# INABA DENKI SANGYO CO.,LTD.

## Financial Results for the FY2024 2Q

*** This document is a 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.**

Inaba Denki Sangyo Co., Ltd.
Tokyo Stock Exchange Prime: 9934

This document is a 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.

I'm Kita, the President and Representative Director.

Thank you for attending this presentation.

I would like to explain Inaba Denki Sangyo Co., Ltd.'s "Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025".

## Contents

- Financial Results for the FY2024 2Q
- Initiatives for Priority Measures
- Earnings Forecast for the FY2024

*Forward-looking statements such as forecasts, plans and targets are based on information currently available to the Group and on certain assumptions that the Group deems reasonable.
Actual results may differ significantly from these forecasts due to various factors.

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


First, I would like to give you an overview of our financial results for the second quarter of the fiscal year ending March 31, 2025.

After that, I will explain the initiatives for priority measures and earnings forecasts.

## Consolidated Statements of Income

(Millions of yen)

| | FY23 2Q | % of Net sales | FY24 2Q | % of Net sales | YoY change amount | YoY change % |
|---|---|---|---|---|---|---|
| **Net sales** | **158,787** | **100%** | **179,729** | **100%** | **20,942** | **13.2%** |
| Gross profit | 27,190 | 17.1% | **31,335** | 17.4% | 4,144 | 15.2% |
| SG&A | 17,391 | | **19,509** | | 2,117 | 12.2% |
| **Operating profit** | **9,799** | **6.2%** | **11,826** | **6.6%** | **2,026** | **20.7%** |
| Non-operating income and expenses | 879 | | **591** | | (288) | (32.8%) |
| **Ordinary profit** | **10,679** | **6.7%** | **12,417** | **6.9%** | **1,738** | **16.3%** |
| Extraordinary income and losses | 290 | | **(174)** | | (464) | - |
| Profit before income taxes | 10,969 | 6.9% | **12,243** | 6.8% | 1,273 | 11.6% |
| **Profit attributable to owners of parent** | **7,484** | **4.7%** | **8,438** | **4.7%** | **954** | **12.7%** |

*Unless otherwise stated, figures in this document are rounded down to the nearest unit, and percentages and percentage changes are rounded off.
If the YoY change % exceeds 1,000%, or if one or both of the comparison targets are negative, this is indicated with "-".

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.



The slide shows the consolidated statements of income.

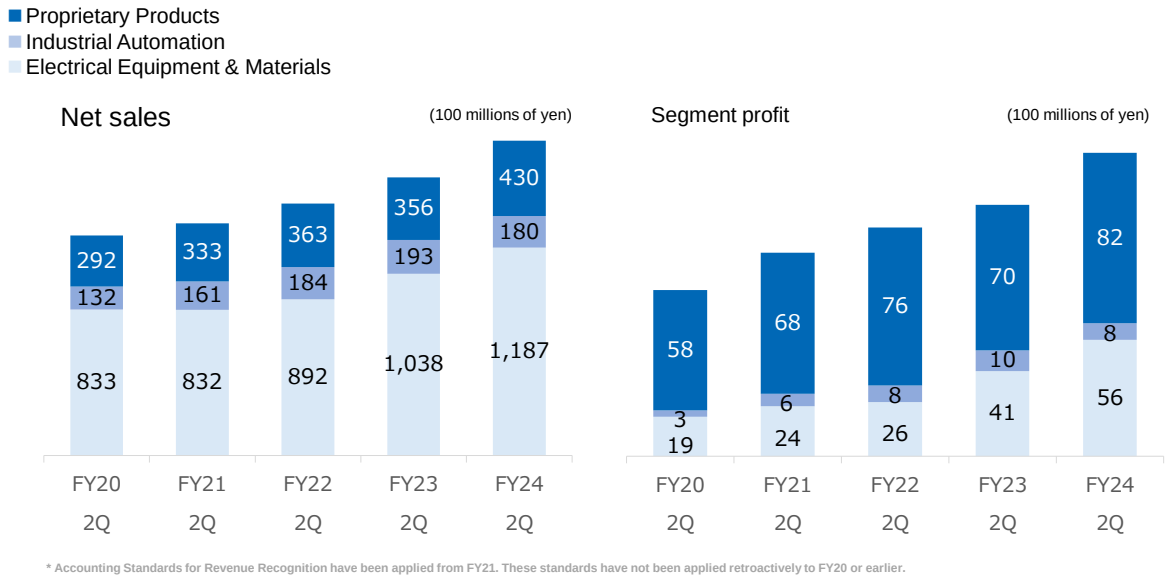
Net sales increased 13.2% year on year to ¥ 179.729 billion.

Gross profit increased 15.2% to ¥ 31.335 billion, and the gross profit rate rose 0.3 percentage points to 17.4%.

Despite increases in personnel expenses and freight charges, operating profit increased 20.7% to ¥11.826 billion.

Ordinary profit increased 16.3% to ¥12.417 billion.
Profit attributable to owners of parent increased 12.7% to ¥8.438 billion. The second quarter financial results set a record.

## Business Results by Segment




* Accounting Standards for Revenue Recognition have been applied from FY21. These standards have not been applied retroactively to FY20 or earlier.

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.



