



December 25, 2019

Consolidated Financial Results
for the Nine 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: January 9, 2020

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 nine months of the fiscal year ending February 29, 2020 (from March 1, 2019 to November 30, 2019)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Operating revenue		Business profit		Operating profit		Profit before tax	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2019	88,029	32.8	7,463	7.3	10,130	24.5	8,300	5.3
November 30, 2018	66,272	(2.9)	6,953	(15.3)	8,139	(15.7)	7,882	(17.0)

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
November 30, 2019	5,323	(1.8)	5,240	(6.3)	52.66	52.64
November 30, 2018	5,419	(16.7)	5,595	(14.2)	53.52	53.52

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
November 30, 2019	361,408	124,113	124,113	34.3	1,227.65
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 paid 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: 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 November 30, 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 November 30, 2019	364,903 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 nine months ended November 30, 2019	101,098,312 shares
For the nine months ended November 30, 2018	101,257,844 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 November 30, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	8,690	17,960
Trade and other receivables	10,859	18,984
Other financial assets	510	618
Inventories	20,547	4,070
Other current assets	2,140	1,334
Total current assets	42,749	42,969
Non-current assets		
Property, plant and equipment	195,617	190,379
Right-of-use assets	–	78,014
Intangible assets	1,696	2,176
Investment property	8,825	21,253
Investments accounted for using equity method	27	25
Other financial assets	21,155	20,814
Deferred tax assets	2,654	4,950
Other non-current assets	2,643	825
Total non-current assets	232,620	318,439
Total assets	275,369	361,408

	As of February 28, 2019	As of November 30, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,480	6,750
Lease liabilities	–	9,458
Trade and other payables	22,651	39,522
Other financial liabilities	1,683	1,454
Income tax payables	1,599	1,651
Provisions	761	610
Contract liabilities	14,479	1,678
Other current liabilities	4,142	4,097
Total current liabilities	53,798	65,223
Non-current liabilities		
Borrowings	53,260	48,520
Lease liabilities	–	92,067
Other financial liabilities	37,435	27,913
Net defined benefit liability	1,705	1,632
Provisions	2,033	1,544
Contract liabilities	19	18
Other non-current liabilities	209	376
Total non-current liabilities	94,662	172,072
Total liabilities	148,460	237,295
Equity		
Share capital	34,367	34,367
Share premium	35,205	35,266
Treasury shares	(520)	(517)
Other components of equity	(59)	(153)
Retained earnings	57,915	55,150
Total equity attributable to owners of parent	126,908	124,113
Total equity	126,908	124,113
Total liabilities and equity	275,369	361,408

(2) Condensed consolidated statements of income

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
	Millions of yen	Millions of yen
Operating revenue	66,272	88,029
Operating cost	(44,922)	(66,188)
Operating gross profit	21,349	21,840
Selling, general and administrative expense	(14,396)	(14,377)
Other income	1,801	3,710
Other expense	(615)	(1,043)
Operating profit	8,139	10,130
Finance income	113	134
Finance cost	(379)	(1,962)
Share of profit (loss) of entities accounted for using equity method	7	(1)
Profit before tax	7,882	8,300
Income tax expense	(2,463)	(2,977)
Profit	5,419	5,323
Profit attributable to		
Owners of parent	5,419	5,323
Profit	5,419	5,323
Earnings per share		
Basic earnings per share (Yen)	53.52	52.66
Diluted earnings per share (Yen)	53.52	52.64

(3) Condensed consolidated statements of comprehensive income

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
	Millions of yen	Millions of yen
Profit	5,419	5,323
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	175	(80)
Total amount of items that will not be reclassified to profit or loss	175	(80)
Items that might be reclassified to profit or loss		
Cash flow hedges	2	0
Exchange differences on translation of foreign operations	(2)	(3)
Total amount of items that might be reclassified to profit or loss	0	(2)
Other comprehensive income, net of tax	176	(83)
Comprehensive income	5,595	5,240
Comprehensive income attributable to		
Owners of parent	5,595	5,240
Comprehensive income	5,595	5,240

