

# Consolidated Financial Results for the Nine Months Ended December 31, 2019 [Japanese GAAP]



February 10, 2020

Company name: FUKUSHIMA GALILEI CO. LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6420  
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 Scheduled date of filing quarterly securities report: February 13, 2020  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: No  
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2019	63,381	(3.7)	6,426	(12.9)	6,645	(13.1)	4,618	(10.8)
December 31, 2018	65,793	0.8	7,377	8.5	7,648	6.5	5,175	20.4

(Note) Comprehensive income: Nine months ended December 31, 2019: ¥4,700 million [14.1%]

Nine months ended December 31, 2018: ¥4,119 million [(26.6)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	230.51	-
December 31, 2018	258.31	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2019	88,591	57,626	65.0	2,873.55
As of March 31, 2019	86,622	53,887	62.1	2,686.64

(Reference) Equity: As of December 31, 2019: ¥57,575 million

As of March 31, 2019: ¥53,831 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	0.00	-	48.00	48.00
Fiscal year ending March 31, 2020	-	0.00	-		
Fiscal year ending March 31, 2020 (Forecast)				48.00	48.00

(Note) Revision to the forecast for dividends announced most recently: No

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	86,102	(0.5)	8,730	(7.2)	9,011	(6.9)	6,173	(6.7)	308.13

(Note) Revision to the financial results forecast announced most recently: Yes

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: - (Company name: -)

Exclusion: - (Company name: -)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2019: 22,066,160 shares

March 31, 2019: 22,066,160 shares

2) Total number of treasury shares at the end of the period:

December 31, 2019: 2,029,645 shares

March 31, 2019: 2,029,601 shares

3) Average number of shares during the period:

Nine months ended December 31, 2019: 20,036,529 shares

Nine months ended December 31, 2018: 20,036,636 shares

\* These quarterly financial results are outside the scope of quarterly review conducted by certified public accountants and an audit corporation.

#### \* Explanation of the proper use of financial results forecast and other notes

Financial results forecasts and other forward-looking statements herein are based on information currently available and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the nine months ended December 31, 2019, the Japanese economy remained on a moderate recovery path thanks to such factors as improvements in the employment and income environments. However, future prospects of overseas economy remained uncertain due to trade friction caused by the trade policies of the U.S. and other countries around the world, slowdown of the Chinese economy, as well as a rush of demand before the consumption tax hike and a subsequent plunge in reaction to the hike.

In the business environment in which our Group operates, harsh conditions persist in the restaurant industry due mainly to a rise in labor costs and soaring food prices, as well as the impact of the consumption tax hike, although sales remained solid in fast food and other businesses, owing to higher spending per customer as a result of price revisions and the introduction of limited time offers. In the distribution industry, the business environment continued to be harsh for reasons including serious personnel shortage and rising material prices, while a persistent consumer trend to restrain spending continued, despite contributions from brisk sales of delicatessen and fresh foods as well as price increases on processed foods.

Net sales of commercial refrigerators and freezers increased by 3.8% year on year to ¥18,195 million mainly due to continued robust sales of ice machines with large-scale model changes that further enhanced the product lineup, blast chillers that rapidly cool cooked foods, and hygienic defrosters that can thaw foods in a fixed timeframe with less degradation in quality.

Net sales of refrigerated and freezer showcases increased by 2.5% year on year to ¥23,279 million mainly due to continued robust overseas sales of showcases, despite a decrease in the number of remodeling projects by convenience stores and a drop in sales to drug stores.

Net sales of large-scale food processing equipment decreased by 32.2% year on year to ¥4,178 million, as the deliveries of tunnel freezers mainly for food manufacturers are concentrated in the fourth quarter.

Net sales of large-scale panel refrigerators decreased by 23.4% year on year to ¥6,765 million. Although sales to supermarket processing centers and other distribution-related facilities remained robust, sales fell short of the significant growth in the previous year due to decreased sales for low-temperature distribution centers and food factories.

Net sales of small-scale panel refrigerators increased by 2.9% year on year to ¥4,324 million mainly due to solid sales to commercial kitchens, despite a decrease in orders for panel refrigerators used in back rooms of convenience stores, etc.

Net sales from services increased by 4.4% year on year to ¥6,637 million mainly due to an increase in maintenance contracts with convenience stores, etc., and a rush of demand before the consumption tax hike.

At the manufacturing department, the Company undertook initiatives to improve production efficiency by introducing the automation of a single operation and the image recognition system to monitor the quality in production processes, as well as adding automatic conveyors at its Shiga and Okayama factories. In addition, the Company continued to undertake initiatives to reduce fixed costs and purchasing costs in order to offset higher costs, such as a sharp increase in the prices of raw materials and import products, as well as transportation costs.

As a result, for the nine months ended December 31, 2019, net sales decreased by 3.7% year on year to ¥63,381 million. Due to a downturn in sales of large-scale food processing equipment and large-scale panel refrigerators year on year, operating profit decreased by 12.9% year on year to ¥6,426 million, ordinary profit decreased by 13.1% year on year to ¥6,645 million, and profit attributable to owners of parent decreased by 10.8% year on year to ¥4,618 million.

## (2) Explanation of Financial Position

### (Current assets)

Current assets as of the end of the third quarter of the fiscal year under review decreased by ¥1,560 million to ¥58,861 million (¥60,422 million at the end of the previous fiscal year). This is mainly attributable to a decrease in cash and deposits.