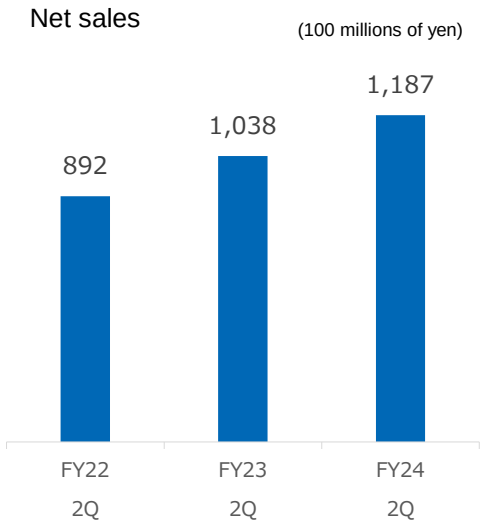
This slide shows the performance trends of each segment.

There are three main segments: Electrical Equipment & Materials and Industrial Automation in the Trading Companies division, and Proprietary Products in the Manufacturing division.

As you can see, our trading company division account for a large portion of our sales while our manufacturing division “Proprietary Products” segment is the main pillar of our earnings structure.

Next, I will explain the performance of each segment.

## Electrical Equipment & Materials




### Net sales +14.3% YoY

Sales increased as selling prices continued to increase due to soaring distribution costs and raw materials prices.
By product category, the sharp rise in copper prices contributed significantly to sales of electric wire cables. In addition, disaster prevention equipment and power distribution equipment were delivered to large-scale projects such as redevelopment projects in the western Japan area and replacement of manufacturing facilities.

### Reference index

| | YoY | |
|---|---|---|
| | FY23 2Q | FY24 2Q |
| Floor area of non-residential private buildings | **(18.5%)** | **(9.6%)** |
| Number of new housing starts | **(6.2%)** | **(0.8%)** |

Source: Ministry of Land, Infrastructure, Transport and Tourism

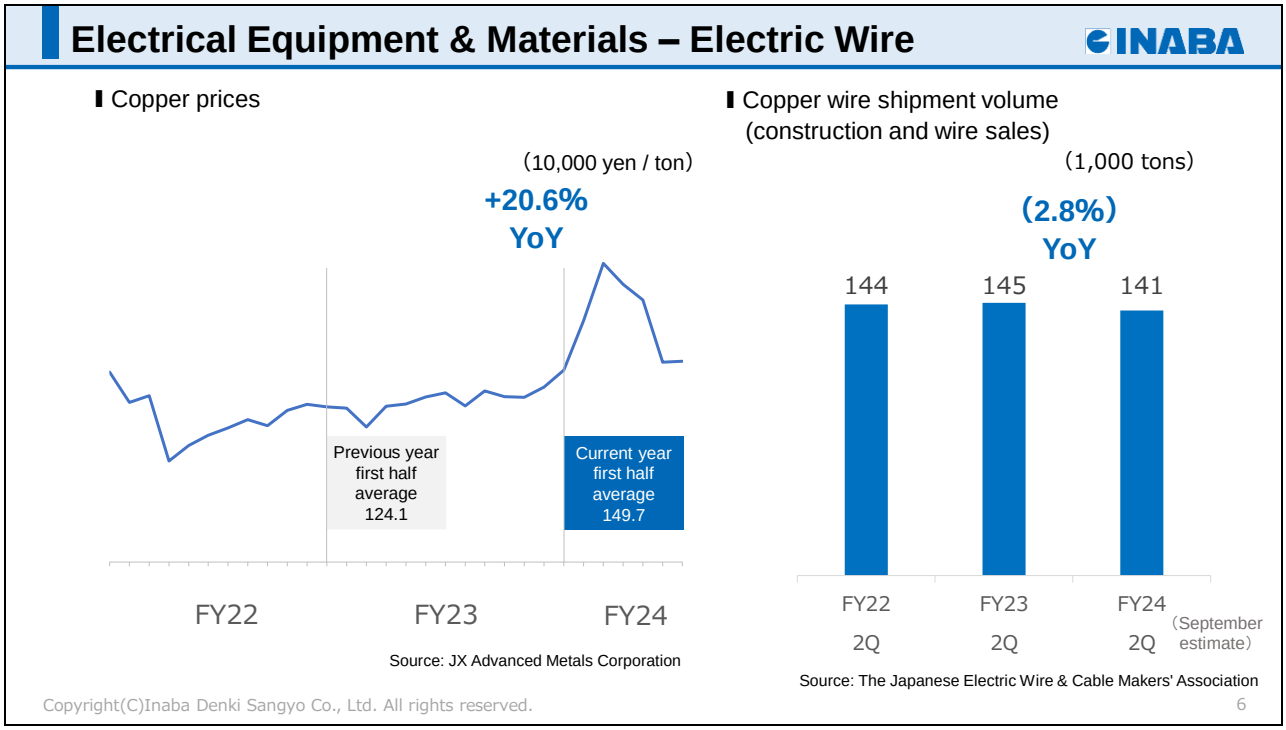
Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


First, I would like to explain the performance of Electrical Equipment & Materials.

Electrical Equipment & Materials sells equipment such as electric wire cables, lighting, and power distribution equipment to office buildings, commercial facilities, logistics center, factories, and residences.

Net sales increased 14.3% year on year to ¥ 118.7 billion.

