
IR Briefing For Q1
Fiscal Year Ending March 2022

October 2021
Inabata & Co., Ltd.

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Achievement of *NC2020* Targets

- Net sales fell short of the target by a wide margin, causing a shortfall in operating profit.
- Ordinary profit and profit attributable to owners of parent exceeded targets.
- The net debt/equity ratio was lower than projected as the Company made progress in terms of securing financial soundness.

(Billions of yen)	<i>NC2020</i> target for FY03/21 (A)	FY03/21 actual (B)	Difference	Achievement rate (B)/(A)%
Net sales	730.0	577.5	-152.4	79%
Operating profit	15.5	14.9	-0.5	97%
Operating profit margin	2.1%	2.6%	+0.5%	
Ordinary profit	16.0	16.5	+0.5	103%
Profit attributable to owners of parent	12.0	13.7	+1.7	115%
Net debt/equity ratio	0.4x or less	0.06		Achieved
Equity ratio	—	49.2%	—	—
Exchange rate	USD1=¥110.00	USD1=¥106.10		

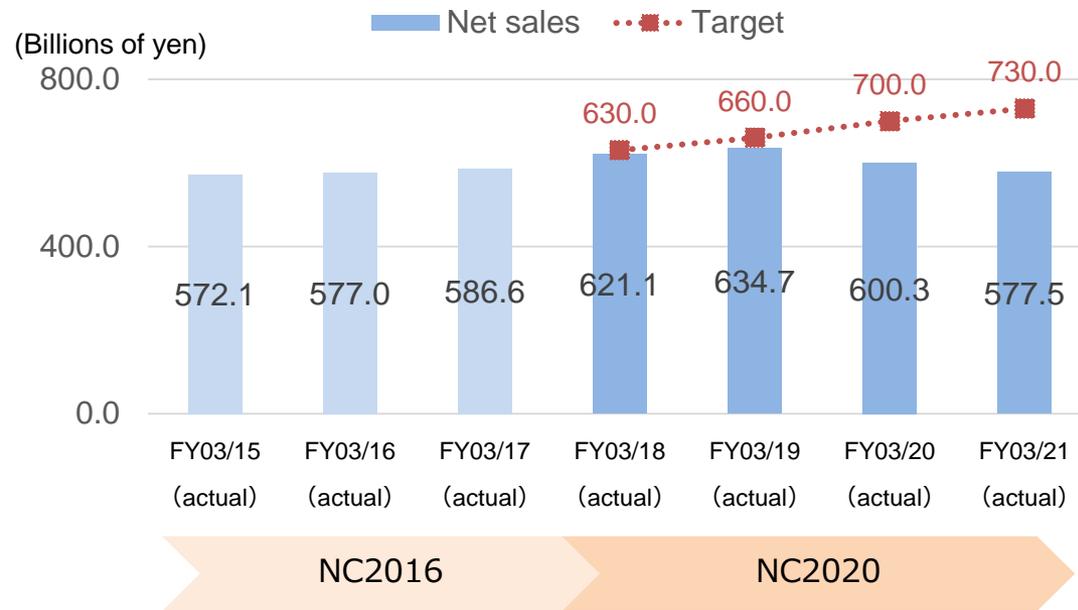
Differences between Targets and Actual Results for Net Sales and Operating Profit by Segment

- Sales fell short of targets in all segments while operating profit achieved its projected target in the Information & Electronics segment.

(Billions of yen)	NC2020 target for FY03/21 (A)	FY03/21 actual (B)	Difference (B)-(A)	Segment	Difference
Net sales	730.0	577.5	-152.4	Information & Electronics	-36.4
				Chemicals	-29.0
				Life industry	-27.6
				Plastics	-59.1
				Other	-0.1
Operating profit	15.5	14.9	-0.5	Information & Electronics	+1.9
				Chemicals	-0.8
				Life industry	-1.2
				Plastics	-0.2
				Other	-0.1

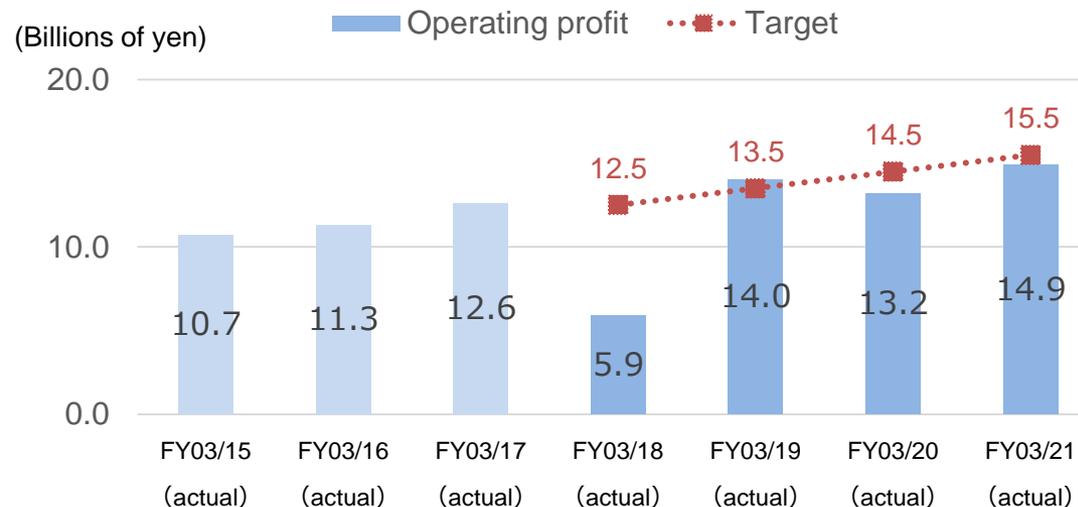
Notes: In the Information & Electronics segment, recorded ¥0.75 billion in reversal of allowance for doubtful accounts at a European subsidiary in FY03/21. Detailed comparisons between results and targets by segment can be found on page 51 through 58 in the Reference Materials section.

NC2020 Net Sales and Operating Profit



✓ Net sales continuously fell short of targets due in part to delayed new product development and COVID-19 impact incurred toward the end of the plan.

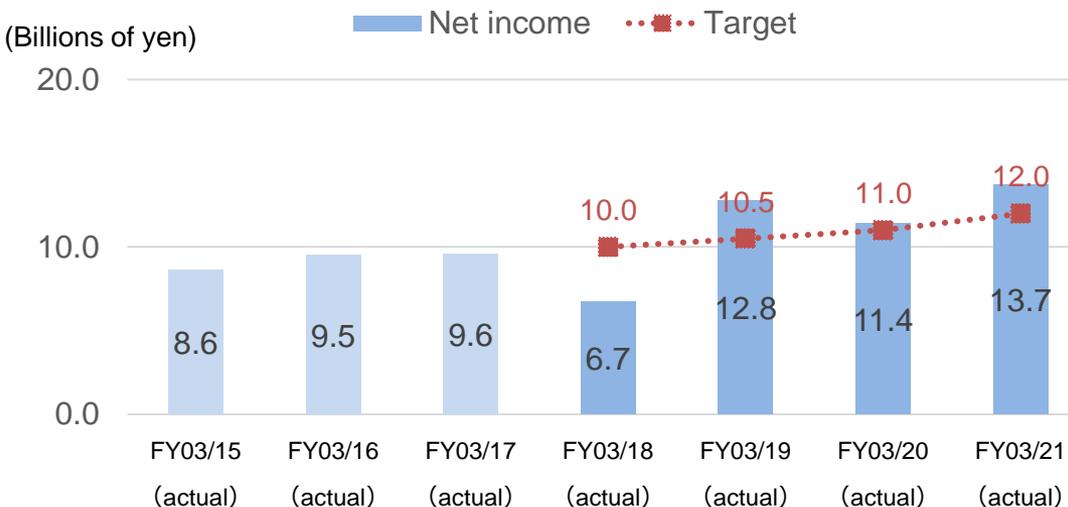
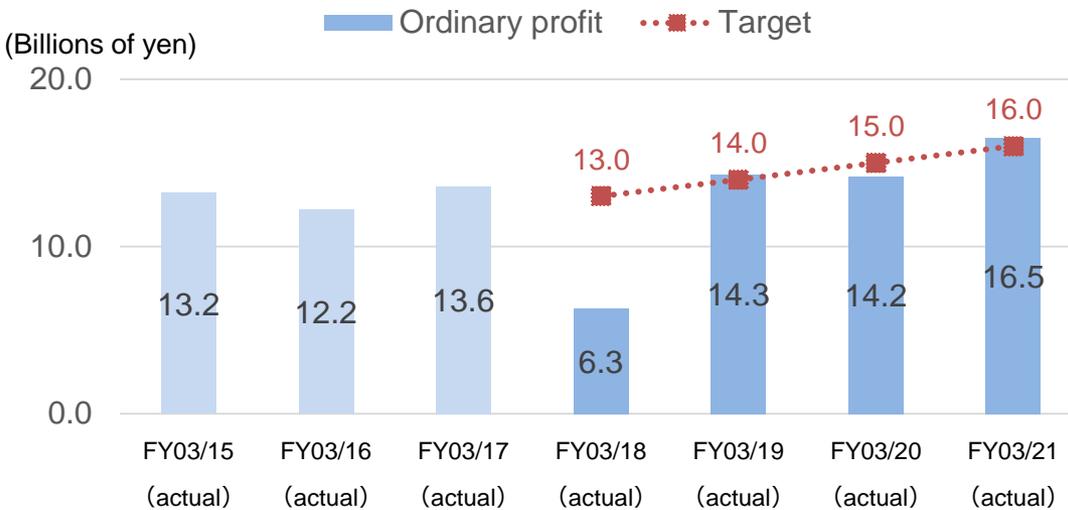
✓ Operating profit dropped sharply YoY in FY03/18 and fell widely short of the target as the Company recorded ¥6.65 billion in allowance for doubtful accounts following issues related to a European subsidiary. In FY03/19, the second year of the plan, operating profit recovered and met its projected target.



✓ In FY03/20, both net sales and operating profit declined, falling short of their respective targets.

✓ In FY03/21, despite falling short of its projected target, operating profit recovered due in part to rapid 2H business recovery, reversal of allowance for doubtful accounts, and a decline in SG&A expenses caused by the COVID-19 pandemic.

NC2020 Ordinary Profit and Net Income



- ✓ Along with operating profit, ordinary profit and net income declined sharply in FY03/18, falling short of targets.
- ✓ Ordinary profit achieved its projected target in FY03/19. It also met projections in FY03/21 as interest expenses declined due to interest rates that were lower than expected and a decrease in borrowings.
- ✓ Net income achieved its projected targets in FY03/19 through FY03/21 as the Company progressively sold strategically held shares and reported gains on the sale that were higher than expected.

Achievement of Key *NC2020* Initiatives

	Key Initiatives	Assessment
1.	Further expansion and deeper involvement in overseas businesses	△
2.	Focus on markets with growth potential and sectors that have yet to be developed	See next page
3.	Further enhancement of information infrastructure essential for global management	◎
4.	More proactive investment to expand the trading business	△
5.	Continual review of assets and enhancement of financial standing	◎
6.	Establishment of global human resource management	△

Achievement of Key *NC2020* Initiatives

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

Key Initiatives	Assessment	
<p>2. Focus on markets with growth potential and sectors that have yet to be developed</p> <ul style="list-style-type: none"> ● Automotive ● Life science and medical ● Environment and energy ● Food, including agriculture (Agricultural field) 	<p>◎</p> <p>×</p> <p>△</p> <p>△</p>	<p>Despite heavy impact from the COVID-19 pandemic in the final year of the plan, sales of resins and other products to global customers expanded more than expected, business in Japan grew, and sales of heat-dissipating materials increased.</p> <p>Sales of pharmaceutical ingredients failed to grow and fell short of their projected target due in part to the COVID-19 pandemic. In the field of regenerative medicine, the Company reported sales of growth media and devices but did not achieve expansion in sales of new products. In the home products category, sales of insect repellent and pesticide materials grew but inbound tourist demand virtually disappeared.</p> <p>The Company revised its forecast for solar cell sales due suspensions of related transactions in Europe. The Company focused on system-related projects in Japan. Despite slight delays to lithium-ion cell-related sales, the Company experienced growth in terms of associated material sales to Chinese and South Korean manufacturers.</p> <p>Cultivation of blueberries and garlic in Hokkaido took more time than expected, but crop growth was strong nevertheless. New business development encountered delays. Sales of imported grass and other types of animal feed were robust. The Company also reported growth in sales of processed marine products for conveyor-belt sushi restaurants.</p>

We will continue to address unresolved issues under *NC2023*.



NC2020 Focus on Markets with Growth Potential and Sectors That Have Yet to Be Developed

Principal initiatives in the automotive field

Progress slowed down in FY03/21 due to lockdown-related impact incurred in 1H, but business associated with Plastics and Chemicals recovered rapidly in 2H.

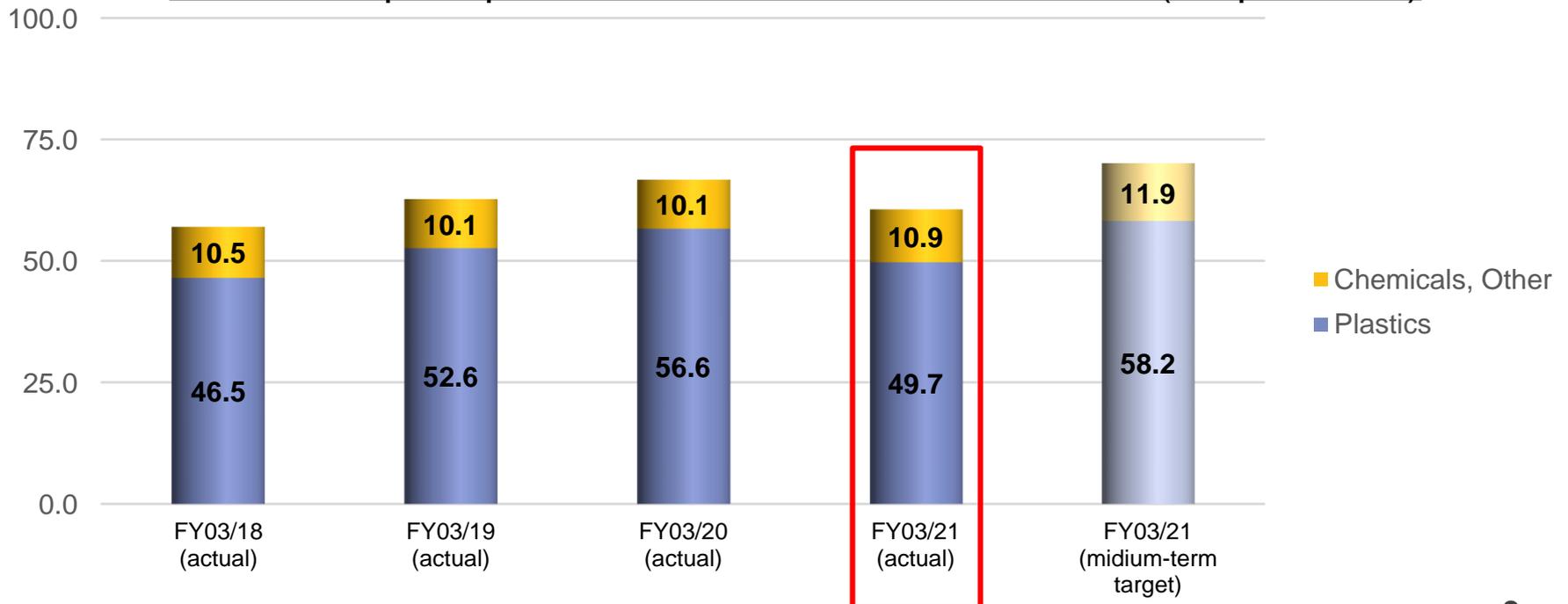
Plastics: We are working to increase sales of plastics to global customers, and are also expanding in-country sales.

