

IK INABATA & CO., LTD.

Osaka Head Office

1-15-14 Minami-semba, Chuo-ku, Osaka 542-8558

Tokyo Head Office

(Temporary location from December 2022 to March 2026)

Muromachi Furukawa Mitsui Building (COREDO Muromachi 2),

2-3-1 Nihonbashi Muromachi, Chuo-ku, Tokyo 103-8448

(New location from April 2026)

2-8-2 Nihonbashi Honcho, Chuo-ku, Tokyo 103-8448

Note: Due to the reconstruction work on the Tokyo Head Office building, operations will be conducted at the temporary location above until March 2026. Business at the new building is scheduled to start from April 2026.



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Editing Policy

We prepare the integrated report as an important tool that enables our stakeholders to understand the business activities and distinctive initiatives that drive value creation for the Inabata Group.

In Integrated Report 2025, we report on the progress of the medium-term management plan, New Challenge 2026 (NC2026), and the Sustainability Medium-term Plan 2026, both launched in FY2024, while focusing on clearly communicating our strengths and future growth strategy.

- **Guidelines referenced:** Integrated Reporting Framework by the International Financial Reporting Standards (IFRS) Foundation, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry (METI), etc.
- **Relevant period:** From April 2024 to March 2025 (some information may not be limited to this period)
- **Relevant organizations:** Inabata & Co., Ltd. and its domestic and overseas Group companies

A cautionary note regarding future estimates

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

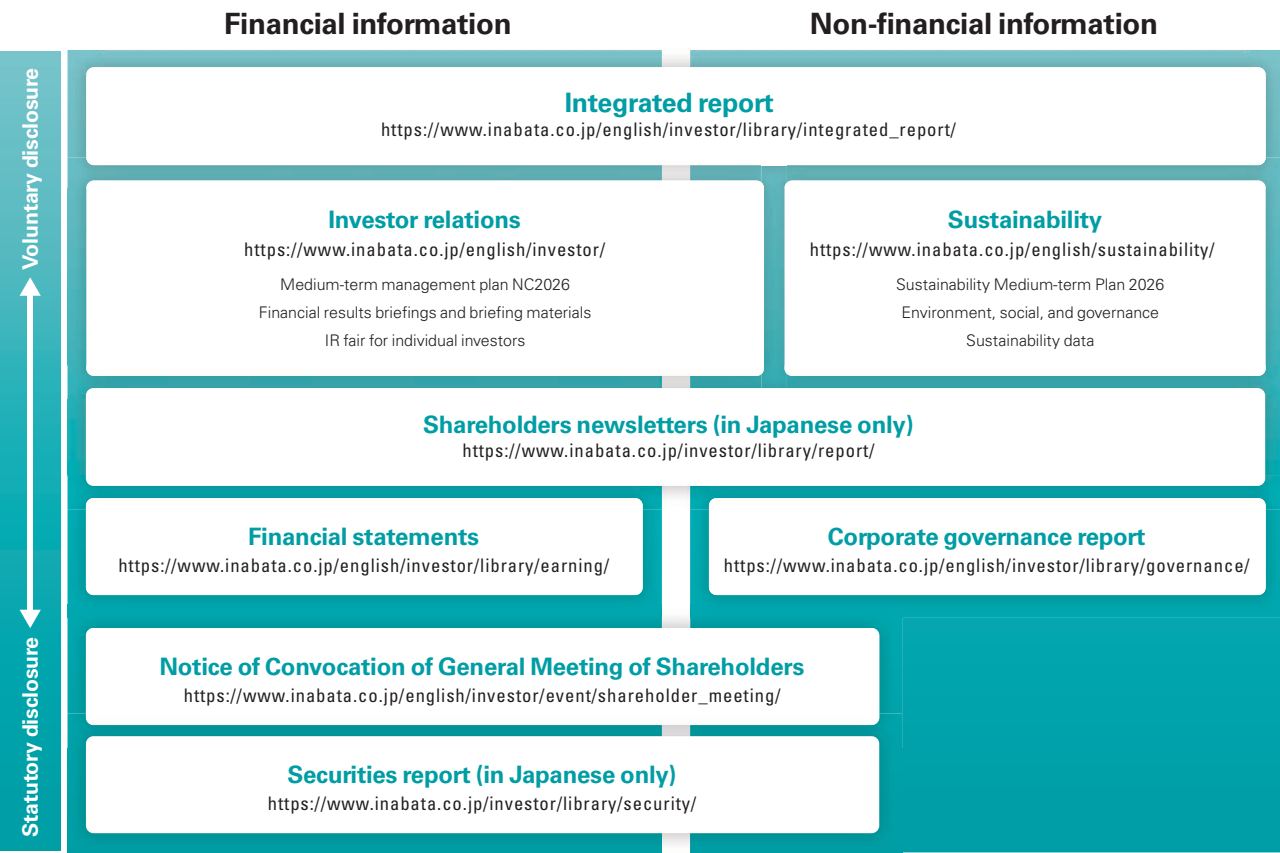
Cover design

The cover of this report features a checkerboard pattern in Horizon Green, inspired by the traditional Japanese *ichimatsu* grid motif. It conveys the continuity symbolized by the pattern, while reflecting the sense of peace, grounded hope, and calm, rational thinking associated with the color.

In FY2025, the second year of our medium-term management plan, we continue to make steady progress. Our goal is to achieve IK Vision 2030, which outlines our vision for 2030, by fostering sustainability and ensuring seamless integration across our operations.



Information disclosure system of the Inabata Group





Love (ai) and Respect (kei)

Mission

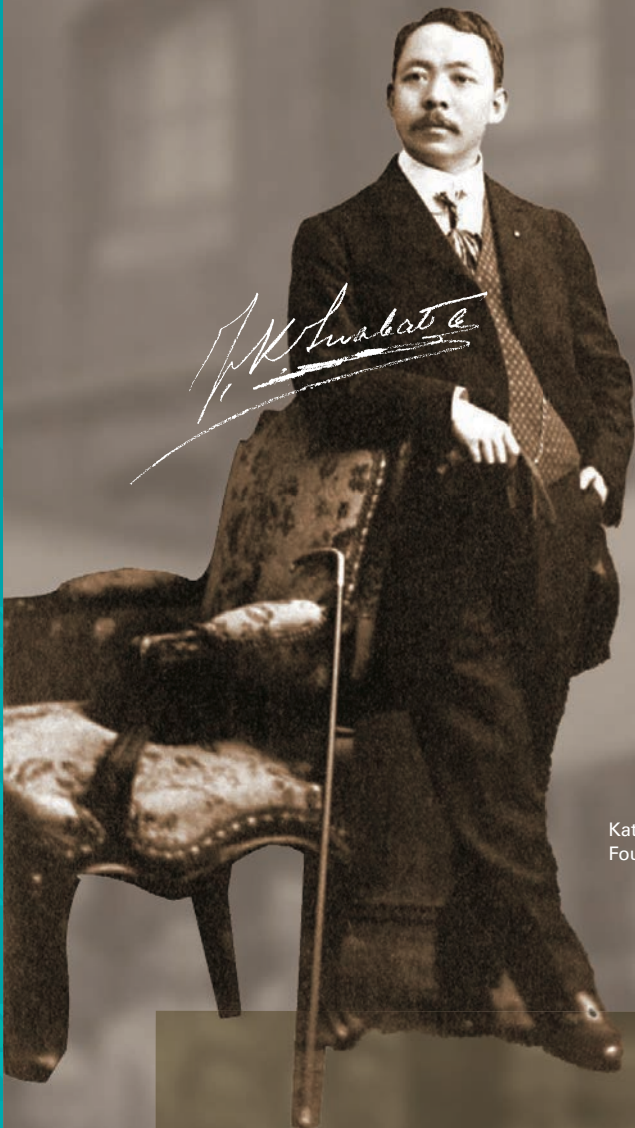
People come first, based on the spirit of “love (ai)” and “respect (kei),” and together we strive towards contributing to the development of society

Vision

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

IK Values

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



Katsutaro Inabata
Founder

Since our founding, we have continued to manage our business with respect for people.

“Honesty is the only way to earn trust of society”
This is one of the sayings left behind by our founder, which describes our spirit of “love (ai)” and “respect (kei).”
Our company’s history of over 130 years boasts a lineage of creating diverse businesses that contribute to social interests relevant to the times, and our emphasis on managing our business with respect for people links with today’s sustainability management.

Founding story

Founder Katsutaro Inabata studies in France,
sent by Kyoto Pref. following its decline due to capital transfer

Following the relocation of the capital to Tokyo immediately after the Meiji Restoration, the population of Kyoto Prefecture, which had previously served as the capital, declined sharply, and its economy was also in a state of decline. Against this backdrop, our founder, Katsutaro Inabata, who was born in Kyoto Prefecture and attended teacher’s school, was selected by the Kyoto Prefectural government in 1877 to visit France to study. He was only 15 at the time. While attending two industrial preparatory schools in Lyon, Europe’s largest textile hub, he studied the fundamentals of industrial chemistry and undertook practical training for three years at the Marnas dyeing factory. He later studied dyeing theory and applied chemistry at the University of Lyon while also visiting other European countries. Supporting him through his eight years abroad was a strong sense of mission to contribute to not only the revitalization of Kyoto but also to the modernization of all of Japan.



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

Contributing to the modernization of culture
Holds Japan’s first cinema show; Nikkatsu succeeds the business

On a business trip to France in 1896, Katsutaro reunited with his friend, Auguste Lumière, and purchased a cinematograph, films, and screening rights. He then held Japan’s first film screening in Namba, Osaka. A newspaper at the time wrote that the audience was surprised and amazed by the moving picture. He then transferred the rights to a company which would later become Nippon Katsudo Shashin Corp., which is now known as Nikkatsu Corp.



Replica of a cinematograph

Contribution to Social Development and Our History of Growth

Guided by our founder’s spirit, we adapt to changing society and client needs, fostering continuous growth and evolution.

Contribution to social development

1890— Delivering world-class technology to Japan

Bringing Europe’s world-leading dyeing techniques back to Kyoto, promoting domestic production of dyes

After returning from his studies in France in 1885, Our founder, Katsutaro Inabata, served as a lecturer at a dyeing institute in Kyoto. He played a key role in establishing Kyoto Orimono, a local textile company, promoting world-leading dyeing techniques in Japan. In 1890, he founded Inabata Senryoten, the predecessor of Inabata & Co., Ltd., which began importing cutting-edge synthetic dyes and chemicals into Japan. When dye imports came to a halt during World War I, Katsutaro participated in the establishment of Japan Dyestuff Manufacturing Co., Ltd. in 1916 and dedicated himself to advancing the domestic production and widespread adoption of dyes.



Inabata Senryoten at the time of founding

1950— Supporting heavy chemical industrialization and rapid economic growth

Inabata responded to demand for petrochemicals by importing polypropylene for the first time in Japan

Around 1955, government-led heavy chemical industrialization accelerated and demand for petrochemicals expanded. Against such a background, Inabata had the foresight to set its eye on polypropylene, which was said to be an all-purpose resin. In 1957, Inabata concluded a provisional import contract with an Italian firm that had industrialized polypropylene production that year, and imports to Japan began for the first time in 1959. Since then, the supply of commodity resins—widely used in everything from home appliances and automotive parts to textile materials, medical applications, and construction materials—has continued to support manufacturing in Japan from the period of rapid economic growth to the present day.



1980— Building a global supply network

Expands manufacturing and processing capabilities overseas to support Japanese manufacturers’ global expansion and supply chains

In the late 1970s, in response to the relocation of production facilities of Japanese electronics manufacturers to Southeast Asia, Inabata established its first plastic compound manufacturing and processing base in Singapore. Inabata established a system to supply customers who had struggled with inventory management and fluctuating demand for imported raw materials from Japan with timely and consistently high-quality materials. Since the Plaza Accord in 1985 accelerated the overseas expansion of Japanese manufacturers, Inabata has expanded its presence to locations such as Thailand, Malaysia, China, and Vietnam, supporting our customers’ supply chains across these regions.



2010— Contributing to a decarbonized society

Emphasized focus on environmental-related business in the medium-term management plan, expanding product lineup with reduced environmental impact

Marking the Company’s 120th anniversary in 2010, president at the time Katsutaro Inabata designated this milestone as the fourth founding* and established a corporate philosophy framework (Mission, Vision, and IK Values). Business portfolios were reorganized into the current four segments and focus was set on strengthening and enhancing diverse capabilities to respond to societal changes and create new value. Since 2010, the medium-term management plan has focused on environment-related business. In its commitment to contributing to a decarbonized society, Inabata has expanded to handling products with reduced environmental impact, including renewable energy and recycled resins.



* The Company defines the start of business in 1890 as its first founding, the postwar recovery beginning in 1945 as the second founding, the separation of the pharmaceutical business in 1984 as the third founding, and the 120th anniversary year in 2010 as the fourth founding.

Social environment

1890— Early and Growth Period

The dawn of modern Japanese industry From postwar reconstruction to an era of rapid economic growth centered on heavy chemical industries.

- 1890 Inabata Senryoten established in Kyoto
- 1908 Branch established in Tianjin, China
- 1916 Katsutaro contributed to the establishment of Japan Dyestuff Manufacturing
- 1959 Imported polypropylene for the first time in Japan
- 1973 Listed on the First Section of the Tokyo Stock Exchange
- 1976 Overseas sales base established in Singapore

1980— Reform Period

Following the Plaza Accord, the yen appreciated significantly, accelerating the overseas expansion of Japanese manufacturers and driving increased demand for the development of global supply networks.

- 1984 Separated the core pharmaceuticals business
- 1987— Expanded overseas operations to countries including Thailand, Malaysia, France, Indonesia, and China
- 1990 100th anniversary
- 1999 Reorganized operations into five key areas—IT & Electronics, Housing Materials, Chemicals, Plastics, and Food—and restructured the business portfolio accordingly
- 2000— Obtained ISO 14001 and ISO 9001 certifications

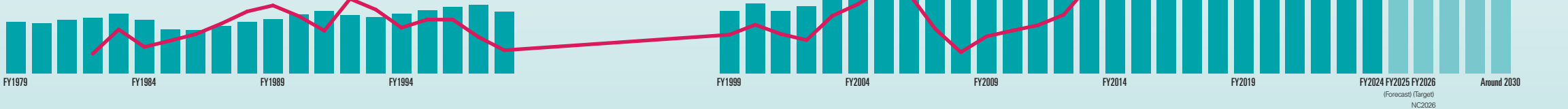
2010— The Fourth Founding Period

Amid energy supply concerns after the Great East Japan Earthquake and COVID-19 disruptions, the world entered a highly unpredictable era of volatility, uncertainty, complexity, and ambiguity (VUCA), making climate change and sustainable development urgent priorities.