Sales increased as selling prices continued to increase due to soaring distribution costs and raw materials prices.
By product category, the sharp rise in copper prices contributed significantly to sales of electric wire cables. In addition, disaster prevention equipment and power distribution equipment were delivered to large-scale projects such as redevelopment projects in the western Japan area and replacement of manufacturing facilities.



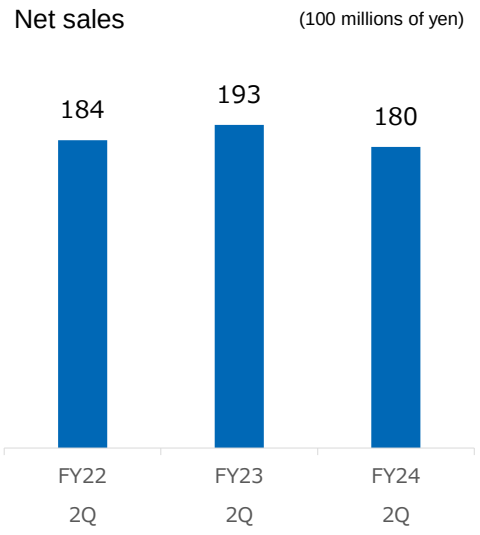

This slide shows the copper market situation for wire.

The line graph on the left shows the domestic price of copper.
The bar graph on the right shows the trend of copper wire shipment volume in the construction and wire sales industry.

Copper prices maintained a high level, with an average year-on-year increase of 20.6% in the first six months.

Shipments of wire for the construction and wire sales industry are expected to decrease year on year. However, our sales volume exceeded the industry average due to the optimization of selling prices, inventory measures, and sales efforts, and sales of electric wire cables increased by approximately 17% year on year.

## Industrial Automation




### Net sales (6.7%) YoY

In the manufacturing industry, capital investment remained firm backed by demand for labor-saving and automation due to labor shortages.
However, sales of control equipment and electronic components declined due to the continued impact of inventory adjustments in semiconductors caused by a rebound from the stay-at-home demand of the COVID-19 pandemic.

### Reference index

| | YoY | |
|---|---|---|
| | FY23 2Q | FY24 2Q |
| Electrical control equipment domestic shipment value | **+3.8%** | **(22.4%)** |
| | FY23 August cumulative total | FY24 August cumulative total |
| Electronic components and devices production results | **(7.7%)** | **+11.8%** |

Source: Nippon Electric Control Equipment Industries Association
Japan Electronics and Information Technology Industries Association

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


Next, I would like to explain the performance of Industrial Automation.

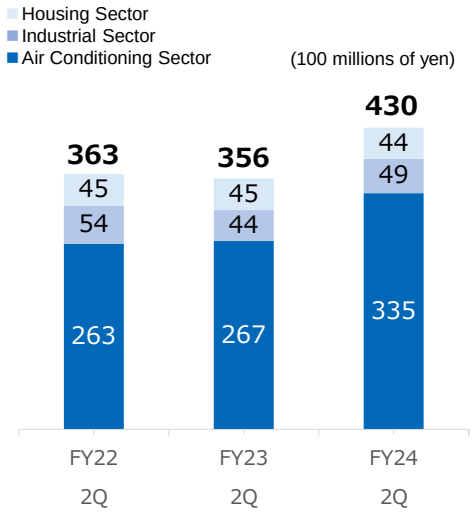
Industrial Automation, which handles control equipment and electronic components, is affected by trends in capital investments in Japan.

Net sales decreased 6.7% year on year to ¥18.0 billion.

In the manufacturing industry, capital investment remained firm backed by demand for labor-saving and automation due to labor shortages.
However, sales of control equipment and electronic components declined due to the continued impact of inventory adjustments in semiconductors caused by a rebound from the stay-at-home demand of the COVID-19 pandemic.

## Proprietary Products

Net sales +20.6% YoY




### Air Conditioning Sector INABA DENKO

**Net sales +25.6% YoY**

The primary source of revenue that accounted for more than 70% in Proprietary Products

| Reference index | YoY | |
|---|---|---|
| | FY23 2Q | FY24 2Q |
| Room air conditioning systems domestic shipments | (8.9%) | +9.0% |

Source: The Japan Refrigeration and Air Conditioning Industry Association

### Industrial Sector PATLITE

**Net sales +12.4% YoY**

Sales increased due to strong sales of in-vehicle equipment

### Housing Sector Abaniact

**Net sales (0.9%) YoY**

Sluggish sales due to a decrease in new housing starts

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


Next, I would like to explain the performance of Proprietary Products.
Proprietary Products consists of 3 brands.
“INABA DENKO” in the air conditioning sector,
“Abaniact” in the housing sector,
and “PATLITE” in the industrial sector.

Net sales increased 20.6% year on year to ¥ 43.0 billion.

By sector, sales in the air conditioning sector increased 25.6% year on year to ¥ 33.5 billion. Against the backdrop of rising production and distribution-related costs, including raw materials prices, we implemented price revisions for air conditioning parts and materials. In addition, sales of mainstay products such as insulated copper tubes and decorative covers for air conditioning piping “SLIMDUCT Series” were strong due to an increase in room air conditioning systems shipments.

Net sales in the industrial sector increased 12.4% year on year to ¥4.9 billion.
Net sales increased due to a recovery trend in the global market and the launch of new products in the automotive segment.

