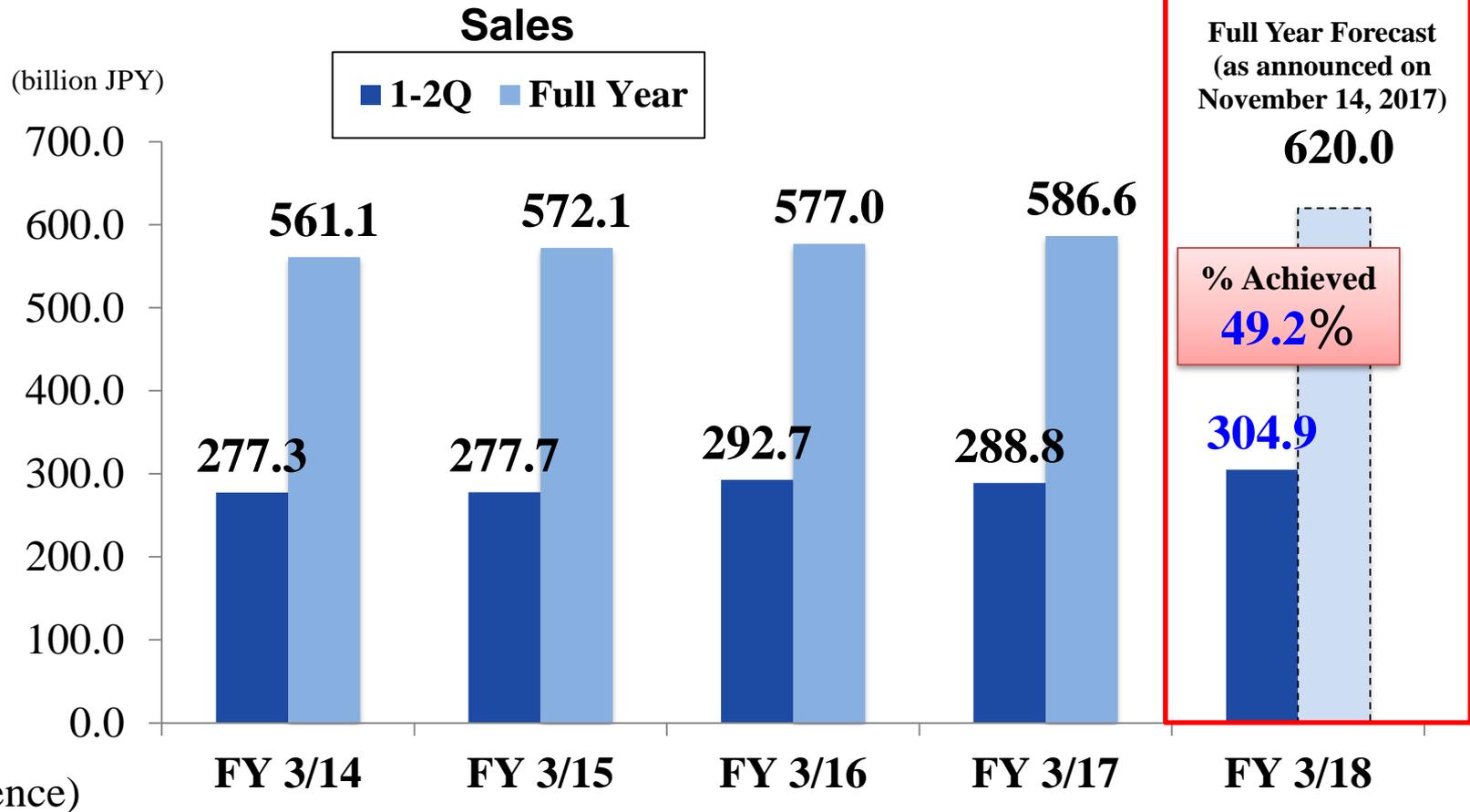
Decreased due to lower current profit etc., despite an increase in gain on sales of investment securities

# Consolidated Results Review – 2Q FY3/2018

(billion JPY)

	Six month ended Sep. 30,2016	Six month ended Sep. 30,2017(A)	YoY Change		Full Year Forecast - announced on May 11, 2017	Full Year Forecast - announced on Nov. 14, 2017 (B)	Achievement (A)/(B)%
			Amount	%			
Sales	288.8	304.9	+16.0	+5.6%	630.0	620.0	49.2%
Op. Income	5.6	2.9	-2.7	-48.2%	12.5	9.0	32.7%
Current Profit	6.4	3.3	-3.0	-47.5%	13.0	9.5	35.5%
Net Income	4.6	2.7	-1.9	-41.6%	10.0	10.0	27.3%
Exchange Rate: USD/JPY	105.20	111.04	+5.84		110.00	110.00	

