

Implementation Status of Dialogue with Shareholders in FY2025

At Inabata & Co., Ltd., we actively engage in dialogue with shareholders and investors, with the aim of promoting sustainable growth and enhancing our corporate value over the medium to long term. The following is a report on the implementation of our dialogue with shareholders and investors in FY2025.

1. Structure for Promoting Investor Relations (IR)

- The President assumes ultimate responsibility for investor relations (IR), and an officer in charge of IR has been appointed. Dialogue with shareholders and investors is conducted by the President, the IR Officer, and the dedicated IR Department.
- Our dedicated IR Department works in collaboration with related departments to gather and analyze various business data. This ensures the timely and accurate distribution of information within the company and to the public.

2. Summary of IR Activities

- We actively accommodate meetings with investors to the extent reasonable and similarly respond to requests for meetings with independent directors where feasible.
- We organize biannual financial result briefings where we explain the progress of our Mid-term Management Plan and present an overview of our financial results.
- We foster opportunities for dialogue with individual shareholders and investors by participating in IR events for individual investors and through other activities.
- We actively disseminate information through various mediums such as our website, integrated reports, shareholder newsletters, and shareholder meeting notices.

[Record of IR Activities for FY2025]

Activities	Frequency
Financial results briefings	2 times
One-on-one meetings with institutional investors & analysts (including foreign investors and analysts)	62 times
Briefing session for individual investors (participation in IR fair)	1 time
Participation as a panelist in a panel discussion for investors, including overseas investors	1 time

3. Feedback to the Board of Directors

Our Board regulations require that shareholder opinions and concerns gathered through our dialogue with shareholders be incorporated into the IR Officer's activity report at least once a year. In practice, we regularly provide feedback regarding meetings with investors to the Board of Directors approximately three times a year. In FY2025, we reported on IR-related matters, including providing feedback on specific opinions and requests from investors, at the Board of Directors meetings held in July and August 2025, and January 2026.

4. Main Topics of Discussion

1) Growth investment

Participants: Domestic and foreign institutional investors (active fund managers)

Q: The main theme of the current Mid-term Management Plan is “Accelerate growth through proactive investment.” Could you explain your policy and thinking on investment?

A: The objectives of our growth investments can be broadly divided into two categories.

The first is investment to strengthen “functions” such as manufacturing and processing that partially substitute for the functions of customers and manufacturers. We believe strengthening these functions will enable us to increase the added value of our businesses while differentiating ourselves from other trading companies, and will also improve business growth potential and profitability. The main target fields will be automotive-related businesses, environmental and energy-related businesses, and Life Industry segment businesses such as food.

The second is investment in fields with high market growth potential where we particularly intend to focus going forward. Specific examples include semiconductors and recycled resins. We aim to achieve growth at a scale and speed that would not be possible through organic investment alone.

In either case, we intend to focus on investments where we can fully expect synergies with our existing businesses and where we can improve ROE and profit margins in addition to expanding our earnings base.

Q: Is the goal of your growth investments, including M&A, to increase the share of manufacturing businesses and reduce the share of trading businesses?

A: Our basic approach to M&A is to acquire functions we do not currently have or enter fields where we do not yet have commercial rights. Recent M&A deals, including Novacel, Daigo Tsusho, and Satoen, were aimed at acquiring functions or products/materials that we did not previously handle, and as a result involved acquisitions of manufacturing businesses.

Functions other than trading tend to generate higher profit margins, but they also involve higher risk. When selecting investment targets, we will naturally remain focused on profit margins and make investment decisions with both prudence and boldness.

Q: As you pursue M&A and other growth investments more proactively, the number of companies joining the Group is likely to increase. What is your approach to the post-merger integration process and governance?

A: If the acquired business is, for example, a division of a large company, we believe the necessary changes may be relatively limited. However, many of the companies we target are smaller companies where governance systems are not yet fully developed.

Several years ago, we established a department specializing in M&A-related operations, which also serves as the coordinator for PMI. During the M&A review process, we examine the target company’s financial reporting and closing processes as well as its

governance and prepare a PMI plan. After execution, we work to bring the company up to the standard expected of one of our consolidated subsidiaries as quickly as possible.

The Board of Directors also regularly monitors PMI. Independent directors often raise points for discussion, and the Board frequently discusses whether governance has been fully implemented and whether the originally planned synergies are being realized.

Q: Investment decisions, including M&A, are an important factor in assessing the quality of corporate management. Investors make judgments based on past track records, so if the company can show the extent to which it has generated earnings and synergies from past M&A and investments, that would likely increase investors' conviction. What is your view?

