

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

1890— Early Period

The era of founding and growth

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

1945— Growth Period

The era of restructuring and revival

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

1984— Reform Period

The era of challenges and hardship

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

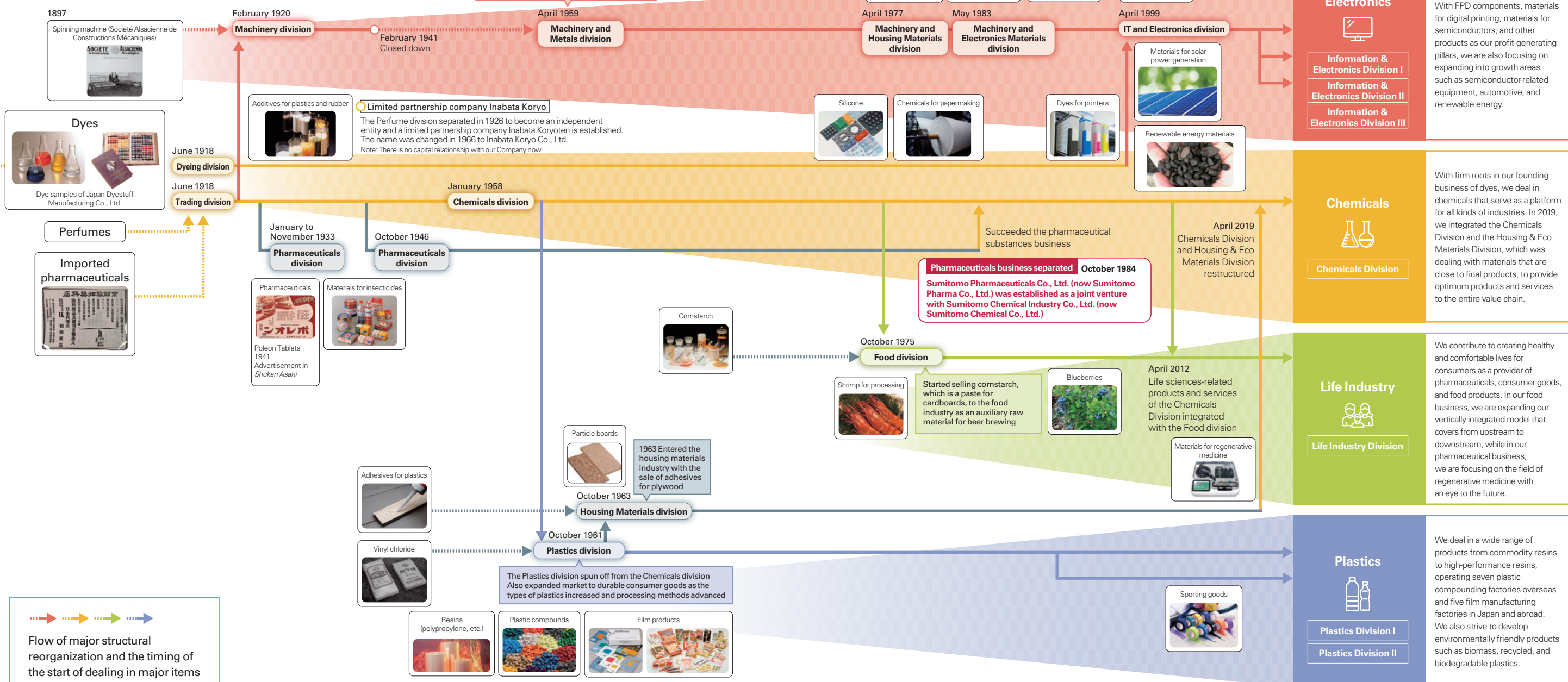
2010— The Fourth Founding Period

The era of progress and creation

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

Founder and dyes

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



At a Glance (Segment Overview)

Establishing a unique presence in anticipated growth areas while nurturing the strengths of each business segment

Business segments

Composition of products and materials (Based on the amount of net sales)

Segment performance overview

Note: FY2024 forecast is as of August 2024.



Note: As of March 31, 2024

1 Automotive Market Strategy in Plastics

—Aiming for sales of 200 billion yen in 2030—



Kentaro Ohtama

Head of Automotive Products Department
Deputy General Manager,
Plastics Division I

Business outline and goals

Inabata entered the automotive market following the establishment of an internal vehicle subcommittee in 2004, which was tasked with exploring market potential. This decision was driven by the shift of the domestic automotive industry toward global production and increasing international competitiveness. At that time, this segment was selling plastics used in home appliances, electrical and electronic components, and OA equipment to Japanese companies with global operations. However, the automotive sector was entirely untapped. Therefore, leveraging our strengths in handling a wide range of resins,

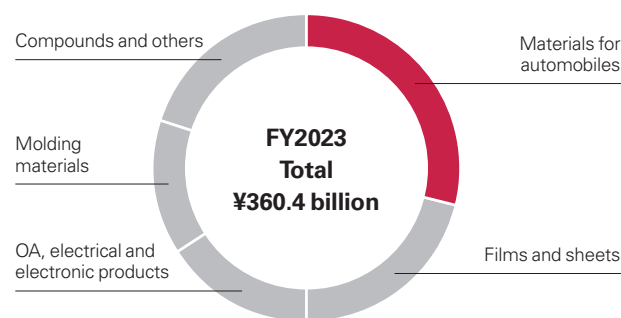
from commodity to high-performance, as well as our plastic compounding factories and extensive global network, we decided to venture into the automotive market.

Our product lineup includes acrylonitrile butadiene styrene (ABS), polypropylene (PP), engineering plastics, and more recently, super engineering plastics. We have expanded our product applications to cover a range of interior components, such as lamps, door mirrors, audio systems, switches, and trims, as well as powertrain-related parts. Regionally, we have utilized our strong relationships with Japanese customers in Southeast Asia and China, which had been our primary markets, to develop our business in Japan. Recently, we have expanded our sales channels to Europe and the United States. As a result, global automotive-related sales have grown to approximately 130 billion yen in FY2023.

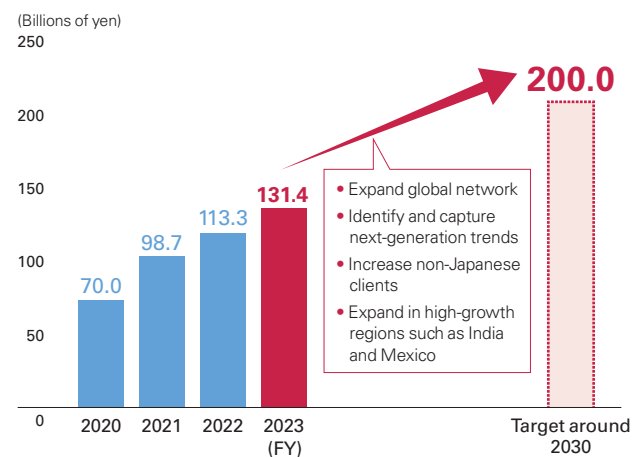
In the new medium-term management plan, NC2026, which began in FY2024, we aim to accelerate global expansion in the automotive sector, with a growth strategy targeting sales of 200 billion yen by around 2030. While it is a significant challenge, we are committed to achieving it.

Plastics segment

Sales ratio of major products



Automotive resin sales



Growth strategy to achieve targets

Accelerate global business expansion by adapting flexibly to changes in the automotive production supply chain

Key initiatives

- Improve production technology, capacity, and quality
- Focus on growth regions such as India and Mexico

- Expand sales of products for electrification
- Increase transactions with non-Japanese companies

Under NC2026, our core focus will be on expanding the business areas and product lineup for the automotive industry overseas. We will also work on developing our recycling business and advancing our plastic compounding business, implementing strategies that respond to changes in the market environment.

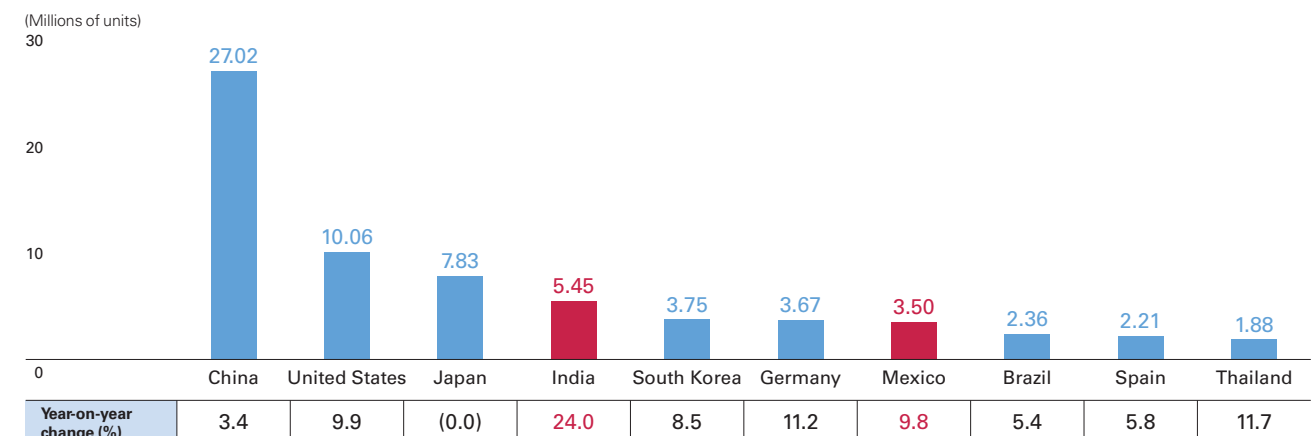
Key to future business growth is expanding into regions experiencing rapid growth in the automotive industry. For instance, Mexico has become a major automotive hub, with 21 factories from 12 automakers concentrated in the central region. We will further strengthen our local facilities and business network, including the plastic compounding factory established in 2012, and work to enhance profitability in this area through integrated production and sales efforts. Additionally, India is expected to see its annual new car sales double to 10 million units in 2030, attracting automotive parts manufacturers and EV-related companies from around the world. We plan to expand our human resources early on and strengthen our organizational sales and proposal functions, primarily through our local subsidiary, to boost earnings in the

rapidly growing Indian automotive market.

In recent times, electrification has also impacted the partnership strategies of automotive manufacturers and parts suppliers, accelerating business restructuring in the chemical industry. Meanwhile, Japanese automakers are currently facing issues such as sluggish sales in China and certification irregularities, leading to ongoing uncertainty. Considering these factors, we believe that increasing transactions with previously less engaged foreign companies in both procurement and sales will be key to business growth. To achieve this, we will enhance our plastic compounding capabilities and undertake collaborative efforts to develop new materials that contribute to weight reduction and recycling, while also proposing these innovations.

In an era of unpredictable and rapid changes, relying solely on individual team efforts is insufficient. We will advance information sharing and collaboration both within and outside the Company as well as monitor and anticipate industry trends to drive business expansion in the evolving automotive sector that sets Inabata apart.

Automobile production by country (Top 10 countries in 2022)



Source: Trends in automobile production and sales in major countries released by Japan External Trade Organization (JETRO) (November 2023)

2 Environment-Related Business

—Aiming for sales of 100 billion yen in FY2026—

Business outline and goals

The Inabata Group believes that climate change and other global environmental issues pose both risks to business continuity and new opportunities for growth. Our material issues identified in June 2022 include “contributing to a decarbonized and circular society” and “sustainable use of natural capital,” and we have declared our commitment to resolving environmental issues through our business.

The expansion of our environment-related business across all segments, highlighted in the previous medium-term business plan, NC2023, which concluded in FY2023, remains a key focus in the newly developed medium-term management plan, NC2026, formulated in FY2024 as part of our company-wide growth strategy.

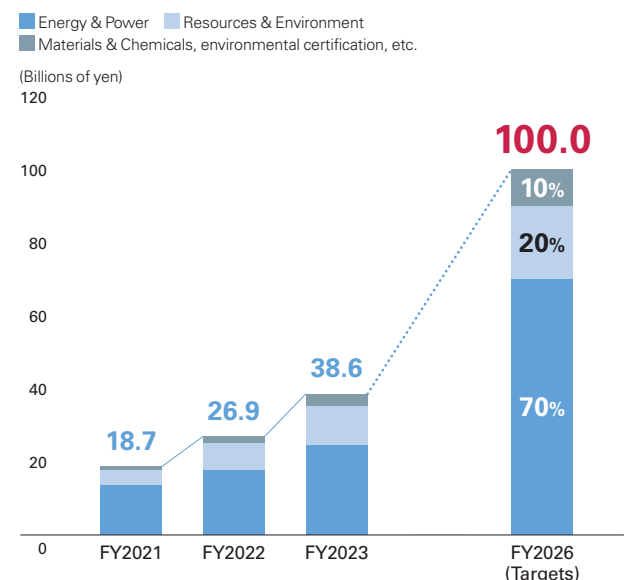
Alongside the development of NC2026, we have introduced our first Sustainability Medium-term Plan

2026. This plan, aimed at contributing to the global environment through our business, establishes a KPI and target of 100 billion yen in sales from environment-related business by FY2026.

In environment-related business fields, we have refocused primarily on the clean technology sector since the FY2021 report. With enhanced initiatives in the Energy & Power, Resources & Environment, and Materials & Chemicals sectors, we are experiencing steady sales growth.

The target of 100 billion yen in net sales in FY2026 is a challenging goal for the Group. However, we are committed to achieving it through our business activities by contributing to a decarbonized and circular society and the sustainable use of natural capital.

Environment-related business: Performance and targets



Notes: 1. Coverage: Inabata Group (consolidated)
2. Totals are simple sums.

Environment-related business fields and main items

Fields	Main items
Energy & Power	Renewable energy (solar power, biomass power, wind power)-related and battery-related, etc.
Resources & Environment	Sustainable materials such as recycled, biomass, biodegradable, and waste materials, recycling systems, and water-related, etc.
Materials & Chemicals	Low-carbon materials, environmental pollutant reduction, etc.
Environmental Certification	Forest certification, marine certification, etc.

Business focus by segment

Information & Electronics

Energy-related business

Kazunari Konno

Senior Manager, Sales Department II and
Sales Department III
Information & Electronics Division III



In the field of renewable energy, which is expected to see significant growth, we are focusing on both the business of electric power generation through solar and biomass sources, in addition to materials for solar cells. Furthermore, we are also focusing on environmentally friendly lithium-ion batteries and expanding our battery materials business. In addition, we are exploring hydrogen and fuel cells, which are expected to be key clean energy sources, and will continue to strive for a balance between environmental and economic value.



Chemicals

Forest-related business

Satoru Ishimatsu

Senior Manager, Housing Materials Department,
Chemicals Division



In this segment, we have obtained international forest certifications—Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC)—to utilize sustainable forest resources. We procure and sell timber sourced from forests that are managed appropriately in environmental, social, and economic aspects. Forests play a crucial role in climate change mitigation and ecosystem conservation through their multifaceted functions. Moving forward, we will develop businesses that contribute to the circular use of forests, which involves growing trees, harvesting them, and utilizing the timber.



Life Industry

Sludge reduction business

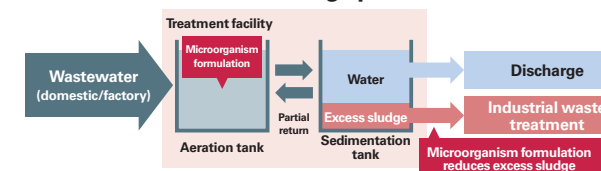
Masakuni Asano

Deputy Senior Manager, Food Department,
Life Industry Division



In this segment, we are advancing a sludge reduction business that addresses waste reduction, a significant environmental challenge. By applying a microorganism formulation suited to specific needs and materials in treatment facilities, we can decrease sludge, an industrial waste. This method also contributes to reducing CO₂ emissions and lowering sludge treatment costs as additional benefits.

Basic flow of activated sludge process



Plastics

Green business promotion project

Yasuyuki Matsushita

Senior Manager, Business Development
Department, Plastics Division I
(Green business promotion project leader)



In this segment, we launched the green business promotion project in July 2022 to achieve a circular society for plastic waste. While we are advancing the handling of environmentally conscious products such as bioplastics and recycled plastics, this project focuses on building a recycling system. As part of this initiative, we have obtained ISCC PLUS certification and are investing in primary processing companies that handle all aspects of plastic waste, from collection and transportation to recycling.





Information & Electronics

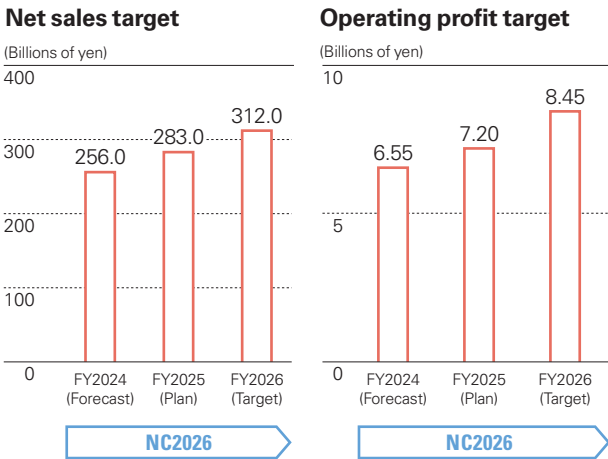


Toyohiro Akao
Director, Senior Managing
Executive Officer

■ NC2023 overview and NC2026 targets

Strengthening next-generation growth businesses in addition to existing core businesses

In recent years, the demand for FPD- and inkjet printer-related products, which are key profit drivers for this segment, has stagnated. As a result, we have focused on developing new business opportunities in the environment and energy field since the previous medium-term business plan period. From FY2024, this initiative has also been established as one of the company-wide growth strategies in NC2026. Going forward, we will actively expand into renewable energy, solar cell, and secondary battery businesses, among other areas. For our existing businesses, we will continue to explore peripheral needs and advance application development. Our plan is to grow sales from the environment and energy business to 100 billion yen by 2030.



■ Business environment (opportunities/risks) and strengths

<p>Displays</p>	<p>Digital printing</p>	<p>Semiconductor and electronics</p>	<p>Environment and energy</p>
Business environment (■ Opportunities ◆ Risks)			
◆Overconcentration in the Chinese market ■Expansion of display parts for automobiles ◆Addressing intensifying competition and changes in trends	■Expansion of the industrial inkjet market ◆Advancement of paperless environments	■Expansion of IoT- and Mobility as a Service (MaaS)-related markets ◆Intensifying global competition	■Increase in global interest in renewable energy ◆Addressing variations in related laws and regulations in different countries and regions
Strengths			
●Collaboration with major Japanese materials manufacturers	●Top-level information network in each industry as a trading company ●A global network to maintain closeness with clients and the capability of providing processing and distribution services	●Specialized skills in mask blanks, which is one of our key products	●A wide array of renewable energy materials

■ NC2026 segment growth strategy



Theme 1

Developing environment and energy-related business as the next pillar of earnings

In this segment, we are expanding our business into various areas to create a new business pillar focused on the environment and energy field.

For example, in January 2023 we established LioChem e-Materials LLC with Toyo Ink SC Holdings Co., Ltd. (now artience Co., Ltd.) in the U.S. state of Kentucky for the production and sale of conductive nanotube dispersions for lithium-ion batteries, which are anticipated to be key sustainable battery solutions. Going forward, we will gradually increase production capacity to meet the growing demand in the automotive battery market.

Additionally, in the environment-related business, there is increasing demand for small-scale biomass power generation in regional areas within Japan. In response, we have developed a power plant in Yahaba Town, Iwate Prefecture, in collaboration with Chubu Electric Power Co., Inc. and a logistics company called Furusato Mokuzai. This biomass power plant utilizes local unused thinned wood and forest residues as fuel, advancing our business in sustainable domestic wood fuel.

We are also promoting businesses in areas such as bio-dyes made from microorganisms and hydrogen fuel cells. In April 2024, we invested in GX MINERALS Inc., which develops materials contributing to plastic recycling and lightweighting for decarbonization efforts, and have become its exclusive agent. We will continue to strengthen our efforts in cultivating new business opportunities.

Theme 2

Promoting new initiatives in existing core businesses

As part of expanding our FPD-related business, which has primarily focused on home appliances and PCs, we are now working to promote sales in automotive applications as well as in LCDs and OLEDs, where future growth is anticipated. In the LED-related business, demand for outdoor displays in China and Europe has remained strong, and so we are strengthening sales efforts in this area.

We are also pursuing business expansion in the semiconductor and electronics field, where growth is expected. For example, the parent company of ULVAC COATING CORPORATION, which manufactures mask blanks—a key material in this field—is ULVAC, Inc., a leading manufacturer of semiconductor and FPD production equipment. We are leveraging this procurement network to explore new business opportunities, including investments, in the semiconductor and related manufacturing equipment sectors.

In addition, with the large consumption of water in the dyeing processes in the apparel industry becoming a concern, methods to reduce water usage by utilizing inkjet printer technology are starting to gain traction. In response to this demand, we are expanding our industrial inkjet-related business into the textile sector.

Summary of Each Segment



Chemicals

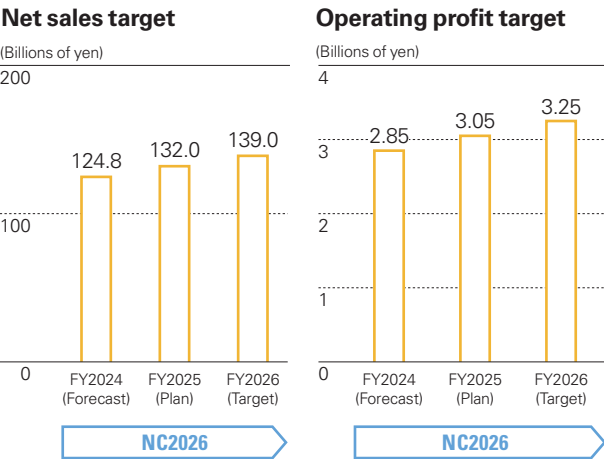


Yutaka Takahashi
Managing Executive Officer

NC2023 overview and NC2026 targets

Enhancing procurement, supply, and talent for business globalization

While we achieved record-high net sales for the second consecutive fiscal year, this was largely driven by the acquisition of Maruishi Chemical Trading Co., Ltd., a specialized chemical trading firm, in April 2023. In FY2023, we faced challenges such as inventory adjustments, which contributed to a tough market environment. Moreover, market conditions changed both in Japan and overseas, including the global reorganization of the petrochemical industry and the downturn among chemical material suppliers concentrated in China. In light of these circumstances, this segment will strengthen product procurement and supply capabilities, allocate talent to expand overseas business, and accelerate the globalization of business.



Business environment (opportunities/risks) and strengths

Functional chemicals

Coating materials

Automobile component materials

Housing materials

Business environment (■ Opportunities ◆ Risks)

■ Increase in need for materials and new formulations in light of environmental regulations

◆ Unstable supply of materials and price fluctuations

■ Increase in demand centered on developing countries

◆ Response to global industrial restructuring

■ Expansion in demand for new materials along with the structural revolution of automobiles

◆ Industry-specific quality control standards and responsibility of supply

■ Need for construction and distribution innovations in light of labor shortage

◆ Sluggishness of the domestic market

■ Enhancing awareness of the circular economy ◆ Shift from domestic markets to overseas markets

Strengths

● Knowledge of chemicals and a client base nurtured over 130 years

● Competence in organizing a global supply chain suitable for our clients

● A wide range of products and materials spreading from upstream to downstream

● Local handling through overseas manufacturing and processing bases of the Group

NC2026 segment growth strategy



Theme 1

Strengthening overseas business expansion for future growth

In Japan, with the continued reorganization of chemical suppliers and consolidation of manufacturing items, there is an increasing need to expand sales into overseas markets, explore new suppliers, and restructure business continuity planning (BCP) systems. Meanwhile, abroad, material suppliers concentrated in China are beginning to seek new sales channels outside of the country. Additionally, the growth of the Indian market is increasing both the demand for sales from local suppliers and the need for material supply within India, leading to more active global market dynamics.

Against this backdrop, this segment is experiencing an increase in overseas projects, creating opportunities to leverage our strengths, including our global logistics network, information network, and overseas processing facilities. To continue growing, we need to increase our current overseas sales ratio of approximately 30%. We are focusing on recruiting international talent, strengthening staffing at overseas locations, and making adjustments to our team members to achieve this.

To strengthen our business in China, the primary market for EV-related products, we are deploying professionals with expertise in chemicals for the mobility sector to the region. They are advancing new application development and exploring future business opportunities.


Theme 2

Strengthening our ability to propose products aligned with market changes


In EV products, the applications of our core battery thermal interface materials have expanded from battery systems to other automotive electronics components. This growth has led to the development of related materials, such as moistureproof and sealing materials, and has even extended to motor coils, which are critical components of the vehicle. In automotive displays, we are promoting the sale of products designed to accommodate larger sizes. To meet anticipated advanced needs such as irregularly shaped displays and curved processing, we are offering a lineup of products capable of competing globally.

Furthermore, there is increasing demand for biodegradable and recycled materials, and we are actively exploring suppliers for these materials. We are also enhancing synergies with Maruishi Chemical Trading, acquired in 2023, in the coating materials and paint sectors, leading to a variety of active developments. Besides this, we formed a team of chemical specialists in 2020. This team provides expert responses to clients' requests and contributes to solving BCP issues by identifying alternative sources for chemical materials produced exclusively by certain companies, thereby increasing our presence in the field.

In this way, we will continue to strengthen our planning and development capabilities and product proposal skills to address evolving client challenges.



Life Industry

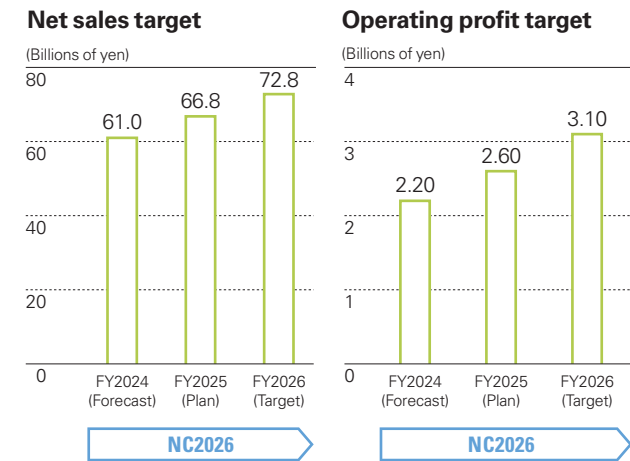


Yutaka Takahashi
Managing Executive Officer


NC2023 overview and NC2026 targets

Expanding the food business, now a key profit driver, while nurturing the next business pillar


In FY2023, profit at U.S.-based DNI Group, LLC declined as a result of a slowdown following significant earnings growth in FY2021. However, over the three years of NC2023, the food business saw sales growth, and we successfully transitioned to a structure geared toward new business through initiatives such as transferring operations to subsidiaries and pursuing M&A. Currently, the U.S. market is experiencing growth in fast food, take-out meals, and volume retail segments, along with favorable trends in the pharmaceutical sector. Moving forward, we will focus on adapting our food business to market changes while also taking on the challenge of nurturing new business pillars, such as regenerative medicine and environment businesses.




Business environment (opportunities/risks) and strengths



Pharmaceuticals



Consumer goods



Food products

Business environment (Opportunities Risks)

Expansion of regenerative medicine, nucleic acids, and biopharmaceuticals

Unstable supply of materials and soaring prices

Diversification of suppliers for raw materials for pharmaceutical products

Transition to natural materials

Speed of change in market trends

Increasing demand for frozen foods

Boom of Japanese food overseas

Easing of agriculture and fishery regulations in Japan

Sluggish domestic demand

Quality risks specific to food products

Strengths

Collaboration with superior suppliers and information network on latest research and development

Processing and distribution services using Group bases in each field

Years of know-how on a broad business range from production to distribution

Teams and individuals with expertise

NC2026 segment growth strategy

Core

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

Growth

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

Next

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

Accelerate growth

Investments, etc.

- Bolster business in upstream and downstream areas in the food and agriculture sectors (especially processing functions)
- Explore growth areas such as regenerative medicine

Theme 1

Growing diverse food businesses based on market needs

The food business has grown into a core business in this segment by boosting its operations across the entire supply chain of marine and agricultural products, from upstream to downstream. Recently, conveyor-belt sushi chains, which are major customers for processed marine products, have been rapidly increasing their overseas locations. While enhancing our product offerings for the domestic market, we aim to increase our market share in retail outlets and promote the development and diversification of other sales channels, including major volume retailers.

In response to the growing demand for frozen foods, driven in part by the increasing participation of women in the workforce, we are planning to bolster our product offerings. This includes considering investments in frozen broccoli processing facilities and building a supply chain, as broccoli has been included as a designated vegetable* by the Japanese government for 2026. Additionally, in the United States, we are augmenting our range of frozen products to meet the growing demand for Japanese desserts.

Furthermore, leveraging the e-commerce channels owned by our consolidated subsidiary, Daigo Tsusho, we have begun direct-to-consumer sales of products handled by the Group, such as blueberries and snow crab.

We aim to turn these shifting market needs into opportunities, responding swiftly to drive profit growth.

* Vegetables recognized by the Japanese government as requiring a stable supply due to their particularly high consumption levels.

Theme 2

Expanding regenerative medicine and natural material businesses to cultivate future earnings pillars

This segment is focusing on cultivating future earnings bases. One example is the regenerative medicine business. In FY2023, we invested in a start-up company that handles culture media for regenerative cells and began increasing sales as their distributor. We will continue to explore investments in promising companies within this field. In addition, with increasing regulations on chemically synthesized products in Europe and the United States, there is a growing need to transition the materials used in cosmetics, agrochemicals, and other products. To capture these emerging needs and prepare for the full-scale business development in the coming years, we have invested in a French start-up that specializes in natural materials.

In the environment-related business sector, we have begun boosting sales of microorganism formulation designed to reduce sludge emissions from factories. With the growing focus on decarbonization by domestic companies and municipalities, reducing sludge waste is crucial for cutting CO2 emissions. As a result, we have begun expanding sales to a broad spectrum of factories and facilities.

We are also pursuing short- to medium-term business opportunities with immediate impact, aiming for sustainable growth. For example, in response to the need for diversifying sources of raw materials for pharmaceutical products related to BCP, we are actively exploring new manufacturers and addressing supply needs in new regions.

Plastics

Koji Nakano
Managing Executive Officer

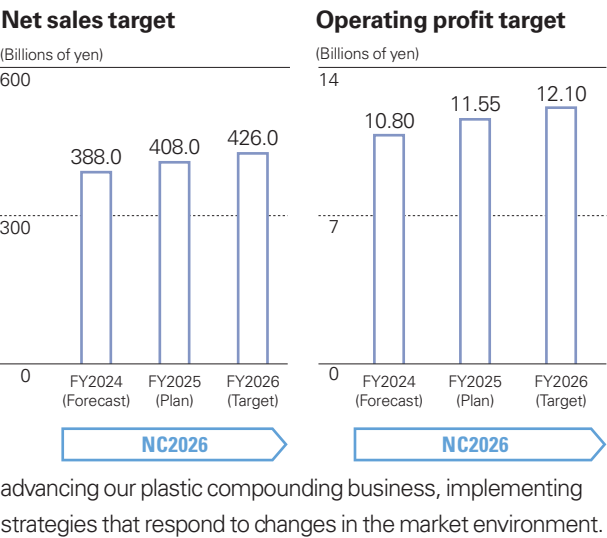
NC2023 overview and NC2026 targets

Enhancing compounding and strengthening market adaptation

During NC2023, a key achievement was the steady growth of business for the automotive field. Notably, sales in the domestic market have significantly increased, leading to improved recognition in the industry. At the same time, we have been laying the groundwork for the recycling business over these three years, and are now beginning to see the fruits of our efforts.