Chemicals: We are expanding sales of parts and paint materials, and are focusing on sales of heat-dissipating materials and parts.

Information & Electronics: Potential exists to sell decorative films.

Sales from principal business in the automotive field (simple totals)

(Billions of yen)



Note: Sales figures for plastics primarily reflect sales made to global account users.

NC2020 Focus on Markets with Growth Potential and Sectors That Have Yet to Be Developed

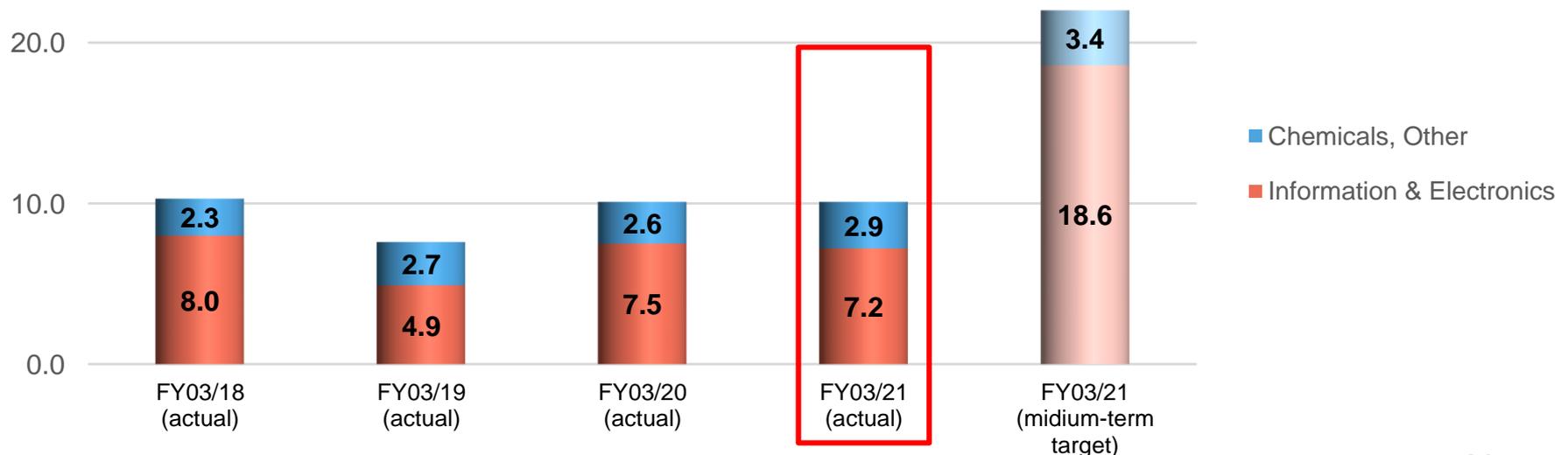
Principal initiatives in the environment and energy field

Information & Electronics: Sales of solar cells were down sharply due to discontinuation of transactions at a European subsidiary, but we intend to focus on the sale of high value-added materials and systems.
Sales of lithium-ion battery materials to manufacturers in China and South Korea are increasing.

Chemicals: We will focus on sales of wood chips and particle board.

(Billions of yen)

Sales from principal business in the environment and energy fields (simple totals)



Note: Results for past fiscal years include certain amounts that have been updated.

NC2020 Focus on Markets with Growth Potential and Sectors That Have Yet to Be Developed

Principal initiatives in the life science and medical fields

Sales of pharmaceutical ingredients in FY03/21 were sluggish due in part to impact from the COVID-19 pandemic.

Life Industry: With pharmaceutical ingredients (active ingredients and intermediates) sales as a stepping stone, we will focus on advanced medicine.

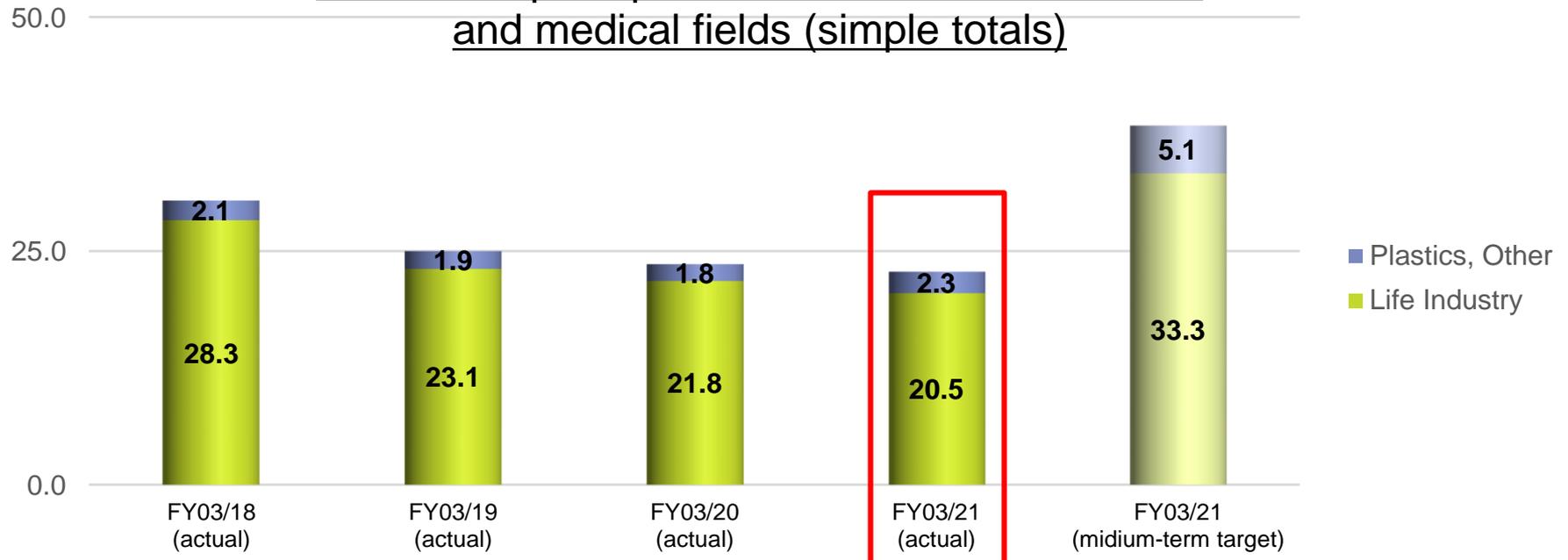
We will sell Japan-made household products overseas.

Plastics: We will sell plastics to medical device manufacturers (e.g., for syringes).

Information & Electronics: Sales of materials used in protective masks grew.

Sales from principal business in the life science and medical fields (simple totals)

(Billions of yen)



Note: Results for past fiscal years include certain amounts that have been updated.

NC2020 Focus on Markets with Growth Potential and Sectors That Have Yet to Be Developed

Principal initiatives in the agricultural field

Life Industry: We are developing the cultivation business, centered on the production of blueberries and garlic in Hokkaido.

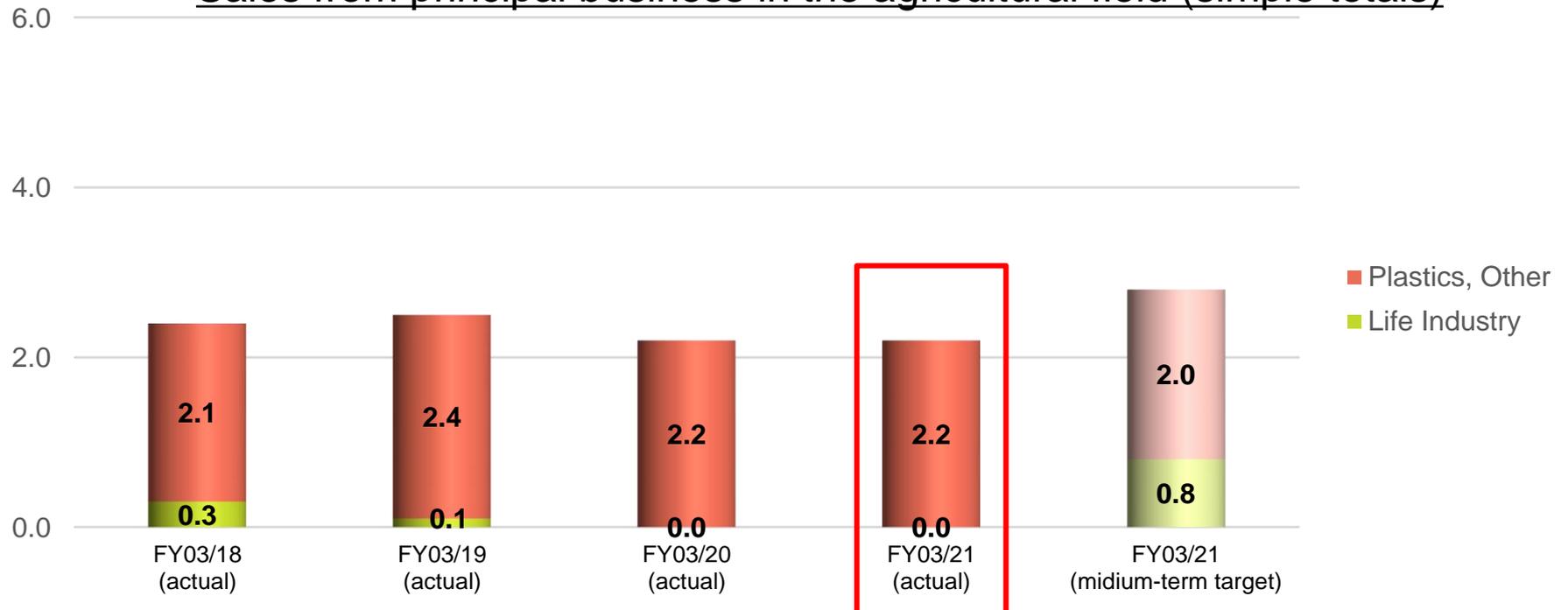
Full-scale shipment of blueberries and garlic will start in FY03/22 or later.

Plastics: We are concentrating on sales of films for agricultural use (for anti-fogging, for example).

Information & Electronics: Sales of animal feed (imported grass) are increasing.

(Billions of yen)

Sales from principal business in the agricultural field (simple totals)

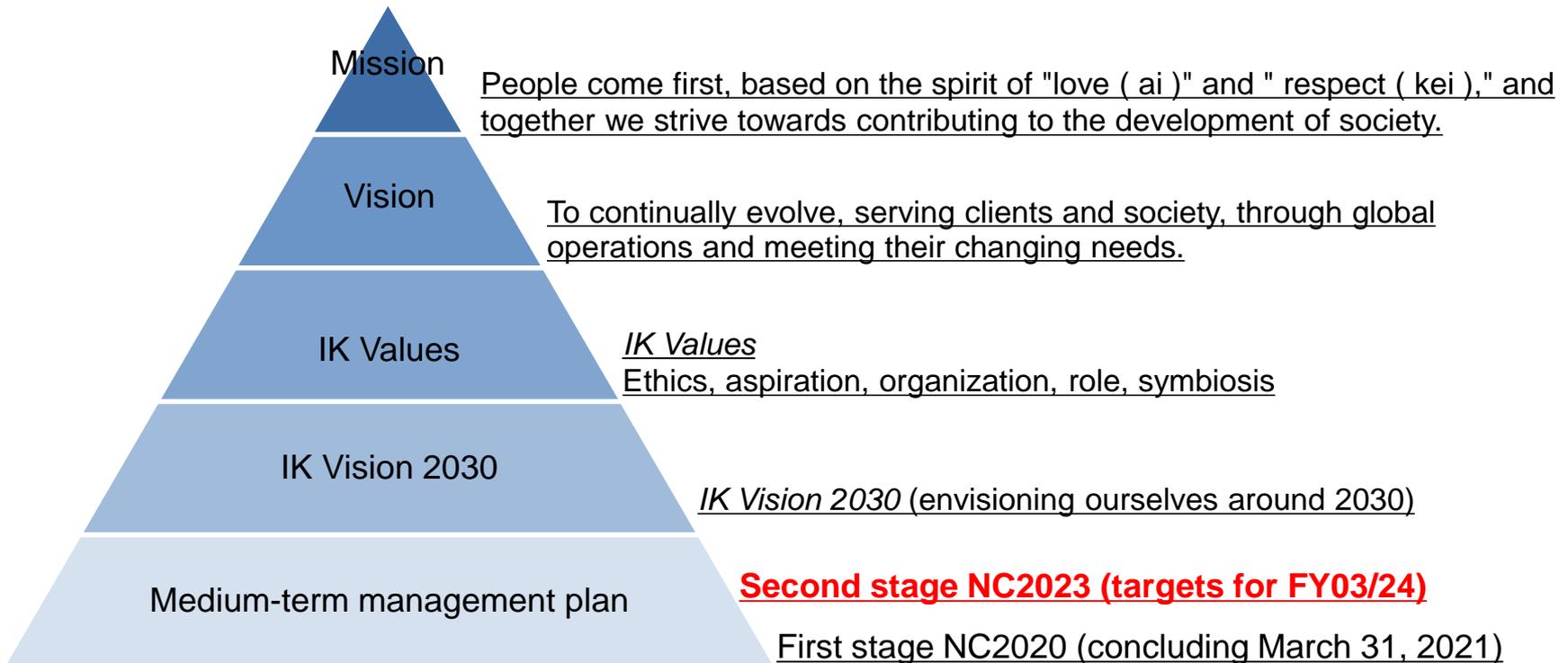


Notes: Results for past fiscal years include certain amounts that have been updated.
The figures above do not include sales of frozen goods.

■ Summary
of New 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*
- Continues along the same basic trajectory as *NC2020*, the first-stage plan
- Some adjustments have been made based on the degree of achievement associated with targets in *NC2020* and changes in the current business environment.



