

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021

[Japanese Standards] (Consolidated)

November 10, 2021

Company name: OKAMOTO INDUSTRIES, INC.
 Stock exchange listing: Tokyo
 Stock code: 5122 URL <https://www.okamoto-inc.jp/>
 Representative: Yoshiyuki Okamoto, Chairman and President
 Inquiries: Hiroshi Takashima, Executive Director Accounting Dept.
 Scheduled date to file Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 Supplemental material on quarterly results: No
 Presentation on quarterly results: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021

(from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results(cumulative)

(% represents changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	44,499	13.2	4,520	41.4	5,194	35.0	3,262	27.6
Six months ended September 30, 2020	39,293	△ 16.1	3,197	△ 21.0	3,849	△ 14.5	2,556	△ 20.0
(Note) Comprehensive income:	Six months ended September 30, 2021 :		4,024 million yen		18.8 %			
	Six months ended September 30, 2020 :		3,386 million yen		9.1 %			

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2021	175.29	—
Six months ended September 30, 2020	136.26	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	114,691	72,528	60.7
As of March 31, 2021	112,070	70,316	60.3
(Reference) Own capital:	As of September 30, 2021 :		69,628 million yen
	As of March 31, 2021 :		67,522 million yen

2. Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
FY Ended March 31, 2021	—	50.00	—	50.00	100.00
FY Ended March 31, 2022	—	50.00	—	—	—
FY Ended March 31, 2022 (forecast)	—	—	—	50.00	100.00

(Note) Revision of the latest dividend forecast announced: No

3. Forecasts of consolidated financial results for the year ending March 31, 2022

(from April 1, 2021 to March 31, 2022)

(% represents changes over the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to		Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	88,000	1.9	7,800	△ 5.7	8,600	△ 12.2	5,700	0.1	306.24

(Note) Revision of the latest consolidated results forecast announced: No

*Notes

(1) Changes in status of significant subsidiaries during the six months ended September 30, 2021
(changes in status of specified subsidiaries accompanying changes in consolidated) No
Newly consolidated subsidiaries: — Subsidiaries excluded: —

(2) Application of accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

① Changes in accounting principles due to revisions to accounting standards: Yes
② Changes other than ①: No
③ Changes in accounting estimates: No
④ Retrospective restatements: No

(4) Number of outstanding shares(common stock)

① Number of outstanding shares at period-end(including treasury stock)
② Number of treasury stocks at period-end
③ Average number of shares during the period(cumulative total for quarterly period)

①	Six months ended September 30, 2021	19,099,367	FY Ended March 31, 2021	19,599,367
②	Six months ended September 30, 2021	590,032	FY Ended March 31, 2021	891,169
③	Six months ended September 30, 2021	18,612,691	Six months ended September 30, 2020	18,760,287

*The current quarterly financial results are not subject to quarterly review procedures by certified public accountant or by auditing firm.

*Explanation relating to the appropriate use of forecasts of business results and other items of note.

The forecasts included in this document are based on the current available information and certain assumptions that we believe reasonable. Actual results, etc. may differ from projections due to a variety of reasons.

Consolidated Quarterly Financial Statements and Notes
Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	29,687	32,657
Notes and accounts receivable-trade	18,856	17,740
Electronically recorded monetary claims-operating	7,323	6,669
Merchandise and finished goods	7,195	8,347
Work in process	2,112	2,196
Raw materials and supplies	2,752	3,121
Other	1,583	1,271
Allowance for doubtful accounts	△ 31	△ 32
Total current assets	69,478	71,973
Non-current assets		
Property, plant and equipment	19,907	19,931
Intangible assets	1,215	1,307
Investments and other assets		
Investment securities	20,739	20,789
Deferred tax assets	149	154
Other	590	541
Allowance for doubtful accounts	△ 9	△ 7
Total investments and other assets	21,469	21,478
Total non-current assets	42,592	42,718
Total assets	112,070	114,691

(millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,626	21,190
Short-term loans payable	2,505	2,559
Income taxes payable	2,040	1,272
Provision for bonuses	1,023	1,061
Reserve for building demolition costs	206	—
Other	4,598	4,557
Total current liabilities	30,000	30,641
Non-current liabilities		
Long-term loans payable	1,216	1,071
Deferred tax liabilities	2,061	2,126
Net defined benefit liability	7,248	7,235
Other	1,226	1,087
Total non-current liabilities	11,753	11,521
Total liabilities	41,754	42,162
Net assets		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	518	518
Retained earnings	49,480	49,852
Treasury stock	△ 3,662	△ 2,571
Total shareholders' equity	59,383	60,848
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,558	8,451
Deferred gains or losses on hedges	△ 8	△ 1
Foreign currency translation adjustment	△ 344	383
Remeasurements of defined benefit plans	△ 66	△ 52
Total accumulated other comprehensive income	8,139	8,780
Non-controlling interests	2,793	2,900
Total net assets	70,316	72,528
Total liabilities and net assets	112,070	114,691

Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Six months ended September 30, 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	39,293	44,499
Cost of sales	29,345	33,404
Gross profit	9,947	11,094
Selling, general and administrative expenses		
Freightage and packing expenses	1,659	1,875
Other selling expenses	1,197	823
Salaries and bonuses	1,745	1,715
Provision for bonuses	338	350
Retirement benefit expenses	104	76
Other general and administrative expenses	1,704	1,733
Total selling, general and administrative expenses	6,750	6,574
Operating profit	3,197	4,520
Non-operating income		
Interest income	14	14
Dividends income	310	343
Real estate rent	335	212
Equity in earnings of affiliates	102	96
Foreign exchange gains	—	68
Other income	78	64
Total non-operating income	841	799
Non-operating expenses		
Interest expenses	16	16
Rent expenses on real estates	49	72
Foreign exchange losses	79	—
Other expenses	44	36
Total non-operating expenses	189	125
Ordinary income	3,849	5,194
Extraordinary income		
Gain on sales of noncurrent assets	7	—
Total extraordinary gain	7	—
Extraordinary loss		
Loss on retirement of noncurrent assets	4	3
Impairment loss	25	456
Operation suspension related costs	102	—
Total extraordinary loss	131	460
Profit before income taxes	3,724	4,734
Income taxes—current	1,106	1,330
Income taxes—deferred	△ 55	92
Total income taxes	1,050	1,423
Net income	2,674	3,311
Profit attributable to non-controlling interests	118	48
Profit attributable to owners of parent	2,556	3,262

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income	2,674	3,311
Other comprehensive income		
Valuation difference on available-for-sale securities	967	△ 106
Deferred gains or losses on hedges	△ 10	6
Foreign currency translation adjustment	△ 326	795
Remeasurements of defined benefit plans, net of tax	63	14
Share of other comprehensive income of associates accounted for using equity method	16	2
Total accumulated other comprehensive income	711	712
Comprehensive income	3,386	4,024
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,313	3,903
Comprehensive income attributable to non-controlling interests	72	120

Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	3,724	4,734
Depreciation	1,357	1,195
Impairment loss	25	456
Increase (decrease) in provision for bonuses	25	37
Increase (decrease) in allowance for doubtful accounts	△ 13	△ 3
Increase (decrease) in net defined benefit liability	221	25
Interest and dividend income	△ 325	△ 358
Interest expenses	16	16
Foreign exchange losses (gains)	6	△ 2
Share of loss (profit) of entities accounted for using equity method	△ 102	△ 96
Loss (gain) on sales of non-current assets	△ 7	—
Loss on retirement of non-current assets	4	3
Expenses related to suspension of operations	102	—
Decrease (increase) in notes and accounts receivable – trade	594	2,084
Decrease (increase) in inventories	△ 681	△ 1,400
Decrease (increase) in other assets	△ 238	308
Increase (decrease) in notes and accounts payable – trade	△ 501	1,161
Increase (decrease) in other liabilities	△ 959	△ 577
Other, net	△ 14	6
Subtotal	3,235	7,592
Interest and dividend income received	325	358
Interest expenses paid	△ 16	△ 16
Income taxes paid	△ 254	△ 2,109
Income taxes refund	18	55
Payments for loss on disaster	△ 695	—
Amount of expenses related to suspension of operations	△ 102	—
Cash flows from operating activities	2,511	5,881
Cash flows from investing activities		
Payments into time deposits	△ 1,635	△ 1,635
Proceeds from withdrawal of time deposits	1,635	1,635
Purchase of property, plant and equipment and intangible assets	△ 1,167	△ 1,161
Proceeds from sales of property, plant and equipment and intangible assets	18	0
Purchase of investment securities	△ 8	△ 8
Payments for building demolition costs	—	△ 158
Other, net	10	12
Cash flows from investing activities	△ 1,147	△ 1,315

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	13	△ 64
Repayments of long-term loans payable	△ 45	△ 33
Purchase of treasury shares	△ 161	△ 852
Cash dividends paid	△ 937	△ 935
Dividends paid to non-controlling interests	△ 13	△ 13
Other, net	△ 114	△ 121
Cash flows from financing activities	△ 1,259	△ 2,021
Effect of exchange rate change on cash and cash equivalents	△ 145	426
Net increase (decrease) in cash and cash equivalents	△ 41	2,970
Cash and cash equivalents at beginning of period	25,567	28,052
Cash and cash equivalents at end of six months ended	25,526	31,022

Information about net sales, profit or loss, assets, liabilities and other items by reportable segment

Six months ended September 30, 2020

(Millions of yen)

	Reportable segment			(*)Other	Total	(**)Adjustment	(***)Amount recorded on the consolidated quarterly statements
	Industrial Products	Household Products	Total				
Net sales							
Sales to external customers	24,752	14,415	39,167	125	39,293	—	39,293
Intersegment sales or transfers	43	194	237	1,673	1,910	△ 1,910	—
Total	24,795	14,609	39,405	1,798	41,204	△ 1,910	39,293
Segment profit (loss)	1,029	2,988	4,018	151	4,169	△ 972	3,197

* The Other category is the business segment that is not included in the reportable segments, and include the group logistics business.

** Adjustment is as follows:

(1) The adjustment to segment profit represents 18 million yen in intersegment eliminations and company-wide expenses negative 990 million yen. The company-wide expenses mainly include general and administrative expenses that are not attributable to the reported segments.

*** Segment profit is coordinated with the operating income in the consolidated statements.

※ In the Industrial Products business segment, impairment losses on fixed assets were recorded. The impairment loss was 25 million for the first quarter of the fiscal year ended March 31, 2020.

Six months ended September 30, 2021

(Millions of yen)

	Reportable segment			(*)Other	Total	(**)Adjustment	(***)Amount recorded on the consolidated quarterly statements
	Industrial Products	Household Products	Total				
Net sales							
Sales to external customers	28,270	16,100	44,371	128	44,499	—	44,499
Intersegment sales or transfers	42	232	274	1,660	1,935	△ 1,935	—
Total	28,313	16,333	44,646	1,788	46,434	△ 1,935	44,499
Segment profit (loss)	1,355	3,964	5,320	167	5,488	△ 967	4,520

* The Other category is the business segment that is not included in the reportable segments, and include the group logistics business.

** Adjustment is as follows:

(1) The adjustment to segment profit represents negative 20 million yen in intersegment eliminations and company-wide expenses negative 988 million yen. The company-wide expenses mainly include general and administrative expenses that are not attributable to the reported segments.

*** Segment profit is coordinated with the operating income in the consolidated statements.

※ In the Industrial Products business and the household products business segment, impairment loss on fixed assets was recorded at 456 million yen. The impairment loss was recorded at 239 million yen in the industrial products business and 217 million yen in the household products business for the first quarter of the fiscal year ended March 31, 2022.