



June 24, 2019

Consolidated Financial Results for the Three Months of the Fiscal Year Ending February 29, 2020 <under IFRS>

Company name: **PARCO CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 8251
 URL: <https://www.parco.co.jp/>
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Scheduled date to file Quarterly Securities Report: July 10, 2019
 Scheduled date of dividend distribution: –
 Preparation of supplementary material on quarterly earnings: Yes
 Holding of quarterly earnings performance review: None

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

1. Consolidated performance for the three months of the fiscal year ending February 29, 2020 (from March 1, 2019 to May 31, 2019)

(1) Consolidated operating results (cumulative) (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	%
Three months ended								
May 31, 2019	22,103	0.3	2,817	23.4	3,408	23.9	2,828	6.2
May 31, 2018	22,026	(6.3)	2,283	(18.7)	2,750	(21.4)	2,663	(22.2)

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
May 31, 2019	1,895	6.2	1,870	(0.9)	18.75	18.75
May 31, 2018	1,784	(22.5)	1,886	(16.4)	17.59	–

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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
May 31, 2019	364,241	122,013	122,013	33.5	1,206.88
February 28, 2019	275,369	126,908	126,908	46.1	1,255.30

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended February 28, 2019	Yen –	Yen 12.00	Yen –	Yen 12.00	Yen 24.00
Fiscal year ending February 29, 2020	–				
Fiscal year ending February 29, 2020 (Forecast)		13.00	–	13.00	26.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending August 31, 2019	45,800	3.7	5,500	9.1	6,200	8.6	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
	Millions of yen	%	Yen
Six months ending August 31, 2019	3,500	(7.6)	34.62
Fiscal year ending February 29, 2020	7,100	110.7	70.23

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* **Notes**

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

As of May 31, 2019	101,462,977 shares
As of February 28, 2019	101,462,977 shares
 - b. Number of treasury shares at the end of the period

As of May 31, 2019	364,591 shares
As of February 28, 2019	364,527 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended May 31, 2019	101,098,444 shares
For the three months ended May 31, 2018	101,457,546 shares

*** Quarterly earnings reports are not required to be subjected to quarterly reviews 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 quarterly earnings

Supplementary material on quarterly earnings will be disclosed on TDnet, on the date of this report.

Condensed quarterly consolidated financial statements
(1) Condensed consolidated statements of financial position

	As of February 28, 2019	As of May 31, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	8,690	9,052
Trade and other receivables	10,859	12,740
Other financial assets	510	382
Inventories	20,547	20,747
Other current assets	2,140	1,346
Total current assets	<u>42,749</u>	<u>44,268</u>
Non-current assets		
Property, plant and equipment	195,617	188,962
Right-of-use assets	-	80,271
Intangible assets	1,696	1,732
Investment property	8,825	21,802
Investments accounted for using equity method	27	30
Other financial assets	21,155	21,155
Deferred tax assets	2,654	5,150
Other non-current assets	2,643	866
Total non-current assets	<u>232,620</u>	<u>319,972</u>
Total assets	<u><u>275,369</u></u>	<u><u>364,241</u></u>

	As of February 28, 2019	As of May 31, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,480	7,950
Lease liabilities	-	8,657
Trade and other payables	22,651	26,241
Other financial liabilities	1,683	1,428
Income tax payables	1,599	1,077
Provisions	761	983
Contract liabilities	14,479	14,121
Other current liabilities	4,142	5,621
Total current liabilities	<u>53,798</u>	<u>66,081</u>
Non-current liabilities		
Borrowings	53,260	51,710
Lease liabilities	-	93,619
Other financial liabilities	37,435	27,092
Net defined benefit liability	1,705	1,673
Provisions	2,033	1,701
Contract liabilities	19	19
Other non-current liabilities	209	330
Total non-current liabilities	<u>94,662</u>	<u>176,146</u>
Total liabilities	<u>148,460</u>	<u>242,227</u>
Equity		
Share capital	34,367	34,367
Share premium	35,205	35,223
Treasury shares	(520)	(516)
Other components of equity	(59)	(85)
Retained earnings	57,915	53,025
Total equity attributable to owners of parent	<u>126,908</u>	<u>122,013</u>
Total equity	<u>126,908</u>	<u>122,013</u>
Total liabilities and equity	<u><u>275,369</u></u>	<u><u>364,241</u></u>

(2) Condensed consolidated statements of income

	Three months ended May 31, 2018	Three months ended May 31, 2019
	Millions of yen	Millions of yen
Operating revenue	22,026	22,103
Operating cost	(14,881)	(14,446)
Operating gross profit	7,144	7,656
Selling, general and administrative expense	(4,861)	(4,838)
Other income	558	674
Other expense	(91)	(84)
Operating profit	2,750	3,408
Finance income	39	45
Finance cost	(130)	(628)
Share of profit (loss) of entities accounted for using equity method	4	3
Profit before tax	2,663	2,828
Income tax expense	(879)	(932)
Profit	1,784	1,895
Profit attributable to		
Owners of parent	1,784	1,895
Profit	1,784	1,895
Earnings per share		
Basic earnings per share (Yen)	17.59	18.75
Diluted earnings per share (Yen)	–	18.75

