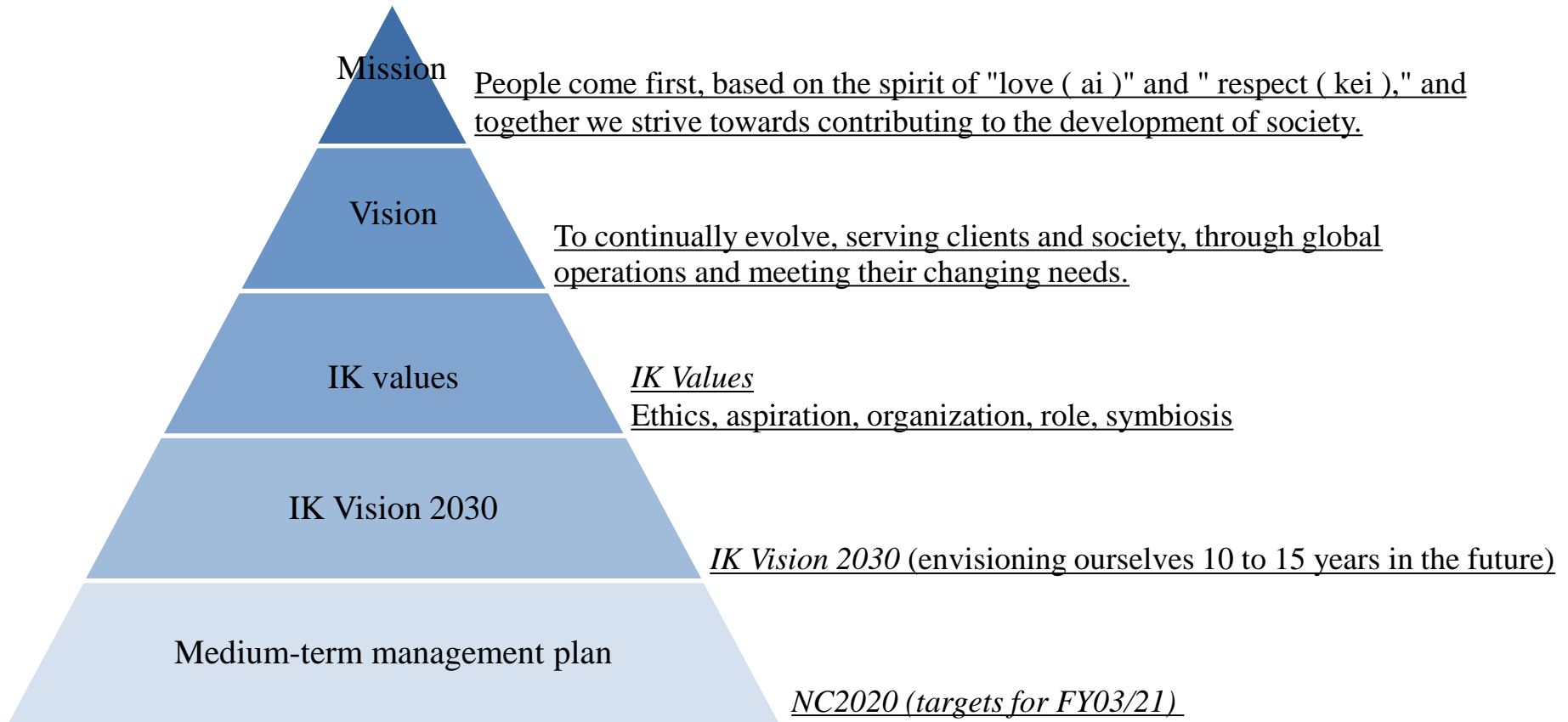

IR Briefing For 1Q
Fiscal Year Ending March 2021

October 2020
Inabata & Co., Ltd.

- P.3- Management Philosophy and Long-Term Vision
- P.5- Sales and Operating Profit Trends
- P.7- Medium-Term Management Plan *NC2020*
Year 3 Progress (FY3/2020)
- P.19- Returning Profits to Shareholders
- P.22- Corporate Governance
- P.30- Summary of Financial Results for 1Q FY3/2021
and Full-Year Outlook
- P.40- Reference

◆ *IK Vision 2030* was drawn up in May 2017, prior to *NC2020*.

Love (*ai*) and Respect (*kei*)



◆ Inabata's aspirations for itself in around 2030

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

Scale: Reach consolidated net sales of ¥1 trillion at an early stage

Overseas business: 70% or more

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

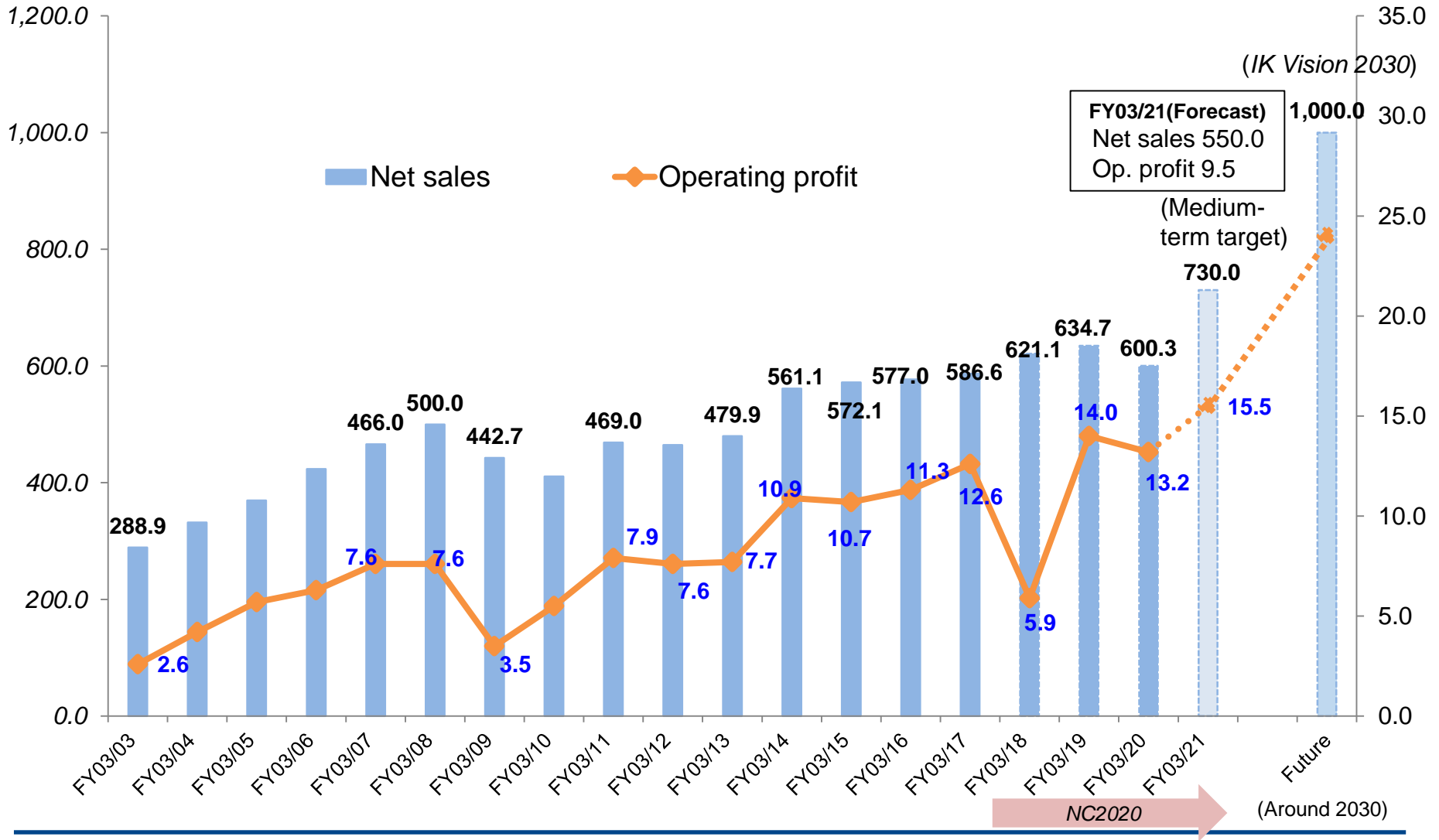
Formulated May 2017

Net Sales and Operating Profit



(Net sales: Billions of yen)

(Operating profit: Billions of yen)

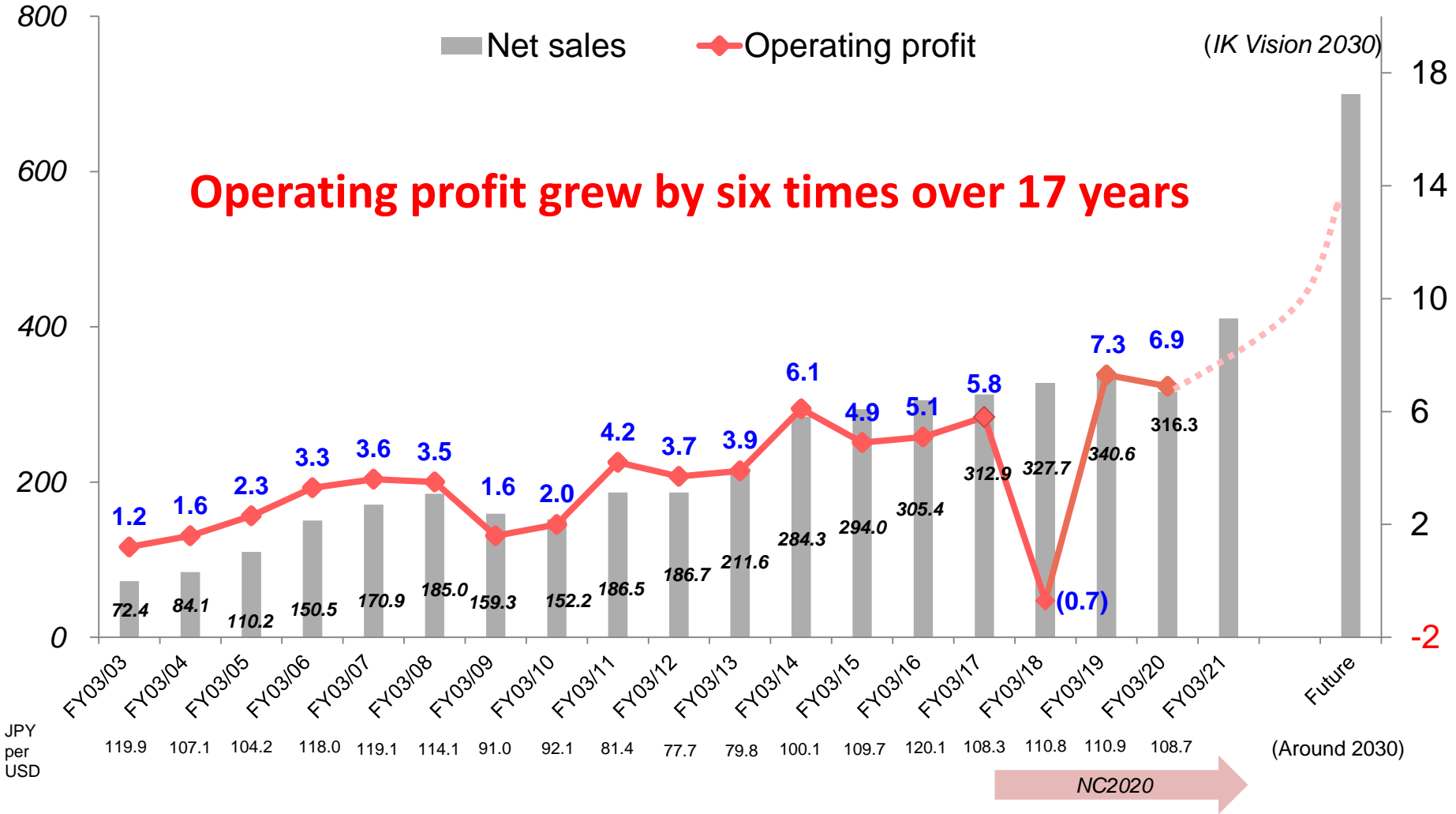


Overseas Sales and Operating Profit



(Net sales: Billions of yen)

(Operating profit: Billions of yen)



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

Quantitative Targets	FY3/2021
Sales	730 billion JPY
Op. Income	15.5 billion JPY
Current Profit	16.0 billion JPY
Net Income	12.0 billion JPY
Net D/E Ratio	0.4X or less^(*)
Assumed Exchange Rate	USD1=110 JPY

(*) 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 food business, including in the field of agriculture**

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

Overview of Year 3 of NC2020 (FY03/20)



- Net sales fell short of projection
- Operating profit also came in below projection due to the shortfall in net sales, but we were able to secure operating profit margin in line with projection
- Our net debt/equity ratio continued to improve, and our financial strength grew

(Billions of yen)	FY03/20 actual (A)	NC2020 target for FY03/20 (B)	Difference (A)-(B)	Achievement rate (A)/(B)%	Primary reasons for differences
Net sales	600.3	700.0	-99.6	85.8%	Explained on following slides
Operating profit	13.2	14.5	-1.2	91.2%	Explained on following slides
Operating profit margin	2.2%	2.1%	+0.1%		
Ordinary profit	14.2	15.0	-0.7	94.7%	Increase in dividend income and a decrease in interest expenses
Profit attributable to owners of parent	11.4	11.0	+0.4	103.8%	Higher gain on sales of investment securities
Net debt/equity ratio	0.16	0.4x or less			
Equity ratio	45.2%	—	—	—	
Exchange rate	USD1=¥108.70	USD1=¥110.00			

Impact of the Novel Coronavirus Pandemic on Operations in FY03/20



- The virus had almost no impact on the Information & Electronics and Chemicals segments. However, it led to reduced demand that had a negative impact on the Life Industry and Plastics segments.