- 2010 Redefined the corporate philosophy framework to the Mission, Vision, and IK Values—centered on “love (ai)” and “respect (kei)”
- 2010— Focused on environment-related business (solar cell-related, recycled resins, biomass power generation, etc.)
- 2014 Overseas sales ratio reached 50%
- 2019 Reorganized operations into the current four segments: Information & Electronics, Chemicals, Life Industry, and Plastics
- 2021 Established the Sustainability Committee Established the Business Planning Office to accelerate investments Enhanced shareholder returns by introducing progressive dividends
- 2022 Transition to a company with an audit and supervisory committee
- 2023 Accelerated efforts to realize management that is conscious of cost of capital and stock price
- 2024 Formulated the Sustainability Medium-term Plan 2026

2030—

IK Vision 2030 Toward 1 trillion yen in net sales



**With the foresight and agility
of a trading company,
we will chart our course
through changing times
toward 2030 and beyond.**

Katsutaro Inabata
President



Valuing communication

President's roundtable and a new corporate message

In April 2024, we launched New Challenge 2026 (NC2026), the third stage of our medium-term management plan aimed at realizing our long-term vision, IK Vision 2030. To successfully execute the plan, we recognized the importance of open communication between management and employees, and put into action a long-prepared initiative: roundtable discussions with the president. Between July 2024 and February 2025, we held a total of 15 roundtable discussions, each focused on a specific theme such as career planning, human resource development, corporate culture, investment strategies, and the current and ideal functions of a *shosha*, or Japanese trading company. Employees interested in each topic were invited to participate. Rather than simply delivering my own

message, I focused on listening carefully to employees. Through this process, I realized that things I had assumed were well understood often were not, and I also became aware of many of my own assumptions. It proved to be a highly valuable experience. We intend to address the many action items raised during the roundtable discussions through various initiatives moving forward.

Building on some of the themes from the recent roundtable discussions, we have launched the MOVE MOVE Project to develop our corporate message. The project name embodies the idea of employees taking initiative to drive Inabata's future forward. Project members, primarily young leaders from various workplaces, are actively engaged in workshops and related discussions. I look forward to seeing how they will articulate the Company's vision beyond the long-term vision in their own words.

President's roundtable: Shaping Inabata's future Conversing with the president

From July 2024, we held 15 president's roundtable sessions, with a total of 132 employees taking part. Employees from a wide range of departments, positions, and age groups engaged in open and lively exchanges of ideas. Many also took part in the informal gatherings held afterward, which further deepened connections.



Implementation period

Term 1: July–October 2024 (8 sessions)
Term 2: November 2024–February 2025 (7 sessions)

Number of participants

Total of 132 (including those who attended multiple sessions)

Themes of the discussions

- The current and future functions of the Company
- Investment strategies
- Building career plans at the Company (Part 1: Systems related to retirement age extension)
- Building career plans at the Company (Part 2: Assignments and transfers)
- Human resource development
- Diversity and inclusion (D&I)
- What should change and what should be preserved (organizational culture)

Review of FY2024

Achieved record highs in net sales, operating profit, and ordinary profit

In FY2024, we achieved record highs in net sales, operating profit, and ordinary profit, marking a strong start to the first year of our medium-term management plan, NC2026. The weak yen provided a tailwind, but it was particularly our two key segments, Plastics and Information & Electronics, that significantly outperformed plans and drove overall growth.

In the Plastics segment, demand related to office automation (OA) equipment recovered significantly, mainly in Southeast Asia. This led to not only increased sales at our trading bases but also higher operating rates at our compounding factories, resulting in substantial profit growth. Additionally, the joint venture Novacel Co., Ltd., established with Daicel Corporation and newly consolidated, got off to a strong start and also contributed to our financial performance.

In the Information & Electronics segment, the recovery in OA-related demand provided a tailwind, and the market for flat panel displays (FPDs) remained strong, supported by economic stimulus measures in China.

On the other hand, our efforts in key focus areas such as materials for storage batteries and solar power

generation have faced delays due to the rapid slowdown in the EV transition and worsening market conditions. Nevertheless, we believe that the long-term social demand to address environmental and energy challenges remains unchanged, and remain committed to advancing these initiatives.

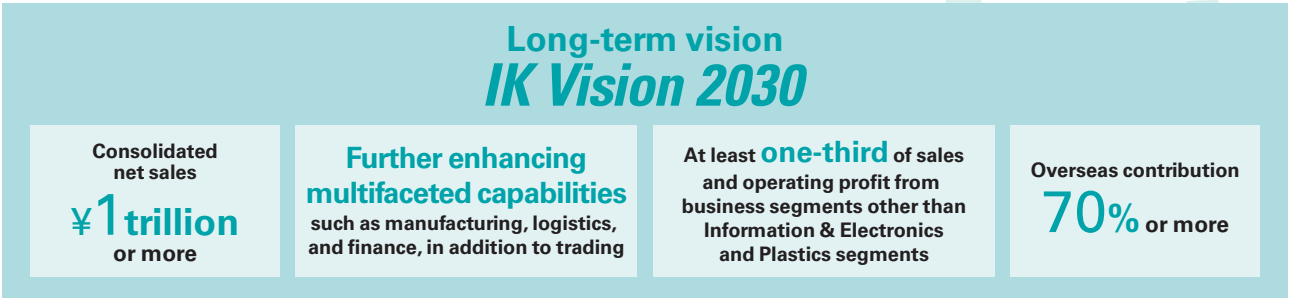
Progress toward IK Vision 2030

Continuing to accelerate efforts toward achieving the four goals

It is still a bit early to determine whether we will achieve the four goals set out in IK Vision 2030, but I would like to share our current progress.

As for our goal of achieving consolidated net sales of one trillion yen or more, we aim to reach this during the next medium-term management plan, which will mark the final phase of IK Vision 2030. However, we expect to gain a clear outlook toward this target during the NC2026 period.

Regarding the goal of further advancing multifaceted capabilities, in addition to our existing functions, including manufacturing, processing, logistics, and trading (trading company functions), we are also considering adding entirely new capabilities such as research and development. Our aim is to continue



expanding the value we offer. In addition, to further enhance our manufacturing and processing functions, we are strengthening our organizational structure by establishing the Manufacturing Site Support Department within the Financial Management Office.

Progress has been limited toward our goal of generating at least one-third of sales and operating profit from business segments other than Information & Electronics and Plastics. That said, the intent behind this policy is to avoid overdependence on any specific business domain. In that respect, even within our two main segments, Information & Electronics and Plastics, new business domains have been emerging, and the nature of these segments is gradually evolving. Of course, we will not rest on these developments. We remain committed to accelerating growth in the Chemicals and Life Industry segments through proactive investments and other strategic initiatives.

Regarding the goal of achieving an overseas ratio of 70% or more, the domestic ratio has actually increased over the past two years due to the high domestic sales proportion of newly consolidated subsidiaries. This policy emphasizes that achieving one trillion yen in sales will naturally result in an overseas sales ratio of around 70%. At that point, it will be crucial for the entire Group to establish an appropriate governance structure. Accordingly, strengthening governance frameworks to match the Group's expanding consolidated scope, both domestically and internationally, remains an ongoing challenge. We are steadily expanding our overseas business, with a more detailed discussion on structural enhancements to follow. Anticipating strong growth ahead, we opened our fifth office in India, the Bangalore Office, in July 2024, and established a new branch in Cambodia under Inabata Thai Co., Ltd. in April 2025.

Initiatives under NC2026

Aiming to realize our growth strategy by focusing on proactive investment and sustainability management

As the second year of NC2026, FY2025 will be a year of steadily taking steps toward the realization of IK Vision 2030 while adapting to ongoing changes in the world around us. This fiscal year, we remain committed to steadily and actively advancing the key initiatives outlined in our management plan: proactive investment and addressing key management materiality through our Sustainability Medium-term Plan. The individual strategies are as follows.

Growth strategy

NC2026 focuses on organic growth as its foundation, while aiming to accelerate expansion through proactive investment. Since establishing the Business Planning Office in July 2021 to identify and screen investment opportunities, we have reviewed numerous projects. One notable outcome is the formation of Novacel Co., Ltd., a joint venture with Daicel Corporation, as mentioned earlier. While the joint venture has gotten off to a smooth start, the real challenge of realizing full synergies lies ahead. Not limited to Novacel, we believe that enhancing our capability to drive post-merger integration (PMI) in both completed and upcoming projects is essential for the successful execution of investment initiatives. To strengthen our organizational structure, we established a department dedicated to promoting PMI within the Business Planning Office in August 2024. We are working to strengthen governance by collaborating with corporate departments such as the Internal Audit Office and the Financial Management Office, while also partnering with sales divisions to drive the realization of synergies.

Message from the President

Financial strategy

We will continue to control our cost of capital to maintain return on equity (ROE) levels. We also believe it is important to steadily execute our growth strategy, continuously enhance business value, and foster growth expectations.

In response to rising interest rates resulting from recent global economic changes, we have been gradually strengthening the capital of our overseas offices over the past two to three years. Thanks to these efforts, the impact of rising interest rates on non-operating income and expenses for the consolidated Group has been kept lower than initially expected. We will continue to implement a flexible financial strategy to address rising interest rates going forward.

Sustainability strategy

In May 2024, we announced our medium-term management plan, NC2026, alongside the release of the Sustainability Medium-term Plan 2026. We have identified key risks, opportunities, and major initiatives related to materiality, and established a long-term vision, strategies, key performance indicators (KPIs), and targets. We encourage you to review them at your convenience. In July 2024, we concluded our first-ever green loan, and in November, we decided to issue our first green bonds. Both are important new milestones for the Company.

Please refer to Progress of the Sustainability Medium-term Plan 2026 on page 31.

Utilization of human capital

Human capital utilization is recognized as a critical material issue in our Sustainability Medium-term Plan and forms the foundation for business continuity. To address this, we have set a range of KPIs. We expanded the employee engagement survey to include our domestic manufacturing facilities, resulting in a significant improvement in response rates. However, the proportion of positive responses declined. We will carefully analyze the underlying causes and address them sincerely. We have made steady progress on KPIs related to D&I. We are developing a human resource database to support the promotion of local staff to executive positions at overseas subsidiaries and plan to accelerate these efforts.



With the staff of Inabata Industry & Trade (Dalian F.T.Z.)

Digital strategy (leveraging DX)

Our digital strategy centers on three key areas: the strategic use of information across the entire Group,



corresponding improvements in security levels, and boosting productivity through digital transformation (DX) initiatives. Specifically, the most critical issue is the renewal of our core system, and the project is progressing smoothly. With the ongoing expansion of our Group-wide network, maintaining consistent security standards across our headquarters and both domestic and international subsidiaries is essential. We are committed to continuously strengthening these standards through regular audits and ongoing guidance. In terms of DX, we are adopting tools to streamline operations while also working to maximize the use of our information assets—for example, by leveraging generative AI to analyze daily sales reports.

companies, which have grown in tandem with the expansion of free trade. However, from a different perspective, the social momentum toward sustainable capitalism, which accelerated rapidly during the COVID-19 pandemic, and the direction of the second Trump administration, while seemingly at odds, may not be entirely unrelated. It may take a little more time to clearly understand the major trends. Inabata is committed to navigating any shifts in the environment with the flexible approach characteristic of a *shosha*, or Japanese trading company. Each of our employees is expected to see these changes not as limitations but as opportunities for growth and to transform them into chances for success. We will continue to listen to the opinions of our stakeholders and work toward our sustainable growth. We appreciate your continued support and look forward to your ongoing cooperation.

To our stakeholders

Navigating shifting currents with the agility that defines a trading company

Since the launch of the second Trump administration in January 2025, there has been growing commentary that the world has entered an era of division, with some even describing the situation as a crisis of free trade. This could be seen as a challenging time for trading

Medium-term management plan: NC2026

Key themes

- Accelerate growth through proactive investment
- Address key management priorities (materiality) under the Sustainability Medium-term Plan 2026

Company-wide growth strategy

Segment growth strategy

Management base strategy

Financial strategy

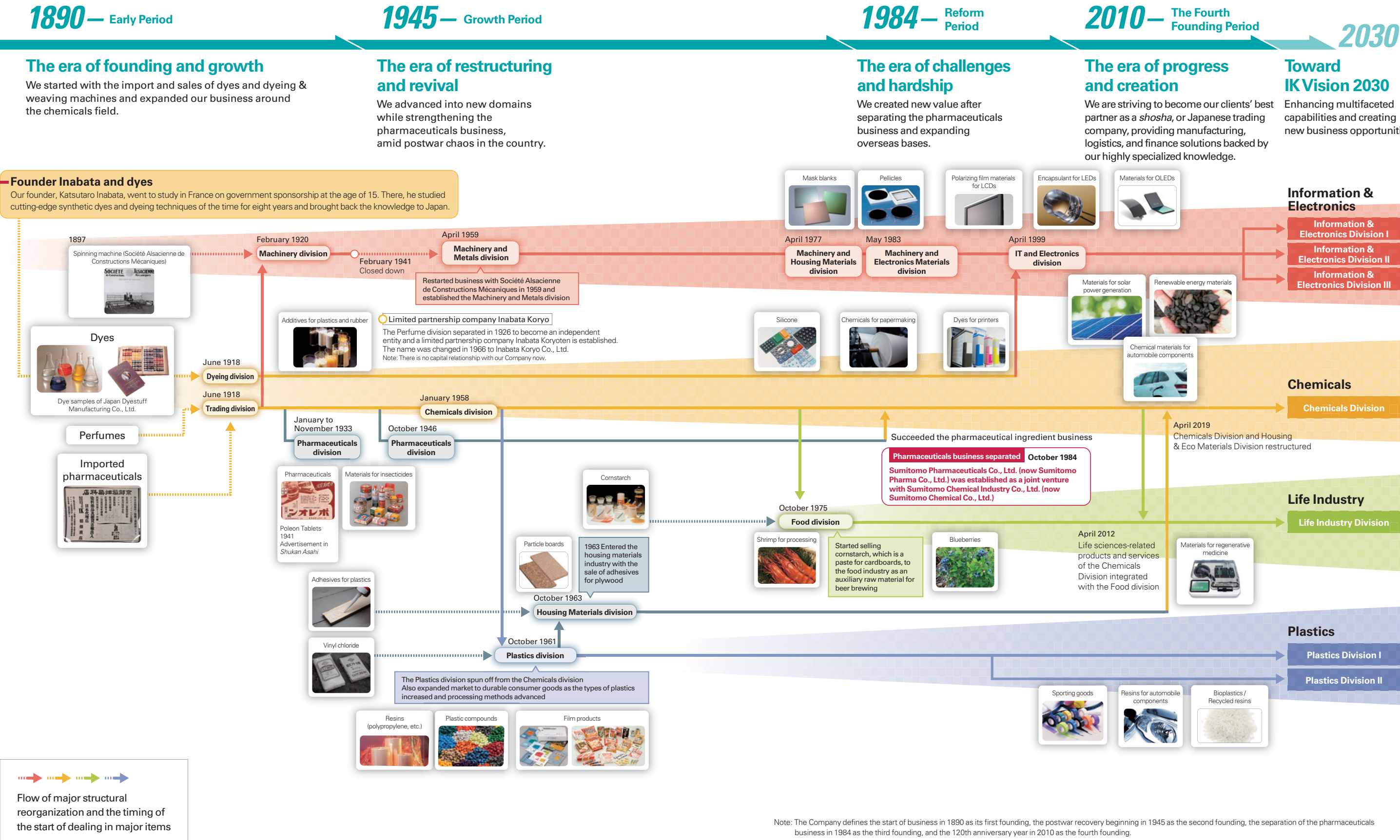
Sustainability strategy
(including HR strategy)

