



# Consolidated Financial Results for the Fiscal Year Ended February 28, 2019 [Japanese GAAP]

April 5, 2019

Company Name: MARUZEN CO.,LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 5982

URL <http://www.maruzen-kitchen.co.jp>

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Scheduled date of Annual General Meeting of Shareholders: May 23, 2019

Scheduled date of commencing dividend payments: May 24, 2019

Scheduled date of filing annual securities report: May 28, 2019

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Available (for institutional investors and analysts)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019) (Figures are rounded down to the nearest million yen.)

## (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2019	51,518	3.3	4,519	5.4	4,944	6.4	3,383	5.7
February 28, 2018	49,895	5.4	4,287	6.4	4,648	6.0	3,200	10.2

(Note) Comprehensive income: Fiscal year ended February 28, 2019: ¥2,689 million (-39.1%)  
Fiscal year ended February 28, 2018: ¥4,417 million (39.3%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended February 28, 2019	209.21	—	10.1	9.4	8.8
February 28, 2018	186.37	—	10.1	9.3	8.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2019: ¥\_\_ million yen  
Fiscal year ended February 28, 2018: ¥\_\_ million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2019	54,025	34,535	63.9	2,135.72
As of February 28, 2018	51,207	32,266	63.0	1,995.38

(Reference) Equity: As of February 28, 2019: ¥34,535 million  
As of February 28, 2018: ¥32,266 million

## (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended February 28, 2019	4,351	-1,248	-620	20,317
February 28, 2018	4,172	-991	-3,175	17,835

## 2. Dividends

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended February 28, 2018	—	13.00	—	13.00	26.00	420	14.0	1.4
February 28, 2019	—	13.00	—	15.00	28.00	452	13.4	1.4
Fiscal year ending February 28, 2020 (Forecast)	—	14.00	—	14.00	28.00		13.3	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2020 (March 1, 2019 to February 28, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of the parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	26,836	0.4	2,500	1.9	2,745	1.2	1,928	0.5	119.23
Full year	52,000	0.9	4,527	0.2	4,952	0.2	3,402	0.6	210.38

\* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: — (Company name: —)

Exclusion: — (Company name: —)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

February 28, 2019	19,780,000 shares
February 28, 2018	19,780,000 shares

2) Total number of treasury shares at the end of the period:

February 28, 2019	3,609,440 shares
February 28, 2018	3,609,439 shares

3) Average number of shares during the period:

Fiscal Year ended February 28, 2019	16,170,561 shares
Fiscal Year ended February 28, 2018	17,170,655 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2019	48,758	3.2	3,394	10.5	4,696	8.2	3,227	7.6
February 28, 2018	47,264	6.9	3,070	12.1	4,339	8.4	2,998	12.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 28, 2019	199.58	—
February 28, 2018	174.65	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended February 28, 2019	48,473	32,105	66.2	1,985.44
February 28, 2018	45,632	30,037	65.8	1,857.56

(Reference) Equity: As of February 28, 2019: ¥32,105 million As of February 28, 2018: ¥30,037 million

\* These financial results are outside the scope of audit.

\* Explanation of the proper use of financial results forecast and other notes

Financial results forecasts and other forward-looking statements herein are based on information currently available and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. As for the conditions of business performance forecasts and notes for using the financial results forecasts, please refer to “1. Overview of Operating Results, etc. (1) Overview of Operating Results for the Fiscal Year under Review 2) Outlook for the Next Fiscal Year” on Page 3 of the [attached document].

## ○ Table of Contents of Appendix

1. Overview of Operating Results, etc.....	2
(1) Overview of Operating Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	3
(3) Basic Policy related to Profit Allocation and Dividends for the Current and Next Fiscal Years .....	4
2. Basic Stance Concerning Choice of Accounting Standards .....	4
3. Consolidated Financial Statements.....	5
(1) Consolidated Balance Sheet.....	5
(2) Consolidated Statements of Income and Comprehensive Income .....	7
Consolidated Statement of Income .....	7
Consolidated Statement of Comprehensive Income .....	8
(3) Consolidated Statements of Changes in Equity .....	9
(4) Consolidated Statement of Cash Flows .....	11
(5) Notes on Consolidated Financial Statements .....	12
(Notes concerning assumptions regarding ongoing concerns).....	12
(Segment information, etc.) .....	12
(Per share information).....	15
(Important subsequent events).....	15
4. Others .....	15
(1) Changes in Officers .....	15
(2) Others .....	15

