

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

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 050-3684-4011
 Office
 Scheduled date of ordinary general meeting of shareholders: June 21, 2023
 Scheduled date to file Securities Report: June 22, 2023
 Scheduled date to commence dividend payments: May 31, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	735,620	8.0	20,314	1.3	19,110	(11.7)	19,478	(12.9)
Year ended March 31, 2022	680,962	—	20,052	33.9	21,648	31.1	22,351	62.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	343.31	—	11.0	5.0	2.8
Year ended March 31, 2022	374.23	—	12.8	5.8	2.9

(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, 2023	380,443	181,507	47.2	3,214.42
As of March 31, 2022	389,059	176,914	45.0	3,062.46

(3) Consolidated cash flows

	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
Year ended March 31, 2023	9,915	8,278	(17,568)	29,790
Year ended March 31, 2022	(11,448)	5,446	5,999	28,251

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	30.00	—	80.00	110.00	6,406	29.4	3.7
Year ended March 31, 2023	—	50.00	—	65.00	115.00	6,533	33.5	3.7
Year ending March 31, 2024 (Forecast)	—	55.00	—	65.00	120.00		31.9	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Six months ending September 30, 2023	390,000	4.4	10,000	(5.2)	9,500	(7.9)	11,000	14.4	197.02
Full year	800,000	8.8	21,000	3.4	20,000	4.7	21,000	7.8	376.14

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	57,114,127 shares	As of March 31, 2022	60,799,227 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	1,284,045 shares	As of March 31, 2022	3,682,139 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2023	56,736,773 shares	Year ended March 31, 2022	59,725,855 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	35,403	36,353
Notes receivable - trade	22,548	23,247
Accounts receivable - trade	162,149	153,640
Merchandise and finished goods	72,145	83,097
Work in process	860	802
Raw materials and supplies	6,059	4,990
Other	12,728	13,623
Allowance for doubtful accounts	(389)	(382)
Total current assets	311,505	315,373
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,184	18,491
Accumulated depreciation	(11,765)	(12,881)
Buildings and structures, net	5,419	5,610
Machinery, equipment and vehicles	18,648	20,351
Accumulated depreciation	(14,551)	(15,976)
Machinery, equipment and vehicles, net	4,097	4,375
Land	3,043	3,295
Construction in progress	205	210
Other	6,382	7,753
Accumulated depreciation	(3,834)	(4,640)
Other, net	2,547	3,113
Total property, plant and equipment	15,312	16,606
Intangible assets	2,647	2,403
Investments and other assets		
Investment securities	48,303	32,840
Long-term loans receivable	1,448	1,323
Retirement benefit asset	6,390	8,215
Deferred tax assets	1,105	1,202
Other	7,380	7,779
Allowance for doubtful accounts	(5,035)	(5,300)
Total investments and other assets	59,593	46,060
Total non-current assets	77,553	65,070
Total assets	389,059	380,443

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	115,959	105,730
Short-term borrowings	58,657	49,474
Income taxes payable	4,093	3,589
Accrued expenses	1,367	1,859
Provision for bonuses	1,608	1,606
Other	11,498	11,273
Total current liabilities	193,185	173,534
Non-current liabilities		
Bonds payable	–	7,500
Long-term borrowings	5,880	7,795
Deferred tax liabilities	8,761	5,176
Provision for retirement benefits for directors (and other officers)	33	37
Provision for share awards for directors (and other officers)	159	206
Provision for loss on guarantees	18	–
Retirement benefit liability	1,624	1,713
Other	2,481	2,972
Total non-current liabilities	18,959	25,402
Total liabilities	212,144	198,936
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,044	6,718
Retained earnings	130,540	134,684
Treasury shares	(7,398)	(2,220)
Total shareholders' equity	139,550	148,546
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,667	12,805
Deferred gains or losses on hedges	398	395
Foreign currency translation adjustment	11,793	17,187
Remeasurements of defined benefit plans	508	526
Total accumulated other comprehensive income	35,367	30,914
Non-controlling interests	1,996	2,046
Total net assets	176,914	181,507
Total liabilities and net assets	389,059	380,443

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	680,962	735,620
Cost of sales	623,591	672,745
Gross profit	57,370	62,874
Selling, general and administrative expenses	37,317	42,560
Operating profit	20,052	20,314
Non-operating income		
Interest income	244	249
Dividend income	1,429	1,938
Foreign exchange gains	53	–
Share of profit of entities accounted for using equity method	370	–
Miscellaneous income	780	847
Total non-operating income	2,877	3,034
Non-operating expenses		
Interest expenses	674	1,823
Foreign exchange losses	–	703
Provision of allowance for doubtful accounts	151	71
Commission for purchase of treasury shares	129	13
Share of loss of entities accounted for using equity method	–	1,065
Miscellaneous losses	326	560
Total non-operating expenses	1,281	4,237
Ordinary profit	21,648	19,110
Extraordinary income		
Gain on sale of investment securities	8,975	8,661
Total extraordinary income	8,975	8,661
Extraordinary losses		
Loss on valuation of investment securities	–	250
Impairment losses	168	–
Total extraordinary losses	168	250
Profit before income taxes	30,455	27,522
Income taxes - current	7,294	7,569
Income taxes - deferred	685	405
Total income taxes	7,980	7,975
Profit	22,475	19,547
Profit attributable to non-controlling interests	124	69
Profit attributable to owners of parent	22,351	19,478

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	22,475	19,547
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,560)	(9,873)
Deferred gains or losses on hedges	206	(12)
Foreign currency translation adjustment	7,276	5,351
Remeasurements of defined benefit plans, net of tax	(68)	14
Share of other comprehensive income of entities accounted for using equity method	(127)	102
Total other comprehensive income	(9,273)	(4,417)
Comprehensive income	13,202	15,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,102	15,025
Comprehensive income attributable to non-controlling interests	99	104

