

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

April 27, 2020

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 of ordinary general meeting of shareholders: June 12, 2020
 Scheduled date to file Securities Report: June 11, 2020
 Scheduled date to commence dividend payments: May 28, 2020
 Preparation of supplementary material on financial results: No
 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	77,595	(9.5)	2,534	8.5	3,296	11.8	1,646	(17.9)
Year ended March 31, 2019	85,732	6.1	2,335	(2.9)	2,948	(0.8)	2,006	(5.6)

	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	26.74	–	4.9	4.7	3.3
Year ended March 31, 2019	33.18	–	6.2	4.1	2.7

(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	68,716	34,740	47.8	533.00
As of March 31, 2019	72,356	35,817	47.2	554.48

(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	1,789	(674)	(1,385)	5,311
Year ended March 31, 2019	4,153	(4,163)	(784)	5,604

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	–	4.00	–	4.50	8.50	523	25.6	1.6
Year ended March 31, 2020	–	4.50	–	4.50	9.00	554	33.7	1.7
Year ending March 31, 2021 (Forecast)	–	4.50	–	4.50	9.00		39.6	

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

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	80,000	3.1	2,000	(21.1)	2,500	(24.2)	1,400	(15.0)	22.74

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: 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	61,772,500 shares	As of March 31, 2019	61,772,500 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2020	200,782 shares	As of March 31, 2019	200,615 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2020	61,571,777 shares	Year ended March 31, 2019	60,465,327 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	6,051	5,969
Notes and accounts receivable - trade	20,018	18,649
Accounts receivable from completed construction contracts	2,806	4,761
Merchandise and finished goods	1,998	2,532
Work in process	2,326	1,629
Costs on construction contracts in progress	26	34
Raw materials and supplies	741	991
Other	3,379	1,302
Allowance for doubtful accounts	(2)	(2)
Total current assets	37,346	35,868
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,852	17,261
Accumulated depreciation	(9,047)	(9,543)
Buildings and structures, net	7,804	7,717
Machinery, equipment and vehicles	4,973	5,242
Accumulated depreciation	(3,755)	(4,072)
Machinery, equipment and vehicles, net	1,217	1,170
Tools, furniture and fixtures	1,313	1,426
Accumulated depreciation	(1,046)	(1,135)
Tools, furniture and fixtures, net	267	291
Land	3,818	3,701
Leased assets	1,043	1,074
Accumulated depreciation	(492)	(598)
Leased assets, net	550	476
Construction in progress	901	1,468
Total property, plant and equipment	14,560	14,825
Intangible assets		
Software	712	711
Leased assets	133	98
Telephone subscription right	36	36
Other	24	43
Total intangible assets	906	889
Investments and other assets		
Investment securities	17,474	14,911
Guarantee deposits	1,127	1,217
Deferred tax assets	144	165
Other	796	838
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	19,542	17,133
Total non-current assets	35,009	32,848
Total assets	72,356	68,716

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,130	11,422
Accounts payable for construction contracts	1,126	1,378
Short-term borrowings	13,957	13,423
Lease obligations	238	229
Income taxes payable	679	621
Accrued consumption taxes	279	262
Advances received on construction contracts in progress	38	37
Provision for bonuses for directors (and other officers)	139	123
Provision for loss on order received	5	7
Provision for warranties for completed construction	34	48
Provision for shareholder benefit program	35	33
Other	3,340	3,016
Total current liabilities	32,008	30,605
Non-current liabilities		
Long-term borrowings	210	152
Deposit received for guarantee	131	130
Lease obligations	511	396
Deferred tax liabilities	2,523	1,469
Provision for retirement benefits for directors (and other officers)	633	705
Retirement benefit liability	186	206
Asset retirement obligations	176	178
Other	156	131
Total non-current liabilities	4,530	3,370
Total liabilities	36,539	33,975
Net assets		
Shareholders' equity		
Share capital	4,808	4,808
Capital surplus	3,769	3,768
Retained earnings	20,529	21,595
Treasury shares	(42)	(42)
Total shareholders' equity	29,064	30,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,554	3,281
Deferred gains or losses on hedges	(1)	3
Foreign currency translation adjustment	(463)	(578)
Remeasurements of defined benefit plans	(13)	(17)
Total accumulated other comprehensive income	5,075	2,688
Non-controlling interests	1,677	1,922
Total net assets	35,817	34,740
Total liabilities and net assets	72,356	68,716

