

# Summary of Consolidated Financial Results for the Year Ended February 28, 2017 (FY2017) (Based on Japanese GAAP)

April 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  
 Inquiries: Director, Corporate Planning Office Manager Jo Kojima TEL 03-3476-5452  
 Scheduled date of ordinary general meeting of shareholders: May 30, 2017  
 Scheduled date to file Securities Report: May 31, 2017  
 Scheduled date to commence dividend payments: May 31, 2017  
 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 28, 2017 (from March 1, 2016 to February 28, 2017)

### (1) Consolidated operating results

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	%
Year ended February 28, 2017	238,952	0.3	41,860	0.8	42,860	1.6	28,365	8.6
Year ended February 29, 2016	238,154	11.5	41,514	4.7	42,196	4.4	26,130	7.2

(Note) Comprehensive income:

Year ended February 2017 26,321 million yen (7.4%) Year ended February 2016 24,507 million yen (-15.2%)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2017	343.69	-	13.4	17.4	17.5
Year ended February 29, 2016	331.17	-	14.6	17.9	17.4

(Reference) Equity in earnings of affiliated companies:

Year ended February 2017 - million yen Year ended February 2016 - 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 28, 2017	253,916	220,080	86.4	2,659.27
As of February 29, 2016	238,575	203,652	85.1	2,461.25

(Reference) Shareholders' Equity:

As of February 28, 2017 219,474 million yen As of February 29, 2016 203,131 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 28, 2017	32,847	(4,062)	(12,019)	117,089
Year ended February 29, 2016	22,552	(3,726)	(13,567)	100,501

## 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 29, 2016	-	60.00	-	60.00	120.00	9,802	36.2	5.3
Year ended February 28, 2017	-	60.00	-	60.00	120.00	9,903	34.9	4.7
Year ending February 28, 2018 (Forecast)	-	60.00	-	60.00	120.00		34.5	

## 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
Six months ending August 31, 2017	129,100	4.7	23,900	(0.5)	24,350	(0.3)	16,070	(1.0)	194.71
Full year	254,000	6.3	42,500	1.5	43,400	1.3	28,730	1.3	348.11

#### 4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 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
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|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons:   | No  |
| 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 February 28, 2017	82,532,416 shares	As of February 29, 2016	82,532,416 shares
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Number of treasury shares at the end of the period

As of February 28, 2017	393 shares	As of February 29, 2016	393 shares
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Average number of shares during the period

Year ended February 28, 2017	82,532,023 shares	Year ended February 29, 2016	78,905,989 shares
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#### (Reference) Summary of Nonconsolidated Financial Statements

##### 1. Nonconsolidated financial results for the year ended February 28, 2017 (from March 1, 2016 to February 28, 2017)

##### (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 28, 2017	178,930	2.7	37,372	1.7	39,030	3.4	25,992	12.8
Year ended February 29, 2016	174,167	9.1	36,752	2.9	37,732	2.9	23,041	4.2

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended February 28, 2017	314.94	-
Year ended February 29, 2016	292.01	-

##### (2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2017	220,036	194,397	88.3	2,355.42
As of February 29, 2016	205,497	178,299	86.8	2,160.36

#### (Reference) Shareholders' Equity:

As of February 28, 2017 194,397 million yen As of February 29, 2016 178,299 million yen

##### 2. Forecast of nonconsolidated 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		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2017	95,610	2.0	22,530	0.9	15,010	1.3	181.87
Full year	183,500	2.6	39,120	0.2	26,220	0.9	317.69

#### 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, 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.

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

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	100,748	117,261
Notes and accounts receivable - trade	8,147	8,333
Inventories	54,503	54,315
Deferred tax assets	1,864	1,759
Other	4,009	5,510
Allowance for doubtful accounts	(24)	(22)
Total current assets	169,249	187,158
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,672	27,101
Accumulated depreciation	(12,906)	(14,214)
Buildings and structures, net	12,766	12,886
Tools, furniture and fixtures	9,540	10,301
Accumulated depreciation	(6,447)	(7,125)
Tools, furniture and fixtures, net	3,092	3,175
Land	14,728	12,157
Construction in progress	1,567	139
Other	438	453
Accumulated depreciation	(368)	(382)
Other, net	69	70
Total property, plant and equipment	32,223	28,429
Intangible assets		
Trademark right	2,563	2,462
Goodwill	6,236	5,129
Other	2,339	1,853
Total intangible assets	11,139	9,445
Investments and other assets		
Investment securities	552	53
Shares of subsidiaries and associates	102	2,647
Long-term loans receivable	2,243	2,119
Lease and guarantee deposits	21,809	22,697
Net defined benefit asset	–	26
Other	1,272	1,354
Allowance for doubtful accounts	(16)	(17)
Total investments and other assets	25,963	28,882
Total non-current assets	69,326	66,757
Total assets	238,575	253,916

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	10,675	11,811
Short-term loans payable	3,191	1,574
Current portion of long-term loans payable	500	–
Income taxes payable	7,778	7,815
Provision for bonuses	831	881
Provision	424	363
Asset retirement obligations	19	10
Notes payable - facilities	892	1,019
Other	7,661	7,400
<b>Total current liabilities</b>	<b>31,975</b>	<b>30,875</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	799	741
Asset retirement obligations	312	331
Other	1,835	1,886
<b>Total non-current liabilities</b>	<b>2,947</b>	<b>2,959</b>
<b>Total liabilities</b>	<b>34,923</b>	<b>33,835</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,972	19,972
Capital surplus	23,978	23,979
Retained earnings	148,175	166,637
Treasury shares	(2)	(2)
<b>Total shareholders' equity</b>	<b>192,125</b>	<b>210,588</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2)	8
Foreign currency translation adjustment	11,009	8,877
<b>Total accumulated other comprehensive income</b>	<b>11,006</b>	<b>8,886</b>
<b>Non-controlling interests</b>	<b>520</b>	<b>606</b>
<b>Total net assets</b>	<b>203,652</b>	<b>220,080</b>
<b>Total liabilities and net assets</b>	<b>238,575</b>	<b>253,916</b>