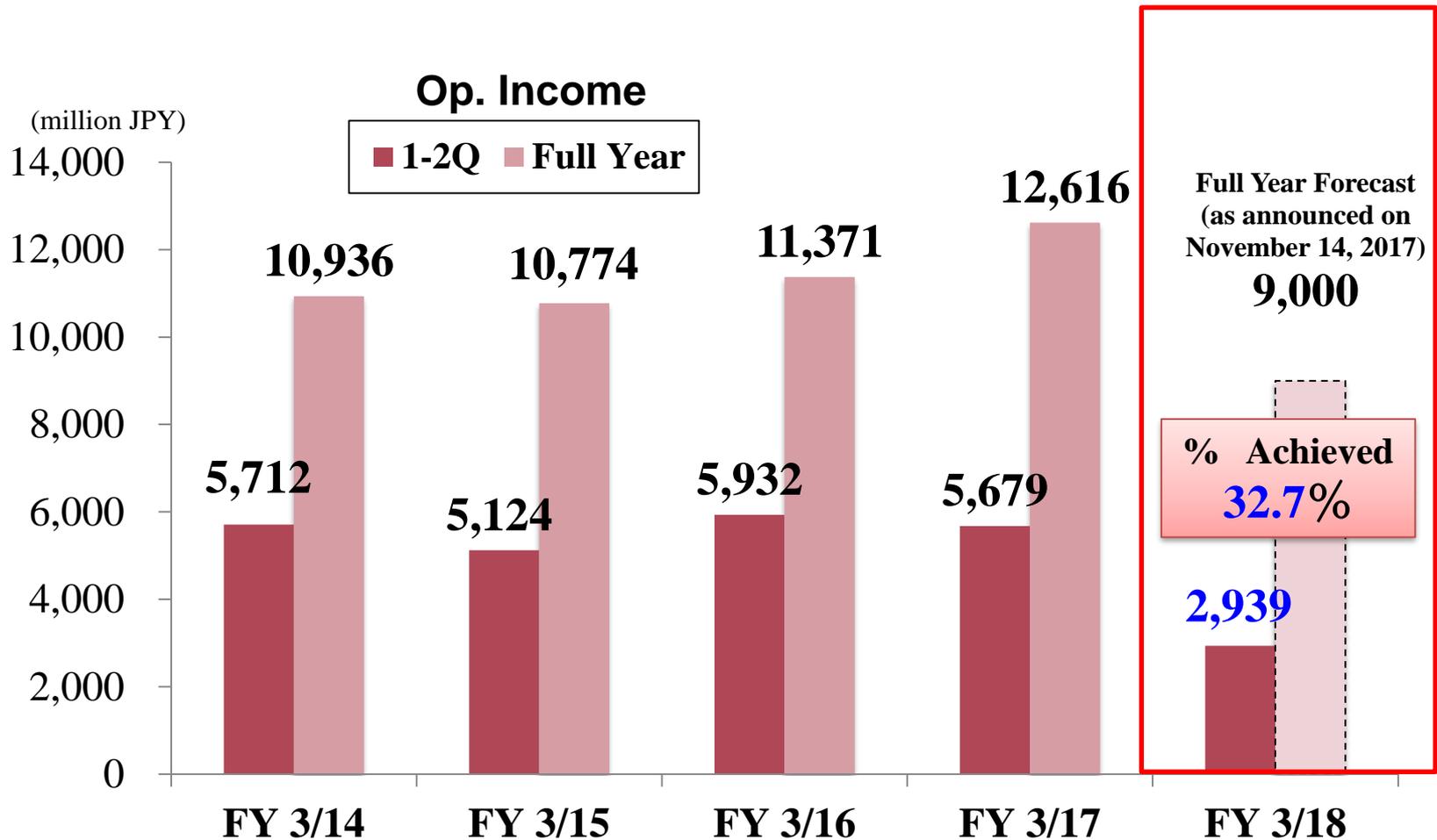
# Sales Trends



		FY 3/14	FY 3/15	FY 3/16	FY 3/17	FY 3/18
<b>Exchange Rate: USD/JPY</b>	<b>1-2Q</b>	98.86	103.01	121.87	105.20	111.04
	<b>Full Year</b>	100.17	109.76	120.15	108.34	(*Note)110.00

