

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2020 (Q2 FY2021) (Based on Japanese GAAP)



October 14, 2020

Company name: ABC-MART, INC.
 Stock exchange listing: Tokyo
 Stock code: 2670 URL <https://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 15, 2020
 Scheduled date to commence dividend payments: November 16, 2020
 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, 2020 (from March 1, 2020 to August 31, 2020)

(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, 2020	102,152	(27.1)	8,538	(66.3)	9,190	(64.4)	5,542	(68.0)
Six months ended August 31, 2019	140,158	5.5	25,324	2.7	25,839	2.1	17,331	2.4

(Note) Comprehensive income:

Six months ended August 31, 2020 6,513 million yen (Δ 56.0%) Six months ended August 31, 2019 14,805 million yen (3.8%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2020	67.15		-	
Six months ended August 31, 2019	210.00		-	

(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, 2020	310,592	271,307	87.0	3,272.56
As of February 29, 2020	311,084	271,809	87.0	3,279.24

(Reference) Shareholders' Equity:

As of August 31, 2020 270,114 million yen As of February 28, 2020 270,665 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2020	-	85.00	-	85.00	170.00
Year ending February 28, 2021	-	85.00	-	-	-
Year ending February 28, 2021 (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 28, 2021 (from March 1, 2020 to February 28, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	220,600	(19.0)	17,800	(59.0)	18,700	(57.8)	12,200	(58.9)	147.81

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2020
(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, 2020	82,539,646 shares	As of February 29, 2020	82,539,646 shares
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Number of treasury shares at the end of the period

As of August 31, 2020	470 shares	As of February 29, 2020	470 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, 2020	82,539,176 shares	Six months ended August 31, 2019	82,531,974 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, 2021 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 29, 2020	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	149,344	131,520
Notes and accounts receivable - trade	10,493	9,723
Inventories	68,011	71,055
Other	5,990	5,288
Allowance for doubtful accounts	(36)	(47)
Total current assets	233,803	217,539
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,559	33,125
Accumulated depreciation	(16,789)	(17,384)
Buildings and structures, net	14,770	15,741
Tools, furniture and fixtures	14,935	15,401
Accumulated depreciation	(9,643)	(10,158)
Tools, furniture and fixtures, net	5,292	5,242
Land	17,029	17,007
Construction in progress	372	147
Other	452	444
Accumulated depreciation	(397)	(390)
Other, net	55	54
Total property, plant and equipment	37,520	38,192
Intangible assets		
Trademark right	1,162	955
Goodwill	2,054	1,634
Other	2,697	2,822
Total intangible assets	5,914	5,412
Investments and other assets		
Investment securities	33	16,914
Shares of subsidiaries and associates	2,647	2,647
Long-term loans receivable	1,660	1,577
Leasehold and guarantee deposits	25,522	25,533
Deferred tax assets	3,357	2,149
Other	639	640
Allowance for doubtful accounts	(17)	(16)
Total investments and other assets	33,845	49,447
Total non-current assets	77,280	93,052
Total assets	311,084	310,592

(Millions of yen)

	As of February 29, 2020	As of August 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,413	13,557
Short-term borrowings	2,216	1,578
Income taxes payable	7,150	9,729
Provision for bonuses	985	1,024
Provisions	219	153
Asset retirement obligations	23	9
Notes payable - facilities	1,045	1,288
Other	9,114	9,743
Total current liabilities	37,170	37,085
Non-current liabilities		
Retirement benefit liability	799	919
Asset retirement obligations	453	476
Other	852	803
Total non-current liabilities	2,105	2,199
Total liabilities	39,275	39,285
Net assets		
Shareholders' equity		
Share capital	19,972	19,972
Capital surplus	24,043	24,043
Retained earnings	219,616	218,143
Treasury shares	(2)	(2)
Total shareholders' equity	263,630	262,157
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	2,838
Foreign currency translation adjustment	7,030	5,118
Total accumulated other comprehensive income	7,035	7,957
Non-controlling interests	1,143	1,192
Total net assets	271,809	271,307
Total liabilities and net assets	311,084	310,592

