



IK INABATA
Integrated Report **2022**



The Inabata Group will continue to constantly take on challenges—in an era of drastic change—by using the sound and solid strength it has cultivated for more than 130 years, with the aim of improving sustainable corporate value.

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



The Design of the Cover and Introduction Pages

The headshots on the cover, laid out over the background of the earth, are of Inabata Group employees working in various countries around the world. As a company that operates in Japan and 18 other countries overseas, our employees are our greatest asset. The down-to-earth daily activities of each and every one of our employees, who are in close contact with customers and local communities, are the source of the Inabata Group's value creation.

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Editing Policy

We prepare the Integrated Report as an important tool that enables Inabata's stakeholders to understand the company's business activities and distinctive initiatives for value creation. For the Integrated Report 2022, with “to challenge” as the theme, the report was edited to focus on the Inabata Group's employees working on the frontlines to achieve the goals of the medium-term business plan NC2023.

Guidelines referenced:
The International Integrated Reporting Framework (IFRS Foundation)
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation by Ministry of Economy, Trade and Industry (METI), etc.

Relevant period:
From April 2021 to March 2022 (Some information may not be limited to this period)

Relevant organizations:
Inabata & Co., Ltd. and its domestic and overseas Group companies

IK INABATA

Love (*ai*) and Respect (*kei*)



Katsutaro Inabata, Founder

Mission

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

Vision

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

IK Values

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



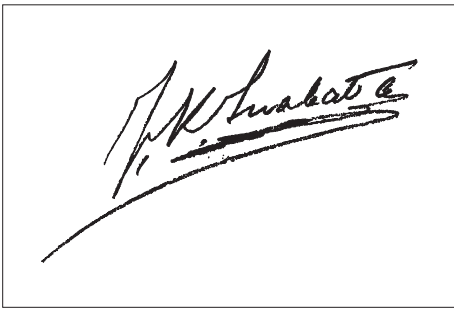
Katsutaro Inabata washing silk threads in the Rhone river in the winter during his study abroad (by Sekka Kamisaka)



Inabata Senryoten at the time of founding



The IK logo emblazoned on Inabata Shoten's tenugui towel



Founder Katsutaro Inabata's signature

The Founder's Passion and the Origin of Inabata

Our founder, Katsutaro Inabata, was born in Kyoto in 1862 as the eldest son to a family that ran the long-standing Japanese sweet shop, Kameya Masashige, which was a purveyor to the Imperial Household. At an early age of 15, Katsutaro was selected to visit France to study, sponsored by the Kyoto Prefectural government which was aiming for industrial development. He not only studied dyeing techniques at an engineering school in Lyon, but also learned practical skills by working at the Marnas dyeing factory. He studied applied chemistry afterward, focusing on dyeing techniques at the University of Lyon. Katsutaro returned to Japan in 1885 at the age of 23 and became a government employee with Kyoto Prefecture. At 24, he started teaching at a dyeing institute in Kyoto, where he leveraged the advanced knowledge and skills in synthetic dyes and dyeing techniques he had learned in France. In 1890, at the age of 28, he founded Inabata Senryoten along with his wife and started a business as a dye distributor for St. Denis, a French company.

Apart from running his company, Katsutaro also devoted himself to domestic production of dyes. In 1916, when Japan Dyestuff Manufacturing Co., Ltd. was established under national policy, Katsutaro was also involved in its establishment and was appointed as auditor. When the dyeing industry was undergoing a crisis under the recession during World War I, Katsutaro emphasized the need to understand that a national business such as dyeing surpassed the concepts of profit and loss. In 1926, he took over as president and committed himself to the development of the industry.

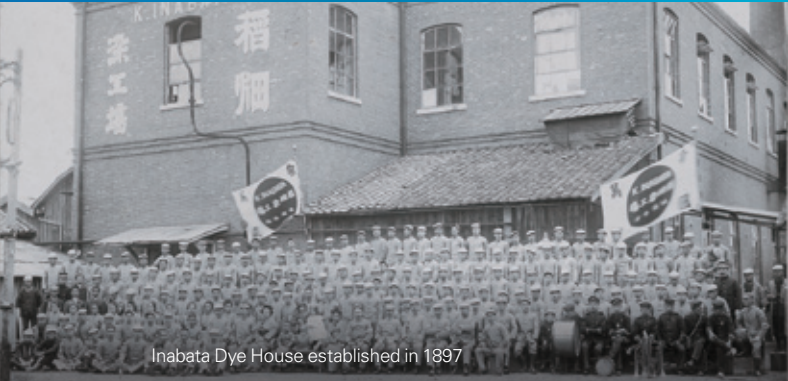
The DNA of “love (*ai*)” and “respect (*kei*)”

In 2010, 120 years after Inabata was founded, the company had grown to a global corporation with about 3,600 employees on a consolidated basis. Katsutaro's great-grandson and our sixth president, Katsutaro Inabata, felt the need to have a shared value among ourselves to demonstrate the company's strengths. Selected employees from the company put their heads together and formulated the new management philosophy, vision, and values that the company should stand for 10 years later. What is the purpose of our existence? What matters the most is the spirit of love and respect that we have inherited. These values have been loved and been our company's unchanged motto since its founding, along with the symbol of “IK,” which is taken from the initials of our founder. Another meaning behind our logo IK is that love in Japanese kanji is pronounced “*ai*,” and respect “*kei*.” “Honesty is the only way to earn trust of society”—This is one of the words left behind by our founder, which describes the spirit of love and respect. Our company's history of over 130 years boasts a lineage of diverse businesses that contribute to social interests relevant to the times and that spirit has become the unwavering guideline for sustainable growth in the medium to long term.

We have continued to evolve as a company with value, while empathizing with the needs of our customers and society.

1890— Early Period

Amid the Great Depression, the company took on the challenge of domestic production of dyes with a commitment that went beyond profits



Inabata Dye House established in 1897

After the Sino-Japanese War, when the entire Japanese industry was in recession, our founder devoted himself to producing dyes domestically while managing the Inabata Senryoten.

He established Muslin Boshoku in 1895. After which he started business with Société Alsacienne de Constructions Mécaniques of France, which was considered the best spinning and weaving machines manufacturer at the time. He, then, established Inabata Dye House, gathered the best machinery and technology, and became the factory manager himself. Even during harsh times, he advocated the need to commit to the understanding that a national business such as dyeing surpassed the concepts of profit and loss and contributed to the development of the business.

- 1890 Inabata Senryoten established in Kyoto
- 1897 Inabata Dye House established
- 1918 Inabata Shoten (Inabata & Co., Ltd.) established
- 1922 Osaka Chamber of Commerce and Industry appoints Katsutaro Inabata as its 10th president (until 1934)
- 1926 Katsutaro Inabata assumes the presidency of The Japan Dyestuff Manufacturing Co., Ltd.
- 1943 "Inabata Sangyo" becomes the Japanese company name
- 1944 The Japan Dyestuff Manufacturing merges into Sumitomo Chemical Co., Ltd. Inabata & Co., Ltd. becomes the exclusive distributor of dyestuffs, chemicals, and pharmaceuticals for Sumitomo Chemical Co., Ltd.

1945— Growth Era

After the devastation caused by World War II, Inabata built a foundation as a chemical trading company and grew into a publicly listed company



New Osaka Head Office completed in 1954

In the midst of the post-war recession, Inabata expanded its business fields to include synthetic resins and construction materials and grew to become a listed company by the 1960s. In 1976, the company established Inabata Singapore as its first post-war overseas base, and subsequently developed trading companies and manufacturing and processing plants in Southeast Asian countries. In addition, it adopted a corporate division system in order to strengthen its structure in anticipation of business expansion. With the establishment of the dyestuffs, chemicals, plastics, and machinery divisions, the business structure that forms the foundation of today's Inabata Industry was established.

- 1961 Stock listed on Second Section of the Osaka Securities Exchange
- 1962 Stock listed on Second Section of the Tokyo Stock Exchange
- 1966 Pharmaceuticals division expands its business by enhancing its structure
- 1970 Introduced a corporate division system and established dyestuffs, chemicals, plastics and machinery divisions
- 1973 Listed on the first section of the Tokyo Stock Exchange and the Osaka Securities Exchange
- 1976 Inabata Singapore (Pte.) Ltd. set up to become the first overseas office after World War II
- 1979 Overseas division established

1984— Reform Era

After losing its pillar of earnings, Inabata improved its portfolio management and aggressively expanded overseas



Press conference announcing the launch of Sumitomo Pharmaceuticals

Sumitomo Pharmaceuticals Co., Ltd. (now Sumitomo Pharma Co., Ltd.) was established in October 1984 as a joint venture with Sumitomo Chemical Co., Ltd. The pharmaceutical business, which had been in operation for nearly 40 years since 1946, was separated from Inabata. However, the bulk pharmaceuticals business was succeeded by the chemicals division, as it handled a wide range of products to meet the needs of society. Moreover, Inabata focused on aggressive overseas expansion while rebuilding its management base. It particularly focused on the resin compounding business to build a new earnings pillar.

- 1984 Pharmaceuticals division separated, Sumitomo Pharmaceuticals Co., Ltd. (now Sumitomo Pharma Co., Ltd.) established as a joint venture with Sumitomo Chemical Co., Ltd.
- 1988 Food division established
- 1990 New Osaka Head Office building completed
- 1999 Business reorganized into IT & Electronics, Housing Materials, Chemicals, Plastics, and Food segments
- 2000 Inabata certified ISO 14001 (environment management system)
- 2005 Inabata certified ISO 9001 (quality management system)

2010— The Fourth Founding Period

As the value of trading companies was being challenged, Inabata developed diverse ways to add value



