

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 6, 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 to file Quarterly Securities Report: November 13, 2019
 Scheduled date to commence dividend payments: December 2, 2019
 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, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	307,615	(4.6)	7,126	0.3	7,941	11.0	6,738	7.9
Six months ended September 30, 2018	322,474	5.8	7,105	141.7	7,154	112.3	6,247	128.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	111.39	—
Six months ended September 30, 2018	102.26	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	330,808	153,628	45.9
As of March 31, 2019	366,514	164,697	44.5

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, 2019	—	20.00	—	28.00	48.00
Year ending March 31, 2020	—	20.00			
Year ending March 31, 2020 (Forecast)			—	28.00	48.00

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
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 six months ended September 30, 2019
(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, 2019	63,499,227 shares	As of March 31, 2019	63,499,227 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	3,002,502 shares	As of March 31, 2019	3,002,502 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	60,496,725 shares	Six months ended September 30, 2018	61,096,805 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	26,909	22,183
Notes and accounts receivable - trade	163,963	158,032
Merchandise and finished goods	52,842	50,026
Work in process	735	679
Raw materials and supplies	3,906	3,471
Other	9,087	7,344
Allowance for doubtful accounts	(877)	(536)
Total current assets	256,567	241,200
Non-current assets		
Property, plant and equipment	13,473	14,135
Intangible assets	3,223	3,419
Investments and other assets		
Investment securities	86,393	65,389
Retirement benefit asset	2,893	2,946
Other	11,632	11,221
Allowance for doubtful accounts	(7,669)	(7,504)
Total investments and other assets	93,250	72,053
Total non-current assets	109,947	89,607
Total assets	366,514	330,808
Liabilities		
Current liabilities		
Notes and accounts payable - trade	109,778	95,006
Short-term borrowings	43,619	38,761
Income taxes payable	2,271	2,356
Provision for bonuses	1,245	1,418
Other	7,704	7,759
Total current liabilities	164,618	145,302
Non-current liabilities		
Long-term borrowings	13,658	14,054
Provision for retirement benefits for directors (and other officers)	30	29
Provision for Management Board Incentive Plan Trust	37	60
Provision for loss on guarantees	18	18
Retirement benefit liability	1,794	1,940
Other	21,658	15,774
Total non-current liabilities	37,198	31,877
Total liabilities	201,817	177,180
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,752	7,752
Retained earnings	97,882	102,736
Treasury shares	(3,729)	(3,729)
Total shareholders' equity	111,269	116,123

	(Millions of yen)	
	As of March 31, 2019	As of September 30, 2019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,827	34,436
Deferred gains or losses on hedges	(93)	(34)
Foreign currency translation adjustment	3,247	1,567
Remeasurements of defined benefit plans	(277)	(171)
Total accumulated other comprehensive income	51,703	35,798
Non-controlling interests	1,723	1,706
Total net assets	164,697	153,628
Total liabilities and net assets	366,514	330,808

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, 2018	Six months ended September 30, 2019
Net sales	322,474	307,615
Cost of sales	298,836	284,073
Gross profit	23,637	23,541
Selling, general and administrative expenses	16,531	16,415
Operating profit	7,105	7,126
Non-operating income		
Interest income	113	94
Dividend income	1,022	1,197
Share of profit of entities accounted for using equity method	65	167
Miscellaneous income	472	388
Total non-operating income	1,673	1,847
Non-operating expenses		
Interest expenses	957	760
Foreign exchange losses	308	123
Loss on valuation of derivatives	21	—
Miscellaneous loss	337	147
Total non-operating expenses	1,624	1,032
Ordinary profit	7,154	7,941
Extraordinary income		
Gain on sales of investment securities	1,748	1,721
Total extraordinary income	1,748	1,721
Profit before income taxes	8,902	9,663
Income taxes - current	2,429	2,656
Income taxes - deferred	43	40
Total income taxes	2,472	2,697
Profit	6,430	6,966
Profit attributable to non-controlling interests	182	227
Profit attributable to owners of parent	6,247	6,738

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	6,430	6,966
Other comprehensive income		
Valuation difference on available-for-sale securities	8,574	(14,530)
Deferred gains or losses on hedges	(108)	58
Foreign currency translation adjustment	1,504	(1,710)
Remeasurements of defined benefit plans, net of tax	34	105
Share of other comprehensive income of entities accounted for using equity method	(85)	15
Total other comprehensive income	9,920	(16,061)
Comprehensive income	16,350	(9,094)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,072	(9,295)
Comprehensive income attributable to non-controlling interests	277	201

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	8,902	9,663
Depreciation	1,179	1,445
Increase (decrease) in allowance for doubtful accounts	312	(127)
Interest and dividend income	(1,136)	(1,292)
Interest expenses	957	760
Share of loss (profit) of entities accounted for using equity method	(65)	(167)
Increase (decrease) in provision for loss on guarantees	(72)	—
Loss (gain) on sales of investment securities	(1,748)	(1,721)
Decrease (increase) in trade receivables	(1,754)	2,679
Decrease (increase) in inventories	(2,085)	2,155
Decrease (increase) in other current assets	54	1,778
Decrease (increase) in other non-current assets	456	34
Increase (decrease) in trade payables	(4,223)	(12,604)
Increase (decrease) in other current liabilities	6	(258)
Other, net	385	536
Subtotal	1,169	2,881
Interest and dividends received	1,218	1,418
Interest paid	(960)	(768)
Income taxes paid	(4,047)	(2,542)
Net cash provided by (used in) operating activities	(2,620)	988
Cash flows from investing activities		
Payments into time deposits	(1,232)	(1,036)
Proceeds from withdrawal of time deposits	853	1,129
Purchase of property, plant and equipment	(804)	(871)
Proceeds from sales of property, plant and equipment	52	21
Purchase of intangible assets	(357)	(528)
Purchase of investment securities	(107)	(109)
Proceeds from sales of investment securities	1,885	1,773
Purchase of shares of subsidiaries	(49)	(22)
Net decrease (increase) in short-term loans receivable	269	(134)
Long-term loan advances	(48)	(24)
Collection of long-term loans receivable	67	21
Other, net	1	(19)
Net cash provided by (used in) investing activities	531	198

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(765)	(1,530)
Proceeds from long-term borrowings	66	600
Repayments of long-term borrowings	(1,490)	(2,179)
Purchase of treasury shares	(164)	—
Proceeds from disposal of treasury shares	164	—
Dividends paid	(1,225)	(1,702)
Dividends paid to non-controlling interests	(188)	(217)
Other, net	(19)	(241)
Net cash provided by (used in) financing activities	(3,624)	(5,270)
Effect of exchange rate change on cash and cash equivalents	190	(413)
Net increase (decrease) in cash and cash equivalents	(5,522)	(4,496)
Cash and cash equivalents at beginning of period	29,235	23,011
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	122	—
Cash and cash equivalents at end of period	23,835	18,514