

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020
[Japanese Standards] (Consolidated)

May 12, 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 of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Scheduled date to file Securities Report: June 26, 2020
 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 fiscal year ended March 31, 2019

(from April 1, 2019 to March 31, 2020)

(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	%
FY Ended March 31, 2020	90,503	△ 3.5	7,345	△ 15.4	8,551	△ 14.5	3,489	△ 45.7
FY Ended March 31, 2019	93,744	4.1	8,678	△ 14.5	10,004	△ 8.4	6,420	△ 5.9

(Note) Comprehensive income: FY Ended March 31, 2020 : 1,193 million yen △ 72.9 %
 FY Ended March 31, 2019 : 4,402 million yen △ 49.2 %

	Net income per share	Diluted net income per share	Return on equity	ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY Ended March 31, 2020	184.52	-	5.6	8.1	8.1
FY Ended March 31, 2019	334.94	-	10.3	9.3	9.3

(Reference) Equity in net income of affiliates: FY Ended March 31, 2020 : 146 million yen
 FY Ended March 31, 2019 : 132 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	104,081	63,838	58.8	3,258.01
As of March 31, 2019	108,262	66,095	58.4	3,319.51

(Reference) Own capital: As of March 31, 2020 : 61,250 million yen
 As of March 31, 2019 : 63,203 million yen

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY Ended March 31, 2020	12,634	△ 4,934	△ 3,584	25,567
FY Ended March 31, 2019	9,972	△ 7,161	△ 3,283	21,465

2.Dividends

	Cash dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY Ended March 31, 2019	-	10.00	-	75.00	-	2,398	37.3	3.8
FY Ended March 31, 2020	-	50.00	-	50.00	100.00	1,893	54.2	3.0
FY ended March 31, 2021 (forecast)	-	50.00	-	50.00	100.00		-	

*Reflects five to one reverse share split on October 1st, 2018.

**The annual dividend of the FY2019 included the 85th anniversary commemorative dividend of 25 yen

3.Forecasts of consolidated financial results for the year ending March 31, 2021

(from April 1, 2020 to March 31, 2021)

The consolidated earnings forecast for the fiscal year ended March 31, 2021, are undecided at this time because it is difficult to reasonably calculate the impact of the expansion of new coronavirus infections on business activities and business results. We will promptly disclose it when it is possible to reasonably calculate it in the future.

*Notes

(1) Changes in status of significant subsidiaries during the year

(changes in status of specified subsidiaries accompanying changes in consolidated) No

Newly consolidated subsidiaries: - Subsidiaries excluded: -

(2) 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

(3) 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

①	FY Ended March 31, 2020	19,599,367	FY Ended March 31, 2019	20,399,367
②	FY Ended March 31, 2020	799,519	FY Ended March 31, 2019	1,359,218
③	FY Ended March 31, 2020	18,911,496	FY Ended March 31, 2019	19,169,538

(Reference) Summary of Nonconsolidated Financial Statement

Nonconsolidated financial results for the fiscal year ended March 31, 2020

(from April 1, 2019 to March 31, 2020)

(1) Nonconsolidated 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	%
FY Ended March 31, 2020	69,014	△ 6.4	5,290	△ 7.4	7,181	△ 0.3	3,593	△ 20.4
FY Ended March 31, 2019	73,724	4.3	5,711	△ 22.5	7,206	△ 13.2	4,513	△ 3.2

	Net income per share	Diluted net income per share
	yen	yen
FY Ended March 31, 2020	189.21	-
FY Ended March 31, 2019	234.44	-

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	86,916	52,780	60.7	2,795.53
As of March 31, 2019	92,249	54,847	59.5	2,868.50

