

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 7, 2022

Company name: Inabata&Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8098 URL <https://www.inabata.co.jp>
 Representative: Director,President Katsutaro Inabata
 Executive Officer,
 Inquiries: General Manager, Financial Management Koichi Noda TEL 03-3639-6421
 Office
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	373,415	13.6	10,546	(4.8)	10,310	(14.4)	9,616	(28.9)
Six months ended September 30, 2021	328,586	–	11,076	78.3	12,042	73.3	13,518	131.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	168.58		–	
Six months ended September 30, 2021	224.56		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	394,738	185,877	46.6
As of March 31, 2022	389,059	176,914	45.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	30.00	–	80.00	110.00
Year ending March 31, 2023	–	50.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	65.00	115.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	730,000	7.2	19,500	(2.8)	20,500	(5.3)	20,500	(8.3)	358.91

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	57,714,127 shares	As of March 31, 2022	60,799,227 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,009,173 shares	As of March 31, 2022	3,682,139 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	57,043,321 shares	Six months ended September 30, 2021	60,199,000 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	35,403	30,730
Notes receivable - trade	22,548	23,152
Accounts receivable - trade	162,149	164,235
Merchandise and finished goods	72,145	86,985
Work in process	860	1,048
Raw materials and supplies	6,059	5,702
Other	12,728	13,651
Allowance for doubtful accounts	(389)	(406)
Total current assets	311,505	325,099
Non-current assets		
Property, plant and equipment	15,312	16,758
Intangible assets	2,647	2,464
Investments and other assets		
Investment securities	48,303	38,528
Retirement benefit asset	6,390	6,491
Other	9,934	11,158
Allowance for doubtful accounts	(5,035)	(5,762)
Total investments and other assets	59,593	50,416
Total non-current assets	77,553	69,639
Total assets	389,059	394,738
Liabilities		
Current liabilities		
Notes and accounts payable - trade	115,959	104,646
Short-term borrowings	58,657	68,964
Income taxes payable	4,093	4,108
Provision for bonuses	1,608	1,850
Other	12,865	12,582
Total current liabilities	193,185	192,151
Non-current liabilities		
Long-term borrowings	5,880	5,170
Provision for retirement benefits for directors (and other officers)	33	35
Provision for Management Board Incentive Plan Trust	159	178
Provision for loss on guarantees	18	–
Retirement benefit liability	1,624	1,848
Other	11,243	9,477
Total non-current liabilities	18,959	16,709
Total liabilities	212,144	208,861

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,044	6,758
Retained earnings	130,540	129,071
Treasury shares	(7,398)	(1,948)
Total shareholders' equity	139,550	143,245
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,667	17,718
Deferred gains or losses on hedges	398	676
Foreign currency translation adjustment	11,793	21,812
Remeasurements of defined benefit plans	508	463
Total accumulated other comprehensive income	35,367	40,671
Non-controlling interests	1,996	1,960
Total net assets	176,914	185,877
Total liabilities and net assets	389,059	394,738

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	328,586	373,415
Cost of sales	300,195	341,850
Gross profit	28,390	31,564
Selling, general and administrative expenses	17,313	21,017
Operating profit	11,076	10,546
Non-operating income		
Interest income	132	120
Dividend income	918	1,469
Share of profit of entities accounted for using equity method	142	–
Miscellaneous income	289	423
Total non-operating income	1,482	2,013
Non-operating expenses		
Interest expenses	309	704
Foreign exchange losses	98	219
Share of loss of entities accounted for using equity method	–	1,158
Miscellaneous losses	107	167
Total non-operating expenses	516	2,250
Ordinary profit	12,042	10,310
Extraordinary income		
Gain on sale of investment securities	6,546	3,459
Total extraordinary income	6,546	3,459
Profit before income taxes	18,588	13,770
Income taxes - current	5,094	4,253
Income taxes - deferred	(131)	(29)
Total income taxes	4,963	4,224
Profit	13,624	9,546
Profit (loss) attributable to non-controlling interests	106	(70)
Profit attributable to owners of parent	13,518	9,616

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	13,624	9,546
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,189)	(4,952)
Deferred gains or losses on hedges	21	313
Foreign currency translation adjustment	86	9,953
Remeasurements of defined benefit plans, net of tax	18	(44)
Share of other comprehensive income of entities accounted for using equity method	(8)	103
Total other comprehensive income	(4,071)	5,374
Comprehensive income	9,553	14,920
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,470	14,919
Comprehensive income attributable to non-controlling interests	83	0

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	18,588	13,770
Depreciation	1,365	1,858
Increase (decrease) in allowance for doubtful accounts	144	529
Increase (decrease) in retirement benefit liability	(587)	56
Decrease (increase) in retirement benefit asset	(42)	(150)
Interest and dividend income	(1,050)	(1,590)
Interest expenses	309	704
Share of loss (profit) of entities accounted for using equity method	(142)	1,158
Increase (decrease) in provision for loss on guarantees	–	(18)
Loss (gain) on sale of investment securities	(6,546)	(3,459)
Decrease (increase) in trade receivables	(6,770)	11,469
Decrease (increase) in inventories	(17,352)	(6,437)
Decrease (increase) in other current assets	(1,785)	(160)
Decrease (increase) in other non-current assets	(54)	(528)
Increase (decrease) in trade payables	(712)	(20,251)
Increase (decrease) in other current liabilities	3,039	(949)
Other, net	341	6
Subtotal	(11,255)	(3,992)
Interest and dividends received	1,167	1,601
Interest paid	(305)	(668)
Income taxes paid	(3,479)	(4,335)
Net cash provided by (used in) operating activities	(13,872)	(7,394)
Cash flows from investing activities		
Payments into time deposits	(2,974)	(2,493)
Proceeds from withdrawal of time deposits	2,827	4,148
Purchase of property, plant and equipment	(791)	(1,018)
Proceeds from sale of property, plant and equipment	6	16
Purchase of intangible assets	(111)	(124)
Purchase of investment securities	(33)	(257)
Proceeds from sale of investment securities	6,917	5,665
Purchase of shares of subsidiaries	(85)	(248)
Net decrease (increase) in short-term loans receivable	(90)	127
Long-term loan advances	(74)	(85)
Proceeds from collection of long-term loans receivable	212	38
Other, net	(35)	(28)
Net cash provided by (used in) investing activities	5,767	5,741

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,599	3,104
Proceeds from long-term borrowings	438	105
Repayments of long-term borrowings	(2,020)	(626)
Purchase of treasury shares	–	(1,451)
Proceeds from disposal of treasury shares	–	419
Dividends paid	(2,601)	(4,592)
Dividends paid to non-controlling interests	(107)	(35)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(96)	(326)
Other, net	(283)	(365)
Net cash provided by (used in) financing activities	9,930	(3,766)
Effect of exchange rate change on cash and cash equivalents	140	1,888
Net increase (decrease) in cash and cash equivalents	1,965	(3,532)
Cash and cash equivalents at beginning of period	25,983	28,251
Cash and cash equivalents at end of period	27,948	24,719