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Consolidated Financial Results for the Year Ended February 28, 2023 [Japanese GAAP]

April 12, 2023

Company name: ABC-MART,INC.

Stock exchange listing: Tokyo

Code number: 2670

URL: <https://www.abc-mart.co.jp/ir/>

Representative: Minoru Noguchi

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Scheduled date of Annual General Meeting of Shareholders: May 30, 2023

Scheduled date of commencing dividend payments: May 31, 2023

Scheduled date of filing annual securities report: May 31, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

President and Representative Director

Director, Corporate Planning Office Manager

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	290,077	18.9	42,301	54.1	43,360	53.4	30,256	74.1
February 28, 2022	243,946	10.8	27,446	40.7	28,260	32.8	17,382	(9.6)

(Note) Comprehensive income: Fiscal year ended February 28, 2023: ¥ 40,055 million [100.8%]

Fiscal year ended February 28, 2022: ¥ 19,945 million [(5.8)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
February 28, 2023	366.57	-	10.2	12.9	14.6
February 28, 2022	210.60	-	6.2	8.9	11.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2023: ¥ - million

Fiscal year ended February 28, 2022: ¥ - million

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc., are applied from the beginning of the first quarter of the consolidated fiscal year ended February 28, 2023.

(2) Consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 28, 2023	355,850	310,974	86.9	3,744.84
February 28, 2022	317,720	284,881	89.2	3,432.30

(Reference) Equity: As of February 28, 2023: ¥ 309,095 million

As of February 28, 2022: ¥ 283,298 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2023	10,882	(9,003)	(9,358)	148,224
February 28, 2022	25,157	(7,458)	(13,918)	151,770

2. Dividends

Fiscal year ended	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
February 28, 2022	-	85.00	-	85.00	170.00	14,031	80.7	5.0
February 28, 2023	-	85.00	-	85.00	170.00	14,031	46.4	4.7
Fiscal year ending February 29, 2024 (Forecast)	-	85.00	-	85.00	170.00		46.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2023	153,900	13.0	23,000	15.0	23,500	14.6	16,190	21.6	196.15
Full year	311,500	7.4	44,000	4.0	44,900	3.6	30,400	0.5	368.31

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

February 28, 2023: 82,539,646 shares

February 28, 2022: 82,539,646 shares

2) Number of treasury shares at the end of the period:

February 28, 2023: 588 shares

February 28, 2022: 472 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 28, 2023: 82,539,119 shares

Fiscal Year ended February 28, 2022: 82,539,175 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 28, 2023	197,982	16.6	34,765	38.8	36,142	37.5	24,469	48.7
February 28, 2022	169,776	11.8	25,053	48.9	26,286	38.0	16,452	(11.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 28, 2023	296.46	-
February 28, 2022	199.33	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2023	297,166	262,650	88.4	3,182.14
February 28, 2022	272,980	248,144	90.9	3,006.38

(Reference) Equity: As of February 28, 2023: ¥ 262,650 million

As of February 28, 2022: ¥ 248,144 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2023	102,070	6.8	19,330	10.0	13,090	14.6	158.59
Full year	203,100	2.6	36,700	1.5	24,900	1.8	301.68

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, 2024 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, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	141,767	138,918
Notes and accounts receivable - trade	11,091	15,096
Securities	10,181	9,529
Inventories	59,847	88,584
Other	4,180	9,432
Allowance for doubtful accounts	(145)	(170)
Total current assets	226,923	261,391
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,711	36,216
Accumulated depreciation	(19,233)	(20,329)
Buildings and structures, net	15,478	15,887
Tools, furniture and fixtures	17,116	19,350
Accumulated depreciation	(12,757)	(15,197)
Tools, furniture and fixtures, net	4,359	4,153
Land	19,198	19,310
Construction in progress	293	610
Other	438	461
Accumulated depreciation	(394)	(389)
Other, net	44	71
Total property, plant and equipment	39,373	40,033
Intangible assets		
Trademark right	393	162
Goodwill	509	80
Other	3,935	4,386
Total intangible assets	4,837	4,629
Investments and other assets		
Investment securities	14,567	18,906
Shares of subsidiaries and associates	609	614
Long-term loans receivable	1,450	237
Leasehold and guarantee deposits	25,960	27,010
Retirement benefit asset	1	236
Deferred tax assets	3,416	2,245
Other	596	563
Allowance for doubtful accounts	(16)	(18)
Total investments and other assets	46,585	49,796
Total non-current assets	90,796	94,459
Total assets	317,720	355,850

