
IR Briefing For Q1
Fiscal Year Ending March 2024

October 2023
Inabata & Co., Ltd.

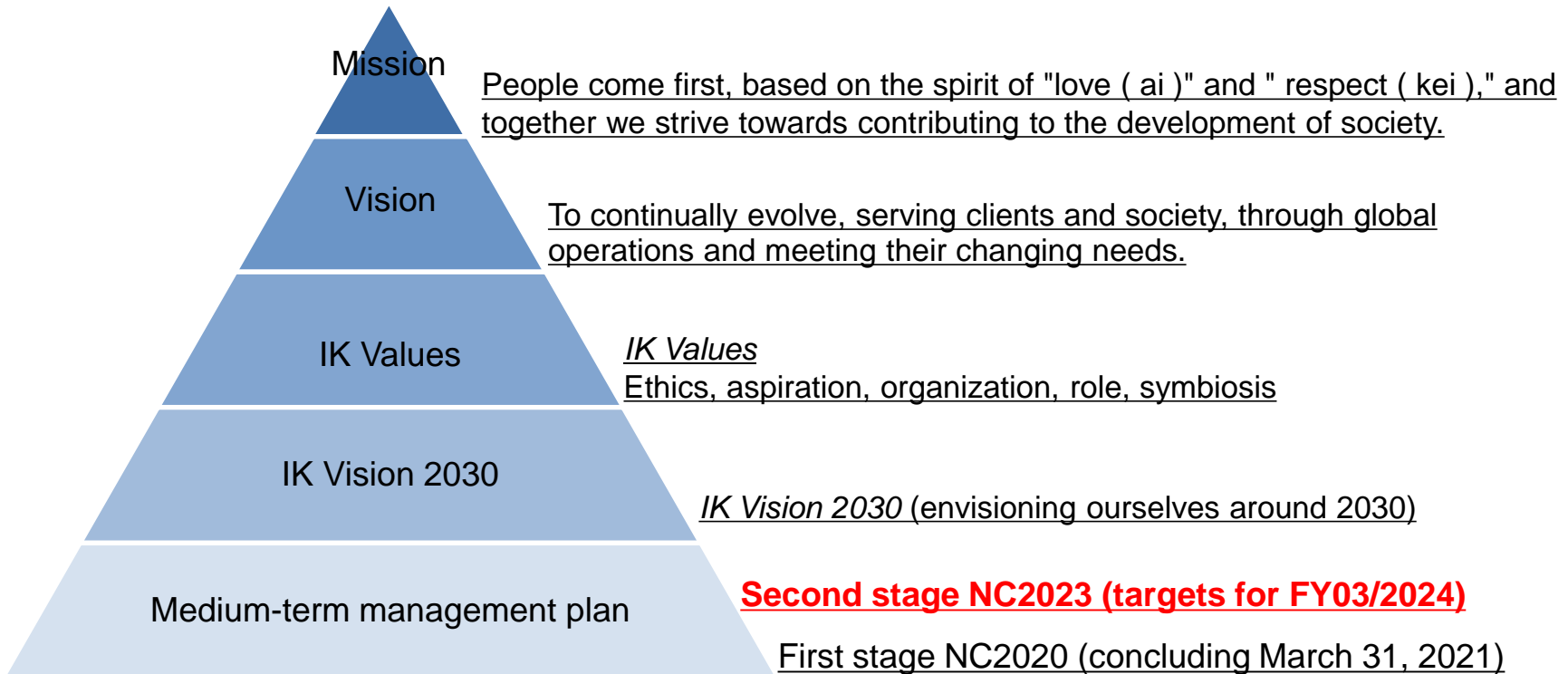
Topics

- Sales and operating profit forecast to reach record highs for the third consecutive fiscal year
- Disclosure of progress in measures toward “Realizing management conscious of cost of capital and share price”
- Medium-term management plan NC2023: Invest aggressively
Invested in renewable energy-related and food-related fields
- Selected as a component of FTSE Blossom Japan Index and JPX Nikkei Index 400 for the first time in August 2023

- P.4- Progress of Medium-Term Management Plan *NC2023*
- P.14- Returning Profits to Shareholders
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■ Progress of Medium-Term Management Plan
NC2023

- Second-stage medium-term management plan on the way to our long-term vision, *IK Vision 2030*



◆ 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]

NC2023: Key Initiatives

- Six key initiatives are as follows

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

Progress in the Second Year of NC2023



- Sales reached the target (record high), supported in part by higher selling prices and a weak yen.
- Operating profit reached the target (record high), with the increase in SG&A expenses offset by sales growth.
- Ordinary profit and profit attributable to owners of parent fell short of the targets, due in part to a sharp increase in interest rates.
- ROE reached the target level, and net D/E ratio remained at the target level.

(Billions of yen)

	FY03/23 Actual (A)	FY03/23 (2nd year of NC2023) Targets (B)	Difference	Achieve- ment rate (A)/(B)	FY03/24 Targets*
Net sales	735.6	730.0	+5.6	101%	800.0
Operating profit	20.3	19.5	+0.8	104%	20.5
Operating profit margin	2.8%	2.7%	+0.1%	—	2.6%
Ordinary profit	19.1	20.5	-1.4	93%	21.5
Profit attributable to owners of parent	19.4	20.5	-1.1	95%	22.5
ROE	11.0%	10% or above		Achieved	10% or above
Net debt/equity ratio	0.16x	0.5x or less	—	Achieved	0.5x or less
Equity ratio	47.2%	Approximately 40-50%	—	Achieved	Approximately 40-50%
Exchange rate (USD/JPY)	¥135.50	¥120.00	—	—	¥120.00

Note: Net D/E ratio = (interest-bearing debt – cash and deposits) / equity capital

*Released May 2022

Progress in the Second Year of *NC2023*: By Segment



- Sales and operating profit in Information & Electronics and Life Industry fell short of targets due to deterioration of the business environment.
- Sales and Operating Profit in Chemicals and Plastics surpassed the targets.

(Billions of yen)

Segment	FY03/23 Actual (A)		FY03/23 (2nd year of <i>NC2023</i>) Targets (B)		Difference (A)-(B)	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Information & Electronics	238.0	5.2	273.0	6.2	-35.0	-1.0
Chemicals	89.8	2.7	83.0	2.0	+6.8	+0.7
Life Industry	43.6	1.9	47.0	2.3	-3.4	-0.4
Plastics	363.9	10.2	326.8	8.9	+37.1	+1.3
Other	0.1	0.1	0.2	0.1	-0.1	0
Total	735.6	20.3	730.0	19.5	+5.6	+0.8

Outlook for the Final Year of *NC2023*



- Operating profit is projected to exceed the target, but ordinary profit and profit attributable to owners of the parent are expected to fall short of the targets due to higher interest expenses on a sharp rise in interest rates.
- We expect ROE to reach the target, and net D/E ratio to remain at the target level.

(Billions of yen)

	FY03/23 Actual	FY03/24 Forecast (A)	Difference	<i>NC2023</i> FY03/24 Targets (B)*	Difference (A) - (B)
Net sales	735.6	800.0	+64.4	800.0	-
Operating profit	20.3	21.0	+0.7	20.5	+0.5
Operating profit margin	2.8%	2.6%	-0.2%	2.6%	-
Ordinary profit	19.1	20.0	+0.9	21.5	-1.5
Profit attributable to owners of parent	19.4	21.0	+1.6	22.5	-1.5
ROE	11.0%	10% or above	-	10% or above	-
Net debt/equity ratio	0.16x	0.5x or less	-	0.5x or less	-
Equity ratio	47.2%	Approximately 40-50%	-	Approximately 40-50%	-
Exchange rate (USD/JPY)	¥135.50	¥130.00	¥-5.50	¥120.00	¥+10.00

Note: Net D/E ratio = (interest-bearing debt – cash and deposits) / equity capital

*Released May 2022

Outlook for the Final Year of *NC2023*: By segment



- Information & Electronics is expected to miss the targets due to deterioration of the business environment, while Plastics is projected to exceed the targets owing to yen depreciation and a rise in resin prices.

(Billions of yen)

Segment	FY03/23 Actual		FY03/24 Forecast (A)		Difference	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Information & Electronics	238.0	5.26	246.0	5.20	+8.0	-0.06
Chemicals	89.8	2.77	119.0	3.05	+29.2	+0.28
Life Industry	43.6	1.93	52.0	2.65	+8.4	+0.72
Plastics	363.9	10.20	382.8	10.00	+18.9	-0.20
Other	0.1	0.13	0.2	0.10	+0.1	-0.03
Total	735.6	20.31	800.0	21.00	+64.4	+0.69

NC2023 FY03/24 Target (B) *		Difference (A)-(B)	
Sales	Operating profit	Sales	Operating profit
284.0	6.30	-38.0	-1.10
119.0	2.60	-	+0.45
52.0	2.50	-	+0.15
344.8	9.00	+38.0	+1.00
0.2	0.10	-	-
800.0	20.50	-	+0.50

*Released May 2022

- From FY03/24 onward, we plan to accelerate investment in renewable energy-related fields in Information & Electronics and compound-related fields in Plastics with an eye to future growth.

(Billions of yen)	FY03/22 Actual	FY03/23 Actual	Major investments in FY03/23	NC2023 cumulative results
Growth investment	1.20	2.86	Information & Electronics: ¥0.34 billion for biomass power generation ¥0.43 billion for investments in electronic components companies Chemicals: ¥0.91 billion for acquisition of Maruishi Chemical Trading (made a subsidiary) Plastics: ¥0.25 billion for facilities (related to compound) ¥0.27 billion for facilities (related to inflation molding)	4.07
Fixed investment	2.01	2.78	Plastics segment: ¥0.36 billion for facilities (related to compound) ¥0.41 billion for facilities (related to inflation molding)	4.78
Total	3.21	5.64		8.85

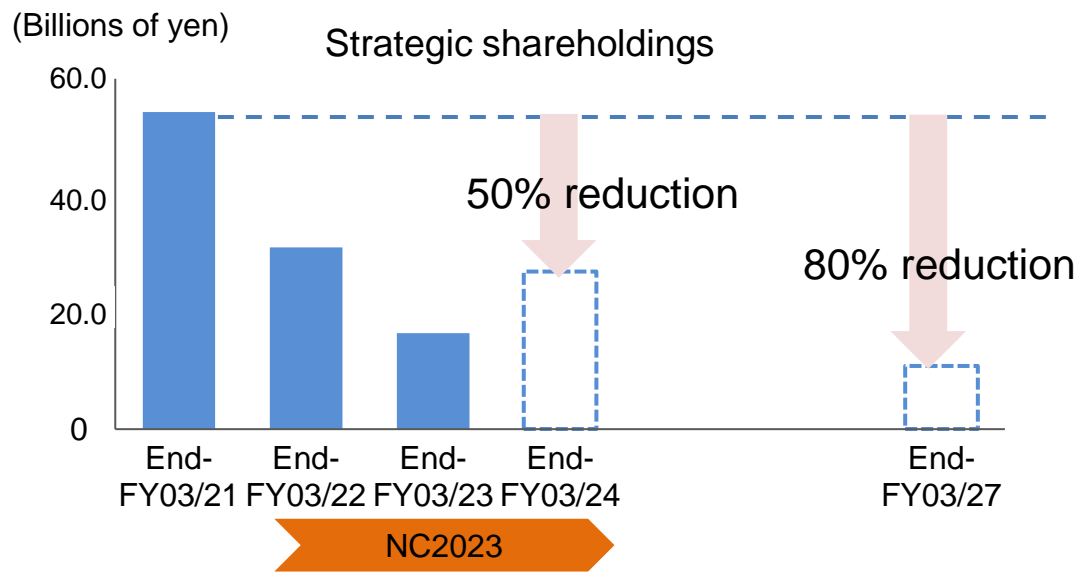
* Digitalization-related investments are included in Fixed investment.

- We made greater-than-expected progress in reducing strategic shareholdings, owing in part to a drop in market prices.

Policy for reducing strategic shareholdings

- Reduce the balance of strategic shareholdings at the end of March 2021 by half during the three years of NC2023
- Further reduce strategic shareholdings in the medium to long term, curtailing the balance of strategic shareholdings at the end of March 2021 by about 80% by the end of March 2027.

⇒ Funds raised from the sale are in principle allocated to shareholder returns and growth investments.



Sales value of strategic shareholdings

FY03/18	¥9,017 million
FY03/19	¥5,298 million
FY03/20	¥3,026 million
FY03/21	¥2,944 million
FY03/22	¥9,367 million
FY03/23	¥10,076 million

*Only includes listed stocks in Japan

*The balance of strategic shareholdings in the graph only includes listed stocks in Japan.

