

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

January 29, 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 to file Quarterly Securities Report: February 5, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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 | % |
| Nine months ended December 31, 2019 | 55,354 | (8.5) | 1,408 | 46.3 | 2,011 | 37.1 | 1,240 | 62.9 |
| Nine months ended December 31, 2018 | 60,491 | 2.9 | 962 | (22.7) | 1,467 | (13.4) | 761 | (33.6) |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended December 31, 2019 | 20.15 | | – | |
| Nine months ended December 31, 2018 | 12.67 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of December 31, 2019 | 73,523 | 36,505 | 47.2 | 563.55 |
| 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 nine months ended December 31, 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 December 31, 2019 | 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 December 31, 2019 | 200,762 shares | As of March 31, 2019 | 200,615 shares |
|-------------------------|----------------|----------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended December 31, 2019 | 61,571,790 shares | Nine months ended December 31, 2018 | 60,133,360 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2019 | As of December 31, 2019 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,051 | 7,225 |
| Notes and accounts receivable - trade | 20,018 | 17,697 |
| Accounts receivable from completed construction contracts | 2,806 | 3,761 |
| Merchandise and finished goods | 1,998 | 2,767 |
| Work in process | 2,326 | 3,526 |
| Costs on construction contracts in progress | 26 | 72 |
| Raw materials and supplies | 741 | 832 |
| Other | 3,379 | 1,348 |
| Allowance for doubtful accounts | (2) | (2) |
| Total current assets | 37,346 | 37,228 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 7,804 | 7,880 |
| Land | 3,818 | 3,818 |
| Other, net | 2,936 | 3,409 |
| Total property, plant and equipment | 14,560 | 15,109 |
| Intangible assets | | |
| Software | 712 | 698 |
| Other | 194 | 174 |
| Total intangible assets | 906 | 872 |
| Investments and other assets | | |
| Investment securities | 17,474 | 18,137 |
| Other | 2,067 | 2,175 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 19,542 | 20,313 |
| Total non-current assets | 35,009 | 36,295 |
| Total assets | 72,356 | 73,523 |

(Millions of yen)

| | As of March 31, 2019 | As of December 31, 2019 |
|--|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 12,130 | 12,053 |
| Accounts payable for construction contracts | 1,126 | 1,250 |
| Short-term borrowings | 13,957 | 14,292 |
| Income taxes payable | 679 | 212 |
| Provision for bonuses for directors (and other officers) | 139 | 70 |
| Provision for loss on order received | 5 | 13 |
| Provision for warranties for completed construction | 34 | 47 |
| Provision for shareholder benefit program | 35 | 35 |
| Other | 3,898 | 4,680 |
| Total current liabilities | 32,008 | 32,656 |
| Non-current liabilities | | |
| Long-term borrowings | 210 | 137 |
| Provision for retirement benefits for directors (and other officers) | 633 | 690 |
| Retirement benefit liability | 186 | 196 |
| Asset retirement obligations | 176 | 177 |
| Other | 3,323 | 3,158 |
| Total non-current liabilities | 4,530 | 4,361 |
| Total liabilities | 36,539 | 37,018 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,808 | 4,808 |
| Capital surplus | 3,769 | 3,768 |
| Retained earnings | 20,529 | 21,215 |
| Treasury shares | (42) | (42) |
| Total shareholders' equity | 29,064 | 29,749 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,554 | 5,452 |
| Deferred gains or losses on hedges | (1) | 5 |
| Foreign currency translation adjustment | (463) | (501) |
| Remeasurements of defined benefit plans | (13) | (6) |
| Total accumulated other comprehensive income | 5,075 | 4,949 |
| Non-controlling interests | 1,677 | 1,806 |
| Total net assets | 35,817 | 36,505 |
| Total liabilities and net assets | 72,356 | 73,523 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

| | Nine months ended December 31, 2018 | Nine months ended December 31, 2019 |
|---|--|--|
| Net sales | 60,491 | 55,354 |
| Cost of sales | 50,682 | 44,822 |
| Gross profit | 9,808 | 10,531 |
| Selling, general and administrative expenses | 8,845 | 9,123 |
| Operating profit | 962 | 1,408 |
| Non-operating income | | |
| Interest income | 29 | 18 |
| Dividend income | 208 | 239 |
| Share of profit of entities accounted for using equity method | 210 | 246 |
| Rent income on real estate and facilities | 127 | 138 |
| Foreign exchange gains | 30 | 30 |
| Other | 144 | 125 |
| Total non-operating income | 751 | 797 |
| Non-operating expenses | | |
| Interest expenses | 106 | 64 |
| Rent expenses on real estate and facilities | 89 | 93 |
| Other | 49 | 36 |
| Total non-operating expenses | 246 | 194 |
| Ordinary profit | 1,467 | 2,011 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 75 | 2 |
| Gain on sales of investment securities | 5 | - |
| Subsidy income | - | 12 |
| Total extraordinary income | 81 | 14 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 29 | 0 |
| Loss on retirement of non-current assets | 5 | 7 |
| Other | 1 | 0 |
| Total extraordinary losses | 36 | 7 |
| Profit before income taxes | 1,512 | 2,018 |
| Income taxes | 576 | 646 |
| Income taxes for prior periods | 285 | - |
| Profit | 650 | 1,371 |
| Profit (loss) attributable to non-controlling interests | (110) | 130 |
| Profit attributable to owners of parent | 761 | 1,240 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended December 31, 2018 | Nine months ended December 31, 2019 |
|--|--|--|
| Profit | 650 | 1,371 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 46 | (94) |
| Deferred gains or losses on hedges | 4 | 7 |
| Foreign currency translation adjustment | 213 | (38) |
| Share of other comprehensive income of entities accounted for using equity method | 4 | (1) |
| Total other comprehensive income | 269 | (126) |
| Comprehensive income | 920 | 1,244 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 956 | 1,114 |
| Comprehensive income attributable to non-controlling interests | (36) | 130 |