

Translation

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

October 25, 2019

Company name: MITANI SANGYO CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8285 URL <https://www.mitani.co.jp/>
 Representative: President & CEO Tadateru Mitani
 Inquiries: Senior Managing Director & CFO Seiji Nishino TEL 076-233-2151
 Scheduled date to file Quarterly Securities Report: November 5, 2019
 Scheduled date to commence dividend payments: December 3, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(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	37,365	(6.9)	1,059	41.7	1,390	29.8	791	60.1
Six months ended September 30, 2018	40,124	6.9	747	0.2	1,070	6.5	494	(20.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	12.85		-	
Six months ended September 30, 2018	8.30		-	

(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	67,901	35,909	50.3	554.29
As of March 31, 2019	72,356	35,817	47.2	554.48

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	-	4.00	-	4.50	8.50
Year ending March 31, 2020	-	4.50	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	4.50	9.00

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
Full year	77,000	(10.2)	2,600	11.3	3,100	5.1	2,020	0.7	32.81

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: Yes
- (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 September 30, 2019	61,772,500 shares	As of March 31, 2019	61,772,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	200,742 shares	As of March 31, 2019	200,615 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	61,571,812 shares	Six months ended September 30, 2018	59,516,849 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	6,051	5,389
Notes and accounts receivable - trade	20,018	17,865
Accounts receivable from completed construction contracts	2,806	3,242
Merchandise and finished goods	1,998	2,291
Work in process	2,326	2,406
Costs on construction contracts in progress	26	58
Raw materials and supplies	741	913
Other	3,379	932
Allowance for doubtful accounts	(2)	(1)
Total current assets	37,346	33,098
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,804	7,967
Land	3,818	3,818
Other, net	2,936	2,697
Total property, plant and equipment	14,560	14,483
Intangible assets		
Software	712	692
Other	194	180
Total intangible assets	906	873
Investments and other assets		
Investment securities	17,474	17,294
Other	2,067	2,150
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	19,542	19,445
Total non-current assets	35,009	34,802
Total assets	72,356	67,901

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,130	10,722
Accounts payable for construction contracts	1,126	1,096
Short-term borrowings	13,957	11,632
Income taxes payable	679	446
Provision for bonuses for directors (and other officers)	139	49
Provision for loss on order received	5	11
Provision for warranties for completed construction	34	36
Provision for shareholder benefit program	35	35
Other	3,898	3,709
Total current liabilities	32,008	27,741
Non-current liabilities		
Long-term borrowings	210	162
Provision for retirement benefits for directors (and other officers)	633	675
Retirement benefit liability	186	190
Asset retirement obligations	176	177
Other	3,323	3,044
Total non-current liabilities	4,530	4,250
Total liabilities	36,539	31,992
Net assets		
Shareholders' equity		
Share capital	4,808	4,808
Capital surplus	3,769	3,768
Retained earnings	20,529	21,043
Treasury shares	(42)	(42)
Total shareholders' equity	29,064	29,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,554	5,104
Deferred gains or losses on hedges	(1)	5
Foreign currency translation adjustment	(463)	(548)
Remeasurements of defined benefit plans	(13)	(9)
Total accumulated other comprehensive income	5,075	4,551
Non-controlling interests	1,677	1,780
Total net assets	35,817	35,909
Total liabilities and net assets	72,356	67,901

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	40,124	37,365
Cost of sales	33,519	30,249
Gross profit	6,604	7,116
Selling, general and administrative expenses	5,857	6,056
Operating profit	747	1,059
Non-operating income		
Interest income	25	15
Dividend income	110	129
Share of profit of entities accounted for using equity method	146	117
Rent income on real estate and facilities	84	91
Foreign exchange gains	20	23
Other	101	88
Total non-operating income	488	466
Non-operating expenses		
Interest expenses	70	44
Rent expenses on real estate and facilities	59	62
Other	34	28
Total non-operating expenses	165	135
Ordinary profit	1,070	1,390
Extraordinary income		
Gain on sales of non-current assets	75	2
Gain on sales of investment securities	5	–
Subsidy income	–	5
Total extraordinary income	81	7
Extraordinary losses		
Loss on sales of non-current assets	29	0
Loss on retirement of non-current assets	5	1
Other	1	–
Total extraordinary losses	36	1
Profit before income taxes	1,115	1,395
Income taxes	437	498
Income taxes for prior periods	295	–
Profit	383	897
Profit (loss) attributable to non-controlling interests	(111)	106
Profit attributable to owners of parent	494	791

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	383	897
Other comprehensive income		
Valuation difference on available-for-sale securities	1,399	(444)
Deferred gains or losses on hedges	7	6
Foreign currency translation adjustment	345	(85)
Share of other comprehensive income of entities accounted for using equity method	2	(2)
Total other comprehensive income	1,755	(525)
Comprehensive income	2,138	371
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,134	267
Comprehensive income attributable to non-controlling interests	3	104

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	1,115	1,395
Depreciation	841	761
Amortization of goodwill	3	–
Share of loss (profit) of entities accounted for using equity method	(146)	(117)
Loss (gain) on investments in investment partnerships	(1)	2
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses for directors (and other officers)	(93)	(89)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	11	42
Increase (decrease) in retirement benefit liability	(4)	5
Increase (decrease) in provision for loss on order received	3	6
Interest and dividend income	(135)	(144)
Interest expenses	70	44
Loss (gain) on sales of investment securities	(5)	–
Loss (gain) on sales of non-current assets	(46)	(2)
Loss on retirement of non-current assets	5	1
Decrease (increase) in trade receivables	997	1,683
Decrease (increase) in inventories	(1,310)	(587)
Increase (decrease) in trade payables	125	(1,417)
Other, net	1,019	(14)
Subtotal	2,450	1,568
Interest and dividends received	153	166
Interest paid	(70)	(45)
Income taxes paid	(485)	(710)
Net cash provided by (used in) operating activities	2,047	980

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from investing activities		
Payments into time deposits	(363)	(185)
Purchase of property, plant and equipment	(1,064)	(566)
Proceeds from sales of property, plant and equipment	410	8
Purchase of intangible assets	(158)	(127)
Purchase of investment securities	(48)	(246)
Proceeds from sales of investment securities	13	–
Purchase of shares of subsidiaries and associates	(60)	(126)
Proceeds from sales of investments in capital of subsidiaries and associates	–	1,656
Loan advances	–	(0)
Collection of loans receivable	2	675
Other, net	(25)	(125)
Net cash provided by (used in) investing activities	(1,293)	961
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,559)	(2,212)
Repayments of finance lease obligations	(123)	(112)
Proceeds from long-term borrowings	55	–
Repayments of long-term borrowings	(172)	(125)
Repayments of installment payables	(84)	(16)
Proceeds from issuance of shares	1,564	–
Dividends paid	(227)	(277)
Dividends paid to non-controlling interests	(20)	(0)
Purchase of treasury shares	(0)	–
Other, net	–	(1)
Net cash provided by (used in) financing activities	(1,567)	(2,744)
Effect of exchange rate change on cash and cash equivalents	125	(33)
Net increase (decrease) in cash and cash equivalents	(688)	(836)
Cash and cash equivalents at beginning of period	6,321	5,604
Cash and cash equivalents at end of period	5,633	4,768