

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2022 (Q2 FY2023) (Based on Japanese GAAP)

October 12, 2022

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
 Inquiries: Director, Accounting Department Manager Yasuo Ishii TEL 03-3476-5452
 Scheduled date to file Quarterly Securities Report: October 13, 2022
 Scheduled date to commence dividend payments: November 14, 2022
 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, 2022 (from March 1, 2022 to August 31, 2022)

(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, 2022	136,191	12.3	19,995	39.8	20,501	38.9	13,317	27.3
Six months ended August 31, 2021	121,301	18.7	14,306	67.5	14,764	60.7	10,463	88.8

(Note) Comprehensive income:

Six months ended August 31, 2022 23,586 million yen (67.8%) Six months ended August 31, 2021 14,056 million yen (115.8%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2022	161.35		-	
Six months ended August 31, 2021	126.77		-	

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, revised on March 31, 2020), etc. from the beginning of the three months ended May 31, 2022.

(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, 2022	344,123	301,521	87.1	3,629.72
As of February 28, 2022	317,720	284,881	89.2	3,432.30

(Reference) Shareholders' Equity:

As of August 31, 2022 299,593 million yen As of February 28, 2022 283,298 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, 2022	-	85.00	-	85.00	170.00
Year ending February 28, 2023	-	85.00	-	-	-
Year ending February 28, 2023 (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, 2023 (from March 1, 2022 to February 28, 2023)

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	274,000	12.3	34,500	25.7	35,300	24.9	23,200	33.5	281.08

(Note) Revisions to financial forecasts published most recently: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2022
(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: Yes
- 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, 2022	82,539,646 shares	As of February 28, 2022	82,539,646 shares
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Number of treasury shares at the end of the period

As of August 31, 2022	552 shares	As of February 28, 2022	472 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, 2022	82,539,148 shares	Six months ended August 31, 2021	82,539,176 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, 2023 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, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	141,767	140,462
Notes and accounts receivable - trade	11,091	13,946
Securities	10,181	12,352
Inventories	59,847	75,784
Other	4,180	8,398
Allowance for doubtful accounts	(145)	(174)
Total current assets	226,923	250,768
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,711	35,603
Accumulated depreciation	(19,233)	(19,886)
Buildings and structures, net	15,478	15,717
Tools, furniture and fixtures	17,116	19,103
Accumulated depreciation	(12,757)	(14,597)
Tools, furniture and fixtures, net	4,359	4,505
Land	19,198	19,306
Construction in progress	293	392
Other	438	441
Accumulated depreciation	(394)	(391)
Other, net	44	49
Total property, plant and equipment	39,373	39,971
Intangible assets		
Trademark right	393	198
Goodwill	509	115
Other	3,935	4,373
Total intangible assets	4,837	4,687
Investments and other assets		
Investment securities	14,567	17,901
Shares of subsidiaries and associates	609	614
Long-term loans receivable	1,450	1,326
Leasehold and guarantee deposits	25,960	26,748
Deferred tax assets	3,416	1,705
Other	596	417
Allowance for doubtful accounts	(16)	(17)
Total investments and other assets	46,585	48,695
Total non-current assets	90,796	93,354
Total assets	317,720	344,123

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,161	18,408
Short-term borrowings	1,350	3,467
Income taxes payable	4,884	6,783
Contract liabilities	–	912
Provision for bonuses	984	1,015
Provisions	226	228
Asset retirement obligations	205	205
Notes payable - facilities	933	780
Other	9,521	9,223
Total current liabilities	31,268	41,026
Non-current liabilities		
Retirement benefit liability	313	518
Asset retirement obligations	345	403
Other	911	652
Total non-current liabilities	1,570	1,575
Total liabilities	32,838	42,601
Net assets		
Shareholders' equity		
Share capital	19,972	19,972
Capital surplus	24,043	24,043
Retained earnings	228,162	234,464
Treasury shares	(2)	(3)
Total shareholders' equity	272,176	278,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,991	5,935
Foreign currency translation adjustment	9,131	15,180
Total accumulated other comprehensive income	11,122	21,115
Non-controlling interests	1,582	1,928
Total net assets	284,881	301,521
Total liabilities and net assets	317,720	344,123

