

CONSOLIDATED FINANCIAL STATEMENTS (IFRS) (Non-Audited) (for the fiscal year 2019)

February 6, 2020

Company Name SUMIDA CORPORATION

Stock Exchange Listing: Tokyo Stock Exchange

Listing Code 6817 URL <https://www.sumida.com>

Representative : Shigeyuki Yawata, CEO

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Date of annual general meeting: March 25, 2020

Date on which Dividend Payments to Commence: March 3, 2020

Supplementary Materials Prepared for the Financial Statements: Yes

Presentation Held to Explain the Quarterly Financial Statements : Yes (for institutional investors and analysts)

(Amounts of less than one million yen are omitted.)

1. Consolidated results for FY 2019 (January 1, 2019–December 31, 2019)

(1) Operating results

(Percentages represent changes compared with the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to Owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended Dec. 2019	94,283	(3.3)	3,543	(34.2)	2,184	(46.2)	1,596	(36.9)	1,582	(34.6)	757	(29.3)
FY ended Dec. 2018	97,538	8.2	5,383	(13.4)	4,061	(28.7)	2,531	(45.3)	2,420	(46.3)	1,067	(78.0)

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity attributable to Owners of the company	Ratio of income before taxes to total assets	Ratio of operating income to revenues
	Yen	Yen	%	%	%
FY ended Dec. 2019	58.36	58.20	4.7	2.3	3.8
FY ended Dec. 2018	90.24	88.99	7.8	4.5	5.5

(2) Financial position

	Assets	Equity	Equity attributable to owners of parent	Parent company owner's equity interest	Share attributable to parent company owner per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY ended Dec. 2019	96,561	34,593	33,013	34.2	1,216.08
FY ended Dec. 2018	94,277	35,438	33,829	35.9	1250.01

(3) Consolidated results (cash flow)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended Dec. 2019	8,732	(8,133)	(1,261)	3,286
FY ended Dec. 2018	4,672	(15,153)	5,477	4,098

Dividends (Year ended December 31, 2018 and year ended December 31, 2019)

	Cash dividends per share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2018	6.00	6.00	6.00	9.00	27.00
2019	6.00	6.00	6.00	6.00	24.00
2020 (forecast)	6.00	6.00	6.00	6.00	24.00

Note: Whether the dividend forecast under review has been revised: None

2. Forecast of Consolidated Results for FY 2020 (January 1, 2020–December 31, 2020)

(% change figures for revenues, operating income, recurring profit, and net income is presented in comparison with the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit (loss) before income taxes		Profit (loss) attributable to Owners of parent		Basic quarterly earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending December 31, 2020	96,000	1.8	4,000	12.9	2,800	28.1	2,000	26.4	73.67

※ Note

(1) Changes in significant subsidiaries during the Nine months ended December 31, 2019 (Changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- ① Changes in accounting policies required by IFRS: Yes
- ② Changes in accounting policies other than those in (1) above: None
- ③ Changes in accounting estimates: None

(3) Number of common shares outstanding (Shares)

①	Number of shares issued at the end of the period (including treasury stock)	As of Dec. 31, 2019	27,444,317	As of ended December 31, 2018	27,444,317
②	Number of treasury stocks at the end of the period	As of Dec. 31, 2019	296,624	As of ended December 31, 2018	381,239
③	Average number of shares issued during the period	FY ended Dec. 31, 2019	27,122,916	FY ended Dec. 31, 2018	26,817,797

Note:

The consolidated financial statements are not subject to audits.

Note:

Explanation of the appropriate use of performance forecasts and other related items

Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual financial results may materially differ from these forecasts due to potential risks and uncertainties.

