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Consolidated Financial Results for the Year Ended February 20, 2018 [Japanese GAAP]

March 27, 2018

Company name: Nitori Holdings Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo
 Code number: 9843
 URL: <http://www.nitorihd.co.jp/>
 Representative: Toshiyuki Shirai President and Chief Operating Officer
 Contact: Fumiki Takeda General Manager, Accounting and Finance Division
 Phone: 03-6741-1204
 Scheduled date of Annual General Meeting of Shareholders: May 17, 2018
 Scheduled date of commencing dividend payments: April 26, 2018
 Scheduled date of filing annual securities report: May 18, 2018
 Availability of supplementary briefing material on annual financial results: Yes
 Holding of annual financial results meeting: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended February 20, 2018 (February 21, 2017 to February 20, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 20, 2018	572,060	11.5	93,378	8.9	94,860	8.3	64,219	7.0
February 20, 2017	512,958	12.0	85,776	17.4	87,563	16.7	59,999	27.7

(Note) Comprehensive income: Fiscal year ended February 20, 2018: ¥ 54,037 million [(19.0)%]
 Fiscal year ended February 20, 2017: ¥ 66,694 million [172.7%]

	Net income per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
Fiscal year ended February 20, 2018	Yen 574.49	Yen 571.63	% 15.4	% 18.3	% 16.3
February 20, 2017	540.93	536.23	16.6	19.4	16.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 20, 2018: ¥ 37 million
 Fiscal year ended February 20, 2017: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of February 20, 2018	Million yen 550,507	Million yen 441,668	% 80.1	Yen 3,938.89
February 20, 2017	487,814	394,778	80.7	3,530.51

(Reference) Equity: As of February 20, 2018: ¥ 440,991 million
 As of February 20, 2017: ¥ 393,693 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended February 20, 2018	Million yen 76,840	Million yen (82,751)	Million yen 655	Million yen 60,923
February 20, 2017	77,930	(42,047)	(6,414)	66,035

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
February 20, 2017	-	35.00	-	47.00	82.00	9,140	15.2	2.5
February 20, 2018	-	45.00	-	47.00	92.00	10,309	16.0	2.5
Fiscal year ending February 20, 2019 (Forecast)	-	47.00	-	50.00	97.00		16.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2019 (February 21, 2018 to February 20, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended August 20, 2018	304,400	7.2	52,900	9.9	53,400	9.8	35,600	1.6	317.98
Full year	614,000	7.3	99,000	6.0	100,000	5.4	68,000	5.9	607.37

* Notes:

(1) Changes in significant subsidiaries during the period under review

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New - (Company name:)

Exclusion: 1 (Company name: Shanghai Liqiao Industrial Co., Ltd)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

February 20, 2018: 114,443,496 shares

February 20, 2017: 114,443,496 shares

2) Total number of treasury shares at the end of the period:

February 20, 2018: 2,485,358 shares

February 20, 2017: 2,931,758 shares

3) Average number of shares during the period:

Fiscal Year ended February 20, 2018: 111,785,304 shares

Fiscal Year ended February 20, 2017: 110,918,322 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 20, 2018 (February 21, 2017 to February 20, 2018)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 20, 2018	89,556	26.2	61,335	46.8	67,643	33.4	64,696	40.3
February 20, 2017	70,982	0.6	41,769	(5.1)	50,688	0.8	46,116	2.0

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
February 20, 2018	577.85	574.98
February 20, 2017	414.72	411.12

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
February 20, 2018	396,386	369,490	93.0	3,289.38
February 20, 2017	332,023	313,343	94.1	2,794.94

(Reference) Equity: As of February 20, 2018: ¥ 368,813 million
As of February 20, 2017: ¥ 312,402 million

