

## Consolidated Balance Sheet

|   | (¥million)  |  |
|---|---|--|
|   | Previous consolidated fiscal year<br>(March 31, 2018) | Current consolidated fiscal year<br>(March 31, 2019) |
| <b>Assets</b>                                     |   |  |
| <b>Current assets</b>                             |   |  |
| Cash and deposits                                 | 10,767  | 16,865   |
| Notes and accounts receivable-trade               | 40,533  | 43,012   |
| Electronically recorded monetary claims-operating | 6,985   | 7,499  |
| Securities  | —   | 15   |
| Merchandise and finished goods                    | 9,126   | 12,009   |
| Work in process                                   | 2,996   | 3,687  |
| Raw materials and supplies                        | 4,677   | 5,667  |
| Other   | 2,153   | 2,915  |
| Allowance for doubtful accounts                   | (110)   | (120)  |
| Total current assets                              | 77,130  | 91,553   |
| <b>Non-current assets</b>                         |   |  |
| Property, plant and equipment                     |   |  |
| Buildings and structures, net                     | 8,099   | 10,744   |
| Machinery, equipment and vehicles, net            | 10,946  | 13,344   |
| Land  | 13,555  | 13,735   |
| Leased assets, net                                | 106   | 70   |
| Construction in progress                          | 2,124   | 1,416  |
| Other, net  | 2,014   | 2,009  |
| Total property, plant and equipment               | 36,847  | 41,321   |
| Intangible assets                                 |   |  |
| Goodwill  | 149   | 4,473  |
| Software  | 1,938   | 1,619  |
| Other   | 491   | 281  |
| Total intangible assets                           | 2,580   | 6,375  |
| Investments and other assets                      |   |  |
| Investment securities                             | 19,631  | 16,761   |
| Net defined benefit asset                         | 2,331   | 1,795  |
| Deferred tax assets                               | 370   | 513  |
| Other   | 1,822   | 1,795  |
| Allowance for doubtful accounts                   | (43)  | (34)   |
| Total investments and other assets                | 24,112  | 20,831   |
| Total non-current assets                          | 63,540  | 68,528   |
| <b>Deferred assets</b>                            |   |  |
| Bond issuance cost                                | 105   | 75   |
| Total deferred assets                             | 105   | 75   |
| <b>Total assets</b>                               | 140,776   | 160,158  |

|   | (¥million)  |  |
|---|---|--|
|   | Previous consolidated fiscal year<br>(March 31, 2018) | Current consolidated fiscal year<br>(March 31, 2019) |
| <b>Liabilities</b>                                    |   |  |
| <b>Current liabilities</b>                            |   |  |
| Notes and accounts payable-trade                      | 20,620  | 22,902   |
| Electronically recorded obligations-operating         | 5,778   | 7,671  |
| Short-term loans payable                              | 5,634   | 5,929  |
| Current portion of bonds                              | —   | 400  |
| Current portion of long-term loans payable            | 2,963   | 3,414  |
| Lease obligations                                     | 38  | 37   |
| Accounts payable-other                                | 21,083  | 22,526   |
| Income taxes payable                                  | 603   | 2,021  |
| Accrued consumption taxes                             | 397   | 60   |
| Provision for bonuses                                 | 2,198   | 2,120  |
| Provision for product warranties                      | 959   | 850  |
| Other   | 3,754   | 4,002  |
| Total current liabilities                             | 64,032  | 71,938   |
| <b>Non-current liabilities</b>                        |   |  |
| Bonds payable   | 10,400  | 10,000   |
| Long-term loans payable                               | 2,814   | 10,939   |
| Lease obligations                                     | 101   | 62   |
| Deferred tax liabilities                              | 1,967   | 1,342  |
| Provision for product warranties                      | 919   | 465  |
| Net defined benefit liability                         | 3,415   | 3,508  |
| Negative goodwill                                     | 33  | 23   |
| Other   | 114   | 137  |
| Total non-current liabilities                         | 19,764  | 26,478   |
| <b>Total liabilities</b>                              | 83,797  | 98,416   |
| <b>Net assets</b>                                     |   |  |
| <b>Shareholders' equity</b>                           |   |  |
| Capital stock   | 13,150  | 15,300   |
| Capital surplus                                       | 11,943  | 14,071   |
| Retained earnings                                     | 23,007  | 25,507   |
| Treasury shares                                       | (1,430)   | (1,418)  |
| Total shareholders' equity                            | 46,670  | 53,460   |
| <b>Accumulated other comprehensive income</b>         |   |  |
| Valuation difference on available-for-sale securities | 6,897   | 5,161  |
| Deferred gains or losses on hedges                    | 22  | 132  |
| Foreign currency translation adjustment               | 245   | (176)  |
| Remeasurements of defined benefit plans               | 409   | 326  |
| Total accumulated other comprehensive income          | 7,574   | 5,444  |
| <b>Non-controlling interests</b>                      | 2,734   | 2,837  |
| <b>Total net assets</b>                               | 56,979  | 61,741   |
| <b>Total liabilities and net assets</b>               | 140,776   | 160,158  |

