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Consolidated Financial Results for the Year Ended February 20, 2020 [Japanese GAAP]

April 06, 2020

Company name: Nitori Holdings Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo
 Code number: 9843
 URL: <https://www.nitorihd.co.jp/>
 Representative: Toshiyuki Shirai President and Chief Operating Officer
 Contact: Masaomi Zenji General Manager, Accounting and Finance Division
 Phone: 03-6741-1204
 Scheduled date of Annual General Meeting of Shareholders: May 14, 2020
 Scheduled date of commencing dividend payments: April 23, 2020
 Scheduled date of filing annual securities report: May 15, 2020
 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, 2020 (February 21, 2019 to February 20, 2020)

(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, 2020	642,273	5.6	107,478	6.6	109,522	6.3	71,395	4.7
February 20, 2019	608,131	6.3	100,779	7.9	103,053	8.6	68,180	6.2

(Note) Comprehensive income: Fiscal year ended February 20, 2020: ¥ 70,443 million [5.5%]
 Fiscal year ended February 20, 2019: ¥ 66,742 million [23.5%]

	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
	Yen	Yen	%	%	%
Fiscal year ended February 20, 2020	635.42	634.03	13.5	16.8	16.7
February 20, 2019	608.05	606.03	14.5	17.6	16.6

(Reference) Equity in net income of affiliates: Fiscal year ended February 20, 2020: ¥ 588 million
 Fiscal year ended February 20, 2019: ¥ 511 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
February 20, 2020	683,247	560,861	82.0	4,984.29
February 20, 2019	619,286	500,192	80.7	4,452.99

(Reference) Equity: As of February 20, 2020: ¥ 560,571 million
 As of February 20, 2019: ¥ 499,721 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	Million yen	Million yen	Million yen	Million yen
February 20, 2020	96,316	(41,464)	(13,862)	140,791
February 20, 2019	81,664	(30,424)	(11,340)	100,053

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, 2019	-	47.00	-	50.00	97.00	10,892	16.0	2.3
February 20, 2020	-	54.00	-	54.00	108.00	12,160	17.0	2.3
Fiscal year ending February 20, 2021 (Forecast)	-	57.00	-	58.00	115.00		17.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2021 (February 21, 2020 to February 20, 2021)

(% 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, 2020	318,900	(0.8)	57,700	3.8	57,900	2.4	39,100	6.1	347.66
Full year	653,200	1.7	112,200	4.4	113,300	3.4	75,700	6.0	673.08

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: -)
 Exclusion: - (Company name: -)

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

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 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, 2020: 114,443,496 shares
 February 20, 2019: 114,443,496 shares

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

February 20, 2020: 1,975,782 shares
 February 20, 2019: 2,221,818 shares

3) Average number of shares during the period:

Fiscal Year ended February 20, 2020: 112,358,824 shares
 Fiscal Year ended February 20, 2019: 112,128,785 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 20, 2020 (February 21, 2019 to February 20, 2020)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
February 20, 2020	30,411	(65.1)	(1,010)	-	9,945	(84.7)	3,771	(93.4)
February 20, 2019	87,071	(2.8)	57,370	(6.5)	65,032	(3.9)	56,788	(12.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended		
February 20, 2020	33.55	33.47
February 20, 2019	505.98	504.30

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
February 20, 2020	438,713	414,852	94.5	3,675.62
February 20, 2019	441,827	416,955	94.3	3,708.07

(Reference) Equity: As of February 20, 2020: ¥ 414,563 million
As of February 20, 2019: ¥ 416,484 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 20,2019	As of February 20,2020
Assets		
Current assets		
Cash and deposits	102,345	159,190
Notes and accounts receivable - trade	24,818	27,880
Merchandise and finished goods	59,184	61,203
Work in process	153	182
Raw materials and supplies	3,570	4,127
Other	20,969	11,010
Allowance for doubtful accounts	-	(4)
Total current assets	211,042	263,589
Non-current assets		
Property, plant and equipment		
Buildings and structures	210,723	215,908
Accumulated depreciation	(94,855)	(104,359)
Buildings and structures, net	115,868	111,548
Machinery, equipment and vehicles	12,435	13,511
Accumulated depreciation	(8,746)	(9,798)
Machinery, equipment and vehicles, net	3,689	3,713
Tools, furniture and fixtures	17,489	19,686
Accumulated depreciation	(9,446)	(10,615)
Tools, furniture and fixtures, net	8,042	9,071
Land	171,342	173,010
Leased assets	3,697	3,776
Accumulated depreciation	(1,554)	(1,752)
Leased assets, net	2,143	2,023
Right of use assets	-	5,742
Accumulated depreciation	-	(1,212)
Right of use assets, net	-	4,529
Construction in progress	955	3,489
Total property, plant and equipment	302,041	307,387
Intangible assets		
Software	7,088	11,391
Software in progress	4,573	5,984
Leasehold right	7,111	7,160
Other	83	64
Total intangible assets	18,857	24,599
Investments and other assets		
Investment securities	26,103	25,535
Long-term loans receivable	778	732
Guarantee deposits	14,268	13,987
Leasehold deposits	22,908	23,756
Deferred tax assets	11,905	13,246
Other	11,380	10,429
Allowance for doubtful accounts	(0)	(18)
Total investments and other assets	87,344	87,670
Total non-current assets	408,244	419,657
Total assets	619,286	683,247

