

Translation

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

January 31, 2018

Company name: DOSHISHA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 7483 URL <http://www.doshisha.co.jp>
 Representative: President and Chief Operating Officer Masayuki Nomura
 Director Executive Officer In Charge of
 Inquiries: Financial & Accounting Foreign Trade Takahiro Matsumoto TEL 06-6121-5669
 Operation Business Management
 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	83,020	(2.4)	6,982	11.4	7,128	12.7	4,867	15.0
Nine months ended December 31, 2016	85,100	(3.3)	6,267	(15.1)	6,323	(16.6)	4,234	(13.9)

Note: Comprehensive income
 Nine months ended December 31, 2017 ¥5,606 million [0.2%]
 Nine months ended December 31, 2016 ¥5,594 million [43.3%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	135.50		134.68	
Nine months ended December 31, 2016	116.98		116.46	

(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	85,802	65,739	75.4	1,772.25
As of March 31, 2017	78,659	60,255	74.8	1,657.39

Reference: Equity
 As of December 31, 2017: ¥64,707 million
 As of March 31, 2017: ¥58,869 million

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	–	25.00	–	25.00	50.00
Year ending March 31, 2018	–	25.00	–		
Year ending March 31, 2018 (Forecast)				25.00	50.00

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	110,000	2.8	8,000	13.0	8,000	12.3	5,350	12.1	150.62

Note: Revision of consolidated financial results forecast most recently announced: No

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	37,375,636 shares	As of March 31, 2017	37,375,636 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	864,008 shares	As of March 31, 2017	1,856,408 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	35,920,598 shares	Nine months ended December 31, 2016	36,194,278 shares
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* This quarterly financial results report is exempt from the quarterly review.

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

Caution concerning forward-looking statements

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 by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially 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	32,207	28,383
Notes and accounts receivable - trade	17,796	23,125
Electronically recorded monetary claims - operating	1,206	2,956
Merchandise and finished goods	8,247	7,673
Short-term loans receivable	14	32
Other	871	1,469
Allowance for doubtful accounts	(2)	(1)
Total current assets	60,342	63,640
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,568	12,776
Accumulated depreciation	(3,903)	(4,057)
Buildings and structures, net	3,665	8,718
Land	9,174	9,174
Construction in progress	2,008	–
Other	2,109	2,668
Accumulated depreciation	(1,522)	(1,655)
Other, net	586	1,012
Total property, plant and equipment	15,434	18,905
Intangible assets	123	133
Investments and other assets		
Investment securities	1,525	1,969
Long-term loans receivable	29	45
Other	1,210	1,109
Allowance for doubtful accounts	(7)	(1)
Total investments and other assets	2,758	3,122
Total non-current assets	18,317	22,161
Total assets	78,659	85,802
Liabilities		
Current liabilities		
Accounts payable - trade	5,008	5,990
Income taxes payable	1,156	1,200
Provision for directors' bonuses	64	61
Provision for bonuses	43	44
Other	3,186	3,411
Total current liabilities	9,459	10,708
Non-current liabilities		
Long-term loans payable	8,000	8,000
Net defined benefit liability	589	614
Asset retirement obligations	57	58
Provision for environmental measures	52	56
Other	243	625
Total non-current liabilities	8,944	9,354
Total liabilities	18,403	20,062

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,043	6,172
Retained earnings	51,761	54,834
Treasury shares	(3,777)	(1,758)
Total shareholders' equity	59,021	64,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	211	510
Deferred gains or losses on hedges	(193)	79
Foreign currency translation adjustment	18	38
Remeasurements of defined benefit plans	(189)	(162)
Total accumulated other comprehensive income	(152)	465
Subscription rights to shares	456	200
Non-controlling interests	929	831
Total net assets	60,255	65,739
Total liabilities and net assets	78,659	85,802

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	85,100	83,020
Cost of sales	63,992	60,997
Gross profit	21,107	22,023
Selling, general and administrative expenses	14,840	15,040
Operating profit	6,267	6,982
Non-operating income		
Interest income	1	1
Dividend income	20	23
Gain on sales of investment securities	–	10
Gain on adjustment of account payable	35	20
Foreign exchange gains	–	47
Other	51	78
Total non-operating income	109	182
Non-operating expenses		
Interest expenses	3	3
Commission fee	19	20
Foreign exchange losses	17	–
Other	12	13
Total non-operating expenses	52	36
Ordinary profit	6,323	7,128
Extraordinary income		
Gain on reversal of subscription rights to shares	–	3
Total extraordinary income	–	3
Extraordinary losses		
Provision for environmental measures	–	3
Total extraordinary losses	–	3
Profit before income taxes	6,323	7,128
Income taxes - current	1,851	2,142
Income taxes - deferred	37	10
Total income taxes	1,888	2,153
Profit	4,435	4,974
Profit attributable to non-controlling interests	201	107
Profit attributable to owners of parent	4,234	4,867

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	4,435	4,974
Other comprehensive income		
Valuation difference on available-for-sale securities	4	298
Deferred gains or losses on hedges	1,188	273
Foreign currency translation adjustment	(60)	33
Remeasurements of defined benefit plans, net of tax	26	27
Total other comprehensive income	1,159	632
Comprehensive income	5,594	5,606
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,409	5,485
Comprehensive income attributable to non-controlling interests	185	121

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from operating activities		
Profit before income taxes	6,323	7,128
Depreciation	334	353
Increase (decrease) in provision for directors' bonuses	(18)	(3)
Increase (decrease) in provision for bonuses	(4)	0
Increase (decrease) in allowance for doubtful accounts	6	(6)
Increase (decrease) in net defined benefit liability	56	63
Increase (decrease) in provision for environmental measures	–	3
Interest and dividend income	(21)	(25)
Interest expenses	3	3
Loss (gain) on sales and valuation of investment securities	(0)	(10)
Decrease (increase) in notes and accounts receivable - trade	(9,763)	(7,078)
Decrease (increase) in inventories	937	574
Increase (decrease) in notes and accounts payable - trade	598	982
Increase (decrease) in accrued consumption taxes	454	(321)
Decrease (increase) in other current assets	(219)	(648)
Increase (decrease) in other current liabilities	1,065	793
Other, net	56	18
Subtotal	(186)	1,826
Interest and dividend income received	21	25
Interest expenses paid	(2)	(2)
Income taxes paid	(2,781)	(2,095)
Net cash provided by (used in) operating activities	(2,949)	(246)
Cash flows from investing activities		
Purchase of property, plant and equipment	(490)	(3,282)
Purchase of investment securities	(13)	(14)
Proceeds from sales of investment securities	0	10
Payments of loans receivable	(0)	(46)
Collection of loans receivable	15	11
Other payments	(18)	(63)
Other proceeds	1	1
Net cash provided by (used in) investing activities	(506)	(3,382)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,000	–
Purchase of treasury shares	(2,000)	–
Proceeds from exercise of share options	–	1,894
Repayments of lease obligations	(66)	(70)
Repayments of installment payables	(25)	(25)
Cash dividends paid	(1,809)	(1,788)
Dividends paid to non-controlling interests	(152)	(219)
Net cash provided by (used in) financing activities	(3,054)	(209)
Effect of exchange rate change on cash and cash equivalents	(69)	13
Net increase (decrease) in cash and cash equivalents	(6,580)	(3,824)
Cash and cash equivalents at beginning of period	32,993	32,207
Cash and cash equivalents at end of period	26,413	28,383