As consolidation within the automotive industry and related suppliers accelerates, increasing transactions with overseas companies, in both procurement and sales, will be key, in addition to continuing our focus on dealings with Japanese suppliers.

Under NC2026, our core focus will be on expanding the business areas and product lineup for the automotive industry overseas. We will also work on developing our recycling business and



Business environment (opportunities/risks) and strengths

Materials for automobiles

Molding materials

OA, electrical and electronic products

Films and sheets

Sporting goods

Business environment (■ Opportunities ◆ Risks)

■ Need for environmental considerations with weight reduction and the shift to EVs ■ Expansion in demand for materials due to compositional changes in automobile industry ◆ Industry-specific quality standards and supplier responsibility	■ Potential for expansion of overseas business ■ Withdrawal of a major general trading company that was a rival ◆ Fluctuations in domestic demand ◆ Restructuring among resin material manufacturers on a global level	■ Stable demand among Japanese OA device manufacturers ■ Addressing the shift toward higher value-added offerings	■ Potential for developing new markets for sheet products ◆ Intensifying competition for film products in domestic market	■ Expansion of global market ◆ Shrinking domestic market due to diminishing population
■ Growing needs for recycled plastics				

Strengths

● Detailed local response capability using network of bases around the world ● Ability to provide added value including plastic compounding in own factories and vendor management inventories (VMIs)	● A client base built over the Company's long history	● Ability to propose mono materials and eco materials from outside of Japan ● Ability to develop and propose new products using own manufacturing bases in Japan and abroad	● High share in niche markets
--	---	--	-------------------------------

NC2026 segment growth strategy



Theme 1

Bolstering existing core businesses, including automotive resin

Currently, three-quarters of the resin business for the automotive industry in this segment comes from overseas sales, with approximately 80 % of the total sales directed toward Japanese companies. However, in light of the global consolidation of the automotive industry and resin suppliers, increasing sales to non-Japanese companies is also essential for sustainable growth. While our focus has been on ASEAN until now, we are planning to strengthen our presence in rapidly growing automotive markets such as India and Mexico, and to explore new opportunities in untapped regions, including Africa and the Middle East. Furthermore, while maintaining a focus on electrification products, we will expand our lineup to provide a comprehensive response to clients' needs and market changes.

In the plastic compounding business, production volume for FY2023 has declined to approximately two-thirds of its peak level. Going forward, we aim to position ourselves as a compounder that proposes and produces our own grades, or varieties, thereby enhancing business profitability. As part of this effort, we are advancing initiatives to enhance value through collaboration and co-creation, including the establishment of a joint venture with Daicel Corporation announced in March 2024. Our aim is to strengthen our technological development capabilities, improve production efficiency, and advance quality management.

Theme 2

Expanding environment-related business with a focus on material recycling

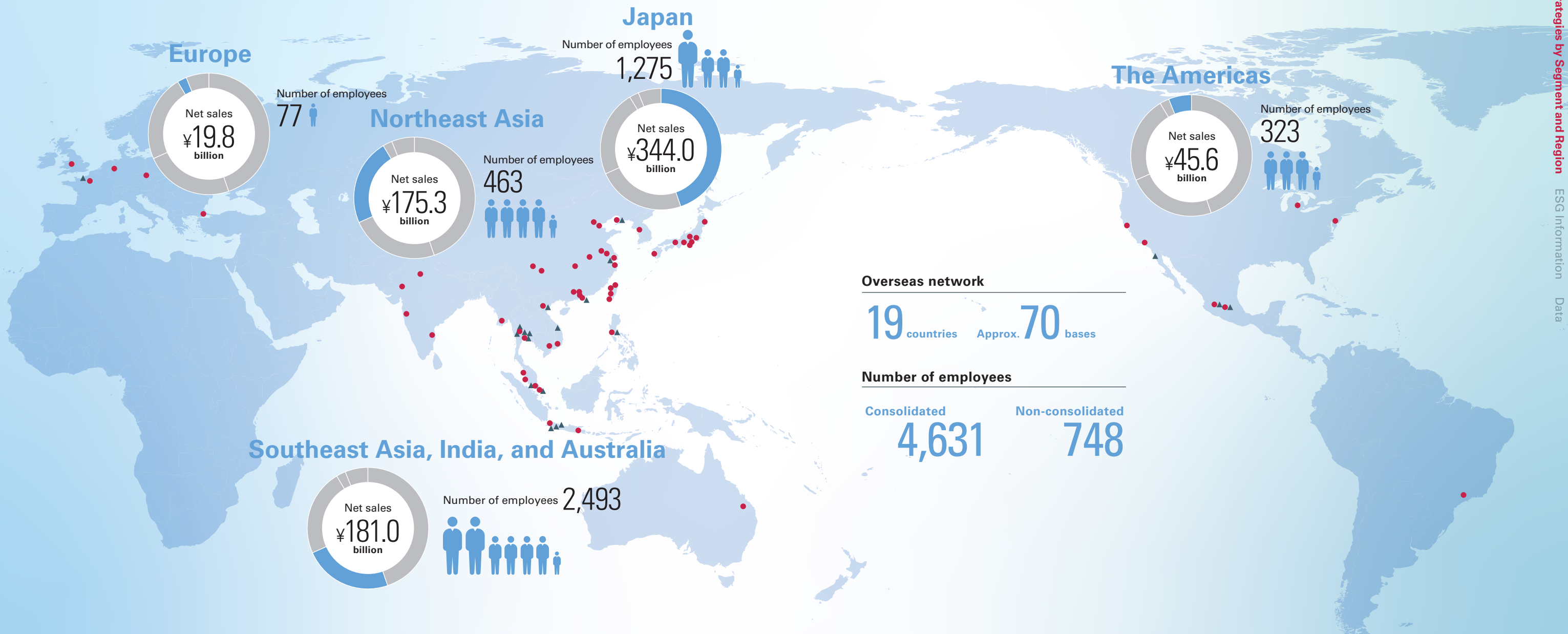
In this segment, we are developing a material recycling business that reuses waste plastics generated during the plastic manufacturing process, as well as used plastics, and are achieving steady business growth. However, while the demand for recycled plastics in Japan is high and profit margins are better than those of our other businesses, there is still a need to uncover new users, which remains a challenge for the future. On the other hand, sales to overseas markets have also begun, and we will consider horizontally expanding this business into regions where Inabata has offices.

There is also growing demand for chemical recycling, particularly among chemicals manufacturers. We are currently investing in businesses that convert waste plastics into oil for use as an alternative to biofuels, thereby laying the foundation for expanding our recycling and green businesses.

Furthermore, film, sheet, and sporting goods offer the advantage of scale that allows for a vertically integrated business model, leveraging the Group's domestic and overseas production and sales network. Although the market is contracting and the number of industry players is decreasing, we see this as an opportunity to further increase our market share and earnings. We will implement measures to strengthen collaboration between Group companies and enhance production capacity.

Inabata’s network extending across approximately 70 bases in 19 countries worldwide

Sales and number of employees by region (FY2023 or as of March 31, 2024) ● Trading base ▲ Manufacturing & processing base



Europe	Southeast Asia / India / Australia		Northeast Asia	Japan	The Americas
Germany Dusseldorf	Singapore	Thailand Bangkok, Samut Prakan (suburb of Bangkok), Ayutthaya, Sriracha (suburb of Laem Chabang), Chonburi	China Hong Kong, Shanghai, Wuxi, Ningbo, Chengdu, Nanjing, Hefei, Chongqing, Beijing, Dalian, Tianjin, Guangzhou, Dongguan, Wuhan, Shenzhen	Tokyo, Osaka, Nagoya, Iwate, Shiojiri, Shizuoka, Hamamatsu, Kirishima (Locations of sales and marketing offices only)	United States New York, Los Angeles, Detroit, Novato (California)
France Suburb of Paris Normandy	Malaysia Kuala Lumpur Penang, Johor	Myanmar Yangon	Taiwan Hsinchu, Tainan, Taichung, Taipei		Mexico Queretaro, Tijuana, Silao
United Kingdom Shrewsbury (suburb of Birmingham)	Indonesia Jakarta, Surabaya Bekasi (suburb of Jakarta)	India Gurugram (suburb of Delhi), Chennai, Pune, Ahmedabad	South Korea Seoul		Brazil Sao Paulo
Turkey Istanbul	Philippines Binan (suburb of Manila)				
Czech Prague	Vietnam Hanoi, Ho Chi Minh City, Haiphong, Da Nang, Duc Trong	Australia Brisbane			

(As of July 1, 2024)

Southeast Asia and India

Net sales 181.0 billion yen

Operating profit 6.9 billion yen

Consolidated number of employees 2,493

We have 11 manufacturing and processing bases in the region and are focused on expanding business in each segment.



Koji Nakano
Managing Executive Officer
General Manager,
Southeast Asia

Southeast Asia is an important region where our processing bases for plastic compound, our key business, are concentrated. We produce plastic compound products, mainly for the three major fields of electric and electronic products, OA, and automobiles and motorcycles, at 34 bases across 9 countries. We will further cultivate Southeast Asia's rapidly growing automotive business while focusing on developing new products in the energy, food, and agriculture fields. Within the energy field, we will particularly work on products that reduce environmental impact, mainly those related to recycling and solar power. The growing economy of India is of utmost importance. In addition to existing plastics-related business, we are working on expanding the chemicals and information & electronics areas, with a plan to enhance our workforce and the organization in India.

Business

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

Action

Initiatives for a decarbonized society

As part of the sustainability strategy in our medium-term management plan NC2026, we began processing garbage bags containing biomass materials at our manufacturing companies in Japan and overseas, and began selling these to the Japanese market. In Thailand, we launched a resin recycling and processing plant and began sales domestically in the country. We will also utilize the manufacturing functions at a new company launched in Japan to develop plastic of various grades. We will contribute to building a sustainable society by developing environmentally friendly products while launching sales activities in India, such as those related to solar power generation.



Northeast Asia

Net sales 175.3 billion yen

Operating profit 3.6 billion yen

Consolidated number of employees 463

We are expanding Inabata's core businesses by harnessing our network spread over 20 cities in China, Taiwan, and South Korea.



Takaharu Ookura
Executive Officer
General Manager,
Northeast Asia

In this core region that accounts for 23% of our consolidated net sales, we offer businesses leveraging our network spread over 20 cities in China, Taiwan, and South Korea. Starting mainly with FPD components, we are focused on plastics for automotive, OA, and electric and electronic products. We expect further increase in profits in our China business, where we seek to proactively invest our management resources in growth sectors, such as semiconductors, energy, EV and mobility, medical products and medicine, agriculture and food products, high-tech materials, and environment-related products.

Business

- Plastics for the mobility, OA, electric and electronic, and home appliance areas
- Components for FPDs
- Functional chemicals compliant with environmental regulations

Action

Strengthening collaboration with business locations and divisions to expand sales

In the Northeast Asia region, which has undergone significant change in the business environment, we will expand sales in the mobility and semiconductor sectors by strengthening collaboration among locations and divisions within the region and offering products with new supply chain functions that only we can provide. We will also increase exports of Chinese-made chemicals, plastics, and environmental products.



The Americas

Net sales 45.6 billion yen

Operating profit 0.7 billion yen

Consolidated number of employees 323

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



Max Inoue
General Manager,
The Americas

We are involved in businesses in the automotive, environmental and energy, food products, and life sciences fields, which are our key areas. We mainly deal in electronics materials, functional chemicals, plastics, and digital printing materials. In addition, we are developing food-related businesses at a subsidiary, DNI Group, LLC. Our theme is to expand the plastics business throughout the region of North America, as we have expanded into home appliance and aviation businesses, among others, in addition to selling plastics for the automotive industry in Mexico. In Brazil, we are focused on selling plastics for automobiles and motorcycles, and functional chemicals.

Business

- Electronics materials (including those related to semiconductors)
- Digital printing material (inkjet, toner)
- Functional chemicals
- Plastics
- Processed products in agriculture and marine industries
- Components related to the environment and energy industry (including those for EV batteries and solar power)
- Materials for pharmaceutical products

Action

Improving production facilities at our plastic compounding factory in Mexico

In Mexico, which is continuing to grow as a major production base for automotive parts in the Americas, we will move forward with investments to improve the production facilities at our Company's plastic compounding factory (IK Plastic Compound Mexico, S.A. de C.V.), and aim to expand our sales base for plastics products by integrating manufacturing and sales.



Europe

Net sales 19.8 billion yen

Operating profit 0.7 billion yen

Consolidated number of employees 77

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



Kenichi Oba
President,
Inabata Europe GmbH

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

Business

- Inkjet products and materials
- EV-related products
- Medical products, materials for cosmetics
- Functional chemicals
- Hydrogen-related products
- Synthetic resins (automobiles, recycling)

Action

Focusing on the development and sale of natural materials with technology from investee start-ups

In France, we have invested in Antoféol, a start-up with unique technology capable of efficiently generating plant extracts. We are focusing on developing natural material products that are eco-friendly, upcycling in nature, and sustainable. Our aim is to expand our business in a wide range of areas including cosmetics, fragrances, food products, living environments, and life sciences.



Sustainability at the Inabata Group

People come first, based on the spirit of “love (*ai*)” and “respect (*kei*),” and together we strive towards contributing to the development of society. This is the management philosophy we have adopted, and we have continued to manage our business with respect for people, founded on trust. We believe that this philosophy of respecting people and society can contribute to making a sustainable society a reality, which is the goal of the world today. Social issues that need to be addressed, such as environmental conservation, respect for human rights, consideration for employees’ working environments, and

fair business transactions, pose significant risks to future corporate activities. However, by proactively selecting appropriate responses, we believe these challenges can become great opportunities for the sustainable growth of the Group. Accordingly, we are focusing on sustainability as a major issue for management.

We aim to enhance corporate value over the long term and achieve a sustainable society through all our business activities, ensuring that we remain a trading company essential to society across generations.

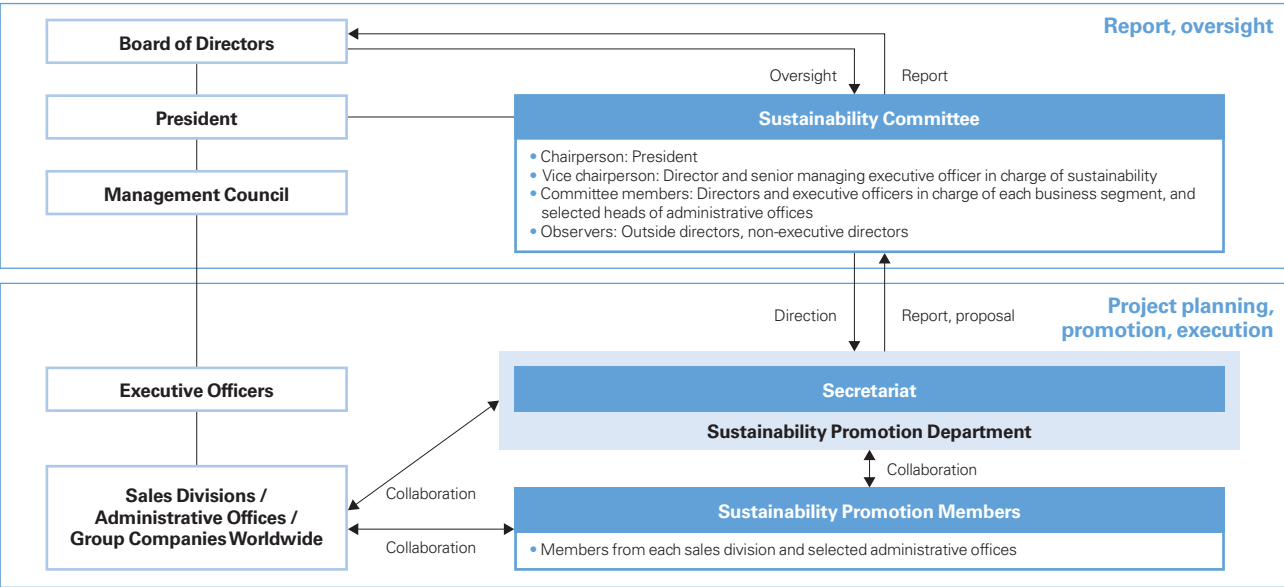
Governance

We have established the Sustainability Committee, which is chaired by the President. The vice chairperson is the director and senior managing executive officer in charge of sustainability. The committee also includes one director for each of the four business segments, two executive officers, and six heads of key administrative offices. In addition, seven outside directors and two non-executive directors participate as observers, providing necessary advice. The participation of all directors in the Sustainability Committee ensures that the Board’s oversight responsibilities are effectively carried out.

In principle, the committee meets at least once a year and holds extraordinary meetings as necessary. It formulates, authorizes, and monitors the Group’s sustainability policies and measures.

We have also stipulated in the Regulations of the Board of Directors that the director in charge of sustainability is to report on the status of sustainability initiatives to the Board of Directors. The content of deliberations and examinations at the Sustainability Committee is appropriately reported through the above process and is subject to oversight by the Board of Directors.

Sustainability promotion system



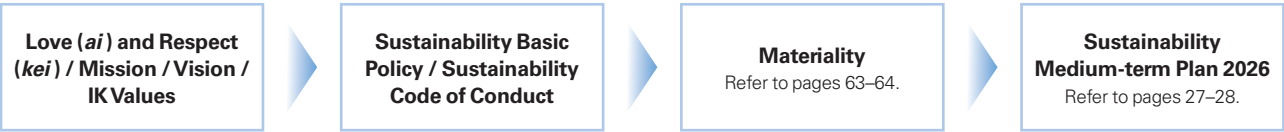
Main sustainability-related matters discussed by the Sustainability Committee and reported to the Board of Directors

FY2021	Establishment of Sustainability Basic Policy and Code of Conduct / Establishment of Human Rights Policy
FY2022	Participation in the United Nations Global Compact / Carbon Neutrality Declaration 2050 / Identification of materiality / Information disclosure in accordance with TCFD recommendations / Status of external ESG evaluations / Progress on calculation of GHG emissions (Scope 1, 2, and 3) and TCFD-compliant scenario analysis / Progress on human rights due diligence
FY2023	Information disclosure in accordance with TCFD recommendations / Calculation of GHG emissions (Scope 1, 2, and 3) / Endorsement of TCFD and TCFD Consortium / Progress on human rights due diligence / Sustainability Medium-term Plan 2026 / Carbon Neutrality Transition Plan / Status of external ESG evaluations

Sustainability promotion overview

Based on the Sustainability Basic Policy and Sustainability Code of Conduct, which are aligned with our Group’s spirit of love (*ai*) and respect (*kei*), IK Values, and changes in the external environment, we will steadily advance the

Sustainability Medium-term Plan 2026, focusing on materiality identified as key issues for the Group, while considering risks and opportunities.



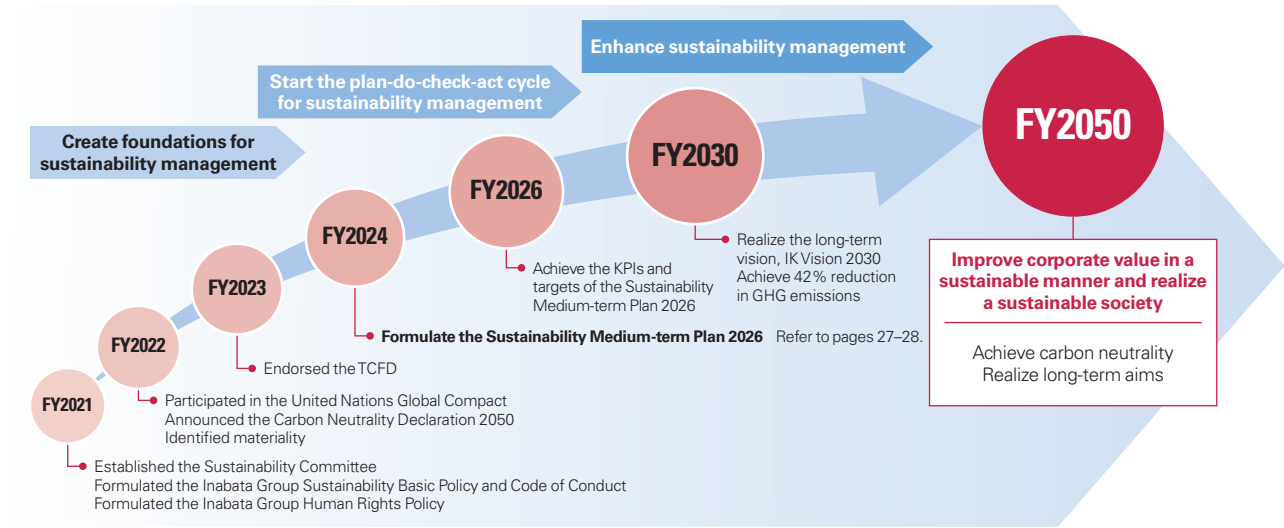
Information disclosure

To ensure high transparency, we are committed to actively disclosing our sustainability policies, plans, and activities. A wealth of information can be found on the Sustainability page of our website.

Inabata Group Sustainability page
<https://www.inabata.co.jp/english/sustainability/>

Structure of Sustainability page

Top Commitment	
Sustainability at the Inabata Group	Basic Policy / Code of Conduct / Promotion System (Governance), Materiality, Participation in Initiatives, External Evaluations
Environment	Environmental Management, Climate Change, Prevention of Pollution and Resource Circulation, Conservation of Water Resources and Biodiversity, Environment-related Business
Social	Labor Practices, Human Resource Development, Diversity and Inclusion, Occupational Health and Safety / Health and Productivity Management, Human Rights, Supply Chain Management, Local Community / Social Contribution Activities
Governance	Corporate Governance, Risk Management, Information Security / Promotion of DX, Compliance / Anti-corruption
Sustainability Data	



Materiality

In June 2022, we identified materiality (material issues) for sustainable growth. This process involved assessing their significance by considering both risks and opportunities.

The Group’s material issues were evaluated based on their

importance from the dual perspectives of financial and non-financial impacts. In terms of financial impacts, we expect three material issues related to “Creating sustainable value” through the provision of products and solutions to have short-term and direct impacts on the

Group. Conversely, three material issues related to “Strengthening the foundation for business continuity,” which underpins our corporate activities, are anticipated to have medium- to long-term and indirect effects.

In the Sustainability Medium-term Plan 2026 announced in May 2024, we reorganized and disclosed the risks and opportunities associated with each material issue.

Note: For details on how we identify material issues, explanations of those issues, and related segments please refer to the Sustainability page of our website.
https://www.inabata.co.jp/sustainability/about/materiality/ (in Japanese only)



Materiality: Risks, Opportunities, and Main Initiatives

Creating sustainable value				
Contributing to a decarbonized and circular society; sustainable use of natural capital				
Risks	Opportunities	Main initiatives	Response	
			Risks	Opportunities
<ul style="list-style-type: none">• Rising costs associated with stricter policies, laws, and regulations for climate change• Lower earnings associated with stricter policies, laws, and regulations and lower consumer demand for petroleum-based plastics• Lower earnings associated with changes in production areas, yield, quality, etc., of agricultural and marine products due to climate change• Reputational decline and exclusion from supply chains due to inadequate disclosure of climate change impacts and natural capital use• Damage to Company bases and supply chain disruptions due to intensifying extreme weather events• Reputational decline due to greenwashing	<ul style="list-style-type: none">• Growing demand for renewable energy and batteries• Growing demand for products adapted to changing corporate and consumer behavior associated with global warming• Growing demand for biomass, recycled, and biodegradable plastics and the like• Growing demand for sustainable agricultural and marine products• Higher corporate evaluation owing to the consistent promotion of environmental activities and appropriate information disclosure	■ Promote activities to reduce GHG emissions toward carbon neutrality	⊙	⊙
		■ Introduce renewable energy	⊙	⊙
		■ Disclose information appropriately in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and other rules	○	○
		■ Expand sales from the environment-related business (e.g., clean technology)		⊙
		■ Acquire sustainability certifications		○
		■ Formulate, revise, and operate business continuity plans (BCPs)	○	○
■ Diversify suppliers and outsourcing partners, and decentralize inventories	⊙	⊙		
Contributing to safety, security, and well-being				
Risks	Opportunities	Main initiatives	Response	
			Risks	Opportunities
<ul style="list-style-type: none">• Rising costs and exclusion from supply chains associated with stricter policies, laws, and regulations for chemical substances• Rising costs at manufacturing bases associated with stricter regulations concerning product safety and quality• Exclusion from supply chains as a result of inadequate measures or information management concerning product safety and quality in the trading company business• Reputational decline and higher litigation risk as a result of inappropriate responses to local communities and residents concerning environmental and other aspects at manufacturing bases	<ul style="list-style-type: none">• Growing demand for businesses related to safe and reliable foods as a result of changing consumer needs• Growing demand for the life sciences business as a result of the spread of infectious diseases and their prevention• Growing demand for environmentally and socially conscious components, etc., in the mobility-related business• Higher reputation and credibility as a result of appropriate disclosure and sharing of information about safety and security in the value chain based on recognition that products are ultimately provided to consumers	■ Strengthen management of compliance with chemical substances regulations	⊙	⊙
		■ Strengthen product safety, quality control, and the pertinent measures required of a trading company	○	○
		■ Strengthen supply chain and value chain management	⊙	⊙
		■ Expand the food-related business		⊙
		■ Expand the life sciences-related business		⊙
		■ Expand the mobility-related business		⊙
Providing value through resilience in procurement and supply functions				
Risks	Opportunities	Main initiatives	Response	
			Risks	Opportunities
<ul style="list-style-type: none">• Supply chain disruptions due to natural disasters, infectious diseases, and other emergencies• Supply chain disruptions due to geopolitical risk• Supply chain disruptions as a result of inadequate measures to manage inventories, transport, and outsourcing partners• Reputational decline and exclusion from supply chains as a result of inadequate efforts to source minerals responsibly• Reputational decline and exclusion from supply chains as a result of inadequate measures to address human rights risk in the supply chain• Reputational decline and exclusion from supply chains as a result of inadequate measures to quantify and reduce GHG emissions (Scope 1, 2, and 3)	<ul style="list-style-type: none">• Increases in sales opportunities as a result of appropriately addressing geopolitical, environmental, social, and other global risks and providing optimal solutions for client supply chains• Greater value provision as a result of building robust supply chains that properly manage inventories, transport, and outsourcing partners• Greater resilience in business activities owing to the appropriate formulation and operation of BCPs• Higher credibility from business partners through appropriate disclosure of GHG emissions and other information	■ Strengthen supply chain management that takes account of geopolitical, environmental, social, and other global risks	⊙	⊙
		■ Formulate, revise, and operate BCPs	○	○
		■ Diversify suppliers and outsourcing partners, and decentralize inventories	⊙	⊙
		■ Appropriately respond to requests from business partners, including information disclosure and questionnaires	○	○
		■ Implement human rights due diligence (DD) in the supply chain	⊙	⊙
		■ Ensure responsible minerals sourcing	⊙	⊙

Note: The symbols in the Response column indicate the importance of the initiatives (⊙ > ○).

Strengthening the foundation for business continuity				
Respecting human rights in the spirit of love (ai) and respect (kei) and growing together with local communities				
Risks	Opportunities	Main initiatives	Response	
			Risks	Opportunities
<ul style="list-style-type: none">• Litigation risk, reputational decline, and lower productivity due to human rights violations in the Company or Group companies• Litigation risk and reputational decline due to human rights violations at bases, etc., in the local community• Operational stoppages, reputational decline, and worker shortages caused by backlash from the local community• Operational stagnation or stoppages due mainly to shrinking economy, worker shortages, and deteriorating security as a result of community erosion	<ul style="list-style-type: none">• Higher reputation resulting from corporate attitudes and actions that respect human rights• More vibrant workplaces and higher productivity through respect for human rights at the Company and Group companies• Smoother business operations as a result of building relationships of trust and growing together with the local community	■ Implement human rights DD (human rights DD digital survey) in the Company and the Group	⊙	⊙
		■ Instill the corporate philosophy and implement human rights education in the Company and the Group	⊙	⊙
		■ Strengthen compliance and anti-corruption efforts	⊙	○
		■ Raise awareness of the internal whistleblowing system	⊙	○
		■ Create opportunities to engage with external stakeholders	○	○
■ Promote social contribution activities	○	○		
Fostering and strengthening the human capital driving the value creation				
Risks	Opportunities	Main initiatives	Response	
			Risks	Opportunities
<ul style="list-style-type: none">• Lower productivity and competitiveness due to a decline in employee well-being (state of being physically, mentally, and socially satisfied)• Lower productivity and competitiveness due to a decline in employee skills and abilities• Incorrect assumptions, judgment errors, and lower competitiveness due to a lack of diversity• Lower productivity, reputational decline, and higher staff turnover due to a toxic work environment that is detrimental to psychological safety• Loss of opportunities to hire outstanding talent due to inadequate diversity and inclusion initiatives such as system designs, information transmission, and the social evaluation of companies	<ul style="list-style-type: none">• Higher productivity and competitiveness due to an increase in employee well-being• Higher productivity and competitiveness due to an increase in employee skills and abilities• Proper judgment and higher competitiveness owing to organizational diversity• Higher productivity, staff retention rates, and reputation owing to a positive work environment that is conducive to psychological safety• Hiring of outstanding talent thanks to strong diversity and inclusion initiatives such as system designs, information transmission, and the social evaluation of companies	■ Conduct organizational monitoring (e.g., employee engagement surveys) on an ongoing basis	⊙	⊙
		■ Instill the corporate philosophy that is based on the spirit of love (ai) and respect (kei)	⊙	⊙
		■ Encourage diverse work styles	⊙	⊙
		■ Hire people who have integrity and are in line with our human capital strategy	⊙	⊙
		■ Promote talent management and human resources development	⊙	⊙
■ Foster diversity and inclusion	⊙	⊙		
■ Advance health and productivity management	⊙	⊙		
Enhancing governance and risk management				
Risks	Opportunities	Main initiatives	Response	
			Risks	Opportunities
<ul style="list-style-type: none">• Occurrences of scandals, as well as lower competitiveness and management quality, due to lack of corporate governance• Increases in lawsuits and fines, along with reputational decline, due to compliance violations• Increases in lawsuits and fines, along with reputational decline, due to inadequate information security measures• Occurrences of scandals, poorer financial performance, and reputational decline due to insufficient risk management	<ul style="list-style-type: none">• Better management and higher competitiveness due to stronger corporate governance• Higher credibility and reputation due to robust compliance• Smoother business management, as well as higher credibility and reputation, due to adequate information security measures• Higher management quality, competitiveness, and reputation due to stronger risk management	■ Enhance corporate governance	⊙	○
		■ Strengthen compliance and anti-corruption efforts	⊙	○
		■ Raise awareness of the internal whistleblowing system	⊙	○
		■ Take thorough measures to ensure information security, including cybersecurity	⊙	○
		■ Tighten risk management	⊙	○

Basic concept

The Inabata Group fully recognizes the effects of climate change and the need for countermeasures, and has made it clear that the Group strives to conserve the global environment through business activities in its Sustainability Basic Policy, Sustainability Code of Conduct, and Declaration of Compliance. When we announced materiality in June 2022, we highlighted “contributing to a decarbonized and circular society” and identified global environmental problems, including climate change, as one of the key issues for management.

We consider climate change a risk to the Group, but one that also presents business opportunities. Therefore, as well as taking steps to reduce GHG emissions, we seek to provide products and solutions that contribute to a decarbonized society.

Having endorsed the recommendations issued in June 2017 by the Financial Stability Board (FSB)’s Task Force on Climate-related Financial Disclosures (TCFD), we work to develop appropriate understanding of the impact of climate change on our business activities and disclose the details of such impact.