A: We will consider disclosure that helps investors gain greater conviction in future earnings growth, including specific investment projects, their objectives, and their earnings contribution to date.

[Our views, understanding, and response]

Under the current Mid-term Management Plan, we have stepped up growth investments including M&A, and many investors asked for a more concrete picture of our policy and target fields. We also received many comments from investors seeking greater conviction that these investments will truly contribute to future growth.

Based on insights gained through this dialogue, we began providing a detailed explanation of "Investment Track Record and Earnings Contribution" from the second-quarter financial results briefing, including specific investment projects, their objectives, and their actual earnings contribution. We also disclosed the relevant materials.

We intend to continue growth investment going forward, and we also intend to continue explaining and updating the "Investment Track Record and Earnings Contribution."

"Investment Track Record and Earnings Contribution," p. 15

https://www.inabata.co.jp/archives/001/202511/financial_briefing_materials_1HFY2025_NC2026_eng_1.pdf

2) Medium- to Long-Term Growth Strategy

Participants: Domestic and foreign institutional investors (active fund managers)

Q: In your long-term vision "IK Vision 2030," you aim to achieve an overseas sales ratio of at least 70%. Which regions are you particularly focusing on overseas?

A: First, India and Mexico. India has high growth potential, partly because of its large working-age population. In our business, India had traditionally centered mainly on the Plastics business for automotive applications, but recently a range of new themes, including semiconductors, has emerged, and we have increased the number of expatriates assigned there. Business performance is also improving steadily, and we are seeing encouraging results.

Mexico is an especially important region for the automotive-related supply chain in North America. Uncertainty remains due to U.S. tariff policy, but as a trading company, we intend to respond agilely to changes in the environment and turn them into growth opportunities.

Q: In your long-term vision “IK Vision 2030,” you aim to have businesses other than your current mainstay Information & Electronics and Plastics segments account for at least one-third of the total business portfolio. We understand that you are developing the food-related business in the Life Industry segment as a new earnings pillar. Could you explain your growth strategy?

A: The food-related business accounts for approximately 60% of sales in the Life Industry segment. In Japan, we sell products such as fish fillets to conveyor-belt sushi chains and mass retailers, using our processing capabilities.

In the United States, we wholesale seafood products to Japanese restaurants. In the past several years, restaurant demand stagnated due to inflation and performance was sluggish. However, profitability is improving as we completed the disposal of temporarily excessive inventories and began expanding sales of new dessert products.

We see the food-related business as a growth field, particularly overseas, where Japanese food products are highly popular. We can add value from the product procurement stage, and profit margins are also high. From the perspective of the company’s overall business portfolio, the business environment differs substantially from that of other segments, so this business also contributes to earnings stability.

In FY2023, we made Daigo Tsusho, which processes and sells eel and related products, a consolidated subsidiary. In FY2025, we made Satoen, which engages in tea cultivation, manufacturing, and sales, a consolidated subsidiary. We will expand our product lineup, including through M&A, and expand overseas sales starting with products such as matcha, where we are seeing strong customer interest.

Q: In the Information & Electronics segment, flat panel display (FPD) related products account for about half of sales. Although FPD-related products continue to benefit from factors such as larger panel sizes and the shift to OLED, we believe the period of volume-driven growth has ended. What kind of business portfolio are you aiming for going forward?

A: FPD-related products accounted for an even higher share of sales in the past. As panel production shifted from Japanese manufacturers to South Korea and China, we strengthened relationships with local manufacturers and expanded transactions.

We are focusing on semiconductors as a future growth field. The semiconductor market is very large, the manufacturing process is complex, and many participants are active in the market. Within that market, we have a substantial business presence in Taiwan and many transactions with materials and electronic component manufacturers, giving us access to a wide range of information.

Rather than areas already served by specialized manufacturers or semiconductor trading companies, we want to expand primarily in niche areas and areas where we can leverage our unique characteristics.

Q: Could you explain the products you handle in semiconductors? Also, what is the current sales scale of the semiconductor-related business?

A: Semiconductor-related business accounts for approximately 15% of sales in the Information & Electronics business. Sales in the Information & Electronics business were ¥264.0 billion in FY2024.

We sell various materials used in semiconductor manufacturing and semiconductor manufacturing equipment. Main products include mask blanks, which are the master plates for photomasks; silicon wafers used in high-voltage power semiconductors; and encapsulating resins that protect semiconductor chips from impact.

