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# IR Briefing for 1Q Fiscal Year ending March 2021

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August, 2020

Inabata & Co., Ltd.

**Net sales:                    ¥128.7 billion                    -16.1% YoY**

Net sales were down due to the impact of the novel coronavirus outbreak.

**Operating profit:            ¥2.2 billion                    - 36.5% YoY**

Operating profit declined on lower net sales.

**Ordinary profit:            ¥3.0 billion                    -29.8% YoY**

Ordinary profit fell due to the decline in operating profit.

**Profit attributable to  
owners of parent:            ¥2.0 billion                    -33.9% YoY**

Profit attributable to owners of parent fell on lower ordinary profit.

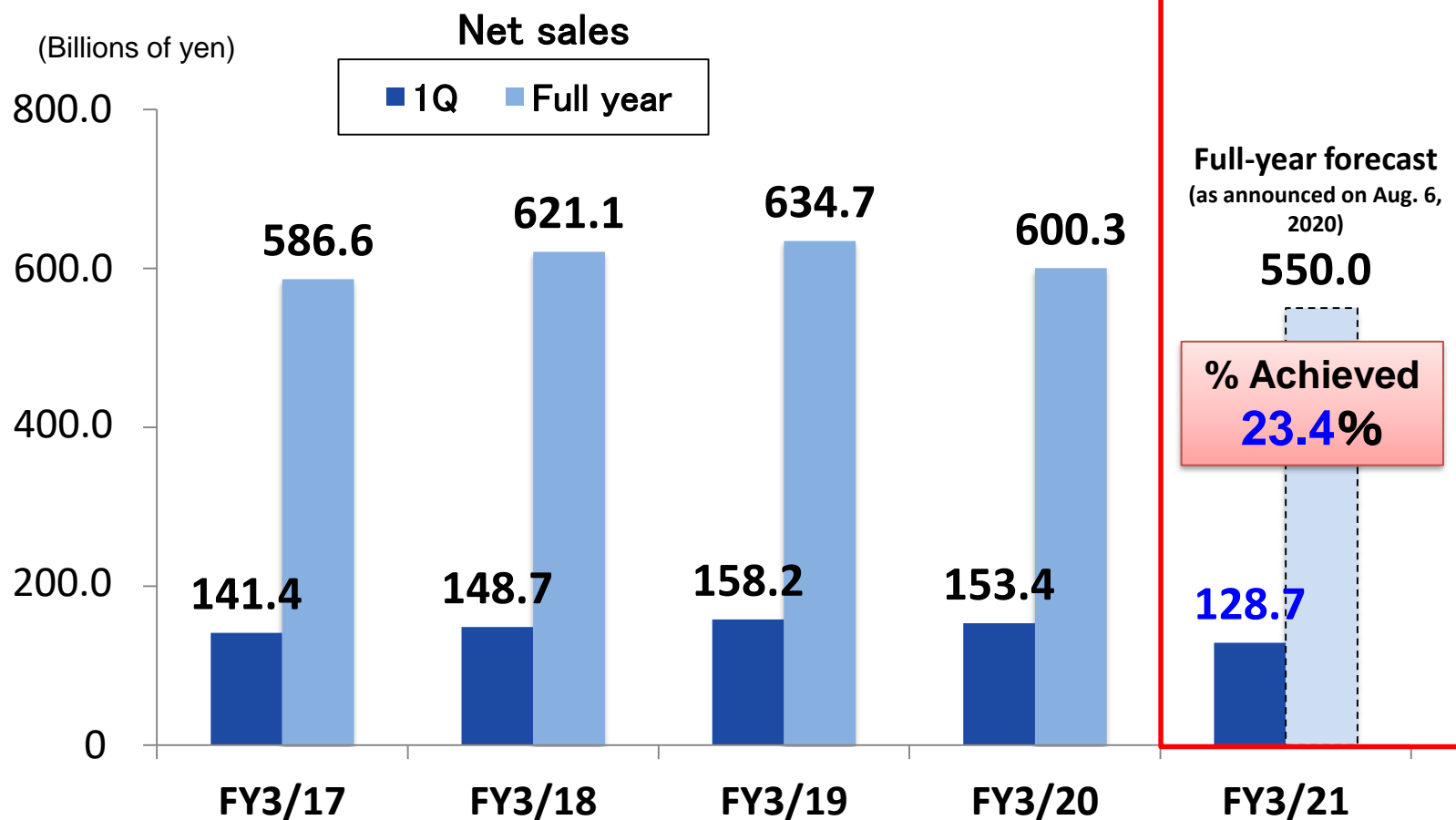
# Consolidated Results Review – 1Q FY3/2021



(Billions of yen)

	Q1 FY3/20	Q1 FY3/21 (A)	YoY change		Forecast announced Aug. 6, 2020 (B)	Achievement rate (A)/(B)
			Amount	%		
Net sales	153.4	128.7	-24.7	-16.1%	550.0	23.4%
Operating profit	3.5	2.2	-1.2	-36.5%	9.5	23.4%
Ordinary profit	4.3	3.0	-1.3	-29.8%	10.0	30.7%
Profit attributable to owners of parent	3.0	2.0	-1.0	-33.9%	8.5	23.8%
Exchange rate (USD/JPY)	109.90	107.63	-2.27		107.00	

