

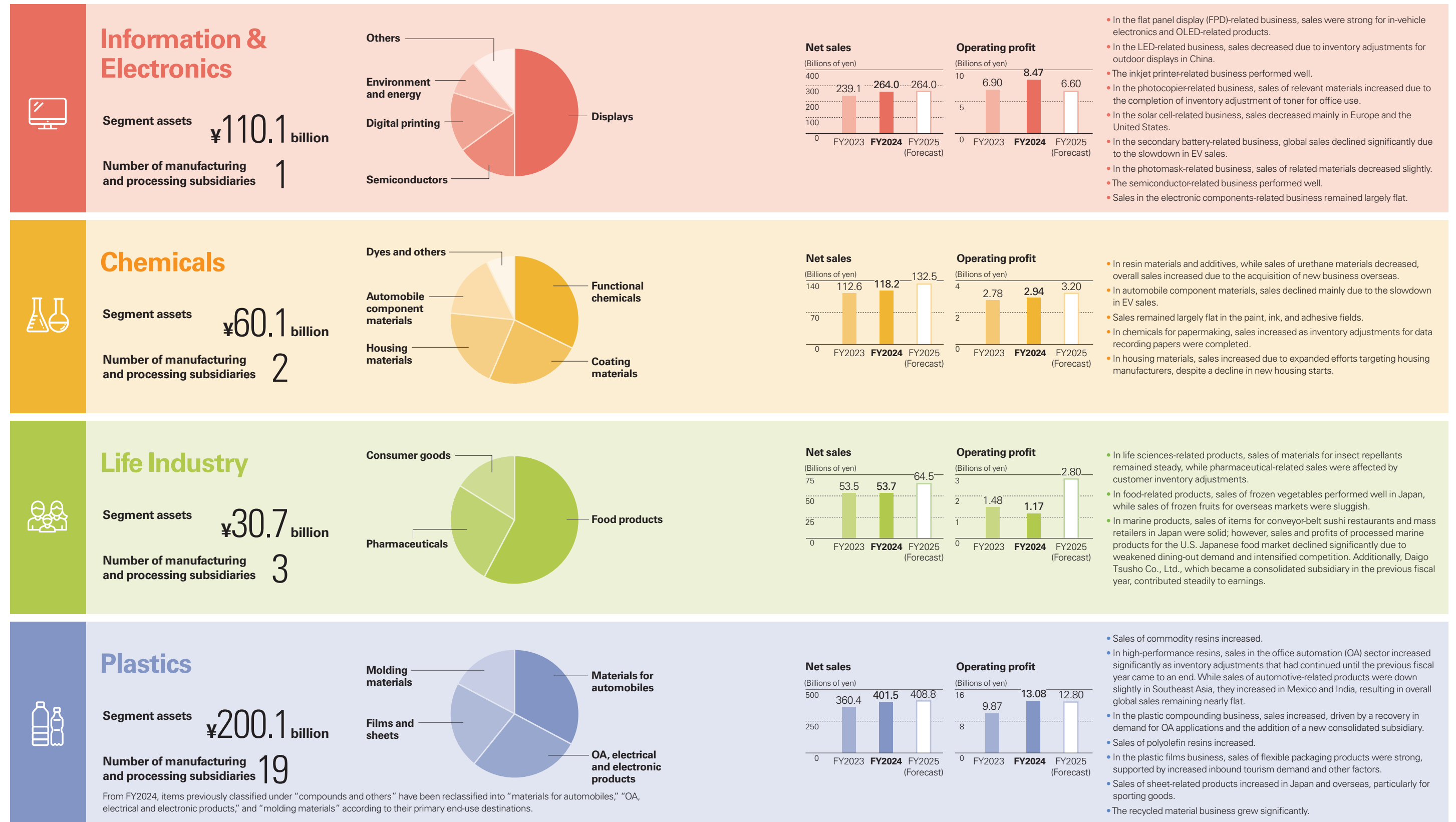
## Establishing a unique presence in anticipated growth areas while nurturing the strengths of each business segment

### Business segments

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

### Segment performance overview for FY2024

(The forecast for FY2025 is as of August 2025.)



As of March 31, 2025

# 1 Rapidly Growing Indian Market

Interview with the head of the local subsidiary

## Exploring broad expansion opportunities in areas such as automobiles and semiconductors

### Full-scale expansion since establishing the local subsidiary in 2008

Inabata established its first presence in India with the New Delhi Liaison Office in 2007. Since then, the Company has focused on exploring business opportunities primarily in synthetic resins and chemicals, recognizing India's growth potential from an early stage. In 2008, we established our local subsidiary, Inabata India Private Ltd., and currently operate five locations across India.

The national strategy "Make in India," launched by Prime Minister Modi in 2014 to strengthen domestic manufacturing, has steadily accelerated the entry of Japanese companies into India. We have positioned India as a growth area in NC2026, building on our traditional Plastics business while further strengthening our focus on the automotive and Information & Electronics sectors.



**Keisuke Sakai**  
Managing Director  
Inabata India Private Ltd.

### Inabata India Private Ltd.

Business description: Import & export and sale of synthetic resins, machinery and electronic products, chemicals, and related items

● Trading base

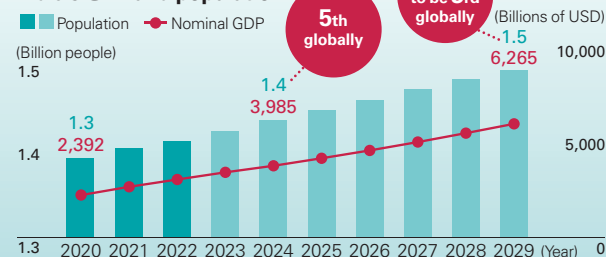


### Current situation and economic growth forecast of India

India's economic growth rate went negative during the COVID-19 pandemic, but since 2022 it has maintained a strong average of around 7%, with forecasts predicting growth above 7% to continue beyond 2025. India has a population of approximately 1.4 billion, which is expected to continue growing until 2060. Over 40% of the population is under 25 years old, and the demographic dividend\* is projected to last until the late 2040s.

\* The demographic dividend refers to a period when the proportion of the working-age population is high, creating favorable conditions for economic growth.

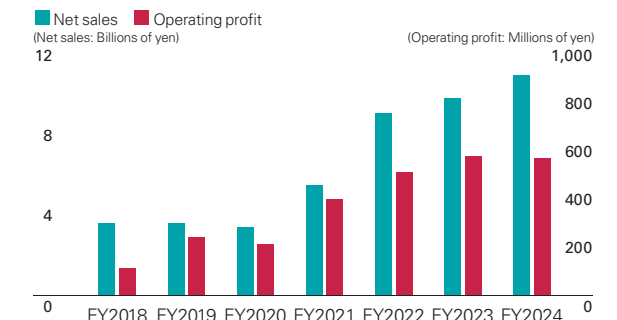
#### India's GDP and population



Source: Prepared by Inabata based on the International Monetary Fund (IMF)'s World Economic Outlook Database, April 2025. Forecasts from 2023 onward.

### Net sales and operating profit of Inabata India Private Ltd.

Inabata conducts business with over 100 companies in India and is expanding its business scope every year. Net sales for FY2024 reached approximately 10 billion yen (604.084 crore Indian rupees). Currently, the Plastics segment accounts for the majority of net sales, but we aim to grow sales across the other three segments—primarily in the semiconductor field—by approximately tenfold combined by FY2027.

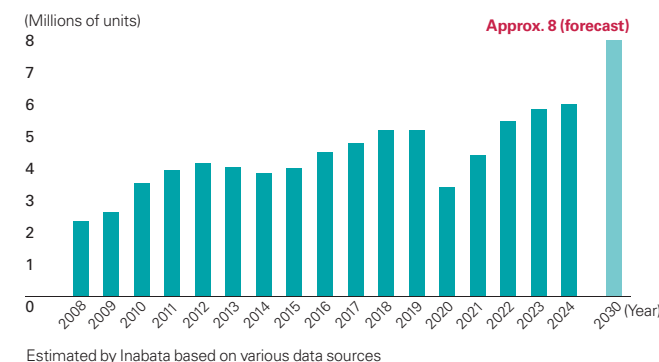


### Toward expanding the rapidly growing automotive-related business

Approximately 80% of our transactions in India are in the automotive-related sector, including motorcycles. We are currently expanding transactions mainly with Japanese companies and Indian tier 1 and tier 2 suppliers. India's annual automobile production is currently around six million units, but it is expected to reach eight million units by 2030, forecasting significant growth in the automotive-related business. Therefore, moving forward, we will focus on expanding our business with Indian automobile manufacturers, whose market presence is growing year by year.

EVs, which are expected to see further widespread adoption in the future, are also regarded as a key growth area. In particular, the automotive battery sector, which the Indian government aims to localize in the future, relies heavily on imported materials, which is an area where we believe our strengths can be fully leveraged.

### Trends in India's automobile production volume



Estimated by Inabata based on various data sources

### Entry into the rapidly growing semiconductor-related materials business

Additionally, the Indian government has announced its goal to rank among the world's top five in semiconductor manufacturing by 2029. As a result, semiconductor fabrication plants for both front-end and back-end processes are being constructed one after another across various regions in India. Furthermore, the Indian government is injecting substantial subsidies into the semiconductor industry, which is expected to increase demand for related materials and chemicals. Since 2023, we have increased the number of Japanese staff in related fields and strengthened our sales activities to expand business opportunities.

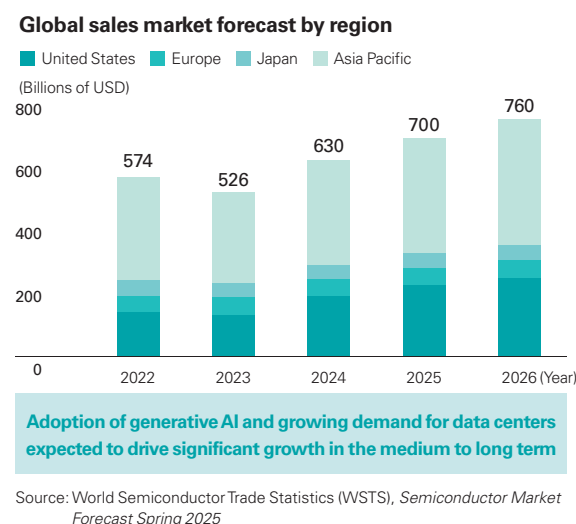
### Laying groundwork in pharmaceutical intermediates and renewable energy-related businesses

Pharmaceutical intermediates in India are considered to have substantial future potential, and we are actively working to increase export transactions of these intermediates from India to our major Japanese clients. The Indian government aims to increase non-fossil fuel power generation capacity to 50% of total power generation by 2030. This is part of efforts to reduce reliance on thermal power, which currently accounts for over 70% of power generation, and to actively promote renewable energy adoption. In addition to solar power generation proposals, we believe we can utilize our technology and networks, developed in the fields of chemicals and electronic materials, to contribute to hydrogen power generation using green hydrogen.

# 2 Expansion of Semiconductor-Related Business

## Background of engagement in the semiconductor business

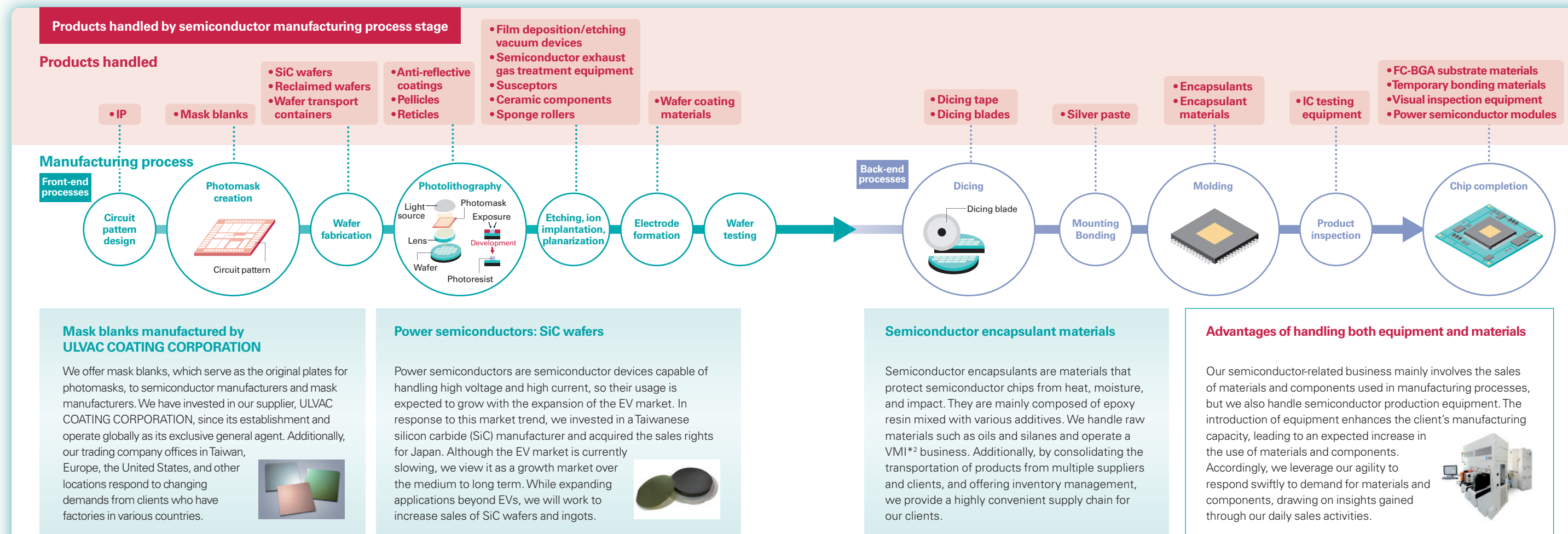
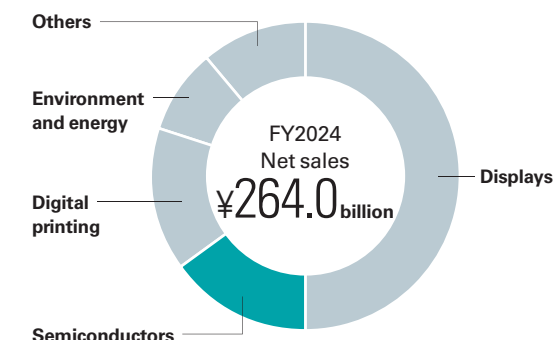
Inabata's semiconductor business has a long history, beginning in the 1960s. Our broad product lineup today is not due to an initial focus on semiconductors. Rather, as we diversified the products we handle through expanding relationships with various chemical manufacturers, we gradually extended our business into the semiconductor field. We have a particularly close relationship with ULVAC, Inc., a manufacturer of vacuum devices, and in 1979, we jointly established ULVAC COATING CORPORATION, which produces mask blanks used in flat panel display (FPD) and semiconductor materials.\*1 Our strength lies in leveraging our customer base to expand business in this way. Currently, anticipating growth in the semiconductor market, the entire Company is working to expand the range of products it handles.



## Our strengths and growth outlook

One of our strengths is our integrated information network spanning both front-end and back-end semiconductor processes. We are deeply involved across the semiconductor supply chain and, in particular, by handling manufacturing equipment, we are able to obtain information on materials and components at an early stage. In addition, our global network is another source of value we offer to our customers. In the future, as technology is likely to concentrate in Northeast Asia, we have already established a strong local business foundation in the region through our FPD business. Moreover, given the rapid pace of technological innovation in the semiconductor field, we believe it is crucial to strengthen our position through initiatives such as M&A aimed at acquiring technologies and business rights. We aim to further strengthen our semiconductor business by creating synergies between existing and new business areas.

## Product and material composition in the Information & Electronics segment (Based on net sales)



\*1 Investment ratio: ULVAC, Inc. 65%, Inabata & Co., Ltd. 35% \*2 Vendor managed inventory: A system where inventory is managed and replenished on behalf of the customer.



# 3 Initiatives for Sustainable Plastics

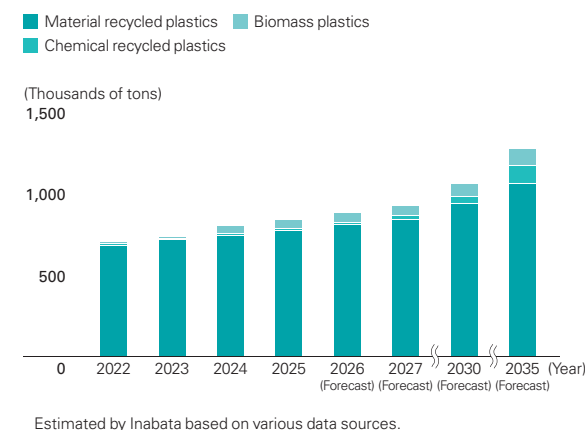
## Transition to a circular economy and demand for sustainable plastics

In recent years, growing concern over environmental pollution caused by plastic waste has led to stricter plastic regulations around the world, accelerating efforts to reduce plastic waste and transition to a circular economy. Against this backdrop, demand for sustainable plastics\*<sup>1</sup> has been increasing year by year, and the market is projected to reach approximately 200 million tons by 2060.\*<sup>2</sup>

Also, the market for sustainable plastics in Japan is expected to grow to approximately 1.3 million tons around 2035 (see graph at right).

\*<sup>1</sup> Sustainable plastics refer to recycled plastics, biomass plastics, and biodegradable plastics.  
\*<sup>2</sup> Based on the OECD report "Global plastic waste set to almost triple by 2060, says OECD," plastic consumption is projected to reach 1,230 million tons by 2060, with a recycling rate estimated at 17%.

### Actual and forecasted sales volume of sustainable plastics in Japan



## Inabata Group's sustainable plastics business

In 2022, Inabata launched the green business promotion project within the Plastics segment, dedicating efforts to providing a diverse range of decarbonization products and solutions, including recycled plastics and bioplastics. The global plastic recycling rate remains low at just 9%\*<sup>3</sup>, and in Japan, it is limited to 25%\*<sup>4</sup>. However, sales of sustainable plastics within the Inabata Group have been steadily increasing each year (see graph at right), with the proportion of sustainable plastics handled by the Plastics segment gradually rising relative to all plastics.

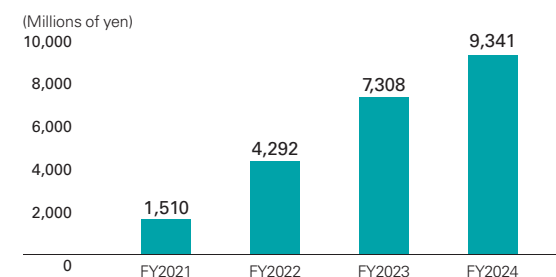
The Group leverages its extensive expertise in plastics gained through years in the plastics business, as well as the Group's integrated capabilities, to advance material recycling. In addition to handling post-industrial recycled (PIR) materials\*<sup>5</sup>, we have also begun dealing with post-consumer recycled (PCR)\*<sup>5</sup> materials and have started recycling high-performance plastics, which are more challenging to process. We will continue to capitalize on the Group's strengths to contribute to the realization of a circular society.

\*<sup>3</sup> OECD, *Global Plastics Outlook (2022)*, figures as of 2019.

\*<sup>4</sup> Source: Plastic Waste Management Institute (Japan), *Status of production, disposal, recycling and treatment of plastic products in 2023 (Material Flow Diagram)* (2024).

\*<sup>5</sup> PIR refers to recycling materials generated during manufacturing processes before they reach the market, while PCR refers to recycling products that have been used by consumers.

### Inabata Group sales of sustainable plastics



### Quality management system for sustainable plastics

Sustainable plastics contribute to reducing environmental impact. However, recovered post-consumer plastics come with inherent quality risks. Our Chemicals Regulations Department and sales divisions work closely together to consistently ensure the quality demanded by our clients.

Additionally, the Group has obtained ISCC PLUS certification, an international sustainability certification, for its offices in Japan (Tokyo and Osaka Head Offices, Nagoya Branch), Indonesia, Malaysia, and China (Dalian), allowing us to handle materials with verified sustainability.



For more information on ISCC PLUS certification, please refer to page 72.

### Case study (1)

Japan PCR commodity plastics

### Inabata Group integrated plastic recycling system

In 2023, we integrated the functions of plastic waste collection, pelletizing, product manufacturing, quality control, and planning and sales—previously handled individually by different companies—and established a unified recycling system across the entire Group. This has enabled us to efficiently recycle post-consumer plastics from the market and sell them as plastic products, including items such as plastic bags. This achievement is rooted in our extensive plastic expertise cultivated through years in the plastics business, enabling us to propose comprehensive recycling solutions, as well as the Group's integrated functions in logistics, resin processing, product

manufacturing, and sales.

In addressing the common challenge of quality degradation in plastic recycling, we manage the entire recycling process consistently to ensure a stable supply of high-quality recycled plastics.

Our sales have grown more than threefold compared to four years ago, when we began collecting and recycling plastic waste. Going forward, we will also explore various applications and further strengthen our presence in the expanding plastic recycling market.

### Inabata Group recycling system



### Case study (2)

Thailand PIR high-performance plastics

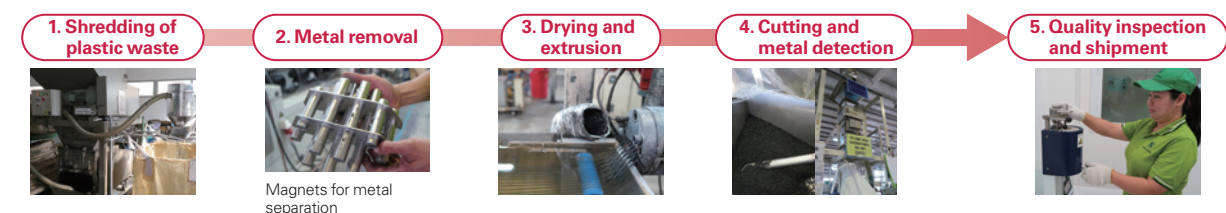
### Strengthening the recycling system for high-performance plastics in the growing Southeast Asian market

Inabata Thai Co., Ltd., one of our overseas bases, is focusing on high-performance plastic recycling with the goal of expanding business in the Southeast Asian market. High-performance plastics are often blended with non-resin materials to enhance properties such as strength and heat resistance. As a result, they pose challenges during pelletization, including quality degradation and increased wear on recycling equipment, making them generally more difficult to recycle than commodity plastics.

manufacturer with extensive expertise in molding high-performance plastics. It has also developed a proprietary logistics system that allows for the direct collection and recycling of unused plastics from resin-related companies across Thailand.

By becoming a subsidiary of Inabata Thai, Clover Plastics has initiated a collaborative framework with SIK (Thailand) Ltd., our resin compounding plant, and is making ongoing efforts to further improve quality. We have already received multiple recycling project inquiries from automotive parts and home appliance manufacturers in Thailand. Going forward, we will actively propose solutions to meet the growing demand for plastic recycling in the Southeast Asian market.

### High-performance resin recycling flow at Clover Plastics





Information & Electronics

With FPD components, materials for digital printing, materials for semiconductors, and other products as our profit-generating pillars, we are also focusing on expanding into growth areas such as semiconductor-related equipment, automotive, and renewable energy.



