

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, 2019 (Based on Japanese GAAP)

May 15, 2019

Company name: ASAHI YUKIZAI CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4216 URL <https://www.asahi-yukizai.co.jp>
 Representative: President & Representative Director Kazuya Nakano
 General Manager
 Inquiries: General Affairs Department Gaku Kamei TEL 03-5826-8820
 Scheduled date of ordinary general meeting of shareholders: June 21, 2019
 Scheduled date to file Securities Report: June 24, 2019
 Scheduled date to commence dividend payments: June 24, 2019
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	56,083	11.8	4,224	25.6	4,390	29.1	3,902	40.1
Year ended March 31, 2018	50,174	19.4	3,362	63.0	3,402	74.9	2,785	155.2

	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, 2019	203.95	—	9.3	7.0	7.5
Year ended March 31, 2018	145.31	—	7.0	5.8	6.7

(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, 2019	62,541	43,179	68.4	2,235.15
As of March 31, 2018	62,884	41,502	65.4	2,146.82

(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, 2019	2,240	(1,536)	(773)	7,912
Year ended March 31, 2018	3,012	(1,789)	(239)	8,088

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, 2018	—	4.00	—	25.00	—	866	31.0	2.2
Year ended March 31, 2019	—	25.00	—	25.00	50.00	964	24.5	2.3
Year ending March 31, 2020 (Forecast)	—	25.00	—	25.00	50.00		33.0	

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
Six months ending September 30, 2019	26,000	(5.0)	1,100	(35.0)	1,200	(36.8)	900	(58.6)	47.03
Full year	58,000	3.4	3,700	(12.4)	3,900	(11.2)	2,900	(25.7)	151.56

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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, 2019	19,800,400 shares	As of March 31, 2018	19,800,400 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2019	667,337 shares	As of March 31, 2018	638,479 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2019	19,134,758 shares	Year ended March 31, 2018	19,163,363 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	8,088	7,912
Notes and accounts receivable - trade	16,723	15,041
Electronically recorded monetary claims - operating	2,339	3,092
Inventories	8,732	10,518
Other	761	755
Allowance for doubtful accounts	(49)	(47)
Total current assets	36,593	37,272
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,685	12,404
Accumulated depreciation	(6,442)	(6,764)
Buildings and structures, net	5,242	5,640
Machinery, equipment and vehicles	24,216	24,590
Accumulated depreciation	(20,773)	(21,127)
Machinery, equipment and vehicles, net	3,443	3,462
Land	6,485	6,587
Construction in progress	679	947
Other	10,098	10,824
Accumulated depreciation	(9,069)	(9,690)
Other, net	1,029	1,134
Total property, plant and equipment	16,879	17,770
Intangible assets		
Goodwill	682	653
Other	383	397
Total intangible assets	1,065	1,050
Investments and other assets		
Investment securities	4,227	2,919
Deferred tax assets	68	85
Retirement benefit asset	3,209	2,744
Other	862	720
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	8,347	6,449
Total non-current assets	26,291	25,269
Total assets	62,884	62,541

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,815	6,022
Electronically recorded obligations - operating	4,335	3,155
Short-term loans payable	1,256	2,516
Income taxes payable	449	459
Other	3,938	3,738
Total current liabilities	16,794	15,890
Non-current liabilities		
Long-term loans payable	547	138
Deferred tax liabilities	1,043	861
Retirement benefit liability	1,658	1,721
Provision for stocks payment	12	20
Provision for management board incentive plan trust	21	52
Other	1,306	681
Total non-current liabilities	4,588	3,472
Total liabilities	21,382	19,362
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	8,497	8,497
Retained earnings	25,985	28,926
Treasury shares	(1,094)	(1,135)
Total shareholders' equity	38,388	41,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	907	522
Foreign currency translation adjustment	916	636
Remeasurements of defined benefit plans	927	320
Total accumulated other comprehensive income	2,750	1,478
Non-controlling interests	365	414
Total net assets	41,502	43,179
Total liabilities and net assets	62,884	62,541

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	50,174	56,083
Cost of sales	34,358	37,923
Gross profit	15,816	18,159
Selling, general and administrative expenses	12,454	13,936
Operating profit	3,362	4,224
Non-operating income		
Interest income	29	30
Dividend income	66	100
Real estate rent	10	57
Gain on investments in capital	—	13
Other	63	77
Total non-operating income	168	277
Non-operating expenses		
Interest expenses	16	27
Loss on redemption of securities	1	—
Foreign exchange losses	12	48
Share of loss of entities accounted for using equity method	2	—
Rent expenses on real estates	—	11
Loss on valuation of investments in capital	74	—
Other	24	24
Total non-operating expenses	129	110
Ordinary profit	3,402	4,390
Extraordinary income		
Gain on sales of non-current assets	9	17
Gain on sales of investment securities	—	1
Gain on bargain purchase	239	1,056
Gain on step acquisitions	22	—
Total extraordinary income	270	1,074
Extraordinary losses		
Loss on sales of non-current assets	6	0
Loss on retirement of non-current assets	82	63
Loss on sales of investment securities	—	1
Impairment loss	21	74
Loss on liquidation of subsidiaries and associates	38	3
Office transfer expenses	14	—
Loss on step acquisitions	—	340
Total extraordinary losses	161	481
Profit before income taxes	3,511	4,984
Income taxes - current	723	783
Income taxes - deferred	(17)	256
Total income taxes	706	1,040
Profit	2,805	3,944
Profit attributable to non-controlling interests	20	42
Profit attributable to owners of parent	2,785	3,902