# Sales Trends

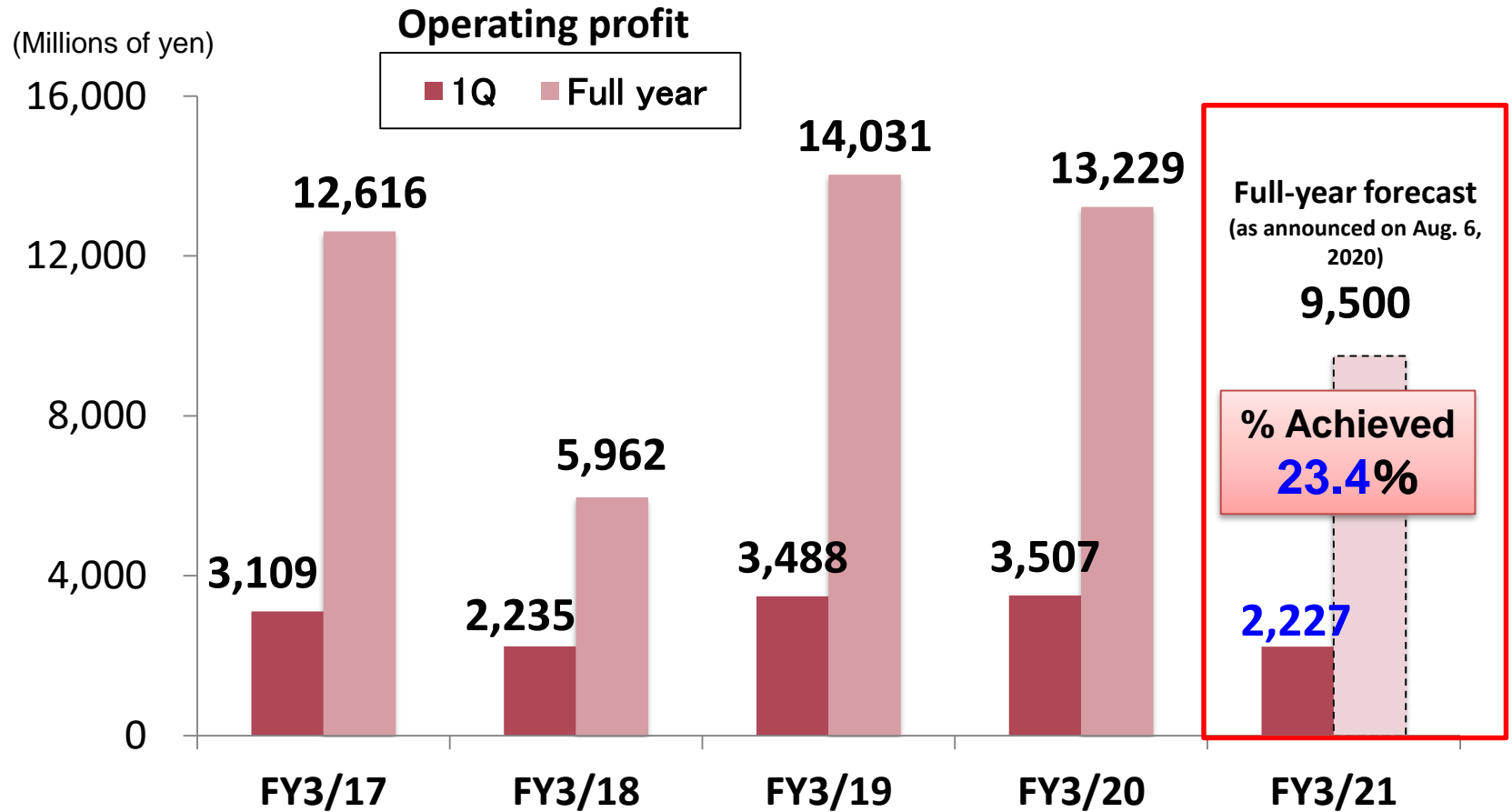


(Reference)

		FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Exchange rate: USD/JPY	1Q	108.04	111.09	109.10	109.90	107.63
	Full year	108.34	110.85	110.92	108.70	(*Note) 107.00