*The balance of strategic shareholdings was calculated using share prices at the end of each term.

■ Returning Profits to Shareholders

Basic Policy on Shareholder Return

During NC2023

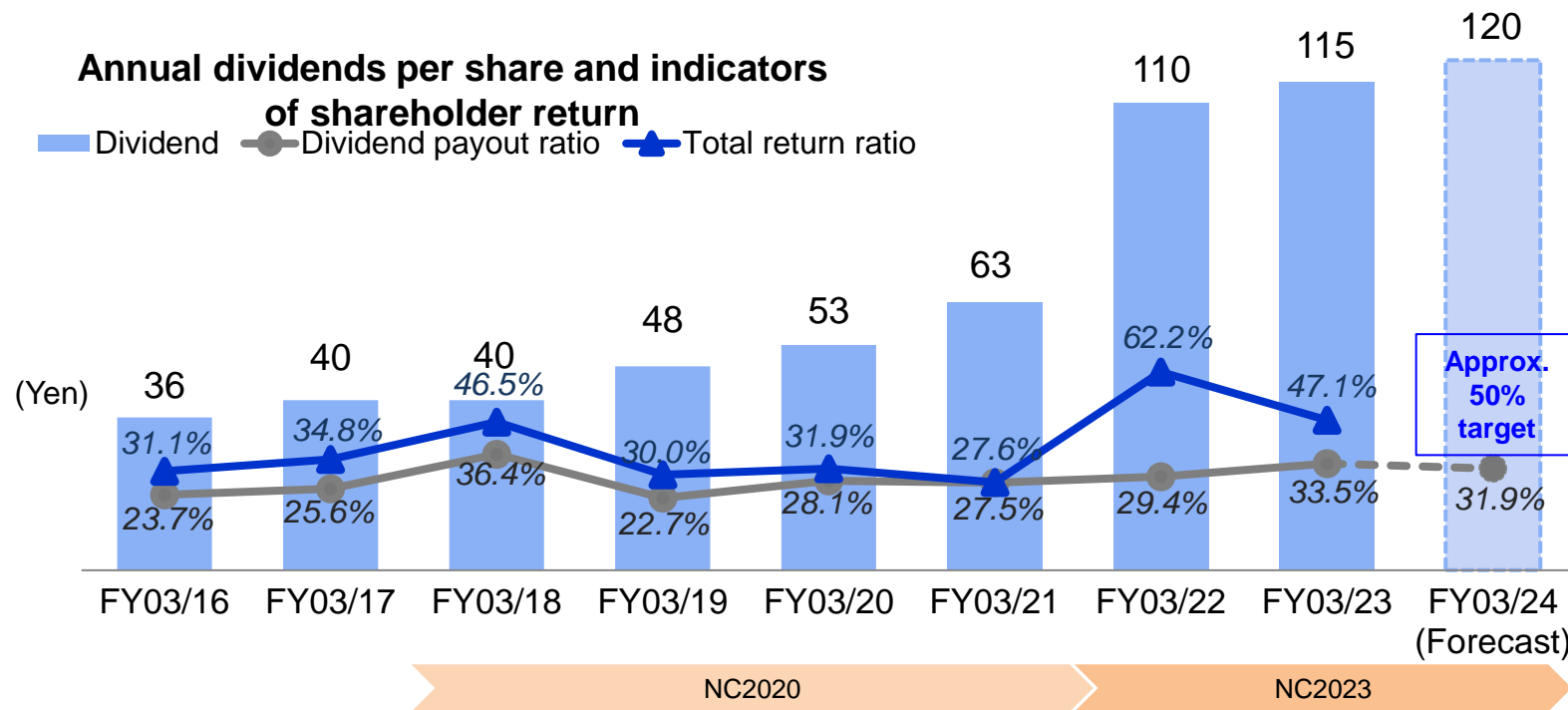
■ Progressive dividends

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

■ 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.

- In FY03/24, we plan to pay a dividend per share of ¥120 (interim ¥55, year-end ¥65)



Treasury Shares ^{*1}	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24 ^{*2}
Acquisition amount	707	891	679	936	425	-	7,499	2,635	2,229
No. of shares Acquired	600	600	400	600	300	-	3,085	1,035	765
No. of shares cancelled	-	-	-	-	-	-	2,700	3,685	1,200

(Millions of yen)

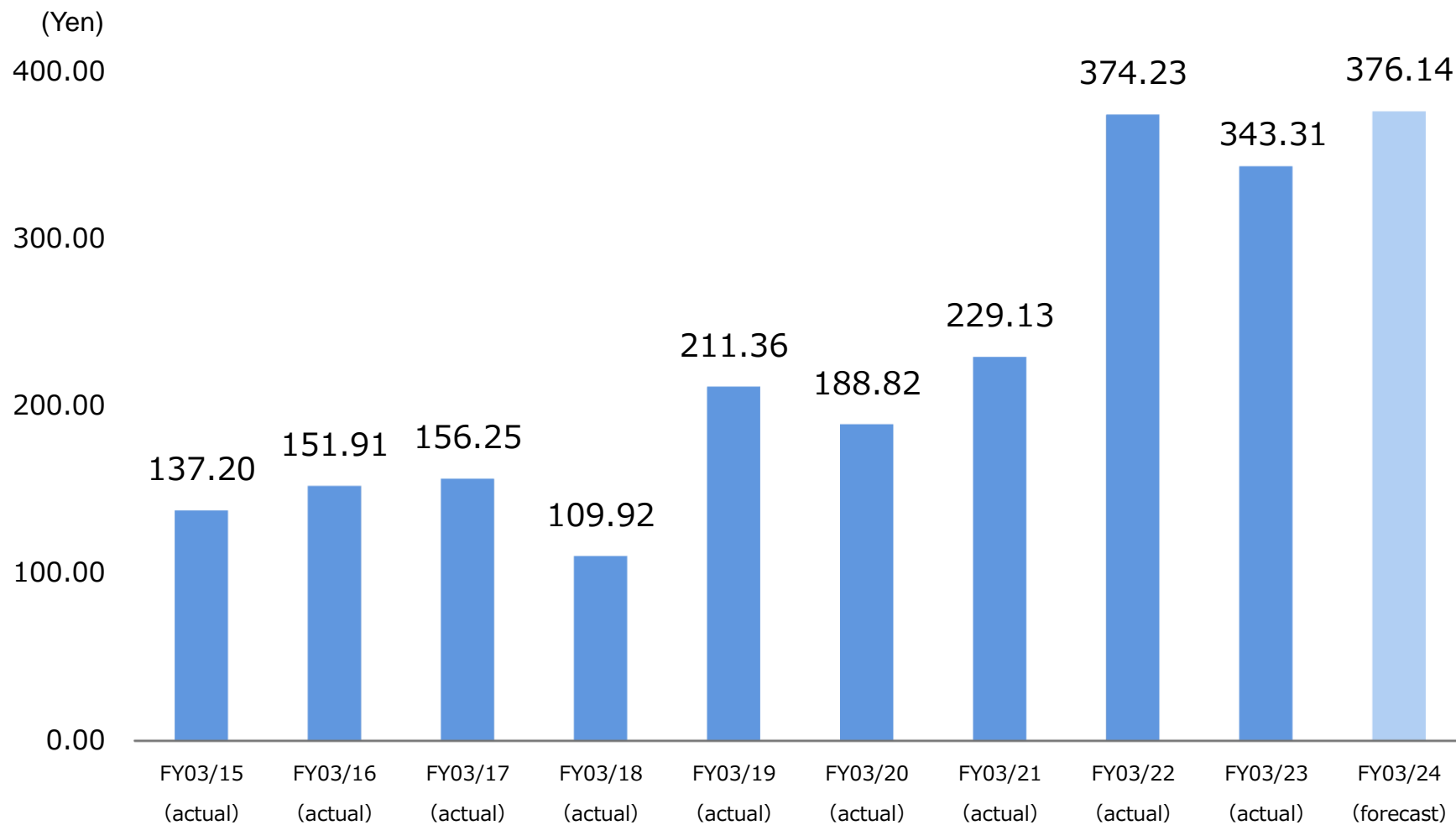
(Thousands of shares)

(Thousands of shares)

*1 Share buyback based on Board resolution

*2 Amounts current as of July 31, 2023

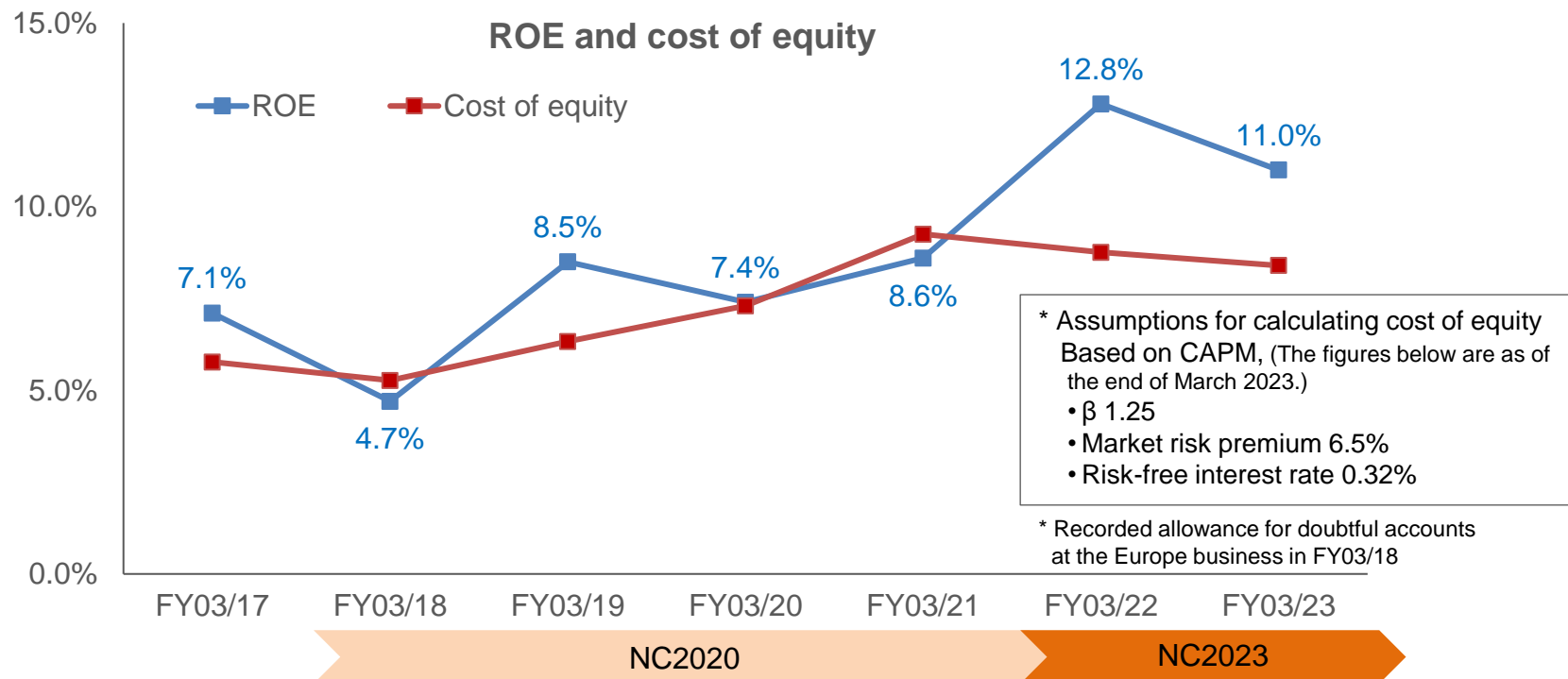
Earnings per Share



- Measures to Realize Management
Conscious of Cost of Capital and Share Prices

Current Status: Cost of Capital vs. Return on Capital

- Since the start of *NC2023*, ROE rose to the level exceeding the cost of equity.
- If we can maintain ROE at 10% or higher, the target set forth in *NC2023*, we can keep ROE above the cost of equity.

