

Translation

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

May 14, 2019

Company name: YAMAZEN CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 8051 URL <https://www.yamazen.co.jp/>  
 Representative: President, CEO & COO Yuji NAGAO  
 Inquiries: Manager, IR & PR Dept. Hayato HIRATA TEL 06-6534-3095  
 Scheduled date of ordinary general meeting of shareholders: June 26, 2019  
 Scheduled date to file Securities Report: June 27, 2019  
 Scheduled date to commence dividend payments: June 5, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for 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	526,364	5.7	17,997	17.0	17,859	17.9	12,184	19.4
Year ended March 31, 2018	497,963	11.2	15,383	17.3	15,152	17.2	10,205	19.8

Note: Comprehensive income Year ended March 31, 2019 ¥11,702 million [6.5%]  
 Year ended March 31, 2018 ¥10,991 million [(1.2)%]

	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, 2019	128.80	–	13.8	7.3	3.4
Year ended March 31, 2018	107.79	–	12.8	6.5	3.1

Reference: Share of profit of entities accounted for using equity method

Year ended March 31, 2019 ¥– million  
 Year ended March 31, 2018 ¥– million

(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	245,595	93,113	37.8	980.69
As of March 31, 2018	245,795	84,665	34.3	891.87

Reference: Equity As of March 31, 2019 ¥92,770 million  
 As of March 31, 2018 ¥84,368 million

Note: The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, figures in the consolidated financial position as of March 31, 2018 have been retrospectively adjusted to reflect the application of the accounting standard and guidances.

(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	9,306	(965)	(5,808)	63,789
Year ended March 31, 2018	8,001	2,223	(5,948)	60,675

## 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	–	13.00	–	19.50	32.50	3,074	30.2	3.8
Year ended March 31, 2019	–	15.00	–	21.00	36.00	3,405	28.0	3.8
Year ending March 31, 2020 (Forecast)	–	16.00	–	17.50	33.50		28.8	

Note: Details of year-end dividends for the year ended March 31, 2018

Ordinary dividends 17 yen      Special dividends 2.5 yen

Details of year-end dividends for the year ended March 31, 2019

Ordinary dividends 17.5 yen      Special dividends 3.5 yen

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

	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	253,000	(3.5)	6,800	(20.3)	6,800	(20.5)	4,700	(17.6)	49.68
Full year	530,000	0.7	16,000	(11.1)	16,000	(10.4)	11,000	(9.7)	116.28

Percentages indicate year-on-year changes

## 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	95,305,435 shares	As of March 31, 2018	95,305,435 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	707,603 shares	As of March 31, 2018	707,545 shares
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Average number of shares during the period

Year ended March 31, 2019	94,597,863 shares	Year ended March 31, 2018	94,678,980 shares
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Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	472,607	4.7	13,951	15.6	16,484	21.2	11,958	15.6
Year ended March 31, 2018	451,560	10.8	12,065	14.3	13,604	24.5	10,342	37.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2019	126.42	–
Year ended March 31, 2018	109.24	–

(2) Non-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	220,495	78,252	35.5	827.21
As of March 31, 2018	217,047	70,233	32.4	742.44

Reference: Equity As of March 31, 2019 ¥78,252 million

As of March 31, 2018 ¥70,233 million

Note: The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, figures in the non-consolidated financial position as of March 31, 2018 have been retrospectively adjusted to reflect the application of the accounting standard and guidances.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of forecasts of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

**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	49,682	52,984
Notes and accounts receivable - trade	104,176	99,633
Electronically recorded monetary claims - operating	10,806	14,889
Securities	11,554	12,401
Merchandise and finished goods	32,386	31,197
Other	6,052	4,671
Allowance for doubtful accounts	(555)	(635)
Total current assets	214,104	215,144
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,331	6,004
Accumulated depreciation	(3,062)	(3,551)
Buildings and structures, net	2,269	2,453
Machinery, equipment and vehicles	278	448
Accumulated depreciation	(179)	(342)
Machinery, equipment and vehicles, net	99	106
Tools, furniture and fixtures	1,694	2,196
Accumulated depreciation	(1,217)	(1,461)
Tools, furniture and fixtures, net	476	734
Land	3,283	3,594
Leased assets	5,506	5,494
Accumulated depreciation	(948)	(1,368)
Leased assets, net	4,557	4,125
Other	43	45
Total property, plant and equipment	10,729	11,059
Intangible assets	2,071	3,695
Investments and other assets		
Investment securities	15,621	12,131
Claims provable in bankruptcy, claims provable in rehabilitation and other	94	102
Retirement benefit asset	1,039	1,121
Deferred tax assets	385	414
Other	1,926	2,111
Allowance for doubtful accounts	(177)	(185)
Total investments and other assets	18,889	15,695
Total non-current assets	31,691	30,451
Total assets	245,795	245,595

