

**Translation**

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

November 12, 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 to file Quarterly Securities Report: November 13, 2019  
 Scheduled date to commence dividend payments: December 5, 2019  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for 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	242,862	(7.4)	6,290	(26.3)	6,209	(27.4)	4,036	(29.2)
Six months ended September 30, 2018	262,263	9.7	8,531	28.4	8,555	30.5	5,703	28.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	42.69	-
Six months ended September 30, 2018	60.29	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	243,386	94,826	38.8	1,000.59
As of March 31, 2019	245,595	93,113	37.8	980.69

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	-	15.00	-	21.00	36.00
Year ending March 31, 2020	-	16.00			
Year ending March 31, 2020 (Forecast)			-	17.50	33.50

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	500,000	(5.0)	14,000	(22.2)	14,000	(21.6)	9,500	(22.0)	100.47

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: Yes
- 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	95,305,435 shares	As of March 31, 2019	95,305,435 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	887,603 shares	As of March 31, 2019	707,603 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	94,558,075 shares	Six months ended September 30, 2018	94,597,885 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	52,984	49,509
Notes and accounts receivable - trade	99,633	97,722
Electronically recorded monetary claims - operating	14,889	14,152
Securities	12,401	11,874
Merchandise and finished goods	31,197	29,475
Other	4,671	3,580
Allowance for doubtful accounts	(635)	(630)
Total current assets	215,144	205,684
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,453	2,414
Machinery, equipment and vehicles, net	106	97
Tools, furniture and fixtures, net	734	704
Land	3,594	3,581
Leased assets, net	4,125	3,912
Other, net	45	4,042
Total property, plant and equipment	11,059	14,752
Intangible assets	3,695	5,760
Investments and other assets		
Investment securities	12,131	13,453
Claims provable in bankruptcy, claims provable in rehabilitation and other	102	100
Retirement benefit asset	1,121	1,304
Deferred tax assets	414	358
Other	2,111	2,154
Allowance for doubtful accounts	(185)	(182)
Total investments and other assets	15,695	17,188
Total non-current assets	30,451	37,701
Total assets	245,595	243,386

(Millions of yen)

As of March 31, 2019 As of September 30, 2019

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	73,384	67,226
Electronically recorded obligations - operating	55,364	55,728
Lease obligations	448	405
Income taxes payable	3,032	1,928
Provision for bonuses	3,117	2,805
Provision for voluntary recall of goods	32	32
Other	9,081	8,953
Total current liabilities	144,462	137,079
Non-current liabilities		
Lease obligations	4,670	4,484
Deferred tax liabilities	2,002	2,185
Retirement benefit liability	284	315
Other	1,062	4,493
Total non-current liabilities	8,019	11,479
Total liabilities	152,482	148,559
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,909	7,909
Capital surplus	7,561	7,561
Retained earnings	73,016	75,066
Treasury shares	(751)	(917)
Total shareholders' equity	87,735	89,620
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,481	5,733
Deferred gains or losses on hedges	(35)	(15)
Foreign currency translation adjustment	1,295	639
Remeasurements of defined benefit plans	(1,707)	(1,503)
Total accumulated other comprehensive income	5,034	4,853
Non-controlling interests	342	353
Total net assets	93,113	94,826
Total liabilities and net assets	245,595	243,386

**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	262,263	242,862
Cost of sales	228,085	210,416
Gross profit	34,177	32,445
Selling, general and administrative expenses	25,645	26,154
Operating profit	8,531	6,290
Non-operating income		
Interest income	867	824
Dividend income	130	140
Other	126	101
Total non-operating income	1,124	1,066
Non-operating expenses		
Interest expenses	1,070	1,047
Other	30	100
Total non-operating expenses	1,101	1,148
Ordinary profit	8,555	6,209
Extraordinary income		
Gain on sales of non-current assets	4	0
Total extraordinary income	4	0
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	1	0
Loss on valuation of golf club membership	-	18
Impairment loss	-	113
Total extraordinary losses	1	132
Profit before income taxes	8,558	6,077
Income taxes - current	3,077	1,997
Income taxes - deferred	(233)	22
Total income taxes	2,844	2,020
Profit	5,714	4,057
Profit attributable to non-controlling interests	11	20
Profit attributable to owners of parent	5,703	4,036

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	5,714	4,057
Other comprehensive income		
Valuation difference on available-for-sale securities	644	251
Deferred gains or losses on hedges	87	20
Foreign currency translation adjustment	378	(666)
Remeasurements of defined benefit plans, net of tax	135	203
Total other comprehensive income	1,245	(191)
Comprehensive income	6,960	3,866
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,928	3,855
Comprehensive income attributable to non-controlling interests	32	10

## 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	8,558	6,077
Depreciation	861	1,114
Retirement benefit expenses	196	300
Impairment loss	–	113
Increase (decrease) in allowance for doubtful accounts	(39)	0
Increase (decrease) in other provisions	112	(288)
Increase (decrease) in retirement benefit liability	(261)	(159)
Interest and dividend income	(997)	(965)
Interest expenses	1,070	1,047
Foreign exchange losses (gains)	(42)	10
Loss on retirement of property, plant and equipment and intangible assets	1	0
Loss (gain) on sales of property, plant and equipment and intangible assets	(4)	(0)
Decrease (increase) in trade receivables	(1,017)	2,351
Decrease (increase) in inventories	1,438	1,438
Increase (decrease) in trade payables	(8,854)	(5,534)
Other, net	(697)	(161)
Subtotal	323	5,347
Income taxes paid	(3,676)	(3,080)
Net cash provided by (used in) operating activities	(3,353)	2,267
Cash flows from investing activities		
Payments into time deposits	(54)	(24)
Proceeds from withdrawal of time deposits	54	54
Purchase of securities	(500)	–
Proceeds from redemption of securities	500	500
Purchase of investment securities	(23)	(962)
Proceeds from sales and redemption of investment securities	25	25
Loan advances	(16)	(1)
Collection of loans receivable	13	11
Payments of other investments	(126)	(80)
Collection of other investments	40	13
Purchase of property, plant and equipment and intangible assets	(590)	(2,096)
Proceeds from sales of property, plant and equipment and intangible assets	10	0
Interest and dividends received	996	964
Net cash provided by (used in) investing activities	329	(1,595)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Repayments of lease obligations	(217)	(501)
Dividends paid	(1,844)	(1,986)
Interest paid	(1,069)	(1,047)
Purchase of treasury shares	(0)	(166)
Other, net	–	(37)
Net cash provided by (used in) financing activities	(3,132)	(3,738)
Effect of exchange rate change on cash and cash equivalents	217	(414)
Net increase (decrease) in cash and cash equivalents	(5,939)	(3,482)
Cash and cash equivalents at beginning of period	60,675	63,789
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	486	–
Cash and cash equivalents at end of period	55,222	60,307