

**Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019**  
**[Japanese Standards] (Consolidated)**

November 6, 2019

Company name: OKAMOTO INDUSTRIES,INC.  
 Stock exchange listing: Tokyo  
 Stock code: 5122 URL <https://www.okamoto-inc.jp/>  
 Representative: Toshio Tamura, President  
 Inquiries: Hiroshi Takashima, Managing Director Accounting Dept.  
 Scheduled date to file Securities Report: November 12, 2019  
 Scheduled date to commence dividend payments: December 2, 2019  
 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, 2019  
 (from April 1, 2019 to September 30, 2019)

(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, 2019	46,858	2.3	4,046	△ 16.3	4,501	△ 21.0	3,195	△ 22.7
Six months ended September 30, 2018	45,791	7.3	4,835	△ 3.0	5,695	4.4	4,133	△ 5.4

(Note) Comprehensive income: Six months ended September 30, 2019 : 3,104 million yen △ 32.7 %  
 Six months ended September 30, 2018 : 4,612 million yen △ 20.9 %

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2019	168.58	-
Six months ended September 30, 2018	215.00	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	109,032	67,063	58.9
As of March 31, 2019	108,262	66,095	58.4

(Reference) Own capital: As of September 30, 2019 : 64,200 million yen  
 As of March 31, 2019 : 63,203 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, 2019	-	10.00	-	75.00	-
FY Ended March 31, 2020	-	50.00	-	-	-
FY Ended March 31, 2020 (forecast)	-	-	-	50.00	100.00

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

\*Reflects five to one reverse share split.

\*\*Ordinary dividend of 50 yen and commemorative dividend of 25 yen.

3. Forecasts of consolidated financial results for the year ending March 31, 2020  
 (from April 1, 2019 to March 31, 2020)

Forecasts of consolidated financial results for the year ending March 31, 2020 is not described because it is not possible to provide a reasonable performance forecast at this time. The amount of damage caused by Typhoon No. 19 is currently under investigation. We will promptly disclose the information when it becomes possible to provide a reasonable earnings forecast.

(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, 2019  
 (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: No  
 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, 2019	19,599,367	FY Ended March 31, 2019	20,399,367
②	Six months ended September 30, 2019	697,118	FY Ended March 31, 2019	1,359,218
③	Six months ended September 30, 2019	18,955,792	Six months ended September 30, 2018	19,223,510

\*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 currently 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, 2019	As of September 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	23,070	23,741
Notes and accounts receivable-trade	20,043	19,863
Electronically recorded monetary claims-operating	7,814	6,683
Merchandise and finished goods	9,176	9,281
Work in process	2,091	2,015
Raw materials and supplies	2,770	2,923
Other	1,596	1,618
Allowance for doubtful accounts	△ 40	△ 35
Total current assets	66,522	66,090
Non-current assets		
Property, plant and equipment	22,601	23,495
Intangible assets	209	372
Investments and other assets		
Investment securities	18,338	18,429
Deferred tax assets	56	115
Other	558	545
Allowance for doubtful accounts	△ 25	△ 16
Total investments and other assets	18,928	19,074
Total non-current assets	41,739	42,942
Total assets	108,262	109,032

(millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	22,012	21,275
Short-term loans payable	2,718	2,692
Income taxes payable	1,189	1,159
Provision for bonuses	1,016	1,087
Other	5,062	5,030
Total current liabilities	31,999	31,244
Non-current liabilities		
Long-term loans payable	1,014	1,102
Deferred tax liabilities	1,435	1,685
Net defined benefit liability	6,858	6,976
Other	858	959
Total non-current liabilities	10,166	10,724
Total liabilities	42,166	41,968
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	511	448
Retained earnings	47,306	46,279
Treasury stock	△ 4,950	△ 2,786
Total shareholders' equity	55,915	56,988
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,533	7,575
Deferred gains or losses on hedges	6	2
Foreign currency translation adjustment	115	△ 72
Remeasurements of defined benefit plans	△ 367	△ 294
Total accumulated other comprehensive income	7,288	7,211
Non-controlling interests	2,891	2,863
Total net assets	66,095	67,063
Total liabilities and net assets	108,262	109,032

**Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income**  
**Consolidated Quarterly Statements of Income**  
**Six months ended September 30, 2019**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	45,791	46,858
Cost of sales	33,522	35,282
Gross profit	12,269	11,576
Selling, general and administrative expenses		
Freightage and packing expenses	1,836	1,928
Other selling expenses	1,424	1,462
Salaries and bonuses	1,748	1,757
Provision for bonuses	355	359
Retirement benefit expenses	95	91
Other general and administrative expenses	1,971	1,930
Total selling, general and administrative expenses	7,433	7,529
Operating profit	4,835	4,046
Non-operating income		
Interest income	12	16
Dividends income	278	295
Real estate rent	330	331
Foreign exchange gains	276	-
Equity in earnings of affiliates	43	44
Other income	32	38
Total non-operating income	973	726
Non-operating expenses		
Interest expenses	12	15
Rent expenses on real estates	55	60
Foreign exchange losses	-	156
Other expenses	45	37
Total non-operating expenses	113	270
Ordinary income	5,695	4,501
Extraordinary income		
Gain on sales of noncurrent assets	0	1
Gain on sales of subsidiaries and affiliates' stocks	40	-
Other income	2	-
Total extraordinary gain	43	1
Extraordinary loss		
Impairment loss	-	84
Loss on retirement of noncurrent assets	4	1
Other loss	-	2
Total extraordinary loss	4	88
Profit before income taxes	5,734	4,414
Income taxes-current	1,551	1,117
Income taxes-deferred	△ 16	126
Total income taxes	1,535	1,244
Net income	4,198	3,170
Profit attributable to non-controlling interests	65	△ 25
Profit attributable to owners of parent	4,133	3,195

