

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2018 (Based on Japanese GAAP)

November 8, 2018

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 19, 2018
 Scheduled date to file Securities Report: December 20, 2018
 Scheduled date to commence dividend payments: December 20, 2018
 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, 2018 (from October 1, 2017 to September 30, 2018)

(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, 2018	136,682	10.6	14,770	32.8	14,489	31.5	9,323	30.0
Year ended September 30, 2017	123,538	6.6	11,121	(5.8)	11,017	(2.4)	7,171	3.6

	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, 2018	346.03	345.75	11.4	8.3	10.8
Year ended September 30, 2017	275.79	275.55	9.8	7.1	9.0

(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, 2018	188,607	92,819	47.4	3,188.34
As of September 30, 2017	159,413	77,017	46.4	2,895.95

(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, 2018	16,251	(7,116)	(1,711)	28,692
Year ended September 30, 2017	17,148	(1,964)	(16,053)	21,263

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, 2017	–	0.00	–	57.00	57.00	1,455	20.7	2.0
Year ended September 30, 2018	–	0.00	–	70.00	70.00	1,962	20.2	2.3
Year ending September 30, 2019 (Forecast)	–	0.00	–	70.00	70.00		20.4	

3. Forecast of consolidated financial results for the year ending September 30, 2019 (from October 1, 2018 to September 30, 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
Six months ending March 31, 2019	78,200	112.9	9,690	107.6	9,400	104.6	5,850	102.9	208.68
Full year	147,860	108.2	15,880	107.5	15,500	107.0	9,600	103.0	342.45

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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: Yes

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, 2018	28,391,464 shares	As of September 30, 2017	27,091,364 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	358,362 shares	As of September 30, 2017	1,559,617 shares
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Average number of shares during the period

Year ended September 30, 2018	26,944,593 shares	Year ended September 30, 2017	26,004,984 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	21,481	28,902
Notes and accounts receivable - trade	35,136	39,660
Lease investment assets	-	2
Merchandise and finished goods	741	1,420
Work in process	1,193	1,548
Raw materials and supplies	923	994
Deferred tax assets	1,462	1,932
Other	5,890	7,893
Allowance for doubtful accounts	(214)	(257)
Total current assets	66,616	82,097
Non-current assets		
Property, plant and equipment		
Assets for rent, net	52,363	60,703
Buildings and structures, net	8,325	9,914
Machinery, equipment and vehicles, net	967	1,402
Land	23,835	24,208
Leased assets, net	888	1,092
Construction in progress	1,481	1,565
Other, net	287	406
Total property, plant and equipment	88,148	99,293
Intangible assets		
Goodwill	390	2,122
Other	465	1,159
Total intangible assets	855	3,281
Investments and other assets		
Investment securities	642	619
Long-term loans receivable	9	53
Deferred tax assets	441	405
Other	2,937	3,179
Allowance for doubtful accounts	(238)	(323)
Total investments and other assets	3,793	3,935
Total non-current assets	92,797	106,510
Total assets	159,413	188,607

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,451	21,400
Short-term loans payable	2,906	2,731
Current portion of long-term loans payable	2,621	2,901
Current portion of bonds	1,498	993
Lease obligations	9,928	10,574
Income taxes payable	2,299	3,020
Deferred tax liabilities	1	–
Provision for bonuses	2,011	2,235
Provision for directors' bonuses	115	147
Accounts payable - facilities	9,658	10,545
Other	6,089	7,734
Total current liabilities	55,582	62,285
Non-current liabilities		
Bonds payable	847	437
Long-term loans payable	4,306	7,411
Lease obligations	19,440	22,907
Deferred tax liabilities	359	723
Provision for directors' retirement benefits	204	219
Net defined benefit liability	710	709
Asset retirement obligations	704	751
Other	242	342
Total non-current liabilities	26,814	33,502
Total liabilities	82,396	95,788
Net assets		
Shareholders' equity		
Capital stock	6,048	8,100
Capital surplus	7,331	9,629
Retained earnings	64,910	72,778
Treasury shares	(4,637)	(1,065)
Total shareholders' equity	73,652	89,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	217	211
Deferred gains or losses on hedges	40	0
Foreign currency translation adjustment	28	(275)
Total accumulated other comprehensive income	286	(64)
Share acquisition rights	31	30
Non-controlling interests	3,047	3,409
Total net assets	77,017	92,819
Total liabilities and net assets	159,413	188,607

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

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Net sales		
Rent income	104,779	114,041
Net sales of merchandise and finished goods	18,759	22,640
Total net sales	123,538	136,682
Cost of sales		
Rent cost	62,196	65,918
Cost of merchandise and finished goods sold	11,687	14,045
Total cost of sales	73,883	79,963
Gross profit	49,654	56,718
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	73	189
Salaries and bonuses	15,029	16,132
Provision for bonuses	1,927	2,157
Provision for directors' bonuses	114	147
Retirement benefit expenses	342	393
Provision for directors' retirement benefits	26	31
Depreciation	1,657	1,729
Insurance expenses	2,144	2,213
Rent expenses	4,550	4,835
Amortization of goodwill	108	371
Other	12,559	13,747
Total selling, general and administrative expenses	38,533	41,948
Operating profit	11,121	14,770
Non-operating income		
Interest income	51	54
Dividend income	16	14
Insurance income	64	78
Foreign exchange gains	50	–
Share of profit of entities accounted for using equity method	16	–
Other	402	452
Total non-operating income	601	599
Non-operating expenses		
Interest expenses	624	684
Bond issuance cost	1	6
Foreign exchange losses	–	77
Other	79	111
Total non-operating expenses	705	880
Ordinary profit	11,017	14,489
Extraordinary income		
Gain on sales of non-current assets	38	30
Gain on sales of investment securities	11	–
Gain on bargain purchase	9	–
Total extraordinary income	59	30

