



April 8, 2019

Consolidated Financial Results for the Fiscal Year Ended February 28, 2019 <under IFRS>

Company name: **PARCO CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 8251
 URL: <https://www.parco.co.jp/>
 Representative: Kozo Makiyama, Chairman of the Board, President, Representative Executive Officer
 Inquiries: Hideki Noguchi, Executive Officer for the Finance Group, Accounting Group and Accounting Coordination Group
 TEL: +81-3-3477-5791 (from overseas)

Scheduled date of annual general shareholders' meeting: May 25, 2019
 Scheduled date of dividend distribution: May 7, 2019
 Scheduled date to file Annual Securities Report: May 27, 2019
 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, 2019 (from March 1, 2018 to February 28, 2019)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
February 28, 2019	89,969	(1.8)	8,723	(15.2)	5,425	(53.7)	5,049	(55.9)
February 28, 2018	91,621	(2.3)	10,284	(19.6)	11,713	(17.5)	11,455	(16.2)

	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, 2019	3,370	(56.8)	3,465	(56.9)	33.30	—
February 28, 2018	7,809	(11.2)	8,045	(11.8)	76.97	—

	Return on equity attributable to owners of parent	Profit before tax/ total assets	Operating profit/ operating revenue
	%	%	%
Fiscal year ended			
February 28, 2019	2.7	1.9	6.0
February 28, 2018	6.3	4.5	12.8

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended February 28, 2019: 6 million yen

For the fiscal year ended February 28, 2018: (29) million yen

Note: Business profit is calculated by deducting the sum of operating cost and selling, general and administrative expense from operating revenue.

(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, 2019	275,369	126,908	126,908	46.1	1,255.30
February 28, 2018	261,835	126,311	126,311	48.2	1,244.97

(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, 2019	4,529	(13,909)	5,610	8,690
February 28, 2018	21,386	(11,552)	(7,897)	12,464

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			
Fiscal year ended February 28, 2018	Yen –	Yen 11.00	Yen –	Yen 12.00	Yen 23.00	Millions of yen 2,333	% 29.9	% 1.9
Fiscal year ended February 28, 2019	–	12.00	–	12.00	24.00	2,429	72.1	1.9
Fiscal year ending February 29, 2020 (Forecast)	–	13.00	–	13.00	26.00		37.0	

Concerning the dividends for the fiscal year ending February 29, 2020 (forecast), the dividends per share include a commemorative dividend for the 50th anniversary of PARCO, and consequently, the Company is forecasting a second quarter-end dividend of ¥13 (ordinary dividend of ¥12 + commemorative dividend of ¥1) and a fiscal year-end dividend of ¥13 (ordinary dividend of ¥12 + commemorative dividend of ¥1), which together will amount to total annual dividends of ¥26 (ordinary dividends totaling ¥24 + commemorative dividends totaling ¥2).

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

(Percentages indicate year-on-year changes.)

	Operating revenue		Business profit		Operating profit		Profit before tax	
First six months ending August 31, 2019	Millions of yen 45,800	% 3.7	Millions of yen 5,500	% 9.1	Millions of yen 6,200	% 8.6	Millions of yen 5,200	% (6.0)
Fiscal year ending February 29, 2020	116,200	29.2	10,500	20.4	12,700	134.1	10,500	108.0

	Profit attributable to owners of parent		Basic earnings per share
First six months ending August 31, 2019	Millions of yen 3,500	% (7.6)	Yen 34.62
Fiscal year ending February 29, 2020	7,100	110.7	70.23

* **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: Yes
 - 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, 2019	101,462,977 shares
As of February 28, 2018	101,462,977 shares
 - Number of treasury shares at the end of the period

As of February 28, 2019	364,527 shares
As of February 28, 2018	5,369 shares
 - Average number of shares during the period

For the fiscal year ended February 28, 2019	101,203,630 shares
For the fiscal year ended February 28, 2018	101,458,037 shares

