

IK INABATA & CO., LTD.

Osaka Head Office

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Tokyo Head Office

(Temporary location from December 2022 to March 2026)

Muromachi Furukawa Mitsui Building (COREDO Muromachi 2),
2-3-1 Nihonbashi Muromachi, Chuo-ku, Tokyo 103-8448

(New location from April 2026)

2-8-2 Nihonbashi Honcho, Chuo-ku, Tokyo 103-8448

Note: Due to the reconstruction work on the Tokyo Head Office building, operations will be conducted at the temporary location above until March 2026. Business at the new building is scheduled to start from April 2026.



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Editing Policy

We prepare the integrated report as an important tool that enables our stakeholders to understand the business activities and distinctive initiatives that drive value creation for the Inabata Group.

In Integrated Report 2025, we report on the progress of the medium-term management plan, New Challenge 2026 (NC2026), and the Sustainability Medium-term Plan 2026, both launched in FY2024, while focusing on clearly communicating our strengths and future growth strategy.

- **Guidelines referenced:** Integrated Reporting Framework by the International Financial Reporting Standards (IFRS) Foundation, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry (METI), etc.
- **Relevant period:** From April 2024 to March 2025 (some information may not be limited to this period)
- **Relevant organizations:** Inabata & Co., Ltd. and its domestic and overseas Group companies

A cautionary note regarding future estimates

The data and future predictions contained in this report are based on information available and judgments applicable at the time of the report'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.

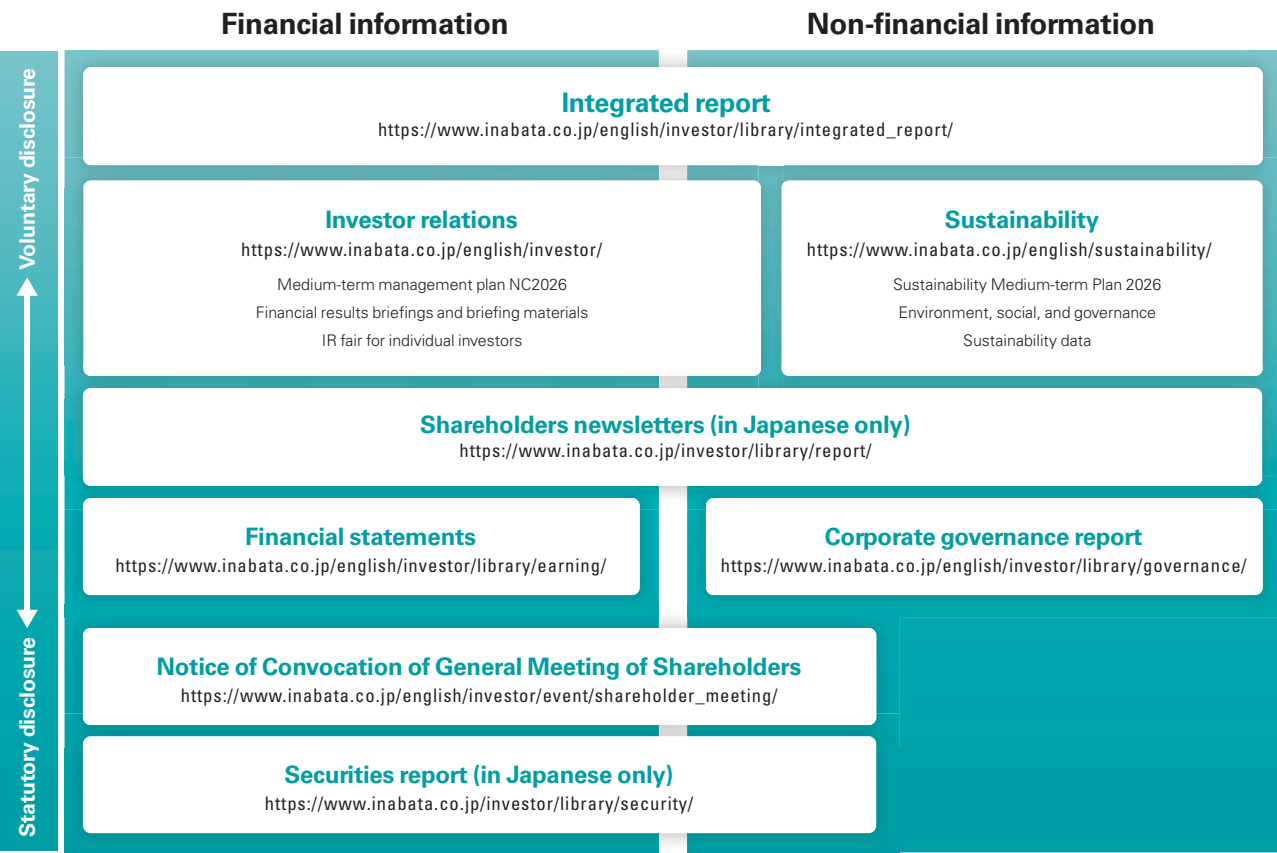
Cover design

The cover of this report features a checkerboard pattern in Horizon Green, inspired by the traditional Japanese *ichimatsu* grid motif. It conveys the continuity symbolized by the pattern, while reflecting the sense of peace, grounded hope, and calm, rational thinking associated with the color.

In FY2025, the second year of our medium-term management plan, we continue to make steady progress. Our goal is to achieve IK Vision 2030, which outlines our vision for 2030, by fostering sustainability and ensuring seamless integration across our operations.



Information disclosure system of the Inabata Group





Love (ai) and Respect (kei)

Mission

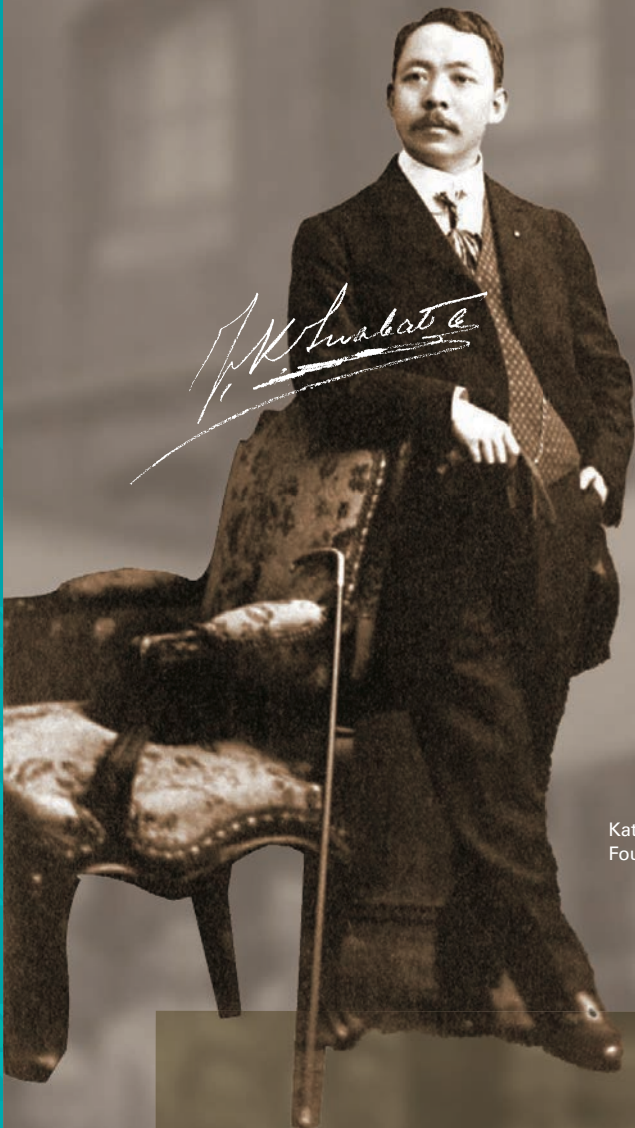
People come first, based on the spirit of “love (ai)” and “respect (kei),” and together we strive towards contributing to the development of society

Vision

To continually evolve, serving clients and society, through global operations and meeting their changing needs

IK Values

- To cherish integrity and respect for people (ethics)
- To continually challenge the limits with high ideals, big dreams and great passion (aspiration)
- To prize dialogue and teamwork, and to treasure professional growth of employees (organization)
- To become the best partner of our clients, providing solutions from the clients’ standpoint (role)
- To grow with people across borders, sharing and respecting diverse values with the aim of co-prosperity (symbiosis)



Katsutaro Inabata
Founder

Since our founding, we have continued to manage our business with respect for people.

“Honesty is the only way to earn trust of society”
This is one of the sayings left behind by our founder, which describes our spirit of “love (ai)” and “respect (kei).”
Our company’s history of over 130 years boasts a lineage of creating diverse businesses that contribute to social interests relevant to the times, and our emphasis on managing our business with respect for people links with today’s sustainability management.

Founding story

Founder Katsutaro Inabata studies in France, sent by Kyoto Pref. following its decline due to capital transfer

Following the relocation of the capital to Tokyo immediately after the Meiji Restoration, the population of Kyoto Prefecture, which had previously served as the capital, declined sharply, and its economy was also in a state of decline. Against this backdrop, our founder, Katsutaro Inabata, who was born in Kyoto Prefecture and attended teacher’s school, was selected by the Kyoto Prefectural government in 1877 to visit France to study. He was only 15 at the time. While attending two industrial preparatory schools in Lyon, Europe’s largest textile hub, he studied the fundamentals of industrial chemistry and undertook practical training for three years at the Marnas dyeing factory. He later studied dyeing theory and applied chemistry at the University of Lyon while also visiting other European countries. Supporting him through his eight years abroad was a strong sense of mission to contribute to not only the revitalization of Kyoto but also to the modernization of all of Japan.



Our founder, Katsutaro Inabata, washing silk threads in the Rhone river in the winter during his study abroad in France
(by Sekka Kamisaka)

Contributing to the modernization of culture Holds Japan’s first cinema show; Nikkatsu succeeds the business

On a business trip to France in 1896, Katsutaro reunited with his friend, Auguste Lumière, and purchased a cinematograph, films, and screening rights. He then held Japan’s first film screening in Namba, Osaka. A newspaper at the time wrote that the audience was surprised and amazed by the moving picture. He then transferred the rights to a company which would later become Nippon Katsudo Shashin Corp., which is now known as Nikkatsu Corp.



Replica of a cinematograph

Contribution to Social Development and Our History of Growth

Guided by our founder’s spirit, we adapt to changing society and client needs, fostering continuous growth and evolution.

Contribution to social development

1890— Delivering world-class technology to Japan

Bringing Europe’s world-leading dyeing techniques back to Kyoto, promoting domestic production of dyes

After returning from his studies in France in 1885, Our founder, Katsutaro Inabata, served as a lecturer at a dyeing institute in Kyoto. He played a key role in establishing Kyoto Orimono, a local textile company, promoting world-leading dyeing techniques in Japan. In 1890, he founded Inabata Senryoten, the predecessor of Inabata & Co., Ltd., which began importing cutting-edge synthetic dyes and chemicals into Japan. When dye imports came to a halt during World War I, Katsutaro participated in the establishment of Japan Dyestuff Manufacturing Co., Ltd. in 1916 and dedicated himself to advancing the domestic production and widespread adoption of dyes.



Inabata Senryoten at the time of founding

1950— Supporting heavy chemical industrialization and rapid economic growth

Inabata responded to demand for petrochemicals by importing polypropylene for the first time in Japan

Around 1955, government-led heavy chemical industrialization accelerated and demand for petrochemicals expanded. Against such a background, Inabata had the foresight to set its eye on polypropylene, which was said to be an all-purpose resin. In 1957, Inabata concluded a provisional import contract with an Italian firm that had industrialized polypropylene production that year, and imports to Japan began for the first time in 1959. Since then, the supply of commodity resins—widely used in everything from home appliances and automotive parts to textile materials, medical applications, and construction materials—has continued to support manufacturing in Japan from the period of rapid economic growth to the present day.



1980— Building a global supply network

Expands manufacturing and processing capabilities overseas to support Japanese manufacturers’ global expansion and supply chains

In the late 1970s, in response to the relocation of production facilities of Japanese electronics manufacturers to Southeast Asia, Inabata established its first plastic compound manufacturing and processing base in Singapore. Inabata established a system to supply customers who had struggled with inventory management and fluctuating demand for imported raw materials from Japan with timely and consistently high-quality materials. Since the Plaza Accord in 1985 accelerated the overseas expansion of Japanese manufacturers, Inabata has expanded its presence to locations such as Thailand, Malaysia, China, and Vietnam, supporting our customers’ supply chains across these regions.



2010— Contributing to a decarbonized society

Emphasized focus on environmental-related business in the medium-term management plan, expanding product lineup with reduced environmental impact

Marking the Company’s 120th anniversary in 2010, president at the time Katsutaro Inabata designated this milestone as the fourth founding* and established a corporate philosophy framework (Mission, Vision, and IK Values). Business portfolios were reorganized into the current four segments and focus was set on strengthening and enhancing diverse capabilities to respond to societal changes and create new value. Since 2010, the medium-term management plan has focused on environment-related business. In its commitment to contributing to a decarbonized society, Inabata has expanded to handling products with reduced environmental impact, including renewable energy and recycled resins.



* The Company defines the start of business in 1890 as its first founding, the postwar recovery beginning in 1945 as the second founding, the separation of the pharmaceutical business in 1984 as the third founding, and the 120th anniversary year in 2010 as the fourth founding.

Social environment

1890— Early and Growth Period

The dawn of modern Japanese industry From postwar reconstruction to an era of rapid economic growth centered on heavy chemical industries.

- 1890 Inabata Senryoten established in Kyoto
- 1908 Branch established in Tianjin, China
- 1916 Katsutaro contributed to the establishment of Japan Dyestuff Manufacturing
- 1959 Imported polypropylene for the first time in Japan
- 1973 Listed on the First Section of the Tokyo Stock Exchange
- 1976 Overseas sales base established in Singapore

1980— Reform Period

Following the Plaza Accord, the yen appreciated significantly, accelerating the overseas expansion of Japanese manufacturers and driving increased demand for the development of global supply networks.

- 1984 Separated the core pharmaceuticals business
- 1987— Expanded overseas operations to countries including Thailand, Malaysia, France, Indonesia, and China
- 1990 100th anniversary
- 1999 Reorganized operations into five key areas—IT & Electronics, Housing Materials, Chemicals, Plastics, and Food—and restructured the business portfolio accordingly
- 2000— Obtained ISO 14001 and ISO 9001 certifications

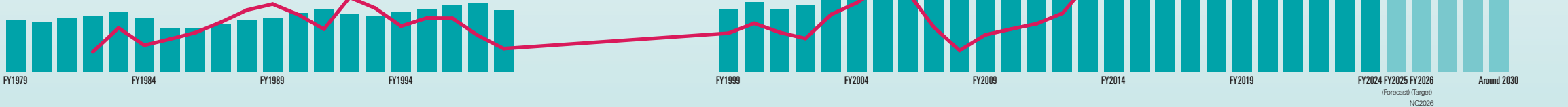
2010— The Fourth Founding Period

Amid energy supply concerns after the Great East Japan Earthquake and COVID-19 disruptions, the world entered a highly unpredictable era of volatility, uncertainty, complexity, and ambiguity (VUCA), making climate change and sustainable development urgent priorities.

- 2010 Redefined the corporate philosophy framework to the Mission, Vision, and IK Values—centered on “love (ai)” and “respect (kei)”
- 2010— Focused on environment-related business (solar cell-related, recycled resins, biomass power generation, etc.)
- 2014 Overseas sales ratio reached 50%
- 2019 Reorganized operations into the current four segments: Information & Electronics, Chemicals, Life Industry, and Plastics
- 2021 Established the Sustainability Committee Established the Business Planning Office to accelerate investments Enhanced shareholder returns by introducing progressive dividends
- 2022 Transition to a company with an audit and supervisory committee
- 2023 Accelerated efforts to realize management that is conscious of cost of capital and stock price
- 2024 Formulated the Sustainability Medium-term Plan 2026

2030—

IK Vision 2030 Toward 1 trillion yen in net sales



**With the foresight and agility
of a trading company,
we will chart our course
through changing times
toward 2030 and beyond.**

Katsutaro Inabata
President



Valuing communication

President's roundtable and a new corporate message

In April 2024, we launched New Challenge 2026 (NC2026), the third stage of our medium-term management plan aimed at realizing our long-term vision, IK Vision 2030. To successfully execute the plan, we recognized the importance of open communication between management and employees, and put into action a long-prepared initiative: roundtable discussions with the president. Between July 2024 and February 2025, we held a total of 15 roundtable discussions, each focused on a specific theme such as career planning, human resource development, corporate culture, investment strategies, and the current and ideal functions of a *shosha*, or Japanese trading company. Employees interested in each topic were invited to participate. Rather than simply delivering my own

message, I focused on listening carefully to employees. Through this process, I realized that things I had assumed were well understood often were not, and I also became aware of many of my own assumptions. It proved to be a highly valuable experience. We intend to address the many action items raised during the roundtable discussions through various initiatives moving forward.

Building on some of the themes from the recent roundtable discussions, we have launched the MOVE MOVE Project to develop our corporate message. The project name embodies the idea of employees taking initiative to drive Inabata's future forward. Project members, primarily young leaders from various workplaces, are actively engaged in workshops and related discussions. I look forward to seeing how they will articulate the Company's vision beyond the long-term vision in their own words.

President's roundtable: Shaping Inabata's future Conversing with the president

From July 2024, we held 15 president's roundtable sessions, with a total of 132 employees taking part. Employees from a wide range of departments, positions, and age groups engaged in open and lively exchanges of ideas. Many also took part in the informal gatherings held afterward, which further deepened connections.



Implementation period

Term 1: July–October 2024 (8 sessions)
Term 2: November 2024–February 2025 (7 sessions)

Number of participants

Total of 132 (including those who attended multiple sessions)

Themes of the discussions

- The current and future functions of the Company
- Investment strategies
- Building career plans at the Company (Part 1: Systems related to retirement age extension)
- Building career plans at the Company (Part 2: Assignments and transfers)
- Human resource development
- Diversity and inclusion (D&I)
- What should change and what should be preserved (organizational culture)

Review of FY2024

Achieved record highs in net sales, operating profit, and ordinary profit

In FY2024, we achieved record highs in net sales, operating profit, and ordinary profit, marking a strong start to the first year of our medium-term management plan, NC2026. The weak yen provided a tailwind, but it was particularly our two key segments, Plastics and Information & Electronics, that significantly outperformed plans and drove overall growth.

In the Plastics segment, demand related to office automation (OA) equipment recovered significantly, mainly in Southeast Asia. This led to not only increased sales at our trading bases but also higher operating rates at our compounding factories, resulting in substantial profit growth. Additionally, the joint venture Novacel Co., Ltd., established with Daicel Corporation and newly consolidated, got off to a strong start and also contributed to our financial performance.

In the Information & Electronics segment, the recovery in OA-related demand provided a tailwind, and the market for flat panel displays (FPDs) remained strong, supported by economic stimulus measures in China.

On the other hand, our efforts in key focus areas such as materials for storage batteries and solar power

generation have faced delays due to the rapid slowdown in the EV transition and worsening market conditions. Nevertheless, we believe that the long-term social demand to address environmental and energy challenges remains unchanged, and remain committed to advancing these initiatives.

Progress toward IK Vision 2030

Continuing to accelerate efforts toward achieving the four goals

It is still a bit early to determine whether we will achieve the four goals set out in IK Vision 2030, but I would like to share our current progress.

As for our goal of achieving consolidated net sales of one trillion yen or more, we aim to reach this during the next medium-term management plan, which will mark the final phase of IK Vision 2030. However, we expect to gain a clear outlook toward this target during the NC2026 period.

Regarding the goal of further advancing multifaceted capabilities, in addition to our existing functions, including manufacturing, processing, logistics, and trading (trading company functions), we are also considering adding entirely new capabilities such as research and development. Our aim is to continue



expanding the value we offer. In addition, to further enhance our manufacturing and processing functions, we are strengthening our organizational structure by establishing the Manufacturing Site Support Department within the Financial Management Office.

Progress has been limited toward our goal of generating at least one-third of sales and operating profit from business segments other than Information & Electronics and Plastics. That said, the intent behind this policy is to avoid overdependence on any specific business domain. In that respect, even within our two main segments, Information & Electronics and Plastics, new business domains have been emerging, and the nature of these segments is gradually evolving. Of course, we will not rest on these developments. We remain committed to accelerating growth in the Chemicals and Life Industry segments through proactive investments and other strategic initiatives.

Regarding the goal of achieving an overseas ratio of 70% or more, the domestic ratio has actually increased over the past two years due to the high domestic sales proportion of newly consolidated subsidiaries. This policy emphasizes that achieving one trillion yen in sales will naturally result in an overseas sales ratio of around 70%. At that point, it will be crucial for the entire Group to establish an appropriate governance structure. Accordingly, strengthening governance frameworks to match the Group's expanding consolidated scope, both domestically and internationally, remains an ongoing challenge. We are steadily expanding our overseas business, with a more detailed discussion on structural enhancements to follow. Anticipating strong growth ahead, we opened our fifth office in India, the Bangalore Office, in July 2024, and established a new branch in Cambodia under Inabata Thai Co., Ltd. in April 2025.

Initiatives under NC2026

Aiming to realize our growth strategy by focusing on proactive investment and sustainability management

As the second year of NC2026, FY2025 will be a year of steadily taking steps toward the realization of IK Vision 2030 while adapting to ongoing changes in the world around us. This fiscal year, we remain committed to steadily and actively advancing the key initiatives outlined in our management plan: proactive investment and addressing key management materiality through our Sustainability Medium-term Plan. The individual strategies are as follows.

Growth strategy

NC2026 focuses on organic growth as its foundation, while aiming to accelerate expansion through proactive investment. Since establishing the Business Planning Office in July 2021 to identify and screen investment opportunities, we have reviewed numerous projects. One notable outcome is the formation of Novacel Co., Ltd., a joint venture with Daicel Corporation, as mentioned earlier. While the joint venture has gotten off to a smooth start, the real challenge of realizing full synergies lies ahead. Not limited to Novacel, we believe that enhancing our capability to drive post-merger integration (PMI) in both completed and upcoming projects is essential for the successful execution of investment initiatives. To strengthen our organizational structure, we established a department dedicated to promoting PMI within the Business Planning Office in August 2024. We are working to strengthen governance by collaborating with corporate departments such as the Internal Audit Office and the Financial Management Office, while also partnering with sales divisions to drive the realization of synergies.

Message from the President

Financial strategy

We will continue to control our cost of capital to maintain return on equity (ROE) levels. We also believe it is important to steadily execute our growth strategy, continuously enhance business value, and foster growth expectations.

In response to rising interest rates resulting from recent global economic changes, we have been gradually strengthening the capital of our overseas offices over the past two to three years. Thanks to these efforts, the impact of rising interest rates on non-operating income and expenses for the consolidated Group has been kept lower than initially expected. We will continue to implement a flexible financial strategy to address rising interest rates going forward.

Sustainability strategy

In May 2024, we announced our medium-term management plan, NC2026, alongside the release of the Sustainability Medium-term Plan 2026. We have identified key risks, opportunities, and major initiatives related to materiality, and established a long-term vision, strategies, key performance indicators (KPIs), and targets. We encourage you to review them at your convenience. In July 2024, we concluded our first-ever green loan, and in November, we decided to issue our first green bonds. Both are important new milestones for the Company.

Please refer to Progress of the Sustainability Medium-term Plan 2026 on page 31.

Utilization of human capital

Human capital utilization is recognized as a critical material issue in our Sustainability Medium-term Plan and forms the foundation for business continuity. To address this, we have set a range of KPIs. We expanded the employee engagement survey to include our domestic manufacturing facilities, resulting in a significant improvement in response rates. However, the proportion of positive responses declined. We will carefully analyze the underlying causes and address them sincerely. We have made steady progress on KPIs related to D&I. We are developing a human resource database to support the promotion of local staff to executive positions at overseas subsidiaries and plan to accelerate these efforts.



With the staff of Inabata Industry & Trade (Dalian F.T.Z.)

Digital strategy (leveraging DX)

Our digital strategy centers on three key areas: the strategic use of information across the entire Group,



corresponding improvements in security levels, and boosting productivity through digital transformation (DX) initiatives. Specifically, the most critical issue is the renewal of our core system, and the project is progressing smoothly. With the ongoing expansion of our Group-wide network, maintaining consistent security standards across our headquarters and both domestic and international subsidiaries is essential. We are committed to continuously strengthening these standards through regular audits and ongoing guidance. In terms of DX, we are adopting tools to streamline operations while also working to maximize the use of our information assets—for example, by leveraging generative AI to analyze daily sales reports.

companies, which have grown in tandem with the expansion of free trade. However, from a different perspective, the social momentum toward sustainable capitalism, which accelerated rapidly during the COVID-19 pandemic, and the direction of the second Trump administration, while seemingly at odds, may not be entirely unrelated. It may take a little more time to clearly understand the major trends. Inabata is committed to navigating any shifts in the environment with the flexible approach characteristic of a *shosha*, or Japanese trading company. Each of our employees is expected to see these changes not as limitations but as opportunities for growth and to transform them into chances for success. We will continue to listen to the opinions of our stakeholders and work toward our sustainable growth. We appreciate your continued support and look forward to your ongoing cooperation.

To our stakeholders

Navigating shifting currents with the agility that defines a trading company

Since the launch of the second Trump administration in January 2025, there has been growing commentary that the world has entered an era of division, with some even describing the situation as a crisis of free trade. This could be seen as a challenging time for trading

Medium-term management plan: NC2026

Key themes

- Accelerate growth through proactive investment
- Address key management priorities (materiality) under the Sustainability Medium-term Plan 2026

Company-wide growth strategy

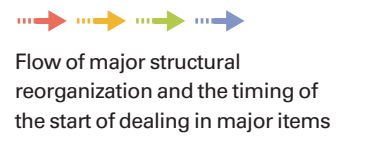
Segment growth strategy

Management base strategy

Financial strategy

Sustainability strategy
(including HR strategy)

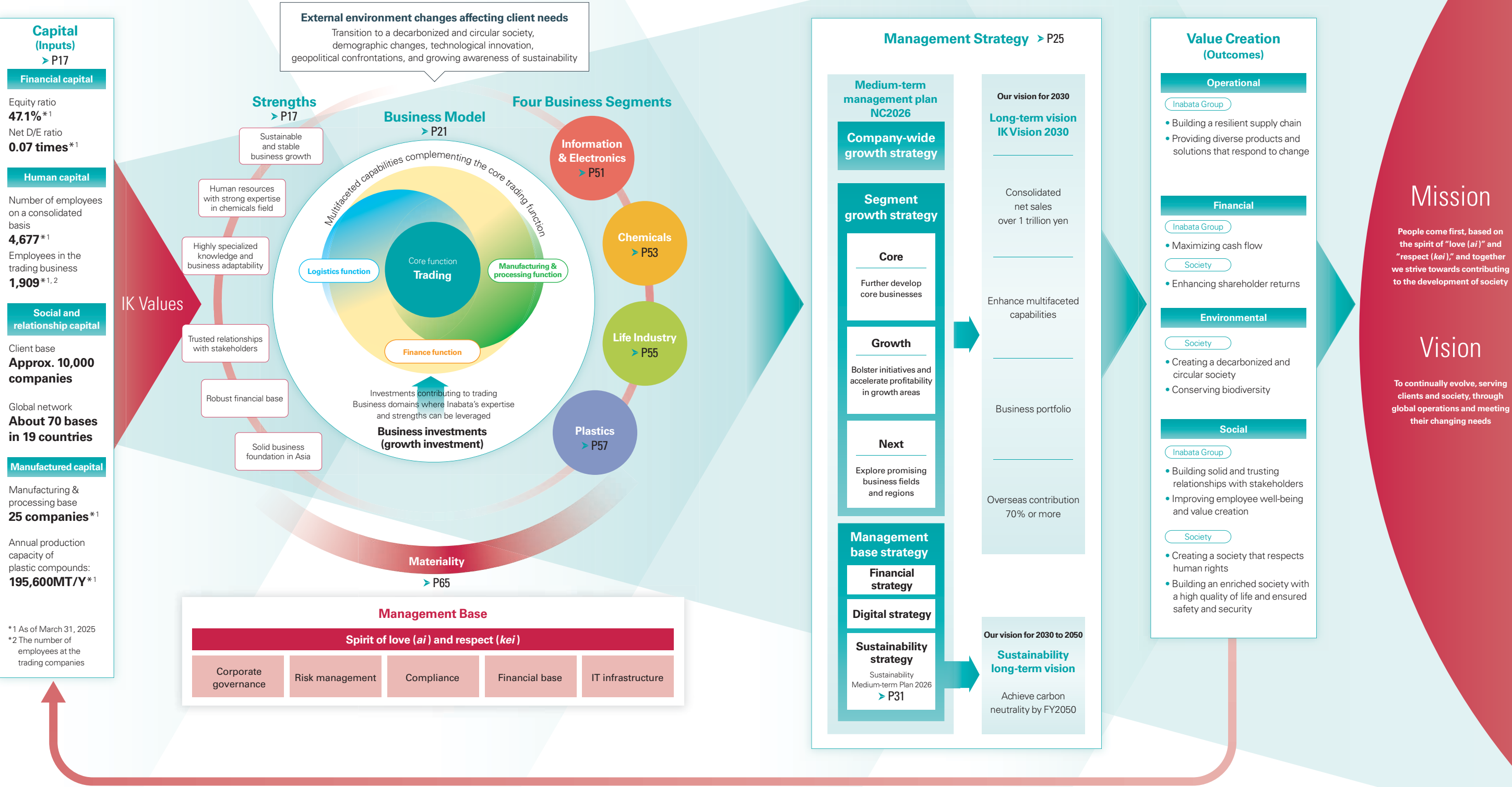
Digital strategy



Note: The Company defines the start of business in 1890 as its first founding, the postwar recovery beginning in 1945 as the second founding, the separation of the pharmaceuticals business in 1984 as the third founding, and the 120th anniversary year in 2010 as the fourth founding.

Value Creation Process

The Inabata Group will harness the capital it has accumulated and cultivated as a source of its business expansion, with trading at the core, providing optimal solutions for the global supply chain. Furthermore, we will accelerate growth through proactive investment in business domains where we can leverage our strengths.



The Inabata Group’s capital and strengths that support the creation of sustainable value

The Inabata Group has continually strengthened and integrated the four forms of capital we have cultivated over more than 130 years: financial capital, human capital, social and relationship capital, and manufactured capital. These forms of capital are deeply connected to the Group’s unique values and form the foundation of our strengths, which serve as a source of competitive advantage. Even in a rapidly changing social environment, we will leverage these strengths to further evolve our value proposition of delivering optimal supply chain solutions and strive to sustainably enhance our corporate value.

Capital investment

	Importance to the Group	Key indicators	Key initiatives to strengthen
Financial capital 	Foundation supporting sustainable growth and value creation	Equity ratio*1 47.1% Net D/E ratio*1 0.07 times	• Further improve capital efficiency • Reduce strategic shareholdings • Diversify funding methods (corporate bonds, etc.) • Focus on shareholder returns, including paying progressive dividends • Implement measures to realize management conscious of cost of capital and stock price
Human capital 	Source of the Group’s value creation	Number of employees on a consolidated basis (people)*1 4,677 Employees in the trading business*1,2 1,909	• Instill the corporate mission • Drive improvements to enhance employee well-being, starting from engagement survey insights • Foster diversity and inclusion (D&I) • Advance health and productivity management • Strengthen human resource development
Social and relationship capital 	Foundation for generating internal and external synergistic effects	Client base Approx. 10,000 companies Global network About 70 bases in 19 countries	• Strengthen trust-based relationships with existing partners • Cultivate new, promising business partners • Actively expand into growth markets • Build a sustainable supply chain • Ensure information disclosure and transparency
Manufactured capital 	Unique tools to enhance trading business	Manufacturing & processing base*1 25 Annual production capacity of plastic compounds*1 195,600MT/Y	• Enhance the functional integration of the global manufacturing network • Optimize operational efficiency and strengthen production capacity • Improve manufacturing technology • Strengthen the quality management system • Implement environmental measures in manufacturing

*1 As of March 31, 2025 *2 The number of employees at the trading companies

Unique values

IK Values

To cherish integrity and respect for people (ethics)

To continually challenge the limits with high ideals, big dreams and great passion (aspiration)

To prize dialogue and teamwork, and to treasure professional growth of employees (organization)

To become the best partner of our clients, providing solutions from the clients’ standpoint (role)

To grow with people across borders, sharing and respecting diverse values with the aim of co-prosperity (symbiosis)

Development of strengths

Sustainable and stable business growth

Human resources with strong expertise in chemicals field

Highly specialized knowledge and business adaptability

Trusted relationships with stakeholders

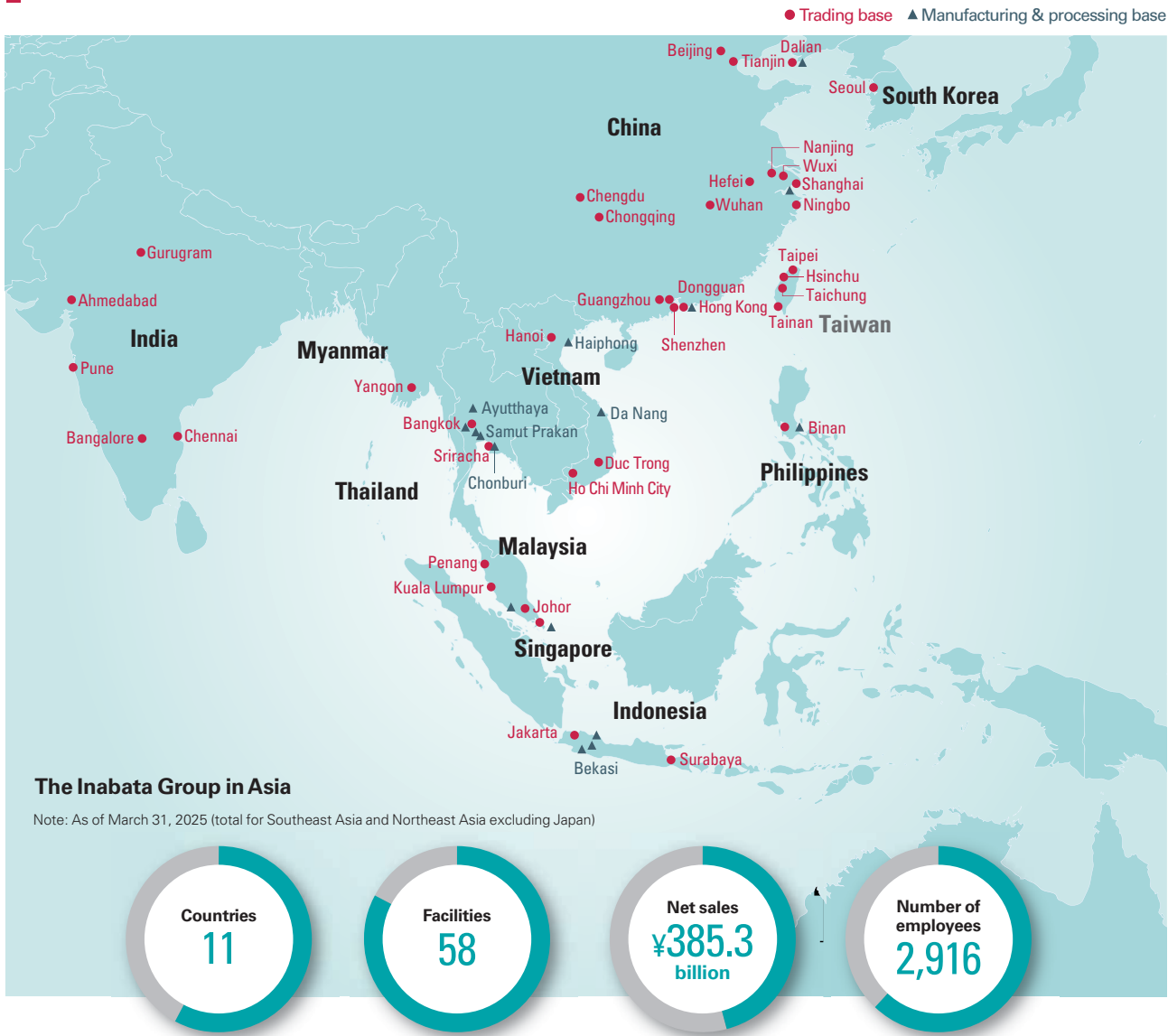
Robust financial base

Solid business foundation in Asia > P19

Business creation

Nearly 60% of our human capital is concentrated on a consolidated basis in the region

Solid business foundation in Asia

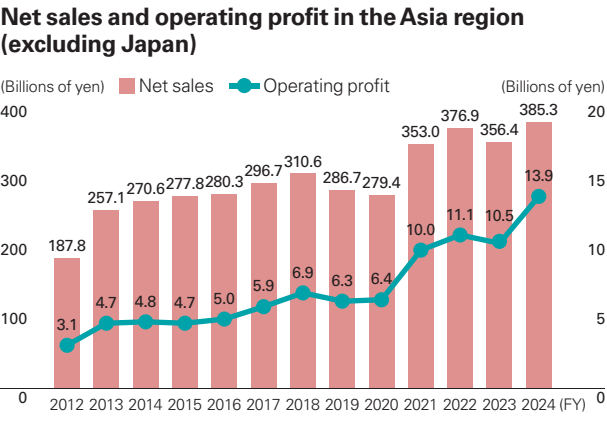


The Inabata Group has established a strong business foundation in Asia based on its highly specialized knowledge and business adaptability derived from its global network.

Since establishing a sales base in Singapore in 1976, the Group has steadily expanded its network in Southeast Asia and Northeast Asia. It now has 58 facilities across 11 Asian countries, excluding Japan, with approximately 3,000 employees, accounting for over 60% of the consolidated total workforce.

In business, the Group has grown primarily in Northeast Asia with a focus on flat panel display (FPD) materials. In Southeast Asia, the Group has increased its plastics business by leveraging the differentiation provided by its plastic compounding business (refer to page 24).

Sales in the Asia region excluding Japan have roughly doubled over the past 12 years, while operating profit has increased approximately 4.5 times.



TOPICS 1 Business expansion in Asia: FPD-related business

Our FPD-related business began in 1990 with the sale of materials for polarizing films—polyvinyl alcohol (PVA) films. Thereafter, we quickly adapted to changes in the FPD market environment, expanding our client base and business scope, and it has grown into a core business.

Specifically, as the main FPD panel manufacturing countries and regions shifted from Japan to Taiwan and South Korea, and later to China, we promptly responded by staffing our local facilities and began engaging with local manufacturers.

We have also augmented our product range from materials for polarizing films to include polarizing films, protective films, alignment layer materials, and organic light-emitting diode (OLED) material. As a result, we have been able to gather information from a wide range of clients, from material and component manufacturers to panel makers, and have used this information to drive further business development.

Based on the specialized knowledge and information accumulated through this process, we actively engage in building clients' supply chains and making new business proposals.

History of business expansion

1990s	- Started with the sale of materials for polarizing films (PVA films) in 1990. - Began selling polarizing films to major Japanese panel manufacturers in 1993.
2000s	- Responded to the emergence of major panel manufacturers in Taiwan by establishing a local processing facility for polarizing films. In 2001, transferred operations to a joint venture with Sumitomo Chemical Co., Ltd., and took charge of sales. - Quickly established transactions with major panel manufacturers in China, capturing market expansion driven by the proliferation of laptops, the shift to FPD televisions, and the rapid growth of smartphones.
2010s	Capitalized on trends such as OLED technology and next-generation FPDs, and extensively expanded the product range.

TOPICS 2 Business expansion in Asia: Plastics business

Our plastics business expanded overseas in alignment with Japanese electronics manufacturers relocating their production bases abroad. Since then, we have cultivated customers in industries such as office automation and automotive, and have bolstered our global network of facilities, focusing on Southeast Asia.

In the plastics market, we anticipate continued growth in demand in Southeast Asia and South Asia, driven by economic expansion. Furthermore, while demand for general-purpose applications such as plastic bags, tableware, containers, and packaging is declining, the automotive sector is expected to continue growing due to increased needs for lighter weights and metal alternatives owing to the rise of EVs.

A key differentiating factor in the expansion of our plastics business has been the plastic compounding business. In 1978, we established our first plastic compound manufacturing facility in Singapore. Today, we manufacture plastic compounds at seven locations across seven countries, primarily in Asia. This allows us to provide products that meet local customer needs in a timely manner, and based on our accumulated expertise, we also offer new resin material proposals.

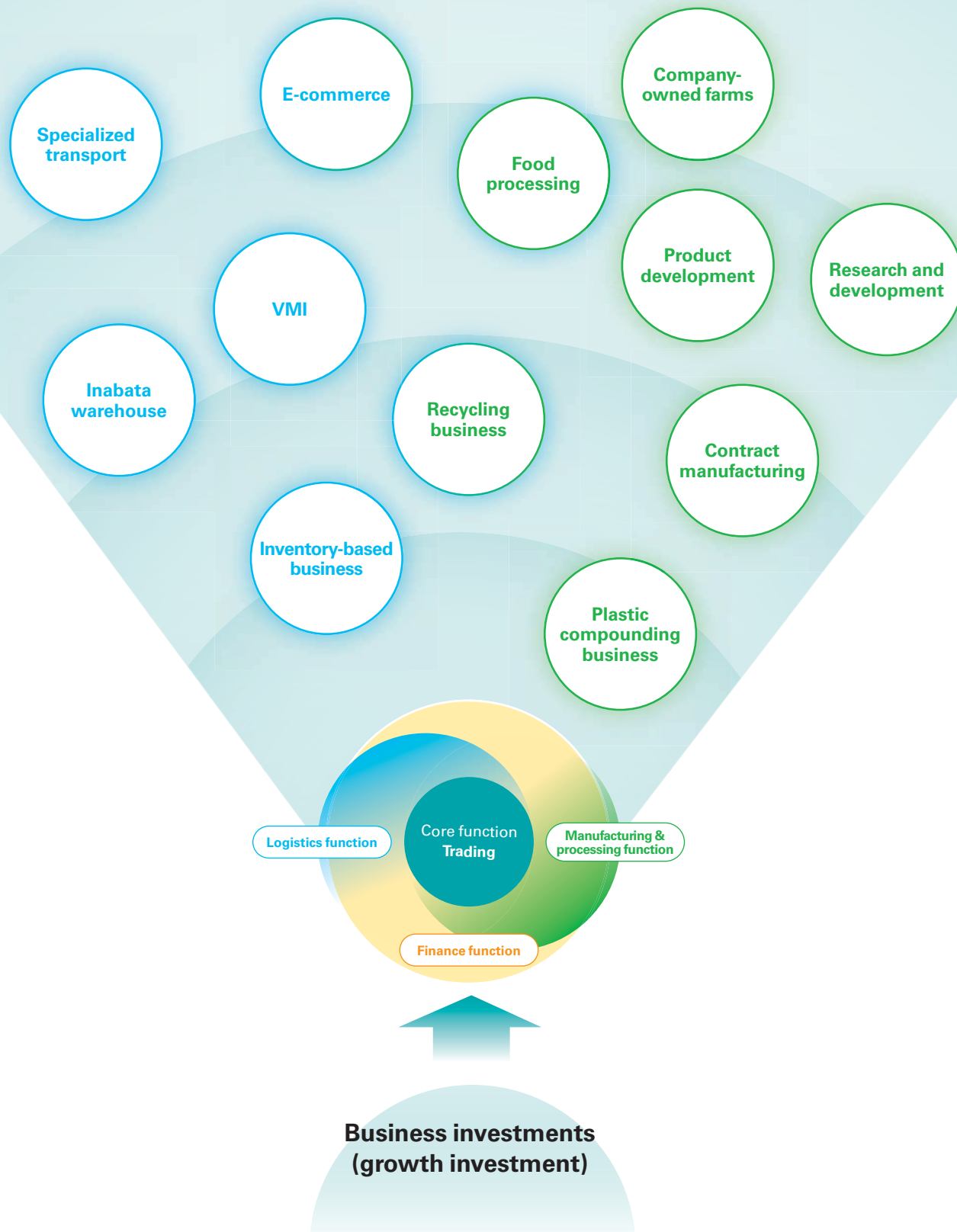
Our strength lies in our ability to cater to diverse, small-quantity needs that major trading companies often find challenging to address. We can also provide support close to our customers' overseas locations—an advantage that smaller trading companies typically struggle with (refer to page 24).



President Inabata and the staff of Inabata Philippines

By performing a variety of business functions with trading at the core, we continue to evolve and expand a trading company business that embodies Inabata's unique strengths.

Evolution of the business model



A wide range of capabilities to evolve the business

Logistics

While drawing on the product knowledge and expertise that we have accumulated over many years, we provide the optimum logistics solutions to clients by partnering with warehousing and transportation companies. We offer inventory management and replenishment systems that leverage our global network, thereby contributing to the local production and sales operations of clients operating businesses around the world.

Vendor managed inventory (VMI):

A system where inventory is managed and replenished on behalf of the customer. By analyzing production information through IT, suppliers and logistics providers are coordinated to efficiently deliver raw materials and supplies.

Inabata warehouse:

To ensure timely delivery and one-stop service, we operate our own warehouses in Indonesia and Thailand handling automotive parts, plastics resins and chemical materials, as well as food ingredients.

Manufacturing & processing

We increase the added value that we provide to customers by offering the manufacturing and processing functions needed in areas close to their production bases.

We also contribute to the expansion of our trading business by delivering a one-stop service in various regions throughout the world, covering the procurement of materials.

Under NC2026, we are actively investing in strengthening manufacturing and processing functions to complement our trading business and drive future growth.

Plastic compounding business:

Our processing adds functions such as weather resistance by blending and coloring base resins with pigments, additives, and other resins according to their intended use. We operate seven manufacturing and processing bases across seven countries, primarily in Asia.

Company-owned farms, food processing, and e-commerce:

In the food sector, the Group collaborates across the entire value chain, from upstream cultivation and production to downstream food processing and e-commerce, strengthening our sales capabilities.

Product development:

We identify the values society demands and focus on developing new products. By leveraging the expertise cultivated at our domestic and international trading, manufacturing, and processing bases, we advance the development of a wide range of products that meet our clients' needs.

