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# IR Briefing for 1H Fiscal Year Ending March 2024 (Overview)

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December 5, 2023

Inabata & Co., Ltd.

Kenichi Yokota

Director and Senior Managing Executive Officer

**Net sales:** **¥375.1 billion** **+0.5% 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:** **¥10.4 billion** **-0.8% YoY**

Operating profit declined due to higher personnel and other expenses.

**Ordinary profit:** **¥10.6 billion** **+3.4% YoY**

Recurring profit grew, despite a decline in dividend income and higher interest expenses, owing to improvements in equity-method income.

**Profit attributable to owners of parent:** **¥12.5 billion** **+30.4% YoY**

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

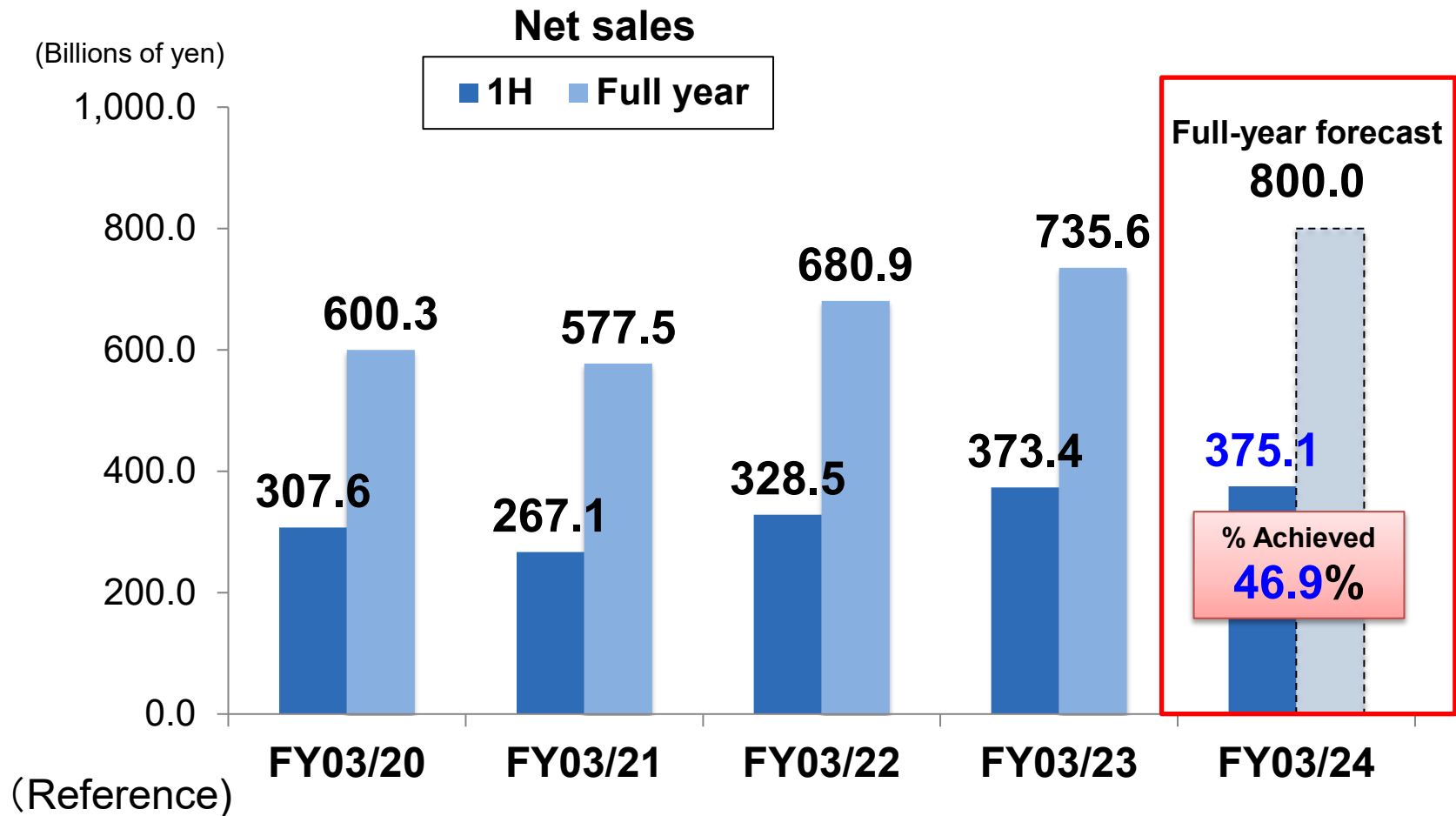
# Consolidated Results Review—1H FY03/24



(Billions of yen)

|   | 1H FY03/23 | 1H FY03/24<br>(A) | YoY change |        | FY03/24<br>Forecast<br>(B) | Achievement<br>rate<br>(A)/(B) |
|---|------------|-------------------|------------|--------|----------------------------|--------------------------------|
|   |            |                   | Amount     | %      |                            |                                |
| Net sales                                     | 373.4      | 375.1             | +17        | +0.5%  | 800.0                      | 46.9%                          |
| Operating profit                              | 10.5       | 10.4              | -0         | -0.8%  | 21.0                       | 49.8%                          |
| Ordinary profit                               | 10.3       | 10.6              | +3         | +3.4%  | 20.0                       | 53.3%                          |
| Profit attributable<br>to owners of<br>parent | 9.6        | 12.5              | +29        | +30.4% | 21.0                       | 59.7%                          |
| Exchange rate<br>(USD/JPY)                    | 134.03     | 141.06            | +7.03      |        | 140.00                     |                                |

