

Medium-term Management Plan New Challenge 2026

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*Hereinafter, NC2026

Quantitative Targets

Company-wide Quantitative Targets

(Billions of yen)

	FY03/24	NC2026		
		FY03/25 Plan	FY03/26 Plan	FY03/27 Targets
Net sales	766.0	830.0	890.0	950.0
Operating profit	21.1	22.5	24.5	27.0
Ordinary profit	21.3	21.5	23.5	26.0
Profit attributable to owners of parent	20.0	17.0	17.5	19.0
ROE	10.5%	10% or more	10% or more	10% or more
Net debt/equity ratio	0.06 times	0.5 times or less	0.5 times or less	0.5 times or less
Equity ratio	46.8%	Approximately 50%	Approximately 50%	Approximately 50%
Exchange rate (USD/JPY)	¥144.59	¥145.00	¥145.00	¥145.00

Segment Quantitative Targets

(Billions of yen)

Segment	FY03/24		NC2026					
			FY03/25 Plan		FY03/26 Plan		FY03/27 Targets	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Information & Electronics	239.1	6.90	256.0	6.55	283.0	7.20	312.0	8.45
Chemicals	112.6	2.78	124.8	2.85	132.0	3.05	139.0	3.25
Life Industry	53.5	1.48	61.0	2.20	66.8	2.60	72.8	3.10
Plastics	360.4	9.87	388.0	10.80	408.0	11.55	426.0	12.10
Other	0.1	0.13	0.2	0.10	0.2	0.10	0.2	0.10
Total	766.0	21.19	830.0	22.50	890.0	24.50	950.0	27.00

Shareholder returns, etc.

Basic Policy on Shareholder Return

During NC2026,

- The actual amount of dividends paid in the previous fiscal year will be used as the lower limit for dividends per share, and the basic policy is to continuously increase the dividends without reducing them (Progressive dividends).
- The target for total return ratio is roughly 50%.

Strategic shareholdings reduction policy*

- Further reduce strategic shareholdings in the medium to long term, cutting the balance of strategic shareholdings at the end of March 2021 by about 80% by the end of March 2027.

※Initial policy of 「Reduce the balance of strategic shareholdings at the end of March 2021 by half during the three years of NC2023*」 has already achieved.

* Announced in May 2022

*New Challenge 2023, a three years medium-term management plan from FY2021 to FY2023.

Capital Allocation

[Three-year period from FY03/25 to FY03/27]

**Cash flows from
operating
activities, etc.**
Approximately
¥65 billion



Investments, etc.
About **50~60%**

Shareholder returns
About **40~50%**

Overview

Overview

Long-term Vision “IK Vision 2030”

Medium-term Management Plan NC2026

Key themes:

- Accelerate growth through proactive investment
- Newly formulate a medium-term sustainability plan to address key management priorities (materiality)

Company-wide Growth Strategy

Segment Growth Strategy

Management Base Strategy

Financial Strategy

Sustainability Strategy
(including HR strategy)

Digital Strategy

(Reference) Long-term Vision “IK Vision 2030”

Reach consolidated net sales of

¥1 trillion

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

IK Vision 2030

At least **1/3** of business from segments other than Information & Electronics and Plastics

Overseas business
70% or more

[Formulated in May 2017]

Company-wide Growth Strategy

Company-wide Growth Strategy Summary

Consolidated sales Over ¥1 trillion

- » Approach: Expand earnings through proactive investment
- » Business domains: Expand environment-related business and life industry business such as food products

Enhance multifaceted capabilities

- » Differentiate and boost earnings by enhancing multifaceted capabilities (especially in manufacturing and logistics)

Business portfolio

- » Further develop key segments (Plastics, Information & Electronics)
- » Establish earnings pillar on par with key segments

Overseas ratio 70% or more

- » Further develop growth areas (especially in India, Mexico, and the Americas, in addition to the existing Asia sites)
- » Move into untapped areas (e.g., Eastern Europe)