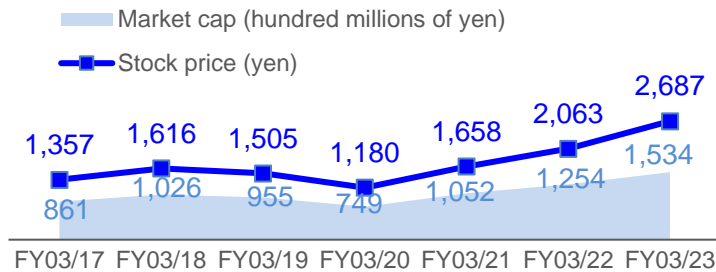


Current Status: Share Price and the Market's Valuation of the Company

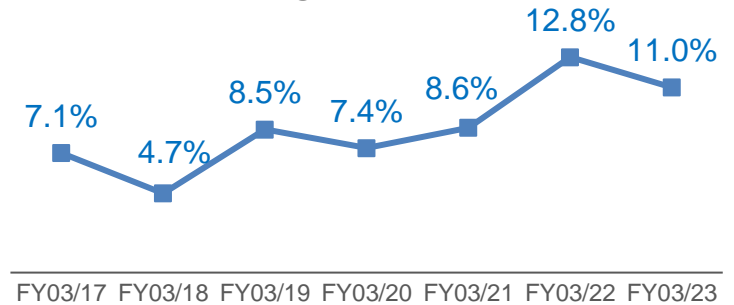
- Share prices steadily increased, reflecting earnings growth and a substantial improvement in shareholder returns.
- PBR was below 1x, but rose mainly on the back of an increase in ROE (0.97x as of September 29, 2023*).
- PER largely remained unchanged at a low level, suggesting that investors have low expectations for our future profit growth.

*Obtained by dividing the closing price on September 29, 2023 by BPS at the end of FY03/23

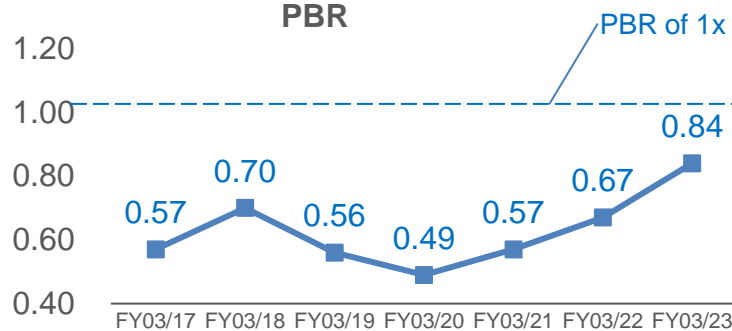
Stock price and market capitalization



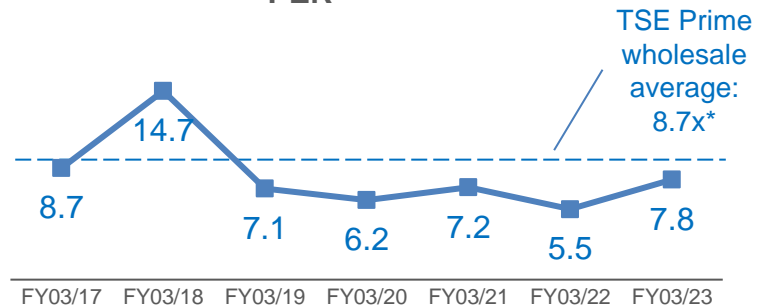
ROE



PBR



PER



*Recorded allowance for doubtful accounts at the Europe business in FY03/18

*All figures are as of the end of the fiscal year

*As of March 31, 2023

Policies/Targets, and Timeline

- At a Board of Directors meeting held in May 2023, we have resolved on the following policies.

□ Policies

Increase the share price so that PBR stays above 1x at all times, as soon as possible, through the following four measures:

- ① Firmly implement growth strategies to drive sustainable growth in business value, and foster expectations for future profit growth
- ② Maintain ROE of 10% or above
- ③ Control and/or curtail the cost of capital, including by utilizing financial leverages
- ④ Continue buying back shares

Specific Measures: Increase Business Value and Foster Growth Expectations

- In line with key initiatives for *NC2023*, we have implemented the following measures. We will strive to generate earnings at an early stage.

Key Initiatives for <i>NC2023</i>	Specific measures underway
1. Further development of core businesses and horizontal expansion into growth sectors	<ul style="list-style-type: none"> • Focus on the automobile, especially EV, field • Acquisition of Maruishi Chemical Trading (made it a subsidiary)
2. Multi-faceted approach to markets with potential for future growth and steady monetization efforts	<ul style="list-style-type: none"> • Participation in biomass power generation business (Fukuyama, Sakaiminato) • Expansion of sales of products that reduce environmental load • Investment in semiconductor-related companies
3. Intensification of investment targeting future growth	<ul style="list-style-type: none"> • Acquisition of Daigo Tsusho (made it a subsidiary) • Establishment of a US subsidiary that manufactures lithium ion battery-related materials • Reinforcement of Business Planning Office functions
5. Continuous review of assets and further improvement of capital and asset efficiency	<ul style="list-style-type: none"> • Fundraising for growth investment through the sale of strategic shareholdings • Issue of straight bonds
6. Enhancement of human capital utilization efforts	<ul style="list-style-type: none"> • Introduction of a restricted stock incentive plan for the employee shareholding association • Utilization of employee engagement surveys • Revision of HR systems to promote diversity • Enhancement of training systems to nurture global talent

Latest investments

Establishment of woody biomass power plant in Sakaiminato, Tottori Pref.

- Jointly invested in the construction and operation of a wood-fired biomass power plant in Sakaiminato, Tottori Pref. with Chubu Electric Power and others (slated to commence operations in 2026)
- Will provide a fuel supply service (imported timber, some domestic timber) for the business

Establishment of new Li-ion battery-related materials company in the US

- Established a manufacturing base in North America for conductive carbon nanotube (CNT) dispersions for lithium-ion battery cathodes in a joint venture with Toyo Ink (slated to commence operations in 2025)
- Aim to expand sales of lithium-ion battery-related materials against a backdrop of growing demand for automotive batteries in the US

Acquisition of shares in Daigo Tsusho Co., Ltd. (made it a subsidiary)

- Daigo Tsusho is highly esteemed for its sale of processed unagi (Japanese eel) products through e-commerce sites
- Aim to expand earnings of the food business by strengthening food manufacture and processing functions and acquiring retail-related know-hows

Specific Measures: Maintain ROE of 10% or above

- Maintain ROE of 10% or above, largely by expanding profits, enhancing profitability, and continuing to control the cost of equity

 - Expand profits and increase GPM
 - Grow mainstay businesses
 - Increase the share of earnings accounted for by highly profitable businesses
 - Make aggressive investments, including in M&A, and generate revenue at an early stage
 - Steadily dispose of strategic shareholdings

 - Control of equity
 - Continue flexible share buybacks and cancellations
 - Maintain a progressive dividend policy
- } Maintain a total return ratio of around 50%

Specific Measures: Control and Curtail Cost of Capital

- By promoting indirect measures in addition to direct measures, reduce risks and information gaps with the market and control and/or curb the cost of capital

□ Direct measures

- Utilize debt (diversify funding methods, including the issue of corporate bonds)
- Buyback and cancel own shares

□ Indirect measures

- Enhance information disclosure
- Actively engage in dialogues with investors (step up efforts to provide explanation)
- Strengthen the Board's monitoring function to continuously monitor performance
- Be selected as a constituent of many ESG indexes by increasing ESG scores

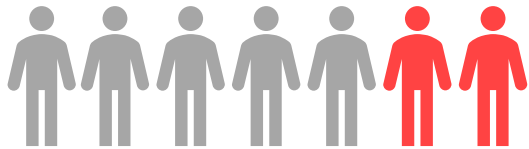
■ Regarding ESG

June 2022

Transition to Company with Audit and Supervisory Committee
Transition to monitoring-type Board of Directors where independent outside directors account for more than half

Directors (excluding audit and supervisory committee members)

7 persons



Outside

Directors (audit and supervisory committee members)

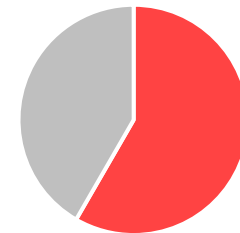
5 persons



Outside

Ratio of independent outside directors

58% (7 out of 12)



Experience and expected roles of directors

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	Global management	Business strategy/ Industry knowledge			Finance and accounting	Legal/ risk management/ Internal control	HR/labor	IT/digital	ESG
			Electronics/ Energy	Materials/ Chemicals	Food/ Life					
Director	Katsutaro Inabata	●		●			●	●		●
	Toyohiro Akao		●	●	●					
	Kenichi Yokota					●	●	●	●	●
	Masahiro Sugiyama		●	●						
	Takashi Shigemori			●		●			●	
	Takako Hagiwara*		●					●		●
	Osamu Chonan*	●			●					
Director (Audit and Supervisory Committee Member)	Kenji Hamashima*	●	●			●				
	Satoshi Tamai*					●	●			
	Minoru Sanari*		●				●			
	Tomokazu Fujisawa*				●		●			
	Noriya Yokota*				●	●		●	●	●

(Note) * denotes an independent outside director.

The following initiatives were implemented to enhance governance

1. Established the Nomination and Remuneration Committee (voluntary) (FY03/2016)

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

- Chairperson : Lead independent outside director
- Current membership: 1 internal director and 3 independent outside directors
- Held 10 times during FY 03/2023

2. Evaluating the board of directors (Since FY03/2016)

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

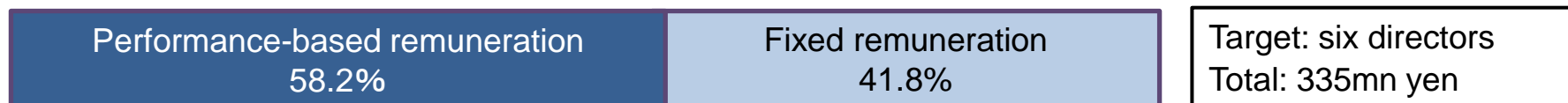
3. Officer Remuneration

From FY03/2024, adopted ROE and share price as indicators for performance-based remuneration

■ Remuneration for directors who are not Audit and Supervisory Committee members*

- 1) Fixed remuneration
- 2) Performance-based remuneration:
 - Profit before taxes (excluding gains on the sale of a portion of strategically held shares)
 - Return on invested capital (ROIC and ROE)
 - Share price
 - ESG scores from several outside evaluation agencies (FTSE Russell and MSCI)Performance-based compensation is calculated by multiplying each of the above coefficients.
- 3) 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 FY03/2023



■ Remuneration for directors who are Audit and Supervisory Committee members

- 1) Fixed remuneration only

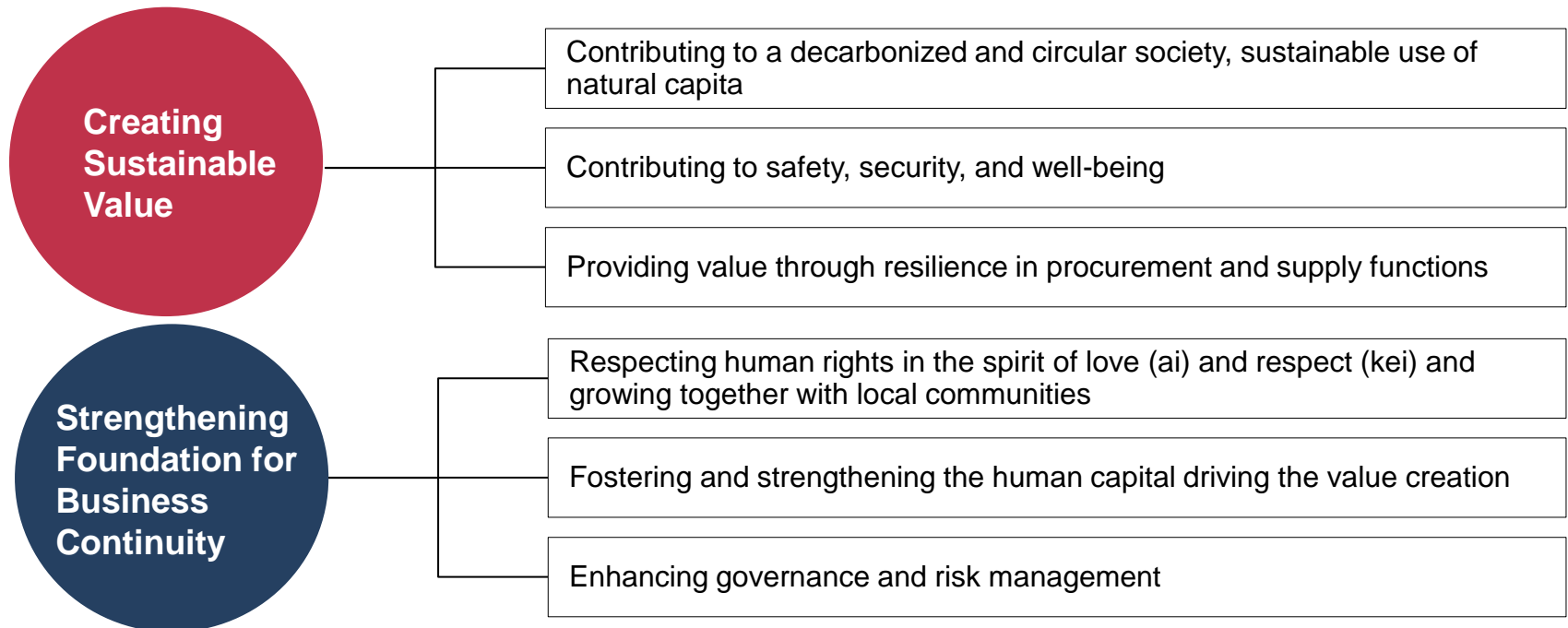
* Remuneration for directors who are not executive directors is fixed remuneration only.