## Consolidated Statements of Income

|   | (¥million)  |  |
|---|---|--|
|   | Previous consolidated fiscal year<br>(April 1, 2017-<br>March 31, 2018) | Current consolidated fiscal year<br>(April 1, 2018-<br>March 31, 2019) |
| <b>Net sales</b>  | 170,581   | 182,962  |
| <b>Cost of sales</b>  | 127,946   | 139,289  |
| <b>Gross profit</b>   | 42,635  | 43,673   |
| <b>Selling, general and administrative expenses</b>           | 35,116  | 37,940   |
| <b>Operating profit</b>                                       | 7,519   | 5,733  |
| <b>Non-operating profit</b>                                   |   |  |
| Interest profit   | 66  | 63   |
| Dividend income   | 427   | 454  |
| Rent income   | 195   | 178  |
| Dividend income of life insurance                             | 34  | 48   |
| Amortization of negative goodwill                             | 10  | 10   |
| Share of profit of entities accounted for using equity method | 47  | 52   |
| Exchange gain   | 360   | 39   |
| Reversal of allowance for doubtful accounts                   | —   | 1  |
| Miscellaneous profit  | 524   | 659  |
| Total non-operating profit                                    | 1,666   | 1,506  |
| <b>Non-operating expenses</b>                                 |   |  |
| Interest expenses   | 191   | 161  |
| Sales discounts   | 129   | 128  |
| Loss on sales of accounts receivable                          | 17  | 7  |
| Miscellaneous expenses  | 86  | 103  |
| Total non-operating expenses                                  | 424   | 401  |
| <b>Ordinary profit</b>  | 8,760   | 6,838  |
| <b>Extraordinary income</b>                                   |   |  |
| Gain on sales of non-current assets                           | 423   | 30   |
| Gain on sales of investment securities                        | 16  | 165  |
| Compensation income   | —   | 953  |
| Total extraordinary profit                                    | 440   | 1,149  |
| <b>Extraordinary losses</b>                                   |   |  |
| Loss on sale of non-current assets                            | 4   | 13   |
| Loss on retirement of non-current assets                      | 228   | 220  |
| Impairment loss   | 421   | —  |
| Loss on valuation of investment securities                    | 2   | 104  |
| Provision for product warranties                              | 200   | —  |
| Compensation payments   | —   | 347  |
| Other   | 1   | 0  |
| Total extraordinary losses                                    | 858   | 686  |
| <b>Profit before income taxes</b>                             | 8,342   | 7,301  |
| <b>Income taxes - current</b>                                 | 1,065   | 2,195  |
| <b>Income taxes in the past fiscal year</b>                   | —   | 681  |
| <b>Income taxes - deferred</b>                                | 1,253   | (172)  |
| <b>Total income taxes</b>                                     | 2,318   | 2,703  |
| <b>Profit</b>   | 6,023   | 4,597  |
| <b>Profit attributable to non-controlling interests</b>       | 128   | 195  |
| <b>Profit attributable to owners of parent</b>                | 5,895   | 4,402  |

