

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 9, 2017

Company name: TOSHO CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8920 URL <http://www.to-sho.net>
 Representative: President & COO Yuichiro Kutsuna
 Inquiries: Managing Director & CFO Naoya Kuwazoe TEL 0566-79-3111
 Scheduled date of ordinary general meeting of shareholders: June 16, 2017
 Scheduled date to file Securities Report: June 27, 2017
 Scheduled date to commence dividend payments: June 19, 2017
 Preparation of supplementary material on financial results: No
 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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017 | 21,350 | 11.1 | 5,982 | 9.8 | 6,025 | 12.0 | 3,726 | 18.1 |
| Year ended March 31, 2016 | 19,224 | 13.8 | 5,449 | 26.6 | 5,380 | 28.0 | 3,156 | 24.5 |

| | 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, 2017 | 194.54 | — | 18.0 | 13.0 | 28.0 |
| Year ended March 31, 2016 | 164.79 | — | 17.9 | 13.6 | 28.3 |

(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, 2017 | 49,621 | 23,536 | 45.0 | 1,165.55 |
| As of March 31, 2016 | 43,110 | 19,999 | 44.1 | 993.03 |

(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, 2017 | 4,856 | (5,069) | 2,180 | 10,970 |
| Year ended March 31, 2016 | 5,815 | (4,642) | 1,444 | 9,003 |

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, 2016 | — | 10.00 | — | 11.00 | 21.00 | 402 | 12.7 | 2.3 |
| Year ended March 31, 2017 | — | 11.00 | — | 12.00 | 23.00 | 440 | 11.8 | 2.1 |
| Year ending March 31, 2018 (Forecast) | — | 12.00 | — | 12.00 | 24.00 | | 11.5 | |

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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, 2017 | 11,550 | 10.2 | 3,100 | 2.7 | 3,100 | 2.0 | 1,840 | 2.2 | 96.06 |
| Full year | 23,800 | 11.5 | 6,500 | 8.7 | 6,500 | 7.9 | 4,000 | 7.3 | 208.83 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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: Yes

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, 2017 | 19,157,500 shares | As of March 31, 2016 | 19,157,500 shares |
|----------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|--------------|----------------------|--------------|
| As of March 31, 2017 | 3,951 shares | As of March 31, 2016 | 3,852 shares |
|----------------------|--------------|----------------------|--------------|

Average number of shares during the period

| | | | |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2017 | 19,153,590 shares | Year ended March 31, 2016 | 19,153,731 shares |
|---------------------------|-------------------|---------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2016 | As of March 31, 2017 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,389,815 | 12,488,767 |
| Accounts receivable - trade | 108,358 | 154,671 |
| Operating accounts receivable | 164,801 | 171,960 |
| Merchandise | 5,182 | 3,866 |
| Supplies | 48,770 | 62,424 |
| Deferred tax assets | 133,590 | 86,820 |
| Other | 263,490 | 369,139 |
| Allowance for doubtful accounts | (1,000) | (40) |
| Total current assets | 11,113,009 | 13,337,609 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 33,201,262 | 36,753,146 |
| Accumulated depreciation | (12,867,161) | (14,105,798) |
| Buildings and structures, net | 20,334,100 | 22,647,347 |
| Machinery, equipment and vehicles | 977,348 | 1,110,132 |
| Accumulated depreciation | (543,769) | (623,773) |
| Machinery, equipment and vehicles, net | 433,579 | 486,359 |
| Tools, furniture and fixtures | 944,116 | 1,063,811 |
| Accumulated depreciation | (757,811) | (854,666) |
| Tools, furniture and fixtures, net | 186,305 | 209,145 |
| Land | 4,317,244 | 5,385,137 |
| Leased assets | 2,136,000 | 2,845,157 |
| Accumulated depreciation | (246,161) | (394,386) |
| Leased assets, net | 1,889,839 | 2,450,770 |
| Construction in progress | 2,086,139 | 2,162,221 |
| Total property, plant and equipment | 29,247,208 | 33,340,981 |
| Intangible assets | | |
| Leased assets | 3,153 | 1,051 |
| Other | 54,963 | 54,997 |
| Total intangible assets | 58,116 | 56,048 |
| Investments and other assets | | |
| Lease and guarantee deposits | 1,812,335 | 1,928,114 |
| Deferred tax assets | 303,209 | 366,991 |
| Long-term loans receivable | 141,440 | 126,201 |
| Other | 433,127 | 469,726 |
| Allowance for doubtful accounts | (12,570) | (11,870) |
| Total investments and other assets | 2,677,544 | 2,879,164 |
| Total non-current assets | 31,982,868 | 36,276,194 |
| Deferred assets | | |
| Share issuance cost | 1,044 | — |
| Bond issuance cost | 13,206 | 8,033 |
| Total deferred assets | 14,251 | 8,033 |
| Total assets | 43,110,129 | 49,621,837 |