In the housing sector, sales were sluggish amid a decrease in new housing starts, and net sales declined 0.9% year on year to ¥4.4 billion.

We are working to further strengthen our development functions and develop new products that will become a new pillar of earnings to change our sales currently focused on the air conditioning sector.

## Non-operating Income and Expenses

(Millions of yen)

| | FY23 2Q | FY24 2Q | YoY change amount | YoY change % |
|---|---|---|---|---|
| Dividend income | 431 | 514 | 83 | 19.3% |
| Foreign exchange gains | 336 | - | (336) | (100%) |
| Other | 174 | 252 | 77 | 44.1% |
| **Non-operating income（A）** | **942** | **766** | **(176)** | **(18.7%)** |
| Interest expenses | 8 | 10 | 1 | 18.6% |
| Foreign exchange losses | - | 110 | 110 | - |
| Other | 54 | 53 | (0) | (0.4%) |
| **Non-operating expenses（B）** | **62** | **174** | **111** | **177.4%** |
| **Net non-operating income and expenses（A－B）** | **879** | **591** | **(288)** | **(32.8%)** |

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


Next, I would like to explain our non-operating income and expenses.

Non-operating income decreased by ¥176 million and non-operating expenses increased by ¥111 million compared to the same period of the previous year.
This is because foreign exchange gains recorded in the same period of the previous year turned to a loss.

As a result, we recorded Net non-operating income of ¥591 million, a decrease of ¥288 million from the same period of the previous fiscal year.

## Extraordinary Income and Losses

(Millions of yen)

| | FY23 2Q | FY24 2Q | YoY change amount | YoY change % |
|---|---|---|---|---|
| Gain on sale of investiment securities | 288 | - | (288) | (100%) |
| Gain on sale of non-current assets | 6 | 1 | (4) | (77.3%) |
| **Extraordinary income（A）** | **294** | **1** | **(293)** | **(99.5%)** |
| Loss on retirement of non-current assets | 4 | 1 | (2) | (56.8%) |
| Loss on sale of non-current assets | 0 | - | (0) | (100%) |
| Other | - | 173 | 173 | - |
| **Extraordinary losses（B）** | **4** | **175** | **171** | **-** |
| **Net extraordinary income and losses（A－B）** | **290** | **(174)** | **(464)** | **-** |

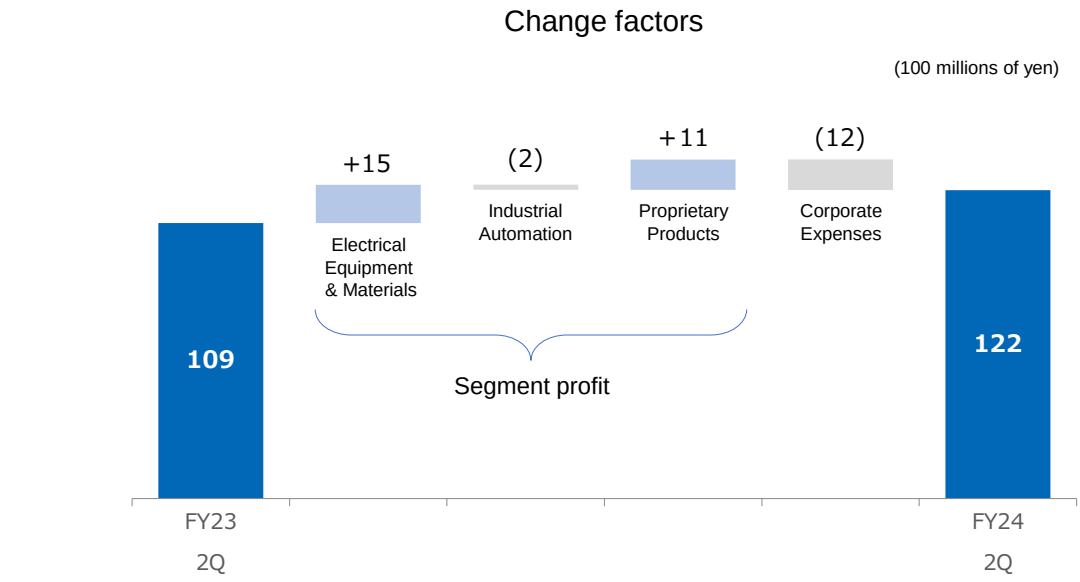
Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


Our extraordinary income and losses were as shown here.

Extraordinary income decreased by ¥293 million due to a reactionary decline following the recording of gain on sale of investment securities in the same period of the previous fiscal year.
An impairment loss was recorded on assets to be sold in Proprietary Products, resulting in an increase of ¥171 million in extraordinary losses.

As a result, we recorded Net extraordinary losses of ¥174 million, a decrease in profit of ¥464 million year on year.

## Profit Before Income Taxes




Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


We use “profit before income taxes” as a profit indicator for management accounting purposes.

There was an increase in profit of 1.273 billion yen and the factors behind this change are shown in a graph.

Segment profit increased in Electrical Equipment & Materials and Proprietary Products due to strong sales but decreased in Industrial Automation due to a sluggish market environment.

Corporate expenses increased due to the recording of foreign exchange losses and a reactionary decline in gain on sale of investment securities.