## Consolidated Statements of Comprehensive Income

|   | (¥million)  |  |
|---|---|--|
|   | Previous consolidated fiscal year<br>(April 1, 2017-<br>March 31, 2018) | Current consolidated fiscal year<br>(April 1, 2018-<br>March 31, 2019) |
| <b>Profit</b>   | 6,023   | 4,597  |
| <b>Other comprehensive income</b>   |   |  |
| Valuation difference on available-for-sale securities                             | 2,135   | (1,738)  |
| Deferred gains or losses on hedges  | (57)  | 103  |
| Foreign currency translation adjustment   | 617   | (453)  |
| Re-measurements of defined benefit plans, net of tax                              | 1,019   | (82)   |
| Share of other comprehensive income of entities accounted for using equity method | 0   | (0)  |
| Total other comprehensive income  | 3,714   | (2,170)  |
| <b>Comprehensive income</b>   | 9,738   | 2,427  |
| (breakdown)   |   |  |
| Comprehensive income attributable to owners of parent                             | 9,414   | 2,272  |
| Comprehensive income attributable to non-controlling interests                    | 324   | 154  |

## Financial Statements

## Consolidated Statements of Changes in Net Assets

(¥million)

|  | Previous consolidated fiscal year<br>(April 1, 2017-<br>March 31, 2018) | Current consolidated fiscal year<br>(April 1, 2018-<br>March 31, 2019) |
|--|---|--|
| <b>Shareholders' equity</b>                                  |   |  |
| <b>Capital stock</b>   |   |  |
| Balance at beginning of current period                       | 13,150  | 13,150   |
| Issuance of new shares                                       | —   | 2,149  |
| Balance at end of current period                             | 13,150  | 15,300   |
| <b>Capital surplus</b>                                       |   |  |
| Balance at beginning of current period                       | 11,943  | 11,943   |
| Issuance of new shares                                       | —   | 2,117  |
| Disposal of treasury shares                                  | —   | 10   |
| Balance at end of current period                             | 11,943  | 14,071   |
| <b>Retained earnings</b>                                     |   |  |
| Balance at beginning of current period                       | 18,896  | 23,007   |
| Dividends of surplus   | (1,783)   | (1,902)  |
| Profit attributable to owners of parent                      | 5,895   | 4,402  |
| Balance at end of current period                             | 23,007  | 25,507   |
| <b>Treasury shares</b>                                       |   |  |
| Balance at beginning of current period                       | (1,430)   | (1,430)  |
| Purchase of treasury shares                                  | (0)   | (0)  |
| Disposal of treasury shares                                  | —   | 12   |
| Balance at end of current period                             | (1,430)   | (1,418)  |
| <b>Total shareholders' equity</b>                            |   |  |
| Balance at beginning of current period                       | 42,559  | 46,670   |
| Issuance of new shares                                       | —   | 4,267  |
| Dividends of surplus   | (1,783)   | (1,902)  |
| Profit attributable to owners of parent                      | 5,895   | 4,402  |
| Purchase of treasury shares                                  | (0)   | (0)  |
| Disposal of treasury shares                                  | —   | 22   |
| Balance at end of current period                             | 46,670  | 53,460   |
| <b>Accumulated other comprehensive income</b>                |   |  |
| <b>Valuation difference on available-for-sale securities</b> |   |  |
| Balance at beginning of current period                       | 4,762   | 6,897  |
| Net changes of items other than shareholders' equity, net    | 2,135   | (1,735)  |
| Balance at end of current period                             | 6,897   | 5,161  |
| <b>Deferred gains or losses on hedges</b>                    |   |  |
| Balance at beginning of current period                       | 97  | 22   |
| Net changes of items other than shareholders' equity, net    | (75)  | 110  |
| Balance at end of current period                             | 22  | 132  |
| <b>Foreign currency translation adjustment</b>               |   |  |
| Balance at beginning of current period                       | (194)   | 245  |
| Net changes of items other than shareholders' equity, net    | 439   | (421)  |
| Balance at end of current period                             | 245   | (176)  |
| <b>Remeasurements of defined benefit plans</b>               |   |  |
| Balance at beginning of current period                       | (609)   | 409  |
| Net changes of items other than shareholders' equity, net    | 1,019   | (82)   |
| Balance at end of current period                             | 409   | 326  |
| <b>Total accumulated other comprehensive income</b>          |   |  |
| Balance at beginning of current period                       | 4,055   | 7,574  |
| Net changes of items other than shareholders' equity, net    | 3,518   | (2,129)  |
| Balance at end of current period                             | 7,574   | 5,444  |
| <b>Non-controlling interests</b>                             |   |  |
| Net changes of items other than shareholders' equity, net    | 2,472   | 2,734  |
| Balance at beginning of current period                       | 261   | 102  |
| Balance at end of current period                             | 2,734   | 2,837  |
| <b>Total net assets</b>                                      |   |  |
| Balance at beginning of current period                       | 49,086  | 56,979   |
| Issuance of new shares                                       | —   | 4,267  |
| Dividends of surplus   | (1,783)   | (1,902)  |
| Profit attributable to owners of parent                      | 5,895   | 4,402  |
| Purchase of treasury shares                                  | (0)   | (0)  |
| Disposal of treasury shares                                  | —   | 22   |
| Net changes of items other than shareholders' equity, net    | 3,780   | (2,026)  |
| Balance at end of current period                             | 56,979  | 61,741   |

