

Integrated Report 2021

IK INABATA & CO., LTD.

IK INABATA
Integrated Report **2021**

IK INABATA & CO., LTD.

December 17, 2021



Introduction

Inabata will continue to grow by flexibly responding to changes in the business environment with the “sound and solid strength” it has cultivated for more than 130 years.

Starting from importing dyes in 1890, we have expanded our business around chemicals that form the foundation of all kinds of industries, responding to the changing needs of our clients and society.

Contents

Corporate Philosophy and DNA	3
Our Company	
History of Value Creation	5
The Evolution and Structural Reorganization of the Chemicals Business	7
At a glance	9
Medium- to Long-term Growth Strategy	11
The Process of Value Creation	13
Business Model	15
Strategies	
Message from the President	21
CFO Interview	27
Annual Report	
Feature COVID-19:	
The Pandemic’s Impact and Our Response	31
Financial and Nonfinancial Highlights	35
Segment Overview	37
Global Network	45
Regional Overview	47
ESG Information	
Corporate Governance	
Management	49
Outside Directors’ Roundtable	51
Interview with an Outside Director	55
Risk Management	65
Society	67
Environment	73
Financial Information / Consolidated Subsidiaries and Affiliates / Corporate Information / Stock Information	77

Editing Policy

We prepare the Integrated Report as an important tool that enables Inabata’s stakeholders to understand the company’s business activities and distinctive initiatives for value creation. The aim of Integrated Report 2021 is to present the sound and solid strength of our company, which has evolved with the times, responding to a significant societal change triggered by the spread of COVID-19 infection.

Guidelines referenced:
The International Integrated Reporting Framework by International Integrated Reporting Council (IIRC), Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation by Ministry of Economy, Trade and Industry (METI), etc.

Relevant period:
From April 2020 to March 2021 (Some information may not be limited to this period)

Relevant organizations:
Inabata & Co., Ltd. and its domestic and overseas Group companies

IK INABATA

Love (*ai*) and Respect (*kei*)

Mission

People come first, based on the spirit of “love (*ai*)” and “respect (*kei*),” and together we strive towards contributing to the development of society.

Vision

To continually evolve, serving clients and society, through global operations and meeting their changing needs.

IK Values

- To cherish integrity and respect for people (ethics)
- To continually challenge the limits with high ideals, big dreams and great passion (aspiration)
- To prize dialogue and teamwork, and to treasure professional growth of employees (organization)
- To become the best partner of our clients, providing solutions from the clients’ standpoint (role)
- To grow with people across borders, sharing and respecting diverse values with the aim of co-prosperity (symbiosis)



Katsutaro Inabata, Founder



Katsutaro Inabata washing silk threads in the Rhone river in the winter during his study abroad (by Sekka Kamisaka)



Inabata Senryoten at the time of founding



Inabata Dye House's *happi* coat with IK logo



Founder Katsutaro Inabata's signature

The Founder's Passion and the Origin of Inabata

Our founder, Katsutaro Inabata, was born in Kyoto in 1862 as the eldest son to a family that ran the long-standing Japanese sweet shop, Kameya Masashige, which was a purveyor to the Imperial Household. At an early age of 15, Katsutaro was selected to visit France to study, sponsored by the Kyoto Prefectural government which was aiming for industrial development. He not only studied dyeing techniques at an engineering school in Lyon, but also learned practical skills by working at the Marnas dyeing factory. He studied applied chemistry afterward, focusing on dyeing techniques at the University of Lyon. Katsutaro returned to Japan in 1885 at the age of 23 and became a government employee with Kyoto Prefecture. At 24, he started teaching at a dyeing institute in Kyoto, where he leveraged the advanced knowledge and skills in synthetic dyes and dyeing techniques he had learned in France. In 1890, at the age of 28, he founded Inabata Senryoten along with his wife and started a business as a dye distributor for St. Denis, a French company.

Apart from running his company, Katsutaro also devoted himself to domestic production of dyes. In 1916, when Japan Dyestuff Manufacturing Co., Ltd. was established under national policy, Katsutaro was also involved in its establishment and was appointed as auditor. When the dyeing industry was undergoing a crisis under the recession during World War I, Katsutaro emphasized the need to understand that a national business such as dyeing surpassed the concepts of profit and loss. In 1926, he took over as president and committed himself to the development of the industry.

The DNA of “love (*ai*)” and “respect (*kei*)”

In 2010, 120 years after Inabata was founded, the company had grown to a global corporation with about 3,600 employees on a consolidated basis. Katsutaro's great-grandson and our sixth president, Katsutaro Inabata, felt the need to have a shared value among ourselves to demonstrate the company's strengths. Selected employees from the company put their heads together and formulated the new management philosophy, vision, and values that the company should stand for 10 years later. What is the purpose of our existence? What matters the most is the spirit of love and respect that we have inherited. These values have been loved and been our company's unchanged motto since its founding, along with the symbol of “IK,” which is taken from the initials of our founder. Another meaning behind our logo IK is that love in Japanese kanji is pronounced “*ai*,” and respect “*kei*.” “Honesty is the only way to earn trust of society” – This is one of the words left behind by our founder, which describes the spirit of love and respect. Our company's history of over 130 years boasts a lineage of diverse businesses that contribute to social interests relevant to the times and that spirit has become the unwavering guideline for sustainable growth in the medium- to long-term.

Since the company's founding in 1890, we have been creating and offering value that caters to the times through the sound and solid strength that defines Inabata.

1890- The First Founding Period Early Period

Amid the Great Depression, the company took on the challenge of domestic production of dyes with a commitment that went beyond profits



Inabata Dye House established in 1897

After the Sino-Japanese War, when the entire Japanese industry was in recession, our founder devoted himself to producing dyes domestically while managing the Inabata Senryoten.

He established Muslin Boshoku in 1895. After which he started business with Société Alsacienne de Constructions Mécaniques of France, which was considered the best spinning and weaving machines manufacturer at the time. He, then, established Inabata Dye House, gathered the best machinery and technology, and became the factory manager himself. Even during harsh times, he advocated the need to commit to the understanding that a national business such as dyeing surpassed the concepts of profit and loss and contributed to the development of the business.

- 1890 Inabata Senryoten established in Kyoto
- 1897 Inabata Dye House established
- 1918 Inabata Shoten (Inabata & Co., Ltd.) established
- 1922 Osaka Chamber of Commerce and Industry appoints Katsutaro Inabata as its 10th president (until 1934)
- 1926 Katsutaro Inabata assumes the presidency of The Japan Dyestuff Manufacturing Co., Ltd.
- 1943 "Inabata Sangyo" becomes the Japanese company name
- 1944 The Japan Dyestuff Manufacturing merges into Sumitomo Chemical Co., Ltd. Inabata & Co., Ltd. becomes the exclusive distributor of dyestuffs, chemicals, and pharmaceuticals for Sumitomo Chemical Co., Ltd.

1945- The Second Founding Period Growth Era

After the devastation caused by World War II, the company steadily expanded its business and built its foundation as a chemical trading company



New Osaka Head Office completed in 1954

In the midst of the post-war recession, Inabata expanded its business fields to include synthetic resins and construction materials and grew to become a listed company by the 1960s. In 1976, the company established Inabata Singapore as its first post-war overseas base, and subsequently developed trading companies and manufacturing and processing plants in Southeast Asian countries. In addition, it adopted a corporate division system in order to strengthen its structure in anticipation of business expansion. With the establishment of the dyestuffs, chemicals, plastics, and machinery divisions, the business structure that forms the foundation of today's Inabata Industry was established.

- 1961 Stock listed on Second Section of the Osaka Securities Exchange
- 1962 Stock listed on Second Section of the Tokyo Stock Exchange
- 1966 Pharmaceuticals division expands its business by enhancing its structure
- 1970 Introduced a corporate division system and established dyestuffs, chemicals, plastics and machinery divisions
- 1973 Listed on the first section of the Tokyo Stock Exchange and the Osaka Securities Exchange
- 1976 Inabata Singapore (Pte.) Ltd. set up to become the first overseas office after World War II
- 1979 Overseas division established

1984- The Third Founding Period Reform Era

After losing its pillar of earnings, Inabata rebuilt its management base and aggressively expanded overseas



Press conference announcing the launch of Sumitomo Pharmaceuticals

Sumitomo Pharmaceuticals Co., Ltd. (now Dainippon Sumitomo Pharma Co., Ltd.*) was established in October 1984 as a joint venture with Sumitomo Chemical Co., Ltd. The pharmaceutical business, which had been in operation for nearly 40 years since 1946, was separated from Inabata. However, the bulk pharmaceuticals business was succeeded by the chemicals division, as it handled a wide range of products to meet the needs of society. Moreover, Inabata focused on aggressive overseas expansion while rebuilding its management base. It particularly focused on the resin compounding business to build a new earnings pillar.

*The name is set to change to Sumitomo Pharma Co., Ltd. in April 2022.

- 1984 Pharmaceuticals division separated, Sumitomo Pharmaceuticals Co., Ltd. (now Dainippon Sumitomo Pharma Co., Ltd.) established as a joint venture with Sumitomo Chemical Co., Ltd.
- 1988 Food division established
- 1990 New Osaka Head Office building completed
- 1999 Business reorganized into IT & Electronics, Housing Materials, Chemicals, Plastics, and Food segments
- 2000 Inabata certified ISO 14001 (environment management system)
- 2005 Inabata certified ISO 9001 (quality management system)

2010- The Fourth Founding Period

As the value of trading companies was being challenged, Inabata enhanced multifaceted functions such as manufacturing and logistics



A plastics compound manufacturing base IK Plastic Compound Mexico, S.A. de C.V. (Mexico)

In 2010, Inabata celebrated the 120th anniversary of its founding. As it was expanding its manufacturing and processing bases, the company responded to diverse needs in the rapidly changing market by developing not only a trading function but also a manufacturing and processing function that directly participates in production. Today, it is a global company operating in about 60 locations in 17 countries. In 2017, Inabata formulated the IK Vision 2030, which describes how it envisions itself in 10 to 15 years. With the spirit of "love" and "respect" handed down from generation to generation since its founding, the company continues to evolve, eyeing the future.

- 2010 Mission, Vision, and IK Values are newly established to coincide with Inabata's 120th anniversary
- 2012 Business reorganized into Information & Electronics, Chemicals, Life Industry, Plastics, and Housing & Eco Materials segments
- 2019 Business domains reorganized into four areas: Information & Electronics, Chemicals, Life Industry, and Plastics

Sales trends
(hundred million yen)



Our Company

The Evolution and Structural Reorganization of the Chemicals Business

Since starting from importing dyes in 1890, we have expanded our business around chemicals that form the foundation of all kinds of industries, responding to the changing needs of our clients and society.

1890- Early Period

1945- Growth Period

1984- Reform Period

2010- The Fourth Founding Period

The era of founding and growth

We started with the import and sales of dyes and dyeing & weaving machines and expanded our business around the chemicals field.

The era of restructuring and revival

We advanced into new domains while strengthening the pharmaceuticals business, amid post-war chaos in the country.

The era of challenges and hardship

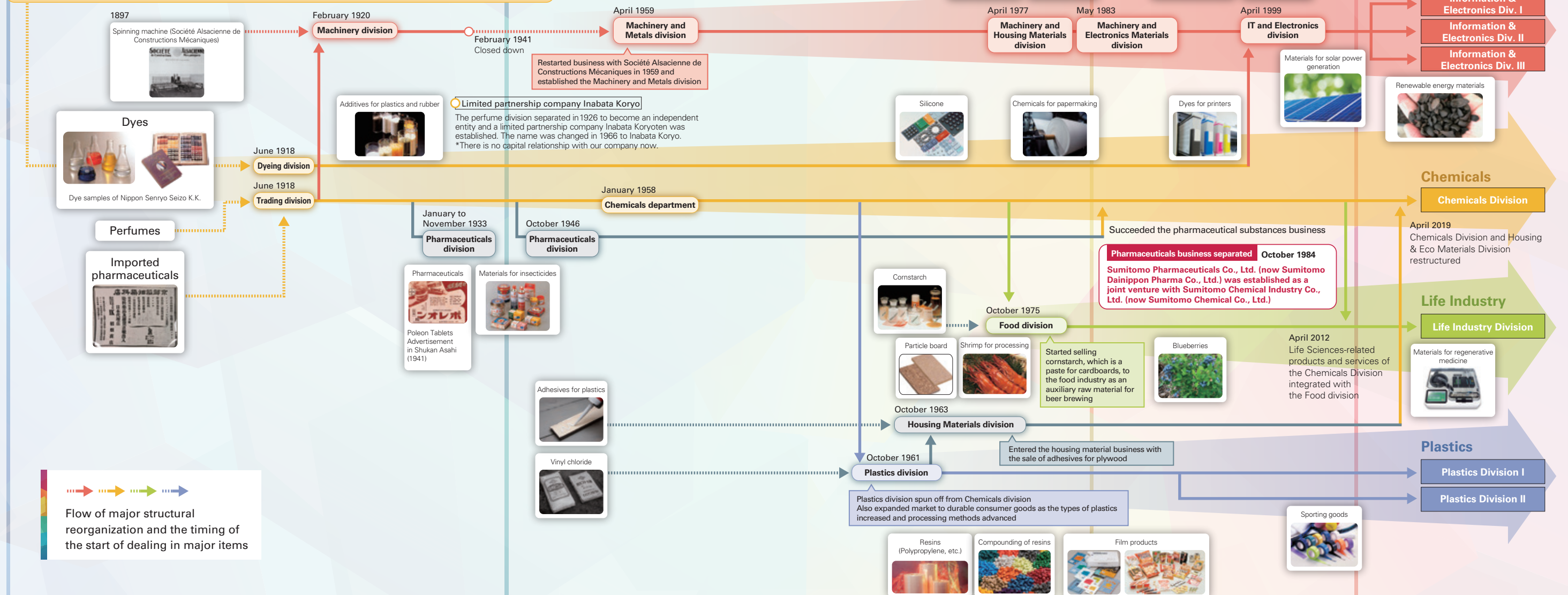
We created new value by separating the pharmaceuticals business and expanding overseas bases.

The era of progress and creation

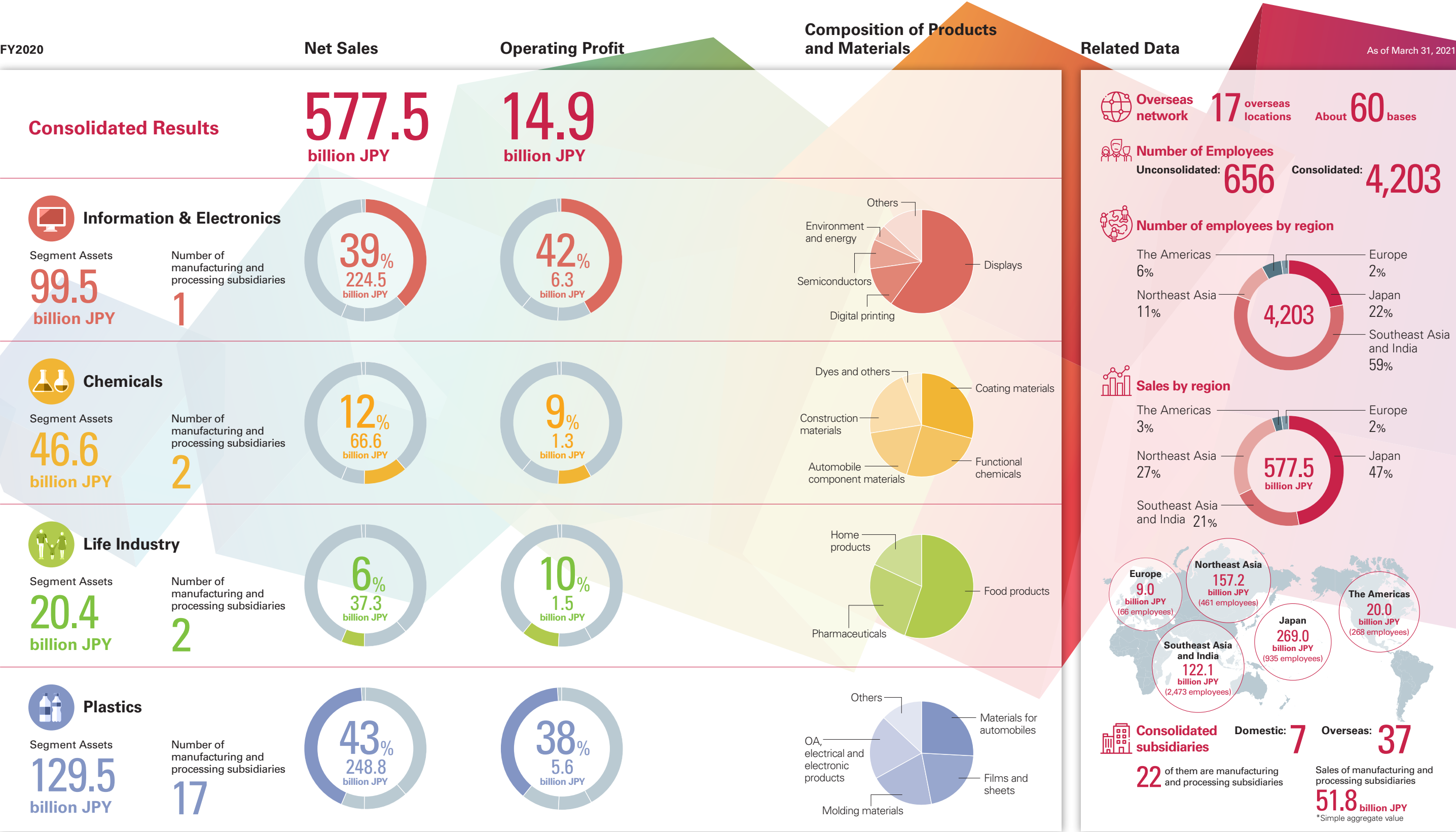
We are striving to become our clients' best partner as a *shosha*, or Japanese trading company, providing manufacturing, logistics, and finance solutions backed by our highly specialized knowledge.

Founder and dyes

Our founder went to study in France on government sponsorship at the age of 15. There, he studied cutting-edge synthetic dyes and dyeing techniques of the time for eight years and brought back the knowledge to Japan.



We are advancing further by building a strong foundation in growth fields.



We will create value needed by future generations through our unchanging sound and solid strength.

Although the society and economy around us has undergone significant changes, such as the impact of the COVID-19 infection, our Group company's business model based on the functions of a trading company has remained unchanged. We seek to enhance our corporate value while responding to changes in the environment.

For 2030

Target for the fiscal year ending March 31, 2024

New medium-term business plan

New Challenge 2023 (NC2023)

Consolidated Sales
670.0 billion JPY*1

During the three years of NC2023, the second stage of our long-term vision, we plan to make up for the delay in business caused by the outbreak of the COVID-19 pandemic at the end of the previous medium-term business plan (*2) and strengthen our efforts in markets where future growth is expected, such as those for products with reduced environmental impact, with the aim to achieve our targets in the final fiscal year.

Our vision for 2030

Long-term vision

IK Vision 2030

Consolidated Sales of
1 trillion yen

IK Vision 2030 outlines how the Group envisions itself around 2030. We will continue to upgrade our trading company functions, which are the foundation of our company, and actively invest in business fields and domains where we can harness our strengths at each stage of the medium-term business plan to achieve our long-term vision. We aim to further improve our profitability by optimizing our business portfolio in response to changes.

Stepping up investments to expand trading business and enhancement of financial standing

Quantitative targets KPI

Profitability	Operating Profit	Ordinary Profit	Net profit*3
	16.5 billion JPY	17.0 billion JPY	16.0 billion JPY
KPI	ROE	Net D/E Ratio	Equity ratio
	8%	0.3 or less	50% or more

*Estimated exchange rate USD1=JPY105

Intensification of investment targeting future growth
Key investment fields and domains

Business portfolio

Information & Electronics	Chemicals	Life Industry	Plastics
Renewable energy field (including batteries)	Mobility field	Upstream and downstream domains in food and agriculture (processing functions in particular) Growth areas such as regenerative medicine	Manufacturing and processing in the automotive field (compounds, etc.)

Further upgrades to global management information infrastructure
Enhancement of human capital utilization efforts

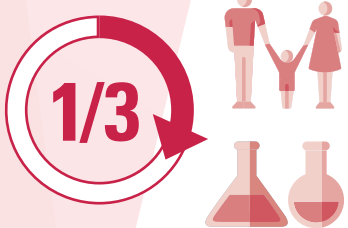
Global business

Promotion of DX	Building management information infrastructure and upgrading security	Developing global staff Improving diversity Employee engagement
-----------------	---	---

Further enhancing multifaceted capabilities such as manufacturing, logistics, and finance, in addition to trading

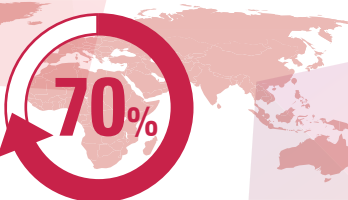


At least one-third of sales and operating profit from business segments other than Information & Electronics and Plastics segments



Sales and operating profit generated outside of Japan

70% or more



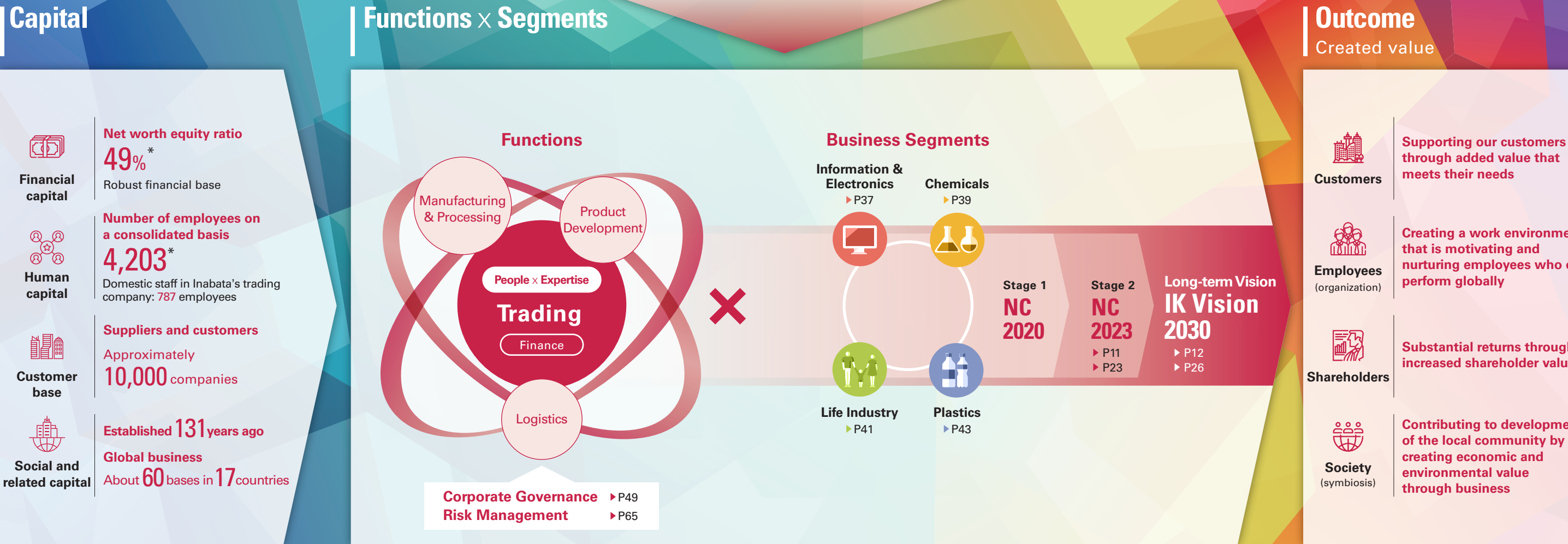
*1 Sales target on a pre-application basis for the new revenue recognition standard: 700 billion yen
*2 New Challenge 2020, the four-year medium-term business plan that ended on March 31, 2021
*3 Net profit attributable to owners of parent

We will strengthen our trading business with our human assets and highly specialized knowledge at the core and create new value by leveraging our multifaceted capabilities as a *shosha*, or Japanese trading company.

As our customers expand their global presence, our strength lies in our ability to provide specialized services by supplying them a wide range of materials that meet local needs. Our value creation originates from our human assets of about 4,200 employees spread across about 60 bases in 17 countries around the world and knowledge gathered from our everyday business activities.

Our global-minded staff with highly specialized expertise in chemicals and other fields combine their advanced knowledge with various functions, such as manufacturing and processing, distribution, finance and product development, to resolve issues faced by customers and generate new businesses in different regions in the fields of information and electronics, chemicals, life industry, and plastics.

Implementing our Mission



*As of March 31, 2021

The Inabata Way of Corporate Governance
Honesty is the only way to earn trust of society

Money should be earned by hard work. We should steadily walk the tough path, without thinking about earning money by luck or speculation. Human beings must be honest. We must not rely on others. The only way to earn trust in society is to have a sincere heart.

*From Inabata's 100-year History



Katsutaro Inabata
Founder

The Inabata Way of Social Symbiosis
Participating in the development of society using our field of specialization

Our founder, an engineer who studied applied chemistry in his early years, valued conscience and despised fabrication. Such conscience is at the foundation of our company. The spirit and action that reflect our mission – contributing to the development of society through our fields of expertise – defines what we stand for.

*From Inabata's 100-year History



Katsuo Inabata
Fourth President

We will resolve challenges faced by our customers and society by operating diverse businesses originating from our human assets and highly specialized knowledge, with the trading function at the core.



Resolving challenges faced by customers

Leveraging our multifaceted capabilities based on the basic function of a trading company

Our value creation originates from about 4,200 employees spread across about 60 bases in 17 countries around the world and knowledge gathered from our everyday business activities. Our global-minded staff with highly specialized expertise in chemicals and other fields combine their advanced knowledge with various functions, such as manufacturing, processing, distribution, and product development to resolve issues faced by customers and generate new businesses in different regions in the fields of Information &

Electronics, Chemicals, Life Industry, and Plastics. Finance, which is backed by our strong financial standing, is also a basic function that supports trading. We suggest and implement solutions for our customers with the aim to reduce financial burdens, avoid exchange rate risks and resolve other issues. We seek to further enhance our multifaceted capabilities based on the trading function to respond to values required by society and the constantly changing needs of our customers.

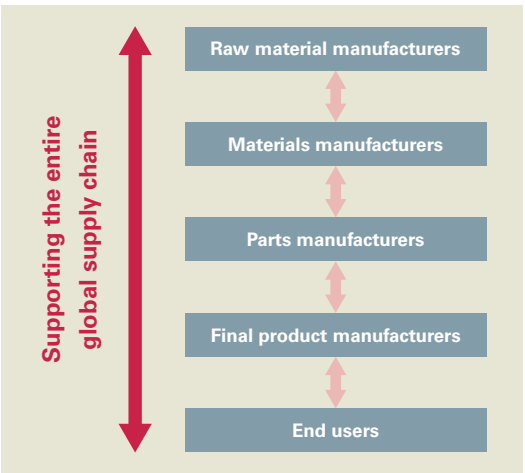
For society as a whole

A company on which both customers and suppliers can rely

Our strength lies in the ability to supply a wide range of materials and products, including chemicals, from raw material manufacturers to end users, and provide specialized services by making full use of our multifaceted capabilities. As our customers have become increasingly globalized, our business development has also become more extensive. It is increasingly essential to manage not only the quality of products and services, but also the soundness of procurement flows and transactions throughout the supply chain. As a global company, we face a wide range of issues related to our supply chain, including human rights, the environment, business practices, and disaster response. If a problem comes to the fore once, it can lead to credibility issues. Based on the trust we have cultivated with our suppliers and customers over our history of more than 130 years, we will

support the global supply chain as a company that plays a role in the development of society.

Risk management ▶ P65



Business model 1

Manufacturing and processing

Case Plastic compounds

The plastics business, which is one of Inabata's key businesses, expanded overseas using the strength of the plastic compound manufacturing business (compounding business) and grew to a segment that amounts to 43%* of our consolidated net sales. As Japanese electronics manufacturers transferred their production bases to Southeast Asia in the latter half of the 1970s, we followed suit, building our first overseas manufacturing and processing base in Singapore. And as our customers in the office automation (OA) and automotive industries broadened their businesses globally, we expanded our trading and manufacturing and processing bases in Southeast Asia, China, and Mexico. Many of our major customers have production bases around the world and need supply and distribution

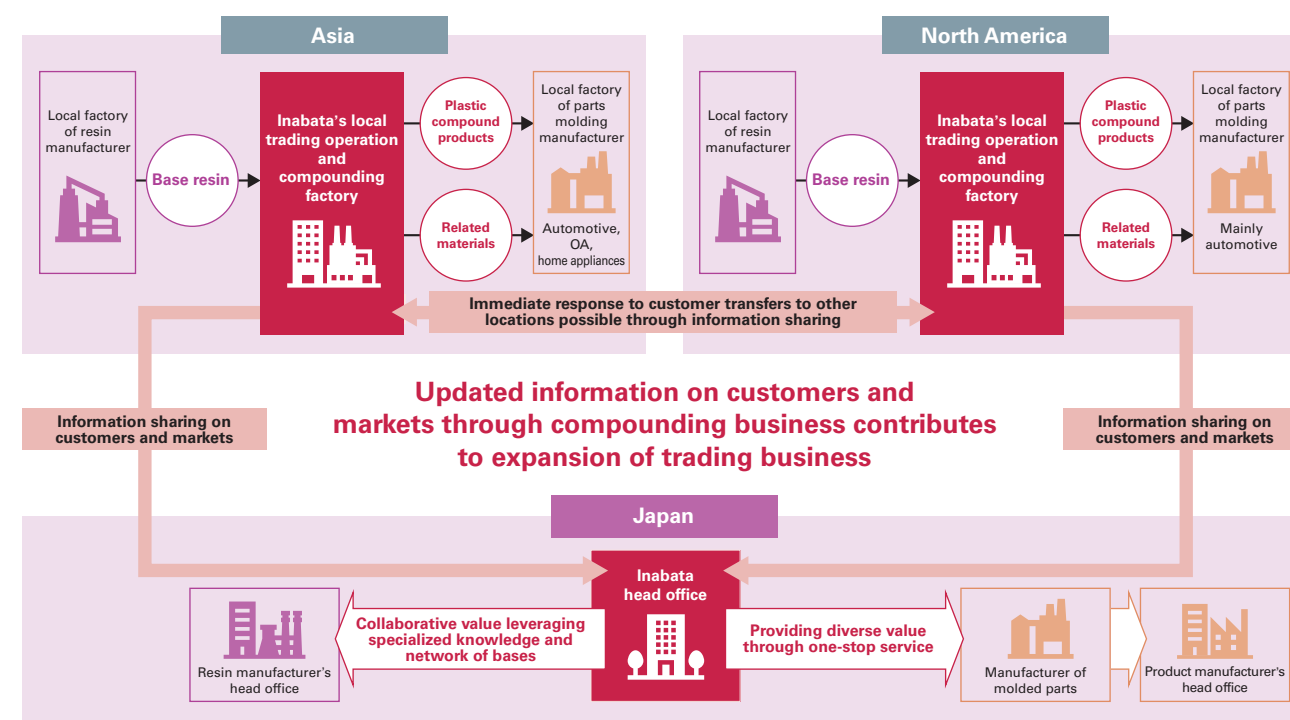
services for materials of the same quality.