(3) Condensed consolidated statements of comprehensive income

	Three months ended May 31, 2018	Three months ended May 31, 2019
	Millions of yen	Millions of yen
Profit	1,784	1,895
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	105	(27)
Total amount of items that will not be reclassified to profit or loss	105	(27)
Items that might be reclassified to profit or loss		
Cash flow hedges	2	0
Exchange differences on translation of foreign operations	(5)	1
Total amount of items that might be reclassified to profit or loss	(3)	1
Other comprehensive income, net of tax	102	(25)
Comprehensive income	1,886	1,870
Comprehensive income attributable to		
Owners of parent	1,886	1,870
Comprehensive income	1,886	1,870

(4) Condensed consolidated statements of changes in equity
Three months ended May 31, 2018

	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	Cash flow hedges
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	-	-	-	105	2
Total comprehensive income	-	-	-	105	2
Purchase of treasury shares	-	-	(0)	-	-
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(0)	-	-
Balance as of May 31, 2018	34,367	35,129	(5)	(88)	(1)

	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, 2018	(12)	(209)	57,029	126,311	126,311
Profit	-	-	1,784	1,784	1,784
Other comprehensive income	(5)	102	-	102	102
Total comprehensive income	(5)	102	1,784	1,886	1,886
Purchase of treasury shares	-	-	-	(0)	(0)
Dividends	-	-	(1,217)	(1,217)	(1,217)
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(1,217)	(1,217)	(1,217)
Balance as of May 31, 2018	(17)	(107)	57,596	126,979	126,979

Three months ended May 31, 2019

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	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, 2019	34,367	35,205	(520)	(42)	(0)
Changes in accounting policies	–	–	–	–	–
Restated balance	34,367	35,205	(520)	(42)	(0)
Profit	–	–	–	–	–
Other comprehensive income	–	–	–	(27)	0
Total comprehensive income	–	–	–	(27)	0
Purchase of treasury shares	–	–	(0)	–	–
Dividends	–	–	–	–	–
Share-based payment transactions	–	17	3	–	–
Transfer to retained earnings	–	–	–	–	–
Total amount of transactions with owners	–	17	3	–	–
Balance as of May 31, 2019	34,367	35,223	(516)	(69)	(0)

Equity attributable to owners of parent

	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, 2019	(17)	(59)	57,915	126,908	126,908
Changes in accounting policies	–	–	(5,573)	(5,573)	(5,573)
Restated balance	(17)	(59)	52,342	121,334	121,334
Profit	–	–	1,895	1,895	1,895
Other comprehensive income	1	(25)	–	(25)	(25)
Total comprehensive income	1	(25)	1,895	1,870	1,870
Purchase of treasury shares	–	–	–	(0)	(0)
Dividends	–	–	(1,212)	(1,212)	(1,212)
Share-based payment transactions	–	–	–	21	21
Transfer to retained earnings	–	–	–	–	–
Total amount of transactions with owners	–	–	(1,212)	(1,191)	(1,191)
Balance as of May 31, 2019	(16)	(85)	53,025	122,013	122,013

(5) Condensed consolidated statements of cash flows

	Three months ended May 31, 2018	Three months ended May 31, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	2,663	2,828
Depreciation and amortization expense	1,450	3,765
Increase (decrease) in net defined benefit liability	(23)	(32)
Finance income	(39)	(45)
Finance cost	130	628
Share of (profit) loss of entities accounted for using equity method	(4)	(3)
Loss (gain) on sales and retirement of non-current assets	30	24
Decrease (increase) in trade receivables	(1,922)	(2,920)
Decrease (increase) in inventories	(298)	(200)
Increase (decrease) in trade payables	2,848	4,036
Increase/decrease in other assets/liabilities	(1,071)	2,497
Other, net	23	(87)
Subtotal	3,787	10,492
Interest and dividends received	9	8
Interest paid	(142)	(631)
Income taxes paid	(1,055)	(1,293)
Net cash provided by (used in) operating activities	2,598	8,576
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,544)	(2,396)
Proceeds from sales of property, plant and equipment	1	-
Payments for investments in real estates	(369)	(1)
Purchase of investment securities	(100)	(0)
Payments for lease and guarantee deposits	(82)	(3)
Proceeds from collection of lease and guarantee deposits	172	127
Other, net	(189)	(355)
Net cash provided by (used in) investing activities	(3,112)	(2,629)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(1,000)	-
Repayments of non-current borrowings	(3,580)	(2,080)
Repayments of lease liabilities	-	(2,298)
Net decrease (increase) in treasury shares	(0)	1
Dividends paid	(1,217)	(1,212)
Other, net	(98)	2
Net cash provided by (used in) financing activities	(5,895)	(5,586)
Net increase (decrease) in cash and cash equivalents	(6,410)	360
Cash and cash equivalents at beginning of period	12,464	8,690
Effect of exchange rate changes on cash and cash equivalents	(4)	0
Cash and cash equivalents at end of period	6,049	9,052