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,161	12,484
Short-term borrowings	1,350	5,959
Income taxes payable	4,884	9,330
Contract liabilities	-	1,039
Provision for bonuses	984	1,037
Provisions	226	301
Asset retirement obligations	205	208
Notes payable - facilities	933	3,974
Other	9,521	9,277
Total current liabilities	31,268	43,613
Non-current liabilities		
Retirement benefit liability	313	156
Asset retirement obligations	345	395
Other	911	710
Total non-current liabilities	1,570	1,263
Total liabilities	32,838	44,876
Net assets		
Shareholders' equity		
Share capital	19,972	19,972
Capital surplus	24,043	24,043
Retained earnings	228,162	244,387
Treasury shares	(2)	(3)
Total shareholders' equity	272,176	288,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,991	6,060
Foreign currency translation adjustment	9,131	14,634
Total accumulated other comprehensive income	11,122	20,694
Non-controlling interests	1,582	1,878
Total net assets	284,881	310,974
Total liabilities and net assets	317,720	355,850

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Net sales	243,946	290,077
Cost of sales	119,058	140,480
Gross profit	124,887	149,597
Selling, general and administrative expenses		
Advertising expenses	6,274	6,525
Packing and transportation costs	3,693	3,993
Storage costs	2,751	2,812
Remuneration, salaries and allowances for directors (and other officers)	25,720	28,400
Bonuses	1,723	1,808
Provision for bonuses	982	1,037
Retirement benefit expenses	461	537
Legal and other welfare expenses	3,926	4,440
Rent expenses on land and buildings	27,207	30,032
Depreciation	5,472	5,603
Utilities expenses	2,075	2,669
Commission expenses	6,724	8,286
Taxes and dues	1,648	1,775
Amortization of goodwill	786	499
Other	7,990	8,871
Total selling, general and administrative expenses	97,440	107,295
Operating profit	27,446	42,301
Non-operating income		
Interest income	47	152
Dividend income	131	426
Foreign exchange gains	6	-
Rent income for house	1,049	821
Advertising medium income	34	34
Other	232	298
Total non-operating income	1,501	1,733
Non-operating expenses		
Interest expenses	20	11
Foreign exchange losses	-	148
Rental expenses	630	463
Other	36	51
Total non-operating expenses	687	674
Ordinary profit	28,260	43,360

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Extraordinary income		
Gain on sale of non-current assets	821	21
Gain on sale of investment securities	74	-
Gain on sale of securities	-	758
Employment adjustment subsidies for covid19	608	56
Total extraordinary income	1,505	835
Extraordinary losses		
Loss on retirement of non-current assets	208	208
Loss on valuation of shares of subsidiaries and associates	1,954	-
Loss on valuation of investment securities	273	305
Impairment losses	1,194	986
Loss due to covid19	294	34
Other	-	0
Total extraordinary losses	3,925	1,534
Profit before income taxes	25,840	42,661
Income taxes - current	9,078	12,975
Income taxes - deferred	(711)	(722)
Total income taxes	8,367	12,252
Profit	17,473	30,408
Profit attributable to non-controlling interests	90	152
Profit attributable to owners of parent	17,382	30,256

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Profit	17,473	30,408
Other comprehensive income		
Valuation difference on available-for-sale securities	(263)	4,069
Foreign currency translation adjustment	2,735	5,577
Total other comprehensive income	2,472	9,646
Comprehensive income	19,945	40,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,681	39,828
Comprehensive income attributable to non-controlling interests	264	226

Consolidated Statements of Changes in Equity
For the fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,972	24,043	224,811	(2)	268,825
Changes during period					
Dividends of surplus			(14,031)		(14,031)
Profit attributable to owners of parent			17,382		17,382
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	3,350	(0)	3,350
Balance at end of period	19,972	24,043	228,162	(2)	272,176