## Consolidated Balance Sheets

(Millions of yen)

| | FY23 | Composition ratio | FY24 2Q | Composition ratio | Increase (decrease) | Rate of change |
|---|---|---|---|---|---|---|
| Current assets | 205,561 | 78% | 193,939 | 76% | (11,621) | (5.7%) |
| Non-current assets | 57,249 | 22% | 60,623 | 24% | 3,374 | 5.9% |
| **Total assets** | **262,811** | | **254,563** | | **(8,247)** | **(3.1%)** |
| Current liabilities | 94,515 | 36% | 79,885 | 31% | (14,629) | (15.5%) |
| Non-current liabilities | 6,025 | 2% | 6,860 | 3% | 834 | 13.9% |
| **Total liabilities** | **100,541** | **38%** | **86,746** | **34%** | **(13,794)** | **(13.7%)** |
| **Total net assets** | **162,269** | **62%** | **167,817** | **66%** | **5,547** | **3.4%** |

* "Accounting Standard for Current Income Taxes" have been applied from FY24. This standard have been applied retrospectively to FY23.

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


On this slide is the consolidated balance sheets.

The decrease in assets and liabilities was mainly due to a decrease in trade receivables and trade payables, which increased at the end of the previous fiscal year.

The equity ratio rose 4.2 percentage points to 65.7%.

## Consolidated Statements of Cash Flows

(Millions of yen)

| | FY23 2Q | FY24 2Q | YoY change amaunt |
|---|---|---|---|
| Cash flows from operating activities | 3,450 | 6,699 | 3,248 |
| Cash flows from investing activities | 6,349 | (5,899) | (12,249) |
| Cash flows from financing activities | (2,963) | (3,041) | (77) |
| Effect of exchange rate changes on cash and cash equivalents | 115 | 22 | (92) |
| Net increase (decrease) in cash and cash equivalents | 6,952 | (2,218) | (9,170) |
| **Cash and cash equivalents at the end of the quarter** | **60,834** | **59,277** | **(1,556)** |

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.

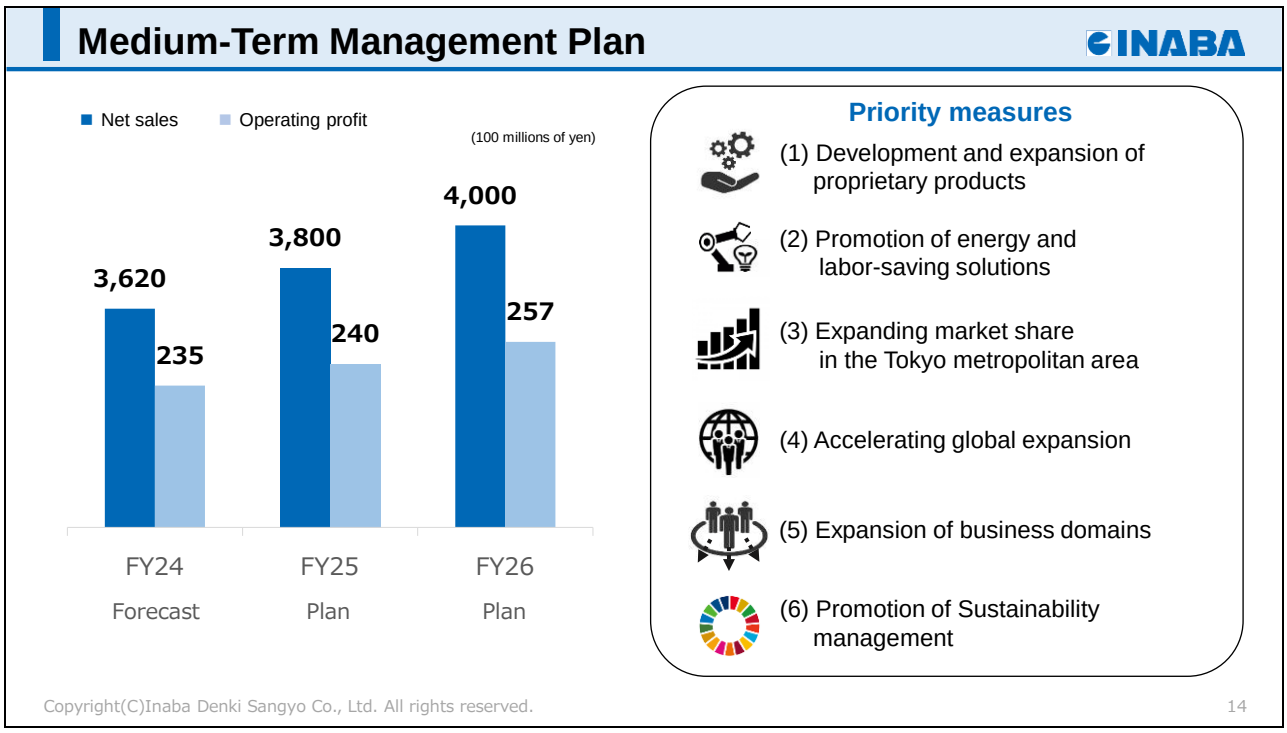

This slide shows the consolidated statements of cash flows.

