

IR Briefing for 1H the Fiscal Year Ending March 2022

1H Progress in the First Year of the New Medium-Term Management Plan *NC2023*

Inabata & Co., Ltd.

Katsutaro Inabata, Director, President

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Company Overview

About Inabata:



Inabata Dye Shop (Nishijin, Kyoto)

1. **Founded in 1890**

The Company was founded in Kyoto in 1890 as an importer of dyestuffs. The business was later expanded with a focus on chemicals.



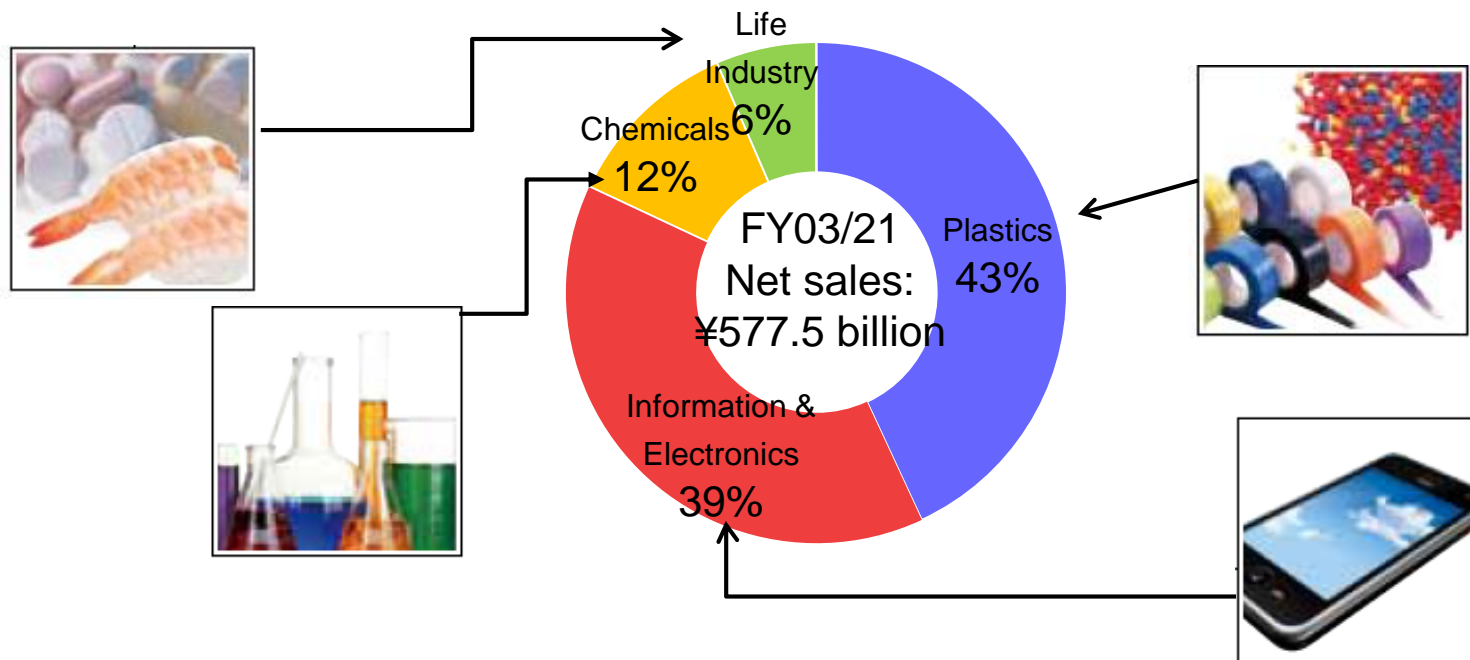
2. **A globally expanding, multifaceted trading company**

The company operates at 60 locations across 17 countries. Business functions include market development, manufacturing and processing, logistics, and finance. Our plans and proposals are based on specialized expertise and knowledge of products and markets.

Company Overview

3. Four business segments

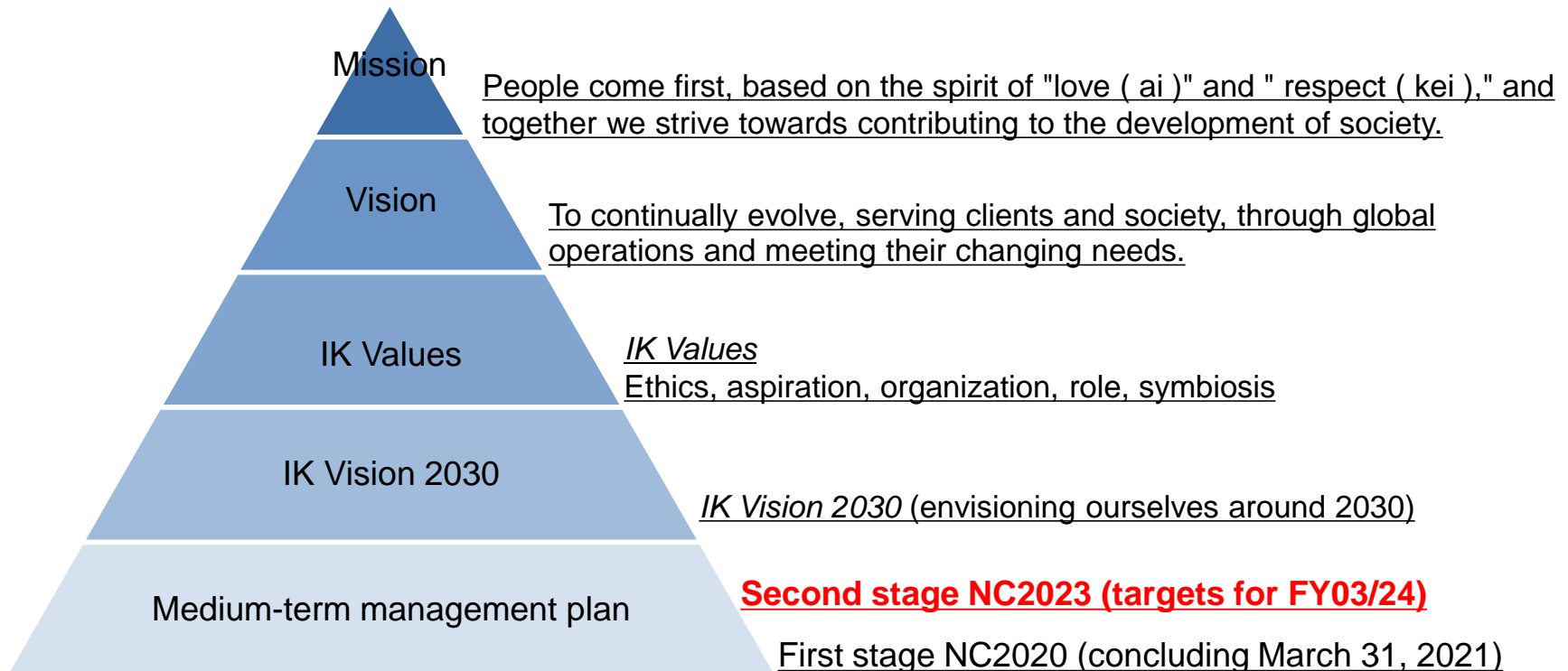
We operate in four segments: Information & Electronics, Chemicals, Life Industry, and Plastics.



