

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2019 (Based on Japanese GAAP)

February 7, 2020

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <https://www.t-hasegawa.co.jp/>
 Representative: President & COO Takao Umino
 Inquiries: Director & Executive Vice President Minoru Nakamura TEL 03-3241-1151
 Scheduled date to file Quarterly Securities Report: February 14, 2020
 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 December 31, 2019 (from October 1, 2019 to December 31, 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 December 31, 2019	12,333	1.7	1,238	29.1	1,343	35.5	1,172	60.7
Three months ended December 31, 2018	12,126	4.0	959	(5.0)	991	(8.2)	729	(2.1)

Note: Comprehensive income Three months ended December 31, 2019 ¥2,203 million [–%]
 Three months ended December 31, 2018 ¥(2,261) million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2019	28.29		28.20	
Three months ended December 31, 2018	17.40		17.37	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	113,140	91,816	81.0
As of September 30, 2019	113,863	90,344	79.2

Reference: Equity As of December 31, 2019 ¥91,606 million
 As of September 30, 2019 ¥90,148 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended September 30, 2019	Yen –	Yen 17.00	Yen –	Yen 18.00	Yen 35.00
Year ending September 30, 2020	–	–	–	–	–
Year ending September 30, 2020 (Forecast)	–	18.00	–	18.00	36.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending September 30, 2020 (from October 1, 2019 to September 30, 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	51,600	2.2	5,100	9.0	5,550	7.2	4,250	3.1	102.53

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 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: Yes
- (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: Yes
- 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 December 31, 2019	42,708,154 shares	As of September 30, 2019	42,708,154 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	1,257,206 shares	As of September 30, 2019	1,257,206 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2019	41,450,948 shares	Three months ended December 31, 2018	41,941,354 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	15,730	14,830
Notes and accounts receivable - trade	15,792	16,305
Securities	7,999	8,999
Merchandise and finished goods	7,236	7,531
Work in process	107	38
Raw materials and supplies	7,320	7,327
Other	2,469	822
Allowance for doubtful accounts	(35)	(43)
Total current assets	<u>56,620</u>	<u>55,811</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,127	16,019
Other, net	12,690	12,373
Total property, plant and equipment	<u>28,817</u>	<u>28,392</u>
Intangible assets		
Goodwill	716	703
Other	3,461	3,466
Total intangible assets	<u>4,177</u>	<u>4,170</u>
Investments and other assets		
Investment securities	22,680	23,211
Retirement benefit asset	18	18
Other	1,598	1,584
Allowance for doubtful accounts	(48)	(49)
Total investments and other assets	<u>24,248</u>	<u>24,765</u>
Total non-current assets	<u>57,243</u>	<u>57,328</u>
Total assets	<u>113,863</u>	<u>113,140</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,401	5,375
Current portion of long-term borrowings	0	0
Income taxes payable	1,648	441
Provision for bonuses	1,296	423
Provision for bonuses for directors (and other officers)	61	-
Other	3,301	3,252
Total current liabilities	<u>11,709</u>	<u>9,493</u>
Non-current liabilities		
Deferred tax liabilities	3,787	4,002
Retirement benefit liability	6,998	7,018
Asset retirement obligations	68	68
Long-term accounts payable - other	887	664
Other	68	75
Total non-current liabilities	<u>11,809</u>	<u>11,829</u>
Total liabilities	<u>23,519</u>	<u>21,323</u>

(Millions of yen)

	As of September 30, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,297	7,297
Retained earnings	67,570	67,997
Treasury shares	(1,856)	(1,856)
Total shareholders' equity	78,377	78,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,540	13,911
Foreign currency translation adjustment	(1,459)	(812)
Remeasurements of defined benefit plans	(309)	(296)
Total accumulated other comprehensive income	11,771	12,802
Share acquisition rights	195	210
Total net assets	90,344	91,816
Total liabilities and net assets	113,863	113,140

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Net sales	12,126	12,333
Cost of sales	7,567	7,585
Gross profit	4,558	4,747
Selling, general and administrative expenses	3,599	3,509
Operating profit	959	1,238
Non-operating income		
Interest income	21	25
Dividend income	29	32
Foreign exchange gains	–	20
Other	18	33
Total non-operating income	69	111
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	33	–
Other	3	6
Total non-operating expenses	37	7
Ordinary profit	991	1,343
Extraordinary income		
Gain on sales of non-current assets	–	320
Total extraordinary income	–	320
Extraordinary losses		
Loss on abandonment of non-current assets	3	–
Total extraordinary losses	3	–
Profit before income taxes	987	1,663
Income taxes	257	490
Profit	729	1,172
Profit attributable to owners of parent	729	1,172

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit	729	1,172
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,443)	370
Foreign currency translation adjustment	(560)	646
Remeasurements of defined benefit plans, net of tax	12	12
Total other comprehensive income	(2,991)	1,030
Comprehensive income	(2,261)	2,203
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,261)	2,203
Comprehensive income attributable to non-controlling interests	—	—

Segment Information

1. Three months ended December 31, 2018 (from October 1, 2018 to December 31, 2018)

(1) Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	8,891	1,886	1,348	12,126	—	12,126
Inter-segment sales or transfers	235	60	33	329	(329)	—
Total	9,126	1,946	1,381	12,455	(329)	12,126
Segment profit or loss	925	51	(42)	934	24	959

Notes

1. The adjustments on segment profit or loss of 24 million yen include 1 million yen adjustments of inventories related to inter-segment transactions, 23 million yen adjustments of elimination of internal transactions between segments and negative 0 million yen for others.
2. Segment profit or loss is adjusted to operating income of consolidated quarterly statements of income.

2. Three months ended December 31, 2019 (from October 1, 2019 to December 31, 2019)

(1) Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	8,906	2,034	1,392	12,333	—	12,333
Inter-segment sales or transfers	180	21	47	250	(250)	—
Total	9,087	2,055	1,440	12,583	(250)	12,333
Segment profit	884	246	99	1,230	7	1,238

Notes

1. The adjustments on segment profit of 7 million yen include 11 million yen adjustments of elimination of internal transactions between segments, negative 2 million yen adjustments of inventories related to inter-segment transactions and negative 0 million yen for others.
2. Segment profit is adjusted to operating income of consolidated quarterly statements of income.