

Translation

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

May 21, 2020

Company name: Fumakilla Limited
 Stock exchange listing: Tokyo
 Stock code: 4998 URL <https://www.fumakilla.co.jp>
 Representative: President Kazuaki Oshimo
 Director, General Manager, Administrative
 Inquiries: Division Takanori Sasaki TEL 0829-55-2112
 Scheduled date of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to file Securities Report: June 29, 2020
 Scheduled date to commence dividend payments: June 29, 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	44,485	7.9	1,785	57.2	2,021	51.7	770	11.0
Year ended March 31, 2019	41,243	(13.6)	1,136	(55.1)	1,332	(50.4)	693	(60.0)

	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	46.72	–	4.8	4.9	4.0
Year ended March 31, 2019	42.09	–	4.2	3.1	2.8

(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	39,826	17,165	40.4	976.92
As of March 31, 2019	42,180	17,028	38.3	980.45

(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	5,880	(882)	(3,842)	5,646
Year ended March 31, 2019	(1,322)	(1,765)	1,234	4,457

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	–	–	–	26.00	26.00	428	61.8	2.6
Year ended March 31, 2020	–	–	–	20.00	20.00	329	42.8	2.0
Year ending March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. 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
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|--|-----|
| 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	16,490,000 shares	As of March 31, 2019	16,490,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	7,565 shares	As of March 31, 2019	7,061 shares
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Average number of shares during the period

Year ended March 31, 2020	16,482,642 shares	Year ended March 31, 2019	16,483,239 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	5,087,032	6,281,773
Notes and accounts receivable - trade	12,463,230	12,026,983
Electronically recorded monetary claims - operating	133,383	205,033
Merchandise and finished goods	6,893,484	4,736,826
Work in process	1,051,239	898,244
Raw materials and supplies	2,016,164	1,909,521
Other	1,201,437	805,987
Allowance for doubtful accounts	(1,404)	(782)
Total current assets	28,844,567	26,863,588
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,760,774	5,783,963
Accumulated depreciation	(4,058,010)	(4,184,006)
Buildings and structures, net	1,702,764	1,599,957
Machinery, equipment and vehicles	10,239,816	10,536,796
Accumulated depreciation	(8,397,821)	(8,878,321)
Machinery, equipment and vehicles, net	1,841,995	1,658,474
Tools, furniture and fixtures	3,314,541	3,385,981
Accumulated depreciation	(3,059,081)	(3,181,188)
Tools, furniture and fixtures, net	255,459	204,793
Land	785,086	751,700
Leased assets	120,324	171,051
Accumulated depreciation	(93,337)	(112,427)
Leased assets, net	26,987	58,624
Right of use asset	–	615,721
Accumulated depreciation	–	(199,579)
Right of use asset, net	–	416,141
Construction in progress	205,732	605,950
Total property, plant and equipment	4,818,025	5,295,642
Intangible assets		
Goodwill	799,597	743,703
Trademark right	677,200	617,280
Other	579,157	387,735
Total intangible assets	2,055,956	1,748,718
Investments and other assets		
Investment securities	6,040,345	5,410,488
Deferred tax assets	111,342	165,360
Retirement benefit asset	89,888	37,816
Other	408,260	438,662
Allowance for investment loss	(44,990)	–
Allowance for doubtful accounts	(142,629)	(134,063)
Total investments and other assets	6,462,217	5,918,264
Total non-current assets	13,336,198	12,962,625
Total assets	42,180,766	39,826,214

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,944,914	4,254,840
Electronically recorded obligations - operating	2,221,516	1,474,871
Short-term borrowings	13,135,785	9,904,672
Lease obligations	9,317	90,093
Accounts payable - other	2,403,847	3,055,290
Income taxes payable	172,430	375,122
Provision for bonuses	415,264	416,497
Provision for bonuses for directors (and other officers)	–	2,073
Provision for sales rebates	438,741	421,000
Provision for sales returns	651,095	637,032
Other	185,701	239,791
Total current liabilities	23,578,614	20,871,286
Non-current liabilities		
Lease obligations	17,670	132,543
Deferred tax liabilities	603,525	579,823
Retirement benefit liability	402,685	480,759
Provision for retirement benefits for directors (and other officers)	488,771	532,767
Asset retirement obligations	9,687	9,870
Other	51,472	53,562
Total non-current liabilities	1,573,812	1,789,328
Total liabilities	25,152,427	22,660,614
Net assets		
Shareholders' equity		
Share capital	3,698,680	3,698,680
Capital surplus	4,797,103	4,797,107
Retained earnings	6,159,494	6,464,170
Treasury shares	(5,379)	(6,007)
Total shareholders' equity	14,649,898	14,953,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,059,882	1,654,685
Foreign currency translation adjustment	(508,004)	(433,882)
Remeasurements of defined benefit plans	(41,098)	(72,660)
Total accumulated other comprehensive income	1,510,779	1,148,142
Non-controlling interests	867,661	1,063,506
Total net assets	17,028,338	17,165,599
Total liabilities and net assets	42,180,766	39,826,214