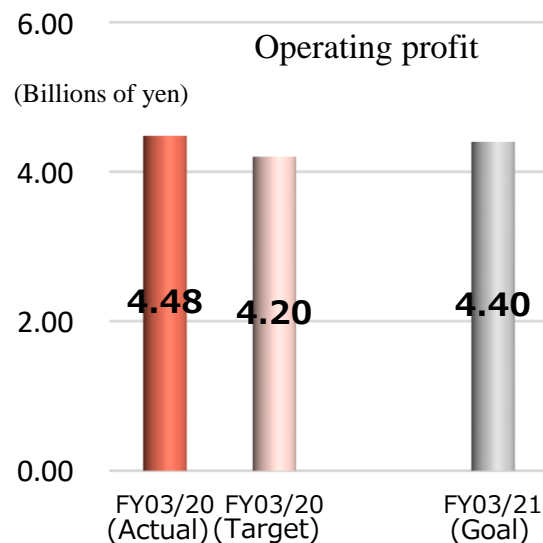
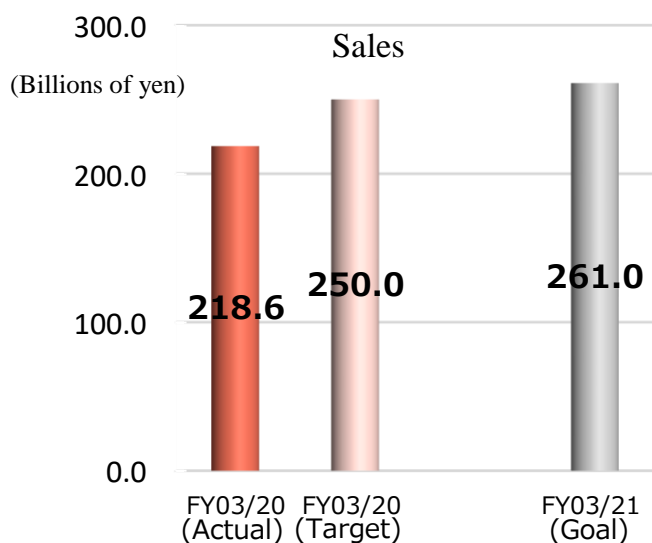
Segment	Business field	Primary impact during FY03/20
Information & Electronics	<ol style="list-style-type: none"> 1. LCD-related business 2. Office automation (OA)-related business 	<ol style="list-style-type: none"> 1. (no impact) The front-end processes of panel manufacturers escaped impact from the virus and operations continued at high capacity rates. 2. (no impact)
Chemicals	All fields in general	(-) The virus had no major impact overall, but falloff concentrated in China during February and March brought down full-year sales slightly.
Life Industry	<ol style="list-style-type: none"> 1. Life science-related business 2. Food-related business 	<ol style="list-style-type: none"> 1. (-) Operations were affected by plant shutdowns at suppliers in China. 2. (-) Japan: Sales of fishery products fell, including sales of sliced fresh fish for conveyor-belt sushi restaurants, cut fish for food service establishments, and shrimp products for restaurants. (-) Overseas: Sales of seafood soft-shell crab and other fishery products for restaurants declined.
Plastics	<ol style="list-style-type: none"> 1. Commodity resins 2. Functional resins (OA-related business) 3. High- performance resins (automotive-related business) 	<ol style="list-style-type: none"> 1. (+) Sales of food containers and containers for liquid sanitizers were favorable. (-) Sales of synthetic rubber for use in automobiles declined. (-) Construction delays brought down sales related to construction materials, civil engineering works, and electric cables. 2. (-) Sales of cladding for Japanese client companies in Asia fell. 3. (-) China: Sales to both Japanese and non-Japanese client companies decreased. Overall, we encountered no major sales interruptions to Tier 1 or Tier 2 companies through March 31.

NC2020 Progress by Segment: (1) Information & Electronics



- Sales fell below projection, but operating profit achieved forecast level and was on par with target for the final fiscal year of NC2020

(Billions of yen)	FY03/20 actual (A)	NC2020 target for FY03/20 (B)	Difference (A)-(B)	Achievement rate (A)/(B)	Primary reasons for differences
Sales	218.6	250.0	-31.3	87.5%	(+) Growth in liquid crystal-related sales (-) Decision to forgo less profitable businesses (OA-related business) (-) Business restructuring at European subsidiaries (solar cells)
Operating profit	4.48	4.20	+0.28	106.7%	(+) Growth in liquid crystal-related materials
Operating profit margin	2.0%	1.7%	+0.3%		

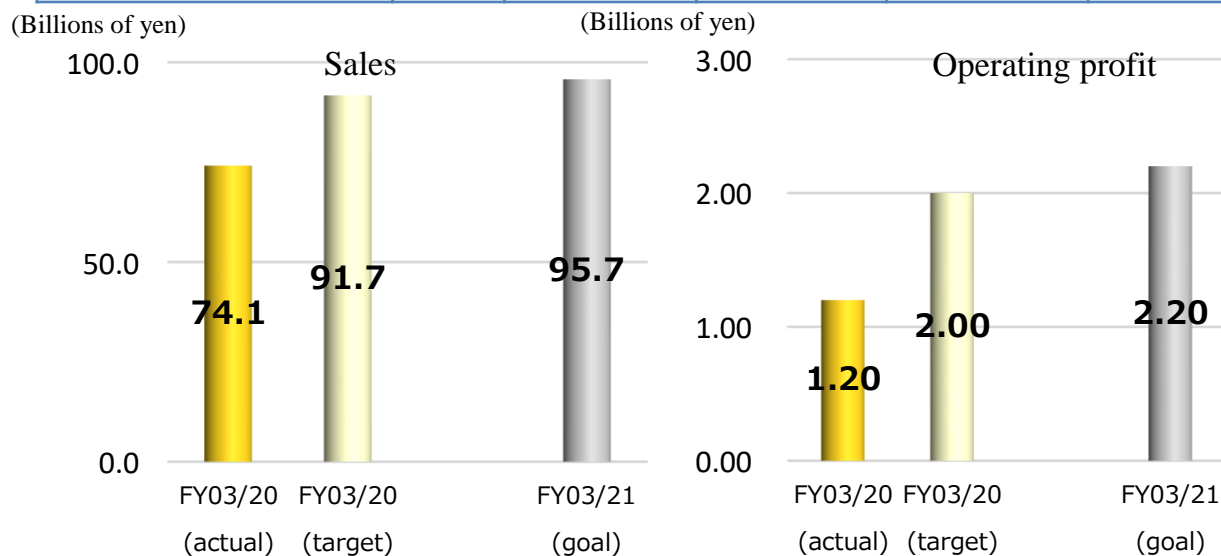


Products Factored into NC2020 at the Time of its Formulation

Products as an earnings base
Parts and materials for liquid crystal displays OA-related products
Products in growth areas
Secondary cell-related products (Solar cells, lithium-ion cells)

■ Sales and profit fell short of targets due to stagnation in the former Housing & Eco Materials segment

(Billions of yen)	FY03/20 actual (A)	NC2020 target for FY03/20 (B)	Difference (A)-(B)	Achievement rate (A)/(B)	Primary reasons for differences
Sales	74.1	91.7	-17.5	80.9%	(-) Stagnation in the former Housing & Eco Materials segment (overseas sales of construction materials) (-) Generally sluggish in the Chemicals segment
Operating profit	1.20	2.00	-0.79	60.4%	(-) Sales fell short of targets (+) Growth in heat-dissipating materials for automobiles
Operating profit margin	1.6%	2.2%	-0.6%		



Products Factored into NC2020 at the Time of its Formulation

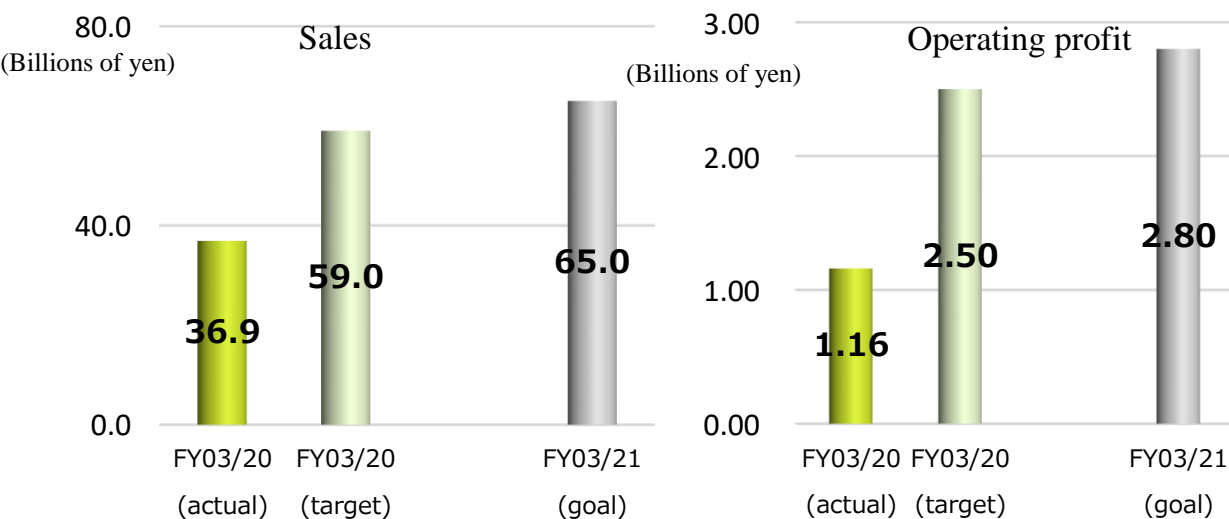
Products as an earnings base
Materials for automotive parts, coating-related products, housing materials
Products in growth areas
New products, including heat-dissipating materials; housing materials (sold overseas); and environmental materials

NC2020 Progress by Segment: (3) Life Industry



■ Both sales and profit came in below targets due in part to delays to new food-related projects

(Billions of yen)	FY03/20 actual (A)	NC2020 target for FY03/20 (B)	Difference (A)-(B)	Achievement Rate (A)/(B)	Primary reasons for differences
Sales	36.9	59.0	-22.0	62.6%	(-) Transactions volume in China fell due to environmental regulations (-) Slumping sales of materials for insect repellent and pesticide (-) Delays to new food-related projects (related to agriculture and food processing)
Operating profit	1.16	2.50	-1.33	46.6%	(-) Sales were below forecast
Operating profit margin	3.2%	4.2%	-1.0%		



Products Factored into NC2020 at the Time of its Formulation

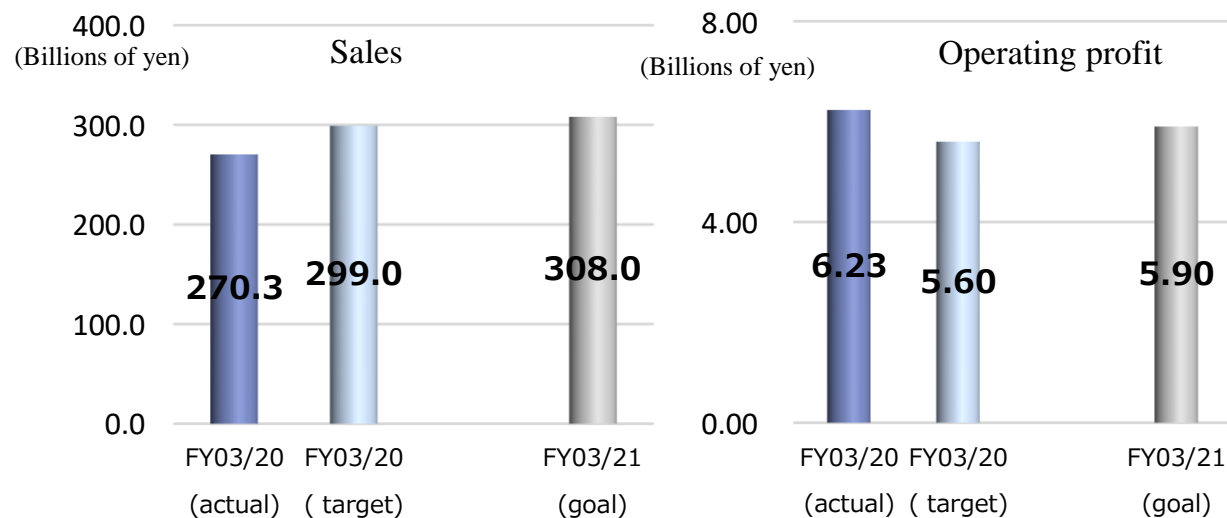
Products as an earnings base
<ul style="list-style-type: none"> • Pharmaceutical ingredients (new drugs) • Materials for home products • Fishery products (for conveyor-belt sushi restaurants)
Products in growth sectors
Devices and materials related to advanced medicine (regenerative medicine) and agricultural products (blueberries, etc.)

