

# Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 10, 2018

Company name: Inabata&Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 8098 URL <http://www.inabata.co.jp>  
 Representative: Director,President Katsutaro Inabata  
 Inquiries: Executive Officer Nobukazu Kuboi TEL 03-3639-6421  
 Scheduled date of ordinary general meeting of shareholders: June 22, 2018  
 Scheduled date to file Securities Report: June 25, 2018  
 Scheduled date to commence dividend payments: June 1, 2018  
 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, 2018 (from April 1, 2017 to March 31, 2018)

#### (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, 2018	621,137	5.9	5,962	(52.7)	6,374	(53.4)	6,744	(30.4)
Year ended March 31, 2017	586,630	1.7	12,616	11.0	13,672	11.5	9,687	1.9

	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, 2018	109.92	—	4.7	1.8	1.0
Year ended March 31, 2017	156.25	—	7.1	4.2	2.2

#### (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, 2018	353,382	142,936	40.0	2,314.42
As of March 31, 2017	340,147	147,629	43.0	2,378.31

#### (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, 2018	5,960	5,086	(4,901)	29,235
Year ended March 31, 2017	1,840	4,504	(481)	22,935

### 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, 2017	—	18.00	—	22.00	40.00	2,478	25.6	1.8
Year ended March 31, 2018	—	20.00	—	20.00	40.00	2,459	36.4	1.7
Year ending March 31, 2019 (Forecast)	—	20.00	—	25.00	45.00		26.2	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	320,000	5.0	6,700	127.9	6,900	104.8	5,300	94.1	86.75
Full year	660,000	6.3	13,500	126.4	14,000	119.6	10,500	55.7	171.86

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

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

(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, 2018	63,499,227 shares	As of March 31, 2017	63,499,227 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	2,402,417 shares	As of March 31, 2017	2,002,305 shares
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Average number of shares during the period

Year ended March 31, 2018	61,356,879 shares	Year ended March 31, 2017	62,004,644 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	27,365	32,508
Notes and accounts receivable - trade	157,375	173,401
Merchandise and finished goods	43,293	48,742
Work in process	579	623
Raw materials and supplies	3,020	3,826
Deferred tax assets	734	849
Other	7,344	10,525
Allowance for doubtful accounts	(1,271)	(7,842)
Total current assets	238,441	262,635
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,572	14,673
Accumulated depreciation	(8,938)	(9,482)
Buildings and structures, net	4,634	5,190
Machinery, equipment and vehicles	14,615	15,765
Accumulated depreciation	(11,723)	(12,540)
Machinery, equipment and vehicles, net	2,891	3,224
Land	2,878	2,851
Construction in progress	50	219
Other	3,010	3,213
Accumulated depreciation	(2,084)	(2,192)
Other, net	925	1,021
Total property, plant and equipment	11,381	12,507
Intangible assets	3,473	3,147
Investments and other assets		
Investment securities	81,106	69,185
Long-term loans receivable	659	237
Net defined benefit asset	2,721	3,136
Deferred tax assets	675	590
Other	2,679	2,637
Allowance for doubtful accounts	(991)	(695)
Total investments and other assets	86,850	75,091
Total non-current assets	101,705	90,747
Total assets	340,147	353,382

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	87,777	107,853
Short-term loans payable	51,800	55,187
Income taxes payable	3,251	3,852
Accrued expenses	1,044	1,175
Provision for bonuses	1,123	1,187
Other	5,519	6,429
Total current liabilities	150,517	175,685
Non-current liabilities		
Long-term loans payable	19,275	16,806
Deferred tax liabilities	19,724	14,970
Provision for directors' retirement benefits	33	36
Allowance for investment loss	114	—
Provision for loss on guarantees	318	209
Net defined benefit liability	1,191	1,403
Other	1,341	1,333
Total non-current liabilities	41,999	34,760
Total liabilities	192,517	210,446
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,708
Retained earnings	83,205	87,196
Treasury shares	(2,069)	(2,749)
Total shareholders' equity	98,209	101,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,641	37,252
Deferred gains or losses on hedges	(18)	20
Foreign currency translation adjustment	2,701	2,591
Remeasurements of defined benefit plans	(275)	19
Total accumulated other comprehensive income	48,048	39,883
Non-controlling interests	1,371	1,532
Total net assets	147,629	142,936
Total liabilities and net assets	340,147	353,382

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	586,630	621,137
Cost of sales	543,889	576,282
Gross profit	42,740	44,854
Selling, general and administrative expenses	30,123	38,891
Operating profit	12,616	5,962
Non-operating income		
Interest income	242	238
Dividend income	1,309	1,152
Foreign exchange gains	56	64
Share of profit of entities accounted for using equity method	401	334
Miscellaneous income	791	715
Total non-operating income	2,801	2,506
Non-operating expenses		
Interest expenses	1,294	1,701
Miscellaneous loss	451	392
Total non-operating expenses	1,745	2,094
Ordinary profit	13,672	6,374
Extraordinary income		
Gain on sales of investment securities	4,457	8,383
Gain on reversal of loss on valuation of investment securities	296	—
Gain on sales of non-current assets	109	—
Total extraordinary income	4,862	8,383
Extraordinary losses		
Impairment loss	714	750
Loss on valuation of investment securities	1,701	681
Provision for loss on guarantees	300	—
Loss on sales of non-current assets	131	—
Provision of allowance for investment loss	110	—
Total extraordinary losses	2,958	1,431
Profit before income taxes	15,576	13,327
Income taxes - current	5,431	6,466
Income taxes - deferred	0	(321)
Total income taxes	5,431	6,144
Profit	10,144	7,182
Profit attributable to non-controlling interests	456	438
Profit attributable to owners of parent	9,687	6,744