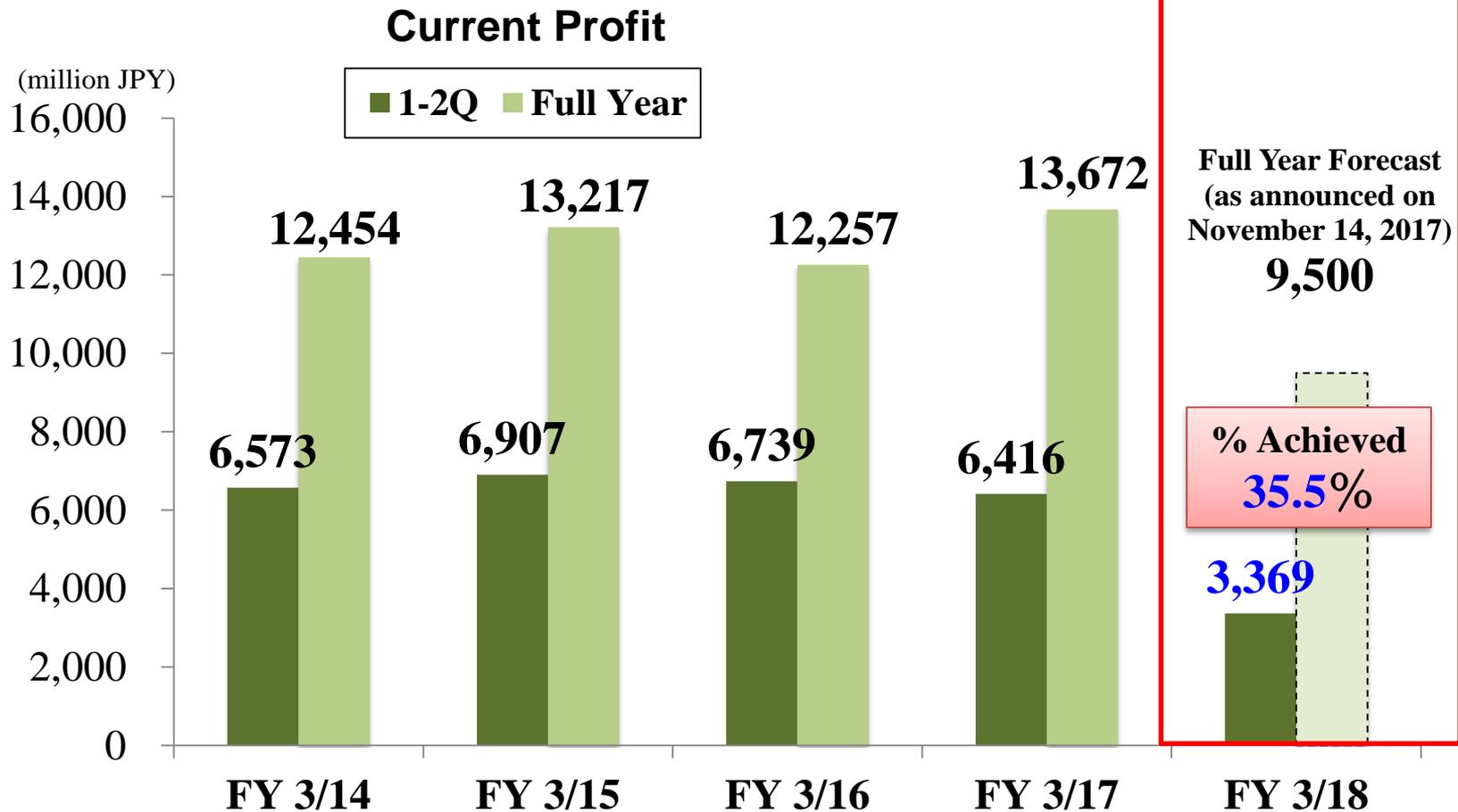
\* The full-year forecast for FY3/18 has been revised to 620.0 billion JPY (revised on September 13, 2017), (NB) Estimation at time of release. **42**  
from 630.0 billion JPY (released on May 11, 2017).

