

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020
[Japanese Standards] (Consolidated)

November 6, 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: November 12, 2020
 Scheduled date to commence dividend payments: December 1, 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 six months ended September 30, 2020

(from April 1, 2020 to September 30, 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 | % |
| Six months ended September 30, 2020 | 39,293 | △ 16.1 | 3,197 | △ 21.0 | 3,849 | △ 14.5 | 2,556 | △ 20.0 |
| Six months ended September 30, 2019 | 46,858 | 2.3 | 4,046 | △ 16.3 | 4,501 | △ 21.0 | 3,195 | △ 22.7 |

(Note) Comprehensive income: Six months ended September 30, 2020 : 3,386 million yen 9.1 %
 Six months ended September 30, 2019 : 3,104 million yen △ 32.7 %

| | Net income per share | Diluted net income per share |
|-------------------------------------|----------------------|------------------------------|
| | yen | yen |
| Six months ended September 30, 2020 | 136.26 | - |
| Six months ended September 30, 2019 | 168.58 | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2020 | 105,607 | 66,181 | 59.9 |
| As of March 31, 2020 | 104,081 | 63,838 | 58.8 |

(Reference) Own capital: As of September 30, 2020 : 63,215 million yen
 As of March 31, 2020 : 61,250 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, 2020 | - | 50.00 | - | 50.00 | 100.00 |
| FY Ended March 31, 2021 | - | 50.00 | - | - | - |
| FY Ended March 31, 2021 (forecast) | - | - | - | 50.00 | 100.00 |

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

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

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

(% 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 | 83,500 | △ 7.7 | 6,000 | △ 18.3 | 7,000 | △ 18.1 | 4,600 | 31.8 | 245.20 |

(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, 2020
 (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, 2020 | 19,599,367 | FY Ended March 31, 2020 | 19,599,367 |
| ② | Six months ended September 30, 2020 | 888,897 | FY Ended March 31, 2020 | 799,519 |
| ③ | Six months ended September 30, 2020 | 18,760,287 | Six months ended September 30, 2019 | 18,955,792 |

*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, 2020 | As of September 30, 2020 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 27,202 | 27,161 |
| Notes and accounts receivable-trade | 16,834 | 16,859 |
| Electronically recorded monetary claims-operating | 6,789 | 6,091 |
| Merchandise and finished goods | 7,872 | 8,218 |
| Work in process | 2,002 | 2,186 |
| Raw materials and supplies | 2,782 | 2,861 |
| Other | 1,389 | 1,641 |
| Allowance for doubtful accounts | △ 30 | △ 27 |
| Total current assets | 64,842 | 64,992 |
| Non-current assets | | |
| Property, plant and equipment | 21,998 | 21,789 |
| Intangible assets | 461 | 1,146 |
| Investments and other assets | | |
| Investment securities | 15,473 | 16,911 |
| Deferred tax assets | 615 | 146 |
| Other | 716 | 637 |
| Allowance for doubtful accounts | △ 27 | △ 16 |
| Total investments and other assets | 16,778 | 17,678 |
| Total non-current assets | 39,238 | 40,614 |
| Total assets | 104,081 | 105,607 |

(millions of yen)

| | As of March 31, 2020 | As of September 30, 2020 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 20,020 | 19,405 |
| Short-term loans payable | 3,451 | 3,451 |
| Income taxes payable | 343 | 1,191 |
| Provision for bonuses | 1,058 | 1,083 |
| Provision for loss on disaster | 728 | 33 |
| Other | 4,957 | 4,282 |
| Total current liabilities | 30,559 | 29,447 |
| Non-current liabilities | | |
| Long-term loans payable | 216 | 182 |
| Deferred tax liabilities | 1,515 | 1,359 |
| Net defined benefit liability | 7,002 | 7,104 |
| Other | 950 | 1,330 |
| Total non-current liabilities | 9,683 | 9,977 |
| Total liabilities | 40,243 | 39,425 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 13,047 | 13,047 |
| Capital surplus | 448 | 518 |
| Retained earnings | 45,658 | 47,277 |
| Treasury stock | △ 3,173 | △ 3,653 |
| Total shareholders' equity | 55,981 | 57,190 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,283 | 6,290 |
| Deferred gains or losses on hedges | 8 | △ 1 |
| Foreign currency translation adjustment | 159 | △ 143 |
| Remeasurements of defined benefit plans | △ 184 | △ 120 |
| Total accumulated other comprehensive income | 5,268 | 6,025 |
| Non-controlling interests | 2,588 | 2,966 |
| Total net assets | 63,838 | 66,181 |
| Total liabilities and net assets | 104,081 | 105,607 |

Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Six months ended September 30, 2020

(Millions of yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|---|--|--|
| Net sales | 46,858 | 39,293 |
| Cost of sales | 35,282 | 29,345 |
| Gross profit | 11,576 | 9,947 |
| Selling, general and administrative expenses | | |
| Freightage and packing expenses | 1,928 | 1,659 |
| Other selling expenses | 1,462 | 1,197 |
| Salaries and bonuses | 1,757 | 1,745 |
| Provision for bonuses | 359 | 338 |
| Retirement benefit expenses | 91 | 104 |
| Other general and administrative expenses | 1,930 | 1,704 |
| Total selling, general and administrative expenses | 7,529 | 6,750 |
| Operating profit | 4,046 | 3,197 |
| Non-operating income | | |
| Interest income | 16 | 14 |
| Dividends income | 295 | 310 |
| Real estate rent | 331 | 335 |
| Equity in earnings of affiliates | 44 | 102 |
| Other income | 38 | 78 |
| Total non-operating income | 726 | 841 |
| Non-operating expenses | | |
| Interest expenses | 15 | 16 |
| Rent expenses on real estates | 60 | 49 |
| Foreign exchange losses | 156 | 79 |
| Other expenses | 37 | 44 |
| Total non-operating expenses | 270 | 189 |
| Ordinary income | 4,501 | 3,849 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 1 | 7 |
| Total extraordinary gain | 1 | 7 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 1 | 4 |
| Impairment loss | 84 | 25 |
| Expenses related to suspended operations | - | 102 |
| Other loss | 2 | - |
| Total extraordinary loss | 88 | 131 |
| Profit before income taxes | 4,414 | 3,724 |
| Income taxes-current | 1,117 | 1,106 |
| Income taxes-deferred | 126 | △ 55 |
| Total income taxes | 1,244 | 1,050 |
| Net income | 3,170 | 2,674 |
| Profit (loss) attributable to non-controlling interests | △ 25 | 118 |
| Profit (loss) attributable to owners of parent | 3,195 | 2,556 |

