

Summary of Consolidated Financial Results for the Year Ended February 20, 2016 (Based on Japanese GAAP)

March 28, 2016

Company name: Nitori Holdings Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo
 Stock code: 9843 URL: <http://www.nitorihd.co.jp/>
 Representative: President Toshiyuki Shirai
 General Manager, Fumiki Takeda
 Accounting and Finance Division TEL 03-6741-1204
 Inquiries: Fumiki Takeda
 Scheduled date of ordinary general meeting of shareholders: May 13, 2016
 Scheduled date to file Securities Report: May 17, 2016
 Scheduled date to commence dividend payments: April 22, 2016
 Preparation of supplementary material on financial results: Yes
 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 February 20, 2016 (from February 21, 2015 to February 20, 2016)

(1) Consolidated financial results Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 20, 2016	458,140	9.8	73,039	10.2	75,007	10.4	46,969	13.3
Year ended February 20, 2015	417,285	7.7	66,307	5.1	67,929	7.0	41,450	7.9

(Note) Comprehensive income:

Year ended February 20, 2016 24,458 million yen(Δ63.4%) Year ended February 20, 2015 66,907 million yen(58.7%)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 20, 2016	425.10	421.40	14.7	18.3	15.9
Year ended February 20, 2015	376.14	374.73	14.9	18.7	15.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 20, 2016	414,541	330,968	79.5	2,981.27
As of February 20, 2015	404,793	310,531	76.4	2,806.99

(Reference)Equity:

Year ended February 20, 2016 329,695 million yen Year ended February 20, 2015 309,413 million yen

(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 February 20, 2016	57,343	(35,899)	(9,943)	36,794
Year ended February 20, 2015	52,923	(43,023)	(6,654)	25,713

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 February 20, 2015	—	26.00	—	29.00	55.00	6,089	14.6	2.2
Year ended February 20, 2016	—	30.00	—	35.00	65.00	7,214	15.3	2.2
Year ending February 20, 2017 (Forecast)	—	35.00	—	35.00	70.00		15.1	

3. Forecast of consolidated financial results for the year ending February 20, 2017 (from February 21, 2016 to February 20, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 20, 2016	241,000	8.5	39,500	7.6	40,000	5.9	24,800	8.3	224.25
Full year	500,000	9.1	79,000	8.2	80,000	6.7	51,400	9.4	464.78

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2016

(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 after error corrections: No

(3) Number of issued shares (common shares)

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

As of February 20, 2016	114,443,496 shares	As of February 20, 2015	114,443,496 shares
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Number of treasury shares at the end of the period

As of February 20, 2016	3,854,468 shares	As of February 20, 2015	4,213,630 shares
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Average number of shares during the period

Year ended February 20, 2016	110,488,560 shares	Year ended February 20, 2015	110,202,313 shares
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*Statement Relating to the Execution Status for Audit Procedures

Financial results in this report are exempt from the audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the audit procedures based on the Financial Instruments and Exchange Act have not been completed.

*Explanation for appropriate use of financial forecasts and other special notes

The forecasts given in this document are based on the information currently available to the Company and certain reasonable assumptions. Actual results may differ from these forecasts for a variety of reasons.

Consolidated financial statements
Consolidated balance sheet

(Millions of yen)

	As of February 20, 2015	As of February 20, 2016
Assets		
Current assets		
Cash and deposits	26,409	42,327
Notes and accounts receivable - trade	13,063	15,258
Merchandise and finished goods	41,563	43,079
Work in process	184	90
Raw materials and supplies	2,740	2,247
Deferred tax assets	831	2,602
Forward exchange contracts	25,873	8,160
Other	13,333	16,231
Allowance for doubtful accounts	(5)	(8)
Total current assets	123,994	129,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	146,778	157,565
Accumulated depreciation	(61,553)	(69,339)
Buildings and structures, net	85,224	88,225
Machinery, equipment and vehicles	7,977	8,672
Accumulated depreciation	(4,515)	(5,156)
Machinery, equipment and vehicles, net	3,462	3,515
Tools, furniture and fixtures	10,945	12,228
Accumulated depreciation	(6,960)	(7,803)
Tools, furniture and fixtures, net	3,985	4,424
Land	111,106	115,504
Leased assets	3,877	3,868
Accumulated depreciation	(970)	(1,152)
Leased assets, net	2,907	2,715
Construction in progress	4,255	10,477
Total property, plant and equipment	210,942	224,863
Intangible assets		
Leasehold right	7,648	7,664
Other	2,812	3,545
Total intangible assets	10,460	11,209
Investments and other assets		
Investment securities	1,569	2,763
Long-term loans receivable	642	540
Guarantee deposits	17,042	15,362
Lease deposits	17,050	18,079
Deferred tax assets	1,030	2,821
Other	22,070	8,921
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	59,396	48,478
Total non-current assets	280,799	284,551
Total assets	404,793	414,541

