

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

January 31, 2019

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
 Executive Officer
 Director In Charge Of Financial & Takahiro Matsumoto
 Inquiries: Accounting, Foreign Trade Operation, Investigation, Business Management TEL 06-6121-5669
 Scheduled date to file Quarterly Securities Report: February 12, 2019
 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, 2018 (from April 1, 2018 to December 31, 2018)

(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, 2018	79,189	(4.6)	5,152	(26.2)	5,263	(26.2)	3,529	(27.5)
Nine months ended December 31, 2017	83,020	(2.4)	6,982	11.4	7,128	12.7	4,867	15.0

Note: Comprehensive income Nine months ended December 31, 2018 ¥3,707 million [(33.9)%]
 Nine months ended December 31, 2017 ¥5,606 million [0.2%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2018	94.88		94.82	
Nine months ended December 31, 2017	135.50		134.68	

(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, 2018	88,623	69,374	77.0	1,830.26
As of March 31, 2018	86,985	66,594	75.5	1,778.84

Reference: Equity As of December 31, 2018: ¥68,263 million
 As of March 31, 2018: ¥65,687 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	–	25.00	–	25.00	50.00
Year ending March 31, 2019	–	25.00	–		
Year ending March 31, 2019 (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, 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
Full year	104,000	0.4	6,900	(11.2)	7,000	(12.5)	4,650	(15.3)	124.92

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, 2018
(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, 2018	37,375,636 shares	As of March 31, 2018	37,375,636 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	78,409 shares	As of March 31, 2018	448,808 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, 2018	37,202,407 shares	Nine months ended December 31, 2017	35,920,598 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	35,986	32,697
Notes and accounts receivable - trade	15,828	20,935
Electronically recorded monetary claims - operating	3,226	3,357
Merchandise and finished goods	8,368	8,179
Short-term loans receivable	273	106
Other	1,016	1,222
Allowance for doubtful accounts	(5)	(20)
Total current assets	64,694	66,478
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,896	12,783
Accumulated depreciation	(4,145)	(4,313)
Buildings and structures, net	8,751	8,469
Land	9,174	9,174
Construction in progress	–	275
Other	2,585	2,730
Accumulated depreciation	(1,596)	(1,721)
Other, net	989	1,009
Total property, plant and equipment	18,914	18,928
Intangible assets	127	306
Investments and other assets		
Investment securities	1,776	1,519
Long-term loans receivable	36	4
Other	1,449	1,400
Allowance for doubtful accounts	(13)	(14)
Total investments and other assets	3,249	2,910
Total non-current assets	22,291	22,144
Total assets	86,985	88,623
Liabilities		
Current liabilities		
Accounts payable - trade	6,259	5,352
Income taxes payable	1,534	819
Provision for directors' bonuses	34	38
Provision for bonuses	26	35
Provision for loss on removal of fixed assets	–	73
Other	3,238	3,516
Total current liabilities	11,093	9,835
Non-current liabilities		
Long-term loans payable	8,000	8,000
Net defined benefit liability	582	598
Asset retirement obligations	58	9
Provision for environmental measures	55	48
Other	600	756
Total non-current liabilities	9,297	9,413
Total liabilities	20,391	19,249

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Capital stock	4,993	4,993
Capital surplus	6,226	6,273
Retained earnings	55,458	57,132
Treasury shares	(913)	(159)
Total shareholders' equity	65,763	68,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	380	186
Deferred gains or losses on hedges	(320)	(54)
Foreign currency translation adjustment	(11)	(7)
Remeasurements of defined benefit plans	(124)	(100)
Total accumulated other comprehensive income	(76)	24
Share acquisition rights	94	–
Non-controlling interests	812	1,110
Total net assets	66,594	69,374
Total liabilities and net assets	86,985	88,623