Company-wide Growth Strategy

Consolidated sales of ¥1 trillion or more

**Expand earnings through proactive investment
Expand environment-related business and life industry business
such as food products**

- **Expand earnings and boost profitability through proactive M&A deals and other investments**
- **Focus management resources particularly on environment-related areas (renewable energy, recycling), automobile-related areas (for NEVs* and batteries), and semiconductors and electronic components-related areas**
- **Expand the food business (especially processing functions) and the pharmaceutical business**

*New Energy Vehicle

Company-wide Growth Strategy

Enhance multifaceted capabilities

Differentiate and boost earnings by enhancing multifaceted capabilities (especially in manufacturing and logistics)

- Further reinforce the Plastics business by expanding and enhancing compounding capabilities through the establishment of a joint venture company
- Differentiate by providing logistics functions (mainly overseas)

Company-wide Growth Strategy

Business portfolio

Further develop key segments (Plastics, Information & Electronics)

- Accelerate expansion of environment/energy and semiconductor-related businesses (Information & Electronics)
~ Environmental and energy field sales: ¥100 billion (target around 2030)
- Accelerate expansion in the automotive field (Plastics)
~ Automotive resin sales: ¥200 billion (target around 2030)
- Further develop display peripheral business (Information & Electronics)
- Expand and enhance compounding capabilities (Plastics)

Establish earnings pillars on par with key segments

- Expand our business domain and contribute to earnings quickly through M&A, etc.
- Expand sales in food and other life industry fields
- Expand Chemicals business overseas

Company-wide Growth Strategy

Overseas ratio of 70% or more

Further develop growth areas

- **Strong focus on India and Mexico**
- **Further develop the Asia region**
- **Expand business opportunities by responding to supply chain reevaluations by global customers**

Move into untapped areas (e.g., Eastern Europe)

- **Expand business in Eastern Europe**
- **Explore expansion into untapped Global South countries (South Asia, Cambodia, African countries, etc.)**

Management Base Strategy

Management Base Strategy Summary

Financial

- Further improve capital efficiency and focus on shareholder returns, including paying progressive dividends
- Implement measures to realize management conscious of cost of capital and share prices (achieve a share price level that regularly exceeds 1x P/B ratio as soon as possible)

Sustainability

- Develop sustainability management as a foundation for company-wide promotion:
 - » Set and monitor strategies and KPIs/targets in line with materiality

Digital strategy

- Enhance management information infrastructure and reinforce Group-wide security

Management Base Strategy Financial Strategy

Financial Strategy

Financial

Further improve capital efficiency

- Maintain ROE of 10% or more by boosting business profitability and keeping shareholders' equity under control
- Steadily implement policy of reducing strategic shareholdings and utilize proceeds from sales (for investment and shareholder return)

Focus on shareholder returns, including paying progressive dividends

- Maintain total shareholder return ratio of approximately 50%
- Continue paying progressive dividends
- Continue flexible share repurchases and cancellations

Implement measures to realize management conscious of cost of capital and share prices (achieve a share price level that regularly exceeds 1x P/B ratio as soon as possible)

- Maintain ROE above shareholders' cost of equity (10% or more)
- Enhance business value through steady implementation of growth strategies
- Reduce cost of shareholders' equity and foster growth expectations through enhanced information disclosure and dialogue (boosting P/E ratio)

Financial Strategy Details

Capital efficiency

- » Maintain ROE of 10% or more
 - » Generate investment funds and improve asset efficiency by reducing strategic shareholdings
-

Soundness

- » Maintain net D/E ratio of 0.5 times or less
-

Funding

- » Diversify funding methods (corporate bonds, etc.)
-

Shareholder returns

- » Maintain total shareholder return ratio of about 50%
-

Market evaluation

- » Achieve share price level that regularly exceeds 1x P/B ratio as soon as possible
-

Financial Strategy Details

Capital efficiency

ROE Maintain ROE of 10% or more

- Maintain ROE above shareholders' cost of equity
- Improve business profitability (shift to high value-added products, etc.)
- Keep shareholders' equity under control (flexible share repurchases and cancellations, maintain progressive dividends)
- Reduce cost of shareholders' equity (use debt, enhance information disclosure and dialogue)