Cash flows from operating activities recorded a cash inflow of ¥6.6 billion.
This was mainly due to a decrease in trade receivables resulting from the collection of accounts receivable recorded at the end of the previous fiscal year, and the recording of profit before income taxes.

Cash flows from investing activities recorded a cash outflow of ¥5.8 billion.
This was mainly due to the net of proceeds from the withdrawal of time deposits and payments into time deposits and the acquisition of investment securities.

Cash flows from financing activities recorded a cash outflow of ¥3.0 billion.
This was mainly due to the payment of dividends.

As a result, cash and cash equivalents at the end of the quarter decreased by ¥1.5 billion year on year to ¥59.2 billion.



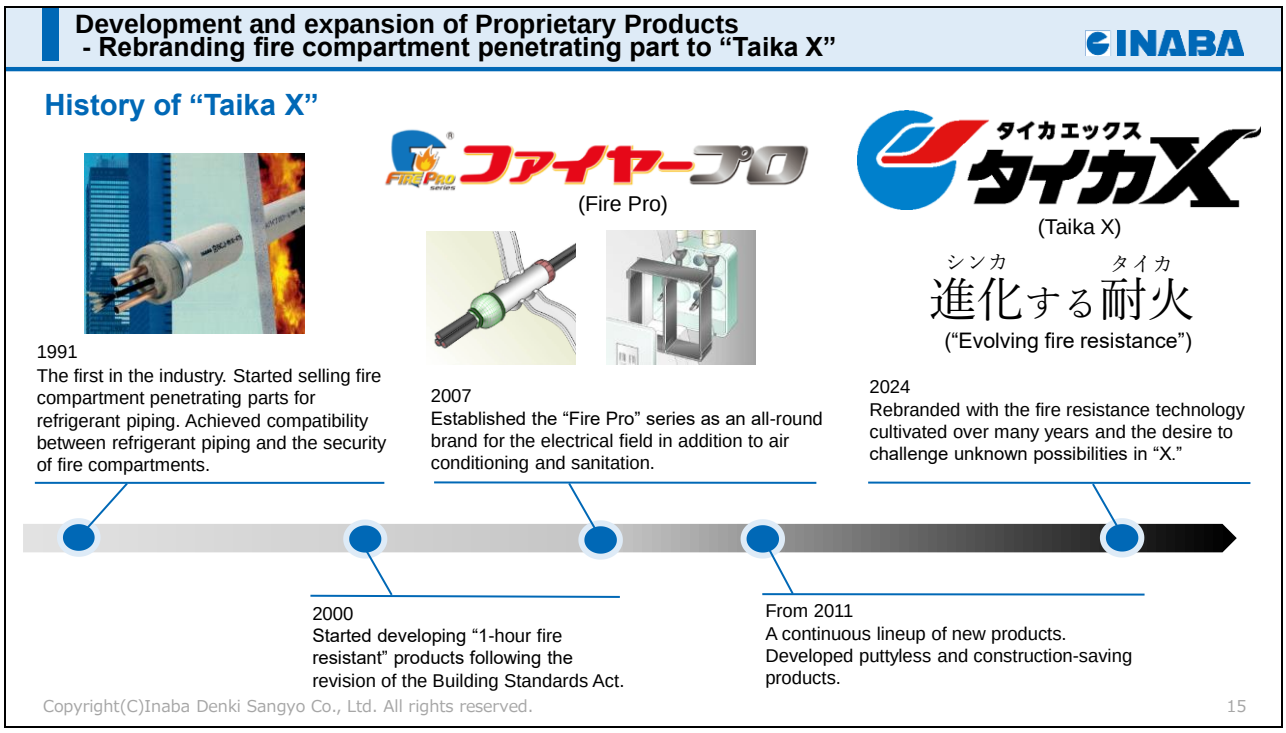

Next, I will explain the Medium-Term Management Plan.

We review the numerical targets for the next three years on an annual rolling basis according to changes in the business environment and the degree of achievement of the plan.

Our targets for fiscal 2026 are ¥400.0 billion in net sales and ¥25.7 billion in operating profit.

In order to achieve the goals of the Medium-Term Management Plan, we will steadily implement six priority measures.

I will explain our efforts for the “Development and expansion of Proprietary Products,” one of these priority measures.



