

<Excerpt English translation of the original Japanese-language document>



April 9, 2018

## Consolidated Financial Results for the Fiscal Year Ended February 28, 2018 <under IFRS>

Company name: **PARCO CO., LTD.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 8251  
 URL: <http://www.parco.co.jp/>  
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Scheduled date of annual general shareholders' meeting: May 26, 2018  
 Scheduled date of dividend distribution: May 7, 2018  
 Scheduled date to file Annual Securities Report: May 28, 2018  
 Preparation of supplementary material on earnings: Yes  
 Holding of earnings performance review: Yes (for institutional investors and analysts)

(All amounts have been rounded down to the nearest million yen.)

### 1. Consolidated performance for the fiscal year ended February 28, 2018 (from March 1, 2017 to February 28, 2018)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
February 28, 2018	91,621	(2.3)	11,713	(17.5)	11,455	(16.2)	7,809	(11.2)
February 28, 2017	93,780	–	14,203	–	13,669	–	8,795	–

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
February 28, 2018	7,809	(11.2)	8,045	(11.8)	76.97	–
February 28, 2017	8,795	–	9,124	–	86.69	–

	Return on equity attributable to owners of parent	Profit before tax/ total assets	Operating profit/ operating revenue
	%	%	%
Fiscal year ended			
February 28, 2018	6.3	4.5	12.8
February 28, 2017	7.5	5.6	15.1

Reference: Share of (profit) loss of entities accounted for using equity method  
 For the fiscal year ended February 28, 2018: (29) million yen  
 For the fiscal year ended February 28, 2017: (339) million yen

## (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
February 28, 2018	261,835	126,311	126,311	48.2	1,244.97
February 28, 2017	248,806	120,600	120,600	48.5	1,188.67

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2018	21,386	(11,552)	(7,897)	12,464
February 28, 2017	7,690	(4,961)	1,210	10,522

## 2. Cash dividends

	Annual dividends					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2017	–	11.00	–	12.00	23.00	2,333	26.5	2.0
Fiscal year ended February 28, 2018	–	11.00	–	12.00	23.00	2,333	29.9	1.9
Fiscal year ending February 28, 2019 (Forecast)	–	12.00	–	12.00	24.00		31.6	

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
First six months ending August 31, 2018	46,400	2.6	6,400	(4.0)	6,250	(4.6)	4,250	(4.9)	4,250	(4.9)	41.89
Fiscal year ending February 28, 2019	96,000	4.8	11,750	0.3	11,400	(0.5)	7,700	(1.4)	7,700	(1.4)	75.89

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- Changes in accounting policies required by IFRS: None
  - Changes in accounting policies due to other reasons: None
  - Changes in accounting estimates: None
- (3) Number of issued shares (common shares)
- Total number of issued shares at the end of the period (including treasury shares)
 

As of February 28, 2018	101,462,977 shares
As of February 28, 2017	101,462,977 shares
  - Number of treasury shares at the end of the period
 

As of February 28, 2018	5,369 shares
As of February 28, 2017	4,591 shares
  - Average number of shares during the period
 

For the fiscal year ended February 28, 2018	101,458,037 shares
For the fiscal year ended February 28, 2017	101,458,590 shares

**(Reference) Overview of non-consolidated performance**

**Non-consolidated performance for the fiscal year ended February 28, 2018  
(from March 1, 2017 to February 28, 2018)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
February 28, 2018	57,699	(3.5)	9,382	(20.6)	11,576	(8.3)	7,685	27.0
February 28, 2017	59,798	-	11,815	0.7	12,618	7.6	6,049	2.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2018	75.75	-
February 28, 2017	59.63	-

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2018	271,197	126,115	46.5	1,243.03
February 28, 2017	247,027	120,758	48.9	1,190.23

Reference: Equity

As of February 28, 2018: 126,115 million yen

As of February 28, 2017: 120,758 million yen

- Notes: 1. Financial figures in the non-consolidated performance are prepared in accordance with Japanese GAAP.
2. The Company has changed its accounting policy effective from the fiscal year under review. Part of the Company's profit-equivalent amount comprising tenant rent revenue and portion of store operating expenses collected from tenants, which was the net amount of "net sales" and "cost of sales," is recorded as "operating revenue." The direct expenses for store operations that had been recorded as "selling, general and administrative expenses" are recorded as "operating cost" as these are costs directly related to "operating revenue." As part of this change, the figures of the previous fiscal year have also been restated to reflect the new changes.