Note: Estimation at time of release 3

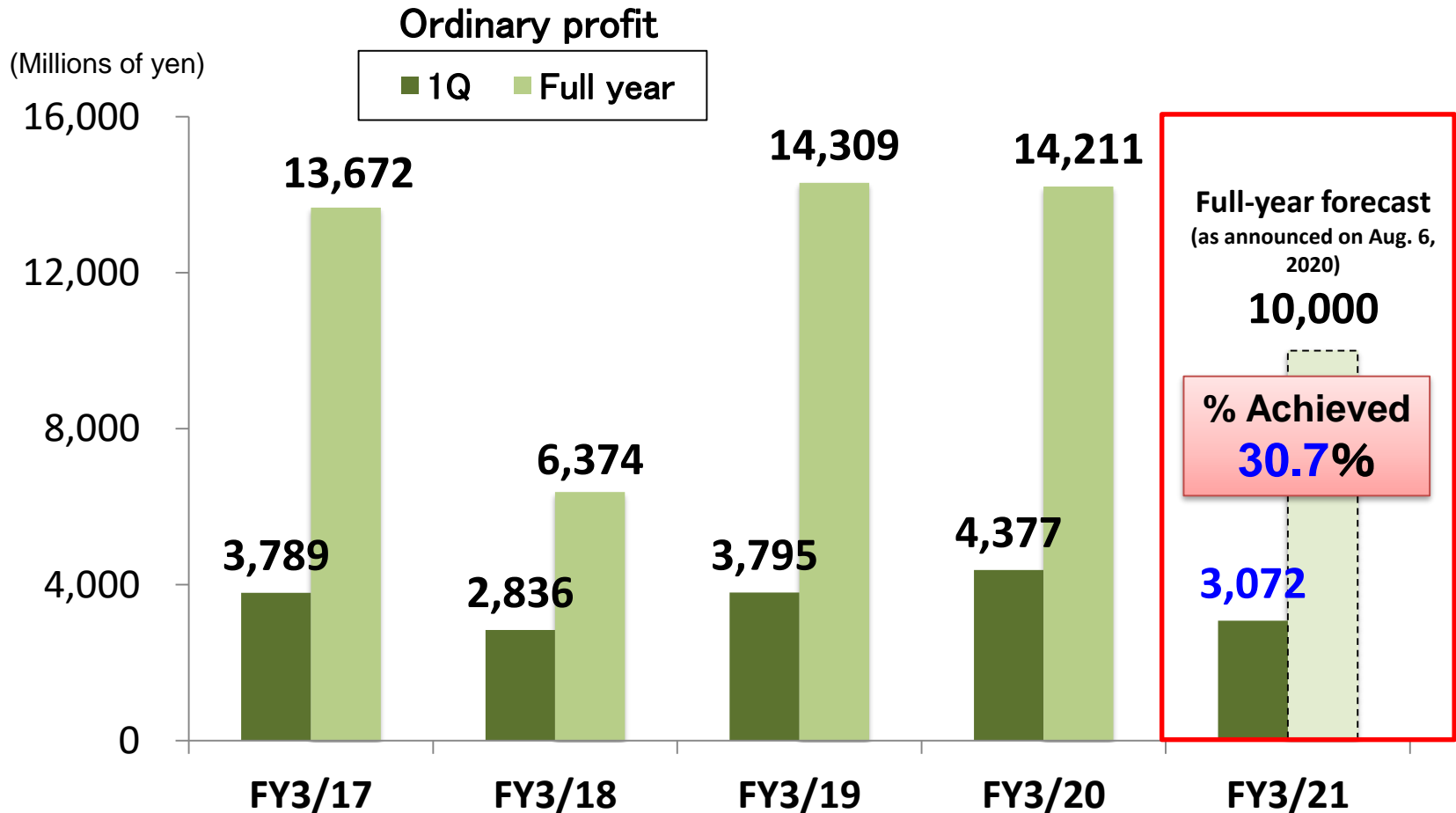
# Operating Profit Trends



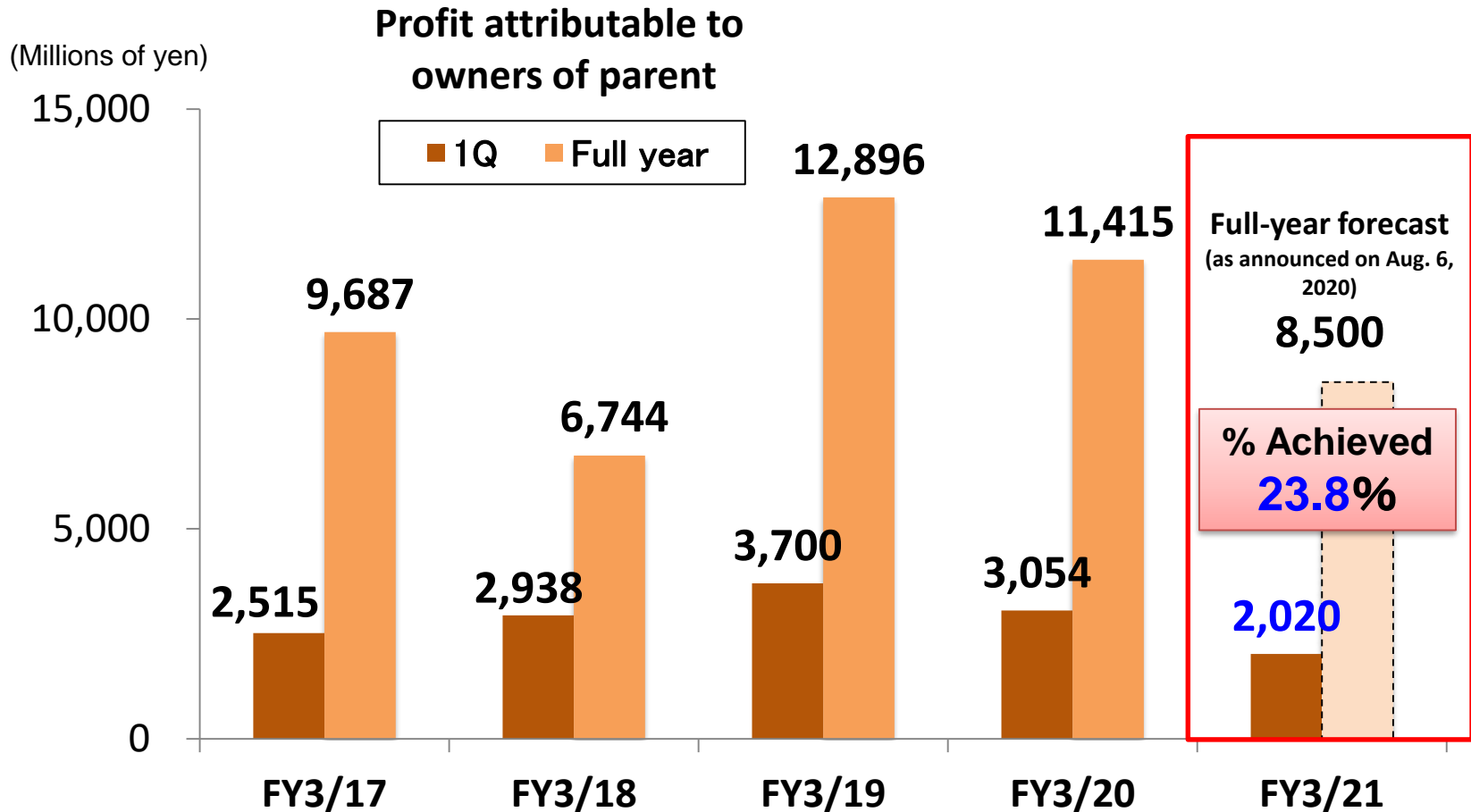
\*Recorded allowance for doubtful accounts at a European subsidiary in FY3/18

