

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2017 (Based on Japanese GAAP)

April 6, 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
 Inquiries: Executive Director Yasuhiro Imanaka TEL 098(898)2230
 Scheduled date of ordinary general meeting of shareholders: May 25, 2017
 Scheduled date to file Securities Report: May 26, 2017
 Scheduled date to commence dividend payments: May 26, 2017
 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, 2017 (from March 1, 2016 to February 28, 2017)

(1) Consolidated operating results

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	%
Year ended February 28, 2017	180,243	3.7	15,006	6.3	15,411	6.6	9,785	11.5
Year ended February 29, 2016	173,820	5.6	14,121	9.8	14,457	9.7	8,773	15.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2017	306.15	—	10.1	12.2	8.9
Year ended February 29, 2016	274.49	—	9.9	11.9	8.6

(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, 2017	130,427	103,688	77.4	3,156.36
As of February 29, 2016	121,882	94,873	75.7	2,886.86

(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, 2017	13,486	(7,110)	(1,983)	46,122
Year ended February 29, 2016	4,845	(7,254)	(1,806)	41,731

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 29, 2016	—	0.00	—	42.00	42.00	1,342	15.3	1.5
Year ended February 28, 2017	—	0.00	—	47.00	47.00	1,502	15.4	1.6
Year ending February 28, 2018 (Forecast)	—	0.00	—	47.00	47.00		15.0	

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
Six months ending August 31, 2017	93,272	1.0	7,744	(4.1)	7,937	(4.1)	5,070	(1.3)	158.62
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 year ended February 28, 2017

(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: Yes

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, 2017	31,981,654 shares	As of February 29, 2016	31,981,654 shares
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Number of treasury shares at the end of the period

As of February 28, 2017	18,257 shares	As of February 29, 2016	18,242 shares
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Average number of shares during the period

Year ended February 28, 2017	31,963,403 shares	Year ended February 29, 2016	31,963,470 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	41,731	46,122
Accounts receivable - trade	2,288	2,594
Securities	300	—
Merchandise and finished goods	11,065	11,150
Raw materials and supplies	282	302
Prepaid expenses	399	410
Deferred tax assets	908	831
Other	1,038	1,348
Total current assets	58,015	62,761
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,155	22,198
Machinery, equipment and vehicles, net	476	536
Tools, furniture and fixtures, net	1,705	1,611
Land	27,987	32,291
Leased assets, net	64	15
Construction in progress	285	1,112
Total property, plant and equipment	53,674	57,767
Intangible assets		
Goodwill	614	450
Leasehold right	477	460
Software	109	92
Other	90	119
Total intangible assets	1,292	1,123
Investments and other assets		
Investment securities	679	752
Shares of subsidiaries and associates	21	21
Long-term prepaid expenses	294	275
Deferred tax assets	1,718	1,718
Guarantee deposits	5,254	5,163
Construction assistance fund receivables	906	843
Other	23	0
Total investments and other assets	8,899	8,775
Total non-current assets	63,866	67,666
Total assets	121,882	130,427

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	8,814	8,271
Current portion of long-term loans payable	260	100
Lease obligations	51	14
Accounts payable - other	4,117	4,316
Accrued expenses	1,134	1,084
Income taxes payable	2,971	2,562
Deposits received	1,610	1,899
Provision for bonuses	1,003	1,063
allowance for loss on collecting gift tickets	33	42
Other	2,198	2,630
Total current liabilities	22,197	21,985
Non-current liabilities		
Long-term loans payable	125	25
Lease obligations	16	2
Long-term guarantee deposited	2,359	2,291
Net defined benefit liability	1,460	1,575
Asset retirement obligations	424	442
Other	426	416
Total non-current liabilities	4,811	4,753
Total liabilities	27,008	26,739
Net assets		
Shareholders' equity		
Capital stock	3,723	3,723
Capital surplus	3,686	3,686
Retained earnings	84,886	93,329
Treasury shares	(26)	(26)
Total shareholders' equity	92,268	100,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	123	237
Remeasurements of defined benefit plans	(118)	(60)
Total accumulated other comprehensive income	4	176
Non-controlling interests	2,599	2,800
Total net assets	94,873	103,688
Total liabilities and net assets	121,882	130,427

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

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Net sales	163,844	169,427
Cost of sales	113,051	116,813
Gross profit	50,793	52,613
Operating revenue		
Rent income of real estate	3,698	3,715
Income from franchised stores	5,196	6,039
Other	1,081	1,060
Total operating revenue	9,975	10,816
Operating gross profit	60,769	63,429
Selling, general and administrative expenses		
Directors' compensations	231	238
Salaries and allowances	4,051	4,343
Provision for bonuses	1,003	1,063
Retirement benefit expenses	335	385
Other salaries	10,858	11,321
Rents	4,430	4,523
Depreciation	3,124	3,178
Amortization of goodwill	163	163
Utilities expenses	3,847	3,542
Other	18,601	19,660
Total selling, general and administrative expenses	46,648	48,423
Operating income	14,121	15,006
Non-operating income		
Interest income	78	80
Dividend income	31	28
House rent income	29	29
Gain on adjustment of account payable	87	131
Co-sponsor fee	33	21
Gain on sales of goods	56	56
Other	73	109
Total non-operating income	389	457
Non-operating expenses		
Interest expenses	7	2
allowance for loss on collecting gift tickets putting in	23	29
consumption tax loss	9	1
Other	12	18
Total non-operating expenses	53	52
Ordinary income	14,457	15,411