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, 2017	Nine months ended December 31, 2018
Net sales	83,020	79,189
Cost of sales	60,997	57,931
Gross profit	22,023	21,258
Selling, general and administrative expenses	15,040	16,105
Operating profit	6,982	5,152
Non-operating income		
Interest income	1	5
Dividend income	23	67
Gain on sales of investment securities	10	–
Gain on adjustment of account payable	20	8
Foreign exchange gains	47	25
Other	78	57
Total non-operating income	182	165
Non-operating expenses		
Interest expenses	3	3
Commission fee	20	15
Provision of allowance for doubtful accounts	–	13
Other	13	21
Total non-operating expenses	36	53
Ordinary profit	7,128	5,263
Extraordinary income		
Gain on reversal of share acquisition rights	3	–
Insurance income	–	97
Total extraordinary income	3	97
Extraordinary losses		
Provision for loss on removal of fixed assets	–	73
Impairment loss	–	33
Provision for environmental measures	3	–
Loss on disaster	–	85
Total extraordinary losses	3	193
Profit before income taxes	7,128	5,168
Income taxes - current	2,142	1,527
Income taxes - deferred	10	27
Total income taxes	2,153	1,555
Profit	4,974	3,613
Profit attributable to non-controlling interests	107	83
Profit attributable to owners of parent	4,867	3,529

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	4,974	3,613
Other comprehensive income		
Valuation difference on available-for-sale securities	298	(193)
Deferred gains or losses on hedges	273	266
Foreign currency translation adjustment	33	(2)
Remeasurements of defined benefit plans, net of tax	27	24
Total other comprehensive income	632	94
Comprehensive income	5,606	3,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,485	3,630
Comprehensive income attributable to non-controlling interests	121	76

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	7,128	5,168
Depreciation	353	483
Increase (decrease) in provision for directors' bonuses	(3)	3
Increase (decrease) in provision for bonuses	0	9
Increase (decrease) in allowance for doubtful accounts	(6)	15
Increase (decrease) in net defined benefit liability	63	50
Increase (decrease) in provision for environmental measures	3	–
Insurance income	–	(97)
Increase (decrease) in provision for loss on removal of fixed assets	–	73
Impairment loss	–	33
Loss of disaster	–	85
Loss (gain) on sales and valuation of investment securities	(10)	–
Interest and dividend income	(25)	(73)
Interest expenses	3	3
Decrease (increase) in notes and accounts receivable - trade	(7,078)	(5,226)
Decrease (increase) in inventories	574	186
Increase (decrease) in notes and accounts payable - trade	982	(917)
Increase (decrease) in accrued consumption taxes	(321)	189
Decrease (increase) in other current assets	(648)	(137)
Increase (decrease) in other current liabilities	793	266
Other, net	18	13
Subtotal	1,826	129
Interest and dividend income received	25	73
Interest expenses paid	(2)	(3)
Income taxes paid	(2,095)	(2,194)
Proceed from insurance income	–	62
Payments for loss of disaster	–	(11)
Net cash provided by (used in) operating activities	(246)	(1,944)
Cash flows from investing activities		
Payments into time deposits	–	(55)
Purchase of property, plant and equipment	(3,282)	(426)
Purchase of investment securities	(14)	(14)
Proceeds from sales of investment securities	10	–
Payments of loans receivable	(46)	(14)
Collection of loans receivable	11	213
Other payments	(63)	(45)
Other proceeds	1	0
Net cash provided by (used in) investing activities	(3,382)	(342)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from financing activities		
Purchase of treasury shares	–	(0)
Proceeds from exercise of share options	1,894	707
Repayments of lease obligations	(70)	(93)
Repayments of installment payables	(25)	(28)
Cash dividends paid	(1,788)	(1,851)
Dividends paid to non-controlling interests	(219)	–
Proceeds from share issuance to non-controlling shareholders	–	220
Net cash provided by (used in) financing activities	(209)	(1,046)
Effect of exchange rate change on cash and cash equivalents	13	(10)
Net increase (decrease) in cash and cash equivalents	(3,824)	(3,343)
Cash and cash equivalents at beginning of period	32,207	35,986
Cash and cash equivalents at end of period	28,383	32,642