By starting the compounding business at seven locations in seven countries, mainly in Asia, we are able to offer not only trading functions but also the added value that our customers expect, and this has become the strength for which we are preferred by our customers.

? What are plastic compounds?



Business model for the plastic compound business



Having a manufacturing function enables us to gain more in-depth access to our customers' production plans, new product development, and other information, which is a huge strength in the trading company business.

*Of the 5775 billion yen in consolidated net sales for the fiscal year ending March 31, 2021, sales in the plastics segment amounted to 248.8 billion yen (43.1%).

Business model 2

Collaborative creation

Case Vertically integrated food business

In Japan, a labor shortage in agriculture and fisheries is intensifying due to the diminishing birth rate and aging population, giving rise to societal challenges. This has led to easing of regulations, creating new opportunities for corporations to enter the market. We consider societal issues as business opportunities and are working with local partners to create vertically integrated businesses in the food sector to expand our business throughout the value chain.

In the agricultural sector, we grow blueberries, our main upstream agricultural product (raw material), as well as garlic and other foods. In the midstream processing business, we are focusing on developing processed agricultural products and expanding sales of finished products by strengthening outsourced processing and

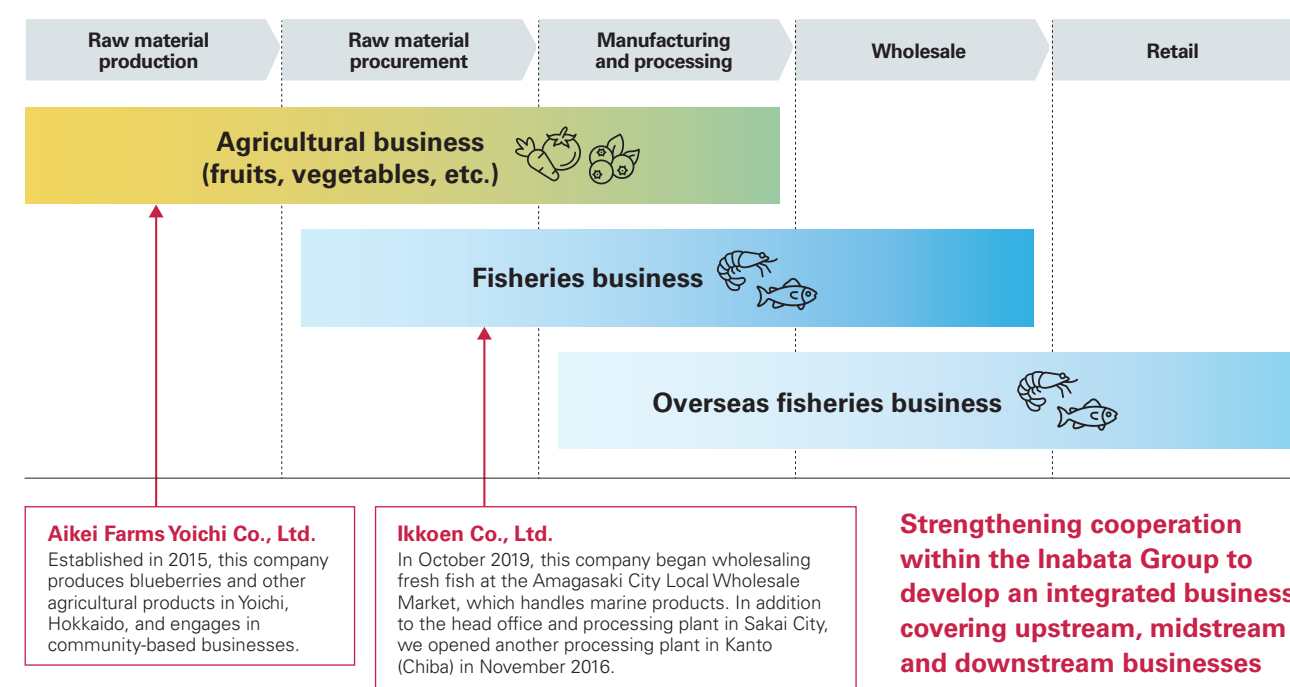
in-house processing, mainly in Hokkaido. In the fishery field, we started wholesaling fresh fish and other marine products at the Amagasaki City Local Wholesale Market, where there was a shortage of players in the midstream and downstream areas.

By working together with our group companies to tackle everything from production to sales, we aim to strengthen our functions, differentiate ourselves, and increase our earnings.



Blueberries grown at Aikei Farms in Yoichi, Hokkaido

Approach to the value chain in the food sector



In the agricultural sector, we will focus on the expansion of Aikei Farms, concentrating on mass production and shipment of our main agricultural products while expanding our handling of final processed products. In the area of agricultural products, we are considering establishing a frozen food processing plant in collaboration with partners. Outside Japan, we aim to work with DNI, our group company in the U.S., to expand sales of marine and agricultural products in the North American market in addition to expanding our outsourced processing bases for marine products mainly in Southeast Asia.

Business model 3

Product development

Case Eco-friendly plastic products

The problem of marine pollution due to plastic waste has been intensifying in recent years. As a trading company that deals with all types of synthetic resins in the chemical industry, we are working on projects to resolve the issue. One such initiative is our focus on biodegradable biomass materials to develop commercial products.

In 2018, we began handling NuPlastiQ*, a biodegradable biomass resin developed by BiologiQ (headquartered in Idaho, USA). We are currently manufacturing compounded products blended with commodity resins at our compounding plant in Thailand and processing them into finished garbage bags at our own plants in Japan and overseas. We are working to expand sales through Group

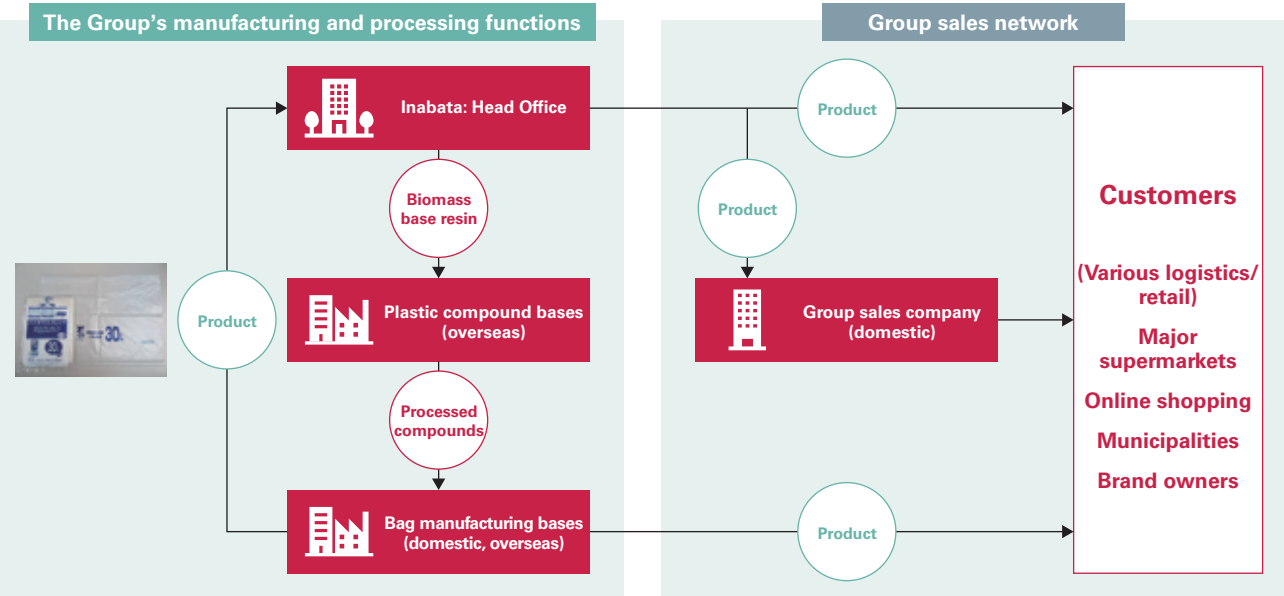
company Ordiy, which is strong in downstream distribution, including major supermarkets and online businesses, as well as through partners who have local governments as customers.

As awareness of environmental issues continues to grow, we will continue to work on developing products that reduce environmental impact, by utilizing the Group's manufacturing and processing functions and networks.



NuPlastiQ, a biodegradable biomass resin developed by BiologiQ

Manufacturing and supply flow of eco-friendly plastic products



Building an integrated system in the Group ranging from procurement and manufacturing to sales

NuPlastiQ is a thermoplastic resin whose main raw material is starch extracted from potato processing plant waste. It can be compounded with other resins to make films, sheets, bottles, and other products. NuPlastiQ is highly compatible with other resins and can be compounded with a variety of resins ranging from petroleum-derived resins such as PE, PP, and PS* to plant-derived resins such as PLA*. In addition, it has the property of strengthening the film, and improves the strength of a PE* film when blended with it. This has led to a 30% reduction in the amount of petroleum-derived resin used in some cases. NuPlastiQ has excellent recyclability, and it has been confirmed that the performance is retained even after it is recycled multiple times.
*PE (polyethylene), PP (polypropylene), PS (polystyrene), PLA (polylactic acid)

Business model 4

Logistics

Case Own warehouse operation in Indonesia

In Indonesia, which has seen remarkable economic growth in recent years, the logistics infrastructure has not been able to keep up with the rapid increase in the flow of goods, and the problem of overdue deliveries has become a serious problem.

Inabata Indonesia has set up large warehouses with a storage capacity of 5,000 tons to solve these problems. It has developed a new warehouse business in Indonesia by managing its own inventory storage and transportation of synthetic resin products, which was earlier being outsourced to local warehouses.

If the logistics route is complicated, such as going through multiple locations, it can adversely affect the efficiency of design in the production process. To eliminate these

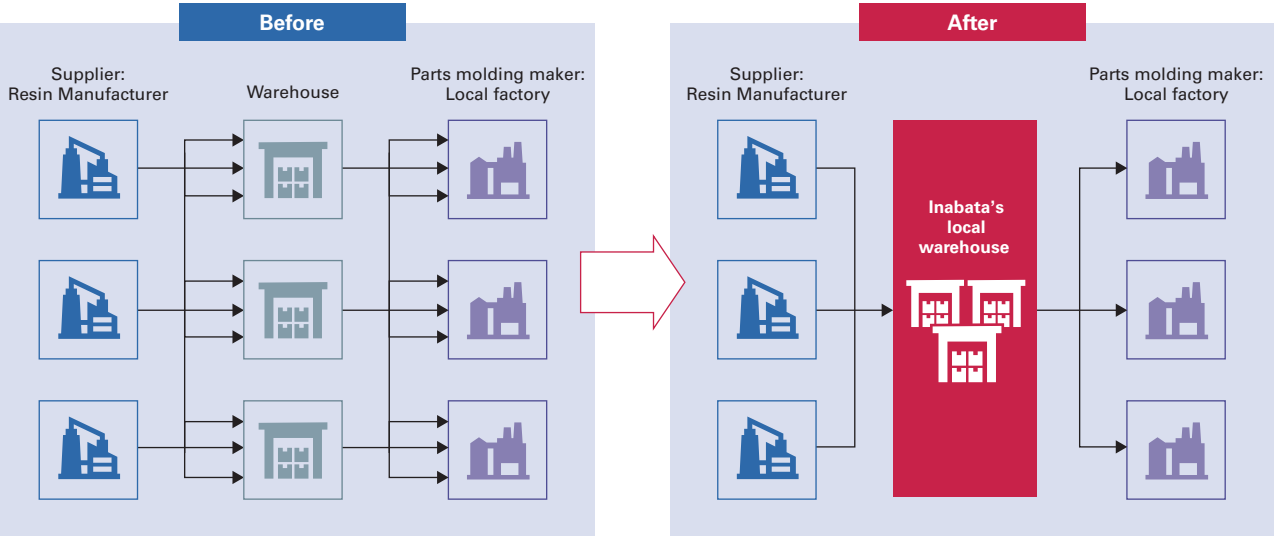
concerns, the company selected a good location for constructing the warehouse. The ground at the site is stable and along the main road connecting the port and the industrial park. To improve the efficiency of logistics, the company carefully selected a site where it would be possible to consolidate warehouses for inventory storage.

Moreover, the company was also able to achieve the same level of logistics management as in Japan and meet customer expectations by using a warehousing company with which we have a long relationship of trust in Japan as our local partner for our own warehouse operations.



Inabata's warehouse (Indonesia)

Logistics solutions using our own logistics warehouses



Consolidating warehouses that had been scattered across locations to cover all the steps up to product storage in-house

Before establishing our own warehouse operation, we were using five warehouses belonging to local warehousing companies. However, by consolidating our own warehouses to three locations, we have greatly improved our logistics efficiency. This has not only solved the problem of delayed deliveries but has also enabled us to respond with even shorter delivery times.
Inabata Indonesia has succeeded in differentiating itself from its competitors as a sales agent capable of storing customers' products at its warehouse.

We have launched a new medium-term business plan, with the goal of making our long-term Vision a reality. While maintaining our solid financial standing, we will focus on the growth investment most suited for Inabata.

稲畑勝太郎

Katsutaro Inabata
President



Reflecting on NC2020

We achieved our goals for ordinary profit and net profit. We are moving on to the next stage, based on our stronger financial standing

In FY2020, we continued to be affected by the spread of COVID-19 throughout the year. Though sales were slightly higher than the forecast we announced in August 2020, they were down 3.8% from the previous year. All profits reached record highs, and we achieved the goals for ordinary profit set forth in our medium-term business plan, New Challenge 2020 (hereafter, NC2020). This was mainly caused by a decrease in selling, general and administrative expenses as well as the reversal of allowance for doubtful accounts. Hence, we cannot take these numbers as they are, and assume that they are measurements of our true capabilities. However, I would like to express my gratitude to all of our employees for their hard work and their dedication to doing their best in the face of significant restrictions on our sales and various activities.

With regard to our progress with key initiatives, I will begin with the “further broadening and deepening of business outside Japan.” The ratio of overseas sales to total sales over the past four years has been around 53%, which has not changed significantly. However, when we consider the fact that the economies of Southeast Asian countries suffered severe damage in the final year due to the impact of lockdowns, especially in the first half of the

year, we believe that our overseas businesses are actually growing. In particular, there was steady progress in the flat panel sector in China and in the automotive sector in Southeast Asia.

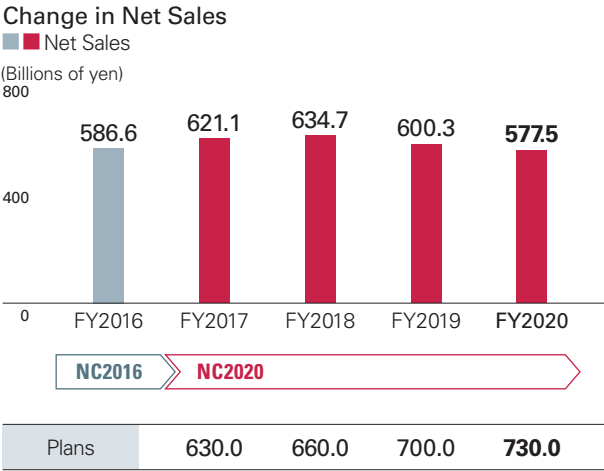
Regarding our “focus on markets with growth potential and sectors that have yet to be developed,” in addition to the automotive field as previously mentioned, we were able to establish footholds in the environment and energy sectors. The potential for working on alternative energy initiatives in collaboration with local power companies is great. In the future, we will continue to aim for steady profitability in these promising sectors. Our efforts to launch new initiatives in the food business, including agriculture, building the supply chain—from cultivation to processing and sales of agricultural products—is finally taking shape, although it took longer than expected for us to break away from the simple import and sales model. While it might take some time before we see tangible results, we hope to make steady progress in the food business as a long-lasting enterprise in an Inabata way.

On “investing more proactively to expand the trading business,” our new projects slowed and did not progress as expected due to the spread of COVID-19 in the final year of NC2020. Concerning the “establishment of global human resource management,” we had to cancel the Global Staff Meeting—which promotes mutual exchange among staff in Japan and overseas. We also had to cancel

workshops for overseas staff to deepen their understanding of our management philosophy. As a result, we were not able to make the progress we had expected. We will continue to work on these issues by devising various measures as we advance.

In the area of “enhancement of information infrastructure essential for global management,” the core systems of major overseas bases, for which standardization has been completed, have entered the stable operations stage. Due to this fact, steps for system integration with the head office have also moved forward contributing to enhancing our consolidated management.

NC2020 Achievements (FY2017 to FY2020)

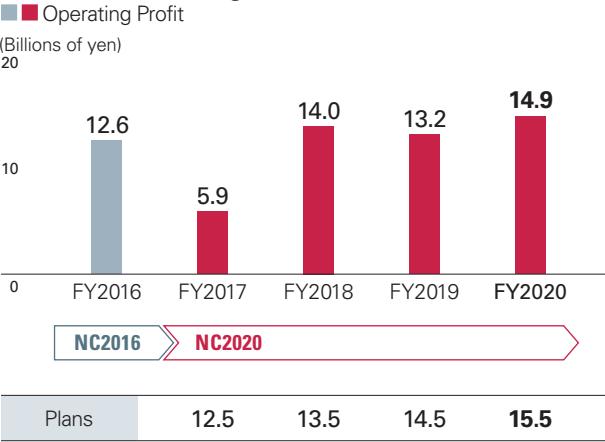


NC2020 Key Initiatives and Self-Assessment Table of the Extent to Which They Were Accomplished

Key Initiatives		Assessment
1. Further broadening and deepening of business outside Japan		△
2. Focusing on markets with growth potential and sectors that have yet to be developed	The automotive sector	◎
	The life science and medical sector	×
	The environment and energy sector	△
	The food sector, including agriculture	△
3. Further enhancing information infrastructure essential for global management		◎
4. Stepping up investments to expand our trading business		△
5. Conducting continual reviews of assets and enhancing our financial standing		◎
6. Establishing global human resources management		△

Note: ◎=good, △=fair, ×=bad

Changes in Operating Profit



On “continual review of assets and enhancement of financial standing,” our net debt-to-equity ratio and equity ratio have improved significantly over the past four years, and I believe that we have created a foundation for the next stage.

NC2023 Plans and Prospects

We will turn changes in society and customer needs into opportunities

In the new medium-term business plan, the New Challenge 2023 (hereafter, NC2023), we have not made any major baseline changes compared to NC2020, as this is the second step towards implementing our long-term vision, the IK Vision 2030. However, since the state of society and the needs of our customers are always changing, naturally, we must modify how we set our priorities and express our ideas in response to these changes.

If I were to give an example pertaining to the second key initiative we set up, taking a “multi-faceted approach to markets with potential for future growth and steady monetization efforts,” it would be that interest in the environment is growing faster than ever before. From an ESG perspective, it is the responsibility of companies to work toward achieving “carbon neutrality by 2050,” which was announced by the Japanese government in October

2020. However, it is also a business opportunity. We will continue to enhance our expansion of environmental impact-reducing products related to solar power generation, hydrogen energy, and the like as a shared theme for the entire company.

Naturally, there will be waves of change in businesses that have traditionally been the cornerstones for revenue. Our aim with the first key initiative we set up, “further development of core businesses and horizontal expansion into growth sectors,” is to make progress with initiatives even in mature markets. For example, with flat panels in the information and electronics business, we will develop new customers in China and work on materials for new-generation flat panel displays that come after the organic ELs. In plastics, we will find products that respond to the shift toward EVs and the development of self-driving technology in the automobile industry, which is our main field.

On the other hand, we will continue striving to enhance the information infrastructure essential for global management to further boost our management foundation. In addition to advancing global management using core systems, we will also move forward with digital transformation (DX), which includes implementing the latest “Zero Trust network” for information security so

that employees can work with peace of mind anywhere in the world.

While we were able to achieve a certain degree of success in strengthening our financial base through the NC2020 period, we will continue our efforts to conduct continual asset reviews and further improve the efficiency of our funds and assets. In this medium-term business plan, we have clearly stated our goals to reduce the monetary value of cross-shareholdings by half over the next three years. We will utilize the proceeds from sales as a source of funding for growth investment, shareholder returns, and further improvements to our financial base.

Enhancing Our Nonfinancial Capital

We are creating a workplace based on employee engagement, where each person can make the most of their abilities

As a trading company, naturally, our people are our greatest asset. That is why we held up “enhancement of human capital utilization efforts” as one of the key initiatives for NC2023. We will continue to focus on measures to increase the job satisfaction of our diverse human resources and boost their abilities.



One of the bases for this is employee engagement. As one of the indicators for monitoring, we began conducting an employee satisfaction survey in Japan and overseas this year. By identifying issues based on the results we obtain and implementing measures appropriate for each country and region, we will create a more rewarding work environment. Notably, active participation by female employees in the workplace and the appointment of women to management positions are issues that we need to address in Japan. We will continue to listen to the

NC2023 Key Initiatives and Quantitative Targets

*Net profit = profit attributable to owners of parent
*Net D/E ratio = (interest-bearing debt - cash and deposits) / equity capital
*Sales target prior to applying the new revenue recognition standard: 700.0 billion yen
*Assumed exchange rate: USD1=105 yen

Net Sales	Operating Profit	Ordinary Profit	Net Profit	ROE	Net D/E Ratio	Equity ratio
670.0	16.5	17.0	16.0	8 % or more	0.3 or less	50 % or more
billion JPY	billion JPY	billion JPY	billion JPY			

Key Initiatives for the Medium-Term Business Plan NC2023

1 Further development of core businesses and horizontal expansion into growth sectors

2 Multi-faceted approach to markets with potential for future growth and steady monetization efforts

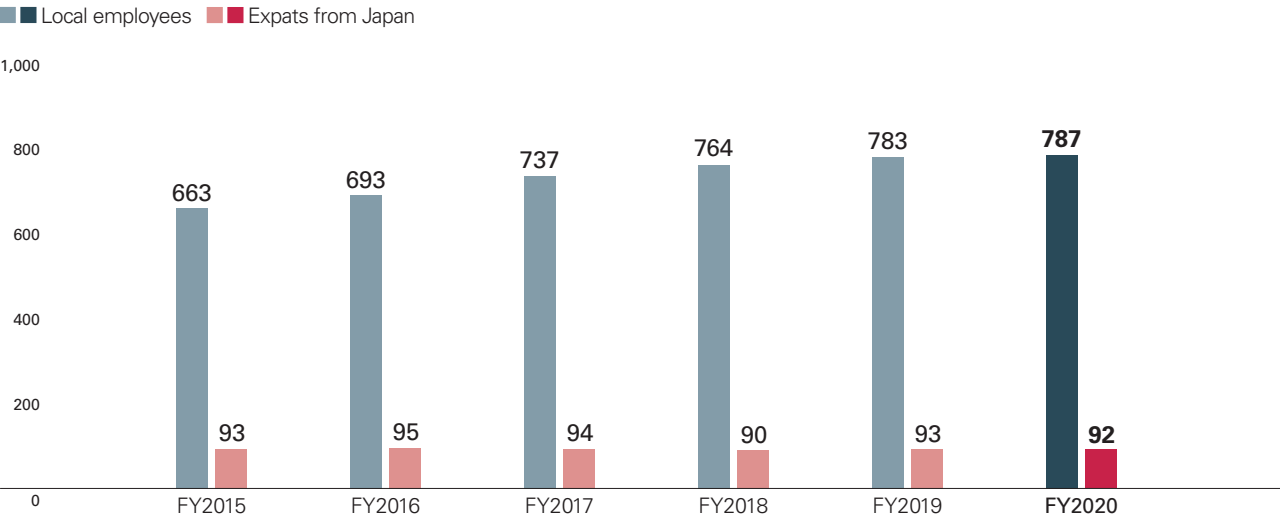
3 Intensification of investment targeting future growth

4 Further upgrades to global management information infrastructure

5 Continuous review of assets and further improvement of capital and asset efficiency

6 Enhancement of human capital utilization efforts

Changes in the numbers of local employees and expats from Japan engaging in trading business outside Japan



voices of our employees and provide institutional support. In addition, in Japan, companies will be obliged to make an effort to hire employees up to the age of 70 starting this year. We plan to design a system that does not view rehiring retirees as a cost but as a growth strategy in which knowledge and expertise are paid back to the company from a long-term perspective.

From a global viewpoint, we will resume the previously mentioned Global Staff Meeting, create a program for executives at overseas bases to be trained in Japan, and provide an overseas training opportunity for young Japanese employees. We aim to increase chances where people can learn about the language and business practices of each other.

As a result of the COVID-19 pandemic, the digitization of information dissemination has progressed faster than expected, and the amount of information that each of us comes into contact with is much greater than it was a decade ago. However, one of the most critical issues for a trading company is developing a discerning eye about how to add value to such information. While taking advantage of the efficiency of digital technology, I would like to foster a creative organizational culture in which employees with discerning eyes—which can only be developed face-to-face—work together and engage in friendly competition.



Improving Governance

We are working to reinvigorate the board of directors as we clarify the direction and perspective on governance reform

Concerning enhancing corporate governance, I believe it is essential to clarify not only the formality but also the direction and the perspective of the changes made to the Corporate Governance Code, which is updated every three years. For example, as the number of outside directors increases to more than one-third, the management style of the board of directors is expected to shift from the traditional style of management to a monitoring style, and it will be necessary to focus more on logical discussions to increase corporate value. The board of directors of our company has been transformed into a place for open exchange of views thanks to the experienced outside directors. However, there is still a tendency to focus too much on individual issues, and I am aware that it is my role to lead discussions on the big picture, medium- and long-term.

Concerning our succession planning, which is a frequently asked topic by investors, we use external consultants to conduct interviews with candidates. Results are fed back to the candidates to raise their awareness. The results are also reported to the Nominating and Remuneration Committee. We plan to continue these efforts to select the management team for the next period.

Towards Making Our Long-Term Vision a Reality

We will demonstrate the unique capabilities of our company where they are needed on-site

In the IK Vision 2030, our long-term Vision, we have stated that we will work on “further enhancing multifaceted capabilities such as manufacturing, logistics, and finance, in addition to trading.” Among these capabilities, we believe there is a great deal of room for us to evolve concerning our manufacturing and logistics capabilities. In particular, there are many issues regarding the cost management of manufacturing subsidiaries. We set up a project team last year which is now making situations in the field visible and establishing rules. Manufacturing capabilities combined with sales

capabilities are major assets for the Company, such as in our plastic compound business, so it is essential to refine the manufacturing capabilities themselves.

About logistics capabilities, there is plenty of potential for us to expand the model of in-house warehousing and delivery in Indonesia, which has become a precedent to other bases.

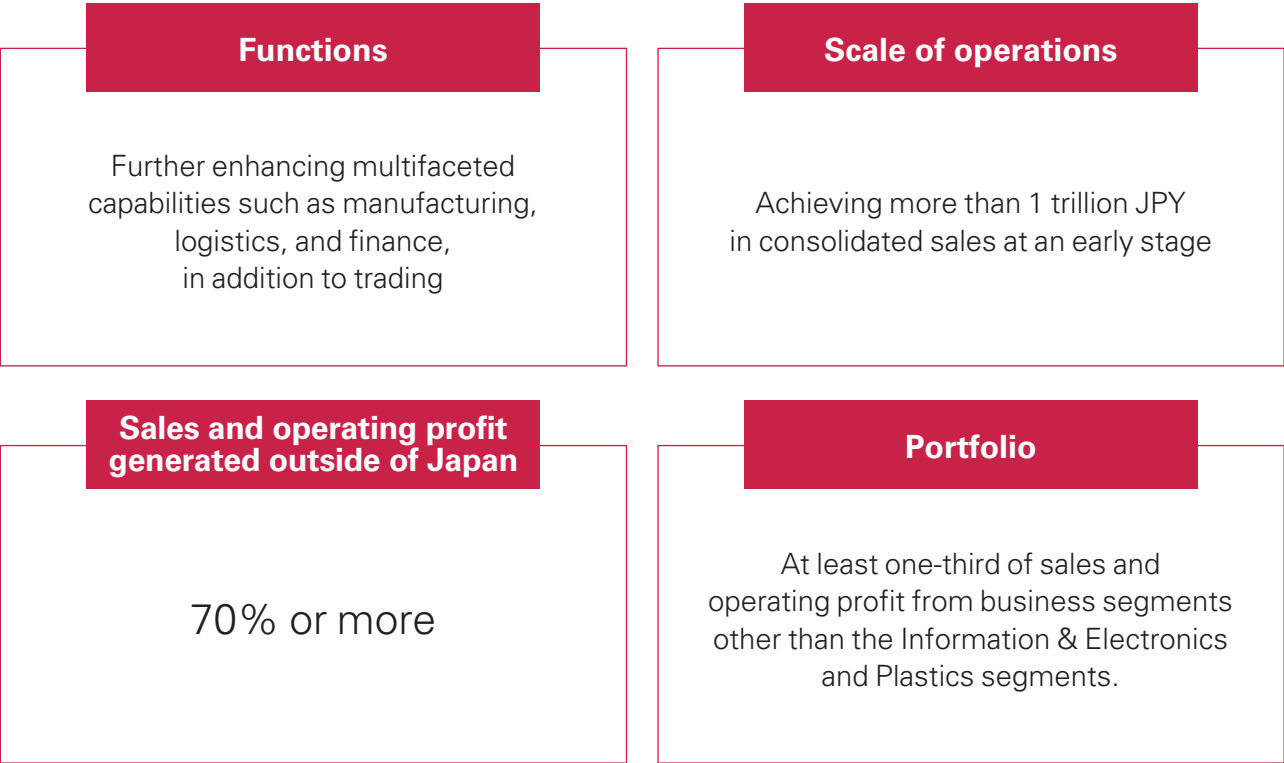
Financing is one of the core functions of a trading company. I do not intend to deny the so-called “finance projects,” but for projects that start with finance and possibly end with finance, I will try to question “Why us?” and “What is it that they expect from us?”

The business environment in which we operate and the needs of our customers continue to change at a rapid pace due to innovations in digital technology and the global pandemic. Because we are in such an era, we need to distinguish what we need to change and what we need to adhere to. We will continue to strive to improve our corporate value by striking a balance between our unshakable values based on our corporate philosophy of love and respect for people, with the decisive challenge of responding quickly to changes. I would like to express my appreciation to our stakeholders for their continued support.

Long-term Vision: IK Vision 2030

What Inabata envisions itself to be in the years around 2030

Formulated in May 2017



We are moving to the second stage for making our long-term Vision a reality. We will make use of our strengthened financial base to accelerate investment in growth, and work to further enhance our corporate value.

Inabata Group which completed the final year of the New Challenge 2020 (NC2020) medium-term business plan in FY2020, launched a new medium-term business plan in April 2021. As we reached the milestone of the second stage for making IK Vision 2030, our long-term vision, a reality, we asked Kenichi Yokota, director and senior managing executive officer, to give a summary of NC2020 from a financial point of view and discuss future financial and investment strategies.

Q Please summarize the company's performance for the fiscal year, and during NC2020.

A We achieved record profits in the final fiscal year of NC2020, and though we were significantly affected by COVID-19, we worked hard and were able to produce figures that were close to our initial plan

In the first year of NC2020, we got off to an unexpected start with the occurrence of bad debts in Europe, but in the second year, we steadily returned to nearly reach the planned level. However, since we had set the bar high for the plan, we needed to make a greater leap in the final year, but that was when the COVID-19 pandemic struck.

