

Translation

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

November 5, 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
 Inquiries: General Manager Hisako Imoto TEL 06-6309-7890
 General Planning Dept.
 Scheduled date to file Quarterly Securities Report: November 14, 2019
 Scheduled date to commence dividend payments: November 29, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	45,810	7.4	3,467	4.0	3,523	4.0	2,160	(34.4)
Six months ended September 30, 2018	42,654	4.7	3,334	8.2	3,386	9.1	3,294	71.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	87.82		87.77	
Six months ended September 30, 2018	133.94		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	134,529	35,392	26.3	1,438.46
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				
Year ended March 31, 2019	-	20.00	-	20.00	40.00
Year ending March 31, 2020	-	20.00	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	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
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 six months ended September 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 September 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 September 30, 2019	13,869 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)

Six months ended September 30, 2019	24,598,380 shares	Six months ended September 30, 2018	24,598,567 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	2,201	1,348
Notes and accounts receivable - trade	13,034	12,224
Electronically recorded monetary claims - operating	1,516	1,962
Accounts receivable-leasing business and maintenance business	2,346	2,360
Investments in leases	18,606	18,946
Merchandise and finished goods	4,045	4,400
Work in process	786	762
Raw materials and supplies	705	932
Prepaid expenses	2,361	3,325
Other	1,935	2,694
Allowance for doubtful accounts	(4)	(3)
Total current assets	47,534	48,955
Non-current assets		
Property, plant and equipment		
Assets for lease	117,865	120,092
Accumulated depreciation	(65,654)	(66,254)
Assets for lease,net	52,210	53,838
Land	7,564	7,594
Other	18,438	20,462
Accumulated depreciation	(9,182)	(9,687)
Other, net	9,255	10,774
Total property, plant and equipment	69,030	72,207
Intangible assets		
Goodwill	1,604	1,469
Other	3,084	3,202
Total intangible assets	4,688	4,672
Investments and other assets		
Investment securities	4,207	4,104
Long-term prepaid expenses	1,827	1,729
Deferred tax assets	862	994
Other	1,931	1,942
Allowance for doubtful accounts	(107)	(111)
Total investments and other assets	8,721	8,659
Total non-current assets	82,441	85,540
Deferred assets	39	33
Total assets	130,015	134,529

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,572	10,925
Electronically recorded obligations - operating	1,324	1,274
Short-term borrowings	4,300	5,720
Commercial papers	4,000	3,500
Current portion of bonds	143	131
Current portion of long-term borrowings	13,063	13,595
Lease obligations	25	21
Income taxes payable	674	1,218
Advances received-leasing business and maintenance business	692	696
Provision for bonuses	581	730
Reserve for quality assurance	8	10
Other	2,325	1,513
Total current liabilities	38,712	39,336
Non-current liabilities		
Bonds payable	10,000	10,240
Long-term borrowings	44,968	47,087
Lease obligations	15	14
Retirement benefit liability	1,523	1,484
Provision for retirement benefits for directors (and other officers)	135	144
Asset retirement obligations	392	407
Other	468	421
Total non-current liabilities	57,504	59,799
Total liabilities	96,216	99,136
Net assets		
Shareholders' equity		
Share capital	2,529	2,529
Capital surplus	1,805	1,805
Retained earnings	28,624	30,293
Treasury shares	(14)	(14)
Total shareholders' equity	32,944	34,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	927	885
Deferred gains or losses on hedges	17	(0)
Foreign currency translation adjustment	7	(20)
Remeasurements of defined benefit plans	(98)	(93)
Total accumulated other comprehensive income	853	770
Share acquisition rights	–	8
Total net assets	33,798	35,392
Total liabilities and net assets	130,015	134,529

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	42,654	45,810
Cost of sales	32,524	35,125
Gross profit	10,129	10,685
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	416	434
Salaries, allowances and bonuses	2,173	2,372
Provision for bonuses	497	564
Retirement benefit expenses	119	123
Provision for retirement benefits for directors (and other officers)	15	13
Provision of allowance for doubtful accounts	(3)	3
Provision for quality assurance	1	2
Amortization of goodwill	134	134
Other	3,439	3,569
Total selling, general and administrative expenses	6,795	7,217
Operating profit	3,334	3,467
Non-operating income		
Dividend income	39	50
Purchase discounts	28	25
Other	34	33
Total non-operating income	102	109
Non-operating expenses		
Interest expenses	25	26
Commission expenses	8	10
Other	15	16
Total non-operating expenses	50	53
Ordinary profit	3,386	3,523
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	4	0
National subsidies	326	–
Gain on bargain purchase	1,145	–
Total extraordinary income	1,476	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	23	41
Loss on valuation of investment securities	0	55
Loss on tax purpose reduction entry of non-current assets	326	–
Loss on sales of membership	–	0
Total extraordinary losses	350	97
Profit before income taxes	4,511	3,426
Income taxes - current	1,294	1,406
Income taxes - deferred	(77)	(140)
Total income taxes	1,217	1,266
Profit	3,294	2,160
Profit attributable to owners of parent	3,294	2,160

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	3,294	2,160
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(42)
Deferred gains or losses on hedges	17	(17)
Foreign currency translation adjustment	–	(27)
Remeasurements of defined benefit plans, net of tax	3	5
Total other comprehensive income	20	(82)
Comprehensive income	3,315	2,077
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,315	2,077

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	4,511	3,426
Depreciation	6,807	7,147
Amortization of goodwill	134	134
Gain on bargain purchase	(1,145)	–
Increase (decrease) in allowance for doubtful accounts	(3)	2
Interest and dividend income	(39)	(50)
Interest expenses	25	26
Decrease (increase) in trade receivables	(299)	361
Decrease (increase) in inventories	(287)	(975)
Net Decrease (increase) in lease investment assets	(361)	(578)
Decrease(Increase) in lease business assets	(7,399)	(7,451)
Increase (decrease) in trade payables	(284)	(713)
Interest and dividends received	39	50
Interest paid	(16)	(30)
Income taxes paid	(1,291)	(850)
Income taxes refund	9	34
Other, net	(1,223)	(2,496)
Net cash provided by (used in) operating activities	(822)	(1,962)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,097)	(2,146)
Proceeds from sales of property, plant and equipment and intangible assets	0	5
Payments for retirement of non-current assets	(144)	(24)
Purchase of investment securities	(213)	(14)
Proceeds from sales of investment securities	5	1
Payments for absorption-type split	(2,120)	–
Other, net	3	3
Net cash provided by (used in) investing activities	(3,567)	(2,175)
Cash flows from financing activities		
Proceeds from short-term borrowings	100	1,420
Net increase (decrease) in commercial papers	1,000	(500)
Proceeds from long-term borrowings	12,000	9,900
Repayments of long-term borrowings	(7,991)	(7,249)
Proceeds from issuance of bonds	–	299
Redemption of bonds	(171)	(71)
Repayments of lease obligations	(4)	(4)
Dividends paid	(442)	(491)
Other, net	(9)	(11)
Net cash provided by (used in) financing activities	4,480	3,289
Effect of exchange rate change on cash and cash equivalents	–	(5)
Net increase (decrease) in cash and cash equivalents	91	(852)
Cash and cash equivalents at beginning of period	1,382	2,201
Cash and cash equivalents at end of period	1,473	1,348