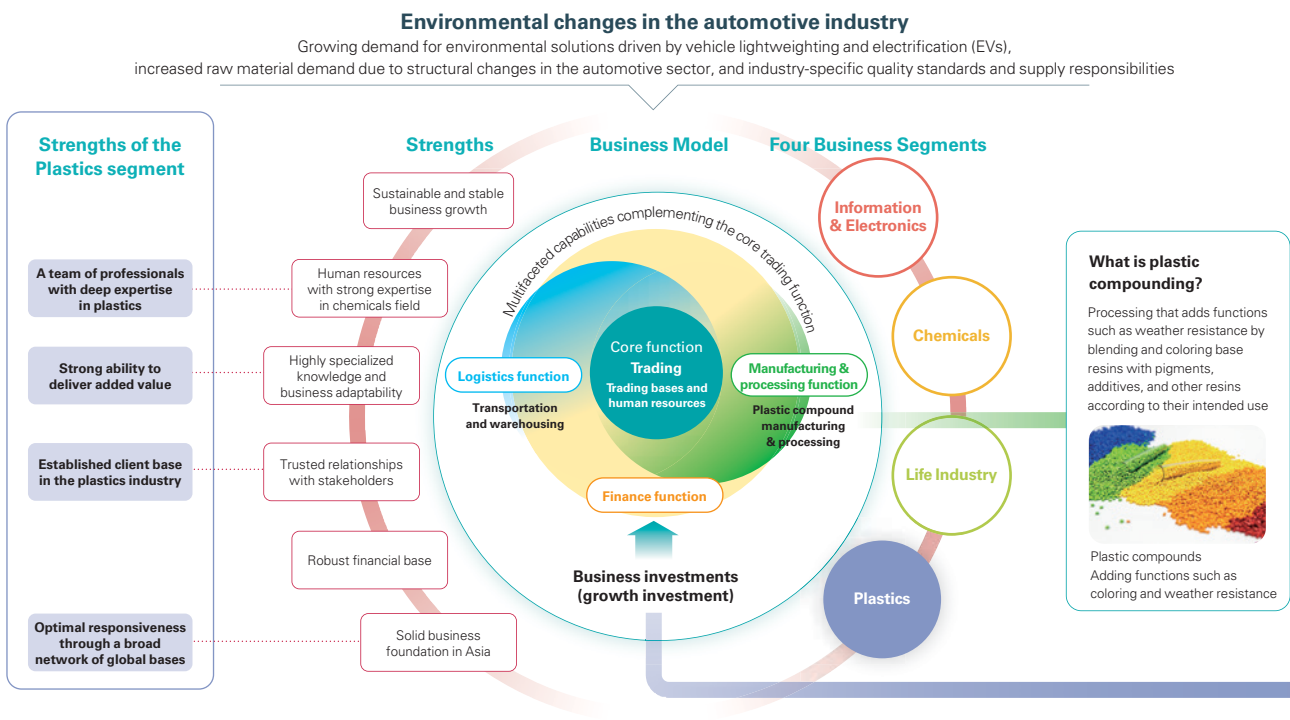
Finance

We propose and implement solutions for clients' challenges such as reducing capital burden and avoiding foreign exchange risks. This serves as a foundational function that enhances the added value of the various businesses we provide to our clients.

Commitment to trading

As a *shosha*, or Japanese trading company, the Inabata Group remains ever-committed to trading. This is because we believe that trading is a business model that maximizes our strengths, including highly skilled human resources, strong information and business capabilities, trusted relationships with stakeholders, a robust financial base, and a solid business foundation in Asia. As a group of trading specialists, we aim to stay close to our clients on-site around the world daily, to identify and address various needs through access to frontline information, and to solve our clients' issues by making new proposals and creating new businesses. We will continue to refine our trading activities and provide greater added value to our clients and society.

Entry into the automotive business by leveraging plastic compound manufacturing and processing capabilities in the plastics segment



Background and strategy

Entering the automotive raw materials market is not easy, as an existing supply chain has already been established and involves lengthy approval processes due to the high quality standards demanded for safety reasons. However, by fully leveraging our plastic compound manufacturing and processing capabilities across seven sites in seven countries, primarily in Asia, along with the Plastics segment's strengths such as our client base, a strong ability to provide added value, and local responsiveness, we have successfully entered the automotive market despite being a latecomer.

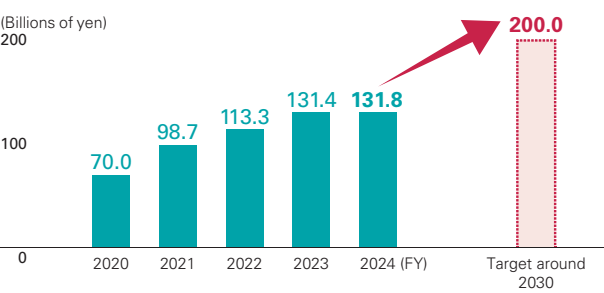
We are expanding the strong customer relationships we have built in Asia to Japan and North America, advancing business growth with clients that have manufacturing sites worldwide. Automotive-related sales grew to 131.8 billion yen in FY2024. We aim to achieve net sales of 200.0 billion yen by around 2030, the goal set in our long-term vision, IK Vision 2030.

NC2026 automotive business strategy

Under the ongoing NC2026 plan, we are advancing initiatives in the automotive business across each of our strategic areas. We will accelerate global business expansion by flexibly responding to changes in the automotive production supply chain.

NC2026 strategy	Initiatives
Expand earnings through proactive investment	Establish Novacel Co., Ltd.
Differentiate and boost earnings by enhancing multifaceted capabilities	Establish a structure to expand and enhance compounding capabilities
Further develop key segments	Expand business with non-Japanese automotive manufacturers
Further develop growth areas	Focus on growth regions such as India and Mexico

Sales of resins for the automotive industry



Plastic compound manufacturing and processing capabilities that complement trading

Our plastic compound manufacturing and processing capabilities complement our trading functions, enabling us to deliver the added value clients seek. This has become a core strength that makes us the preferred partner for our clients.

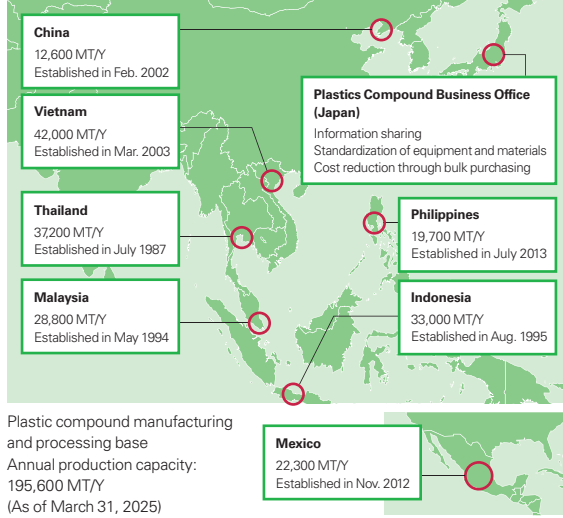
Industry-leading production capacity and a global customer support system

We operate production sites across seven locations in seven countries, including China, Vietnam, and Indonesia, making us one of the largest producers in the industry as a trading company-operated plastic compounder. By building a consistent customer support system in Japan and overseas through collaboration between our production bases and trading bases in each country, we are able to provide quick and useful information, have one-stop price negotiation power both domestically and internationally, and ensure a stable supply.

Evolution of our manufacturing and processing bases

As Japanese electronics manufacturers transferred their production bases to Southeast Asia in the latter half of the 1970s, we followed suit, building our first overseas plastic compound manufacturing and processing base in Singapore*. As our customers in the office automation (OA) and automotive industries broadened their businesses globally, we have expanded our network of manufacturing and processing bases.

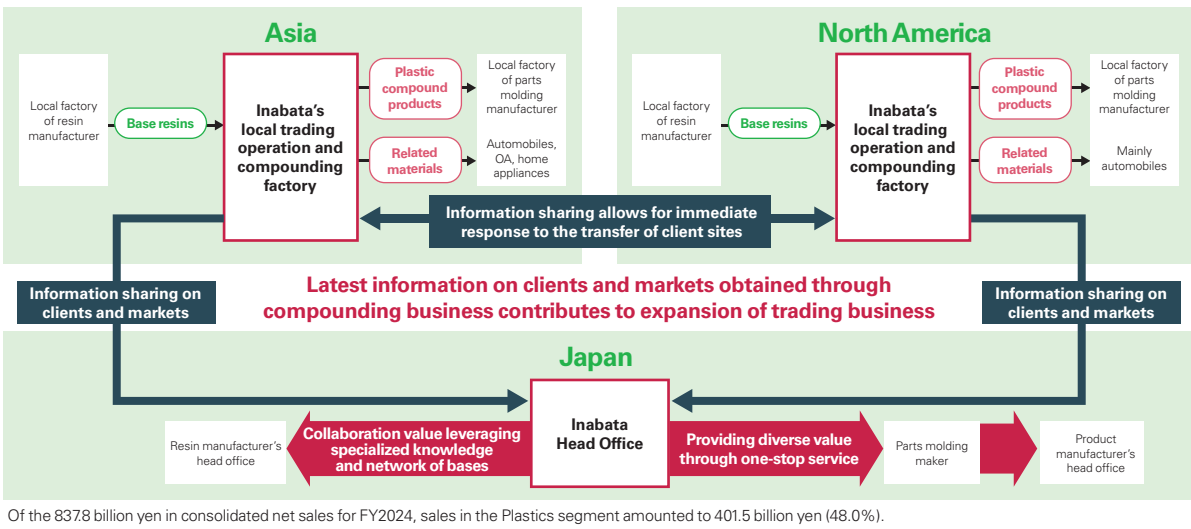
* The plastic compound manufacturing and processing base in Singapore was closed due to decreased demand.



Detailed services that closely align with client needs

We differentiate ourselves by providing attentive support near our clients' manufacturing facilities, responding precisely to needs such as short lead times and small-lot, multi-product production. Additionally, by engaging closely with our customers' manufacturing processes, we obtain real-time product-related information from the development stage onward. We leverage this information to propose new resin and chemical raw materials.

Business model for the plastic compounding business



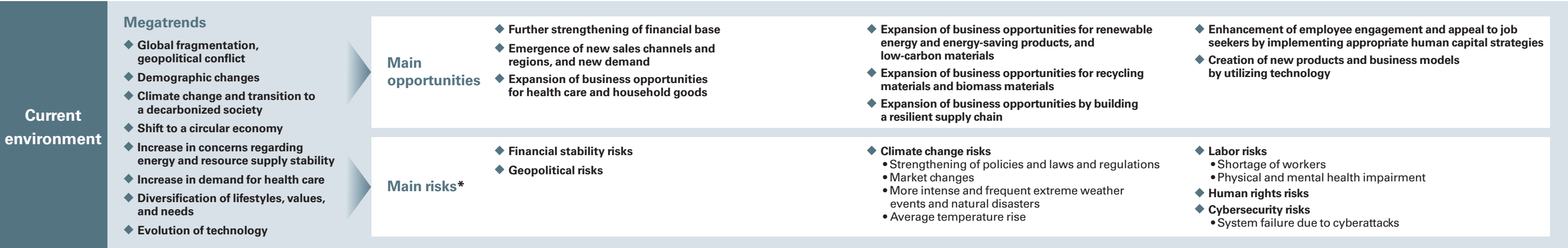
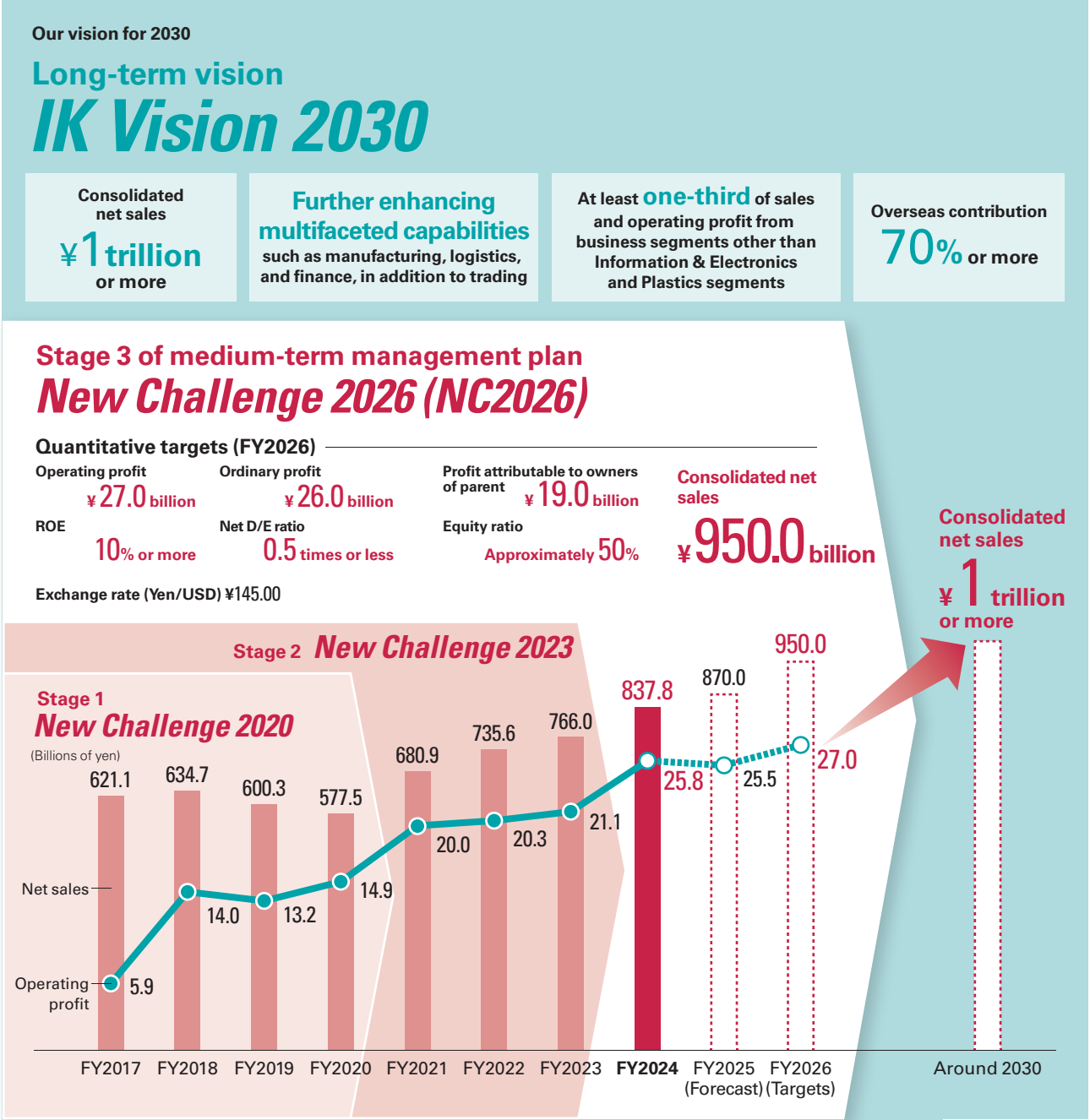
Established Novacel Co., Ltd. as a growth investment

As the most important growth investment in the first year of NC2026, we established a joint venture, Novacel Co., Ltd., together with Daicel Corporation. As quality demands from clients, including automotive manufacturers, become more advanced, the establishment of this company aims to enhance the plastic compounding business, a key manufacturing and processing function within the Plastics segment. This will be achieved by accumulating production technologies, advancing quality control, developing technical personnel, strengthening development capabilities, and improving production efficiency through the introduction of manufacturing systems. By strengthening these multifunctional capabilities, we aim to differentiate ourselves from competitors and achieve further profit growth.

Company name:	Novacel Co., Ltd.
Established:	April 1, 2024
Business:	Research, development, and sales associated with resin coloring and plastic compounding
Investment ratio:	Inabata & Co., Ltd. 66.7%, Daicel Corporation 33.3%

Overview of Management Plan

To achieve our aspirations for the future set forth in our long-term vision, we will aim to further accelerate growth under our medium-term management plan, NC2026.



* Limited mainly to medium- to long-term risks based on megatrends. Please refer to page 106 for information on business and other risks, including those based on a short-term perspective.

Overview of NC2026

The growth strategy under NC2026 is detailed by dividing it into two categories: the company-wide strategy, which is a common theme across the entire Company, and the segment strategy, which outlines important focus areas for each segment.

Additionally, we have formulated the financial strategy,

sustainability strategy, and digital strategy as policies to support growth.

In the sustainability strategy, we address key management priorities (materiality) by setting a long-term vision, strategy, KPIs, and targets, which have been consolidated into the Sustainability Medium-term Plan 2026.

Company-wide growth strategy

The company-wide growth strategy is being implemented in alignment with the long-term vision.

To achieve our goal of consolidated net sales of one trillion yen or more, we will proactively invest in our businesses. The business domains expected to contribute to expanding earnings include environment-related business and life industry business, such as food products.

To enhance multifaceted capabilities, we will focus on bolstering manufacturing and logistics, in particular, to

achieve differentiation and boost earnings. The strengthening of production capabilities for plastic compounds through the establishment of a joint venture with Daicel Corporation, as mentioned earlier, is also aligned with this strategy.

The business portfolio focuses on deepening two key segments—Plastics and Information & Electronics—while also accelerating the development of new earnings pillars alongside these critical areas. We will consider expanding our business domains through M&A as part of this

approach. Additionally, for enhancing the key segments, we have set medium- to long-term target figures for the environmental and energy field (Information & Electronics) and for automotive resin (Plastics), where we expect to drive growth. Please refer to the segment-specific growth strategies (pages 51–58) for more information.

To achieve the target of 70% or more of business being accounted for overseas, we will emphasize not only Asia, where we have traditionally excelled, but also India and the Americas, including Mexico. As part of seeding for sustainable growth, we will also consider expanding into untapped regions, such as Eastern Europe.

Management base strategy

We have formulated our financial strategy, sustainability strategy, and digital strategy as key management policies to support company-wide growth.

For the financial strategy, under NC2026, we aim to further improve capital efficiency, a long-standing emphasis of management. We will continue to place significant importance on shareholder returns, aiming for a total return ratio of approximately 50%. This includes progressive dividends and flexible share repurchases and cancellations.

Moreover, we are addressing management conscious of cost of capital and stock price as a key management issue. NC2026 explicitly states our goal of achieving a stock price level consistently above a price-to-book (P/B) ratio of 1x as soon as possible. Please refer to page 39 for more information.

In the sustainability strategy, we address materiality identified in June 2022 by setting a long-term vision, strategy, KPIs, and targets. This completes the framework for sustainability management, and we believe we have established an effective system for continuously monitoring progress toward our targets. Please refer to page 31 for more information.

In the digital strategy, we will focus on reinforcing Group-wide security, a key management issue, and strategically utilizing sales information through the introduction of a data management platform, among other initiatives. Please refer to pages 111–112 for more information.

Company-wide growth strategy

Consolidated net sales over ¥1 trillion

- Approach: Expand earnings through proactive investment
- Business domains: Expand environment-related business and life industry business, such as food products

Enhance multifaceted capabilities

- Differentiate and boost earnings by enhancing multifaceted capabilities (especially in manufacturing and logistics)

Business portfolio

- Further develop key segments (Plastics, Information & Electronics)
- Establish earnings pillars on par with key segments

Overseas contribution 70% or more

- Further develop growth areas (especially in India, Mexico, and other parts of the Americas, in addition to the existing Asia sites)
- Move into untapped areas, including Eastern Europe

The text in green represents the long-term vision.

Management base strategy

Financial strategy

- Further improve capital efficiency and focus on shareholder returns, including paying progressive dividends
- Implement measures to realize management conscious of cost of capital and stock price (achieve a stock price level consistently above a P/B ratio of 1x as soon as possible)

Sustainability strategy

- Develop sustainability management as a foundation for company-wide promotion
- Set and monitor strategies and also KPIs and targets in line with materiality

Digital strategy

- Enhance management information infrastructure and reinforce Group-wide security

Toward quantitative targets

The Inabata Group is advancing NC2026, a three-year medium-term business plan concluding at the end of FY2026, as the third stage toward achieving our long-term vision, IK Vision 2030, which outlines how we envision the Group around 2030. FY2024 marked the first year of this plan.

Quantitatively, we achieved all of the planned targets for NC2026’s first year in net sales, operating profit, ordinary profit, and profit attributable to owners of parent. Net sales and operating profit reached record highs for the fourth consecutive year, and ordinary profit also set a new record.

On the business front, our core businesses such as flat panel display (FPD)-related products, printers, and photocopiers in the office automation (OA) sector experienced growth. On the other hand, the automotive resin and renewable energy-related businesses, which are key focus areas of NC2026, have seen some delays due to a worsening market environment.

ROE fell slightly short of the first-year target despite share buybacks, due to an increase in shareholders’ equity from retained earnings and other factors.

The net D/E ratio and equity ratio have met the final year targets, ensuring that our financial soundness is fully maintained.

For the second year of NC2026, FY2025, there are concerns about an economic slowdown due to U.S. trade policies. Along with this, ongoing inflation, fluctuations in financial and capital markets, and exchange rates contribute to a highly uncertain business environment. In this environment, we aim to maintain our current level of performance and position FY2025 as a year that strengthens our prospects of achieving the final-year targets of NC2026. Our performance outlook is as follows: net sales of 870.0 billion yen, operating profit of 25.5 billion yen, ordinary profit of 25.5 billion yen, and profit attributable to owners of parent of 19.5 billion yen.

(Billions of yen)

	FY2023	First year of NC2026 FY2024		Second year of NC2026 FY2025	Final year of NC2026 FY2026
	Full-year results	Full-year results	First-year targets	Forecast	Targets
Net sales	766.0	837.8	830.0	870.0	950.0
Operating profit	21.1	25.8	22.5	25.5	27.0
Operating profit ratio	2.8%	3.1%	2.7%	2.9%	2.8%
Ordinary profit	21.3	26.1	21.5	25.5	26.0
Profit attributable to owners of parent	20.0	19.8	17.0	19.5	19.0
ROE	10.5%	9.7%	10% or more	10% or more	10% or more
Net D/E ratio	0.06 times	0.07 times	0.5 times or less	0.5 times or less	0.5 times or less
Equity ratio	46.8%	47.1%	Approximately 50%	Approximately 50%	Approximately 50%
Exchange rate (Yen/USD)	144.59	152.62	145.00	143.00	145.00

Progress of the growth strategy

Progress on the NC2026 growth strategy is generally on track. Under NC2026’s main theme, “Accelerating growth through proactive investment,” we made solid progress on several initiatives. To strengthen the functions of our compounding business and expand earnings in the Plastics business, we established Novacel Co., Ltd., a joint venture with Daicel Corporation. We also made progress toward accelerating future growth by strengthening our food processing and sales capabilities through making Satoen Co., Ltd., a company engaged in the cultivation, production, and sales of tea, a subsidiary. In addition, we made seed investments for future growth, including equity participation in a company specializing in high-performance filler manufacturing.

In terms of our business portfolio, the core Plastics and Information & Electronics segments have shown strong performance across various markets on the whole,

accompanied by improved profitability. Meanwhile, the Plastics segment has steadily expanded its recycling-related business, while the Information & Electronics segment has seen strong growth in its semiconductor-related operations. On the other hand, the Life Industry segment, including food, which we are developing as a new earnings pillar, is struggling to grow, mainly due to worsening market conditions overseas, making an early turnaround a key challenge.

Overseas, earnings in the Asia region (excluding Japan), where we have strong capabilities, grew, achieving record-high net sales and operating profit. India and Mexico, which we are especially focusing on as growth areas, have expanded sales primarily in our core automotive resin business. We are also expanding into untapped markets, including the recent opening of a branch office in Cambodia.

Long-term Vision IK Vision 2030	NC2026 growth strategy	Progress
Consolidated net sales over 1 trillion yen	Expand earnings through proactive investment	■ Actively investing mainly through M&A (Novacel, Satoen, and others) ■ Made seed investments for future growth, including equity participation in a company specializing in high-performance filler manufacturing
	Expand environment-related business and life industry business, such as food products	■ Environment-related and Life Industry businesses struggling to grow amid deteriorating market conditions
Enhance multifaceted capabilities	Differentiate and boost earnings by enhancing multifaceted capabilities (especially in manufacturing and logistics)	■ Developed a structure to strengthen and enhance compounding functions through the establishment of Novacel ■ Strengthened in-house warehouse operations in Thailand and Indonesia
Business portfolio	Further develop key segments (Plastics, Information & Electronics)	■ Plastics and Information & Electronics segments generally performing well across various fields, with improved profitability ■ Sales of automotive plastics to non-Japanese customers expanding ■ Semiconductor-related business steadily expanding earnings
Overseas contribution 70% or more	Deepening presence in growth areas and expanding into untapped markets	■ Earnings in the Asia region (excluding Japan) expanded, achieving record-high net sales and operating profit ■ In India and Mexico, sales grew mainly in the core automotive resin business ■ Opened a branch office in Cambodia

Progress of the Sustainability Medium-term Plan 2026

The Inabata Group has established the Sustainability Medium-term Plan 2026 as part of the management base strategy within the medium-term management plan NC2026 and is advancing initiatives toward key performance indicators (KPIs) and targets for each materiality. The results for the first year, FY2024, are as follows and show steady progress.

Creating sustainable value

■ Contributing to a decarbonized and circular society; sustainable use of natural capital

■ Contributing to safety, security, and well-being

■ Providing value through resilience in procurement and supply functions

Strategy	KPIs and targets (April 2024 to March 2027)		FY2024 results	(Reference) FY2023 results	Boundary	Progress status
Achieve carbon neutrality in business activities	Reduce greenhouse gas (GHG) emission (Scope 1 and 2) by 25% compared to FY2022 levels		Reduced by 12.9% compared to FY2022	Reduced by 3% compared to FY2022	Consolidated	○
Contribute to the global environment through the business	Achieve net sales of 100 billion yen*1 for environment-related business		¥43.5 billion	¥38.6 billion	Consolidated	○
Ensure safe and secure quality through stronger management of compliance with chemical substances regulations	Understand and share trends in chemical substances regulations in Japan and overseas in a timely manner, and strengthen the compliance management framework		Regularly shared information on global chemical product regulations across the Group, including with overseas subsidiaries Established a framework for managing chemical product regulations across the Group and promoted the use of the chemical product regulation search system (3E insight) Conducted regular meetings with domestic and overseas Group companies to review and support compliance with chemical product regulations Planned and conducted internal seminars on global trends in the circular economy and chemical substance management of recycled resins	—	Consolidated	○
Enhance resilience in procurement and supply functions by strengthening supply chain management	Clarify the Company's position on responsible procurement, and communicate it internally and externally		Formulated the Inabata Group Sustainable Supply Chain Policy Published the policy in the internal newsletter and on the external website to raise awareness both inside and outside the Company	—	Non-consolidated	○
Establish supply chains that respect human rights	Establish the human rights due diligence (DD) cycle*2 for selected operations as a model case		Conducted an on-site survey of the shrimp farming and processing business in Vietnam in March 2025, which had been designated as a high-risk business. Established as a model case of the human rights DD cycle as outlined by the OECD.	—	Non-consolidated	◎

Strengthening the foundation for business continuity

■ Respecting human rights in the spirit of love (ai) and respect (kei) and growing together with local communities

■ Fostering and strengthening the human capital driving the value creation

■ Enhancing governance and risk management

Strategy	KPIs and targets (April 2024 to March 2027)		FY2024 results	(Reference) FY2023 results	Boundary	Progress status
Improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth	Employee engagement survey	Response rate of at least 90%	82%	72%	Consolidated	○
		Positive response rate of at least 80%*3 to the following statements (1) I am satisfied with the work I am doing at Inabata now. (2) I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them.	(1) 69% (2) 67%	(1) 76% (2) 73%		△
		Positive response rate of at least 70% overall*3	63%	70%		△
	Expand the implementation boundary for the human rights DD digital survey to the Group		Planning underway for implementation in 2025	—		—
Foster diversity and inclusion that makes the most of diverse individuals	Increase the ratio of women in managerial positions to at least 8% by March 2028, and to 10% by 2030		6.0%	4.8%	Non-consolidated	○
	Maintain the ratio of mid-career hires at around 50%		60%	52%		○
	Ratio of male employees taking parental leave 100%*4		92.9%*5	—		○
	Continue to exceed the legal rate of employment for persons with disabilities		3.20%	2.81%		○
	Encourage managerial appointments for local employees at overseas subsidiaries		Systems are currently being developed to promote managerial appointments for local employees at overseas subsidiaries, with implementation targeted for FY2025. The process of identifying, selecting, developing, and appointing next-generation leaders from among local employees is also being advanced.	—	Consolidated	○
Further advance health and productivity management	Rate of complete checkup 100%*6		85.3%	73.5%	Non-consolidated	○
	Maintain comprehensive health risk found by stress checks at current levels*7		76	79		○
Focus on investment in human capital	Every year, spend more on education and training costs*8 per employee than in the previous fiscal year		¥82,763	¥67,496	Non-consolidated	○
	Maintain the ratio of employees with overseas posting experience at around 40%		38.6%	39.4%		○

*3 The positive response rate in the employee engagement survey refers to the proportion of responses rated 4 or 5 on a five-point scale, which are considered positive responses. For details, please refer to Employee Engagement on page 79.

*4 Based on the Company's policy allowing employees to take childcare leave until the child turns three years old, a 100% uptake rate indicates that all male employees whose spouses gave birth took childcare leave within three fiscal years, including the fiscal year in which the child was born.

*5 As childcare leave was made mandatory under a new system introduced in FY2023, the uptake rate for FY2024 is calculated based on the two years following the system's implementation (FY2023–FY2024). The calculation formula is as follows:
Number of male employees whose spouses gave birth in FY2023 and who took childcare leave in FY2023–FY2024 / Number of male employees whose spouses gave birth in FY2023

The Sustainability Committee is responsible for setting KPIs and monitoring progress, while the Board of Directors provides oversight.

For more information on the Sustainability Medium-term Plan 2026, please refer to the Sustainability section of our website.

For information on risks, opportunities, and key initiatives related to materiality, please refer to Sustainability Management on pages 65–66.



[Definition of progress status] ◎ : Target achieved ○ : Progressing smoothly △ : Needs further effort

*1 The expected ratio of environment-related business by field in the final year of the Sustainability Medium-term Plan 2026 is referred to on page 71 in Environment-Related Business.

*2 The human rights DD cycle refers to the due diligence processes and supporting measures set out in the OECD Due Diligence Guidance for Responsible Business Conduct.

*6 The rate of complete checkup refers to the proportion of employees who were advised to undergo a complete checkup after the initial health check and actually followed the advice.

*7 Comprehensive health risk is an indicator that assesses the overall impact of the workplace environment on employee health. It is calculated using four measures—psychological burden of work (volume), degree of discretion at work, degree of support from managers, and degree of support from colleagues—obtained from stress checks based on the stress evaluation method provided by the Ministry of Health, Labour and Welfare. The national average is calculated as 100: workplace health risk is high if the value exceeds 100, and low if the value falls below 100. The lower the value, the more favorable the evaluation.

*8 Education and training costs refer to the expenses spent on group training, external training, video learning, and so on at Inabata on a non-consolidated basis. Please refer to Sustainability Data (Human resource development) on page 117.

To achieve our long-term vision, we will accelerate growth under our medium-term management plan, with a focus on investment.

Kenichi Yokota
Director, Senior Managing Executive Officer
Administrative Affairs



Achieved record-high profits for four years in a row
Accelerating growth through proactive investment

In FY2024, the first year of our medium-term management plan, NC2026, our key business segments performed better than expected, prompting us to revise our earnings forecast mid-year. We met our targets for both net sales and all profit metrics relative to the initial plan for the first year. Net sales reached 837.8 billion yen and operating profit totaled 25.8 billion yen, both marking record highs for the fourth consecutive fiscal year.

Regarding the business environment and performance by segment, the Information & Electronics segment has reached peak demand in its formerly core flat panel display (FPD)-related business. Materials related to semiconductors and electronic devices have become a new growth pillar to offset this. With an eye on the expanding AI market, we are working to enhance our product lineup. Products for the environment and energy sectors represent another core pillar. While growth has not yet shown a steady upward trend due to recent changes in U.S. policies, there is substantial long-term potential as opportunities expand in renewable energy, energy-saving products, and low-carbon materials.

In the Chemicals segment, sales of automobile component materials declined due to a slowdown in EV sales, while sales of resin materials, additives, and chemicals for papermaking remained steady. Sales to overseas markets are also expanding. In this segment, two companies from the Maruishi Chemical Group, which became subsidiaries in 2023, are contributing to earnings.

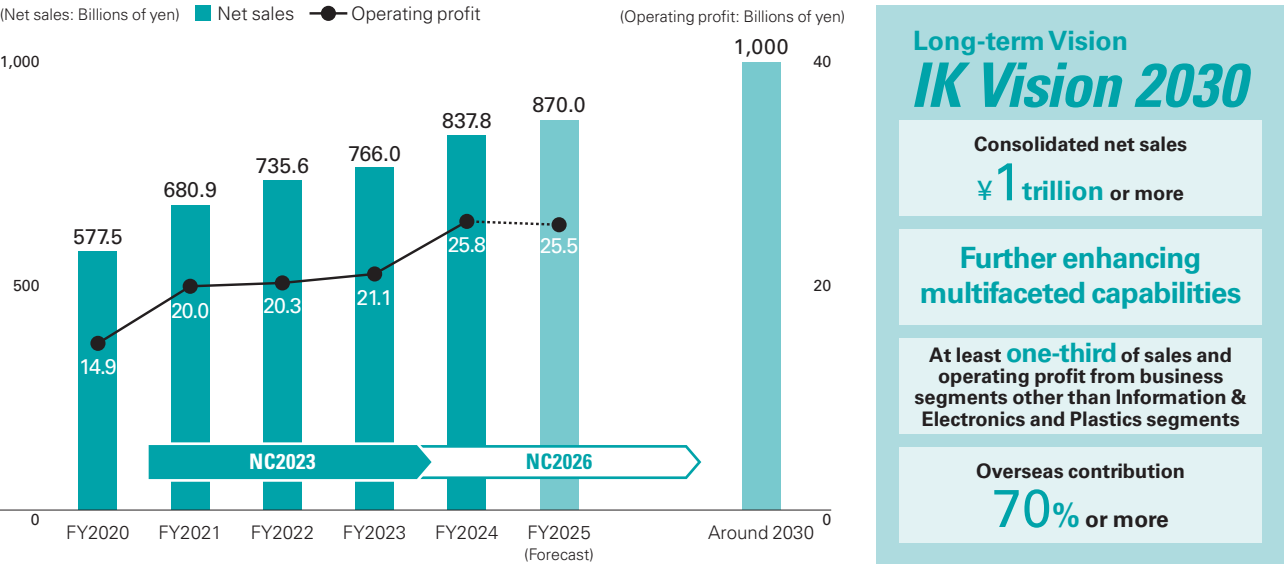
While the Life Industry segment is expected to grow, both the life sciences and food-related areas saw flat top-line performance. In the food-related sector, domestic sales of frozen vegetables and marine products for conveyor-belt sushi restaurants remained steady, as did performance from Daigo Tsusho Co., Ltd., which became a consolidated subsidiary in the previous fiscal year. At the same time, sales of marine products and other Japanese food items in the U.S. market declined, resulting in weaker profitability.

Meanwhile, the Plastics segment performed steadily. It was a year of growth, particularly for high-performance resins and related materials used in home appliances and office automation (OA) equipment, and for resins in food containers. The consolidation of Novacel Co., Ltd., a joint venture with Daicel Corporation, as a subsidiary also contributed to the segment’s improved performance.

Performance overview

	First year of NC2026 (FY2024)		
	Full-year results	First-year targets	Revised forecasts for the first year*
Net sales	837.8	830.0	830.0
Operating profit	25.8	22.5	24.0
Operating profit ratio	3.1%	2.7%	2.9%
Ordinary profit	26.1	21.5	24.0
Profit attributable to owners of parent	19.8	17.0	20.0
ROE	9.7%	10% or more	10% or more
Net D/E ratio	0.07 times	0.5 times or less	0.5 times or less
Equity ratio	47.1%	Approximately 50%	Approximately 50%
Exchange rate (Yen/USD)	152.62	145.00	145.00

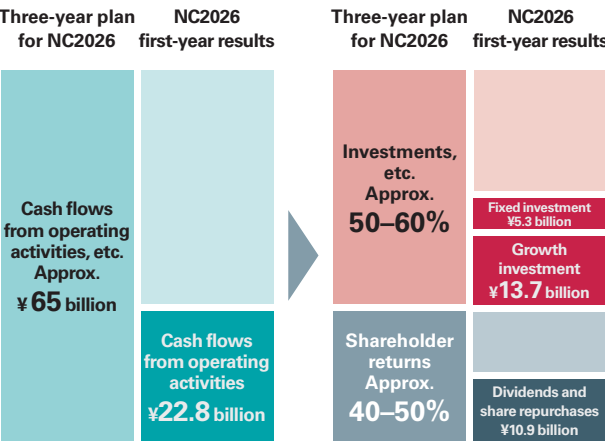
* In November 2024, the forecasts for operating profit, ordinary profit, and profit attributable to owners of parent were revised upward.



The three-year period of NC2026 centers on accelerating growth through more proactive investment. The capital allocation policy assumes approximately 65 billion yen in cash flows from operating activities over the three years, with about 50 to 60 percent of that, or 35 to 40 billion yen, allocated to growth investments. In the first year, approximately 13 billion yen was invested, including the acquisition of shares in Novacel Co., Ltd., as well as investments aligned with the company-wide growth strategy, such as enhancing multifaceted capabilities.

For the remaining two years of the plan period, we are considering nurturing new core businesses and pursuing M&A of overseas companies, with the intention of

Capital allocation under NC2026



Investments and lending

(Billions of yen)

	Cumulative results for the three years of NC2023	NC2026 first-year results	Major growth investments for FY2024
Growth investment	12.8	13.7	• M&A (Novacel Co., Ltd., Satoen Co., Ltd., etc.) • Business investments (including plastic additives, lithium-ion battery materials, and biomass power generation)
Fixed investment	8.7	5.3	• Capital investments (including compounding and inflation film-related areas) • Digital promotion initiatives • Tokyo Head Office reconstruction
Total	21.5	19.1	

increasing the total annual investment amount. In particular, we are conducting research to successfully execute M&A aimed at driving growth in semiconductor-related materials. We will carefully evaluate the business strengths and financial conditions to determine whether potential targets can generate synergies with the Company and whether the investment amount is appropriate.

Expanding the Life Industry and Chemicals segments to build a portfolio resilient to economic fluctuations

We are making steady progress toward our goal of consolidated net sales exceeding one trillion yen under our long-term vision, IK Vision 2030. However, this progress has been aided by the weak yen, and the outlook remains uncertain. We must simultaneously expand our core businesses and invest management resources into

high-potential growth areas to drive top-line growth. Similarly, the goal of achieving an overseas ratio of 70% or more, as set forth in the long-term vision, is within sight for FY2030. Among our traditionally strong markets in Asia, India is experiencing especially notable growth. At present, the majority of our business in India involves synthetic resins. However, under the leadership of the Indian government, efforts to develop and foster the semiconductor industry are gaining momentum. In line with this development, we are planning to increase the number of on-site representatives.

Mexico, where we have developed businesses such as synthetic resins and automotive components, has recently faced growing uncertainty due to U.S. tariff policies. Even so, we continue to see it as a market with strong growth potential. This is my personal view, but I believe that the protectionist policies of the United States, which have created significant headwinds for the global economy, are not sustainable and will eventually stabilize. In addition, we have established a new base in Cambodia and started expanding into previously untapped regions, including Eastern Europe.

At the same time, as I mentioned last year, the biggest challenge lies in how we can grow businesses outside of Information & Electronics and Plastics, which are highly sensitive to economic fluctuations. By around 2030, we aim to grow businesses outside these two major segments to account for at least one-third of profits, and are accelerating efforts to achieve this goal. A prime example of this is the Life Industry segment, which handles raw materials for life sciences and food products. This is because demand for pharmaceuticals, consumer goods such as detergents and insecticides, and food items like agricultural and marine products tends to remain stable even during economic

slowdowns. In February 2025, through our Group company Daigo Tsusho, we acquired all shares of Satoen Co., Ltd., making it a subsidiary. Satoen's main business is the cultivation, production, and sale of matcha (finely ground powdered green tea). This company has strengths in sales through e-commerce platforms and catalog mail-order services. Japanese green tea has strong brand value and its exports overseas are increasing. This trend is driven by growing health consciousness and the reassurance associated with the "Made in Japan" label. Moving forward, we plan to leverage our overseas network to expand sales in Asia, Europe, and North America.

The Chemicals segment also holds significant potential. While we have the advantage of owning manufacturing and processing facilities despite being a trading company, our greatest strength lies in our extensive network of key business partners and client base. Since our company originated from the sale of chemical products, we receive a wide range of opportunities related to the chemical industry and have earned strong trust from various chemical-related sectors as well as manufacturers of building and housing materials. These intangible assets are expected to be the driving force behind the expansion of the Chemicals segment.

We have set a goal to grow sales in the environment and energy sector within the Information & Electronics segment to around 100 billion yen by around 2030. To achieve this, we had planned sales of 54 billion yen by FY2026, the final year of NC2026. However, due to factors such as the slowdown in the EV market, we currently see this target as difficult to attain. Nonetheless, there is

strong demand, and sales continue to grow, so we expect to achieve the target with a delay of a few years. On the other hand, we are seeing promising results in the recycling-related business, including recycled resins, within the Plastics segment. Our strengths include high quality and stable supply capabilities, and we are also recognized for enhancing our oversight and management systems related to chemical substance regulatory compliance. As a result, transactions with companies that choose sustainable value despite higher costs are steadily increasing. We will continue to implement effective measures while keeping a long-term view of the recycling market over the next 10 years.

In FY2024, we strengthened our organizational framework by enhancing collaboration between the Business Planning Office, which specializes in M&A, and related internal departments. We have clearly separated the teams responsible for identifying investment targets and conducting due diligence on potential acquisitions from those handling post-merger integration (PMI), ensuring they work collaboratively to carry out their tasks. Through active M&A investments, we aim to fill essential pieces for the Group's future and build a business portfolio resilient to economic fluctuations.

Communicating recent performance and business strengths while aiming to maintain a consistent P/B ratio of 1

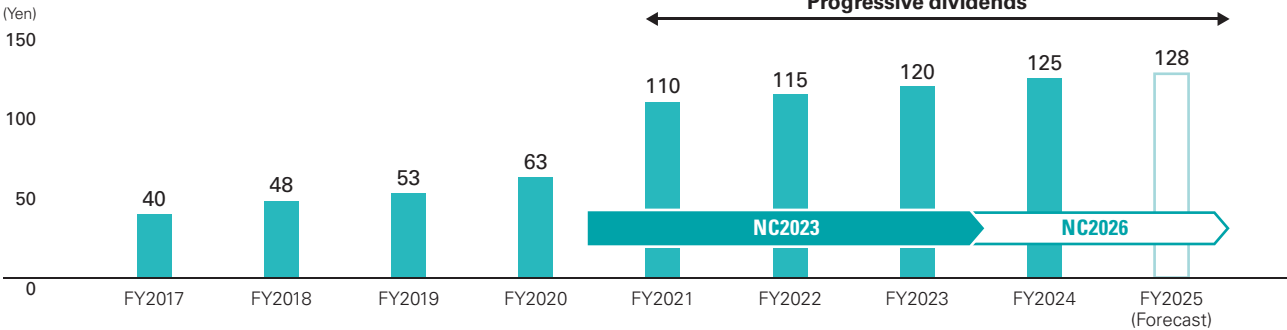
As discussed, we will strive to raise our operating profit margin by incorporating new businesses through M&A and by pursuing greater profitability within each existing business segment. As a result, we aim to consistently

Basic policy on shareholder returns under NC2026

(1) Progressive dividends * (2) The target for total return ratio will be set at roughly 50%.

* Fundamentally, we will ensure that dividends per share does not decline year on year by continually increasing our dividends.

Dividends per share



generate profit attributable to owners of parent, which serves as the source of dividends, and thereby reward our shareholders.

In recent years, profit attributable to owners of parent has been boosted by the sale of strategically held shares, but most of these sales have already been completed. Therefore, going forward, we will allocate profits generated from our businesses to growth investments, rather than relying on cash obtained from such sales. As outlined in the NC2026 financial strategy, we aim to maintain an ROE level above the cost of shareholders’ equity, meaning 10% or higher, while striving to achieve a stock price that consistently exceeds a P/B ratio of 1 as soon as possible. Until now, we have enhanced market valuation by implementing progressive dividends and increasing the payout ratio. To achieve a consistent P/B ratio above 1, we recognize the need to actively highlight our track record, which includes four consecutive years of sales and profit growth, never reporting a loss on a consolidated basis since listing, and our global business foundation and information network. Doing so will help foster understanding of our performance and strengths and build confidence in our future prospects.

In addition, as part of our financial strategy, we issued the Company’s first green bond in December 2024. The funds raised will be allocated to the construction of a biomass power plant with measures to reduce environmental impact, as well as the rebuilding of our Tokyo Head Office building, which will feature enhanced disaster resilience. We intend for the issuance of green bonds to be ongoing, rather than a one-time event. Moving ahead, we will continue to diversify our funding methods, including sustainable finance.

Six material issues

Creating sustainable value

- Contributing to a decarbonized and circular society; sustainable use of natural capital
- Contributing to safety, security, and well-being
- Providing value through resilience in procurement and supply functions

Strengthening the foundation for business continuity

- Respecting human rights in the spirit of love (*ai*) and respect (*kei*) and growing together with local communities
- Fostering and strengthening the human capital driving the value creation
- Enhancing governance and risk management

Advancing initiatives based on engagement survey results and further promoting local staff to executive positions

We are steadily implementing strategies to achieve the KPIs and targets set for the Sustainability Medium-term Plan 2026, which covers to FY2026, and are making consistent progress.

We have organized the six material issues identified in 2022 into two broad categories. The first category is “creating sustainable value,” which includes the goal of increasing sales from environment-related business to 100 billion yen by FY2026. As previously mentioned, there are numerous growth opportunities in the energy and power fields. It goes without saying that these businesses also align with efforts to reduce GHG emissions and address climate change. Aligned with the material issue of creating sustainable value, we established the Inabata Group Sustainable Supply Chain Policy in November 2024. In FY2024, we implemented a range of measures to strengthen chemical substance regulation management, with a focus on legal compliance and quality control. Because of our nature as a trading company, we believe sustainability-related risks can be limited. Going forward, we plan to clearly explain to our stakeholders why these risks can be limited, using the outcomes of our various initiatives as evidence.

The second framework, “strengthening the foundation for business continuity,” includes conducting an engagement survey annually as a means to measure progress toward the top strategic goal of improving employee well-being. The results for FY2024 showed a slight decline in the positive response rate across all categories compared to the previous fiscal year. This time, the survey scope was

expanded to include domestic Group companies, covering nearly the entire consolidated Group. We believe this broader coverage influenced the overall survey results. We have taken the decline in engagement results seriously and conducted a thorough analysis of the results. Based on the results of this analysis, we have identified key issues and implemented various initiatives, such as adjusting the focus areas of our education and training and introducing new training programs.

As part of our Sustainability Medium-term Plan, which targets the active promotion of local staff to management positions at overseas subsidiaries, we have already seen success in our Taiwanese trading subsidiary, where a local staff member has taken on a leadership role and delivered strong results. In FY2024, we appointed a local staff member as president of our U.S. trading subsidiary. This appointment served as a major source of encouragement for our U.S. local staff and contributed to higher workplace motivation. Building on this momentum, we are currently developing systems to further promote managerial appointments for local employees. At the Management Council scheduled for FY2025, we will discuss promotion rules for locally hired staff across various countries and regions, aiming to clarify and visualize multiple career paths. We will communicate this information to each location, along with frameworks that support capability development. For the Inabata Group to achieve further growth, it is essential to strengthen transactions not only with Japanese clients but also with overseas manufacturers and local business partners abroad. To become a truly global company, we plan to further promote the appointment of local staff to executive positions.

Building a new data integration platform and enhancing Inabata’s unique sales style with AI

In our digital strategy, we are focusing on strengthening security across the Group, updating core systems, and strategically leveraging sales information through the introduction of a new data integration platform and other initiatives. We view the daily reports and emails from sales representatives, along with the vast amount of electronic files created by staff across domestic and international locations, as a treasure trove. We will integrate and organize these unstructured data using generative AI.

One of Inabata’s strengths is its customer-focused sales approach. Since its founding, the Company has built trusted relationships with a diverse range of clients and suppliers through the strength of its people. We have no



intention of replacing this aspect with AI, but by strategically leveraging unstructured data, we can complement our distinctive sales style with digital technology. This will increase the accuracy of sales and idea proposals while also boosting the productivity of back-office employees. Employees will be able to adopt successful strategies and ideas from other countries and regions at their own local offices, without being hindered by language barriers. We plan to establish this data integration and utilization platform by FY2026.