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,364	7,184	116,794	(4,155)	129,188
Changes during period					
Dividends of surplus			(4,401)		(4,401)
Profit attributable to owners of parent			22,351		22,351
Purchase of treasury shares				(7,500)	(7,500)
Cancellation of treasury shares		(43)	(4,203)	4,247	–
Treasury stock transfer of stock ownership trust				9	9
Purchase of shares of consolidated subsidiaries		(96)			(96)
Net changes in items other than shareholders' equity					
Total changes during period	–	(140)	13,745	(3,243)	10,362
Balance at end of period	9,364	7,044	130,540	(7,398)	139,550

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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		
Balance at beginning of period	39,316	187	4,536	576	44,616	1,999	175,803
Changes during period							
Dividends of surplus							(4,401)
Profit attributable to owners of parent							22,351
Purchase of treasury shares							(7,500)
Cancellation of treasury shares							–
Treasury stock transfer of stock ownership trust							9
Purchase of shares of consolidated subsidiaries							(96)
Net changes in items other than shareholders' equity	(16,649)	211	7,257	(68)	(9,248)	(3)	(9,251)
Total changes during period	(16,649)	211	7,257	(68)	(9,248)	(3)	1,110
Balance at end of period	22,667	398	11,793	508	35,367	1,996	176,914

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,364	7,044	130,540	(7,398)	139,550
Changes during period					
Dividends of surplus			(7,425)		(7,425)
Profit attributable to owners of parent			19,478		19,478
Purchase of treasury shares				(2,635)	(2,635)
Cancellation of treasury shares		(40)	(7,908)	7,949	–
Disposal of treasury shares		40		379	419
Treasury stock purchase of stock ownership trust				(419)	(419)
Treasury stock transfer of stock ownership trust				13	13
Purchase of shares of consolidated subsidiaries		(326)			(326)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(108)	(108)
Net changes in items other than shareholders' equity					
Total changes during period	–	(326)	4,143	5,178	8,995
Balance at end of period	9,364	6,718	134,684	(2,220)	148,546

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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		
Balance at beginning of period	22,667	398	11,793	508	35,367	1,996	176,914
Changes during period							
Dividends of surplus							(7,425)
Profit attributable to owners of parent							19,478
Purchase of treasury shares							(2,635)
Cancellation of treasury shares							–
Disposal of treasury shares							419
Treasury stock purchase of stock ownership trust							(419)
Treasury stock transfer of stock ownership trust							13
Purchase of shares of consolidated subsidiaries							(326)
Change in treasury shares arising from change in equity in entities accounted for using equity method							(108)
Net changes in items other than shareholders' equity	(9,861)	(3)	5,394	17	(4,452)	49	(4,402)
Total changes during period	(9,861)	(3)	5,394	17	(4,452)	49	4,592
Balance at end of period	12,805	395	17,187	526	30,914	2,046	181,507

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	30,455	27,522
Depreciation	3,160	3,532
Impairment losses	168	–
Increase (decrease) in allowance for doubtful accounts	22	(42)
Interest and dividend income	(1,673)	(2,187)
Increase (decrease) in retirement benefit liability	(601)	(8)
Decrease (increase) in retirement benefit asset	(3,035)	(1,795)
Interest expenses	674	1,823
Share of loss (profit) of entities accounted for using equity method	(370)	1,065
Increase (decrease) in provision for loss on guarantees	–	(18)
Loss (gain) on valuation of investment securities	–	250
Loss (gain) on sale of investment securities	(8,975)	(8,661)
Decrease (increase) in trade receivables	(11,227)	15,661
Decrease (increase) in inventories	(20,037)	(5,512)
Decrease (increase) in other current assets	(3,188)	2,004
Decrease (increase) in other non-current assets	(60)	115
Increase (decrease) in trade payables	4,363	(15,328)
Increase (decrease) in other current liabilities	3,864	(1,242)
Other, net	407	446
Subtotal	(6,053)	17,623
Interest and dividends received	1,793	2,203
Interest paid	(666)	(1,800)
Income taxes paid	(6,521)	(8,111)
Net cash provided by (used in) operating activities	(11,448)	9,915
Cash flows from investing activities		
Payments into time deposits	(6,780)	(6,681)
Proceeds from withdrawal of time deposits	5,742	7,545
Purchase of property, plant and equipment	(1,669)	(2,527)
Proceeds from sale of property, plant and equipment	15	34
Purchase of intangible assets	(317)	(423)
Purchase of investment securities	(197)	(1,424)
Proceeds from sale of investment securities	9,645	12,111
Purchase of shares of subsidiaries	(554)	(445)
Decrease (increase) in short-term loans receivable	(35)	146
Long-term loan advances	(151)	(167)
Proceeds from collection of long-term loans receivable	347	171
Other, net	(597)	(58)
Net cash provided by (used in) investing activities	5,446	8,278

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	21,488	(13,072)
Proceeds from long-term borrowings	438	4,266
Repayments of long-term borrowings	(3,041)	(2,158)
Proceeds from issuance of bonds	–	7,454
Purchase of treasury shares	(7,629)	(3,069)
Proceeds from disposal of treasury shares	–	419
Increase/decrease in money held in trust for acquisition of treasury stock	–	(2,837)
Dividends paid	(4,415)	(7,450)
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	(636)	(757)
Net cash provided by (used in) financing activities	5,999	(17,568)
Effect of exchange rate change on cash and cash equivalents	2,270	912
Net increase (decrease) in cash and cash equivalents	2,268	1,538
Cash and cash equivalents at beginning of period	25,983	28,251
Cash and cash equivalents at end of period	28,251	29,790