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November 2026

INABATA Integrated Report 2026

INABATA

Integrated Report

2026

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Editing Policy

This integrated report is prepared as an important tool that enables our stakeholders to understand the business activities and distinctive initiatives that drive value creation for the Inabata Group. In Integrated Report 2026, we report on the progress of the medium-term management plan, New Challenge 2026 (NC2026), and the Sustainability Medium-term Plan 2026, both launched in FY2024, while focusing on clearly communicating our strengths and future growth strategy.

- **Guidelines referenced:**
  Integrated Reporting Framework by the International Financial Reporting Standards (IFRS) Foundation,
  Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry (METI), etc.
- **Relevant period:** From April 2025 to March 2026
  (some information may not be limited to this period)
- **Relevant organizations:** Inabata & Co., Ltd. and its domestic and overseas Group companies

A cautionary note regarding future estimates

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

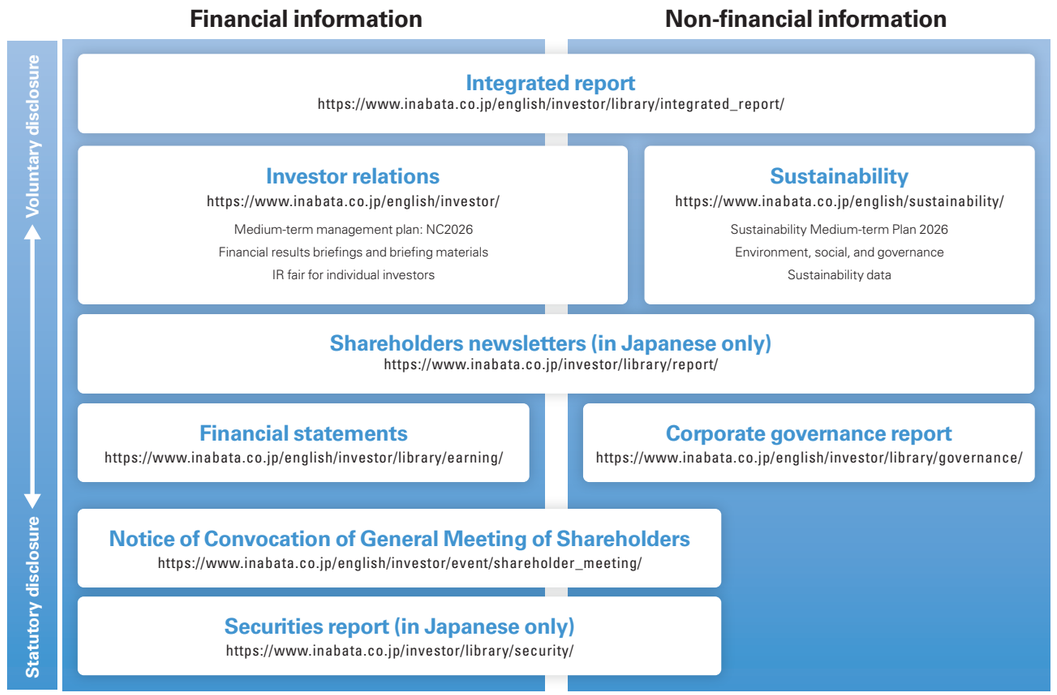
Cover design

The design combines the "continuity" symbolized by the traditional Japanese *ichimatsu* grid motif with heartfelt pink, which represents a bright, positive outlook and gently encourages an openness to change.

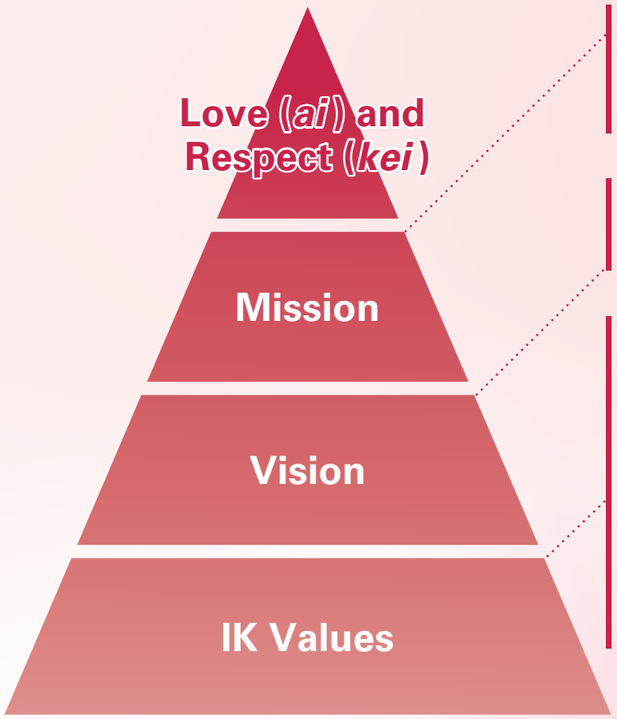
The unbroken pattern extending across the cover represents our commitment to continuing to make steady progress toward achieving our long-term vision, IK Vision 2030, in FY2026, the final year of our medium-term management plan, as well as our determination to carry the value we create through our businesses seamlessly and sustainably into the future.



Information disclosure system of the Inabata Group



IK INABATA



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

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

Ethics	To cherish integrity and respect for people
Aspiration	To continually challenge the limits with high ideals, big dreams and great passion
Organization	To prize dialogue and teamwork, and to treasure professional growth of employees
Role	To become the best partner of our clients, providing solutions from the clients' standpoint
Symbiosis	To grow with people across borders, sharing and respecting diverse values with the aim of co-prosperity

Corporate Message

Inabata's Corporate Message encompasses the Company's management philosophy—Mission, Vision, and IK Values—and serves as a unifying banner that communicates a consistent image both inside and outside the Company. Rooted in our founding values of "love (*ai*)" and "respect (*kei*)," the message was developed through company-wide discussions in which employees revisited these values, reflected on our role and values, and considered how we can best serve our clients in the future. The result expresses, in concise terms, the value we provide and the strengths we bring to that role.

Connecting your everyday. Weaving our future.

IK INABATA

At Inabata, we keep businesses moving
– quietly, reliably, and with purpose.
In moments of certainty and uncertainty alike, we're there.

Close to our clients, quick to respond,
and relentless in finding better solutions.
What sets us apart is not only our capability,
but our commitment to unlocking new possibilities.

Guided by love (*ai*) and respect (*kei*),
we move to elevate your business – and the society it shapes.

Agile. Human. Moving forward.
That's Inabata.

Note: In March 2026, the Company established its first Corporate Message. Please refer to page 22 for more information.

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

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



Katsutaro Inabata
Founder

Founding story

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

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



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



Replica of a cinematograph

Contributing to the modernization of culture

Holds Japan's first cinema show; Nikkatsu succeeds the business

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

Contribution to Social Development and Our History of Growth

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

Contribution to social development

1890— Delivering world-class technology to Japan

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

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



Inabata Senryoten at the time of founding

1950— Supporting heavy chemical industrialization and rapid economic growth

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

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



1980— Building a global supply network

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

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



2010— Contributing to a decarbonized society

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

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



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

Our history of growth

Social environment

1890— Early and Growth Period

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

1890
Inabata Senryoten established in Kyoto

1908
Branch established in Tianjin, China

1916
Katsutaro contributed to the establishment of Japan Dyestuff Manufacturing

1959
Imported polypropylene for the first time in Japan

1973
Listed on the First Section of the Tokyo Stock Exchange

1976
Overseas sales base established in Singapore

1980— Reform Period

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

1984
Separated the core pharmaceuticals business

1987–
Expanded overseas operations to countries including Thailand, Malaysia, France, Indonesia, and China

1990
100th anniversary

1999
Reorganized operations into five key areas—IT & Electronics, Housing Materials, Chemicals, Plastics, and Food—and restructured the business portfolio accordingly

2000–
Obtained ISO 14001 and ISO 9001 certifications

2010— The Fourth Founding Period

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

2010
Redefined the corporate philosophy framework to the Mission, Vision, and IK Values—centered on "love (*ai*)" and "respect (*kei*)"

2010–
Focused on environment-related business (solar cell-related, recycled resins, biomass power generation, etc.)

2014
Overseas sales ratio reached 50%

2019
Reorganized operations into the current four segments: Information & Electronics, Chemicals, Life Industry, and Plastics

2021
Established the Sustainability Committee
Established the Business Planning Office to accelerate investments
Enhanced shareholder returns by introducing progressive dividends

2022
Transition to a company with an audit and supervisory committee

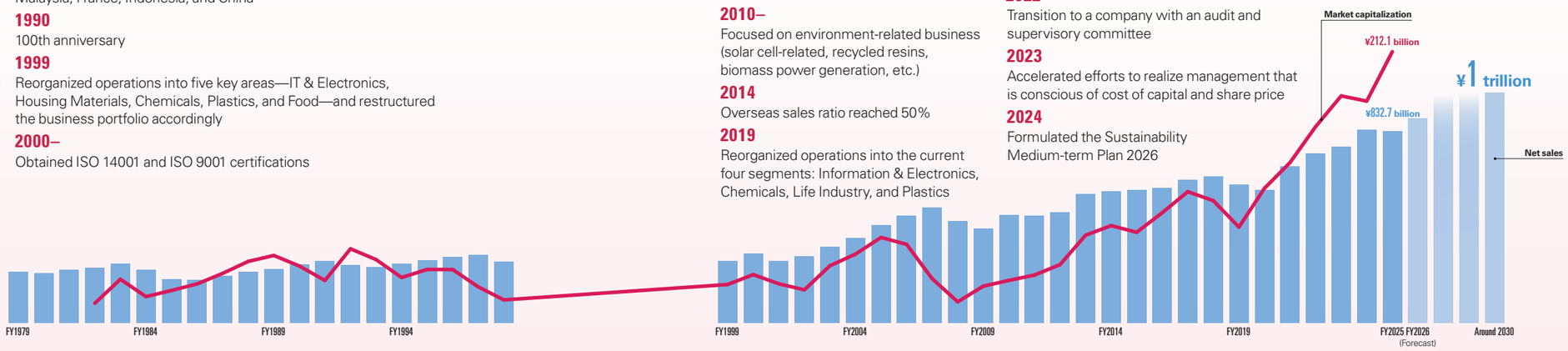
2023
Accelerated efforts to realize management that is conscious of cost of capital and share price

2024
Formulated the Sustainability Medium-term Plan 2026

2030—

IK Vision 2030
Toward 1 trillion yen in net sales

2026
Development of the Corporate Message



History of Our Business Portfolio

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

1890— Early Period

The era of founding and growth

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

1945— Growth Period

The era of restructuring and revival

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

1984— Reform Period

The era of challenges and hardship

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

2010— The Fourth Founding Period

The era of progress and creation

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

2030

Toward IK Vision 2030

Enhancing multifaceted capabilities and creating new business opportunities.

Founder Inabata and dyes

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

1897

Spinning machine (Société Alsacienne de Constructions Mécaniques)



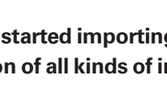
Dyes



Dye samples of Japan Dyestuff Manufacturing Co., Ltd.

Perfumes

Imported pharmaceuticals



February 1920 — **Machinery division**

February 1941 — Closed down

April 1959 — **Machinery and Metals division**

Restarted business with Société Alsacienne de Constructions Mécaniques in 1959 and established the Machinery and Metals division

June 1918 — **Dyeing division**

June 1918 — **Trading division**

Additives for plastics and rubber



Limited partnership company Inabata Koryo

The Perfume division separated in 1926 to become an independent entity and a limited partnership company Inabata Koryoten is established. The name was changed in 1966 to Inabata Koryo Co., Ltd.
Note: There is no capital relationship with our Company now.

January to November 1933 — **Pharmaceuticals division**

October 1946 — **Pharmaceuticals division**

Pharmaceuticals



Poleon Tablets
1941
Advertisement in *Shukan Asahi*

Materials for insecticides



January 1958 — **Chemicals division**

Succeeded the pharmaceutical ingredient business

Pharmaceuticals business separated October 1984

Sumitomo Pharmaceuticals Co., Ltd. (now Sumitomo Pharma Co., Ltd.) was established as a joint venture with Sumitomo Chemical Industry Co., Ltd. (now Sumitomo Chemical Co., Ltd.)

Cornstarch



October 1975 — **Food division**

Started selling cornstarch, which is a paste for cardboards, to the food industry as an auxiliary raw material for beer brewing

Shrimp for processing



Blueberries



April 2012
Life sciences-related products and services of the Chemicals Division integrated with the Food division

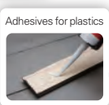
Particle boards



1963 Entered the housing materials industry with the sale of adhesives for plywood

October 1963 — **Housing Materials division**

Adhesives for plastics



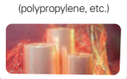
Vinyl chloride



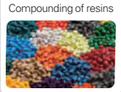
October 1961 — **Plastics division**

The Plastics division spun off from the Chemicals division
Also expanded market to durable consumer goods as the types of plastics increased and processing methods advanced

Resins (polypropylene, etc.)



