



To whom it may concern:

February 22, 2023

Company name: Inabata & Co., Ltd.
Representative: Katsutaro Inabata, Director, President
(Stock code: 8098, Prime Market of the Tokyo Stock Exchange)
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Notice of Acquisition of the Shares of DAIGO TSUSHO CO., LTD.
(Made into a Subsidiary)

Inabata & Co., Ltd. (the “Company”) hereby provides notice that it has today decided that a special purpose company established by the Company shall acquire the shares of DAIGO TSUSHO CO., LTD. (“DAIGO TSUSHO”) and through such acquisition make DAIGO TSUSHO into a subsidiary of the Company, as outlined below.

This acquisition does not fall under timely disclosure criteria, but the Company is voluntarily releasing the notice as it was decided to be useful information.

1. Reason for acquiring shares

As the second stage of “IK Vision 2030,” which is our long-term vision of where we want to be around 2030, we have been promoting a three-year mid-term business plan, “New Challenge 2023” (“NC2023”), which will end in the fiscal year ending March 31, 2024. One of the priority measures of NC2023 is “aggressive investment for future growth,” and we are investing in growth markets such as environment and energy and food to secure mid- to long-term earnings. This acquisition is in line with this priority measure.

In the food sector of the life industry segment, our strategy is to build a “vertically integrated business” aimed at increasing synergies and improving the Company’s function and added value, by having the Group consistently manage agricultural and fishery products, from their cultivation and production, to processing, transportation and sales.

DAIGO TSUSHO’s main businesses are sale of food packaging materials and food equipment, and the manufacture and sale of processed products in agriculture and marine industries, such as processed eel and dehydrated vegetables. DAIGO TSUSHO is well regarded in the market for sales of products such as processed eel to consumers through e-commerce sites.

We believe this acquisition of the shares of DAIGO TSUSHO and making it into a subsidiary will strengthen the downstream side of the “vertically integrated business” by incorporating retail functions and know-how in areas such as e-commerce sales, in addition to its food manufacturing and processing functions, into the Group. We will expand profit in the food business by expanding sales of processed products in agriculture and marine industries manufactured by DAIGO TSUSHO utilizing the Company’s trading company function, while also generating new sales for the processed products in agriculture and marine industries that the Company procures in Japan and overseas through DAIGO TSUSHO’s sales channels such as e-commerce

sites.

In addition, we anticipate a synergy effect between the food packaging materials sector of DAIGO TSUSHO and the Company's films and sheets business of the Plastics segment. Specifically, we will aim to increase profit through the sale of original film such as the compound/standalone film, trays and cups carried by DAIGO TSUSHO, and through the commercial intervention of such products to purchasers. In addition, in regard to food manufacturing and packaging equipment, we intend to introduce and propose automation and labor-saving equipment for our own food-related Group companies and for suppliers and customers.

2. Profile of the subsidiary being transferred (DAIGO TSUSHO CO., LTD.)

(1) Name	DAIGO TSUSHO CO., LTD.		
(2) Location	12-5 Seikan-cho, Aoi-ku, Shizuoka City, Shizuoka Prefecture		
(3) Name and title of representative	Ken Kawaratani, Representative Director and President		
(4) Business	Packaging materials wholesaling, Manufacture and sale of dehydrated vegetables, Manufacture and sale of processed marine products, Packaging machinery wholesaling		
(5) Capital stock	45 million yen		
(6) Date of establishment	May 1974		
(7) Principal shareholders and percentages of shares outstanding	Three individual shareholders: 66.7%; Inabata & Co., Ltd.: 33.3%		
(8) Relationship between the listed company and the concerned company	Capital relationship	The Company holds a 33.3% investment in the concerned company.	
	Personnel relationship	There are no matters that should be described.	
	Business relationship	There are no matters that should be described.	
(9) Operating result and financial position of the concerned company for the last three years (non-consolidated)			
Fiscal year-end	March 31, 2020	March 31, 2021	March 31, 2022
Net assets	1,870 million yen	2,001 million yen	2,265 million yen
Total assets	4,787 million yen	4,445 million yen	5,094 million yen
Net assets per share	26,261 yen	28,099 yen	31,811 yen
Net sales	8,468 million yen	7,834 million yen	8,587 million yen
Operating profit	152 million yen	235 million yen	413 million yen
Ordinary profit	169 million yen	258 million yen	444 million yen
Profit	87 million yen	136 million yen	269 million yen
Earnings per share	1,229 yen	1,912 yen	3,786 yen
Dividend	5 million yen	5 million yen	5 million yen

3. Profile of special purpose company to acquire shares

(1) Name	IK Food Partners LLC
(2) Location	2-3-1 Nihonbashi-muromachi, Chuo-ku, Tokyo
(3) Name and title of representative	Representative: Inabata & Co., Ltd. Functional manager: Daisuke Furuoya (General Manager, Life Industry Div.)
(4) Date of establishment	February 2023
(5) Principal shareholders and percentages of shares outstanding (Planned)	The Company: 60.5%; Other (not disclosed): 39.5%

4. Profile of counterparty for the acquisition of shares

(1) Name	Three individual shareholders
(2) Address	Not disclosed
(3) Relationship between the listed company and the concerned individual	There is no capital relationship, personnel relationship, or business relationship between the Company and concerned individuals that should be described.

5. Number of shares acquired, value of acquisition, status of ownership before and after acquisition

(1) Number of shares owned before the transfer	0 shares (Units of voting rights: 0) (Ownership ratio: 0%)
(2) Number of shares acquired	40,355 shares (Units of voting rights: 40,355) (Ownership ratio: 56.7%)
(3) Value of acquisition	Not disclosed due to a duty of confidentiality with the counterparties
(4) Number of shares owned after the transfer	40,355 shares (Units of voting rights: 40,355) (Ownership ratio: 56.7%)

* The 18,586 treasury shares owned by DAIGO TSUSHO are excluded from the calculation of the ownership ratios presented in the above table.

* The indirect ownership ratio including the portion owned by the Company after the transfer is intended to be 67.6%.

6. Schedule

(1) Acquisition determination date	February 22, 2023
(2) Contract date	February 28, 2023 (Planned)

7. Future outlook

The impact of this matter on the consolidated earnings for the fiscal year ending March 31, 2023 is expected to be minor. However, if an event that requires disclosure arises, we will promptly announce such an event.

(Reference) Consolidated earnings forecast for the fiscal year ending March 31, 2023 (announced February 8, 2023) and consolidated earnings for the fiscal year ended March 31, 2022

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
Consolidated earnings forecast for the fiscal year ending March 31, 2023	730,000 million yen	19,500 million yen	20,500 million yen	20,500 million yen
Consolidated earnings for the fiscal year ended March 31, 2022	680,962 million yen	20,052 million yen	21,648 million yen	22,351 million yen