Naturally, we thought it would be difficult to achieve our targets for the first half of the fiscal year, but in the second half of the fiscal year, we were able to make a significant recovery due to factors such as the economic recovery in the Chinese market, as well as the rapid recovery of demand in the automobile industry in Southeast Asia.

In this environment, consolidated net sales in FY2020 totaled 577.5 billion yen (down 3.8% from the previous year). Operating profit was 14.9 billion yen (up 13.2%), ordinary profit was 16.5 billion yen (up 16.2%), and profit attributable to owners of parent was 13.7 billion yen (up 20.8%). We achieved record highs in all profit categories.

By business segment, net sales were 224.5 billion yen (up 2.7%, year on year) in the information and electronics business due to strong production of panels for TVs in the LCD business, our main field. Segment profit (operating profit) was 6.3 billion yen (up 41.2% year on year) due to a decrease in selling, general and administrative expenses, as well as a reversal of allowance for doubtful accounts.

On the other hand, in the plastics business, while demand recovered sharply in the second half of the fiscal year—mainly for high-performance resins for automobiles—the impact of lockdowns around the world in the first half of the fiscal year and the decline in commodity resin prices had a significant impact, resulting in net sales of 248.8 billion yen

Kenichi Yokota
Director and Senior Managing Executive Officer
In Charge of Administrative Affairs

Consolidated results for FY2020 and target values in the NC2020 medium-term business plan

	FY2020 results	NC2020 targets for FY2020
Net sales	577.5 billion JPY	730.0 billion JPY
Operating profit	14.9 billion JPY	15.5 billion JPY
Ordinary profit	16.5 billion JPY	16.0 billion JPY
Profit attributable to owners of parent	13.7 billion JPY	12.0 billion JPY
Net D/E ratio	0.06	0.4 or less

(down 7.9% year on year) and segment profit (operating profit) of 5.6 billion yen (down 9.7% year on year).

In the chemicals business, sales of materials for resins and additives were generally sluggish due to the impact of the COVID-19 pandemic, with net sales of 66.6 billion yen (down 10.2% year on year) and segment profit (operating profit) of 1.3 billion yen (up 9.2% year on year). In the life industry business, net sales increased to 37.3 billion yen (up 1.2% year on year) and segment profit (operating profit) increased to 1.5 billion yen (up 34.0% year on year), mainly due to steady growth in the food-related business. In these two business segments, a decrease in selling, general and administrative expenses was one of the factors that pushed up segment profit.

Q Please tell us about the company's progress with key initiatives.

A While our financial position has improved significantly, we will continue to proactively make investments for growth and strive to further improve our ROE

As for our status with regard to achieving our quantitative targets during the four years of the NC2020, unfortunately, we were not able to achieve the net sales targets, but we were able to achieve the targets for ordinary profit and net profit attributable to owners of the parent company, due to the reversal of the allowance for doubtful accounts of

approximately 750 million yen in the last fiscal year and a decrease in selling, general and administrative expenses. Despite the COVID-19 pandemic, I feel that we managed to come close to the targets of our initial plan.

With regard to making more proactive investment to expand the trading business, which is one of the NC2020 key initiatives, we have been affected by COVID-19, and to be honest, we have not moved forward as expected. In FY2020 in particular, many negotiations were conducted online, which made it difficult to make major investment decisions.

However, achieving organic growth, rather than trying to boost consolidated figures through large-scale mergers and acquisitions, is our basic strategy, and we have set capital costs and hurdle rates for investments. In that sense, I believe that it is inevitable that it will take some time to achieve results, but we can also improve on the fact that we have been a little too rigid. I think we could be more influenced by “animal spirits.” In other words, it would be good for us to make ambitious attempts to expand our businesses for profit. With that in mind, there is a policy in our new medium-term plan to invest proactively with the aim of making our long-term vision a reality.

With regard to another key initiative—conducting continual reviews of assets and enhancing our financial standing—indicators such as our net D/E ratio and equity ratio have improved much more than expected over the past four years. On the other hand, I feel that ROE and other indicators are somewhat lacking. Although we have bolstered our equity capital, from an investor's perspective, we need to raise our ROE a little more. I believe that this is a medium- to long-term issue for us.

Q Please describe some of the key points in the new medium-term business plan.

A We will focus on developing the next generation of profitable businesses, while further strengthening our financial base

The new medium-term business plan, the New Challenge 2023 (NC2023) is positioned as the second stage of our

BS comparison

FY2016 (start of NC2020) (Billions of yen)				FY2020 (NC2020 End of FY) (Billions of yen)			
Current assets	238.4	Current liabilities	150.5 <small>(51.8 out of the above figure are short-term borrowings)</small>	Current assets	256.9	Current liabilities	150.5 <small>(33.7 out of the above figure are short-term borrowings)</small>
		Non-current liabilities	41.9 <small>(19.2 out of the above figure are long-term borrowings)</small>			Non-current liabilities	26.8 <small>(7.4 out of the above figure are long-term borrowings)</small>
Non-current assets	101.7	Net assets	147.6 <small>(98.2 out of the above figure are shareholders' equity)</small>	Non-current assets	96.2	Net assets	175.8 <small>(129.1 out of the above figure are shareholders' equity)</small>
Total assets	340.1	Total liabilities and net assets	340.1	Total assets	353.2	Total liabilities and net assets	353.2

Equity ratio/net D/E ratio/ROE

	FY2017	FY2018	FY2019	FY2020
Equity ratio	40.1%	44.5%	45.2%	49.2%
Net D/E ratio	0.28	0.19	0.16	0.06
ROE	4.7%	8.5%	7.4%	8.6%

efforts to make our long-term vision, IK Vision 2030, a reality. Our basic strategy is to continue on from NC2020, and accelerate our investment in growth by making use of our strengthened financial base.

We set a target for the net D/E ratio of 0.4 or less when NC2020 began, and due to our work on improving our finances, we achieved a ratio of less than 0.2. Therefore, we set a target of 0.3 or less for NC2023, and will shift our direction towards making investments for growth in the future.

One of those areas with potential for growth is the food business, including agriculture. We have already begun blueberry farming in Hokkaido, and we are considering operating a processing plant in order to add value. Through deeper involvement in our core businesses and through these sorts of investments, we would like to make an ROE of 8% or more the norm.

Furthermore, we are working to conduct continual reviews of assets and make further improvements to the efficiency of our funds and assets. At present, our equity ratio is approaching about 50%, so we would like to aim for 50% or higher in the future. In addition, we plan to reduce the monetary value of strategically-held shares by half over the next three years. The proceeds from sales will be used while maintaining a balance between three measures: making

Investments and lending

(Billions of yen)	FY2017	FY2018	FY2019	FY2020	Cumulative total for NC2020
Growth investment	3.86	2.31	1.85	0.86	8.90
Fixed investment	1.59	2.03	2.01	2.40	8.03
Total	5.45	4.34	3.86	3.26	16.93

investments for growth, shareholder returns, and bolstering our financial structure.

In terms of capital strategy, we have increased surplus funds in Japan through the sale of held shares, which we plan to use to strengthen our overseas business base. During the previous medium-term business plan, we increased capital by about 10 billion yen for subsidiaries in overseas countries with high interest rates and subsidiaries with a weak financial base, which resulted in a decrease in non-operating expenses.

In addition, with regard to our policies for dealing with purchases on a large scale—so-called anti-takeover measures—we carefully considered what our policies should be, taking changes in the business environment surrounding the company, recent trends in anti-takeover measures, and above all, the opinions of shareholders and investors in Japan and overseas, into consideration. As a result, we made the judgment that from the viewpoint of ensuring the common interests of shareholders, the need for the policies had relatively decreased, and we abolished them in May 2021, a year ahead of schedule.

Sales of strategically held shares

(Million yen)	FY2017	FY2018	FY2019	FY2020
Sales amount	9,017	5,298	3,026	2,944

NC2023 Quantitative Targets (FY2023)

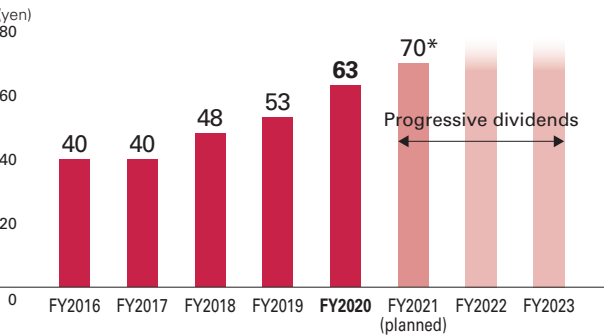
Net Sales	670.0 billion JPY	ROE	8% or more
Operating Profit	16.5 billion JPY	Net D/E Ratio	0.3 or less
Ordinary Profit	17.0 billion JPY	Equity ratio	50% or more
Net Profit	16.0 billion JPY		

*Net profit = profit attributable to owners of parent
*Net D/E ratio = (interest-bearing debt - cash and deposits) / equity capital
*Sales target prior to applying the new revenue recognition standard: 700.0 billion yen
*Assumed exchange rate: USD1=105 yen

Basic Financial Policies of NC2023 medium-term business plan

- 1 Cash utilization policy**
Allocate cash earned in a well-balanced manner toward the following three areas:
1) Investment in future growth
2) Returns to shareholders
3) Strengthening of financial base
- 2 Basic Policy on Shareholder Return**
Fundamentally, we will ensure that dividend per share does not decline year on year by continually increasing our dividends (adoption of progressive dividends).
- We will continue to target a total return ratio of about 30–35%.
- We will swiftly and flexibly conduct treasury stock acquisition.
- 3 Policy on reducing strategic shareholdings**
Further review strategically held shares and reduce them by 50% in three years.

Dividends per share



*As of August 2021



Please outline the company's dividend policy.

We will introduce progressive dividends, and implement shareholder returns that are based on continuous dividend increases

Inabata has long positioned returning profits to shareholders as one of its most important policies, with an emphasis on stable and continuous dividends. We aim for a total return ratio of around 30-35%, based on the total amount of dividends and share buybacks. We revised annual dividends per share for FY2020 to 63 yen, 10 yen higher than the initial forecast. In addition, we have introduced “progressive dividends” from FY2021, taking into account our dividend performance to date, to serve as an expression of our conviction that Inabata will continue to be a corporate group that will achieve stable growth over the medium- to long-term (the next 10 to 20 years) and as an expression of the will of the management team. During the NC2023, our policy is to constantly keep the annual dividends higher than the preceding year and not reduce them.

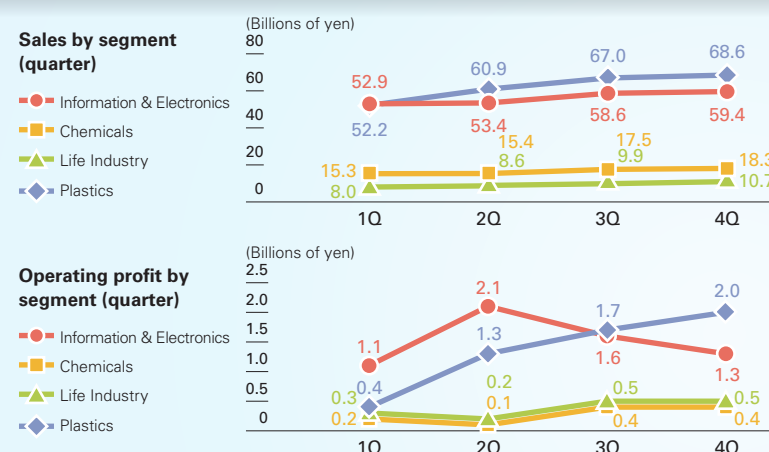
We will continue pursuing an optimal balance between strengthening our financial structure, investing in growth, and returning profits to our shareholders, so that our shareholders, investors, and other stakeholders will be able to say, “We are glad that we held our shares in Inabata for a long time.”

COVID-19

The Pandemic's Impact and Our Response

The Inabata Group, has been expanding overseas, mainly in Asia, and the global COVID-19 pandemic has affected us in various locations. However, we are continuing our business operations, with the safety and security of our stockholders, customers, business partners, employees and other stakeholders as our foremost priority. We will continue responding to changes in the business environment, improving our profitability, and enhancing our sustainable corporate value, with our eyes set on the post-pandemic era.

2020	First Quarter	Second Quarter		Third Quarter	Fourth Quarter
The State of Major Group Businesses	The impact of COVID-19 spread across the world, and restrictive measures such as lockdowns were implemented overseas. In the plastics segment, which makes up 40% of net sales, lockdowns had a major impact at our manufacturing and processing bases in Southeast Asia and Mexico. In addition, the segment was affected by falling resin prices due to the sharp downturn in the economy. In the Information & Electronics Segment, the decline in business was limited due to the steady operations of our customers, panel manufacturers in China.	Despite the harsh circumstances, the economic situation gradually trended toward recovery. In the Information & Electronics Segment, sales of FPD-related TVs and notebook PCs were strong, due to the demand caused by remote work. In the Plastics Segment, resin sales decreased in Japan and overseas, except for some products related to PCs and game consoles. In particular, there was a decrease in sales in the automobile sector, mainly in Southeast Asia. In the Life Industry Segment, sales of frozen fruits and vegetables were strong, due to demand from people staying at home. Sales of processed fish products for the domestic conveyorbelt sushi industry also increased.		Despite the difficult situation, there were signs of recovery in the USA and China. In the Plastics Segment, sales continued to be weak, with a few exceptions. Though sales in the automobile sector decreased, from summer onwards, the economy trended towards a rapid recovery. In the Information & Electronics Segment, production of FPD TVs was strong, and sales continued to be steady. Items such as OA-related products, PC- and game-related products, and frozen fruits and vegetables continued to sell well, due to demand from people staying at home, as well as to remote work.	In China, the economy headed towards recovery. The downward trend in emerging Asian countries came to a halt. In the Plastics and Chemicals segments, the market underwent a rapid recovery, especially in the automotive sector. We were able to keep the decline in sales to a minimum over the entire fiscal year. Compared to the fourth quarter in the previous fiscal year, sales increased in all segments.
The Group's Response	At our bases in Japan and Thailand, we responded by implementing remote work and flex time. In China, we established core time for employees to come to the office. In Mexico, our manufacturing and processing bases were shut down. In the U.S. and Germany, we responded by implementing remote work. By having employees work from home and having flexible shifts, we were able to limit the impact of COVID-19 on customer service and business continuity at our trading company bases in Japan and overseas.	In Mexico, our manufacturing and processing bases restarted operations. In Indonesia and Singapore, curfews were lifted, and we began shift-based work.		We continued to implement remote work in Japan, the U.S., and Germany. In Southeast Asia, we responded by implementing remote and shift-based work.	Due to COVID-19 infections in China coming under control throughout the fiscal year, we responded by setting a core time for employees to come to the office. In Japan, during the state of emergency declaration, we responded by keeping in-person company attendance to 30% or less.
Sales Year on year (billions of yen)					
Operating profit Year on year (billions of yen)					



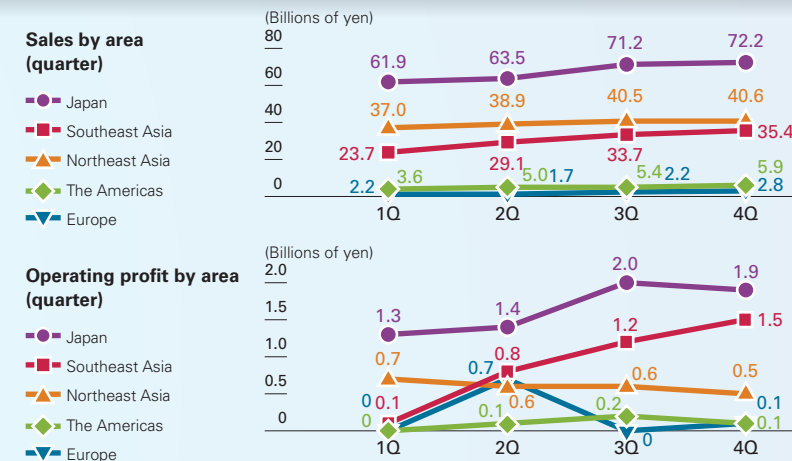
Percentage change from the same period of the previous year (quarter)

Segment	1Q	2Q	3Q	4Q
Information & Electronics	-4%	-4%	+8%	+10%
Chemicals	-16%	-17%	-9%	+1%
Life Industry	-15%	-3%	+9%	+13%
Plastics	-26%	-14%	-2%	+15%

Percentage change from the same period of the previous year (quarter)

Segment	1Q	2Q	3Q	4Q
Information & Electronics	+0%	+74%	+51%	+38%
Chemicals	-37%	-40%	+45%	+105%
Life Industry	-22%	+10%	+75%	+90%
Plastics	-69%	-24%	+11%	+56%

*FY2020



Percentage change from the same period of the previous year (quarter)

Area	1Q	2Q	3Q	4Q
Japan	-13%	-12%	+1%	+4%
Southeast Asia	-32%	-19%	+0%	+18%
Northeast Asia	-7%	+2%	+3%	+17%
The Americas	-30%	-13%	+2%	+6%
Europe	+11%	+0%	+14%	+47%

Percentage change from the same period of the previous year (quarter)

Area	1Q	2Q	3Q	4Q
Japan	-18%	-4%	+54%	+25%
Southeast Asia	-90%	-33%	+12%	+67%
Northeast Asia	+17%	+6%	+7%	+398%
The Americas	—	+46%	+163%	-34%
Europe	+14%	—	+173%	—

*FY2020



Case: Vietnam

Reconstructing our global supply chain

Delays in shipping by sea and air due to the global container shortage, as well as rising freight rates

Our base in Vietnam got its start in 1996 as a representative office in Ho Chi Minh City. Since then, it has developed into a processing and trading base with suppliers and sales partners, who are mainly overseas, and we have built a supply chain centered on maritime transport.

From 2020 onwards, delays of deliveries transported by sea and air, due to a global container shortage and rising freight rates caused by the spread of COVID-19. It has become difficult for us to deal with this issue via our conventional supply chain, which was primarily based on maritime transport. As a result, when quality and cost conditions are suitable, we have shifted from suppliers in China, Taiwan, and South Korea to those in Thailand and Malaysia. We changed our transport method from maritime transport to overland transport, which is less susceptible to the effects of the COVID-19 pandemic, and attempted to create new systems to minimize its effects.

Impact on our Vietnam base, and measures taken in response

Supplier countries

China, Taiwan, South Korea → Thailand, Malaysia

Form of transport

Maritime transport by ship → Overland transport by truck

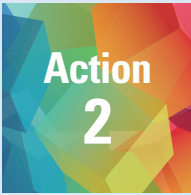
Time for delivery

Three days, prior to the COVID-19 pandemic (currently unpredictable) → +1 day to time of delivery



Supplying from countries and manufactures capable of overland transport, and minimizing impact on the supply chain as much as possible

Overland transport by truck from Thailand and Malaysia to Vietnam is less susceptible to weather conditions than maritime transport, so there was little concern about deliveries being delayed. However, since overland transport tends to be more costly than maritime transport, we proposed different delivery and cost conditions to our customers, and established a flexible system in order to meet each customer's requirements. In one case of overland transportation from Malaysia, we negotiated directly with the Malaysian shipping company and arranged trucks ourselves to transport the items ourselves, directly connecting the supplier with the sales destination to shorten transport time and meet demands for immediate delivery. We offered more options in response to these sorts of varied requests from our customers, and worked to rebuild our supply chain system to better meet their needs.



Preventing infections in the office

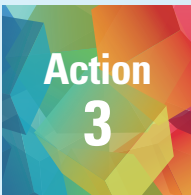
Since January 2020, when the first case of COVID-19 was confirmed in Japan, we have been taking measures to prevent infections among our domestic employees, and in February 2020, we established a task force, under the direct control of the president, to further enhance and thoroughly implement those measures. The measures included refraining from overseas business trips and installing alcohol disinfectant at office entrances. We also distributed masks to all employees who came to offices. We introduced flex time and remote work for employees as early as the end of February 2020. We lent out laptop computers and Wi-Fi routers for remote work to employees who needed them, and at the same time worked to improve our environment and facilities. We then formulated guidelines to be used in the event of an outbreak, and shared them across the entire company. In order to prevent office infections, we made further revisions to rules, such as introducing and promoting a web conference system and closing smoking areas. In April, when a state of emergency was declared nationwide, we reduced the percentage of employees who came to work to 30% or less, and established a website for information about COVID-19. We set up an environment for employees to be able to catch up with the latest information as needed, relieve their psychological anxiety, and take thorough infection prevention measures on their own. In May, we notified the entire company of our post-state-of-emergency declaration operational policy of "no entertainment" and "refraining from business trips and outside work." Even after the declaration was lifted, we continued to take thorough preventative measures, such as setting up partitions in conference rooms and prohibiting employees from dining with other people, both inside and outside the company. In April 2021, the induction ceremony for new employees was conducted online, as in the previous year. In June 2021, the 160th Ordinary General Meeting of Shareholders was held at the Tokyo head office with all members of management participating online except for the President and one auditor, while avoiding close proximity and taking thorough infection prevention measures. As of the end of August 2021, we have set the percentage of employees coming to work at 30% or less. We will continue to implement thorough infection prevention measures.



COVID-19 information on internal website



Remote training for new employees



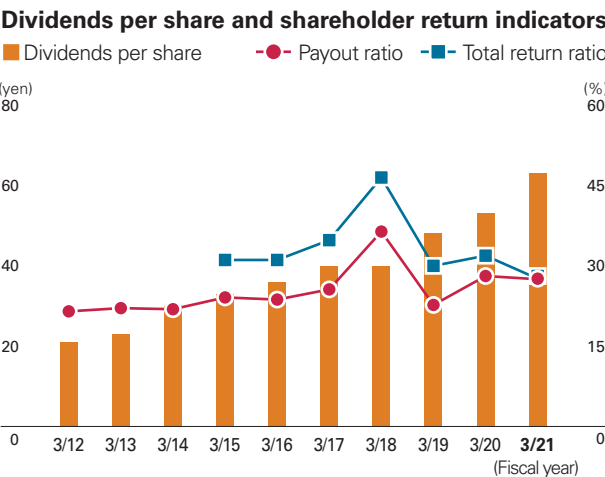
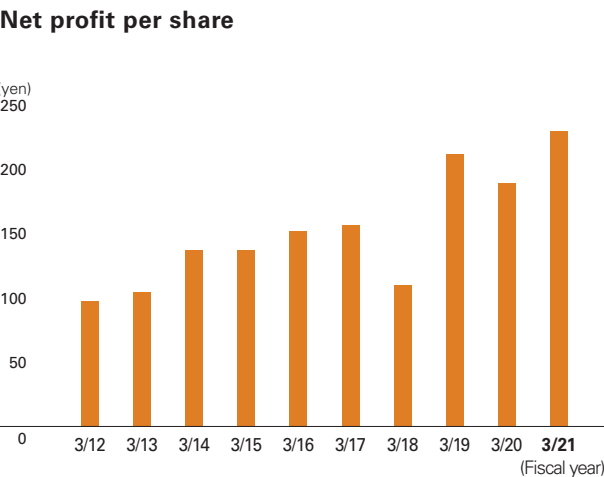
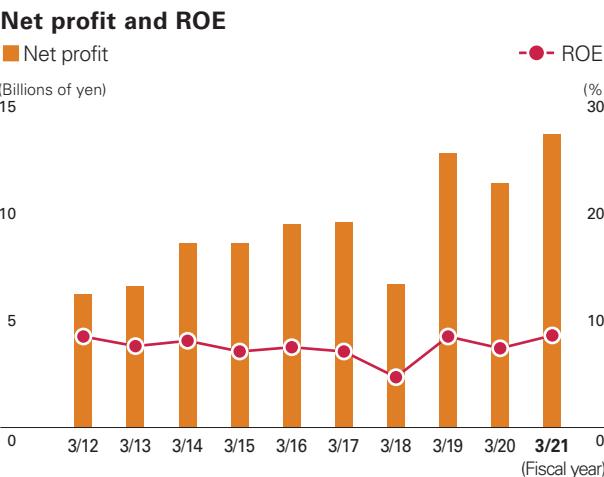
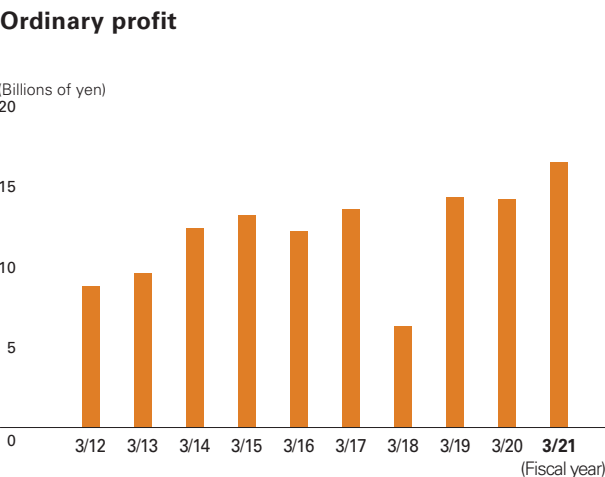
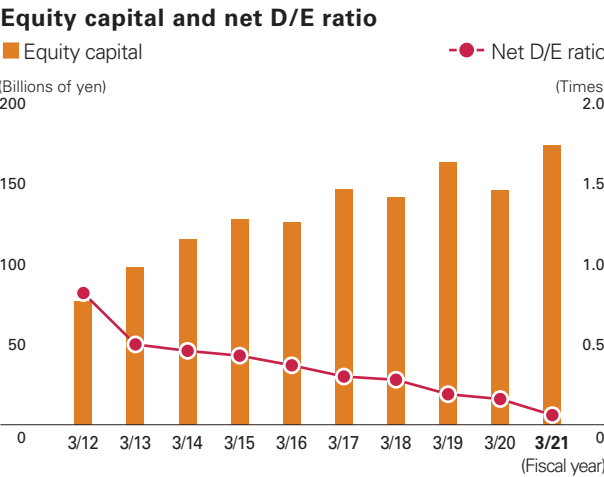
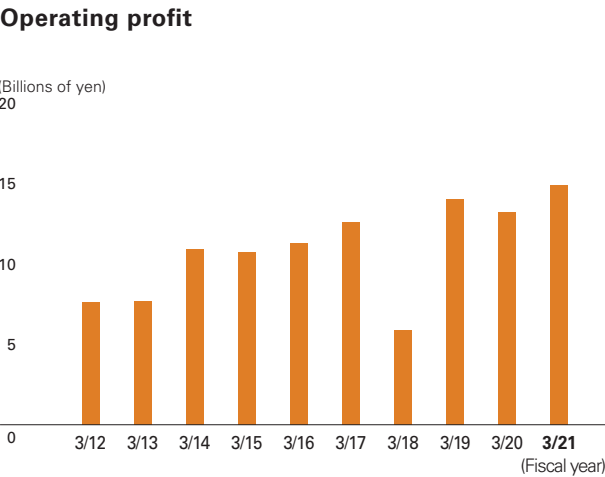
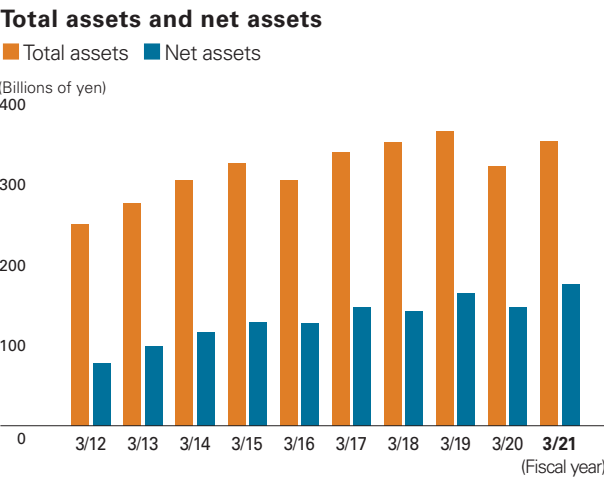
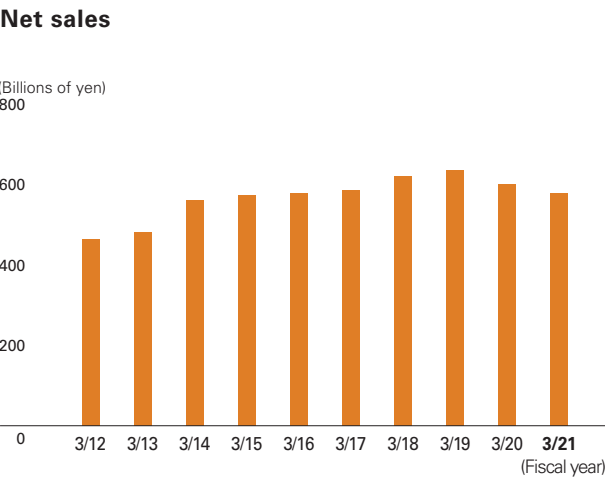
Promoting and setting up an environment for remote work

Our company—which started promoting remote work from a comparatively early stage—implemented various schemes and measures through an equipment system and internal communication to avoid decreasing task efficiency. For internal communication, we have taken measures such as investing in equipment like a chat tool that allows for closer dialogue. Furthermore, each team conducts regular meetings, and by sharing information on the status of sales representatives in a timely manner, we are able to respond quickly to any problems, while building a team structure that makes it easy for employees working in unfamiliar environments to consult with others. In addition, where possible we have reduced paper-based communications, moved to electronic approvals, and changed our internal systems so that people can work from home.



