INABA DENKI SANGYO CO.,LTD.
Financial Results for the FY2025 2Q

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*** This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.**

Inaba Denki Sangyo Co., Ltd.
Tokyo Stock Exchange Prime: 9934

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I'm Tamagaki. I was appointed as the President and Representative Director in June.

Thank you for attending this presentation.

I would like to explain Inaba Denki Sangyo Co., Ltd.'s "Financial Results for the Second quarter of the Fiscal Year Ending March 31, 2026".

Contents

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*Forward-looking statements such as forecasts, plans and targets are based on information currently available to the Group and on certain assumptions that the Group deems reasonable.
Actual results may differ significantly from these forecasts due to various factors.

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Today, I will explain in the order shown on the slide.
First, I would like to give you an overview of our financial results for the second quarter of the fiscal year ending March 31, 2026, followed by the outlook for each segment based on the Medium-Term Management Plan and earnings forecasts for the fiscal year ending March 31, 2026.

After that, I will explain about share split and the shareholder return initiatives, such as the acquisition of own shares, announced on October 31, 2025.

Consolidated Statement of Income

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(Millions of yen)

	FY24 2Q	% of Net sales	FY25 2Q	% of Net sales	YoY change amount	YoY change %
Net sales	179,729	100%	**192,246**	100%	12,517	7.0%
Gross profit	31,335	17.4%	**34,638**	18.0%	3,303	10.5%
SG&A	19,509		**20,585**		1,076	5.5%
Operating profit	11,826	6.6%	**14,053**	7.3%	2,227	18.8%
Net non-operating income and expenses	591		**1,148**		556	94.1%
Ordinary profit	12,417	6.9%	**15,201**	7.9%	2,784	22.4%
Net extraordinary income and losses	(174)		**1**		175	-
Profit before income taxes	12,243	6.8%	**15,202**	7.9%	2,959	24.2%
Profit attributable to owners of parent	8,438	4.7%	**10,622**	5.5%	2,184	25.9%

*Unless otherwise stated, figures in this document are rounded down to the nearest unit, and percentages and percentage changes are rounded off.
If the YoY change % exceeds 1,000%, or if one or both of the comparison targets are negative, this is indicated with "-".

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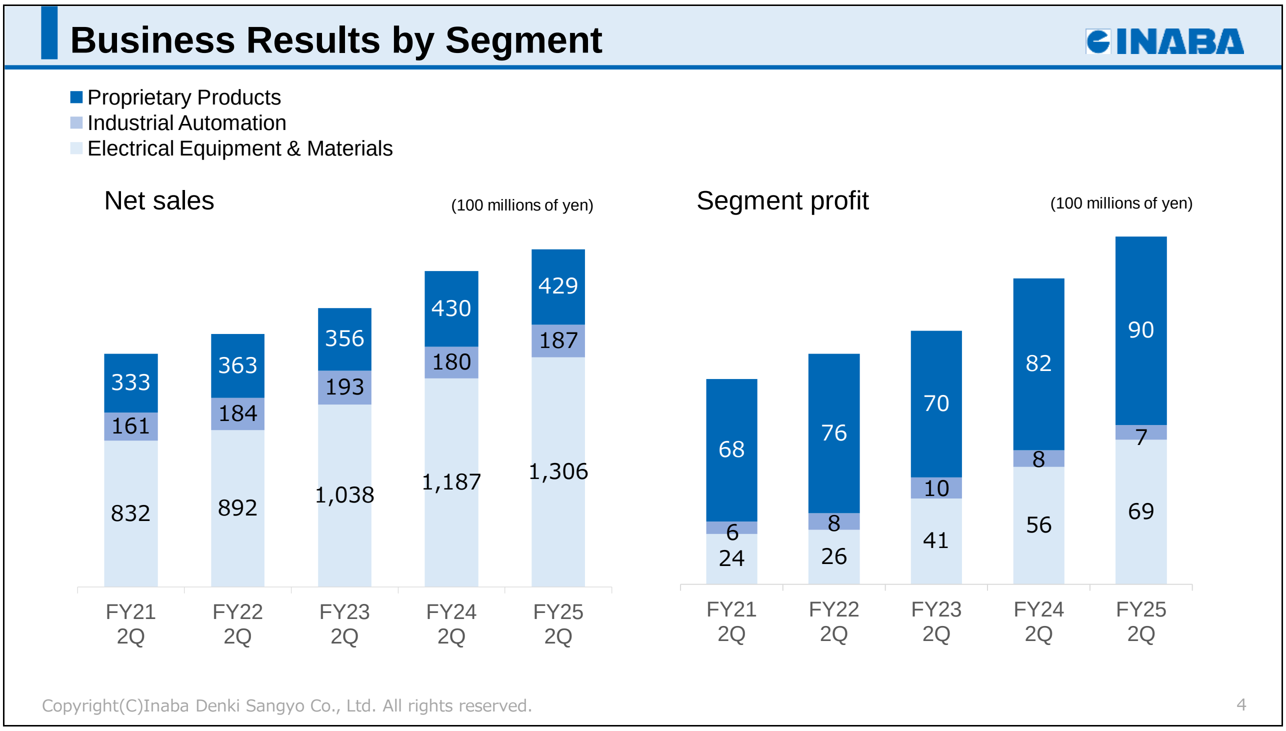
The slide shows the consolidated statement of income.

Net sales increased by 7.0% year on year to ¥ 192.246 billion.

Gross profit increased by 10.5% to ¥ 34.638 billion, and the gross profit rate rose by 0.6 percentage points to 18.0%.