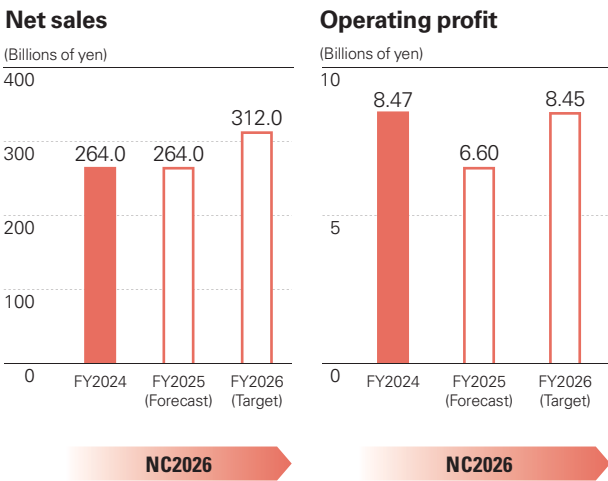
**Toyohiro Akao**  
Director, Senior Managing Executive Officer

Overview of the first year of NC2026

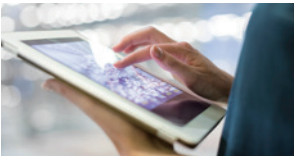
Continue investing in and nurturing growth fields, centered on our strong core businesses

For the first year of NC2026, FY2024, net sales grew 10% year on year, and operating profit increased by over 22%. This was mainly due to a recovery in sales of flat panel display (FPD)-related products, as well as printers and copier-related products, following the normalization of inventories after the COVID-19 pandemic. The strong performance of our traditional core businesses contributed to the growth in both sales and profits across the entire Information & Electronics segment.


The businesses we are developing as future growth pillars, including semiconductors, environment and energy, and industrial inkjet, showed limited measurable growth due in part to the sluggish EV market. However, we plan to steadily continue investing in and nurturing these areas for medium- to long-term growth.




Business environment (opportunities/risks) and strengths




**Displays**



**Digital printing**



**Semiconductor and electronics**



**Environment and energy**

**Business environment ( Opportunities Risks )**

<ul style="list-style-type: none"><li>◆Overconcentration in the Chinese market</li><li>■Expansion of display parts for automobiles</li><li>◆Addressing intensifying competition and changes in trends</li></ul>	<ul style="list-style-type: none"><li>■Expansion of the industrial inkjet market</li><li>◆Advancement of paperless environments</li></ul>	<ul style="list-style-type: none"><li>■Expansion of IoT- and Mobility as a Service (MaaS)-related markets</li><li>◆Intensifying global competition</li></ul>	<ul style="list-style-type: none"><li>■Increase in global interest in renewable energy</li><li>◆Addressing variations in related laws and regulations in different countries and regions</li></ul>
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**Strengths**

<ul style="list-style-type: none"><li>●Collaboration with major Japanese materials manufacturers</li></ul>	<ul style="list-style-type: none"><li>●Top-level information network in each industry as a trading company</li><li>●A global network to maintain closeness with clients and the capability of providing processing and distribution services</li></ul>	<ul style="list-style-type: none"><li>●Specialized skills in mask blanks, which is one of our key products</li></ul>	<ul style="list-style-type: none"><li>●A wide array of renewable energy materials</li></ul>
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NC2026 segment growth strategy



**Toward further growth of the semiconductor-related business, including through M&A**

At the start of NC2026, the Company positioned “reinforcing semiconductor and electronics components business (including equipment business)” as one of its key growth strategy pillars. This reflects our intention to respond to the expanding semiconductor market and develop this segment as a future business pillar.

In this field, we have long held a strong position in mask blanks through our collaboration with ULVAC COATING CORPORATION, and we anticipate steady growth in the stand-alone semiconductor materials business. However, with an eye toward further expansion, we are also focusing on the equipment business, which offers the advantage of gaining access to information at the early stages of semiconductor production planning. One of our key objectives is to obtain materials-related information at an early stage, enabling us to make prompt business decisions. To promote the expansion of our semiconductor-related business, we strengthened our organizational structure by integrating related teams within the department.

Going forward, in order to establish our position in the market and further enhance our value, we plan to explore multiple avenues for growth, including potential M&A opportunities. We will continue to make strategic investments and strengthen our organization with the aim of making the semiconductor-related business a new growth engine for this segment.

**Advancing diverse initiatives in the environment and energy field to cultivate future earnings drivers**

In this segment, we are actively promoting a wide range of initiatives with the aim of making the environment and energy field a key source of earnings in the future.

We view the automotive battery business as one of our key operations over the medium term. To strengthen our product lineup centered on carbon nanotube dispersions for lithium-ion batteries, we established a joint venture in the United States for manufacturing and sales. In addition, the high-performance filler molding materials from GX MINERALS Inc., with whom we entered into a capital alliance in 2024, are expected to play a key role as a future earnings pillar. These materials promote both the lightweighting and recycling of plastic components, making them a promising new product offering. In the industrial inkjet field, we are focusing on areas where we can contribute to reducing environmental impact, such as textile applications, while also capturing new business opportunities like label printing demand in the craft beer market in the United States.

In Japan, we are steadily preparing, together with Chubu Electric Power Co., Inc., to operate a biomass power plant utilizing forest residues and other materials in Iwate Prefecture, with plans to expand this model to other regions. Besides this, we are focusing on areas with strong potential to become future earnings pillars, including bio-dyes derived from microorganisms and hydrogen-related materials. We will steadily advance these diverse initiatives to promote the expansion of our environmental business, which is a key company-wide growth strategy under NC2026, aiming to achieve net sales of 100 billion yen in related fields.

# Chemicals

With firm roots in our founding business of dyes, we deal in chemicals that serve as a platform for all kinds of industries. In 2019, we integrated the Chemicals Division and the Housing & Eco Materials Division, which was dealing with materials that are close to final products, to provide optimum products and services to the entire value chain.

Yutaka Takahashi  
Managing Executive Officer

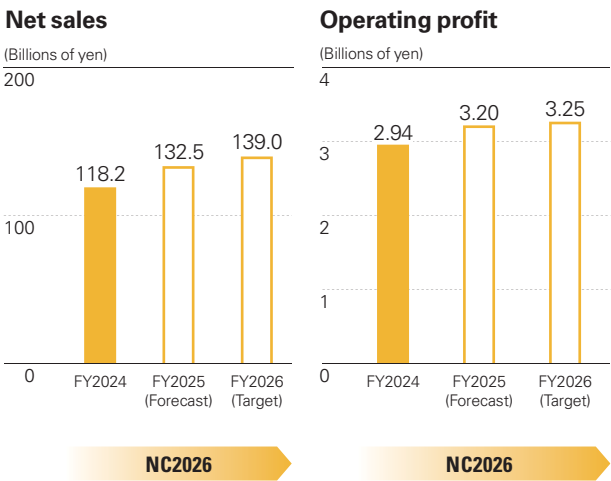


Overview of the first year of NC2026

Accelerating global product search while adapting to the evolving industry environment

During FY2024, while the inventory glut following the COVID-19 pandemic has largely subsided and a recovery trend is emerging, we faced significant challenges such as the sluggish Chinese market—home to many global chemical raw material suppliers—the tough conditions in the EV market, and major changes including the consolidation and elimination of chemical product lines by manufacturers in Japan. In this environment, we are particularly focusing on accelerating the global search for new products. In India, where economic growth is remarkable, we are increasing our workforce to strengthen our business.

We are also steadily implementing various initiatives such as responding to the growing demand for biodegradable and recycled materials, which is a key industry-wide theme, and enhancing logistics and processing capabilities to provide added value. These efforts aim to build a solid profit base for future growth.



Business environment (opportunities/risks) and strengths

Functional chemicals

Coating materials

Automobile component materials

Housing materials

Business environment (■ Opportunities ◆ Risks)

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

◆ Unstable supply of materials and price fluctuations

■ Increase in demand centered on developing countries

◆ Response to global industrial restructuring

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

◆ Industry-specific quality control standards and responsibility of supply

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

◆ Sluggishness of the domestic market

■ Enhancing awareness of the circular economy

◆ Shift from domestic markets to overseas markets

Strengths

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

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

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

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

NC2026 segment growth strategy



Focusing on initiatives for biodegradable and recycled materials

Amid growing interest in circular economy business across the chemical industry, we are focusing on biodegradable and recycled materials to cultivate future sources of earnings in this segment. One example is our cross laminated timber (CLT) business, a building material gaining attention for its superior decarbonization and resource circulation benefits compared to concrete. We are developing a unique initiative that covers the entire building materials supply chain, from upstream to downstream, by including raw materials such as adhesives necessary for CLT bonding.

In addition, there is growing demand for biodegradable and recycled materials, especially resins and solvents, across various industrial sectors. We have formed a project team mainly composed of young members and are strengthening global supplier searches with the aim of commercializing the business during FY2025. Furthermore, we are realizing tangible synergies by introducing new products to the customers of Maruishi Chemical Trading Co., Ltd., which we acquired as a subsidiary in 2023.

In response to the increasing demand for supplier diversification driven by customers' business continuity planning (BCP) restructuring, this segment's specialist team of chemical experts contributes to addressing these challenges by proposing alternative production methods. We have also enhanced our ability to address diverse needs by establishing a company-wide, cross-segment inquiry desk.

Creating new business opportunities focused on logistics

We have identified strengthening logistics and processing functions as a key initiative in this segment. We are currently engaged in a logistics reform project, working to streamline our logistics hubs in Japan. In light of the 2024 logistics challenges, including significant driver shortages, we aim to improve logistics rationalization, efficiency, and environmental impact simultaneously. To achieve this, we are utilizing shared logistics and other initiatives, with a goal to resolve these issues by 2025.

We are also adapting to the changing industry environment and creating new business opportunities by providing added value in logistics. For example, by consolidating large shipments that customers previously transported in multiple deliveries, we improve logistics efficiency and help reduce customers' warehouse space requirements. We have also started offering a service that involves installing tanks to receive shipments from overseas, allowing us to store and break down the cargo into smaller quantities for delivery. This is part of our broader expansion into various related support services.

These initiatives have begun domestically, and we plan to expand them to overseas regions such as Southeast Asia, aiming for global business growth. Through strengthening logistics and processing functions, we will steadily expand our business and provide added value to customers, creating a business model that can secure profits even in challenging environments.



Life Industry

We contribute to creating healthy and comfortable lives for consumers as a provider of pharmaceuticals, consumer goods, and food products. In our food business, we are expanding our vertically integrated model that covers from upstream to downstream, while in our pharmaceutical business, we are focusing on the field of regenerative medicine with an eye to the future.

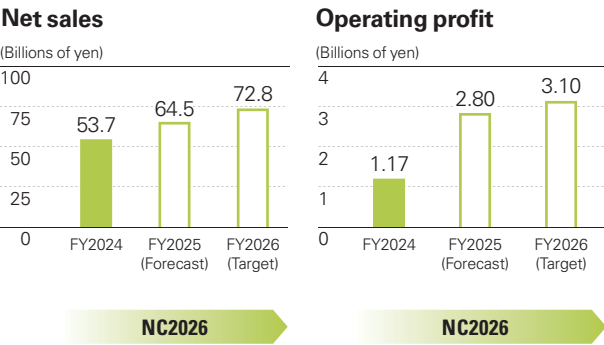
Yutaka Takahashi  
Managing Executive Officer

Overview of the first year of NC2026

Aiming for further growth in the food business alongside the core pharmaceutical business

During FY2024, the domestic food-related business, including marine and agricultural products, remained steady. However, sluggish sales of Japanese food products in the United States and market inventory buildup caused by logistics disruptions during the COVID-19 pandemic continued to affect the business even after the pandemic. As a result, we were forced to dispose of excess inventory, which significantly impacted our earnings over the past year.

In pharmaceutical raw materials, a core business, we are continuing initiatives in regenerative medicine as well as nucleic acid and biopharmaceuticals, aiming for further growth. In the food business, efforts to strengthen sales to local wholesalers and retailers in the United States have been successful, and new initiatives, such as frozen desserts through our local subsidiary DNI Group LLC, are expected to



bear fruit. We are seeing promising signs of growth through the expansion of products such as frozen vegetables for the growing domestic market and matcha (finely ground powdered green tea) for overseas markets, along with enhanced processing capabilities and distribution channels.

In the environmental field, our sludge reduction business has seen increasing adoption, particularly among municipalities, and we have begun expanding overseas. We plan to accelerate growth going forward.

Business environment (opportunities/risks) and strengths

Pharmaceuticals

Consumer goods

Food products

Business environment (■ Opportunities ◆ Risks)

■ Expansion of regenerative medicine, nucleic acids, and biopharmaceuticals

◆ Unstable supply of materials and soaring prices

■ Diversification of suppliers for raw materials for pharmaceutical products

■ Transition to natural materials

◆ Speed of change in market trends

■ Increasing demand for frozen foods

■ Boom of Japanese food overseas

■ Easing of agriculture and fishery regulations in Japan

◆ Sluggish domestic demand

◆ Quality risks specific to food products

Strengths

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

● Processing and distribution services using Group bases in each field

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

● Teams and individuals with expertise

NC2026 segment growth strategy

Core

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

Growth

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

Next

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

Accelerate growth

Investments, etc.

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

Leveraging Group synergies to expand food-related business across the entire value chain

In the food-related business, we aim to achieve higher profit margins than other businesses by operating an integrated value chain that spans from upstream to downstream activities. In the upstream to midstream areas, we are advancing new initiatives in response to the recent increase in demand for frozen vegetables. Unlike fresh produce, frozen vegetables have stable prices. By firmly securing raw materials, we aim to meet the growing market demand. The blueberry business has already grown to a certain scale through Aikei Farms Yoichi Co., Ltd. We also started building a supply chain in collaboration with broccoli farmers in 2024. In addition, we have invested in frozen processing facilities and plan to start the business during FY2025.

In the downstream food sector, we view leveraging synergies with Daigo Tsusho Co., Ltd. in the e-commerce field as a key growth area going forward. In January 2025, we made Satoen Co., Ltd., a company engaged in tea cultivation, manufacturing, and wholesale distribution, a subsidiary through Daigo Tsusho. Initially, the main objective was to leverage Satoen's solid customer base, built on its strength in catalog sales. However, the business is now also expanding, especially around matcha, which is seeing growing global demand. We are already seeing synergetic effects, as Inabata, using its global business expertise, responds to inquiries from U.S. hotel chains, European beverage manufacturers, and Korean wholesalers.

Toward expanding our culture media-related business with competitive strengths in regenerative medicine

One of the key growth areas we are focusing on in NC2026 is the regenerative medicine business. Within the regenerative medicine field, the culture media market, which is essential for cell cultivation, is expected to grow from approximately 7 billion yen in 2020 to around 200 billion yen in 2030. Japan is at the forefront of this field, and we are actively working to create business opportunities by leveraging this advantage.

As a specific measure, we have invested in Solallis Bio Inc., a start-up specializing in culture media development, and have begun expanding sales as a distributor of its media products. In addition, we are supporting the logistics function of a clinical trial in the United States led by our long-standing partner, Sumitomo Pharma Co., Ltd., involving induced pluripotent stem (iPS) cell-derived dopaminergic progenitor cells for the treatment of Parkinson's disease. We have conducted numerous transport trials and established a scheme to deliver these cells from Japan to the United States within 24 hours, steadily progressing toward the launch of the business.

Furthermore, we are also focusing on cultivating future growth businesses in the field of biopharmaceuticals, where the United States is the primary market, by strengthening proposals to contract manufacturers. At the same time, to secure near-term earnings, we are responding to clients' needs for second-source suppliers driven by their BCP restructuring in the pharmaceutical substances business. Alongside exploring new manufacturers and supplying products regionally, we are also expanding sales into overseas and generic markets, developing short- to medium-term businesses with immediate impact in parallel.



# Plastics

We deal in a wide range of products, from commodity resins to high-performance resins, operating seven plastic compounding factories overseas and five film manufacturing factories in Japan and abroad. We also strive to develop environmentally friendly products such as biomass, recycled, and biodegradable plastics.

Koji Nakano  
Managing Executive Officer

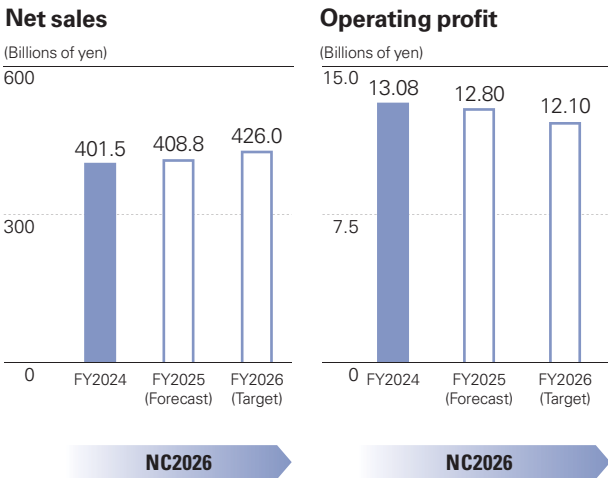


Overview of the first year of NC2026

Significant growth in overseas sales for automotive and OA sectors in a rapidly changing global market

In this segment, we achieved record-high performance with sales increasing by over 10% and operating profit rising by more than 30% compared to the previous fiscal year. The global inventory adjustments caused by the COVID-19 pandemic led to a sharp production rebound, with the office automation (OA) sector playing a key role in driving strong performance.

By region, sales have grown significantly in Southeast Asia, especially in Vietnam and the Philippines. In Japan, the film and sheet sector performed steadily. These achievements are the result of strengthened collaboration within the Group’s global network. We are also considering expanding into the rapidly growing Indian market for sporting goods such as grip tape, supported by strong demand.



Although uncertainties persist in materials for automobiles, such as shifting international tariff policies and evolving competitive dynamics, we are steadily advancing our medium- to long-term strategy to accelerate global expansion.

Business environment (opportunities/risks) and strengths

Materials for automobiles

Molding materials

OA, electrical and electronic products

Films and sheets

Sporting goods

Business environment (■ Opportunities ◆ Risks)

■ Need for environmental considerations with weight reduction and the shift to EVs  
■ Expansion in demand for materials due to compositional changes in automobile industry  
◆ Industry-specific quality standards and supplier responsibility

■ Potential for expansion of overseas business  
■ Withdrawal of a major general trading company that was a rival  
◆ Fluctuations in domestic demand  
◆ Restructuring among resin material manufacturers on a global level

■ Stable demand among Japanese OA device manufacturers  
■ Addressing the shift toward higher value-added offerings

■ Potential for developing new markets for sheet products  
◆ Intensifying competition for film products in domestic market

■ Expansion of global market  
◆ Shrinking domestic market due to diminishing population

■ Growing needs for recycled plastics

Strengths

● Detailed local response capability using network of bases around the world  
● Ability to provide added value including plastic compounding in own factories and vendor management inventories (VMIs)

● A client base built over the Company’s long history

● Ability to propose mono materials and eco materials from outside of Japan  
● Ability to develop and propose new products using own manufacturing bases in Japan and abroad

● High share in niche markets

NC2026 segment growth strategy



Expanding globally in the automotive sector, and enhancing ties with non-Japanese clients

As global competition intensifies and the automotive sector undergoes reorganization, expanding business with non-Japanese firms, in addition to existing Japanese clients, is one of our key growth strategies. In the first year of NC2026, sales to non-Japanese companies jumped nearly 12% year on year. While Japanese firms have been our main focus, we aim to expand our business by deepening relationships with a diverse range of partners.

As many auto-related firms enter the Indian market, we are increasing our local sales staff and strengthening ties with local companies. We will continue to address the unique needs of the Indian market, build trust-based relationships locally, and aim for sustained business expansion.

In the Mexican market, a key hub of the North American automotive industry, the tariff issue with the United States remains a focal point. In this context, our local compounding plant holds a strategic advantage by meeting the origin criteria under the United States–Mexico–Canada Agreement (USMCA). Thanks to this advantage, new inquiries from auto-related firms and chemical manufacturers are increasing, contributing to a favorable business environment.

We will continue to implement strategies tailored to the market characteristics of each region and steadily drive expansion in the global automotive sector.

Strengthening our network to further expand the green business

Although reducing environmental impact is a global challenge, the recycling of resins and composite materials from interior parts in Japan’s automotive industry remains low. However, to comply with the Directive on End-of-Life Vehicles (ELV Directive) in Europe, the use of recycled materials is expected to accelerate moving forward.

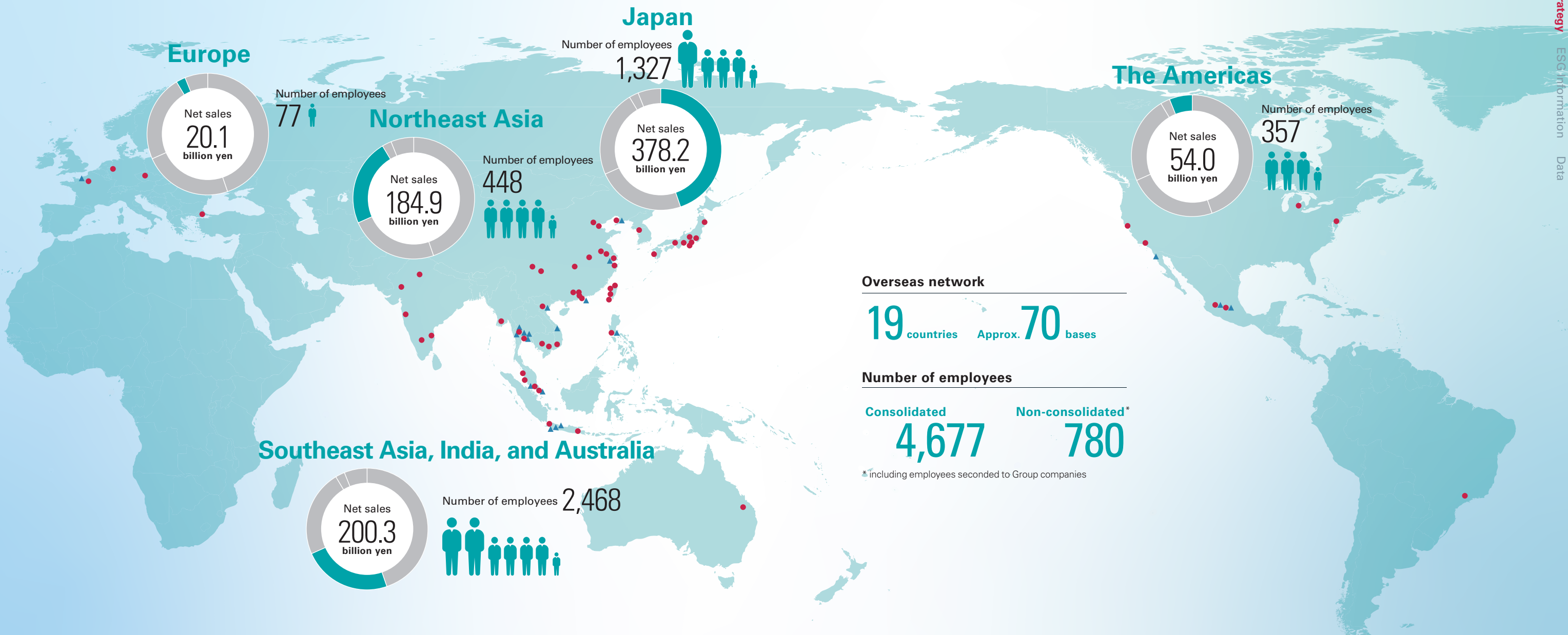
Demand is expected to grow for technologies that reduce the typical color and odor of recycled materials. Inabata is strengthening the development and promotion of new plastic compound products through investments in additive manufacturers and collaboration with our joint venture, Novacel Co., Ltd.

