

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2019 (Based on Japanese GAAP)

October 4, 2019

Company name: SAN-A CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 2659 URL <https://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 to file Quarterly Securities Report: October 15, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 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, 2019 (from March 1, 2019 to August 31, 2019)

(1) Consolidated operating results (cumulative)

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	%
Six months ended August 31, 2019	100,259	4.3	5,777	(21.6)	6,569	(13.1)	4,185	(13.2)
Six months ended August 31, 2018	96,115	3.3	7,369	(5.8)	7,561	(5.8)	4,821	(7.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2019	130.95	–
Six months ended August 31, 2018	150.84	–

(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, 2019	169,415	123,181	70.9	3,755.82
As of February 28, 2019	148,590	120,700	79.1	3,678.23

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, 2019	–	0.00	–	52.00	52.00
Year ending February 29, 2020	–	0.00	–	–	–
Year ending February 29, 2020 (Forecast)	–	–	–	52.00	52.00

3. Forecast of consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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
Full year	202,133	6.5	11,248	(20.2)	11,613	(19.4)	7,304	(22.3)	228.52

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2019
 (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, 2019	31,981,654 shares	As of February 28, 2019	31,981,654 shares
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Number of treasury shares at the end of the period

As of August 31, 2019	18,341 shares	As of February 28, 2019	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, 2019	31,963,359 shares	Six months ended August 31, 2018	31,963,397 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2019	As of August 31, 2019
Assets		
Current assets		
Cash and deposits	26,682	27,855
Accounts receivable - trade	3,348	5,327
Merchandise and finished goods	12,032	13,616
Raw materials and supplies	308	321
Other	1,965	5,805
Total current assets	44,337	52,926
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,479	64,745
Land	34,922	34,962
Construction in progress	33,098	2,171
Other, net	2,478	3,956
Total property, plant and equipment	93,978	105,835
Intangible assets		
Goodwill	122	40
Other	731	826
Total intangible assets	854	867
Investments and other assets	9,420	9,784
Total non-current assets	104,252	116,488
Total assets	148,590	169,415
Liabilities		
Current liabilities		
Accounts payable - trade	8,657	19,031
Income taxes payable	2,290	2,621
Provision for bonuses	1,188	1,954
allowance for loss on collecting gift tickets	70	74
Other	10,597	15,833
Total current liabilities	22,804	39,515
Non-current liabilities		
Net defined benefit liability	1,845	1,929
Asset retirement obligations	525	535
Other	2,714	4,253
Total non-current liabilities	5,085	6,718
Total liabilities	27,890	46,233

(Millions of yen)

	As of February 28, 2019	As of August 31, 2019
Net assets		
Shareholders' equity		
Capital stock	3,723	3,723
Capital surplus	3,686	3,686
Retained earnings	110,017	112,541
Treasury shares	(26)	(27)
Total shareholders' equity	117,400	119,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	196	143
Remeasurements of defined benefit plans	(28)	(18)
Total accumulated other comprehensive income	168	124
Non-controlling interests	3,131	3,133
Total net assets	120,700	123,181
Total liabilities and net assets	148,590	169,415

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, 2018	Six months ended August 31, 2019
Net sales	90,119	93,379
Cost of sales	61,974	63,766
Gross profit	28,145	29,612
Operating revenue	5,995	6,880
Operating gross profit	34,140	36,493
Selling, general and administrative expenses		
Salaries	9,109	9,770
Provision for bonuses	1,591	1,954
Retirement benefit expenses	187	193
Depreciation	1,691	2,840
Amortization of goodwill	81	81
Other	14,109	15,873
Total selling, general and administrative expenses	26,771	30,715
Operating profit	7,369	5,777
Non-operating income		
Interest income	23	10
Dividend income	20	30
Gain on adjustment of account payable	82	85
Subsidy income	–	361
Other	92	337
Total non-operating income	218	825
Non-operating expenses		
Interest expenses	0	0
allowance for loss on collecting gift tickets putting in	20	23
Other	5	11
Total non-operating expenses	26	34
Ordinary profit	7,561	6,569
Extraordinary losses		
Loss on retirement of non-current assets	24	–
Impairment loss	–	28
Total extraordinary losses	24	28
Profit before income taxes	7,537	6,541
Income taxes - current	2,629	2,470
Income taxes - deferred	(237)	(498)
Total income taxes	2,392	1,972
Profit	5,144	4,569
Profit attributable to non-controlling interests	323	383
Profit attributable to owners of parent	4,821	4,185

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Profit	5,144	4,569
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(52)
Remeasurements of defined benefit plans, net of tax	26	9
Total other comprehensive income	11	(43)
Comprehensive income	5,155	4,525
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,832	4,142
Comprehensive income attributable to non-controlling interests	323	383

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Cash flows from operating activities		
Profit before income taxes	7,537	6,541
Depreciation	1,691	2,840
Loss on retirement of non-current assets	24	–
Impairment loss	–	28
Amortization of goodwill	81	81
Increase (decrease) in provision for bonuses	457	765
Increase (decrease) in net defined benefit liability	92	97
Interest and dividend income	(43)	(41)
Interest expenses	0	0
Decrease (increase) in notes and accounts receivable - trade	(2,169)	(1,979)
Decrease (increase) in inventories	(415)	(1,597)
Increase (decrease) in notes and accounts payable - trade	3,076	10,374
Increase (decrease) in accounts payable - other	(621)	1,895
Increase (decrease) in deposits received	1,908	3,110
Other, net	561	(1,957)
Subtotal	12,182	20,159
Income taxes paid	(2,172)	(2,183)
Net cash provided by (used in) operating activities	10,010	17,975
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,685)	(14,470)
Interest and dividend income received	38	36
Other, net	(47)	(328)
Net cash provided by (used in) investing activities	(15,694)	(14,762)
Cash flows from financing activities		
Increase in short-term loans payable	200	300
Decrease in short-term loans payable	(200)	(300)
Repayments of long-term loans payable	(25)	–
Interest expenses paid	(0)	(0)
Repayments of lease obligations	(1)	(0)
Purchase of treasury shares	–	(0)
Cash dividends paid	(1,595)	(1,658)
Dividends paid to non-controlling interests	(362)	(382)
Net cash provided by (used in) financing activities	(1,984)	(2,041)
Net increase (decrease) in cash and cash equivalents	(7,668)	1,172
Cash and cash equivalents at beginning of period	42,888	26,682
Cash and cash equivalents at end of period	35,220	27,855