
IR Briefing for Q3 Fiscal Year ending March 2021

February 2021
Inabata & Co., Ltd.

Net sales: ¥420.3 billion -8.3% YoY

Net sales were down due mainly to the impact of the COVID-19 pandemic.

Operating profit: ¥10.6 billion +1.7% YoY

Operating profit increased owing to lower SG&A expenses.

Ordinary profit: ¥11.9 billion +3.5% YoY

Ordinary profit increased on operating profit growth and a decline in interest expenses.

**Profit attributable to
owners of parent: ¥9.4 billion +4.1% YoY**

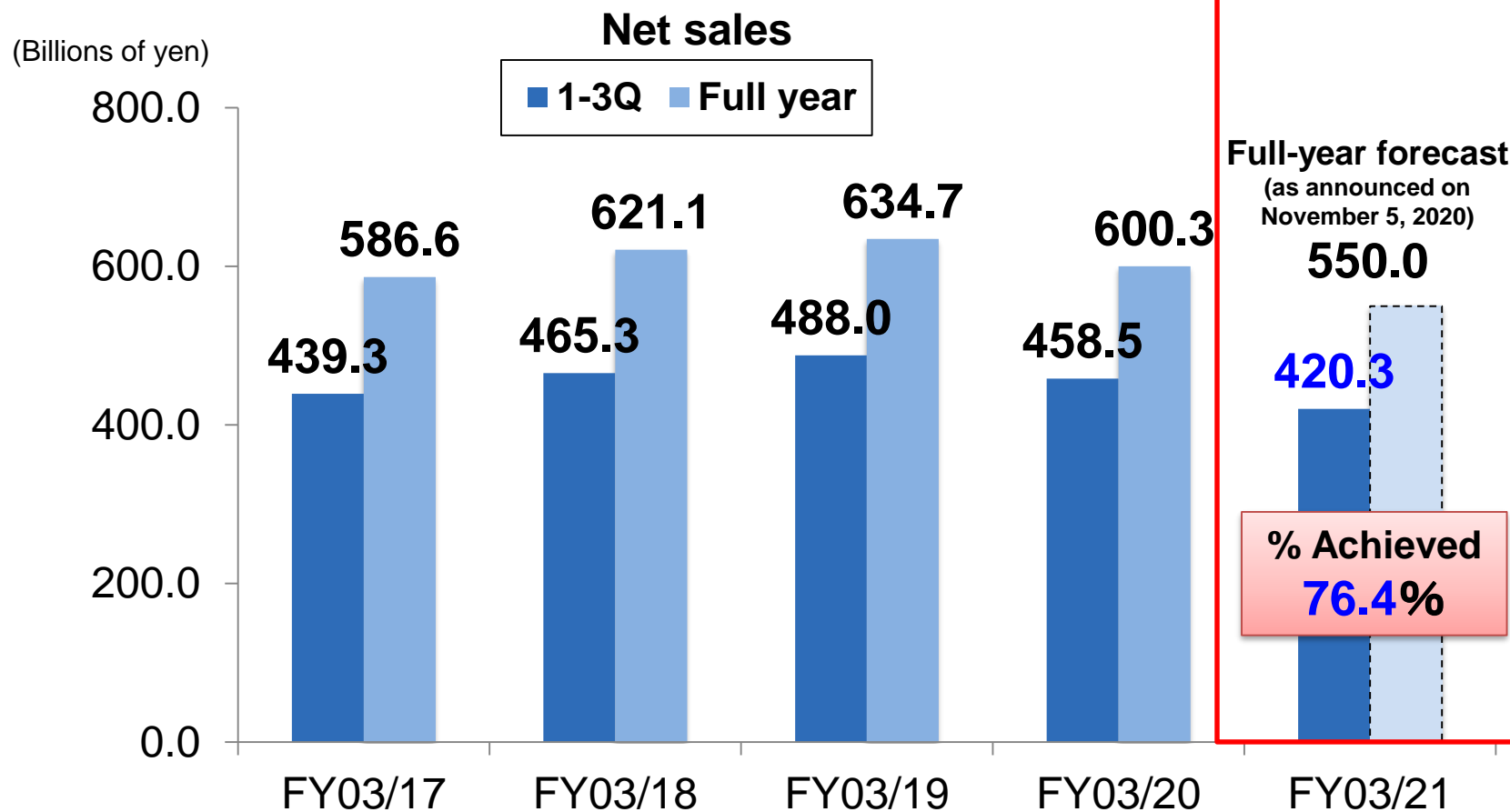
Profit attributable to owners of parent increased on higher ordinary profit.

Consolidated Results Review – Q3 FY03/2021

(Billions of yen)

| | Q3 FY03/20 | Q3 FY03/21 (A) | YoY change | | Forecast announced November 5, 2020 (B) | Achievement rate (A)/(B) |
|--|------------|-------------------|------------|-------|--|--------------------------------|
| | | | Amount | % | | |
| Net sales | 458.5 | 420.3 | -38.2 | -8.3% | 550.0 | 76.4% |
| Operating profit | 10.4 | 10.6 | +0.1 | +1.7% | 12.0 | 88.4% |
| Ordinary profit | 11.5 | 11.9 | +0.4 | +3.5% | 12.7 | 94.5% |
| Profit attributable to owners of parent | 9.1 | 9.4 | +0.3 | +4.1% | 10.5 | 90.4% |
| Exchange rate (USD/JPY) | 108.65 | 106.11 | -2.54 | | 106.00 | |

