

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2017 (Based on Japanese GAAP)

November 9, 2017

Company name: NISHIO RENT ALL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9699 URL <http://www.nishio-rent.co.jp/>
 Representative: PRESIDENT MASASHI NISHIO
 MANAGING DIRECTOR, managing
 Inquiries: Administrative Divisions KAZUSO NITTA TEL 06-6251-7302
 in Head Quarters
 Scheduled date of ordinary general meeting of shareholders: December 20, 2017
 Scheduled date to file Securities Report: December 21, 2017
 Scheduled date to commence dividend payments: December 21, 2017
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2017 (from October 1, 2016 to September 30, 2017)

(1) Consolidated operating results

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	%
Year ended September 30, 2017	123,538	6.6	11,121	(5.8)	11,017	(2.4)	7,171	3.6
Year ended September 30, 2016	115,937	4.1	11,805	(8.9)	11,292	(11.2)	6,920	(8.5)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2017	275.79	275.55	9.8	7.1	9.0
Year ended September 30, 2016	258.90	258.69	10.0	7.6	10.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2017	159,413	77,017	46.4	2,895.95
As of September 30, 2016	150,630	74,536	47.7	2,687.91

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2017	17,148	(1,964)	(16,053)	21,263
Year ended September 30, 2016	13,516	(6,112)	(12,189)	22,230

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2016	–	0.00	–	57.00	57.00	1,523	22.0	2.2
Year ended September 30, 2017	–	0.00	–	57.00	57.00	1,455	20.7	2.0
Year ending September 30, 2018 (Forecast)	–	0.00	–	59.00	59.00		20.2	

3. Forecast of consolidated financial results for the year ending September 30, 2018 (from October 1, 2017 to September 30, 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
Six months ending March 31, 2018	69,220	7.5	7,820	5.3	7,500	1.4	4,720	2.5	184.87
Full year	132,700	7.4	12,700	14.2	12,000	8.9	7,450	3.9	291.79

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of September 30, 2017	27,091,364 shares	As of September 30, 2016	27,089,764 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	1,559,617 shares	As of September 30, 2016	359,058 shares
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Average number of shares during the period

Year ended September 30, 2017	26,004,984 shares	Year ended September 30, 2016	26,730,858 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2016	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	22,241	21,481
Notes and accounts receivable - trade	32,790	35,136
Lease investment assets	0	–
Merchandise and finished goods	635	741
Work in process	785	1,193
Raw materials and supplies	898	923
Deferred tax assets	1,094	1,462
Other	4,046	5,890
Allowance for doubtful accounts	(240)	(214)
Total current assets	62,252	66,616
Non-current assets		
Property, plant and equipment		
Assets for rent, net	48,610	52,363
Buildings and structures, net	8,038	8,325
Machinery, equipment and vehicles, net	976	967
Land	23,744	23,835
Leased assets, net	879	888
Construction in progress	1,269	1,481
Other, net	283	287
Total property, plant and equipment	83,802	88,148
Intangible assets		
Goodwill	451	390
Leased assets	0	–
Other	388	465
Total intangible assets	840	855
Investments and other assets		
Investment securities	611	642
Long-term loans receivable	232	9
Deferred tax assets	358	441
Other	2,771	2,937
Allowance for doubtful accounts	(238)	(238)
Total investments and other assets	3,734	3,793
Total non-current assets	88,378	92,797
Total assets	150,630	159,413

(Millions of yen)

	As of September 30, 2016	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,112	18,451
Short-term loans payable	2,329	2,906
Current portion of long-term loans payable	2,160	2,621
Current portion of bonds	1,092	1,498
Lease obligations	8,911	9,928
Income taxes payable	1,828	2,299
Deferred tax liabilities	0	1
Provision for bonuses	1,928	2,011
Provision for directors' bonuses	111	115
Accounts payable - facilities	8,521	9,658
Other	4,844	6,089
Total current liabilities	48,842	55,582
Non-current liabilities		
Bonds payable	2,178	847
Long-term loans payable	5,346	4,306
Lease obligations	17,924	19,440
Deferred tax liabilities	180	359
Provision for directors' retirement benefits	168	204
Net defined benefit liability	610	710
Asset retirement obligations	625	704
Other	215	242
Total non-current liabilities	27,251	26,814
Total liabilities	76,093	82,396
Net assets		
Shareholders' equity		
Capital stock	6,045	6,048
Capital surplus	7,335	7,331
Retained earnings	59,261	64,910
Treasury shares	(675)	(4,637)
Total shareholders' equity	71,967	73,652
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	108	217
Deferred gains or losses on hedges	(41)	40
Foreign currency translation adjustment	(184)	28
Total accumulated other comprehensive income	(117)	286
Subscription rights to shares	29	31
Non-controlling interests	2,657	3,047
Total net assets	74,536	77,017
Total liabilities and net assets	150,630	159,413