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

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Net sales	238,154	238,952
Cost of sales	111,161	110,068
Gross profit	126,993	128,884
Selling, general and administrative expenses		
Packing and transportation expenses	2,664	2,814
Advertising expenses	6,548	6,805
Warehousing expenses	2,530	2,500
Directors' compensations, salaries and allowances	23,495	23,819
Bonuses	1,551	1,591
Provision for bonuses	832	879
Retirement benefit expenses	461	415
Legal and employee benefits expenses	3,143	3,327
Rents	23,413	24,988
Depreciation	4,314	4,065
Utilities expenses	2,179	2,083
Commission fee	4,791	4,884
Taxes and dues	1,138	1,258
Amortization of goodwill	1,272	845
Other	7,142	6,743
Total selling, general and administrative expenses	85,479	87,023
Operating income	41,514	41,860
Non-operating income		
Interest income	131	126
Foreign exchange gains	–	36
Rent Income	744	798
Advertising medium income	68	52
Other	184	240
Total non-operating income	1,129	1,252
Non-operating expenses		
Interest expenses	52	10
Foreign exchange losses	93	–
Rent expenses	265	196
Other	37	46
Total non-operating expenses	448	252
Ordinary income	42,196	42,860

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Extraordinary income		
Gain on sales of non-current assets	1,524	792
Total extraordinary income	1,524	792
Extraordinary losses		
Loss on sales of non-current assets	690	–
Loss on retirement of non-current assets	171	148
Impairment loss	1,761	510
Other	95	4
Total extraordinary losses	2,719	663
Profit before income taxes	41,001	42,989
Income taxes - current	15,088	14,615
Income taxes - deferred	(304)	(68)
Total income taxes	14,784	14,547
Profit	26,217	28,442
Profit attributable to non-controlling interests	86	76
Profit attributable to owners of parent	26,130	28,365

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Profit	26,217	28,442
Other comprehensive income		
Valuation difference on available-for-sale securities	(16)	11
Foreign currency translation adjustment	(1,693)	(2,131)
Total other comprehensive income	(1,710)	(2,120)
Comprehensive income	24,507	26,321
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,439	26,245
Comprehensive income attributable to non-controlling interests	67	75

## Consolidated statements of changes in equity

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)
Profit attributable to owners of parent			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			Non-controlling 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)
Profit attributable to owners of parent					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



Fiscal year ended February 28, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,972	23,978	148,175	(2)	192,125
Changes of items during period					
Sales of shares of consolidated subsidiaries		1			1
Dividends of surplus			(9,903)		(9,903)
Profit attributable to owners of parent			28,365		28,365
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1	18,461	-	18,463
Balance at end of current period	19,972	23,979	166,637	(2)	210,588

	Accumulated other comprehensive income			Non-controlling 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	(2)	11,009	11,006	520	203,652
Changes of items during period					
Sales of shares of consolidated subsidiaries					1
Dividends of surplus					(9,903)
Profit attributable to owners of parent					28,365
Net changes of items other than shareholders' equity	11	(2,131)	(2,120)	85	(2,034)
Total changes of items during period	11	(2,131)	(2,120)	85	16,428
Balance at end of current period	8	8,877	8,886	606	220,080

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Cash flows from operating activities		
Profit before income taxes	41,001	42,989
Depreciation	4,314	4,275
Increase (decrease) in provision for bonuses	129	49
Increase (decrease) in allowance for doubtful accounts	(19)	(0)
Interest and dividend income	(132)	(127)
Interest expenses	52	10
Foreign exchange losses (gains)	112	(81)
Loss (gain) on sales and retirement of non-current assets	(662)	(643)
Impairment loss	1,761	510
Decrease (increase) in notes and accounts receivable - trade	325	(575)
Decrease (increase) in inventories	(5,678)	(560)
Increase (decrease) in notes and accounts payable - trade	(3,025)	1,548
Other, net	1,323	162
Subtotal	39,502	47,556
Interest and dividend income received	121	111
Interest expenses paid	(50)	(8)
Income taxes paid	(17,020)	(14,811)
Net cash provided by (used in) operating activities	22,552	32,847
Cash flows from investing activities		
Payments into time deposits	(120)	(18)
Proceeds from withdrawal of time deposits	536	11
Purchase of property, plant and equipment	(10,985)	(4,741)
Proceeds from sales of property, plant and equipment	10,192	5,309
Purchase of intangible assets	(829)	(462)
Payments for store removal	(95)	(128)
Purchase of investment securities	(536)	–
Purchase of shares of subsidiaries and associates	–	(2,544)
Payments of loans receivable	(130)	(146)
Collection of loans receivable	228	276
Payments for lease and guarantee deposits	(2,645)	(2,570)
Proceeds from collection of lease and guarantee deposits	840	849
Other payments	(247)	(136)
Other proceeds	67	241
Net cash provided by (used in) investing activities	(3,726)	(4,062)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,155)	(1,614)
Repayments of long-term loans payable	(1,000)	(500)
Cash dividends paid	(9,368)	(9,900)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	10
Other payments	(43)	(15)
Net cash provided by (used in) financing activities	(13,567)	(12,019)
Effect of exchange rate change on cash and cash equivalents	(564)	(177)
Net increase (decrease) in cash and cash equivalents	4,694	16,587
Cash and cash equivalents at beginning of period	95,807	100,501
Cash and cash equivalents at end of period	100,501	117,089