## Consolidated Statements of Cash Flows

(¥million)

|  | Previous consolidated fiscal year<br>(April 1, 2017-<br>March 31, 2018) | Current consolidated fiscal year<br>(April 1, 2018-<br>March 31, 2019) |
|--|---|--|
| <b>Cash flows from operating activities</b>                                      |   |  |
| Profit before income taxes   | 8,342   | 7,301  |
| Depreciation   | 3,768   | 4,134  |
| Impairment loss  | 421   | —  |
| Amortization of bond issuance cost   | 26  | 29   |
| Loss on retirement of non-current assets   | 228   | 220  |
| Loss (gain) on sales of non-current assets                                       | (419)   | (17)   |
| Loss (gain) on sales of investment securities                                    | (16)  | (165)  |
| Loss (gain) on valuation of investment securities                                | 2   | 104  |
| Amortization of goodwill   | 35  | 475  |
| Increase (decrease) in allowance for doubtful accounts                           | 2   | 0  |
| Increase (decrease) in provision for bonuses                                     | 38  | (76)   |
| Increase (decrease) in provision for product warranties                          | (546)   | (562)  |
| Increase (decrease) in net defined benefit liability                             | (541)   | 629  |
| Interest and dividend income   | (494)   | (517)  |
| Interest expenses  | 191   | 161  |
| Foreign exchange losses (gains)  | 17  | 64   |
| Share of (profit) loss of entities accounted for using equity method             | (47)  | (52)   |
| Decrease (increase) in notes and accounts receivable-trade                       | (5,457)   | (2,438)  |
| Decrease (increase) in inventories   | (1,311)   | (3,914)  |
| Increase (decrease) in notes and accounts payable-trade                          | 4,972   | 5,352  |
| Decrease (increase) in consumption taxes refund receivable                       | (75)  | (368)  |
| Increase (decrease) in accrued consumption taxes                                 | (310)   | (336)  |
| Other  | 1,483   | 1,117  |
| 小計   | 10,311  | 11,143   |
| Interest and dividend income received  | 494   | 517  |
| Interest expenses paid   | (189)   | (161)  |
| Income taxes paid  | (1,457)   | (1,446)  |
| Cash flows from operating activities   | 9,158   | 10,052   |
| <b>Cash flows from investing activities</b>                                      |   |  |
| Purchase of property, plant and equipment  | (3,876)   | (6,932)  |
| Proceeds from sales of property, plant and equipment                             | 1,809   | 40   |
| Purchase of investment securities  | (54)  | (5)  |
| Proceeds from sales and redemption of investment securities                      | 228   | 466  |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | —   | (8,237)  |
| Other  | (818)   | (412)  |
| Cash flows from investing activities   | (2,711)   | (15,079)   |
| <b>Cash flows from financing activities</b>                                      |   |  |
| Net increase (decrease) in short-term loans payable                              | (630)   | 315  |
| Proceeds from issuance of bonds  | 4,921   | —  |
| Redemption of bonds  | (5,000)   | —  |
| Proceeds from long-term loans payable  | 400   | 12,200   |
| Repayments of long-term loans payable  | (4,143)   | (3,623)  |
| Repayments of finance lease obligations  | (43)  | (39)   |
| Proceeds from share issuance   | —   | 4,267  |
| Proceeds from share issuance to non-controlling shareholders                     | —   | 9  |
| Purchase of treasury shares  | (0)   | (0)  |
| Cash dividends paid  | (1,783)   | (1,902)  |
| Dividends paid to non-controlling interest                                       | (62)  | (60)   |
| Cash flows from financing activities   | (6,342)   | 11,165   |
| <b>Effect of exchange rate change on cash and cash equivalents</b>               |   |  |
| Net increase (decrease) in cash and cash equivalents                             | 293   | 6,097  |
| Cash and cash equivalents at beginning of period                                 | 10,474  | 10,767   |
| Cash and cash equivalents at end of period                                       | 10,767  | 16,865   |

