

IK INABATA & CO., LTD.

IK INABATA
Integrated Report **2020**

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)

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Editing Policy

To help you understand our business activities for value creation and our unique initiatives, we have created and released the Group’s first integrated report. We seek to leverage it as an important tool for developing mutual understanding and striving for increasing corporate value.

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 2019 to March 2020 (Some information may not be limited to this period)

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

The spirit of love and respect for people



Katsutaro Inabata, Founder



Signature of Founder
Katsutaro Inabata

Love (ai) and Respect (kei)

*The words "ai" and "kei" mean love and respect in Japanese, respectively.

Our founder, Katsutaro Inabata, was born in Kyoto in 1862 as the eldest son to a family that ran a long-standing Japanese sweet shop, Kameya Masashige, which was purveyor to the Imperial Household. The shop suffered damage due to the Hamaguri Gomon incident when Katsutaro was two years old. This drastically changed the family's lifestyle and they were hit by extreme poverty. In 1868, when Katsutaro was six, Kyoto lost its vigor because Japan's capital was transferred to Tokyo. Industries started to stagnate. However, Katsutaro did not lose heart in such difficult circumstances and enrolled in primary school at seven. His hard work brought him a big honor at the age of 10. He received the opportunity to read out Sanyo Rai's Nihon Gaishi in front of the Meiji emperor who was visiting Kyoto. At 15, Katsutaro's life underwent a huge change. He was selected at an early age to visit France, sponsored by the Kyoto Prefectural government, which was aiming for industrial recovery. He studied dyeing techniques at an engineering school in Lyon. He learned practical skills by working at the Marnas dyeing factory and studied applied chemistry afterward,



The Origin of Inabata

focusing on dyeing techniques at an institution that later became the University of Lyon. This experience became the foundation for establishing Inabata later.

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 Kyoto dyeing institute, where he leveraged the advanced knowledge and skills in synthetic dyes and dyeing techniques he had learned in France.

At 25, he joined Kyoto Orimono K.K. and spearheaded investments in facility as the chief technician. However, the



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

investments failed to produce corresponding results, for which he was held responsible and his employment was terminated. Even though the termination notices were handed to three technicians in all, Katsutaro was the only one to secretly receive an offer for reappointment. He rejected the unethical offer and decided to start his own business.

In 1890, at the age of 28, he founded Inabata Senryoten along with his wife and



Nurturing the Inabata Style

started business as a dye distributor for St. Denis, a French company. In those times, importers did not assess the quality of the dyes and used to sell them only based on cheap pricing, which led to many problems, as dyeing businesses would also purchase the dyes without paying attention to their quality. Katsutaro was concerned that this trend was disadvantageous to society and started to resolve the problem by importing pure, high-quality dyes from St. Denis, a leading French company, and improving them using the dyeing techniques he had studied. Being an uncompromising technician, who had studied applied chemistry early, he set out with goodwill to contribute to social development through his own specialized knowledge and this attitude or spiritual foundation, along with a sense of mission, can be defined as our company's belief. (Hachijuhachinenshi (88 years history of Inabata), fourth President Katsuo Inabata)

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



Inabata Senryoten at the time of founding

IK
"ai" and "kei"

The DNA of love and respect

dyeing industry was undergoing a crisis 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. 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. It forms the foundation for respecting every person and has been our company's unchanged motto since its founding.

"We have come so far because we determined our direction by following corporate ethics and economic rationale as needed based on goodwill."
(Hachijuhachinenshi (88 years history of Inabata), fourth President Katsuo Inabata)

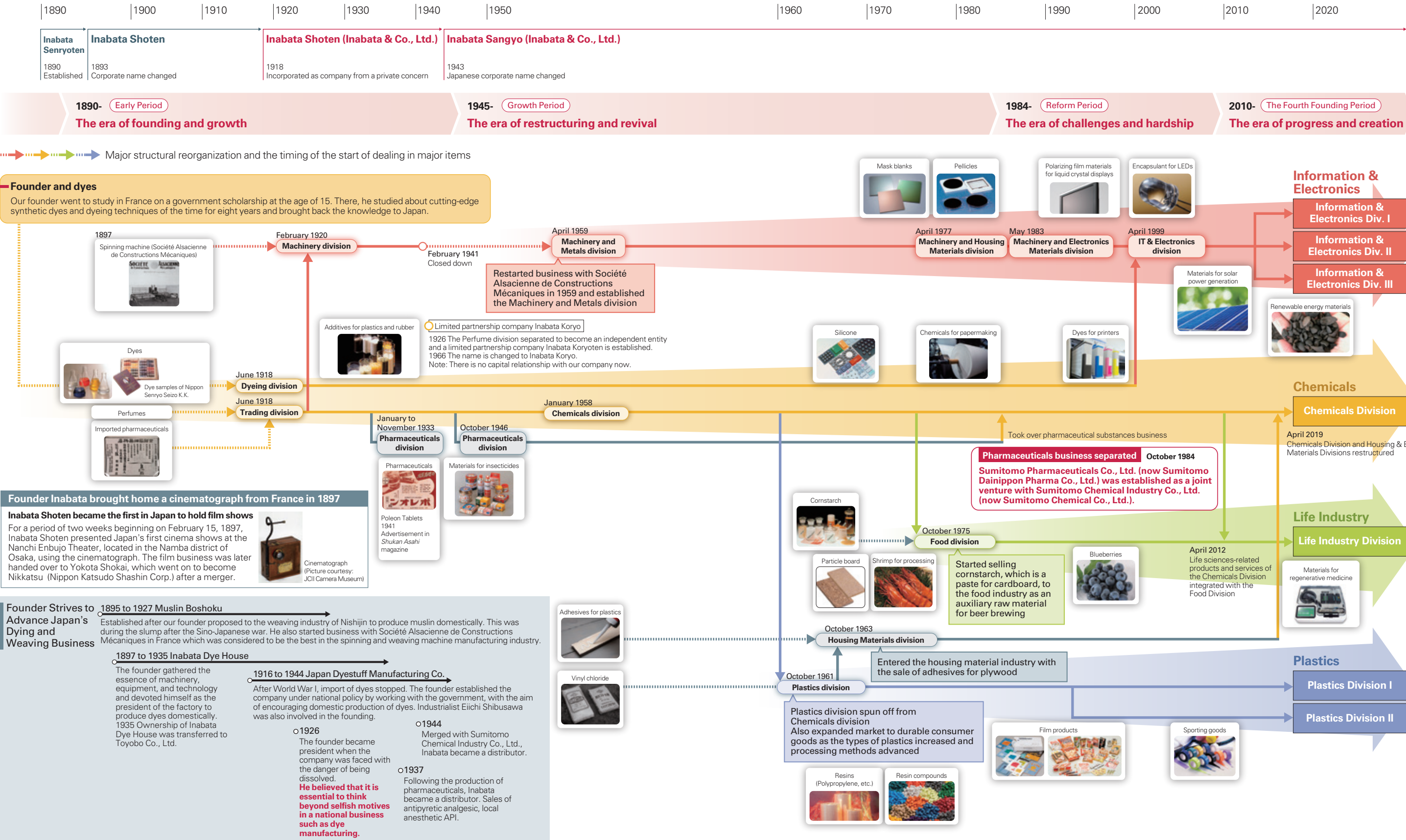
With this thought in mind, we have been operating our business not only with our own profit in mind, but also with the intention to always contribute to society. It is the accumulation of such days upon which our company's 130-year old history is built, and we will continue to make it even more sustainable in the times to come.



IK Values workshop in Dalian

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.



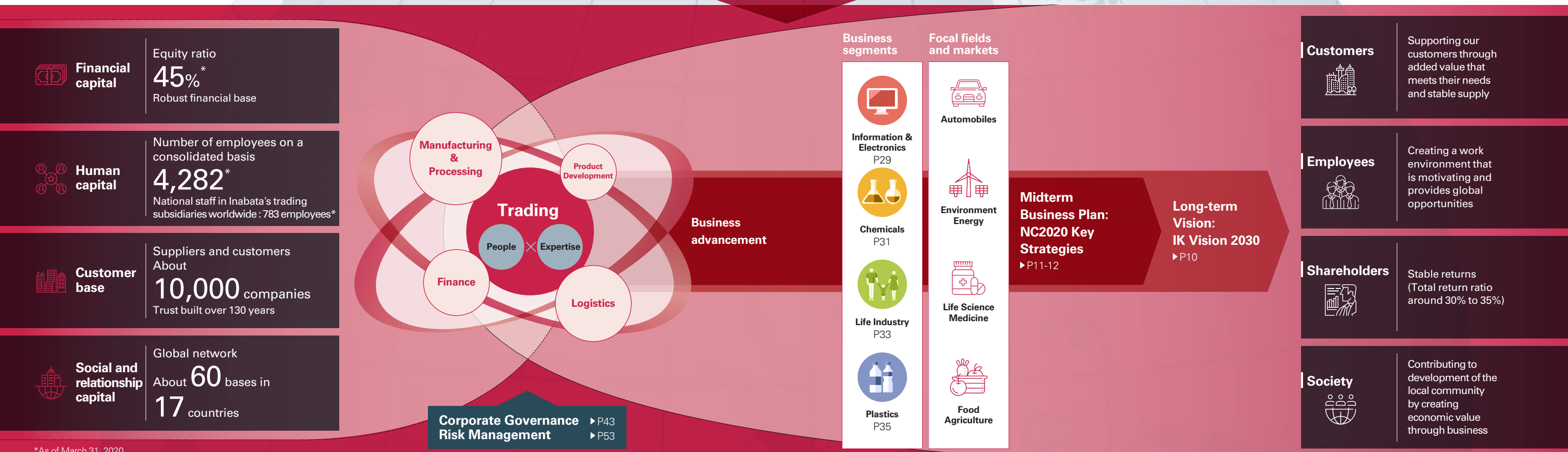
The Process of Value Creation

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 with a wide range of materials that meet local needs. 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 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 & electronics, chemicals, life industry, and plastics.

Implementing Our Mission



*As of March 31, 2020

Various functions offered by Inabata



Manufacturing and processing

The Inabata Group owns 22*1 manufacturing and processing subsidiaries around the world, with sales of about 56 billion yen*2. We are a *shosha* and our basic business is trading. We consider the manufacturing and processing function as a tool that complements trading. One of our major manufacturing and processing functions is the plastic compound manufacturing business for our plastics business.

(-> See "Feature: The Evolution of Inabata's Businesses" on page 17.)

*1 Number of consolidated subsidiaries for manufacturing and processing at the end of March 2020

*2 Simple aggregated value for FY2019



Logistics

Based on product knowledge and know-how cultivated over the years in our Group companies, through dealing in chemicals and other materials, we propose and provide the optimum distribution function to our customers with the help of our trusted partners in warehousing and delivery businesses. To our customers who operate businesses around the world, we offer vendor managed inventory* (VMI) based on our network and know-how. We also built our own distribution center handling automobile parts and resin materials in Indonesia to ensure the timely delivery and one-stop services that our customers expect.

*A system in which our company manages and replenishes inventory on behalf of the customer. We use IT to analyze the customer's production information and coordinate with multiple suppliers and distributors to efficiently deliver materials to the customers.



Finance

We suggest and implement solutions to our customers for reducing financial burdens, avoiding exchange rate risks and resolving other issues. A robust financial base is necessary for providing the financial function that customers expect. We consider net D/E ratio* to be a key business indicator and are always striving to improve the company's financial health. Additionally, we have set the target value for this indicator at 0.4 time or less in NC2020. The actual value of this indicator was 0.16 time at the end of FY2019, showing that our financial soundness is sufficiently maintained.

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

Message from the President

We are striving for sustainable growth through business evolution aligned with the needs of society and customers.



稲田勝太郎

Katsutaro Inabata
President

The COVID-19 pandemic continues to spread across the world, with no end in sight yet. I express my sincere condolences to those affected and their families. I would also like to express deep gratitude for all medical workers.

130 years since founding

In October 2020, Inabata will complete 130 years since its founding. This is entirely due to strong support from our customers, shareholders and other stakeholders, for which we are extremely grateful.

Inabata was established in Kyoto in 1890 as an importer and seller of synthetic dyes and has since expanded over time, currently boasting a network of about 60 bases across 17 countries outside Japan. With overseas business accounting for over 50% of our net sales, we have grown into a global corporate group. However, our company stands for something that will never change, that must not change, even with the changing times. That is our spirit of “love” and “respect,” which has been the company’s motto since its founding. It inspires us to respect people and contribute to the development of society.

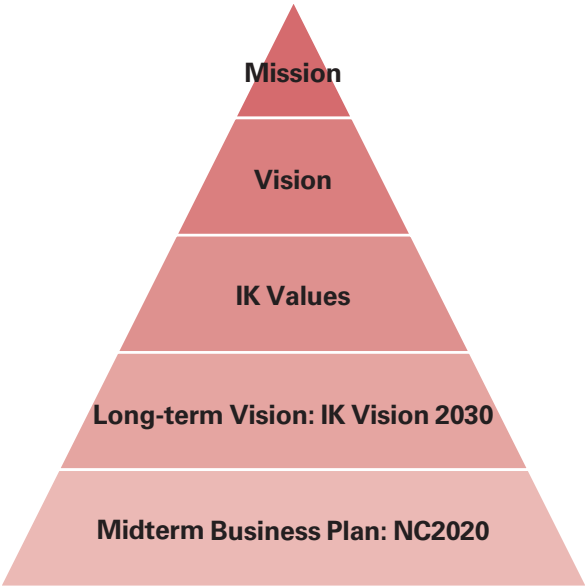
Ten years ago, on the occasion of our 120th anniversary, we formulated the company’s Mission, Vision, and IK Values based on this spirit. We have also been initiating activities to gradually ingrain this attitude and way of thinking in the whole Group. At the time of formulation, I explained these to local employees during my visit to the U.S. However, one-sided presentations are insufficient to ingrain philosophy. I felt the need to deepen understanding through dialogue. Since then, we have been making steady efforts in this direction, including constantly conducting training on IK Values for our global staff. In addition, our Human Resources Office proposed some years ago that we create multilingual videos as a training tool, and then took that tool to 36 bases in 14 countries, holding workshops for over one

year starting 2018. I have also heard that, in some of the overseas bases, workshops were held at the initiative of local employees. I am confident that if more and more voluntary activities of this kind spread throughout the world, it will result in greater unity and cohesion in the group and this will help us build a stronger business foundation.

In addition to carefully upholding this identity from the company’s founding, we have also continued to make enormous changes in the content of our business in the form of the products we deal in and the value we offer. In this rapidly changing day and age, the value expected from a trading company is changing drastically as well. It is also not unusual for the value that we have been offering to our customers to undergo rapid deterioration due to social changes, technological advancement and other factors. To ensure that the company keeps growing sustainably beyond these 130 years since its founding, we must continue to ceaselessly advance our businesses in light of changes in customers and society.

Management Philosophy Structure

Company Motto:
Love (ai) and Respect (kei)



Long-term Vision: IK Vision 2030
How Inabata envisions itself around 2030

Function Further enhancing multifaceted capabilities such as manufacturing, logistics, and finance, in addition to trading	Scale of operation Achieving more than 1 trillion JPY in consolidated sales at an early stage
Sales and operating profit generated outside of Japan 70% or more	Portfolio At least one-third of sales and operating profit from business segments other than the information & electronics and plastics segments.

Message from the President

The purpose of formulating the long-term IK Vision 2030

To spread information internally and externally about our determination toward business evolution, we formulated IK Vision 2030, our long-term vision, in May 2017. This outlines our vision for around 2025 to 2030 and charts out the direction for further enhancing multifaceted functions, such as manufacturing, distribution, and finance, that are also the basics of our trading function. We will also strive for early achievement of our numerical targets of consolidated sales of 1 trillion yen and a consolidated overseas sales ratio of 70% or more. We also aim to increase the proportion of segments other than information & electronics and plastics, which are our top two segments, to over one-third of our business portfolio.

We have set a period of five years for achieving this long-term vision because it does not aim to achieve quantitative targets only. We consider it sufficiently possible to achieve the consolidated sales target of 1 trillion yen based on the current status of our business. Additionally, a look at the recent economic conditions suggests that the percentage of overseas sale will naturally cross 70% when we achieve our target. The broad objective of formulating the long-term vision is to share with all members of our group the challenges and potential problems that come to mind when we backcast and think what is expected from us in terms of business portfolio, organizational structure, employee structure, and governance systems as a group company with consolidated sales worth 1 trillion yen, of which 70% comes from overseas markets.

Focus on expanding overseas business and growth markets

As the first step in the direction of IK Vision 2030, our long-term vision, we drew up the four-year midterm business plan New Challenge 2020 (NC2020) starting FY2017 and have been working on the following six key strategies.

In FY2020 (year ending March 2021), the final year of this plan, our quantitative targets were to achieve net sales of 730 billion yen and operating profit of 15.5 billion yen. However, everything changed with the spread of COVID-19 across the world and we regret to convey that, as of August 2020, we are unable to foresee achieving our sales and profit targets.

The status update on each key strategy is as follows.

1 Further broadening and deepening of business outside Japan: When we consider the world economy during this period, we find that intensifying trade friction between the U.S. and China has clearly affected business not only China but also in Southeast Asia, which forms a supply chain with China. Moreover, the enormity of the impact of the spread of COVID-19 on the world economy is inestimable and the end is nowhere in sight. Unfortunately, we will perhaps be forced into recession for some time. However, the pandemic is bound to come under control at some stage. There is no doubt that overseas business, including in China and Southeast Asia, will be a huge business driver in the long run and, therefore, we plan to continue extensively focusing on deepening our overseas business.

2 Focus on markets with growth potential and sectors that have yet to be developed: We are mainly focused on opening new businesses and expanding existing ones in the fields of automotive, medicine and life science, environment and energy, and agriculture. The automobile

industry is approaching a major turning point as large auto manufacturers direct attention to software and service businesses amid mainstream trends such as electrification, automated driving, and connected and sharing services. However, even in this age of changes, the automobile industry, which is increasingly blending mobility technology and telecommunications technology, will undoubtedly remain the world's most advanced industry. Inabata is already producing steady results, mainly in the plastics and chemicals businesses. These industries cover an extremely wide area and we would like to create new business opportunities by approaching them from various domains.

The aging population and increasing need for medical care suggest that the medicine and life sciences will grow in the medium to long term. We have already started manufacturing pharmaceutical intermediates at overseas bases and are providing a wide range of solutions, including procurement of medical equipment and reagents. We will open up new business opportunities in the field of advanced medicine, in which further expansion of demand is anticipated.

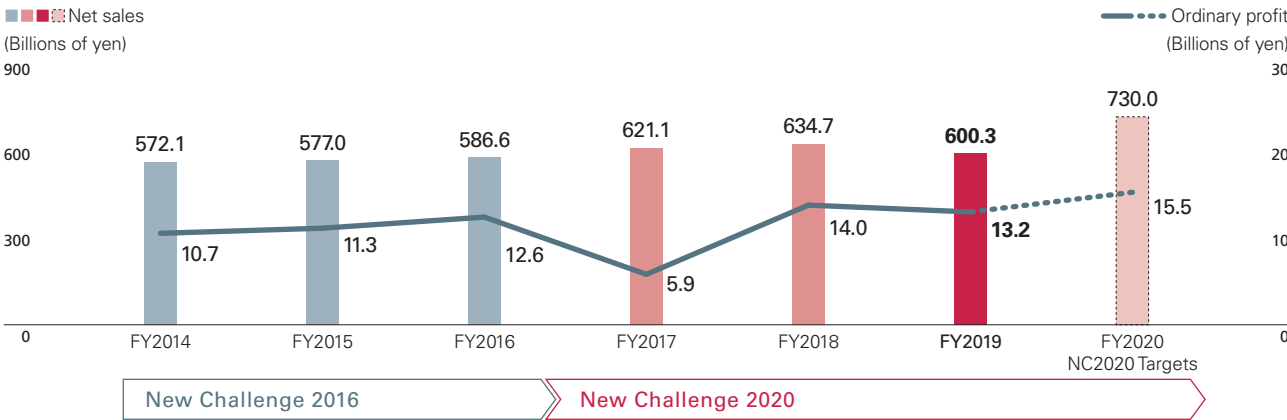
The environment and energy fields also possess great potential amid intensifying global environmental problems. We plan to initiate and expand businesses centered on biomass power, lithium-ion batteries for power storage and so on, in addition to solar power. Furthermore, in the agriculture and food products business, we are expanding our business over a wide range that covers from upstream activities related to agriculture, including cultivation on blueberries in Hokkaido, to downstream activities in food processing, with import and sales of agricultural and marine products and other activities as the starting point.

The increase in sales in the information & electronics and the plastics segments has currently raised the proportion of sales in two major segments, contradicting the target we have set for our business portfolio in the long-term vision. However, in the medium to long term, our policy is to accelerate commercialization and profitability in these growth markets and their untapped field and establish the third pillar of Group management.