Quantitative Targets of NC2023

	FY03/24
Net sales	¥670.0 billion
Operating profit	¥16.5 billion
Ordinary profit	¥17.0 billion
Profit attributable to owners of parent	¥16.0 billion
ROE	8% or more
Net D/E ratio	0.3x or less
Equity ratio	50% or more
Assumed exchange rate	USD1 = JPY105

Note: Sales target based on accounting standards prior to the adoption of the revised revenue recognition methods: 700.0 billion JPY

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 upgrades to global management information infrastructure**
- 5. Continuous review of assets and further improvement of capital and asset efficiency**
- 6. Enhancement of human capital utilization efforts**

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 upgrades to 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

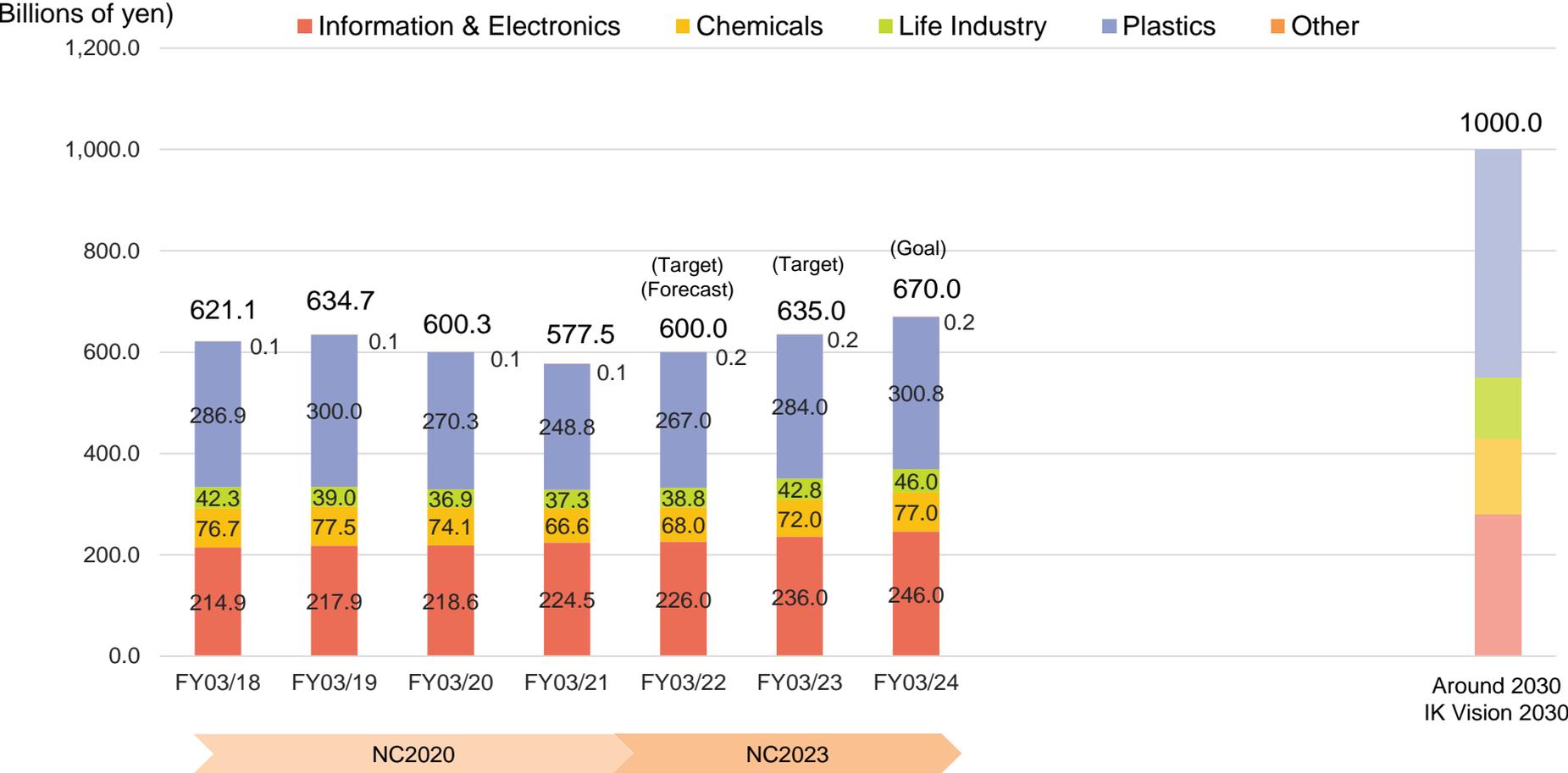
- Further review strategically held shares and reduce them by 50% in three years
- Allocate cash earned evenly toward the following three areas:
 - 1) Investment for future growth
 - 2) Returns to shareholders
 - 3) Strengthening of financial base

Key Initiatives for NC2023

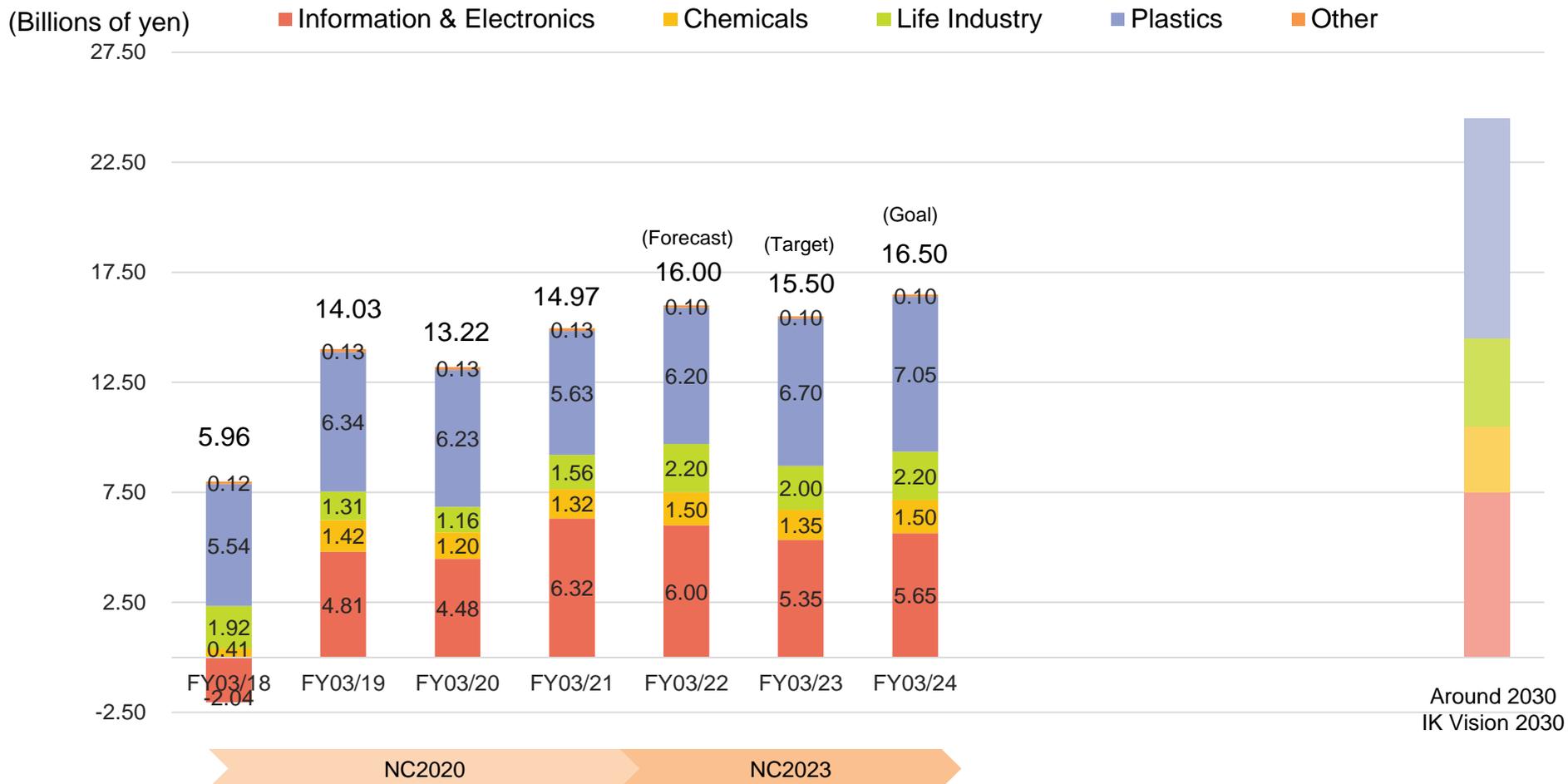
6. Enhancement of human capital utilization efforts

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

Sales by Segment



Operating Profit by Segment



Note: Upward revision to the full-year FY03/22 forecast from ¥14.5 billion (as announced on May 11, 2021) to ¥16.0 billion (revised on August 5, 2021)

- As we launch *NC2023*, we have formulated a new shareholder return policy that we will implement during the plan.

Adoption of progressive dividends

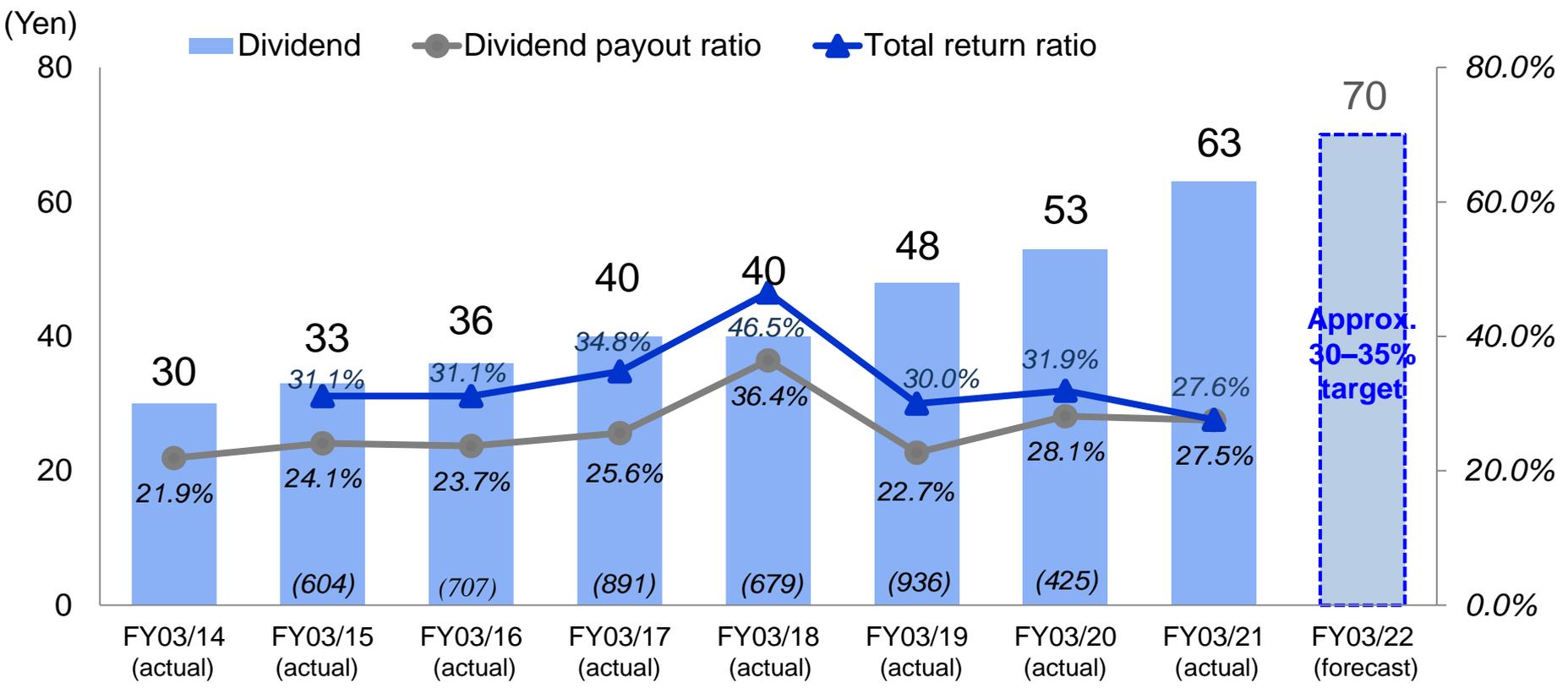
We will ensure that dividend per share does not decline year on year by continually increasing our dividends

- We will continue to target a total return ratio of about 30–35%.
- We will swiftly and flexibly conduct treasury stock acquisition.

- FY03/22 (forecast)

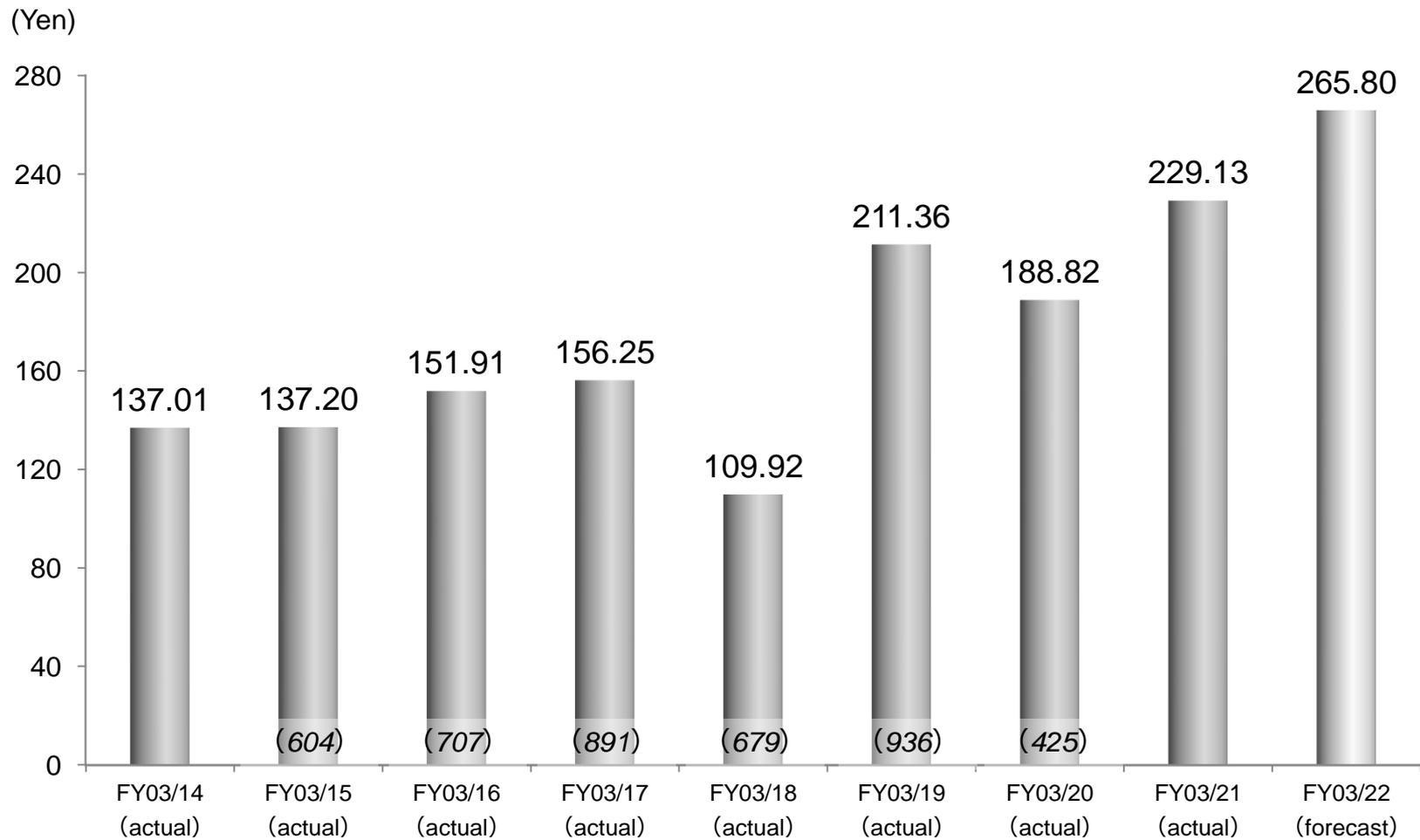
Annual dividend ¥70 (interim ¥30 year-end ¥40)

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.

