

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2017(Q2 FY2018) (Based on Japanese GAAP)

October 11, 2017

Company name: ABC-MART, INC.
 Stock exchange listing: Tokyo
 Stock code: 2670 URL <http://www.abc-mart.co.jp/ir/>
 Representative: President and Representative Director Minoru Noguchi
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 Scheduled date to file Quarterly Securities Report: October 12, 2017
 Scheduled date to commence dividend payments: November 13, 2017
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2017 (from March 1, 2017 to August 31, 2017)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2017	128,839	4.5	23,674	(1.5)	24,260	(0.7)	16,080	(1.0)
Six months ended August 31, 2016	123,298	2.4	24,025	0.6	24,433	0.6	16,236	10.7

(Note) Comprehensive income:

Six months ended August 2017 15,995 million yen (57.2%) Six months ended August 2016 10,173 million yen (△31.7%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2017	194.84	—
Six months ended August 31, 2016	196.73	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2017	266,893	231,124	86.3	2,792.02
As of February 28, 2017	253,916	220,080	86.4	2,659.27

(Reference) Shareholders' Equity:

As of August 31, 2017 230,430 million yen As of February 28, 2017 219,474 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2017	—	60.00	—	60.00	120.00
Year ending February 28, 2018	—	60.00			
Year ending February 28, 2018 (Forecast)			—	60.00	120.00

(None) Revisions to dividend forecasts published most recently: No

3. Forecast of consolidated financial results for the year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	252,200	5.5	42,500	1.5	43,500	1.5	28,730	1.3	348.11

(None) Revisions to financial forecasts published most recently: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of August 31, 2017	82,532,416 shares	As of February 28, 2017	82,532,416 shares
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Number of treasury shares at the end of the period

As of August 31, 2017	393 shares	As of February 28, 2017	393 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2017	82,532,023 shares	Six months ended August 31, 2016	82,532,023 shares
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THIS QUARTERLY CONSOLIDATED FINANCIAL RESULTS STATEMENT IS EXEMPT FROM THE QUARTERLY REVIEW PROCEDURES.

FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

The forecast for the year ending February 28, 2018 is based on ABC-MART, INC.'s hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of forecast.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2017	As of August 31, 2017
Assets		
Current assets		
Cash and deposits	117,261	120,320
Notes and accounts receivable - trade	8,333	7,949
Inventories	54,315	60,584
Deferred tax assets	1,759	1,284
Other	5,510	6,170
Allowance for doubtful accounts	(22)	(19)
Total current assets	187,158	196,289
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,101	28,067
Accumulated depreciation	(14,214)	(14,625)
Buildings and structures, net	12,886	13,441
Tools, furniture and fixtures	10,301	11,288
Accumulated depreciation	(7,125)	(7,504)
Tools, furniture and fixtures, net	3,175	3,783
Land	12,157	14,369
Construction in progress	139	380
Other	453	458
Accumulated depreciation	(382)	(379)
Other, net	70	78
Total property, plant and equipment	28,429	32,054
Intangible assets		
Trademark right	2,462	2,182
Goodwill	5,129	4,502
Other	1,853	1,868
Total intangible assets	9,445	8,553
Investments and other assets		
Investment securities	53	48
Shares of subsidiaries and associates	2,647	2,647
Long-term loans receivable	2,119	2,036
Lease and guarantee deposits	22,697	23,681
Net defined benefit asset	26	10
Other	1,354	1,588
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	28,882	29,995
Total non-current assets	66,757	70,603
Total assets	253,916	266,893

(Millions of yen)

	As of February 28, 2017	As of August 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,811	13,443
Short-term loans payable	1,574	2,068
Income taxes payable	7,815	8,430
Provision for bonuses	881	875
Provision	363	294
Asset retirement obligations	10	13
Notes payable - facilities	1,019	970
Other	7,400	7,189
Total current liabilities	30,875	33,286
Non-current liabilities		
Net defined benefit liability	741	706
Asset retirement obligations	331	357
Other	1,886	1,418
Total non-current liabilities	2,959	2,482
Total liabilities	33,835	35,768
Net assets		
Shareholders' equity		
Capital stock	19,972	19,972
Capital surplus	23,979	23,979
Retained earnings	166,637	177,766
Treasury shares	(2)	(2)
Total shareholders' equity	210,588	221,716
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	10
Foreign currency translation adjustment	8,877	8,703
Total accumulated other comprehensive income	8,886	8,713
Non-controlling interests	606	693
Total net assets	220,080	231,124
Total liabilities and net assets	253,916	266,893