1Q: ¥900 million; Full year: ¥6.65 billion

# Ordinary Profit Trends



# Profit Attributable to Owners of Parent Trends



\*Recorded gain on sales of investment securities  
1Q FY3/19: ¥1.66 billion

# Balance Sheet



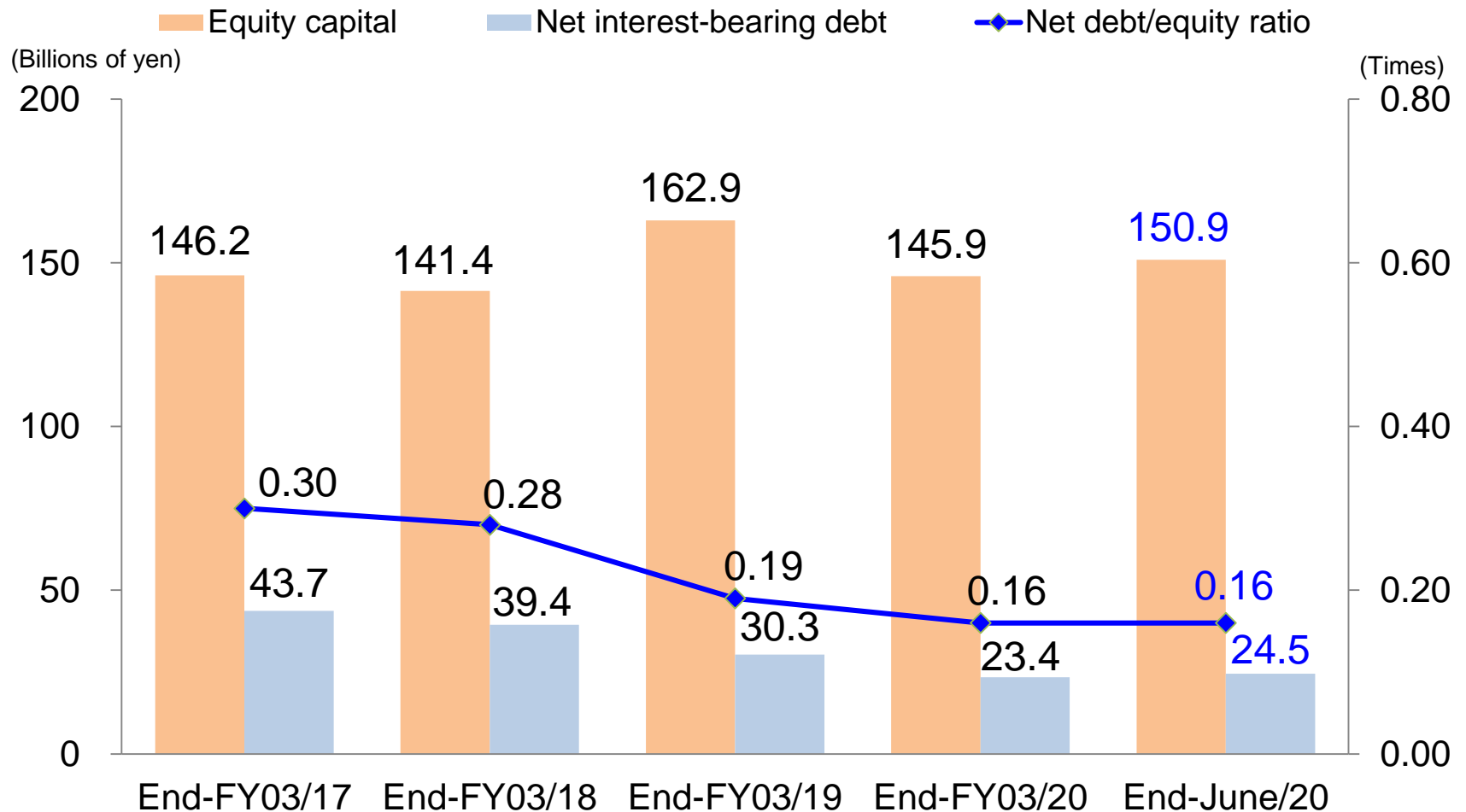
- ✓ Trade receivables and trade payables fell as a result of lower net sales.
- ✓ Thanks to an increase in the market value of securities held, investment securities and accumulated other comprehensive income grew.

(Billions of yen)

Assets	End-FY03/20	End-June 2020	Change	Liabilities and net assets	End-FY03/20	End-June 2020	Change
Cash and deposits	29.4	22.8	-6.5	Notes and accounts payable - trade	96.7	84.5	-12.1
Notes and accounts receivable - trade	152.4	138.1	-14.2	Short-term loans payable	43.0	37.7	-5.3
Inventories	55.9	58.1	+2.2	Other current liabilities	10.9	9.2	-1.6
Other current assets	7.3	6.8	-0.5	Long-term loans payable	9.7	9.7	-0.0
Property, plant and equipment	13.9	13.9	+0.0	Other non-current liabilities	14.5	17.1	+2.5
Intangible assets	3.0	2.8	-0.1	Shareholders' equity	119.1	118.6	-0.5
Investment securities	54.2	61.7	+7.5	Accumulated other comprehensive income	26.7	32.3	+5.5
Other fixed assets	6.5	6.3	-0.1	Non-controlling interests	1.8	1.6	-0.1
<b>Total assets</b>	<b>322.8</b>	<b>311.0</b>	<b>-11.8</b>	<b>Total liabilities and net assets</b>	<b>322.8</b>	<b>311.0</b>	<b>-11.8</b>
<b>Current ratio</b>	<b>162.6%</b>	<b>171.8%</b>		<b>Equity ratio</b>	<b>45.2%</b>	<b>48.5%</b>	



# Equity Capital, Net Interest-Bearing Debt, Net Debt/Equity Ratio



Notes: Equity capital = Net assets – stock acquisition rights – non-controlling interests  
 Net debt/equity ratio = (Interest-bearing debt – cash and deposits) / equity capital

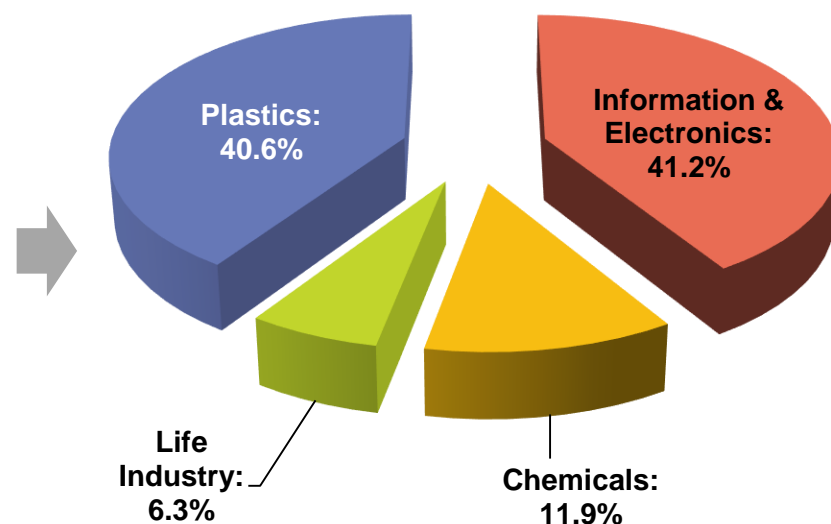
# Sales by Business Segment

- ✓ In the Plastics segment, sales fell due to lower plastics prices and the impact of the novel coronavirus outbreak.
- ✓ In the Chemicals segment, sales of materials for automobiles were sluggish due to the impact of the outbreak.