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).

■ Corporate Governance

Corporate Governance ①

Experience and expected roles of directors and auditors

Inabata, a global business operator, has in place a corporate governance structure that supports the Board of Directors' decision making and enables the Company to fulfill supervisory functions over executive officers' business execution.

	Name	Corporate management	Sales (global)			Finance and Accounting	Legal/risk management	HR/labor	IT/digital	ESG	Experience at other companies
			Information & Electronics	Plastics	Chemicals/Life Industry						
Director	Katsutaro Inabata	●		●	●			●	●	●	●
	Toyohiro Akao	●	●		●						
	Kenichi Yokota	●				●	●		●	●	●
	Masahiro Sugiyama	●	●	●							●
	Noriomi Yasue	●		●							
	Kenji Ohno	●					●			●	●
	Kiyoshi Sato*	●	-	-	-						-
	Kenji Hamashima*	●	-	-	-	●					-
	Takako Hagiwara*	●	-	-	-			●		●	-
Audit & supervisory board member	Takashi Mochizuki			●							
	Nobukazu Kuboi					●				●	●
	Yoshitaka Takahashi*		-	-	-			●			-
	Katsuya Yanagihara*		-	-	-		●				-
	Satoshi Tamai*		-	-	-	●					-

(Note) * denotes an independent outside officer.

▪ Three outside directors (of total of nine 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.



Kiyoshi Sato*

Lead outside director/Chair of Nominating and Remuneration Committee

Background

Former President and CEO - Tokyo Electron Ltd.

Current Director (Outside) – Shibaura Machine Co., Ltd. and Mazda Motor Corp.

Reasons for appointment

Mr. Sato has extensive experience in global business operations as top management of a leading producer of manufacturing equipment for semiconductors and flat panel displays.



Kenji Hamashima*

Background

Former President and Chief Executive Officer – Ushio Inc.

Reasons for appointment

Mr. Hamashima has extensive experience in global business operations as top management of a manufacturer handling applied optics products and industrial machinery.



Takako Hagiwara*

Background

Current Representative Director, DDD Corp.

Current Outside Director, Twinbird Corp.
Current Outside Director, NEC Capital Solutions Ltd.

Reasons for appointment

Ms. Hagiwara has extensive experience as a member of top management in charge of HR at a major electronics manufacturer that operates multiples businesses globally.

(*) Mr. Kiyoshi Sato, Mr. Kenji Hamashima and Ms. Takako Hagiwara 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

- Chairperson : independent outside director
- Current membership: 1 internal director and 3 independent outside directors
- Held seven times during FY 03/2021

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

FY03/21

Conduct third-party evaluation every three years

⇒ In April 2021, disclosed summary of evaluation and measures going forward

2. Evaluating the board of directors

FY03/2021 (third-party evaluation)

Summary of evaluation

- The composition and operating status of the Board received high marks overall.
- 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.

Issues to be addressed

- Further discussion on medium- to long-term management and strategies
- Strengthening corporate functions
- Continued review of the composition of the Board to respond to changes in the business environment
- Sharing deliberation summaries of the Nominating and Remuneration Committee at Board meetings

3. Officer Remuneration

Remuneration of Directors*

■ Cash remuneration

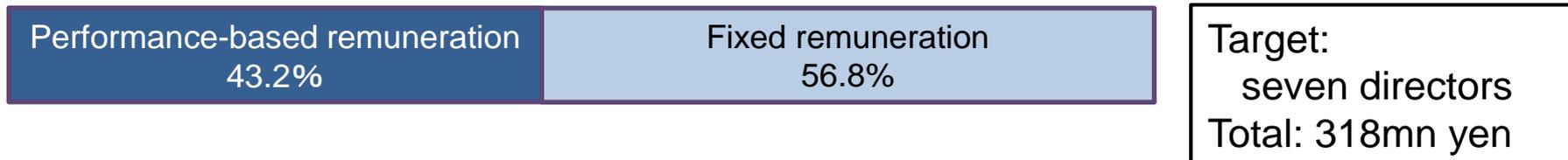
- Fixed remuneration
- Performance-based remuneration: Determined based on profit before income taxes (excluding gains on the sale of a portion of strategically held shares)

■ 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 FY03/2021



*Excluding outside directors

4. Strategically Held Shares

[Policy on retention and reduction]

- Further review strategically held shares and reduce them by 50% in three years (NC2023)
- Allocate cash earned evenly toward the following three areas:
 - 1) Investment for future growth
 - 2) Returns to shareholders
 - 3) Strengthening of financial base

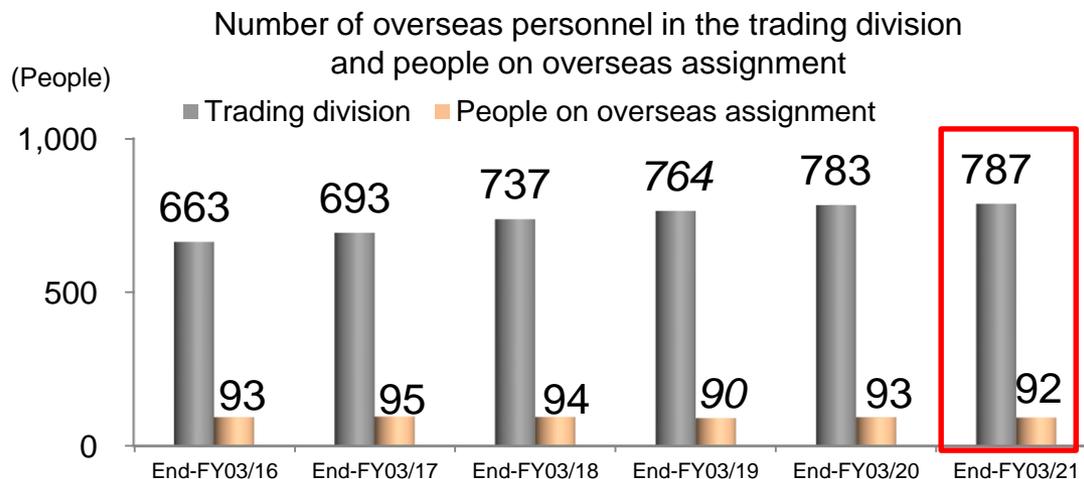
	Sales of strategically held shares
FY03/17	¥4,549 million
FY03/18	¥9,017 million
FY03/19	¥5,298 million
FY03/20	¥3,026 million
FY03/21	¥2,944 million

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

- ✓ Since 2018, we have held workshops at 36 locations in 14 countries to promote “IK Values.” More than 700 local staff members participated.
- ✓ We continued to hold the Global Staff Meeting. However, we cancelled the meeting scheduled for May 2021 due to the novel coronavirus pandemic.
- ✓ In April 2021, we conducted an employee engagement survey. A total of about 1,400 employees participated at the head office and 16 major overseas bases of the trading division.

70%* of respondents replied that they shared Inabata’s corporate philosophy, vision, and management policy and that they wanted to participate in realizing them.



*Note: The percentage of respondents who chose either (5) Strongly agree or (4) Agree on a five-point Likert scale. The number of people on overseas assignment is as of the first day of the following month.

Summary of Financial Results for Q1 FY3/2022 and Full-Year Outlook

Net sales: ¥162.6 billion ¥128.7 billion in Q1 FY03/21

Net sales increased owed to recovery from a substantial slump a year ago in the wake of the COVID-19 pandemic.

Operating profit: ¥5.5 billion +151.2% YoY

Operating profit rose on increases in net sales and operating profit margin.

Ordinary profit: ¥6.4 billion +110.0% YoY

Ordinary profit increased on operating profit growth.

**Profit attributable to
owners of parent: ¥7.9 billion +294.4% YoY**

Bottom-line profit grew due to an increase in ordinary profit and gain on sales of investment securities.

Upward revisions to full-year profit forecasts

(Billions of yen)

	Q1 FY3/21	Q1 FY3/22 (A)	YoY change		Forecast announced May. 11, 2021	Revised forecast announced Aug. 5, 2021 (B)	Achievement rate (A)/(B)
			Amount	%			
Net sales	128.7	162.6	+33.9	-	600.0	600.0	27.1%
Operating profit	2.2	5.5	+3.3	+151.2%	14.5	16.0	35.0%
Ordinary profit	3.0	6.4	+3.3	+110.0%	15.0	17.0	38.0%
Profit attributable to owners of parent	2.0	7.9	+5.9	+294.4%	14.0	16.0	49.8%
Exchange rate (USD/JPY)	107.63	109.52	+1.89		105.00	110.00	

* Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) effective from Q1 FY03/22, which had a negative impact on net sales of ¥5.1 billion.

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



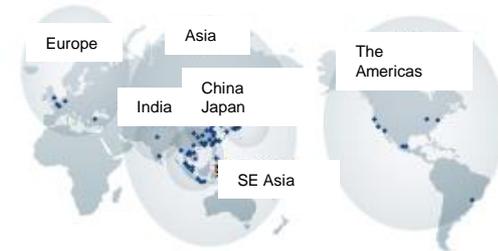
Inabata Dye Shop
(Nishijin, Kyoto)

2. A globally expanding, multi-faceted trading company

Around 60 locations in across 17 countries

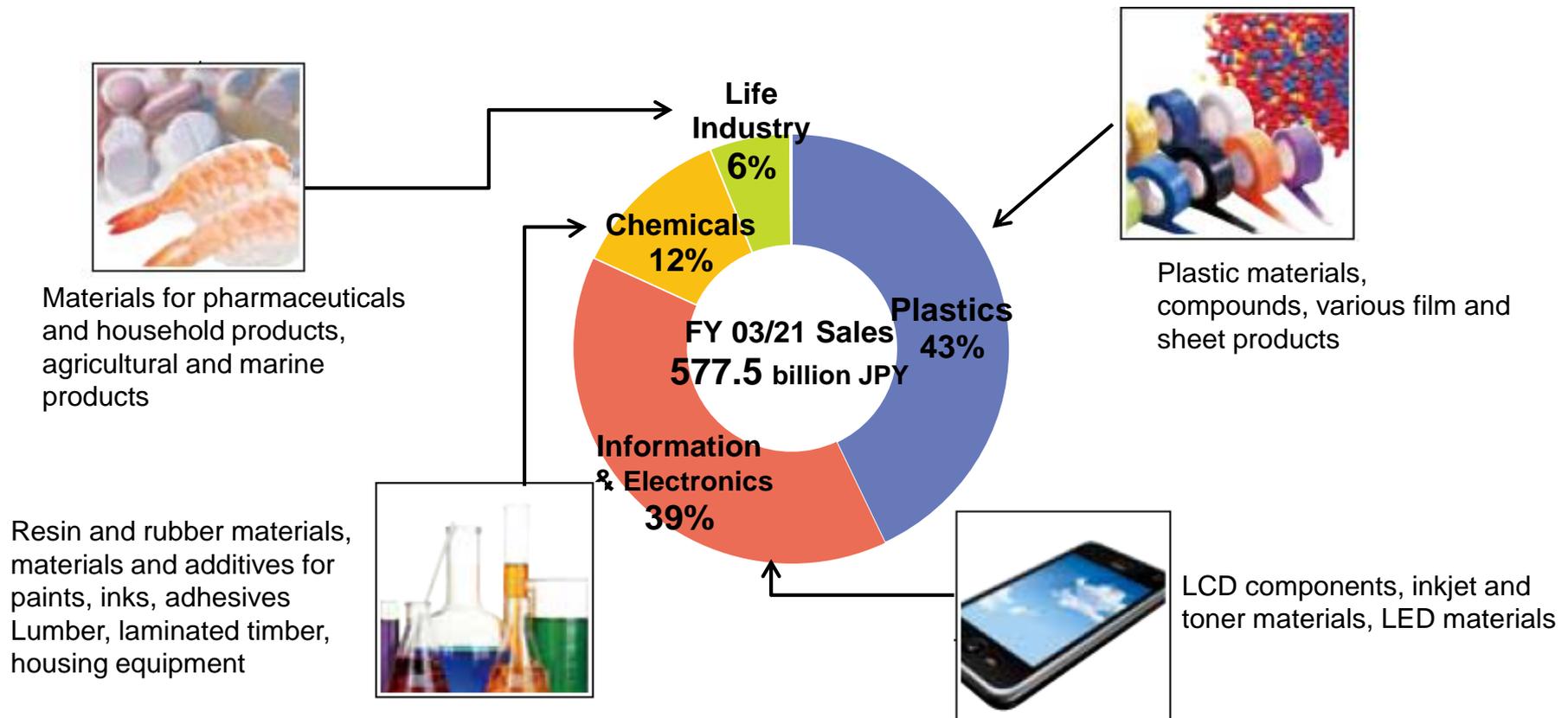
Business functions include market development, manufacturing & processing, logistics, finance, etc.

