



October 4, 2019

Consolidated Financial Results for the Six 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/>
 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 to file Quarterly Securities Report: October 9, 2019
 Scheduled date of dividend distribution: October 21, 2019
 Preparation of supplementary material on quarterly earnings: Yes
 Holding of quarterly 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 six months of the fiscal year ending February 29, 2020 (from March 1, 2019 to August 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	%
Six months ended August 31, 2019	43,694	(1.1)	5,381	6.7	5,865	2.8	4,638	(16.2)
August 31, 2018	44,184	(2.3)	5,043	(12.0)	5,707	(14.4)	5,534	(15.5)

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended August 31, 2019	2,843	(24.9)	2,751	(30.2)	28.12	28.12
August 31, 2018	3,786	(15.3)	3,941	(11.6)	37.35	37.35

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 August 31, 2019	359,993	122,916	122,916	34.1	1,215.81
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2019	–	12.00	–	12.00	24.00
Fiscal year ending February 29, 2020	–	13.00			
Fiscal year ending February 29, 2020 (Forecast)			–	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, the dividends per share include a commemorative dividend for the 50th anniversary of PARCO, and consequently, the Company has decided on the second quarter-end dividend of ¥13 (ordinary dividend of ¥12 + commemorative dividend of ¥1). The fiscal year-end dividend will be ¥13 (ordinary dividend of ¥12 + commemorative dividend of ¥1), and the total annual dividends are planned to be ¥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	%
Fiscal year ending February 29, 2020	114,100	26.8	10,500	20.4	12,500	130.4	10,100	100.0

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 29, 2020	6,600	95.8	65.28

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

* **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 August 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 August 31, 2019	364,760 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 six months ended August 31, 2019	101,098,384 shares
For the six months ended August 31, 2018	101,366,884 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 August 31, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	8,690	9,192
Trade and other receivables	10,859	10,342
Other financial assets	510	628
Inventories	20,547	21,297
Other current assets	2,140	1,501
Total current assets	<u>42,749</u>	<u>42,962</u>
Non-current assets		
Property, plant and equipment	195,617	187,346
Right-of-use assets	-	78,572
Intangible assets	1,696	1,773
Investment property	8,825	22,640
Investments accounted for using equity method	27	26
Other financial assets	21,155	20,871
Deferred tax assets	2,654	4,943
Other non-current assets	2,643	858
Total non-current assets	<u>232,620</u>	<u>317,031</u>
Total assets	<u><u>275,369</u></u>	<u><u>359,993</u></u>

	As of February 28, 2019	As of August 31, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,480	7,880
Lease liabilities	-	8,944
Trade and other payables	22,651	24,217
Other financial liabilities	1,683	1,759
Income tax payables	1,599	1,872
Provisions	761	644
Contract liabilities	14,479	13,684
Other current liabilities	4,142	4,797
Total current liabilities	<u>53,798</u>	<u>63,801</u>
Non-current liabilities		
Borrowings	53,260	49,770
Lease liabilities	-	93,244
Other financial liabilities	37,435	26,650
Net defined benefit liability	1,705	1,653
Provisions	2,033	1,632
Contract liabilities	19	19
Other non-current liabilities	209	305
Total non-current liabilities	<u>94,662</u>	<u>173,276</u>
Total liabilities	<u>148,460</u>	<u>237,077</u>
Equity		
Share capital	34,367	34,367
Share premium	35,205	35,244
Treasury shares	(520)	(517)
Other components of equity	(59)	(162)
Retained earnings	57,915	53,983
Total equity attributable to owners of parent	<u>126,908</u>	<u>122,916</u>
Total equity	<u>126,908</u>	<u>122,916</u>
Total liabilities and equity	<u><u>275,369</u></u>	<u><u>359,993</u></u>

(2) Condensed consolidated statements of income

	Six months ended August 31, 2018	Six months ended August 31, 2019
	Millions of yen	Millions of yen
Operating revenue	44,184	43,694
Operating cost	(29,483)	(28,730)
Operating gross profit	14,700	14,964
Selling, general and administrative expense	(9,657)	(9,582)
Other income	1,141	1,274
Other expense	(477)	(790)
Operating profit	5,707	5,865
Finance income	82	90
Finance cost	(258)	(1,316)
Share of profit (loss) of entities accounted for using equity method	3	(1)
Profit before tax	5,534	4,638
Income tax expense	(1,748)	(1,795)
Profit	3,786	2,843
Profit attributable to		
Owners of parent	3,786	2,843
Profit	3,786	2,843
Earnings per share		
Basic earnings per share (Yen)	37.35	28.12
Diluted earnings per share (Yen)	37.35	28.12