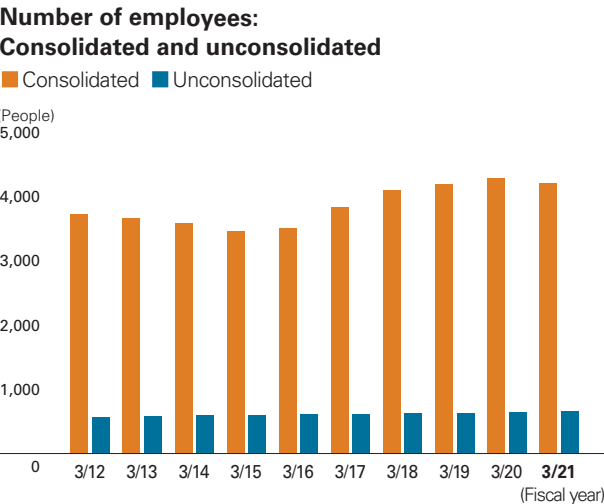
The Osaka Head Office after the promotion of remote work

Financial Highlights

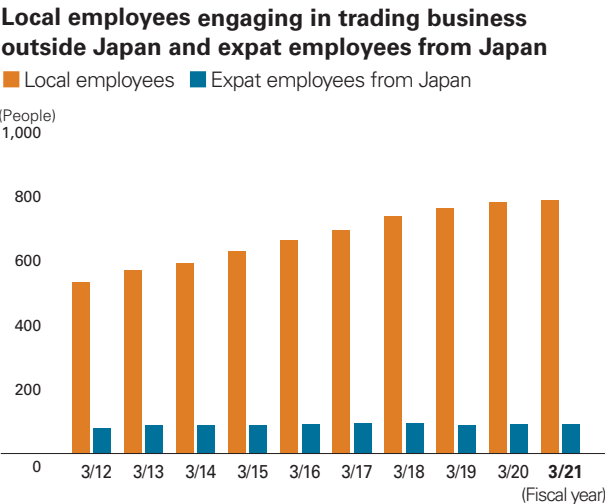


Note: Since FY2014, we have used the total return ratio as an indicator of shareholder returns

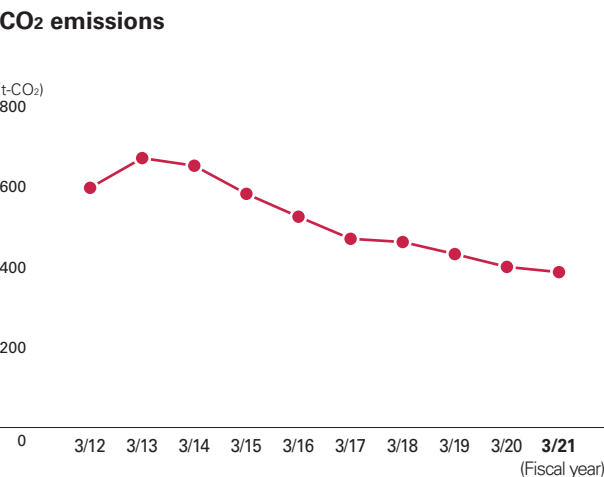
Nonfinancial Highlights



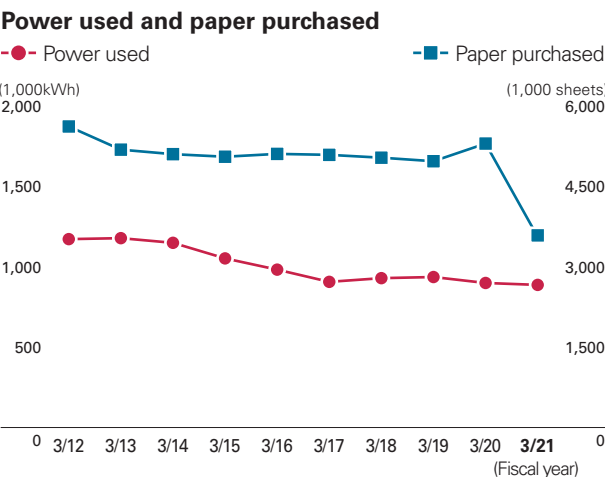
Note: Figures are as of the end of March of each FY.



Note: Figures are as of the end of March of each FY.



Scope: Osaka Head Office, Tokyo Head Office, Nagoya Branch
Note: CO2 emissions have been calculated from the amount of power used based on the CO2 emission factor for usage of power



Scope: Osaka Head Office, Tokyo Head Office, Nagoya Branch

Information & Electronics

With display components, digital printing materials, materials for semiconductors and other products as our income-generating pillars, we are also venturing into new fields such as agriculture, automobiles, and life sciences. We are also focusing on IoT and renewable energy-related products, which are expected to grow in the near future.



Toyohiro Akao
Director,
Senior Managing
Executive Officer



Masahiro Sugiyama
Director,
Managing Executive Officer

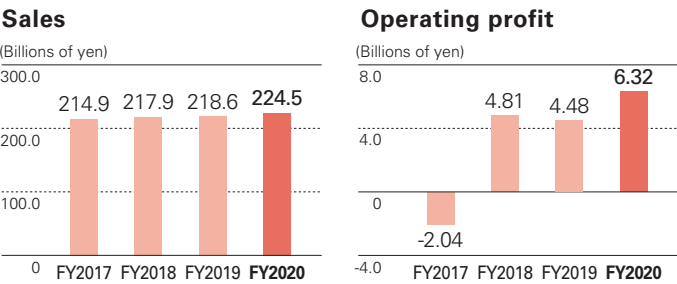
Segment performance overview

Target values for the final fiscal year of NC2020

Sales **261.0** billion JPY

Operating profit **4.4** billion JPY

- With some exceptions, the impact of the spread of COVID-19 was positive, such as increased demand for consumer electronics against the backdrop of growth in remote work, as well as the reversal of allowance for doubtful accounts, and we achieved our target values for operating profit.
- By product category, sales of LCD-related products, including our well-regarded panels for TVs, were strong, and sales of semiconductor-related products for 5G and other communication networks, as well as rechargeable battery-related products in the energy field, increased. On the other hand, in the digital printing field, demand for office and industrial products cooled sharply, but we made a recovery through consumer products.



Business environment and strategies

Displays	Digital printing	Semiconductors and 5G	Environment and energy
Business environment (Opportunities Risks)			
<ul style="list-style-type: none">Continued growth of the Chinese marketExpansion of display parts for automobilesAddressing intensifying competition and changes in trends	<ul style="list-style-type: none">Expansion of the industrial inkjet marketAdvancement of paperless environments	<ul style="list-style-type: none">Expansion of IoT- and MaaS-related marketsIntensifying global competition	<ul style="list-style-type: none">Increase in global interest in renewable energyAddressing variations in related laws and regulations in different countries and regions
Strengths			
<ul style="list-style-type: none">Collaboration with major Japanese materials manufacturers	<ul style="list-style-type: none">Top-level information network in each industry as a trading companyA global network to maintain closeness with customers and the capability of providing processing and distribution services	<ul style="list-style-type: none">Specialized skills in mask blanks, which is one of our key products	<ul style="list-style-type: none">A wide array of renewable energy materials
Activities and strategies			
<ul style="list-style-type: none">Fully utilize business resources focused on the growing Chinese marketExpand product line-up centered on components related to displays	<ul style="list-style-type: none">Set up at the earliest a supply system for new materials with rising demandStart new transactions with material makers and expand product line-up	<ul style="list-style-type: none">Expand product line-up for automobiles and strengthen supply systemPropose total solutions for industrial materials	<ul style="list-style-type: none">Start multidimensional new businesses catering to different regions and needsDevelop employees with specialized knowledge

Goals and strategies for NC2023, the new medium-term business plan

Moving forward with deeper involvement in each field, and aiming to obtain new business

The profit driver for this segment is the display field. At present, LCD manufacturers have shifted their production lines to China, and we have concentrated our business resources on the Chinese market as well. During the NC2023 period, we are maximizing those business resources, and pursuing the business potential of next-generation display materials, in parallel with working to expand our conventional business through the acquisition of new commercial rights.

Another profit driver is the digital printing field, which is continuing to expand, mainly in inkjet and toner materials. In this field, in response to recent changes in demand, we will shift to sales of materials for high-capacity inkjet printers for consumers, as well as digital printing materials for industrial use, which are increasingly being used in various fields.

With regard to the field of semiconductors and 5G, we will aim to establish new businesses in the field of electronics aimed at IoT and Maas-related markets, while focusing on sales of advanced electronics products, our main product line, which includes mask blanks.

In the environment and energy field, which we expect to be a growth driver in the future, we will develop a wide range of businesses in renewable energy, where further market growth is expected.

In addition to the solar cell materials and photovoltaic power generation systems that we have worked on in the past, we will start handling biomass power generation systems, hydrogen production equipment, and fuel cells for hydrogen mobility. Amidst the rapid growth of the EV market, we will also continue to expand our sales of lithium-ion battery materials.

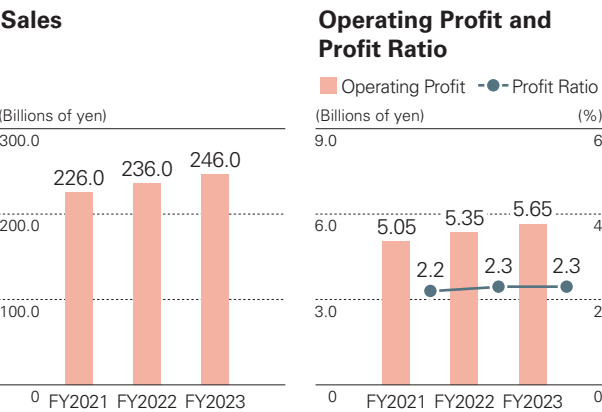
Profit drivers

- Materials related to flat panel displays
- Digital printing-related products

Growth drivers

- Materials related to lithium-ion batteries
- Renewable energy

NC2023 Quantitative Targets



Examples of initiatives

Anticipating an increase in demand, and focusing on automobile displays

We are also focusing on sales to automotive display manufacturers of polarizing films and other optical films, as well as other mounting materials, in addition to panel materials such as alignment materials for LCDs and various materials for OLEDs. The automotive display market has seen technological advancements for both LCDs and OLEDs, and these displays have become available in various shapes, including super-long, irregular, and curved screens. Going forward, displays will be utilized in parts where they have previously not

been used, and we will enhance our system in anticipation of a dramatic increase in the surface area on which displays are installed in each automobile.



Chemicals

With firm roots in our founding business of dyes, we deal in chemicals that serve as a platform for all kinds of industries. We have a track record of separating businesses that show growth and pursuing new potential. We paved our way into global markets when the domestic market matured. In April 2019, we integrated the Housing & Eco Materials Division, which was dealing with materials that are close to final products, to provide optimum products and services to the entire value chain.



Masahiro Sugiyama
Director,
Managing Executive Officer

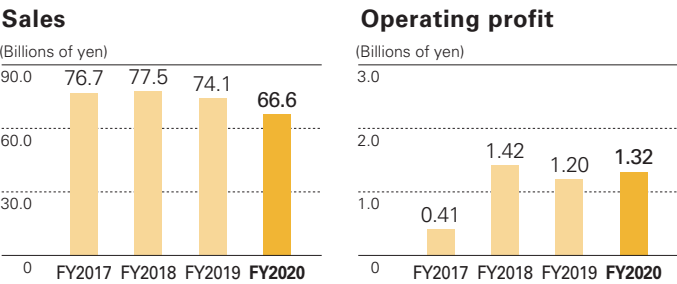
Segment performance overview

Target values for the final fiscal year of NC2020

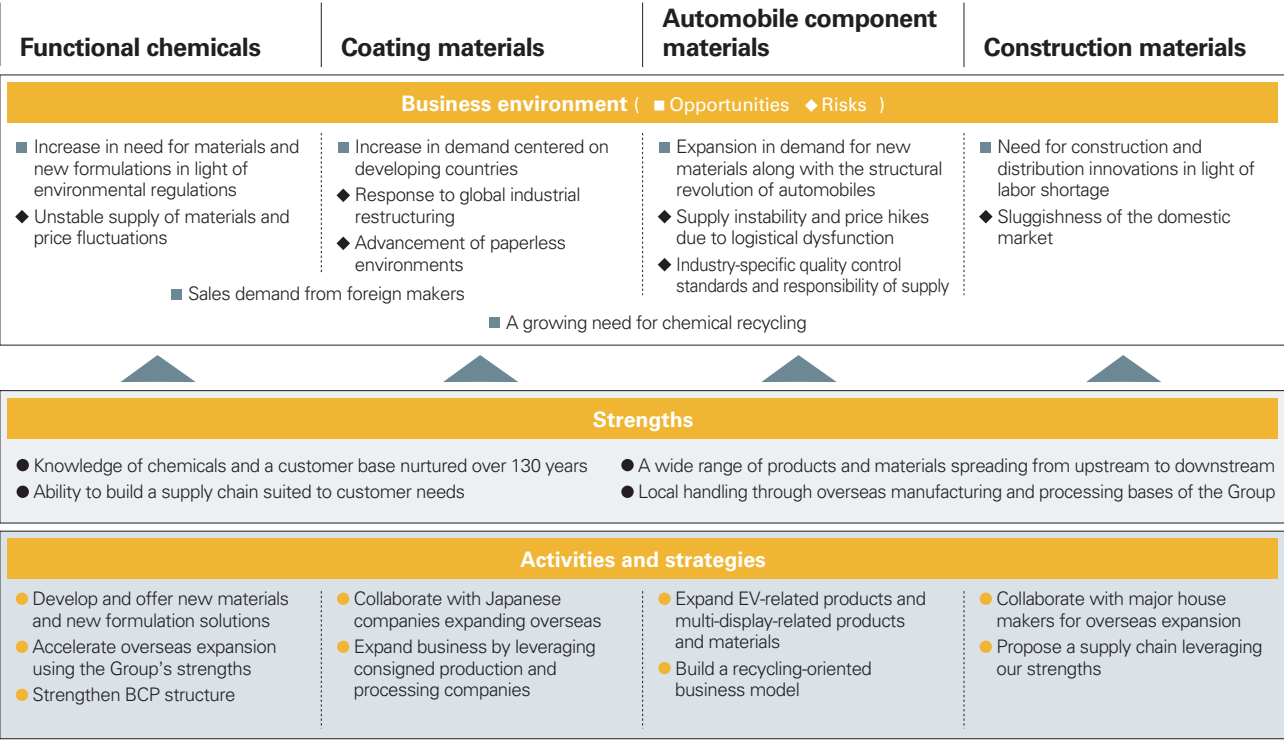
Sales **95.7** billion JPY

Operating profit **2.2** billion JPY

- Sales decreased because of sluggish sales in the former housing & eco materials business, as well as the impact of the spread of COVID-19. Although the market as a whole is on a recovery track, profits were also sluggish, and we did not achieve our targets.
- By product category, sales of materials for resins, additives and paints, inks, materials for adhesives, and construction-related materials were generally weak. On the other hand, sales of materials for the automotive parts industry made a rapid recovery in the second half of the fiscal year, mainly in Southeast Asia.



Business environment and strategies



Goals and strategies for NC2023, the new medium-term business plan

Developing multifaceted products in a variety of fields, with a focus on expanding our business in the mobility sector

In the Chemicals Segment, our most important strategy is to expand sales of chemical materials for the automotive industry.

Various opportunities are emerging in the mobility sector amidst growing global environmental awareness and automated driving technology advancements. For battery thermal interface materials, which have been the mainstay of our business, we must respond to the fragmentation of needs, and make proposals from a “thermal management” perspective that integrates peripheral materials and components, such as fireproof and waterproof materials. We also need to develop our automobile display business, which includes cover glass parts that take functionality and design into account. The range of airbag-related products on the manufacturer’s side is expanding, and we intend to promote the global development of new products with “safety” as our keyword. As for the circular economy, which is required for the whole automobile industry, we will build a recycling-oriented business model with the manufacturers to whom we supply products.

In the coating materials field, regarding materials for automobile urethane coatings—a growth area—we will build a global cooperation structure, mainly through our own processing plants in China, and increase the number of contract processing companies in other countries to accelerate growth. Domestically, we will expand sales of products with high added value, such as adhesive materials and pigments, and support overseas expansion by entering into exclusive agency agreements with major manufacturers.

In the functional chemicals field, we will use our overseas networks and chemical product knowledge and aim to expand through improved functions as a contractor for major chemical manufacturers. Specifically, we will bolster sales of urethane

and other heat-insulating materials, additives, and intermediates that consider global environmental protection and BCP.

In the construction materials field, we will expand direct transactions with major housing manufacturers and builders, and pursue synergy with the integrated chemicals business to make our presence felt in a difficult market environment. Recently, major companies have been finding their way into overseas markets, and we plan to leverage our global business know-how to support the establishment of export sales systems and shift to new, high value-added businesses, with a focus on BCP-related building materials.

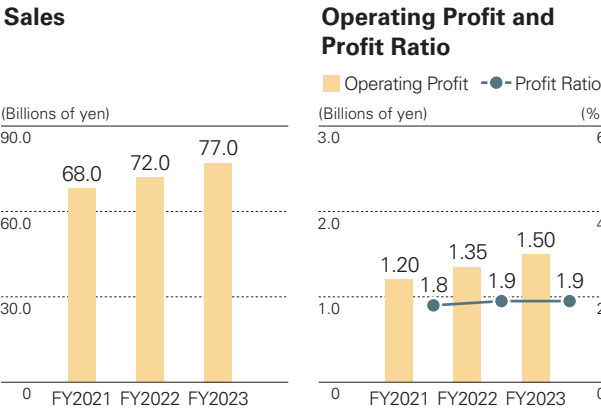
Profit drivers

- Business related to automobile component materials
- Business related to coating (paints and inks)

Growth drivers

- Business related to thermal interface materials (Sekisui Polymatech Co., Ltd.)
- Eco-friendly materials for resin, etc. and new commercial products

NC2023 Quantitative Targets

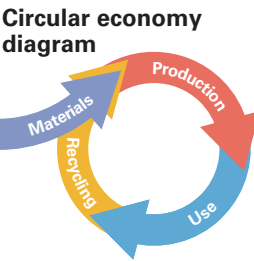


Examples of initiatives

Enhancing and expanding sales of our products for the automobile market, and promoting development of environmental products utilizing our expertise

In the automobile market, which is continuing to grow, we are promoting enhancement and global development of our thermal management-related products, which are indispensable for EVs. With regard to cover lenses, which protect display devices and sensors in automobiles, we are expanding sales by offering a wide range of materials and components to meet all needs. Given the global trend

towards reducing the burden on the environment, we are also maximizing our abundant knowledge and experience—only possessed by experts in the chemicals field—to engage in product development with an awareness of chemical and material recycling, as well as development of environmentally conscious materials through collaboration with businesses with an abundance of creativity.



Life Industry

After handing over the pharmaceuticals business to Sumitomo Pharmaceuticals Co., Ltd. (now Sumitomo Dainippon Pharma Co., Ltd.) in 1984, we began selling pharmaceutical substances as our main business in this field. The origin of the food business goes back to the sale of cornstarch to the food industry. In 2012, we launched the Life Industry Segment because we believe that medical products as well as food products contribute to creating a healthier and more comfortable life for consumers.



Toyohiro Akao
Director,
Senior Managing
Executive Officer

Segment performance overview

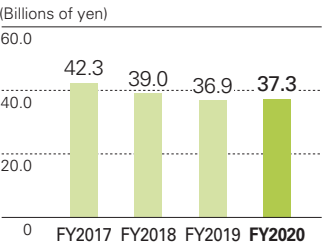
Target values for the final fiscal year of NC2020

Sales **65.0** billion JPY

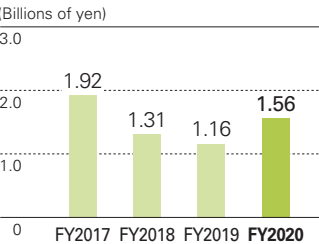
Operating profit **2.8** billion JPY

- Due to being significantly affected by the spread of COVID-19, both sales and operating profit were sluggish, and we failed to meet our targets.
- In the food products field, although sales of imported processed marine products decreased, sales of processed products intended for conveyor-belt sushi and frozen agricultural products grew, and overall, sales increased slightly. On the other hand, in the fields of pharmaceuticals and home products, while sales of products related to insecticides and insect repellents were strong, sales of mainstay products such as materials for pharmaceuticals were generally weak.

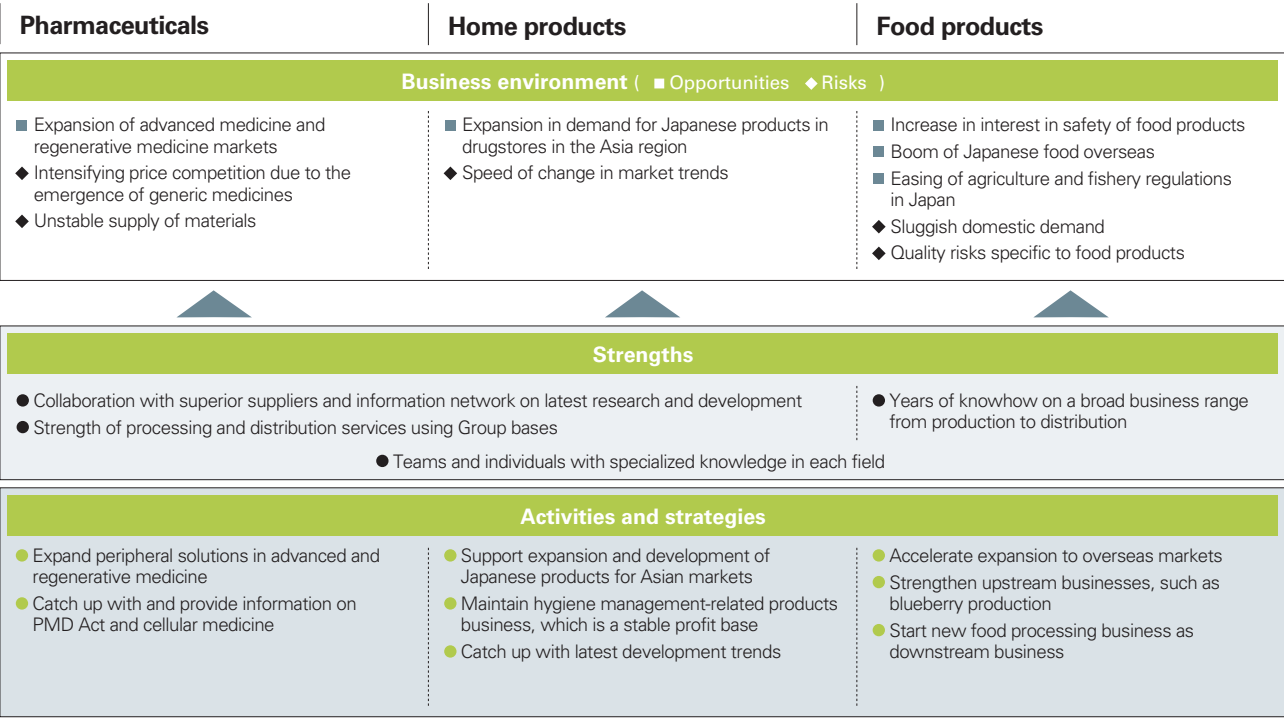
Sales



Operating profit



Business environment and strategies



Goals and strategies for NC2023, the new medium-term business plan

Establishing areas such as regenerative medicine as growth drivers, and expanding from upstream to downstream operations in food and agriculture

In the life sciences field, which contains our products such as pharmaceuticals and home products, we have positioned the advanced medicine field, which includes regenerative medicine, as a growth driver in Japan. Going forward, we will fully leverage the information networks and expertise we have cultivated to develop various peripheral materials and solutions by providing information to universities and private research institutions, among other activities, in addition to continuing to make investments in venture companies. On the other hand, with regard to materials for pharmaceuticals, which is a profit cornerstone for us. We purchase most of our materials from China, which has been affected by the unstable supply of materials over the past few years. However, sales are expected to recover once this situation has returned to normal. Furthermore, in the area of home products, we will market antibacterial and antiviral products more widely in response to the growing demand for such products, as people grow more conscious of disease prevention and hygiene.

In the food business, in addition to reorganizing our sales structure, which includes our domestic subsidiaries, we completed the consolidation of development teams into Inabata & Co., Ltd. Due to the spread of COVID-19, activities to create new frameworks, including those for exports, have been heavily restricted. However, we are accelerating new initiatives, regardless of existing business areas, in order for the business to become an engine for growth in the NC2023, both in name and in reality. For example, we are planning to sell Japanese and Southeast Asian products to large-scale supermarkets in the U.S., starting with DNI, an American company that became a wholly owned subsidiary in April 2020.

We are expanding the value we create for “upstream and downstream domains associated with food products and agriculture” in line with the NC2023 key initiatives. In the upstream area, in addition to the production of blueberries and garlic in the town of Yoichi in Hokkaido, we are making steady progress with *wakame* seaweed cultivation and whitebait processing, mainly on Awaji Island, with the aim of increasing added value by having the Inabata Group handle everything from production to sales. In the midstream-to-downstream area, in addition to Ikkoen Co., Ltd., a subsidiary with two domestic processing plants for marine products, we are also considering a plan to establish a frozen food processing plant in the Kanto region in collaboration with frozen food manufacturers and farmers.

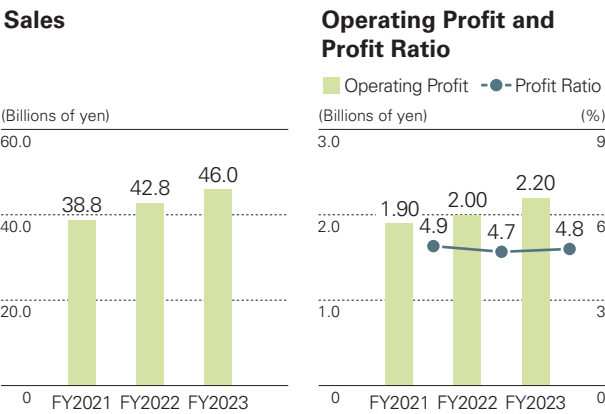
Profit drivers

- Ingredients for medicines (new medicines)
- Materials for home products

Growth drivers

- Advanced medicine, such as regenerative medicine
- Agricultural products, mainly blueberries
- Construction of new business models (agriculture, processed food businesses)

NC2023 Quantitative Targets



Examples of initiatives

Contributing to regional revitalization through the marine products business

Our Group company Inabata Fine Tech Co., Ltd. is engaging in business for regional revitalization, from the production and processing of *wakame* seaweed and whitebait on Awaji Island to the sales of these products, based on the themes of “manufacturing that aims to be safe and secure,” “sales through new logistics,” and “regional contribution.” Inabata Fine Tech collaborates with local fishing cooperatives and processing contractors to thoroughly implement integrated management, from germinating

wakame seaweed seeds to cultivation, processing, and sales, and from purchasing of whitebait to processing and sales. Inabata Fine Tech will continue to aim to provide safe and secure products and build new sales channels.



Plastics

We started dealing in imported vinyl chloride resin in 1949, and in 1959 we became the first in Japan to import and sell polypropylene. Currently, we sell commodity resins to high-performance resins for various fields such as automobiles, home appliances, OA equipment, soft packaging for food, and sporting materials. We operate seven compound plants abroad, as well as five film manufacturing plants in Japan and overseas. As the plastic waste problem intensifies, we are also striving to develop products focused on biomass materials such as biodegradable plastics as well as composites of CNF and plastic.



Noriomi Yasue
Director,
Managing Executive
Officer

Segment performance overview

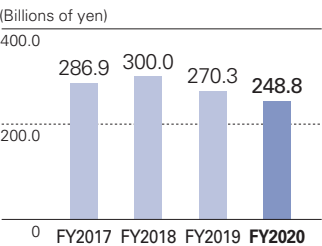
Target values for the final fiscal year of NC2020

Sales **308.0** billion JPY

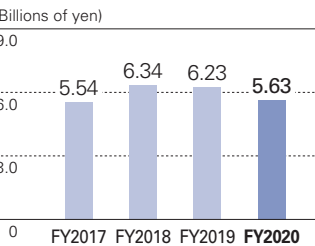
Operating profit **5.9** billion JPY

- During four years of the plan, operating profit was robust. However, due to the significant impact of lockdowns caused by the spread of COVID-19 in the first half of the fiscal year, we fell short of the targets for both sales and profit.
- Sales of commodity resins were weak overall, partly due to the impact of the decline in resin prices in the first half of the fiscal year. Sales of high-performance resins declined for the entire year, despite our attempts to make up for it with the rapid recovery in demand from the automobile industry and sales of products for notebook PCs.
- While sales of film-related products for commercial use decreased, domestic and overseas manufacturing subsidiaries performed well, due to increased demand for products for home use. Sales of sheet-related products intended for use with beverages at convenience stores and fast-food outlets declined, and sales of sports materials also fell significantly, due to the cancellation of sporting events.

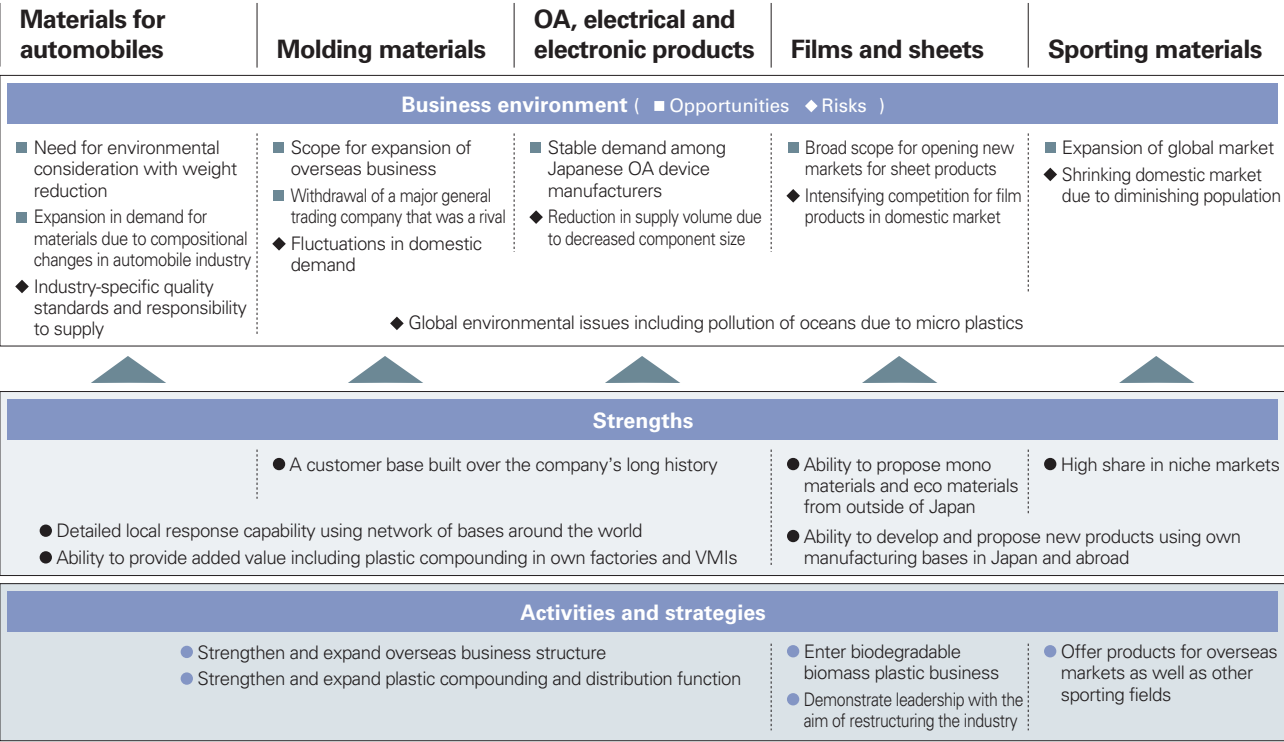
Sales



Operating profit



Business environment and strategies



Goals and strategies for NC2023, the new medium-term business plan

Leveraging our global network of bases and focusing even more on expanding into overseas markets

Our resin compound plants, which were established for the purpose of processing and supplying resin products from locations in close proximity to our customers, are having a positive impact on the entirety of our synthetic resin business. In order to meet more diverse and advanced needs, we will strengthen and standardize the management systems for quality and safety at all of our global bases in this business. Notably, we will continue to focus on supplying resins to Japanese and non-Japanese manufacturers in cooperation with our domestic and overseas bases, with the automotive industry as a key topic for us. At the same time, we will continue to dig deeper by proposing and selling commodities other than resins and EV-related products. In addition, we will expand our business with non-Japanese manufacturers by utilizing our global network of bases, including our resin compound plant in Mexico.

On the other hand, with regard to resin products for OA equipment and home appliances, which have long been a profit driver for us, we are growing existing sectors where demand has been steady, with a focus on computers and printers. We will also take on new challenges in response to societal and market changes, including the development of products that reduce the burden on the environment, such as recycled resins and biomass-derived products.