NC 2020 Quantitative Targets (FY2020) *Net profit = profit attributable to owners of parent *Net D/E ratio = (interest-bearing debt - cash and deposits) / equity capital

Net Sales	Operating Profit	Ordinary Profit	Net Profit*	Net D/E Ratio*
730.0 billion JPY	15.5 billion JPY	16.0 billion JPY	12.0 billion JPY	0.4 or less

Operating Performance



Midterm Business Plan NC2020 Key Strategies

- 1 Further broadening and deepening of business outside Japan

2 Focus on markets with growth potential and sectors that have yet to be developed

3 Further enhancement of information infrastructure essential for global management
- 4 Stepping up investments to expand trading business

5 Continual review of assets and enhancement of financial standing

6 Establishing global human resources management

Strengthening group management and financial structure

③ Further enhancement of information infrastructure essential for global management: In this strategy, we are working on standardizing the workflows and information systems at domestic and overseas business bases. We have already introduced an enterprise resource planning (ERP) system to integrate a mechanism to manage information for global management. This has enabled the head offices to quickly understand the management status at each location and their sales information. We also further strengthened our work management standards based on the lessons learned from governance-related issues that arose in a trading subsidiary in Europe while introducing the system. Going forward, we will focus on advancing Group management using centralized management of global information and strengthen governance while raising the quality and efficiency of work at each location using new information systems.

④ Stepping up investments to expand trading business: We will accelerate growth investment for expanding and intensifying overseas business and gaining a stronghold in growth markets and untapped fields. Our main objective for growth investment is to expand and strengthen the trading function. Although it is basically centered on minority investment, we also engage in majority investing with limited risk and money if that is necessary for establishing subsidiaries under our business strategy. Review of investment projects involves stringent checking of capital costs, investment recovery plans and other factors, which has increased the



accuracy of investment management. However, potential gains may be cut short if strict reviews end up discouraging employees. Therefore, it is important to strive for balance in this matter.

⑤ Continual review of assets and enhancement of financial standing: This is closely connected to the investment strategy. It goes without saying that sound finances are the backbone of sound investment. Our financial structure is improving drastically through continuous review and optimization of assets, helping us achieve a net D/E ratio of under 0.2 time very recently. We will continue paying attention to striking a balance between maintaining this financial structure and shareholder return, while striving for sustainable business growth by implementing growth investment more proactively.

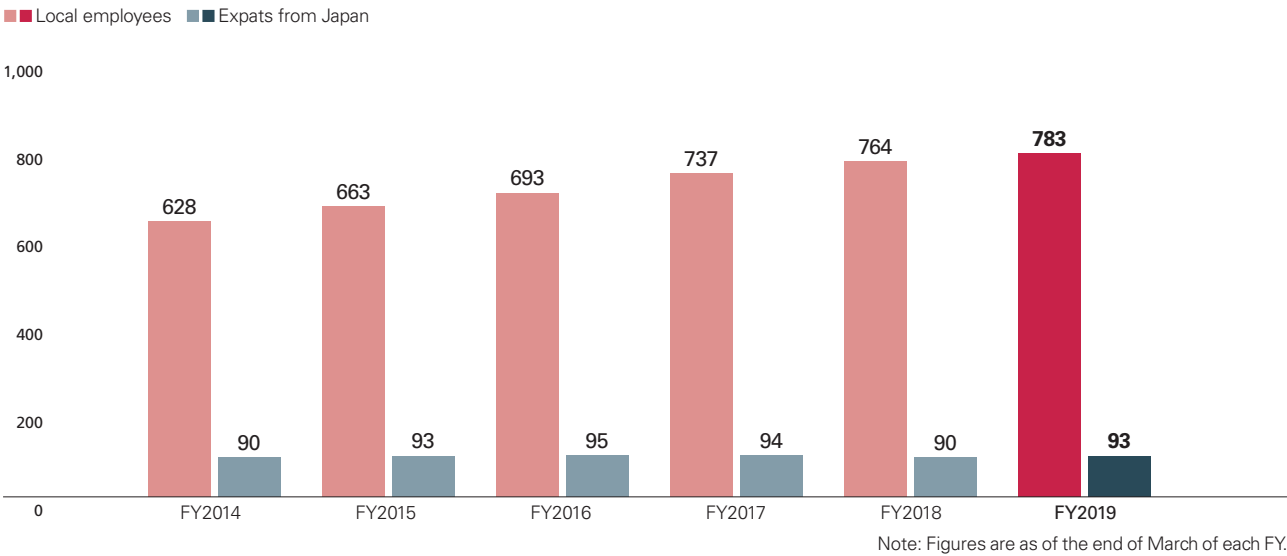
Nurturing global staff and managing risks
People are the most important element of nonfinancial capital that supports all our business activities, including the implementation of these strategies. The overseas business is increasingly gaining significance, and we are focusing on nurturing global talent. In NC2020, we have proclaimed **⑥ establishing global human resources management** as one of our key strategies.

Specialized knowledge and proactiveness are important qualities for the employees. For example, employees who have gained tremendous experience in the chemical products business collect and accumulate information on their producing countries and manufacturers as well as the manufacturer's equipment used in production, along with information on the system through which they should be supplied, in their everyday work of dealing with chemical products. They can, therefore, promptly propose and implement supply chains optimal to each customer's business requirements. In the future, we will strive for higher productivity at the organizational level, along with increasing the skills of every staff, by advancing the use of digital technology and promoting further sharing of information and knowhow that each person has accumulated.

On the other hand, risk management will be even more important in our effort to expand and intensify overseas business. We consider accounts receivables and stock the main assets of a trading company. For this reason, we pay close attention to managing accounts receivables and inventory, while also sufficiently keeping in mind the delays

in legislation, political situations and other country risks relevant to the region. We are also focusing on strengthening risk management at each level by dispatching specialists from the head offices to our overseas bases and holding training on credit management, risk hedging methods and other topics for local employees.

Numbers of local employees and expats from Japan engaging in trading business outside Japan



Striving for sustainable growth based on trading function

To continue increasing the company's value in the long term, we need to work continuously on promoting diversity and strengthening corporate governance, apart from steadily implementing the key strategies in our midterm business plan. For promoting diversity, we would like to employ diverse people corresponding to the internationalization and diversification of our businesses. Although we regret to be still lagging behind in terms of women's active participation in the company, efforts will be made to increase the percentage of women in managerial positions in Japan and abroad. In terms of governance too, we have been conducting effectiveness evaluation of the board of directors in accordance with the corporate governance code every year since 2015 and are also looking into a succession plan. We will continue our pursuit of Group governance apt for a true global company and focus on further strengthening governance through constant

effort to solidify our risk management system.

The trading business has often been dismissed as unnecessary and the significance of its existence has been questioned. However, this is not because the role of trading companies has died out. We think that it implies that the functions sought from trading companies and the values they are expected to provide have changed. We will continue to contemplate what value society expects from us, while pursuing further advancement of multifaceted functions with trading functions at the base. We will also strive for sustainable growth and a medium-to long-term increase in corporate value by accelerating the progress of our businesses.

We look forward to continued support and encouragement from all our stakeholders.

I. Advancing into New Businesses and Markets

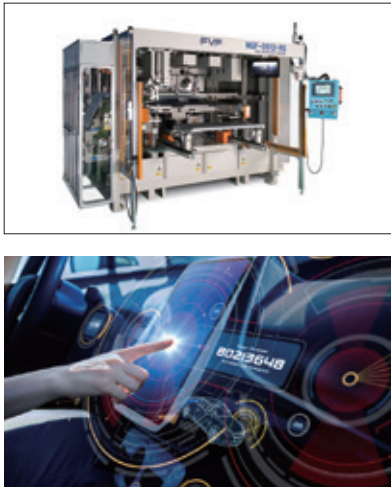
Focusing on untapped fields and markets in which we can grow in alignment with our midterm business plan

Field 1

Automobiles

As environment-friendly technologies and automated driving technologies advance, automobiles are expected to provide innovative solutions for creating a more abundant society. Inabata leverages its global network to operate a wide variety of businesses for the automobile industry.

- Decorative films for the interior/exterior of vehicles and related equipment
- Electronic device materials for automotive applications
- Driving and control components for EVs/PHEVs
- Materials for tires, airbags and electronic components
- Plastics for vehicle parts
- Sheets for transportation cases of auto parts, etc.
- Display for automotive applications
- Thermal interface for EV batteries



Field 2

Environment and Energy

With the intensifying scarcity of natural resources and risks of climate change, it has become necessary to effectively use energy and reduce waste. Inabata seeks to leverage its highly specialized knowledge in the chemical field to operate various environmental and energy businesses.

- Artificial intelligence, big data, fintech, security and IoT-related products
 - Renewable energy and energy storage systems
 - Eco-friendly products for homes
 - Materials for solar cells and solar power generation system
 - Fuel cells stacks, fuel cell systems
 - PKS^{*1}, small biomass power generators
 - Materials for reprocessed plastics
 - Composites of CNF^{*2} + plastic, recycled materials
- ^{*1} Palm kernel shell (fuel grade)
^{*2} Cellulose nano fiber (nano-sized natural cellulose fiber)



Field 3

Life Science and Medicine

Aging populations are a pressing issue not only in Japan, but across the whole world and demands for medical technologies and pharmaceuticals have started to change. Inabata is operating businesses mainly in the regenerative medicine field in which the company can leverage its long-cultivated strengths.

- Various medical equipment and medical consumables
 - Good manufacturing practice (GMP) cell sorters for regenerative medicine and cell therapy
 - Chemical additives for growth factors used in cell cultures, aggregation control reagent for pluripotent stem cells (PSCs) in suspension culture
 - Liposome preparation* and related materials
 - Health-related materials
- * A preparation made by enclosing activated drugs in tiny capsules. These capsules help take the drugs to the precise affected parts of the body, improve their effectiveness and lower side effects on unaffected parts. This is one of the common methods used for drug delivery systems in pharmaceutical technology.



Field 4

Food Business Encompassing Agriculture

Farms in Japan need to be even more efficient to deal with the shortage of agricultural workers due to diminishing birth rate and aging population. Inabata is operating varied global businesses in the field of food products, including its advent into the fishing industry.

- Various agriculture-related materials
 - Development of fodder and livestock management systems (software*, devices, and sensors) for cattle
 - Large-scale cultivation of blueberries and garlic at in-house farms
 - Development of film products for maintaining freshness of vegetables and eco-friendly films
 - Frozen vegetable factories
 - Fresh fish wholesale business
- * Software for greater efficiency in livestock management (breeding management and health management) based on animal welfare



II. The Source of Our Strength in the Plastics Business

Plastic compounds manufacturing business leading to expansion of trading business

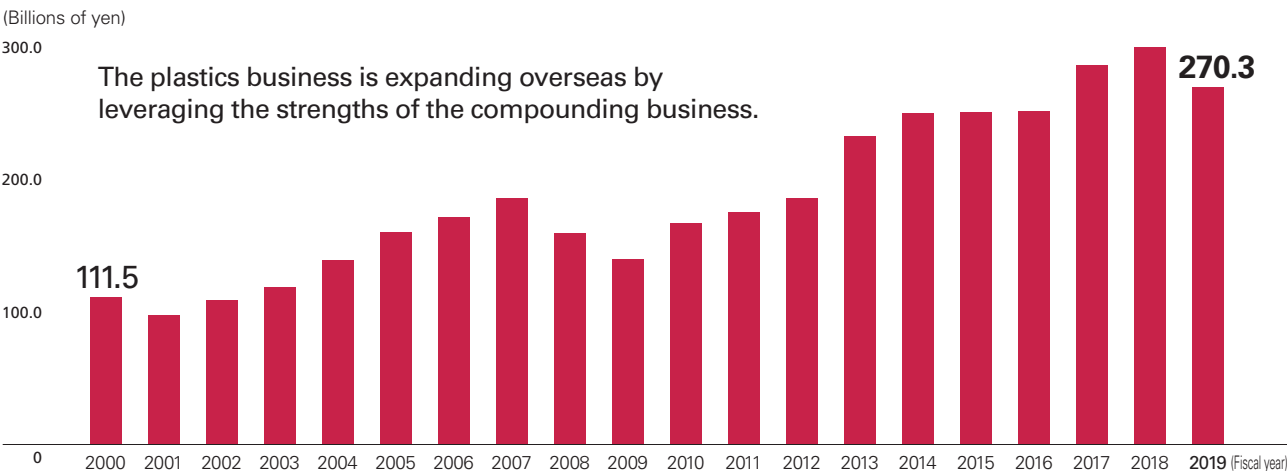
The plastics business, which is one of Inabata's key businesses, expanded overseas using the strength of the plastic compound manufacturing business (compounding business) and grew to a segment that amounts to 45%* of our consolidated net sales. As Japanese electronics manufacturers transferred their 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 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.

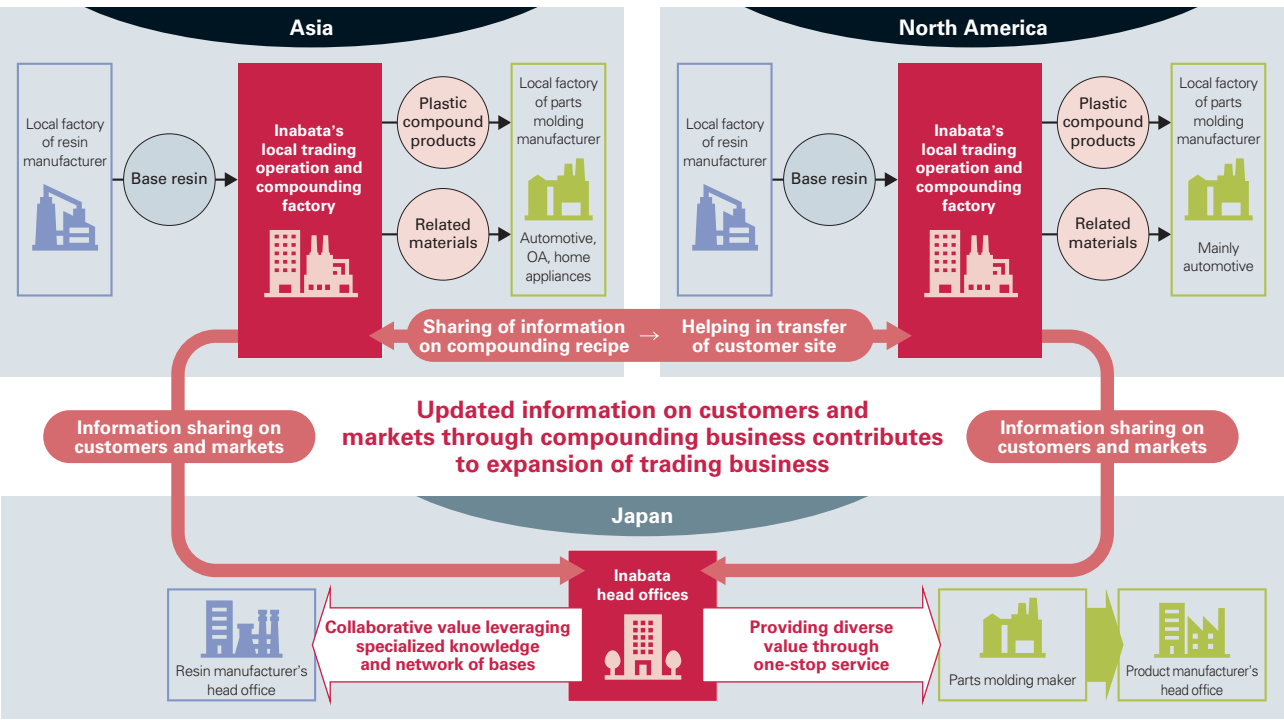
Moreover, by being involved in customers' manufacturing processes on a daily basis through the compounding business, we are able to engage with real-time product-related information right from the development stage. This allows us to make proposals for new resin materials or create new businesses involving other chemical materials that our company deals in.

*Sales of the plastics segment accounted for 270.3 billion yen (45%) out of the consolidated net sales worth 600.3 billion yen for FY2019.

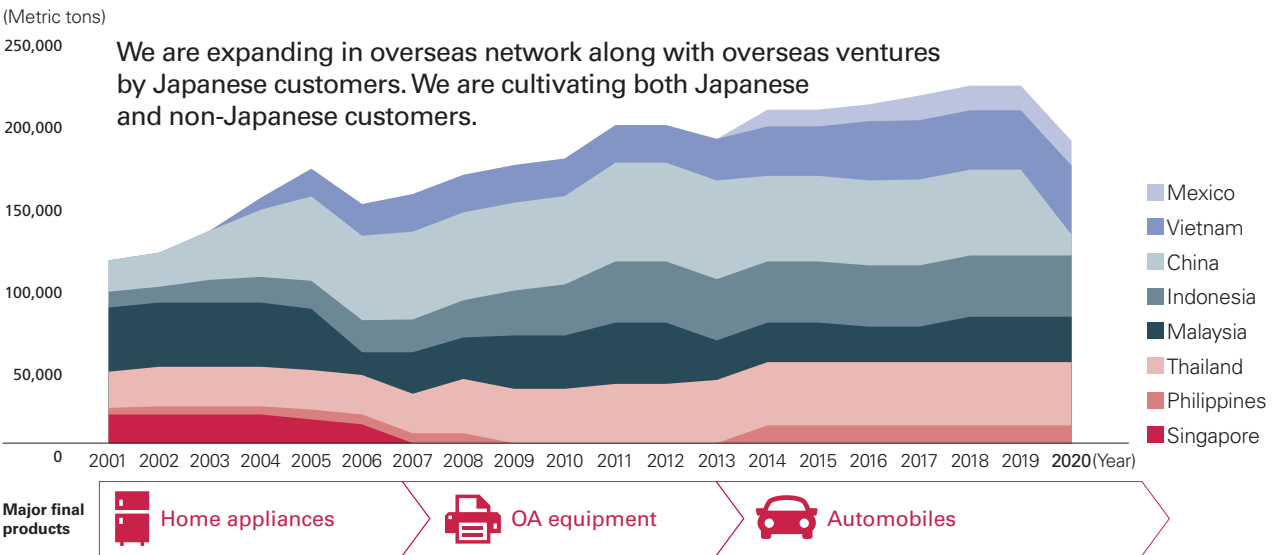
Sales in the plastics business



Business model for the plastic compound business



Plastic compound production capacity, by region



One of the largest networks of bases as a trading company

Manufacturing & processing bases 7 bases in 7 countries	Manufacturing base in Mexico (for automobiles) <ul style="list-style-type: none">•Name of base: IK Plastic Compound Mexico, S.A. de C.V.•Production capacity: 15,000 metric tons/year•Location: Silao, Guanajuato, central Mexico•Start of production: Operations began November 2013, mass production started September 2014	
Production capacity Approx. 184,000 metric tons per year		

? What are plastic compounds?

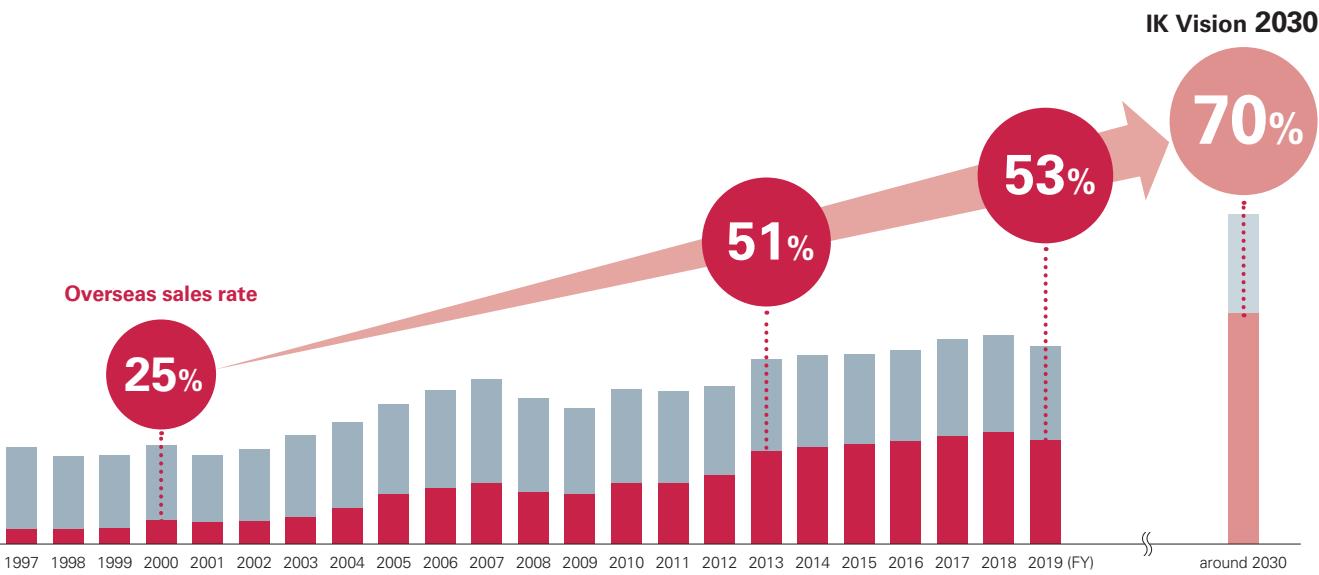
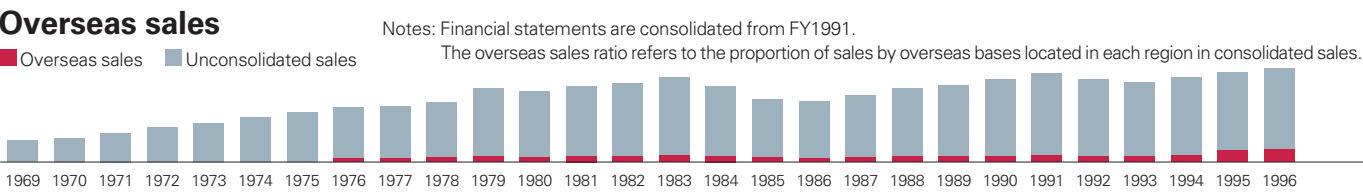


III. Our History of Global Expansion

History and transformation of our trading business through generation of new value in the post-World War II period

Inabata's overseas business dates back over 110 years. We set up a branch in Tianjin, China to develop a market for dyes. We later expanded to Europe as well, establishing a representative office in Brussels, Belgium in 1937 as a general agency for Japan Dyestuff Manufacturing Co. From 1938, we set up bases in the Chinese cities of Mukden (now Shenyang), Shanghai, Tianjin, Qingdao, Dalian and Jinan, and Batavia (now Jakarta), Hanoi and Keijo (now Seoul) to sell

dyes and pharmaceuticals. We had expanded to a total of 13 bases in five countries before World War II. Even though we lost all our bases due to the war, we established our first post-war oversea subsidiary in Singapore about 30 years later in 1976. In the 44 years since then, we have actively expanded our overseas business and have now built a network of about 60 bases in 17 countries, resulting in overseas sales amounting to over 50 percent of total sales.