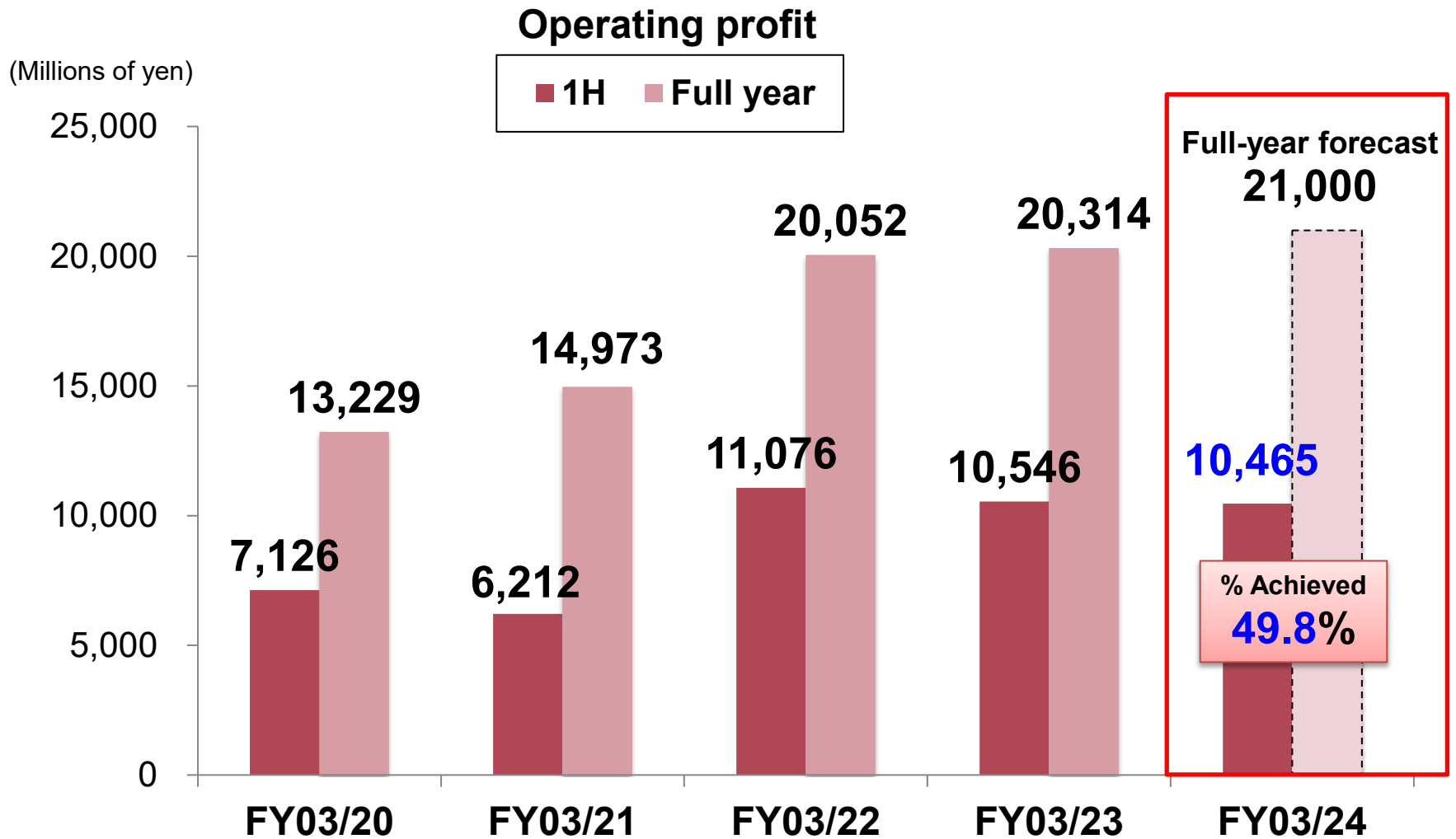
# Trend in Net Sales



|                                   |                  | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24      |
|-----------------------------------|------------------|---------|---------|---------|---------|--------------|
| <b>Exchange rate:<br/>USD/JPY</b> | <b>1H</b>        | 108.60  | 106.93  | 109.81  | 134.03  | 141.06       |
|                                   | <b>Full year</b> | 108.70  | 106.10  | 112.39  | 135.50  | (Note)140.00 |

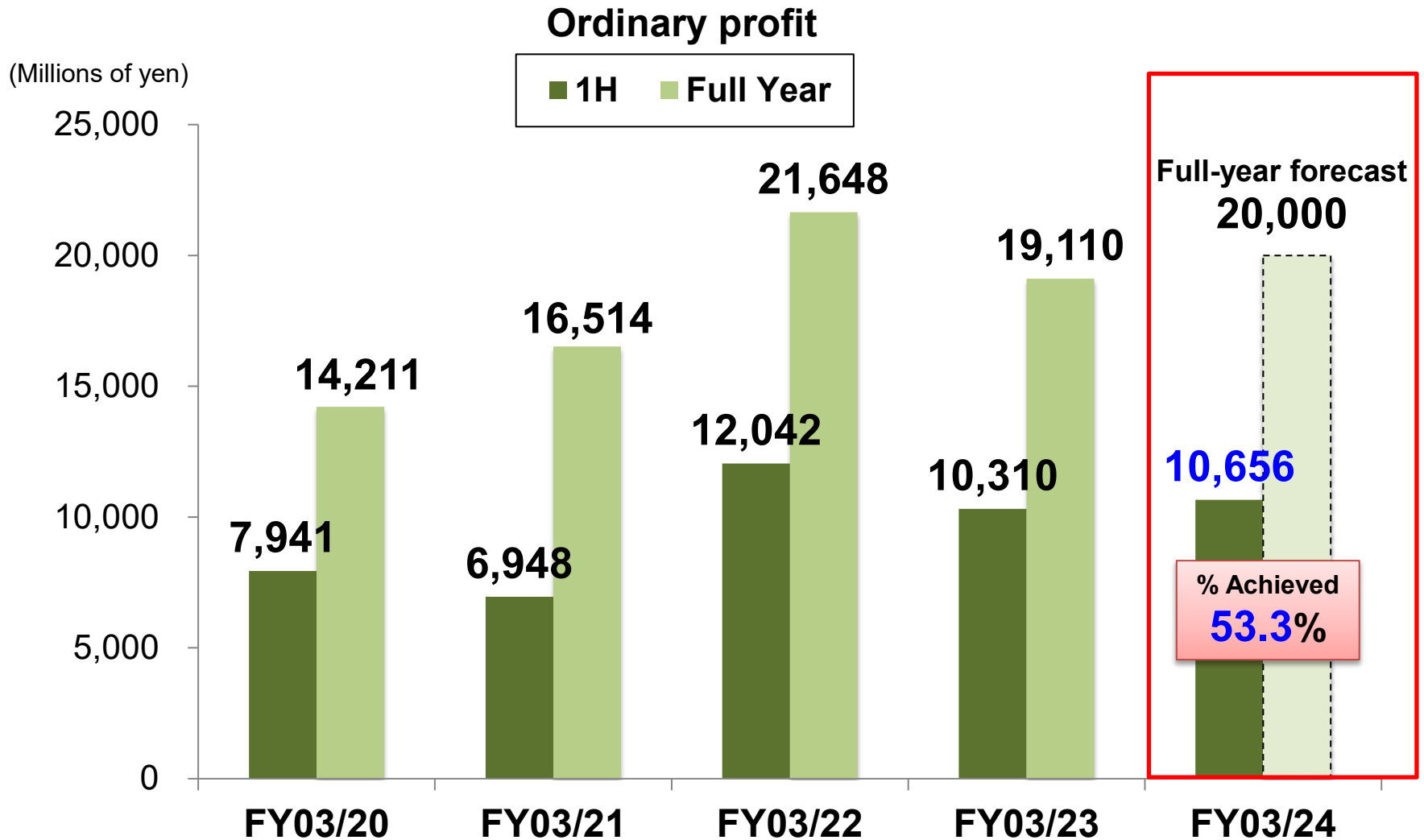
\* Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) effective from Q1 FY03/22.

