

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2017 (Based on Japanese GAAP)

October 5, 2017

Company name: SAN-A CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 2659 URL <http://www.san-a.co.jp>
 Representative: President Tessei Uechi
 General Manager of Management Planning
 Inquiries: Taku Toyoda TEL 098(898)2230
 Dept & Finance Dept
 Scheduled date to file Quarterly Securities Report: October 13, 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 six months ended August 31, 2017 (from March 1, 2017 to August 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2017	93,084	0.8	7,822	(3.2)	8,023	(3.1)	5,215	1.5
Six months ended August 31, 2016	92,377	5.4	8,079	12.1	8,279	11.9	5,138	16.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2017	163.18	–
Six months ended August 31, 2016	160.75	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2017	138,214	107,321	75.7	3,272.39
As of February 28, 2017	130,427	103,688	77.4	3,156.36

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 28, 2017	–	0.00	–	47.00	47.00
Year ending February 28, 2018	–	0.00			
Year ending February 28, 2018 (Forecast)			–	47.00	47.00

3. Forecast of consolidated financial results for the year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	185,432	2.9	15,083	0.5	15,435	0.2	9,994	2.1	312.69

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (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 August 31, 2017	31,981,654 shares	As of February 28, 2017	31,981,654 shares
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Number of treasury shares at the end of the period

As of August 31, 2017	18,257 shares	As of February 28, 2017	18,257 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2017	31,963,397 shares	Six months ended August 31, 2016	31,963,408 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of February 28, 2017	As of August 31, 2017
Assets		
Current assets		
Cash and deposits	46,122	47,557
Accounts receivable - trade	2,594	3,960
Merchandise and finished goods	11,150	12,388
Raw materials and supplies	302	343
Other	2,591	2,751
Total current assets	62,761	67,002
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,198	23,973
Land	32,291	33,191
Other, net	3,276	4,224
Total property, plant and equipment	57,767	61,389
Intangible assets		
Goodwill	450	368
Other	672	656
Total intangible assets	1,123	1,024
Investments and other assets	8,775	8,798
Total non-current assets	67,666	71,212
Total assets	130,427	138,214
Liabilities		
Current liabilities		
Accounts payable - trade	8,271	11,472
Current portion of long-term loans payable	100	75
Income taxes payable	2,562	2,827
Provision for bonuses	1,063	1,590
allowance for loss on collecting gift tickets	42	47
Other	9,945	10,054
Total current liabilities	21,985	26,066
Non-current liabilities		
Long-term loans payable	25	—
Net defined benefit liability	1,575	1,692
Asset retirement obligations	442	481
Other	2,709	2,653
Total non-current liabilities	4,753	4,827
Total liabilities	26,739	30,893

	(Millions of yen)	
	As of February 28, 2017	As of August 31, 2017
Net assets		
Shareholders' equity		
Capital stock	3,723	3,723
Capital surplus	3,686	3,686
Retained earnings	93,329	97,042
Treasury shares	(26)	(26)
Total shareholders' equity	100,711	104,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	237	249
Remeasurements of defined benefit plans	(60)	(78)
Total accumulated other comprehensive income	176	171
Non-controlling interests	2,800	2,724
Total net assets	103,688	107,321
Total liabilities and net assets	130,427	138,214

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

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Six months ended August 31, 2016	Six months ended August 31, 2017
Net sales	86,998	87,386
Cost of sales	60,061	60,061
Gross profit	26,936	27,324
Operating revenue	5,378	5,698
Operating gross profit	32,315	33,022
Selling, general and administrative expenses		
Salaries	7,899	8,337
Provision for bonuses	1,736	1,590
Retirement benefit expenses	192	191
Depreciation	1,539	1,500
Amortization of goodwill	81	81
Other	12,786	13,498
Total selling, general and administrative expenses	24,236	25,200
Operating income	8,079	7,822
Non-operating income		
Interest income	41	29
Dividend income	23	29
Gain on adjustment of account payable	60	76
Other	94	87
Total non-operating income	220	222
Non-operating expenses		
Interest expenses	1	0
allowance for loss on collecting gift tickets putting in	13	16
Other	4	3
Total non-operating expenses	20	20
Ordinary income	8,279	8,023
Extraordinary losses		
Loss on retirement of non-current assets	26	6
Impairment loss	—	10
Total extraordinary losses	26	16
Profit before income taxes	8,252	8,007
Income taxes - current	3,030	2,698
Income taxes - deferred	(202)	(203)
Total income taxes	2,828	2,495
Profit	5,424	5,512
Profit attributable to non-controlling interests	285	296
Profit attributable to owners of parent	5,138	5,215

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Profit	5,424	5,512
Other comprehensive income		
Valuation difference on available-for-sale securities	14	12
Remeasurements of defined benefit plans, net of tax	16	(17)
Total other comprehensive income	30	(4)
Comprehensive income	5,454	5,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,168	5,211
Comprehensive income attributable to non-controlling interests	285	296

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Cash flows from operating activities		
Profit before income taxes	8,252	8,007
Depreciation	1,539	1,500
Amortization of goodwill	81	81
Loss on retirement of non-current assets	26	6
Impairment loss	–	10
Increase (decrease) in provision for bonuses	732	526
Increase (decrease) in net defined benefit liability	104	107
Interest and dividend income	(65)	(58)
Interest expenses	1	0
Decrease (increase) in notes and accounts receivable - trade	(994)	(1,366)
Decrease (increase) in inventories	(37)	(1,279)
Increase (decrease) in notes and accounts payable - trade	1,838	3,200
Increase (decrease) in accounts payable - other	(688)	(751)
Increase (decrease) in deposits received	719	695
Other, net	468	(117)
Subtotal	11,980	10,564
Income taxes paid	(2,985)	(2,509)
Net cash provided by (used in) operating activities	8,995	8,055
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,282)	(4,593)
Interest and dividend income received	55	55
Proceeds from redemption of securities	300	–
Other, net	(73)	(148)
Net cash provided by (used in) investing activities	(1,000)	(4,686)
Cash flows from financing activities		
Repayments of long-term loans payable	(157)	(50)
Interest expenses paid	(2)	(0)
Repayments of lease obligations	(28)	(11)
Purchase of treasury shares	(0)	–
Cash dividends paid	(1,339)	(1,499)
Dividends paid to non-controlling interests	(333)	(372)
Net cash provided by (used in) financing activities	(1,860)	(1,933)
Net increase (decrease) in cash and cash equivalents	6,134	1,434
Cash and cash equivalents at beginning of period	41,731	46,122
Cash and cash equivalents at end of period	47,866	47,557