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Net sales		
Rent income	98,332	104,779
Net sales of merchandise and finished goods	17,605	18,759
Total net sales	115,937	123,538
Cost of sales		
Rent cost	57,671	62,196
Cost of merchandise and finished goods sold	10,714	11,687
Total cost of sales	68,385	73,883
Gross profit	47,552	49,654
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	33	73
Salaries and bonuses	14,002	15,029
Provision for bonuses	1,875	1,927
Provision for directors' bonuses	111	114
Retirement benefit expenses	328	342
Provision for directors' retirement benefits	27	26
Depreciation	1,516	1,657
Insurance expenses	2,110	2,144
Rent expenses	4,158	4,550
Amortization of goodwill	34	108
Other	11,547	12,559
Total selling, general and administrative expenses	35,746	38,533
Operating profit	11,805	11,121
Non-operating income		
Interest income	54	51
Dividend income	9	16
Insurance income	63	64
Foreign exchange gains	–	50
Share of profit of entities accounted for using equity method	–	16
Other	430	402
Total non-operating income	557	601
Non-operating expenses		
Interest expenses	567	624
Bond issuance cost	3	1
Foreign exchange losses	341	–
Other	157	79
Total non-operating expenses	1,070	705
Ordinary profit	11,292	11,017
Extraordinary income		
Gain on sales of non-current assets	34	38
Gain on sales of investment securities	–	11
Gain on bargain purchase	–	9
Total extraordinary income	34	59

(Millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Extraordinary losses		
Loss on sales and retirement of non-current assets	108	72
Loss on closing of stores	–	1
Loss on liquidation of subsidiaries and associates	42	–
Loss on step acquisitions	–	5
Total extraordinary losses	151	79
Profit before income taxes	11,175	10,996
Income taxes - current	3,941	3,963
Income taxes - deferred	117	(346)
Total income taxes	4,058	3,616
Profit	7,117	7,380
Profit attributable to non-controlling interests	196	208
Profit attributable to owners of parent	6,920	7,171

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Profit	7,117	7,380
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	109
Deferred gains or losses on hedges	(50)	82
Foreign currency translation adjustment	(779)	285
Total other comprehensive income	(875)	477
Comprehensive income	6,241	7,857
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,263	7,575
Comprehensive income attributable to non-controlling interests	(21)	282

Consolidated statements of changes in equity

Fiscal year ended September 30, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	7,355	53,673	(674)	66,399
Changes of items during period					
Issuance of new shares					–
Dividends of surplus			(1,336)		(1,336)
Profit attributable to owners of parent			6,920		6,920
Purchase of treasury shares				(1)	(1)
Change of scope of consolidation			4		4
Change in ownership interest of parent due to transactions with non-controlling interests		(20)			(20)
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	(20)	5,588	(1)	5,567
Balance at end of current period	6,045	7,335	59,261	(675)	71,967

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	152	9	361	522	25	2,436	69,383
Changes of items during period							
Issuance of new shares				–			–
Dividends of surplus				–			(1,336)
Profit attributable to owners of parent				–			6,920
Purchase of treasury shares				–			(1)
Change of scope of consolidation				–			4
Change in ownership interest of parent due to transactions with non-controlling interests				–			(20)
Net changes of items other than shareholders' equity	(43)	(50)	(545)	(640)	4	221	(414)
Total changes of items during period	(43)	(50)	(545)	(640)	4	221	5,153
Balance at end of current period	108	(41)	(184)	(117)	29	2,657	74,536