NC2020 Progress by Segment: (4) Plastics



- Sales fell below projection, but operating profit achieved forecast level and was on par with target for the final fiscal year of NC2020

(Billions of yen)	FY03/20 actual (A)	NC2020 target for FY03/20 (B)	Difference (A)-(B)	Achievement Rate (A)/(B)	Primary reasons for differences
Sales	270.3	299.0	-28.6	90.4%	(-) Drop in plastics prices (-) Impact from the novel coronavirus pandemic
Operating profit	6.23	5.60	+0.63	111.3%	(+) Higher sales of high-performance plastics for use in automobiles (+) Overall increase in profit margin (-) Sales came in below forecast
Operating profit margin	2.3%	1.9%	+0.4%		



Products Factored into NC2020 at the Time of its Formulation

Products as an earnings base
Plastics for OA equipment and consumer electronics
Films and sheets (for food products), including manufacturing and processing
Products in growth areas
High-performance resins for use in automobiles, sports-related products (grip tape)

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

Priority areas	Comments	Assessment
Automotive	Sales of high-performance resins to global customers grew despite impact from the novel coronavirus pandemic. Meanwhile, the company recorded growth in sales of heat-dissipating materials for electric vehicles and strong sales related to decorative films.	◎
Life science and medical	Sales of pharmaceutical ingredients fell below projection due in part to environmental regulations in China and the spread of the novel coronavirus. Meanwhile, sales of growth media, devices, and other products in the field of advanced medicine were delayed, and sales of home products such as insect repellent and pesticide materials struggled.	×
Environment and energy	We have revised our forecast for solar cell sales due suspensions of related transactions in Europe. We recorded growth in system-related projects in Japan and material sales. Despite slight delays to lithium-ion cell-related sales, we experienced growth in terms of associated material sales to Chinese and South Korean manufacturers.	△
Food, including agriculture (Agricultural field)	Cultivation of blueberries and garlic in Hokkaido took more time than expected, but crop growth was strong nevertheless. Sales of imported grass and other types of animal feed were robust.	△

More proactive investment to expand the trading business

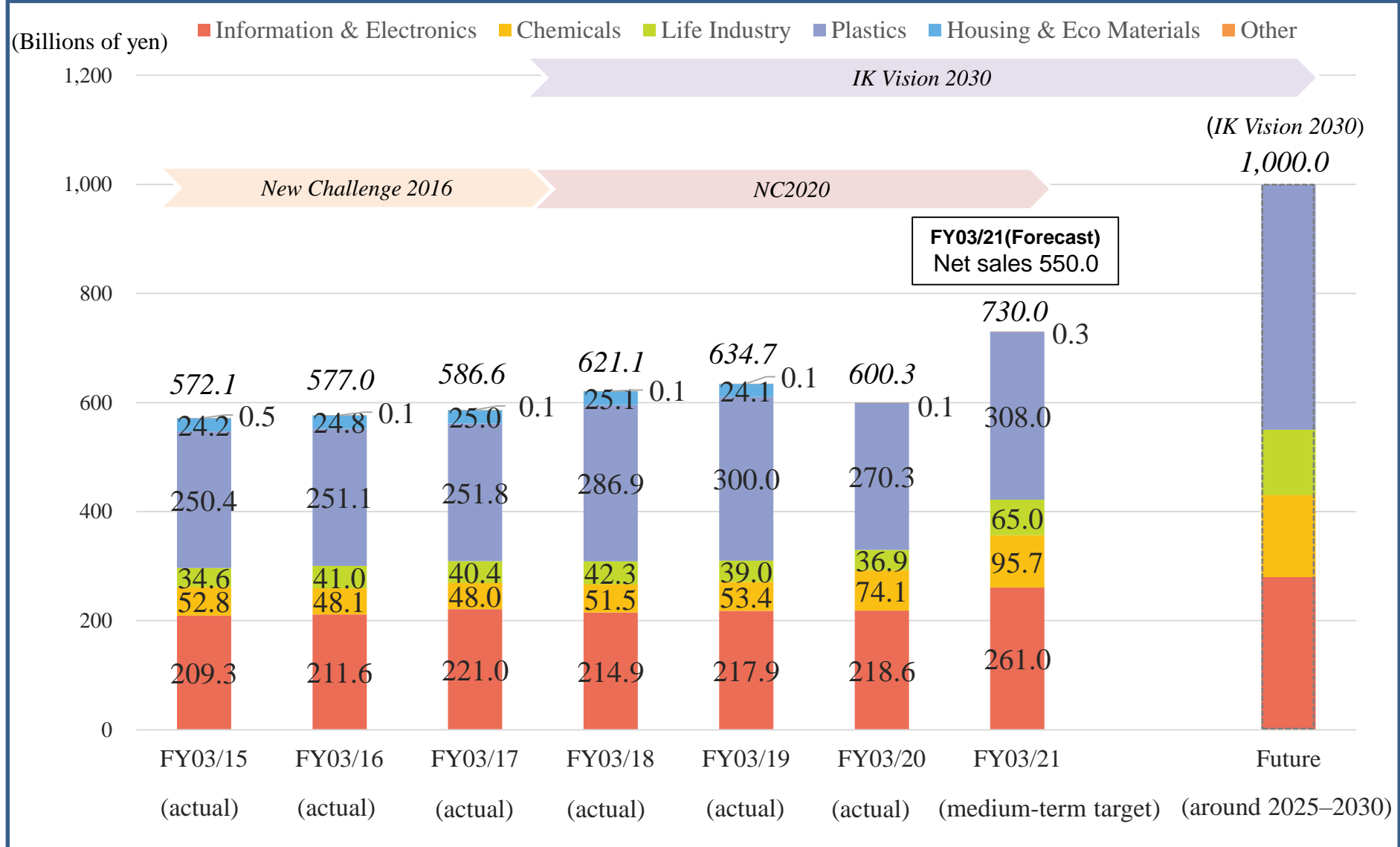
(Billions of yen)

	FY03/18 actual	FY03/19 actual	FY03/20 actual	NC2020 period (FY03/18 onward)
Growth investment	3.86	2.31	1.85	8.03
Fixed investment	1.59	2.03	2.01	5.63
Total	5.45	4.34	3.86	13.66

■ Major growth investments in FY03/20

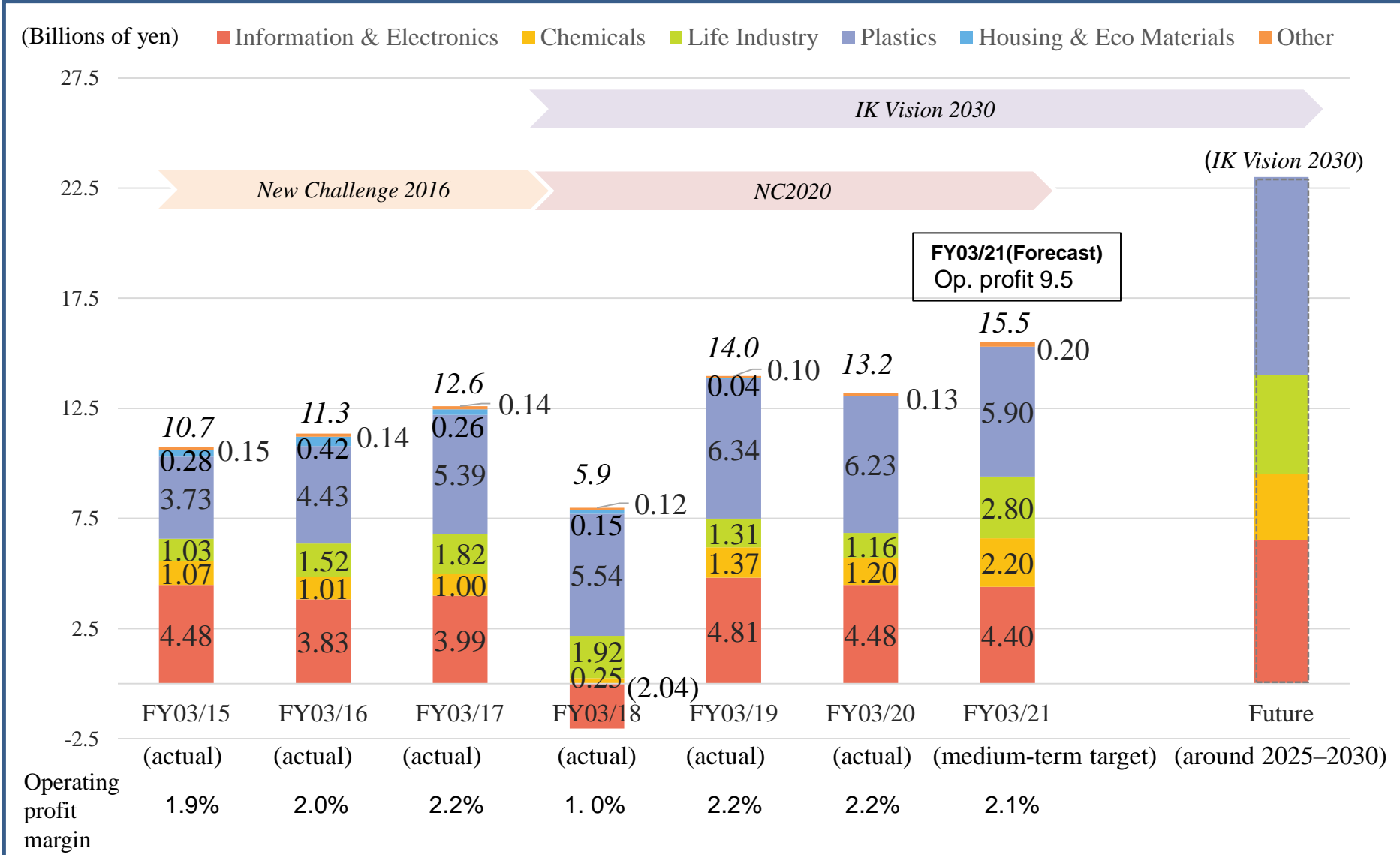
- Information & Electronics segment:
 - Start-up loans ¥0.50 billion (related to mask blanks)
- Plastics segment:
 - Plant relocation loans ¥0.54 billion (related to specialty paper)
 - ¥0.17 billion for facilities (related to inflation molding)
- Life industry segment:
 - Share acquisition ¥0.15 billion (related to pharmaceuticals)
 - ¥0.10 billion in investment (related to regenerative medicine)

Sales by Segment under *NC2020*



Note: In FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment.

Operating Profit by Segment under NC2020



Note: In FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment.

Policy on returning profits to shareholders

We target a total return ratio* of approx. 30–35%.

【 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 3/2020)