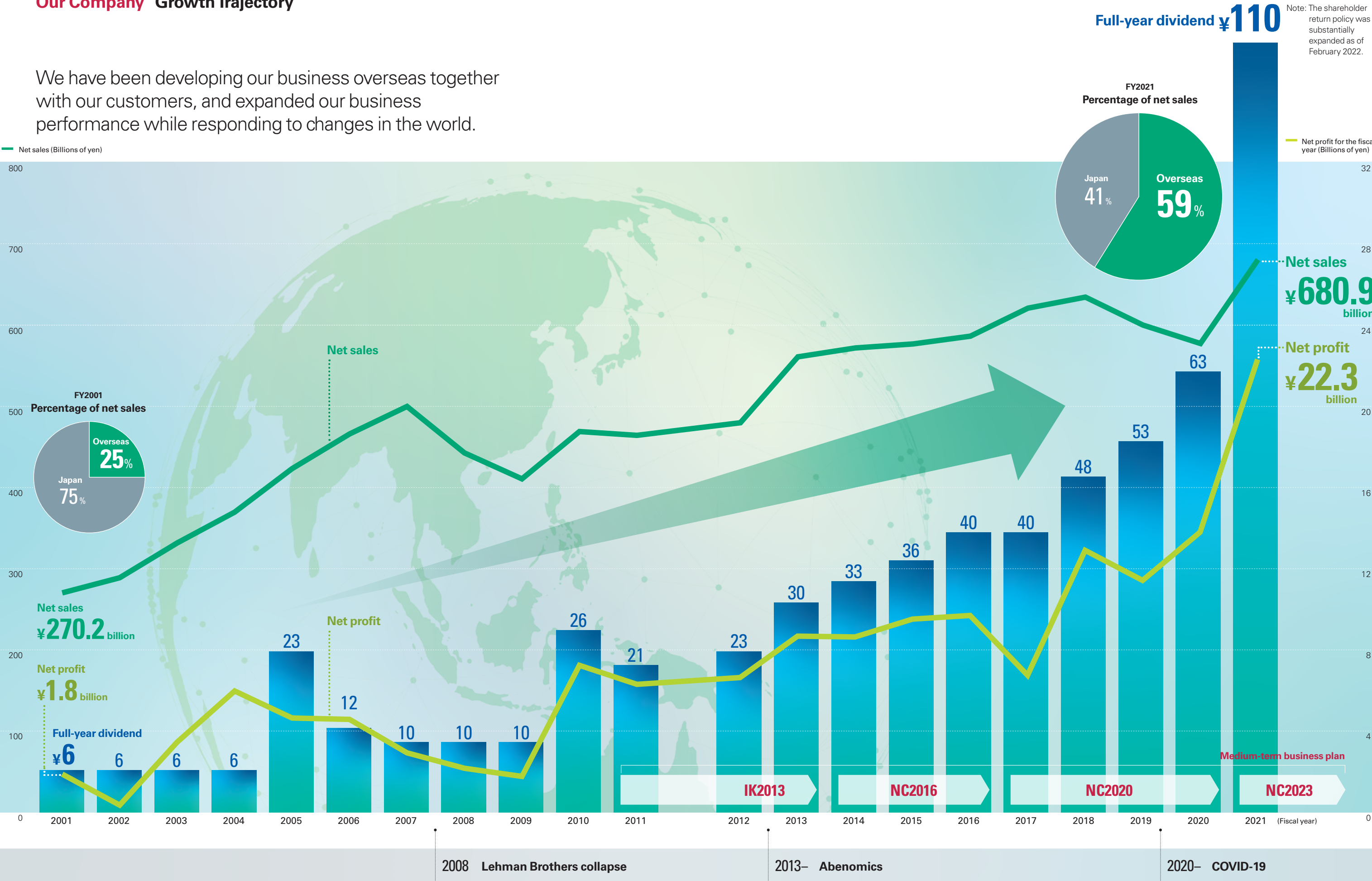
A plastics compound manufacturing base
IK Plastic Compound Mexico, S.A. de C.V. (Mexico)

In 2010, Inabata celebrated the 120th anniversary of its founding. As it was expanding its manufacturing and processing bases, the company responded to diverse needs in the rapidly changing market by developing not only a trading function but also a manufacturing and processing function that directly participates in production. Today, it is a global company operating in about 60 locations in 18 countries. In 2017, Inabata formulated the IK Vision 2030, which describes how it envisions itself in 10 to 15 years. With the spirit of "love" and "respect" handed down from generation to generation since its founding, the company continues to evolve, eyeing the future.

- 2010 Mission, Vision, and IK Values are newly established to coincide with Inabata's 120th anniversary
- 2012 Business domains reorganized into Information & Electronics, Chemicals, Life Industry, Plastics, and Housing & Eco Materials segments
- 2019 Business domains reorganized into four areas: Information & Electronics, Chemicals, Life Industry, and Plastics
- 2022 Listed on the Tokyo Stock Exchange Prime Market

Our Company Growth Trajectory

We have been developing our business overseas together with our customers, and expanded our business performance while responding to changes in the world.

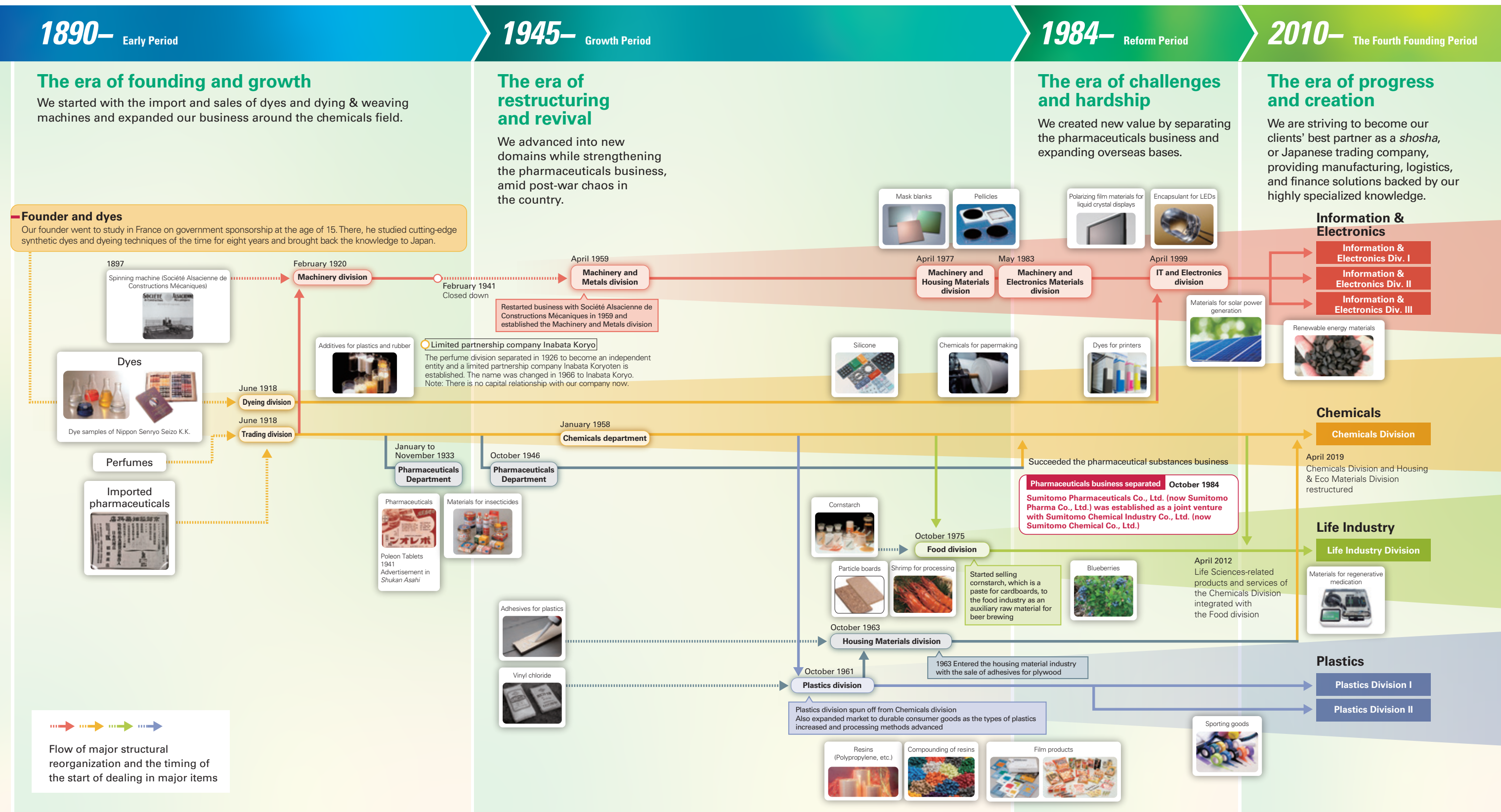


Note: Net profit = Net profit attributable to owners of parent (the same applies hereafter in this Integrated Report)

Our Company

The Evolution and Structural Reorganization of the Chemicals Business

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



Our Company At a Glance

We are advancing further by building a strong foundation in growth fields.

FY2021

Consolidated Results

Net Sales

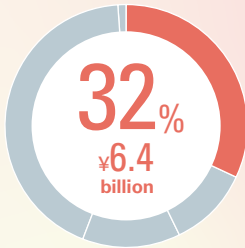
¥680.9 billion

Operating Profit

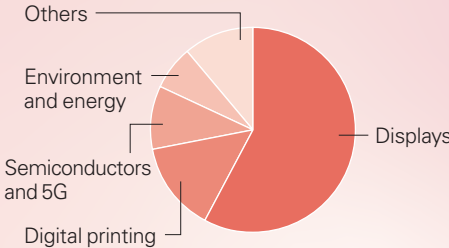
¥20.0 billion

Information & Electronics

Segment Assets
¥113.1 billion
Number of manufacturing and processing subsidiaries
1

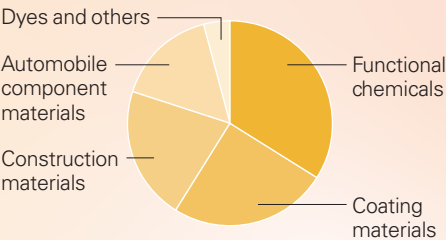
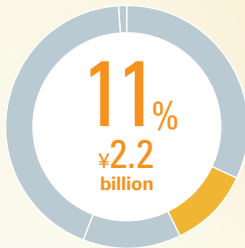


Composition of Products and Materials (Based on the Amount of Net Sales)



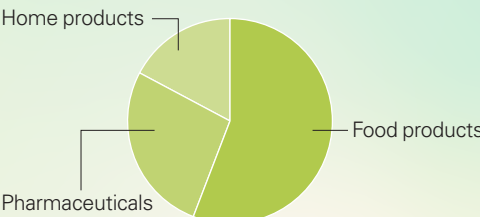
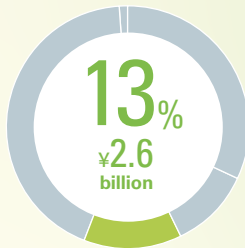
Chemicals

Segment Assets
¥49.0 billion
Number of manufacturing and processing subsidiaries
2



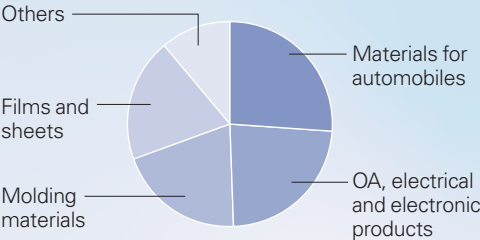
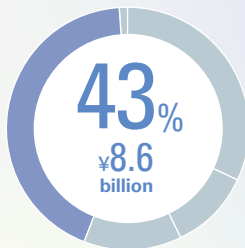
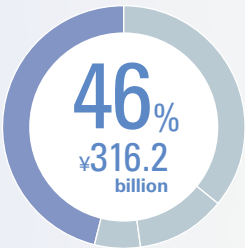
Life Industry

Segment Assets
¥21.1 billion
Number of manufacturing and processing subsidiaries
2



Plastics

Segment Assets
¥164.8 billion
Number of manufacturing and processing subsidiaries
16



Note: The amount of net sales for other segments was 0.0% and operating profit was 0.6%.

Related Data

As of March 31, 2022



Overseas network

18 overseas locations About 60 bases

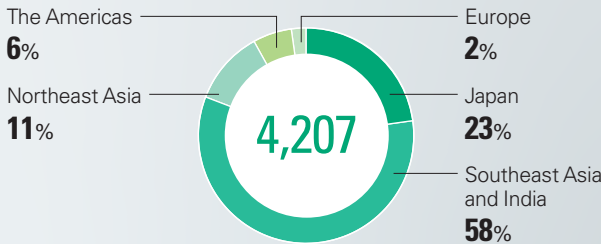


Number of employees

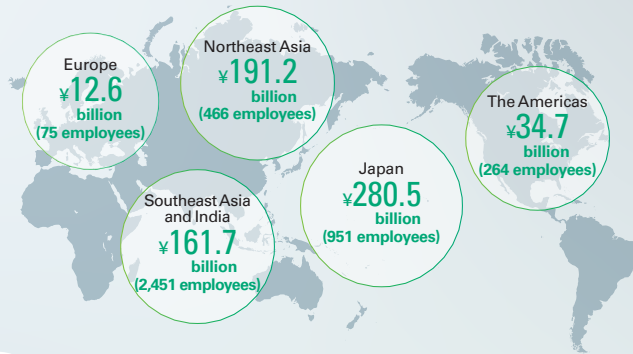
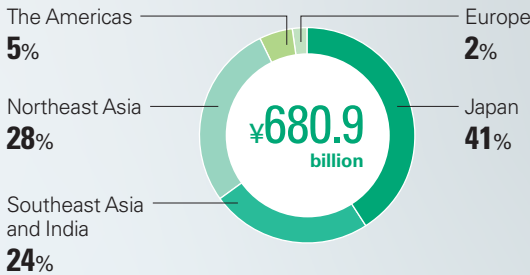
Unconsolidated Consolidated
672 4,207



Number of employees by region



Sales by region



Consolidated subsidiaries

Domestic: 7 Overseas: 36
21 of them are manufacturing and processing subsidiaries
Sales of manufacturing and processing subsidiaries
¥65.7 billion
Note: Simple aggregate value

We will continue our challenge to create even greater value.