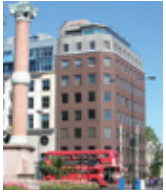


History of overseas expansion after World War II








Trading company

Note: Photos are buildings in which our offices were launched.

1976 Singapore Established as the first overseas sales base after World War II Inabata Singapore (Pte.) Ltd. 	1987 Thailand (Bangkok) Siam Inabata Co., Ltd. (now Inabata Thai Co., Ltd.) 1988 China (Hong Kong) Inabata Sangyo (H.K.) Ltd. 	1988 Belgium (Brussels) Inabata Europe S.A. (now Inabata Europe GmbH) *Moved to Germany in 2013 	1990 France (Paris) Inabata France S.A.R.L. (Now Inabata France S.A.S.) 	2000 UK (London) Inabata UK Ltd. 	2008 India (New Delhi) Inabata India Private Ltd. 	2013 Turkey (Istanbul) Inabata Singapore (Pte.) Ltd., Istanbul Representative Office
1978 USA (New York) Inabata America Corp. 		1988 Malaysia (Kuala Lumpur) Inabata Malaysia Sdn. Bhd.	1991 Indonesia (Jakarta) PT. Inabata Indonesia	2006 South Korea (Seoul) Inabata Korea & Co., Ltd.	2010 Switzerland (Zug) Inabata France S.A.S., Lisses, Zug Branch *Liquidated in December 2011	2013 Brazil (Sao Paulo) Inabata Brazil Import and Export Ltd.
		1989 Taiwan (Hsinchu) Taiwan Inabata Sangyo Co., Ltd.	1996 China (Shanghai) Shanghai Inabata Trading Co., Ltd.	2006 Poland (Torun) Inabata Poland Sp. z o.o. *Liquidated in February 2014	2012 Mexico (Queretaro) Inabata Mexico, S.A. de C.V.	2013 Germany (Dusseldorf) Inabata Europe GmbH
			1998 Philippines (Manila) Inabata Philippines, Inc.	2008 Vietnam (Hanoi) Inabata Vietnam Co., Ltd.	2013 Myanmar (Yangon) Inabata Thai Co., Ltd., Yangon Branch	2015 UAE (Dubai) Inabata Europe GmbH Middle East (Branch) *being liquidated

Manufacturing and processing bases

1978 Singapore Established Sanyo-IK Color (Pte.) Ltd. through a joint venture with Sanyo Kako Company Ltd. for manufacturing plastic compounds. *Merged with Inabata Singapore(Pte.) Ltd.in July 2013. This became the foundation for our key business of plastic compounds. 	1987 Thailand (Samut Prakan) SIK (Thailand) Ltd. 1989 UK (Telford) IK Precision Co., Ltd. *Liquidated in March 2006 	1989 Philippines (Manila) SIK Philippines Ltd. *Liquidated in June 2012 	1995 Indonesia (Bekasi) PT. S-IK Indonesia 1995 China (Dongguan) Sanyo-IK Color (H.K) Ltd. Dongguan Plant (dormant)	2003 Vietnam (Haiphong) SIK Vietnam Co., Ltd. 2006 France (Normandy) Pharmasynthese S.A.S. 	2007 China (Shanghai) Shanghai Inabata Fine Chemical Co., Ltd. 2008 Mexico (Monterrey) NH Inabata, S. de R.L. de C.V. 2009 Mexico (Tijuana) IK-Tech de Mexico, S. de R.L. de C.V. *Liquidated in March 2016	2009 Indonesia (Bekasi) PT. Inabata Creation Indonesia 2012 Mexico (Silao) IK Plastic Compound Mexico, S.A. de C.V. 2013 Philippines (Binan) IK Plastic Compound Phils. Inc.	2013 Vietnam (Da Nang) Apple Film Da Nang Co., Ltd. 
		2002 China (Dalian) Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd.					

Kenichi Yokota

Director, Senior Managing Executive Officer
Financial Management, Investor Relations,
General Affairs, Information Technology,
Business Process Management, Risk Management,
International Affiliate Management



In May 2017, Inabata formulated its four-year midterm business plan, New Challenge 2020 (NC2020), and drew up IK Vision 2030 indicating where the company envisions itself around 2030. This is the final year of NC2020. In this section, we ask Director and Senior Managing Executive Officer Kenichi Yokota about the status of financial targets and future financial and investment strategies.

Q What have been the achievements during this period?

A Business slowed down toward the end of the business year due to external factors such as trade friction between the U.S. and China and the spread of COVID-19. However, our long-term plan has been producing steady results.

When we look at the business environment in FY2019, the U.S. economy was strong in the first half because personal consumption was strong. However, the economies of Asian countries, such as China, Thailand, Indonesia, and India, which are our main markets, have seen a slump due to trade disputes between the U.S. and China, slowdown in the Chinese economy, and other reasons. On the other

hand, the Japanese economy has been gradually recovering due to improvements in individual consumption. However, the global spread of COVID-19 toward the end of the fiscal year resulted in rapid simultaneous deceleration of economies around the world and uncertainties about the future became extremely high.

In such circumstances, our Group's consolidated sales stood at 600.312 billion yen (5.4% decrease year-on-year). Operating profit was 13.229 billion yen (5.7% decrease year-on-year), ordinary profit was 14.211 billion yen (0.7% decrease year-on-year) and net profit (profit attributable to owners of parent) was 11.415 billion yen (11.5% decrease year-on-year).

Regarding the progress of our midterm business plan, NC2020, in its third year, profit was mostly stable despite the impact of trade disputes between the U.S. and China, even though sales were sluggish in the first half of the fiscal year. However, the spread of COVID-19 led to a

rapid decrease in demand in China and other major Asian countries. As a result, we were unable to achieve our sales and profit targets, except in net profit for the third year of our plan. In particular, sales in the plastics segment dropped significantly because the price of crude oil fell toward the end of the fiscal year. The target for net profit was achieved because gain on sales of investment securities exceeded the estimates in the plan.

From the financial perspective, the net D/E ratio, which indicates financial soundness, touched 0.16 time as of the end of March 2020. The target value for this index in NC2020 is set to 0.4 time or less. This shows that the target of strengthening our financial base has been sufficiently achieved. On the other hand, ROE has dropped to 7.4% from the previous year's 8.5%, which can mainly be attributed to a decrease in net profit rate against sales volume.

If we look separately at each segment, the LCD business, which is a pillar of our information & electronics segment, was robust due to continued high operating rate of panel manufacturers in China despite the spread of COVID-19, and sales increased as well. Although OA-related products were sluggish in comparison to the favorable trend last year, it was mostly on track as far as profits estimated in the business plan are concerned. In environment-related

businesses, we delivered a large system project for solar power. Operating profit for the information & electronics segment was 4.4 billion yen, exceeding the target of 4.2 billion yen set for the third year of NC2020.

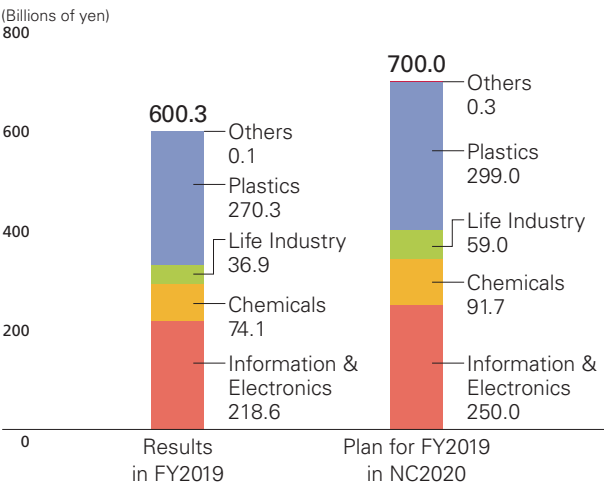
In the plastics segment, sales were dull due to a fall in resin prices. As far as profit is concerned, China was particularly affected by the spread of COVID-19, but sales of high-performance resin for automobiles remained mostly strong throughout the year, resulting in an operating profit of 6.2 billion yen. This exceeds the target of 5.6 billion yen set for the third year in NC2020.

Contrarily, the chemicals segment and the life industry segment were unable to achieve the operating profit target set in NC2020. For the chemicals segment, this can be attributed to fluctuations in the former housing & eco materials segment, which was integrated with the chemicals segment from this fiscal year. We will promote efficiency within the segment and strengthen our sales ability to achieve the targets set for the final year of the plan. Both, the life sciences field and the food products field in the life industry segment lagged behind the planned targets. We will continue to focus on developing the agriculture field, including blueberry business, from a long-term perspective.

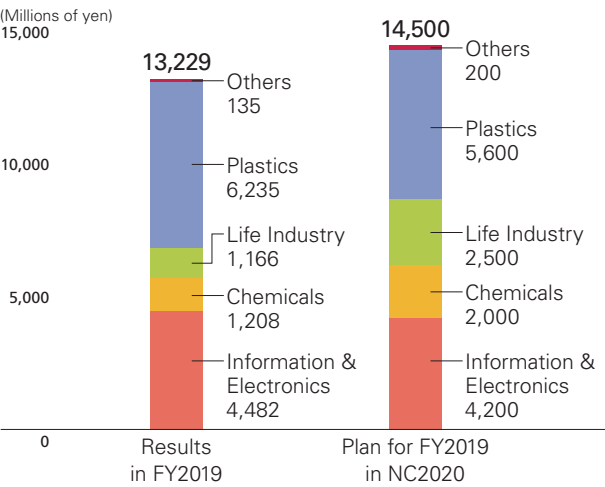
Consolidated results and values in midterm business plan NC2020 for FY2019

	Results in FY2019	Plan for FY2019 in NC2020
Net sales	600.3 billion JPY	700 billion JPY
Operating profit	13.2 billion JPY	14.5 billion JPY
Ordinary profit	14.2 billion JPY	15 billion JPY
Profit attributable to owners of parent	11.4 billion JPY	11 billion JPY
Net D/E ratio	0.16 time	0.4 time or less

Sales by segment



Operating profit by segment

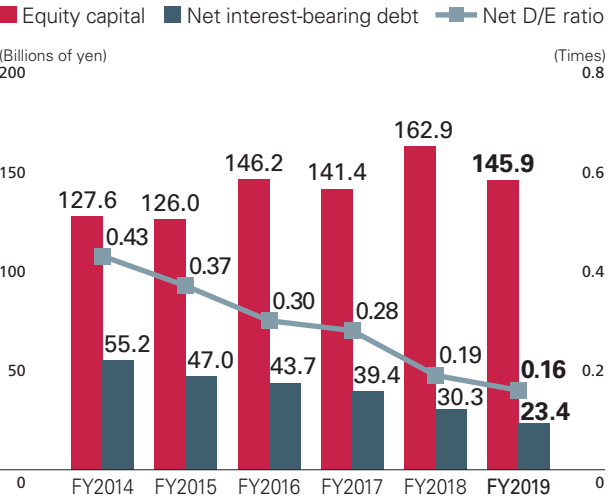


Q What is your financial strategy?

A We enhanced the quality of finance by reviewing owned assets and strengthening the management of the Group’s capital.

One of the key strategies of NC2020 is “continual review of assets and enhancement of financial standing.” Based on this policy, we have been reviewing cross-shareholdings, which is one of our assets. We are streamlining our assets by selling some

Equity capital, Net interest-bearing debt and Net D/E ratio



shares that we believe we are holding above appropriate levels, after carefully assessing their possible impact on our businesses.

We have also strengthened cash management at our overseas bases. We reduced interest-bearing debt and interest payments of our bases abroad, in which borrowings were made in countries where interest rates and/or exchange rates were high, by increasing capital from Japan. As a result of these strategies, income and expenses other than those related to operations have significantly improved over recent years, the net D/E ratio has significantly improved and our financial standing has strengthened due to an improvement in our ratio of owned capital.

Q What is your investment strategy?

A We will accelerate capital investments centered on minority investments with a view to expanding our trading function.

Although this also includes strengthening facilities at existing production bases in our case, most of our investment is capital investment aimed at expanding business and cultivating new business and is, therefore, basically centered on minority investments for organic growth. We can stretch our topline in a short time by acquiring companies and making them our subsidiaries, but this will lead to increase the amount of labor necessary for PMI* and risks such as impairment of goodwill can be harmful to our trading business. We will certainly carry out majority investments with limited risk and money if corresponding returns can be predicted.

Each investment plan is reviewed by our Shinsa Kaigi, which deliberates upon investment, loan, and credit projects, and important projects are implemented after discussion and approval at board meetings. We have also determined capital costs (discount rate) in the company as a standard for investment decisions.

Some of the key investment fields are automobiles, life sciences, food, environment and energy, and other fields that are likely to see sustained market growth. In the life industry segment, we are striving to build a vertical integration model from agriculture in the upstream to processing and distribution in the downstream. As mentioned before, we plan to further accelerate growth investment in the future because our financial standing can be considered to have become quite strong.

*Acronym for post-merger Integration. It refers to the integration process after M&A is completed.

Investments in past three years

We invested proactively to expand the trading business.

(Billions of yen)	FY2017	FY2018	FY2019	NC2020 Cumulative value from FY2017
Growth investment	3.86	2.31	1.85	8.03
Fixed investment	1.59	2.03	2.01	5.63
Total	5.45	4.34	3.86	13.66

Major growth investments in FY2019

Information & Electronics	Start-up loans	0.50 (related to mask blanks)
	Plant relocation loans	0.54 (related to specialty paper)
Plastics	Facilities, etc.	0.17 (related to inflation molding)
	Share acquisition	0.15 (related to pharmaceuticals)
Life Industry	Financing	0.10 (related to regenerative medicine)

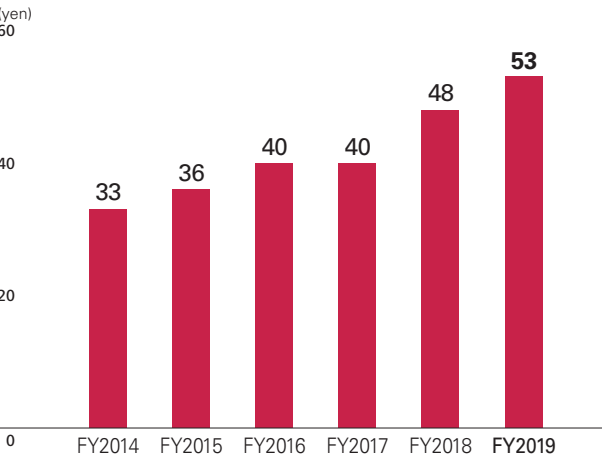
Q Tell us about shareholder returns.

A We are aiming for stable and steady dividends with a rough estimate of 30-35% total return ratio.

One of our company’s key strategies is to return profits to shareholders, and we aim to pay stable and steady dividends. As a basic policy, we seek to keep a 30% to 35% total return ratio as a rough estimate based on a shareholder return equivalent to the total of amount of dividend and acquisition of own stocks. Although not included in the basic policy, we place more importance on dividends and would like to steadily increase their amount if possible. The annual value of dividend per share for FY2019 was revised upward by 5 yen from the initial estimate and now stands at 53 yen per share.

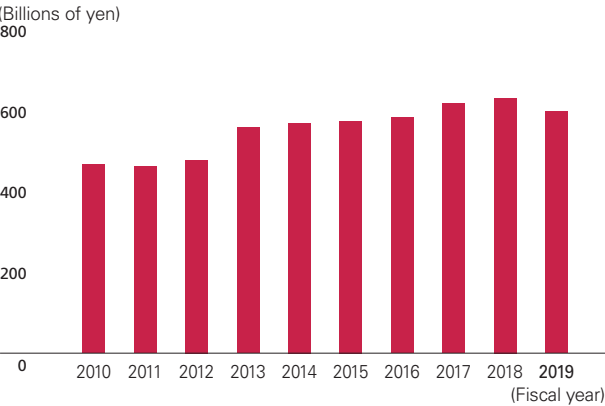
In the future, too, we will keep striving to maintain an appropriate balance between growth investment, strengthening financial standing, and return on equity in the distribution of dividends. We seek to live up to your trust and expectations by striving for sustained growth and improvement in corporate value so that our shareholders will feel happy to own our shares for the long term.

Dividends per share

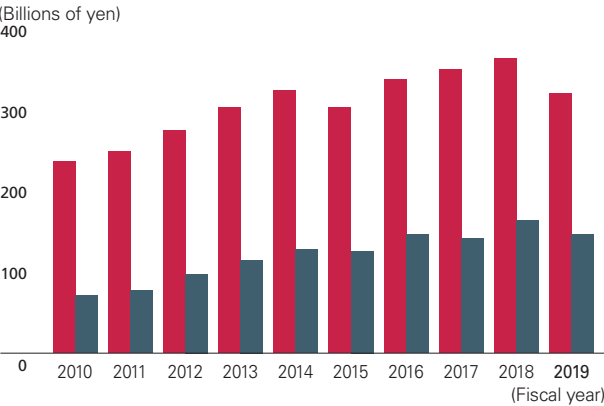


Financial Highlights

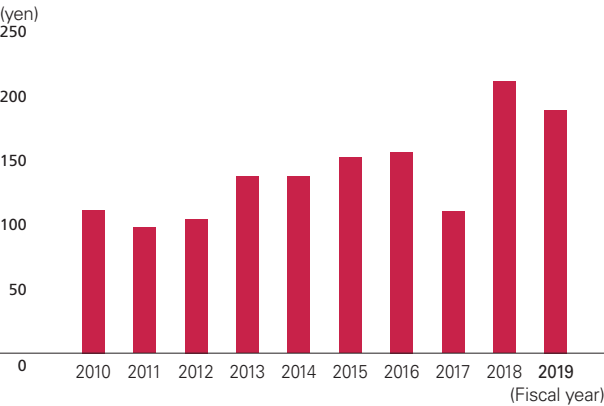
Net sales



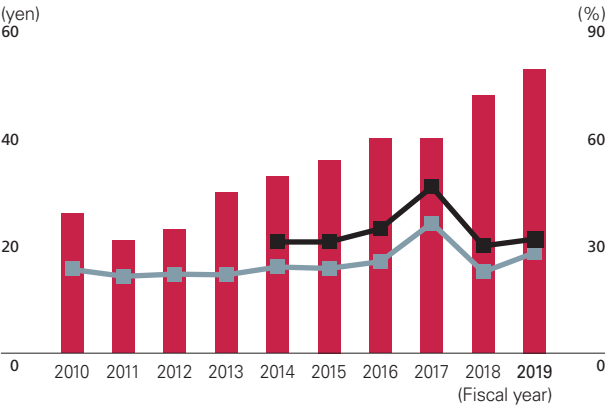
Total assets and net assets



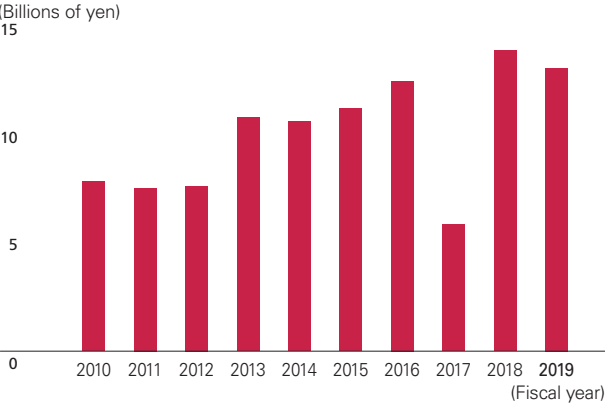
Net profit per share



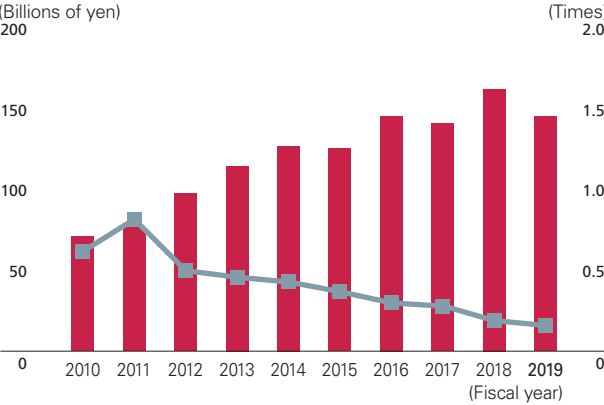
Dividends per share and shareholder return indexes