**Consolidated Quarterly Statements of Comprehensive Income**  
**Six months ended September 30, 2019**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net income	4,198	3,170
Other comprehensive income		
Valuation difference on available-for-sale securities	539	72
Deferred gains or losses on hedges	30	△ 4
Foreign currency translation adjustment	△ 223	△ 208
Remeasurements of defined benefit plans, net of tax	63	72
Share of other comprehensive income of associates accounted for using equity method	4	1
Total accumulated other comprehensive income	413	△ 66
Comprehensive income	4,612	3,104
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,558	3,133
Comprehensive income attributable to non-controlling interests	53	△ 29

## Quarterly consolidated statement of cash flows

	(Millions of yen)	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,734	4,414
Depreciation	1,224	1,421
Impairment loss	-	84
Increase (decrease) in provision for bonuses	46	71
Increase (decrease) in allowance for doubtful accounts	0	△ 13
Increase (decrease) in other provision	0	2
Increase (decrease) in net defined benefit liability	243	208
Interest and dividend income	△ 291	△ 311
Interest expenses	12	15
Foreign exchange losses (gains)	△ 57	13
Share of loss (profit) of entities accounted for using equity method	△ 43	△ 44
Loss (gain) on sales of investment securities	△ 40	-
Loss (gain) on sales of non-current assets	△ 0	△ 1
Loss on retirement of non-current assets	4	1
Decrease (increase) in notes and accounts receivable – trade	423	1,213
Decrease (increase) in inventories	△ 1,142	△ 279
Decrease (increase) in other assets	317	43
Increase (decrease) in notes and accounts payable – trade	212	△ 569
Increase (decrease) in other liabilities	△ 165	△ 204
Other, net	30	△ 8
Subtotal	<u>6,509</u>	<u>6,058</u>
Interest and dividend income received	291	311
Interest expenses paid	△ 12	△ 14
Income taxes paid	△ 1,778	△ 1,144
Cash flows from operating activities	<u>5,009</u>	<u>5,210</u>
Cash flows from investing activities		
Payments into time deposits	△ 1,605	△ 1,635
Proceeds from withdrawal of time deposits	1,605	1,605
Purchase of property, plant and equipment and intangible assets	△ 3,339	△ 2,470
Proceeds from sales of property, plant and equipment and intangible assets	0	1
Purchase of investment securities	△ 8	△ 8
Proceeds from sales of investment securities	72	-
Other, net	15	△ 11
Cash flows from investing activities	<u>△ 3,258</u>	<u>△ 2,519</u>

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	143	154
Proceeds from long-term loans payable	-	100
Repayments of long-term loans payable	△ 123	△ 186
Purchase of treasury shares	△ 151	△ 668
Cash dividends paid	△ 962	△ 1,433
Dividends paid to non-controlling interests	△ 15	△ 13
Other, net	△ 12	141
Cash flows from financing activities	△ 1,121	△ 1,906
Effect of exchange rate change on cash and cash equivalents	△ 89	△ 143
Net increase (decrease) in cash and cash equivalents	539	640
Cash and cash equivalents at beginning of period	22,071	21,465
Cash and cash equivalents at end of six months ended	22,610	22,106



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

Six months ended September 30, 2018

(Millions of yen)

	Reportable segment			*Other	Total	**Adjustment	Amount recorded on the consolidated financial statements
	Industrial Products	Household Products	Total				
Net sales							
Sales to external customers	29,384	16,277	45,661	130	45,791	-	45,791
Intersegment sales or transfers	43	200	244	1,804	2,048	△ 2,048	-
Total	29,428	16,477	45,905	1,934	47,840	△ 2,048	45,791
Segment profit (loss)	2,093	3,609	5,702	202	5,905	△ 1,069	4,835

\* 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 19 million yen in intersegment eliminations and company-wide expenses negative 1,089 million yen. The company-wide expenses mainly include general and administrative expenses that are not attributable to the reported segments.
- (2) Segment profit is adjusted to operating income in the consolidated statements of income.  
Not applicable.

Six months ended September 30, 2019

(Millions of yen)

	Reportable segment			*Other	Total	**Adjustment	Amount recorded on the consolidated financial statements
	Industrial Products	Household Products	Total				
Net sales							
Sales to external customers	30,287	16,441	46,728	130	46,858	-	46,858
Intersegment sales or transfers	42	193	235	1,833	2,069	△ 2,069	-
Total	30,330	16,634	46,964	1,963	48,927	△ 2,069	46,858
Segment profit (loss)	1,374	3,564	4,939	147	5,086	△ 1,040	4,046

\* 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 19 million yen in intersegment eliminations and company-wide expenses negative 1,020 million yen. The company-wide expenses mainly include general and administrative expenses that are not attributable to the reported segments.
- (2) Segment profit is adjusted to operating income in the consolidated statements of income.  
Impairment loss on fixed assets was recorded in the Industrial Products business segment. The amount of the impairment loss recorded was 84 million yen for the Six months ended September 30, 2019.