Discussions with independent directors on human capital Utilizing the insights to improve the design of human resources systems

In the second half of FY2024, we spent a full day exchanging views with our independent directors in a setting other than the Board meeting. The main focus of the discussions was on human capital. Inabata has grown through the strength of its people, and naturally, human capital will remain the key to its future growth. I had in-depth discussions with the independent directors from a diversity and inclusivity (D&I) perspective, covering topics such as developing sales talent, supporting the careers of women and senior employees, and promoting local staff to achieve the target of having 70% or more of our business generated overseas. As a result, we gained many valuable insights that we plan to utilize in designing our human resources systems and fostering a workplace culture where no one is left behind.

By combining the various strategies and initiatives discussed here, we will create synergies within the Group and return the resulting growth benefits to our shareholders.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Background to initiatives

Inabata has been committed to capital-efficient management since before the Tokyo Stock Exchange's March 2023 request to all listed companies on the Prime and Standard markets to take action on management practices conscious of capital cost and stock price. Following a significant improvement in our performance and a marked enhancement in financial soundness, we substantially increased shareholder returns beginning in FY2021. At the same time, we strengthened corporate governance by transitioning in June 2022 to a Board of Directors with a

majority of independent directors. We also introduced a policy to reduce strategically held shares and are ahead of schedule in executing this reduction.

In June 2023, we announced our Policy for Action to Implement Management That Is Conscious of Cost of Capital and Stock Price (Table 1), and since FY2023, we have been advancing concrete initiatives based on this policy. Table 2 summarizes the major growth investments since FY2023.

Table 1: Policy for Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Initiatives to consistently achieve a P/B ratio above 1 as soon as possible:
(1) Steadily implement growth strategies to continuously enhance business value and build expectations for stronger future earnings (Growth)
(2) Maintain ROE of 10% or more (Capital efficiency)
(3) Control and/or curtail the cost of capital, including by utilizing financial leverages (Cost of capital reduction)
(4) Continue buying back shares (Capital efficiency)

Table 2: Major Growth Investments from FY2023 Onward

Segment	Project	Aim
Information & Electronics	Participation in biomass power generation project (Shiwa District, Iwate Prefecture)	Expansion of environment and energy-related business
	Investment in semiconductor-related companies	Expansion of semiconductor-related business
Chemicals	Acquisition of Maruishi Chemical Trading Co., Ltd. as a subsidiary	Strengthening of the chemicals business
Life Industry	Acquisition of Daigo Tsusho Co., Ltd. as a subsidiary	Enhancement of food processing and sales functions
	Acquisition of Satoen Co., Ltd. as a subsidiary	Enhancement of food processing and sales functions
	Investment in a French company engaged in the development, extraction, and sales of plant extract components	Utilization of natural raw materials (cosmetics, agrochemical raw materials, etc.)
Plastics	Establishment of Novacel Co., Ltd.	Expansion and enhancement of compounding capabilities
	Investment in REFINVERSE Group Inc., a recycled resin manufacturer	Promotion of the green business
Plastics, Information & Electronics	Investment in a plastic additive (high-performance filler) manufacturing company	Expanding sales of molding materials through lightweighting and recycling of plastic products

Future challenges and strengthened initiatives

These efforts have led to steady improvements in market valuation, but in FY2024, both the P/B ratio and price-to-earnings (P/E) ratio remained roughly the same as the previous fiscal year. We feel it is necessary to intensify and deepen our initiatives from FY2025 onward. (Graphs 2 and 4)

First, looking at the comparison between cost of capital and capital profitability, the cost of capital decreased in FY2024, supported by improved market liquidity and a broader shareholder base. On the other hand, our market capitalization remains relatively small, and although liquidity has improved, it is still not sufficient. Taking these

risk premiums into account, we believe it is necessary to maintain an adequate spread. (Graph 1)

In addition, strong business performance led to increased retained earnings and shareholders' equity, causing ROE to dip slightly below 10% in FY2024. Since FY2021, we have conducted share buybacks and cancellations every fiscal year. We will continue these practices going forward to manage shareholders' equity. (Graph 3)

Since FY2023, we have actively pursued growth initiatives centered on M&A investments, which are already beginning to yield results. We will steadily advance the monetization of these projects while exploring further opportunities for proactive investments to continuously enhance business value.

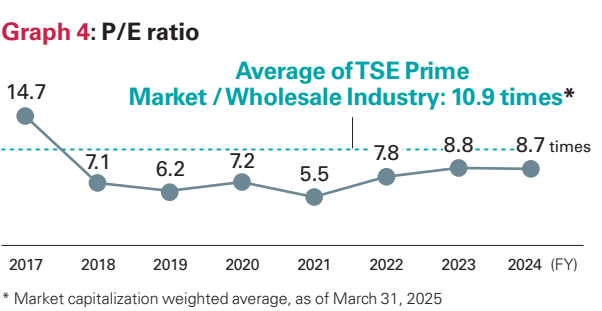
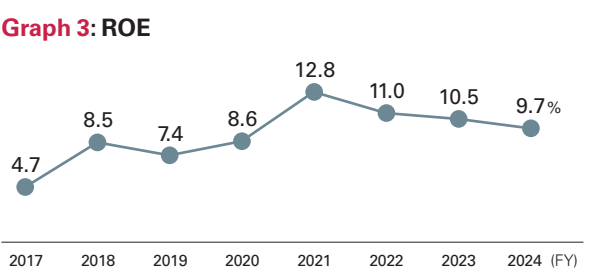
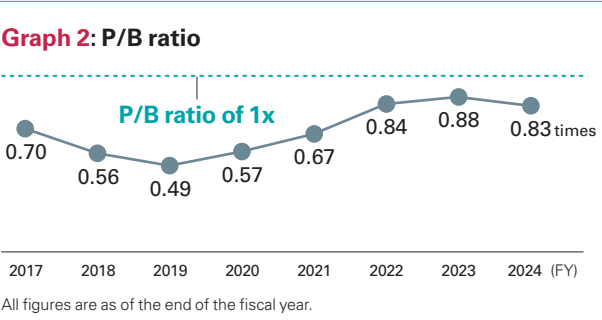
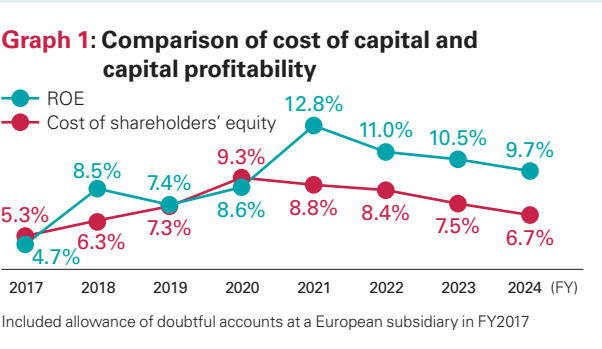
Finally, regarding efforts to control and/or curtail the cost of capital, we consider enhancing information disclosure and expanding dialogue with investors to be especially important, and have been focusing on these efforts since FY2023.

Our communications emphasize not only the stability of our performance and shareholder returns, such as progressive dividends, but also how to effectively convey our strengths, business model, and growth potential.

With the expansion of our investor relations (IR) structure, the number of investors newly interested in the Company has increased. Through ongoing dialogue with these investors, we aim to gather insights and further improve the quality and transparency of our information disclosure.

Background and future direction for strengthening initiatives

		Up to FY2022	FY2023 to FY2024	From FY2025
		Significant expansion of shareholder returns	Implementation of management that is conscious of the cost of capital	Strengthening of management that is conscious of the cost of capital
Growth	Enhance business value and foster growth expectations	• Expanded the earnings base mainly through core businesses	• Actively pursued M&A and business investments under a policy of proactive investment	• Steadily realize profits from completed investments and continue to make further proactive investments
Capital efficiency	Maintain ROE of 10% or more	• Achieved an ROE level exceeding the cost of capital through improved performance and enhanced shareholder returns	• Maintained ROE levels through share buybacks and cancellations	• Continuously conduct share buybacks and cancellations to rigorously control shareholders' equity
Reducing cost of capital	Control and/or curtail the cost of capital	• Strengthened corporate governance structure (with independent directors constituting the majority) • Reduced strategic shareholdings	• Lowered cost of capital through improved performance levels and increased liquidity	• Aim for further reduction of cost of capital by enhancing information disclosure and expanding dialogue with investors





Dialogue

To continuously drive change and enhance corporate value over the long term

From a focus on profit and loss to the balance sheet Evaluating qualitative changes in financial strategy

Yokota Mr. Toyoda, you have been researching and analyzing our company for many years. How do you view the recent business performance?

Toyoda I am focusing on the qualitative changes in financial strategy. Initially, around the launch of the medium-term management plan, New Challenge 2020, in FY2017, the approach was centered on the profit and loss statement, with a strong emphasis on sales and profit targets.

Yokota Indeed, at that time, the focus was primarily on stabilizing and boosting earnings, and there wasn't enough attention given to managing with an awareness of capital efficiency. By around 2020, earnings had stabilized, and corporate governance codes and similar standards had become well established among listed companies. At the Management Council and other venues, we worked to align the executives' understanding by presenting the initiatives of the Financial Services Agency and Tokyo Stock Exchange to advance corporate governance reforms, alongside sharing the views of institutional investors. Building on that,

we advanced reforms such as reducing strategically held shares, enhancing shareholder returns, and strengthening investor relations (IR).

Toyoda I see. Given that background, New Challenge 2023, launched in FY2021, shifted its focus from a profit-and-loss-centered financial strategy to an emphasis on the balance sheet, including setting ROE targets and improving asset efficiency.

In 2023, the Tokyo Stock Exchange requested measures aimed at realizing management that is conscious of the cost of capital and stock price. Notably, it explicitly specified expectations for listed companies regarding stock price and market valuations such as the P/B ratio, which clearly differed from previous notifications. I commend Inabata for swiftly shifting its management focus to these aspects as early as FY2021.

I want to gain confidence that Inabata will remain engaged in the value chain.

Yokota In New Challenge 2026, "accelerate growth" has been adopted as a key theme. What are your expectations

for Inabata during this medium-term plan period and beyond?

Toyoda I expect to see more proactive investment and a thoughtful approach to how capital is allocated for growth—in short, a focus on wise spending. In that sense, the fact that Inabata disclosed its three-year capital allocation plan for the first time in New Challenge 2026 was highly significant, wouldn't you agree?

Yokota Yes, given the emphasis on growth investment while maintaining a high level of shareholder returns, we believed that disclosing our capital allocation plan was essential.

Toyoda In the trading company business, enhancing per-employee productivity is crucial, and I'm closely watching the initiatives being implemented to achieve that.

Yokota Enhancing productivity and establishing a foundation for sustainable growth over the medium to long term hinges on possessing the right functions to penetrate key stages of the value chain. I believe it is important to invest a portion of our capital in M&A and equity participation to develop businesses capable of partially taking over functions traditionally handled by customers or manufacturers.

Toyoda You're absolutely right. For instance, let's consider a business that consistently generates stable profits and has been successful. If Inabata, rather than another firm, is the trading company deeply involved in that value creation process, there must be a compelling reason for it. As an investor, I want to gain confidence that, through providing this function, the company will remain an integral part of the value chain for the long term.

Regarding the low valuation of the stock price and lack of recognition from the market

Yokota I am also aware that there are challenges inherent to the trading company sector. Could you kindly offer any advice?

Toyoda In the case of trading companies, there is a risk of suddenly losing trading rights, which makes it difficult for investors to forecast the top line (net sales). To address this issue, it is effective to carefully explain that the Company is firmly embedded in the value chain. I would like to see Inabata take a more proactive approach to disclosing information in this area.

Yokota Indeed, the explanation regarding the functions I mentioned earlier may have been somewhat insufficient.

Inabata is categorized as a small-cap stock based on its market capitalization. What concerns do you have about small-cap stocks in general?

Toyoda Small-cap stocks often have insufficient resources, particularly in governance, making them vulnerable to sudden events that can abruptly erase profits. Moreover, there are instances where it is uncertain to what extent investors' views are conveyed to the executive team.

Yokota From that perspective, we consistently make it a priority to relay investor feedback gathered during IR meetings to the Board of Directors, and disclose this information annually under the title "Implementation Status of Dialogue with Shareholders."

Toyoda That's right. From an investor's perspective, being able to understand how their opinions have been reflected in management decisions is something they appreciate. If it is evident how the company confronts investors' doubts and concerns and strives to make improvements, it can be inferred that significant failures are unlikely to occur.

Toyoda Also, in equity investing, both the level and the rate of change (delta) are important factors to consider. For instance, an ROE of 10% relates to assessing the current level, while the rate of change focuses on whether it decreases from 10% to 7% or increases to 12%. The key point is the expectation of how the 10% will evolve moving forward. Inabata has steadily achieved gradual change over time, and investors are closely watching whether the company can continue to evolve as a valuable presence in society going forward.

Yokota In order to meet those expectations, it is important not to be overly constrained by the conventional trading business framework. Regarding M&A, we are targeting fields and businesses beyond our existing channels. Acquiring the time and capabilities necessary to develop competencies internally is also essential. When selecting investment targets, we naturally place strong emphasis on profitability. To drive dynamic growth, we will pursue investments with both caution and boldness.

Toyoda The premium assigned to the stock price reflects the quality of management. From this perspective, M&A is a highly important factor in assessing management quality. Investors evaluate the effectiveness of M&A based on past track records, so if a company can demonstrate the extent of synergies generated from previous M&A activities, it can increase investors' conviction. I look forward to seeing Inabata continue to evolve.

Establishing a unique presence in anticipated growth areas while nurturing the strengths of each business segment

Business segments



As of March 31, 2025

1 Rapidly Growing Indian Market

Interview with the head of the local subsidiary

Exploring broad expansion opportunities in areas such as automobiles and semiconductors

Full-scale expansion since establishing the local subsidiary in 2008

Inabata established its first presence in India with the New Delhi Liaison Office in 2007. Since then, the Company has focused on exploring business opportunities primarily in synthetic resins and chemicals, recognizing India's growth potential from an early stage. In 2008, we established our local subsidiary, Inabata India Private Ltd., and currently operate five locations across India.

The national strategy "Make in India," launched by Prime Minister Modi in 2014 to strengthen domestic manufacturing, has steadily accelerated the entry of Japanese companies into India. We have positioned India as a growth area in NC2026, building on our traditional Plastics business while further strengthening our focus on the automotive and Information & Electronics sectors.



Keisuke Sakai
Managing Director
Inabata India Private Ltd.

Inabata India Private Ltd.

Business description: Import & export and sale of synthetic resins, machinery and electronic products, chemicals, and related items

● Trading base

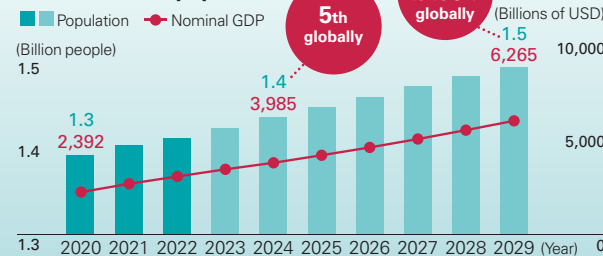


Current situation and economic growth forecast of India

India's economic growth rate went negative during the COVID-19 pandemic, but since 2022 it has maintained a strong average of around 7%, with forecasts predicting growth above 7% to continue beyond 2025. India has a population of approximately 1.4 billion, which is expected to continue growing until 2060. Over 40% of the population is under 25 years old, and the demographic dividend* is projected to last until the late 2040s.

* The demographic dividend refers to a period when the proportion of the working-age population is high, creating favorable conditions for economic growth.

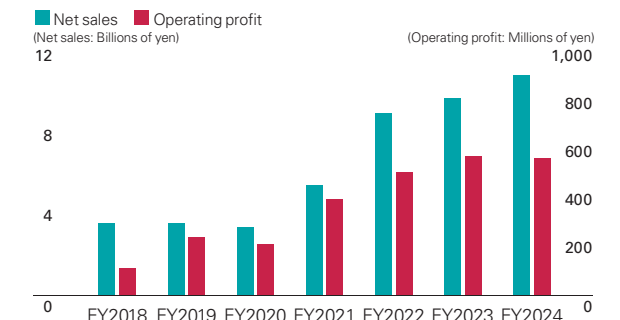
India's GDP and population



Source: Prepared by Inabata based on the International Monetary Fund (IMF)'s World Economic Outlook Database, April 2025. Forecasts from 2023 onward.

Net sales and operating profit of Inabata India Private Ltd.

Inabata conducts business with over 100 companies in India and is expanding its business scope every year. Net sales for FY2024 reached approximately 10 billion yen (604.084 crore Indian rupees). Currently, the Plastics segment accounts for the majority of net sales, but we aim to grow sales across the other three segments—primarily in the semiconductor field—by approximately tenfold combined by FY2027.

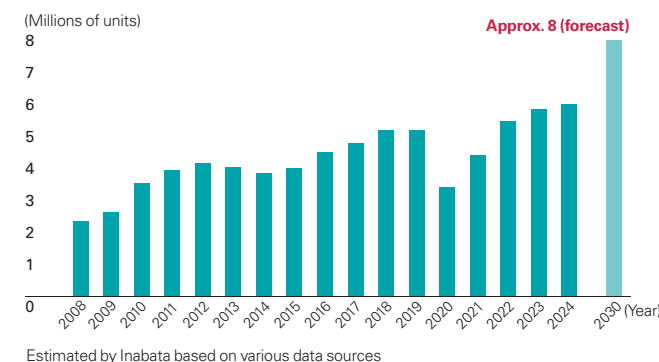


Toward expanding the rapidly growing automotive-related business

Approximately 80% of our transactions in India are in the automotive-related sector, including motorcycles. We are currently expanding transactions mainly with Japanese companies and Indian tier 1 and tier 2 suppliers. India's annual automobile production is currently around six million units, but it is expected to reach eight million units by 2030, forecasting significant growth in the automotive-related business. Therefore, moving forward, we will focus on expanding our business with Indian automobile manufacturers, whose market presence is growing year by year.

EVs, which are expected to see further widespread adoption in the future, are also regarded as a key growth area. In particular, the automotive battery sector, which the Indian government aims to localize in the future, relies heavily on imported materials, which is an area where we believe our strengths can be fully leveraged.

Trends in India's automobile production volume



Entry into the rapidly growing semiconductor-related materials business

Additionally, the Indian government has announced its goal to rank among the world's top five in semiconductor manufacturing by 2029. As a result, semiconductor fabrication plants for both front-end and back-end processes are being constructed one after another across various regions in India. Furthermore, the Indian government is injecting substantial subsidies into the semiconductor industry, which is expected to increase demand for related materials and chemicals. Since 2023, we have increased the number of Japanese staff in related fields and strengthened our sales activities to expand business opportunities.

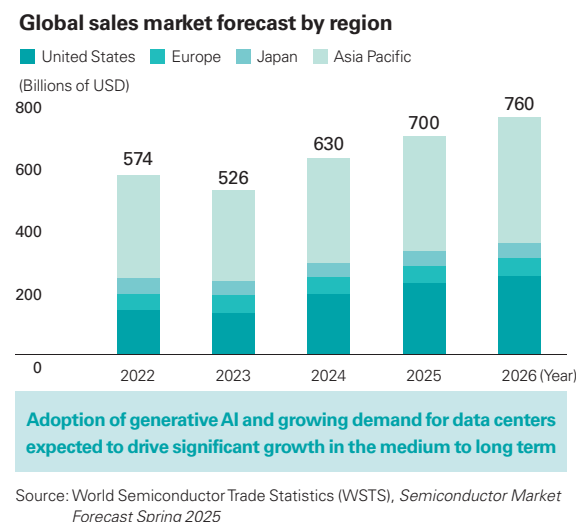
Laying groundwork in pharmaceutical intermediates and renewable energy-related businesses

Pharmaceutical intermediates in India are considered to have substantial future potential, and we are actively working to increase export transactions of these intermediates from India to our major Japanese clients. The Indian government aims to increase non-fossil fuel power generation capacity to 50% of total power generation by 2030. This is part of efforts to reduce reliance on thermal power, which currently accounts for over 70% of power generation, and to actively promote renewable energy adoption. In addition to solar power generation proposals, we believe we can utilize our technology and networks, developed in the fields of chemicals and electronic materials, to contribute to hydrogen power generation using green hydrogen.

2 Expansion of Semiconductor-Related Business

Background of engagement in the semiconductor business

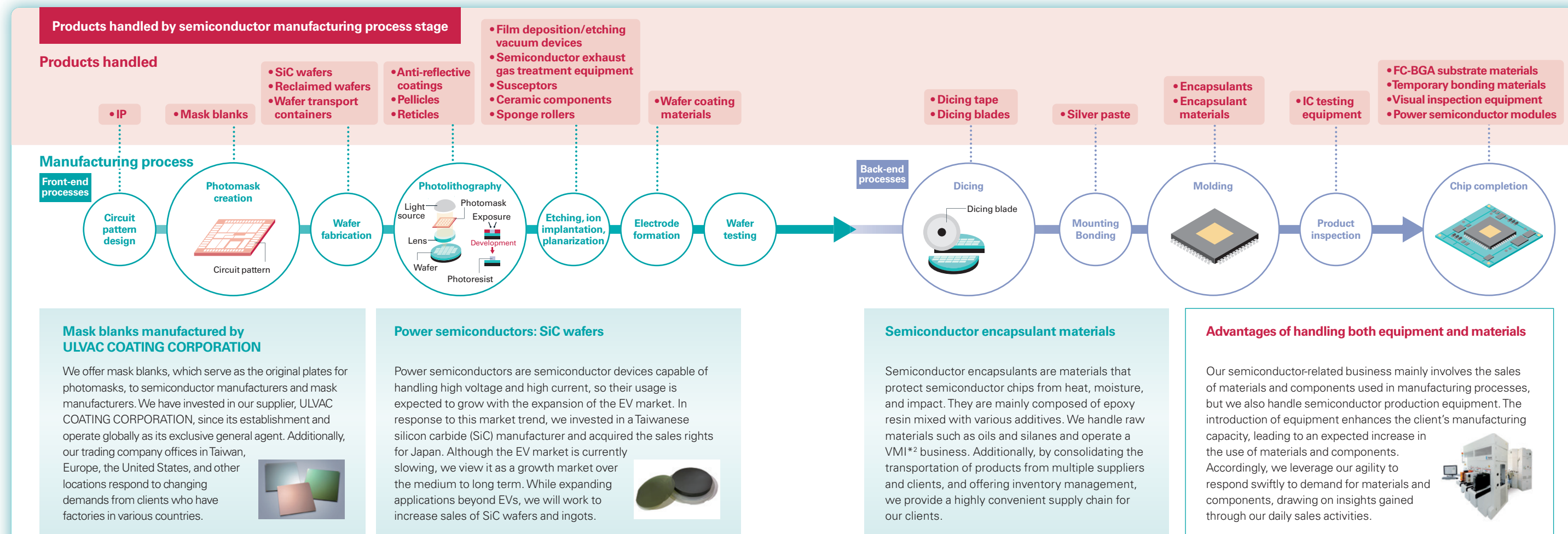
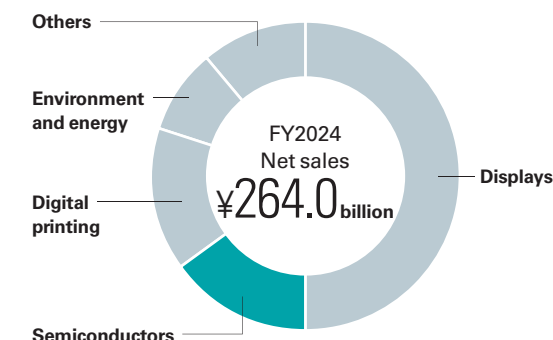
Inabata's semiconductor business has a long history, beginning in the 1960s. Our broad product lineup today is not due to an initial focus on semiconductors. Rather, as we diversified the products we handle through expanding relationships with various chemical manufacturers, we gradually extended our business into the semiconductor field. We have a particularly close relationship with ULVAC, Inc., a manufacturer of vacuum devices, and in 1979, we jointly established ULVAC COATING CORPORATION, which produces mask blanks used in flat panel display (FPD) and semiconductor materials.*1 Our strength lies in leveraging our customer base to expand business in this way. Currently, anticipating growth in the semiconductor market, the entire Company is working to expand the range of products it handles.



Our strengths and growth outlook

One of our strengths is our integrated information network spanning both front-end and back-end semiconductor processes. We are deeply involved across the semiconductor supply chain and, in particular, by handling manufacturing equipment, we are able to obtain information on materials and components at an early stage. In addition, our global network is another source of value we offer to our customers. In the future, as technology is likely to concentrate in Northeast Asia, we have already established a strong local business foundation in the region through our FPD business. Moreover, given the rapid pace of technological innovation in the semiconductor field, we believe it is crucial to strengthen our position through initiatives such as M&A aimed at acquiring technologies and business rights. We aim to further strengthen our semiconductor business by creating synergies between existing and new business areas.

Product and material composition in the Information & Electronics segment (Based on net sales)



*1 Investment ratio: ULVAC, Inc. 65%, Inabata & Co., Ltd. 35% *2 Vendor managed inventory: A system where inventory is managed and replenished on behalf of the customer.

3 Initiatives for Sustainable Plastics

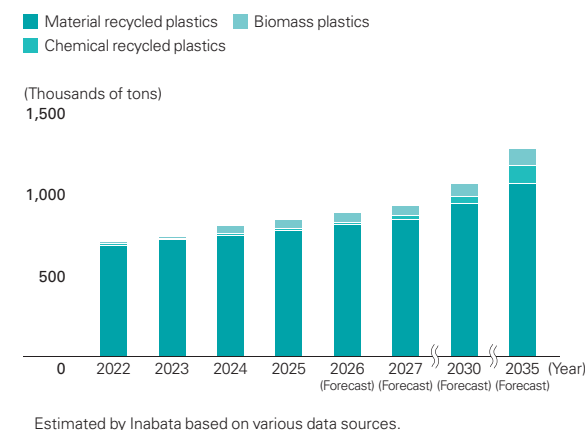
Transition to a circular economy and demand for sustainable plastics

In recent years, growing concern over environmental pollution caused by plastic waste has led to stricter plastic regulations around the world, accelerating efforts to reduce plastic waste and transition to a circular economy. Against this backdrop, demand for sustainable plastics*¹ has been increasing year by year, and the market is projected to reach approximately 200 million tons by 2060.*²

Also, the market for sustainable plastics in Japan is expected to grow to approximately 1.3 million tons around 2035 (see graph at right).

*¹ Sustainable plastics refer to recycled plastics, biomass plastics, and biodegradable plastics.
*² Based on the OECD report "Global plastic waste set to almost triple by 2060, says OECD," plastic consumption is projected to reach 1,230 million tons by 2060, with a recycling rate estimated at 17%.

Actual and forecasted sales volume of sustainable plastics in Japan



Inabata Group's sustainable plastics business

In 2022, Inabata launched the green business promotion project within the Plastics segment, dedicating efforts to providing a diverse range of decarbonization products and solutions, including recycled plastics and bioplastics. The global plastic recycling rate remains low at just 9%*³, and in Japan, it is limited to 25%*⁴. However, sales of sustainable plastics within the Inabata Group have been steadily increasing each year (see graph at right), with the proportion of sustainable plastics handled by the Plastics segment gradually rising relative to all plastics.

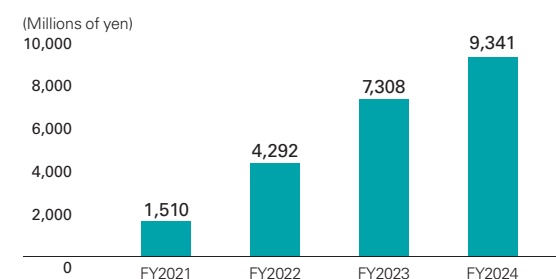
The Group leverages its extensive expertise in plastics gained through years in the plastics business, as well as the Group's integrated capabilities, to advance material recycling. In addition to handling post-industrial recycled (PIR) materials*⁵, we have also begun dealing with post-consumer recycled (PCR)*⁵ materials and have started recycling high-performance plastics, which are more challenging to process. We will continue to capitalize on the Group's strengths to contribute to the realization of a circular society.

*³ OECD, *Global Plastics Outlook (2022)*, figures as of 2019.

*⁴ Source: Plastic Waste Management Institute (Japan), *Status of production, disposal, recycling and treatment of plastic products in 2023 (Material Flow Diagram)* (2024).

*⁵ PIR refers to recycling materials generated during manufacturing processes before they reach the market, while PCR refers to recycling products that have been used by consumers.

Inabata Group sales of sustainable plastics



Quality management system for sustainable plastics

Sustainable plastics contribute to reducing environmental impact. However, recovered post-consumer plastics come with inherent quality risks. Our Chemicals Regulations Department and sales divisions work closely together to consistently ensure the quality demanded by our clients.

Additionally, the Group has obtained ISCC PLUS certification, an international sustainability certification, for its offices in Japan (Tokyo and Osaka Head Offices, Nagoya Branch), Indonesia, Malaysia, and China (Dalian), allowing us to handle materials with verified sustainability.



For more information on ISCC PLUS certification, please refer to page 72.

Case study (1)

Japan PCR commodity plastics

Inabata Group integrated plastic recycling system

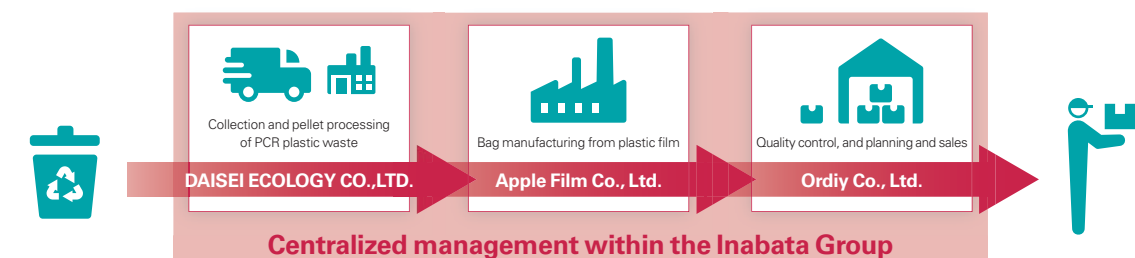
In 2023, we integrated the functions of plastic waste collection, pelletizing, product manufacturing, quality control, and planning and sales—previously handled individually by different companies—and established a unified recycling system across the entire Group. This has enabled us to efficiently recycle post-consumer plastics from the market and sell them as plastic products, including items such as plastic bags. This achievement is rooted in our extensive plastic expertise cultivated through years in the plastics business, enabling us to propose comprehensive recycling solutions, as well as the Group's integrated functions in logistics, resin processing, product

manufacturing, and sales.

In addressing the common challenge of quality degradation in plastic recycling, we manage the entire recycling process consistently to ensure a stable supply of high-quality recycled plastics.

Our sales have grown more than threefold compared to four years ago, when we began collecting and recycling plastic waste. Going forward, we will also explore various applications and further strengthen our presence in the expanding plastic recycling market.

Inabata Group recycling system



Case study (2)

Thailand PIR high-performance plastics

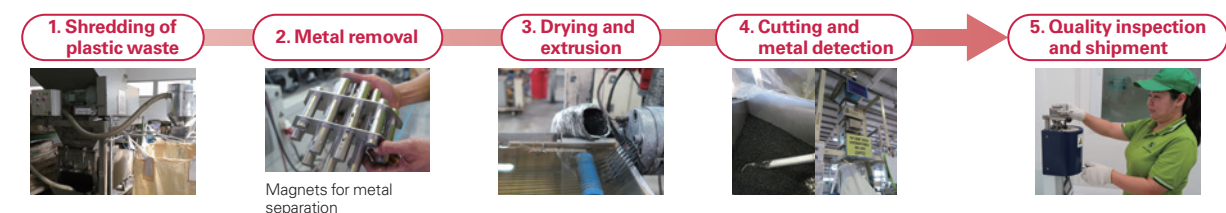
Strengthening the recycling system for high-performance plastics in the growing Southeast Asian market

Inabata Thai Co., Ltd., one of our overseas bases, is focusing on high-performance plastic recycling with the goal of expanding business in the Southeast Asian market. High-performance plastics are often blended with non-resin materials to enhance properties such as strength and heat resistance. As a result, they pose challenges during pelletization, including quality degradation and increased wear on recycling equipment, making them generally more difficult to recycle than commodity plastics.

manufacturer with extensive expertise in molding high-performance plastics. It has also developed a proprietary logistics system that allows for the direct collection and recycling of unused plastics from resin-related companies across Thailand.

By becoming a subsidiary of Inabata Thai, Clover Plastics has initiated a collaborative framework with SIK (Thailand) Ltd., our resin compounding plant, and is making ongoing efforts to further improve quality. We have already received multiple recycling project inquiries from automotive parts and home appliance manufacturers in Thailand. Going forward, we will actively propose solutions to meet the growing demand for plastic recycling in the Southeast Asian market.

High-performance resin recycling flow at Clover Plastics



Summary of Each Segment

Information & Electronics

With FPD components, materials for digital printing, materials for semiconductors, and other products as our profit-generating pillars, we are also focusing on expanding into growth areas such as semiconductor-related equipment, automotive, and renewable energy.

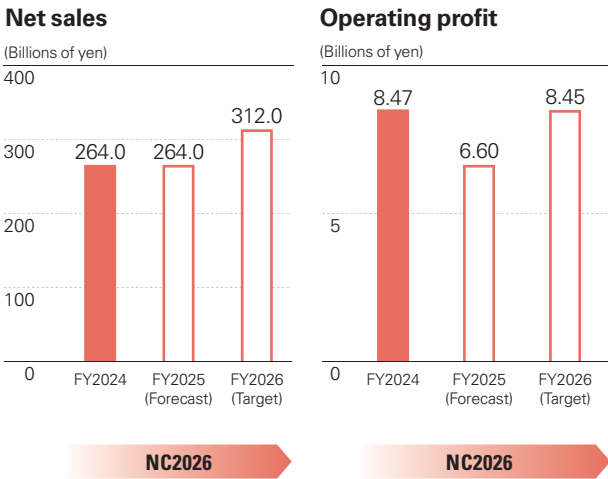
Toyohiro Akao
Director, Senior Managing Executive Officer



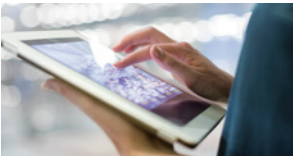
Overview of the first year of NC2026
Continue investing in and nurturing growth fields, centered on our strong core businesses

For the first year of NC2026, FY2024, net sales grew 10% year on year, and operating profit increased by over 22%. This was mainly due to a recovery in sales of flat panel display (FPD)-related products, as well as printers and copier-related products, following the normalization of inventories after the COVID-19 pandemic. The strong performance of our traditional core businesses contributed to the growth in both sales and profits across the entire Information & Electronics segment.

The businesses we are developing as future growth pillars, including semiconductors, environment and energy, and industrial inkjet, showed limited measurable growth due in part to the sluggish EV market. However, we plan to steadily continue investing in and nurturing these areas for medium- to long-term growth.



Business environment (opportunities/risks) and strengths



Displays



Digital printing



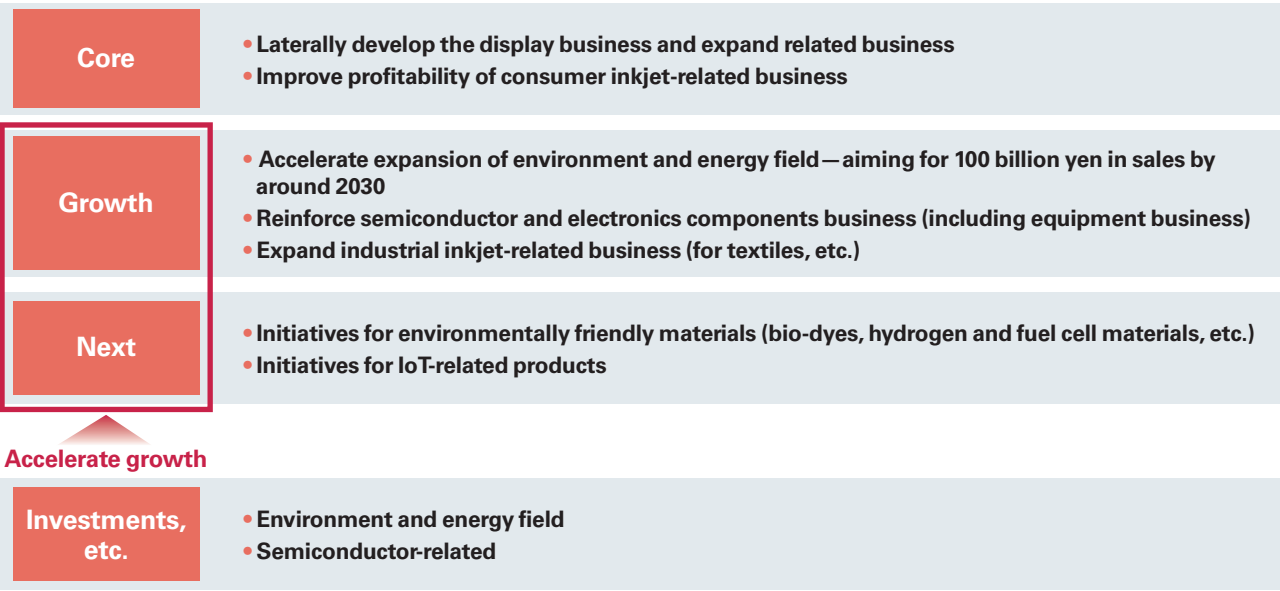
Semiconductor and electronics



Environment and energy

Business environment (■ Opportunities ◆ Risks)			
◆Overconcentration in the Chinese market ■Expansion of display parts for automobiles ◆Addressing intensifying competition and changes in trends	■Expansion of the industrial inkjet market ◆Advancement of paperless environments	■Expansion of IoT- and Mobility as a Service (MaaS)-related markets ◆Intensifying global competition	■Increase in global interest in renewable energy ◆Addressing variations in related laws and regulations in different countries and regions
Strengths			
●Collaboration with major Japanese materials manufacturers	●Top-level information network in each industry as a trading company ●A global network to maintain closeness with clients and the capability of providing processing and distribution services	●Specialized skills in mask blanks, which is one of our key products	●A wide array of renewable energy materials

NC2026 segment growth strategy



Toward further growth of the semiconductor-related business, including through M&A

At the start of NC2026, the Company positioned “reinforcing semiconductor and electronics components business (including equipment business)” as one of its key growth strategy pillars. This reflects our intention to respond to the expanding semiconductor market and develop this segment as a future business pillar.

In this field, we have long held a strong position in mask blanks through our collaboration with ULVAC COATING CORPORATION, and we anticipate steady growth in the stand-alone semiconductor materials business. However, with an eye toward further expansion, we are also focusing on the equipment business, which offers the advantage of gaining access to information at the early stages of semiconductor production planning. One of our key objectives is to obtain materials-related information at an early stage, enabling us to make prompt business decisions. To promote the expansion of our semiconductor-related business, we strengthened our organizational structure by integrating related teams within the department.

Going forward, in order to establish our position in the market and further enhance our value, we plan to explore multiple avenues for growth, including potential M&A opportunities. We will continue to make strategic investments and strengthen our organization with the aim of making the semiconductor-related business a new growth engine for this segment.

Advancing diverse initiatives in the environment and energy field to cultivate future earnings drivers

In this segment, we are actively promoting a wide range of initiatives with the aim of making the environment and energy field a key source of earnings in the future.

We view the automotive battery business as one of our key operations over the medium term. To strengthen our product lineup centered on carbon nanotube dispersions for lithium-ion batteries, we established a joint venture in the United States for manufacturing and sales. In addition, the high-performance filler molding materials from GX MINERALS Inc., with whom we entered into a capital alliance in 2024, are expected to play a key role as a future earnings pillar. These materials promote both the lightweighting and recycling of plastic components, making them a promising new product offering. In the industrial inkjet field, we are focusing on areas where we can contribute to reducing environmental impact, such as textile applications, while also capturing new business opportunities like label printing demand in the craft beer market in the United States.

In Japan, we are steadily preparing, together with Chubu Electric Power Co., Inc., to operate a biomass power plant utilizing forest residues and other materials in Iwate Prefecture, with plans to expand this model to other regions. Besides this, we are focusing on areas with strong potential to become future earnings pillars, including bio-dyes derived from microorganisms and hydrogen-related materials. We will steadily advance these diverse initiatives to promote the expansion of our environmental business, which is a key company-wide growth strategy under NC2026, aiming to achieve net sales of 100 billion yen in related fields.

Chemicals

With firm roots in our founding business of dyes, we deal in chemicals that serve as a platform for all kinds of industries. In 2019, we integrated the Chemicals Division and the Housing & Eco Materials Division, which was dealing with materials that are close to final products, to provide optimum products and services to the entire value chain.

Yutaka Takahashi
Managing Executive Officer

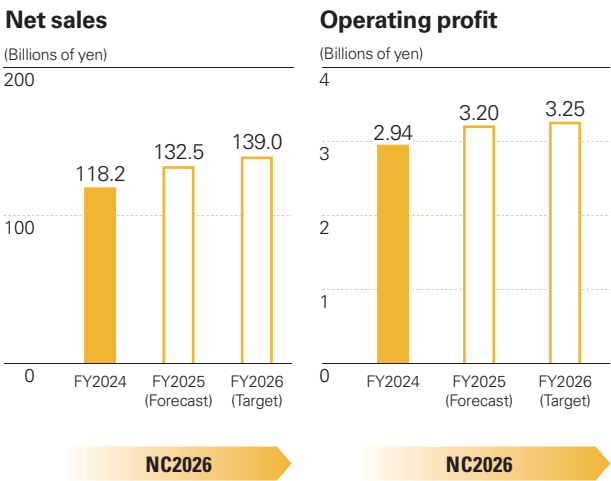


Overview of the first year of NC2026

Accelerating global product search while adapting to the evolving industry environment

During FY2024, while the inventory glut following the COVID-19 pandemic has largely subsided and a recovery trend is emerging, we faced significant challenges such as the sluggish Chinese market—home to many global chemical raw material suppliers—the tough conditions in the EV market, and major changes including the consolidation and elimination of chemical product lines by manufacturers in Japan. In this environment, we are particularly focusing on accelerating the global search for new products. In India, where economic growth is remarkable, we are increasing our workforce to strengthen our business.

We are also steadily implementing various initiatives such as responding to the growing demand for biodegradable and recycled materials, which is a key industry-wide theme, and enhancing logistics and processing capabilities to provide added value. These efforts aim to build a solid profit base for future growth.



Business environment (opportunities/risks) and strengths

Functional chemicals

Coating materials

Automobile component materials

Housing materials

Business environment (■ Opportunities ◆ Risks)

■ Increase in need for materials and new formulations in light of environmental regulations

◆ Unstable supply of materials and price fluctuations

■ Increase in demand centered on developing countries

◆ Response to global industrial restructuring

■ Expansion in demand for new materials along with the structural revolution of automobiles

◆ Industry-specific quality control standards and responsibility of supply

■ Need for construction and distribution innovations in light of labor shortage

◆ Sluggishness of the domestic market

■ Enhancing awareness of the circular economy

◆ Shift from domestic markets to overseas markets

Strengths

● Knowledge of chemicals and a client base nurtured over 130 years

● Competence in organizing a global supply chain suitable for our clients

● A wide range of products and materials spreading from upstream to downstream

● Local handling through overseas manufacturing and processing bases of the Group

NC2026 segment growth strategy



Focusing on initiatives for biodegradable and recycled materials

Amid growing interest in circular economy business across the chemical industry, we are focusing on biodegradable and recycled materials to cultivate future sources of earnings in this segment. One example is our cross laminated timber (CLT) business, a building material gaining attention for its superior decarbonization and resource circulation benefits compared to concrete. We are developing a unique initiative that covers the entire building materials supply chain, from upstream to downstream, by including raw materials such as adhesives necessary for CLT bonding.

In addition, there is growing demand for biodegradable and recycled materials, especially resins and solvents, across various industrial sectors. We have formed a project team mainly composed of young members and are strengthening global supplier searches with the aim of commercializing the business during FY2025. Furthermore, we are realizing tangible synergies by introducing new products to the customers of Maruishi Chemical Trading Co., Ltd., which we acquired as a subsidiary in 2023.

In response to the increasing demand for supplier diversification driven by customers' business continuity planning (BCP) restructuring, this segment's specialist team of chemical experts contributes to addressing these challenges by proposing alternative production methods. We have also enhanced our ability to address diverse needs by establishing a company-wide, cross-segment inquiry desk.

Creating new business opportunities focused on logistics

We have identified strengthening logistics and processing functions as a key initiative in this segment. We are currently engaged in a logistics reform project, working to streamline our logistics hubs in Japan. In light of the 2024 logistics challenges, including significant driver shortages, we aim to improve logistics rationalization, efficiency, and environmental impact simultaneously. To achieve this, we are utilizing shared logistics and other initiatives, with a goal to resolve these issues by 2025.

We are also adapting to the changing industry environment and creating new business opportunities by providing added value in logistics. For example, by consolidating large shipments that customers previously transported in multiple deliveries, we improve logistics efficiency and help reduce customers' warehouse space requirements. We have also started offering a service that involves installing tanks to receive shipments from overseas, allowing us to store and break down the cargo into smaller quantities for delivery. This is part of our broader expansion into various related support services.

These initiatives have begun domestically, and we plan to expand them to overseas regions such as Southeast Asia, aiming for global business growth. Through strengthening logistics and processing functions, we will steadily expand our business and provide added value to customers, creating a business model that can secure profits even in challenging environments.

Life Industry

We contribute to creating healthy and comfortable lives for consumers as a provider of pharmaceuticals, consumer goods, and food products. In our food business, we are expanding our vertically integrated model that covers from upstream to downstream, while in our pharmaceutical business, we are focusing on the field of regenerative medicine with an eye to the future.

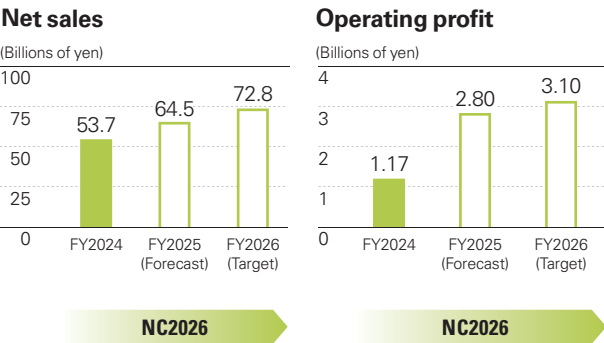
Yutaka Takahashi
Managing Executive Officer

Overview of the first year of NC2026

Aiming for further growth in the food business alongside the core pharmaceutical business

During FY2024, the domestic food-related business, including marine and agricultural products, remained steady. However, sluggish sales of Japanese food products in the United States and market inventory buildup caused by logistics disruptions during the COVID-19 pandemic continued to affect the business even after the pandemic. As a result, we were forced to dispose of excess inventory, which significantly impacted our earnings over the past year.

In pharmaceutical raw materials, a core business, we are continuing initiatives in regenerative medicine as well as nucleic acid and biopharmaceuticals, aiming for further growth. In the food business, efforts to strengthen sales to local wholesalers and retailers in the United States have been successful, and new initiatives, such as frozen desserts through our local subsidiary DNI Group LLC, are expected to



bear fruit. We are seeing promising signs of growth through the expansion of products such as frozen vegetables for the growing domestic market and matcha (finely ground powdered green tea) for overseas markets, along with enhanced processing capabilities and distribution channels.

In the environmental field, our sludge reduction business has seen increasing adoption, particularly among municipalities, and we have begun expanding overseas. We plan to accelerate growth going forward.

