



**FUJI YAKUHIN CO., Ltd.**

Consolidated Financial Statements  
For the Year ended March 31,2018

## CONSOLIDATED BALANCE SHEET

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

As of March 31,2018

ASSETS	Millions of yen		Thousands of
	2017	2018	U.S. dollars
			2018
<b>Current assets:</b>			
Cash and deposits	¥ 7,156	¥ 12,106	\$ 113,952
Notes and accounts receivable - trade	11,478	13,136	123,649
Merchandise and finished goods	49,208	50,739	477,589
Work in process	590	652	6,143
Raw materials and supplies	1,329	1,301	12,245
Deferred tax assets	4,270	3,940	37,090
Other	8,476	10,348	97,406
Allowance for doubtful accounts	(140)	(80)	(754)
<b>Total current assets</b>	<b>82,369</b>	<b>92,144</b>	<b>867,324</b>
<b>Noncurrent assets</b>			
Property, plant and equipment			
Buildings and structures	29,013	32,956	310,209
Machinery, equipment and vehicles	3,209	3,208	30,199
Tools, furniture and fixtures	3,938	4,543	42,764
Land	23,048	23,217	218,542
Leased assets	1,745	1,577	14,849
Construction in progress	1,242	1,022	9,622
<b>Total property, plant and equipment</b>	<b>62,199</b>	<b>66,526</b>	<b>626,188</b>
Intangible assets:			
Goodwill	328	1,824	17,170
Other	1,256	1,306	12,293
<b>Total intangible assets</b>	<b>1,584</b>	<b>3,130</b>	<b>29,463</b>
Investments and other assets:			
Investment securities	877	955	8,989
Long - term loans receivables	175	53	504
Deferred tax assets	2,739	4,626	43,547
Lease and guarantee deposits	10,874	11,710	110,225
Construction assistance fund receivables	4,870	5,440	51,206
Other	2,252	1,389	13,076
Allowance for doubtful accounts	(793)	(128)	(1,212)
<b>Total investments and other assets</b>	<b>20,994</b>	<b>24,046</b>	<b>226,337</b>
<b>Total non-current assets</b>	<b>84,778</b>	<b>93,702</b>	<b>881,989</b>
<b>Total assets</b>	<b>¥ 167,148</b>	<b>¥ 185,847</b>	<b>\$ 1,749,314</b>

**CONSOLIDATED BALANCE SHEET (continued)**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

As of March 31, 2018

<b>LIABILITIES AND NET ASSETS</b>	<b>Millions of yen</b>		<b>Thousands of</b>
	<b>2017</b>	<b>2018</b>	<b>U.S. dollars</b>
			<b>2018</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable - trade	¥ 38,978	¥ 43,560	\$ 410,023
Short-term borrowings	3,032	7,488	70,485
Current portion of long-term debt	2,150	3,081	29,006
Accounts payable-other	7,298	7,700	72,482
Lease obligations	707	680	6,405
Accrued expenses	2,201	1,837	17,295
Income taxes payable	2,965	1,631	15,353
Provision for bonuses	2,731	2,944	27,712
Provision for point card certificates	7,650	6,934	65,267
Asset retirement obligations	19	47	447
Other	1,417	1,445	13,609
<b>Total current liabilities</b>	<b>69,153</b>	<b>77,352</b>	<b>728,089</b>
<b>Noncurrent liabilities:</b>			
Long-term debt	5,634	8,182	77,023
Lease obligations	1,306	1,299	12,234
Deferred tax liabilities	89	195	1,838
Provision for directors' retirement benefits	725	765	7,201
Net defined benefit liability	8,030	8,711	81,996
Asset retirement obligations	1,608	3,934	37,037
Other	661	793	7,471
<b>Total noncurrent liabilities</b>	<b>18,056</b>	<b>23,883</b>	<b>224,803</b>
<b>Total liabilities</b>	<b>87,209</b>	<b>101,235</b>	<b>952,893</b>
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Capital stock	314	314	2,960
Capital surplus	236	270	2,546
Retained earnings	77,953	82,351	775,142
Treasury shares	(21)	(23)	(219)
<b>Total shareholders' equity</b>	<b>78,483</b>	<b>82,912</b>	<b>780,430</b>
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	268	361	3,405
Foreign currency translation adjustments	97	-	-
Remeasurements of defined benefit plans	(446)	(367)	(3,457)
<b>Total accumulated other comprehensive income</b>	<b>(81)</b>	<b>(5)</b>	<b>(51)</b>
<b>Non-controlling interests</b>	<b>1,537</b>	<b>1,704</b>	<b>16,041</b>
<b>Total net assets</b>	<b>79,939</b>	<b>84,611</b>	<b>796,420</b>
<b>Total liabilities and net assets</b>	<b>¥ 167,148</b>	<b>¥ 185,847</b>	<b>\$ 1,749,314</b>

