

Translation

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

February 5, 2018

Company name: Tohto Suisan Co., Ltd
 Stock exchange listing: Tokyo
 Stock code: 8038 URL: <http://www.tohsui.co.jp>
 Representative: President and Representative Director Koh Ehara
 Inquiries: Operating Officer, Accounting Dept. Hiroshi Tanaka TEL 03-3541-5468
 Scheduled date to file Quarterly Securities Report: February 13, 2018
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	90,742	(1.0)	983	(14.4)	997	(20.9)	565	(42.2)
Nine months ended December 31, 2016	91,680	(5.5)	1,148	(9.4)	1,261	(8.5)	977	(9.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	142.09	—
Nine months ended December 31, 2016	245.74	—

The Company has conducted a 1-for-10 reverse split on common share as of October 1, 2016. Accordingly, earnings per share have been calculated as if this reverse split on common share was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2017	30,869	15,212	49.3	3,824.73
As of March 31, 2017	26,150	14,480	55.4	3,640.44

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 March 31, 2017	—	—	—	60.00	60.00
Year ending March 31, 2018	—	—	—		
Year ending March 31, 2018 (Forecast)				60.00	60.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		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	115,000	(3.5)	1,200	(10.8)	1,300	(14.3)	800	(35.8)	201.13

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 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 December 31, 2017	4,026,000 shares	As of March 31, 2017	4,026,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	48,549 shares	As of March 31, 2017	48,405 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	3,977,529 shares	Nine months ended December 31, 2016	3,978,224 shares
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The Company has conducted a 1-for-10 reverse split on common share as of October 1, 2016. Accordingly, average number of shares during the period has been calculated as if this reverse split on common share was conducted at the beginning of the previous fiscal year.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	6,800	4,918
Notes and accounts receivable - trade	6,562	10,551
Merchandise and finished goods	2,371	3,534
Work in process	18	47
Raw materials and supplies	262	375
Other	336	369
Allowance for doubtful accounts	(769)	(884)
Total current assets	15,582	18,912
Non-current assets		
Property, plant and equipment		
Land	3,548	3,475
Other, net	3,307	4,196
Total property, plant and equipment	6,856	7,672
Intangible assets	1,220	1,560
Investments and other assets		
Other	2,850	2,944
Allowance for doubtful accounts	(359)	(220)
Total investments and other assets	2,490	2,723
Total non-current assets	10,568	11,956
Total assets	26,150	30,869
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,592	5,700
Short-term loans payable	2,894	4,028
Income taxes payable	129	38
Provision for bonuses	79	19
Other	818	806
Total current liabilities	6,515	10,594
Non-current liabilities		
Long-term loans payable	1,715	1,626
Net defined benefit liability	1,687	1,696
Provision for stocks payment	15	15
Asset retirement obligations	46	46
Other	1,688	1,677
Total non-current liabilities	5,154	5,062
Total liabilities	11,669	15,656

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	2,376	2,376
Capital surplus	1,048	1,048
Retained earnings	10,653	10,977
Treasury shares	(96)	(97)
Total shareholders' equity	13,981	14,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	553	679
Deferred gains or losses on hedges	0	—
Revaluation reserve for land	360	360
Foreign currency translation adjustment	(337)	(99)
Remeasurements of defined benefit plans	(78)	(33)
Total accumulated other comprehensive income	498	907
Total net assets	14,480	15,212
Total liabilities and net assets	26,150	30,869

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	91,680	90,742
Cost of sales	86,230	85,592
Gross profit	5,450	5,149
Selling, general and administrative expenses	4,302	4,166
Operating profit	1,148	983
Non-operating income		
Interest income	34	24
Dividend income	45	55
Other	72	43
Total non-operating income	152	123
Non-operating expenses		
Interest expenses	23	18
Foreign exchange losses	–	80
Loss on retirement of non-current assets	15	6
Other	0	3
Total non-operating expenses	39	109
Ordinary profit	1,261	997
Extraordinary income		
Compensation income for damage by rumor	52	–
Total extraordinary income	52	–
Extraordinary losses		
Impairment loss	–	209
Total extraordinary losses	–	209
Profit before income taxes	1,313	787
Income taxes - current	324	221
Income taxes - deferred	10	0
Total income taxes	335	222
Profit	977	565
Profit attributable to owners of parent	977	565

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	977	565
Other comprehensive income		
Valuation difference on available-for-sale securities	283	126
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(592)	238
Remeasurements of defined benefit plans, net of tax	13	44
Total other comprehensive income	(294)	409
Comprehensive income	682	974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	682	974
Comprehensive income attributable to non-controlling interests	—	—