Although SG&A expenses increased by 5.5% due to an increase in repair expenses associated with office maintenance and IT expenses, operating profit increased by 18.8% to ¥14.053 billion.

Ordinary profit increased by 22.4% to ¥15.201 billion,
and Profit attributable to owners of parent increased by 25.9% to ¥10.622 billion,
setting a record for second quarter financial results.



This slide shows the performance trends of each segment.

There are three main segments: Electrical Equipment & Materials and Industrial Automation in the Trading Companies division, and Proprietary Products in the Manufacturing division.

As you can see, our trading company division account for a large portion of our sales while our manufacturing division "Proprietary Products" segment is the main pillar of our profit structure.

Next, I will explain the performance of each segment.

Electrical Equipment & Materials

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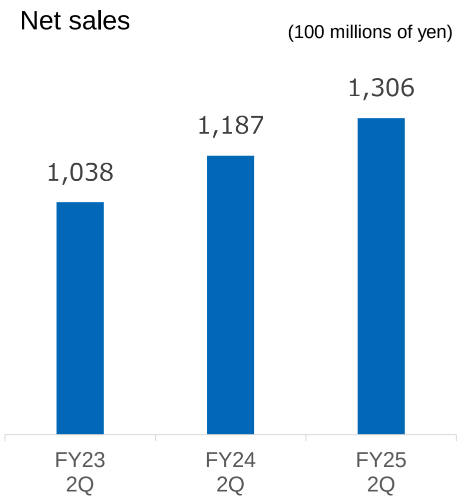

Net sales +10.0% YoY

Net sales increased as selling prices continued to increase in general due to soaring distribution costs and raw materials prices.
The large-scale projects such as redevelopment projects in metropolitan areas, factories, and data centers were delivered steadily. By product category, sales of power distribution equipment and air-conditioning equipment increased, and sales of electric wire cables grew in 2Q.

Reference index

	YoY	
	FY24 2Q	FY25 2Q
Floor area of non-residential private buildings	(9.6%)	(4.0%)
Number of new housing starts	(0.8%)	(17.4%)

Source: Ministry of Land, Infrastructure, Transport and Tourism

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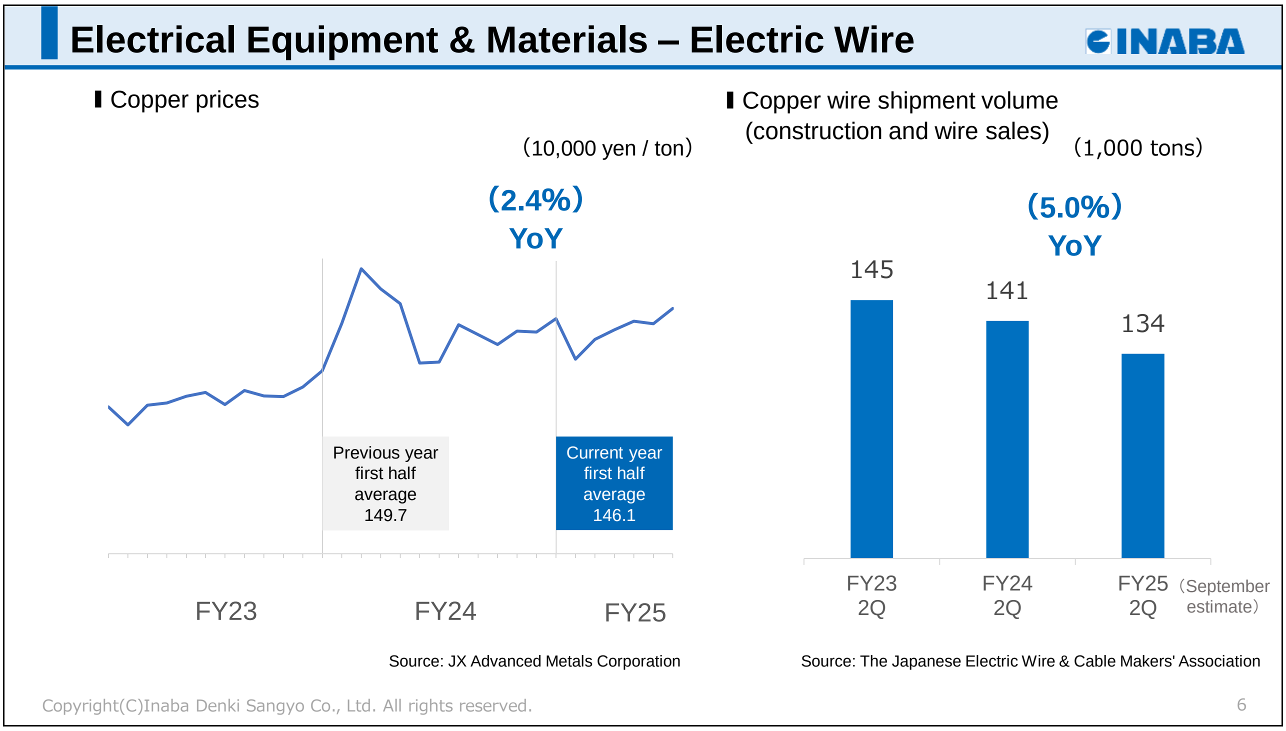
First, I would like to explain the performance of Electrical Equipment & Materials.

Electrical Equipment & Materials sells equipment such as electric wire cables, lighting, and power distribution equipment to office buildings, commercial facilities, logistics center, factories, and residences.