(Thousands of yen)

| | As of March 31, 2016 | As of March 31, 2017 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 716 | 354 |
| Current portion of bonds | 501,200 | 321,200 |
| Short-term loans payable | – | 410,000 |
| Current portion of long-term loans payable | 3,147,248 | 3,467,384 |
| Lease obligations | 106,961 | 160,482 |
| Accounts payable - other | 1,034,658 | 1,000,566 |
| Income taxes payable | 1,645,351 | 1,085,588 |
| Other | 987,989 | 938,042 |
| Total current liabilities | 7,424,126 | 7,383,618 |
| Non-current liabilities | | |
| Bonds payable | 1,061,800 | 740,600 |
| Long-term loans payable | 11,007,754 | 13,723,100 |
| Lease obligations | 1,828,739 | 2,331,786 |
| Deferred tax liabilities | 20,857 | – |
| Provision for directors' retirement benefits | 998,850 | 1,031,070 |
| Net defined benefit liability | – | 15,492 |
| Asset retirement obligations | 432,429 | 620,036 |
| Other | 336,526 | 239,568 |
| Total non-current liabilities | 15,686,957 | 18,701,652 |
| Total liabilities | 23,111,083 | 26,085,271 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,580,817 | 1,580,817 |
| Capital surplus | 1,875,494 | 1,875,494 |
| Retained earnings | 15,568,519 | 18,873,357 |
| Treasury shares | (4,645) | (5,110) |
| Total shareholders' equity | 19,020,186 | 22,324,559 |
| Non-controlling interests | 978,859 | 1,212,006 |
| Total net assets | 19,999,045 | 23,536,566 |
| Total liabilities and net assets | 43,110,129 | 49,621,837 |

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

(Thousands of yen)

| | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2017 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 19,224,494 | 21,350,090 |
| Cost of sales | 12,146,525 | 13,216,588 |
| Gross profit | 7,077,969 | 8,133,501 |
| Selling, general and administrative expenses | | |
| Promotion expenses | 122,333 | 216,599 |
| Sales commission | 254,803 | 323,216 |
| Directors' compensations | 375,711 | 410,698 |
| Provision for directors' retirement benefits | 60,050 | 32,600 |
| Salaries and bonuses | 268,980 | 376,324 |
| Retirement benefit expenses | – | 1,943 |
| Taxes and dues | 144,365 | 218,791 |
| Depreciation | 27,620 | 35,305 |
| Other | 374,762 | 535,657 |
| Total selling, general and administrative expenses | 1,628,627 | 2,151,137 |
| Operating profit | 5,449,342 | 5,982,364 |
| Non-operating income | | |
| Interest income | 4,843 | 4,788 |
| Commission fee | 148,020 | 174,123 |
| Rent income | 10,183 | 15,768 |
| Subsidy income | 3,659 | 35,301 |
| Other | 6,535 | 20,229 |
| Total non-operating income | 173,242 | 250,210 |
| Non-operating expenses | | |
| Interest expenses | 187,845 | 173,867 |
| arrangement fee-NOE | 4,500 | 11,212 |
| Other | 49,880 | 21,715 |
| Total non-operating expenses | 242,226 | 206,795 |
| Ordinary profit | 5,380,358 | 6,025,780 |
| Extraordinary income | | |
| Gain on sales of non-current assets | – | 554 |
| Total extraordinary income | – | 554 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | – | 135 |
| Loss on retirement of non-current assets | 1,275 | 2,473 |
| Total extraordinary losses | 1,275 | 2,609 |
| Profit before income taxes | 5,379,082 | 6,023,725 |
| Income taxes - current | 2,164,801 | 2,093,915 |
| Income taxes - deferred | (160,743) | (37,869) |
| Total income taxes | 2,004,057 | 2,056,045 |
| Profit | 3,375,024 | 3,967,680 |
| Profit attributable to non-controlling interests | 218,586 | 241,463 |
| Profit attributable to owners of parent | 3,156,438 | 3,726,217 |

Consolidated statements of comprehensive income

(Thousands of yen)

| | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2017 |
|--|-------------------------------------|-------------------------------------|
| Profit | 3,375,024 | 3,967,680 |
| Comprehensive income | 3,375,024 | 3,967,680 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,156,438 | 3,726,217 |
| Comprehensive income attributable to non-controlling interests | 218,586 | 241,463 |