Business environment (opportunities/risks) and strengths

Pharmaceuticals

Consumer goods

Food products

Business environment (■ Opportunities ◆ Risks)

■ Expansion of regenerative medicine, nucleic acids, and biopharmaceuticals

◆ Unstable supply of materials and soaring prices

■ Diversification of suppliers for raw materials for pharmaceutical products

■ Transition to natural materials

◆ Speed of change in market trends

■ Increasing demand for frozen foods

■ Boom of Japanese food overseas

■ Easing of agriculture and fishery regulations in Japan

◆ Sluggish domestic demand

◆ Quality risks specific to food products

Strengths

● Collaboration with superior suppliers and information network on latest research and development

● Processing and distribution services using Group bases in each field

● Years of know-how on a broad business range from production to distribution

● Teams and individuals with expertise

NC2026 segment growth strategy



Leveraging Group synergies to expand food-related business across the entire value chain

In the food-related business, we aim to achieve higher profit margins than other businesses by operating an integrated value chain that spans from upstream to downstream activities. In the upstream to midstream areas, we are advancing new initiatives in response to the recent increase in demand for frozen vegetables. Unlike fresh produce, frozen vegetables have stable prices. By firmly securing raw materials, we aim to meet the growing market demand. The blueberry business has already grown to a certain scale through Aikei Farms Yoichi Co., Ltd. We also started building a supply chain in collaboration with broccoli farmers in 2024. In addition, we have invested in frozen processing facilities and plan to start the business during FY2025.

In the downstream food sector, we view leveraging synergies with Daigo Tsusho Co., Ltd. in the e-commerce field as a key growth area going forward. In January 2025, we made Satoen Co., Ltd., a company engaged in tea cultivation, manufacturing, and wholesale distribution, a subsidiary through Daigo Tsusho. Initially, the main objective was to leverage Satoen's solid customer base, built on its strength in catalog sales. However, the business is now also expanding, especially around matcha, which is seeing growing global demand. We are already seeing synergetic effects, as Inabata, using its global business expertise, responds to inquiries from U.S. hotel chains, European beverage manufacturers, and Korean wholesalers.

Toward expanding our culture media-related business with competitive strengths in regenerative medicine

One of the key growth areas we are focusing on in NC2026 is the regenerative medicine business. Within the regenerative medicine field, the culture media market, which is essential for cell cultivation, is expected to grow from approximately 7 billion yen in 2020 to around 200 billion yen in 2030. Japan is at the forefront of this field, and we are actively working to create business opportunities by leveraging this advantage.

As a specific measure, we have invested in Solallis Bio Inc., a start-up specializing in culture media development, and have begun expanding sales as a distributor of its media products. In addition, we are supporting the logistics function of a clinical trial in the United States led by our long-standing partner, Sumitomo Pharma Co., Ltd., involving induced pluripotent stem (iPS) cell-derived dopaminergic progenitor cells for the treatment of Parkinson's disease. We have conducted numerous transport trials and established a scheme to deliver these cells from Japan to the United States within 24 hours, steadily progressing toward the launch of the business.

Furthermore, we are also focusing on cultivating future growth businesses in the field of biopharmaceuticals, where the United States is the primary market, by strengthening proposals to contract manufacturers. At the same time, to secure near-term earnings, we are responding to clients' needs for second-source suppliers driven by their BCP restructuring in the pharmaceutical substances business. Alongside exploring new manufacturers and supplying products regionally, we are also expanding sales into overseas and generic markets, developing short- to medium-term businesses with immediate impact in parallel.

Plastics

We deal in a wide range of products, from commodity resins to high-performance resins, operating seven plastic compounding factories overseas and five film manufacturing factories in Japan and abroad. We also strive to develop environmentally friendly products such as biomass, recycled, and biodegradable plastics.

Koji Nakano
Managing Executive Officer

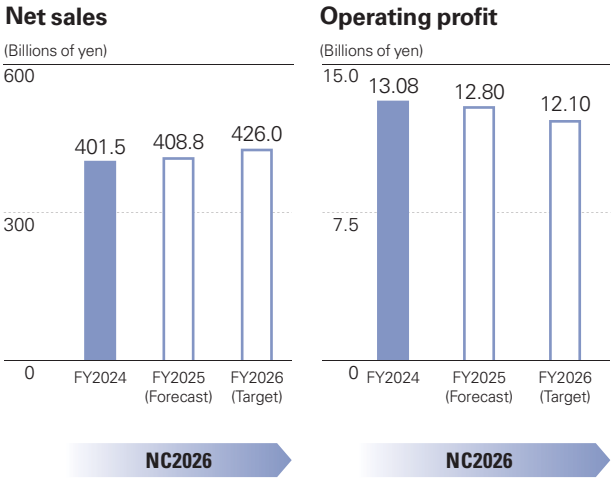


Overview of the first year of NC2026

Significant growth in overseas sales for automotive and OA sectors in a rapidly changing global market

In this segment, we achieved record-high performance with sales increasing by over 10% and operating profit rising by more than 30% compared to the previous fiscal year. The global inventory adjustments caused by the COVID-19 pandemic led to a sharp production rebound, with the office automation (OA) sector playing a key role in driving strong performance.

By region, sales have grown significantly in Southeast Asia, especially in Vietnam and the Philippines. In Japan, the film and sheet sector performed steadily. These achievements are the result of strengthened collaboration within the Group's global network. We are also considering expanding into the rapidly growing Indian market for sporting goods such as grip tape, supported by strong demand.



Although uncertainties persist in materials for automobiles, such as shifting international tariff policies and evolving competitive dynamics, we are steadily advancing our medium- to long-term strategy to accelerate global expansion.

Business environment (opportunities/risks) and strengths

Materials for automobiles

Molding materials

OA, electrical and electronic products

Films and sheets

Sporting goods

Business environment (■ Opportunities ◆ Risks)

■ Need for environmental considerations with weight reduction and the shift to EVs
■ Expansion in demand for materials due to compositional changes in automobile industry
◆ Industry-specific quality standards and supplier responsibility

■ Potential for expansion of overseas business
■ Withdrawal of a major general trading company that was a rival
◆ Fluctuations in domestic demand
◆ Restructuring among resin material manufacturers on a global level

■ Stable demand among Japanese OA device manufacturers
■ Addressing the shift toward higher value-added offerings

■ Potential for developing new markets for sheet products
◆ Intensifying competition for film products in domestic market

■ Expansion of global market
◆ Shrinking domestic market due to diminishing population

■ Growing needs for recycled plastics

Strengths

● Detailed local response capability using network of bases around the world
● Ability to provide added value including plastic compounding in own factories and vendor management inventories (VMIs)

● A client base built over the Company's long history

● Ability to propose mono materials and eco materials from outside of Japan
● Ability to develop and propose new products using own manufacturing bases in Japan and abroad

● High share in niche markets

NC2026 segment growth strategy



Expanding globally in the automotive sector, and enhancing ties with non-Japanese clients

As global competition intensifies and the automotive sector undergoes reorganization, expanding business with non-Japanese firms, in addition to existing Japanese clients, is one of our key growth strategies. In the first year of NC2026, sales to non-Japanese companies jumped nearly 12% year on year. While Japanese firms have been our main focus, we aim to expand our business by deepening relationships with a diverse range of partners.

As many auto-related firms enter the Indian market, we are increasing our local sales staff and strengthening ties with local companies. We will continue to address the unique needs of the Indian market, build trust-based relationships locally, and aim for sustained business expansion.

In the Mexican market, a key hub of the North American automotive industry, the tariff issue with the United States remains a focal point. In this context, our local compounding plant holds a strategic advantage by meeting the origin criteria under the United States–Mexico–Canada Agreement (USMCA). Thanks to this advantage, new inquiries from auto-related firms and chemical manufacturers are increasing, contributing to a favorable business environment.

We will continue to implement strategies tailored to the market characteristics of each region and steadily drive expansion in the global automotive sector.

Strengthening our network to further expand the green business

Although reducing environmental impact is a global challenge, the recycling of resins and composite materials from interior parts in Japan's automotive industry remains low. However, to comply with the Directive on End-of-Life Vehicles (ELV Directive) in Europe, the use of recycled materials is expected to accelerate moving forward.

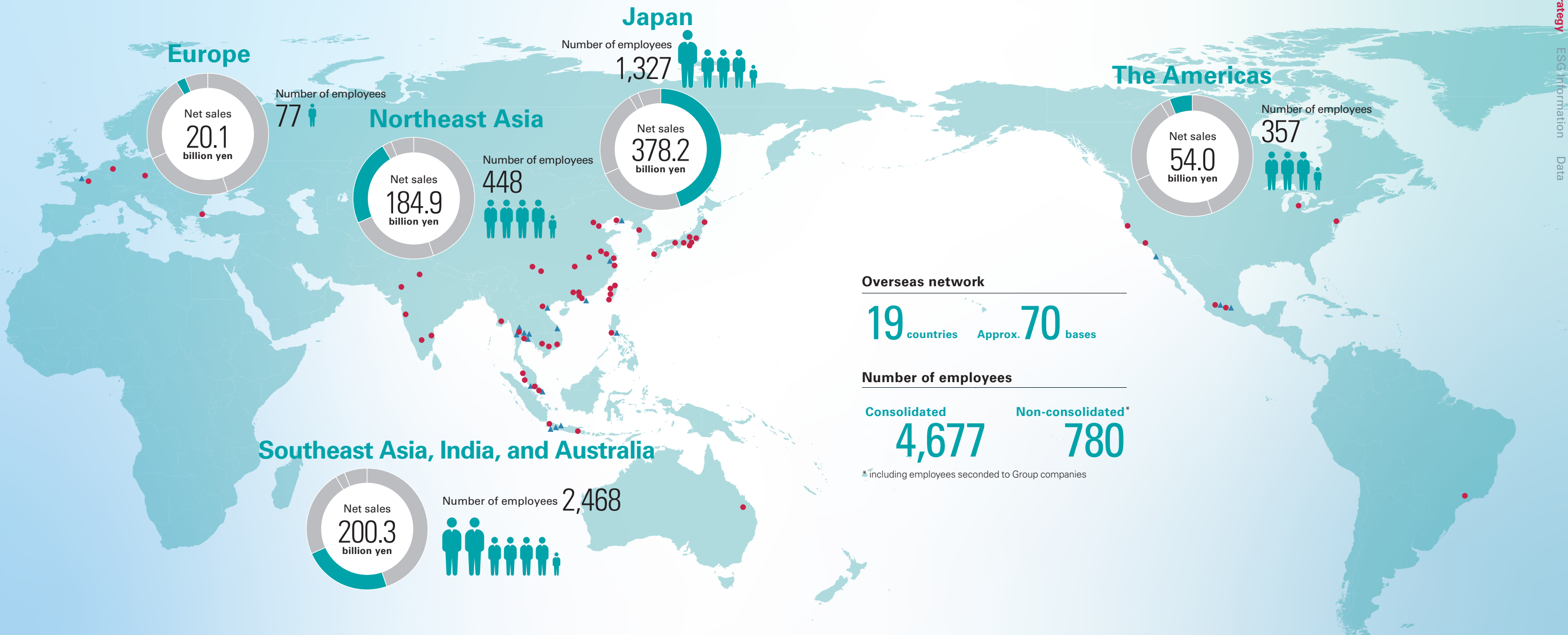
Demand is expected to grow for technologies that reduce the typical color and odor of recycled materials. Inabata is strengthening the development and promotion of new plastic compound products through investments in additive manufacturers and collaboration with our joint venture, Novacel Co., Ltd.

The green business, including the material recycling operations within the Plastics segment, is steadily growing. Sales are expected to reach 7.5 billion yen in FY2024 and to surpass 10 billion yen in FY2025. The balance between waste collection and recycling is improving on the manufacturing front, while the Group has nearly doubled its manufacturing capacity. In addition to expanding our recycling capability by installing cleaning equipment and other measures, we will broaden our network with intermediate waste plastic processors and enhance local information gathering and collaboration.

The recycled polycarbonate business for OA equipment is growing rapidly in Southeast Asia, especially in Vietnam and the Philippines. By supplying products tailored to local needs, we seek to expand our green business both in Japan and abroad.

Inabata’s network extending across approximately 70 bases in 19 countries worldwide

Sales and number of employees by region (FY2024 or as of March 31, 2025) ● Trading base ▲ Manufacturing & processing base



Europe

Germany	Dusseldorf
France	Suburb of Paris Normandy
Turkey	Istanbul
Czech	Prague

Southeast Asia / India / Australia

Singapore		Thailand	Bangkok, Samut Prakan (suburb of Bangkok), Ayutthaya, Sriracha (suburb of Laem Chabang), Chonburi
Malaysia	Kuala Lumpur Penang, Johor		
Indonesia	Jakarta, Surabaya Bekasi (suburb of Jakarta)		
Philippines	Binan (suburb of Manila)		
Vietnam	Hanoi, Ho Chi Minh City, Haiphong, Da Nang, Duc Trong	Myanmar	Yangon
Cambodia	Phnom Penh	India	Gurugram (suburb of Delhi), Chennai, Pune, Ahmedabad Bangalore
		Australia	Brisbane

Northeast Asia

China	Hong Kong, Shanghai, Wuxi, Ningbo, Chengdu, Nanjing, Hefei, Chongqing, Beijing, Dalian, Tianjin, Guangzhou, Dongguan, Wuhan, Shenzhen
Taiwan	Hsinchu, Tainan, Taichung, Taipei
South Korea	Seoul

Japan

Tokyo, Osaka, Nagoya, Iwate, Shiojiri, Shizuoka, Hamamatsu, Kirishima (Locations of sales and marketing offices only)
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The Americas

United States	New York, Los Angeles, Detroit, Novato (California)
Mexico	Queretaro, Tijuana, Silao
Brazil	Sao Paulo

(As of July 1, 2025)

Southeast Asia and India

Net sales **200.3** billion yen Operating profit **8.8** billion yen

Consolidated number of employees **2,468**

We have 11 manufacturing and processing bases in the region and are focused on expanding business in each segment.



Kazunori Fukui
Executive Officer
General Manager,
Southeast Asia

Southeast Asia is an important region where our processing bases for plastic compound, our key business, are concentrated. We sell plastic products, mainly for the three major fields of electric and electronic products, OA, and automobiles and motorcycles, at 39 bases across 10 countries. We will further cultivate Southeast Asia's rapidly growing automotive business. In addition, we will focus on cultivating new businesses related to the environment, primarily those concerning recycling, energy-related businesses such as solar power generation, and those in food and agriculture. We are also expanding our business not only with Japanese companies but also with non-Japanese companies. In the rapidly growing Indian market, we continue to focus on the chemicals and information & electronics sectors, building on our existing synthetic resin-related business.

Business

- Plastics for automobiles, home appliances, OA equipment
- Materials for printers
- Materials and rubber products for the automotive industry
- Materials and products for packaging

Action

Initiatives for a decarbonized society

As part of the sustainability strategy in our medium-term management plan NC2026, we began processing garbage bags containing biomass materials at our manufacturing companies in Japan and overseas, and began selling these to the Japanese market. In Thailand, we launched a resin recycling and processing plant and began sales domestically in the country. We will also utilize the manufacturing functions at a new company launched in Japan to develop plastic of various grades. We will contribute to building a sustainable society by developing environmentally friendly products while launching sales activities in India, such as those related to solar power generation.

Facilities



Northeast Asia

Net sales **184.9** billion yen Operating profit **5.1** billion yen

Consolidated number of employees **448**

We are expanding Inabata's core businesses by harnessing our network spread over 20 cities in China, Taiwan, and South Korea.



Takaharu Ookura
Executive Officer
General Manager,
Northeast Asia

In this core region that accounts for 22% of our consolidated net sales, we offer businesses leveraging our network spread over 20 cities in China, Taiwan, and South Korea. Starting mainly with FPD components, we are focused on plastics for automotive, OA, and electric and electronic products. We expect further increase in profits in our China business, where we seek to proactively invest our management resources in growth sectors, such as semiconductors, energy, EV and mobility, medical products and medicine, agriculture and food products, high-tech materials, and environment-related products.

Business

- Plastics for the mobility, OA, electric and electronic, and home appliance areas
- Components for FPDs
- Functional chemicals compliant with environmental regulations

Action

Strengthening collaboration with business locations and divisions to expand sales

In the Northeast Asia region, which has undergone significant change in the business environment, we will expand sales in the mobility and semiconductor sectors by strengthening collaboration among locations and divisions within the region and offering products with new supply chain functions that only we can provide. We will also increase exports of Chinese-made chemicals, plastics, and environmental products.

Facilities



The Americas

Net sales **54.0** billion yen Operating profit **1.2** billion yen

Consolidated number of employees **357**

In the vast Americas market, we are actively working to expand our business by strengthening collaboration within the Group.



Max Inoue
General Manager,
The Americas

Focusing on key areas such as automotive, environmental and energy, food products, and life sciences, the Group operates across a total of 10 locations in the United States, Mexico, and Brazil. We mainly deal in electronics materials, functional chemicals, plastics, and digital printing materials. In addition, we are expanding food-related businesses through our subsidiary, DNI Group LLC. In rapidly growing Mexico, we are focusing on sales of synthetic resins for the automotive sector in cooperation with multiple manufacturing companies, while also expanding our business into food and functional chemicals. In Brazil, we are also concentrating on sales of synthetic resins for the automotive, medical, and electric and electronic sectors, as well as functional chemicals.

Business

- Electronics materials (including those related to semiconductors)
- Digital printing materials (inkjet, toner)
- Functional chemicals
- Plastics
- Processed products in agriculture and marine industries
- Components related to the environment and energy industry (including those for EV batteries and solar power)
- Materials for pharmaceutical products

Action

Improving production facilities at our plastic compounding factory in Mexico

In Mexico, which is continuing to grow as a major production base for automotive parts in the Americas, we operate our own plastic compounding factory (IK Plastic Compound Mexico, S.A. de C.V.), and aim to expand our sales base for plastics products by integrating manufacturing and sales.

Facilities



Europe

Net sales **20.1** billion yen Operating profit **0.5** billion yen

Consolidated number of employees **77**

We operate businesses centered on chemicals, energy, automobiles, life sciences, and other fields, taking advantage of our unique mobility.



Daisuke Kobayashi
President,
Inabata Europe GmbH

In Europe, we deal in a wide range of products in various segments, such as inkjet ingredients, energy-related products, automobile components, and functional chemicals. Our Group companies manufacture and sell medical products, materials for cosmetics, and other products in France. In the future, we will also seek to focus on businesses in the environmental sector, such as selling materials for the EV battery field and developing plant-based materials for the cosmetics field.

Business

- Inkjet products and materials
- EV-related products
- Medical products, materials for cosmetics
- Functional chemicals
- Hydrogen-related products
- Synthetic resins (automobiles, recycling)

Action

Focusing on the development and sale of natural materials with technology from investee start-ups

In France, we have invested in Antoféol, a start-up with unique technology capable of efficiently generating plant extracts. We are focusing on developing natural material products that are eco-friendly, upcycling in nature, and sustainable. Our aim is to expand our business in a wide range of areas including cosmetics, fragrances, food products, living environments, and life sciences.

Facilities



Basic approach

The Inabata Group views sustainability not merely as a matter of risk management, but as an opportunity for sustainable growth. Guided by this perspective, we are advancing a variety of initiatives aligned with our material issues (materiality).

For a trading company whose greatest asset is its people, strengthening human capital directly boosts value creation and forms a vital foundation for sustaining competitive advantage. In the environmental field, we focus on sustainable plastics such as recycled and bio-based

materials, contributing not only to a decarbonized society and a circular economy but also strengthening our competitiveness in the plastics business. The Inabata Group positions sustainability as a key management priority to further enhance corporate value.

The Group's spirit of "love (*ai*)" and "respect (*kei*)" fosters empathy and close support for its customers and society, which deeply aligns with the principles of sustainability. We are committed to enhancing long-term corporate value while contributing to the realization of a sustainable society.

Governance

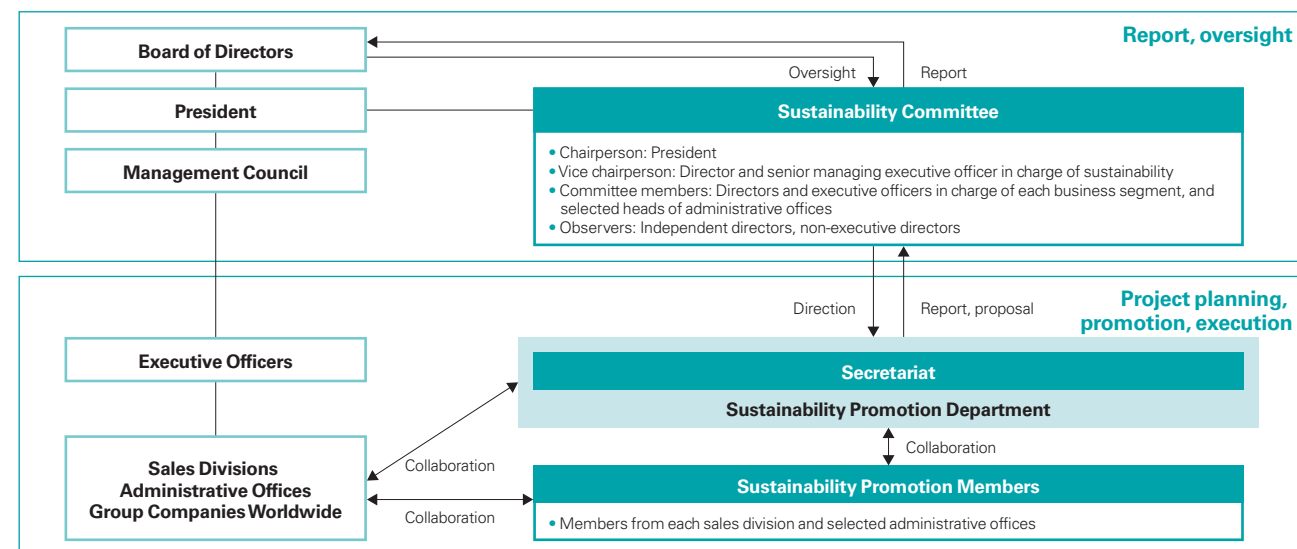
Inabata has established the Sustainability Committee, which is chaired by the president of Inabata & Co. The vice chairperson of the committee is the director and senior managing executive officer in charge of sustainability. The committee also includes a director and an executive officer for each of the business segments, as well as heads of administrative offices. Independent directors and non-executive directors participate as observers.

The committee currently meets twice a year, facilitating active discussions among its members and observers. Its main roles include identifying, assessing, and managing sustainability-related risks and opportunities, as well as reviewing and monitoring initiatives and plans. Decisions made by the committee are primarily executed by the Sustainability Promotion Department, a dedicated

organization that works in collaboration with Sustainability Promotion Members in each division as well as domestic and overseas Group companies.

By having all directors participate in the committee, the Board of Directors fulfills its oversight function. Furthermore, in accordance with the Regulations of the Board of Directors, the director in charge of sustainability regularly reports on the status of sustainability initiatives, ensuring proper oversight by the Board. Note that the Board of Directors includes directors with environmental, social, and governance (ESG) skills (refer to page 95). Additionally, by incorporating ESG scores from multiple external rating agencies as one of the performance-linked remuneration indicators for directors not on the Audit and Supervisory Committee, we further enhance the effectiveness of ESG as a management priority.

Sustainability promotion system



Main sustainability-related matters discussed by the Sustainability Committee and reported to the Board of Directors

FY2021	Establishment of Sustainability Basic Policy and Code of Conduct / Establishment of Human Rights Policy
FY2022	Participation in the United Nations Global Compact / Identification of materiality / Carbon Neutrality Declaration 2050 / Information disclosure in accordance with TCFD recommendations / Status of external ESG evaluations (FTSE, MSCI, etc.) / Calculation of GHG emissions (Scope 1, 2, and 3) / Progress on TCFD-compliant scenario analysis / Progress on human rights due diligence
FY2023	Endorsement of TCFD and TCFD Consortium / Information disclosure in accordance with TCFD recommendations / Calculation of GHG emissions (Scope 1, 2, and 3) / Progress on human rights due diligence
FY2024	Formulation of the Sustainability Medium-term Plan 2026 / Carbon Neutral Transition Plan / Status of external ESG evaluations (FTSE, MSCI, etc.) / Revision of Human Rights Policy and establishment of Sustainable Supply Chain Policy / FY2023 performance against the Sustainability Medium-term Plan 2026 / Purchase plan for renewable energy certificates / Human rights training for directors

Strategy

The Inabata Group established the Inabata Group Sustainability Basic Policy and Code of Conduct in 2021 based on its core philosophy, Mission, Vision, and IK Values. Building on this foundation, we conducted a materiality assessment in 2022 that examined the significance of issues from multiple perspectives, including risks and opportunities, impact on management strategy and business activities, stakeholder interests, social and environmental effects, medium- to long-term outlooks, and industry trends.

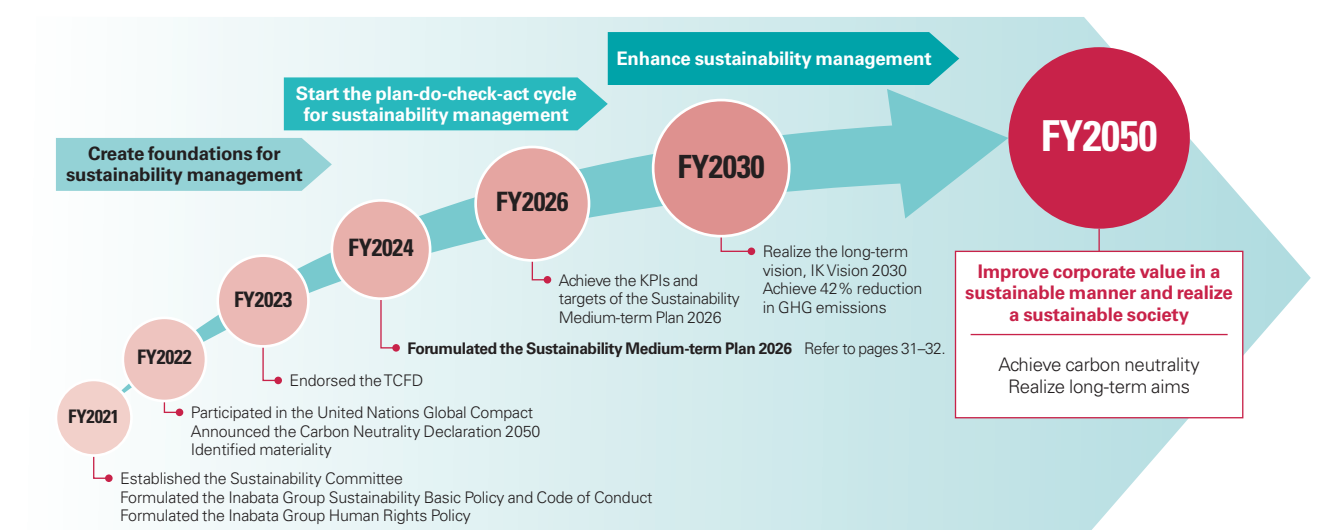
We believe it is important to appropriately address both risks and opportunities in order to achieve sustainable corporate growth while fulfilling our responsibility to contribute to the formation of a sustainable and healthy society. Based on this approach, we identified six material issues (see the table below) from two perspectives. In

terms of financial impact, the three material issues under "creating sustainable value" tend to have a more short-term and direct effect, whereas the three under "strengthening the foundation for business continuity" are likely to have more medium- to long-term and indirect effects.

Furthermore, in 2024 we formulated the Sustainability Medium-term Plan 2026, which outlines a long-term vision of our desired future and sets KPIs and targets developed through backcasting to address these material issues. This plan is being steadily implemented under the oversight of the Sustainability Committee and the supervision of the Board of Directors (refer to pages 31–32).

To ensure a high level of transparency, we disclose information on these initiatives and results through the Sustainability section of our Group website.

Creating sustainable value	Areas we aim to contribute to through the provision of products and solutions	Strengthening the foundation for business continuity	Areas that serve as the foundation for our business activities
- Contributing to a decarbonized and circular society; sustainable use of natural capital - Contributing to safety, security, and well-being - Providing value through resilience in procurement and supply functions		- Respecting human rights in the spirit of love (<i>ai</i>) and respect (<i>kei</i>) and growing together with local communities - Fostering and strengthening the human capital driving the value creation - Enhancing governance and risk management	



For more details on our materiality identification process, materiality map, and the Sustainability Medium-term Plan 2026, please refer to our website.



Risk management

At the Inabata Group, sustainability-related risks and opportunities are managed by the Sustainability Committee as we believe that traditional risk management methods alone are insufficient to manage long-term impacts that include elements of uncertainty. Based on scenario analysis and other methodologies, risks and opportunities—identified and examined from both qualitative and quantitative perspectives—are assessed by the committee. These assessments are incorporated into the indicators and targets of the Sustainability Medium-term Plan 2026, with progress toward these targets regularly monitored by the same committee. Through this process, risks and opportunities are effectively managed under the oversight of the Board of Directors.

In the Sustainability Medium-term Plan 2026, risks and opportunities for each materiality were thoroughly reviewed and organized, and the main initiatives addressing them were clarified and incorporated into the indicators and targets.

Materiality: Risks, opportunities, and main initiatives (Excerpt)

For the complete content, please refer to the Sustainability page of our website.

Creating sustainable value				
Contributing to a decarbonized and circular society; sustainable use of natural capital				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
• Rising costs associated with stricter policies, laws, and regulations for climate change • Lower earnings associated with stricter policies, laws, and regulations and lower consumer demand for petroleum-based plastics	• Growing demand for renewable energy and batteries • Growing demand for biomass, recycled, and biodegradable plastics and the like	■ Promote activities to reduce GHG emissions toward carbon neutrality	⊙	⊙
		■ Introduce renewable energy	⊙	⊙
		■ Expand sales from the environment-related business (e.g., clean technology)		⊙
		■ Diversify suppliers and outsourcing partners, and decentralize inventories	⊙	⊙
Contributing to safety, security, and well-being				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
• Rising costs and exclusion from supply chains associated with stricter policies, laws, and regulations for chemical substances • Rising costs at manufacturing bases associated with stricter regulations concerning product safety and quality	• Higher reputation and credibility as a result of appropriate disclosure and sharing of information about safety and security in the value chain based on recognition that products are ultimately provided to consumers	■ Strengthen management of compliance with chemical substances regulations	⊙	⊙
		■ Strengthen product safety, quality control, and the pertinent measures required of a trading company	○	○
		■ Strengthen supply chain and value chain management	⊙	⊙
Providing value through resilience in procurement and supply functions				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
• Supply chain disruptions caused by natural disasters, infectious diseases, geopolitical risks, and inadequate measures in inventory management, transportation, and outsourcing • Reputational decline and exclusion from supply chains as a result of inadequate measures to address human rights risk in the supply chain	• Increases in sales opportunities through appropriate responses to geopolitical, environmental, social, and other global risks • Greater value provision as a result of building robust supply chains that properly manage inventories, transport, and outsourcing partners	■ Strengthen supply chain management that takes into account geopolitical, environmental, social, and other global risks	⊙	⊙
		■ Diversify suppliers and outsourcing partners, and decentralize inventories	⊙	⊙
		■ Implement human rights due diligence (DD) in the supply chain	⊙	⊙
		■ Ensure responsible minerals sourcing	⊙	⊙

The symbols in the Response column indicate the importance of the initiatives (⊙ > ○).

Strengthening the foundation for business continuity				
Respecting human rights in the spirit of love (ai) and respect (kei) and growing together with local communities				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
• Litigation risk, reputational decline, and lower productivity due to human rights violations in the Company or Group companies • Litigation risk and reputational decline due to human rights violations at bases, etc., in the local community	• Higher reputation resulting from corporate attitudes and actions that respect human rights • More vibrant workplaces and higher productivity through respect for human rights at the Company and Group companies	■ Implement human rights DD (human rights DD digital survey) in the Company and the Group	⊙	⊙
		■ Instill the corporate philosophy, and implement human rights education, in the Company and the Group	⊙	⊙
		■ Strengthen compliance and anti-corruption efforts	⊙	○
		■ Raise awareness of the internal whistleblowing system	⊙	○
Fostering and strengthening the human capital driving the value creation				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
• Lower productivity and competitiveness due to a decline in employee well-being (state of being physically, mentally, and socially satisfied) • Lower productivity and competitiveness due to a decline in employee skills and abilities	• Higher productivity and competitiveness due to an increase in employee well-being • Higher productivity and competitiveness due to an increase in employee skills and abilities	■ Instill the corporate philosophy that is based on the spirit of love (ai) and respect (kei)	⊙	⊙
		■ Conduct organizational monitoring (e.g., employee engagement surveys) on an ongoing basis	⊙	⊙
		■ Foster diversity and inclusion	⊙	⊙
		■ Promote talent management and human resource development	⊙	⊙
Enhancing governance and risk management				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
• Occurrences of scandals, as well as lower competitiveness and management quality, due to lack of corporate governance • Increases in lawsuits and fines, along with reputational decline, due to inadequate information security measures	• Better management and higher competitiveness due to stronger corporate governance • Smoother business management, as well as higher credibility and reputation, due to adequate information security measures	■ Enhance corporate governance	⊙	○
		■ Take thorough measures to ensure information security, including cybersecurity	⊙	○
		■ Tighten risk management	⊙	○

Metrics and targets

In the Sustainability Medium-term Plan 2026, we present our long-term vision for approximately FY2030 to FY2050. Using a backcasting approach from this vision, we have established three-year KPIs and targets for FY2024 to FY2026 aligned with our materiality. (For these KPIs, targets, and FY2024 results, please see pages 31–32.)

Long-term Vision

Long-term targets
GHG emissions (Scope 1 and 2): Reduce emissions by 42% by FY2030, compared to FY2022 levels; and achieve carbon neutrality by FY2050.

Long-term aims

- A decarbonized and circular society, and rich natural capital for society and the planet
- A society in which human rights are respected, people feel safe and secure, and their well-being is maintained
- A state of sustainable growth where the value provided by the Company, co-created with its business partners, is seen as indispensable to society

• A situation where all employees in Japan and overseas, who are critical for sustainable growth, are physically and mentally healthy, work with enthusiasm in a style that fits the individual and in appropriate roles, and enjoy a high level of well-being

Relevant United Nations Sustainable Development Goals

Basic approach

While climate change poses risks to the Inabata Group, we also recognize it as a source of new business opportunities. Therefore, as well as taking steps to reduce GHG emissions, we seek to provide products and solutions that contribute to a decarbonized society. The Group discloses information in accordance with the

recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Note: For the complete "Information Disclosure Based on TCFD Recommendations" released on June 18, 2025, please refer to the Sustainability page of our website.
https://www.inabata.co.jp/themes/inabata/pdf/sustainability/tcfd_recommendations_2025_en.pdf?v5



TCFD’s core elements of recommended climate-related financial disclosures and a summary of responses by the Inabata Group

Core elements	Description	Inabata Group response
Governance	Disclose the organization's governance around climate-related risks and opportunities.	Sustainability issues, including climate change, are deliberated and examined at the Sustainability Committee, which is chaired by the president of Inabata & Co. All directors participate in the Sustainability Committee, thereby serving the Board of Directors’ oversight function through the committee. The Regulations of the Board of Directors require the director in charge of sustainability to report to the Board of Directors on the status of initiatives to address sustainability issues. The content of deliberations and examinations at the Sustainability Committee is also reported appropriately to and overseen by the Board of Directors as part of the abovementioned process.
Strategy	Disclose the impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Regarding the 4°C scenario, whereas the Group’s bases in Japan and overseas are assumed to suffer damage due to intensifying extreme weather events, the risk is not estimated to be so great as to significantly impact business operations. In terms of opportunities, demand for products adapted to rising temperatures and changing weather patterns is expected to increase. Accordingly, it is concluded that the Group will be able to maintain its resilience. Regarding the 1.5°C scenario, we identified the increase in operating costs due to the introduction of carbon pricing and steep rises in the price of electricity as a risk. However, the risk is projected to be more than offset by gaining revenue opportunities from future growth in technologies and products that contribute to a low-carbon economy and reduced environmental impact. We have reaffirmed that the growth strategy of expanding our environment-related business set out in the NC2026 medium-term management plan and the strategy to contribute to the global environment through business specified in the Sustainability Medium-term Plan 2026 will have a great impact on our growth in the decarbonized society of the future.
Risk management	Disclose how the organization identifies, assesses, and manages climate-related risks.	The Inabata Group’s Sustainability Committee manages climate-related risks and opportunities. The committee differentiates, assesses, and manages risks and opportunities identified and examined from both qualitative and quantitative perspectives based on scenario analysis and other means. This is reported to and overseen by the Board of Directors as necessary. The Board of Directors oversees Group-wide risks of high importance in an integrated manner, taking into account reports from the Sustainability Committee as well as other risks reported by the Risk Management Office, the Financial Management Office, the Compliance Committee, and other units.
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	To commit to achieving the global goal of limiting the increase in temperatures to 1.5°C as stated in the Paris Agreement, the Inabata Group has set the long-term goal of carbon neutrality by FY2050 (covering Scope 1 and 2 emissions of the consolidated Group). In addition, we have set the medium-term target of reducing GHG emissions by 25% compared to FY2022 levels by FY2026 and 42% by FY2030 (covering Scope 1 and 2 emissions of the consolidated Group) in the Sustainability Medium-term Plan 2026. This target was set in compliance with the 1.5°C goal stated in the Paris Agreement. Since FY2021, we have calculated Scope 3 emissions in order to ascertain emissions for our entire supply chain. Currently this applies only to the parent company, but we will expand the scope of calculations in the future.

Strategy

The Inabata Group strives to understand the business risks and opportunities arising from the transition risks and physical risks of climate change, and to reflect this in the formulation of climate change countermeasures and business strategies. In our scenario analysis, we examined both qualitative and quantitative factors based on two climate scenarios: the 4°C scenario, which assumes no further climate action beyond current efforts

and projects more frequent and severe extreme weather events; and the 1.5°C scenario (partially incorporating elements of the 2°C scenario), which assumes the implementation of more ambitious climate change measures aimed at achieving decarbonization. The analysis is conducted with a view toward 2030, the target year of the Group’s long-term vision, IK Vision 2030, and 2050, the target year for achieving carbon neutrality.

Reference scenarios

1.5°C scenario	IEA Net Zero Emissions by 2050	
2°C scenario (partial)	IEA Sustainable Development Scenario	RCP2.6
4°C scenario	IEA Stated Policies Scenario	RCP8.5

Scenario analysis was conducted with the following process.

(1) Visualization of the world in the future based on scenarios
(2) Analysis of impact of climate change risks in business segments
(3) Qualitative analysis of scenario and identification of key responses in business segments
(4) Calculation of financial impact (quantitative scenario analysis)
(5) Results of scenario analysis (summary)

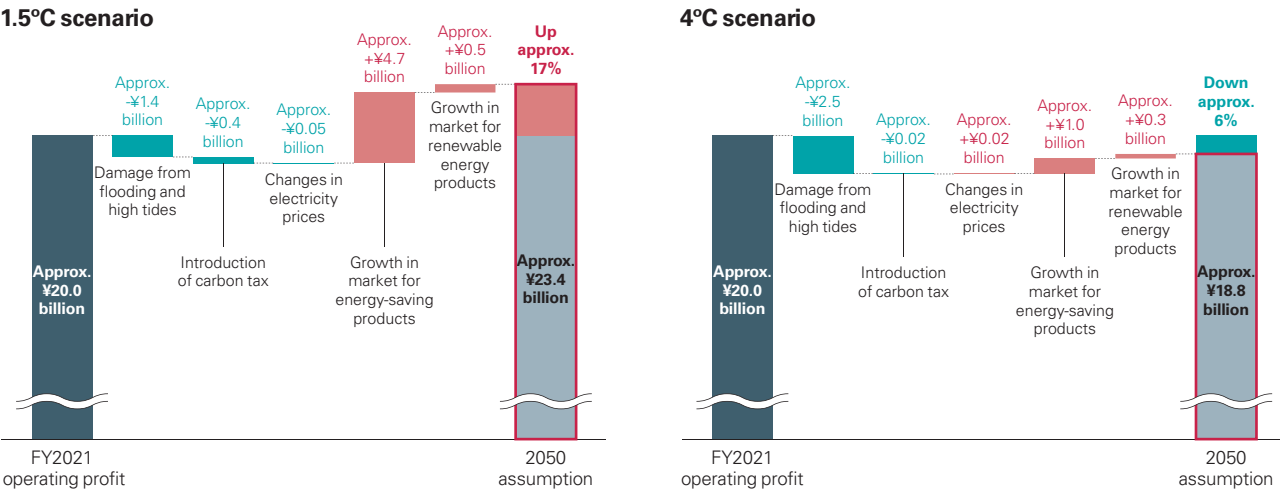
For items (1) to (3), please refer to the "Information Disclosure Based on TCFD Recommendations" section of the Sustainability page of our website.
https://www.inabata.co.jp/themes/inabata/pdf/sustainability/tcfd_recommendations_2025_en.pdf?v5



Calculation of financial impact (quantitative scenario analysis)

In addition to qualitative analysis, we also conducted quantitative analysis. We selected the calculable risks and opportunities from the content considered in (1) to (3), and collected the Inabata Group’s performance figures and information about the forecasted future (parameters)

from external organizations for the calculation. We then calculated the financial impact of the risks and opportunities based on both the 1.5°C and 4°C scenarios. Note that these financial impact estimates were obtained by narrowing down the scope of the analysis and establishing hypothetical situations based on the limited information and data available at this point in time.



For details on the calculation formulas used in the estimates, please refer to the Climate Change page in the Sustainability section of our website.

Results of scenario analysis (summary)

The results of analyses (1) to (4) are summarized below. Regarding the 4°C scenario, whereas the Group’s bases in Japan and overseas are assumed to suffer damage due to intensifying extreme weather events, the risk is not estimated to be so great as to significantly impact business operations. In terms of opportunities, demand for products adapted to rising temperatures and changing weather patterns is expected to increase. This has made us recognize anew the potential to contribute to society by helping society as a whole adapt to global warming while maintaining the Group’s resilience.

Regarding the 1.5°C scenario, we identified the increase in

operating costs due to introduction of carbon pricing and steep rises in the price of electricity as a risk. However, the risk is projected to be more than offset by gaining revenue opportunities from future growth in technologies and products that contribute to a low-carbon economy and reduced environmental impact. We have reaffirmed that the growth strategy of expanding our environment-related business set out in the medium-term management plan, NC2026, and the strategy to contribute to the global environment through business specified in the Sustainability Medium-term Plan 2026 will have a great impact on our growth in the decarbonized society of the future.

Note: For information on environment-related business, please refer to pages 71–72.

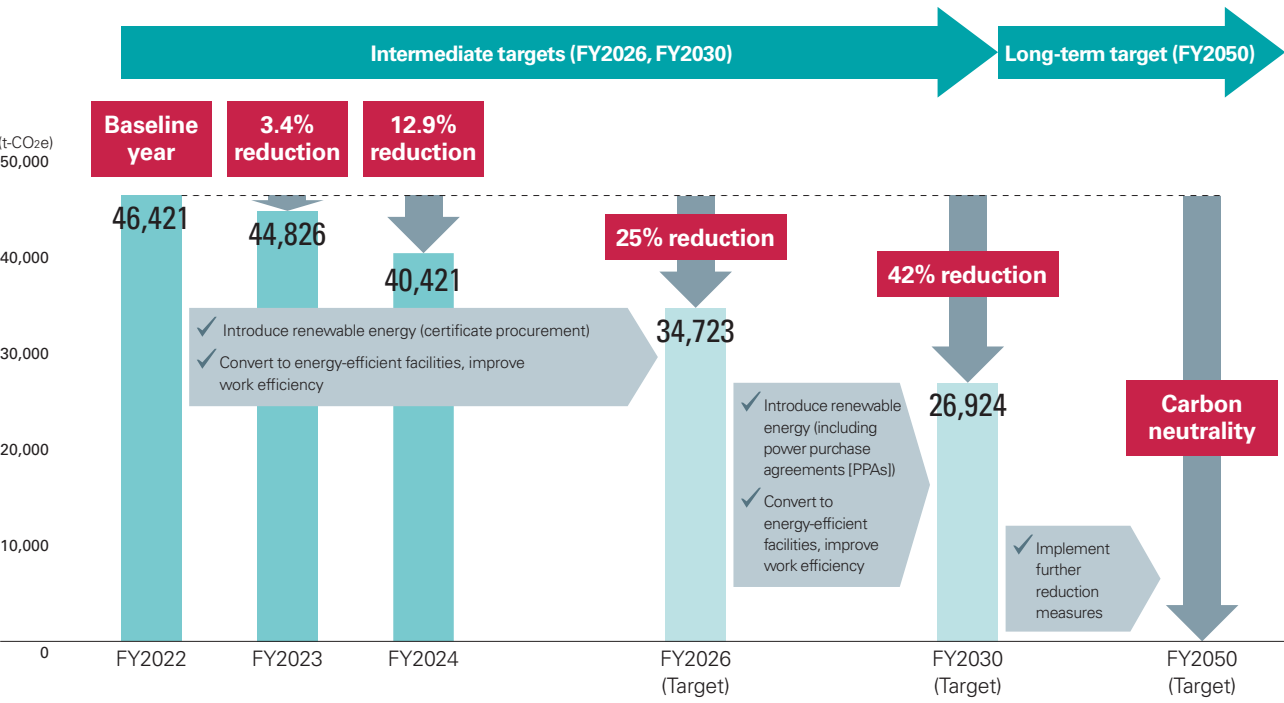
Metrics and targets

To commit to achieving the global goal of limiting the increase in temperatures to 1.5°C as stated in the Paris Agreement, the Inabata Group has set the long-term goal of carbon neutrality by FY2050, along with intermediate targets for FY2026 and FY2030. This target was set in alignment with the 1.5°C goal stated in the Paris Agreement (covering Scope 1 and 2 emissions of the Group).

In FY2024, we began procuring non-fossil certificates to introduce renewable energy, effectively reducing Scope 2 GHG emissions from our domestic sites to near net zero. As a result, we have achieved a 12.9% reduction compared to the FY2022 baseline, steadily progressing toward our intermediate target of a 25% reduction by FY2026.

Note: For performance data for FY2023 and FY2024, please refer to Sustainability Data (Energy and climate) on page 113.

GHG emissions reduction targets (covering Scope 1 and 2 emissions of the Group)



Initiatives for FY2024

Introduction of renewable energy (purchase of renewable energy certificates)

To meet our Scope 2 GHG emissions reduction target, in FY2024 we procured non-fossil certificates covering nearly 100% of the electricity consumption of the parent company and 11 domestic consolidated subsidiaries, enabling the introduction of renewable energy. As a result, the Scope 2 GHG emissions in Japan have been reduced to virtually net zero.

From the next fiscal year onward, we will begin introducing renewable energy through the purchase of renewable energy certificates at our overseas consolidated subsidiaries, accelerating the reduction of GHG emissions.

Obtaining third-party assurance

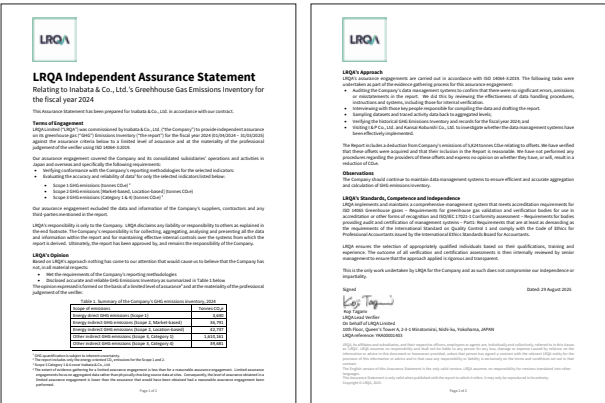
For the FY2024 GHG emissions (Scope 1 and 2, and Scope 3 Categories 1 and 4), we underwent third-party assurance based on the international standard ISO 14064-3:2019 and obtained an independent assurance statement from the verification body, LRQA Limited. This has enabled us to disclose highly accurate and reliable data to our stakeholders.

