

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023

[Japanese Standards] (Consolidated)

November 10, 2023

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 13, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 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, 2023

(from April 1, 2023 to September 30, 2023)

(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, 2023	50,959	9.8	4,767	53.6	6,006	51.0	4,578	81.9
Six months ended September 30, 2022	46,421	4.3	3,103	△ 31.3	3,977	△ 23.4	2,517	△ 22.8

(Note) Comprehensive income: Six months ended September 30, 2023 : 9,169 million yen 78.2 %
 Six months ended September 30, 2022 : 4,879 million yen 21.3 %

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2023	260.22	—
Six months ended September 30, 2022	138.39	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	136,375	86,994	61.5
As of March 31, 2023	127,176	79,099	59.8

(Reference) Own capital: As of September 30, 2023 : 83,886 million yen
 As of March 31, 2023 : 75,995 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, 2023	—	55.00	—	55.00	110.00
FY Ended March 31, 2024	—	55.00			
FY Ended March 31, 2024 (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, 2024

(from April 1, 2023 to March 31, 2024)

(% 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	106,000	7.0	8,900	29.0	10,300	30.0	7,000	43.1	397.86

(Note) Revision of the latest consolidated results forecast announced: Yes

*Notes

- (1) Changes in status of significant subsidiaries during the six months ended September 30, 2023
(changes in status of specified subsidiaries accompanying changes in consolidated)

Newly consolidated subsidiaries: — Subsidiaries excluded: —

No
- (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, 2023	18,099,367	FY Ended March 31, 2023	18,599,367
②	Six months ended September 30, 2023	545,170	FY Ended March 31, 2023	992,372
③	Six months ended September 30, 2023	17,594,223	Six months ended September 30, 2022	18,188,058

*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 currentry 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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	34,221	34,994
Notes receivable-trade	2,097	1,853
Accounts receivable-trade	17,444	19,296
Electronically recorded monetary claims-operating	7,802	7,584
Merchandise and finished goods	8,564	8,863
Work in process	2,570	2,556
Raw materials and supplies	3,825	3,859
Other	1,878	1,716
Allowance for doubtful accounts	△ 41	△ 39
Total current assets	78,364	80,685
Non-current assets		
Property, plant and equipment	20,997	22,707
Intangible assets	1,066	1,543
Investments and other assets		
Long-term time deposits	1,300	1,300
Investment securities	23,930	28,574
Long-term loans receivable	930	1,011
Deferred tax assets	156	162
Other	435	396
Allowance for doubtful accounts	△ 5	△ 5
Total investments and other assets	26,747	31,439
Total non-current assets	48,812	55,689
Total assets	127,176	136,375

(millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable—trade	23,578	23,306
Electronically recorded obligations—operating	2,088	2,083
Short-term loans payable	3,318	3,363
Income taxes payable	1,081	1,012
Provision for bonuses	1,037	1,106
Provision for product warranties	72	56
Other	5,153	5,201
Total current liabilities	36,330	36,130
Non-current liabilities		
Long-term loans payable	100	100
Deferred tax liabilities	3,666	5,177
Net defined benefit liability	7,209	7,219
Other	769	752
Total non-current liabilities	11,745	13,250
Total liabilities	48,076	49,380
Net assets		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	555	562
Retained earnings	52,115	53,772
Treasury stock	△ 4,078	△ 2,361
Total shareholders' equity	61,639	65,020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,774	14,930
Deferred gains or losses on hedges	△ 1	1
Foreign currency translation adjustment	2,526	3,877
Remeasurements of defined benefit plans	54	55
Total accumulated other comprehensive income	14,355	18,865
Non-controlling interests	3,104	3,108
Total net assets	79,099	86,994
Total liabilities and net assets	127,176	136,375