(Reference) Own capital: As of March 31, 2020 : 52,780 million yen

As of March 31, 2019 : 54,847 million yen

*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 Financial Statements and Notes
Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	23,070	27,202
Notes and accounts receivable-trade	20,043	16,834
Electronically recorded monetary claims-operating	7,814	6,789
Merchandise and finished goods	9,176	7,872
Work in process	2,091	2,002
Raw materials and supplies	2,770	2,782
Other	1,596	1,389
Allowance for doubtful accounts	△ 40	△ 30
Total current assets	66,522	64,842
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,403	5,128
Machinery, equipment and vehicles, net	8,210	8,683
Land	7,205	7,239
Construction in progress	1,453	631
Other, net	328	314
Total Property, plant and equipment	22,601	21,998
Intangible assets	209	461
Investments and other assets		
Investment securities	18,338	15,473
Deferred tax assets	56	615
Other	558	716
Allowance for doubtful accounts	△ 25	△ 27
Total investments and other assets	18,928	16,778
Total non-current assets	41,739	39,238
Total assets	108,262	104,081

(millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,012	20,020
Short-term loans payable	2,718	3,451
Income taxes payable	1,189	343
Provision for bonuses	1,016	1,058
Provision for loss on disaster	-	728
Other	5,062	4,957
Total current liabilities	31,999	30,559
Non-current liabilities		
Long-term loans payable	1,014	216
Deferred tax liabilities	1,435	1,515
Net defined benefit liability	6,858	7,002
Other	858	950
Total non-current liabilities	10,166	9,683
Total liabilities	42,166	40,243
Net assets		
Shareholders' equity		
Capital stock	13,047	13,047
Capital surplus	511	448
Retained earnings	47,306	45,658
Treasury stock	△ 4,950	△ 3,173
Total shareholders' equity	55,915	55,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,533	5,283
Deferred gains or losses on hedges	6	8
Foreign currency translation adjustment	115	159
Remeasurements of defined benefit plans	△ 367	△ 184
Total accumulated other comprehensive income	7,288	5,268
Non-controlling interests	2,891	2,588
Total net assets	66,095	63,838
Total liabilities and net assets	108,262	104,081

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	93,744	90,503
Cost of sales	69,491	67,862
Gross profit	24,253	22,640
Selling, general and administrative expenses		
Freightage and packing expenses	3,819	3,645
Other selling expenses	3,406	3,344
Salaries and bonuses	3,849	3,845
Provision for bonuses	376	383
Retirement benefit expenses	205	216
Other general and administrative expenses	3,917	3,860
Total selling, general and administrative expenses	15,574	15,295
Operating profit	8,678	7,345
Non-operating income		
Interest income	25	28
Dividends income	524	569
Real estate rent	660	665
Equity in earnings of affiliates	132	146
Foreign exchange gains	83	-
Other income	154	148
Total non-operating income	1,580	1,558
Non-operating expenses		
Interest expenses	23	27
Rent expenses on real estates	121	102
Foreign exchange losses	-	135
Other expenses	109	86
Total non-operating expenses	254	351
Ordinary income	10,004	8,551
Extraordinary income		
Gain on sales of noncurrent assets	-	1
Gain on sales of investment securities	17	-
Gain on liquidation of subsidiaries	67	0
Gain on sales of subsidiaries and affiliates' stocks	29	-
Reversal of provision for special repairs	-	60
Insurance income	-	163
Other income	0	-
Total extraordinary gain	114	225
Extraordinary loss		
Loss on retirement of noncurrent assets	18	4
Impairment loss	1,516	1,157
Loss on disaster	-	2,670
Loss on sales of investment securities	6	3
Other loss	21	-
Total extraordinary loss	1,561	3,836
Profit before income taxes	8,557	4,940
Income taxes-current	2,418	1,352
Income taxes-deferred	△ 292	397
Total income taxes	2,126	1,749
Net income	6,430	3,190
Profit attributable to non-controlling interests	10	△ 298
Profit attributable to owners of parent	6,420	3,489