## Sales

(Billions of yen)

	1Q FY3/20	1Q FY3/21	YoY change
Information & Electronics	55.0	52.9	-3.7%
Chemicals	18.1	15.3	-15.8%
Life Industry	9.4	8.0	-14.8%
Plastics	70.7	52.2	-26.1%
Other	0.0	0.0	-2.1%
Total	153.4	128.7	-16.1%



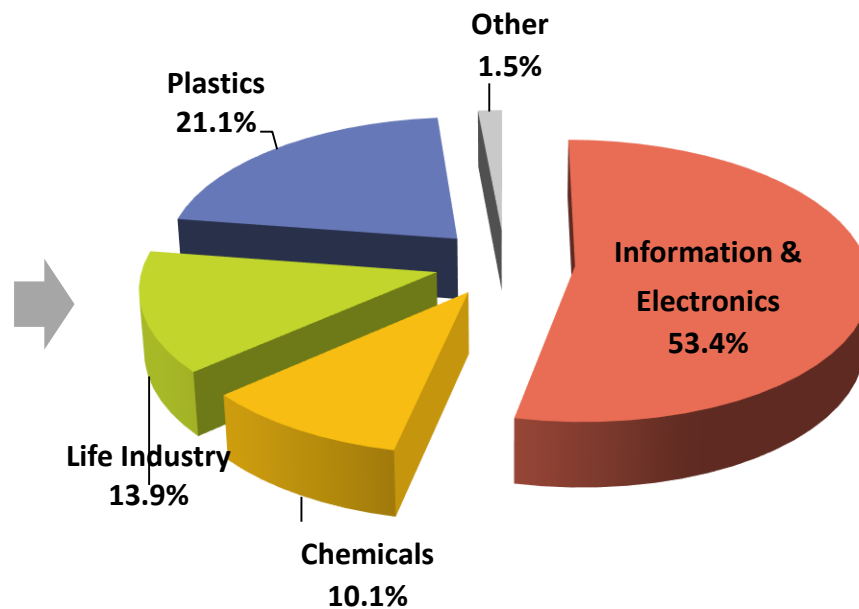
# Operating Profit by Business Segment

- ✓ In the Plastics segment, operating profit were down particularly in Southeast Asian countries in lockdown.
- ✓ In the Chemicals segment, sales of materials for automobiles were sluggish.
- ✓ In the Life Industry segment, operating profit fell on lower sales of pharmaceutical ingredients and marine products for restaurants.

## Operating profit

(Millions of yen)

	1Q FY3/20	1Q FY3/21	YoY change
Information & Electronics	1,187	1,188	+0.1%
Chemicals	357	226	-36.8%
Life Industry	394	309	-21.6%
Plastics	1,534	470	-69.3%
Other	34	32	-3.8%
<b>Total</b>	<b>3,507</b>	<b>2,227</b>	<b>-36.5%</b>



## ✓ Assumptions underlying the business outlook

The impact of the novel coronavirus outbreak varies by the country where the Company operates. While the outbreak is expected to have a lingering impact throughout the rest of the fiscal year, the Company assumes that global and Japanese economic environments will gradually recover through the end of FY03/21, rather than experiencing another sharp drop in economic activity as in Q1.

## ✓ Business segments and areas significantly affected by the outbreak

Business segment: Plastics, Chemicals

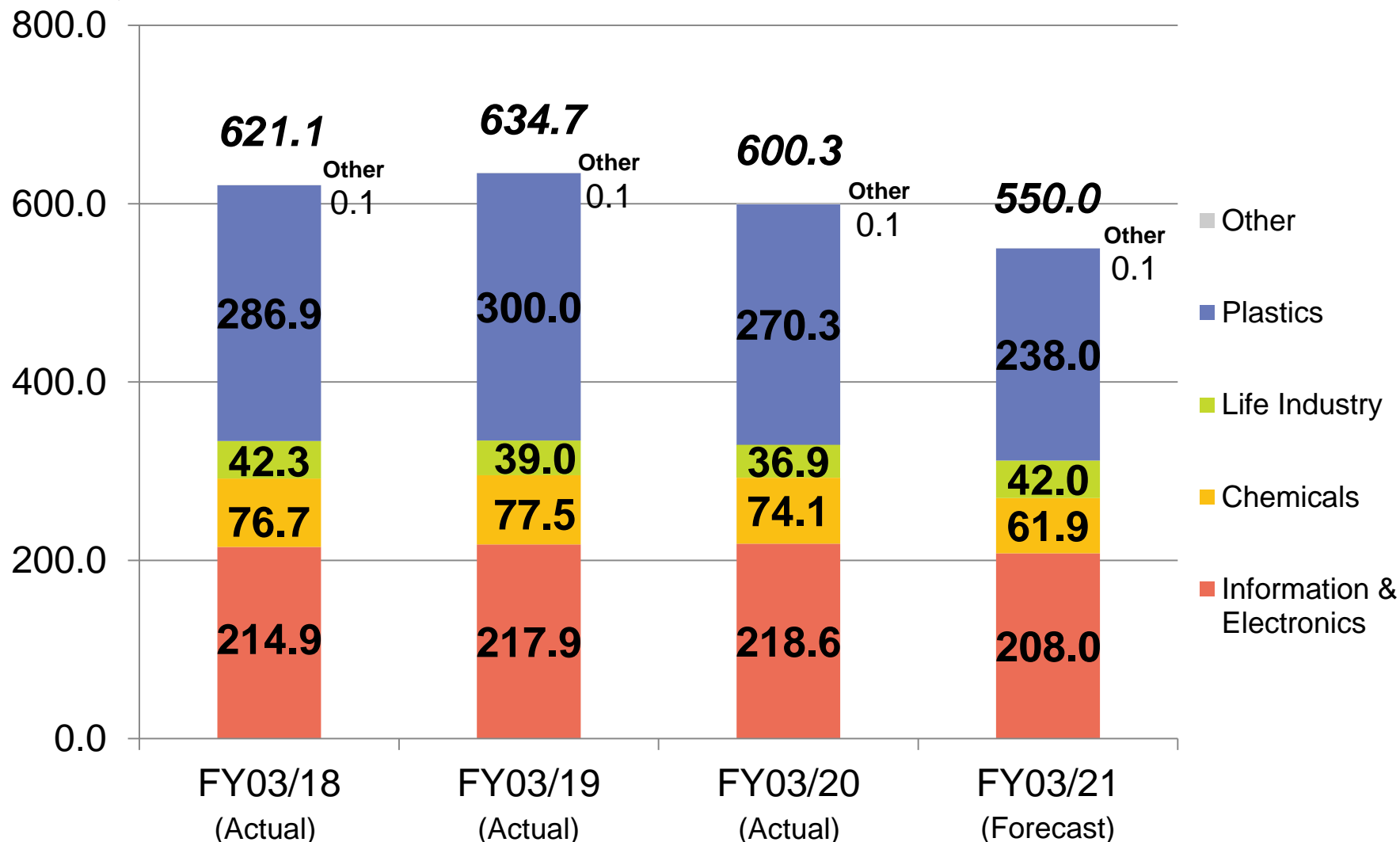
Area: Automobile, among others

Region: Southeast Asia

# Sales Forecast by Business Segment



(Billions of yen)



