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# IR Briefing for Q3 Fiscal Year ending March 2022

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February 2022  
Inabata & Co., Ltd.

## Net sales and profits reached record highs in Q3

**Net sales:** **¥504.9 billion** ¥420.3 billion in Q3 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:** **¥16.3 billion** +54.0% YoY

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

**Ordinary profit:** **¥17.8 billion** +48.6% YoY

Ordinary profit increased on operating profit growth.

**Profit attributable to owners of parent:** **¥18.2 billion** +92.7% YoY

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

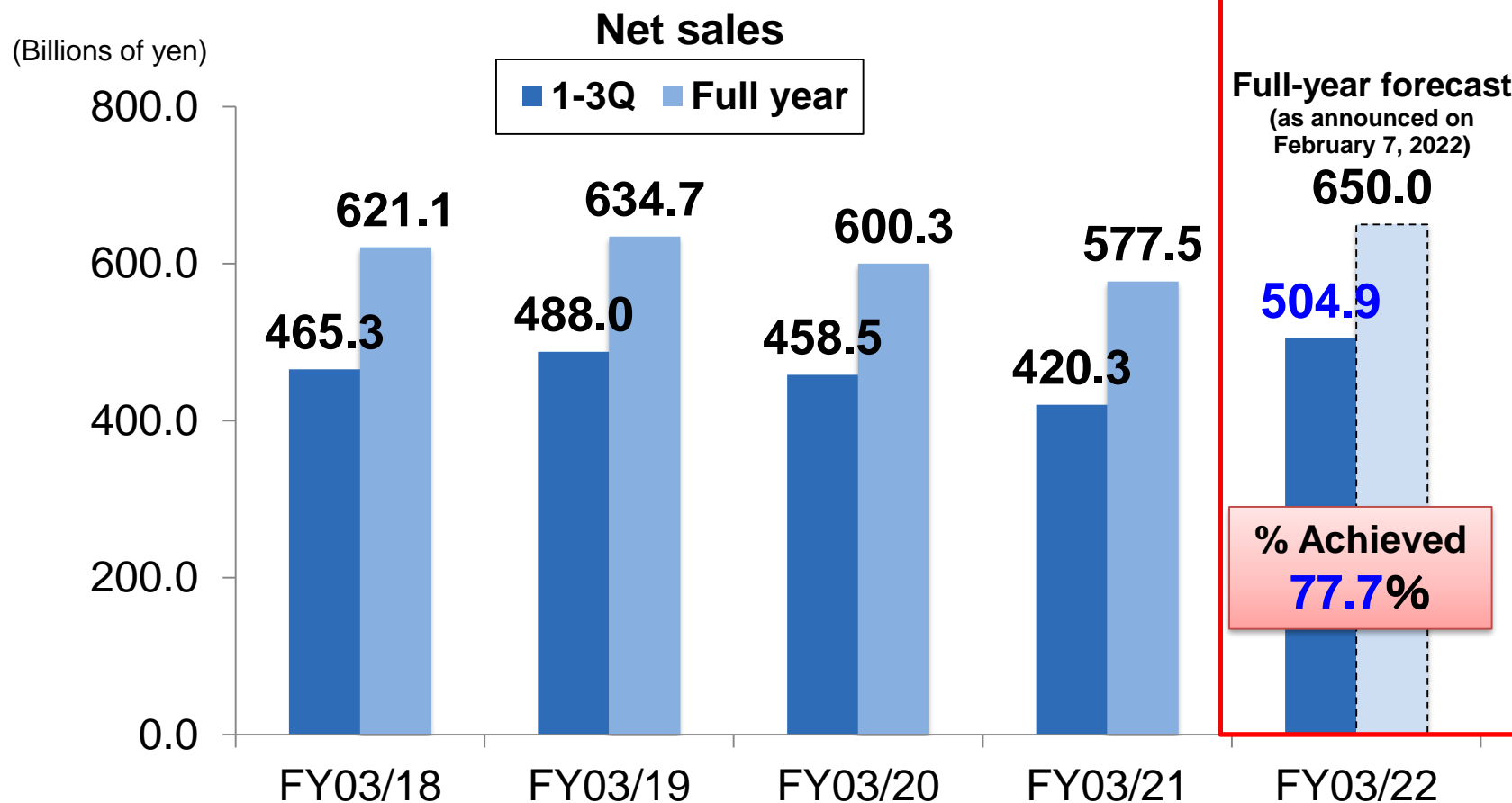
## Lifted FY03/22 forecasts (disclosed on February 7, 2022)

(Billions of yen)

	Q3 FY03/21	Q3 FY03/22 (A)	YoY change		Forecast announced August 5, 2021	Revised forecast announced February 7, 2022 (B)	Achievement rate (A)/(B)
			Amount	%			
Net sales	420.3	504.9	+84.6	-	600.0	650.0	77.7%
Operating profit	10.6	16.3	+5.7	+54.0%	16.0	19.5	83.8%
Ordinary profit	11.9	17.8	+5.8	+48.6%	17.0	21.0	84.9%
Profit attributable to owners of parent	9.4	18.2	+8.7	+92.7%	16.0	21.5	85.0%
Exchange rate (USD/JPY)	106.11	111.14	+5.03		110.00	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 ¥18.7 billion.