■ We accelerated sustainability initiatives in FY03/2023.

October 2021	Established Sustainability Committee Chaired by the Company president; all directors, including those from outside the Company, participate in the Committee as a member or observer
November 2021	Formulated the Inabata Group Sustainability Basic Policy and the Code of Conduct
March 2022	Formulated Inabata Group Human Rights Policy
April 2022	Signed UN Global Compact (UNGC)
June 2022	Announced “2050 Carbon Neutrality Declaration” Defined materiality issues Began disclosures in accordance with TCFD recommendations
August 2022	Selected as a component of the FTSE Blossom Japan Sector Relative Index
March 2023	Certified as a Health & Productivity Management Outstanding Organization 2023
April 2023	Endorsed the recommendations of TCFD
August 2023	Selected as a component of the FTSE Blossom Japan Index

June 2022

Established materiality for sustainable growth



Products that reduce environmental load: Sales by field



- Sales of eco-friendly (i.e., environmental load-reducing) products steadily expanded as we strengthened measures targeting the Energy & Power and Resources & Environment fields.
- From FY03/24 onward, we will focus on expanding sales of eco-friendly and recycled resins.

(Billions of yen)

Field	Main contents	Sales		
		FY03/22 (actual)	FY03/23 (actual)	FY03/24 (forecast)
Energy & Power	Renewable energy-related, battery-related, etc.	13.4	17.5	27.4
Resources & Environment	Sustainable raw materials, recycling, water-related	4.2	7.5	9.9
Materials & Chemicals	Low carbon materials, reduction of environmental pollutants, etc.	0.7	1.5	4.2
Environmental certifications	Certified products of FSC, PEFC, MSC, ASC, etc.	0.3	0.3	0.9
Total* * Simple aggregate value		18.7	26.9	42.6

Forest Stewardship Council: FSC certification ensures that products come from responsibly managed forests and recycled resources.

Marine Stewardship Council: MSC certification ensures that marine products obtained through sustainable fishing.

Aquaculture Stewardship Council: ASC certification ensures that marine products produced through sustainable farming.

From FY03/23, some product categories have been reclassified (solar cell and EV battery materials were moved from Materials & Chemicals to Energy & Power). FY03/22 sales figures have been retroactively adjusted to reflect this change.

Fostering and Strengthening Human Capital



Our strengths are “human resources” and “information”

Identifying issues through engagement surveys to increase HR capabilities, the source of value creation

- ✓ In HR systems and training, which were issues in FY2021, further enhanced internal recruitment, career development support system, and training for managers, and introduced elective training programs open to employees of all positions

		FY03/2022	FY03/2023	FY03/2024
Number of employees surveyed	Total (Inabata & Co., Ltd. / Main overseas trading companies)	1,400 (587/813)	1,697 (606/1,091)	1,901 (652/1,249)
Response rate	Total	49%	73%	72%
Main items*	【Engagement】 I am satisfied with the work I am doing at Inabata now	70%	73%	76%
	【Relationship with superiors】 I have the necessary collaboration with my supervisor at work	75%	80%	80%
	【Organizational culture】 When a problem occurs in the course of my duties, my supervisor and the people around me provide appropriate support	83%	85%	83%
	【Corporate philosophy】 I can relate to Inabata’s philosophy, vision and management policies, and I want to participate in achieving them	70%	73%	73%
	【Human resources system and benefits】 Inabata’s salary standards are satisfactory, compared to other companies in the same industry	59%	55%	57%
	【Human resources system and training】 Inabata supports employee training to improve their skills	41%	48%	54%
	【WLB (work-life balance)】 Overtime is kept to a level that is acceptable for me	64%	69%	75%

*Note: The percentage of respondents who chose either (5) Strongly agree or (4) Agree on a five-point Likert scale.

Institutional improvements

1. Diversity and Inclusion

Diverse workstyles

- ✓ Established remote work and work-from-home systems to accommodate flexible workstyles (for all employees)

Promoting participation by women

- ✓ Messages from top management communicated through internal website and newsletters
- ✓ Conducted briefing meetings on changes of positions and interviews with female employees
- ✓ Expanded work-from-home systems and support in balancing work with caring for children and seniors, or with treatments for personal injuries or illnesses



Video message from the President, posted on the internal website

Supporting participation by seniors

- ✓ Extended retirement age to 65, established a senior employment contract system and a reemployment contract system for employees over 65, and conducted career training and skills development for employees in their 40s and 50s.

2. Introduced restricted stock units for employee stock ownership plan

Summary of Financial Results for Q1 FY03/2024 and Full-Year Outlook

Net sales: **¥184.5 billion** **+0.3% YoY**

Despite contributions from newly consolidated subsidiaries (through M&A) and a weak yen, net sales were flat YoY due to sales declines in Plastics and Information & Electronics in Asia.

Operating profit: **¥5.0 billion** **-4.9% YoY**

Operating profit declined due to higher personnel and other expenses.

Ordinary profit: **¥5.3 billion** **-0.9% YoY**

Ordinary profit was down slightly, despite the absence of equity in losses of affiliates booked in Q1 FY03/23, as a result of decreases in operating profit and dividend income, and higher interest expenses.

Profit attributable to owners of parent: **¥7.7 billion** **+69.3% YoY**

Bottom-line profit expanded, owing to gains on negative goodwill (gain on bargain purchase) in connection with newly consolidated subsidiaries through M&A.

Consolidated Results Review – Q1 FY03/2024



(Billions of yen)

	Q1 FY03/23	Q1 FY03/24 (A)	YoY change		Forecast announced May 10, 2023 (B)	Achievement rate (A)/(B)
			Amount	%		
Net sales	184.0	184.5	+0.4	+0.3%	800.0	23.1%
Operating profit	5.3	5.0	-0.2	-4.9%	21.0	24.2%
Ordinary profit	5.3	5.3	-0.0	-0.9%	20.0	26.7%
Profit attributable to owners of parent	4.5	7.7	+3.1	+69.3%	21.0	36.8%
Exchange rate (USD/JPY)	129.73	137.49	+7.76		130.00	

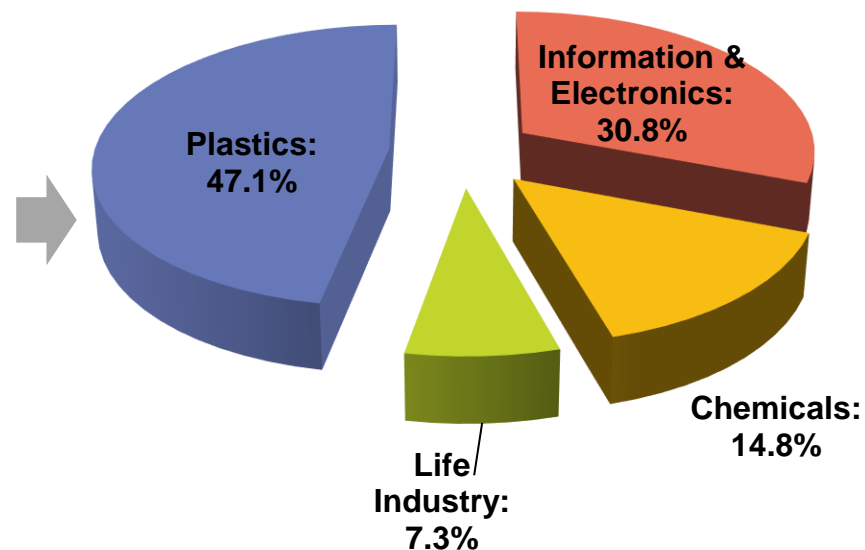
Net Sales by Business Segment

- Net sales declined in Information & Electronics due to sluggish sales of FPD-related products.
- Net sales grew in Chemicals and Life Industry, owing in part to contributions from newly consolidated subsidiaries.

Net Sales

(Billions of yen)

	Q1 FY03/23	Q1 FY03/24	YoY change
Information & Electronics	60.4	56.9	-5.8%
Chemicals	22.5	27.2	+21.0%
Life Industry	11.3	13.4	+18.1%
Plastics	89.6	86.8	-3.1%
Other	0.0	0.0	+2.7%
Total	184.0	184.5	+0.3%



*Contributions from newly consolidated subsidiaries in Q1 FY03/24 (simple sum):
Chemicals: +¥7.4 billion, Plastics: +¥3.1 billion, Life Industry: +¥2.5 billion

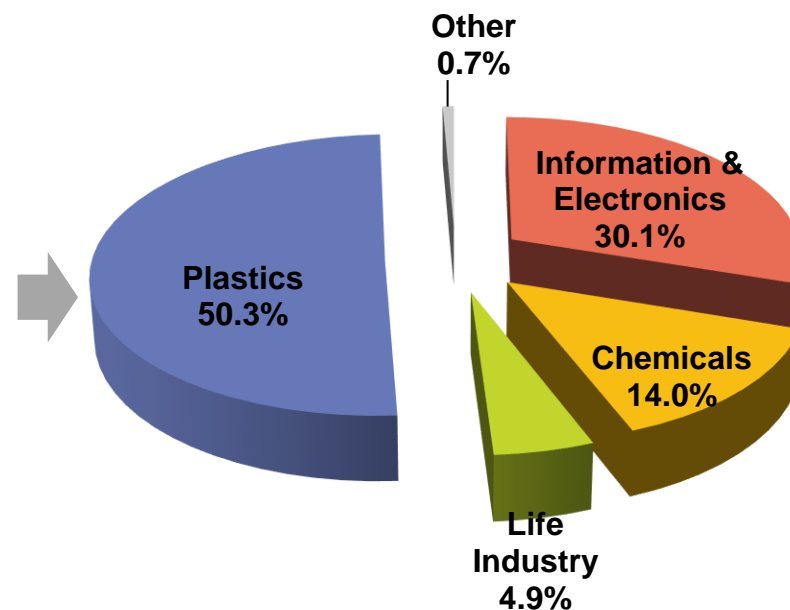
Operating Profit by Business Segment

- Profit declined in Information & Electronics, due to higher SG&A expenses and slow sales of FPD-related products.
- Profit was down in Chemicals, due to difficult comparison with strong performance a year ago.
- Profit fell sharply in Life Industry, as a result of lower sales and diminished profitability of seafood products in the US and one-time M&A expenses.
- Profit improved in Plastics, as domestic group companies made progress in revising the selling prices of plastic bags.