(Millions of yen)

	As of February 20, 2015	As of February 20, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,473	15,356
Short-term loans payable	4,392	1,504
Lease obligations	188	188
Accounts payable - other	18,031	16,195
Income taxes payable	13,961	14,929
Deferred tax liabilities	5,167	–
Provision for bonuses	2,374	3,024
Provision for point card certificates	1,029	1,031
Provision for special benefits to shareholders	121	191
Asset retirement obligations	26	–
Other	14,241	15,176
Total current liabilities	76,007	67,597
Non-current liabilities		
Long-term loans payable	2,129	625
Lease obligations	2,706	2,518
Deferred tax liabilities	3,020	1
Provision for directors' retirement benefits	228	228
Net defined benefit liability	2,345	2,279
Asset retirement obligations	2,266	3,902
Other	5,557	6,418
Total non-current liabilities	18,254	15,974
Total liabilities	94,262	83,572
Net assets		
Shareholders' equity		
Common stock	13,370	13,370
Capital surplus	13,725	14,411
Retained earnings	267,963	308,854
Treasury stock	(14,639)	(13,392)
Total shareholders' equity	280,419	323,244
Accumulated other comprehensive income		
Unrealized holding gain(loss) on securities	586	289
Unrealized gain(loss) from hedging instruments	25,095	4,165
Foreign currency translation adjustment	3,345	2,301
Remeasurements of defined benefit plans	(33)	(305)
Total accumulated other comprehensive income	28,993	6,450
Subscription rights to shares	1,050	1,174
Minority interests	66	98
Total net assets	310,531	330,968
Total liabilities and net assets	404,793	414,541

Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Net sales	417,285	458,140
Cost of sales	198,947	214,597
Gross profit	218,337	243,543
Selling, general and administrative expenses	152,029	170,503
Operating income	66,307	73,039
Non-operating income		
Interest income	431	450
Dividends income	23	31
Foreign exchange gains	466	681
Vending machine income	226	227
Gain on sales of goods	258	282
Other	333	372
Total non-operating income	1,740	2,046
Non-operating expenses		
Interest expenses	98	76
Other	19	2
Total non-operating expenses	118	78
Ordinary income	67,929	75,007
Special gains		
Gain on sales of non-current assets	27	9
Subsidy income	–	643
Gain on reversal of subscription rights to shares	64	10
Other	–	10
Total special gains	91	673
Special losses		
Loss on sales and disposal of non-current assets	120	57
Loss on reduction of non-current assets	–	431
Penalty for the scrap and build of outlets	119	35
Impairment loss	122	488
Special retirement expenses	86	–
Other	6	46
Total special losses	456	1,060
Income before income taxes and minority interests	67,565	74,619
Income taxes - current	26,864	27,514
Income taxes - deferred	(775)	103
Total income taxes	26,088	27,618
Net income before minority interests	41,477	47,001
Minority interests in income	26	32
Net income	41,450	46,969

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Net income before minority interests	41,477	47,001
Other comprehensive income		
Unrealized holding gain(loss) on securities	277	(296)
Unrealized gain(loss) from hedging instruments	22,470	(20,930)
Foreign currency translation adjustment	2,682	(1,044)
Remeasurements of defined benefit plans, net of tax	–	(271)
Total other comprehensive income	25,430	(22,542)
Comprehensive income	66,907	24,458
Total comprehensive income attributable to		
Shareholders of Nitori Holdings Co., Ltd.	66,881	24,426
Minority interests	26	32

Consolidated statement of changes in net assets

Fiscal year ended February 20, 2015

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 20, 2014	13,370	13,581	232,398	(15,848)	243,502
Cumulative effects of changes in accounting policies					–
Restated balance	13,370	13,581	232,398	(15,848)	243,502
Changes of items during the year					
Dividends from surplus			(5,886)		(5,886)
Net income			41,450		41,450
Purchase of treasury stock				(12)	(12)
Disposal of treasury stock		143		1,222	1,365
Net changes in items other than those in shareholders' equity					
Total changes of items during the year	–	143	35,564	1,209	36,916
Balance at February 20, 2015	13,370	13,725	267,963	(14,639)	280,419