# Sales Trends

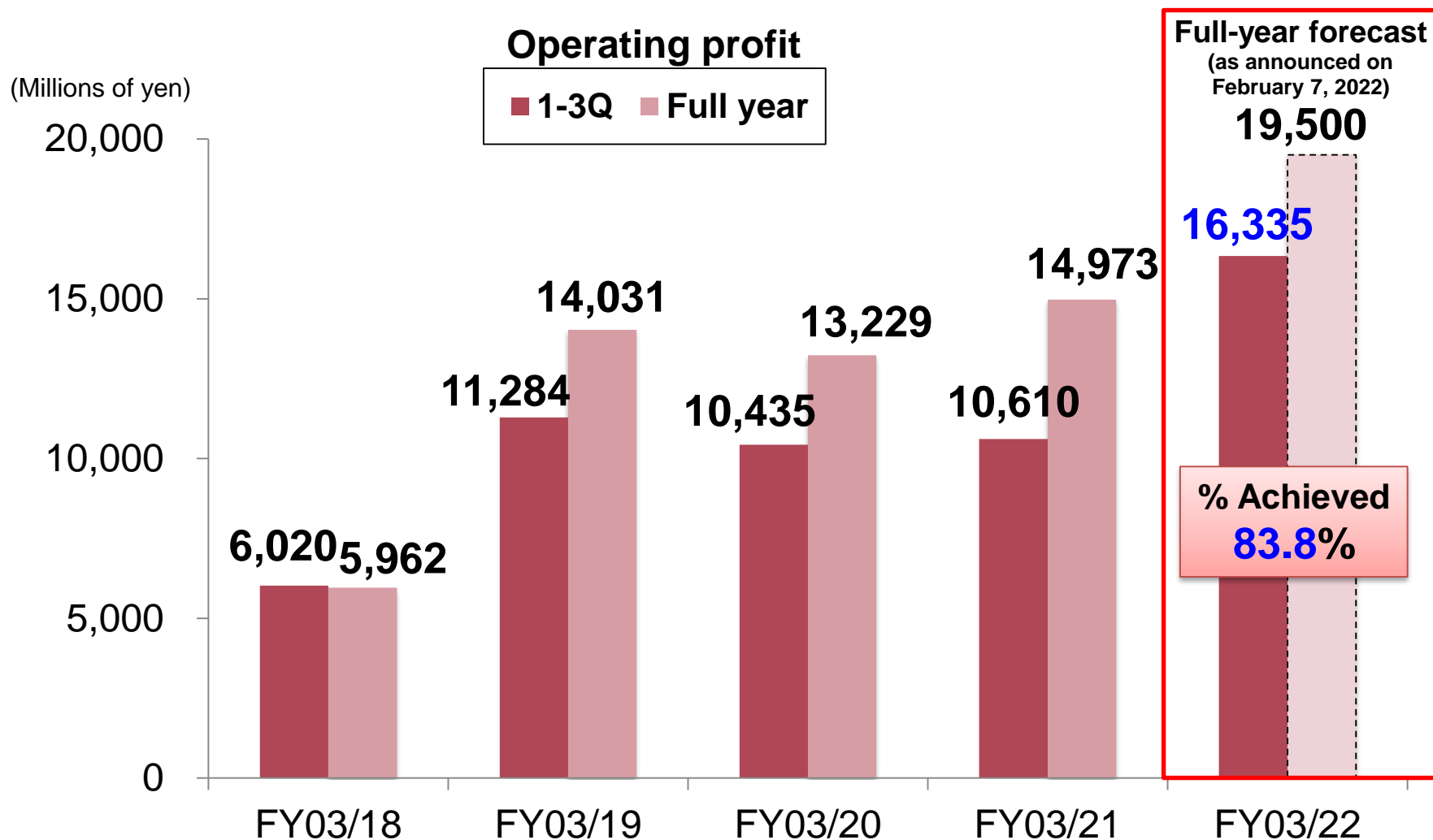


(Reference)

		FY03/18	FY03/19	FY03/20	FY03/21	FY03/22
Exchange rate: USD/JPY	1-3Q	111.69	111.14	108.65	106.11	111.14
	Full year	110.85	110.92	108.70	106.10	*Note 110.00

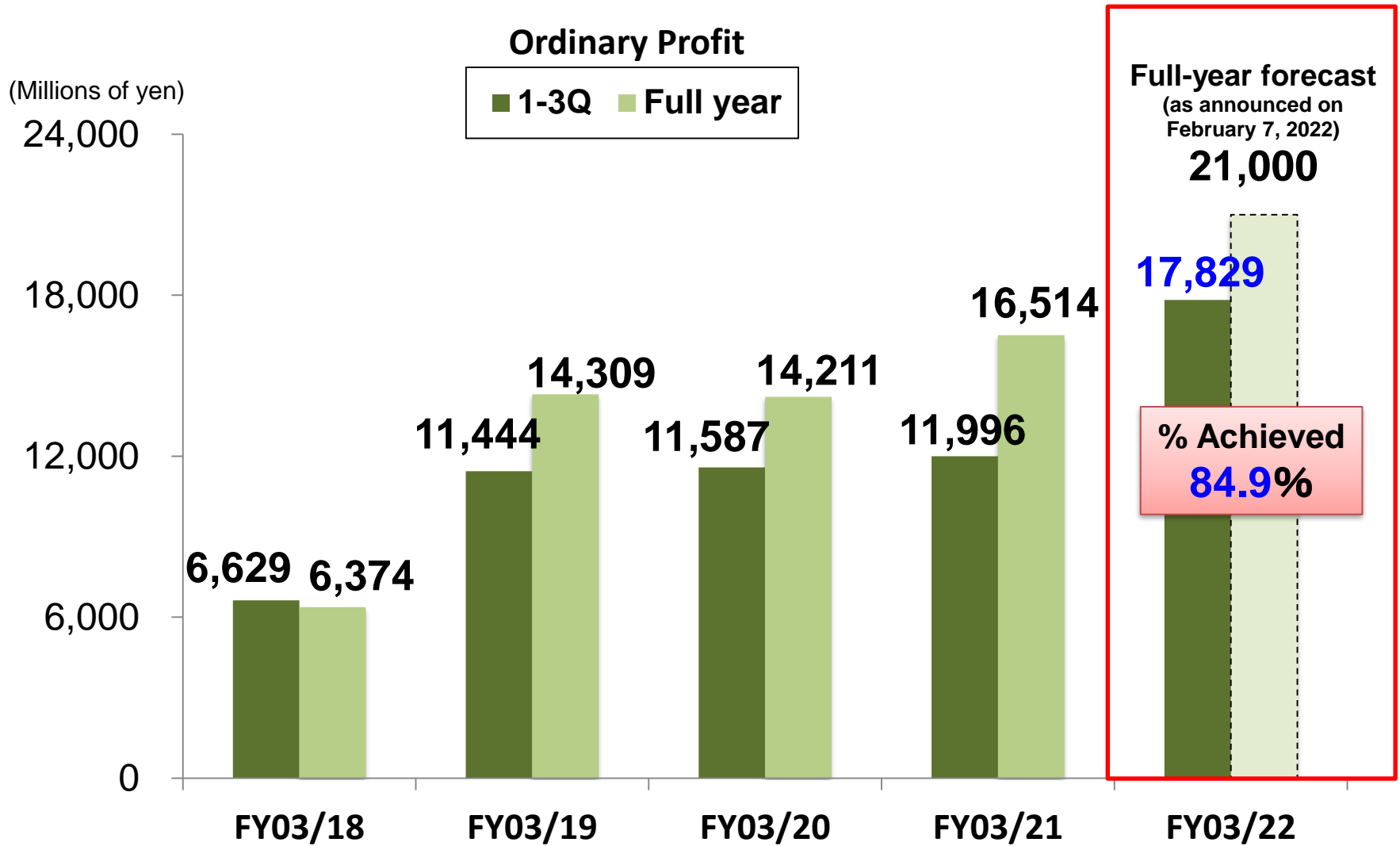
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# Operating Profit Trends