Through sales of manufacturing equipment, we can quickly obtain information on materials for which usage is expected to increase. By leveraging our overseas bases in Taiwan, Europe, the United States, and elsewhere, we respond agilely to changes in demand from customers with factories in various countries.

Going forward, we will focus on increasing our presence, including through M&A and other initiatives to acquire technologies and commercial rights, and aim to expand sales globally.

[Our views, understanding, and response]

We received many questions that went one step deeper than in previous years regarding medium- to long-term growth strategies, including the “overseas ratio” and “business portfolio” targets set out in our long-term vision.

We also had many opportunities to answer questions regarding semiconductor-related business, an expanding market and a focus area for the Company.

We feel that we were able to deepen investors’ understanding by explaining, for example, why we are engaged in these businesses and where our competitive advantages lie, including the historical background.

“Long-term Vision ‘IK Vision 2030’ and Mid-term Management Plan ‘NC2026’ Companywide Growth Strategy,” pp. 35–36

https://www.inabata.co.jp/archives/001/202511/financial_briefing_materials_1HFY2025_NC2026_eng_1.pdf

3) Business Model, Inabata’s Strengths, and Related Topics

Participants: Domestic and foreign institutional investors (active fund managers)

Q: In the trading business, improving productivity per employee is important, and we are focusing on the measures you are taking to achieve this. What is your view?

A: To improve productivity and build a foundation for medium- to long-term growth, the key is “functions” that allow us to embed ourselves in important stages of the value chain. We believe it is important to add business functions that can partially substitute for the functions of customers and manufacturers, such as manufacturing, processing, and logistics, including through M&A and equity participation.

Q: Could you explain how your Plastics business, and particularly automotive resins, has expanded and driven your recent earnings growth?

A: Historically, we expanded overseas—mainly in Asia—by following the global expansion of Japanese home appliance and office equipment makers. We built out supply chains and addressed manufacturers’ needs as well as a range of logistical and operational challenges, which helped us grow our business. These overseas initiatives were well received, and leveraging our compounding capabilities—one of our core

strengths—we successfully expanded into Japanese automotive parts suppliers, steadily broadening our transactions both in Japan and abroad.

The automotive resins business began generating meaningful sales around 15 years ago and expanded steadily to ¥70.0 billion in FY2020 and reached over ¥130.0 billion in FY2023. By expanding transactions with non-Japanese customers and focusing on regions expected to generate high growth, such as India and Mexico, we aim to achieve sales of ¥200.0 billion around 2030.

** Compounding: A process in which additives such as colorants and flame retardants are blended into base resins to impart new properties tailored to specific applications. Inabata operates compound manufacturing and processing sites in seven countries, primarily in Asia, with a combined annual production capacity of approximately 200,000 tons.*

[Our views, understanding, and response]

In our dialogue with investors, we have often discussed the challenges unique to the trading company business model, including “how to differentiate ourselves” and “how to improve profit margins.”

On this point, by explaining our compounding capabilities, one of our strengths, and the automotive resins business as examples of successful business expansion achieved by increasing added value, we were able to help investors form a clearer picture of our strategy for differentiation and higher added value unique to Inabata.

“Inabata’s Strengths,” pp. 2–9

https://www.inabata.co.jp/archives/001/202511/financial_briefing_materials_1HFY2025_NC2026_eng_1.pdf

4) Our Share Price and Valuation

Participants: Domestic and foreign institutional investors (active fund managers and responsible investment managers)

Q: Your share price remains below a P/B ratio of 1x. Although ROE itself is not at a low level, we believe one factor is that ROE has been trending downward over the past several years. What is your view on maintaining and improving ROE going forward?

A: As set out in our Mid-term Management Plan, we want to maintain ROE of at least 10%.

In FY2021, when ROE was at its highest level, gains on sales of strategic shareholdings significantly boosted net income. However, in recent years, sales gains have declined along with the reduction of strategic shareholdings themselves. We believe that unless we raise the level of profit from our core businesses, we will not be able to maintain ROE of at least 10%.

In addition to organic growth, we intend to increase the added value of our businesses by strengthening manufacturing and processing functions through M&A and other means. In trading as well, we will thoroughly focus on profit margins.

Q: (Question from the company to investors) Regarding our share price, we feel there are challenges unique to the trading company business model and challenges related to being a small-cap stock. We would appreciate your views and advice as investors on these points.

A: (Response from investors to the company) In the case of trading companies, there is a possibility of suddenly losing commercial rights, and from an investor's perspective, the top line can be difficult to forecast. To address this issue, we believe it is effective to explain carefully the fact that the company is firmly embedded in the value chain. We would like the company to become more proactive in disclosing information in this area.