Compounding of resins



Film products



Mask blanks



April 1977 — **Machinery and Housing Materials division**

Pellicles



May 1983 — **Machinery and Electronics Materials division**

Polarizing film materials for LCDs



Encapsulant for LEDs



Materials for OLEDs



April 1999 — **IT and Electronics division**

Silicone



Chemicals for papermaking



Dyes for printers



Materials for solar power generation



Renewable energy materials



Chemical materials for automobile components



Information & Electronics

- **Information & Electronics Division I**
- **Information & Electronics Division II**
- **Information & Electronics Division III**

Chemicals

- **Chemicals Division**

April 2019
Chemicals Division and Housing & Eco Materials Division restructured

Life Industry

- **Life Industry Division**

Materials for regenerative medicine



Plastics

- **Plastics Division I**
- **Plastics Division II**

Sporting goods



Resins for automobile components



Bioplastics / Recycled resins



Flow of major structural reorganization and the timing of the start of dealing in major items

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

Company information

Serving clients for

135 years

Number of employees on a consolidated basis

4,719

Number of affiliated companies

54

51 consolidated subsidiaries
3 equity-method affiliates

Global network

19 countries

Approx. 70 bases

(60 of which are located in 12 Asian countries, our powerhouse region)



Governance and sustainability

Employee engagement survey

Employees satisfied with their current work at Inabata **69%**

Ratio of employees with overseas posting experience*

39%



* Inabata & Co.

Ratio of home-grown talent to mid-career hires

6:4

Percentage of independent directors*

58% 7 of 12 directors



Business foundation and performance

Number of business partners

Approx. 10,000 companies



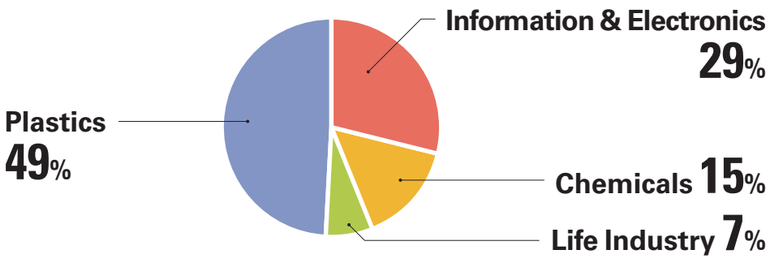
Ability to handle small-lot orders

Over 40,000 items handled annually

Annual production capacity of plastic compounds

198,000 MT/year

Net sales by business segment



Net sales

¥832.7 billion

Operating profit

¥26.1 billion Five-year CAGR **12%**



Overseas sales ratio

54%

Equity ratio

47%

ROE

9.3%

Total return ratio

49%

Message from the President



We will drive further growth by clearly defining our priority investment areas while enhancing our wide range of capabilities.

Katsutaro Inabata
President

The escalating tensions in the Middle East continue to create a highly uncertain business environment. Naturally, all four of our business segments have been significantly affected. As we closely monitor this rapidly evolving situation, we are strengthening our crisis management framework on the assumption that it could become prolonged and diversifying our procurement sources.
(Interview conducted in May 2026)

Progress toward IK Vision 2030 and NC2026

Evolution of our business portfolio for the next stage of growth

Cultivating businesses that will drive our next stage of growth across our business fields rather than relying on specific business domains

FY2025 saw continued moderate growth in the global economy overall, and our business performance remained generally solid. Our current medium-term management plan, New Challenge 2026 (NC2026), represents the third stage toward achieving IK Vision 2030, our long-term vision established in 2017. As the second year of NC2026, FY2025 saw net sales fall short of our target; however, we exceeded our profit targets, including operating profit, which achieved a record high for the sixth consecutive year. I believe these results reflect the steady execution of the company-wide and segment strategies set out in NC2026, as each business segment and our administrative affairs departments successfully translated initiatives into concrete actions. NC2026 has now entered its final year. While remaining focused on achieving its quantitative targets, we will also assess the gap between our current position and IK Vision 2030 and begin formulating the next medium-term management plan, which will serve as the final step toward realizing our long-term vision.

Under IK Vision 2030, we have set a target of increasing the share of businesses outside the Information & Electronics and Plastics segments to more than one-third of our overall business portfolio as one of our key milestones. However, because the Plastics and Information & Electronics segments have grown more strongly than anticipated, the relative share of the Chemicals and Life Industry segments has yet to reach our target. As I mentioned last year, the purpose of this target is to avoid becoming overly dependent on any particular business domain. From that perspective, what matters more is whether new business areas are emerging within the Plastics and Information & Electronics segments themselves. To give a specific example, with regard to the Information & Electronics segment, analysts have pointed out that our sales remain too heavily weighted toward flat panel display (FPD)-related business and that they do not see a convincing growth story for the segment. We recognized this challenge early on and have therefore focused on cultivating businesses in areas such as renewable energy and semiconductors that can succeed FPD-related business as the segment's primary growth driver. In the semiconductor-related business in particular, several promising investment opportunities have emerged, and the seeds of new businesses are steadily taking root.

In the Plastics segment, all of our key business areas, including automotive and office automation (OA), continue to perform solidly. However, one area of concern is the declining market share of Japanese automakers in China and Southeast Asia. We have been working to expand business with non-Japanese manufacturers for some time, and those efforts are beginning to bear fruit. Going forward, we intend to further increase the proportion of sales to such manufacturers. In addition, the explosive growth in AI servers is driving a sharp increase in demand for high-performance plastics used in electronic components, making this another important area of focus for us.

The four goals of IK Vision 2030

Long-term vision
IK Vision 2030

Consolidated net sales	Further enhancing multifaceted capabilities	At least one-third of sales and operating profit from business segments other than Information & Electronics and Plastics segments	Ratio of overseas sales
¥1 trillion or more	such as manufacturing, logistics, and finance, in addition to trading		70% or more

We also see significant growth opportunities in the life sciences and food-related areas within the Life Industry segment, and expect both areas to achieve substantial growth in the years ahead. In the life sciences field, products such as medical materials typically require a long lead time from identifying promising opportunities to launching sales, making progress difficult to see in the short term. Once adopted, however, they tend to generate stable sales that are less susceptible to economic cycles. These businesses make a meaningful contribution to society, and we see them as an indispensable part of our business portfolio. In the food business, we have been investing to build capabilities across the entire supply chain, from production and processing to sales. Looking ahead, we also intend to accelerate growth by expanding into the food industry, including the food technology sector.

Environment-related business

At present, global efforts toward carbon neutrality have lost some momentum due to factors such as the declining profitability of environmental investments, geopolitical developments, and shifts in government policies in various countries. Demand for EVs has also slowed, and our global sales of materials for automotive batteries have come under pressure. At the same time, we expect demand for autonomous driving to continue growing steadily. Because autonomous driving technology is well suited to EVs, we also expect EV demand to shift from its current slowdown to renewed growth in the near future. As the market continues to expand, batteries will remain a key enabling technology. We therefore intend to continue focusing on high-performance materials used in lithium-ion batteries and next-generation rechargeable batteries.

In addition to battery materials, we have established a number of environment-related businesses, including renewable energy-related products and recycled plastics, and have steadily grown their sales in line with our annual key performance indicators (KPIs) and targets. As a specialized trading company with a global business footprint, we see our involvement in this field not only as a responsibility but also as an area leading to the creation of new business opportunities. We will capitalize on these opportunities and translate them into the Group's continued growth.



Growth investments over the past two years

Growth investment

¥18.9 billion

Major growth investment projects*

M&A
- Establishment of Novacel Co., Ltd.
- Partial acquisition of Daigo Tsusho Co., Ltd. as a subsidiary
- Acquisition of Satoen Co., Ltd. as a subsidiary

Business investments
- Environment and energy-related
- Semiconductor-related
- Automotive materials
- Food-related
- Plastic additive and recycled resin-related

Future synergies
- Enhance compounding capabilities and strengthen development capabilities
- Strengthen the competitiveness of the synthetic resin business
- Strengthen sales capabilities through overseas expansion and e-commerce websites
- Expand downstream operations in the food business
- Expand existing businesses by securing new business rights

* Cash outflow basis

Growth investment strategy and enhancing our multifaceted capabilities

Accelerating growth through an increased focus on majority investments

Our investment strategy has traditionally emphasized synergies with our existing businesses, resulting primarily in minority investments aimed at acquiring business rights. Under NC2026, while maintaining this basic approach, we have shifted toward majority investments that provide management control, enabling us to accelerate growth. In fact, over the past two years, we have evaluated a large number of investment opportunities and carried out business investments, including M&A, at a pace exceeding that of previous years. In particular, our acquisitions of Daigo Tsusho Co., Ltd. and Satoen Co., Ltd. as subsidiaries in the food business have also enabled us to acquire new customer bases, and we are encouraged by the progress we have made.

The Business Planning Office, which is responsible for sourcing and screening investment opportunities, has now been in operation for just over five years. We recognize that successfully executing increasingly complex M&A transactions requires developing talent capable of effectively leading the post-merger integration (PMI) process, and we are strengthening the organization of this office accordingly. Going forward, we intend to continue investing primarily in our priority fields of semiconductors, regenerative medicine, and agriculture and food processing. More importantly, when making investments, we focus on whether it enables the target company to achieve sustained growth and delivers the synergies we envisioned.

Manufacturing, processing, and quality control

As we place greater emphasis on majority investments, we expect to increasingly bring full-scale manufacturing and processing capabilities into our Group. We need to consolidate the production and manufacturing management expertise that has until now been dispersed across our Group companies. We also need to establish robust headquarters-level oversight of quality control and quality assurance. With these objectives in mind, we established the Manufacturing Site Support Department (name changed to the Manufacturing Site Management Department in July 2026) within the Affiliate Management Office in April 2025. The Plastics Compound Business Office has long performed a similar role for our synthetic resin compounding business. Looking ahead, these two units will work closely together, while we also consider integrating their functions over the longer term.

Strengthening competitiveness through a "field-oriented" approach

Proving itself effective even in responding to the Middle East crisis

Many of our employees seem to feel that our business

style is not always so "stylish." By this, they do not mean anything negative. Rather, they are referring to the field-oriented mindset, which means working hard closely with our clients, guided by the core values that have long been central to our culture. Not only in their day-to-day sales activities but also during unprecedented events such as the COVID-19 pandemic and major earthquakes, our employees have visited customers and business partners in person whenever possible to gather firsthand information. Rather than relying solely on the abundance of information available online and trying to analyze every situation from behind a desk, we believe in getting out into the field and seeing reality for ourselves. This determination to get out into the field and find the clues to solving problems firsthand characterizes our business style.

Such an approach will also prove invaluable in responding to crises such as the current situation in the Middle East. As AI continues to spread rapidly, I believe firsthand information that can only be obtained in the field has become more valuable than ever amid the vast volume of information now circulating around the world. That is why we believe we must continue to get out into the field whenever possible in pursuit of firsthand information. Of course, AI is rapidly becoming an indispensable tool for improving productivity in our trading business, and I believe we should continue to expand its use. However, while AI may provide answers, it cannot take action on our behalf, and the information it draws upon ultimately originates from data that someone has gathered and input. The importance of getting out into the field to obtain information before it ever becomes data that can be fed into AI has not changed. Indeed, I believe this is where our greatest strengths lie.

Even amid our response to the current situation in the Middle East, I have already heard of several cases where our efforts have led us to find new products and new sourcing channels. As a company that connects supply chains, we will continue striving to meet the expectations of our customers and business partners.

What makes a strong organization

I have spoken about our field-oriented approach as one of our strengths. Of course, however, that alone is not enough to stay competitive. The question, then, is what it takes for this field-oriented approach to translate into organizational strength—in other words, what defines a strong organization. The answer may sound straightforward, but I would highlight two key points. The first is having an organization made up of strong, self-reliant individuals. Coach Hajime Moriyasu, who leads Japan's national soccer team, has also emphasized the importance of raising the level of individual capabilities. No matter how sophisticated a team's tactics may be, it cannot win without players who have the individual ability to execute them. This may be true of any organization, but I believe an organization is strong when it is made up of people who think for themselves and act on their own initiative rather than waiting for instructions. There is no single, definitive formula for developing strong, self-reliant people. However, I believe it is essential for managers to provide close yet nonintrusive support while giving them a wide range of opportunities to gain experience.

The second is ensuring that our philosophy and values are firmly rooted throughout the organization. It is precisely because people share these principles and values that they are able to make decisions and act independently. Today, our diverse workforce is active across approximately 70 locations in 19 countries. As we continue to grow globally, our success will depend on how effectively we cultivate local employees who share the Group's philosophy and values and are able to think and act independently. At the same time as promoting more local employees into leadership positions, we recognize the importance of rooting our philosophy and values throughout the Group. With that in mind, we have revamped the tools used for these initiatives and, this year, resumed the program across our operations in Japan and overseas after it had been suspended during the pandemic.