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	88,554	73,384
Electronically recorded obligations - operating	43,702	55,364
Lease obligations	442	448
Income taxes payable	3,168	3,032
Provision for bonuses	2,913	3,117
Provision for voluntary recall of goods	33	32
Other	13,550	9,081
<b>Total current liabilities</b>	<b>152,364</b>	<b>144,462</b>
<b>Non-current liabilities</b>		
Lease obligations	5,079	4,670
Deferred tax liabilities	2,448	2,002
Retirement benefit liability	248	284
Other	989	1,062
<b>Total non-current liabilities</b>	<b>8,765</b>	<b>8,019</b>
<b>Total liabilities</b>	<b>161,130</b>	<b>152,482</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	7,909	7,909
Capital surplus	7,561	7,561
Retained earnings	64,092	73,016
Treasury shares	(751)	(751)
<b>Total shareholders' equity</b>	<b>78,812</b>	<b>87,735</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,217	5,481
Deferred gains or losses on hedges	(86)	(35)
Foreign currency translation adjustment	1,130	1,295
Remeasurements of defined benefit plans	(1,705)	(1,707)
<b>Total accumulated other comprehensive income</b>	<b>5,556</b>	<b>5,034</b>
<b>Non-controlling interests</b>	<b>296</b>	<b>342</b>
<b>Total net assets</b>	<b>84,665</b>	<b>93,113</b>
<b>Total liabilities and net assets</b>	<b>245,795</b>	<b>245,595</b>

**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	497,963	526,364
Cost of sales	434,446	456,738
Gross profit	63,516	69,626
Selling, general and administrative expenses	48,133	51,628
Operating profit	15,383	17,997
Non-operating income		
Interest income	1,593	1,656
Dividend income	243	235
Other	129	301
Total non-operating income	1,966	2,193
Non-operating expenses		
Interest expenses	2,091	2,118
Other	105	213
Total non-operating expenses	2,197	2,331
Ordinary profit	15,152	17,859
Extraordinary income		
Gain on sales of non-current assets	4	8
Gain on sales of investment securities	1,050	0
Total extraordinary income	1,054	8
Extraordinary losses		
Loss on retirement of non-current assets	2	9
Loss on sales of non-current assets	0	–
Loss on valuation of golf club membership	–	5
Impairment loss	17	3
Other	–	0
Total extraordinary losses	20	19
Profit before income taxes	16,186	17,848
Income taxes - current	5,300	5,800
Income taxes - deferred	645	(169)
Total income taxes	5,945	5,631
Profit	10,241	12,216
Profit attributable to non-controlling interests	35	32
Profit attributable to owners of parent	10,205	12,184

**Consolidated statements of comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	10,241	12,216
Other comprehensive income		
Valuation difference on available-for-sale securities	599	(732)
Deferred gains or losses on hedges	(175)	51
Foreign currency translation adjustment	24	169
Remeasurements of defined benefit plans, net of tax	301	(2)
Total other comprehensive income	750	(514)
Comprehensive income	10,991	11,702
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,972	11,656
Comprehensive income attributable to non-controlling interests	19	45

## 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	7,909	6,088	56,664	(17)	70,645
Changes of items during period					
Dividends of surplus			(1,547)		(1,547)
Interim dividends from surplus			(1,229)		(1,229)
Profit attributable to owners of parent			10,205		10,205
Purchase of treasury shares				(733)	(733)
Change of scope of consolidation					-
Increase by share exchanges		1,472			1,472
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1,472	7,428	(733)	8,166
Balance at end of current period	7,909	7,561	64,092	(751)	78,812

