

Translation

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

May 13, 2019

Company name: Eagle Industry Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6486 URL <https://www.ekkeagle.com/jp/>
 Representative: Representative Director, President Tetsuji Tsuru
 Senior Operating Officer, Division Manager Sumio Ikeda
 Corporate Finance & Accounting Division TEL 03-3438-2291
 Scheduled date of ordinary general meeting of shareholders: June 25, 2019
 Scheduled date to file Securities Report: June 25, 2019
 Scheduled date to commence dividend payments: June 26, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(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	149,361	(1.0)	9,755	(16.8)	11,703	(15.7)	7,032	(32.4)
Year ended March 31, 2018	150,815	7.3	11,732	5.5	13,883	14.1	10,401	42.7

	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	143.35	—	8.8	6.9	6.5
Year ended March 31, 2018	212.56	—	14.2	8.5	7.8

(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	172,433	88,886	47.4	1,665.52
As of March 31, 2018	166,461	85,280	47.2	1,602.88

(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	14,614	(14,325)	(707)	19,733
Year ended March 31, 2018	11,814	(8,566)	(2,746)	20,422

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	—	30.00	50.00	2,454	23.5	3.3
Year ended March 31, 2019	—	25.00	—	25.00	50.00	2,454	34.9	3.1
Year ending March 31, 2020 (Forecast)	—	25.00	—	25.00	50.00		33.6	

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	76,200	0.9	4,000	(20.1)	5,100	(24.0)	3,100	(25.2)	63.16
Full year	155,000	3.8	10,000	2.5	12,000	2.5	7,300	3.8	148.72

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	49,757,821 shares	As of March 31, 2018	49,757,821 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	672,283 shares	As of March 31, 2018	756,982 shares
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Average number of shares during the period

Year ended March 31, 2019	49,060,041 shares	Year ended March 31, 2018	48,935,518 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	21,710	21,349
Notes and accounts receivable - trade	29,009	28,669
Electronically recorded monetary claims - operating	4,821	2,902
Merchandise and finished goods	6,401	7,158
Work in process	7,801	7,686
Raw materials and supplies	5,626	7,201
Accounts receivable - other	2,914	2,713
Other	3,535	4,153
Allowance for doubtful accounts	(111)	(90)
Total current assets	81,710	81,744
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,361	40,475
Accumulated depreciation	(17,363)	(18,580)
Buildings and structures, net	20,998	21,894
Machinery, equipment and vehicles	68,988	73,735
Accumulated depreciation	(47,242)	(50,253)
Machinery, equipment and vehicles, net	21,746	23,481
Tools, furniture and fixtures	11,922	13,139
Accumulated depreciation	(8,711)	(9,647)
Tools, furniture and fixtures, net	3,210	3,491
Land	6,334	6,230
Leased assets	631	1,532
Accumulated depreciation	(322)	(431)
Leased assets, net	309	1,100
Construction in progress	5,365	7,414
Total property, plant and equipment	57,964	63,614
Intangible assets		
Goodwill	3,287	2,726
Other	3,304	2,874
Total intangible assets	6,592	5,601
Investments and other assets		
Investment securities	12,698	13,476
Long-term loans receivable	1,024	852
Deferred tax assets	4,837	5,634
Other	1,737	1,618
Allowance for doubtful accounts	(103)	(108)
Total investments and other assets	20,195	21,473
Total non-current assets	84,751	90,688
Total assets	166,461	172,433

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	9,222	7,945
Electronically recorded obligations - operating	3,521	2,907
Short-term loans payable	2,452	2,649
Current portion of long-term loans payable	11,271	11,855
Accounts payable - other	2,728	2,901
Lease obligations	95	275
Income taxes payable	2,402	2,059
Deposits received from employees	3,524	3,748
Provision for bonuses	2,432	2,509
Provision for loss on guarantees	101	—
Other provision	6	6
Other	4,464	4,595
Total current liabilities	42,222	41,456
Non-current liabilities		
Long-term loans payable	21,411	23,391
Lease obligations	212	775
Retirement benefit liability	15,964	16,681
Provision for retirement benefits for directors (and other officers)	15	17
Provision for environmental measures	307	300
Negative goodwill	125	109
Other	921	815
Total non-current liabilities	38,958	42,091
Total liabilities	81,181	83,547
Net assets		
Shareholders' equity		
Capital stock	10,490	10,490
Capital surplus	11,393	11,310
Retained earnings	62,375	66,708
Treasury shares	(390)	(224)
Total shareholders' equity	83,869	88,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	550	470
Foreign currency translation adjustment	(1,116)	(2,414)
Remeasurements of defined benefit plans	(4,761)	(4,588)
Total accumulated other comprehensive income	(5,327)	(6,532)
Non-controlling interests	6,738	7,133
Total net assets	85,280	88,886
Total liabilities and net assets	166,461	172,433

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	150,815	149,361
Cost of sales	114,214	113,910
Gross profit	36,601	35,450
Selling, general and administrative expenses	24,869	25,695
Operating profit	11,732	9,755
Non-operating income		
Interest income	244	235
Dividend income	24	25
Rent income	128	123
Share of profit of entities accounted for using equity method	992	1,718
Foreign exchange gains	350	—
Other	1,010	793
Total non-operating income	2,750	2,897
Non-operating expenses		
Interest expenses	408	399
Contribution	5	49
Foreign exchange losses	—	144
Other	185	356
Total non-operating expenses	598	949
Ordinary profit	13,883	11,703
Extraordinary income		
Gain on sales of non-current assets	39	37
Gain on sales of investment securities	61	—
Gain on sales of shares of subsidiaries and associates	2,204	—
Total extraordinary income	2,305	37
Extraordinary losses		
Loss on sales of non-current assets	34	25
Loss on retirement of non-current assets	97	107
Impairment loss	—	92
Loss on valuation of investment securities	—	34
Provision for loss on guarantees	2	—
Other	8	—
Total extraordinary losses	142	260
Profit before income taxes	16,046	11,480
Income taxes - current	4,380	4,050
Income taxes - deferred	55	(819)
Total income taxes	4,436	3,230
Profit	11,609	8,249
Profit attributable to non-controlling interests	1,208	1,216
Profit attributable to owners of parent	10,401	7,032

