

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2018(Q2 FY2019) (Based on Japanese GAAP)

October 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
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 Scheduled date to file Quarterly Securities Report: October 11, 2018
 Scheduled date to commence dividend payments: November 12, 2018
 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, 2018 (from March 1, 2018 to August 31, 2018)

(1) Consolidated operating results (cumulative) 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	%
Six months ended August 31, 2018	132,832	3.1	24,652	4.1	25,298	4.3	16,922	5.2
Six months ended August 31, 2017	128,839	4.5	23,674	(1.5)	24,260	(0.7)	16,080	(1.0)

(Note) Comprehensive income:

Six months ended August 31, 2018 14,265 million yen (Δ 10.8%) Six months ended August 31, 2017 15,995 million yen (57.2%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2018	205.04	–
Six months ended August 31, 2017	194.84	–

(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, 2018	289,146	250,996	86.5	3,030.99
As of February 28, 2018	279,697	242,507	86.4	2,928.63

(Reference) Shareholders' Equity:

As of August 31, 2018 250,153 million yen As of February 28, 2018 241,706 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, 2018	–	60.00	–	70.00	130.00
Year ending February 28, 2019	–	65.00			
Year ending February 28, 2019 (Forecast)			–	65.00	130.00

(Note) Revisions to dividend forecasts published most recently: No

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
Full year	263,400	3.6	43,900	1.2	44,600	0.2	29,740	0.1	360.34

(Note) Revisions to financial forecasts published most recently: No

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2018
 (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, 2018	82,532,416 shares	As of February 28, 2018	82,532,416 shares
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Number of treasury shares at the end of the period

As of August 31, 2018	393 shares	As of February 28, 2018	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, 2018	82,532,023 shares	Six months ended August 31, 2017	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, 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2018	As of August 31, 2018
Assets		
Current assets		
Cash and deposits	126,963	132,600
Notes and accounts receivable - trade	9,386	9,576
Inventories	64,390	69,287
Deferred tax assets	1,180	1,204
Other	5,198	5,406
Allowance for doubtful accounts	(19)	(23)
Total current assets	207,099	218,051
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,179	29,057
Accumulated depreciation	(15,022)	(15,535)
Buildings and structures, net	13,157	13,522
Tools, furniture and fixtures	12,463	12,964
Accumulated depreciation	(8,242)	(8,284)
Tools, furniture and fixtures, net	4,221	4,679
Land	14,111	13,760
Construction in progress	931	231
Other	474	436
Accumulated depreciation	(388)	(372)
Other, net	86	63
Total property, plant and equipment	32,507	32,257
Intangible assets		
Trademark right	1,996	1,763
Goodwill	4,109	3,596
Other	1,968	2,074
Total intangible assets	8,075	7,434
Investments and other assets		
Investment securities	52	53
Shares of subsidiaries and associates	2,647	2,647
Long-term loans receivable	1,953	1,873
Lease and guarantee deposits	25,180	24,691
Net defined benefit asset	83	–
Other	2,114	2,154
Allowance for doubtful accounts	(19)	(17)
Total investments and other assets	32,014	31,403
Total non-current assets	72,597	71,095
Total assets	279,697	289,146

(Millions of yen)

	As of February 28, 2018	As of August 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,262	15,845
Short-term loans payable	2,775	1,667
Income taxes payable	7,961	8,677
Provision for bonuses	906	907
Provision	337	287
Asset retirement obligations	16	17
Notes payable - facilities	883	872
Other	6,780	7,815
Total current liabilities	34,924	36,091
Non-current liabilities		
Net defined benefit liability	682	678
Asset retirement obligations	370	370
Other	1,212	1,009
Total non-current liabilities	2,264	2,058
Total liabilities	37,189	38,150
Net assets		
Shareholders' equity		
Capital stock	19,972	19,972
Capital surplus	23,979	23,979
Retained earnings	186,448	197,593
Treasury shares	(2)	(2)
Total shareholders' equity	230,399	241,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13	14
Foreign currency translation adjustment	11,293	8,595
Total accumulated other comprehensive income	11,306	8,609
Non-controlling interests	801	843
Total net assets	242,507	250,996
Total liabilities and net assets	279,697	289,146