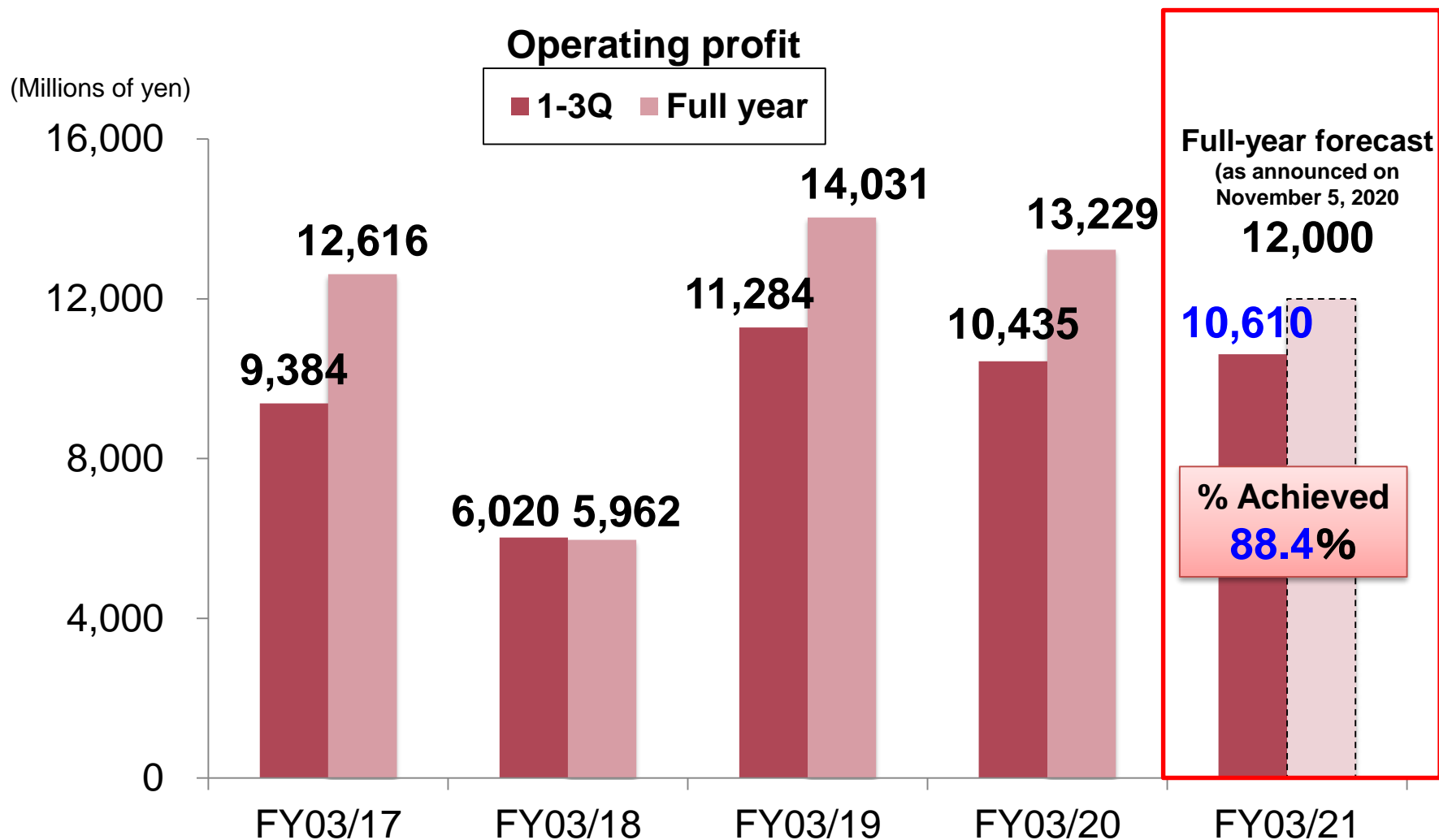
Sales Trends



(Reference)

| | | FY03/17 | FY03/18 | FY03/19 | FY03/20 | FY03/21 |
|---------------------------|-----------|---------|---------|---------|---------|--------------|
| Exchange rate: USD/JPY | 1-3Q | 106.60 | 111.69 | 111.14 | 108.65 | 106.11 |
| | Full year | 108.34 | 110.85 | 110.92 | 108.70 | *Note 106.00 |