# Trend in Operating Profit

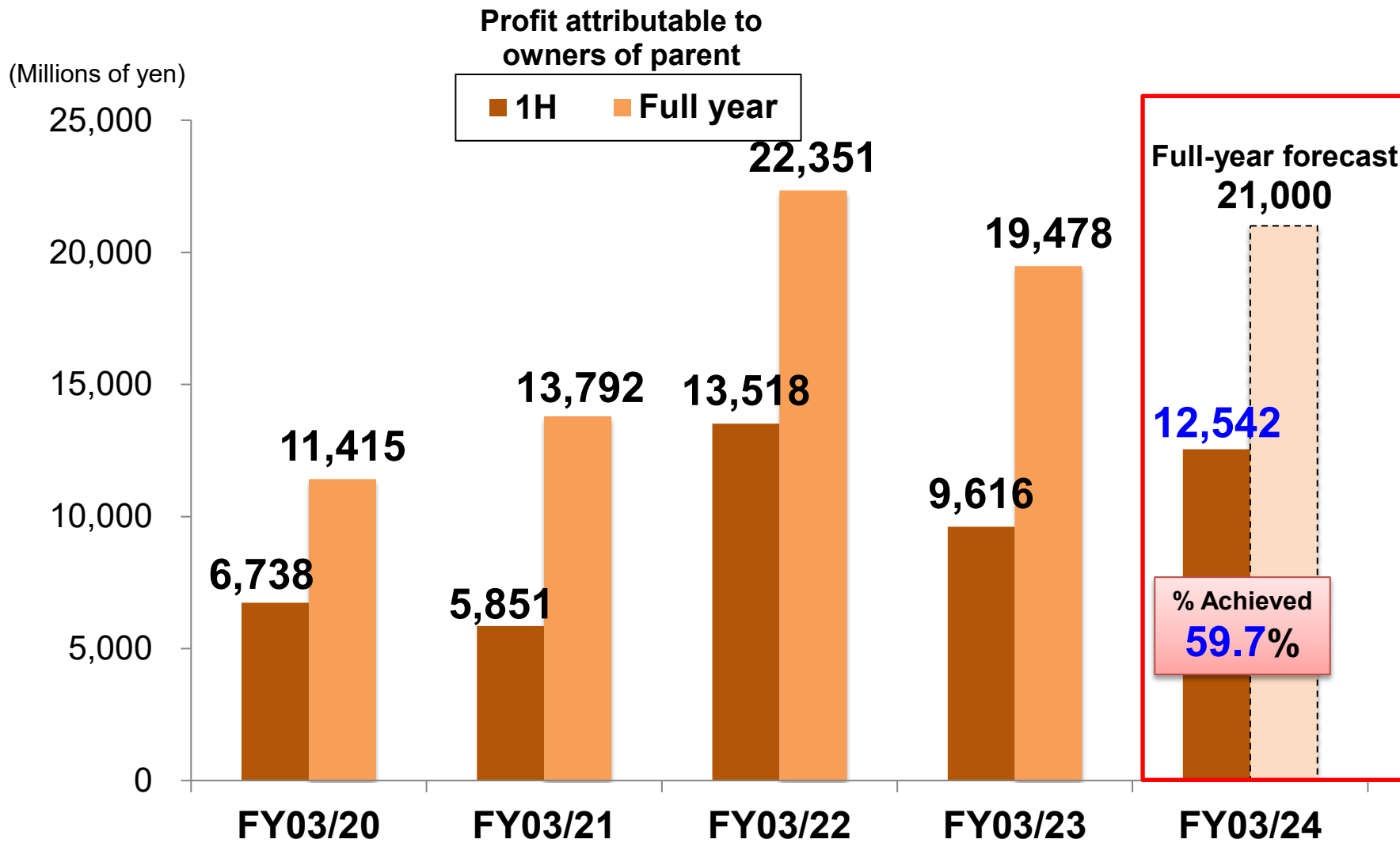


Notes: Recorded ¥0.75 billion in reversal of allowance for doubtful accounts at a European subsidiary in FY03/21

# Trend in Ordinary Profit



# Trend in Profit Attributable to Owners of Parent



\* Recording of gain on sales of investment securities: ¥3.03 billion in FY03/20, ¥2.98 billion in FY03/21, ¥8.97 billion in FY03/22, ¥8.66 billion in FY03/23, ¥1.72 billion in Q2 FY03/20, ¥1.41 billion in Q2 FY03/21, ¥6.54 billion in Q2 FY03/22, and ¥3.45 billion in Q2 FY03/23, ¥3.57 billion in Q2 FY03/24 **7**

# Balance Sheet



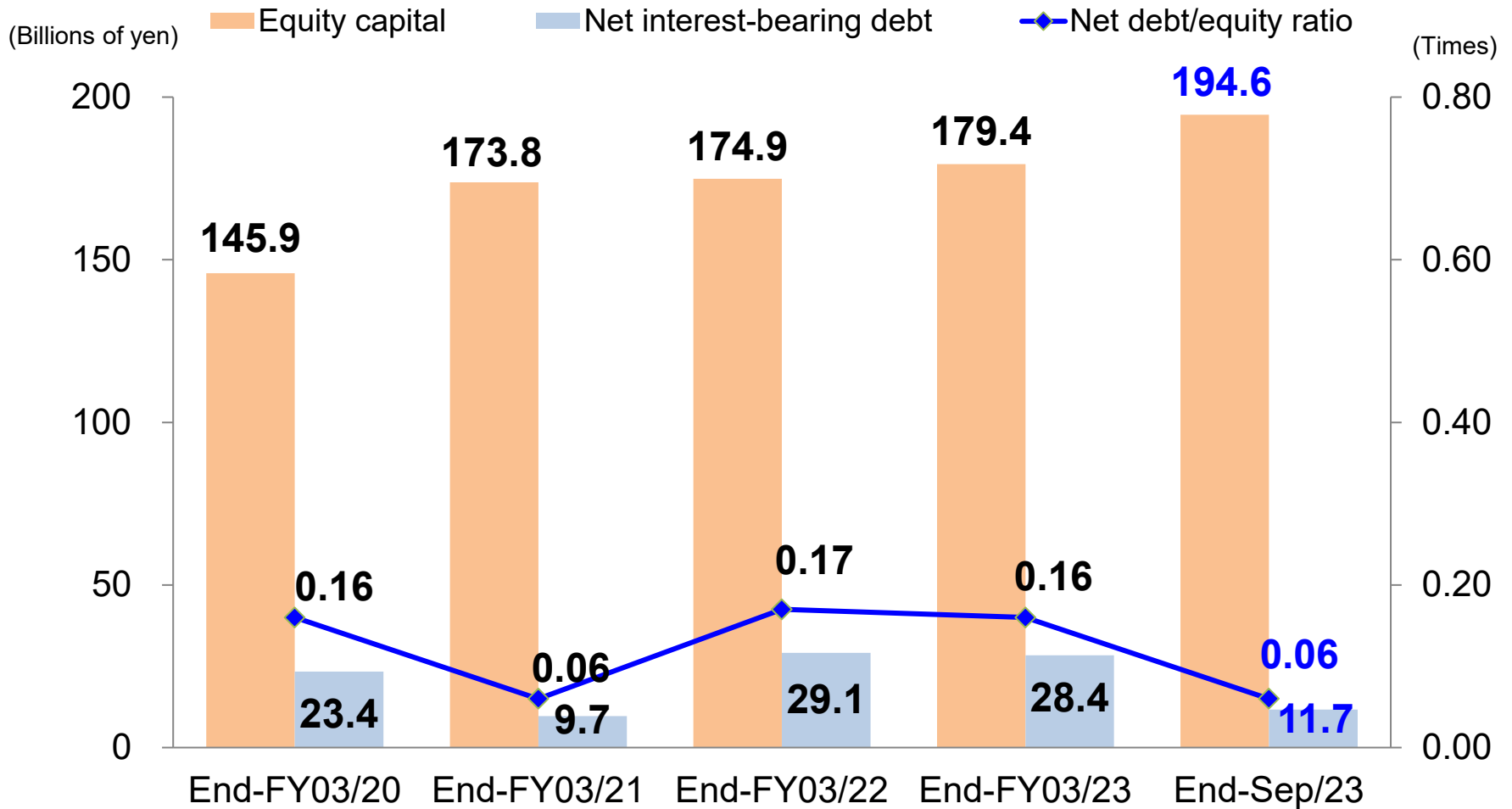
- Cash and deposits, notes and accounts receivable–trade, inventories, and note and accounts payable–trade increased due to newly consolidated subsidiaries and a weak yen.

(Billions of yen)

| Assets                        | End-FY03/23 | End-SEP 2023 | Change | Liabilities and net assets             | End-FY03/23 | End-SEP 2023 | Change |
|-------------------------------|-------------|--------------|--------|--|-------------|--------------|--------|
| Cash and deposits             | 36.3        | 48.3         | +11.9  | Notes and accounts payable - trade     | 105.7       | 128.3        | +22.5  |
| Notes receivable - trade      | 23.2        | 28.6         | +5.4   | Short-term loans payable               | 49.4        | 42.2         | -7.2   |
| Accounts receivable-trade     | 153.6       | 170.9        | +17.3  | Other current liabilities              | 18.3        | 18.9         | +0.6   |
| Inventories                   | 88.8        | 91.7         | +2.8   | Bonds payable                          | 7.5         | 07.5         | -      |
| Other current assets          | 13.2        | 09.8         | -3.3   | Long-term loans payable                | 7.7         | 10.3         | +2.5   |
| Property, plant and equipment | 16.6        | 18.6         | +2.0   | Other non-current liabilities          | 10.1        | 10.6         | +0.5   |
| Intangible assets             | 02.4        | 02.8         | +0.3   | Shareholders' equity                   | 148.5       | 155.9        | +7.3   |
| Investment securities         | 32.8        | 33.2         | +0.4   | Accumulated other comprehensive income | 30.9        | 38.7         | +7.8   |
| Other fixed assets            | 13.2        | 14.5         | +1.2   | Non-controlling interests              | 2.0         | 06.0         | +4.0   |
| Total assets                  | 380.4       | 418.7        | +38.2  | Total liabilities and net assets       | 380.4       | 418.7        | +38.2  |
| Current ratio                 | 181.7%      | 184.5%       |        | Equity ratio                           | 47.2%       | 46.5%        |        |



