

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2021  
(Based on Japanese GAAP)**

May 12, 2021

Company name: Fumakilla Limited.  
 Stock exchange listing: Tokyo  
 Stock code: 4998 URL <https://www.fumakilla.co.jp>  
 Representative: President Kazuaki Oshimo  
 Director, General Manager Administrative  
 Inquiries: Kazuya Gobara TEL 0829-55-2112  
 Division  
 Scheduled date of ordinary general meeting of shareholders: June 24, 2021  
 Scheduled date to file Securities Report: June 25, 2021  
 Scheduled date to commence dividend payments: June 25, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

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	%
Year ended March 31, 2021	48,532	9.1	3,560	99.4	3,852	90.6	2,321	201.5
Year ended March 31, 2020	44,485	7.9	1,785	57.2	2,021	51.7	770	11.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	140.86	–	13.4	9.0	7.3
Year ended March 31, 2020	46.72	–	4.8	4.9	4.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	46,172	19,823	40.2	1,126.85
As of March 31, 2020	39,826	17,165	40.4	976.92

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	6,290	(2,903)	(3,098)	5,976
Year ended March 31, 2020	5,880	(882)	(3,842)	5,646

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	–	–	20.00	20.00	329	42.8	2.0
Year ended March 31, 2021	–	–	–	24.00	24.00	395	17.0	2.1
Year ending March 31, 2022 (Forecast)	–	–	–	20.00	20.00		16.6	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six months ending September 30, 2021	28,400	–	2,500	–	2,590	–	1,540	–	93.43
Full year	49,300	–	2,800	–	3,250	–	1,980	–	120.13

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2021	16,490,000 shares	As of March 31, 2020	16,490,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	8,036 shares	As of March 31, 2020	7,565 shares
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Average number of shares during the period

Year ended March 31, 2021	16,482,192 shares	Year ended March 31, 2020	16,482,642 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	6,281,773	6,578,216
Notes and accounts receivable - trade	12,026,983	12,109,578
Electronically recorded monetary claims - operating	205,033	193,471
Merchandise and finished goods	4,736,826	5,738,228
Work in process	898,244	974,157
Raw materials and supplies	1,909,521	2,692,483
Other	805,987	1,581,451
Allowance for doubtful accounts	(782)	(1,419)
Total current assets	26,863,588	29,866,167
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,783,963	6,491,682
Accumulated depreciation	(4,184,006)	(4,242,095)
Buildings and structures, net	1,599,957	2,249,587
Machinery, equipment and vehicles	10,536,796	10,680,649
Accumulated depreciation	(8,878,321)	(9,027,414)
Machinery, equipment and vehicles, net	1,658,474	1,653,235
Tools, furniture and fixtures	3,385,981	3,695,427
Accumulated depreciation	(3,181,188)	(3,301,525)
Tools, furniture and fixtures, net	204,793	393,902
Land	751,700	747,126
Leased assets	171,051	220,935
Accumulated depreciation	(112,427)	(189,071)
Leased assets, net	58,624	31,864
Right of use asset	615,721	941,243
Accumulated depreciation	(199,579)	(308,152)
Right of use asset, net	416,141	633,091
Construction in progress	605,950	2,757,520
Total property, plant and equipment	5,295,642	8,466,327
Intangible assets		
Goodwill	743,703	654,626
Trademark right	617,280	522,206
Other	387,735	337,098
Total intangible assets	1,748,718	1,513,932
Investments and other assets		
Investment securities	5,410,488	5,726,924
Deferred tax assets	165,360	200,456
Retirement benefit asset	37,816	47,572
Other	438,662	488,830
Allowance for doubtful accounts	(134,063)	(137,706)
Total investments and other assets	5,918,264	6,326,077
Total non-current assets	12,962,625	16,306,337
Total assets	39,826,214	46,172,505