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	11,609	8,249
Other comprehensive income		
Valuation difference on available-for-sale securities	98	(80)
Foreign currency translation adjustment	875	(993)
Remeasurements of defined benefit plans, net of tax	371	145
Share of other comprehensive income of entities accounted for using equity method	705	(318)
Total other comprehensive income	2,051	(1,247)
Comprehensive income	13,661	7,001
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,677	5,827
Comprehensive income attributable to non-controlling interests	983	1,174

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	10,490	11,395	54,182	(650)	75,418
Changes of items during period					
Dividends of surplus			(2,208)		(2,208)
Profit attributable to owners of parent			10,401		10,401
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				262	262
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(1)	8,192	259	8,451
Balance at end of current period	10,490	11,393	62,375	(390)	83,869

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	451	(2,871)	(5,183)	(7,603)	6,669	74,484
Changes of items during period						
Dividends of surplus						(2,208)
Profit attributable to owners of parent						10,401
Purchase of treasury shares						(2)
Disposal of treasury shares						262
Change in ownership interest of parent due to transactions with non-controlling interests						(1)
Net changes of items other than shareholders' equity	98	1,755	421	2,275	68	2,344
Total changes of items during period	98	1,755	421	2,275	68	10,795
Balance at end of current period	550	(1,116)	(4,761)	(5,327)	6,738	85,280

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,490	11,393	62,375	(390)	83,869
Changes of items during period					
Dividends of surplus			(2,699)		(2,699)
Profit attributable to owners of parent			7,032		7,032
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				167	167
Change in ownership interest of parent due to transactions with non-controlling interests		(83)			(83)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(83)	4,332	166	4,415
Balance at end of current period	10,490	11,310	66,708	(224)	88,285

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	550	(1,116)	(4,761)	(5,327)	6,738	85,280
Changes of items during period						
Dividends of surplus						(2,699)
Profit attributable to owners of parent						7,032
Purchase of treasury shares						(0)
Disposal of treasury shares						167
Change in ownership interest of parent due to transactions with non-controlling interests						(83)
Net changes of items other than shareholders' equity	(80)	(1,298)	173	(1,205)	395	(809)
Total changes of items during period	(80)	(1,298)	173	(1,205)	395	3,605
Balance at end of current period	470	(2,414)	(4,588)	(6,532)	7,133	88,886

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	16,046	11,480
Depreciation	8,336	8,901
Impairment loss	—	92
Share of loss (profit) of entities accounted for using equity method	(992)	(1,718)
Amortization of goodwill	518	543
Increase (decrease) in allowance for doubtful accounts	(147)	(15)
Increase (decrease) in provision for bonuses	77	80
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(10)	2
Increase (decrease) in retirement benefit liability	607	728
Interest and dividend income	(269)	(261)
Interest expenses	408	399
Loss (gain) on sales and retirement of property, plant and equipment	92	95
Loss (gain) on sales of investment securities	(61)	—
Loss (gain) on valuation of investment securities	—	34
Loss (gain) on sales of shares of subsidiaries and associates	(2,204)	—
Decrease (increase) in notes and accounts receivable - trade	(441)	1,924
Decrease (increase) in inventories	(1,896)	(2,403)
Decrease (increase) in other assets	(281)	(78)
Increase (decrease) in notes and accounts payable - trade	(4,873)	(1,656)
Increase (decrease) in other liabilities	(338)	192
Other, net	(294)	267
Subtotal	14,276	18,608
Interest and dividend income received	2,175	800
Interest expenses paid	(468)	(403)
Income taxes paid	(4,168)	(4,391)
Net cash provided by (used in) operating activities	11,814	14,614
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,488)	(13,480)
Proceeds from sales of property, plant and equipment	469	212
Purchase of intangible assets	(952)	(599)
Purchase of investment securities	(550)	(42)
Proceeds from sales of investment securities	4,227	29
Payments into time deposits	(60)	(1,626)
Proceeds from withdrawal of time deposits	1,695	1,241
Other, net	92	(58)
Net cash provided by (used in) investing activities	(8,566)	(14,325)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Increase in short-term loans payable	652	9,886
Decrease in short-term loans payable	(514)	(9,640)
Proceeds from long-term loans payable	12,012	15,000
Repayments of long-term loans payable	(11,935)	(12,429)
Proceeds from sales of treasury shares	259	145
Purchase of treasury shares	(2)	(0)
Cash dividends paid	(2,208)	(2,699)
Dividends paid to non-controlling interests	(877)	(748)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(39)	(114)
Repayments of finance lease obligations	(92)	(106)
Net cash provided by (used in) financing activities	(2,746)	(707)
Effect of exchange rate change on cash and cash equivalents	121	(270)
Net increase (decrease) in cash and cash equivalents	622	(689)
Cash and cash equivalents at beginning of period	19,799	20,422
Cash and cash equivalents at end of period	20,422	19,733