The green business, including the material recycling operations within the Plastics segment, is steadily growing. Sales are expected to reach 7.5 billion yen in FY2024 and to surpass 10 billion yen in FY2025. The balance between waste collection and recycling is improving on the manufacturing front, while the Group has nearly doubled its manufacturing capacity. In addition to expanding our recycling capability by installing cleaning equipment and other measures, we will broaden our network with intermediate waste plastic processors and enhance local information gathering and collaboration.

The recycled polycarbonate business for OA equipment is growing rapidly in Southeast Asia, especially in Vietnam and the Philippines. By supplying products tailored to local needs, we seek to expand our green business both in Japan and abroad.

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

Sales and number of employees by region (FY2024 or as of March 31, 2025) ● Trading base ▲ Manufacturing & processing base



**Europe**

Germany	Dusseldorf
France	Suburb of Paris Normandy
Turkey	Istanbul
Czech	Prague

**Southeast Asia / India / Australia**

<b>Singapore</b>		<b>Thailand</b>	Bangkok, Samut Prakan (suburb of Bangkok), Ayutthaya, Sriracha (suburb of Laem Chabang), Chonburi
<b>Malaysia</b>	Kuala Lumpur Penang, Johor		
<b>Indonesia</b>	Jakarta, Surabaya Bekasi (suburb of Jakarta)		
<b>Philippines</b>	Binan (suburb of Manila)		
<b>Vietnam</b>	Hanoi, Ho Chi Minh City, Haiphong, Da Nang, Duc Trong	<b>Myanmar</b>	Yangon
<b>Cambodia</b>	Phnom Penh	<b>India</b>	Gurugram (suburb of Delhi), Chennai, Pune, Ahmedabad Bangalore
		<b>Australia</b>	Brisbane

**Northeast Asia**

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

**Japan**

Tokyo, Osaka, Nagoya, Iwate, Shiojiri, Shizuoka, Hamamatsu, Kirishima (Locations of sales and marketing offices only)
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**The Americas**

<b>United States</b>	New York, Los Angeles, Detroit, Novato (California)
<b>Mexico</b>	Queretaro, Tijuana, Silao
<b>Brazil</b>	Sao Paulo

(As of July 1, 2025)



## Southeast Asia and India

Net sales **200.3** billion yen    Operating profit **8.8** billion yen

Consolidated number of employees **2,468**

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



**Kazunori Fukui**  
Executive Officer  
General Manager,  
Southeast Asia

Southeast Asia is an important region where our processing bases for plastic compound, our key business, are concentrated. We sell plastic products, mainly for the three major fields of electric and electronic products, OA, and automobiles and motorcycles, at 39 bases across 10 countries. We will further cultivate Southeast Asia's rapidly growing automotive business. In addition, we will focus on cultivating new businesses related to the environment, primarily those concerning recycling, energy-related businesses such as solar power generation, and those in food and agriculture. We are also expanding our business not only with Japanese companies but also with non-Japanese companies. In the rapidly growing Indian market, we continue to focus on the chemicals and information & electronics sectors, building on our existing synthetic resin-related business.

#### Business

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

#### Action

#### Initiatives for a decarbonized society

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

#### Facilities



## Northeast Asia

Net sales **184.9** billion yen    Operating profit **5.1** billion yen

Consolidated number of employees **448**

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



**Takaharu Ookura**  
Executive Officer  
General Manager,  
Northeast Asia

In this core region that accounts for 22% of our consolidated net sales, we offer businesses leveraging our network spread over 20 cities in China, Taiwan, and South Korea. Starting mainly with FPD components, we are focused on plastics for automotive, OA, and electric and electronic products. We expect further increase in profits in our China business, where we seek to proactively invest our management resources in growth sectors, such as semiconductors, energy, EV and mobility, medical products and medicine, agriculture and food products, high-tech materials, and environment-related products.

#### Business

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

#### Action

#### Strengthening collaboration with business locations and divisions to expand sales

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

#### Facilities



## The Americas

Net sales **54.0** billion yen    Operating profit **1.2** billion yen

Consolidated number of employees **357**

In the vast Americas market, we are actively working to expand our business by strengthening collaboration within the Group.



**Max Inoue**  
General Manager,  
The Americas

Focusing on key areas such as automotive, environmental and energy, food products, and life sciences, the Group operates across a total of 10 locations in the United States, Mexico, and Brazil. We mainly deal in electronics materials, functional chemicals, plastics, and digital printing materials. In addition, we are expanding food-related businesses through our subsidiary, DNI Group LLC. In rapidly growing Mexico, we are focusing on sales of synthetic resins for the automotive sector in cooperation with multiple manufacturing companies, while also expanding our business into food and functional chemicals. In Brazil, we are also concentrating on sales of synthetic resins for the automotive, medical, and electric and electronic sectors, as well as functional chemicals.

#### Business

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

#### Action

#### Improving production facilities at our plastic compounding factory in Mexico

In Mexico, which is continuing to grow as a major production base for automotive parts in the Americas, we operate our own plastic compounding factory (IK Plastic Compound Mexico, S.A. de C.V.), and aim to expand our sales base for plastics products by integrating manufacturing and sales.

#### Facilities



## Europe

Net sales **20.1** billion yen    Operating profit **0.5** billion yen

Consolidated number of employees **77**

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



**Daisuke Kobayashi**  
President,  
Inabata Europe GmbH

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

#### Business

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

#### Action

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

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

#### Facilities





## Basic approach

The Inabata Group views sustainability not merely as a matter of risk management, but as an opportunity for sustainable growth. Guided by this perspective, we are advancing a variety of initiatives aligned with our material issues (materiality).

For a trading company whose greatest asset is its people, strengthening human capital directly boosts value creation and forms a vital foundation for sustaining competitive advantage. In the environmental field, we focus on sustainable plastics such as recycled and bio-based

materials, contributing not only to a decarbonized society and a circular economy but also strengthening our competitiveness in the plastics business. The Inabata Group positions sustainability as a key management priority to further enhance corporate value.

The Group's spirit of "love (*ai*)" and "respect (*kei*)" fosters empathy and close support for its customers and society, which deeply aligns with the principles of sustainability. We are committed to enhancing long-term corporate value while contributing to the realization of a sustainable society.

## Governance

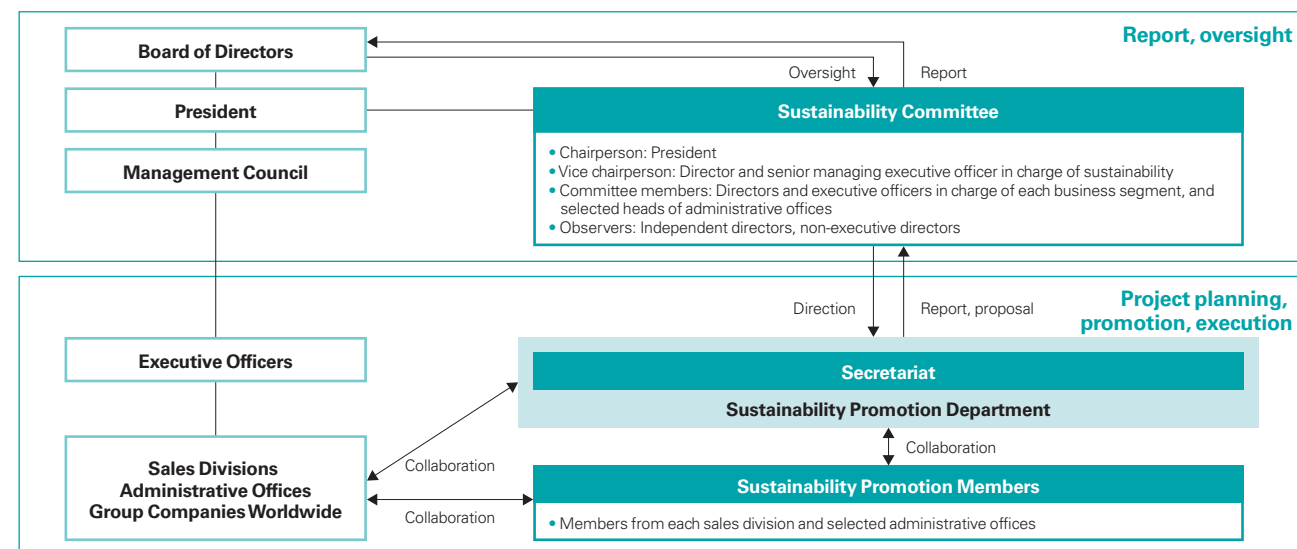
Inabata has established the Sustainability Committee, which is chaired by the president of Inabata & Co. The vice chairperson of the committee is the director and senior managing executive officer in charge of sustainability. The committee also includes a director and an executive officer for each of the business segments, as well as heads of administrative offices. Independent directors and non-executive directors participate as observers.

The committee currently meets twice a year, facilitating active discussions among its members and observers. Its main roles include identifying, assessing, and managing sustainability-related risks and opportunities, as well as reviewing and monitoring initiatives and plans. Decisions made by the committee are primarily executed by the Sustainability Promotion Department, a dedicated

organization that works in collaboration with Sustainability Promotion Members in each division as well as domestic and overseas Group companies.

By having all directors participate in the committee, the Board of Directors fulfills its oversight function. Furthermore, in accordance with the Regulations of the Board of Directors, the director in charge of sustainability regularly reports on the status of sustainability initiatives, ensuring proper oversight by the Board. Note that the Board of Directors includes directors with environmental, social, and governance (ESG) skills (refer to page 95). Additionally, by incorporating ESG scores from multiple external rating agencies as one of the performance-linked remuneration indicators for directors not on the Audit and Supervisory Committee, we further enhance the effectiveness of ESG as a management priority.

### Sustainability promotion system



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

<b>FY2021</b>	Establishment of Sustainability Basic Policy and Code of Conduct / Establishment of Human Rights Policy
<b>FY2022</b>	Participation in the United Nations Global Compact / Identification of materiality / Carbon Neutrality Declaration 2050 / Information disclosure in accordance with TCFD recommendations / Status of external ESG evaluations (FTSE, MSCI, etc.) / Calculation of GHG emissions (Scope 1, 2, and 3) / Progress on TCFD-compliant scenario analysis / Progress on human rights due diligence
<b>FY2023</b>	Endorsement of TCFD and TCFD Consortium / Information disclosure in accordance with TCFD recommendations / Calculation of GHG emissions (Scope 1, 2, and 3) / Progress on human rights due diligence
<b>FY2024</b>	Formulation of the Sustainability Medium-term Plan 2026 / Carbon Neutral Transition Plan / Status of external ESG evaluations (FTSE, MSCI, etc.) / Revision of Human Rights Policy and establishment of Sustainable Supply Chain Policy / FY2023 performance against the Sustainability Medium-term Plan 2026 / Purchase plan for renewable energy certificates / Human rights training for directors

## Strategy

The Inabata Group established the Inabata Group Sustainability Basic Policy and Code of Conduct in 2021 based on its core philosophy, Mission, Vision, and IK Values. Building on this foundation, we conducted a materiality assessment in 2022 that examined the significance of issues from multiple perspectives, including risks and opportunities, impact on management strategy and business activities, stakeholder interests, social and environmental effects, medium- to long-term outlooks, and industry trends.

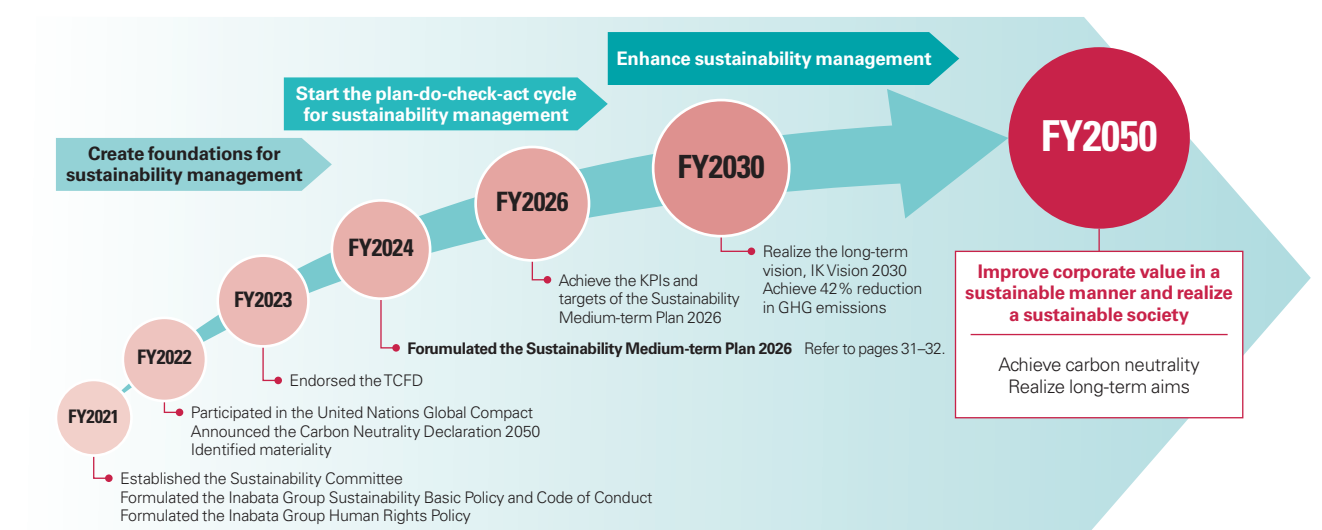
We believe it is important to appropriately address both risks and opportunities in order to achieve sustainable corporate growth while fulfilling our responsibility to contribute to the formation of a sustainable and healthy society. Based on this approach, we identified six material issues (see the table below) from two perspectives. In

terms of financial impact, the three material issues under "creating sustainable value" tend to have a more short-term and direct effect, whereas the three under "strengthening the foundation for business continuity" are likely to have more medium- to long-term and indirect effects.

Furthermore, in 2024 we formulated the Sustainability Medium-term Plan 2026, which outlines a long-term vision of our desired future and sets KPIs and targets developed through backcasting to address these material issues. This plan is being steadily implemented under the oversight of the Sustainability Committee and the supervision of the Board of Directors (refer to pages 31–32).

To ensure a high level of transparency, we disclose information on these initiatives and results through the Sustainability section of our Group website.

<b>Creating sustainable value</b>	Areas we aim to contribute to through the provision of products and solutions	<b>Strengthening the foundation for business continuity</b>	Areas that serve as the foundation for our business activities
<ul style="list-style-type: none"> <li>Contributing to a decarbonized and circular society; sustainable use of natural capital</li> <li>Contributing to safety, security, and well-being</li> <li>Providing value through resilience in procurement and supply functions</li> </ul>		<ul style="list-style-type: none"> <li>Respecting human rights in the spirit of love (<i>ai</i>) and respect (<i>kei</i>) and growing together with local communities</li> <li>Fostering and strengthening the human capital driving the value creation</li> <li>Enhancing governance and risk management</li> </ul>	



For more details on our materiality identification process, materiality map, and the Sustainability Medium-term Plan 2026, please refer to our website.



Risk management

At the Inabata Group, sustainability-related risks and opportunities are managed by the Sustainability Committee as we believe that traditional risk management methods alone are insufficient to manage long-term impacts that include elements of uncertainty. Based on scenario analysis and other methodologies, risks and opportunities—identified and examined from both qualitative and quantitative perspectives—are assessed by the committee. These assessments are incorporated into the indicators and targets of the Sustainability Medium-term Plan 2026, with progress toward these targets regularly monitored by the same committee. Through this process, risks and opportunities are effectively managed under the oversight of the Board of Directors.

In the Sustainability Medium-term Plan 2026, risks and opportunities for each materiality were thoroughly reviewed and organized, and the main initiatives addressing them were clarified and incorporated into the indicators and targets.

Materiality: Risks, opportunities, and main initiatives (Excerpt)

For the complete content, please refer to the Sustainability page of our website.

Creating sustainable value				
Contributing to a decarbonized and circular society; sustainable use of natural capital				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
<ul style="list-style-type: none"><li>• Rising costs associated with stricter policies, laws, and regulations for climate change</li><li>• Lower earnings associated with stricter policies, laws, and regulations and lower consumer demand for petroleum-based plastics</li></ul>	<ul style="list-style-type: none"><li>• Growing demand for renewable energy and batteries</li><li>• Growing demand for biomass, recycled, and biodegradable plastics and the like</li></ul>	<ul style="list-style-type: none"><li>■ Promote activities to reduce GHG emissions toward carbon neutrality</li></ul>		
		<ul style="list-style-type: none"><li>■ Introduce renewable energy</li></ul>		
		<ul style="list-style-type: none"><li>■ Expand sales from the environment-related business (e.g., clean technology)</li></ul>		
		<ul style="list-style-type: none"><li>■ Diversify suppliers and outsourcing partners, and decentralize inventories</li></ul>		
Contributing to safety, security, and well-being				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
<ul style="list-style-type: none"><li>• Rising costs and exclusion from supply chains associated with stricter policies, laws, and regulations for chemical substances</li><li>• Rising costs at manufacturing bases associated with stricter regulations concerning product safety and quality</li></ul>	<ul style="list-style-type: none"><li>• Higher reputation and credibility as a result of appropriate disclosure and sharing of information about safety and security in the value chain based on recognition that products are ultimately provided to consumers</li></ul>	<ul style="list-style-type: none"><li>■ Strengthen management of compliance with chemical substances regulations</li></ul>		
		<ul style="list-style-type: none"><li>■ Strengthen product safety, quality control, and the pertinent measures required of a trading company</li></ul>		
		<ul style="list-style-type: none"><li>■ Strengthen supply chain and value chain management</li></ul>		
Providing value through resilience in procurement and supply functions				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
<ul style="list-style-type: none"><li>• Supply chain disruptions caused by natural disasters, infectious diseases, geopolitical risks, and inadequate measures in inventory management, transportation, and outsourcing</li><li>• Reputational decline and exclusion from supply chains as a result of inadequate measures to address human rights risk in the supply chain</li></ul>	<ul style="list-style-type: none"><li>• Increases in sales opportunities through appropriate responses to geopolitical, environmental, social, and other global risks</li><li>• Greater value provision as a result of building robust supply chains that properly manage inventories, transport, and outsourcing partners</li></ul>	<ul style="list-style-type: none"><li>■ Strengthen supply chain management that takes into account geopolitical, environmental, social, and other global risks</li></ul>		
		<ul style="list-style-type: none"><li>■ Diversify suppliers and outsourcing partners, and decentralize inventories</li></ul>		
		<ul style="list-style-type: none"><li>■ Implement human rights due diligence (DD) in the supply chain</li></ul>		
		<ul style="list-style-type: none"><li>■ Ensure responsible minerals sourcing</li></ul>		

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

Strengthening the foundation for business continuity				
Respecting human rights in the spirit of love (ai) and respect (kei) and growing together with local communities				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
<ul style="list-style-type: none"><li>• Litigation risk, reputational decline, and lower productivity due to human rights violations in the Company or Group companies</li><li>• Litigation risk and reputational decline due to human rights violations at bases, etc., in the local community</li></ul>	<ul style="list-style-type: none"><li>• Higher reputation resulting from corporate attitudes and actions that respect human rights</li><li>• More vibrant workplaces and higher productivity through respect for human rights at the Company and Group companies</li></ul>	■ Implement human rights DD (human rights DD digital survey) in the Company and the Group	⊙	⊙
		■ Instill the corporate philosophy, and implement human rights education, in the Company and the Group	⊙	⊙
		■ Strengthen compliance and anti-corruption efforts	⊙	○
		■ Raise awareness of the internal whistleblowing system	⊙	○
Fostering and strengthening the human capital driving the value creation				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
<ul style="list-style-type: none"><li>• Lower productivity and competitiveness due to a decline in employee well-being (state of being physically, mentally, and socially satisfied)</li><li>• Lower productivity and competitiveness due to a decline in employee skills and abilities</li></ul>	<ul style="list-style-type: none"><li>• Higher productivity and competitiveness due to an increase in employee well-being</li><li>• Higher productivity and competitiveness due to an increase in employee skills and abilities</li></ul>	■ Instill the corporate philosophy that is based on the spirit of love (ai) and respect (kei)	⊙	⊙
		■ Conduct organizational monitoring (e.g., employee engagement surveys) on an ongoing basis	⊙	⊙
		■ Foster diversity and inclusion	⊙	⊙
		■ Promote talent management and human resource development	⊙	⊙
Enhancing governance and risk management				
Risks	Opportunities	Main initiatives	Risk response	Opportunity response
<ul style="list-style-type: none"><li>• Occurrences of scandals, as well as lower competitiveness and management quality, due to lack of corporate governance</li><li>• Increases in lawsuits and fines, along with reputational decline, due to inadequate information security measures</li></ul>	<ul style="list-style-type: none"><li>• Better management and higher competitiveness due to stronger corporate governance</li><li>• Smoother business management, as well as higher credibility and reputation, due to adequate information security measures</li></ul>	■ Enhance corporate governance	⊙	○
		■ Take thorough measures to ensure information security, including cybersecurity	⊙	○
		■ Tighten risk management	⊙	○

Metrics and targets

In the Sustainability Medium-term Plan 2026, we present our long-term vision for approximately FY2030 to FY2050. Using a backcasting approach from this vision, we have established three-year KPIs and targets for FY2024 to FY2026 aligned with our materiality. (For these KPIs, targets, and FY2024 results, please see pages 31–32.)

### Long-term Vision

**Long-term targets**  
GHG emissions (Scope 1 and 2): Reduce emissions by 42% by FY2030, compared to FY2022 levels; and achieve carbon neutrality by FY2050.

