

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 9, 2019

Company name: Inabata&Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8098 URL <https://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 25, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 4, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	634,740	2.2	14,031	135.3	14,309	124.5	12,896	91.2
Year ended March 31, 2018	621,137	5.9	5,962	(52.7)	6,374	(53.4)	6,744	(30.4)

	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, 2019	211.36	—	8.5	4.0	2.2
Year ended March 31, 2018	109.92	—	4.7	1.8	1.0

(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, 2019	366,514	164,697	44.5	2,693.92
As of March 31, 2018	352,741	142,936	40.1	2,314.42

(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, 2019	12,510	743	(19,546)	23,011
Year ended March 31, 2018	5,960	5,086	(4,901)	29,235

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, 2018	—	20.00	—	20.00	40.00	2,459	36.4	1.7
Year ended March 31, 2019	—	20.00	—	28.00	48.00	2,929	22.7	1.9
Year ending March 31, 2020 (Forecast)	—	20.00	—	28.00	48.00		26.4	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	330,000	2.3	7,200	1.3	7,200	0.6	5,400	(13.6)	89.26
Full year	670,000	5.6	14,500	3.3	14,500	1.3	11,000	(14.7)	181.83

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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: 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, 2019	63,499,227 shares	As of March 31, 2018	63,499,227 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	3,002,502 shares	As of March 31, 2018	2,402,417 shares
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Average number of shares during the period

Year ended March 31, 2019	61,018,333 shares	Year ended March 31, 2018	61,356,879 shares
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Consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	32,508	26,909
Notes and accounts receivable - trade	173,401	163,963
Merchandise and finished goods	48,742	52,842
Work in process	623	735
Raw materials and supplies	3,826	3,906
Other	10,525	9,087
Allowance for doubtful accounts	(7,842)	(877)
Total current assets	261,785	256,567
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,673	15,187
Accumulated depreciation	(9,482)	(9,869)
Buildings and structures, net	5,190	5,317
Machinery, equipment and vehicles	15,765	16,125
Accumulated depreciation	(12,540)	(12,797)
Machinery, equipment and vehicles, net	3,224	3,327
Land	2,851	2,908
Construction in progress	219	815
Other	3,213	3,496
Accumulated depreciation	(2,192)	(2,392)
Other, net	1,021	1,104
Total property, plant and equipment	12,507	13,473
Intangible assets	3,147	3,223
Investments and other assets		
Investment securities	69,185	86,393
Long-term loans receivable	237	571
Retirement benefit asset	3,136	2,893
Deferred tax assets	799	983
Other	2,637	10,077
Allowance for doubtful accounts	(695)	(7,669)
Total investments and other assets	75,300	93,250
Total non-current assets	90,955	109,947
Total assets	352,741	366,514

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	107,853	109,778
Short-term loans payable	55,187	43,619
Income taxes payable	3,852	2,271
Accrued expenses	1,175	1,168
Provision for bonuses	1,187	1,245
Other	6,429	6,536
Total current liabilities	175,685	164,618
Non-current liabilities		
Long-term loans payable	16,806	13,658
Deferred tax liabilities	14,329	19,936
Provision for retirement benefits for directors (and other officers)	36	30
Provision for Management Board Incentive Plan Trust	—	37
Provision for loss on guarantees	209	18
Retirement benefit liability	1,403	1,794
Other	1,333	1,722
Total non-current liabilities	34,119	37,198
Total liabilities	209,805	201,817
Net assets		
Shareholders' equity		
Capital stock	9,364	9,364
Capital surplus	7,708	7,752
Retained earnings	87,196	97,882
Treasury shares	(2,749)	(3,729)
Total shareholders' equity	101,519	111,269
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,252	48,827
Deferred gains or losses on hedges	20	(93)
Foreign currency translation adjustment	2,591	3,247
Remeasurements of defined benefit plans	19	(277)
Total accumulated other comprehensive income	39,883	51,703
Non-controlling interests	1,532	1,723
Total net assets	142,936	164,697
Total liabilities and net assets	352,741	366,514

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	621,137	634,740
Cost of sales	576,282	587,482
Gross profit	44,854	47,257
Selling, general and administrative expenses	38,891	33,226
Operating profit	5,962	14,031
Non-operating income		
Interest income	238	214
Dividend income	1,152	1,422
Foreign exchange gains	64	—
Share of profit of entities accounted for using equity method	334	270
Miscellaneous income	715	965
Total non-operating income	2,506	2,872
Non-operating expenses		
Interest expenses	1,701	1,857
Foreign exchange losses	—	332
Miscellaneous loss	392	403
Total non-operating expenses	2,094	2,594
Ordinary profit	6,374	14,309
Extraordinary income		
Gain on sales of investment securities	8,383	5,119
Total extraordinary income	8,383	5,119
Extraordinary losses		
Loss on valuation of investment securities	681	344
Impairment loss	750	288
Total extraordinary losses	1,431	633
Profit before income taxes	13,327	18,795
Income taxes - current	6,466	5,763
Income taxes - deferred	(321)	(229)
Total income taxes	6,144	5,533
Profit	7,182	13,262
Profit attributable to non-controlling interests	438	365
Profit attributable to owners of parent	6,744	12,896