Digital strategy

稲田勝介
Katsutaro Inabata
President

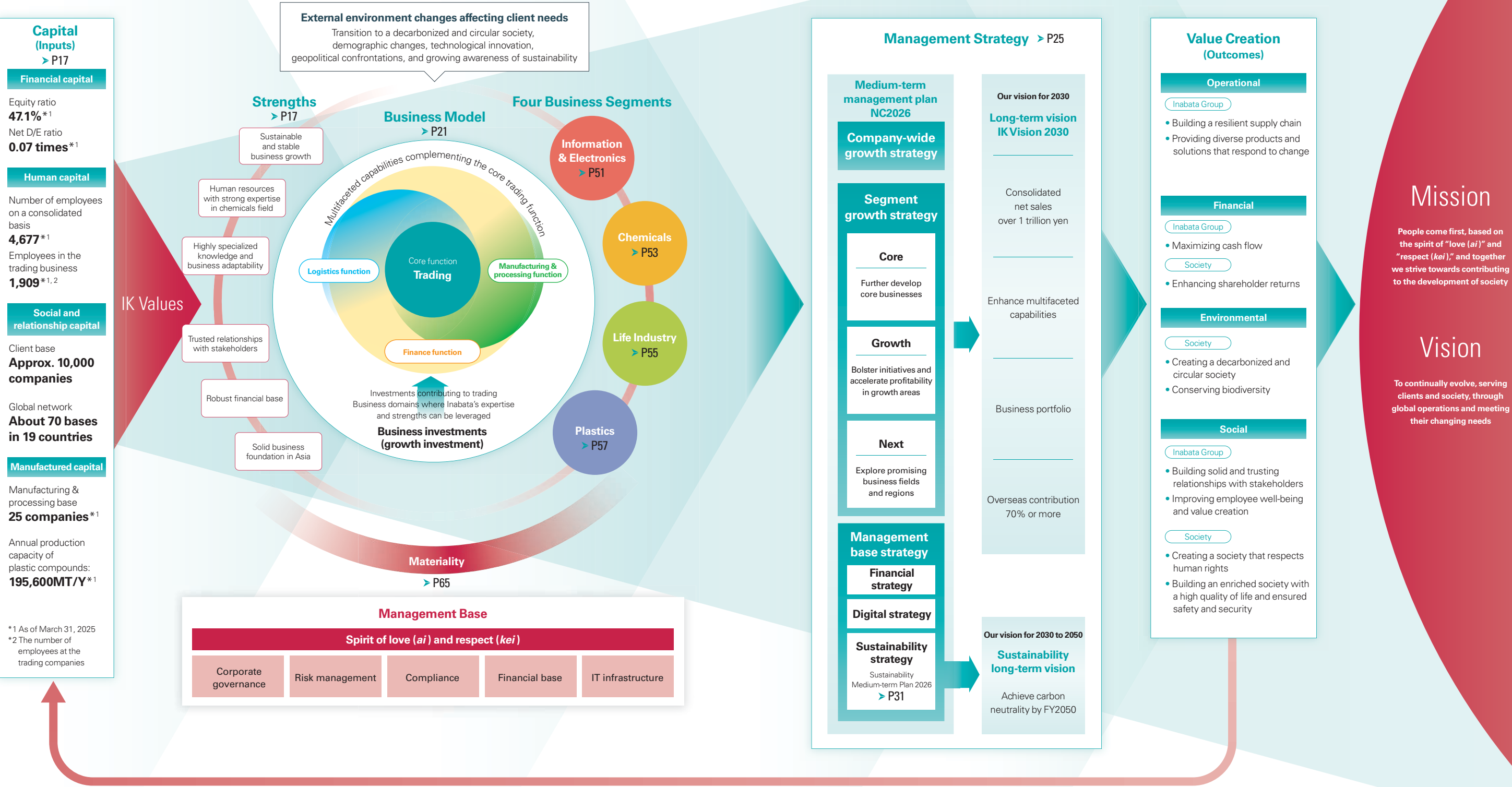
History of Our Business Portfolio

Since we started 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.



Value Creation Process

The Inabata Group will harness the capital it has accumulated and cultivated as a source of its business expansion, with trading at the core, providing optimal solutions for the global supply chain. Furthermore, we will accelerate growth through proactive investment in business domains where we can leverage our strengths.



The Inabata Group’s capital and strengths that support the creation of sustainable value

The Inabata Group has continually strengthened and integrated the four forms of capital we have cultivated over more than 130 years: financial capital, human capital, social and relationship capital, and manufactured capital. These forms of capital are deeply connected to the Group’s unique values and form the foundation of our strengths, which serve as a source of competitive advantage. Even in a rapidly changing social environment, we will leverage these strengths to further evolve our value proposition of delivering optimal supply chain solutions and strive to sustainably enhance our corporate value.

Capital investment

Unique values

Development of strengths

Business creation

	Importance to the Group	Key indicators	Key initiatives to strengthen
<div>Financial capital</div> <div></div>	Foundation supporting sustainable growth and value creation	<div>Equity ratio*1</div> <div>47.1%</div> <div>Net D/E ratio*1</div> <div>0.07 times</div>	<ul style="list-style-type: none">Further improve capital efficiencyReduce strategic shareholdingsDiversify funding methods (corporate bonds, etc.)Focus on shareholder returns, including paying progressive dividendsImplement measures to realize management conscious of cost of capital and stock price
<div>Human capital</div> <div></div>	Source of the Group’s value creation	<div>Number of employees on a consolidated basis (people)*1</div> <div>4,677</div> <div>Employees in the trading business*1,2</div> <div>1,909</div>	<ul style="list-style-type: none">Instill the corporate missionDrive improvements to enhance employee well-being, starting from engagement survey insightsFoster diversity and inclusion (D&I)Advance health and productivity managementStrengthen human resource development
<div>Social and relationship capital</div> <div></div>	Foundation for generating internal and external synergistic effects	<div>Client base</div> <div>Approx. 10,000 companies</div> <div>Global network</div> <div>About 70 bases in 19 countries</div>	<ul style="list-style-type: none">Strengthen trust-based relationships with existing partnersCultivate new, promising business partnersActively expand into growth marketsBuild a sustainable supply chainEnsure information disclosure and transparency
<div>Manufactured capital</div> <div></div>	Unique tools to enhance trading business	<div>Manufacturing & processing base*1</div> <div>25</div> <div>Annual production capacity of plastic compounds*1</div> <div>195,600MT/Y</div>	<ul style="list-style-type: none">Enhance the functional integration of the global manufacturing networkOptimize operational efficiency and strengthen production capacityImprove manufacturing technologyStrengthen the quality management systemImplement environmental measures in manufacturing

*1 As of March 31, 2025 *2 The number of employees at the trading companies

IK Values

To cherish integrity and respect for people (ethics)

To continually challenge the limits with high ideals, big dreams and great passion (aspiration)

To prize dialogue and teamwork, and to treasure professional growth of employees (organization)

To become the best partner of our clients, providing solutions from the clients’ standpoint (role)

To grow with people across borders, sharing and respecting diverse values with the aim of co-prosperity (symbiosis)

Sustainable and stable business growth

Our performance has consistently grown, with sales and operating profit hitting record highs for four consecutive periods. The Group’s business has established strong market recognition, built trust, and realized sustainable, stable growth.

Human resources with strong expertise in chemicals field

Our foundation for value creation lies in personnel who are not only trusted and respected by stakeholders as individuals but also possess advanced expertise in their respective business fields. In particular, our experience and network in the chemicals business, a core business domain, are key strengths.

Highly specialized knowledge and business adaptability

Leveraging our global network, we are able to provide critical information such as market insights and regulatory updates. We also offer consultation services in areas such as manufacturing processing, logistics, risk management, and finance.

Trusted relationships with stakeholders

Trust-based relationships with customers and suppliers are the lifeline that supports our sustainable growth. By engaging with a wide range of industries, we stay attuned to global trends and expand into new business areas.

Robust financial base

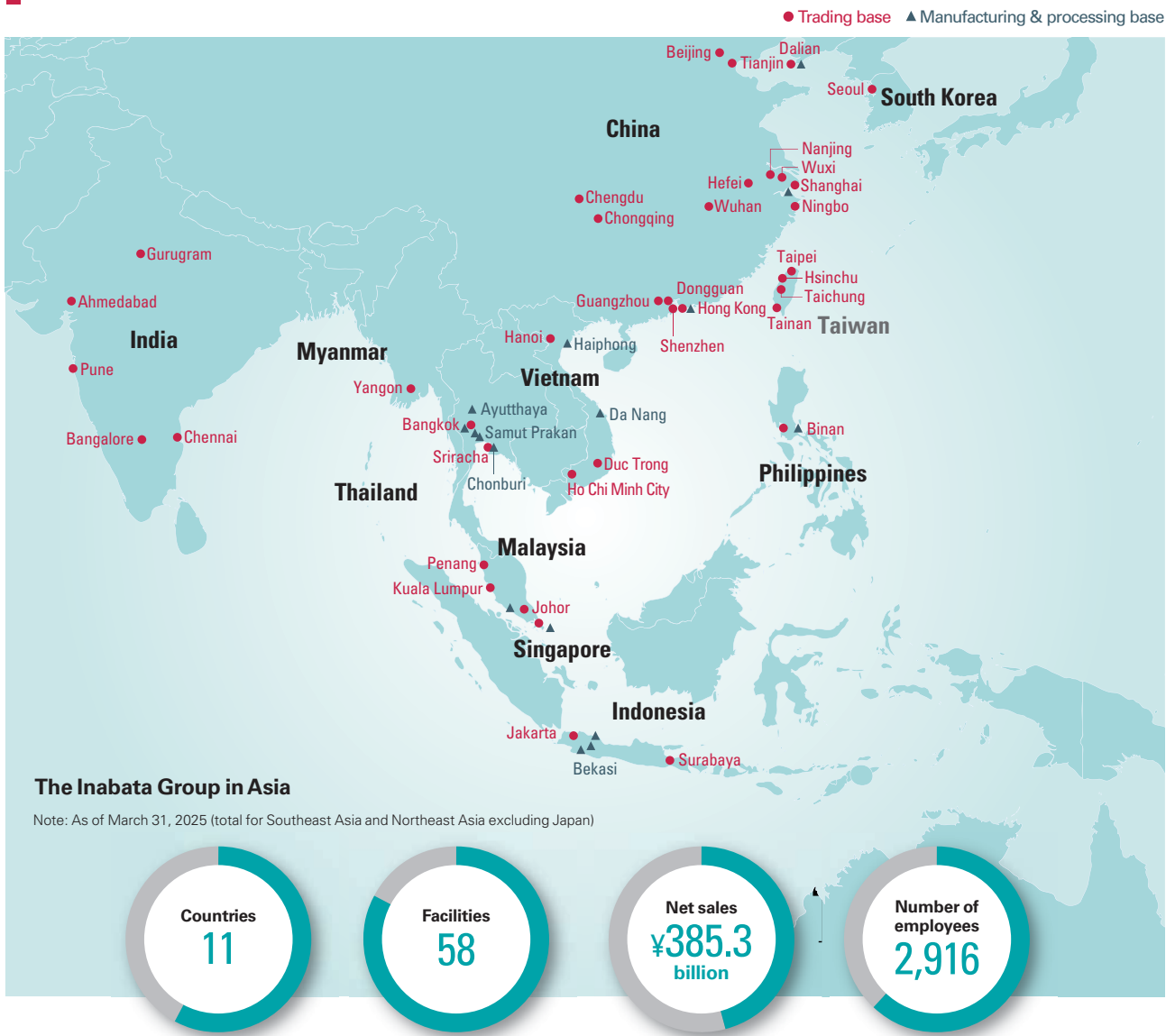
Maintaining a solid financial base enables us to leverage our sales and marketing strengths as well as our financial capabilities to support our customers. Prioritizing the net debt-to-equity (D/E) ratio, we strive to maintain and enhance financial soundness.

Solid business foundation in Asia > P19

Starting with the establishment of our Singapore office in 1976, we expanded our FPD-related business in Northeast Asia and plastics business in Southeast Asia, building a strong business foundation. We currently operate 58 facilities across 11 countries.

Nearly 60% of our human capital is concentrated on a consolidated basis in the region

Solid business foundation in Asia

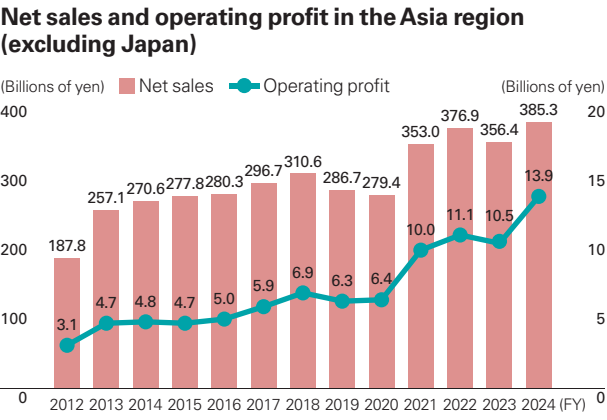


The Inabata Group has established a strong business foundation in Asia based on its highly specialized knowledge and business adaptability derived from its global network.