For the complete “Information Disclosure Based on TCFD Recommendations” released on June 24, 2024, please refer to the Sustainability page of our website.
https://www.inabata.co.jp/english/sustainability/environment/climate_change/



Governance

The formulation, approval, and monitoring of policies and initiatives related to sustainability, including climate change, are carried out by the Sustainability Committee, chaired by the president of the Company. All directors

participate as members and observers, fulfilling the Board of Directors’ oversight function regarding climate change through this committee.

Note: Please refer to Sustainability Management on pages 61–62.

Strategy

The Inabata Group strives to understand the business risks and opportunities arising from the transition risks and physical risks of climate change, and to reflect this in the formulation of climate change countermeasures and business strategies.

In addition to 2030, which is the year for achieving our long-term vision, IK Vision 2030, the scenario analysis below assumes 2050, which is the year for achieving our

Reference scenarios

1.5°C scenario	IEA Net Zero Emissions by 2050	
2°C scenario (partial)	IEA Sustainable Development Scenario	RCP2.6
4°C scenario	IEA Stated Policies Scenario	RCP8.5

Scenario analysis was conducted with the following process.

(1) Visualization of the world in the future based on scenarios

(2) Analysis of impact of climate change risks in business segments

(3) Qualitative analysis of scenario and identification of key responses in business segments

(4) Calculation of financial impact (quantitative scenario analysis)

(5) Results of scenario analysis (summary)

For items (1) to (3), please refer to the “Climate Change” section of the Sustainability page of our website.
https://www.inabata.co.jp/english/sustainability/environment/climate_change/

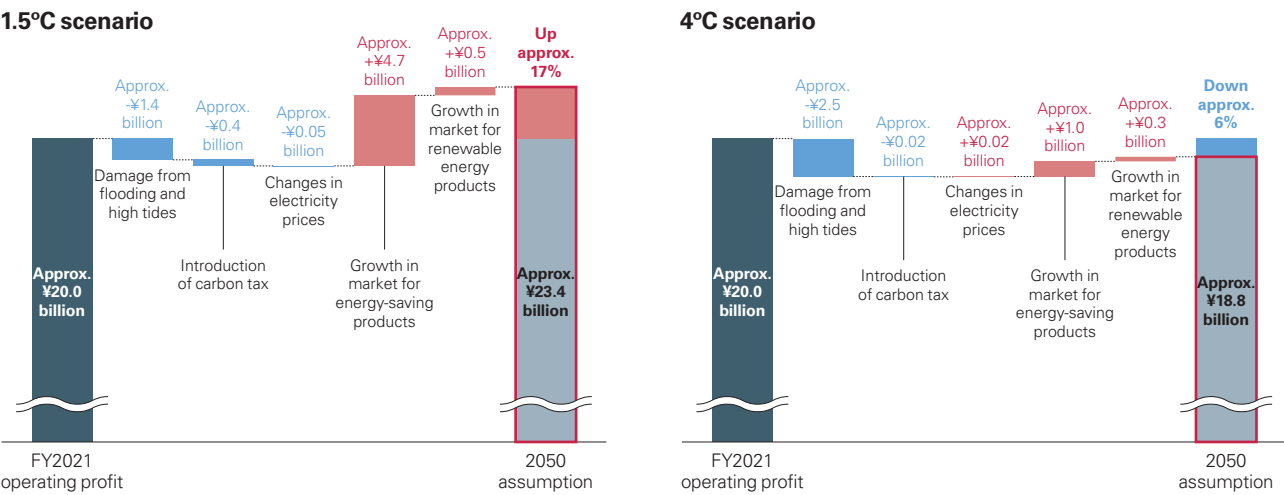
Calculation of financial impact (quantitative scenario analysis)

In addition to qualitative analysis, we also conducted quantitative analysis.

We selected the calculable risks and opportunities from the content considered in (1) to (3), and collected the Inabata Group’s performance figures and information about the forecasted future (parameters) from external

organizations for the calculation. We then calculated the financial impact of the risks and opportunities based on both the 1.5°C and 4°C scenarios.

Note that these financial impact estimates were obtained by narrowing down the scope of the analysis and establishing hypothetical situations based on the limited information and data available at this point in time.



Formula for the estimates

Physical damage from flooding and high tides	Estimates of amounts of disaster damage at each Group base by reference to <i>Manual for Economic Evaluation of Flood Control Investment</i> by the Ministry of Land, Infrastructure, Transport and Tourism. Damage information (rates of damage and number of days of business stoppage) for each base specified using the hazards map.
Carbon tax	Estimates based on GHG emissions by the Inabata Group and future CO ₂ prices.* ¹ *1 Refer to values under the Net Zero Emissions by 2050 Scenario in the IEAs <i>World Energy Outlook 2021</i>
Electricity prices	Estimates based on power consumption by the Inabata Group and future electricity prices.* ² *2 Refer to values under the Stated Policies and Sustainable Development Scenarios in the IEAs <i>World Energy Outlook 2019</i>
Diffusion of renewable energy and energy-saving products	Estimates based on projections of the Group’s related product sales as well as of future electrical capacity and market size for clean energy technologies.* ³ *3 Refer to Stated Policies, Sustainable Development, and Net Zero Emissions by 2050 Scenarios in the IEAs <i>World Energy Outlook 2021</i>

Results of scenario analysis (summary)

The results of analyses (1) to (4) are summarized below.

Regarding the 4°C scenario, whereas the Group’s bases in Japan and overseas are assumed to suffer damage due to intensifying extreme weather events, the risk is not

estimated to be so great as to significantly impact business operations. In terms of opportunities, demand for products adapted to rising temperatures and changing weather patterns is expected to increase. This has made us recognize anew the potential to contribute to society by helping society as a whole adapt to global warming

while maintaining the Group’s resilience.

Regarding the 1.5°C scenario, we identified the increase in operating costs due to introduction of carbon pricing and steep rises in the price of electricity as a risk. However, the risk is projected to be more than offset by gaining revenue opportunities from future growth in technologies and products that contribute to a low-carbon economy and reduced environmental impact. We have

reaffirmed that the growth strategy of expanding our environment-related business set out in the new medium-term management plan, NC2026, and the strategy to contribute to the global environment through business specified in the Sustainability Medium-term Plan 2026 will have a great impact on our growth in the decarbonized society of the future.

Note: For information on environment-related business, please refer to Feature 2 on pages 47-48.

Risk management

At the Inabata Group, climate-related risks are managed by the Sustainability Committee as we believe that traditional risk management methods alone are insufficient to manage long-term impacts that include elements of uncertainty. The committee deliberates risks identified and examined from both qualitative and quantitative

perspectives based on scenario analysis and monitors progress. This is reported to and overseen by the Board of Directors as necessary.

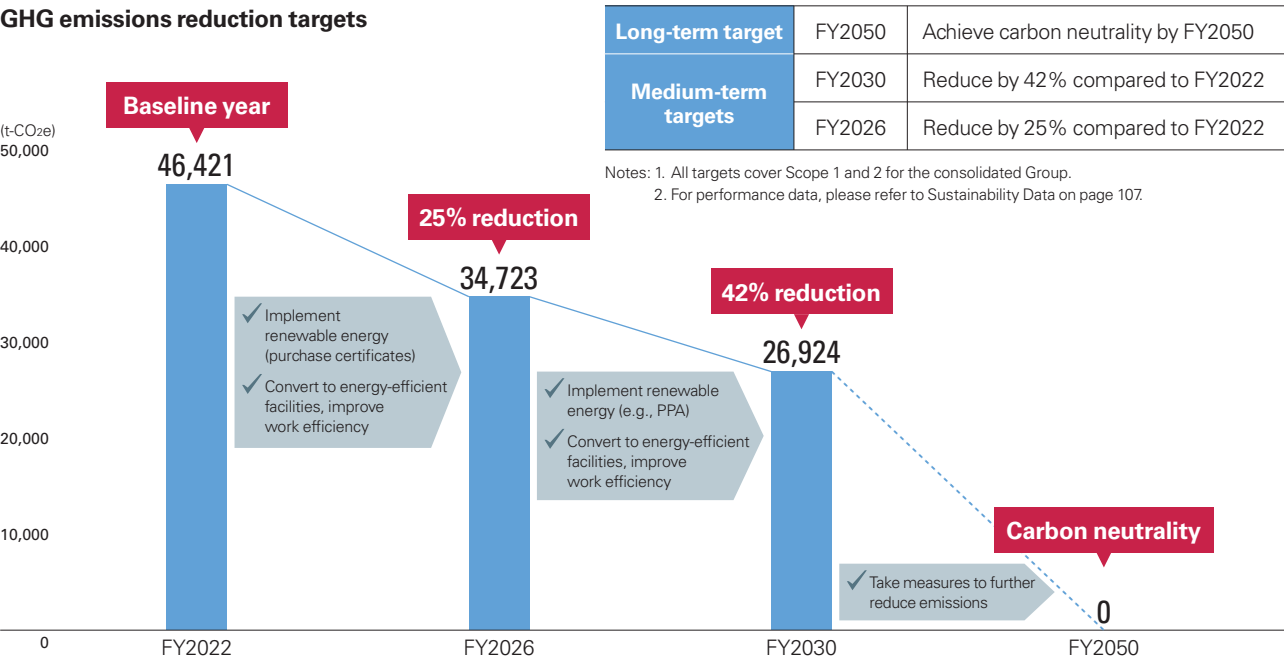
For information on company-wide risk management, please refer to Risk Management on page 100–103.

Metrics and targets

To commit to achieving the global goal of limiting the increase in temperatures to 1.5°C as stated in the Paris Agreement, the Inabata Group has set the long-term goal of carbon neutrality by FY2050, along with interim targets for FY2026 and FY2030. These targets were set in compliance with the 1.5°C goal stated in the Paris Agreement.

Going forward, in addition to reducing power consumption through efforts such as converting lights to LED, installing and switching to energy-efficient air conditioners and other equipment, and improving work efficiency, we will implement renewable energy by utilizing renewable energy certificates and other measures.

GHG emissions reduction targets



TCFD’s core elements of recommended climate-related financial disclosures and a summary of responses by the Inabata Group		
Core elements	Description	Inabata Group response
Governance	Disclose the organization’s governance around climate-related risks and opportunities.	Sustainability issues, including climate change, are deliberated and examined at the Sustainability Committee, which is chaired by the president. All directors participate in the Sustainability Committee, thereby serving the Board of Directors’ oversight function through the committee. The Regulations of the Board of Directors require the director in charge of sustainability to report to the Board of Directors on the status of initiatives to address sustainability issues. The content of deliberations and examinations at the Sustainability Committee is also reported appropriately to and overseen by the Board of Directors as part of the abovementioned process.
Strategy	Disclose the impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	<p>Regarding the 4°C scenario, whereas the Group’s bases in Japan and overseas are assumed to suffer damage due to intensifying extreme weather events, the risk is not estimated to be so great as to significantly impact business operations. In terms of opportunities, demand for products adapted to rising temperatures and changing weather patterns is expected to increase. Accordingly, it is concluded that the Group will be able to maintain its resilience.</p> <p>Regarding the 1.5°C scenario, we identified the increase in operating costs due to introduction of carbon pricing and steep rises in the price of electricity as a risk. However, the risk is projected to be more than offset by gaining revenue opportunities from future growth in technologies and products that contribute to a low-carbon economy and reduced environmental impact.</p> <p>We have reaffirmed that the growth strategy of expanding our environment-related business set out in the new medium-term management plan, NC2026, and the strategy to contribute to the global environment through business specified in the Sustainability Medium-term Plan 2026 will have a great impact on our growth in the decarbonized society of the future.</p>
Risk management	Disclose how the organization identifies, assesses, and manages climate-related risks.	<p>The Inabata Group’s Sustainability Committee manages climate-related risks. The committee deliberates risks identified and examined from both qualitative and quantitative perspectives based on scenario analysis. This is reported to and overseen by the Board of Directors as necessary.</p> <p>The Board of Directors oversees Group-wide risks of high importance in an integrated manner, taking into account reports from the Sustainability Committee as well as other risks reported by the Risk Management Office, the Financial Management Office, the Compliance Committee, and other units.</p>
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	<p>To commit to achieving the global goal of limiting the increase in temperatures to 1.5°C as stated in the Paris Agreement, the Inabata Group has set the long-term goal of carbon neutrality by FY2050 (covering Scope 1 and 2 emissions of the consolidated Group).</p> <p>In addition, we have set the medium-term target of reducing GHG emissions by 25% compared to FY2022 levels by FY2026 and 42% by FY2030 (covering Scope 1 and 2 emissions of the consolidated Group) in the Sustainability Medium-term Plan 2026. This target was set in compliance with the 1.5°C goal stated in the Paris Agreement.</p> <p>Since FY2021, we have calculated Scope 3 emissions in order to understand emissions for our entire supply chain. Currently, this applies only to the parent company, but we will expand the scope of calculations in the future.</p>

Management of Compliance with Chemical Substances Regulations

Basic concept

For the Inabata Group, which operates four segments centered around the chemicals business, proper management of chemicals and chemical substances in compliance with laws and regulations is a critical issue. While chemical substances are highly useful, they can also have adverse effects on the global environment and human health. This has led to numerous laws and regulations governing various stages such as manufacturing, sales, transportation, and storage, with handling these substances often requiring permits and approvals. Failure to address these appropriately could potentially have a serious impact on both the chemicals business and management itself. As the supply chain expands globally, it is necessary to thoroughly recognize and adequately address the regulatory environments not only in Japan but also in various countries and regions.

Development of management system

The Group has established a specialized department for chemical regulation management in administrative offices and is working to develop a chemical regulation management system that includes Group companies both in Japan and overseas.

Traditionally, we have registered regulatory information related to products we handle in the product master management system for centralized management. However, with the refresh of our global core system implemented in FY2023, we have further enhanced the management of these aspects. We updated our operations to register chemical component information as data in the product master, allowing us to manage the latest regulatory information for each product. This enables timely legal compliance with newly designated regulated substances each year.

As a trading company supporting the supply chain, we believe it is crucial to effectively transmit chemical substance information from upstream to downstream without interruption. Under the supervision of chemical substance managers, we obtain the latest versions of Safety Data Sheets (SDS) issued by suppliers and manage them appropriately within our system. Additionally, we establish procedures to ensure regular updates of SDS issued by us as importers, avoiding any omissions.

Recently, the establishment and revision of chemical regulations have accelerated globally. To address this, we are working on building chemical regulation management systems at our overseas subsidiaries. This involves implementing and utilizing tools for assessing international regulations and establishing operational rules to comply with regulations in each country.

Gradual reduction and substitution of chemical substances

We recognize that the gradual reduction and substitution of chemical substances that may pose risks to health and the environment is a significant challenge. Accordingly, we are advancing efforts such as monitoring international trends through our administrative offices, conducting internal training, and gathering information on customer requirements and alternative products through our sales divisions.

An example of this is the gradual reduction and substitution of hydrofluorocarbons (HFCs). In 1987, the Montreal Protocol, an international treaty, was adopted to regulate the use of chlorofluorocarbons (CFCs) due to their role in depleting the ozone layer. HFCs were used as replacements for CFCs, but because HFCs also contribute to the greenhouse effect, the Kigali Amendment to the Protocol in 2016 mandated a gradual reduction of HFCs as well. Our customers, who primarily used HFCs as foaming agents, have begun using hydrofluoroolefins (HFOs) as an alternative in response to the Kigali Amendment.

Supply Chain Management

Basic concept

For the Inabata Group, our supply chain is our lifeline and the foundation for creating value. We have set “providing value through resilience in procurement and supply functions” as a materiality to which we assign priority and focus. For this reason, our suppliers are important partners in creating value, and we aim for mutual growth by working together to resolve environmental and social issues.

Supply Chain CSR Action Guidelines

We have established the Inabata Supply Chain CSR Action Guidelines based on our belief in the importance of sharing values and aim for the same goals with our suppliers, who are our partners in creating value together. We aim to realize a sustainable society by cooperating with all stakeholders in the supply chain. The Group places great importance on always listening to societal demands, embracing changes, and adapting accordingly. In FY2024, we plan to reflect this approach by revising these action guidelines. This will renew our commitment as a company and provide a clearer direction.

Items of the Supply Chain CSR Action Guidelines

- Respect human rights, and avoid inhumane treatment, including discrimination and harassment
- Respect employees’ right to organize and right of collective bargaining
- Prevent forced labor and unfair low-wage labor
- Provide employees with a safe and healthy work environment
- Prevent environmental issues through measures in areas such as biodiversity and global warming
- Comply with all laws, engage in fair business transactions, and prevent corruption
- Ensure and maintain the quality and safety of products and services
- Protect information assets
- Disclose information in a timely and appropriate manner

Collaboration with business partners (warehouse management)

For the Group, logistics is a crucial function that complements our trading operations and is essential for delivering added value. We manage warehouse operations in collaboration with key external warehousing partners to provide high-quality inventory services. The Group’s contracted warehouses are regularly evaluated on various aspects, including storage environment, such as building robustness, security, disaster preparedness measures, and proper zoning, IT capabilities, business continuity planning (BCP) readiness, and warehouse management, such as safety management and entry/dispatch control.

Physical inventory checks are also conducted annually as a general rule. Personnel from sales divisions visit the warehouses to not only verify inventory quantities but also check inventory conditions, management practices, and necessary permits and approvals for the stock. In addition, representatives from administrative offices accompany as witnesses to ensure that the physical inventory is conducted in accordance with the implementation regulations and manuals.



Basic concept

Based on the spirit of respect for humanity embodied in our founding principles of “love (*ai*)” and “respect (*kei*),” we established the Inabata Group Human Rights Policy in March 2022, following a resolution by the Board of Directors. We are committed to upholding human rights by respecting the human rights of stakeholders impacted by our business activities and addressing any negative effects

on human rights resulting from our operations.

We plan to revise the Inabata Group Human Rights Policy during FY2024. This revision is intended to reflect recent social conditions, various guidelines, and the results of our previous human rights due diligence.

Human rights due diligence

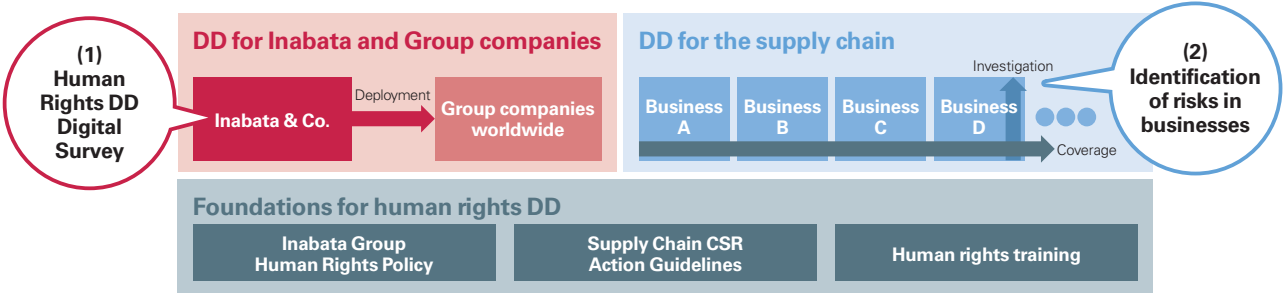
In accordance with the United Nations Guiding Principles on Business and Human Rights, we categorize our human rights due diligence (DD) into three areas: DD for Inabata and Group companies, DD for the supply chain, and foundations for human rights DD.

First, we believe it is important to identify human rights risks both at Inabata and Group companies and work to foster a culture of respect for human rights. This is to protect the human rights of our employees, which are our greatest asset, and to ensure that our own awareness of human rights has a significant impact within the Group and in our supply chain.

In addition, because the Group handles a wide range of products and solutions, its supply chain spreads across the world. For this reason, we are addressing issues related to DD in the supply chain using two approaches: one that thoroughly examines the supply chain up to upstream companies, and another that covers direct business partners, where influence can be more effectively exerted.

Here, we will report on the following conducted in FY2023: (1) Human Rights DD Digital Survey and (2) Identification of risks in businesses.

Overview of human rights DD



(1) Human Rights DD Digital Survey

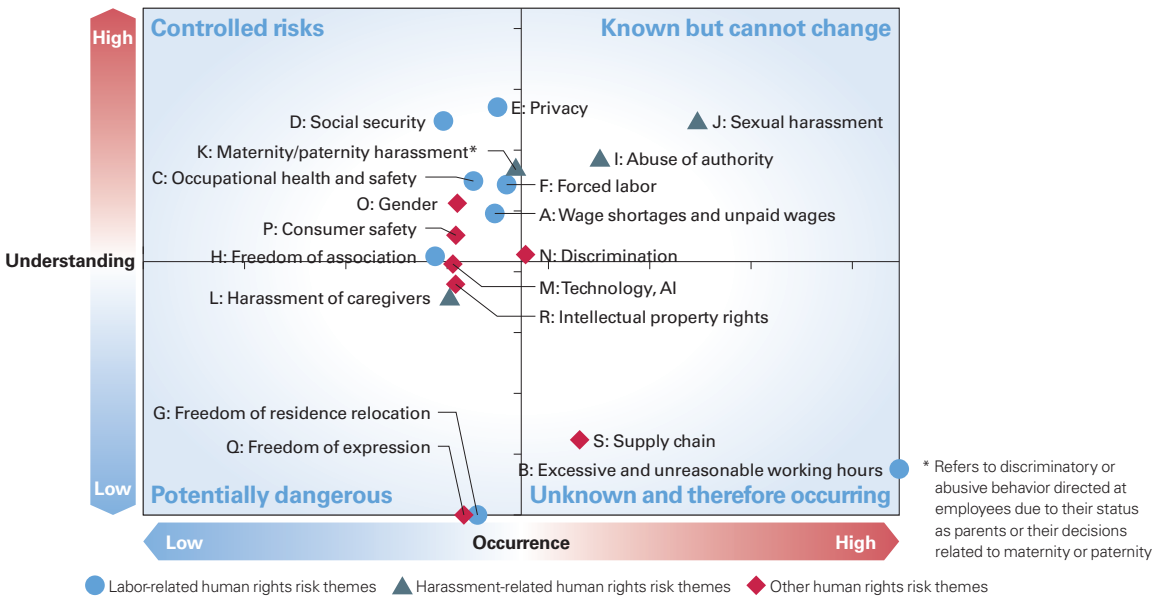
In June 2023, we carried out the Human Rights DD Digital Survey with the assistance of external experts such as SDG Partners, Inc. This survey quantitatively measures employees’ awareness of human rights risks across four evaluation criteria, with a sample size of 166 employees from Inabata & Co. The results of this survey overlap with issues previously recognized by the Company, such as harassment and awareness of the internal whistleblowing

system, reinforcing our understanding of these challenges. Therefore, while continuing with the initiatives currently in place, we will further advance our efforts by incorporating the perspective of human rights. Moreover, as this result is merely a snapshot, we plan to expand the scope to include the entire Group and monitor changes over time, as outlined in the strategies and goals of our Sustainability Medium-term Plan 2026.

Assessment items, criteria, methods, results, and response in the Human Rights DD Digital Survey

Assessment items	Criteria	Method	Results	Response
a. Categories of human rights risks	Themes with risks of human rights violations	The 25 human rights risk themes identified by the Ministry of Justice are mapped into four quadrants based on two axes: understanding and occurrence.	<ul style="list-style-type: none">Risk themes in the “Known but cannot change” category: Discrimination and harassmentRisk themes in the “Unknown and therefore occurring” category: Supply chain and excessive and unreasonable working hours.	<ul style="list-style-type: none">Continued to implement harassment training and business and human rights trainingPromoted initiatives to identify risks in businesses
b. Access to remedy	Degree of access to remedy	Evaluation of risk levels for each item using a five-point risk scale and risk percentage	<ul style="list-style-type: none">Employees are able to exercise their right to access remedies (low risk)Awareness of the Company’s response needs improvement	<ul style="list-style-type: none">Raised awareness of the proper understanding of the internal whistleblowing system and its operation
c. Psychological safety	Risk level of elements contributing to human rights risks		<ul style="list-style-type: none">Employees experience high psychological safety within the organization (low risk)	<ul style="list-style-type: none">Continued to create a comfortable working environment
d. Unconscious bias			<ul style="list-style-type: none">Unconscious bias is significantly presentHalo effect and authority bias are notably strong	<ul style="list-style-type: none">Implemented new training on unconscious bias

Four quadrants of human rights risk types and survey results



(2) Identification of risks in businesses

We identified risks in businesses with the help of outside experts. We collected data on products we handled and interviewed sales division employees to identify the state of the Group’s businesses. Using a dual axis of products and regions, we analyzed the potential human rights risks for each business with reference to international guidelines and indicators.

Conversely, in the food business and the wood-based construction materials business, it was found that information on the origin and processing stages is available, and interactions with suppliers for quality control are relatively frequent. In these businesses, risk assessments based on severity and likelihood led to the identification of agricultural and marine products from regions such as Southeast Asia as potential candidates for future due diligence.

The survey results revealed significant differences across businesses. It showed that many businesses face challenges due to complex supply chains, which make information gathering difficult and prevent a comprehensive assessment of human rights risks, such as those related to raw materials used in semi-finished products in the Information & Electronics sector. Meanwhile, the inability to obtain information itself is also a significant risk. Accordingly, we will continue to investigate and develop systems for collecting information in these areas.

Through interviews with employees of sales divisions and desktop research, it was confirmed that these products are being managed appropriately, and that efforts related to human rights by suppliers and producers, including handling certified products, are underway. Building on this, as outlined in the strategies and goals of our Sustainability Medium-term Plan 2026, we intend to select products and conduct on-site investigations during FY2024 to establish a model case for the human rights DD cycle.

Basic concept

The source of value creation at the Inabata Group is our approximately 4,600 employees in Japan and overseas. Employees will be able to work with more energy if there is a high degree of engagement (=understanding, connection, cooperation, and trust) between management and employees, between supervisors and subordinates, among employees, among departments, and among Group companies. Building on this strong trust, we believe that the

energetic and self-motivated participation of each and every employee in the organization, and their devotion to their work, will ultimately lead to the growth of the entire Group.

The Group’s human capital strategy aims to enhance employee engagement and foster organizational growth by increasing motivation and participation through diverse human resource measures.

Employee engagement survey

Since FY2021, we have conducted an employee engagement survey every May to identify changes over time. The primary goal is to discern current issues and utilize the findings for creating and improving systems and organizational development. In addition, findings on employee motivation and satisfaction with the organization are quantified and provided to supervisors, serving as a guide for behavioral change and contributing to the

revitalization of the organization.

We place significant importance on the results of this survey as a metric to assess whether our personnel and organizational image align with our vision. This has been set as a goal in our Sustainability Medium-term Plan 2026 (please refer to pages 27–28 for details).

Survey results (2021–2024)		May 2021	May 2022	May 2023	May 2024
Number of employees surveyed (people)	Total	1,400	1,697	1,901	2,714
	Inabata & Co., Ltd.	587	606	652	686
	Overseas trading companies*1	768	934	903	864
	Overseas manufacturing companies*2	45	157	346	624
	Domestic subsidiaries*3	—	—	—	540
Response rate (%)	Total	49	73	72	82
Overall average score*2		3.68	3.77	3.61	3.64
Ratio of positive responses for key items*4 (%)	Engagement I am satisfied with the work I am doing at Inabata now.	70	73	76	69
	Relationship with superiors I have the necessary collaboration with my supervisor at work.	75	80	80	73
	Organizational culture When a problem occurs in the course of my duties, my supervisor and the people around me provide appropriate support.	83	85	83	77
	Corporate philosophy I can relate to Inabata’s philosophy, vision, and management policies, and I want to participate in achieving them.	70	73	73	67
	Human resources system and benefits Inabata’s salary standards are satisfactory, compared to other companies in the same industry.	59	55	57	50
	Human resources system and training Inabata supports employee training to improve their skills.	41	48	54	51
	Work-life balance Overtime is kept to a level that is acceptable for me.	64	69	75	73

*1 Due to errors found in previous descriptions, we are providing the corrected scope and figures for the survey retrospectively. In 2021, the survey covered major overseas trading companies and certain overseas manufacturing companies in addition to Inabata. The scope was expanded in 2022 and 2023. In 2024, the survey covered domestic and overseas consolidated subsidiaries as well as other domestic subsidiaries (excluding subsidiaries consolidated in FY2023). The survey mainly targeted employees with email addresses.

*2 The average score across all items. Employees were asked to rate 39 items on a five-point scale (5. Strongly agree / 4. Agree / 3. Neither agree nor disagree / 2. Disagree / 1. Strongly disagree), and the score for each item was calculated.

*3 The proportion of positive responses, which are ratings of 5 (Strongly agree) and 4 (Agree), among the five-point scale ratings provided by employees.

Overview of 2024 survey results

In the 2024 survey, which is the fourth iteration, we expanded multilingual support and conducted the survey in nine languages. As a result, we achieved the highest response rate to date.

Moreover, while we have gradually broadened the scope of the survey since its inception, this year we expanded the scope to include all consolidated subsidiaries in Japan and overseas for the first time, allowing us to assess engagement across the entire Group.

The proportion of positive responses (ratings of 4 and 5) for the items outlined in the Sustainability Medium-term Plan 2026 has decreased compared to the previous survey. This has highlighted the issue of score variability across different regions and locations. In particular, scores related to the penetration of corporate philosophy, interpersonal relationships, and organizational culture were notably lower in some regions.

On the other hand, the average score increased slightly from 3.61 to 3.64 across the entire Group, with a small increase observed in all categories. In addition, companies where issues were identified in previous surveys saw improvements in scores due to the implementation of appropriate measures. This confirms that the survey is effectively achieving its primary objective of identifying current issues and driving improvements.

Overall, the survey indicates that scores related to career and skill development support have been maintained, demonstrating that initiatives to enhance work environment and engagement are proving effective. However, the significant expansion of survey scope has revealed a decline in scores related to resonance with corporate philosophy and support from peers. This indicates that improving engagement and satisfaction among Group companies, including newly consolidated ones, as well as the head offices, will be a major challenge moving forward.

We will continue to advance ongoing improvement efforts with the goal of creating an environment where each employee can work energetically and enthusiastically.

Overall score (2023→2024)

- 3.61→3.64 (+0.03)

Main items with improved scores (2023→2024)

- To what extent would you recommend your current workplace to close friends or family? (3.33→3.42)
- I believe that efforts are being made to train individuals for managerial and leadership roles. (3.08→3.16)
- I am satisfied with the Company’s evaluation system, which assesses based on job performance and capabilities. (3.23→3.30)

Top three items with the highest average scores over four years

- When a problem occurs in the course of my duties, my supervisor and the people around me provide appropriate support. (4.03)
- I have good interpersonal relationships at my company. (3.97)
- I have the necessary collaboration with my supervisor at work. (3.92)

Summary of previous results and responses

We have organized the summary of survey results from 2021 to 2023, the measures taken based on those results, the outcomes achieved, and our future initiatives. We are not only conducting surveys annually but also implementing new systems and measures to address the

identified issues. Some of the measures introduced to tackle those issues may not show results in the short term, but we are committed to managing them continuously with a focus on achieving medium- to long-term outcomes.