Operating profit

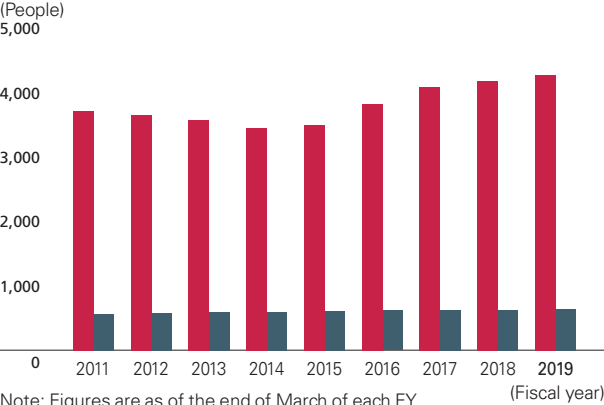


Equity capital and net D/E ratio

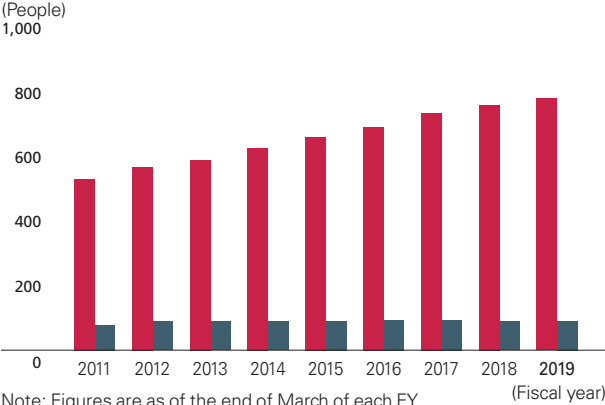


Nonfinancial Highlights

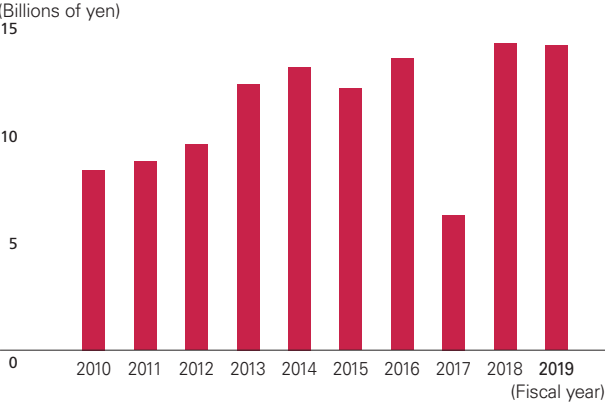
Number of employees: Consolidated and unconsolidated



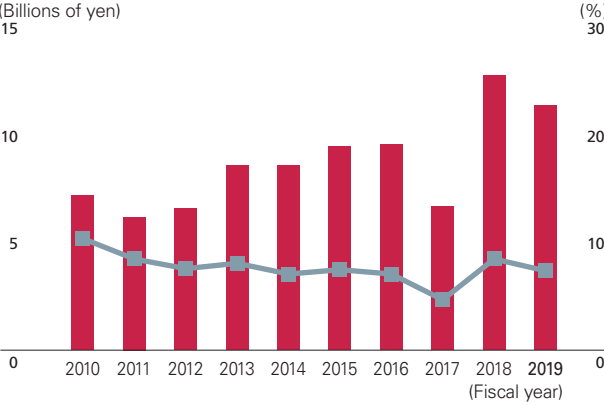
Local employees engaging in trading business outside Japan and expats from Japan



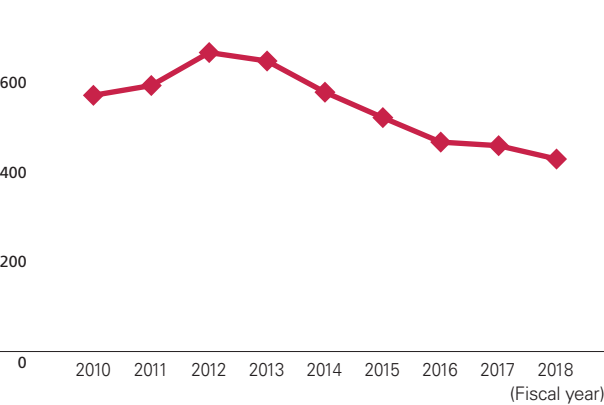
Ordinary profit



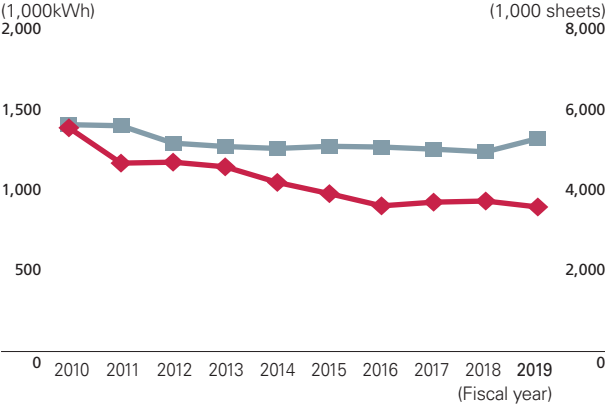
Net profit and ROE



CO2 emissions



Power used and paper purchased



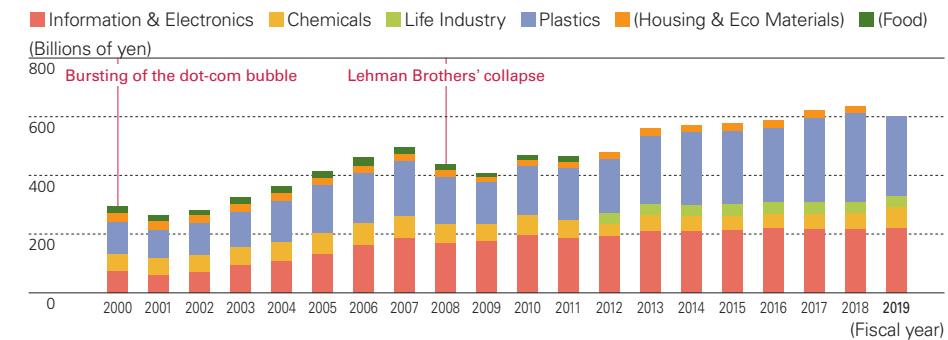
At a Glance

Inabata has expanded its business with chemicals at the core. We separated those fields that showed the potential for growth to make them independent. At present, we deal in four segments: information & electronics, chemicals, life industry and plastics. Trends in our performance in Japan and abroad show that overseas business has been our growth driver in recent years. Our long-term IK Vision 2030 – how Inabata envisions itself around 2030 – targets an overseas sales ratio* of 70%.

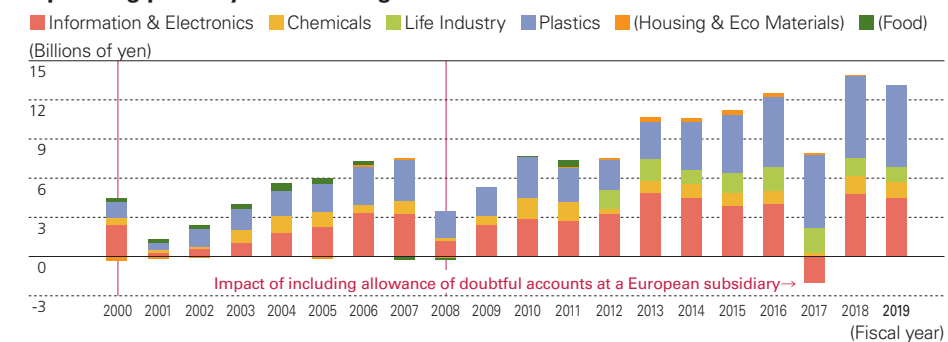


*Overseas sales ratio refers to the proportion of sales by overseas bases located in each region in consolidated sales.

Sales by business segment

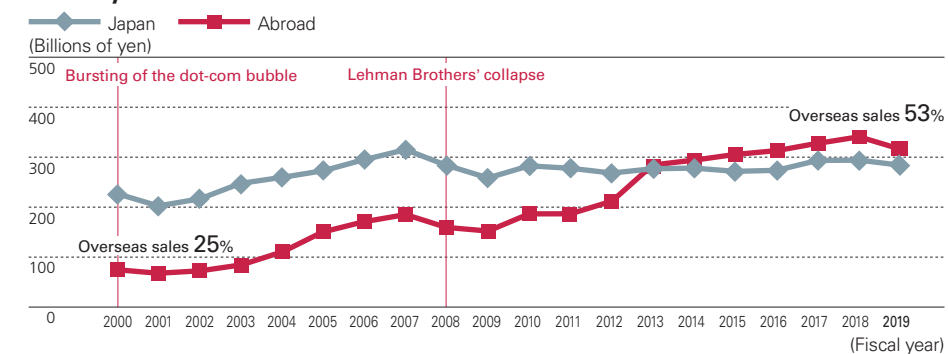


Operating profit by business segment

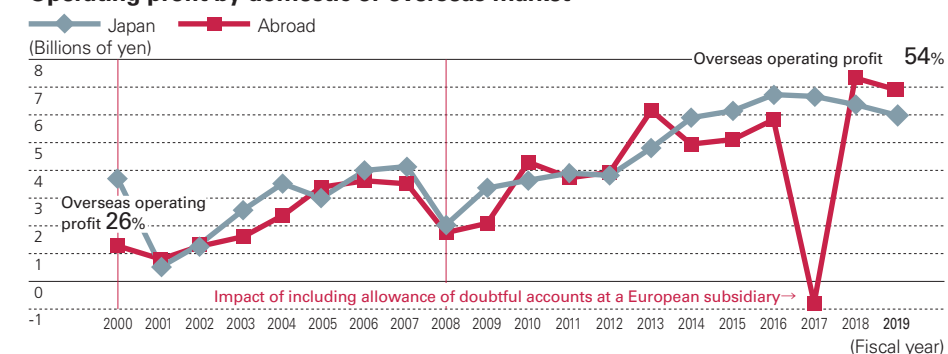


*1 In FY2012, the life science business of the former chemicals business and the former food business were integrated to form the life industry business.
 *2 In FY2019, housing & eco materials business was integrated with the chemicals business.

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 FY2019.

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 increasing our achievements in 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

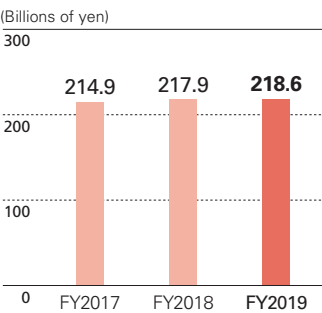
NC2020 Targets for the third year (FY2019)

Sales 250 billion JPY

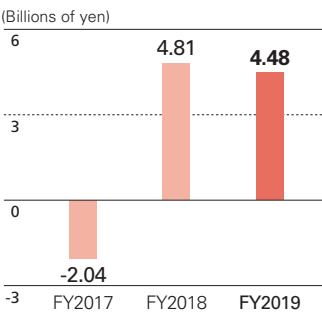
Operating profit 4.2 billion JPY

- Although there was an increase in sales in the LCD-related business, decreased transactions due to the restructuring of European subsidiaries (related to solar-cell business) and shelving of less profitable trade (related to OA business) resulted in unachieved targets.
- Operating profit exceeded the target value mainly due to the increase in the LCD business.

Sales



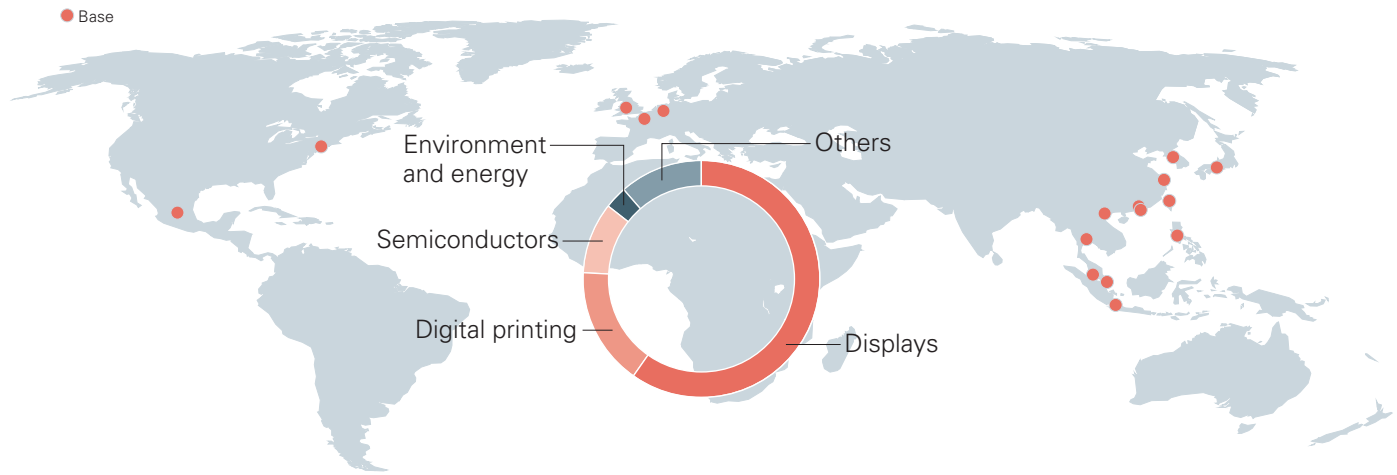
Operating profit



Business environment and strategies

Displays	Digital printing	Semiconductors	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 manufacturersTop-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 servicesSpecialized skills in mask blanks, which is one of our key productsA wide array of renewable energy materials			
Activities and strategies			
<ul style="list-style-type: none">Focus business resources 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

Location of major bases and composition of products and materials



Efforts to achieve the midterm business plan

Action 1

Selling mounting materials and panel materials to automobile display makers

With technological advancements in the field of LCDs and OLEDs, automobile displays are now available in various shapes, such as super-long, irregular and curved screens. As these can also be used in instrument panel displays, center information displays, and others, the total surface area on which displays are installed in each car is expected to increase drastically.

Therefore, we are focusing on selling various optical film materials, such as polarizing films, and cover glass as well as other mounting materials, in addition to panel materials such as alignment materials for LCDs and various materials for OLEDs.



Action 2

Selling ink materials and peripheral components for the industrial inkjet market

Inkjet printers, which offer low running cost and high-speed printing, are spreading in the consumer and office markets for digital printing. The industrial printing market too is turning to digital inkjet printing in place of conventional analog printing. The market for inkjet printers is likely to expand as their usage is spreading to printing of signages, textiles, business, packaging, and construction materials among others.

To address this growing market, we will leverage the network we have built over the years and continue to expand our business by proposing ink materials and peripheral components and expanding sales globally to domestic and overseas markets.



Toward sustainable growth

Offering various business activities in the renewable energy field

We will continue to contribute to resolving energy issues by expanding our products and materials in the renewable energy field, such as devices for generating hydrogen, small wind turbines, and fuels for biomass power generators using imported palm kernel shells and other materials, with solar cells as well as lithium-ion battery materials and components as the core.

We are also focusing on IoT, which can connect things and people, and enable sharing and effective use of information and knowledge. We have also started dealing in devices, communication technology, servers and clouds, which comprise IoT.

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.



Tomohiko Sato
Director,
Managing Executive Officer

Segment performance overview

NC2020 Targets for the third year (FY2019)

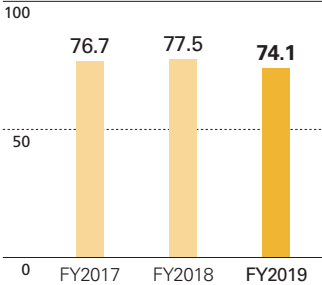
Sales 91.7 billion JPY

Operating profit 2.0 billion JPY

- Although sales were favorable for some products and materials, such as thermal interface materials for electric vehicles (EVs), targets could not be achieved because overall business was sluggish, including sales of construction materials which was part of the former housing & eco materials business.
- Operating profit targets were also not met mainly due to the impact of unachieved sales targets. This segment was integrated with the former housing & eco materials business from this fiscal year, initiating a new chemicals business. However, increase in efficiency within the business and other impacts of the integration are yet to manifest.

Sales

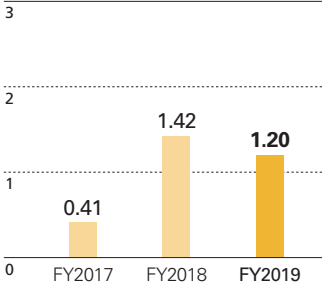
(Billions of yen)



*FY2017 and FY2018 figures are the segments' sums before integrating the housing & eco materials segment.

Operating profit

(Billions of yen)

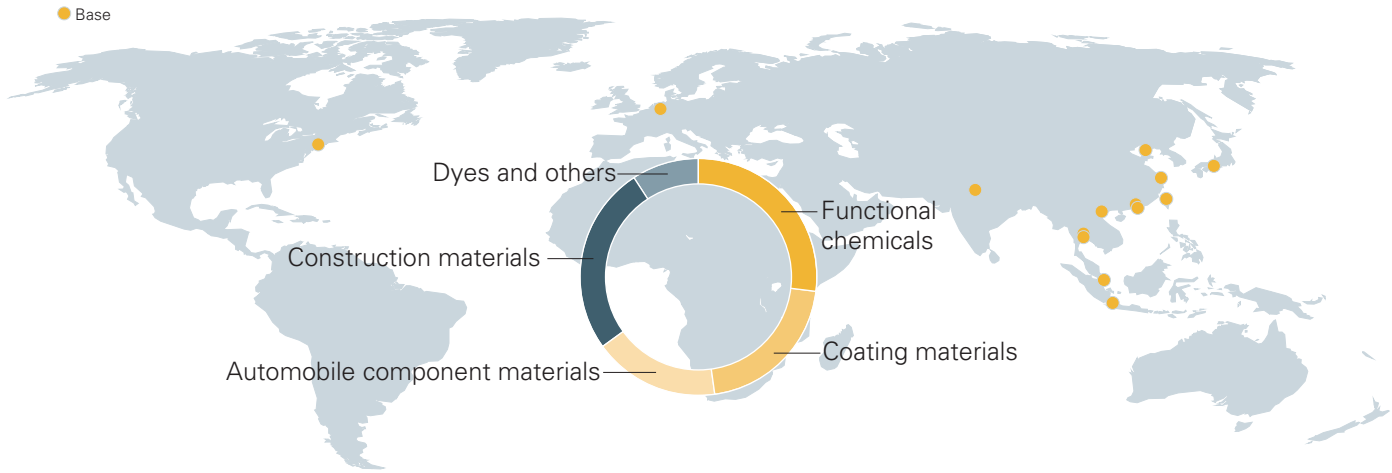


Business environment and strategies

Functional chemicals	Coating materials	Automobile component materials	Construction materials
Business environment (Opportunities Risks)			
<ul style="list-style-type: none">■ Increase in need for materials and new formulations in light of environmental regulations◆ Unstable supply of materials and price fluctuations	<ul style="list-style-type: none">■ Increase in demand centered on developing countries◆ Response to global industrial restructuring◆ Advancement of paperless environments	<ul style="list-style-type: none">■ Expansion in demand for new materials along with the structural revolution of automobiles◆ Localization of production◆ Industry-specific quality control standards and responsibility of supply	<ul style="list-style-type: none">■ Need for construction and distribution innovations in light of labor shortage■ Increase in the need for high-quality Japanese construction materials abroad◆ Sluggishness of the domestic market
■ Sales demand from foreign makers			
Strengths			
<ul style="list-style-type: none">● Knowledge of chemicals and a customer base nurtured over 130 years● Ability to build a supply chain suited to customer needs● A wide range of products and materials spreading from upstream to downstream● Local handling through overseas manufacturing and processing bases of the Group			
Activities and strategies			
<ul style="list-style-type: none">● Develop and offer new materials and new formulation solutions● Accelerate overseas expansion using the Group's strengths● Strengthen BCP structure	<ul style="list-style-type: none">● Collaborate with Japanese companies expanding overseas● Expand business by leveraging consigned production and processing companies (Action 1 on P32)	<ul style="list-style-type: none">● Expand EV-related products and multi-display-related products and materials (Action 2 on P32)	<ul style="list-style-type: none">● Collaborate with major house makers for overseas expansion● Propose a supply chain leveraging our strengths

Location of major bases and composition of products and materials

● Base



Efforts to achieve the midterm business plan

Action 1

Further expansion of overseas business with processing of paint materials for automobiles

Group company Shanghai Inabata Fine Chemical Co., Ltd. processes hardener for urethane paint used in top coatings of automobiles and automobile repairs among other purposes. The Chinese market for urethane paints is expected to continue expanding in the future.

As regulations for manufacturing dangerous goods are tightened in China, we will also strive to become a processing company dealing in mixing and subdividing chemicals other than hardeners used in urethane paints, while also taking on the challenge to expand horizontally in other countries by making maximum use of our network.



Action 2

Expansion of product line-up for next-generation mobility

We are building a global supply structure, including processing, for material used in thermal interface material manufactured by companies in which we invest, while expanding sales of thermal interface materials for EV markets and expanding the product line-up for various components offered in connection with lithium batteries.

We are also striving to expand sales of functional cover lens processing and films for automobile displays used in various applications, particularly in Europe.



Toward sustainable growth

Interpreting environmental regulations on chemicals as an opportunity and continuing to offer new eco-friendly products and materials

Recent years have seen a global spread of stronger environmental regulations and efforts to eliminate plastics. Even though these developments are resulting in the replacement of existing products and materials and present the risk of business shrinkage, they also provide an opportunity to offer new products and materials and gain new customers. In the chemicals segment, we continue to develop and explore new products and materials that reduce environmental impact and also strive to adhere to the regulations in each country or region and strengthen BCP.