# Trends in Operating Income



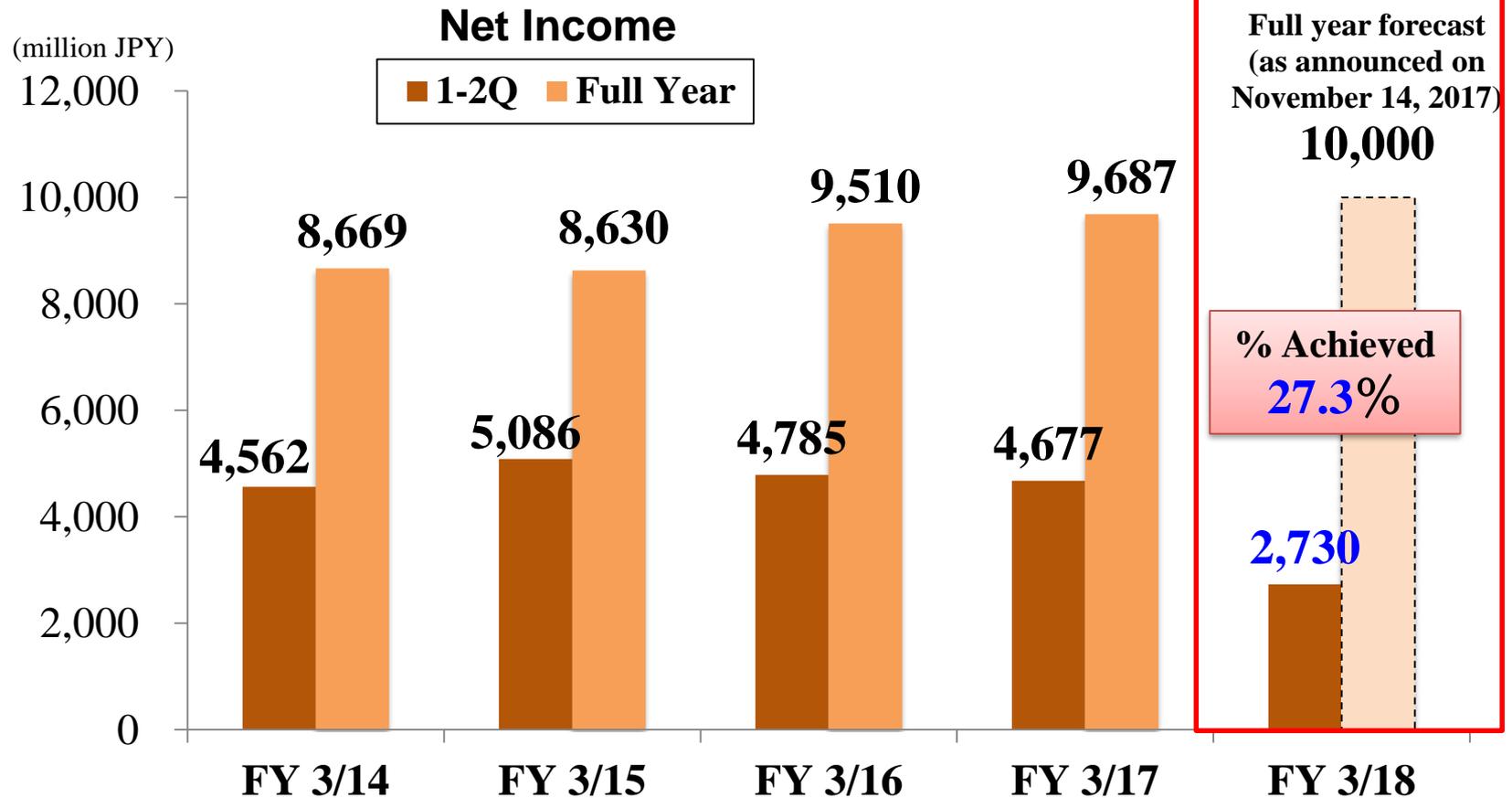
\* The full-year forecast for FY3/18 has been revised to 9,000 million JPY (revised on November 14, 2017), from 12,500 million JPY (released on May 11, 2017).

# Trends in Current Profit



\* The full-year forecast for FY3/18 has been revised to 9.5 billion JPY (revised on November 14, 2017), from 13 billion JPY (released on May 11, 2017).

# Trends in Net Income

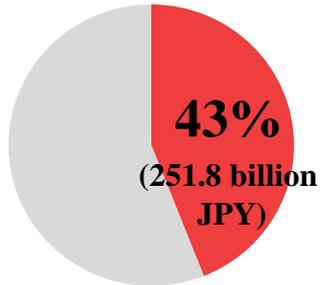


\* The full-year forecast for FY3/18 is 10 billion JPY (unchanged from forecast released on May 11, 2017).

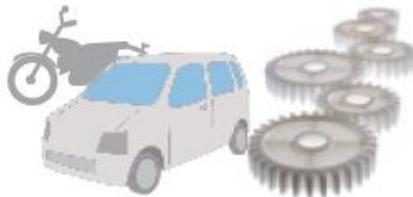
# Reference

## 1. Plastics

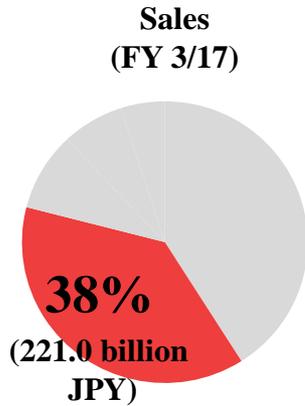
Sales  
(FY 3/17)