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	41,243,165	44,485,939
Cost of sales	29,128,148	31,391,482
Gross profit	12,115,016	13,094,457
Reversal of provision for sales returns	650,715	630,794
Provision for sales returns	630,794	637,032
Gross profit - net	12,134,937	13,088,219
Selling, general and administrative expenses		
Transportation expenses	2,135,155	2,263,416
Advertising expenses	2,117,672	1,665,787
Promotion expenses	761,659	1,259,143
Travel and transportation expenses	461,565	410,188
Provision of allowance for doubtful accounts	2,087	2,105
Salaries and allowances	1,896,006	1,911,039
Bonuses	83,043	99,979
Provision for bonuses	242,323	250,205
Provision for bonuses for directors (and other officers)	–	2,073
Retirement benefit expenses	155,690	163,301
Provision for retirement benefits for directors (and other officers)	50,746	48,044
Depreciation	230,335	264,883
Other	2,862,604	2,962,365
Total selling, general and administrative expenses	10,998,889	11,302,535
Operating profit	1,136,047	1,785,683
Non-operating income		
Interest income	34,550	87,583
Dividend income	105,027	115,876
Rental income from real estate	41,221	36,818
Technical advisory fee income	67,042	67,093
Foreign exchange gains	–	13,991
Other	100,807	99,720
Total non-operating income	348,649	421,083
Non-operating expenses		
Interest expenses	39,452	60,905
Sales discounts	82,407	86,219
Foreign exchange losses	13,943	–
Other	16,410	38,055
Total non-operating expenses	152,213	185,180
Ordinary profit	1,332,482	2,021,586

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary income		
Gain on sales of non-current assets	3,201	11,433
Gain on sales of investment securities	9,477	–
Insurance claim income	28,170	–
Total extraordinary income	40,850	11,433
Extraordinary losses		
Loss on sales and retirement of non-current assets	64	30,973
Loss on valuation of investment securities	–	2,758
Loss on sales of investment securities	–	1,714
Loss on valuation of shares of subsidiaries and associates	–	9,726
Impairment loss	–	38,000
Retirement benefits for directors (and other officers)	28,400	–
Expenses related to advanced repayment of loans	29,777	–
Provision of allowance for investment loss	4,671	2,267
Other	–	604
Total extraordinary losses	62,913	86,044
Profit before income taxes	1,310,419	1,946,975
Income taxes - current	490,398	793,494
Income taxes - deferred	(69,488)	119,460
Total income taxes	420,909	912,954
Profit	889,509	1,034,020
Profit attributable to non-controlling interests	195,753	263,944
Profit attributable to owners of parent	693,756	770,075

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	889,509	1,034,020
Other comprehensive income		
Valuation difference on available-for-sale securities	(500,980)	(405,197)
Foreign currency translation adjustment	(503,643)	114,246
Remeasurements of defined benefit plans, net of tax	30,148	(29,873)
Total other comprehensive income	(974,476)	(320,824)
Comprehensive income	(84,966)	713,195
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(244,232)	407,438
Comprehensive income attributable to non-controlling interests	159,266	305,756

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,698,680	4,815,309	5,894,312	(4,162)	14,404,138
Changes during period					
Dividends of surplus			(428,574)		(428,574)
Profit attributable to owners of parent			693,756		693,756
Purchase of treasury shares				(1,217)	(1,217)
Change in ownership interest of parent due to transactions with non-controlling interests		(18,205)			(18,205)
Net changes in items other than shareholders' equity					
Total changes during period	–	(18,205)	265,182	(1,217)	245,759
Balance at end of period	3,698,680	4,797,103	6,159,494	(5,379)	14,649,898

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,560,863	(47,134)	(64,960)	2,448,768	811,100	17,664,008
Changes during period						
Dividends of surplus						(428,574)
Profit attributable to owners of parent						693,756
Purchase of treasury shares						(1,217)
Change in ownership interest of parent due to transactions with non-controlling interests						(18,205)
Net changes in items other than shareholders' equity	(500,980)	(460,870)	23,861	(937,989)	56,560	(881,429)
Total changes during period	(500,980)	(460,870)	23,861	(937,989)	56,560	(635,669)
Balance at end of period	2,059,882	(508,004)	(41,098)	1,510,779	867,661	17,028,338

