

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 8, 2019

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 19, 2019
 Scheduled date to file Securities Report: June 27, 2019
 Scheduled date to commence dividend payments: June 20, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	27,239	12.8	7,164	9.2	7,304	10.6	4,023	6.8
Year ended March 31, 2018	24,138	13.1	6,561	9.7	6,602	9.6	3,766	1.1

	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, 2019	105.03	—	14.5	11.6	26.3
Year ended March 31, 2018	98.32	—	15.6	12.2	27.2

(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, 2019	67,726	31,958	43.5	769.47
As of March 31, 2018	58,194	28,126	44.7	679.50

(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, 2019	6,385	(8,328)	4,136	13,488
Year ended March 31, 2018	6,658	(7,735)	1,401	11,294

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, 2018	—	13.00	—	8.00	—	555	14.7	2.3
Year ended March 31, 2019	—	7.00	—	8.00	15.00	574	14.3	2.2
Year ending March 31, 2020 (Forecast)	—	8.00	—	8.00	16.00		13.6	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	14,600	9.7	3,860	11.1	3,890	9.0	2,100	(1.9)	54.82
Full year	30,000	10.1	7,900	10.3	8,000	9.5	4,500	11.8	117.47

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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: 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, 2019	38,315,000 shares	As of March 31, 2018	38,315,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	8,683 shares	As of March 31, 2018	8,560 shares
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Average number of shares during the period

Year ended March 31, 2019	38,306,392 shares	Year ended March 31, 2018	38,306,646 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	12,814,836	15,200,619
Accounts receivable - trade	188,824	261,015
Operating accounts receivable	256,992	235,823
Merchandise	4,097	6,756
Supplies	69,770	76,799
Other	324,786	482,711
Allowance for doubtful accounts	(40)	—
Total current assets	13,659,268	16,263,726
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,153,703	49,074,709
Accumulated depreciation	(15,496,627)	(16,980,942)
Buildings and structures, net	27,657,076	32,093,766
Machinery, equipment and vehicles	1,377,233	1,616,182
Accumulated depreciation	(714,105)	(808,961)
Machinery, equipment and vehicles, net	663,128	807,221
Tools, furniture and fixtures	1,199,152	1,407,049
Accumulated depreciation	(956,719)	(1,076,235)
Tools, furniture and fixtures, net	242,432	330,814
Land	6,532,686	8,381,135
Leased assets	3,469,709	4,133,582
Accumulated depreciation	(597,795)	(786,720)
Leased assets, net	2,871,914	3,346,861
Construction in progress	3,065,455	2,786,224
Total property, plant and equipment	41,032,693	47,746,024
Intangible assets		
Other	89,161	130,608
Total intangible assets	89,161	130,608
Investments and other assets		
Leasehold and guarantee deposits	2,295,299	2,457,318
Deferred tax assets	583,432	746,827
Long-term loans receivable	110,646	94,768
Other	425,786	293,434
Allowance for doubtful accounts	(11,880)	(11,850)
Total investments and other assets	3,403,285	3,580,499
Total non-current assets	44,525,140	51,457,131
Deferred assets		
Share issuance cost	5,075	3,172
Bond issuance cost	5,229	2,905
Total deferred assets	10,305	6,077
Total assets	58,194,714	67,726,935

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	1,282	1,083
Current portion of bonds	241,200	241,200
Current portion of long-term loans payable	3,852,626	4,800,762
Lease obligations	280,254	443,599
Accounts payable - other	1,280,137	1,425,226
Income taxes payable	1,844,889	1,433,689
Other	1,003,500	1,194,726
Total current liabilities	8,503,890	9,540,287
Non-current liabilities		
Bonds payable	499,400	258,200
Long-term loans payable	15,107,896	19,383,869
Lease obligations	2,648,930	2,968,901
Provision for retirement benefits for directors (and other officers)	1,051,100	866,820
Retirement benefit liability	35,774	56,595
Asset retirement obligations	2,008,191	2,339,449
Provision for loss on litigation	–	134,302
Other	212,662	219,946
Total non-current liabilities	21,563,956	26,228,084
Total liabilities	30,067,846	35,768,371
Net assets		
Shareholders' equity		
Capital stock	1,580,817	1,580,817
Capital surplus	2,295,703	2,295,434
Retained earnings	22,161,213	25,610,096
Treasury shares	(7,384)	(7,459)
Total shareholders' equity	26,030,349	29,478,890
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(1,082)	(3,060)
Total accumulated other comprehensive income	(1,082)	(3,060)
Non-controlling interests	2,097,600	2,482,734
Total net assets	28,126,867	31,958,564
Total liabilities and net assets	58,194,714	67,726,935