Beyond IK Vision 2030

Continuing to be valued by society and our customers

Over the past few years, our shareholder base has expanded significantly, particularly among individual investors. I would like to take this opportunity to once again express my sincere appreciation for your continued support. At this year's General Meeting of Shareholders, I



also received a question regarding the selection of my successor, highlighting the strong interest our shareholders have in our succession planning. As part of our succession planning, we have long identified successor candidates for the heads of each business division and key operations in Japan and overseas, while systematically rotating them through different roles to broaden their experience. We have also shared the status of this talent pool with the Nominating and Remuneration Committee, which has drawn on it in selecting executive officers and directors. Accordingly, the selection of the next president can be seen as a natural extension of this process. While I would prefer not to comment on the specific timing, the Nominating and Remuneration Committee will continue to deepen its discussions, taking into account the business environment at the time, before making a final decision. If I were to name one essential qualification, it would be someone who truly understands and embodies the IK Values.

We now have just over four years remaining until 2030, the target year of IK Vision 2030. Both inside and outside the Company, we have also begun to receive questions about what comes after 2030—in other words, what kind of company we aspire to become beyond IK Vision 2030. We intend to deepen our discussions on what comes after 2030 during the period of the next medium-term management plan. At this stage, however, I will simply say that the answer already lies within the future we aspire to create, as articulated in our Vision.*

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

At the beginning of 2026, we also introduced a new Corporate Message: "Connecting your everyday. Weaving our future." This message was chosen through an online vote by employees at our headquarters and Group companies in Japan and overseas from proposals developed by several teams of selected employees. In that sense, it is truly a message created by our entire Group. It also expresses the kind of company we aspire to be, both now and in the future. We are now operating in an economic environment that truly puts this message to the test. Even so, we will continue striving to meet the expectations of all our stakeholders and deliver sustainable growth, and we sincerely appreciate your continued support.

稲畑勝太郎

Katsutaro Inabata
President

Value Creation Process

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

Capital investment → **Unique values** → **Development of strengths** → **Evolving our business models across four business segments by leveraging these strengths** → **Strategic execution of corporate activities and disciplined capital allocation** → **Creation and expansion of economic and social value**

Capital (Inputs)

➤ Page 19

Financial capital

Equity ratio
47.3%*1

Net D/E ratio
0.06 times*1

Human capital

Number of employees on a consolidated basis
4,719*1

Employees in the trading business
2,019*1, 2

Social and relationship capital

Number of business partners
Approx. 10,000 companies

Global network
Approx. 70 bases in 19 countries

Manufactured capital

Manufacturing & processing base
26 companies*1

Annual production capacity of plastic compounds:
198,000 MT/Y*1

*1 As of March 31, 2026
*2 The number of employees at the trading companies

External environment changes affecting client needs
Transition to a decarbonized and circular society, demographic changes, technological innovation, geopolitical confrontations, and growing awareness of sustainability

IK Values

Strengths
➤ Page 20

- Sustainable and stable business growth
- Human resources with strong expertise in chemicals field
- Highly specialized knowledge and business adaptability
- Trusted relationships with stakeholders
- Robust financial base
- Solid business foundation in Asia

Business Model
➤ Page 25

Multifaceted capabilities complementing the core trading function

Core function **Trading**

Logistics function

Manufacturing & processing function

Finance function

Investments contributing to trading
Business domains where Inabata's expertise and strengths can be leveraged

Business investments (Growth investment)

Four Business Segments

- **Information & Electronics** ➤ Page 49
- **Chemicals** ➤ Page 51
- **Life Industry** ➤ Page 53
- **Plastics** ➤ Page 57

Materiality
➤ Page 37

Management Base

Spirit of love (*ai*) and respect (*kei*)

Corporate governance | Risk management | Compliance | Financial base | IT infrastructure

Management Strategy
➤ Page 29

Medium-term management plan NC2026
➤ Page 31

Company-wide growth strategy
Acceleration of growth through proactive investment

Segment growth strategy

- **Core**: Further develop core businesses
- **Growth**: Bolster initiatives and accelerate profitability in growth areas
- **Next**: Explore promising business fields and regions

Management base strategy
➤ Page 32

- **Financial strategy**
- **Digital strategy**
- **Sustainability strategy**
  Sustainability Medium-term Plan 2026
  ➤ Page 37

Our vision for 2030

Long-term vision IK Vision 2030
➤ Page 29

Consolidated net sales
¥1 trillion or more

Enhance multifaceted capabilities

Business portfolio

Net sales and operating profit generated outside of Japan
70% or more

Our vision for 2030 to 2050

Sustainability long-term vision

Achieve carbon neutrality by FY2050

Value Creation (Outcomes)

Operational

Inabata Group
- Building a resilient supply chain
- Providing diverse products and solutions that respond to change

Financial

Inabata Group
- Maximizing cash flow

Society
- Enhancing shareholder returns

Environmental

Society
- Creating a decarbonized and circular society
- Conserving biodiversity

Social

Inabata Group
- Building solid and trusting relationships with stakeholders
- Improving employee well-being and value creation

Society
- Creating a society that respects human rights
- Building an enriched society with a high quality of life and ensured safety and security

Mission

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

Vision

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

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

The Inabata Group regards the four forms of capital we have cultivated over more than 130 years—financial capital, human capital, social and relationship capital, and manufactured capital—as the foundation of our management, and has continually strengthened them while leveraging the synergies among them. Supported by the IK Values, which embody the Inabata Group's values, these forms of capital are continually refined through our business activities, creating the strengths that underpin our competitive advantage. Even in a rapidly changing business environment, we will continue to evolve our value proposition of delivering optimal supply chain solutions through investments in our capital and the further refining of our strengths, while striving to sustainably increase our corporate value.

Capital investment

	Capital description	Key indicators	Key initiatives to strengthen
Financial capital 	**Management foundation that enables sustainable growth and agile business development**	**Equity ratio*1** 47.3% **Net D/E ratio*1** 0.06 times	• Continuously implement management with a strong focus on capital efficiency • Optimize capital allocation by decreasing strategically held shares • Diversify financing methods, including the issuance of corporate bonds • Focus on shareholder returns, including paying progressive dividends • Implement measures to realize management conscious of cost of capital and share price
Human capital 	**Source of value creation and competitive advantage**	**Number of employees on a consolidated basis (people)*1** 4,719 **Employees in the trading business*1,2** 2,019	• Permeate the corporate mission and IK Values throughout the Group • Promote well-being initiatives based on engagement survey findings • Foster an environment where diverse talent can thrive (promoting D&I) • Continue investing in health and productivity management and human resource development
Social and relationship capital 	**Foundation for generating internal and external synergistic effects**	**Number of business partners** Approx. 10,000 companies **Global network** 19 countries Approx. 70 bases	• Strengthen trust-based relationships with existing partners • Cultivate new, promising business partners • Actively expand into growth markets • Build a sustainable supply chain • Ensure information disclosure and transparency
Manufactured capital 	**A unique foundation that extends the value of our trading company functions**	**Manufacturing & processing base*1** 26 companies **Annual production capacity of plastic compounds*1** 198,000 MT/Y	• Enhance the functional integration of the global manufacturing network • Optimize operational efficiency and strengthen production capacity • Improve manufacturing technology • Strengthen the quality management system • Implement environmental measures in manufacturing

*1 As of March 31, 2026 *2 The number of employees at the trading companies

Competitive advantages driven by our capital and strengths

Response capabilities driven by agility and swift decision-making	Our headquarters and domestic and overseas operations work as one, enabling rapid information sharing and swift decision-making to respond quickly and flexibly to changing market conditions and client needs, even in highly specialized, high-mix, small-lot projects that are difficult for larger trading companies to handle.
Execution capabilities backed by our global network	Our network of approximately 70 locations across 19 countries gives us a distinct competitive advantage by enabling us to provide seamless support from gathering local market intelligence through to commercialization.
Collaborative capabilities enabled by our open business model	As a trading company without products of our own, we are not tied to any particular products or technologies. This gives us the flexibility to identify and combine the best partners to deliver the optimal solution for each customer. Our commitment to continually exploring new possibilities is itself a lasting source of competitive strength in rapidly changing markets.

Unique values

IK Values

To cherish integrity and respect for people (ethics)

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

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

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

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

Development of strengths

Business creation

Sustainable and stable business growth

Our business has continued to grow steadily, with operating profit reaching a record high for the sixth consecutive fiscal year. The Group's business has established strong market recognition, built trust, and realized sustainable, stable growth.

Human resources with strong expertise in chemicals field

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

Highly specialized knowledge and business adaptability

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

Trusted relationships with stakeholders

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

Robust financial base

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

Solid business foundation in Asia ➤ Page 23

Starting with the establishment of our Singapore office in 1976, we expanded our plastics business in Southeast Asia and our FPD-related business in Northeast Asia, building a strong business foundation. We currently operate 60 facilities across 12 countries.

Investments in our management foundation in FY2025

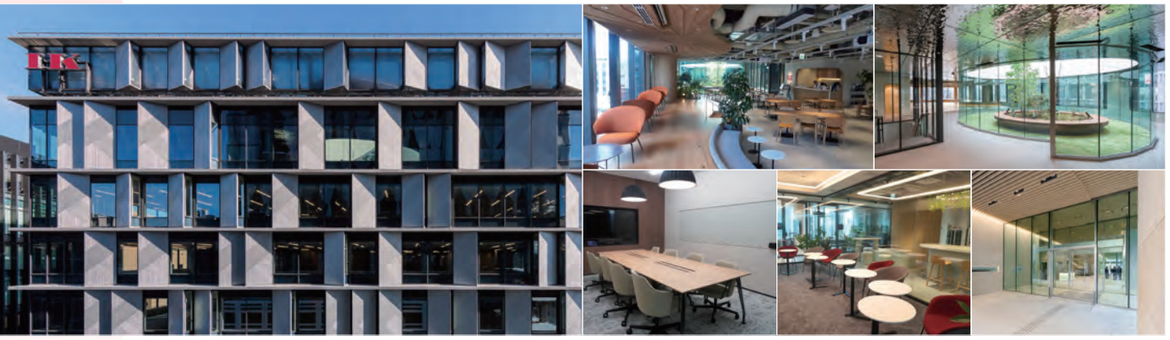
The Inabata Group has pursued sustainable value creation by transforming diverse forms of capital, including financial, human, social and relationship, and manufactured capital, into competitive strengths centered on the IK Values. In FY2025, we made strategic reinvestments in these forms of capital to elevate them to the next stage of growth. The completion of our new Tokyo Head Office represents a strategic investment in our management foundation to maximize employee performance and foster collaboration both within and outside the Group, while enhancing the value of our human capital and social and relationship capital. Our newly established Corporate Message is intended to clearly articulate the value we provide and our competitive strengths, while enhancing intangible assets such as brand value and trust by sharing it across the Group on a global basis.

Completion of our new Tokyo Head Office

A place that supports value creation by enhancing employee productivity and fostering collaboration

Our new Tokyo Head Office, which began operations in March 2026, was developed as the hub of the Group's management functions to maximize the value of our human capital and social and relationship capital. This redevelopment project is a strategic investment in our management foundation that leverages our location in Tokyo, the center of Japan's business activity, to promote dialogue and collaboration both within and outside the Group.

To prioritize the safety of our employees, we incorporated the latest seismic isolation technology. In addition to building features that enhance productivity and improve the work environment, the office incorporates a floor layout and shared spaces designed to encourage interaction across departments and roles, creating an environment that strengthens organizational collaboration and fosters creativity. The office also incorporates features that enhance the quality of day-to-day operations, including circulation design that balances visitor convenience with security. From an environmental perspective, the building delivers high environmental performance, including achieving Net Zero Energy Building (ZEB) Ready certification, the highest S rating under Comprehensive Assessment System for Built Environment Efficiency (CASBEE), and the highest Level 6 rating under Building-Housing Energy-efficiency Labeling System (BELS). It also incorporates facilities and systems designed to reduce environmental impact, with construction financed through sustainable finance.



We are strengthening our management foundation by enhancing our major sites in Japan as regional hubs for our trading operations. Drawing on the insights gained from the Tokyo Head Office project, we will progressively strengthen the functions of our Osaka Head Office and Nagoya Office.



Tokyo Head Office
As the Group's management hub, located at the center of Japan's business environment, the Tokyo Head Office supports value creation across the Group by leveraging connections with diverse talent and business partners.



Osaka Head Office
Serving as the Group's principal trading hub in western Japan, the Osaka Head Office brings together the Group's expertise and market intelligence to respond with agility to regional market needs.



Nagoya Office
As a locally focused base in the Chubu region, the Nagoya Office leverages its proximity to customers to provide prompt, attentive service. (Photo shows the building where the Company is located.)



Workshop and presentation competition

Development of the Corporate Message

Based on the spirit of "love (*ai*)" and "respect (*kei*)," employees and executives came together to articulate the value of Inabata.

Background

Through a series of discussions between the President and employees held in 2024, the Company recognized the need to reaffirm its unique strengths, identity, and aspirations to ensure that, even as ways of working and values continue to diversify, employees across the Group share a common set of values and move forward with a unified sense of purpose.

As part of this initiative, we launched the MOVE MOVE PROJECT, an internal initiative, in 2025. With the aim of expressing the principles that underpin the Mission, Vision, and IK Values in employees' own words, we engaged employees across the Company in an extensive series of discussions. Over the course of approximately 10 months, employees participated in company-wide surveys, workshops, and voting on proposed messages, through which the project evolved beyond the development of a brand message into an initiative to redefine the source of Inabata's long-standing value creation.