Going forward, we will enhance data accuracy further by expanding the scope of third-party assurance.

Sustainable finance initiatives

As part of NC2026’s financial strategy to diversify funding methods, including sustainable finance, in FY2024 we concluded our first green loan agreement and issued green bonds. The funds raised will be allocated to the construction of a biomass power plant and the rebuilding of our Tokyo Head Office building, which features reduced environmental impact and enhanced disaster resilience.

Note: Although available only in Japanese, further information can be found on the sustainability finance page in the Sustainability section of our website. <https://www.inabata.co.jp/sustainability/about/finance/>



Conceptual image of the new Tokyo Head Office building

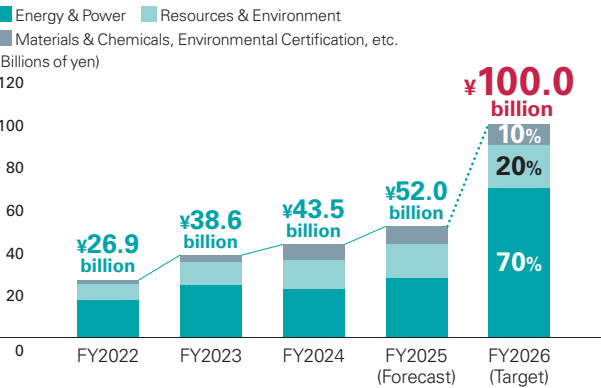
Business outline and goals

Under NC2026, the Inabata Group has positioned the expansion of environment-related businesses as a company-wide growth strategy. Aligned with this, the Sustainability Medium-term Plan 2026 outlines the strategic goal of contributing to the global environment through our business, with a KPI and target of achieving 100 billion yen in sales from environment-related business by FY2026.

In FY2024, sales in the Energy & Power sector led the growth, followed by steady increases in the Resources & Environment sector, including sustainable raw materials.

The target of 100 billion yen in net sales in FY2026 is a challenging goal for the Group. However, we are committed to achieving it through our business activities by contributing to a decarbonized and circular society and the sustainable use of natural capital.

Environment-related business: Performance and targets



Notes: 1. Coverage: Inabata Group (consolidated)
2. Totals are simple sums.

Environment-related business fields and main items

Fields	Main items
Energy & Power	Renewable energy (solar power, biomass power, wind power)-related and battery-related, etc.
Resources & Environment	Sustainable materials such as recycled, biomass, biodegradable, and waste materials, recycling systems, and water-related, etc.
Materials & Chemicals	Low-carbon materials, environmental pollutant reduction, etc.
Environmental Certification	Forestry certification, marine product certification, etc.

Sales by field (Billions of yen)

Fields	FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2026 (Targets)
Energy & Power	17.5	24.4	22.5	27.7	70.0
Resources & Environment	7.5	10.7	13.8	16.0	20.0
Materials & Chemicals, Environmental Certification, etc.	1.8	3.2	7.2	8.3	10.0

Since amounts less than 100 million yen are rounded down, totals in the graphs may not match the sum of individual figures.

ISCC PLUS certification

The Inabata Group has obtained International Sustainability and Carbon Certification (ISCC) PLUS certification, one of the internationally recognized certification systems for sustainable products. ISCC is a globally recognized certification system for sustainability and carbon management. It ensures that materials such as biomass and recycled resources are sustainably sourced, using the mass balance approach*1 to manage and verify them throughout the supply chain. The Group has obtained this certification not only at its three domestic facilities but also at three overseas facilities. In recent years, demand for

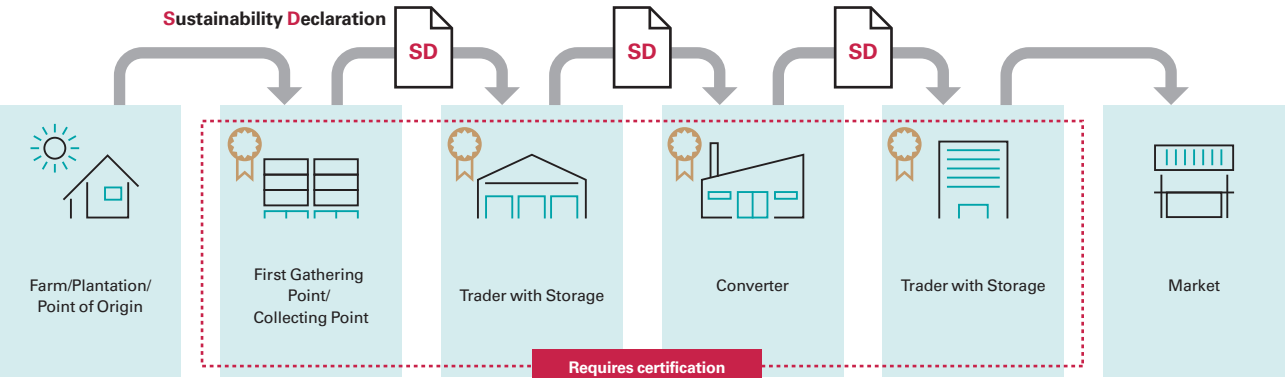
biomass and recycled plastics has been growing. By obtaining this certification, we demonstrate our commitment to handling reliable products made from sustainable raw materials, with the goal of further expanding our business.

*1 Mass balance approach: This method is used throughout the processing and distribution stages, from raw materials to finished products, where sustainable raw materials, such as biomass or recycled plastics, are mixed with non-sustainable raw materials, like those derived from fossil fuels. The method keeps track of how much sustainable raw material goes into the production process. Then, based on that amount, it allocates the sustainable characteristics proportionally to a share of the finished products.

How the ISCC certification system works

The ISCC certification ensures traceability through a Chain of Custody (CoC) system, which certifies that materials are properly managed and handled during the stages of processing and distribution. Therefore, all organizations

involved in the value chain are required to obtain certification. In addition, each facility issues a document called a Sustainability Declaration, which is passed on to the next site to maintain the continuity of information.



Inabata Group’s certified entities and scope

Certified entities	Scope
Tokyo Head Office, Osaka Head Office, and Nagoya Office of Inabata & Co., Ltd.	Trader with Storage
PT. Inabata Indonesia	
Inabata Malaysia Sdn. Bhd.	
Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd.	Converter

Feedback from a sales representative

The acquisition of ISCC PLUS certification has led to growth in our recycling-related business and opened up new business opportunities by leveraging our relationships with customers. We also began selling certified chemical recycling materials in 2024. Although sales in FY2025 have not grown as initially expected due to the economic downturn, demand for recycled materials is expected to rise going forward. This is driven by an upcoming regulation in Europe, which is set to take full effect after 2030 and will mandate minimum recycled content in packaging materials.*2

*2 Packaging and Packaging Waste Regulation (PPWR)

Motoi Egawa
Manager, Tokyo Sales Section, Film & Performance Materials Department, Plastics Division II



Basic approach

For the Inabata Group, which operates four segments centered around the chemicals business, proper management of chemicals and chemical substances in compliance with laws and regulations is a critical issue. While chemical substances are highly useful, they can also have adverse effects on the global environment, such as water, soil, air, and ecosystems of plants and animals, as well as on human health and safety. This has led to numerous laws and regulations governing various stages such as manufacturing, sales, transportation, and storage, with the handling of these substances often requiring permits and approvals. Failure to address these appropriately could potentially have a serious adverse impact on both the chemicals business and management itself. Therefore, we will maintain a thorough understanding of the increasingly stringent domestic and international regulatory trends and respond appropriately. Additionally, for individual projects within each sales division, we proactively assess the environmental and social impacts related to chemical substances and implement sufficient measures before advancing new business initiatives.

Compliance with global chemical regulations

Chemical regulations worldwide are being newly established or revised based on the Strategic Approach to International Chemicals Management (SAICM), and its successor, the Global Framework on Chemicals (GFC), both of which aim to minimize adverse impacts of chemical manufacturing and use on human health and the environment. To comply with SAICM and GFC, the Group is strengthening its chemical regulatory management framework not only within Japan but also at its overseas subsidiaries. This includes implementing and utilizing systems to monitor foreign regulations and establishing operational rules tailored to each country’s legal requirements, thereby ensuring compliance with relevant laws and regulations across various countries and regions.

Initiatives in FY2024 (Strengthening the management framework)

In the Sustainability Medium-term Plan 2026, we have set the goal of understanding and sharing trends in chemical substances regulations in Japan and overseas in a timely manner, and strengthening the compliance management framework. In FY2024, we carried out the following four initiatives.

	Initiatives	Overview
1	Regular distribution of global chemical regulations information (monthly)	The Chemical Regulations Department collects and shares information on global trends in chemical regulations with the entire Company, including overseas Group companies. This initiative aims to raise employees’ literacy regarding chemical regulations, encourage appropriate responses to new regulations affecting our products, and maintain and enhance compliance.
2	Establishing a global chemical regulations management framework and promoting use of a regulatory search system	We have assigned personnel responsible for chemical regulations management at both domestic and overseas Group companies, establishing a structure that enables each facility to independently comply with national regulations. Additionally, a global chemical regulation search system has been introduced, which allows personnel at each base to verify legal requirements, such as before importing new products.
3	Verifying and supporting compliance efforts at domestic and overseas Group companies	Through regular meetings with Group companies, we have confirmed the implementation status of the newly established regulatory management framework and provided support where needed.
4	Hosting internal seminars	We held internal seminars led by external experts on global trends in the circular economy and chemical management of recycled resins. Other seminars on different themes are planned for FY2025.

Basic approach

For the Inabata Group, our supply chain is our lifeline and the foundation for creating value. We have set “providing value through resilience in procurement and supply functions” as a materiality to which we assign priority and focus. For this reason, our suppliers are important partners in creating value, and we aim for mutual growth by working together to resolve environmental and social issues.

Inabata Group Sustainable Supply Chain Policy

In November 2024, we established the Inabata Group Sustainable Supply Chain Policy to express our commitment to building a supply chain that respects the environment, human rights, and working conditions. This new policy builds upon and expands the Inabata Supply Chain CSR Action Guidelines. The policy outlines the values that should be shared between the Inabata Group and its business partners, as well as key areas of action, presented as guidelines and thematic policies. Working together with our business partners, we aim to help realize a sustainable society.

Inabata Group Sustainable Supply Chain Policy (Overview)

1	Commitment to a Sustainable Supply Chain	
2	Scope	• All officers and employees of the Inabata Group, including those on fixed-term contracts and temporary employees • All business partners who work with us to build a sustainable supply chain
3	Supply Chain Sustainability Promotion Guidelines	These Guidelines define the values that the Inabata Group and our business partners should share in transactions, as well as the matters we should promote together. 1) Compliance with Laws and Regulations and Support for and Respect of International Norms 2) Fair Transactions and Anti-Corruption 3) Respect for Human Rights 4) Environmental Conservation 5) Quality Control 6) Information Management 7) Coexistence with the Local Community 8) Partnerships 9) Information Disclosure
4	Engagement with Business Partners	
5	Policies for Specific Fields	• Responsible Minerals Sourcing Policy • Wood Procurement Policy

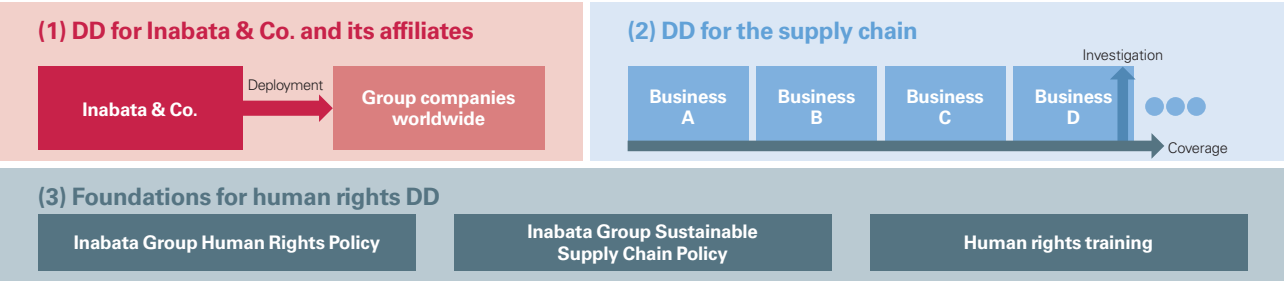
For the full policy text, please refer to the Supply Chain Management page of the Sustainability section on our website.
https://www.inabata.co.jp/themes/inabata/pdf/sustainability/suprychain2024_en.pdf



Progress of human rights due diligence (DD)

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Inabata Group categorizes its human rights DD into three areas: DD for Inabata & Co. and its affiliates, DD for the supply chain, and foundations for human rights DD.

Overview of human rights DD



FY2024 activity results and FY2025 activity plan

Category	Theme	FY2024 activity results	FY2025 activity plan
(1) DD for Inabata & Co. and its affiliates	Human Rights DD Digital Survey	Drawing from the issues identified* in the FY2023 survey of Inabata & Co., we conducted a series of training sessions.	Conduct the second survey. In addition to Inabata & Co. (covered in the previous survey), consider expanding the scope to its affiliates.
(2) DD for the supply chain	Identification of risks in businesses	Additionally, following the risk identification* carried out in FY2023, we conducted an on-site assessment of the shrimp business in Vietnam within the food business (details on the following page). It has been established as a model case of the human rights DD cycle as outlined by the OECD.	Consider expanding the newly established human rights DD cycle to other business operations.
	DD for business partners (new and existing)	Using the screening system* introduced in FY2023, we monitor compliance risks, including human rights risks, of our business partners on a monthly basis. No business partners with severe risks have been identified.	Continue ongoing monitoring. Also consider establishing an internal framework for responding when high-risk business partners are identified, as well as expanding supplier engagement.
(3) Foundations for human rights DD	Establishment of policies and guidelines	The Human Rights Policy was revised. In addition, the Sustainable Supply Chain Policy was established.	Promote internal and external awareness of both policies.
	Human rights training	Live web-based training was conducted for all directors.	Conduct in-person training, excluding directors, for executive officers, general managers, and division heads. Also implement video-based training for all employees.

For FY2023 activity results, please refer to Integrated Report 2024 or the Sustainability section of our website.

Revision of the Human Rights Policy and establishment of the Sustainable Supply Chain Policy

In December 2024, considering social demands and various guidelines, we revised the Inabata Group Human Rights Policy, originally established in March 2022. In addition to incorporating social trends and various guidelines into the policy, we drew on the results of human rights DD to create an appendix outlining the Inabata Group’s basic approach to human rights issues it considers salient. The policy has been approved by the Board of Directors.

At the same time, we also established the Inabata Group Sustainable Supply Chain Policy (please refer to page 74). We are committed to upholding human rights by respecting the human rights of stakeholders impacted by our business activities and addressing any negative effects on human rights resulting from our operations.

On-site assessment in Vietnam (supply chain DD: identification of risks in businesses)

As part of supply chain DD, we conducted an on-site assessment of the shrimp business in Vietnam’s food sector together with SDG Partners, Inc., an external expert on human rights.

Process leading up to the on-site assessment

In FY2023, we identified, assessed, and analyzed human rights risks in our business (see figure at right). Following the analysis, we carried out an on-site investigation of the shrimp business in Vietnam, which was identified as having potential human rights risks within the food sector, where origin and processing information is accessible and supplier interactions for quality control occur relatively frequently.



Preliminary desk research and information gathering

During the preliminary desk research, we identified potential human rights risks in Vietnam’s shrimp business by reviewing surveys from the United Nations, expert organizations, and reports from other companies. The risks deemed high were then selected as the focus for the on-site assessment (see table below). In addition, we gathered information on these human rights risks by consulting with the International Labour Organization (ILO) and the International Organization for Migration (IOM) on the situation in Vietnam.

On-site assessment

On March 24 and 25, 2025, representatives from the Inabata Group and external experts visited the shrimp supplier in Soc Trang Province, Vietnam. We visited the shrimp processing plant and farms, held interviews with management, and spoke with employees, resulting in the following findings.



Human rights risks (assessment items)		Findings
Wages	Employment below minimum wage, insufficient wages, unpaid overtime	Payments fully meet living wage requirements.
Working hours	Long working hours, insufficient rest or leave	Factory workers follow strict 8-hour shifts with no overtime. Leave is adequate and easily accessible.
Occupational health and safety	Health hazards from harmful substances, lack of safety equipment	Hygiene management is thorough; safety training and reminders are provided. Emergency equipment and evacuation routes are in place.
Social security	Exclusion from coverage due to non-regular employment, unstable employment	A list of social security contributions is maintained. Detailed monthly reports are submitted to the Vietnamese government.
Women	Inadequate occupational health and safety, protection for pregnant workers, risk of physical/sexual violence	Gender equality is ensured with equal pay. Welfare considers life events and female-specific health needs.
Child labor, exploitation of migrant workers, forced labor	Severe child labor, human trafficking, forced labor	All employees are 18 or older. No migrant workers are employed. No human trafficking or forced labor detected.

Conclusion and future outlook

The labor conditions, occupational health and safety measures, and employee development initiatives were found to be at a level comparable to those in Japan. At present, no serious human rights risks requiring immediate corrective action were identified. However, human rights risks are not entirely absent in the local industry, and changes in external conditions, such as fluctuations in the

company’s production, could increase these risks. Therefore, monitoring will continue going forward. Furthermore, this series of investigations has provided a model case for the human rights DD process, and we are considering expanding it to other businesses within the Inabata Group.

For detailed information on this investigation, please refer to the Sustainability page of our website.

Basic approach

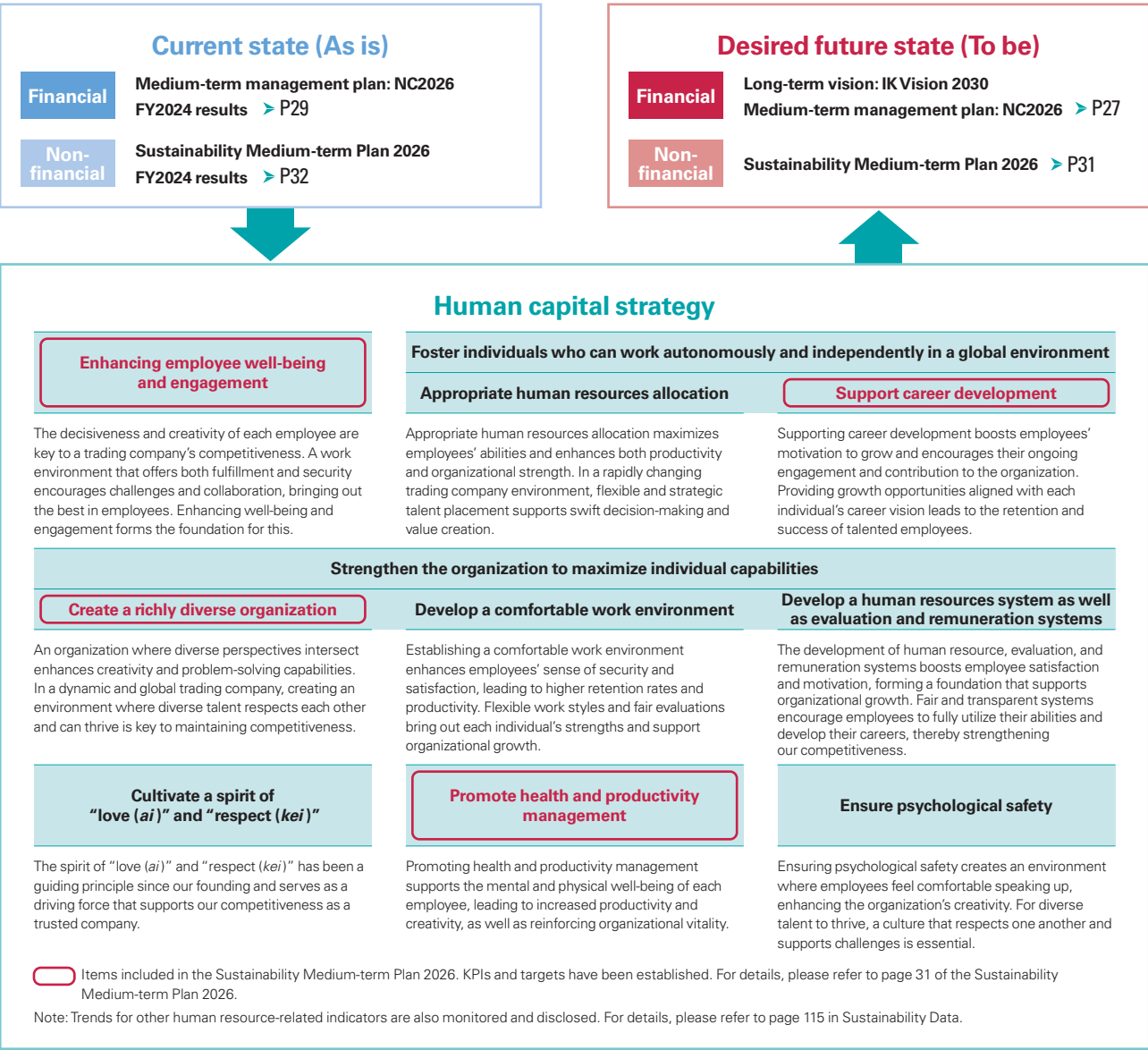
The Inabata Group’s strength lies not in any particular product or technology, but in our ability to provide optimal solutions to the challenges faced by clients and suppliers. For this reason, we believe that people are our greatest management resource and the source of corporate value.

This is supported by each employee’s knowledge, experience, and initiative, meaning that the quality of our human capital is directly linked to our competitiveness. That is why reinforcing our human capital is a critical management priority for Inabata.

Management plan and human capital strategy

Starting from the current state (As is), we will strategically advance human resource initiatives to achieve our desired future state (To be). The “desired future state” refers to achieving our long-term vision, IK Vision 2030, and our medium-term management plan,

NC2026. In addition, as the foundation supporting these financial goals, we place great importance on managing non-financial indicators, setting KPIs and targets in the Sustainability Medium-term Plan 2026.



Basic approach

Employee engagement refers to a state in which employees understand the organization's goals and values, take pride and find fulfillment in their work, and proactively engage in it. In workplaces with high engagement, trust and collaboration are strengthened, leading to increased motivation and productivity, reduced turnover, and sustainable corporate growth.

The Inabata Group regards its approximately 4,700 employees in Japan and overseas as the source of value creation, positioning engagement enhancement as a key management priority. Through a variety of human resource initiatives, we are fostering an environment where employees can take pride in their roles and actively participate in the organization.

Employee engagement survey

Since FY2021, we have conducted an annual employee engagement survey around May to continuously identify changes over time. The primary goal is to visualize current issues and utilize the findings for creating and improving systems and organizational development. In addition,

findings on employee motivation and satisfaction with the organization are quantified and fed back to supervisors, serving as a guide for behavioral change and contributing to the revitalization of the organization.

Survey results (2021–2025)		May 2021	May 2022	May 2023	May 2024	May 2025
Number of employees surveyed (people)	Total	1,400	1,697	1,901	2,714	2,837
	Inabata & Co.	587	606	652	686	715
	Overseas trading companies	768	934	903	864	881
	Overseas manufacturing companies	45	157	346	624	574
	Domestic subsidiaries	—	—	—	540	667
Response rate (%)	Total	49	73	72	82	88
Overall average score*1		3.68	3.77	3.61	3.64	3.67
Ratio of positive responses for key items*2 (%)	Engagement I am satisfied with the work I am doing at Inabata now.	70	73	76	69	69
	Relationship with superiors I have the necessary collaboration with my supervisor at work.	75	80	80	73	73
	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	77	76
	Corporate philosophy I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them.	70	73	73	67	67
	Human resources system and benefits Inabata's salary standards are satisfactory, compared to other companies in the same industry.	59	55	57	50	54
	Human resources system and training Inabata supports employee training to improve their skills.	41	48	54	51	54
	Work-life balance Overtime is kept to a level that is acceptable for me.	64	69	75	73	71

Inabata and its domestic and overseas consolidated subsidiaries (mainly targeting employees with Company email addresses)
*1 The average score across all items. Employees were asked to rate 39 items on a five-point scale (5. Strongly agree / 4. Agree / 3. Neither agree nor disagree / 2. Disagree / 1. Strongly disagree), and the score for each item was calculated.
*2 The proportion of positive responses, which are ratings of 5 (Strongly agree) and 4 (Agree), among the five-point scale ratings provided by employees.

Overview of 2025 survey results

The survey was conducted on the broadest scale to date, including subsidiaries recently added to the Group through M&A. The response rate reached a record high of 88%, indicating that the survey has become well established and widely embraced by employees.

The positive response rates for key items remained roughly at the same level as the previous year. “Organizational culture” and “relationship with superiors” continued to receive high evaluations, confirming strong workplace support systems and good collaboration. “Work-life balance” slightly declined compared to the previous year, but there were some positive outcomes from efforts to promote diverse work styles. Improvement was observed in “human resources system and benefits” and “human resources system and training,” confirming the effectiveness of the initiatives.

The Group-wide engagement score improved from 3.64 to 3.67 (out of 5), with 38 out of 39 questions exceeding the previous year’s results. Notably, positive responses

increased in areas related to “instilling the corporate philosophy,” “interpersonal relationships,” and “organizational culture.” At Inabata & Co., scores improved across all questions, including for “managerial and leadership training,” which had previously been below 3.0 but rose to 3.12, pushing the overall average above 3.0. Initiatives such as the president’s roundtable meeting (refer to page 8) seem to have fostered greater attachment to the Company, boosted motivation, and revitalized communication, producing a positive impact. Some subsidiaries showed declines in certain scores, making their specific challenges clearer. Based on these results, we will promote improvements tailored to the circumstances of each company.

In this fifth iteration of the survey, accumulated data enables multifaceted analysis of trends over time and across individual companies. Going forward, we will share success stories within Inabata & Co. and its affiliates to drive continuous improvement and elevate the entire Group’s performance.

Past challenges and corresponding responses

This survey is unique to our Group and is not intended for comparison with other companies. Its primary purpose is to identify internal issues, implement appropriate measures, and continuously monitor the resulting changes. Therefore, the survey questions remain largely unchanged to track numerical trends over time.

Here are some of the issues identified through past surveys and the corresponding measures taken in response.

Trend of positive response rates for “Inabata supports employee training to improve their skills” (Inabata & Co. only)

2021	2022	2023	2024	2025
30%	35%	42%	43%	50%

Identified challenges

- 2021: Insufficient support for employee skill development (such as training) at Inabata & Co.

Measures implemented

- 2022: Enhanced training for management
- 2022: Introduced a video learning support system that employees can freely select and use for personal development
- 2023: Introduced new training programs ➤ P83

Trend of positive response rates for “I can relate to Inabata’s philosophy, vision, and management policies, and I want to participate in achieving them”

2021	2022	2023	2024	2025
70%	73%	73%	67%	67%

Identified challenges

- 2024: Insufficient dissemination of the management philosophy

Planned initiative

- 2025: Launch of training programs to instill the management philosophy across the entire Group

This outcome is believed to be influenced by factors such as the increase in mid-career hires and the addition of subsidiaries through M&A, which have expanded the Group. Since the initiative started in 2025, we will continue to monitor the trend going forward.

Since this issue pertains specifically to Inabata & Co., the numerical trends are monitored solely for this entity.

Basic approach

As a trading company operating across diverse markets and cultures, promoting D&I serves as a key source of our competitive advantage. For the sustainable growth of the Inabata Group, where employees with diverse backgrounds play active roles globally, it is essential to cultivate and embrace a diversity of values and perspectives.

We respect the individuality and abilities of each employee and are developing systems to ensure fairness in recruitment, placement, evaluation, and promotion. We are also focusing on fostering an organizational culture that embraces diversity and enables employees to work together with a sense of unity.

D&I roundtable meetings between female staff in the sales divisions and senior management

At Inabata, retaining and advancing female employees in Staff positions (core, non-managerial roles) in the sales divisions is considered a key priority. From November to December 2024, three roundtable meetings were held in Tokyo and Osaka between the senior managing executive officer in charge of the sales divisions and the female employees in Staff positions.

rather than by gender and to design flexible systems that accommodate generational differences in values.

Participants expressed that hearing directly from management increased their trust in the Company and boosted their motivation, and they shared positive views about wanting to grow as sales professionals regardless of gender.



One of the roundtable discussions

Voice of a female employee

After the focused discussions in the meeting room, the networking session offered a relaxed environment to deepen interactions, making it an extremely valuable experience. In particular, the opportunity to speak directly with the senior managing executive officer overseeing the sales divisions and gain insight into their thoughts and character was invaluable, and I believe it will help foster smoother communication in the future. This experience reinforced the importance of understanding others through dialogue, and I look forward to more exchanges with colleagues across other divisions and generations.



Reiri Mikami
Osaka Sales Section, Life Science Osaka Sales Department, Life Industry Division

Fostering a D&I culture (unconscious bias training, e-learning courses)

From May to July 2024, as part of our D&I initiatives, we conducted an e-learning course on unconscious bias for all employees. The training aims to help employees recognize biases that anyone can have, regardless of gender or position, and develop the ability to manage them appropriately. Focusing on gender bias, the program provides an opportunity for employees to become aware of their own thinking biases, fostering a culture that embraces diverse perspectives and promoting a

psychologically safe workplace.

In addition, in April 2024 we introduced a three-minute video training service aimed at raising sustainability awareness. Every two weeks, featured videos are selected to encourage employee participation and viewing. Videos related to D&I are also actively featured to foster a workplace culture that respects diverse values.

Mentoring program

We have introduced a cross-departmental mentoring program aimed at supporting the growth of junior employees, fostering a company-wide culture of development, and promoting communication across different divisions. Experienced employees (mentors) serve as advisors to new or junior employees (mentees), providing support for sharing concerns and career development

through one-on-one meetings held once every one to two months. Since mentors are not the mentees' direct supervisors, mentees can speak openly, fostering an environment that supports both motivation and personal growth. For mentors, it also provides a valuable opportunity to understand the perspectives of younger employees, creating a mutually beneficial learning experience.

Voice of a mentee

Currently, I have mentor meetings once every two months. We discuss a wide range of topics, from work-related matters to personal life. Since my mentor is from a different department, I don't usually interact with them in daily work, so these meetings help me build broader relationships within the Company. In particular, for new employees who will rotate into the sales division under the job rotation system*, having the chance to hear directly from sales staff before their assignment provides a valuable opportunity to ease any concerns.

* New employee job rotation system: Designed to broaden the perspective of young employees, all new hires experience both the sales divisions and administrative offices. Introduced in FY2022, and based on two years of its operation, new graduates joining in FY2024 are initially assigned to the administrative offices and then rotated to the sales divisions in their second year.



Yuki Matsuoka
Sales Section I, Sales Department I, Information & Electronics Division I

Promotion of local employees to managerial positions

To support the Group's continued global growth, we are strengthening the promotion of local employees to managerial positions. Currently, two local employees serve as presidents at our overseas offices, in Taiwan and the United States.

We are in the process of establishing promotion criteria, as well as selection and evaluation processes, for appointing

local employees to managerial positions. This aims to enhance motivation and clarify career paths at our overseas subsidiaries, with implementation planned for FY2025.

This initiative, which seeks to increase the overseas sales ratio and foster locally developed businesses, is a key measure highlighted in the Sustainability Medium-term Plan 2026.

Voice of a local subsidiary president

Promoting national staff to executive positions is a crucial step in fostering D&I within organizations. It not only empowers local talent but also enriches the leadership landscape with perspectives that are more representative of the community and culture in which the organization operates. Some key insights on the significance of this practice are: cultural relevance, talent retention, enhanced innovation, role models, global perspective, and community engagement.

In my experience, organizations that prioritize the promotion of national staff to leadership roles often see a more cohesive and motivated workforce. It is essential for companies that operate internationally to recognize the value of local knowledge while fostering an inclusive culture that supports the growth of all employees.



Richard Sabeh
President, Inabata America Corp.

Basic approach

The Inabata Group recognizes that people are the driving force behind value creation and positions human resource development as a critical management priority. Through diverse work experiences, growth opportunities, and role-specific training, we foster talent with expertise and a

global perspective who can adapt flexibly to change. We also strive to create an environment where each employee can proactively shape their own career and experience personal growth.

Training framework

In 2023, we revamped our training framework to support each employee’s career autonomy and proactive growth. We expanded job grade-specific (band) training, shifted to a self-nomination system, and introduced elective training programs.

The content of our training programs has been

expanded year by year, and in line with the targets set in the Sustainability Medium-term Plan 2026, training expenses per employee have also increased. As we strengthen investment in human capital, we are focusing particularly on management training, aiming to create a positive ripple effect across the organization through enhanced leadership.

Training framework: Professional positions (P), Staff positions (S), Challenge positions (C), Assistant positions (A)

		Position-based programs	Selection programs	Practical programs	Self-directed elective programs	Company-wide programs
Professional positions (P)	Band 1					
	Band 2	Leadership development training				
	Band 3		New manager training			
Staff/Challenge positions (S/C)	Band 4		Leadership training	Credit III		
	Band 5	Integrated exercises		Credit (mid-career)		
	Band 6	Mid-level employee training		Credit II		
	Band 7	Marketing and strategy training		Credit I		
	Band 8	Critical thinking training				
		Second-year employee training				
Assistant positions (A)	SA					
	AH					
	AM	Assistant position follow-up training				
	AL					

Professional positions are core roles with managerial responsibilities, Staff/Challenge positions are core roles without managerial responsibilities (Challenge positions do not involve relocation), and Assistant positions primarily focus on support functions.

Key focus areas for training

Key focus areas	Goals
Strengthening management and leadership development	Strengthen management capabilities that drive performance on the front lines
Promoting understanding of diversity and inclusion	Foster a culture that embraces diversity and allows individuals to maximize their abilities
Enhancing practical on-the-job training	Improve work quality and speed through learning directly linked to practical tasks
Expanding self-nomination elective programs	Provide flexible learning opportunities to meet employees’ diverse development needs
Launching projects to instill the management philosophy	Deepen understanding of the IK Values within our management philosophy and put them into practice
Initiating IK Dojo (organizational development and other programs)	Enhance organizational capability through learning facilitated by internal instructors
Implementing a learning management system	Make employee learning visible and establish systems that support individual growth

Implementation of talent management system to visualize human capital and support career development

For a company’s sustainable growth, it is essential to understand each employee’s abilities and aspirations and to provide optimal placement and development. Based on this approach, Inabata introduced a talent management system in FY2024.

employees to enter their profiles, work experience, and career aspirations, we provide opportunities for them to proactively reflect on their own careers and support their career development.

We have organized and visualized the personnel data accumulated in our human resources system to support strategic talent deployment. In addition, by allowing

Going forward, we will leverage this system to support each employee’s desired career development and to optimize company-wide talent utilization.

Expansion of overseas assignment opportunities

In the Sustainability Medium-term Plan 2026, a focus on investment in human capital is set as one of our strategies, with a target of maintaining a 40% overseas assignment rate. This is intended to accelerate the development of global talent that supports our growth strategy as a trading company operating worldwide.

only through language proficiency and cross-cultural understanding but also by experiencing local business practices and values firsthand. Increasing the number of employees with such experience serves as a foundation for strengthening our competitiveness as a trading company and for achieving sustainable growth. Going forward, we will strategically plan and expand overseas assignment opportunities to support both employee career development and the Company’s growth.

Voices of junior employees

I have been on assignment in Shenzhen, China, for about three years. Working overseas has been an incredibly rewarding experience, offering daily learning opportunities and personal growth. Being exposed to business practices and cultures different from those in Japan has challenged me to adopt entirely new perspectives, making it an excellent chance to develop fresh ways of thinking. As I adapt to this environment, I feel that I have gained a more global outlook and greater flexibility in how I approach my work.

Yusuke Kanai
Guangzhou Inabata Trading Co., Ltd.



The value of overseas assignments lies in immersing oneself in a cross-cultural environment as a minority, experiencing diverse perspectives and ways of working, and developing a broader, more multifaceted outlook. While some tasks in Japan can proceed on the basis of shared understanding, I have found that overseas, it is often necessary to coordinate closely and align details at every step. I make a conscious effort to share my opinions while understanding and respecting the local culture and perspectives, rather than imposing my own values.

Riku Moroi
Inabata Mexico, S.A. de C.V.



Basic approach

Inabata has promoted health and productivity management since FY2022. Under the leadership of the president as the chief officer responsible, we established the Health and Productivity Management Declaration. We aim to enhance sustainable corporate value by taking a business-oriented approach to employee health and implementing strategic measures.

Key initiatives

- Regular health checkups, comprehensive medical examinations, IT-related health screenings, and gynecological checkups**
In addition to the legally mandated regular health checkups, employees aged 35 and above (as of the fiscal year-end) are eligible for comprehensive medical examinations. We also provide strong support for IT-related health screenings for employees who use computers and other devices for long hours, as well as for gynecological checkups, to monitor and maintain overall health and prevent potential issues.
- Health checkup results management system**
We have a management system that allows employees to review their health checkup results over time. Employees can access their results directly through a portal site.
- On-site massage rooms**
To support employee health and productivity, aid fatigue recovery, and prevent illness, we have established massage facilities at both our Tokyo and Osaka Head Offices. In-house health specialist, including licensed acupuncture, massage, and shiatsu practitioners, provide massages and health advice, contributing to improved work efficiency and overall well-being. In 2025, a second massage room was opened at the Osaka Head Office.
- Subsidies for gym memberships**
Employees who have been members of a sports gym for more than three consecutive months receive financial support from both the Company and Inabata health insurance association. Approximately 100 employees take advantage of this program to support their regular exercise.

Trends in health checkup results

Health checkup results indicate that some of our employees' blood pressure and blood glucose levels are higher than the national average and may be at risk of sudden absence due to lifestyle-related diseases. Through the promotion of health and productivity management, these trends are showing improvement. Moving forward, we will continue implementing measures to prevent disease among all employees, including: (1) Encouraging timely treatment through detailed medical examinations, and (2) Supporting and promoting healthy lifestyle habits for all employees, such as smoking cessation, improved diet, and regular exercise.

Before promoting health and productivity management (FY2021)		After launching health and productivity management	FY2024		Participation rate at 100% every year
Health checkup participation rate	99%		Health checkup participation rate	100%	
Rate of abnormal findings	74.9% (60.6%)		Rate of abnormal findings	73.1% (41.0%)	
Blood pressure	22.9% (25.7%)		Blood pressure	26.7% (12.3%)	
Anemia	5.4% (4.4%)		Anemia	9.0% (9.7%)	
Liver function	25.6% (9.6%)		Liver function	19.2% (8.2%)	
Lipids	54.7% (25.7%)		Lipids	29.4% (12.7%)	
Blood glucose	26.5% (1.1%)		Blood glucose	28.7% (2.5%)	

Notes:
1. Numbers in parentheses indicate employees under 34 years old.
2. Percentages for blood pressure, anemia, liver function, lipids, and blood glucose represent the rate of abnormal findings.

Key performance data on health and productivity management

Key performance data on health and productivity management since FY2022 are as follows.

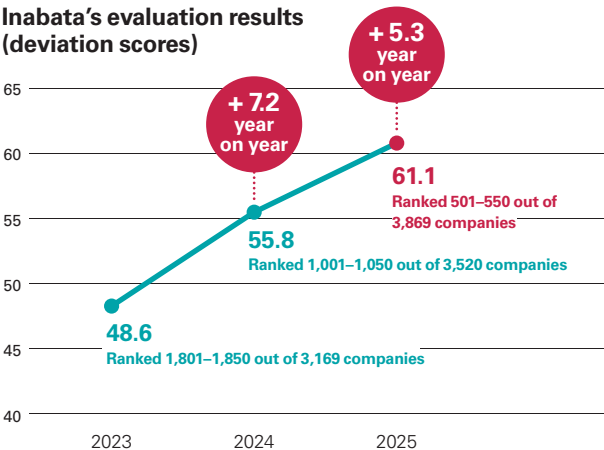
While major changes are not yet apparent, improvements in several indicators suggest that employees' health awareness is steadily increasing. Going forward, we will continue to actively encourage employees to undergo detailed medical examinations, aiming to prevent, detect early, and promptly address illnesses, thereby enhancing their work performance. In addition, we will continue implementing initiatives such as promoting exercise and improving dietary habits to further reduce the abnormality rates.

Item	Details	FY2022 results	FY2023 results	FY2024 results
Regular health checkup attendance rate	Rate of health checkups mandated by law	100%	100%	100%
Follow-up examination rate after health checkup★	Proportion of employees who actually underwent follow-up detailed medical examinations among those recommended for them after health checkups	77.9%	86.6%	85.3%
Absenteeism	Average number of sick leave days taken per employee over the past year	2.8 days	3.5 days	3.1 days
Presenteeism	Degree of on-the-job productivity affected by health problems, calculated using the SPQ*	23.0%	22.3%	22.8%
Overall health risk★	An index calculated from the stress check, providing a comprehensive assessment of how workplace conditions affect employees' health. The national average is set at 100; scores below this indicate a lower risk. The lower the value, the more favorable the evaluation.	79	79	76

Target: Inabata & Co., Ltd.
★ indicates items for which KPIs and targets have been set in the Sustainability Medium-term Plan 2026.
* The Single-Item Presenteeism Question (SPQ, The University of Tokyo) is a scale developed by The University of Tokyo Working Group under the Fiscal 2015 Project to Promote the Creation of Industries to Extend Healthy Life Expectancy. It enables a simple assessment of presenteeism using a single question.
Question:
On a scale from 1% to 100%, where 100% is the best job performance you could have at your job if unimpeded by sickness or injury, how would you rate your overall job performance on the days you worked during the past four weeks (28 days)?
Answer: % (1% to 100%)
Scoring:
Presenteeism = 100% – answer

External evaluation

On March 10, 2025, Inabata was certified as one of the 2025 Outstanding Organizations of KENKO Investment for Health in the Large Enterprise Category, jointly conducted by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan Health Council). Inabata's evaluation has improved every year, and we have been certified for three consecutive years since 2023.





Directors



Katsutaro Inabata
Director, President
Jan. 1989 Joined Inabata & Co., Ltd.
Dec. 2005 Director, President (present)



Kenichi Yokota
Director, Senior Managing Executive Officer
Administrative Affairs
Jul. 1996 Joined Inabata & Co., Ltd.
Jun. 2017 Director, Senior Managing Executive Officer (present)



Osamu Chonan*
Independent Director, Chairperson of the Nominating and Remuneration Committee
Apr. 1980 Joined Kewpie Corp.
Sep. 2008 Corporate Officer, Manager of Osaka Branch, Kewpie Corp.
Jul. 2012 Corporate Officer, Manager of Tokyo Branch, Kewpie Corp.
Feb. 2014 Director, Manager of Tokyo Branch, Kewpie Corp.
Feb. 2016 Director, Executive Corporate Officer, Kewpie Corp.
Feb. 2017 Representative Director, President and Chief Executive Corporate Officer, Kewpie Corp.
May 2021 Chairman, Kewpie MiraiTamago Foundation
Feb. 2022 Advisor, Kewpie Corp.
Jun. 2023 Independent Director, Inabata & Co., Ltd. (present)
Jun. 2024 Outside Director, Lotte Co., Ltd. (present)



Mari Ikegaki*
Independent Director
Apr. 1987 Joined Morgan Stanley International Limited Tokyo Branch (now Morgan Stanley Group Co., Ltd.)
Dec. 2006 Executive Director, Morgan Stanley
Dec. 2008 Director, Morgan Stanley Japan Business Group Co., Ltd.
Apr. 2010 Director, Head of Human Resources Department, Morgan Stanley Group Co., Ltd.
Representative Director, Morgan Stanley Japan Business Group Co., Ltd.
Jan. 2012 Managing Director, Morgan Stanley
Member of Management Committee, Morgan Stanley MUFG Securities Co., Ltd.
Nov. 2013 Outside Director, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Jun. 2025 Trustee, Ferris Jogakuin (present)
Independent Director, Inabata & Co., Ltd. (present)
Outside Director (Audit & Supervisory Committee Member), COMTURE CORPORATION (present)



Toyohiro Akao
Director, Senior Managing Executive Officer
Information & Electronics, Life Industry (assisting), Northeast Asia
Apr. 1982 Joined Inabata & Co., Ltd.
Jun. 2015 Director, Senior Managing Executive Officer (present)



Noriaki Takeshita
Director
Apr. 1982 Joined Sumitomo Chemical Co., Ltd.
Apr. 2010 Executive Officer, Sumitomo Chemical Co., Ltd.
Apr. 2013 Managing Executive Officer, Sumitomo Chemical Co., Ltd.
Jun. 2017 Representative Director, Managing Executive Officer, Sumitomo Chemical Co., Ltd.
Apr. 2018 Representative Director, Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.
Jun. 2023 Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.
Jun. 2024 Director, Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.
Apr. 2025 Director, Sumitomo Chemical Co., Ltd.
Jun. 2025 Director, Inabata & Co., Ltd. (present)
Advisor, Sumitomo Chemical Co., Ltd. (present)
Director (Non-Executive Director), Sumitomo Seika Chemicals Co., Ltd. (present)



Hisayuki Suekawa*
Independent Director
Apr. 1982 Joined Shiseido Company, Limited
Apr. 2008 Corporate Officer, General Manager, Corporate Planning Department, Shiseido Company, Limited
Jun. 2009 Director, Corporate Officer, and General Manager, Corporate Planning Department, Shiseido Company, Limited
Apr. 2010 Director, Corporate Executive Officer and General Manager, Business Planning Department, Shiseido Company, Limited
Apr. 2011 Representative Director, President and CEO, Shiseido Company, Limited
Apr. 2013 Senior Advisor, Shiseido Company, Limited
Jun. 2014 Outside Director, Nitta Gelatin Inc.
Jun. 2017 Outside Director, SAN HOLDINGS, INC.
Jul. 2019 Advisor, NIPPON KANZAI Co., Ltd.
Jun. 2020 Unaffiliated Director, Morishita Jintan Co., Ltd. (present)
Apr. 2023 Member, The Board of Trustees, Showa Women's University (present)
Advisor, NIPPON KANZAI HOLDINGS Co., Ltd.
Jun. 2024 Independent Director, Inabata & Co., Ltd. (present)

Directors, Audit and Supervisory Committee Members



Nobukazu Kuboi
Director,
Audit and Supervisory Committee Member
Jul. 2001 Joined Inabata & Co., Ltd.
Jun. 2024 Director, Audit and Supervisory Committee Member (present)



Tomokazu Fujisawa*
Independent Director,
Audit and Supervisory Committee Member
Jul. 1984 Joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.)
Apr. 1999 Director of Planning, Medical Supply Business, Fujisawa Pharmaceutical Co., Ltd.
Apr. 2003 Assistant to CEO, Fujisawa Healthcare Inc. (now Astellas US LLC)
Jun. 2014 Full-Time Audit & Supervisory Board Member, Astellas Pharma Inc.
Jun. 2018 Director, Audit & Supervisory Committee Member, Astellas Pharma Inc.
Jun. 2022 Independent Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (present)



Minoru Sanari*
Independent Director,
Audit and Supervisory Committee Member
Apr. 1983 Joined Tokyo Gas Co., Ltd.
Apr. 1995 Bar admission (Daini Tokyo Bar Association)
Apr. 2008 General Counsel, Legal Section, General Administration Department, Tokyo Gas Co., Ltd.
Apr. 2017 Executive Officer, in charge of Governance, Tokyo Gas Co., Ltd.
Apr. 2019 Senior Advisor, Tokyo Gas Co., Ltd.
Jun. 2022 Independent Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (present)
Apr. 2024 Special Counsel, Hayakawa Law Offices (present)



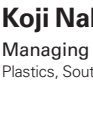
Noriya Yokota*
Independent Director,
Chairperson of the Audit and Supervisory Committee
Apr. 1984 Joined Kirin Brewery Co., Ltd. (now Kirin Holdings Co., Ltd.)
Mar. 2014 Executive Officer, General Manager, Production & Quality Control Department, Kirin Brewery Co., Ltd.
Mar. 2017 Senior Executive Officer, Kirin Holdings Co., Ltd.
Director, Senior Executive Officer, Kirin Co., Ltd.
Director, Kyowa Hakko Kirin Co., Ltd. (now Kyowa Kirin Co., Ltd.)
Mar. 2018 Director, Senior Executive Officer, Kirin Holdings Co., Ltd.
Mar. 2022 Director, Kirin Brewery Co., Ltd.
Jun. 2023 Independent Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (present)
Jan. 2024 Senior Advisor, Newton Investment Partners, Inc. (now Japan Activation Capital, Inc.) (present)



Shiho Ito*
Independent Director,
Audit and Supervisory Committee Member
Apr. 1987 Joined Toyo Trust and Banking Co., Ltd. (now Mitsubishi UFJ Trust and Banking Corporation)
Oct. 1991 Joined Chuo Shinko Audit Corporation (later Misuzu Audit Corp.)
Jul. 2005 Partner, Chuo Aoyama Audit Corporation (later Misuzu Audit Corp.)
Aug. 2007 Partner, Shin Nihon & Co. (now Ernst & Young ShinNihon LLC)
Jun. 2022 External Director, Japan Display Inc. (present)
Jul. 2022 Established Shiho Ito certified public accountant's office (present)
Dec. 2023 Supervisory Director, Nomura Real Estate Private REIT, Inc. (present)
Jun. 2024 Independent Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (present)
Jun. 2025 Director, Audit & Supervisory Committee Member (part-time), The Master Trust Bank of Japan, Ltd. (present)

(*) These directors meet the requirements for outside directors as defined in Article 2, Item 15 of the Companies Act as well as Inabata's criteria for independence for independent directors and the requirements for independent officers set by Tokyo Stock Exchange, Inc.