**\* Earnings reports are not required to be audited.**

**\* Proper use of earnings forecasts, and other special matters**

Caution concerning forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information available to the Company at the time of the filing and certain assumptions deemed reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

Method of accessing supplementary material on earnings and contents of earnings performance review

Supplementary material on financial results will be disclosed on TDnet, on the date of this report. On April 9, 2018, the Company plans to hold an earnings performance review for institutional investors and analysts. The Company plans to post a video of this earnings performance review on its website promptly after the review is held.

Application of International Financial Reporting Standards (IFRS)

The Group has applied the International Financial Reporting Standards (IFRS) from the fiscal year ended February 28, 2018. Financial figures for the fiscal year ended February 28, 2017 are also presented in accordance with IFRS.

## Consolidated financial statements

### (1) Consolidated statements of financial position

	As of March 1, 2016 (IFRS transition date)	As of February 28, 2017	As of February 28, 2018
	Millions of yen	Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents	6,584	10,522	12,464
Trade and other receivables	9,631	9,837	10,839
Other financial assets	1,312	1,356	721
Inventories	3,738	10,092	13,458
Other current assets	1,656	1,738	1,762
Total current assets	<u>22,923</u>	<u>33,547</u>	<u>39,245</u>
Non-current assets			
Property, plant and equipment	174,096	179,843	186,791
Intangible assets	1,211	1,570	1,494
Investment property	6,839	6,521	8,493
Investments accounted for using equity method	385	50	21
Other financial assets	22,385	21,476	21,065
Deferred tax assets	4,818	2,958	1,855
Other non-current assets	3,000	2,838	2,867
Total non-current assets	<u>212,736</u>	<u>215,258</u>	<u>222,590</u>
Total assets	<u><u>235,659</u></u>	<u><u>248,806</u></u>	<u><u>261,835</u></u>

	As of March 1, 2016 (IFRS transition date)	As of February 28, 2017	As of February 28, 2018
	Millions of yen	Millions of yen	Millions of yen
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	19,299	20,279	8,580
Trade and other payables	23,317	21,310	23,780
Other financial liabilities	1,696	2,056	1,212
Income tax payables	2,627	1,290	1,475
Provisions	492	1,044	7
Other current liabilities	5,194	8,654	17,457
Total current liabilities	52,627	54,636	52,514
Non-current liabilities			
Bonds and borrowings	35,265	37,882	44,240
Other financial liabilities	30,590	28,154	33,447
Net defined benefit liability	2,468	2,130	1,792
Provisions	1,069	474	503
Other non-current liabilities	29	4,926	3,026
Total non-current liabilities	69,423	73,568	83,010
Total liabilities	122,051	128,205	135,524
Equity			
Share capital	34,367	34,367	34,367
Share premium	35,129	35,129	35,129
Treasury shares	(3)	(4)	(5)
Other components of equity	(285)	(184)	(209)
Retained earnings	44,400	51,292	57,029
Total equity attributable to owners of parent	113,607	120,600	126,311
Total equity	113,607	120,600	126,311
Total liabilities and equity	235,659	248,806	261,835

**(2) Consolidated statements of (comprehensive) income**  
**Consolidated statements of income**

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
	Millions of yen	Millions of yen
Operating revenue	93,780	91,621
Operating cost	(62,477)	(62,357)
Operating gross profit	31,302	29,263
Selling, general and administrative expense	(18,505)	(18,979)
Other income	4,967	2,853
Other expense	(3,561)	(1,425)
Operating profit	14,203	11,713
Finance income	169	144
Finance cost	(364)	(372)
Share of loss of entities accounted for using equity method	(339)	(29)
Profit before tax	13,669	11,455
Income tax expense	(4,873)	(3,646)
Profit	8,795	7,809
Profit attributable to		
Owners of parent	8,795	7,809
Profit	8,795	7,809
Earnings per share		
Basic and diluted earnings per share (Yen)	86.69	76.97

## Consolidated statements of comprehensive income

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
	Millions of yen	Millions of yen
Profit	8,795	7,809
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	112	6
Remeasurements of defined benefit plans	190	184
Total amount of items that will not be reclassified to profit or loss	302	191
Items that might be reclassified to profit or loss		
Cash flow hedges	44	37
Exchange differences on translation of foreign operations	(18)	6
Total amount of items that might be reclassified to profit or loss	26	44
Other comprehensive income, net of tax	328	235
Comprehensive income	9,124	8,045
Comprehensive income attributable to		
Owners of parent	9,124	8,045
Comprehensive income	9,124	8,045



### (3) Consolidated statements of changes in equity

	Equity attributable to owners of parent					
	Share capital	Share premium	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2016	34,367	35,129	(3)	(260)	–	(25)
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	112	190	44
Total comprehensive income	–	–	–	112	190	44
Purchase of treasury shares	–	–	(0)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Transfer to retained earnings	–	–	–	(36)	(190)	–
Total amount of transactions with owners	–	(0)	(0)	(36)	(190)	–
Balance as of February 28, 2017	34,367	35,129	(4)	(185)	–	19