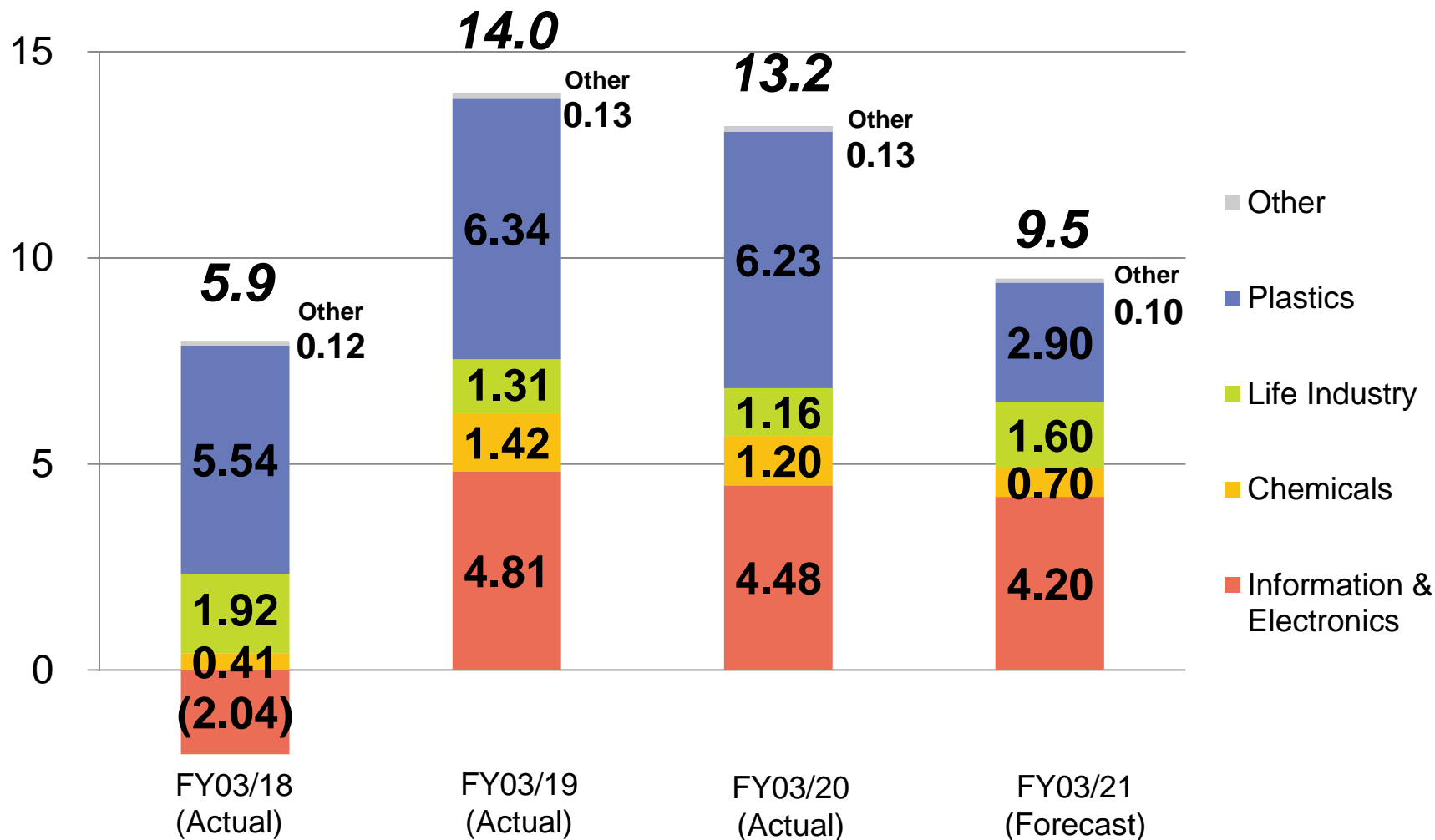
Note: Effective FY03/20, the Housing & Eco Materials segment was combined with the Chemicals segment.

Results for fiscal years up to and including FY03/19 have been retroactively adjusted to reflect this change. Copyright © INABATA & CO., LTD. 2020

# Operating Profit Forecast by Business Segment



(Billions of yen)



Notes: In FY03/18, we posted an allowance for doubtful accounts in relation to a European subsidiary, of ¥5.90 billion in the Information & Electronics segment and ¥0.75 billion in the Chemicals segment.

The Housing & Eco Materials segment was combined with the Chemicals segment in FY03/20.

Results for fiscal years up to and including FY03/19 have been retroactively adjusted to reflect this change. Copyright © INABATA & CO., LTD. 2020

## Policy on returning profits to shareholders

We target a total return ratio\* of approx. 30–35%.

Dividends per share:

■ FY03/20 results

Annual dividend: ¥53 (interim: ¥20, year-end: ¥33)