Net sales increased by 10.0% year on year to ¥ 130.6 billion.

Despite ongoing increases in sales prices for electrical construction materials in general due to soaring distribution costs and raw materials prices, deliveries for large-scale projects such as the redevelopment projects in metropolitan areas, factories and data centers progressed well.
By product category, sales of power distribution equipment and air-conditioning equipment increased. Meanwhile, sales of electric wire cables also grew in the second quarter.



This slide shows the copper market situation for wire.

The line graph on the left shows the domestic price of copper.
The bar graph on the right shows the trend of copper wire shipment volume in the construction and wire sales industry.

Copper prices remained at a high level, despite an average year-on-year decrease of 2.4% in the first six months.

Although shipments of wire for the construction and wire sales industry are expected to decrease year on year, our sales of electric wire cables increased by approximately 4% year on year and sales volume also increased due to the optimization of selling prices, inventory measures, and sales efforts.

Industrial Automation

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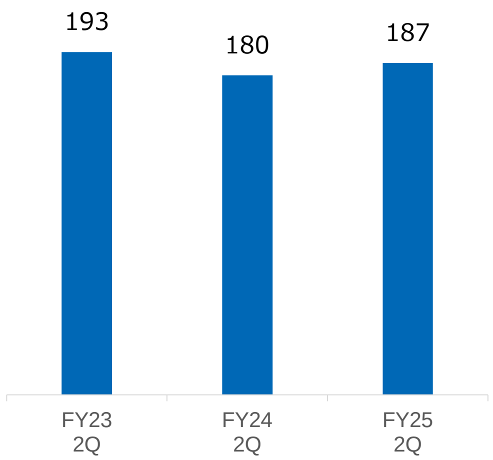
Net sales (100 millions of yen)



Net sales +3.9% YoY

Although sales of electronic components were sluggish as the impact of inventory adjustments related to semiconductors continued in some areas, capital investment in the manufacturing industry showed signs of recovery driven by demand for labor-saving and automation due to labor shortages, leading to increased sales of robots and control equipment.

Reference index

	YoY	
	FY24 2Q	FY25 2Q
Electrical control equipment domestic shipment value	**(22.4%)**	**+5.7%**
	FY24 August cumulative total	FY25 August cumulative total
Electronic components and devices production results	**+11.8%**	**+1.4%**

Source: Nippon Electric Control Equipment Industries Association
Japan Electronics and Information Technology Industries Association

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Next, I would like to explain the performance of Industrial Automation.

Industrial Automation, which handles control equipment and electronic components, is affected by trends in capital investments in Japan.

Net sales increased by 3.9% year on year to ¥18.7 billion.

Although sales of electronic components were sluggish as the impact of inventory adjustments related to semiconductors continued in some areas, capital investment in the manufacturing industry showed signs of recovery driven by demand for labor-saving and automation due to labor shortages, leading to increased sales of robots and control equipment.

Proprietary Products

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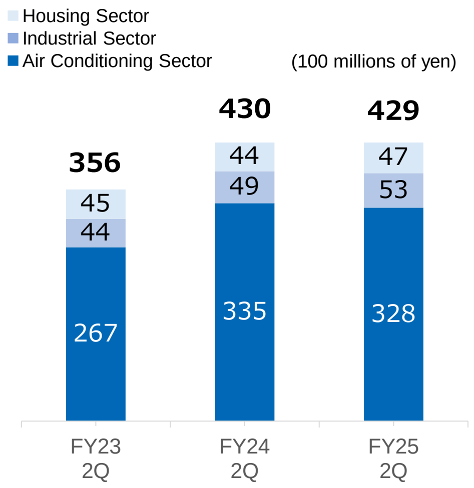
Net sales (0.2%) YoY



Air Conditioning Sector INABA DENKO

Net sales (2.1%) YoY

The primary source of revenue that accounted for more than 70% in Proprietary Products

Reference index

	YoY FY24 2Q	YoY FY25 2Q
Room air conditioning systems domestic shipments	+9.0%	+4.0%

Source: The Japan Refrigeration and Air Conditioning Industry Association

Industrial Sector PATLITE

Net sales +7.9% YoY

Net sales increased due to an increase in overseas sales

Housing Sector Abaniact

Net sales +5.5% YoY

Increased sales of information wiring systems and other proprietary products.

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Next, I would like to explain the performance of Proprietary Products.

Proprietary Products consists of 3 brands.
“INABA DENKO” in the air conditioning sector,
“Abaniact” in the housing sector,
and “PATLITE” in the industrial sector.

Net sales decreased by 0.2% year on year to ¥ 42.9 billion.

By sector, sales in the air conditioning sector decreased by 2.1% year on year to ¥ 32.8 billion. Although sales of mainstay products such as insulated copper tube and the "SLIMDUCT Series", decorative covers for air conditioning piping, remained strong due to steady shipments of room air conditioning systems, net sales decreased in response to a last-minute surge in demand before price revisions in the same period of the previous fiscal year and higher sales in northern Japan, where demand for air conditioning has been increasing.

Net sales in the industrial sector increased by 7.9% to ¥5.3 billion due to an increase in overseas sales at the consolidated subsidiary PATLITE CORPORATION.

Net sales in the housing sector increased by 5.5% year on year to ¥4.7 billion due to an increase in sales of information wiring systems and other proprietary products.

We are working to further strengthen our development functions and develop new products that will become a new pillar of earnings to change our sales currently focused on the air conditioning sector.