	Equity attributable to owners of parent				
	Other components of equity		Retained earnings	Total	Total
	Exchange differences on translation of foreign operations	Total			
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2016	–	(285)	44,400	113,607	113,607
Profit	–	–	8,795	8,795	8,795
Other comprehensive income	(18)	328	–	328	328
Total comprehensive income	(18)	328	8,795	9,124	9,124
Purchase of treasury shares	–	–	–	(0)	(0)
Disposal of treasury shares	–	–	–	0	0
Dividends	–	–	(2,130)	(2,130)	(2,130)
Transfer to retained earnings	–	(227)	227	–	–
Total amount of transactions with owners	–	(227)	(1,903)	(2,131)	(2,131)
Balance as of February 28, 2017	(18)	(184)	51,292	120,600	120,600

Equity attributable to owners of parent

	Other components of equity					
	Share capital	Share premium	Treasury shares	Financial assets	Remeasurements of	Cash flow hedges
				measured at fair value through other comprehensive income	defined benefit plans	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of March 1, 2017	34,367	35,129	(4)	(185)	–	19
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	6	184	37
Total comprehensive income	–	–	–	6	184	37
Purchase of treasury shares	–	–	(1)	–	–	–
Disposal of treasury shares	–	–	–	–	–	–
Dividends	–	–	–	–	–	–
Transfer to retained earnings	–	–	–	(15)	(184)	(60)
Total amount of transactions with owners	–	–	(1)	(15)	(184)	(60)
Balance as of February 28, 2018	34,367	35,129	(5)	(193)	–	(3)

Equity attributable to owners of parent

	Other components of equity				
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2017	(18)	(184)	51,292	120,600	120,600
Profit	–	–	7,809	7,809	7,809
Other comprehensive income	6	235	–	235	235
Total comprehensive income	6	235	7,809	8,045	8,045
Purchase of treasury shares	–	–	–	(1)	(1)
Disposal of treasury shares	–	–	–	–	–
Dividends	–	–	(2,333)	(2,333)	(2,333)
Transfer to retained earnings	–	(260)	260	–	–
Total amount of transactions with owners	–	(260)	(2,072)	(2,334)	(2,334)
Balance as of February 28, 2018	(12)	(209)	57,029	126,311	126,311

#### (4) Consolidated statements of cash flows

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	13,669	11,455
Depreciation and amortization expense	5,298	5,659
Impairment loss	802	497
Increase (decrease) in net defined benefit liability	(53)	(337)
Finance income	(169)	(144)
Finance cost	364	372
Share of (profit) loss of entities accounted for using equity method	339	29
Loss (gain) on sales and retirement of non-current assets	(3,092)	146
Decrease (increase) in trade receivables	(22)	(1,133)
Decrease (increase) in inventories	(6,354)	(3,365)
Increase (decrease) in trade payables	(1,376)	655
Increase/decrease in other assets/liabilities	(4,380)	10,391
Other, net	629	449
Subtotal	5,654	24,677
Interest and dividends received	34	32
Interest paid	(425)	(414)
Proceeds from compensation	7,855	-
Payment resulting from store closing	(758)	(276)
Income taxes paid	(4,670)	(2,631)
Net cash provided by (used in) operating activities	7,690	21,386
Cash flows from investing activities		
Payments into time deposits	(78)	-
Proceeds from withdrawal of time deposits	237	81
Purchase of property, plant and equipment	(14,792)	(11,273)
Proceeds from sales of property, plant and equipment	9,906	19
Payments for investments in real estates	(203)	(709)
Purchase of investment securities	(2)	(3)
Proceeds from sales of investment securities	195	96
Payments for lease and guarantee deposits	(387)	(387)
Proceeds from collection of lease and guarantee deposits	1,164	1,249
Other, net	(1,000)	(626)
Net cash provided by (used in) investing activities	(4,961)	(11,552)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	-	1,000
Net increase (decrease) in commercial papers	(9,299)	(2,099)
Proceeds from non-current borrowings	21,000	14,000
Repayments of non-current borrowings	(8,100)	(18,180)
Net decrease (increase) in treasury shares	(0)	(1)
Dividends paid	(2,130)	(2,333)
Other, net	(258)	(282)
Net cash provided by (used in) financing activities	1,210	(7,897)
Net increase (decrease) in cash and cash equivalents	3,939	1,936
Cash and cash equivalents at beginning of period	6,584	10,522
Effect of exchange rate changes on cash and cash equivalents	(2)	5
Cash and cash equivalents at end of period	10,522	12,464