Project journey

The project centered on three workshops and a presentation competition involving 17 project members selected from across the Company. The emphasis was on the whole process of participants sharing the perspectives and experiences they value in their day-to-day work and refining them into words that capture the essence of Inabata. By sharing updates from each session with Group companies, including those overseas, the project expanded into a group-wide discussion, with employees across the Group participating in the vote following the presentation competition.

All members of the Board, led by the independent directors, actively participated in the discussions, and their questions and advice from diverse perspectives helped enhance the quality of the message. The process itself of employees and Board members working together to articulate the Company's values became an important opportunity to strengthen organizational unity.

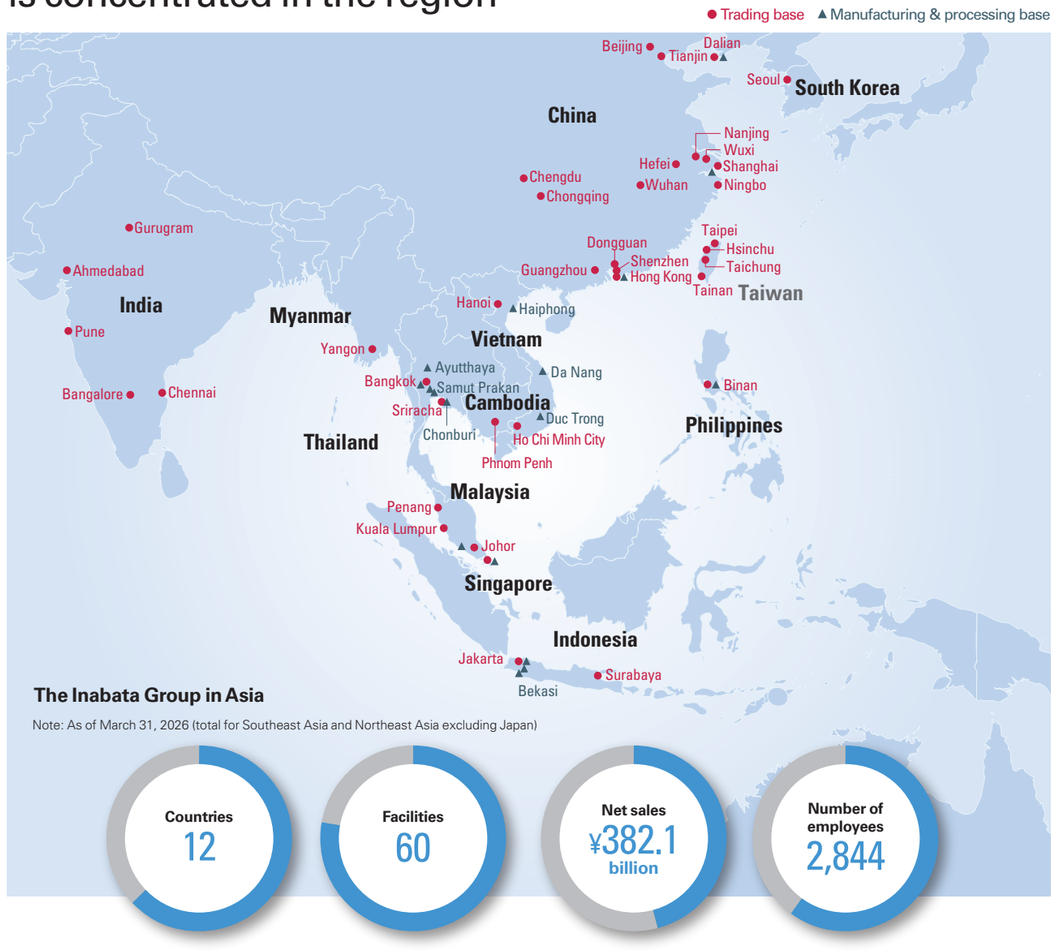


Behind the Corporate Message

The Corporate Message developed through this process consists of the tagline, "Connecting your everyday. Weaving our future." and an accompanying statement that reflects the thinking and actions behind it. Together, they express what has long defined Inabata and the Company's aspirations for the future.

By combining the expertise and networks we have cultivated over many years with the integrity and commitment of each employee, we will continue to create value around the world. Using this message as our common language, we will continue to strengthen our business activities and communication with stakeholders, both inside and outside the Company.

Solid business foundation in Asia: Nearly 60% of our consolidated human capital is concentrated in the region



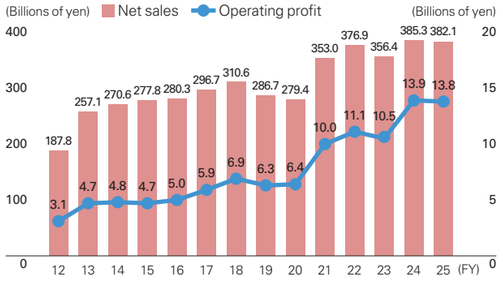
The Inabata Group has established a strong business foundation in Asia based on its highly specialized knowledge and business adaptability derived from its global network.

Since establishing a sales base in Singapore in 1976, the Group has steadily expanded its network in Southeast Asia and Northeast Asia. It now has 60 facilities across 12 Asian countries, excluding Japan, with approximately 2,800 employees, accounting for over 60% of the consolidated total workforce.

In business, the Group has increased its plastics business in Southeast Asia by leveraging the differentiation provided by its plastic compounding business (refer to page 27). In addition, the Group has grown primarily in Northeast Asia with a focus on flat panel display (FPD) materials.

Sales in the Asia region excluding Japan have roughly doubled over the past 13 years, while operating profit has increased approximately 4.5 times.

Net sales and operating profit in the Asia region (excluding Japan)



TOPICS 1 Background to business expansion in Asia: Plastics business

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

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

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

Our strength lies in our ability to cater to diverse, small-quantity needs that major trading companies often find challenging to address. We can also provide support close to our customers' overseas locations—an advantage that smaller trading companies typically struggle with (refer to page 27).



President Inabata with staff at the plastic compound factory in Indonesia

TOPICS 2 Background to business expansion in Asia: Information & Electronics business

Our FPD-related business in the Information & Electronics segment began in 1990 with the sale of raw materials for polarizing films, namely polyvinyl alcohol (PVA) film. By responding quickly to changes in the FPD market, we expanded both our customer base and business scope, growing the business into one of our core operations.

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

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

Leveraging the strong business foundation we established in Asia through our FPD business, we are now focusing on expanding our semiconductor-related business. Looking ahead, we aim to further strengthen our semiconductor-related business by establishing a stronger presence in Northeast Asia, where semiconductor technologies are expected to become increasingly concentrated. To achieve this, we are expanding our product portfolio while pursuing M&A and other initiatives to acquire technologies and business rights.

Evolution of the FPD-related business

1990s	• Started with the sale of materials for polarizing films (PVA films) in 1990. • Began selling polarizing films to major Japanese panel manufacturers in 1993.
2000s	• Responded to the emergence of major panel manufacturers in Taiwan by establishing a local processing facility for polarizing films. In 2001, transferred operations to a joint venture with Sumitomo Chemical Co., Ltd., and took charge of sales. • Quickly established transactions with major panel manufacturers in China, capturing market expansion driven by the proliferation of laptops, the shift to FPD televisions, and the rapid growth of smartphones.
2010s	• Capitalized on trends such as OLED technology and next-generation FPDs, and extensively expanded the product range.

Business Model

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

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

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

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

Logistics function

Business investments (Growth investment)

Finance function

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

Core function **Trading**

Manufacturing & processing function

We increase the added value that we provide to customers by offering the manufacturing and processing functions needed in areas close to their production bases. We also contribute to the expansion of our trading business by delivering one-stop service for material procurement, manufacturing, and processing through our global network.

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

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

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

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

Business model evolution

Inventory-based business
Inabata warehouses
Specialized transport
VMI
E-commerce
Recycling business
Food processing
Plastic compounding business
Product development
Company-owned farms
Contract manufacturing
Research and development

Commitment to trading

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

Plastic compound manufacturing and processing: Core of value creation in the Plastics business

The Plastics segment, which is one of Inabata's key segments, expanded overseas using the strength of the plastic compound manufacturing and processing business (compounding business) and grew to a segment that accounts for close to 50%* of our consolidated net sales. As Japanese electronics manufacturers transferred their production bases to Southeast Asia in the latter half of the 1970s, we followed suit, building our first overseas plastic compound manufacturing and processing base (compounding factory) in Singapore. And as our customers in the office automation (OA) and automotive industries broadened their businesses globally, we expanded our network of trading companies and manufacturing and processing bases in Southeast Asia, China, and Mexico. Many of our major customers have production bases around the world and need supply and distribution services for materials of the same quality.

By operating compounding businesses at seven locations in seven countries, mainly in Asia, we are able to offer not only trading functions but also the added value that our customers expect, and this has become the strength for which we are preferred by our customers.

* Of the 832.7 billion yen in consolidated net sales for FY2025, sales in the Plastics segment amounted to 407.9 billion yen (49.0%).

What is plastic compounding?

Processing that adds functions such as weather resistance by blending and coloring base resins with pigments, additives, and other resins according to their intended use



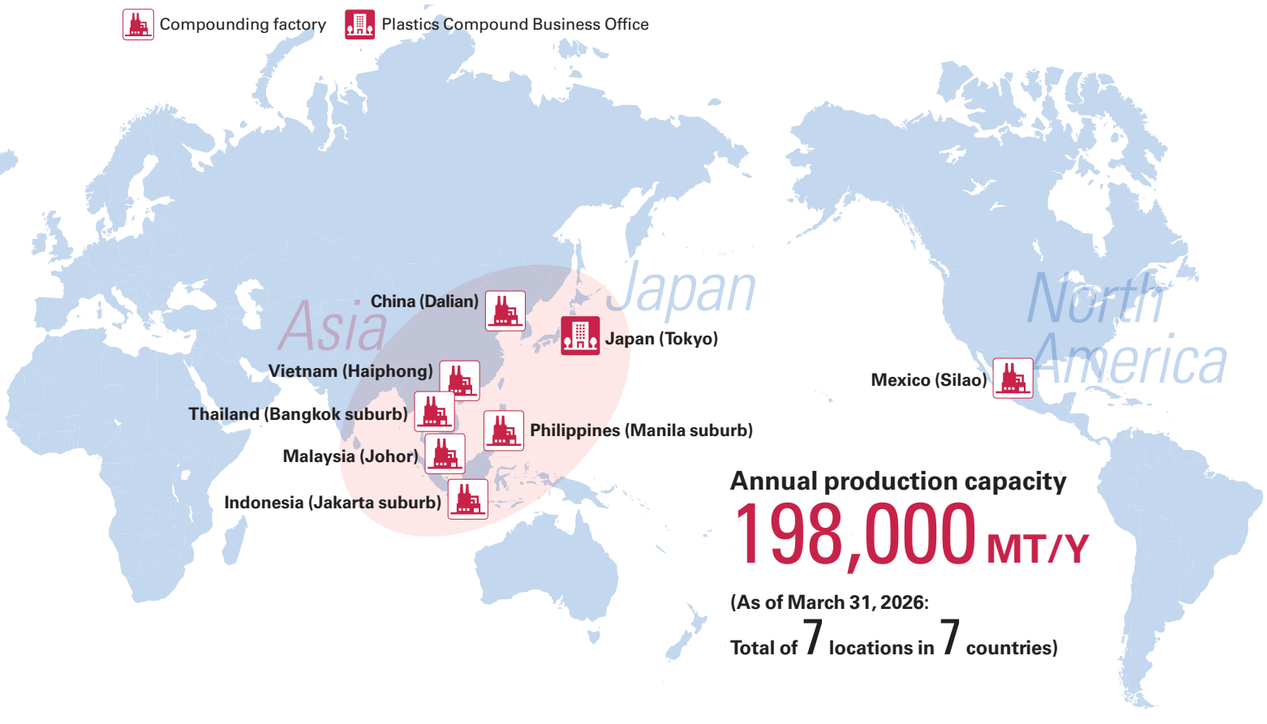
Base resins

Blending and coloring base resins with pigments, additives, other resins, etc.