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	85,732	77,595
Cost of sales	71,458	62,804
Gross profit	14,274	14,790
Selling, general and administrative expenses		
Commission Charges	1,186	1,204
Travel and transportation expenses	582	572
Remuneration for directors (and other officers)	468	504
Employees' salaries	3,403	3,519
Employees' bonuses	1,022	1,070
Retirement benefit expenses	157	184
Provision for bonuses for directors (and other officers)	136	122
Provision for retirement benefits for directors (and other officers)	71	72
Welfare expenses	1,129	1,110
Rent expenses	945	1,042
Depreciation	569	538
Other	2,266	2,313
Total selling, general and administrative expenses	11,939	12,256
Operating profit	2,335	2,534
Non-operating income		
Interest income	43	42
Dividend income	216	246
Share of profit of entities accounted for using equity method	251	346
Purchase discounts	70	69
Rent income	172	181
Foreign exchange gains	43	34
Other	136	111
Total non-operating income	935	1,031
Non-operating expenses		
Interest expenses	148	83
Loss on investments in investment partnerships	1	1
Rent expenses	119	125
Other	52	58
Total non-operating expenses	321	268
Ordinary profit	2,948	3,296

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary income		
Gain on sales of non-current assets	74	2
Gain on sales of investment securities	5	0
Gain on sales of investments in capital of subsidiaries and affiliates	254	–
Subsidy income	–	12
Total extraordinary income	334	14
Extraordinary losses		
Loss on sales of non-current assets	29	0
Loss on retirement of non-current assets	9	7
Loss on valuation of investment securities	0	157
Impairment loss	–	203
Other	1	0
Total extraordinary losses	40	368
Profit before income taxes	3,242	2,942
Income taxes - current	998	1,072
Income taxes for prior periods	285	58
Income taxes - deferred	(29)	(82)
Total income taxes	1,254	1,048
Profit	1,988	1,894
Profit (loss) attributable to non-controlling interests	(17)	248
Profit attributable to owners of parent	2,006	1,646

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	1,988	1,894
Other comprehensive income		
Valuation difference on available-for-sale securities	762	(2,268)
Deferred gains or losses on hedges	2	4
Foreign currency translation adjustment	196	(115)
Share of other comprehensive income of entities accounted for using equity method	5	(10)
Total other comprehensive income	966	(2,389)
Comprehensive income	2,955	(494)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,896	(740)
Comprehensive income attributable to non-controlling interests	58	245

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	4,018	2,996	18,997	(42)	25,969
Changes during period					
Issuance of new shares	790	790			1,580
Payments for investments in capital of subsidiaries and associates		(17)			(17)
Dividends of surplus			(474)		(474)
Profit attributable to owners of parent			2,006		2,006
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation					–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					
Total changes during period	790	773	1,531	(0)	3,095
Balance at end of period	4,808	3,769	20,529	(42)	29,064

	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	4,795	(4)	(585)	(20)	4,185	3,092	33,246
Changes during period							
Issuance of new shares							1,580
Payments for investments in capital of subsidiaries and associates							(17)
Dividends of surplus							(474)
Profit attributable to owners of parent							2,006
Purchase of treasury shares							(0)
Change in scope of consolidation							–
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes in items other than shareholders' equity	758	2	122	6	890	(1,415)	(524)
Total changes during period	758	2	122	6	890	(1,415)	2,570
Balance at end of period	5,554	(1)	(463)	(13)	5,075	1,677	35,817