Year	Overview of survey results	Measures implemented	Future initiatives
2021	• Challenges in supporting employee skill development	• Enhanced training for management • Introduced a video learning support system that employees can freely select and use for personal development	• Further improvement of training programs • Promotion of self-development efforts
2022	• Significant improvement in response rate • High ratings maintained in areas such as interpersonal relationships and organizational culture • Partial improvement in training program items	• Implemented a new human resources system that includes career training, an internal job posting system, and a new employee rotation system	• Continued strengthening of initiatives related to training programs • Improvement measures for our human resources system and benefits where scores have declined (promotion of regional initiatives)
2023	• Increase in number of respondents and maintenance of response rate • Increase in positive response rates • Confirmation of the effectiveness of previous measures	• Launched new training programs	• Analysis of trends and causes for decreased scores, and consideration of measures to improve scores

Basic concept

As global competition intensifies, we recognize that diverse values are important for the sustainable development of our business. In the Inabata Group, employees with various backgrounds perform on a global scale.

So that each individual can fully demonstrate their strengths, we are focusing on enhancing measures and systems for fair employment, placement, evaluation, treatment, and promotion, regardless of race, religion, nationality, age, gender, sexual orientation, or disabilities.

We strive to foster an organizational culture that respects the individuality and abilities of each employee, accepts and utilizes diversity, and enables work with a sense of unity.

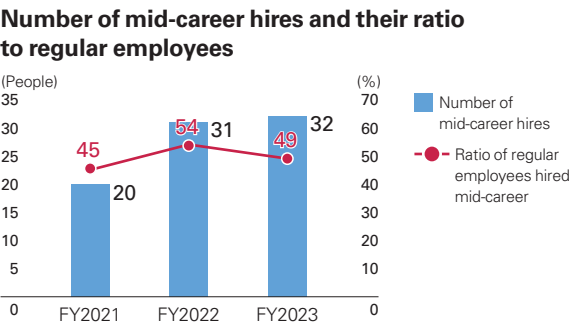
In the Sustainability Medium-term Plan 2026, we have set forth “Foster diversity and inclusion that makes the most of diverse individuals” as a strategy, along with five key goals (please refer to pages 27–28 for details of the plan).

Mid-career recruitment and promotion to management positions

We are focusing on mid-career recruitment and promotion to management positions. By incorporating experiences, values, and networks that are not currently present within the Group, we expect to introduce diverse perspectives into our business and initiatives.

The number of mid-career hires in FY2023 was 32, which accounted for 49% of the total number of regular employees hired during the same period. The proportion of mid-career hires among all employees is 34.4%, and the proportion among management positions is 30.2%, reflecting progress in their advancement. Additionally, three out of the four executive directors are mid-career hires. Among the 16 senior management positions,


including general managers, four are mid-career hires. This demonstrates our commitment to promoting diversity by including mid-career hires in senior executive roles.



Perspective from a mid-career hire

I joined Inabata in April 2022 as a mid-career hire. As a newcomer, the first thing I noticed was the diverse range of talent within the Company. It's not just about having employees from different academic backgrounds, such as humanities or sciences, but also the range of research experiences within the science field. The diversity of talent is truly impressive.

Ryunosuke Matsuya
Osaka Sales Section, Life Science Osaka Sales Department, Life Industry Division



Support for the advancement of people with disabilities

We are committed to expanding employment opportunities and improving the quality of work for individuals with various disabilities. Advancing the employment of people with disabilities contributes to enhancing corporate value, creating a diverse organization, and improving operational

efficiency and productivity, among other benefits.

As an example, to promote employee health and productivity and support the employment of people with disabilities, we opened massage rooms at both our Tokyo

and Osaka head offices in spring 2023. Individuals with visual impairments are employed as in-house health specialists in these rooms. In-house health specialists,

including those with licenses in acupuncture, massage, and shiatsu, provide massages and health advice.

Opinion of an in-house health specialist

When I joined Inabata, I felt reassured because the workplace was carefully assessed for potential risks and inconveniences. The employees naturally provide support, which enables me to engage in both work and recreational activities with confidence. Most importantly, I find great fulfillment in contributing to the health and well-being of my colleagues as an in-house health specialist.

Masami Araki
In-house health specialist, HR Management Department (Osaka massage room), Human Resources Office



Promoting the active advancement of women

We recognize that the gender gap in Japan is a significant issue for Inabata as well. We are actively promoting initiatives to create a work environment where women can thrive and to support work-life balance for all employees, including those involved in childcare and caregiving.

As an example, we introduced a new job category, the “Challenge” position in 2023. This addition complements our existing job categories: “Professional,” “Staff,” and “Assistant” positions. Professional and Staff positions are involved in core business operations, with Professional positions being managerial and Staff positions being non-managerial. The Assistant position mainly focuses on support duties. Although we previously had a system allowing transfers between Staff and Assistant roles, the requirement for transfers in Staff positions created barriers for employees moving from Assistant to Staff roles.

To address this, we established the Challenge position as a

region-specific Staff role (without requiring relocation). This new category aims to facilitate the advancement of employees in Assistant roles who have been unable to move to Staff positions due to transfer requirements. Currently, Assistant positions are predominantly held by women, so we anticipate that the initial users of the Challenge position will be women in Assistant roles. However, our goal is for this position to become a viable option for employees of all genders.

At Inabata, we have set the ratio of women in managerial positions as a key indicator in our Sustainability Medium-term Plan 2026. To increase the number of Professionals in managerial positions, we aim to enrich the pool of non-managerial Staff positions that handle core business operations. By establishing the Challenge position, we aim to further support the self-realization of employees in Assistant roles and ensure the ongoing acquisition and development of talent within the organization.

Perspective from a user of the system

After accumulating over 10 years of knowledge and experience in an Assistant position and working in a fulfilling environment, my interest in the diverse range of tasks handled by my senior colleagues gradually grew. I am grateful to be surrounded by respected supervisors and supportive peers, and I appreciate the opportunity to work together toward common goals. To further enhance my expertise and continue growing, I have decided to apply for a Challenge position.

Mutsumi Kameoka
Accounting Department II, Financial Management Office



Promoting childcare leave for male employees

With the implementation of the revised Act on Childcare Leave/Caregiver Leave, we have mandated that male employees take at least five days of childcare leave to improve the uptake of parental leave among male staff as part of our General Employer Action Plan (April 1, 2023 – March 31, 2028) based on the Act on Advancement of Measures to Support Raising Next-Generation Children.


While Inabata & Co. has previously exceeded the national average and government targets for male childcare leave uptake in certain years, the reality has been that about 95% of those taking leave only used one to three business days. By mandating a minimum of five days of leave, we aim to encourage greater involvement of men in childcare, promote gender equality, and foster a more balanced division of roles within the family. We also aim to improve employees’ work-life balance and increase their overall satisfaction.

Through various initiatives, we are committed to promoting support for balancing work and life in areas such as childcare and caregiving for all employees, regardless of gender.

Perspective from a parental leave user

Six months ago, I discussed my intention to take parental leave with my supervisor, who readily agreed. To prepare for my leave, I reviewed the status of my ongoing tasks, anticipated potential issues that might arise during the leave and devised solutions for them, and prepared and shared the necessary documents in advance. By utilizing the male childcare leave system, I was able to work from home part-time during my leave and complete the time off without major issues.


Tsukasa Sakaguchi
Tokyo Sales Section I, Specialty Chemicals Department, Chemicals Division




Perspective from the supervisor

I think it’s excellent that the parental leave system enables employees and their families to support each other during crucial times. In this instance, the employee’s thorough preparation and our department’s swift adjustments allowed us to manage the situation effectively. However, if multiple employees in the same department were to take leave at the same time, we might face more significant challenges. To enhance the system going forward, the Company should not only promote it but also be prepared to adapt policies and staffing plans as needed.

Keiji Shimoyama
Manager, Tokyo Sales Section I, Specialty Chemicals Department, Chemicals Division





Kurumin certification

On February 7, 2024, we received the Kurumin certification from the Osaka Labour Bureau, recognizing us as a company providing exceptional childcare support, awarded by the Minister of Health, Labour and Welfare.

This certification acknowledges our efforts in promoting work-life balance, supporting the early return to work for employees on parental leave, encouraging the use of annual paid leave, and advancing childcare leave for male employees through our action plan, covering from April 1, 2019 to March 31, 2023, in line with the Act on Advancement of Measures to Support Raising Next-Generation Children.

Basic concept

People are the most important asset of the Inabata Group, and human resource development and capacity building are key management themes. By providing diverse work experiences and growth opportunities, and conducting training according to role, we develop human resources who have expertise and can lead organizations and businesses in Japan and overseas. For the Group, which does business all over the world, it is an important issue to develop global staff who can coexist with the international community and create new value from a global perspective regardless of national borders.

Overseas training system

In FY2023, Inabata & Co. introduced a system for short-term overseas training. Focusing mainly on third-year new graduate employees in Staff positions, the system aims to support the career development of young employees and extensively develop human resources that can thrive globally.

By dispatching employees to overseas Group companies for a period of one to three months so that they can experience business and life overseas, we seek to develop their abilities as global-minded people.

Perspective from a system participant

In my third year with the Company, I participated in a three-month overseas training system in Malaysia. Through experiences such as accompanying expatriates and local employees to client meetings and business meals, I gained insights into the local work styles and expected roles, which made me strongly aspire to work globally as an expatriate. Also, the on-site training at our overseas factory allowed me to learn manufacturing from scratch, which has been invaluable for my sales work.

Yoshiyuki Nakamura
Sales Section II, Polymer Department II, Plastics Division I



New employee job rotation system


To broaden the perspectives of young employees, we introduced a new employee job rotation system in FY2022. This system allows all new graduates to experience both the sales divisions and administrative offices. After their initial assignment upon joining the Company, they are reassigned to the other department (sales to administrative, administrative to sales) in the following year. In the third year, they are reassigned based on their suitability and aptitude. Given the status of operations over the past two years, all new graduates in FY2024 have been assigned to administrative offices. They will spend one year learning the various functions of these offices and are scheduled to be assigned to sales divisions next year.

Voice of a participant

This system offers a wealth of learning opportunities in both the sales divisions and administrative offices. My experience in the Human Resources Office continues to be beneficial in customer interactions now that I have returned to sales. Additionally, my internal network has expanded, making it easier to resolve work-related questions. However, the one-year department rotation does limit the scope of work, and I feel there is room for improvement in the duration and number of departments involved.

First year: Plastics Division II
Second year: Human Resources Office
Third year: Plastics Division II

Kotaro Suetsugu
Osaka Sales Section, Film & Performance Materials Department, Plastics Division II



Global Staff Meeting

The Inabata Group regards human resources and information as strengths. Therefore, it is essential to improve the level of local employees working around the world to achieve long-term growth. Since 2014, we have been hosting the Global Staff Meeting to stimulate exchanges among human resources beyond national borders and cultures and to develop future leaders by sharing our IK Values. Selected local employees from around the world are invited to our Head Offices to engage

in lively discussions through group work conducted in English over two days.

Due to COVID-19 prevention measures, the event was suspended in FY2020 and was held again in October 2023 after a four-year break, with 18 members participating from both Japan and overseas. President Katsutaro Inabata also joined on the second day.

Voice of a participant

Attending the Global Staff Meeting was a wonderful experience. I met many talented and kind people, and I understood how important it is to align our personal goals with the Company's Mission, Vision, and Values. In the meeting, we created ideas for our IK branches to improve issues by living IK values. At that moment I identified the need to encourage and support our team to learn, develop and push their professional growth in a specific plan. As a result, in May 2024 we finalized our first Career Path sessions with each Inabata Mexico member where we defined the actions that will allow us to continually evolve. We are growing together!

Cindy Guerrero

Senior Manager, H.R. & Administration, Inabata Mexico, S.A. de C.V.



Health and Productivity Management

In July 2022, Inabata & Co. established the Health and Productivity Management Declaration under the president's leadership, and we are actively promoting health and productivity management initiatives.

Goals

Based on the spirit of "love (*ai*)" and "respect (*kei*)" for people, we believe that the mental and physical health of employees is a critical management issue. Employees who create new value are our greatest asset, and their ability to fully utilize their potential significantly impacts the Company's sustainable growth.

Therefore, by identifying issues related to employee health and promoting initiatives to address them, we aim to be a corporation where employees can thrive in good health and contribute to sustainable growth.

As for our materiality, we have set the goal of "fostering and strengthening the human capital driving the value creation."

Promotion system

We have appointed the president as chief health officer and the senior managing executive officer in charge of human resources as health and productivity management promotion officer. The Human Resources Office, the medical office, which includes an industrial physician, public health nurse, and nurse, and Inabata health

insurance association work together to promote employee health and productivity management. Information is shared with the individuals in charge of promoting health and productivity management as needed at employee health committee meetings, and related measures are discussed with employees.

Issues and initiatives

Issues

Compared to the average of other companies in the same industry, our company has more employees diagnosed with findings related to blood pressure, liver function, lipids, and blood sugar that can cause lifestyle disease. Therefore, our goal is to reduce employees diagnosed with findings by as much as possible. By doing so, we aim to prevent loss of labor force due to presenteeism and absenteeism*, and to have employees perform to their full ability.

* Presenteeism is a condition in which mental and physical health problems affect performance despite being present at work, and it is not possible to increase performance. Absenteeism is a condition in which work itself cannot be performed due to poor physical or mental health which causes an employee to arrive late, leave early, or to miss work, take leave, or engage in other behavior that makes it difficult to work.

Initiatives for solving issues

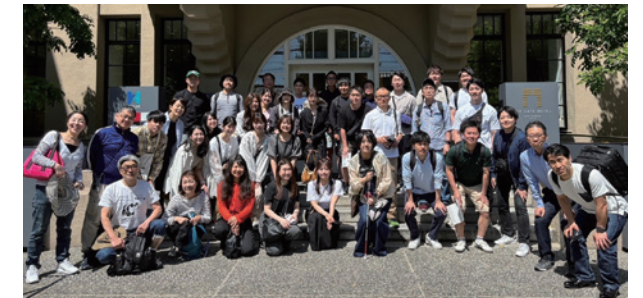
Example: Walking events

To promote continuous exercise for the prevention of lifestyle-related diseases, Inabata & Co. organizes walking events every spring and autumn, with around 200 employees participating each time. In 2023, we also supported the TABLE FOR TWO Program, a social contribution campaign by the certified NPOTABLE FOR TWO International, which donates the cost of one meal for every 7,000 steps walked by participating employees. Through this program, we contributed the equivalent of 9,442 meals (combined total for spring and autumn events) to developing countries.

In May 2024, as part of our health and productivity management and internal communication revitalization efforts, we held a special walking event exploring places associated with Inabata's founder. Thirty-nine employees participated, strolling through notable sites in Kyoto. It was a beautiful, clear day, and participants enjoyed interacting with colleagues from various departments and generations while walking nearly 10 kilometers over approximately two and a half hours. Everyone successfully completed the course.

The birthplace of Japanese cinema

The walking event started from the location Inabata's founder, Katsutaro Inabata, conducted film preview experiments.



Awata Shrine

The torii gate was donated by Katsutaro.



Finish line at the Institut français du Kansai

The academic hall that Katsutaro helped to establish



2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program

This program, jointly conducted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan Health Council), recognizes corporations that excel in health and productivity management. Inabata & Co. was certified in the large enterprise category in 2024 for the second consecutive year. Our various measures aimed at enhancing employees' mental and physical health were evaluated positively. These include proactive efforts in promoting health, such as encouraging exercise and supporting dietary habits, as well as initiatives in women's health, cancer, mental health, and work-life balance.

Directors



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



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



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



Hisayuki Suekawa*
Outside Director
Apr. 1982 Joined Shiseido Company, Limited
Apr. 2008 Corporate Officer, General Manager,
Corporate Planning Department, Shiseido
Company, Limited
Jun. 2009 Director, Corporate Officer, and General
Manager, Corporate Planning Department,
Shiseido Company, Limited
Apr. 2010 Director, Corporate Executive Officer and
General Manager, Business Planning
Department, Shiseido Company, Limited
Apr. 2011 Representative Director, President and
CEO, Shiseido Company, Limited
Apr. 2013 Senior Advisor, Shiseido Company, Limited
Jun. 2014 Outside Director, Nitta Gelatin Inc.
Jun. 2017 Outside Director, SAN HOLDINGS, INC.
Jul. 2019 Advisor, NIPPON KANZAI Co., Ltd.
Jun. 2020 Unaffiliated Director, Morishita Jintan Co.,
Ltd. (present)
Apr. 2023 Member Board of Trustees, Showa
Women's University (present)
Advisor, NIPPON KANZAI HOLDINGS Co.,
Ltd. (present)
Jun. 2024 Outside Director, Inabata & Co., Ltd.
(present)



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



Takashi Shigemori
Director
Apr. 1983 Joined Sumitomo Chemical Co., Ltd.
Apr. 2012 Executive Officer, Sumitomo Chemical
Co., Ltd.
Apr. 2016 Managing Executive Officer, Sumitomo
Chemical Co., Ltd.
Apr. 2019 Senior Managing Executive Officer,
Sumitomo Chemical Co., Ltd.
Jun. 2019 Director, Senior Managing Executive
Officer, Sumitomo Chemical Co., Ltd.
Jun. 2021 Senior Managing Executive Officer,
Sumitomo Chemical Co., Ltd.
Director (non-executive), Sumitomo Seika
Chemicals Co., Ltd. (present)
Apr. 2023 Advisor, Sumitomo Chemical Co., Ltd.
(present)
Jun. 2023 Director, Inabata & Co., Ltd. (present)



Osamu Chonan*
Outside Director
Apr. 1980 Joined Kewpie Corp.
Sep. 2008 Corporate Officer, Manager of Osaka
Branch, Kewpie Corp.
Jul. 2012 Corporate Officer, Manager of Tokyo
Branch, Kewpie Corp.
Feb. 2014 Director, Manager of Tokyo Branch,
Kewpie Corp.
Feb. 2016 Director, Executive Corporate Officer,
Kewpie Corp.
Feb. 2017 Representative Director, President and
Chief Executive Corporate Officer,
Kewpie Corp.
May 2021 Chairman, Kewpie Miraitamago
Foundation (present)
Feb. 2022 Advisor, Kewpie Corp.
Jun. 2023 Outside Director, Inabata & Co., Ltd.
(present)
Jun. 2024 Outside Director, Lotte Co., Ltd. (present)

Directors, Audit and Supervisory Committee Members



Nobukazu Kuboi
Director, Audit and Supervisory
Committee Member
Jul. 2001 Joined Inabata & Co., Ltd.
Jun. 2024 Director, Audit and Supervisory Committee
Member, Inabata & Co., Ltd. (present)



Tomokazu Fujisawa*
Outside Director, Audit and Supervisory
Committee Member
Jul. 1984 Joined Fujisawa Pharmaceutical Co., Ltd. (now
Astellas Pharma Inc.)
Apr. 1999 Director of Planning, Medical Supply Business,
Fujisawa Pharmaceutical Co., Ltd.
Apr. 2003 Assistant to CEO, Fujisawa Healthcare Inc. (now
Astellas US LLC)
Jun. 2014 Full-Time Audit & Supervisory Board Member,
Astellas Pharma Inc.
Jun. 2018 Director, Audit & Supervisory Committee
Member, Astellas Pharma Inc.
Jun. 2022 Outside Director, Audit and Supervisory
Committee Member, Inabata & Co., Ltd.
(present)



Shiho Ito*
Outside Director, Audit and Supervisory
Committee Member
Apr. 1987 Joined Toyo Trust and Banking Co., Ltd. (now Mitsubishi UFJ Trust and
Banking Corporation)
Oct. 1991 Joined Chuo Shinko Audit Corporation (later Misuzu Audit Corp.)
Jul. 2005 Partner, Chuo Aoyama Audit Corporation (later Misuzu Audit Corp.)
Aug. 2007 Joined Shin Nihon & Co. (now Ernst & Young ShinNihon LLC)
Jun. 2022 External Director, Japan Display Inc. (present)
Jul. 2022 Established Shiho Ito certified public accountant's office (present)
Dec. 2023 Supervisory Director, Nomura Real Estate Private REIT, Inc. (present)
Jun. 2024 Outside Director, Audit and Supervisory Committee Member, Inabata
& Co., Ltd. (present)



Minoru Sanari*
Outside Director, Audit and Supervisory
Committee Member
Apr. 1983 Joined Tokyo Gas Co., Ltd.
Apr. 1995 Bar admission (Daini Tokyo Bar
Association)
Apr. 2008 General Counsel, Legal Section, General
Administration Department, Tokyo Gas
Co., Ltd.
Apr. 2017 Executive Officer, in charge of Governance,
Tokyo Gas Co., Ltd.
Apr. 2019 Senior Advisor, Tokyo Gas Co., Ltd.
Jun. 2022 Outside Director, Audit and Supervisory
Committee Member, Inabata & Co., Ltd.
(present)
Apr. 2024 Special Counsel, Hayakawa Law Offices
(present)



Noriya Yokota*
Outside Director, Chairperson of the Audit
and Supervisory Committee
Apr. 1984 Joined Kirin Brewery Co., Ltd. (now Kirin
Holdings Co., Ltd.)
Mar. 2014 Executive Officer, General Manager,
Production & Quality Control Department,
Kirin Brewery Co., Ltd.
Mar. 2017 Senior Executive Officer, Kirin Holdings
Co., Ltd.
Director, Senior Executive Officer, Kirin
Co., Ltd.
Director, Kyowa Hakkō Kirin Co., Ltd. (now
Kyowa Kirin Co., Ltd.)
Mar. 2018 Director, Senior Executive Officer, Kirin
Holdings Co., Ltd.
Mar. 2022 Director, Kirin Brewery Co., Ltd.
Jun. 2023 Outside Director, Audit and Supervisory
Committee Member, Inabata & Co., Ltd.
(present)
Jan. 2024 Senior Advisor, Newton Investment
Partners, Inc. (now Japan Activation
Capital, Inc.) (present)

Koji Nakano Managing Executive Officer Plastics, Southeast Asia, General Manager, Southeast Asia	Yutaka Takahashi Managing Executive Officer Chemicals/Life Industry, the Americas, Europe, General Manager, Chemicals Division	Shinya Kawai Executive Officer Plastics (assisting), General Manager, Plastics Division I / Plastics Compound Business Office	Katsutoshi Tanaka Executive Officer President, Inabata Fine Tech & Co., Ltd.*	Tsuyoshi Maruta Executive Officer Northeast Asia (assisting) General Manager, Information & Electronics Division I
---	---	--	---	--

Koichi Noda Executive Officer General Manager, Financial Management Office	Takaharu Ookura Executive Officer General Manager, Northeast Asia	Masato Tsunoda Executive Officer General Manager, Risk Management Office	Hiroyuki Furubayashi Executive Officer General Manager, Human Resources Office
--	---	--	--

* The title of the company to which the executive officer is seconded.

* These directors meet the requirements for outside directors as defined in Article 2, Item 15 of the Companies Act as well as Inabata's criteria for independence for outside directors and the requirements for independent officers set by Tokyo Stock Exchange, Inc.

Outside Director Three-Way Talk

How has Inabata’s Board of Directors evolved in the two years since transitioning to a company with an audit and supervisory committee?

Outside directors are expected to monitor and supervise management from an objective viewpoint. We asked them how they approach this responsibility.

(The three-way talk was held in mid-May 2024.)

Osamu Chonan (left)
Director

Time in office: Jun. 2023–present

My role

I have served for many years as the head of both the manufacturing and sales divisions at a leading food manufacturer, which has played a key role in creating the market for salad food culture that supports a healthy lifestyle, particularly in Japan, China, and Southeast Asia. As an executive, I have accumulated diverse experience and knowledge, and I aim to enhance product branding from an external perspective, while elevating Inabata’s image and value.

Takako Hagiwara (center)
Director

Time in office: Jun. 2021–present

My role

Over the years, I have been involved with human resource development for manufacturing and service organizations, and I also have experience with new business creation in the global marketplace. Notably, since I have a long history with planning and promoting human resource development and organizational strategies, I would like to contribute to developing human resources and organizations that can continue to take on the challenges of changing times at Inabata.

Kenji Hamashima (right)
Director, Audit and Supervisory Committee member

Time in office: Jun. 2020–Jun. 2024

My role

I spent many years abroad and have accumulated experience with various negotiations, which I believe carries over to the *shosha*, or Japanese trading company, business. I also have experience in M&A, so I hope to offer support in the area of growth investing. That said, manufacturing and *shosha* have different perspectives, so I hope to use this as a strength in discussions and help boost the creation of new business and growth strategies.



Role of outside directors

Mr. Chonan, having served as an outside director at Inabata for around a year, what has been your impression of this experience?

Chonan

Previously, my perspective was from a manufacturer’s standpoint, which initially limited my grasp of a trading company’s operations. However, with thorough explanations, I am gaining a clearer understanding. Hearing the opinions of on-site employees and having the opportunity for discussions have also been invaluable in enhancing my insight into Inabata.

Hagiwara

Since the easing of COVID-19 restrictions, I have been able to directly meet and interact with not only the management team but also executives and employees. This has deepened my understanding of the Company on a more personal level, and I now feel a stronger sense of shared values and camaraderie.

Chonan

Inabata has a history of over 130 years. I believe that companies with such a long history typically have three major characteristics. First is having a strong philosophy, which means possessing clear guiding principles. Second is having effective systems in place. Finally, it involves having talented individuals, specifically capable management. Moreover, in the case of Inabata, the IK

Values, which embody the spirit of loving and respecting people, is deeply ingrained in its corporate mission. This reflects a focus on what is fundamentally right rather than chasing short-term profits. In this sense, I have a very good impression of the Company. I particularly admire how companies that value philosophy, an intangible asset, tend to grow and thrive over the long term.

Hamashima

However, it’s often the case that employees of long-established companies, including Inabata, may not fully recognize their company’s unique characteristics. Also, simply having a long history does not guarantee future success. It’s essential to continuously refine existing values, and I aim to assist in this process.

Hagiwara

I frequently ponder the secrets of long-lasting companies, and in the case of Inabata, I believe that the ability to embrace change is a key strength. However, as the environment evolves with an increasing number of overseas employees, the challenge now, as Mr. Hamashima mentioned, is how to enhance the Company’s strengths. To address this, it’s crucial to articulate and share what Inabata’s core values and foundations are—elements that have previously been tacit knowledge. By posing questions from an external perspective, I hope to contribute to creating opportunities for this articulation.

Transition to a company with an audit and supervisory committee

Two years have now passed since Inabata transitioned to a company with an audit and supervisory committee. What specific effects and changes have you noticed?

Hamashima

When transitioning to a company with an audit and supervisory committee, we extensively discussed how it differs from a company with an auditor committee. During this process, we decided to transfer authority to the executive side to speed up decision-making, while the Board of Directors would focus on monitoring and overseeing risks and growth strategies, advancing a monitoring-type management approach. This represents a significant change. By delegating authority, it is now possible to have more in-depth discussions on growth strategies and medium-term plans at the Board level. Additionally, there are now more opportunities for discussions involving all internal and outside directors separately from Board meetings. I also had the chance to participate in talks regarding the new medium-term management plan before its creation and contributed various opinions. It’s noteworthy how the process for making important decisions has changed.

Hagiwara

The change in organizational design has also altered the composition of the Board of Directors, increasing its diversity. Each member brings a high level of expertise and



Companies with a long history, such as Inabata, typically have three major characteristics: a strong philosophy, effective systems, and talented individuals.

— Osamu Chonan

a range of experiences. There are also now more opportunities for direct exchanges between outside directors who are and are not part of the audit and supervisory committee, leading to highly stimulating discussions. Furthermore, I have long suggested that the Company should be more proactive in its external communication, and this aspect is gradually being refined and improved. This enhancement not only benefits external understanding but also contributes to better internal understanding, creating a positive feedback loop.

Chonan

As I joined after the transition to a company with an audit and supervisory committee, I cannot compare it to the previous structure. However, from listening to both management and on-site employees, I perceive that there is still a gap between the goals set by management—what might be considered the ‘ideal’—and the ‘reality’ felt by the employees. It is our responsibility as outside directors to bridge this gap. For example, in discussing a growth strategy for the next decade, it is crucial to ensure that those who will lead and be responsible for that future are involved in the process. Objective, external perspectives are paramount in such discussions. It’s also important to focus not just on responding to change but on predicting and creating change. To drive change effectively, Inabata must first make this gap visible, which leads to actionable steps. Only by visualizing this gap in a way that employees can understand will the Company enable them to take action.

Formulation of the new medium-term management plan

Could you describe the discussions that led to the development of NC2026?

Hamashima

Earlier, I mentioned having discussions with all internal and outside directors. Similarly, for the new medium-term



Spending a full day discussing the medium-term management plan was beneficial as it allowed us to progress to the next stage of discussion.

—Takako Hagiwara

management plan, we dedicated a full day addressing segment-specific challenges, considering external factors, and debating measures for growth. For example, we discussed how to achieve numerical targets, how to allocate investments, and who would oversee PMI* if M&A were to occur.

Chonan

One of the clearest aspects of the discussion process was breaking down the segment growth strategies into “Core,” “Growth,” and “Next” and making the required investment amounts visible. Thanks to this, the talks proceeded smoothly. Given my manufacturing background, I pointed out that from a manufacturer’s perspective, some businesses inevitably have to be abandoned due to selection and concentration. President Inabata responded by noting that, as a trading company, certain opportunities have thrived precisely because they were not discontinued. This taught me about the underlying principles of being a trading company.

Hagiwara

Spending a full day discussing the medium-term management plan was beneficial as it allowed us to explore issues in greater depth than we could within Board meetings and progress to the next stage of discussion. It was also positive that sustainability-related topics were raised during the discussions, enabling us to establish a shared understanding.

* PMI (post-merger integration): A process to maximize the benefits of integration following M&A

Sustainability strategy

The new medium-term management plan highlights sustainability strategy as a key pillar. What are the most important aspects?

We aim to create a system that allows us to understand the executive officers, and their philosophies and visions.

— Kenji Hamashima



Hamashima

In terms of sustainability, it’s essential to consider whether relying only on Japanese executives is appropriate as Inabata plans its future growth. With a rising share of overseas sales, becoming a truly global company will depend on effectively utilizing global talent.

Hagiwara

There is a growing emphasis on self-directed talent development and utilization within Japanese society. Younger generations, in particular, are working with this mindset. Therefore, it is important not only to maintain the strengths of Japanese companies in nurturing, protecting, and ensuring continuity within organizations but also to create environments where individuals actively and voluntarily leverage these infrastructures. Additionally, the concept of well-being, or health and productivity management, has become an essential keyword in sustainability. I believe that leveraging Inabata’s strength in consistent and reliable execution can contribute significantly to achieving its goals related to well-being.

Chonan

Carbon neutrality is a global issue that needs to be addressed. However, Inabata cannot tackle everything at once, so it’s important to set priorities and clearly communicate in which areas it will lead. In environmental business, focusing on technologies such as using strong, thin plastics to minimize synthetic resin usage is essential. Also, collaborating with upstream manufacturers and downstream retailers to recycle plastics and link to green business initiatives could align well with Inabata’s IK business philosophy, which emphasizes love and respect.

Development of management talent

In the evaluation of the effectiveness of the Board of Directors, the development of management talent is identified as one of the key challenges.

Hagiwara

I recognize that this is an important issue. However, it is a challenging task, and currently, Inabata is in the process of identifying potential management talent among the executives. While gradual progress is being made, it needs to accelerate. Particularly, understanding and engaging with overseas talent will be a key challenge moving forward.

Hamashima

First, it is crucial to establish a process and system for developing future presidents. For instance, executive officers need to understand investor expectations, how to communicate effectively with both investors and employees, and how to address sustainability issues from diverse perspectives. Therefore, we aim to create a system that allows us to understand the executive officers, their philosophies and visions, and their achievements.

Chonan

What’s crucial is to develop a multifaceted training plan for management talent within the talent pool. This means evaluating strengths and weaknesses, such as sales achievements versus strategic business experience, and identifying gaps in experience or perspective. Over the next five to 10 years, focusing on a select group of about five individuals within the talent pool and nurturing them through a diverse and comprehensive plan will be key to advancing to the next stage.


