Translation

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

February 6, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

Company name: Inabata & Co., Ltd.
Stock exchange listing: Tokyo
Stock code: 8098 URL https://www.inabata.co.jp/english/
Representative: Director, President Executive Officer, Katsutaro Inabata
Inquiries: General Manager, Financial Management Office Koichi Noda TEL 050-3684-4011

Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	635,106	10.8	20,393	25.0	20,826	27.0	17,468	4.7
Nine months ended December 31, 2023	572,995	2.1	16,319	1.2	16,402	6.5	16,686	8.7

Note: Comprehensive income For the nine months ended December 31, 2024: ¥25,578 million [29.6%]
For the nine months ended December 31, 2023: ¥19,731 million [63.8%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	320.29	–
Nine months ended December 31, 2023	302.18	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	465,870	222,339	45.9
As of March 31, 2024	427,320	206,754	46.8

Reference: Equity
As of December 31, 2024: ¥213,959 million
As of March 31, 2024: ¥200,166 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	55.00	–	65.00	120.00
Fiscal year ending March 31, 2025	–	60.00	–		
Fiscal year ending March 31, 2025 (Forecast)				65.00	125.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	830,000	8.4	24,000	13.3	24,000	12.2	20,000	(0.0)	366.94

(Note) Revisions to the forecast of consolidated financial results most recently announced: None

4. Notes

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 4 companies (Novacel Co., Ltd. and 3 other companies)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	54,714,127 shares	As of March 31, 2024	55,914,127 shares

Number of treasury shares at the end of the period

As of December 31, 2024	329,704 shares	As of March 31, 2024	680,789 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	54,539,780 shares	Nine months ended December 31, 2023	55,218,979 shares

Note: The Company has introduced the "Board Benefit Trust (BBT)," and shares of the Company held by this trust are included in the number of treasury shares to be deducted in the calculation of "Number of treasury shares at the end of the period" and "Average number of shares during the period."

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Proper use of forecasts of financial results, and other special matters

The above forecasts are based on information available to the Company as of the date of the announcement of this document and are not intended to be a commitment by the Company to achieve them. In addition, actual results may differ from the forecasts due to various factors in the future. For matters concerning forecasts of financial results, please refer to "(3) Explanation of forecasts of consolidated financial results and other forward-looking statements" of "1. Overview of operating results and others" on page 5 of the attached material.

Attached Material

Index

1. Overview of operating results and others 2
(1) Overview of operating results for the period under review 2
(2) Overview of financial position for the period under review 5
(3) Explanation of forecasts of consolidated financial results and other forward-looking statements 5
2. Consolidated financial statements and significant notes thereto 6
(1) Consolidated balance sheet 6
(2) Consolidated statement of income and consolidated statement of comprehensive income 8
Consolidated statement of income 8
Consolidated statement of comprehensive income 9
(3) Notes to quarterly consolidated financial statements 10
Notes to segment information, etc. 10
Notes in the case where there was a significant change in the amount of shareholders' equity 11
Notes on premise of going concern 12
Notes to quarterly consolidated statement of cash flows 12

1. Overview of operating results and others

(1) Overview of operating results for the period under review

During the nine months ended December 31, 2024, the global economy was generally on a recovery trend, although there were differences by region.

In the U.S., the economy expanded as consumer spending and capital expenditure increased. In China, production and exports increased due to the effects of government policy, but consumption and capital expenditure remained flat, and the recovery continued to be at a standstill. In emerging countries of Asia, the Indian economy expanded and the Indonesian economy picked up moderately. On the other hand, the economy is weaker in Thailand. In Europe, there were signs of recovery in both the Euro area and the U.K., mainly in consumption and the non-manufacturing sector. Nevertheless, within the Euro area, the recovery in Germany appears to be at a standstill.

The Japanese economy recovered gradually, mainly in capital expenditure. Although there was some standstill in consumer spending, there were signs of a recovery.