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,254,840	6,010,216
Electronically recorded obligations - operating	1,474,871	3,561,917
Short-term borrowings	9,904,672	7,264,594
Lease obligations	90,093	66,072
Accounts payable - other	3,055,290	4,044,370
Income taxes payable	375,122	855,369
Provision for bonuses	416,497	618,865
Provision for bonuses for directors (and other officers)	2,073	77,200
Provision for sales rebates	421,000	362,212
Provision for sales returns	637,032	654,039
Reserve related to voluntary recall	–	9,936
Other	239,791	587,437
<b>Total current liabilities</b>	<b>20,871,286</b>	<b>24,112,233</b>
<b>Non-current liabilities</b>		
Lease obligations	132,543	154,791
Deferred tax liabilities	579,823	825,557
Retirement benefit liability	480,759	658,017
Provision for retirement benefits for directors (and other officers)	532,767	534,885
Asset retirement obligations	9,870	10,057
Other	53,562	53,441
<b>Total non-current liabilities</b>	<b>1,789,328</b>	<b>2,236,751</b>
<b>Total liabilities</b>	<b>22,660,614</b>	<b>26,348,984</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,698,680	3,698,680
Capital surplus	4,797,107	4,797,189
Retained earnings	6,464,170	8,424,609
Treasury shares	(6,007)	(6,905)
<b>Total shareholders' equity</b>	<b>14,953,950</b>	<b>16,913,573</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,654,685	2,356,143
Foreign currency translation adjustment	(433,882)	(606,476)
Remeasurements of defined benefit plans	(72,660)	(90,573)
<b>Total accumulated other comprehensive income</b>	<b>1,148,142</b>	<b>1,659,093</b>
<b>Non-controlling interests</b>	<b>1,063,506</b>	<b>1,250,852</b>
<b>Total net assets</b>	<b>17,165,599</b>	<b>19,823,520</b>
<b>Total liabilities and net assets</b>	<b>39,826,214</b>	<b>46,172,505</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	44,485,939	48,532,198
Cost of sales	31,391,482	32,958,857
Gross profit	13,094,457	15,573,340
Reversal of provision for sales returns	630,794	637,032
Provision for sales returns	637,032	654,039
Gross profit - net	13,088,219	15,556,334
Selling, general and administrative expenses		
Transportation expenses	2,263,416	2,276,291
Advertising expenses	1,665,787	2,069,064
Promotion expenses	1,259,143	1,033,975
Travel and transportation expenses	410,188	228,761
Provision of allowance for doubtful accounts	2,105	2,839
Salaries and allowances	1,911,039	1,973,347
Bonuses	99,979	170,189
Provision for bonuses	250,205	357,813
Provision for bonuses for directors (and other officers)	2,073	77,200
Retirement benefit expenses	163,301	163,285
Provision for retirement benefits for directors (and other officers)	48,044	54,786
Depreciation	264,883	254,009
Other	2,962,365	3,334,150
Total selling, general and administrative expenses	11,302,535	11,995,715
Operating profit	1,785,683	3,560,619
Non-operating income		
Interest income	87,583	101,752
Dividend income	115,876	111,852
Rental income from real estate	36,818	39,133
Technical advisory fee income	67,093	65,920
Foreign exchange gains	13,991	16,030
Other	99,720	138,288
Total non-operating income	421,083	472,978
Non-operating expenses		
Interest expenses	60,905	37,760
Sales discounts	86,219	95,968
Other	38,055	47,140
Total non-operating expenses	185,180	180,869
Ordinary profit	2,021,586	3,852,727

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Extraordinary income		
Gain on sale of non-current assets	11,433	854
Gain on sale of investment securities	–	4,125
Total extraordinary income	11,433	4,980
Extraordinary losses		
Loss on sale and retirement of non-current assets	30,973	20,141
Loss on valuation of investment securities	2,758	5,314
Loss on sale of investment securities	1,714	0
Loss on valuation of shares of subsidiaries and associates	9,726	4,062
Impairment losses	38,000	–
Retirement benefits for directors (and other officers)	–	3,594
Provision of allowance for investment loss	2,267	–
Product voluntary recall related costs	–	64,765
Provision for voluntary recall	–	9,936
Other	604	–
Total extraordinary losses	86,044	107,815
Profit before income taxes	1,946,975	3,749,892
Income taxes - current	793,494	1,228,592
Income taxes - deferred	119,460	(107,596)
Total income taxes	912,954	1,120,995
Profit	1,034,020	2,628,897
Profit attributable to non-controlling interests	263,944	307,198
Profit attributable to owners of parent	770,075	2,321,698

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,034,020	2,628,897
Other comprehensive income		
Valuation difference on available-for-sale securities	(405,197)	701,458
Foreign currency translation adjustment	114,246	(268,528)
Remeasurements of defined benefit plans, net of tax	(29,873)	(24,308)
Total other comprehensive income	(320,824)	408,621
Comprehensive income	713,195	3,037,518
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	407,438	2,805,710
Comprehensive income attributable to non-controlling interests	305,756	231,807

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,698,680	4,797,103	6,159,494	(5,379)	14,649,898
Cumulative effects of changes in accounting policies			(36,843)		(36,843)
Restated balance	3,698,680	4,797,103	6,122,651	(5,379)	14,613,054
Changes during period					
Dividends of surplus			(428,556)		(428,556)
Profit attributable to owners of parent			770,075		770,075
Purchase of treasury shares				(640)	(640)
Disposal of treasury shares		4		12	16
Net changes in items other than shareholders' equity					
Total changes during period	-	4	341,519	(627)	340,895
Balance at end of period	3,698,680	4,797,107	6,464,170	(6,007)	14,953,950