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, 2019	Six months ended August 31, 2020
Net sales	140,158	102,152
Cost of sales	65,390	50,563
Gross profit	74,767	51,589
Selling, general and administrative expenses		
Packing and transportation costs	1,796	1,709
Advertising expenses	2,816	2,782
Storage costs	1,565	1,548
Remuneration, salaries and allowances for directors (and other officers)	13,611	11,300
Bonuses	403	378
Provision for bonuses	965	1,024
Retirement benefit expenses	209	251
Legal and other welfare expenses	2,034	1,978
Rent expenses on land and buildings	13,883	11,523
Depreciation	2,389	2,419
Utilities expenses	1,090	962
Commission expenses	3,371	2,802
Taxes and dues	925	763
Amortization of goodwill	394	388
Other	3,983	3,218
Total selling, general and administrative expenses	49,443	43,050
Operating profit	25,324	8,538
Non-operating income		
Interest income	79	39
Dividend income	0	222
Rent Income	513	469
Advertising medium income	19	17
Other	284	240
Total non-operating income	897	988
Non-operating expenses		
Interest expenses	4	2
Foreign exchange losses	101	11
Rental expenses	247	219
Other	30	104
Total non-operating expenses	383	337
Ordinary profit	25,839	9,190

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Extraordinary income		
Gain on sales of non-current assets	–	1
Employment adjustment subsidies for covid19	–	765
Total extraordinary income	–	767
Extraordinary losses		
Loss on retirement of non-current assets	74	56
Impairment loss	338	270
Loss due to covid19	–	1,302
Other	–	16
Total extraordinary losses	413	1,645
Profit before income taxes	25,425	8,312
Income taxes - current	7,921	2,797
Income taxes - deferred	19	(76)
Total income taxes	7,940	2,720
Profit	17,485	5,591
Profit attributable to non-controlling interests	153	49
Profit attributable to owners of parent	17,331	5,542

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Profit	17,485	5,591
Other comprehensive income		
Valuation difference on available-for-sale securities	19	2,834
Foreign currency translation adjustment	(2,699)	(1,912)
Total other comprehensive income	(2,680)	921
Comprehensive income	14,805	6,513
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,687	6,464
Comprehensive income attributable to non-controlling interests	117	48

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	25,425	8,312
Depreciation	2,405	2,503
Increase (decrease) in provision for bonuses	50	39
Increase (decrease) in allowance for doubtful accounts	4	11
Interest and dividend income	(80)	(262)
Interest expenses	4	2
Foreign exchange losses (gains)	76	4
Loss (gain) on sales and retirement of non-current assets	74	54
Impairment loss	338	270
Decrease (increase) in trade receivables	(1,828)	1,034
Decrease (increase) in inventories	(2,557)	(3,879)
Increase (decrease) in trade payables	2,831	(2,993)
Other, net	128	2,456
Subtotal	26,873	7,555
Interest and dividends received	73	260
Interest paid	(4)	(2)
Income taxes paid	(7,197)	(677)
Net cash provided by (used in) operating activities	19,745	7,136
Cash flows from investing activities		
Payments into time deposits	(5)	–
Purchase of securities	(1,922)	(12,626)
Purchase of property, plant and equipment	(3,044)	(2,911)
Proceeds from sales of property, plant and equipment	90	4
Purchase of intangible assets	(450)	(524)
Payments for store removal	(8)	(46)
Loan advances	(100)	(100)
Collection of loans receivable	184	184
Payments of leasehold and guarantee deposits	(1,037)	(1,039)
Proceeds from refund of leasehold and guarantee deposits	309	373
Other payments	(50)	(101)
Other proceeds	26	3
Net cash provided by (used in) investing activities	(6,009)	(16,783)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(667)	(637)
Dividends paid	(8,657)	(7,011)
Other payments	(0)	(0)
Net cash provided by (used in) financing activities	(9,325)	(7,649)
Effect of exchange rate change on cash and cash equivalents	(612)	(353)
Net increase (decrease) in cash and cash equivalents	3,796	(17,650)
Cash and cash equivalents at beginning of period	139,743	149,173
Cash and cash equivalents at end of period	143,540	131,522