



**FUJI YAKUHIN CO., Ltd.**

Consolidated Financial Statements  
For the Year ended March 31,2019

**CONSOLIDATED BALANCE SHEET**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

As of March 31, 2019

<b>ASSETS</b>	Millions of yen		Thousands of
	2018	2019	U.S. dollars
			2019
<b>Current assets:</b>			
Cash and deposits	¥ 12,106	¥ 7,481	\$ 67,405
Notes and accounts receivable - trade	13,136	13,590	122,447
Inventories	52,692	54,765	493,426
Short-term loans receivable	2,334	1,479	13,328
Other	8,013	8,332	75,070
Allowance for doubtful accounts	(80)	(35)	(319)
<b>Total current assets</b>	<b>88,204</b>	<b>85,613</b>	<b>771,358</b>
<b>Noncurrent assets</b>			
Property, plant and equipment			
Buildings and structures	32,956	32,260	290,659
Machinery, equipment and vehicles	3,208	2,849	25,671
Tools, furniture and fixtures	4,543	4,855	43,746
Land	23,217	22,695	204,485
Leased assets	1,577	1,532	13,804
Construction in progress	1,022	1,900	17,126
<b>Total property, plant and equipment</b>	<b>66,526</b>	<b>66,093</b>	<b>595,493</b>
Intangible assets:			
Goodwill	1,824	1,590	14,333
Other	1,306	1,358	12,237
<b>Total intangible assets</b>	<b>3,130</b>	<b>2,949</b>	<b>26,571</b>
Investments and other assets:			
Investment securities	930	724	6,528
Deferred tax assets	8,566	8,060	72,621
Lease and guarantee deposits	11,710	12,924	116,446
Construction assistance fund receivables	5,440	5,552	50,025
Other	1,467	1,606	14,470
Allowance for doubtful accounts	(128)	(82)	(744)
<b>Total investments and other assets</b>	<b>27,986</b>	<b>28,785</b>	<b>259,348</b>
<b>Total non-current assets</b>	<b>97,643</b>	<b>97,828</b>	<b>881,413</b>
<b>Total assets</b>	<b>¥ 185,847</b>	<b>¥ 183,441</b>	<b>\$ 1,652,772</b>

**CONSOLIDATED BALANCE SHEET (continued)**  
FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

<b>LIABILITIES AND NET ASSETS</b>	<b>Millions of yen</b>		<b>Thousands of</b>
	<b>2018</b>	<b>2019</b>	<b>U.S. dollars</b>
			<b>2019</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable - trade	¥ 43,560	¥ 43,079	\$ 388,134
Short-term borrowings	7,488	2,305	20,767
Current portion of long-term debt	3,081	5,370	48,391
Lease obligations	680	755	6,804
Accounts payable-other	7,700	7,533	67,872
Accrued expenses	1,837	1,689	15,222
Income taxes payable	1,631	965	8,697
Provision for bonuses	2,944	2,580	23,249
Provision for point card certificates	6,934	6,936	62,493
Asset retirement obligations	47	100	901
Other	1,445	2,056	18,532
<b>Total current liabilities</b>	<b>77,352</b>	<b>73,371</b>	<b>661,068</b>
<b>Noncurrent liabilities:</b>			
Long-term debt	8,182	17,351	156,331
Lease obligations	1,299	1,254	11,301
Net defined benefit liability	8,711	9,313	83,914
Provision for directors' retirement benefits	765	854	7,701
Asset retirement obligations	3,934	4,334	39,048
Deferred tax liabilities	195	40	366
Other	793	565	5,090
<b>Total noncurrent liabilities</b>	<b>23,883</b>	<b>33,713</b>	<b>303,754</b>
<b>Total liabilities</b>	<b>101,235</b>	<b>107,085</b>	<b>964,823</b>
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Capital stock	314	314	2,834
Capital surplus	270	270	2,437
Retained earnings	82,351	82,984	747,674
Treasury shares	(23)	(9,019)	(81,263)
<b>Total shareholders' equity</b>	<b>82,912</b>	<b>74,550</b>	<b>671,682</b>
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities	361	222	2,003
Foreign currency translation adjustments	-	-	-
Remeasurements of defined benefit plans	(367)	(293)	(2,647)
<b>Total accumulated other comprehensive income</b>	<b>(5)</b>	<b>(71)</b>	<b>(644)</b>
<b>Non-controlling interests</b>	<b>1,704</b>	<b>1,876</b>	<b>16,910</b>
<b>Total net assets</b>	<b>84,611</b>	<b>76,355</b>	<b>687,949</b>
<b>Total liabilities and net assets</b>	<b>¥ 185,847</b>	<b>¥ 183,441</b>	<b>\$ 1,652,772</b>

