

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 30, 2023

Company name: ENOMOTO Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6928 URL <https://www.enomoto.co.jp/>
 Representative: President Nobuyuki Takeuchi
 Inquiries: Operating Officer of Administration Group Tsutomu Takei TEL 0554-62-5111
 Scheduled date to file Quarterly Securities Report: November 2, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	13,020	(11.1)	137	(85.4)	190	(83.1)	87	(88.8)
Six months ended September 30, 2022	14,650	6.8	938	(18.5)	1,127	(3.3)	778	(8.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	13.10		13.06	
Six months ended September 30, 2022	116.58		116.23	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	32,859	21,258	64.7
As of March 31, 2023	34,039	20,594	60.4

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, 2023	–	30.00	–	30.00	60.00
Year ending March 31, 2024	–	35.00			
Year ending March 31, 2024 (Forecast)			–	35.00	70.00

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	25,000	(14.6)	300	(80.8)	350	(80.6)	250	(80.3)	37.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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, 2023	6,865,360 shares	As of March 31, 2023	6,865,360 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	186,690 shares	As of March 31, 2023	186,610 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, 2023	6,678,680 shares	Six months ended September 30, 2022	6,677,575 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	4,041,219	4,176,259
Notes and accounts receivable - trade, and contract assets	8,617,216	7,295,772
Merchandise and finished goods	1,739,539	1,510,905
Work in process	1,590,892	1,700,828
Raw materials and supplies	2,390,297	2,153,759
Accounts receivable - other	515,409	310,564
Other	159,976	656,527
Allowance for doubtful accounts	(3,512)	(4,057)
Total current assets	19,051,037	17,800,560
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,695,758	10,953,642
Accumulated depreciation and impairment	(6,036,942)	(6,290,491)
Buildings and structures, net	4,658,816	4,663,150
Machinery, equipment and vehicles	15,823,829	16,604,595
Accumulated depreciation and impairment	(11,092,816)	(11,506,662)
Machinery, equipment and vehicles, net	4,731,013	5,097,933
Tools, furniture and fixtures	4,100,324	4,159,818
Accumulated depreciation and impairment	(3,557,090)	(3,619,396)
Tools, furniture and fixtures, net	543,234	540,422
Land	2,850,782	2,850,782
Construction in progress	717,307	369,632
Total property, plant and equipment	13,501,153	13,521,921
Intangible assets	588,946	630,589
Investments and other assets		
Investment securities	519,973	521,599
Retirement benefit asset	160,658	151,529
Deferred tax assets	17,363	25,016
Other	228,244	236,226
Allowance for doubtful accounts	(28,050)	(28,050)
Total investments and other assets	898,190	906,322
Total non-current assets	14,988,290	15,058,833
Total assets	34,039,328	32,859,393

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,933,832	5,141,085
Short-term borrowings	1,197,996	1,421,996
Income taxes payable	16,680	83,508
Provision for bonuses	340,000	316,000
Other	1,687,634	1,531,841
Total current liabilities	10,176,143	8,494,431
Non-current liabilities		
Long-term borrowings	1,934,018	1,710,020
Deferred tax liabilities	240,336	237,645
Retirement benefit liability	254,450	293,124
Provision for retirement benefits for directors (and other officers)	67,792	67,792
Provision for share awards for directors (and other officers)	144,590	158,261
Deferred tax liabilities for land revaluation	269,710	269,710
Other	357,461	369,609
Total non-current liabilities	3,268,359	3,106,163
Total liabilities	13,444,503	11,600,595
Net assets		
Shareholders' equity		
Share capital	4,749,333	4,749,333
Capital surplus	5,082,571	5,082,571
Retained earnings	9,502,195	9,385,497
Treasury shares	(244,093)	(244,234)
Total shareholders' equity	19,090,006	18,973,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,183	30,338
Revaluation reserve for land	(397,291)	(397,291)
Foreign currency translation adjustment	1,783,533	2,559,461
Remeasurements of defined benefit plans	73,283	78,013
Total accumulated other comprehensive income	1,489,709	2,270,522
Share acquisition rights	15,109	15,109
Total net assets	20,594,825	21,258,798
Total liabilities and net assets	34,039,328	32,859,393

