

# Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2017 (Based on Japanese GAAP)

January 12, 2018

Company name: KOHNAN SHOJI CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7516 URL <http://www.hc-kohnan.com/>  
 Representative: PRESIDENT NAOTARO HIKIDA  
 Inquiries: MANAGING DIRECTOR SHUNICHIRO MIYANAGA TEL 072(274)1621  
 Scheduled date to file Quarterly Securities Report: January 15, 2018  
 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)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended November 30, 2017 (from March 1, 2017 to November 30, 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	%
Nine months ended November 30, 2017	238,958	–	14,232	–	13,262	–	8,221	–
Nine months ended November 30, 2016	–	–	–	–	–	–	–	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2017	238.42	238.36
Nine months ended November 30, 2016	–	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2017	307,061	103,638	33.8
As of February 28, 2017	–	–	–

### 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	–	22.00	–	22.00	44.00
Year ending February 28, 2018	–	25.00	–		
Year ending February 28, 2018 (Forecast)				25.00	50.00

### 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	313,800	–	17,210	–	16,000	–	9,600	–	276.96

#### 4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 2017	34,682,113 shares	As of February 28, 2017	34,682,113 shares
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Number of treasury shares at the end of the period

As of November 30, 2017	200,341 shares	As of February 28, 2017	201,616 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2017	34,481,137 shares	Nine months ended November 30, 2016	34,680,708 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Millions of yen)

As of November 30, 2017

Assets	
Current assets	
Cash and deposits	6,920
Accounts receivable - trade	5,428
Merchandise and finished goods	66,690
Raw materials and supplies	730
Deferred tax assets	1,506
Other	6,646
Allowance for doubtful accounts	(296)
Total current assets	87,626
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	97,266
Land	39,229
Leased assets, net	23,439
Construction in progress	251
Other, net	4,485
Total property, plant and equipment	164,672
Intangible assets	
Goodwill	927
Other	5,709
Total intangible assets	6,637
Investments and other assets	
Investment securities	921
Guarantee deposits	42,682
Deferred tax assets	593
Other	3,957
Allowance for doubtful accounts	(29)
Total investments and other assets	48,125
Total non-current assets	219,435
Total assets	307,061

(Millions of yen)

As of November 30, 2017

Liabilities	
Current liabilities	
Accounts payable - trade	27,825
Electronically recorded obligations - operating	1,860
Short-term loans payable	5,150
Current portion of long-term loans payable	27,863
Lease obligations	1,619
Income taxes payable	2,830
Provision for bonuses	2,175
Other	10,788
Total current liabilities	80,112
Non-current liabilities	
Long-term loans payable	70,761
Lease obligations	25,897
Guarantee deposits received	12,384
Provision for loss on voluntary recall of goods	1,760
Asset retirement obligations	6,459
Other	6,046
Total non-current liabilities	123,310
Total liabilities	203,423
Net assets	
Shareholders' equity	
Capital stock	17,658
Capital surplus	17,921
Retained earnings	68,125
Treasury shares	(415)
Total shareholders' equity	103,290
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	370
Deferred gains or losses on hedges	(22)
Total accumulated other comprehensive income	348
Total net assets	103,638
Total liabilities and net assets	307,061

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

**Consolidated statements of income (cumulative)**

	(Millions of yen)
	Nine months ended November 30, 2017
Net sales	228,555
Cost of sales	143,973
Gross profit	84,581
Operating revenue	10,403
Selling, general and administrative expenses	80,752
Operating income	14,232
Non-operating income	
Foreign exchange gains	213
Gain on investments in silent partnership	131
Other	425
Total non-operating income	769
Non-operating expenses	
Interest expenses	1,594
Other	144
Total non-operating expenses	1,738
Ordinary income	13,262
Extraordinary income	
Gain on Cancellation of Guaranteed Deposits Received	359
Other	12
Total extraordinary income	371
Extraordinary losses	
Impairment loss	1,231
Other	14
Total extraordinary losses	1,245
Profit before income taxes	12,389
Income taxes - current	4,586
Income taxes - deferred	(418)
Total income taxes	4,167
Profit	8,221
Profit attributable to owners of parent	8,221

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended November 30, 2017
Profit	8,221
Other comprehensive income	
Valuation difference on available-for-sale securities	83
Deferred gains or losses on hedges	(1)
Total other comprehensive income	82
Comprehensive income	8,303
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	8,303
Comprehensive income attributable to non-controlling interests	—