Operating Profit Trends

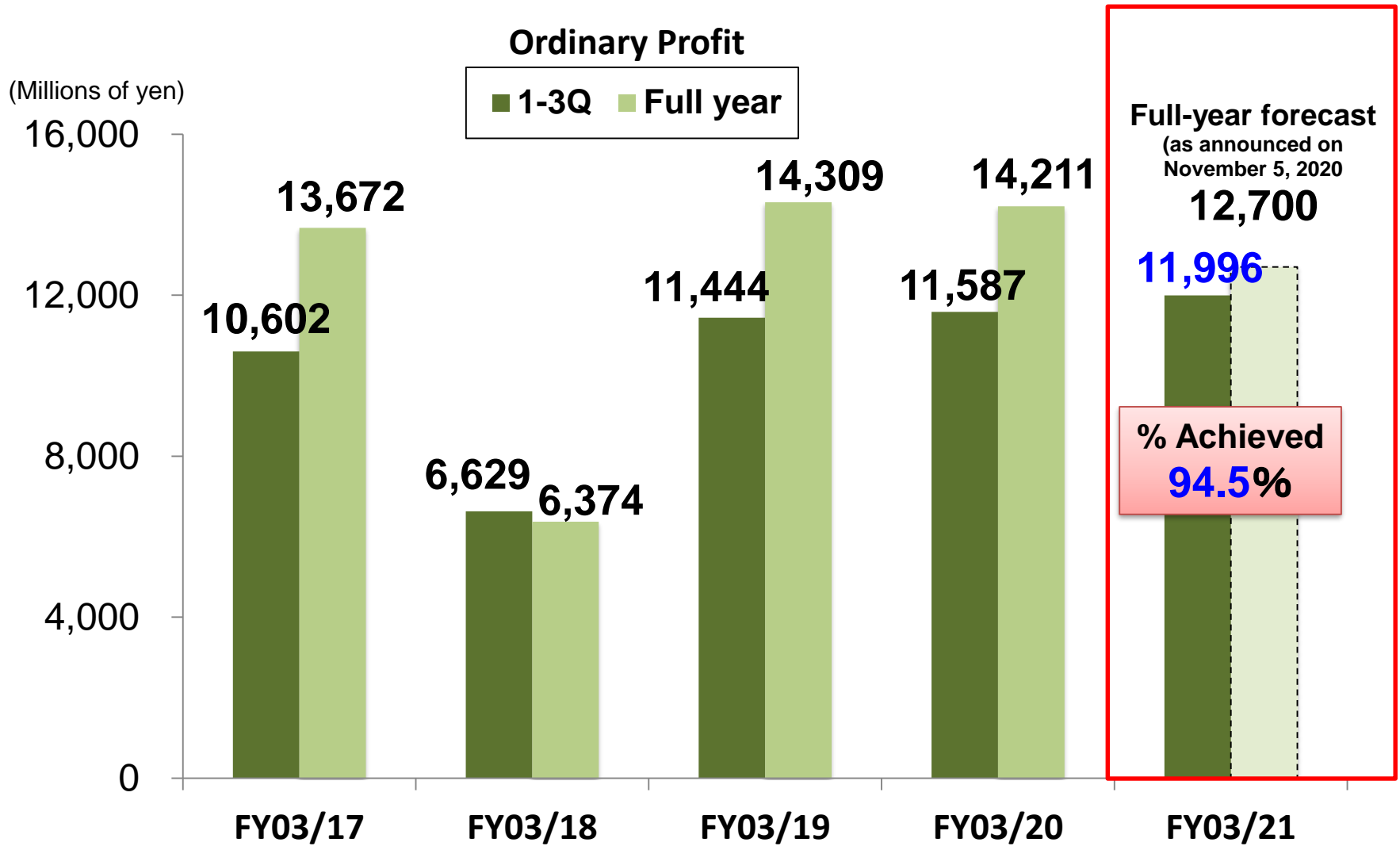


Notes: Recorded ¥0.75 billion in reversal of allowance for doubtful accounts at a European subsidiary in Q2 FY03/21

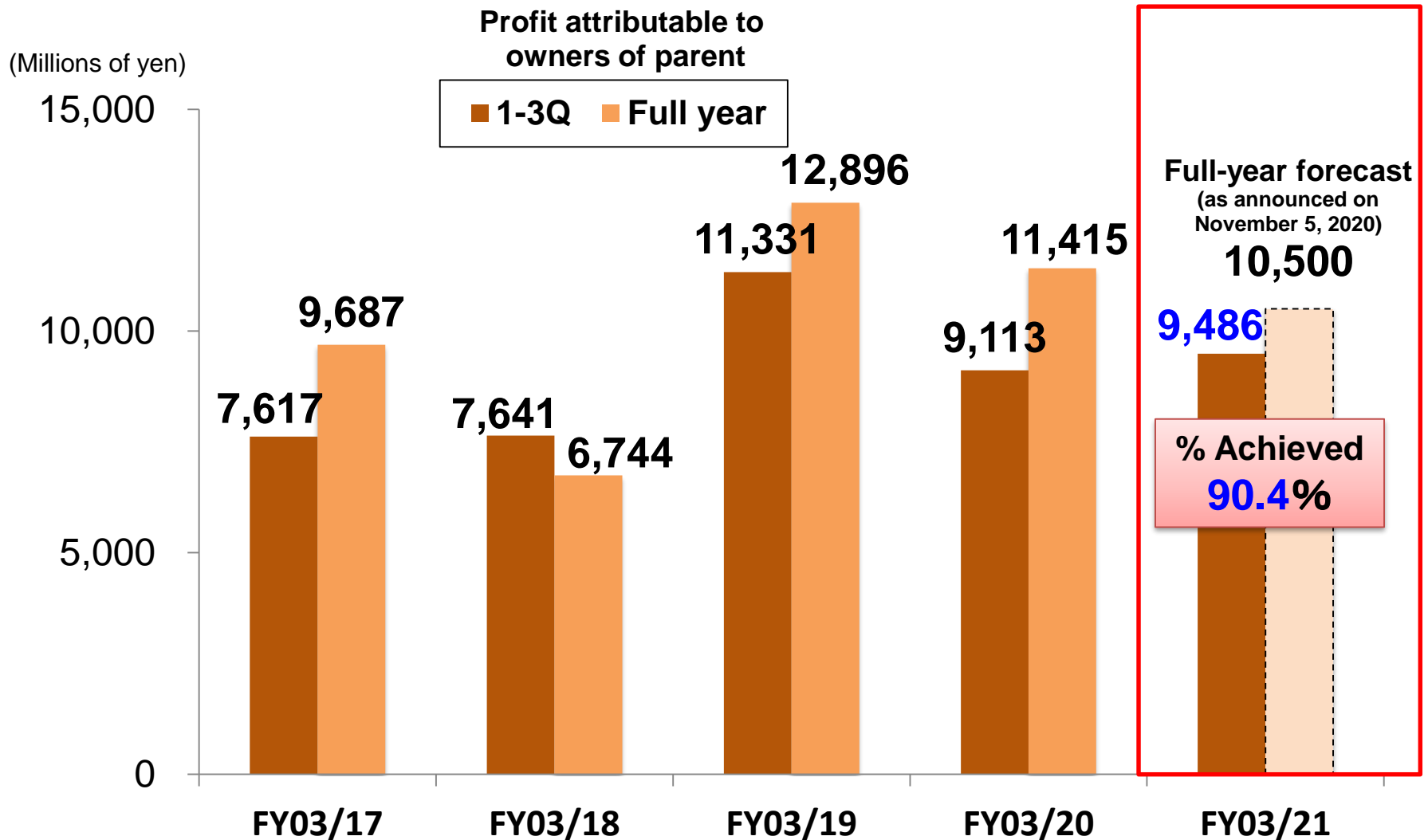
Recorded allowance for doubtful accounts at a European subsidiary in FY03/18:

1-3Q: ¥3.69 billion; Full Year: ¥6.65 billion

Ordinary Profit Trends



Profit Attributable to Owners of Parent Trends



Balance Sheet



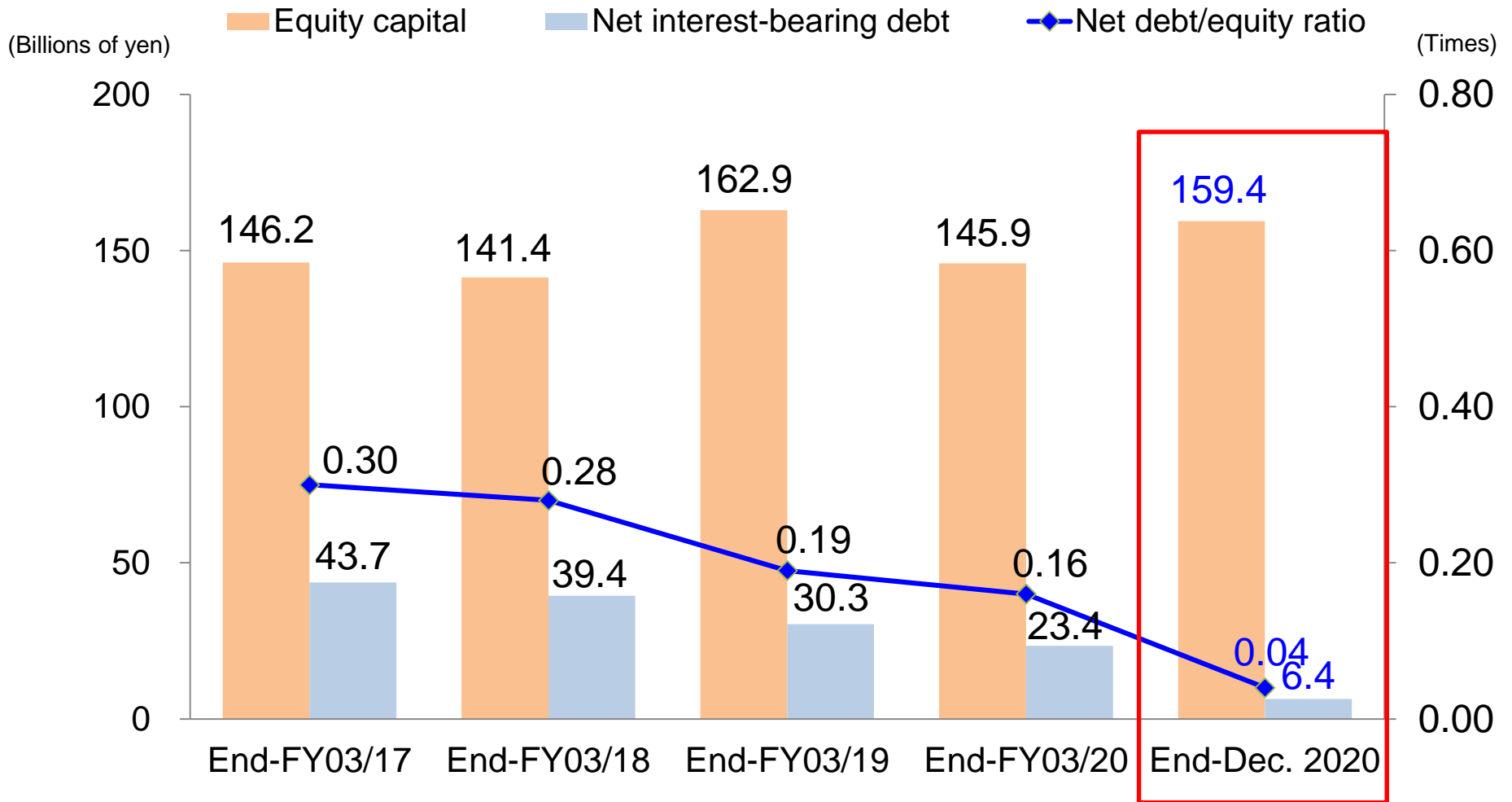
- ✓ Thanks to an increase in the market value of securities held, investment securities and accumulated other comprehensive income grew.
- ✓ Loans payable fell due to a decline in working capital on lower inventories, etc.

(Billions of yen)

| Assets | End-FY03/20 | End-Dec. 2020 | Change |
|---------------------------------------|---------------|---------------|-------------|
| Cash and deposits | 29.4 | 30.3 | +0.8 |
| Notes and accounts receivable - trade | 152.4 | 158.2 | +5.7 |
| Inventories | 55.9 | 45.9 | -9.9 |
| Other current assets | 7.3 | 8.6 | +1.3 |
| Property, plant and equipment | 13.9 | 13.7 | -0.1 |
| Intangible assets | 3.0 | 2.8 | -0.1 |
| Investment securities | 54.2 | 64.7 | +10.5 |
| Other fixed assets | 6.5 | 5.9 | -0.5 |
| Total assets | 322.8 | 330.5 | +7.6 |
| Current ratio | 162.6% | 168.8% | |

| Liabilities and net assets | End-FY03/20 | End-Dec. 2020 | Change |
|---|--------------|---------------|-------------|
| Notes and accounts payable - trade | 96.7 | 104.1 | +7.3 |
| Short-term loans payable | 43.0 | 28.9 | -14.0 |
| Other current liabilities | 10.9 | 10.9 | +0.0 |
| Long-term loans payable | 9.7 | 7.7 | -2.0 |
| Other non-current liabilities | 14.5 | 17.3 | +2.7 |
| Shareholders' equity | 119.1 | 124.8 | +5.7 |
| Accumulated other comprehensive income | 26.7 | 34.5 | +7.7 |
| Non-controlling interests | 1.8 | 1.9 | +0.0 |
| Total liabilities and net assets | 322.8 | 330.5 | +7.6 |
| Equity ratio | 45.2% | 48.2% | |

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

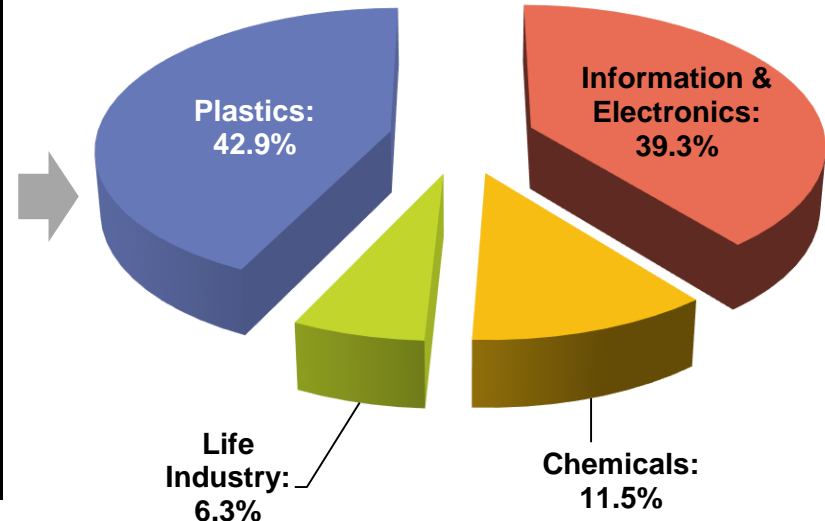
Sales by Business Segment

✓ In Plastics, sales were down due to the impact of the COVID-19 pandemic and lower plastics prices.