**Long-term aims**

- A decarbonized and circular society, and rich natural capital for society and the planet
- A society in which human rights are respected, people feel safe and secure, and their well-being is maintained
- A state of sustainable growth where the value provided by the Company, co-created with its business partners, is seen as indispensable to society

• A situation where all employees in Japan and overseas, who are critical for sustainable growth, are physically and mentally healthy, work with enthusiasm in a style that fits the individual and in appropriate roles, and enjoy a high level of well-being


**Relevant United Nations Sustainable Development Goals**

Basic approach

While climate change poses risks to the Inabata Group, we also recognize it as a source of new business opportunities. Therefore, as well as taking steps to reduce GHG emissions, we seek to provide products and solutions that contribute to a decarbonized society. The Group discloses information in accordance with the

recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Note: For the complete “Information Disclosure Based on TCFD Recommendations” released on June 18, 2025, please refer to the Sustainability page of our website.  
[https://www.inabata.co.jp/themes/inabata/pdf/sustainability/tcfd\\_recommendations\\_2025\\_en.pdf?v5](https://www.inabata.co.jp/themes/inabata/pdf/sustainability/tcfd_recommendations_2025_en.pdf?v5)



TCFD’s core elements of recommended climate-related financial disclosures and a summary of responses by the Inabata Group

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

Strategy

The Inabata Group strives to understand the business risks and opportunities arising from the transition risks and physical risks of climate change, and to reflect this in the formulation of climate change countermeasures and business strategies. In our scenario analysis, we examined both qualitative and quantitative factors based on two climate scenarios: the 4°C scenario, which assumes no further climate action beyond current efforts

and projects more frequent and severe extreme weather events; and the 1.5°C scenario (partially incorporating elements of the 2°C scenario), which assumes the implementation of more ambitious climate change measures aimed at achieving decarbonization. The analysis is conducted with a view toward 2030, the target year of the Group’s long-term vision, IK Vision 2030, and 2050, the target year for achieving carbon neutrality.


Reference scenarios

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

Scenario analysis was conducted with the following process.

(1) Visualization of the world in the future based on scenarios  
(2) Analysis of impact of climate change risks in business segments  
(3) Qualitative analysis of scenario and identification of key responses in business segments  
(4) Calculation of financial impact (quantitative scenario analysis)  
(5) Results of scenario analysis (summary)

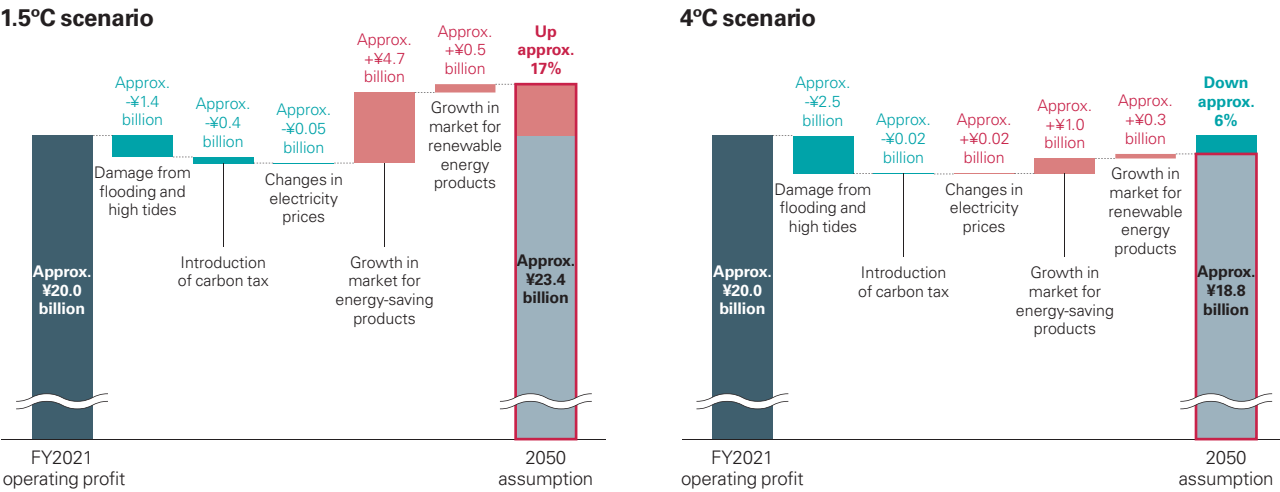
For items (1) to (3), please refer to the “Information Disclosure Based on TCFD Recommendations” section of the Sustainability page of our website.  
[https://www.inabata.co.jp/themes/inabata/pdf/sustainability/tcfd\\_recommendations\\_2025\\_en.pdf?v5](https://www.inabata.co.jp/themes/inabata/pdf/sustainability/tcfd_recommendations_2025_en.pdf?v5)



Calculation of financial impact (quantitative scenario analysis)

In addition to qualitative analysis, we also conducted quantitative analysis. We selected the calculable risks and opportunities from the content considered in (1) to (3), and collected the Inabata Group’s performance figures and information about the forecasted future (parameters)

from external organizations for the calculation. We then calculated the financial impact of the risks and opportunities based on both the 1.5°C and 4°C scenarios. Note that these financial impact estimates were obtained by narrowing down the scope of the analysis and establishing hypothetical situations based on the limited information and data available at this point in time.



For details on the calculation formulas used in the estimates, please refer to the Climate Change page in the Sustainability section of our website.



Results of scenario analysis (summary)

The results of analyses (1) to (4) are summarized below. Regarding the 4°C scenario, whereas the Group’s bases in Japan and overseas are assumed to suffer damage due to intensifying extreme weather events, the risk is not estimated to be so great as to significantly impact business operations. In terms of opportunities, demand for products adapted to rising temperatures and changing weather patterns is expected to increase. This has made us recognize anew the potential to contribute to society by helping society as a whole adapt to global warming while maintaining the Group’s resilience.

Regarding the 1.5°C scenario, we identified the increase in

operating costs due to introduction of carbon pricing and steep rises in the price of electricity as a risk. However, the risk is projected to be more than offset by gaining revenue opportunities from future growth in technologies and products that contribute to a low-carbon economy and reduced environmental impact. We have reaffirmed that the growth strategy of expanding our environment-related business set out in the medium-term management plan, NC2026, and the strategy to contribute to the global environment through business specified in the Sustainability Medium-term Plan 2026 will have a great impact on our growth in the decarbonized society of the future.

Note: For information on environment-related business, please refer to pages 71–72.

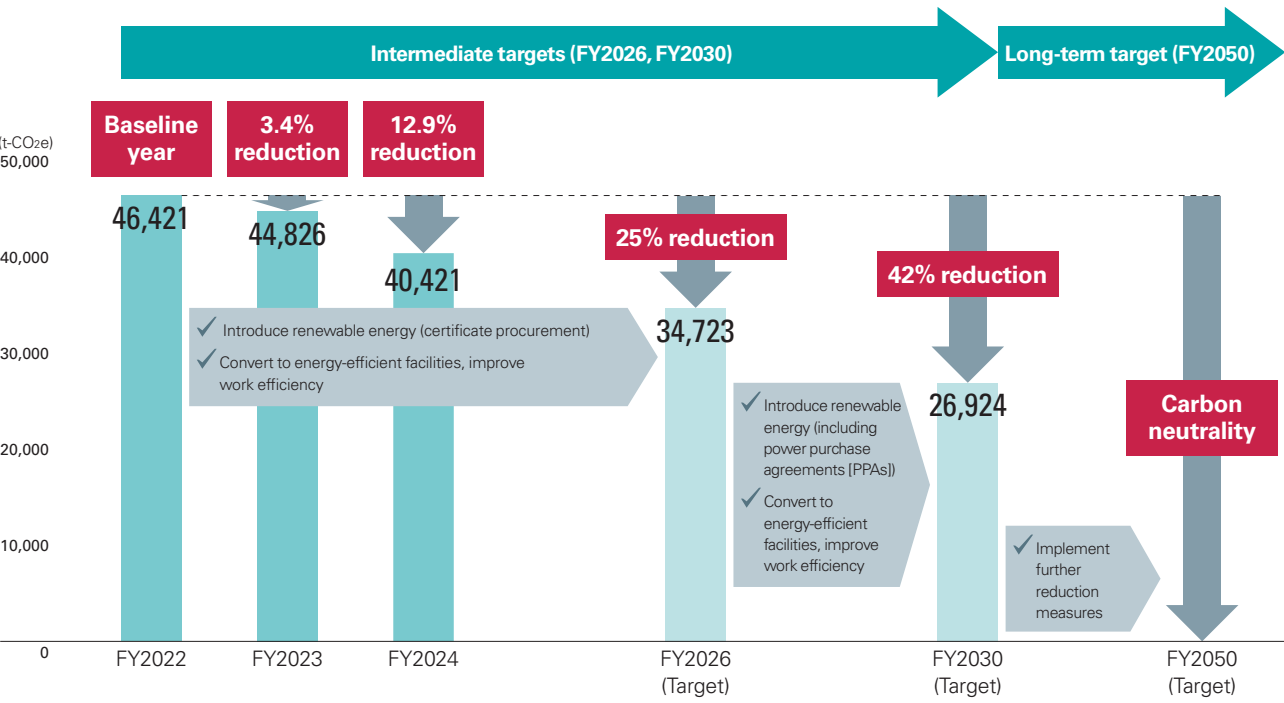
Metrics and targets

To commit to achieving the global goal of limiting the increase in temperatures to 1.5°C as stated in the Paris Agreement, the Inabata Group has set the long-term goal of carbon neutrality by FY2050, along with intermediate targets for FY2026 and FY2030. This target was set in alignment with the 1.5°C goal stated in the Paris Agreement (covering Scope 1 and 2 emissions of the Group).

In FY2024, we began procuring non-fossil certificates to introduce renewable energy, effectively reducing Scope 2 GHG emissions from our domestic sites to near net zero. As a result, we have achieved a 12.9% reduction compared to the FY2022 baseline, steadily progressing toward our intermediate target of a 25% reduction by FY2026.

Note: For performance data for FY2023 and FY2024, please refer to Sustainability Data (Energy and climate) on page 113.

GHG emissions reduction targets (covering Scope 1 and 2 emissions of the Group)



Initiatives for FY2024

Introduction of renewable energy (purchase of renewable energy certificates)

To meet our Scope 2 GHG emissions reduction target, in FY2024 we procured non-fossil certificates covering nearly 100% of the electricity consumption of the parent company and 11 domestic consolidated subsidiaries, enabling the introduction of renewable energy. As a result, the Scope 2 GHG emissions in Japan have been reduced to virtually net zero.

From the next fiscal year onward, we will begin introducing renewable energy through the purchase of renewable energy certificates at our overseas consolidated subsidiaries, accelerating the reduction of GHG emissions.

Obtaining third-party assurance

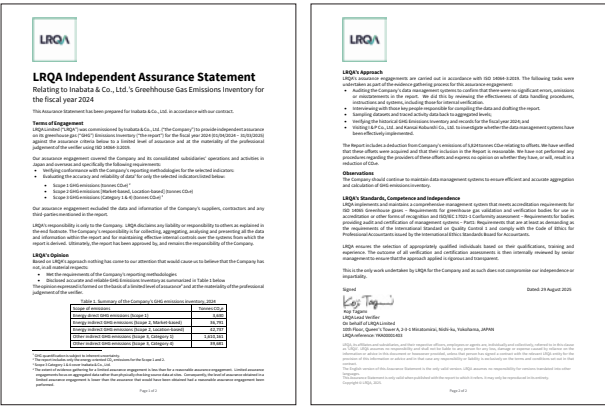
For the FY2024 GHG emissions (Scope 1 and 2, and Scope 3 Categories 1 and 4), we underwent third-party assurance based on the international standard ISO 14064-3:2019 and obtained an independent assurance statement from the verification body, LRQA Limited. This has enabled us to disclose highly accurate and reliable data to our stakeholders.

Going forward, we will enhance data accuracy further by expanding the scope of third-party assurance.

Sustainable finance initiatives

As part of NC2026’s financial strategy to diversify funding methods, including sustainable finance, in FY2024 we concluded our first green loan agreement and issued green bonds. The funds raised will be allocated to the construction of a biomass power plant and the rebuilding of our Tokyo Head Office building, which features reduced environmental impact and enhanced disaster resilience.

Note: Although available only in Japanese, further information can be found on the sustainability finance page in the Sustainability section of our website. <https://www.inabata.co.jp/sustainability/about/finance/>



Conceptual image of the new Tokyo Head Office building

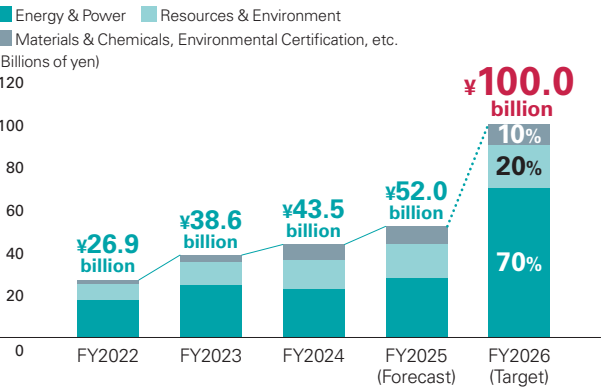
Business outline and goals

Under NC2026, the Inabata Group has positioned the expansion of environment-related businesses as a company-wide growth strategy. Aligned with this, the Sustainability Medium-term Plan 2026 outlines the strategic goal of contributing to the global environment through our business, with a KPI and target of achieving 100 billion yen in sales from environment-related business by FY2026.

In FY2024, sales in the Energy & Power sector led the growth, followed by steady increases in the Resources & Environment sector, including sustainable raw materials.

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

Environment-related business: Performance and targets



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

Environment-related business fields and main items

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

Sales by field (Billions of yen)

Fields	FY2022	FY2023	FY2024	FY2025 (Forecast)	FY2026 (Targets)
Energy & Power	17.5	24.4	22.5	27.7	70.0
Resources & Environment	7.5	10.7	13.8	16.0	20.0
Materials & Chemicals, Environmental Certification, etc.	1.8	3.2	7.2	8.3	10.0

Since amounts less than 100 million yen are rounded down, totals in the graphs may not match the sum of individual figures.

ISCC PLUS certification

The Inabata Group has obtained International Sustainability and Carbon Certification (ISCC) PLUS certification, one of the internationally recognized certification systems for sustainable products. ISCC is a globally recognized certification system for sustainability and carbon management. It ensures that materials such as biomass and recycled resources are sustainably sourced, using the mass balance approach\*1 to manage and verify them throughout the supply chain. The Group has obtained this certification not only at its three domestic facilities but also at three overseas facilities. In recent years, demand for

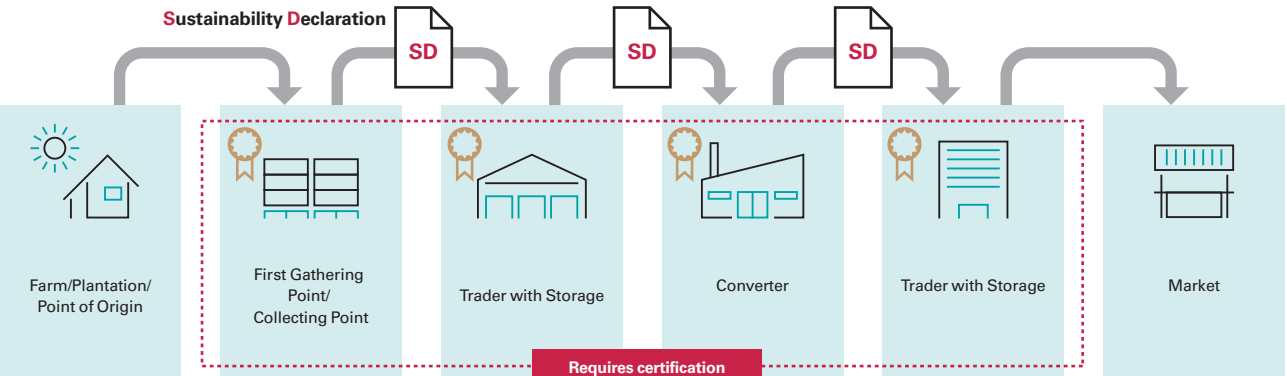
biomass and recycled plastics has been growing. By obtaining this certification, we demonstrate our commitment to handling reliable products made from sustainable raw materials, with the goal of further expanding our business.

\*1 Mass balance approach: This method is used throughout the processing and distribution stages, from raw materials to finished products, where sustainable raw materials, such as biomass or recycled plastics, are mixed with non-sustainable raw materials, like those derived from fossil fuels. The method keeps track of how much sustainable raw material goes into the production process. Then, based on that amount, it allocates the sustainable characteristics proportionally to a share of the finished products.

How the ISCC certification system works

The ISCC certification ensures traceability through a Chain of Custody (CoC) system, which certifies that materials are properly managed and handled during the stages of processing and distribution. Therefore, all organizations

involved in the value chain are required to obtain certification. In addition, each facility issues a document called a Sustainability Declaration, which is passed on to the next site to maintain the continuity of information.



Inabata Group’s certified entities and scope

Certified entities	Scope
Tokyo Head Office, Osaka Head Office, and Nagoya Office of Inabata & Co., Ltd.	Trader with Storage
PT. Inabata Indonesia	
Inabata Malaysia Sdn. Bhd.	
Inabata Industry & Trade (Dalian F.T.Z.) Co., Ltd.	Converter

Feedback from a sales representative

The acquisition of ISCC PLUS certification has led to growth in our recycling-related business and opened up new business opportunities by leveraging our relationships with customers. We also began selling certified chemical recycling materials in 2024. Although sales in FY2025 have not grown as initially expected due to the economic downturn, demand for recycled materials is expected to rise going forward. This is driven by an upcoming regulation in Europe, which is set to take full effect after 2030 and will mandate minimum recycled content in packaging materials.\*2

\*2 Packaging and Packaging Waste Regulation (PPWR)

**Motoi Egawa**  
Manager, Tokyo Sales Section, Film & Performance Materials Department, Plastics Division II



Basic approach

For the Inabata Group, which operates four segments centered around the chemicals business, proper management of chemicals and chemical substances in compliance with laws and regulations is a critical issue. While chemical substances are highly useful, they can also have adverse effects on the global environment, such as water, soil, air, and ecosystems of plants and animals, as well as on human health and safety. This has led to numerous laws and regulations governing various stages such as manufacturing, sales, transportation, and storage, with the handling of these substances often requiring permits and approvals. Failure to address these appropriately could potentially have a serious adverse impact on both the chemicals business and management itself. Therefore, we will maintain a thorough understanding of the increasingly stringent domestic and international regulatory trends and respond appropriately. Additionally, for individual projects within each sales division, we proactively assess the environmental and social impacts related to chemical substances and implement sufficient measures before advancing new business initiatives.

Compliance with global chemical regulations

Chemical regulations worldwide are being newly established or revised based on the Strategic Approach to International Chemicals Management (SAICM), and its successor, the Global Framework on Chemicals (GFC), both of which aim to minimize adverse impacts of chemical manufacturing and use on human health and the environment. To comply with SAICM and GFC, the Group is strengthening its chemical regulatory management framework not only within Japan but also at its overseas subsidiaries. This includes implementing and utilizing systems to monitor foreign regulations and establishing operational rules tailored to each country’s legal requirements, thereby ensuring compliance with relevant laws and regulations across various countries and regions.

Initiatives in FY2024 (Strengthening the management framework)

In the Sustainability Medium-term Plan 2026, we have set the goal of understanding and sharing trends in chemical substances regulations in Japan and overseas in a timely manner, and strengthening the compliance management framework. In FY2024, we carried out the following four initiatives.

	Initiatives	Overview
1	Regular distribution of global chemical regulations information (monthly)	The Chemical Regulations Department collects and shares information on global trends in chemical regulations with the entire Company, including overseas Group companies.  This initiative aims to raise employees’ literacy regarding chemical regulations, encourage appropriate responses to new regulations affecting our products, and maintain and enhance compliance.
2	Establishing a global chemical regulations management framework and promoting use of a regulatory search system	We have assigned personnel responsible for chemical regulations management at both domestic and overseas Group companies, establishing a structure that enables each facility to independently comply with national regulations. Additionally, a global chemical regulation search system has been introduced, which allows personnel at each base to verify legal requirements, such as before importing new products.
3	Verifying and supporting compliance efforts at domestic and overseas Group companies	Through regular meetings with Group companies, we have confirmed the implementation status of the newly established regulatory management framework and provided support where needed.
4	Hosting internal seminars	We held internal seminars led by external experts on global trends in the circular economy and chemical management of recycled resins. Other seminars on different themes are planned for FY2025.

Basic approach

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


Inabata Group Sustainable Supply Chain Policy

In November 2024, we established the Inabata Group Sustainable Supply Chain Policy to express our commitment to building a supply chain that respects the environment, human rights, and working conditions. This new policy builds upon and expands the Inabata Supply Chain CSR Action Guidelines. The policy outlines the values that should be shared between the Inabata Group and its business partners, as well as key areas of action, presented as guidelines and thematic policies. Working together with our business partners, we aim to help realize a sustainable society.

Inabata Group Sustainable Supply Chain Policy (Overview)

1	Commitment to a Sustainable Supply Chain	
2	Scope	<ul style="list-style-type: none"><li>• All officers and employees of the Inabata Group, including those on fixed-term contracts and temporary employees</li><li>• All business partners who work with us to build a sustainable supply chain</li></ul>
3	Supply Chain Sustainability Promotion Guidelines	These Guidelines define the values that the Inabata Group and our business partners should share in transactions, as well as the matters we should promote together.  1) Compliance with Laws and Regulations and Support for and Respect of International Norms 2) Fair Transactions and Anti-Corruption 3) Respect for Human Rights 4) Environmental Conservation  5) Quality Control 6) Information Management 7) Coexistence with the Local Community 8) Partnerships 9) Information Disclosure
4	Engagement with Business Partners	
5	Policies for Specific Fields	<ul style="list-style-type: none"><li>• Responsible Minerals Sourcing Policy</li><li>• Wood Procurement Policy</li></ul>

For the full policy text, please refer to the Supply Chain Management page of the Sustainability section on our website.  
[https://www.inabata.co.jp/themes/inabata/pdf/sustainability/suprychain2024\\_en.pdf](https://www.inabata.co.jp/themes/inabata/pdf/sustainability/suprychain2024_en.pdf)

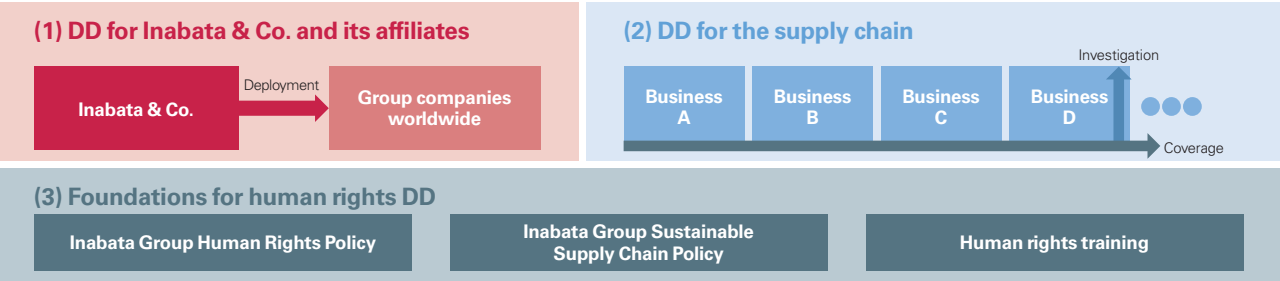




Progress of human rights due diligence (DD)

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Inabata Group categorizes its human rights DD into three areas: DD for Inabata & Co. and its affiliates, DD for the supply chain, and foundations for human rights DD.