■ 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**

- 1H Progress in the First Year of the New Medium-Term Management Plan *NC2023*

Operating Environments in 1H FY03/22: Information & Electronics (FPD Market)

- LCD panel price was on an uptrend until Q1 due to tight supply, but began to fall in Q2.
- While some LCD panel manufacturers cut down production due to the drop in selling prices, there was no substantial fall in demand as these manufacturers sought to secure parts amid delayed shipping caused by container shortages.
- Inabata's FPD material sales were favorable thanks to the shift to smartphones with OLED screens and TVs with larger screens driven by stay-at-home demand.
- Sales of organic electroluminescent panels for smartphones continued to grow, but this growth was limited when measured in terms of area. The percentage of FPDs using LCD panel display area is expected to remain high for the foreseeable future.

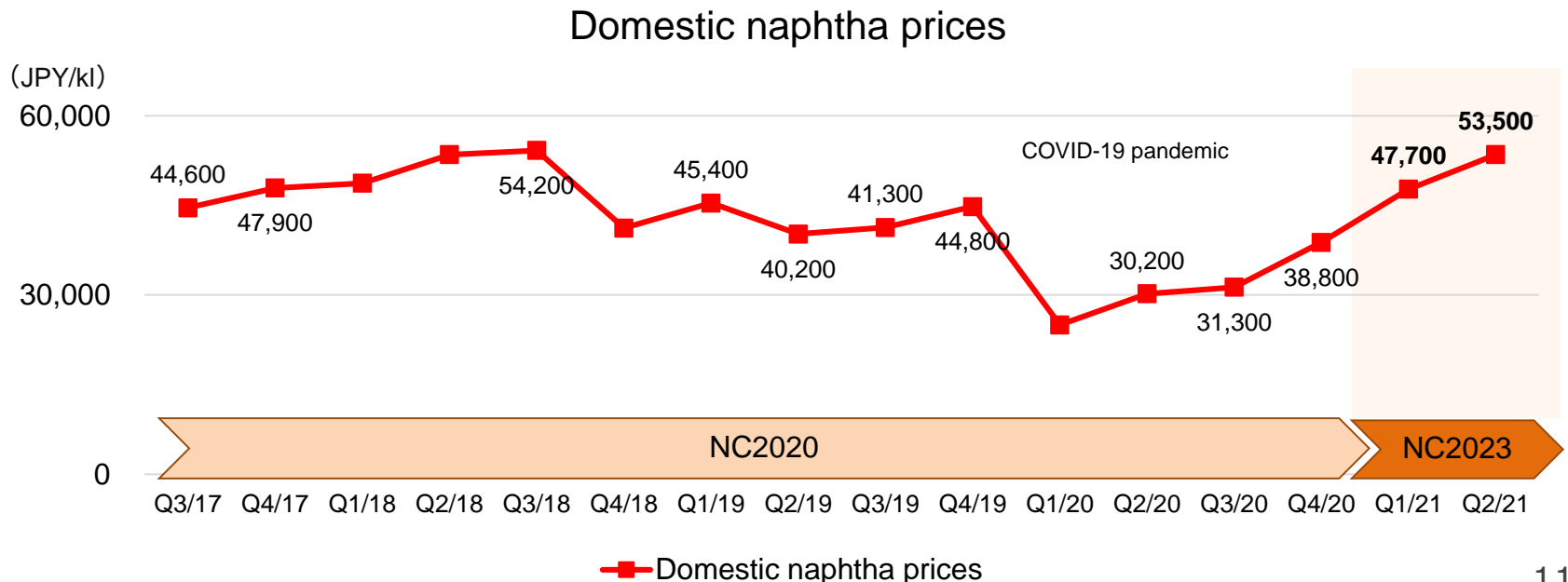
Projected Breakdown of Total Flat Panel Display Area (LCDs and OLEDs)

% of total panel area	2018	2019	2020	2021	2022	2023
LCDs	97%	96%	96%	95%	94%	93%
OLEDs	3%	4%	4%	5%	6%	7%

Note: Projected figures are provided for reference and represent company predictions based on various data

Operating Environments in 1H FY03/22: Plastics

- Selling price of general-purpose resins rose in tandem with a continued increase in naphtha price. Naphtha price is forecast to exceed ¥60,000 in 2H.
- Selling price of functional resins also increased due to tight supply, as notebook PCs and others continued to sell well buoyed by stay-at-home demand and telework.
- High-performance resins continued to sell without experiencing a drop in demand despite a downfall in production by auto makers due to shortages of semiconductors and parts, as parts manufacturers continued to place orders in preparation for a future rebound in auto production.

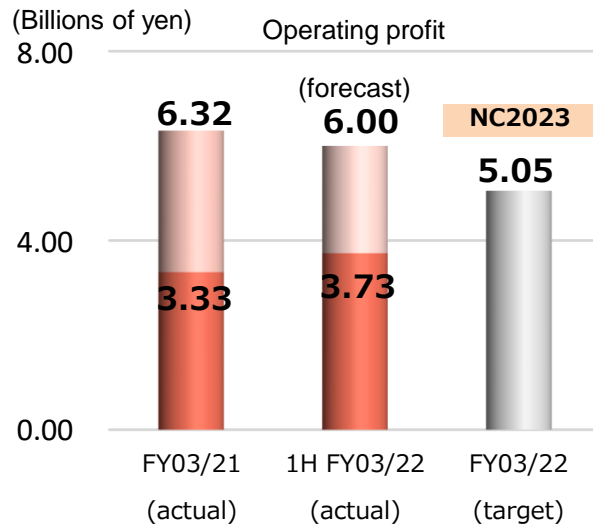


1H Progress in the First Year of *NC2023*

- Performance was steady owing to recovery from the impact of COVID-19 pandemic
- Net sales and profits are expected to reach full-year targets in the first year of *NC2023*.

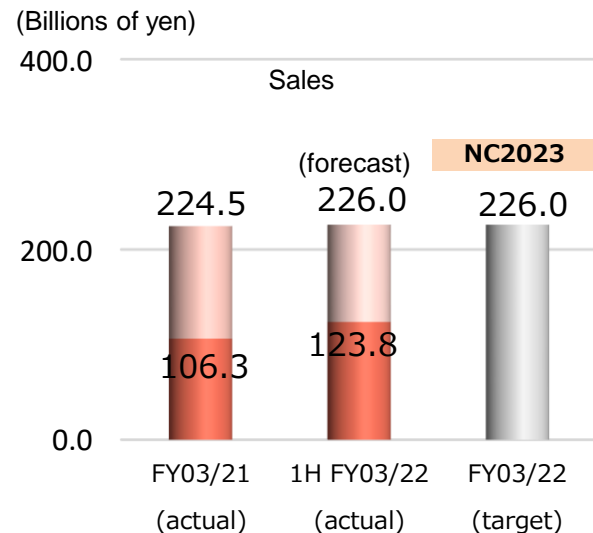
(Billions of yen)	1H FY03/21 actual	1H FY03/22 actual	FY03/22 forecast (A)	<i>NC2023</i> First year targets (B)	Projected achievement versus targets (A)/(B)%
Net sales	267.1	328.5	600.0	600.0	100%
Operating profit	6.2	11.0	16.0	14.5	110%
Ordinary profit	6.9	12.0	17.0	15.0	113%
Profit attributable to owners of parent	5.8	13.5	16.0	14.0	114%
Net debt/equity ratio	0.08	0.12	–	0.3x or less	Strong
Equity ratio	49.8%	48.0%	–	–	–
Exchange rate	USD1=¥106.93	USD1=¥109.81	USD1=¥110.00	USD1=¥105.00	–

