

Translation

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

May 14, 2020

Company name: YAMAZEN CORPORATION
 Stock exchange listing:
 Stock code: 8051 URL <https://www.yamazen.co.jp/>
 Representative: President, CEO & COO Yuji NAGAO
 Inquiries: Manager, IR & PR Dept. Hayato HIRATA TEL 06-6534-3003
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 18, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(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	472,191	(10.3)	12,091	(32.8)	11,895	(33.4)	8,088	(33.6)
Year ended March 31, 2019	526,364	5.7	17,997	17.0	17,859	17.9	12,184	19.4

Note: Comprehensive income Year ended March 31, 2020 ¥6,032 million [(48.5)%]
 Year ended March 31, 2019 ¥11,702 million [6.5%]

	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	85.60	–	8.6	5.0	2.6
Year ended March 31, 2019	128.80	–	13.8	7.3	3.4

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

Year ended March 31, 2020 ¥– million
 Year ended March 31, 2019 ¥– 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, 2020	230,320	95,439	41.3	1,007.30
As of March 31, 2019	245,595	93,113	37.8	980.69

Reference: Equity As of March 31, 2020 ¥95,056 million
 As of March 31, 2019 ¥92,770 million

(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	13,399	(1,866)	(6,382)	68,385
Year ended March 31, 2019	9,306	(965)	(5,808)	63,789

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	–	15.00	–	21.00	36.00	3,405	28.0	3.8
Year ended March 31, 2020	–	16.00	–	14.00	30.00	2,837	35.0	3.0
Year ending March 31, 2021 (Forecast)	–	–	–	–	–		–	

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

Ordinary dividends 17.5 yen Special dividends 3.5 yen

Year-end dividends for the year ending March 31, 2021 have not yet been determined at this stage.

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Forecasts of the consolidated financial results for the fiscal year ending March 31, 2021 have not yet been determined as it is difficult at this stage to rationally estimate the impact of the spread of novel coronavirus disease (COVID-19). The forecasts will be disclosed promptly once it is possible to do so.

4. 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: Yes

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	∴	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 March 31, 2020	∴	937,956 shares	As of March 31, 2019	∴	707,603 shares
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Average number of shares during the period

Year ended March 31, 2020	∴	94,489,461 shares	Year ended March 31, 2019	∴	94,597,863 shares
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Note: The company has introduced Board Benefit Trust (BBT). Number of treasury shares at the end of the period include the Company's shares held by Board Benefit Trust (BBT) (180,000 shares as of March 31, 2020, - shares as of March 31, 2019). In addition, number of treasury shares excluded for calculating the average number of shares during the period include the Company's shares held by Board Benefit Trust (BBT) (104,485 shares for the fiscal year ended March 31, 2020, - shares for the fiscal year ended March 31, 2019).

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	423,958	(10.3)	9,397	(32.6)	10,315	(37.4)	7,324	(38.8)
Year ended March 31, 2019	472,607	4.7	13,951	15.6	16,484	21.2	11,958	15.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2020	77.52	—
Year ended March 31, 2019	126.42	—

(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, 2020	205,820	80,933	39.3	857.64
As of March 31, 2019	220,495	78,252	35.5	827.21

Reference: Equity As of March 31, 2020 ¥80,933 million

As of March 31, 2019 ¥78,252 million

* 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)

Forecasts of the consolidated financial results for the fiscal year ending March 31, 2021 have not yet been determined as it is difficult at this stage to rationally estimate the impact of the spread of novel coronavirus disease (COVID-19). The forecasts will be disclosed promptly once it is possible to do so.

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	52,984	57,587
Notes and accounts receivable - trade	99,633	85,200
Electronically recorded monetary claims - operating	14,889	14,016
Securities	12,401	11,000
Merchandise and finished goods	31,197	27,099
Other	4,671	3,339
Allowance for doubtful accounts	(635)	(526)
Total current assets	215,144	197,717
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,004	6,029
Accumulated depreciation	(3,551)	(3,696)
Buildings and structures, net	2,453	2,333
Machinery, equipment and vehicles	448	433
Accumulated depreciation	(342)	(343)
Machinery, equipment and vehicles, net	106	90
Tools, furniture and fixtures	2,196	2,515
Accumulated depreciation	(1,461)	(1,738)
Tools, furniture and fixtures, net	734	776
Land	3,594	3,580
Leased assets	5,494	5,449
Accumulated depreciation	(1,368)	(1,758)
Leased assets, net	4,125	3,690
Other	45	1,562
Total property, plant and equipment	11,059	12,034
Intangible assets	3,695	6,343
Investments and other assets		
Investment securities	12,131	11,720
Distressed receivables	102	85
Retirement benefit asset	1,121	610
Deferred tax assets	414	356
Other	2,111	1,620
Allowance for doubtful accounts	(185)	(167)
Total investments and other assets	15,695	14,225
Total non-current assets	30,451	32,603
Total assets	245,595	230,320

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	73,384	57,758
Electronically recorded obligations - operating	55,364	56,039
Short-term borrowings	–	174
Lease obligations	448	394
Income taxes payable	3,032	662
Provision for bonuses	3,117	2,381
Provision for voluntary recall of goods	32	32
Other	9,081	9,492
Total current liabilities	144,462	126,935
Non-current liabilities		
Lease obligations	4,670	4,405
Deferred tax liabilities	2,002	1,652
Retirement benefit liability	284	328
Other	1,062	1,558
Total non-current liabilities	8,019	7,945
Total liabilities	152,482	134,881
Net assets		
Shareholders' equity		
Share capital	7,909	7,909
Capital surplus	7,561	7,561
Retained earnings	73,016	77,604
Treasury shares	(751)	(957)
Total shareholders' equity	87,735	92,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,481	4,447
Deferred gains or losses on hedges	(35)	68
Foreign currency translation adjustment	1,295	379
Remeasurements of defined benefit plans	(1,707)	(1,956)
Total accumulated other comprehensive income	5,034	2,938
Non-controlling interests	342	382
Total net assets	93,113	95,439
Total liabilities and net assets	245,595	230,320