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Extraordinary income		
Gain on sales of non-current assets	6	—
Compensation for transfer	65	—
Total extraordinary income	71	—
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	54	36
Impairment loss	10	15
Total extraordinary losses	66	52
Profit before income taxes	14,463	15,358
Income taxes - current	5,169	5,034
Income taxes - deferred	53	9
Total income taxes	5,223	5,043
Profit	9,239	10,314
Profit attributable to non-controlling interests	466	529
Profit attributable to owners of parent	8,773	9,785

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Profit	9,239	10,314
Other comprehensive income		
Valuation difference on available-for-sale securities	(78)	113
Remeasurements of defined benefit plans, net of tax	13	57
Total other comprehensive income	(65)	171
Comprehensive income	9,174	10,486
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,708	9,956
Comprehensive income attributable to non-controlling interests	466	529

Consolidated statements of changes in equity

Fiscal year ended February 29, 2016

(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	76,765	(25)	84,148
Cumulative effects of changes in accounting policies	–	–	498	–	498
Restated balance	3,723	3,686	77,263	(25)	84,647
Changes of items during period					
Dividends of surplus	–	–	(1,150)	–	(1,150)
Profit attributable to owners of parent	–	–	8,773	–	8,773
Purchase of treasury shares	–	–	–	(0)	(0)
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during period	–	–	7,622	(0)	7,621
Balance at end of current period	3,723	3,686	84,886	(26)	92,268

	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	202	(131)	70	2,387	86,606
Cumulative effects of changes in accounting policies	–	–	–	–	498
Restated balance	202	(131)	70	2,387	87,105
Changes of items during period					
Dividends of surplus	–	–	–	–	(1,150)
Profit attributable to owners of parent	–	–	–	–	8,773
Purchase of treasury shares	–	–	–	–	(0)
Net changes of items other than shareholders' equity	(78)	13	(65)	211	146
Total changes of items during period	(78)	13	(65)	211	7,768
Balance at end of current period	123	(118)	4	2,599	94,873

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
Cumulative effects of changes in accounting policies	–	–	–	–	–
Restated balance	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
Cumulative effects of changes in accounting policies	–	–	–	–	–
Restated balance	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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Cash flows from operating activities		
Profit before income taxes	14,463	15,358
Depreciation	3,124	3,178
Loss on retirement of non-current assets	54	36
Impairment loss	10	15
Amortization of goodwill	163	163
Increase (decrease) in provision for bonuses	56	60
Increase (decrease) in allowance for loss on collecting gift tickets	4	8
Increase (decrease) in net defined benefit liability	151	192
Interest and dividend income	(109)	(109)
Interest expenses	7	2
co sponsor fee	(31)	(15)
Decrease (increase) in notes and accounts receivable - trade	(559)	(305)
Decrease (increase) in inventories	(966)	(104)
Increase (decrease) in notes and accounts payable - trade	(4,628)	(542)
Increase (decrease) in accounts payable - other	(939)	156
Increase (decrease) in accrued consumption taxes	(924)	336
Increase (decrease) in deposits received	(388)	289
Increase (decrease) in provision for Gift certificates	145	125
Increase (decrease) in Long-term guarantee deposited	(16)	(68)
Compensation for removal	(65)	—
Other, net	485	236
Subtotal	10,040	19,016
Income taxes paid	(5,255)	(5,530)
Proceeds from compensation for removal	60	—
Net cash provided by (used in) operating activities	4,845	13,486
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	131	1
Purchase of property, plant and equipment	(6,891)	(7,259)
Purchase of intangible assets	(139)	(46)
Proceeds from redemption of securities	—	320
Proceeds from sales of investment securities	—	64
Collection of loans receivable	2	1
Purchase of long-term prepaid expenses	(93)	(13)
Proceeds from collection of guarantee deposits	5	29
Payments for guarantee deposits	(361)	(241)
Payments of construction assistance fund receivables	(3)	(62)
Interest and dividend income received	94	96
Net cash provided by (used in) investing activities	(7,254)	(7,110)

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Cash flows from financing activities		
Repayments of long-term loans payable	(314)	(260)
Repayments of lease obligations	(79)	(51)
Interest expenses paid	(7)	(2)
Cash dividends paid	(1,149)	(1,340)
Purchase of treasury shares	(0)	(0)
Dividends paid to non-controlling interests	(254)	(333)
Proceeds from share issuance to non-controlling shareholders	–	4
Net cash provided by (used in) financing activities	(1,806)	(1,983)
Net increase (decrease) in cash and cash equivalents	(4,215)	4,391
Cash and cash equivalents at beginning of period	45,947	41,731
Cash and cash equivalents at end of period	41,731	46,122