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

#### 1) Overview of the Consolidated Fiscal Year under Review

During the fiscal year under review, the country's economy continues to see a gradual recovery due to the improved employment and income situation. However, as it is necessary to pay attention to trade issues originating in the U.S. as well as the future of Chinese and European economies, the economy is changing and is headed into an uncertain future.

While our Group's major customers in the restaurant/home-meal industries continue to face an increasingly severe business environment from rising labor costs associated with a lack of manpower and escalating costs of materials, a further growth in the home-meal market due to the rising number of dual-income households, an increase in the number of facilities related to social security in support of child care and a rapidly aging population, and active growth in the hospitality and restaurant industries due to increased inbound effects, etc. have helped the overall market make a slight recovery.

In this economic environment, our company's consolidated net sales were 51,518 million yen (3.3% increase from the previous term), operating profit was 4,519 million (5.4% increase from the previous term), ordinary profit was 4,944 million yen (6.4% increase from the previous term) and net profit attributable to shareholders of the parent company was 3,383 million yen (5.7% increase from the previous term), resulting in our highest sales and profit level to date. The business results for each segment are shown as follows.

#### (Commercial Kitchen Department)

Based on our unique top-of-the-industry products, the Company's main business operation, the Commercial Kitchen Department, promoted solutions in areas that our customers were experiencing difficulties, such as a lack of manpower and energy savings in the work environment. With regard to events such as sales/exhibitions and cooking classes, we not only improved what we offered at an event but also increased the number of events. We mainly focused on hub Sales Offices where test kitchens are permanently installed. Also, the Company continued to implement promotional campaigns for its direct/route sales channels. As for the maintenance and service aspect, a prompt response to repairs is offered daily. We also promoted service contracts and implemented vigorous sales promotions for products such as detergents and demineralizer water cartridges. Our focus has been on our customers' safety and improving the level of customer satisfaction.

In product development, we actively promoted the development of new products that reflect a good understanding of customers' needs, as well as reviewing the Company's existing products. In addition, targeting chain restaurants and convenience stores, we focused on the development of customized products appropriate for their unique cooking operations.

During this fiscal year, the Company developed and released a variety of new products. Such products included a conveyor toaster suitable for hotels' self-service buffets and small-sized cafes, a gas convection oven which has the same width as that of a conventional type despite its large capacity, a compact-type noodle boiler optimized for small stores in cities by making the body smaller, an electric soup warmer consisting of two types, one for tables and the other for carts, with the capacity to keep a large amount of soup warm, and equipment effective in maintaining the freshness of vegetables on display at supermarkets, etc., which is also aimed at reducing workload and dealing with a lack of manpower.

As a result, net sales were 48,165 million yen (3.2% increase from the previous term) and operating profit was 4,885 million yen (6.0% increase from the previous term).

#### (Bakery Department)

In our Bakery Department, the Company continued to expand sales to bread manufacturers in Japan, as well as develop business with overseas bread manufacturers and manufacturers in various food industries, mostly in South East Asia. As a result, net sales were 2,789 million yen (4.2% increase from the previous term) and operating profit was 94 million yen (27.3% decrease from the previous term).

#### (Rental Building Department)

Our Rental Building Department owns a total of 5 rental properties; 3 business chain hotels, 1 assisted-living nursing home, and 1 distribution warehouse, in order to make efficient use of the Company's properties and funds.

Business operations were carried out as planned, resulting in net sales of 592 million yen (0.0% increase from the previous term) and an operating profit of 401 million yen (0.9% increase from the previous term).