Condensed quarterly consolidated financial statements and main notes
(1) Consolidated Balance Sheets

	At December 31, 2018	At December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	4,098	3,286
Trade and other receivables	19,102	18,826
Inventories	18,983	16,877
Other current assets	4,109	4,041
Total current assets	46,292	43,032
Non-current assets		
Property, plant and equipment	33,754	35,668
Right-of-use asset	—	3,938
Goodwill	4,266	4,176
Intangible assets	6,183	6,151
Financial assets	1,075	1,104
Deferred tax assets	2,225	2,140
Other non-current assets	477	348
Total non-current assets	47,984	53,528
Assets	94,277	96,561

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	10,392	10,184
Interest-bearing liabilities	9,350	9,303
Current portion of long-term debt	6,038	6,367
Lease obligations- payable within one year	152	807
Provisions	37	128
Income taxes payable	343	393
Accrued expenses	2,669	2,257
Other current liabilities	1,171	1,188
Total current liabilities	30,155	30,630
Non-current liabilities		
Interest-bearing liabilities	24,280	23,707
Lease obligations,	386	3,462
Retirement benefit liability	1,417	1,569
Provisions	18	18
Deferred tax liabilities	1,369	1,259
Other non-current liabilities	1,210	1,318
Total non-current liabilities	28,682	31,337
Total liabilities	58,838	61,967
Equity		
Share capital	10,150	10,150
Capital surplus	9,898	9,898
Other components of equity	5,000	5,000
Retained earnings	12,385	12,322
Share options	180	48
Treasury shares	(792)	(616)
Accumulated other comprehensive income	(2,992)	(3,789)
Total equity attributable to owners of parent	33,829	33,013
Non-controlling interests	1,609	1,579
Total equity	35,438	34,593
Total liabilities and equity	94,277	96,561

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Revenue	97,538	94,283
Cost of sales	(82,229)	(81,414)
Gross profit	15,308	12,868
Selling, general and administrative expenses	(9,891)	(9,330)
Other operating income	173	85
Other operating expenses	(207)	(80)
Operating profit	5,383	3,543
Finance income	52	27
Finance costs	(1,374)	(1,385)
Profit before tax	4,061	2,184
Income tax expense	(1,530)	(588)
Profit	2,531	1,596
Profit attributable to		
Owners of parent	2,420	1,582
Non-controlling interests	110	13

(3) Consolidated Statement of Comprehensive Income

(Units : Millions of yen)

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Profit	2,531	1,596
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(22)	(0)
Remeasurements of defined benefit plans	20	(135)
Total	(2)	(135)
Items that may be reclassified to profit or loss		
Cash flow hedges	26	(84)
Exchange differences on translation of foreign operations	(1,487)	(619)
Total	(1,461)	(703)
Total other comprehensive income	(1,463)	(839)
Total	1,067	757
Comprehensive income attributable to		
Owners of parent	1,025	786
Non-controlling interests	41	(29)

(4) Consolidated Statement of Change in Equity

(Units : Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Other components of equity	Retained earnings	Share acquisition rights	Treasury shares
As of January 1, 2018	10,150	9,898	—	11,376	270	(1,526)
Cumulative effect of accounting change				347		
Restated balance	10,150	9,898	—	11,723	270	(1,526)
Profit				2,420		
Other comprehensive income						
Total	—	—	—	2,420	—	—
Issuance of other equity instruments			5,000			
Dividends				(1,203)		
Distribution of other essential financial instruments to owners				(35)		
Purchase of treasury shares						0
Disposal of treasury shares		(519)			(215)	734
Transfer of loss on disposal of treasury stock		519		(519)		
Share-based payment transactions					124	
Total transactions with owners	—	—	5,000	(1,758)	(90)	734
As of December 31, 2018	10,150	9,898	5,000	12,385	180	(792)

(Units : Millions of yen)

	Equity attributable to owners of parent						Total shareholders' equity	Non-controlling interests	Equity
	Accumulated other comprehensive income					Accumulated other comprehensive income/(loss)			
	Remeasurements of defined benefit plans	Share of other comprehensive income of investments accounted for using the equity method	Gains and losses from investments in equity instruments designated at fair value through other comprehensive income	Effective portion of cash flow hedges	Exchange differences on translation of foreign operations				
As of January 1, 2018	(497)	64	—	(21)	(1,143)	(1,598)	28,570	1,551	30,122
Cumulative effect of accounting change		(64)	64			—	347	15	363
Restated balance	(497)	—	64	(21)	(1,143)	(1,598)	28,917	1,567	30,485
Profit						—	2,420	110	2,531
Other comprehensive income	22	—	(22)	26	(1,420)	(1,394)	(1,394)	(69)	(1,463)
Total	22	—	(22)	26	(1,420)	(1,394)	1,025	41	1,067
Issuance of other equity instruments						—	5,000		5,000
Dividends						—	(1,203)		(1,203)
Distribution of other essential financial instruments to owners						—	(35)		(35)
Purchase of treasury shares						—	0		0
Disposal of treasury shares						—	0		0
Transfer of loss on disposal of treasury stock						—	—		—
Share-based payment transactions						—	124		124
Total transactions with owners	—	—	—	—	—	—	3,885	—	3,885
As of December 31, 2018	(475)	—	41	4	(2,564)	(2,992)	33,829	1,609	35,438

