

Translation

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

May 15, 2023

Company name: Inaba Denki Sangyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9934 URL <https://www.inaba.co.jp>
 Representative: President and Representative Director Seiichi Kita
 Executive Officer and General Manager,
 Inquiries: Business Planning Department Masayuki Tamagaki TEL 06-4391-1781
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 Preparation of supplementary material on financial results: Yes
 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	316,947	9.6	18,641	14.6	20,272	15.5	15,427	25.8
Year ended March 31, 2022	289,071	4.2	16,261	5.2	17,558	11.0	12,266	8.3

	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	277.50	275.77	10.6	8.4	5.9
Year ended March 31, 2022	220.06	218.54	8.9	7.7	5.6

(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	245,646	151,228	61.3	2,703.15
As of March 31, 2022	235,420	141,253	59.7	2,531.73

(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	2,700	(15,452)	(6,044)	53,882
Year ended March 31, 2022	11,048	(5,271)	(6,273)	72,568

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	–	50.00	–	60.00	110.00	6,126	50.0	4.4
Year ended March 31, 2023	–	50.00	–	70.00	120.00	6,686	43.2	4.6
Year ending March 31, 2024 (Forecast)	–	60.00	–	60.00	120.00		46.7	

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
Full year	328,000	3.5	19,900	6.8	20,800	2.6	14,300	(7.3)	256.85

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: Yes
- 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	56,419,000 shares	As of March 31, 2022	56,419,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	744,179 shares	As of March 31, 2022	928,881 shares
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Average number of shares during the period

Year ended March 31, 2023	55,595,521 shares	Year ended March 31, 2022	55,740,921 shares
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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	77,568	57,882
Notes receivable - trade	6,993	8,639
Electronically recorded monetary claims - operating	23,133	25,380
Accounts receivable - trade	65,605	70,468
Contract assets	26	–
Securities	–	10,000
Merchandise and finished goods	14,610	18,406
Work in process	298	382
Raw materials and supplies	2,370	3,324
Other	1,754	1,845
Allowance for doubtful accounts	–	(2)
Total current assets	192,363	196,328
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,455	17,836
Accumulated depreciation	(11,589)	(11,986)
Buildings and structures, net	5,866	5,850
Machinery, equipment and vehicles	3,736	3,699
Accumulated depreciation	(3,079)	(3,138)
Machinery, equipment and vehicles, net	656	560
Tools, furniture and fixtures	7,287	7,875
Accumulated depreciation	(6,541)	(6,898)
Tools, furniture and fixtures, net	745	977
Land	14,105	14,098
Construction in progress	132	92
Other	62	47
Total property, plant and equipment	21,569	21,626
Intangible assets	1,462	1,356
Investments and other assets		
Investment securities	16,993	16,933
Deferred tax assets	398	213
Other	2,634	9,190
Allowance for doubtful accounts	(0)	(2)
Total investments and other assets	20,025	26,335
Total non-current assets	43,056	49,317
Total assets	235,420	245,646

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	5,603	5,921
Accounts payable - trade	68,705	69,827
Short-term borrowings	343	382
Income taxes payable	4,271	2,689
Advances received	631	578
Provision for bonuses	5,623	5,526
Provision for bonuses for directors (and other officers)	94	138
Provision for product warranties	93	–
Other	3,378	3,704
Total current liabilities	88,744	88,768
Non-current liabilities		
Deferred tax liabilities	5	69
Retirement benefit liability	54	51
Other	5,363	5,528
Total non-current liabilities	5,423	5,649
Total liabilities	94,167	94,417
Net assets		
Shareholders' equity		
Share capital	13,962	13,962
Capital surplus	14,171	14,171
Retained earnings	109,361	118,521
Treasury shares	(2,413)	(1,982)
Total shareholders' equity	135,082	144,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,105	5,335
Deferred gains or losses on hedges	–	(4)
Foreign currency translation adjustment	297	493
Total accumulated other comprehensive income	5,403	5,824
Share acquisition rights	766	731
Total net assets	141,253	151,228
Total liabilities and net assets	235,420	245,646

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	289,071	316,947
Cost of sales	240,911	264,624
Gross profit	48,160	52,323
Selling, general and administrative expenses	31,898	33,682
Operating profit	16,261	18,641
Non-operating income		
Interest income	45	46
Dividend income	659	624
Foreign exchange gains	389	284
Settlement received	–	225
Other	290	522
Total non-operating income	1,385	1,703
Non-operating expenses		
Interest expenses	13	12
Loss on cancellation of insurance policies	16	11
Other	59	47
Total non-operating expenses	89	72
Ordinary profit	17,558	20,272
Extraordinary income		
Gain on sale of investment securities	41	852
Gain on sale of non-current assets	2	17
Gain on sale of shares of subsidiaries and associates	151	13
Total extraordinary income	196	882
Extraordinary losses		
Loss on retirement of non-current assets	45	58
Loss on sale of non-current assets	4	12
Total extraordinary losses	49	71
Profit before income taxes	17,704	21,083
Income taxes - current	6,291	5,506
Income taxes - deferred	(853)	149
Total income taxes	5,438	5,656
Profit	12,266	15,427
Profit attributable to owners of parent	12,266	15,427