### (Non-current assets)

Non-current assets as of the end of the third quarter of the fiscal year under review increased by ¥3,528 million to ¥29,729 million (¥26,200 million at the end of the previous fiscal year). This is mainly attributable to an increase in buildings and structures under property, plant and equipment.

### (Current liabilities)

Current liabilities as of the end of the third quarter of the fiscal year under review decreased by ¥1,820 million to ¥29,267 million (¥31,088 million at the end of the previous fiscal year). This is mainly attributable to a decrease in income taxes payable.

### (Non-current liabilities)

Non-current liabilities as of the end of the third quarter of the fiscal year under review increased by ¥ 50 million to ¥1,696 million (¥1,646 million at the end of the previous fiscal year). This is mainly attributable to an increase in deferred tax liabilities.

### (Net assets)

Net assets as of the end of the third quarter of the fiscal year under review increased by ¥3,738 million to ¥57,626 million (¥53,887 million at the end of the previous fiscal year). This is mainly attributable to an increase in retained earnings on account of posting profit attributable to owners of parent.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the financial results forecasts for the fiscal year ending March 31, 2020, please refer to the “Notice Regarding Revision of Consolidated Financial Results Forecast” announced on February 10, 2020.

2. Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	34,283	31,633
Notes and accounts receivable - trade	19,913	19,521
Merchandise and finished goods	2,239	2,238
Work in process	2,166	3,289
Raw materials and supplies	2,038	2,010
Other	946	1,253
Allowance for doubtful accounts	(1,166)	(1,085)
Total current assets	60,422	58,861
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,358	8,575
Land	5,294	6,725
Other, net	5,246	2,447
Total property, plant and equipment	14,899	17,748
Intangible assets	421	404
Investments and other assets		
Investment securities	7,948	8,212
Other	2,941	3,427
Allowance for doubtful accounts	(9)	(64)
Total investments and other assets	10,879	11,575
Total non-current assets	26,200	29,729
Total assets	86,622	88,591
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,996	21,342
Short-term borrowings	185	141
Income taxes payable	1,641	384
Provision for bonuses	1,724	1,075
Provision for product warranties	370	358
Provision for loss on construction contracts	187	87
Other	5,981	5,877
Total current liabilities	31,088	29,267
Non-current liabilities		
Deferred tax liabilities	304	533
Provision for retirement benefits for directors (and other officers)	921	958
Provision for contingent loss	250	22
Retirement benefit liability	39	49
Asset retirement obligations	119	120
Other	11	11
Total non-current liabilities	1,646	1,696
Total liabilities	32,735	30,964

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	2,760	2,760
Capital surplus	3,168	3,168
Retained earnings	47,057	50,713
Treasury shares	(3,214)	(3,214)
Total shareholders' equity	49,771	53,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,058	4,062
Foreign currency translation adjustment	65	101
Remeasurements of defined benefit plans	(64)	(16)
Total accumulated other comprehensive income	4,059	4,147
Non-controlling interests	56	50
Total net assets	53,887	57,626
Total liabilities and net assets	86,622	88,591

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Net sales	65,793	63,381
Cost of sales	48,399	46,649
Gross profit	17,394	16,731
Selling, general and administrative expenses	10,016	10,305
Operating profit	7,377	6,426
Non-operating income		
Interest income	7	10
Dividend income	75	76
Rental income from buildings	73	74
Insurance claim and dividend income	20	49
Foreign exchange gains	27	-
Other	136	237
Total non-operating income	342	448
Non-operating expenses		
Interest expenses	10	3
Compensation expenses	17	38
Foreign exchange losses	-	125
Loss on retirement of non-current assets	16	3
Other	26	57
Total non-operating expenses	71	229
Ordinary profit	7,648	6,645
Profit before income taxes	7,648	6,645
Income taxes - current	2,357	1,819
Income taxes - deferred	129	231
Total income taxes	2,486	2,051
Profit	5,161	4,594
Loss attributable to non-controlling interests	(14)	(23)
Profit attributable to owners of parent	5,175	4,618



Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Profit	5,161	4,594
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,094)	3
Foreign currency translation adjustment	34	53
Remeasurements of defined benefit plans, net of tax	18	48
Total other comprehensive income	(1,041)	106
Comprehensive income	4,119	4,700
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,125	4,706
Comprehensive income attributable to non-controlling interests	(6)	(5)

### 3. Others

Significant litigation matters, etc.

The following lawsuits, etc. against the Company and a joint venture comprised of four companies including the Company, are pending in the Osaka District Court.

Lawsuit Filing Date	Plaintiff	Claimed Amount	Lawsuit Overview
August 10, 2017	Daiichi-tec Co., Ltd.	¥740 million	A lawsuit filed against the Company, with the plaintiff seeking payment for contracts regarding specific construction work of a joint venture comprised of four companies including the Company. The Company asserts that there is no basis for any such claim, and the case is currently pending in the Osaka District Court.
October 17, 2019	NIHON DENKI KIKI CO., LTD.	¥388 million	A lawsuit filed against a joint venture comprised of four companies including the Company, with the plaintiff seeking payment for construction contracts. The Company asserts that the construction work claimed is not within the scope of work managed by the Company, and the case is currently pending in the Osaka District Court.