



December 26, 2018

Consolidated Financial Results
for the Nine Months of the Fiscal Year Ending February 28, 2019
<under IFRS>

Company name: **PARCO CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 8251
 URL: <http://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: January 9, 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 nine months of the fiscal year ending February 28, 2019 (from March 1, 2018 to November 30, 2018)

(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, 2018	66,272	(2.9)	6,953	(15.3)	8,139	(15.7)	7,882	(17.0)
November 30, 2017	68,252	(1.8)	8,207	(18.5)	9,660	(22.7)	9,498	(21.0)

	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, 2018	5,419	(16.7)	5,595	(14.2)	53.52	53.52
November 30, 2017	6,507	(12.5)	6,522	(13.5)	64.14	–

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, 2018	275,879	129,013	129,013	46.8	1,276.88
February 28, 2018	261,835	126,311	126,311	48.2	1,244.97

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, 2018	–	11.00	–	12.00	23.00
Fiscal year ending February 28, 2019	–	12.00	–		
Fiscal year ending February 28, 2019 (Forecast)				12.00	24.00

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

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		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending February 28, 2019	93,700	2.3	10,000	(2.8)	10,800	(7.8)	10,450	(8.8)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 28, 2019	7,100	(9.1)	70.12

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

As of November 30, 2018	425,624 shares
As of February 28, 2018	5,369 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended November 30, 2018	101,257,844 shares
For the nine months ended November 30, 2017	101,458,155 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, 2018	As of November 30, 2018
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	12,464	9,066
Trade and other receivables	10,839	14,013
Other financial assets	721	531
Inventories	13,458	21,296
Other current assets	1,762	2,270
Total current assets	39,245	47,179
Non-current assets		
Property, plant and equipment	186,791	192,449
Intangible assets	1,494	1,493
Investment property	8,493	8,931
Investments accounted for using equity method	21	29
Other financial assets	21,065	21,236
Deferred tax assets	1,855	1,847
Other non-current assets	2,867	2,712
Total non-current assets	222,590	228,700
Total assets	261,835	275,879

	As of February 28, 2018	As of November 30, 2018
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	8,580	13,880
Trade and other payables	23,780	26,926
Other financial liabilities	1,212	1,243
Income tax payables	1,475	1,435
Provisions	7	7
Contract liabilities	-	13,520
Other current liabilities	17,457	3,922
Total current liabilities	<u>52,514</u>	<u>60,936</u>
Non-current liabilities		
Bonds and borrowings	44,240	48,570
Other financial liabilities	33,447	33,376
Net defined benefit liability	1,792	1,733
Provisions	503	508
Contract liabilities	-	1,530
Other non-current liabilities	3,026	210
Total non-current liabilities	<u>83,010</u>	<u>85,929</u>
Total liabilities	<u>135,524</u>	<u>146,866</u>
Equity		
Share capital	34,367	34,367
Share premium	35,129	35,180
Treasury shares	(5)	(520)
Other components of equity	(209)	(33)
Retained earnings	57,029	60,018
Total equity attributable to owners of parent	<u>126,311</u>	<u>129,013</u>
Total equity	<u>126,311</u>	<u>129,013</u>
Total liabilities and equity	<u><u>261,835</u></u>	<u><u>275,879</u></u>

(2) Condensed consolidated statements of income

	Nine months ended November 30, 2017	Nine months ended November 30, 2018
	Millions of yen	Millions of yen
Operating revenue	68,252	66,272
Operating cost	(45,984)	(44,922)
Operating gross profit	22,267	21,349
Selling, general and administrative expense	(14,060)	(14,396)
Other income	2,204	1,801
Other expense	(751)	(615)
Operating profit	9,660	8,139
Finance income	103	113
Finance cost	(241)	(379)
Share of profit (loss) of entities accounted for using equity method	(22)	7
Profit before tax	9,498	7,882
Income tax expense	(2,991)	(2,463)
Profit	6,507	5,419
Profit attributable to		
Owners of parent	6,507	5,419
Profit	6,507	5,419
Earnings per share		
Basic earnings per share (Yen)	64.14	53.52
Diluted earnings per share (Yen)	-	53.52

