

# Summary of Consolidated Financial Results for the Year Ended February 29, 2016 (Based on Japanese GAAP)

April 11, 2016

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  
 Inquiries: Director, Corporate Planning Office Manager Jo Kojima TEL 03-3476-5452  
 Scheduled date of ordinary general meeting of shareholders: May 26, 2016  
 Scheduled date to file Securities Report: May 27, 2016  
 Scheduled date to commence dividend payments: May 27, 2016  
 Preparation of supplementary material on financial results: Yes  
 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 February 29, 2016 (from March 1, 2015 to February 29, 2016)

(1) Consolidated financial results Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2016	238,154	11.5	41,514	4.7	42,196	4.4	26,130	7.2
Year ended February 28, 2015	213,584	13.6	39,651	16.2	40,405	16.1	24,373	21.9

(Note) Comprehensive income:

Year ended February 2016 24,507 million yen (-15.2%) Year ended February 2015 28,887 million yen (10.8%)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2016	331.17	–	14.6	17.9	17.4
Year ended February 28, 2015	323.71	295.49	17.0	18.8	18.6

(Reference) Equity in earnings of affiliated companies:

Year ended February 2016 - million yen Year ended February 2015 - million yen

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2016	238,575	203,652	85.1	2,461.25
As of February 28, 2015	233,661	155,535	66.4	2,059.68

(Reference) Shareholders' Equity:

As of February 29, 2016 203,131 million yen As of February 28, 2015 155,082 million yen

## (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 February 29, 2016	22,552	(3,726)	(13,567)	100,501
Year ended February 28, 2015	29,691	(9,568)	(3,675)	95,807

## 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 February 28, 2015	–	40.00	–	60.00	100.00	7,529	30.9	5.3
Year ended February 29, 2016	–	60.00	–	60.00	120.00	9,802	36.2	5.3
Year ending February 28, 2017 (Forecast)	–	60.00	–	60.00	120.00		34.8	

## 3. Forecast of consolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2016	123,200	2.3	24,100	0.9	24,500	0.8	15,870	8.2	192.29
Full year	243,000	2.0	42,700	2.9	43,650	3.4	28,490	9.0	345.20

#### 4. Notes

- (1) Changes in significant subsidiaries during the year ended February 29, 2016  
(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: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements after error corrections: No

#### (3) Number of issued shares (common shares)

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

As of February 29, 2016	82,532,416 shares	As of February 28, 2015	75,294,429 shares
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Number of treasury shares at the end of the period

As of February 29, 2016	393 shares	As of February 28, 2015	208 shares
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Average number of shares during the period

Year ended February 29, 2016	78,905,989 shares	Year ended February 28, 2015	75,294,263 shares
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#### (Reference) Summary of Nonconsolidated Financial Statements

##### 1. Nonconsolidated financial results for the year ended February 29, 2016 (from March 1, 2015 to February 29, 2016)

###### (1) Nonconsolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2016	174,167	9.1	36,752	2.9	37,732	2.9	23,041	4.2
Year ended February 28, 2015	159,655	9.8	35,706	15.4	36,653	14.9	22,104	22.1

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended February 29, 2016	292.01	-
Year ended February 28, 2015	293.57	267.98

###### (2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2016	205,497	178,299	86.8	2,160.36
As of February 28, 2015	199,557	131,658	66.0	1,748.58

#### (Reference) Shareholders' Equity:

As of February 29, 2016 178,299 million yen As of February 28, 2015 131,658 million yen

##### 2. Forecast of nonconsolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

Percentages indicate year-on-year changes

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2016	93,810	4.8	22,610	3.2	14,550	12.0	176.30
Full year	179,300	2.9	39,320	4.2	25,520	10.8	309.21

#### NOTICE REGARDING AUDIT PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This consolidated financial results statement is exempt from the audit procedures based upon the Financial Instruments and Exchange Act. At this time of disclosure of this consolidated financial results statements, the audit procedure based upon the Financial Instruments and Exchange Act has not been completed.

#### FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

The forecast for the year ending February 28, 2017 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.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
Assets		
Current assets		
Cash and deposits	96,493	100,748
Notes and accounts receivable - trade	7,873	8,147
Inventories	49,367	54,503
Deferred tax assets	2,049	1,864
Other	4,555	4,009
Allowance for doubtful accounts	(41)	(24)
Total current assets	160,298	169,249
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,395	25,672
Accumulated depreciation	(12,512)	(12,906)
Buildings and structures, net	12,883	12,766
Tools, furniture and fixtures	9,006	9,540
Accumulated depreciation	(5,834)	(6,447)
Tools, furniture and fixtures, net	3,171	3,092
Land	19,629	14,728
Construction in progress	327	1,567
Other	438	438
Accumulated depreciation	(334)	(368)
Other, net	103	69
Total property, plant and equipment	36,115	32,223
Intangible assets		
Trademark right	2,948	2,563
Goodwill	7,511	6,236
Other	2,083	2,339
Total intangible assets	12,543	11,139
Investments and other assets		
Investment securities	60	552
Shares of subsidiaries and associates	102	102
Long-term loans receivable	2,458	2,243
Lease and guarantee deposits	20,892	21,809
Other	1,208	1,272
Allowance for doubtful accounts	(18)	(16)
Total investments and other assets	24,704	25,963
Total non-current assets	73,363	69,326
Total assets	233,661	238,575

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	14,176	10,675
Short-term loans payable	6,355	3,191
Current portion of long-term loans payable	1,000	500
Income taxes payable	9,815	7,778
Provision for bonuses	702	831
Provision	291	424
Asset retirement obligations	14	19
Notes payable - facilities	722	892
Other	7,992	7,661
<b>Total current liabilities</b>	<b>41,070</b>	<b>31,975</b>
<b>Non-current liabilities</b>		
Convertible bond-type bonds with subscription rights to shares	33,000	–
Long-term loans payable	500	–
Provision	113	–
Net defined benefit liability	870	799
Asset retirement obligations	291	312
Other	2,280	1,835
<b>Total non-current liabilities</b>	<b>37,056</b>	<b>2,947</b>
<b>Total liabilities</b>	<b>78,126</b>	<b>34,923</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,482	19,972
Capital surplus	7,488	23,978
Retained earnings	131,413	148,175
Treasury shares	(0)	(2)
<b>Total shareholders' equity</b>	<b>142,384</b>	<b>192,125</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	14	(2)
Foreign currency translation adjustment	12,683	11,009
<b>Total accumulated other comprehensive income</b>	<b>12,697</b>	<b>11,006</b>
<b>Minority interests</b>	<b>453</b>	<b>520</b>
<b>Total net assets</b>	<b>155,535</b>	<b>203,652</b>
<b>Total liabilities and net assets</b>	<b>233,661</b>	<b>238,575</b>

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

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Net sales	213,584	238,154
Cost of sales	98,523	111,161
Gross profit	115,060	126,993
Selling, general and administrative expenses		
Packing and transportation expenses	2,435	2,664
Advertising expenses	6,311	6,548
Warehousing expenses	2,226	2,530
Directors' compensations, salaries and allowances	20,235	23,495
Bonuses	1,561	1,551
Provision for bonuses	696	832
Retirement benefit expenses	523	461
Legal and employee benefits expenses	2,775	3,143
Rents	19,885	23,413
Depreciation	4,019	4,314
Utilities expenses	2,189	2,179
Commission fee	4,144	4,791
Taxes and dues	873	1,138
Amortization of goodwill	1,161	1,272
Other	6,369	7,142
Total selling, general and administrative expenses	75,408	85,479
Operating income	39,651	41,514
Non-operating income		
Interest income	169	131
Rent Income	743	744
Advertising medium income	56	68
Other	303	184
Total non-operating income	1,273	1,129
Non-operating expenses		
Interest expenses	54	52
Foreign exchange losses	67	93
Rent expenses	230	265
Other	166	37
Total non-operating expenses	519	448
Ordinary income	40,405	42,196