Under this situation, the Group's consolidated net sales were ¥635,106 million (up 10.8% year-on-year) partly due to the effect of the yen's depreciation. As for profits, operating profit was ¥20,393 million (up 25.0% year-on-year), ordinary profit was ¥20,826 million (up 27.0% year-on-year), and profit attributable to owners of parent was ¥17,468 million (up 4.7% year-on-year) due to absence of gain on bargain purchase in the nine months ended December 31, 2024, which was recorded in the nine months ended December 31, 2023.

The average exchange rate against US dollar during the nine months ended December 31, 2024 was ¥152.64 (¥143.33 during the nine months ended December 31, 2023).

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Year-on-year (%)
Net sales	572,995	635,106	10.8% increase
Operating profit	16,319	20,393	25.0% increase
Ordinary profit	16,402	20,826	27.0% increase
Profit attributable to owners of parent	16,686	17,468	4.7% increase

Operating results by segment are as follows.

Information & Electronics Business

In the Information & Electronics Business, net sales increased due to a recovery in sales related to flat panel displays (hereinafter, "FPDs") and other products such as printers and copier-related materials. In addition, due to the increase in the number of products with high profit margins, segment profit (operating profit) increased significantly.

For products related to FPDs, the recovery of end-user demand in China and other markets was sluggish, and sales of those for large TVs were weak as panel manufacturers conducted production adjustments. On the other hand, since there has been progress in shifting to OLEDs panels such as for mobile devices and tablets, sales for in-vehicle electronics and products for OLEDs were robust.

For LED-related products, due to inventory adjustments for outdoor displays arising in China, sales decreased slightly.

For products related to inkjet printers, sales were strong. Sales to consumers increased as inventory adjustments were completed by the end of the previous fiscal year. For industrial materials, sales of related materials also increased due to strong sales for food and beverage packaging applications, etc.

For copier-related products, sales of relevant materials increased due to the completion of inventory adjustment of toner for office use.

For products related to solar cells, sales decreased due to intensified global price competition, mainly affected by the spreading of inexpensive panels to Europe and other regions. Meanwhile, sales expansion to China, India and Southeast Asia is progressing.

For products related to secondary cells, sales decreased significantly against a backdrop of the slowdown in global EV sales.

For photomask-related products, sales were robust for semiconductors and products for OLEDs. However, demand for LCD products was sluggish, and sales for related materials were almost flat.

For semiconductor-related products, sales were strong. This was mainly due to increased demand from China and sales of semiconductor materials for AI-related applications, as well as sales of largescale equipment. Furthermore, efforts are focused on sales expansion for new products.

For products related to electronics peripheral components, sales almost remained at the same level.

As a result, net sales amounted to ¥202,564 million (up 13.9% year-on-year). Segment profit (operating profit) was ¥6,765 million (up 29.8% year-on-year).

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Year-on-year (%)
Net sales	177,870	202,564	13.9% increase
Segment profit (operating profit)	5,213	6,765	29.8% increase

Chemicals Business

In the Chemicals Business, sales increased due to strong performance in businesses related to resin materials/additives, papermaking agents and building materials, as well as increased overseas sales.

For resin materials/additives, despite lower sales of urethane-related products on the back of declines in automotive production and the number of housing starts, sales increased due to strong export.

For materials for automotive parts, sales decreased due to the slowdown in EV sales as well as discontinuation of handling some materials.

For coating/ink/adhesive area, although the volume decreased slightly, unit sales prices rose, with the result that overall sales were at the same level as the previous year.

For papermaking agents, sales increased as inventory adjustments for plain paper ran their course and demand showed signs of recovery.

For products related to building materials, sales increased due to increased imported lumber and apartments and condominiums.

As a result, net sales amounted to ¥89,004 million (up 5.3% year-on-year). Segment profit (operating profit) was ¥2,283 million (up 7.2% year-on-year).

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Year-on-year (%)
Net sales	84,539	89,004	5.3% increase
Segment profit (operating profit)	2,130	2,283	7.2% increase

Life Industry Business

In the Life Industry Business, although sales of pharmaceuticals and other life science-related products were robust, sales of food-related products were weak.