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	7,182	13,262
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,465)	11,701
Deferred gains or losses on hedges	17	(89)
Foreign currency translation adjustment	(305)	689
Remeasurements of defined benefit plans, net of tax	295	(297)
Share of other comprehensive income of entities accounted for using equity method	143	(121)
Total other comprehensive income	(8,314)	11,882
Comprehensive income	(1,131)	25,145
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,557)	24,721
Comprehensive income attributable to non-controlling interests	425	423

Consolidated statements of changes in equity

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)
Disposal of treasury shares					—
Acquisition of treasury shares by a stock benefit trust					—
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)
Disposal of treasury shares							—
Acquisition of treasury shares by a stock benefit trust							—
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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,364	7,708	87,196	(2,749)	101,519
Changes of items during period					
Dividends of surplus			(2,445)		(2,445)
Profit attributable to owners of parent			12,896		12,896
Purchase of treasury shares				(936)	(936)
Disposal of treasury shares		43		120	164
Acquisition of treasury shares by a stock benefit trust				(164)	(164)
Change of scope of consolidation			234		234
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	43	10,686	(980)	9,749
Balance at end of current period	9,364	7,752	97,882	(3,729)	111,269

	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	37,252	20	2,591	19	39,883	1,532	142,936
Changes of items during period							
Dividends of surplus							(2,445)
Profit attributable to owners of parent							12,896
Purchase of treasury shares							(936)
Disposal of treasury shares							164
Acquisition of treasury shares by a stock benefit trust							(164)
Change of scope of consolidation							234
Net changes of items other than shareholders' equity	11,574	(113)	656	(297)	11,820	190	12,011
Total changes of items during period	11,574	(113)	656	(297)	11,820	190	21,760
Balance at end of current period	48,827	(93)	3,247	(277)	51,703	1,723	164,697

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	13,327	18,795
Depreciation	2,335	2,413
Impairment loss	750	288
Increase (decrease) in allowance for doubtful accounts	6,195	321
Interest and dividend income	(1,391)	(1,636)
Interest expenses	1,701	1,857
Share of loss (profit) of entities accounted for using equity method	(334)	(270)
Increase (decrease) in provision for loss on guarantees	(109)	(190)
Loss (gain) on sales of investment securities	(8,383)	(5,119)
Loss (gain) on valuation of investment securities	681	344
Decrease (increase) in notes and accounts receivable - trade	(16,238)	11,276
Decrease (increase) in inventories	(5,310)	(3,137)
Decrease (increase) in other current assets	(2,251)	1,200
Decrease (increase) in other non-current assets	112	(7,495)
Increase (decrease) in notes and accounts payable - trade	20,202	736
Increase (decrease) in other current liabilities	666	68
Other, net	16	522
Subtotal	11,971	19,975
Interest and dividend income received	1,543	1,721
Interest expenses paid	(1,677)	(1,884)
Income taxes paid	(5,877)	(7,302)
Net cash provided by (used in) operating activities	5,960	12,510
Cash flows from investing activities		
Payments into time deposits	(2,913)	(3,936)
Proceeds from withdrawal of time deposits	4,030	3,275
Purchase of property, plant and equipment	(2,023)	(2,611)
Proceeds from sales of property, plant and equipment	35	93
Purchase of intangible assets	(476)	(829)
Purchase of investment securities	(2,433)	(418)
Proceeds from sales of investment securities	9,200	5,395
Purchase of shares of subsidiaries	(88)	(49)
Decrease (increase) in short-term loans receivable	(431)	172
Payments of long-term loans receivable	(216)	(376)
Collection of long-term loans receivable	420	98
Other, net	(14)	(69)
Net cash provided by (used in) investing activities	5,086	743

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	851	(10,328)
Proceeds from long-term loans payable	5,325	3,666
Repayments of long-term loans payable	(7,499)	(9,385)
Purchase of treasury shares	(679)	(1,101)
Proceeds from disposal of treasury shares	—	164
Cash dividends paid	(2,590)	(2,453)
Dividends paid to non-controlling interests	(264)	(232)
Other, net	(44)	122
Net cash provided by (used in) financing activities	(4,901)	(19,546)
Effect of exchange rate change on cash and cash equivalents	(31)	(54)
Net increase (decrease) in cash and cash equivalents	6,114	(6,346)
Cash and cash equivalents at beginning of period	22,935	29,235
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	185	122
Cash and cash equivalents at end of period	29,235	23,011