# 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

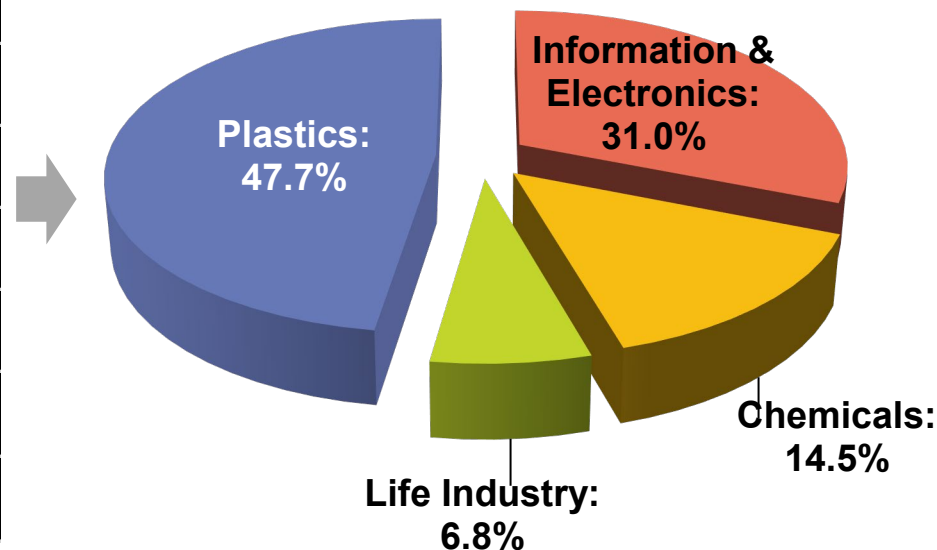
# Sales by Business Segment

- Net sales grew in Chemicals and Life Industry, owing in part to contributions from newly consolidated subsidiaries.

## Sales

(Billions of yen)

|                           | 1H FY03/23   | 1H FY03/24   | YoY change   |
|---------------------------|--------------|--------------|--------------|
| Information & Electronics | 118.9        | 116.2        | -2.2%        |
| Chemicals                 | 45.6         | 54.5         | +19.5%       |
| Life Industry             | 21.5         | 25.4         | +17.8%       |
| Plastics                  | 187.1        | 178.8        | -4.4%        |
| Other                     | 0.0          | 0.0          | +2.8%        |
| <b>Total</b>              | <b>373.4</b> | <b>375.1</b> | <b>+0.5%</b> |



\*Contributions from newly consolidated subsidiaries in Q2 FY03/24 (simple sum):  
Chemicals: +¥14.4 billion, Plastics: +¥6.4 billion, Life Industry: +¥4.8 billion

Net Sales Breakdown by Segment and Region 

(Billions of yen)

|   | Information<br>&<br>Electronics | Chemicals | Life Industry | Plastics | Other | Total |
|---|---------------------------------|-----------|---------------|----------|-------|-------|
| Japan   | 39.7                            | 42.3      | 19.9          | 66.2     | -     | 168.3 |
| Southeast<br>Asia                                   | 9.5                             | 6.2       | 0.1           | 73.7     | -     | 89.6  |
| Northeast<br>Asia                                   | 52.0                            | 2.4       | 0.8           | 29.4     | -     | 84.8  |
| Americas  | 7.4                             | 2.3       | 3.5           | 8.4      | -     | 21.9  |
| Europe  | 7.3                             | 1.0       | 0.9           | 1.0      | -     | 10.3  |
| Revenue arising<br>from contracts<br>with customers | 116.2                           | 54.5      | 25.4          | 178.8    | -     | 375.1 |
| Other revenue                                       | -                               | -         | -             | -        | 0.0   | 0.0   |
| Sales to<br>external<br>customers                   | 116.2                           | 54.5      | 25.4          | 178.8    | 0.0   | 375.1 |

\* Revenue arising from contracts with customers are recorded based on the location of corresponding sales offices, categorized by country or region. **11**

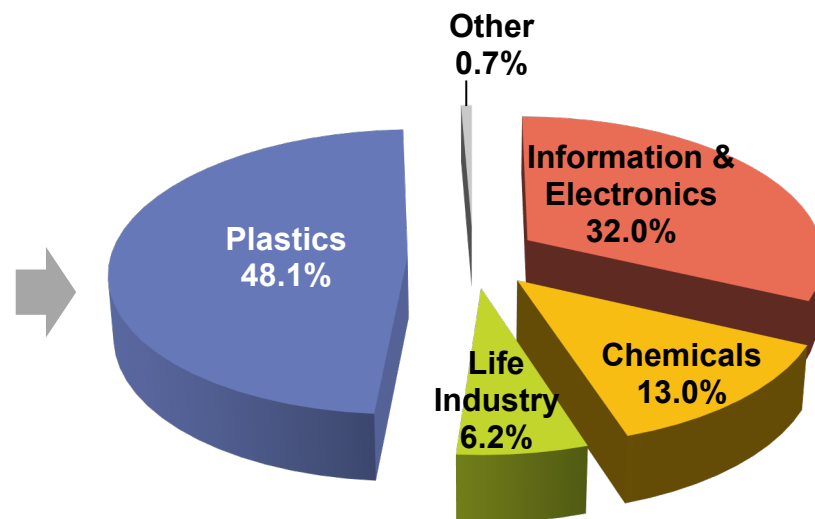
# Operating Profit by Business Segment

- Profit grew in Information & Electronics, as sales of FPD-related products bottomed out and sales of environment and energy-related products increased.
- 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 was down in Plastics, due to inventory adjustments of products for office automation and home electronics applications.

## Operating profit

(Millions of yen)

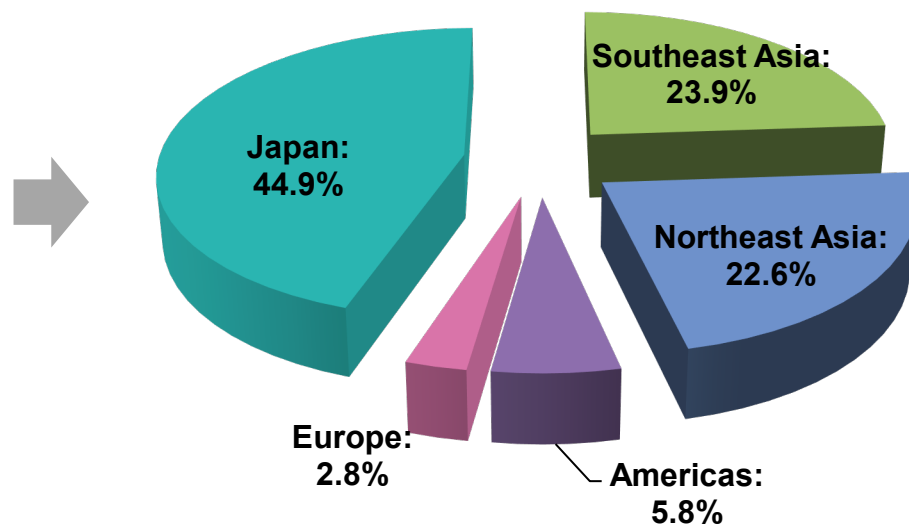
|                           | 1H FY03/23    | 1H FY03/24    | YoY change   |
|---------------------------|---------------|---------------|--------------|
| Information & Electronics | 2,643         | 3,344         | +26.5%       |
| Chemicals                 | 1,406         | 1,362         | -3.1%        |
| Life Industry             | 1,171         | 651           | -44.4%       |
| Plastics                  | 5,261         | 5,037         | -4.3%        |
| Other                     | 63            | 68            | +8.9%        |
| <b>Total</b>              | <b>10,546</b> | <b>10,465</b> | <b>-0.8%</b> |