The market for domestic film and sheet-related products, a mature market, is entering a period of industry restructuring. Using our knowhow from managing five plants in Japan and overseas for the manufacture and processing of films and sheets, we will demonstrate leadership and work to expand the scale of our business, which includes mergers and acquisitions. We have also started a new recycling business

Examples of initiatives

Expanding our resin compound business at each overseas base

For the Plastics Segment, we are expanding our business in each country, with “getting close to customers and boosting customer satisfaction” as our key phrase. We now operate seven plants in seven countries in the compound business, starting with the Singapore plant established in 1978. In the area of film manufacturing, we operate one plant in Thailand, one plant in Vietnam, and two plants in Japan. In Indonesia, we operate our own warehouses and established our own delivery system. Including employees who are stationed at overseas

for waste resin, in addition to the full-scale development of biodegradable biomass resin products, as environmentally themed initiatives.

For sports materials, where our mainstay product is grip tape for tennis rackets, we will expand sales channels and uses for our products by taking advantage of our high global market share, together with seeking business opportunities in new related products such as sportswear.

Profit drivers

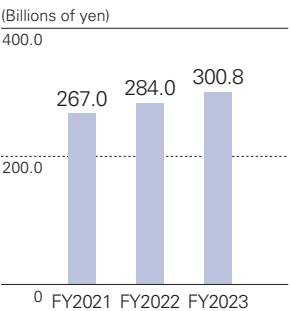
- Resins for automobiles, OA equipment, and home appliances
- Film-related business, including manufacturing and processing

Growth drivers

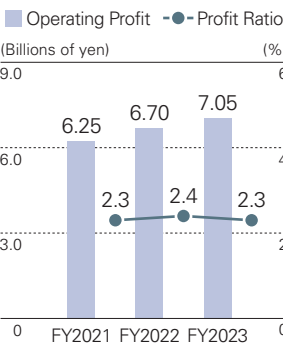
- Sales to global users
- Greater expansion into foreign business (areas and sectors)

NC2023 Quantitative Targets

Sales



Operating Profit and Profit Ratio



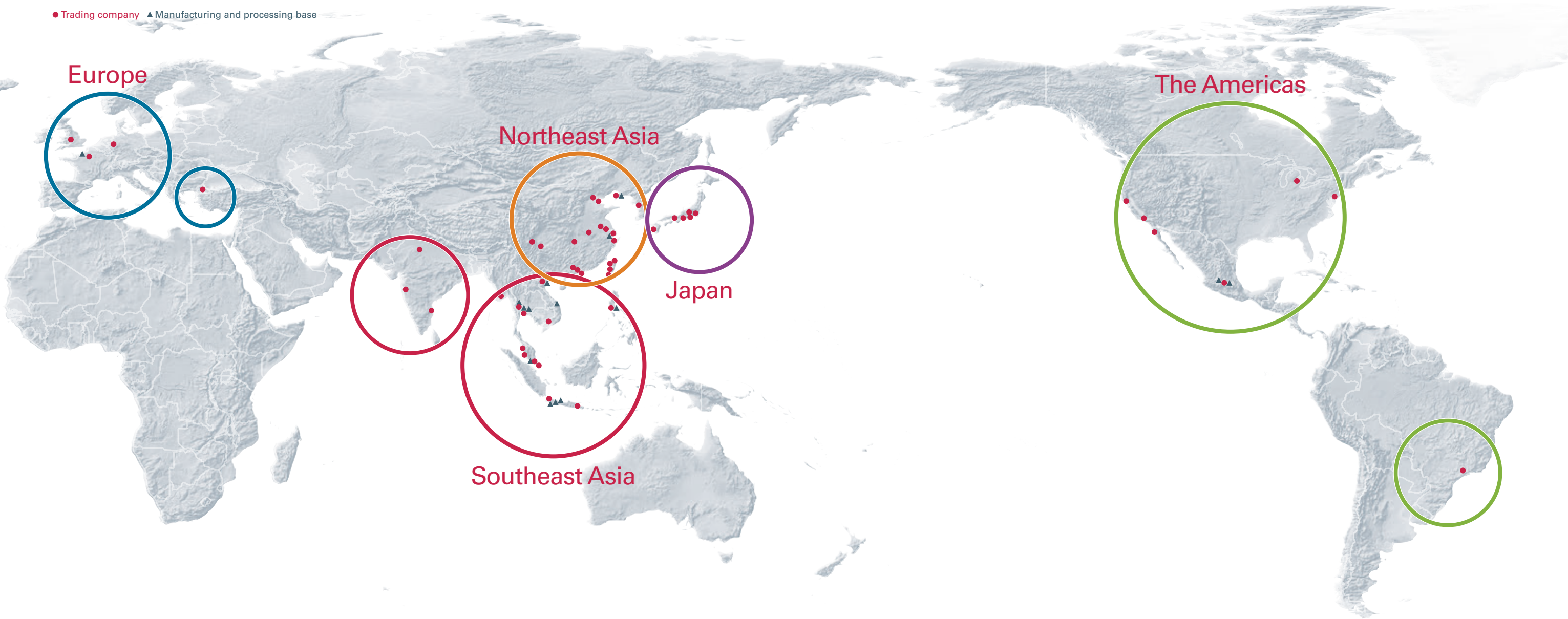
trading subsidiaries, this segment has more than 60 employees stationed abroad in 11 countries.



Apple Film Da Nang Co., Ltd. in Vietnam

Utilizing our networks around the world
to offer new solutions

● Trading company ▲ Manufacturing and processing base



Europe

- Germany** Dusseldorf
- France** Wissous (suburb of Paris)
Normandy
- U.K.** Telford (suburb of Birmingham)
- Turkey** Istanbul

Southeast Asia and India

- Singapore**
- Malaysia** Kuala Lumpur
Penang, Johor
- Indonesia** Jakarta, Surabaya
Bekasi (suburb of Jakarta)
- Philippines** Binan (suburb of Manila)
- Vietnam** Hanoi, Ho Chi Minh City
Haiphong, Da Nang
- Thailand** Bangkok
Samut Prakan (suburb of Bangkok)
Ayutthaya
Sriracha (suburb of Laem Chabang)
- Myanmar** Yangon
- India** Gurugram (suburb of Delhi)
Chennai, Pune

Northeast Asia

- China** Hong Kong, Shanghai, Wuxi, Ningbo, Chengdu, Nanjing, Hefei, Chongqing, Beijing, Dalian, Tianjin, Guangzhou, Wuhan, Shenzhen
- Taiwan** Hsinchu, Tainan, Taichung, Taipei
- South Korea** Seoul

Japan

- Tokyo, Osaka, Nagoya
Shiojiri, Hamamatsu, Kirishima

The Americas

- United States** New York
Los Angeles
Detroit
Novato (California)
- Mexico** Queretaro, Tijuana
Silao
- Brazil** Sao Paulo

Southeast Asia and India

Sales **122.1 billion yen** Operating profit **3.7 billion yen**
Consolidated number of employees **2,473**

We have 10 manufacturing and processing bases in the region and are focused on expanding business in each segment.



Shinya Kawai
Executive Officer
General Manager,
Southeast Asia

Major businesses

- Plastics for automobiles, home appliances, OA equipment
- Materials for printers
- Rubber materials and additives for the automotive industry
- Materials and products for packaging

Focus Supply of biomass materials

As part of expanding our lineup of products that reduce environmental load, in line with the key initiatives of NC2023 new medium-term business plan, we began dealing in biomass ingredients used as power generation fuel for power companies in Japan. We also connected the plastic compound function in Thailand and the manufacturing and processing function in our domestic and overseas Group companies to develop trash bags containing biomass ingredients. As a trading company dealing in resin products, we will continue to offer products and materials that give due consideration to the environment.



Northeast Asia

Sales **157.2 billion yen** Operating profit **2.6 billion yen**
Consolidated number of employees **461**

We are expanding Inabata's core businesses by harnessing our network spread over 19 cities in China, Taiwan, and South Korea.



Kazuhiro Hanaki
Executive Officer
General Manager,
Northeast Asia

Major businesses

- Plastics for automobiles, and OA equipment
- Components for flat panel displays
- Functional chemicals compliant with environmental regulations

Focus Set up distribution infrastructure in emerging countries

With the rapid spread of IoT technology, DX is accelerating in each field and there is a spotlight on ZETA*, a next-generation low-power wide-area (LPWA) technology. Inabata Hong Kong joined Techsor Inc. and ZiFi Sense Info Tech Co., Ltd. in March 2021 to provide ZETA products, technology, and solutions globally.

* ZETA is a standard for the latest IoT compliant low-power wide-area (LPWA) network developed by ZiFi Sense Info Tech Co., Ltd.



The Americas

Sales **20.0 billion yen** Operating profit **0.4 billion yen**
Consolidated number of employees **268**

In addition to our businesses in the United States and Mexico, we are working toward expansion in South America with a focus on Brazil.

We are involved in businesses in the automotive, energy, food products and medical fields, which are our key areas. We mainly deal in electronics materials, digital printing materials and functional chemicals. In addition to selling plastics for the automotive industry in Mexico, we are also expanding our plastics business to Central and South America through expansion in the home appliance and aviation industries, among others. In Brazil, we are focused on selling plastics for automobiles and motorcycles, and functional chemicals.

Major businesses

- Electronics materials (including semiconductors)
- Digital printing material (inkjet, toner)
- Functional chemicals
- Plastics for the automotive industry
- Processed products in agriculture and marine industries
- Components related to the energy industry
- Pharmaceutical ingredients

Focus Processed food business in the US

In April 2020, we integrated our food business in North America with Group company DNI Group Inc. We seek to focus on processed agricultural products and developing new products, while expanding our existing business in processed marine products for the growing U.S. market.



Europe

Sales **9.0 billion yen** Operating profit **1.0 billion yen**
Consolidated number of employees **66**

We operate businesses centered on chemicals, energy, automobiles, life sciences and other fields, taking advantage of our unique mobility.

In Europe, we deal in a wide range of products in various segments, such as inkjet materials, energy-related products, automobile components and functional chemicals. Our Group companies manufacture and sell medical products, materials for cosmetics and other products in France. In the future, we also seek to focus on businesses in the environmental sector, such as selling thermal interface materials for the EV battery field and developing plant-based materials for the cosmetics field.

Major businesses

- Inkjet products and materials
- Various materials for secondary cells
- Pharmaceutical ingredients materials for cosmetics
- Functional chemicals

Focus Developing products for the medical and cosmetics fields

Our Group company Pharmasynthese S.A.S manufactures pharmaceutical ingredients and materials for cosmetics and is developing allergy drugs in the medical field. In the cosmetics field, we plan to launch plant-based materials effective in moisturizing, anti-oxidizing, and alleviating atopy.



Note: Figures for sales and operating profit are based on FY2020, and the consolidated number of employees is as of March 31, 2021.

Corporate Governance

Management (As of July 1, 2021)

Directors



Katsutaro Inabata
Director, President
Jan. 1989 Joined Inabata & Co., Ltd.
Dec. 2005 Director, President (present)



Toyohiro Akao
Director, Senior Managing Executive Officer
Information & Electronics, Life Industry, the Americas, Europe
Apr. 1982 Joined Inabata & Co., Ltd.
Jun. 2015 Director, Senior Managing Executive Officer (present)



Kenichi Yokota
Director, Senior Managing Executive Officer
Administrative Affairs
Jul. 1996 Joined Inabata & Co., Ltd.
Jun. 2017 Director, Senior Managing Executive Officer (present)



Masahiro Sugiyama
Director, Managing Executive Officer
Chemicals, Information & Electronics (assisting), Northeast Asia
Jul. 2002 Joined Inabata & Co., Ltd.
Jun. 2018 Director, Managing Executive Officer (present)



Noriomi Yasue
Director, Managing Executive Officer
Plastics, Southeast Asia
Apr. 1980 Joined Inabata & Co., Ltd.
Jun. 2018 Director, Managing Executive Officer (present)



Kenji Ohno
Director
Apr. 1987 Joined Sumitomo Chemical Co., Ltd.
Apr. 2006 General Manager, Legal Dept., Sumitomo Chemical Co., Ltd.
Apr. 2016 Executive Officer, General Manager of Legal Dept., Sumitomo Chemical Co., Ltd.
Apr. 2020 Managing Executive Officer, Sumitomo Chemical Co., Ltd. (present)
Jun. 2021 Director, Inabata & Co., Ltd. (present)



Kiyoshi Sato
Director
Apr. 1979 Joined Tokyo Electron Ltd.
Jun. 2003 President and CEO, Tokyo Electron Ltd.
Jun. 2011 Chairman of the Board, Tokyo Electron Europe Ltd.
Nov. 2013 President, TEL Solar AG
Jun. 2017 Outside Director, Toshiba Machine Co., Ltd. (now Shibaura Machine Co., Ltd.) (present)
Jun. 2019 Outside Director, Inabata & Co., Ltd. (present)
Outside Director, Mazda Motor Corp. (present)



Kenji Hamashima
Director
Apr. 1982 Joined Ushio Inc.
Apr. 1999 President and Chief Executive Officer, Ushio America, Inc.
Nov. 2000 Chairman and Chief Executive Officer, Christie Digital Systems USA, Inc.
Oct. 2014 President and Chief Executive Officer, Ushio Inc.
Jun. 2020 Outside Director, Inabata & Co., Ltd. (present)



Takako Hagiwara
Director
Apr. 1984 Joined Sony Corp. (now Sony Group Corp.)
Apr. 2008 General Manager, Diversity Development Div., Corporate Human Resources, Sony Corp.
Apr. 2014 Representative Director, Sony Hikari Corp. and Sony Kibou Corp. (now Sony Kibou/Hikari Corp.)
Jul. 2020 Representative Director, DDD Corp. (present)
May 2021 Outside Director, Twinbird Corp. (present)
Jun. 2021 Outside Director, Inabata & Co., Ltd. (present)
Outside Director, NEC Capital Solutions Ltd. (present)

Audit & Supervisory Board Members



Takashi Mochizuki
Audit & Supervisory Board Member
Apr. 1978 Joined Inabata & Co., Ltd.
Jun. 2008 Executive Officer
Jun. 2018 Audit & Supervisory Board Member (present)



Nobukazu Kuboi
Audit & Supervisory Board Member
Jul. 2001 Joined Inabata & Co., Ltd.
Jun. 2017 Executive Officer
Jun. 2020 Audit & Supervisory Board Member (present)



Yoshitaka Takahashi
Audit & Supervisory Board Member
Apr. 1977 Joined Honda Motor Co., Ltd.
Jun. 2009 Full-time Corporate Auditor, Yachiyo Industry Co., Ltd.
Jun. 2014 Outside Audit & Supervisory Board Member, Inabata & Co., Ltd. (present)



Katsuya Yanagihara
Audit & Supervisory Board Member
Apr. 1995 Appointed as public prosecutor
Apr. 2006 Bar admission
Dec. 2007 Partner, Daiichi Legal Professional Corp. (present)
Aug. 2015 Outside Director, Gunosy Inc.
Jun. 2018 Outside Audit & Supervisory Board Member, Inabata & Co., Ltd. (present)



Satoshi Tamai
Audit & Supervisory Board Member
Apr. 1984 Joined Sumitomo Corp.
Oct. 1991 Joined Century Auditing Corp. (now Ernst & Young ShinNihon LLC)
Mar. 1995 Registered as certified public accountant
Jul. 2017 Representative of Satoshi Tamai Certified Public Accountant Office (present)
Oct. 2017 Senior Advisor, accrea Inc. (present)
Mar. 2018 Outside Auditor, Toho Lamac Co., Ltd. (present)
Jun. 2020 Outside Audit & Supervisory Board Member, Inabata & Co., Ltd. (present)
Outside Auditor, PC Depot Corp. (present)

Executive Officers

Kazuhiro Hanaki
General Manager,
Northeast Asia

Shinya Kawai
General Manager,
Southeast Asia

Yutaka Takahashi
General Manager,
Chemicals Division

Koji Nakano
Plastics (assisting),
General Manager,
Plastics Division I

Katsutoshi Tanaka
General Manager,
Information & Electronics Division III

Tsuyoshi Maruta
General Manager,
Information & Electronics Division I

Notes:
Directors Kiyoshi Sato, Kenji Hamashima, and Takako Hagiwara are outside directors.
Audit & Supervisory Board Members Yoshitaka Takahashi, Katsuya Yanagihara, and Satoshi Tamai are outside audit & supervisory board members.

Corporate Governance

Outside Directors' Roundtable

Held online in May 2021

The quality of boards of directors has lately come under question, so we asked our outside directors, who significantly impact management decisions, the state and challenges of Inabata's board.



Toshiyuki Kanisawa
Director
Term of office: Jun. 2017 – Jun. 2021

My job

I was involved in management in the city gas industry, a private sector with strong public interest. These days corporations are called to adopt sustainability, and drawing from my own experience, I tried to share advice on management and business methods that respond to social trends and the expectations and interests of diverse stakeholders.



Kiyoshi Sato
Director
Term of office: Jun. 2019 – present

My job

The last company I worked for developed and sold semiconductor production equipment used to manufacture products such as flat panel displays. Inabata deals in materials and products for semiconductors and displays, so I like to think I come from a similar field. I also feel it is my duty to support further globalization using my experience in corporate management and overseas business.



Kenji Hamashima
Director
Term of office: Jun. 2020 – present

My job

I spent 24 years abroad and have extensive experience in negotiating, and I believe my skills carry over in the *shosha*, or a trading company business. I also have experience in M&A, so I hope to offer support in the area of growth investing. That said, manufacturing and *shosha* have different perspectives, so I hope to use this as a strength in discussions and help boost the creation of new business and growth strategies.

Part 1. Board Meeting Agendas

The quality of boards of directors with outside directors has lately come under question. Do the discussions in Inabata's meetings have a solid grasp on challenges and an eye on the future?

Hamashima
I think we have extremely open discussions regarding business investments and withdrawals, which are essential for the *shosha* business. The problem is, there are fewer growth investment projects than I had expected. Inabata is founded on organic growth, but the company should also look for growth investment opportunities like M&As.

Sato
Historically, Inabata has proactively invested in a variety of fields, be that through capital investment or buying a technology company and turning it into a processing location. Recent internal discussions, however, seem to be focused on relatively small-scale projects with lower risk. I would like to see Inabata reinstate its former culture of investing toward growth.

Kanisawa
It is true that Inabata has established a solid growth plan that thoroughly eliminates risks before they materialize,

but the company could be more spirited about making bold investments. That said, with the extra available investment capital this fiscal year and a new medium-term business plan, there is movement towards making bold growth investments. I think this is a wonderful trend.

Hamashima
You must have both organic growth and growth investment, and the results will show five or 10 years later, like body blows in boxing. The three of us talked about growth investing from a third party's perspective, and if Inabata is moving forward in this respect, it makes our jobs more rewarding.

You mention there are more active discussions on growth investing. What are your thoughts on the effectiveness of the board of directors?

Kanisawa
Like Mr. Hamashima said, judging by how the opinions of outside directors are reflected in policies, it seems

our roles are acknowledged sufficiently. In that sense, I believe the effectiveness of the board is guaranteed. Although the ratio of outside and internal directors is good, Inabata could do better on gender diversity.

Sato
The Governance Code requires gender equality. Naturally, a global corporation should have women and non-Japanese board members, but you cannot hire just anyone. They must have the expertise and experience appropriate for the corporation's growth strategy. For this reason, diversity in directors is that much more important for Inabata and its wide-ranging businesses.

Hamashima
Inabata is currently creating a skill matrix that visually shows the skills and expertise of directors, and the company is moving forward plans to hire a female outside director. It is clear Inabata knows its own challenges and makes efforts for improvements every year.

I would like to see Inabata reinstate its former culture of investing toward growth.

— Kiyoshi Sato

Part 2. Our Aim in the Post-COVID-19 World

For the last year, the COVID-19 pandemic required major management decisions. How do you assess the board's response?

Sato
I would give Inabata an almost perfect score for its general response. It began preparations for remote work at an early stage, procuring computers and otherwise preparing for employees to work from home. And this was just in March of 2020. Inabata moved fast. The board meetings were also made 100% online.

Hamashima
I agree. Inabata's COVID-19 countermeasures are solid, and although sales fell slightly, the company achieved its highest level of profit yet.

Sato
With more people working from home, computer sales went up. This helped the flat panel display materials business.

Hamashima
Inabata also managed expenses like transportation and entertainment expenses well.

Corporate Governance

Kanisawa

Inabata did well discussing the management strategy going forward (medium-term business plan) with a focus on COVID-19 measures for the time being but also predicting what the post-COVID-19 world will look like. There is now a climate of discussing medium- to long-term growth and investment strategies to respond to the post-COVID-19 world and its economic changes and expansions.

Hamashima

With the distribution of the vaccine, I expect to first see more active business negotiations with business partners in and outside of Japan, which is fundamental for a *shosha*.

Sato

A *shosha* conducts business based on commercial rights and regions, so it relies on human interaction, that is, mutual trust between people and people, confidence between companies and companies. I would like to see Inabata really go for it and utilize the funds they have been holding back to sow new business seeds.

You say you discussed medium- to long-term growth and investment strategies. What were the angles of these discussions?

Hamashima

As Mr. Kanisawa mentioned, we are discussing the direction needed to expand majority investments, and in this matter, sustainability is an important angle. As a *shosha*, Inabata has a diverse supply chain. They should leverage this characteristic to offer business solutions in the fields of human rights, fairness, environment and more.

Sato

A *shosha* handles products manufactured by other companies. It is crucial to thoroughly research how the product is made, or whether there are human rights violations or environmental problems in the manufacturing process.

Kanisawa

We must consider issues like climate change at an early stage and link them to our growth strategies. Of course, Inabata has many policies related to environmental problems and human rights. In order to link these efforts with increased corporate value, however, I think it is time to put the efforts together into an Inabata Sustainability Vision (tentative) and publish it externally.

“ It goes without saying that Inabata’s most valuable assets are its people. ”
— Kenji Hamashima

long-term vision aims to increase the overseas sales ratio from 50% to 70%. To achieve this, it is not enough for Japanese employees to supervise overseas local staff. Inabata must train capable local staff into management members.

Sato

I agree. With globalization, trying to manage an overseas subsidiary with only Japanese members is not realistic, both in capability and headcount. With increasingly complex business environments, Inabata must train local staff who have a solid understanding of local business customs and human resources management rules. They should be given opportunities and actively promoted. I think a president from the local community of the subsidiary should be in charge of drafting the subsidiary’s strategies.

Hamashima

Moreover, inviting management members from overseas subsidiaries to join the Japanese management group will lead to the theme of diversity. I would like to mention one more thing—many of Inabata’s management members like executive officers and directors were hired from outside the company. This means Inabata hires the appropriate person according to long-term strategies, including breaking into new fields, but it also shows Inabata’s spirit of respecting different opinions and perspectives. It also symbolizes an open and flexible corporate culture that welcomes all human resources fairly and equally. This culture will be a great tool for attracting accomplished human resources from around the globe, and it should be part of the company’s message to society.

Lastly, what are your aspirations for your positions?

Kanisawa

Traditionally, Inabata’s strength has been in its stance of expanding business by nurturing trust between people with the spirit of love and respect. Inabata will be accelerating overseas expansion, but this stance is effective in the global arena as well. I will retire from this position, but I hope to see Inabata continue growing sustainably with solidarity between all workers, in and outside of Japan.

Sato

What does Inabata want to be? Does it want to expand as a general *shosha*, take one portion of the general *shosha* market, or become a specialized *shosha* that could also become a manufacturer? I hope to contribute to decision-making regarding growth investing and strategies through discussions on the company’s goals so that there are no investments made simply “because they had the money.”

Hamashima

I will contribute to achieving the optimum balance in shareholder return, growth investing and retained earnings, based on future cash flow and financial structure. Especially regarding growth investing, as a director representing shareholders, I will support Inabata in making investments that exceed capital costs and create synergy with existing businesses from a medium- to long-term view.

“ I think it was well we discussed the management strategy going forward predicting what the post-COVID-19 world will look like. ”
— Toshiyuki Kanisawa

Part 3. The Next Generation and Aspirations

To achieve sustainable growth, human assets are key because they are the ones who carry out the medium- to long-term vision and strategies. What policies do you think are important going forward?

Hamashima

It goes without saying that, as a *shosha*, Inabata’s most valuable assets are its people. The current theme would be globalization of the management team, including directors and audit & supervisory board members. The



The roundtable was held online to prevent the spread of COVID-19.

Corporate Governance

Interview with an Outside Director



Takako Hagiwara
Outside Director

Inabata puts effort into strengthening corporate governance that supports corporate value in the medium- to long-term. Takako Hagiwara, Inabata's outside director since June 2021, shares her honest opinions on the company's corporate governance style and challenges going forward. Ms. Hagiwara has a long and wide-ranging professional background that includes human resources development in the manufacturing and service industries and launching new businesses in the global market.

Q When you took this position, what was your impression of Inabata?

A I was very curious to see how a company more than 100 years old creates innovation.

When I was first contacted, I read through the company's materials and talked with the president, other directors, and audit & supervisory board members. The first thing that intrigued my interest was the company's history of over 100 years. It is a company that has continually created new value while dealing with constant changes in society and time. I believe a company with a long history has a strong core, so I looked forward to reading about its history and talking with everyone. In every age, workers in all sorts of positions faced changes, took on the challenge of new businesses, and achieved self-transformation with a solid foundation on Inabata's Mission, the "spirit of love and respect." This is what led to Inabata today. The "spirit of love and respect" embodies the wisdom that carried the company throughout the ages.

On the other hand, I must confess I was concerned that a company with a long history may fall into a conservative style of business or decision-making. I was curious to see how a company overcomes this tendency to continue taking on challenges.

Q What are your candid opinions about the preparations for and discussions at board meetings?

A The discussions are straight-forward, and I think the management team has a great relationship.

I have only been to a few, but the straight-forward discussions shattered my preconceived notions about conservative tendencies. Opinions are shared honestly by the president, directors, and audit & supervisory board members, and I think the team has a great relationship. A new member like myself will have questions about many things, and they made it easy to ask anything. It was very reassuring.

They have also shared information with me very well. Someone from the concerned department would explain the background of each topic on the agenda, and they held separate explanations for each business area for me. There was an exchange of opinions with other outside directors and outside audit & supervisory board members at an early stage, which helped in gaining a better understanding of the company. Because of COVID-19, I only met them virtually, but I was able to see the personalities of the members and understand the background to each project and discussion, which is not obvious just from reading documents. They have made my job as an outside director easy, and I am grateful for that.

Q Based on your background, what do you focus on during discussions?

A I want to contribute to developing human resources and organizations that continually take on the challenges of changing times.

I worked in the manufacturing industry for over 30 years, which became my professional foundation. When a Japanese manufacturer takes on global competition on the international market, changes in the business environment are a daily occurrence. I took on new challenges all the time through trial and error. Because I have long been involved in human resources development and planning and promoting organizational strategies, I want to contribute to "developing human resources and organizations that continually take on the challenges of changing times." Through my work as director at a general hospitality company dealing in food and health, I engaged in "employee health management" and learned to value the wellbeing (happiness, health) of people working in the organization. Although I do not have experience in the shosha industry, I have experienced the dynamism of how "people" move an organization in the manufacturing and service industries. I believe it is key in business management.

At Inabata, as a *shosha*, people are the most valuable asset. The people are the ones who must achieve the paradigm shift outlined in the medium-term business plan, including creating new businesses and global expansion. People have a tendency to see the future as an extension of today, and I like to show understanding and compassion for this tendency while helping them broaden their opportunities and overcome hurdles. Using my expertise, I hope to create an environment that helps human resources continually take on new challenges.

Q What are the management challenges and solutions you see currently?

A I will strongly promote policies for diversity, which is necessary for sustainable growth.

One thing that helps make people, organizations and cultures better is diversity. When people get older, add experience, and take on more responsibilities, they can inadvertently get into a defensive mind. They may also accumulate unconscious biases against women or foreigners. In my experience, meeting people with

different values from different backgrounds, regardless of gender, age, nationality, sexual orientation or identity, disability or career, gave me important insights and taught me important lessons in my own career. I know it has also impacted the decisions I have made.

Understanding your current situation through diverse views and values, and considering the direction of your next move based on that, will broaden your opportunities and choices. I think this is fundamentally an exciting way to live. Some people talk of "unlearning" what you have learned in the past in order to learn something new. Sometimes it can be good to step away from your 100-year-long history and look at the situation with new eyes, from a different angle. This can make challenges more fun and failures more constructive. I would like everyone to see the benefit of diversity awareness on understanding and decision-making.

At Inabata, many of the employees engage in diverse and global businesses, and in my conversations with them I sense a strong understanding and interest in diversity. Inabata understands the importance of promoting women participation and global human resources exchange and has established policies and various diversity promotion plans. Inabata must emphasize how these efforts are essential for sustainable growth, announcing loudly in and outside the company, which will lead to greater awareness and confidence among management and employees, a sense of security for business partners, and higher expectations from shareholders and investors.

As an outside director of a historical company, I hope to help create new value by finding the perfect balance between protecting what should be protected yet breaking through preconceived notions. I want to contribute to the best courageous decisions that also respect valuable traditions.




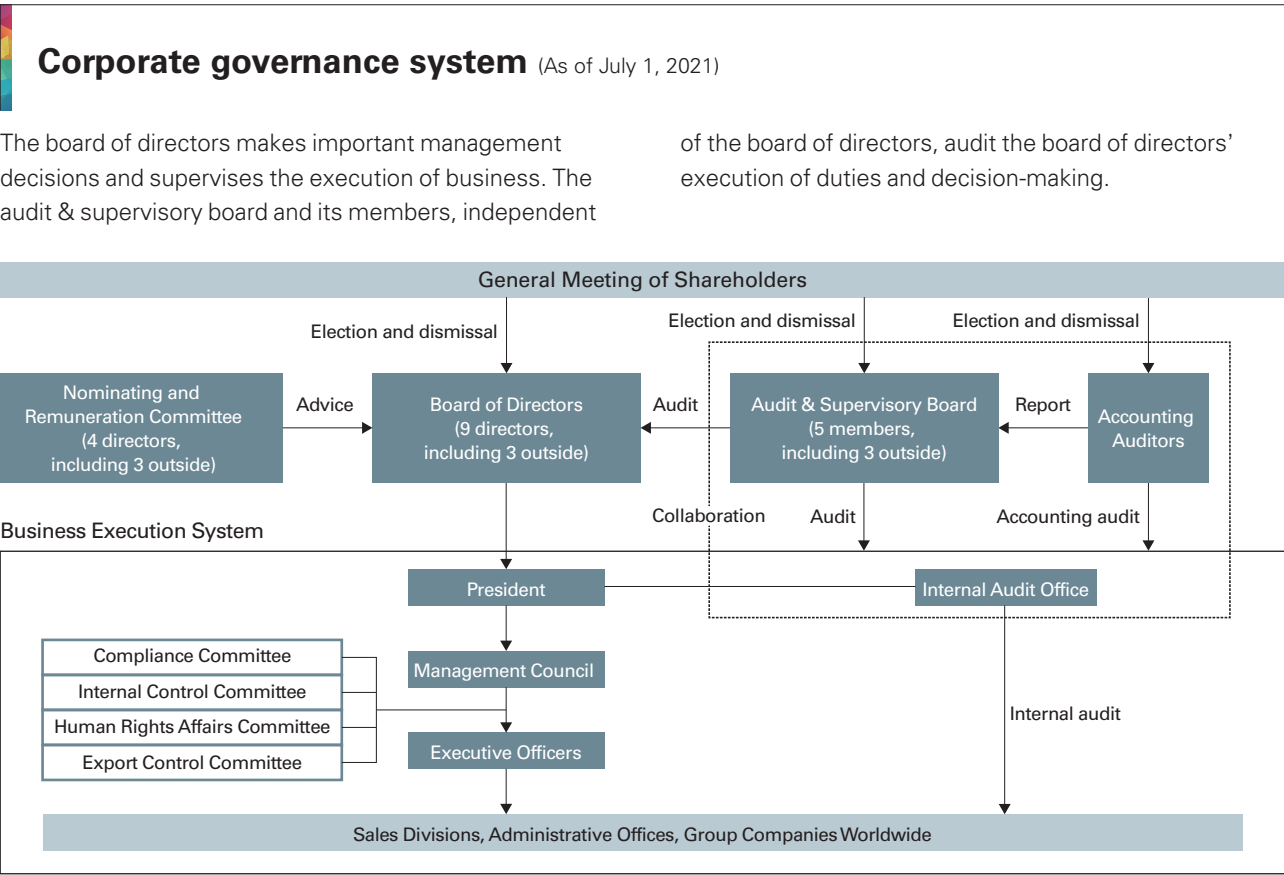
The interview was held online to prevent the spread of COVID-19.