As a general point, small-cap stocks may lack sufficient resources in areas such as governance, and unexpected events that sharply reduce earnings can occur more easily. In some cases, investors also cannot tell how much of their feedback is being communicated to management.

[Our views, understanding, and response]

In our Mid-term Management Plan, we set “early achievement of a share price level with a price-to-book (P/B) ratio consistently above 1x” as a financial target and have been sincerely working to improve our share price. Regarding the current situation in which the P/B ratio remains below 1x, we were able to openly share our view on where the issues lie and engage in valuable discussions with shareholders and investors. Based on the opinions we received, we intend to consider and implement effective measures and disclosure aimed at enhancing corporate value in a substantive way.

In response to the governance concerns generally associated with small-cap stocks, the company transitioned to an Audit & Supervisory Committee structure in June 2022 and has a structure in which independent directors account for a majority of the Board of Directors. We will continue to explain these points carefully.

“Integrated Report: Dialogue between the Officer in Charge of Administrative Departments and an External Expert” pp. 41-41

https://www.inabata.co.jp/themes/english@inabata/investor/library/integrated_report/file/integrated_report2025_en.pdf

“Measures to Realize Management Conscious of Cost of Capital and Share Prices,” pp. 28-36

https://www.inabata.co.jp/archives/001/202506/financial_briefing_materials_FY2024_NC2026_eng_1.pdf

5) Employee Engagement

Participants: Domestic and foreign institutional investors (active fund managers and responsible investment managers)

Q: Looking at the results of the employee engagement survey, scores for “engagement” and “corporate philosophy” declined from the previous survey. What caused this?

A: We believe one factor is that we expanded the scope of the survey to include manufacturing subsidiaries this time. Manufacturing subsidiaries have many employees, and we believe a certain number of them may not strongly identify with our management philosophy as a trading company.

In addition, for a question such as “Are you satisfied with your current company?”, it is natural for employees to answer in light of factors including compensation and benefits, but due to business characteristics, some aspects differ from the trading company divisions. In terms of working styles as well, remote work arrangements are difficult to implement in factories, and flexibility is lower than in office work. As a result, we believe there are some unavoidable reasons why manufacturing subsidiaries score lower in terms of overall satisfaction.

For external disclosure, we intend to provide explanations such as presenting scores on a comparable scope basis.

At the same time, we do not intend to stop at the view that “it is unavoidable for manufacturing subsidiaries to have low scores.” We recognize this as an issue and believe we need to raise scores across the organization.

Q: As the number of overseas subsidiaries increases through M&A and other initiatives, instilling the management philosophy and organizational culture will become even more important.

A: We believe it is important to communicate messages from top management and for management to visit worksites. When senior management visits overseas bases and meets employees directly through discussion sessions and other opportunities, we hear that these visits are motivating for employees.

We also provide opportunities for local staff who will assume key responsibilities at overseas bases to come to Japan and participate in group training, and we hear that these opportunities increase motivation. We believe it is important to further expand these initiatives.

In particular, overseas manufacturing subsidiaries tend to have relatively high employee mobility, so we hope that key personnel at overseas bases will bring back what they learn and apply what they have learned and help it take root locally.

Q: Beyond overseas locations, what initiatives are you undertaking to promote understanding of the management philosophy and help it take root?

A: We believe messages from top management are important. We held roundtable discussions between the President and employees, and these discussions increased employees' identification with the management philosophy.

We also hold workshops for employees to think about the management philosophy and the values the company considers important, and we began holding these workshops overseas this fiscal year.

In addition, we created a “corporate message” through an employee-participation project. We have already displayed this message externally at airports, train stations, and other locations in addition to sharing values internally, and we believe communicating these initiatives is also important.

[Our views, understanding, and response]

We believe that human resources are the greatest asset for a trading company and that increasing employee satisfaction leads to stronger competitiveness. Based on this belief, we conduct an employee engagement survey every year, identify issues based on the results, and work to implement measures.

In the FY2025 survey results, some scores declined slightly from the previous year, mainly because we expanded the scope of the survey. We received many questions about the reasons for this and the measures we will take.

We also recognize issues particularly in the “organizational culture” category. As the number of consolidated subsidiaries increases through M&A and other initiatives and the number of mid-career hires also rises, we explained how we are working to instill our

management philosophy and organizational culture while introducing our current initiatives, helping investors deepen their understanding.