Non-operating Income and Expenses

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(Millions of yen)

	FY24 2Q	FY25 2Q	YoY change amount	YoY change %
Dividend income	514	919	405	78.8%
Interest income	57	170	112	195.4%
Other	194	151	(42)	(21.9%)
Non-operating income (A)	**766**	**1,241**	**475**	**62.0%**
Interest expenses	10	11	0	6.5%
Foreign exchange losses	110	5	(104)	(94.8%)
Other	53	76	22	41.8%
Non-operating expenses (B)	**174**	**93**	**(81)**	**(46.6%)**
Net non-operating income and expenses (A - B)	**591**	**1,148**	**556**	**94.1%**

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Next, I would like to explain our non-operating income and expenses.

Non-operating income increased due to an increase in dividend income and interest income. In addition, non-operating expenses decreased due to a decrease in foreign exchange losses.

As a result, we recorded net non-operating income of ¥1,148 million, an increase of ¥556 million from the same period of the previous fiscal year.

Extraordinary Income and Losses

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(Millions of yen)

	FY24 2Q	FY25 2Q	YoY change amount	YoY change %
Gain on sale of non-current assets	1	3	2	161.7%
Extraordinary income (A)	**1**	**3**	**2**	**161.7%**
Loss on retirement of non-current assets	1	2	0	21.7%
Loss on sale of non-current assets	-	0	0	-
Other	173	-	(173)	(100.0%)
Extraordinary losses (B)	**175**	**2**	**(173)**	**(98.6%)**
Net extraordinary income and losses (A - B)	**(174)**	**1**	**175**	**-**

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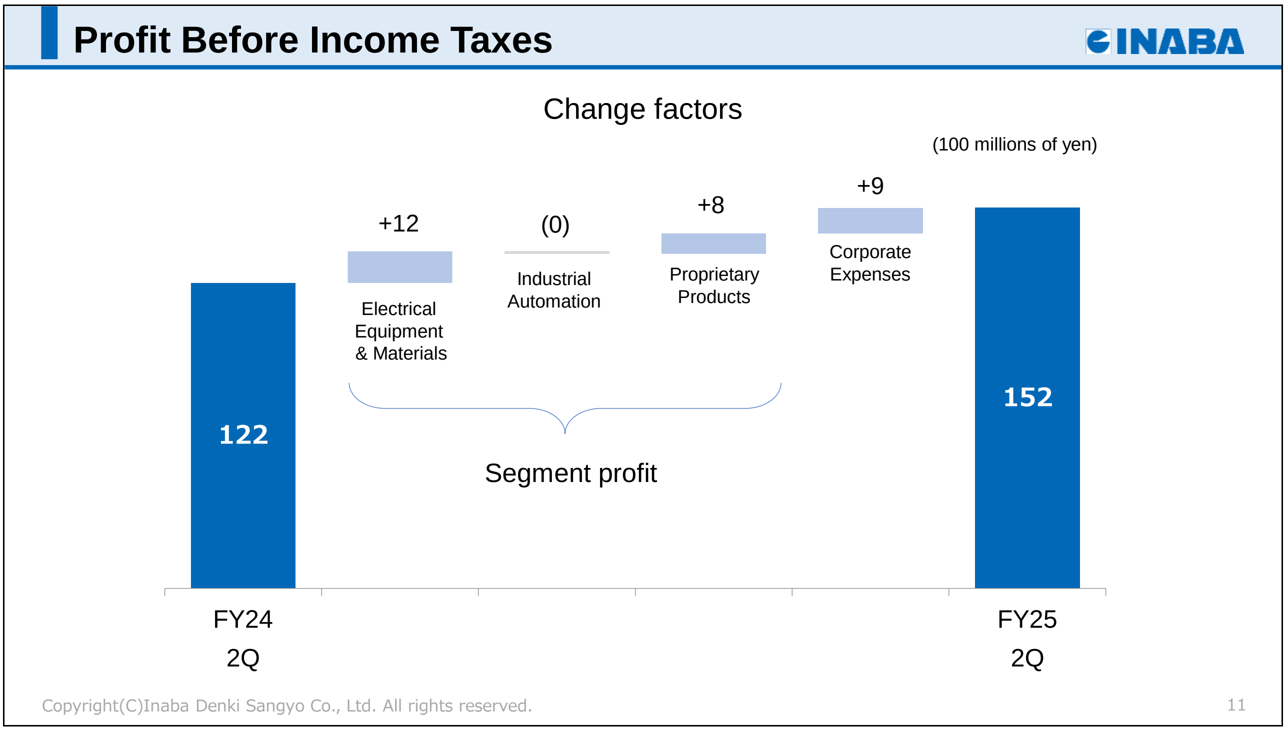
In extraordinary income and losses, extraordinary losses decreased by ¥173 million due to an impairment loss on assets scheduled for sale in Proprietary Products in the same period of the previous fiscal year.

As a result, the gain posted for net extraordinary income and losses amounted to ¥1 million.



We use "profit before income taxes" as a profit indicator for management accounting purposes.

There was an increase in profit of ¥2.959 billion and the factors behind this change are shown in a graph.

Profits increased in Electrical Equipment & Materials, where sales were strong, and in Proprietary Products, where profit margins increased as a result of efforts to pass on higher prices.

Corporate expenses decreased due to an increase in dividend income and other factors.

