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Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 (under IFRS)

January 31, 2020

Company name: **F.C.C. CO., LTD.**
 Listing: Tokyo Stock Exchange
 Securities code: 7296
 URL: <https://www.fcc-net.co.jp/>
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Scheduled date to file Quarterly Securities Report: February 12, 2020

Scheduled date to commence dividend payments: —

Preparation of supplementary results briefing material on quarterly financial results: None

Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts rounded, unless otherwise noted)

1. Consolidated financial results for the Third quarter of the fiscal year ending March 31, 2020 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended												
December 31, 2019	130,663	(1.0)	10,373	(17.4)	10,438	(19.4)	8,260	(10.9)	8,106	(11.1)	7,612	(10.1)
December 31, 2018	132,012	3.8	12,552	12.6	12,942	7.9	9,273	13.9	9,119	14.3	8,471	(19.6)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2019	163.15	—
December 31, 2018	181.71	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2019	172,423	132,168	130,459	75.7	2,625.58
March 31, 2019	173,644	127,527	125,875	72.5	2,533.32

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	–	23.00	–	29.00	52.00
Fiscal year ending March 31, 2020	–	29.00			
Fiscal year ending March 31, 2020 (Forecast)		–	–	29.00	58.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2020	175,000	(1.5)	13,500	(14.8)	13,000	(21.2)	9,700	(18.9)	9,500	(19.3)	191.19

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: None

Excluded: None

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

a. Changes in accounting policies required by IFRS: Yes

b. Changes in accounting policies other than the above: None

c. Changes in accounting estimates: None

- (3) Number of shares issued (ordinary shares)

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

As of December 31, 2019	52,644,030 shares
As of March 31, 2019	52,644,030 shares

- b. Number of treasury shares at the end of the period

As of December 31, 2019	2,956,069 shares
As of March 31, 2019	2,955,975 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended December 31, 2019	49,688,033 shares
For the nine months ended December 31, 2018	50,188,110 shares

- * Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- * Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

The forward-looking statements including earnings forecasts contained in these materials are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended as the Company's commitment to achieve such forecasts. Actual business and other results may differ significantly from these forecasts due to a wide range of factors.

Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	32,444	34,151
Trade and other receivables	28,080	25,779
Other financial assets	1,625	2,086
Inventories	20,503	20,812
Other current assets	2,366	2,841
Total current assets	<u>85,020</u>	<u>85,670</u>
Non-current assets		
Property, plant and equipment	69,786	67,038
Goodwill and intangible assets	4,201	4,452
Investments accounted for using the equity method	89	75
Other financial assets	11,238	12,118
Deferred tax assets	2,775	2,945
Other non-current assets	532	122
Total non-current assets	<u>88,624</u>	<u>86,752</u>
Total assets	<u>173,644</u>	<u>172,423</u>

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	12,794	12,684
Borrowings	12,791	7,214
Other financial liabilities	152	421
Income taxes payable	2,704	1,990
Other current liabilities	6,604	5,862
Total current liabilities	<u>35,046</u>	<u>28,174</u>
Non-current liabilities		
Borrowings	19	6
Other financial liabilities	488	960
Defined benefit liability	2,144	2,412
Provisions	29	29
Deferred tax liabilities	8,129	8,275
Other non-current liabilities	258	397
Total non-current liabilities	<u>11,069</u>	<u>12,080</u>
Total liabilities	<u>46,116</u>	<u>40,255</u>
Equity		
Issued capital	4,175	4,175
Retained earnings	122,365	127,601
Treasury shares	(4,787)	(4,787)
Other components of equity	4,122	3,469
Total equity attributable to owners of parent	<u>125,875</u>	<u>130,459</u>
Non-controlling interests	1,652	1,708
Total equity	<u>127,527</u>	<u>132,168</u>
Total liabilities and equity	<u>173,644</u>	<u>172,423</u>

(2) Condensed quarterly consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue	132,012	130,663
Cost of sales	(108,711)	(108,981)
Gross profit	23,301	21,682
Selling, general and administrative expenses	(11,396)	(11,836)
Other income	821	695
Other expense	(173)	(168)
Operating profit	12,552	10,373
Finance income	674	845
Finance costs	(265)	(769)
Share of profit (loss) in investments accounted for using the equity method	(17)	(11)
Profit before income taxes	12,942	10,438
Income tax expense	(3,668)	(2,177)
Profit	9,273	8,260
Profit attributable to		
Owners of parent	9,119	8,106
Non-controlling interests	154	154
Profit	9,273	8,260
Earnings per share (Attributable to owners of parent)		
Basic earnings per share (Yen)	181.71	163.15
Diluted earnings per share (Yen)	—	—

(3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	9,273	8,260
Other comprehensive income		
Components that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(8)	3
Changes in the fair value of financial assets measured at fair value through other comprehensive income	(1,058)	237
Total	<u>(1,067)</u>	<u>240</u>
Components that may be reclassified to profit or loss		
Exchange differences of foreign operations	268	(884)
Share of other comprehensive income of associates accounted for using equity method	(3)	(4)
Total	<u>264</u>	<u>(889)</u>
Total other comprehensive income	<u>(802)</u>	<u>(648)</u>
Comprehensive income	<u>8,471</u>	<u>7,612</u>
Comprehensive income attributable to		
Owners of parent	8,320	7,466
Non-controlling interests	151	146
Comprehensive income	<u>8,471</u>	<u>7,612</u>