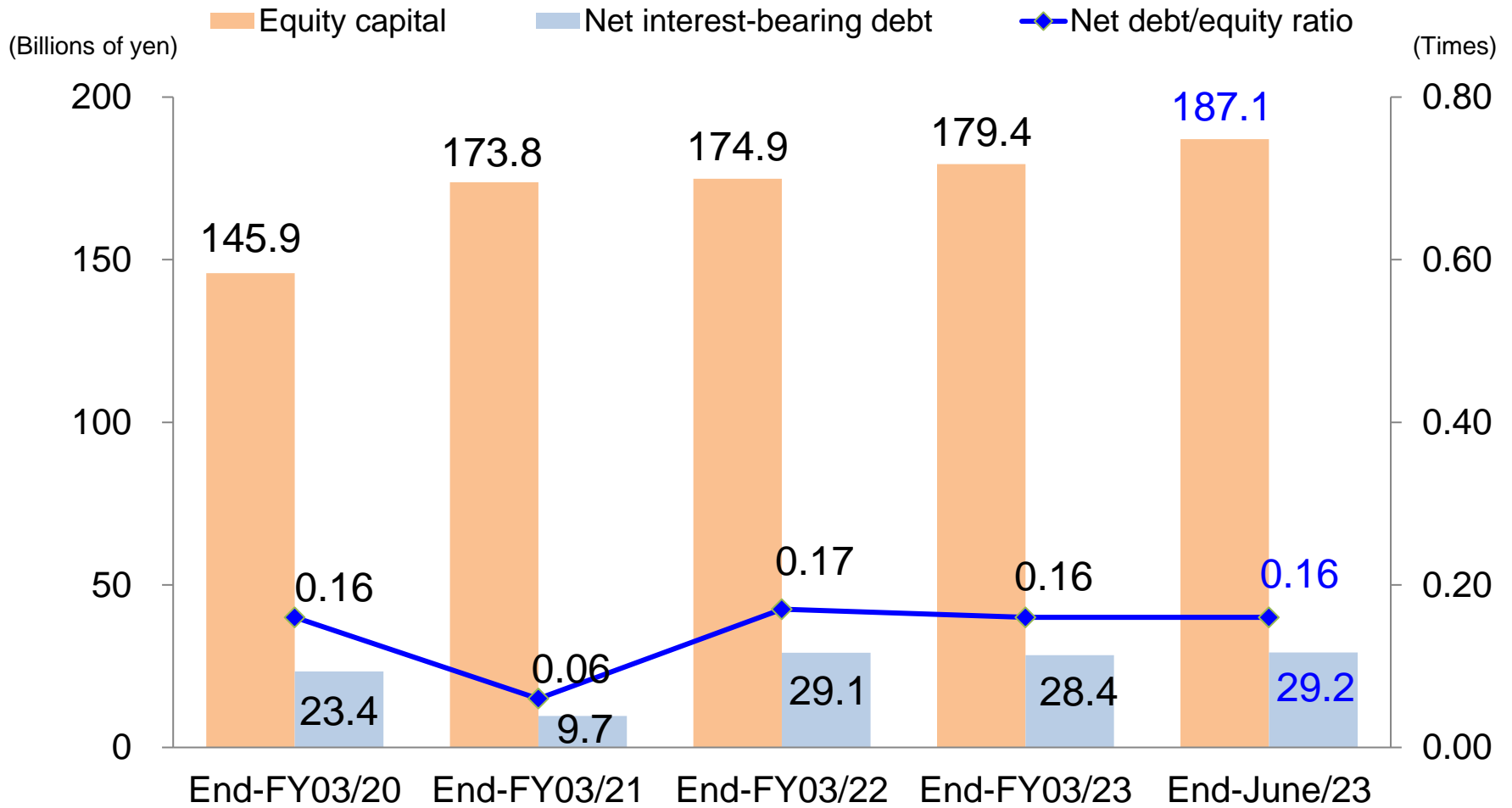
Operating profit

(Millions of yen)

	Q1 FY03/23	Q1 FY03/24	YoY change
Information & Electronics	1,592	1,525	-4.2%
Chemicals	731	709	-3.1%
Life Industry	776	249	-67.8%
Plastics	2,203	2,552	+15.9%
Other	31	34	+7.8%
Total	5,335	5,071	-4.9%



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 = (Short-term loans payable + Long-term loans payable + Bonds payable – cash and deposits) / equity capital

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 19 countries

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

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

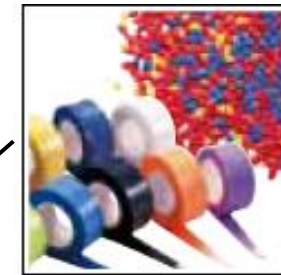


3. 4 Business Segments

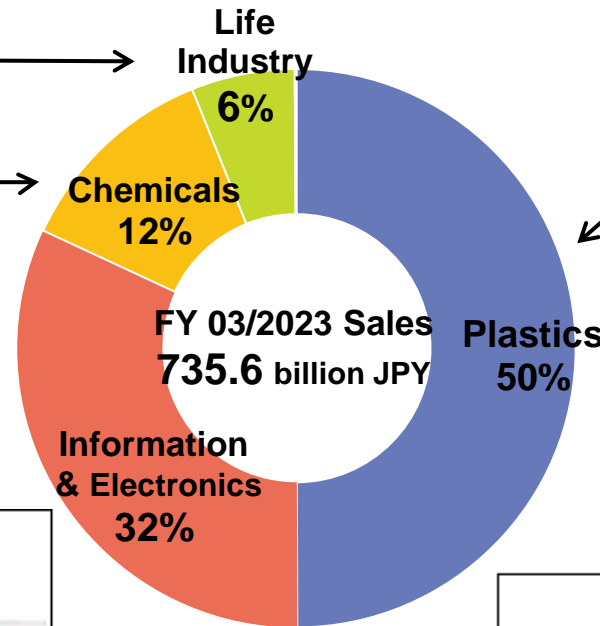
Operating in 4 segments: Information & Electronics, Chemicals, Life Industry and Plastics



Materials for pharmaceuticals and household products, agricultural and marine products



Plastic materials, compounds, various film and sheet products



Resin and rubber materials, materials and additives for paints, inks, adhesives
Lumber, laminated timber, housing equipment

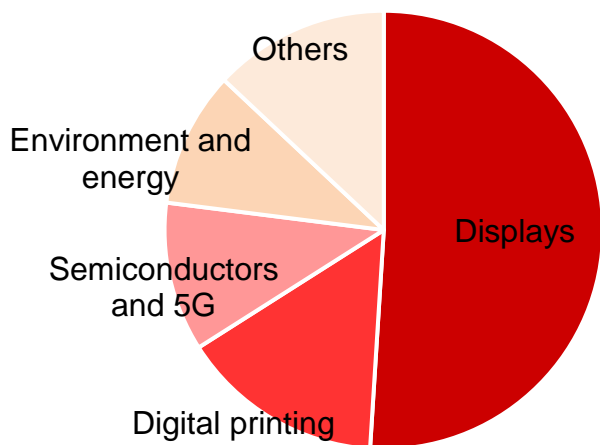


LCD components, inkjet and toner materials, LED materials

Composition of Products and Materials (FY03/2023) **IK**

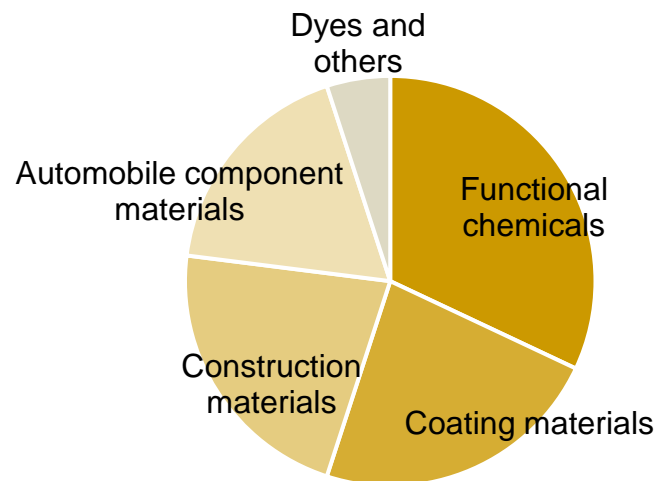
Information & Electronics

Sales ¥238.0 billion



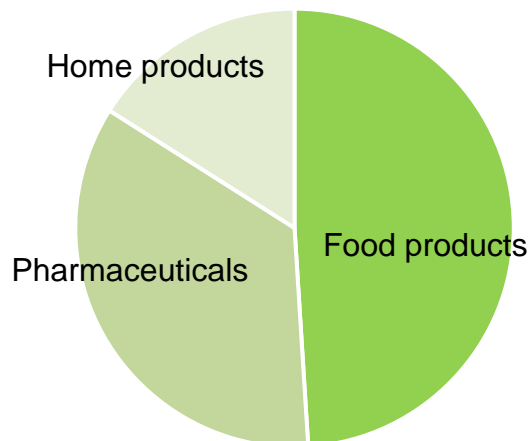
Chemicals

Sales ¥89.8 billion



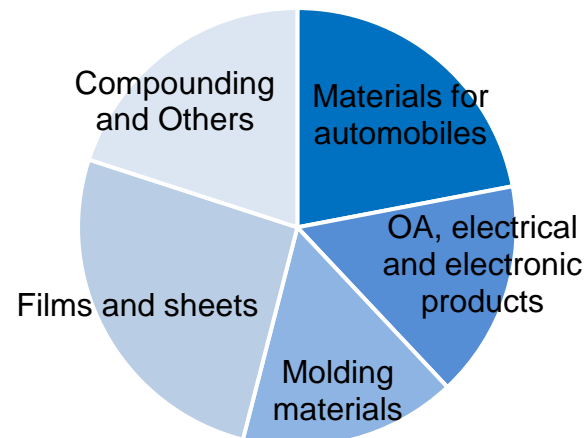
Life Industry

Sales ¥43.6 billion



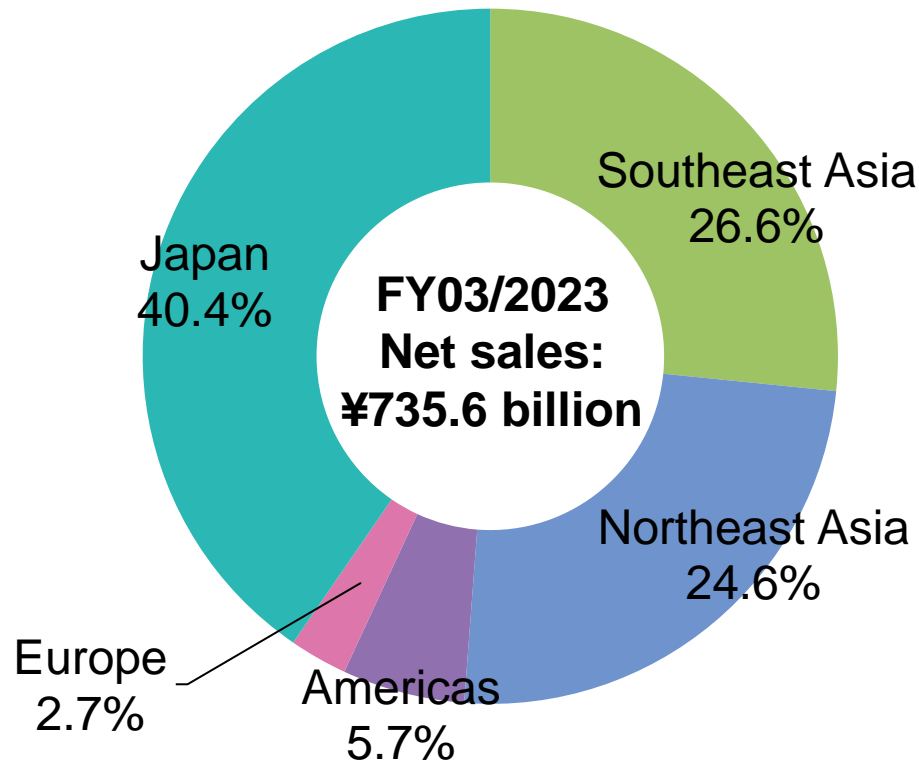
Plastics

Sales ¥363.9 billion



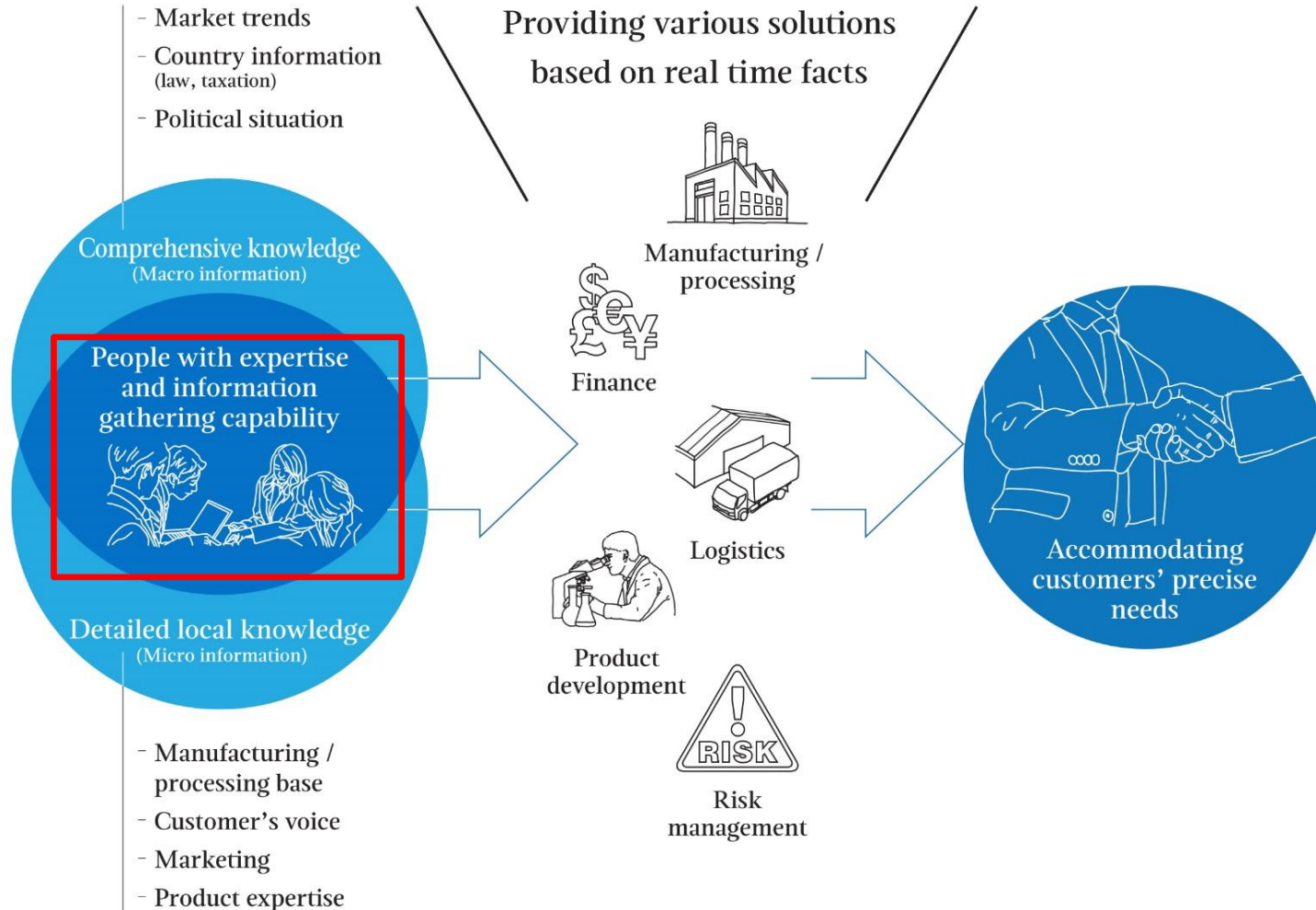
Conducting business globally at about 60 locations in across 19 countries

