

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019
[Japanese Standards] (Consolidated)

February 7, 2020

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: February 13, 2020
 Scheduled date to commence dividend payments: -
 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 nine months ended December 31, 2019

(from April 1, 2019 to December 31, 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	%
Nine months ended December 31, 2019	70,254	△ 1.0	6,637	△ 11.5	7,612	△ 12.3	3,523	△ 43.5
Nine months ended December 31, 2018	70,999	5.5	7,497	△ 9.2	8,684	△ 4.9	6,234	△ 10.7

(Note) Comprehensive income: Nine months ended December 31, 2019 : 4,304 million yen △ 2.5 %
 Nine months ended December 31, 2018 : 4,416 million yen △ 54.3 %

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2019	186.09	-
Nine months ended December 31, 2018	324.72	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	110,118	67,108	58.4
As of March 31, 2019	108,262	66,095	58.4

(Reference) Own capital: As of December 31, 2019 : 64,255 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)

(% represents changes over the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	91,000	△ 2.9	6,800	△ 21.6	8,000	△ 20.0	3,500	△ 45.5	184.85

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

*Notes

(1) Changes in status of significant subsidiaries during the nine months ended December 31, 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	Nine months ended December 31, 2019	19,599,367	FY Ended March 31, 2019	20,399,367
②	Nine months ended December 31, 2019	747,673	FY Ended March 31, 2019	1,359,218
③	Nine months ended December 31, 2019	18,934,640	Nine months ended December 31, 2018	19,200,822

*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 December 31, 2019
Assets		
Current assets		
Cash and deposits	23,070	23,712
Notes and accounts receivable-trade	20,043	19,881
Electronically recorded monetary claims-operating	7,814	8,153
Merchandise and finished goods	9,176	8,295
Work in process	2,091	1,931
Raw materials and supplies	2,770	2,869
Other	1,596	1,570
Allowance for doubtful accounts	△ 40	△ 34
Total current assets	66,522	66,379
Non-current assets		
Property, plant and equipment	22,601	23,009
Intangible assets	209	374
Investments and other assets		
Investment securities	18,338	19,741
Deferred tax assets	56	98
Other	558	531
Allowance for doubtful accounts	△ 25	△ 16
Total investments and other assets	18,928	20,355
Total non-current assets	41,739	43,738
Total assets	108,262	110,118

(millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,012	21,278
Short-term loans payable	2,718	2,473
Income taxes payable	1,189	568
Provision for bonuses	1,016	584
Provision for loss on disaster	-	1,945
Other	5,062	5,222
Total current liabilities	31,999	32,071
Non-current liabilities		
Long-term loans payable	1,014	1,232
Deferred tax liabilities	1,435	1,740
Net defined benefit liability	6,858	7,014
Other	858	949
Total non-current liabilities	10,166	10,937
Total liabilities	42,166	43,009
Net assets		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	511	448
Retained earnings	47,306	45,673
Treasury stock	△ 4,950	△ 2,994
Total shareholders' equity	55,915	56,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,533	8,479
Deferred gains or losses on hedges	6	3
Foreign currency translation adjustment	115	△ 144
Remeasurements of defined benefit plans	△ 367	△ 258
Total accumulated other comprehensive income	7,288	8,080
Non-controlling interests	2,891	2,853
Total net assets	66,095	67,108
Total liabilities and net assets	108,262	110,118

Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Nine months ended December 31, 2019

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	70,999	70,254
Cost of sales	52,092	52,254
Gross profit	18,907	17,999
Selling, general and administrative expenses		
Freightage and packing expenses	2,912	2,838
Other selling expenses	2,252	2,261
Salaries and bonuses	2,965	2,974
Provision for bonuses	210	220
Retirement benefit expenses	138	139
Other general and administrative expenses	2,930	2,927
Total selling, general and administrative expenses	11,409	11,362
Operating profit	7,497	6,637
Non-operating income		
Interest income	17	23
Dividends income	495	530
Real estate rent	495	498
Foreign exchange gains	107	-
Equity in earnings of affiliates	133	100
Other income	106	137
Total non-operating income	1,356	1,290
Non-operating expenses		
Interest expenses	16	19
Rent expenses on real estates	88	86
Foreign exchange losses	-	147
Other expenses	64	62
Total non-operating expenses	169	315
Ordinary income	8,684	7,612
Extraordinary income		
Gain on sales of noncurrent assets	0	1
Gain on sales of subsidiaries and affiliates' stocks	39	-
Other income	1	0
Total extraordinary gain	41	1
Extraordinary loss		
Impairment loss	-	120
Loss on disaster	-	* 2,724
Loss on retirement of noncurrent assets	11	1
Total extraordinary loss	11	2,846
Profit before income taxes	8,714	4,767
Income taxes-current	2,145	1,456
Income taxes-deferred	210	△ 214
Total income taxes	2,356	1,241
Net income	6,358	3,525
Profit attributable to non-controlling interests	123	1
Profit attributable to owners of parent	6,234	3,523

* The loss on disaster, 2,724 million yen, is recorded as an extraordinary loss for the Fukushima Plant and consists the restoration costs for the fixed asset and damage for the inventories which were caused by Typhoon No. 19 in 2019.
The loss includes the allowance for the loss of disaster, 1,945 million yen, as the reasonable and predictable estimates as of today.

Consolidated Quarterly Statements of Comprehensive Income
Nine months ended December 31, 2019

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	6,358	3,525
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 2,117	970
Deferred gains or losses on hedges	19	△ 3
Foreign currency translation adjustment	74	△ 305
Remeasurements of defined benefit plans, net of tax	95	109
Share of other comprehensive income of associates accounted for using equity method	△ 13	7
Total accumulated other comprehensive income	△ 1,941	779
Comprehensive income	4,416	4,304
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,305	4,315
Comprehensive income attributable to non-controlling interests	111	△ 10

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

Nine months ended December 31, 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	45,572	25,252	70,825	173	70,999	-	70,999
Intersegment sales or transfers	71	296	368	2,841	3,209	△ 3,209	-
Total	45,644	25,548	71,193	3,015	74,209	△ 3,209	70,999
Segment profit (loss)	3,460	5,328	8,788	300	9,088	△ 1,591	7,497

* 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 29 million yen in intersegment eliminations and company-wide expenses negative 1,620 million yen. The company-wide expenses mainly include general and administrative expenses that are not attributable to the reportable segments.
- (2) Segment profit is adjusted to operating income in the consolidated statements of income.

Nine months ended December 31, 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	44,880	25,201	70,082	171	70,254	-	70,254
Intersegment sales or transfers	68	285	353	2,698	3,052	△ 3,052	-
Total	44,949	25,487	70,436	2,869	73,306	△ 3,052	70,254
Segment profit (loss)	2,426	5,548	7,975	190	8,165	△ 1,528	6,637

* 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 27 million yen in intersegment eliminations and company-wide expenses negative 1,555 million yen. The company-wide expenses mainly include general and administrative expenses that are not attributable to the reportable segments.
- (2) Segment profit is adjusted to operating income in the consolidated statements of income.