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

Consolidated Quarterly Statements of Income

Six months ended September 30, 2023

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	46,421	50,959
Cost of sales	36,372	39,264
Gross profit	10,048	11,694
Selling, general and administrative expenses		
Freightage and packing expenses	1,738	1,613
Other selling expenses	1,197	1,275
Salaries and bonuses	1,715	1,666
Provision for bonuses	367	374
Retirement benefit expenses	85	61
Other general and administrative expenses	1,841	1,935
Total selling, general and administrative expenses	6,944	6,926
Operating profit	3,103	4,767
Non-operating income		
Interest income	20	29
Dividends income	449	499
Real estate rent	271	270
Foreign exchange gains	336	491
Other income	76	74
Total non-operating income	1,155	1,366
Non-operating expenses		
Interest expenses	17	17
Rent expenses on real estates	62	56
Equity in losses of affiliates	132	1
Other expenses	69	53
Total non-operating expenses	281	128
Ordinary income	3,977	6,006
Extraordinary income		
Gain on sales of noncurrent assets	2	–
Gain on sales of investment securities	–	11
Foreign currency translation adjustment account reversal gain	277	–
Gain on transfer of investments in affiliated companies	649	–
Total extraordinary gain	929	11
Extraordinary loss		
Loss on retirement of noncurrent assets	0	2
Impairment loss	663	148
Loss on valuation of investment securities	38	–
Loss on liquidation of subsidiaries	2	–
Other loss	–	7
Total extraordinary loss	705	158
Profit before income taxes	4,201	5,858
Income taxes–current	1,566	1,117
Income taxes–deferred	△ 247	106
Total income taxes	1,318	1,224
Net income	2,882	4,633
Profit attributable to non-controlling interests	365	55
Profit attributable to owners of parent	2,517	4,578

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2023

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net income	2,882	4,633
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 186	3,167
Deferred gains or losses on hedges	24	5
Foreign currency translation adjustment	2,411	1,355
Remeasurements of defined benefit plans, net of tax	2	1
Share of other comprehensive income of associates accounted for using equity method	△ 255	5
Total accumulated other comprehensive income	1,997	4,535
Comprehensive income	4,879	9,169
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,619	9,088
Comprehensive income attributable to non-controlling interests	260	80

Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,201	5,858
Depreciation	1,145	1,424
Impairment loss	663	148
Increase (decrease) in provision for bonuses	57	68
Increase (decrease) in allowance for doubtful accounts	△ 6	△ 3
Increase (decrease) in net defined benefit liability	74	1
Increase (decrease) in other provision	△ 29	△ 15
Interest and dividend income	△ 470	△ 529
Interest expenses	17	17
Foreign exchange losses (gains)	△ 5	△ 2
Share of loss (profit) of entities accounted for using equity method	132	1
Loss (gain) on sales of non-current assets	△ 2	–
Loss on retirement of non-current assets	0	2
Loss (gain) on sales of investment securities	–	△ 11
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	△ 981	△ 866
Decrease (increase) in inventories	△ 2,056	105
Decrease (increase) in other assets	△ 378	185
Increase (decrease) in notes and accounts payable – trade	2,367	△ 1,037
Increase (decrease) in other liabilities	△ 89	△ 346
Other, net	30	5
Subtotal	3,785	5,005
Interest and dividend income received	725	523
Interest expenses paid	△ 17	△ 17
Income taxes paid	△ 840	△ 1,145
Cash flows from operating activities	3,651	4,366
Cash flows from investing activities		
Payments into time deposits	△ 1,635	△ 1,405
Proceeds from withdrawal of time deposits	1,635	1,105
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	△ 2,046	△ 3,033
Proceeds from sales of property, plant and equipment and intangible assets	5	0
Purchase of investment securities	△ 10	△ 9
Proceeds from sales of investment securities	–	11
Other, net	△ 7	△ 2
Cash flows from investing activities	△ 1,085	△ 3,334

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△ 170	75
Proceeds from long-term loans payable	100	–
Repayments of long-term loans payable	△ 145	△ 42
Cash dividends paid	△ 1,008	△ 968
Dividends paid to non-controlling interests	△ 13	△ 21
Purchase of treasury shares	△ 904	△ 238
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	△ 47
Other, net	△ 486	△ 49
Cash flows from financing activities	△ 2,628	△ 1,292
Effect of exchange rate change on cash and cash equivalents	1,272	733
Net increase (decrease) in cash and cash equivalents	1,210	473
Cash and cash equivalents at beginning of period	31,810	32,616
Cash and cash equivalents at end of six months ended	33,020	33,089

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

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 and solar power 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 second quarter of the fiscal year ended March 31, 2023.

Six months ended September 30, 2023

(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	34,196	16,619	50,816	142	50,959	–	50,959
Intersegment sales or transfers	61	264	326	1,562	1,888	△ 1,888	–
Total	34,258	16,884	51,142	1,705	52,848	△ 1,888	50,959
Segment profit (loss)	825	4,820	5,645	198	5,843	△ 1,075	4,767

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

** Adjustment is as follows:

(1) The adjustment to segment profit represents negative 21 million yen in intersegment eliminations and company-wide expenses negative 1,097 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 148 million yen. The impairment loss was recorded at 120 million yen in the Industrial Products business and 28 million yen in the Household Products business for the second quarter of the fiscal year ended March 31, 2024.