

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 13, 2019

Company name: VT HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7593 URL <http://www.vt-holdings.co.jp>
 Representative: President & CEO Kazuho Takahashi
 Inquiries: Managing Director Ichiro Yamauchi TEL 052-203-9500
 Scheduled date of ordinary general meeting of shareholders: June 25, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 10, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	218,634	8.2	6,130	(9.6)	6,385	(11.0)	2,674	(29.0)
Year ended March 31, 2018	202,133	19.2	6,780	(10.7)	7,173	(9.6)	3,765	(14.9)

	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 March 31, 2019	22.79	—	7.2	4.7	2.8
Year ended March 31, 2018	32.00	—	10.4	5.6	3.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	133,680	40,942	28.0	318.44
As of March 31, 2018	136,223	40,750	27.5	318.91

(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 March 31, 2019	13,654	(6,220)	(7,846)	7,388
Year ended March 31, 2018	13,189	(6,713)	(5,206)	7,820

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 March 31, 2018	—	9.00	—	9.00	18.00	2,115	56.2	5.8
Year ended March 31, 2019	—	10.00	—	10.00	20.00	2,347	87.8	6.3
Year ending March 31, 2020 (Forecast)	—	10.00	—	10.00	20.00		49.9	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	110,000	–	3,900	–	3,800	–	2,200	–	18.75
Full year	225,000	–	8,300	–	8,000	–	4,700	–	40.05

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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 March 31, 2019	119,381,034 shares	As of March 31, 2018	119,381,034 shares
----------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of March 31, 2019	2,031,680 shares	As of March 31, 2018	2,026,578 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2019	117,349,355 shares	Year ended March 31, 2018	117,645,086 shares
---------------------------	--------------------	---------------------------	--------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,808	7,385
Notes and accounts receivable - trade	7,536	7,688
Lease receivables and investment assets	10,974	10,410
Merchandise and finished goods	31,259	29,523
Work in process	3,188	3,223
Raw materials and supplies	79	84
Other	4,615	4,386
Allowance for doubtful accounts	(67)	(37)
Total current assets	65,395	62,665
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,078	28,966
Accumulated depreciation	(14,522)	(15,124)
Buildings and structures, net	12,556	13,842
Machinery, equipment and vehicles	7,962	9,397
Accumulated depreciation	(3,124)	(3,994)
Machinery, equipment and vehicles, net	4,838	5,403
Land	21,216	21,828
Leased assets	11,953	11,475
Accumulated depreciation	(4,317)	(4,690)
Leased assets, net	7,635	6,785
Other	2,256	2,830
Accumulated depreciation	(1,620)	(1,721)
Other, net	636	1,109
Total property, plant and equipment	46,881	48,969
Intangible assets		
Goodwill	12,088	10,393
Other	583	503
Total intangible assets	12,672	10,897
Investments and other assets		
Investment securities	7,269	7,093
Long-term loans receivable	1,355	1,457
Deferred tax assets	563	570
Guarantee deposits	1,176	1,200
Other	1,840	1,739
Allowance for doubtful accounts	(930)	(912)
Total investments and other assets	11,273	11,147
Total non-current assets	70,827	71,014
Total assets	136,223	133,680

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,592	29,821
Short-term loans payable	18,270	17,337
Lease obligations	14,064	13,348
Accounts payable - other	1,133	1,236
Income taxes payable	1,533	935
Provision for bonuses	1,001	1,069
Other	8,744	10,468
Total current liabilities	75,341	74,216
Non-current liabilities		
Bonds payable	23	9
Long-term loans payable	11,356	10,301
Lease obligations	5,056	4,528
Deferred tax liabilities	1,181	1,066
Provision for retirement benefits for directors (and other officers)	826	889
Retirement benefit liability	765	783
Long-term accounts payable - other	57	32
Asset retirement obligations	416	457
Other	446	452
Total non-current liabilities	20,131	18,520
Total liabilities	95,472	92,737
Net assets		
Shareholders' equity		
Capital stock	4,297	4,297
Capital surplus	2,832	2,834
Retained earnings	29,685	30,138
Treasury shares	(272)	(272)
Total shareholders' equity	36,543	36,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	886	698
Foreign currency translation adjustment	(3)	(326)
Total accumulated other comprehensive income	882	371
Share acquisition rights	142	140
Non-controlling interests	3,182	3,432
Total net assets	40,750	40,942
Total liabilities and net assets	136,223	133,680

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	202,133	218,634
Cost of sales	168,360	183,916
Gross profit	33,773	34,717
Selling, general and administrative expenses		
Promotion expenses	1,565	1,381
Haulage expenses	571	539
Advertising expenses	1,566	1,583
Remuneration, salaries and allowances for directors (and other officers)	10,165	11,154
Bonuses	631	706
Retirement benefit expenses	312	286
Welfare expenses	1,908	2,080
Provision for bonuses	640	702
Provision for retirement benefits for directors (and other officers)	93	95
Entertainment expenses	66	77
Traveling and transportation expenses	234	240
Communication expenses	302	320
Utilities expenses	418	447
Insurance expenses	228	253
Supplies expenses	219	238
Taxes and dues	436	488
Repair expenses	351	363
Vehicle expenses	335	299
Depreciation	1,278	1,414
Rent expenses	2,536	2,852
Amortization of goodwill	1,149	1,136
Other	1,977	1,923
Total selling, general and administrative expenses	26,992	28,587
Operating profit	6,780	6,130
Non-operating income		
Interest income	45	33
Dividend income	57	55
Share of profit of entities accounted for using equity method	258	229
Rent income	74	74
Foreign exchange gains	62	–
Compensation income	–	60
Subsidy income	212	248
Other	173	197
Total non-operating income	884	900
Non-operating expenses		
Interest expenses	364	355
Rent cost of real estate	62	61
Foreign exchange losses	–	197
Other	63	30
Total non-operating expenses	491	645
Ordinary profit	7,173	6,385