Corporate Governance

Basic views

Inabata's mission statement is, "People come first, based on the spirit of 'love (*ai*)' and 'respect (*kei*)', and together we strive towards contributing to the development of society." With a foundation on this Mission, the company aims to respond to the directive of all stakeholders who support the company's activities including shareholders, business partners and employees, and sustainably improve corporate value. For this, the company believes it is essential to have a strong corporate governance system for ensuring transparency and fairness in business and speed and resolution in decisions.

Corporate governance system (As of July 1, 2021)	
Organizational design	Company with an audit & supervisory board
Directors	9 (including 3 independent outside directors)
Chairperson of the board of directors	President
Term of office of directors under the Articles of Incorporation	1 year
Executive officer system	Yes
Advisory committees to the board of directors	Nominating and Remuneration Committee
Audit & supervisory board members	5 (including 3 independent outside auditors)
Accounting auditor	KPMG Azsa LLC
Corporate Governance Report	 https://www.inabata.co.jp/english/investor/library/governance/



Board of Directors

The board of directors makes decisions on important matters set out in laws and regulations, Articles of Incorporation, and Regulations of the Board of Directors. These matters include formulation of business plans and annual budgeting as well as making basic management policies and appointing executive officers. Inabata has also adopted the executive officer system to separate management-level decision-making and business execution functions to ensure effective management and prompt decision-making.

Nominating and Remuneration Committee

We voluntarily set up the Nominating and Remuneration Committee in 2015. It deliberates on the selection and dismissal of executives, nomination of candidates for positions of director, audit & supervisory board member, and executive officer, as well as the remuneration of directors. A majority of the committee members, including the chairman, are independent outside directors. The board of directors strives to ensure objectivity, fairness, and transparency by fully respecting the deliberation results of the Nominating and Remuneration Committee.

Members of the Nominating and Remuneration Committee:
3 outside directors
1 internal director
Chairman: Independent outside director

Number of times held: FY2020 7 times

Changes in Initiatives to Strengthen Governance	
Time period	
June 2003	Executive officer system introduced
June 2006	Term of appointment of directors reduced from two years to one year
June 2013	Appointment of two outside directors
June 2015	Appointment of three outside directors
November 2015	Nominating and Remuneration Committee (voluntary) established Evaluation of the board of directors introduced ▶ P61
June 2018	Performance-linked share-based remuneration system introduced

Management Council and Shinsa Kaigi

We set up the Management Council as an institution for business execution. This council deliberates on basic policies and important matters related to management and decides their direction. We have also established the Shinsa Kaigi as an institution to review important matters related to business execution and investment projects. Its participants from across the world hold direct discussions with the management.

Number of times convened: FY2020
Management Council 12 times,
Shinsa Kaigi 17 times

Audit system

- **Audits by audit & supervisory board members**
The audit & supervisory board comprises five members, including three external members, who are highly specialized and independent. They ensure that our checking function is working from an external perspective. Each auditor exchanges views regularly with accounting auditors and the Internal Audit Office and conducts audits on the execution of duties by directors and the board's decision making.
- **Accounting audits**
Accounting audits, audits of financial statements, quarterly reviews, and internal control audits for Inabata are conducted by KPMG Azsa LLC. Evaluation criteria, including autonomy, specialized knowledge, and assessment, have been formulated for the appointment and suspension of accounting auditors, and decisions are made based on the evaluation results.

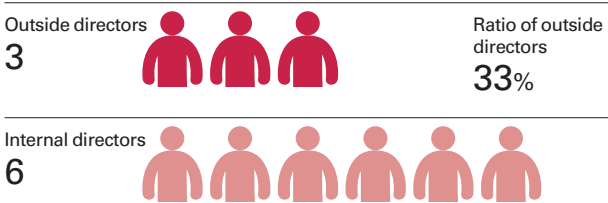
- **Internal audits**
Inabata confirms the efficacy of internal control related to financial reporting based on the Financial Instruments and Exchange Act. We also implement business rule audits related to inventory transactions at domestic and overseas Group companies based on an annual plan.

Corporate Governance

Outside directors and outside audit & supervisory board members

Outside directors

In electing outside directors, Inabata aims to appoint candidates who have abundant experience and knowledge of corporate management, the ability to oversee the decision-making and business execution of the board of directors of the company, which conducts business on a global basis, and provides appropriate advice from an objective perspective. The proportion of outside directors stands at 33% (three out of nine directors).



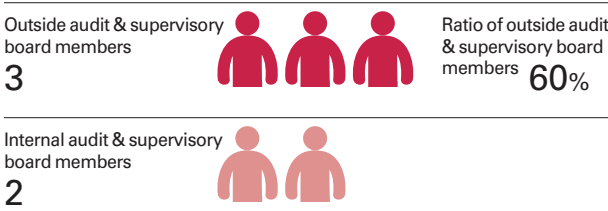
Name	Autonomous	Years in office	Attendance status for FY2020		Reason for appointment
			Board meeting	Nominating and Remuneration Committee	
Kiyoshi Sato (Head outside director)	Yes	2 years	100% 18/18 times	100% 7/7 times (Chairman)	Kiyoshi Sato has served as president and CEO, and vice chairman of the board of Tokyo Electron Ltd. He currently serves as an outside director of Shibaura Machine Co., Ltd. and Mazda Motor Corp. As he possesses global and abundant experience and wide-ranging expertise as a member of the management of a leading company which makes equipment to manufacture semiconductors and flat panel displays, Inabata appointed him in anticipation of gaining supervision and advice on business execution with an objective perspective.
Kenji Hamashima	Yes	1 year	100% 14/14 times	100% 6/6 times	Kenji Hamashima has served as director and senior executive vice president, and president and chief executive officer of Ushio Inc. He currently serves as a special adviser of the same company. As he possesses global and abundant experience and wide-ranging expertise as a member of the management of a manufacturer which produces applied optics products, such as industrial light sources, and industrial machinery, Inabata appointed him in anticipation of gaining supervision and advice on business execution with an objective perspective.
Takako Hagiwara	Yes	Newly appointed	—	—	Takako Hagiwara has served as representative director of Sony Hikari Corp. and Sony Kibou Corp., and director of Green House Co., Ltd. She currently serves as representative director of DDD Corp. and outside director of Twinbird Corp. and NEC Capital Solutions Ltd. For many years she oversaw human resources in a major global electronics manufacturer with multiple businesses including audiovisual equipment, movies and music, and has experience in management. Inabata appointed her in anticipation of gaining advice on human resources strategies and diversity promotion.

Training for outside directors and outside audit & supervisory board members

To promote an understanding of Inabata's business, the company provides opportunities to meet with heads of departments and visit/tour overseas locations. In April 2021, the company held an online tour of a plastics compound production base in Vietnam. There was a tour of the manufacturing processes and a dialogue with local managers and staff members.
Participants: 3 outside directors, 3 outside audit & supervisory board members, president, board member in charge of the business segment
Location: SIK Vietnam Co., Ltd.

Outside audit & supervisory board members

Three out of five auditors are outside members. They possess specialized knowledge in finance, accounting, law, and other fields and are highly independent.



Name	Autonomous	Years in office	Career	Attendance status for FY2020		Reason for appointment
				Board meeting	Audit & supervisory board meeting	
Yoshitaka Takahashi	Yes	7 years	Auditor at listed company	100% 18/18 times	100% 13/13 times	Yoshitaka Takahashi has served as an audit & supervisory board member of a listed company, and Inabata appointed him as outside audit & supervisory board member for the purpose of conducting an objective, proactive and fair audit by utilizing his abundant experience and broad views.
Katsuya Yanagihara	Yes	3 years	Attorney	100% 18/18 times	100% 13/13 times	Katsuya Yanagihara is an attorney, and Inabata appointed him as outside audit & supervisory board member for the purpose of conducting an objective, proactive and fair audit from the perspective of a professional.
Satoshi Tamai	Yes	1 year	Certified public accountant	100% 14/14 times	100% 10/10 times	Satoshi Tamai is a certified public accountant and possess the experience of working in a major trading company, and Inabata appointed him as outside audit & supervisory board member for the purpose of conducting an objective, proactive and fair audit from the perspective of a professional.

Meetings between outside directors and audit & supervisory board members
Number of times held: FY2020 1 time

Field of experience and expected roles of directors and audit & supervisory board members

	Name	Management	Sales (global)				Legal & risk management	HR & labor	IT & digital	ESG	Know-how from other companies
			Information & Electronics	Plastics	Chemicals and Life Industry	Finance & accounting					
Directors	Katsutarō Inabata	●		●	●			●	●	●	●
	Toyohiro Akao	●	●		●						
	Kenichi Yokota	●				●	●		●	●	●
	Masahiro Sugiyama	●	●	●							●
	Noriomi Yasue	●		●							
	Kenji Ohno	●					●			●	●
	Kiyoshi Sato*	●	—	—	—						—
	Kenji Hamashima*	●	—	—	—	●					—
	Takako Hagiwara*	●	—	—	—			●		●	—
Audit & Supervisory Board Members	Takashi Mochizuki			●							
	Nobukazu Kuboi					●				●	●
	Yoshitaka Takahashi*		—	—	—			●			—
	Katsuya Yanagihara*		—	—	—		●				—
	Satoshi Tamai*		—	—	—	●					—

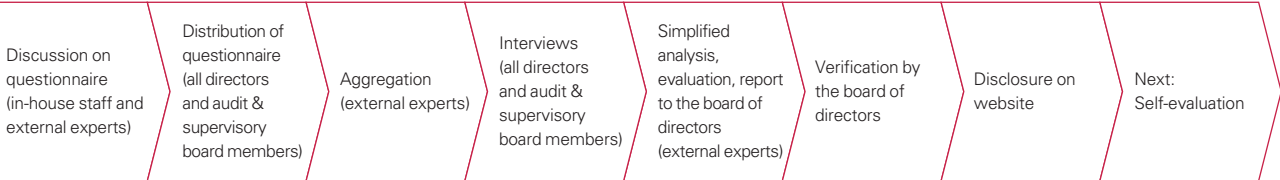
(Note) * Independent outside director or audit & supervisory board member

Corporate Governance

The effectiveness evaluation of the board of directors

- Inabata has been conducting the effectiveness evaluation of the board of directors since FY2015.
- Each cycle lasts for three years in which self-evaluation is carried out for the first two years and third-party evaluation is carried out in the third year.
- The overview of the evaluation and issues to be considered are published on the Company’s website.
- Self-evaluation was carried out in FY2020.

FY2020 Third-Party Evaluation Process (questionnaire and interview)



Evaluation results for FY2020

Target of evaluation	All directors (9) and audit & supervisory board members (5) in office as of the end of March 2021	
Summary of analysis and evaluation	<p>The analysis and evaluation by external experts found the following points regarding the awareness and opinions of all target directors and audit & supervisory board members on Inabata’s current state of affairs.</p> <p>[Management and business]</p> <ul style="list-style-type: none">• There is stable growth in the two core businesses, Plastics Segment and Information & Electronics Segment. On the other hand, developing new businesses and establishing a third pillar business are recognized as an important management challenge.• Owing to personal relations with existing customers, Inabata’s strengths are its ability to create new businesses and flexibly adapt to changing demands. Human resources development including training for management members is recognized as a very important management challenge.• Potential risks in international business, credit risks with business partners, and risks related to business investments are recognized as serious risks. Inabata is building a system for internal control, and with this system the company is	<p>expected to be able to appropriately identify and control risks in its business activities.</p> <ul style="list-style-type: none">• Inabata is expected to further strengthen its company-wide, cross-organizational functions. <p>[Status of board of directors]</p> <ul style="list-style-type: none">• The operation and composition of the board of directors are generally rated highly.• In the self-evaluation of last fiscal year, the need for more discussions on medium- to long-term management and strategies (medium-term business plan, etc.) was recognized as a challenge. Although there are difficulties in discussing medium- to long-term themes due to the nature of the <i>shosha</i> business, it is recognized this should be further improved upon.• The management perspectives, opinions and advice from outside directors based on knowledge in the industries were rated highly. Audit & supervisory board members participate in discussions with broad perspectives based on their expertise.• The ratio of internal and outside directors was rated highly. There is awareness to increase the ratio of outside directors to over 33%, according to the

	revision to the Corporate Governance Code.It will most likely be necessary to expect the role of the board of directors to change in the future, including increasing the ratio of outside directors to over half in the medium- to long-term.	[Status of Nominating and Remuneration Committee] <ul style="list-style-type: none">• Appropriate discussions are being made by the Nominating and Remuneration Committee, but the discussion topics are not sufficiently shared with the board of directors.
Future course of action	<p>The below actions will be taken in response to the challenges recognized in the above analysis and evaluation, aiming to further improve the effectiveness of the board of directors.</p> <ul style="list-style-type: none">• The board of directors will deepen discussions on the direction of business in the medium- to long-term, including the medium-term business plan. These discussions will include developing new businesses and a third pillar business, human assets, internal control and group governance, and other important challenges for Inabata’s management.• The following will be considered for promoting discussions:<ul style="list-style-type: none">◦ Preliminary talks by executive members to solidify direction◦ Free discussion and brainstorming outside of board meetings	<ul style="list-style-type: none">• Efforts will be made to strengthen company-wide, cross-organizational functions. This includes discussions on human resources appointments in order to put into place specific plans and measures for cross-organizational functions.• The composition of the board of directors will continue to be reviewed in anticipation of the Corporate Governance Code revision and environmental changes, including the newly instated Tokyo Stock Exchange prime market. Along with the composition, meeting agendas and content will also be reviewed for changes.• A summary of discussions by the Nominating and Remuneration Committee (committee schedule, discussion topics, arguments, etc.) will be sufficiently shared in board meetings.

Questions

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. Support system for outside directors

7. Role of the audit & supervisory board members and expectations for them

8. Relationship with investors and shareholders

9. General effectiveness of governance system and board of directors

10. Self-evaluation

Challenges identified in past board of directors’ evaluations and the improvements made (FY2015–)

Main challenges	Improvements
Sufficient discussions on medium- to long-term challenges	Renewed criteria for meeting topics to allocate sufficient time to strategic discussions
Feedback to the board of directors regarding dialogue with capital markets	Information from investors regularly reported back to the board of directors
Further review of content and number of topics discussed at board meetings	Continued discussions on reviewing the functions and roles of the board of directors
Succession plans and diversity promotion	Deeper discussions in the board of directors and Nominating and Remuneration Committee
Appropriate cooperation and communication system between outside directors and audit & supervisory board members	Establishment of opportunities for exchange
Continued review of risk management system	Stronger risk management system including overseas subsidiaries
Creation of a long-term human resources development system with a view to train top management	Plan created with help from experts, and the start of long-term training for candidates

Corporate Governance

Remuneration of directors and audit & supervisory board members

The remuneration of directors comprises (a) fixed remuneration, (b) performance-linked remuneration, and (c) Board Benefit Trust (BBT). Non-executive directors receive only fixed remuneration. Of the above three figures, the board of directors decides (a) and (b), staying within the maximum amount of remuneration approved by the shareholders general meeting. The maximum remuneration amount for directors as determined by the shareholders general meeting is 430 million yen a year. Remuneration for each director is not determined by any qualitative factor, but automatically calculated by equations and coefficients according to regulations. Remuneration for directors is discussed by the Nominating and Remuneration Committee, of which the majority are independent outside directors. The board of directors fully respects the deliberation results of the committee. These procedures ensure objectivity, fairness and transparency in the determination of remuneration for each director. No single director will be assigned the task of deciding remuneration of directors.

- (a) Fixed remuneration**

This a minimum guaranteed amount established as remuneration for each position held by directors.
- (b) Performance-linked remuneration**

This is based on the fixed remuneration of each position and is calculated by multiplying a coefficient with profit before income taxes as an indicator (excluding gains on some strategically held shares).
- (c) Board Benefit Trust (BBT)**

Inabata has introduced a Board Benefit Trust (BBT) as a performance-linked share-based remuneration system in order to further clarify the linkage of the remuneration for directors (excluding non-executive directors), the company’s business performance, and the stock value, and enhance their motivation to contribute to the improvement of the company’s business performance in the medium and long term and to boost corporate value by sharing not only the benefit of the rise in stock prices but also the risks of a decline in stock prices with the company’s shareholders. BBT is a system in which directors earn points during their term which are exchanged for shares and cash upon resignation.
- (The calculation method for points to be granted to directors)**

Yearly granted points = continuous service points*1 + performance points*2

*1 Half of the basic points established by role

*2 Continuous service points x performance coefficient

Performance coefficient: This is determined by the consolidated sales target achievement rate and the consolidated operating profit target achievement rate. Target achievement rate is the performance compared to the medium-term business plan published externally.

Actual remuneration of directors in FY2020

	Performance coefficient	Number of eligible persons	Total amount of remuneration and other benefits by type (million yen)			Total amount (million yen)
			Fixed remuneration	Performance-linked remuneration	Board Benefit Trust (BBT)	
Director*1,2 (excluding outside directors)	0.82	7	181	91	45	318
Audit & supervisory board member (excluding outside audit & supervisory board members)		2	43	—	—	43
Outside director*1 and outside audit & supervisory board member		8	46	—	—	46

*1 Includes one outside audit & supervisory board member who retired as of the closing of the 159th Ordinary General Meeting of Shareholders held on June 23, 2020, and one director who resigned on January 31, 2021.

*2 Board Benefit Trust (BBT) is the carryover amount of the board benefit provision booked in the fiscal year ended March 2021.

Ratio of performance-linked remuneration and fixed remuneration in FY2020

Performance-linked remuneration	Fixed remuneration
43.2%	56.8%

Reference: Past remuneration of directors*

FY2017	223 million yen
FY2018	248 million yen
FY2019	300 million yen
FY2020	318 million yen

* Before FY2019, excludes non-executive directors. For FY2020, excludes outside directors.

Strategically held shares

(1) Basic views

Close business and cooperative relations with various companies are valuable assets to Inabata, and the company believes the establishment, maintenance and development of these relations improve the company’s corporate value in the medium and long term and lead to the benefit of shareholders and investors. Also, as Inabata believes the strategic holding of shares of such companies continues to be an effective way to establish, maintain and develop good cooperative relations, the company owns strategically held shares.

(2) Policy related to holding and reducing strategically held shares

Inabata forms a judgment concerning the pros and cons of strategically held shares based on whether holding them contributes to the establishment of cooperative relations, enhances the company’s corporate value in the medium and long term, and leads to the benefit of shareholders and investors. The board annually deliberates whether or not to continue to hold a strategical share if the total yield from an investment to the company is short of the capital cost. The board verifies the holding’s adequacy based on whether it is worth the capital cost, the scale of the total return, future business outlook with the company, and other qualitative elements. The total yield from an investee is calculated based on the total return, which is the sum of profit that can be expected to be obtained through business activity and payment of dividends. The company follows a policy of reducing the shares that the holding of which is not

considered significant, while considering timing and the effect on the market and the business.

Inabata has already reduced shares that no longer served the company in line with the Corporate Governance Code. “Continuous review of assets and further improvement of capital and asset efficiency” is one of the key initiatives in the three-year medium-term business plan NC2023, which lasts until FY2023. In line with the initiative, Inabata decided to reduce strategically held shares by 50% during the three years of NC2023.

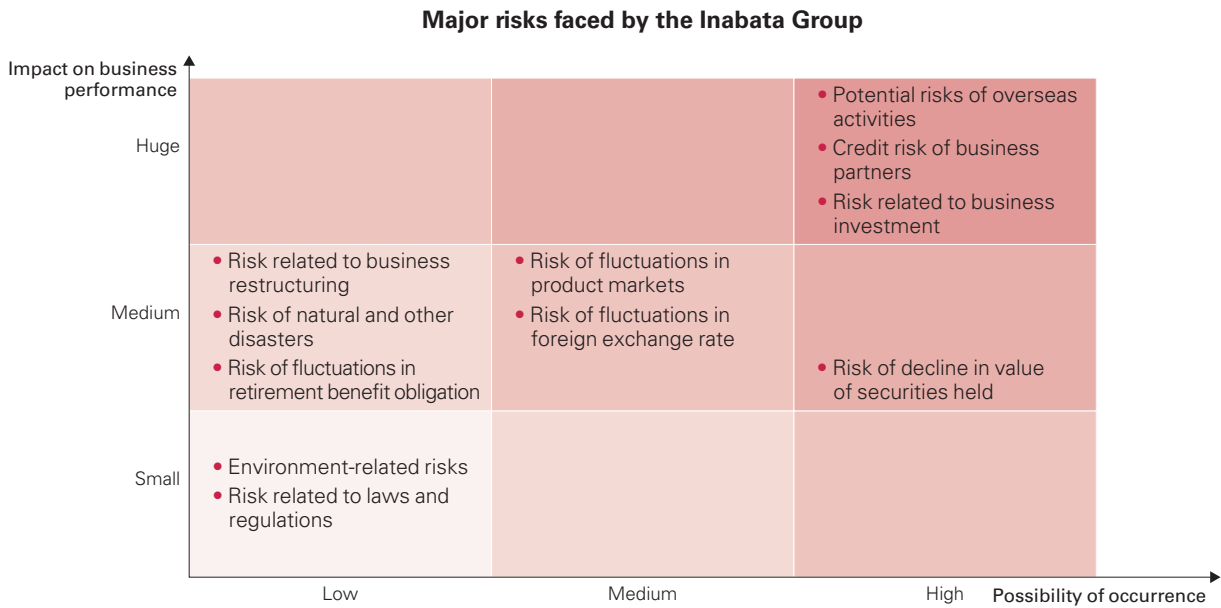
Sales of strategically held shares

FY2016	4,549 million yen
FY2017	9,017 million yen
FY2018	5,298 million yen
FY2019	3,026 million yen
FY2020	2,944 million yen

(3) Criteria for exercise of voting rights

In principle, Inabata exercises voting rights for all agendas in order to exercise its rights as a shareholder. The company reviews the merits and demerits of each agenda and exercises voting rights based on the judgment criteria of whether sustainable growth of the held company and improvement of its corporate value in the medium and long term can be expected.

Risk Management



Operating globally with 60 bases across 17 countries, mainly in Asia, our Group faces various kinds of risks.

We manage risks by establishing and implementing various regulations related to credit management, export management, products management and others, with our Risk Management Office at the core. Additionally, we prepare ourselves for risks arising from everyday work by organizing and implementing the work rules for trading bases and manufacturing bases in multiple languages, along with executing appropriate risk checking functions from head offices using regulations for managing Group

companies in Japan and abroad. We have identified the 11 risks shown in the above matrix as the main risks faced by our Group. Mapping has been done on the matrix based on the probable impact of each risk on our performance and the possibility of its occurrence using the responses on risk awareness of managers in the effectiveness evaluation of the board of directors conducted in FY2020 and other factors.

Here, we will explain three risks that we consider our top priority.

Measures to address three top risks

Inherent risks in our overseas activities

Our Group’s production and sales activities overseas cover multiple regions, including Southeast Asia and Northeast Asia, North America, and Europe. There are inherent risks in operating in these foreign markets, which include unexpected changes in laws or regulations, adverse political or economic factors,

difficulty in recruiting and retaining personnel, underdeveloped technological infrastructure, potentially adverse tax consequences, and social disruptions due to other factors.

For sales in the consolidated fiscal year by region, Asia accounted for 48% of the total, having the largest

influence on our business. For the first half of FY2020, our business in key Southeast Asian nations was severely affected by lockdowns due to the global spread of COVID-19. We have formulated and are implementing business continuity plans (BCP) at our major overseas bases to serve as countermeasures for emergencies such as infectious disease outbreaks.

Credit risk of business partners

Our Group companies grant credit to many business partners in Japan and abroad. Although we carry out credit management on a global scale, including our overseas business partners as well, we cannot guarantee full collections. Therefore, there is a risk of adverse impact on our Group’s performance and financial status due to the aggregation of bad-debt losses and allowance for doubtful accounts through bankruptcy and civil rehabilitation procedures and so on from contingencies concerning business partners.

Credit screening is conducted by the Shinsa Kaigi, which is composed of members of management. With regard to inventories, we monitor and manage the balance of each consolidated Group company on a monthly basis.

Risks related to business investments

When developing business at the Inabata Group, in many cases, we actually make investments and acquire equity in a joint enterprise or joint venture. Notably, with respect to our investments in consolidated affiliates, there is a risk of adverse impact on our Group’s performance and financial status due to trends in the financial status and operating results of such Group companies. In principle, our Group invests in minority interests with the main objective of expanding *shosha* trading business, and limits the risks and amounts for investments in majority interests.

COVID-19-related risks ▶ P31

Addressing other risks

Business continuity plan (BCP)

We have been formulating and introducing BCPs at major bases, including domestic and overseas Group companies since 2018 so that we can promptly restart and continue business activities after a crisis takes place. We plan to establish the BCPs at 38 bases in 13 countries including Japan.

Supply chain management

We have formulated the Supply Chain CSR Action Guidelines in response to the social expectation for companies to fulfill CSR in their supply chain management.

Tax compliance

All officers and employees of the Group strive to comply with laws and regulations as well as internal regulations, regardless of the country, to manage Inabata with a focus on compliance. With regard to taxes, we recognize that one of our social responsibilities is to pay taxes according to related laws and regulations in each country or region and maintain transparency. We think that

proper tax payment contributes to economic development of the country or region and in return results in sustainable growth of our Group and improvement of our medium- to long-term corporate value. Therefore, we strive to minimize tax risk and maintain as well as improve tax compliance.

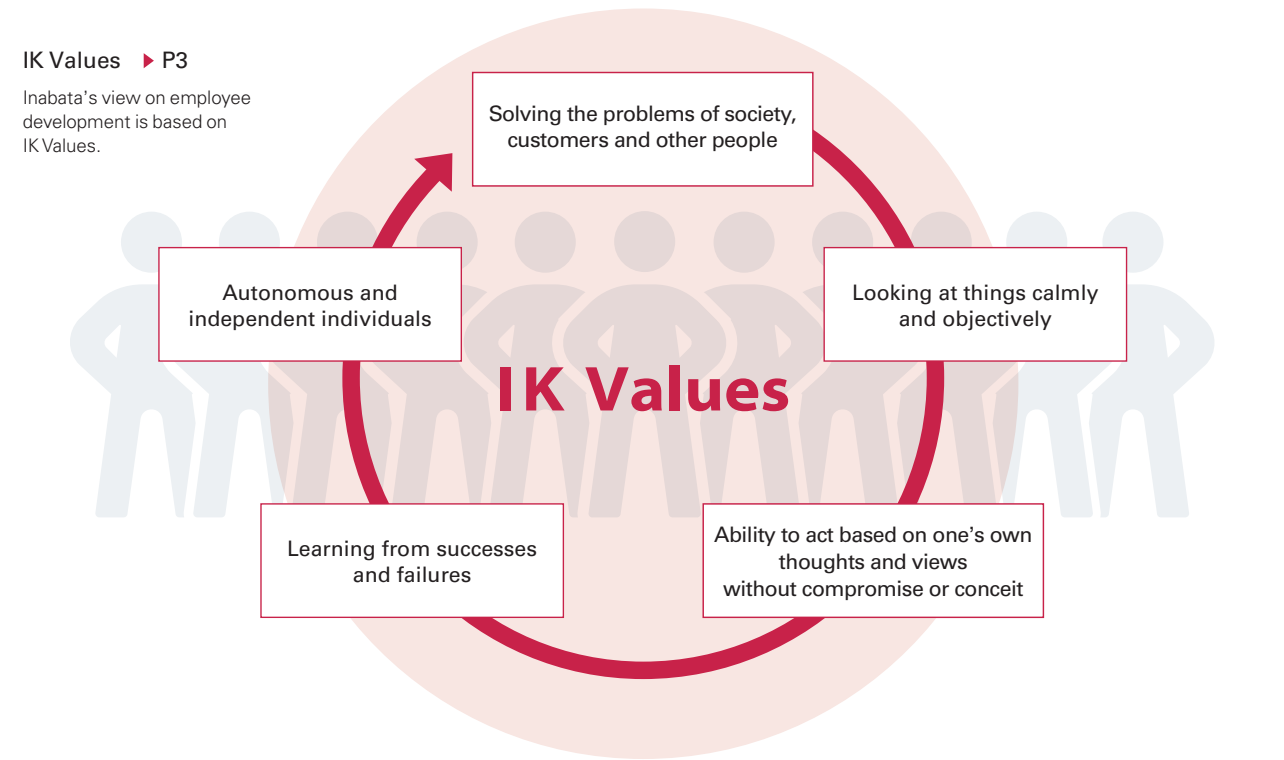
Compliance hotline (internal reporting system)

We have established a compliance hotline to enable people to notify us about compliance violations. We have set up external points of contact using legal counsel from outside Inabata and external experts (available in foreign languages), as well as internal points of contact, including audit & supervisory board member, to enhance our compliance management. We have designed the hotline to accept anonymous reports from whistleblowers. In addition, we have stipulated in our whistleblowing regulations that the privacy of whistleblowers is to be fully respected, and that retaliation or other disadvantageous actions are prohibited.

Society

View on employee development

People are most important for a *shosha* trading company, and developing them is one of the tasks for the management. Inabata's aim for employee development is to develop people who share our IK Values and can implement our vision based on the spirit of love and respect. We aim to coexist with society globally as autonomous and independent individuals who share the IK Values.



