

Effectiveness Evaluation of the Board of Directors for Fiscal 2023 and Future
Measures

With the aim of increasing corporate value through enhancing the effectiveness and transparency of the board of directors, Inabata & Co., Ltd. (“the Company”) has implemented the evaluation of the board of directors for fiscal 2023. The Company hereby announces the summary and future measures. In the fiscal year under review, a third-party evaluation (*1), which is implemented every three years, was carried out by a third-party organization.

1. Target: All current directors as of March 31, 2024
7 directors who are not audit and supervisory committee members,
5 directors who are audit and supervisory committee members

2. Evaluation methodology
 - ✓ The Company hired an outside consultant as a third-party organization (“the third-party organization”), had evaluation targets answer a questionnaire, and conducted individual interviews.
 - ✓ Each item in the questionnaire was decided by the third-party organization based on the questionnaire for the evaluation of the board of directors for fiscal 2022 and the results of its self-evaluation and analysis, and after conducting interviews with the president, and director in charge (*2).
 - ✓ The questionnaire (*3) determined in the above was distributed to the targets, and responses were obtained from all of them.
 - ✓ The third-party organization conducted individual interviews with each target based on the results of answers to the questionnaire. (*4)
 - ✓ The third-party organization collected the results of the analysis and evaluation based on the results of answers to the questionnaire and interviews, and reported these results to the board of directors of the Company held on March 27, 2024.
 - ✓ After verification by the board of directors of the content of the report, the direction of future measures was decided, as described in 4. below.

3. Regarding the overview of results of analysis and evaluation

As a result of the analysis and evaluation carried out by the third-party organization, the following points were identified concerning the awareness and way of thinking of all target directors in regard to the current status of the Company.

i. Evaluation of current business status and the business portfolio

Plastics and Information & Electronics are expected to remain the Company's core businesses, representing its two largest segments. However, given the changes in the business environment, external factors for achieving sustainable growth need to be explained, and it is hoped that new business partners and commercial products can be derived from these businesses.

In addition to the two dominant segments, the Company is steadily developing a potential third pillar of its businesses. This development, primarily through mergers and acquisitions, is receiving positive recognition. For new businesses, it is necessary to visualize growth areas and set clear objectives so that the Board of Directors can appropriately monitor them.

The Company identifies several significant risks, including challenges in international operations, credit risks associated with business partners, and investment-related risks. The Company's risk tolerance is considered adequate, being commensurate with its size and financial strength.

ii. Status of the Board of Directors

The effectiveness of the Board of Directors has been enhanced following the Company's transition to a company with an Audit and Supervisory Committee. Observations indicate that the chairman and other board members perform their roles and functions appropriately and contribute to the Board's ability to monitor and oversee the Company's operational execution.

There is an ongoing commitment to open and lively dialogue within the Board, which has demonstrated progress in understanding and discussing medium- to long-term management issues identified in the effectiveness evaluation for fiscal 2022. This progress is exemplified by the creation of a forum for all directors to engage in discussions outside of regular Board of Directors meetings, particularly during the process of formulating new medium-term management plans.

Matters related to human resources are recognized as a major management issue. The Board of Directors must discuss human resource strategies to promote the success of diverse workforce. With regard to sustainability issues, a Sustainability Committee, with inside directors as members and outside directors as observers, holds regular discussions on sustainability, and this effort has been deemed adequate. However,

there is a need for more in-depth discussions on promoting diversity within the Company and succession planning for the president and outside directors.

iii. Status of the Nominating and Remuneration Committee

The Nominating and Remuneration Committee is highly evaluated as having adequate discussions with appropriate membership under a clear definition of roles. The process for appointing outside directors and the status of executive compensation are also assessed favorably.

However, it seems the Nominating and Remuneration Committee does not provide enough information to the Board of Directors on the content of consultations and issues to be discussed.

iv. Status of the Audit and Supervisory Committee

The Audit and Supervisory Committee is assessed favorably for its clear definition of roles, appropriate membership, and adequate discussions. It is necessary to continue to effectively strengthen the internal audit system and improve the organizational audit system.

v. Support system for and communication among outside directors

The support system for outside directors is considered adequate. Improvement in communication among outside directors, identified as an issue in the effectiveness evaluation for fiscal 2022, was confirmed.

vi. Relationship with investors and shareholders

The Company's relationship with investors and shareholders is assessed favorably because of its diligent IR activities and sufficient sharing of information with the Board of Directors as to the status of dialogue with investors. However, it is considered necessary for the Company to further communicate its growth strategy and competitive advantages (strengths) so that they can be included in evaluations in the capital market.

4. Future measures

The Company will strive to further enhance the effectiveness of the board of directors by executing the following initiatives to deal with the issues recognized from the results of the above-mentioned analysis and evaluation.

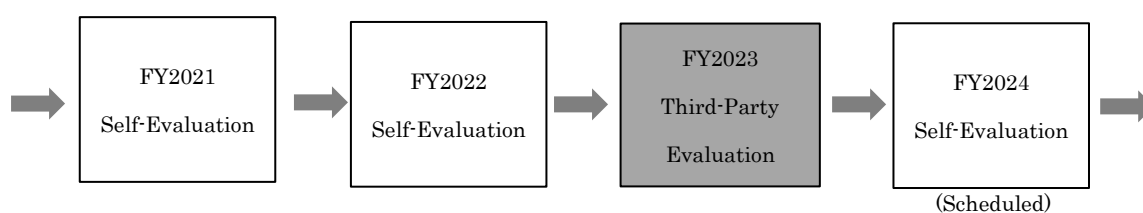
- ✓ Business status and portfolio

- Deepen discussion of sustainable growth strategies by segment
- Visualize new business growth and consider clarification of target setting
- ✓ Management issues
 - Further deepen discussion of human resource issues such as sales methods, human resource development, and diversity promotion, and of sustainability issues such as recycling operations
- ✓ Medium- to long-term strategies
 - Continue to enhance discussions on medium- to long-term strategies
- ✓ Nominating and Remuneration Committee
 - Continue making progress on efforts to develop management personnel and successors for the president
 - Further promote sharing of information with the Board of Directors
- ✓ Composition and structure of the Audit and Supervisory Committee
 - Enhance the internal audit system
- ✓ Relationship with investors and shareholders
 - Verbalize the Company's strengths and enhance disclosure of those to the capital market

In fiscal 2024, an evaluation (self-evaluation) of the board of directors is scheduled to be implemented.

End

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



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

(*3) 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

(*4) Major items from the interview

1. Evaluation of business status and portfolio
2. Management challenges
 - (1) Human resource issues
 - (2) Sustainability and business correlation
3. Demonstration of the role of the Board of Directors
4. Discussion on medium- to long-term strategies
 - (1) Board of Directors' deliberations
 - (2) Inabata's strengths and business model
 - (3) Future discussion by the Board of Directors
 - (4) Human resource strategy
5. Composition of outside directors
6. Communication among outside directors
7. Sharing of information between the Nominating and Remuneration Committee and the Board of Directors
8. Planning for presidential succession
9. Composition and structure of the Audit and Supervisory Committee
10. Relationship with investors and shareholders