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	4,808	3,769	20,529	(42)	29,064
Changes during period					
Issuance of new shares					–
Payments for investments in capital of subsidiaries and associates					–
Dividends of surplus			(554)		(554)
Profit attributable to owners of parent			1,646		1,646
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(25)		(25)
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	(1)	1,066	(0)	1,064
Balance at end of period	4,808	3,768	21,595	(42)	30,129

	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	5,554	(1)	(463)	(13)	5,075	1,677	35,817
Changes during period							
Issuance of new shares							–
Payments for investments in capital of subsidiaries and associates							–
Dividends of surplus							(554)
Profit attributable to owners of parent							1,646
Purchase of treasury shares							(0)
Change in scope of consolidation							(25)
Change in ownership interest of parent due to transactions with non-controlling interests							(1)
Net changes in items other than shareholders' equity	(2,272)	4	(115)	(3)	(2,387)	245	(2,141)
Total changes during period	(2,272)	4	(115)	(3)	(2,387)	245	(1,077)
Balance at end of period	3,281	3	(578)	(17)	2,688	1,922	34,740

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	3,242	2,942
Depreciation	1,696	1,577
Impairment loss	–	203
Amortization of goodwill	7	–
Share of loss (profit) of entities accounted for using equity method	(251)	(346)
Loss (gain) on investments in investment partnerships	1	1
Loss (gain) on valuation of investment securities	0	157
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses for directors (and other officers)	22	(15)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	39	71
Increase (decrease) in retirement benefit liability	(16)	21
Increase (decrease) in provision for loss on order received	2	1
Increase (decrease) in provision for shareholder benefit program	11	(2)
Interest and dividend income	(260)	(288)
Interest expenses	148	83
Loss (gain) on sales of investment securities	(5)	(0)
Loss (gain) on sales of non-current assets	(44)	(2)
Loss on retirement of non-current assets	9	7
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	(254)	–
Decrease (increase) in trade receivables	(586)	(629)
Decrease (increase) in inventories	(687)	(107)
Increase (decrease) in trade payables	1,048	(429)
Other, net	962	(499)
Subtotal	5,086	2,747
Interest and dividends received	276	309
Interest paid	(147)	(84)
Income taxes paid	(1,061)	(1,182)
Net cash provided by (used in) operating activities	4,153	1,789

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Payments into time deposits	(390)	(226)
Proceeds from withdrawal of time deposits	67	–
Purchase of property, plant and equipment	(2,463)	(1,641)
Proceeds from sales of property, plant and equipment	409	7
Purchase of intangible assets	(283)	(285)
Purchase of investment securities	(590)	(511)
Proceeds from sales of investment securities	13	0
Purchase of shares of subsidiaries and associates	(60)	(95)
Proceeds from sales of investments in capital of subsidiaries and associates	–	1,656
Payments for sales of shares of subsidiaries and affiliates resulting in change in scope of consolidation	(803)	–
Loan advances	–	(21)
Collection of loans receivable	5	678
Other, net	(67)	(235)
Net cash provided by (used in) investing activities	(4,163)	(674)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,066)	(333)
Repayments of finance lease obligations	(248)	(228)
Proceeds from long-term borrowings	54	60
Repayments of long-term borrowings	(418)	(296)
Repayments of installment payables	(175)	(29)
Proceeds from issuance of shares	1,564	–
Dividends paid	(474)	(554)
Dividends paid to non-controlling interests	(20)	(0)
Purchase of treasury shares	(0)	(0)
Other, net	–	(1)
Net cash provided by (used in) financing activities	(784)	(1,385)
Effect of exchange rate change on cash and cash equivalents	76	(45)
Net increase (decrease) in cash and cash equivalents	(716)	(315)
Cash and cash equivalents at beginning of period	6,321	5,604
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	21
Cash and cash equivalents at end of period	5,604	5,311