For life science-related products, sales of pharmaceuticals as well as insect repellents and insecticide were robust.

For food-related products, sales of agricultural products were weak due to sluggish sales of frozen fruits for overseas markets. For fishery products, sales were robust for conveyor-belt sushi restaurants and mass retailers in Japan, but both sales and profit of processed fishery products and other ingredients for Japanese cuisine in the U.S. market declined sharply due to sluggish demand for restaurants and intensified competition, and overall sales of food-related products also decreased. In the U.S., in addition to processed fishery products, the Company is undertaking new initiatives to enhance and expand sales of dessert products. Moreover, sales of eel products produced by DAIGO TSUSHO CO., LTD., which was made a consolidated subsidiary in the previous fiscal year, are making a steady contribution in terms of income.

As a result, net sales amounted to ¥40,751 million (up 2.9% year-on-year). Segment profit (operating profit) was ¥939 million (down 14.5% year-on-year).

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Year-on-year (%)
Net sales	39,618	40,751	2.9% increase
Segment profit (operating profit)	1,098	939	14.5% decrease

Plastics Business

In the Plastics Business, sales increased due to generally strong sales in each sector.

For products related to commodity resins, amid weak demand, efforts were focused on sales of imported products, and sales increased.

For products related to high-performance resins, sales of products for OA increased as inventory adjustments were completed by the end of the previous fiscal year. For automotive-related products, sales in Japan and Southeast Asia were mostly flat but strong in Mexico and India. In China, sales to Japanese-affiliated automakers were sluggish, but sales to local manufacturers expanded. Overall, global sales of automotive-related products remained almost at the same level.

For the compound business, sales increased due to a recovery in demand from the OA sector as well as due to the new consolidation of Novacel Co., Ltd., which is a joint venture with Daicel Corporation, and Novacel’s three subsidiaries.

For polyolefin resins, exports to China decreased, but sales increased in Japan on the back of factors such as an increase in inbound demand.

For film-related products, sales in the soft packaging area performed well on the back of increased inbound demand, etc. In addition, both volume and unit prices increased in Japan as customers worked through inventories.

For sheet-related products, sales increased significantly due to favorable sales of sporting goods-related materials both in Japan and overseas.

The recycling material business grew significantly, partly due to improvement of production capacity.

As a result, net sales amounted to ¥302,649 million (up 11.7% year-on-year). Segment profit (operating profit) was ¥10,302 million (up 32.5% year-on-year).

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Year-on-year (%)
Net sales	270,830	302,649	11.7% increase
Segment profit (operating profit)	7,773	10,302	32.5% increase

(2) Overview of financial position for the period under review

Assets

Total assets as of December 31, 2024 increased by ¥38,550 million compared with March 31, 2024 (up 9.0% from the end of the previous fiscal year) to ¥465,870 million.

The increase in current assets by ¥30,270 million was mainly due to increases in accounts receivable - trade and cash and deposits.

The increase in non-current assets by ¥8,279 million was mainly due to increases in intangible assets and in property, plant and equipment.

Liabilities

Total liabilities as of December 31, 2024 increased by ¥22,965 million compared with March 31, 2024 (up 10.4% from the end of the previous fiscal year) to ¥243,530 million.

The decrease in current liabilities by ¥1,703 million was mainly due to a decrease in short-term borrowings, despite an increase in notes and accounts payable - trade.

The increase in non-current liabilities by ¥24,668 million was mainly due to increases in bonds payable and in long-term borrowings.

Net assets

Total net assets as of December 31, 2024 increased by ¥15,584 million compared with March 31, 2024 (up 7.5% from the end of the previous fiscal year) to ¥222,339 million. This was mainly attributable to increases in foreign currency translation adjustment and in retained earnings.

As a result, the equity ratio was 45.9% (down 0.9 points from March 31, 2024).