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



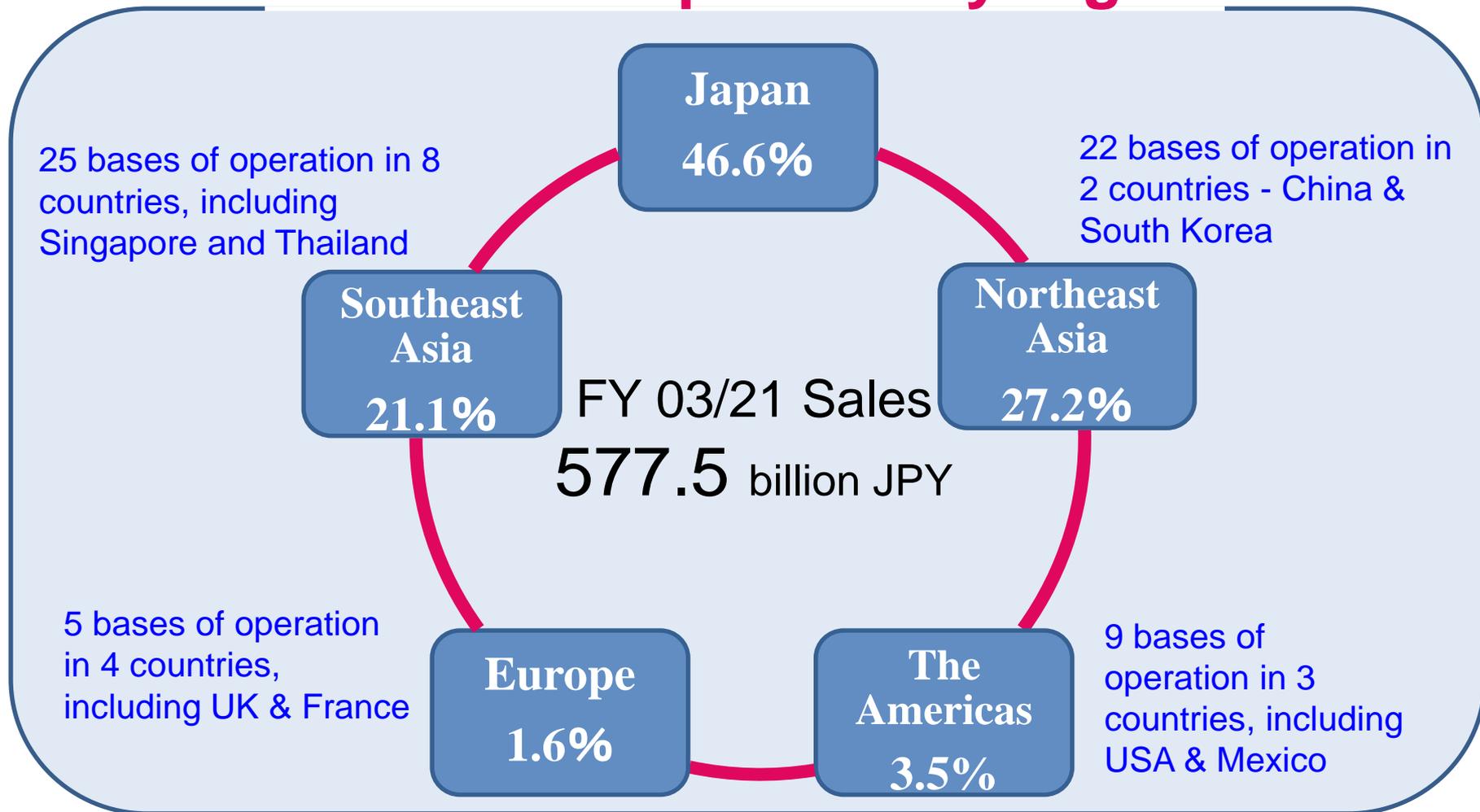
3. 4 Business Segments

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



Operating in Japan and at about 60 locations in 17 countries

Inabata Group Sales by region

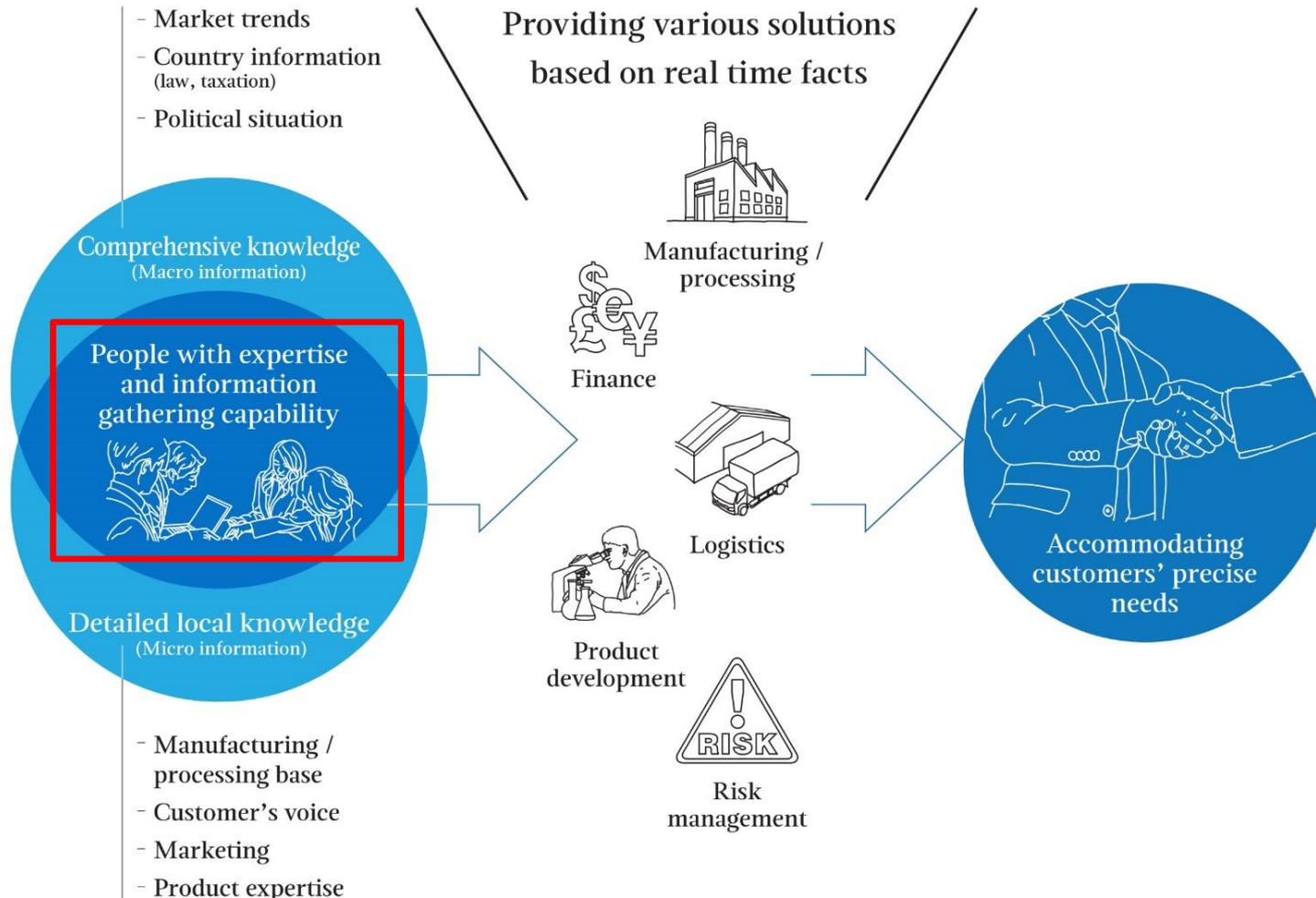


(NB) No. of overseas countries and operation bases as of July 1, 2021

(NB) No. of operation bases includes affiliates

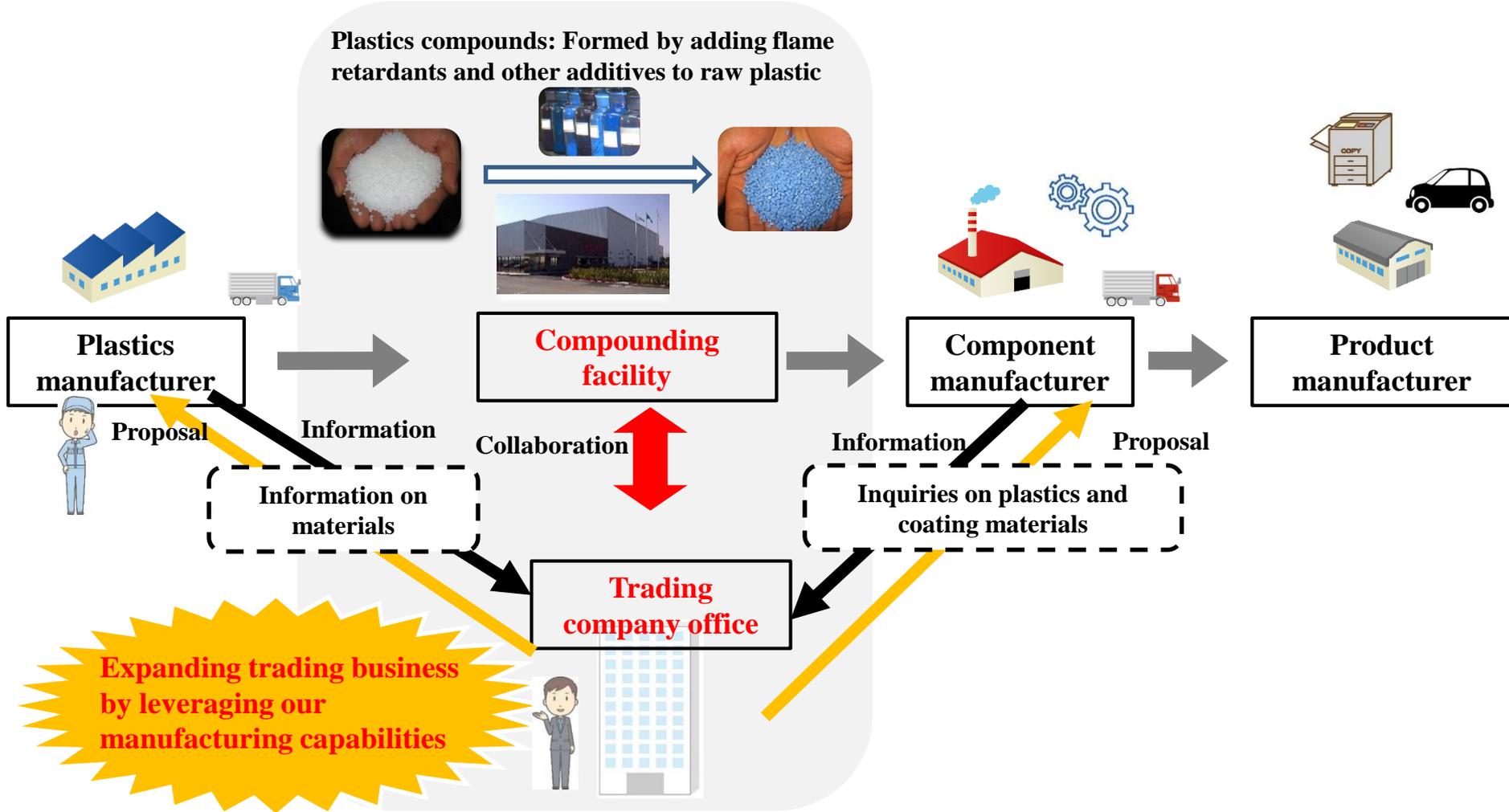
Inabata's Wide Range of Capabilities

Highly specialized people
empowered with cutting-edge information

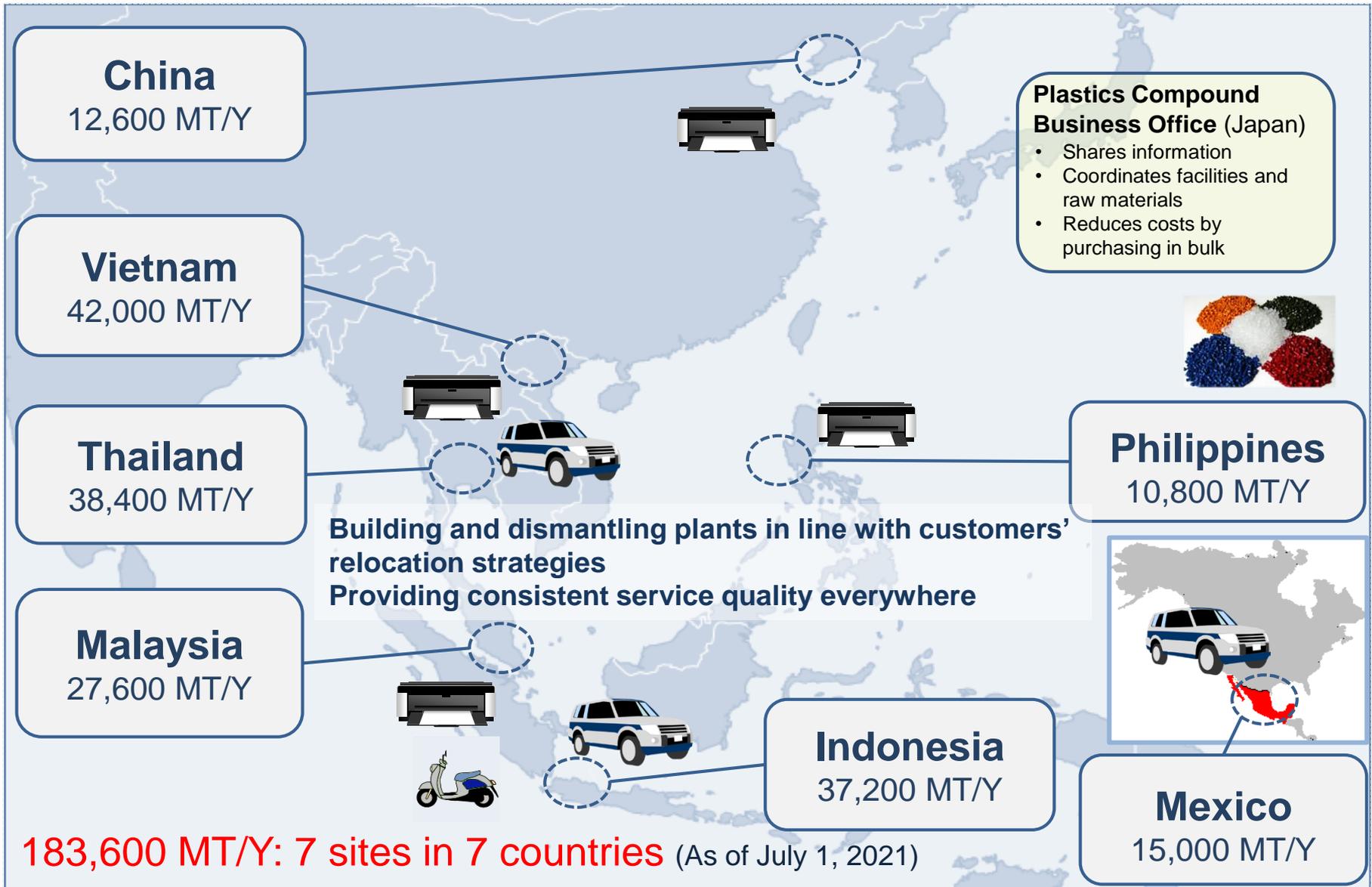


Inabata's Strengths [Manufacturing and Processing]

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.