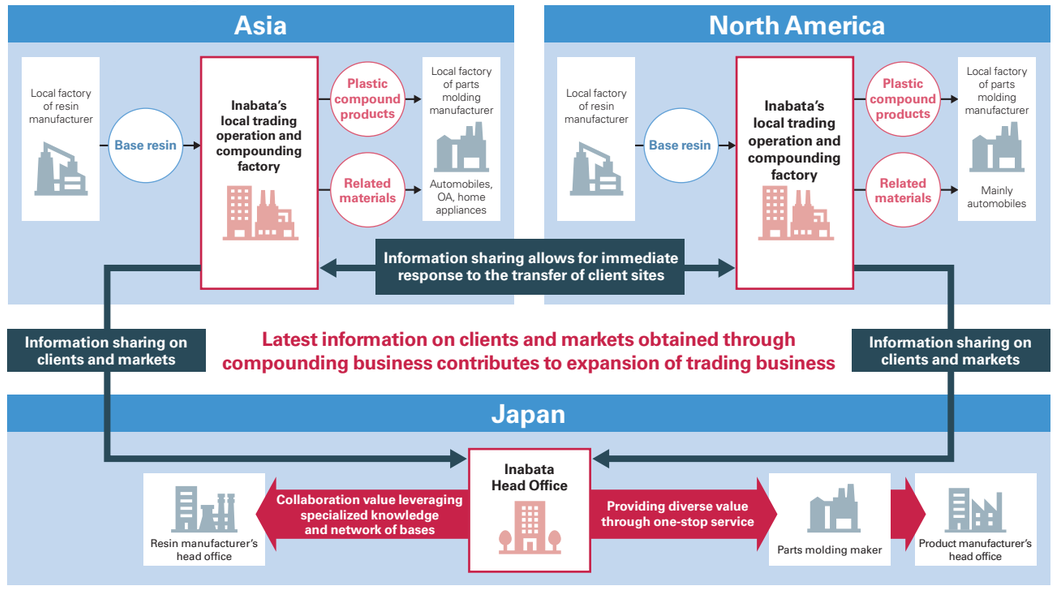
Plastic compounding
Adding functions such as coloring and weather resistance

Plastic compounding, manufacturing, and processing network across Asia



Annual production capacity
198,000 MT/Y
(As of March 31, 2026: Total of 7 locations in 7 countries)

Plastic compounding business model



Strengths of Inabata's plastic compounding businesses

Industry-leading production capabilities and network	We have established a production network spanning seven locations in seven countries across Asia, with a total annual production capacity of 198,000 metric tons, making us one of the industry's largest trading company-affiliated plastic compounders. In addition, our global production network enables us to respond flexibly to customers' localization and production transfer needs.
High-value-added solutions through integrated trading and manufacturing capabilities	By combining our trading functions, including procurement, logistics, and market intelligence, with our plastic compound manufacturing and processing capabilities, we provide total solutions spanning material supply, processing, and transportation.
Integrated global customer support	Through our integrated domestic and international support structure, we provide prompt access to information, one-stop pricing negotiations, and a stable supply of products, while seamlessly supporting our customers' global expansion.

Accelerating growth in the plastic compounding business through Novacel

To further enhance and accelerate growth in its plastic compounding business, Inabata established Novacel Co., Ltd. as a joint venture with Daicel Corporation on April 1, 2024. The company assumed responsibility for resin coloring and plastic compounding research, development, and sales, combining the technologies and expertise of both companies with Inabata's global network to create high-value-added products and strengthen its supply capabilities. Going forward, Novacel will reinforce its business foundation by leveraging overseas production sites, expanding contract manufacturing, and further enhancing quality and operational efficiency. Through these initiatives, it aims to strengthen its competitiveness in global markets and achieve sustainable growth.

Company name	**Novacel Co., Ltd.**
Head office	Minato-ku, Tokyo
Established:	April 1, 2024
Paid-in capital	102 million yen
Investment ratio:	Inabata & Co., Ltd. 66.7%, Daicel Corporation 33.3%
Business:	Research, development, and sales associated with resin coloring and plastic compounding

Overview of Management Plan

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

Long-term vision
IK Vision 2030

Medium-term management plan: NC2026

Key themes

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

Company-wide growth strategy

Segment growth strategy

Management base strategy

- Financial strategy
- Sustainability strategy (including HR strategy)
- Digital strategy

Current environment

Megatrends

- ◆ Global fragmentation, geopolitical conflict
- ◆ Demographic changes
- ◆ Climate change and transition to a decarbonized society
- ◆ Shift to a circular economy
- ◆ Increase in concerns regarding energy and resource supply stability
- ◆ Increase in demand for health care
- ◆ Diversification of lifestyles, values, and needs
- ◆ Evolution of technology

Main opportunities

- ◆ Further strengthening of financial base
- ◆ Emergence of new sales channels and regions, and new demand
- ◆ Expansion of business opportunities for health care and household goods
- ◆ Expansion of business opportunities for renewable energy and energy-saving products, and low-carbon materials
- ◆ Expansion of business opportunities for recycling materials and biomass materials
- ◆ Expansion of business opportunities by building a resilient supply chain
- ◆ Enhancement of employee engagement and appeal to job seekers by implementing appropriate human capital strategies
- ◆ Creation of new products and business models by utilizing technology

Main risks*

- ◆ Financial stability risks
- ◆ Geopolitical risks
- ◆ Climate change risks
  - • Strengthening of policies and laws and regulations
  - • Market changes
  - • More intense and frequent extreme weather events and natural disasters
  - • Average temperature rise
- ◆ Labor risks
  - • Shortage of workers
  - • Physical and mental health impairment
- ◆ Human rights risks
- ◆ Cybersecurity risks
  - • System failure due to cyberattacks

* Limited mainly to medium- to long-term risks based on megatrends. Please refer to page 112 onward for information on business and other risks, including those based on a short-term perspective.

Our vision for 2030

Long-term vision
IK Vision 2030

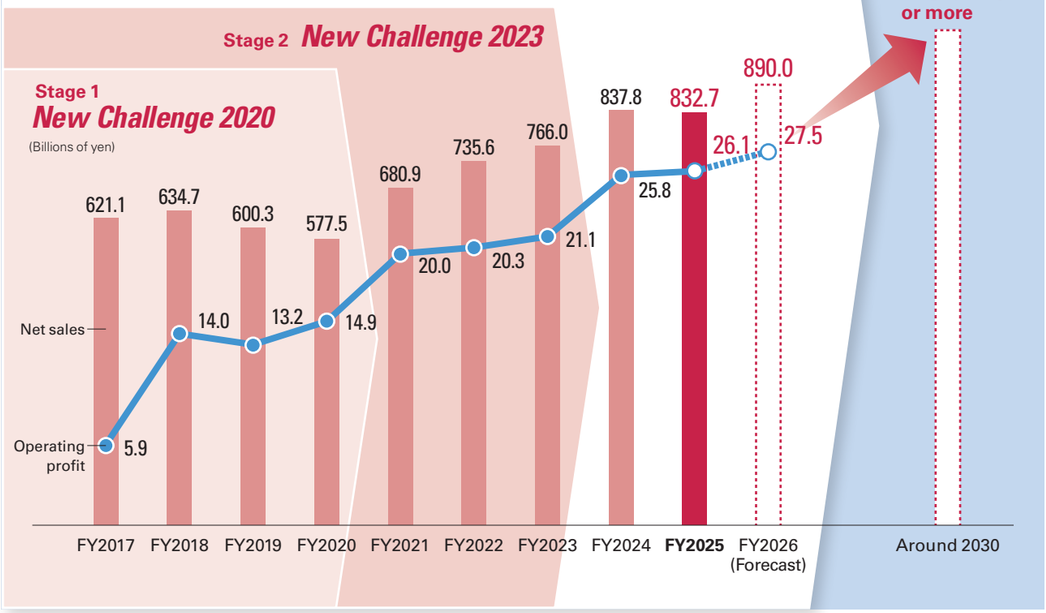
Consolidated net sales	Further enhancing multifaceted capabilities	At least one-third of sales and operating profit from business segments other than Information & Electronics and Plastics segments	Ratio of overseas sales
¥1 trillion or more	such as manufacturing, logistics, and finance, in addition to trading		70% or more

Stage 3 of medium-term management plan
New Challenge 2026

Quantitative targets (FY2026)

Operating profit	Ordinary profit	Profit attributable to owners of parent	Consolidated net sales
¥27.0 billion	¥26.0 billion	¥19.0 billion	¥950.0 billion
ROE	**Net D/E ratio**	**Equity ratio**	
10% or more	0.5 times or less	Approx. 50%	

Exchange rate (Yen/USD) ¥145.00



Medium-term Management Plan: NC2026

Overview of NC2026

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

Additionally, we have formulated the financial strategy, sustainability strategy, and digital strategy as policies to support growth. In the sustainability strategy, we address key management priorities (materiality) by setting a long-term vision, strategy, KPIs, and targets, which have been consolidated into the Sustainability Medium-term Plan 2026.

Company-wide growth strategy

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

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

To enhance multifaceted capabilities, we will focus on bolstering manufacturing and logistics, in particular, to achieve differentiation and boost earnings. The strengthening of production capabilities for plastic compounds through the establishment of a joint venture with Daicel Corporation in April 2024 is also aligned with this strategy.

The business portfolio focuses on deepening two key segments—Plastics and Information & Electronics—while also accelerating the development of new earnings pillars alongside these critical areas. We will consider expanding our business domains through M&A as part of this approach. Additionally, for enhancing the key segments, we have set medium- to long-term target figures for the environment and energy field (Information & Electronics) and for automotive resin (Plastics), where we expect to drive growth.

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

Company-wide growth strategy

Consolidated net sales: ¥1 trillion or more

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

Enhance multifaceted capabilities

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

Business portfolio

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

Overseas contribution: 70% or more

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

Note: **The text in blue** represents the long-term vision.

Management base strategy

We have formulated our financial strategy, sustainability strategy, and digital strategy as key management policies to support company-wide growth. For the financial strategy, under NC2026, we aim to further improve capital efficiency, a long-standing emphasis of management. We made certain changes to our shareholder return policy beginning in FY2026, the final year of NC2026. In addition to maintaining our existing progressive dividend policy and total shareholder return ratio, we have newly introduced dividend on equity (DOE).

Moreover, we are addressing management conscious of cost of capital and share price as a key management issue. NC2026 explicitly states our goal of achieving a share price level consistently above a price-to-book (P/B) ratio of 1x as soon as possible. Please refer to pages 45–46 for more information.

In the sustainability strategy, we address materiality identified in June 2022 by setting a long-term vision, strategy, KPIs, and targets. This completes the framework for sustainability management, and we believe we have established an effective system for continuously monitoring progress toward our targets. Please refer to page 37 for more information.

In the digital strategy, we will focus on reinforcing Group-wide security, a key management issue, and strategically utilizing sales information through the introduction of a data management platform, among other initiatives. Please refer to pages 117–118 for more information.

Management base strategy

Financial strategy

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

Sustainability strategy

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

Digital strategy

- Enhance management information infrastructure and reinforce Group-wide security

Toward quantitative targets

The Inabata Group is advancing NC2026, a three-year medium-term management plan concluding at the end of FY2026, as the third stage toward achieving our long-term vision, IK Vision 2030, which outlines how we envision the Group around 2030. FY2025 marked the second year of this plan. In terms of financial performance, net sales fell short of the second-year target under NC2026, while operating profit, ordinary profit, and profit attributable to owners of parent met their respective targets. In addition, operating profit reached a record high for the sixth consecutive year, while ordinary profit reached a record high for the second consecutive year. In terms of business performance, the Plastics segment performed solidly overall, driven by steady demand from the automotive, OA, and other sectors. Meanwhile, the Information & Electronics segment fell short of its targets, as panel manufacturers adjusted production in the FPD-related business and the business environment deteriorated in the renewable energy-related business. The Chemicals and Life Industry segments also progressed generally as planned.

Return on equity (ROE) fell slightly short of the second-year target despite increased dividends and share buybacks, due to an increase in shareholders' equity from retained earnings and other factors.

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

For FY2026, the final year of NC2026, the business environment surrounding the Group's global resin and chemical materials operations remains highly uncertain. The worsening situation in the Middle East has raised concerns over difficulties in procuring naphtha-derived raw materials and surging prices, as well as a potential economic slowdown driven by weaker corporate earnings and subdued consumer spending. Nevertheless, it is precisely under these circumstances that we intend to leverage the strengths of our trading company-based business model and the procurement capabilities of our people on the ground. By responding appropriately and swiftly to changes in the business environment, we are committed to achieving the final-year targets of NC2026. For FY2026, we forecast net sales of 890.0 billion yen, operating profit of 27.5 billion yen, ordinary profit of 27.5 billion yen, and profit attributable to owners of parent of 21.0 billion yen.

(Billions of yen)

	First year of NC2026 FY2024	Second year of NC2026 FY2025		Final year of NC2026 FY2026	
	Full-year results	Full-year results	Second-year targets*	Forecast	Targets*
Net sales	837.8	**832.7**	890.0	890.0	950.0
Operating profit	25.8	**26.1**	24.5	27.5	27.0
Operating profit ratio	3.1%	**3.1%**	2.8%	3.1%	2.8%
Ordinary profit	26.1	**27.7**	23.5	27.5	26.0
Profit attributable to owners of parent	19.8	**20.6**	17.5	21.0	19.0
ROE	9.7%	**9.3%**	10% or more	10% or more	10% or more
Net D/E ratio	0.07 times	**0.06 times**	0.5 times or less	0.5 times or less	0.5 times or less
Equity ratio	47.1%	**47.3%**	Approx. 50%	Approx. 50%	Approx. 50%
Exchange rate (Yen/USD)	152.62	**150.67**	145.00	155.00	145.00

* Announced on May 9, 2024

Progress of the growth strategy

NC2026 centers on accelerating growth through more proactive investment.

Under the capital allocation plan of NC2026, we allocated approximately 50% to 60% of the approximately 65.0 billion yen expected to be generated over the three-year period through operating cash flow and other sources to investment. **Figure 1** shows our investment performance through the second year with our growth investments implemented largely as planned.

