

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 Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 5, 2020

Company name: Inabata&Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8098 URL <https://www.inabata.co.jp>
 Representative: Director,President Katsutaro Inabata
 General Manager,
 Inquiries: Financial Management Office Koichi Noda TEL 03-3639-6421
 Scheduled date to file Quarterly Securities Report: November 12, 2020
 Scheduled date to commence dividend payments: December 1, 2020
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	267,188	(13.1)	6,212	(12.8)	6,948	(12.5)	5,851	(13.2)
Six months ended September 30, 2019	307,615	(4.6)	7,126	0.3	7,941	11.0	6,738	7.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	97.20	—
Six months ended September 30, 2019	111.39	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	310,456	156,452	49.8
As of March 31, 2020	322,848	147,726	45.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	20.00	—	33.00	53.00
Year ending March 31, 2021	—	20.00			
Year ending March 31, 2021 (Forecast)			—	33.00	53.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	550,000	(8.4)	12,000	(9.3)	12,700	(10.6)	10,500	(8.0)	174.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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, 2020	63,499,227 shares	As of March 31, 2020	63,499,227 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2020	3,302,640 shares	As of March 31, 2020	3,302,640 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	60,196,587 shares	Six months ended September 30, 2019	60,496,725 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	29,440	28,104
Notes and accounts receivable - trade	152,457	140,003
Merchandise and finished goods	52,052	46,144
Work in process	766	543
Raw materials and supplies	3,084	2,693
Other	8,022	8,208
Allowance for doubtful accounts	(686)	(668)
Total current assets	245,136	225,030
Non-current assets		
Property, plant and equipment	13,964	13,749
Intangible assets	3,006	2,978
Investments and other assets		
Investment securities	54,236	61,594
Retirement benefit asset	2,007	2,050
Other	12,312	12,033
Allowance for doubtful accounts	(7,815)	(6,980)
Total investments and other assets	60,740	68,698
Total non-current assets	77,711	85,426
Total assets	322,848	310,456
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,761	85,270
Short-term borrowings	43,073	32,450
Income taxes payable	1,631	2,266
Provision for bonuses	1,217	1,387
Provision for loss on business liquidation	240	32
Other	7,852	8,496
Total current liabilities	150,776	129,904
Non-current liabilities		
Long-term borrowings	9,775	7,759
Provision for retirement benefits for directors (and other officers)	30	28
Provision for Management Board Incentive Plan Trust	85	106
Provision for loss on guarantees	18	18
Retirement benefit liability	2,369	2,525
Other	12,065	13,661
Total non-current liabilities	24,344	24,099
Total liabilities	175,121	154,003

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,752	7,184
Retained earnings	106,197	110,058
Treasury shares	(4,155)	(4,155)
Total shareholders' equity	119,159	122,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,196	32,112
Deferred gains or losses on hedges	148	118
Foreign currency translation adjustment	1,436	900
Remeasurements of defined benefit plans	(1,016)	(883)
Total accumulated other comprehensive income	26,764	32,246
Non-controlling interests	1,802	1,753
Total net assets	147,726	156,452
Total liabilities and net assets	322,848	310,456

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, 2019	Six months ended September 30, 2020
Net sales	307,615	267,188
Cost of sales	284,073	246,453
Gross profit	23,541	20,735
Selling, general and administrative expenses	16,415	14,522
Operating profit	7,126	6,212
Non-operating income		
Interest income	94	96
Dividend income	1,197	795
Share of profit of entities accounted for using equity method	167	127
Miscellaneous income	388	421
Total non-operating income	1,847	1,442
Non-operating expenses		
Interest expenses	760	382
Foreign exchange losses	123	144
Miscellaneous loss	147	179
Total non-operating expenses	1,032	705
Ordinary profit	7,941	6,948
Extraordinary income		
Gain on sales of investment securities	1,721	1,419
Total extraordinary income	1,721	1,419
Profit before income taxes	9,663	8,368
Income taxes - current	2,656	2,312
Income taxes - deferred	40	(8)
Total income taxes	2,697	2,303
Profit	6,966	6,064
Profit attributable to non-controlling interests	227	213
Profit attributable to owners of parent	6,738	5,851

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	6,966	6,064
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,530)	5,845
Deferred gains or losses on hedges	58	(30)
Foreign currency translation adjustment	(1,710)	(507)
Remeasurements of defined benefit plans, net of tax	105	133
Share of other comprehensive income of entities accounted for using equity method	15	78
Total other comprehensive income	(16,061)	5,518
Comprehensive income	(9,094)	11,583
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(9,295)	11,332
Comprehensive income attributable to non-controlling interests	201	250

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	9,663	8,368
Depreciation	1,445	1,464
Increase (decrease) in allowance for doubtful accounts	(127)	(1,095)
Interest and dividend income	(1,292)	(892)
Interest expenses	760	382
Share of loss (profit) of entities accounted for using equity method	(167)	(127)
Loss (gain) on sales of investment securities	(1,721)	(1,419)
Decrease (increase) in trade receivables	2,679	11,676
Decrease (increase) in inventories	2,155	6,034
Decrease (increase) in other current assets	1,778	(135)
Decrease (increase) in other non-current assets	34	447
Increase (decrease) in trade payables	(12,604)	(11,007)
Increase (decrease) in other current liabilities	(258)	647
Other, net	536	484
Subtotal	2,881	14,826
Interest and dividends received	1,418	1,078
Interest paid	(768)	(386)
Income taxes paid	(2,542)	(1,696)
Net cash provided by (used in) operating activities	988	13,822
Cash flows from investing activities		
Payments into time deposits	(1,036)	(2,425)
Proceeds from withdrawal of time deposits	1,129	1,631
Purchase of property, plant and equipment	(871)	(939)
Proceeds from sales of property, plant and equipment	21	29
Purchase of intangible assets	(528)	(167)
Purchase of investment securities	(109)	(18)
Proceeds from sales of investment securities	1,773	1,485
Purchase of shares of subsidiaries	(22)	–
Net decrease (increase) in short-term loans receivable	(134)	121
Long-term loan advances	(24)	(90)
Collection of long-term loans receivable	21	24
Other, net	(19)	(0)
Net cash provided by (used in) investing activities	198	(351)

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,530)	(12,355)
Proceeds from long-term borrowings	600	—
Repayments of long-term borrowings	(2,179)	(129)
Dividends paid	(1,702)	(1,996)
Dividends paid to non-controlling interests	(217)	(312)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(557)
Other, net	(241)	(267)
Net cash provided by (used in) financing activities	(5,270)	(15,618)
Effect of exchange rate change on cash and cash equivalents	(413)	(24)
Net increase (decrease) in cash and cash equivalents	(4,496)	(2,172)
Cash and cash equivalents at beginning of period	23,011	25,480
Cash and cash equivalents at end of period	18,514	23,308