Since establishing a sales base in Singapore in 1976, the Group has steadily expanded its network in Southeast Asia and Northeast Asia. It now has 58 facilities across 11 Asian countries, excluding Japan, with approximately 3,000 employees, accounting for over 60% of the consolidated total workforce.

In business, the Group has grown primarily in Northeast Asia with a focus on flat panel display (FPD) materials. In Southeast Asia, the Group has increased its plastics business by leveraging the differentiation provided by its plastic compounding business (refer to page 24).

Sales in the Asia region excluding Japan have roughly doubled over the past 12 years, while operating profit has increased approximately 4.5 times.



TOPICS 1 Business expansion in Asia: FPD-related business

Our FPD-related business began in 1990 with the sale of materials for polarizing films—polyvinyl alcohol (PVA) films. Thereafter, we quickly adapted to changes in the FPD market environment, expanding our client base and business scope, and it has grown into a core business.

Specifically, as the main FPD panel manufacturing countries and regions shifted from Japan to Taiwan and South Korea, and later to China, we promptly responded by staffing our local facilities and began engaging with local manufacturers.

We have also augmented our product range from materials for polarizing films to include polarizing films, protective films, alignment layer materials, and organic light-emitting diode (OLED) material. As a result, we have been able to gather information from a wide range of clients, from material and component manufacturers to panel makers, and have used this information to drive further business development.

Based on the specialized knowledge and information accumulated through this process, we actively engage in building clients' supply chains and making new business proposals.

History of business expansion

1990s	<ul style="list-style-type: none">Started with the sale of materials for polarizing films (PVA films) in 1990.Began selling polarizing films to major Japanese panel manufacturers in 1993.
2000s	<ul style="list-style-type: none">Responded to the emergence of major panel manufacturers in Taiwan by establishing a local processing facility for polarizing films. In 2001, transferred operations to a joint venture with Sumitomo Chemical Co., Ltd., and took charge of sales.Quickly established transactions with major panel manufacturers in China, capturing market expansion driven by the proliferation of laptops, the shift to FPD televisions, and the rapid growth of smartphones.
2010s	<ul style="list-style-type: none">Capitalized on trends such as OLED technology and next-generation FPDs, and extensively expanded the product range.

TOPICS 2 Business expansion in Asia: Plastics business

Our plastics business expanded overseas in alignment with Japanese electronics manufacturers relocating their production bases abroad. Since then, we have cultivated customers in industries such as office automation and automotive, and have bolstered our global network of facilities, focusing on Southeast Asia.

In the plastics market, we anticipate continued growth in demand in Southeast Asia and South Asia, driven by economic expansion. Furthermore, while demand for general-purpose applications such as plastic bags, tableware, containers, and packaging is declining, the automotive sector is expected to continue growing due to increased needs for lighter weights and metal alternatives owing to the rise of EVs.

A key differentiating factor in the expansion of our plastics business has been the plastic compounding business. In 1978, we established our first plastic compound manufacturing facility in Singapore. Today, we manufacture plastic compounds at seven locations across seven countries, primarily in Asia. This allows us to provide products that meet local customer needs in a timely manner, and based on our accumulated expertise, we also offer new resin material proposals.

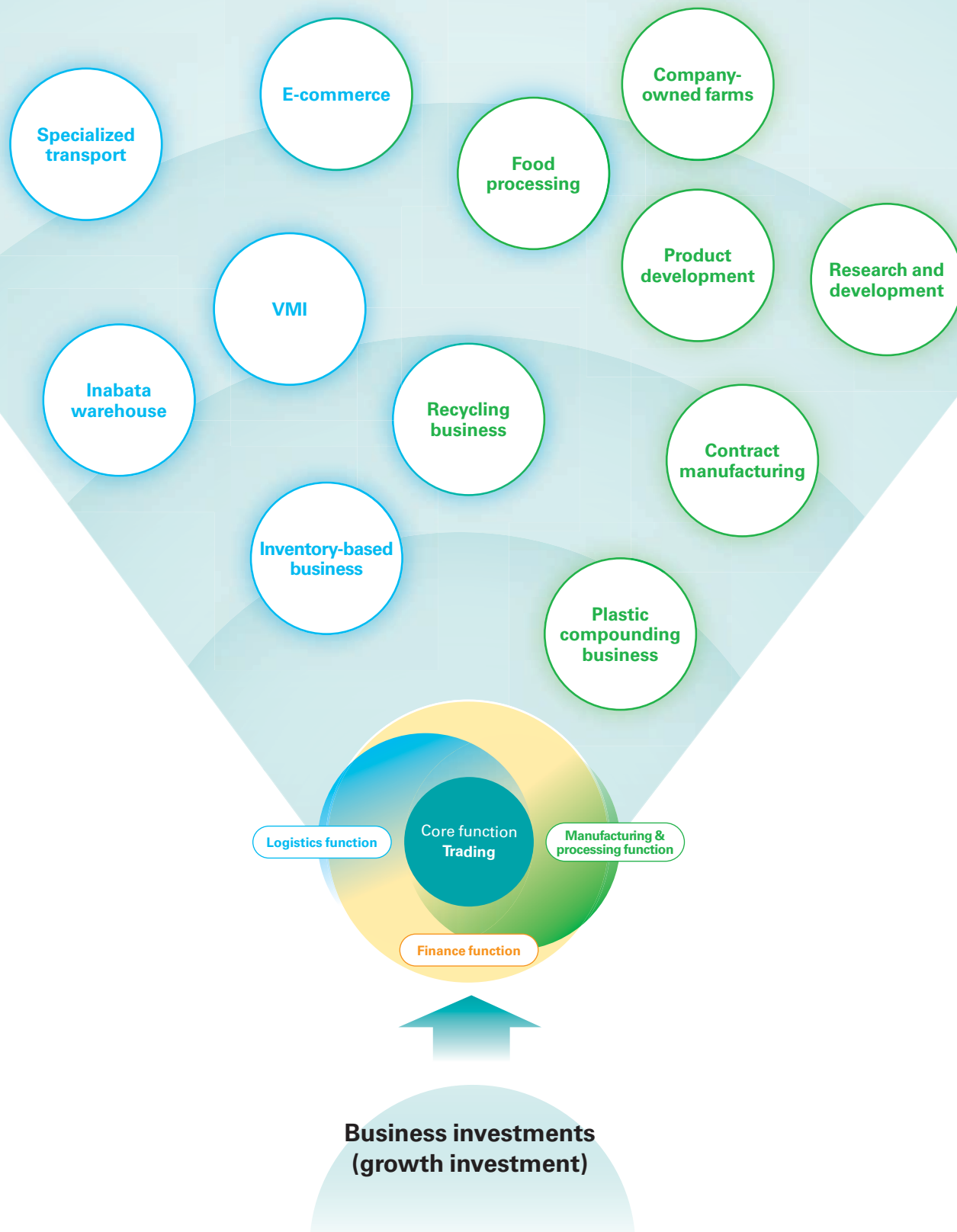
Our strength lies in our ability to cater to diverse, small-quantity needs that major trading companies often find challenging to address. We can also provide support close to our customers' overseas locations—an advantage that smaller trading companies typically struggle with (refer to page 24).



President Inabata and the staff of Inabata Philippines

By performing a variety of business functions with trading at the core, we continue to evolve and expand a trading company business that embodies Inabata's unique strengths.

Evolution of the business model



A wide range of capabilities to evolve the business

Logistics

While drawing on the product knowledge and expertise that we have accumulated over many years, we provide the optimum logistics solutions to clients by partnering with warehousing and transportation companies. We offer inventory management and replenishment systems that leverage our global network, thereby contributing to the local production and sales operations of clients operating businesses around the world.

Vendor managed inventory (VMI):

A system where inventory is managed and replenished on behalf of the customer. By analyzing production information through IT, suppliers and logistics providers are coordinated to efficiently deliver raw materials and supplies.

Inabata warehouse:

To ensure timely delivery and one-stop service, we operate our own warehouses in Indonesia and Thailand handling automotive parts, plastics resins and chemical materials, as well as food ingredients.

Manufacturing & processing

We increase the added value that we provide to customers by offering the manufacturing and processing functions needed in areas close to their production bases.

We also contribute to the expansion of our trading business by delivering a one-stop service in various regions throughout the world, covering the procurement of materials.

Under NC2026, we are actively investing in strengthening manufacturing and processing functions to complement our trading business and drive future growth.

Plastic compounding business:

Our processing adds functions such as weather resistance by blending and coloring base resins with pigments, additives, and other resins according to their intended use. We operate seven manufacturing and processing bases across seven countries, primarily in Asia.

Company-owned farms, food processing, and e-commerce:

In the food sector, the Group collaborates across the entire value chain, from upstream cultivation and production to downstream food processing and e-commerce, strengthening our sales capabilities.

Product development:

We identify the values society demands and focus on developing new products. By leveraging the expertise cultivated at our domestic and international trading, manufacturing, and processing bases, we advance the development of a wide range of products that meet our clients' needs.

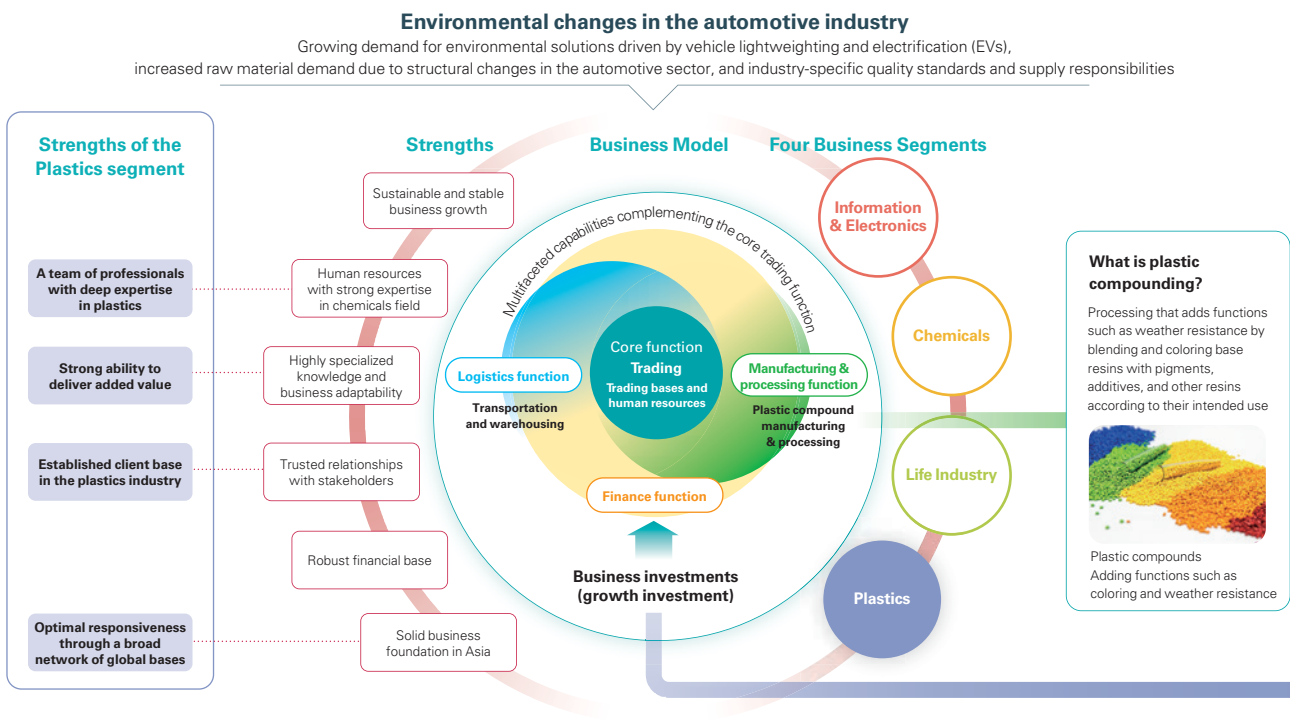
Finance

We propose and implement solutions for clients' challenges such as reducing capital burden and avoiding foreign exchange risks. This serves as a foundational function that enhances the added value of the various businesses we provide to our clients.

Commitment to trading

As a *shosha*, or Japanese trading company, the Inabata Group remains ever-committed to trading. This is because we believe that trading is a business model that maximizes our strengths, including highly skilled human resources, strong information and business capabilities, trusted relationships with stakeholders, a robust financial base, and a solid business foundation in Asia. As a group of trading specialists, we aim to stay close to our clients on-site around the world daily, to identify and address various needs through access to frontline information, and to solve our clients' issues by making new proposals and creating new businesses. We will continue to refine our trading activities and provide greater added value to our clients and society.

Entry into the automotive business by leveraging plastic compound manufacturing and processing capabilities in the plastics segment



Background and strategy

Entering the automotive raw materials market is not easy, as an existing supply chain has already been established and involves lengthy approval processes due to the high quality standards demanded for safety reasons. However, by fully leveraging our plastic compound manufacturing and processing capabilities across seven sites in seven countries, primarily in Asia, along with the Plastics segment's strengths such as our client base, a strong ability to provide added value, and local responsiveness, we have successfully entered the automotive market despite being a latecomer.

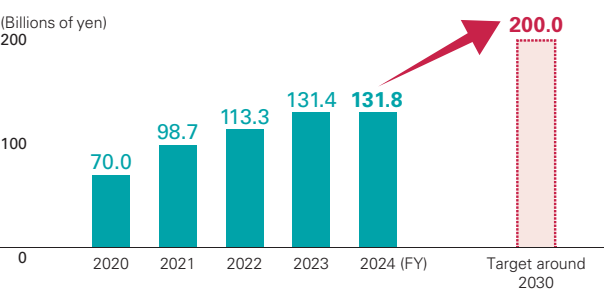
We are expanding the strong customer relationships we have built in Asia to Japan and North America, advancing business growth with clients that have manufacturing sites worldwide. Automotive-related sales grew to 131.8 billion yen in FY2024. We aim to achieve net sales of 200.0 billion yen by around 2030, the goal set in our long-term vision, IK Vision 2030.