Consolidated Balance Sheet

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(Millions of yen)

	FY24	Composition ratio	FY25 2Q	Composition ratio	YoY change amount	YoY change %
Current assets	215,720	77%	203,569	74%	(12,151)	(5.6%)
Non-current assets	63,262	23%	71,822	26%	8,560	13.5%
Total assets	**278,983**		**275,391**		**(3,591)**	**(1.3%)**
Current liabilities	100,190	36%	81,653	30%	(18,536)	(18.5%)
Non-current liabilities	5,769	2%	9,049	3%	3,279	56.8%
Total liabilities	**105,959**	**38%**	**90,703**	**33%**	**(15,256)**	**(14.4%)**
Total net assets	**173,023**	**62%**	**184,688**	**67%**	**11,665**	**6.7%**

* "Accounting Standard for Current Income Taxes" have been applied from FY24. This standard have been applied retrospectively to FY23.

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On this slide is the consolidated balance sheet.

The decrease in assets and liabilities was mainly due to a decrease in trade receivables and trade payables, which increased at the end of the previous fiscal year.

The equity ratio rose by 5.1 percentage points to 66.9%.

Consolidated Statement of Cash Flows

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(Millions of yen)

	FY24 2Q	FY25 2Q	YoY change amount
Cash flows from operating activities	6,699	9,076	2,377
Cash flows from investing activities	(5,899)	(3,320)	2,579
Cash flows from financing activities	(3,041)	(3,614)	(573)
Effect of exchange rate changes on cash and cash equivalents	22	(35)	(58)
Net increase (decrease) in cash and cash equivalents	(2,218)	2,107	4,325
Cash and cash equivalents at the end of the quarter	59,277	68,169	8,891

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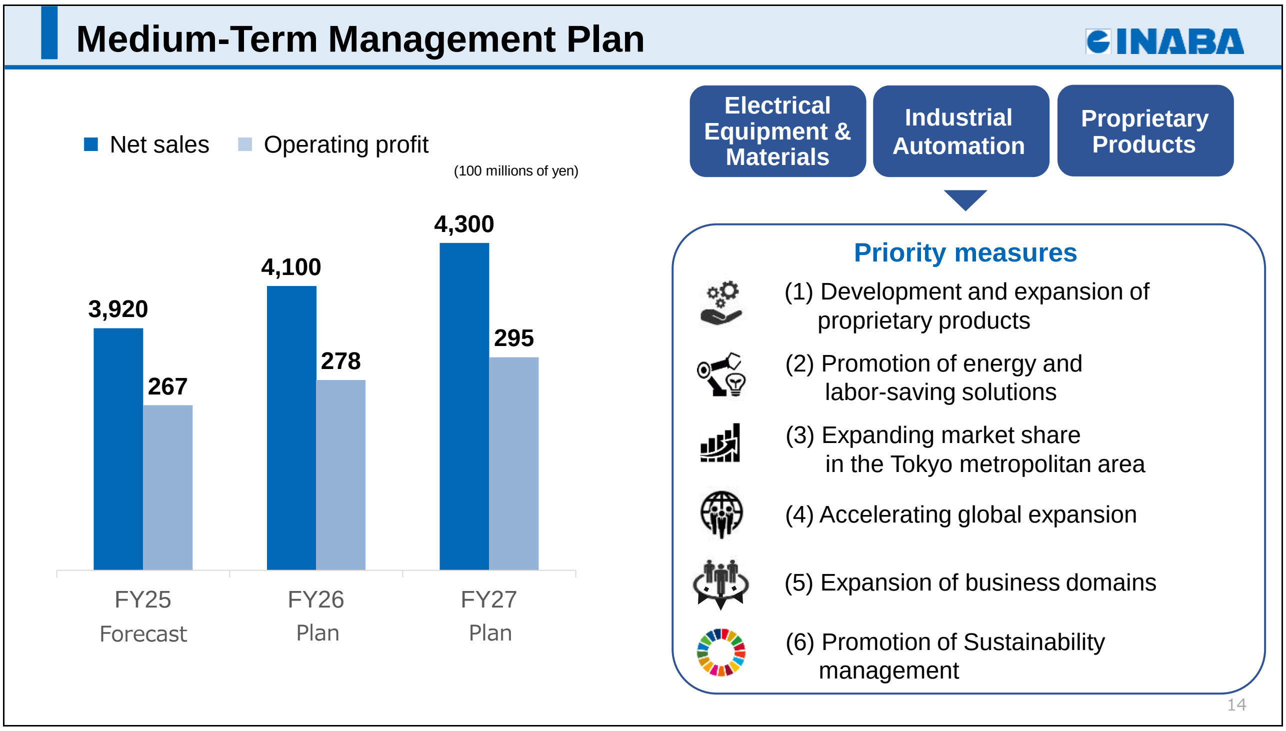
Next, I would like to explain about our “Consolidated Statement of Cash Flows.”

Cash flows from operating activities recorded a cash inflow of ¥9.0 billion.
This was mainly due to a recording of profit before income taxes, and a decrease in trade receivables resulting from the collection of accounts receivable recorded at the end of the previous fiscal year.

Cash flows from investing activities recorded a cash outflow of ¥3.3 billion.
This was mainly due to the net of proceeds from the withdrawal of time deposits and payments into time deposits and the capital increase of subsidiary.

Cash flows from financing activities recorded a cash outflow of ¥3.6 billion. This was mainly due to the payment of dividends.

As a result, cash and cash equivalents at the end of the quarter increased by ¥8.8 billion year on year to ¥68.1 billion.