	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	5,617	89	1,090	(2,007)	4,789	277	75,712
Changes of items during period							
Dividends of surplus							(1,547)
Interim dividends from surplus							(1,229)
Profit attributable to owners of parent							10,205
Purchase of treasury shares							(733)
Change of scope of consolidation							-
Increase by share exchanges							1,472
Net changes of items other than shareholders' equity	599	(175)	40	301	766	19	785
Total changes of items during period	599	(175)	40	301	766	19	8,952
Balance at end of current period	6,217	(86)	1,130	(1,705)	5,556	296	84,665

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,909	7,561	64,092	(751)	78,812
Changes of items during period					
Dividends of surplus			(1,844)		(1,844)
Interim dividends from surplus			(1,418)		(1,418)
Profit attributable to owners of parent			12,184		12,184
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation			3		3
Increase by share exchanges					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	8,923	(0)	8,923
Balance at end of current period	7,909	7,561	73,016	(751)	87,735

	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	6,217	(86)	1,130	(1,705)	5,556	296	84,665
Changes of items during period							
Dividends of surplus							(1,844)
Interim dividends from surplus							(1,418)
Profit attributable to owners of parent							12,184
Purchase of treasury shares							(0)
Change of scope of consolidation							3
Increase by share exchanges							–
Net changes of items other than shareholders' equity	(735)	51	165	(2)	(521)	45	(475)
Total changes of items during period	(735)	51	165	(2)	(521)	45	8,447
Balance at end of current period	5,481	(35)	1,295	(1,707)	5,034	342	93,113

## 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	16,186	17,848
Depreciation	1,701	1,755
Retirement benefit expenses	575	392
Impairment loss	17	3
Increase (decrease) in allowance for doubtful accounts	(25)	87
Increase (decrease) in other provision	307	166
Increase (decrease) in retirement benefit liability	(1,221)	(455)
Decrease (increase) in retirement benefit asset	(20)	(28)
Interest and dividend income	(1,836)	(1,892)
Interest expenses	2,091	2,118
Foreign exchange losses (gains)	(24)	(32)
Loss (gain) on sales of investment securities	(1,050)	(0)
Loss on retirement of property, plant and equipment and intangible assets	2	9
Loss (gain) on sales of property, plant and equipment and intangible assets	(3)	(8)
Decrease (increase) in notes and accounts receivable - trade	(8,169)	870
Decrease (increase) in inventories	(9,587)	1,702
Increase (decrease) in notes and accounts payable - trade	11,184	(4,136)
Other, net	2,810	(3,095)
Subtotal	12,939	15,306
Income taxes paid	(4,938)	(6,000)
Net cash provided by (used in) operating activities	8,001	9,306
Cash flows from investing activities		
Payments into time deposits	(7)	(57)
Proceeds from withdrawal of time deposits	7	57
Purchase of securities	(500)	(500)
Proceeds from redemption of securities	–	500
Purchase of investment securities	(125)	(44)
Proceeds from sales and redemption of investment securities	2,025	50
Payments of loans receivable	(81)	(19)
Collection of loans receivable	32	68
Payments of other investments	(66)	(148)
Collection of other investments	21	56
Purchase of property, plant and equipment and intangible assets	(924)	(2,838)
Proceeds from sales of property, plant and equipment and intangible assets	5	15
Interest and dividend income received	1,837	1,894
Net cash provided by (used in) investing activities	2,223	(965)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Repayments of lease obligations	(348)	(427)
Cash dividends paid	(2,777)	(3,263)
Interest expenses paid	(2,088)	(2,117)
Purchase of treasury shares	(733)	(0)
Net cash provided by (used in) financing activities	(5,948)	(5,808)
Effect of exchange rate change on cash and cash equivalents	39	96
Net increase (decrease) in cash and cash equivalents	4,316	2,628
Cash and cash equivalents at beginning of period	56,359	60,675
Increase in cash and cash equivalents from newly consolidated subsidiary	–	486
Cash and cash equivalents at end of period	60,675	63,789