

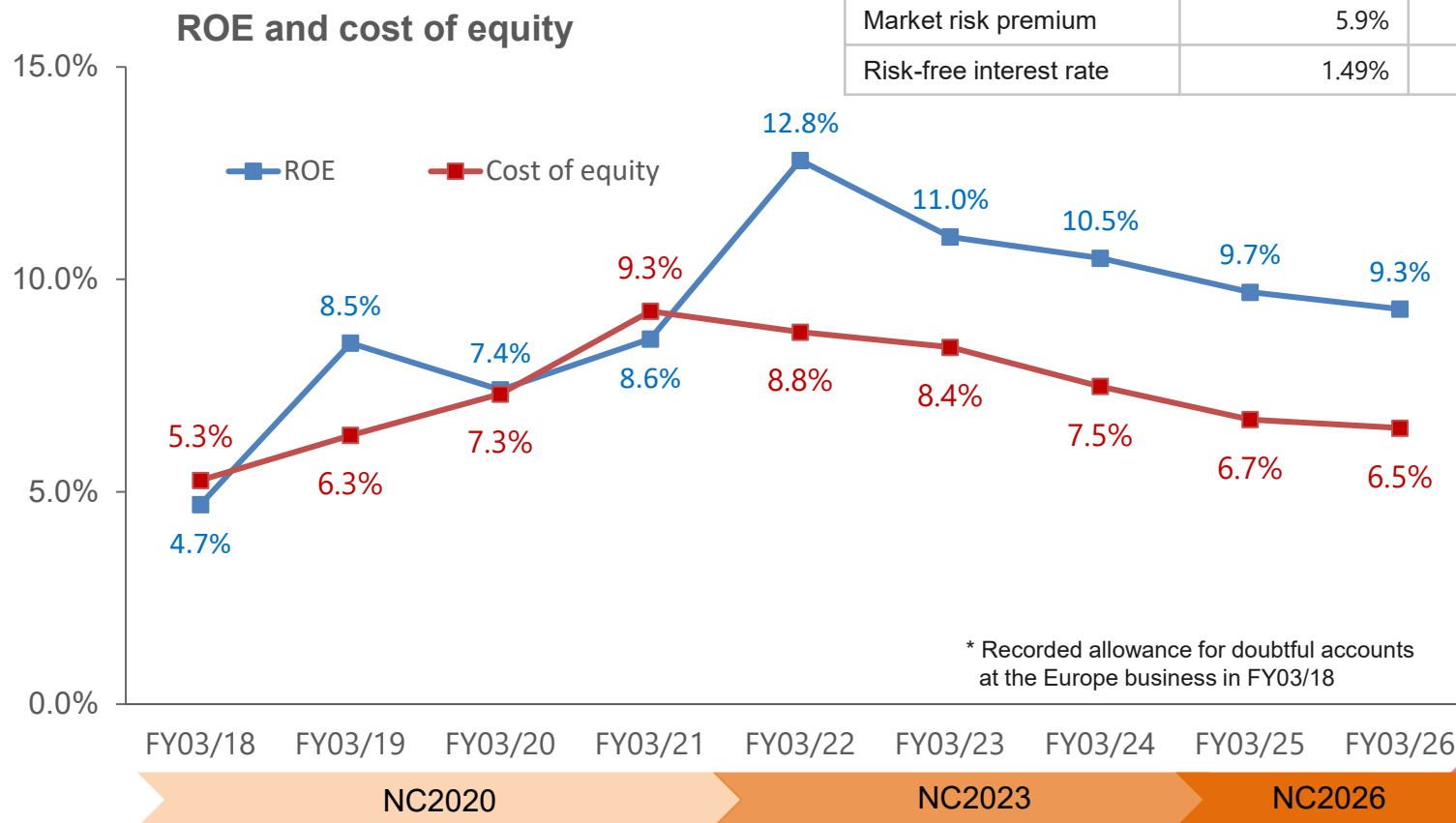
Measures to Realize Management Conscious of Cost of Capital and Share Prices

Cost of Capital vs. Return on Capital

- In FY03/26, although the cost of capital declined, ROE was lower and spreads contracted.

*Assumptions for calculating cost of equity Based on CAPM

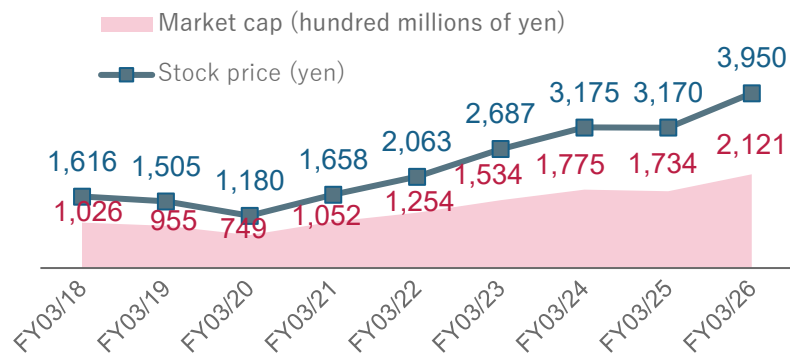
	End of Mar 2025	End of Mar 2026
β	0.89	0.73
Market risk premium	5.9%	5.8%
Risk-free interest rate	1.49%	2.24%



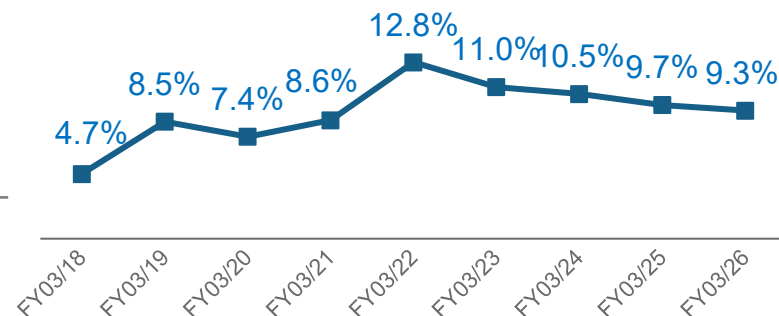
Share Price and the Market's Valuation of the Company

- Although the stock price and PER increased, ROE declined slightly, and PBR remained below 1x.
- We need to continue raising growth expectations by implementing growth investments and other measures steadily, while also strengthening initiatives to improve capital efficiency.