We will provide services of high value as experts in chemicals by helping in obtaining permission and authorization during import and export of products, quality checks by third party institutions and other services.

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

NC2020 Targets for the third year (FY2019)

Sales 59 billion JPY

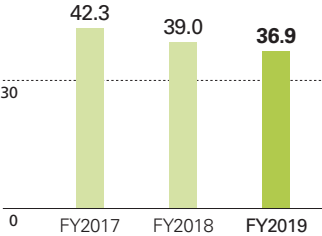
Operating profit 2.5 billion JPY

- The sales target was not achieved because of a decrease in transactions due to tighter environment regulations related to life sciences in China, fluctuation in sales of materials for pesticides and delay in starting new projects in the food products field.
- The target for operating profit was not achieved mainly because the sales target was not met.

Sales

(Billions of yen)

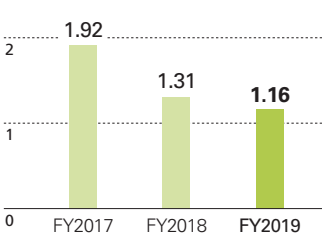
60



Operating profit

(Billions of yen)

3

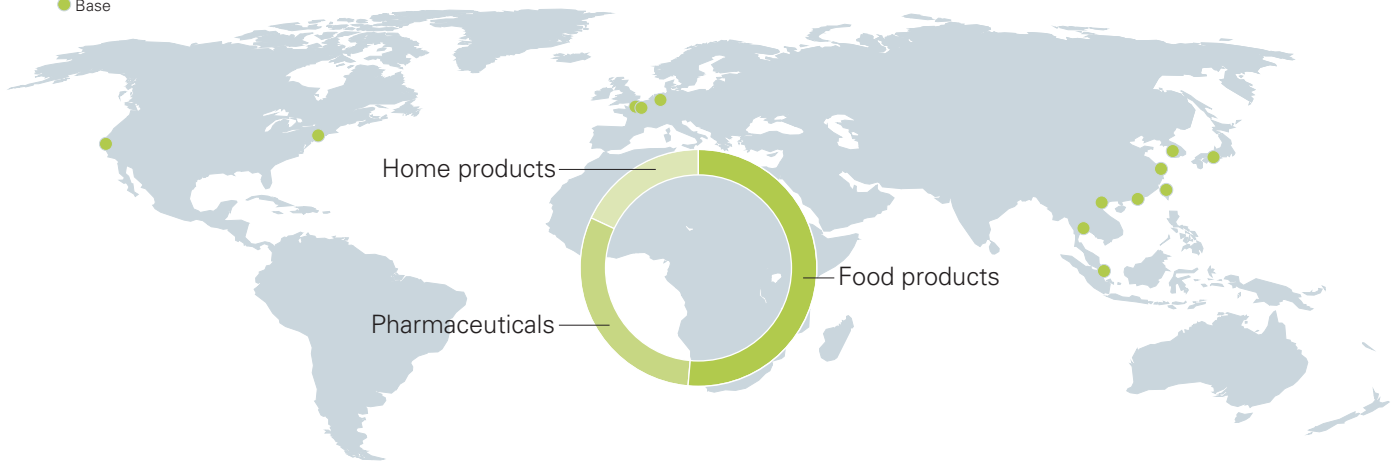


Business environment and strategies

Pharmaceuticals	Home products	Food products
Business environment (Opportunities Risks)		
<ul style="list-style-type: none">■ Expansion of advanced medicine and regenerative medicine markets◆ Intensifying price competition due to the emergence of generic medicines◆ Unstable supply of materials	<ul style="list-style-type: none">■ Expansion in demand for Japanese products in drugstores in the Asia region◆ Speed of change in market trends	<ul style="list-style-type: none">■ Increase in interest in safety of food products■ Boom of Japanese food overseas■ Easing of agriculture and fishery regulations in Japan◆ Sluggish domestic demand◆ Quality risks specific to food products
Strengths		
<ul style="list-style-type: none">● Collaboration with superior suppliers and information network on latest research and development● Strength of processing and distribution services using Group bases		<ul style="list-style-type: none">● Years of knowhow on a broad business range from production to distribution
Activities and strategies		
<ul style="list-style-type: none">● Expand peripheral solutions in advanced and regenerative medicine● Catch up with and provide information on PMD Act and cellular medicine	<ul style="list-style-type: none">● Support expansion and development of Japanese products for Asian markets● Maintain hygiene management-related products business, which is a stable profit base● Catch up with latest development trends	<ul style="list-style-type: none">● Accelerate expansion to overseas markets● Strengthen upstream businesses, such as blueberry production (Action 2 on P32)● Start new food processing business as downstream business

Location of major bases and composition of products and materials

● Base



Efforts to achieve the midterm business plan

Action 1

Taking on the cell supply business in the regenerative medicine field

One of the company's management strategies is to focus on the field of life sciences and medicine, and working in the advanced medicine field centered on regenerative medicine is particularly important for our business. In January 2020, Inabata concluded a memorandum with Human Life CORD, Inc., a regenerative medicine venture in which the company is investing, for establishing a supply structure for cells originating in the umbilical cord. We are working on a joint business for treatment of complications in leukemia treatment.



Action 2

Blueberry production in Yoichi, Hokkaido

Inabata established Aikei Farms Yoichi Co., Ltd. in 2015 in the town of Yoichi, Hokkaido for cultivating blueberries and other agricultural products. This company is a joint venture with vendor involved in blueberry farming in Canada and was set up with cooperation from partner businesses related to local agriculture. We cultivate blueberries at a roughly 200,000 square meters farm. In 2019, we carried out test harvesting and also tested sales within Hokkaido and distribution to Honshu. In 2020, we carried out real business harvesting. We concluded a Comprehensive Partnership Agreement with Yoichi town in December 2018 with the objective to vitalize the region through expansion of sales channel from products. We



will continue to engage in community-based business that generates synergy through a collaboration between our strengths and Yoichi town's agricultural and marine resources and manufactured products.

Toward sustainable growth

Taking on the challenge of new businesses for the future, in light of the aging population in domestic agriculture and fisheries industries

In Japan, a labor shortage in agriculture and fisheries is intensifying due to the diminishing birthrate and aging population, giving rise to a social challenge. This has led to easing of regulations, creating new opportunities for corporations to enter the market. To resolve such social issues, we are striving for large-scale farming and machine harvesting at a blueberry farm in Yoichi, Hokkaido. In the fisheries field, we started a wholesale business of fresh marine products at the Amagasaki wholesale market that deals mainly in marine products and had been facing a shortage of labor.

Stable supply of food is an important topic, and we will continue to take on new challenges to offer full-fledged businesses that can support agriculture and fisheries in the future.

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 everything from commodity resins and high-performance resins for various fields such as automobiles, home appliances, OA equipment, soft packaging for food, and sporting materials. 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

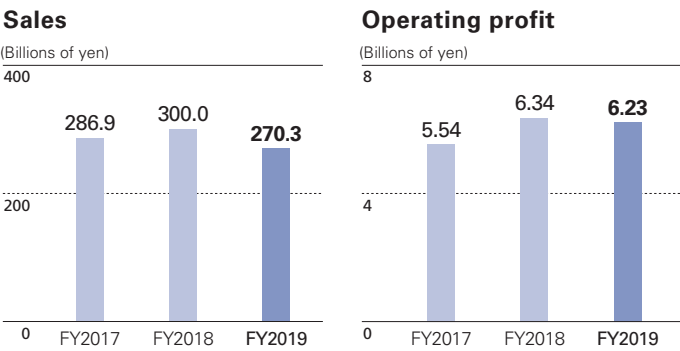
Segment performance overview

NC2020 Targets for the third year (FY2019)

Sales 299 billion JPY

Operating profit 5.6 billion JPY

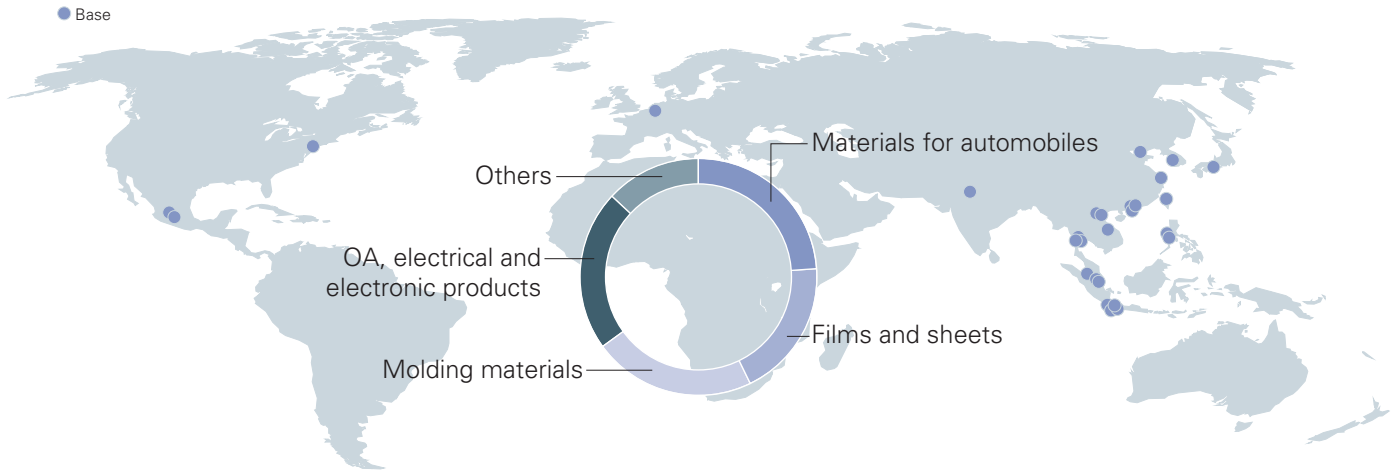
- The sales target was not met due to the impact of a fall in resin prices, the spread of COVID-19 toward the end of the consolidated accounting year and other factors.
- Although operating profit was impacted by the lower-than-expected sales, profitability improved due to increased sales of high-performance resin for automobiles and other industries, and operating profit far exceeded our target. With this, we achieved the final year NC2020 target for this segment one year in advance.



Business environment and strategies

Materials for automobiles	Molding materials	OA, electrical and electronic products	Films and sheets	Sporting materials
Business environment (Opportunities Risks)				
<ul style="list-style-type: none">■ Need for environment-consideration with weight reduction■ Expansion in demand for materials due to compositional changes in automobile industry◆ Industry-specific quality standards and responsibility to supply	<ul style="list-style-type: none">■ Scope for expansion of overseas business■ Withdrawal of a major general trading company that was a rival◆ Fluctuations in domestic demand◆ Global environmental issues including pollution of oceans due to micro plastics	<ul style="list-style-type: none">■ Stable demand among Japanese OA devices manufacturer◆ Reduction in supply volume due to reduction in component size	<ul style="list-style-type: none">■ Broad scope for opening new markets for sheet products◆ Intensifying competition for film products in domestic market	<ul style="list-style-type: none">■ Expansion of global market◆ Shrinking domestic market due to diminishing population
Strengths				
<ul style="list-style-type: none">● A customer base built over the company's long history● Detailed local response capability using network of bases around the world● Ability to provide added value including plastic compounding in own factories and VMIs● Ability to propose mono materials and eco materials from outside of Japan● High share in niche markets● Ability to develop and propose new products using own manufacturing bases in Japan and abroad				
Activities and strategies				
<ul style="list-style-type: none">● Strengthen and expand overseas business structure (Action 2 on P36)● Strengthen and expand plastic compounding and distribution function● Enter biodegradable biomass plastic business● Offer products for overseas markets as well as other sporting fields				

Location of major bases and composition of products and materials



Efforts to achieve the midterm business plan

Action 1

Employing national staff as managers at overseas bases

The plastics segment has the largest number of expats from Japan working overseas in our company. However, from about 10 years ago, we have been following the basic policy of leveraging local employees at overseas bases and have been employing and training them at each base. As a result, local employees are working as managers in Thailand and Singapore at present and they are managing and supervising staff including young expats from Japan.

We will continue to promote building global human resource management, including overseas stationing of Head Office employees.

Action 2

Trash bags and shopping bags using biomass materials

Group company Ordiy Co., Ltd. manufactures and sells plastic products and deals in a wide range of eco-friendly products, including trash bags and shopping bags made from plant-based biomass plastics. Therefore, the plastics segment is collaborating with Ordiy, which possesses high development ability, for developing further usages of biomass plastics, special paper to replace plastics for food products as a pioneer of a broad array of products that will lead to expansion of the markets in the environment and energy fields.



BP25 Biomass plastic bags No.353

Toward sustainable growth

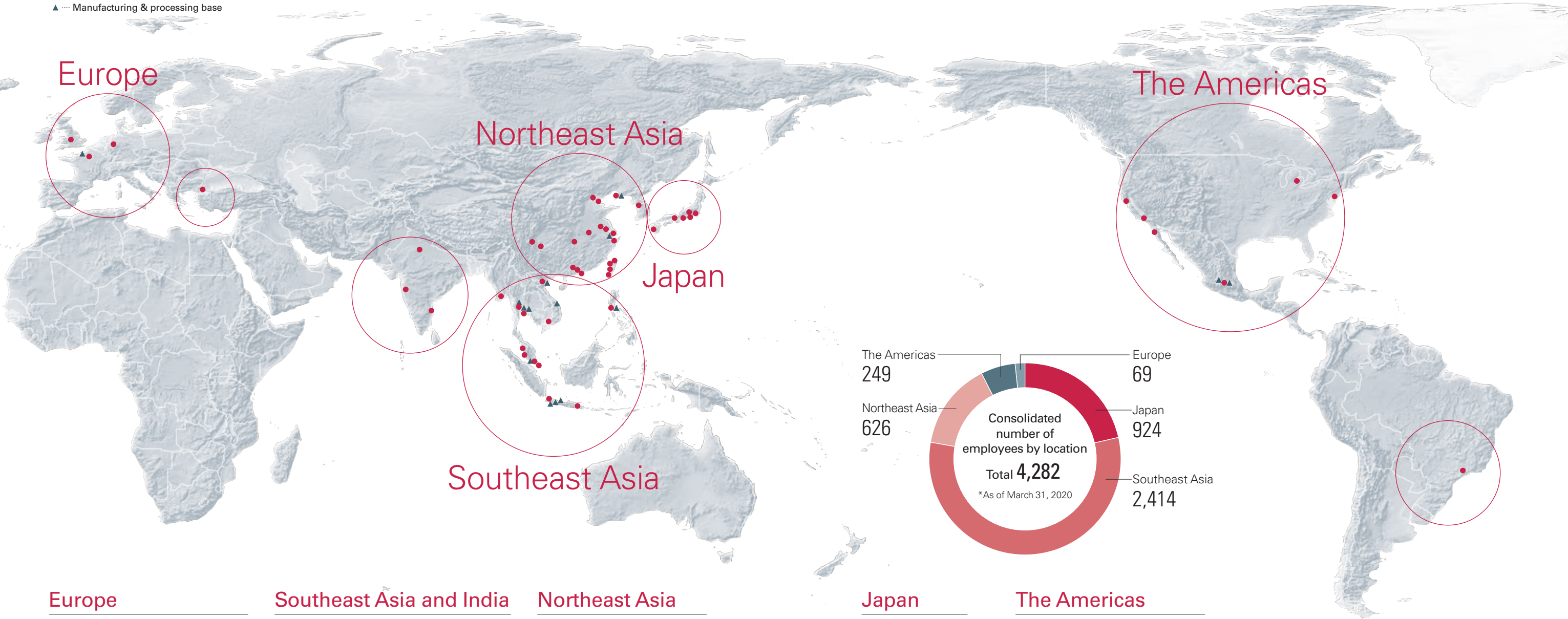
Initiating commercial production of biodegradable biomass plastic as a solution to the issue of marine plastic pollution

The problem of marine pollution due to plastic waste is intensifying globally. In such circumstances, we focused on biodegradable biomass plastic that does not burden the environment and initiated NuPlastiQ developed by BiologiQ of the U.S. with waste potatoes as raw material.

This material can be blended with other plastics and processed into films and sheets and bottles. To expand the biodegradable biomass plastic business in the real sense, we initiated commercial production at our factory in Thailand, which is engaged in plastic compounds business.

Inabata’s network extending across about 60 bases in 17 countries worldwide

● Trading company
▲ Manufacturing & 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

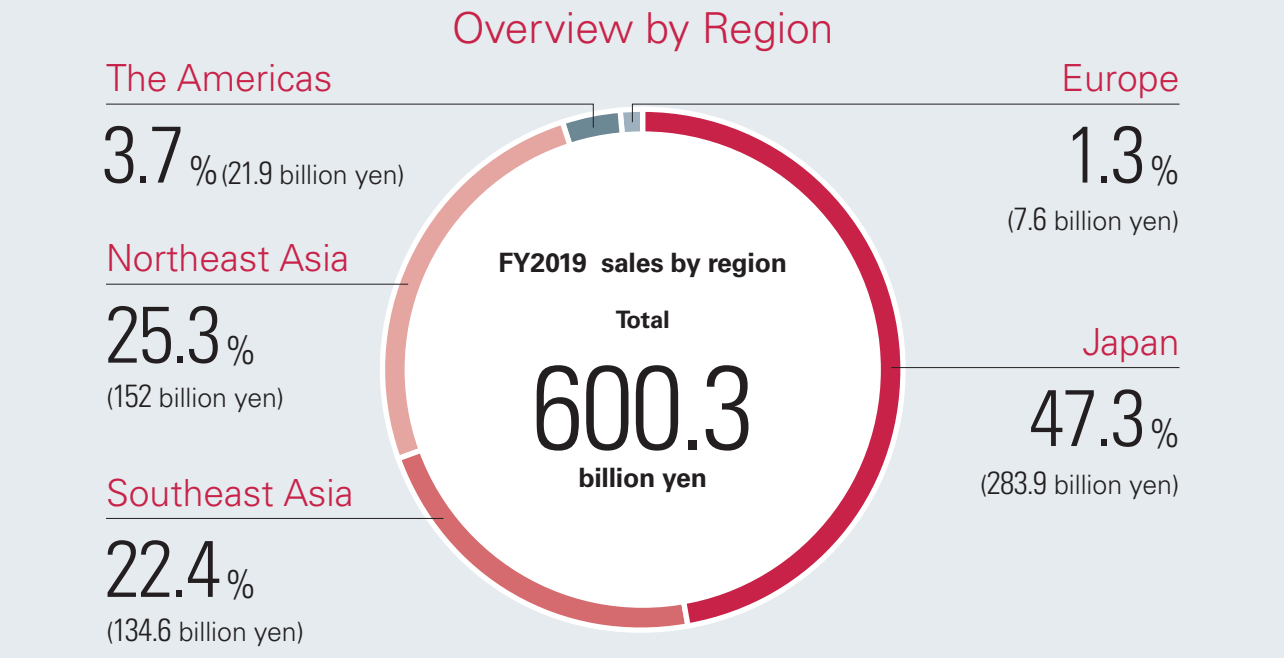
China	Hong Kong Shanghai Wuxi, Ningbo Chengdu Nanjing, Hefei Chongqing Beijing, Dalian Tianjin Guangzhou Wuhan Shenzhen
Taiwan	Hsinchu, Tainan Taichung, Taipei
South Korea	Seoul

Japan

Tokyo
Osaka
Nagoya
Shiojiri
Hamamatsu
Kirishima

The Americas

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



Japan

Manufacturing & processing bases



I & P Co., Ltd.
[Osaki, Miyagi]
Molding and processing of synthetic resins



Ikkoen Co., Ltd.
[Sakai, Osaka]
Processing of marine products



Inabata Optech Co., Ltd.*
[Kawasaki, Kanagawa]
R&D and manufacturing of encapsulants for optical semiconductor devices



N · I · C Co., Ltd.
[Josono, Ibaraki]
Processing of plastic film products

*The photo is Kanagawa Science Park in which Inabata Optech is located.



Kansai Kobunshi Co., Ltd.
[Yamato-Koriyama, Nara]
Manufacturing of plastic films



Taiyo Plastics Co., Ltd.
[Hasuda, Saitama]
Manufacturing of plastic films

● Trading company ▲ Manufacturing & processing base

Consolidated subsidiaries	▲ I & P Co., Ltd.	Osaki, Miyagi	Molding and processing of synthetic resins
	▲ Ikkoen Co., Ltd.	Sakai, Osaka	Processing and sale of marine products
	● Inabata Fine Tech Co., Ltd.	Osaka	Sale of chemicals
	▲ N · I · C Co., Ltd.	Tokyo	Processing and sale of plastic film products
	● Ordiy Co., Ltd.	Osaka	Processing of plastic film products and packaging materials, design and marketing of supplementary equipment and systems
	▲ Kansai Kobunshi Co., Ltd.	Yamato-Koriyama, Nara	Manufacturing of plastic films
	▲ Taiyo Plastics Co., Ltd.	Hasuda, Saitama	Manufacturing of plastic films
Equity-method affiliates	▲ Ulvac Coating Corp.	Chichibu, Saitama	Manufacturing of electronics and optical industrial materials
	▲ NI Packs Co., Ltd.	Inashiki, Ibaraki	Printing and molding of plastic packages
	● Clean Assist Co., Ltd.	Tokyo	Sale of plastic films and plastic sundries
	● Maruishi Chemical Trading Co., Ltd.	Osaka	Sale of chemicals
Other affiliates	▲ Aikei Farms Shakotan Co., Ltd.	Shakotan, Hokkaido	Production and sale of agricultural products
	▲ Aikei Farms Yoichi Co., Ltd.	Yoichi, Hokkaido	Production and sale of agricultural products
	▲ Inabata Optech Co., Ltd.	Kawasaki, Kanagawa	Research and development, manufacturing and sale of encapsulants for optical semiconductor devices

Southeast Asia and India

We are expanding our business utilizing 10 manufacturing and processing bases in the region.

