

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 9, 2018

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 21, 2018
 Scheduled date to file Securities Report: June 27, 2018
 Scheduled date to commence dividend payments: June 22, 2018
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	24,138	13.1	6,561	9.7	6,602	9.6	3,766	1.1
Year ended March 31, 2017	21,350	11.1	5,982	9.8	6,025	12.0	3,726	18.1

	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, 2018	98.32	–	15.6	12.2	27.2
Year ended March 31, 2017	97.27	–	18.0	13.0	28.0

(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, 2018	58,194	28,126	44.7	679.50
As of March 31, 2017	49,621	23,536	45.0	582.77

(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, 2018	6,658	(7,735)	1,401	11,294
Year ended March 31, 2017	4,856	(5,069)	2,180	10,970

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, 2017	–	11.00	–	12.00	23.00	440	11.8	2.1
Year ended March 31, 2018	–	13.00	–	8.00	–	555	14.7	2.3
Year ending March 31, 2019 (Forecast)	–	7.00	–	7.00	14.00		12.8	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	13,000	11.2	3,400	10.4	3,400	10.3	2,050	9.4	53.51
Full year	27,000	11.9	7,240	10.3	7,300	10.6	4,200	11.5	109.64

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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:

Yes

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, 2018	38,315,000 shares	As of March 31, 2017	38,315,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	8,560 shares	As of March 31, 2017	7,902 shares
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Average number of shares during the period

Year ended March 31, 2018	38,306,646 shares	Year ended March 31, 2017	38,307,180 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	12,488,767	12,814,836
Accounts receivable - trade	154,671	188,824
Operating accounts receivable	171,960	256,992
Merchandise	3,866	4,097
Supplies	62,424	69,770
Deferred tax assets	86,820	125,176
Other	369,139	324,786
Allowance for doubtful accounts	(40)	(40)
Total current assets	13,337,609	13,784,445
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,753,146	43,153,703
Accumulated depreciation	(14,105,798)	(15,496,627)
Buildings and structures, net	22,647,347	27,657,076
Machinery, equipment and vehicles	1,110,132	1,377,233
Accumulated depreciation	(623,773)	(714,105)
Machinery, equipment and vehicles, net	486,359	663,128
Tools, furniture and fixtures	1,063,811	1,199,152
Accumulated depreciation	(854,666)	(956,719)
Tools, furniture and fixtures, net	209,145	242,432
Land	5,385,137	6,532,686
Leased assets	2,845,157	3,469,709
Accumulated depreciation	(394,386)	(597,795)
Leased assets, net	2,450,770	2,871,914
Construction in progress	2,162,221	3,065,455
Total property, plant and equipment	33,340,981	41,032,693
Intangible assets		
Leased assets	1,051	–
Other	54,997	89,161
Total intangible assets	56,048	89,161
Investments and other assets		
Lease and guarantee deposits	1,928,114	2,295,299
Deferred tax assets	366,991	458,255
Long-term loans receivable	126,201	110,646
Other	469,726	425,786
Allowance for doubtful accounts	(11,870)	(11,880)
Total investments and other assets	2,879,164	3,278,109
Total non-current assets	36,276,194	44,399,963
Deferred assets		
Share issuance cost	–	5,075
Bond issuance cost	8,033	5,229
Total deferred assets	8,033	10,305
Total assets	49,621,837	58,194,714

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	354	1,282
Short-term loans payable	410,000	–
Current portion of bonds	321,200	241,200
Current portion of long-term loans payable	3,467,384	3,852,626
Lease obligations	160,482	280,254
Accounts payable - other	1,000,566	1,280,137
Income taxes payable	1,085,588	1,844,889
Other	938,042	1,003,500
Total current liabilities	7,383,618	8,503,890
Non-current liabilities		
Bonds payable	740,600	499,400
Long-term loans payable	13,723,100	15,107,896
Lease obligations	2,331,786	2,648,930
Provision for directors' retirement benefits	1,031,070	1,051,100
Net defined benefit liability	15,492	35,774
Asset retirement obligations	620,036	2,008,191
Other	239,568	212,662
Total non-current liabilities	18,701,652	21,563,956
Total liabilities	26,085,271	30,067,846
Net assets		
Shareholders' equity		
Capital stock	1,580,817	1,580,817
Capital surplus	1,875,494	2,295,703
Retained earnings	18,873,357	22,161,213
Treasury shares	(5,110)	(7,384)
Total shareholders' equity	22,324,559	26,030,349
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	–	(1,082)
Total accumulated other comprehensive income	–	(1,082)
Non-controlling interests	1,212,006	2,097,600
Total net assets	23,536,566	28,126,867
Total liabilities and net assets	49,621,837	58,194,714