(Reference) Overview of non-consolidated performance

**Non-consolidated performance for the fiscal year ended February 28, 2019
(from March 1, 2018 to February 28, 2019)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2019	56,940	(1.3)	7,947	(15.3)	9,868	(14.8)	4,117	(46.4)
February 28, 2018	57,699	(3.5)	9,382	(20.6)	11,576	(8.3)	7,685	27.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
February 28, 2019	40.69	-
February 28, 2018	75.75	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 28, 2019	292,203	127,288	43.6	1,259.05
February 28, 2018	271,197	126,115	46.5	1,243.03

Reference: Equity

As of February 28, 2019: 127,288 million yen

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

*** Earnings reports are not required to be subjected to audits conducted by certified public accountants or an audit corporation.**

*** 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 8, 2019, 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.

Consolidated financial statements

(1) Consolidated statements of financial position

	As of February 28, 2018	As of February 28, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	12,464	8,690
Trade and other receivables	10,839	10,859
Other financial assets	721	510
Inventories	13,458	20,547
Other current assets	1,762	2,140
Total current assets	<u>39,245</u>	<u>42,749</u>
Non-current assets		
Property, plant and equipment	186,791	195,617
Intangible assets	1,494	1,696
Investment property	8,493	8,825
Investments accounted for using equity method	21	27
Other financial assets	21,065	21,155
Deferred tax assets	1,855	2,654
Other non-current assets	2,867	2,643
Total non-current assets	<u>222,590</u>	<u>232,620</u>
Total assets	<u><u>261,835</u></u>	<u><u>275,369</u></u>

	As of February 28, 2018	As of February 28, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,580	8,480
Trade and other payables	23,780	22,651
Other financial liabilities	1,212	1,683
Income tax payables	1,475	1,599
Provisions	7	761
Contract liabilities	-	14,479
Other current liabilities	17,457	4,142
Total current liabilities	<u>52,514</u>	<u>53,798</u>
Non-current liabilities		
Borrowings	44,240	53,260
Other financial liabilities	33,447	37,435
Net defined benefit liability	1,792	1,705
Provisions	503	2,033
Contract liabilities	-	19
Other non-current liabilities	3,026	209
Total non-current liabilities	<u>83,010</u>	<u>94,662</u>
Total liabilities	<u>135,524</u>	<u>148,460</u>
Equity		
Share capital	34,367	34,367
Share premium	35,129	35,205
Treasury shares	(5)	(520)
Other components of equity	(209)	(59)
Retained earnings	57,029	57,915
Total equity attributable to owners of parent	<u>126,311</u>	<u>126,908</u>
Total equity	<u>126,311</u>	<u>126,908</u>
Total liabilities and equity	<u><u>261,835</u></u>	<u><u>275,369</u></u>

(2) Consolidated statements of income

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
	Millions of yen	Millions of yen
Operating revenue	91,621	89,969
Operating cost	(62,357)	(61,861)
Operating gross profit	29,263	28,108
Selling, general and administrative expense	(18,979)	(19,384)
Other income	2,853	2,417
Other expense	(1,425)	(5,715)
Operating profit	11,713	5,425
Finance income	144	154
Finance cost	(372)	(537)
Share of profit (loss) of entities accounted for using equity method	(29)	6
Profit before tax	11,455	5,049
Income tax expense	(3,646)	(1,678)
Profit	7,809	3,370
Profit attributable to		
Owners of parent	7,809	3,370
Profit	7,809	3,370
Earnings per share		
Basic earnings per share (Yen)	76.97	33.30
Diluted earnings per share (Yen)	–	–

(3) Consolidated statements of comprehensive income

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
	Millions of yen	Millions of yen
Profit	7,809	3,370
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	6	88
Remeasurements of defined benefit plans	184	9
Total amount of items that will not be reclassified to profit or loss	191	97
Items that might be reclassified to profit or loss		
Cash flow hedges	37	2
Exchange differences on translation of foreign operations	6	(5)
Total amount of items that might be reclassified to profit or loss	44	(2)
Other comprehensive income, net of tax	235	95
Comprehensive income	8,045	3,465
Comprehensive income attributable to		
Owners of parent	8,045	3,465
Comprehensive income	8,045	3,465