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	12,266	15,427
Other comprehensive income		
Valuation difference on available-for-sale securities	(757)	229
Deferred gains or losses on hedges	–	(4)
Foreign currency translation adjustment	97	196
Total other comprehensive income	(659)	421
Comprehensive income	11,606	15,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,606	15,848

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	13,962	14,171	102,694	(1,920)	128,908
Cumulative effects of changes in accounting policies			25		25
Restated balance	13,962	14,171	102,719	(1,920)	128,933
Changes during period					
Dividends of surplus			(5,579)		(5,579)
Profit attributable to owners of parent			12,266		12,266
Purchase of treasury shares				(1,761)	(1,761)
Disposal of treasury shares			(44)	1,268	1,223
Net changes in items other than shareholders' equity					
Total changes during period	–	–	6,642	(493)	6,148
Balance at end of period	13,962	14,171	109,361	(2,413)	135,082

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	5,862	–	200	6,063	717	135,689
Cumulative effects of changes in accounting policies						25
Restated balance	5,862	–	200	6,063	717	135,714
Changes during period						
Dividends of surplus						(5,579)
Profit attributable to owners of parent						12,266
Purchase of treasury shares						(1,761)
Disposal of treasury shares						1,223
Net changes in items other than shareholders' equity	(757)	–	97	(659)	49	(610)
Total changes during period	(757)	–	97	(659)	49	5,538
Balance at end of period	5,105	–	297	5,403	766	141,253

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	13,962	14,171	109,361	(2,413)	135,082
Cumulative effects of changes in accounting policies					–
Restated balance	13,962	14,171	109,361	(2,413)	135,082
Changes during period					
Dividends of surplus			(6,119)		(6,119)
Profit attributable to owners of parent			15,427		15,427
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares			(149)	1,931	1,781
Net changes in items other than shareholders' equity					
Total changes during period	–	–	9,159	430	9,590
Balance at end of period	13,962	14,171	118,521	(1,982)	144,672

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	5,105	–	297	5,403	766	141,253
Cumulative effects of changes in accounting policies						–
Restated balance	5,105	–	297	5,403	766	141,253
Changes during period						
Dividends of surplus						(6,119)
Profit attributable to owners of parent						15,427
Purchase of treasury shares						(1,500)
Disposal of treasury shares						1,781
Net changes in items other than shareholders' equity	229	(4)	196	421	(35)	385
Total changes during period	229	(4)	196	421	(35)	9,975
Balance at end of period	5,335	(4)	493	5,824	731	151,228

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	17,704	21,083
Depreciation	1,625	1,830
Increase (decrease) in provision for bonuses	2,718	(96)
Increase (decrease) in provision for bonuses for directors (and other officers)	(66)	44
Interest and dividend income	(705)	(671)
Interest expenses	13	12
Loss (gain) on sale of investment securities	(41)	(852)
Loss (gain) on sale of shares of subsidiaries and associates	(151)	(13)
Decrease (increase) in trade receivables	(9,337)	(8,668)
Decrease (increase) in inventories	(2,952)	(4,727)
Increase (decrease) in trade payables	5,865	1,394
Increase (decrease) in accrued consumption taxes	(42)	184
Increase (decrease) in guarantee deposits received	70	221
Increase/decrease in other assets/liabilities	(0)	(635)
Other, net	162	36
Subtotal	14,862	9,143
Interest and dividends received	712	665
Interest paid	(21)	(12)
Income taxes paid	(4,504)	(7,095)
Net cash provided by (used in) operating activities	11,048	2,700
Cash flows from investing activities		
Payments into time deposits	(13,000)	(25,000)
Proceeds from withdrawal of time deposits	10,000	10,000
Purchase of property, plant and equipment	(989)	(1,391)
Proceeds from sale of property, plant and equipment	14	40
Purchase of intangible assets	(655)	(402)
Proceeds from sale of intangible assets	–	0
Purchase of investment securities	(512)	(9)
Proceeds from sale of investment securities	55	1,359
Purchase of shares of subsidiaries and associates	–	(129)
Proceeds from sale of shares of subsidiaries and associates	250	27
Other, net	(435)	52
Net cash provided by (used in) investing activities	(5,271)	(15,452)
Cash flows from financing activities		
Purchase of treasury shares	(1,761)	(1,500)
Proceeds from exercise of employee share options	1,095	1,596
Dividends paid	(5,580)	(6,120)
Other, net	(27)	(20)
Net cash provided by (used in) financing activities	(6,273)	(6,044)
Effect of exchange rate change on cash and cash equivalents	50	109
Net increase (decrease) in cash and cash equivalents	(446)	(18,686)
Cash and cash equivalents at beginning of period	73,015	72,568
Cash and cash equivalents at end of period	72,568	53,882