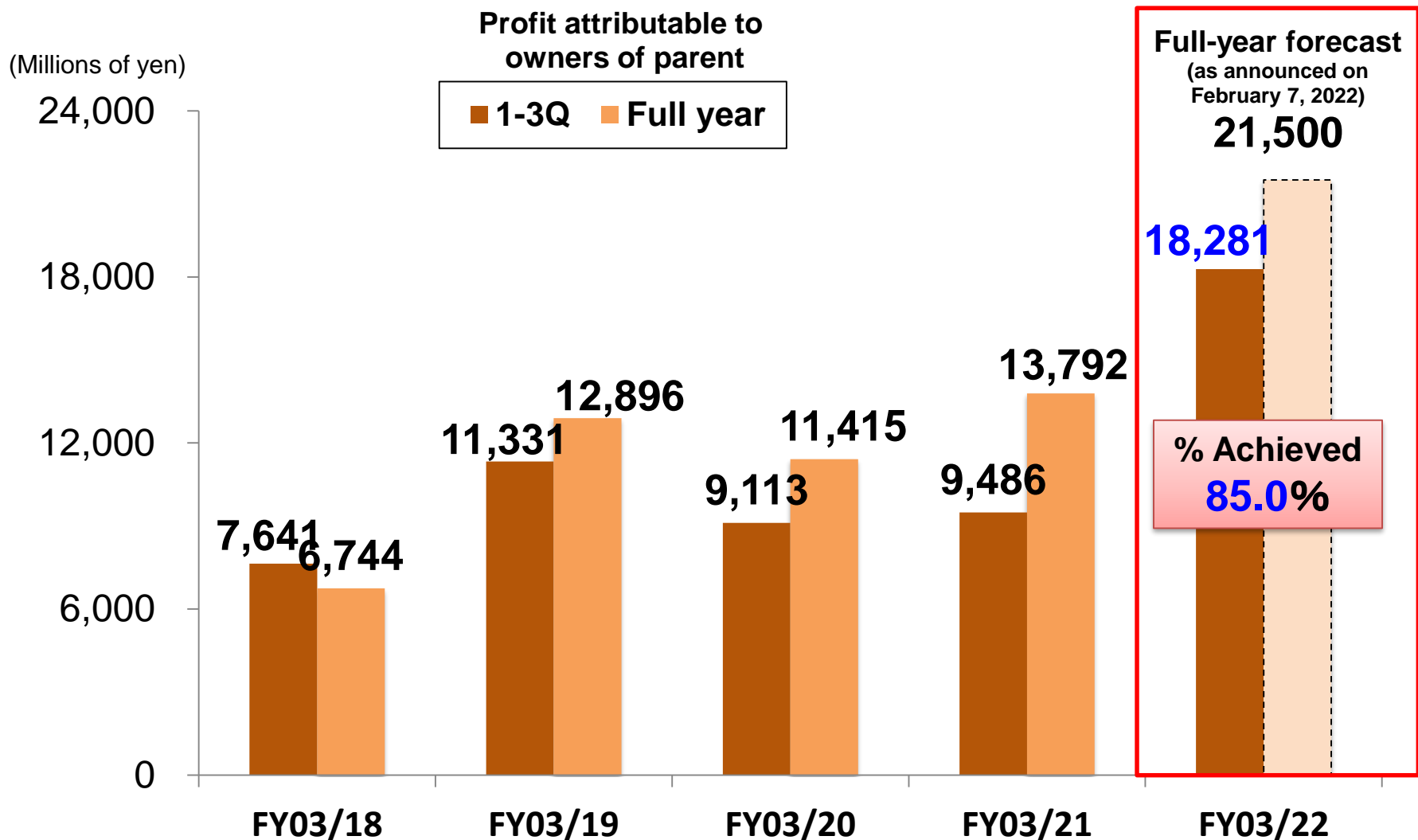


Notes: Recorded allowance for doubtful accounts at a European subsidiary in FY03/18: 1-3Q: ¥3.69 billion; Full Year: ¥6.65 billion  
Recorded ¥0.75 billion in reversal of allowance for doubtful accounts at a European subsidiary in FY03/21

# Ordinary Profit Trends



# Profit Attributable to Owners of Parent Trends



Note: The Company booked gain on sale of investment securities of ¥8.38 billion in FY03/18, ¥5.11 billion in FY03/19, ¥3.03 billion in FY03/20, ¥2.98 billion in FY03/21, and ¥7.13 billion in cumulative Q3 FY03/22.