## 2) Outlook for the Next Fiscal Year

As for the Company's main business operation, the Commercial Kitchen Department, although the pace of opening new stores has slowed due to a chronic shortage in labor, rising labor costs and escalating costs of materials, particularly in the chain restaurant category, we predict that the overall market will see steady growth as we expect active growth in the hospitality and restaurant markets due to inbound effects, an expansion of the home-meal market because of more women joining the workforce, and an increase in the number of facilities related to social security designed to deal with a rapidly aging population and a declining birthrate.

In this situation, in the restaurant and home-meal industries, there are great demands for automated/labor-saving equipment to compensate for a labor shortage, equipment designed to create a cool, comfortable work environment, and energy-saving/cost-saving equipment. The Company plans to focus on developing new products and reviewing existing products in order to meet such market needs while proactively making proposals to our customers. In addition, making the most of our top-of-the-industry product variation as well as our high mobility supported by the nationwide sales establishment structure, we will meet the demands our customers make from their various industries and strive to increase sales based on our existing products.

In the Bakery Department, we will continue with the development and sale of new products and reviewed products to strengthen the Company's product power. Our aim is to enhance sales to domestic/overseas bread manufacturers. At the same time, we will continue to develop new business relationships with various food manufacturers in different industries, as well as bread manufacturers in South East Asia, in order to secure stable sales results.

The Rental Building Department is expected to achieve results as planned with the existing properties.

The outlook for the next fiscal year includes net sales of 52,000 million yen (0.9% increase from the previous term), and an operating profit of 4,527 million yen (0.2% increase from the previous term), ordinary profit of 4,952 million yen (0.2% increase from the previous term), and net profit attributable to shareholders of the parent company of 3,402 million yen (0.6% increase from the previous term).

## (2) Overview of Financial Position for the Fiscal Year under Review

### 1) Overview of Assets, Liabilities and Net Assets

The Company's financial position for this consolidated fiscal year resulted in total assets of 54,025 million, an increase of 2,817 million yen from the end of the previous consolidated fiscal year. Assets recorded an increase of 2,817 million yen from the previous consolidated fiscal year due to the increase in cash and deposits.

In liabilities, there was an increase of 794 million yen in terms of current liabilities, due to an increase in notes payable-equipment resulting from equipment investment. With regard to non-current liabilities, there was a decrease of 246 million yen because of the decrease in deferred tax liabilities. As a result, the liabilities amounted to a total of 19,489 million yen, an increase of 548 million yen from the end of the previous consolidated fiscal year.

The Company's net assets were 34,535 million yen, an increase of 2,269 million yen from the end of the previous consolidated year, owing to an increase in retained earnings due to the recording of profits attributable to shareholders of the parent company.

### 2) Status of Cash Flow

Cash and cash equivalents (hereafter referred to as "capital") as of this fiscal year had an increase of 2,481 million yen to 20,317 million yen (13.9% increase from the same period last year). Also, the conditions of each cash flow and major factors are as follows:

(Cash flow provided by operating activities)

The sales activities resulted in capital of 4,351 million yen (4.3% increase from the same period last year). This is mainly attributable to the recording of profit before income taxes of 5,024 million yen.

(Cash flow provided by investment activities)

Capital used in investment activities was 1,248 million yen (26.0% increase from the same period last year). This is mainly attributable to the acquisition of tangible fixed assets valued at 1,405 million yen.

(Cash flow provided by financing activities)

Capital used for financing activities was 620 million yen (80.5% decrease from the same period last year). This is attributable to the 200 million yen repayment of short-term loans and the 420 million yen payment for dividends.

### (3) Basic Policy related to Profit Allocation and Dividends for the Current and Next Fiscal Years

The Company considers returning profits to our shareholders as one of the most important tasks as a corporation, and made it a standard corporate policy to provide stable dividends continuously. Also, the retained earnings will be used to invest in research and development, equipment and expansion of the Company's market share to secure a steady increase in our business scale and to improve our company's corporate value.

The Company's profits continued to improve steadily from the previous term, exceeding the original profit projection. Per our announcement on March 18, 2019, the cash dividend per share at the end of this fiscal year was 15 yen, and the annual dividend per share was 28 yen (in addition to 13 yen at the interim period).

The Company's annual cash dividend per share is planned at 28 (14 yen at the end of the second quarter, 14 yen at the end of the fiscal year) from the viewpoint of providing steady and continuous allocation.