(Million yen)

	As of February 20,2019	As of February 20,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,956	19,774
Short-term loans payable	2,639	2,787
Lease obligations	187	1,554
Accounts payable - other	23,752	22,923
Income taxes payable	19,472	20,224
Provision for bonuses	4,206	4,020
Provision for point card certificates	2,014	2,076
Provision for special benefits to shareholders	343	282
Other	21,444	23,420
Total current liabilities	95,016	97,063
Non-current liabilities		
Long-term loans payable	6,028	4,000
Lease obligations	1,956	6,714
Provision for retirement benefits for directors (and other officers)	228	228
Retirement benefit liability	3,202	1,343
Asset retirement obligations	5,365	5,673
Other	7,296	7,361
Total non-current liabilities	24,078	25,322
Total liabilities	119,094	122,385
Net assets		
Shareholders' equity		
Common stock	13,370	13,370
Capital surplus	19,841	25,074
Retained earnings	472,755	532,471
Treasury stock	(7,727)	(10,875)
Total shareholders' equity	498,240	560,042
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	947	750
Foreign currency translation adjustment	901	161
Remeasurements of defined benefit plans	(367)	(382)
Total accumulated other comprehensive income	1,481	529
Subscription rights to shares	470	289
Total net assets	500,192	560,861
Total liabilities and net assets	619,286	683,247

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended February 20,2019	For the fiscal year ended February 20,2020
Net sales	608,131	642,273
Cost of sales	276,709	287,909
Gross profit	331,421	354,364
Selling, general and administrative expenses	230,642	246,886
Operating income	100,779	107,478
Non-operating income		
Interest income	481	522
Dividend income	37	36
Foreign exchange gains	95	-
Vending machine income	246	247
Gain on sales of goods	390	374
Equity in net income of affiliates	511	588
Other	797	706
Total non-operating income	2,561	2,476
Non-operating expenses		
Interest expenses	101	283
Foreign exchange losses	-	24
Other	185	124
Total non-operating expenses	286	432
Ordinary income	103,053	109,522
Special gains		
Settlement received	31	-
Gain on sales of non-current assets	10	315
Penalty income	49	307
Gain on reversal of subscription rights to shares	11	3
Total special gains	102	626
Special losses		
Compensation for damage	-	85
Provision for loss on cancellation	-	630
Loss on disaster	1,268	-
Loss on change in equity	368	172
Loss on sales and disposal of non-current assets	94	99
Penalty for the scrap and build of outlets	255	-
Impairment loss	653	4,090
Other	24	-
Total special losses	2,665	5,078
Income before income taxes	100,490	105,069
Income taxes - current	33,813	34,979
Income taxes - deferred	(1,504)	(1,304)
Total income taxes	32,309	33,674
Net income	68,180	71,395
Net income attributable to owners of parent	68,180	71,395

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended February 20,2019	For the fiscal year ended February 20,2020
Net income	68,180	71,395
Other comprehensive income		
Unrealized holding gain (loss) on securities	150	(197)
Unrealized gain (loss) from hedging instruments	704	-
Foreign currency translation adjustment	(2,204)	(740)
Remeasurements of defined benefit plans, net of tax	(88)	(14)
Total other comprehensive income	(1,437)	(951)
Comprehensive income	66,742	70,443
Total comprehensive income attributable to		
Owners of parent	66,742	70,443

Consolidated Statements of Changes in Net Assets
For the fiscal year ended February 20,2019

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 20,2018	13,370	18,232	415,108	(8,640)	438,072
Changes of items during the year					
Dividends of surplus			(10,533)		(10,533)
Net income attributable to owners of parent			68,180		68,180
Acquisition of treasury stock				(4)	(4)
Disposal of treasury stock		1,608		917	2,526
Net changes in items other than those in shareholders' equity					
Total changes of items during the year	-	1,608	57,646	912	60,168
Balance at February 20,2019	13,370	19,841	472,755	(7,727)	498,240

	Accumulated other comprehensive income					Subscription rights to shares	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 20,2018	796	(704)	3,105	(279)	2,918	677	441,668
Changes of items during the year							
Dividends of surplus							(10,533)
Net income attributable to owners of parent							68,180
Acquisition of treasury stock							(4)
Disposal of treasury stock							2,526
Net changes in items other than those in shareholders' equity	150	704	(2,204)	(88)	(1,437)	(206)	(1,644)
Total changes of items during the year	150	704	(2,204)	(88)	(1,437)	(206)	58,524
Balance at February 20,2019	947	-	901	(367)	1,481	470	500,192