Hagiwara

Regarding the development of management talent, discussions on how to reflect non-financial indicators in compensation have been ongoing since last year, but have not yet reached a conclusive resolution. Specific discussions on this challenge are expected to continue.

Basic concept

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

Corporate governance system (As of July 1, 2024)

Organizational design	Company with an audit and supervisory committee
Directors not on the Audit and Supervisory Committee	7 (including 3 independent outside directors)
Directors on the Audit and Supervisory Committee	5 (including 4 independent outside directors)
Chairperson of the Board of Directors	President
Term of office for directors not on the Audit and Supervisory Committee	1 year
Term of office for directors on the Audit and Supervisory Committee	2 years
Executive officer system	Yes
Voluntary advisory committees to the Board of Directors	Nominating and Remuneration Committee
Independent auditors	KPMG Azsa LLC
Corporate Governance Report	 https://www.inabata.co.jp/english/investor/library/governance/

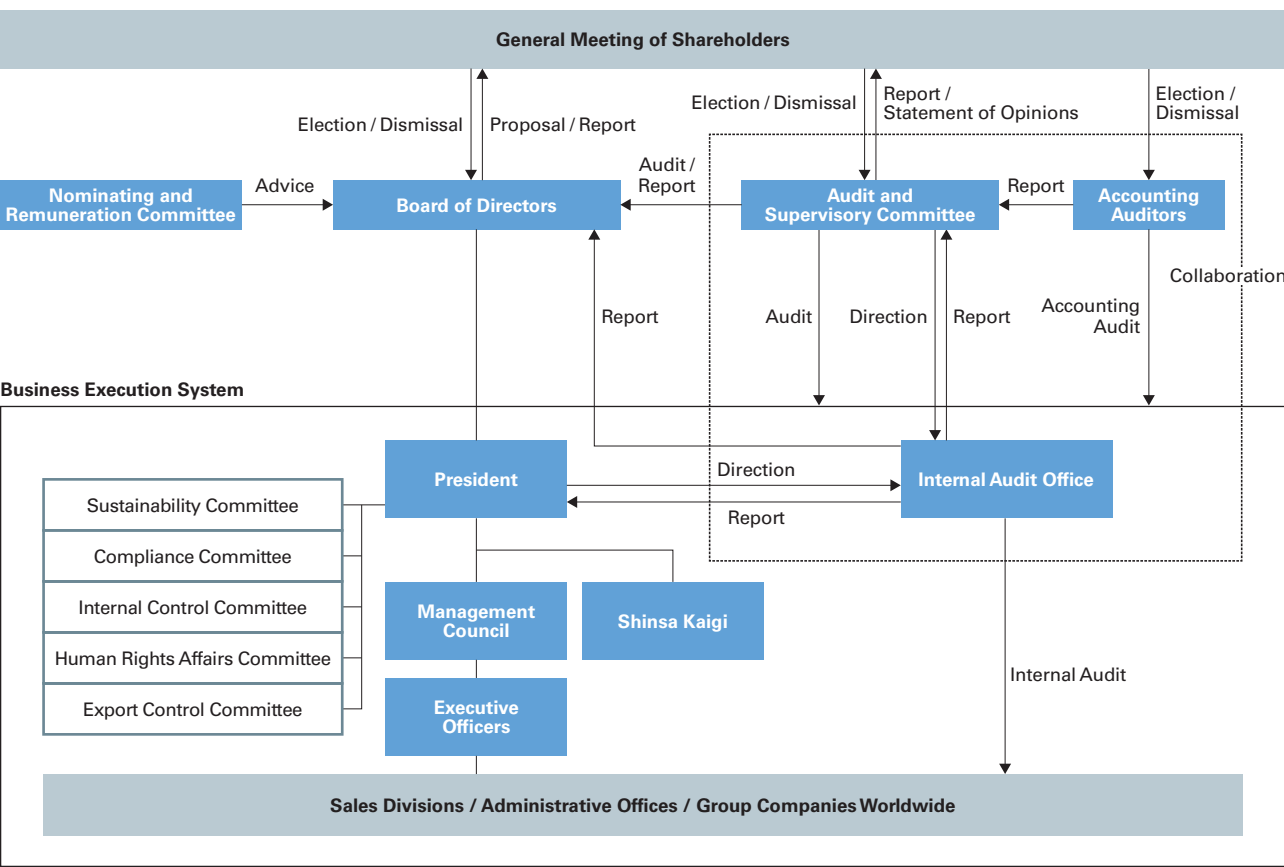
Changes in initiatives to strengthen governance

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 established Evaluation of the Board of Directors introduced ▶ P95
June 2022	Transition to a company with an audit and supervisory committee Transition to having outside directors comprise the majority of directors

Company with an audit and supervisory committee

We have positioned the enhancement and improvement of corporate governance as an important management issue, and have been working to improve the effectiveness of the Board of Directors by shifting the focus of meetings of the Board of Directors from business execution to management strategy and medium- to long-term issues. In June 2022, we transitioned to a company with an audit and supervisory committee in order to further promote these initiatives, further strengthen the Company’s supervisory function, and establish a system to accelerate management decision-making. The majority of the Board of Directors is composed of independent outside directors in order to embody a monitoring-type Board of Directors, thereby enhancing corporate value.

Corporate governance system (As of July 1, 2024)



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. The Board of Directors consists of 12 members, including seven directors who are not Audit and Supervisory Committee members and five directors who are Audit and Supervisory Committee members. Among the 12 members, seven are independent outside directors, comprising the majority. By shifting to a company with an audit and supervisory committee in June 2022, we have transitioned to a monitoring-type Board of Directors with strengthened supervisory functions and made it possible to delegate important business decisions to business executives, establishing a system that enables us to make management decisions more quickly.

Audit and Supervisory Committee

Inabata is a company with an audit and supervisory committee, and the Audit and Supervisory Committee consists of five Audit and Supervisory Committee members, four of whom are outside directors. The committee works in collaboration with the Board of Directors to oversee the executive officers and conducts audits of their business activities. Directors who are members of the Audit and Supervisory Committee are extremely well-versed in finance, accounting, and law, and are also highly independent.

Members of the Internal Audit Office are supporting the duties of the Audit and Supervisory Committee as assistant employees.



Nominating and Remuneration Committee

We have voluntarily established the Nominating and Remuneration Committee. The committee, the majority of which consists of independent outside directors and which is chaired by the lead independent outside director, reviews decisions made by the Board of Directors on issues such as the selection and dismissal of executives, the nomination of candidates for positions of director and executive officer, and the remuneration of directors. The Board of Directors strives to ensure objectivity, fairness, and transparency by fully respecting the deliberation results of the committee.

Members of the Nominating and Remuneration Committee:
Four outside directors (of these, one director who is an Audit and Supervisory Committee member)
One internal director
Chairperson: Lead independent outside director
Number of times held: FY2023 12 times

Skills Matrix of Directors

Expertise and experience required of the Company’s directors (skills matrix)

		Business and Industry Knowledge					Legal/Risk management/ Internal control	HR/Labor	IT/Digital	ESG
Name		Global management	Electronics/ Energy	Materials/ Chemicals	Food/Life	Finance/ Accounting				
Directors	Inside	Katsutaro Inabata	●	●			●	●		●
		Toyohiro Akao	●	●	●					
		Kenichi Yokota				●	●	●	●	●
		Takashi Shigemori		●		●			●	
	Outside/Independent	Takako Hagiwara*	●					●		●
		Osamu Chonan	●		●					
		Hisayuki Suekawa	●		●					
Directors (Audit and Supervisory Committee members)	Inside	Nobukazu Kuboi				●	●			●
		Minoru Sanari	●				●			
	Outside/Independent	Tomokazu Fujisawa			●		●			
		Noriya Yokota			●	●		●	●	●
		Shiho Ito*				●	●			

* Female director

Skills Matrix Approach

Our mission is that “People come first, based on the spirit of ‘love (ai)’ and ‘respect (kei),’ and together we strive towards contributing to the development of society,” and we seek to take the approach of “To continually evolve, serving clients and society, through global operations and meeting their changing needs.” We have also set forth our long-term vision, IK Vision 2030, which is how we envision ourselves around 2030, and have positioned our new medium-term management plan, NC2026, as a step toward that long-term vision.

In identifying the skills expected of directors, we have determined what skills are necessary to build a system that can fulfill the decision-making and supervisory functions related to business execution of the Board of Directors of our globally operating company, based on our Mission, Vision, our long-term vision IK Vision 2030, and new medium-term management plan, NC2026. From this perspective, we have specifically identified the skills listed on the right and developed a skills matrix.

Skills that our Board of Directors are expected to have

Global management

We are expanding our business globally, and in particular, in our long-term vision IK Vision 2030, we anticipate that the overseas business ratio will be 70% or more. From this point of view, in order to plan the future growth of the Inabata Group, we believe that it is extremely useful to appoint those who have knowledge of global corporate management as directors. Therefore, especially when inviting outside directors, we make sure to include managers of companies that are developing business globally, especially top management, or those with equivalent experience. The Global management item in the skills matrix is based on top management of a company that is developing business globally or whether the candidate has experience equivalent to this.

When judging the candidates under this requirement, Katsutaro Inabata, Osamu Chonan, and Hisayuki Suekawa all have abundant experience as executive managers in global companies, demonstrating their global management skills.

Business and industry knowledge

In managing a specialized trading firm like ours, first and foremost, vast expertise and experience in each business field is indispensable. In particular, regarding executive directors who are in charge of business execution, it is extremely important in practice to the development of the business of a trading firm like ours to hold a wide range of knowledge, experience and personal connections in each of our business fields, and when appointing executive directors, we give consideration to balance among those who have knowledge of the Company’s business fields.

More specifically, Katsutaro Inabata was engaged in the Company’s Plastics segment for many years. Toyohiro Akao was engaged for many years in the Information & Electronics segment, and then, after being appointed director, he supervised the Chemicals and Life Industry segments. These two executives possess knowledge and experience concerning different businesses of the Company.

When inviting outside directors, we give consideration to the broad knowledge and experience in various business fields, and aim to include individuals capable of providing supervision and opinions on business strategies from an objective perspective. In regard to the candidates for outside director, all of the candidates have valuable expertise in their respective fields of business gained from work at other companies.

Finance/Accounting

Financial strategy (corporate finance) in corporate management is of course important, and we believe that we need someone among executive directors who is responsible for financial strategy and can lead efforts to improve corporate value through various dialogues with investors. Kenichi Yokota has long served in management positions in the finance, accounting, and IR departments, and included in his duties, he has held dialogues with various investors and provided valuable feedback to Company management as part of his consistent efforts to strengthen corporate governance and enhance corporate value. Takashi Shigemori was engaged in the finance and accounting affairs at a global chemical company. Additionally, after being appointed director at that company, he oversaw its finance and accounting operations.

In addition, in order to strengthen the supervisory function for business execution, we believe that it is useful to include those who are familiar with finance and accounting among directors who are Audit and Supervisory Committee members without fail. Nobukazu Kuboi has long been engaged in the Company’s finance and accounting operations. After being appointed full-time audit and supervisory board member, he was engaged in the Company’s audit operations. Noriya Yokota has held the position of CFO at a major global alcoholic beverages and soft drinks manufacturer. He has extensive knowledge and experience in finance, accounting, and IR operations. Shiho Ito has specialized expertise as a certified accountant. She has many years of

experience in accounting audits at various companies, and this experience will be valuable in strengthening the Company's supervisory function for business execution.

Legal/Risk Management/Internal Control

At the Inabata Group, which is expanding its business globally, there are various risks such as credit risk of clients, risk related to business investment, potential risks associated with overseas activities, risk of fluctuations in foreign exchange rate, and risk of fluctuations in commodities markets. Therefore, risk management is extremely important for management. As director, Katsutaro Inabata has had direct control over the internal audit department, and in that capacity, he has been closely involved with risk management and internal controls. In addition, he has served for many years as chair of the Compliance Committee. Kenichi Yokota has served for many years as chair of the Company's Internal Control Committee while being directly involved in the establishment of internal control systems. After being appointed director, he has been in charge of the legal and risk management departments.

In addition, we are committed to management that emphasizes compliance above all else, and in order to strengthen the supervisory function for business execution, we believe it is useful to include those who are familiar with the law among directors who are Audit and Supervisory Committee members without fail.Minoru Sanari is a registered attorney with expertise in all aspects of corporate legal affairs accumulated through his years of work as in-house lawyer at the largest city gas company in Japan.

Additionally, we have chosen to be a company with an audit and supervisory committee with the aim of expediting management decision-making and strengthening the supervisory function for business execution. Companies with an audit and supervisory committee are required to make effective use of the company internal control system to conduct systematic audits. From this point of view, we believe that it is essential to include those who have

specialized knowledge and experience in internal control and auditing among directors who are Audit and Supervisory Committee members. Nobukazu Kuboi has been engaged in the establishment of internal control systems since the rollout of the J-SOX system. Tomokazu Fujisawa has extensive hands-on experience in internal control and auditing systems. His experience includes auditing at a major global pharmaceutical company and serving as a full-time audit and supervisory board member and a director who is an audit and supervisory committee member. Shiho Ito has extensive expertise and experience in internal control and auditing after having been engaged in internal controls and audits of various companies over many years as an employee of major audit firms.

HR/Labor

In a trading firm like ours, human resources are our greatest asset, and human resource development is an important management issue in the medium to long term. The new mid-term management plan, NC2026, places a priority on improving the well-being of employees who support our sustainable growth, promoting diversity and inclusion, further expanding health and productivity management initiatives, and making greater investments in our human capital.

To implement this strategy, we believe it desirable for directors to include those who have experience and skills in HR and labor, and we place great importance on this perspective when inviting outside directors.

During his experience as director, Katsutaro Inabata has been in charge of human resources. Kenichi Yokota currently is in charge of human resources and has extensive experience reforming various personnel systems.

In addition, Takako Hagiwara has experience in human resources management at a major global electronics manufacturer. Since her appointment as outside director, she has used her extensive experience to provide advice and insights on the

Company's human resources strategies and on the priority management issue of diversity promotion. Noriya Yokota has extensive experience in human resources and labor, having served as director of group-wide human resources and general affairs at a major alcoholic beverages and soft drinks manufacturer.

IT/Digital

The Company's new mid-term management plan, NC2026, includes a medium-term digital strategy as one of the core management strategies. The basic policy behind the new digital strategy is to enhance the management information infrastructure and strengthen Group-wide security. To implement the digital strategy and promote data-driven management and digital transformation initiatives, we need specialized expertise in IT and digital technology. In addition, threats to information security have been increasing year by year, and we believe that IT and digital skills are necessary to strengthen countermeasures against these.

Kenichi Yokota holds multiple national certifications in the IT and digital fields for information technology engineers and other experts. With that specialized knowledge, he has led many initiatives aimed at strengthening the Group's overall information security. Additionally, Takashi Shigemori and Noriya Yokota both have broad expertise in the IT and digital field, having served as CIOs or equivalent positions at major global companies.

ESG

We established the Sustainability Committee in October 2021 and consider the promotion of sustainability to be an important management issue. We also consider improving the external evaluation of ESG as an important issue. From this point of view, we believe that it is necessary to include those who have knowledge of sustainability and ESG in corporate management among directors, and take these points into consideration when inviting outside directors.

Katsutaro Inabata has expertise in all areas of ESG, having served as chair of the Company's Sustainability Committee. Kenichi Yokota has led initiatives to improve corporate governance, and while in charge of human resources, he implemented employee engagement surveys and health and productivity management programs. Through these initiatives, he has developed particular expertise in the Governance and Social aspects of ESG. Nobukazu Kuboi was closely engaged in worksite-level initiatives to introduce a corporate governance code. He has developed particular expertise in the Governance aspect of ESG.

Additionally, Takako Hagiwara has extensive experience in human resources policymaking and diversity promotion strategies. She is expected to take a leading role in making recommendations in the Social area of ESG. Noriya Yokota has been in charge of management strategies at a major alcoholic beverages and soft drinks manufacturer that has demonstrated leadership among Japanese companies for its advanced initiatives in the environmental area. He is expected to take a leading role in making recommendations in the Environmental area of ESG.

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, investment and loan projects, and credit. Its participants (including those who

join online) from across the world hold direct discussions with the management.

Number of times convened: FY2023
Management Council 13 times, Shinsa Kaigi 18 times

Audit system

Internal audits

The Company has established the Internal Audit Office under direct supervision of the president and staffed it with certified internal auditors and other qualified professionals. The Internal Audit Office is responsible for ensuring compliance with the internal control reporting system for financial reporting based on the Financial Instruments and Exchange Act, auditing to improve the governance of our domestic and overseas Group companies, and auditing compliance with the Act on Securing Quality, Efficacy, and Safety of Products Including Pharmaceuticals and Medical Devices and economic security-related laws and regulations. The Internal Audit Office regularly reports its audit plans and results to the president, the Board of Directors, and the Audit and Supervisory Committee.

Accounting auditors

Accounting audits, quarterly reviews, and internal control audits for Inabata are conducted by KPMG AZSA LLC. The Audit and Supervisory Committee formulates evaluation criteria, including assessments of independence and expertise, for the appointment and non-reappointment of the accounting auditors and makes decisions based on the evaluation results.

Structure for outside directors

In electing outside directors, Inabata aims to appoint candidates who have abundant experience and knowledge of corporate management, the ability to oversee the decision-making and business execution of the Board of Directors of the Company which conducts business on a global basis, and who provide appropriate advice from an objective perspective. The proportion of outside directors stands at 58% (seven out of 12 directors).

Cooperation among the Audit and Supervisory Committee, accounting auditors, and the Internal Audit Office

The Audit and Supervisory Committee, accounting auditors, and the Internal Audit Office collaborate through periodic reporting and discussion of audit results.

In investigating the status of our operations and assets and performing other auditing duties, the Audit and Supervisory Committee works closely with the Internal Audit Office to ensure that audits are conducted in an organized and efficient manner. The committee receives regular reports from the office regarding its audit plans and results. It may also request investigations as necessary or provide specific instructions concerning the execution of the office’s duties.

The Audit and Supervisory Committee and Internal Audit Office hold regular meetings with the accounting auditors to discuss accounting audits and quarterly review reports. While receiving timely and occasional reports from the accounting auditors regarding audits, they also share information with the accounting auditors that could be useful for the audit or that might impact the auditors’ work, based on the information obtained during the execution of their duties. This facilitates the sharing of information and coordination with the accounting auditors.

Outside directors 7

Internal directors 5

Meetings of outside directors only
Number of times held: FY2023 2 times

			Attendance status for FY2023		
Name	Autonomous	Years in office	Meetings of the Board of Directors	Nominating and Remuneration Committee	Reason for appointment
Directors not on the Audit and Supervisory Committee					
Takako Hagiwara (Leading independent outside director, Chairperson of the Nominating and Remuneration Committee)	●	3 years	100% 17/17 times	100% 12/12 times	Takako Hagiwara served as representative director of Sony Hikari Corp. and Sony Kibou Corp. (now Sony Kibou/Hikari Corp.) and currently serves as representative director of DDD Corp. and outside director of Twinbird Corp. and NEC Capital Solutions Ltd. For many years she oversaw human resources in a major global electronics manufacturer with multiple businesses including audiovisual equipment, movies, and music, and has experience in management. Inabata appointed her in expectation of gaining advice on human resources strategies and diversity promotion.
Osamu Chonan (Nominating and Remuneration Committee member)	●	1 year	100% 14/14 times	100% 10/10 times	Osamu Chonan has served as representative director, president, and chief executive corporate officer of Kewpie Corp. He currently serves as chairman of the Kewpie Miraitamago Foundation and outside director of Lotte Co., Ltd. He held positions of responsibility for many years in the sales division of a food manufacturer with a global presence centered in China and Southeast Asia, in addition to which he has also served in management, and accordingly has extensive knowledge and experience. Based on this, Inabata considered him suitably qualified and appointed him as outside director. It is expected that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of business operations from an objective perspective.
Hisayuki Suekawa (Nominating and Remuneration Committee member)	●	Newly appointed	—	—	After serving as director, corporate executive officer, and general manager of the business planning department of Shiseido Company, Limited, and subsequently as representative director, president and CEO of said company, Hisayuki Suekawa is currently an outside director of Morishita Jintan Co., Ltd., advisor to NIPPON KANZAI HOLDINGS Co., Ltd., and member board trustees of Showa Women's University. We appointed him as an outside director in light of his career background as the management of a global cosmetics manufacturer that operates in about 120 countries and regions, and his extensive knowledge and experience. We expect him to draw on the vast experience and knowledge he has accumulated as a manager to provide oversight and advice to the Company's execution of duties from an objective perspective.
Directors on the Audit and Supervisory Committee					
Minoru Sanari	●	2 years	100% 17/17 times	—	Minoru Sanari served as general counsel, legal section, general administration department for Tokyo Gas Co., Ltd. before serving as an executive officer (in charge of governance), and senior advisor for said company. He currently serves as special counsel of Hayakawa Law Offices. As he has expert knowledge and an abundance of experience from his involvement with corporate legal matters and corporate governance over the course of many years in his capacity as an attorney at the largest city gas company, Inabata appointed him in expectation of accurate auditing and supervision of overall management.
Tomokazu Fujisawa	●	2 years	100% 17/17 times	—	Tomokazu Fujisawa has served as a full-time audit and supervisory board member and a director who is an audit & supervisory committee member of Astellas Pharma Inc. He has worked as the director of planning for a business division in a global pharmaceutical company that develops pharmaceutical businesses around the world, has experience in overseas subsidiaries and auditing operations, and has served as a director who is an audit and supervisory committee member, which is why Inabata appointed him in expectation of accurate auditing and supervision of overall management.
Noriya Yokota (Chairperson of the Audit and Supervisory Committee, Nominating and Remuneration Committee member)	●	1 year	100% 14/14 times	—	Noriya Yokota has served as director and senior executive officer of Kirin Holdings Co., Ltd., director of Kirin Business System Co., Ltd., and director of Kirin Brewery Co., Ltd. and is currently a senior advisor for Japan Activation Capital, Inc. He has served as a factory manager and head of the production department at a manufacturer that produces and sells alcoholic beverages, beverages, and pharmaceuticals around the world, and after serving as manager of an overseas subsidiary of said company, he has been in charge of human resources, finance, IT, and management strategy as an executive officer. He accordingly has a great degree of insight and abundant experience. Based on this, Inabata has determined that he can be expected to provide accurate audit and supervision for the overall management of the Company and appointed him as outside director who is an Audit and Supervisory Committee member.
Shiho Ito	●	Newly appointed	—	—	Shiho Ito was a partner at Shin Nihon & Co. (now Ernst & Young ShinNihon LLC), and she is currently an outside director of Japan Display Inc., a certified public accountant at Shiho Ito certified public accountant's office, and supervisory director of Nomura Real Estate Private REIT, Inc. In addition to being a certified public accountant and having been a partner at a major Japanese audit firm, she is currently serving as an outside director of a major global LCD panel manufacturer, demonstrating extensive business knowledge in addition to expertise as a professional accountant. Based on such qualifications, we expect her to provide accurate audit and supervision for the overall management of the Company and appointed her as an outside director who is an Audit and Supervisory Committee member.

* Please refer to page 113 for more details on the attendance of all directors at meetings of the Board of Directors, the Audit and Supervisory Committee, and the Nominating and Remuneration Committee.

Training for outside directors

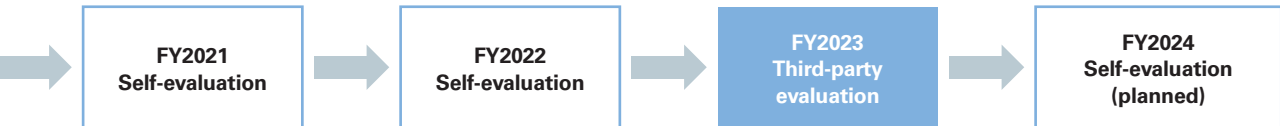
In order to deepen outside directors’ understanding of the Group’s business activities, we provide opportunities for them to meet with the heads of each division, as well as opportunities to visit overseas (including online meetings). Even after directors have assumed office, we offer and

facilitate training opportunities to help them acquire the necessary knowledge and promote an understanding of their roles and responsibilities. The status of directors’ training is reported to the Board of Directors once a year.

The effectiveness evaluation of the Board of Directors

Inabata has been conducting evaluations of the effectiveness of the Board of Directors since FY2015, with the aim of enhancing its effectiveness and transparency, and improving corporate value.

- 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.
- Third-party evaluation was carried out in FY2023.



FY2023 Third-party evaluation process (questionnaire and interview)



Questions

1. Operational status of the Board of Directors

2. Function and role of the Board of Directors

3. Composition of the Board of Directors

4. Composition and role of the Nominating and Remuneration Committee

5. Operational status of the Nominating and Remuneration Committee
6. Composition and role of the Audit and Supervisory Committee

7. Operational status of the Audit and Supervisory Committee

8. Support system for outside directors

9. Relationship with investors and shareholders

Evaluation results for FY2023

1. Target of evaluation	All current directors as of the end of March 2024 7 directors who are not Audit and Supervisory Committee members, 5 directors who are Audit and Supervisory Committee members
2. Evaluation methodology	<ul style="list-style-type: none">• An external expert was engaged as the third-party organization.• Questionnaires were distributed to the relevant parties, and individual interviews were conducted.• The third-party organization compiled and analyzed the results of the questionnaires and interviews, and reported the findings at the Board of Directors’ meeting held on March 27, 2024.• After verification by the Board of Directors of the content of the report, the direction of future measures was decided.
3. Summary of analysis and evaluation	As a result of the analysis and evaluation carried out by the third-party organization, the following points were identified concerning the awareness and way of thinking of all target directors in regard to the current status of the Company. [Evaluation of current business status and the business portfolio] <ul style="list-style-type: none">• Plastics and Information & Electronics are expected to remain the Company’s core businesses, representing its two largest segments. However, given the changes in the business environment, external factors for achieving sustainable growth need to be explained, and it is hoped that new business partners and commercial products can be derived from these businesses.

3. Summary of analysis and evaluation

- In addition to the two dominant segments, the Company is steadily developing a potential third pillar of its businesses. This development, primarily through M&A, is receiving positive recognition. For new businesses, it is necessary to visualize growth areas and set clear objectives so that the Board of Directors can appropriately monitor them.
- The Company identifies several significant risks, including potential risks associated with overseas activities, credit risk of customers, and risk related to business investments. The Company’s risk tolerance is considered adequate, being commensurate with its size and financial strength.

Status of the Board of Directors

- The effectiveness of the Board of Directors has been enhanced following the Company’s transition to a company with an audit and supervisory committee. Observations indicate that the chairman and other Board members perform their roles and functions appropriately and contribute to the Board’s ability to monitor and oversee the Company’s operational execution.
- There is an ongoing commitment to open and lively dialogue within the Board, which has demonstrated progress in understanding and discussing medium- to long-term management issues identified in the effectiveness evaluation for FY2022. This progress is exemplified by the creation of a forum for all directors to engage in discussions outside of regular Board of Directors’ meetings, particularly during the process of formulating new medium-term management plans.
- Matters related to human resources are recognized as a major management issue. The Board of Directors must discuss human resources strategies to promote the success of a diverse workforce. With regard to sustainability issues, the Sustainability Committee, with inside directors as members and outside directors as observers, holds regular discussions on sustainability, and this effort has been deemed adequate. However, there is a need for more in-depth discussions on promoting diversity within the Company and succession planning for the president and outside directors.

Status of the Nominating and Remuneration Committee

- The Nominating and Remuneration Committee is highly evaluated as having adequate discussions with appropriate membership under a clear definition of roles. The process for appointing outside directors and the status of executive compensation are also assessed favorably. However, it seems the Nominating and Remuneration Committee does not provide enough information to the Board of Directors on the content of consultations and issues to be discussed.

Status of the Audit and Supervisory Committee

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

Support system for and communication among outside directors

- The support system for outside directors is considered adequate. Improvement in communication among outside directors, identified as an issue in the effectiveness evaluation for FY2022, was confirmed.

Relationship with investors and shareholders

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

4. Future course of action

The Company will strive to further enhance the effectiveness of the Board of Directors by executing the following initiatives to deal with the issues recognized from the results of the abovementioned analysis and evaluation.

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

■ Remuneration of directors and Audit and Supervisory Committee members

A summary of information on remuneration and other benefits is as follows.

1. Remuneration for directors who are not Audit and Supervisory Committee members

(1) Fixed remuneration*1	Minimum guaranteed amount by position
(2) Performance-linked remuneration	Calculated by multiplying the fixed remuneration for each position in (1) by a coefficient for: <ul style="list-style-type: none">• Profit before income taxes and non-controlling interests (excluding gain on sales of investment securities)*2• Returns on capital (ROIC and ROE)*3• Stock price*3• ESG scores from multiple external evaluation organizations (FTSE Russell and MSCI)*4 Performance-based compensation is calculated by multiplying each of the above coefficients.
(3) Board Benefit Trust (BBT)*5	A system under which executive directors receive the points granted to them during their term in the form of shares and cash upon their retirement. The calculation method of points granted to directors is as follows. (Method of calculating points awarded to directors) Points granted for the current year = ㉠Service points + ㉢Performance points ㉠ 50% of the base points determined for each position (fixed) ㉢ Service points × Performance coefficient Performance coefficient: Coefficient determined by the achievement rate for consolidated sales targets and consolidated operating profit targets Target achievement rate: Actual performance compared to the rate externally announced in the medium-term management plan

*1 Remuneration for directors who are not executive directors is fixed remuneration only.
*2 Executive directors are responsible for all business activities of the entire Group, including the operating and financial activities of Group companies, and we believe that the results of these activities are reflected in consolidated profit before income taxes and non-controlling interests, which is used as one indicator.
*3 We have adopted ROIC as an indicator because one of the key initiatives in our medium-term business plan, NC2023, is “intensification of investment targeting future growth,” and we believe that capital efficiency and investment yield should also be considered in light of requests from the capital market and trends among listed companies. In addition, as part of our measures to realize management conscious of cost of capital and stock price, we use ROE and stock price (specifically, the difference between the year-on-year growth rate of TOPIX and the year-on-year growth rate of our stock price) as indicators.
*4 Since we recognize that addressing sustainability is an important management issue for our company, we use ESG scores from several external evaluation organizations as an indicator.
*5 We have introduced the BBT as a performance-linked stock compensation plan in order to clarify the linkage between the compensation of executive directors and our business performance and stock value. Having directors share not just the benefits of higher stock prices but also the risk of lower stock prices with shareholders, will increase their awareness, so that they can contribute to improving business performance and increasing corporate value over the medium to long term.

Of the remuneration for directors who are not members of the Audit and Supervisory Committee, (1) fixed remuneration and (2) performance-linked remuneration are determined by the Board of Directors within the scope of the total amount of remuneration approved by the Ordinary General Meeting of Shareholders. The maximum amount of remuneration for directors who are not members of the Audit and Supervisory Committee as per the resolution of the Ordinary General Meeting of Shareholders is 430 million yen per year (of which 50 million yen is for outside directors). In addition, as a performance-linked stock compensation plan for executive directors, the Company has resolved (3) compensation limits for the BBT.

The individual remuneration of directors who are not Audit and Supervisory Committee members is designed to be calculated automatically using a formula and coefficient defined in regulations resolved by the Board of Directors,

without taking qualitative factors into consideration, and the Human Resources Office will calculate this in accordance with regulations. The results of the calculations are reviewed by the Nominating and Remuneration Committee, which is chaired by the lead independent outside director and at which independent outside directors have a majority. The Board of Directors determines the compensation of directors who are not Audit and Supervisory Committee members with full respect for the results of the deliberations of the Nominating and Remuneration Committee.

