Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 22, 2020

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 23, 2020
Scheduled date to file Securities Report: June 24, 2020
Scheduled date to commence dividend payments: June 9, 2020
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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	600,312	(5.4)	13,229	(5.7)	14,211	(0.7)	11,415	(11.5)
Year ended March 31, 2019	634,740	2.2	14,031	135.3	14,309	124.5	12,896	91.2

	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, 2020	188.82	–	7.4	4.1	2.2
Year ended March 31, 2019	211.36	–	8.5	4.0	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, 2020	322,848	147,726	45.2	2,424.13
As of March 31, 2019	366,514	164,697	44.5	2,693.92

(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, 2020	10,690	(525)	(7,273)	25,480
Year ended March 31, 2019	12,510	743	(19,546)	23,011

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, 2019	–	20.00	–	28.00	48.00	2,929	22.7	1.9
Year ended March 31, 2020	–	20.00	–	33.00	53.00	3,211	28.1	2.1
Year ending March 31, 2021 (Forecast)	–	–	–	–	–		–	

3. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020 (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, 2020	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 March 31, 2020	3,302,640 shares	As of March 31, 2019	3,002,502 shares

Average number of shares during the period

Year ended March 31, 2020	60,453,611 shares	Year ended March 31, 2019	61,018,333 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	26,909	29,440
Notes and accounts receivable - trade	163,963	152,457
Merchandise and finished goods	52,842	52,052
Work in process	735	766
Raw materials and supplies	3,906	3,084
Other	9,087	8,022
Allowance for doubtful accounts	(877)	(686)
Total current assets	256,567	245,136
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,187	15,509
Accumulated depreciation	(9,869)	(10,054)
Buildings and structures, net	5,317	5,454
Machinery, equipment and vehicles	16,125	16,240
Accumulated depreciation	(12,797)	(12,743)
Machinery, equipment and vehicles, net	3,327	3,497
Land	2,908	2,870
Construction in progress	815	112
Other	3,496	4,781
Accumulated depreciation	(2,392)	(2,752)
Other, net	1,104	2,029
Total property, plant and equipment	13,473	13,964
Intangible assets	3,223	3,006
Investments and other assets		
Investment securities	86,393	54,236
Long-term loans receivable	571	1,392
Retirement benefit asset	2,893	2,007
Deferred tax assets	983	1,024
Other	10,077	9,896
Allowance for doubtful accounts	(7,669)	(7,815)
Total investments and other assets	93,250	60,740
Total non-current assets	109,947	77,711
Total assets	366,514	322,848
Liabilities		
Current liabilities		
Notes and accounts payable - trade	109,778	96,761
Short-term borrowings	43,619	43,073
Income taxes payable	2,271	1,631
Accrued expenses	1,168	1,021
Provision for bonuses	1,245	1,217
Provision for loss on business liquidation	–	240
Other	6,536	6,831
Total current liabilities	164,618	150,776

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Non-current liabilities		
Long-term borrowings	13,658	9,775
Deferred tax liabilities	19,936	9,933
Provision for retirement benefits for directors (and other officers)	30	30
Provision for share-based remuneration for directors (and other officers)	37	85
Provision for loss on guarantees	18	18
Retirement benefit liability	1,794	2,369
Other	1,722	2,132
Total non-current liabilities	37,198	24,344
Total liabilities	201,817	175,121
Net assets		
Shareholders' equity		
Share capital	9,364	9,364
Capital surplus	7,752	7,752
Retained earnings	97,882	106,197
Treasury shares	(3,729)	(4,155)
Total shareholders' equity	111,269	119,159
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,827	26,196
Deferred gains or losses on hedges	(93)	148
Foreign currency translation adjustment	3,247	1,436
Remeasurements of defined benefit plans	(277)	(1,016)
Total accumulated other comprehensive income	51,703	26,764
Non-controlling interests	1,723	1,802
Total net assets	164,697	147,726
Total liabilities and net assets	366,514	322,848

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	634,740	600,312
Cost of sales	587,482	554,053
Gross profit	47,257	46,259
Selling, general and administrative expenses	33,226	33,029
Operating profit	14,031	13,229
Non-operating income		
Interest income	214	176
Dividend income	1,422	1,946
Share of profit of entities accounted for using equity method	270	339
Miscellaneous income	965	683
Total non-operating income	2,872	3,146
Non-operating expenses		
Interest expenses	1,857	1,317
Foreign exchange losses	332	294
Miscellaneous loss	403	552
Total non-operating expenses	2,594	2,164
Ordinary profit	14,309	14,211
Extraordinary income		
Gain on sales of investment securities	5,119	3,033
Total extraordinary income	5,119	3,033
Extraordinary losses		
Loss on valuation of investment securities	344	293
Provision for loss on business liquidation	–	244
Impairment loss	288	–
Total extraordinary losses	633	537
Profit before income taxes	18,795	16,707
Income taxes - current	5,763	4,858
Income taxes - deferred	(229)	(35)
Total income taxes	5,533	4,822
Profit	13,262	11,884
Profit attributable to non-controlling interests	365	469
Profit attributable to owners of parent	12,896	11,415