# Balance Sheet



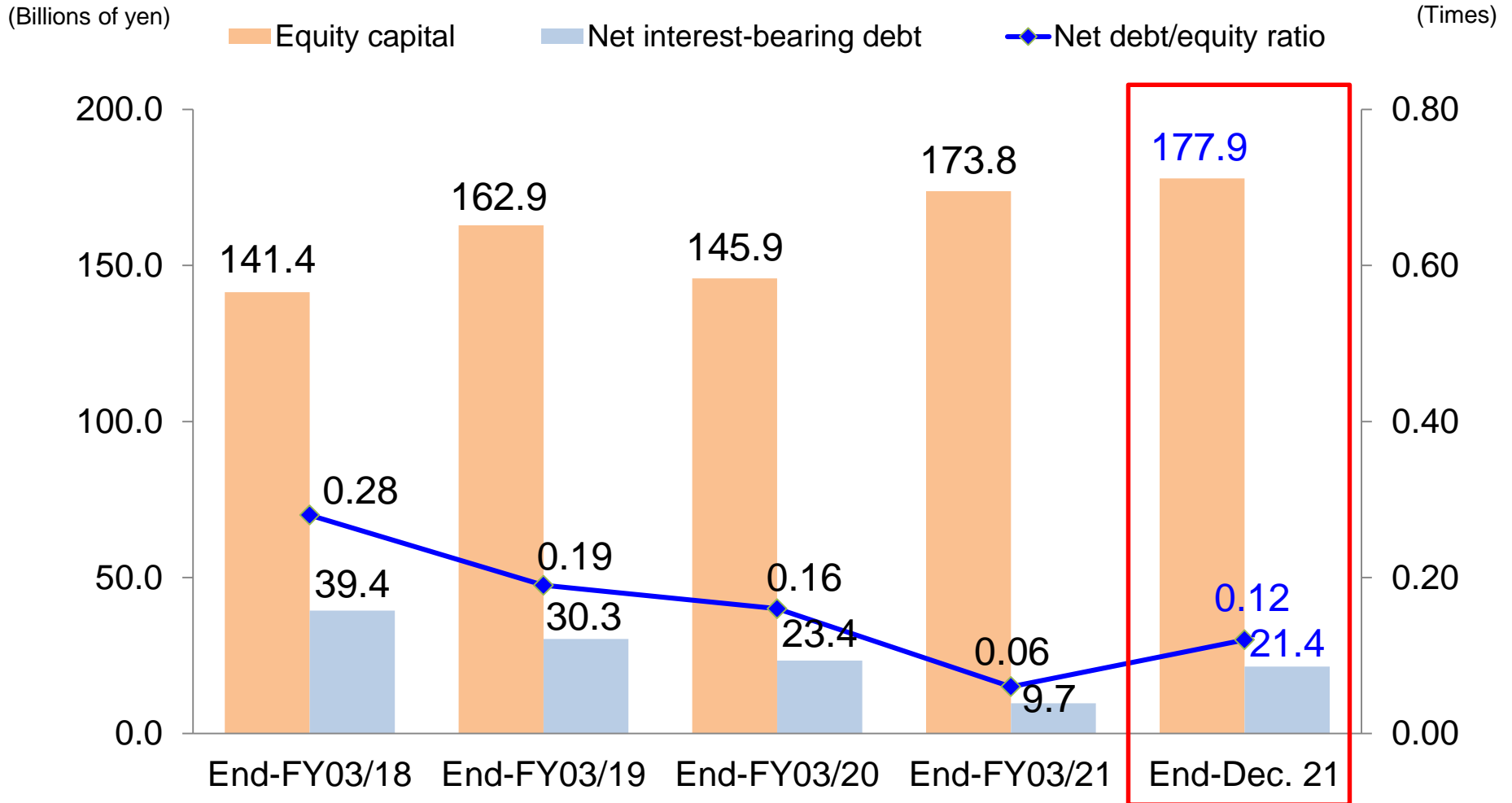
- ✓ Notes and accounts receivable - trade and inventories increased on business recovery
- ✓ Investment securities, other non-current liabilities, and other comprehensive income fell due to stock sales and a drop in market value
- ✓ Shareholders' equity grew owing to business recovery and stock sales

(Billions of yen)

Assets	End-FY03/21	End-Dec. 2021	Change	Liabilities and net assets	End-FY03/21	End-Dec. 2021	Change
Cash and deposits	31.4	36.3	+4.8	Notes and accounts payable - trade	104.1	116.4	+12.3
Notes and accounts receivable - trade	162.7	184.2	+21.5	Short-term loans payable	33.7	51.9	+18.2
Inventories	54.1	73.3	+19.2	Other current liabilities	12.7	17.0	+4.2
Other current assets	8.6	12.0	+3.4	Long-term loans payable	7.4	5.8	-1.6
Property, plant and equipment	14.3	14.8	+0.4	Other non-current liabilities	19.3	13.7	-5.5
Intangible assets	2.9	2.5	-0.3	Shareholders' equity	129.1	142.9	+13.7
Investment securities	71.5	53.9	-17.6	Accumulated other comprehensive income	44.6	35.0	-9.6
Other fixed assets	7.3	7.6	+0.2	Non-controlling interests	1.9	2.0	+0.0
<b>Total assets</b>	<b>353.2</b>	<b>385.0</b>	<b>+31.8</b>	<b>Total liabilities and net assets</b>	<b>353.2</b>	<b>385.0</b>	<b>+31.8</b>
<b>Current ratio</b>	<b>170.6%</b>	<b>165.0%</b>		<b>Equity ratio</b>	<b>49.2%</b>	<b>46.2%</b>	



# 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

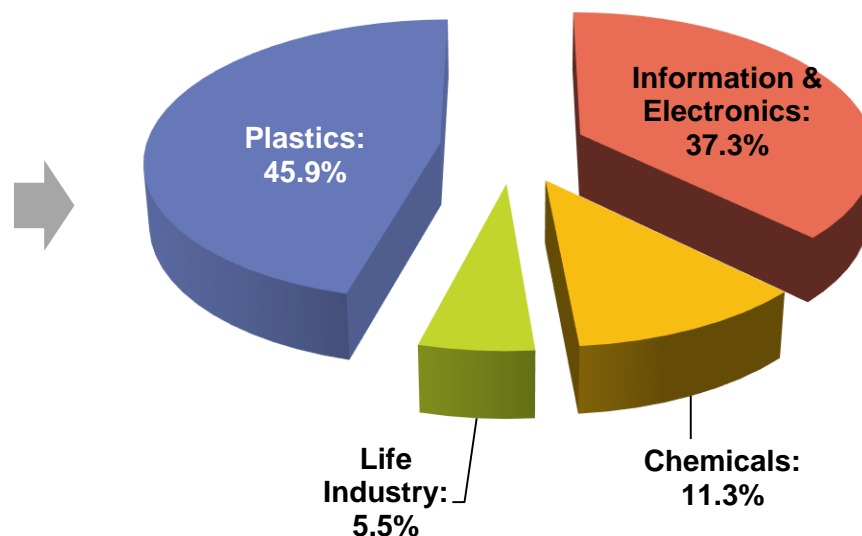
# Sales by Business Segment

- ✓ In Information & Electronics, sales of key materials rose
- ✓ In Plastics, sales grew on higher resin prices and recovery from the setback caused by the COVID-19 pandemic

## Sales

(Billions of yen)

	1-3Q FY03/21	1-3Q FY03/22
Information & Electronics	165.0	<b>188.0</b> (198.3)
Chemicals	48.2	<b>57.1</b> (61.4)
Life Industry	26.6	<b>27.7</b> (30.1)
Plastics	180.2	<b>231.8</b> (233.6)
Other	0.1	<b>0.1</b>
<b>Total</b>	<b>420.3</b>	<b>504.9</b> (523.7)



\* Effective from Q1 FY03/22, Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

Net Sales Breakdown by Segment and Region 

(Billions of yen)

	Information & Electronics	Chemicals	Life Industry	Plastics	Other	Total
Japan	73.7	40.0	18.7	75.5	-	208.1
Southeast Asia	12.9	7.2	0.1	97.7	-	118.0
Northeast Asia	89.8	5.4	0.6	48.8	-	144.8
Americas	6.9	2.4	6.8	8.5	-	24.7
Europe	4.4	2.0	1.3	1.2	-	9.1
Revenue arising from contracts with customers	188.0	57.1	27.7	231.8	-	504.8
Other revenue	-	-	-	-	0.1	0.1
Sales to external customers	188.0	57.1	27.7	231.8	0.1	504.9

\* Revenue arising from contracts with customers are recorded based on the location of corresponding sales offices, categorized by country or region.