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

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	21,350,090	24,138,743
Cost of sales	13,216,588	15,025,060
Gross profit	8,133,501	9,113,682
Selling, general and administrative expenses		
Promotion expenses	216,599	285,463
Sales commission	323,216	378,596
Directors' compensations	410,698	448,430
Provision for directors' retirement benefits	32,600	33,385
Salaries and bonuses	376,324	471,826
Retirement benefit expenses	1,943	5,408
Taxes and dues	218,791	285,621
Depreciation	35,305	34,479
Other	535,657	609,199
Total selling, general and administrative expenses	2,151,137	2,552,411
Operating profit	5,982,364	6,561,271
Non-operating income		
Interest income	4,788	3,539
Commission fee	174,123	193,538
Rent income	15,768	11,349
Subsidy income	35,301	4,288
Other	20,229	16,055
Total non-operating income	250,210	228,771
Non-operating expenses		
Interest expenses	173,867	161,319
arrangement fee-NOE	11,212	7,296
Other	21,715	18,660
Total non-operating expenses	206,795	187,275
Ordinary profit	6,025,780	6,602,767
Extraordinary income		
Gain on sales of non-current assets	554	134
Total extraordinary income	554	134
Extraordinary losses		
Loss on sales of non-current assets	135	–
Loss on retirement of non-current assets	2,473	1,582
Loss on valuation of membership	–	3,738
Total extraordinary losses	2,609	5,321
Profit before income taxes	6,023,725	6,597,579
Income taxes - current	2,093,915	2,674,460
Income taxes - deferred	(37,869)	(129,153)
Total income taxes	2,056,045	2,545,306
Profit	3,967,680	4,052,273
Profit attributable to non-controlling interests	241,463	285,581
Profit attributable to owners of parent	3,726,217	3,766,691

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	3,967,680	4,052,273
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	–	1,082
Total other comprehensive income	–	1,082
Comprehensive income	3,967,680	4,053,356
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,726,217	3,767,774
Comprehensive income attributable to non-controlling interests	241,463	285,581

Consolidated statements of changes in equity

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)
Capital increase of consolidated subsidiaries							
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

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,580,817	1,875,494	18,873,357	(5,110)	22,324,559
Changes of items during period					
Dividends of surplus			(478,835)		(478,835)
Profit attributable to owners of parent			3,766,691		3,766,691
Purchase of treasury shares				(2,274)	(2,274)
Capital increase of consolidated subsidiaries		420,209			420,209
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	420,209	3,287,856	(2,274)	3,705,790
Balance at end of current period	1,580,817	2,295,703	22,161,213	(7,384)	26,030,349

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	–	–	1,212,006	23,536,566
Changes of items during period				
Dividends of surplus				(478,835)
Profit attributable to owners of parent				3,766,691
Purchase of treasury shares				(2,274)
Capital increase of consolidated subsidiaries				420,209
Net changes of items other than shareholders' equity	(1,082)	(1,082)	885,593	884,510
Total changes of items during period	(1,082)	(1,082)	885,593	4,590,301
Balance at end of current period	(1,082)	(1,082)	2,097,600	28,126,867

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	6,023,725	6,597,579
Depreciation	1,596,410	1,766,348
Increase (decrease) in allowance for doubtful accounts	(1,660)	10
Increase (decrease) in provision for directors' retirement benefits	32,220	20,030
Increase (decrease) in net defined benefit liability	15,492	18,733
Interest and dividend income	(4,788)	(3,539)
Interest expenses	173,867	161,319
Amortization of bond issuance cost	5,173	2,803
Amortization of share issuance cost	1,044	634
Loss (gain) on sales of property, plant and equipment	(419)	(134)
Loss on retirement of non-current assets	2,473	1,582
Loss on valuation of membership	–	3,738
Decrease (increase) in notes and accounts receivable - trade	(53,471)	(119,184)
Decrease (increase) in inventories	(12,337)	(7,578)
Increase (decrease) in notes and accounts payable - trade	(361)	928
Decrease/increase in consumption taxes receivable/payable	(224,108)	5,392
Decrease (increase) in other assets	(24,686)	(402)
Increase (decrease) in other liabilities	196,050	409,840
Subtotal	7,724,624	8,858,102
Interest and dividend income received	1,706	767
Interest expenses paid	(174,078)	(160,473)
Income taxes paid	(2,695,864)	(2,040,006)
Net cash provided by (used in) operating activities	4,856,387	6,658,390
Cash flows from investing activities		
Payments into time deposits	(132,092)	(682,043)
Proceeds from withdrawal of time deposits	–	680,000
Purchase of property, plant and equipment	(4,780,231)	(7,447,520)
Proceeds from sales of property, plant and equipment	5,810	3,560
Purchase of memberships	(4,292)	(2,046)
Payments for guarantee deposits	(178,871)	(236,508)
Other, net	19,715	(51,108)
Net cash provided by (used in) investing activities	(5,069,962)	(7,735,666)

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	410,000	(410,000)
Proceeds from long-term loans payable	6,630,000	5,450,000
Repayments of long-term loans payable	(3,594,518)	(3,679,962)
Redemption of bonds	(501,200)	(321,200)
Purchase of treasury shares	(464)	(2,274)
Cash dividends paid	(421,137)	(478,907)
Dividends paid to non-controlling interests	(8,316)	(8,316)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	634,800
Proceeds from share issuance to non-controlling shareholders	–	502,130
Payments for installment payables - property and equipment	(193,820)	(97,334)
Repayments of lease obligations	(140,109)	(187,634)
Net cash provided by (used in) financing activities	2,180,434	1,401,302
Net increase (decrease) in cash and cash equivalents	1,966,859	324,025
Cash and cash equivalents at beginning of period	9,003,494	10,970,354
Cash and cash equivalents at end of period	10,970,354	11,294,379