

Translation

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

October 31, 2019

Company name: DOSHISHA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 7483 URL <http://www.doshisha.co.jp>
 Representative: President and Chief Operating Officer Masayuki Nomura
 Managing Executive Officer
 Director In Charge Of Financial & Takahiro Matsumoto TEL 06-6121-5669
 Inquiries: Accounting, Foreign Trade Operation, Business Management
 Scheduled date to file Quarterly Securities Report: November 12, 2019
 Scheduled date to commence dividend payments: December 9, 2019
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(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	48,313	(0.3)	3,124	13.3	3,156	10.9	2,138	14.9
Six months ended September 30, 2018	48,477	(3.9)	2,758	(26.8)	2,845	(26.7)	1,861	(29.7)

Note: Comprehensive income Six months ended September 30, 2019 ¥1,885 million [(25.1)%]
 Six months ended September 30, 2018 ¥2,515 million [(22.0)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	57.70		-	
Six months ended September 30, 2018	50.08		50.03	

Note: Diluted earnings per share for the six months ended September 30, 2019 is not presented since there were no potentially dilutive shares.

(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	89,420		70,261		77.3		1,885.47	
As of March 31, 2019	90,181		70,405		76.8		1,856.84	

Reference: Equity As of September 30, 2019: ¥69,113 million
 As of March 31, 2019: ¥69,254 million

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	-	25.00	-	25.00	50.00
Year ending March 31, 2020	-	25.00	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	25.00	50.00

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

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	103,000	4.4	6,700	20.5	6,800	12.1	4,650	9.1	126.63

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

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	37,375,636 shares	As of March 31, 2019	37,375,636 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	719,839 shares	As of March 31, 2019	78,439 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	37,065,111 shares	Six months ended September 30, 2018	37,161,770 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

Caution concerning forward-looking statements

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 by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

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	40,250	41,915
Notes and accounts receivable - trade	14,460	13,305
Electronically recorded monetary claims - operating	3,434	1,524
Merchandise and finished goods	8,426	9,558
Short-term loans receivable	8	10
Other	1,123	862
Allowance for doubtful accounts	(5)	(4)
Total current assets	67,698	67,172
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,995	12,995
Accumulated depreciation	(4,404)	(4,569)
Buildings and structures, net	8,591	8,425
Land	9,385	9,385
Construction in progress	281	259
Other	2,828	2,965
Accumulated depreciation	(1,807)	(1,920)
Other, net	1,021	1,044
Total property, plant and equipment	19,280	19,114
Intangible assets	314	325
Investments and other assets		
Investment securities	1,574	1,414
Long-term loans receivable	39	36
Other	1,289	1,378
Allowance for doubtful accounts	(16)	(20)
Total investments and other assets	2,887	2,809
Total non-current assets	22,482	22,248
Total assets	90,181	89,420
Liabilities		
Current liabilities		
Accounts payable - trade	6,557	5,841
Current portion of long-term borrowings	7,000	8,000
Income taxes payable	1,041	1,093
Provision for bonuses for directors (and other officers)	8	26
Provision for bonuses	9	36
Other	2,761	2,808
Total current liabilities	17,378	17,806
Non-current liabilities		
Long-term borrowings	1,000	—
Retirement benefit liability	516	530
Asset retirement obligations	9	9
Provision for environmental measures	48	27
Other	822	785
Total non-current liabilities	2,396	1,353
Total liabilities	19,775	19,159

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	4,993	4,993
Capital surplus	6,273	6,273
Retained earnings	57,865	59,071
Treasury shares	(159)	(1,256)
Total shareholders' equity	68,972	69,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	188	73
Deferred gains or losses on hedges	101	38
Foreign currency translation adjustment	22	(61)
Remeasurements of defined benefit plans	(30)	(18)
Total accumulated other comprehensive income	281	31
Non-controlling interests	1,150	1,147
Total net assets	70,405	70,261
Total liabilities and net assets	90,181	89,420