Reduce strategic share holdings

Generate investment funds and improve asset efficiency by reducing strategic shareholdings

- Steadily implement the announced policy to reduce strategic shareholdings
- Utilize proceeds from sale (allocate toward shareholder returns and investment instead of internal reserves)

Financial Strategy Details

Sound-ness

Maintain net D/E ratio of 0.5 times or less

- **Maintain healthy financial standards**
- **Use leverage based on funding demand**

Funding

Diversify funding methods (corporate bonds, etc.)

- **Keep funding costs under control in response to high global interest rates**
- **Explore sustainability finance**
- **Reduce weighted average cost of capital**

Financial Strategy Details

Shareholder returns

Maintain total shareholder return ratio of about 50%

- Continue paying progressive dividends
- Continue flexible share repurchases and cancellations

Market evaluation

Achieve share price level that regularly exceeds 1x P/B ratio as soon as possible

- Enhance business value and foster growth expectations through steady implementation of growth strategies
- Maintain a level of return on capital (ROE of 10% or more)

Management Base Strategy
Sustainability Strategy

Sustainability Strategy

Sustainability(1)

Materiality -Creating sustainable value-

Contributing to a decarbonized and circular society; sustainable use of natural capital

Contributing to safety, security, and well-being

Providing value through resilience in procurement and supply functions

- **Achieve carbon neutrality in business activities**
- **Contribute to the global environment through the business**
- **Ensure safe and secure quality through stronger management of compliance with chemical substances regulations**
- **Enhance resilience in procurement and supply functions by strengthening supply chain management**
- **Establish supply chains that respect human rights**

Sustainability Strategy

Sustainability(2)

Materiality -Strengthening the foundation for business continuity-

Respecting human rights in the spirit of love (ai) and respect (kei) and growing together with local communities

Fostering and strengthening the human capital driving the value creation

Enhancing governance and risk management

- **Improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth**
- **Foster diversity and inclusion that makes the most of diverse individuals**
- **Further advance health and productivity management**
- **Focus on investment in human capital**

Sustainability Strategy Details

Long-term Vision

Long-term Targets

GHG emissions (Scopes 1 and 2): Reduce emissions by 42% by FY2030, compared to FY2022 levels; and achieve carbon neutrality by FY2050.

Long-term Aims

- » A decarbonized and circular society, and rich natural capital for society and the planet
- » A society in which human rights are respected, people feel safe and secure, and their well-being is maintained
- » A state of sustainable growth where the value provided by the Company, co-created with its business partners, is seen as indispensable to society
- » A situation where all employees in Japan and overseas, who are critical for sustainable growth, are physically and mentally healthy, work with enthusiasm in a style that fits the individual and in appropriate roles, and enjoy a high level of well-being

Relevant United Nations Sustainable Development Goals



Sustainability Strategy Details

Materiality: Long-term Vision, Strategy, KPIs, and Targets(1)

Creating sustainable value

Contributing to a decarbonized and circular society; sustainable use of natural capital
Contributing to safety, security, and well-being
Providing value through resilience in procurement and supply functions

Strategy	KPIs and Targets (April 2024 to March 2027)	Boundary
– Achieve carbon neutrality in business activities	» Reduce GHG emission (Scopes 1 and 2) by 25% compared to FY2022 levels	Consolidated
– Contribute to the global environment through the business	» Achieve net sales of 100 billion yen ^{*1} for environment-related business	Consolidated
– Ensure safe and secure quality through stronger management of compliance with chemical substances regulations	» Understand and share trends in chemical substances regulations in Japan and overseas in a timely manner, and strengthen the compliance management framework	Consolidated
– Enhance resilience in procurement and supply functions by strengthening supply chain management	» Clarify the Company's position on responsible procurement, and communicate it internally and externally	Non Consolidated
– Establish supply chains that respect human rights	» Establish the human rights DD cycle ^{*2} for selected operations as a model case	Non Consolidated

*1. The expected ratio of environment-related business by field in the final fiscal year of the Sustainability Medium-term Plan 2026 is outlined below.