Our major growth investments included the establishment of Novacel Co., Ltd., a joint venture with Daicel Corporation, as well as the acquisitions of Daigo Tsusho Co., Ltd., a manufacturer and distributor of processed eel products and other food products, and Satoen Co., Ltd., a tea cultivator, manufacturer, and distributor. We also made business investments in semiconductor- and food-related companies.

The three companies acquired through these M&A transactions are making a steady contribution to earnings growth and are also helping improve the Group's overall profit margin (**Figure 2**). We are also advancing initiatives to realize synergies from these acquisitions. For example, Daigo Tsusho and Satoen have already begun to generate tangible results through overseas expansion and stronger sales via e-commerce channels. While these initiatives will take longer to bear fruit, we are steadily enhancing our compounding capabilities and strengthening our development capabilities through Novacel. We are confident that these efforts will make a significant contribution to enhancing the global competitiveness of our core Plastics segment.

We will continue to invest proactively in areas such as semiconductors and the Life Industry segment, including food-related businesses, to accelerate growth.

Figure 1. Investment progress

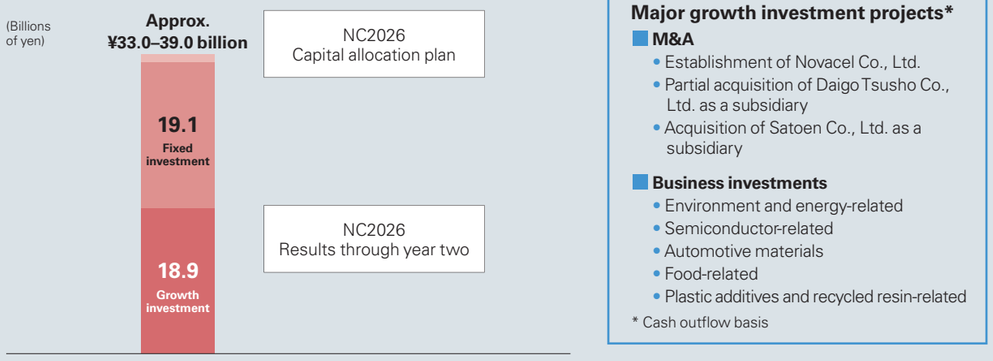
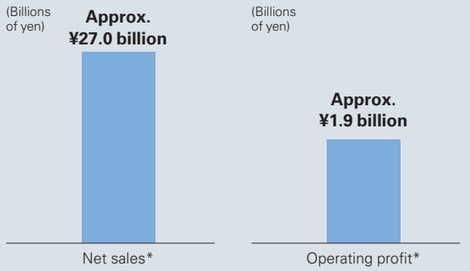


Figure 2. Annual earnings contribution from the three M&A companies



* Combined FY2025 results for Novacel, Daigo Tsusho, and Satoen. Operating profit is presented after goodwill amortization. Profit after deduction of profit attributable to non-controlling interests is approximately ¥1.5 billion.

Figure 3. Future synergies

Novacel
- Enhanced compounding capabilities and stronger development capabilities
- Stronger competitiveness of the Plastics segment

Daigo Tsusho and Satoen
- Stronger sales capabilities through overseas expansion and e-commerce
- Expanded downstream operations in the food business

Business investments
- Expansion of existing businesses by securing new business rights

Strengthening the management foundation for business expansion

Under IK Vision 2030, the Inabata Group has advanced its growth strategy through proactive investment, M&A, and overseas expansion. As these initiatives have progressed, however, the increase in the number of Group companies and the expansion of our business domains have also brought non-financial challenges into sharper focus, including strengthening Group cohesion, establishing common foundations and rules, and enhancing the specialized expertise of our people. We view these challenges as a natural part of our growth journey and are strengthening our management foundation to ensure the steady execution of our growth strategy through non-financial initiatives such as post-merger integration (PMI), talent development and strategic workforce deployment, and the strengthening of our global talent base.

Driving PMI
—Building a framework to ensure value creation after M&A

Our Initiative

While M&A is an effective means of accelerating our growth strategy, the value it ultimately creates depends largely on the success of PMI. It is essential to systematically align financial management, business operations, and organizational culture to unlock the full potential of the Group as quickly as possible. Based in part on recommendations from our independent directors, we established the Business Integration Department within the Business Planning Office, which is responsible for driving M&A, to establish a dedicated structure for managing PMI. For a defined period following an acquisition, specialists from across the Group, including finance, IT, operations, credit, legal, and human resources, work together to provide support across multiple areas, while the Business Integration Department oversees the overall PMI process. We advance integration across both business and corporate functions, addressing both operational execution and management infrastructure. Progress is reviewed every six months at the Shinsa Kaigi, a management review meeting, and reported regularly to our independent directors. This ensures a governance framework that incorporates third-party perspectives. Through this framework, we ensure that PMI goes beyond a procedural exercise, strengthening the Group's overall competitiveness and driving sustainable growth.

IK Vision 2030 company-wide growth strategy: Progress and challenges

Company-wide growth strategy	**Consolidated net sales: ¥1 trillion or more** **Approach:** Expand earnings through proactive investment **Business domains:** Expand environment-related business and life industry business, such as food products	**Enhance multifaceted capabilities** Differentiate and boost earnings by enhancing multifaceted capabilities (especially in manufacturing and logistics)	**Business portfolio** Further develop key segments (Plastics, Information & Electronics) Establish earnings pillars on par with key segments	**Overseas contribution: 70% or more** Further develop growth areas (especially in India, Mexico, and other parts of the Americas, in addition to the existing Asia sites) Move into untapped areas (e.g., Eastern Europe)
Strategy execution achievements	Increase in the number of Group companies through proactive M&A	Strengthened compounding capabilities through the acquisition of Novacel	Exceeded expectations for growth in existing businesses across the major segments	Expanded capabilities of overseas bases in India, Cambodia, and other countries
Emerging challenges	Reduced Group cohesion and consistency in shared foundations and rules	Shortage of talent capable of advancing multifaceted capabilities	Further strengthening the intake of information on new business opportunities	Shortage of global talent needed to further expand overseas business

Addressing emerging challenges through non-financial initiatives that support our growth strategy

Goals	**Strengthen Group cohesion and reinforce common foundations to further enhance the Group's collective capabilities**	**Enhance expertise related to multifaceted capabilities**	**Proactively gather external information on existing and new business domains**	**Increase the number of sales employees with overseas business experience**
Specific initiatives	• **Driving PMI** ➤See "Our Initiative" on the following page. • **Conducting Group-wide workshops to share the corporate mission** ➤Page 88 • **Development of the Corporate Message** ➤Page 22 • Expanding credit training (investment fundamentals)	• Recruit personnel with manufacturing experience and appoint them to key positions at manufacturing subsidiaries • Recruit personnel with manufacturing experience and expertise in quality assurance for the Plastics Compound Business Office • Establish the Manufacturing Site Management Department. Recruit people who will concurrently serve in the Plastics Compound Business Office, as well as people with experience in key positions in manufacturing	• Hold study sessions on promising business domains led by the Business Planning Office • **Leverage generative AI to enhance sales capabilities and develop new businesses** ➤Page 118	• **Implement an overseas trainee program** • **Expand opportunities for young employees to gain overseas experience** ➤Page 88

Progress of the Sustainability Medium-term Plan 2026

The Inabata Group has established the Sustainability Medium-term Plan 2026 as part of the management base strategy within the medium-term management plan NC2026 and is advancing initiatives toward key performance indicators (KPIs) and targets for each material issue. The results for the second year, FY2025, are as follows and show steady progress. The Sustainability Committee is responsible for setting KPIs and monitoring progress, while the Board of Directors provides oversight.

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

For information on risks, opportunities, and key initiatives related to material issues, please refer to Sustainability Management on pages 65–68.

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

Creating sustainable value

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

Strategy	KPIs and targets (April 2024 to March 2027)	FY2025 results	(Reference) FY2024 results	Boundary	Progress status
Achieve carbon neutrality in business activities	Reduce greenhouse gas (GHG) emissions (Scope 1 and 2) by 25% compared to FY2022 levels	Reduced by 23.6% compared to FY2022	Reduced by 12.9% compared to FY2022	Consolidated	○
Contribute to the global environment through the business	Achieve net sales of 100 billion yen*1 for environment-related business	¥36.8 billion	¥43.5 billion	Consolidated	△
Ensure safe and secure quality through stronger management of compliance with chemical substances regulations	Understand and share trends in chemical substances regulations in Japan and overseas in a timely manner, and strengthen the compliance management framework	• Developed and shared training materials on chemical substances regulatory compliance through the Company intranet to improve understanding of regulatory requirements for chemical imports at overseas bases and strengthen collaboration among them • As part of PMI, conducted on-site visits to identify issues at newly acquired Group companies. Provide support from a long-term perspective • Developed and shared training videos linked to skills assessments through the Company intranet to improve understanding of chemical regulations across the Company, particularly among new graduates and mid-career hires (The following initiatives have been continued since the previous fiscal year) • Regularly shared updates on global trends in chemical regulations across the Group • Continuously monitored the regulatory compliance status of domestic and overseas Group companies and provided support • Conducted internal seminars by external speakers on global trends in packaging regulations	*3	Consolidated	○
Enhance resilience in procurement and supply functions by strengthening supply chain management	Clarify the Company's position on responsible procurement, and communicate it internally and externally	• Raised internal awareness of the Inabata Group Human Rights Policy and Inabata Group Sustainable Supply Chain Policy by delivering the president's message and explanatory videos during the annual training program for all employees • Published Japanese-, English-, and Chinese-language versions of each policy on the Company website. Additional language versions are under consideration	*3	Non-consolidated	○
Establish supply chains that respect human rights	Establish the human rights due diligence (DD) cycle*2 for selected operations as a model case	Developed plans for a survey to assess human rights initiatives across Group companies in preparation for extending the human rights DD cycle established in the previous fiscal year throughout the Group. The survey is scheduled to be conducted in FY2026	*3	Non-consolidated	◎

*1 The expected ratio of environment-related business by field in the final year of the Sustainability Medium-term Plan 2026 is referred to on page 73 in Environment-Related Business.
*2 The human rights DD cycle refers to the due diligence processes and supporting measures set out in the OECD Due Diligence Guidance for Responsible Business Conduct.
*3 Please refer to page 32 of Integrated Report 2025.

Strengthening the foundation for business continuity

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

Strategy	KPIs and targets (April 2024 to March 2027)		FY2025 results	(Reference) FY2024 results	Boundary	Progress status
Improve the well-being (state of being physically, mentally, and socially satisfied) of employees who support sustainable growth	Employee engagement surveys	Response rate of at least 90%	88%	82%	Consolidated	○
		Positive response rate of at least 80%*4 to the following statements (1) I am satisfied with the work I am doing at Inabata now. (2) I can relate to Inabata's philosophy, vision, and management policies, and I want to participate in achieving them.	(1) 69% (2) 67%	(1) 69% (2) 67%		△
		Positive response rate of at least 70% overall*4	64%	63%		△
	Expand the implementation boundary for the human rights DD digital survey to the Group		Developed a plan for implementation across all employees of Inabata & Co. in FY2026	*3		△
Foster diversity and inclusion that makes the most of diverse individuals	Increase the ratio of women in managerial positions to at least 8% by March 2028, and to 10% by 2030		7.3%	6.0%	Non-consolidated	○
	Maintain the ratio of mid-career hires at around 50%		57%	60%		○
	Ratio of male employees taking parental leave 100%*5		100%*6	92.9%		◎
	Continue to exceed the legal rate of employment for persons with disabilities		3.14%	3.20%		○
	Encourage managerial appointments for local employees at overseas subsidiaries		• Appointed one local employee at our Malaysia operation to a senior management position (director), marking the third such appointment following Taiwan and the United States • Approved the framework for the process of appointing senior management (president and directors) at the Management Council. Details of the system are currently under development, with implementation targeted for FY2026	*3	Consolidated	○
Further advance health and productivity management	Rate of complete checkup 100%*7		94.9%	85.3%	Non-consolidated	○
	Maintain comprehensive health risk found by stress checks at current levels*8		74	76		○
Focus on investment in human capital	Every year, spend more on education and training costs*9 per employee than in the previous fiscal year		¥89,124	¥83,400	Non-consolidated	○
	Maintain the ratio of employees with overseas posting experience at around 40%		38.5%	38.6%		○

*4 The positive response rate in the employee engagement survey refers to the proportion of responses rated 4 or 5 on a five-point scale, which are considered positive responses. For details, please refer to Employee Engagement on pages 81–84.
*5 Based on the Company's policy allowing employees to take parental leave until the child turns three years old, a 100% uptake rate indicates that all male employees whose spouses gave birth took parental leave within three fiscal years, including the fiscal year in which the child was born.
*6 As parental leave was made mandatory under a new system introduced in FY2023, the uptake rate for FY2025 is calculated based on the three years since the system's implementation (FY2023–FY2025). The calculation formula is as follows: Number of male employees whose spouses gave birth in FY2023 and who took parental leave in FY2023–FY2025 / Number of male employees whose spouses gave birth in FY2023
*7 The rate of complete checkup refers to the proportion of employees who were advised to undergo a complete checkup after the initial health check and actually followed the advice.
*8 Comprehensive health risk is an indicator that assesses the overall impact of the workplace environment on employee health. It is calculated using four measures—psychological burden of work (volume), degree of discretion at work, degree of support from managers, and degree of support from colleagues—obtained from stress checks based on the stress evaluation method provided by the Ministry of Health, Labour and Welfare. The national average is calculated as 100: workplace health risk is high if the value exceeds 100, and low if the value falls below 100. The lower the value, the more favorable the evaluation.
*9 Education and training costs refer to the expenses spent on group training, external training, video learning, and so on at Inabata on a non-consolidated basis. Please refer to Sustainability Data (Human resource development) on page 123.