**CONSOLIDATED STATEMENT OF INCOME**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2018

	Millions of yen		Thousands of
	2017	2018	U.S. dollars
			2018
<b>Net sales</b>	¥ 362,827	¥ 376,715	\$ 3,545,891
<b>Cost of sales</b>	(251,583)	(262,834)	(2,473,970)
<b>Gross profit</b>	111,244	113,880	1,071,921
<b>Selling, general and administrative expenses:</b>	(101,897)	(104,540)	(983,998)
<b>Operating income</b>	9,346	9,340	87,923
<b>Non-operating income (expenses):</b>			
Interest income	73	80	753
Dividend income	9	10	100
Real estate rental income	939	980	9,225
Other income	824	714	6,722
Interest expenses	(75)	(65)	(617)
Real estate rental costs	(617)	(673)	(6,336)
Other expenses	(210)	(242)	(2,284)
<b>Total non-operating income (expenses)</b>	944	803	7,563
<b>Ordinary income</b>	10,291	10,144	95,486
<b>Extraordinary gains (losses):</b>			
Gain on sales of non-current assets	13	0	8
Gain on sales of investment securities	-	31	296
Other gains	40	374	3,522
Loss on sales and retirement of non-current assets	(205)	(147)	(1,390)
Impairment loss	(1,106)	(2,679)	(25,223)
Other losses	(110)	(106)	(1,003)
<b>Total extraordinary income (losses)</b>	(1,369)	(2,527)	(23,790)
<b>Profit before income taxes</b>			
Current	4,077	3,097	29,157
Deferred	(888)	(407)	(3,836)
<b>Total income taxes</b>	3,188	2,690	25,321
<b>Profit</b>	5,732	4,926	46,375
<b>Profit attributable to non-controlling interests</b>	180	179	1,685
<b>Profit attributable to owners of parent</b>	¥ 5,552	¥ 4,747	\$ 44,689

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2018

	Millions of yen		Thousands of
	2017	2018	U.S. dollars
			2018
<b>Profit</b>	¥ 5,732	¥ 4,926	\$ 46,375
Other comprehensive income:			
Valuation difference on available-for-sale securities	66	88	828
Foreign currency translation adjustments	11	-	-
Remeasurements of defined benefit plans	(147)	79	749
Total other comprehensive income	(69)	167	1,578
<b>Comprehensive income</b>	¥ 5,663	¥ 5,094	\$ 47,953
<b>Comprehensive income attributable to:</b>			
Owners of the parent	¥ 5,483	¥ 4,913	\$ 46,245
Non-controlling interests	179	181	1,707

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2018

	Shares		
	2017	2018	
<b>Number of shares of common stock:</b>			
Balance at the beginning of the year	8,354,840	8,354,840	
Balance at the end of the year	8,354,840	8,354,840	
	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
<b>Capital stock:</b>			
Balance at beginning of the year	¥ 314	¥ 314	\$ 2,960
Balance at end of the year	314	314	2,960
<b>Capital surplus:</b>			
Balance at beginning of the year	270	236	2,223
Change of scope of consolidation	-	34	323
Change in ownership interest of parent due to transactions with non-controlling interests	(34)	-	-
Balance at end of the year	236	270	2,546
<b>Retained earnings:</b>			
Balance at beginning of the year	72,556	77,953	733,752
Dividends of surplus	(250)	(333)	(3,142)
Profit attributable to owners of parent	5,552	4,747	44,689
Change of scope of consolidation	-	(16)	(159)
Other	95	0	2
Balance at end of the year	77,953	82,351	775,142
<b>Treasury shares:</b>			
Balance at beginning of the year	(20)	(21)	(202)
Purchase of treasury shares	(0)	(1)	(17)
Balance at end of the year	(21)	(23)	(219)
<b>Total shareholders' equity</b>	<b>78,483</b>	<b>82,912</b>	<b>780,430</b>
<b>Valuation difference on available-for-sale securities:</b>			
Balance at beginning of the year	201	268	2,527
Other	-	11	111
Net changes of items other than shareholders' equity	66	81	767
Balance at end of the year	268	361	3,405
<b>Foreign currency translation adjustments:</b>			
Balance at beginning of the year	85	97	916
Net changes of items other than shareholders' equity	11	(97)	(916)
Balance at end of the year	97	-	-
<b>Remeasurements of defined benefit plans:</b>			
Balance at beginning of the year	(299)	(446)	(4,207)
Net changes of items other than shareholders' equity	(147)	79	750
Balance at end of the year	(446)	(367)	(3,457)
<b>Total accumulated other comprehensive income</b>	<b>(81)</b>	<b>(5)</b>	<b>(51)</b>
	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
<b>Non-controlling interests</b>			
Balance at beginning of the year	1,360	1,537	14,467
Net changes of items other than shareholders' equity	176	167	1,574
Balance at end of the year	1,537	1,704	16,041
<b>Total net assets</b>	<b>¥ 79,939</b>	<b>¥ 84,611</b>	<b>\$ 796,420</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FUJII YAKUHIN CO., Ltd. and consolidated subsidiaries  
Year ended March 31, 2018