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Thousands of yen)

| | Shareholders' equity | | | | | Non-controlling interests | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---------------------------|------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | | |
| Balance at beginning of current period | 1,580,817 | 1,875,494 | 12,795,156 | (3,822) | 16,247,646 | 768,673 | 17,016,320 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | (383,075) | | (383,075) | | (383,075) |
| Profit attributable to owners of parent | | | 3,156,438 | | 3,156,438 | | 3,156,438 |
| Purchase of treasury shares | | | | (823) | (823) | | (823) |
| Net changes of items other than shareholders' equity | | | | | - | 210,186 | 210,186 |
| Total changes of items during period | - | - | 2,773,362 | (823) | 2,772,539 | 210,186 | 2,982,725 |
| Balance at end of current period | 1,580,817 | 1,875,494 | 15,568,519 | (4,645) | 19,020,186 | 978,859 | 19,999,045 |

Fiscal year ended March 31, 2017

(Thousands of yen)

| | Shareholders' equity | | | | | Non-controlling interests | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---------------------------|------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | | |
| Balance at beginning of current period | 1,580,817 | 1,875,494 | 15,568,519 | (4,645) | 19,020,186 | 978,859 | 19,999,045 |
| Changes of items during period | | | | | | | |
| Dividends of surplus | | | (421,379) | | (421,379) | | (421,379) |
| Profit attributable to owners of parent | | | 3,726,217 | | 3,726,217 | | 3,726,217 |
| Purchase of treasury shares | | | | (464) | (464) | | (464) |
| Net changes of items other than shareholders' equity | | | | | - | 233,147 | 233,147 |
| Total changes of items during period | - | - | 3,304,837 | (464) | 3,304,373 | 233,147 | 3,537,520 |
| Balance at end of current period | 1,580,817 | 1,875,494 | 18,873,357 | (5,110) | 22,324,559 | 1,212,006 | 23,536,566 |

Consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2017 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,379,082 | 6,023,725 |
| Depreciation | 1,522,556 | 1,596,410 |
| Increase (decrease) in allowance for doubtful accounts | 240 | (1,660) |
| Increase (decrease) in provision for directors' retirement benefits | 55,930 | 32,220 |
| Increase (decrease) in net defined benefit liability | – | 15,492 |
| Interest and dividend income | (4,843) | (4,788) |
| Interest expenses | 187,845 | 173,867 |
| Amortization of bond issuance cost | 8,814 | 5,173 |
| Amortization of share issuance cost | 2,382 | 1,044 |
| Loss (gain) on sales of property, plant and equipment | – | (419) |
| Loss on retirement of non-current assets | 1,275 | 2,473 |
| Decrease (increase) in notes and accounts receivable - trade | (49,194) | (53,471) |
| Decrease (increase) in inventories | (3,354) | (12,337) |
| Increase (decrease) in notes and accounts payable - trade | (310) | (361) |
| Decrease/increase in consumption taxes receivable/payable | (105,933) | (224,108) |
| Decrease (increase) in other assets | (45,159) | (24,686) |
| Increase (decrease) in other liabilities | 224,744 | 196,050 |
| Subtotal | 7,174,076 | 7,724,624 |
| Interest and dividend income received | 1,458 | 1,706 |
| Interest expenses paid | (188,868) | (174,078) |
| Income taxes paid | (1,171,228) | (2,695,864) |
| Net cash provided by (used in) operating activities | 5,815,437 | 4,856,387 |
| Cash flows from investing activities | | |
| Payments into time deposits | (631,072) | (132,092) |
| Purchase of property, plant and equipment | (3,880,457) | (4,780,231) |
| Proceeds from sales of property, plant and equipment | – | 5,810 |
| Purchase of memberships | (2,250) | (4,292) |
| Payments for guarantee deposits | (101,881) | (178,871) |
| Other, net | (27,211) | 19,715 |
| Net cash provided by (used in) investing activities | (4,642,872) | (5,069,962) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term loans payable | – | 410,000 |
| Proceeds from long-term loans payable | 6,100,000 | 6,630,000 |
| Repayments of long-term loans payable | (3,128,728) | (3,594,518) |
| Redemption of bonds | (701,200) | (501,200) |
| Purchase of treasury shares | (823) | (464) |
| Cash dividends paid | (382,907) | (421,137) |
| Dividends paid to non-controlling interests | (8,400) | (8,316) |
| Payments for installment payables - property and equipment | (331,098) | (193,820) |
| Repayments of lease obligations | (102,089) | (140,109) |
| Net cash provided by (used in) financing activities | 1,444,753 | 2,180,434 |
| Net increase (decrease) in cash and cash equivalents | 2,617,318 | 1,966,859 |
| Cash and cash equivalents at beginning of period | 6,386,176 | 9,003,494 |
| Cash and cash equivalents at end of period | 9,003,494 | 10,970,354 |