In order to elevate “how we envision ourselves” in our long-term vision to an even higher level, we have revised the targets of the medium-term business plan upward, and we will continue our challenge to create value.

Target for FY2023

New medium-term business plan

New Challenge 2023 (NC2023)

Consolidated net sales (after revision)

¥800.0 billion

The three-year medium-term business plan, NC2023, is the second stage of our long-term vision.

As a result of Group-wide efforts to carry out this plan, the results for the first year (FY2021) exceeded the target figures for the final year FY2023.

In light of these current business conditions and future prospects, we have revised our numerical targets and indicators for the final year of the plan. With the new targets, we will continue to aim to increase corporate value.

Quantitative targets

FY2023	Initial	After revision
Net sales	¥670.0 billion*1	¥800.0 billion*2
Operating profit	¥16.5 billion	¥20.5 billion
Ordinary profit	¥17.0 billion	¥21.5 billion
Net profit	¥16.0 billion	¥22.5 billion
ROE	8 % or more	10 % or more
Net D/E ratio	0.3 x or less	0.5 x or less
Equity ratio	50 % or more	Approx. 40–50 % or more

Key initiatives

1. Further development of core businesses and horizontal expansion into growth sectors
2. Multi-faceted approach to markets with potential for future growth and steady monetization efforts
3. Intensification of investment targeting future growth
4. Further improvement of global management information infrastructure
5. Continuous review of assets and further improvement of capital and asset efficiency
6. Enhancement of human capital utilization efforts

Estimated exchange rate Initial rate: USD1 = 105.00 yen Revised rate: USD1 = 120.00 yen

*1 Initial sales target on a pre-application basis for the new revenue recognition standard: 700.0 billion yen

*2 Revised sales target on a pre-application basis for the new revenue recognition standard: 830.0 billion yen

Basic Policy on Shareholder Return

Progressive dividends / Target for total return ratio of about 50%

- Fundamentally, we will ensure that dividend per share does not decline year on year by continually increasing our dividends.
- The target for total return ratio will be set at roughly 50%.

However, in a fiscal year where a substantial amount of cash inflow has been generated by the sale of strategic shareholdings, we will consider future capital needs, the company's financial condition, stock price, market conditions, and other factors in a comprehensive manner, and implement shareholder returns without necessarily being bound by the above target for total return ratio.

Our vision for 2030

Long-term vision IK Vision 2030

Consolidated sales ¥1 trillion or more

IK Vision 2030 outlines how the Group envisions itself around 2030. We will continue to enhance our trading company functions, which are the foundation of our company, and actively invest in business fields and domains where we can harness our strengths at each stage of the medium-term business plan to achieve our long-term vision. We aim to further improve our profitability by optimizing our business portfolio in response to changes.

Further enhancing multifaceted capabilities such as manufacturing, logistics, and finance, in addition to trading

At least one-third of sales and operating profit from business segments other than Information & Electronics and Plastics segments

Sales and operating profit generated outside of Japan 70% or more

Net sales and operating profit trends

Net Sales (Billions of yen)

Operating Profit (Billions of yen)

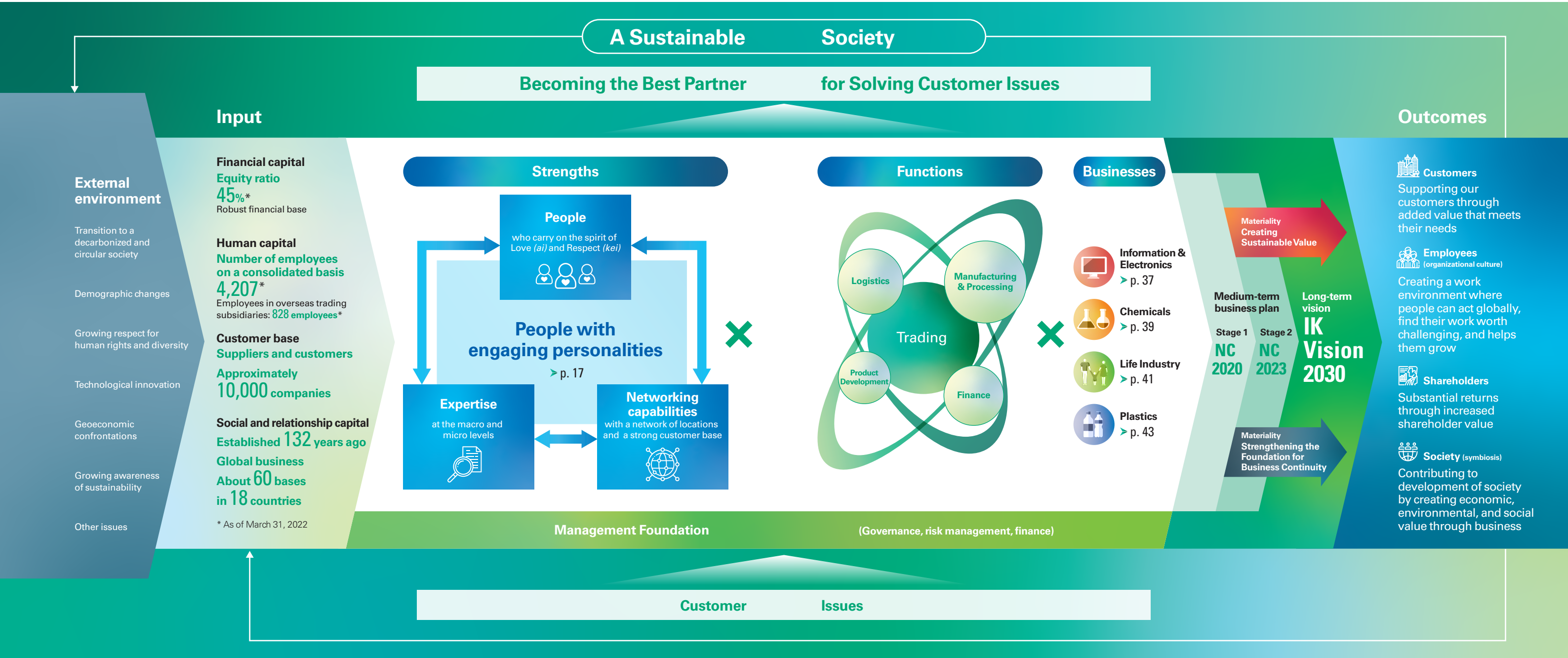
Fiscal Year	Net Sales (Billions of yen)	Operating Profit (Billions of yen)
FY2017	~550	~5
FY2018	~580	~15
FY2019	~550	~12
FY2020	~550	~15
FY2021	680.9	20.0
FY2022 (forecast)	~750	~18
FY2023 (target)	800.0	20.5
Around 2030	1,000	-

Our Company The Process of Value Creation

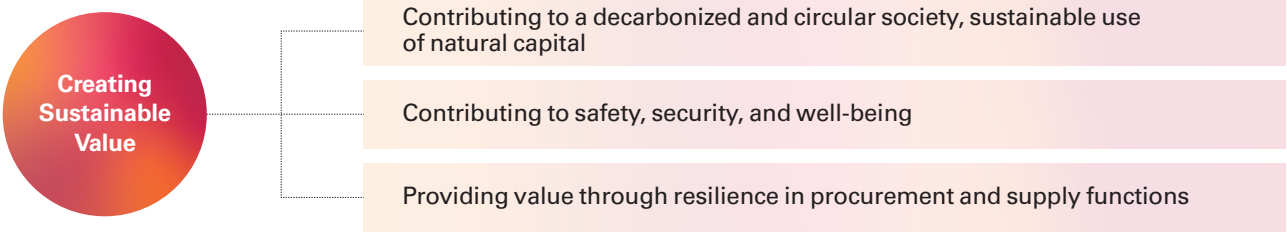
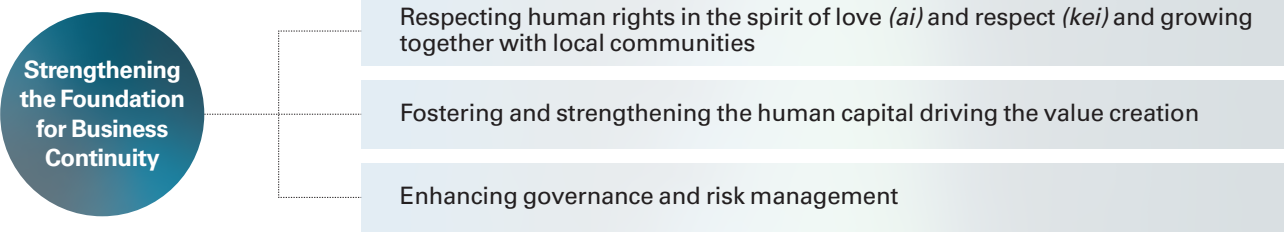
With our human assets and highly specialized knowledge at the core, we will create new value by leveraging our multifaceted capabilities as a *shosha*, or Japanese trading company.

As our customers expand their global presence, our strength lies in our ability to provide specialized services by supplying them a wide range of materials that meet local needs. Our value creation originates from our human assets of about 4,200 employees in Japan and 18 other countries around the world, as well as knowledge gathered from our everyday business activities.

Our global-minded staff with highly specialized expertise in chemicals and other fields combine their advanced knowledge with various functions, such as manufacturing and processing, distribution, finance and product development, to resolve issues faced by customers and generate new businesses in different regions in the fields of information and electronics, chemicals, life industry, and plastics.