# Operating Profit by Business Segment

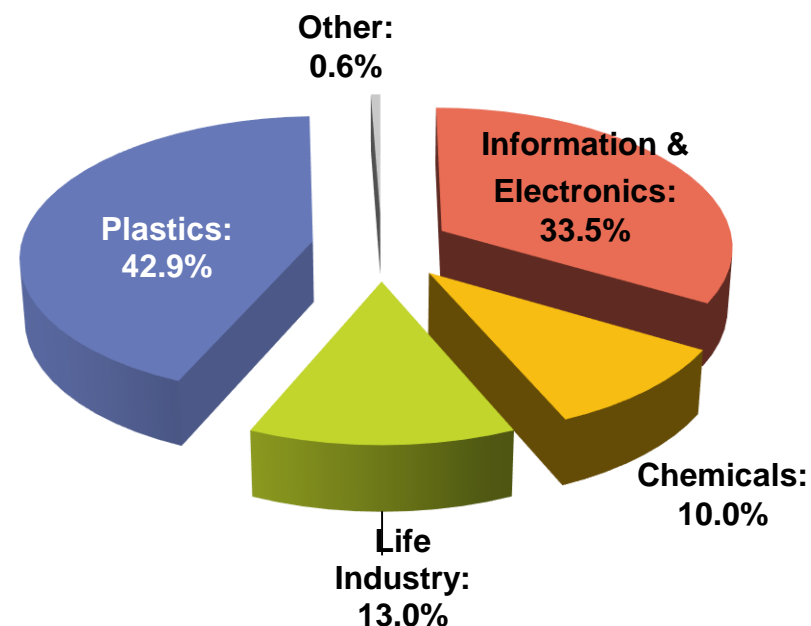
Sales recovered from the year-ago slump caused by the pandemic, driving up GPM

- ✓ In Plastics and Chemicals, profits rose on higher raw materials sales
- ✓ In manufacture and processing, earnings of compound manufacturing facilities in Plastics recovered
- ✓ In Life Industry, sales of processed food products to conveyor-belt sushi restaurants and seafood products in the US were strong

## Operating profit

(Millions of yen)

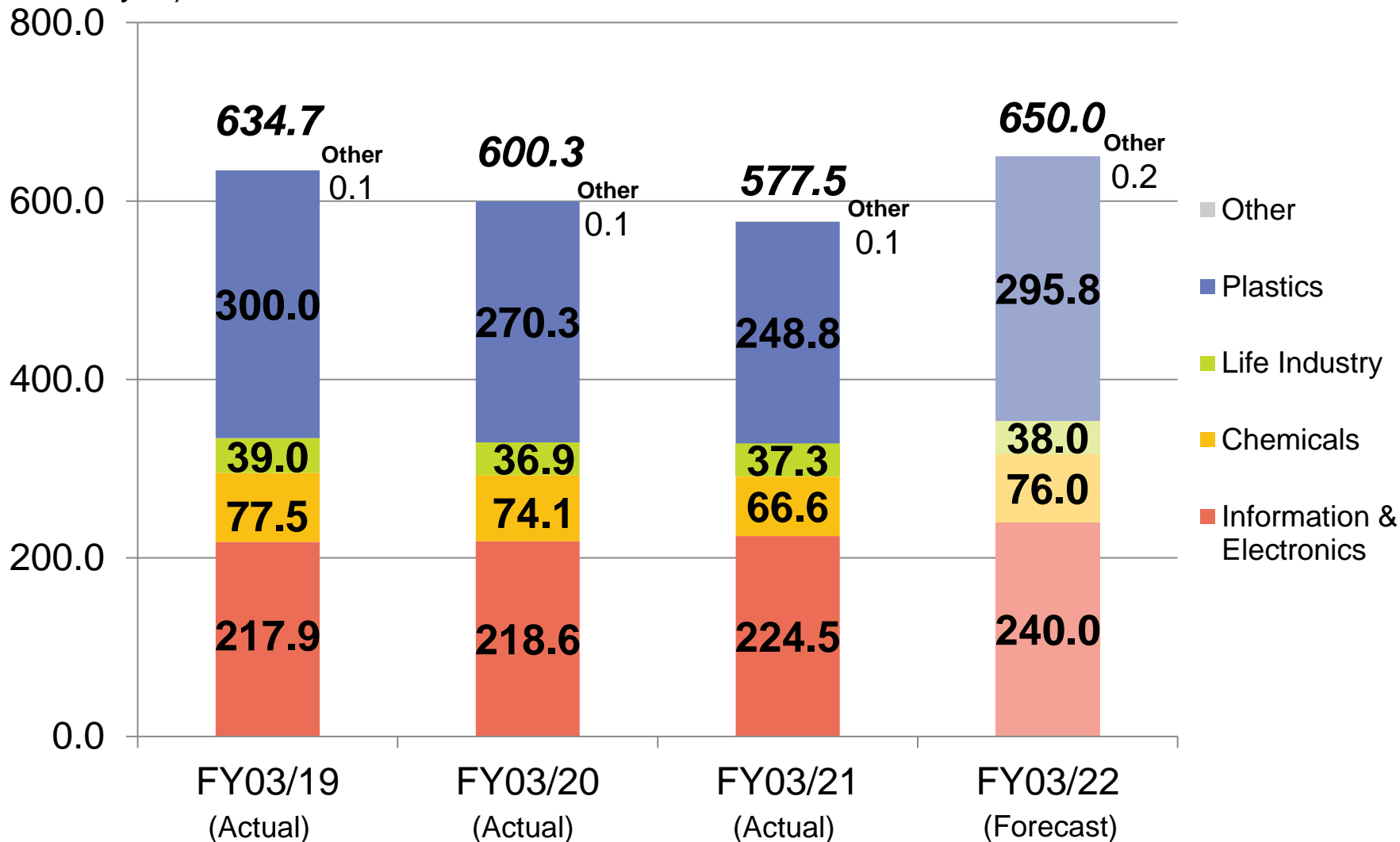
	1-3Q FY03/21	1-3Q FY03/22	YoY change
Information & Electronics	4,975	5,465	+9.8%
Chemicals	869	1,637	+88.4%
Life Industry	1,055	2,121	+101.0%
Plastics	3,612	7,014	+94.2%
Other	97	96	-1.2%
<b>Total</b>	<b>10,610</b>	<b>16,335</b>	<b>+54.0%</b>