Sales

(Billions of yen)

| | 1-3Q FY03/20 | 1-3Q FY03/21 | YoY change |
|---------------------------|-----------------|-----------------|---------------|
| Information & Electronics | 164.5 | 165.0 | +0.3% |
| Chemicals | 55.9 | 48.2 | -13.8% |
| Life Industry | 27.4 | 26.6 | -3.0% |
| Plastics | 210.4 | 180.2 | -14.3% |
| Other | 0.1 | 0.1 | -2.4% |
| Total | 458.5 | 420.3 | -8.3% |



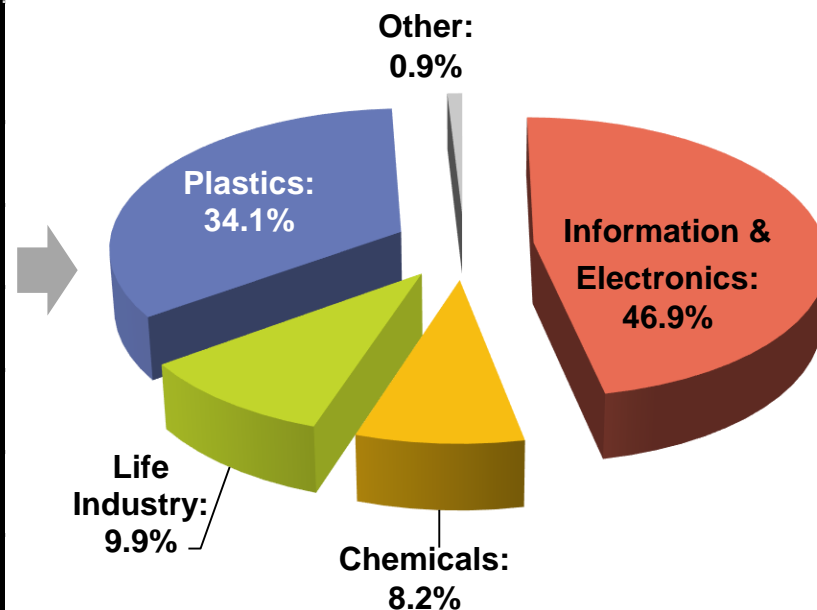
Operating Profit by Business Segment

- ✓ In Information & Electronics, profit rose due to robust sales of mainstay products and lower SG&A expenses, including the reversal of allowance for doubtful accounts.
- ✓ In Plastics, profit fell on lower sales.

Operating profit

(Millions of yen)

| | 1-3Q FY03/20 | 1-3Q FY03/21 | YoY change |
|---------------------------|-----------------|-----------------|---------------|
| Information & Electronics | 3,505 | 4,975 | +42.0% |
| Chemicals | 988 | 869 | -12.1% |
| Life Industry | 898 | 1,055 | +17.4% |
| Plastics | 4,940 | 3,612 | -26.9% |
| Other | 102 | 97 | -4.5% |
| Total | 10,435 | 10,610 | +1.7% |



Assumptions underlying the business outlook

■ As of Q1 FY03/21 results announcement

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

■ As of 1H FY03/21 results announcement

1H FY03/21 Faster recovery than expected (due in part to reversal of allowance for doubtful accounts)