NC2023 Progress by Segment: (1) Information & Electronics



■ Progress versus operating profit target in NC2023: **On track**

(Billions of yen)	1H FY03/21 actual	1H FY03/22 actual	FY03/22 forecast (A)	NC2023 Final year targets (B)	Projected achievement versus targets (A)/(B)%
Operating profit	3.33	3.73	6.00	5.05	119%
Operating profit margin	3.1%	3.0%	2.7%	2.2%	—
Sales	106.3	123.8 *130.3	226.0	226.0	—

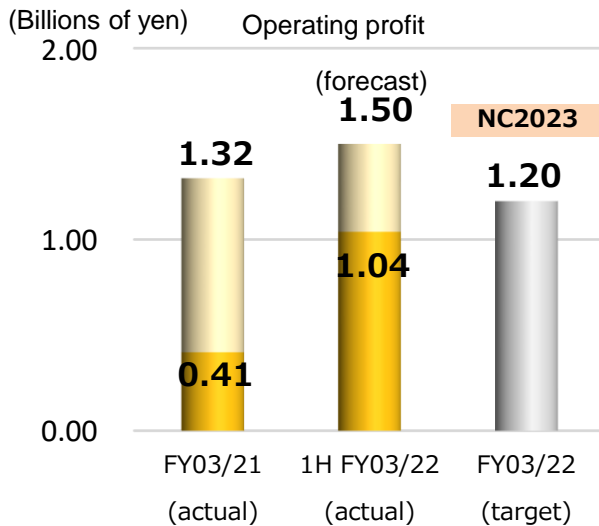


Major factors behind progress	Operating profit	Sales
• Growth in sales of OLED and other materials for use in FPD	+	+
• Favorable inkjet printer-related sales for home-use	+	+
• Recovery in demand for toners for office-use	+	+
• Growth in sales of solar power generation- and lithium ion battery-related materials	+	+
• Strong performance of semiconductor-related materials and equipment	+	+

Notes: *Reference figure based on previous accounting standards prior to the adoption of Accounting Standard for Revenue Recognition (ASBJ Statement 29)

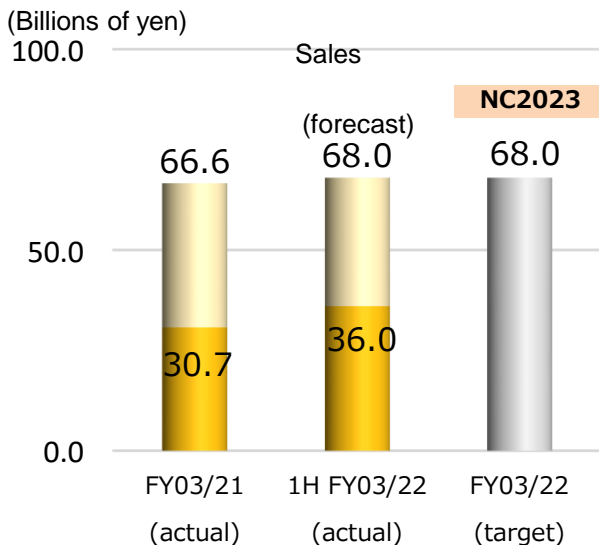
Excluding ¥740mn in reversal of allowance for doubtful accounts, OPM in Information & Electronics in 1H FY03/21 was 2.4%.

NC2023 Progress by Segment: (2) Chemicals



■ Progress versus operating profit target in *NC2023*: **On track**

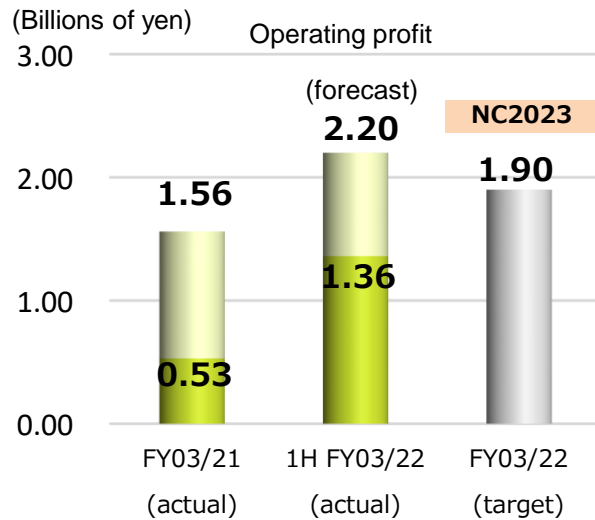
(Billions of yen)	1H FY03/21 actual	1H FY03/22 actual	FY03/22 forecast (A)	NC20203 Final year targets (B)	Projected achievement versus targets (A)/(B)%
Operating profit	0.41	1.04	1.50	1.20	125%
Operating profit margin	1.4%	2.9%	2.2%	1.8%	—
Sales	30.7	36.0 *38.8	68.0	68.0	—



Major factors behind progress	Operating profit	Sales
• Strong sales of resin materials and additives	+	+
• Growth in sales of raw materials for automotive components	+	+
• Recovery in sales of paint materials	+	+
• Recovery in sales of housing construction materials	+	+

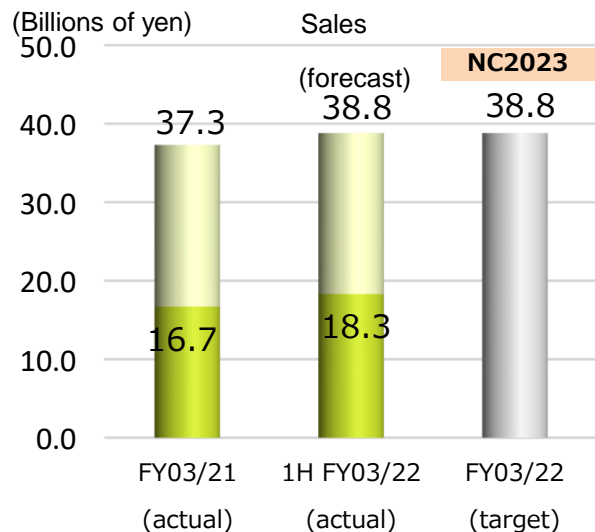
Note: *Reference figure based on previous accounting standards prior to the adoption of Accounting Standard for Revenue Recognition (ASBJ Statement 29)

NC2023 Progress by Segment: (3) Life Industry



■ Progress versus operating profit target in *NC2023*: **On track**

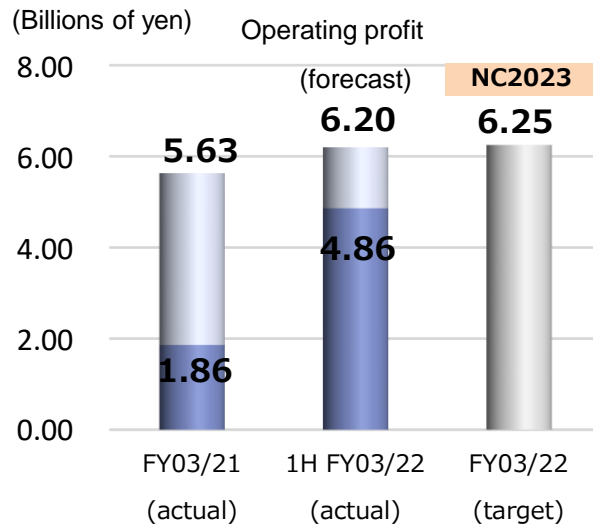
(Billions of yen)	1H FY03/21 actual	1H FY03/22 actual	FY03/22 forecast (A)	NC2023 Final year targets (B)	Projected achievement versus targets (A)/(B)%
Operating profit	0.53	1.36	2.20	1.90	116%
Operating profit margin	3.2%	7.5%	5.7%	4.9%	—
Sales	16.7	18.3 *19.7	38.8	38.8	—



