

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022

[Japanese Standards] (Consolidated)

November 11, 2022

Company name: OKAMOTO INDUSTRIES, INC.
 Stock exchange listing: Tokyo
 Stock code: 5122 URL <https://www.okamoto-inc.jp/>
 Representative: Kunihiro Okamoto, President
 Inquiries: Hiroshi Takashima, Executive Director Accounting Dept.
 Scheduled date to file Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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, 2022

(from April 1, 2022 to September 30, 2022)

(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, 2022	46,421	4.3	3,103	△ 31.3	3,977	△ 23.4	2,517	△ 22.8
Six months ended September 30, 2021	44,499	13.2	4,520	41.4	5,194	35.0	3,262	27.6

(Note) Comprehensive income: Six months ended September 30, 2022 : 4,879 million yen 21.3 %
 Six months ended September 30, 2021 : 4,024 million yen 18.8 %

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2022	138.39	—
Six months ended September 30, 2021	175.29	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	124,813	77,871	59.8
As of March 31, 2022	117,560	74,916	61.2

(Reference) Own capital: As of September 30, 2022 : 74,670 million yen
 As of March 31, 2022 : 71,916 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, 2022	—	50.00	—	55.00	105.00
FY Ended March 31, 2023	—	55.00	—	—	—
FY Ended March 31, 2023 (forecast)	—	—	—	55.00	110.00

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

3. Forecasts of consolidated financial results for the year ending March 31, 2023

(from April 1, 2022 to March 31, 2023)

(% 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	92,000	2.7	6,500	△ 13.8	7,400	△ 20.5	4,700	△ 15.7	253.91

(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, 2022
(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

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

(4) Number of outstanding shares(common stock)

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

①	Six months ended September 30, 2022	18,599,367	FY Ended March 31, 2022	19,099,367
②	Six months ended September 30, 2022	534,482	FY Ended March 31, 2022	800,839
③	Six months ended September 30, 2022	18,188,058	Six months ended September 30, 2021	18,612,691

*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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	33,445	34,655
Notes receivable-trade	2,462	2,289
Accounts receivable-trade	15,539	17,226
Electronically recorded monetary claims-operating	7,102	7,513
Merchandise and finished goods	8,035	10,060
Work in process	2,058	2,320
Raw materials and supplies	3,115	3,766
Other	1,306	1,791
Allowance for doubtful accounts	△ 38	△ 36
Total current assets	73,026	79,587
Non-current assets		
Property, plant and equipment	19,824	20,806
Intangible assets	642	772
Investments and other assets		
Long-term time deposits	—	1,300
Investment securities	22,626	20,671
Long-term loans receivable	805	951
Deferred tax assets	138	263
Other	502	467
Allowance for doubtful accounts	△ 5	△ 5
Total investments and other assets	24,066	23,648
Total non-current assets	44,533	45,226
Total assets	117,560	124,813

(millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,118	23,819
Electronically recorded obligations-operating	1,905	1,981
Short-term loans payable	2,654	2,405
Income taxes payable	724	1,504
Provision for bonuses	1,033	1,092
Provision for product warranties	60	30
Other	4,300	4,519
Total current liabilities	30,797	35,353
Non-current liabilities		
Long-term loans payable	1,044	1,102
Deferred tax liabilities	2,610	2,527
Net defined benefit liability	7,110	7,195
Other	1,081	763
Total non-current liabilities	11,846	11,588
Total liabilities	42,643	46,942
Net assets		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	555	555
Retained earnings	51,241	50,733
Treasury stock	△ 3,426	△ 2,311
Total shareholders' equity	61,418	62,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,662	9,464
Deferred gains or losses on hedges	△ 14	8
Foreign currency translation adjustment	855	3,129
Remeasurements of defined benefit plans	40	43
Total accumulated other comprehensive income	10,543	12,646
Non-controlling interests	2,954	3,200
Total net assets	74,916	77,871
Total liabilities and net assets	117,560	124,813

Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income

Six months ended September 30, 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	44,499	46,421
Cost of sales	33,404	36,372
Gross profit	11,094	10,048
Selling, general and administrative expenses		
Freightage and packing expenses	1,875	1,738
Other selling expenses	823	1,197
Salaries and bonuses	1,715	1,715
Provision for bonuses	350	367
Retirement benefit expenses	76	85
Other general and administrative expenses	1,733	1,841
Total selling, general and administrative expenses	6,574	6,944
Operating profit	4,520	3,103
Non-operating income		
Interest income	14	20
Dividends income	343	449
Real estate rent	212	271
Equity in earnings of affiliates	96	–
Foreign exchange gains	68	336
Other income	64	76
Total non-operating income	799	1,155
Non-operating expenses		
Interest expenses	16	17
Rent expenses on real estates	72	62
Equity in losses of affiliates	–	132
Other expenses	36	69
Total non-operating expenses	125	281
Ordinary income	5,194	3,977
Extraordinary income		
Gain on sales of noncurrent assets	–	2
Foreign currency translation adjustment account reversal gain	–	277
Gain on transfer of investments in affiliated companies	–	649
Total extraordinary gain	–	929
Extraordinary loss		
Loss on retirement of noncurrent assets	3	0
Impairment loss	456	663
Loss on valuation of investment securities	–	38
Loss on liquidation of subsidiaries	–	2
Total extraordinary loss	460	705
Profit before income taxes	4,734	4,201
Income taxes–current	1,330	1,566
Income taxes–deferred	92	△ 247
Total income taxes	1,423	1,318
Net income	3,311	2,882
Profit attributable to non-controlling interests	48	365
Profit attributable to owners of parent	3,262	2,517

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	3,311	2,882
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 106	△ 186
Deferred gains or losses on hedges	6	24
Foreign currency translation adjustment	795	2,411
Remeasurements of defined benefit plans, net of tax	14	2
Share of other comprehensive income of associates accounted for using equity method	2	△ 255
Total accumulated other comprehensive income	712	1,997
Comprehensive income	4,024	4,879
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,903	4,619
Comprehensive income attributable to non-controlling interests	120	260

Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	4,734	4,201
Depreciation	1,195	1,145
Impairment loss	456	663
Increase (decrease) in provision for bonuses	37	57
Increase (decrease) in allowance for doubtful accounts	△ 3	△ 6
Increase (decrease) in net defined benefit liability	25	74
Increase (decrease) in other provision	–	△ 29
Interest and dividend income	△ 358	△ 470
Interest expenses	16	17
Foreign exchange losses (gains)	△ 2	△ 5
Share of loss (profit) of entities accounted for using equity method	△ 96	132
Loss (gain) on sales of non-current assets	–	△ 2
Loss on retirement of non-current assets	3	0
Loss (gain) on valuation of investment securities	–	38
Loss on liquidation of subsidiaries	–	2
Gain on transfer of investments in affiliated companies	–	△ 649
Foreign currency translation adjustment account reversal gain	–	△ 277
Decrease (increase) in notes and accounts receivable – trade	2,084	△ 981
Decrease (increase) in inventories	△ 1,400	△ 2,056
Decrease (increase) in other assets	308	△ 378
Increase (decrease) in notes and accounts payable – trade	1,161	2,367
Increase (decrease) in other liabilities	△ 577	△ 89
Other, net	6	30
Subtotal	7,592	3,785
Interest and dividend income received	358	725
Interest expenses paid	△ 16	△ 17
Income taxes paid	△ 2,109	△ 840
Income taxes refund	55	–
Cash flows from operating activities	5,881	3,651
Cash flows from investing activities		
Payments into time deposits	△ 1,635	△ 1,635
Proceeds from withdrawal of time deposits	1,635	1,635
Payments for building demolition costs	△ 158	–
Expenditure from deposits in long-term deposits	–	△ 1,300
Proceeds from transfer of equity in affiliated companies resulting in change in scope of application of equity method	–	2,273
Purchase of property, plant and equipment and intangible assets	△ 1,161	△ 2,046
Proceeds from sales of property, plant and equipment and intangible assets	0	5
Purchase of investment securities	△ 8	△ 10
Other, net	12	△ 7
Cash flows from investing activities	△ 1,315	△ 1,085

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△ 64	△ 170
Proceeds from long-term loans payable	–	100
Repayments of long-term loans payable	△ 33	△ 145
Cash dividends paid	△ 935	△ 1,008
Dividends paid to non-controlling interests	△ 13	△ 13
Purchase of treasury shares	△ 852	△ 904
Other, net	△ 121	△ 486
Cash flows from financing activities	△ 2,021	△ 2,628
Effect of exchange rate change on cash and cash equivalents	426	1,272
Net increase (decrease) in cash and cash equivalents	2,970	1,210
Cash and cash equivalents at beginning of period	28,052	31,810
Cash and cash equivalents at end of six months ended	31,022	33,020

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

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.

Six months ended September 30, 2022

(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	30,071	16,263	46,334	86	46,421	–	46,421
Intersegment sales or transfers	63	271	335	1,688	2,024	△ 2,024	–
Total	30,134	16,535	46,670	1,775	48,445	△ 2,024	46,421
Segment profit (loss)	△ 115	4,101	3,985	179	4,165	△ 1,061	3,103

* 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 21 million yen in intersegment eliminations and company-wide expenses negative 1,083 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 663 million yen. The impairment loss was recorded at 620 million yen in the Industrial Products business and 42 million yen in the Household Products business for the first quarter of the fiscal year ended March 31, 2023.