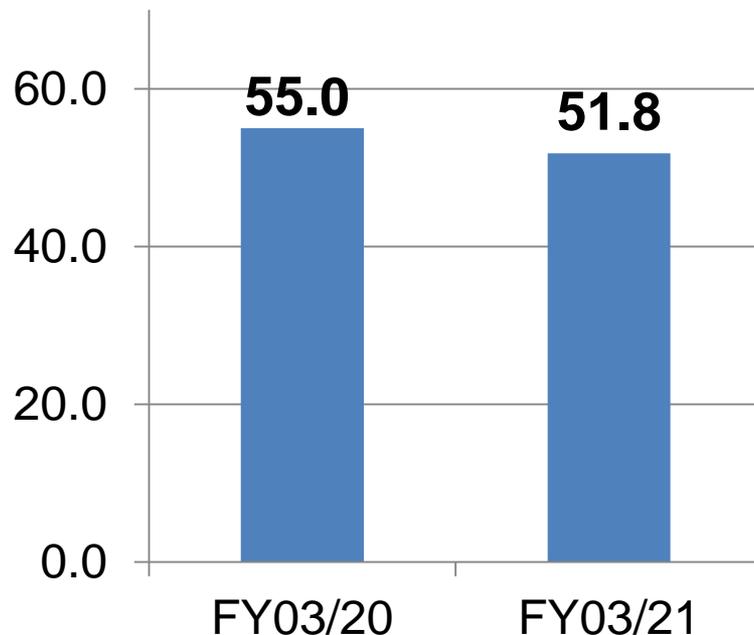
Inabata's Strengths [Plastic Compounding Facilities]



Manufacturers and processing consolidated subsidiaries:
FY03/21 - 22 companies

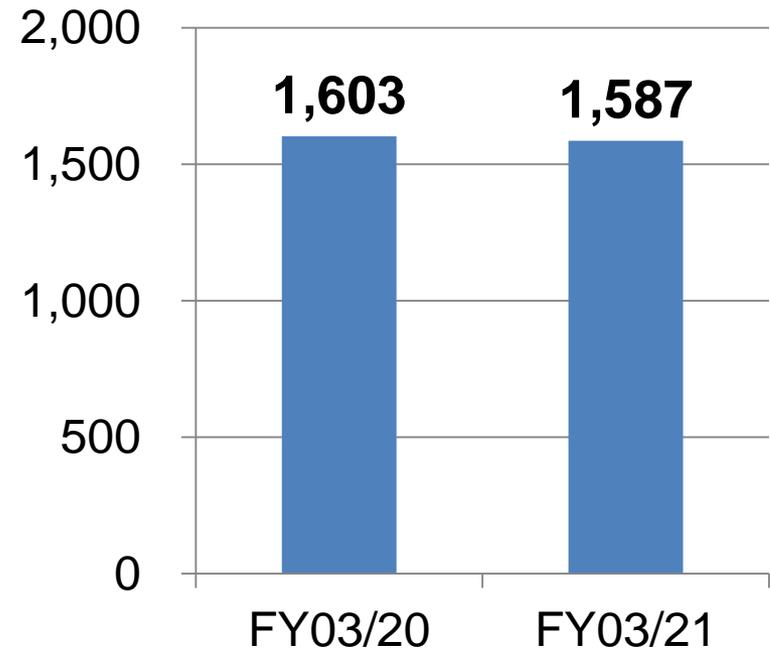
Sales

(Billions of yen)



Operating profit

(Millions of yen)



Notes: Simple sum of sales. Results for FY03/20 have been converted at the exchange rate for FY03/21.

In FY03/21, the Company made a partial change to the classification of group companies and added a manufacture and processing company (based in Japan) to consolidated subsidiaries (marine products processing company Ikkoen Co., Ltd.)

◆ Inabata's aspirations for itself in around 2030

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

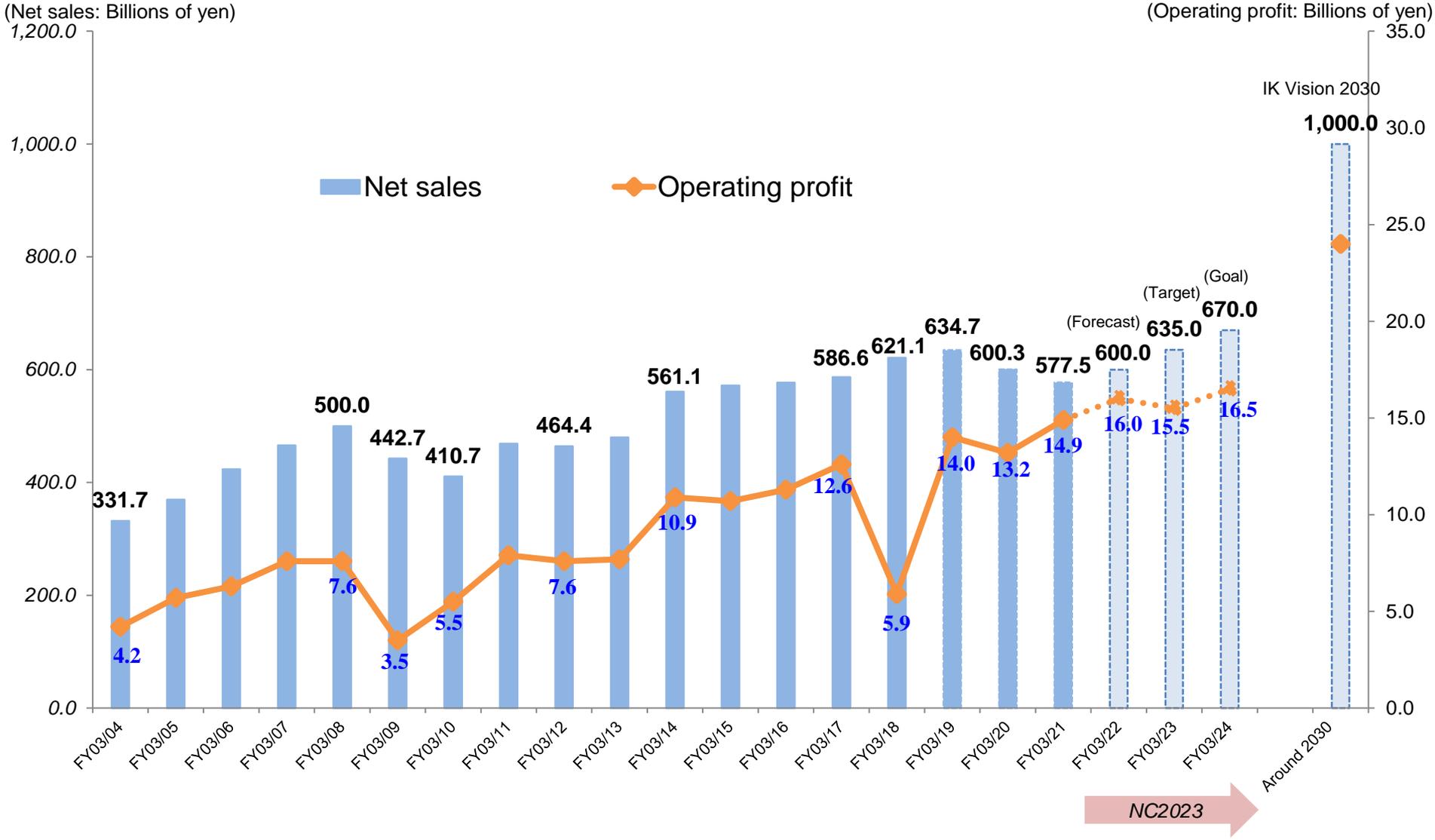
Scale: Reach consolidated net sales of ¥1 trillion at an early stage

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



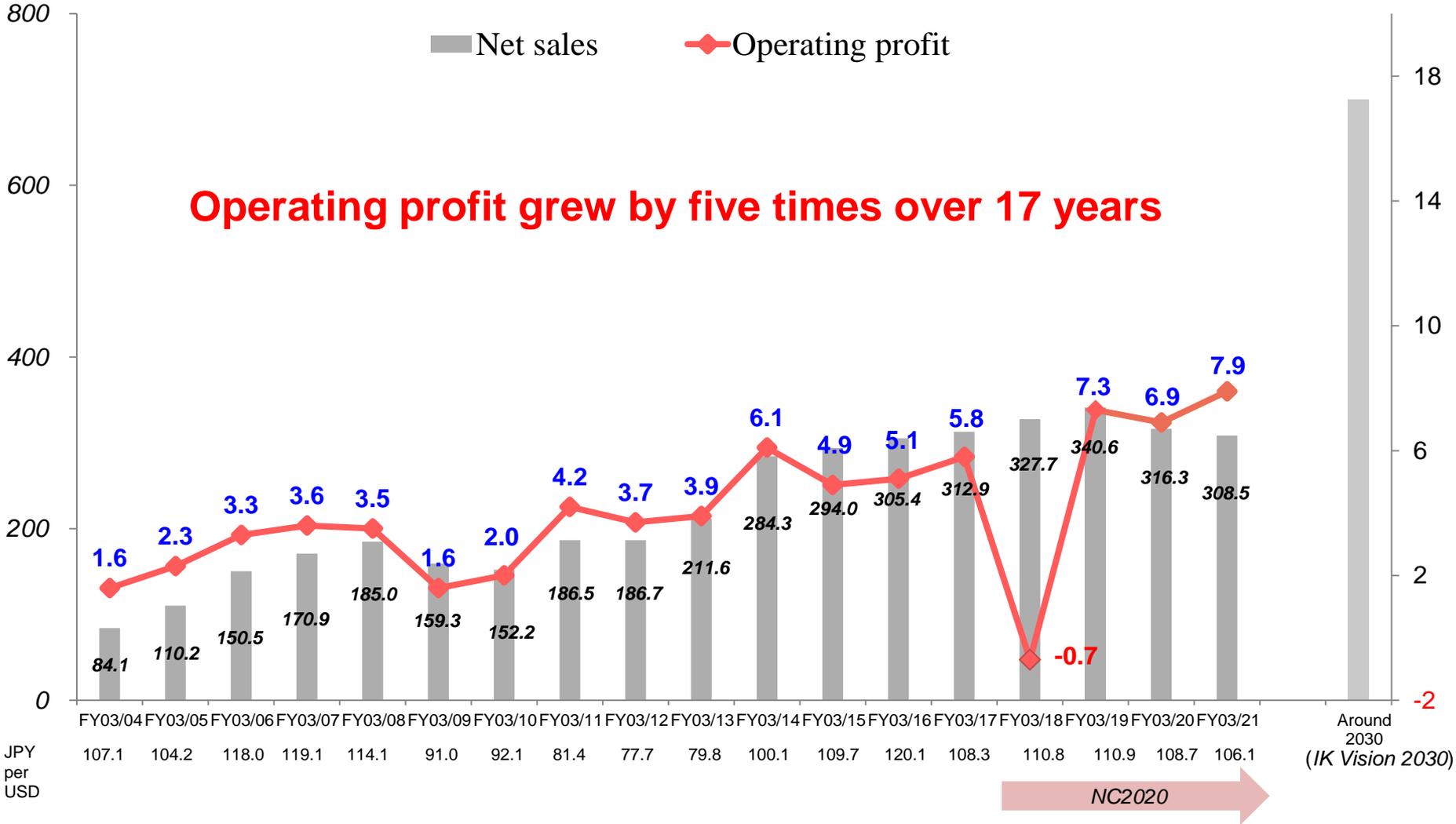
Note: Operating profit target for FY03/22 was revised upward (released on August 5, 2021)

Overseas Sales and Operating Profit

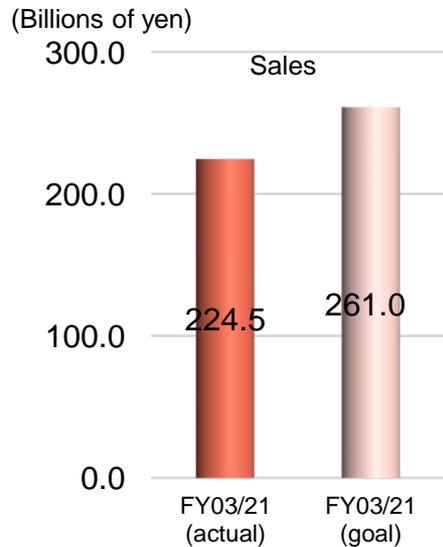


(Net sales: Billions of yen)

(Operating profit: Billions of yen)



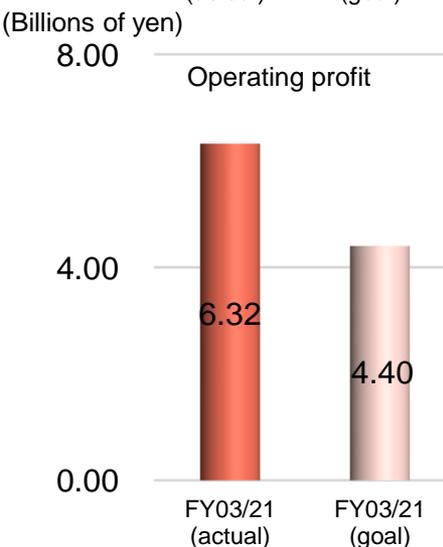
NC2020 Target Achievement by Segment 【Information & Electronics】



(Billions of yen)	FY03/20 actual	FY03/21 actual (A)	NC2020 target for FY03/21 (B)	Achievement rate (A)/(B)
Sales	218.6	224.5	261.0	86%
Operating profit	4.48	6.32	4.40	144%
Operating profit margin	2.0%	2.8%	1.7%	—

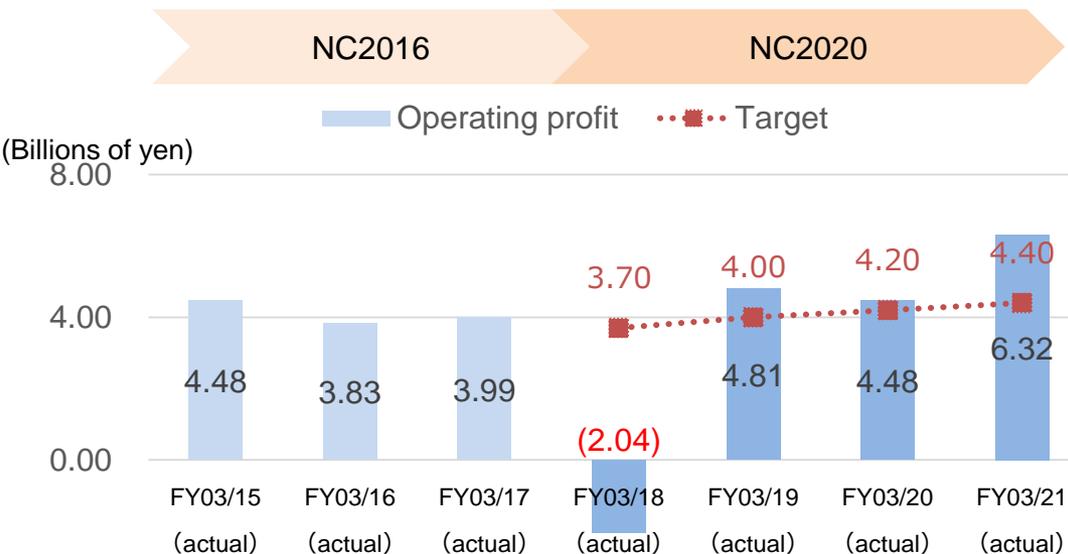
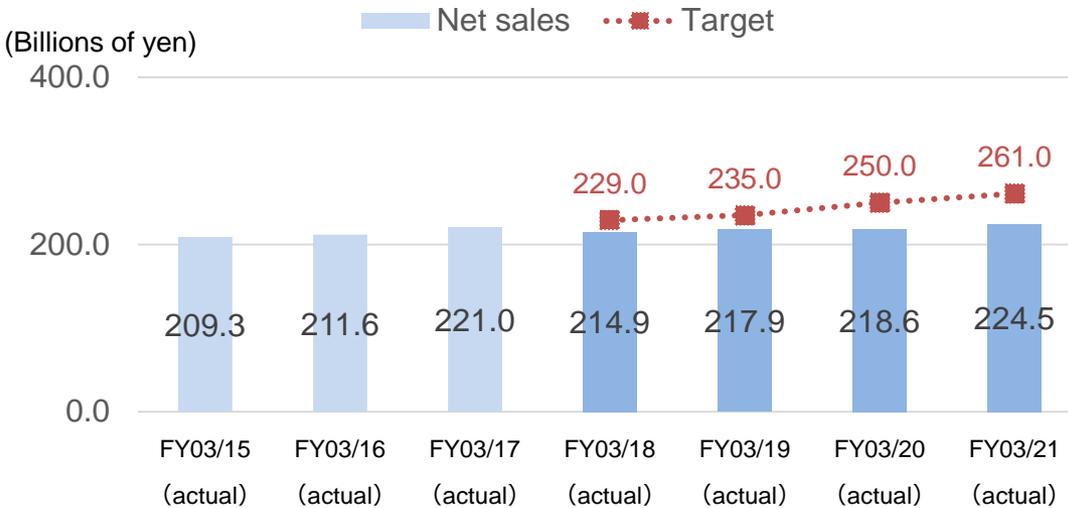
■ **NC2020 operating profit target ⇒ Achieved**