* Financial results reports are not subjected to 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 of the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of February 20,2017	As of February 20,2018
Assets		
Current assets		
Cash and deposits	70,560	63,339
Notes and accounts receivable - trade	18,486	22,458
Merchandise and finished goods	46,520	49,690
Work in process	92	56
Raw materials and supplies	2,354	2,985
Deferred tax assets	1,001	5,309
Forward exchange contracts	15,002	-
Other	16,174	20,191
Allowance for doubtful accounts	(9)	-
Total current assets	170,182	164,031
Non-current assets		
Property, plant and equipment		
Buildings and structures	180,661	192,364
Accumulated depreciation	(76,898)	(85,105)
Buildings and structures, net	103,763	107,258
Machinery, equipment and vehicles	9,653	10,426
Accumulated depreciation	(5,754)	(6,153)
Machinery, equipment and vehicles, net	3,899	4,273
Tools, furniture and fixtures	13,890	15,626
Accumulated depreciation	(8,511)	(9,446)
Tools, furniture and fixtures, net	5,379	6,179
Land	126,923	167,153
Leased assets	3,728	3,697
Accumulated depreciation	(1,214)	(1,366)
Leased assets, net	2,514	2,330
Construction in progress	5,615	4,120
Total property, plant and equipment	248,094	291,315
Intangible assets		
Leasehold right	8,771	7,235
Other	4,961	6,652
Total intangible assets	13,732	13,887
Investments and other assets		
Investment securities	3,531	26,472
Long-term loans receivable	856	804
Guarantee deposits	15,720	14,813
Lease deposits	20,515	21,880
Deferred tax assets	2,952	5,447
Other	12,239	11,854
Allowance for doubtful accounts	(9)	(0)
Total investments and other assets	55,804	81,273
Total non-current assets	317,631	386,476
Total assets	487,814	550,507

(Million yen)

	As of February 20,2017	As of February 20,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,001	19,607
Short-term loans payable	625	2,000
Lease obligations	187	187
Accounts payable - other	19,291	18,323
Income taxes payable	15,630	17,399
Deferred tax liabilities	564	-
Provision for bonuses	3,751	3,395
Provision for point card certificates	1,301	1,625
Provision for special benefits to shareholders	214	290
Asset retirement obligations	44	4
Other	18,112	20,592
Total current liabilities	75,724	83,425
Non-current liabilities		
Long-term loans payable	-	8,000
Lease obligations	2,330	2,143
Deferred tax liabilities	3	4
Provision for directors' retirement benefits	228	228
Net defined benefit liability	2,634	2,713
Asset retirement obligations	4,565	4,950
Other	7,548	7,373
Total non-current liabilities	17,310	25,413
Total liabilities	93,035	108,839
Net assets		
Shareholders' equity		
Common stock	13,370	13,370
Capital surplus	16,306	18,232
Retained earnings	361,103	415,108
Treasury stock	(10,188)	(8,640)
Total shareholders' equity	380,592	438,072
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	884	796
Unrealized gain (loss) from hedging instruments	10,369	(704)
Foreign currency translation adjustment	2,243	3,105
Remeasurements of defined benefit plans	(396)	(279)
Total accumulated other comprehensive income	13,100	2,918
Subscription rights to shares	940	677
Non-controlling interests	144	-
Total net assets	394,778	441,668
Total liabilities and net assets	487,814	550,507

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended February 20,2017	For the fiscal year ended February 20,2018
Net sales	512,958	572,060
Cost of sales	234,684	257,281
Gross profit	278,274	314,778
Selling, general and administrative expenses	192,497	221,400
Operating income	85,776	93,378
Non-operating income		
Interest income	433	451
Dividends income	34	36
Foreign exchange gains	102	-
Vending machine income	246	249
Gain on sales of goods	300	356
Construction revenue from tenants	147	36
Facility use revenue	174	-
Equity in earnings of affiliates	-	37
Gain on forgiveness of debts	-	206
Other	425	459
Total non-operating income	1,865	1,833
Non-operating expenses		
Interest expenses	59	69
Foreign exchange losses	-	235
Other	19	47
Total non-operating expenses	78	351
Ordinary income	87,563	94,860

(Million yen)