	Millions of yen		Thousands of
	2017	2018	U.S. dollars
<b>Cash flows from operating activities</b>			2018
Profit before income taxes	¥ 8,921	¥ 7,617	\$ 71,696
Depreciation	6,072	6,222	58,566
Loss (gain) on sales of investment securities	-	(31)	(296)
Impairment loss	1,106	2,679	25,223
Amortization of goodwill	123	142	1,337
Increase (decrease) in allowance for doubtful accounts	(41)	(68)	(646)
Increase (decrease) in provision for bonuses	180	151	1,424
Increase (decrease) in provision for point card certificates	339	(716)	(6,746)
Increase (decrease) in net defined benefit liability	781	704	6,628
Increase (decrease) in provision for directors' retirement benefits	223	39	371
Interest and dividend income	(83)	(90)	(853)
Interest expenses	75	65	617
Gain on sales of non-current assets	(13)	(0)	(8)
Loss on sales and retirement of non-current assets	205	147	1,390
Decrease (increase) in notes and accounts receivable - trade	78	(801)	(7,544)
Decrease (increase) in inventories	(634)	(1,098)	(10,343)
Increase (decrease) in notes and accounts payable - trade	(400)	3,616	34,039
Increase (decrease) in accounts payable - other	181	(7)	(73)
Increase (decrease) in accrued expenses	998	(372)	(3,502)
Decrease (increase) in consumption taxes refund receivable	-	(726)	(6,839)
Increase (decrease) in consumption taxes payable	458	-	-
Others	343	1,109	10,446
Subtotal	18,918	18,580	174,888
Interest and dividend income received	83	90	853
Interest expenses paid	(74)	(65)	(613)
Proceeds from insurance income	-	15	143
Receipt of damages	-	67	632
Compensation for damage paid	-	(17)	(163)
Income taxes paid	(3,936)	(4,168)	(39,238)
<b>Net cash provided by (used in) operating activities</b>	<b>14,991</b>	<b>14,502</b>	<b>136,503</b>

	Millions of yen		Thousands of
	2017	2018	U.S. dollars
<b>Cash flows from investing activities</b>			2018
Payments into time deposits	(24)	(14)	(134)
Proceeds from withdrawal of time deposits	8	-	-
Purchase of property, plant and equipment	(8,285)	(9,236)	(86,937)
Proceeds from sales of property, plant and equipment	578	88	836
Purchase of intangible assets	(267)	(611)	(5,757)
Purchase of investment securities	(0)	(0)	(6)
Proceeds from sales of investment securities	3	64	604
Purchase of move of shares of subsidiaries resulting in change in scope of consolidation	(41)	-	-
Payments for business transfer	-	(3,681)	(34,652)
Purchase of insurance funds	(22)	(26)	(247)
Proceeds from maturity of insurance funds	-	29	277
Payments of construction assistance fund receivables	(855)	(808)	(7,606)
Payments for lease and guarantee deposits	(637)	(835)	(7,861)
Proceeds from receive of lease and guarantee deposits	95	153	1,440
Net decrease (increase) in short-term loans receivable	71	(1,300)	(12,244)
Payments of long-term loans receivable	(35)	(25)	(235)
Collection of long-term loans receivable	52	0	5
Others	1,176	258	2,429
<b>Net cash provided by (used in) investing activities</b>	<b>(8,184)</b>	<b>(15,945)</b>	<b>(150,089)</b>

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	(4,603)	1,292	12,161
Repayments of lease obligations	(916)	(809)	(7,618)
Proceeds from long-term loans payable	-	6,070	57,134
Repayments of long-term loans payable	(1,812)	(451)	(4,248)
Purchase of treasury shares	(0)	(1)	(17)
Cash dividends paid	(250)	(333)	(3,142)
Dividends paid to non-controlling interests	(12)	(12)	(117)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(34)	-	-
Others	339	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(7,291)</b>	<b>5,753</b>	<b>54,151</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(0)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(484)</b>	<b>4,309</b>	<b>40,565</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>7,342</b>	<b>6,857</b>	<b>64,547</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>-</b>	<b>625</b>	<b>5,888</b>
<b>Cash and cash equivalents at end of the year</b>	<b>¥ 6,857</b>	<b>¥ 11,792</b>	<b>\$ 111,000</b>