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, 2017	Six months ended August 31, 2018
Net sales	128,839	132,832
Cost of sales	59,291	60,912
Gross profit	69,548	71,920
Selling, general and administrative expenses		
Packing and transportation expenses	1,484	1,604
Advertising expenses	3,452	2,847
Warehousing expenses	1,413	1,583
Directors' compensations, salaries and allowances	12,370	12,714
Bonuses	371	399
Provision for bonuses	873	905
Retirement benefit expenses	214	199
Legal and employee benefits expenses	1,765	1,913
Rents	13,404	14,107
Depreciation	2,034	2,177
Utilities expenses	1,067	1,092
Commission fee	2,665	2,863
Taxes and dues	858	881
Amortization of goodwill	432	418
Other	3,463	3,557
Total selling, general and administrative expenses	45,874	47,267
Operating profit	23,674	24,652
Non-operating income		
Interest income	67	73
Foreign exchange gains	20	–
Rent Income	534	559
Advertising medium income	24	21
Other	154	287
Total non-operating income	801	942
Non-operating expenses		
Interest expenses	5	4
Foreign exchange losses	–	37
Rent expenses	183	231
Other	26	23
Total non-operating expenses	214	296
Ordinary profit	24,260	25,298

(Millions of yen)

	Six months ended August 31, 2017	Six months ended August 31, 2018
Extraordinary income		
Gain on sales of non-current assets	2	53
Total extraordinary income	2	53
Extraordinary losses		
Loss on retirement of non-current assets	120	91
Impairment loss	215	188
Other	–	1
Total extraordinary losses	336	281
Profit before income taxes	23,926	25,070
Income taxes - current	7,939	8,224
Income taxes - deferred	(168)	(154)
Total income taxes	7,771	8,070
Profit	16,154	16,999
Profit attributable to non-controlling interests	74	77
Profit attributable to owners of parent	16,080	16,922

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2017	Six months ended August 31, 2018
Profit	16,154	16,999
Other comprehensive income		
Valuation difference on available-for-sale securities	1	0
Foreign currency translation adjustment	(160)	(2,734)
Total other comprehensive income	(159)	(2,734)
Comprehensive income	15,995	14,265
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,907	14,224
Comprehensive income attributable to non-controlling interests	87	41

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2017	Six months ended August 31, 2018
Cash flows from operating activities		
Profit before income taxes	23,926	25,070
Depreciation	2,139	2,271
Increase (decrease) in provision for bonuses	(6)	1
Increase (decrease) in allowance for doubtful accounts	(1)	3
Interest and dividend income	(68)	(74)
Interest expenses	5	4
Foreign exchange losses (gains)	15	(16)
Loss (gain) on sales and retirement of non-current assets	118	39
Impairment loss	215	188
Decrease (increase) in notes and accounts receivable - trade	(365)	(1,035)
Decrease (increase) in inventories	(6,308)	(5,769)
Increase (decrease) in notes and accounts payable - trade	675	1,000
Other, net	792	1,499
Subtotal	21,138	23,181
Interest and dividend income received	65	67
Interest expenses paid	(5)	(4)
Income taxes paid	(7,404)	(6,936)
Net cash provided by (used in) operating activities	13,794	16,308
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,570)	(3,570)
Proceeds from sales of property, plant and equipment	83	1,226
Purchase of intangible assets	(304)	(396)
Payments for store removal	(66)	(70)
Proceeds from redemption of investment securities	492	–
Payments of loans receivable	(100)	(100)
Collection of loans receivable	188	188
Payments for lease and guarantee deposits	(1,496)	(766)
Proceeds from collection of lease and guarantee deposits	548	339
Other payments	(76)	(140)
Other proceeds	0	12
Net cash provided by (used in) investing activities	(6,300)	(3,277)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	494	(1,107)
Cash dividends paid	(4,947)	(5,773)
Other payments	(0)	(0)
Net cash provided by (used in) financing activities	(4,453)	(6,881)
Effect of exchange rate change on cash and cash equivalents	19	(500)
Net increase (decrease) in cash and cash equivalents	3,059	5,648
Cash and cash equivalents at beginning of period	117,089	126,782
Cash and cash equivalents at end of period	120,148	132,430