(3) Explanation of forecasts of consolidated financial results and other forward-looking statements

There are no changes to the full-year forecast of consolidated financial results for the fiscal year ending March 31, 2025 announced in the Consolidated Financial Results on November 7, 2024.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	51,310	63,483
Notes receivable - trade	31,198	33,878
Accounts receivable - trade	175,264	188,437
Merchandise and finished goods	78,286	81,114
Work in process	1,938	2,237
Raw materials and supplies	4,843	5,029
Other	11,639	10,600
Allowance for doubtful accounts	(475)	(503)
Total current assets	354,006	384,276
Non-current assets		
Property, plant and equipment	18,625	20,313
Intangible assets	3,855	9,456
Investments and other assets		
Investment securities	34,872	35,784
Retirement benefit asset	9,346	9,579
Other	12,745	12,832
Allowance for doubtful accounts	(6,131)	(6,372)
Total investments and other assets	50,833	51,823
Total non-current assets	73,314	81,593
Total assets	427,320	465,870

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	127,702	133,574
Short-term borrowings	42,946	34,985
Income taxes payable	2,498	3,218
Provision for bonuses	1,863	1,199
Other	14,227	14,557
Total current liabilities	189,238	187,535
Non-current liabilities		
Bonds payable	7,500	25,000
Long-term borrowings	12,389	19,331
Provision for retirement benefits for directors (and other officers)	42	32
Provision for share awards for directors (and other officers)	262	267
Retirement benefit liability	2,343	2,484
Other	8,789	8,879
Total non-current liabilities	31,327	55,995
Total liabilities	220,565	243,530
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,177	7,193
Retained earnings	144,689	151,252
Treasury shares	(904)	(785)
Total shareholders' equity	160,327	167,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,289	10,217
Deferred gains or losses on hedges	595	591
Foreign currency translation adjustment	28,541	35,764
Remeasurements of defined benefit plans	412	360
Total accumulated other comprehensive income	39,838	46,934
Non-controlling interests	6,588	8,380
Total net assets	206,754	222,339
Total liabilities and net assets	427,320	465,870

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	572,995	635,106
Cost of sales	520,691	574,912
Gross profit	52,303	60,194
Selling, general and administrative expenses	35,983	39,800
Operating profit	16,319	20,393
Non-operating income		
Interest income	295	633
Dividend income	736	752
Share of profit of entities accounted for using equity method	209	190
Miscellaneous income	932	844
Total non-operating income	2,174	2,420
Non-operating expenses		
Interest expenses	1,482	1,092
Foreign exchange losses	277	456
Miscellaneous losses	331	437
Total non-operating expenses	2,091	1,986
Ordinary profit	16,402	20,826
Extraordinary income		
Gain on sale of non-current assets	273	507
Gain on sale of investment securities	3,712	3,615
Gain on bargain purchase	3,419	–
Total extraordinary income	7,405	4,122
Extraordinary losses		
Loss on retirement of non-current assets	–	164
Loss on step acquisitions	225	–
Total extraordinary losses	225	164
Profit before income taxes	23,582	24,784
Income taxes - current	5,822	6,233
Income taxes - deferred	473	153
Total income taxes	6,296	6,386
Profit	17,285	18,398
Profit attributable to non-controlling interests	599	929
Profit attributable to owners of parent	16,686	17,468

Consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	17,285	18,398
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,872)	(121)
Deferred gains or losses on hedges	(10)	25
Foreign currency translation adjustment	5,287	7,256
Remeasurements of defined benefit plans, net of tax	(35)	(53)
Share of other comprehensive income of entities accounted for using equity method	77	73
Total other comprehensive income	2,445	7,179
Comprehensive income	19,731	25,578
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,917	24,564
Comprehensive income attributable to non-controlling interests	814	1,014

(3) Notes to quarterly consolidated financial statements

Notes to segment information, etc.