IK Group's sales by region



Inabata's Wide Range of Capabilities

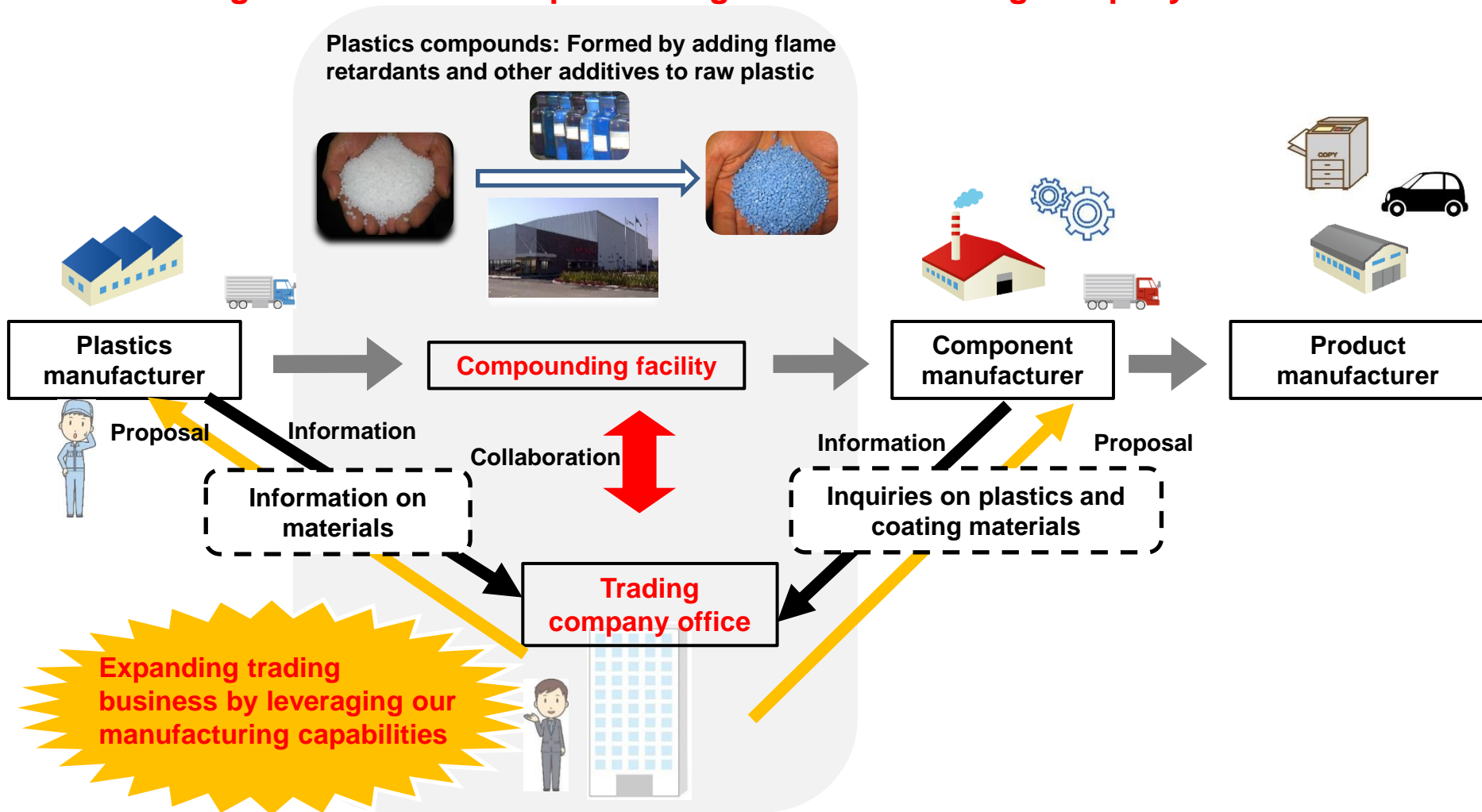
Highly specialized people
empowered with cutting-edge information



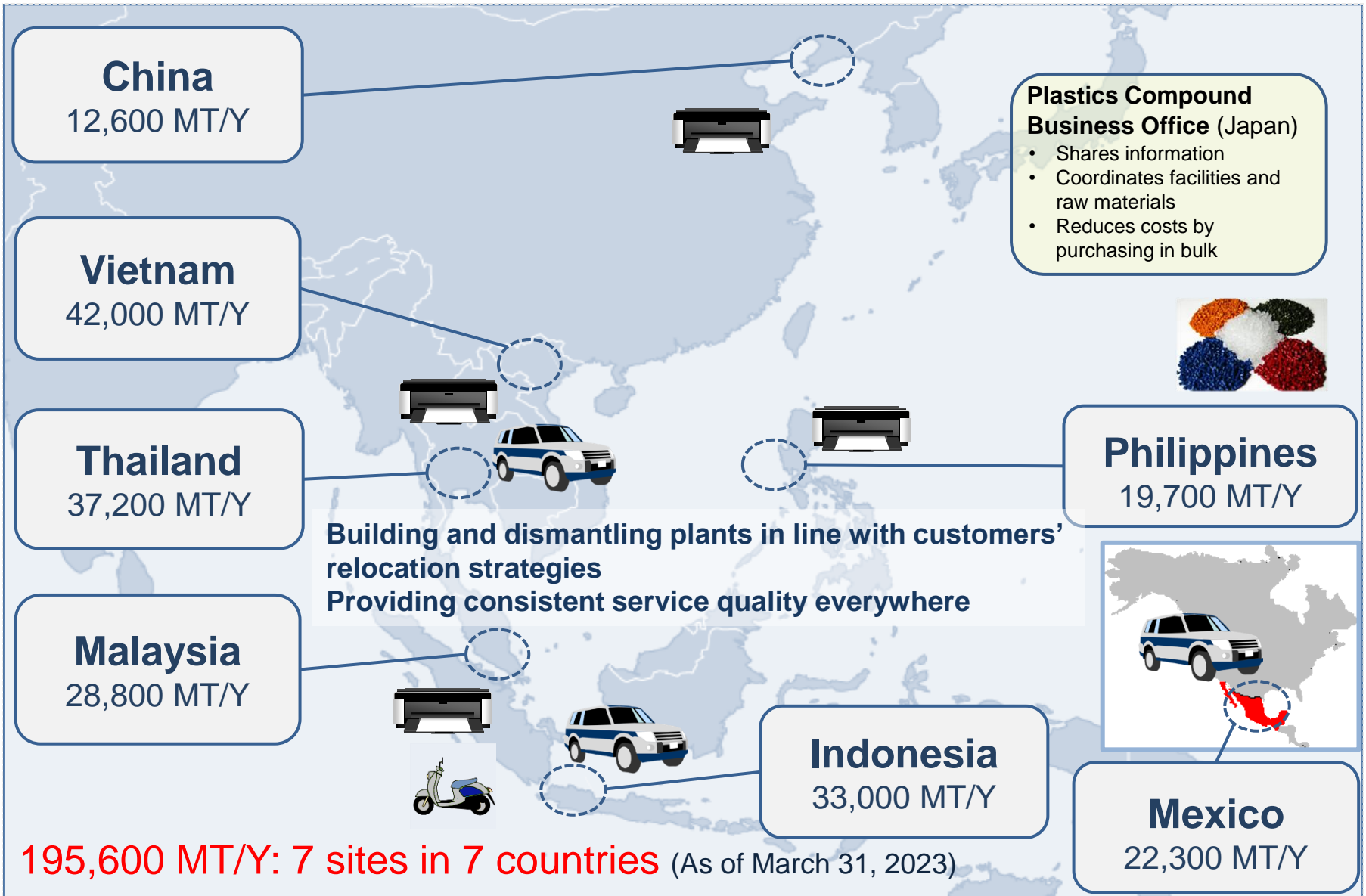
Inabata's Strengths [Manufacturing and Processing]



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.



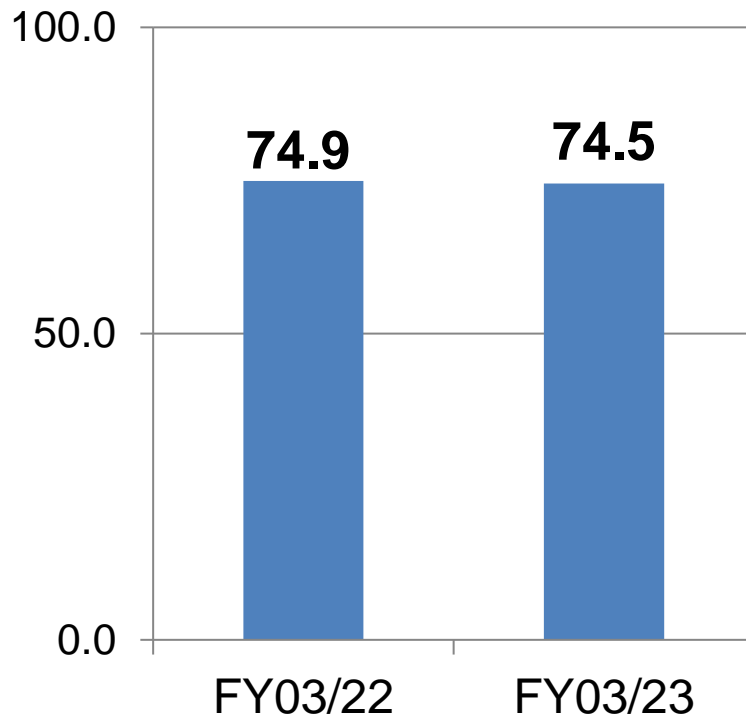
Inabata's Strengths [Plastic Compounding Facilities]



Manufacturing and processing businesses account for 10–15% of consolidated sales and operating profit
Positioned as a means of expanding trading functions

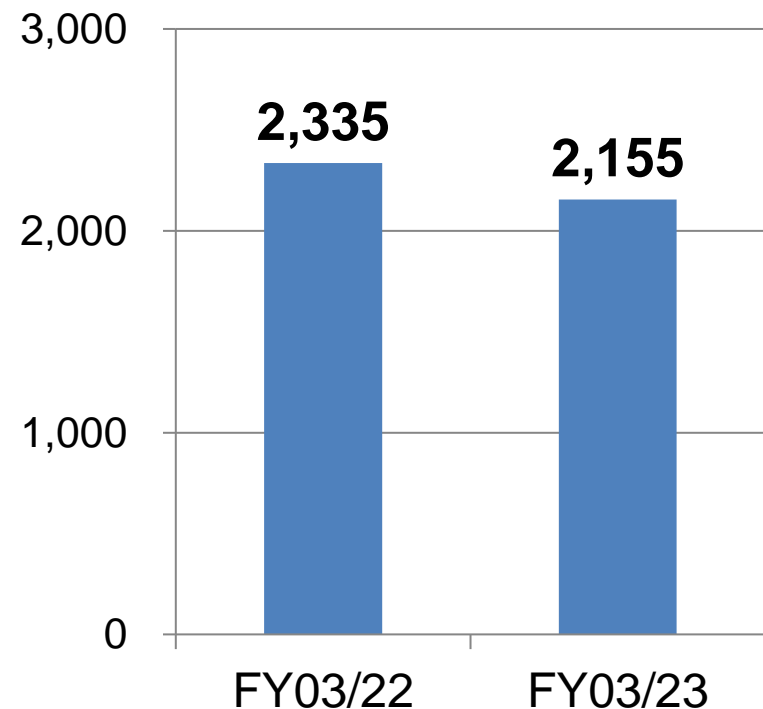
Sales

(Billions of yen)