Sales* **134.6** billion yen
Consolidated number of employees* **2,414**

* Sales figures are for FY2019. The number of employees is as of March 31, 2020.

● Trading company ▲ Manufacturing & processing base



Shinya Kawai
Executive Officer
General Manager, Southeast Asia

Southeast Asia is an important region where about 80% (roughly 150,000 tons annually) of our plastics compound production capacity is located. The compounding is our key business. We supply plastics mainly in the three areas of electrical and electronic products, OA, and automobiles. We will expand business for the automobile field, which is growing rapidly in the region, while initiating plans to incorporate new demand in the fields of eco-friendly products, solar and other energy-related products, agriculture, and food products.



Manufacturing & processing bases



PT. IK Precision Indonesia
[Bekasi, INDONESIA]
Molding and processing of synthetic resins



PT. Inabata Creation Indonesia
[Bekasi, INDONESIA]
Processing of grip tape for sporting goods



PT. S-IK Indonesia
[Bekasi, INDONESIA]
Compounding of resins



SIK Color(M) Sdn. Bhd.
[Johor, MALAYSIA]
Compounding of resins



IK Plastic Compound Phils. Inc.
[Binan, PHILIPPINES]
Compounding of resins



Apple Film Co., Ltd.
[Samut Prakan, THAILAND]
Manufacturing of plastic films



Hi-Tech Rubber Products Co., Ltd.
[Ayutthaya, THAILAND]
Molding and processing of rubber products



SIK(Thailand) Ltd.
[Samut Prakan, THAILAND]
Compounding of resins



Apple Film Da Nang Co., Ltd.
[Da Nang, VIETNAM]
Manufacturing of plastic films



SIK Vietnam Co., Ltd.
[Haiphong, VIETNAM]
Compounding of resins

Consolidated subsidiaries

● Inabata India Private Ltd.	Gurugram (suburb of Delhi)	Import & export and sale of synthetic resins, electronic materials and chemicals
▲ PT. IK Precision Indonesia	Bekasi (suburb of Jakarta)	Molding and processing of synthetic resins
▲ PT. Inabata Creation Indonesia	Bekasi (suburb of Jakarta)	Processing of grip tapes for tennis rackets
● PT. Inabata Indonesia	Jakarta	Import & export and sale of synthetic resins and chemicals
▲ PT. S-IK Indonesia	Bekasi (suburb of Jakarta)	Compounding of resins
● Inabata Malaysia Sdn. Bhd.	Kuala Lumpur	Import & export and sale of synthetic resins
▲ SIK Color (M) Sdn. Bhd.	Johor	Compounding of resins
▲ IK Plastic Compound Phils. Inc.	Binan (suburb of Manila)	Compounding of resins
● Inabata Philippines, Inc.	Binan (suburb of Manila)	Sale of synthetic resins
● Inabata Singapore (Pte.) Ltd.	Singapore	Import & export and sale of synthetic resins, chemicals and electronic materials
▲ Apple Film Co., Ltd.	Samut Prakan (suburb of Bangkok)	Manufacturing of plastic films
▲ Hi-Tech Rubber Products Co., Ltd.	Ayutthaya	Molding and processing of rubber product
● Inabata Thai Co., Ltd.	Bangkok	Import & export and sale of synthetic resins, chemicals, food, and machinery
▲ SIK (Thailand) Ltd.	Samut Prakan (suburb of Bangkok)	Compounding of resins
▲ Apple Film Da Nang Co., Ltd.	Da Nang	Manufacturing of plastic films
● Inabata Vietnam Co., Ltd.	Hanoi	Import & export and sale of synthetic resins, electronic materials and chemicals
▲ SIK Vietnam Co., Ltd.	Haiphong	Compounding of resins

Northeast Asia

We leverage our network across 19 cities in China, Taiwan, and South Korea to develop our core businesses.

Sales* 152.0 billion yen
Consolidated number of employees* 626

*Sales figures are for FY2019. The number of employees is as of March 31, 2020.



Kazuhiro Hanaki
Executive Officer
General Manager, Northeast Asia

In Northeast Asia, we sell materials related to liquid crystal displays (LCDs) and plastics in our focal fields such as automobiles, OA, and electrical and electronic products to Japanese and non-Japanese customers. We are also proposing new materials as environmental regulations on chemicals become tighter. In the future, we will also focus on tapping new businesses based on trends in food safety, environmental consideration, life sciences, and energy among other fields.



Manufacturing & processing bases



Inabata Industry & Trade (Dalian FTZ.) Co., Ltd.
[Dalian, CHINA]
Compounding of resins



Shanghai Inabata Fine Chemical Co., Ltd.
[Shanghai, CHINA]
Processing of coating materials

Consolidated subsidiaries

- Guangzhou Inabata Trading Co., Ltd. Guangzhou Import & export and sale of synthetic resins, machinery, electronic materials and chemicals
- ▲ Inabata Industry & Trade (Dalian FTZ.) Co., Ltd. Dalian Compounding of resins, Import & export and sale of synthetic resins and chemicals
- Inabata Sangyo (H.K.) Ltd. Hong Kong Import & export and sale of synthetic resins, machinery, electronic materials and chemicals
- ▲ Shanghai Inabata Fine Chemical Co., Ltd. Shanghai Processing of coating materials
- Shanghai Inabata Trading Co., Ltd. Shanghai Import & export and sale of synthetic resins and chemicals
- Inabata Korea & Co., Ltd. Seoul Import & export and sale of electronic materials
- Taiwan Inabata Sangyo Co., Ltd. Hsinchu Import & export and sale of electronic materials, semiconductor-related equipment and chemicals

Other affiliates

- Tianjin Inabata Trading Co., Ltd. Tianjin Import & export and sale of synthetic resins and chemicals

The Americas

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

Sales* 21.9 billion yen
Consolidated number of employees* 249

*Sales figures are for FY2019. The number of employees is as of March 31, 2020.

In the Americas, we operate a broad range of businesses, including imaging, semiconductors, solar cells, automobiles, food products, and pharmaceuticals. We are particularly committed to providing added value to our business partners by demonstrating such functions as designing, planning, manufacturing, and distributing. We will focus on expanding the food products business that we have integrated with Group company DNI, and the resin business in Mexico.



Manufacturing & processing base



IK Plastic Compound Mexico, S.A. de C.V.
[Silao, MEXICO]
Compounding of resins

Consolidated subsidiaries

- ▲ IK Plastic Compound Mexico, S.A. de C.V. Silao Compounding of resins
- Inabata Mexico, S.A. de C.V. Queretaro Sale of synthetic resins
- ▲ NH Inabata, S. de R.L. de C.V. Queretaro Designing, installation and sale of cranes
- DNI Group, LLC Novato (California, U.S.A.) Import & export and sale of food
- Inabata America Corp. New York Import & export and sale of plastics, materials related to information & electronics and chemicals

Other affiliates

- Inabata Brazil Import & Export Ltd. Sao Paulo Sale of chemicals and synthetic resins

Europe

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

Sales* 7.6 billion yen
Consolidated number of employees* 69

*Sales figures are for FY2019. The number of employees is as of March 31, 2020.

In Europe, we deal in a wide range of products in the segments of information & electronics, chemicals, plastics, and life industry. In Germany, for example, we sell products related to digital printing and imaging, energy, automobiles, chemicals, and plastics. In France, we sell products related to life sciences. We seek to tap new businesses in the fields of food products, rechargeable batteries, and medicine.



Manufacturing & processing base



Pharmasynthese S.A.S.
[Normandy, FRANCE]
Manufacturing of fine chemicals

Consolidated subsidiaries

- Inabata France S.A.S. Wissous (suburb of Paris) Import & export and sale of chemicals
- ▲ Pharmasynthese S.A.S. Normandy Manufacturing of pharmaceuticals, materials for cosmetics, and fine chemicals
- Inabata Europe GmbH Dusseldorf Import & export and sale of electronic materials, chemicals, and synthetic resins
- Inabata UK Ltd. Telford (suburb of Birmingham) Property management, warehousing

Corporate Governance

Management (As of July 1, 2020)

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
General Affairs, Information Technology, Financial Management, Investor Relations, Business Process Management, Risk Management, International Affiliate Management
Jul. 1996 Joined Inabata & Co., Ltd.
Jun. 2017 Director, Senior Managing Executive Officer (present)



Tomohiko Sato
Director, Managing Executive Officer
Chemicals, Human Resources
Apr. 1978 Joined Inabata & Co., Ltd.
Jun. 2015 Director, Managing Executive Officer (present)



Masahiro Sugiyama
Director, Managing Executive Officer
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)



Toshihisa Deguchi
Director
Mar. 1990 Joined Sumitomo Chemical Industry Co., Ltd. (now Sumitomo Chemical Co., Ltd.).
Apr. 2017 Representative Director & Executive Vice President, Sumitomo Chemical Industry Co., Ltd.
Jun. 2019 Outside Director, Sumitomo Bakelite Co., Ltd. (present)
Jun. 2020 Director, Inabata & Co., Ltd. (present)



Toshiyuki Kanisawa
Director
Apr. 1972 Joined Tokyo Gas Co., Ltd.
Apr. 2010 Representative Director and Executive Vice President, Tokyo Gas Co., Ltd.
Jun. 2012 Vice Chairman and Senior Managing Director, Japan Gas Association
Jun. 2017 Outside 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)

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 Accounting 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

Yoshiya Oda
(President, Maruishi Chemical Trading Co., Ltd.)

Kazuhiro Hanaki
General Manager, Northeast Asia

Yutaka Takahashi
General Manager, Chemicals Division

Hiroyuki Hatamoto
General Manager, Risk Management Office

Shinya Kawai
General Manager, Southeast Asia

Koji Nakano
General Manager, Plastics Division I

Notes:
Directors Toshiyuki Kanisawa, Kiyoshi Sato, and Kenji Hamashima are outside directors.
Audit & Supervisory Board Members Yoshitaka Takahashi, Katsuya Yanagihara, and Satoshi Tamai are outside audit & supervisory board members.
The information provided in the parenthesis about the executive officers refers to seconded posts held at other organizations.

Interview with an Outside Director



Toshiyuki Kanisawa
Outside Director

Inabata ensures transparency in its board meetings through active discussions based on specialized knowledge and the experience of outside directors. We received frank opinions on the characteristics of corporate governance and future challenges from Toshiyuki Kanisawa who has been an outside director since June 2017. Toshiyuki Kanisawa was involved in the management of Tokyo Gas, an energy company indispensable to people's lives, for years and has been engaged in operating the company, which combines public interest and enterprise.

Q Are discussions held actively in the board meetings held at Inabata?

A Proposals are raised and discussions are held on investment as well as withdrawal projects as appropriate.

I joined this company about three years ago and I think that the chairperson of the board is appropriately appointed, discussions are open and proactive, and the way in which the meetings are being held is great.

I also feel that the discussions are held from a more medium- to long-term focus rather than a short-term perspective. We discuss topics such as the progress and degree of achievement of NC2020, which is the company's midterm business plan.

Inabata is in the trading business, and active discussions are held on investment and withdrawal projects in our executive-level Shinsa Kaigi meeting. Proposals and

deliberations are made appropriately at the board meeting based on them.

We also evaluate the effectiveness of the board of directors and I have been constantly involved in it as one of the evaluators for self-evaluation. I think we are mostly progressing well even in our topics of discussion and other aspects in addition to the specific way in which the meetings are held and how they are managed.

However, I feel that there is scope for improvement in the format of materials, volume and presentation time in terms of presentation of agenda and reports.

In terms of content, for instance, there is a need to further improve its functions of evaluating the appropriateness of and examining investments and loans. We have discussed this multiple times in the board meetings and even though investments projects and withdrawal projects are taken up as the agenda as and when required, it might be better to have a slightly clearer and fixed yardstick because each project is assessed in a different way at present.

Yet, I think the mechanism and structure are built well. We need to polish these and manage the meetings even more effectively.

Q Is the Nominating and Remuneration Committee functioning properly from the perspective of improving transparency?

A I think it is working well in terms of nominating people after holding interviews with all the candidates.

The Nominating and Remuneration Committee focuses on three themes: (1) nominating candidates for new directors and audit and supervisory board members, (2) nominating candidates for new executive officers, and (3) deliberating on remunerations for directors and the remuneration structure on which the remunerations are based. I think these are being run well.

Apart from new directors and audit and supervisory board members, we interview all the candidates for officers and executive officers. We can confidently nominate people because we are able to have a varied discussion with the person in the process of nominating them.

Moreover, we also have a president succession plan at Inabata and we receive reports on the status of deliberations on candidates for succession.

Q What is your assessment of risk control?

A Appropriate risk assessment is being carried out while measuring the strengths of each division.

In general, a company faces credit risks and environmental risks. However, Inabata's varied risks stem from the nature of its business, which is similar to that of major Japanese trading companies. In other words, our businesses are impacted by a far broader range of risks than ordinary companies. For this reason, it will be necessary to define the risks for each segment and division and conduct assessments based on criteria suited to each. Even the tolerance level will be different for each segment.

In such circumstances, I think Inabata's risk control is established as a system, and each division's risks are being assessed while measuring their respective strengths.

Q Is there a mechanism in place to support outside directors in understanding the business?

A We receive support in various ways such as opportunities to visit overseas and domestic sites.

When I was appointed as director, I received an explanation on the work done by each department, and reports are presented on the status of work of each division in every board meeting. I also receive detailed reports from each division at the time of budgeting every fiscal year, and overseas and domestic site visits are conducted as well. I have been to Vietnam, Mexico and some other countries. I have also visited some domestic affiliates and subsidiaries. In that sense, I am grateful for the company's wide range of proactive efforts for helping us deepen our understanding.

Q What are the characteristics of people at Inabata from an objective perspective?

A I feel a sense of family-like unity with a strong inclination for taking interest in people.

I think Inabata's corporate culture is characterized by an extremely strong inclination on the part of each employee to take interest in people. This makes me feel a sense of family-like unity. This is a very Japanese-style corporate culture and, being Japanese, I feel attached to it. I think the company boasts quality people who are also versatile in their interest toward social and market trends.

Still, diversity is an area in which discussions have not progressed much in the board meetings and initiatives are still insufficient, even though the management is already aware of the issue and taking steps in the right direction. I feel that the company is lagging slightly behind society, particularly in terms of diversity in management. This is one of our future challenges.

Q What are the strengths and weaknesses of Inabata?

A The company's strength lies in on-site capabilities and its weakness originates from a lack of dynamic expansion.

Inabata's strength certainly lies in its on-site capabilities. I think the company's strength is in its power of steady business expansion by expanding gradually based on persistent on-site business activities and the knowledge gained from there. I recognize that stable business expansion and profits are being ensured as a result.

On the other hand, weaknesses present the other side of the coin. I think there is a need to work on opening markets and expanding business a little more dynamically. In that sense, I feel that there is a need to further promote overseas expansion as well.

Additionally, if we consider social needs, there are new fields such as improvement in global environment, especially in the energy field, and dealing in materials or machines for environmental improvements. Moreover, as the reviewing of the industrial structure gains momentum, I think Inabata will also be able to contribute to fields such as agriculture and fisheries.

Furthermore, there are also the fields of sports, as well as health and medicine that address the aging society. I would like the company to explore well about such fields, which are really needed by society, and make an advance into them.

Fortunately, I think COVID-19 has had less of an impact on our company than others. Although uncertainties are expected to continue for some time, I would like Inabata to move forward flexibly in alignment with economic trends because I think the world economy will continue to recover.

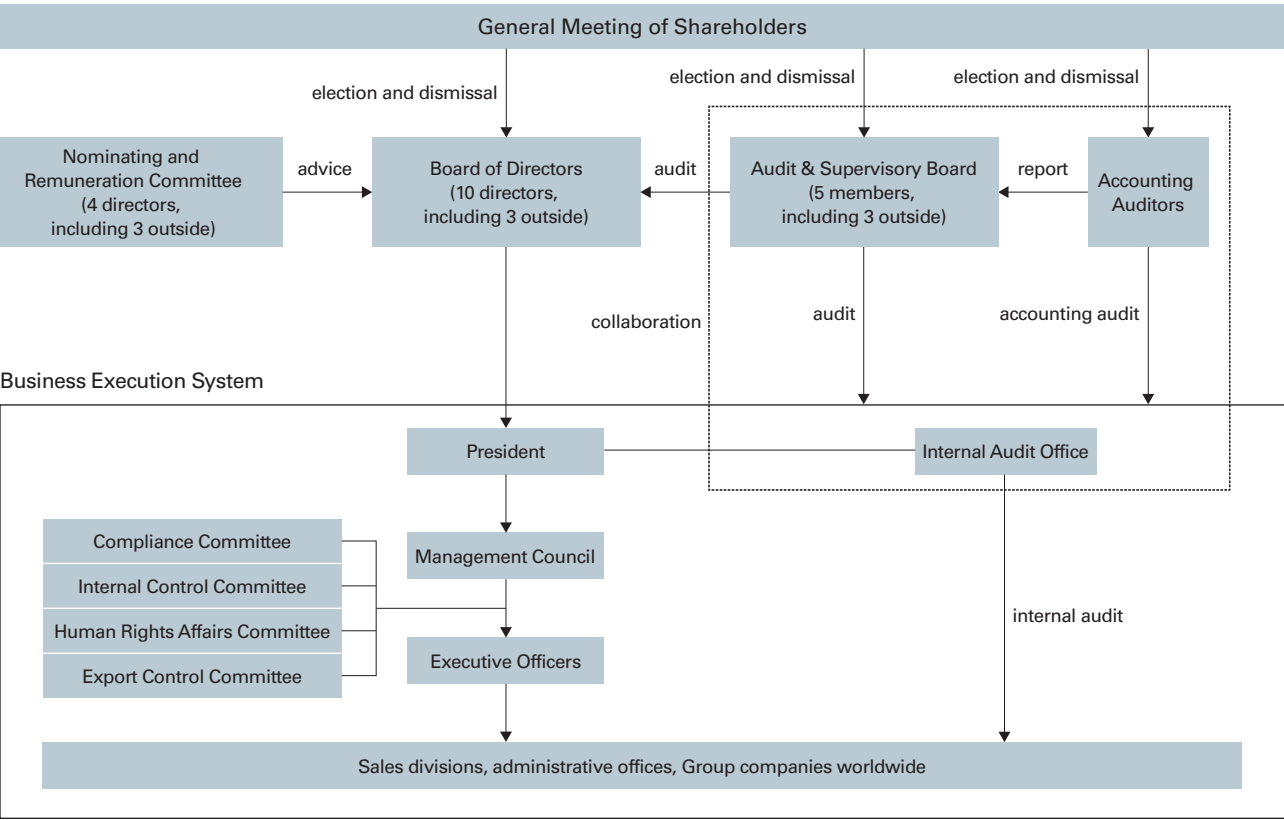
Basic views

The company’s mission is to “contribute to the development of society based on the humanitarian spirit of ‘love (*ai*)’ and ‘respect (*kei*).” This mission applies to shareholders, business partners, employees and all stakeholders who support our corporate activities. To execute the mission, the company maintains an awareness of the importance and necessity of corporate governance and implements various measures to develop and enhance its system.

Corporate governance system
(As of July 1, 2020)

Organizational design	Company with an audit & supervisory board
Directors	10 (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 members)
Accounting auditor	KPMG Azsa LLC
Corporate Governance Report	 https://www.inabata.co.jp/english/investor/library/governance/

Corporate governance system



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 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:
1 internal director (Chairperson),
3 independent outside directors

Number of times held: FY2019
5 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 → P50
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: FY2019
Management Council 12 times,
Shinsa Kaigi 14 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**
The company 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.

Outside directors and audit & supervisory board members

Outside directors

In electing outside directors, the Company 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 30% (three out of 10 directors).

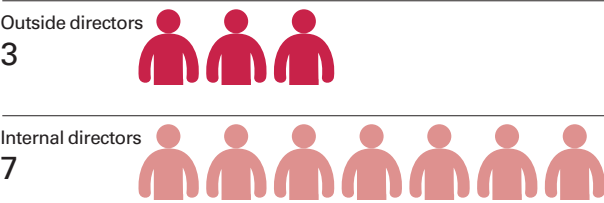


Table with 6 columns: Name, Autonomous, Years in office, Board meeting, Nominating and Remuneration Committee, Reason for appointment. Rows include Toshiyuki Kanisawa, Kiyoshi Sato, and Kenji Hamashima.

Meetings between outside directors and audit & supervisory board members
Number of times held: FY2019 2 times

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.