## CONSOLIDATED STATEMENT OF INCOME

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2019

	Millions of yen		Thousands of
	2018	2019	U.S. dollars
			2019
<b>Net sales</b>	¥ 376,715	¥ 386,030	\$ 3,478,067
<b>Cost of sales</b>	(262,834)	(269,312)	(2,426,453)
<b>Gross profit</b>	113,880	116,718	1,051,614
<b>Selling, general and administrative expenses:</b>	(104,540)	(109,821)	(989,475)
<b>Operating income</b>	9,340	6,896	62,139
<b>Non-operating income (expenses):</b>			
Interest income	80	80	725
Dividend income	10	12	116
Real estate rental income	980	979	8,824
Reversal of allowance for doubtful accounts	-	47	428
Other income	714	626	5,645
Interest expenses	(65)	(69)	(628)
Real estate rental costs	(673)	(736)	(6,636)
Other expenses	(242)	(151)	(1,365)
<b>Total non-operating income (expenses)</b>	803	789	7,110
<b>Ordinary income</b>	10,144	7,686	69,249
<b>Extraordinary gains (losses):</b>			
Gain on sales of non-current assets	0	77	694
Gain on sales of investment securities	31	-	-
Reversal of provision for loss on business of subsidiaries and associate	-	146	1,321
Other gains	374	221	1,996
Loss on sales and retirement of non-current assets	(147)	(113)	(1,024)
Impairment loss	(2,679)	(3,649)	(32,877)
Loss on closing of stores	-	(111)	(1,004)
Loss on disaster	-	(87)	(786)
Other losses	(106)	(204)	(1,843)
<b>Total extraordinary income (losses)</b>	(2,527)	(3,720)	(33,525)
<b>Profit before income taxes</b>			
Current	3,097	2,187	19,705
Deferred	(407)	254	2,290
<b>Total income taxes</b>	2,690	2,441	21,995
<b>Profit</b>	4,926	1,523	13,728
<b>Profit attributable to non-controlling interests</b>	179	185	1,673
<b>Profit attributable to owners of parent</b>	¥ 4,747	¥ 1,337	\$ 12,054

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2019

	Millions of yen		Thousands of
	2018	2019	U.S. dollars
			2019
<b>Profit</b>	¥ 4,926	¥ 1,523	\$ 13,728
Other comprehensive income:			
Valuation difference on available-for-sale securities	88	(140)	(1,270)
Remeasurements of defined benefit plans	79	73	661
Total other comprehensive income	167	(67)	(608)
<b>Comprehensive income</b>	¥ 5,094	¥ 1,456	\$ 13,120
<b>Comprehensive income attributable to:</b>			
Owners of the parent	¥ 4,913	¥ 1,270	\$ 11,450
Non-controlling interests	181	185	1,669

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

FUJI YAKUHIN CO., Ltd. and consolidated subsidiaries

Year ended March 31, 2019

	Shares		
	2018	2019	
<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
	2018	2019	2019
<b>Capital stock:</b>			
Balance at beginning of the year	¥ 314	¥ 314	\$ 2,834
Balance at end of the year	314	314	2,834
<b>Capital surplus:</b>			
Balance at beginning of the year	236	270	2,437
Change of scope of consolidation	34	-	-
Balance at end of the year	270	270	2,437
<b>Retained earnings:</b>			
Balance at beginning of the year	77,953	82,351	738,627
Cumulative impact of correction of errors	-	(370)	(3,341)
Dividends of surplus	(333)	(333)	(3,007)
Profit attributable to owners of parent	4,747	1,337	12,054
Change of scope of consolidation	(16)	-	-
Other	0	-	-
Balance at end of the year	82,351	82,984	747,674
<b>Treasury shares:</b>			
Balance at beginning of the year	(21)	(23)	(210)
Purchase of treasury shares	(1)	(8,996)	(81,053)
Balance at end of the year	(23)	(9,019)	(81,263)
<b>Total shareholders' equity</b>	<b>82,912</b>	<b>74,550</b>	<b>671,682</b>
<b>Valuation difference on available-for-sale securities:</b>			
Balance at beginning of the year	268	361	3,259
Other	11	-	-
Net changes of items other than shareholders' equity	81	(139)	(1,256)
Balance at end of the year	361	222	2,003
<b>Foreign currency translation adjustments:</b>			
Balance at beginning of the year	97	-	-
Net changes of items other than shareholders' equity	(97)	-	-
Balance at end of the year	-	-	-
<b>Remeasurements of defined benefit plans:</b>			
Balance at beginning of the year	(446)	(367)	(3,309)
Net changes of items other than shareholders' equity	79	73	661
Balance at end of the year	(367)	(293)	(2,647)
<b>Total accumulated other comprehensive income</b>	<b>(5)</b>	<b>(71)</b>	<b>(644)</b>
	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
<b>Non-controlling interests</b>			
Balance at beginning of the year	1,537	1,704	15,355
Net changes of items other than shareholders' equity	167	172	1,555
Balance at end of the year	1,704	1,876	16,910
<b>Total net assets</b>	<b>¥ 84,611</b>	<b>¥ 76,355</b>	<b>\$ 687,949</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FUJI YAKUHHIN CO., Ltd. and consolidated subsidiaries  
Year ended March 31, 2019