Fiscal year ended September 30, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	7,335	59,261	(675)	71,967
Changes of items during period					
Issuance of new shares	2	2			5
Dividends of surplus			(1,523)		(1,523)
Profit attributable to owners of parent			7,171		7,171
Purchase of treasury shares				(3,961)	(3,961)
Change of scope of consolidation					-
Change in ownership interest of parent due to transactions with non-controlling interests		(6)			(6)
Net changes of items other than shareholders' equity					-
Total changes of items during period	2	(3)	5,648	(3,961)	1,685
Balance at end of current period	6,048	7,331	64,910	(4,637)	73,652

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	108	(41)	(184)	(117)	29	2,657	74,536
Changes of items during period							
Issuance of new shares				-			5
Dividends of surplus				-			(1,523)
Profit attributable to owners of parent				-			7,171
Purchase of treasury shares				-			(3,961)
Change of scope of consolidation				-			-
Change in ownership interest of parent due to transactions with non-controlling interests				-			(6)
Net changes of items other than shareholders' equity	109	82	212	403	2	389	795
Total changes of items during period	109	82	212	403	2	389	2,480
Balance at end of current period	217	40	28	286	31	3,047	77,017

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	11,175	10,996
Depreciation	19,878	21,834
Amortization of goodwill	34	108
Increase (decrease) in allowance for doubtful accounts	(94)	(35)
Increase (decrease) in provision for bonuses	(4)	61
Increase (decrease) in provision for directors' bonuses	(16)	3
Increase (decrease) in net defined benefit liability	55	47
Increase (decrease) in provision for directors' retirement benefits	20	21
Interest and dividend income	(64)	(67)
Interest expenses	567	624
Share of (profit) loss of entities accounted for using equity method	–	(16)
Loss (gain) on sales of investment securities	–	(11)
Loss (gain) on step acquisitions	–	5
Loss (gain) on sales and retirement of non-current assets	74	34
Transfer cost from sales of assets for rent	297	487
Purchase of assets for lease	(12,108)	(12,523)
Decrease (increase) in notes and accounts receivable - trade	(1,333)	(1,975)
Decrease (increase) in inventories	(72)	(531)
Increase (decrease) in notes and accounts payable - trade	645	1,259
Other, net	(347)	1,075
Subtotal	18,708	21,399
Interest and dividend income received	63	73
Interest expenses paid	(556)	(614)
Income taxes paid	(4,699)	(3,709)
Net cash provided by (used in) operating activities	13,516	17,148
Cash flows from investing activities		
Payments into time deposits	(17)	(17)
Proceeds from withdrawal of time deposits	17	10
Decrease (increase) in short-term loans receivable	58	(49)
Payments for transfer of business	(31)	–
Purchase of property, plant and equipment	(4,001)	(1,888)
Proceeds from sales of property, plant and equipment	77	51
Purchase of intangible assets	(93)	(206)
Purchase of investment securities	(126)	(7)
Proceeds from sales of investment securities	–	13
Purchase of shares of subsidiaries and associates	–	(37)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	39
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,676)	–
Payments of long-term loans receivable	(105)	(32)
Collection of long-term loans receivable	35	256
Payments for lease and guarantee deposits	(352)	(209)
Proceeds from collection of lease and guarantee deposits	100	117
Other, net	(0)	(3)
Net cash provided by (used in) investing activities	(6,112)	(1,964)

(Millions of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	435	308
Proceeds from long-term loans payable	2,459	1,500
Repayments of long-term loans payable	(4,575)	(2,275)
Proceeds from issuance of bonds	496	198
Redemption of bonds	(1,082)	(1,125)
Repayments of lease obligations	(8,421)	(9,076)
Repayments of installment payables	(29)	(40)
Purchase of treasury shares	(1)	(3,961)
Cash dividends paid	(1,336)	(1,523)
Dividends paid to non-controlling interests	(82)	(58)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(52)	–
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(12,189)	(16,053)
Effect of exchange rate change on cash and cash equivalents	87	(99)
Net increase (decrease) in cash and cash equivalents	(4,698)	(967)
Cash and cash equivalents at beginning of period	26,722	22,230
Increase in cash and cash equivalents from newly consolidated subsidiary	207	–
Cash and cash equivalents at end of period	22,230	21,263