“Employee Engagement Survey,” p. 79

https://www.inabata.co.jp/themes/english@inabata/investor/library/integrated_report/file/integrated_report2025_en.pdf

6) Background to Sustainability Initiatives and Related Matters

Participants: Moderator and participants at the panel discussion “The Future of Japanese Companies Engaging with Sustainable Finance” at the Tokyo Sustainable Finance Forum

Q: What was the first sustainable finance initiative your company undertook? When was it, and what prompted it?

A: Rather than limiting the discussion to sustainable finance, I would like to explain the background to our sustainability initiatives overall.

We began full-scale sustainability initiatives in 2021. The trigger was the publication of the revised Corporate Governance Code in June 2021, which called for strengthening initiatives addressing sustainability issues.

We also began receiving more questions from investors at General Meetings of Shareholders and in IR/SR meetings, and we increasingly felt a clear shift in social trends.

At first, the initiatives were top-down. In October 2021, we established the Sustainability Committee, in which all directors, including independent directors, participate. We also newly established the Sustainability Promotion Department as the organization responsible for overseeing practical operations.

For the subsequent formulation and disclosure of the sustainability strategy, the Sustainability Promotion Department worked together with public relations, general affairs, and IR. At the same time, we hired specialists from outside the company and moved quickly to build the internal framework.

In 2024, we also concluded a green loan agreement and issued green bonds as sustainable finance initiatives directly linked to our actual businesses. The proceeds are used for biomass power generation projects in which we currently participate at three locations in Japan.

In this way, although we were not necessarily early in starting sustainability initiatives, we believe we have made rapid progress since then.

Q: Four years have passed since you began these initiatives. What were the most difficult or challenging points through 2025? Also, how did you overcome these issues?

A: Regarding the difficult and challenging points, when we first began these initiatives, there were differences in the level of understanding and buy-in even among executives and senior management.

In addition, trading companies have traditionally had strong sales divisions, and it is also true that sales divisions initially showed strong resistance, especially to matters that would not immediately lead to earnings but would involve costs and effort.

As for how we overcame this, I would like to explain from an organizational perspective.

We established the Sustainability Committee, whose members include not only inside and independent directors but also the heads of all administrative departments. As all senior management members participated in the committee, each department naturally came to recognize sustainability as its own issue.

It was also effective to appoint Sustainability Promotion Committee members in each sales division and have them serve as internal champions. We already handled products such as recycled resins and renewable energy-related products, so many employees in sales divisions were relatively attuned to sustainability, and we appointed such members as committee members.

Before long, sales divisions began frequently coming to us for consultation on actual business projects and sustainable finance, and with requests to attend meetings. In this way, we were able to overcome the issues naturally from the bottom up.

[Our views, understanding, and response]

We began full-scale sustainability initiatives around 2021. Although we were not necessarily early in starting sustainability initiatives, we believe we have made rapid progress since then.

These efforts attracted attention, and we were given an opportunity to participate as a panelist in the panel discussion at the Tokyo Sustainable Finance Forum held in October 2025.

By providing a realistic, grounded explanation of the background to our initiatives and the obstacles we faced in advancing them, many investors and other participants expressed understanding and said the explanation resonated with them, both on the day of the panel discussion and afterward.

“Inabata’s Sustainability Management”

<https://www.inabata.co.jp/sustainability/about/policy/> (in Japanese only)

5. Future Approach

FY2025 was the second year of the three-year Mid-term Management Plan “NC2026.” Because earnings progressed steadily in the first year and we were also able to steadily implement growth initiatives such as M&A, we received positive feedback, and we received more questions and engaged in more discussions about the potential for further sustainable growth.

Discussions on growth strategy and business strategy also often went one step deeper than in previous years. We also feel that there were more questions and discussions in which investors sought, through dialogue, to understand and identify what makes Inabata distinctive, including our business model, which extends beyond trading alone, and the strengths and added value unique to the company.

In addition to financial results briefings and one-on-one meetings, we were able to engage with a broad range of investors in various settings, including a dialogue feature in the integrated report and participation in international events related to sustainable finance.

Looking ahead to FY2026, we face heightened uncertainty in the business environment, particularly due to the worsening situation in the Middle East. We recognize the

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importance of explaining both the impact on performance and our response as a company in a timely and transparent manner.

We will continue to strengthen our information disclosure through a range of channels and actively engage in dialogue with shareholders and investors. We sincerely hope you will continue to take an interest in our activities.

Kenichi Yokota

Representative Director, Senior Managing Executive Officer in Charge of IR