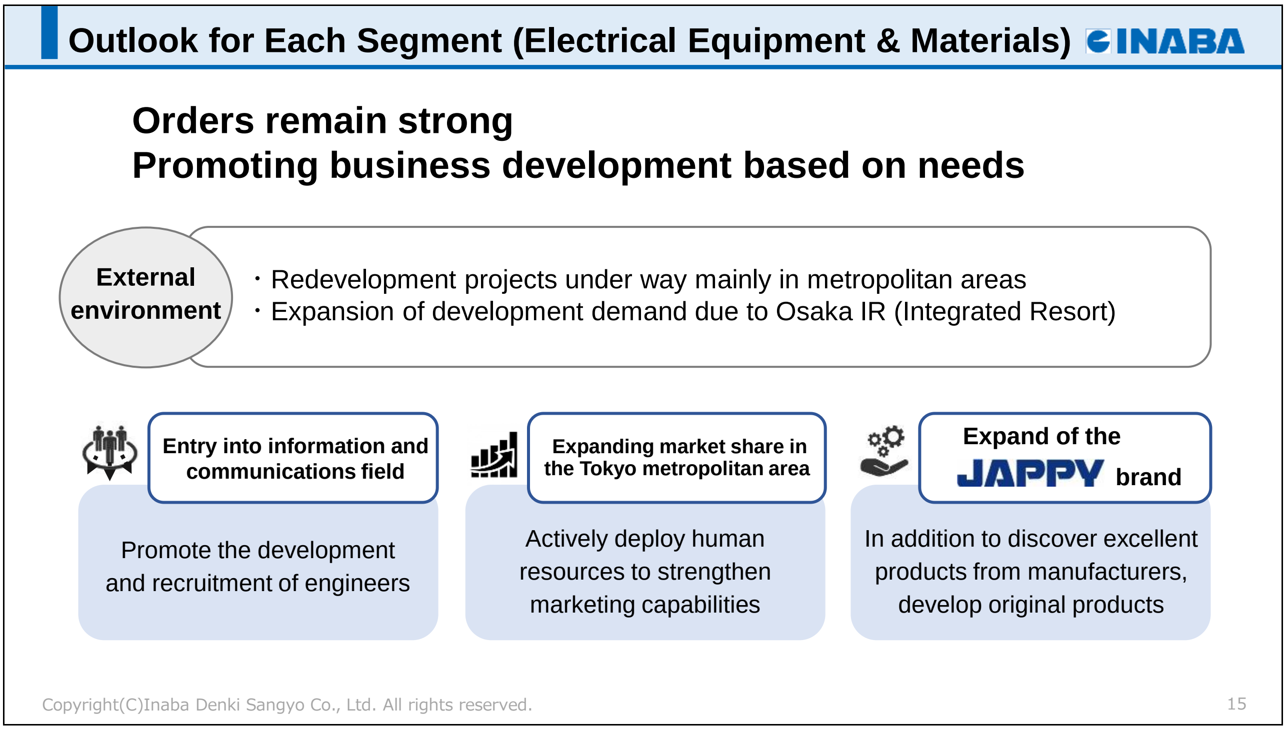


Next, I will explain the Medium-Term Management Plan.

We review the numerical targets for the next three years by rolling them each fiscal year according to changes in the business environment and the degree of achievement of the plan.

Our targets for fiscal 2027 are ¥430 billion in net sales and ¥29.5 billion in operating profit.

In order to achieve the goals of the Medium-Term Management Plan, we will steadily implement six priority measures.



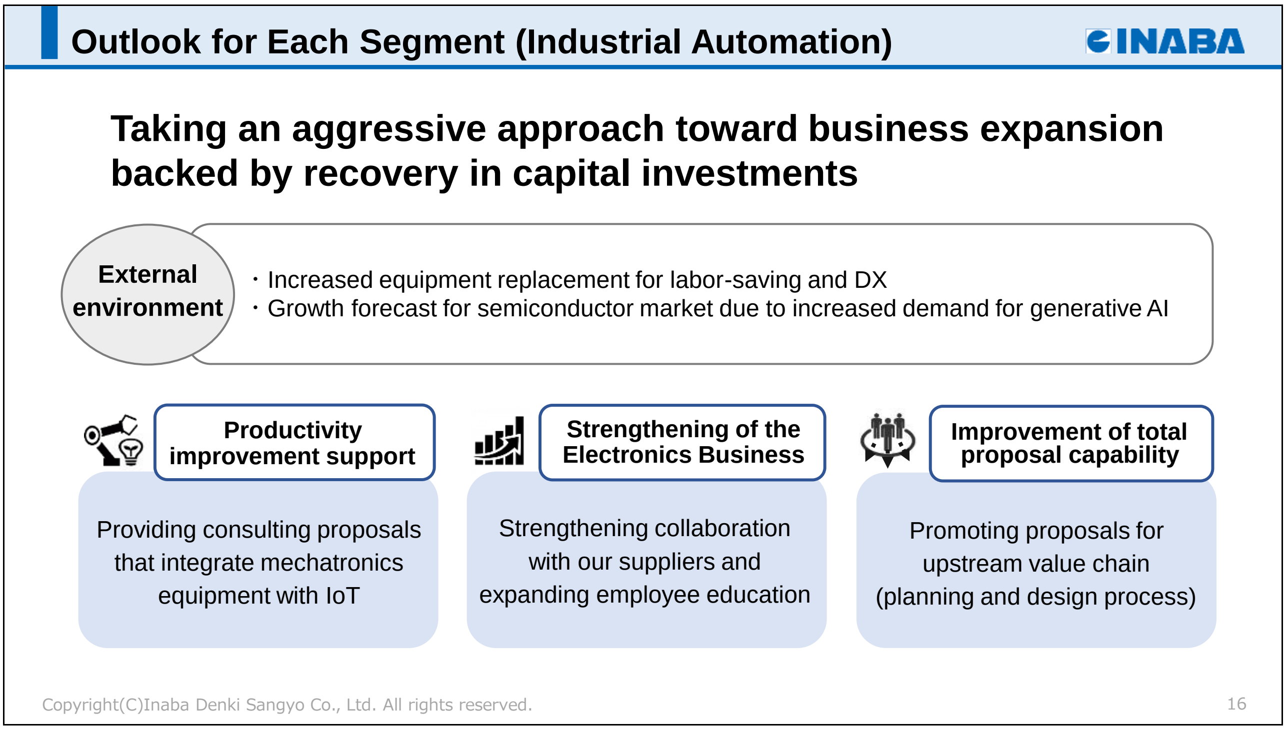
Next, I would like to explain the outlook for each business segment.
Although construction starts are expected to be weak due to a pullback following the last-minute surge in demand triggered by the revision of the Building Energy Efficiency Act, the recovery in capital investment in private sector is expected to continue, and the business environment surrounding Electrical Equipment & Materials is expected to remain steady overall.