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	14,650,546	13,020,629
Cost of sales	12,477,320	11,655,632
Gross profit	2,173,225	1,364,997
Selling, general and administrative expenses	1,234,703	1,227,855
Operating profit	938,521	137,141
Non-operating income		
Interest income	2,824	17,436
Dividend income	1,657	1,676
Rental income	15,255	15,605
Foreign exchange gains	138,416	29,254
Other	45,950	24,517
Total non-operating income	204,103	88,489
Non-operating expenses		
Interest expenses	7,471	16,161
Loss on sale of receivables	15	–
Taxes and dues	2,995	3,091
Depreciation	3,892	3,493
Commission expenses	–	12,243
Other	440	572
Total non-operating expenses	14,815	35,563
Ordinary profit	1,127,810	190,067
Extraordinary income		
Gain on sale of non-current assets	8,584	7,556
National subsidies	–	81,605
Total extraordinary income	8,584	89,161
Extraordinary losses		
Loss on sale of non-current assets	6,085	4,004
Loss on retirement of non-current assets	6,223	10,082
Loss on tax purpose reduction entry of non-current assets	–	81,605
Loss on valuation of investment securities	850	–
Total extraordinary losses	13,159	95,691
Profit before income taxes	1,123,235	183,537
Income taxes - current	197,446	103,092
Income taxes - deferred	147,308	(7,072)
Total income taxes	344,755	96,020
Profit	778,480	87,517
Profit attributable to owners of parent	778,480	87,517

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	778,480	87,517
Other comprehensive income		
Valuation difference on available-for-sale securities	5,068	154
Foreign currency translation adjustment	1,459,477	775,927
Remeasurements of defined benefit plans, net of tax	(7,158)	4,729
Total other comprehensive income	1,457,387	780,812
Comprehensive income	2,235,867	868,329
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,235,867	868,329
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,123,235	183,537
Depreciation	850,791	968,632
Increase (decrease) in retirement benefit liability	(4,479)	15,446
Decrease (increase) in retirement benefit asset	13,360	16,708
Increase (decrease) in provision for share awards for directors (and other officers)	9,039	13,671
Interest and dividend income	(4,481)	(19,112)
Interest expenses	7,471	16,161
Decrease (increase) in trade receivables	(709,051)	1,629,007
Decrease (increase) in inventories	(538,338)	578,347
Increase (decrease) in trade payables	505,643	(1,985,193)
Other, net	49,597	(547,872)
Subtotal	1,302,787	869,335
Interest and dividends received	4,481	19,112
Interest paid	(7,455)	(15,305)
Income taxes refund (paid)	(162,167)	24,512
Net cash provided by (used in) operating activities	1,137,645	897,654
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,203,633)	(764,454)
Proceeds from sale of property, plant and equipment	13,616	12,364
Purchase of intangible assets	(31,470)	(59,809)
Purchase of investment securities	(1,371)	(1,404)
Decrease (increase) in investments and other assets	(5,362)	(5,362)
Subsidies received	–	100,000
Other, net	(4,874)	(2,637)
Net cash provided by (used in) investing activities	(1,233,095)	(721,303)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100,000	200,000
Repayments of long-term borrowings	(133,998)	(199,998)
Repayments of finance lease liabilities	(16,982)	(30,162)
Purchase of treasury shares	–	(141)
Dividends paid	(204,301)	(204,214)
Net cash provided by (used in) financing activities	(255,281)	(234,517)
Effect of exchange rate change on cash and cash equivalents	483,511	193,206
Net increase (decrease) in cash and cash equivalents	132,779	135,040
Cash and cash equivalents at beginning of period	4,365,375	4,041,219
Cash and cash equivalents at end of period	4,498,155	4,176,259