We aim to achieve our long-term vision by investing in M&A and human capital, elevating our multifaceted capabilities.

Kenichi Yokota

Director, Senior Managing Executive Officer
Administrative Affairs

Six consecutive years of record operating profit Fulfilling our role as a trading company while closely monitoring the situation in the Middle East

In the second year of the medium-term management plan NC2026, sales in the environment and energy field, particularly solar power-related products, a key focus of the Information & Electronics segment, declined due to the review of decarbonization and EV-related policies in the United States and slower-than-expected progress in these areas. Meanwhile, the Chemicals, Life Industry, and Plastics segments remained solid. Supported in part by the contribution of newly consolidated domestic companies, both operating profit and ordinary profit exceeded our initial targets and reached record highs.

At present,*1 the situation in the Middle East has not had a significant impact on our business or financial performance. However, negotiations between the parties to the conflict, damage to local infrastructure, and shipping conditions resulting from the closure of key waterways remain highly fluid. Although we have already announced our consolidated earnings forecast for FY2026, it is difficult at this stage to estimate the extent or financial impact should the crisis in the Middle East become prolonged. At the same time, we have heard from customers and business partners that times like these are when trading companies are needed most. By maintaining close communication across our global network, we will continue striving to support the stability of supply chains.

*1 As of May 2026.

Accelerating M&A investment to achieve consolidated net sales of over one trillion yen

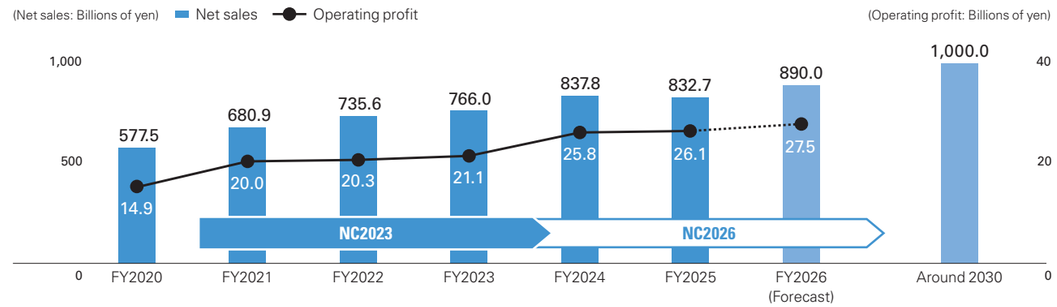
The quantitative target of achieving consolidated net sales of over one trillion yen under our long-term vision, IK Vision 2030, is progressing broadly in line with expectations, and we believe it can be achieved by around 2030. On the other hand, our target of increasing the ratio of overseas sales to 70% or more has become somewhat more uncertain, as our recent M&A activity has centered primarily on domestic companies. Accordingly, while continuing our global expansion with our Asia operations at the core, as one of our key strengths, we are accelerating new investments in regions such as the Americas over the medium term. In rapidly growing Mexico, we are expanding our plastics business for the automotive industry and broadening our operations into chemicals and related fields. The United States, the only major developed economy where continued population growth is expected, also offers a wide range of business opportunities. In addition to our established electronic materials and plastics businesses, we are strengthening our presence in the life sciences and food-related businesses.

Performance overview

(Billions of yen)

	First year of NC2026 FY2024	Second year of NC2026 FY2025		Final year of NC2026 FY2026	
	Full-year results	Full-year results	Second-year forecast	Final year forecast	Targets*
Net sales	837.8	832.7	870.0	890.0	950.0
Operating profit	25.8	26.1	25.5	27.5	27.0
Operating profit ratio	3.1%	3.1%	2.9%	3.1%	2.8%
Ordinary profit	26.1	27.7	25.5	27.5	26.0
Profit attributable to owners of parent	19.8	20.6	19.5	21.0	19.0
ROE	9.7%	9.3%	10% or more	10% or more	10% or more
Net D/E ratio	0.07 times	0.06 times	0.5 times or less	0.5 times or less	0.5 times or less
Equity ratio	47.1%	47.3%	Approx. 50%	Approx. 50%	Approx. 50%
Exchange rate (Yen/USD)	152.62	150.67	143.00	155.00	145.00

* Announced on May 9, 2024



NC2026 company-wide growth strategy

Consolidated net sales ¥1 trillion or more

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

Enhance multifaceted capabilities

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

Business portfolio

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

Overseas contribution: 70% or more

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

Note: **The text in blue** represents the long-term vision.

From a portfolio perspective, our goal is to have at least one-third of sales and operating profit from business segments other than Information & Electronics and Plastics segments.

At present, however, these two core segments still account for roughly 80% of our portfolio, meaning progress has fallen short of our expectations. That said, more than nine years have passed since we formulated our long-term vision, and the business mix within both segments has

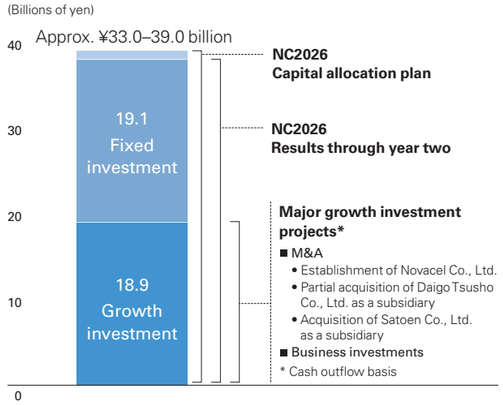
evolved in positive ways. For example, within the Information & Electronics segment, semiconductors, electronic components, and energy-related businesses have expanded broadly in line with our growth strategy. We are also seeing several promising new opportunities emerge and are evaluating strategic business investments, including M&A.

We have made steady progress in further enhancing our multifaceted capabilities, supported in part by the consolidation of several manufacturing companies as subsidiaries over the past few years. By expanding solution-based businesses that combine manufacturing, logistics, finance, and other functions, we aim to strengthen our earnings capability and enhance our price-to-book (P/B) ratio.

One of the key initiatives for achieving consolidated net sales of over one trillion yen is expanding earnings through proactive investment. Over the past two years or so, we have executed investments totaling approximately 38.0 billion yen. The largest of these was the acquisition of shares in Novacel Co., Ltd., the joint venture established with Daicel Corporation in 2024, and its consolidation as a subsidiary. This transaction to reach and conclude the agreement was made possible by the trust we had built with Daicel over many years through our sales activities in the Plastics segment. It was a well-timed investment, given our financial position both in 2024 and today. Had the opportunity arisen five or 10 years earlier, we might not have been able to make an investment of this scale given our financial capacity at the time.

We are also strengthening our M&A capabilities. In addition to assigning personnel with experience in sales from several business divisions to the Business Planning Office, our dedicated M&A organization, we have established a new specialist department within the office to oversee post-merger integration (PMI). From identifying investment opportunities through to PMI, the ability to identify promising opportunities, execute projects, and coordinate diverse stakeholders—skills cultivated through our frontline sales operations—is critical to success. By combining these capabilities with the expertise of specialists in finance, legal affairs, taxation, and other fields, we will further enhance the effectiveness of our M&A activities.

NC2026 investment performance through year two



Established a dedicated department to enhance multifaceted capabilities Continuing to play a vital role in the value chain

In last year's integrated report, I had the opportunity to speak with Mr. Toyoda of Schroder Investment Management (Japan) Limited. During our discussion, he emphasized the importance of ensuring that, as a trading company deeply involved in its customers' value creation processes, we continue to remain an integral part of the value chain. This is also an important perspective from which institutional investors evaluate trading companies. The key to meeting these expectations lies in further enhancing our multifaceted capabilities by combining our manufacturing, processing, finance, and other functions. With this in mind, we established the Manufacturing Site Support Department in April 2025 (name changed to the Manufacturing Site Management Department in July 2026) to strengthen the capabilities of our manufacturing and processing subsidiaries. We have recruited professionals with experience in quality assurance and production management in the manufacturing industry and assigned them to the new department. By visiting production sites in Japan and overseas, they help improve customer responsiveness from a manufacturer's perspective and optimize production operations. In our plastic compounding business, which operates production sites in seven countries, we have also assigned plastics specialists to each facility to provide attentive, local customer support while maintaining stable, advanced production and quality assurance systems.

Reflecting the expansion of our manufacturing and processing capabilities, we have also been implementing initiatives since FY2025 to further bolster the management foundations of our manufacturing and processing subsidiaries. Specifically, we introduced objective indicators for evaluating core operations, including manufacturing processes. Based on these assessments, experienced manufacturing professionals visit each site to identify areas for improvement and provide recommendations. At one subsidiary, for example, the assessments revealed opportunities to improve cost accounting and contract management, and we are implementing measures tailored to local operating conditions. More recently, members of the Manufacturing Site Management Department have visited production sites as instructors, conducting study sessions and workshops on quality management.

Food is also one of the business areas on which we intend to place greater emphasis going forward. Our customers require quality assurance systems that differ from those in our other businesses and that meet the particularly high standards of the food business. Following the acquisition of Satoen, a tea cultivation and manufacturing company, as a subsidiary in 2025, we established the Food Quality Assurance Department within the Life Industry segment. We are steadily reinforcing this organizational framework by recruiting experienced professionals with broad expertise in fields required for food safety, such as regulatory compliance, hygiene management, and others.

I would like to note that we were able to conceive and promptly implement initiatives to enhance our multifaceted capabilities in response to the valuable insights and recommendations of our independent directors.

The shift to EVs has slowed in the near term Expanding our environment-related business over the medium to long term

At present, the global shift toward EVs has temporarily slowed. As a result, achieving our NC2026 target of generating 100.0 billion yen in net sales from environment-related business by the final year of the plan has become challenging. From a medium- to long-term perspective, however, we continue to believe that demand for EVs will grow. We also believe that the current situation in the Middle East could ultimately provide further impetus for the shift from gasoline-powered vehicles to EVs if elevated oil prices persist. In addition, there is strong demand for autonomous driving, the centerpiece of the mobility revolution. Because vehicles equipped with autonomous driving technology are expected, in principle, to be EVs, the full-scale transition to EVs may occur somewhat later than originally anticipated, but we believe it will inevitably take place. Against this backdrop, our current priority is to expand the range of products that leverage our strengths in environmental fields where future growth is expected, including lithium-ion batteries, the primary power source for EVs, and next-generation rechargeable batteries.

The circular economy market also holds considerable promise. At present, however, challenges such as recycling



costs and the appearance of recycled materials, particularly color differences compared with virgin materials, continue to impede its development, resulting in alternating periods of progress and stagnation. Looking ahead, we expect adoption to expand steadily as trading companies like ours work with manufacturers to advance recycling technologies and as end users gain a better understanding of their value.

Executing a financial strategy to strengthen expectations for earnings growth

One of the financial challenges we have long identified as a priority is improving our P/B ratio. In addition to raising ROE, we recognize that the key to improving our P/B ratio lies in strengthening investors' expectations for our future earnings growth.

We are often described by shareholders and investors as a company they can watch with confidence. Put another way, we are sometimes seen as a company that offers few surprises—for better or for worse. The stock market naturally tends to place a premium on novel initiatives and companies that attract attention, making this a challenging environment. Moreover, the price-to-earnings (P/E) ratio, which is a key factor influencing the P/B ratio, is also heavily affected by the industry in which a company operates.*2

Accordingly, we are implementing a strategy to further strengthen our non-trading capabilities, particularly by further enhancing our multifaceted capabilities discussed earlier, in order to break free from conventional perceptions associated with our industry and increase expectations for our future growth. Within our trading business, we also intend to improve ROE by focusing on products that offer higher profit margins.

Another fundamental principle is that any company we consider for acquisition must contribute to improving the Group's overall ROE. At meetings where management reviews investment proposals, we assess the impact that acquiring and consolidating a target company would have on consolidated ROE. As a general rule, proposals that would reduce consolidated ROE are not approved.

Under NC2026, our financial strategy focuses on further improving capital efficiency, emphasizing shareholder returns through measures including progressive dividends, and practicing management that is conscious of cost of capital and share price.*3 In line with our basic policy on shareholder return, we have continued progressive dividends while targeting a total payout ratio of approximately 50%, complemented by dividend increases and share repurchases and cancellations. During the first two years of the medium-term management plan, however, profit attributable to owners of parent exceeded our initial expectations, resulting in shareholders' equity increasing beyond the level originally anticipated. In light of this, although we are still in the middle of the medium-term management plan, we introduced DOE as a new performance indicator beginning in FY2026 in order to clearly demonstrate our commitment to appropriately distributing the benefits of earnings growth in accordance with the level of shareholders' equity. Specifically, we have established an initial DOE target of 4.0%–4.5% and, in addition, adopted a policy of maintaining a total payout ratio of at least 50% each fiscal year. Going forward, we will continue practicing management that is conscious of the cost of capital and share price while striving to improve capital efficiency and maximize corporate value.