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Extraordinary income		
Gain on sales of non-current assets	4	1,524
Total extraordinary income	4	1,524
Extraordinary losses		
Loss on sales of non-current assets	–	690
Loss on retirement of non-current assets	171	171
Impairment loss	253	1,761
Other	–	95
Total extraordinary losses	425	2,719
Income before income taxes and minority interests	39,985	41,001
Income taxes - current	16,100	15,088
Income taxes - deferred	(536)	(304)
Total income taxes	15,564	14,784
Income before minority interests	24,421	26,217
Minority interests in income	47	86
Net income	24,373	26,130

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Income before minority interests	24,421	26,217
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	(16)
Foreign currency translation adjustment	4,474	(1,693)
Total other comprehensive income	4,466	(1,710)
Comprehensive income	28,887	24,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,806	24,439
Comprehensive income attributable to minority interests	80	67

## Consolidated statements of changes in equity

Fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,482	7,488	112,310	(0)	123,281
Changes of items during period					
Dividends of surplus			(5,270)		(5,270)
Net income			24,373		24,373
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	19,103	(0)	19,102
Balance at end of current period	3,482	7,488	131,413	(0)	142,384

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	23	8,241	8,265	372	131,919
Changes of items during period					
Dividends of surplus					(5,270)
Net income					24,373
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(8)	4,441	4,432	80	4,513
Total changes of items during period	(8)	4,441	4,432	80	23,616
Balance at end of current period	14	12,683	12,697	453	155,535



Fiscal year ended February 29, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,482	7,488	131,413	(0)	142,384
Changes of items during period					
Issuance of new shares	16,490	16,490			32,980
Dividends of surplus			(9,368)		(9,368)
Net income			26,130		26,130
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	16,490	16,490	16,762	(1)	49,740
Balance at end of current period	19,972	23,978	148,175	(2)	192,125

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	14	12,683	12,697	453	155,535
Changes of items during period					
Issuance of new shares					32,980
Dividends of surplus					(9,368)
Net income					26,130
Purchase of treasury shares					(1)
Net changes of items other than shareholders' equity	(16)	(1,674)	(1,691)	67	(1,623)
Total changes of items during period	(16)	(1,674)	(1,691)	67	48,117
Balance at end of current period	(2)	11,009	11,006	520	203,652

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	39,985	41,001
Depreciation	4,019	4,314
Increase (decrease) in provision for bonuses	46	129
Increase (decrease) in allowance for doubtful accounts	24	(19)
Interest and dividend income	(170)	(132)
Interest expenses	54	52
Foreign exchange losses (gains)	21	112
Loss (gain) on sales and retirement of non-current assets	166	(662)
Impairment loss	253	1,761
Decrease (increase) in notes and accounts receivable - trade	(1,816)	325
Decrease (increase) in inventories	(7,980)	(5,678)
Increase (decrease) in notes and accounts payable - trade	4,943	(3,025)
Other, net	3,317	1,323
Subtotal	42,866	39,502
Interest and dividend income received	147	121
Interest expenses paid	(55)	(50)
Income taxes paid	(13,267)	(17,020)
Net cash provided by (used in) operating activities	29,691	22,552
Cash flows from investing activities		
Payments into time deposits	(506)	(120)
Proceeds from withdrawal of time deposits	–	536
Purchase of property, plant and equipment	(6,099)	(10,985)
Proceeds from sales of property, plant and equipment	5	10,192
Purchase of intangible assets	(366)	(829)
Payments for store removal	(89)	(95)
Purchase of investment securities	–	(536)
Purchase of shares of subsidiaries	(8)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,314)	–
Payments of loans receivable	(65)	(130)
Collection of loans receivable	101	228
Payments for lease and guarantee deposits	(2,526)	(2,645)
Proceeds from collection of lease and guarantee deposits	1,316	840
Other payments	(144)	(247)
Other proceeds	128	67
Net cash provided by (used in) investing activities	(9,568)	(3,726)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,617	(3,155)
Repayments of long-term loans payable	(1,003)	(1,000)
Cash dividends paid	(5,267)	(9,368)
Other payments	(22)	(43)
Net cash provided by (used in) financing activities	(3,675)	(13,567)
Effect of exchange rate change on cash and cash equivalents	604	(564)
Net increase (decrease) in cash and cash equivalents	17,051	4,694
Cash and cash equivalents at beginning of period	78,755	95,807
Cash and cash equivalents at end of period	95,807	100,501