Major factors behind progress	Operating profit	Sales
<ul style="list-style-type: none"> • Strong sales of seafood products in the US • Favorable sales of processed products for conveyor belt sushi outlets • Favorable sales of frozen vegetables for volume retailers and home delivery • Recovery in sales of ingredients for pharmaceuticals and cosmetics • Sluggish sales of raw materials for daily goods to drugstores 	<p>+</p> <p>+</p> <p>+</p> <p>+</p> <p>-</p>	<p>+</p> <p>+</p> <p>+</p> <p>+</p> <p>-</p>

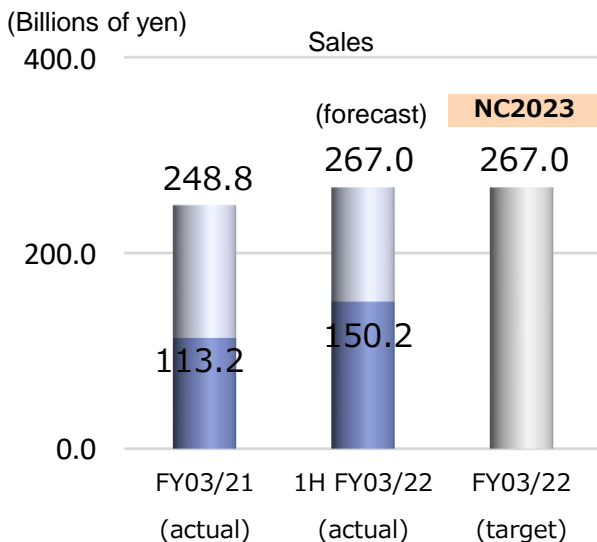
Note: *Reference figure based on previous accounting standards prior to the adoption of Accounting Standard for Revenue Recognition (ASBJ Statement 29)

NC2023 Progress by Segment: (4) Plastics



■ Progress versus operating profit target in *NC2023*: **On track**

(Billions of yen)	1H FY03/21 actual	1H FY03/22 actual	FY03/22 forecast (A)	NC2023 Final year targets (B)	Projected achievement versus targets (A)/(B)%
Operating profit	1.86	4.86	6.20	6.25	99%
Operating profit margin	1.6%	3.2%	2.3%	2.3%	—
Sales	113.2	150.2 *151.5	267.0	267.00	—



Major factors behind progress	Operating profit	Sales
• Strong sales of automotive-related resins	+	+
• Rise in resin prices	+	+
• Favorable sales of resins for food products and daily goods on stay-at-home demand	+	+
• Recovery in film sales to convenience stores	+	+
• Recovery in sales of materials for sporting goods	+	+

NC2023 Investment Status

(Billions of yen)	NC2020 Actual cumulative results	1H FY03/22 actual	NC2023 cumulative results (1H FY03/22)
Growth investment	8.90	0.45	0.45
Fixed investment	8.03	0.51	0.51
Total	16.93	0.96	0.96

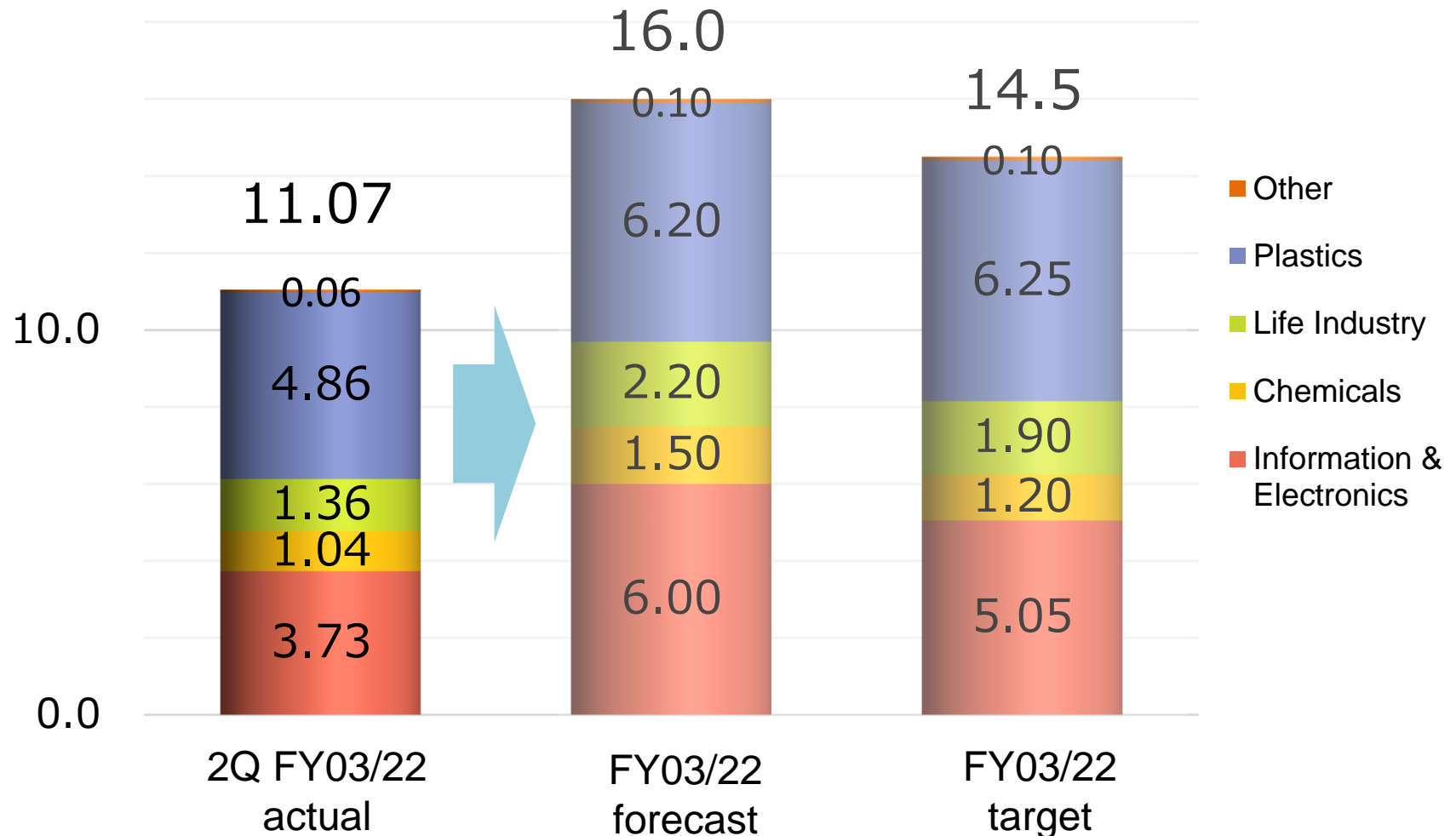
- Major growth investments in 1H FY03/22
 - Plastics segment:
 - ¥0.08 billion for facilities (related to compound)
 - ¥0.07 billion for facilities (related to inflation molding)
 - ¥0.09 billion for facilities (others)
 - Life industry segment:
 - ¥0.06 billion (related to food-related business, Awaji Island Project)

NC2023 FY03/22 Operating Profit Forecast

(Billions of yen)

20.0

[Operating Profit]