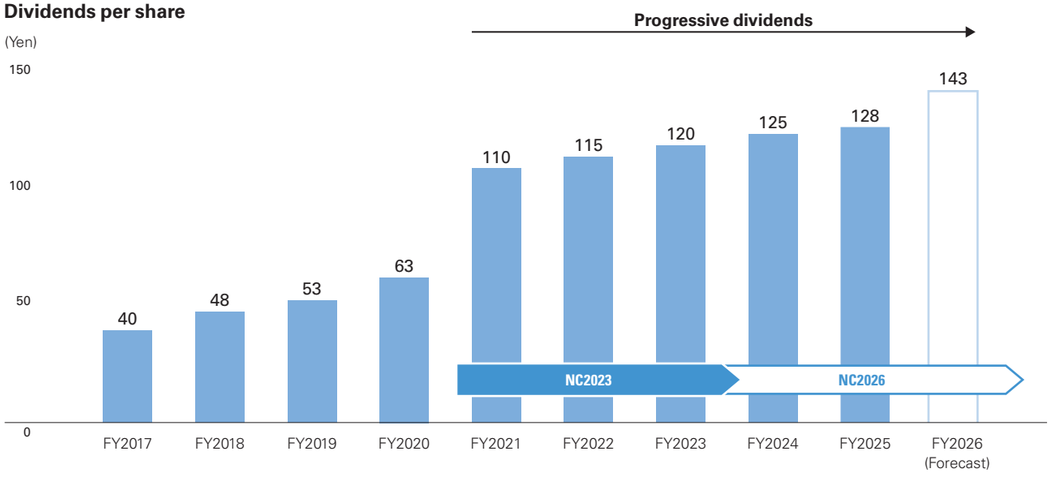
*2 The Company is classified under the Wholesale Trade industry.
*3 Achieve a stock price level consistently above a P/B ratio of 1x as soon as possible.

Basic policy on shareholder return (partially revised from FY2026)

Performance indicators, etc.	Through FY2025	From FY2026 onward	
DOE*1		**Newly introduced**	Target a DOE of 4.0%–4.5%.
Progressive dividends	Fundamentally, we will ensure that dividends per share does not decline year on year by continually increasing our dividends.	**Continued**	Fundamentally, we will ensure that dividends per share does not decline year on year by continually increasing our dividends.
Total return ratio*2	The target for total return ratio is roughly 50%.	**Partially revised**	Maintain a total payout ratio of at least 50% each fiscal year.

*1 DOE = (Total dividends ÷ Shareholders' equity) × 100 (%)
*2 Total return ratio = (Dividends + share repurchases) ÷ consolidated net income x 100 (%)
Note: Underlined items indicate changes.

Dividends per share



Strengthening sustainability risk management

We are steadily implementing strategies to achieve the KPIs and targets set for the Sustainability Medium-term Plan 2026, which covers to FY2026, and are making consistent progress. This fiscal year, in particular, we are focusing on identifying potential risks that could negatively affect business sustainability from perspectives such as climate change, supply chains, and corporate governance. We are implementing a range of measures to mitigate these risks. For example, from the perspectives of regulatory compliance and quality management, we are strengthening the management of compliance with chemical substances regulations and conducting ongoing monitoring through our business partner screening system. From a human rights perspective, we are conducting human rights due diligence as part of our efforts to earn the trust of our stakeholders.

Many of our suppliers, who are important partners in creating value, are small and medium-sized enterprises. Because they often lack sufficient human resources and accumulated expertise, it can be difficult for them to strengthen sustainability risk management through their own efforts alone. To address this, we established the Inabata Group Sustainable Supply Chain Policy in 2024, setting out the values to be shared and the initiatives to be promoted together with our business partners. By deepening collaboration with our suppliers, we will continue building a resilient and sustainable supply chain.

Continuing to invest in our greatest management resource—our people

A challenge shared by many Japanese companies today is talent shortages resulting from a declining and aging population. At the same time, changing jobs has become increasingly common, making the labor market more fluid. For the Inabata Group, we must continue enhancing our attractiveness as an employer in order to retain talent and support continued business growth. Needless to say, an attractive company is defined by more than competitive compensation and comprehensive employee benefits. Above all, I believe it is an organization that provides opportunities for employees to grow in line with their individual career aspirations. One of the most valuable opportunities we offer is substantive overseas assignments. Today, we operate approximately 70 sales, manufacturing and processing, and research and development sites across 19 countries. These operations are highly active, and their responsiveness and network capabilities are highly valued by our customers. They provide employees with opportunities to develop in a dynamic business environment from an early stage in their careers, enabling them to build business skills and professional networks that can compete on the global stage. The accumulation of the results they achieve has also contributed to our profit growth in recent years.

More recently, institutional investors have been asking more questions about topics such as employee satisfaction, diversity, and the promotion of women to management positions. We have established KPIs and targets for these areas under the Sustainability Medium-term Plan 2026, and progress has been steady. From the perspective of further enhancing our multifaceted capabilities, we must also continue attracting diverse talent. We will continue investing in our greatest management resource—our people.

Enhancing corporate value while preparing for information security and geopolitical risks

With respect to our digital strategy, we are actively advancing the development of a new integrated data platform that will enable the strategic use of unstructured data, as introduced in last year's integrated report, and the project is progressing largely as planned. At the same time, the growing frequency, sophistication, and severity of cyberattacks have made information security more important than ever. Overseas institutional investors, in particular, are paying close attention to how Japanese companies address these risks. Compared with initiatives such as AI adoption and digital transformation (DX), the ingenuity and dedication of those responsible for information security are often less visible in terms of tangible results. That is precisely why we are committed to recognizing and appropriately evaluating the people who work every day to defend the Company against threats that cannot be seen. A secure environment should never be taken for granted. We have no intention of scaling back our investment in specialized talent, leading-edge technologies, security tools, and IT infrastructure.

In March 2026, we introduced a new Corporate Message: "Connecting your everyday. Weaving our future." The recent escalation of tensions in the Middle East, for example, has disrupted many of the things we once took for granted. In the wake of this crisis, companies are diversifying their procurement sources and, in some cases, accelerating their shift away from oil. It has reinforced our belief that the unique role of a trading company is to prepare for a wide range of risks in advance and, when a crisis arises, minimize its impact while providing customers with the best possible solutions.

Going forward, we will continue combining our diverse capabilities along with our strong global network to keep our customers' businesses running smoothly while enhancing corporate value.

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

Background to initiatives

Inabata has been committed to capital-efficient management since before the Tokyo Stock Exchange's March 2023 request to all listed companies on the Prime and Standard markets to take action on management practices conscious of cost of capital and share price.

Following a significant improvement in our performance and a marked enhancement in financial soundness, we substantially increased shareholder returns beginning in FY2021.

At the same time, we strengthened corporate governance by transitioning in June 2022 to a Board of Directors with a majority of independent directors. We also introduced a policy to reduce strategically held shares and are ahead of schedule in executing this reduction.

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

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

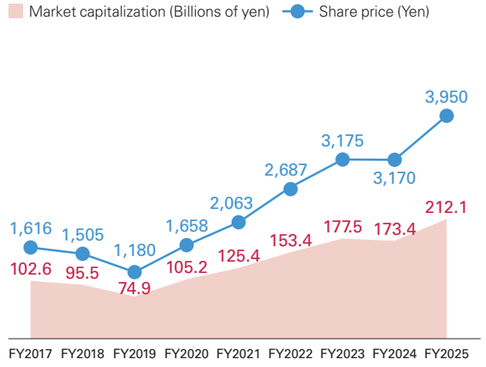
Initiatives to consistently achieve a P/B ratio above 1x as soon as possible:
(1) Steadily implement growth strategies to continuously enhance business value and build expectations for stronger future earnings (Growth)
(2) Maintain ROE of 10% or more (Capital efficiency)
(3) Control and/or curtail the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

Challenges and key areas for further enhancement

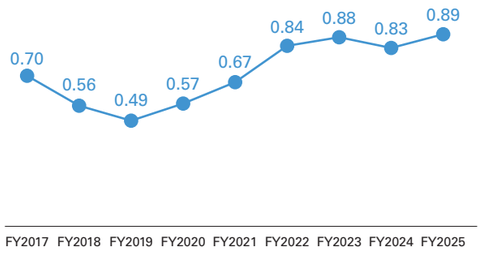
As a result of our initiatives, business performance has expanded steadily, contributing to consistent growth in both our share price and market capitalization (**Graph 1**). However, our P/B ratio remains below 1x (**Graph 2**), reinforcing the need to further strengthen our initiatives.

Comparing our cost of capital with our capital profitability, we have succeeded in steadily reducing our cost of capital. At the same time, under NC2026, profit exceeded our plan in both the first and second years, resulting in a larger-than-expected increase in shareholders' equity and, consequently, a decline in ROE (**Graph 3**). In light of these circumstances, we decided to strengthen shareholder returns by introducing DOE from FY2026 as part of our new policy, together with other shareholder return measures (**Tables 2 and 3**).

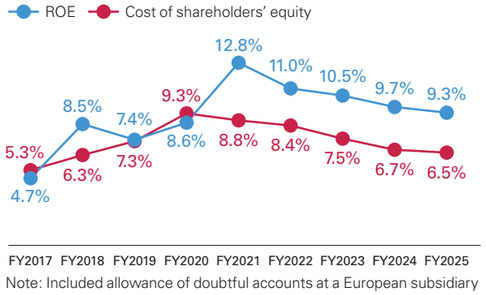
Graph 1: Share price and market capitalization



Graph 2: P/B ratio



Graph 3: ROE and cost of shareholders' equity



Note: Included allowance of doubtful accounts at a European subsidiary in FY2017.

Table 2

Addition of a new policy (effective FY2026)
Strengthen shareholder returns through measures including the introduction of DOE, while working to improve capital efficiency.

Table 3

Performance indicators, etc.	Through FY2025	From FY2026 onward
DOE*1		**Newly introduced** Target a DOE of 4.0%–4.5%.
Progressive dividends	Fundamentally, we will ensure that dividends per share does not decline year on year by continually increasing our dividends.	**Continued** Fundamentally, we will ensure that dividends per share does not decline year on year by continually increasing our dividends.
Total return ratio*2	The target for total return ratio is roughly 50%.	**Partially revised** Maintain a total payout ratio of at least 50% each fiscal year.

*1 DOE = (Total dividends ÷ Shareholders' equity) × 100 (%)
*2 Total return ratio = (Dividends + share repurchases) ÷ consolidated net income x 100 (%)

Note: Underlined items indicate changes.

Specific measures to strengthen our efforts

To achieve, as early as possible, a share price that consistently results in a P/B ratio above 1x, we will further strengthen our initiatives. First, with respect to initiatives to enhance business value and foster growth expectations, as discussed in the progress report on the second year of NC2026 (pages 33–34), the investments we have made over the past several years have steadily contributed to strengthening our earnings base. We intend to continue making proactive investments to further accelerate growth.

Next, with regard to maintaining an ROE of 10% or higher, as noted earlier, we have strengthened our shareholder return policy beginning in FY2026 and will place an even greater emphasis on improving capital efficiency. In addition, we have conducted share buybacks and canceled treasury shares every fiscal year since FY2021 and intend to continue doing so.

Finally, with regard to controlling and reducing the cost of capital, we have, in recent years, been included in an increasing number of indices, including the JPX-Nikkei Index 400, and our issuer credit rating was upgraded by one notch in FY2025. We believe these developments reflect the growing confidence that investors have in us, as evidenced by the increasing number of one-on-one meetings we have with investors and analysts. Going forward, we will further enhance our dialogue with investors and our information disclosure, thereby reducing information asymmetry with the market, including with respect to risk-related information, and helping to control and reduce our cost of capital.

Background and future direction for strengthening initiatives

		Up to FY2022 Significant expansion of shareholder returns	FY2023 to FY2024 Implement measures to realize management conscious of cost of capital and share price	From FY2025 Implement measures to strengthen management conscious of cost of capital and share price
Growth	Enhance business value and foster growth expectations	• Expanded the earnings base mainly through core businesses	• Actively pursued M&A and business investments under a policy of proactive investment	• Steadily expanded earnings, primarily through M&A investments, and further accelerate investment going forward
Capital efficiency	Maintain ROE of 10% or more	• Achieved an ROE level exceeding the cost of capital through improved performance and enhanced shareholder returns	• Maintained ROE levels through share buybacks and cancellations	• Continued share buybacks and the cancellation of treasury shares • Strengthened our shareholder return policy and further reinforced our commitment to improving capital efficiency
Reducing cost of capital	Control and/or curtail the cost of capital	• Strengthened corporate governance structure (with independent directors constituting the majority) • Reduced strategic shareholdings	• Lowered cost of capital through improved performance levels and increased liquidity	• Enhanced investor confidence through inclusion in major indices, including the JPX-Nikkei Index 400, and an upgrade of our issuer credit rating (A– to A) • Increased one-on-one meetings with institutional investors and analysts