These sorts of procedures ensure objectivity, fairness, and transparency in the determination of individual compensation for directors who are not Audit and Supervisory Committee members, and the determination of individual compensation is never delegated to specific directors or other parties.

2. Remuneration for directors who are Audit and Supervisory Committee members

Fixed remuneration	Fixed remuneration only
--------------------	-------------------------

Remuneration for directors who are Audit and Supervisory Committee members is decided via discussions by directors who are Audit and Supervisory Committee members, within the scope of total remuneration approved by the Ordinary General Meeting of Shareholders. The maximum remuneration amount for directors who are Audit and Supervisory Committee members, as per the resolution of the Ordinary General Meeting of Shareholders, is 80 million yen per year.

3. Actual remuneration of directors in FY2023*6

Classification	Total amount of remuneration and other benefits (millions of yen)	Total amount of remuneration and other benefits by type (millions of yen)			No. of eligible persons
		Fixed remuneration	Performance-linked remuneration	BBT	
Directors (excluding Audit and Supervisory Committee members and outside directors)*7, 9, 10, 11	306	134	116	56	6
Directors (Audit and Supervisory Committee members) (Excluding outside directors)*8	—	—	—	—	—
Outside directors	69	69	—	—	8

*6 The above includes one director and one outside director who retired at the conclusion of the 162nd Ordinary General Meeting of Shareholders held on June 21, 2023.
*7 At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (excluding Audit and Supervisory Committee members) was approved at up to 430 million yen (of which 50 million yen is for outside directors). As of the conclusion of the General Meeting of Shareholders, the Company had seven directors (including two outside directors; excluding Audit and Supervisory Committee members). In addition, at the same General Meeting of Shareholders, remuneration limits for the BBT, the introduction of which was approved at the 157th Ordinary General Meeting of Shareholders held on June 22, 2018, were reapproved. As of the conclusion of the General Meeting of Shareholders, four directors were eligible for the remuneration program.
*8 At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (Audit and Supervisory Committee members) was approved at up to 80 million yen. As of the conclusion of the General Meeting of Shareholders, four directors (all of whom are Audit and Supervisory Committee members and outside directors) were eligible for the remuneration program.
*9 BBT is the amount of provision for the reserve for directors’ stock benefits included in the fiscal year under review.
*10 The Company has not established a guideline on deciding the payment ratio between performance-linked remuneration and other types of remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) because these forms of remuneration are determined automatically based on their respective performance indicators and formulas, and therefore have no possibility of being adjusted arbitrarily.
*11 Remuneration for directors for the fiscal year under review was deliberated on at a meeting of the Nominating and Remuneration Committee held on May 23, 2023, and approved at a meeting of the Board of Directors held on June 21, 2023. The Board of Directors has checked that the determination method for, and the details of, the individual remuneration for directors in the fiscal year under review are consistent with the determination policy approved by the Board of Directors and has deemed that they are in accordance with such determination policy.

Ratio of performance-linked remuneration and fixed remuneration in FY2023

Performance-linked remuneration	Fixed remuneration
56.2%	43.8%

Reference: Past remuneration of directors*

FY2019	300 million yen
FY2020	318 million yen
FY2021	319 million yen
FY2022	335 million yen
FY2023	306 million yen

* In FY2019, excludes non-executive directors.
After FY2020, excludes outside directors.

Strategically held shares

Basic views

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

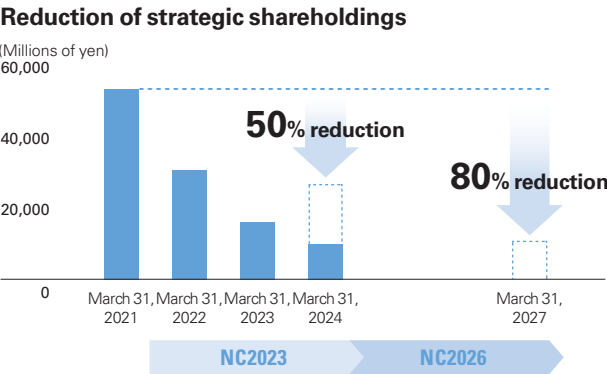
Policy related to holding and reducing strategically held shares

Inabata forms a judgment concerning the pros and cons of strategically held shares based on whether holding them contributes to the establishment of cooperative relations, enhances the Company's corporate value in the medium and long term, and leads to the benefit of shareholders and investors. To be specific, the Board of Directors will make annual comprehensive reviews of the appropriateness of holding each individual stock, taking into account the financial condition of the investee company, the liquidity of the stock, trends in the volume of transactions and profits related to business with the Company or its Group companies and their medium- to long-term prospects, economic rationales such as whether the risk and return are commensurate with the cost of capital, and other qualitative information. 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.

In NC2023, which concluded in the fiscal year ended March 31, 2024, the Company aimed to reduce strategically held shares by 50% compared with the level on March 31, 2021, over the three-year period of the plan. We successfully met this target by more than halving strategically held shares. Further, in the new medium-term management plan, NC2026, which will run through the fiscal year ending March 31, 2027, we set forth a management strategy of "improving asset efficiency and securing investment funds by curtailing strategically held shares," and intend to steadfastly implement the strategy through March 31, 2027.

Policy on reducing strategic shareholdings

We will reduce strategically held shares over the medium to long term, aiming to cut the balance by approximately 80% by March 31, 2027, relative to the balance as of March 31, 2021.



Sales of strategically held shares

FY2018	5,298 million yen
FY2019	3,026 million yen
FY2020	2,944 million yen
FY2021	9,367 million yen
FY2022	10,076 million yen
FY2023	4,159 million yen

Criteria for exercise of voting rights

In principle, Inabata exercises voting rights for all agendas in order to exercise its rights as a shareholder.

The Company reviews the merits and demerits of each agenda and exercises voting rights based on the judgment criteria of whether sustainable growth of the held company and improvement of its corporate value in the medium and long term can be expected.

Basic concept

With approximately 70 bases across 19 countries outside Japan, and four business segments operating globally, the Inabata Group is exposed to various risks.

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

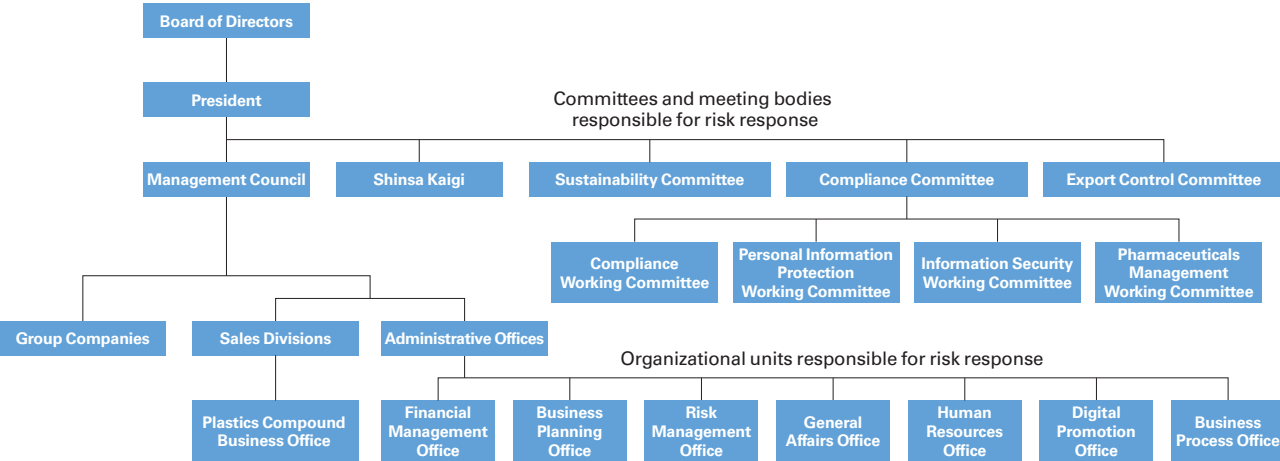
Risk management system and relevant organizational units

At Inabata, individual risks are continuously monitored by each responsible organization, and relevant committees and meeting bodies collaborate to promote risk management that enables us to appropriately address risks.

We have identified the 15 risks shown in the below risk 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 the Group's business 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 FY2023 and other factors.

From the next page, we will explain risks that are of high importance to our Group.

Risk management system and relevant organizational units



Risk matrix

Impact on business performance	Possibility of occurrence		
	Low	Medium	High
	Large	Medium	Small
11 Risk related to quality	4 Risk related to business restructuring	1 Potential risks of overseas activities	
	5 Risk of fluctuations in commodities markets	2 Credit risk of clients	
		3 Risk related to business investment	
		6 Risk of fluctuations in foreign exchange rate	
		7 Risk related to interest rates	
	13 Risk related to laws and regulations	12 Risk of natural and other disasters	
	14 Risk of decline in value of securities held		
	15 Risk of fluctuations in retirement benefit obligation		

Risks of high importance and related countermeasures

1 Potential risks of overseas activities

Our Group’s production and sales activities overseas cover multiple regions, including Southeast Asia and Northeast Asia, North America, and Europe. There are inherent risks in operating in these foreign markets, which include unexpected changes in laws or regulations, adverse political or economic factors, difficulty in recruiting and retaining personnel, underdeveloped technological infrastructure, potentially adverse tax consequences, and social disruptions due to other factors.

To ensure that we can reduce such risks, we have established a framework for adapting swiftly to changes, and carefully monitor laws and regulations throughout the world, environmental laws and regulations, and trends among society and our business partners.

For sales in the consolidated fiscal year by region, Asia accounted for 47% of the total, having the largest influence on our business.

We have formulated and are implementing business continuity plans (BCPS)* at our major overseas bases to serve as countermeasures for emergencies such as infectious disease outbreaks.

Relevant organizational units: Risk Management Office, Financial Management Office

* Please refer to Business continuity plan (BCP) on page 103.

2 Credit risk of clients

Our Group companies grant credit to many clients in Japan and abroad. Although we carry out credit management on a global scale, including our overseas clients as well, we cannot guarantee full collections. Therefore, there is a risk of adverse impact on our Group’s financial position and business performance 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 clients.

As of the end of the consolidated fiscal year, the Group’s notes receivable–trade and electronically recorded monetary claims–operating were 31,198 million yen, accounts receivable–trade were 175,264 million yen, and inventories were 85,068 million yen, the total of which accounted for 68% of total assets. Screening for credit of

significant importance is conducted by the Shinsa Kaigi. With regard to accounts receivable–trade and inventories, we monitor and manage the balance of each consolidated Group company on a monthly basis.

Relevant organizational unit: Risk Management Office

3 Risk related to business investment

When developing business at the Inabata Group, in many cases, we make investments and acquire equity in a joint enterprise or joint venture. Notably, with respect to our investments in consolidated affiliates, there is a risk that the Group’s financial position and business performance could be adversely impacted by trends in the financial status and performance of such Group companies.

In principle, our Group invests in minority interests with the main objective of expanding the shosha trading business and limits the risks and amounts for investments in majority interests.

In addition to focusing on the “intensification of investment targeting future growth” as a priority initiative in NC2023, we have also established a department specialized in M&A. For investment projects of high importance, this department collaborates with each sales division and evaluates and analyzes risks from a quantitative and qualitative perspective. Projects are then deliberated on by the Shinsa Kaigi. After the execution of investment, risks are monitored regularly, and appropriate measures are taken for projects that do not meet established criteria.

Relevant organizational units: Risk Management Office, Business Planning Office

4 Risk related to business restructuring

In order to promote business selection and concentration, our Group continues to restructure its business by withdrawing from unprofitable businesses and selling or reorganizing subsidiaries and affiliates. These measures may adversely impact the performance and financial condition of our Group. We may be unable to execute our business restructuring plans in a timely manner due to factors such as government regulations and employment issues in each country. There is no guarantee that the Group will be able to achieve all or part of the original objectives through the implementation of business restructuring. We have established criteria for considering

withdrawal from businesses and hold deliberations on withdrawals and other matters concerning the relevant Group companies at the Shinsa Kaigi.

Relevant organizational unit: Risk Management Office

5 Risk of fluctuations in commodities markets

Many of the information and electronic materials, chemical materials, food products, and plastics handled by our Group are impacted by fluctuations in commodity prices. Failure to respond flexibly to market fluctuations could adversely impact the financial position and business performance of our Group. Each sales division gathers market information, monitors price trends, and thoroughly manages inventory.

In the consolidated fiscal year, in the food business of the Life Industry segment, where we carry out inventory transactions, we were impacted by a drop in prices of processed marine products and other products for Japanese food in the U.S. market.

Relevant organizational units: Financial Management Office, each sales division

6 Risk of fluctuations in foreign exchange rate

Our Group engages in the production, sales, and trading of products and materials for overseas business development. In principle, we conduct hedging transactions through measures such as forward exchange contracts. However, we may be impacted by exchange rate fluctuations associated with foreign currency-denominated transactions. Furthermore, we convert items (including sales, expenses, and assets in each region) denominated in local currencies into Japanese yen for the preparation of consolidated financial statements. Consequently, the exchange rate at the time of conversion may impact the value after conversion into yen.

For the consolidated fiscal year, foreign exchange losses were 204 million yen, and foreign currency translation adjustment was 28,541 million yen.

Relevant organizational unit: Financial Management Office

7 Risk related to interest rates

The Group raises capital for its operating activities and business investments through means such as borrowing from financial institutions or issuing corporate bonds. We ascertain interest rate trends in Japan and overseas, manage interest rate risk by adjusting the ratios of funds

procured from fixed-rate sources and floating-rate sources, and work to reduce interest expense. However, a sharp rise in interest rates could adversely affect the Group’s financial position and business performance.

In the consolidated fiscal year, interest expenses were 1,873 million yen.

Relevant organizational unit: Financial Management Office

8 Risks related to personnel training and retainment

Given that our Group’s core business is shosha trading, human capital is the most important asset and source for creating value for us. So that we can sustainably improve our corporate value, we need to train and retain diverse outstanding human resources that have expertise in core operational areas such as management, finance, and IT, as well as the four business fields we operate in, at our locations in Japan and overseas.

Regarding the training and strengthening of our human capital as an important management agenda, we are progressively enhancing our internal system to train and retain personnel that will lead our efforts to create value. However, the declining birthrate, aging population, and increasing job mobility may make it difficult to fill our talent needs or become a hurdle in training personnel. In such cases, the Group’s financial position and business performance could be adversely affected.

Relevant organizational unit: Human Resources Office

9 Environment-related risks

Our Group handles a wide range of products in four business fields in Japan and overseas. The manufacture and sale of these products may be impacted by factors including regional environmental regulations and changes to eco-friendly products. In addition, the plastics business may be impacted by the transition to plastic-free products. Alongside working to diversify suppliers, in each of our businesses, we are focusing on the sale of recycled products and other materials that reduce environmental impact to contribute to a decarbonized and circular society.

With regard to climate change-related risks, we endorsed the recommendations of the TCFD in April 2023 and are working to accurately ascertain the impact of climate change on our business and disclose related information.

Relevant organizational unit: General Affairs Office

10 Risk related to information systems and information security

As we operate business as a *shosha*, or Japanese trading company, we hold confidential and personal information relating to our business partners and confidential and personal information relating to the Group. To ensure that this information is not leaked externally, destroyed, or falsified, we have established the Information Security Policy, prepared manuals that define information management procedures, and developed a Group-wide management framework. Based on this, we engage in thorough management practices, enhance information security, and implement employee education and other such measures. For our regulations and manuals, we review them continuously to adapt to new risks and technologies.

Moreover, given that remote work has increased with the advancement of work-style reforms, in addition to

traditional antivirus software, we have introduced an endpoint detection and response (EDR) system* that monitors the behavior of devices, thereby working to enhance security in alignment with a “zero trust” approach. To address security incidents, we have established an internal Computer Security Incident Response Team (CSIRT) to respond quickly and accurately and are strengthening information sharing both internally and externally. Security monitoring is also performed 24 hours a day, 7 days a week by an external security operations center (SOC). Nevertheless, as cyberattacks are becoming increasingly sophisticated, it is difficult to completely block unauthorized external access and other threats, and the Group’s financial position and business performance may be adversely impacted if such unforeseen events occur.

Relevant organizational unit: Digital Promotion Office

* A system that detects and analyzes suspicious behavior or virus infections occurring in real time on network-connected PCs and mobile devices and responds as necessary.

Addressing other risks

Tax compliance

All officers and employees of the Group strive to comply with laws and regulations as well as internal regulations, regardless of the country, to manage Inabata with a focus on compliance.

With regard to taxes, we recognize that one of our social responsibilities is to pay taxes according to related laws and regulations in each country or region and maintain transparency. We think that proper tax payment contributes to economic development of the country or

region and in return results in sustainable growth of our Group and improvement of our medium- to long-term corporate value. Therefore, we strive to minimize tax risk and maintain as well as improve tax compliance.

Note: Responses to the following sustainability-related risks are described on the following page.

- Compliance, Anti-Corruption P104
- Climate Change P65–68
- Supply Chain Management and Human Rights P70–72

Business continuity plan (BCP)

We have been formulating and introducing BCPs since 2018 so that we can promptly restart and continue business activities after a crisis takes place.

In 2020, we suspended the formulation of plans at some bases due to the spread of the COVID-19 pandemic. However, in 2021 we organized issues identified during the pandemic and reviewed bases’ completed plans, and in 2023 we began to work on BCPs again at the bases where formulation had been suspended.

As a result, we are now managing formulated BCPs at 62 bases in Japan and overseas, covering the consolidated Group’s key bases. (As of March 31, 2024)

Basic concept

To establish management practices that emphasize compliance, the Inabata Group advocates thorough compliance per the Inabata Group Sustainability Code of Conduct. We have also adopted the Inabata Declaration of Compliance and the Compliance Guidelines. Inabata considers its corporate activities shall be in full compliance not only with legal regulations but also with social rules.

We also believe that carrying on the spirit of our founder—love (*ai*) and respect (*kei*) for people—is essential to fostering a corporate culture that emphasizes compliance. Hence, we strive to promulgate our Mission, Vision, and IK Values within the Group.

We have also formulated a policy on tax compliance.

Internal whistleblowing system

The Inabata Group’s internal whistleblowing system consists of two separate routes. The “compliance hotline” is primarily for reporting violations of laws and regulations, such as bribery and other types of corrupt activities, and incidents of serious breaches of compliance, including organizational fraud. The “counseling desk” provides mediation and coordination to help employees resolve issues related to the work environment and work relationships. For both reporting routes, contact and consultation are possible by oral communication, telephone, email, and postal mail.

Inabata operates its internal whistleblowing system in accordance with the Internal Whistleblowing Rules. As regulations common to the above two whistleblowing

routes, the rules clearly stipulate that persons engaged in responding to whistleblowing are obliged to keep the provider anonymous, and that any attempts to identify the provider or any adverse treatment of the provider or those who cooperate with the investigation are strictly prohibited, ensuring that employees who use the system to provide information do not suffer consequences for whistleblowing. When information is received, the rules provide clear procedures for communicating and verifying the information promptly and appropriately.

The president of Inabata, who chairs the Compliance Committee, regularly reports the operational status of the internal whistleblowing system to the Board of Directors, which provides oversight on this status.

Anti-Corruption

Basic concept

The Inabata Group Sustainability Code of Conduct and the Inabata Declaration of Compliance outline the measures that we take to prevent corruption, including bribery and illegal payments to foreign public officials. In addition, the Supply Chain CSR Action Guidelines for our business partners and other stakeholders also states our commitment to not engaging in corrupt business practices.

To raise awareness and assist our employees in preventing corruption, we have produced and made readily available

on the Company intranet portal site our Compliance Guidelines and manuals on antitrust law, subcontracting law, unfair competition prevention law, insider trading regulations, and bribery.

The Compliance Committee, which is chaired by the president, oversees serious cases of compliance violation, including bribery, law violations, and organizational fraud. The committee regularly reports to the Board of Directors, which provides oversight.

Information security system

In the Inabata Group, recognizing the importance of information security and promoting company-wide efforts, we have established the Information Security Working Committee as a subordinate organization of the Compliance Committee, which is chaired by the president of the Company. The Information Security Working Committee meets as necessary to review policies, rules, and manuals related to information security, and to develop training and educational plans.

Moreover, an internal audit conducted by the information security auditor appointed by the chair of the committee is carried out annually. The results of the internal audit are reported to the chair of the committee.

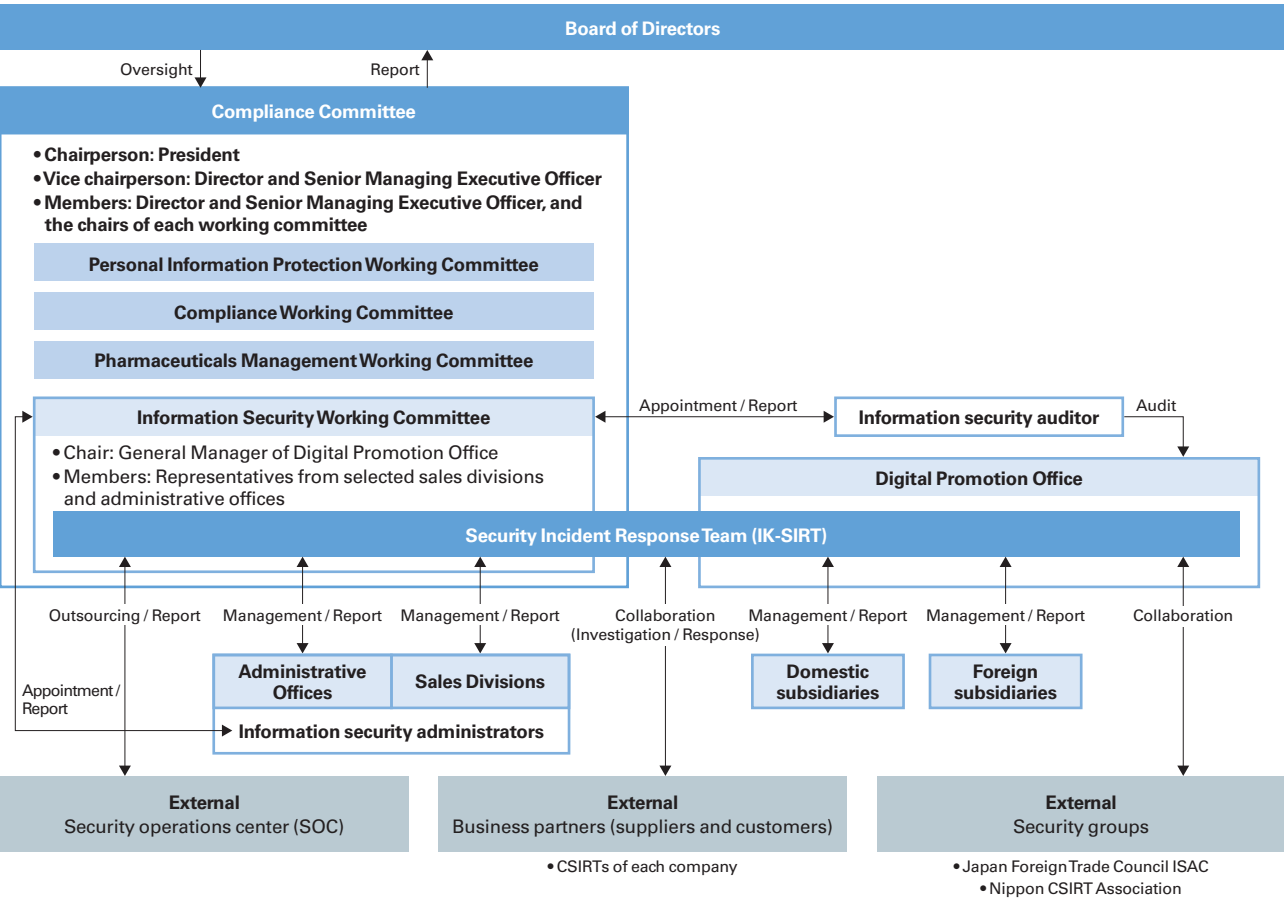
The Compliance Committee, as the higher organization, meets regularly four times a year and holds additional meetings as needed. At Compliance Committee meetings, the chair of the Information Security Working

Committee promptly submits or reports on significant matters and internal audit results that are discussed and addressed within the working committee. Significant matters discussed at Compliance Committee meetings are reported to the Management Council and the Board of Directors as needed, and are subject to oversight by the Board. We also report on the status of information security initiatives to the Board of Directors through quarterly business execution reports, and on matters discussed and reviewed by the Information Security Working Committee as part of this process, fulfilling the Board's oversight function.

For execution functions such as planning, promotion, and implementation, we have established a security incident response team (IK-SIRT*) to respond quickly and accurately to increasingly sophisticated security incidents.

* IK-SIRT: A term combining the Group's symbol "IK" and an acronym for "Security Incident Response Team."

Information security structure



Group management of information security risks

Information security measures are a critical priority for the entire Group. We have implemented an information security policy for both domestic and overseas Group companies that are on par with those of Inabata & Co., Ltd. However, there are discrepancies in the level of information security among consolidated subsidiaries, and the risk levels vary from company to company. To address this issue, the Information Security Working Committee has formulated Information Security Guidelines for

consolidated subsidiaries. This aims to enhance the foundations of security governance across the entire Group.

In addition to implementing various risk management measures, including those mentioned above, we have also taken steps to manage the risk of unforeseen security incidents that may still occur. As part of this risk management strategy, we enrolled all consolidated subsidiaries in cyber insurance starting in April 2024.

Risk reduction

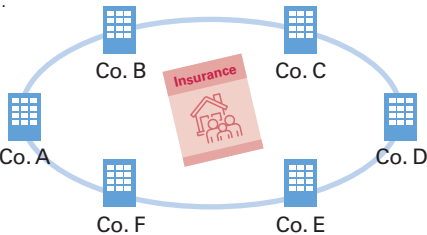
Formulation of Information Security Guidelines

Clearly outline the information security initiatives that should be implemented by the end of FY2024, promote measures across each Group company, and minimize risks to a certain level.

Risk transfer

Enrollment in cyber insurance

Target: All consolidated subsidiaries
Coverage: Compensation for damages, investigation and recovery costs, etc.



DX Promotion

Sophistication of management information infrastructure

In 2022, the Information Technology Office was renamed the Digital Promotion Office to further advance digitalization and enhance feedback to our businesses. In March 2023, we were recognized as a DX-certified operator under the DX Certification system* established by the Ministry of Economy, Trade and Industry.

* The DX Certification system is a framework established by the Ministry of Economy, Trade and Industry to encourage companies' voluntary efforts in digital transformation (DX). It certifies companies that are recognized as "DX-Ready," meaning they are prepared to transform their business through digital means, based on the Act on Facilitation of Information Processing.

Strengthening global management control foundations

Currently, as part of our global management control foundations, we are sequentially deploying the Master Data Management (MDM) and Consolidated Performance Data Management (CDAM) systems across all consolidated Group companies. In MDM, we are integrating corporate and product master data, while in CDAM, we are systematizing the automatic aggregation of consolidated performance data. The integration of these systems enables the centralization of management information and facilitates rapid decision-making, accelerating the transition to data-driven management.

Enhancing competitiveness through generative AI services and similar technologies

As mentioned in the digital strategy within the management base strategy of the new medium-term management plan, NC2026, we are advancing the use of internal generative AI services such as M365 Copilot and similar technologies.

Various internal divisions are participating in and working on the practical verification of AI chat systems. In sales divisions, we aim to create new business opportunities by advancing digital marketing and improving productivity. In administrative offices, the main objective is to optimize and streamline existing operations to create added value.

By organically combining the features of these solutions, we will achieve further efficiency and accuracy in management, leading to sustainable growth for the Company.

Environment

Energy and climate

Energy consumption

Item	FY2021	FY2022	FY2023
Electricity (MWh)	58,209	81,041	77,624
Hot water / cold water (GJ)	0	1,119	1,142
Volatile oil (gasoline) (kL)	87	517	747
Kerosene (kL)	3	1.2	2
Light oil (kL)	121	310	342
Heavy oil A (kL)	0	0	53
Liquefied petroleum gas (LPG) (t)	61	74.7	84
Other combustible natural gas (1,000 m³)	0.2	0	0
City gas (1,000 m³)	19	237	250

Notes: 1. FY2022 and FY2023 coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries
2. FY2021 coverage: Inabata & Co., seven domestic consolidated subsidiaries, and seven overseas plastic compounding factories

GHG emissions (Scope 1 and 2)

Item		FY2021	FY2022	FY2023
Scope 1 (t-CO ₂ e)	CO ₂ from energy sources	747	2,755	3,572
	Other (CO ₂ from non-energy sources, CH ₄ , N ₂ O, HFCs, PCFs, SF ₆ , NF ₃)	0	0	0
Scope2 (t-CO ₂ e)	Market-based	36,930	43,666	41,254
	Location-based	37,180	43,933	41,553
Total (t-CO ₂ e)	Scope 1 + Scope 2 (market-based)	37,677	46,421	44,826
	Scope 1 + Scope 2 (location-based)	37,927	46,688	45,125
GHG emissions intensity per sales (t-CO ₂ e / ¥100 million)		9.4	6.3	5.9

Notes: 1. FY2022 and FY2023 coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries
2. FY2021 coverage: Inabata & Co., seven domestic consolidated subsidiaries, and seven overseas plastic compounding factories
3. Domestic Scope 2 emission factors are calculated using the emission factor provided by the Ministry of the Environment and the Ministry of Economy, Trade and Industry for each electric power company. Overseas Scope 2 emission factors are calculated using country-specific emission factors from the List of Grid Emission Factors published by the Institute for Global Environmental Strategies (IGES) until FY2021, and the International Energy Agency (IEA) Emissions Factors 2022 for FY2022 and FY2023.
4. The emissions intensity per sales is based on the simple net value of sales within the calculation scope.
5. Emissions intensity is based on Scope 1 + Scope 2 (market-based) GHG emissions.

GHG emissions (Scope 3)

Item	FY2021	FY2022	FY2023
1. Purchased goods and services	1,827,367	1,435,020	1,416,876
2. Capital goods	1,394	2,984	1,943
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	80	71	44
4. Upstream transportation and distribution	52,547	55,189	32,679
5. Waste generated in operations	52	53	67
6. Business travel	888	2,377	2,723
7. Employee commuting	218	234	256
8. Upstream leased assets	Not subject to calculation	Not subject to calculation	Not subject to calculation
Subtotal (upstream)	1,882,546	1,495,928	1,454,588
9. Downstream transportation and distribution	Not subject to calculation	Not subject to calculation	Not subject to calculation
10. Processing of sold products	Not subject to calculation	Not subject to calculation	Not subject to calculation
11. Use of sold products	Not subject to calculation	Not subject to calculation	Not subject to calculation
12. End-of-life treatment of sold products	536,788	464,242	464,711
13. Downstream leased assets	70	64	65
14. Franchises	Not subject to calculation	Not subject to calculation	Not subject to calculation
15. Investments	Not subject to calculation	Not subject to calculation	Not subject to calculation
Subtotal (downstream)	536,858	464,306	464,776
Total	2,419,404	1,960,235	1,919,364

Notes: 1. Coverage: Inabata & Co.
2. Category 8 is not applicable as it is included in Scope 1 and 2.
3. Categories 9 and 10 are excluded from calculations as they are difficult to determine or reasonably estimate since there is a wide range of products sold and forwarding destinations.
4. Categories 11, 14, and 15 are not applicable as they are outside the scope of relevant business activities.
5. Category 12 is calculated based on items for which weight-based data can be collected.