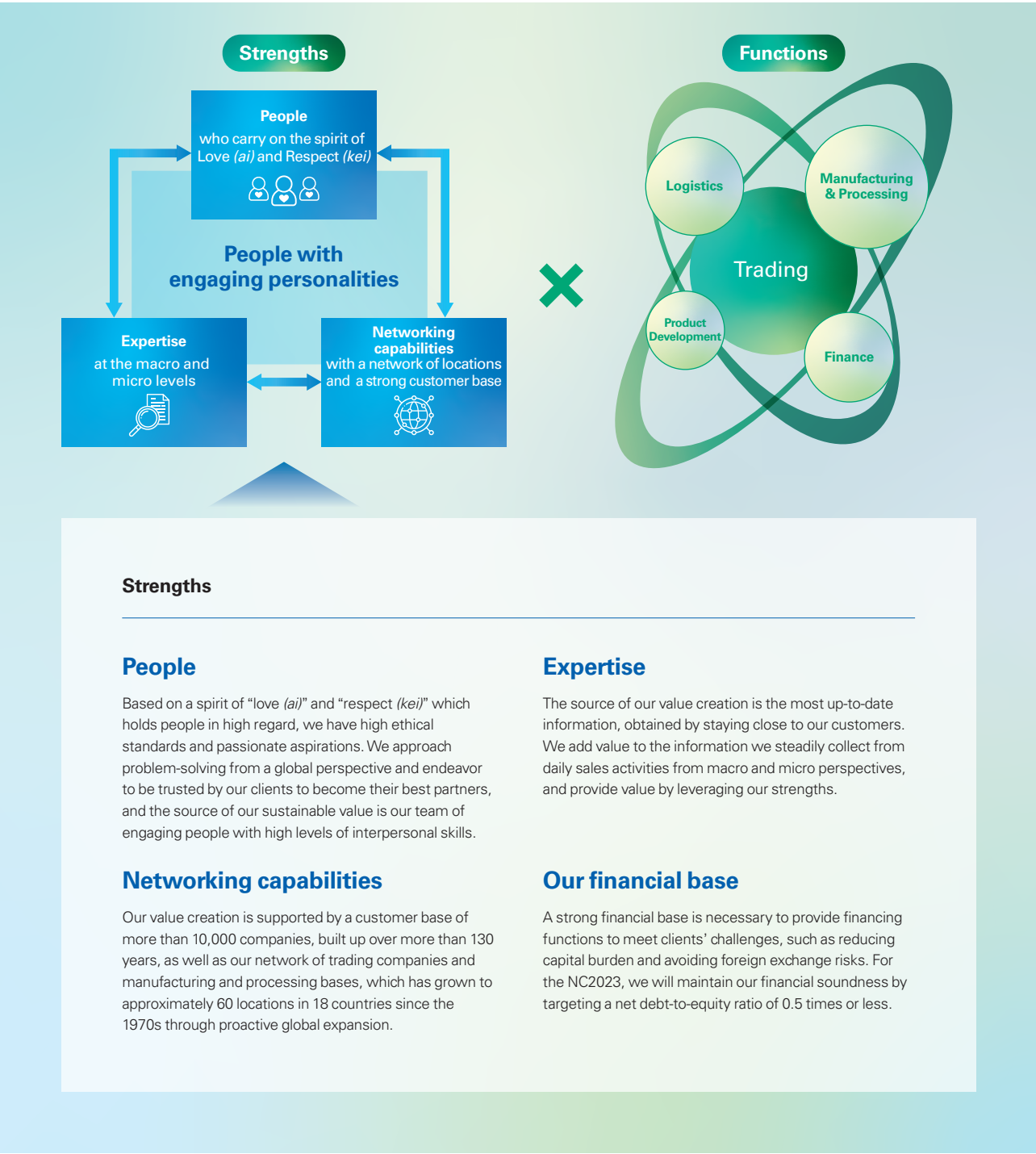


Materiality (major issues for management)

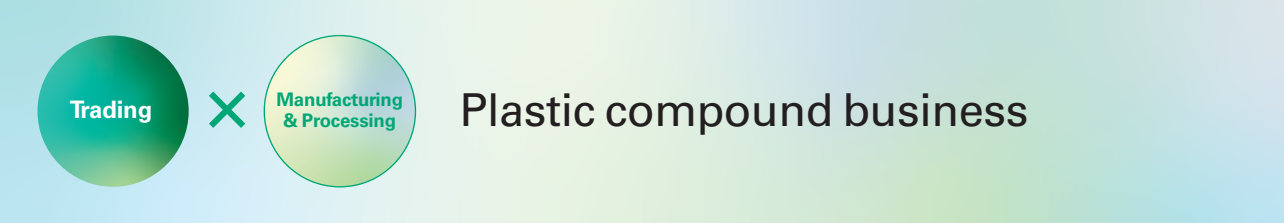


We create and provide the value our customers need by performing a variety of business functions, with trading at the core.

Inabata maintains a diverse range of business functions with trading at its core, drawing on the strengths we have cultivated over more than 130 years of history as a source of people with engaging personalities. By maximizing its capabilities to formulate and implement optimal schemes, we provide added value which meets the needs of our customers and the demands of society.

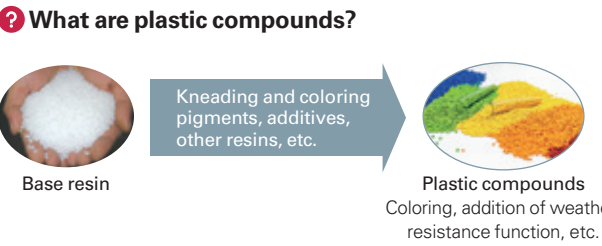


Business Model Example 1

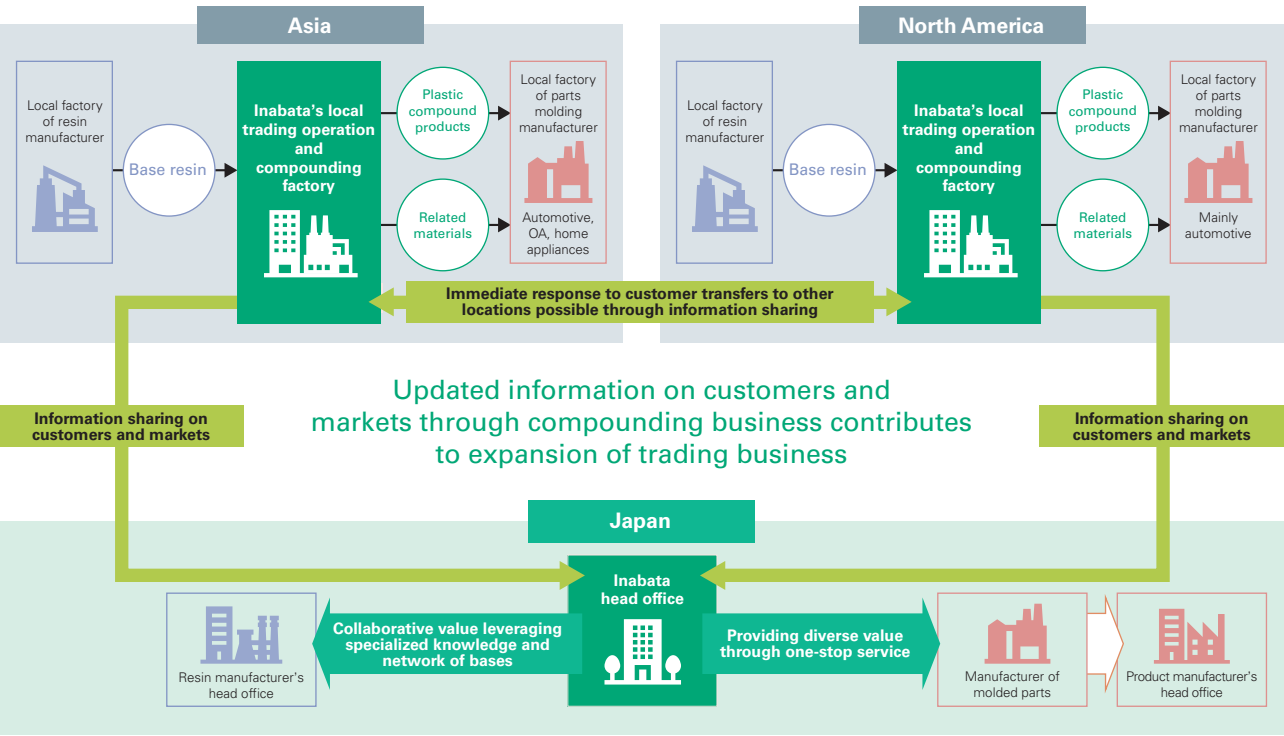


The plastics business, which is one of Inabata's key businesses, expanded overseas using the strength of the plastic compound manufacturing business (compounding business) and grew to a segment that accounts for 46%* of our consolidated net sales. As Japanese electronics manufacturers transferred their production bases to Southeast Asia in the latter half of the 1970s, we followed suit, building our first overseas manufacturing and processing base 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 starting the compounding business 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.



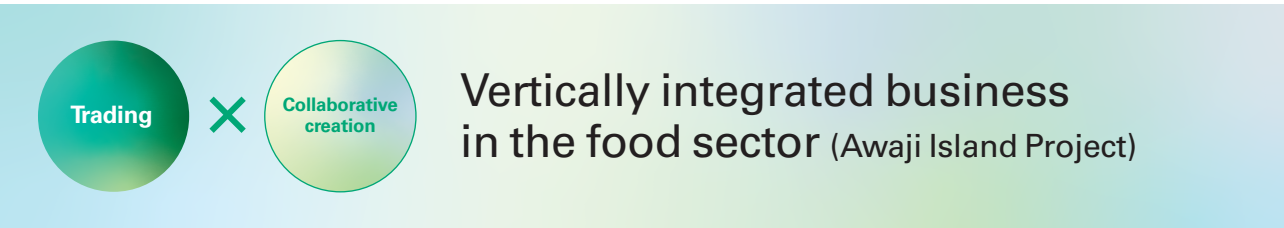
Business model for the plastic compound business



Having a manufacturing function enables us to gain more in-depth access to our customers' production plans, new product development, and other information, which is a huge strength in the trading company business.

* Of the 680.9 billion yen in consolidated net sales for FY2021, sales in the plastics segment amounted to 316.2 billion yen (46.4%).

Business Model Example 2



Against the backdrop of a declining and aging population, the number of workers in Japan’s agriculture and fishery industries is continuing to decline. We view this situation as a business opportunity, and we are working to develop a “vertically integrated business” in the food sector in conjunction with our local partners.

The Inabata Group’s integrated management of agricultural and fish products—from procurement to processing, transportation, and sales—not only optimizes the process, but also improves their added value and develops new sales channels. By expanding these businesses, we hope to contribute to the revitalization of the local economy.

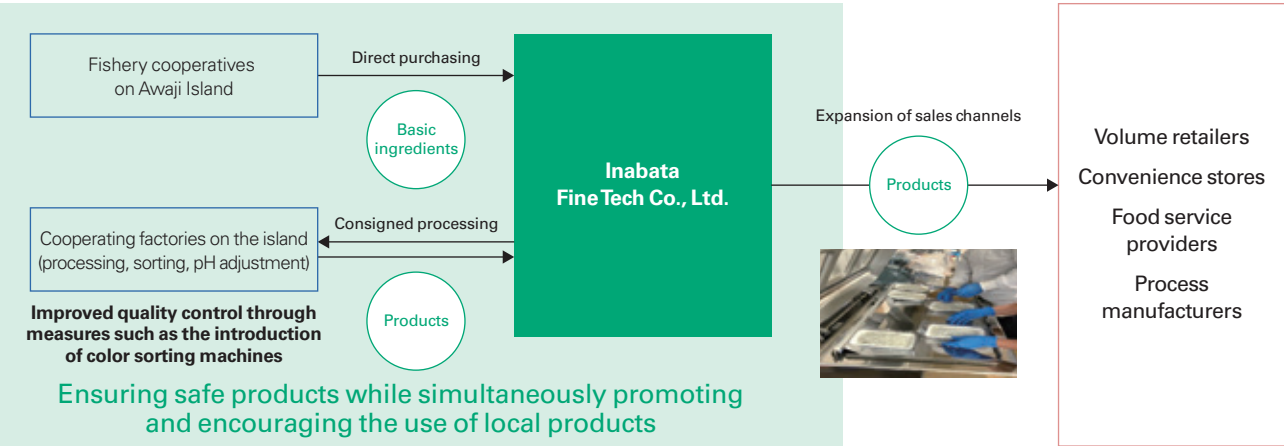
As an example, our consolidated subsidiary, Inabata Fine Tech, is currently moving forward with two projects on Awaji Island in Hyogo Prefecture. In recent years, fish hauls in the Seto Inland Sea to Osaka Bay, where Awaji Island is located, have been sluggish for reasons such as rising sea water temperatures. The company therefore established the themes of creating local employment, securing stable income for fishery businesses, and developing new fishery resources on Awaji Island for these projects. The company is working to develop sustainable businesses which offer Awaji Island-branded processed seafood products through collaboration with local fishing cooperatives and processing companies.