NC2026 automotive business strategy

Under the ongoing NC2026 plan, we are advancing initiatives in the automotive business across each of our strategic areas. We will accelerate global business expansion by flexibly responding to changes in the automotive production supply chain.

NC2026 strategy	Initiatives
Expand earnings through proactive investment	Establish Novacel Co., Ltd.
Differentiate and boost earnings by enhancing multifaceted capabilities	Establish a structure to expand and enhance compounding capabilities
Further develop key segments	Expand business with non-Japanese automotive manufacturers
Further develop growth areas	Focus on growth regions such as India and Mexico

Sales of resins for the automotive industry



Plastic compound manufacturing and processing capabilities that complement trading

Our plastic compound manufacturing and processing capabilities complement our trading functions, enabling us to deliver the added value clients seek. This has become a core strength that makes us the preferred partner for our clients.

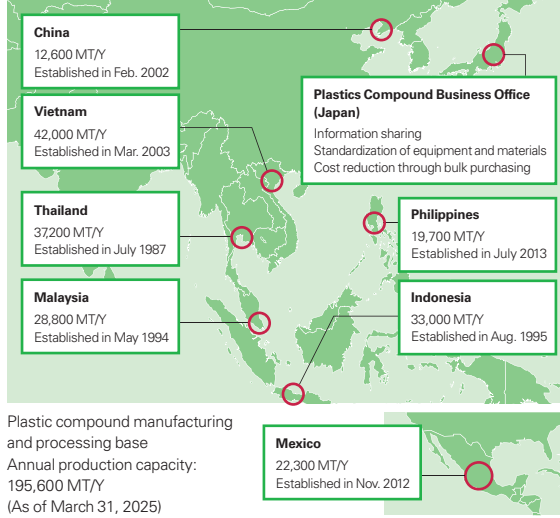
Industry-leading production capacity and a global customer support system

We operate production sites across seven locations in seven countries, including China, Vietnam, and Indonesia, making us one of the largest producers in the industry as a trading company-operated plastic compounder. By building a consistent customer support system in Japan and overseas through collaboration between our production bases and trading bases in each country, we are able to provide quick and useful information, have one-stop price negotiation power both domestically and internationally, and ensure a stable supply.

Evolution of our manufacturing and processing bases

As Japanese electronics manufacturers transferred their production bases to Southeast Asia in the latter half of the 1970s, we followed suit, building our first overseas plastic compound manufacturing and processing base in Singapore*. As our customers in the office automation (OA) and automotive industries broadened their businesses globally, we have expanded our network of manufacturing and processing bases.

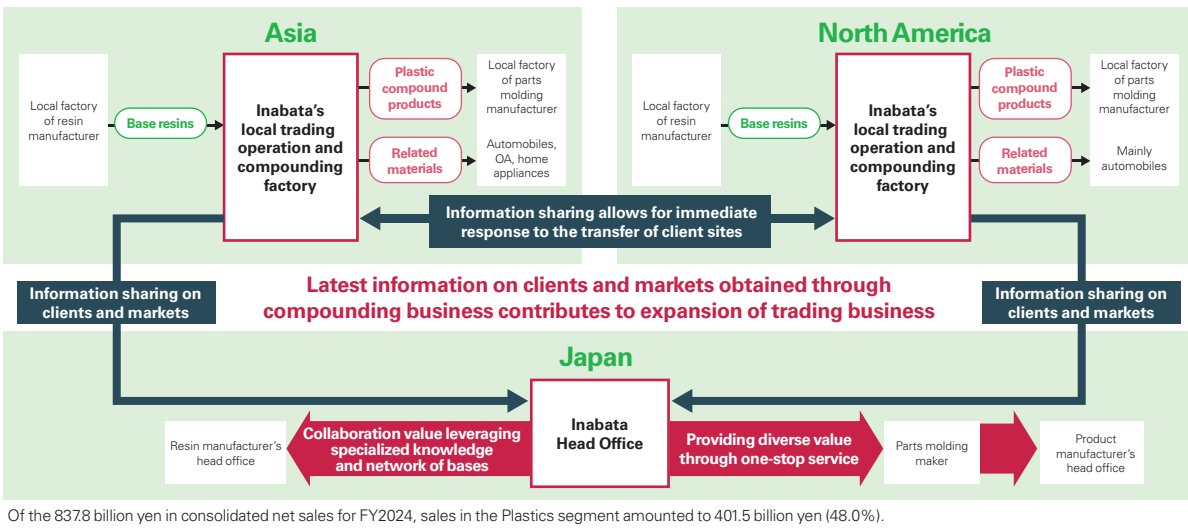
* The plastic compound manufacturing and processing base in Singapore was closed due to decreased demand.



Detailed services that closely align with client needs

We differentiate ourselves by providing attentive support near our clients' manufacturing facilities, responding precisely to needs such as short lead times and small-lot, multi-product production. Additionally, by engaging closely with our customers' manufacturing processes, we obtain real-time product-related information from the development stage onward. We leverage this information to propose new resin and chemical raw materials.

Business model for the plastic compounding business



Of the 837.8 billion yen in consolidated net sales for FY2024, sales in the Plastics segment amounted to 401.5 billion yen (48.0%).

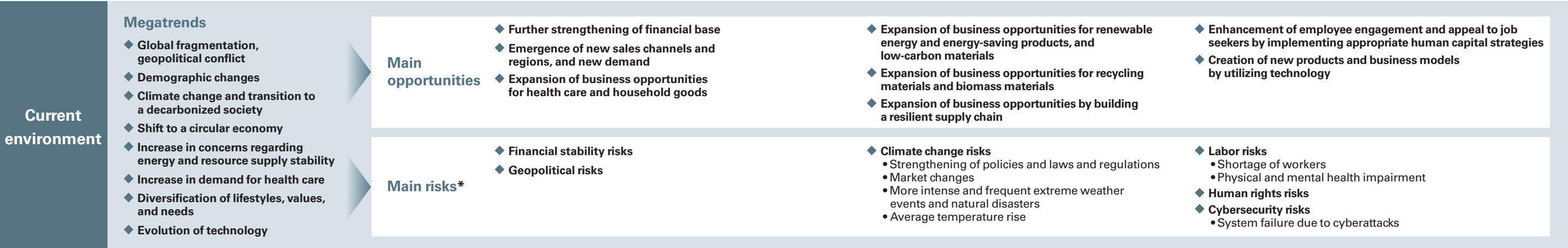
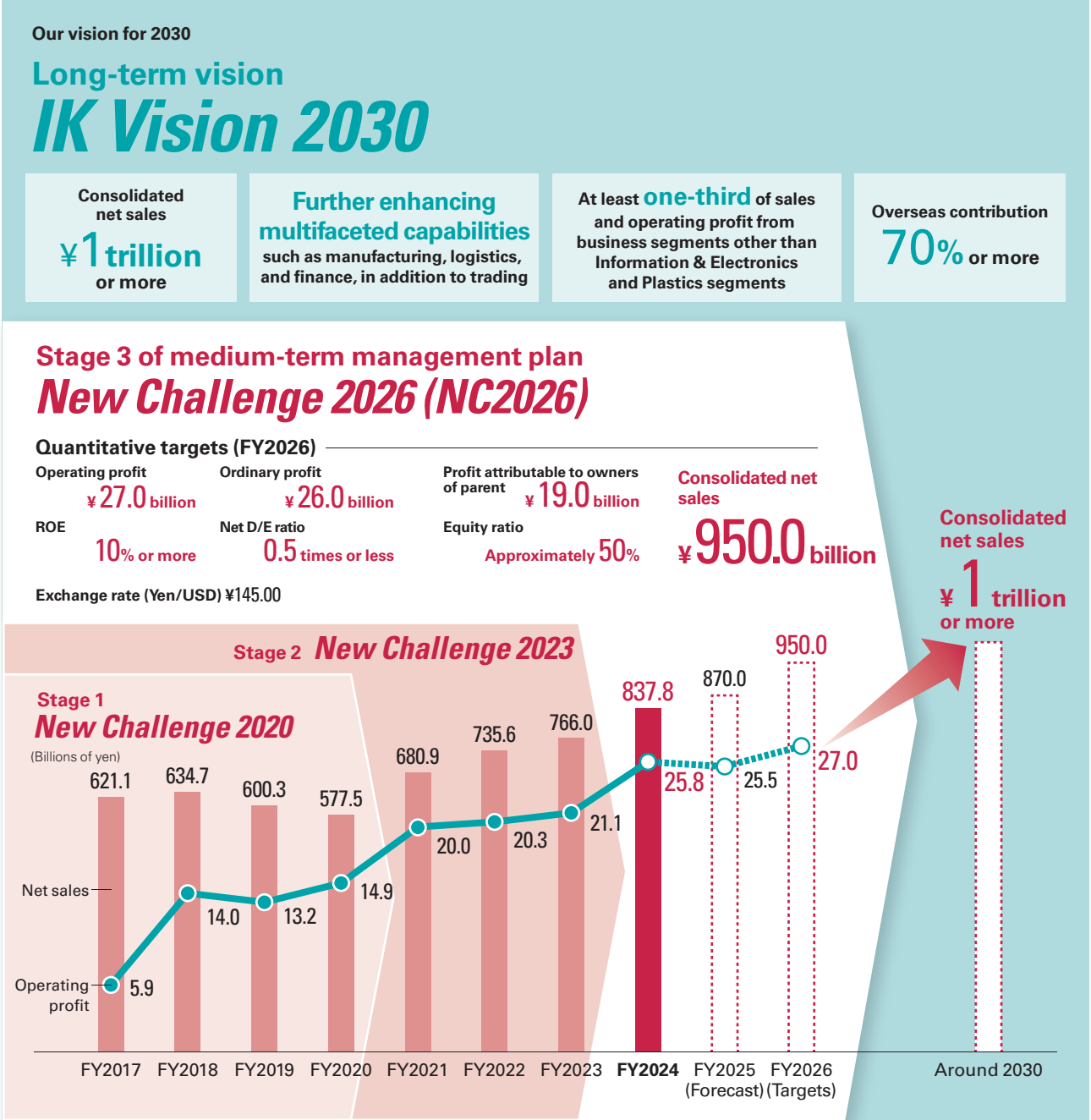
Established Novacel Co., Ltd. as a growth investment

As the most important growth investment in the first year of NC2026, we established a joint venture, Novacel Co., Ltd., together with Daicel Corporation. As quality demands from clients, including automotive manufacturers, become more advanced, the establishment of this company aims to enhance the plastic compounding business, a key manufacturing and processing function within the Plastics segment. This will be achieved by accumulating production technologies, advancing quality control, developing technical personnel, strengthening development capabilities, and improving production efficiency through the introduction of manufacturing systems. By strengthening these multifunctional capabilities, we aim to differentiate ourselves from competitors and achieve further profit growth.

Company name:	Novacel Co., Ltd.
Established:	April 1, 2024
Business:	Research, development, and sales associated with resin coloring and plastic compounding
Investment ratio:	Inabata & Co., Ltd. 66.7%, Daicel Corporation 33.3%

Overview of Management Plan

To achieve our aspirations for the future set forth in our long-term vision, we will aim to further accelerate growth under our medium-term management plan, NC2026.



* Limited mainly to medium- to long-term risks based on megatrends. Please refer to page 106 for information on business and other risks, including those based on a short-term perspective.

Overview of NC2026

The growth strategy under NC2026 is detailed by dividing it into two categories: the company-wide strategy, which is a common theme across the entire Company, and the segment strategy, which outlines important focus areas for each segment.

Additionally, we have formulated the financial strategy,

sustainability strategy, and digital strategy as policies to support growth.

In the sustainability strategy, we address key management priorities (materiality) by setting a long-term vision, strategy, KPIs, and targets, which have been consolidated into the Sustainability Medium-term Plan 2026.

Company-wide growth strategy

The company-wide growth strategy is being implemented in alignment with the long-term vision.

To achieve our goal of consolidated net sales of one trillion yen or more, we will proactively invest in our businesses. The business domains expected to contribute to expanding earnings include environment-related business and life industry business, such as food products.

To enhance multifaceted capabilities, we will focus on bolstering manufacturing and logistics, in particular, to

achieve differentiation and boost earnings. The strengthening of production capabilities for plastic compounds through the establishment of a joint venture with Daicel Corporation, as mentioned earlier, is also aligned with this strategy.

The business portfolio focuses on deepening two key segments—Plastics and Information & Electronics—while also accelerating the development of new earnings pillars alongside these critical areas. We will consider expanding our business domains through M&A as part of this

approach. Additionally, for enhancing the key segments, we have set medium- to long-term target figures for the environmental and energy field (Information & Electronics) and for automotive resin (Plastics), where we expect to drive growth. Please refer to the segment-specific growth strategies (pages 51–58) for more information.

To achieve the target of 70% or more of business being accounted for overseas, we will emphasize not only Asia, where we have traditionally excelled, but also India and the Americas, including Mexico. As part of seeding for sustainable growth, we will also consider expanding into untapped regions, such as Eastern Europe.

Management base strategy

We have formulated our financial strategy, sustainability strategy, and digital strategy as key management policies to support company-wide growth.

For the financial strategy, under NC2026, we aim to further improve capital efficiency, a long-standing emphasis of management. We will continue to place significant importance on shareholder returns, aiming for a total return ratio of approximately 50%. This includes progressive dividends and flexible share repurchases and cancellations.

Moreover, we are addressing management conscious of cost of capital and stock price as a key management issue. NC2026 explicitly states our goal of achieving a stock price level consistently above a price-to-book (P/B) ratio of 1x as soon as possible. Please refer to page 39 for more information.

In the sustainability strategy, we address materiality identified in June 2022 by setting a long-term vision, strategy, KPIs, and targets. This completes the framework for sustainability management, and we believe we have established an effective system for continuously monitoring progress toward our targets. Please refer to page 31 for more information.

In the digital strategy, we will focus on reinforcing Group-wide security, a key management issue, and strategically utilizing sales information through the introduction of a data management platform, among other initiatives. Please refer to pages 111–112 for more information.

Company-wide growth strategy

Consolidated net sales over ¥1 trillion

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

Enhance multifaceted capabilities

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

Business portfolio

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

Overseas contribution 70% or more

- Further develop growth areas (especially in India, Mexico, and other parts of the Americas, in addition to the existing Asia sites)
- Move into untapped areas, including Eastern Europe

The text in green represents the long-term vision.