Pollution prevention / Resource circulation

Item		FY2021	FY2022	FY2023
Nitrogen oxide (NOx) (t)		0	1	0
Sulfur oxide (SOx) (t)		0	0	0
Volatile organic compounds (VOCs) (t)		0	101	116
Waste (t)	Total	76	8,645	7,838
	Waste recycled	57	5,005	4,861
	Waste not recycled	19	3,640	2,977
Waste recycling rate (%)		75	58	62
Hazardous waste (t)		0	1,929	1,734
Paper purchased (copy paper) (thousands of sheets)		2,925	2,442	1,986
Green purchasing ratio of office supplies, etc. (%)		76	68	70

Notes: 1. FY2022 and FY2023 coverage (excluding paper purchased, green purchasing ratio of office supplies, etc.): Inabata & Co., domestic consolidated manufacturing subsidiaries, and overseas consolidated manufacturing subsidiaries
2. FY2022 and FY2023 coverage (paper purchased, green purchasing ratio of office supplies, etc.): Inabata & Co.
3. Waste for overseas resin compound manufacturing business bases is calculated based only on resin, the main material.
4. FY2021 coverage: Inabata & Co.

Water resources

Item		FY2021	FY2022	FY2023
Discharge amount by discharge destination (1,000 m³)	Total	6	156	400
	Ocean	0	0	0
	River / lake (fresh surface water)	0	0	244
	Groundwater	0	0	0
	Sewage (third-party treated)	6	156	156
Water withdrawal amount by withdrawal source (1,000 m³)	Total	6	270	476
	River / lake (fresh surface water)	0	0	0
	Groundwater	0	6	287
	Water supply / industrial water	6	264	189
	Rainwater	0	0	0
	Sea water	0	0	0
Water withdrawals/consumption in water-stressed regions (m³)		0	0	0
Number of violations related to water quality / water withdrawals (violations of permits, standards, regulations, etc.)		0	0	0

Notes: 1. FY2022 and FY2023 coverage: Inabata & Co. and domestic and overseas consolidated manufacturing subsidiaries
2. FY2021 coverage: Inabata & Co.

Environmental management

Item	FY2021	FY2022	FY2023
Number of environmental law violations	0	0	1*1
Environmental fines and penalties	0	0	354,775.86THB

Notes: 1. FY2022 and FY2023 coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries
2. FY2021 coverage: Inabata & Co.

Environment-related business

Sales by field

Environment-related business fields		FY2021	FY2022	FY2023
Total		18,727	26,957	38,605
Energy & Power	Renewable energy-related and battery-related, etc.	13,463	17,518	24,496
Resources & Environment	Sustainable materials, recycling systems, water-related, etc.	4,201	7,585	10,791
Materials & Chemicals	Low-carbon materials, environmental pollutant reduction, etc.	735	1,537	3,143
Agriculture & Food	Food waste reduction, soil improvement, etc.	0	0	0
Transportation & Logistics	EV charging, green logistics, etc.	0	0	0
Environmental Certification	Forestry certification, marine product certification, etc.	328	317	175

Notes: 1. Coverage: Inabata & Co. and domestic and overseas consolidated subsidiaries
2. There are no results for Agriculture & Food or Transportation & Logistics.
3. Totals are simple sums.

Society

Employee status

Number of employees, gender ratio (non-consolidated / consolidated)

Figures in parentheses indicate gender ratio.

Item		FY2021		FY2022		FY2023	
		Men	Women	Men	Women	Men	Women
Inabata Group (consolidated)	Total	—		4,316		4,631	
				2,469 (57%)	1,847 (43%)	2,522 (54%)	2,109 (46%)
	Management	—	—	491 (74%)	174 (26%)	578 (71%)	240 (29%)
	Others	—	—	1,978 (54%)	1,673 (46%)	1,944 (51%)	1,869 (49%)
Inabata & Co.	Total	552		589		630	
				345 (58%)	244 (42%)	369 (59%)	261 (41%)
	Management	115 (95%)	6 (5%)	118 (94%)	7 (6%)	121 (93%)	9 (7%)
	Others	219 (51%)	212 (49%)	227 (49%)	237 (51%)	248 (50%)	252 (50%)
Domestic consolidated subsidiaries	Total	399		407		645	
				297 (73%)	110 (27%)	466 (72%)	179 (28%)
	Management	77 (92%)	7 (8%)	71 (91%)	7 (9%)	131 (93%)	10 (7%)
	Others	219 (70%)	96 (30%)	226 (69%)	103 (31%)	335 (66%)	169 (34%)
Overseas consolidated subsidiaries	Total	3,312		3,320		3,356	
				1,827 (55%)	1,493 (45%)	1,687 (50%)	1,669 (50%)
	Management	254 (66%)	130 (34%)	302 (65%)	160 (35%)	326 (60%)	221 (40%)
	Others	1,547 (53%)	1,381 (47%)	1,525 (53%)	1,333 (47%)	1,361 (48%)	1,448 (52%)

Notes: 1. As of the end of each fiscal year (March 31). Data for overseas consolidated subsidiaries for FY2021 are as of July 31, 2022.
2. Numbers for domestic and overseas consolidated subsidiaries include employees seconded from Inabata & Co..

Number of employees, gender ratio (by area)

Figures in parentheses indicate gender ratio.

Item		FY2021		FY2022		FY2023	
		Men	Women	Men	Women	Men	Women
Japan	Total	951		996		1,275	
				642 (64%)	354 (36%)	835 (65%)	440 (35%)
	Management	192 (94%)	13 (6%)	189 (93%)	14 (7%)	252 (93%)	19 (7%)
	Others	438 (59%)	308 (41%)	453 (57%)	340 (43%)	583 (58%)	421 (42%)
Southeast Asia	Total	2,459		2,492		2,493	
				1,329 (53%)	1,163 (47%)	1,150 (46%)	1,343 (54%)
	Management	129 (61%)	84 (39%)	171 (60%)	112 (40%)	161 (51%)	152 (49%)
	Others	1,154 (51%)	1,092 (49%)	1,158 (52%)	1,051 (48%)	989 (45%)	1,191 (55%)
Northeast Asia	Total	475		470		463	
				250 (53%)	220 (47%)	248 (54%)	215 (46%)
	Management	77 (72%)	30 (28%)	81 (73%)	30 (27%)	89 (69%)	40 (31%)
	Others	172 (47%)	196 (53%)	169 (47%)	190 (53%)	159 (48%)	175 (52%)
The Americas	Total	304		285		323	
				207 (73%)	78 (27%)	246 (76%)	77 (24%)
	Management	31 (76%)	10 (24%)	35 (78%)	10 (22%)	58 (76%)	18 (24%)
	Others	195 (74%)	68 (26%)	172 (72%)	68 (28%)	188 (76%)	59 (24%)
Europe	Total	73		73		77	
				41 (56%)	32 (44%)	43 (56%)	34 (44%)
	Management	16 (73%)	6 (27%)	15 (65%)	8 (35%)	18 (62%)	11 (38%)
	Others	26 (51%)	25 (49%)	26 (52%)	24 (48%)	25 (52%)	23 (48%)

Notes: 1. As of the end of each fiscal year (March 31). FY2021 figures for areas other than Japan are as of July 31, 2022.
2. Numbers for domestic and overseas consolidated subsidiaries include employees seconded from Inabata & Co..

Labor practices / diversity

Item			FY2021		FY2022		FY2023		
			Men	Women	Men	Women	Men	Women	
Ratio of women in managerial positions (%)			3.6		3.7		4.8		
Number of non-Japanese staff (people)			11		7		12		
Number of employees by age	Under 30 years old	Total	139		149		165		
		Men /Women	64	75	61	88	67	98	
	30–39 years old	Total	156		167		189		
		Men /Women	105	51	109	58	123	66	
	40–49 years old	Total	163		158		150		
		Men /Women	106	57	105	53	99	51	
	50–59 years old	Total	168		183		187		
		Men /Women	140	28	144	39	148	39	
	60 years old and over	Total	46		52		57		
		Men /Women	33	13	40	12	44	13	
Number of hires	New graduates (people)	Total	24		26		30		
		Men /Women	13	11	8	18	11	19	
	Retention rate (3 years) for new graduates (%)		88		96		100		
	Mid-career (people)	Total	20		31		32		
		Men /Women	13	7	20	11	27	5	
	Ratio of regular employees hired mid-career (%)		45		54		52		
Voluntary turnover rate (%)			3.5		2.3		2.6		
Number of employees rehired (after mandatory retirement, etc.) (people)			—		27		0*1		
Number of employees rehired under the job return system (people)			—		2		3		
Employment of person with disabilities*2	Number of employees (people)		14		20		22		
	Employment rate (%)		2.08		2.65		2.81		
Average age		Total	41.4		42.0		41.9		
		Men /Women	43.7	37.1	44.3	37.8	44.3	37.5	
Average years of employment		Total	14.9		13.8		13.6		
		Men /Women	16.4	11.8	15.6	10.5	15.5	10.2	
Average annual salary (thousand yen)			8,609		9,141		8,854		
Gender wage gap (%) *3	All employees		—		56.3		59.0		
	Regular employees	—		57.0		60.0			
		Professionals		—		97.1		96.6	
		Staff		—		94.7		91.0	
		Assistants		—		91.9		102.7	
	Non-regular employees		—		47.6		45.5		
Total annual working hours per employee (hours/year)			1,917		1,904		1,868		
Monthly average overtime working hours (hours/month)			11.4		14.1		14.5		
Average annual paid leave	Days taken (days)		10.4		11.0		12.3		
	Utilization rate (%)		56.1		60.5		66.9		
Childcare leave	Number of employees taking leave (people)	Total	23		10		18		
		Men /Women	17	6	5	5	9	9	
	Utilization rate (%)	Total	46.9		37.5		78.3		
		Men /Women	34.6	100	21.1	100	64.3	100	
	Rate of employees returning to work (%)		100		100		94.1		
Number of employees taking nursing care leave (people)			0		0		2		

Notes: 1. Coverage: Inabata & Co. (including employees seconded to Group companies)
2. As of the end of each fiscal year (March 31)
*1 The retirement age at Inabata was set at 60 until June 30, 2022, and employees who reached this age became eligible for the reemployment system. However, when the retirement age was raised to 65 in July of that year, employees aged 60 to 65 were designated as senior staff. In FY2023, eight employees were categorized as senior staff. Additionally, the reemployment system for those aged 60 to 65 was discontinued following the retirement age increase, and a new reemployment system for employees aged 65 and older was introduced. In FY2023, three employees utilized this new reemployment system.
*2 The figures for each fiscal year are as of June 1 of the following fiscal year.
*3 “All employees” refers to regular employees and non-regular employees.
“Regular employees” includes employees in three position categories: “Professionals,” which refers to those in management positions engaged in core duties; “Staff,” which refers to those in non-management positions engaged in core duties; and “Assistants,” which refers to those engaged mainly in support duties. Senior positions are calculated in accordance with their respective grades and divided into the three aforementioned position categories.
“Non-regular employees” includes unretired senior employees working on a fixed-term contract or special fixed-term contract but excludes temporary employees. The difference in wages between men and women is due to the difference in the personnel composition by position and the difference in the personnel composition for qualification classifications (“bands”); there are no gap in wages for the same duty type. Accordingly, there is minimal gap in wages between men and women for the positions of Professionals, Staff, and Assistants.

Human resources development

Item	FY2021	FY2022	FY2023
Total time for employee skills development training (hours)	394	440	480
Total number of employees participating in training for skills development (people)	1,070	1,138	1,310
Average training hours per employee per year (hours)	0.6	0.6	0.6
Average training expenditure per employee per year (yen)	34,099	50,776	67,496

Note: Coverage: Inabata & Co. (including employees seconded to Group companies)

Society

Occupational health and safety

Item			FY2021	FY2022	FY2023
Health checkup attendance rate (%) *1			—	100	100
Stress check *1	Number of employees who attended		568	617	662
	Attendance rate (%)		—	87.5	89.2
Number of employees who attended health and safety training (people) *1	Safe driving training (e-learning)		51	32	43
	Earthquake/safety confirmation training		May 603 December 609	May 633 December 623	May 662 December 669
	Firefighting training (on-site training) *2		77 self-defense fire brigade members in Tokyo, Osaka, and Nagoya	80 self-defense fire brigade members in Tokyo, Osaka, and Nagoya	74 self-defense fire brigade members in Tokyo, Osaka, and Nagoya
Number of occupational accidents (regular employees) (cases)	Fatalities	Total	0	0	0
		Inabata & Co.	0	0	0
		Domestic consolidated manufacturing subsidiaries	—	0	0
		Overseas consolidated manufacturing subsidiaries	0	0	0
	Lost-time injuries	Total	—	28	31
		Inabata & Co.	—	0	0
		Domestic consolidated manufacturing subsidiaries	—	1	5
		Overseas consolidated manufacturing subsidiaries	—	27	26
	Non-lost-time injuries	Total	—	8	13
		Inabata & Co.	—	0	0
		Domestic consolidated manufacturing subsidiaries	—	1	0
		Overseas consolidated manufacturing subsidiaries	—	7	13
Number of occupational accidents (temporary employees and contract employees) (cases)	Fatalities	Total	0	0	0
		Inabata & Co.	0	0	0
		Domestic consolidated manufacturing subsidiaries	—	0	0
	Lost-time injuries	Total	—	8	5
		Inabata & Co.	—	0	0
		Domestic consolidated manufacturing subsidiaries	—	4	4
	Non-lost-time injuries	Overseas consolidated manufacturing subsidiaries	—	4	1
		Total	—	5	0
		Inabata & Co.	—	0	0
		Domestic consolidated manufacturing subsidiaries	—	1	0
Lost-time injury frequency rate (regular employees) *3	Total	Overseas consolidated manufacturing subsidiaries	—	4	0
		Total	4.11	4.11	4.15
		Inabata & Co.	0	0	0
		Domestic consolidated manufacturing subsidiaries	—	1.81	8.70
Lost-time injury severity rate (regular employees) *4	Total	Overseas consolidated manufacturing subsidiaries	6.62	5.30	4.74
		Total	0.03	0.09	0.05
		Inabata & Co.	0	0	0
		Domestic consolidated manufacturing subsidiaries	—	0.01	0.34
		Overseas consolidated manufacturing subsidiaries	0.05	0.12	0.04

*1 Coverage: Inabata & Co.
*2 In FY2021 and FY2022, due to concerns about the spread of COVID-19, we postponed on-site training, and conducted first-aid training using videos for all self-defense fire brigade members at our offices in Tokyo, Osaka, and Nagoya.
*3 (Number of casualties due to occupational accidents requiring at least one day off work / Total actual working hours) × 1,000,000. The industry average for wholesale and retail businesses with 100 or more employees was 2.43 for FY2023 (according to the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents for FY2023). Comparison with Inabata & Co.
*4 (Total working days lost / Total actual working hours) × 1,000. The industry average for wholesale and retail businesses with 100 or more employees was 0.06 for FY2023 (according to the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents for FY2023). Comparison with Inabata & Co.

Employee engagement

Employee engagement survey

Item			FY2022	FY2023	FY2024
Number of employees surveyed (people)	Total	Inabata & Co.	1,697	1,901	2,714
		Overseas trading companies *1	606	652	686
		Overseas manufacturing companies *1	934	903	864
		Domestic subsidiaries *1	157	346	624
Response rate (%)	Total		—	—	540
Overall average score *2			73	72	82
Ratio of positive responses for key items *3 (%)	Engagement I am satisfied with the work I am doing at Inabata now.		3.77	3.61	3.64
	Relationship with superiors I have the necessary collaboration with my supervisor at work.		73	76	69
	Organizational culture When a problem occurs in the course of my duties, my supervisor and the people around me provide appropriate support.		80	80	73
	Corporate philosophy I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them.		85	83	77
	Human resources system and benefits Inabata's salary standards are satisfactory, compared to other companies in the same industry.		73	73	67
	Human resources system and training Inabata supports employee training to improve their skills.		55	57	50
	Work-life balance Overtime is kept to a level that is acceptable for me.		48	54	51
			69	75	73

*1 Due to errors found in previous descriptions, we are providing the corrected scope and figures for the survey retrospectively.
In FY2021, the survey covered major overseas trading companies and certain overseas manufacturing companies in addition to Inabata Co. The scope was expanded in FY2022 and FY2023. In FY2024, the survey covered domestic and overseas consolidated subsidiaries as well as other domestic subsidiaries (excluding subsidiaries consolidated in FY2023). The survey mainly targeted employees with email addresses.
*2 The average score across all items. Employees were asked to rate 39 items on a five-point scale (5. Strongly agree / 4. Agree / 3. Neither agree nor disagree / 2. Disagree / 1. Strongly disagree), and the score for each item was calculated.
*3 The proportion of positive responses, which are ratings of 5 (Strongly agree) and 4 (Agree), among the five-point scale ratings provided by employees.

Social contribution activities

Item		FY2021	FY2022	FY2023
Number of employees taking leave for volunteering *1		—	—	0
Total amount of donations, activity expenses, etc., that contribute to society *2 (millions of yen)		8	28	21
Results of main social contribution activities	Support for the activities of the Sociedade Luso-Nipónica de Osaka *3 (10,000 yen)	0	80	80
	Académie de musique française de Kyoto Number of participants *4	67	101	99
	French music competition	1	1	No participants
	Number of winners of Inabata Award (since 1974) *5	Cumulative 48	Cumulative 49	Cumulative 49
	Support for the Shougaisha Jiritsu Suishin Kikou Association *6	Bronze Partner	Bronze Partner	Bronze Partner

Note: Coverage: Inabata & Co.
*1 Although the system was initially recognized for use after severe disasters, it was formalized as part of the human resources system from July 1, 2023, to support employees' volunteer activities.
*2 Main donations include cultural support for the Japan Philharmonic Orchestra, the Osaka Symphony Orchestra, the Osaka Philharmonic Orchestra, etc., and community support for the Keidanren Nature Conservation Fund, etc.
*3 There were no expenditures in FY2021 as a result of regular meetings being canceled due to COVID-19.
*4 A Japan–France music exchange program sponsored by Inabata. Top-class musicians are invited from France and master classes are held for about two weeks. The program provides a valuable opportunity for young Japanese musicians to receive high-quality education in French music. Held online in FY2021.
*5 At the French music competition sponsored by Fondation Culturelle Kansei de Ashiya, the Inabata Award (named after Inabata Co. & Ltd.) is awarded every year to the best performer in the vocal or piano category.
*6 In addition to providing support as a partner, we used a work from Paralym Art, a program which is managed and operated by the association, as the design for our shareholder incentive (QUO cards).

Governance

Corporate governance

Composition of directors and officers			As of July 1, 2022	As of July 1, 2023	As of July 1, 2024
Directors (excluding Audit and Supervisory Committee members) (people)	Total		7	7	7
	Internal	Men	5	5	4
		Women	0	0	0
	Independent outside	Men	1	1	2
		Women	1	1	1
Directors (Audit and Supervisory Committee members) (people)	Total		4	5	5
	Internal	Men	0	0	1
		Women	0	0	0
	Independent outside	Men	4	5	3
		Women	0	0	1
Executive officers*1 (people)	Total		11	13	12
	Men		11	13	12
	Women		0	0	0

*1 Includes directors and executive officers (2022 and 2023: 4; 2024: 3). Additionally, to assist with the duties of the Audit and Supervisory Committee, one audit and supervisory officer was assigned in 2022 and 2023.

Attendance status for meetings of the Board of Directors, Audit and Supervisory Committee, and Nominating and Remuneration Committee (April 1, 2023 to March 31, 2024)

Attendance rate is listed in ().

Position	Name	Independent outside	Number of Board of Directors' meetings attended	Number of Audit and Supervisory Committee meetings attended	Number of Nominating and Remuneration Committee meetings attended*1
Director	Katsutaro Inabata		17/17 times (100%)	—	9/9 times (100%)
Director	Toyohiro Akao		17/17 times (100%)	—	—
Director	Kenichi Yokota		17/17 times (100%)	—	—
Director	Masahiro Sugiyama		17/17 times (100%)	—	—
Director	Takashi Shigemori (appointed in June 2023)		12/14 times (86%)	—	—
Director	Takako Hagiwara	○	17/17 times (100%)	—	12/12 times (100%)
Director	Osamu Chonan (appointed in June 2023)	○	14/14 times (100%)	—	10/10 times (100%)
Director (Audit and Supervisory Committee member)	Kenji Hamashima	○	17/17 times (100%)	13/13 times (100%)	12/12 times (100%)
Director (Audit and Supervisory Committee member)	Satoshi Tamai	○	17/17 times (100%)	13/13 times (100%)	—
Director (Audit and Supervisory Committee member)	Minoru Sanari	○	17/17 times (100%)	13/13 times (100%)	—
Director (Audit and Supervisory Committee member)	Tomokazu Fujisawa	○	17/17 times (100%)	13/13 times (100%)	—
Director (Audit and Supervisory Committee member)	Noriya Yokota (appointed in June 2023)	○	14/14 times (100%)	10/10 times (100%)	—
Director	Kenji Ohno (retired in June 2023)		3/3 times (100%)	—	—
Director	Kiyoshi Sato (retired in June 2023)	○	3/3 times (100%)	—	2/2 times (100%)

*1 Interviews with director and executive officer candidates by the Nominating and Remuneration Committee (three times) were conducted only by independent outside directors.

Compliance

	FY2021	FY2022	FY2023
Number of whistleblower reports/consultations*1 (cases)	10	2	10
Number of serious compliance violations (including labor standards) (cases)	0	0	0
Political contributions (yen)	0	0	0
Number of dismissals and disciplinary actions due to non-compliance with anti-corruption policy (cases)	0	0	0
Penalties, surcharges, and settlements related to corruption (10,000 yen)	0	0	0

Note: Coverage: Inabata & Co.
*1 Includes the number of consultations to the “counseling desk” that was newly established from FY2021.

Certification

Status of management system certifications (As of March 31, 2024)

		ISO 14001 (Environmental management)	ISO 9001 (Quality management)	ISO 45001 (Occupational health and safety)	IATF 16949 (Automotive)	JFS-C Standard (Food safety)
Japan	Number of certified sites	18	9	0	0	1
	Acquisition ratio (%)	49	24	0	0	3
Overseas	Number of certified sites	19	22	1	8	0
	Acquisition ratio (%)	32	37	2	13	0

Status of sustainability-related certifications (As of April 1, 2024)

Certification	Details	Scope
Forest Stewardship Council (FSC) certification	Certification of wood from sustainably managed forests	Information & Electronics Division III, Inabata & Co., Ltd.
		Housing Materials Department, Chemicals Division, Inabata & Co., Ltd.
		Plastics Division II, Inabata & Co., Ltd.
Programme for the Endorsement of Forest Certification (PEFC) certification	Forest certification system aimed at promoting sustainable forest management	Housing Materials Department, Chemicals Division, Inabata & Co., Ltd.
Marine Stewardship Council (MSC) certification	Certification of sustainable fisheries that are properly managed with consideration for marine resources and the environment	Inabata & Co., Ltd. and Inabata Europe GmbH
Aquaculture Stewardship Council (ASC) certification	Certification of marine products produced through responsible aquaculture	Inabata & Co., Ltd. and Inabata Europe GmbH
International Sustainability & Carbon Certification (ISCC) PLUS	Certification system for managing and ensuring that biomass and recycled materials are sustainable by using a mass balance approach across the supply chain	Tokyo Head Office, Inabata & Co., Ltd.
		PT. Inabata Indonesia Inabata Malaysia Sdn. Bhd.
Green Gold Label (GGL) certification	Certification ensuring the sustainability of biomass fuel and its traceability	Inabata & Co., Ltd.

Note: All are Chain of Custody (CoC) certified.

Summary of 11 years

		(Millions of yen)										
		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Business Performance	Net sales	561,173	572,114	577,037	586,630	621,137	634,740	600,312	577,583	680,962	735,620	766,022
	Gross profit	38,511	39,040	41,064	42,740	44,854	47,257	46,259	46,040	57,370	62,874	69,288
	Selling, general and administrative expenses	27,574	28,266	29,692	30,123	38,891	33,226	33,029	31,066	37,317	42,560	48,097
	Operating profit	10,936	10,774	11,371	12,616	5,962	14,031	13,229	14,973	20,052	20,314	21,190
	Ordinary profit	12,454	13,217	12,257	13,672	6,374	14,309	14,211	16,514	21,648	19,110	21,393
	Profit attributable to owners of parent	8,669	8,630	9,510	9,687	6,744	12,896	11,415	13,792	22,351	19,478	20,000
	Exchange rate USD/yen	100.17	109.76	120.15	108.34	110.85	110.92	108.70	106.10	112.39	135.50	144.59
Financial Position	Total assets	305,037	326,862	305,436	340,147	352,741	366,514	322,848	353,228	389,059	380,443	427,320
	Interest-bearing debt	76,582	78,814	68,377	71,075	71,993	57,277	52,848	41,206	64,538	64,769	62,835
	Equity capital	115,010	127,671	126,038	146,258	141,403	162,973	145,924	173,804	174,918	179,461	200,166
Cash Flows	Cash flows from operating activities	(764)	8,354	11,866	1,840	5,960	12,510	10,690	17,613	(11,448)	9,915	30,187
	Cash flows from investing activities	(5,467)	(3,044)	(161)	4,504	5,086	743	(525)	(423)	5,446	8,278	(2,386)
	Cash flows from financing activities	3,638	(8,193)	(11,129)	(481)	(4,901)	(19,546)	(7,273)	(17,582)	5,999	(17,568)	(13,981)
	Cash and cash equivalents	18,402	17,394	17,088	22,935	29,235	23,011	25,480	25,983	28,251	29,790	46,301
Reference	(Amount of capital investment)	3,435	2,666	3,067	2,431	2,500	3,441	3,707	3,175	2,799	3,803	5,114
	(Depreciation)	2,179	2,150	2,270	2,066	2,335	2,413	2,976	2,874	3,160	3,532	3,743
Sales by Segment	Information & Electronics* ¹	210,703	209,369	211,659	221,023	214,963	217,904	218,690	224,534	247,713	238,003	239,114
	Chemicals* ²	52,398	52,845	48,198	48,047	51,580	77,522	74,181	66,626	78,644	89,820	112,657
	Life Industry	37,653	34,660	41,022	40,434	42,392	39,046	36,919	37,361	38,203	43,662	53,597
	Plastics	232,877	250,427	251,163	251,885	286,900	300,094	270,345	248,888	316,226	363,955	360,471
	(Housing & Eco Materials)* ²	26,511	24,257	24,817	25,064	25,137	—	—	—	—	—	—
	Others	1,028	553	176	175	162	172	175	172	174	178	181
	Total	561,173	572,114	577,037	586,630	621,137	634,740	600,312	577,583	680,962	735,620	766,022
Operating Profit (Loss) by Segment	Information & Electronics* ¹	4,863	4,489	3,833	3,992	(2,045)	4,819	4,482	6,327	6,422	5,269	6,904
	Chemicals* ²	862	1,072	1,011	1,003	259	1,424	1,208	1,320	2,207	2,770	2,788
	Life Industry	1,745	1,037	1,524	1,820	1,920	1,310	1,166	1,563	2,618	1,936	1,480
	Plastics	2,828	3,730	4,434	5,396	5,541	6,341	6,235	5,631	8,677	10,205	9,879
	(Housing & Eco Materials)* ²	343	285	421	260	157	—	—	—	—	—	—
	Others	292	158	146	142	129	136	135	130	127	131	137
	Total	10,936	10,774	11,371	12,616	5,962	14,031	13,229	14,973	20,052	20,314	21,190
	Overseas sales ratio (%)	51	51	53	53	53	54	53	53	59	60	55
	Overseas operating profit ratio (%)	56	46	45	46	—	54	54	54	60	67	59
	Number of employees on a consolidated basis (people)	3,577	3,454	3,509	3,827	4,098	4,184	4,282	4,203	4,207	4,316	4,631
Management Indicators	Operating profit ratio (%)	1.9	1.9	2.0	2.2	1.0	2.2	2.2	2.6	2.9	2.8	2.8
	Net D/E ratio (times)* ³	0.46	0.43	0.37	0.30	0.28	0.19	0.16	0.06	0.17	0.16	0.06
	Equity ratio (%)	37.7	39.1	41.3	43.0	40.1	44.5	45.2	49.2	45.0	47.2	46.8
	ROE (%)* ⁴	8.1	7.1	7.5	7.1	4.7	8.5	7.4	8.6	12.8	11.0	10.5
	ROA (%) * ⁵	3.0	2.7	3.0	3.0	1.9	3.6	3.3	4.1	6.0	5.1	5.0
	Share price at the end of the fiscal year (yen)	1,052	1,198	1,116	1,357	1,616	1,505	1,180	1,658	2,063	2,687	3,175
	Total market value (including treasury shares) (billion yen)* ⁶	68.5	76.0	70.8	86.1	102.6	95.5	74.9	105.2	125.4	153.4	177.5
	P/E ratio (times)* ⁷	7.7	8.7	7.3	8.7	14.7	7.1	6.2	7.2	5.5	7.8	8.8
	P/B ratio (times)* ⁸	0.58	0.59	0.55	0.57	0.70	0.56	0.49	0.57	0.67	0.84	0.88
	Number of shares issued and outstanding at the end of the fiscal year (including treasury shares) (shares)* ⁹	65,159,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	63,499,227	60,799,227	57,114,127	55,914,127
Information per Share	Number of treasury shares at the end of the period (shares)* ¹⁰	1,886,225	801,996	1,402,268	2,002,305	2,402,417	3,002,502	3,302,640	3,302,651	3,682,139	1,284,045	680,789
	EPS (yen)	137.01	137.20	151.91	156.25	109.92	211.36	188.82	229.13	374.23	343.31	362.17
	BPS (yen)	1,817.68	2,036.31	2,029.70	2,378.31	2,314.42	2,693.92	2,424.13	2,887.29	3,062.46	3,214.42	3,624.01
	Annual dividend (yen)	30	33	36	40	40	48	53	63	110	115	120
	Dividend payout ratio (%)	21.9	24.1	23.7	25.6	36.4	22.7	28.1	27.5	29.4	33.5	33.1
	Total return ratio (%)* ¹¹	—	31.1	31.1	34.8	46.5	30.0	31.9	27.6	62.2	47.1	44.7

Notes: 1. From FY2018, the Partial Amendments to Accounting Standard for Tax Effect Accounting was applied. This has been applied retroactively to the figures for FY2017.

2. We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., from FY2021.

*1 From FY2016, the business of designing, manufacturing, installation, and sales of 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.

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

*3 Net D/E ratio = (Interest-bearing debt – Cash and deposits) ÷ Equity capital

*4 ROE (%) = (Net profit ÷ Average equity capital at the beginning and end of the FY) × 100

*5 ROA (%) = (Net profit ÷ Average total assets at the beginning and end of the FY) × 100

*6 Total market value (including treasury shares) = Share price at the end of the FY × Number of shares issued and outstanding at the end of the FY (including treasury shares)

*7 P/E ratio is calculated by dividing share price at the end of the FY (TSE closing price) by net profit per share.

*8 P/B ratio is calculated by dividing share price at the end of the FY (TSE closing price) by net assets per share.

*9 Cancellation of treasury shares: 1,660,000 shares in FY2014, 2,700,000 shares in FY2021, 3,685,100 shares in FY2022, and 1,200,000 shares in FY2023

We retired 1,200,000 shares on July 17, 2024, bringing the total number of issued shares to 54,714,127 as of July 31, 2024.

*10 The number of treasury shares at the end of the FY includes shares owned by the Board Benefit Trust (BBT) introduced in FY2018 and consolidated subsidiaries in addition to shares owned by Inabata.