In the current period, orders have been favorable due to the progress on the redevelopment projects mainly in metropolitan areas. We will also seek to capture demand related to the Osaka IR (Integrated Resort), for which construction has started with the aim of opening in 2030.

Furthermore, in order to advance into the information and communications field, we are actively working to expand the scope of our businesses. This involves promoting systematic development and recruitment of engineering personnel to improve our construction response capabilities, as well as strengthening our ability to propose equipment related to disaster prevention, disaster mitigation, and crime prevention, for which demand is growing.

As we have developed our business based in the Kansai region, approximately 60% of our total sales have come from western Japan. We will work to strengthen our marketing capabilities by actively deploying human resources to expand our market share in the Tokyo metropolitan area, which has a larger market.

In "JAPPY," our private brand of Electrical Equipment & Materials, we will continue to discover excellent products from manufacturers as before. In the future, we would also like to take on the challenge of developing original products based on in-house planning.



The market share of Industrial Automation is lower than that of other segments, and we believe there is significant potential to develop new markets.

Demand for equipment replacements for labor-saving and DX is expected to increase. Amid this situation, backed up by the robust corporate earnings, we will strive to support the improvement of productivity in the manufacturing and distribution industries, where labor shortages are serious, by proposing labor-saving solutions that address on-site challenges and by providing consulting services that integrate mechatronics equipment and IoT.

In addition, we are currently working to expand and strengthen our customer base by collaborating more closely with our suppliers. We will further strengthen our business by promoting education led by experienced individuals hired mid-career to boost our sales capabilities for electronic products.

In the future, we will not only support manufacturing and distribution processes but also promote proposals for the upstream value chain, including planning and design, by leveraging our knowledge of software and circuit design to take on the challenge of creating greater added value.

Outlook for Each Segment (Proprietary Products)

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Expanding overseas sales
and establishing brands in other sectors outside the Air Conditioning Sector

External environment

- Strong demand for air conditioning due to heat wave
- Expansion of demand for labor-saving due to labor shortages

Expansion of overseas sales

- Development of local distributors
- Optimization of global logistics strategy
- Enhancement of localized products

Expansion into the piping materials market

Conducting development and marketing activities with a key concept of "construction-saving"

ホールドワン ("HoldOne")
Won multiple product awards!

Establishment of a development environment

Innovation Center
(Scheduled to be completed in 2027)

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In Proprietary Products, we are not only determined to maintain our top domestic market share in air conditioning components and materials but also pursuing sales expansion overseas.

We will expand our sales area by developing local distributors and improve our cost competitiveness by refining our logistics strategy. In addition, we are planning to organize a project to promote the development and improvement of localized products with the aim of expanding our range of products for overseas market.

In other sectors outside the Air Conditioning Sector, we are focusing on developing piping material products with "construction-saving" as a key concept. Recently, "HoldOne," a new piping material, has received high acclaim, including winning both the Excellence Award of the "Outstanding Products and Technologies Award" from the Japan Building Materials Association and the "GOOD DESIGN AWARD" from the Japan Institute of Design Promotion.

In addition, in order to accelerate these efforts, we announced in May this year that we would be building an R&D facility called the "Innovation Center." Construction is scheduled to be completed in the summer of 2027. Once the Innovation Center has been launched, we aim to further strengthen the INABA brand by concentrating our Proprietary Products operations there.

Earnings Forecast for the FY2025

(Millions of yen)

	FY24	% of Net sales	FY25	% of Net sales	YoY change amount	YoY change %
Net sales	384,012	100%	392,000	100%	7,987	2.1%
Operating profit	25,556	6.7%	26,700	6.8%	1,143	4.5%
Ordinary profit	26,698	7.0%	27,400	7.0%	701	2.6%
Profit attributable to owners of parent	18,783	4.9%	19,400	4.9%	616	3.3%
(Net sales by segment)						
Electrical Equipment & Materials	271,054	71%	273,000	70%	1,945	0.7%
Industrial Automation	38,144	10%	42,000	11%	3,855	10.1%
Proprietary Products	74,814	19%	77,000	20%	2,185	2.9%

