

Effectiveness Evaluation of the Board of Directors for Fiscal 2022

With the aim of increasing corporate value through enhancing the effectiveness and transparency of the Board of Directors, Inabata & Co., Ltd. (“the Company”) conducted an evaluation of its Board of Directors for fiscal 2022. The Company hereby announces the summary of the evaluation and future measures. In fiscal 2022, a self-evaluation (*1) was conducted.

1. Target: All current 11 directors as of March 31, 2023

2. Evaluation methodology

- ✓ Each item on the questionnaire was decided by the director in charge (*2) and a working group for the evaluation of the Board of Directors (*3), in collaboration with an outside consultant in charge of collection based on the fiscal 2021 questionnaire (self-evaluation) and the results of the said evaluation and analysis.
- ✓ The questionnaire (*4) above was distributed to directors, and responses were collected from all of them.
- ✓ After the outside consultant collected the responses, the working group 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, as described in 4. below.

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. The results also indicated that the Company was providing sufficient support to outside 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 self-evaluation on effectiveness.

- Discussions on succession planning and sustainability issues
Measures taken in regard to succession planning and sustainability were shared with the Board of Directors and discussions proceeded, but more in-depth discussions are necessary.
- Provision of sufficient information by the Nominating and Remuneration Committee to the Board of Directors
While the Nominating and Remuneration Committee provided information to the Board of Directors for further discussions, it is thought to be still not sufficient.
- Inadequate communication between outside directors due to the impact of the COVID-19 pandemic
Improvements were made, including meetings held to facilitate the exchange of opinions between outside directors, but there still remains room for improvement, as in-person meetings could not be held due to the pandemic.
- Further improvements in distributing information to the capital market
Taking into account feedback from shareholders and investors obtained through dialogues with them, the Company revised quantitative targets and indicators of the medium-term management plan NC2023 and enhanced sustainability information disclosure, but there still remains room for improvement.

Meanwhile, the results confirmed that the following issues should be considered in the future.

- Further discussions on medium- to long-term management policies and issues regarding succession plans for top management and outside directors
- Provision of sufficient information by the Nominating and Remuneration Committee to the Board of Directors and communication between the two entities
- Increased communication between outside directors
- Further improvements in distributing information to the capital market

The Company identified as key risks it faces, especially those that are deemed

particularly important, credit risks of business partners, product market fluctuation risks, and potential risks in the overseas operation.

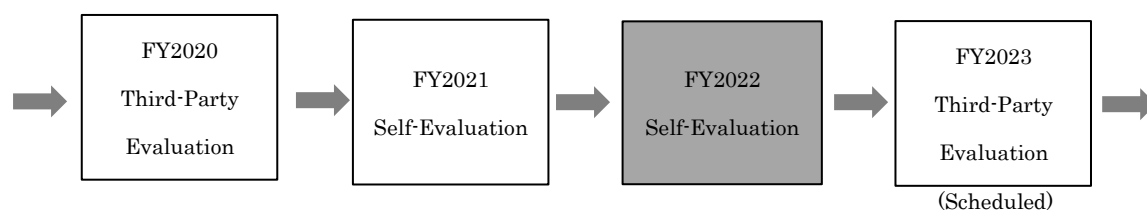
4. Future measures

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 fiscal 2023, the Company plans to conduct a third-party evaluation of the Board of Directors.

End

(*1) The Company has conducted self- and third-party evaluations as follows.



(*2) Director in charge of Financial Management and Investor Relations

(*3) Financial Management Office

(*4) Major items from the Board of Directors evaluation questionnaire

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 outside directors
9. Relationship with investors and shareholders