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Unrealized holding gain(loss) on securities	Unrealized gain(loss) from hedging instruments	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at February 20, 2014	309	2,624	662	–	3,597	757	40	247,898
Cumulative effects of changes in accounting policies								–
Restated balance	309	2,624	662	–	3,597	757	40	247,898
Changes of items during the year								
Dividends from surplus								(5,886)
Net income								41,450
Purchase of treasury stock								(12)
Disposal of treasury stock								1,365
Net changes in items other than those in shareholders' equity	277	22,470	2,682	(33)	25,396	292	26	25,715
Total changes of items during the year	277	22,470	2,682	(33)	25,396	292	26	62,633
Balance at February 20, 2015	586	25,095	3,345	(33)	28,993	1,050	66	310,531

Fiscal year ended February 20, 2016

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 20, 2015	13,370	13,725	267,963	(14,639)	280,419
Cumulative effects of changes in accounting policies			434		434
Restated balance	13,370	13,725	268,398	(14,639)	280,854
Changes of items during the year					
Dividends from surplus			(6,513)		(6,513)
Net income			46,969		46,969
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		686		1,248	1,935
Net changes in items other than those in shareholders' equity					
Total changes of items during the year	-	686	40,455	1,247	42,389
Balance at February 20, 2016	13,370	14,411	308,854	(13,392)	323,244

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Unrealized holding gain(loss) on securities	Unrealized gain(loss) from hedging instruments	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at February 20, 2015	586	25,095	3,345	(33)	28,993	1,050	66	310,531
Cumulative effects of changes in accounting policies								434
Restated balance	586	25,095	3,345	(33)	28,993	1,050	66	310,965
Changes of items during the year								
Dividends from surplus								(6,513)
Net income								46,969
Purchase of treasury stock								(1)
Disposal of treasury stock								1,935
Net changes in items other than those in shareholders' equity	(296)	(20,930)	(1,044)	(271)	(22,542)	123	32	(22,386)
Total changes of items during the year	(296)	(20,930)	(1,044)	(271)	(22,542)	123	32	20,002
Balance at February 20, 2016	289	4,165	2,301	(305)	6,450	1,174	98	330,968

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	67,565	74,619
Depreciation and amortization	10,190	10,799
Impairment loss	122	488
Increase (decrease) in allowance for doubtful accounts	4	3
Increase (decrease) in provision for bonuses	19	662
Increase (decrease) in net defined benefit liability	239	356
Increase (decrease) in provision for point card certificates	(755)	1
Interest and dividends income	(454)	(482)
Interest expenses	98	76
Loss (gain) on sales and disposal of non-current assets	93	48
Loss on reduction of non-current assets	–	431
Penalty for the scrap and build of outlets	119	35
Subsidy income	–	(643)
Decrease (increase) in notes and accounts receivable - trade	(2,033)	(2,138)
Decrease (increase) in inventories	(6,941)	(1,157)
Increase (decrease) in notes and accounts payable - trade	1,250	(1,020)
Increase (decrease) in accrued consumption taxes	3,146	(2,363)
Other, net	792	(1,307)
Subtotal	73,457	78,411
Interest and dividends income received	447	492
Interest expenses paid	(100)	(79)
Payment of penalty for the scrap and build of outlets	(31)	(17)
Income taxes paid	(25,584)	(26,692)
Income taxes refund	4,734	5,228
Net cash provided by operating activities	52,923	57,343
Cash flows from investing activities		
Payments into time deposits	(601)	(10,848)
Proceeds from withdrawal of time deposits	769	5,870
Purchase of property, plant and equipment	(38,691)	(28,021)
Proceeds from sales of property, plant and equipment	82	8
Purchase of intangible assets	(1,540)	(1,656)
Proceeds from state subsidy	–	431
Payments for guarantee deposits	(767)	(30)
Proceeds from collection of guarantee deposits	170	108
Payments for lease deposits	(1,278)	(1,101)
Proceeds from collection of lease deposits	68	356
Proceeds from guarantee deposits received	32	549
Proceeds from lease deposits received	240	595
Purchase of long-term prepaid expenses	(1,190)	(464)
Purchase of short-term and long-term investment securities	(91)	(1,677)
Payments of loans receivable	(213)	(40)
Proceeds from collection of loans receivable	6	43
Other payments	(20)	(23)
Net cash used in investing activities	(43,023)	(35,899)

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(967)	–
Proceeds from long-term loans payable	4,000	–
Repayment of long-term loans payable	(4,166)	(4,392)
Repayments of lease obligations	(196)	(188)
Purchase of treasury stock	(12)	(1)
Cash dividends paid	(5,884)	(6,509)
Proceeds from exercise of stock option	573	1,148
Net cash used in financing activities	(6,654)	(9,943)
Effect of exchange rate changes on cash and cash equivalents	1,288	(419)
Net increase in cash and cash equivalents	4,534	11,080
Cash and cash equivalents at beginning of the year	21,179	25,713
Cash and cash equivalents at end of the year	25,713	36,794