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,059,882	(508,004)	(41,098)	1,510,779	867,661	17,028,338
Cumulative effects of changes in accounting policies						(36,843)
Restated balance	2,059,882	(508,004)	(41,098)	1,510,779	867,661	16,991,495
Changes during period						
Dividends of surplus						(428,556)
Profit attributable to owners of parent						770,075
Purchase of treasury shares						(640)
Disposal of treasury shares						16
Net changes in items other than shareholders' equity	(405,197)	74,121	(31,561)	(362,637)	195,845	(166,791)
Total changes during period	(405,197)	74,121	(31,561)	(362,637)	195,845	174,104
Balance at end of period	1,654,685	(433,882)	(72,660)	1,148,142	1,063,506	17,165,599



Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,698,680	4,797,107	6,464,170	(6,007)	14,953,950
Changes during period					
Dividends of surplus			(329,648)		(329,648)
Profit attributable to owners of parent			2,321,698		2,321,698
Purchase of treasury shares				(957)	(957)
Disposal of treasury shares		81		60	141
Net increase (decrease) in surplus by change of consolidated scope			(31,610)		(31,610)
Change in scope of consolidation - foreign currency translation adjustment					
Net changes in items other than shareholders' equity					
Total changes during period	-	81	1,960,438	(897)	1,959,623
Balance at end of period	3,698,680	4,797,189	8,424,609	(6,905)	16,913,573

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,654,685	(433,882)	(72,660)	1,148,142	1,063,506	17,165,599
Changes during period						
Dividends of surplus						(329,648)
Profit attributable to owners of parent						2,321,698
Purchase of treasury shares						(957)
Disposal of treasury shares						141
Net increase (decrease) in surplus by change of consolidated scope						(31,610)
Change in scope of consolidation - foreign currency translation adjustment		27,737		27,737		27,737
Net changes in items other than shareholders' equity	701,458	(200,331)	(17,912)	483,214	187,346	670,560
Total changes during period	701,458	(172,593)	(17,912)	510,951	187,346	2,657,921
Balance at end of period	2,356,143	(606,476)	(90,573)	1,659,093	1,250,852	19,823,520

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,946,975	3,749,892
Depreciation	949,379	833,287
Impairment losses	38,000	–
Amortization of goodwill	58,274	56,423
Increase (decrease) in retirement benefit liability	63,020	213,832
Increase (decrease) in allowance for doubtful accounts	(8,918)	7,749
Increase (decrease) in other provisions	10,334	258,171
Increase (decrease) in allowance for investment loss	(44,990)	–
Interest and dividend income	(203,460)	(213,605)
Interest expenses	60,905	37,760
Foreign exchange losses (gains)	9,938	(23,997)
Loss (gain) on valuation of investment securities	2,758	5,314
Loss on valuation of shares of subsidiaries and associates	9,726	4,062
Loss (gain) on sale of investment securities	1,714	(4,124)
Loss (gain) on sale and retirement of property, plant and equipment	19,540	19,287
Insurance claim income	–	(2,917)
Retirement benefits for directors (and other officers)	–	3,594
Decrease (increase) in trade receivables	430,861	(261,516)
Decrease (increase) in inventories	2,458,530	(1,993,755)
Increase (decrease) in trade payables	(451,387)	3,898,599
Increase (decrease) in accounts payable - other	27,423	1,140,477
Decrease (increase) in accounts receivable - other	427,624	(265,576)
Increase (decrease) in accrued consumption taxes	352,791	(329,862)
Other, net	288,015	(453,364)
Subtotal	6,447,058	6,679,732
Interest and dividends received	203,460	213,605
Interest paid	(60,846)	(38,503)
Proceeds from insurance income	–	2,917
Payments of retirement benefits for directors (and other officers)	–	(3,594)
Income taxes refund (paid)	(709,195)	(563,219)
Net cash provided by (used in) operating activities	5,880,476	6,290,938
Cash flows from investing activities		
Net decrease (increase) in time deposits	(9,284)	33,847
Purchase of property, plant and equipment	(694,805)	(2,885,274)
Payments for retirement of property, plant and equipment	(28,404)	(142)
Proceeds from sale of property, plant and equipment	13,000	3,033
Purchase of intangible assets	(95,718)	(8,964)
Purchase of investment securities	(2,560)	(2,660)
Proceeds from sale of investment securities	2,265	7,708
Purchase of shares of subsidiaries	(49,914)	–
Purchase of investments in non consolidated subsidiary	–	(20,422)
Other, net	(17,431)	(30,169)
Net cash provided by (used in) investing activities	(882,853)	(2,903,044)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,229,376)	(2,626,561)
Repayments of lease obligations	(74,266)	(90,470)
Purchase of treasury shares	(640)	(957)
Proceeds from disposal of treasury shares	16	141
Dividends paid	(428,556)	(329,648)
Dividends paid to non-controlling interests	(109,924)	(51,082)
Net cash provided by (used in) financing activities	(3,842,747)	(3,098,578)
Effect of exchange rate change on cash and cash equivalents	34,330	(176,188)
Net increase (decrease) in cash and cash equivalents	1,189,207	113,127
Cash and cash equivalents at beginning of period	4,457,369	5,646,576
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	217,162
Cash and cash equivalents at end of period	5,646,576	5,976,866