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Extraordinary losses		
Loss on sales and retirement of non-current assets	72	116
Loss on closing of stores	1	–
Loss on liquidation of subsidiaries and associates	–	20
Loss on step acquisitions	5	–
Total extraordinary losses	79	136
Profit before income taxes	10,996	14,382
Income taxes - current	3,963	4,926
Income taxes - deferred	(346)	(296)
Total income taxes	3,616	4,630
Profit	7,380	9,752
Profit attributable to non-controlling interests	208	428
Profit attributable to owners of parent	7,171	9,323

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Profit	7,380	9,752
Other comprehensive income		
Valuation difference on available-for-sale securities	109	(5)
Deferred gains or losses on hedges	82	(41)
Foreign currency translation adjustment	285	(363)
Total other comprehensive income	477	(410)
Comprehensive income	7,857	9,341
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,575	8,973
Comprehensive income attributable to non-controlling interests	282	368

Consolidated statements of changes in equity

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)
Disposal of treasury shares					–
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				Share acquisition rights	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)
Disposal of treasury shares				–			–
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

Fiscal year ended September 30, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,048	7,331	64,910	(4,637)	73,652
Changes of items during period					
Issuance of new shares	2,052	2,052			4,104
Dividends of surplus			(1,455)		(1,455)
Profit attributable to owners of parent			9,323		9,323
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		221		3,572	3,794
Change in ownership interest of parent due to transactions with non-controlling interests		24			24
Net changes of items other than shareholders' equity					-
Total changes of items during period	2,052	2,297	7,868	3,572	15,790
Balance at end of current period	8,100	9,629	72,778	(1,065)	89,443

	Accumulated other comprehensive income				Share acquisition rights	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	217	40	28	286	31	3,047	77,017
Changes of items during period							
Issuance of new shares				-			4,104
Dividends of surplus				-			(1,455)
Profit attributable to owners of parent				-			9,323
Purchase of treasury shares				-			(0)
Disposal of treasury shares				-			3,794
Change in ownership interest of parent due to transactions with non-controlling interests				-			24
Net changes of items other than shareholders' equity	(6)	(40)	(303)	(350)	(1)	362	11
Total changes of items during period	(6)	(40)	(303)	(350)	(1)	362	15,802
Balance at end of current period	211	0	(275)	(64)	30	3,409	92,819

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	10,996	14,382
Depreciation	21,834	20,060
Amortization of goodwill	108	371
Increase (decrease) in allowance for doubtful accounts	(35)	121
Increase (decrease) in provision for bonuses	61	223
Increase (decrease) in provision for directors' bonuses	3	32
Increase (decrease) in net defined benefit liability	47	(0)
Increase (decrease) in provision for directors' retirement benefits	21	14
Interest and dividend income	(67)	(68)
Interest expenses	624	684
Share of loss (profit) 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	34	85
Transfer cost from sales of assets for rent	487	536
Purchase of assets for lease	(12,523)	(13,665)
Decrease (increase) in notes and accounts receivable - trade	(1,975)	(4,197)
Decrease (increase) in inventories	(531)	(472)
Increase (decrease) in notes and accounts payable - trade	1,259	2,445
Other, net	1,075	762
Subtotal	21,399	21,317
Interest and dividend income received	73	76
Interest expenses paid	(614)	(706)
Income taxes paid	(3,709)	(4,436)
Net cash provided by (used in) operating activities	17,148	16,251
Cash flows from investing activities		
Payments into time deposits	(17)	(217)
Proceeds from withdrawal of time deposits	10	224
Decrease (increase) in short-term loans receivable	(49)	95
Purchase of property, plant and equipment	(1,888)	(3,506)
Proceeds from sales of property, plant and equipment	51	25
Purchase of intangible assets	(206)	(196)
Purchase of investment securities	(7)	(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	–	(3,311)
Payments of long-term loans receivable	(32)	(16)
Collection of long-term loans receivable	256	4
Payments for lease and guarantee deposits	(209)	(305)
Proceeds from collection of lease and guarantee deposits	117	94
Other, net	(3)	(0)
Net cash provided by (used in) investing activities	(1,964)	(7,116)

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	308	(428)
Proceeds from long-term loans payable	1,500	7,061
Repayments of long-term loans payable	(2,275)	(3,868)
Proceeds from issuance of bonds	198	693
Redemption of bonds	(1,125)	(1,613)
Repayments of lease obligations	(9,076)	(9,683)
Repayments of installment payables	(40)	(46)
Proceeds from issuance of common shares	–	4,104
Purchase of treasury shares	(3,961)	(0)
Proceeds from sales of treasury shares	–	3,788
Cash dividends paid	(1,523)	(1,455)
Dividends paid to non-controlling interests	(58)	(87)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(175)
Other, net	(0)	0
Net cash provided by (used in) financing activities	(16,053)	(1,711)
Effect of exchange rate change on cash and cash equivalents	(99)	5
Net increase (decrease) in cash and cash equivalents	(967)	7,428
Cash and cash equivalents at beginning of period	22,230	21,263
Cash and cash equivalents at end of period	21,263	28,692