Overview of human rights DD



FY2024 activity results and FY2025 activity plan

Category	Theme	FY2024 activity results	FY2025 activity plan
(1) DD for Inabata & Co. and its affiliates	Human Rights DD Digital Survey	Drawing from the issues identified* in the FY2023 survey of Inabata & Co., we conducted a series of training sessions.	Conduct the second survey. In addition to Inabata & Co. (covered in the previous survey), consider expanding the scope to its affiliates.
(2) DD for the supply chain	Identification of risks in businesses	Additionally, following the risk identification* carried out in FY2023, we conducted an on-site assessment of the shrimp business in Vietnam within the food business (details on the following page). It has been established as a model case of the human rights DD cycle as outlined by the OECD.	Consider expanding the newly established human rights DD cycle to other business operations.
	DD for business partners (new and existing)	Using the screening system* introduced in FY2023, we monitor compliance risks, including human rights risks, of our business partners on a monthly basis. No business partners with severe risks have been identified.	Continue ongoing monitoring. Also consider establishing an internal framework for responding when high-risk business partners are identified, as well as expanding supplier engagement.
(3) Foundations for human rights DD	Establishment of policies and guidelines	The Human Rights Policy was revised. In addition, the Sustainable Supply Chain Policy was established.	Promote internal and external awareness of both policies.
	Human rights training	Live web-based training was conducted for all directors.	Conduct in-person training, excluding directors, for executive officers, general managers, and division heads. Also implement video-based training for all employees.

For FY2023 activity results, please refer to Integrated Report 2024 or the Sustainability section of our website.

Revision of the Human Rights Policy and establishment of the Sustainable Supply Chain Policy

In December 2024, considering social demands and various guidelines, we revised the Inabata Group Human Rights Policy, originally established in March 2022. In addition to incorporating social trends and various guidelines into the policy, we drew on the results of human rights DD to create an appendix outlining the Inabata Group’s basic approach to human rights issues it considers salient. The policy has been approved by the Board of Directors.

At the same time, we also established the Inabata Group Sustainable Supply Chain Policy (please refer to page 74). We are committed to upholding human rights by respecting the human rights of stakeholders impacted by our business activities and addressing any negative effects on human rights resulting from our operations.

On-site assessment in Vietnam (supply chain DD: identification of risks in businesses)

As part of supply chain DD, we conducted an on-site assessment of the shrimp business in Vietnam’s food sector together with SDG Partners, Inc., an external expert on human rights.

Process leading up to the on-site assessment

In FY2023, we identified, assessed, and analyzed human rights risks in our business (see figure at right). Following the analysis, we carried out an on-site investigation of the shrimp business in Vietnam, which was identified as having potential human rights risks within the food sector, where origin and processing information is accessible and supplier interactions for quality control occur relatively frequently.



Preliminary desk research and information gathering

During the preliminary desk research, we identified potential human rights risks in Vietnam’s shrimp business by reviewing surveys from the United Nations, expert organizations, and reports from other companies. The risks deemed high were then selected as the focus for the on-site assessment (see table below). In addition, we gathered information on these human rights risks by consulting with the International Labour Organization (ILO) and the International Organization for Migration (IOM) on the situation in Vietnam.

On-site assessment

On March 24 and 25, 2025, representatives from the Inabata Group and external experts visited the shrimp supplier in Soc Trang Province, Vietnam. We visited the shrimp processing plant and farms, held interviews with management, and spoke with employees, resulting in the following findings.



Human rights risks (assessment items)		Findings
Wages	Employment below minimum wage, insufficient wages, unpaid overtime	Payments fully meet living wage requirements.
Working hours	Long working hours, insufficient rest or leave	Factory workers follow strict 8-hour shifts with no overtime. Leave is adequate and easily accessible.
Occupational health and safety	Health hazards from harmful substances, lack of safety equipment	Hygiene management is thorough; safety training and reminders are provided. Emergency equipment and evacuation routes are in place.
Social security	Exclusion from coverage due to non-regular employment, unstable employment	A list of social security contributions is maintained. Detailed monthly reports are submitted to the Vietnamese government.
Women	Inadequate occupational health and safety, protection for pregnant workers, risk of physical/sexual violence	Gender equality is ensured with equal pay. Welfare considers life events and female-specific health needs.
Child labor, exploitation of migrant workers, forced labor	Severe child labor, human trafficking, forced labor	All employees are 18 or older. No migrant workers are employed. No human trafficking or forced labor detected.

Conclusion and future outlook

The labor conditions, occupational health and safety measures, and employee development initiatives were found to be at a level comparable to those in Japan. At present, no serious human rights risks requiring immediate corrective action were identified. However, human rights risks are not entirely absent in the local industry, and changes in external conditions, such as fluctuations in the

company’s production, could increase these risks. Therefore, monitoring will continue going forward. Furthermore, this series of investigations has provided a model case for the human rights DD process, and we are considering expanding it to other businesses within the Inabata Group.

For detailed information on this investigation, please refer to the Sustainability page of our website.

Basic approach

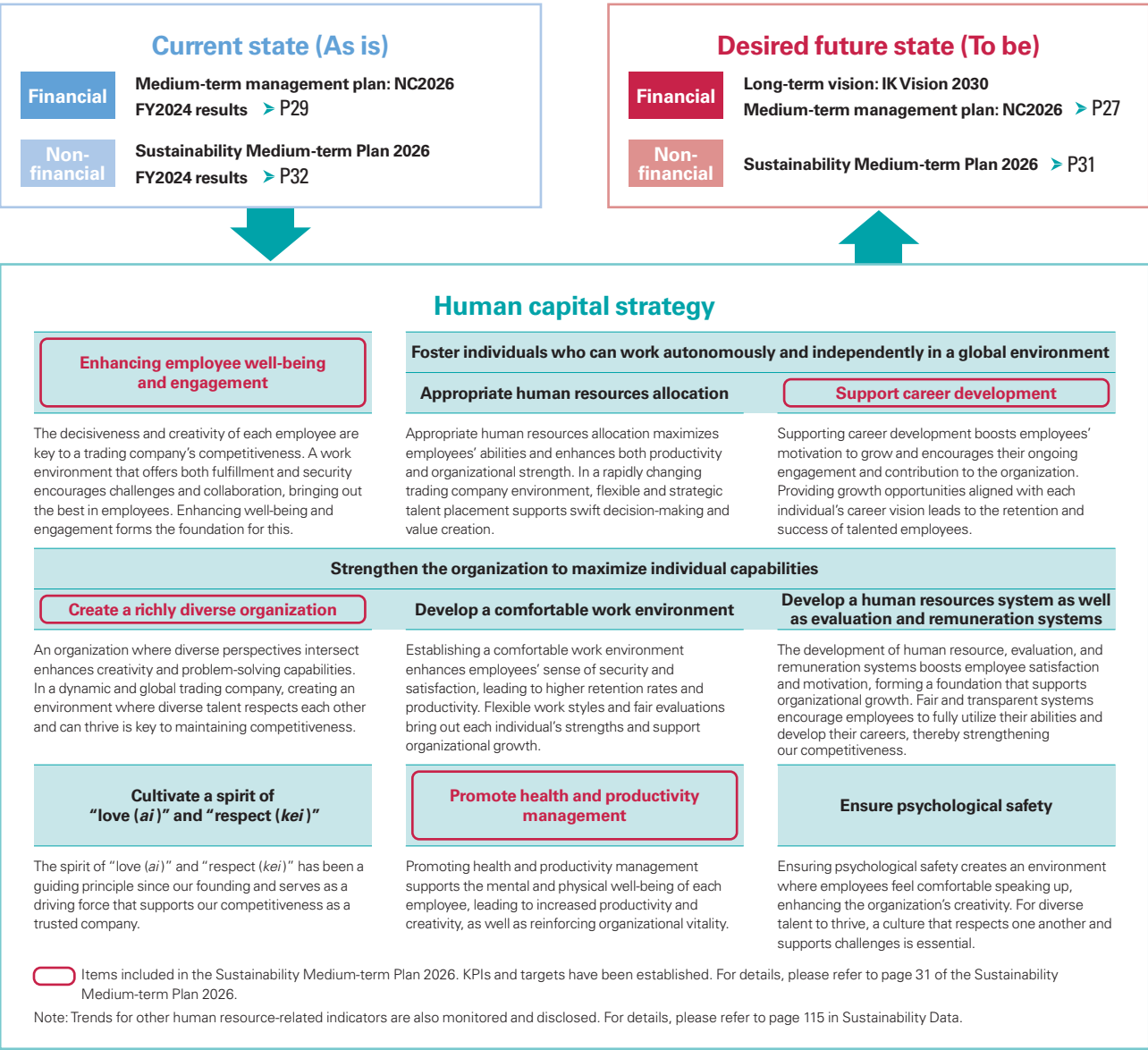
The Inabata Group’s strength lies not in any particular product or technology, but in our ability to provide optimal solutions to the challenges faced by clients and suppliers. For this reason, we believe that people are our greatest management resource and the source of corporate value.

This is supported by each employee’s knowledge, experience, and initiative, meaning that the quality of our human capital is directly linked to our competitiveness. That is why reinforcing our human capital is a critical management priority for Inabata.

Management plan and human capital strategy

Starting from the current state (As is), we will strategically advance human resource initiatives to achieve our desired future state (To be). The “desired future state” refers to achieving our long-term vision, IK Vision 2030, and our medium-term management plan,

NC2026. In addition, as the foundation supporting these financial goals, we place great importance on managing non-financial indicators, setting KPIs and targets in the Sustainability Medium-term Plan 2026.



Basic approach

Employee engagement refers to a state in which employees understand the organization's goals and values, take pride and find fulfillment in their work, and proactively engage in it. In workplaces with high engagement, trust and collaboration are strengthened, leading to increased motivation and productivity, reduced turnover, and sustainable corporate growth.

The Inabata Group regards its approximately 4,700 employees in Japan and overseas as the source of value creation, positioning engagement enhancement as a key management priority. Through a variety of human resource initiatives, we are fostering an environment where employees can take pride in their roles and actively participate in the organization.

Employee engagement survey

Since FY2021, we have conducted an annual employee engagement survey around May to continuously identify changes over time. The primary goal is to visualize current issues and utilize the findings for creating and improving systems and organizational development. In addition,

findings on employee motivation and satisfaction with the organization are quantified and fed back to supervisors, serving as a guide for behavioral change and contributing to the revitalization of the organization.

Survey results (2021–2025)		May 2021	May 2022	May 2023	May 2024	May 2025
Number of employees surveyed (people)	Total	1,400	1,697	1,901	2,714	2,837
	Inabata & Co.	587	606	652	686	715
	Overseas trading companies	768	934	903	864	881
	Overseas manufacturing companies	45	157	346	624	574
	Domestic subsidiaries	—	—	—	540	667
Response rate (%)	Total	49	73	72	82	88
Overall average score*1		3.68	3.77	3.61	3.64	3.67
Ratio of positive responses for key items*2 (%)	<b>Engagement</b> I am satisfied with the work I am doing at Inabata now.	70	73	76	69	69
	<b>Relationship with superiors</b> I have the necessary collaboration with my supervisor at work.	75	80	80	73	73
	<b>Organizational culture</b> When a problem occurs in the course of my duties, my supervisor and the people around me provide appropriate support.	83	85	83	77	76
	<b>Corporate philosophy</b> I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them.	70	73	73	67	67
	<b>Human resources system and benefits</b> Inabata's salary standards are satisfactory, compared to other companies in the same industry.	59	55	57	50	54
	<b>Human resources system and training</b> Inabata supports employee training to improve their skills.	41	48	54	51	54
	<b>Work-life balance</b> Overtime is kept to a level that is acceptable for me.	64	69	75	73	71

Inabata and its domestic and overseas consolidated subsidiaries (mainly targeting employees with Company email addresses)  
\*1 The average score across all items. Employees were asked to rate 39 items on a five-point scale (5. Strongly agree / 4. Agree / 3. Neither agree nor disagree / 2. Disagree / 1. Strongly disagree), and the score for each item was calculated.  
\*2 The proportion of positive responses, which are ratings of 5 (Strongly agree) and 4 (Agree), among the five-point scale ratings provided by employees.

Overview of 2025 survey results

The survey was conducted on the broadest scale to date, including subsidiaries recently added to the Group through M&A. The response rate reached a record high of 88%, indicating that the survey has become well established and widely embraced by employees.

The positive response rates for key items remained roughly at the same level as the previous year. “Organizational culture” and “relationship with superiors” continued to receive high evaluations, confirming strong workplace support systems and good collaboration. “Work-life balance” slightly declined compared to the previous year, but there were some positive outcomes from efforts to promote diverse work styles. Improvement was observed in “human resources system and benefits” and “human resources system and training,” confirming the effectiveness of the initiatives.

The Group-wide engagement score improved from 3.64 to 3.67 (out of 5), with 38 out of 39 questions exceeding the previous year’s results. Notably, positive responses

increased in areas related to “instilling the corporate philosophy,” “interpersonal relationships,” and “organizational culture.” At Inabata & Co., scores improved across all questions, including for “managerial and leadership training,” which had previously been below 3.0 but rose to 3.12, pushing the overall average above 3.0. Initiatives such as the president’s roundtable meeting (refer to page 8) seem to have fostered greater attachment to the Company, boosted motivation, and revitalized communication, producing a positive impact. Some subsidiaries showed declines in certain scores, making their specific challenges clearer. Based on these results, we will promote improvements tailored to the circumstances of each company.

In this fifth iteration of the survey, accumulated data enables multifaceted analysis of trends over time and across individual companies. Going forward, we will share success stories within Inabata & Co. and its affiliates to drive continuous improvement and elevate the entire Group’s performance.

Past challenges and corresponding responses

This survey is unique to our Group and is not intended for comparison with other companies. Its primary purpose is to identify internal issues, implement appropriate measures, and continuously monitor the resulting changes. Therefore, the survey questions remain largely unchanged to track numerical trends over time.

Here are some of the issues identified through past surveys and the corresponding measures taken in response.

Trend of positive response rates for “Inabata supports employee training to improve their skills” (Inabata & Co. only)

2021	2022	2023	2024	2025
30%	35%	42%	43%	50%

Identified challenges

- 2021: Insufficient support for employee skill development (such as training) at Inabata & Co.

Measures implemented

- 2022: Enhanced training for management
- 2022: Introduced a video learning support system that employees can freely select and use for personal development
- 2023: Introduced new training programs ➤ P83

Trend of positive response rates for “I can relate to Inabata’s philosophy, vision, and management policies, and I want to participate in achieving them”

2021	2022	2023	2024	2025
70%	73%	73%	67%	67%

Identified challenges

- 2024: Insufficient dissemination of the management philosophy

Planned initiative

- 2025: Launch of training programs to instill the management philosophy across the entire Group

This outcome is believed to be influenced by factors such as the increase in mid-career hires and the addition of subsidiaries through M&A, which have expanded the Group. Since the initiative started in 2025, we will continue to monitor the trend going forward.

Since this issue pertains specifically to Inabata & Co., the numerical trends are monitored solely for this entity.



Basic approach

As a trading company operating across diverse markets and cultures, promoting D&I serves as a key source of our competitive advantage. For the sustainable growth of the Inabata Group, where employees with diverse backgrounds play active roles globally, it is essential to cultivate and embrace a diversity of values and perspectives.

We respect the individuality and abilities of each employee and are developing systems to ensure fairness in recruitment, placement, evaluation, and promotion. We are also focusing on fostering an organizational culture that embraces diversity and enables employees to work together with a sense of unity.

D&I roundtable meetings between female staff in the sales divisions and senior management

At Inabata, retaining and advancing female employees in Staff positions (core, non-managerial roles) in the sales divisions is considered a key priority. From November to December 2024, three roundtable meetings were held in Tokyo and Osaka between the senior managing executive officer in charge of the sales divisions and the female employees in Staff positions.

rather than by gender and to design flexible systems that accommodate generational differences in values.

Participants expressed that hearing directly from management increased their trust in the Company and boosted their motivation, and they shared positive views about wanting to grow as sales professionals regardless of gender.



One of the roundtable discussions

Voice of a female employee

After the focused discussions in the meeting room, the networking session offered a relaxed environment to deepen interactions, making it an extremely valuable experience. In particular, the opportunity to speak directly with the senior managing executive officer overseeing the sales divisions and gain insight into their thoughts and character was invaluable, and I believe it will help foster smoother communication in the future. This experience reinforced the importance of understanding others through dialogue, and I look forward to more exchanges with colleagues across other divisions and generations.



Reiri Mikami  
Osaka Sales Section, Life Science Osaka Sales Department, Life Industry Division

Fostering a D&I culture (unconscious bias training, e-learning courses)

From May to July 2024, as part of our D&I initiatives, we conducted an e-learning course on unconscious bias for all employees. The training aims to help employees recognize biases that anyone can have, regardless of gender or position, and develop the ability to manage them appropriately. Focusing on gender bias, the program provides an opportunity for employees to become aware of their own thinking biases, fostering a culture that embraces diverse perspectives and promoting a

psychologically safe workplace.

In addition, in April 2024 we introduced a three-minute video training service aimed at raising sustainability awareness. Every two weeks, featured videos are selected to encourage employee participation and viewing. Videos related to D&I are also actively featured to foster a workplace culture that respects diverse values.

Mentoring program

We have introduced a cross-departmental mentoring program aimed at supporting the growth of junior employees, fostering a company-wide culture of development, and promoting communication across different divisions. Experienced employees (mentors) serve as advisors to new or junior employees (mentees), providing support for sharing concerns and career development

through one-on-one meetings held once every one to two months. Since mentors are not the mentees' direct supervisors, mentees can speak openly, fostering an environment that supports both motivation and personal growth. For mentors, it also provides a valuable opportunity to understand the perspectives of younger employees, creating a mutually beneficial learning experience.

Voice of a mentee

Currently, I have mentor meetings once every two months. We discuss a wide range of topics, from work-related matters to personal life. Since my mentor is from a different department, I don't usually interact with them in daily work, so these meetings help me build broader relationships within the Company. In particular, for new employees who will rotate into the sales division under the job rotation system\*, having the chance to hear directly from sales staff before their assignment provides a valuable opportunity to ease any concerns.

\* New employee job rotation system: Designed to broaden the perspective of young employees, all new hires experience both the sales divisions and administrative offices. Introduced in FY2022, and based on two years of its operation, new graduates joining in FY2024 are initially assigned to the administrative offices and then rotated to the sales divisions in their second year.



Yuki Matsuoka  
Sales Section I, Sales Department I, Information & Electronics Division I

Promotion of local employees to managerial positions

To support the Group's continued global growth, we are strengthening the promotion of local employees to managerial positions. Currently, two local employees serve as presidents at our overseas offices, in Taiwan and the United States.

local employees to managerial positions. This aims to enhance motivation and clarify career paths at our overseas subsidiaries, with implementation planned for FY2025.

We are in the process of establishing promotion criteria, as well as selection and evaluation processes, for appointing

This initiative, which seeks to increase the overseas sales ratio and foster locally developed businesses, is a key measure highlighted in the Sustainability Medium-term Plan 2026.

Voice of a local subsidiary president

Promoting national staff to executive positions is a crucial step in fostering D&I within organizations. It not only empowers local talent but also enriches the leadership landscape with perspectives that are more representative of the community and culture in which the organization operates. Some key insights on the significance of this practice are: cultural relevance, talent retention, enhanced innovation, role models, global perspective, and community engagement.



Richard Sabeh  
President, Inabata America Corp.

In my experience, organizations that prioritize the promotion of national staff to leadership roles often see a more cohesive and motivated workforce. It is essential for companies that operate internationally to recognize the value of local knowledge while fostering an inclusive culture that supports the growth of all employees.

Basic approach

The Inabata Group recognizes that people are the driving force behind value creation and positions human resource development as a critical management priority. Through diverse work experiences, growth opportunities, and role-specific training, we foster talent with expertise and a

global perspective who can adapt flexibly to change. We also strive to create an environment where each employee can proactively shape their own career and experience personal growth.

Training framework

In 2023, we revamped our training framework to support each employee’s career autonomy and proactive growth. We expanded job grade-specific (band) training, shifted to a self-nomination system, and introduced elective training programs.

The content of our training programs has been

expanded year by year, and in line with the targets set in the Sustainability Medium-term Plan 2026, training expenses per employee have also increased. As we strengthen investment in human capital, we are focusing particularly on management training, aiming to create a positive ripple effect across the organization through enhanced leadership.

Training framework: Professional positions (P), Staff positions (S), Challenge positions (C), Assistant positions (A)

		Position-based programs	Selection programs	Practical programs	Self-directed elective programs	Company-wide programs
Professional positions (P)	Band 1					
	Band 2	Leadership development training				
	Band 3		New manager training			
Staff/Challenge positions (S/C)	Band 4		Leadership training	Credit III		
	Band 5	Integrated exercises		Credit (mid-career)		
	Band 6	Mid-level employee training		Credit II		
	Band 7	Marketing and strategy training		Credit I		
	Band 8	Critical thinking training				
		Second-year employee training				
Assistant positions (A)	SA					
	AH					
	AM	Assistant position follow-up training				
	AL					

Professional positions are core roles with managerial responsibilities, Staff/Challenge positions are core roles without managerial responsibilities (Challenge positions do not involve relocation), and Assistant positions primarily focus on support functions.

Key focus areas for training

Key focus areas	Goals
Strengthening management and leadership development	Strengthen management capabilities that drive performance on the front lines
Promoting understanding of diversity and inclusion	Foster a culture that embraces diversity and allows individuals to maximize their abilities
Enhancing practical on-the-job training	Improve work quality and speed through learning directly linked to practical tasks
Expanding self-nomination elective programs	Provide flexible learning opportunities to meet employees’ diverse development needs
Launching projects to instill the management philosophy	Deepen understanding of the IK Values within our management philosophy and put them into practice
Initiating IK Dojo (organizational development and other programs)	Enhance organizational capability through learning facilitated by internal instructors
Implementing a learning management system	Make employee learning visible and establish systems that support individual growth

Implementation of talent management system to visualize human capital and support career development

For a company’s sustainable growth, it is essential to understand each employee’s abilities and aspirations and to provide optimal placement and development. Based on this approach, Inabata introduced a talent management system in FY2024.

employees to enter their profiles, work experience, and career aspirations, we provide opportunities for them to proactively reflect on their own careers and support their career development.

We have organized and visualized the personnel data accumulated in our human resources system to support strategic talent deployment. In addition, by allowing

Going forward, we will leverage this system to support each employee’s desired career development and to optimize company-wide talent utilization.

Expansion of overseas assignment opportunities

In the Sustainability Medium-term Plan 2026, a focus on investment in human capital is set as one of our strategies, with a target of maintaining a 40% overseas assignment rate. This is intended to accelerate the development of global talent that supports our growth strategy as a trading company operating worldwide.

only through language proficiency and cross-cultural understanding but also by experiencing local business practices and values firsthand. Increasing the number of employees with such experience serves as a foundation for strengthening our competitiveness as a trading company and for achieving sustainable growth. Going forward, we will strategically plan and expand overseas assignment opportunities to support both employee career development and the Company’s growth.