■ Energy & power (renewable energy, batteries, etc.) : Approx. 70% ■ Resources & environment (sustainable materials, recycling, water, etc.) : Approx. 20%
■ Materials & chemicals, agriculture & food, transportation & logistics, and environmental certification : Approx. 10%

*2. The human rights DD cycle refers to the following due diligence processes and supporting measures set out in OECD Due Diligence Guidance for Responsible Business Conduct:

1. Embed responsible business conduct into policies and management systems
2. Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services
3. Cease, prevent and mitigate adverse impacts
4. Track implementation and results
5. Communicate how impacts are addressed
6. Provide for or cooperate in remediation when appropriate

Sustainability Strategy Details

Materiality: Long-term Vision, Strategy, KPIs, and Targets(2)

Strategy	Respecting human rights in the spirit of love (ai) and respect (kei) and growing together with local communities Fostering and strengthening the human capital driving the value creation Enhancing governance and risk management	
	KPIs and Targets (April 2024 to March 2027)	Boundary
<ul style="list-style-type: none"> – Improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth 	<ol style="list-style-type: none"> 1. In employee engagement surveys, achieve an overall response rate of at least 90%, a positive response rate of at least 80% to the statements “I am satisfied to work at the Company” and “I can identify with the Company’s mission, vision, and managerial policy, and I want to work to achieve them,” and a positive response rate of at least 70% across all items³ 2. Expand the implementation boundary for the human rights DD digital survey to the Group 	Consolidated
<ul style="list-style-type: none"> – Foster diversity and inclusion that makes the most of diverse individuals 	<ol style="list-style-type: none"> 1. Increase the ratio of women in managerial positions to at least 8% by March 2028, and to 10% by 2030 2. Maintain the ratio of mid-career hires at around 50% 3. Increase the ratio of male employees taking paternity leave to 100% 4. Continue to exceed the legal rate of employment for persons with disabilities 5. Encourage managerial appointments for local employees at overseas subsidiaries 	1-4 Non Consolidated 5 Consolidated
<ul style="list-style-type: none"> – Further advance health and productivity management 	<ol style="list-style-type: none"> 1. Achieve a 100% rate of complete checkup 2. Maintain comprehensive health risk found by stress checks at current levels⁴ 	Non Consolidated
<ul style="list-style-type: none"> – Focus on investment in human capital 	<ol style="list-style-type: none"> 1. Every year, spend more on education and training costs⁵ per employee than in the previous year 2. Maintain the ratio of employees with overseas posting experience at around 40% 	Non Consolidated

³3. The positive response rate in employee engagement surveys refers to—of employee responses on the five-point scale (5. Fully agree; 4. Agree; 3. Neither agree nor disagree; 2. Disagree; 1. Fully disagree)—the proportion of responses 4 and 5, which are the positive responses.

Note: We have corrected an error in the original English translation.(June 5,2024)

⁴4. The rate of complete checkup refers to the proportion of employees who were advised to undergo a complete checkup after the initial health check and actually followed the advice. Comprehensive health risk is an indicator for stress evaluation provided by the Ministry of Health, Labour and Welfare to comprehensively assess to what degree the workplace environment impacts on employee health. The risk is calculated by using four criteria obtained from stress checks: psychological burden of work (volume), degree of discretion at work, degree of support from managers, and degree of support from colleagues. The national average is calculated as 100: workplace health risk is high if the value exceeds 100, and low if the value falls below 100. The value at the Company is currently below 100.

⁵5. Education and training costs refer to the expenses spent on group training, external training, video learning, and so on at Inabata on a nonconsolidated basis. For FY2022, the costs were 50,776 yen per person. (FY2023 results will be disclosed in the summer of 2024.)