- Returning Profits to Shareholders

NC2023 Returning Profits to Shareholders

Adoption of progressive dividends

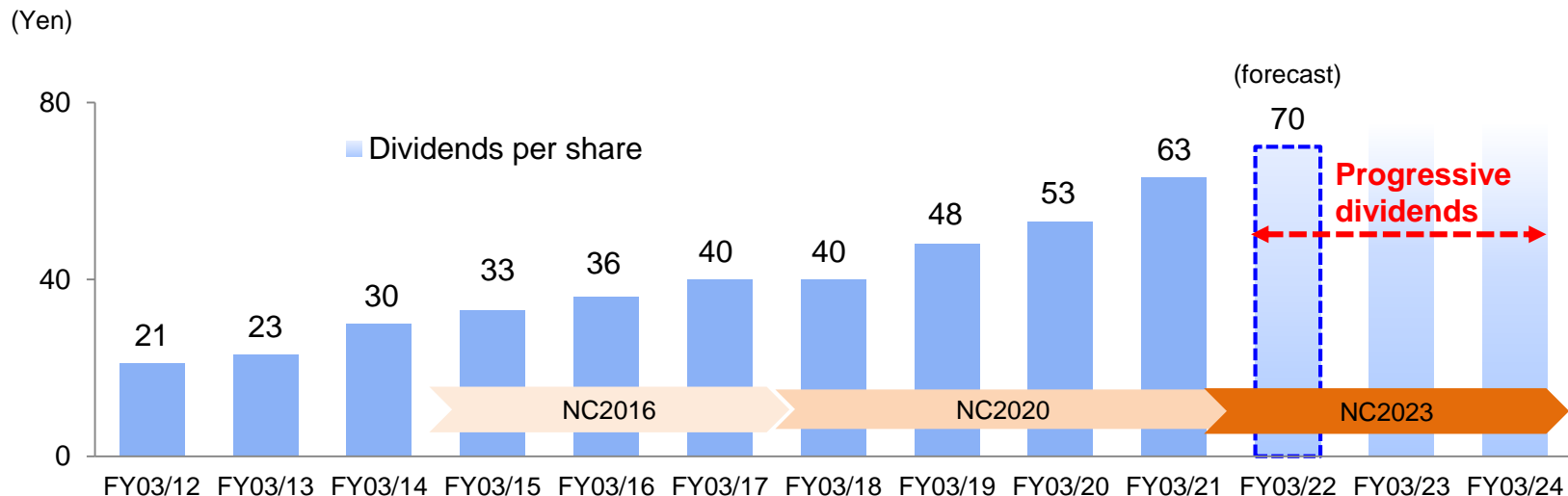
We will ensure that dividend per share does not decline year on year by continually increasing our dividends during NC2023

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

■ Dividends per share:

FY03/22 Annual dividend: ¥70 (forecast)

(interim: ¥30 (actual), year-end: ¥40 (forecast))



■ Reference Materials

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

■ Main environmental impact-reducing products by segment

Segment	Main environmental impact-reducing products
Information & Electronics	<ul style="list-style-type: none"> • Solar cell- and lithium battery-related products • Wind power generation- and hydrogen production-related products • Biomass power generation-related products • Biodegradable films • Freshness-preserving catalyst
Chemicals	<ul style="list-style-type: none"> • Particle board
Life industry	<ul style="list-style-type: none"> • Raw materials to streamline pharmaceutical synthesis processes • MSC, MEL, SS certified marine products • Eco-friendly equipment (residue and wastewater treatment)
Plastics	<ul style="list-style-type: none"> • Resin having PCR materials as part of raw materials • Recycled plastic parts • Recycled raw materials (repellets) • Products made with recycled materials • Raw materials for biodegradable mulch films

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

NC2023 Further Development of Core Businesses

Progress at our compounds plant (sales to automakers in Mexico)

■ Status in 1H FY03/22

Sales volume increased as demand showed signs of recovery. Selling price increased in tandem with a rise in raw material prices. Full-scale recovery is not expected until FY03/23 or later due to the impact of semiconductor shortages in the auto industry in 2H FY03/22.

	Sales volume
FY03/19(actual)	6,700 MT
FY03/20 (actual)	9,000 MT
FY03/21 (actual)	6,900 MT
1H FY03/22 (actual)	4,700 MT
FY03/22 (forecast)	10,200 MT



Company: IK Plastic Compound Mexico, S.A. de C.V.

Production capacity: 15,000 MT/year

Location: Silao, Guanajuato, central Mexico

Commenced operations in November 2013, with mass production starting in September 2014

NC2023 Further Development of Core Businesses

Progress at our compounds plant (sales to manufacturers of OA equipment in the Philippines)



■ Status in 1H FY03/22

Sales volume is growing, but production at most OA manufactures, the subsidiary's main customers, is trending below plan due to shortages of resins and electronic parts. Sales grew on higher raw material prices of resin. 2H performance is also expected to be affected by the shortages of parts and resins.

	Sales volume
FY03/19(actual)	10,200 MT
FY03/20 (actual)	9,300 MT
FY03/21 (actual)	9,500 MT
1H FY03/22 (actual)	9,500 MT
FY03/22 (forecast)	16,800 MT



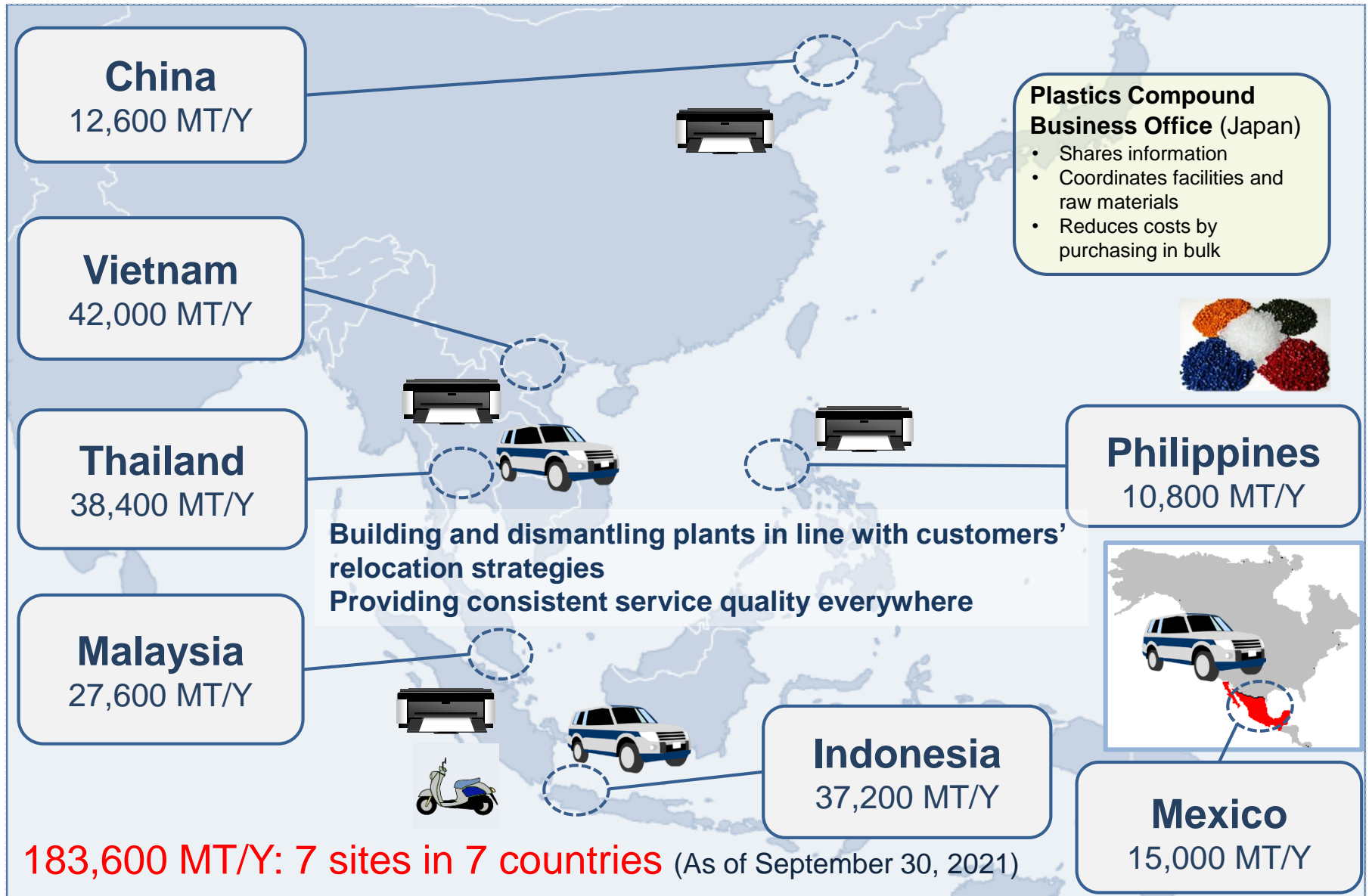
Company: IK PLASTIC COMPOUND PHILS. INC.