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	10,144	7,182
Other comprehensive income		
Valuation difference on available-for-sale securities	13,670	(8,465)
Deferred gains or losses on hedges	76	17
Foreign currency translation adjustment	(359)	(305)
Remeasurements of defined benefit plans, net of tax	336	295
Share of other comprehensive income of entities accounted for using equity method	105	143
Total other comprehensive income	13,829	(8,314)
Comprehensive income	23,974	(1,131)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,479	(1,557)
Comprehensive income attributable to non-controlling interests	495	425

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,364	7,708	75,909	(1,177)	91,804
Changes of items during period					
Dividends of surplus			(2,359)		(2,359)
Profit attributable to owners of parent			9,687		9,687
Purchase of treasury shares				(891)	(891)
Change of scope of consolidation			(31)		(31)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	7,296	(891)	6,404
Balance at end of current period	9,364	7,708	83,205	(2,069)	98,209

	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 current period	31,858	(68)	3,055	(612)	34,233	987	127,025
Changes of items during period							
Dividends of surplus							(2,359)
Profit attributable to owners of parent							9,687
Purchase of treasury shares							(891)
Change of scope of consolidation							(31)
Net changes of items other than shareholders' equity	13,782	49	(353)	336	13,815	384	14,199
Total changes of items during period	13,782	49	(353)	336	13,815	384	20,604
Balance at end of current period	45,641	(18)	2,701	(275)	48,048	1,371	147,629

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,364	7,708	83,205	(2,069)	98,209
Changes of items during period					
Dividends of surplus			(2,582)		(2,582)
Profit attributable to owners of parent			6,744		6,744
Purchase of treasury shares				(679)	(679)
Change of scope of consolidation			(171)		(171)
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	3,990	(679)	3,310
Balance at end of current period	9,364	7,708	87,196	(2,749)	101,519

	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 current period	45,641	(18)	2,701	(275)	48,048	1,371	147,629
Changes of items during period							
Dividends of surplus							(2,582)
Profit attributable to owners of parent							6,744
Purchase of treasury shares							(679)
Change of scope of consolidation							(171)
Net changes of items other than shareholders' equity	(8,388)	38	(110)	295	(8,165)	161	(8,003)
Total changes of items during period	(8,388)	38	(110)	295	(8,165)	161	(4,693)
Balance at end of current period	37,252	20	2,591	19	39,883	1,532	142,936

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	15,576	13,327
Depreciation	2,066	2,335
Impairment loss	714	750
Increase (decrease) in allowance for doubtful accounts	415	6,195
Interest and dividend income	(1,551)	(1,391)
Interest expenses	1,294	1,701
Share of loss (profit) of entities accounted for using equity method	(401)	(334)
Increase (decrease) in allowance for investment loss	110	—
Increase (decrease) in provision for loss on guarantees	300	(109)
Loss (gain) on sales of non-current assets	22	—
Loss (gain) on sales of investment securities	(4,457)	(8,383)
Loss (gain) on valuation of investment securities	1,701	681
Gain on reversal of loss on valuation of investment securities	(296)	—
Decrease (increase) in notes and accounts receivable - trade	(12,175)	(16,238)
Decrease (increase) in inventories	(2,321)	(5,310)
Decrease (increase) in other current assets	1,089	(2,251)
Decrease (increase) in other non-current assets	(712)	112
Increase (decrease) in notes and accounts payable - trade	4,451	20,202
Increase (decrease) in other current liabilities	(311)	666
Other, net	203	16
Subtotal	5,717	11,971
Interest and dividend income received	1,771	1,543
Interest expenses paid	(1,291)	(1,677)
Income taxes paid	(4,357)	(5,877)
Net cash provided by (used in) operating activities	1,840	5,960
Cash flows from investing activities		
Payments into time deposits	(3,904)	(2,913)
Proceeds from withdrawal of time deposits	3,898	4,030
Purchase of property, plant and equipment	(1,817)	(2,023)
Proceeds from sales of property, plant and equipment	1,975	35
Purchase of intangible assets	(614)	(476)
Purchase of investment securities	(603)	(2,433)
Proceeds from sales of investment securities	5,150	9,200
Purchase of shares of subsidiaries	(502)	(88)
Decrease (increase) in short-term loans receivable	311	(431)
Payments of long-term loans receivable	(196)	(216)
Collection of long-term loans receivable	852	420
Other, net	(44)	(14)
Net cash provided by (used in) investing activities	4,504	5,086

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,850	851
Proceeds from long-term loans payable	3,786	5,325
Repayments of long-term loans payable	(3,678)	(7,499)
Purchase of treasury shares	(891)	(679)
Cash dividends paid	(2,366)	(2,590)
Dividends paid to non-controlling interests	(109)	(264)
Other, net	(71)	(44)
Net cash provided by (used in) financing activities	(481)	(4,901)
Effect of exchange rate change on cash and cash equivalents	(199)	(31)
Net increase (decrease) in cash and cash equivalents	5,664	6,114
Cash and cash equivalents at beginning of period	17,088	22,935
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	183	185
Cash and cash equivalents at end of period	22,935	29,235