(Units : Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Other components of equity	Retained earnings	Share options	Treasury shares
Balance at beginning of period	10,150	9,898	5,000	12,385	180	(792)
Cumulative effect of accounting change				(586)		
Restated balance	10,150	9,898	5,000	11,799	180	(792)
Profit				1,582		
Other comprehensive income						
Total	—	—	—	1,582	—	—
Dividends				(731)		
Distribution of other essential financial instruments to owners				(202)		
Purchase of treasury shares						0
Disposal of treasury shares		(124)			(51)	176
Transfer of loss on disposal of treasury shares		124		(124)		
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0				
Share-based payment transactions					(80)	
Total transactions with owners	—	0	—	(1,059)	(131)	176
Balance at end of period	10,150	9,898	5,000	12,322	48	(616)

(Units : Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Accumulated other comprehensive income					Total		
	Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Foreign currency translation adjustments	Total			
Balance at beginning of period	(475)	41	4	(2,564)	(2,992)	33,829	1,609	35,438
Cumulative effect of accounting change						(586)		(586)
Restated balance	(475)	41	4	(2,564)	(2,992)	33,242	1,609	34,851
Profit						1,582	13	1,596
Other comprehensive income	(127)	0	(84)	(583)	(796)	(796)	(43)	(839)
Total	(127)	0	(84)	(583)	(796)	786	(29)	757
Dividends						—	(731)	(731)
Distribution of other essential financial instruments to owners						—	(202)	(202)
Purchase of treasury shares						—	0	0
Disposal of treasury shares						—	0	0
Transfer of loss on disposal of treasury shares						—	—	—
Change in treasury shares of parent arising from transactions with non-controlling shareholders						—	0	0
Share-based payment transactions						—	(80)	(80)
Total transactions with owners	—	—	—	—	—	—	(1,015)	(1,015)
Balance at end of period	(603)	41	(79)	(3,147)	(3,789)	33,013	1,579	34,593

(5) Consolidated Statement of Cash Flows

(Units : Millions of yen)

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Profit before tax	4,061	2,184
Depreciation and amortization	4,045	5,309
Interest income	(21)	(20)
Interest expenses	838	1,217
(Gains) losses on sales of property, plant and equipment	39	(1)
Decrease (increase) in trade and other receivables	282	21
Decrease (increase) in inventories	(2,861)	1,708
Increase (decrease) in trade and other payables	(710)	42
Other	170	(35)
Subtotal	5,844	10,427
Interest and dividends received	21	20
Interest paid	(785)	(1,172)
Income taxes paid	(408)	(542)
Net cash provided by (used in) operating activities	4,672	8,732
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,441)	(7,353)
Proceeds from sale of property, plant and equipment	361	177
Purchase of intangible assets	(1,169)	(949)
Payments for acquisition of subsidiaries	(5,991)	—
Other	87	(8)
Net cash provided by (used in) investing activities	(15,153)	(8,133)

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from financing activities		
Net change in short-term interest-bearing debt	895	75
Proceeds from long-term borrowings	15,572	3,487
Repayments of long-term borrowings	(10,652)	(3,010)
Redemption of bonds	(60)	—
Issuance income of other capital instruments	5,000	—
Dividends paid	(1,202)	(731)
Amount paid for distribution to owner of other capital instruments	—	(203)
Repayments of lease obligations	(96)	(878)
Other	19	(0)
Net cash provided by (used in) financing activities	9,477	(1,261)
Effect of exchange rate changes on cash and cash equivalents	(273)	(148)
Net increase (decrease) in cash and cash equivalents	(1,277)	(811)
Cash and cash equivalents at beginning of period	5,375	4,098
Cash and cash equivalents at end of period	4,098	3,286

(6) Assumptions for Going Concern
None