●Awaji Island Wakame Seaweed Project
With the cooperation of a local seafood processing company and a fishery cooperative, Inabata Fine Tech conducts integrated and systematic cultivation of wakame seaweed, supplies safe and reliable products, creates local brands, and develops new sales channels. The company is also working to minimize loss by developing products which utilize the parts of the seaweed that go unused.

●Awaji Island Shirasu Baby Sardine Project
We purchase basic ingredients from fishing cooperatives on Awaji Island and conduct integrated management of all processes, up to product processing, with the cooperation of local fishery processing companies. We have also introduced color sorting machines to improve quality and are working on development of value-added products, such as kit products for prepared food items by volume retailers.

Shirasu Baby Sardine Project



By leveraging the combined strengths of the Inabata Group, which has offices throughout Japan and overseas, we are expanding sales channels for our products and proposing new applications.

Business Model Example 3



In Indonesia, which has seen remarkable economic growth in recent years, the logistics infrastructure had not kept up with the rapid increase in the flow of goods, and the problem of overdue deliveries had become a serious problem.

Inabata Indonesia set up large warehouses with a storage capacity of 5,000 tons to solve this problem in 2016, and it has expanded them even more at present, managing warehouses with a scale of 10,000 tons. It has developed a new warehouse business in Indonesia by managing its own inventory storage and transportation of plastics products, which was earlier being outsourced to local warehouses.

If the logistics route is complicated, such as going through multiple locations, it can adversely affect the efficiency of design in the production process. To eliminate these concerns, the company selected an optimal location for constructing the warehouse. The ground at the site is stable and located along the main road connecting the port and

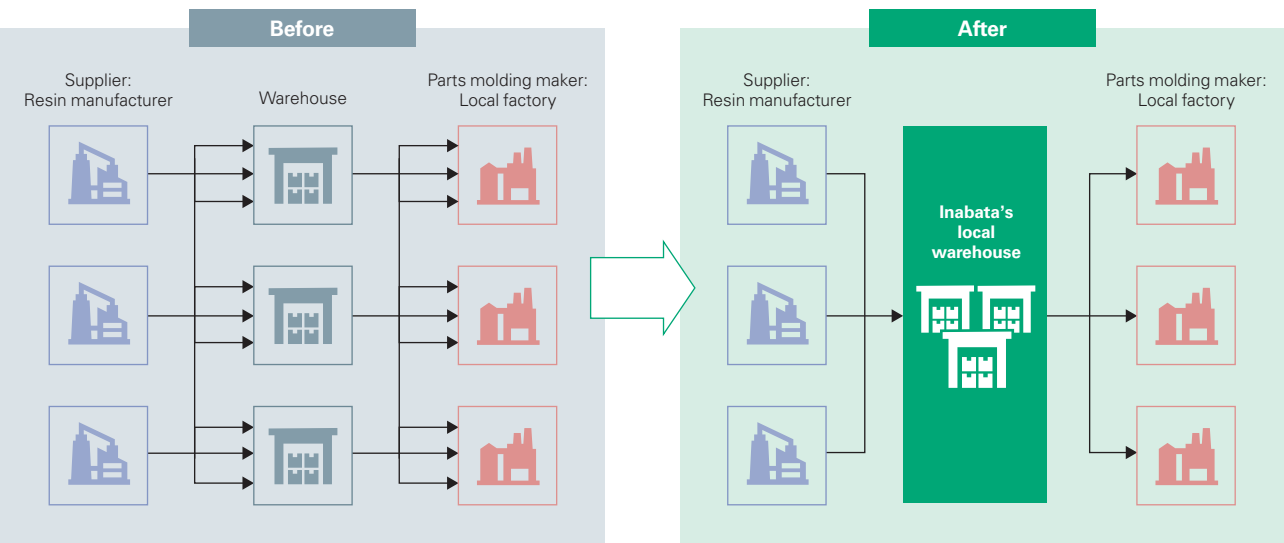
the industrial park. To improve the efficiency of logistics, the company carefully selected a site where it would be possible to consolidate warehouses for inventory storage.

Moreover, the company was also able to achieve the same level of logistics management as in Japan and meet customer expectations by using a warehousing company with which we have a long relationship of trust in Japan as our local partner for our own warehouse operations.



Inabata's warehouse (Indonesia)

Logistics solutions using our own logistics warehouses



Consolidating warehouses that had been scattered across locations to cover all the steps up to product storage in-house

Before establishing our own warehouse operation, we were using five warehouses belonging to local warehousing companies. However, by consolidating our own warehouses to three locations, we have greatly improved our logistics efficiency. This has not only solved the problem of delayed deliveries but has also enabled us to respond with even shorter delivery times.

Inabata Indonesia has succeeded in differentiating itself from its competitors as a sales agent capable of storing customers’ products at its warehouse.



稲田勝太郎

Katsutaro Inabata
President

We will continue to aspire toward sustainable growth, in order to be a trading company that is needed by society in a timeless way.

Business performance for FY2021

Achieved record sales and profits, and exceeded the final target for the NC2023 in the first year of the plan

In April 2021, we launched our three-year medium-term business plan, the New Challenge 2023 (NC2023), which is the second stage for our long-term Vision, the IK Vision 2030. In FY2021, the first year of the plan, the U.S. and the EU region showed increasing signs of an economic rally as the spread of COVID-19 infections subsided. In China, the overall economy has been improving, despite the impact of factors such as the city lockdown in Shanghai. Meanwhile, in Japan, although the recovery of consumer spending, employment, and other sectors has been delayed, the economy is on a recovery trend as corporate earnings continue to improve.

Amidst these circumstances, in order to accomplish the NC2023, all Group companies worked together to implement key initiatives, which included further developing our core businesses such as information & electronics and plastics, strengthening development in markets with future growth potential such as mobility and

new energy, and reviewing our strategically held shares. As a result, our consolidated net sales in FY2021, reached a record high, a significant recovery from the previous fiscal year, when they suffered a decline due to the impact of COVID-19. In terms of profit, operating profit, ordinary profit, and net profit each reached record highs, even though it was the first year of the three-year plan, and exceeded the targets for the final year, FY2023.

In light of these recent business conditions, changes in the business environment since the NC2023 was formulated, and future prospects, we have taken our target figures and indicators for FY2023, and revised them upward.

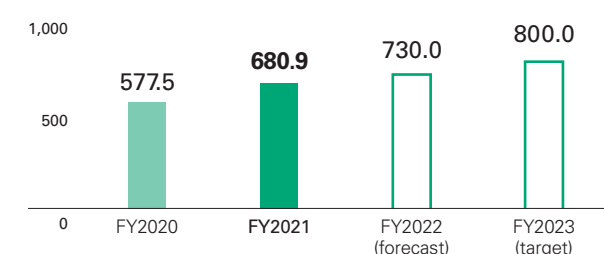
Business environment and market outlook

A difficult year for the company due to soaring prices for resources and energy, as well as a backlash from the strong performance of the previous fiscal year

With COVID-19 still far from over and the growing impact of the situation in Ukraine on the global economy, it is expected that the business environment for FY2022 will

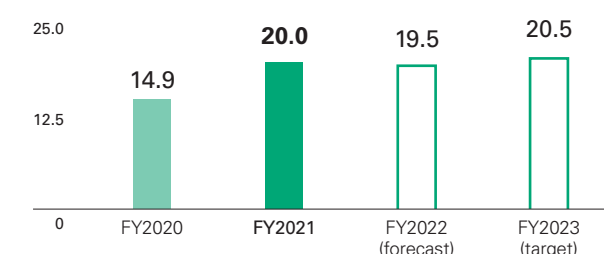
Net sales

(Billions of yen)



Operating profit

(Billions of yen)



NC2023

Business performance for FY2021

Net Sales ¥680.9 billion	Operating Profit ¥20.0 billion	Ordinary Profit ¥21.6 billion	Net Profit ¥22.3 billion
ROE 12.8 %	Net D/E Ratio* 0.17 times	Equity Ratio 45.0 %	(Reference) Exchange Rate US\$1 = ¥112.39

* Net D/E ratio = (interest-bearing debt – cash and deposits) / equity capital

Post-revision targets for the final fiscal year of the NC2023 (FY2023)

Net Sales	Operating Profit	Ordinary Profit	Net Profit
¥800.0 billion	¥20.5 billion	¥21.5 billion	¥22.5 billion
ROE	Net D/E Ratio	Equity Ratio	Assumed Exchange Rate
10% or more	0.5 times or less	Approx. 40–50%	US\$1 = ¥120

Key initiatives for the medium-term business plan NC2023

1. Further development of core businesses and horizontal expansion into growth sectors

2. Multi-faceted approach to markets with potential for future growth and steady monetization efforts

3. Intensification of investment targeting future growth
4. Further improvement of global management information infrastructure

5. Continuous review of assets and further improvement of capital and asset efficiency

6. Enhancement of human capital utilization efforts

remain even more uncertain. Furthermore, it is possible that the transitory factors that contributed to our stronger-than-expected performance in the previous fiscal year—such as continued high-level production of flat panels, which is expected to exceed actual demand from flat panel manufacturers, duplicate orders in anticipation of shortages of semiconductors and raw materials, and stockpiling of inventory—have subsided, and there may be a coming backlash.

We have positioned FY2022, as a “year to take on challenges” in order to overcome this complex and uncertain situation, and reach a new stage of growth. Rather than being satisfied with our current good performance, the entire group will make sure to implement the key initiatives of NC2023 with a greater sense of urgency to achieve the targets for the final fiscal year, which were revised upwards.

NC2023 key initiatives

Promoting the sustained expansion of core businesses and the establishment of future growth businesses

There are six key initiatives in the NC2023. I would like to explain the three pillars of our growth strategies: further development of core businesses and horizontal expansion into growth sectors, a multi-faceted approach to markets with potential for future growth and steady

monetization efforts, and intensification of investment targeting future growth.

With regard to further development of core businesses and horizontal expansion into growth sectors, our sales of flat panel-related materials increased amid continued growth in demand for PCs and information equipment, and sales of new materials related to organic LEDs grew, particularly for smartphones. As the business environment remains difficult, with automobile companies revising their production plans downward due to the COVID-19 pandemic, we are steadily increasing our share of major products in the automotive and mobility fields, including electronic device materials for in-vehicle use and resins for vehicle-related parts. We will continue to develop our core flat panel and automotive-related businesses, and at the same time, strengthen our expansion into growth areas, such as next-generation flat panels and materials for electric vehicles (EV) and plug-in hybrid electric vehicles (PHEV).

As for the markets with potential for future growth in the second initiative, the commercialization of renewable energy-related businesses is progressing on schedule. Specifically, we are working on products such as components and materials for systems for photovoltaic power generation and storage, as well as biomass fuel sales. Furthermore, we have also entered the hydrogen energy field through activities such as domestic sales of hydrogen generators and fuel cell systems from overseas ventures.

