

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

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 26, 2018
 Scheduled date to file Securities Report: June 27, 2018
 Scheduled date to commence dividend payments: June 11, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	202,133	19.2	6,780	(10.7)	7,173	(9.6)	3,765	(14.9)
Year ended March 31, 2017	169,560	15.8	7,592	(0.4)	7,937	4.4	4,421	8.1

	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, 2018	32.00	–	10.4	5.6	3.4
Year ended March 31, 2017	37.58	–	13.1	7.3	4.5

(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, 2018	136,757	40,750	27.4	318.91
As of March 31, 2017	121,493	37,642	28.8	297.33

(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, 2018	13,189	(6,713)	(5,206)	7,820
Year ended March 31, 2017	11,017	(13,103)	1,102	6,499

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, 2017	–	8.00	–	9.00	17.00	2,000	45.2	5.9
Year ended March 31, 2018	–	9.00	–	9.00	18.00	2,115	56.2	5.8
Year ending March 31, 2019 (Forecast)	–	10.00	–	10.00	20.00		48.9	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Six months ending September 30, 2018	100,000	2.0	3,200	0.4	3,300	(2.5)	1,900	7.2	16.19
Full year	210,000	3.9	8,000	18.0	8,200	14.3	4,800	27.5	40.90

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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, 2018	119,381,034 shares	As of March 31, 2017	119,381,034 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	2,026,578 shares	As of March 31, 2017	1,726,578 shares
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Average number of shares during the period

Year ended March 31, 2018	117,645,086 shares	Year ended March 31, 2017	117,654,456 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	6,490	7,808
Notes and accounts receivable - trade	6,010	7,536
Lease receivables and investment assets	9,981	10,974
Merchandise and finished goods	23,933	31,259
Work in process	2,687	3,188
Raw materials and supplies	72	79
Deferred tax assets	840	708
Other	4,760	4,615
Allowance for doubtful accounts	(74)	(67)
Total current assets	54,702	66,103
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,861	27,078
Accumulated depreciation	(13,693)	(14,522)
Buildings and structures, net	11,168	12,556
Machinery, equipment and vehicles	6,307	7,962
Accumulated depreciation	(2,495)	(3,124)
Machinery, equipment and vehicles, net	3,812	4,838
Land	20,868	21,216
Leased assets	10,705	11,953
Accumulated depreciation	(3,650)	(4,317)
Leased assets, net	7,054	7,635
Other	1,980	2,256
Accumulated depreciation	(1,511)	(1,620)
Other, net	469	636
Total property, plant and equipment	43,373	46,881
Intangible assets		
Goodwill	13,324	12,088
Other	616	583
Total intangible assets	13,940	12,672
Investments and other assets		
Investment securities	5,892	7,269
Long-term loans receivable	1,399	1,355
Deferred tax assets	178	389
Guarantee deposits	1,130	1,176
Other	1,790	1,840
Allowance for doubtful accounts	(914)	(930)
Total investments and other assets	9,477	11,099
Total non-current assets	66,791	70,653
Total assets	121,493	136,757

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,646	30,592
Short-term loans payable	16,311	18,270
Lease obligations	12,670	14,064
Accounts payable - other	922	1,133
Income taxes payable	746	1,533
Provision for bonuses	967	1,001
Other	6,827	8,772
Total current liabilities	62,091	75,369
Non-current liabilities		
Bonds payable	287	23
Long-term loans payable	12,391	11,356
Lease obligations	4,819	5,056
Deferred tax liabilities	1,767	1,688
Provision for directors' retirement benefits	748	826
Net defined benefit liability	777	765
Long-term accounts payable - other	64	57
Asset retirement obligations	380	416
Other	522	446
Total non-current liabilities	21,759	20,637
Total liabilities	83,851	96,006
Net assets		
Shareholders' equity		
Capital stock	4,297	4,297
Capital surplus	2,832	2,832
Retained earnings	28,038	29,685
Treasury shares	(98)	(272)
Total shareholders' equity	35,069	36,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	430	886
Foreign currency translation adjustment	(517)	(3)
Total accumulated other comprehensive income	(87)	882
Share acquisition rights	137	142
Non-controlling interests	2,522	3,182
Total net assets	37,642	40,750
Total liabilities and net assets	121,493	136,757

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	169,560	202,133
Cost of sales	138,456	168,360
Gross profit	31,104	33,773
Selling, general and administrative expenses		
Promotion expenses	1,302	1,565
Haulage expenses	403	571
Advertising expenses	1,364	1,566
Directors' compensations, salaries and allowances	8,909	10,165
Bonuses	576	631
Retirement benefit expenses	300	312
Welfare expenses	1,590	1,908
Provision for bonuses	602	640
Provision for directors' retirement benefits	133	93
Entertainment expenses	57	66
Traveling and transportation expenses	258	234
Communication expenses	287	302
Utilities expenses	371	418
Insurance expenses	174	228
Supplies expenses	235	219
Taxes and dues	377	436
Repair expenses	269	351
Vehicle expenses	209	335
Depreciation	1,025	1,278
Rent expenses	2,369	2,536
Amortization of goodwill	1,088	1,149
Other	1,604	1,977
Total selling, general and administrative expenses	23,511	26,992
Operating profit	7,592	6,780
Non-operating income		
Interest income	32	45
Dividend income	45	57
Share of profit of entities accounted for using equity method	271	258
Rent income	73	74
Foreign exchange gains	—	62
Subsidy income	288	212
Other	156	173
Total non-operating income	868	884
Non-operating expenses		
Interest expenses	322	364
Rent cost of real estate	63	62
Foreign exchange losses	74	—
Other	61	63
Total non-operating expenses	523	491
Ordinary profit	7,937	7,173