Respect for human rights

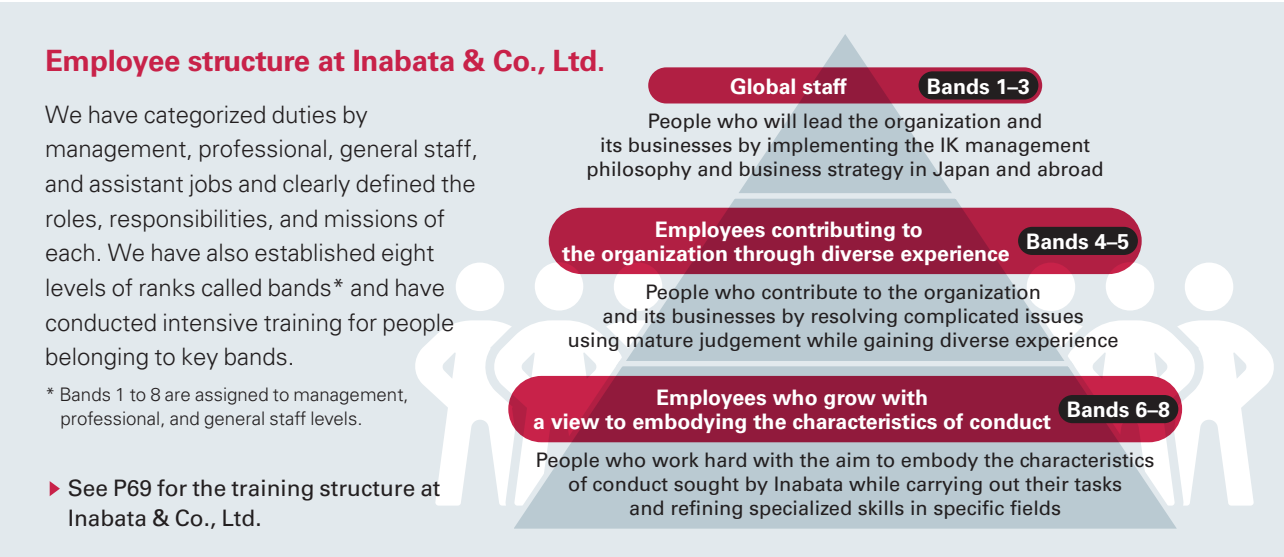
Inabata formulated the Declaration of Compliance with the view that respecting the human rights of all our stakeholders is essential for us to contribute to social development as a company operating on a global scale. Advancing our business activities while respecting all human rights is also aligned with our spirit of love and respect.

Supply chain CSR action guidelines

Inabata has formulated a unique code of conduct in response to the social expectation for companies to fulfill corporate social responsibility (CSR) in their supply chain management. We are raising its awareness among all suppliers, strengthening communication and actively working on improvements with regard to business partners that are lagging behind.

Developing global staff

With a consolidated workforce of more than 4,000 employees and more than 50% of our sales being from overseas, we will continue to develop "global staff" who can implement our management philosophy and work on a global scale, both in Japan and overseas.

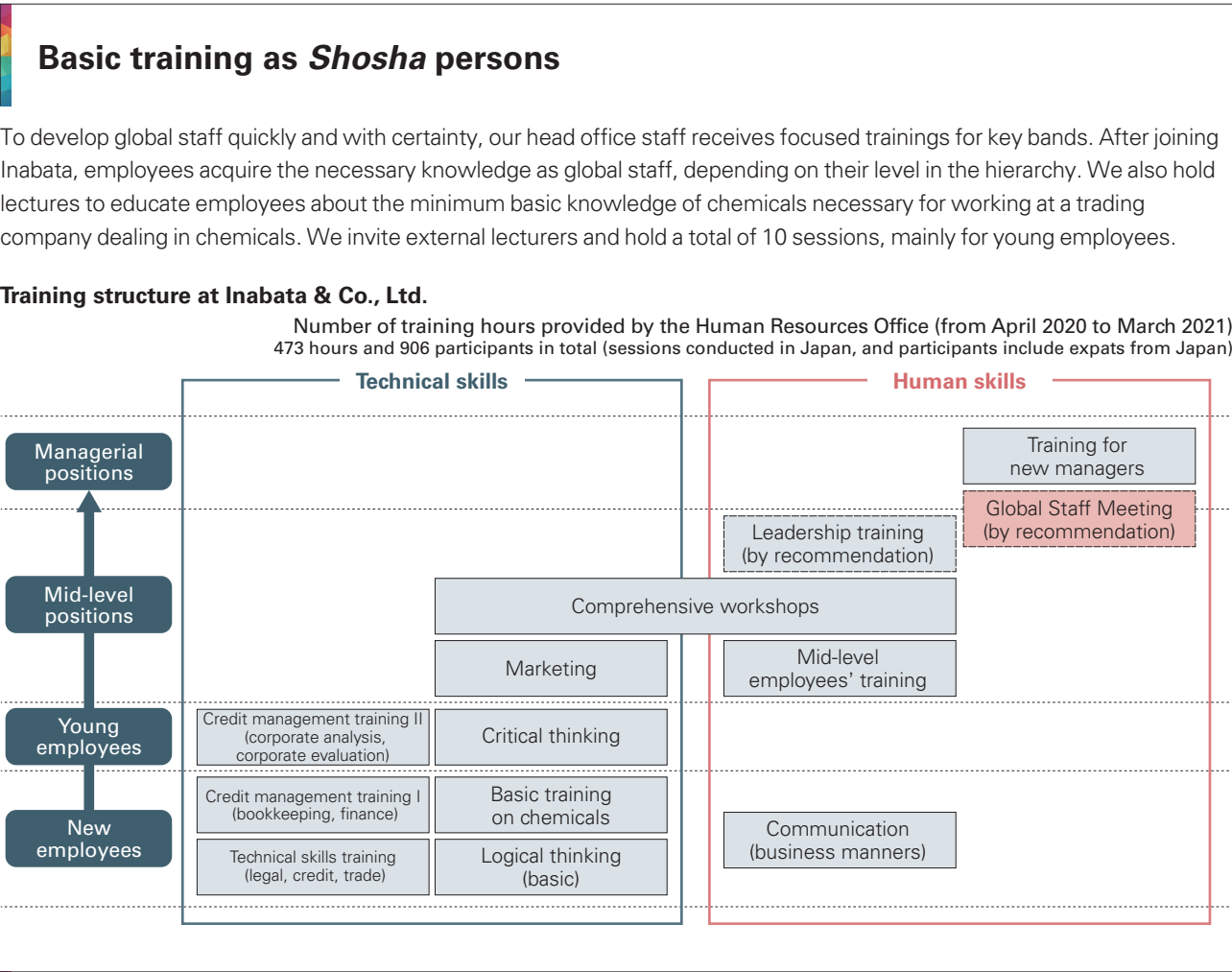


Initiatives to improve diversity

With the mindset that a variety of values are necessary for business continuity and expansion, we put effort into ensuring fair practice with regard to the hiring, assignment, assessment, handling, and promotion of employees, regardless of their age, gender, or other characteristics. Under the NC2023 medium-term business plan, we will continue to bolster our initiatives for employee engagement and work-style reform along with attempts to further enhance our systems to improve diversity. We also will actively promote the development of a work environment where female employees can be more active participants, as well as action plans to support both men and women in balancing work and their day-to-day lives, which includes childcare and nursing care.



Society



Training at overseas bases

As our overseas business expands rapidly, we recognize the importance of education and training at overseas bases. We will strive to improve the Group's level by continuously implementing education and training on basic matters, such as procurement and inventory management, credit management, and business process management, using e-learning and other methods.

Training about credit management and legal knowledge at overseas bases

We continued to provide credit management training at overseas bases in FY2020. Although our company's risk management staff had previously traveled to overseas bases to conduct workshops, amidst the restrictions on movement posed by the COVID-19 pandemic, we made use of online meetings to conduct training at six bases in Southeast Asia and three bases in the Americas, and worked to establish credit knowledge among overseas staff. In addition, in early FY2021, we provided legal training in addition to credit management training to our location in Dalian to reaffirm the importance of legal knowledge.

In Focus

Employee engagement

A source of our value creation as a trading company is the people — a total of 4,200 employees at about 60 locations in 17 countries and Japan, where the head office is located. In our new NC2023 medium-term business plan from FY2021, included “enhancement of human capital utilization efforts” as a key initiative, and we are devoting even greater effort to measures which will boost diverse employees’ motivation to work, as well as their individual abilities. One of those measures is employee engagement. If there is a high level of engagement (in other words, connection, cooperation, and trust) between management and employees, between supervisors and their subordinates, between employees, and between departments and Group companies, employees will be able to work with greater vigor. We believe the growth of the entire group can be achieved if each individual participates in the organization and devotes themselves to their work with a high level of trust as a base. In April 2021, we conducted an employee engagement survey covering a total of approximately 1,400 employees at our head office and 16 major overseas trading bases. Findings on employee motivation and satisfaction with the organization were turned into figures and given to their supervisors as a hint for a possible behavioral change to revitalize the organization.

In this survey, overall, there was a high level of employee satisfaction with the support they received from their supervisors and colleagues in carrying out their work, indicating that a positive organizational culture has been fostered at each location. On the other hand, we have identified some issues regarding employee skill development and training, and we intend to strengthen these in the future. Going forward, we will continue to increase employee engagement and further enhance our corporate value by implementing measures optimized for each country and region, and promoting the creation of a work environment that maximizes each individual's ability.

Survey overview

	Total	Head Office	Other than Head Office
Number of employees surveyed	1,400	587	813

Note: Respondents belong to the head office and major trading bases.

Example of questions and evaluation results

Note: The selected items are those with a high percentage of 4 and 5 evaluations on a 5-point scale

Evaluation	5. Strongly agree	4. Agree	3. Neither agree nor disagree	2. Disagree	1. Strongly disagree
• Engagement					
I am satisfied with the work I am doing at Inabata now					70%
• Relationship with superiors					
I have the necessary collaboration with my supervisor at work					75%
• Organizational culture					
When a problem occurs in the course of my duties, my supervisor and the people around me provide appropriate support					83%
• Corporate philosophy					
I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them					70%
• Human resources system and benefits					
Inabata's salary standards are satisfactory, compared to other companies in the same industry					59%
• Human resources system and training					
Inabata supports employee training to improve their skills					41%
• WLB (work-life balance)					
Overtime is kept to a level that is acceptable for me					64%

Society

International exchange

Our founder, Katsutaro Inabata, worked toward paving a path to cultural exchange and friendly relations with other countries after returning from his study trip to France. We continue to deepen those relations by continuing to work on his initiatives.

Japan–France exchange

Our founder, Katsutaro Inabata, studied abroad in France in the latter half of the 19th century, and learned about the cutting-edge technology of the day, such as synthetic dyes. Since then, we have devoted our efforts to encouraging Japan-France exchange. He and Paul Claudel, the French ambassador at the time, established the Franco-Japanese Cultural Association in 1926 as an organization to promote cultural exchange between Japan and France. In the following year, 1927, he built the Kansai Franco-Japanese Institute (now the Institut Franço-Japon du Kansai, Kyoto), establishing a base for bilateral cultural exchange activities. Afterward, Taro Inabata (our second president), who became the sponsor behind the founding of the Société Franco-Japonaise d’Osaka, worked to encourage cultural exchange in the Kansai area. The Institut Franco-Japon à l’Espace (now Villa Kujoyama), built in the era of Katsuo Inabata (our fourth president), is used as a base for artists from France to stay in Japan. The spirit of promoting exchange between Japan and France, which has been built up by successive presidents, continues to be held by the current president, Katsutaro Inabata (our sixth president), and even today, we are contributing to friendship and goodwill between the two countries by

offering French language courses and supporting bilateral cultural exchange events.



Institut Franço-Japon du Kansai, Kyoto, refurbished 2003

- 1927 Completion of the Kansai Franco-Japanese Institute (now the Institut Franço-Japon du Kansai, Kyoto)
- 1952 Founding of the Société Franco-Japonaise d’Osaka, sponsored by Taro Inabata (our second president)
- 1992 Completion of the Institut Franco-Japon à l’Espace (now Villa Kujoyama)
- 2013 Katsutaro Inabata (our current president) appointed as head of the Société Franco-Japonaise d’Osaka (until 2020)

Legion d’honneur

On March 9, 2021, President Katsutaro Inabata was awarded the Legion d’honneur (rank of Chevalier) by French Ambassador Philippe Setton at his official residence in Tokyo. As the reason for conferring this honor, Ambassador Setton said that “President Inabata served as head of the Société Franco-Japonaise d’Osaka from 2013 until 2020 and worked to promote mutual understanding and friendship between Japan and France.” Furthermore, Ambassador Setton expressed gratitude for the contributions of all the Inabata presidents to the friendship between Japan and France. He said, “Inabata’s



founder studied in France and later established a foundation for the Franco-Japanese cultural exchange with French Ambassador to Japan Paul Claudel to promote friendship between Japan and France. The founder also built the Institut Franco-Japonaise du Kansai, in Kyoto as the hub for those activities. I would like to express my thanks for the contributions to France made by all members of the Inabata family from generation to generation.” Past presidents have also been awarded the Légion d’honneur, as shown on the right.

- Katsutaro Inabata (founder)
 - 1914 Received rank of Chevalier (5th degree)
 - 1921 Received rank of Officier (4th degree)
 - 1927 Received rank of Commandeur (3rd degree)
 - 1935 Received rank of Grand Officier (2nd degree)
- Taro Inabata (second president)
 - 1936 Received rank of Officier (4th degree)
 - 1960 Received rank of Commandeur (3rd degree)
- Katsuo Inabata (fourth president)
 - 1991 Received rank of Officier (4th degree)
 - 1997 Received rank of Commandeur (3rd degree)
- Katsutaro Inabata (sixth president)
 - 2021 Received rank of Chevalier (5th degree)

Japan–Portugal exchange

Inabata’s relationship with Portugal began in 1920 when our founder was appointed vice-consul for Portugal in Kyoto. From 1932, our second president, Taro Inabata, became the honorary vice-consul for Portugal in Osaka. Our fourth president, Katsuo Inabata, was appointed the honorary consul for Portugal in Osaka in 1973. He also established the Sociedade Luso-Nipónica de Osaka in 1994 to commemorate friendly exchange between the two countries, which reached 450 years in 1993, and served as its president. At present, Katsutaro Inabata, our sixth president, has continued in the role as the president of the Sociedade Luso-Nipónica de Osaka, and is working to promote cultural exchange between Japan and Portugal.



- 1920 Katsutaro Inabata (founder) appointed vice-consul for Portugal in Kyoto
- 1932 Taro Inabata (second president) appointed honorary vice-consul for Portugal in Osaka
- 1966 Katsuo Inabata (fourth president) appointed honorary vice-consul for Portugal in Osaka
- 1973 Katsuo Inabata appointed honorary consul for Portugal in Osaka
- 1984 Katsuo Inabata awarded the Ordem do Infante Dom Henrique (Comendador) by the country of Portugal
- 1994 Sociedade Luso-Nipónica de Osaka founded, Katsuo Inabata appointed president
- 2001 Katsuo Inabata awarded the Ordem do Infante Dom Henrique (Grande-Oficial) by the country of Portugal
- 2011 Katsutaro Inabata (current president) appointed president of the Sociedade Luso-Nipónica de Osaka
- 2012 Katsutaro Inabata (current president) appointed honorary consul for Portugal in Osaka

Contributing to the local community

Inabata award

Inabata has been sponsoring an annual award since 1974 for the best artists in the vocal music or piano categories in a French music competition, hosted by an organization promoting Japan–France cultural exchange through music.



2018 award ceremony

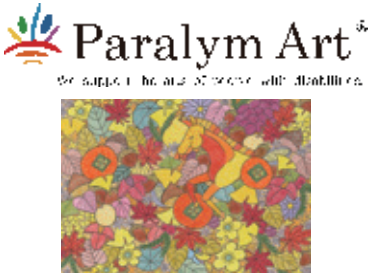
As a member of CLOMA

Inabata is a member of Japan Clean Ocean Material Alliance (CLOMA) and strives to resolve the marine plastic issues through its business.



Sponsorship of Paralympic Art

As an official partner of Paralympic Art, Inabata supports persons with disabilities to become independent through Shougaisha Jiritsu Suishin Kikou Association.



Environment

Basic approach to environment

In accordance with its Inabata Declaration of Compliance, Inabata is committed to contributing to society and economy through its business activity, as well as to make efforts for the conservation of the environment. Environmental risk is a critical factor that affects our business environment. We must address this issue through our business activities to ensure the sustainable development of our Group companies. In the year 2000, Inabata obtained ISO 14001 certification, an international standard related to the environmental management system. Since then, we have been striving to increase the number of bases that hold this certification and the current number of such bases, including our Group companies, is given on the right.

Number of group firms that have obtained ISO 14001

Japan	4
Overseas	15

Countries in which ISO 14001 has been obtained

Southeast Asia/India	Singapore, Malaysia, Indonesia, Vietnam, Thailand, Philippines
Northeast Asia	China
Americas	Mexico

(As of August 2021)

Environmental performance data

CO₂ emissions / power consumption / purchase of paper

	FY2018	FY2019	FY2020
CO ₂ emissions (Metric tons-CO ₂)	432	400	387
Power consumption (1000kWh)	937	900	888
Purchase of paper (thousands of sheets)	4,974	5,304	3,563

* Scope: Osaka Head Office, Tokyo Head Office, Nagoya Branch
* CO₂ emissions are calculated from volume of power consumption using the CO₂ emission coefficient in terms of power usage.

Amount of CO₂ emissions at overseas resin compound manufacturing business bases

	FY2018	FY2019	FY2020
Amount of CO ₂ emissions (t-CO ₂)	38,384	35,077	27,776
Amount of power used (1000kWh)	57,320	52,774	43,243

* The amount of CO₂ emissions is calculated from electricity consumption, using the CO₂ emission factor for electricity use
* China (Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd., Dongguan Sanyo IK Engineering Plastics Co. Ltd.)
Indonesia (PT. S-IK Indonesia)
Vietnam (SIK Vietnam Co., Ltd.)
Malaysia (SIK Color (M) Sdn. Bhd.)
Mexico (IK Plastic Compound Mexico, S.A. de C.V.)
Thailand (SIK (Thailand) Ltd.)
Philippines (IK Plastic Compound Phils. Inc.)

Ratio of waste to recycling

	FY2018	FY2019	FY2020
Waste (Metric tons)	82	89	67
Waste recycled (Metric tons)	72	69	48
Recycle rate (%)	88	78	72

* Scope: Osaka Head Office, Tokyo Head Office, Nagoya Branch
* Waste includes waste generated by tenants at Osaka Head Office

Value of environmental impact reduction products handled (sales)

(billions of yen)

	FY2017	FY2018	FY2019
	6.6	6.9	8.9

Reducing environmental impact from business activities

As one aspect of our climate change response, we are promoting initiatives to reduce environmental impact and waste, not just in our business activities, but in our corporate activities, as well.

PaperLab

In 2019, we introduced a papermaking machine, Paper Lab, and started creating recycled paper in our office, taking used photocopy paper generated at our offices as raw material. We will continue to work toward reducing the purchase of paper by increasing the recycle rate in our company.



"PaperLab," a papermaking machine

Garbage bags derived from biomass

To reduce the load on the environment, we started using biomass-derived garbage bags at our Tokyo Head Office. The bags contain 10% of starch-derived biomass material called NuPlastiQ, manufactured by BiologiQ, a company working with Inabata's Plastics Segment. It is a unique product produced utilizing the resin compounding functions of our group company in Thailand and the film and bag making functions of an affiliate in Japan, Taiyo Plastics Co., Ltd.



Garbage bags containing biomass-derived materials

Active expansion of our environmental business

The environment and energy field is an area of focus under the current NC2023 medium-term business plan. We are working on components related to solar-powered batteries and materials for EVs to reduce society's environmental load and create business opportunities for Inabata. We are also focusing on handling storage batteries for solar power generation, solar modules, biomass, wind power, and other renewable energy sources. In addition, we will also contribute to solving the problem of marine plastics, which has become a serious social issue in recent years, through the development of environmentally friendly plastic products and recycling of waste plastics.

Furthermore, our Group will continue to propose, develop applications for, and sell new eco-friendly products which contribute to a reduced environmental load, while building cooperative relationships with government agencies and partner companies.

Development of environmentally conscious plastic products ▶ P19

The front line of the environmental business ▶ P75

The front line of the environmental business

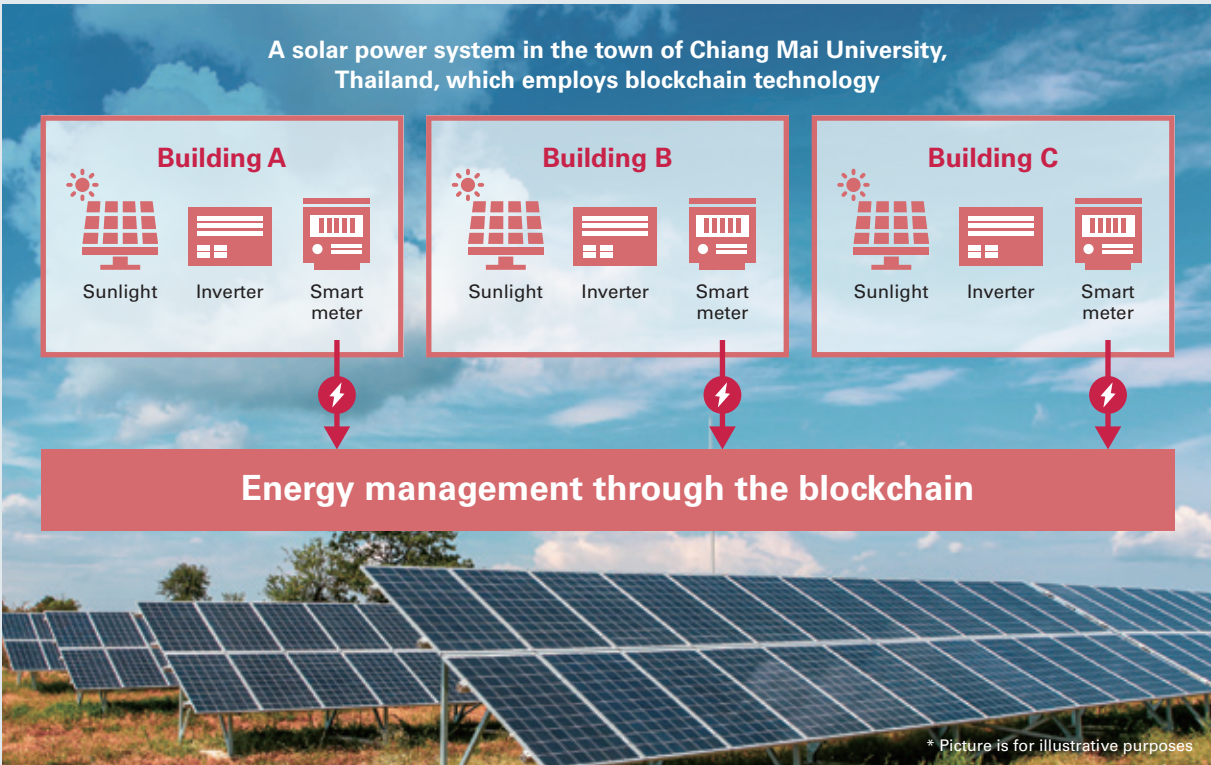
Solar power generation businesses using the Joint Crediting Mechanism

Currently, climate change is an environmental issue that is recognized as a global environmental challenge. Japan and European countries are working to reduce their greenhouse gas (GHG) emissions to zero by 2050 and achieve carbon neutrality. On the other hand, many of the advanced low-carbon technologies have high initial and running costs, making it difficult to predict the return on investment in developing countries.

In response to this situation, Japan’s Ministry of the Environment provides developing countries with superior low-carbon technologies, systems, and infrastructure to reduce GHG emissions, which also helps Japan achieve its GHG emission reduction targets through the Joint Crediting Mechanism (JCM).

Against this backdrop, Inabata is participating as a representative in the “2.5MW Solar Power Project with Blockchain Technology in Chiang Mai University Town Community in Thailand” which was chosen as a JCM project for FY2020.

The project introduces a 2.5 MW solar power system on the roofs of multiple campus buildings at Chiang Mai University. Through the use of blockchain technology, the project makes the expansion and maximum utilization of renewable energy in the community a reality and helps to significantly reduce GHG emissions.



Creating new added value with our recycled resin materials business

The impact that plastics have on the environment has come to be viewed as a problem in recent years. In response to this situation, we thought of what we could do as a company with a long history of dealing with resins, and devised the idea of a “recycled resin materials business” from the perspective of reusing waste plastics. Though the quality and supply of conventional recycled resin has been inconsistent, we have made improvements through our own efforts, such as managing collection sites of waste plastics and testing the physical properties of waste plastics in the re-pelletizing process. We are taking on the challenge of creating a new concept that “recycled resins = added value.” In addition, the recycled resin materials produced by Group companies are used as packaging materials, contributing to the reuse of plastics and the promotion of a recycling-oriented society.



Biomass power business of Nishiawakura in Okayama Prefecture

A meeting in Nishiawakura Village in Okayama Prefecture was the inspiration that led to our company handling biomass* power generation systems. A biomass power generation project, using forest residues and thinned wood, contributes to forest conservation and enables people to generate their own power, even in the event of power outages caused by a natural disaster. We proposed the selection of a biomass power generator and the construction of a system, including installation, to Nishiawakura Village, which showed high interest in such advantages. Though it was the first time for our company to work on this initiative, we made steady progress on the project and completed installation in January 2021. At present, with our track record in Nishiawakura Village as the starting point, we are also moving forward with initiatives in Atsuma Town in Hokkaido Prefecture and other municipalities.



* This is a general term for organic biological resources produced by plants and animals.

Summary of 11 years

		(Unit: Millions of yen)										
		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Business Performance	Net sales	469,090	464,429	479,942	561,173	572,114	577,037	586,630	621,137	634,740	600,312	577,583
	Gross profit	31,749	31,759	33,002	38,511	39,040	41,064	42,740	44,854	47,257	46,259	46,040
	Selling, general and administrative expenses	23,848	24,127	25,237	27,574	28,266	29,692	30,123	38,891	33,226	33,029	31,066
	Operating profit	7,900	7,632	7,765	10,936	10,774	11,371	12,616	5,962	14,031	13,229	14,973
	Ordinary profit	8,481	8,834	9,603	12,454	13,217	12,257	13,672	6,374	14,309	14,211	16,514
	Profit attributable to owners of parent	7,232	6,297	6,630	8,669	8,630	9,510	9,687	6,744	12,896	11,415	13,792
	Exchange rate USD/yen	81.49	77.74	79.81	100.17	109.76	120.15	108.34	110.85	110.92	108.70	106.10
Financial Position	Total assets	238,272	251,045	276,938	305,037	326,862	305,436	340,147	352,741	366,514	322,848	353,228
	Interest-bearing debt	60,528	74,070	68,071	76,582	78,814	68,377	71,075	71,993	57,277	52,848	41,206
	Equity capital	71,340	76,973	97,886	115,010	127,671	126,038	146,258	141,403	162,973	145,924	173,804
Cash Flow	Cash flows from operating activities	8,495	(15,534)	19,400	(764)	8,354	11,866	1,840	5,960	12,510	10,690	17,613
	Cash flows from investing activities	(1,436)	(1,629)	277	(5,467)	(3,044)	(161)	4,504	5,086	743	(525)	(423)
	Cash flows from financing activities	3,980	12,400	(12,880)	3,638	(8,193)	(11,129)	(481)	(4,901)	(19,546)	(7,273)	(17,582)
	Cash and cash equivalents	15,777	10,756	18,985	18,402	17,394	17,088	22,935	29,235	23,011	25,480	25,983
Reference	(Amount of capital investment)	3,205	1,824	1,781	3,435	2,666	3,067	2,431	2,500	3,441	3,707	3,175
	(Depreciation)	2,526	2,849	3,047	2,179	2,150	2,270	2,066	2,335	2,413	2,976	2,874
Sales by Segment	Information & Electronics	197,436	185,566	192,402	210,703	209,369	211,659	221,023	214,963	217,904	218,690	224,534
	Chemicals	67,472	42,052	42,799	52,398	52,845	48,198	48,047	51,580	77,522	74,181	66,626
	Life Industry	-	38,020	35,877	37,653	34,660	41,022	40,434	42,392	39,046	36,919	37,361
	Plastics	167,338	175,875	186,098	232,877	250,427	251,163	251,885	286,900	300,094	270,345	248,888
	(Housing & Eco Materials)	19,873	22,370	22,266	26,511	24,257	24,817	25,064	25,137	-	-	-
	(Food)	16,048	-	-	-	-	-	-	-	-	-	-
	Others	921	543	497	1,028	553	176	175	162	172	175	172
	Total	469,090	464,429	479,942	561,173	572,114	577,037	586,630	621,137	634,740	600,312	577,583
Operating Profit by Segment	Information & Electronics	2,880	2,733	3,248	4,863	4,489	3,833	3,992	(2,045)	4,819	4,482	6,327
	Chemicals	1,578	391	339	862	1,072	1,011	1,003	259	1,424	1,208	1,320
	Life Industry	-	1,531	1,492	1,745	1,037	1,524	1,820	1,920	1,310	1,166	1,563
	Plastics	3,141	2,593	2,297	2,828	3,730	4,434	5,396	5,541	6,341	6,235	5,631
	(Housing & Eco Materials)	(33)	128	159	343	285	421	260	157	-	-	-
	(Food)	116	-	-	-	-	-	-	-	-	-	-
	Others	216	253	227	292	158	146	142	129	136	135	130
	Total	7,900	7,632	7,765	10,936	10,774	11,371	12,616	5,962	14,031	13,229	14,973
	Overseas sales ratio (%)	40	40	44	51	51	53	53	53	54	53	53
	Overseas operating profit ratio (%)	54	49	51	56	46	45	46	-	54	54	54
Management Indicators	Number of employees on a consolidated basis (people)	3,828	3,721	3,661	3,577	3,454	3,509	3,827	4,098	4,184	4,282	4,203
	Operating profit ratio (%)	1.7	1.6	1.6	1.9	1.9	2.0	2.2	1.0	2.2	2.2	2.6
	Net D/E ratio (times)	0.62	0.82	0.50	0.46	0.43	0.37	0.30	0.28	0.19	0.16	0.06
	Equity ratio (%)	29.9	30.7	35.3	37.7	39.1	41.3	43.0	40.1	44.5	45.2	49.2
	ROE (%)	10.4	8.5	7.6	8.1	7.1	7.5	7.1	4.7	8.5	7.4	8.6
	ROA (%)	3.1	2.6	2.5	3.0	2.7	3.0	3.0	1.9	3.6	3.3	4.1
	Share price at the end of the fiscal year (yen)	510	574	699	1,052	1,198	1,116	1,357	1,616	1,505	1,180	1,658
	Total market value (including treasury shares) (billion yen)	33.2	37.4	45.5	68.5	76.0	70.8	86.1	102.6	95.5	74.9	105.2
	PER (times)	4.6	5.9	6.7	7.7	8.7	7.3	8.7	14.7	7.1	6.2	7.2
	PBR (times)	0.46	0.48	0.45	0.58	0.59	0.55	0.57	0.70	0.56	0.49	0.57
	Number of shares issued and outstanding at the end of the fiscal year (including treasury shares) (shares)	65,159,227	65,159,227	65,159,227	65,159,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227
	Number of treasury shares at the end of the period(shares)	290,633	1,090,674	1,887,522	1,886,225	801,996	1,402,268	2,002,305	2,402,417	3,002,502	3,302,640	3,302,651
	EPS (yen)	111.34	97.45	104.29	137.01	137.20	151.91	156.25	109.92	211.36	188.82	229.13
	BPS (yen)	1,099.77	1,201.43	1,547.09	1,817.68	2,036.31	2,029.70	2,378.31	2,314.42	2,693.92	2,424.13	2,887.29
	Annual dividend (yen)	26	21	23	30	33	36	40	40	48	53	63
Information per Share	Dividend payout ratio (%)	23.4	21.5	22.1	21.9	24.1	23.7	25.6	36.4	22.7	28.1	27.5
	Total return ratio	-	-	-	-	31.1	31.1	34.8	46.5	30.0	31.9	27.6

Notes: 1. In FY2012, the Life Industry Segment was established by integrating the life science related elements of the Chemicals Segment and the Food Segment. The performance figures for FY2011 are based on the revised categories.