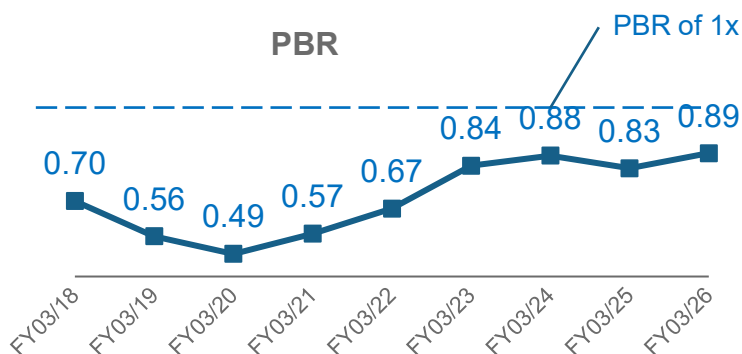
Stock price and market capitalization



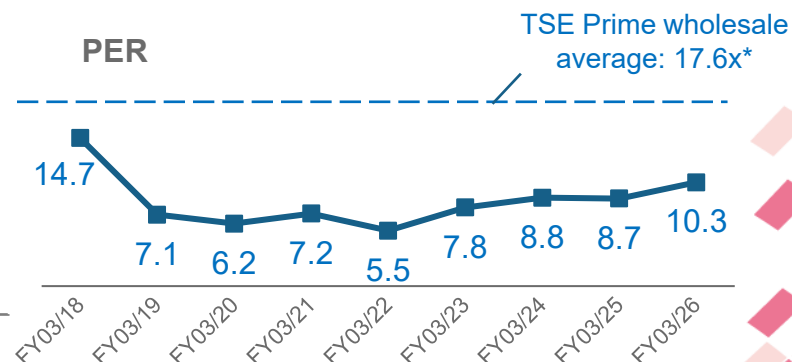
ROE



PBR



PER



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

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

*As of March 31, 2026 * Weighted average PER

Policies/Targets, and Timeline

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

□ Policies

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

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

□ Introduction of new policies (from FY03/27)

We will strengthen shareholder return measures, including the introduction of dividend on equity (DOE), and strive to improve capital efficiency.

(See P14 for details.)

Initiative Progress and Reinforcement Direction

- We had already bolstered our efforts prior to the request from the Tokyo Stock Exchange and have achieved certain results.
- We will further strengthen these initiatives with the goal of reaching and consistently maintaining a PBR above 1.0 as soon as possible.

		~FY2022	FY2023~2024	FY2025~
		Significantly enhance shareholder returns	Track record of management conscious of cost of capital	Strengthen management conscious of cost of capital
Growth	Increase Business Value and Foster Growth Expectations	<ul style="list-style-type: none"> Expanded the earnings foundation with a focus on mainstay businesses 	<ul style="list-style-type: none"> Based on the proactive investment policy, actively pursued M&A and business investments 	<ul style="list-style-type: none"> Earnings contribution has steadily increased, primarily from M&A deals. We will further step up our proactive investments. (See P12.)
Capital efficiency	Maintain ROE of 10% or above	<ul style="list-style-type: none"> ROE exceeded the cost of capital, backed by improved earnings performance and enhanced shareholder returns 	<ul style="list-style-type: none"> Maintained ROE through share buybacks and cancellations 	<ul style="list-style-type: none"> Continued to repurchase our shares and cancel treasury stock. (P15) We strengthen our shareholder return policy and further reinforce our commitment to improving capital efficiency. (P14)
Curtail the cost of capital	Control and/or curtail the cost of capital	<ul style="list-style-type: none"> Strengthened corporate governance (transitioned to a structure in which independent outside directors make up half of the Board) Reduced strategic shareholdings 	<ul style="list-style-type: none"> Reduced the cost of capital through improved earnings performance and enhanced market liquidity 	<ul style="list-style-type: none"> Credibility has improved through inclusion in various indices, including the JPX-Nikkei Index 400, and an upgrade in the company's issuer credit rating from A- to A. We increase the number of individual meetings with institutional investors, analysts, and others.

Disclosure Methods and Dialogue Policies

- Themes added to the medium-term management plan
 - Added the achievement of a share price level higher than 1x PBR as quickly as possible as a strategic theme under the medium-term management plan *NC2026*. Inabata will pursue this goal with even greater commitment.
- Disclosure methods
 - From FY03/25 as well, we will continue providing an explanation of our progress on this issue at earnings briefing sessions held at the end of each term.
- Dialogue policies
 - Based on disclosed information, our executive officer in charge and IR Department will proactively engage in dialogues with investors through one-on-one IR meeting.
 - The content of the dialogues will be disclosed on our website or corporate governance reports.

(Disclosed “Implementation Status of Dialogue with Shareholders in FY2025” on May 11, 2026)
 - We will update our measures to reflect the content of the dialogues. Based on discussions held during previous dialogues, we have decided to strengthen our shareholder return policy starting FY03/26.