# Sales by Region

- Southeast Asia: Sales were down despite a boost from a weak yen, due to lower sales volume of plastics.
- Northeast Asia: Sales declined due to sluggish sales of products for use in Japanese automobiles manufactured in China.
- Japan: Sales grew, due largely to contributions from newly consolidated subsidiaries.

| Sales            |               | (Billions of yen) |               |
|------------------|---------------|-------------------|---------------|
|                  | 1H<br>FY03/23 | 1H<br>FY03/24     | YoY<br>change |
| Southeast Asia   | 99.6          | 89.6              | -10.0%        |
| Northeast Asia   | 94.5          | 84.8              | -10.3%        |
| Americas         | 21.7          | 21.9              | +0.6%         |
| Europe           | 9.2           | 10.3              | +12.0%        |
| Japan            | 148.1         | 168.4             | +13.7%        |
| Total            | 373.4         | 375.1             | +0.5%         |
| (Overseas ratio) | (60.3%)       | (55.1%)           | (-5.2%)       |



Note: Sales in the Japan segment include exports (¥25.0 billion in 1H FY03/24). Including this amount, the percentage of overseas sales was 65.1% in 1H FY03/23 and 60.0% in 1H FY03/24.

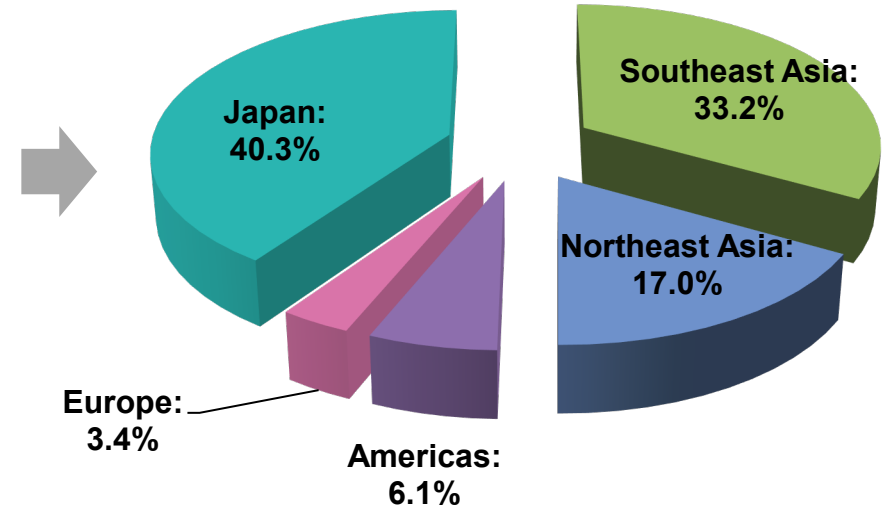
# Operating Profit by Region

- Southeast Asia: Profit declined due in part to lower sales volume of plastics for office automation and home appliances applications.
- Americas: Profit dropped due to lower profitability of seafood products, which performed strong a year ago.
- Europe: Profit fell due to sluggish sales of cosmetics-related materials at manufacturing subsidiaries.
- Japan: Profit grew, owing to contributions from newly consolidated subsidiaries and cost pass-throughs for plastic bags at group companies.

## Operating profit

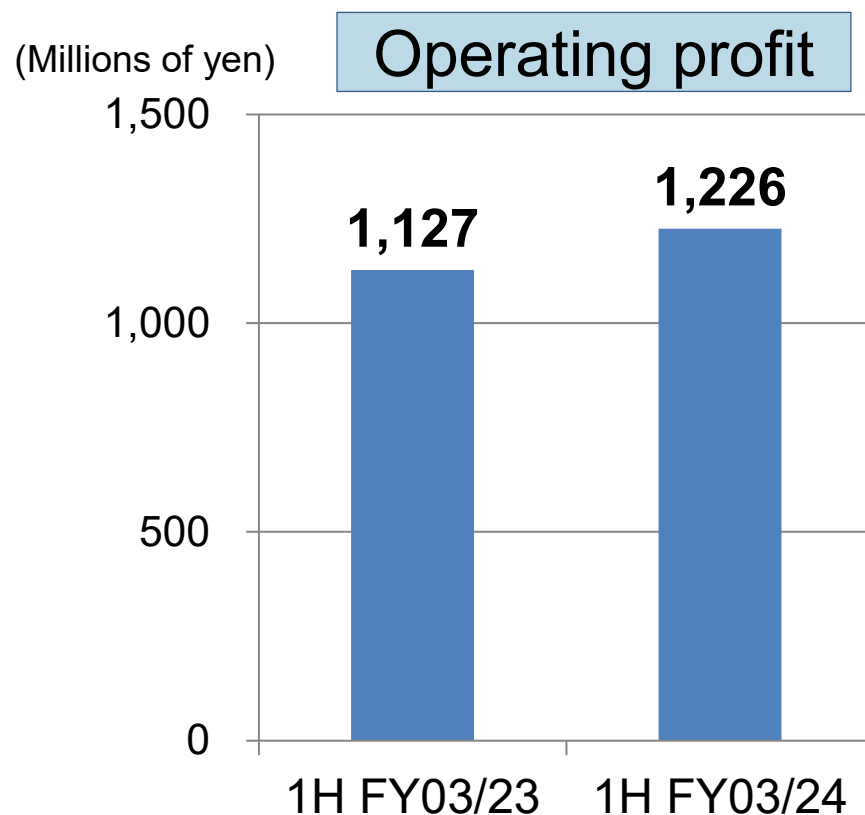
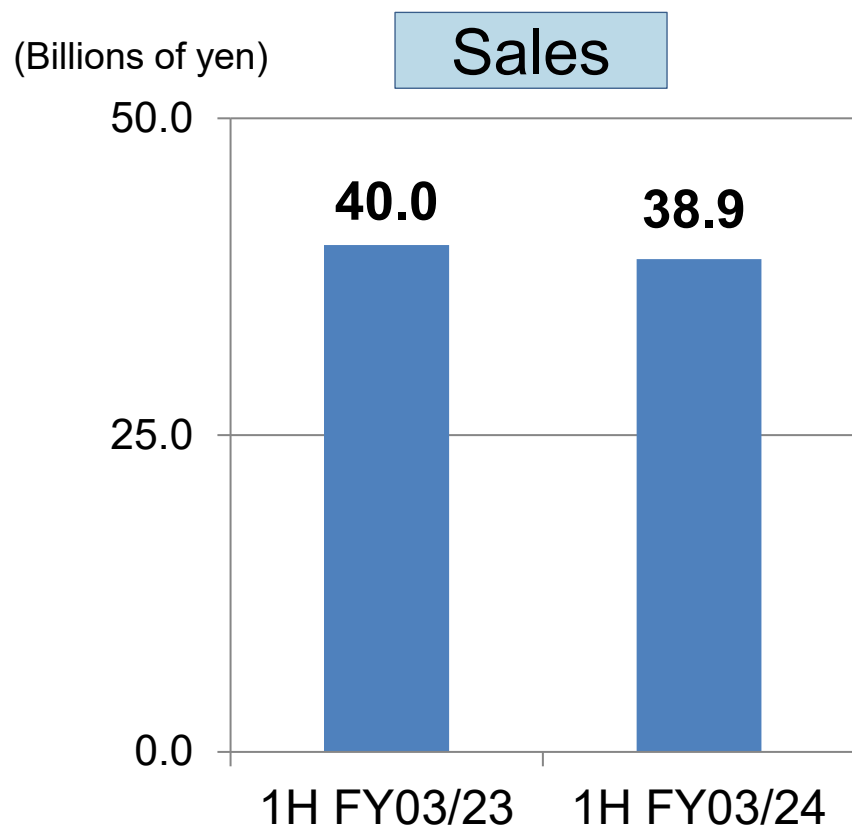
(Millions of Yen)

|                          | 1H FY03/23 | 1H FY03/24 | YoY change |
|--------------------------|------------|------------|------------|
| Southeast Asia           | 3,941      | 3,450      | -12.5%     |
| Northeast Asia           | 1,777      | 1,772      | -0.3%      |
| Americas                 | 904        | 630        | -30.3%     |
| Europe                   | 425        | 350        | -17.7%     |
| Japan                    | 3,462      | 4,193      | +21.1%     |
| Subtotal                 | 10,512     | 10,397     | -1.1%      |
| Elimination or corporate | 34         | 68         |            |
| Total                    | 10,546     | 10,465     | -0.8%      |
| (Overseas ratio)         | (67.1%)    | (59.7%)    | -7.4%      |



# Sales and Operating Profit in the Manufacturing Sector **IK**

Profit increased, on the back of contributions from newly consolidated subsidiaries and progress in cost pass-throughs for plastic bags by domestic manufacturing subsidiaries.



