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Consolidated Financial Results for the Six Months Ended August 31, 2024 [Japanese GAAP]

October 9, 2024

Company name: ABC-MART, INC.

Listing: Tokyo

Securities code: 2670

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

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Scheduled date to file semi-annual securities report: October 10, 2024

Scheduled date to commence dividend payments: November 11, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

President and Representative Director
Director, Corporate Planning Office Manager

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended August 31, 2024 (March 1, 2024 to August 31, 2024)

(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	%
Six months ended August 31, 2024	188,380	11.2	34,050	16.1	35,121	14.8	24,143	14.7
August 31, 2023	169,464	24.4	29,320	46.6	30,580	49.2	21,043	58.0

(Note) Comprehensive income: Six months ended August 31, 2024: ¥ 29,555 million [23.4%]
Six months ended August 31, 2023: ¥ 23,956 million [1.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2024	97.50	-
August 31, 2023	84.98	-

(Note) As the Company conducted a 3-for-1 stock split of common shares on September 1, 2023, "Net income per share" is calculated as if the stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	417,713	362,107	86.1
February 29, 2024	387,336	341,654	87.6

(Reference) Equity: As of August 31, 2024: ¥ 359,640 million
As of February 29, 2024: ¥ 339,444 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2024	-	85.00	-	37.00	122.00
Fiscal year ending February 28, 2025	-	33.00	-	-	-
Fiscal year ending February 28, 2025 (Forecast)	-	-	-	33.00	66.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) The Company conducted a 3-for-1 stock split of shares of common stock on September 1, 2023. The figures for the end of the second quarter of the fiscal year ended February 29, 2024 represent the actual dividend amount prior to the stock split. The annual dividend for the fiscal year ended February 29, 2024, after taking into account the effect of the stock split, would be 65.33 yen.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025(March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

	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
Full year	371,500	7.9	61,800	11.0	63,300	9.5	43,200	8.0	174.46

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 4 (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

August 31, 2024: 247,618,938 shares

February 29, 2024: 247,618,938 shares

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

August 31, 2024: 2,197 shares

February 29, 2024: 2,187 shares

3) Average number of shares outstanding during the period:

Six months ended August 31, 2024: 247,616,748 shares

Six months ended August 31, 2023: 247,616,937 shares

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, 2025 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.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	167,208	188,103
Notes and accounts receivable - trade	16,262	17,667
Securities	9,150	8,945
Inventories	88,942	94,625
Other	7,303	7,493
Allowance for doubtful accounts	(240)	(258)
Total current assets	288,627	316,576
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,543	43,531
Accumulated depreciation	(21,859)	(23,833)
Buildings and structures, net	17,684	19,698
Tools, furniture and fixtures	21,673	26,017
Accumulated depreciation	(17,277)	(21,251)
Tools, furniture and fixtures, net	4,396	4,766
Land	19,568	19,649
Construction in progress	351	589
Other	428	443
Accumulated depreciation	(384)	(397)
Other, net	44	46
Total property, plant and equipment	42,045	44,749
Intangible assets		
Trademark right	95	60
Software	3,506	3,537
Goodwill	207	158
Other	807	668
Total intangible assets	4,616	4,425
Investments and other assets		
Investment securities	20,026	19,241
Shares of subsidiaries and associates	600	600
Long-term loans receivable	167	135
Leasehold and guarantee deposits	28,041	28,439
Retirement benefit asset	255	53
Deferred tax assets	2,390	2,915
Other	598	608
Allowance for doubtful accounts	(33)	(32)
Total investments and other assets	52,046	51,962
Total non-current assets	98,708	101,137
Total assets	387,336	417,713

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,238	25,552
Short-term borrowings	1,405	1,390
Income taxes payable	11,268	11,065
Contract liabilities	1,074	909
Provision for bonuses	1,163	1,206
Provisions	299	258
Asset retirement obligations	318	312
Notes payable - facilities	1,189	1,525
Other	12,013	11,742
Total current liabilities	43,972	53,962
Non-current liabilities		
Retirement benefit liability	54	53
Asset retirement obligations	473	531
Other	1,181	1,058
Total non-current liabilities	1,709	1,643
Total liabilities	45,681	55,606
Net assets		
Shareholders' equity		
Share capital	19,972	19,972
Capital surplus	24,043	24,118
Retained earnings	269,829	284,810
Treasury shares	(4)	(4)
Total shareholders' equity	313,841	328,897
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,172	6,403
Foreign currency translation adjustment	18,430	24,338
Total accumulated other comprehensive income	25,603	30,742
Non-controlling interests	2,209	2,466
Total net assets	341,654	362,107
Total liabilities and net assets	387,336	417,713