	For the fiscal year ended February 20,2017	For the fiscal year ended February 20,2018
Special gains		
Gain on sales of non-current assets	645	201
Subsidy income	80	-
Penalty income	52	36
Gain on reversal of subscription rights to shares	7	49
Gain on sales of shares of subsidiaries and associates	-	3,842
Other	16	-
Total special gains	801	4,129
Special losses		
Loss on sales and disposal of non-current assets	73	130
Penalty for the scrap and build of outlets	148	46
Impairment loss	10	5,417
Special retirement expenses	54	354
Cancellation penalty	190	-
Loss on change in equity	-	256
Loss on valuation of investment securities	61	-
Other	4	-
Total special losses	543	6,206
Income before income taxes	87,822	92,783
Income taxes - current	28,565	30,875
Income taxes - deferred	(787)	(2,310)
Total income taxes	27,777	28,564
Net income	60,044	64,219
Net income attributable to non-controlling interests	45	-
Net income attributable to owners of parent	59,999	64,219

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended February 20,2017	For the fiscal year ended February 20,2018
Net income	60,044	64,219
Other comprehensive income		
Unrealized holding gain (loss) on securities	594	(87)
Unrealized gain (loss) from hedging instruments	6,204	(11,074)
Foreign currency translation adjustment	(57)	862
Remeasurements of defined benefit plans, net of tax	(91)	116
Total other comprehensive income	6,649	(10,182)
Comprehensive income	66,694	54,037
Total comprehensive income attributable to:		
Owners of parent	66,649	54,037
Non-controlling interests	45	-

Consolidated Statements of Changes in Net Assets
For the fiscal year ended February 20,2017

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 20,2016	13,370	14,411	308,854	(13,392)	323,244
Changes of items during the year					
Dividends of surplus			(7,749)		(7,749)
Net income attributable to owners of parent			59,999		59,999
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		1,894		3,208	5,102
Change in ownership interest of parent due to transactions with non-controlling interests					-
Other					-
Net changes in items other than those in shareholders' equity					
Total changes of items during the year	-	1,894	52,249	3,203	57,348
Balance at February 20,2017	13,370	16,306	361,103	(10,188)	380,592

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling 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 20,2016	289	4,165	2,301	(305)	6,450	1,174	98	330,968
Changes of items during the year								
Dividends of surplus								(7,749)
Net income attributable to owners of parent								59,999
Purchase of treasury stock								(4)
Disposal of treasury stock								5,102
Change in ownership interest of parent due to transactions with non-controlling interests								-
Other								-
Net changes in items other than those in shareholders' equity	594	6,204	(57)	(91)	6,649	(233)	45	6,461
Total changes of items during the year	594	6,204	(57)	(91)	6,649	(233)	45	63,809
Balance at February 20,2017	884	10,369	2,243	(396)	13,100	940	144	394,778

For the fiscal year ended February 20,2018

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 20,2017	13,370	16,306	361,103	(10,188)	380,592
Changes of items during the year					
Dividends of surplus			(10,273)		(10,273)
Net income attributable to owners of parent			64,219		64,219
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		1,859		1,552	20,749
Change in ownership interest of parent due to transactions with non-controlling interests		66			66
Other			58		58
Net changes in items other than those in shareholders' equity					
Total changes of items during the year	-	1,926	54,004	1,548	74,816
Balance at February 20,2018	13,370	18,232	415,108	(8,640)	455,409

	Accumulated other comprehensive income					Subscription rights to shares Unrealized gain (loss) from hedging instruments	Non-controlling interests Foreign currency translation adjustment	Total net assets Remeasurements of defined benefit plans
	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Unrealized holding gain (loss) on securities			
Balance at February 20,2017	884	10,369	2,243	(396)	13,100	940	144	394,778
Changes of items during the year								
Dividends of surplus								(10,273)
Net income attributable to owners of parent								64,219
Purchase of treasury stock								(3)
Disposal of treasury stock								20,749
Change in ownership interest of parent due to transactions with non-controlling interests								66
Other								58
Net changes in items other than those in shareholders' equity	(87)	(11,074)	862	116	(10,182)	(263)	(144)	(10,590)
Total changes of items during the year	(87)	(11,074)	862	116	(10,182)	(263)	(144)	64,226
Balance at February 20,2018	796	(704)	3,105	(279)	2,918	677	-	459,005