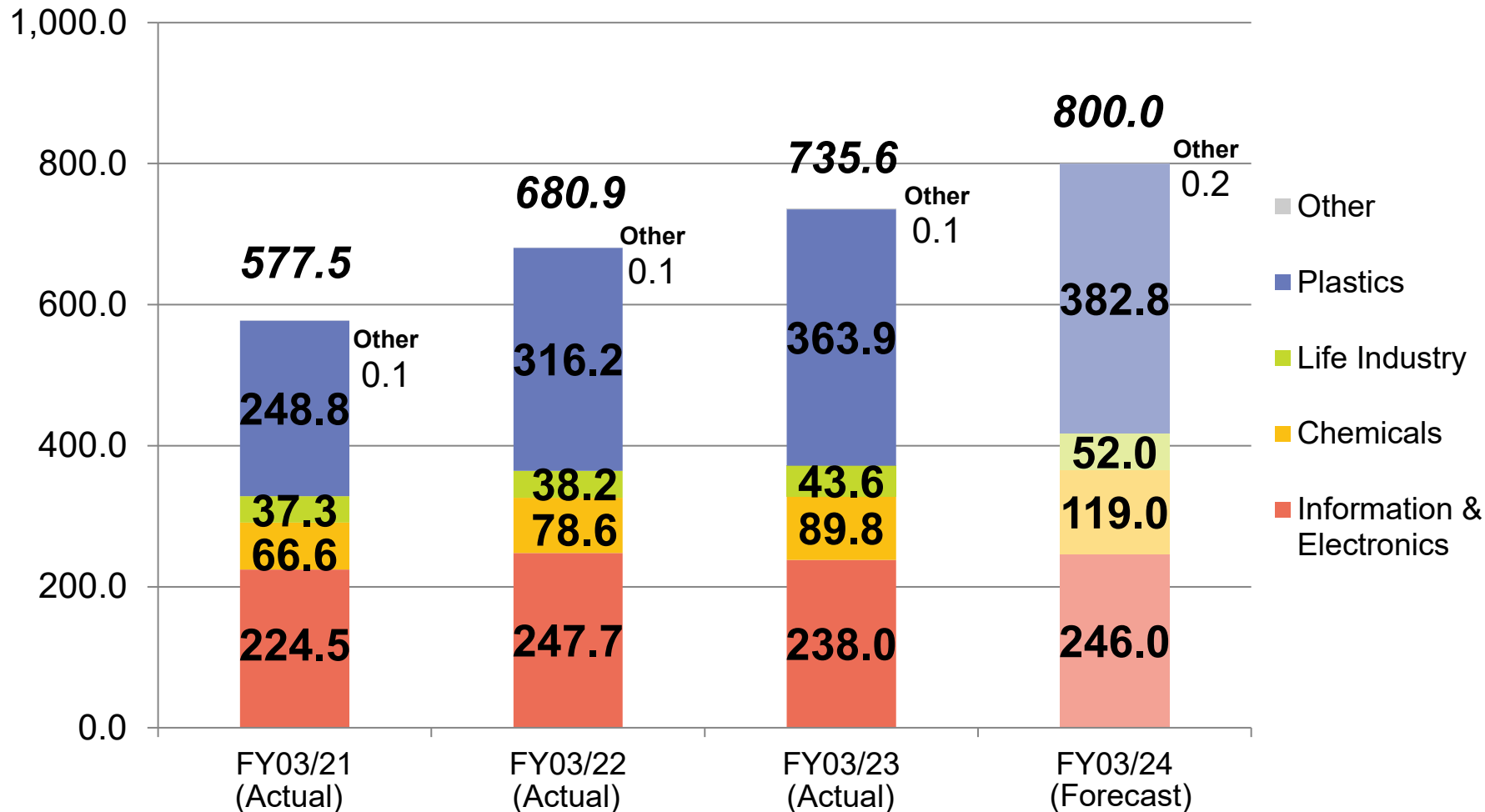
Note: Results for 1H FY03/23 have been converted at the exchange rate for 1H FY03/24 (USD1=JPY141.06).

# Net Sales by Business Segment (Full Year)



✓ No change has been made to the initial FY03/24 forecast by segment.

(Billions of yen)



Notes: Inabata has adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) effective from FY03/22.