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, 2021	Six months ended August 31, 2022
Net sales	121,301	136,191
Cost of sales	58,329	64,325
Gross profit	62,971	71,866
Selling, general and administrative expenses		
Packing and transportation costs	1,875	1,923
Advertising expenses	3,079	2,699
Storage costs	1,442	1,249
Remuneration, salaries and allowances for directors (and other officers)	12,827	13,760
Bonuses	387	390
Provision for bonuses	1,009	1,013
Retirement benefit expenses	446	477
Legal and other welfare expenses	1,930	2,182
Rent expenses on land and buildings	13,398	14,681
Depreciation	2,624	2,793
Utilities expenses	992	1,226
Commission expenses	3,435	3,931
Taxes and dues	818	816
Amortization of goodwill	385	441
Other	4,011	4,282
Total selling, general and administrative expenses	48,665	51,871
Operating profit	14,306	19,995
Non-operating income		
Interest income	33	62
Dividend income	51	160
Rent Income	525	444
Foreign exchange gains	52	–
Advertising medium income	17	17
Other	109	112
Total non-operating income	789	796
Non-operating expenses		
Interest expenses	18	3
Foreign exchange losses	–	59
Rental expenses	283	194
Other	30	33
Total non-operating expenses	331	290
Ordinary profit	14,764	20,501

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Extraordinary income		
Gain on sale of non-current assets	801	16
Gain on sale of investment securities	74	–
Employment adjustment subsidies for covid19	261	43
Total extraordinary income	1,137	60
Extraordinary losses		
Loss on retirement of non-current assets	102	104
Loss on valuation of investment securities	–	305
Impairment losses	183	409
Loss due to covid19	193	20
Total extraordinary losses	479	840
Profit before income taxes	15,422	19,721
Income taxes - current	5,026	6,470
Income taxes - deferred	(89)	(153)
Total income taxes	4,936	6,316
Profit	10,486	13,404
Profit attributable to non-controlling interests	23	86
Profit attributable to owners of parent	10,463	13,317

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Profit	10,486	13,404
Other comprehensive income		
Valuation difference on available-for-sale securities	1,420	3,944
Foreign currency translation adjustment	2,149	6,237
Total other comprehensive income	3,569	10,182
Comprehensive income	14,056	23,586
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,931	23,311
Comprehensive income attributable to non-controlling interests	124	275

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	15,422	19,721
Depreciation	2,738	2,887
Increase (decrease) in provision for bonuses	11	27
Increase (decrease) in allowance for doubtful accounts	7	1
Interest and dividend income	(85)	(222)
Interest expenses	18	3
Foreign exchange losses (gains)	(3)	(65)
Loss (gain) on sale of investment securities	(74)	–
Loss (gain) on valuation of short-term and long-term investment securities	–	305
Loss (gain) on sale and retirement of non-current assets	(698)	88
Impairment losses	183	409
Decrease (increase) in trade receivables	976	(2,509)
Decrease (increase) in inventories	(3,104)	(12,982)
Increase (decrease) in trade payables	(1,356)	4,067
Other, net	(1,209)	(1,069)
Subtotal	12,825	10,661
Interest and dividends received	436	177
Interest paid	(18)	(2)
Income taxes paid	(8,623)	(4,057)
Net cash provided by (used in) operating activities	4,619	6,779
Cash flows from investing activities		
Payments into time deposits	–	(263)
Purchase of property, plant and equipment	(3,308)	(2,536)
Proceeds from sale of property, plant and equipment	1,901	35
Purchase of intangible assets	(930)	(780)
Purchase of investment securities	(1,017)	–
Proceeds from sale of investment securities	2,358	–
Payments for store removal	(128)	(108)
Loan advances	(100)	(1,780)
Proceeds from collection of loans receivable	44	284
Payments of leasehold and guarantee deposits	(536)	(927)
Proceeds from refund of leasehold and guarantee deposits	806	957
Other payments	(102)	(236)
Other proceeds	24	41
Net cash provided by (used in) investing activities	(989)	(5,313)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	117	2,111
Dividends paid	(7,011)	(7,011)
Proceeds from share issuance to non-controlling shareholders	–	69
Other payments	(0)	(0)
Net cash provided by (used in) financing activities	(6,893)	(4,831)
Effect of exchange rate change on cash and cash equivalents	755	3,933
Net increase (decrease) in cash and cash equivalents	(2,507)	568
Cash and cash equivalents at beginning of period	146,454	151,770
Cash and cash equivalents at end of period	143,947	152,338