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	526,364	472,191
Cost of sales	456,738	408,890
Gross profit	69,626	63,301
Selling, general and administrative expenses	51,628	51,209
Operating profit	17,997	12,091
Non-operating income		
Interest income	1,656	1,564
Dividend income	235	262
Other	301	159
Total non-operating income	2,193	1,986
Non-operating expenses		
Interest expenses	2,118	2,039
Other	213	142
Total non-operating expenses	2,331	2,182
Ordinary profit	17,859	11,895
Extraordinary income		
Gain on sales of non-current assets	8	0
Gain on sales of investment securities	0	–
Total extraordinary income	8	0
Extraordinary losses		
Loss on retirement of non-current assets	9	11
Loss on sales of investment securities	–	0
Loss on valuation of investment securities	–	18
Loss on valuation of golf club membership	5	18
Impairment loss	3	113
Other	0	–
Total extraordinary losses	19	161
Profit before income taxes	17,848	11,735
Income taxes - current	5,800	3,386
Income taxes - deferred	(169)	213
Total income taxes	5,631	3,599
Profit	12,216	8,135
Profit attributable to non-controlling interests	32	46
Profit attributable to owners of parent	12,184	8,088

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	12,216	8,135
Other comprehensive income		
Valuation difference on available-for-sale securities	(732)	(1,034)
Deferred gains or losses on hedges	51	103
Foreign currency translation adjustment	169	(922)
Remeasurements of defined benefit plans, net of tax	(2)	(249)
Total other comprehensive income	(514)	(2,102)
Comprehensive income	11,702	6,032
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,656	5,992
Comprehensive income attributable to non-controlling interests	45	40

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	7,909	7,561	64,092	(751)	78,812
Changes 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 in scope of consolidation			3		3
Net changes in items other than shareholders' equity					
Total changes during period	–	–	8,923	(0)	8,923
Balance at end of 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 period	6,217	(86)	1,130	(1,705)	5,556	296	84,665
Changes 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 in scope of consolidation							3
Net changes in items other than shareholders' equity	(735)	51	165	(2)	(521)	45	(475)
Total changes during period	(735)	51	165	(2)	(521)	45	8,447
Balance at end of period	5,481	(35)	1,295	(1,707)	5,034	342	93,113

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	7,909	7,561	73,016	(751)	87,735
Changes during period					
Dividends of surplus			(1,986)		(1,986)
Interim dividends from surplus			(1,513)		(1,513)
Profit attributable to owners of parent			8,088		8,088
Purchase of treasury shares				(206)	(206)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,588	(206)	4,382
Balance at end of period	7,909	7,561	77,604	(957)	92,118

	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	5,481	(35)	1,295	(1,707)	5,034	342	93,113
Changes during period							
Dividends of surplus							(1,986)
Interim dividends from surplus							(1,513)
Profit attributable to owners of parent							8,088
Purchase of treasury shares							(206)
Net changes in items other than shareholders' equity	(1,034)	103	(916)	(249)	(2,096)	40	(2,055)
Total changes during period	(1,034)	103	(916)	(249)	(2,096)	40	2,326
Balance at end of period	4,447	68	379	(1,956)	2,938	382	95,439

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	17,848	11,735
Depreciation	1,755	2,013
Retirement benefit expenses	392	588
Impairment loss	3	113
Increase (decrease) in allowance for doubtful accounts	87	(117)
Increase (decrease) in other provisions	166	(716)
Increase (decrease) in retirement benefit liability	(455)	(372)
Decrease (increase) in retirement benefit asset	(28)	(10)
Interest and dividend income	(1,892)	(1,826)
Interest expenses	2,118	2,039
Foreign exchange losses (gains)	(32)	3
Loss (gain) on sales of investment securities	(0)	0
Loss (gain) on valuation of investment securities	–	18
Loss on retirement of property, plant and equipment and intangible assets	9	11
Loss (gain) on sales of property, plant and equipment and intangible assets	(8)	(0)
Decrease (increase) in trade receivables	870	14,915
Decrease (increase) in inventories	1,702	3,754
Increase (decrease) in trade payables	(4,136)	(14,667)
Other, net	(3,095)	1,642
Subtotal	15,306	19,123
Income taxes paid	(6,000)	(5,723)
Net cash provided by (used in) operating activities	9,306	13,399
Cash flows from investing activities		
Payments into time deposits	(57)	(27)
Proceeds from withdrawal of time deposits	57	59
Purchase of securities	(500)	–
Proceeds from redemption of securities	500	500
Purchase of investment securities	(44)	(1,090)
Proceeds from sales and redemption of investment securities	50	898
Loan advances	(19)	(7)
Collection of loans receivable	68	21
Payments of other investments	(148)	(101)
Collection of other investments	56	30
Purchase of property, plant and equipment and intangible assets	(2,838)	(3,988)
Proceeds from sales of property, plant and equipment and intangible assets	15	7
Interest and dividends received	1,894	1,832
Net cash provided by (used in) investing activities	(965)	(1,866)

(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	–	177
Repayments of lease obligations	(427)	(485)
Dividends paid	(3,263)	(3,500)
Interest paid	(2,117)	(2,038)
Purchase of treasury shares	(0)	(206)
Other, net	–	(329)
Net cash provided by (used in) financing activities	(5,808)	(6,382)
Effect of exchange rate change on cash and cash equivalents	96	(555)
Net increase (decrease) in cash and cash equivalents	2,628	4,595
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	63,789	68,385