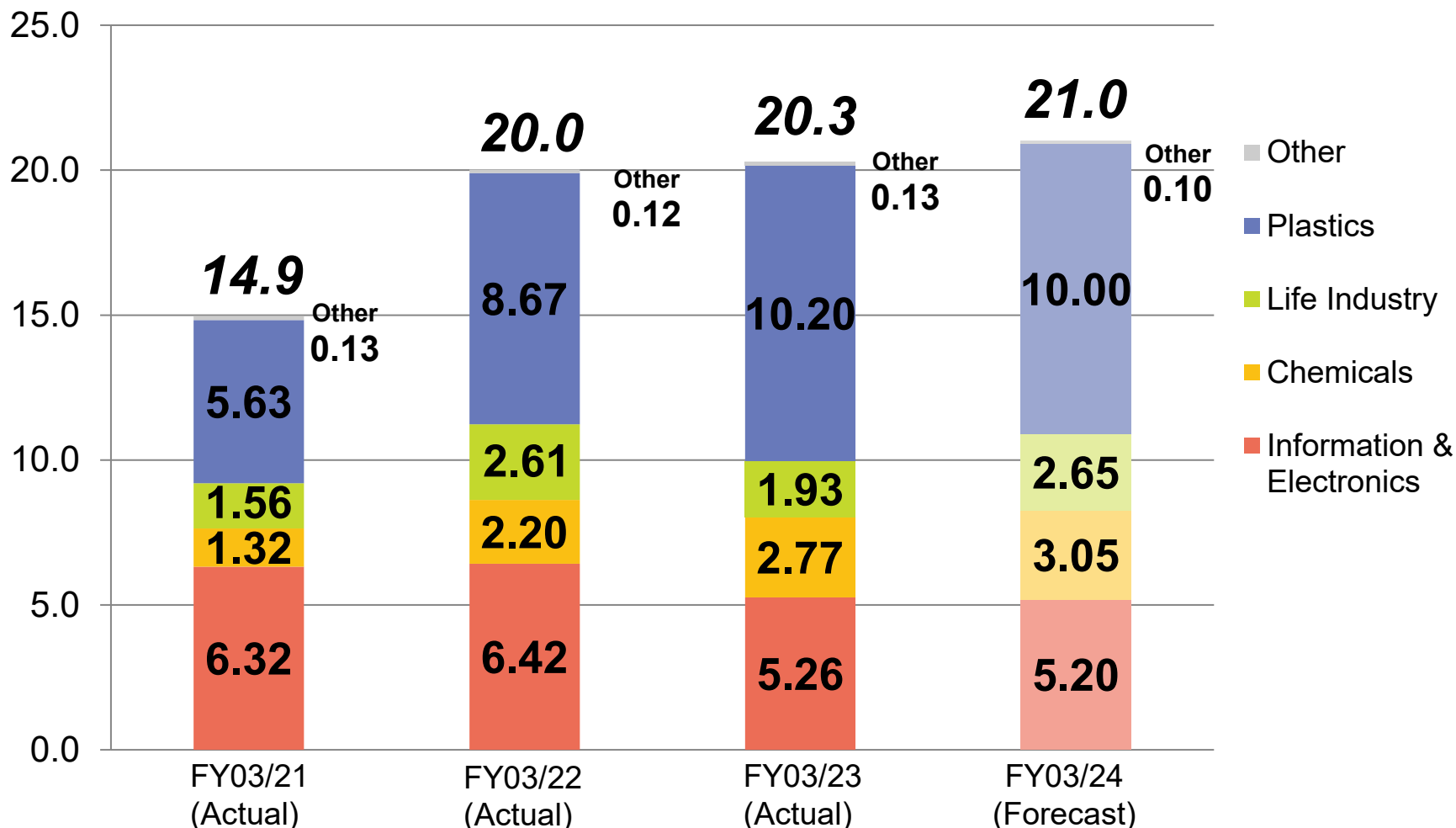


# Operating Profit by Business Segment (Full Year)



✓ No change has been made to the initial FY03/24 forecast by segment.

(Billions of yen)



Notes: Recorded ¥0.75 billion in reversal of allowance for doubtful accounts in the Information & Electronics segment in FY03/21.

## Basic Policy on Shareholder Return

During NC2023

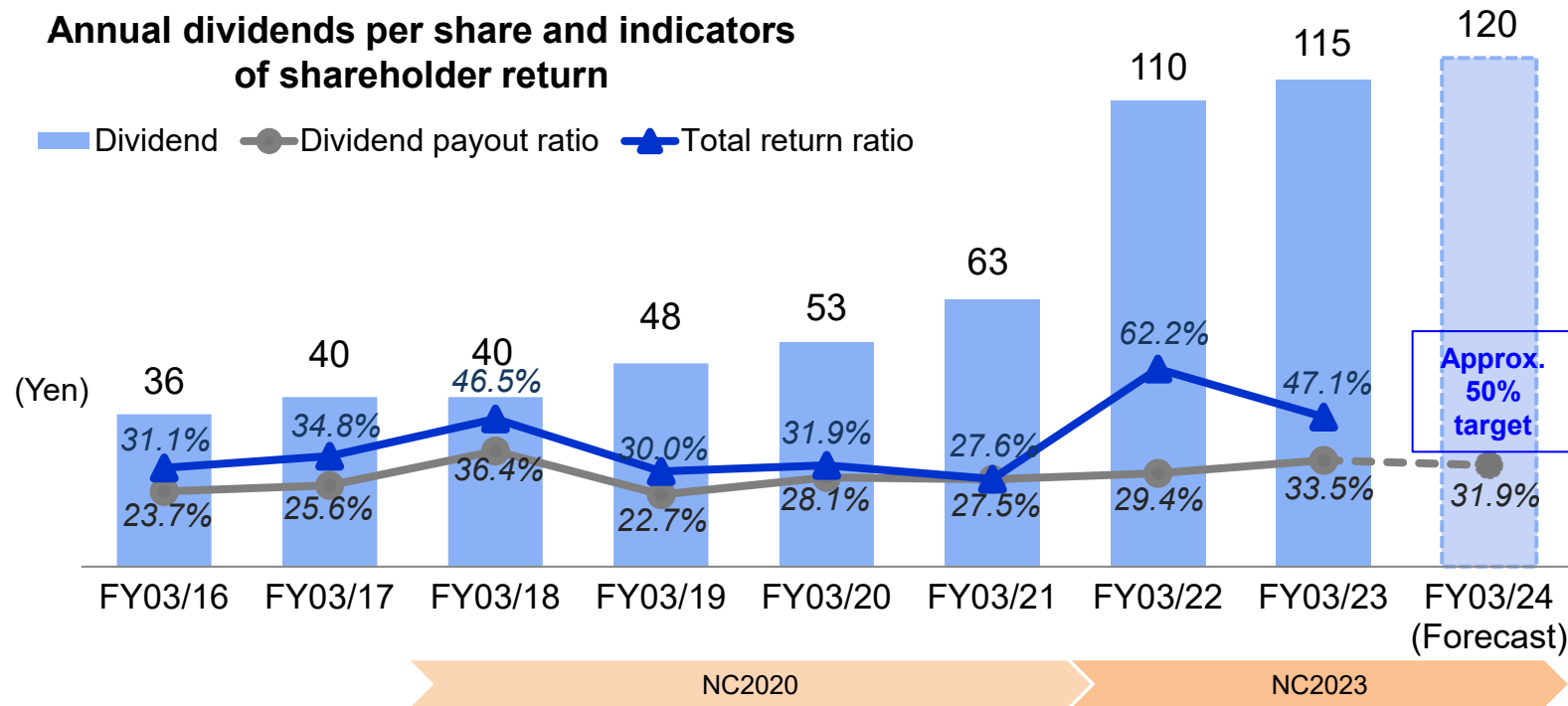
### ■ Progressive dividends

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.

## Annual dividends per share and indicators of shareholder return



| 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 September 30, 2023

|  | Companies |          |       |
|--|-----------|----------|-------|
|  | Japan     | Overseas | Total |
| Consolidated subsidiaries                          | 11        | 35       | 46    |
| (Of which, manufactures and processing companies ) | (6)       | (15)     | (21)  |
| Equity-method affiliates                           | 2         | 1        | 3     |
| (Of which, manufactures and processing companies ) | (1)       | (1)      | (2)   |
| Total  | 13        | 36       | 49    |
| (Of which, manufactures and processing companies ) | (7)       | (16)     | (23)  |

\* In Q1 FY03/24, Maruishi Chemical Trading, formerly an equity-method affiliate of the Company, was made a consolidated subsidiary. The Company also made Maruishi Techno, Daigo Tsusho, and IK Food Partners consolidated subsidiaries.