Main reasons for differences between actual and target figures	COVID-19	Operating profit	Sales
• Increase in FPD material sales		+	
• Reversal of allowance for doubtful accounts at a European subsidiary		+	
• Lower SG&A expenses	+	+	
• Discontinuation of solar cell transactions at a European subsidiary			-
• Decision to forgo low-margin VMI transactions			-
• Increase in remote work (home-use inkjet printers)	+	+	+
• Same as above (office multifunction printers)	-	-	-



Notes: In the Information & Electronics segment, recorded ¥0.75 billion in reversal of allowance for doubtful accounts at a European subsidiary in FY03/21. When excluding the impact of ¥750 million from this reversal of allowance for doubtful accounts, the OPM in the Information & Electronics segment in FY03/21 was 2.5%.

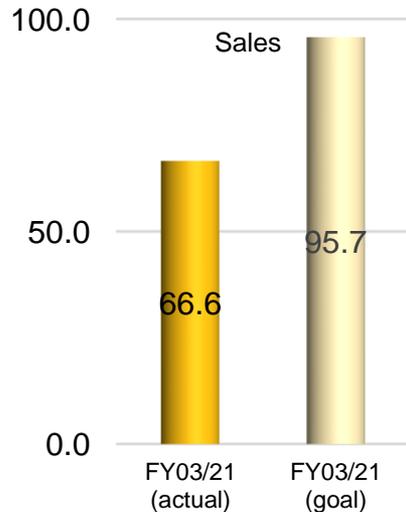
NC2020 Net Sales and Operating Profit 【Information & Electronics】



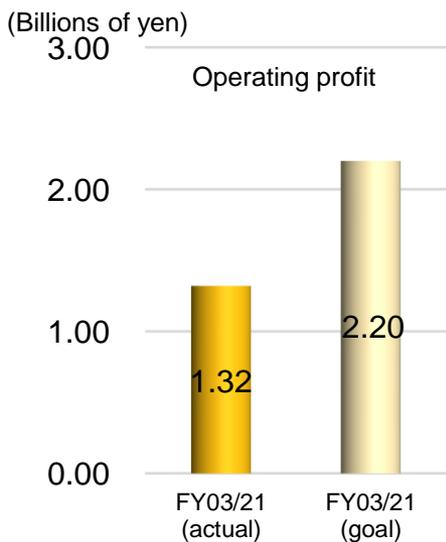
(4.00)

- ✓ Sales continuously fell short of targets due to a decline in business related to European subsidiaries, and the decision to shelve low-margin VMI transactions in the OA-related business.
- ✓ The Company reported a segment operating loss in FY03/18 due to the posting of ¥5.9 billion in allowance for doubtful accounts associated with a European subsidiary.
- ✓ Segment operating profit exceeded targets in FY03/19 and FY03/20 as performance related to FPDs, an important source of earnings, grew in China and results associated with solar cells and semiconductors came up strong in Japan.
- ✓ Segment operating profit came in above forecast in FY03/21 due to strong business, a decline in SG&A expenses caused by the COVID-19 pandemic, and a reversal of allowance for doubtful accounts.

NC2020 Target Achievement by Segment 【Chemicals】



(Billions of yen)	FY03/20 actual	FY03/21 actual (A)	NC2020 target for FY03/21 (B)	Achievement rate (A)/(B)
Sales	74.1	66.6	95.7	70%
Operating profit	1.20	1.32	2.20	60%
Operating profit margin	1.6%	2.0%	2.3%	—



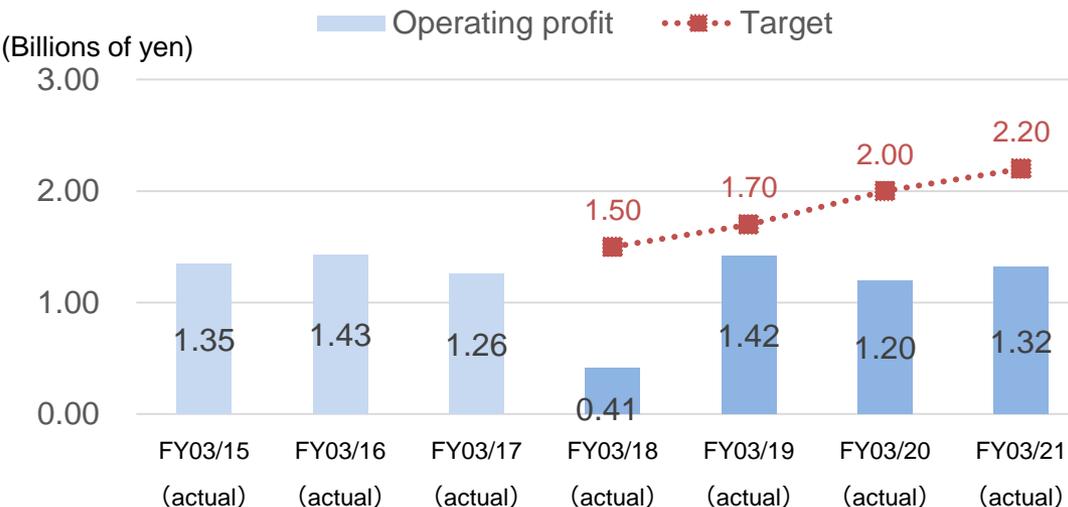
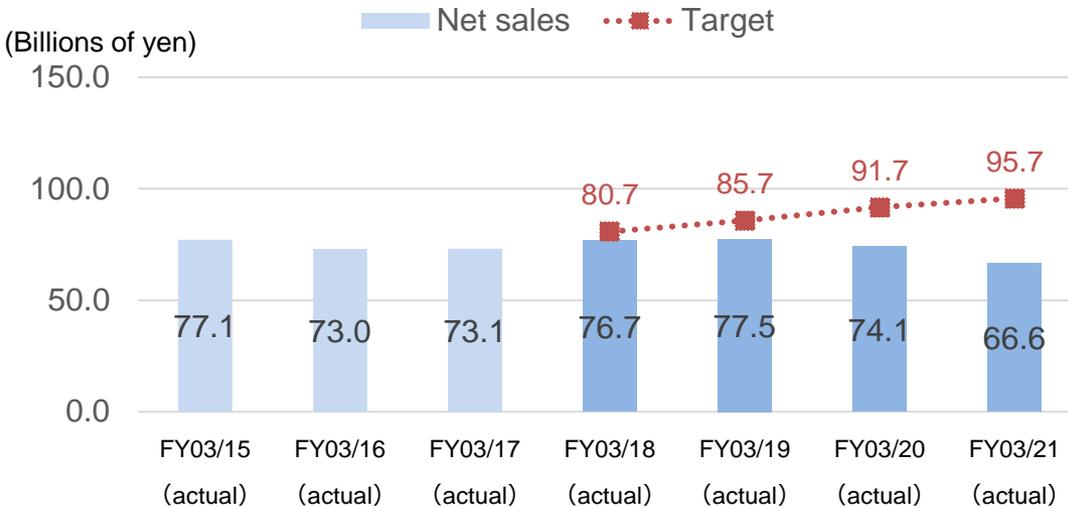
■ **NC2020 operating profit target ⇒ Not achieved**

Main reasons for differences between actual and target figures	COVID-19	Operating profit	Sales
<ul style="list-style-type: none"> • Sluggish performance in the former Housing & Eco Materials segment • Sluggish export sales in the former Housing & Eco Materials segment • Slow sales of heat-dissipating products • Weak sales of raw materials used in substances such as paints, inks, and adhesives • Review of transactions at a European subsidiary • Lower SG&A expenses 	—	—	—
	+	+	—

Notes: In FY03/21, the Company targeted segment operating profit of ¥2.2 billion and aimed to acquire ¥600 million of this total from the former Housing & Eco Materials segment.

Segment operating profit fell short of its target by ¥880 million and ¥450 million of this shortfall occurred in the former Housing & Eco Materials segment.

NC2020 Net Sales and Operating Profit 【Chemicals】

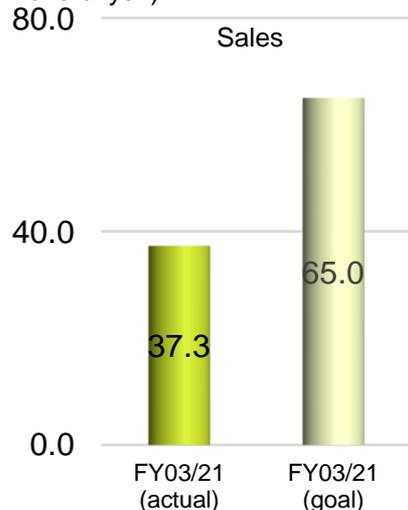


- ✓ Sales continuously fell short of targets due primarily to sluggish performance in the former Housing & Eco Materials segment.
- ✓ Segment operating profit fell sharply YoY in FY03/18 due to the posting of ¥750 million in allowance for doubtful accounts associated with a European subsidiary.
- ✓ Segment operating profit improved in FY03/19 but continued to fall short of its targets through FY03/21 as sales fell short of expectations amid impact from factors such as a lack of progress associated with planned export business in the former Housing & Eco Materials segment.

Note: The Housing & Eco Materials segment was combined with the Chemicals segment in FY03/20. FY03/19 results have been calculated according to the new alignment.

NC2020 Target Achievement by Segment 【Life Industry】

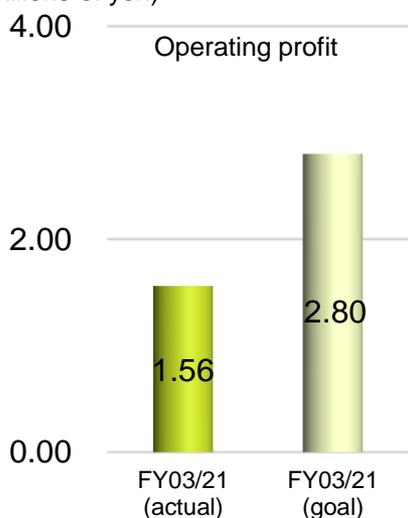
(Billions of yen)



(Billions of yen)	FY03/20 actual	FY03/21 actual (A)	NC2020 target for FY03/21 (B)	Achievement rate (A)/(B)
Sales	36.9	37.3	65.0	57%
Operating profit	1.16	1.56	2.80	56%
Operating profit margin	3.2%	4.2%	4.3%	—

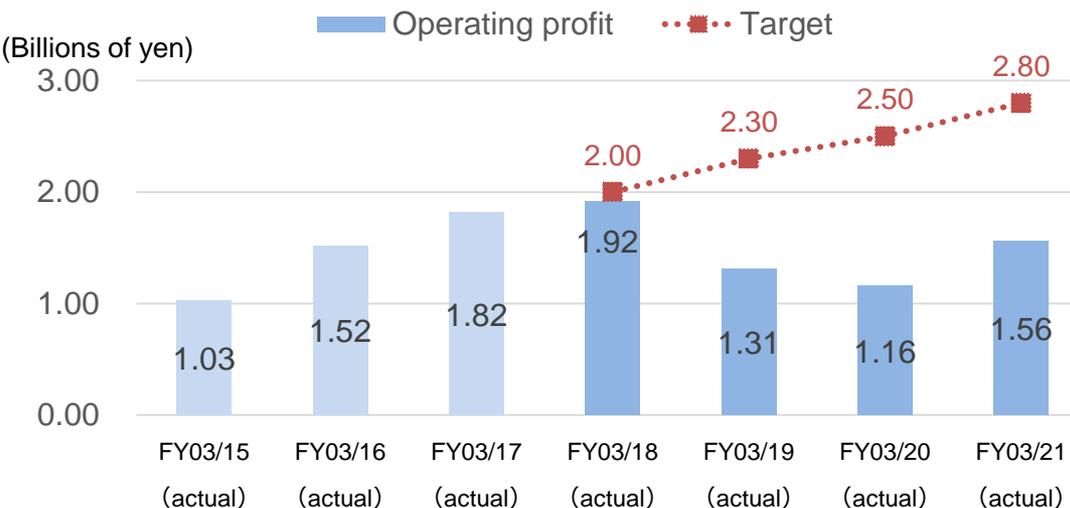
■ NC2020 operating profit target ⇒ Not achieved

(Billions of yen)



Main reasons for differences between actual and target figures	COVID-19	Operating profit	Sales
<ul style="list-style-type: none"> • Pharmaceutical ingredients (supply resumption delays at suppliers) • Same as above (decline in the use of influenza drugs) • Food-related (plans suspended at a European subsidiary) • Same as above (delays in the launch of new businesses) • Same as above (sluggish sales to restaurants and food service facilities) • Same as above (growth in fishery product sales to conveyor-bent sushi restaurants) • Lower SG&A expenses 	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	+	+
	+	+	

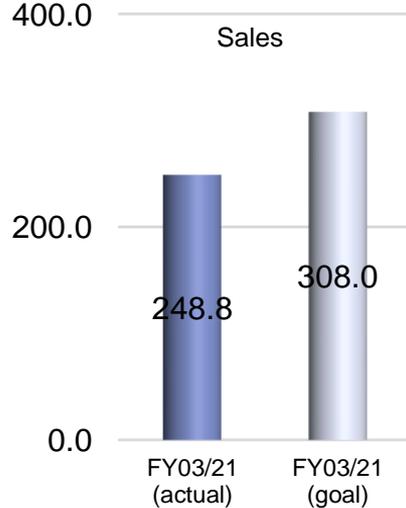
NC2020 Net Sales and Operating Profit 【Life Industry】



- ✓ Sales continuously fell short of targets. The Company noted a particular shortfall in terms of progress associated with new food-related business planned through a European subsidiary.
- ✓ Segment operating profit came close to achieving its target in FY03/18 thanks to solid performance from pharmaceutical ingredients and steady home product-related results but began to fall off in FY03/19. Food-related profit was also stagnant as the Company incurred upfront expenses. Consequently, segment operating profit continuously fell substantially short of targets.