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	48,477	48,313
Cost of sales	35,208	34,665
Gross profit	13,268	13,647
Selling, general and administrative expenses	10,510	10,522
Operating profit	2,758	3,124
Non-operating income		
Interest income	2	3
Dividend income	57	15
Gain on adjustment of account payable	8	38
Foreign exchange gains	11	–
Other	45	49
Total non-operating income	125	107
Non-operating expenses		
Interest expenses	2	2
Commission expenses	9	3
Provision of allowance for doubtful accounts	13	–
Foreign exchange losses	–	59
Other	12	10
Total non-operating expenses	37	75
Ordinary profit	2,845	3,156
Extraordinary income		
Reversal of provision for environmental measures	–	21
Insurance claim income	24	–
Total extraordinary income	24	21
Extraordinary losses		
Provision for loss on removal of fixed assets	73	–
Impairment loss	33	–
Loss on disaster	20	–
Total extraordinary losses	127	–
Profit before income taxes	2,741	3,177
Income taxes - current	797	1,007
Income taxes - deferred	27	(27)
Total income taxes	825	980
Profit	1,916	2,197
Profit attributable to non-controlling interests	55	59
Profit attributable to owners of parent	1,861	2,138

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,916	2,197
Other comprehensive income		
Valuation difference on available-for-sale securities	(26)	(115)
Deferred gains or losses on hedges	537	(63)
Foreign currency translation adjustment	70	(145)
Remeasurements of defined benefit plans, net of tax	16	12
Total other comprehensive income	598	(312)
Comprehensive income	2,515	1,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,444	1,888
Comprehensive income attributable to non-controlling interests	71	(3)

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	2,741	3,177
Depreciation	306	351
Increase (decrease) in provision for bonuses for directors (and other officers)	(13)	18
Increase (decrease) in provision for bonuses	(0)	27
Increase (decrease) in allowance for doubtful accounts	12	2
Increase (decrease) in retirement benefit liability	29	31
Increase (decrease) in provision for loss on removal of fixed assets	73	–
Increase (decrease) in provision for environmental measures	–	(21)
Impairment loss	33	–
Loss on disaster	20	–
Interest and dividend income	(60)	(19)
Interest expenses	2	2
Decrease (increase) in trade receivables	1,881	3,054
Decrease (increase) in inventories	(688)	(1,160)
Increase (decrease) in trade payables	323	(691)
Increase (decrease) in accrued consumption taxes	136	(79)
Decrease (increase) in other current assets	(588)	17
Increase (decrease) in other current liabilities	(24)	156
Other, net	3	20
Subtotal	4,189	4,888
Interest and dividends received	60	19
Interest paid	(2)	(2)
Income taxes paid	(1,429)	(949)
Proceeds from subsidy income	–	157
Payments associated with disaster loss	–	(45)
Net cash provided by (used in) operating activities	2,817	4,068
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	55
Purchase of property, plant and equipment	(355)	(165)
Purchase of investment securities	(9)	(9)
Payments for acquisition of businesses	–	(30)
Loan advances	(13)	(2)
Collection of loans receivable	143	4
Other payments	(14)	(17)
Other proceeds	0	0
Net cash provided by (used in) investing activities	(248)	(164)
Cash flows from financing activities		
Proceeds from exercise of employee share options	707	–
Purchase of treasury shares	–	(1,097)
Repayments of lease obligations	(55)	(75)
Repayments of installment payables	(19)	–
Dividends paid	(923)	(932)
Proceeds from share issuance to non-controlling shareholders	220	–
Net cash provided by (used in) financing activities	(69)	(2,105)
Effect of exchange rate change on cash and cash equivalents	45	(79)
Net increase (decrease) in cash and cash equivalents	2,543	1,719
Cash and cash equivalents at beginning of period	35,986	40,195
Cash and cash equivalents at end of period	38,529	41,915