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2020

(Millions of yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|--|--|--|
| Net income | 3,170 | 2,674 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 72 | 967 |
| Deferred gains or losses on hedges | △ 4 | △ 10 |
| Foreign currency translation adjustment | △ 208 | △ 326 |
| Remeasurements of defined benefit plans, net of tax | 72 | 63 |
| Share of other comprehensive income of associates accounted for using equity method | 1 | 16 |
| Total accumulated other comprehensive income | △ 66 | 711 |
| Comprehensive income | 3,104 | 3,386 |
| (comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of the parent | 3,133 | 3,313 |
| Comprehensive income attributable to non-controlling interests | △ 29 | 72 |

Quarterly consolidated statement of cash flows

| | (Millions of yen) | |
|--|--|--|
| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
| Cash flows from operating activities | | |
| Profit before income taxes | 4,414 | 3,724 |
| Depreciation | 1,421 | 1,357 |
| Impairment loss | 84 | 25 |
| Increase (decrease) in provision for bonuses | 71 | 25 |
| Increase (decrease) in allowance for doubtful accounts | △ 13 | △ 13 |
| Increase (decrease) in other provision | 2 | - |
| Increase (decrease) in net defined benefit liability | 208 | 221 |
| Interest and dividend income | △ 311 | △ 325 |
| Interest expenses | 15 | 16 |
| Foreign exchange losses (gains) | 13 | 6 |
| Share of loss (profit) of entities accounted for using equity method | △ 44 | △ 102 |
| Loss (gain) on sales of non-current assets | △ 1 | △ 7 |
| Loss on retirement of non-current assets | 1 | 4 |
| Expenses related to suspension of operations | - | 102 |
| Decrease (increase) in notes and accounts receivable – trade | 1,213 | 594 |
| Decrease (increase) in inventories | △ 279 | △ 681 |
| Decrease (increase) in other assets | 43 | △ 219 |
| Increase (decrease) in notes and accounts payable – trade | △ 569 | △ 501 |
| Increase (decrease) in other liabilities | △ 204 | △ 959 |
| Other, net | △ 8 | △ 14 |
| Subtotal | 6,058 | 3,254 |
| Interest and dividend income received | 311 | 325 |
| Interest expenses paid | △ 14 | △ 16 |
| Income taxes paid | △ 1,144 | △ 254 |
| Payments for loss on disaster | - | △ 695 |
| Amount of expenses related to suspended operations | - | △ 102 |
| Cash flows from operating activities | 5,210 | 2,511 |
| Cash flows from investing activities | | |
| Payments into time deposits | △ 1,635 | △ 1,635 |
| Proceeds from withdrawal of time deposits | 1,605 | 1,635 |
| Purchase of property, plant and equipment and intangible assets | △ 2,470 | △ 1,167 |
| Proceeds from sales of property, plant and equipment and intangible assets | 1 | 18 |
| Purchase of investment securities | △ 8 | △ 8 |
| Other, net | △ 11 | 10 |
| Cash flows from investing activities | △ 2,519 | △ 1,147 |

(Millions of yen)

| | Six months ended September 30, 2019 | Six months ended September 30, 2020 |
|---|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 154 | 13 |
| Proceeds from long-term loans payable | 100 | - |
| Repayments of long-term loans payable | △ 186 | △ 45 |
| Purchase of treasury shares | △ 668 | △ 161 |
| Cash dividends paid | △ 1,433 | △ 937 |
| Dividends paid to non-controlling interests | △ 13 | △ 13 |
| Other, net | 141 | △ 114 |
| Cash flows from financing activities | △ 1,906 | △ 1,259 |
| Effect of exchange rate change on cash and cash equivalents | △ 143 | △ 145 |
| Net increase (decrease) in cash and cash equivalents | 640 | △ 41 |
| Cash and cash equivalents at beginning of period | 21,465 | 25,567 |
| Cash and cash equivalents at end of six months ended | 22,106 | 25,526 |

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

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.

⊗ Information on impairment loss or goodwill, etc. of fixed assets for each reported segment

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.

Six months ended September 30, 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 | 24,752 | 14,415 | 39,167 | 125 | 39,293 | - | 39,293 |
| Intersegment sales or transfers | 43 | 194 | 237 | 1,673 | 1,910 | △ 1,910 | - |
| Total | 24,795 | 14,609 | 39,405 | 1,798 | 41,204 | △ 1,910 | 39,293 |
| Segment profit (loss) | 1,029 | 2,988 | 4,018 | 151 | 4,169 | △ 972 | 3,197 |

* 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 18 million yen in intersegment eliminations and company-wide expenses negative 990 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.

⊗ Information on impairment loss or goodwill, etc. of fixed assets for each reported segment

Impairment loss on fixed assets was recorded in the Industrial Products business segment. The amount of the impairment loss recorded was 25 million yen for the Six months ended September 30, 2020.