### Voices of junior employees

I have been on assignment in Shenzhen, China, for about three years. Working overseas has been an incredibly rewarding experience, offering daily learning opportunities and personal growth. Being exposed to business practices and cultures different from those in Japan has challenged me to adopt entirely new perspectives, making it an excellent chance to develop fresh ways of thinking. As I adapt to this environment, I feel that I have gained a more global outlook and greater flexibility in how I approach my work.

**Yusuke Kanai**  
Guangzhou Inabata Trading Co., Ltd.



The value of overseas assignments lies in immersing oneself in a cross-cultural environment as a minority, experiencing diverse perspectives and ways of working, and developing a broader, more multifaceted outlook. While some tasks in Japan can proceed on the basis of shared understanding, I have found that overseas, it is often necessary to coordinate closely and align details at every step. I make a conscious effort to share my opinions while understanding and respecting the local culture and perspectives, rather than imposing my own values.

**Riku Moroi**  
Inabata Mexico, S.A. de C.V.



Basic approach

Inabata has promoted health and productivity management since FY2022. Under the leadership of the president as the chief officer responsible, we established the Health and Productivity Management Declaration. We

aim to enhance sustainable corporate value by taking a business-oriented approach to employee health and implementing strategic measures.

Key initiatives

Regular health checkups, comprehensive medical examinations, IT-related health screenings, and gynecological checkups

In addition to the legally mandated regular health checkups, employees aged 35 and above (as of the fiscal year-end) are eligible for comprehensive medical examinations. We also provide strong support for IT-related health screenings for employees who use computers and other devices for long hours, as well as for gynecological checkups, to monitor and maintain overall health and prevent potential issues.

Health checkup results management system

We have a management system that allows employees to review their health checkup results over time. Employees can access their results directly through a portal site.

On-site massage rooms

To support employee health and productivity, aid fatigue recovery, and prevent illness, we have established massage facilities at both our Tokyo and Osaka Head Offices. In-house health specialist, including licensed acupuncture, massage, and shiatsu practitioners, provide massages and health advice, contributing to improved work efficiency and overall well-being. In 2025, a second massage room was opened at the Osaka Head Office.

Subsidies for gym memberships

Employees who have been members of a sports gym for more than three consecutive months receive financial support from both the Company and Inabata health insurance association. Approximately 100 employees take advantage of this program to support their regular exercise.

Trends in health checkup results

Health checkup results indicate that some of our employees' blood pressure and blood glucose levels are higher than the national average and may be at risk of sudden absence due to lifestyle-related diseases. Through the promotion of health and productivity management, these trends are showing improvement. Moving forward,

we will continue implementing measures to prevent disease among all employees, including: (1) Encouraging timely treatment through detailed medical examinations, and (2) Supporting and promoting healthy lifestyle habits for all employees, such as smoking cessation, improved diet, and regular exercise.

Before promoting health and productivity management (FY2021)		After launching health and productivity management	FY2024		Participation rate at 100% every year
Health checkup participation rate	99%		Health checkup participation rate	100%	
Rate of abnormal findings	74.9% (60.6%)		Rate of abnormal findings	73.1% (41.0%)	
Blood pressure	22.9% (25.7%)		Blood pressure	26.7% (12.3%)	
Anemia	5.4% (4.4%)		Anemia	9.0% (9.7%)	
Liver function	25.6% (9.6%)		Liver function	19.2% (8.2%)	
Lipids	54.7% (25.7%)		Lipids	29.4% (12.7%)	
Blood glucose	26.5% (1.1%)	Lipid levels have improved significantly	Blood glucose	28.7% (2.5%)	

Notes:  
1. Numbers in parentheses indicate employees under 34 years old.  
2. Percentages for blood pressure, anemia, liver function, lipids, and blood glucose represent the rate of abnormal findings.

Key performance data on health and productivity management

Key performance data on health and productivity management since FY2022 are as follows.

detailed medical examinations, aiming to prevent, detect early, and promptly address illnesses, thereby enhancing their work performance. In addition, we will continue implementing initiatives such as promoting exercise and improving dietary habits to further reduce the abnormality rates.

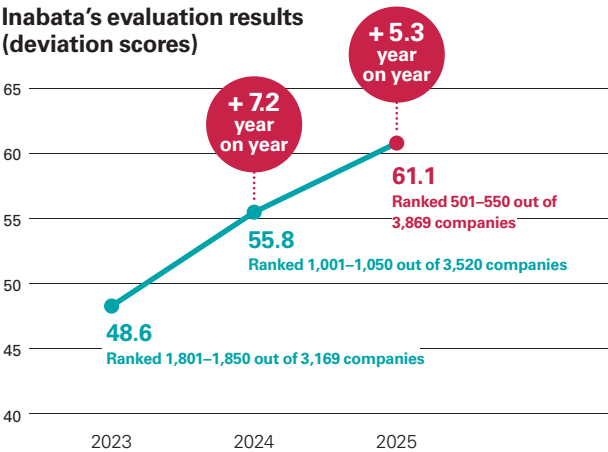
While major changes are not yet apparent, improvements in several indicators suggest that employees' health awareness is steadily increasing. Going forward, we will continue to actively encourage employees to undergo

Item	Details	FY2022 results	FY2023 results	FY2024 results
Regular health checkup attendance rate	Rate of health checkups mandated by law	100%	100%	100%
Follow-up examination rate after health checkup★	Proportion of employees who actually underwent follow-up detailed medical examinations among those recommended for them after health checkups	77.9%	86.6%	85.3%
Absenteeism	Average number of sick leave days taken per employee over the past year	2.8 days	3.5 days	3.1 days
Presenteeism	Degree of on-the-job productivity affected by health problems, calculated using the SPQ*	23.0%	22.3%	22.8%
Overall health risk★	An index calculated from the stress check, providing a comprehensive assessment of how workplace conditions affect employees' health. The national average is set at 100; scores below this indicate a lower risk. The lower the value, the more favorable the evaluation.	79	79	76

Target: Inabata & Co., Ltd.  
★ indicates items for which KPIs and targets have been set in the Sustainability Medium-term Plan 2026.  
\* The Single-Item Presenteeism Question (SPQ, The University of Tokyo) is a scale developed by The University of Tokyo Working Group under the Fiscal 2015 Project to Promote the Creation of Industries to Extend Healthy Life Expectancy. It enables a simple assessment of presenteeism using a single question.  
Question:  
On a scale from 1% to 100%, where 100% is the best job performance you could have at your job if unimpeded by sickness or injury, how would you rate your overall job performance on the days you worked during the past four weeks (28 days)?  
Answer: % (1% to 100%)  
Scoring:  
Presenteeism = 100% – answer

External evaluation


On March 10, 2025, Inabata was certified as one of the 2025 Outstanding Organizations of KENKO Investment for Health in the Large Enterprise Category, jointly conducted by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan Health Council). Inabata's evaluation has improved every year, and we have been certified for three consecutive years since 2023.








Directors




**Katsutaro Inabata**  
Director, President

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



**Kenichi Yokota**  
Director, Senior Managing Executive Officer  
Administrative Affairs

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




**Osamu Chonan\***  
Independent Director, Chairperson of the Nominating and Remuneration Committee

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



**Mari Ikegaki\***  
Independent Director

Apr. 1987 Joined Morgan Stanley International Limited Tokyo Branch (now Morgan Stanley Group Co., Ltd.)  
Dec. 2006 Executive Director, Morgan Stanley  
Dec. 2008 Director, Morgan Stanley Japan Business Group Co., Ltd.  
Apr. 2010 Director, Head of Human Resources Department, Morgan Stanley Group Co., Ltd.  
Representative Director, Morgan Stanley Japan Business Group Co., Ltd.  
Jan. 2012 Managing Director, Morgan Stanley  
Member of Management Committee, Morgan Stanley MUFG Securities Co., Ltd.  
Nov. 2013 Outside Director, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
Jun. 2025 Trustee, Ferris Jogakuin (present)  
Independent Director, Inabata & Co., Ltd. (present)  
Outside Director (Audit & Supervisory Committee Member), COMTURE CORPORATION (present)



**Toyohiro Akao**  
Director, Senior Managing Executive Officer  
Information & Electronics, Life Industry (assisting), Northeast Asia

Apr. 1982 Joined Inabata & Co., Ltd.  
Jun. 2015 Director, Senior Managing Executive Officer (present)



**Noriaki Takeshita**  
Director


Apr. 1982 Joined Sumitomo Chemical Co., Ltd.  
Apr. 2010 Executive Officer, Sumitomo Chemical Co., Ltd.  
Apr. 2013 Managing Executive Officer, Sumitomo Chemical Co., Ltd.  
Jun. 2017 Representative Director, Managing Executive Officer, Sumitomo Chemical Co., Ltd.  
Apr. 2018 Representative Director, Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.  
Jun. 2023 Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.  
Jun. 2024 Director, Senior Managing Executive Officer, Sumitomo Chemical Co., Ltd.  
Apr. 2025 Director, Sumitomo Chemical Co., Ltd.  
Jun. 2025 Director, Inabata & Co., Ltd. (present)  
Advisor, Sumitomo Chemical Co., Ltd. (present)  
Director (Non-Executive Director), Sumitomo Seika Chemicals Co., Ltd. (present)



**Hisayuki Suekawa\***  
Independent Director

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

Directors, Audit and Supervisory Committee Members



**Nobukazu Kuboi**  
Director,  
Audit and Supervisory Committee Member

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



**Minoru Sanari\***  
Independent Director,  
Audit and Supervisory Committee Member

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



**Tomokazu Fujisawa\***  
Independent Director,  
Audit and Supervisory Committee Member

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



**Noriya Yokota\***  
Independent Director,  
Chairperson of the Audit and Supervisory Committee

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



**Shiho Ito\***  
Independent Director,  
Audit and Supervisory Committee Member

Apr. 1987 Joined Toyo Trust and Banking Co., Ltd. (now Mitsubishi UFJ Trust and Banking Corporation)  
Oct. 1991 Joined Chuo Shinko Audit Corporation (later Misuzu Audit Corp.)  
Jul. 2005 Partner, Chuo Aoyama Audit Corporation (later Misuzu Audit Corp.)  
Aug. 2007 Partner, Shin Nihon & Co. (now Ernst & Young ShinNihon LLC)  
Jun. 2022 External Director, Japan Display Inc. (present)  
Jul. 2022 Established Shiho Ito certified public accountant's office (present)  
Dec. 2023 Supervisory Director, Nomura Real Estate Private REIT, Inc. (present)  
Jun. 2024 Independent Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (present)  
Jun. 2025 Director, Audit & Supervisory Committee Member (part-time), The Master Trust Bank of Japan, Ltd. (present)

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

Executive Officers

**Koji Nakano**  
Managing Executive Officer  
Plastics, Southeast Asia

**Yutaka Takahashi**  
Managing Executive Officer  
Chemicals, Life Industry,  
the Americas and Europe

**Shinya Kawai**  
Executive Officer  
Plastics (assisting),  
General Manager, Plastics Division I,  
Plastics Compound Business Office

**Katsutoshi Tanaka**  
Executive Officer  
(President, Inabata Fine Tech  
& Co., Ltd.)

**Tsuyoshi Maruta**  
Executive Officer  
Northeast Asia (assisting),  
General Manager,  
Information & Electronics Division I

**Koichi Noda**  
Executive Officer  
General Manager,  
Financial Management Office

**Takaharu Ookura**  
Executive Officer  
General Manager, Northeast Asia

**Masato Tsunoda**  
Executive Officer  
General Manager,  
Risk Management Office

**Hiroyuki Furubayashi**  
Executive Officer  
General Manager,  
Human Resources Office

**Kazunori Fukui**  
Executive Officer  
General Manager, Southeast Asia

Executive officers' roles noted in brackets are their roles at the places they have been seconded.



Three-way Talk

One year has passed since the launch of the medium-term management plan, NC2026. In today’s challenging business environment, what initiatives is Inabata undertaking? Independent directors are expected to monitor and supervise management from an objective viewpoint. We asked them how they approach this responsibility.

(The three-way talk was held in mid-May 2025.)



**Osamu Chonan** (left)  
Independent Director

**Time in office:** Jun. 2023–present

**My role**

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

**Takako Hagiwara** (center)  
Independent Director

**Time in office:** Jun. 2021–Jun. 2025

**My role**

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

**Hisayuki Suekawa** (right)  
Independent Director

**Time in office:** Jun. 2024–present

**My role**

I have promoted business strategy and management reform at a cosmetics company with over 150 years of history. From a CSR perspective, I have also addressed societal issues, having led the establishment of an on-site daycare and a consultation center specializing in severe skin concerns. In addition to enhancing our brand through such engagement with society, I aim to contribute to Inabata’s human resource development by leveraging my experience and know-how from university lectures and corporate training programs I am currently involved in.

**Mindset reform from a medium- to long-term perspective**

**How do you perceive the challenges and internal mindset reforms now that the second year of the medium-term plan has begun?**

**Hagiwara**

It has been a year since the new medium-term management plan began. Despite a challenging business environment, including the impact of U.S. tariff measures, Inabata has continued to deliver solid results and achieve growth, giving us confidence in the business. On the other hand, I feel there is still room for improvement when it comes to boldness and speed in responding to change. For example, in areas where the Company relies on tacit knowledge to decide whether to continue a business, I think we need to question whether it truly makes sense to keep it going.

**Suekawa**

You’re absolutely right. I think this reflects the difference in approach to business between a trading company and a manufacturer. Coming from a manufacturing background, I tended to prioritize “focus and select” strategies, aiming to take decisive action and deliver results in a short period. However, I feel that Inabata has a strong sense of altruism, prioritizing the needs of society and continuing products or services even when others have discontinued them. I believe this reflects the Company culture embodied in the spirit of “love (*ai*)” and “respect (*kei*),” but at times, I also think it is necessary to take a bold, aggressive approach.

**Chonan**

I have also pointed out that the phrase “responding to change” in Inabata’s vision implies that if we do not actively create change ourselves, we will end up reacting too late. In response, management emphasized that, as a trading company, it is essential to adapt to changes in customer needs. While I understood their point, I also believe that in a rapidly evolving business environment, it is necessary to proactively drive change. For example, in the Life Industry business, which handles food products, initiating innovations such as developing new freezing technologies for ingredients by building networks with research institutions and manufacturers can lead to supply chain innovations and the creation of new business opportunities.

**Suekawa**

At a previous Board of Directors’ meeting, a shareholder’s comment was raised suggesting that the Company consider changing its name, which they felt sounded outdated. Following that, we, the independent directors with a background in B2C companies, proposed exploring a company name and branding that would be more accessible internationally, now that overseas sales account for more than half of the business. However, the discussion did not

progress further, as the response indicated that no employees had ever suggested changing the Company name. Even if something seems obvious within the Company, the impression from the outside can be quite different. This is just one example, but looking ahead, I hope we can be more fully utilized in areas where the management team could benefit from careful discussion.

**Chonan**

It works well while those who understand the Company’s long-standing culture are leading the business, but I feel that discussions need to be strengthened from the perspective of long-term planning. For example, questions such as what truly defines Inabata’s identity and strengths, how to manage products and talent to achieve the goals of the long-term vision, and how to enhance the corporate brand over the medium to long term have not yet been fully addressed.

**Hagiwara**

Such opinions rarely emerge from employees, but Inabata has consistently taken to heart the feedback provided by multiple independent directors. That is precisely why we are able to share bold ideas and personal perspectives directly in Board meetings.

**Topics for discussion at Board meetings**

**What kinds of issues have recently been discussed at Board meetings? Also, please share any challenges you see for the future.**

**Suekawa**

I became an independent director in 2024. Until then, I had no experience in trading companies and was not very

**“While a trading company’s cautious approach is important, in a challenging business environment it is at times necessary to take a bold, aggressive approach.”**

—Hisayuki Suekawa





## Independent Director Three-Way Talk

familiar with the products, but I have been patiently guided, and through Board meeting discussions, my understanding has grown significantly. I appreciate that our recommendations on daily operations are being properly addressed and acted upon.

### Chonan

Reports are provided on both the current challenges in this tough environment and the plans moving forward. As independent directors, we not only take part in Board meetings but also hear from employees on the front lines about issues that make it difficult to act even when there is intent. I see it as part of our role to bridge the gap between management's vision and the frontline understanding, helping ensure plans proceed smoothly.

### Hagiwara

We appreciate the proactive approach currently being taken with initiatives such as M&A, but what is crucial is the subsequent post-merger integration (PMI) process. We have occasionally raised questions about progress and challenges, and these direct inquiries from an outside perspective have helped deepen communication.

### Suekawa

It seems that there are not enough personnel for post-acquisition handling and project management. Inabata also needs to establish a clear approach for areas where it has limited experience, such as how to instill the IK Values in the acquired company.

### Hagiwara

In addition, the succession plan for preparing leaders to fill key positions is still lacking in concrete progress at this stage. However, it was valuable to share our understanding of the challenges with the human resources team during a brainstorming session on talent development attended by all directors. The development of infrastructure, such as building a human resource database, is steadily progressing.

### Suekawa

The approach of creating a pool of management talent for selection and development is commendable. However, unfortunately, we do not know the individuals in this management talent pool. It would be beneficial, for example, to have opportunities for them to make proposals at Board meetings or to discuss issues informally over meals to better understand their perspectives.

### Chonan

It is now time to finalize the approach for selecting the next successors with a three- to five-year perspective. Ideally, those selected should be capable of leading the business, regardless of gender or whether they are internal hires, and



**“Our role is to bridge the gap between management’s vision and the frontline understanding, helping ensure plans proceed smoothly.”**

—Osamu Chonan

the challenge lies in determining how to make this a reality. The next key issue to address is how this connects to employee growth and the Company's overall development.

### Hagiwara

In terms of capital efficiency and stock price, which are closely scrutinized by the capital markets, the Audit and Supervisory Committee members consistently monitor these areas, and the executive team responds sincerely. The diverse Audit and Supervisory Committee members raise various opinions and questions, which helps drive lively and productive discussions.

### Strengthening human capital

**In your view, what perspectives will be most critical for strengthening talent development?**

### Hagiwara

When we spent a full day discussing the medium-term plan in 2023, a number of human resource-related issues came up. This time, as I mentioned earlier, we devoted an entire day to a brainstorming session on talent development with all directors participating, and we exchanged views with the head of human resources as well as the next generation of business leaders. Although this may not lead to immediate conclusions, it was valuable to explore the issues in depth and share perspectives with one another.

### Suekawa

Looking ahead to future business development, a major challenge is how to develop global human resources among both Japanese employees and local staff overseas. Another

point, which Ms. Hagiwara often emphasizes, is that it's not just about diversity. Inclusion is equally important—how to make the most of diverse personalities so that employees can work energetically and fully engage in their roles. As an example, it's not enough to simply increase the number of female managers; Inabata also needs to consider how to create an environment where they can truly thrive.

### Hagiwara

I agree. Similarly, it's not enough for men to simply take parental leave. What matters is considering how work styles should change accordingly, and over the past four years, I feel management has begun to realize the need to take this discussion further and has gained a much deeper understanding. Now, as we enter the next era, everyone is thoughtfully grappling with what truly defines the strengths unique to a trading company and to Inabata, and I am very much looking forward to seeing the results of this effort.

### Sustainability

**Could you tell us about the role of independent directors in sustainability and the progress of related initiatives?**

### Hagiwara

In sustainability matters, we independent directors also serve as observers on the Sustainability Committee, attending the biannual reporting sessions and offering our input. The Secretariat team is highly capable and enthusiastic, and the level of discussion has steadily improved. At the recent Sustainability Committee meeting, both the committee members and independent directors shared lively opinions, and the discussion was so engaging that we ran out of time.

### Chonan

For the environment, targets for reducing GHG emissions have been set and are being pursued for each emission source across Scope 1 to 3. Inabata also handles environmentally related materials in its business, such as recycled films, so the environment businesses contribute to earnings. However, cost remains an important consideration. Even good initiatives must not come at the expense of the Company's performance. Maintaining a balance between costs and performance is important. With that perspective in mind, I hope the Company will actively adopt new technologies and leverage them to create “trading company-style initiatives,” such as energy-saving businesses.

### Suekawa

If employees can start having those kinds of discussions among themselves, it will inevitably spark innovation and drive growth. When it comes to environmental issues and sustainability, it's important to cultivate a culture where each employee sees them as their own responsibility, rather than assuming someone else is handling it. I believe

creating that mindset isn't all that difficult.

### Hagiwara

One of Inabata's distinguishing characteristics and strengths is that it takes deliberate action on each issue that arises, addressing them one by one. I also feel that the management team, together with us independent directors, is actively engaged in raising awareness and promoting this mindset. The remaining challenge is how to sustain this momentum going forward. Currently, the number of mid-career hires is increasing rapidly, but I feel there is still a lack of insight on how to quickly align and share knowledge with these new members.

### Chonan

Another issue I see as Japan's most pressing problem right now is the challenges related to children—in other words, the declining birthrate. To address this challenge and contribute to society, it is certainly positive for companies to enhance childcare programs. But by treating it as a broader social issue and working together to proactively develop solutions, a company can truly be recognized as outstanding.

### Hagiwara

I strongly agree with Mr. Chonan's perspective. For that to happen, employees need to direct their attention not only within the Company but also outward toward society. As mentioned earlier, it's not just about increasing the number of female managers or sales staff. True value for the Company and motivation for employees come from creating a workplace and society where women can genuinely succeed in roles such as sales, and from Inabata's contributions to making that possible.

