

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2019(Q2 FY2020) (Based on Japanese GAAP)



October 9, 2019

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 10, 2019
 Scheduled date to commence dividend payments: November 11, 2019
 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, 2019 (from March 1, 2019 to August 31, 2019)

(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, 2019	140,158	5.5	25,324	2.7	25,839	2.1	17,331	2.4
Six months ended August 31, 2018	132,832	3.1	24,652	4.1	25,298	4.3	16,922	5.2

(Note) Comprehensive income:

Six months ended August 31, 2019 14,805 million yen (3.8%) Six months ended August 31, 2018 14,265 million yen (△10.8%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2019	210.00	—
Six months ended August 31, 2018	205.04	—

(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, 2019	305,783	265,453	86.5	3,203.58
As of February 28, 2019	296,941	259,315	87.0	3,130.62

(Reference) Shareholders' Equity:

As of August 31, 2019 264,397 million yen As of February 28, 2019 258,376 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, 2019	—	65.00	—	105.00	170.00
Year ending February 29, 2020	—	85.00	—	—	—
Year ending February 29, 2020 (Forecast)	—	—	—	85.00	170.00

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

3. Forecast of consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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	278,300	4.3	45,200	2.9	45,700	1.3	30,860	1.9	373.90

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

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2019
 (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: No
- (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, 2019	82,532,416 shares	As of February 28, 2019	82,532,416 shares
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Number of treasury shares at the end of the period

As of August 31, 2019	470 shares	As of February 28, 2019	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, 2019	82,531,974 shares	Six months ended August 31, 2018	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 29, 2020 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, 2019	As of August 31, 2019
Assets		
Current assets		
Cash and deposits	139,914	143,708
Notes and accounts receivable - trade	10,423	10,479
Inventories	65,665	67,135
Other	4,648	8,546
Allowance for doubtful accounts	(42)	(45)
Total current assets	220,610	229,823
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,266	30,642
Accumulated depreciation	(16,089)	(16,254)
Buildings and structures, net	14,176	14,387
Tools, furniture and fixtures	13,612	13,944
Accumulated depreciation	(8,818)	(8,920)
Tools, furniture and fixtures, net	4,794	5,023
Land	17,099	17,011
Construction in progress	203	300
Other	432	461
Accumulated depreciation	(378)	(391)
Other, net	54	70
Total property, plant and equipment	36,328	36,794
Intangible assets		
Trademark right	1,570	1,340
Goodwill	2,876	2,407
Other	2,392	2,501
Total intangible assets	6,840	6,248
Investments and other assets		
Investment securities	46	40
Shares of subsidiaries and associates	2,647	2,647
Long-term loans receivable	1,802	1,721
Lease and guarantee deposits	24,961	24,878
Deferred tax assets	3,087	3,030
Other	634	612
Allowance for doubtful accounts	(17)	(16)
Total investments and other assets	33,162	32,916
Total non-current assets	76,330	75,959
Total assets	296,941	305,783

(Millions of yen)

	As of February 28, 2019	As of August 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,877	16,504
Short-term loans payable	2,189	1,518
Income taxes payable	7,721	8,451
Provision for bonuses	915	964
Provision	361	224
Asset retirement obligations	23	18
Notes payable - facilities	1,227	1,654
Other	9,264	8,993
Total current liabilities	35,580	38,330
Non-current liabilities		
Net defined benefit liability	703	649
Asset retirement obligations	377	421
Other	964	927
Total non-current liabilities	2,045	1,998
Total liabilities	37,626	40,329
Net assets		
Shareholders' equity		
Capital stock	19,972	19,972
Capital surplus	23,979	23,979
Retained earnings	205,591	214,257
Treasury shares	(2)	(2)
Total shareholders' equity	249,542	258,207
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	28
Foreign currency translation adjustment	8,825	6,161
Total accumulated other comprehensive income	8,833	6,189
Non-controlling interests	938	1,056
Total net assets	259,315	265,453
Total liabilities and net assets	296,941	305,783