Production capacity: 10,800 MT/year

Location: Laguna Province, Philippines

Commenced business and production in July 2014

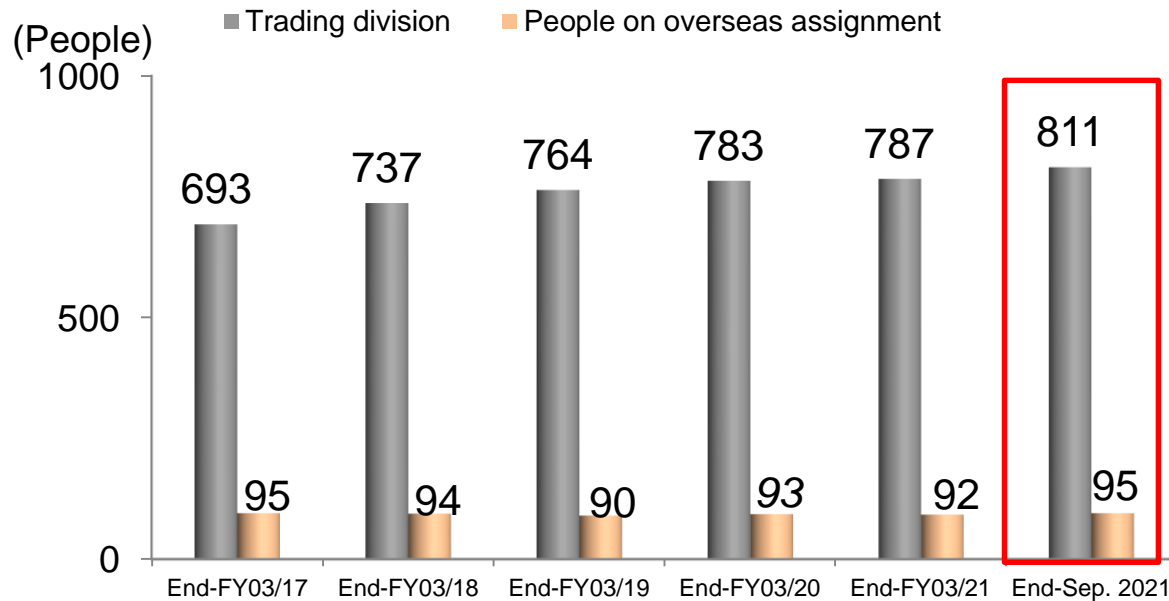
Annual Production Capacity for Plastic Compounds



NC2023 Enhancement of Human Capital Utilization Efforts

- ✓ In April 2021, Inabata conducted an engagement survey of 1,400 employees at the headquarters and 16 key overseas bases.
- ✓ We continued to hold the Global Staff Meeting. However, we cancelled the meeting scheduled for May 2021 due to the spread of the novel coronavirus pandemic.

Number of overseas personnel in the trading division and people on overseas assignment



Employees at Inabata Mexico

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

[Governance] Board of Directors evaluation

Objective: To enhance corporate value by increasing the effectiveness and transparency of the Board of Directors

FY03/20

Performed a self-evaluation of all directors and Audit & Supervisory Board members using a survey format

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

FY03/21

Conducted third-party evaluations of all directors and Audit & Supervisory Board members through questionnaires and interviews

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

FY03/22

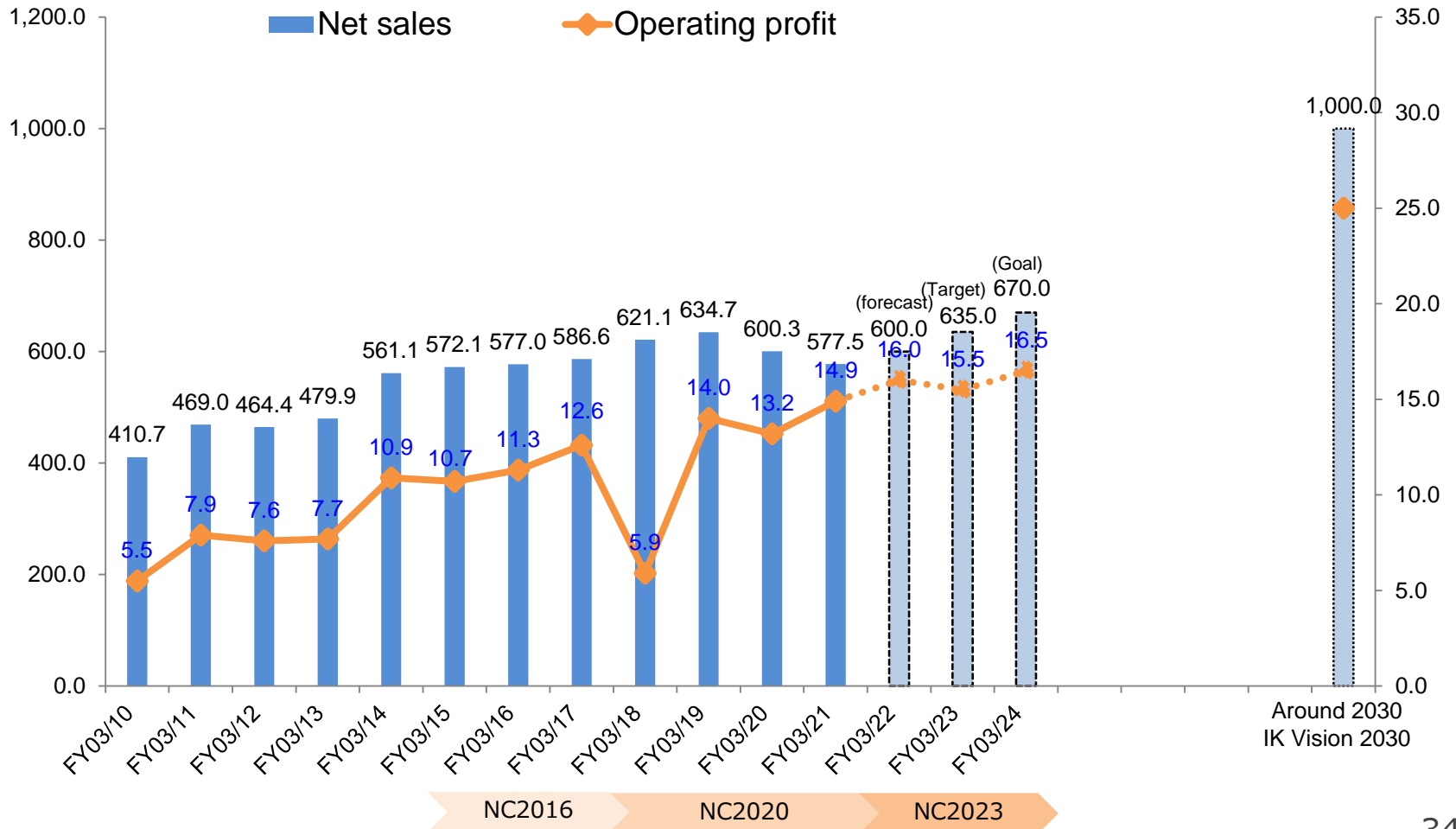
Conducting self-evaluation surveys of all directors and Audit & Supervisory Board members using a survey format