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

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	24,138,743	27,239,945
Cost of sales	15,025,060	17,396,396
Gross profit	9,113,682	9,843,548
Selling, general and administrative expenses		
Promotion expenses	285,463	226,663
Sales commission	378,596	395,355
Remuneration for directors (and other officers)	448,430	457,426
Provision for retirement benefits for directors (and other officers)	33,385	39,560
Salaries and bonuses	471,826	480,030
Retirement benefit expenses	5,408	4,435
Taxes and dues	285,621	297,603
Depreciation	34,479	32,154
Other	609,199	745,878
Total selling, general and administrative expenses	2,552,411	2,679,108
Operating profit	6,561,271	7,164,440
Non-operating income		
Interest income	3,539	3,084
Commission income	193,538	181,158
Rent income	11,349	21,340
Subsidy income	4,288	62,626
Other	16,055	54,265
Total non-operating income	228,771	322,475
Non-operating expenses		
Interest expenses	161,319	153,291
Other	25,956	29,262
Total non-operating expenses	187,275	182,553
Ordinary profit	6,602,767	7,304,361
Extraordinary income		
Gain on sales of non-current assets	134	133,292
State subsidy	–	76,132
Total extraordinary income	134	209,424
Extraordinary losses		
Loss on sales of non-current assets	–	782
Loss on retirement of non-current assets	1,582	11,315
Loss on valuation of membership	3,738	–
Provision for loss on litigation	–	134,302
Impairment loss	–	269,945
Loss on reduction of non-current assets	–	76,132
Total extraordinary losses	5,321	492,477
Profit before income taxes	6,597,579	7,021,308
Income taxes - current	2,674,460	2,741,434
Income taxes - deferred	(129,153)	(162,542)
Total income taxes	2,545,306	2,578,891
Profit	4,052,273	4,442,417
Profit attributable to non-controlling interests	285,581	418,937
Profit attributable to owners of parent	3,766,691	4,023,480

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	4,052,273	4,442,417
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(1,082)	(1,977)
Total other comprehensive income	(1,082)	(1,977)
Comprehensive income	4,051,190	4,440,439
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,765,608	4,021,502
Comprehensive income attributable to non-controlling interests	285,581	418,937

Consolidated statements of changes in equity

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 and Sales of shares 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 and Sales of shares 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

Fiscal year ended March 31, 2019

(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	2,295,703	22,161,213	(7,384)	26,030,349
Changes of items during period					
Dividends of surplus			(574,596)		(574,596)
Profit attributable to owners of parent			4,023,480		4,023,480
Purchase of treasury shares				(74)	(74)
Change in ownership interest of parent due to transactions with non-controlling interests		(268)			(268)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(268)	3,448,883	(74)	3,448,540
Balance at end of current period	1,580,817	2,295,434	25,610,096	(7,459)	29,478,890

	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	(1,082)	(1,082)	2,097,600	28,126,867
Changes of items during period				
Dividends of surplus				(574,596)
Profit attributable to owners of parent				4,023,480
Purchase of treasury shares				(74)
Change in ownership interest of parent due to transactions with non-controlling interests			(324)	(593)
Net changes of items other than shareholders' equity	(1,977)	(1,977)	385,458	383,480
Total changes of items during period	(1,977)	(1,977)	385,133	3,831,696
Balance at end of current period	(3,060)	(3,060)	2,482,734	31,958,564

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	6,597,579	7,021,308
Depreciation	1,766,348	2,078,929
Increase (decrease) in allowance for doubtful accounts	10	(70)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	20,030	(184,280)
Increase (decrease) in provision for loss on litigation	–	134,302
Increase (decrease) in retirement benefit liability	18,733	20,820
Interest and dividend income	(3,539)	(3,084)
Interest expenses	161,319	153,291
Amortization of bond issuance cost	2,803	2,324
Amortization of share issuance cost	634	1,903
Loss (gain) on sales of property, plant and equipment	(134)	(132,510)
State subsidy	–	(76,132)
Loss on retirement of non-current assets	1,582	11,315
Loss on reduction of non-current assets	–	76,132
Impairment loss	–	269,945
Loss on valuation of membership	3,738	–
Decrease (increase) in notes and accounts receivable - trade	(119,184)	(51,023)
Decrease (increase) in inventories	(7,578)	(9,686)
Increase (decrease) in notes and accounts payable - trade	928	(199)
Decrease/increase in consumption taxes receivable/payable	5,392	115,869
Decrease (increase) in other assets	(402)	(62,323)
Increase (decrease) in other liabilities	409,840	314,673
Subtotal	8,858,102	9,681,506
Interest and dividend income received	767	628
Interest expenses paid	(160,473)	(153,643)
Income taxes paid	(2,040,006)	(3,142,563)
Net cash provided by (used in) operating activities	6,658,390	6,385,928
Cash flows from investing activities		
Payments into time deposits	(682,043)	(192,051)
Proceeds from withdrawal of time deposits	680,000	–
Purchase of property, plant and equipment	(7,447,520)	(8,335,132)
Proceeds from sales of property, plant and equipment	3,560	333,924
Purchase of memberships	(2,046)	–
Payments for guarantee deposits	(236,508)	(169,935)
Other, net	(51,108)	34,941
Net cash provided by (used in) investing activities	(7,735,666)	(8,328,253)

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(410,000)	–
Proceeds from long-term loans payable	5,450,000	9,600,000
Repayments of long-term loans payable	(3,679,962)	(4,375,891)
Redemption of bonds	(321,200)	(241,200)
Purchase of treasury shares	(2,274)	(513)
Cash dividends paid	(478,907)	(574,304)
Dividends paid to non-controlling interests	(8,316)	(33,479)
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	(97,334)	–
Repayments of lease obligations	(187,634)	(238,555)
Net cash provided by (used in) financing activities	1,401,302	4,136,056
Net increase (decrease) in cash and cash equivalents	324,025	2,193,731
Cash and cash equivalents at beginning of period	10,970,354	11,294,379
Cash and cash equivalents at end of period	11,294,379	13,488,110