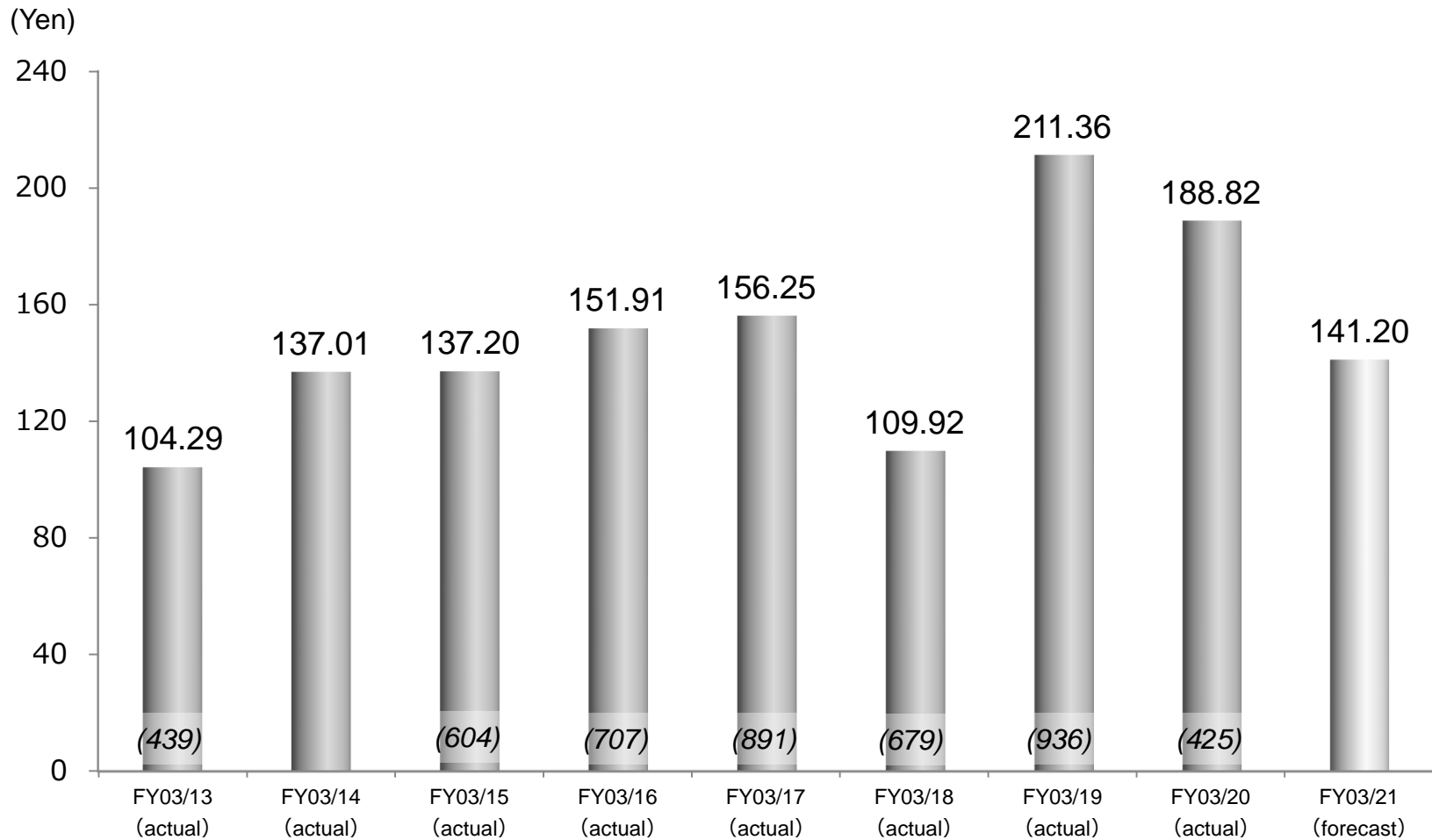
No. of Shares Acquired: 300,000

Value of Shares Acquired

: 425 million JPY

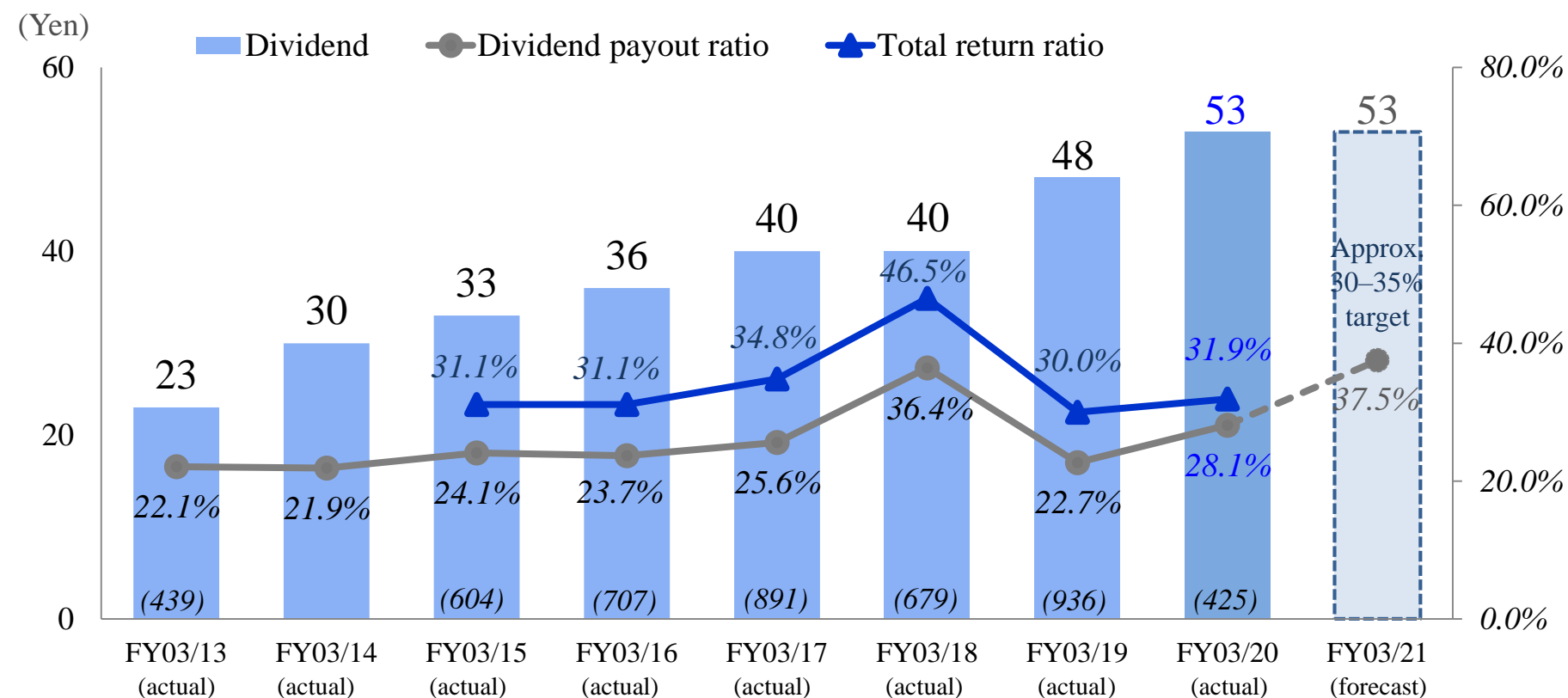
Acquisition Period: 10th Feb.-19th Mar. 2020

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



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

Annual dividends per share and indicators of shareholder return



Note: The figures in parentheses at the bottom of the bar chart show the amount of treasury stock acquired (in millions of yen) during the period.

■ Corporate Governance

- **3 outside directors (of 10 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

- **Toshiyuki Kanisawa***

Former Representative Director and
Executive Vice President -Tokyo Gas Co., Ltd.

- **Kiyoshi Sato***

Former President and CEO - Tokyo Electron Ltd.
Current Director (Outside) – Shibaura Machine Co., Ltd.
Current Director (Outside) – Mazda Motor Corporation

- **Kenji Hamashima***

Former President Chief Executive Officer – Ushio INC.

(*) Mr. Kanisawa, Mr. Sato, and Mr. Hamashima are registered as independent, outside officers with the TSE.

The following initiatives were implemented to enhance governance

1. Established the Nominating and Remuneration Committee (voluntary) (FY3/2016)

Ensures objectivity, fairness and transparency with respect to the appointment and dismissal of senior management, nomination of candidates for directors, Audit & Supervisory Board members, and executive officers, and determination of director remuneration

- Current membership: 1 internal director (chairperson) and 3 independent outside directors
- Held five times during FY 3/2020

2. Evaluating the board of directors

Objective - To enhance corporate value by increasing the effectiveness and transparency of the board of directors

FY03/18

Conducted third-party evaluation of all directors and Audit & Supervisory Board members using surveys and individual interviews

FY03/19, FY03/20

Performed a self-evaluation using a survey format

⇒ In April 2020, disclosed summary of evaluation and measures going forward

FY03/21

Plan to conduct third-party evaluation every three years

2. Evaluating the board of directors

FY03/2020 (self-evaluation)

Summary of evaluation

- Composition and operation of Board of Directors received high marks.
- Open and lively discussions were confirmed.
- Outside officers (directors and auditors) made contributions.
- The composition, role, and operation of the Nominating and Remuneration Committee were appropriate.

= Outstanding issues and required measures =

- Need to further deepen discussion related to medium- to long-term issues.
- Further room to consider succession plan for outside officers.
- Need to further examine issues related to sustainability and promotion of diversity.
- The following three areas are reasonably adequate, but need to be further reinforced: (1) risk management, (2) communication among outside directors and auditors, and (3) dissemination of information to capital markets.

⇒ We plan to continue addressing the issues above.

3. Officer Remuneration

Remuneration of Directors*

■ Cash remuneration

- Fixed remuneration
- Performance-based remuneration: Determined based on profit before income taxes (excluding gains on the sale of a portion of strategically held shares)

■ Performance-based stock remuneration

- **Board Benefit Trust (BBT)**
(Introduced in June 2018 to enhance motivation to contribute to medium- to long-term expansion in corporate value)

Ratio of performance-based remuneration to fixed remuneration in FY03/2020



*Excludes Directors who are not Executive Directors, etc.

4. Strategically Held Shares

Policy on retention and reduction

- Our decisions to retain or dispose of strategically held shares are based on whether or not they contribute to collaborative relationships, increase corporate value over the medium to long term, or lead to shareholder benefit.
- Each year, the Board of Directors considers the capital cost of each individual stock in a comprehensive investigation into the suitability of our strategically held shares.
- We cut back on shares that are not deemed to be strategically significant, paying due consideration to timing, as well as market and business impacts.

	Sales of other securities
FY3/16	¥1,421 million
FY3/17	¥5,150 million
FY3/18	¥9,106 million
FY3/19	¥5,395 million
FY3/20	¥3,134 million

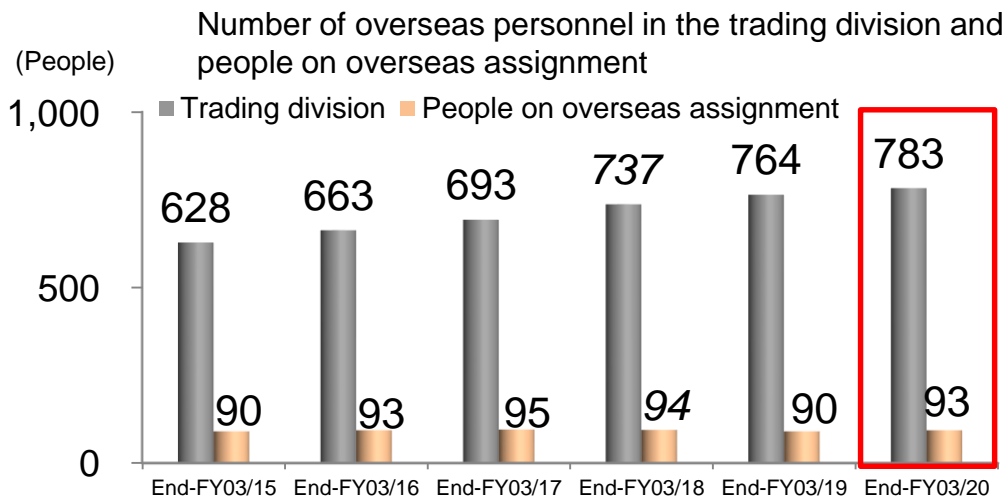
Our strengths lie in our human resources and information
 Regarding the development of human resources, our most important assets

Initiatives to further enhance on-site capabilities, our forte

- Fostering global talent, e.g., through Global Staff Meetings and Corporate Philosophy Immersion Workshops(at 36 locations in 14 countries, more than 700 local staff members participated.)
- Initiatives aimed at promoting diversity
- Basic training for trading company personnel
- Training for overseas bases



【President Mr. Inabata】



【Global Staff Meeting】

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

Summary of Financial Results for 1Q FY3/2021 and Full-Year Outlook

Net sales: **¥128.7 billion** **-16.1% YoY**

Net sales were down due to the impact of the novel coronavirus outbreak.

Operating profit: **¥2.2 billion** **- 36.5% YoY**

Operating profit declined on lower net sales.

Ordinary profit: **¥3.0 billion** **-29.8% YoY**

Ordinary profit fell due to the decline in operating profit.

**Profit attributable to
owners of parent:** **¥2.0 billion** **-33.9% YoY**

Profit attributable to owners of parent fell on lower ordinary profit.

Consolidated Results Review – 1Q FY3/2021



(Billions of yen)

	Q1 FY3/20	Q1 FY3/21 (A)	YoY change		Forecast announced Aug. 6, 2020 (B)	Achievement rate (A)/(B)
			Amount	%		
Net sales	153.4	128.7	-24.7	-16.1%	550.0	23.4%
Operating profit	3.5	2.2	-1.2	-36.5%	9.5	23.4%
Ordinary profit	4.3	3.0	-1.3	-29.8%	10.0	30.7%
Profit attributable to owners of parent	3.0	2.0	-1.0	-33.9%	8.5	23.8%
Exchange rate (USD/JPY)	109.90	107.63	-2.27		107.00	

✓ Assumptions underlying the business outlook

The impact of the novel coronavirus outbreak varies by the country where the Company operates. While the outbreak is expected to have a lingering impact throughout the rest of the fiscal year, the Company assumes that global and Japanese economic environments will gradually recover through the end of FY03/21, rather than experiencing another sharp drop in economic activity as in Q1.