# Net Sales by Business Segment



(Billions of yen)

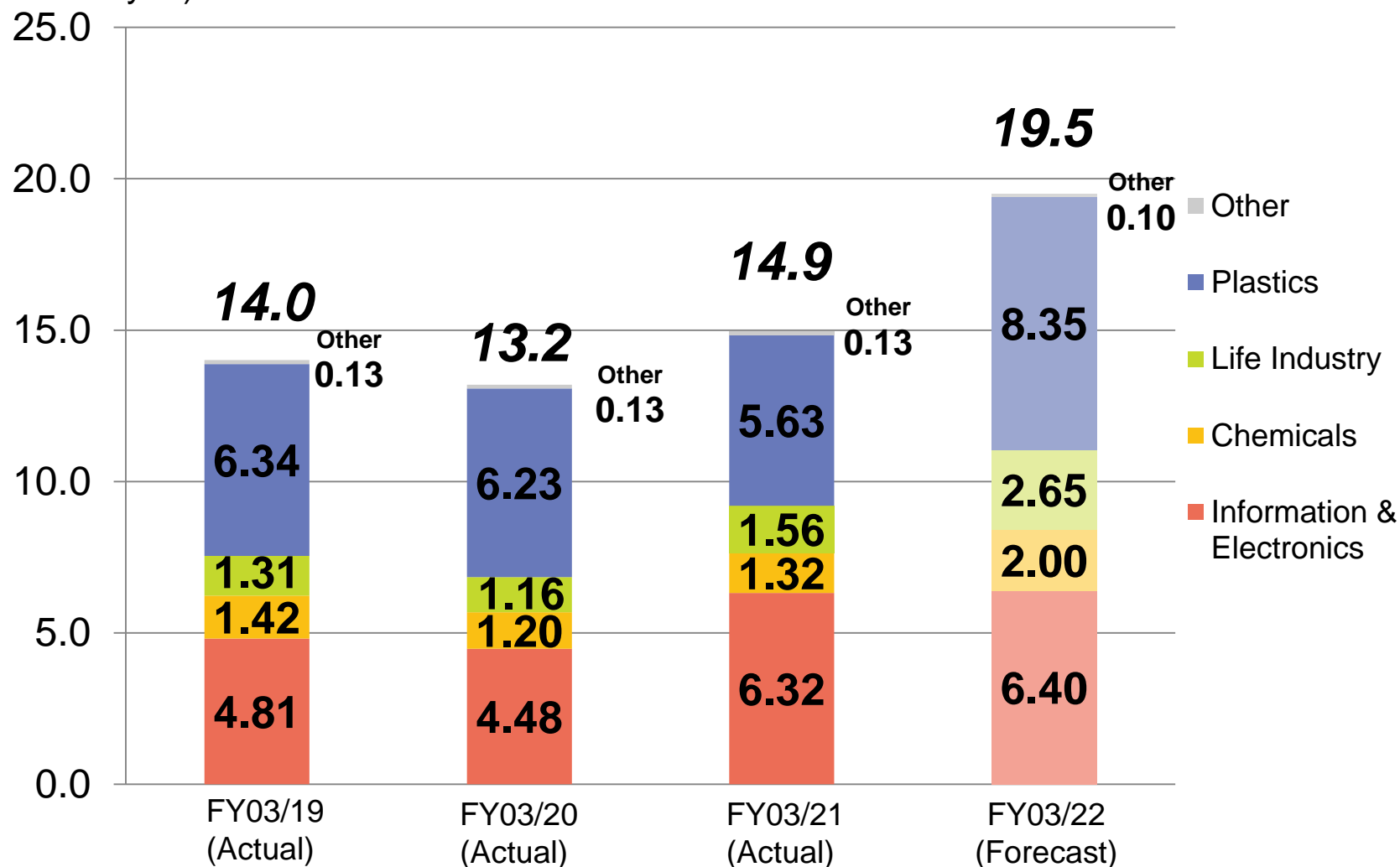


Notes: On February 7, 2022, the company raised its FY03/22 net sales forecast from ¥600.0 billion (announced August 5, 2021) to ¥650.0 billion. The Housing & Eco Materials segment was combined with the Chemicals segment in FY03/20. FY03/19 results have been calculated according to the new alignment.

Revised Accounting Standard for Revenue Recognition is applied to sales figures for FY03/22 (forecast).

# Operating Profit by Business Segment

(Billions of yen)



Notes: On February 7, 2022, the company raised its FY03/22 operating profit forecast from ¥16.0 billion (announced August 5, 2021) to ¥19.5 billion. In 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. FY03/19 results have been calculated according to the new alignment.