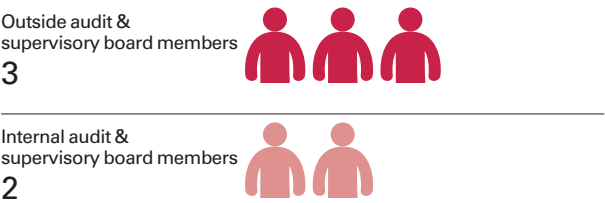
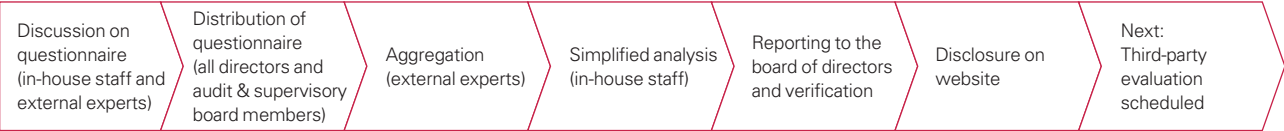


Table with 7 columns: Name, Autonomous, Years in office, Career, Board meeting, Audit & supervisory board meeting, Reason for appointment. Rows include Yoshitaka Takahashi, Katsuya Yanagihara, and Satoshi Tamai.

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 FY2019.

FY2019 self-evaluation process (questionnaire format)



Questions

- Operational status of the board of directors
- Function and role of the board of directors
- Composition of the board of directors
- Composition and role of the Nominating and Remuneration Committee
- Operational status of the Nominating and Remuneration Committee
- Support system for outside directors
- Role of the audit & supervisory board members and expectations for them
- Relationship with investors and shareholders

Evaluation results for FY2019

We confirmed that the board meetings are mostly operating appropriately. The items on the right were mostly highly evaluated.

- High evaluation for composition and operational status of the board meetings
- Confirmation of open and active discussions
- Confirmation of contribution by outside directors and audit & supervisory board members
- The composition, role and operational status of the Nominating and Remuneration Committee is appropriate

Challenges reflected in the results of the evaluation of the board of directors and improvement measures undertaken

	Major challenges	Measures taken based on the results
FY2015	Improving discussions on medium-to long-term issues	Reviewing agenda criteria for allocating sufficient time to more strategic discussions
	Feedback to board of directors on dialogue with the capital market	Send information from investors as periodic feedback to the board of directors
FY2016	Need for further progress in deliberations on mid- to long- term issues	Continued discussion on review of the functions and roles of the board of directors
	Further review of the content and volume of agenda discussed in board meetings	Deepen deliberations in board meetings and the Nominating and Remuneration Committee
	Promoting succession plan and diversity	Setting up a platform for exchange of opinions
	Adequate collaborative structure and communication between outside directors and audit & supervisory board members	
FY2017	Discussions on the risk management system should be continued	Strengthening risk management system including overseas subsidiary control
	Building a mechanism for long-term employee development with the view to training top management candidates (succession plan)	Created a plan based on support from experts and started long-term development of candidates
	Further communication between outside directors and audit & supervisory board members	Continue working
FY2018	Building a mechanism for long-term employee development with the view to training top management candidates (succession plan)	Continue working
	Strengthening the global risk management system	
	Promote diversity	
FY2019	Need to further deepen discussions on mid- to long-term issues	Continue working
	There is scope for deliberation in the succession plan for outside directors and audit & supervisory board members	
	Further deliberation is needed on sustainability issues and promotion of diversity	
	Although mostly appropriate, further strengthening is required in the following three points: 1. Risk management 2. Communication between outside directors and audit & supervisory board members 3. Informing the capital market	

Remuneration of directors and audit & supervisory board members

The remuneration of directors (excluding non-executive directors) comprises (a) fixed remuneration, (b) performance-linked remuneration and (c) Board Benefit Trust (BBT). Out of the above, (a) and (b) are determined by the board of directors within the total remuneration approved at a general meeting of shareholders. The maximum total remuneration as determined at a general meeting of shareholders is 430 million yen per year. The remuneration of directors is deliberated by the Nominating and Remuneration Committee, the majority of the members of which are independent outside

directors, and determined by the board of directors while giving adequate consideration to the results of the deliberations by the Nominating and Remunerating Committee, to ensure that objectiveness, fairness and transparency is reflected in the 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 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)

The Company 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 four-year midterm business plan "New Challenge 2020 (NC2020)," whose final year is the fiscal year ending March 31, 2021.

Strategically held shares

(1) Basic views

Close business and cooperative relations with various companies are valuable assets to the Company, 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 the Company 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

The Company 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

Actual remuneration of directors in FY2019

	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*	0.86	6	176	75	48	300
Audit & supervisory board member*		1	25			25
Outside director and outside audit & supervisory board member		8	46			46

- *Excluding non-executive directors, and outside audit & supervisory board members.
- * Outside director and outside audit & supervisory board member includes two directors who retired after the closing of the 158th Ordinary General Meeting of Shareholders held on June 25, 2019.
- * Board Benefit Trust (BBT) is the carryover amount of the board benefit provision booked in the fiscal year ended March 2020.

Ratio of performance-linked remuneration and fixed remuneration in FY2019

Performance-linked remuneration	Fixed remuneration
41.3%	58.7%

Reference: Past remuneration of directors*

FY2016	254 million yen	FY2018	248 million yen
FY2017	223 million yen	FY2019	300 million yen

*Excluding non-executive directors

based on 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.

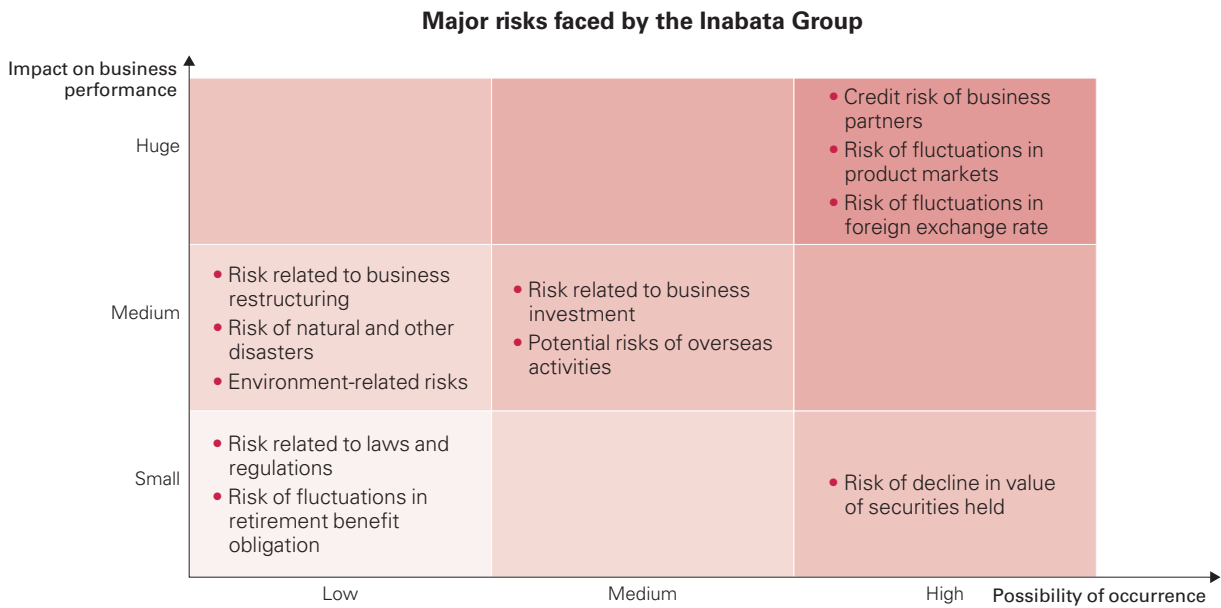
Sales of strategically held shares

FY2015	1.421 billion yen	FY2018	5.395 billion yen
FY2016	5.150 billion yen	FY2019	3.134 billion yen
FY2017	9.106 billion yen		

(3) Criteria for exercise of voting rights

In principle, the Company 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

Measures to address four top risks

Credit risk of business partners
Our Group companies grant credit to many business partners in Japan and abroad. Although we carry out credit management at 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.

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 FY2019 and other factors.

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

Risk of fluctuations in product markets
Many of the information & electronics materials, chemicals, food products, and plastics that our company deals in are impacted by fluctuations in the product market. Therefore, inability to respond flexibly to fluctuations in market conditions can lead to adverse impact on our Group's performance and financial status.

Risk of fluctuations in foreign exchange rate
In principle, the Group carries out hedge transactions, such as foreign exchange contracts, in overseas production, sales, and trading of products and materials. However, there is a possibility of being impacted by fluctuations in exchange rates in foreign currency-based and other transactions. Moreover, local currency-based items, including sales, expenses, and assets, are converted to Japanese yen for the consolidated financial statements and there is a possibility that they are impacted by the exchange rate at the time of conversion.

Risk of natural disasters, pandemics and such
If a natural disaster or strong infectious disease occurs in a country or region in which Inabata operates its business, there is a possibility for employees, offices and equipment to be impacted or damaged, which in turn may adversely affect our business. Such disasters can also disrupt the supply chain and cause fluctuations in demand and supply of products and materials, leading to possible impact on the Group's business

Addressing other risks

Business continuity plan (BCP)
We have been formulating and introducing BCP 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 BCP 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.

performance and financial situation. With these factors in mind, we have formulated a BCP based on a basic policy for crisis response.

In order to deal with the spread of COVID-19, which arose at the end of 2019, we established a global crisis management office based on BCP with President Katsutaro Inabata as its head. Almost 80% of our employees (at our head offices in Japan) were working remotely when a state of emergency was declared in April 2020. We continued our business while giving top priority to the safety of our employees.

Addressing COVID-19

February 13	Established COVID-19 global crisis management office
February 26	Started staggered commute and work from home
April 7	Switched to execution of BCP top-priority tasks
July 31 to date	We are conducting business activities by continuing with staggered commute and work from home.

Tax compliance
All officers and employees of the Company strive to comply with laws and regulations as well as internal regulations, regardless of the country, to manage the company with a focus on compliance. With regards to tax, 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 mid- to long-term corporate value. Therefore, we strive to minimize tax risk and maintain as well as improve tax compliance.

Society

View on employee development

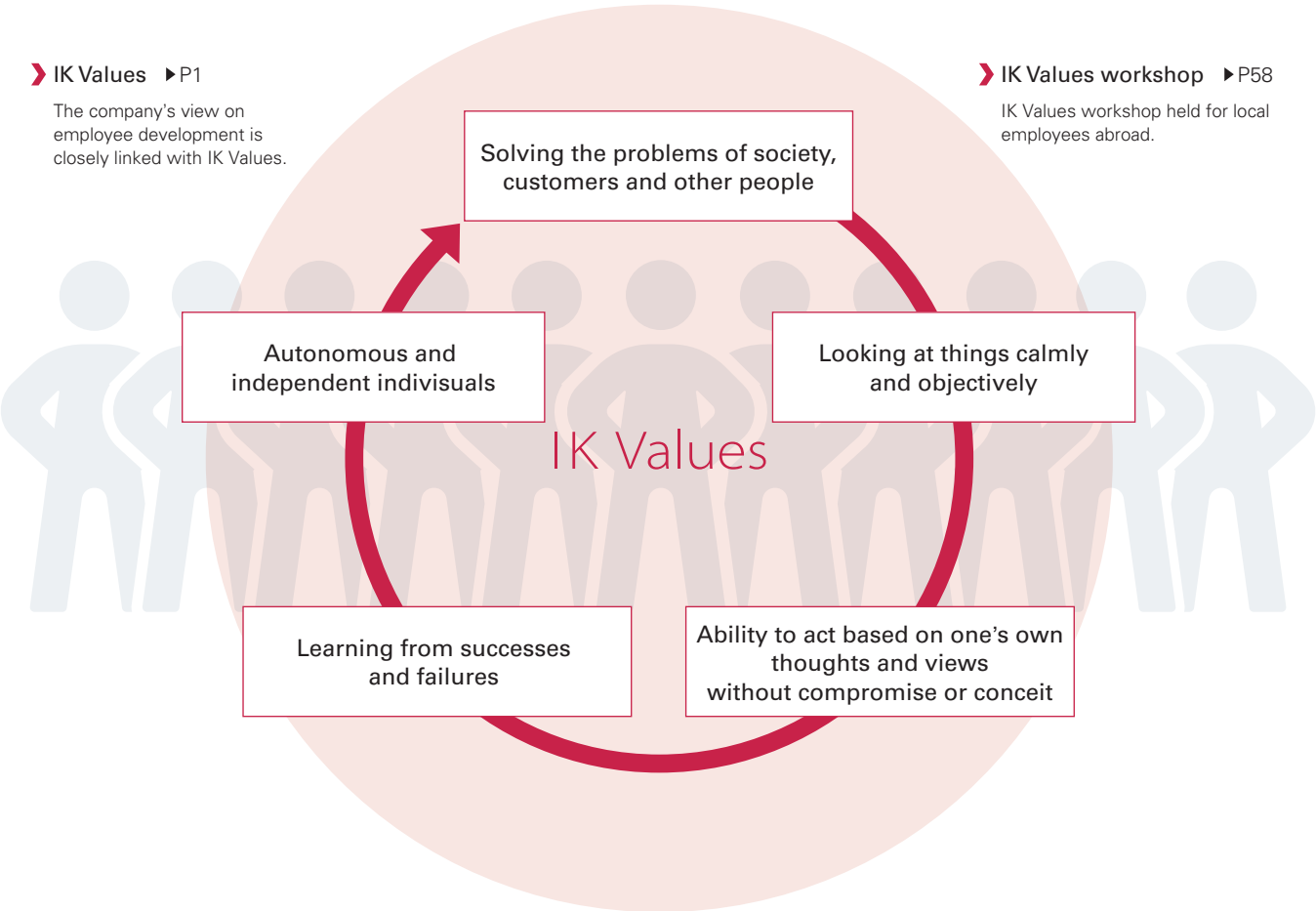
People are most important for a trading company, and developing them is one of the tasks for the management. The Company's aim for employee development is to develop people who share our IK Values and can implement our vision based on the spirit of love and respect. We aim to coexist with society globally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

IK Values ▶P1

The company's view on employee development is closely linked with IK Values.

IK Values workshop ▶P58

IK Values workshop held for local employees abroad.



Respect for human rights

The company 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 at 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

The company 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 vendors that are lagging behind.

Developing global staff

With a total of 4,000 employees on a consolidated basis and an overseas sales ratio of over 50%, the company has identified “developing global staff” as one of its key strategies in the midterm business plan. In July 2014, we started employee management reform with a focus on developing global staff aimed at implementing our management philosophy and business strategies and built a new employee management and training system.



Efforts for diversity

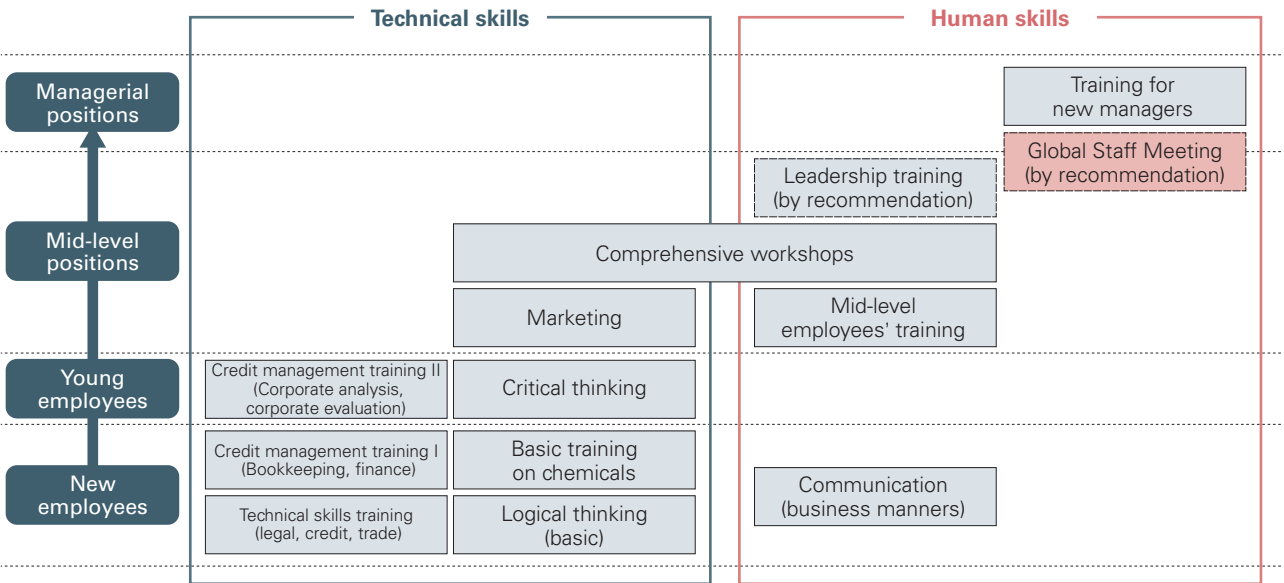
We recognize that diverse values are important for continuing and expanding business and are working toward equality in recruitment, placement, evaluation, payroll and promotions regardless of age, gender, or other factors. We are also working on an action plan for supporting work-life balance, including child and family care, and promoting active participation by women.



Basic training for employees specialized in *shosha* trading

To develop global staff quickly and with certainty, our head office staff holds focused trainings for key bands. After joining the company, employees acquire the minimum basic knowledge necessary as a global staff depending on their level in the hierarchy. We also hold lectures for educating employees about the minimum basic knowledge of chemicals necessary for working at a trading company dealing in chemicals. We invite external teachers and hold a total of 10 lectures, mainly for young employees.

Training structure at Inabata & Co., Ltd.



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.

Credit management training at overseas bases

We started credit training at overseas bases from FY2019. It was held at four locations in China (Tianjin, Dalian, Shenzhen and Guangzhou) and in the Philippines in FY2019, with the aim to establish credit knowledge among overseas staff through discussions, roleplays and other methods in addition to lectures.



Lecture at Tianjin branch by staff from Risk Management Office at the head offices

IN FOCUS

Efforts to ingrain corporate philosophy among global staff

Global Staff Meeting

The Global Staff Meeting started in 2014 with the objective of sharing the Company's Motto, Mission, Vision and IK Values and invigorating exchange between people from different countries and cultures. In this annual event, participants selected from Japan and abroad hold active discussions through two-day group work conducted in English. We aim to expand further as a Group by encouraging collaboration between different bases. We strive to do this by building an even more closely knit network among bases by having participants get to know more about each other. We believe that a strong centripetal force and a slightly stronger centrifugal force are required for the development of the whole Group. By periodically holding the Global Staff Meeting, we hope that participants who learn the IK Values will become the core members of our overseas bases and play a central role in the development of the Group. Until now, 34 employees from Japan and 43 employees from other countries have taken part in this initiative.

Participants: Japan 34
Overseas 43



Held at 36 bases in 14 countries



IK Values workshops

Amid global expansion of our business, we have conducted IK Values Workshops in 36 bases across 14 countries outside Japan for the two years starting 2018 with the objective of deepening an understanding for IK Values, which represents the Company's values. In these workshops, employees are encouraged to express IK Values in their own words and put them into practice. We believe that this ties the future of each employee to the future of the company and expect that this will result in the growth of Inabata as a whole.

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

In the late 19th century, our founder, Katsutaro Inabata, went to France to study synthetic dyeing techniques and other advanced technologies of the time. Since then, our company has been committed to advancing cultural exchange between Japan and France. In 1927, the then French Ambassador to Japan, Paul Claudel, and Katsutaro Inabata established the Kansai Franco-Japanese Institute (now Institut Franco-Japonais du Kansai, Kyoto), where French language classes and cultural exchange programs between the two countries are still held today. Additionally, the Société Franco-Japonaise d’Osaka, which was set up by our second president, Taro Inabata, in 1952, continues to promote mutual understanding and friendly relations between Japan and France today.



Institut Franco-Japonais du Kansai, Kyoto, refurbished in 2003



Japan–Portugal exchange

The 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 present counselor, 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. Now, our current president, Katsutaro Inabata, who is the sixth president of the company, is actively promoting cultural exchange between Japan and Portugal as the president of the Sociedade Luso-Nipónica de Osaka.



Contributing to the local community

Inabata award

Inabata has been sponsoring an award given every year since 1974 to 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

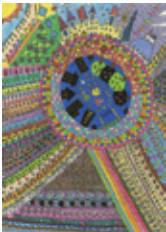
As a member of CLOMA

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



Sponsorship of Paralym Art

As an official partner of Paralym 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, the company 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 May 2020)

Environmental performance data

CO2 emissions / power consumption / purchase of paper

	FY2016	FY2017	FY2018
CO2 emissions (Metric tons-CO2)	470	462	432
Power consumption (1000kWh)	907	930	937
Purchase of paper (thousands of sheets)	5,093	5,040	4,974

*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.

Ratio of wastes to recycling

	FY2016	FY2017	FY2018
Wastes (Metric tons)	92	107	82
Wastes recycled (Metric tons)	70	87	72
Recycle rate (%)	76	81	88

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

*Wastes include wastes generated by tenants at Osaka Head Office

Reducing environmental impact from business activities

The current midterm business plan, NC2020, places focus on the fields of environment and energy, such as materials related to solar cells and materials for EVs, to reduce the environmental impact of society and take initiative in fields that offer business opportunities for our company. We also strive to curtail the use of resources in our business activities and promote recycling.

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.

Photovoltaic system

We are working on large domestic projects on photovoltaic systems and others using our distribution management function. We also sell materials such as silver paste and glass used in making photovoltaic power generation systems.

