

# Summary of Consolidated Financial Results for the Year Ended February 28, 2018 (FY2018) (Based on Japanese GAAP)

April 10, 2018

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 24, 2018  
 Scheduled date to file Securities Report: May 28, 2018  
 Scheduled date to commence dividend payments: May 25, 2018  
 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, 2018 (from March 1, 2017 to February 28, 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 February 28, 2018	254,283	6.4	43,386	3.6	44,501	3.8	29,714	4.8
Year ended February 28, 2017	238,952	0.3	41,860	0.8	42,860	1.6	28,365	8.6

(Note) Comprehensive income:

Year ended February 2018 32,330 million yen (22.8%) Year ended February 2017 26,321 million yen (7.4%)

	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 February 28, 2018	360.04	–	12.9	16.7	17.1
Year ended February 28, 2017	343.69	–	13.4	17.4	17.5

(Reference) Equity in earnings of affiliated companies:

Year ended February 2018 - million yen Year ended February 2017 - 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, 2018	279,697	242,507	86.4	2,928.63
As of February 28, 2017	253,916	220,080	86.4	2,659.27

(Reference) Shareholders' Equity:

As of February 28, 2018 241,706 million yen As of February 28, 2017 219,474 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, 2018	27,697	(9,877)	(8,699)	126,782
Year ended February 28, 2017	32,847	(4,062)	(12,019)	117,089

## 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, 2017	–	60.00	–	60.00	120.00	9,903	34.9	4.7
Year ended February 28, 2018	–	60.00	–	70.00	130.00	10,729	36.1	4.7
Year ending February 28, 2019 (Forecast)	–	65.00	–	65.00	130.00		36.1	

## 3. Forecast of consolidated financial results for the year ending February 28, 2019 (from March 1, 2018 to February 28, 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 August 31, 2018	133,200	3.4	24,200	2.2	24,530	1.1	16,270	1.2	197.14
Full year	263,400	3.6	43,900	1.2	44,600	0.2	29,740	0.1	360.34

#### 4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2018  
(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: 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, 2018	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 February 28, 2018	393 shares	As of February 28, 2017	393 shares
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Average number of shares during the period

Year ended February 28, 2018	82,532,023 shares	Year ended February 28, 2017	82,532,023 shares
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#### (Reference) Summary of Nonconsolidated Financial Statements

##### 1. Nonconsolidated financial results for the year ended February 28, 2018 (from March 1, 2017 to February 28, 2018)

###### (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, 2018	186,243	4.1	38,686	3.5	40,719	4.3	27,156	4.5
Year ended February 28, 2017	178,930	2.7	37,372	1.7	39,030	3.4	25,992	12.8

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended February 28, 2018	329.04	-
Year ended February 28, 2017	314.94	-

###### (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, 2018	240,482	211,649	88.0	2,564.45
As of February 28, 2017	220,036	194,397	88.3	2,355.42

#### (Reference) Shareholders' Equity:

As of February 28, 2018 211,649 million yen As of February 28, 2017 194,397 million yen

##### 2. Forecast of nonconsolidated financial results for the year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

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, 2018	99,060	2.9	22,880	1.2	15,230	1.9	184.53
Full year	191,100	2.6	40,730	0.0	27,170	0.1	329.21

**THIS CONSOLIDATED FINANCIAL RESULTS STATEMENT AND THIS FINANCIAL RESULTS STATEMENT ARE EXEMPT FROM THE AUDIT PROCEDURES.**

#### FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

The forecast for the year ending February 28, 2019 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, 2017	As of February 28, 2018
Assets		
Current assets		
Cash and deposits	117,261	126,963
Notes and accounts receivable - trade	8,333	9,386
Inventories	54,315	64,390
Deferred tax assets	1,759	1,180
Other	5,510	5,198
Allowance for doubtful accounts	(22)	(19)
Total current assets	187,158	207,099
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,101	28,179
Accumulated depreciation	(14,214)	(15,022)
Buildings and structures, net	12,886	13,157
Tools, furniture and fixtures	10,301	12,463
Accumulated depreciation	(7,125)	(8,242)
Tools, furniture and fixtures, net	3,175	4,221
Land	12,157	14,111
Construction in progress	139	931
Other	453	474
Accumulated depreciation	(382)	(388)
Other, net	70	86
Total property, plant and equipment	28,429	32,507
Intangible assets		
Trademark right	2,462	1,996
Goodwill	5,129	4,109
Other	1,853	1,968
Total intangible assets	9,445	8,075
Investments and other assets		
Investment securities	53	52
Shares of subsidiaries and associates	2,647	2,647
Long-term loans receivable	2,119	1,953
Lease and guarantee deposits	22,697	25,180
Net defined benefit asset	26	83
Other	1,354	2,114
Allowance for doubtful accounts	(17)	(19)
Total investments and other assets	28,882	32,014
Total non-current assets	66,757	72,597
Total assets	253,916	279,697