**“One of Inabata’s distinguishing characteristics and strengths is that it takes deliberate action on each issue that arises.”**

—Takako Hagiwara





Basic concept

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

Corporate governance system (As of July 1, 2025)

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

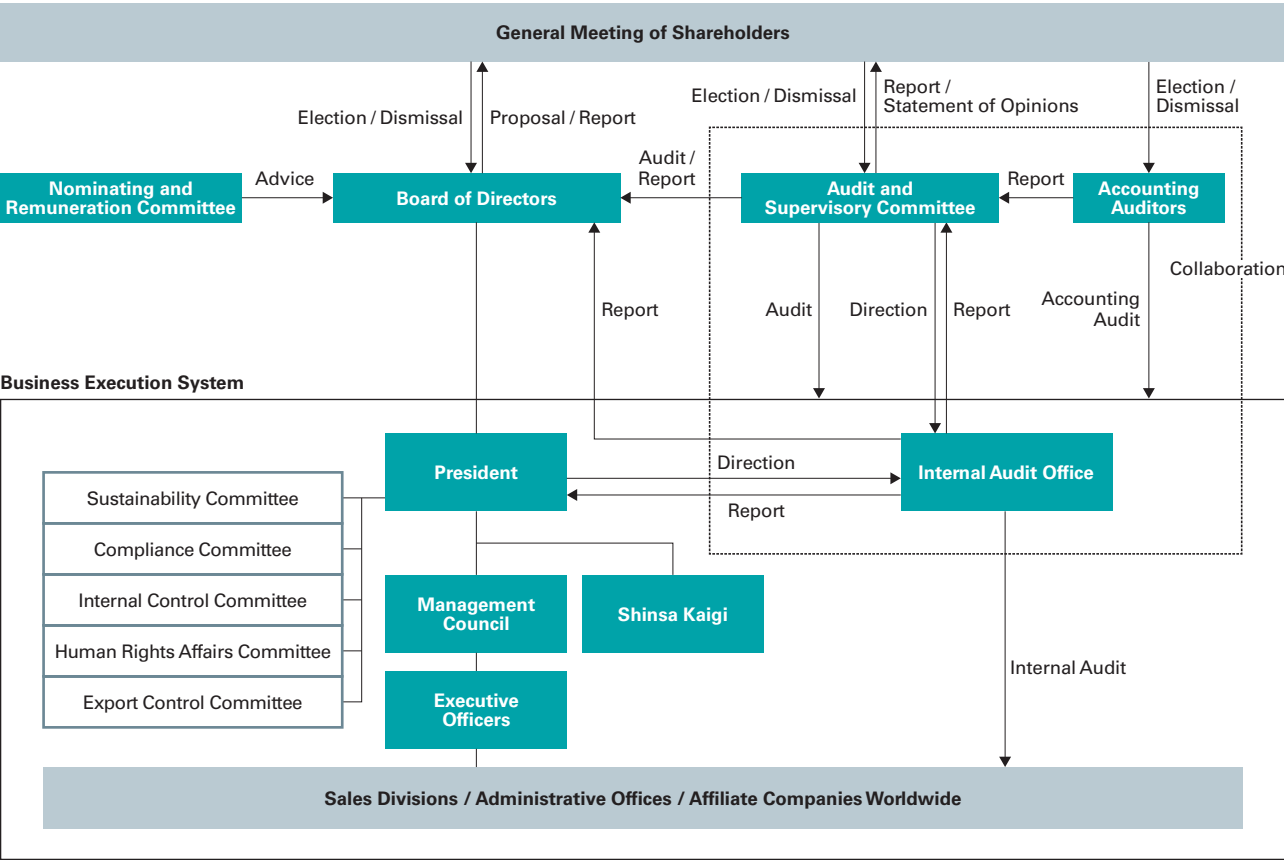
Changes in initiatives to strengthen governance

Period	
June 2003	Executive officer system introduced
June 2006	Term of appointment of directors reduced from two years to one year
June 2013	Appointment of two outside directors
June 2015	Appointment of three outside directors
November 2015	Nominating and Remuneration Committee established Evaluation of the Board of Directors introduced ➤ P101
June 2022	Transition to a company with an audit and supervisory committee Transition to having independent directors comprise the majority of directors

Organizational design framework: Company with an audit and supervisory committee

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

Corporate governance system (As of July 1, 2025)



Board of Directors

The Board of Directors makes decisions on important matters set out in laws and regulations, Articles of Incorporation, and Regulations of the Board of Directors. These matters include formulation of business plans and annual budgeting as well as making basic management policies and appointing executive officers. The Board of Directors consists of 12 members, including seven directors who are not Audit and Supervisory Committee members and five directors who are Audit and Supervisory Committee members. Among the 12 members, seven are independent directors, comprising the majority. By adopting the organizational structure of a company with an audit and supervisory committee, we have strengthened the monitoring-type Board of Directors’ supervisory function and enabled the delegation of important business execution decisions to executive officers. This structure allows for faster and more agile management decision-making.

Audit and Supervisory Committee

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

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



Nominating and Remuneration Committee

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

**Members of the Nominating and Remuneration Committee:**  
Four independent directors (of these, one director who is an Audit and Supervisory Committee member)  
One internal director  
**Chairperson:** Lead independent director  
**Number of times held:** FY2024 8 times

Skills matrix of directors

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

		Business & industry knowledge					Legal/Risk management/ Internal control	HR/Labor	IT/Digital	ESG
		Name (* female)	Global management	Electronics/ Energy	Materials/ Chemicals	Food/Life				
Directors	Inside	Katsutaro Inabata	●		●		●	●		●
		Toyohiro Akao		●	●	●				
		Kenichi Yokota					●	●	●	●
		Noriaki Takeshita			●		●	●	●	
	Independent	Osamu Chonan	●			●				
		Hisayuki Suekawa	●			●				
		Mari Ikegaki*						●		●
Directors (Audit and Supervisory Committee Members)	Inside	Nobukazu Kuboi					●	●		●
		Minoru Sanari		●				●		
	Independent	Tomokazu Fujisawa				●		●		
		Noriya Yokota				●	●		●	●
		Shiho Ito*					●	●		

Skills matrix approach

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

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

Skills that our Board of Directors are expected to have

■ Global management

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

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

■ Business and industry knowledge

In managing a specialized trading firm like ours, first and foremost, vast expertise and experience in each business field is indispensable. In particular, regarding executive directors who are in charge of business execution, it is extremely important in practice to the development of the business of a trading firm like ours to hold a wide range of knowledge, experience, and personal connections in each of our business fields, and when appointing executive directors, we give consideration to balance among those who have knowledge of the Company’s business fields. More specifically, Katsutaro Inabata was engaged in the Company’s Plastics segment for many years. Toyohiro Akao was engaged for many years in the Information & Electronics segment, and then, after being appointed director, he supervised the Chemicals and Life Industry segments. These two executives possess knowledge and experience concerning different businesses of the Company.

When inviting independent directors, we give consideration to the broad knowledge and experience in various business fields, and aim to include individuals capable of providing supervision and opinions on business strategies from an objective perspective. We consider each of the candidates for independent director to have skills in their respective industries based on their experience at other companies and industry background.

■ Finance/Accounting

Financial strategy (corporate finance) in corporate management is of course important, and we believe that we need someone among executive directors who is responsible for financial strategy and can lead efforts to improve corporate value through various dialogues with investors. Kenichi Yokota has long served in management positions in the finance, accounting, and IR departments, and as part of his duties, he has held dialogues with various investors and provided valuable feedback to Company management as part of his consistent efforts to strengthen corporate governance and enhance corporate value. Noriaki Takeshita has held the position of CFO at a comprehensive chemicals manufacturer’s large-scale joint venture in Saudi Arabia. He has extensive knowledge and experience in finance and accounting.

In addition, in order to strengthen the supervisory function for business execution, we believe that it is useful to always include those who are familiar with finance and accounting among directors who are Audit and Supervisory Committee members. Nobukazu Kuboi has long been engaged in the Company’s finance and accounting operations. After being appointed full-time audit & supervisory board member, he was engaged in the Company’s audit operations. Noriya Yokota has held the position of CFO at a major global alcoholic beverages and soft drinks manufacturer. He has extensive knowledge and experience in finance, accounting, and IR operations. Shiho Ito has specialized expertise as a certified accountant. She has many years of experience in accounting audits at various

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

#### ■ Legal/Risk management/Internal control

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

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

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

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

#### ■ HR/Labor

In a trading firm like ours, human resources are our greatest asset, and human resource development is an important management issue in the medium to long term. The medium-term management plan NC2026 places a priority on improving the well-being of employees who support our sustainable growth, promoting D&I, further expanding health and productivity management initiatives, and making greater investments in our human capital. To implement this strategy, we believe it desirable for directors to include those who have experience and skills in HR and labor, and we place great importance on this perspective when inviting independent directors. During his experience as director, Katsutaro Inabata has been in charge of the human resources department. Kenichi Yokota currently is in charge of the human resources department and has extensive experience reforming various personnel systems. Noriaki Takeshita has experience in the human resources department of a petrochemicals department at a comprehensive chemicals manufacturer.

Additionally, Mari Ikegaki held positions of responsibility for many years in the human resources division at a foreign company that expands its business globally to provide financial

services, and has broad experience in relation to human resources and labor. Therefore, the Company expects that she will provide advice particularly in the areas of human resources strategy, the promotion of diversity, etc. Noriya Yokota has extensive experience in human resources and labor, having served as director of group-wide human resources and general affairs at a major alcoholic beverages and soft drinks manufacturer.

#### ■ IT/Digital

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

Kenichi Yokota holds multiple national certifications in the IT and digital fields for IT engineers and other experts. With that specialized knowledge, he has led many initiatives aimed at strengthening the Group's overall information security. Additionally, both Noriaki Takeshita and Noriya Yokota have served as CIO or in equivalent positions at a major company with global operations, attesting to their wide range of knowledge in the IT and digital fields.

#### ■ ESG

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

independent directors.

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

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



Management Council and Shinsa Kaigi

We set up the Management Council as an institution for business execution. This council deliberates on basic policies and important matters related to management and decides their direction. We have also established the Shinsa Kaigi as an institution to review important matters related to business execution, investment and loan projects, and credit. Its participants (including those who

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

Number of times convened: FY2024  
Management Council 12 times, Shinsa Kaigi 19 times

Audit system

Internal audits

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

Accounting auditors

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

Structure for independent directors

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

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

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

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

Independent directors 7

Inside directors 5

Meetings of independent directors only  
Number of times held: FY2024 2 times

Attendance status for FY2024					
Name	Independent	Years in office	Meetings of the Board of Directors	Nominating and Remuneration Committee	
Reason for appointment					
Directors not on the Audit and Supervisory Committee					
<b>Osamu Chonan</b> (Lead independent director, Chairperson of the Nominating and Remuneration Committee)	●	2 years	100% 16/16 times	100% 8/8 times	Osamu Chonan has served as representative director, president, and chief executive corporate officer of Kewpie Corp., and is currently an outside director of Lotte Co., Ltd. He held positions of responsibility for many years in the sales division of a food manufacturer with a global presence centered in China and Southeast Asia, in addition to which he has also served in management, and accordingly has extensive knowledge and experience. Based on this, Inabata considered him suitably qualified and appointed him as an independent director. It is expected that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of business operations from an objective perspective.
<b>Hisayuki Suekawa</b> (Nominating and Remuneration Committee member)	●	1 year	92% 12/13 times	100% 7/7 times	After serving as director, corporate executive officer, and general manager of the business planning department of Shiseido Company, Limited, and subsequently as representative director, president and CEO of said company, Hisayuki Suekawa is currently an outside director of Morishita Jintan Co., Ltd., and a member of the board of trustees of Showa Women's University. We appointed him as an independent director in light of his career background as the management of a global cosmetics manufacturer that operates in about 120 countries and regions, and his extensive knowledge and experience. We expect him to draw on the vast experience and knowledge he has accumulated as a manager to provide oversight and advice to the Company's execution of duties from an objective perspective.
<b>Mari Ikegaki</b> (Nominating and Remuneration Committee member)	●	Newly appointed	—	—	Mari Ikegaki has held key leadership roles including director and head of the human resources department at Morgan Stanley Group Co., Ltd., representative director of Morgan Stanley Business Group Co., Ltd., and managing director at Morgan Stanley. She currently serves as a director who is an Audit and Supervisory Committee member at COMTURE CORPORATION, as well as a trustee of Ferris Jogakuin. Over the years, she led the human resources function at a global financial institution offering a wide range of services including investment banking, securities, and asset management, while also participating in corporate management as a member of the executive committee. In light of her broad expertise and experience, the Company has appointed her as an independent director. We look forward to her guidance on human resources strategy and the advancement of diversity initiatives.
Directors on the Audit and Supervisory Committee					
<b>Minoru Sanari</b>	●	3 years	100% 16/16 times	—	Minoru Sanari served as general counsel, legal section, general administration department for Tokyo Gas Co., Ltd. before serving as an executive officer (in charge of governance), and senior advisor for said company. He currently serves as special counsel of Hayakawa Law Offices. As he has expert knowledge and an abundance of experience from his involvement with corporate legal matters and corporate governance over the course of many years in his capacity as an attorney at the largest city gas company, Inabata appointed him in expectation of accurate auditing and supervision of overall management.
<b>Tomokazu Fujisawa</b>	●	3 years	100% 16/16 times	—	Tomokazu Fujisawa has served as a full-time audit & supervisory board member and a director who is an audit & supervisory committee member of Astellas Pharma Inc. He has worked as the director of planning for a business division in a global pharmaceutical company that develops pharmaceutical businesses around the world, and also has experience in overseas subsidiaries and auditing operations. He has additionally served as a director on an audit and supervisory committee, which is why Inabata appointed him in expectation of accurate auditing and supervision of overall management.
<b>Noriya Yokota</b> (Chairperson of the Audit and Supervisory Committee, Nominating and Remuneration Committee member)	●	2 years	100% 16/16 times	100% 7/7 times	Noriya Yokota has served as director and senior executive officer of Kirin Holdings Co., Ltd., director of Kirin Business System Co., Ltd., and director of Kirin Brewery Co., Ltd., and is currently a senior advisor for Japan Activation Capital, Inc. He has served as a factory manager and head of the production department at a manufacturer that produces and sells alcoholic beverages, beverages, and pharmaceuticals around the world, and after serving as manager of an overseas subsidiary of said company, he has been in charge of human resources, finance, IT, and management strategy as an executive officer. He accordingly has a great degree of insight and abundant experience. Based on this, Inabata has determined that he can be expected to provide accurate audit and supervision for the overall management of the Company and appointed him as an independent director who is an Audit and Supervisory Committee member.
<b>Shiho Ito</b>	●	1 year	100% 13/13 times	—	Shiho Ito was a partner at Shin Nihon & Co. (now Ernst & Young ShinNihon LLC), and is currently an external director of Japan Display Inc., a certified public accountant at Shiho Ito certified public accountant's office, supervisory director of Nomura Real Estate Private REIT, Inc., and a part-time director who is an Audit & Supervisory Committee member at The Master Trust Bank of Japan, Ltd. In addition to being a certified public accountant and having been a partner at a major Japanese audit firm, she is currently serving as an outside director of a major global LCD panel manufacturer, demonstrating extensive business knowledge in addition to expertise as a professional accountant. Based on such qualifications, we expect her to provide accurate audit and supervision for the overall management of the Company and appointed her as an independent director who is an Audit and Supervisory Committee member.

Note: For the attendance status of all directors at Board of Directors’ meetings, Audit and Supervisory Committee meetings, and Nomination and Compensation Committee meetings, please refer to page 119.

Training for independent directors

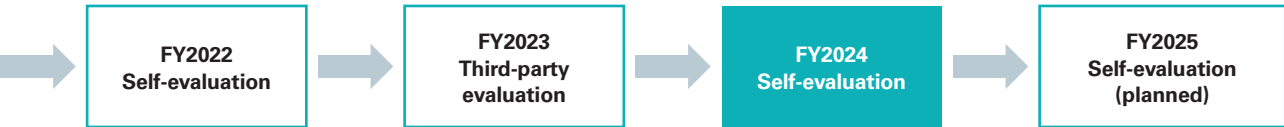
In order to deepen independent directors’ understanding of the Inabata Group’s business activities, we provide opportunities for them to meet with the heads of each division, as well as opportunities to visit overseas (including online meetings). Even after directors have

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

The effectiveness evaluation of the Board of Directors

With the aim of increasing corporate value through enhancing the effectiveness and transparency of the Board of Directors, Inabata & Co., Ltd. has been conducting effectiveness evaluations of the Board since FY2015.

- Each cycle lasts for three years, in which self-evaluation is carried out for the first two years and third-party evaluation is carried out in the third year.
- The overview of each evaluation and related issues to be considered are published on the Company’s website.
- A self-evaluation was carried out in FY2024.



FY2024 Self-evaluation process (questionnaire format)



\* Director in charge of financial management and investor relations

Evaluation results for FY2024

1. Target of evaluation	All 12 current directors as of March 31, 2025 7 directors who are not Audit and Supervisory Committee members, 5 directors who are Audit and Supervisory Committee members
2. Evaluation methodology	<ul style="list-style-type: none"><li>• Each item on the questionnaire was decided by the director in charge and in-house staff for the evaluation of the Board of Directors, in collaboration with external experts in charge of collection based on the FY2023 questionnaire (third-party evaluation) and the results of said evaluation and analysis.</li><li>• The questionnaire above was distributed to directors, and responses were collected from all of them.</li><li>• After the external experts collected the responses, the in-house staff for the evaluation of the Board of Directors carried out a simplified analysis and compilation, and the director in charge reported to the Board of Directors.</li><li>• After the content of the report was sufficiently verified by the Board of Directors, the direction of future measures was decided.</li></ul>

3. Results of the analysis and evaluation	<p>The results of the analysis and evaluation indicated that the operations of the Board of Directors of the Company were appropriate and highly rated overall for its open and lively discussions, led by a chairperson who encourages open exchange of opinions. The results also indicated that the Company was providing sufficient support to independent directors in general, who in turn were making significant contributions to Board discussions; the Nominating and Remuneration Committee as well as the Audit and Supervisory Committee were being operated properly; the status of dialogue with investors and shareholders was being shared with the Board of Directors adequately; and appropriate measures were being taken to address the issues identified in the previous Board of Directors’ evaluation. Based on these evaluation and analysis results, the Company confirmed that the Board of Directors was executing its functions appropriately in general while maintaining effectiveness.</p> <p>The results also confirmed that the following improvements and developments had been made in resolving the issues identified in the previous third-party evaluation on effectiveness.</p> <ul style="list-style-type: none"><li>• Further discussion on medium-term strategies and management issues</li><li>• Further discussion on the CEO succession plan</li><li>• Provision of sufficient information by the Nominating and Remuneration Committee to the Board of Directors</li><li>• Reinforcement of the internal audit system</li><li>• Further improvements in distributing information to the capital market</li></ul> <p>Meanwhile, the results confirmed that the following issues should be further addressed in the future.</p> <ul style="list-style-type: none"><li>• Further discussion on issues regarding succession plans</li><li>• Risk tolerance</li><li>• Adequate communication of the Company’s long-term competitive strengths to the capital market</li></ul> <p>The Company identified as key risks it faces—especially those that are deemed particularly important—potential risks of overseas activities, risk related to business investment, and credit risks of clients.</p>
	<p><b>4. Future measures</b></p> <p>The Company will strive to further enhance the effectiveness of the Board of Directors by taking measures to address the issues identified from the result of the above analysis and evaluation. In FY2025, the Company plans to conduct a self-evaluation of the effectiveness of the Board of Directors.</p>

Questions

1. Operational status of the Board of Directors

2. Function and role of the Board of Directors

3. Composition of the Board of Directors

4. Composition and role of the Nominating and Remuneration Committee

5. Operational status of the Nominating and Remuneration Committee

6. Composition and role of the Audit and Supervisory Committee
7. Operational status of the Audit and Supervisory Committee

8. Support system for independent directors

9. Relationship with investors and shareholders

10. The Company’s governance structure and the effectiveness of the Board of Directors as a whole

11. Self-assessment of one’s contributions and participation in Board discussions

Remuneration of directors and Audit and Supervisory Committee members

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

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

(1) Fixed remuneration*1	Minimum guaranteed amount by position
(2) Performance-linked remuneration	Calculated by multiplying the fixed remuneration for each position in (1) by a coefficient for: <ul style="list-style-type: none"><li>• Profit before income taxes and non-controlling interests (excluding gain on sales of investment securities)*2</li><li>• Return on capital (ROIC and ROE)*3</li><li>• Stock price*3</li><li>• ESG scores from multiple external evaluation organizations (FTSE Russell and MSCI)*4</li></ul>
(3) Board Benefit Trust (BBT)*5	A system under which executive directors receive the points granted to them during their term in the form of shares and cash upon their retirement. The calculation method of points granted to directors is as follows.  (Method of calculating points awarded to directors) Points granted for the current year = ㉠Service points + ㉢Performance points ㉠ 50% of the base points determined for each position (fixed point) ㉢ Service points × Performance coefficient Performance coefficient: Determined based on the achievement rates of the consolidated operating profit target*6 and the Group engagement survey*7

\*1 Remuneration for directors who are not executive directors is fixed remuneration only.  
\*2 Executive directors are responsible for all business activities of the entire Group, including the operating and financial activities of Group companies, and we believe that the results of these activities are reflected in consolidated profit before income taxes and non-controlling interests, which is used as one indicator.  
\*3 We have adopted ROIC as an indicator because one of the key strategies in our medium-term management plan, NC2026, is “accelerate growth through proactive investment,” and we believe that capital efficiency and investment yield should also be considered in light of requests from the capital market and trends among listed companies. In addition, as part of our measures to realize management conscious of cost of capital and stock price, we use ROE and stock price (specifically, the difference between the year-on-year growth rate of TOPIX and the year-on-year growth rate of our stock price) as indicators.  
\*4 Since we recognize that addressing sustainability is an important management issue for our Company, we use ESG scores from several external evaluation organizations as an indicator.  
\*5 We have introduced the BBT as a performance-linked stock compensation plan in order to clarify the linkage between the compensation of executive directors and our business performance and stock value. Having directors share not just the benefits of higher stock prices, but also the risk of lower stock prices with shareholders, will increase their awareness, so that they can contribute to improving business performance and increasing corporate value over the medium to long term.  
\*6 Actual performance compared to the rate externally announced in the medium-term business plan  
\*7 The achievement rate of the employee engagement survey KPI set under the Sustainability Medium-term Plan

The performance indicators approved in June 2025 (FY2024)

	Consolidated financial results		Return on capital		Share price		ESG scores
Profit before income taxes (A)	29.1 billion yen	ROIC	8.3%	YoY growth in share price	5.6%	FTSE Russell	3.6
Gain on sale of investment securities (B)	3.6 billion yen		ROE			9.7%	MSCI
(A) – (B)	25.5 billion yen						

The performance factors approved in June 2025

	NC2026 FY2024 target	FY2024 actual	Target achievement rate	Performance coefficient
Consolidated operating profit	22,500 million yen	25,824 million yen	115%	0.98
Employee engagement surveys	80%	70%	88%	

Of the remuneration for directors who are not members of the Audit and Supervisory Committee, (1) fixed remuneration and (2) performance-linked remuneration are determined by the Board of Directors within the scope of the total amount of remuneration approved by the Ordinary General Meeting of Shareholders. The maximum amount of remuneration for directors who are not members of the Audit and Supervisory Committee as per the resolution of

the Ordinary General Meeting of Shareholders is 430 million yen per year (of which 50 million yen is for independent directors). In addition, (3) compensation limits for the BBT, a performance-linked stock compensation plan for executive directors, has been determined by resolution at the General Meeting of Shareholders.

The individual remuneration of directors who are not Audit and Supervisory Committee members is designed to be calculated automatically using a formula and coefficient defined in regulations resolved by the Board of Directors, without taking qualitative factors into consideration, and the Human Resources Office will calculate this in accordance with regulations. The results of the calculations are reviewed by the Nominating and Remuneration Committee, which is chaired by the lead independent director and at which independent directors have a majority. The Board of Directors determines the compensation of directors who

are not Audit and Supervisory Committee members with full respect for the results of the deliberations of the Nominating and Remuneration Committee.

