

Translation

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

August 8, 2019

Company name: Kawasumi Laboratories, Incorporated  
 Stock exchange listing: Tokyo  
 Stock code: 7703 URL <http://www.kawasumi.jp/>  
 Representative: President and Chief Executive Officer Yoshio Sakaya  
 General Manager, Accounting and Finance  
 Inquiries: Division Koichi Ukegawa TEL 03-5769-2600  
 Scheduled date to file Quarterly Securities Report: August 8, 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	5,721	1.0	343	–	345	507.3	175	–
Three months ended June 30, 2018	5,665	(9.0)	(30)	–	56	(77.4)	6	(96.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	8.49		–	
Three months ended June 30, 2018	0.31		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	44,310	38,693	87.2
As of March 31, 2019	44,190	38,368	86.7

### 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	–	7.50	–	7.50	15.00
Year ending March 31, 2020	–				
Year ending March 31, 2020 (Forecast)		7.50	–	7.50	15.00

### 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	22,200	(7.9)	300	(49.9)	400	(49.2)	300	60.5	14.55

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: 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 June 30, 2019	22,948,003 shares	As of March 31, 2019	22,948,003 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	2,332,780 shares	As of March 31, 2019	2,332,720 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	20,615,260 shares	Three months ended June 30, 2018	21,815,451 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
<b>Assets</b>		
Current assets		
Cash and deposits	18,506	18,828
Notes and accounts receivable - trade	6,314	5,985
Merchandise and finished goods	2,669	2,558
Work in process	735	620
Raw materials and supplies	1,208	1,435
Other	577	661
Allowance for doubtful accounts	(1)	(1)
Total current assets	30,010	30,088
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,417	4,318
Machinery, equipment and vehicles, net	2,044	1,895
Other, net	2,767	2,748
Total property, plant and equipment	9,230	8,961
Intangible assets	312	322
Investments and other assets		
Investment securities	4,270	4,613
Other	390	347
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	4,637	4,936
Total non-current assets	14,179	14,221
Total assets	44,190	44,310
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,636	1,691
Income taxes payable	119	32
Provisions	224	6
Other	1,663	1,585
Total current liabilities	3,643	3,315
Non-current liabilities		
Retirement benefit liability	1,759	1,661
Other	418	639
Total non-current liabilities	2,177	2,300
Total liabilities	5,821	5,616

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Net assets		
Shareholders' equity		
Share capital	6,642	6,642
Capital surplus	6,773	6,773
Retained earnings	25,160	25,180
Treasury shares	(1,917)	(1,917)
Total shareholders' equity	36,658	36,679
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,403	1,643
Foreign currency translation adjustment	352	341
Remeasurements of defined benefit plans	(103)	(27)
Total accumulated other comprehensive income	1,652	1,957
Non-controlling interests	57	56
Total net assets	38,368	38,693
Total liabilities and net assets	44,190	44,310

**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	5,665	5,721
Cost of sales	3,825	3,730
Gross profit	1,839	1,990
Selling, general and administrative expenses	1,870	1,646
Operating profit (loss)	(30)	343
Non-operating income		
Interest income	10	13
Dividend income	32	23
Foreign exchange gains	37	–
Revenue of scraps	12	12
Other	3	3
Total non-operating income	96	52
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	–	40
Share of loss of entities accounted for using equity method	3	2
Depreciation	5	4
Other	0	2
Total non-operating expenses	9	51
Ordinary profit	56	345
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	0
Restructuring expenses	–	24
Total extraordinary losses	1	24
Profit before income taxes	55	320
Income taxes - current	22	5
Income taxes - deferred	21	140
Total income taxes	44	146
Profit	11	174
Profit (loss) attributable to non-controlling interests	4	(0)
Profit attributable to owners of parent	6	175

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	11	174
Other comprehensive income		
Valuation difference on available-for-sale securities	299	240
Foreign currency translation adjustment	(207)	(10)
Remeasurements of defined benefit plans, net of tax	3	75
Total other comprehensive income	95	304
Comprehensive income	107	479
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	109	479
Comprehensive income attributable to non-controlling interests	(1)	(0)

## 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	55	320
Depreciation	405	382
Loss on retirement of property, plant and equipment	1	2
Increase (decrease) in provision	(295)	(218)
Increase (decrease) in retirement benefit liability	23	(29)
Interest and dividend income	(42)	(37)
Interest expenses	0	0
Share of loss (profit) of entities accounted for using equity method	3	2
Decrease (increase) in trade receivables	681	339
Decrease (increase) in inventories	(10)	(5)
Increase (decrease) in trade payables	(107)	54
Other, net	(80)	(204)
Subtotal	634	607
Interest and dividends received	49	46
Interest paid	(0)	(0)
Income taxes paid	(183)	(58)
Net cash provided by (used in) operating activities	499	595
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	34	–
Purchase of property, plant and equipment	(136)	(94)
Proceeds from sales of property, plant and equipment	2	0
Purchase of intangible assets	(15)	(29)
Other, net	(0)	0
Net cash provided by (used in) investing activities	(114)	(123)
Cash flows from financing activities		
Decrease (increase) in treasury shares	–	(0)
Dividends paid	(152)	(143)
Dividends paid to non-controlling interests	(1)	–
Repayments of finance lease obligations	(3)	(1)
Net cash provided by (used in) financing activities	(157)	(145)
Effect of exchange rate change on cash and cash equivalents	(66)	(4)
Net increase (decrease) in cash and cash equivalents	161	321
Cash and cash equivalents at beginning of period	16,465	18,472
Cash and cash equivalents at end of period	16,626	18,793