*11 Total return ratio has become the shareholder return index from FY2014. Total return ratio = (Dividend + Treasury shares acquired) ÷ Consolidated net profit × 100

Consolidated Balance Sheet

(Millions of yen)		
	FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Assets		
Current assets		
Cash and deposits	36,353	51,310
Notes receivable–trade	6,693	7,792
Electronically recorded monetary claims–operating	16,553	23,406
Accounts receivable–trade	153,640	175,264
Merchandise and finished goods	83,097	78,286
Work in process	802	1,938
Raw materials and supplies	4,990	4,843
Others	13,623	11,639
Allowance for doubtful accounts	(382)	(475)
Total current assets	315,373	354,006
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,491	18,439
Accumulated depreciation	(12,881)	(12,417)
Buildings and structures, net	5,610	6,022
Machinery, equipment and vehicles	20,351	22,887
Accumulated depreciation	(15,976)	(17,847)
Machinery, equipment and vehicles, net	4,375	5,040
Land	3,295	4,134
Construction in progress	210	291
Others	7,753	8,666
Accumulated depreciation	(4,640)	(5,529)
Other, net	3,113	3,136
Total property, plant and equipment	16,606	18,625
Intangible assets	2,403	3,855
Investments and other assets		
Investment securities	32,840	34,872
Long-term loans receivable	1,323	2,262
Retirement benefit asset	8,215	9,346
Deferred tax assets	1,202	1,313
Others	7,779	9,169
Allowance for doubtful accounts	(5,300)	(6,131)
Total investments and other assets	46,060	50,833
Total non-current assets	65,070	73,314
Total assets	380,443	427,320

(Millions of yen)		
	FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	105,730	127,702
Short-term borrowings	49,474	42,946
Income taxes payable	3,589	2,498
Accrued expenses	1,859	1,911
Provision for bonuses	1,606	1,863
Others	11,273	12,315
Total current liabilities	173,534	189,238
Non-current liabilities		
Bonds payable	7,500	7,500
Long-term loans borrowings	7,795	12,389
Deferred tax liabilities	5,176	5,952
Provision for retirement benefits for directors (and other officers)	37	42
Provision for share-based remuneration for directors (and other officers)	206	262
Retirement benefit liability	1,713	2,343
Others	2,972	2,836
Total non-current liabilities	25,402	31,327
Total liabilities	198,936	220,565
Net assets		
Shareholders’ equity		
Share capital	9,364	9,364
Capital surplus	6,718	7,177
Retained earnings	134,684	144,689
Treasury shares	(2,220)	(904)
Total shareholders’ equity	148,546	160,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,805	10,289
Deferred gains or losses on hedges	395	595
Foreign currency translation adjustment	17,187	28,541
Remeasurements of defined benefit plans	526	412
Total accumulated other comprehensive income	30,914	39,838
Non-controlling interests	2,046	6,588
Total net assets	181,507	206,754
Total liabilities and net assets	380,443	427,320

Financial Information

Consolidated Statement of Income

(Millions of yen)		
	FY2022 (April 1, 2022–March 31, 2023)	FY2023 (April 1, 2023–March 31, 2024)
Net sales	735,620	766,022
Cost of sales	672,745	696,734
Gross profit	62,874	69,288
Selling, general and administrative expenses	42,560	48,097
Operating profit	20,314	21,190
Non-operating income		
Interest income	249	425
Dividend income	1,938	1,073
Share of profit of entities accounted for using equity method	—	311
Miscellaneous income	847	1,232
Total non-operating income	3,034	3,042
Non-operating expenses		
Interest expenses	1,823	1,873
Foreign exchange losses	703	204
Provision of allowance for doubtful accounts	71	101
Share of loss of entities accounted for using equity method	1,065	—
Miscellaneous losses	574	660
Total non-operating expenses	4,237	2,839
Ordinary profit	19,110	21,393
Extraordinary income		
Gain on sale of non-current assets	—	285
Gain on sale of investment securities	8,661	3,765
Gain on bargain purchase	—	3,419
Total extraordinary income	8,661	7,470
Extraordinary losses		
Loss on retirement of non-current assets	—	543
Loss on valuation of investment securities	250	69
Loss on step acquisitions	—	225
Total extraordinary losses	250	838
Profit before income taxes	27,522	28,025
Income taxes–current	7,569	6,883
Income taxes–deferred	405	450
Total income taxes	7,975	7,333
Profit	19,547	20,692
Profit attributable to non-controlling interests	69	691
Profit attributable to owners of parent	19,478	20,000

Consolidated Statement of Comprehensive Income

(Millions of yen)		
	FY2022 (April 1, 2022–March 31, 2023)	FY2023 (April 1, 2023–March 31, 2024)
Profit	19,547	20,692
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,873)	(2,164)
Deferred gains or losses on hedges	(12)	195
Foreign currency translation adjustment	5,351	11,313
Remeasurements of defined benefit plans, net of tax	14	(103)
Share of other comprehensive income of entities accounted for using equity method	102	88
Total other comprehensive income	(4,417)	9,329
Comprehensive income	15,129	30,021
Comprehensive income attributable to:		
Owners of parent	15,025	28,924
Non-controlling interests	104	1,097

Consolidated Statement of Changes in Equity

FY2022 (April 1, 2022–March 31, 2023)			(Millions of yen)				
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	9,364	7,044	130,540	(7,398)	139,550		
Changes during period							
Dividends of surplus			(7,425)		(7,425)		
Profit attributable to owners of parent			19,478		19,478		
Purchase of treasury shares				(2,635)	(2,635)		
Cancellation of treasury shares		(40)	(7,908)	7,949	—		
Disposal of treasury shares		40		379	419		
Treasury stock purchase of stock ownership trust				(419)	(419)		
Treasury stock transfer of stock ownership trust				13	13		
Purchase of shares of consolidated subsidiaries		(326)			(326)		
Change in treasury shares arising from change in equity in entities accounted for using equity method				(108)	(108)		
Change in scope of consolidation					—		
Change in scope of equity method					—		
Net changes in items other than shareholders' equity							
Total changes during period	—	(326)	4,143	5,178	8,995		
Balance at end of period	9,364	6,718	134,684	(2,220)	148,546		
	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	22,667	398	11,793	508	35,367	1,996	176,914
Changes during period							
Dividends of surplus							(7,425)
Profit attributable to owners of parent							19,478
Purchase of treasury shares							(2,635)
Cancellation of treasury shares							—
Disposal of treasury shares							419
Treasury stock purchase of stock ownership trust							(419)
Treasury stock transfer of stock ownership trust							13
Purchase of shares of consolidated subsidiaries							(326)
Change in treasury shares arising from change in equity in entities accounted for using equity method							(108)
Change in scope of consolidation							—
Change in scope of equity method							—
Net changes in items other than shareholders' equity	(9,861)	(3)	5,394	17	(4,452)	49	(4,402)
Total changes during period	(9,861)	(3)	5,394	17	(4,452)	49	4,592
Balance at end of period	12,805	395	17,187	526	30,914	2,046	181,507

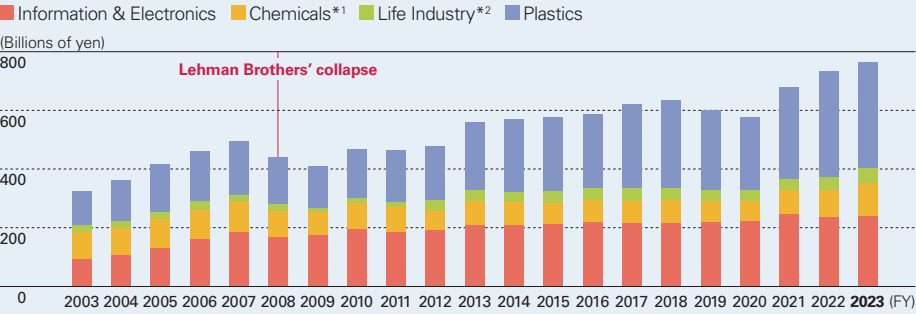
FY2023 (April 1, 2023-March 31, 2024)

(Millions of yen)							
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	9,364	6,718	134,684	(2,220)	148,546		
Changes during period							
Dividends of surplus			(6,658)		(6,658)		
Profit attributable to owners of parent			20,000		20,000		
Purchase of treasury shares				(2,230)	(2,230)		
Cancellation of treasury shares			(3,337)	3,337	—		
Disposal of treasury shares		584		304	889		
Treasury stock purchase of stock ownership trust					—		
Treasury stock transfer of stock ownership trust					—		
Purchase of shares of consolidated subsidiaries		(124)			(124)		
Change in treasury shares arising from change in equity in entities accounted for using equity method					—		
Change in scope of consolidation				(283)	(283)		
Change in scope of equity method				188	188		
Net changes in items other than shareholders' equity							
Total changes during period	—	459	10,005	1,315	11,780		
Balance at end of period	9,364	7,177	144,689	(904)	160,327		
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	12,805	395	17,187	526	30,914	2,046	181,507
Changes during period							
Dividends of surplus							(6,658)
Profit attributable to owners of parent							20,000
Purchase of treasury shares							(2,230)
Cancellation of treasury shares							—
Disposal of treasury shares							889
Treasury stock purchase of stock ownership trust							—
Treasury stock transfer of stock ownership trust							—
Purchase of shares of consolidated subsidiaries							(124)
Change in treasury shares arising from change in equity in entities accounted for using equity method							—
Change in scope of consolidation							(283)
Change in scope of equity method							188
Net changes in items other than shareholders' equity	(2,515)	200	11,354	(114)	8,924	4,542	13,467
Total changes during period	(2,515)	200	11,354	(114)	8,924	4,542	25,247
Balance at end of period	10,289	595	28,541	412	39,838	6,588	206,754

Consolidated Statement of Cash Flows

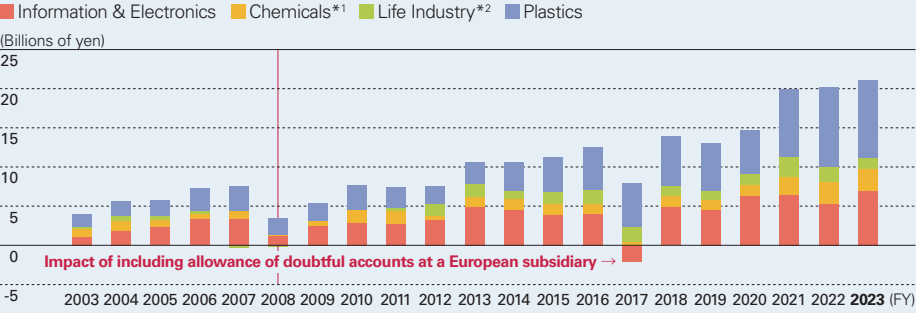
	(Millions of yen)	
	FY2022 (April 1, 2022–March 31, 2023)	FY2023 (April 1, 2023–March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	27,522	28,025
Depreciation	3,532	3,743
Increase (decrease) in allowance for doubtful accounts	(42)	(139)
Increase (decrease) in retirement benefit liability	(8)	278
Decrease (increase) in retirement benefit asset	(1,795)	(1,197)
Interest and dividend income	(2,187)	(1,498)
Interest expenses	1,823	1,873
Share of loss (profit) of entities accounted for using equity method	1,065	(311)
Increase (decrease) in provision for loss on guarantees	(18)	—
Gain on sale of non-current assets	—	(285)
Loss (gain) on retirement of non-current assets	—	42
Loss (gain) on valuation of investment securities	250	69
Loss (gain) on sales of investment securities	(8,661)	(3,765)
Loss (gain) on bargain purchase	—	(3,419)
Loss (gain) on step acquisitions	—	225
Decrease (increase) in trade receivables	15,661	(3,861)
Decrease (increase) in inventories	(5,512)	13,608
Decrease (increase) in other current assets	2,004	331
Decrease (increase) in other non-current assets	115	8
Increase (decrease) in trade payable	(15,328)	4,184
Increase (decrease) in other current liabilities	(1,242)	1,374
Other	446	(277)
Subtotal	17,623	39,009
Interest and dividends received	2,203	1,611
Interest paid	(1,800)	(1,886)
Income taxes paid	(8,111)	(8,546)
Net cash provided by (used in) operating activities	9,915	30,187
Cash flows from investing activities		
Payments into time deposits	(6,681)	(4,829)
Proceeds from withdrawal of time deposits	7,545	6,909
Purchase of property, plant and equipment	(2,527)	(2,595)
Proceeds from sales of property, plant and equipment	34	301
Purchase of intangible assets	(423)	(1,864)
Purchase of investment securities	(1,424)	(2,808)
Proceeds from sales of investment securities	12,111	4,213
Purchase of shares of subsidiaries	(445)	(548)
Decrease (increase) in short-term loans receivable	146	50
Long-term loan advances	(167)	(1,052)
Proceeds from collection of long-term loans receivable	171	781
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(852)
Other	(58)	(90)
Net cash provided by (used in) investing activities	8,278	(2,386)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13,072)	(13,978)
Proceeds from long-term borrowings	4,266	7,099
Repayments of long-term borrowings	(2,158)	(2,558)
Proceeds from issuance of bonds	7,454	—
Proceeds from share issuance to non-controlling shareholders	—	1,000
Purchase of treasury shares	(3,069)	(2,245)
Proceeds from disposal of treasury shares	419	—
Decrease (increase) in money held in trust for acquisition of treasury shares	(2,837)	2,837
Proceeds from sale of shares of parent held by subsidiaries	—	1,453
Dividends paid	(7,450)	(6,658)
Dividends paid to non-controlling interests	(35)	(19)
Purchase of shares of subsidiaries that do not result in change in scope of consolidation	(326)	(124)
Other	(757)	(786)
Net cash provided by (used in) financing activities	(17,568)	(13,981)
Effect of exchange rate change on cash and cash equivalents	912	2,691
Net increase (decrease) in cash and cash equivalents	1,538	16,511
Cash and cash equivalents at beginning of period	28,251	29,790
Cash and cash equivalents at end of period	29,790	46,301

Sales by business segment



Note: We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., from FY2021.

Operating profit (loss) by business segment



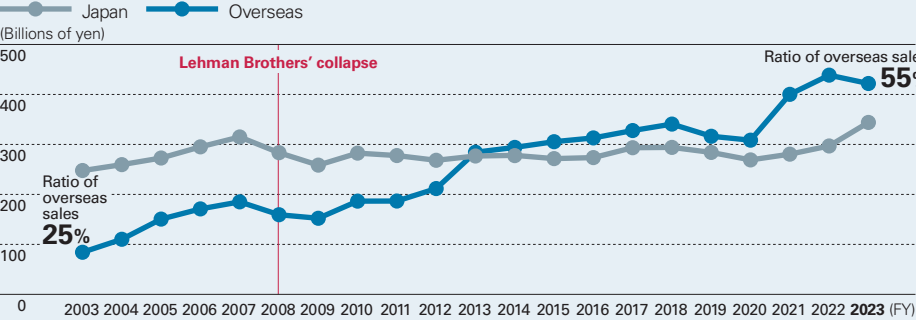
*1 In FY2019, the Housing & Eco Materials Segment was integrated into the Chemicals Segment.

The performance figures prior to FY2019 are also based on the revised categories.

*2 In FY2012, the Life Industry Segment was established by integrating the life science-related elements of the Chemicals Segment and the Food Segment.

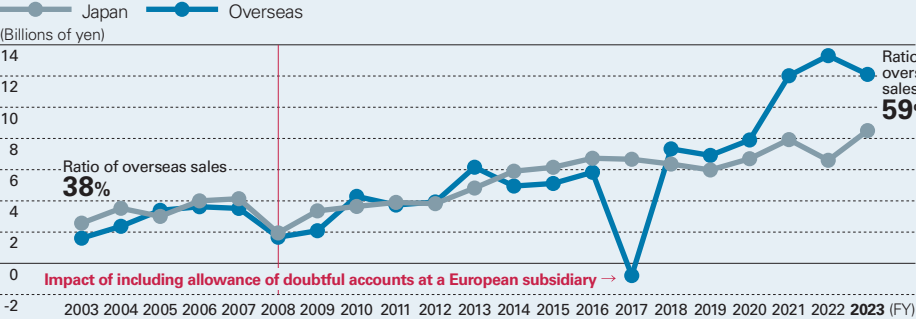
The performance figures for the Food Segment prior to FY2012 are presented as the Life Industry Segment.

Sales by domestic or overseas market



Note: We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., from FY2021.

Operating profit (loss) 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 to OA and automobiles. The Information & Electronics Segment grew significantly along with the rapid growth of the LCD market from 2000 onward.

The Life Industry Segment has been operating in the fields of food and advanced medicine in recent years and is expected to grow in the future.

Inabata established its first postwar 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 48 years since, its overseas business has expanded, and the proportion of overseas sales has grown from 25% in FY2003 to 55% in FY2023.

Consolidated subsidiaries

● Trading base ▲ Manufacturing & processing base

Company name	Countries and regions		Business
Japan			
▲ I & P Co., Ltd.	Japan	Osaki, Miyagi	Molding and processing of synthetic resins
▲ Ikkoen Co., Ltd.	Japan	Sakai, Osaka	Processing and sale of marine products
● Inabata Fine Tech & Co., Ltd.	Japan	Osaka	Sale of chemicals, food
▲ NIC Co., Ltd.	Japan	Tokyo	Processing and sale of plastic film products
● Ordiy Co., Ltd.	Japan	Osaka	Processing of plastic film products and packaging materials; design and marketing of supplementary equipment and systems
▲ Kansai Kobunshi Co., Ltd.	Japan	Yamato-Koriyama, Nara	Manufacturing of plastic films
▲ Daigo Tsusho Co., Ltd.	Japan	Shizuoka	Sale of materials and machinery for food packaging, manufacturing and sale of processed agricultural and marine products
▲ Taiyo Plastics Co., Ltd.	Japan	Hasuda, Saitama	Manufacturing of plastic films
▲ Novacel Co., Ltd.	Japan	Tokyo	Compounding of resins
● Maruishi Chemical Trading Co., Ltd.	Japan	Osaka	Sale of chemicals
● Maruishi Techno Co., Ltd.	Japan	Nagoya, Aichi	Sale of water treatment chemicals for air conditioning systems, maintenance of air conditioning equipment, sale of various paints
Southeast Asia / India			
● Inabata India Private Ltd.	India	Gurugram (Delhi suburb)	Import & export and sale of synthetic resins, electronic materials, and chemicals
▲ PT. IK Precision Indonesia	Indonesia	Bekasi (Jakarta suburb)	Molding and processing of synthetic resins
▲ PT. Inabata Creation Indonesia	Indonesia	Bekasi (Jakarta suburb)	Processing of grip tapes for tennis rackets
● PT. Inabata Indonesia	Indonesia	Jakarta	Import & export and sale of synthetic resins and chemicals
▲ PT. S-IK Indonesia	Indonesia	Bekasi (Jakarta suburb)	Compounding of resins
● Inabata Malaysia Sdn. Bhd.	Malaysia	Kuala Lumpur	Import & export and sale of synthetic resins
▲ SIK Color (M) Sdn. Bhd.	Malaysia	Johor	Compounding of resins
▲ IK Plastic Compound Phils. Inc.	Philippines	Binan (Manila suburb)	Compounding of resins
● Inabata Philippines, Inc.	Philippines	Binan (Manila suburb)	Sale of synthetic resins
● Inabata Singapore (Pte.) Ltd.	Singapore	Singapore	Import & export and sale of synthetic resins, electronic materials, and chemicals
▲ Novacel Singapore (Pte.) Ltd.	Singapore	Singapore	Compounding of resins
▲ Apple Film Co., Ltd.	Thailand	Samut Prakan (Bangkok suburb)	Manufacturing of plastic films
▲ Hi-Tech Rubber Products Co., Ltd.	Thailand	Ayutthaya	Molding and processing of rubber products
● IKT Consulting Co., Ltd.	Thailand	Bangkok	Sale of machinery and provision of various services
● Inabata Thai Co., Ltd.	Thailand	Bangkok	Import & export and sale of synthetic resins, chemicals, food, and machinery
▲ Novacel (Thailand) Co., Ltd.	Thailand	Bangkok	Compounding of resins
▲ SIK (Thailand) Ltd.	Thailand	Samut Prakan (Bangkok suburb)	Compounding of resins
▲ Apple Film Da Nang Co., Ltd.	Vietnam	Da Nang	Manufacturing of plastic films
● Inabata Vietnam Co., Ltd.	Vietnam	Hanoi	Import & export and sale of synthetic resins, electronic materials, and chemicals
▲ SIK Vietnam Co., Ltd.	Vietnam	Haiphong	Compounding of resins
Northeast Asia			
●▲ Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd.	China	Dalian	Compounding of resins; import & export and sale of synthetic resins and chemicals
● Inabata Sangyo (H.K.) Ltd.	China	Hong Kong	Import & export and sale of synthetic resins, machinery, electronic materials, and chemicals
▲ Novacel (Hong Kong) Ltd.	China	Hong Kong	Compounding of resins

Company name	Countries and regions		Business
● Guangzhou Inabata Trading Co., Ltd.	China	Guangzhou	Import & export and sale of synthetic resins, machinery, electronic materials, and chemicals
● Shanghai Inabata Trading Co., Ltd.	China	Shanghai	Import & export and sale of synthetic resins and chemicals
▲ Shanghai Inabata Fine Chemical Co., Ltd.	China	Shanghai	Processing of coating materials
● Inabata Korea & Co., Ltd.	South Korea	Seoul	Import & export and sale of electronic materials
● Taiwan Inabata Sangyo Co., Ltd.	Taiwan	Hsinchu	Import & export and sale of electronic materials, semiconductor-related equipment, and chemicals
The Americas			
▲ IK Plastic Compound Mexico, S.A. de C.V.	Mexico	Silao	Compounding of resins
● Inabata Mexico, S.A. de C.V.	Mexico	Queretaro	Sale of synthetic resins
▲ NH Inabata, S. de R.L. de C.V.	Mexico	Queretaro	Design and production, installation, and distribution of overhead traveling cranes
● DNI Group, LLC	United States	Novato (California)	Import & export and sale of food
● Inabata America Corp.	United States	New York	Import & export and sale of electronic materials, chemicals, and synthetic resins
Europe			
● Inabata France S.A.S.	France	Issy-les-Moulineaux (Paris suburb)	Import & export and sale of chemicals
▲ Pharmasynthese S.A.S.	France	Normandy	Manufacturing of pharmaceuticals, materials for cosmetics, and fine chemicals
● Inabata Europe GmbH	Germany	Dusseldorf	Import & export and sale of electronic materials, chemicals, and synthetic resins
● Inabata UK Ltd.	United Kingdom	Shrewsbury (Birmingham suburb)	Property management, warehousing

Equity-method affiliates

Company name	Countries and regions		Business
▲ Ulvac Coating Corp.	Japan	Chichibu, Saitama	Manufacturing of electronics and optical industrial materials
● Clean Assist Co., Ltd.	Japan	Tokyo	Sale of plastic films and plastic sundries

Other affiliates

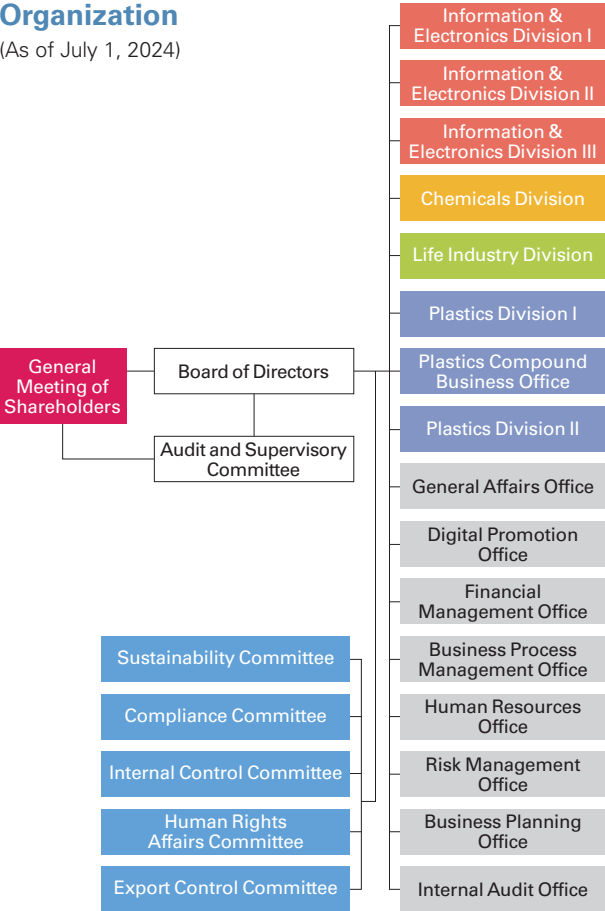
Company name	Countries and regions		Business
Japan			
▲ Aikei Farms Shakotan Co., Ltd.	Japan	Shakotan, Hokkaido	Production and sale of agricultural products
▲ Aikei Farms Yoichi Co., Ltd.	Japan	Yoichi, Hokkaido	Production and sale of agricultural products
▲ Inabata Optech Co., Ltd.	Japan	Kawasaki, Kanagawa	Research and development of encapsulants for optical semiconductor devices
Southeast Asia			
▲ Clover Plastics (Thailand) Co., Ltd.	Thailand	Chonburi	Manufacturing and sale of recycled plastic
Northeast Asia			
● Tianjin Inabata Trading Co., Ltd.	China	Tianjin	Import & export and sale of synthetic resins, electronic materials, and chemicals
The Americas			
● Inabata Brazil Import and Export Ltd.	Brazil	Sao Paulo	Sale of chemicals and synthetic resins
Australia			
● Inabata Australia Pty. Ltd.	Australia	Brisbane	Export of roughage, etc., import and sale of resin products, etc.

Corporate Information (As of July 1, 2024)

Company name	Inabata & Co., Ltd.
Founded	October 1, 1890
Incorporated	June 10, 1918
Paid-in capital	9,364 million yen
Domestic offices	Osaka Head Office, Tokyo Head Office, Nagoya Office, Iwate Office, Shiojiri Office, Shizuoka Office, Hamamatsu Office, Kyushu Office (Kirishima)
Overseas offices	Approximately 70 locations in 19 countries including Singapore, Bangkok, Jakarta, Shanghai, Hong Kong, Taipei, Los Angeles, New York, Dusseldorf
Number of employees	Non-consolidated: 748 (including employees seconded to Group companies) Consolidated: 4,631 (As of March 31, 2024)
Independent auditors	KPMG AZSA LLC
Securities code	Tokyo Stock Exchange Prime Market 8098

Website
www.inabata.co.jp/english/

Organization (As of July 1, 2024)



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. The president and the director in charge of IR lead dialogue with shareholders and investors, with some engagements handled by the IR Department.
- In cooperation with related sections within the Company, the IR Department collects and analyzes various management information. The information is communicated internally and externally, timely and appropriately.

(2) IR activities

- Inabata handles meetings with investors positively and reasonably. We also respond to applications for outside directors within a reasonable scope.
- Inabata holds a briefing on financial results twice a year to explain the progress of the medium-term management plan and provide an overview of financial results.
- Inabata sets occasions for dialogue with individual shareholders and investors through participation in IR events, etc.
- Inabata actively works to provide information through its website, integrated report, 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 FY2023	
Activity	Implemented
Financial results briefings	2 times
Individual meetings with institutional investors, analysts, etc. (including overseas)	62 times
Individual meetings with outside directors of the Company and institutional investors	1 time

External evaluation

Status of inclusion of indices

We were selected as a constituent stock for the JPX-Nikkei Index 400, which is calculated by JPX Market Innovation & Research, Inc. and Nikkei Inc.; the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index of FTSE Russell, which belongs to the London Stock Exchange Group; and the S&P/JPX Carbon Efficient Index (environmental stock index), which is presented by the U.S. S&P Dow Jones Indices and the Japan Exchange Group.



Other awards

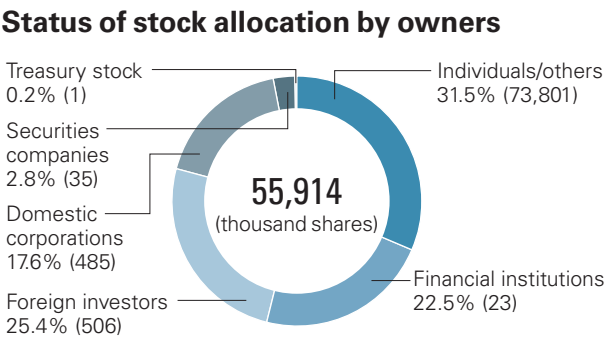
We were selected for the AAA Website rating in the 2023 All Japanese Listed Companies' Website Ranking announced by Nikko Investor Relations Co., Ltd. We were also recognized with the Best Company Award (Silver Award) in the Gomez IR Site Ranking 2023 and the Excellent Company Award in the Gomez ESG Site Ranking 2023, both announced by BroadBand Security, Inc.



Stock Information (As of March 31, 2024)

Stock information

Total number of authorized shares 200,000,000
Number of shares issued and outstanding 55,914,127
Number of shareholders 74,851
We retired 1,200,000 shares on July 17, 2024, bringing the total number of issued shares to 54,714,127 as of July 31, 2024.

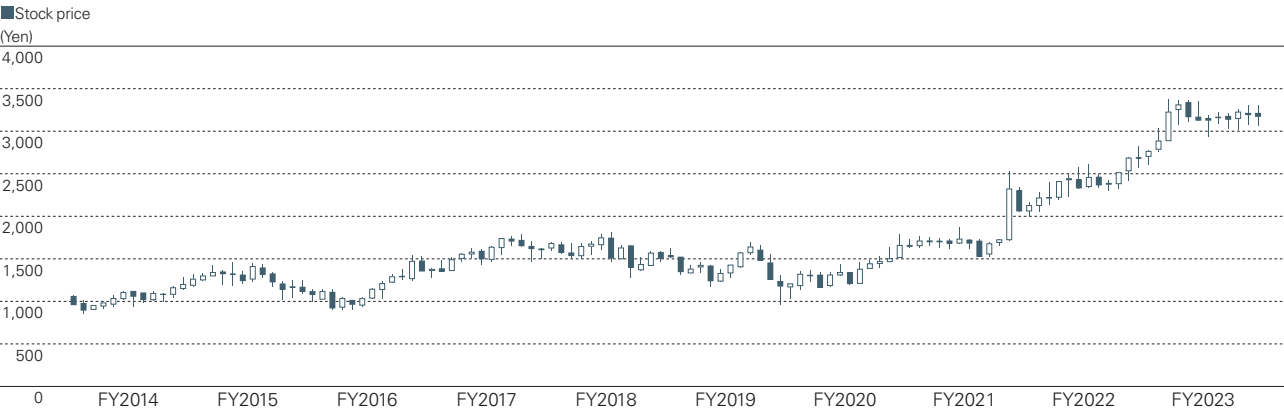


Principal shareholders (top 10)

Name of shareholder	Number of shares held (in thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,859	10.5
Sumitomo Chemical Co., Ltd.	5,591	10.0
Custody Bank of Japan, Ltd. (trust account)	2,279	4.1
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	819	1.5
Mizuho Bank, Ltd.	744	1.3
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	734	1.3
MUFG Bank, Ltd.	638	1.1
Sumitomo Mitsui Banking Corporation	624	1.1
Sumitomo Life Insurance Company	611	1.1
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	591	1.1

Note: Inabata & Co. owns 72,904 shares of treasury stock, which are not included in the shareholding ratio calculation. However, 266,400 shares of Inabata & Co. held by Custody Bank of Japan, Ltd. (trust account E) as trust assets under the Board Benefit Trust (BBT) system are excluded from the treasury shares and, therefore, included in the shareholding ratio calculation.

Stock price



Rating agency

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