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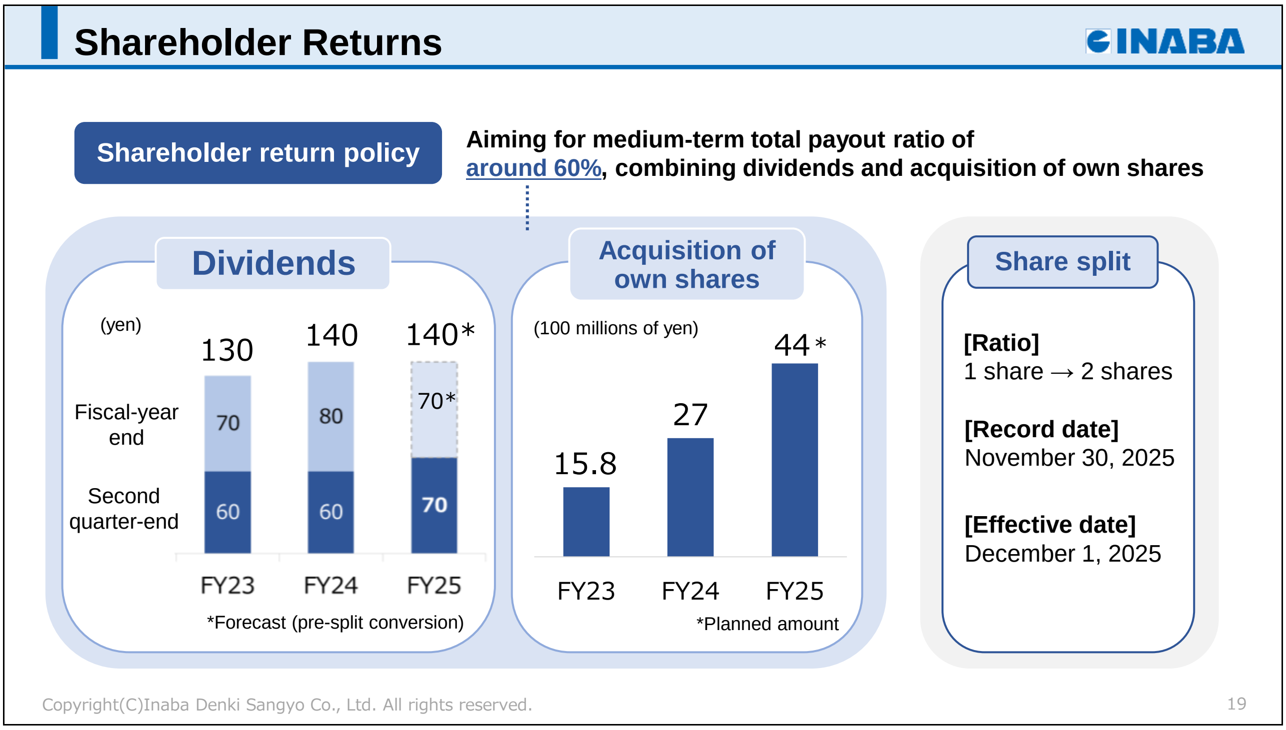
For the fiscal year ending March 31, 2026, we forecast earnings as follows.

¥ 392 billion in net sales, ¥ 26.7 billion in operating profit, ¥ 27.4 billion in ordinary profit, and ¥ 19.4 billion in profit attributable to owners of parent.

By segment, the net sales forecast is ¥273 billion in Electrical Equipment & Materials, ¥42 billion in Industrial Automation, and ¥77 billion in Proprietary Products.

In the first six months of the fiscal year under review, sales increased mainly in Electrical Equipment & Materials and Proprietary Products.

While redevelopment projects in metropolitan areas and corporate capital investment demand are expected to remain steady in the second half of the fiscal year and beyond, we have maintained our earnings forecast due to anticipated uncertainties such as labor shortages in the distribution and construction industries, the impact of the U.S. tariff policy and trends in raw materials prices.



We also recently announced a share split and the acquisition of own shares.

The share split aims to reduce our company's investment units, thereby creating a more accessible investment environment for investors with the aim of improving the liquidity of our company's shares and expanding the shareholder base.

We will implement a share split at a ratio of two shares for every one share with November 30, 2025 as the record date.

The acquisition of own shares aims to return profits to shareholders based on the shareholder return policy of achieving a medium-term total payout ratio of around 60% from dividends and the acquisition of own shares.

The maximum acquisition price is ¥4.4 billion, and maximum number of shares is 1.05 million shares, or 2.1 million shares after the split. The acquisition started on November 4, 2025.

We will continue to strive to maximize our corporate value through management that is conscious of cost of capital and stock prices.

Contact Us

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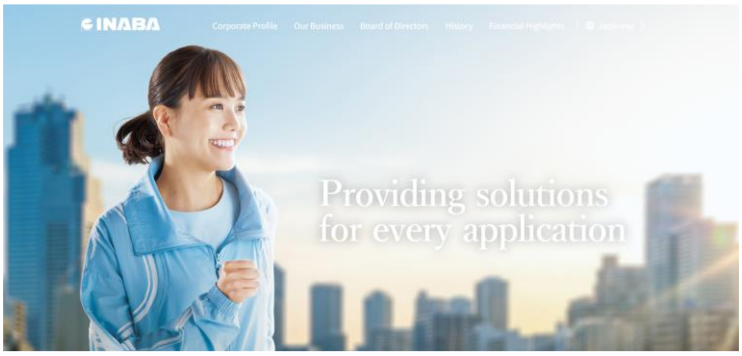

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This concludes my explanation of Inaba Denki Sangyo Co., Ltd.’s second quarter results for the fiscal year ending March 31, 2026.

Thank you for your listening.