

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2018 (Based on Japanese GAAP)

April 5, 2018

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: Dept & Finance Dept Taku Toyoda TEL 098(898)2230
 Scheduled date of ordinary general meeting of shareholders: May 24, 2018
 Scheduled date to file Securities Report: May 25, 2018
 Scheduled date to commence dividend payments: May 25, 2018
 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 28, 2018 (from March 1, 2017 to February 28, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2018	185,906	3.1	15,050	0.3	15,438	0.2	10,382	6.1
Year ended February 28, 2017	180,243	3.7	15,006	6.3	15,411	6.6	9,785	11.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2018	324.84	—	9.9	11.1	8.6
Year ended February 28, 2017	306.15	—	10.1	12.2	8.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2018	147,274	112,762	74.6	3,435.55
As of February 28, 2017	130,427	103,688	77.4	3,156.36

(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 28, 2018	13,590	(14,837)	(1,987)	42,888
Year ended February 28, 2017	13,486	(7,110)	(1,983)	46,122

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 28, 2017	—	0.00	—	47.00	47.00	1,502	15.4	1.6
Year ended February 28, 2018	—	0.00	—	50.00	50.00	1,598	15.4	1.5
Year ending February 28, 2019 (Forecast)	—	0.00	—	50.00	50.00		16.1	

3. Forecast of consolidated financial results for the year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2018	97,926	5.2	7,865	0.6	8,052	0.4	5,230	0.3	163.65
Full year	192,198	3.4	14,380	(4.4)	14,710	(4.7)	9,899	(4.7)	309.70

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2018

(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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: 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 28, 2018	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 February 28, 2018	18,257 shares	As of February 28, 2017	18,257 shares
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Average number of shares during the period

Year ended February 28, 2018	31,963,397 shares	Year ended February 28, 2017	31,963,403 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Assets		
Current assets		
Cash and deposits	46,122	42,888
Accounts receivable - trade	2,594	2,922
Merchandise and finished goods	11,150	11,786
Raw materials and supplies	302	303
Prepaid expenses	410	441
Deferred tax assets	831	836
Other	1,348	1,436
Total current assets	62,761	60,615
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,198	23,304
Machinery, equipment and vehicles, net	536	873
Tools, furniture and fixtures, net	1,611	1,722
Land	32,291	34,779
Leased assets, net	15	1
Construction in progress	1,112	16,207
Total property, plant and equipment	57,767	76,888
Intangible assets		
Goodwill	450	286
Leasehold right	460	443
Software	92	84
Other	119	178
Total intangible assets	1,123	993
Investments and other assets		
Investment securities	752	795
Shares of subsidiaries and associates	21	21
Long-term prepaid expenses	275	278
Deferred tax assets	1,718	1,889
Guarantee deposits	5,163	5,061
Construction assistance fund receivables	843	729
Other	0	0
Total investments and other assets	8,775	8,775
Total non-current assets	67,666	86,658
Total assets	130,427	147,274

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	8,271	8,485
Current portion of long-term loans payable	100	25
Lease obligations	14	1
Accounts payable - other	4,316	12,160
Accrued expenses	1,084	1,138
Income taxes payable	2,562	2,359
Deposits received	1,899	1,949
Provision for bonuses	1,063	1,134
allowance for loss on collecting gift tickets	42	56
Other	2,630	2,332
Total current liabilities	21,985	29,642
Non-current liabilities		
Long-term loans payable	25	—
Lease obligations	2	0
Long-term guarantee deposited	2,291	2,274
Net defined benefit liability	1,575	1,743
Asset retirement obligations	442	490
Other	416	361
Total non-current liabilities	4,753	4,869
Total liabilities	26,739	34,511
Net assets		
Shareholders' equity		
Capital stock	3,723	3,723
Capital surplus	3,686	3,686
Retained earnings	93,329	102,209
Treasury shares	(26)	(26)
Total shareholders' equity	100,711	109,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	237	266
Remeasurements of defined benefit plans	(60)	(47)
Total accumulated other comprehensive income	176	219
Non-controlling interests	2,800	2,950
Total net assets	103,688	112,762
Total liabilities and net assets	130,427	147,274

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net sales	169,427	174,526
Cost of sales	116,813	119,818
Gross profit	52,613	54,708
Operating revenue		
Rent income of real estate	3,715	3,767
Income from franchised stores	6,039	6,645
Other	1,060	966
Total operating revenue	10,816	11,379
Operating gross profit	63,429	66,088
Selling, general and administrative expenses		
Directors' compensations	238	247
Salaries and allowances	4,343	4,725
Provision for bonuses	1,063	1,134
Retirement benefit expenses	385	383
Other salaries	11,321	12,032
Rents	4,523	4,659
Depreciation	3,178	3,272
Amortization of goodwill	163	163
Utilities expenses	3,542	3,968
Other	19,660	20,452
Total selling, general and administrative expenses	48,423	51,038
Operating profit	15,006	15,050
Non-operating income		
Interest income	80	57
Dividend income	28	34
House rent income	29	26
Gain on adjustment of account payable	131	121
Co-sponsor fee	21	61
Gain on sales of goods	56	61
Other	109	78
Total non-operating income	457	441
Non-operating expenses		
Interest expenses	2	0
allowance for loss on collecting gift tickets putting in	29	36
consumption tax loss	1	2
Other	18	14
Total non-operating expenses	52	54
Ordinary profit	15,411	15,438
Extraordinary losses		
Loss on retirement of non-current assets	36	32
Impairment loss	15	51
Total extraordinary losses	52	84
Profit before income taxes	15,358	15,353
Income taxes - current	5,034	4,643
Income taxes - deferred	9	(194)
Total income taxes	5,043	4,448
Profit	10,314	10,905
Profit attributable to non-controlling interests	529	522
Profit attributable to owners of parent	9,785	10,382