	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 period	2,229	6,569	8,799	1,318	278,943
Changes during period					
Dividends of surplus			-		(14,031)
Profit attributable to owners of parent			-		17,382
Purchase of treasury shares			-		(0)
Net changes in items other than shareholders' equity	(238)	2,561	2,323	264	2,587
Total changes during period	(238)	2,561	2,323	264	5,938
Balance at end of period	1,991	9,131	11,122	1,582	284,881

For the fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,972	24,043	228,162	(2)	272,176
Changes during period					
Dividends of surplus			(14,031)		(14,031)
Profit attributable to owners of parent			30,256		30,256
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	16,224	(0)	16,223
Balance at end of period	19,972	24,043	244,387	(3)	288,400

	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 period	1,991	9,131	11,122	1,582	284,881
Changes during period					
Dividends of surplus					(14,031)
Profit attributable to owners of parent					30,256
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	4,069	5,503	9,572	296	9,868
Total changes during period	4,069	5,503	9,572	296	26,092
Balance at end of period	6,060	14,634	20,694	1,878	310,974

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	25,840	42,661
Depreciation	5,671	5,801
Increase (decrease) in provision for bonuses	(15)	50
Increase (decrease) in allowance for doubtful accounts	102	2
Interest and dividend income	(179)	(578)
Interest expenses	20	11
Foreign exchange losses (gains)	(15)	(139)
Loss (gain) on sale of investment securities	(74)	-
Loss (gain) on sale of securities	-	(758)
Loss (gain) on valuation of investment securities	273	305
Loss on valuation of shares of subsidiaries and associates	1,954	-
Loss (gain) on sale and retirement of non-current assets	(613)	187
Impairment losses	1,194	986
Decrease (increase) in trade receivables	587	(2,938)
Decrease (increase) in inventories	4,746	(26,608)
Increase (decrease) in trade payables	(1,455)	1,584
Other, net	(405)	(1,486)
Subtotal	37,633	19,081
Interest and dividends received	528	385
Interest paid	(18)	(11)
Income taxes paid	(12,985)	(8,572)
Net cash provided by (used in) operating activities	25,157	10,882
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,383)	(5,368)
Proceeds from sale of property, plant and equipment	1,950	44
Purchase of intangible assets	(1,595)	(1,501)
Purchase of short-term and long-term investment securities	(1,017)	-
Proceeds from sale of short-term and long-term investment securities	2,358	-
Payments for store removal	(176)	(210)
Loan advances	(200)	(3,360)
Proceeds from collection of loans receivable	189	1,949
Payments of leasehold and guarantee deposits	(1,445)	(1,569)
Proceeds from refund of leasehold and guarantee deposits	997	1,303
Other payments	(161)	(297)
Other proceeds	27	4
Net cash provided by (used in) investing activities	(7,458)	(9,003)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	108	4,605
Dividends paid	(14,026)	(14,027)
Proceeds from share issuance to non-controlling shareholders	-	63
Other payments	(0)	(1)
Net cash provided by (used in) financing activities	(13,918)	(9,358)
Effect of exchange rate change on cash and cash equivalents	1,535	3,934
Net increase (decrease) in cash and cash equivalents	5,316	(3,545)
Cash and cash equivalents at beginning of period	146,454	151,770
Cash and cash equivalents at end of period	151,770	148,224

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	124,026	121,336
Notes and accounts receivable - trade	5,155	7,239
Securities	10,181	9,529
Merchandise	38,921	53,003
Raw materials	-	138
Other	3,873	12,027
Total current assets	182,158	203,274
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,153	14,520
Tools, furniture and fixtures	1,468	1,319
Land	16,689	16,689
Construction in progress	237	493
Other	37	59
Total property, plant and equipment	32,586	33,082
Intangible assets		
Total intangible assets	2,352	2,710
Investments and other assets		
Investment securities	14,567	18,906
Shares of subsidiaries and associates	21,478	21,805
Long-term loans receivable	1,780	507
Leasehold and guarantee deposits	14,671	14,866
Deferred tax assets	2,813	1,477
Other	571	535
Total investments and other assets	55,882	58,099
Total non-current assets	90,822	93,892
Total assets	272,980	297,166