Going forward, we intend to further enhance these environment-related businesses. As part of these efforts, we have launched a recycling business for plastics products. Although it is not yet a large-scale business, we have established collection networks at the regional level, in cooperation with logistics companies, to manufacture and sell recycled raw materials and products. In the future, we plan to establish this as a circular business model and expand it to other regions, including areas outside Japan.

With regard to the third initiative, intensification of investment targeting future growth, the Business Planning Office was established in July 2021 as a new head office organization to search for investment projects from a broader perspective, in addition to the conventional search for investment projects spearheaded by the sales department. In collaboration with outside consultants, we screen a wide range of investment opportunities, and results are beginning to show, with several investment opportunities emerging that we had heretofore not encountered. After carefully considering risks and opportunities, as well as the cost of capital, we intend to utilize the funds created through measures such as the reduction of strategically held shares to proactively make investments that will lead to the expansion of our trading company business.

In our long-term Vision, the IK Vision 2030, we laid out a goal of having at least one-third of our sales and operating profit from business segments other than the Information

& Electronics and Plastics segments, but instead, the percentage of sales and operating profit from the Information & Electronics and Plastics segments has increased as a result of engaging in the aforementioned growth strategies. However, this is also a sign that there are still many new seeds for growth in the Information & Electronics and Plastics segments. On the other hand, I feel that we are seeing an increase in projects which cut across segments, such as the Environment and Energy, Automotive and Mobility, and Life Science and Medical fields. Since segment classifications are not necessarily absolute, our policy is to focus on strengthening lateral cooperation between segments and steadily nurture the seeds of new businesses, rather than adhering to numbers like “one-third.” Going forward, we would like to pursue an optimal business portfolio, with an eye toward a reorganization of our segment classifications.

Strengthening our management foundation to support sustainable growth

Transitioning to a company with an audit and supervisory committee, and implementing further improvements to supervisory functions

We have been striving to make improvement of our global management information infrastructure as part of our efforts to strengthen our management foundation to support sustainable growth. We plan to create an



Composition of the Board of Directors



environment that enables seamless handling of management information both domestically and internationally in conjunction with the renewal of our core systems in Japan.

We are also working on the use of RPA (Robotic Process Automation) mainly at overseas offices, and at present, we have deployed it to part of daily operations at several offices. We are seeing steady results in areas such as the automation and streamlining of inventory management, and going forward, we plan to expand the number of locations where the system is installed, while aiming for even more effective utilization. We will make active use of these latest technologies to promote digital transformation (DX). In the future, we will further enhance the Group’s trading company functions by establishing a system that can respond in a prompt and flexible manner to customers placing and receiving orders in complex ways.

Furthermore, enhancing and improving corporate governance is another important management issue. We have been continuously working to make improvements, and in order to further strengthen the supervisory function and further accelerate management decision-making, we made the decision to transition from a company with an audit & supervisory board to a company with an established audit and supervisory committee, which was approved at the Ordinary General Meeting of Shareholders in June 2022. After the transition, the majority of the Board of Directors will consist of outside directors, and we would like to strengthen the Board’s supervisory function in its capacity as a monitor of business execution, which will lead to further enhancement of corporate value.

In addition, we will continue to focus on efforts to ensure diversity on the Board of Directors.

Furthermore, we are also focusing on reviewing our holdings and further streamlining our funds and assets.

During the three-year period of the NC2023, we intend to reduce the balance of strategically held shares by 50%, relative to the remaining balance as of March 31, 2021. This plan is progressing as planned in the first year of the NC2023. In addition, we have added a new policy to reduce our strategically held shares by 80% over the next five years through March 31, 2027. We intend to allocate the profit from the sales to investments aimed at growth and enhanced shareholder returns from a long-term perspective.

Promotion of sustainability management

Through our business activities, we will work to solve a variety of issues and contribute to making a sustainable society a reality

People come first, based on the spirit of “love (*ai*)” and “respect (*kei*),” and together we strive towards contributing to the development of society. This is the management philosophy we have adopted, and we have continued to manage our business with a respect for people which is based on trust. We believe that this philosophy of respecting people and society can contribute to making a sustainable society a reality, which is the goal of the world today. Based on this management philosophy of respect for people, that we have held since our founding, and in order to contribute to addressing a broader range of social issues through our business activities and achieve sustainable growth, we established the Sustainability Basic Policy in November 2021, and identified the materiality (important issues) among various environmental and social issues that we should address in June 2022. Going forward, we plan to establish specific numerical targets and action plans for each issue of the materiality and incorporate them into our management plan.



Climate change and other environmental issues are long-term risks that will have a significant impact, not only on our company, but on society as a whole. We believe that it is our company’s responsibility as a corporate citizen to make Group-wide efforts to reduce greenhouse gas emissions, reduce waste, and recycle resources. At the same time, the trend toward a decarbonized and circular society is also a business opportunity for us. We intend to further expand businesses that contribute to reducing our environmental negative impact, such as renewable energy-related businesses and sales of recycling-oriented materials and products.

Another important long-term issue is training and enhancing human capital. For a trading company whose greatest management resource is our people, the greatest risk is an inability to develop human resources. Starting this fiscal year, we launched a system to broaden career path options by introducing an internal open recruitment system and an FA system. We have also changed our approach to training younger employees newly graduated to a method in which employees are given experience in both sales and administrative offices each year after joining the company in order to cultivate their overall capabilities. We also plan to introduce an overseas trainee system for young employees, although its introduction has been delayed due to the COVID-19 pandemic.

Diversity promotion is also an indispensable element for making the most of our human resources. We have set numerical targets for the ratio of women in management positions and the ratio of women in staff positions (career-track positions) as indicators for the promotion of the active advancement of women, but unfortunately, the numerical targets themselves are not high, nor is achieving

those targets an objective in itself. Led by Director Hagiwara, who joined the Board of Directors in the previous fiscal year, we have set up opportunities for engaging in dialogue with women in Staff positions (career-track employees) and also with their supervisors. If, through these efforts, we all develop a mutual awareness of the environment for each of our employees to maximize their potential and the issues they face, then continue to work steadily to resolve those issues, we believe that the entire company will be revitalized.

In addition, in order for employees to remain active and energetic, it is essential for them to be in good physical and mental health, and to have a work environment that allows them to work flexibly according to their individual circumstances. We announced our Health and Productivity Management Declaration in July 2022 and also made telecommuting—which was initiated to prevent the spread of COVID-19—a standard system. In this way, we will continue to focus on creating a pleasant working environment.

We will continue to aspire toward sustainable growth in order to be a trading company that is needed by society in a timeless way, and we ask for the continued support of all our stakeholders.

Sustainability initiatives

- October 2021**
 - Established the Sustainability Committee
- November 2021**
 - Established the Inabata Group Sustainability Basic Policy and Sustainability Code of Conduct
- March 2022**
 - Established the Inabata Group Human Rights Policy
- April 2022**
 - Participated in the United Nations Global Compact
- June 2022**
 - Announced the Carbon Neutrality Declaration 2050
 - Identified our materiality
- July 2022**
 - Established the Health and Productivity Management Declaration

Kenichi Yokota
Director and Senior Managing Executive Officer
in charge of Administrative Affairs



We will make proactive investments for future growth, and develop businesses with high added value that can demonstrate the significance of our existence as a specialized trading company.

Revised the final targets of the medium-term business plan upward after achieving our financial targets in the first year

In FY2021, the first fiscal year of our medium-term business plan, the NC2023, our consolidated financial results made a significant recovery from the previous fiscal year, which suffered a decline due to the impact of COVID-19. Not only did net sales and each profit category reach record highs, but we also greatly exceeded our financial targets for FY2023, the final fiscal year of the plan. In response to these circumstances, we have revised our financial targets and indicators upward for FY2023, taking into account current business conditions, changes in the environment since the plan was formulated, and future prospects, as well as the changes to our shareholder return policy, which were announced in February 2022.

In addition to setting higher targets for net sales and each profit category, we have also set an ROE target of 10% or more for capital efficiency. In order to meet the expectations of our stakeholders and achieve sustainable growth as an excellent company, we have wanted to achieve an ROE of 10% or higher as a normal state of affairs for a long time. We believe this is a feasible enough target, given that our performance for FY2021 far exceeded our initial forecast, and we plan to continue to sell strategic

shareholdings. We have changed our net D/E ratio target from below 0.3 times to below 0.5 times, which is in consideration of accelerating growth investments, but even the revised target of 0.5 times is quite low for a trading company. From the perspective of maintaining our credit rating, we believe it is a reasonable figure.

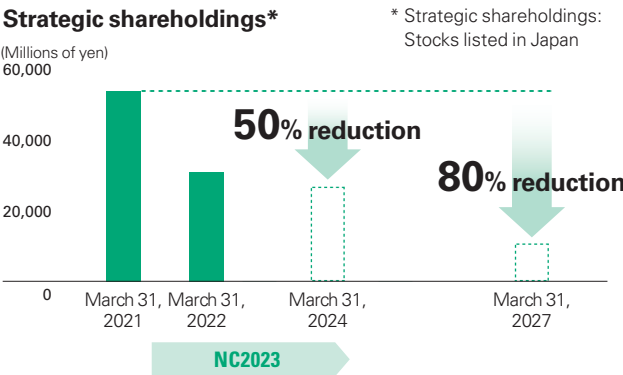
Furthermore, we have put forth a plan to reduce our balance of strategic shareholdings as of March 2024, when the NC2023 will conclude, by 50% relative to the balance

Revisions of target figures and indicators for the final fiscal year of the NC2023

	FY2023	
	Initial	After revision
Net Sales	¥670.0 billion	¥800.0 billion
Operating Profit	¥16.5 billion	¥20.5 billion
Ordinary Profit	¥17.0 billion	¥21.5 billion
Net Profit	¥16.0 billion	¥22.5 billion
ROE	8% or more	10% or more
Net D/E Ratio	0.3 times or less	0.5 times or less
Equity Ratio	50% or more	Approx. 40–50%
Exchange Rate	US\$1 = ¥105	US\$1 = ¥120

Policy on reducing strategic shareholdings

- Reduce the balance of strategic shareholdings by 50% relative to the balance at the end of March 2021 over the three-year period of the NC2023 (Continuation of our existing policy)
- Further reduce strategic shareholdings over the medium to long term, and reduce the balance of strategic shareholdings over the next five years (by the end of March 2027) by approximately 80% relative to the balance at the end of March, 2021 (Addition of a new policy)
- In general, we plan to allocate the capital obtained from the sale of strategic shareholdings for shareholder returns and investment for future growth, rather than for internal reserves



as of March 31, 2021, and this plan has been well received by our investors. This reduction has progressed as planned in the first year, and we will aim to achieve this goal by March 2024, but it is also a fact that 50% of our shares still remain. For that reason, in order to further improve capital efficiency over the medium to long term, we have added a new policy to reduce our strategic shareholdings by approximately 80% by March 2027, relative to the balance as of March 31, 2021, in order to further improve the efficiency of our capital over the medium to long term.

Promoting the intensification of investment targeting future growth, backed by our ten-year investment track record and a robust financial base

We have reflected on our past inability to achieve sufficient results despite aggressive business investment, and so over the past ten years, we have had a stronger awareness of the cost of capital and made solid business investments, focusing on projects that are closely related to our existing businesses and which can easily

demonstrate synergy with them. As a result, many of our projects have generated steady returns and achieved organic growth, while generating synergies with existing businesses. During this period, we have also made progress in strengthening our financial base and achieved a measure of legitimacy in terms of credit rating.