The Company is also offering a special benefit plan for shareholders to express our gratitude for their support of our business. At the end of February and August of the current fiscal year, those who own more than 1,000 shares will receive a JF Gourmet Card (gift certificate that can be used at restaurants throughout Japan).

## 2. Basic Stance Concerning Choice of Accounting Standards

By taking comparability of consolidated financial statements with other terms and with other companies into consideration, our Corporate Group plans to continue using Japanese accounting standards for our consolidated financial statements for the foreseeable future.

Also, use of International Financial Reporting Standards (IFRS) will be considered for application based on the domestic and overseas business situations.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Thousand yen)

	As of Feb. 28, 2018	As of Feb. 28, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	17,835,449	20,317,397
Notes and accounts receivable - trade	8,641,530	8,524,131
Merchandise and finished goods	3,142,572	3,427,661
Work in process	643,440	611,349
Raw materials and supplies	1,066,791	1,122,887
Deferred tax assets	359,709	363,119
Other	156,769	132,579
Allowance for doubtful accounts	-8,672	-10,651
Total current assets	31,837,590	34,488,473
Non-current assets		
Tangible assets		
Buildings and structures	15,981,006	17,125,807
Cumulative depreciation	-9,808,626	-10,154,882
Buildings and structures, net	6,172,379	6,970,924
Machinery, equipment and vehicles	7,004,367	7,390,785
Cumulative depreciation	-5,330,632	-5,573,429
Machinery and delivery equipment, net	1,673,734	1,817,356
Land	7,042,419	7,372,180
Leased assets	33,522	33,522
Cumulative depreciation	-18,646	-24,662
Leased assets, net	14,875	8,859
Construction in progress	2,194	—
Other	1,254,204	1,302,859
Cumulative depreciation	-1,170,780	-1,214,416
Other, net	83,423	88,442
Total tangible assets	14,989,027	16,257,763
Intangible assets		
Software	14,556	24,268
Leased assets	11,360	9,707
Total intangible assets	25,917	33,975
Investments and other assets		
Investment securities	3,945,254	2,830,826
Long-term loans	64,194	52,523
Deferred tax assets	157,664	170,456
Other	213,735	206,579
Allowance for doubtful accounts	-26,071	-15,536
Total investments and other assets	4,354,776	3,244,851
Total non-current assets	19,369,721	19,536,590
<b>Total assets</b>	<b>51,207,312</b>	<b>54,025,064</b>



(Thousand yen)

	As of Feb 28, 2018	As of Feb. 28, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,045,419	11,271,460
Short-term loans payable	700,000	500,000
Lease obligations	12,168	10,776
Income taxes payable	785,368	995,116
Provision for bonuses	657,000	679,000
Reserve for directors' bonuses	48,794	49,366
Notes payable-equipment	457,118	1,135,290
Other	1,594,342	1,454,113
Total current liabilities	15,300,211	16,095,123
Non-current liabilities		
Lease obligations	16,166	9,276
Deferred tax liabilities	649,542	332,087
Deferred tax liability on reappraisals	172,264	172,264
Provision for directors' retirement benefits	290,700	317,300
Debt related to retirement benefits	1,730,811	1,723,609
Notes payable-long-term installations	695,575	754,080
Other	85,639	85,531
Total non-current liabilities	3,640,699	3,394,150
<b>Total liabilities</b>	<b>18,940,911</b>	<b>19,489,274</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,164,950	3,164,950
Capital surplus	2,494,610	2,494,610
Retained earnings	32,012,533	34,975,191
Treasury shares	-3,311,034	-3,311,036
Total shareholders' equity	34,361,058	37,323,714
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	2,456,120	1,717,157
Difference in revaluation of land	-4,556,285	-4,556,285
Re-measurements of defined benefit plans	5,507	51,203
Total other accumulated comprehensive income	-2,094,657	-2,787,924
<b>Total net assets</b>	<b>32,266,400</b>	<b>34,535,790</b>
<b>Total liabilities and net assets</b>	<b>51,207,312</b>	<b>54,025,064</b>

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statement of Income)