Management Base Strategy Digital Strategy

Digital Strategy

Digital strategy

Enhance management information infrastructure and reinforce Group-wide security

- **Revamp core systems and strategically leverage Group-wide sales information**
~ Fully support front-line sales activities with digital technology to generate new business and maintain and expand existing business
- **Establish a scheme to strengthen security and deploy it across the Group**
~ Complete transfer of IT infrastructure to cloud environment and further enhance security for all Group companies
- **Improve productivity by leveraging in-house generative AI services, etc.**
~ Enhance digital marketing and productivity by leveraging unstructured data using OpenAI

Digital Strategy Details

Core system renewal project

Facilitate smooth project execution and go-live of new core system

- Build next-generation core systems for further DX promotion
- Further support for new work styles (paperless, telecommuting, mobile phone access)
- Support visualization of development assets (SBOM^{*1}) for new core system

^{*1} SBOM : Acronym for software bill of materials

Strategic use of Group-wide sales information

Initiatives to promote data-driven management that leverages management base data

- Launch operations of CDAM^{*2}, a data management platform
- Transform into a data-driven company that makes decisions based on Group-wide data platform
- Create new business by enhancing digital marketing that leverages the Group-wide data

^{*2} CDAM : Acronym for Consolidated Performance Data Management; a global management base

Digital Strategy Details

Laterally deploy IT infrastructure that supports the entire Group

Laterally deploy infrastructure base construction for Group-wide optimization

- Provide centralized management of cloud environment construction and operation for small Group sites.
- Complete migration of all Group site systems to cloud environment (consolidated Group companies)^{*3}

^{*3} Completed cloud migration at about 83% of consolidated subsidiaries. Implemented overall management of system maintenance, backup, and BCP response under the leadership of the headquarters.

Further enhance security measures for the entire Group

Further enhance and promote security measures across the entire Group

- Conduct periodic security audits, guidance, and support for all Group companies
- Conduct third-party security assessments (e.g., vulnerability assessments) on an ongoing basis
- Laterally deploy CSIRT operation (EDR/SOC)^{*4} to small Group sites

^{*4} CSIRT : Acronym for Computer Security Incident Response Team

EDR : Acronym for Endpoint Detection and Response / SOC : Acronym for Security Operation Center

Digital Strategy Details

Improve productivity by leveraging generative AI services, etc.