Management base strategy

Financial strategy

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

Sustainability strategy

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

Digital strategy

- Enhance management information infrastructure and reinforce Group-wide security

Toward quantitative targets

The Inabata Group is advancing NC2026, a three-year medium-term business plan concluding at the end of FY2026, as the third stage toward achieving our long-term vision, IK Vision 2030, which outlines how we envision the Group around 2030. FY2024 marked the first year of this plan.

Quantitatively, we achieved all of the planned targets for NC2026’s first year in net sales, operating profit, ordinary profit, and profit attributable to owners of parent. Net sales and operating profit reached record highs for the fourth consecutive year, and ordinary profit also set a new record.

On the business front, our core businesses such as flat panel display (FPD)-related products, printers, and photocopiers in the office automation (OA) sector experienced growth. On the other hand, the automotive resin and renewable energy-related businesses, which are key focus areas of NC2026, have seen some delays due to a worsening market environment.

ROE fell slightly short of the first-year target despite share buybacks, due to an increase in shareholders’ equity from retained earnings and other factors.

The net D/E ratio and equity ratio have met the final year targets, ensuring that our financial soundness is fully maintained.

For the second year of NC2026, FY2025, there are concerns about an economic slowdown due to U.S. trade policies. Along with this, ongoing inflation, fluctuations in financial and capital markets, and exchange rates contribute to a highly uncertain business environment. In this environment, we aim to maintain our current level of performance and position FY2025 as a year that strengthens our prospects of achieving the final-year targets of NC2026. Our performance outlook is as follows: net sales of 870.0 billion yen, operating profit of 25.5 billion yen, ordinary profit of 25.5 billion yen, and profit attributable to owners of parent of 19.5 billion yen.

(Billions of yen)

	FY2023	First year of NC2026 FY2024		Second year of NC2026 FY2025	Final year of NC2026 FY2026
	Full-year results	Full-year results	First-year targets	Forecast	Targets
Net sales	766.0	837.8	830.0	870.0	950.0
Operating profit	21.1	25.8	22.5	25.5	27.0
Operating profit ratio	2.8%	3.1%	2.7%	2.9%	2.8%
Ordinary profit	21.3	26.1	21.5	25.5	26.0
Profit attributable to owners of parent	20.0	19.8	17.0	19.5	19.0
ROE	10.5%	9.7%	10% or more	10% or more	10% or more
Net D/E ratio	0.06 times	0.07 times	0.5 times or less	0.5 times or less	0.5 times or less
Equity ratio	46.8%	47.1%	Approximately 50%	Approximately 50%	Approximately 50%
Exchange rate (Yen/USD)	144.59	152.62	145.00	143.00	145.00

Progress of the growth strategy

Progress on the NC2026 growth strategy is generally on track. Under NC2026’s main theme, “Accelerating growth through proactive investment,” we made solid progress on several initiatives. To strengthen the functions of our compounding business and expand earnings in the Plastics business, we established Novacel Co., Ltd., a joint venture with Daicel Corporation. We also made progress toward accelerating future growth by strengthening our food processing and sales capabilities through making Satoen Co., Ltd., a company engaged in the cultivation, production, and sales of tea, a subsidiary. In addition, we made seed investments for future growth, including equity participation in a company specializing in high-performance filler manufacturing.

In terms of our business portfolio, the core Plastics and Information & Electronics segments have shown strong performance across various markets on the whole,

accompanied by improved profitability. Meanwhile, the Plastics segment has steadily expanded its recycling-related business, while the Information & Electronics segment has seen strong growth in its semiconductor-related operations. On the other hand, the Life Industry segment, including food, which we are developing as a new earnings pillar, is struggling to grow, mainly due to worsening market conditions overseas, making an early turnaround a key challenge.

Overseas, earnings in the Asia region (excluding Japan), where we have strong capabilities, grew, achieving record-high net sales and operating profit. India and Mexico, which we are especially focusing on as growth areas, have expanded sales primarily in our core automotive resin business. We are also expanding into untapped markets, including the recent opening of a branch office in Cambodia.

Long-term Vision IK Vision 2030	NC2026 growth strategy	Progress
Consolidated net sales over 1 trillion yen	Expand earnings through proactive investment	<div>■ Actively investing mainly through M&A (Novacel, Satoen, and others)</div> <div>■ Made seed investments for future growth, including equity participation in a company specializing in high-performance filler manufacturing</div>
	Expand environment-related business and life industry business, such as food products	<div>■ Environment-related and Life Industry businesses struggling to grow amid deteriorating market conditions</div>
Enhance multifaceted capabilities	Differentiate and boost earnings by enhancing multifaceted capabilities (especially in manufacturing and logistics)	<div>■ Developed a structure to strengthen and enhance compounding functions through the establishment of Novacel</div> <div>■ Strengthened in-house warehouse operations in Thailand and Indonesia</div>
Business portfolio	Further develop key segments (Plastics, Information & Electronics)	<div>■ Plastics and Information & Electronics segments generally performing well across various fields, with improved profitability</div> <div>■ Sales of automotive plastics to non-Japanese customers expanding</div> <div>■ Semiconductor-related business steadily expanding earnings</div>
Overseas contribution 70% or more	Deepening presence in growth areas and expanding into untapped markets	<div>■ Earnings in the Asia region (excluding Japan) expanded, achieving record-high net sales and operating profit</div> <div>■ In India and Mexico, sales grew mainly in the core automotive resin business</div> <div>■ Opened a branch office in Cambodia</div>

Progress of the Sustainability Medium-term Plan 2026

The Inabata Group has established the Sustainability Medium-term Plan 2026 as part of the management base strategy within the medium-term management plan NC2026 and is advancing initiatives toward key performance indicators (KPIs) and targets for each materiality. The results for the first year, FY2024, are as follows and show steady progress.

Creating sustainable value

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

■ Contributing to safety, security, and well-being

■ Providing value through resilience in procurement and supply functions

Strategy	KPIs and targets (April 2024 to March 2027)		FY2024 results	(Reference) FY2023 results	Boundary	Progress status
Achieve carbon neutrality in business activities	Reduce greenhouse gas (GHG) emission (Scope 1 and 2) by 25% compared to FY2022 levels		Reduced by 12.9% compared to FY2022	Reduced by 3% compared to FY2022	Consolidated	○
Contribute to the global environment through the business	Achieve net sales of 100 billion yen*1 for environment-related business		¥43.5 billion	¥38.6 billion	Consolidated	○
Ensure safe and secure quality through stronger management of compliance with chemical substances regulations	Understand and share trends in chemical substances regulations in Japan and overseas in a timely manner, and strengthen the compliance management framework		<div>Regularly shared information on global chemical product regulations across the Group, including with overseas subsidiaries</div> <div>Established a framework for managing chemical product regulations across the Group and promoted the use of the chemical product regulation search system (3E insight)</div> <div>Conducted regular meetings with domestic and overseas Group companies to review and support compliance with chemical product regulations</div> <div>Planned and conducted internal seminars on global trends in the circular economy and chemical substance management of recycled resins</div>	—	Consolidated	○
Enhance resilience in procurement and supply functions by strengthening supply chain management	Clarify the Company's position on responsible procurement, and communicate it internally and externally		Formulated the Inabata Group Sustainable Supply Chain Policy Published the policy in the internal newsletter and on the external website to raise awareness both inside and outside the Company	—	Non-consolidated	○
Establish supply chains that respect human rights	Establish the human rights due diligence (DD) cycle*2 for selected operations as a model case		Conducted an on-site survey of the shrimp farming and processing business in Vietnam in March 2025, which had been designated as a high-risk business. Established as a model case of the human rights DD cycle as outlined by the OECD.	—	Non-consolidated	◎

Strengthening the foundation for business continuity

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

■ Fostering and strengthening the human capital driving the value creation

■ Enhancing governance and risk management

Strategy	KPIs and targets (April 2024 to March 2027)		FY2024 results	(Reference) FY2023 results	Boundary	Progress status
Improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth	Employee engagement survey	Response rate of at least 90%	82%	72%	Consolidated	○
		Positive response rate of at least 80%*3 to the following statements (1) I am satisfied with the work I am doing at Inabata now. (2) I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them.	(1) 69% (2) 67%	(1) 76% (2) 73%		△
		Positive response rate of at least 70% overall*3	63%	70%		△
	Expand the implementation boundary for the human rights DD digital survey to the Group		Planning underway for implementation in 2025	—		—
Foster diversity and inclusion that makes the most of diverse individuals	Increase the ratio of women in managerial positions to at least 8% by March 2028, and to 10% by 2030		6.0%	4.8%	Non-consolidated	○
	Maintain the ratio of mid-career hires at around 50%		60%	52%		○
	Ratio of male employees taking parental leave 100%*4		92.9%*5	—		○
	Continue to exceed the legal rate of employment for persons with disabilities		3.20%	2.81%		○
	Encourage managerial appointments for local employees at overseas subsidiaries		Systems are currently being developed to promote managerial appointments for local employees at overseas subsidiaries, with implementation targeted for FY2025. The process of identifying, selecting, developing, and appointing next-generation leaders from among local employees is also being advanced.	—	Consolidated	○
Further advance health and productivity management	Rate of complete checkup 100%*6		85.3%	73.5%	Non-consolidated	○
	Maintain comprehensive health risk found by stress checks at current levels*7		76	79		○
Focus on investment in human capital	Every year, spend more on education and training costs*8 per employee than in the previous fiscal year		¥82,763	¥67,496	Non-consolidated	○
	Maintain the ratio of employees with overseas posting experience at around 40%		38.6%	39.4%		○

*3 The positive response rate in the employee engagement survey refers to the proportion of responses rated 4 or 5 on a five-point scale, which are considered positive responses. For details, please refer to Employee Engagement on page 79.

*4 Based on the Company's policy allowing employees to take childcare leave until the child turns three years old, a 100% uptake rate indicates that all male employees whose spouses gave birth took childcare leave within three fiscal years, including the fiscal year in which the child was born.

*5 As childcare leave was made mandatory under a new system introduced in FY2023, the uptake rate for FY2024 is calculated based on the two years following the system's implementation (FY2023–FY2024). The calculation formula is as follows:
Number of male employees whose spouses gave birth in FY2023 and who took childcare leave in FY2023–FY2024 / Number of male employees whose spouses gave birth in FY2023

The Sustainability Committee is responsible for setting KPIs and monitoring progress, while the Board of Directors provides oversight.

For more information on the Sustainability Medium-term Plan 2026, please refer to the Sustainability section of our website.

For information on risks, opportunities, and key initiatives related to materiality, please refer to Sustainability Management on pages 65–66.



[Definition of progress status] ◎ : Target achieved ○ : Progressing smoothly △ : Needs further effort

*1 The expected ratio of environment-related business by field in the final year of the Sustainability Medium-term Plan 2026 is referred to on page 71 in Environment-Related Business.

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

*6 The rate of complete checkup refers to the proportion of employees who were advised to undergo a complete checkup after the initial health check and actually followed the advice.

*7 Comprehensive health risk is an indicator that assesses the overall impact of the workplace environment on employee health. It is calculated using four measures—psychological burden of work (volume), degree of discretion at work, degree of support from managers, and degree of support from colleagues—obtained from stress checks based on the stress evaluation method provided by the Ministry of Health, Labour and Welfare. The national average is calculated as 100: workplace health risk is high if the value exceeds 100, and low if the value falls below 100. The lower the value, the more favorable the evaluation.

*8 Education and training costs refer to the expenses spent on group training, external training, video learning, and so on at Inabata on a non-consolidated basis. Please refer to Sustainability Data (Human resource development) on page 117.

To achieve our long-term vision, we will accelerate growth under our medium-term management plan, with a focus on investment.

Kenichi Yokota
Director, Senior Managing Executive Officer
Administrative Affairs



Achieved record-high profits for four years in a row
Accelerating growth through proactive investment

In FY2024, the first year of our medium-term management plan, NC2026, our key business segments performed better than expected, prompting us to revise our earnings forecast mid-year. We met our targets for both net sales and all profit metrics relative to the initial plan for the first year. Net sales reached 837.8 billion yen and operating profit totaled 25.8 billion yen, both marking record highs for the fourth consecutive fiscal year.

Regarding the business environment and performance by segment, the Information & Electronics segment has reached peak demand in its formerly core flat panel display (FPD)-related business. Materials related to semiconductors and electronic devices have become a new growth pillar to offset this. With an eye on the expanding AI market, we are working to enhance our product lineup. Products for the environment and energy sectors represent another core pillar. While growth has not yet shown a steady upward trend due to recent changes in U.S. policies, there is substantial long-term potential as opportunities expand in renewable energy, energy-saving products, and low-carbon materials.

In the Chemicals segment, sales of automobile component materials declined due to a slowdown in EV sales, while sales of resin materials, additives, and chemicals for papermaking remained steady. Sales to overseas markets are also expanding. In this segment, two companies from the Maruishi Chemical Group, which became subsidiaries in 2023, are contributing to earnings.