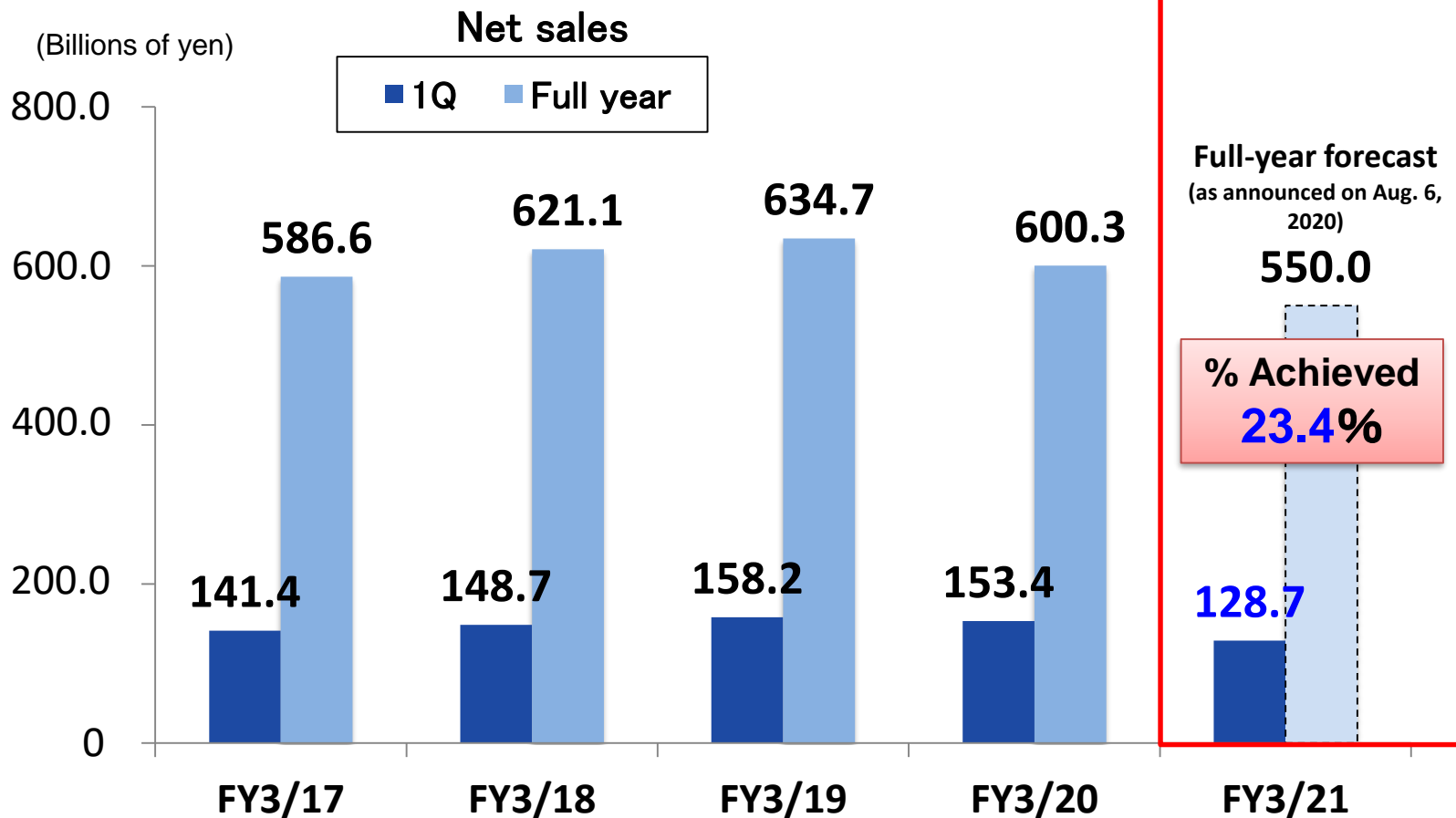
✓ Business segments and areas significantly affected by the outbreak

Business segment: Plastics, Chemicals

Area: Automobile, among others

Region: Southeast Asia

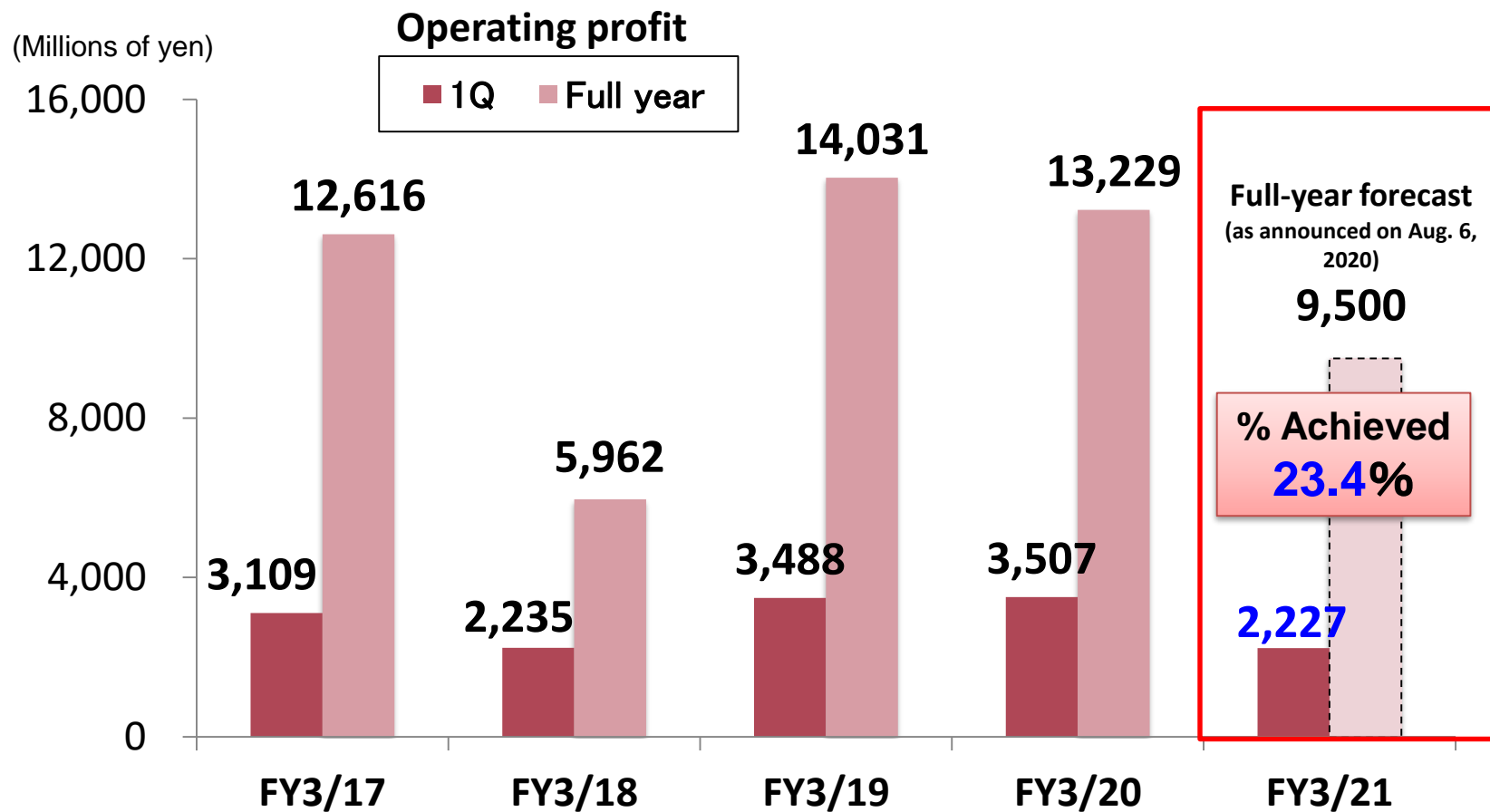
Sales Trends



(Reference)

		FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Exchange rate: USD/JPY	1Q	108.04	111.09	109.10	109.90	107.63
	Full year	108.34	110.85	110.92	108.70	(*Note) 107.00

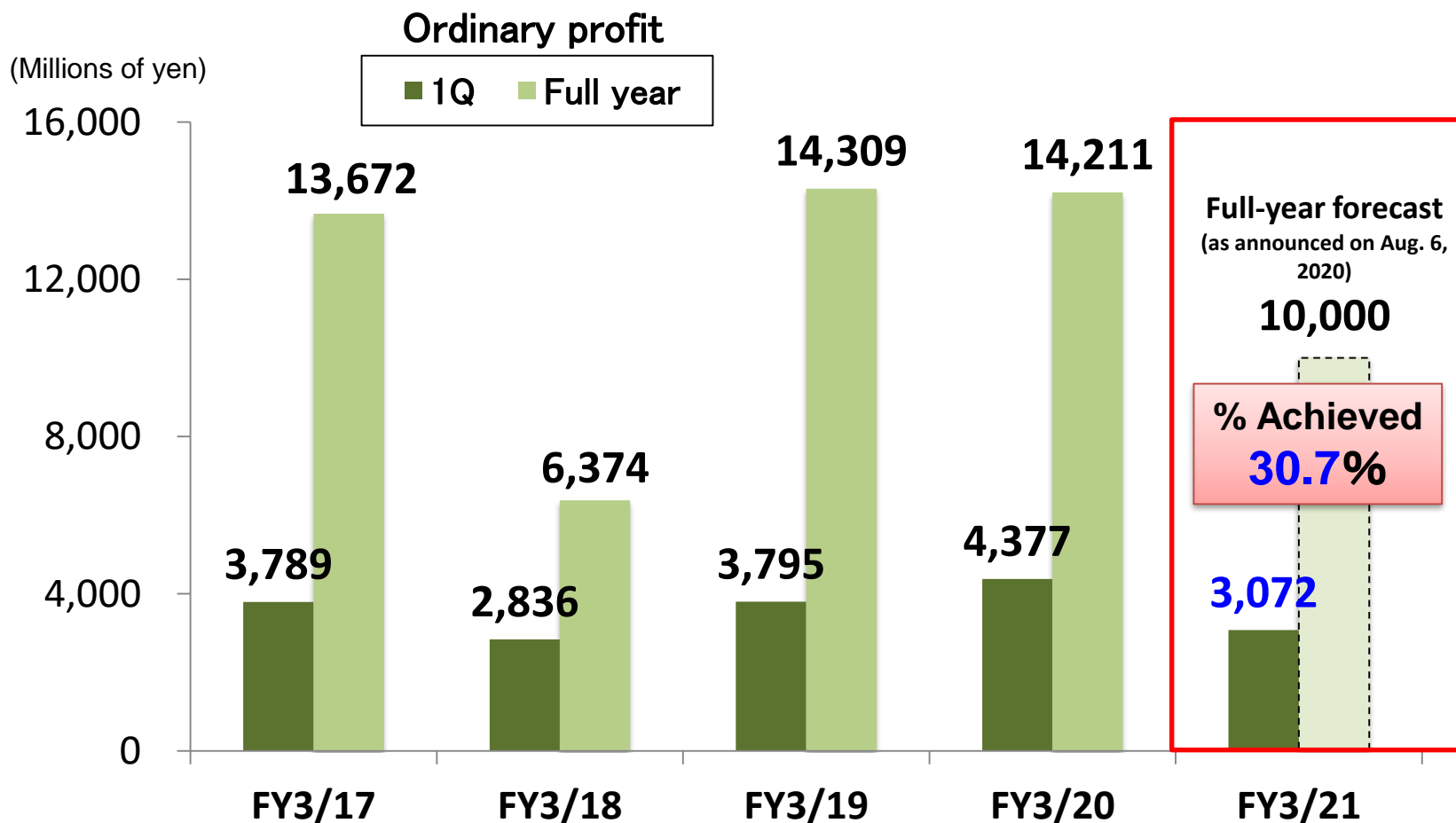
Operating Profit Trends



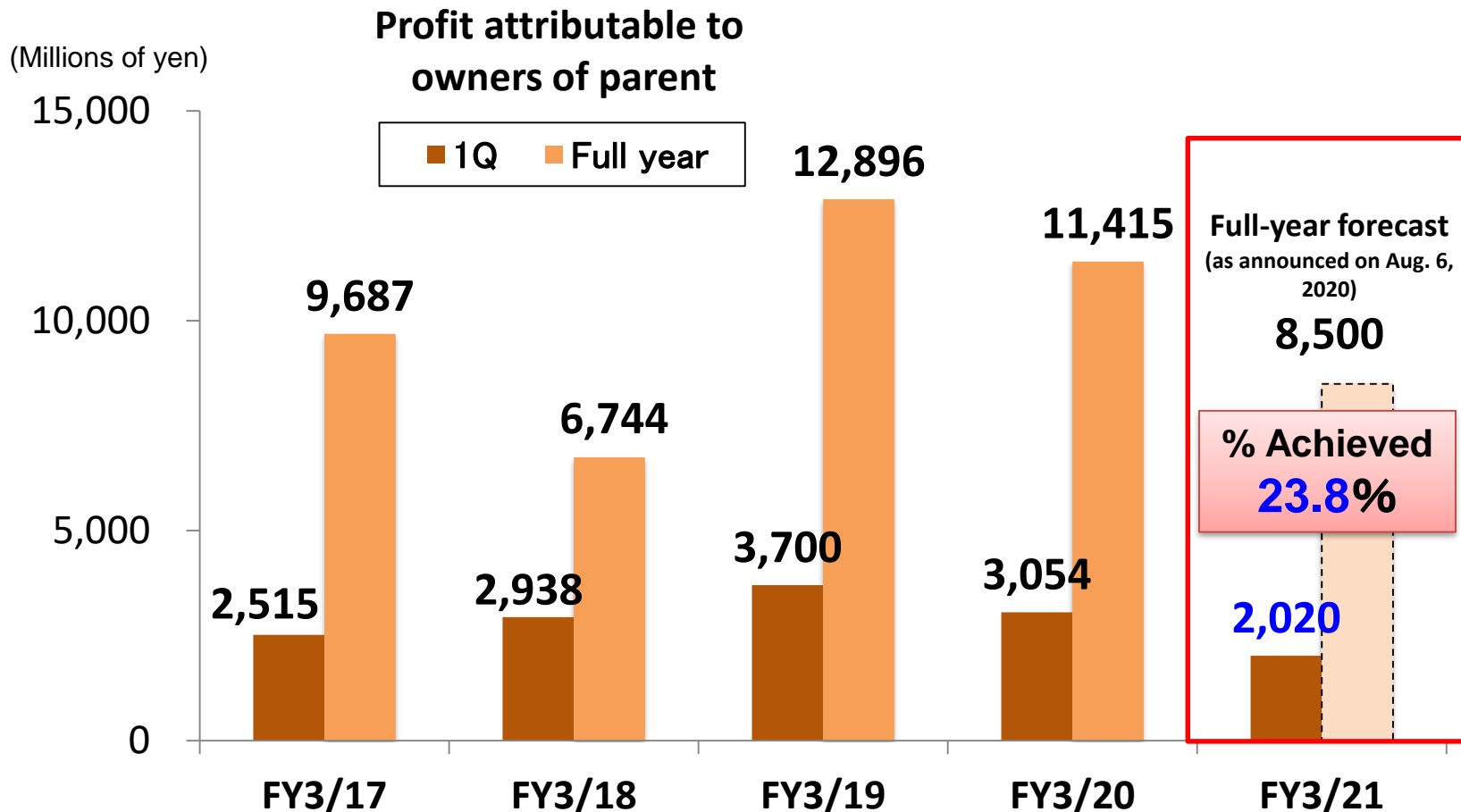
*Recorded allowance for doubtful accounts at a European subsidiary in FY3/18