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Profit	10,314	10,905
Other comprehensive income		
Valuation difference on available-for-sale securities	113	29
Remeasurements of defined benefit plans, net of tax	57	13
Total other comprehensive income	171	43
Comprehensive income	10,486	10,948
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,956	10,426
Comprehensive income attributable to non-controlling interests	529	522

Consolidated statements of changes in equity

Fiscal year ended February 28, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,723	3,686	84,886	(26)	92,268
Changes of items during period					
Dividends of surplus	–	–	(1,342)	–	(1,342)
Profit attributable to owners of parent	–	–	9,785	–	9,785
Purchase of treasury shares	–	–	–	(0)	(0)
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during period	–	–	8,443	(0)	8,443
Balance at end of current period	3,723	3,686	93,329	(26)	100,711

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	123	(118)	4	2,599	94,873
Changes of items during period					
Dividends of surplus	–	–	–	–	(1,342)
Profit attributable to owners of parent	–	–	–	–	9,785
Purchase of treasury shares	–	–	–	–	(0)
Net changes of items other than shareholders' equity	113	57	171	201	372
Total changes of items during period	113	57	171	201	8,815
Balance at end of current period	237	(60)	176	2,800	103,688

Fiscal year ended February 28, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,723	3,686	93,329	(26)	100,711
Changes of items during period					
Dividends of surplus	—	—	(1,502)	—	(1,502)
Profit attributable to owners of parent	—	—	10,382	—	10,382
Purchase of treasury shares	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	—	8,880	—	8,880
Balance at end of current period	3,723	3,686	102,209	(26)	109,592

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	237	(60)	176	2,800	103,688
Changes of items during period					
Dividends of surplus	—	—	—	—	(1,502)
Profit attributable to owners of parent	—	—	—	—	10,382
Purchase of treasury shares	—	—	—	—	—
Net changes of items other than shareholders' equity	29	13	43	149	192
Total changes of items during period	29	13	43	149	9,073
Balance at end of current period	266	(47)	219	2,950	112,762

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Cash flows from operating activities		
Profit before income taxes	15,358	15,353
Depreciation	3,178	3,272
Loss on retirement of non-current assets	36	32
Impairment loss	15	51
Amortization of goodwill	163	163
Increase (decrease) in provision for bonuses	60	70
Increase (decrease) in allowance for loss on collecting gift tickets	8	13
Increase (decrease) in net defined benefit liability	192	198
Interest and dividend income	(109)	(92)
Interest expenses	2	0
co sponsor fee	(15)	(47)
Decrease (increase) in notes and accounts receivable - trade	(305)	(327)
Decrease (increase) in inventories	(104)	(637)
Increase (decrease) in notes and accounts payable - trade	(542)	213
Increase (decrease) in accounts payable - other	156	99
Increase (decrease) in accrued consumption taxes	336	(437)
Increase (decrease) in deposits received	289	49
Increase (decrease) in provision for Gift certificates	125	121
Increase (decrease) in Long-term guarantee deposited	(68)	(16)
Other, net	236	493
Subtotal	19,016	18,575
Income taxes paid	(5,530)	(4,985)
Net cash provided by (used in) operating activities	13,486	13,590
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	1	—
Purchase of property, plant and equipment	(7,259)	(14,599)
Purchase of intangible assets	(46)	(85)
Proceeds from redemption of securities	320	—
Proceeds from sales of investment securities	64	—
Collection of loans receivable	1	1
Purchase of long-term prepaid expenses	(13)	(40)
Proceeds from collection of guarantee deposits	29	5
Payments for guarantee deposits	(241)	(189)
Payments of construction assistance fund receivables	(62)	(12)
Interest and dividend income received	96	83
Net cash provided by (used in) investing activities	(7,110)	(14,837)

	(Millions of yen)	
	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Cash flows from financing activities		
Repayments of long-term loans payable	(260)	(100)
Repayments of lease obligations	(51)	(14)
Interest expenses paid	(2)	(0)
Cash dividends paid	(1,340)	(1,500)
Purchase of treasury shares	(0)	–
Dividends paid to non-controlling interests	(333)	(372)
Proceeds from share issuance to non-controlling shareholders	4	–
Net cash provided by (used in) financing activities	(1,983)	(1,987)
Net increase (decrease) in cash and cash equivalents	4,391	(3,234)
Cash and cash equivalents at beginning of period	41,731	46,122
Cash and cash equivalents at end of period	46,122	42,888