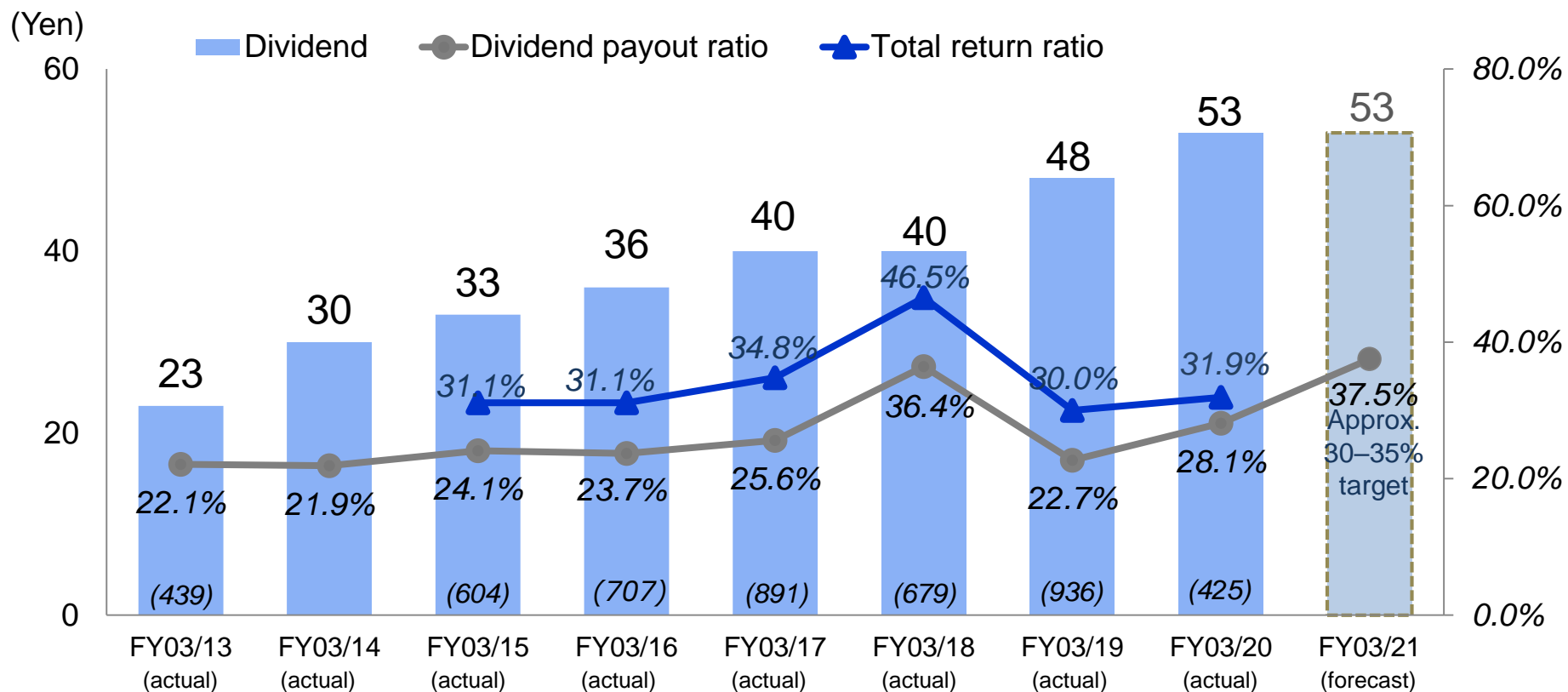
Value of treasury shares acquired: ¥425 million (300,000 shares)

Total return ratio: 31.9% (dividend payout ratio: 28.1%)

■ FY03/21 (forecast)

Annual dividend: ¥53 (interim: ¥20, year-end: ¥33)

## Annual dividends per share and indicators of shareholder return



Note: The figures in parentheses at the bottom of the bar chart show the amount of treasury stock acquired (in millions of yen) during the period. 15



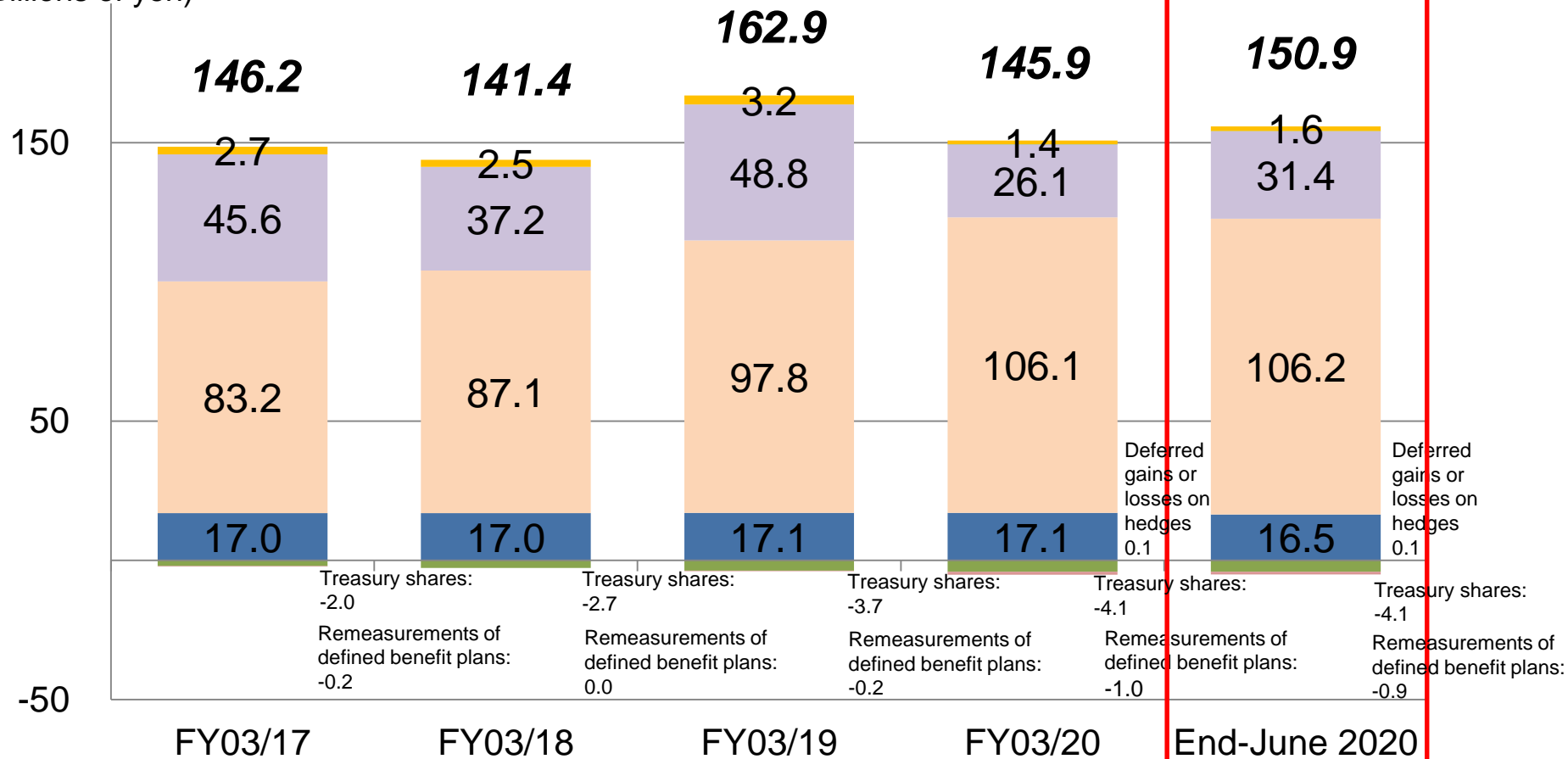
	Japan	Overseas	Total
Consolidated subsidiaries	7	37	44
(Of which, manufactures and processing companies )	(5)	(17)	(22)
Equity-method affiliates	4	1	5
(Of which, manufactures and processing companies )	(2)	(1)	(3)
Total	11	38	49
(Of which, manufactures and processing companies )	(7)	(18)	(25)