2H FY03/21 The Company maintains assumptions as of Q1 results announcement

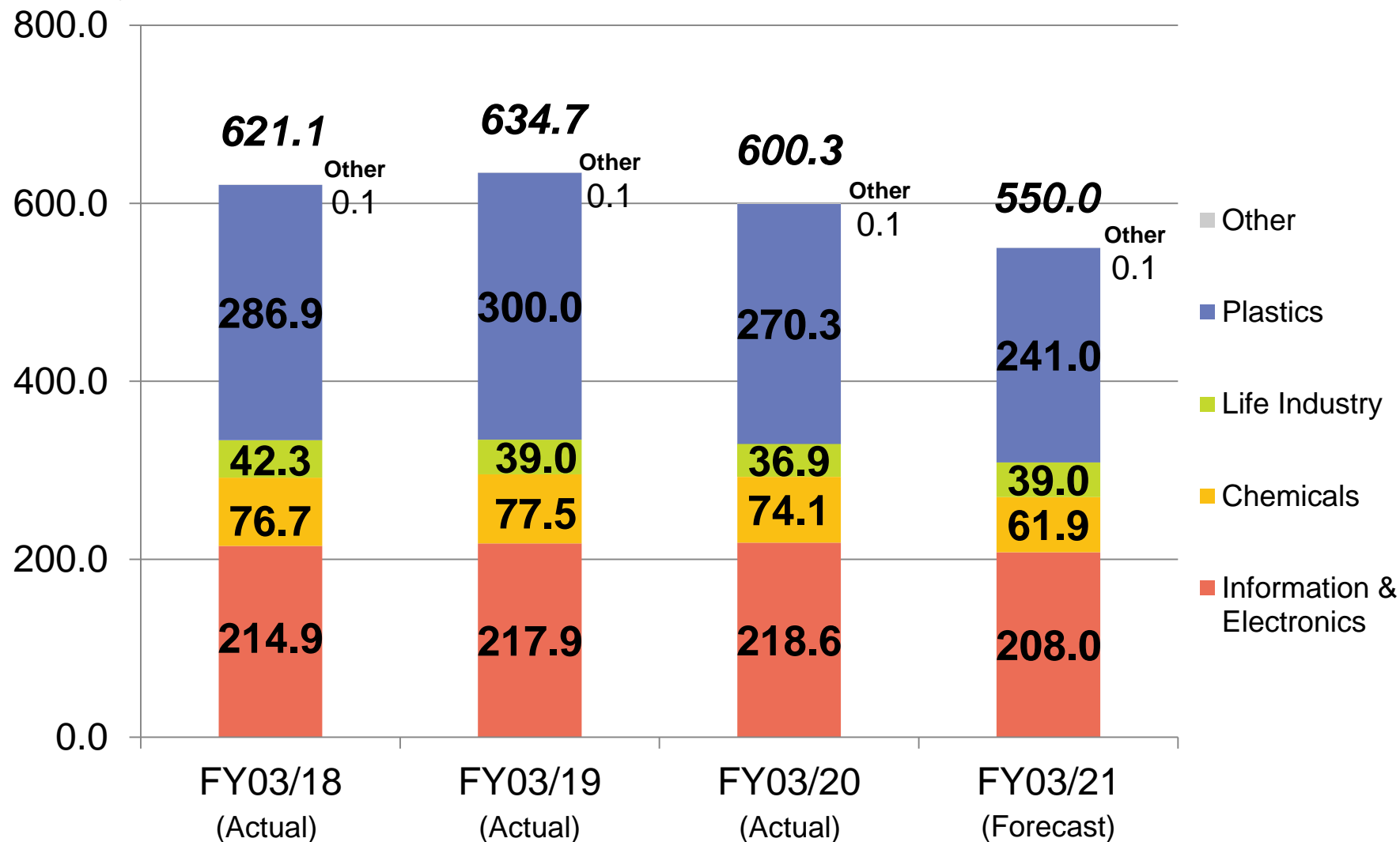
■ As of Q3 FY03/21 results announcement

No change has been made to the assumptions.

Sales Forecast by Business Segment



(Billions of yen)



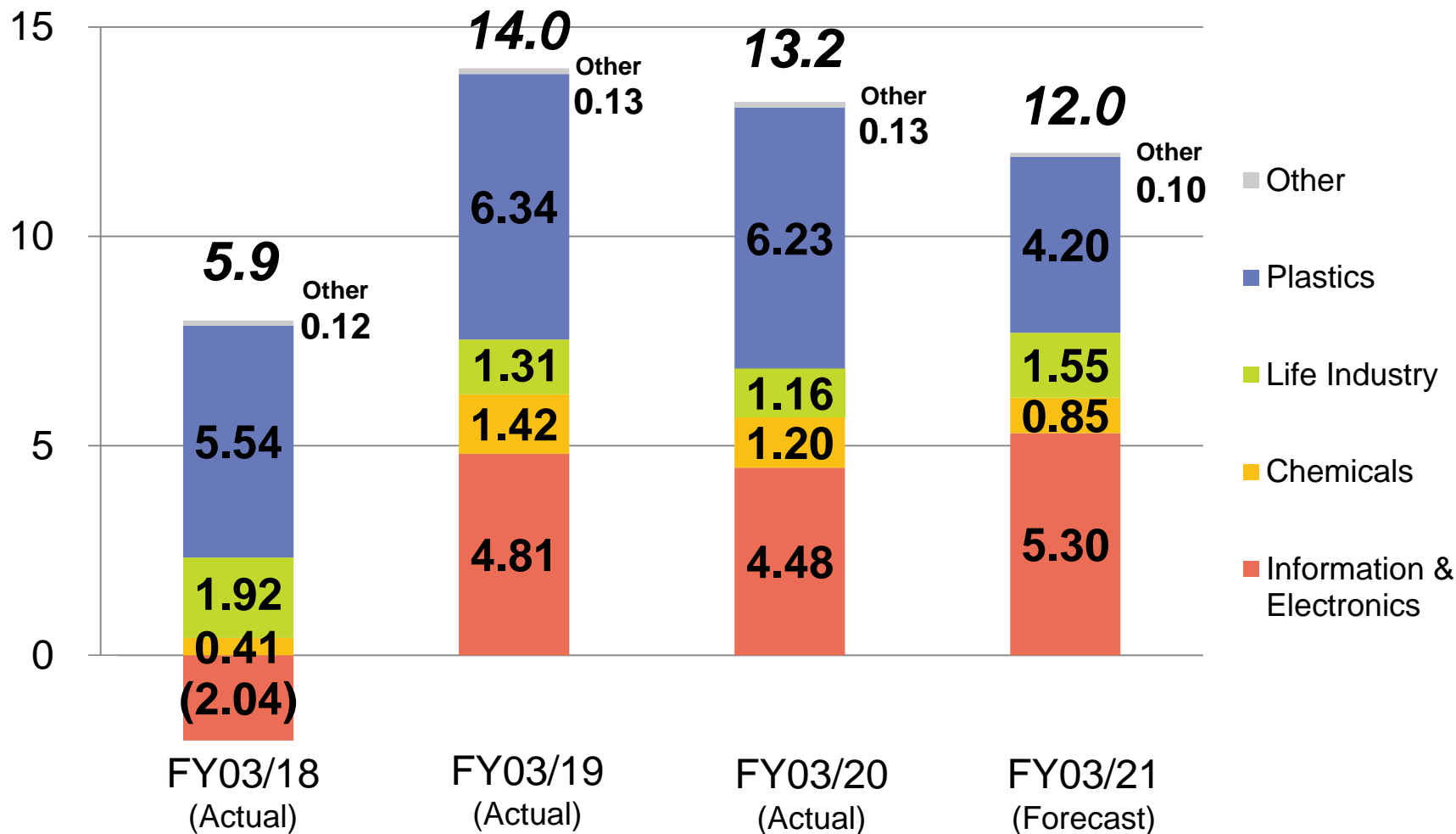
Note: Effective FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment.

Results for fiscal years up to and including FY03/19 have been retroactively adjusted to reflect this change.

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.

In Q2 FY03/21, we booked ¥0.75 billion in reversal of allowance for doubtful accounts at a European subsidiary in the Information & Electronics 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.

Policy on returning profits to shareholders

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

Dividends per share:

■ FY03/20 results

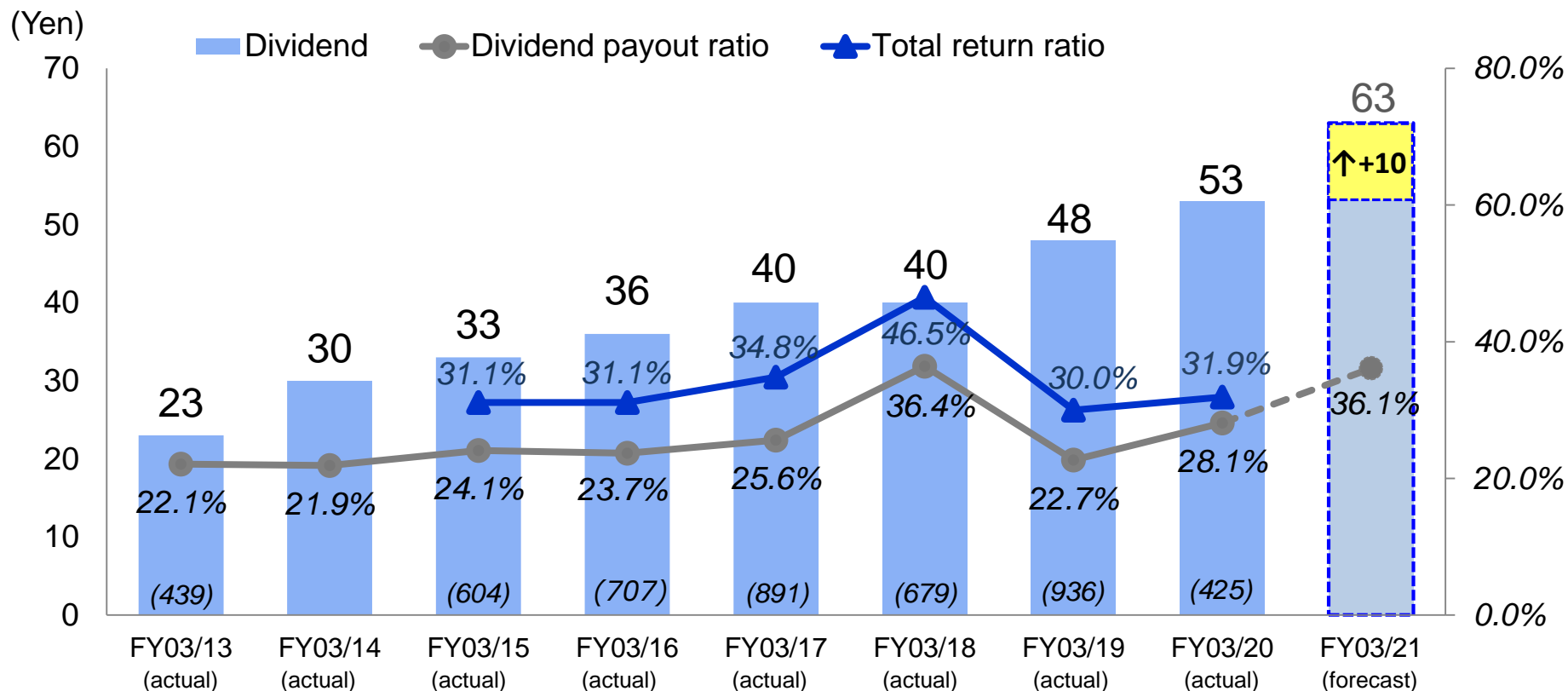
Annual dividend: ¥53 (interim: ¥20, year-end: ¥33)

Value of treasury shares acquired: ¥425 million (300,000 shares)

■ FY03/21

Annual dividend: ¥63 (interim: ¥20 (actual), year-end: ¥43 (forecast))

Annual dividends per share and indicators of shareholder return



Notes: The Company has revised the forecast for the annual dividend per share upward from ¥53 to ¥63. (February 25, 2021)
 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.

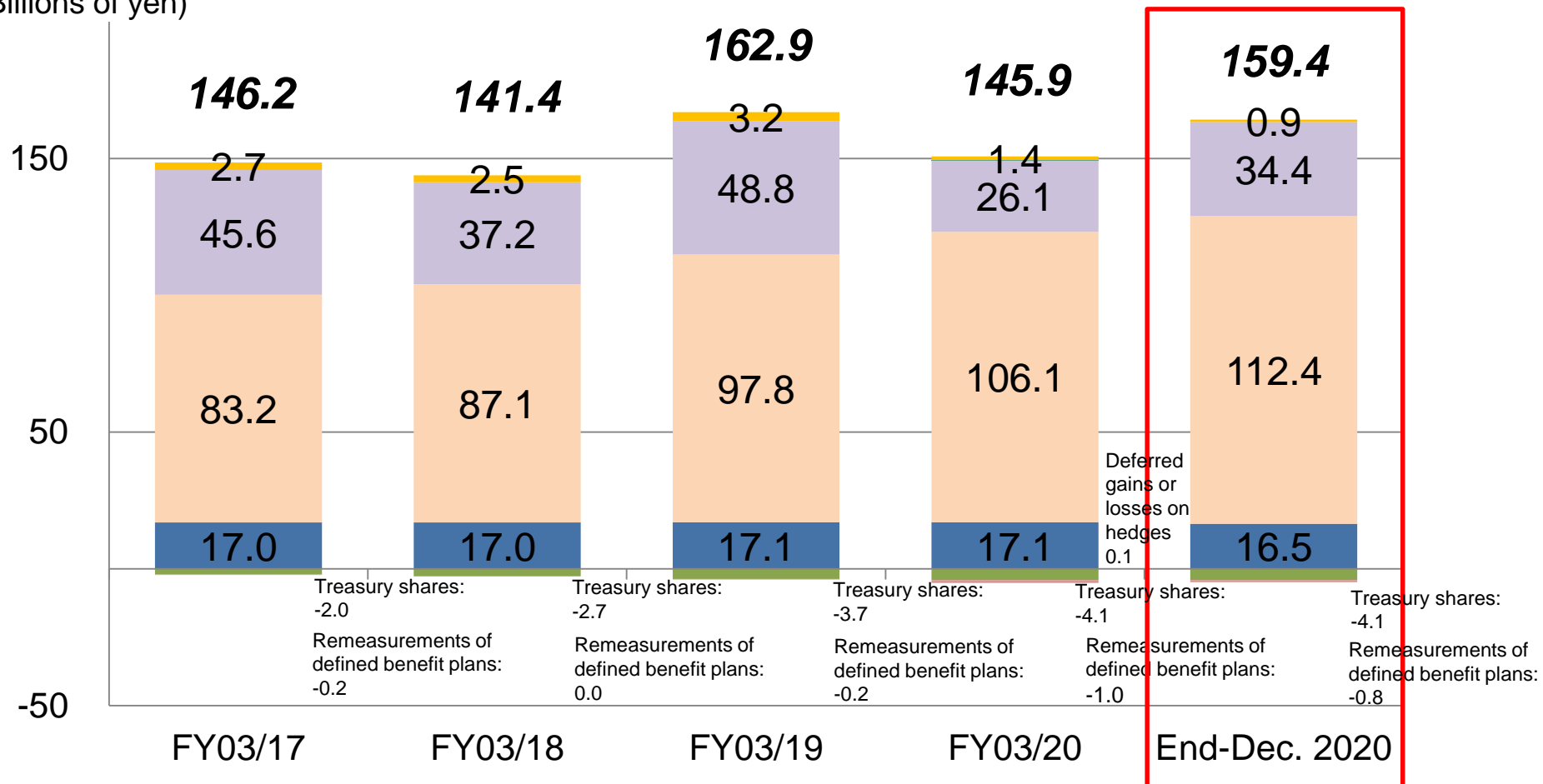
| | Companies | | |
|--|-----------|----------|-------|
| | Japan | Overseas | Total |
| Consolidated subsidiaries | 7 | 37 | 44 |
| (Of which, manufacturers and processing companies) | (5) | (17) | (22) |
| Equity-method affiliates | 4 | 1 | 5 |
| (Of which, manufacturers and processing companies) | (2) | (1) | (3) |
| Total | 11 | 38 | 49 |
| (Of which, manufacturers and processing companies) | (7) | (18) | (25) |

