

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 20, 2017 (Based on Japanese GAAP)

June 28, 2017

Company name: Nitori Holdings Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo
 Stock code: 9843 URL <http://www.nitorihd.co.jp/>
 Representative: President and Chief Operating Officer Toshiyuki Shirai
 General Manager, Fumiki Takeda
 Inquiries: Accounting and Finance Division TEL 03-6741-1204
 Scheduled date to file Quarterly Securities Report: June 30, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 20, 2017 (from February 21, 2017 to May 20, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 20, 2017	147,516	7.6	25,719	(5.6)	26,010	(6.0)	19,081	12.8
Three months ended May 20, 2016	137,033	14.9	27,256	30.9	27,658	29.4	16,921	42.9

(Note) Comprehensive income:

Three months ended May 20, 2017 15,983 million yen [27.1%] Three months ended May 20, 2016 12,576 million yen [2.4%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 20, 2017	170.93	169.99
Three months ended May 20, 2016	152.88	151.59

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 20, 2017	503,705	407,187	80.7
As of February 20, 2017	487,814	394,778	80.7

(Reference) Equity:

As of May 20, 2017 406,295 million yen As of February 20, 2016 393,693 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 20, 2017	–	35.00	–	47.00	82.00
Year ending February 20, 2018	–				
Year ending February 20, 2018 (Forecast)		45.00	–	47.00	92.00

(Note) Revisions to dividend forecasts published most recently: None

3. Forecast of consolidated financial results for the year ending February 20, 2018 (from February 21, 2017 to February 20, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income 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, 2017	282,000	10.7	48,500	(1.4)	49,000	(1.7)	33,000	0.5	295.40
Full year	568,000	10.7	99,000	15.4	100,000	14.2	68,500	14.2	613.18

(Note) Revisions to financial forecasts published most recently: None

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 20, 2017
 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
 Added: No Excluded: SHANGHAI LIQIAO INDUSTRIAL CO., LTD.
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of May 20, 2017	114,443,496 shares	As of February 20, 2017	114,443,496 shares
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Number of treasury shares at the end of the period

As of May 20, 2017	2,731,038 shares	As of February 20, 2017	2,931,758 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 20, 2017	111,630,611 shares	Three months ended May 20, 2016	110,684,729 shares
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*Quarterly financial results reports are not required to be subjected to quarterly reviews.

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

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2017	As of May 20, 2017
Assets		
Current assets		
Cash and deposits	70,560	63,660
Notes and accounts receivable - trade	18,486	23,160
Merchandise and finished goods	46,520	45,497
Work in process	92	173
Raw materials and supplies	2,354	2,007
Deferred tax assets	1,001	1,591
Forward exchange contracts	15,002	11,070
Other	16,174	28,121
Allowance for doubtful accounts	(9)	(9)
Total current assets	170,182	175,273
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	103,763	103,962
Land	126,923	135,638
Other, net	17,408	18,701
Total property, plant and equipment	248,094	258,303
Intangible assets	13,732	13,762
Investments and other assets		
Investment securities	3,531	3,514
Long-term loans receivable	856	841
Guarantee deposits	15,720	15,479
Lease deposits	20,515	21,087
Deferred tax assets	2,952	3,574
Other	12,239	11,878
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	55,804	56,366
Total non-current assets	317,631	328,432
Total assets	487,814	503,705
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,001	17,356
Short-term loans payable	625	–
Lease obligations	187	187
Accounts payable - other	19,291	16,099
Income taxes payable	15,630	11,032
Deferred tax liabilities	564	–
Provision for bonuses	3,751	4,754
Provision for point card certificates	1,301	1,956
Provision for special benefits to shareholders	214	175
Asset retirement obligations	44	30
Other	18,112	27,693
Total current liabilities	75,724	79,284

(Millions of yen)

	As of February 20, 2017	As of May 20, 2017
Non-current liabilities		
Lease obligations	2,330	2,283
Deferred tax liabilities	3	3
Provision for directors' retirement benefits	228	228
Net defined benefit liability	2,634	2,437
Asset retirement obligations	4,565	4,705
Other	7,548	7,574
Total non-current liabilities	17,310	17,233
Total liabilities	93,035	96,518
Net assets		
Shareholders' equity		
Common stock	13,370	13,370
Capital surplus	16,306	17,468
Retained earnings	361,103	374,944
Treasury stock	(10,188)	(9,492)
Total shareholders' equity	380,592	396,291
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	884	881
Unrealized gain (loss) from hedging instruments	10,369	7,654
Foreign currency translation adjustment	2,243	1,759
Remeasurements of defined benefit plans	(396)	(291)
Total accumulated other comprehensive income	13,100	10,003
Subscription rights to shares	940	891
Non-controlling interests	144	–
Total net assets	394,778	407,187
Total liabilities and net assets	487,814	503,705

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 20, 2016	Three months ended May 20, 2017
Net sales	137,033	147,516
Cost of sales	62,422	68,836
Gross profit	74,611	78,680
Selling, general and administrative expenses	47,354	52,961
Operating income	27,256	25,719
Non-operating income		
Interest income	94	101
Vending machine income	55	56
Gain on sales of goods	72	77
Construction revenue from tenants	138	–
Facility use revenue	148	–
Other	99	122
Total non-operating income	608	356
Non-operating expenses		
Interest expenses	14	16
Foreign exchange losses	166	37
Other	25	10
Total non-operating expenses	206	65
Ordinary income	27,658	26,010
Special gains		
Gain on sales of non-current assets	2	7
Subsidy income	80	–
Gain on reversal of subscription rights to shares	2	44
Gain on sales of shares of subsidiaries and associates	–	3,836
Other	–	17
Total special gains	84	3,906
Special losses		
Loss on sales and disposal of non-current assets	2	37
Penalty for the scrap and build of outlets	9	0
Impairment loss	–	440
Special retirement expenses	–	359
Cancellation penalty	107	–
Other	78	–
Total special losses	198	838
Income before income taxes	27,544	29,079
Income taxes	10,610	9,997
Net income	16,933	19,081
Net income attributable to non-controlling interests	11	–
Net income attributable to owners of parent	16,921	19,081

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 20, 2016	Three months ended May 20, 2017
Net income	16,933	19,081
Other comprehensive income		
Unrealized holding gain (loss) on securities	161	(2)
Unrealized gain (loss) from hedging instruments	(3,289)	(2,715)
Foreign currency translation adjustment	(1,232)	(483)
Remeasurements of defined benefit plans, net of tax	2	104
Total other comprehensive income	(4,357)	(3,097)
Comprehensive income	12,576	15,983
Total comprehensive income attributable to:		
Owners of parent	12,564	15,983
Non-controlling interests	11	–