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,811	15,262
Short-term loans payable	1,574	2,775
Income taxes payable	7,815	7,961
Provision for bonuses	881	906
Provision	363	337
Asset retirement obligations	10	16
Notes payable - facilities	1,019	883
Other	7,400	6,780
Total current liabilities	30,875	34,924
Non-current liabilities		
Net defined benefit liability	741	682
Asset retirement obligations	331	370
Other	1,886	1,212
Total non-current liabilities	2,959	2,264
Total liabilities	33,835	37,189
<b>Net assets</b>		
Shareholders' equity		
Capital stock	19,972	19,972
Capital surplus	23,979	23,979
Retained earnings	166,637	186,448
Treasury shares	(2)	(2)
Total shareholders' equity	210,588	230,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	13
Foreign currency translation adjustment	8,877	11,293
Total accumulated other comprehensive income	8,886	11,306
Non-controlling interests	606	801
Total net assets	220,080	242,507
Total liabilities and net assets	253,916	279,697

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

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net sales	238,952	254,283
Cost of sales	110,068	118,631
Gross profit	128,884	135,651
Selling, general and administrative expenses		
Packing and transportation expenses	2,814	3,073
Advertising expenses	6,805	6,898
Warehousing expenses	2,500	2,806
Directors' compensations, salaries and allowances	23,819	24,762
Bonuses	1,591	1,635
Provision for bonuses	879	904
Retirement benefit expenses	415	427
Legal and employee benefits expenses	3,327	3,573
Rents	24,988	26,735
Depreciation	4,065	4,214
Utilities expenses	2,083	2,136
Commission fee	4,884	5,305
Taxes and dues	1,258	1,769
Amortization of goodwill	845	861
Other	6,743	7,160
Total selling, general and administrative expenses	87,023	92,265
Operating profit	41,860	43,386
Non-operating income		
Interest income	126	119
Foreign exchange gains	36	55
Rent Income	798	1,096
Advertising medium income	52	53
Other	240	301
Total non-operating income	1,252	1,626
Non-operating expenses		
Interest expenses	10	10
Rent expenses	196	464
Other	46	36
Total non-operating expenses	252	511
Ordinary profit	42,860	44,501

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Extraordinary income		
Gain on sales of non-current assets	792	100
Total extraordinary income	792	100
Extraordinary losses		
Loss on retirement of non-current assets	148	211
Impairment loss	510	623
Other	4	–
Total extraordinary losses	663	834
Profit before income taxes	42,989	43,767
Income taxes - current	14,615	14,730
Income taxes - deferred	(68)	(839)
Total income taxes	14,547	13,890
Profit	28,442	29,876
Profit attributable to non-controlling interests	76	161
Profit attributable to owners of parent	28,365	29,714

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Profit	28,442	29,876
Other comprehensive income		
Valuation difference on available-for-sale securities	11	4
Foreign currency translation adjustment	(2,131)	2,450
Total other comprehensive income	(2,120)	2,454
Comprehensive income	26,321	32,330
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,245	32,135
Comprehensive income attributable to non-controlling interests	75	195

## Consolidated statements of changes in equity

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



Fiscal year ended February 28, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,972	23,979	166,637	(2)	210,588
Changes of items during period					
Dividends of surplus			(9,903)		(9,903)
Profit attributable to owners of parent			29,714		29,714
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	19,810	-	19,810
Balance at end of current period	19,972	23,979	186,448	(2)	230,399

	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	8	8,877	8,886	606	220,080
Changes of items during period					
Dividends of surplus					(9,903)
Profit attributable to owners of parent					29,714
Net changes of items other than shareholders' equity	4	2,416	2,420	195	2,615
Total changes of items during period	4	2,416	2,420	195	22,426
Balance at end of current period	13	11,293	11,306	801	242,507

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Cash flows from operating activities		
Profit before income taxes	42,989	43,767
Depreciation	4,275	4,417
Increase (decrease) in provision for bonuses	49	24
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Interest and dividend income	(127)	(121)
Interest expenses	10	10
Foreign exchange losses (gains)	(81)	(11)
Loss (gain) on sales and retirement of non-current assets	(643)	111
Impairment loss	510	623
Decrease (increase) in notes and accounts receivable - trade	(575)	(886)
Decrease (increase) in inventories	(560)	(9,287)
Increase (decrease) in notes and accounts payable - trade	1,548	3,463
Other, net	162	756
Subtotal	47,556	42,865
Interest and dividend income received	111	112
Interest expenses paid	(8)	(11)
Income taxes paid	(14,811)	(15,269)
Net cash provided by (used in) operating activities	32,847	27,697
Cash flows from investing activities		
Payments into time deposits	(18)	–
Proceeds from withdrawal of time deposits	11	2
Purchase of property, plant and equipment	(4,741)	(8,887)
Proceeds from sales of property, plant and equipment	5,309	824
Purchase of intangible assets	(462)	(638)
Payments for store removal	(128)	(117)
Proceeds from redemption of investment securities	–	498
Purchase of shares of subsidiaries and associates	(2,544)	–
Payments of loans receivable	(146)	(100)
Collection of loans receivable	276	277
Payments for lease and guarantee deposits	(2,570)	(2,379)
Proceeds from collection of lease and guarantee deposits	849	767
Other payments	(136)	(135)
Other proceeds	241	11
Net cash provided by (used in) investing activities	(4,062)	(9,877)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,614)	1,200
Repayments of long-term loans payable	(500)	–
Cash dividends paid	(9,900)	(9,899)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	10	–
Other payments	(15)	(0)
Net cash provided by (used in) financing activities	(12,019)	(8,699)
Effect of exchange rate change on cash and cash equivalents	(177)	572
Net increase (decrease) in cash and cash equivalents	16,587	9,693
Cash and cash equivalents at beginning of period	100,501	117,089
Cash and cash equivalents at end of period	117,089	126,782