	Millions of yen		Thousands of
	2018	2019	U.S. dollars
<b>Cash flows from operating activities</b>			2019
Profit before income taxes	¥ 7,617	¥ 3,965	\$ 35,724
Depreciation	6,222	7,043	63,464
Amortization of goodwill	142	38	342
Loss (gain) on sales of investment securities	(31)	-	-
Impairment loss	2,679	3,649	32,877
Increase (decrease) in allowance for doubtful accounts	(68)	(90)	(819)
Increase (decrease) in provision for bonuses	151	(366)	(3,300)
Increase (decrease) in provision for point card certificates	(716)	(22)	(202)
Increase (decrease) in net defined benefit liability	704	707	6,377
Increase (decrease) in provision for directors' retirement benefits	39	89	808
Interest and dividend income	(90)	(93)	(842)
Interest expenses	65	69	628
Gain on sales of non-current assets	(0)	(77)	(694)
Loss on sales and retirement of non-current assets	147	113	1,024
Decrease (increase) in notes and accounts receivable - trade	(801)	(407)	(3,672)
Decrease (increase) in inventories	(1,098)	(1,965)	(17,710)
Increase (decrease) in notes and accounts payable - trade	3,616	(590)	(5,318)
Increase (decrease) in accounts payable - other	(7)	(402)	(3,625)
Increase (decrease) in accrued expenses	(372)	(147)	(1,332)
Decrease (increase) in consumption taxes refund receivable	(726)	333	3,002
Increase (decrease) in consumption taxes payable	-	504	4,544
Others	1,109	(116)	(1,047)
Subtotal	18,580	12,234	110,229
Interest and dividend income received	90	92	836
Interest expenses paid	(65)	(69)	(630)
Proceeds from insurance income	15	-	-
Receipt of damages	67	-	-
Compensation for damage paid	(17)	(40)	(368)
Income taxes paid	(4,168)	(2,942)	(26,508)
<b>Net cash provided by (used in) operating activities</b>	<b>14,502</b>	<b>9,274</b>	<b>83,559</b>

	Millions of yen		Thousands of
	2018	2019	U.S. dollars
<b>Cash flows from investing activities</b>			2019
Payments into time deposits	(14)	(4)	(36)
Proceeds from withdrawal of time deposits	-	272	2,457
Purchase of property, plant and equipment	(9,236)	(10,610)	(95,602)
Proceeds from sales of property, plant and equipment	88	1,369	12,341
Purchase of intangible assets	(611)	308	2,776
Proceeds from sales of intangible assets	-	0	2
Purchase of investment securities	(0)	0	(5)
Proceeds from sales of investment securities	64	0	0
Purchase of shares of subsidiaries	-	(160)	(1,446)
Payments for business transfer	(3,681)	-	-
Purchase of insurance funds	(26)	(22)	(207)
Proceeds from maturity of insurance funds	29	24	218
Payments of construction assistance fund receivables	(808)	(796)	(7,172)
Collection of construction assistance fund receivables	-	21	190
Payments for lease and guarantee deposits	(835)	(1,427)	(12,858)
Proceeds from receive of lease and guarantee deposits	153	158	1,425
Net decrease (increase) in short-term loans receivable	(1,300)	865	7,798
Payments of long-term loans receivable	(25)	-	-
Collection of long-term loans receivable	0	22	205
Others	258	118	1,069
<b>Net cash provided by (used in) investing activities</b>	<b>(15,945)</b>	<b>(9,860)</b>	<b>(88,842)</b>

	U.S. dollars		
	2018	2019	2019
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	1,292	(5,200)	(46,851)
Repayments of lease obligations	(809)	(701)	(6,321)
Proceeds from long-term loans payable	6,070	16,593	149,502
Repayments of long-term loans payable	(451)	(5,119)	(46,122)
Purchase of treasury shares	(1)	(8,996)	(81,053)
Cash dividends paid	(333)	(333)	(3,007)
Dividends paid to non-controlling interests	(12)	(12)	(112)
<b>Net cash provided by (used in) financing activities</b>	<u>5,753</u>	<u>(3,769)</u>	<u>(33,966)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,309	(4,356)	(39,249)
<b>Cash and cash equivalents at beginning of the year</b>	6,857	11,792	106,250
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	625	-	-
<b>Cash and cash equivalents at end of the year</b>	<u>¥ 11,792</u>	<u>¥ 7,436</u>	<u>\$ 67,000</u>