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Net sales	169,464	188,380
Cost of sales	81,169	91,836
Gross profit	88,295	96,543
Selling, general and administrative expenses		
Packing and transportation costs	2,081	2,121
Advertising expenses	3,391	3,321
Storage costs	1,662	1,437
Remuneration, salaries and allowances for directors (and other officers)	15,878	16,907
Bonuses	434	522
Provision for bonuses	1,172	1,204
Retirement benefit expenses	342	374
Legal and other welfare expenses	2,508	2,705
Rent expenses on land and buildings	16,658	17,901
Depreciation	2,683	2,831
Utilities expenses	1,461	1,419
Commission expenses	4,828	5,450
Taxes and dues	1,004	1,139
Amortization of goodwill	64	50
Other	4,799	5,105
Total selling, general and administrative expenses	58,975	62,493
Operating profit	29,320	34,050
Non-operating income		
Interest income	266	551
Dividend income	327	222
Foreign exchange gains	325	-
Rent income for house	368	467
Advertising medium income	17	17
Other	139	265
Total non-operating income	1,444	1,524
Non-operating expenses		
Interest expenses	5	5
Foreign exchange losses	-	188
Rental expenses	155	243
Other	24	14
Total non-operating expenses	184	452
Ordinary profit	30,580	35,121

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Extraordinary income		
Gain on sale of non-current assets	7	1
Gain on sale of securities	354	30
Total extraordinary income	362	31
Extraordinary losses		
Loss on retirement of non-current assets	136	164
Impairment losses	246	141
Other	0	7
Total extraordinary losses	383	314
Profit before income taxes	30,559	34,839
Income taxes - current	9,515	10,694
Income taxes - deferred	(78)	(104)
Total income taxes	9,436	10,589
Profit	21,123	24,250
Profit attributable to non-controlling interests	79	106
Profit attributable to owners of parent	21,043	24,143

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Profit	21,123	24,250
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,357)	(769)
Foreign currency translation adjustment	4,190	6,074
Total other comprehensive income	2,833	5,305
Comprehensive income	23,956	29,555
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,721	29,282
Comprehensive income attributable to non-controlling interests	235	273

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	30,559	34,839
Depreciation	2,788	2,971
Increase (decrease) in provision for bonuses	101	38
Increase (decrease) in allowance for doubtful accounts	28	(8)
Interest and dividend income	(593)	(774)
Interest expenses	5	5
Foreign exchange losses (gains)	(249)	151
Loss (gain) on sale of securities	(354)	(44)
Loss (gain) on sale and retirement of non-current assets	128	163
Impairment losses	246	141
Decrease (increase) in trade receivables	(606)	(3,426)
Decrease (increase) in inventories	(5,177)	(906)
Increase (decrease) in trade payables	1,409	10,608
Other, net	1,095	111
Subtotal	29,380	43,870
Interest and dividends received	334	533
Interest paid	(4)	(4)
Income taxes paid	(8,690)	(11,762)
Net cash provided by (used in) operating activities	21,019	32,635
Cash flows from investing activities		
Payments into time deposits	(3,648)	(2,434)
Purchase of property, plant and equipment	(3,037)	(3,428)
Proceeds from sale of property, plant and equipment	0	5
Purchase of intangible assets	(644)	(392)
Payments for store removal	(157)	(118)
Payments for acquisition of businesses	-	(2,304)
Loan advances	(200)	(200)
Proceeds from collection of loans receivable	244	1,327
Payments of leasehold and guarantee deposits	(606)	(668)
Proceeds from refund of leasehold and guarantee deposits	595	874
Other payments	(115)	(94)
Other proceeds	342	489
Net cash provided by (used in) investing activities	(7,228)	(6,945)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,828)	(246)
Dividends paid	(7,011)	(9,157)
Other payments	(0)	(0)
Net cash provided by (used in) financing activities	(10,841)	(9,403)
Effect of exchange rate change on cash and cash equivalents	1,583	1,108
Net increase (decrease) in cash and cash equivalents	4,533	17,395
Cash and cash equivalents at beginning of period	148,224	172,762
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	863	1,048
Cash and cash equivalents at end of period	153,621	191,205