## Stock Information (as of March 31, 2019)

## Stock information

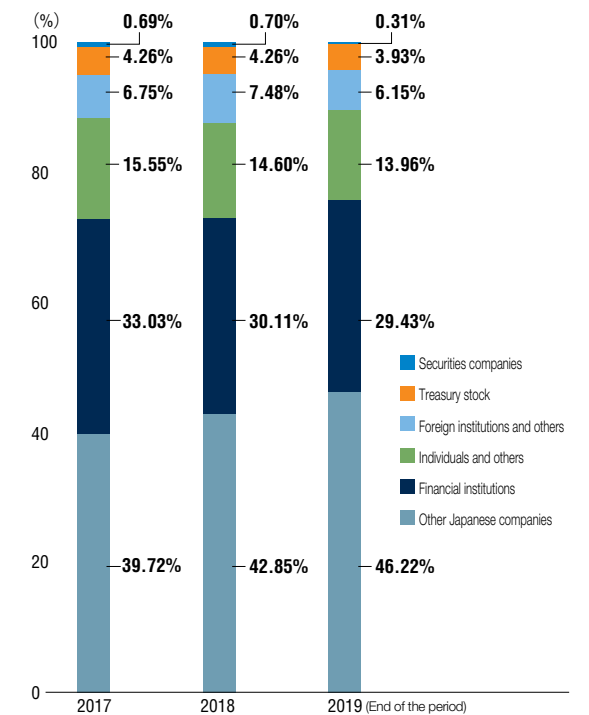
|                                    |                              |
|------------------------------------|------------------------------|
| Total number of authorized shares  | 79,643,600                   |
| Total number of shares issued      | 27,080,043                   |
| Number of shareholders             | 3,942 shareholders           |
| Shareholder registry administrator | Sumitomo Trust Bank, Limited |