1Q: ¥900 million; Full year: ¥6.65 billion

Ordinary Profit Trends



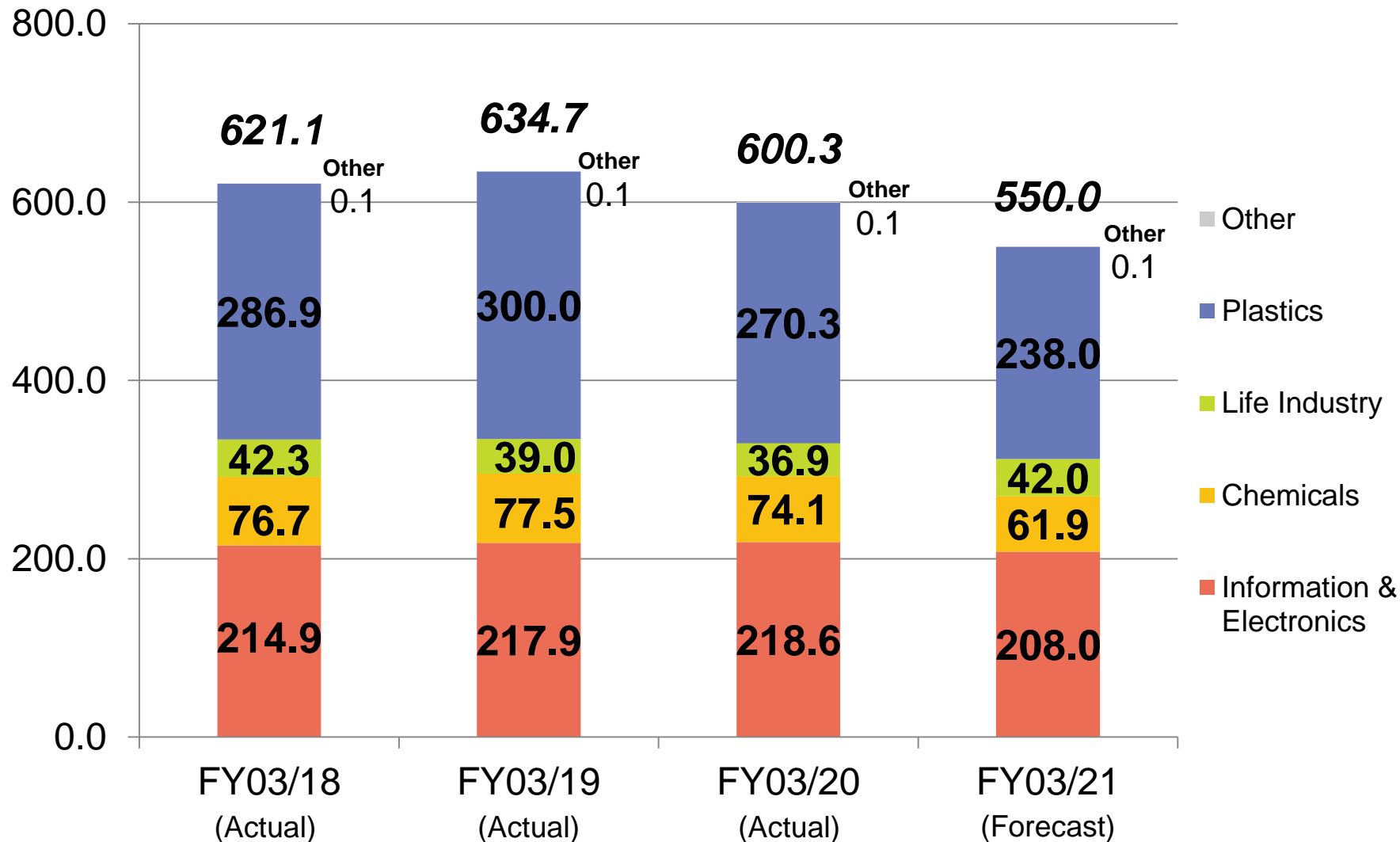
Profit Attributable to Owners of Parent Trends



Sales Forecast by Business Segment



(Billions of yen)



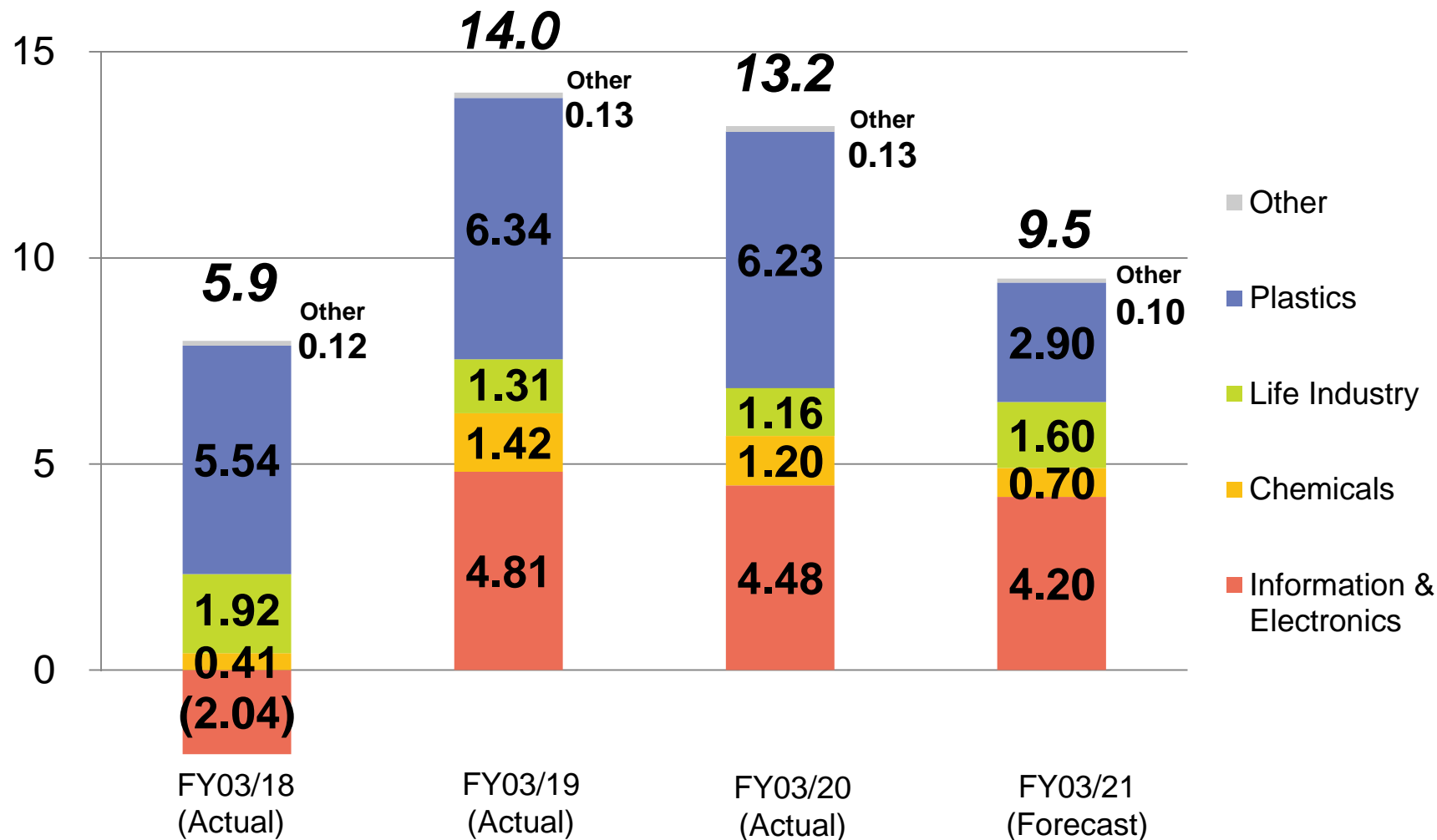
Note: Effective FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment.

Results for fiscal years up to and including FY03/19 have been retroactively adjusted to reflect this change. Copyright © INABATA & CO., LTD. 2020

Operating Profit Forecast by Business Segment



(Billions of yen)



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

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

Results for fiscal years up to and including FY03/19 have been retroactively adjusted to reflect this change. Copyright © INABATA & CO., LTD. 2020

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



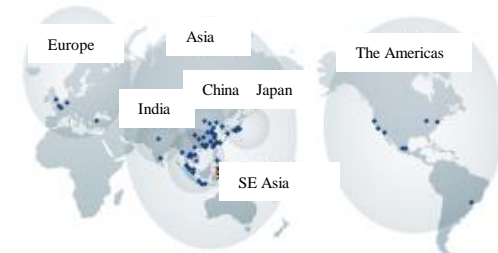
**Inabata Dye Shop
(Nishijin, Kyoto)**

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

Around 60 locations in across 17 countries

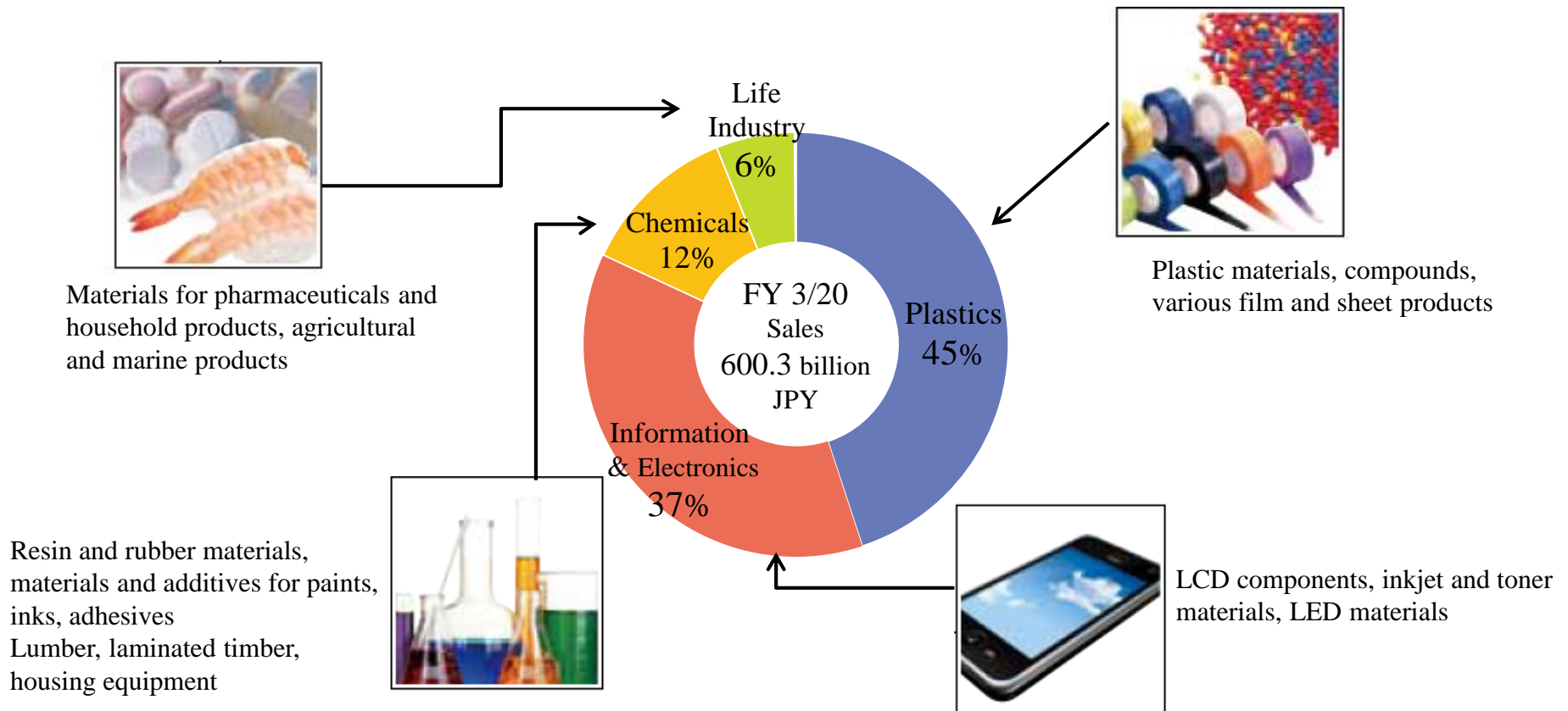
Business functions include market development, manufacturing & processing, logistics, finance, etc.