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended	Fiscal year ended
	March 31, 2019	March 31, 2020
Net income	6,430	3,190
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 1,782	△ 2,203
Deferred gains or losses on hedges	13	2
Foreign currency translation adjustment	△ 244	23
Remeasurements of defined benefit plans, net of tax	3	183
Share of other comprehensive income of associates accounted for using equity method	△ 18	△ 3
Total accumulated other comprehensive income	△ 2,027	△ 1,997
Comprehensive income	4,402	1,193
(comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,364	1,496
Comprehensive income attributable to non-controlling interests	38	△ 303

Consolidated statement of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	13,047	511	42,781	△ 3,690	52,650
Changes of items during period					
Dividends of surplus			△ 1,895		△ 1,895
Profit attributable to owners of parent			6,420		6,420
Purchase of treasury shares				△ 1,260	△ 1,260
Retirement of treasury shares					-
Disposal of treasury shares					-
Transfer to capital surplus from retained earnings					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	4,525	△ 1,260	3,264
Balance at end of current period	13,047	511	47,306	△ 4,950	55,915

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of current period	9,309	△ 7	310	△ 370	9,241	3,323	65,216
Changes of items during period							
Dividends of surplus							△ 1,895
Profit attributable to owners of parent							6,420
Purchase of treasury shares							△ 1,260
Retirement of treasury shares							-
Disposal of treasury shares							-
Transfer to capital surplus from retained earnings							-
Net changes of items other than shareholders' equity	△ 1,775	14	△ 195	3	△ 1,953	△ 432	△ 2,385
Total changes of items during period	△ 1,775	14	△ 195	3	△ 1,953	△ 432	879
Balance at end of current period	7,533	6	115	△ 367	7,288	2,891	66,095

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	13,047	511	47,306	△ 4,950	55,915
Changes of items during period					
Dividends of surplus			△ 2,367		△ 2,367
Profit attributable to owners of parent			3,489		3,489
Purchase of treasury shares				△ 1,055	△ 1,055
Retirement of treasury shares		△ 2,832		2,832	-
Disposal of treasury shares		△ 0		0	0
Transfer to capital surplus from retained earnings		2,769	△ 2,769		-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	△ 63	△ 1,647	1,777	66
Balance at end of current period	13,047	448	45,658	△ 3,173	55,981

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of current period	7,533	6	115	△ 367	7,288	2,891	66,095
Changes of items during period							
Dividends of surplus							△ 2,367
Profit attributable to owners of parent							3,489
Purchase of treasury shares							△ 1,055
Retirement of treasury shares							-
Disposal of treasury shares							0
Transfer to capital surplus from retained earnings							-
Net changes of items other than shareholders' equity	△ 2,249	2	44	183	△ 2,020	△ 303	△ 2,323
Total changes of items during period	△ 2,249	2	44	183	△ 2,020	△ 303	△ 2,257
Balance at end of current period	5,283	8	159	△ 184	5,268	2,588	63,838