Operating profit

(Millions of yen)



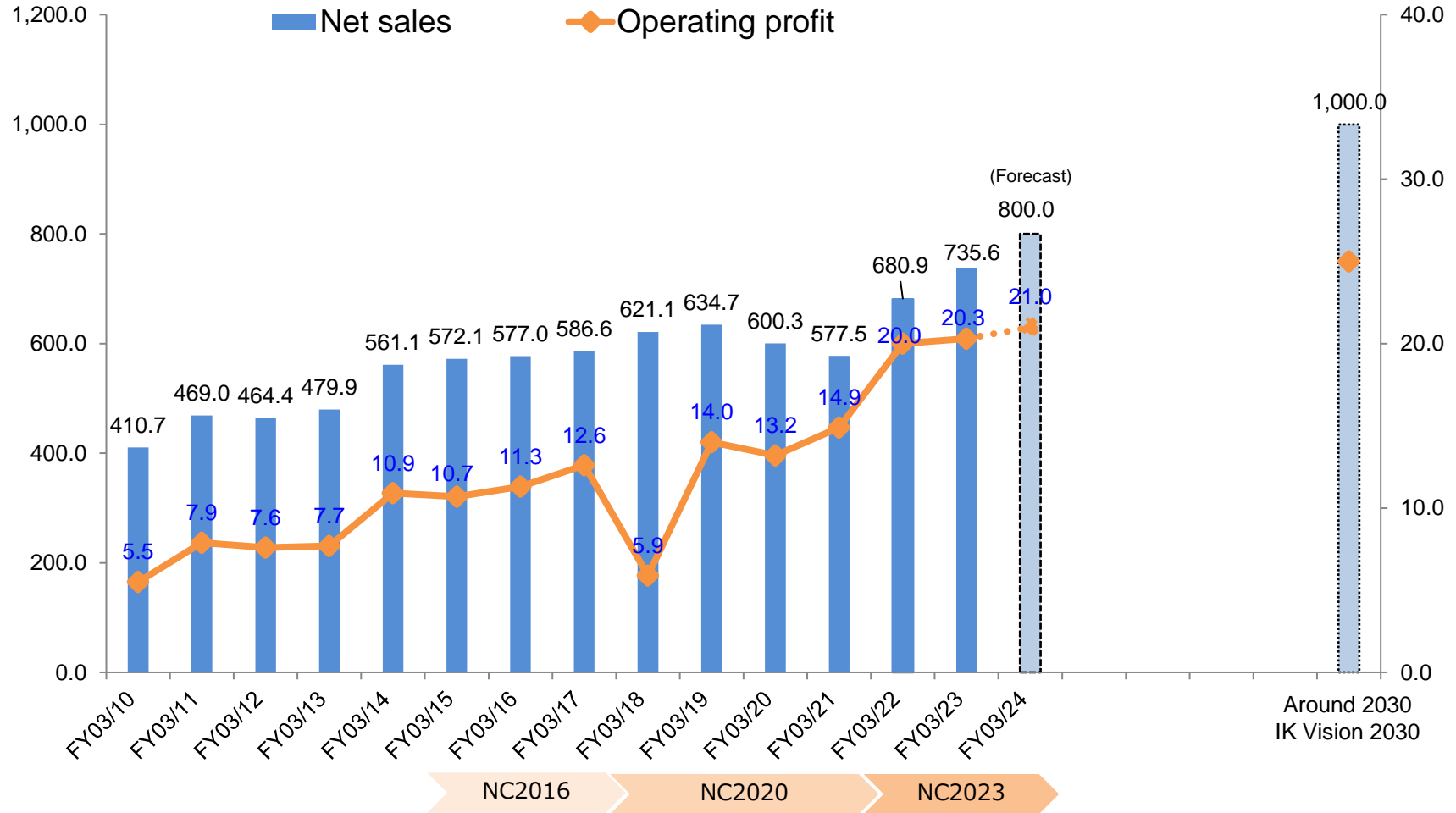
Note: Results for FY03/22 have been converted at the exchange rate for FY03/23 (USD1=JPY135.50).

Net Sales and Operating Profit



(Net sales: Billions of yen)

(Operating profit: Billions of yen)

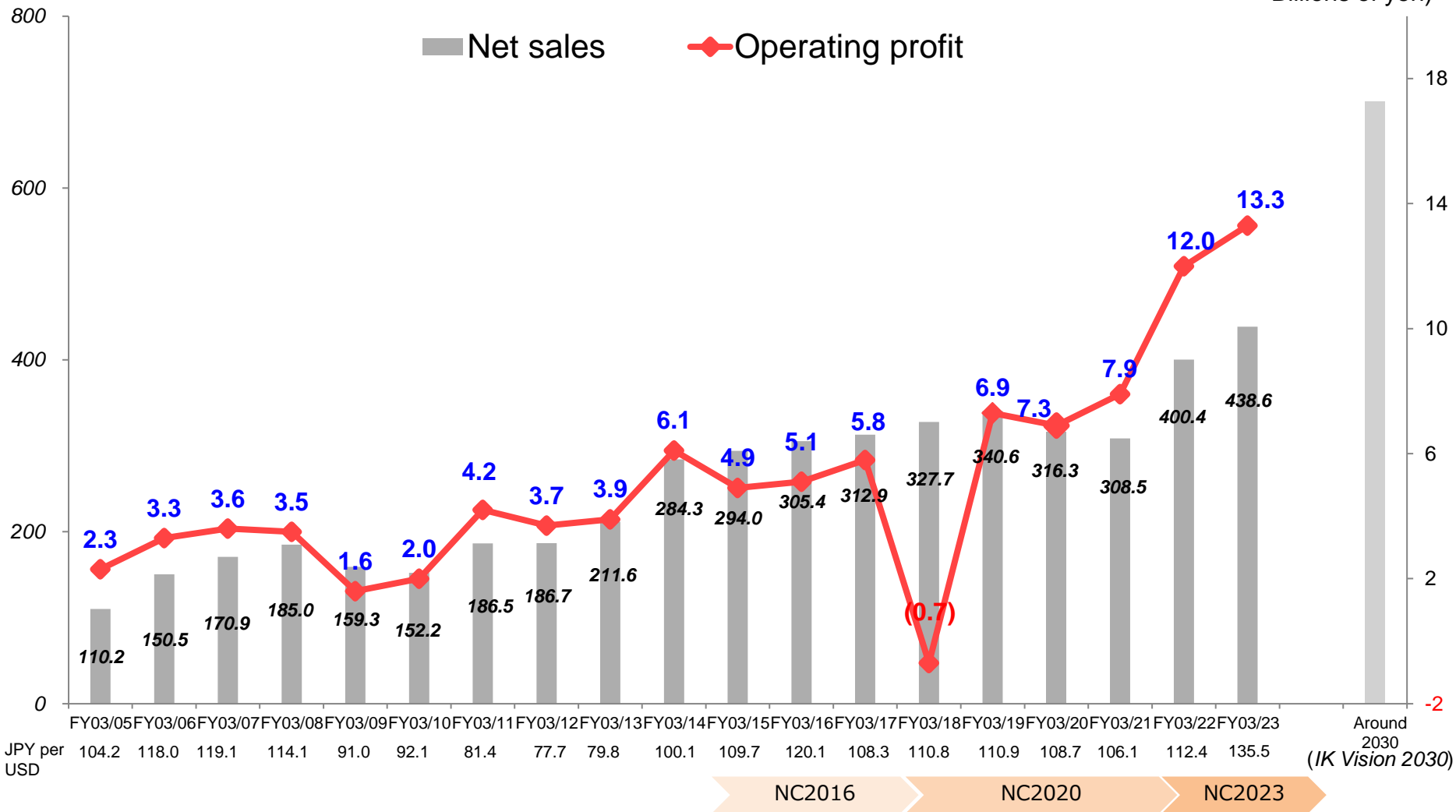


Overseas Sales and Operating Profit

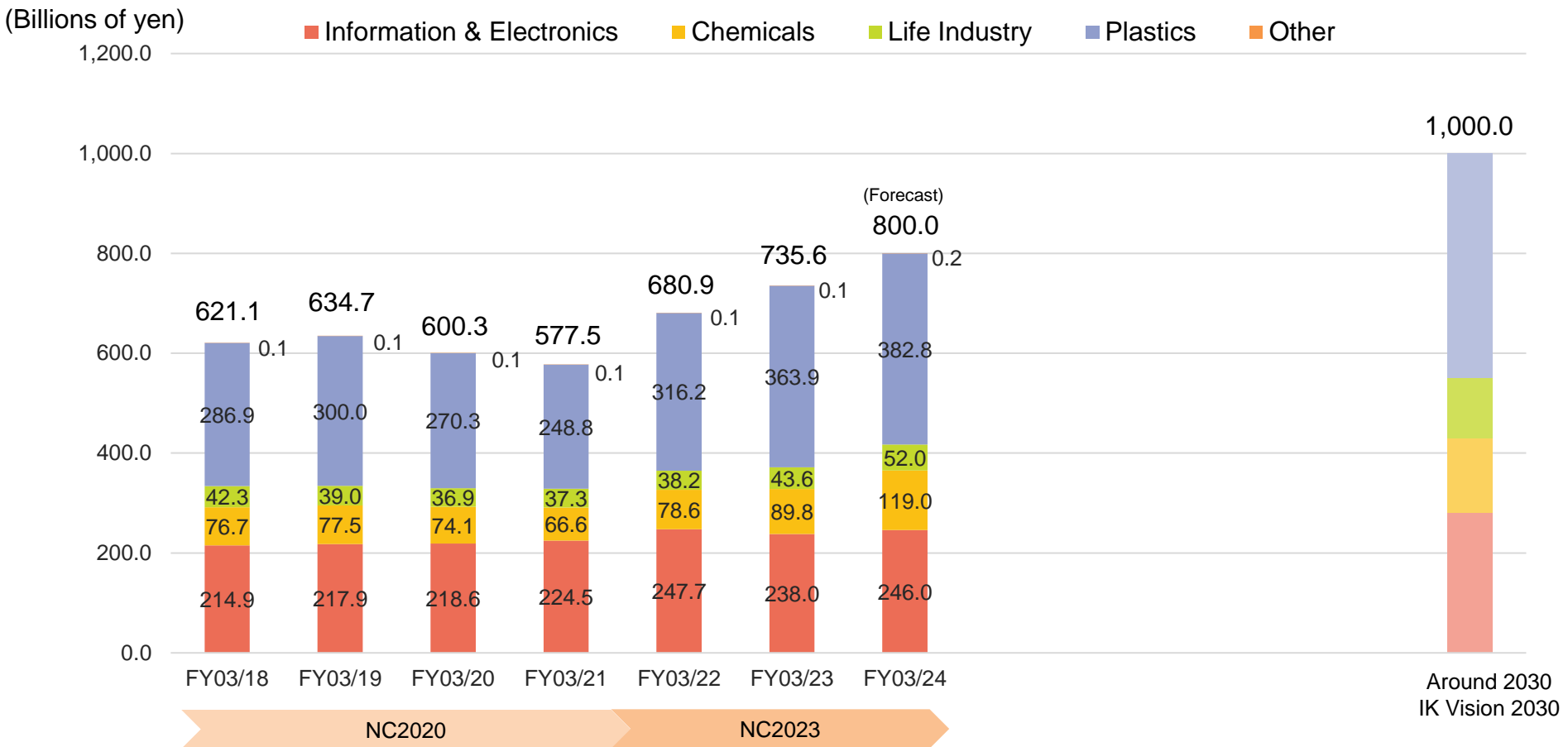


(Operating profit: Billions of yen)

(Net sales: Billions of yen)