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	2,805	3,944
Other comprehensive income		
Valuation difference on available-for-sale securities	275	(356)
Deferred gains or losses on hedges	3	—
Foreign currency translation adjustment	(98)	(288)
Remeasurements of defined benefit plans, net of tax	207	(607)
Share of other comprehensive income of entities accounted for using equity method	(13)	(14)
Total other comprehensive income	374	(1,264)
Comprehensive income	3,179	2,680
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,173	2,631
Comprehensive income attributable to non-controlling interests	6	50

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	8,479	23,872	(1,072)	36,279
Changes of items during period					
Dividends of surplus			(671)		(671)
Profit attributable to owners of parent			2,785		2,785
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		17		183	200
Treasury stock possession of stock ownership plan trust				(200)	(200)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	17	2,113	(22)	2,109
Balance at end of current period	5,000	8,497	25,985	(1,094)	38,388

	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		
Balance at beginning of current period	640	(3)	1,006	720	264	38,906
Changes of items during period						
Dividends of surplus						(671)
Profit attributable to owners of parent						2,785
Purchase of treasury shares						(5)
Disposal of treasury shares						200
Treasury stock possession of stock ownership plan trust						(200)
Net changes of items other than shareholders' equity	266	3	(90)	207	101	487
Total changes of items during period	266	3	(90)	207	101	2,596
Balance at end of current period	907	—	916	927	365	41,502

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	8,497	25,985	(1,094)	38,388
Changes of items during period					
Dividends of surplus			(962)		(962)
Profit attributable to owners of parent			3,902		3,902
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				7	7
Change in treasury shares arising from change in equity in entities accounted for using equity method				(44)	(44)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,941	(41)	2,900
Balance at end of current period	5,000	8,497	28,926	(1,135)	41,287

	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		
Balance at beginning of current period	907	—	916	927	365	41,502
Changes of items during period						
Dividends of surplus						(962)
Profit attributable to owners of parent						3,902
Purchase of treasury shares						(3)
Disposal of treasury shares						7
Change in treasury shares arising from change in equity in entities accounted for using equity method						(44)
Net changes of items other than shareholders' equity	(385)		(280)	(607)	49	(1,223)
Total changes of items during period	(385)	—	(280)	(607)	49	1,677
Balance at end of current period	522	—	636	320	414	43,179

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	3,511	4,984
Depreciation	1,781	1,886
Impairment loss	21	74
Amortization of goodwill	61	72
Loss (gain) on step acquisitions	(22)	340
Gain on bargain purchase	(239)	(1,056)
Increase (decrease) in allowance for doubtful accounts	2	(20)
Interest and dividend income	(95)	(129)
Interest expenses	16	27
Foreign exchange losses (gains)	(5)	8
Share of loss (profit) of entities accounted for using equity method	2	—
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(179)	—
Increase (decrease) in provision for stocks payment	12	8
Increase (decrease) in provision for management board incentive plan trust	21	30
Loss (gain) on sales of non-current assets	(3)	(17)
Decrease (increase) in notes and accounts receivable - trade	(3,006)	2,327
Decrease (increase) in inventories	(959)	(1,558)
Increase (decrease) in notes and accounts payable - trade	2,094	(3,377)
Other, net	435	(709)
Subtotal	3,448	2,890
Interest and dividend income received	108	135
Interest expenses paid	(17)	(27)
Income taxes (paid) refund	(527)	(758)
Net cash provided by (used in) operating activities	3,012	2,240
Cash flows from investing activities		
Purchase of investment securities	(4)	(8)
Proceeds from sales of investment securities	0	43
Proceeds from redemption of investment securities	102	509
Purchase of intangible assets	(140)	(88)
Purchase of property, plant and equipment	(1,861)	(2,561)
Proceeds from sales of property, plant and equipment	9	29
Proceeds from liquidation of subsidiaries and associates	—	20
Payments for acquisition of businesses	(33)	(131)
Payments for leasehold deposits	(51)	(27)
Collection of leasehold deposits	89	27
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	99	651
Net cash provided by (used in) investing activities	(1,789)	(1,536)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	697	855
Repayments of long-term loans payable	(216)	(615)
Purchase of treasury shares	(4)	(3)
Proceeds from sales of treasury shares	0	—
Cash dividends paid	(671)	(962)
Other, net	(44)	(48)
Net cash provided by (used in) financing activities	(239)	(773)
Effect of exchange rate change on cash and cash equivalents	13	(107)
Net increase (decrease) in cash and cash equivalents	996	(176)
Cash and cash equivalents at beginning of period	7,092	8,088
Cash and cash equivalents at end of period	8,088	7,912