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	8,557	4,940
Depreciation	2,798	3,101
Impairment loss	1,516	1,157
Increase (decrease) in allowance for doubtful accounts	△ 16	△ 7
Share of loss (profit) of entities accounted for using equity method	△ 132	△ 146
Increase (decrease) in provision for bonuses	33	41
Increase (decrease) in net defined benefit liability	523	390
Increase (decrease) in other provision	1	△ 54
Interest and dividend income	△ 549	△ 598
Insurance income	-	△ 163
Interest expenses	23	27
Foreign exchange losses (gains)	△ 28	△ 0
Loss (gain) on sales of investment securities	△ 17	-
Loss (gain) on valuation of investment securities	6	3
Loss (gain) on sales of shares of subsidiaries and associates	△ 29	-
Loss (gain) on sales of non-current assets	-	△ 1
Loss on retirement of non-current assets	18	4
Loss (gain) on liquidation of subsidiaries	△ 67	△ 0
Decrease (increase) in notes and accounts receivable – trade	△ 322	4,208
Decrease (increase) in inventories	△ 2,117	1,356
Loss on disaster	-	2,670
Decrease (increase) in other assets	392	339
Increase (decrease) in notes and accounts payable – trade	1,880	△ 1,921
Increase (decrease) in other liabilities	△ 231	688
Other, net	20	3
Subtotal	<u>12,259</u>	<u>16,041</u>
Interest and dividend income received	549	598
Interest expenses paid	△ 23	△ 26
Income taxes paid	△ 2,812	△ 2,201
Proceeds from insurance income	-	163
Payments for loss on disaster	-	△ 1,941
Cash flows from operating activities	<u>9,972</u>	<u>12,634</u>
Cash flows from investing activities		
Payments into time deposits	△ 3,205	△ 3,265
Proceeds from withdrawal of time deposits	3,205	3,235
Purchase of property, plant and equipment and intangible assets	△ 5,935	△ 4,387
Proceeds from sales of property, plant and equipment and intangible assets	0	1
Purchase of investment securities	△ 1,321	△ 235
Proceeds from sales of investment securities	138	-
Other, net	△ 44	△ 281
Cash flows from investing activities	<u>△ 7,161</u>	<u>△ 4,934</u>

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	145	△ 138
Proceeds from long-term loans payable	-	300
Repayments of long-term loans payable	△ 247	△ 226
Cash dividends paid	△ 1,874	△ 2,383
Dividends paid to non-controlling interests	△ 29	△ 27
Purchase of treasury shares	△ 1,260	△ 1,055
Other, net	△ 16	△ 52
Cash flows from financing activities	△ 3,283	△ 3,584
Effect of exchange rate change on cash and cash equivalents	△ 133	△ 13
Net increase (decrease) in cash and cash equivalents	△ 605	4,102
Cash and cash equivalents at beginning of period	22,071	21,465
Cash and cash equivalents at end of period	21,465	25,567

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

Fiscal year ended March 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	60,231	33,282	93,514	230	93,744	-	93,744
Intersegment sales or transfers	94	377	471	3,681	4,153	△ 4,153	-
Total	60,325	33,660	93,986	3,911	97,897	△ 4,153	93,744
Segment profit (loss)	3,838	6,563	10,402	360	10,762	△ 2,083	8,678
Segment assets	43,017	28,468	71,486	2,076	73,562	34,699	108,262
Others							
Depreciation	1,754	874	2,629	167	2,796	1	2,798
Impairment loss	1,223	292	1,516	-	1,516	-	1,516
Increase in property, plant and equipment and intangible assets	2,980	1,077	4,058	108	4,167	65	4,232

* 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 41 million yen in intersegment eliminations and company-wide expenses negative 2,125 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.
- (3) The adjustment to segment assets represents negative 473 million yen in intersegment eliminations and company-wide assets 35,173 million yen. The company-wide assets mainly include funds to manage surplus(cash and deposits), real estate for rent and assets related to the administration division.

Fiscal year ended March 31, 2020

(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	57,802	32,473	90,275	227	90,503	-	90,503
Intersegment sales or transfers	105	371	477	3,439	3,917	△ 3,917	-
Total	57,907	32,845	90,753	3,667	94,420	△ 3,917	90,503
Segment profit (loss)	2,610	6,486	9,096	217	9,313	△ 1,968	7,345
Segment assets	39,236	26,651	65,888	1,885	67,773	36,308	104,081
Others							
Depreciation	2,122	842	2,946	120	3,085	16	3,101
Impairment loss	702	99	802	-	802	355	1,157
Increase in property, plant and equipment and intangible assets	2,779	655	3,435	12	3,447	313	3,760

* 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 40 million yen in intersegment eliminations and company-wide expenses negative 2,009 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.
- (3) The adjustment to segment assets represents negative 419 million yen in intersegment eliminations and company-wide assets 36,728 million yen. The company-wide assets mainly include funds to manage surplus(cash and deposits), real estate for rent and assets related to the administration division.