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, 2018	Six months ended August 31, 2019
Net sales	132,832	140,158
Cost of sales	60,912	65,390
Gross profit	71,920	74,767
Selling, general and administrative expenses		
Packing and transportation expenses	1,604	1,796
Advertising expenses	2,847	2,816
Warehousing expenses	1,583	1,565
Directors' compensations, salaries and allowances	12,714	13,611
Bonuses	399	403
Provision for bonuses	905	965
Retirement benefit expenses	199	209
Legal and employee benefits expenses	1,913	2,034
Rents	14,107	13,883
Depreciation	2,177	2,389
Utilities expenses	1,092	1,090
Commission fee	2,863	3,371
Taxes and dues	881	925
Amortization of goodwill	418	394
Other	3,557	3,983
Total selling, general and administrative expenses	47,267	49,443
Operating profit	24,652	25,324
Non-operating income		
Interest income	73	79
Rent Income	559	513
Advertising medium income	21	19
Other	287	285
Total non-operating income	942	897
Non-operating expenses		
Interest expenses	4	4
Foreign exchange losses	37	101
Rent expenses	231	247
Other	23	30
Total non-operating expenses	296	383
Ordinary profit	25,298	25,839

(Millions of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Extraordinary income		
Gain on sales of non-current assets	53	—
Total extraordinary income	53	—
Extraordinary losses		
Loss on retirement of non-current assets	91	74
Impairment loss	188	338
Other	1	—
Total extraordinary losses	281	413
Profit before income taxes	25,070	25,425
Income taxes - current	8,224	7,921
Income taxes - deferred	(154)	19
Total income taxes	8,070	7,940
Profit	16,999	17,485
Profit attributable to non-controlling interests	77	153
Profit attributable to owners of parent	16,922	17,331

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Profit	16,999	17,485
Other comprehensive income		
Valuation difference on available-for-sale securities	0	19
Foreign currency translation adjustment	(2,734)	(2,699)
Total other comprehensive income	(2,734)	(2,680)
Comprehensive income	14,265	14,805
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,224	14,687
Comprehensive income attributable to non-controlling interests	41	117

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Cash flows from operating activities		
Profit before income taxes	25,070	25,425
Depreciation	2,271	2,405
Increase (decrease) in provision for bonuses	1	50
Increase (decrease) in allowance for doubtful accounts	3	4
Interest and dividend income	(74)	(80)
Interest expenses	4	4
Foreign exchange losses (gains)	(16)	76
Loss (gain) on sales and retirement of non-current assets	39	74
Impairment loss	188	338
Decrease (increase) in notes and accounts receivable - trade	(1,035)	(1,828)
Decrease (increase) in inventories	(5,769)	(2,557)
Increase (decrease) in notes and accounts payable - trade	1,000	2,831
Other, net	1,499	128
Subtotal	23,181	26,873
Interest and dividend income received	67	73
Interest expenses paid	(4)	(4)
Income taxes paid	(6,936)	(7,197)
Net cash provided by (used in) operating activities	16,308	19,745
Cash flows from investing activities		
Payments into time deposits	–	(5)
Purchase of securities	–	(1,922)
Purchase of property, plant and equipment	(3,570)	(3,044)
Proceeds from sales of property, plant and equipment	1,226	90
Purchase of intangible assets	(396)	(450)
Payments for store removal	(70)	(8)
Payments of loans receivable	(100)	(100)
Collection of loans receivable	188	184
Payments for lease and guarantee deposits	(766)	(1,037)
Proceeds from collection of lease and guarantee deposits	339	309
Other payments	(140)	(50)
Other proceeds	12	26
Net cash provided by (used in) investing activities	(3,277)	(6,009)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,107)	(667)
Cash dividends paid	(5,773)	(8,657)
Other payments	(0)	(0)
Net cash provided by (used in) financing activities	(6,881)	(9,325)
Effect of exchange rate change on cash and cash equivalents	(500)	(612)
Net increase (decrease) in cash and cash equivalents	5,648	3,796
Cash and cash equivalents at beginning of period	126,782	139,743
Cash and cash equivalents at end of period	132,430	143,540