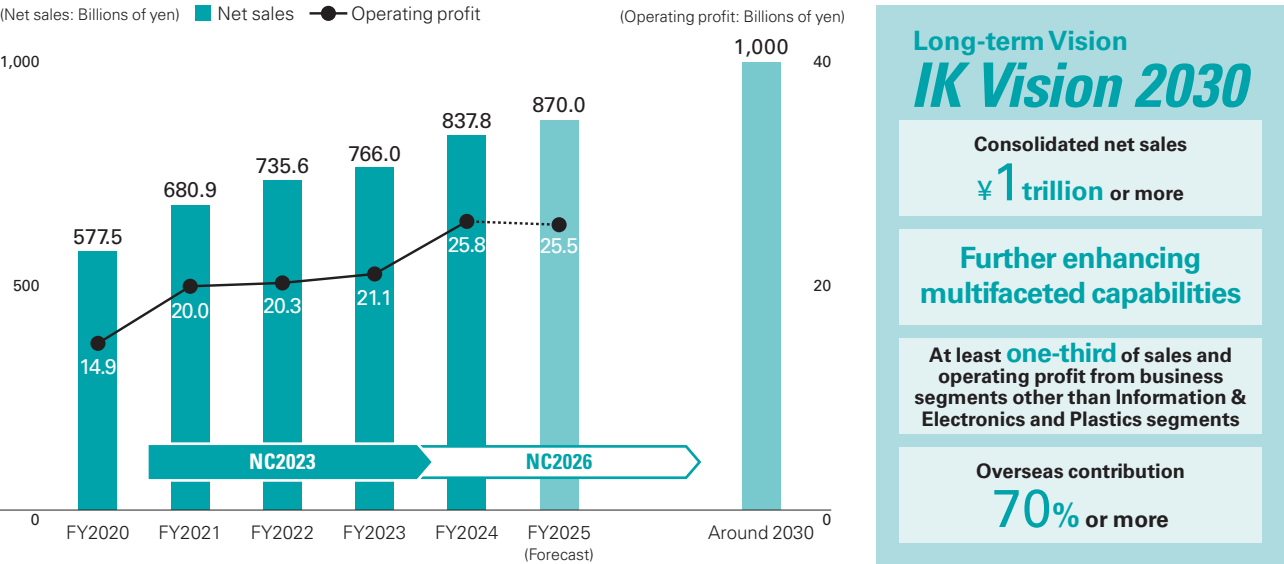
While the Life Industry segment is expected to grow, both the life sciences and food-related areas saw flat top-line performance. In the food-related sector, domestic sales of frozen vegetables and marine products for conveyor-belt sushi restaurants remained steady, as did performance from Daigo Tsusho Co., Ltd., which became a consolidated subsidiary in the previous fiscal year. At the same time, sales of marine products and other Japanese food items in the U.S. market declined, resulting in weaker profitability.

Meanwhile, the Plastics segment performed steadily. It was a year of growth, particularly for high-performance resins and related materials used in home appliances and office automation (OA) equipment, and for resins in food containers. The consolidation of Novacel Co., Ltd., a joint venture with Daicel Corporation, as a subsidiary also contributed to the segment’s improved performance.

Performance overview

	First year of NC2026 (FY2024)		
	Full-year results	First-year targets	Revised forecasts for the first year*
Net sales	837.8	830.0	830.0
Operating profit	25.8	22.5	24.0
Operating profit ratio	3.1%	2.7%	2.9%
Ordinary profit	26.1	21.5	24.0
Profit attributable to owners of parent	19.8	17.0	20.0
ROE	9.7%	10% or more	10% or more
Net D/E ratio	0.07 times	0.5 times or less	0.5 times or less
Equity ratio	47.1%	Approximately 50%	Approximately 50%
Exchange rate (Yen/USD)	152.62	145.00	145.00

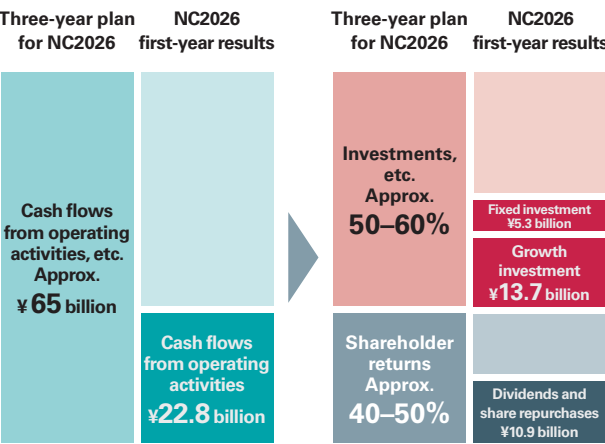
* In November 2024, the forecasts for operating profit, ordinary profit, and profit attributable to owners of parent were revised upward.



The three-year period of NC2026 centers on accelerating growth through more proactive investment. The capital allocation policy assumes approximately 65 billion yen in cash flows from operating activities over the three years, with about 50 to 60 percent of that, or 35 to 40 billion yen, allocated to growth investments. In the first year, approximately 13 billion yen was invested, including the acquisition of shares in Novacel Co., Ltd., as well as investments aligned with the company-wide growth strategy, such as enhancing multifaceted capabilities.

For the remaining two years of the plan period, we are considering nurturing new core businesses and pursuing M&A of overseas companies, with the intention of

Capital allocation under NC2026



Investments and lending

	Cumulative results for the three years of NC2023	NC2026 first-year results	Major growth investments for FY2024
Growth investment	12.8	13.7	<ul style="list-style-type: none">• M&A (Novacel Co., Ltd., Satoen Co., Ltd., etc.)• Business investments (including plastic additives, lithium-ion battery materials, and biomass power generation)
Fixed investment	8.7	5.3	<ul style="list-style-type: none">• Capital investments (including compounding and inflation film-related areas)• Digital promotion initiatives• Tokyo Head Office reconstruction
Total	21.5	19.1	

increasing the total annual investment amount. In particular, we are conducting research to successfully execute M&A aimed at driving growth in semiconductor-related materials. We will carefully evaluate the business strengths and financial conditions to determine whether potential targets can generate synergies with the Company and whether the investment amount is appropriate.

Expanding the Life Industry and Chemicals segments to build a portfolio resilient to economic fluctuations

We are making steady progress toward our goal of consolidated net sales exceeding one trillion yen under our long-term vision, IK Vision 2030. However, this progress has been aided by the weak yen, and the outlook remains uncertain. We must simultaneously expand our core businesses and invest management resources into

high-potential growth areas to drive top-line growth. Similarly, the goal of achieving an overseas ratio of 70% or more, as set forth in the long-term vision, is within sight for FY2030. Among our traditionally strong markets in Asia, India is experiencing especially notable growth. At present, the majority of our business in India involves synthetic resins. However, under the leadership of the Indian government, efforts to develop and foster the semiconductor industry are gaining momentum. In line with this development, we are planning to increase the number of on-site representatives.

Mexico, where we have developed businesses such as synthetic resins and automotive components, has recently faced growing uncertainty due to U.S. tariff policies. Even so, we continue to see it as a market with strong growth potential. This is my personal view, but I believe that the protectionist policies of the United States, which have created significant headwinds for the global economy, are not sustainable and will eventually stabilize. In addition, we have established a new base in Cambodia and started expanding into previously untapped regions, including Eastern Europe.

At the same time, as I mentioned last year, the biggest challenge lies in how we can grow businesses outside of Information & Electronics and Plastics, which are highly sensitive to economic fluctuations. By around 2030, we aim to grow businesses outside these two major segments to account for at least one-third of profits, and are accelerating efforts to achieve this goal. A prime example of this is the Life Industry segment, which handles raw materials for life sciences and food products. This is because demand for pharmaceuticals, consumer goods such as detergents and insecticides, and food items like agricultural and marine products tends to remain stable even during economic

slowdowns. In February 2025, through our Group company Daigo Tsusho, we acquired all shares of Satoen Co., Ltd., making it a subsidiary. Satoen's main business is the cultivation, production, and sale of matcha (finely ground powdered green tea). This company has strengths in sales through e-commerce platforms and catalog mail-order services. Japanese green tea has strong brand value and its exports overseas are increasing. This trend is driven by growing health consciousness and the reassurance associated with the "Made in Japan" label. Moving forward, we plan to leverage our overseas network to expand sales in Asia, Europe, and North America.

The Chemicals segment also holds significant potential. While we have the advantage of owning manufacturing and processing facilities despite being a trading company, our greatest strength lies in our extensive network of key business partners and client base. Since our company originated from the sale of chemical products, we receive a wide range of opportunities related to the chemical industry and have earned strong trust from various chemical-related sectors as well as manufacturers of building and housing materials. These intangible assets are expected to be the driving force behind the expansion of the Chemicals segment.

We have set a goal to grow sales in the environment and energy sector within the Information & Electronics segment to around 100 billion yen by around 2030. To achieve this, we had planned sales of 54 billion yen by FY2026, the final year of NC2026. However, due to factors such as the slowdown in the EV market, we currently see this target as difficult to attain. Nonetheless, there is

strong demand, and sales continue to grow, so we expect to achieve the target with a delay of a few years. On the other hand, we are seeing promising results in the recycling-related business, including recycled resins, within the Plastics segment. Our strengths include high quality and stable supply capabilities, and we are also recognized for enhancing our oversight and management systems related to chemical substance regulatory compliance. As a result, transactions with companies that choose sustainable value despite higher costs are steadily increasing. We will continue to implement effective measures while keeping a long-term view of the recycling market over the next 10 years.

In FY2024, we strengthened our organizational framework by enhancing collaboration between the Business Planning Office, which specializes in M&A, and related internal departments. We have clearly separated the teams responsible for identifying investment targets and conducting due diligence on potential acquisitions from those handling post-merger integration (PMI), ensuring they work collaboratively to carry out their tasks. Through active M&A investments, we aim to fill essential pieces for the Group's future and build a business portfolio resilient to economic fluctuations.

Communicating recent performance and business strengths while aiming to maintain a consistent P/B ratio of 1

As discussed, we will strive to raise our operating profit margin by incorporating new businesses through M&A and by pursuing greater profitability within each existing business segment. As a result, we aim to consistently

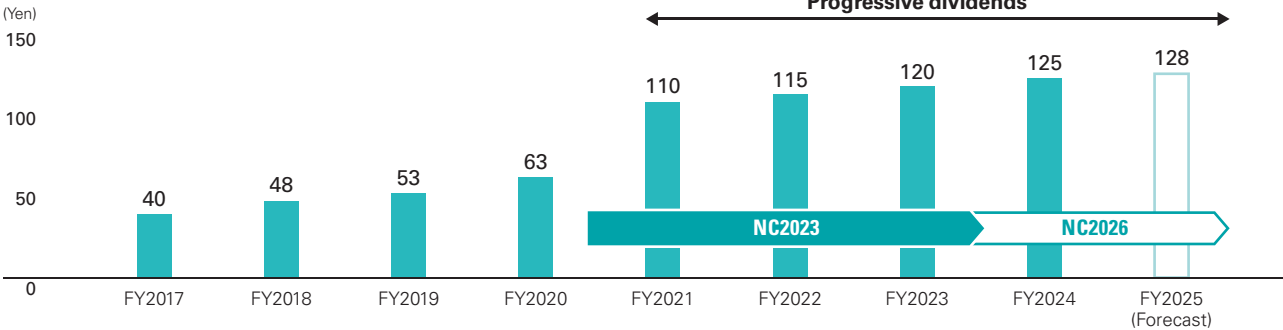
Basic policy on shareholder returns under NC2026

(1) Progressive dividends *

(2) The target for total return ratio will be set at roughly 50%.

* Fundamentally, we will ensure that dividends per share does not decline year on year by continually increasing our dividends.

Dividends per share



generate profit attributable to owners of parent, which serves as the source of dividends, and thereby reward our shareholders.

In recent years, profit attributable to owners of parent has been boosted by the sale of strategically held shares, but most of these sales have already been completed. Therefore, going forward, we will allocate profits generated from our businesses to growth investments, rather than relying on cash obtained from such sales. As outlined in the NC2026 financial strategy, we aim to maintain an ROE level above the cost of shareholders’ equity, meaning 10% or higher, while striving to achieve a stock price that consistently exceeds a P/B ratio of 1 as soon as possible. Until now, we have enhanced market valuation by implementing progressive dividends and increasing the payout ratio. To achieve a consistent P/B ratio above 1, we recognize the need to actively highlight our track record, which includes four consecutive years of sales and profit growth, never reporting a loss on a consolidated basis since listing, and our global business foundation and information network. Doing so will help foster understanding of our performance and strengths and build confidence in our future prospects.

In addition, as part of our financial strategy, we issued the Company’s first green bond in December 2024. The funds raised will be allocated to the construction of a biomass power plant with measures to reduce environmental impact, as well as the rebuilding of our Tokyo Head Office building, which will feature enhanced disaster resilience. We intend for the issuance of green bonds to be ongoing, rather than a one-time event. Moving ahead, we will continue to diversify our funding methods, including sustainable finance.

Six material issues

Creating sustainable value

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

Strengthening the foundation for business continuity

- Respecting human rights in the spirit of love (*ai*) and respect (*kei*) and growing together with local communities
- Fostering and strengthening the human capital driving the value creation
- Enhancing governance and risk management

Advancing initiatives based on engagement survey results and further promoting local staff to executive positions

We are steadily implementing strategies to achieve the KPIs and targets set for the Sustainability Medium-term Plan 2026, which covers to FY2026, and are making consistent progress.

We have organized the six material issues identified in 2022 into two broad categories. The first category is “creating sustainable value,” which includes the goal of increasing sales from environment-related business to 100 billion yen by FY2026. As previously mentioned, there are numerous growth opportunities in the energy and power fields. It goes without saying that these businesses also align with efforts to reduce GHG emissions and address climate change. Aligned with the material issue of creating sustainable value, we established the Inabata Group Sustainable Supply Chain Policy in November 2024. In FY2024, we implemented a range of measures to strengthen chemical substance regulation management, with a focus on legal compliance and quality control. Because of our nature as a trading company, we believe sustainability-related risks can be limited. Going forward, we plan to clearly explain to our stakeholders why these risks can be limited, using the outcomes of our various initiatives as evidence.

The second framework, “strengthening the foundation for business continuity,” includes conducting an engagement survey annually as a means to measure progress toward the top strategic goal of improving employee well-being. The results for FY2024 showed a slight decline in the positive response rate across all categories compared to the previous fiscal year. This time, the survey scope was

expanded to include domestic Group companies, covering nearly the entire consolidated Group. We believe this broader coverage influenced the overall survey results. We have taken the decline in engagement results seriously and conducted a thorough analysis of the results. Based on the results of this analysis, we have identified key issues and implemented various initiatives, such as adjusting the focus areas of our education and training and introducing new training programs.

As part of our Sustainability Medium-term Plan, which targets the active promotion of local staff to management positions at overseas subsidiaries, we have already seen success in our Taiwanese trading subsidiary, where a local staff member has taken on a leadership role and delivered strong results. In FY2024, we appointed a local staff member as president of our U.S. trading subsidiary. This appointment served as a major source of encouragement for our U.S. local staff and contributed to higher workplace motivation. Building on this momentum, we are currently developing systems to further promote managerial appointments for local employees. At the Management Council scheduled for FY2025, we will discuss promotion rules for locally hired staff across various countries and regions, aiming to clarify and visualize multiple career paths. We will communicate this information to each location, along with frameworks that support capability development. For the Inabata Group to achieve further growth, it is essential to strengthen transactions not only with Japanese clients but also with overseas manufacturers and local business partners abroad. To become a truly global company, we plan to further promote the appointment of local staff to executive positions.