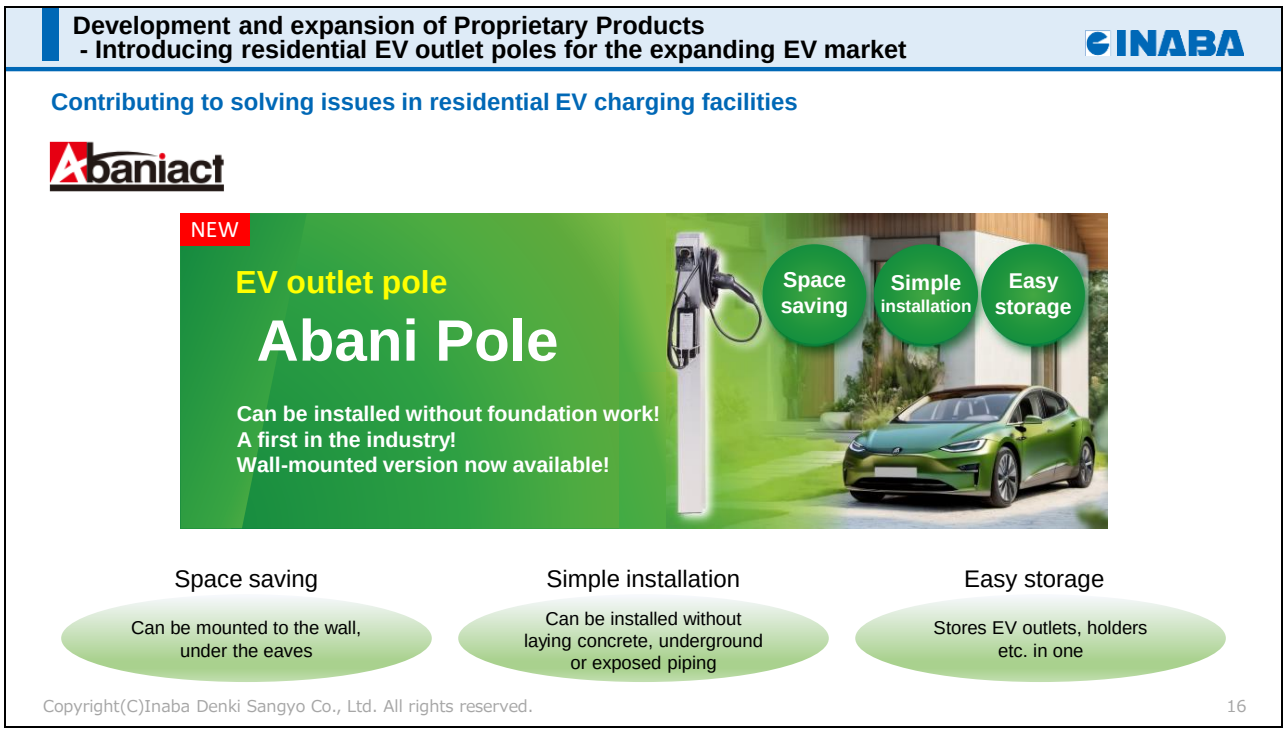

First, I want to talk about the rebranding of our fireproof products.

In the construction of buildings, it is necessary to take measures to prevent the spread of fires through openings and pipes when various types of pipes pass through the walls of fire compartments.

In 1991, we released the industry's first fire compartment penetrating part for refrigerant piping.
After that, we established the “Fire Pro series” as an all-round brand for fire compartment penetrating parts and have contributed to disaster prevention in buildings as a fire-proofing professional.
We rebranded our products as “Taika X” to meet the growing demand for safer products.

We pursue fire resistance at our own test facilities and have a wide range of products that can be used for various types of piping such as air conditioning, sanitation, and electrical.
All our products are certified under the Building Standards Act, and we also offer a wide range of construction-saving products that reduce workloads and shorten construction periods.

We will continue to contribute to the safety and security of people's lives through the fire resistance technologies we have developed over many years.



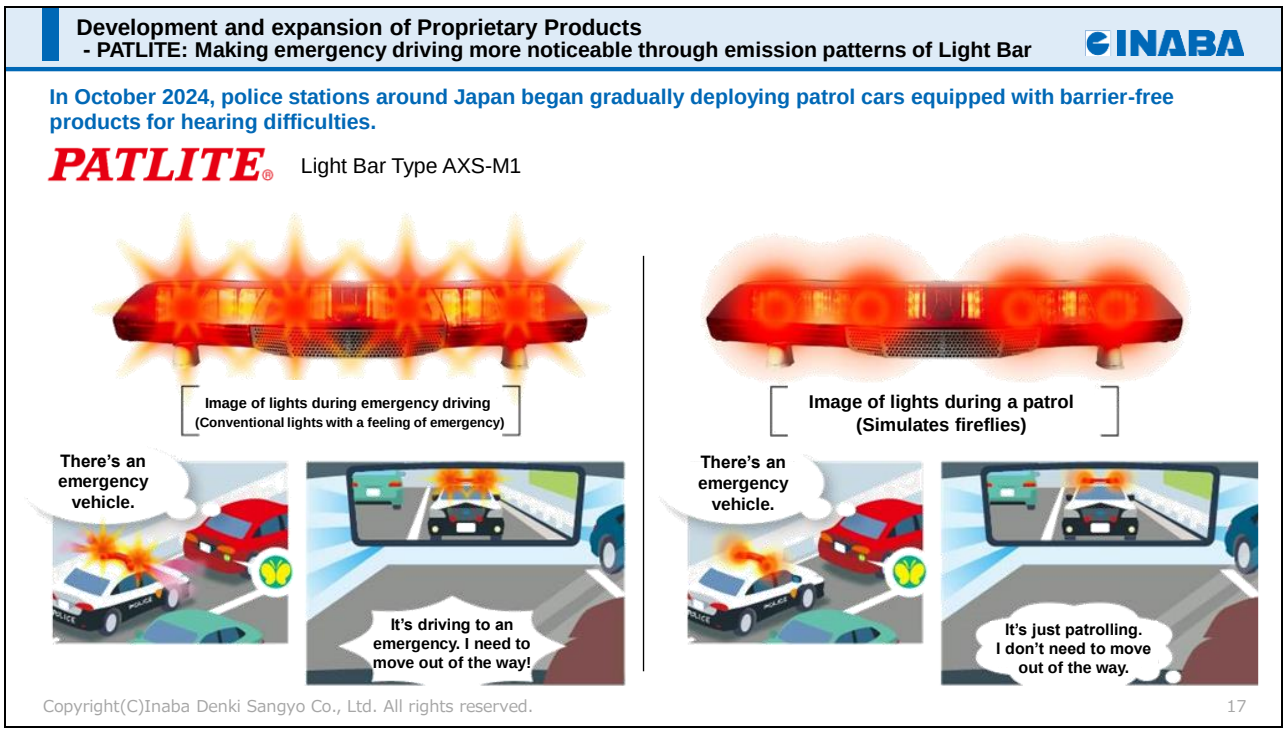

Next, I would like to explain our initiatives for “Abaniact” our proprietary products brand in the housing sector.