⇒ In April 2022, plans to disclose evaluation results and measures going forward

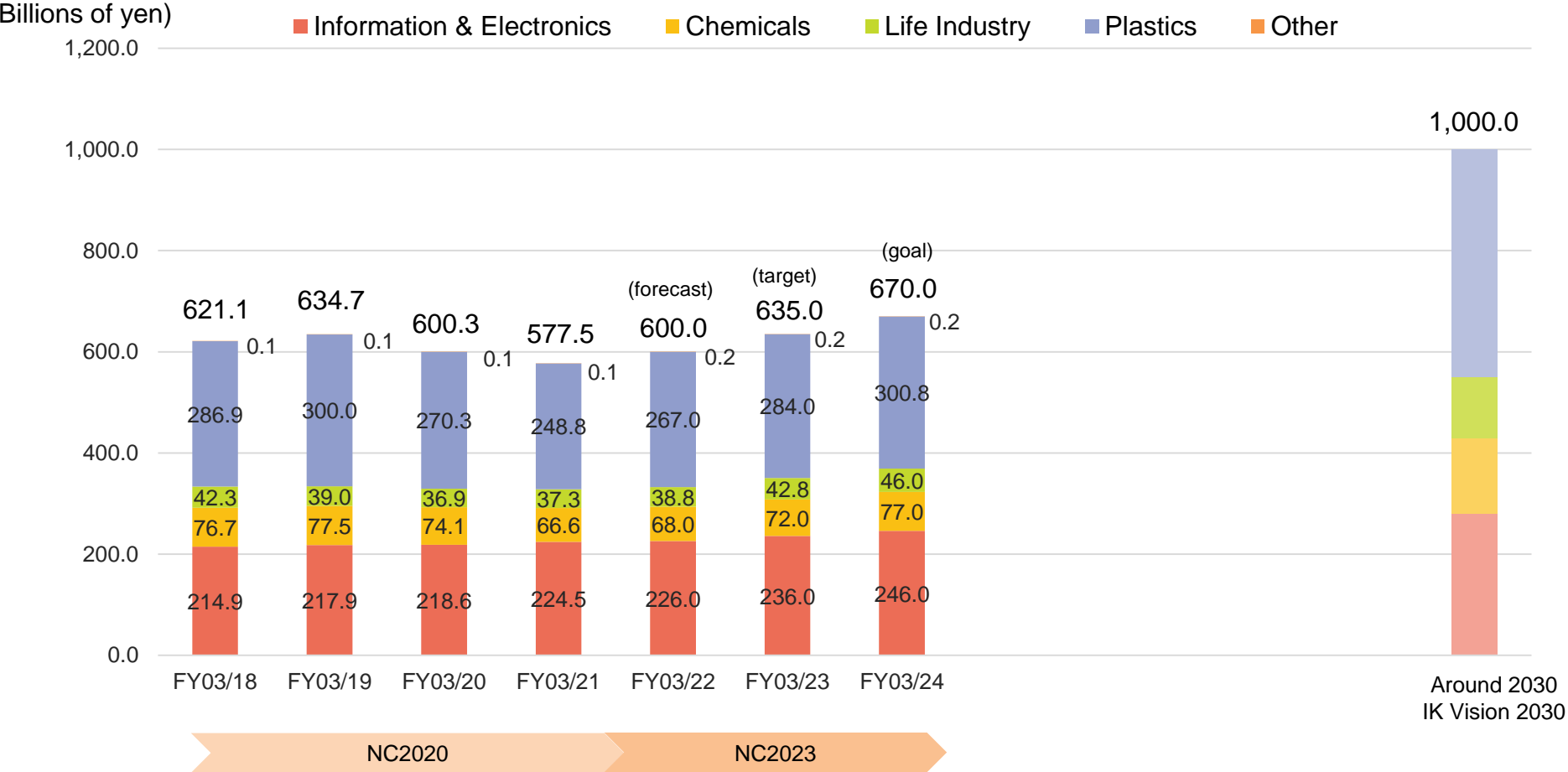
Net Sales and Operating Profit

(Net sales: Billions of yen)

(Operating profit: Billions of yen)