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 20,2017	For the fiscal year ended February 20,2018
Cash flows from operating activities		
Income before income taxes	87,822	92,783
Depreciation and amortization	12,312	13,030
Impairment loss	10	5,417
Increase (decrease) in allowance for doubtful accounts	1	(19)
Increase (decrease) in provision for bonuses	733	(355)
Increase (decrease) in net defined benefit liability	266	202
Increase (decrease) in provision for point card certificates	270	324
Loss (gain) on sales of shares of subsidiaries and associates	-	(3,842)
Interest and dividend income	(468)	(487)
Interest expenses	59	69
Share of (profit) loss of entities accounted for using equity method	-	(37)
Penalty for the scrap and build of outlets	148	46
Loss (gain) on sales and disposal of non-current assets	(571)	(70)
Loss (gain) on change in equity	-	256
Subsidy income	(80)	-
Loss (gain) on valuation of investment securities	61	-
Decrease (increase) in notes and accounts receivable – trade	(1,816)	(866)
Decrease (increase) in inventories	(3,742)	(3,743)
Increase (decrease) in notes and accounts payable – trade	1,409	2,544
Increase (decrease) in accrued consumption taxes	2,447	(520)
Other, net	470	(4,835)
Subtotal	99,334	99,895
Interest and dividends income received	465	435
Interest expenses paid	(56)	(55)
Payment of penalty for the scrap and build of outlets	(15)	(26)
Income taxes paid	(29,311)	(30,085)
Income taxes refund	7,512	6,677
Net cash provided by operating activities	77,930	76,840

(Million yen)

	For the fiscal year ended February 20,2017	For the fiscal year ended February 20,2018
Cash flows from investing activities		
Payments into time deposits	(6,581)	(6,320)
Proceeds from withdrawal of time deposits	7,361	8,372
Purchase of property, plant and equipment	(34,966)	(60,888)
Proceeds from sales of property, plant and equipment	1,708	292
Purchase of intangible assets	(4,155)	(3,084)
Proceeds from sales of intangible assets	395	-
Purchase of short-term and long-term investment securities	-	(23,300)
Proceeds from sales of short-term and long-term investment securities	17	10
Proceeds from sales of shares of subsidiaries and associates	-	4,473
Proceeds from government subsidy	291	-
Payments for guarantee deposits	(1,678)	(655)
Proceeds from collection of guarantee deposits	128	202
Payments for lease deposits	(2,856)	(1,696)
Proceeds from collection of lease deposits	56	280
Proceeds from guarantee deposits received	387	-
Proceeds from deposits received	1,145	193
Repayments of deposits received	-	(138)
Purchase of long-term prepaid expenses	(2,103)	(361)
Payments of loans receivable	(1,191)	(170)
Proceeds from collection of loans receivable	18	38
Other payments	(26)	(11)
Other proceeds	-	13
Net cash used in investing activities	(42,047)	(82,751)
Cash flows from financing activities		
Repayments of long-term loans payable	(1,504)	(625)
Proceeds from long-term loans payable	-	10,000
Repayments of lease obligations	(188)	(187)
Purchase of treasury stock	(4)	(3)
Cash dividends paid	(7,753)	(10,272)
Proceeds from exercise of stock options	3,036	1,822
Other payments	-	(77)
Net cash provided by (used in) financing activities	(6,414)	655
Effect of exchange rate changes on cash and cash equivalents	(227)	143
Net increase (decrease) in cash and cash equivalents	29,240	(5,111)
Cash and cash equivalents at beginning of the year	36,794	66,035
Cash and cash equivalents at end of the year	66,035	60,923