Sales by Segment

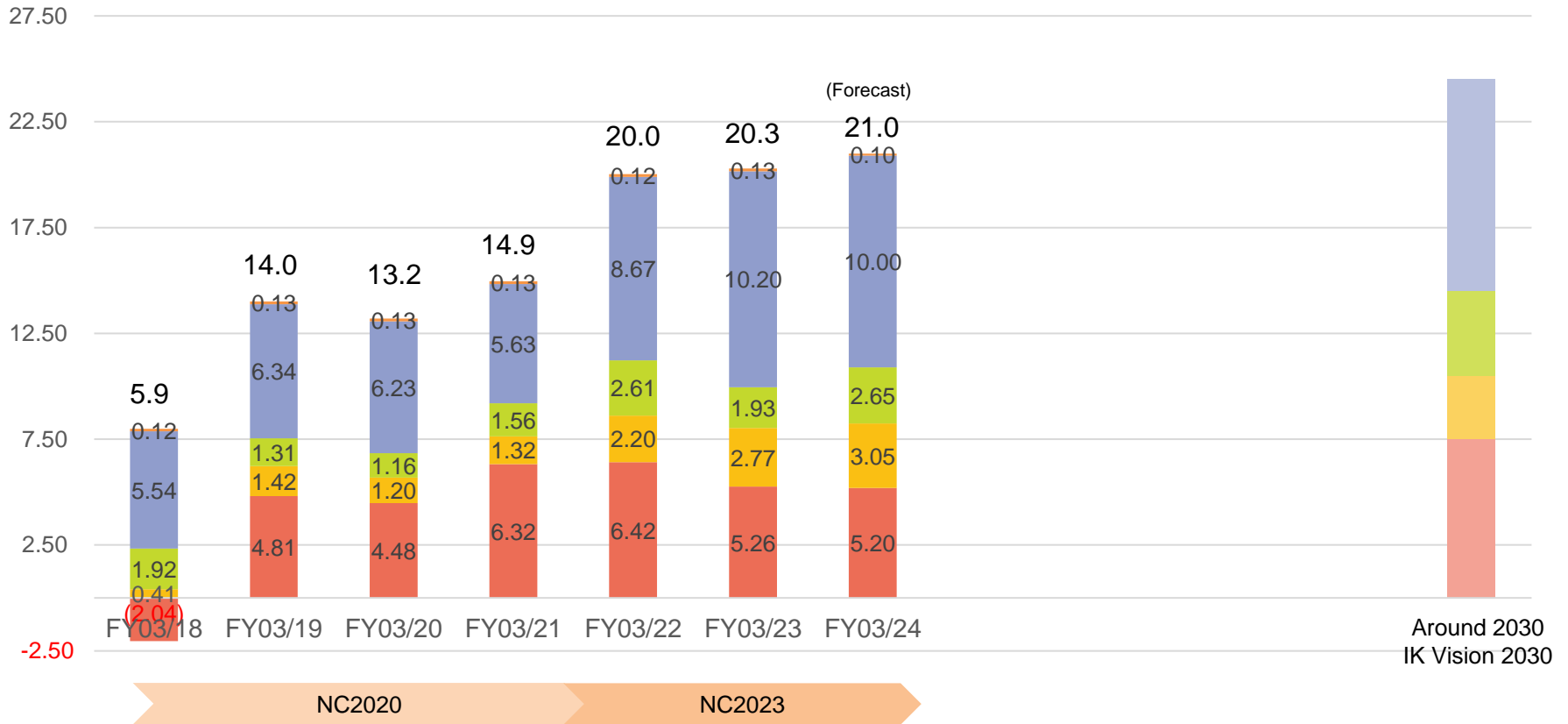


Operating Profit by Segment



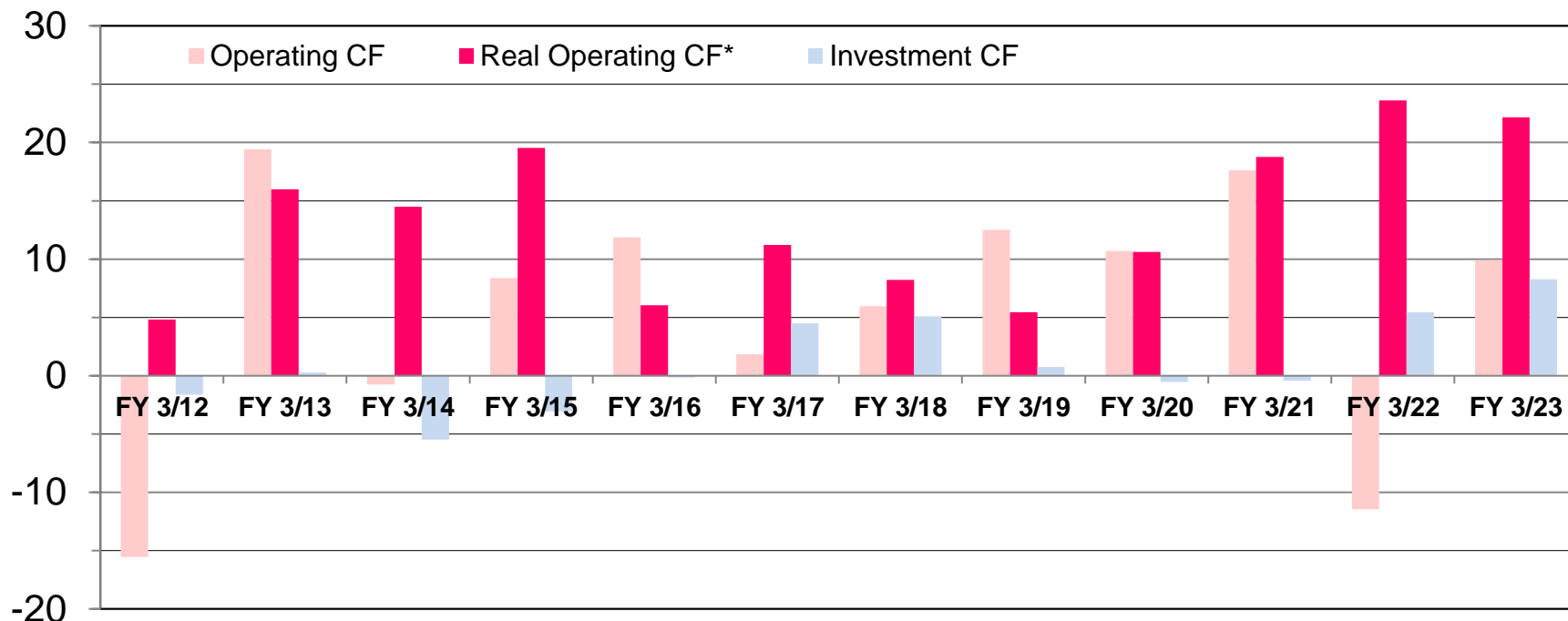
(Billions of yen)

Information & Electronics Chemicals Life Industry Plastics Other



Trends in Cash Flow

(billions of yen)



(millions of yen)

	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	FY 3/22	FY 3/23
Operating CF	-15,534	19,400	-764	8,354	11,866	1,840	5,960	12,510	10,690	17,613	-11,448	9,915
Change in WC	-20,357	3,414	-15,244	-11,179	5,821	-9,367	-2,249	7,071	70	-1154	-35,050	-12,244
Real Operating CF	4,823	15,986	14,480	19,533	6,045	11,207	8,209	5,439	10,620	18,767	23,602	22,159
Investment CF	-1,629	277	-5,467	-3,044	-161	4,504	5,086	743	-525	-423	5,446	8,278

* Cash flows associated with operating activities – Cash flows associated with change in working capital
 Working capital = Trade receivables + Inventory – Trade payables

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 improvement of 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

- Reduce the balance of strategic shareholdings at the end of March 2021 by half during the three years of NC2023
- Further reduce strategic shareholdings in the medium to long term, cutting the balance of strategic shareholdings at the end of March 2021 by about 80% by the end of March 2027
- The policy is to allocate the funds obtained from the sale of shares held as strategic shareholdings not to internal reserves but to shareholder returns and investment for future growth.

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

1. Evaluating the board of directors

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

■ FY03/21

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

■ FY03/22

Performed a self-evaluation using a survey format

■ FY03/23

Performed a self-evaluation using a survey format

⇒ In April 2023, disclosed summary of evaluation and measures going forward

2. Evaluating the Board of Directors

FY03/2023 (self-evaluation)

Summary of evaluation

- The operating status of the Board received high marks overall
- Open and lively discussions were confirmed
- Outside directors contributed
- The Nomination and Remuneration Committee and the Audit & Supervisory Board were properly operated
- There was sufficient reporting on the status of dialogues with investors and shareholders

Improvements based on issues raised in self-evaluations in FY03/2022

- Discussions on succession planning and sustainability-related issues
- Provision of sufficient information by the Nomination and Remuneration Committee to the Board
- Communication among outside directors, which had been insufficient due to the impact of COVID-19
- Further improvements in communicating information to the capital market

Issues to be addressed in the future

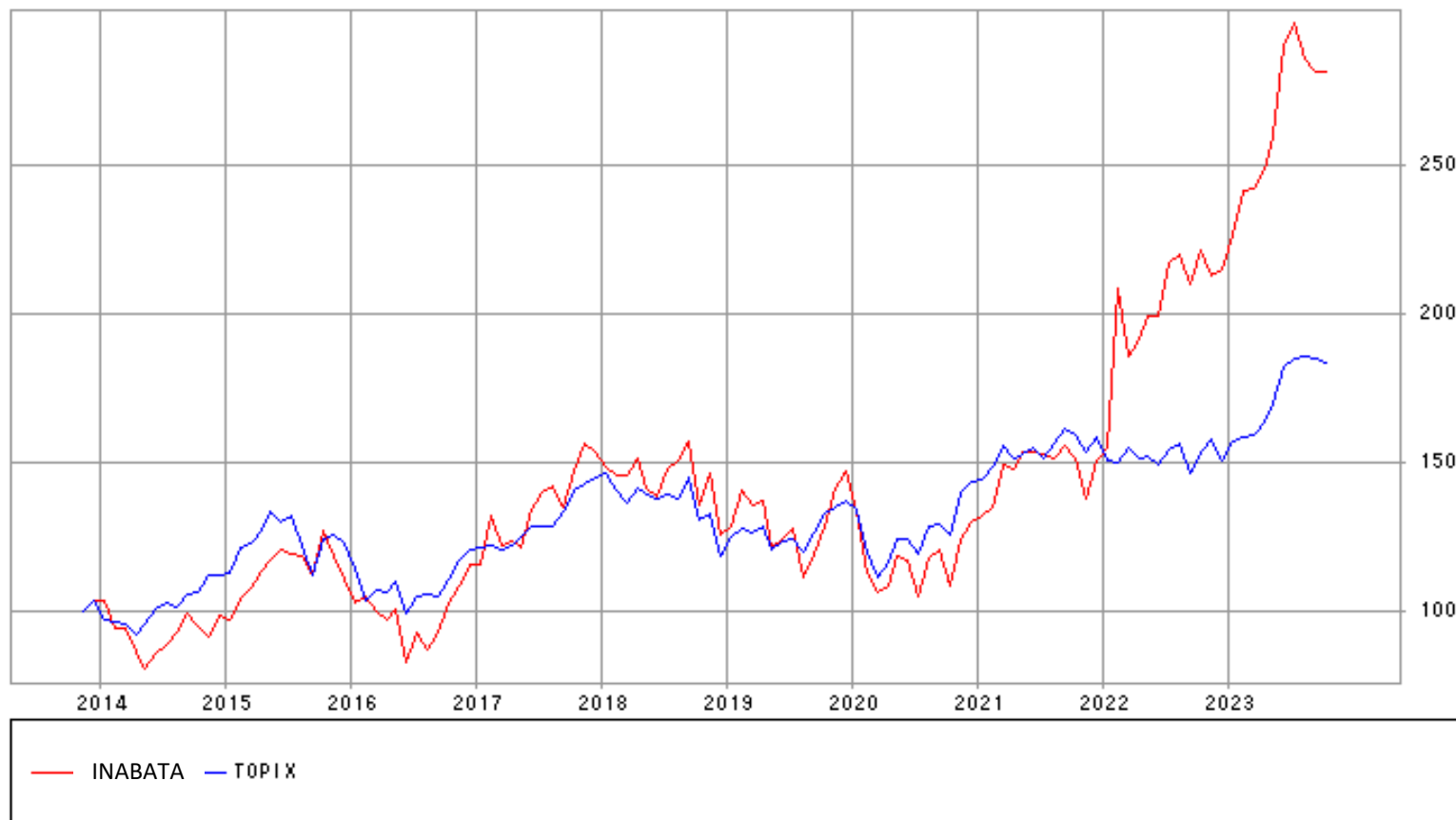
- Further discussions on longer-term management policy and succession plans for CEO and outside directors
- Provision of sufficient information by the Nomination and Remuneration Committee to the Board of Directors and communication between them
- Further improvements in communication among outside directors
- Further improvements in communicating information to the capital market

Inabata's Share Price for the past 10 years



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

(09/2014=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.