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	13,262	11,884
Other comprehensive income		
Valuation difference on available-for-sale securities	11,701	(22,679)
Deferred gains or losses on hedges	(89)	242
Foreign currency translation adjustment	689	(1,875)
Remeasurements of defined benefit plans, net of tax	(297)	(739)
Share of other comprehensive income of entities accounted for using equity method	(121)	(39)
Total other comprehensive income	11,882	(25,091)
Comprehensive income	25,145	(13,207)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,721	(13,656)
Comprehensive income attributable to non-controlling interests	423	449

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,364	7,708	87,196	(2,749)	101,519
Changes 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 in scope of consolidation			234		234
Net changes in items other than shareholders' equity					–
Total changes during period	–	43	10,686	(980)	9,749
Balance at end of 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 period	37,252	20	2,591	19	39,883	1,532	142,936
Changes 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 in scope of consolidation							234
Net changes in items other than shareholders' equity	11,574	(113)	656	(297)	11,820	190	12,011
Total changes during period	11,574	(113)	656	(297)	11,820	190	21,760
Balance at end of period	48,827	(93)	3,247	(277)	51,703	1,723	164,697

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,364	7,752	97,882	(3,729)	111,269
Cumulative effects of changes in accounting policies	–	–	(191)	–	(191)
Restated balance	9,364	7,752	97,691	(3,729)	111,078
Changes during period					
Dividends of surplus			(2,908)		(2,908)
Profit attributable to owners of parent			11,415		11,415
Purchase of treasury shares				(425)	(425)
Disposal of treasury shares					–
Acquisition of treasury shares by a stock benefit trust					–
Change in scope of consolidation					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	8,506	(425)	8,080
Balance at end of period	9,364	7,752	106,197	(4,155)	119,159

	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 period	48,827	(93)	3,247	(277)	51,703	1,723	164,697
Cumulative effects of changes in accounting policies	129	–	–	–	129	–	(61)
Restated balance	48,957	(93)	3,247	(277)	51,833	1,723	164,635
Changes during period							
Dividends of surplus							(2,908)
Profit attributable to owners of parent							11,415
Purchase of treasury shares							(425)
Disposal of treasury shares							–
Acquisition of treasury shares by a stock benefit trust							–
Change in scope of consolidation							–
Net changes in items other than shareholders' equity	(22,760)	241	(1,811)	(739)	(25,068)	78	(24,990)
Total changes during period	(22,760)	241	(1,811)	(739)	(25,068)	78	(16,909)
Balance at end of period	26,196	148	1,436	(1,016)	26,764	1,802	147,726

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	18,795	16,707
Depreciation	2,413	2,976
Impairment loss	288	–
Increase (decrease) in allowance for doubtful accounts	321	259
Interest and dividend income	(1,636)	(2,123)
Interest expenses	1,857	1,317
Share of loss (profit) of entities accounted for using equity method	(270)	(339)
Increase (decrease) in provision for loss on business liquidation	–	244
Increase (decrease) in provision for loss on guarantees	(190)	–
Loss (gain) on sales of investment securities	(5,119)	(3,033)
Loss (gain) on valuation of investment securities	344	293
Decrease (increase) in trade receivables	11,276	8,967
Decrease (increase) in inventories	(3,137)	371
Decrease (increase) in other current assets	1,200	854
Decrease (increase) in other non-current assets	(7,495)	277
Increase (decrease) in trade payables	736	(11,334)
Increase (decrease) in other current liabilities	68	(259)
Other, net	522	26
Subtotal	19,975	15,205
Interest and dividends received	1,721	2,254
Interest paid	(1,884)	(1,328)
Income taxes paid	(7,302)	(5,442)
Net cash provided by (used in) operating activities	12,510	10,690
Cash flows from investing activities		
Payments into time deposits	(3,936)	(3,907)
Proceeds from withdrawal of time deposits	3,275	3,827
Purchase of property, plant and equipment	(2,611)	(1,354)
Proceeds from sales of property, plant and equipment	93	31
Purchase of intangible assets	(829)	(844)
Purchase of investment securities	(418)	(371)
Proceeds from sales of investment securities	5,395	3,134
Purchase of shares of subsidiaries	(49)	(234)
Decrease (increase) in short-term loans receivable	172	294
Long-term loan advances	(376)	(1,033)
Collection of long-term loans receivable	98	44
Other, net	(69)	(111)
Net cash provided by (used in) investing activities	743	(525)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,328)	2,996
Proceeds from long-term borrowings	3,666	600
Repayments of long-term borrowings	(9,385)	(6,649)
Purchase of treasury shares	(1,101)	(425)
Proceeds from disposal of treasury shares	164	–
Dividends paid	(2,453)	(2,917)
Dividends paid to non-controlling interests	(232)	(370)
Other, net	122	(506)
Net cash provided by (used in) financing activities	(19,546)	(7,273)
Effect of exchange rate change on cash and cash equivalents	(54)	(421)
Net increase (decrease) in cash and cash equivalents	(6,346)	2,469
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	23,011	25,480