Building a new data integration platform and enhancing Inabata’s unique sales style with AI

In our digital strategy, we are focusing on strengthening security across the Group, updating core systems, and strategically leveraging sales information through the introduction of a new data integration platform and other initiatives. We view the daily reports and emails from sales representatives, along with the vast amount of electronic files created by staff across domestic and international locations, as a treasure trove. We will integrate and organize these unstructured data using generative AI.

One of Inabata’s strengths is its customer-focused sales approach. Since its founding, the Company has built trusted relationships with a diverse range of clients and suppliers through the strength of its people. We have no



intention of replacing this aspect with AI, but by strategically leveraging unstructured data, we can complement our distinctive sales style with digital technology. This will increase the accuracy of sales and idea proposals while also boosting the productivity of back-office employees. Employees will be able to adopt successful strategies and ideas from other countries and regions at their own local offices, without being hindered by language barriers. We plan to establish this data integration and utilization platform by FY2026.

Discussions with independent directors on human capital Utilizing the insights to improve the design of human resources systems

In the second half of FY2024, we spent a full day exchanging views with our independent directors in a setting other than the Board meeting. The main focus of the discussions was on human capital. Inabata has grown through the strength of its people, and naturally, human capital will remain the key to its future growth. I had in-depth discussions with the independent directors from a diversity and inclusivity (D&I) perspective, covering topics such as developing sales talent, supporting the careers of women and senior employees, and promoting local staff to achieve the target of having 70% or more of our business generated overseas. As a result, we gained many valuable insights that we plan to utilize in designing our human resources systems and fostering a workplace culture where no one is left behind.

By combining the various strategies and initiatives discussed here, we will create synergies within the Group and return the resulting growth benefits to our shareholders.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Background to initiatives

Inabata has been committed to capital-efficient management since before the Tokyo Stock Exchange's March 2023 request to all listed companies on the Prime and Standard markets to take action on management practices conscious of capital cost and stock price. Following a significant improvement in our performance and a marked enhancement in financial soundness, we substantially increased shareholder returns beginning in FY2021. At the same time, we strengthened corporate governance by transitioning in June 2022 to a Board of Directors with a

majority of independent directors. We also introduced a policy to reduce strategically held shares and are ahead of schedule in executing this reduction.

In June 2023, we announced our Policy for Action to Implement Management That Is Conscious of Cost of Capital and Stock Price (Table 1), and since FY2023, we have been advancing concrete initiatives based on this policy. Table 2 summarizes the major growth investments since FY2023.

Table 1: Policy for Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Initiatives to consistently achieve a P/B ratio above 1 as soon as possible:
(1) Steadily implement growth strategies to continuously enhance business value and build expectations for stronger future earnings (Growth)
(2) Maintain ROE of 10% or more (Capital efficiency)
(3) Control and/or curtail the cost of capital, including by utilizing financial leverages (Cost of capital reduction)
(4) Continue buying back shares (Capital efficiency)

Table 2: Major Growth Investments from FY2023 Onward

Segment	Project	Aim
Information & Electronics	Participation in biomass power generation project (Shiwa District, Iwate Prefecture)	Expansion of environment and energy-related business
	Investment in semiconductor-related companies	Expansion of semiconductor-related business
Chemicals	Acquisition of Maruishi Chemical Trading Co., Ltd. as a subsidiary	Strengthening of the chemicals business
Life Industry	Acquisition of Daigo Tsusho Co., Ltd. as a subsidiary	Enhancement of food processing and sales functions
	Acquisition of Satoen Co., Ltd. as a subsidiary	Enhancement of food processing and sales functions
	Investment in a French company engaged in the development, extraction, and sales of plant extract components	Utilization of natural raw materials (cosmetics, agrochemical raw materials, etc.)
Plastics	Establishment of Novacel Co., Ltd.	Expansion and enhancement of compounding capabilities
	Investment in REFINVERSE Group Inc., a recycled resin manufacturer	Promotion of the green business
Plastics, Information & Electronics	Investment in a plastic additive (high-performance filler) manufacturing company	Expanding sales of molding materials through lightweighting and recycling of plastic products

Future challenges and strengthened initiatives

These efforts have led to steady improvements in market valuation, but in FY2024, both the P/B ratio and price-to-earnings (P/E) ratio remained roughly the same as the previous fiscal year. We feel it is necessary to intensify and deepen our initiatives from FY2025 onward. (Graphs 2 and 4)

First, looking at the comparison between cost of capital and capital profitability, the cost of capital decreased in FY2024, supported by improved market liquidity and a broader shareholder base. On the other hand, our market capitalization remains relatively small, and although liquidity has improved, it is still not sufficient. Taking these

risk premiums into account, we believe it is necessary to maintain an adequate spread. (Graph 1)

In addition, strong business performance led to increased retained earnings and shareholders' equity, causing ROE to dip slightly below 10% in FY2024. Since FY2021, we have conducted share buybacks and cancellations every fiscal year. We will continue these practices going forward to manage shareholders' equity. (Graph 3)

Since FY2023, we have actively pursued growth initiatives centered on M&A investments, which are already beginning to yield results. We will steadily advance the monetization of these projects while exploring further opportunities for proactive investments to continuously enhance business value.

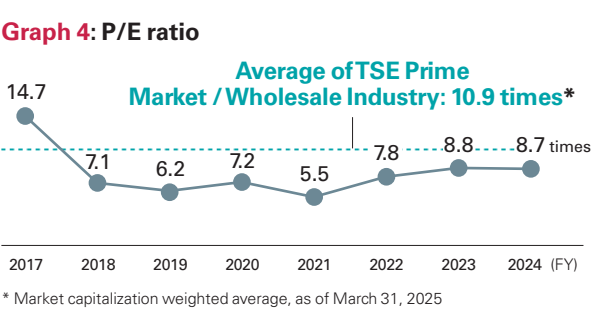
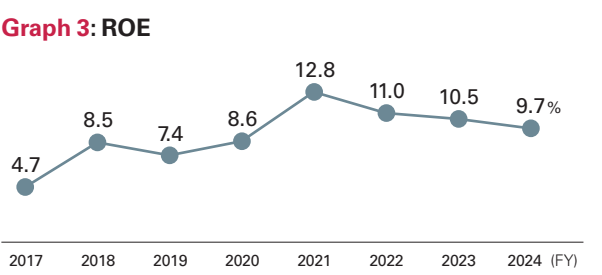
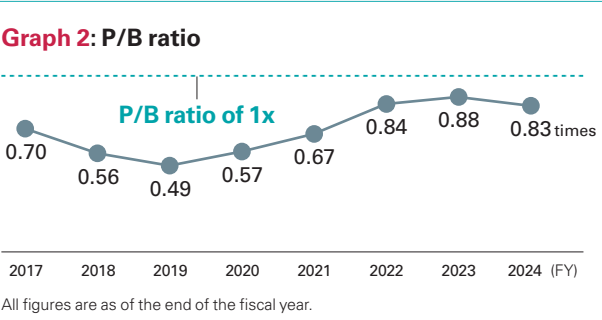
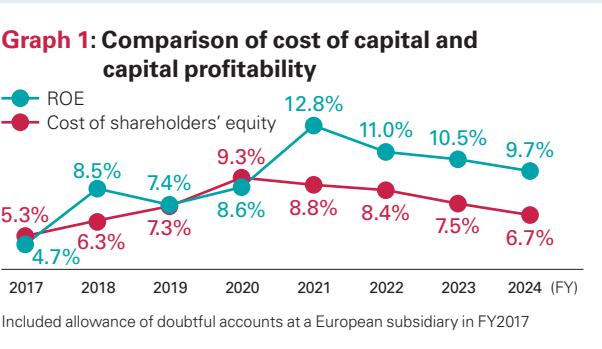
Finally, regarding efforts to control and/or curtail the cost of capital, we consider enhancing information disclosure and expanding dialogue with investors to be especially important, and have been focusing on these efforts since FY2023.

Our communications emphasize not only the stability of our performance and shareholder returns, such as progressive dividends, but also how to effectively convey our strengths, business model, and growth potential.

With the expansion of our investor relations (IR) structure, the number of investors newly interested in the Company has increased. Through ongoing dialogue with these investors, we aim to gather insights and further improve the quality and transparency of our information disclosure.

Background and future direction for strengthening initiatives

		Up to FY2022	FY2023 to FY2024	From FY2025
		Significant expansion of shareholder returns	Implementation of management that is conscious of the cost of capital	Strengthening of management that is conscious of the cost of capital
Growth	Enhance business value and foster growth expectations	• Expanded the earnings base mainly through core businesses	• Actively pursued M&A and business investments under a policy of proactive investment	• Steadily realize profits from completed investments and continue to make further proactive investments
Capital efficiency	Maintain ROE of 10% or more	• Achieved an ROE level exceeding the cost of capital through improved performance and enhanced shareholder returns	• Maintained ROE levels through share buybacks and cancellations	• Continuously conduct share buybacks and cancellations to rigorously control shareholders' equity
Reducing cost of capital	Control and/or curtail the cost of capital	• Strengthened corporate governance structure (with independent directors constituting the majority) • Reduced strategic shareholdings	• Lowered cost of capital through improved performance levels and increased liquidity	• Aim for further reduction of cost of capital by enhancing information disclosure and expanding dialogue with investors





Dialogue

To continuously drive change and enhance corporate value over the long term

From a focus on profit and loss to the balance sheet Evaluating qualitative changes in financial strategy

Yokota Mr. Toyoda, you have been researching and analyzing our company for many years. How do you view the recent business performance?

Toyoda I am focusing on the qualitative changes in financial strategy. Initially, around the launch of the medium-term management plan, New Challenge 2020, in FY2017, the approach was centered on the profit and loss statement, with a strong emphasis on sales and profit targets.

Yokota Indeed, at that time, the focus was primarily on stabilizing and boosting earnings, and there wasn't enough attention given to managing with an awareness of capital efficiency. By around 2020, earnings had stabilized, and corporate governance codes and similar standards had become well established among listed companies. At the Management Council and other venues, we worked to align the executives' understanding by presenting the initiatives of the Financial Services Agency and Tokyo Stock Exchange to advance corporate governance reforms, alongside sharing the views of institutional investors. Building on that,

we advanced reforms such as reducing strategically held shares, enhancing shareholder returns, and strengthening investor relations (IR).

Toyoda I see. Given that background, New Challenge 2023, launched in FY2021, shifted its focus from a profit-and-loss-centered financial strategy to an emphasis on the balance sheet, including setting ROE targets and improving asset efficiency.

In 2023, the Tokyo Stock Exchange requested measures aimed at realizing management that is conscious of the cost of capital and stock price. Notably, it explicitly specified expectations for listed companies regarding stock price and market valuations such as the P/B ratio, which clearly differed from previous notifications. I commend Inabata for swiftly shifting its management focus to these aspects as early as FY2021.

I want to gain confidence that Inabata will remain engaged in the value chain.

Yokota In New Challenge 2026, "accelerate growth" has been adopted as a key theme. What are your expectations

for Inabata during this medium-term plan period and beyond?

Toyoda I expect to see more proactive investment and a thoughtful approach to how capital is allocated for growth—in short, a focus on wise spending. In that sense, the fact that Inabata disclosed its three-year capital allocation plan for the first time in New Challenge 2026 was highly significant, wouldn't you agree?

Yokota Yes, given the emphasis on growth investment while maintaining a high level of shareholder returns, we believed that disclosing our capital allocation plan was essential.

Toyoda In the trading company business, enhancing per-employee productivity is crucial, and I'm closely watching the initiatives being implemented to achieve that.

Yokota Enhancing productivity and establishing a foundation for sustainable growth over the medium to long term hinges on possessing the right functions to penetrate key stages of the value chain. I believe it is important to invest a portion of our capital in M&A and equity participation to develop businesses capable of partially taking over functions traditionally handled by customers or manufacturers.

Toyoda You're absolutely right. For instance, let's consider a business that consistently generates stable profits and has been successful. If Inabata, rather than another firm, is the trading company deeply involved in that value creation process, there must be a compelling reason for it. As an investor, I want to gain confidence that, through providing this function, the company will remain an integral part of the value chain for the long term.

Regarding the low valuation of the stock price and lack of recognition from the market

Yokota I am also aware that there are challenges inherent to the trading company sector. Could you kindly offer any advice?

Toyoda In the case of trading companies, there is a risk of suddenly losing trading rights, which makes it difficult for investors to forecast the top line (net sales). To address this issue, it is effective to carefully explain that the Company is firmly embedded in the value chain. I would like to see Inabata take a more proactive approach to disclosing information in this area.

Yokota Indeed, the explanation regarding the functions I mentioned earlier may have been somewhat insufficient.

Inabata is categorized as a small-cap stock based on its market capitalization. What concerns do you have about small-cap stocks in general?

Toyoda Small-cap stocks often have insufficient resources, particularly in governance, making them vulnerable to sudden events that can abruptly erase profits. Moreover, there are instances where it is uncertain to what extent investors' views are conveyed to the executive team.

Yokota From that perspective, we consistently make it a priority to relay investor feedback gathered during IR meetings to the Board of Directors, and disclose this information annually under the title "Implementation Status of Dialogue with Shareholders."

Toyoda That's right. From an investor's perspective, being able to understand how their opinions have been reflected in management decisions is something they appreciate. If it is evident how the company confronts investors' doubts and concerns and strives to make improvements, it can be inferred that significant failures are unlikely to occur.

Toyoda Also, in equity investing, both the level and the rate of change (delta) are important factors to consider. For instance, an ROE of 10% relates to assessing the current level, while the rate of change focuses on whether it decreases from 10% to 7% or increases to 12%. The key point is the expectation of how the 10% will evolve moving forward. Inabata has steadily achieved gradual change over time, and investors are closely watching whether the company can continue to evolve as a valuable presence in society going forward.

Yokota In order to meet those expectations, it is important not to be overly constrained by the conventional trading business framework. Regarding M&A, we are targeting fields and businesses beyond our existing channels. Acquiring the time and capabilities necessary to develop competencies internally is also essential. When selecting investment targets, we naturally place strong emphasis on profitability. To drive dynamic growth, we will pursue investments with both caution and boldness.

Toyoda The premium assigned to the stock price reflects the quality of management. From this perspective, M&A is a highly important factor in assessing management quality. Investors evaluate the effectiveness of M&A based on past track records, so if a company can demonstrate the extent of synergies generated from previous M&A activities, it can increase investors' conviction. I look forward to seeing Inabata continue to evolve.