Furthermore, based on these ten years of achievements and our current financial situation, we have determined that we have entered a new stage—a stage in which we will accelerate investment for growth—which is why one of the NC2023's key initiatives is “the intensification of investment targeting future growth.” We have decided to take the course of action of maintaining the organic business growth we have achieved to date, while making more aggressive growth investments going forward, including global M&A.

Given the rapidly changing environment of today, we cannot get a full grasp of promising investment opportunities with only the information obtained from the activities of each sales department. We therefore established the new Business Planning Office in July 2021 to serve as a head office organization responsible for screening M&A and other investment opportunities. At the same time, we appointed staff members in each sales department to serve as the Office's counterparts working with sales representatives in the field, and they work together to identify new investment opportunities and promote business planning by leveraging each department's expertise and network.

When making proactive investments, risk management becomes even more important. Following a significant write-off for doubtful accounts in FY2017, we took the opportunity to further enhance our risk management system. For future investments, we will continue to make investment decisions based on criteria for hurdle rates and the cost of capital, in addition to closely monitoring the progress and profitability of businesses after investing in them.

Pursuing organic growth of core businesses and the establishment of new pillars for the next generation

In terms of our course of action for making investments, we plan to focus on value-added business development where we can demonstrate our strength as a specialized trading company. For example, in the plastics business, our entry into the plastic compounding business in Asian countries in the 1970s is a typical example of our company's success. In addition to the functions of a trading company—doing logistics, providing information,

and making proposals—we added value by also performing processing functions at the local level, and established systems which let us respond swiftly to customer needs in our capacity as a specialized trading company. We then supported organic business growth in the plastics business by responding to brisk overseas expansions by Japanese manufacturers and implementing phased investments. We intend to continue making investments in these core businesses to further add value and enhance profitability. Of course, another major theme is to establish “next-generation pillars” following the two major segments of Information & Electronics and Plastics. We will therefore actively work on businesses with high added value which capture the zeitgeist, such as a graying society and environmental and energy issues becoming increasingly critical, with an eye toward areas where we can generate synergy with our existing businesses.

For example, in the Life Industry Segment, we are focusing on the food business, which includes agriculture. We are boosting profitability by working on businesses that are vertically integrated from production and processing to sales, such as large-scale cultivation of blueberries and garlic on our own farms.

In the environmental and energy field, we will not only supply solar cell components and fuel for biomass power generation, but also provide solutions to solve our customers’ various issues by utilizing our advanced expertise and wide-ranging network. Furthermore, the life science and medical field is a niche and highly specialized business area which is relatively safe from price competition.

In this way, we aim to achieve organic business growth in both our core and new businesses by making proactive investments in businesses with high added value where we can demonstrate our unique strengths and significance as a specialized trading company, while simultaneously building a new growth platform for the future of the Group.

Equity ratio, net D/E ratio, ROE

	FY2019	FY2020	FY2021
Equity Ratio	45.2%	49.2%	45.0%
Net D/E Ratio	0.16 times	0.06 times	0.17 times
ROE	7.4%	8.6%	12.8%

Investments and lending

(Billions of yen)

	FY2019	FY2020	FY2021
Growth Investment	1.85	0.86	1.20
Fixed Investment	2.01	2.40	2.01
Total	3.86	3.26	3.21

Continuing to pay progressive dividends and revising the total return ratio upwards, with the aim of further enhancing shareholder returns

In March 2021, in conjunction with the launch of the NC2023, we revised part of our shareholder return policy to introduce progressive dividends. In fact, we have been effectively paying progressive dividends up to this point, such as maintaining the dividend amount even when net profit was halved due to a significant write-off for doubtful accounts, as in FY2017. However, now that we have officially included progressive dividends in our policy, we have received many positive comments from investors, who have said things such as “Progressive dividends give me a different sense of security.”

Furthermore, we announced in February 2022 that we would raise the total return ratio from 30–35% to approximately 50%. This was also very well received by investors, and our share price has gone up, compared to where it was prior to the announcement.

Under this new policy, we will continue to focus on further improving profitability and increasing the efficiency of our capital, and pursue increased corporate value with the aim of further enhancing shareholder returns.

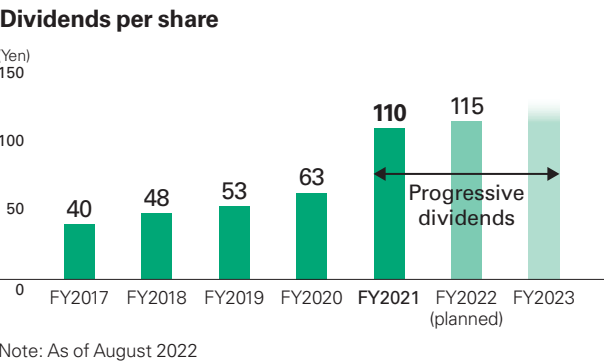
Transitioning to a company with an audit and supervisory committee and implementing further improvements to its supervisory function

As of June 2022, we have transitioned from a company with an audit & supervisory board to a company with an audit and supervisory committee. This is to further strengthen its supervisory function and to create a structure for governance that enables more rapid management decision-making. Compared to the previous system of a company with an audit & supervisory board, a company with an audit and supervisory committee is a governance structure which is more easily understood by foreign institutional investors.

All four Directors who are members of the Audit and Supervisory Committee are now outside directors, and the post-transition Board of Directors is composed of a majority of independent outside directors (see p. 60). By incorporating diverse perspectives and external knowledge, and having the Board operate in a monitoring capacity as a supervisor of business execution we aim to ensure fairness and transparency in management and enhance corporate value to an even greater extent. In addition, at a company

Basic Policy on Shareholder Returns

- Continuation of progressive dividends
Fundamentally, we will ensure that dividend per share does not decline year on year by continually increasing our dividends.
- The target for total return ratio will be set at roughly 50%.
However, in a fiscal year where a substantial amount of cash inflow has been generated by the sale of strategic shareholdings, we will consider future capital needs, the company’s financial condition, stock price, market conditions, and other factors in a comprehensive manner, and implement shareholder returns without necessarily being bound by the above target for total return ratio.



with an audit and supervisory committee, the internal control system is used to conduct audits in a systematic way. In order to ensure that audits can be conducted reliably and smoothly, we have clarified the chain of command between the Audit and Supervisory Committee and the Internal Audit Office within the company.

Aiming for sustainable growth by contributing to climate change solutions, while responding appropriately to climate change risks

In order to accelerate sustainability management, including these governance reforms, we established the Sustainability Basic Policy in 2021 and identified materiality (key issues) in 2022. Among these issues, contributing to a decarbonized and circular society is an important issue that is unavoidable if we are to survive. The Sustainability Committee has begun to analyze and assess the risks that climate change poses to our company, as well as the opportunities it offers, but we recognize that there are considerable risks due to our involvement in agricultural production in the food sector, to cite one example. However,

the company as a whole does not have major fixed assets, which we believe enables us to respond flexibly to risks.

On the other hand, in terms of opportunities, we expect business opportunities to increase significantly due to factors such as the growing demand for renewable energy and the widespread use of EVs. While appropriately responding to climate change risks, we will proactively work to provide materials and solutions which contribute to solving environmental issues, such as energy and electricity-related businesses, expanding our lineup of products that reduce environmental negative impact, and plastic recycling businesses.

Of course, training and strengthening our human capital and promoting diversity and inclusion—which form the foundation of our business continuity—are of paramount importance to us as a specialized trading company. We conduct employee engagement surveys because it is essential for our company’s growth that our greatest asset, our employees, have a sense of understanding and trust in the company and a high level of motivation. We are using the results from last year’s survey to improve employee engagement through continual surveys and improvements, such as the introduction of new training programs. To promote diversity, we are moving forward with initiatives to promote career advancement for women, such as holding workshops for women employees in Staff positions and explanatory meetings regarding the transition from assistant positions (general positions) to staff positions (career-track positions). We will continue working to train and strengthen our human capital and to create an environment in which diverse personnel can play an active role, and strive to appropriately disclose non-financial information, which includes this human capital.

Going forward, we will continue to pursue an optimal balance between improving our financial position, investing in growth, and returning profits to shareholders in order to earn the support of our shareholders, investors, and other stakeholders.



Challenges for the Future

Inabata has adopted six key initiatives in the NC2023, our medium-term business plan. We will introduce our challenges for what we envision for our future, from the perspectives of key persons.

Establishing the Business Planning Office to effectively utilize M&A investments

To achieve what we envision for our future as written in our long-term Vision, the IK Vision 2030, we formulated the medium-term business plan, the NC2023, in which we adopted “intensification of investment targeting future growth” as a key initiative.

As Hiroyuki Hatamoto, General Manager of the Business Planning Office, explains, “Until now, our basic strategy has been one of organic growth, utilizing our existing management resources. However, in order to achieve what we envision for our future, it is also very effective to secure external human resources and technology through the use of M&A, in addition to a growth strategy utilizing existing resources.

Our goal is to build an operational foundation for making that growth investment a reality. Although this endeavor will take some time, due to the highly specialized nature of the field, we have decided to use our practical experience as learning materials to accumulate M&A-related knowledge and expertise across the entire company.”

Utilizing our ability to perceive business opportunities for M&A investments

The Business Planning Office is working to create an organizational culture that will allow sales divisions to accumulate practical skills related to investment operations and deploy them internally, in alignment with General Manager Hatamoto’s statement that “Our medium-term goal is for sales divisions to utilize the M&A network themselves in order to gain a foothold in finding deals for each division, and to laterally deploy information related to other divisions, so that the entire organization will be able to discover new themes.”

“The general M&A process consists of three phases: sourcing, execution, and post-merger integration (PMI),” says Tongtong Onuma of the Business Planning Office, who joined Inabata in 2021 as a mid-career hire. “We began by sourcing, that is, searching for target companies that fit our business strategy, evaluating and analyzing them, and then approaching the selected companies.”

With regard to sourcing, nine people, mainly young managers, were selected from each sales division to serve as points of contact for the Business Planning Office, and training sessions on sourcing operations were held with the support of outside consultants.

“In the first place, sales divisions are capable of identifying business opportunities in the value chain,” says Hatamoto. “The goal of this training was to have participants acquire the knowledge and expertise they need to apply this capability to M&A investments.”

Devising an M&A approach that fits Inabata’s business strategy

At present, we are repeatedly exchanging information with both members of the sales divisions and specialist external vendors to select specific targets to approach.

“The Business Planning Office seeks to be in communication with both sales divisions and specialist external vendors, and functions as an intermediary for cross-organizational coordination. We are currently exchanging information with investment banks and M&A brokerage firms to increase the number of deals we bring in, and sharing this information with sales divisions,” says Onuma.

Going forward, if the number of approached companies increases steadily, we intend to finally increase the number of business executions—which means concluding basic agreements, conducting due diligence, and closing on deals—and PMI, which refers to the process of integrating management after a deal has been closed.

Hatamoto says, “I believe that in the future, the sales division members who participated in the project will serve as leaders in the field, becoming hunters and growing more experienced with the entire process, from sourcing operations and executions to PMI. I believe that we must increase the number of such personnel as much as we can.”

However, he states that M&A is just one method for implementing our business strategy.

“It is important for us to determine what we truly want, whether that is human resources, technology, or business areas, and to devise an M&A approach that fits our business strategy,” he says.

Onuma also says that M&A is just a process and what is extremely vital is monitoring after M&A.

The key point is whether the expected synergy is implemented or not. I would like to support the M&A activities of each sales division from this perspective, as well,” she says.