## Partially revised shareholder return policy on Feb. 7, 2022

During NC2023

(Before change) Target total return ratio of 30–35%



**(After change) Target total return ratio of around 50%**

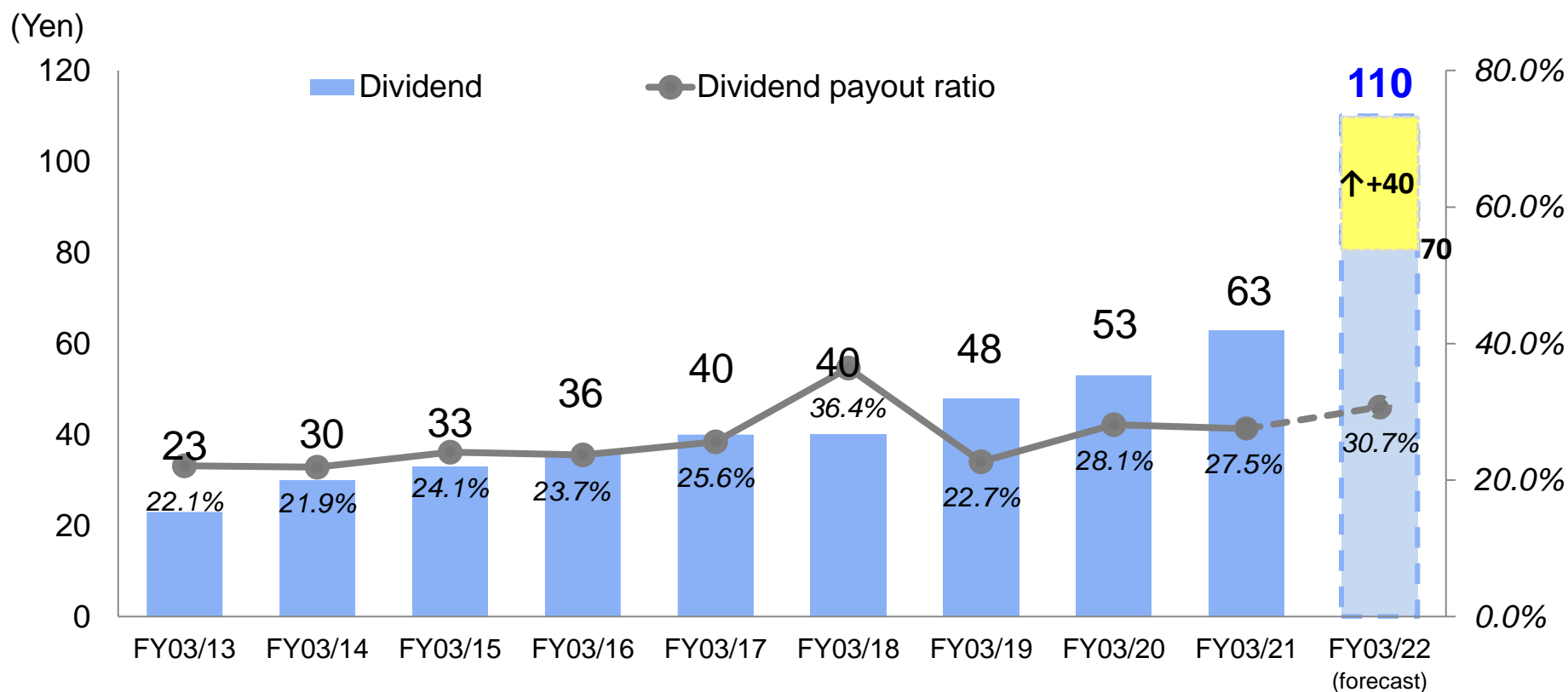
However, in fiscal years when the Company has recorded a considerable amount of cash inflows from the sale of strategically held shares, instead of being strictly bounded by the target total return ratio, the Company will return profits to shareholders after comprehensive consideration of various factors including future funding needs, financial position, stock price, and market conditions.

**(No change) Continue raising dividends**

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

## Annual dividends per share and indicators of shareholder return

**FY03/22 dividend forecast revised upward by ¥40 per share**  
 (disclosed on February 7, 2022)



Note: The Company has revised the forecast for the annual dividend per share upward from ¥70 to ¥110. (February 7, 2022)



## Actual and Planned Acquisition and Retirement of Treasury Shares

### 【Acquisition of Treasury Shares】

Acquisition period	Acquisition cost (millions of yen)	Total number of shares acquired (shares)
November 10–December 12, 2011	355	800,000
August 8–28, 2012	439	800,000
August 7–15, 2014	604	600,000
February 10–24, 2016	707	600,000
February 10–23, 2017	891	600,000
November 15–December 13, 2017	679	400,000
February 8–March 8, 2019	936	600,000
February 10–March 3, 2020	425	300,000
February 8–August 31, 2022 (planned)	(upper limit) <b>7,500*</b>	(upper limit) <b>3,500,000</b>

### 【Retirement of Treasury Shares】

Date of retirement	Total number of shares to be retired (shares)
August 22, 2014	1,660,000
February 16, 2022 (planned)	2,700,000
October 6, 2022 (planned)	The number of treasury shares to be acquired from the transaction above*.

Note: The total number of issued shares of the Company after the retirement will be 60,799,227 shares.

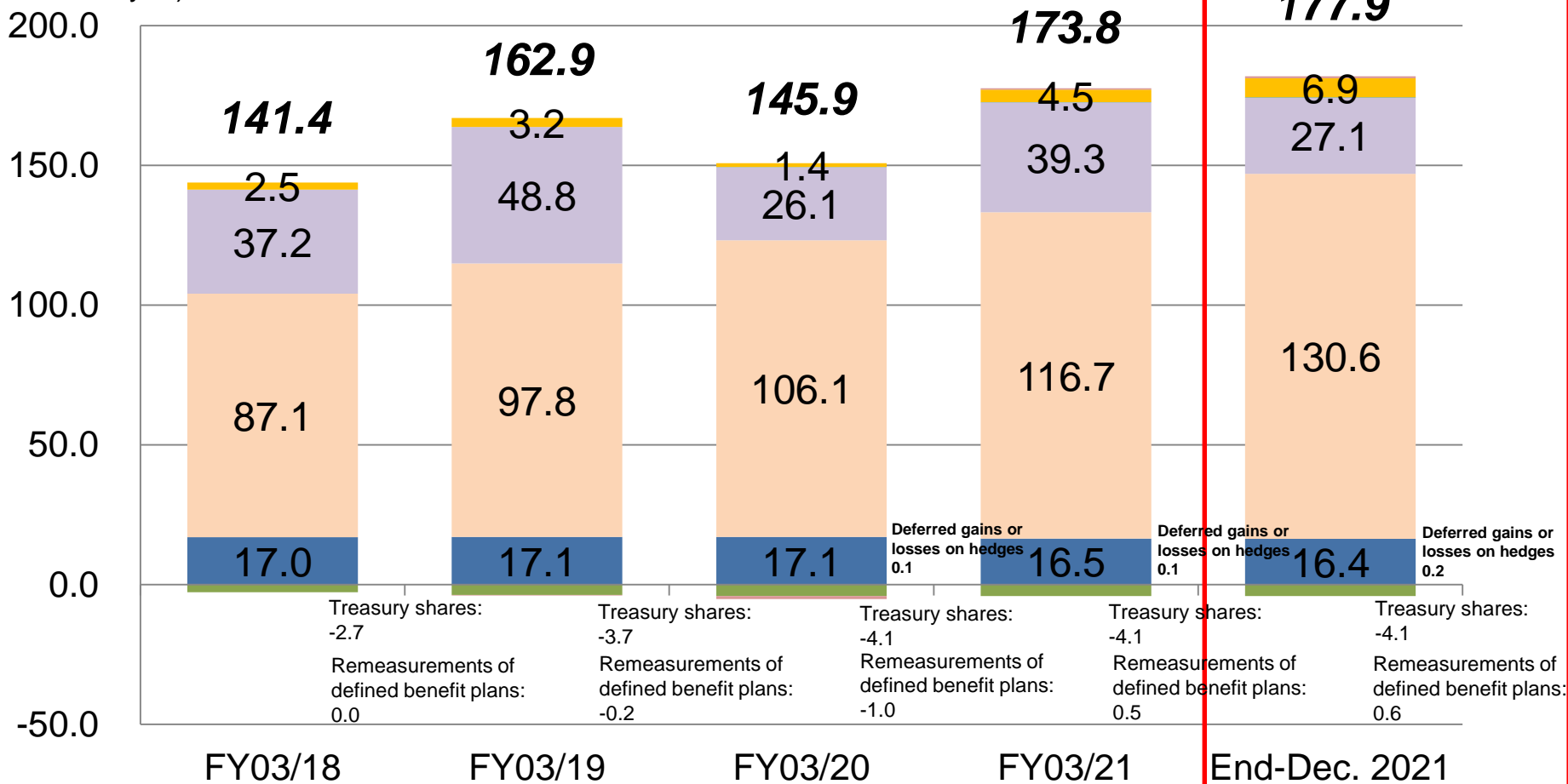
	Companies		
	Japan	Overseas	Total
Consolidated subsidiaries	7	37	44
(Of which, manufactures and processing companies )	(5)	(17)	(22)
Equity-method affiliates	4	1	5
(Of which, manufactures and processing companies )	(2)	(1)	(3)
Total	11	38	49
(Of which, manufactures and processing companies )	(7)	(18)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