(3) Condensed consolidated statements of comprehensive income

	Nine months ended November 30, 2017	Nine months ended November 30, 2018
	Millions of yen	Millions of yen
Profit	6,507	5,419
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(8)	175
Total amount of items that will not be reclassified to profit or loss	(8)	175
Items that might be reclassified to profit or loss		
Cash flow hedges	19	2
Exchange differences on translation of foreign operations	4	(2)
Total amount of items that might be reclassified to profit or loss	24	0
Other comprehensive income, net of tax	15	176
Comprehensive income	<u>6,522</u>	<u>5,595</u>
Comprehensive income attributable to		
Owners of parent	<u>6,522</u>	<u>5,595</u>
Comprehensive income	<u>6,522</u>	<u>5,595</u>

(4) Condensed consolidated statements of changes in equity
Nine months ended November 30, 2017

	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, 2017	34,367	35,129	(4)	(185)	19
Profit	-	-	-	-	-
Other comprehensive income	-	-	-	(8)	19
Total comprehensive income	-	-	-	(8)	19
Purchase of treasury shares	-	-	(0)	-	-
Dividends	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(0)	-	-
Balance as of November 30, 2017	34,367	35,129	(5)	(193)	39

	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, 2017	(18)	(184)	51,292	120,600	120,600
Profit	-	-	6,507	6,507	6,507
Other comprehensive income	4	15	-	15	15
Total comprehensive income	4	15	6,507	6,522	6,522
Purchase of treasury shares	-	-	-	(0)	(0)
Dividends	-	-	(2,333)	(2,333)	(2,333)
Transfer to retained earnings	-	-	-	-	-
Total amount of transactions with owners	-	-	(2,333)	(2,334)	(2,334)
Balance as of November 30, 2017	(14)	(168)	55,466	124,789	124,789

Nine months ended November 30, 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	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, 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

	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	-	-	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

(5) Condensed consolidated statements of cash flows

	Nine months ended November 30, 2017	Nine months ended November 30, 2018
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	9,498	7,882
Depreciation and amortization expense	4,155	4,411
Impairment loss	240	113
Increase (decrease) in net defined benefit liability	(56)	(59)
Finance income	(103)	(113)
Finance cost	241	379
Share of (profit) loss of entities accounted for using equity method	22	(7)
Loss (gain) on sales and retirement of non-current assets	104	105
Decrease (increase) in trade receivables	(6,426)	(3,810)
Decrease (increase) in inventories	(10,103)	(7,838)
Increase (decrease) in trade payables	7,831	5,539
Increase/decrease in other assets/liabilities	15,853	(2,479)
Other, net	156	152
Subtotal	21,416	4,274
Interest and dividends received	25	23
Interest paid	(324)	(401)
Income taxes paid	(2,643)	(2,320)
Payment resulting from store closing	(262)	-
Net cash provided by (used in) operating activities	18,212	1,575
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	80	-
Purchase of property, plant and equipment	(9,010)	(10,427)
Proceeds from sales of property, plant and equipment	19	5
Payments for investments in real estates	(470)	(859)
Purchase of investment securities	(2)	(102)
Proceeds from sales of investment securities	19	-
Payments for lease and guarantee deposits	(377)	(105)
Proceeds from collection of lease and guarantee deposits	1,060	577
Other, net	(411)	(466)
Net cash provided by (used in) investing activities	(9,093)	(11,377)

	Nine months ended November 30, 2017	Nine months ended November 30, 2018
	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	3,900	6,000
Proceeds from non-current borrowings	–	11,000
Repayments of non-current borrowings	(11,470)	(6,370)
Net decrease (increase) in treasury shares	(0)	(515)
Dividends paid	(2,333)	(2,429)
Other, net	(184)	(278)
Net cash provided by (used in) financing activities	(10,088)	6,406
Net increase (decrease) in cash and cash equivalents	(969)	(3,395)
Cash and cash equivalents at beginning of period	10,522	12,464
Effect of exchange rate changes on cash and cash equivalents	3	(1)
Cash and cash equivalents at end of period	9,556	9,066