Abaniact responds flexibly to changes in society and offers convenient and comfortable living environments that are friendly to the Earth through offering a wide range of products, including information wiring systems for homes and speakers embedded in ceilings.

Abaniact has launched the “Abani Pole,” an EV outlet pole with excellent versatility and workability, for residential EV charging, for which demand is increasing.

EV outlets from a variety of manufacturers can be placed anywhere and, for the first time in the industry, can be fixed to the wall.
In addition, because this product is designed to reduce the need for concrete construction and outdoor wiring work, it can solve issues not only for clients but also for house builders and construction companies.

Abaniact will strive to develop products that accurately capture the ever-changing needs of the housing-related market.




Next, I will talk about a new product in our consolidated subsidiary PATLITE, which belongs to the proprietary products segment.

PATLITE provide visualization-related devices and easy IoT solutions to a wide range of fields, such as production sites, offices, and emergency vehicles, using "light," "sound," and "text" as notification devices.

In cooperation with the National Police Agency and the Japanese Federation of the Deaf, PATLITE has recently developed a new Light Bar that is considerate of people with hearing difficulties. Patrol cars equipped with this system have been gradually deployed to police stations nationwide since October.
Conventional patrol cars use the same light for emergency driving and patrol, and the siren is used to communicate the difference. Therefore, it was difficult for people with hearing difficulties to distinguish between emergency driving and patrols.
With this new product, emergency driving is distinguishable through the way the lights flash. This makes it possible to distinguish between emergency driving and patrols at a glance.

We will continue to work as a group to resolve social issues through our business.

## Earnings Forecast for the FY2024

(Millions of yen)

| | FY23 | % of Net sales | FY24 | % of Net sales | YoY change amount | YoY change % |
|---|---|---|---|---|---|---|
| Net sales | 345,369 | 100% | 362,000 | 100% | 16,630 | 4.8% |
| Operating profit | 21,322 | 6.2% | 23,500 | 6.5% | 2,177 | 10.2% |
| Ordinary profit | 22,589 | 6.5% | 23,800 | 6.6% | 1,210 | 5.4% |
| Profit attributable to owners of parent | 15,623 | 4.5% | 16,400 | 4.5% | 776 | 5.0% |
| (Net sales by segment) | | | | | | |
| Electrical Equipment & Materials | 241,068 | 70% | 250,000 | 69% | 8,931 | 3.7% |
| Industrial Automation | 37,955 | 11% | 40,000 | 11% | 2,044 | 5.4% |
| Proprietary Products | 66,346 | 19% | 72,000 | 20% | 5,653 | 8.5% |

Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.


For the fiscal year ending March 31, 2025, we forecast earnings as follows.

¥ 362.0 billion in net sales, ¥ 23.5 billion in operating profit, ¥ 23.8 billion in ordinary profit, and ¥ 16.4 billion in profit attributable to owners of parent.

In addition, the net sales by segment are as shown in the table.

In the first six months of the fiscal year under review, sales increased mainly in Electrical Equipment & Materials and Proprietary Products.

Corporate capital investments are expected to remain firm in the latter half of the year.
On the other hand, there are concerns about the effects of the “2024 Problem” in the distribution and construction industry, such as labor shortages and logistics cost increases, as well as about trends in raw material prices and a prolonged inventory adjustment phase for semiconductors.
As the outlook is generally uncertain, our earnings forecast is unchanged.

## Contact Us

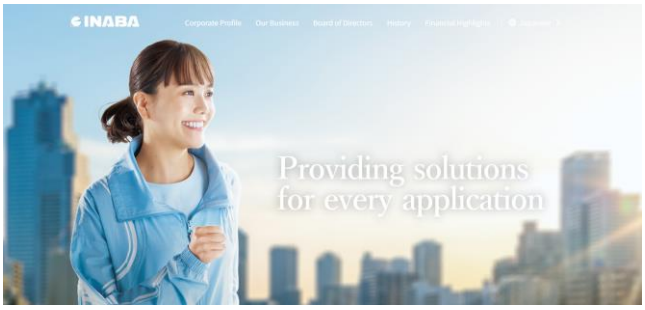

Business Planning Department

Tel 06-4391-1835

Fax 06-4391-1856

E-mail keiki@inaba.co.jp

URL https://www.inaba.co.jp/


Copyright(C)Inaba Denki Sangyo Co., Ltd. All rights reserved.

This concludes my explanation of Inaba Denki Sangyo Co., Ltd.'s second quarter results for the fiscal year ending March 31, 2025.

Thank you for your listening.