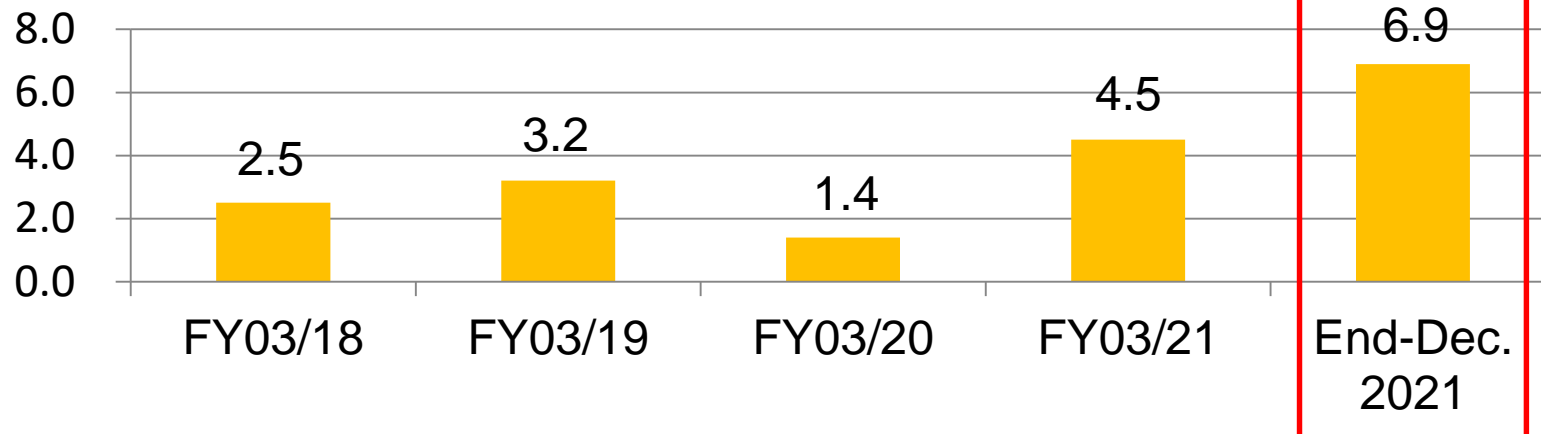


# (Reference) Impact of Exchange Rate Fluctuations on the Foreign Currency Translation Adjustment



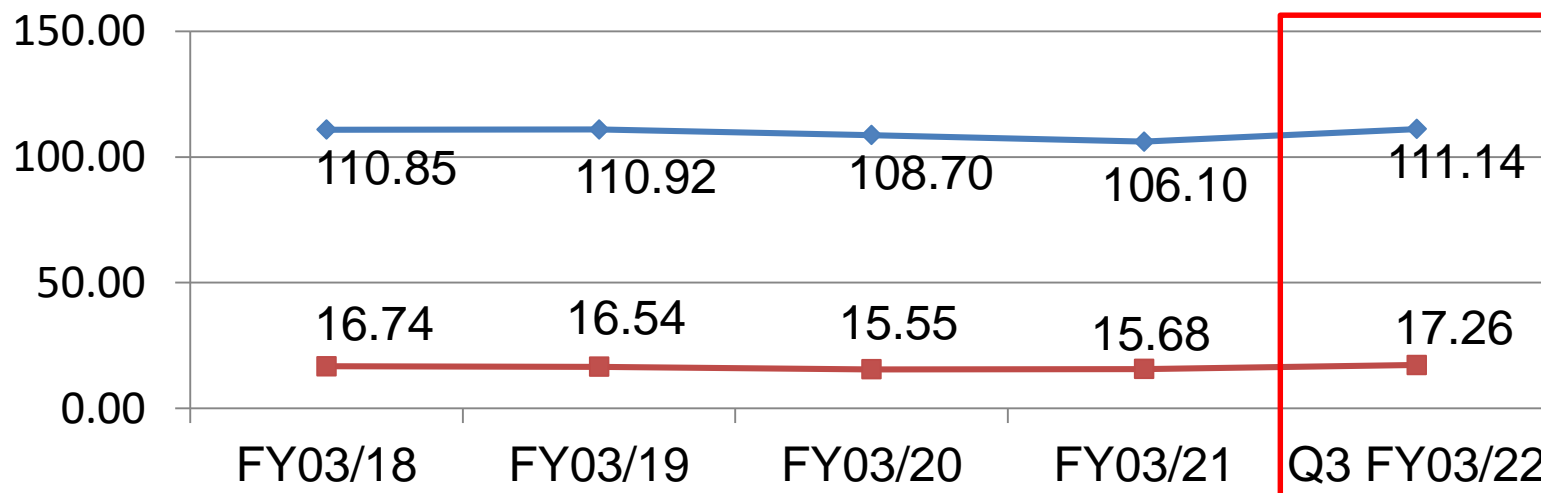
(Billions of yen)

■ 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.