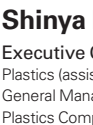
Executive Officers



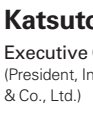
Koji Nakano
Managing Executive Officer
Plastics, Southeast Asia



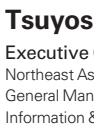
Yutaka Takahashi
Managing Executive Officer
Chemicals, Life Industry, the Americas and Europe



Shinya Kawai
Executive Officer
Plastics (assisting), General Manager, Plastics Division I, Plastics Compound Business Office



Katsutoshi Tanaka
Executive Officer
(President, Inabata Fine Tech & Co., Ltd.)



Tsuyoshi Maruta
Executive Officer
Northeast Asia (assisting), General Manager, Information & Electronics Division I



Koichi Noda
Executive Officer
General Manager, Financial Management Office



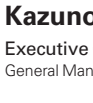
Takaharu Ookura
Executive Officer
General Manager, Northeast Asia



Masato Tsunoda
Executive Officer
General Manager, Risk Management Office



Hiroyuki Furubayashi
Executive Officer
General Manager, Human Resources Office



Kazunori Fukui
Executive Officer
General Manager, Southeast Asia

Executive officers' roles noted in brackets are their roles at the places they have been seconded.

Three-way Talk

One year has passed since the launch of the medium-term management plan, NC2026. In today’s challenging business environment, what initiatives is Inabata undertaking? Independent directors are expected to monitor and supervise management from an objective viewpoint. We asked them how they approach this responsibility.

(The three-way talk was held in mid-May 2025.)



Osamu Chonan (left)
Independent Director

Time in office: Jun. 2023–present

My role

I have served for many years as the head of both the manufacturing and sales divisions at a leading food manufacturer, which has played a key role in creating the market for salad food culture that supports a healthy lifestyle, particularly in Japan, China, and Southeast Asia. As an executive, I have accumulated diverse experience and knowledge, and I aim to enhance product branding from an external perspective, while elevating Inabata’s image and value.

Takako Hagiwara (center)
Independent Director

Time in office: Jun. 2021–Jun. 2025

My role

Over the years, I have been involved with human resource development for manufacturing and service organizations, and I also have experience with new business creation in the global marketplace. Notably, since I have a long history with planning and promoting human resource development and organizational strategies, I would like to contribute to developing human resources and organizations that can continue to take on the challenges of changing times at Inabata.

Hisayuki Suekawa (right)
Independent Director

Time in office: Jun. 2024–present

My role

I have promoted business strategy and management reform at a cosmetics company with over 150 years of history. From a CSR perspective, I have also addressed societal issues, having led the establishment of an on-site daycare and a consultation center specializing in severe skin concerns. In addition to enhancing our brand through such engagement with society, I aim to contribute to Inabata’s human resource development by leveraging my experience and know-how from university lectures and corporate training programs I am currently involved in.

Mindset reform from a medium- to long-term perspective

How do you perceive the challenges and internal mindset reforms now that the second year of the medium-term plan has begun?

Hagiwara

It has been a year since the new medium-term management plan began. Despite a challenging business environment, including the impact of U.S. tariff measures, Inabata has continued to deliver solid results and achieve growth, giving us confidence in the business. On the other hand, I feel there is still room for improvement when it comes to boldness and speed in responding to change. For example, in areas where the Company relies on tacit knowledge to decide whether to continue a business, I think we need to question whether it truly makes sense to keep it going.

Suekawa

You’re absolutely right. I think this reflects the difference in approach to business between a trading company and a manufacturer. Coming from a manufacturing background, I tended to prioritize “focus and select” strategies, aiming to take decisive action and deliver results in a short period. However, I feel that Inabata has a strong sense of altruism, prioritizing the needs of society and continuing products or services even when others have discontinued them. I believe this reflects the Company culture embodied in the spirit of “love (*ai*)” and “respect (*kei*),” but at times, I also think it is necessary to take a bold, aggressive approach.

Chonan

I have also pointed out that the phrase “responding to change” in Inabata’s vision implies that if we do not actively create change ourselves, we will end up reacting too late. In response, management emphasized that, as a trading company, it is essential to adapt to changes in customer needs. While I understood their point, I also believe that in a rapidly evolving business environment, it is necessary to proactively drive change. For example, in the Life Industry business, which handles food products, initiating innovations such as developing new freezing technologies for ingredients by building networks with research institutions and manufacturers can lead to supply chain innovations and the creation of new business opportunities.

Suekawa

At a previous Board of Directors’ meeting, a shareholder’s comment was raised suggesting that the Company consider changing its name, which they felt sounded outdated. Following that, we, the independent directors with a background in B2C companies, proposed exploring a company name and branding that would be more accessible internationally, now that overseas sales account for more than half of the business. However, the discussion did not

progress further, as the response indicated that no employees had ever suggested changing the Company name. Even if something seems obvious within the Company, the impression from the outside can be quite different. This is just one example, but looking ahead, I hope we can be more fully utilized in areas where the management team could benefit from careful discussion.

Chonan

It works well while those who understand the Company’s long-standing culture are leading the business, but I feel that discussions need to be strengthened from the perspective of long-term planning. For example, questions such as what truly defines Inabata’s identity and strengths, how to manage products and talent to achieve the goals of the long-term vision, and how to enhance the corporate brand over the medium to long term have not yet been fully addressed.

Hagiwara

Such opinions rarely emerge from employees, but Inabata has consistently taken to heart the feedback provided by multiple independent directors. That is precisely why we are able to share bold ideas and personal perspectives directly in Board meetings.

Topics for discussion at Board meetings

What kinds of issues have recently been discussed at Board meetings? Also, please share any challenges you see for the future.

Suekawa

I became an independent director in 2024. Until then, I had no experience in trading companies and was not very

“While a trading company’s cautious approach is important, in a challenging business environment it is at times necessary to take a bold, aggressive approach.”

—Hisayuki Suekawa



Independent Director Three-Way Talk

familiar with the products, but I have been patiently guided, and through Board meeting discussions, my understanding has grown significantly. I appreciate that our recommendations on daily operations are being properly addressed and acted upon.

Chonan

Reports are provided on both the current challenges in this tough environment and the plans moving forward. As independent directors, we not only take part in Board meetings but also hear from employees on the front lines about issues that make it difficult to act even when there is intent. I see it as part of our role to bridge the gap between management's vision and the frontline understanding, helping ensure plans proceed smoothly.

Hagiwara

We appreciate the proactive approach currently being taken with initiatives such as M&A, but what is crucial is the subsequent post-merger integration (PMI) process. We have occasionally raised questions about progress and challenges, and these direct inquiries from an outside perspective have helped deepen communication.

Suekawa

It seems that there are not enough personnel for post-acquisition handling and project management. Inabata also needs to establish a clear approach for areas where it has limited experience, such as how to instill the IK Values in the acquired company.

Hagiwara

In addition, the succession plan for preparing leaders to fill key positions is still lacking in concrete progress at this stage. However, it was valuable to share our understanding of the challenges with the human resources team during a brainstorming session on talent development attended by all directors. The development of infrastructure, such as building a human resource database, is steadily progressing.

Suekawa

The approach of creating a pool of management talent for selection and development is commendable. However, unfortunately, we do not know the individuals in this management talent pool. It would be beneficial, for example, to have opportunities for them to make proposals at Board meetings or to discuss issues informally over meals to better understand their perspectives.

Chonan

It is now time to finalize the approach for selecting the next successors with a three- to five-year perspective. Ideally, those selected should be capable of leading the business, regardless of gender or whether they are internal hires, and



“Our role is to bridge the gap between management’s vision and the frontline understanding, helping ensure plans proceed smoothly.”

—Osamu Chonan

the challenge lies in determining how to make this a reality. The next key issue to address is how this connects to employee growth and the Company's overall development.

Hagiwara

In terms of capital efficiency and stock price, which are closely scrutinized by the capital markets, the Audit and Supervisory Committee members consistently monitor these areas, and the executive team responds sincerely. The diverse Audit and Supervisory Committee members raise various opinions and questions, which helps drive lively and productive discussions.

Strengthening human capital

In your view, what perspectives will be most critical for strengthening talent development?

Hagiwara

When we spent a full day discussing the medium-term plan in 2023, a number of human resource-related issues came up. This time, as I mentioned earlier, we devoted an entire day to a brainstorming session on talent development with all directors participating, and we exchanged views with the head of human resources as well as the next generation of business leaders. Although this may not lead to immediate conclusions, it was valuable to explore the issues in depth and share perspectives with one another.

Suekawa

Looking ahead to future business development, a major challenge is how to develop global human resources among both Japanese employees and local staff overseas. Another

point, which Ms. Hagiwara often emphasizes, is that it's not just about diversity. Inclusion is equally important—how to make the most of diverse personalities so that employees can work energetically and fully engage in their roles. As an example, it's not enough to simply increase the number of female managers; Inabata also needs to consider how to create an environment where they can truly thrive.

Hagiwara

I agree. Similarly, it's not enough for men to simply take parental leave. What matters is considering how work styles should change accordingly, and over the past four years, I feel management has begun to realize the need to take this discussion further and has gained a much deeper understanding. Now, as we enter the next era, everyone is thoughtfully grappling with what truly defines the strengths unique to a trading company and to Inabata, and I am very much looking forward to seeing the results of this effort.

Sustainability

Could you tell us about the role of independent directors in sustainability and the progress of related initiatives?

Hagiwara

In sustainability matters, we independent directors also serve as observers on the Sustainability Committee, attending the biannual reporting sessions and offering our input. The Secretariat team is highly capable and enthusiastic, and the level of discussion has steadily improved. At the recent Sustainability Committee meeting, both the committee members and independent directors shared lively opinions, and the discussion was so engaging that we ran out of time.

Chonan

For the environment, targets for reducing GHG emissions have been set and are being pursued for each emission source across Scope 1 to 3. Inabata also handles environmentally related materials in its business, such as recycled films, so the environment businesses contribute to earnings. However, cost remains an important consideration. Even good initiatives must not come at the expense of the Company's performance. Maintaining a balance between costs and performance is important. With that perspective in mind, I hope the Company will actively adopt new technologies and leverage them to create “trading company-style initiatives,” such as energy-saving businesses.

Suekawa

If employees can start having those kinds of discussions among themselves, it will inevitably spark innovation and drive growth. When it comes to environmental issues and sustainability, it's important to cultivate a culture where each employee sees them as their own responsibility, rather than assuming someone else is handling it. I believe

creating that mindset isn't all that difficult.

Hagiwara

One of Inabata's distinguishing characteristics and strengths is that it takes deliberate action on each issue that arises, addressing them one by one. I also feel that the management team, together with us independent directors, is actively engaged in raising awareness and promoting this mindset. The remaining challenge is how to sustain this momentum going forward. Currently, the number of mid-career hires is increasing rapidly, but I feel there is still a lack of insight on how to quickly align and share knowledge with these new members.

Chonan

Another issue I see as Japan's most pressing problem right now is the challenges related to children—in other words, the declining birthrate. To address this challenge and contribute to society, it is certainly positive for companies to enhance childcare programs. But by treating it as a broader social issue and working together to proactively develop solutions, a company can truly be recognized as outstanding.

Hagiwara

I strongly agree with Mr. Chonan's perspective. For that to happen, employees need to direct their attention not only within the Company but also outward toward society. As mentioned earlier, it's not just about increasing the number of female managers or sales staff. True value for the Company and motivation for employees come from creating a workplace and society where women can genuinely succeed in roles such as sales, and from Inabata's contributions to making that possible.

“One of Inabata’s distinguishing characteristics and strengths is that it takes deliberate action on each issue that arises.”

—Takako Hagiwara



Basic concept

The Inabata Group’s Mission is “People come first, based on the spirit of ‘love (ai)’ and ‘respect (kei),’ and together we strive towards contributing to the development of society.” With a foundation on this mission, the Company aims to respond to the directive of all stakeholders who support the Company’s activities including shareholders, business partners, and employees, and sustainably improve corporate value. For this, the Company believes it is essential to have a strong corporate governance system for ensuring transparency and fairness in business and speed and resolution in decisions.

Corporate governance system (As of July 1, 2025)

Organizational design	Company with an audit and supervisory committee
Directors not on the Audit and Supervisory Committee	7 (including 3 independent directors)
Directors on the Audit and Supervisory Committee	5 (including 4 independent directors)
Chairperson of the Board of Directors	President
Term of office for directors not on the Audit and Supervisory Committee	1 year
Term of office for directors on the Audit and Supervisory Committee	2 years
Executive officer system	Yes
Voluntary advisory committees to the Board of Directors	Nominating and Remuneration Committee
Accounting auditors	KPMG AZSA LLC
Corporate governance report	 https://www.inabata.co.jp/english/investor/library/governance/

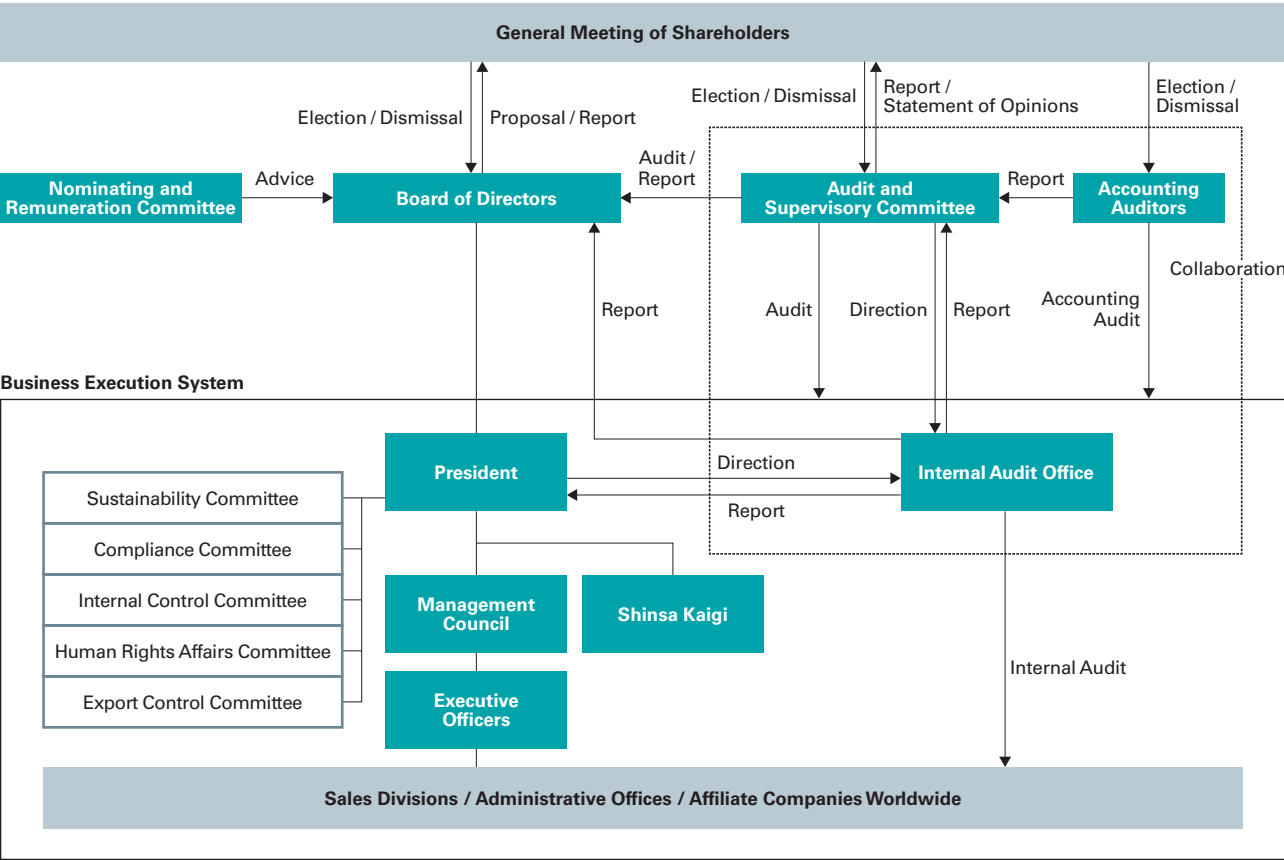
Changes in initiatives to strengthen governance

Period	
June 2003	Executive officer system introduced
June 2006	Term of appointment of directors reduced from two years to one year
June 2013	Appointment of two outside directors
June 2015	Appointment of three outside directors
November 2015	Nominating and Remuneration Committee established Evaluation of the Board of Directors introduced ➤ P101
June 2022	Transition to a company with an audit and supervisory committee Transition to having independent directors comprise the majority of directors

Organizational design framework: Company with an audit and supervisory committee

We have positioned the enhancement and improvement of corporate governance as an important management issue, and have been working to improve the effectiveness of the Board of Directors by shifting the focus of meetings of the Board of Directors from business execution to management strategy and medium- to long-term issues. In June 2022, we transitioned to a company with an audit and supervisory committee in order to further promote these initiatives, further strengthen the Company’s supervisory function, and establish a system to accelerate management decision-making. The majority of the Board of Directors is composed of independent directors in order to embody a monitoring-type Board of Directors, thereby enhancing corporate value.

Corporate governance system (As of July 1, 2025)



Board of Directors

The Board of Directors makes decisions on important matters set out in laws and regulations, Articles of Incorporation, and Regulations of the Board of Directors. These matters include formulation of business plans and annual budgeting as well as making basic management policies and appointing executive officers. The Board of Directors consists of 12 members, including seven directors who are not Audit and Supervisory Committee members and five directors who are Audit and Supervisory Committee members. Among the 12 members, seven are independent directors, comprising the majority. By adopting the organizational structure of a company with an audit and supervisory committee, we have strengthened the monitoring-type Board of Directors’ supervisory function and enabled the delegation of important business execution decisions to executive officers. This structure allows for faster and more agile management decision-making.

Audit and Supervisory Committee

Inabata is a company with an audit and supervisory committee, and the Audit and Supervisory Committee consists of five Audit and Supervisory Committee members, four of whom are independent directors. The committee works in collaboration with the Board of Directors to oversee the executive officers and conducts audits of their business activities. Directors who are members of the Audit and Supervisory Committee are extremely well versed in finance, accounting, and law, and are also highly independent.

Members of the Internal Audit Office are supporting the duties of the Audit and Supervisory Committee as assistant employees.



Nominating and Remuneration Committee

We have voluntarily established the Nominating and Remuneration Committee. The committee, the majority of which consists of independent directors and which is chaired by the lead independent director, reviews decisions made by the Board of Directors on issues such as the selection and dismissal of executives, the nomination of candidates for positions of director and executive officer, and the remuneration of directors. The Board of Directors strives to ensure objectivity, fairness, and transparency by fully respecting the deliberation results of the committee.

Members of the Nominating and Remuneration Committee:
Four independent directors (of these, one director who is an Audit and Supervisory Committee member)
One internal director
Chairperson: Lead independent director
Number of times held: FY2024 8 times

Skills matrix of directors

Expertise and experience required of the Company’s directors (Skills matrix)

		Business & industry knowledge					Legal/Risk management/ Internal control	HR/Labor	IT/Digital	ESG
		Name (* female)	Global management	Electronics/ Energy	Materials/ Chemicals	Food/Life				
Directors	Inside	Katsutaro Inabata	●		●		●	●		●
		Toyohiro Akao		●	●	●				
		Kenichi Yokota					●	●	●	●
		Noriaki Takeshita			●		●	●	●	
	Independent	Osamu Chonan	●			●				
		Hisayuki Suekawa	●			●				
		Mari Ikegaki*						●		●
Directors (Audit and Supervisory Committee Members)	Inside	Nobukazu Kuboi					●	●		●
		Minoru Sanari		●				●		
	Independent	Tomokazu Fujisawa				●		●		
		Noriya Yokota				●	●		●	●
		Shiho Ito*					●	●		

Skills matrix approach

Our mission is that “People come first, based on the spirit of ‘love (*ai*)’ and ‘respect (*kei*)’, and together we strive towards contributing to the development of society,” and we seek to take the approach of “To continually evolve, serving clients and society, through global operations and meeting their changing needs.” We have also set forth our long-term vision, IK Vision 2030, which is how we envision ourselves around 2030, and have positioned our medium-term management plan, NC2026, as a step toward that long-term vision.

In identifying the skills expected of directors, we have determined what skills are necessary to build a system that can fulfill the Board of Directors’ decision-making and its supervisory oversight of business execution by executive officers in our globally operating company, based on our Mission, Vision, long-term vision IK Vision 2030, and medium-term management plan NC2026. From this perspective, we have specifically identified the skills listed on the right and developed a skills matrix.

Skills that our Board of Directors are expected to have

■ Global management

We are expanding our business globally, and in particular, in our long-term vision IK Vision 2030, we anticipate that the overseas business ratio will be 70% or more. From this point of view, in order to plan the future growth of the Inabata Group, we believe that it is extremely useful to appoint those who have knowledge of global corporate management as directors. Therefore, especially when inviting independent directors, we make sure to include managers of companies that are developing business globally, especially top management, or those with equivalent experience. The global management item in the skills matrix is based on top management of a company that is developing business globally or whether the candidate has experience equivalent to this.

When judging the candidates under this requirement, Katsutaro Inabata, Osamu Chonan, and Hisayuki Suekawa all have abundant experience as executive managers in global companies, demonstrating their global management skills.

■ Business and industry knowledge

In managing a specialized trading firm like ours, first and foremost, vast expertise and experience in each business field is indispensable. In particular, regarding executive directors who are in charge of business execution, it is extremely important in practice to the development of the business of a trading firm like ours to hold a wide range of knowledge, experience, and personal connections in each of our business fields, and when appointing executive directors, we give consideration to balance among those who have knowledge of the Company’s business fields. More specifically, Katsutaro Inabata was engaged in the Company’s Plastics segment for many years. Toyohiro Akao was engaged for many years in the Information & Electronics segment, and then, after being appointed director, he supervised the Chemicals and Life Industry segments. These two executives possess knowledge and experience concerning different businesses of the Company.

When inviting independent directors, we give consideration to the broad knowledge and experience in various business fields, and aim to include individuals capable of providing supervision and opinions on business strategies from an objective perspective. We consider each of the candidates for independent director to have skills in their respective industries based on their experience at other companies and industry background.

■ Finance/Accounting

Financial strategy (corporate finance) in corporate management is of course important, and we believe that we need someone among executive directors who is responsible for financial strategy and can lead efforts to improve corporate value through various dialogues with investors. Kenichi Yokota has long served in management positions in the finance, accounting, and IR departments, and as part of his duties, he has held dialogues with various investors and provided valuable feedback to Company management as part of his consistent efforts to strengthen corporate governance and enhance corporate value. Noriaki Takeshita has held the position of CFO at a comprehensive chemicals manufacturer’s large-scale joint venture in Saudi Arabia. He has extensive knowledge and experience in finance and accounting.

In addition, in order to strengthen the supervisory function for business execution, we believe that it is useful to always include those who are familiar with finance and accounting among directors who are Audit and Supervisory Committee members. Nobukazu Kuboi has long been engaged in the Company’s finance and accounting operations. After being appointed full-time audit & supervisory board member, he was engaged in the Company’s audit operations. Noriya Yokota has held the position of CFO at a major global alcoholic beverages and soft drinks manufacturer. He has extensive knowledge and experience in finance, accounting, and IR operations. Shiho Ito has specialized expertise as a certified accountant. She has many years of experience in accounting audits at various

companies, and this experience will be valuable in strengthening the Company's supervisory function for business execution.

■ Legal/Risk management/Internal control

At the Inabata Group, which is expanding its business globally, there are various risks such as credit risk of clients, risk related to business investment, potential risks of overseas activities, risk of fluctuations in foreign exchange, and risk of fluctuations in commodities markets. Therefore, risk management is extremely important for management. As director, Katsutaro Inabata has had direct control over the internal audit department, and in that capacity he has been closely involved with risk management and internal controls. In addition, he has served for many years as chair of the Compliance Committee. Kenichi Yokota has served for many years as chair of the Company's Internal Control Committee while being directly involved in the establishment of internal control systems. After being appointed director, he has been in charge of the legal and risk management departments.

In addition, we are committed to management that emphasizes compliance above all else, and in order to strengthen the supervisory function for business execution, we believe it is useful to include those who are familiar with the law among directors who are Audit and Supervisory Committee members without fail. Minoru Sanari is a registered attorney with expertise in all aspects of corporate legal affairs accumulated through his years of work as in-house lawyer at the largest city gas company in Japan.

Additionally, we have chosen to be a company with an audit and supervisory committee with the aim of expediting management decision-making and strengthening the supervisory function for business execution. Companies with an audit and supervisory committee are required to make effective use of the company internal control system to conduct systematic audits. From this point of view, we believe that it is essential to include those who have

specialized knowledge and experience in internal control and auditing among directors who are Audit and Supervisory Committee members. Nobukazu Kuboi has been engaged in the establishment of internal control systems since the rollout of the J-SOX system. Tomokazu Fujisawa has extensive hands-on experience in internal control and auditing systems. His experience includes auditing at a major global pharmaceutical company and serving as a full-time audit & supervisory board member and a director who is an audit and supervisory committee member. Shiho Ito has extensive expertise and experience in internal control and auditing after having been engaged in internal controls and audits of various companies over many years as an employee of major audit firms.

■ HR/Labor

In a trading firm like ours, human resources are our greatest asset, and human resource development is an important management issue in the medium to long term. The medium-term management plan NC2026 places a priority on improving the well-being of employees who support our sustainable growth, promoting D&I, further expanding health and productivity management initiatives, and making greater investments in our human capital. To implement this strategy, we believe it desirable for directors to include those who have experience and skills in HR and labor, and we place great importance on this perspective when inviting independent directors. During his experience as director, Katsutaro Inabata has been in charge of the human resources department. Kenichi Yokota currently is in charge of the human resources department and has extensive experience reforming various personnel systems. Noriaki Takeshita has experience in the human resources department of a petrochemicals department at a comprehensive chemicals manufacturer.

Additionally, Mari Ikegaki held positions of responsibility for many years in the human resources division at a foreign company that expands its business globally to provide financial

services, and has broad experience in relation to human resources and labor. Therefore, the Company expects that she will provide advice particularly in the areas of human resources strategy, the promotion of diversity, etc. Noriya Yokota has extensive experience in human resources and labor, having served as director of group-wide human resources and general affairs at a major alcoholic beverages and soft drinks manufacturer.

■ IT/Digital

The Company's medium-term management plan NC2026 includes a medium-term digital strategy as one of the core management strategies. The basic policy behind the digital strategy is to enhance the management information infrastructure and strengthen Group-wide security. To implement the digital strategy and promote data-driven management and DX initiatives, we need specialized expertise in IT and digital technology. In addition, threats to information security have been increasing year by year, and we believe that IT/digital skills are necessary to strengthen countermeasures against these.

Kenichi Yokota holds multiple national certifications in the IT and digital fields for IT engineers and other experts. With that specialized knowledge, he has led many initiatives aimed at strengthening the Group's overall information security. Additionally, both Noriaki Takeshita and Noriya Yokota have served as CIO or in equivalent positions at a major company with global operations, attesting to their wide range of knowledge in the IT and digital fields.

■ ESG

We established the Sustainability Committee in October 2021 and consider the promotion of sustainability to be an important management issue. We also consider improving the external evaluation of ESG as an important issue. From this point of view, we believe that it is necessary to include those who have knowledge of sustainability and ESG in corporate management among directors, and we take these points into consideration when inviting

independent directors.

Katsutaro Inabata has expertise in all areas of ESG, having served as chair of the Company's Sustainability Committee. Kenichi Yokota has led initiatives to improve corporate governance, and while in charge of human resources, he implemented employee engagement surveys and health and productivity management programs. Through these initiatives, he has developed particular expertise in the Governance and Society aspects of ESG. Nobukazu Kuboi was closely engaged in worksite-level initiatives to introduce a corporate governance code. He has developed particular expertise in the Governance aspect of ESG.

Additionally, Mari Ikegaki has extensive experience in human resources strategy and diversity promotion. She is expected to take a leading role in making recommendations in the Society area of ESG. Noriya Yokota has been in charge of management strategies at a major alcoholic beverages and soft drinks manufacturer that has demonstrated leadership among Japanese companies for its advanced initiatives in the environmental area. He is expected to take a leading role in making recommendations in the Environment area of ESG.

Management Council and Shinsa Kaigi

We set up the Management Council as an institution for business execution. This council deliberates on basic policies and important matters related to management and decides their direction. We have also established the Shinsa Kaigi as an institution to review important matters related to business execution, investment and loan projects, and credit. Its participants (including those who

join online) from across the world hold direct discussions with the management.

Number of times convened: FY2024
Management Council 12 times, Shinsa Kaigi 19 times

Audit system

Internal audits

The Company has established the Internal Audit Office under direct supervision of the president and staffed it with certified internal auditors and other qualified professionals. The Internal Audit Office is responsible for ensuring compliance with the internal control reporting system for financial reporting based on the Financial Instruments and Exchange Act, auditing to improve the governance of our domestic and overseas Group companies, and auditing compliance with the Act on Securing Quality, Efficacy, and Safety of Products Including Pharmaceuticals and Medical Devices, and economic security-related laws and regulations. The Internal Audit Office regularly reports its audit plans and results to the president, the Board of Directors, and the Audit and Supervisory Committee.

Accounting auditors

Accounting audits, interim reviews, and internal control audits for Inabata are conducted by KPMG AZSA LLC. The Audit and Supervisory Committee formulates evaluation criteria, including assessments of independence and expertise, for the appointment and non-reappointment of the accounting auditors and makes decisions based on the evaluation results.

Structure for independent directors

In electing independent directors, Inabata aims to appoint candidates who have abundant experience and knowledge of corporate management, the ability to oversee the decision-making and business execution of the Board of Directors of the Company which conducts business on a global basis, and who provide appropriate advice from an objective perspective. The proportion of independent directors stands at 58% (seven out of 12 directors).

Cooperation among the Audit and Supervisory Committee, accounting auditors, and the Internal Audit Office

The Audit and Supervisory Committee, accounting auditors, and the Internal Audit Office collaborate through periodic reporting and discussion of audit results. In investigating the status of our operations and assets and performing other auditing duties, the Audit and Supervisory Committee works closely with the Internal Audit Office to ensure that audits are conducted in an organized and efficient manner. The committee receives regular reports from the office regarding its audit plans and results. It may also request investigations as necessary or provide specific instructions concerning the execution of the office’s duties.

The Audit and Supervisory Committee and Internal Audit Office hold regular meetings with the accounting auditors to discuss accounting audits and interim review reports. While receiving timely and occasional reports from the accounting auditors regarding audits, they also share information with the accounting auditors that could be useful for the audit or that might impact the auditors’ work, based on the information obtained during the execution of their duties. This facilitates the sharing of information and coordination with the accounting auditors.

Independent directors 7

Inside directors 5

Meetings of independent directors only
Number of times held: FY2024 2 times

Attendance status for FY2024					
Name	Independent	Years in office	Meetings of the Board of Directors	Nominating and Remuneration Committee	
Reason for appointment					
Directors not on the Audit and Supervisory Committee					
Osamu Chonan (Lead independent director, Chairperson of the Nominating and Remuneration Committee)	●	2 years	100% 16/16 times	100% 8/8 times	Osamu Chonan has served as representative director, president, and chief executive corporate officer of Kewpie Corp., and is currently an outside director of Lotte Co., Ltd. He held positions of responsibility for many years in the sales division of a food manufacturer with a global presence centered in China and Southeast Asia, in addition to which he has also served in management, and accordingly has extensive knowledge and experience. Based on this, Inabata considered him suitably qualified and appointed him as an independent director. It is expected that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of business operations from an objective perspective.
Hisayuki Suekawa (Nominating and Remuneration Committee member)	●	1 year	92% 12/13 times	100% 7/7 times	After serving as director, corporate executive officer, and general manager of the business planning department of Shiseido Company, Limited, and subsequently as representative director, president and CEO of said company, Hisayuki Suekawa is currently an outside director of Morishita Jintan Co., Ltd., and a member of the board of trustees of Showa Women's University. We appointed him as an independent director in light of his career background as the management of a global cosmetics manufacturer that operates in about 120 countries and regions, and his extensive knowledge and experience. We expect him to draw on the vast experience and knowledge he has accumulated as a manager to provide oversight and advice to the Company's execution of duties from an objective perspective.
Mari Ikegaki (Nominating and Remuneration Committee member)	●	Newly appointed	—	—	Mari Ikegaki has held key leadership roles including director and head of the human resources department at Morgan Stanley Group Co., Ltd., representative director of Morgan Stanley Business Group Co., Ltd., and managing director at Morgan Stanley. She currently serves as a director who is an Audit and Supervisory Committee member at COMTURE CORPORATION, as well as a trustee of Ferris Jogakuin. Over the years, she led the human resources function at a global financial institution offering a wide range of services including investment banking, securities, and asset management, while also participating in corporate management as a member of the executive committee. In light of her broad expertise and experience, the Company has appointed her as an independent director. We look forward to her guidance on human resources strategy and the advancement of diversity initiatives.
Directors on the Audit and Supervisory Committee					
Minoru Sanari	●	3 years	100% 16/16 times	—	Minoru Sanari served as general counsel, legal section, general administration department for Tokyo Gas Co., Ltd. before serving as an executive officer (in charge of governance), and senior advisor for said company. He currently serves as special counsel of Hayakawa Law Offices. As he has expert knowledge and an abundance of experience from his involvement with corporate legal matters and corporate governance over the course of many years in his capacity as an attorney at the largest city gas company, Inabata appointed him in expectation of accurate auditing and supervision of overall management.
Tomokazu Fujisawa	●	3 years	100% 16/16 times	—	Tomokazu Fujisawa has served as a full-time audit & supervisory board member and a director who is an audit & supervisory committee member of Astellas Pharma Inc. He has worked as the director of planning for a business division in a global pharmaceutical company that develops pharmaceutical businesses around the world, and also has experience in overseas subsidiaries and auditing operations. He has additionally served as a director on an audit and supervisory committee, which is why Inabata appointed him in expectation of accurate auditing and supervision of overall management.
Noriya Yokota (Chairperson of the Audit and Supervisory Committee, Nominating and Remuneration Committee member)	●	2 years	100% 16/16 times	100% 7/7 times	Noriya Yokota has served as director and senior executive officer of Kirin Holdings Co., Ltd., director of Kirin Business System Co., Ltd., and director of Kirin Brewery Co., Ltd., and is currently a senior advisor for Japan Activation Capital, Inc. He has served as a factory manager and head of the production department at a manufacturer that produces and sells alcoholic beverages, beverages, and pharmaceuticals around the world, and after serving as manager of an overseas subsidiary of said company, he has been in charge of human resources, finance, IT, and management strategy as an executive officer. He accordingly has a great degree of insight and abundant experience. Based on this, Inabata has determined that he can be expected to provide accurate audit and supervision for the overall management of the Company and appointed him as an independent director who is an Audit and Supervisory Committee member.
Shiho Ito	●	1 year	100% 13/13 times	—	Shiho Ito was a partner at Shin Nihon & Co. (now Ernst & Young ShinNihon LLC), and is currently an external director of Japan Display Inc., a certified public accountant at Shiho Ito certified public accountant's office, supervisory director of Nomura Real Estate Private REIT, Inc., and a part-time director who is an Audit & Supervisory Committee member at The Master Trust Bank of Japan, Ltd. In addition to being a certified public accountant and having been a partner at a major Japanese audit firm, she is currently serving as an outside director of a major global LCD panel manufacturer, demonstrating extensive business knowledge in addition to expertise as a professional accountant. Based on such qualifications, we expect her to provide accurate audit and supervision for the overall management of the Company and appointed her as an independent director who is an Audit and Supervisory Committee member.

Note: For the attendance status of all directors at Board of Directors’ meetings, Audit and Supervisory Committee meetings, and Nomination and Compensation Committee meetings, please refer to page 119.

Training for independent directors

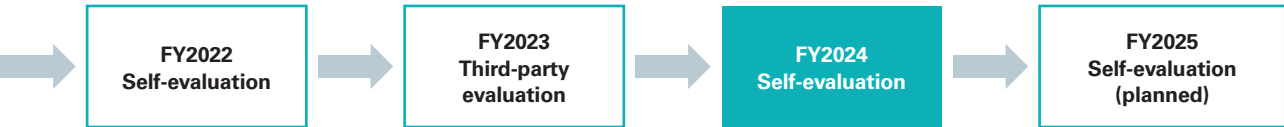
In order to deepen independent directors’ understanding of the Inabata Group’s business activities, we provide opportunities for them to meet with the heads of each division, as well as opportunities to visit overseas (including online meetings). Even after directors have

assumed office, we offer and facilitate training opportunities to help them acquire the necessary knowledge and promote an understanding of their roles and responsibilities. The status of directors’ training is reported to the Board of Directors once a year.

The effectiveness evaluation of the Board of Directors

With the aim of increasing corporate value through enhancing the effectiveness and transparency of the Board of Directors, Inabata & Co., Ltd. has been conducting effectiveness evaluations of the Board since FY2015.

- Each cycle lasts for three years, in which self-evaluation is carried out for the first two years and third-party evaluation is carried out in the third year.
- The overview of each evaluation and related issues to be considered are published on the Company’s website.
- A self-evaluation was carried out in FY2024.



FY2024 Self-evaluation process (questionnaire format)



* Director in charge of financial management and investor relations

Evaluation results for FY2024

1. Target of evaluation	All 12 current directors as of March 31, 2025 7 directors who are not Audit and Supervisory Committee members, 5 directors who are Audit and Supervisory Committee members
2. Evaluation methodology	• Each item on the questionnaire was decided by the director in charge and in-house staff for the evaluation of the Board of Directors, in collaboration with external experts in charge of collection based on the FY2023 questionnaire (third-party evaluation) and the results of said evaluation and analysis. • The questionnaire above was distributed to directors, and responses were collected from all of them. • After the external experts collected the responses, the in-house staff for the evaluation of the Board of Directors carried out a simplified analysis and compilation, and the director in charge reported to the Board of Directors. • After the content of the report was sufficiently verified by the Board of Directors, the direction of future measures was decided.

3. Results of the analysis and evaluation	The results of the analysis and evaluation indicated that the operations of the Board of Directors of the Company were appropriate and highly rated overall for its open and lively discussions, led by a chairperson who encourages open exchange of opinions. The results also indicated that the Company was providing sufficient support to independent directors in general, who in turn were making significant contributions to Board discussions; the Nominating and Remuneration Committee as well as the Audit and Supervisory Committee were being operated properly; the status of dialogue with investors and shareholders was being shared with the Board of Directors adequately; and appropriate measures were being taken to address the issues identified in the previous Board of Directors’ evaluation. Based on these evaluation and analysis results, the Company confirmed that the Board of Directors was executing its functions appropriately in general while maintaining effectiveness. The results also confirmed that the following improvements and developments had been made in resolving the issues identified in the previous third-party evaluation on effectiveness. • Further discussion on medium-term strategies and management issues • Further discussion on the CEO succession plan • Provision of sufficient information by the Nominating and Remuneration Committee to the Board of Directors • Reinforcement of the internal audit system • Further improvements in distributing information to the capital market Meanwhile, the results confirmed that the following issues should be further addressed in the future. • Further discussion on issues regarding succession plans • Risk tolerance • Adequate communication of the Company’s long-term competitive strengths to the capital market The Company identified as key risks it faces—especially those that are deemed particularly important—potential risks of overseas activities, risk related to business investment, and credit risks of clients.
	4. Future measures The Company will strive to further enhance the effectiveness of the Board of Directors by taking measures to address the issues identified from the result of the above analysis and evaluation. In FY2025, the Company plans to conduct a self-evaluation of the effectiveness of the Board of Directors.

Questions

1. Operational status of the Board of Directors

2. Function and role of the Board of Directors

3. Composition of the Board of Directors

4. Composition and role of the Nominating and Remuneration Committee

5. Operational status of the Nominating and Remuneration Committee

6. Composition and role of the Audit and Supervisory Committee
7. Operational status of the Audit and Supervisory Committee

8. Support system for independent directors

9. Relationship with investors and shareholders

10. The Company’s governance structure and the effectiveness of the Board of Directors as a whole

11. Self-assessment of one’s contributions and participation in Board discussions

Remuneration of directors and Audit and Supervisory Committee members

A summary of information on remuneration and other benefits is as follows.

1. Remuneration for directors who are not Audit and Supervisory Committee members

(1) Fixed remuneration*1	Minimum guaranteed amount by position
(2) Performance-linked remuneration	Calculated by multiplying the fixed remuneration for each position in (1) by a coefficient for: - Profit before income taxes and non-controlling interests (excluding gain on sales of investment securities)*2 - Return on capital (ROIC and ROE)*3 - Stock price*3 - ESG scores from multiple external evaluation organizations (FTSE Russell and MSCI)*4
(3) Board Benefit Trust (BBT)*5	A system under which executive directors receive the points granted to them during their term in the form of shares and cash upon their retirement. The calculation method of points granted to directors is as follows. (Method of calculating points awarded to directors) Points granted for the current year = ㊶Service points + ㊷Performance points ㊶ 50% of the base points determined for each position (fixed point) ㊷ Service points × Performance coefficient Performance coefficient: Determined based on the achievement rates of the consolidated operating profit target*6 and the Group engagement survey*7

*1 Remuneration for directors who are not executive directors is fixed remuneration only.
*2 Executive directors are responsible for all business activities of the entire Group, including the operating and financial activities of Group companies, and we believe that the results of these activities are reflected in consolidated profit before income taxes and non-controlling interests, which is used as one indicator.
*3 We have adopted ROIC as an indicator because one of the key strategies in our medium-term management plan, NC2026, is “accelerate growth through proactive investment,” and we believe that capital efficiency and investment yield should also be considered in light of requests from the capital market and trends among listed companies. In addition, as part of our measures to realize management conscious of cost of capital and stock price, we use ROE and stock price (specifically, the difference between the year-on-year growth rate of TOPIX and the year-on-year growth rate of our stock price) as indicators.
*4 Since we recognize that addressing sustainability is an important management issue for our Company, we use ESG scores from several external evaluation organizations as an indicator.
*5 We have introduced the BBT as a performance-linked stock compensation plan in order to clarify the linkage between the compensation of executive directors and our business performance and stock value. Having directors share not just the benefits of higher stock prices, but also the risk of lower stock prices with shareholders, will increase their awareness, so that they can contribute to improving business performance and increasing corporate value over the medium to long term.
*6 Actual performance compared to the rate externally announced in the medium-term business plan
*7 The achievement rate of the employee engagement survey KPI set under the Sustainability Medium-term Plan

The performance indicators approved in June 2025 (FY2024)

	Consolidated financial results		Return on capital		Share price		ESG scores
Profit before income taxes (A)	29.1 billion yen	ROIC	8.3%	YoY growth in share price	5.6%	FTSE Russell	3.6
Gain on sale of investment securities (B)	3.6 billion yen		ROE			9.7%	MSCI
(A) – (B)	25.5 billion yen						

The performance factors approved in June 2025

	NC2026 FY2024 target	FY2024 actual	Target achievement rate	Performance coefficient
Consolidated operating profit	22,500 million yen	25,824 million yen	115%	0.98
Employee engagement surveys	80%	70%	88%	

Of the remuneration for directors who are not members of the Audit and Supervisory Committee, (1) fixed remuneration and (2) performance-linked remuneration are determined by the Board of Directors within the scope of the total amount of remuneration approved by the Ordinary General Meeting of Shareholders. The maximum amount of remuneration for directors who are not members of the Audit and Supervisory Committee as per the resolution of

the Ordinary General Meeting of Shareholders is 430 million yen per year (of which 50 million yen is for independent directors). In addition, (3) compensation limits for the BBT, a performance-linked stock compensation plan for executive directors, has been determined by resolution at the General Meeting of Shareholders.

The individual remuneration of directors who are not Audit and Supervisory Committee members is designed to be calculated automatically using a formula and coefficient defined in regulations resolved by the Board of Directors, without taking qualitative factors into consideration, and the Human Resources Office will calculate this in accordance with regulations. The results of the calculations are reviewed by the Nominating and Remuneration Committee, which is chaired by the lead independent director and at which independent directors have a majority. The Board of Directors determines the compensation of directors who

are not Audit and Supervisory Committee members with full respect for the results of the deliberations of the Nominating and Remuneration Committee.

These sorts of procedures ensure objectivity, fairness, and transparency in the determination of individual compensation for directors who are not Audit and Supervisory Committee members, and the determination of individual compensation is never delegated to specific directors or other parties.

2. Remuneration for directors who are Audit and Supervisory Committee members

Fixed remuneration	Fixed remuneration only
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Remuneration for directors who are Audit and Supervisory Committee members is decided via discussions by directors who are Audit and Supervisory Committee members, within the scope of total remuneration approved by the Ordinary General Meeting of Shareholders. The maximum remuneration amount for directors who are Audit and Supervisory Committee members, as per the resolution of the Ordinary General Meeting of Shareholders, is 80 million yen per year.