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,698,680	4,797,103	6,159,494	(5,379)	14,649,898
Cumulative effects of changes in accounting policies			(36,843)		(36,843)
Restated balance	3,698,680	4,797,103	6,122,651	(5,379)	14,613,054
Changes during period					
Dividends of surplus			(428,556)		(428,556)
Profit attributable to owners of parent			770,075		770,075
Purchase of treasury shares				(640)	(640)
Disposal of treasury shares		4		12	16
Net changes in items other than shareholders' equity					
Total changes during period	–	4	341,519	(627)	340,895
Balance at end of period	3,698,680	4,797,107	6,464,170	(6,007)	14,953,950

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,059,882	(508,004)	(41,098)	1,510,779	867,661	17,028,338
Cumulative effects of changes in accounting policies						(36,843)
Restated balance	2,059,882	(508,004)	(41,098)	1,510,779	867,661	16,991,495
Changes during period						
Dividends of surplus						(428,556)
Profit attributable to owners of parent						770,075
Purchase of treasury shares						(640)
Disposal of treasury shares						16
Net changes in items other than shareholders' equity	(405,197)	74,121	(31,561)	(362,637)	195,845	(166,791)
Total changes during period	(405,197)	74,121	(31,561)	(362,637)	195,845	174,104
Balance at end of period	1,654,685	(433,882)	(72,660)	1,148,142	1,063,506	17,165,599

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,310,419	1,946,975
Depreciation	871,809	949,379
Impairment loss	–	38,000
Amortization of goodwill	58,103	58,274
Increase (decrease) in retirement benefit liability	14,511	63,020
Increase (decrease) in allowance for doubtful accounts	6,316	(8,918)
Increase (decrease) in other provisions	(218,047)	10,334
Increase (decrease) in allowance for investment loss	3,237	(44,990)
Interest and dividend income	(139,578)	(203,460)
Interest expenses	39,452	60,905
Foreign exchange losses (gains)	(20,150)	9,938
Loss (gain) on valuation of investment securities	–	2,758
Loss on valuation of shares of subsidiaries and associates	–	9,726
Loss (gain) on sales of investment securities	(9,477)	1,714
Loss (gain) on sales and retirement of property, plant and equipment	(3,136)	19,540
Retirement benefits for directors (and other officers)	28,400	–
Expenses related to advanced repayment of loans	29,777	–
Decrease (increase) in trade receivables	(464,627)	430,861
Insurance claim income	(28,170)	–
Decrease (increase) in inventories	(420,224)	2,458,530
Increase (decrease) in trade payables	(1,010,967)	(451,387)
Increase (decrease) in accounts payable - other	(575,959)	27,423
Other, net	(213,901)	1,068,431
Subtotal	(742,214)	6,447,058
Interest and dividends received	139,578	203,460
Proceeds from insurance income	28,170	–
Interest paid	(44,201)	(60,846)
Payments of retirement benefits for directors (and other officers)	(28,400)	–
Payments related to advanced repayment of loans	(29,777)	–
Income taxes (paid) refund	(645,492)	(709,195)
Net cash provided by (used in) operating activities	(1,322,336)	5,880,476
Cash flows from investing activities		
Net decrease (increase) in time deposits	(9,995)	(9,284)
Purchase of property, plant and equipment	(972,141)	(694,805)
Payments for retirement of property, plant and equipment	–	(28,404)
Proceeds from sales of property, plant and equipment	5,228	13,000
Purchase of intangible assets	(112,737)	(95,718)
Purchase of investment securities	(2,475)	(2,560)
Proceeds from sales of investment securities	30,985	2,265
Purchase of shares of subsidiaries	(693,535)	(49,914)
Other, net	(10,912)	(17,431)
Net cash provided by (used in) investing activities	(1,765,582)	(882,853)

(Thousands 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	3,055,726	(3,229,376)
Repayments of long-term borrowings	(1,250,000)	–
Repayments of lease obligations	(21,498)	(74,266)
Purchase of treasury shares	(1,217)	(640)
Proceeds from disposal of treasury shares	–	16
Dividends paid	(428,574)	(428,556)
Dividends paid to non-controlling interests	(97,476)	(109,924)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(22,347)	–
Net cash provided by (used in) financing activities	1,234,611	(3,842,747)
Effect of exchange rate change on cash and cash equivalents	(127,855)	34,330
Net increase (decrease) in cash and cash equivalents	(1,981,163)	1,189,207
Cash and cash equivalents at beginning of period	6,438,532	4,457,369
Cash and cash equivalents at end of period	4,457,369	5,646,576