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary income		
Gain on sales of shares of subsidiaries	–	59
Gain on sales of non-current assets	1	4
Gain on sales of investment securities	3	–
Gain on bargain purchase	35	–
Gain on reversal of share acquisition rights	9	1
Other	3	0
Total extraordinary income	53	66
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	81	51
Loss on removal of non-current assets	66	61
Loss on valuation of investment securities	10	35
Impairment loss	582	872
Loss on closing of stores	14	46
Other	5	4
Total extraordinary losses	765	1,072
Profit before income taxes	6,461	5,380
Income taxes - current	2,429	2,465
Income taxes - deferred	(191)	(148)
Total income taxes	2,238	2,317
Profit	4,223	3,063
Profit attributable to non-controlling interests	458	388
Profit attributable to owners of parent	3,765	2,674

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	4,223	3,063
Other comprehensive income		
Valuation difference on available-for-sale securities	459	(187)
Foreign currency translation adjustment	542	(364)
Share of other comprehensive income of entities accounted for using equity method	17	(6)
Total other comprehensive income	1,019	(558)
Comprehensive income	5,243	2,504
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,734	2,162
Comprehensive income attributable to non-controlling interests	508	341

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,297	2,832	28,038	(98)	35,069
Changes of items during period					
Dividends of surplus			(2,117)		(2,117)
Profit attributable to owners of parent			3,765		3,765
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Purchase of treasury shares				(173)	(173)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	1,647	(173)	1,473
Balance at end of current period	4,297	2,832	29,685	(272)	36,543

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	430	(517)	(87)	137	2,522	37,642
Changes of items during period						
Dividends of surplus						(2,117)
Profit attributable to owners of parent						3,765
Change in ownership interest of parent due to transactions with non-controlling interests					(0)	(0)
Purchase of treasury shares						(173)
Net changes of items other than shareholders' equity	455	513	969	5	659	1,634
Total changes of items during period	455	513	969	5	659	3,108
Balance at end of current period	886	(3)	882	142	3,182	40,750

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,297	2,832	29,685	(272)	36,543
Changes of items during period					
Dividends of surplus			(2,229)		(2,229)
Profit attributable to owners of parent			2,674		2,674
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation		1	7		9
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1	452	(0)	454
Balance at end of current period	4,297	2,834	30,138	(272)	36,997

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	886	(3)	882	142	3,182	40,750
Changes of items during period						
Dividends of surplus						(2,229)
Profit attributable to owners of parent						2,674
Purchase of treasury shares						(0)
Change of scope of consolidation						9
Net changes of items other than shareholders' equity	(188)	(322)	(511)	(1)	250	(262)
Total changes of items during period	(188)	(322)	(511)	(1)	250	191
Balance at end of current period	698	(326)	371	140	3,432	40,942

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	6,461	5,380
Depreciation	5,477	6,187
Impairment loss	582	872
Amortization of goodwill	1,149	1,136
Gain on bargain purchase	(35)	–
Increase (decrease) in allowance for doubtful accounts	3	(24)
Increase (decrease) in provision for bonuses	31	69
Increase (decrease) in provision for retirement benefits for directors (and other officers)	78	62
Increase (decrease) in retirement benefit liability	(11)	17
Interest and dividend income	(102)	(89)
Interest expenses	364	355
Foreign exchange losses (gains)	2	13
Share of loss (profit) of entities accounted for using equity method	(258)	(229)
Loss (gain) on sales of non-current assets	2	(4)
Loss on retirement of non-current assets	81	51
Loss (gain) on sales of investment securities	(2)	1
Loss (gain) on valuation of investment securities	10	35
Decrease (increase) in notes and accounts receivable - trade	(635)	302
Decrease (increase) in inventories	(4,945)	655
Increase (decrease) in notes and accounts payable - trade	5,486	260
Decrease (increase) in other current assets	122	(178)
Increase (decrease) in other current liabilities	887	1,281
Increase (decrease) in accrued consumption taxes	785	774
Other, net	(40)	(79)
Subtotal	15,496	16,851
Interest and dividend income received	154	159
Interest expenses paid	(363)	(328)
Income taxes paid	(2,097)	(3,027)
Net cash provided by (used in) operating activities	13,189	13,654
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,816)	(11,702)
Proceeds from sales of property, plant and equipment	3,563	5,798
Purchase of intangible assets	(67)	(159)
Proceeds from sales of intangible assets	–	16
Purchase of investment securities	(515)	–
Proceeds from sales of investment securities	17	14
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	199	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(101)
Payments of loans receivable	(57)	(201)
Collection of loans receivable	106	99
Payments for leasehold and guarantee deposits	(117)	(136)
Proceeds from collection of leasehold and guarantee deposits	29	103
Other, net	(56)	48
Net cash provided by (used in) investing activities	(6,713)	(6,220)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,185	725
Proceeds from long-term loans payable	5,620	5,407
Repayments of long-term loans payable	(6,031)	(7,764)
Redemption of bonds	(94)	(264)
Purchase of treasury shares	(173)	(0)
Cash dividends paid	(2,117)	(2,229)
Dividends paid to non-controlling interests	(24)	(48)
Repayments of lease obligations	(3,569)	(3,671)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(5,206)	(7,846)
Effect of exchange rate change on cash and cash equivalents	51	(18)
Net increase (decrease) in cash and cash equivalents	1,320	(431)
Cash and cash equivalents at beginning of period	6,499	7,820
Cash and cash equivalents at end of period	7,820	7,388