

**Brief Financial Report for the Second Quarter Ending March 2021**  
**[Based on Japanese Accounting Standards] (Consolidated)**

Listed Company: PIOLAX Inc.

Code No.: 5988 (URL <https://www.piolax.co.jp>)

Representative: President Yukihiko Shimazu

Contact person in charge: General Manager, Management & Planning Department Toru Nagashima (Tel. 045-731-1211)

Estimated submission date of quarterly report: November 10, 2020

Date scheduled to start dividend payment: December 1, 2020

Preparation of supplementary materials for quarterly financial results: No

Information meeting for quarterly financial results to be held: Yes (for corporate investors and investment analysts)

(Amounts are rounded to the nearest million yen)

1. Consolidated performance for the second quarter ending March 31, 2021 (April 1, 2020 to September 30, 2020)

(1) Consolidated business results (Total sum)

(Percentage changes from the same period the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of PIOLAX Inc.	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY3/21 2Q	20,384	-36.2	-3	-	700	-82.5	483	-84.5
FY3/20 2Q	31,934	-7.7	3,644	-31.0	3,992	-31.2	3,129	-27.8

Note: Comprehensive income FY3/21 2Q -944 million yen (-%), FY 3/20 2Q 2,165 million yen (-21.2%)

	Quarter net income per share	Quarter net income per share-diluted
	Yen	Yen
FY3/21 2Q	13.85	-
FY3/20 2Q	87.36	-

(2) Consolidate financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
FY3/21 2Q	99,825	89,745	88.6
FY3/20	101,755	91,460	88.6

(Reference) Equity capital: FY3/21 2Q 88,438 million yen, FY 3/20 90,115 million yen

2. Cash dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Term end	Full year
	Yen	Yen	Yen	Yen	Yen
FY3/20	-	22.50	-	22.50	45.00
FY3/21	-	10.00	-	-	-
FY3/21 (Forecast)	-	-	-	15.00	25.00

Note: Changes in the latest forecasts released: Yes

3. Forecast consolidated performance for the year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(Percentage changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of PIOLAX Inc.		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	46,500	-25.6	2,400	-64.5	3,600	-51.3	2,700	-48.4	77.34

Note: Changes in the latest forecasts released: Yes

2. [Quarterly consolidated financial statement]

(1) Quarterly consolidated balance sheet

(Millions of Yen)

	Previous consolidated FY (March 31, 2020)	Current second quarter (September 30, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	31,424	35,407
Notes and accounts receivable-trade	12,346	9,416
Electronically recorded monetary claims-operating	1,785	1,246
Marketable securities	2,154	999
Goods and Finished products	4,832	5,045
Material in progress	1,705	1,466
Raw materials and inventory goods	1,796	1,761
Income taxes receivable	-	143
Other	1,958	1,580
Allowance for bad loans	-35	-34
<b>Total current assets</b>	<b>57,968</b>	<b>57,034</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures (net)	8,197	7,847
Machinery equipment and vehicles (net)	7,339	6,658
Tools, furniture and fixture (net)	2,119	2,001
Land	5,565	5,537
Lease asset (net)	107	98
Construction in progress	1,162	1,377
<b>Total tangible fixed assets</b>	<b>24,492</b>	<b>23,522</b>
<b>Intangible fixed assets</b>		
Other	1,869	1,687
<b>Total intangible fixed assets</b>	<b>1,869</b>	<b>1,687</b>
<b>Investments and other assets</b>		
Investment account securities	16,161	16,333
Other	1,263	1,248
Allowance for bad loans	-0	-0
<b>Total investments and other assets</b>	<b>17,425</b>	<b>17,581</b>
<b>Total fixed assets</b>	<b>43,787</b>	<b>42,791</b>
<b>Total assets</b>	<b>101,755</b>	<b>99,825</b>

	Previous consolidated FY (March 31, 2020)	Current second quarter (September 30, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	3,037	2,137
Accrued income taxes	289	299
Allowance reserve	861	731
Short-term loans payable	-	1,500
Other	3,692	3,033
<b>Total current liabilities</b>	<b>7,879</b>	<b>7,703</b>
<b>Long-term liabilities</b>		
Allowance reserve	57	53
Net defined benefit liability	265	266
Asset removal liabilities	57	56
Other	2,035	2,001
<b>Total long-term liabilities</b>	<b>2,415</b>	<b>2,377</b>
<b>Total liabilities</b>	<b>10,295</b>	<b>10,080</b>
<b>Total equity</b>		
<b>Equity</b>		
Common stock	2,960	2,960
Capital surplus	2,888	2,888
Retained earnings	89,206	88,902
Treasury stock	-5,003	-4,986
<b>Total shareholders' equity</b>	<b>90,052</b>	<b>89,765</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	649	746
Deferred gains or losses on hedges	2	-0
Foreign currency translation adjustments	-316	-1,828
Remeasurements of defined benefit plans	-273	-245
<b>Total accumulated other comprehensive income</b>	<b>62</b>	<b>-1,327</b>
<b>Non-controlling interests</b>	<b>1,345</b>	<b>1,307</b>
<b>Total equity</b>	<b>91,460</b>	<b>89,745</b>
<b>Total liabilities and equity</b>	<b>101,755</b>	<b>99,825</b>

(2) Consolidated Statements of Income  
[FY2021 second quarter]

(Millions of Yen)

	Previous second quarter (April 1, 2019 to September 30, 2019)	Current second quarter (April 1, 2020 to September 30, 2020)
Net sales	31,934	20,384
Cost of sales	23,121	16,209
Gross profit	8,813	4,174
Selling, general and administrative expenses	5,168	4,178
Operating income / operating loss (-)	3,644	-3
Non-operating income		
Interest income	76	77
Dividend income	37	18
Equity method investment gain	315	255
Foreign exchange gains	-	184
Employment adjustment subsidy	-	175
Other	77	94
Total non-operating income	508	805
Non-operating expenses		
Interest expense	0	6
Loss on valuation of derivatives	3	-
Foreign exchange loss	58	-
Loss on disposal of property and equipment	21	16
Cost of lease revenue	2	2
Loss on insurance cancellation	19	-
Office transfer expenses	38	-
Building demolition expense	-	56
Other	16	20
Total non-operating expenses	160	101
Ordinary income	3,992	700
Quarterly net income before taxes and other adjustments	3,992	700
Corporate taxes	844	196
Net income before non-controlling interests	3,147	503
Net income attributable to non-controlling interests	18	20
Net income attributable to owners of PIOLAX Inc.	3,129	483