(4) Condensed consolidated statements of changes in equity
Nine months ended November 30, 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	—	—	—	175	2
Total comprehensive income	—	—	—	175	2
Purchase of treasury shares	—	—	(515)	—	—
Dividends	—	—	—	—	—
Share-based payment transactions	—	51	—	—	—
Transfer to retained earnings	—	—	—	—	—
Total amount of transactions with owners	—	51	(515)	—	—
Balance as of November 30, 2018	34,367	35,180	(520)	(18)	(0)

	Equity attributable to owners of parent				
	Other components of equity				Total
	Exchange differences on translation of foreign operations	Total	Retained earnings	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	—	—	5,419	5,419	5,419
Other comprehensive income	(2)	176	—	176	176
Total comprehensive income	(2)	176	5,419	5,595	5,595
Purchase of treasury shares	—	—	—	(515)	(515)
Dividends	—	—	(2,429)	(2,429)	(2,429)
Share-based payment transactions	—	—	—	51	51
Transfer to retained earnings	—	—	—	—	—
Total amount of transactions with owners	—	—	(2,429)	(2,893)	(2,893)
Balance as of November 30, 2018	(14)	(33)	60,018	129,013	129,013

Nine months ended November 30, 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
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	—	—	—	(80)	0
Total comprehensive income	—	—	—	(80)	0
Purchase of treasury shares	—	—	(0)	—	—
Dividends	—	—	—	—	—
Share-based payment transactions	—	60	3	—	—
Transfer to retained earnings	—	—	—	(10)	—
Total amount of transactions with owners	—	60	3	(10)	—
Balance as of November 30, 2019	34,367	35,266	(517)	(133)	—

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	—	—	5,323	5,323	5,323
Other comprehensive income	(3)	(83)	—	(83)	(83)
Total comprehensive income	(3)	(83)	5,323	5,240	5,240
Purchase of treasury shares	—	—	—	(0)	(0)
Dividends	—	—	(2,525)	(2,525)	(2,525)
Share-based payment transactions	—	—	—	63	63
Transfer to retained earnings	—	(10)	10	—	—
Total amount of transactions with owners	—	(10)	(2,515)	(2,462)	(2,462)
Balance as of November 30, 2019	(20)	(153)	55,150	124,113	124,113

(5) Condensed consolidated statements of cash flows

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	7,882	8,300
Depreciation and amortization expense	4,411	11,604
Impairment loss	113	577
Increase (decrease) in net defined benefit liability	(59)	(73)
Finance income	(113)	(134)
Finance cost	379	1,962
Share of (profit) loss of entities accounted for using equity method	(7)	1
Loss (gain) on sales and retirement of non-current assets	105	(172)
Decrease (increase) in trade receivables	(3,810)	(5,147)
Decrease (increase) in inventories	(7,838)	17,469
Increase (decrease) in trade payables	5,539	11,219
Increase/decrease in other assets/liabilities	(2,479)	(10,354)
Other, net	152	(94)
Subtotal	4,274	35,159
Interest and dividends received	23	25
Interest paid	(401)	(1,985)
Income taxes paid	(2,320)	(2,551)
Net cash provided by (used in) operating activities	1,575	30,648
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,427)	(5,191)
Proceeds from sales of property, plant and equipment	5	426
Payments for investments in real estates	(859)	(55)
Purchase of investment securities	(102)	(2)
Proceeds from sales of investment securities	—	22
Payments for lease and guarantee deposits	(105)	(173)
Proceeds from collection of lease and guarantee deposits	577	376
Other, net	(466)	(725)
Net cash provided by (used in) investing activities	(11,377)	(5,324)

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
	Millions of yen	Millions of yen
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(1,000)	—
Net increase (decrease) in commercial papers	6,000	—
Proceeds from non-current borrowings	11,000	—
Repayments of non-current borrowings	(6,370)	(6,470)
Repayments of lease liabilities	—	(7,056)
Net decrease (increase) in treasury shares	(515)	0
Dividends paid	(2,429)	(2,525)
Other, net	(278)	—
Net cash provided by (used in) financing activities	6,406	(16,051)
Net increase (decrease) in cash and cash equivalents	(3,395)	9,272
Cash and cash equivalents at beginning of period	12,464	8,690
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)
Cash and cash equivalents at end of period	9,066	17,960