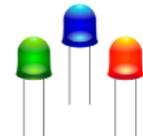
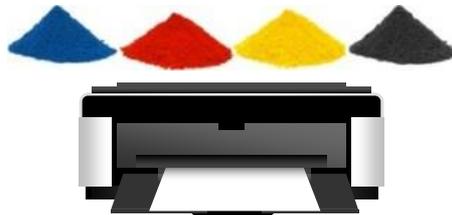
- Sales of high performance plastics:  
For automobiles and motorcycles, home electric appliances, OA equipment, and electronic components
- Sales of plastics, molded plastic products and related materials  
For general merchandise, sundry, architectural component, and healthcare industries
- Sales of resins/products for packaging materials and films:  
Materials for garbage bags, packaging for industrial use and food
- Manufacture and sales of sheet products for sporting goods  
Grip tapes for tennis rackets and baseball bats etc.



## 2. Information & Electronics

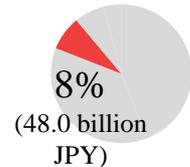


- Sales of raw materials for polarizing films to polarizing film manufacturers, and sales of polarizing film to panel manufacturers; also, alignment layer materials, electronic parts for LCD backlight units, etc.
- Sales of inkjet printer dye and toner ingredients to printer and copier manufacturers
- Materials for solar cells and lithium-ion batteries, LEDs, semiconductor materials, etc.



## 3. Chemicals

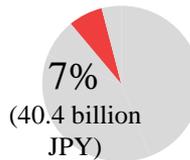
Sales (FY 3/17)



- Sales of raw materials and additives to the resin, rubber, textile and other industries
- Sales of raw materials and additives for use in paints, inks, adhesives, paper, etc.



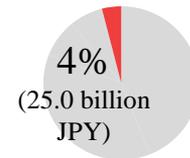
## 4. Life Industry



- Raw materials for pharmaceutical intermediates, insect repellents and insecticides, air fresheners and deodorants, and cosmetics
- Agricultural products (blueberries, fruit juices, frozen vegetables) and marine products (ingredients for sushi)