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	2	3
Gain on bargain purchase	–	35
Gain on reversal of share acquisition rights	–	9
Other	–	3
Total extraordinary income	2	53
Extraordinary losses		
Loss on sales of non-current assets	–	3
Loss on retirement of non-current assets	86	81
Loss on removal of non-current assets	14	66
Loss on valuation of investment securities	–	10
Impairment loss	89	582
Loss on closing of stores	103	14
Other	56	5
Total extraordinary losses	350	765
Profit before income taxes	7,589	6,461
Income taxes - current	2,324	2,429
Income taxes - deferred	445	(191)
Total income taxes	2,770	2,238
Profit	4,819	4,223
Profit attributable to non-controlling interests	397	458
Profit attributable to owners of parent	4,421	3,765

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	4,819	4,223
Other comprehensive income		
Valuation difference on available-for-sale securities	122	459
Foreign currency translation adjustment	(339)	542
Share of other comprehensive income of entities accounted for using equity method	(31)	17
Total other comprehensive income	(248)	1,019
Comprehensive income	4,570	5,243
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,148	4,734
Comprehensive income attributable to non-controlling interests	421	508

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(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	25,498	(98)	32,530
Changes of items during period					
Dividends of surplus			(1,882)		(1,882)
Profit attributable to owners of parent			4,421		4,421
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	2,539	-	2,539
Balance at end of current period	4,297	2,832	28,038	(98)	35,069

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	313	29	(156)	186	60	1,920	34,697
Changes of items during period							
Dividends of surplus							(1,882)
Profit attributable to owners of parent							4,421
Change in ownership interest of parent due to transactions with non-controlling interests						(1)	(1)
Net changes of items other than shareholders' equity	117	(29)	(360)	(273)	76	603	407
Total changes of items during period	117	(29)	(360)	(273)	76	602	2,945
Balance at end of current period	430	-	(517)	(87)	137	2,522	37,642

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	Revaluation reserve for land	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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	7,589	6,461
Depreciation	4,574	5,477
Impairment loss	89	582
Amortization of goodwill	1,088	1,149
Gain on bargain purchase	–	(35)
Increase (decrease) in allowance for doubtful accounts	8	3
Increase (decrease) in provision for bonuses	66	31
Increase (decrease) in provision for directors' retirement benefits	90	78
Increase (decrease) in net defined benefit liability	(26)	(11)
Interest and dividend income	(78)	(102)
Interest expenses	322	364
Foreign exchange losses (gains)	(4)	2
Share of loss (profit) of entities accounted for using equity method	(271)	(258)
Loss (gain) on sales of non-current assets	(0)	2
Loss on retirement of non-current assets	86	81
Loss (gain) on sales of investment securities	(2)	(2)
Loss (gain) on valuation of investment securities	–	10
Decrease (increase) in notes and accounts receivable - trade	1,209	(635)
Decrease (increase) in inventories	(4,352)	(4,945)
Increase (decrease) in notes and accounts payable - trade	4,606	5,486
Decrease (increase) in other current assets	(496)	122
Increase (decrease) in other current liabilities	194	887
Increase (decrease) in accrued consumption taxes	(743)	785
Other, net	135	(40)
Subtotal	14,086	15,496
Interest and dividend income received	127	154
Interest expenses paid	(321)	(363)
Income taxes paid	(2,873)	(2,097)
Net cash provided by (used in) operating activities	11,017	13,189
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,083)	(9,816)
Proceeds from sales of property, plant and equipment	2,341	3,563
Purchase of intangible assets	(93)	(67)
Purchase of investment securities	(16)	(515)
Proceeds from sales of investment securities	8	17
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,083)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	199
Payments of loans receivable	(1,153)	(57)
Collection of loans receivable	96	106
Payments for lease and guarantee deposits	(138)	(117)
Proceeds from collection of lease and guarantee deposits	121	29
Payments for transfer of business	(1,075)	–
Other, net	(27)	(56)
Net cash provided by (used in) investing activities	(13,103)	(6,713)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,216	1,185
Proceeds from long-term loans payable	11,480	5,620
Repayments of long-term loans payable	(6,232)	(6,031)
Redemption of bonds	(294)	(94)
Purchase of treasury shares	–	(173)
Cash dividends paid	(1,882)	(2,117)
Dividends paid to non-controlling interests	(24)	(24)
Repayments of lease obligations	(3,158)	(3,569)
Other, net	(2)	(1)
Net cash provided by (used in) financing activities	1,102	(5,206)
Effect of exchange rate change on cash and cash equivalents	29	51
Net increase (decrease) in cash and cash equivalents	(954)	1,320
Cash and cash equivalents at beginning of period	7,454	6,499
Cash and cash equivalents at end of period	6,499	7,820