11-Year Summary

		(Unit: Millions of yen)										
		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Business performance	Net sales	410,782	469,090	464,429	479,942	561,173	572,114	577,037	586,630	621,137	634,740	600,312
	Gross profit	27,568	31,749	31,759	33,002	38,511	39,040	41,064	42,740	44,854	47,257	46,259
	Selling, general and administrative expenses	22,058	23,848	24,127	25,237	27,574	28,266	29,692	30,123	38,891	33,226	33,029
	Operating profit	5,510	7,900	7,632	7,765	10,936	10,774	11,371	12,616	5,962	14,031	13,229
	Ordinary profit	4,889	8,481	8,834	9,603	12,454	13,217	12,257	13,672	6,374	14,309	14,211
	Profit attributable to owners of parent	1,762	7,232	6,297	6,630	8,669	8,630	9,510	9,687	6,744	12,896	11,415
	Exchange rate USD/yen	92.10	81.49	77.74	79.81	100.17	109.76	120.15	108.34	110.85	110.92	108.70
Financial position	Total assets	229,964	238,272	251,045	276,938	305,037	326,862	305,436	340,147	352,741	366,514	322,848
	Interest-bearing debt	58,763	60,528	74,070	68,071	76,582	78,814	68,377	71,075	71,993	57,277	52,848
	Equity capital	67,805	71,340	76,973	97,886	115,010	127,671	126,038	146,258	141,403	162,973	145,924
Cash flow	Cash flows from operating activities	5,976	8,495	(15,534)	19,400	(764)	8,354	11,866	1,840	5,960	12,510	10,690
	Cash flows from investing activities	(5,529)	(1,436)	(1,629)	277	(5,467)	(3,044)	(161)	4,504	5,086	743	(525)
	Cash flows from financing activities	(6,405)	3,980	12,400	(12,880)	3,638	(8,193)	(11,129)	(481)	(4,901)	(19,546)	(7,273)
	Cash and cash equivalents	5,014	15,777	10,756	18,985	18,402	17,394	17,088	22,935	29,235	23,011	25,480
Reference	(Amount of capital investment)	5,041	3,205	1,824	1,781	3,435	2,666	3,067	2,431	2,500	3,441	3,707
	(Depreciation)	2,385	2,526	2,849	3,047	2,179	2,150	2,270	2,066	2,335	2,413	2,976
Sales by segment	Information & Electronics	176,774	197,436	185,566	192,402	210,703	209,369	211,659	221,023	214,963	217,904	218,690
	Chemicals	58,214	67,472	42,052	42,799	52,398	52,845	48,198	48,047	51,580	77,522	74,181
	Life Industry	-	-	38,020	35,877	37,653	34,660	41,022	40,434	42,392	39,046	36,919
	Plastics	140,376	167,338	175,875	186,098	232,877	250,427	251,163	251,885	286,900	300,094	270,345
	(Housing & Eco Materials)	17,552	19,873	22,370	22,266	26,511	24,257	24,817	25,064	25,137	-	-
	(Food)	16,240	16,048	-	-	-	-	-	-	-	-	-
	Others	1,624	921	543	497	1,028	553	176	175	162	172	175
	Total	410,782	469,090	464,429	479,942	561,173	572,114	577,037	586,630	621,137	634,740	600,312
Operating profit by segment	Information & Electronics	2,435	2,880	2,733	3,248	4,863	4,489	3,833	3,992	(2,045)	4,819	4,482
	Chemicals	634	1,578	391	339	862	1,072	1,011	1,003	259	1,424	1,208
	Life Industry	-	-	1,531	1,492	1,745	1,037	1,524	1,820	1,920	1,310	1,166
	Plastics	2,230	3,141	2,593	2,297	2,828	3,730	4,434	5,396	5,541	6,341	6,235
	(Housing & Eco Materials)	16	(33)	128	159	343	285	421	260	157	-	-
	(Food)	(50)	116	-	-	-	-	-	-	-	-	-
	Others	243	216	253	227	292	158	146	142	129	136	135
	Total	5,510	7,900	7,632	7,765	10,936	10,774	11,371	12,616	5,962	14,031	13,229
	Overseas sales ratio (%)	37	40	40	44	51	51	53	53	53	54	53
	Overseas operating profit ratio (%)	38	54	49	51	56	46	45	46	-	54	54
Management indicators	Number of employees on a consolidated basis (people)	3,740	3,828	3,721	3,661	3,577	3,454	3,509	3,827	4,098	4,184	4,282
	Operating profit ratio (%)	1.3	1.7	1.6	1.6	1.9	1.9	2.0	2.2	1.0	2.2	2.2
	Net D/E ratio (times)	0.79	0.62	0.82	0.50	0.46	0.43	0.37	0.30	0.28	0.19	0.16
	Equity ratio (%)	29.5	29.9	30.7	35.3	37.7	39.1	41.3	43.0	40.1	44.5	45.2
	ROE (%)	2.7	10.4	8.5	7.6	8.1	7.1	7.5	7.1	4.7	8.5	7.4
	ROA (%)	0.8	3.1	2.6	2.5	3.0	2.7	3.0	3.0	1.9	3.6	3.3
	Share price at the end of the fiscal year (yen)	441	510	574	699	1,052	1,198	1,116	1,357	1,616	1,505	1,180
	Total market value (including treasury shares) (billion yen)	28.7	33.2	37.4	45.5	68.5	76.0	70.8	86.1	102.6	95.5	74.9
	PER (times)	16.3	4.6	5.9	6.7	7.7	8.7	7.3	8.7	14.7	7.1	6.2
	PBR (times)	0.42	0.46	0.48	0.45	0.58	0.59	0.55	0.57	0.70	0.56	0.49
	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	65,159,227	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)	98,205	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
Information per share	EPS (yen)	27.08	111.34	97.45	104.29	137.01	137.20	151.91	156.25	109.92	211.36	188.82
	BPS (yen)	1,042.19	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
	Annual dividend (yen)	10	26	21	23	30	33	36	40	40	48	53
	Dividend payout ratio (%)	36.9	23.4	21.5	22.1	21.9	24.1	23.7	25.6	36.4	22.7	28.1
	Total return ratio (%)	-	-	-	-	-	31.1	31.1	34.8	46.5	30.0	31.9

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 x100

Financial Information

Consolidated Balance Sheet

	(Unit: Millions of yen)	
	March 31, 2019	March 31, 2020
Assets		
Current assets		
Cash and deposits	26,909	29,440
Notes and accounts receivable - trade	163,963	152,457
Merchandise and finished goods	52,842	52,052
Work in process	735	766
Raw materials and supplies	3,906	3,084
Other	9,087	8,022
Allowance for doubtful accounts	(877)	(686)
Total current assets	256,567	245,136
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,187	15,509
Accumulated depreciation	(9,869)	(10,054)
Buildings and structures, net	5,317	5,454
Machinery, equipment and vehicles	16,125	16,240
Accumulated depreciation	(12,797)	(12,743)
Machinery, equipment and vehicles, net	3,327	3,497
Land	2,908	2,870
Construction in progress	815	112
Other	3,496	4,781
Accumulated depreciation	(2,392)	(2,752)
Other, net	1,104	2,029
Total property, plant and equipment	13,473	13,964
Intangible assets	3,223	3,006
Investments and other assets		
Investment securities	86,393	54,236
Long-term loans receivable	571	1,392
Retirement benefit asset	2,893	2,007
Deferred tax assets	983	1,024
Other	10,077	9,896
Allowance for doubtful accounts	(7,669)	(7,815)
Total investments and other assets	93,250	60,740
Total non-current assets	109,947	77,711
Total assets	366,514	322,848

	(Unit: Millions of yen)	
	March 31, 2019	March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	109,778	96,761
Short-term borrowings	43,619	43,073
Income taxes payable	2,271	1,631
Accrued expenses	1,168	1,021
Provision for bonuses	1,245	1,217
Provision for loss on business liquidation	-	240
Other	6,536	6,831
Total current liabilities	164,618	150,776
Non-current liabilities		
Long-term borrowings	13,658	9,775
Deferred tax liabilities	19,936	9,933
Provision for retirement benefits for directors (and other officers)	30	30
Provision for share-based remuneration for directors (and other officers)	37	85
Provision for loss on guarantees	18	18
Retirement benefit liability	1,794	2,369
Other	1,722	2,132
Total non-current liabilities	37,198	24,344
Total liabilities	201,817	175,121
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,752	7,752
Retained earnings	97,882	106,197
Treasury shares	(3,729)	(4,155)
Total shareholders' equity	111,269	119,159
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,827	26,196
Deferred gains or losses on hedges	(93)	148
Foreign currency translation adjustment	3,247	1,436
Remeasurements of defined benefit plans	(277)	(1,016)
Total accumulated other comprehensive income	51,703	26,764
Non-controlling interests	1,723	1,802
Total net assets	164,697	147,726
Total liabilities and net assets	366,514	322,848

Financial Information

Consolidated Statement of Income

	(Unit: Millions of yen)	
	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Net sales	634,740	600,312
Cost of sales	587,482	554,053
Gross profit	47,257	46,259
Selling, general and administrative expenses	33,226	33,029
Operating profit	14,031	13,229
Non-operating income		
Interest income	214	176
Dividend income	1,422	1,946
Share of profit of entities accounted for using equity method	270	339
Miscellaneous income	965	683
Total non-operating income	2,872	3,146
Non-operating expenses		
Interest expenses	1,857	1,317
Foreign exchange losses	332	294
Miscellaneous loss	403	552
Total non-operating expenses	2,594	2,164
Ordinary profit	14,309	14,211
Extraordinary income		
Gain on sales of investment securities	5,119	3,033
Total extraordinary income	5,119	3,033
Extraordinary losses		
Loss on valuation of investment securities	344	293
Provision for loss on business liquidation	-	244
Impairment Loss	288	-
Total extraordinary losses	633	537
Profit before income taxes	18,795	16,707
Income taxes – current	5,763	4,858
Income taxes - deferred	(229)	(35)
Total income taxes	5,533	4,822
Profit	13,262	11,884
Profit attributable to non-controlling interests	365	469
Profit attributable to owners of parent	12,896	11,415

Consolidated Statements of Comprehensive Income

	(Unit: Millions of yen)	
	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Profit	13,262	11,884
Other comprehensive income		
Valuation difference on available-for-sale securities	11,701	(22,679)
Deferred gains or losses on hedges	(89)	242
Foreign currency translation adjustment	689	(1,875)
Remeasurements of defined benefit plans, net of tax	(297)	(739)
Share of other comprehensive income of entities accounted for using equity method	(121)	(39)
Total other comprehensive income	11,882	(25,091)
Comprehensive income	25,145	(13,207)
(break down)		
Comprehensive income attributable to owners of parent	24,721	(13,656)
Comprehensive income attributable to non-controlling interests	423	449

Financial Information

Consolidated Statement of Changes in Equity

April 1, 2018 - March 31, 2019

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,364	7,708	87,196	(2,749)	101,519
Changes during period					
Dividends of surplus			(2,445)		(2,445)
Profit attributable to owners of parent			12,896		12,896
Purchase of treasury shares				(936)	(936)
Disposal of treasury shares		43		120	164
Acquisition of treasury shares by a stock benefit trust				(164)	(164)
Change in scope of consolidation			234		234
Net changes in items other than shareholders' equity					-
Total changes during period	-	43	10,686	(980)	9,749
Balance at end of period	9,364	7,752	97,882	(3,729)	111,269

	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	37,252	20	2,591	19	39,883	1,532	142,936
Changes during period							
Dividends of surplus							(2,445)
Profit attributable to owners of parent							12,896
Purchase of treasury shares							(936)
Disposal of treasury shares							164
Acquisition of treasury shares by a stock benefit trust							(164)
Change in scope of consolidation							234
Net changes in items other than shareholders' equity	11,574	(113)	656	(297)	11,820	190	12,011
Total changes during period	11,574	(113)	656	(297)	11,820	190	21,760
Balance at end of period	48,827	(93)	3,247	(277)	51,703	1,723	164,697

April 1, 2019 - March 31, 2020

(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)
Disposal of treasury shares					-
Acquisition of treasury shares by a stock benefit trust					-
Change in scope of consolidation					-
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)
Disposal of treasury shares							-
Acquisition of treasury shares by a stock benefit trust							-
Change in scope of consolidation							-
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

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	April 1, 2018 - March 31, 2019	April 1, 2019 - March 31, 2020
Cash flows from operating activities		
Profit before income taxes	18,795	16,707
Depreciation	2,413	2,976
Impairment loss	288	-
Increase (decrease) in allowance for doubtful accounts	321	259
Interest and dividend income	(1,636)	(2,123)
Interest expense	1,857	1,317
Share of loss (profit) of entities accounted for using equity method	(270)	(339)
Increase (decrease) in provision for loss on business liquidation	-	244
Increase (decrease) in provision for loss on guarantees	(190)	-
Loss (gain) on sales of investment securities	(5,119)	(3,033)
Loss (gain) on valuation of investment securities	344	293
Decrease (increase) in trade receivables	11,276	8,967
Decrease (increase) in inventories	(3,137)	371
Decrease (increase) in other current assets	1,200	854
Decrease (increase) in other non-current assets	(7,495)	277
Increase (decrease) in trade payable	736	(11,334)
Increase (decrease) in other current liabilities	68	(259)
Other, net	522	26
Subtotal	19,975	15,205
Interest and dividends received	1,721	2,254
Interest paid	(1,884)	(1,328)
Income taxes paid	(7,302)	(5,442)
Net cash provided by (used in) operating activities	12,510	10,690
Cash flows from investing activities		
Payments into time deposits	(3,936)	(3,907)
Proceeds from withdrawal of time deposits	3,275	3,827
Purchase of property, plant and equipment	(2,611)	(1,354)
Proceeds from sales of property, plant and equipment	93	31
Purchase of intangible assets	(829)	(844)
Purchase of investment securities	(418)	(371)
Proceeds from sales of investment securities	5,395	3,134
Purchase of shares of subsidiaries	(49)	(234)
Decrease (increase) in short-term loans receivable	172	294
Long-term loan advances	(376)	(1,033)
Collection of long-term loans receivable	98	44
Other, net	(69)	(111)
Net cash provided by (used in) investing activities	743	(525)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,328)	2,996
Proceeds from long-term borrowings	3,666	600
Repayments of long-term borrowings	(9,385)	(6,649)
Purchase of treasury shares	(1,101)	(425)
Proceeds from disposal of treasury shares	164	-
Dividends paid	(2,453)	(2,917)
Dividends paid to non-controlling interests	(232)	(370)
Other, net	122	(506)
Net cash provided by (used in) financing activities	(19,546)	(7,273)
Effect of exchange rate change on cash and cash equivalents	(54)	(421)
Net increase (decrease) in cash and cash equivalents	(6,346)	2,469
Cash and cash equivalents at beginning of the period	29,235	23,011
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	122	-
Cash and cash equivalents at end of period	23,011	25,480

Corporate Information

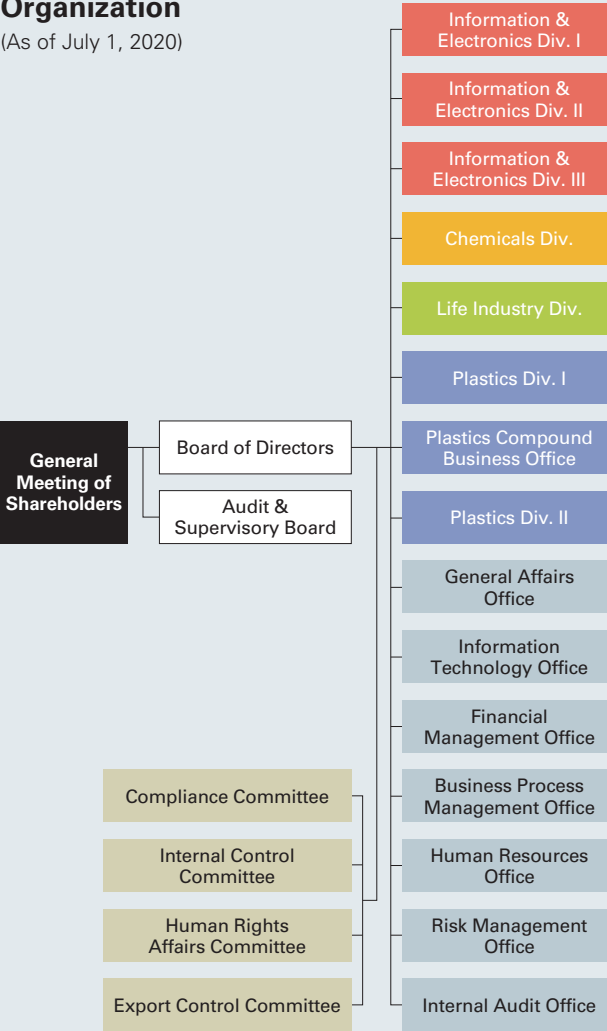
Company name	Inabata & Co., Ltd.
Founded	October 1, 1890
Incorporated	June 10, 1918
Paid-in capital*	¥9,364 million
Domestic offices*	Osaka Head Office, Tokyo Head Office, Nagoya Branch, Shiojiri Office, Hamamatsu Office, Kyushu (Kirishima) Office
Overseas offices*	About 60 locations in 17 countries including Singapore, Bangkok, Jakarta, Shanghai, Hong Kong, Taipei, Los Angeles, New York, Dusseldorf
Number of employees*	Unconsolidated: 648 (including employees seconded to group companies) Consolidated: 4,282
Independent auditor	KPMG Azsa LLC
Securities code	8098 First section of the Tokyo Stock Exchange

*As of March 31, 2020

Website
www.inabata.co.jp/english/



Organization
(As of July 1, 2020)

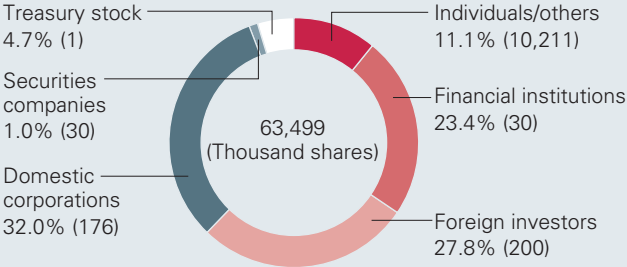


Stock Information (As of March 31, 2020)

Stock Information

Total number of authorized shares	200,000,000
Number of shares issued and outstanding	63,499,227
Number of shareholders	10,648

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)	2,682	4.4
Japan Trustee Services Bank, Ltd. (Trust account)	2,538	4.2
Trust & Custody Services Bank, Ltd. (Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	1,736	2.9
DFA INTL SMALL CAP VALUE PORTFOLIO	1,280	2.1
SSBTC CLIENT OMNIBUS ACCOUNT	1,275	2.1
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,237	2.0
Katsuo Inabata	1,161	1.9
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS		
CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1,082	1.8
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	1,008	1.7

Note: The Company owns 3,010,320 shares of treasury stock. This shareholding has not been included in the calculation of the shareholding ratio. However, 100,000 shares of the Company held by Trust & Custody Services Bank, 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.

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
- The Company handles meetings with investors positively and reasonably.
 - The Company holds a briefing on financial results twice a year to explain the progress of the midterm business plan and provide an overview of financial results.
 - The Company sets occasions for dialogue with individual shareholders and investors through participation in IR events, etc.
 - The Company actively works to provide information through its website, company brochure, shareholder news, and notices of general meeting of shareholders.

- (3) Feedback
- The director in charge of IR presents a report to the board of directors regarding shareholder opinions and concerns obtained through dialogue with shareholders.

IR activities in FY2019

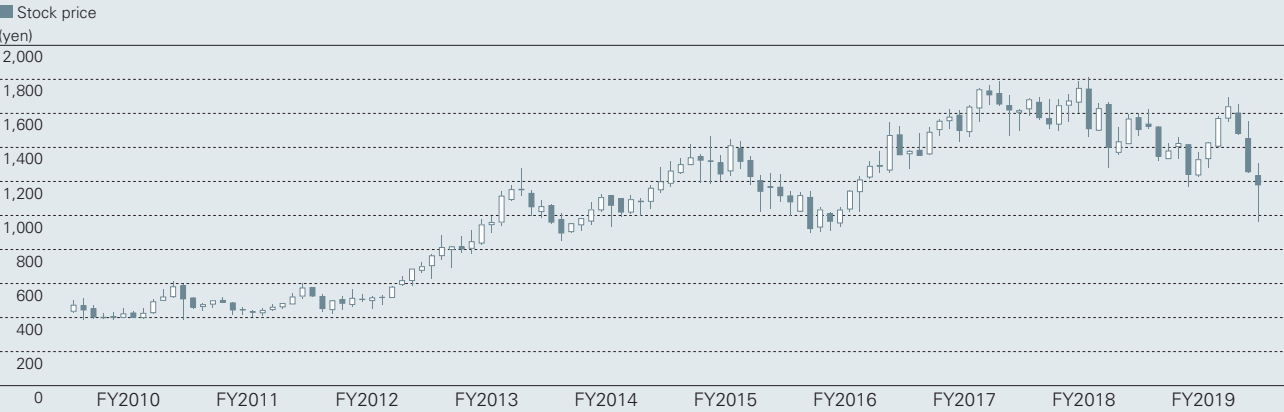
Activity	Implemented
Financial results briefings	2 times
Individual meetings with institutional investors, analysts etc. (including overseas)	42 times
Briefings for individual investors	2 times

External evaluation

The company received the Silver Medal in Gomez IR Site Comprehensive Ranking 2019 announced by Morningstar Japan K.K. and the AA Prize in the All Japanese Listed Companies' Website Ranking announced by Nikko Investor Relations Co., Ltd. (Nikko IR).



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.