(Thousand yen)

	For the fiscal year ended Feb. 28, 2018	For the fiscal year ended Feb. 28, 2019
Net sales	49,895,588	51,518,144
Cost of sales	34,968,542	36,235,944
Gross profits	14,927,046	15,282,199
Sales, general and administrative expenses		
Shipping and packing expenses	1,644,949	1,639,711
Advertising expenses	222,588	246,601
Provision for allowance for doubtful accounts	8,672	19,825
Directors' compensation and salary payments	4,826,249	4,797,110
Benefit expenses	841,468	884,822
Provision for accrued bonuses	549,938	566,522
Transfer to reserves for directors' bonuses	48,794	49,366
Retirement benefit expenses	140,887	146,678
Transfer to reserves for directors in recognition of service	33,400	29,200
Depreciation	142,918	141,887
Rental charges	230,098	231,531
R&D costs	397,638	409,286
Other	1,551,638	1,600,326
Total sales, general and administrative expenses	10,639,243	10,762,870
Operating profit	4,287,803	4,519,329
Non-operating revenue		
Interest earned	1,147	771
Dividends earned	69,128	73,770
Rents for fixed assets	26,996	26,499
Purchase discounts	121,521	151,794
Revenue on sale of work scrap	146,578	140,591
Other	30,251	40,753
Total non-operating revenue	395,624	434,180
Non-operating expenses		
Interest expenses	2,171	2,030
Sales discounts	4,292	6,458
Treasury stock acquisition costs	27,950	—
Other	429	352
Total non-operating expenses	34,844	8,841
Ordinary profit	4,648,583	4,944,668
Extraordinary income		
Gain from sale of fixed assets	1,967	7,019
Gain on sales of investment securities	—	80,944
Total extraordinary income	1,967	87,964
Extraordinary losses		
Loss on sale of fixed assets	4,605	600
Loss on retirement of non-current assets	1,114	6,611
Loss on valuation of investment securities	—	721
Total extraordinary losses	5,719	7,932
Profit before income taxes	4,644,831	5,024,700
Income taxes - deferred	1,471,214	1,669,342
Income taxes - deferred	-26,501	-27,735
Total income taxes	1,444,713	1,641,607
Profit	3,200,118	3,383,092
Net profit attributable to shareholders of the parent company	3,200,118	3,383,092

## (Consolidated Statement of Comprehensive Income)

(Thousand yen)

	For the fiscal year ended Feb. 28, 2018	For the fiscal year ended Feb. 28, 2019
Profit	3,200,118	3,383,092
Other comprehensive income		
Valuation difference on available-for-sale securities	1,215,734	-738,962
Re-measurements of defined benefit plans, net of taxes	2,097	45,696
Total other comprehensive income	1,217,831	-693,266
Comprehensive income	4,417,950	2,689,826
(Breakdown)		
Comprehensive income attributable to parent company shareholders	4,417,950	2,689,826
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated Statements of Changes in Equity

For the fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,164,950	2,494,610	29,246,683	-598,193	34,308,050
Change during period					
Surplus dividends			-434,268		-434,268
Net profit attributable to shareholders of the parent company			3,200,118		3,200,118
Purchase of treasury shares				-2,712,841	-2,712,841
Net changes of items other than shareholders' equity					
Total change during period	—	—	2,765,849	-2,712,841	53,008
Balance at end of current period	3,164,950	2,494,610	32,012,533	-3,311,034	34,361,058

	Other accumulated comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Difference in revaluation of land	Re-measurements of defined benefit plans	Total other accumulated comprehensive income	
Balance at beginning of current period	1,240,386	-4,556,285	3,409	-3,312,489	30,995,561
Change during period					
Surplus dividends					-434,268
Net profit attributable to shareholders of the parent company					3,200,118
Purchase of treasury shares					-2,712,841
Net changes of items other than shareholders' equity	1,215,734	—	2,097	1,217,831	1,217,831
Total change during period	1,215,734	—	2,097	1,217,831	1,270,839
Balance at end of current period	2,456,120	-4,556,285	5,507	-2,094,657	32,266,400