3. Actual remuneration of directors in FY2024*8

Classification	Total amount of remuneration and other benefits (Millions of yen)	Total amount of remuneration and other benefits by type (Millions of yen)			No. of eligible persons
		Fixed remuneration	Performance-linked remuneration	BBT	
Directors (excluding Audit and Supervisory Committee members and independent directors)*9, 11, 12, 13	269	114	111	43	5
Directors (Audit and Supervisory Committee members; excluding independent directors)*10	22	22	—	—	1
Independent directors	72	72	—	—	9

*8 The above includes one director who is not an independent and Audit and Supervisory Committee member, and two independent directors who are Audit and Supervisory Committee members, all of whom retired at the conclusion of the 163rd Ordinary General Meeting of Shareholders held on June 21, 2024.
*9 At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (excluding Audit and Supervisory Committee members) was approved at up to 430 million yen (of which 50 million yen is for independent directors). As of the conclusion of the General Meeting of Shareholders, the Company had seven directors (including two independent directors; excluding Audit and Supervisory Committee members). In addition, at the same General Meeting of Shareholders, remuneration limits for the BBT, the introduction of which was approved at the 157th Ordinary General Meeting of Shareholders held on June 22, 2018, were reapproved. As of the conclusion of the General Meeting of Shareholders, four directors were eligible for the remuneration program.
*10 At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (Audit and Supervisory Committee members) was approved at up to 80 million yen. As of the conclusion of the General Meeting of Shareholders, four directors (all of whom are Audit and Supervisory Committee members and independent directors) were eligible for the remuneration program.
*11 BBT is the amount of provision for the reserve for directors' stock benefits included in the fiscal year under review.
*12 The Company has not established a guideline on deciding the payment ratio between performance-linked remuneration and other types of remuneration for directors (excluding directors who are Audit and Supervisory Committee members and independent directors) because these forms of remuneration are determined automatically based on their respective performance indicators and formulas, and therefore have no possibility of being adjusted arbitrarily.
*13 Remuneration for directors for the fiscal year under review was deliberated on at a meeting of the Nominating and Remuneration Committee held on May 22, 2024, and approved at a meeting of the Board of Directors held on June 21, 2024. The Board of Directors has checked that the determination method for, and the details of, the individual remuneration for directors in the fiscal year under review are consistent with the determination policy approved by the Board of Directors, and has deemed that they are in accordance with such determination policy.

Ratio of performance-linked remuneration and fixed remuneration in FY2024

Performance-linked remuneration	Fixed remuneration
57.5%	42.5%

Reference: Past remuneration of directors*14

FY2020	318 million yen
FY2021	319 million yen
FY2022	335 million yen
FY2023	306 million yen
FY2024	269 million yen

*14 Figures for FY2020 and FY2021 refer to directors (excluding independent directors). Figures for FY2022 onward refer to directors (excluding Audit and Supervisory Committee members and independent directors).

Strategically held shares

Basic views

Close business and cooperative relations with various companies are valuable assets to Inabata, and the Company believes the establishment, maintenance, and development of these relations improve the Company’s corporate value in the medium and long term and lead to the benefit of shareholders and investors. Also, as Inabata believes that strategically holding shares of such companies continues to be an effective way to establish, maintain, and develop good cooperative relations, the Company owns strategically held shares.

Policy related to holding and reducing strategically held shares

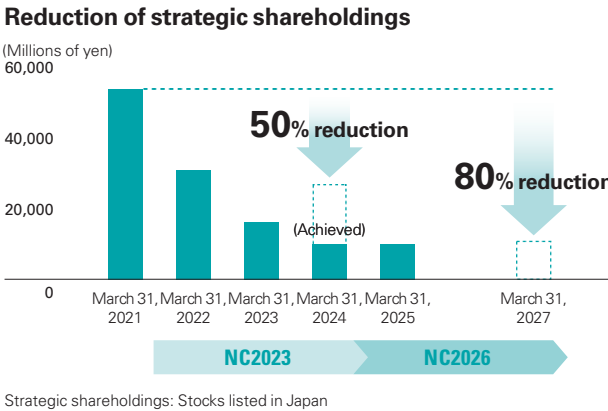
Inabata forms a judgment concerning the pros and cons of strategically held shares based on whether holding them contributes to the establishment of cooperative relations, enhances the Company’s corporate value in the medium and long term, and leads to the benefit of shareholders and investors. To be specific, the Board of Directors will make annual comprehensive reviews of the appropriateness of holding each individual stock, taking into account the financial condition of the investee company, the liquidity of the stock, trends in the volume of transactions and profits related to business with the Company or its Group companies and their medium- to long-term prospects, economic rationales such as whether the risk and return are commensurate with the cost of capital, and other qualitative information. The Company follows a policy of reducing the shares that the holding of which is not considered significant, while considering timing and the effect on the market and the business.

As part of the financial strategy in the three-year medium-term management plan, NC2026, which runs through FY2026, we are committed to improving asset efficiency and securing investment funds by curtailing strategically held shares, and are steadily implementing this policy.

We are gradually reducing strategically held shares toward the target set for the final year of NC2026, the fiscal year ending March 31, 2027.

Policy on reducing strategic shareholdings

We will reduce strategically held shares over the medium to long term, aiming to cut the balance by approximately 80% by March 31, 2027, relative to the balance as of March 31, 2021.



Sales of strategically held shares

FY2019	3,026 million yen
FY2020	2,944 million yen
FY2021	9,367 million yen
FY2022	10,076 million yen
FY2023	4,159 million yen
FY2024	2,922 million yen

Criteria for exercise of voting rights

In principle, Inabata exercises voting rights for all agendas in order to exercise its rights as a shareholder.

The Company reviews the merits and demerits of each agenda and exercises voting rights based on the judgment criteria of whether sustainable growth of the held company and improvement of its corporate value in the medium and long term can be expected.

Basic concepts

With approximately 70 bases across 19 countries outside Japan, and four business segments operating globally, the Inabata Group is exposed to various risks.

We manage risks by establishing and implementing various regulations related to credit management, export management, product management, and others, with the Risk Management Office at the core. Additionally, we prepare ourselves for risks arising from daily work by organizing and implementing the operational rules for trading bases and manufacturing bases in multiple languages, along with executing appropriate risk checking functions from head offices using regulations for managing Group companies in Japan and abroad.

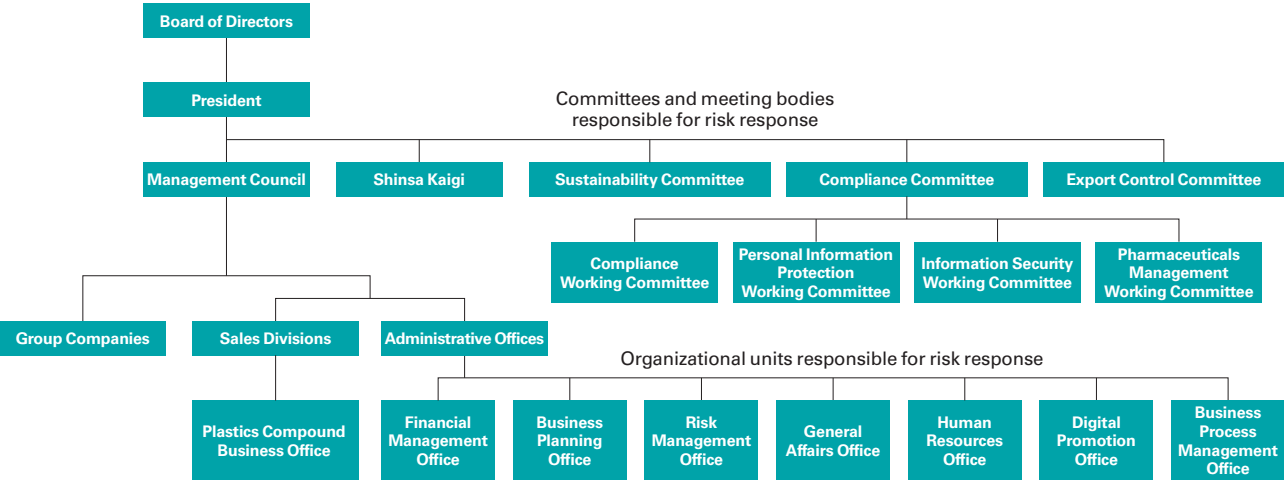
Risk management system and relevant organizational units

At Inabata, individual risks are continuously monitored by each responsible organization, and relevant committees and meeting bodies collaborate to promote risk management that enables us to appropriately address risks.

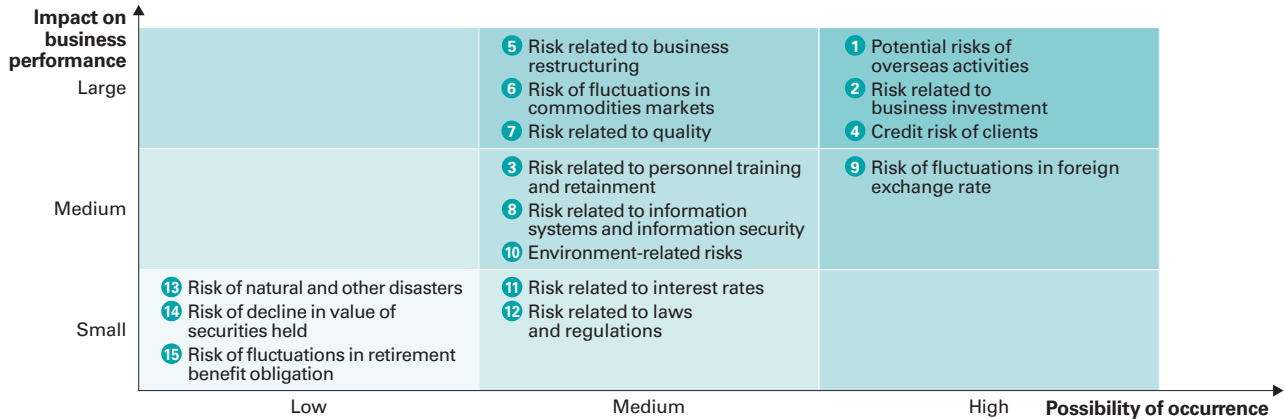
We have identified the 15 risks shown in the below risk matrix as the main risks faced by the Group. Mapping has been done on the matrix based on the probable impact of each risk on the Group’s business performance and the possibility of its occurrence using the responses on risk awareness of managers in the effectiveness evaluation of the Board of Directors conducted in FY2024 and other factors.

From the next page, we will explain risks that are of high importance to the Group.

Risk management system and relevant organizational units



Risk matrix



Risks of high importance and related countermeasures

1 Potential risks of overseas activities

The Inabata Group’s production and sales activities overseas cover multiple regions, including Southeast Asia and Northeast Asia, North America, and Europe. There are inherent risks in operating in these foreign markets, which include unexpected changes in laws or regulations, adverse political or economic factors, difficulty in recruiting and retaining personnel, underdeveloped technological infrastructure, potentially adverse tax consequences, and social disruptions due to other factors.

To ensure that we can reduce such risks, we have established a framework for adapting swiftly to changes, and carefully monitor laws and regulations throughout the world, environmental laws and regulations, and trends among society and our business partners.

For sales in the consolidated fiscal year by region, Asia accounted for 46% of the total, having the largest influence on our business.

We have formulated and are implementing business continuity plans (BCPs)*1 at our major overseas bases to serve as countermeasures for emergencies such as infectious disease outbreaks.

Relevant organizational units:
Risk Management Office, Financial Management Office

*1 Please refer to Business continuity plan (BCP) on page 109.

2 Risk related to business investment

When developing business at the Inabata Group, in many cases, we make investments and acquire equity in a joint enterprise or joint venture. Notably, with respect to our investments in consolidated affiliates, there is a risk that the Group’s financial position and business performance could be adversely impacted by trends in the financial status and performance of such Group companies.

In principle, the Group invests in minority interests with the main objective of expanding the *shosha* trading business, and limits the risks and amounts for investments in majority interests. Under NC2026, the Group aims to expand earnings through proactive investments as part of the Group-wide growth strategy.

For high-priority new investment projects, the specialized M&A department works in collaboration with the sales and other relevant departments to assess and analyze risks from both quantitative and qualitative perspectives.

Projects are then deliberated on by the Shinsa Kaigi. After the execution of investment, risks are monitored regularly, and appropriate measures are taken for projects that do not meet established criteria.

Relevant organizational units:
Risk Management Office, Business Planning Office

3 Risk related to personnel training and retainment

Given that the Inabata Group’s core business is *shosha* trading, human capital is the most important asset and source for creating value for us. So that we can sustainably improve our corporate value, we need to train and retain diverse outstanding human resources that have expertise in core operational areas such as management, finance, and IT, as well as the four business fields we operate in, at our locations in Japan and overseas. Regarding the training and strengthening of our human capital as an important management agenda, we are progressively enhancing our internal system to train and retain personnel that will lead our efforts to create value. However, the declining birthrate, aging population, and increasing job mobility may make it difficult to fill our talent needs or become a hurdle in training personnel. In such cases, the Group’s financial position and business performance could be adversely affected.

Relevant organizational unit: Human Resources Office

4 Credit risk of clients

Group companies grant credit to many clients in Japan and abroad. Although we carry out credit management on a global scale, including our overseas clients as well, we cannot guarantee full collections. Therefore, there is a risk of adverse impact on the Inabata Group’s financial position and business performance due to the aggregation of bad-debt losses and allowance for doubtful accounts through bankruptcy and civil rehabilitation procedures and so on from contingencies concerning clients.

As of the end of the consolidated fiscal year, the Group’s notes receivable—trade and electronically recorded monetary claims—operating were 29,691 million yen, accounts receivable—trade were 173,813 million yen, and inventories were 86,732 million yen, the total of which accounted for 66% of total assets. Screening for credit of significant importance is conducted by the Shinsa Kaigi. With regard to accounts receivable—trade and inventories, we monitor and manage the balance of each consolidated Group company on a monthly basis.

Relevant organizational unit: Risk Management Office

5 Risk related to business restructuring

Many of the information and electronic materials, chemical materials, food products, and plastics handled by the Inabata Group are impacted by fluctuations in commodity prices. Failure to respond flexibly to market fluctuations could adversely impact the financial position and business performance of the Group. Each sales division gathers market information, monitors price trends, and thoroughly manages inventory.

In the consolidated fiscal year, in the food business of the Life Industry segment, where we carry out inventory transactions, we were impacted by a drop in prices of processed marine products and other products for Japanese food in the U.S. market.

Relevant organizational unit: Risk Management Office

6 Risk of fluctuations in commodities markets

In order to promote business selection and concentration, the Inabata Group continues to restructure its business by withdrawing from unprofitable businesses and selling or reorganizing subsidiaries and affiliates. These measures may adversely impact the performance and financial condition of the Group. We may be unable to execute our business restructuring plans in a timely manner due to factors such as government regulations and employment issues in each country. There is no guarantee that the Group will be able to achieve all or part of the original objectives through the implementation of business restructuring. We have established criteria for considering withdrawal from businesses, and hold deliberations on withdrawal, etc., from the relevant Group companies at the Shinsa Kaigi.

Relevant organizational units:
Financial Management Office, each sales division

7 Risk related to quality

While we are a *shosha*, or Japanese trading company, group, we also own companies involved in manufacturing and processing in a variety of fields, including plastic compounding, plastic film, materials for medical products, and processed marine products, in Japan and abroad. We conduct quality management to ensure the reliability and safety of the products manufactured and processed by these companies. As a *shosha*, we also procure a diverse array of materials and products from our business partners in the four business areas of information & electronics, chemicals, life industry, and plastics, and sell them to our customers. For these materials and products, we ascertain global changes in relevant laws, regulations, and standards related to the environment and safety, working to manage quality accordingly.

However, it is difficult to completely avoid quality issues, and if any arise and result in loss, the Group may be held responsible. In such an event, the Group’s financial position and business performance could be adversely affected.

Relevant organizational units:
Risk Management Office, Plastics Compound Business Office, each sales division

8 Risk related to information systems and information security

As we operate business as a *shosha*, or Japanese trading company, group, we hold confidential and personal information relating to our business partners and confidential and personal information relating to the Inabata Group. To ensure that this information is not leaked externally, destroyed, or falsified, we have established our Information Security Policy, prepared manuals that define information management procedures, and developed a Group-wide management framework. Based on this, we engage in thorough management practices, enhance information security, and implement employee education and other such measures. For our regulations and manuals, we review them continuously to adapt to new risks and technologies.

Moreover, given that remote work has increased with the advancement of work-style reforms, in addition to traditional antivirus software, we have introduced an endpoint detection and response system*2 that monitors the behavior of devices, thereby working to enhance security in alignment with a “zero trust” approach. To address security incidents, we have established an internal Computer Security Incident Response Team (CSIRT) to respond quickly and accurately and are strengthening information sharing both internally and externally. Security monitoring is also performed 24 hours a day, 7 days a week by an external security operations center (SOC). Moreover, to mitigate the potential negative financial impact of cyberattacks and other similar incidents, we have obtained cyber insurance coverage.

Nevertheless, as cyberattacks are becoming increasingly sophisticated, it is difficult to completely block unauthorized external access and other threats, and the Group’s financial position and business performance may be adversely impacted if such unforeseen events occur.

Relevant organizational unit: Digital Promotion Office

*2 A system that detects and analyzes suspicious behavior or virus infections occurring in real time on network-connected PCs and mobile devices and responds as necessary

9 Risk of fluctuations in foreign exchange rate

The Inabata Group engages in the production, sales, and trading of products and materials for overseas business development. In principle, we conduct hedging transactions through measures such as forward exchange contracts. However, we may be impacted by exchange rate fluctuations associated with foreign currency-denominated transactions. Furthermore, we convert items (including sales, expenses, and assets in each region) denominated in local currencies into Japanese yen for the preparation of consolidated financial statements. Consequently, the exchange rate at the time of conversion may impact the value after conversion into yen. For FY2024 foreign exchange losses were 811 million yen and foreign currency translation adjustment was 28,148 million yen.

Relevant organizational unit:
Financial Management Office

Addressing other risks

Tax compliance

All officers and employees of the Inabata Group strive to comply with laws and regulations as well as internal regulations, regardless of the country, to manage Inabata with a focus on compliance.

With regard to taxes, we recognize that one of our social responsibilities is to pay taxes according to related laws and regulations in each country or region and maintain transparency. We believe that proper tax payment contributes to economic development of the country or region and in return results in sustainable growth of the Group and improvement of our medium- to long-term corporate value. Therefore, we strive to minimize tax risk and maintain as well as improve tax compliance.

Business continuity plan (BCP)

Since 2018, we have been developing a BCP to protect the organization’s assets, primarily human life, and to ensure the rapid recovery and continuity of business in the event of a crisis. For Inabata, BCPs for each division were completed by the end of FY2023. In the following fiscal year, operational leaders were appointed in each division, and they led focused efforts to review the BCP

10 Environment-related risks

The Inabata Group handles a wide range of products in four business fields in Japan and overseas. The manufacture and sale of these products may be impacted by factors including regional environmental regulations and changes in demand for eco-friendly products. In addition, the plastics business may be impacted by the transition to plastic-free products. Alongside working to diversify suppliers, in each of our businesses, we are focusing on the sale of recycled products and other materials that reduce environmental impact to contribute to a decarbonized and circular society.

With regard to climate change-related risks, we endorsed the recommendations of the TCFD in April 2023 and are working to accurately ascertain the impact of climate change on our business and disclose related information.

Relevant organizational unit: General Affairs Office

documents, raise awareness, and conduct training. Similarly, for Group companies worldwide, BCP documents for key facilities were completed and training began by FY2023. Including newly added Group companies, the plan is to complete both document preparation and training during FY2025. As a result, BCP development and implementation now cover 79 facilities and companies, encompassing nearly the entire consolidated scope. These BCP training exercises will be conducted annually on an ongoing basis.

In addition, we regularly conduct system-based safety confirmation drills, evacuation drills, and automated external defibrillator (AED) training sessions to enhance employee safety and readiness for business continuity.

Note: Responses to the following sustainability-related risks are described on the following pages.

- Strengthen Compliance and Anti-Corruption Efforts ➤ P110
- Climate Change ➤ P67–70
- Supply Chain Management and Human Rights ➤ P74–76

Basic approach

To establish management practices that emphasize compliance, the Inabata Group advocates thorough compliance per the Inabata Group Sustainability Code of Conduct. We have also adopted the Inabata Declaration of Compliance and the Compliance Guidelines. Inabata considers its corporate activities shall be in full compliance not only with legal regulations but also with social rules.

We also believe that carrying on the spirit of our founder—love (*ai*) and respect (*kei*) for people—is essential to fostering a corporate culture that emphasizes compliance. Hence, we strive to promulgate our Mission, Vision, and IK Values within the Group.

We have also formulated a policy on tax compliance.

Internal whistleblowing system

The Inabata Group’s internal whistleblowing system consists of two separate routes. The “compliance hotline” is primarily for reporting violations of laws and regulations, such as bribery and other types of corrupt activities, and incidents of serious breaches of compliance, including organizational fraud. The “counseling desk” provides mediation and coordination to help employees resolve issues related to the work environment and work relationships. For both reporting routes, contact and consultation are possible by oral communication, telephone, email, and postal mail.

Inabata operates its internal whistleblowing system in accordance with the Internal Whistleblowing Rules. As regulations common to the above two whistleblowing routes, the rules clearly stipulate that persons engaged

in responding to whistleblowing are obliged to keep the provider anonymous, and that any attempts to identify the provider or any adverse treatment of the provider or those who cooperate with the investigation are strictly prohibited, ensuring that employees who use the system to provide information do not suffer consequences for whistleblowing.

When information is received, the rules provide clear procedures for communicating and verifying the information promptly and appropriately.

The president of Inabata, who chairs the Compliance Committee, regularly reports the operational status of the internal whistleblowing system to the Board of Directors, which provides oversight on this status.

Anti-Corruption

Basic approach

The Inabata Group Sustainability Code of Conduct and the Inabata Declaration of Compliance outline the measures that we take to prevent corruption, including bribery and illegal payments to foreign public officials. In addition, the Inabata Group Sustainable Supply Chain Policy for our business partners and other stakeholders also states our commitment to not engaging in corrupt business practices.

To raise awareness and assist our employees in preventing corruption, we have produced and made

readily available on the Company intranet portal site our Compliance Guidelines and manuals on antitrust law, subcontracting law, unfair competition prevention law, insider trading regulations, and bribery.

The Compliance Committee, which is chaired by the president, oversees serious cases of compliance violation, including bribery, law violations, and organizational fraud. The committee regularly reports to the Board of Directors, which provides oversight.

Information security system

In the Inabata Group, recognizing the importance of information security and promoting company-wide efforts, we have established the Information Security Working Committee as a subordinate organization of the Compliance Committee, which is chaired by the president of the Company. The Information Security Working Committee meets as necessary to review policies, rules, and manuals related to information security, and to develop training and educational plans.

Moreover, an internal audit conducted by the information security auditor appointed by the chair of the committee is carried out annually. The results of the internal audit are reported to the chair of the committee.

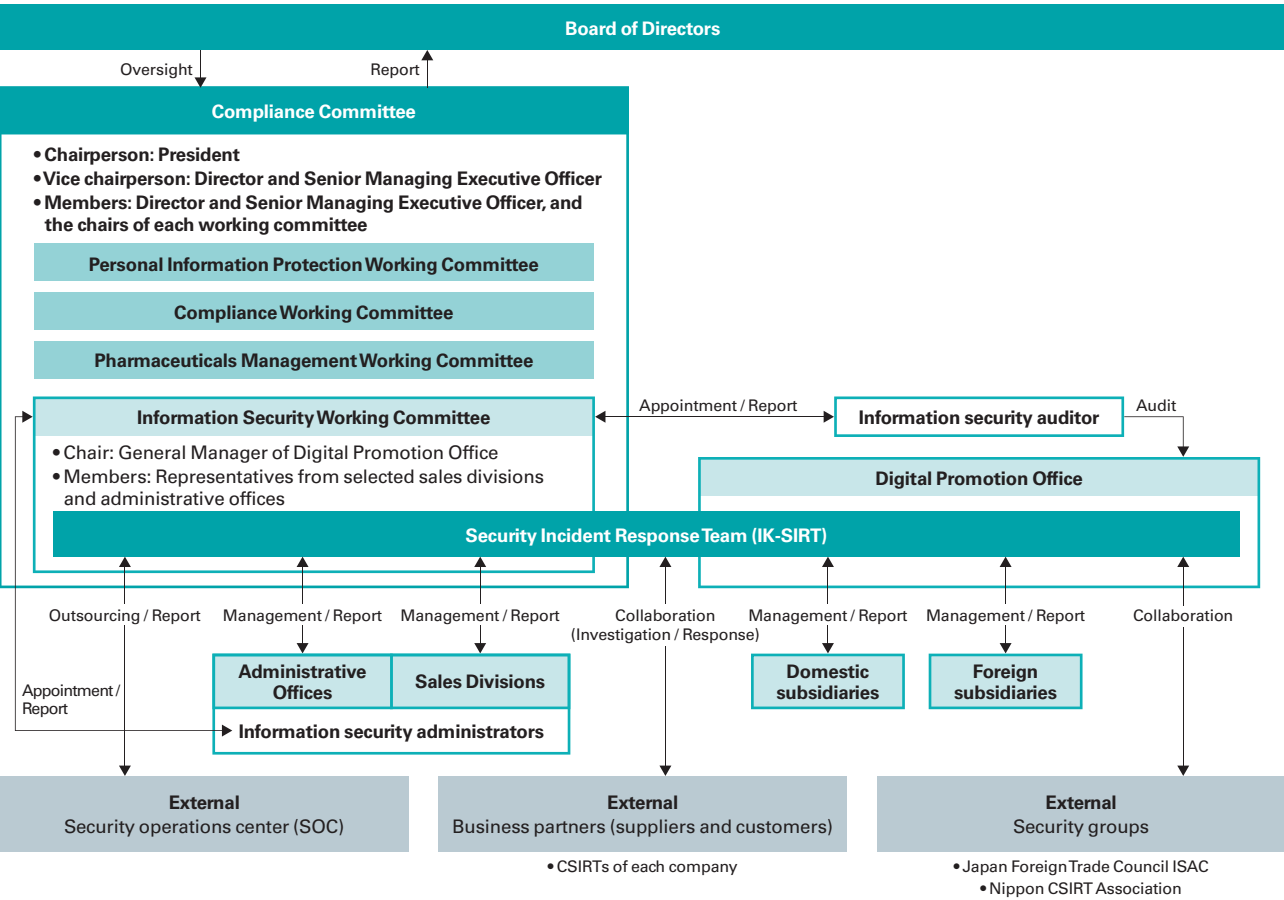
The Compliance Committee, as the higher organization, meets regularly four times a year and holds additional meetings as needed. At Compliance Committee meetings, the chair of the Information Security Working

Committee promptly submits or reports on significant matters and internal audit results that are discussed and addressed within the working committee. Significant matters discussed at Compliance Committee meetings are reported to the Management Council and the Board of Directors as needed, and are subject to oversight by the Board. We also report on the status of information security initiatives to the Board of Directors through quarterly business execution reports, and on matters discussed and reviewed by the Information Security Working Committee as part of this process, fulfilling the Board's oversight function.

For execution functions such as planning, promotion, and implementation, we have established a security incident response team (IK-SIRT*) to respond quickly and accurately to increasingly sophisticated security incidents.

* IK-SIRT: A term combining the Group's symbol "IK" and an acronym for "Security Incident Response Team."

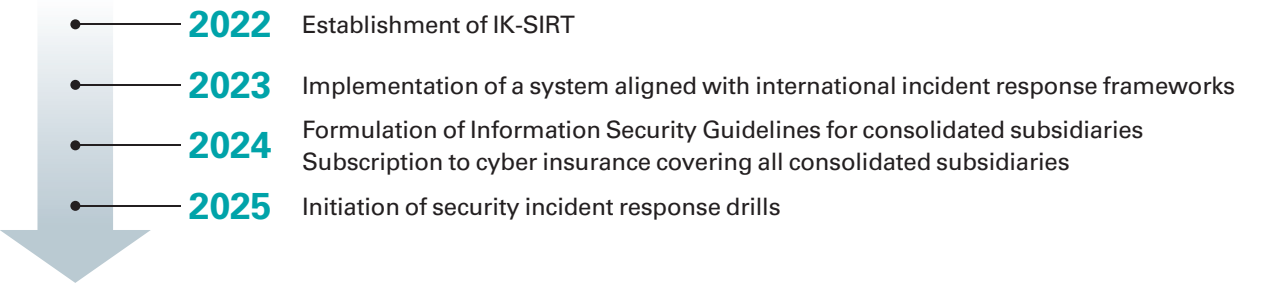
Information security structure



Further enhancement of the information security structure
Cybersecurity incident drills from a business continuity perspective

Three years have passed since the establishment of IK-SIRT in 2022, during which the Inabata Group has steadily accumulated knowledge and experience in incident response. In 2025, with the goal of further enhancing the information security structure and ensuring business continuity, we will conduct drills simulating cybersecurity incidents across the Group. These exercises will focus on establishing a communication system for rapid coordination with internal and external organizations, updating manuals, and reviewing response workflows. Regular practical drills for security incident response are planned.

Enhancement of the information security structure



DX Promotion

Data-driven management leveraging core management data

As part of the digital strategy under the medium-term management plan NC2026, starting in FY2024 we are advancing initiatives toward data-driven management leveraging core management data.

The Inabata Group operates globally and handles a wide range of products. To become a data-driven company making decisions based on a Group-wide data platform, we have integrated master data for companies and products and systematized the automatic aggregation of consolidated results. This has led to the establishment of the global Consolidated Performance Data Management (CDAM) system, which provides visibility into the business flow.

Previously, collecting consolidated figures for monthly closing involved a significant amount of manual work. With this system, approximately 90% of management information across the Group, including both the parent company and consolidated subsidiaries, can now be viewed instantly in a centralized manner, improving operational efficiency and supporting faster management decision-making.

Improve productivity by leveraging generative AI services

As part of the digital strategy under NC2026, we are promoting company-wide initiatives to improve productivity by leveraging generative AI and related services.

Since FY2023, we have conducted a trial of Microsoft Corporation's Copilot, with 210 participants from all departments testing its application for operational efficiency. Among participants, 45% reported improvements in work speed and quality, and for certain tasks, 28% confirmed anticipated cost-effectiveness.

From FY2024, we have also begun using a closed generative AI environment within the Company, Azure OpenAI, to analyze internal sales information. By leveraging generative AI to extract customer insights from unstructured data in the sales division, such as daily work reports, we aim to enhance marketing activities. We will continue to advance initiatives to further improve operational efficiency in line with the evolving capabilities of AI technologies.

Sustainability Data

Environment

The data marked with ★ for FY2024 has received third-party assurance from LRQA Limited in accordance with the international standard ISO 14064-3:2019.

Energy and climate

Energy consumption

Item		FY2022	FY2023	FY2024
Electricity (MWh)		81,041	77,624	82,241
	Of which, from renewable energy sources (MWh)	—	—	14,050
Hot water / cold water (GJ)		1,119	1,142	1,212
Volatile oil (gasoline) (kL)		517	747	796
Kerosene (kL)		1.2	2	4.2
Light oil (kL)		310	342	280
Heavy oil A (kL)		0	53	50
Liquefied petroleum gas (LPG) (t)		74.7	84	151
Other combustible natural gas (1,000 m³)		0	0	0
City gas (1,000 m³)		237	250	231

Note: Coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries

GHG emissions (Scope 1 and 2)

Item		FY2022	FY2023	FY2024
Scope 1 (t-CO2e)	CO2 from energy sources	2,755	3,572	3,630★
	Other (CO2 from non-energy sources, CH4, N2O, HFCs, PCFs, SF6, NF3)	0	0	0
Scope 2 (t-CO2e)	Market-based	43,666	41,254	36,791★
	Location-based	43,933	41,553	42,737★
Total (t-CO2e)	Scope 1 + Scope 2 (market-based)	46,421	44,826	40,421
	Scope 1 + Scope 2 (location-based)	46,688	45,125	46,367
GHG emissions intensity per sales (t-CO2e / ¥100 million)		6.3	5.9	4.8

Notes: 1. Coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries
2. Domestic Scope 2 emission factors are calculated using the emission factors provided by the Ministry of the Environment and the Ministry of Economy, Trade and Industry for each electric power company. Overseas Scope 2 emission factors are calculated using the International Energy Agency (IEA) Emission Factors 2024.
3. Emissions intensity is based on Scope 1 + Scope 2 (market-based) GHG emissions.

GHG emissions (Scope 3)

(t-CO2e)

Item		FY2022	FY2023	FY2024
1. Purchased goods and services		1,435,020	1,416,876	1,610,161★
2. Capital goods		2,984	1,943	4,804
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2		71	44	40
4. Upstream transportation and distribution		55,189	32,679	39,681★
5. Waste generated in operations		53	67	8
6. Business travel		2,377	2,723	2,271
7. Employee commuting		234	256	257
8. Upstream leased assets		Not subject to calculation	Not subject to calculation	Not subject to calculation
Subtotal (upstream)		1,495,928	1,454,588	1,657,222
9. Downstream transportation and distribution		Not subject to calculation	Not subject to calculation	Not subject to calculation
10. Processing of sold products		Not subject to calculation	Not subject to calculation	Not subject to calculation
11. Use of sold products		Not subject to calculation	Not subject to calculation	Not subject to calculation
12. End-of-life treatment of sold products		464,242	464,711	268,172
13. Downstream leased assets		64	65	73
14. Franchises		Not subject to calculation	Not subject to calculation	Not subject to calculation
15. Investments		Not subject to calculation	Not subject to calculation	Not subject to calculation
Subtotal (downstream)		464,306	464,776	268,245
Total		1,960,235	1,919,364	1,925,467

Notes: 1. Coverage: Inabata & Co.
2. Category 8 is not applicable as it is included in Scope 1 and 2.
3. Categories 9 and 10 are excluded from calculations as they are difficult to determine or reasonably estimate since there is a wide range of products sold and forwarding destinations.
4. Categories 11, 14, and 15 are not applicable as they are outside the scope of relevant business activities.
5. Category 12 is calculated based on items for which weight-based data can be collected.

Pollution prevention / Resource circulation

Item		FY2022	FY2023	FY2024
Nitrogen oxide (NOx) (t)		1	0	1
Sulfur oxide (SOx) (t)		0	0	0
Volatile organic compounds (VOCs) (t)		101	116	122
Waste (t)	Total	8,645	7,838	7,498
	Waste recycled	5,005	4,861	3,904
	Waste not recycled	3,640	2,977	3,594
Waste recycling rate (%)		58	62	52
Hazardous waste (t)		1,929	1,734	1,764
Paper purchased (copy paper) (thousands of sheets)		2,442	1,986	1,325
Green purchasing ratio of office supplies, etc. (%)		68	70	67

Notes: 1. Coverage (excluding paper purchased, green purchasing ratio of office supplies, etc.): Inabata & Co., and domestic and overseas consolidated manufacturing subsidiaries
2. Coverage (paper purchased, green purchasing ratio of office supplies, etc.): Inabata & Co.
3. Waste for overseas resin compound manufacturing business bases is calculated based only on resin, the main material.

Water resources

Item		FY2022	FY2023	FY2024
Discharge amount by discharge destination (1,000 m³)	Total	156	400	404
	Ocean	0	0	0
	River / lake (fresh surface water)	0	244	252
	Groundwater	0	0	1
	Sewage (third-party treated)	156	156	152
Water withdrawal amount by withdrawal source (1,000 m³)	Total	270	476	497
	River / lake (fresh surface water)	0	0	0
	Groundwater	6	287	286
	Water supply / industrial water	264	189	210
	Rainwater	0	0	0
	Sea water	0	0	0
Water withdrawals/consumption in water-stressed regions (m³)		0	0	0
Number of violations related to water quality / water withdrawals (violations of permits, standards, regulations, etc.)		0	0	0

Notes: 1. Coverage: Inabata & Co. and domestic and overseas consolidated manufacturing subsidiaries
2. Individual figures are rounded to the nearest unit, so totals may not match the sum of the individual values.

Environmental management

Item		FY2022	FY2023	FY2024
Number of environmental law violations		0	1*1	0
Environmental fines and penalties (yen)		0	354,775.86THB	0

Notes: 1. Coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries
2. Wastewater violation at the compounding factory in Thailand

Environment-related business

Sales by field

(Millions of yen)

Fields		Main items		FY2022	FY2023	FY2024
Total				26,957	38,605	43,571
Energy & Power		Renewable energy-related and battery-related, etc.		17,518	24,496	22,520
Resources & Environment		Sustainable materials, recycling systems, water-related, etc.		7,585	10,791	13,807
Materials & Chemicals		Low-carbon materials, environmental pollutant reduction, etc.		1,537	3,143	6,695
Agriculture & Food		Food waste reduction, soil improvement, etc.		0	0	0
Transportation & Logistics		EV charging, green logistics, etc.		0	0	0
Environmental Certification		Forestry certification, marine product certification, etc.		317	175	548

Notes: 1. Coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries
2. There are no results for Agriculture & Food or Transportation & Logistics.
3. Totals are simple sums.
4. Individual figures are rounded to the nearest unit, so totals may not match the sum of the individual values.

Society

Employee status

Number of employees, ratio of managers, and gender ratio (non-consolidated / consolidated)

Item		FY2022				FY2023				FY2024			
		Total	Men	Women	Ratio of women	Total	Men	Women	Ratio of women	Total	Men	Women	Ratio of women
Inabata Group (consolidated)	Total	—	—	—	—	—	—	—	—	5,063	2,907	2,156	43%
	Number of employees	4,316	2,469	1,847	43%	4,631	2,522	2,109	46%	4,677	2,686	1,991	43%
	Management	665	491	174	26%	818	578	240	29%	925	680	245	26%
	Others	3,651	1,978	1,673	46%	3,813	1,944	1,869	49%	3,752	2,006	1,746	47%
	Number of temporary employees	—	—	—	—	—	—	—	—	386	221	165	43%
Inabata & Co.	Number of employees	589	345	244	42%	630	369	261	41%	667	387	280	42%
	Management	125	118	7	6%	130	121	9	7%	129	118	11	9%
	Others	464	227	237	51%	500	248	252	50%	538	269	269	50%
	Number of employees, including secondees	709	459	250	35%	748	481	267	36%	780	494	286	37%
	Management	—	—	—	—	189	180	9	5%	184	173	11	6%
	Others	—	—	—	—	559	301	258	46%	596	321	275	46%
Domestic consolidated subsidiaries	Number of employees	407	297	110	27%	645	466	179	28%	660	481	179	27%
	Management	78	71	7	9%	141	131	10	7%	159	147	12	8%
	Others	329	226	103	31%	504	335	169	34%	501	334	167	33%
Overseas consolidated subsidiaries	Number of employees	3,320	1,827	1,493	45%	3,356	1,687	1,669	50%	3,350	1,818	1,532	46%
	Management	462	302	160	35%	547	326	221	40%	637	415	222	35%
	Others	2,858	1,525	1,333	47%	2,809	1,361	1,448	52%	2,713	1,403	1,310	48%

Notes: 1. As of the end of each fiscal year (March 31)
2. Coverage: The number of employees at Inabata & Co. (non-consolidated) excludes secondees.
3. Numbers for domestic and overseas consolidated subsidiaries include employees seconded from Inabata & Co..

Number of employees, ratio of managers, and gender ratio (by area)

Item		FY2022				FY2023				FY2024			
		Total	Men	Women	Ratio of women	Total	Men	Women	Ratio of women	Total	Men	Women	Ratio of women
Japan	Number of employees	996	642	354	36%	1,275	835	440	35%	1,327	868	459	35%
	Management	203	189	14	7%	271	252	19	7%	288	265	23	8%
	Others	793	453	340	43%	1,004	583	421	42%	1,039	603	436	42%
Southeast Asia	Number of employees	2,492	1,329	1,163	47%	2,493	1,150	1,343	54%	2,468	1,256	1,212	49%
	Management	283	171	112	40%	313	161	152	49%	399	250	149	37%
	Others	2,209	1,158	1,051	48%	2,180	989	1,191	55%	2,069	1,006	1,063	51%
Northeast Asia	Number of employees	470	250	220	47%	463	248	215	46%	448	241	207	46%
	Management	111	81	30	27%	129	89	40	31%	140	92	48	34%
	Others	359	169	190	53%	334	159	175	52%	308	149	159	52%
The Americas	Number of employees	285	207	78	27%	323	246	77	24%	357	278	79	22%
	Management	45	35	10	22%	76	58	18	24%	79	58	21	27%
	Others	240	172	68	28%	247	188	59	24%	278	220	58	21%
Europe	Number of employees	73	41	32	44%	77	43	34	44%	77	43	34	44%
	Management	23	15	8	35%	29	18	11	38%	19	15	4	21%
	Others	50	26	24	48%	48	25	23	48%	58	28	30	52%

Notes: 1. As of the end of each fiscal year (March 31)
2. Numbers for domestic and overseas consolidated subsidiaries include employees seconded from Inabata & Co..

Labor practices / Diversity

Item		FY2022			FY2023			FY2024			
		Total	Men	Women	Total	Men	Women	Total	Men	Women	
Ratio of women in managerial positions (%)		3.7	—	—	4.8	—	—	6.0	—	—	
Number of non-Japanese staff (people)		7	—	—	12	—	—	12	—	—	
Number of employees by age	Under 30 years old	149	61	88	165	67	98	184	70	114	
	30–39 years old	167	109	58	189	123	66	196	125	71	
	40–49 years old	158	105	53	150	99	51	147	104	43	
	50–59 years old	183	144	39	187	148	39	191	147	44	
	60–64 years old (Senior positions, etc.)	52	40	12	57	44	13	53	40	13	
	65 years old and over (rehired, etc.)							9	8	1	
Total		709	459	250	748	481	267	780	494	286	
Number of hires	New graduates	26	8	18	30	11	19	24	9	15	
	Retention rate (3 years) for new graduates (%)	96	—	—	100	—	—	96	—	—	
	Mid-career	31	20	11	32	27	5	36	25	11	
	Ratio of regular employees hired mid-career (%)	54	—	—	52	—	—	60	—	—	
Voluntary turnover rate (%)	Non-consolidated	2.3	—	—	2.6	—	—	3.6	—	—	
	Consolidated (Japan)	—	—	—	—	—	—	4.5	—	—	
Number of employees rehired under the job return system		2	0	2	3	3	0	1	0	1	
Employment of person with disabilities*1	Number of employees	20	—	—	22	—	—	26	—	—	
	Employment rate (%)	2.65	—	—	2.81	—	—	3.20	—	—	
Average age		42.0	44.3	37.8	41.9	44.3	37.5	41.9	44.5	37.3	
Average years of employment		13.8	15.6	10.5	13.6	15.5	10.2	14.2	16.1	10.8	
Average annual salary (thousands of yen)		9,141	—	—	8,854	—	—	9,633	11,559	6,900	
Gender wage gap (%)*2	All employees		56.3	—	—	59.0	—	—	59.7	—	—
	Regular employees	Regular employees	57.0	—	—	60.0	—	—	60.3	—	—
		Professionals	97.1	—	—	96.6	—	—	98.2	—	—
		Staff	94.7	—	—	91.0	—	—	84.9	—	—
		Assistants	91.9	—	—	102.7	—	—	113.6	—	—
Non-regular employees		47.6	—	—	45.5	—	—	51.3	—	—	
Total annual working hours per employee (hours/year)		1,904	—	—	1,868	—	—	1,770	—	—	
Monthly average overtime working hours (hours/month)		14.1	—	—	14.5	—	—	14.3	—	—	
Annual paid leave	Days taken (days)	11.0	—	—	12.3	—	—	12.8	—	—	
	Utilization rate (%)	60.5	—	—	66.9	—	—	68.6	—	—	
Childcare leave	Number of employees who took leave in the fiscal year*3		10	5	5	18	9	9	33	22	11
	Leave utilization rate for the fiscal year (%)*3		37.5	21.1	100	78.3	64.3	100	110	110	110
	Rate of employees returning to work (%)		100	—	—	94.1	—	—	95.7	—	—
	Number of employees who took leave within the prescribed period (3 years)*4		—	—	—	—	—	—	22	13	9
	Leave utilization rate within the prescribed period (3 years)*4		—	—	—	—	—	—	95.7	92.9	100
Number of employees taking nursing care leave		0	—	—	2	—	—	0	—	—	

Notes: 1. Coverage: Inabata & Co. (including employees seconded to Group companies)
2. As of the end of each fiscal year (March 31)
*1 The figures for each fiscal year are as of June 1 of the following fiscal year.
*2 The gender wage gap is calculated as the ratio of female to male wages.
“All employees” refers to regular employees and non-regular employees.
“Regular employees” includes employees in three position categories: “Professionals,” which refers to those in management positions engaged in core duties; “Staff,” which refers to those in non-management positions engaged in core duties; and “Assistants,” which refers to those engaged mainly in support duties. Senior positions are calculated in accordance with their respective grades and divided into the three aforementioned position categories.
“Non-regular employees” includes unretired senior employees working on a fixed-term contract or special fixed-term contract but excludes temporary employees. The difference in wages between men and women is due to the difference in the personnel composition by position and the difference in the personnel composition for qualification classifications (“bands”).
*3 Under the Company’s childcare leave system, leave can be taken until the child reaches three years of age. Therefore, the number of employees taking leave in FY2024 includes those whose own child or spouse’s child was born between FY2022 and FY2024. The leave utilization rate is calculated as: Number of employees who took childcare leave in FY2024 (among those whose own child or spouse’s child was born between FY2022 and FY2024) / Number of employees whose own child or spouse’s child was born between FY2022 and FY2024.
*4 In FY2023, we introduced a new system making childcare leave mandatory. Accordingly, the number of employees who took leave and the utilization rate are calculated within three years from the birth of the employee’s or their spouse’s child. For FY2024, these figures are calculated for employees whose own child or spouse’s child was born in FY2023 and who took leave in either FY2023 or FY2024.

Society

Occupational health and safety

Item		FY2022			FY2023			FY2024		
		Non-consolidated	Consolidated*1		Non-consolidated	Consolidated*1		Non-consolidated	Consolidated*1	
			Employees	Temporary*2		Employees	Temporary*2		Employees	Temporary*2
Health checkup attendance rate (%)*3		100	—	—	100	—	—	100	—	—
Stress check*3	Number of employees who attended	617	—	—	662	—	—	695	—	—
	Attendance rate (%)	87.5	—	—	89.2	—	—	90.3	—	—
Number of employees who attended health and safety training*3	Safe driving training (e-learning)	32	—	—	43	—	—	76	—	—
	Earthquake/safety confirmation training	May 633	—	—	May 662	—	—	May 640	—	—
		December 623			December 669					
	Firefighting training (on-site training)*4	Self-defense fire brigade members in Tokyo, Osaka, and Nagoya 80	—	—	Self-defense fire brigade members and others in Tokyo, Osaka, and Nagoya 74	—	—	Self-defense fire brigade members and others in Tokyo, Osaka, and Nagoya 81	—	—
Number of occupational accidents	Fatalities	0	0	0	0	0	0	0	0	0
	Lost-time injuries	0	28	8	0	31	5	0	38	3
	Non-lost-time injuries	0	8	5	0	13	0	1	16	2
Lost-time injury frequency rate*5		0	4.11	—	0	4.15	—	0	2.97	3.87
Lost-time injury severity rate*6		0	0.09	—	0	0.05	—	0	0.04	0.05

*1 FY2022 and FY2023 coverage: Inabata & Co. and domestic and overseas consolidated manufacturing subsidiaries
FY2024 consolidated coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries

*2 Temporary: Temporary employees

*3 Coverage: Inabata & Co.

*4 In FY2022, due to concerns about the spread of COVID-19, we postponed on-site training, and conducted first-aid training using videos for all self-defense fire brigade members at our offices in Tokyo, Osaka, and Nagoya.

*5 (Number of casualties due to occupational accidents requiring at least one day off work / Total actual working hours) × 1,000,000. Industry average (wholesale and retail companies with 100 or more employees) for FY2024: 2.60. (according to the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents for FY2023). Comparison with Inabata & Co.