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes payable - trade	5,974	4,488
Accounts payable - trade	4,509	4,399
Short-term borrowings	1,274	5,913
Income taxes payable	4,336	7,980
Contract liabilities	-	448
Provision for bonuses	945	981
Notes payable - facilities	933	3,974
Other	6,226	5,588
Total current liabilities	24,201	33,775
Non-current liabilities		
Other	635	740
Total non-current liabilities	635	740
Total liabilities	24,836	34,516
Net assets		
Shareholders' equity		
Share capital	19,972	19,972
Capital surplus		
Legal capital surplus	23,978	23,978
Other capital surplus	63	63
Total capital surplus	24,042	24,042
Retained earnings		
Legal retained earnings	55	55
Other retained earnings		
Retained earnings brought forward	202,084	212,522
Total retained earnings	202,140	212,578
Treasury shares	(2)	(3)
Total shareholders' equity	246,153	256,590
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,991	6,060
Total valuation and translation adjustments	1,991	6,060
Total net assets	248,144	262,650
Total liabilities and net assets	272,980	297,166

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Net sales	169,776	197,982
Cost of sales	75,955	89,303
Gross profit	93,821	108,679
Selling, general and administrative expenses	68,767	73,913
Operating profit	25,053	34,765
Non-operating income		
Interest and dividend income	297	659
Foreign exchange gains	9	-
Rent income for house	965	955
Advertising medium income	34	34
Other	203	182
Total non-operating income	1,510	1,831
Non-operating expenses		
Interest expenses	3	10
Foreign exchange losses	-	107
Rental expenses	254	271
Other	20	66
Total non-operating expenses	278	455
Ordinary profit	26,286	36,142
Extraordinary income		
Gain on sale of non-current assets	821	17
Gain on sale of investment securities	74	-
Gain on sale of securities	-	758
Employment adjustment subsidies for covid19	565	56
Total extraordinary income	1,462	832
Extraordinary losses		
Loss on retirement of non-current assets	153	179
Loss on valuation of shares of subsidiaries and associates	1,954	-
Loss on valuation of investment securities	273	305
Impairment losses	1,014	848
Loss due to covid19	294	34
Other	-	0
Total extraordinary losses	3,690	1,367
Profit before income taxes	24,058	35,607
Income taxes - current	8,174	11,597
Income taxes - deferred	(569)	(459)
Total income taxes	7,605	11,138
Profit	16,452	24,469

Non-consolidated Statements of Changes in Equity
For the fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward
Balance at beginning of period	19,972	23,978	63	24,042	55	199,663
Changes during period						
Dividends of surplus						(14,031)
Profit						16,452
Purchase of treasury shares						-
Net changes in items other than shareholders' equity						-
Total changes during period	-	-	-	-	-	2,420
Balance at end of period	19,972	23,978	63	24,042	55	202,084

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	199,719	(2)	243,732	2,229	2,229	245,962
Changes during period						
Dividends of surplus	(14,031)		(14,031)			(14,031)
Profit	16,452		16,452			16,452
Purchase of treasury shares	-	(0)	(0)		-	(0)
Net changes in items other than shareholders' equity	-		-	(238)	(238)	(238)
Total changes during period	2,420	(0)	2,420	(238)	(238)	2,182
Balance at end of period	202,140	(2)	246,153	1,991	1,991	248,144

For the fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
					Retained earnings brought forward	
Balance at beginning of period	19,972	23,978	63	24,042	55	202,084
Changes during period						
Dividends of surplus						(14,031)
Profit						24,469
Purchase of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	-	-	-	-	-	10,438
Balance at end of period	19,972	23,978	63	24,042	55	212,522

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	202,140	(2)	246,153	1,991	1,991	248,144
Changes during period						
Dividends of surplus	(14,031)		(14,031)			(14,031)
Profit	24,469		24,469			24,469
Purchase of treasury shares		(0)	(0)			(0)
Net changes in items other than shareholders' equity				4,069	4,069	4,069
Total changes during period	10,438	(0)	10,437	4,069	4,069	14,506
Balance at end of period	212,578	(3)	256,590	6,060	6,060	262,650