(3) Condensed consolidated statements of comprehensive income

	Six months ended August 31, 2018	Six months ended August 31, 2019
	Millions of yen	Millions of yen
Profit	3,786	2,843
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	158	(90)
Total amount of items that will not be reclassified to profit or loss	158	(90)
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	154	(91)
Comprehensive income	3,941	2,751
Comprehensive income attributable to		
Owners of parent	3,941	2,751
Comprehensive income	3,941	2,751

(4) Condensed consolidated statements of changes in equity
Six months ended August 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	–	–	–	158	2
Total comprehensive income	–	–	–	158	2
Purchase of treasury shares	–	–	(514)	–	–
Dividends	–	–	–	–	–
Share-based payment transactions	–	25	–	–	–
Transfer to retained earnings	–	–	–	–	–
Total amount of transactions with owners	–	25	(514)	–	–
Balance as of August 31, 2018	<u>34,367</u>	<u>35,154</u>	<u>(520)</u>	<u>(35)</u>	<u>(1)</u>

	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	Millions of yen	Millions of yen	
Balance as of March 1, 2018	(12)	(209)	57,029	126,311	126,311
Profit	–	–	3,786	3,786	3,786
Other comprehensive income	(5)	154	–	154	154
Total comprehensive income	(5)	154	3,786	3,941	3,941
Purchase of treasury shares	–	–	–	(514)	(514)
Dividends	–	–	(1,217)	(1,217)	(1,217)
Share-based payment transactions	–	–	–	25	25
Transfer to retained earnings	–	–	–	–	–
Total amount of transactions with owners	–	–	(1,217)	(1,706)	(1,706)
Balance as of August 31, 2018	<u>(17)</u>	<u>(54)</u>	<u>59,598</u>	<u>128,545</u>	<u>128,545</u>

Six months ended August 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	–	–	–	(90)	0
Total comprehensive income	–	–	–	(90)	0
Purchase of treasury shares	–	–	(0)	–	–
Dividends	–	–	–	–	–
Share-based payment transactions	–	38	3	–	–
Transfer to retained earnings	–	–	–	(10)	–
Total amount of transactions with owners	–	38	3	(10)	–
Balance as of August 31, 2019	34,367	35,244	(517)	(143)	(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	–	–	2,843	2,843	2,843
Other comprehensive income	(1)	(91)	–	(91)	(91)
Total comprehensive income	(1)	(91)	2,843	2,751	2,751
Purchase of treasury shares	–	–	–	(0)	(0)
Dividends	–	–	(1,212)	(1,212)	(1,212)
Share-based payment transactions	–	–	–	42	42
Transfer to retained earnings	–	(10)	10	–	–
Total amount of transactions with owners	–	(10)	(1,201)	(1,170)	(1,170)
Balance as of August 31, 2019	(18)	(162)	53,983	122,916	122,916

(5) Condensed consolidated statements of cash flows

	Six months ended August 31, 2018	Six months ended August 31, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	5,534	4,638
Depreciation and amortization expense	2,917	7,633
Impairment loss	113	573
Increase (decrease) in net defined benefit liability	(39)	(51)
Finance income	(82)	(90)
Finance cost	258	1,316
Share of (profit) loss of entities accounted for using equity method	(3)	1
Loss (gain) on sales and retirement of non-current assets	85	58
Decrease (increase) in trade receivables	350	(190)
Decrease (increase) in inventories	(195)	242
Increase (decrease) in trade payables	1,897	2,719
Increase/decrease in other assets/liabilities	(3,361)	589
Other, net	89	(62)
Subtotal	7,564	17,376
Interest and dividends received	17	17
Interest paid	(288)	(1,337)
Income taxes paid	(1,031)	(1,311)
Net cash provided by (used in) operating activities	6,262	14,745
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,377)	(3,875)
Proceeds from sales of property, plant and equipment	5	0
Payments for investments in real estates	(637)	(6)
Purchase of investment securities	(101)	(1)
Proceeds from sales of investment securities	-	22
Payments for lease and guarantee deposits	(85)	(154)
Proceeds from collection of lease and guarantee deposits	381	239
Other, net	(339)	(583)
Net cash provided by (used in) investing activities	(4,153)	(4,358)
Cash flows from financing activities		
Repayments of non-current borrowings	(4,790)	(4,090)
Repayments of lease liabilities	-	(4,582)
Net decrease (increase) in treasury shares	(514)	0
Dividends paid	(1,217)	(1,212)
Other, net	(178)	-
Net cash provided by (used in) financing activities	(6,700)	(9,883)
Net increase (decrease) in cash and cash equivalents	(4,590)	502
Cash and cash equivalents at beginning of period	12,464	8,690
Effect of exchange rate changes on cash and cash equivalents	(5)	(1)
Cash and cash equivalents at end of period	7,868	9,192