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



3. 4 Business Segments

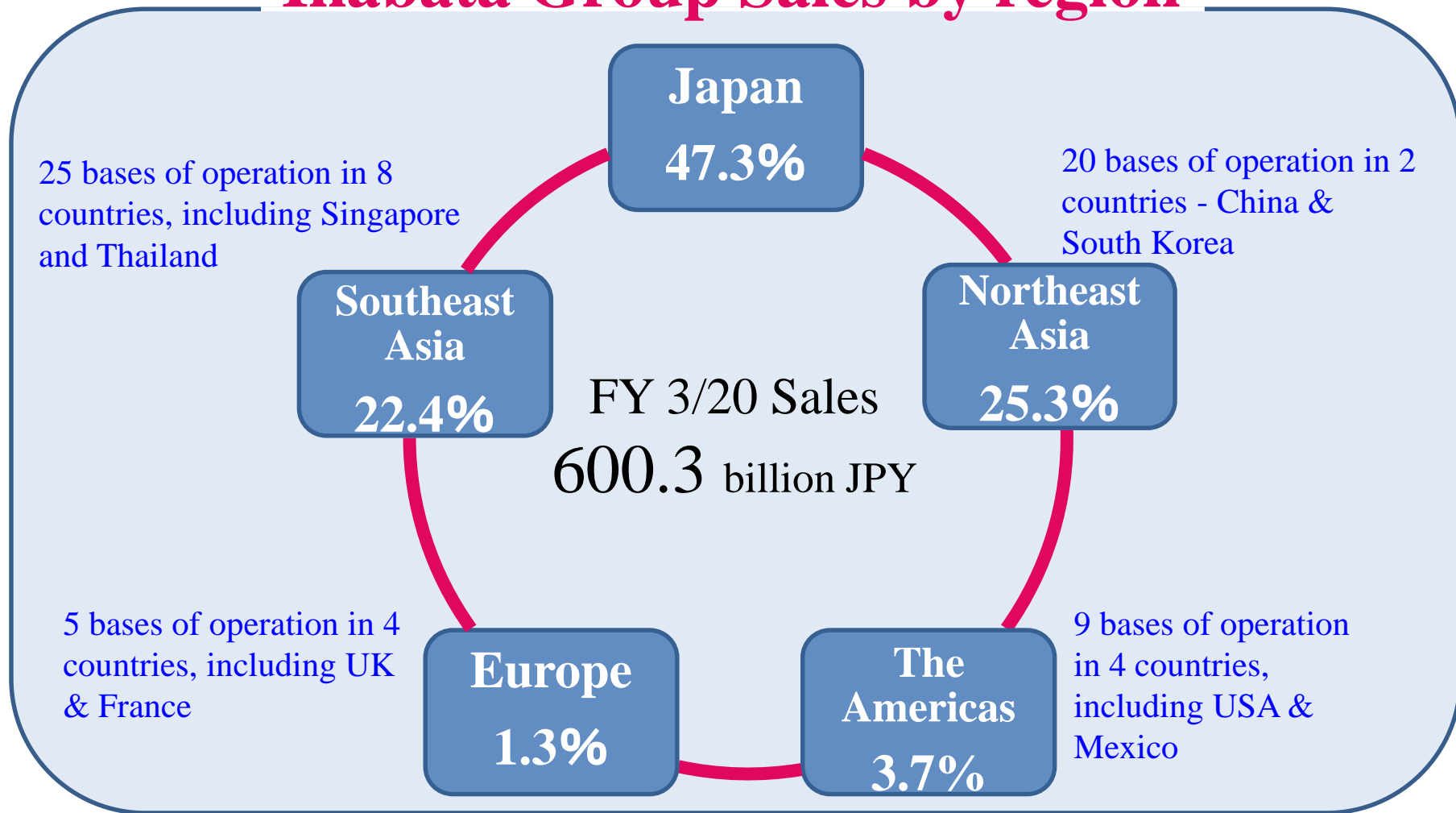
Operating in 4 segments: Information & Electronics, Chemicals, Life Industry and Plastics



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

Operating in Japan and at about 60 locations in 17 countries

Inabata Group Sales by region

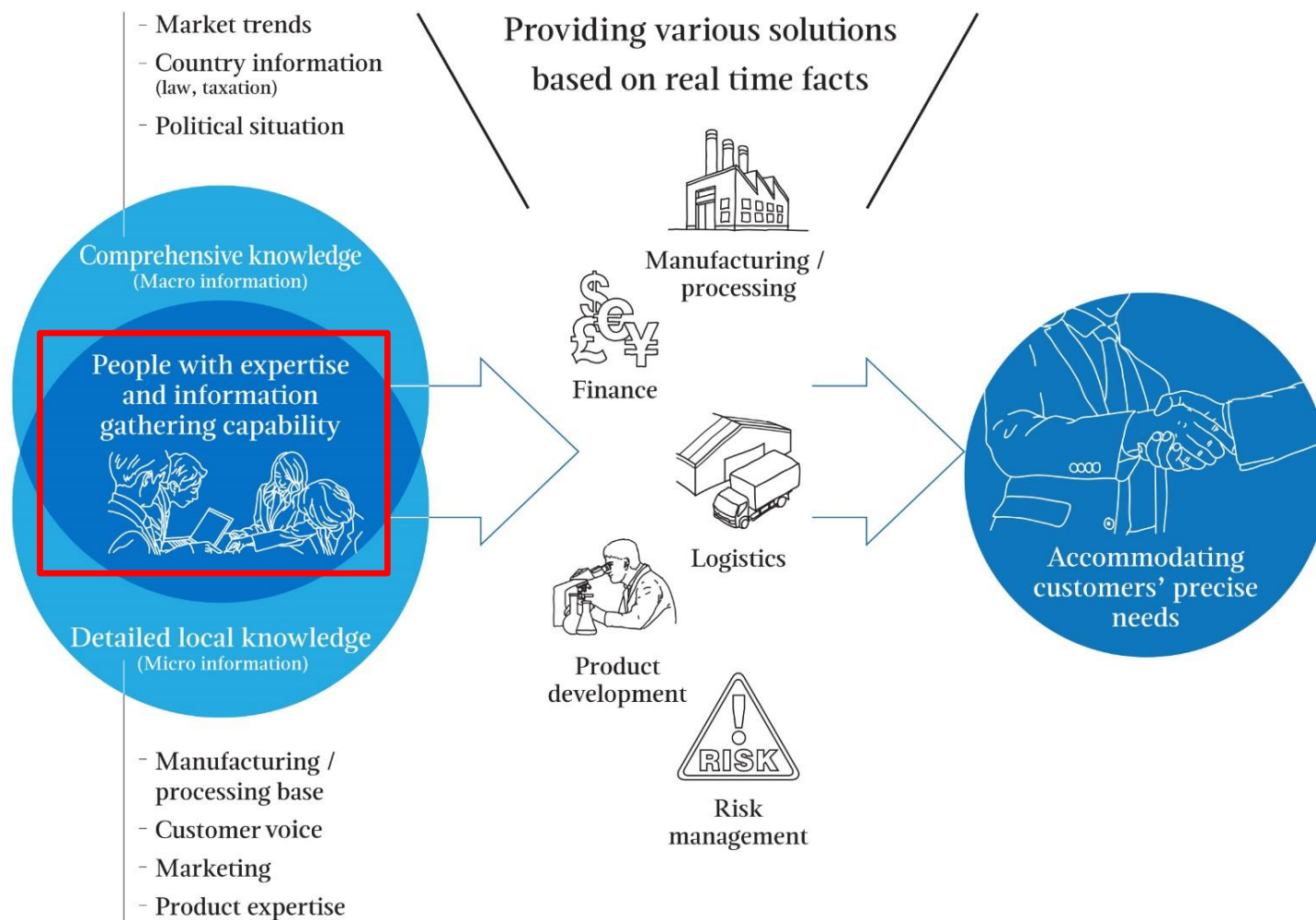


(NB) No. of overseas countries and operation bases as of 1 July 2020

(NB) No. of operation bases includes affiliates

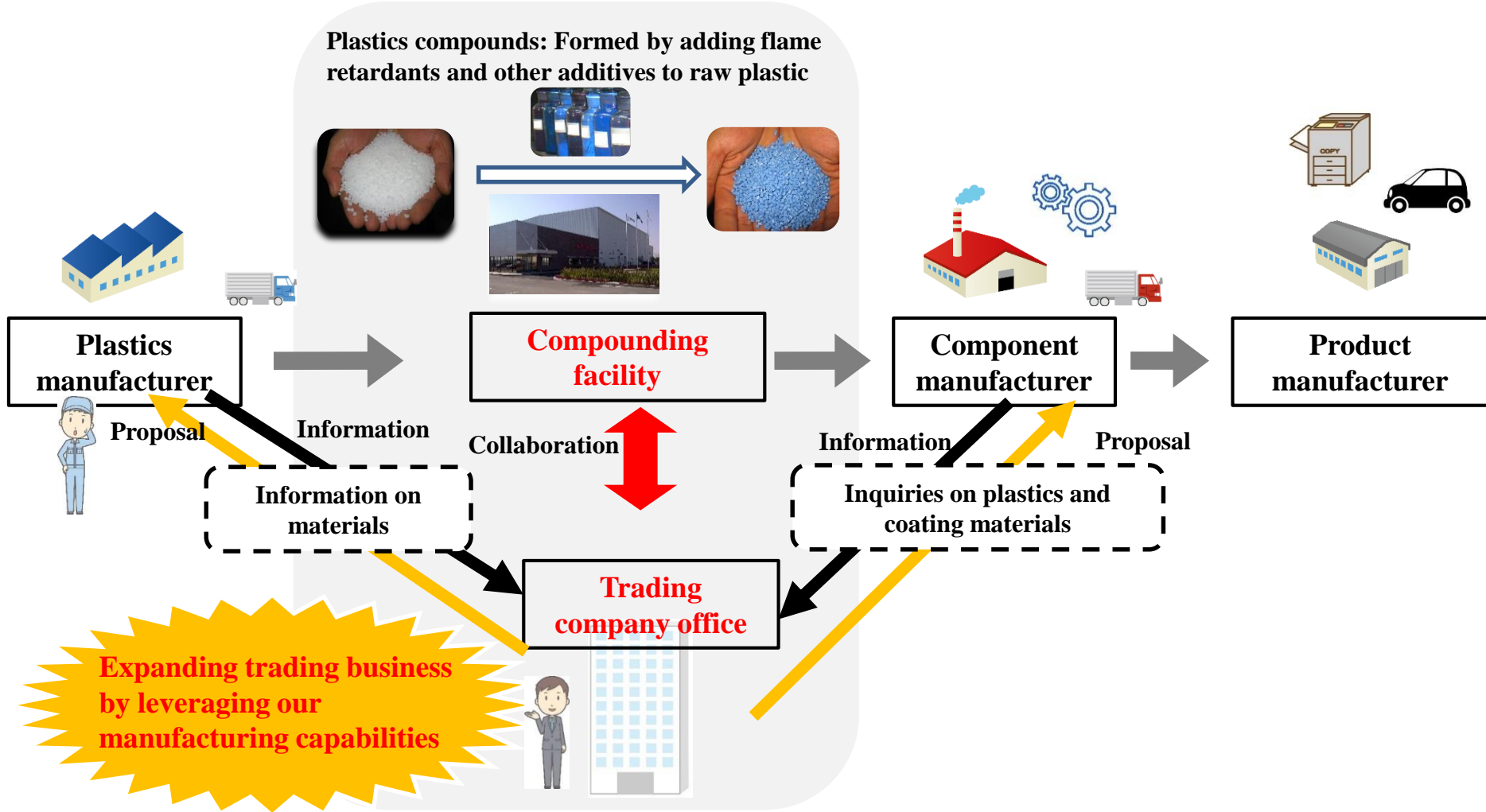
Inabata's Wide Range of Capabilities

Highly specialized people
empowered with cutting-edge information

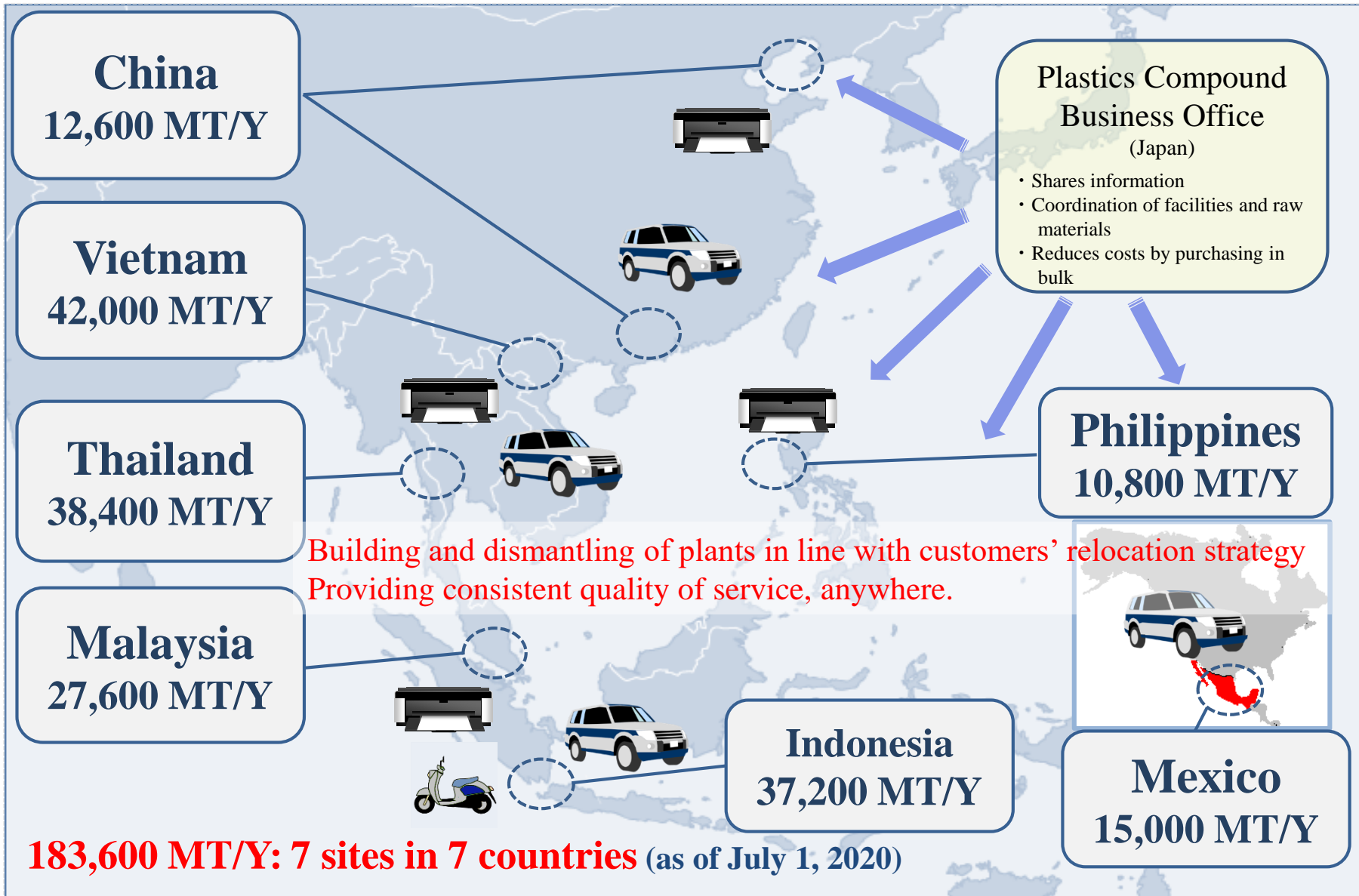


Inabata's Strengths [Manufacturing and Processing]