(4) Condensed quarterly consolidated statement of changes in equity
 Nine months ended December 31, 2018

	Equity attributable to owners of parent				
	Issued capital	Retained earnings	Treasury shares	Other components of equity	
				Exchange differences of foreign operations	Changes in fair value of available-for-sale financial assets
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2018	4,175	112,828	(3,409)	(1,156)	4,872
Changes in accounting policies	–	(37)	–	–	(4,872)
Balance after restatement	4,175	112,791	(3,409)	(1,156)	–
Profit	–	9,119	–	–	–
Other comprehensive income	–	–	–	255	–
Total comprehensive income	–	9,119	–	255	–
Purchase of treasury shares	–	–	(0)	–	–
Dividends	–	(2,208)	–	–	–
Transfer from other components of equity	–	24	–	–	–
Total transactions with the owners	–	(2,184)	(0)	–	–
Balance as of December 31, 2018	4,175	119,726	(3,409)	(901)	–

	Equity attributable to owners of parent					
	Other components of equity					Total equity
	Changes in the fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2018	–	–	3,716	117,311	1,589	118,900
Changes in accounting policies	4,872	–	–	(37)	–	(37)
Balance after restatement	4,872	–	3,716	117,274	1,589	118,863
Profit	–	–	–	9,119	154	9,273
Other comprehensive income	(1,045)	(8)	(799)	(799)	(2)	(802)
Total comprehensive income	(1,045)	(8)	(799)	8,320	151	8,471
Purchase of treasury shares	–	–	–	(0)	–	(0)
Dividends	–	–	–	(2,208)	(129)	(2,337)
Transfer from other components of equity	(32)	8	(24)	–	–	–
Total transactions with the owners	(32)	8	(24)	(2,208)	(129)	(2,338)
Balance as of December 31, 2018	3,793	–	2,892	123,385	1,611	124,996

Nine months ended December 31, 2019

	Equity attributable to owners of parent				
	Issued capital	Retained earnings	Treasury shares	Other components of equity	
				Exchange differences of foreign operations	Changes in fair value of available-for-sale financial assets
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2019	4,175	122,365	(4,787)	187	—
Profit	—	8,106	—	—	—
Other comprehensive income	—	—	—	(880)	—
Total comprehensive income	—	8,106	—	(880)	—
Purchase of treasury shares	—	—	(0)	—	—
Dividends	—	(2,881)	—	—	—
Transfer from other components of equity	—	11	—	—	—
Total transactions with the owners	—	(2,870)	(0)	—	—
Balance as of December 31, 2019	4,175	127,601	(4,787)	(692)	—

	Equity attributable to owners of parent					
	Other components of equity					Total equity
	Changes in the fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2019	3,934	—	4,122	125,875	1,652	127,527
Profit	—	—	—	8,106	154	8,260
Other comprehensive income	236	3	(640)	(640)	(7)	(648)
Total comprehensive income	236	3	(640)	7,466	146	7,612
Purchase of treasury shares	—	—	—	(0)	—	(0)
Dividends	—	—	—	(2,881)	(90)	(2,972)
Transfer from other components of equity	(8)	(3)	(11)	—	—	—
Total transactions with the owners	(8)	(3)	(11)	(2,882)	(90)	(2,972)
Balance as of December 31, 2019	4,162	—	3,469	130,459	1,708	132,168

(5) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from (used in) operating activities		
Profit before income taxes	12,942	10,438
Depreciation and amortization expense	9,272	10,311
Finance income and finance costs	(465)	(723)
Share of loss (profit) in investments accounted for using the equity method	17	11
Loss (gain) on sales and retirement of non-current assets	(61)	(36)
(Increase) decrease in inventories	(2,868)	(583)
(Increase) decrease in trade and other receivables	3,079	1,961
Increase (decrease) in trade and other payables	(2,197)	578
Increase (decrease) in defined benefit liability	111	246
Other	(62)	(199)
Subtotal	19,767	22,003
Interest and dividend income received	602	795
Interest expenses paid	(124)	(120)
Income taxes paid	(3,426)	(3,344)
Income taxes refund and interest on refund received	—	69
Net cash flows from (used in) operating activities	16,818	19,402
Cash flows from (used in) investing activities		
Payments into time deposits	(1,231)	(1,123)
Proceeds from withdrawal of time deposits	1,682	455
Purchase of property, plant and equipment	(8,471)	(6,826)
Proceeds from sales of property, plant and equipment	566	328
Purchase of intangible assets	(910)	(985)
Proceeds from sales of intangible assets	0	0
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,828	—
Payments of loans receivable	(150)	(102)
Collection of loans receivable	142	129
Purchase of investments	(44)	(464)
Proceeds from sales of investments	44	10
Other	(106)	(24)
Net cash flows from (used in) investing activities	(6,650)	(8,602)
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	(3,802)	(5,521)
Repayments of lease liabilities	—	(356)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,192)	(2,881)
Cash dividends paid to non-controlling shareholders	(129)	(90)
Other	(99)	—
Net cash flows from (used in) financing activities	(6,224)	(8,849)
Net increase (decrease) in cash and cash equivalents	3,943	1,950
Cash and cash equivalents at beginning of period	25,230	32,444
Effect of exchange rate change on cash and cash equivalents	(38)	(242)
Cash and cash equivalents at end of period	29,135	34,151