Challenge 1

Promoting M&A

Inabata, which adopted “intensification of investment targeting future growth” in the NC2023, established the Business Planning Office to be the unit which would carry out the actual work of M&A. We will introduce the purpose for which it was established, specific initiatives, and its prospects going forward.

Hiroyuki Hatamoto (on right)
General Manager, Business Planning Office

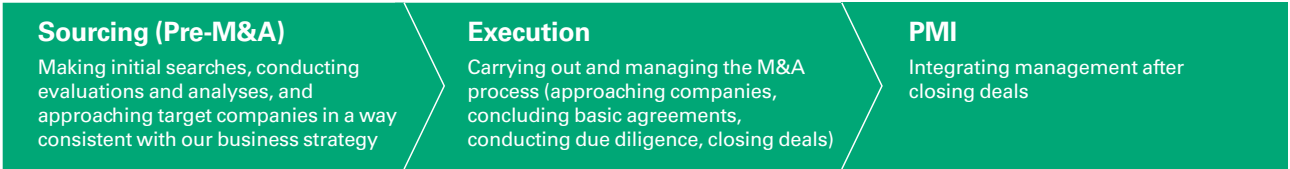
After serving in various roles at megabanks in Japan and overseas branches, the credit, audit, and other divisions, he joined Inabata in 2009. He was assigned to the Risk Management Office, where he served as Senior Manager, General Manager, and Executive Officer, and in July 2021, he became the General Manager of the Business Planning Office.

Tongtong Onuma (on left)
Business Planning Office

After graduating from a university in Dalian, China, she joined an accounting firm. During her involvement in various M&A activities, she encountered Inabata, which is expanding globally with a focus on Asia. She joined the company in 2021, believing that she could utilize her experience at Inabata for long-term career development.



General M&A process



Challenge 2

Contributing to the Circular Economy —Recycling Materials Business

The business of further promoting the recycling of plastic resources has become increasingly important in response to issues such as the marine plastic waste problem, climate change issues, and tightening regulations from other countries on waste imports.

Shin Yoshida
Deputy Senior Manager, Industrial Materials Dept., Plastics Division II
Since 1994, has been involved in the plastics industry at specialized chemical trading companies. Worked in China from 2004 to 2011 before joining Inabata in 2013. Currently works in the Industrial Materials Dept., Plastics Division II.



Attempting to create a new market where recycled plastic means added value

With environmental awareness growing around the world in recent years, including initiatives to accomplish the SDGs, the negative environmental impact of plastics such as marine waste has come to be viewed as a problem.

In this context, I was toying with ideas about what I could do as a person involved in the plastics industry, when I noticed plastic waste that had been discarded at a client's factory. I wondered if it would be possible to recycle them, and this is what sparked the business.

We believe that the recycling materials business we are

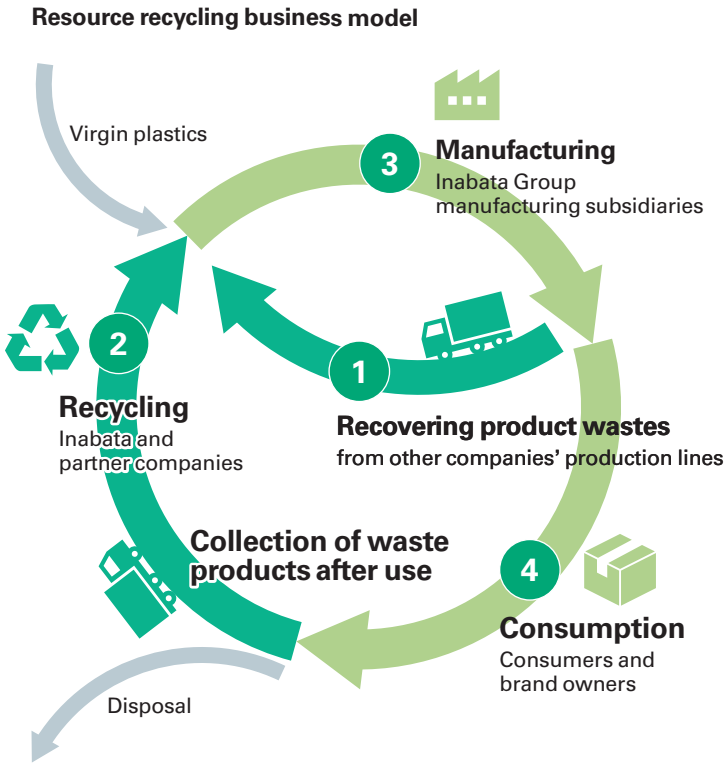
working on is one of the ways for us to make a breakthrough in the current situation surrounding plastics. Over the past few years, we have seen a growing number of owners for brands, who value their brand image and make products such as food, cosmetics, toiletries, and daily necessities, say that they would like to use recycled plastic.

Our recycling materials business handles materials in a way distinctly different from other conventional companies. While there are variations in the type of plastics and fluctuations in quality and supply because they are typically meant for mass production, we are able to reduce production losses and fluctuations in the quality of our pelletized plastics by carefully selecting and managing the plastic waste we collect. We also test the physical properties and elution of the produced pellets, and in doing

so, we aim to create a new market, where recycled plastic means added value, by being able to offer stable quality, stable supply, and safe products.

We are currently enhancing our manufacturing facilities in Okayama and considering further expansion to more locations. We are also looking at overseas sales, and we expect our sales scale in FY2025 to be more than 10 times what it was in FY2021.

With regard to environmental issues, as a company whose core business is plastics, we in the Industrial Materials Dept. must not merely reduce the use of plastics, but also propose new ways to use them. As a first step in that endeavor, we would like to promote our business of recycled plastic, which is an eco-friendly product.



- 1 Large quantity of plastic waste created by plastics manufacturers
- 2 Processing into recycled plastic materials at partners' recycling plants
- 3 Commercialization of recycled plastic materials in Japan and overseas
- 4 Production of diverse products and collection of waste products

Pursuing businesses that will be supported by society, in light of the global trend toward a circular economy

In September 2021, Inabata joined the Alliance to End Plastic Waste (AEPW), an international alliance dedicated to building a circular economy for plastics, which includes solving the plastic waste problem. AEPW, a non-profit organization, has established a worldwide network of leading companies in the global plastics value chain and works together with national government agencies, environmental and economic development NGOs, and civil society.

By utilizing AEPW as a place to obtain the latest information on trends and technologies related to the

containment of plastic waste from around the world, we will seek out businesses that will be supported by society.

Though the negative impact of plastics on the environment tends to attract attention, we do not believe that all plastics are necessarily bad, but rather that they are useful materials. We would like to advocate for activities to promote a circular economy, from the standpoint that we are well-versed in the good and bad qualities of plastics through our long years of business.

We need the ability to tell stories to our customers and attract their interest

"In the field, the most important thing is whether or not you can provide customers and suppliers with things like new perspectives and intriguing business opportunities, and tell stories which excite customers and those around them."

That is the message of Hiroyuki Furubayashi, who is in charge of human resources, with regard to what is needed by Inabata's human resources, who are our greatest asset as a trading company.

"Uncertainty in social and economic situations has increased worldwide, particularly in recent years. It is precisely in this so-called VUCA (volatility, uncertainty, complexity, and ambiguity) era, with unclear trends and rapid changes, that personalities who can attract customers have become necessary."

Challenge 3

Fostering Global-Minded People

Inabata has established developing "global staff" as one of its key initiatives, and has established an organization to promote that endeavor. These are some of our strategies to further enhance our greatest asset, our human resources.

Hiroyuki Furubayashi

General Manager, Human Resources Office

Joined the company in April 1991 and was assigned to the Human Resources Section, Human Resources Department, General Affairs Office; transferred to the Sales Department in July 1995, and subsequently held positions such as president of Group companies in Singapore, Vietnam, and the Philippines. Took up his current position in June 2019.

Developing "global staff" through the introduction of new systems and visualization

Based on that attitude, Inabata has been proactively working to develop human resources. Notably, we have been focusing on developing "global staff," which is also a key initiative in the NC2023.

"Inabata has established offices in 18 countries overseas, and we are expanding our business operations. However, naturally, each country has different values. That is why we are trying to share our sense of values—the IK Values—with all countries around the world, in order to serve as a common standard."

The Human Resources Department has conducted workshops to spread the IK Values at our overseas locations since 2018. While they were suspended by the COVID-19 pandemic, we intend to look at the situation

going forward and restart them in the future.

We will introduce a new overseas trainee system, under which employees who work in Japan and are around the age of 30 will be dispatched to overseas subsidiaries for about six months to gain experience with operations at the local level.

"I want these employees to gain overseas business experience firsthand, and learn about the kinds of gaps that can never be filled. As they feel resigned and humbled, I would like them to obtain the experience of giving up, if I can say so without worrying about being misunderstood. I am convinced that by objectifying themselves in this way, they will bring about positive and meaningful change in their future career development and the way they work."

In promoting this initiative, a new Global Human Resources Management Department was established. As Furubayashi explains, the purpose of this new department is to provide a "cross-organizational perspective."

"Up to this point, our human resources strategy, including human resource development and transfers, has been mainly led by those in the field. Of course, entrusting these tasks to frontline personnel was not a mistake. In fact, I believe it was a good thing. However, doing this had the detrimental effect of creating biases in personnel allocation and work distribution. We thought it was necessary to have a department which would take a step back and manage the situation from a bird's eye view. In addition, we decided on the name 'Global Human Resources Management Department,' which means that we will collectively manage situations across all the countries of the world from a global perspective."

At the Global Human Resources Management Department, we are also moving forward with visualizing our human resources by compiling data such as their backgrounds, ambitions, and plans for development.

"We would like to use this data as a resource when considering the optimal personnel allocation for the entire company, based on the unique traits and abilities of each employee."

Promoting diversity adds value to the trading company business

Diversity is one more thing that our company has been actively promoting in recent years. In order to make working easier for all employees, regardless of age and gender,

beginning in July 2022, we extended the retirement age to 65 years old, and introduced a re-employment commission system for those who are 65 and over. "Some of our existing customers, with whom we have long business relationships, ask for the experience and perspectives of senior employees. We will entrust such customers to senior employees, so that younger employees can take on more new challenges." In addition, we are focusing on initiatives to promote women's participation in the workplace, such as workshops for that purpose. "For a trading company business like ours that handles standardized chemical products, which makes it difficult for us to distinguish ourselves, the key is how we can set Inabata apart—in other words, how we can add value through the charm of people and the ideas they have—and I believe that women's perspectives are important in this regard." In order to support diverse work styles, a new system has been introduced that allows employees to balance work and childcare and work and nursing care. According to Furubayashi, this is because diversity is also necessary for the development of a trading company business.

Utilizing the employee engagement survey to continue enhancing our systems and culture

The employee engagement survey, launched in 2021, was conducted again in 2022.

"We have improved both our response rate and our scores. However, our goal is not to increase the engagement rating, but to learn where we are lacking, to construct or improve systems, and to engage in organizational development."

The 2021 survey showed that our education and training has been inadequate, so we are increasing our investment in human resources, enhancing development for general employees and managers, and providing career training.

"I believe that the amount of money we spend on each employee will increase accordingly. However, we have to develop our people in order for the company to grow."

Finally, Furubayashi had this to say in response to the question, "What is the goal of Human Resources?"

"I believe that there is no set time goal for people to grow. I believe that it is our role as the Human Resources team to continue maintaining and enhancing the systems and culture which enable each of our employees to work happily and energetically with an autonomous and independent viewpoint, and to really feel that they are growing."