(4) Consolidated statements of changes in equity
Fiscal year ended February 28, 2018

Equity attributable to owners of parent

	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, 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)	–	–	–
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

	Equity attributable to owners of parent				Total
	Other components of equity		Retained earnings	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, 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)
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

Fiscal year ended February 28, 2019

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, 2018	34,367	35,129	(5)	(193)	–	(3)
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	88	9	2
Total comprehensive income	–	–	–	88	9	2
Purchase of treasury shares	–	–	(515)	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	76	–	–	–	–
Transfer to retained earnings	–	–	–	63	(9)	–
Total amount of transactions with owners	–	76	(515)	63	(9)	–
Balance as of February 28, 2019	34,367	35,205	(520)	(42)	–	(0)

Equity attributable to owners of parent

	Other components of equity			Total	Total
	Exchange differences on translation of foreign operations	Total	Retained earnings		
	Millions of yen	Millions of yen	Millions of yen		
Balance as of March 1, 2018	(12)	(209)	57,029	126,311	126,311
Profit	–	–	3,370	3,370	3,370
Other comprehensive income	(5)	95	–	95	95
Total comprehensive income	(5)	95	3,370	3,465	3,465
Purchase of treasury shares	–	–	–	(515)	(515)
Dividends	–	–	(2,429)	(2,429)	(2,429)
Share-based payment transactions	–	–	–	76	76
Transfer to retained earnings	–	53	(53)	–	–
Total amount of transactions with owners	–	53	(2,483)	(2,868)	(2,868)
Balance as of February 28, 2019	(17)	(59)	57,915	126,908	126,908

(5) Consolidated statements of cash flows

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	11,455	5,049
Depreciation and amortization expense	5,659	5,963
Impairment loss	497	2,239
Increase (decrease) in net defined benefit liability	(337)	(87)
Finance income	(144)	(154)
Finance cost	372	537
Share of (profit) loss of entities accounted for using equity method	29	(6)
Loss (gain) on sales and retirement of non-current assets	146	164
Decrease (increase) in trade receivables	(1,133)	266
Decrease (increase) in inventories	(3,365)	(7,088)
Increase (decrease) in trade payables	655	441
Increase/decrease in other assets/liabilities	10,391	(343)
Other, net	449	408
Subtotal	24,677	7,391
Interest and dividends received	32	21
Interest paid	(414)	(570)
Payment resulting from store closing	(276)	-
Income taxes paid	(2,631)	(2,312)
Net cash provided by (used in) operating activities	21,386	4,529
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	81	-
Purchase of property, plant and equipment	(11,273)	(12,499)
Proceeds from sales of property, plant and equipment	19	6
Payments for investments in real estates	(709)	(845)
Purchase of investment securities	(3)	(103)
Proceeds from sales of investment securities	96	-
Payments for lease and guarantee deposits	(387)	(403)
Proceeds from collection of lease and guarantee deposits	1,249	752
Other, net	(626)	(816)
Net cash provided by (used in) investing activities	(11,552)	(13,909)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
	Millions of yen	Millions of yen
Cash flows from financing activities		
Net increase (decrease) in current borrowings	1,000	(1,000)
Net increase (decrease) in commercial papers	(2,099)	–
Proceeds from non-current borrowings	14,000	19,000
Repayments of non-current borrowings	(18,180)	(9,080)
Net decrease (increase) in treasury shares	(1)	(515)
Dividends paid	(2,333)	(2,429)
Other, net	(282)	(364)
Net cash provided by (used in) financing activities	(7,897)	5,610
Net increase (decrease) in cash and cash equivalents	1,936	(3,768)
Cash and cash equivalents at beginning of period	10,522	12,464
Effect of exchange rate changes on cash and cash equivalents	5	(4)
Cash and cash equivalents at end of period	12,464	8,690