[Segment information]

I Nine months ended December 31, 2023

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Information & Electronics	Chemicals	Life Industry	Plastics	Total
Net sales					
(1) Sales to external customers	177,870	84,539	39,618	270,830	572,858
(2) Intersegment sales or transfers	–	–	–	–	–
Total	177,870	84,539	39,618	270,830	572,858
Segment profit	5,213	2,130	1,098	7,773	16,216

	Others (Note) 1	Total	Adjustments	Amount recorded in the quarterly consolidated statement of income (Note) 2
Net sales				
(1) Sales to external customers	136	572,995	–	572,995
(2) Intersegment sales or transfers	–	–	–	–
Total	136	572,995	–	572,995
Segment profit	103	16,319	–	16,319

Notes: 1. "Others" category represents a business segment that is not included in reportable segments, and real estate leasing business.

2. The total amount of segment profit corresponds to operating profit in the quarterly consolidated statement of income.

2. Information about impairment loss of non-current assets or goodwill, etc., by reportable segment

(Gain on bargain purchase)

A bargain purchase occurred in conjunction with the Company making Maruishi Chemical Trading Co., Ltd. and its wholly-owned subsidiary Maruishi Techno Co., Ltd. into consolidated subsidiaries of the Company through the additional acquisition of shares. The amount of gain on bargain purchase recorded due to this event was ¥3,047 million for the nine months ended December 31, 2023.

Gain on bargain purchase is an extraordinary income and is not included in the segment profit.

II Nine months ended December 31, 2024

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Information & Electronics	Chemicals	Life Industry	Plastics	Total
Net sales					
(1) Sales to external customers	202,564	89,004	40,751	302,649	634,970
(2) Intersegment sales or transfers	–	–	–	–	–
Total	202,564	89,004	40,751	302,649	634,970
Segment profit	6,765	2,283	939	10,302	20,291

	Others (Note) 1	Total	Adjustments	Amount recorded in the quarterly consolidated statement of income (Note) 2
Net sales				
(1) Sales to external customers	136	635,106	–	635,106
(2) Intersegment sales or transfers	–	–	–	–
Total	136	635,106	–	635,106
Segment profit	102	20,393	–	20,393

Notes: 1. "Others" category represents a business segment that is not included in reportable segments, and real estate leasing business.

2. The total amount of segment profit corresponds to operating profit in the quarterly consolidated statement of income.

2. Information about impairment loss of non-current assets or goodwill, etc., by reportable segment

(Significant change in the amount of goodwill)

In the Plastics Segment, the Company, with the acquisition of the shares of Novacel Co., Ltd., included that company and its three consolidated subsidiaries in the scope of consolidation from the nine months ended December 31, 2024. As a result, goodwill of ¥3,198 million was recognized in the Plastics Segment.

As the allocation of acquisition costs had not been completed in the interim consolidated accounting period, the amount of goodwill was provisionally calculated. However, as the allocation of acquisition costs was completed in the third quarter under review and the provisional treatment was finalized, the amount of goodwill has been revised.

Notes in the case where there was a significant change in the amount of shareholders' equity

The Company resolved, at the Board of Directors meeting held on May 9, 2024, to acquire treasury shares based on the provisions of Article 156 of the Companies Act which are applied by replacing terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of the said act, and acquired 1,200,000 shares of treasury shares during the nine months ended December 31, 2024. As a result, treasury shares increased by ¥4,079 million. In addition, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act and the provisions of its Articles of Incorporation, the Company determined on July 5, 2024 to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act, and implemented the cancellation of treasury shares of 1,200,000 shares as of July 17, 2024. Consequently, retained earnings and treasury shares each decreased by ¥4,031 million in the nine months ended December 31, 2024. As of December 31, 2024, retained earnings were ¥151,252 million, and treasury shares were ¥785 million.

Notes on premise of going concern

Not applicable.

Notes to quarterly consolidated statement of cash flows

A quarterly consolidated statement of cash flows for the nine months ended December 31, 2024 is not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 are as follows.

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	2,752	3,132
Amortization of goodwill	0	162