2. From FY2016, the business of designing, installation, and sales of hoists and cranes, which was part of the others segment, has been included in the Information & Electronics Segment. The performance figures for FY2015 are based on the revised categories.

3. In FY2019, the Housing & Eco Materials Segment was integrated into the Chemicals Segment. The performance figures for FY2018 are based on the revised categories.

4. From FY2013, the conversion rate for income and expenditure by overseas subsidiaries and such was changed from the rate on the last day of the FY to average rate during the period. This has been applied retroactively to the figures for FY2012.

5. From FY2018, Partial Amendments to Accounting Standard for Tax Effect Accounting was applied. This has been applied retroactively to the figures for FY2017.

6. Net D/E ratio = (interest-bearing debt – cash and deposits) ÷ equity capital

7. ROE (%) = Net profit ÷ Average equity capital at the beginning and end of FY x 100

8. ROA (%) = Net profit ÷ Average total assets at the beginning and end of FY x 100

9. Total market value (including treasury shares) = share price at the end of the FY x number of shares issued and outstanding at the end of the fiscal year (including treasury shares)

10. PER is calculated by dividing share price at the end of the FY (TSE closing price) by net profit per share.

11. PBR is calculated by dividing share price at the end of the FY (TSE closing price) by net assets per share.

12. We decreased treasury shares (1,660,000 shares) in FY2014.

13. The number of treasury shares at the end of the FY includes shares owned by board benefit trust (BBT) introduced in FY2018 and equity-method affiliates in addition to shares owned by Inabata.

14. Total return ratio has become the shareholder return index from FY2014. Total return ratio = (dividends + treasury shares acquired) ÷ consolidated net profit ×100

Financial Information

Consolidated Balance Sheets

	(Unit: Millions of yen)	
	March 31, 2020	March 31, 2021
Assets		
Current assets		
Cash and deposits	29,440	31,462
Notes and accounts receivable - trade	152,457	162,736
Merchandise and finished goods	52,052	49,210
Work in process	766	597
Raw materials and supplies	3,084	4,322
Others	8,022	9,266
Allowance for doubtful accounts	(686)	(613)
Total current assets	245,136	256,983
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,509	16,039
Accumulated depreciation	(10,054)	(10,636)
Buildings and structures, net	5,454	5,403
Machinery, equipment and vehicles	16,240	16,871
Accumulated depreciation	(12,743)	(13,158)
Machinery, equipment and vehicles, net	3,497	3,712
Land	2,870	2,911
Construction in progress	112	294
Other	4,781	5,224
Accumulated depreciation	(2,752)	(3,151)
Other, net	2,029	2,073
Total property, plant and equipment	13,964	14,395
Intangible assets	3,006	2,918
Investments and other assets		
Investment securities	54,236	71,592
Long-term loans receivable	1,392	1,212
Retirement benefit assets	2,007	3,472
Deferred tax assets	1,024	990
Other	9,896	6,209
Allowance for doubtful accounts	(7,815)	(4,545)
Total investments and other assets	60,740	78,930
Total non-current assets	77,711	96,244
Total assets	322,848	353,228

	(Unit: Millions of yen)	
	March 31, 2020	March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,761	104,113
Short-term borrowings	43,073	33,731
Income taxes payable	1,631	3,155
Accrued expenses	1,021	1,080
Provision for bonuses	1,217	1,279
Provision for loss on business liquidation	240	-
Other	6,831	7,229
Total current liabilities	150,776	150,591
Non-current liabilities		
Long-term loans borrowings	9,775	7,475
Deferred tax liabilities	9,933	14,842
Provision for retirement benefits for directors (and other officers)	30	29
Provision for share-based remuneration for directors (and other officers)	85	131
Provision for loss on guarantees	18	18
Retirement benefit liability	2,369	2,144
Other	2,132	2,190
Total non-current liabilities	24,344	26,833
Total liabilities	175,121	177,424
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,752	7,184
Retained earnings	106,197	116,794
Treasury shares	(4,155)	(4,155)
Total shareholders' equity	119,159	129,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,196	39,316
Deferred gains or losses on hedges	148	187
Foreign currency translation adjustment	1,436	4,536
Remeasurements of defined benefit plans	(1,016)	576
Total accumulated other comprehensive income	26,764	44,616
Non-controlling interests	1,802	1,999
Total net assets	147,726	175,803
Total liabilities and net assets	322,848	353,228

Consolidated Statement of Income

(Unit: Millions of yen)		
	April 1, 2019 - March 31, 2020	April 1, 2020 - March 31, 2021
Net sales	600,312	577,583
Cost of sales	554,053	531,543
Gross profit	46,259	46,040
Selling, general and administrative expenses	33,029	31,066
Operating profit	13,229	14,973
Non-operating income		
Interest income	176	206
Dividend income	1,946	1,334
Share of profit of entities accounted for using equity method	339	270
Miscellaneous income	683	967
Total non-operating income	3,146	2,779
Non-operating expenses		
Interest expenses	1,317	698
Foreign exchange losses	294	151
Miscellaneous losses	552	388
Total non-operating expenses	2,164	1,238
Ordinary profit	14,211	16,514
Extraordinary income		
Gain on sales of investment securities	3,033	2,984
Total extraordinary income	3,033	2,984
Extraordinary losses		
Loss on valuation of investment securities	293	-
Provision for loss on business liquidation	244	-
Total extraordinary losses	537	-
Profit before income taxes	16,707	19,499
Income taxes – current	4,858	5,337
Income taxes - deferred	(35)	(43)
Total income taxes	4,822	5,294
Profit	11,884	14,204
Profit attributable to non-controlling interests	469	411
Profit attributable to owners of parent	11,415	13,792

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)		
	April 1, 2019 - March 31, 2020	April 1, 2020 - March 31, 2021
Profit	11,884	14,204
Other comprehensive income		
Valuation difference on available-for-sale securities	(22,679)	12,968
Deferred gains or losses on hedges	242	55
Foreign currency translation adjustment	(1,875)	3,155
Remeasurements of defined benefit plans, net of tax	(739)	1,593
Share of other comprehensive income of entities accounted for using equity method	(39)	164
Total other comprehensive income	(25,091)	17,935
Comprehensive income	(13,207)	32,140
(break down)		
Comprehensive income attributable to owners of the parent	(13,656)	31,644
Comprehensive income attributable to non-controlling interests	449	496

Consolidated Statement of Changes in Equity

(Unit: Millions of yen)							
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	9,364	7,752	97,882	(3,729)	111,269		
Cumulative effects of changes in accounting policies	-	-	(191)	-	(191)		
Restated balance	9,364	7,752	97,691	(3,729)	111,078		
Changes during period							
Dividends of surplus			(2,908)		(2,908)		
Profit attributable to owners of parent			11,415		11,415		
Purchase of treasury shares				(425)	(425)		
Purchase of shares of consolidated subsidiaries					-		
Net changes in items other than shareholders' equity					-		
Total changes during period	-	-	8,506	(425)	8,080		
Balance at end of period	9,364	7,752	106,197	(4,155)	119,159		

Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	48,827	(93)	3,247	(277)	51,703	1,723	164,697
Cumulative effects of changes in accounting policies	129	-	-	-	129	-	(61)
Restated balance	48,957	(93)	3,247	(277)	51,833	1,723	164,635
Changes during period							
Dividends of surplus							(2,908)
Profit attributable to owners of parent							11,415
Purchase of treasury shares							(425)
Purchase of shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	(22,760)	241	(1,811)	(739)	(25,068)	78	(24,990)
Total changes during period	(22,760)	241	(1,811)	(739)	(25,068)	78	(16,909)
Balance at end of period	26,196	148	1,436	(1,016)	26,764	1,802	147,726

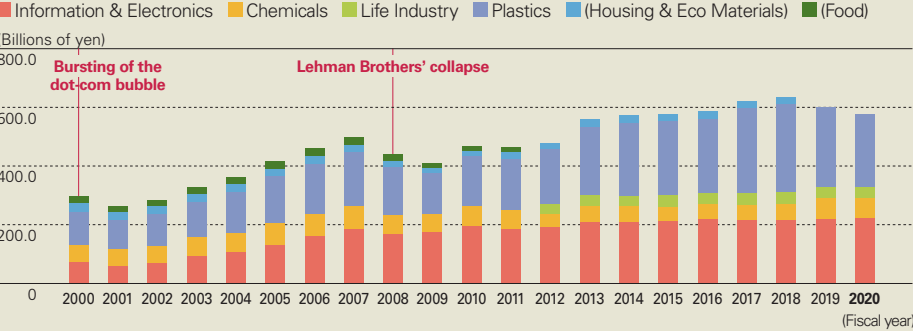
(Unit: Millions of yen)							
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	9,364	7,752	106,197	(4,155)	119,159		
Cumulative effects of changes in accounting policies	-	-	-	-	-		
Restated balance	9,364	7,752	106,197	(4,155)	119,159		
Changes during period							
Dividends of surplus			(3,195)		(3,195)		
Profit attributable to owners of parent			13,792		13,792		
Purchase of treasury shares				(0)	(0)		
Purchase of shares of consolidated subsidiaries		(567)			(567)		
Net changes in items other than shareholders' equity				-	-		
Total changes during period	-	(567)	10,596	(0)	10,029		
Balance at end of period	9,364	7,184	116,794	(4,155)	129,188		

Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	26,196	148	1,436	(1,016)	26,764	1,802	147,726
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-
Restated balance	26,196	148	1,436	(1,016)	26,764	1,802	147,726
Changes during period							
Dividends of surplus							(3,195)
Profit attributable to owners of parent							13,792
Purchase of treasury shares							(0)
Purchase of shares of consolidated subsidiaries							(567)
Net changes in items other than shareholders' equity	13,119	38	3,100	1,593	17,851	196	18,048
Total changes during period	13,119	38	3,100	1,593	17,851	196	28,077
Balance at end of period	39,316	187	4,536	576	44,616	1,999	175,803

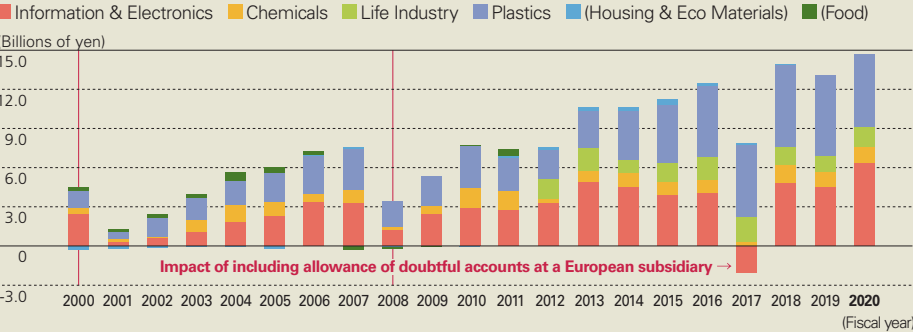
Consolidated Statements of Cash Flows

	(Unit: Millions of yen)	
	April 1, 2019 - March 31, 2020	April 1, 2020 - March 31, 2021
Cash flows from operating activities		
Profit before income taxes	16,707	19,499
Depreciation	2,976	2,874
Increase (decrease) in allowance for doubtful accounts	259	(3,646)
Interest and dividend income	(2,123)	(1,541)
Interest expense	1,317	698
Share of loss (profit) of entities accounted for using equity method	(339)	(270)
Increase (decrease) in provision for loss on business liquidation	244	(246)
Loss (gain) on sales of investment securities	(3,033)	(2,984)
Loss (gain) on valuation of investment securities	293	-
Decrease (increase) in trade receivables	8,967	(5,924)
Decrease (increase) in inventories	371	3,127
Decrease (increase) in other current assets	854	(884)
Decrease (increase) in other non-current assets	277	4,267
Increase (decrease) in trade payable	(11,334)	4,261
Increase (decrease) in other current liabilities	(259)	491
Other, net	26	754
Subtotal	15,205	20,476
Interest and dividends, received	2,254	1,733
Interest paid	(1,328)	(705)
Income taxes paid	(5,442)	(3,891)
Net cash provided by (used in) operating activities	10,690	17,613
Cash flows from investing activities		
Payments into time deposits	(3,907)	(5,162)
Proceeds from withdrawal of time deposits	3,827	3,992
Purchase of property, plant and equipment	(1,354)	(1,864)
Proceeds from sales of property, plant and equipment	31	149
Purchase of intangible assets	(844)	(648)
Purchase of investment securities	(371)	(95)
Proceeds from sales of investment securities	3,134	3,128
Purchase of shares of subsidiaries	(234)	-
Decrease (increase) in short-term loans receivable	294	101
Long-term loan advances	(1,033)	(219)
Collection of long-term loans receivable	44	91
Other	(111)	104
Net cash provided by (used in) investing activities	(525)	(423)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,996	(9,276)
Proceeds from long-term borrowings	600	729
Repayments of long-term borrowings	(6,649)	(4,357)
Purchase of treasury shares	(425)	(0)
Dividends paid	(2,917)	(3,205)
Dividends paid to non-controlling interests	(370)	(312)
Purchase of shares of subsidiaries that do not result in change in scope of consolidation	-	(557)
Other, net	(506)	(602)
Net cash provided by (used in) financing activities	(7,273)	(17,582)
Effect of exchange rate change on cash and cash equivalents	(421)	894
Net increase (decrease) in cash and cash equivalents	2,469	502
Cash and cash equivalents at beginning of the period	23,011	25,480
Cash and cash equivalents at end of period	25,480	25,983

Sales by business segment

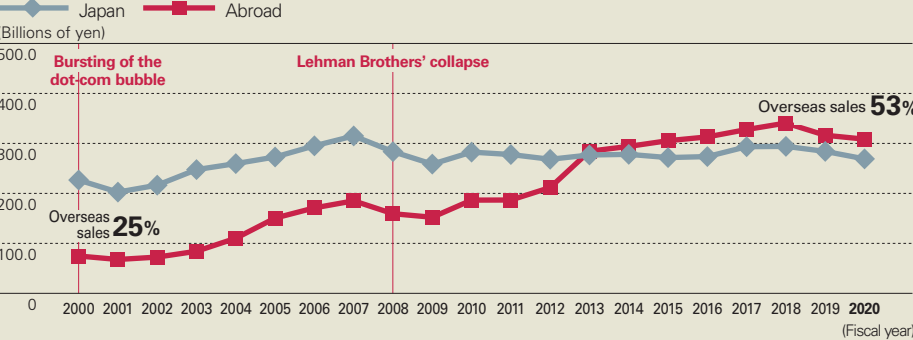


Operating profit by business segment

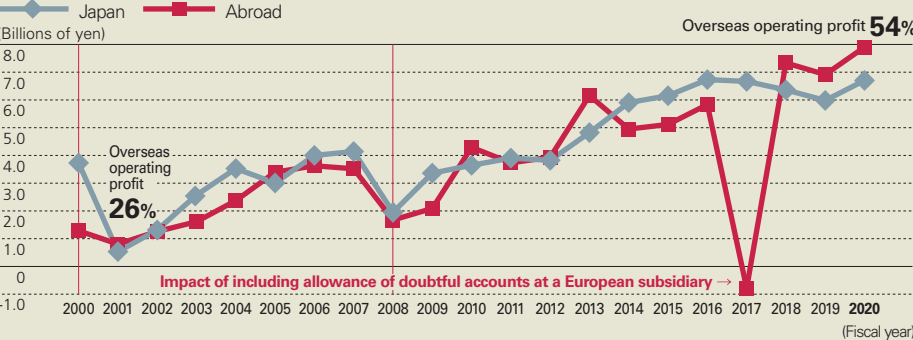


*1 In FY2012, the life science business of the former chemicals business and the former food business were integrated to form the life industry business.
*2 In FY2019, housing & eco materials business was integrated with the chemicals business.

Sales by domestic or overseas market



Operating profit by domestic or overseas market



The Chemicals Segment has a long history and is performing steadily based on its strong foundation of business partners. The Plastics Segment has expanded its business since the rapid economic growth in the 1950s, ranging from home appliances, OA to automobiles. The Information & Electronics Segment grew significantly along with the rapid growth of the LCD market from 2000 onward. The Life Industry Segment has started activities in the fields of agriculture and advanced medicine in recent years and can be expected to grow in the future.

Inabata established its first post-war overseas subsidiary in 1976 and has been rapidly intensifying its global business in alignment with production transfer by Japanese companies to locations outside Japan. Over the 40 years since, its overseas business has expanded, and the percentage of overseas sales has grown from 25% in FY2000 to 53% in FY2020

Consolidated Subsidiaries and Affiliates

Consolidated subsidiaries

Consolidated subsidiaries

● Trading company

▲ Manufacturing and processing base

Corporate Name	Countries and Regions		Business
Japan			
▲ I & P Co., Ltd.	Japan	Osaki, Miyagi	Molding and processing of synthetic resins
▲ Ikkoen Co., Ltd.	Japan	Sakai, Osaka	Processing and sale of marine products
● Inabata Fine Tech Co., Ltd.	Japan	Osaka	Sale of chemicals
▲ N · I · C Co., Ltd.	Japan	Tokyo	Processing and sale of plastic film products
● Ordiy Co., Ltd.	Japan	Osaka	Processing of plastic film products and packaging materials, design and marketing of supplementary equipment and systems
▲ Kansai Kobunshi Co., Ltd.	Japan	Yamato-Koriyama, Nara	Manufacturing of plastic films
▲ Taiyo Plastics Co., Ltd.	Japan	Hasuda, Saitama	Manufacturing of plastic films
Southeast Asia / India			
● Inabata India Private Ltd.	India	Gurugram (suburb of Delhi)	Import & export and sale of synthetic resins, electronic materials and chemicals
▲ PT. IK Precision Indonesia	Indonesia	Bekasi (suburb of Jakarta)	Molding and processing of synthetic resins
▲ PT. Inabata Creation Indonesia	Indonesia	Bekasi (suburb of Jakarta)	Processing of grip tapes for tennis rackets
● PT. Inabata Indonesia	Indonesia	Jakarta	Import & export and sale of synthetic resins and chemicals
▲ PT. S-IK Indonesia	Indonesia	Bekasi (suburb of Jakarta)	Compounding of resins
● Inabata Malaysia Sdn. Bhd.	Malaysia	Kuala Lumpur	Import & export and sale of synthetic resins
▲ SIK Color (M) Sdn. Bhd.	Malaysia	Johor	Compounding of resins
▲ IK Plastic Compound Phils. Inc.	Philippines	Binan (suburb of Manila)	Compounding of resins
● Inabata Philippines, Inc.	Philippines	Binan (suburb of Manila)	Sale of synthetic resins
● Inabata Singapore (Pte.) Ltd.	Singapore	Singapore	Import & export and sale of synthetic resins, chemicals and electronic materials
▲ Apple Film Co., Ltd.	Thailand	Samut Prakan (suburb of Bangkok)	Manufacturing of plastic films
▲ Hi-Tech Rubber Products Co., Ltd.	Thailand	Ayutthaya	Molding and processing of rubber products
● Inabata Thai Co., Ltd.	Thailand	Bangkok	Import & export and sale of synthetic resins, chemicals, food, and machinery
▲ SIK (Thailand) Ltd.	Thailand	Samut Prakan (suburb of Bangkok)	Compounding of resins
▲ Apple Film Da Nang Co., Ltd.	Vietnam	Da Nang	Manufacturing of plastic films
● Inabata Vietnam Co., Ltd.	Vietnam	Hanoi	Import & export and sale of synthetic resins, electronic materials and chemicals
▲ SIK Vietnam Co., Ltd.	Vietnam	Haiphong	Compounding of resins
Northeast Asia			
● Guangzhou Inabata Trading Co., Ltd.	China	Guangzhou	Import & export and sale of synthetic resins, machinery, electronic materials and chemicals
●▲ Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd.	China	Dalian	Compounding of resins; Import & export and sale of synthetic resins and chemicals
● Inabata Sangyo (H.K.) Ltd.	China	Hong Kong	Import & export and sale of synthetic resins, machinery, electronic materials and chemicals
▲ Shanghai Inabata Fine Chemical Co., Ltd.	China	Shanghai	Processing of coating materials
● Shanghai Inabata Trading Co., Ltd.	China	Shanghai	Import & export and sale of synthetic resins and chemicals

Corporate Name	Countries and Regions		Business
● Inabata Korea & Co., Ltd.	Korea	Seoul	Import & export and sale of electronic materials
● Taiwan Inabata Sangyo Co., Ltd.	Taiwan	Hsinchu	Import & export and sale of electronic materials, semiconductor-related equipment and chemicals
The Americas			
▲ IK Plastic Compound Mexico, S.A. de C.V.	Mexico	Silao	Compounding of resins
● Inabata Mexico, S.A. de C.V.	Mexico	Queretaro	Sale of synthetic resins, food and chemicals
▲ NH Inabata, S. de R.L. de C.V.	Mexico	Queretaro	Installation, distribution and maintenance of overhead traveling cranes
● DNI Group, LLC	U.S.	Novato (California)	Import & export and sale of food
● Inabata America Corp.	U.S.	New York	Import & export and sale of chemicals, electronic materials, food, and synthetic resins
Europe			
● Inabata France S.A.S.	France	Wissous (suburb of Paris)	Import & export and sale of chemicals
▲ Pharmasynthese S.A.S.	France	Normandy	Manufacturing of pharmaceuticals, materials for cosmetics, and fine chemicals
● Inabata Europe GmbH	Germany	Dusseldorf	Import & export and sale of electronic materials, chemicals, and synthetic resins
● Inabata UK Ltd.	U.K.	Telford (suburb of Birmingham)	Property management, warehousing

Equity-method affiliates

Corporate Name	Countries and Regions		Business
▲ Ulvac Coating Corp.	Japan	Chichibu, Saitama	Manufacturing of electronics and optical industrial materials
▲ NI Packs Co., Ltd.	Japan	Inashiki, Ibaraki	Printing and molding of plastic packages
● Clean Assist Co., Ltd.	Japan	Tokyo	Sale of plastic films and plastic sundries
● Maruishi Chemical Trading Co., Ltd.	Japan	Osaka	Sale of chemicals

Other affiliates

Corporate Name	Countries and Regions		Business
Japan			
▲ Aikei Farms Shakotan Co., Ltd.	Japan	Shakotan, Hokkaido	Production and sale of agricultural products
▲ Aikei Farms Yoichi Co., Ltd.	Japan	Yoichi, Hokkaido	Production and sale of agricultural products
▲ Inabata Optech Co., Ltd.	Japan	Kawasaki, Kanagawa	Research and development, manufacturing and sale of encapsulants for optical semiconductor devices
Northeast Asia			
● Tianjin Inabata Trading Co., Ltd.	China	Tianjin	Import & export and sale of synthetic resins and chemicals
The Americas			
● Inabata Brazil Import & Export Ltd.	Brazil	Sao Paulo	Sale of chemicals and synthetic resins

Corporate Information

Company name	Inabata & Co., Ltd.
Founded	October 1, 1890
Incorporated	June 10, 1918
Paid-in capital*	¥9,364 million
Location of head offices	Osaka Head Office 1-15-14 Minami-semba, Chuo-ku, Osaka 542-8558 Tokyo Head Office 2-8-2 Nihonbashi-honcho, Chuo-ku, Tokyo 103-8448
Domestic offices*	Osaka Head Office, Tokyo Head Office, Nagoya Office, Shiojiri Office, Hamamatsu Office, Kyushu (Kirishima) Office
Overseas offices*	About 60 locations in 17 countries including Singapore, Bangkok, Jakarta, Shanghai, Hong Kong, Taipei, Los Angeles, New York, Dusseldorf
Number of employees*	Unconsolidated: 656 (including employees seconded to group companies) Consolidated: 4,203
Independent auditor	KPMG Azsa LLC
Securities code	8098 First section of the Tokyo Stock Exchange

*As of March 31, 2021

Website
www.inabata.co.jp/english/

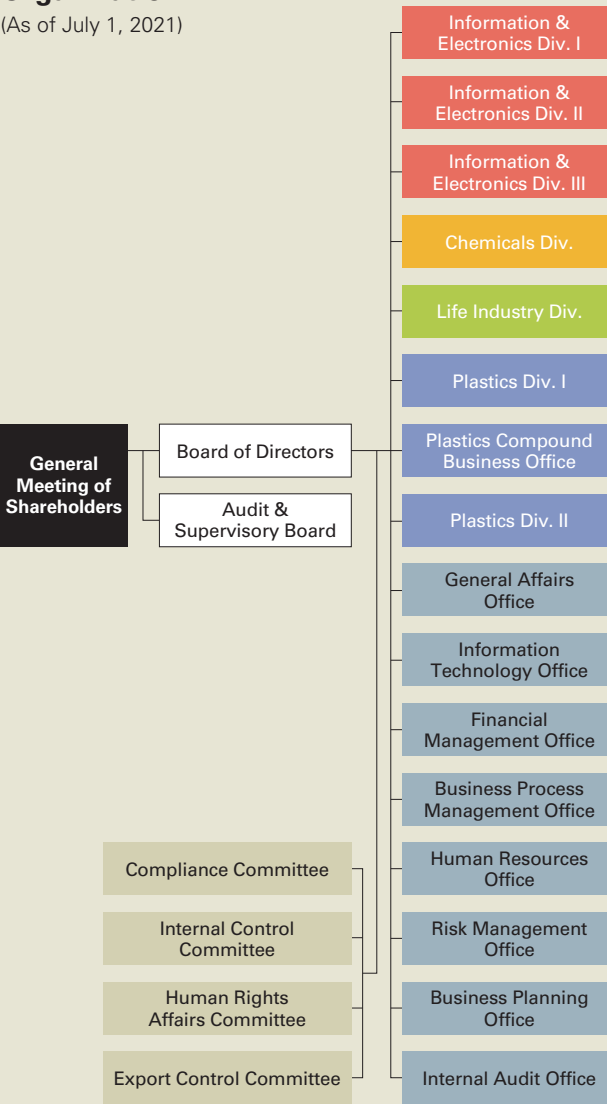


IR Activities

We are proactive in holding dialogue with shareholders and investors, as we believe it contributes to our sustainable growth and improves corporate value in the medium and long term.

- (1) IR system
- The president serves as the responsible person, and the director in charge of IR has also been appointed. In principle, the president and the director in charge of IR lead dialogue with shareholders and investors.
 - In cooperation with related sections within the company, the IR Department collects and analyzes various management information. The information is communicated internally and externally, timely and appropriately.
- (2) IR activities
- Inabata handles meetings with investors positively and reasonably.
 - Inabata holds a briefing on financial results twice a year to explain the progress of the medium-term business plan and provide an overview of financial results.
 - Inabata sets occasions for dialogue with individual shareholders and investors through participation in IR events, etc.
 - Inabata actively works to provide information through its website, company brochure, shareholder news, and notices of general meeting of shareholders.

Organization
(As of July 1, 2021)

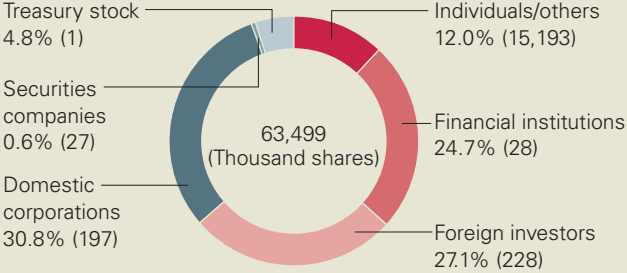


Stock Information (As of March 31, 2021)

Stock Information

Total number of authorized shares	200,000,000
Number of shares issued and outstanding	63,499,227
Number of shareholders	15,674

Status of Stock Allocation by Owners

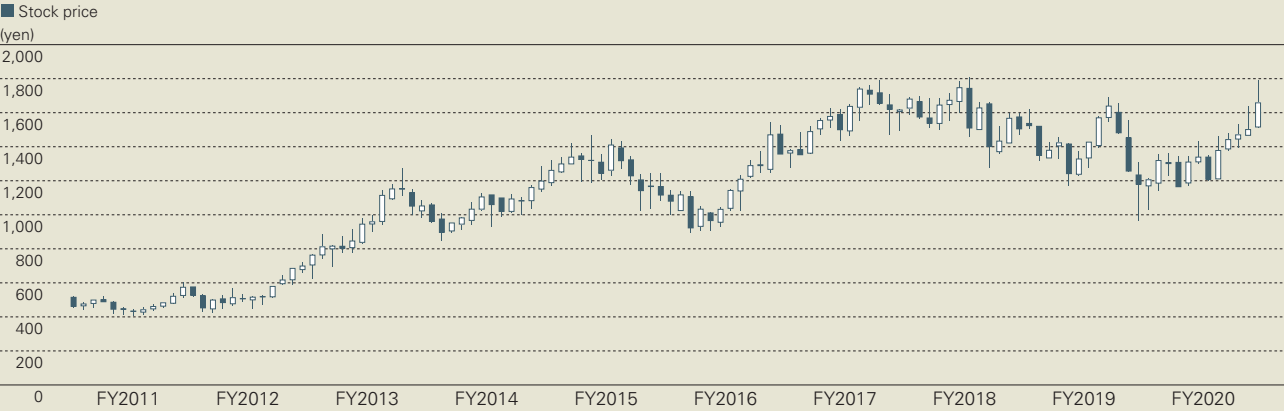


Principal Shareholders (Top 10)

Name of shareholder	Number of shares held (in thousands)	Percentage of shares held (%)
Sumitomo Chemical Co., Ltd.	13,836	22.9
The Master Trust Bank of Japan, Ltd. (Trust account)	3,971	6.6
Custody Bank of Japan, Ltd. (Trust account)	2,693	4.5
Custody Bank of Japan, Ltd. (Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	1,736	2.9
SSBTC CLIENT OMNIBUS ACCOUNT	1,272	2.1
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	1,244	2.1
Katsuo Inabata	1,161	1.9
DFA INTL SMALL CAP VALUE PORTFOLIO	1,088	1.8
Maruishi Chemical Trading Co., Ltd.	961	1.6
ASKA Pharmaceutical Co., Ltd.	785	1.3

Note: Inabata owns 3,010,331 shares of treasury stock. This shareholding has not been included in the calculation of the shareholding ratio.
However, 100,000 shares of Inabata held by Custody Bank of Japan, Ltd. (Trust account E) as a trust property under the Board Benefit Trust (BBT) system is excluded from the number of the treasury shares, and hence, is included in the calculation of the ratio.

Stock Price



Credit Rating

Rating agency	Issuer rating
Rating and Investment Information, Inc. (R&I)	A- (stable)

A cautionary note regarding future estimates
The data and future predictions contained in this report are based on information available and judgments applicable at the time of the report's release. Consequently, the data and future forecasts contained herein may include elements that are subject to change, and the reader should be aware that this document and its contents are no guarantee of future performance.