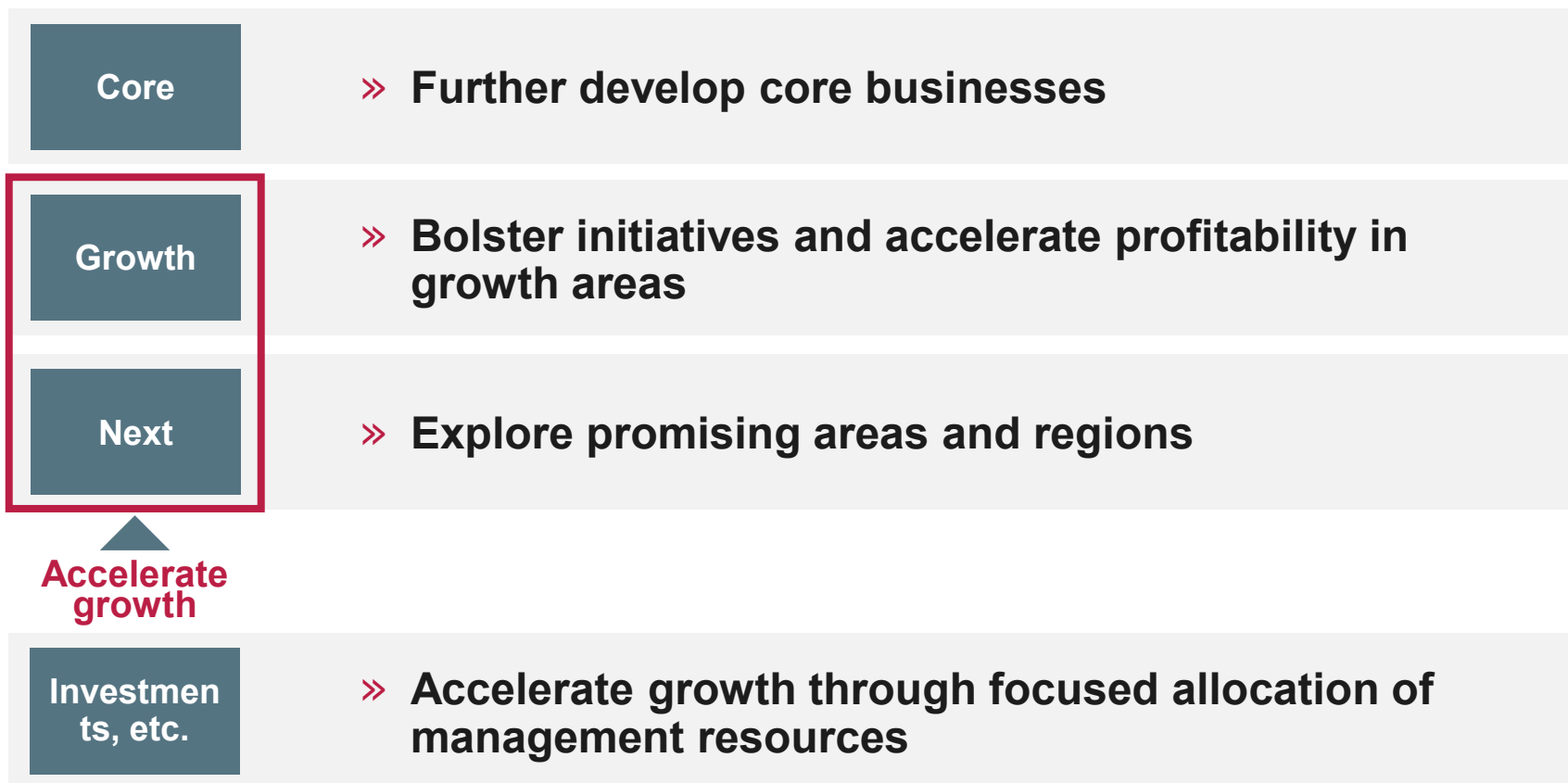
Verify suitability of using generative AI for business applications and implement it

- Improve work efficiency by using M365 Copilot
- Enhance marketing activities by extracting customer insights from unstructured data (e.g., business inquiries, e-mails, daily business reports, etc.) using OpenAI

Segment Growth Strategy

Segment Growth Strategy

Classified strategies for each segment under Core, Growth, and Next.
In addition, we identified key areas to allocate management resources.