# (Reference) Equity Capital



- Capital stock and capital surplus
- Retained earnings
- Treasury shares
- Valuation difference on available-for-sale securities
- Deferred gains or losses on hedges
- Foreign currency translation adjustment
- Remeasurements of defined benefit plans

(Billions of yen)

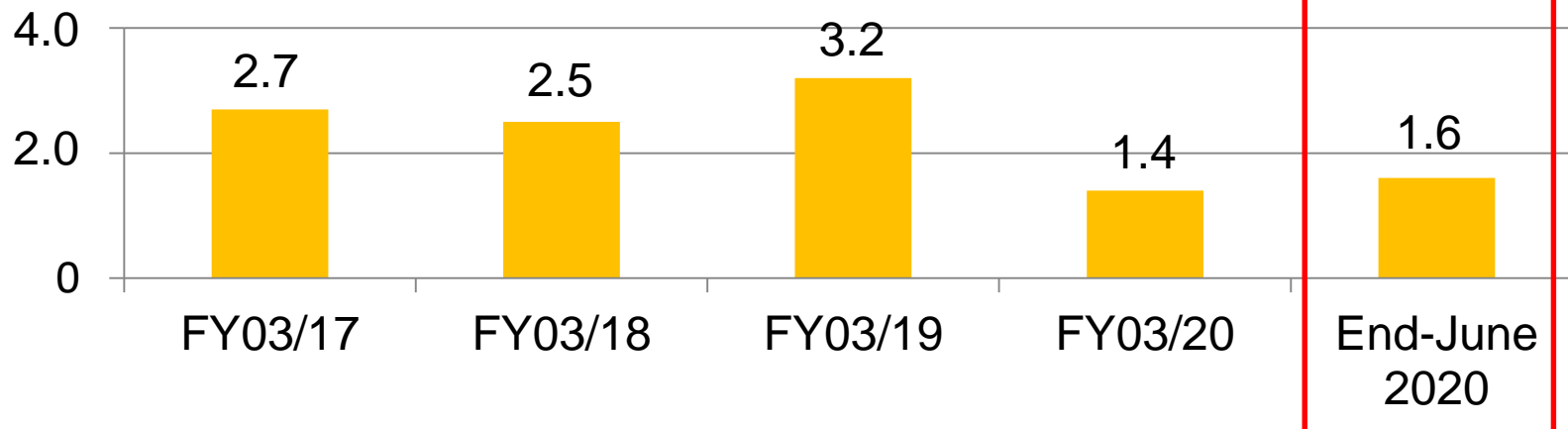


# (Reference) Impact of Exchange Rate Fluctuations on the Foreign Currency Translation Adjustment



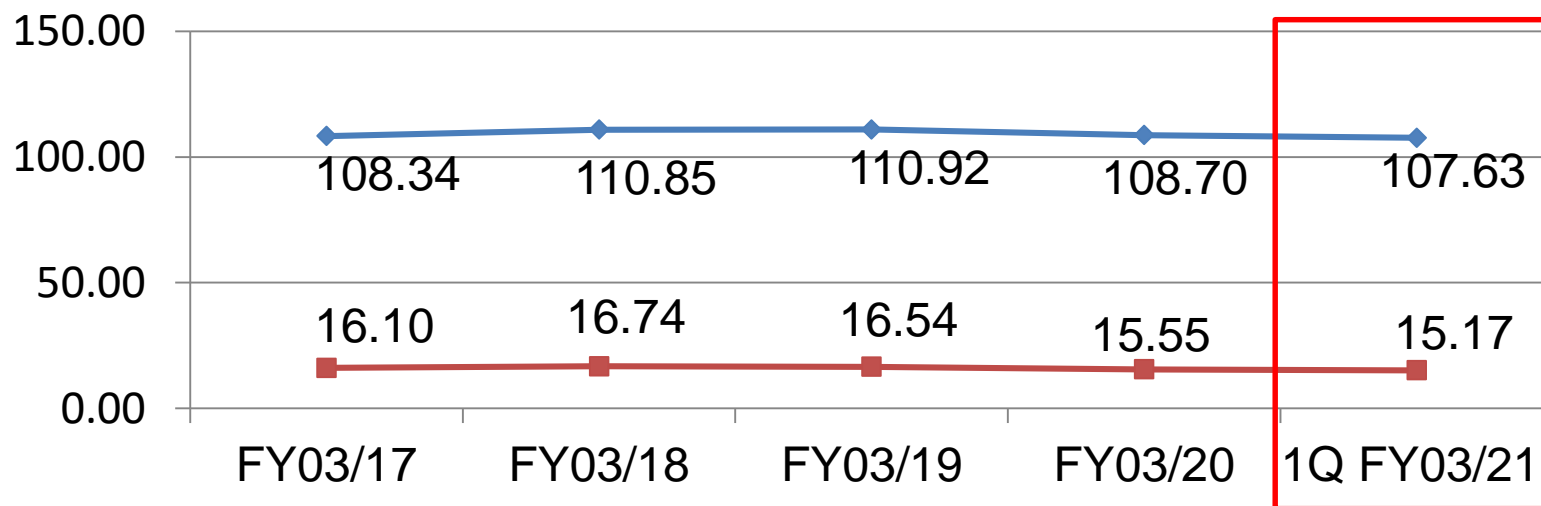
(Billions of yen)

■ Foreign currency translation adjustment



(Yen)

◆ USD/JPY ■ CNY/JPY



## □ IR Inquiries

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### ◆Cautionary note regarding future estimates

The data and future predictions contained in this document are based on information available and judgments applicable at the time of the document's release. The data and future forecasts contained herein may include elements that are subject to change, and this document and its contents are no guarantee of future performance.

### ◆Presentation of numbers

Yen figures presented in these materials have been rounded off below the unit indicated. Consequently, individual figures may not sum to the total amounts indicated.