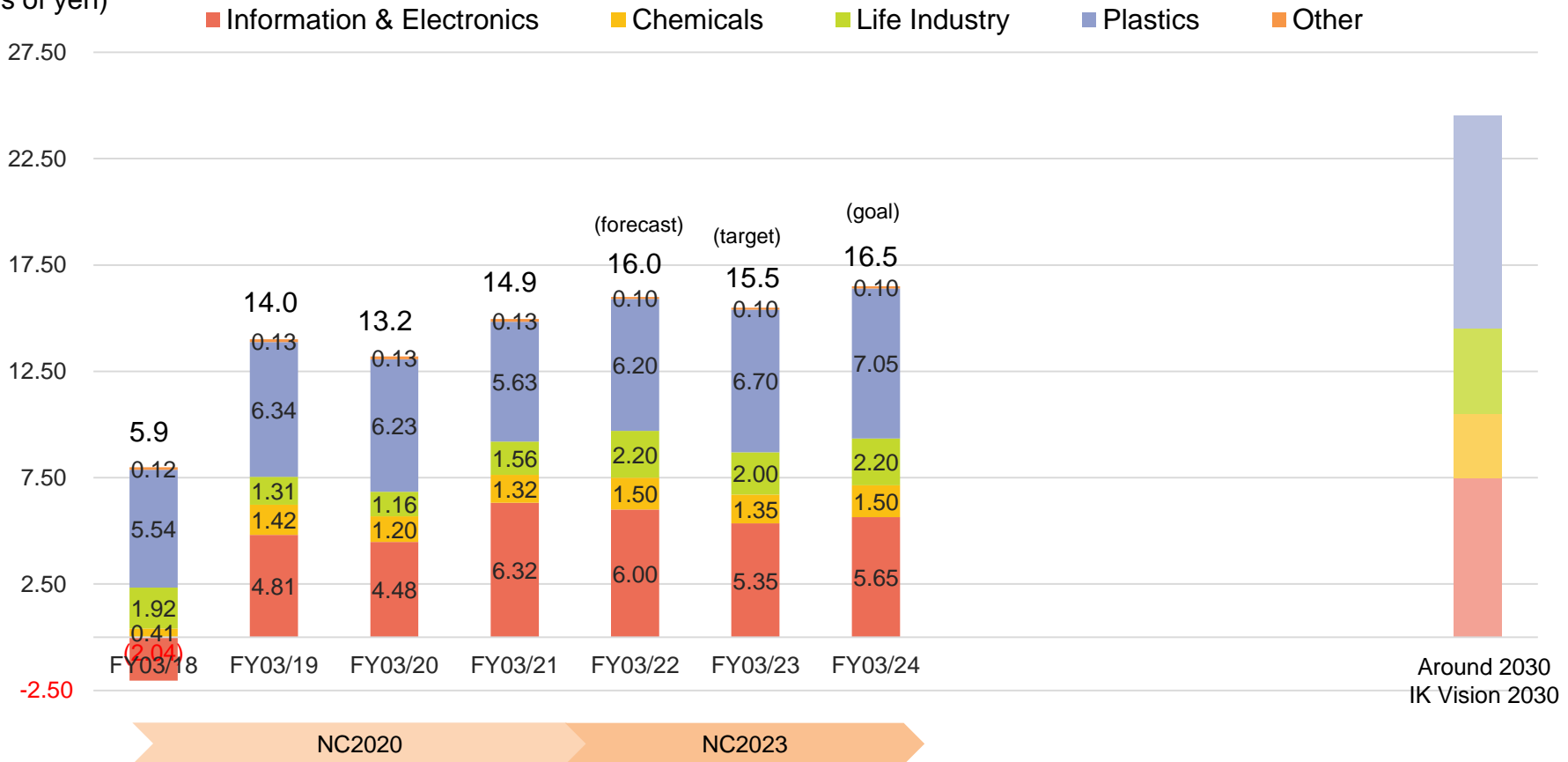


Sales by Segment

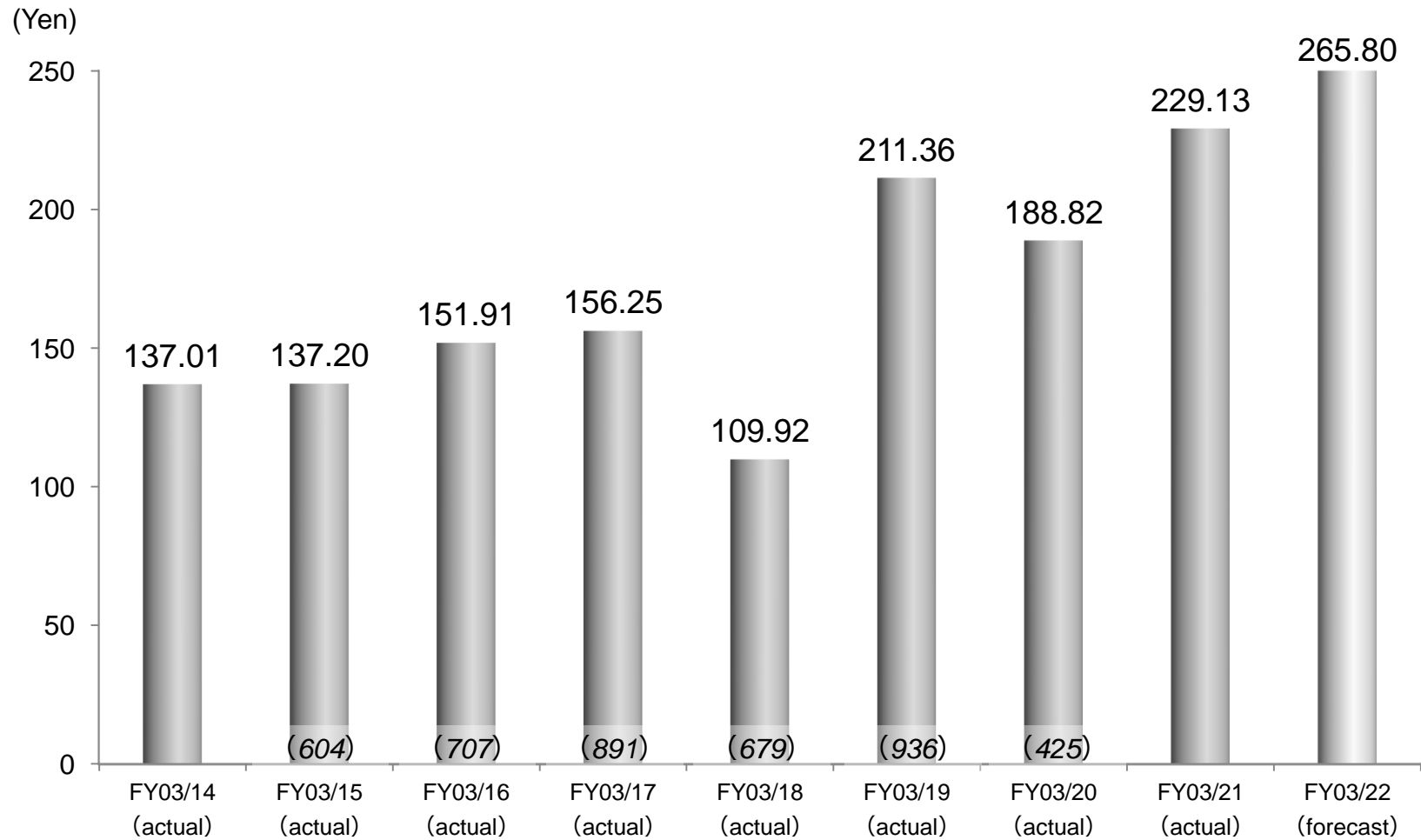


Operating Profit by Segment

(Billions of yen)



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).

Company Overview

Name	Inabata & Co., Ltd.
Founded	October 1, 1890
Incorporated	June 10, 1918
Capital stock	¥9,364 million
Representative	Katsutaro Inabata, Director, President
Head offices	Osaka Head Office (1-15-14 Minami-semba, Chuo-ku, Osaka) Tokyo Head Office (2-8-2 Nihonbashi-honcho, Chuo-ku, Tokyo)
Employees	666 (4,193 on consolidated basis)
Issuable shares	200,000,000
Shares issued and outstanding	63,499,227

Fiscal year	April 1 to March 31
Exchange listing	Tokyo Stock Exchange
Ticker	8098
Trading unit	100 shares
Shareholders	23,821
Major shareholders (top three and percentage ownership)	Sumitomo Chemical Co., Ltd. (22.9%) The Master Trust Bank of Japan, Ltd. (Trust Account) (10.0%) Custody Bank of Japan, Ltd. (Trust Account) (4.4%)

The Company owns 3,010,364 shares of treasury shares. This shareholding is not shown in the table and has not been included in the calculation of the shareholding ratio. However, 94,300 shares of the Company held by Custody Bank of Japan, Ltd. (Trust account E) as a trust property under the Board Benefit Trust (BBT) system is excluded from the number of the treasury shares, and hence, is included in the calculation of the ratio.

(As of September 30, 2021)

□ IR-related inquiries:

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Inabata & Co., Ltd.
E-mail: inabata-ir@inabata.com

◆ **Cautionary note regarding forward-looking statements**

The data and future predictions contained in this document are forward-looking statements, based on information available and judgments applicable at the time of the document's release. The data and forecasts contained herein may include elements that are subject to change. This document and its contents are no guarantee of future performance.

◆ **Presentation of numerical figures**

Figures in this document presented in millions and billions of yen have been rounded down. Consequently, certain discrepancies may exist between individual values and total values, or values showing changes between sets of data.