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

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

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

3. Actual remuneration of directors in FY2024\*8

Classification	Total amount of remuneration and other benefits (Millions of yen)	Total amount of remuneration and other benefits by type (Millions of yen)			No. of eligible persons
		Fixed remuneration	Performance-linked remuneration	BBT	
Directors (excluding Audit and Supervisory Committee members and independent directors)*9, 11, 12, 13	269	114	111	43	5
Directors (Audit and Supervisory Committee members; excluding independent directors)*10	22	22	—	—	1
Independent directors	72	72	—	—	9

\*8 The above includes one director who is not an independent and Audit and Supervisory Committee member, and two independent directors who are Audit and Supervisory Committee members, all of whom retired at the conclusion of the 163rd Ordinary General Meeting of Shareholders held on June 21, 2024.  
\*9 At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (excluding Audit and Supervisory Committee members) was approved at up to 430 million yen (of which 50 million yen is for independent directors). As of the conclusion of the General Meeting of Shareholders, the Company had seven directors (including two independent directors; excluding Audit and Supervisory Committee members). In addition, at the same General Meeting of Shareholders, remuneration limits for the BBT, the introduction of which was approved at the 157th Ordinary General Meeting of Shareholders held on June 22, 2018, were reapproved. As of the conclusion of the General Meeting of Shareholders, four directors were eligible for the remuneration program.  
\*10 At the 161st Ordinary General Meeting of Shareholders held on June 22, 2022, the annual amount of remuneration for directors (Audit and Supervisory Committee members) was approved at up to 80 million yen. As of the conclusion of the General Meeting of Shareholders, four directors (all of whom are Audit and Supervisory Committee members and independent directors) were eligible for the remuneration program.  
\*11 BBT is the amount of provision for the reserve for directors' stock benefits included in the fiscal year under review.  
\*12 The Company has not established a guideline on deciding the payment ratio between performance-linked remuneration and other types of remuneration for directors (excluding directors who are Audit and Supervisory Committee members and independent directors) because these forms of remuneration are determined automatically based on their respective performance indicators and formulas, and therefore have no possibility of being adjusted arbitrarily.  
\*13 Remuneration for directors for the fiscal year under review was deliberated on at a meeting of the Nominating and Remuneration Committee held on May 22, 2024, and approved at a meeting of the Board of Directors held on June 21, 2024. The Board of Directors has checked that the determination method for, and the details of, the individual remuneration for directors in the fiscal year under review are consistent with the determination policy approved by the Board of Directors, and has deemed that they are in accordance with such determination policy.

Ratio of performance-linked remuneration and fixed remuneration in FY2024

Performance-linked remuneration	Fixed remuneration
57.5%	42.5%

Reference: Past remuneration of directors\*14

FY2020	318 million yen
FY2021	319 million yen
FY2022	335 million yen
FY2023	306 million yen
FY2024	269 million yen

\*14 Figures for FY2020 and FY2021 refer to directors (excluding independent directors). Figures for FY2022 onward refer to directors (excluding Audit and Supervisory Committee members and independent directors).



Strategically held shares

Basic views

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

Policy related to holding and reducing strategically held shares

Inabata forms a judgment concerning the pros and cons of strategically held shares based on whether holding them contributes to the establishment of cooperative relations, enhances the Company’s corporate value in the medium and long term, and leads to the benefit of shareholders and investors. To be specific, the Board of Directors will make annual comprehensive reviews of the appropriateness of holding each individual stock, taking into account the financial condition of the investee company, the liquidity of the stock, trends in the volume of transactions and profits related to business with the Company or its Group companies and their medium- to long-term prospects, economic rationales such as whether the risk and return are commensurate with the cost of capital, and other qualitative information. The Company follows a policy of reducing the shares that the holding of which is not considered significant, while considering timing and the effect on the market and the business.

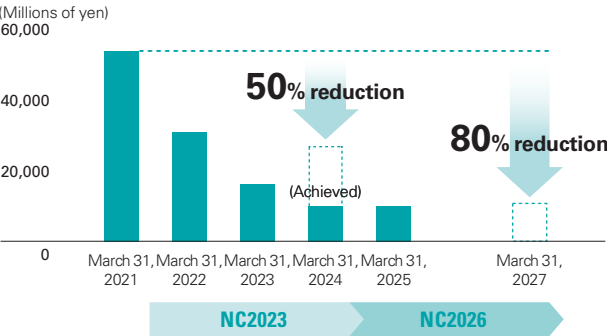
As part of the financial strategy in the three-year medium-term management plan, NC2026, which runs through FY2026, we are committed to improving asset efficiency and securing investment funds by curtailing strategically held shares, and are steadily implementing this policy.

We are gradually reducing strategically held shares toward the target set for the final year of NC2026, the fiscal year ending March 31, 2027.

Policy on reducing strategic shareholdings

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

Reduction of strategic shareholdings



Strategic shareholdings: Stocks listed in Japan

Sales of strategically held shares

FY2019	3,026 million yen
FY2020	2,944 million yen
FY2021	9,367 million yen
FY2022	10,076 million yen
FY2023	4,159 million yen
FY2024	2,922 million yen

Criteria for exercise of voting rights

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

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

Basic concepts

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

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

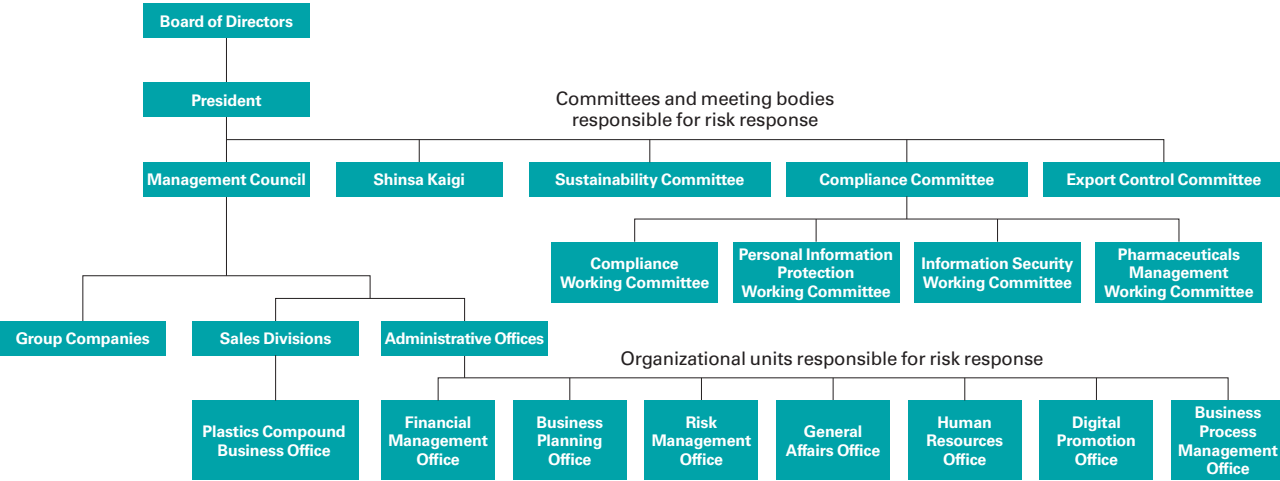
Risk management system and relevant organizational units

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

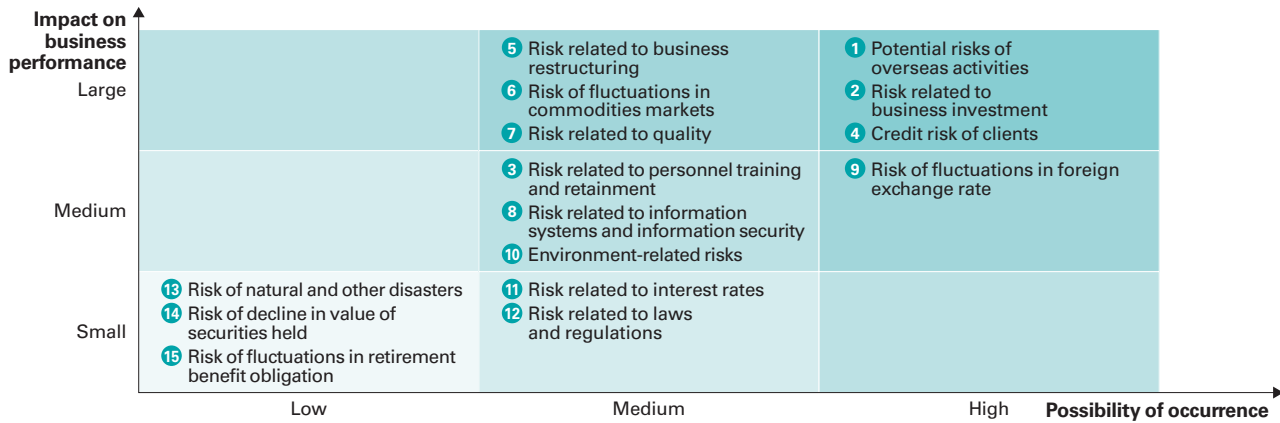
We have identified the 15 risks shown in the below risk matrix as the main risks faced by the Group. Mapping has been done on the matrix based on the probable impact of each risk on the Group’s business performance and the possibility of its occurrence using the responses on risk awareness of managers in the effectiveness evaluation of the Board of Directors conducted in FY2024 and other factors.

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

Risk management system and relevant organizational units



Risk matrix



Risks of high importance and related countermeasures

1 Potential risks of overseas activities

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

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

For sales in the consolidated fiscal year by region, Asia accounted for 46% of the total, having the largest influence on our business.

We have formulated and are implementing business continuity plans (BCPs)\*1 at our major overseas bases to serve as countermeasures for emergencies such as infectious disease outbreaks.

Relevant organizational units: Risk Management Office, Financial Management Office

\*1 Please refer to Business continuity plan (BCP) on page 109.

2 Risk related to business investment

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

In principle, the Group invests in minority interests with the main objective of expanding the *shosha* trading business, and limits the risks and amounts for investments in majority interests. Under NC2026, the Group aims to expand earnings through proactive investments as part of the Group-wide growth strategy.

For high-priority new investment projects, the specialized M&A department works in collaboration with the sales and other relevant departments to assess and analyze risks from both quantitative and qualitative perspectives.

Projects are then deliberated on by the Shinsa Kaigi. After the execution of investment, risks are monitored regularly, and appropriate measures are taken for projects that do not meet established criteria.

Relevant organizational units: Risk Management Office, Business Planning Office

3 Risk related to personnel training and retainment

Given that the Inabata Group’s core business is *shosha* trading, human capital is the most important asset and source for creating value for us. So that we can sustainably improve our corporate value, we need to train and retain diverse outstanding human resources that have expertise in core operational areas such as management, finance, and IT, as well as the four business fields we operate in, at our locations in Japan and overseas. Regarding the training and strengthening of our human capital as an important management agenda, we are progressively enhancing our internal system to train and retain personnel that will lead our efforts to create value. However, the declining birthrate, aging population, and increasing job mobility may make it difficult to fill our talent needs or become a hurdle in training personnel. In such cases, the Group’s financial position and business performance could be adversely affected.

Relevant organizational unit: Human Resources Office

4 Credit risk of clients

Group companies grant credit to many clients in Japan and abroad. Although we carry out credit management on a global scale, including our overseas clients as well, we cannot guarantee full collections. Therefore, there is a risk of adverse impact on the Inabata Group’s financial position and business performance due to the aggregation of bad-debt losses and allowance for doubtful accounts through bankruptcy and civil rehabilitation procedures and so on from contingencies concerning clients.

As of the end of the consolidated fiscal year, the Group’s notes receivable—trade and electronically recorded monetary claims—operating were 29,691 million yen, accounts receivable—trade were 173,813 million yen, and inventories were 86,732 million yen, the total of which accounted for 66% of total assets. Screening for credit of significant importance is conducted by the Shinsa Kaigi. With regard to accounts receivable—trade and inventories, we monitor and manage the balance of each consolidated Group company on a monthly basis.

Relevant organizational unit: Risk Management Office

5 Risk related to business restructuring

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

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

Relevant organizational unit: Risk Management Office

6 Risk of fluctuations in commodities markets

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

Relevant organizational units: Financial Management Office, each sales division

7 Risk related to quality

While we are a *shosha*, or Japanese trading company, group, we also own companies involved in manufacturing and processing in a variety of fields, including plastic compounding, plastic film, materials for medical products, and processed marine products, in Japan and abroad. We conduct quality management to ensure the reliability and safety of the products manufactured and processed by these companies. As a *shosha*, we also procure a diverse array of materials and products from our business partners in the four business areas of information & electronics, chemicals, life industry, and plastics, and sell them to our customers. For these materials and products, we ascertain global changes in relevant laws, regulations, and standards related to the environment and safety, working to manage quality accordingly.

However, it is difficult to completely avoid quality issues, and if any arise and result in loss, the Group may be held responsible. In such an event, the Group’s financial position and business performance could be adversely affected.

Relevant organizational units: Risk Management Office, Plastics Compound Business Office, each sales division

8 Risk related to information systems and information security

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

Moreover, given that remote work has increased with the advancement of work-style reforms, in addition to traditional antivirus software, we have introduced an endpoint detection and response system\*2 that monitors the behavior of devices, thereby working to enhance security in alignment with a “zero trust” approach. To address security incidents, we have established an internal Computer Security Incident Response Team (CSIRT) to respond quickly and accurately and are strengthening information sharing both internally and externally. Security monitoring is also performed 24 hours a day, 7 days a week by an external security operations center (SOC). Moreover, to mitigate the potential negative financial impact of cyberattacks and other similar incidents, we have obtained cyber insurance coverage.

Nevertheless, as cyberattacks are becoming increasingly sophisticated, it is difficult to completely block unauthorized external access and other threats, and the Group’s financial position and business performance may be adversely impacted if such unforeseen events occur.

Relevant organizational unit: Digital Promotion Office

\*2 A system that detects and analyzes suspicious behavior or virus infections occurring in real time on network-connected PCs and mobile devices and responds as necessary

9 Risk of fluctuations in foreign exchange rate

The Inabata Group engages in the production, sales, and trading of products and materials for overseas business development. In principle, we conduct hedging transactions through measures such as forward exchange contracts. However, we may be impacted by exchange rate fluctuations associated with foreign currency-denominated transactions. Furthermore, we convert items (including sales, expenses, and assets in each region) denominated in local currencies into Japanese yen for the preparation of consolidated financial statements. Consequently, the exchange rate at the time of conversion may impact the value after conversion into yen. For FY2024 foreign exchange losses were 811 million yen and foreign currency translation adjustment was 28,148 million yen.

Relevant organizational unit:  
Financial Management Office

Addressing other risks

Tax compliance

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

With regard to taxes, we recognize that one of our social responsibilities is to pay taxes according to related laws and regulations in each country or region and maintain transparency. We believe that proper tax payment contributes to economic development of the country or region and in return results in sustainable growth of the Group and improvement of our medium- to long-term corporate value. Therefore, we strive to minimize tax risk and maintain as well as improve tax compliance.

Business continuity plan (BCP)

Since 2018, we have been developing a BCP to protect the organization’s assets, primarily human life, and to ensure the rapid recovery and continuity of business in the event of a crisis. For Inabata, BCPs for each division were completed by the end of FY2023. In the following fiscal year, operational leaders were appointed in each division, and they led focused efforts to review the BCP

10 Environment-related risks

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

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

Relevant organizational unit: General Affairs Office

documents, raise awareness, and conduct training. Similarly, for Group companies worldwide, BCP documents for key facilities were completed and training began by FY2023. Including newly added Group companies, the plan is to complete both document preparation and training during FY2025. As a result, BCP development and implementation now cover 79 facilities and companies, encompassing nearly the entire consolidated scope. These BCP training exercises will be conducted annually on an ongoing basis.

In addition, we regularly conduct system-based safety confirmation drills, evacuation drills, and automated external defibrillator (AED) training sessions to enhance employee safety and readiness for business continuity.

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

- Strengthen Compliance and Anti-Corruption Efforts ➤ P110
- Climate Change ➤ P67–70
- Supply Chain Management and Human Rights ➤ P74–76

Basic approach

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

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

We have also formulated a policy on tax compliance.

Internal whistleblowing system

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

Inabata operates its internal whistleblowing system in accordance with the Internal Whistleblowing Rules. As regulations common to the above two whistleblowing routes, the rules clearly stipulate that persons engaged

in responding to whistleblowing are obliged to keep the provider anonymous, and that any attempts to identify the provider or any adverse treatment of the provider or those who cooperate with the investigation are strictly prohibited, ensuring that employees who use the system to provide information do not suffer consequences for whistleblowing.

When information is received, the rules provide clear procedures for communicating and verifying the information promptly and appropriately.

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

Anti-Corruption

Basic approach

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

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

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

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



Information security system

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

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

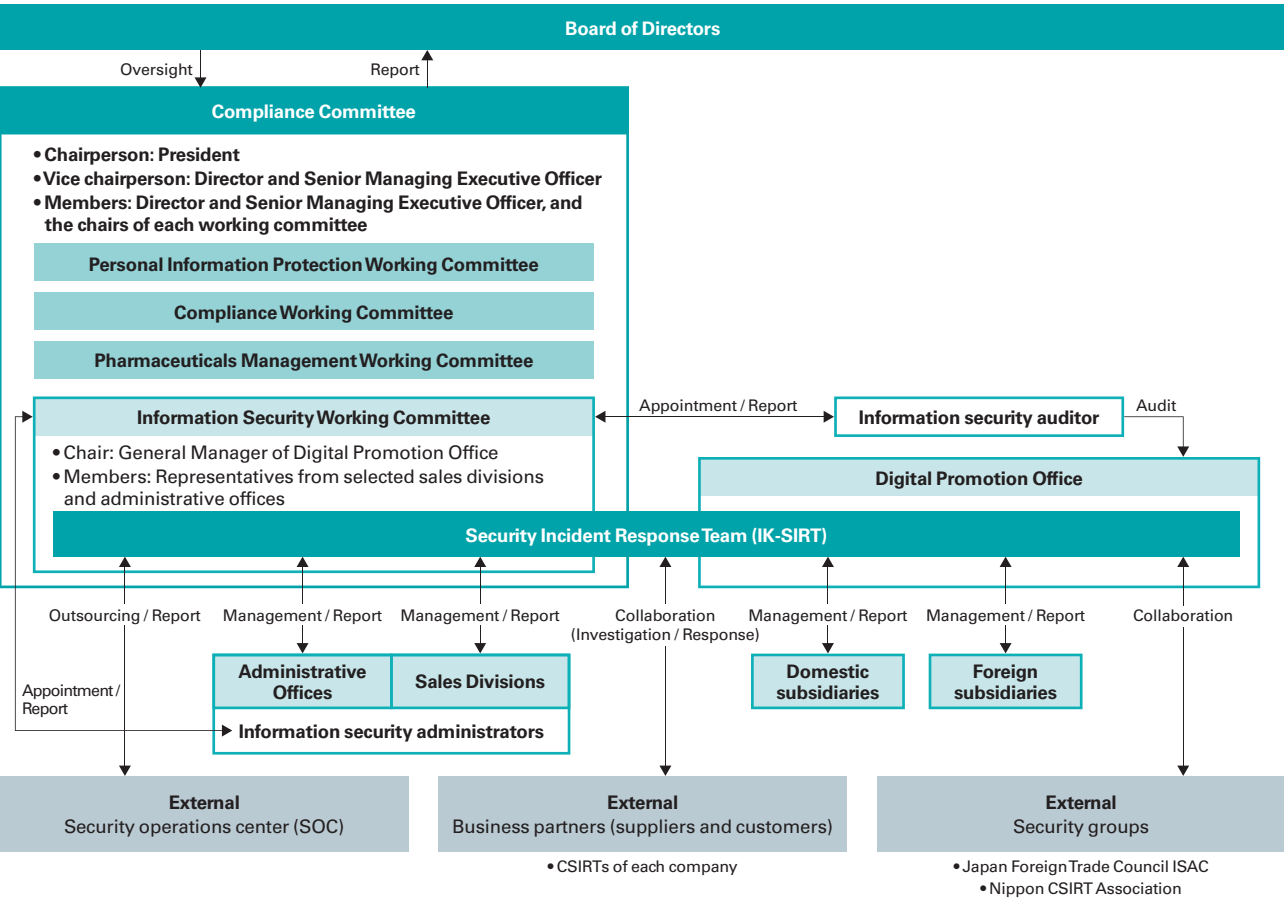
The Compliance Committee, as the higher organization, meets regularly four times a year and holds additional meetings as needed. At Compliance Committee meetings, the chair of the Information Security Working

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

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

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

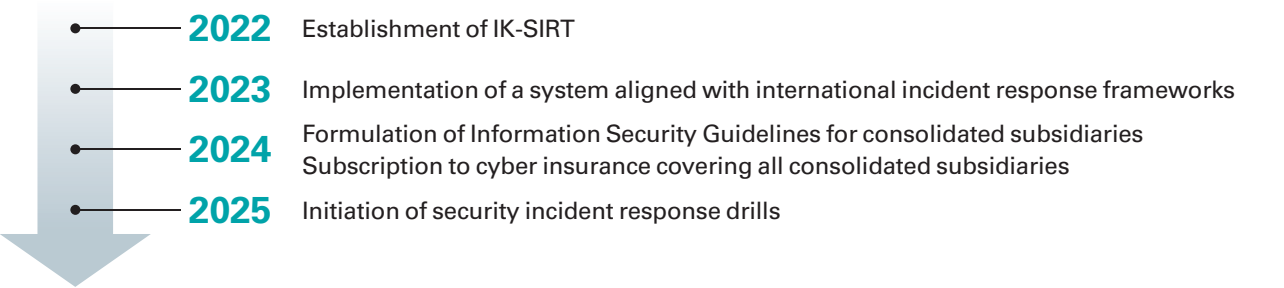
Information security structure



Further enhancement of the information security structure  
Cybersecurity incident drills from a business continuity perspective

Three years have passed since the establishment of IK-SIRT in 2022, during which the Inabata Group has steadily accumulated knowledge and experience in incident response. In 2025, with the goal of further enhancing the information security structure and ensuring business continuity, we will conduct drills simulating cybersecurity incidents across the Group. These exercises will focus on establishing a communication system for rapid coordination with internal and external organizations, updating manuals, and reviewing response workflows. Regular practical drills for security incident response are planned.

Enhancement of the information security structure



DX Promotion

Data-driven management leveraging core management data

As part of the digital strategy under the medium-term management plan NC2026, starting in FY2024 we are advancing initiatives toward data-driven management leveraging core management data.

The Inabata Group operates globally and handles a wide range of products. To become a data-driven company making decisions based on a Group-wide data platform, we have integrated master data for companies and products and systematized the automatic aggregation of consolidated results. This has led to the establishment of the global Consolidated Performance Data Management (CDAM) system, which provides visibility into the business flow.

Previously, collecting consolidated figures for monthly closing involved a significant amount of manual work. With this system, approximately 90% of management information across the Group, including both the parent company and consolidated subsidiaries, can now be viewed instantly in a centralized manner, improving operational efficiency and supporting faster management decision-making.

Improve productivity by leveraging generative AI services

As part of the digital strategy under NC2026, we are promoting company-wide initiatives to improve productivity by leveraging generative AI and related services.

Since FY2023, we have conducted a trial of Microsoft Corporation's Copilot, with 210 participants from all departments testing its application for operational efficiency. Among participants, 45% reported improvements in work speed and quality, and for certain tasks, 28% confirmed anticipated cost-effectiveness.

From FY2024, we have also begun using a closed generative AI environment within the Company, Azure OpenAI, to analyze internal sales information. By leveraging generative AI to extract customer insights from unstructured data in the sales division, such as daily work reports, we aim to enhance marketing activities. We will continue to advance initiatives to further improve operational efficiency in line with the evolving capabilities of AI technologies.