

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

July 31, 2019

Company name: ICHINEN HOLDINGS CO., LTD
 Stock exchange listing: Tokyo
 Stock code: 9619 URL <https://www.ichinenhd.co.jp>
 Representative: President Masashi Kuroda
 Director Executive Officer General Manager
 Inquiries: Hisako Imoto TEL 06-6309-7890
 General Planning Dept.
 Scheduled date to file Quarterly Securities Report: August 14, 2019
 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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 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	%
Three months ended June 30, 2019	22,262	5.5	1,454	(2.6)	1,500	(1.5)	920	(4.7)
Three months ended June 30, 2018	21,094	4.6	1,494	8.4	1,523	8.8	965	12.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	37.42	–
Three months ended June 30, 2018	39.25	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	133,850	34,187	25.5	1,389.81
As of March 31, 2019	130,015	33,798	26.0	1,374.01

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	20.00	–	20.00	40.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	20.00	–	20.00	40.00

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
Six months ending September 30, 2019	46,450	8.9	3,280	(1.6)	3,320	(2.0)	2,050	(37.8)	83.34
Full year	94,000	7.1	6,350	1.2	6,440	1.5	4,010	(21.8)	163.02

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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: No
- (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 June 30, 2019	24,612,227 shares	As of March 31, 2019	24,612,227 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	13,825 shares	As of March 31, 2019	13,764 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	24,598,402 shares	Three months ended June 30, 2018	24,598,587 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	2,201	1,435
Notes and accounts receivable - trade	13,034	12,271
Electronically recorded monetary claims - operating	1,516	1,757
Accounts receivable-leasing business and maintenance business	2,346	2,351
Investments in leases	18,606	18,455
Merchandise and finished goods	4,045	4,946
Work in process	786	724
Raw materials and supplies	705	848
Prepaid expenses	2,361	3,642
Other	1,935	2,911
Allowance for doubtful accounts	(4)	(3)
Total current assets	47,534	49,342
Non-current assets		
Property, plant and equipment		
Assets for lease	117,865	118,826
Accumulated depreciation-lease business assets	(65,654)	(66,049)
Lease Assets Net	52,210	52,776
Land	7,564	7,595
Other	18,438	20,215
Accumulated depreciation	(9,182)	(9,409)
Other, net	9,255	10,806
Total property, plant and equipment	69,030	71,178
Intangible assets		
Goodwill	1,604	1,536
Other	3,084	3,120
Total intangible assets	4,688	4,657
Investments and other assets		
Investment securities	4,207	4,150
Long-term prepaid expenses	1,827	1,702
Deferred tax assets	862	946
Other	1,931	1,942
Allowance for doubtful accounts	(107)	(107)
Total investments and other assets	8,721	8,635
Total non-current assets	82,441	84,472
Deferred assets	39	36
Total assets	130,015	133,850

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,572	10,947
Electronically recorded obligations - operating	1,324	1,310
Short-term borrowings	4,300	5,720
Commercial papers	4,000	5,000
Current portion of bonds	143	143
Current portion of long-term borrowings	13,063	13,396
Lease obligations	25	23
Income taxes payable	674	438
Advances received-leasing business and maintenance business	692	722
Provision for bonuses	581	883
Reserve for quality assurance	8	9
Other	2,325	2,047
Total current liabilities	38,712	40,641
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	44,968	46,549
Lease obligations	15	17
Retirement benefit liability	1,523	1,491
Provision for retirement benefits for directors (and other officers)	135	138
Asset retirement obligations	392	398
Other	468	425
Total non-current liabilities	57,504	59,021
Total liabilities	96,216	99,663
Net assets		
Shareholders' equity		
Share capital	2,529	2,529
Capital surplus	1,805	1,805
Retained earnings	28,624	29,053
Treasury shares	(14)	(14)
Total shareholders' equity	32,944	33,373
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	927	887
Deferred gains or losses on hedges	17	(1)
Foreign currency translation adjustment	7	24
Remeasurements of defined benefit plans	(98)	(95)
Total accumulated other comprehensive income	853	813
Total net assets	33,798	34,187
Total liabilities and net assets	130,015	133,850

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	21,094	22,262
Cost of sales	16,269	17,258
Gross profit	4,825	5,003
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	207	214
Salaries, allowances and bonuses	1,030	1,145
Provision for bonuses	255	273
Retirement benefit expenses	62	62
Provision for retirement benefits for directors (and other officers)	7	6
Provision of allowance for doubtful accounts	(5)	(1)
Provision for quality assurance	1	1
Amortization of goodwill	67	67
Other	1,704	1,777
Total selling, general and administrative expenses	3,331	3,548
Operating profit	1,494	1,454
Non-operating income		
Dividend income	27	36
Purchase discounts	16	14
Other	11	22
Total non-operating income	55	73
Non-operating expenses		
Interest expenses	12	13
Commission expenses	5	6
Other	7	8
Total non-operating expenses	25	27
Ordinary profit	1,523	1,500
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	-	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	9	34
Total extraordinary losses	9	34
Profit before income taxes	1,514	1,466
Income taxes - current	595	633
Income taxes - deferred	(46)	(87)
Total income taxes	548	546
Profit	965	920
Profit attributable to owners of parent	965	920

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	965	920
Other comprehensive income		
Valuation difference on available-for-sale securities	(285)	(40)
Deferred gains or losses on hedges	18	(18)
Foreign currency translation adjustment	–	16
Remeasurements of defined benefit plans, net of tax	1	2
Total other comprehensive income	(266)	(39)
Comprehensive income	699	880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	699	880

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,514	1,466
Depreciation	3,374	3,546
Amortization of goodwill	67	67
Increase (decrease) in allowance for doubtful accounts	(6)	(1)
Interest and dividend income	(27)	(36)
Interest expenses	12	13
Decrease (increase) in trade receivables	(269)	521
Decrease (increase) in inventories	(400)	(1,090)
Decrease(Increase)in lease business investment assets	(150)	63
Decrease(Increase) in lease business assets	(3,496)	(3,572)
Increase (decrease) in trade payables	266	(652)
Interest and dividends received	26	36
Interest paid	(14)	(10)
Income taxes paid	(1,290)	(848)
Other, net	(1,565)	(2,359)
Net cash provided by (used in) operating activities	(1,959)	(2,856)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(853)	(1,724)
Proceeds from sales of property, plant and equipment and intangible assets	0	5
Payments for retirement of non-current assets	(138)	(20)
Purchase of investment securities	(4)	(5)
Proceeds from sales of investment securities	–	1
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	(997)	(1,743)
Cash flows from financing activities		
Proceeds from short-term borrowings	100	1,420
Net increase (decrease) in commercial papers	2,000	1,000
Proceeds from long-term borrowings	5,000	5,500
Repayments of long-term borrowings	(3,906)	(3,586)
Repayments of lease obligations	(2)	(3)
Dividends paid	(442)	(491)
Other, net	(5)	(7)
Net cash provided by (used in) financing activities	2,742	3,831
Effect of exchange rate change on cash and cash equivalents	–	2
Net increase (decrease) in cash and cash equivalents	(214)	(766)
Cash and cash equivalents at beginning of period	1,382	2,201
Cash and cash equivalents at end of period	1,167	1,435