(Reference) Equity Capital



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

(Billions of yen)

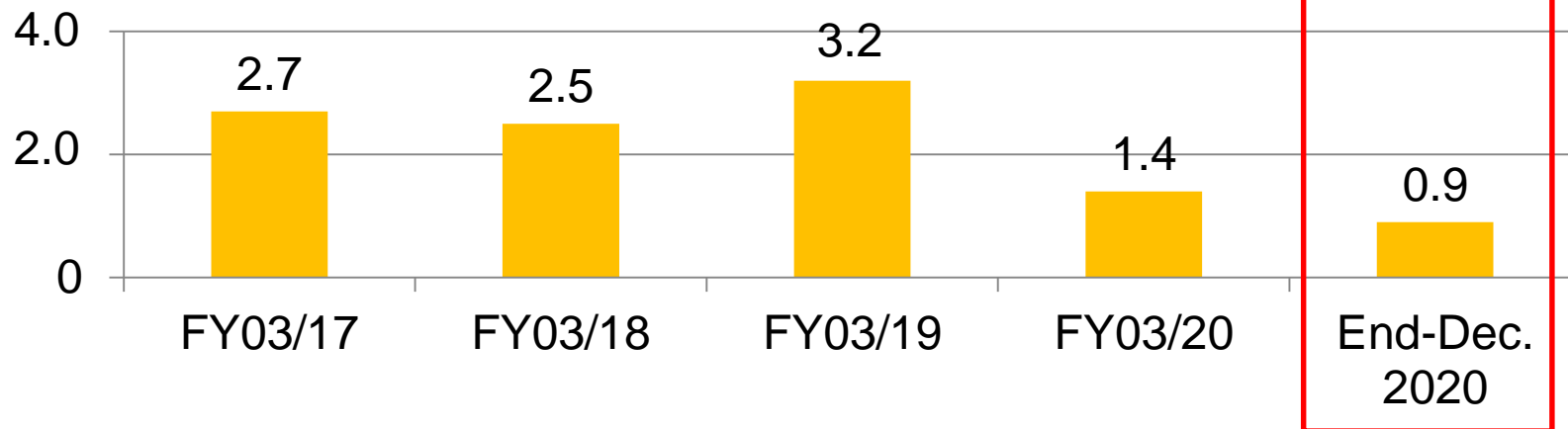


(Reference) Impact of Exchange Rate Fluctuations on the Foreign Currency Translation Adjustment



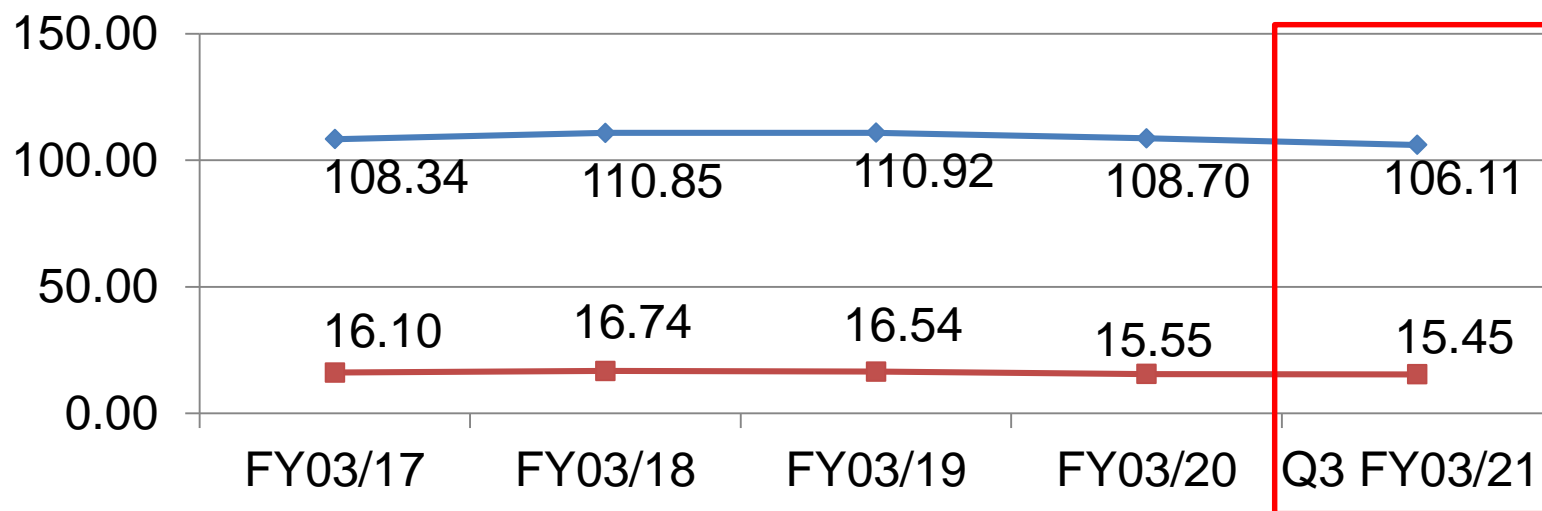
(Billions of yen)

■ 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.