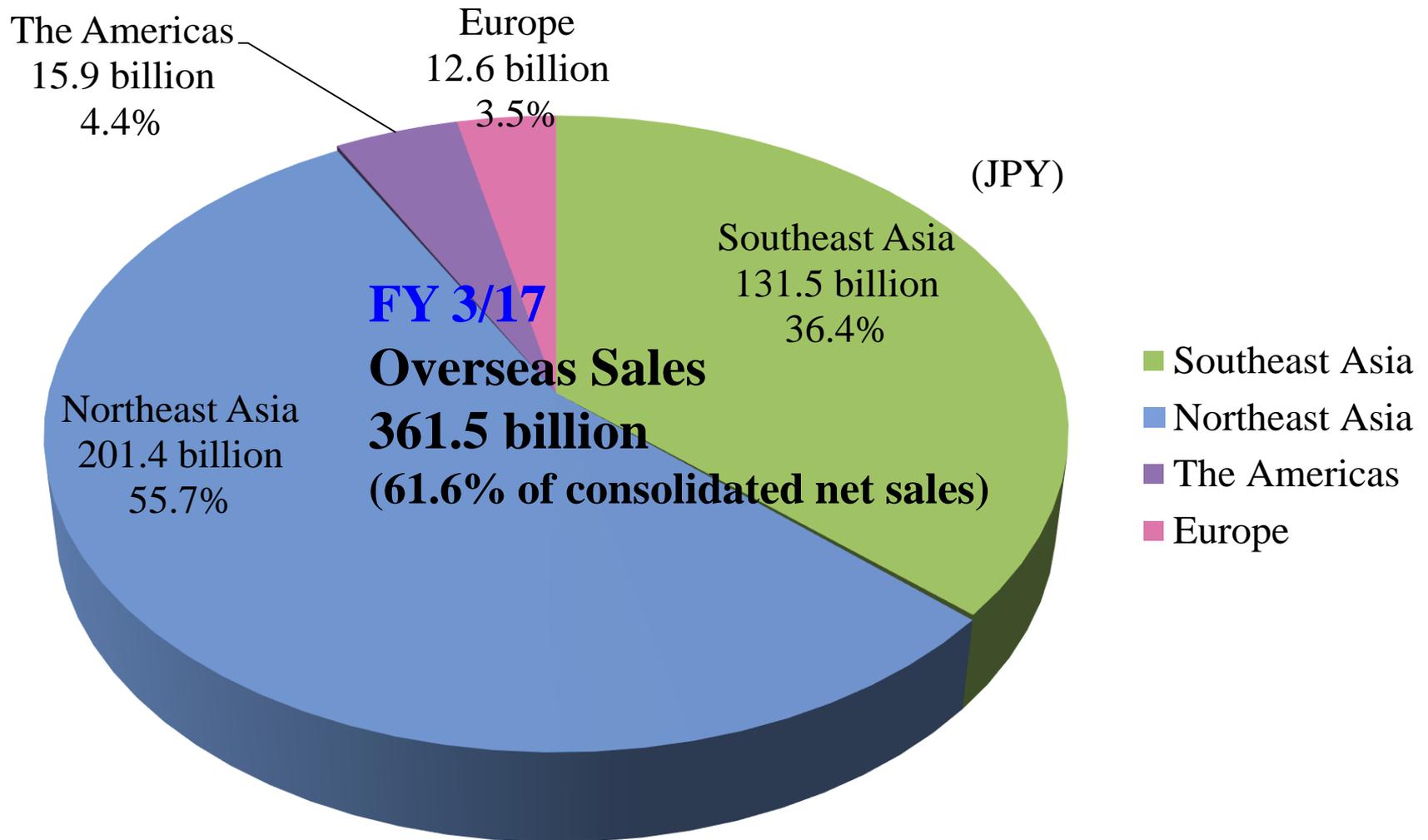
## 5. Housing & Eco Materials

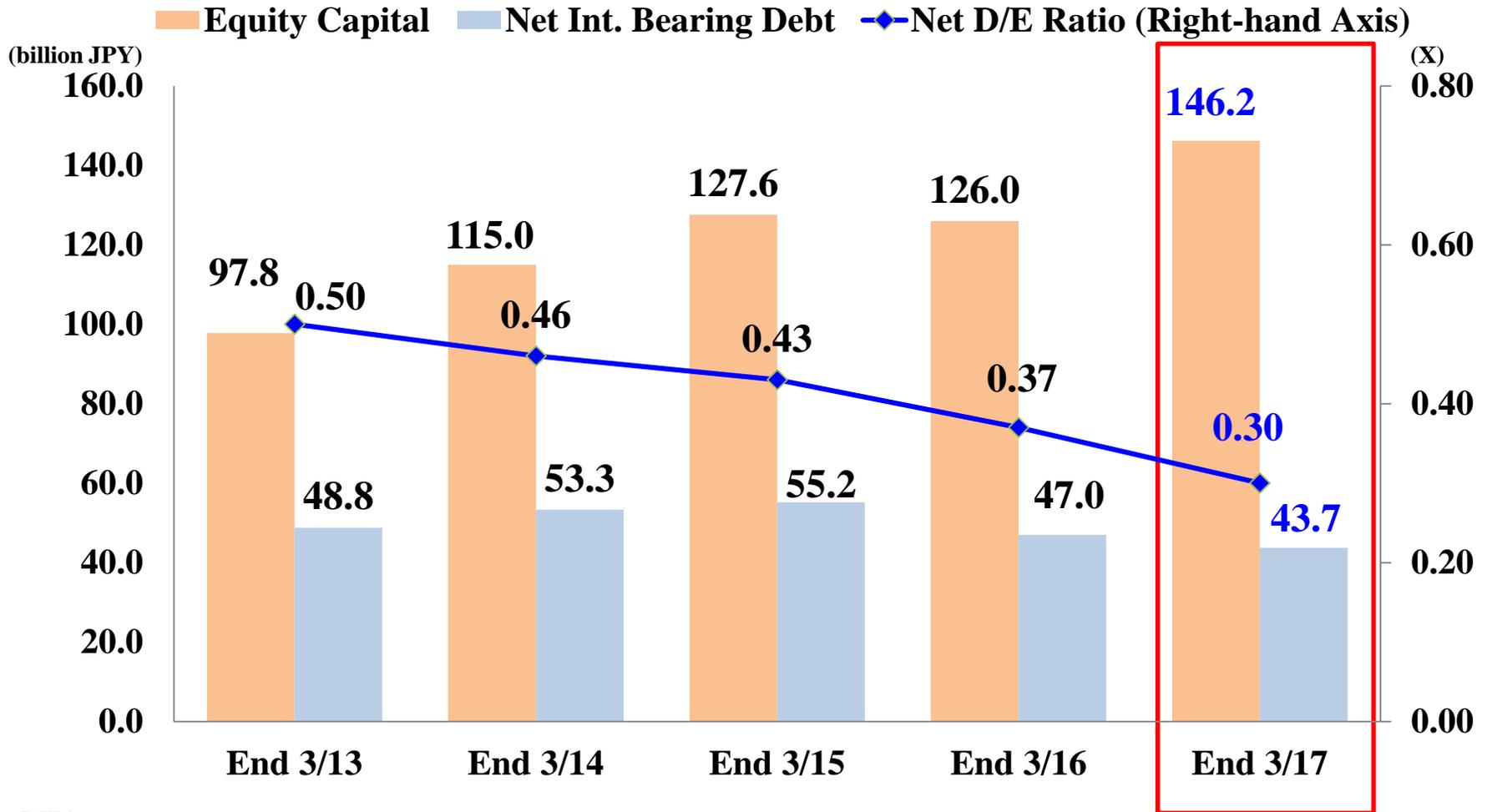


- Lumber and laminated timber
- Chemicals, resin materials, stairs, flooring, prefabricated bath units, kitchens, toilets
- Recycled products (particle board made from scrap wood, and wood chips for use in wood biomass power generators)



# Overseas Sales (including exports from Japan)





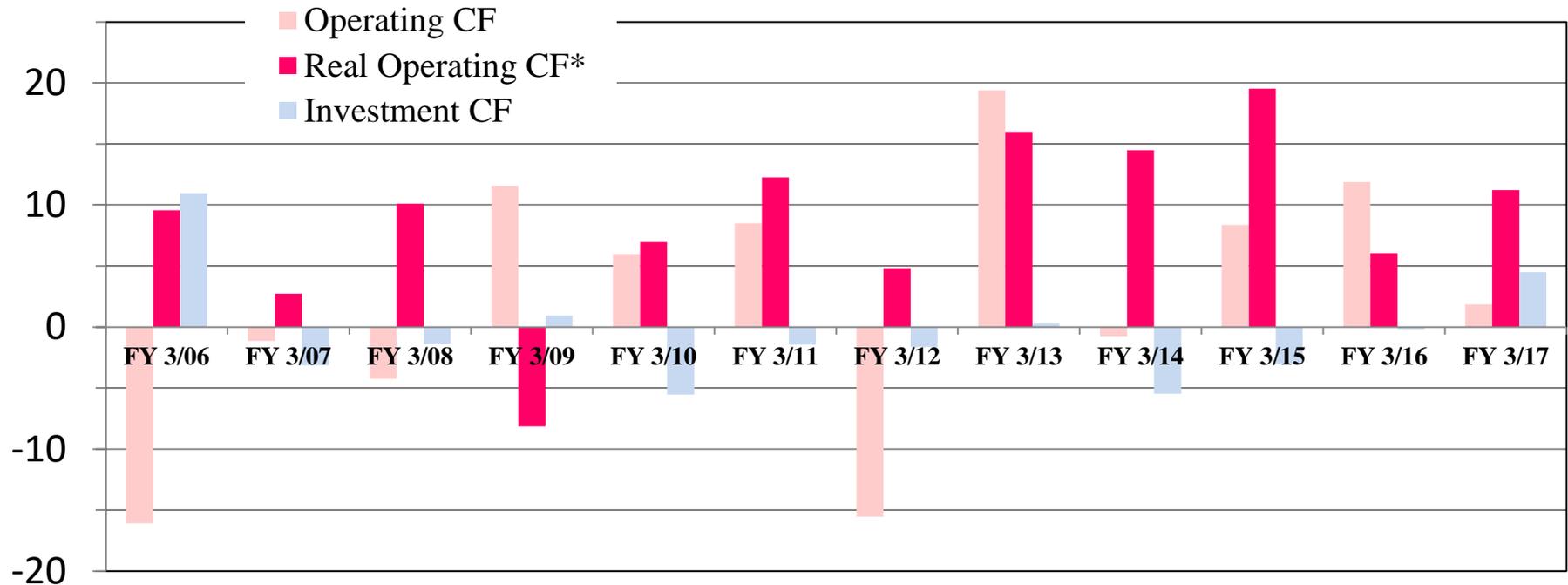
(NB)

Equity Capital = Net Assets – Stock Acquisition Rights – Non-controlling interests;

Net D/E Ratio = (Int. Bearing Debt – Cash & Deposits) / Equity Capital

# Trends in Cash Flow

(billion JPY)



(million JPY)

	FY 3/06	FY 3/07	FY 3/08	FY 3/09	FY 3/10	FY 3/11	FY 3/12	FY 3/13	FY 3/14	FY 3/15	FY 3/16	FY 3/17
Operating CF	-16,071	-1,150	-4,257	11,562	5,976	8,495	-15,534	19,400	-764	8,354	11,866	1,840
Change in WC	-25,619	-3,873	-14,366	19,700	-968	-3,748	-20,357	3,414	-15,244	-11,179	5,821	-9,367
Real Operating CF*	9,548	2,723	10,109	-8,138	6,944	12,243	4,823	15,986	14,480	19,533	6,045	11,207
Investment CF	10,966	-3,132	-1,359	947	-5,529	-1,436	-1,629	277	-5,467	-3,044	-161	4,504