# Principle Consolidated Subsidiaries

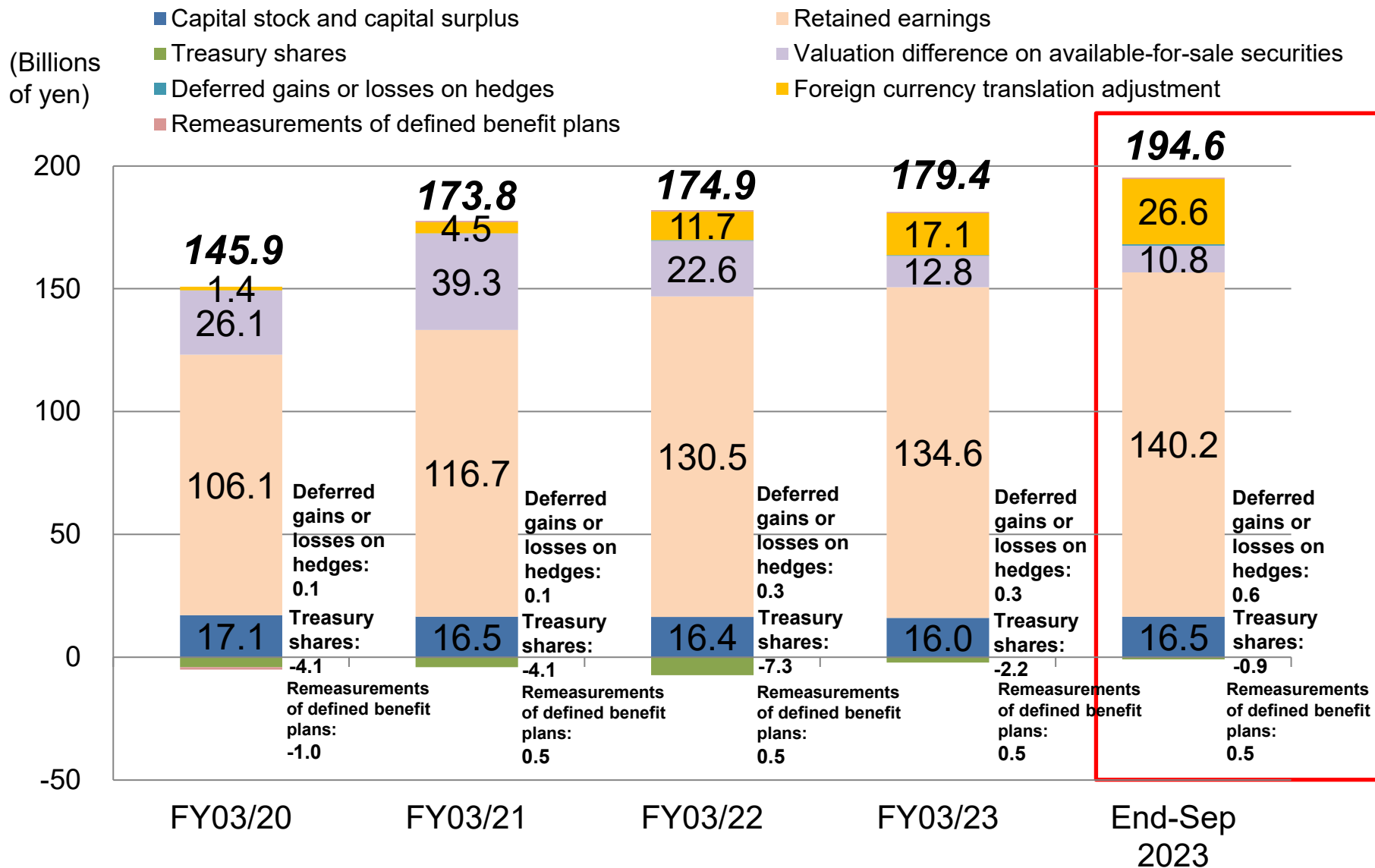


(Millions of yen)

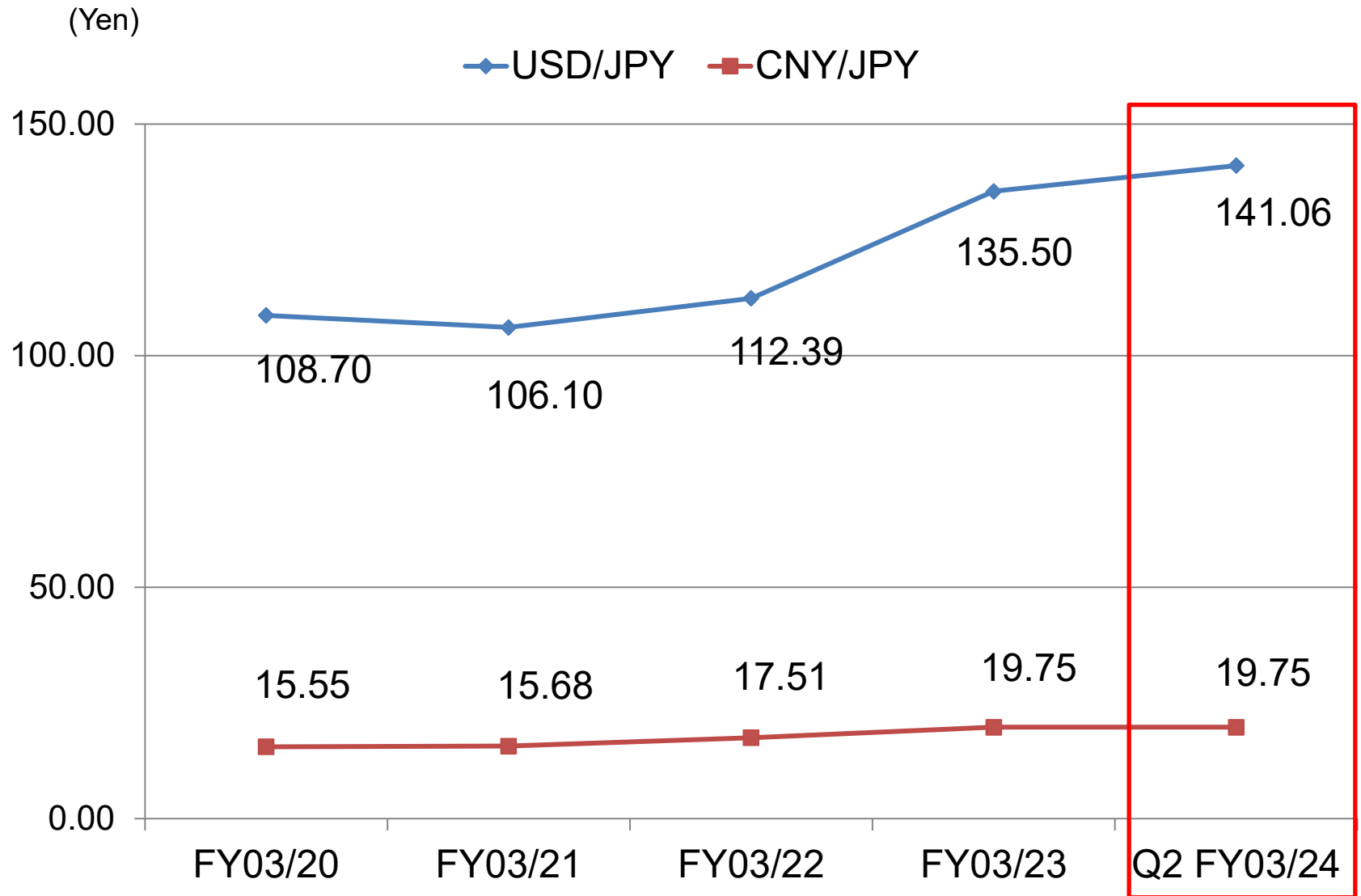
| Company                            | Location  | 1H FY03/23 |                  |            | 1H FY03/24 |                  |            | YoY change |                  |            |
|------------------------------------|-----------|------------|------------------|------------|------------|------------------|------------|------------|------------------|------------|
|                                    |           | Net sales  | Operating profit | Net income | Net sales  | Operating profit | Net income | Net sales  | Operating profit | Net income |
| Taiwan Inabata Sangyo Co., Ltd.    | Taiwan    | 15,624     | 231              | 138        | 17,499     | 411              | 264        | 12.0%      | 78.2%            | 90.4%      |
| Inabata Sangyo (H.K.) Ltd.         | Hong Kong | 40,448     | 467              | 896        | 34,164     | 563              | 784        | -15.5%     | 20.6%            | -12.5%     |
| Inabata Singapore (Pte.) Ltd.      | Singapore | 40,026     | 718              | 1,112      | 29,482     | 471              | 781        | -26.3%     | -34.4%           | -29.7%     |
| Inabata Thai Co., Ltd.             | Thailand  | 25,632     | 440              | 391        | 23,781     | 416              | 379        | -7.2%      | -5.6%            | 3.1%       |
| Shanghai Inabata Trading Co., Ltd. | Shanghai  | 37,971     | 824              | 516        | 34,548     | 560              | 572        | -9.0%      | -31.9%           | 10.8%      |
| PT. Inabata Indonesia              | Indonesia | 19,733     | 849              | 638        | 16,240     | 896              | 661        | -17.7%     | 5.5%             | 3.6%       |
| Inabata Fine Tech & Co., Ltd.      | Japan     | 10,652     | 322              | 212        | 9,930      | 332              | 227        | -6.8%      | 3.1%             | 6.8%       |

Note: Results for 1H FY03/23 have been converted at the exchange rate for 1H FY03/24 (USD1=JPY141.06).

# (Reference) Equity Capital



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



## □ 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.