For the fiscal year ended February 20,2020

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 20,2019	13,370	19,841	472,755	(7,727)	498,240
Changes of items during the year					
Dividends of surplus			(11,679)		(11,679)
Net income attributable to owners of parent			71,395		71,395
Acquisition of treasury stock				(5,012)	(5,012)
Disposal of treasury stock		5,232		1,865	7,098
Net changes in items other than those in shareholders' equity					
Total changes of items during the year	-	5,232	59,716	(3,147)	61,801
Balance at February 20,2020	13,370	25,074	532,471	(10,875)	560,042

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Unrealized holding gain (loss) on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at February 20,2019	947	901	(367)	1,481	470	500,192
Changes of items during the year						
Dividends of surplus						(11,679)
Net income attributable to owners of parent						71,395
Acquisition of treasury stock						(5,012)
Disposal of treasury stock						7,098
Net changes in items other than those in shareholders' equity	(197)	(740)	(14)	(951)	(180)	(1,132)
Total changes of items during the year	(197)	(740)	(14)	(951)	(180)	60,669
Balance at February 20,2020	750	161	(382)	529	289	560,861

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 20,2019	For the fiscal year ended February 20,2020
Cash flows from operating activities		
Income before income taxes	100,490	105,069
Depreciation and amortization	14,218	16,561
Impairment loss	653	4,090
Increase (decrease) in allowance for doubtful accounts	(0)	21
Increase (decrease) in provision for bonuses	836	(177)
Increase (decrease) in retirement benefit liability	400	(1,880)
Increase (decrease) in provision for point card certificates	390	63
Interest and dividend income	(519)	(559)
Interest expenses	101	283
Share of loss (profit) of entities accounted for using equity method	(511)	(588)
Penalty for the scrap and build of outlets	255	-
Penalty income	-	(307)
Provision for loss on cancellation	-	630
Loss (gain) on sales and disposal of non-current assets	84	(216)
Loss (gain) on change in equity	368	172
Decrease (increase) in notes and accounts receivable - trade	(2,365)	(3,664)
Decrease (increase) in inventories	(10,014)	(2,687)
Increase (decrease) in notes and accounts payable - trade	1,061	219
Increase (decrease) in accrued consumption taxes	509	1,011
Other, net	5,933	1,573
Subtotal	111,892	119,615
Interest and dividend income received	569	1,214
Interest expenses paid	(98)	(280)
Penalty income received	-	307
Penalty for the scrap and build of outlets paid	(48)	(286)
Income taxes paid	(41,125)	(34,112)
Income taxes refund	10,474	9,856
Net cash provided by operating activities	81,664	96,316

(Million yen)

	For the fiscal year ended February 20,2019	For the fiscal year ended February 20,2020
Cash flows from investing activities		
Payments into time deposits	(1,694)	(18,374)
Proceeds from withdrawal of time deposits	1,679	2,285
Payments for property, plant and equipment	(22,363)	(17,482)
Proceeds from sales of property, plant and equipment	239	517
Payments for intangible assets	(5,788)	(6,528)
Payments for short-term and long-term investment securities	(0)	-
Proceeds from sales of short-term and long-term investment securities	38	5
Payments for guarantee deposits	(1,590)	(1,032)
Proceeds from collection of guarantee deposits	97	277
Payments for stocks of subsidiaries and associates	(192)	-
Payments for leasehold deposits	(1,134)	(1,157)
Proceeds from collection of leasehold deposits	202	346
Proceeds from guarantee deposits received	145	41
Proceeds from deposits received	203	154
Repayments of deposits received	(33)	(92)
Payments for long-term prepaid expenses	(122)	(158)
Payments of loans receivable	(132)	(296)
Proceeds from collection of loans receivable	35	36
Other payments	(15)	(5)
Net cash used in investing activities	(30,424)	(41,464)
Cash flows from financing activities		
Increase in short-term loans payable	287	88
Decrease in short-term loans payable	-	(2)
Repayments of long-term loans payable	(2,003)	(2,009)
Repayments of lease obligations	(187)	(1,382)
Payments for acquisition of treasury stock	(4)	(4,907)
Cash dividends paid	(10,527)	(11,663)
Proceeds from sales of treasury shares	-	5,009
Proceeds from exercise of stock options	1,094	1,006
Net cash provided by (used in) financing activities	(11,340)	(13,862)
Effect of exchange rate changes on cash and cash equivalents	(768)	(250)
Net increase (decrease) in cash and cash equivalents	39,130	40,737
Cash and cash equivalents at beginning of the year	60,923	100,053
Cash and cash equivalents at end of the year	100,053	140,791