For the fiscal year ended February 28, 2019 (March 1, 2017 to February 28, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,164,950	2,494,610	32,012,533	-3,311,034	34,361,058
Change during period					
Surplus dividends			-420,434		-420,434
Net profit attributable to shareholders of the parent company			3,383,092		3,383,092
Purchase of treasury shares				-2	-2
Net changes of items other than shareholders' equity					
Total change during period	—	—	2,962,658	-2	2,962,656
Balance at end of current period	3,164,950	2,494,610	34,975,191	-3,311,036	37,323,714

	Other accumulated comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Difference in revaluation of land	Re-measurements of defined benefit plans	Total other accumulated comprehensive income	
Balance at beginning of current period	2,456,120	-4,556,285	5,507	-2,094,657	32,266,400
Change during period					
Surplus dividends					-420,434
Net profit attributable to shareholders of the parent company					3,383,092
Purchase of treasury shares					-2
Net changes of items other than shareholders' equity	-738,962	—	45,696	-693,266	-693,266
Total change during period	-738,962	—	45,696	-693,266	2,269,389
Balance at end of current period	1,717,157	-4,556,285	51,203	-2,787,924	34,535,790

## (4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended Feb. 28, 2018	For the fiscal year ended Feb. 28, 2019
Net cash provided by (used in) operating activities		
Profit before income taxes	4,644,831	5,024,700
Depreciation	881,559	863,099
Increase (decrease) in allowance for bonuses	45,000	22,000
Increase (decrease) in allowance for directors' bonuses	7,342	572
Increase (decrease) in liabilities related to retirement benefits	70,972	58,661
Increase (decrease) in reserves for directors' retirement benefits	33,400	29,200
Increase (decrease) in allowance for doubtful accounts	(8,390)	(8,555)
Interest income and dividends received	-70,276	-74,541
Interest expenses	2,171	2,030
Loss (gain) on sale of investment securities	—	(80,944)
Loss (gain) on valuation of investment securities	—	721
Loss (gain) on sale of tangible assets	2,637	(6,419)
Loss on retirement of tangible assets	1,114	6,611
Decrease (increase) in notes and accounts receivable – trade	(547,197)	118,054
Decrease (increase) in inventories	(443,328)	(309,093)
Decrease (increase) in other current assets	26,622	19,311
Decrease (increase) in other non-current assets	(40)	(57)
Increase (decrease) in notes and accounts payable – trade	871,226	226,041
Increase (decrease) in accrued consumption tax, etc.	157,897	(160,337)
Increase (decrease) in other current liabilities	51,029	18,020
Increase (decrease) in other non-current liabilities	(275)	(107)
Other	-55,345	-29,099
Subtotal	5,670,950	5,719,866
Interest and dividend income received	70,276	74,803
Interest expenses paid	-2,126	-2,112
Income taxes paid	-1,566,283	-1,440,942
Net cash provided by (used in) operating activities	4,172,816	4,351,615
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets	-1,031,249	-1,405,631
Proceeds from sales of tangible fixed assets	3,203	10,268
Purchase of intangible fixed assets	-7,471	-23,755
Purchase of other fixed assets	-7,998	-6,955
Proceeds from decrease in other fixed assets	13,816	10,732
Purchase of investment securities	-531	-565
Proceeds from sale and redemption of investment securities	—	130,164
Revenue from collection of loans	12,118	15,945
Other	27,048	20,823
Net cash provided by (used in) investing activities	-991,063	-1,248,973
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	(200,000)
Purchase of treasury shares	-2,740,792	-2
Cash dividends paid	-434,388	-420,692
Net cash provided by (used in) financing activities	-3,175,180	-620,694
Effects of exchange rate changes on cash and cash equivalents	0	—
Net increase (decrease) in cash and cash equivalents	6,571	2,481,947
Cash and cash equivalents at beginning of period	17,828,878	17,835,449
Cash and cash equivalents at end of period	17,835,449	20,317,397

(5) Notes on Consolidated Financial Statements  
(Notes concerning assumptions regarding ongoing concerns)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

Isolated financial information of the Group's constituent units is available from the Group's reporting segments; this information is subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

The Group classifies sales management into manufactured goods (heating equipment, work equipment, bakery equipment and so on) and merchandise (cooling equipment, cooking equipment, bakery-related equipment and so on). Responding to the needs of each customer, it is developing comprehensive domestic and overseas sales strategies and expanding its business activities. Moreover, the Group also treats three business classifications based on the makeup of sales –the commercial kitchen equipment manufacturing and sales business, the bakery equipment manufacturing and sales business and the building rental business - as reporting segments.