Segment Growth Strategy

Information & Electronics Segment



Segment Growth Strategy

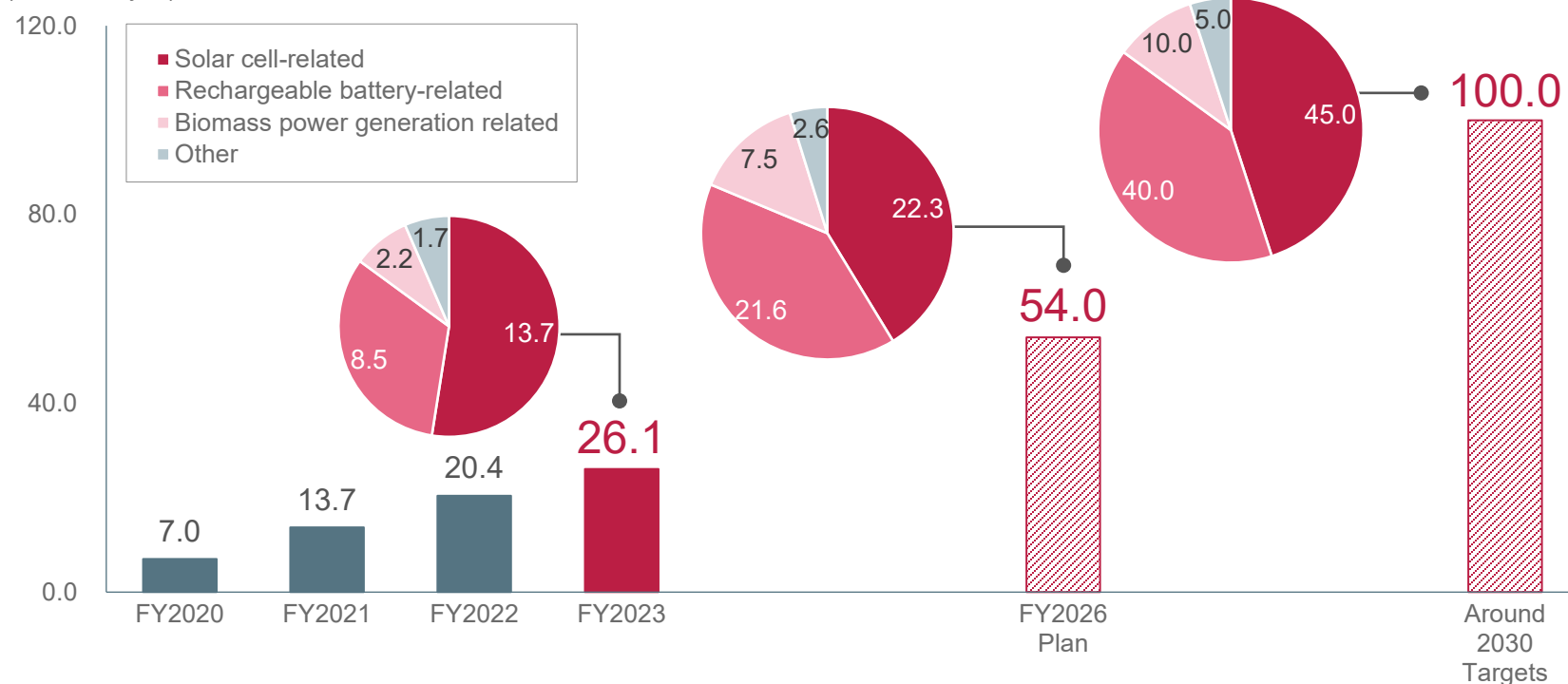
Information & Electronics Segment

Pick Up

**Accelerate expansion of environment and energy field
— Aiming for sales of ¥100 billion around 2030**

Environment & energy field sales

(Billions of yen)



Segment Growth Strategy

Chemicals Segment



Segment Growth Strategy

Life Industry Segment

Core

- » Expand sales areas of pharmaceuticals and consumer goods (especially overseas)
- » Expand sales to conveyor-belt sushi chains by leveraging processing capabilities

Growth

- » Expand e-commerce by achieving synergies with Daigo Tsusho, etc.
- » Focus on growth areas such as regenerative medicine, nucleic acids and biopharmaceuticals

Next

- » Make use of natural raw materials (cosmetics, agrochemical raw materials, etc.)
- » Explore business opportunities to reduce CO2 emissions and sludge by using microorganism formulations

Investments, etc.

- » Expand upstream and downstream areas in food and agriculture (especially processing functions)
- » Explore growth areas such as regenerative medicine

Segment Growth Strategy

Plastics Segment

Pick Up
Core

- » Accelerate global expansion in the automotive field
— Aiming for sales of ¥200 billion around 2030
- » Strengthen Group company collaboration in the film and sheet-related business

Growth

- » Enhance compounding capabilities
— Strengthen technological development capabilities, streamline production, and enhance quality control by establishing a joint venture company
- » Grow recycling business and green business
- » Expand EV business in the automotive field
- » Acquire more non-Japanese customers

Next

- » Develop untapped overseas regions (South Asia, Cambodia, African countries, etc.)
- » Explore the chemical recycling business

Investments, etc.

- » Plastic compounds business
- » Recycling business

Segment Growth Strategy

Plastics Segment

Pick Up

**Accelerate global expansion in the automotive field
— Aiming for sales of ¥200 billion around 2030**

Sales of resins for automotive industry

(Billions of yen)