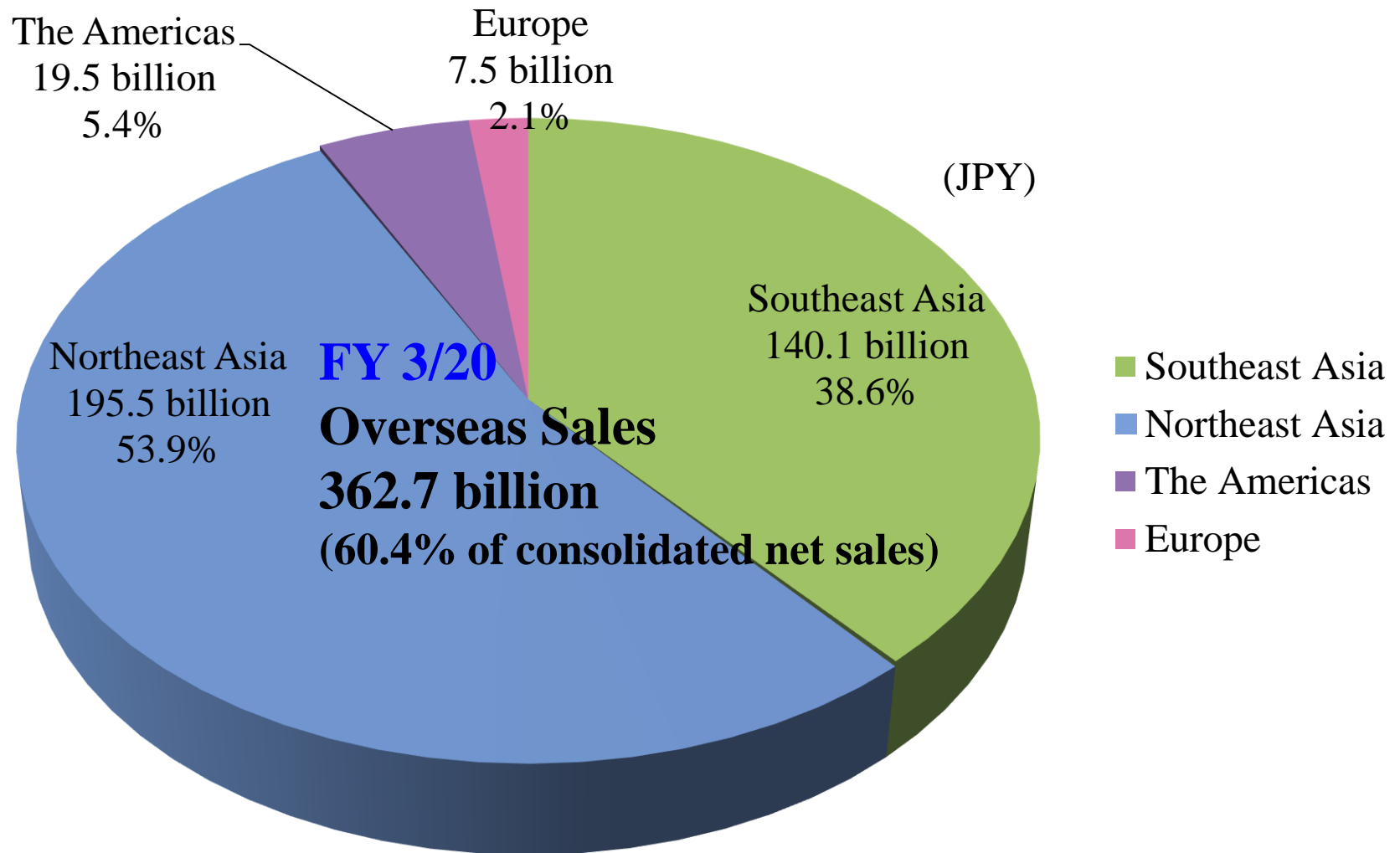
Our strategy involves expanding our trading business by swiftly grasping with information regarding the development of new products and market trends by drawing on our worldwide processing bases and trading company offices.



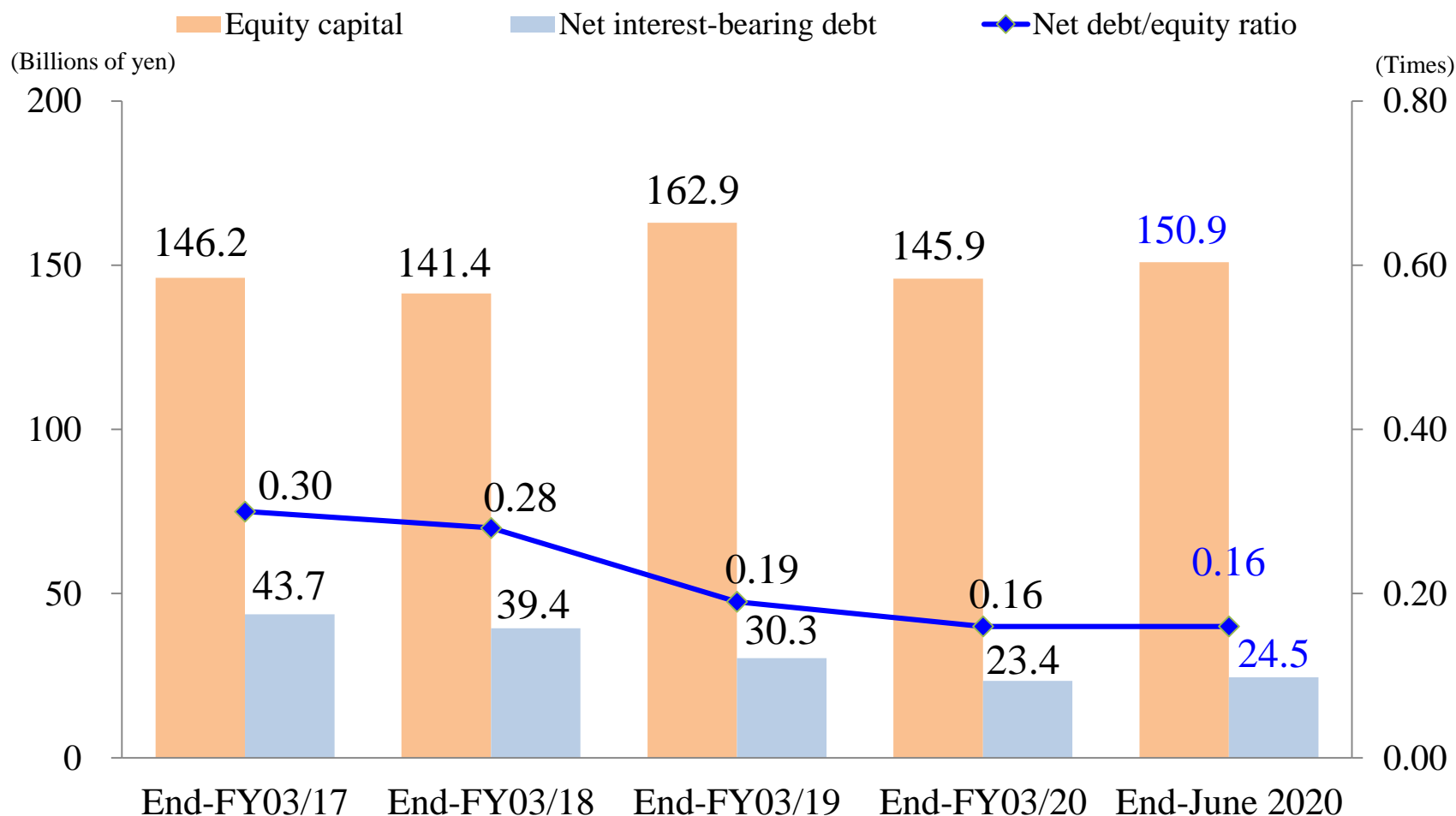
Inabata's Strengths [Plastic Compounding Facilities]



Overseas Sales (including exports from Japan)



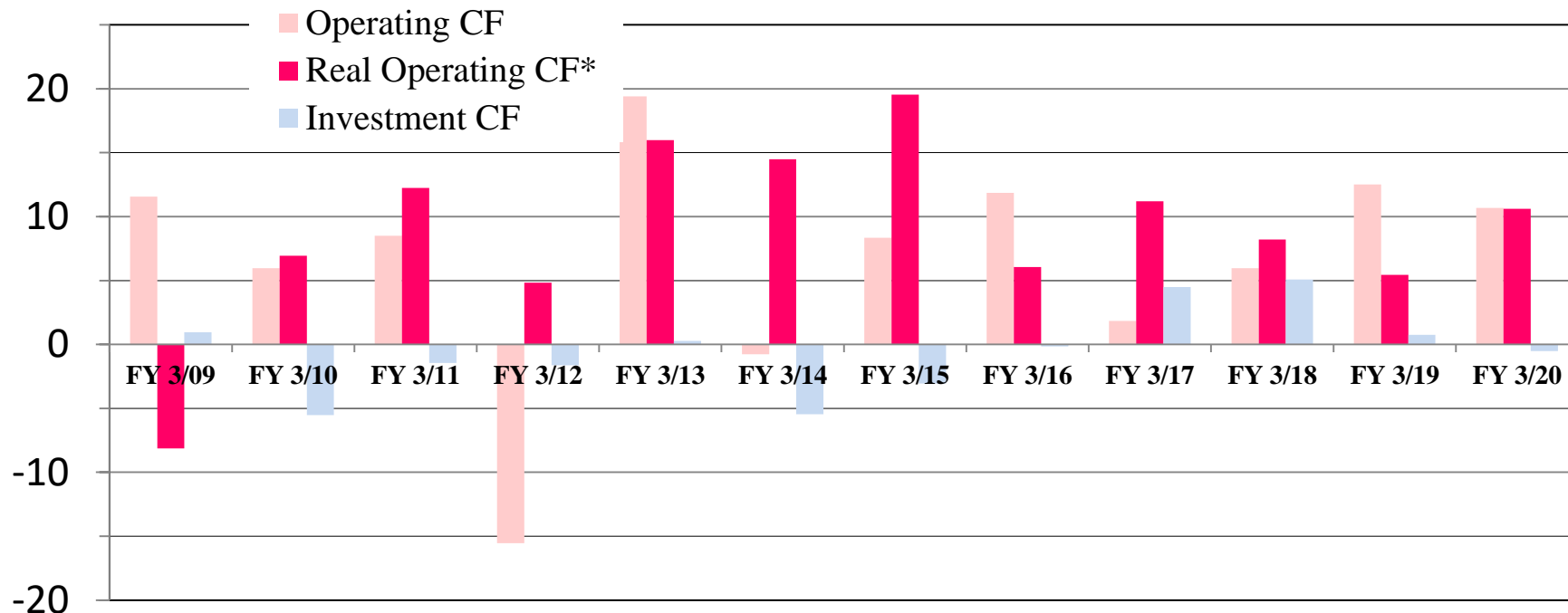
Equity Capital, Net Interest-Bearing Debt, Net Debt/Equity Ratio



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

Trends in Cash Flow

(billions of yen)



(millions of yen)

	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	FY 3/18	FY 3/19	FY 3/20
Operating CF	11,562	5,976	8,495	-15,534	19,400	-764	8,354	11,866	1,840	5,960	12,510	10,690
Change in WC	19,700	-968	-3,748	-20,357	3,414	-15,244	-11,179	5,821	-9,367	-2,249	7,071	70
Real Operating CF*	-8,138	6,944	12,243	4,823	15,986	14,480	19,533	6,045	11,207	8,209	5,439	10,620
Investment CF	947	-5,529	-1,436	-1,629	277	-5,467	-3,044	-161	4,504	5,086	743	-525

* 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

(09/2011=100)



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

□ IR queries should be directed to:

IR Department

Financial Management Office

Inabata & Co., Ltd.

E-mail inabata-ir@inabata.com (Contact:Ms. Ryoko Mitsui)

◆ **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.