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 Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 8, 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: August 13, 2019
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: No
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 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	%
Three months ended June 30, 2019	153,461	(3.0)	3,507	0.6	4,377	15.3	3,054	(17.5)
Three months ended June 30, 2018	158,248	6.4	3,488	56.0	3,795	33.8	3,700	25.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	50.48	–
Three months ended June 30, 2018	60.57	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	345,442	153,404	43.9
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	–				
Year ending March 31, 2020 (Forecast)		20.00	–	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
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 three months ended June 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 June 30, 2019	63,499,227 shares	As of March 31, 2019	63,499,227 shares

Number of treasury shares at the end of the period

As of June 30, 2019	3,002,502 shares	As of March 31, 2019	3,002,502 shares

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

Three months ended June 30, 2019	60,496,725 shares	Three months ended June 30, 2018	61,096,810 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	26,909	23,481
Notes and accounts receivable - trade	163,963	163,431
Merchandise and finished goods	52,842	52,288
Work in process	735	693
Raw materials and supplies	3,906	3,703
Other	9,087	7,529
Allowance for doubtful accounts	(877)	(624)
Total current assets	256,567	250,503
Non-current assets		
Property, plant and equipment	13,473	14,314
Intangible assets	3,223	3,271
Investments and other assets		
Investment securities	86,393	70,540
Retirement benefit asset	2,893	2,919
Other	11,632	11,629
Allowance for doubtful accounts	(7,669)	(7,737)
Total investments and other assets	93,250	77,352
Total non-current assets	109,947	94,938
Total assets	366,514	345,442
Liabilities		
Current liabilities		
Notes and accounts payable - trade	109,778	107,817
Short-term borrowings	43,619	41,024
Income taxes payable	2,271	1,181
Provision for bonuses	1,245	768
Other	7,704	8,099
Total current liabilities	164,618	158,891
Non-current liabilities		
Long-term borrowings	13,658	13,555
Provision for retirement benefits for directors (and other officers)	30	28
Provision for share-based remuneration for directors (and other officers)	37	48
Provision for loss on guarantees	18	18
Retirement benefit liability	1,794	1,838
Other	21,658	17,657
Total non-current liabilities	37,198	33,146
Total liabilities	201,817	192,038

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,752	7,752
Retained earnings	97,882	99,050
Treasury shares	(3,729)	(3,729)
Total shareholders' equity	111,269	112,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,827	37,879
Deferred gains or losses on hedges	(93)	(107)
Foreign currency translation adjustment	3,247	1,816
Remeasurements of defined benefit plans	(277)	(224)
Total accumulated other comprehensive income	51,703	39,363
Non-controlling interests	1,723	1,602
Total net assets	164,697	153,404
Total liabilities and net assets	366,514	345,442

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	158,248	153,461
Cost of sales	146,499	141,802
Gross profit	11,748	11,658
Selling, general and administrative expenses	8,259	8,151
Operating profit	3,488	3,507
Non-operating income		
Interest income	50	49
Dividend income	969	1,086
Share of profit of entities accounted for using equity method	–	102
Miscellaneous income	245	214
Total non-operating income	1,264	1,452
Non-operating expenses		
Interest expenses	462	385
Foreign exchange losses	191	116
Loss on valuation of derivatives	4	–
Share of loss of entities accounted for using equity method	6	–
Miscellaneous loss	292	80
Total non-operating expenses	957	582
Ordinary profit	3,795	4,377
Extraordinary income		
Gain on sales of investment securities	1,668	–
Total extraordinary income	1,668	–
Profit before income taxes	5,463	4,377
Income taxes - current	1,428	1,032
Income taxes - deferred	222	177
Total income taxes	1,650	1,209
Profit	3,812	3,167
Profit attributable to non-controlling interests	112	113
Profit attributable to owners of parent	3,700	3,054

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	3,812	3,167
Other comprehensive income		
Valuation difference on available-for-sale securities	8,445	(11,098)
Deferred gains or losses on hedges	43	(14)
Foreign currency translation adjustment	183	(1,458)
Remeasurements of defined benefit plans, net of tax	17	52
Share of other comprehensive income of entities accounted for using equity method	(10)	16
Total other comprehensive income	8,678	(12,501)
Comprehensive income	12,491	(9,333)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,317	(9,414)
Comprehensive income attributable to non-controlling interests	174	81