The commercial kitchen equipment manufacturing and sales business consists of manufacturing, purchasing and selling commercial kitchen equipment. The bakery equipment manufacturing and sales business consists of the manufacture, sales and maintenance of bakery equipment such as bread plants. The building rental business rents out buildings (business hotels, for-profit nursing home etc.)

2. Method of calculating the amount of sales, profits or losses, assets, liabilities and other items for each reporting segment

The method of accounting for reported business segments is the same as that described in “Important matters as the basis for preparing consolidated financial statements.”

Reported segment earnings are based on operating income.

Internal revenues and transfers between segments are based on prevailing market prices.

3. Information on the amount of sales, profits or losses, assets, liabilities and other items per reported segment

For the fiscal year ended Feb. 28, 2018 (March 1, 2017 to February 28, 2018)

(Thousand yen)

	Reporting segment				Adjusted amount See Note 1 See Note 2 See Note 3	Amount recorded on consolidated financial statements See Note 4
	Commercial kitchen equipment manufacturing and sales business	Bakery equipment manufacturing and sales business	Building rental business	Total		
Sales	46,671,946	2,631,102	592,540	49,895,588	—	49,895,588
Sales to external customers	—	45,813	—	45,813	-45,813	—
Internal sales or transfers between segments						
Total	46,671,946	2,676,916	592,540	49,941,402	-45,813	49,895,588
Segment profits	4,610,751	130,327	397,518	5,138,598	-850,795	4,287,803
Segment assets	27,693,804	1,407,577	3,869,334	32,970,716	18,236,596	51,207,312
Other items	739,339	20,708	108,947	868,994	12,564	881,559
Depreciation costs	694,214	72,644	9,163	776,021	11,079	787,101
Increase in tangible and intangible fixed assets						

(Notes) 1. The -¥850.79 million adjustment for segment profits includes elimination of intersegment transactions of ¥120 million and company-wide expenses of -¥970.79 million not allocated to each reporting segment. Company-wide expenses are mainly made up of general administrative expenses not attributable to reporting segments.

2. The -¥18,236 million adjustment for segment assets are company-wide assets not allocated to each reporting segment, with major items consisting of management funds (cash and deposits) and assets related to the management (headquarters) division.

3. The -¥12.56 million adjustment for depreciation expenses consists of amortization expenses for all corporate assets.

4. Segment profits are coordinated with the operating income of consolidated financial statements.

For the fiscal year ended February 28, 2019 (March 1, 2018 to February 28, 2019)

(Thousand yen)

	Reporting segment				Adjusted amount See Note 1 See Note 2 See Note 3	Amount recorded on consolidated financial statements See Note 4
	Commercial kitchen equipment manufacturing and sales business	Bakery equipment manufacturing and sales business	Building rental business	Total		
Net sales	48,165,946	2,759,453	592,744	51,518,144	—	51,518,144
Sales to external customers	—	30,338	—	30,338	-30,338	—
Internal sales or transfers between segments						
Total	48,165,946	2,789,791	592,744	51,548,482	-30,338	51,518,144
Segment profits	4,885,312	94,742	401,165	5,381,220	-861,891	4,519,329
Segment assets	28,320,318	1,356,793	3,764,762	33,441,874	20,583,189	54,025,064
Other items	719,976	24,104	105,650	849,732	13,367	863,099
Depreciation						
Increase in tangible and intangible fixed assets	2,136,106	962	—	2,137,068	4,405	2,141,474

(Notes) 1. The -¥861.89 million adjustment for segment profits includes elimination of intersegment transactions of ¥120 million and company-wide expenses of -¥981.89 million not allocated to each reporting segment. Company-wide expenses are mainly made up of general administrative expenses not attributable to reporting segments.