*6 (Total working days lost / Total actual working hours) × 1,000. Industry average (wholesale and retail companies with 100 or more employees) for FY2024: 0.05. (according to the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents for FY2023). Comparison with Inabata & Co.

Human resource development

Item	FY2022	FY2023	FY2024
Total time for employee skills development training (hours)	440	480	669
Total number of employees participating in training for skills development	1,138	1,310	1,690
Average training hours per employee per year (hours)	0.6	0.6	0.9
Average training expenditure per employee per year (yen)	50,776	67,496	83,400

Note: Coverage: Inabata & Co. (including employees seconded to Group companies)

Employee engagement

Item		FY2023	FY2024	FY2025
Number of employees surveyed (people)	Total	1,901	2,714	2,837
	Inabata & Co.	652	686	715
	Overseas trading companies*1	903	864	881
	Overseas manufacturing companies*1	346	624	574
	Domestic subsidiaries*1	—	540	667
Response rate (%)	Total	72	82	88
Overall average score*2		3.61	3.64	3.67
Ratio of positive responses for key items*3 (%)	Engagement I am satisfied with the work I am doing at Inabata now.	76	69	69
	Relationship with superiors I have the necessary collaboration with my supervisor at work.	80	73	73
	Organizational culture When a problem occurs in the course of my duties, my supervisor and the people around me provide appropriate support.	83	77	76
	Corporate philosophy I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them.	73	67	67
	Human resources system and benefits Inabata's salary standards are satisfactory, compared to other companies in the same industry.	57	50	54
	Human resources system and training Inabata supports employee training to improve their skills.	54	51	54
	Work-life balance Overtime is kept to a level that is acceptable for me.	75	73	71

*1 The survey mainly targeted employees with Company email addresses.

*2 The average score across all items. Employees were asked to rate 39 items on a five-point scale (5. Strongly agree / 4. Agree / 3. Neither agree nor disagree / 2. Disagree / 1. Strongly disagree), and the score for each item was calculated.

*3 The proportion of positive responses, which are ratings of 5 (Strongly agree) and 4 (Agree), among the five-point scale ratings provided by employees.

Social contribution activities

Item		FY2022	FY2023	FY2024
Number of employees taking leave for volunteering*1		—	0	34
Total amount of donations, activity expenses, etc., that contribute to society*2 (millions of yen)		28	21	11
Results of main social contribution activities	Support for the activities of the Sociedade Luso-Nipónica de Osaka (10,000 yen)	80	80	80
	Académie de musique françaisede Kyoto (number of participants)*3	101	99	108
	Number of winners of Inabata Award in French music competition (since 1974)*4	1 Cumulative 49	No participants Cumulative 49	1 Cumulative 50
	Support for the Shougaisha Jiritsu Suishin Kikou Association*5	Bronze Partner	Bronze Partner	Bronze Partner

Note: Coverage: Inabata & Co.

*1 Although the system was initially recognized for use after severe disasters, it was formalized as part of the human resources system from July 1, 2023, to support employees' volunteer activities.

*2 Main donations include cultural support for the Japan Philharmonic Orchestra, the Osaka Philharmonic Orchestra, etc., and community support for the Keidanren Nature Conservation Fund, etc.

*3 A Japan–France music exchange program sponsored by Inabata. Top-class musicians are invited from France and master classes are held for about two weeks. The program provides a valuable opportunity for young Japanese musicians to receive high-quality education in French music.

*4 At the French music competition sponsored by Fondation Culturelle Kansei de Ashiya, the Inabata Award (named after Inabata Co. & Ltd.) is awarded every year to the best performer in the vocal or piano category.

*5 In addition to providing support as a partner, we used a work from Paralym Art, a program which is managed and operated by the association, as the design for our shareholder incentive (QUO cards).

Governance

Corporate governance

Composition of directors		As of July 1, 2023		As of July 1, 2024		As of July 1, 2025	
		Men	Women	Men	Women	Men	Women
Directors (excluding Audit and Supervisory Committee members) (people)	Total	7		7		7	
	Inside	5	0	4	0	4	0
	Independent	1	1	2	1	2	1
Directors (Audit and Supervisory Committee members) (people)	Total	5		5		5	
	Inside	0	0	1	0	1	0
	Independent	5	0	3	1	3	1
Total number of directors	Total	12		12		12	
		11	1	10	2	10	2

Attendance status for meetings of the Board of Directors, Audit and Supervisory Committee, and Nominating and Remuneration Committee (April 1, 2024 to March 31, 2025)

Attendance rate is listed in ().

Position	Name	Independent	Number of Board of Directors' meetings attended	Number of Audit and Supervisory Committee meetings attended	Number of Nominating and Remuneration Committee meetings attended*1
Director	Katsutaro Inabata		16/16 times (100%)	—	6/6 times (100%)
Director	Toyohiro Akao		16/16 times (100%)	—	—
Director	Kenichi Yokota		16/16 times (100%)	—	—
Director	Takashi Shigemori		15/16 times (94%)	—	—
Director	Takako Hagiwara	○	16/16 times (100%)	—	8/8 times (100%)
Director	Osamu Chonan	○	16/16 times (100%)	—	8/8 times (100%)
Director	Hisayuki Suekawa (appointed in June 2024)	○	12/13 times (92%)	—	7/7 times (100%)
Director (Audit and Supervisory Committee member)	Nobukazu Kuboi (appointed in June 2024)		13/13 times (100%)	10/10 times (100%)	—
Director (Audit and Supervisory Committee member)	Minoru Sanari	○	16/16 times (100%)	13/13 times (100%)	—
Director (Audit and Supervisory Committee member)	Tomokazu Fujisawa	○	16/16 times (100%)	13/13 times (100%)	—
Director (Audit and Supervisory Committee member)	Noriya Yokota	○	16/16 times (100%)	13/13 times (100%)	7/7 times (100%)
Director (Audit and Supervisory Committee member)	Shiho Ito (appointed in June 2024)	○	13/13 times (100%)	10/10 times (100%)	—
Director	Masahiro Sugiyama (retired in June 2024)		3/3 times (100%)	—	—
Director (Audit and Supervisory Committee member)	Kenji Hamashima (retired in June 2024)	○	3/3 times (100%)	3/3 times (100%)	1/1 times (100%)
Director (Audit and Supervisory Committee member)	Satoshi Tamai (retired in June 2024)	○	3/3 times (100%)	3/3 times (100%)	—

*1 Interviews with director and executive officer candidates by the Nominating and Remuneration Committee (two times) were conducted only by independent outside directors.

Compliance

	FY2022	FY2023	FY2024
Number of whistleblower reports/consultations*1 (cases)	2	10	6
Number of serious compliance violations (including labor standards) (cases)	0	0	0
Political contributions (yen)	0	0	0
Number of dismissals and disciplinary actions due to non-compliance with anti-corruption policy (cases)	0	0	0
Penalties, surcharges, and settlements related to corruption (10,000 yen)	0	0	0

Note: Coverage: Inabata & Co.
*1 Includes the number of consultations to the “counseling desk.”

Certification

Status of management system certifications (As of March 31, 2025)

		ISO 14001 (Environmental management)		ISO 9001 (Quality management)		ISO 45001 (Occupational health and safety)		IATF 16949 (Automotive)		JFS-C Standard (Food safety)	
		By number of sites	By number of employees	By number of sites	By number of employees	By number of sites	By number of employees	By number of sites	By number of employees	By number of sites	By number of employees
Japan	Number of certifications obtained	17	946	8	713	0	0	0	0	1	53
	Acquisition ratio (%)	43	71	20	54	0	0	0	0	3	4
Overseas	Number of certifications obtained	19	1,919	21	2,313	1	156	8	1,464	0	0
	Acquisition ratio (%)	28	57	31	69	1	5	12	44	0	0
Consolidated	Number of certifications obtained	36	2,865	29	3,026	1	156	8	1,464	1	53
	Acquisition ratio (%)	33	61	27	65	1	3	7	31	1	1

Status of sustainability-related certifications (As of April 1, 2025)

Certification	Details	Scope
Forest Stewardship Council (FSC®) certification	Certification of wood from sustainably managed forests	Information & Electronics Division III, Inabata & Co., Ltd.
		Housing Materials Department, Chemicals Division, Inabata & Co., Ltd.
		Plastics Division II, Inabata & Co., Ltd.
Programme for the Endorsement of Forest Certification (PEFC) certification	Forest certification system aimed at promoting sustainable forest management	Housing Materials Department, Chemicals Division, Inabata & Co., Ltd. Plastics Division II, Inabata & Co., Ltd.
Marine Stewardship Council (MSC) certification	Certification of sustainable fisheries that are properly managed with consideration for marine resources and the environment	Inabata & Co., Ltd. and Inabata Europe GmbH Ikkoen Co., Ltd.
Aquaculture Stewardship Council (ASC) certification	Certification of marine products produced through responsible aquaculture	Inabata & Co., Ltd. and Inabata Europe GmbH
International Sustainability & Carbon Certification (ISCC)	Certification system for managing and ensuring that biomass and recycled materials are sustainable by using a mass balance approach across the supply chain	Tokyo Head Office, Osaka Head Office, and Nagoya Office, Inabata & Co., Ltd.
		PT. Inabata Indonesia
		Inabata Malaysia Sdn. Bhd.
		Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd.
Green Gold Label (GGL) certification	Certification ensuring the sustainability of biomass fuel and its traceability	Inabata & Co., Ltd.

Note: All are Chain of Custody (CoC) certified

ESG-related index inclusion status (As of August 2025)

- FTSE Blossom Japan Index★
- FTSE Blossom Japan Sector Relative Index★
- MSCI Japan Empowering Women Index (WIN)★*
- S&P/JPX Carbon Efficient Index★
- Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)★
- SOMPO Sustainability Index
- JPX-Nikkei Index Human Capital 100



★ ESG index selected by the Government Pension Investment Fund (GPIF)

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Summary of 11 years

		(Millions of yen)										
		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Business Performance	Net sales	572,114	577,037	586,630	621,137	634,740	600,312	577,583	680,962	735,620	766,022	837,838
	Gross profit	39,040	41,064	42,740	44,854	47,257	46,259	46,040	57,370	62,874	69,288	78,923
	Selling, general and administrative expenses	28,266	29,692	30,123	38,891	33,226	33,029	31,066	37,317	42,560	48,097	53,098
	Operating profit	10,774	11,371	12,616	5,962	14,031	13,229	14,973	20,052	20,314	21,190	25,824
	Ordinary profit	13,217	12,257	13,672	6,374	14,309	14,211	16,514	21,648	19,110	21,393	26,134
	Profit attributable to owners of parent	8,630	9,510	9,687	6,744	12,896	11,415	13,792	22,351	19,478	20,000	19,833
	Exchange rate USD/yen	109.76	120.15	108.34	110.85	110.92	108.70	106.10	112.39	135.50	144.59	152.62
Financial Position	Total assets	326,862	305,436	340,147	352,741	366,514	322,848	353,228	389,059	380,443	427,320	441,972
	Interest-bearing debt	78,814	68,377	71,075	71,993	57,277	52,848	41,206	64,538	64,769	62,835	73,633
	Equity capital	127,671	126,038	146,258	141,403	162,973	145,924	173,804	174,918	179,461	200,166	208,155
Cash Flows	Cash flows from operating activities	8,354	11,866	1,840	5,960	12,510	10,690	17,613	(11,448)	9,915	30,187	19,903
	Cash flows from investing activities	(3,044)	(161)	4,504	5,086	743	(525)	(423)	5,446	8,278	(2,386)	(9,498)
	Cash flows from financing activities	(8,193)	(11,129)	(481)	(4,901)	(19,546)	(7,273)	(17,582)	5,999	(17,568)	(13,981)	(805)
	Cash and cash equivalents	17,394	17,088	22,935	29,235	23,011	25,480	25,983	28,251	29,790	46,301	55,357
Reference	(Amount of capital investment)	2,666	3,067	2,431	2,500	3,441	3,707	3,175	2,799	3,803	4,460	6,154
	(Depreciation)	2,150	2,270	2,066	2,335	2,413	2,976	2,874	3,160	3,532	3,743	4,219
Sales by Segment	Information & Electronics* ¹	209,369	211,659	221,023	214,963	217,904	218,690	224,534	247,713	238,003	239,114	264,056
	Chemicals* ²	52,845	48,198	48,047	51,580	77,522	74,181	66,626	78,644	89,820	112,657	118,298
	Life Industry	34,660	41,022	40,434	42,392	39,046	36,919	37,361	38,203	43,662	53,597	53,759
	Plastics	250,427	251,163	251,885	286,900	300,094	270,345	248,888	316,226	363,955	360,471	401,541
	(Housing & Eco Materials)* ²	24,257	24,817	25,064	25,137	—	—	—	—	—	—	—
	Others	553	176	175	162	172	175	172	174	178	181	181
	Total	572,114	577,037	586,630	621,137	634,740	600,312	577,583	680,962	735,620	766,022	837,838
Operating Profit (Loss) by Segment	Information & Electronics* ¹	4,489	3,833	3,992	(2,045)	4,819	4,482	6,327	6,422	5,269	6,904	8,477
	Chemicals* ²	1,072	1,011	1,003	259	1,424	1,208	1,320	2,207	2,770	2,788	2,948
	Life Industry	1,037	1,524	1,820	1,920	1,310	1,166	1,563	2,618	1,936	1,480	1,175
	Plastics	3,730	4,434	5,396	5,541	6,341	6,235	5,631	8,677	10,205	9,879	13,086
	(Housing & Eco Materials)* ²	285	421	260	157	—	—	—	—	—	—	—
	Others	158	146	142	129	136	135	130	127	131	137	136
	Total	10,774	11,371	12,616	5,962	14,031	13,229	14,973	20,052	20,314	21,190	25,824
	Overseas sales ratio (%)	51	53	53	53	54	53	53	59	60	55	55
	Overseas operating profit ratio (%)	46	45	46	—	54	54	54	60	67	59	62
	Number of employees on a consolidated basis (people)	3,454	3,509	3,827	4,098	4,184	4,282	4,203	4,207	4,316	4,631	4,677
Management Indicators	Operating profit ratio (%)	1.9	2.0	2.2	1.0	2.2	2.2	2.6	2.9	2.8	2.8	3.1
	Net D/E ratio (times)* ³	0.43	0.37	0.30	0.28	0.19	0.16	0.06	0.17	0.16	0.06	0.07
	Equity ratio (%)	39.1	41.3	43.0	40.1	44.5	45.2	49.2	45.0	47.2	46.8	47.1
	ROE (%)* ⁴	7.1	7.5	7.1	4.7	8.5	7.4	8.6	12.8	11.0	10.5	9.7
	ROA (%) * ⁵	2.7	3.0	3.0	1.9	3.6	3.3	4.1	6.0	5.1	5.0	4.6
	Share price at the end of the fiscal year (yen)	1,198	1,116	1,357	1,616	1,505	1,180	1,658	2,063	2,687	3,175	3,170
	Total market value (including treasury shares) (billion yen)* ⁶	76.0	70.8	86.1	102.6	95.5	74.9	105.2	125.4	153.4	177.5	173.4
	P/E ratio (times)* ⁷	8.7	7.3	8.7	14.7	7.1	6.2	7.2	5.5	7.8	8.8	8.7
	P/B ratio (times)* ⁸	0.59	0.55	0.57	0.70	0.56	0.49	0.57	0.67	0.84	0.88	0.83
	Number of shares issued and outstanding at the end of the fiscal year (including treasury shares) (shares)* ⁹	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	60,799,227	57,114,127	55,914,127	54,714,127
Information per Share	Number of treasury shares at the end of the period (shares)* ¹⁰	801,996	1,402,268	2,002,305	2,402,417	3,002,502	3,302,640	3,302,651	3,682,139	1,284,045	680,789	330,404
	EPS (yen)	137.20	151.91	156.25	109.92	211.36	188.82	229.13	374.23	343.31	362.17	363.90
	BPS (yen)	2,036.31	2,029.70	2,378.31	2,314.42	2,693.92	2,424.13	2,887.29	3,062.46	3,214.42	3,624.01	3,827.53
	Annual dividend (yen)	33	36	40	40	48	53	63	110	115	120	125
	Dividend payout ratio (%)	24.1	23.7	25.6	36.4	22.7	28.1	27.5	29.4	33.5	33.1	34.4
	Total return ratio (%)* ¹¹	31.1	31.1	34.8	46.5	30.0	31.9	27.6	62.2	47.1	44.7	55.0

Notes: 1. From FY2018, the Partial Amendments to Accounting Standard for Tax Effect Accounting was applied. This has been applied retroactively to the figures for FY2017.
2. We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., from FY2021.
*1 From FY2016, the business of designing, manufacturing, installation, and sales of cranes, which was part of the Others segment, has been included in the Information & Electronics segment. The performance figures for FY2015 are based on the revised categories.
*2 In FY2019, the Housing & Eco Materials segment was integrated into the Chemicals segment. The performance figures for FY2018 are based on the revised categories.
*3 Net D/E ratio = (Interest-bearing debt – Cash and deposits) ÷ Equity capital

*4 ROE (%) = (Net profit ÷ Average equity capital at the beginning and end of the FY) × 100
*5 ROA (%) = (Net profit ÷ Average total assets at the beginning and end of the FY) × 100
*6 Total market value (including treasury shares) = Share price at the end of the FY × Number of shares issued and outstanding at the end of the FY (including treasury shares)
*7 P/E ratio is calculated by dividing share price at the end of the FY (TSE closing price) by net profit per share.
*8 P/B ratio is calculated by dividing share price at the end of the FY (TSE closing price) by net assets per share.
*9 Cancellation of treasury shares: 1,660,000 shares in FY2014, 2,700,000 shares in FY2021, 3,685,100 shares in FY2022, and 1,200,000 shares in both FY2023 and FY2024. Additionally, we retired 1,000,000 shares on July 31, 2025, bringing the total number of issued shares to 53,714,127 as of July 31, 2025.
*10 The number of treasury shares at the end of the FY includes shares owned by the BBT introduced in FY2018 and consolidated subsidiaries in addition to shares owned by Inabata.
*11 Total return ratio has become the shareholder return index from FY2014. Total return ratio = [(Dividend + Treasury shares acquired) ÷ Consolidated net profit] × 100

Consolidated Balance Sheet

(Millions of yen)		
	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
Assets		
Current assets		
Cash and deposits	51,310	59,839
Notes receivable–trade	7,792	7,506
Electronically recorded monetary claims–operating	23,406	22,184
Accounts receivable–trade	175,264	173,813
Merchandise and finished goods	78,286	79,782
Work in process	1,938	1,517
Raw materials and supplies	4,843	5,431
Others	11,639	10,356
Allowance for doubtful accounts	(475)	(454)
Total current assets	354,006	359,977
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,439	18,658
Accumulated depreciation	(12,417)	(12,951)
Buildings and structures, net	6,022	5,707
Machinery, equipment and vehicles	22,887	24,277
Accumulated depreciation	(17,847)	(19,342)
Machinery, equipment and vehicles, net	5,040	4,935
Land	4,134	3,985
Construction in progress	291	1,991
Others	8,666	8,390
Accumulated depreciation	(5,529)	(5,297)
Other, net	3,136	3,093
Total property, plant and equipment	18,625	19,713
Intangible assets	3,855	9,325
Investments and other assets		
Investment securities	34,872	36,230
Long-term loans receivable	2,262	2,314
Retirement benefit asset	9,346	10,502
Deferred tax assets	1,313	1,442
Others	9,169	8,626
Allowance for doubtful accounts	(6,131)	(6,161)
Total investments and other assets	50,833	52,955
Total non-current assets	73,314	81,994
Total assets	427,320	441,972

(Millions of yen)		
	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	127,702	121,191
Short-term borrowings	42,946	28,338
Income taxes payable	2,498	3,374
Accrued expenses	1,911	1,830
Provision for bonuses	1,863	1,997
Others	12,315	11,735
Total current liabilities	189,238	168,469
Non-current liabilities		
Bonds payable	7,500	25,000
Long-term loans borrowings	12,389	20,294
Deferred tax liabilities	5,952	6,380
Provision for retirement benefits for directors (and other officers)	42	33
Provision for share-based remuneration for directors (and other officers)	262	262
Retirement benefit liability	2,343	2,134
Others	2,836	2,841
Total non-current liabilities	31,327	56,947
Total liabilities	220,565	225,416
Net assets		
Shareholders’ equity		
Share capital	9,364	9,364
Capital surplus	7,177	7,230
Retained earnings	144,689	153,617
Treasury shares	(904)	(785)
Total shareholders’ equity	160,327	169,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,289	9,417
Deferred gains or losses on hedges	595	310
Foreign currency translation adjustment	28,541	28,148
Remeasurements of defined benefit plans	412	850
Total accumulated other comprehensive income	39,838	38,727
Non-controlling interests	6,588	8,400
Total net assets	206,754	216,555
Total liabilities and net assets	427,320	441,972

Consolidated Statement of Income

(Millions of yen)		
	FY2023 (April 1, 2023–March 31, 2024)	FY2024 (April 1, 2024–March 31, 2025)
Net sales	766,022	837,838
Cost of sales	696,734	758,915
Gross profit	69,288	78,923
Selling, general and administrative expenses	48,097	53,098
Operating profit	21,190	25,824
Non-operating income		
Interest income	425	855
Dividend income	1,073	1,051
Share of profit of entities accounted for using equity method	311	313
Miscellaneous income	1,232	1,117
Total non-operating income	3,042	3,339
Non-operating expenses		
Interest expenses	1,873	1,485
Foreign exchange losses	204	811
Provision of allowance for doubtful accounts	101	96
Miscellaneous losses	660	636
Total non-operating expenses	2,839	3,029
Ordinary profit	21,393	26,134
Extraordinary income		
Gain on sale of non-current assets	285	512
Gain on sale of investment securities	3,765	3,615
Gain on bargain purchase	3,419	—
Total extraordinary income	7,470	4,127
Extraordinary losses		
Loss on retirement of non-current assets	543	170
Loss on valuation of investmt securities	69	646
Loss on step acquisitions	225	—
Contribution for joint development cost	—	325
Total extraordinary losses	838	1,142
Profit before income taxes	28,025	29,119
Income taxes – current	6,883	7,558
Income taxes – deferred	450	615
Total income taxes	7,333	8,173
Profit	20,692	20,945
Profit attributable to non-controlling interests	691	1,111
Profit attributable to owners of parent	20,000	19,833

Consolidated Statement of Comprehensive Income

(Millions of yen)		
	FY2023 (April 1, 2023–March 31, 2024)	FY2024 (April 1, 2024–March 31, 2025)
Profit	20,692	20,945
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,164)	(941)
Deferred gains or losses on hedges	195	(301)
Foreign currency translation adjustment	11,313	(519)
Remeasurements of defined benefit plans, net of tax	(103)	438
Share of other comprehensive income of entities accounted for using equity method	88	134
Total other comprehensive income	9,329	(1,189)
Comprehensive income	30,021	19,756
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,924	18,722
Comprehensive income attributable to non-controlling interests	1,097	1,033

Consolidated Statement of Changes in Equity

(Millions of yen)							
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	9,364	6,718	134,684	(2,220)	148,546		
Changes during period							
Dividends of surplus			(6,658)		(6,658)		
Profit attributable to owners of parent			20,000		20,000		
Purchase of treasury shares				(2,230)	(2,230)		
Cancellation of treasury shares			(3,337)	3,337	—		
Disposal of treasury shares		584		304	889		
Treasury stock transfer of stock ownership trust					—		
Purchase of shares of consolidated subsidiaries		(124)			(124)		
Change in scope of consolidation				(283)	(283)		
Change in scope of equity method				188	188		
Net changes in items other than shareholders' equity							
Total changes during period	—	459	10,005	1,315	11,780		
Balance at end of period	9,364	7,177	144,689	(904)	160,327		

Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	12,805	395	17,187	526	30,914	2,046	181,507
Changes during period							
Dividends of surplus							(6,658)
Profit attributable to owners of parent							20,000
Purchase of treasury shares							(2,230)
Cancellation of treasury shares							—
Disposal of treasury shares							889
Treasury stock transfer of stock ownership trust							—
Purchase of shares of consolidated subsidiaries							(124)
Change in scope of consolidation							(283)
Change in scope of equity method							188
Net changes in items other than shareholders' equity	(2,515)	200	11,354	(114)	8,924	4,542	13,467
Total changes during period	(2,515)	200	11,354	(114)	8,924	4,542	25,247
Balance at end of period	10,289	595	28,541	412	39,838	6,588	206,754

FY2024 (April 1, 2024–March 31, 2025)

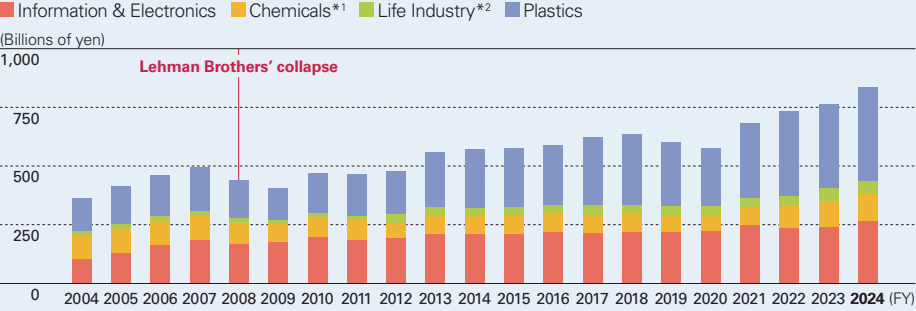
(Millions of yen)							
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	9,364	7,177	144,689	(904)	160,327		
Changes during period							
Dividends of surplus			(6,876)		(6,876)		
Profit attributable to owners of parent			19,833		19,833		
Purchase of treasury shares				(4,079)	(4,079)		
Cancellation of treasury shares			(2)	4,031	—		
Disposal of treasury shares		655		142	797		
Treasury stock transfer of stock ownership trust				25	25		
Purchase of shares of consolidated subsidiaries		(600)			(600)		
Change in scope of consolidation					—		
Change in scope of equity method					—		
Net changes in items other than shareholders' equity							
Total changes during period	—	52	8,928	119	9,100		
Balance at end of period	9,364	7,230	153,617	(785)	169,427		

Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	10,289	595	28,541	412	39,838	6,588	206,754
Changes during period							
Dividends of surplus							(6,876)
Profit attributable to owners of parent							19,833
Purchase of treasury shares							(4,079)
Cancellation of treasury shares							—
Disposal of treasury shares							797
Treasury stock transfer of stock ownership trust							25
Purchase of shares of consolidated subsidiaries							(600)
Change in scope of consolidation							—
Change in scope of equity method							—
Net changes in items other than shareholders' equity	(871)	(284)	(393)	438	(1,111)	1,811	699
Total changes during period	(871)	(284)	(393)	438	(1,111)	1,811	9,800
Balance at end of period	9,417	310	28,148	850	38,727	8,400	216,555

Consolidated Statement of Cash Flows

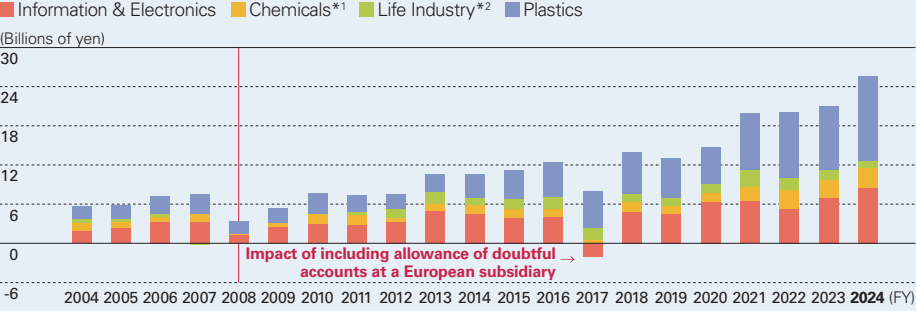
	(Millions of yen)	
	FY2023 (April 1, 2023–March 31, 2024)	FY2024 (April 1, 2024–March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	28,025	29,119
Depreciation	3,743	4,219
Amortization of goodwill	1	244
Increase (decrease) in allowance for doubtful accounts	(139)	46
Increase (decrease) in retirement benefit liability	278	105
Decrease (increase) in retirement benefit asset	(1,197)	(804)
Interest and dividend income	(1,498)	(1,907)
Interest expenses	1,873	1,485
Share of loss (profit) of entities accounted for using equity method	(311)	(313)
Gain on sale of non-current assets	(285)	(512)
Loss on retirement of non-current assets	42	170
Loss (gain) on valuation of investment securities	69	646
Loss (gain) on sale of investment securities	(3,765)	(3,615)
Gain on bargain purchase	(3,419)	—
Loss (gain) on step acquisitions	225	—
Decrease (increase) in trade receivables	(3,861)	3,095
Decrease (increase) in inventories	13,608	(93)
Decrease (increase) in other current assets	331	1,879
Decrease (increase) in other non-current assets	8	258
Increase (decrease) in trade payables	4,184	(6,552)
Increase (decrease) in other current liabilities	1,374	(670)
Other, net	(279)	(44)
Subtotal	39,009	26,758
Interest and dividends received	1,611	2,022
Interest paid	(1,886)	(1,479)
Income taxes paid	(8,546)	(7,398)
Net cash provided by (used in) operating activities	30,187	19,903
Cash flows from investing activities		
Payments into time deposits	(4,829)	(4,565)
Proceeds from withdrawal of time deposits	6,909	4,955
Purchase of property, plant and equipment	(2,595)	(3,782)
Proceeds from sale of property, plant and equipment	301	759
Purchase of intangible assets	(1,864)	(2,372)
Purchase of investment securities	(2,808)	(2,349)
Proceeds from sale of investment securities	4,213	4,024
Purchase of shares of subsidiaries	(548)	(1,434)
Decrease (increase) in short-term loans receivable	50	(187)
Long-term loan advances	(1,052)	(770)
Proceeds from collection of long-term loans receivable	781	671
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(852)	(4,422)
Other, net	(90)	(23)
Net cash provided by (used in) investing activities	(2,386)	(9,498)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13,978)	(13,058)
Proceeds from long-term borrowings	7,099	8,988
Repayments of long-term borrowings	(2,558)	(2,368)
Proceeds from issuance of bonds	—	17,385
Proceeds from share issuance to non-controlling shareholders	1,000	—
Purchase of treasury shares	(2,245)	(4,149)
Decrease (increase) in money held in trust for acquisition of treasury shares	2,837	—
Proceeds from sale of shares of parent held by subsidiaries	1,453	1,524
Dividends paid	(6,658)	(6,876)
Dividends paid to non-controlling interests	(19)	(100)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(124)	(1,300)
Other, net	(786)	(850)
Net cash provided by (used in) financing activities	(13,981)	(805)
Effect of exchange rate change on cash and cash equivalents	2,691	(543)
Net increase (decrease) in cash and cash equivalents	16,511	9,055
Cash and cash equivalents at beginning of period	29,790	46,301
Cash and cash equivalents at end of period	46,301	55,357

Sales by business segment



We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., from FY2021.

Operating profit (loss) by business segment



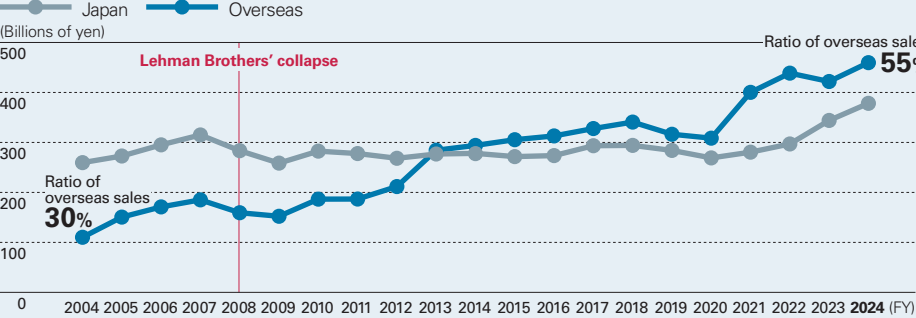
*1 In FY2019, the Housing & Eco Materials segment was integrated into the Chemicals segment.

The performance figures prior to FY2019 are also based on the revised categories.

*2 In FY2012, the Life Industry segment was established by integrating the life sciences-related elements of the Chemicals segment and the Food segment.

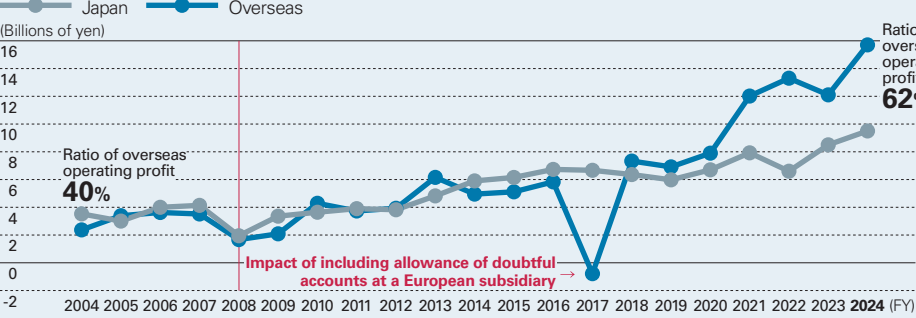
The performance figures for the Food segment prior to FY2012 are presented as the Life Industry segment.

Sales by domestic or overseas market



We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., from FY2021.

Operating profit (loss) by domestic or overseas market



The Chemicals segment has a long history and is performing steadily based on its strong foundation of business partners. The Plastics segment has expanded its business since the rapid economic growth in the 1950s, ranging from home appliances to OA and automobiles. The Information & Electronics segment grew significantly along with the rapid growth of the LCD market from 2000 onward.

The Life Industry segment has been operating in the fields of food and advanced medicine in recent years and is expected to grow in the future.

Inabata established its first postwar overseas subsidiary in 1976 and has been rapidly intensifying its global business in alignment with production transfer by Japanese companies to locations outside Japan. Over the 48 years since, its overseas business has expanded, and the proportion of overseas sales has grown from 30% in FY2004 to 55% in FY2024.

Consolidated subsidiaries

● Trading company ▲ Manufacturing & processing base

Company name	Countries and regions		Business
Japan			
▲ I & P Co., Ltd.	Japan	Osaki, Miyagi	Molding and processing of synthetic resins
▲ Ikkoen Co., Ltd.	Japan	Sakai, Osaka	Processing and sale of marine products
● Inabata Fine Tech & Co., Ltd.	Japan	Osaka	Sale of chemicals, food
▲ NIC Co., Ltd.	Japan	Tokyo	Processing and sale of plastic film products
● Ordiy Co., Ltd.	Japan	Osaka	Processing of plastic film products and packaging materials; design and marketing of supplementary equipment and systems
▲ Kansai Kobunshi Co., Ltd.	Japan	Yamato-Koriyama, Nara	Manufacturing of plastic films
● Satoen Co., Ltd.	Japan	Shizuoka	Sale of tea and food
▲ Daigo Tsusho Co., Ltd.	Japan	Shizuoka	Sale of materials and machinery for food packaging, manufacturing and sale of processed agricultural and marine products
▲ Taiyo Plastics Co., Ltd.	Japan	Hasuda, Saitama	Manufacturing of plastic films
▲ Novacel Co., Ltd.	Japan	Tokyo	Research, development, production, and sale of resin compounds
● Maruishi Chemical Trading Co., Ltd.	Japan	Osaka	Sale of chemicals
● Maruishi Techno Co., Ltd.	Japan	Nagoya, Aichi	Sale of water treatment chemicals for air conditioning systems, maintenance of air conditioning equipment, sale of various paints
▲ Marukabu Sato Seicha Co., Ltd.	Japan	Shizuoka	Manufacture and sale of tea
Southeast Asia / India			
● Inabata India Private Ltd.	India	Gurugram (Delhi suburb)	Import & export and sale of synthetic resins, electronic materials, and chemicals
▲ PT. IK Precision Indonesia	Indonesia	Bekasi (Jakarta suburb)	Molding and processing of synthetic resins
▲ PT. Inabata Creation Indonesia	Indonesia	Bekasi (Jakarta suburb)	Processing of grip tapes for tennis rackets
● PT. Inabata Indonesia	Indonesia	Jakarta	Import & export and sale of synthetic resins and chemicals
▲ PT. S-IK Indonesia	Indonesia	Bekasi (Jakarta suburb)	Compounding of resins
● Inabata Malaysia Sdn. Bhd.	Malaysia	Kuala Lumpur	Import & export and sale of synthetic resins
▲ SIK Color (M) Sdn. Bhd.	Malaysia	Johor	Compounding of resins
▲ IK Plastic Compound Phils. Inc.	Philippines	Binan (Manila suburb)	Compounding of resins
● Inabata Philippines, Inc.	Philippines	Binan (Manila suburb)	Sale of synthetic resins
● Inabata Singapore (Pte.) Ltd.	Singapore	Singapore	Import & export and sale of synthetic resins, electronic materials, and chemicals
▲ Novacel Singapore (Pte.) Ltd.	Singapore	Singapore	Research, development, production, and sale of resin compounds
▲ Apple Film Co., Ltd.	Thailand	Samut Prakan (Bangkok suburb)	Manufacturing of plastic films
▲ Hi-Tech Rubber Products Co., Ltd.	Thailand	Ayutthaya	Molding and processing of rubber products
● IKT Consulting Co., Ltd.	Thailand	Bangkok	Sale of machinery and provision of various services
● Inabata Thai Co., Ltd.	Thailand	Bangkok	Import & export and sale of synthetic resins, chemicals, food, and machinery
● Maruishi Chemical (Thailand) Co., Ltd.	Thailand	Bangkok	Sale of chemicals
▲ Novacel (Thailand) Co., Ltd.	Thailand	Bangkok	Research, development, production, and sale of resin compounds
▲ SIK (Thailand) Ltd.	Thailand	Samut Prakan (Bangkok suburb)	Compounding of resins
▲ Apple Film Da Nang Co., Ltd.	Vietnam	Da Nang	Manufacturing of plastic films
● Inabata Vietnam Co., Ltd.	Vietnam	Hanoi	Import & export and sale of synthetic resins, electronic materials, and chemicals
▲ SIK Vietnam Co., Ltd.	Vietnam	Haiphong	Compounding of resins
Northeast Asia			
●▲ Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd.	China	Dalian	Compounding of resins; import & export and sale of synthetic resins and chemicals

Company name	Countries and regions		Business
● Inabata Sangyo (H.K.) Ltd.	China	Hong Kong	Import & export and sale of synthetic resins, machinery, electronic materials, and chemicals
▲ Novacel (Hong Kong) Ltd.	China	Hong Kong	Research, development, production, and sale of resin compounds
● Guangzhou Inabata Trading Co., Ltd.	China	Guangzhou	Import & export and sale of synthetic resins, machinery, electronic materials, and chemicals
● Shanghai Inabata Trading Co., Ltd.	China	Shanghai	Import & export and sale of synthetic resins and chemicals
▲ Shanghai Inabata Fine Chemical Co., Ltd.	China	Shanghai	Processing of coating materials
● Inabata Korea & Co., Ltd.	South Korea	Seoul	Import & export and sale of electronic materials
● Taiwan Inabata Sangyo Co., Ltd.	Taiwan	Hsinchu	Import & export and sale of electronic materials, semiconductor-related equipment, and chemicals
The Americas			
▲ IK Plastic Compound Mexico, S.A. de C.V.	Mexico	Silao	Compounding of resins
● Inabata Mexico, S.A. de C.V.	Mexico	Queretaro	Sale of synthetic resins
▲ NH Inabata, S. de R.L. de C.V.	Mexico	Queretaro	Design and production, installation, and distribution of overhead traveling cranes
● DNI Group LLC	United States	Novato (California)	Import & export and sale of food
● Inabata America Corp.	United States	New York	Import & export and sale of electronic materials, chemicals, and synthetic resins
Europe			
● Inabata France S.A.S.	France	Issy-les-Moulineaux (Paris suburb)	Import & export and sale of chemicals
▲ Pharmasynthese S.A.S.	France	Normandy	Manufacturing of pharmaceuticals, materials for cosmetics, and fine chemicals
● Inabata Europe GmbH	Germany	Dusseldorf	Import & export and sale of electronic materials, chemicals, and synthetic resins

Equity-method affiliates

Company name	Countries and regions		Business
▲ Ulvac Coating Corp.	Japan	Chichibu, Saitama	Manufacturing of electronics and optical industrial materials
● Clean Assist Co., Ltd.	Japan	Tokyo	Sale of plastic films and plastic sundries

Other affiliates

Company name	Countries and regions		Business
Japan			
▲ Aikei Farms Shakotan Co., Ltd.	Japan	Shakotan, Hokkaido	Production and sale of agricultural products
▲ Aikei Farms Yoichi Co., Ltd.	Japan	Yoichi, Hokkaido	Production and sale of agricultural products
▲ Inabata Optech Co., Ltd.	Japan	Kawasaki, Kanagawa	Research and development of encapsulants for optical semiconductor devices
Southeast Asia			
▲ Clover Plastics (Thailand) Co., Ltd.	Thailand	Chonburi	Manufacturing and sale of recycled plastic
The Americas			
● Inabata Brazil Import and Export Ltd.	Brazil	Sao Paulo	Sale of chemicals and synthetic resins
Australia			
● Inabata Australia Pty. Ltd.	Australia	Brisbane	Export of roughage, etc., import and sale of resin products, etc.

Corporate Information (As of July 1, 2025)

Company name	Inabata & Co., Ltd.
Founded	October 1, 1890
Incorporated	June 10, 1918
Paid-in capital	9,364 million yen
Domestic offices	Osaka Head Office, Tokyo Head Office, Nagoya Office, Iwate Office, Shiojiri Office, Shizuoka Office, Hamamatsu Office, Kyushu Office (Kirishima)
Overseas offices	Approximately 70 locations in 19 countries including Singapore, Bangkok, Jakarta, Shanghai, Hong Kong, Taipei, Los Angeles, New York, and Dusseldorf
Number of employees	Non-consolidated: 780 (including employees seconded to Group companies) Consolidated: 4,677 (As of March 31, 2025)
Independent auditors	KPMG AZSA LLC
Securities code	Tokyo Stock Exchange Prime Market 8098

Website
www.inabata.co.jp/english/

Investor Relations

We are proactive in holding dialogue with shareholders and investors, as we believe it contributes to our sustainable growth and improves corporate value in the medium and long term.

- (1) IR system
- The president serves as the responsible person, and the director in charge of IR has also been appointed. Dialogue with shareholders and investors is conducted by the president, the director in charge of IR, and the IR Department.
 - In cooperation with related sections within the Company, the IR Department collects and analyzes various management information. The information is communicated internally and externally, timely and appropriately.
- (2) IR activities
- Inabata handles meetings with investors positively and reasonably. We also respond to requests for independent directors within a reasonable scope.
 - Inabata holds a briefing on financial results twice a year to explain the progress of the medium-term management plan and provide an overview of financial results.
 - Inabata sets occasions for dialogue with individual shareholders and investors through participation in IR events, etc.
 - Inabata actively works to provide information through its website, integrated report, shareholder news, and notices of General Meeting of Shareholders.
- (3) Feedback
- The director in charge of IR presents a report to the Board of Directors regarding shareholder opinions and concerns obtained through dialogue with shareholders.

IR activities in FY2024	
Activity	Implemented
Financial results briefings	2 times
Individual meetings with institutional investors, analysts, etc. (including overseas)	66 times
Briefings for individual investors (participation in IR fair)	1 time



External Evaluation

Inclusion in indices (As of August 2025)

- JPX-Nikkei Index 400

2023–2025

Note: For ESG-related index inclusion, please refer to page 120.

Other awards

We were selected for the AAA Website rating in the 2024 All Japanese Listed Companies' Website Ranking announced by Nikko Investor Relations Co., Ltd. We also received the Excellence Award in the Daiwa Internet IR Awards 2024 published by Daiwa Investor Relations Co., Ltd. In addition, we were recognized with the Best Company Award (Silver Award) in the Gomez IR Site Ranking 2024 and the Excellent Company Award in the Gomez ESG Site Ranking 2024, both announced by BroadBand Security, Inc.

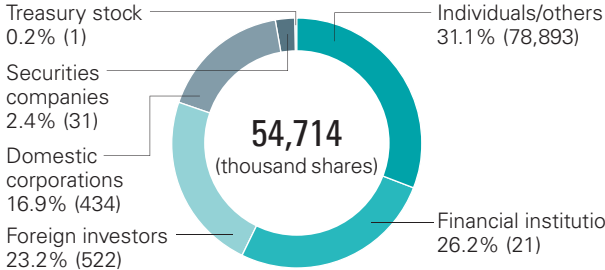


Stock Information (As of March 31, 2025)

Stock information

Total number of authorized shares 200,000,000
Number of shares issued and outstanding 54,714,127
Number of shareholders 79,902
We retired 1,000,000 shares on July 31, 2025, bringing the total number of issued shares to 53,714,127 as of July 31, 2025.

Status of stock allocation by owners

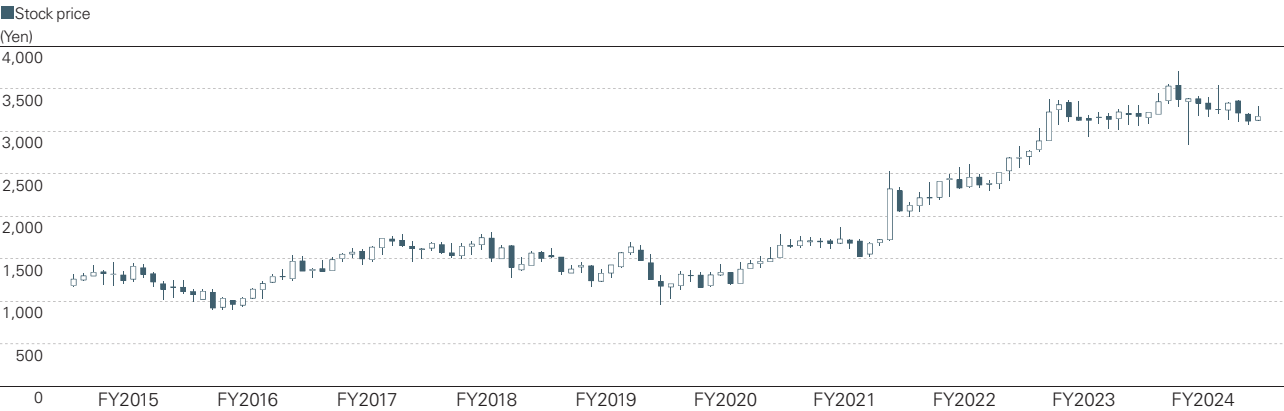


Principal shareholders (top 10)

Name of shareholder	Number of shares held (in thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,172	14.96
Sumitomo Chemical Co., Ltd.	5,591	10.23
Custody Bank of Japan, Ltd. (trust account)	3,220	5.89
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	819	1.50
Mizuho Bank, Ltd.	744	1.36
STATE STREET BANK AND TRUST COMPANY 505001	708	1.30
Inabata Employee Shareholding Association	663	1.21
JP MORGAN CHASE BANK 385781	628	1.15
RE FUND 107-CLIENT AC	619	1.13
Sumitomo Life Insurance Company	611	1.12

Note: Inabata & Co., Ltd. owns 75,904 shares of treasury stock, which are not included in the shareholding ratio calculation. However, 254,500 shares of Inabata & Co., Ltd. held by Custody Bank of Japan, Ltd. (trust account E) as trust assets under the Board Benefit Trust (BBT) system are excluded from the treasury shares and, therefore, included in the shareholding ratio calculation.

Stock price



Rating agency (Announced on August 21, 2025)

Credit rating	Issuer rating
Rating and Investment Information, Inc. (R&I)	A (stable)