## Major shareholders

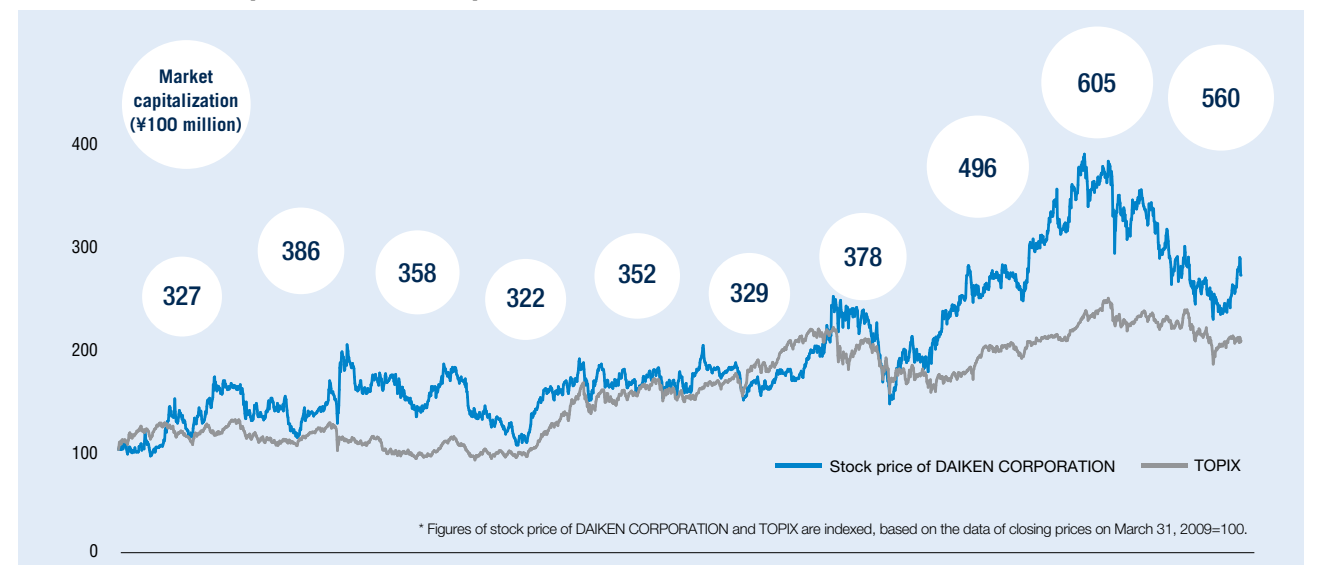
| Name  | Number of Shares | Ownership ratio (%) |
|---|------------------|---------------------|
| ITOCHU Corporation  | 9,103,100        | 35.0                |
| Sumitomo Mitsui Banking Corporation                         | 986,980          | 3.8                 |
| SUMITOMO LIFE INSURANCE COMPANY                             | 931,200          | 3.6                 |
| Japan Trustee Services Bank Ltd. (Trust Account)            | 824,400          | 3.2                 |
| The Master Trust Bank of Japan, Ltd. (Trust Account)        | 811,200          | 3.1                 |
| DAIKEN CORPORATION Trading-Partner Shareholding Association | 778,000          | 3.0                 |
| Sumitomo Trust Bank, Limited                                | 688,000          | 2.6                 |
| Sumitomo Forestry Co., Ltd.                                 | 638,200          | 2.5                 |
| Marubeni Corporation  | 564,388          | 2.2                 |
| Nippon Life Insurance Company                               | 545,669          | 2.1                 |

(Note) 1. DAIKEN CORPORATION is in possession of 1,063,389 treasury shares. However, the Company is excluded from the above list of major shareholders.  
2. The ownership ratio is calculated excluding the treasury stock.

## Breakdown of shares by type of shareholder



## Trend of stock price/market capitalization/PER/PBR (for last 10 years)



|  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019 (Fiscal year) |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|
| High (¥)                                 | 1,385 | 1,615 | 1,635 | 1,450 | 1,530 | 1,635 | 2,050 | 2,349 | 3,150 | 2,844              |
| Low (¥)                                  | 745   | 885   | 1,045 | 830   | 1,135 | 1,180 | 1,130 | 1,918 | 1,950 | 1,747              |
| Stock price at the end of the period (¥) | 1,285 | 1,540 | 1,430 | 1,285 | 1,405 | 1,355 | 1,570 | 2,061 | 2,512 | 2,154              |
| PER (multiple)                           | 64.14 | 28.30 | 41.06 | 24.46 | 13.85 | 12.13 | 9.53  | 9.68  | 10.27 | 12.34              |
| PBR (multiple)                           | 0.99  | 1.16  | 1.07  | 0.90  | 0.95  | 0.81  | 0.93  | 1.07  | 1.12  | 0.95               |

(Note) 1. Market capitalization = Stock price at the end of the period (Total number of shares issued - Number of treasury shares at the end of the period)  
2. PER (price earnings ratio) = Stock price at the end of the period / Net income per share (multiple)  
3. PBR (price book-value ratio) = Stock price at the end of the period / Net assets per share (multiple)  
4. The Company consolidated shares at a rate of one share per five as of October 1, 2016. The past figures were also consolidated retrospectively for ease of comparison.