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Net sales	123,298	128,839
Cost of sales	56,158	59,291
Gross profit	67,140	69,548
Selling, general and administrative expenses		
Packing and transportation expenses	1,395	1,484
Advertising expenses	3,050	3,452
Warehousing expenses	1,296	1,413
Directors' compensations, salaries and allowances	12,043	12,370
Bonuses	361	371
Provision for bonuses	820	873
Retirement benefit expenses	213	214
Legal and employee benefits expenses	1,637	1,765
Rents	12,585	13,404
Depreciation	2,018	2,034
Utilities expenses	1,050	1,067
Commission fee	2,399	2,665
Taxes and dues	612	858
Amortization of goodwill	433	432
Other	3,193	3,463
Total selling, general and administrative expenses	43,114	45,874
Operating income	24,025	23,674
Non-operating income		
Interest income	62	67
Foreign exchange gains	21	20
Rent Income	372	534
Advertising medium income	25	24
Other	79	154
Total non-operating income	561	801
Non-operating expenses		
Interest expenses	5	5
Rent expenses	80	183
Other	67	26
Total non-operating expenses	153	214
Ordinary income	24,433	24,260

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Extraordinary income		
Gain on sales of non-current assets	1	2
Total extraordinary income	1	2
Extraordinary losses		
Loss on retirement of non-current assets	56	120
Impairment loss	163	215
Other	4	–
Total extraordinary losses	225	336
Profit before income taxes	24,209	23,926
Income taxes - current	8,074	7,939
Income taxes - deferred	(142)	(168)
Total income taxes	7,932	7,771
Profit	16,277	16,154
Profit attributable to non-controlling interests	40	74
Profit attributable to owners of parent	16,236	16,080

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Profit	16,277	16,154
Other comprehensive income		
Valuation difference on available-for-sale securities	5	1
Foreign currency translation adjustment	(6,109)	(160)
Total other comprehensive income	(6,103)	(159)
Comprehensive income	10,173	15,995
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,198	15,907
Comprehensive income attributable to non-controlling interests	(25)	87

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Cash flows from operating activities		
Profit before income taxes	24,209	23,926
Depreciation	2,018	2,139
Increase (decrease) in provision for bonuses	(9)	(6)
Increase (decrease) in allowance for doubtful accounts	38	(1)
Interest and dividend income	(62)	(68)
Interest expenses	5	5
Foreign exchange losses (gains)	(10)	15
Loss (gain) on sales and retirement of non-current assets	55	118
Impairment loss	163	215
Decrease (increase) in notes and accounts receivable - trade	(906)	(365)
Decrease (increase) in inventories	(2,375)	(6,308)
Increase (decrease) in notes and accounts payable - trade	2,010	675
Other, net	674	792
Subtotal	25,812	21,138
Interest and dividend income received	54	65
Interest expenses paid	(5)	(5)
Income taxes paid	(7,458)	(7,404)
Net cash provided by (used in) operating activities	18,402	13,794
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,201)	(5,570)
Proceeds from sales of property, plant and equipment	2	83
Purchase of intangible assets	(216)	(304)
Payments for store removal	(34)	(66)
Proceeds from redemption of investment securities	–	492
Purchase of shares of subsidiaries and associates	(2,544)	–
Payments of loans receivable	(126)	(100)
Collection of loans receivable	187	188
Payments for lease and guarantee deposits	(1,135)	(1,496)
Proceeds from collection of lease and guarantee deposits	644	548
Other payments	(68)	(76)
Other proceeds	99	0
Net cash provided by (used in) investing activities	(5,393)	(6,300)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,517)	494
Repayments of long-term loans payable	(500)	–
Cash dividends paid	(4,948)	(4,947)
Other payments	(10)	(0)
Net cash provided by (used in) financing activities	(6,977)	(4,453)
Effect of exchange rate change on cash and cash equivalents	(948)	19
Net increase (decrease) in cash and cash equivalents	5,083	3,059
Cash and cash equivalents at beginning of period	100,501	117,089
Cash and cash equivalents at end of period	105,584	120,148