2. The -¥20,583 million adjustment for segment assets are company-wide assets not allocated to each reporting segment, with major items consisting of management funds (cash and deposits) and assets related to the management (headquarters) division.

3. The -¥13.36 million adjustment for depreciation expenses consists of amortization expenses for all corporate assets.

4. Segment profits are coordinated with the operating income of consolidated financial statements.



[Related information]

For the fiscal year ended February 28, 2018 (March 1, 2017 to February 28, 2018)

1. Information for each product and service

	Commercial kitchen equipment manufacturing and sales business						Bakery equipment manufacturing and sales business		Building rental business	Total
	Company products				Products purchased from other companies		Company products	Products purchased from other companies		
	Heating equipment	Work equipment		Parts, etc.	Cooling equipment	Cooking service equipment	Bakery equipment	Bakery-related equipment		
		Standard	Orders							
Sales to external customers (Thousand yen)	12,816,953	2,676,021	3,992,102	4,178,865	8,857,964	14,150,039	2,466,149	164,952	592,540	49,895,588

2. Information by region

(1) Sales

Since sales to customers outside of Japan exceed 90% of sales on the consolidated income statement, the description is omitted.

(2) Tangible fixed assets

Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated income statement, the description is omitted.

3. Major customer-specific information

Since no customer makes up 10% or more of sales to outside customers on the consolidated income statement, the description is omitted.

For the fiscal year ended February 28, 2019 (March 1, 2018 to February 28, 2019)

1. Information for each product and service

	Commercial kitchen equipment manufacturing and sales business					Bakery equipment manufacturing and sales business		Building rental business	Total	
	Company products			Products purchased from other companies		Company products	Products purchased from other companies			
	Heating equipment	Work equipment		Parts, etc.	Cooling equipment	Cooking service equipment	Bakery equipment			Bakery-related equipment
		Standard	Orders							
Sales to external customers (Thousand yen)	13,285,162	2,685,182	3,934,742	4,386,766	9,242,971	14,631,121	2,652,061	107,392	592,744	51,518,144

2. Information by region

(1) Sales

Since sales to customers outside of Japan exceed 90% of sales on the consolidated income statement, the description is omitted.

(2) Tangible fixed assets

Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated income statement, the description is omitted.

3. Major customer-specific information

Since no customer makes up 10% or more of sales to outside customers on the consolidated income statement, the description is omitted.

[Information on impairment loss of fixed assets by reporting segment] Not applicable.

[Information on negative goodwill amortization and unamortized balance by reporting segment]

Not applicable.

[Information on negative goodwill amortization by reporting segment] Not applicable.

(Per share information)

Item	For the fiscal year ended Feb. 28, 2018	For the fiscal year ended Feb. 28, 2019
Net assets per share	¥1,995.38	¥2,135.72
Net income per share	¥186.37	¥209.21

(Notes) 1. No net income per share adjusted for potential diluted shares is stated because there are no potential shares.

2. The basis for calculating net income per share is as follows.

	For the fiscal year ended Feb. 28, 2018	For the fiscal year ended Feb. 28, 2019
Net income per share		
Net income attributable to parent company shareholders (thousand yen)	3,200,118	3,383,092
Amount not contributable to common shareholders (thousand yen)	—	—
Net income attributable to shareholders of the parent company related to common stock (thousand yen)	3,200,118	3,383,092
Average number of shares during the period (thousand shares)	17,170	16,170

(Important subsequent events)

Not applicable.

#### 4. Other

##### (1) Changes in Officers

###### 1) New candidates for director and auditor (as of May 23, 2019)

Outside Director: Masao Yoshida (Current position: Internal Audit Department Manager, Seiwa Sogo Tatemono Co., Ltd.)

Standing Corporate Auditor: Noriyuki Hisano (Current position: Managing Director, Financial Career, Inc.)

###### 2) Retiring officers (as of May 23, 2019)

Executive Vice President: Makio Ishikawa

Outside Director: Eijiro Kamata

Standing Corporate Auditor: Naoki Sugimoto

##### (2) Other

Not applicable.