NC2020 Target Achievement by Segment 【Plastics】

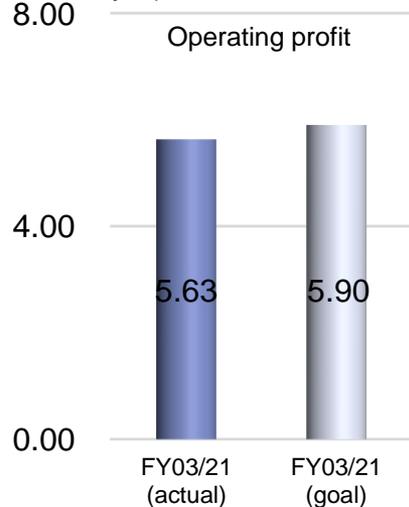
(Billions of yen)



(Billions of yen)	FY03/20 actual	FY03/21 actual (A)	NC2020 target for FY03/21 (B)	Achievement rate (A)/(B)
Sales	270.3	248.8	308.0	81%
Operating profit	6.23	5.63	5.90	95%
Operating profit margin	2.3%	2.3%	1.9%	—

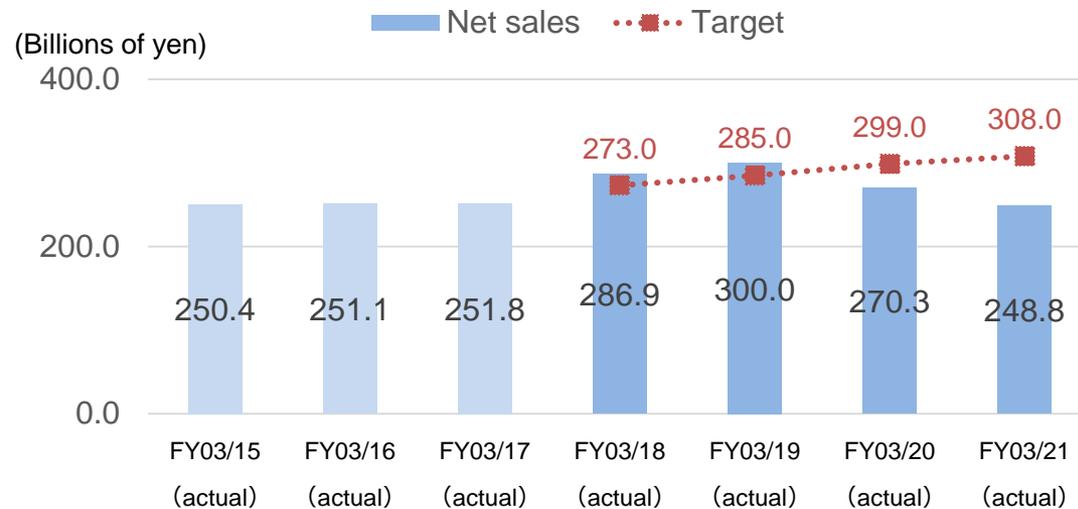
■ NC2020 operating profit target ⇒ Not achieved

(Billions of yen)

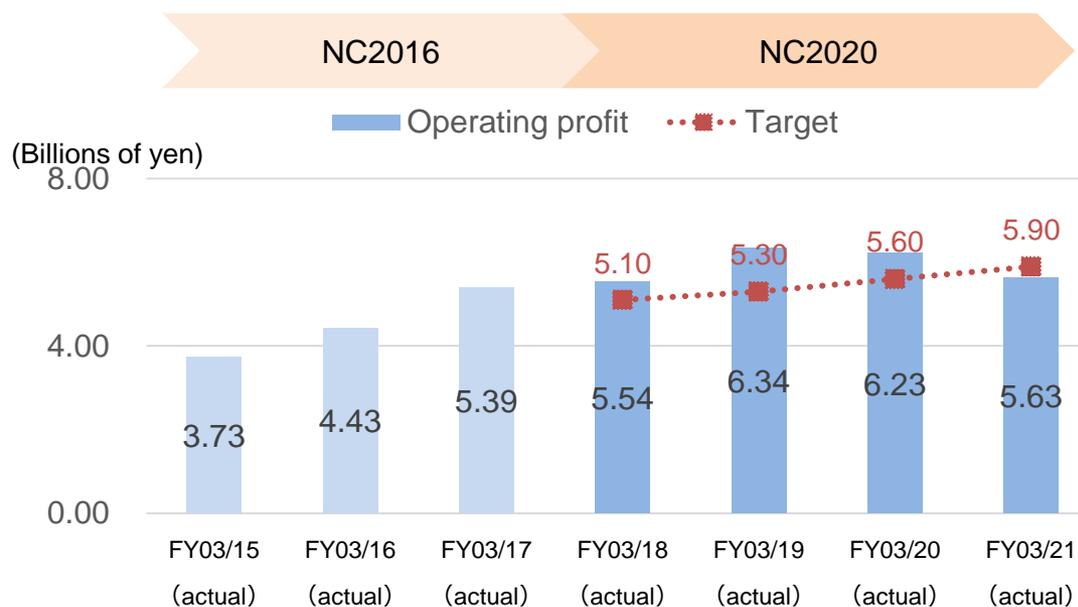


Main reasons for differences between actual and target figures	COVID-19	Operating profit	Sales
• Decrease in commodity resin sales	—	—	—
• Decrease in high-performance resin sales	—	—	—
• Drop in plastics prices	—	—	—
• Increase in the share of sales from high-performance resins	—	+	—
• Struggling at our compounds plant	—	—	—
• Favorable film-related performance (Group companies)	—	+	+
• Decrease in sporting goods-related sales	—	—	—

NC2020 Net Sales and Operating Profit 【Plastics】



✓ Sales reached targets in FY03/18 and FY03/19 but fell short in FY03/20 due to a decline in plastics prices and came up short again in FY03/21 due to substantial impact from global lockdowns imposed in response to the COVID-19 pandemic during 1H.



✓ Segment operating profit met its targets from FY03/18 through FY03/20 as the Company reported steady growth in results from the automotive and other businesses. In both FY03/19 and FY03/20, segment operating profit exceeded the target for the final year of the plan, but in FY03/21, the plan's actual final year, segment operating profit declined due to substantial impact from the COVID-19 pandemic and came in short of its target.

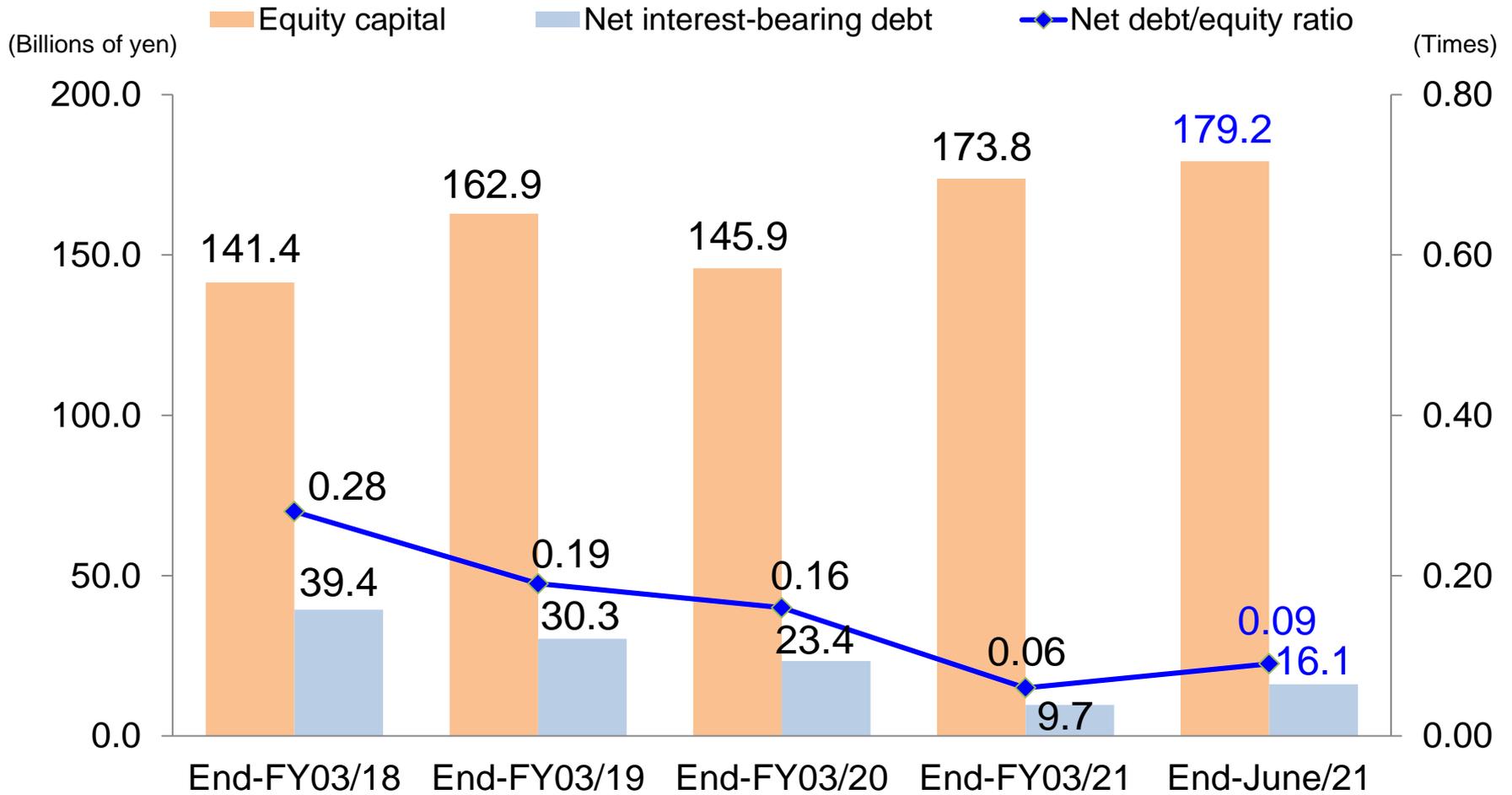
Achievement of Key *NC2020* Initiatives

More proactive investment to expand the trading business

Key Initiatives	Assessment	
<p>More proactive investment to expand the trading business</p> <ul style="list-style-type: none"> • Make minority investments, primarily to expand the trading business • Consider majority investments, but with limited risk and scale 	△	<p>We did not achieve key initiatives as planned due in part to impact from the COVID-19 pandemic. Although we will continue to focus primarily on expanding the trading business, under <i>NC2023</i>, we will additionally concentrate on conducting more active investment in endeavors such as M&A.</p>

(Billions of yen)	FY03/18 actual	FY03/19 actual	FY03/20 actual	FY03/21 actual	NC2020 Actual cumulative results
Growth investment	3.86	2.31	1.85	0.86	8.90
Fixed investment	1.59	2.03	2.01	2.40	8.03
Total	5.45	4.34	3.86	3.26	16.93

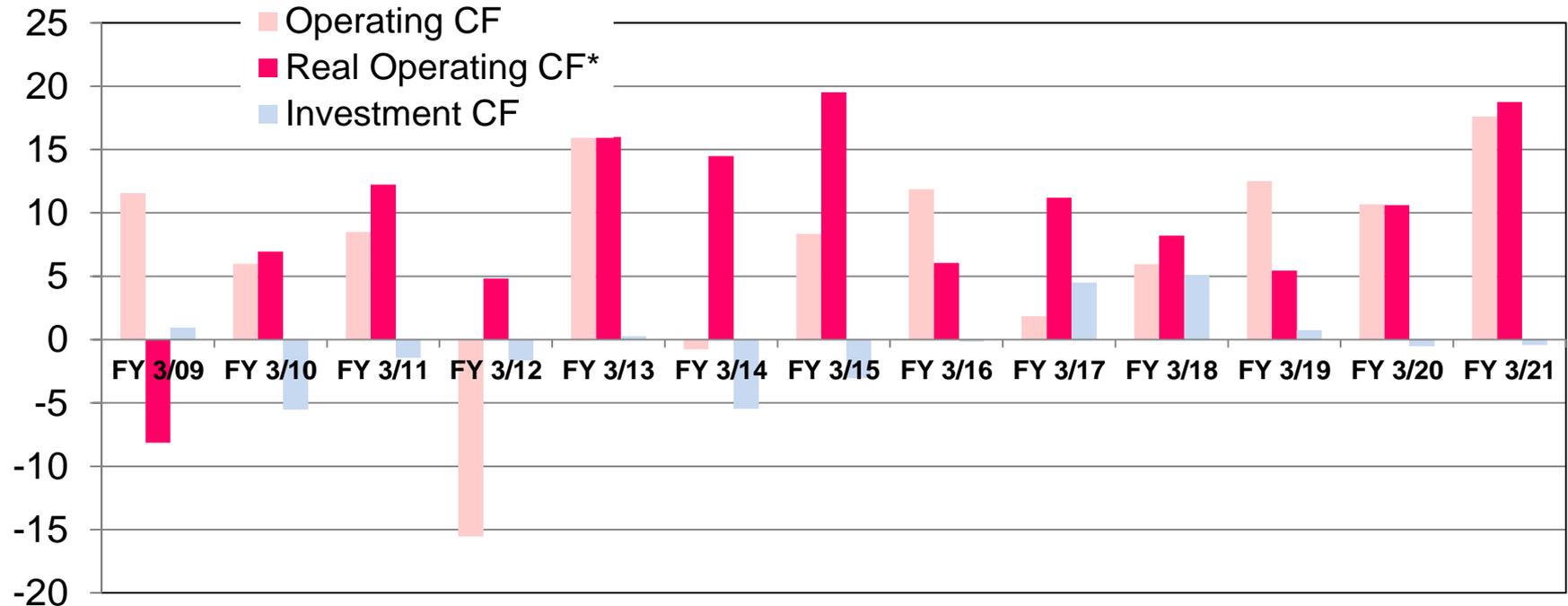
Equity Capital, Net Interest-Bearing Debt, Net Debt/Equity Ratio



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 3/10	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	FY 3/21
Operating CF	5,976	8,495	-15,534	19,400	-764	8,354	11,866	1,840	5,960	12,510	10,690	17,613
Change in WC	-968	-3,748	-20,357	3,414	-15,244	-11,179	5,821	-9,367	-2,249	7,071	70	-1,154
Real Operating CF*	6,944	12,243	4,823	15,986	14,480	19,533	6,045	11,207	8,209	5,439	10,620	18,767
Investment CF	-5,529	-1,436	-1,629	277	-5,467	-3,044	-161	4,504	5,086	743	-525	-423

* 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

JPY/share





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

(09/2012=100)



□ 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.