\* Cash flows associated with operating activities – Cash flows associated with change in working capital

Working capital = Trade receivables + Inventory – Trade payables



## Inabata's Share Price for the past 10 years

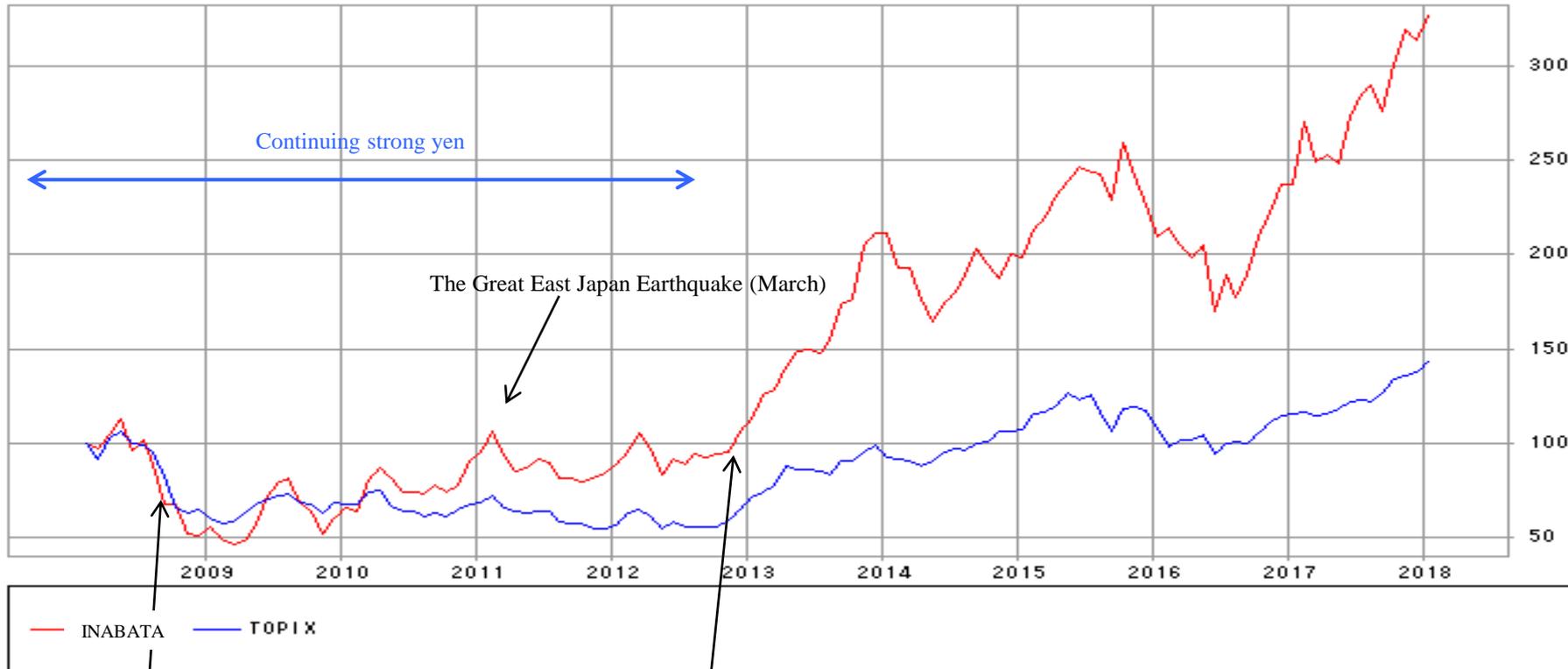




# Trends in Share Price

## Inabata's share price performance vs. TOPIX for the past 10 years

(12/2008=100)



Bankruptcy of Lehman Brothers Holdings Inc. (Sep.)

LDP wins majority in the election. Start of the Abe Cabinet (Dec.)

□ IR queries should be directed to:

Inabata & Co., Ltd. Financial Management Office, IR Dept.

TEL:81-50-3684-4007 (Contact:Ms. Ryoko Mitsui)

FAX:81-3-3639-6410

E-mail inabata-ir@inabata.com

◆ **A 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. Consequently the data and future forecasts contained herein may include elements that are subject to change, and the reader should be aware that this document and its contents are no guarantee of future performance.**

◆ **Re:Numerical Format**

**Units of 'billion', 'hundred million' and 'million' JPY in this document use figures that have been rounded down. Consequently there may be some discrepancy between individual values and total values, or values showing changes between sets of data.**