

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]



May 11, 2020

Company name: YAOKO CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8279
 URL: <https://www.yaoko-net.com/>
 Representative: Sumito Kawano, President and Representative Director
 Contact: Masanobu Kamiike, Managing Director and Chief Director of Business Management
 Phone: +81-49-246-7000
 Scheduled date of Annual General Meeting of Shareholders: June 23, 2020
 Scheduled date of commencing dividend payments: June 24, 2020
 Scheduled date of filing annual securities report: June 23, 2020
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Total revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	460,476	5.8	19,882	11.1	19,629	12.2	12,458	5.6
March 31, 2019	435,085	4.8	17,900	5.5	17,488	5.8	11,798	7.2

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥12,430 million [6.5 %]
 Fiscal year ended March 31, 2019: ¥11,668 million [(0.1) %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to total revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	320.85	305.44	12.6	8.4	4.3
March 31, 2019	303.86	-	13.2	8.0	4.1

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2020: ¥- million
 Fiscal year ended March 31, 2019: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	244,511	104,037	42.5	2,679.23
As of March 31, 2019	224,315	94,055	41.9	2,422.24

(Reference) Equity: As of March 31, 2020: ¥104,037 million
 As of March 31, 2019: ¥94,055 million

(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	Million yen	Million yen	Million yen	Million yen
March 31, 2020	29,218	(21,992)	1,418	24,338
March 31, 2019	22,970	(16,431)	(5,715)	15,693

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2019	-	27.50	-	32.50	60.00	2,356	19.7	2.6
Fiscal year ended March 31, 2020	-	30.00	-	35.00	65.00	2,552	20.3	2.5
Fiscal year ending March 31, 2021 (Forecast)	-	32.50	-	32.50	65.00		20.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Total revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	473,100	2.7	20,200	1.6	19,900	1.4	12,700	1.9	327.06

* Notes:

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: - company (Name of company) Exclusion: - company (Name of company)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stocks):

March 31, 2020: 40,013,722 shares

March 31, 2019: 40,013,722 shares

2) Total number of treasury stocks at the end of the period:

March 31, 2020: 1,182,501 shares

March 31, 2019: 1,183,649 shares

- 3) Average number of shares during the period:
 Fiscal year ended March 31, 2020: 38,830,676 shares
 Fiscal year ended March 31, 2019: 38,829,591 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Total revenue		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	401,358	5.3	17,754	10.6	17,829	11.5	11,574	3.9
March 31, 2019	380,992	4.7	16,059	5.5	15,984	6.4	11,139	8.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2020	298.06	283.74
March 31, 2019	286.89	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	230,824	102,793	44.5	2,647.18
As of March 31, 2019	210,799	93,640	44.4	2,411.54

(Reference) Equity: As of March 31, 2020: ¥102,793 million
 As of March 31, 2019: ¥93,640 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Total revenue		Operating income		Ordinary income		Net income		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	412,600	2.8	18,000	1.4	18,010	1.0	11,850	2.4	305.17

* These financial results are outside the scope of audit by certified public accountants or audit firms

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on certain assumptions in light of information currently available and deemed reasonable and are not a guarantee of future performance. Actual results may differ significantly from these forecasts due to a wide range of factors. For details on conditions for the assumptions of financial results forecasts and notes for the use of financial results forecasts, please refer to page 5 of the Japanese version of the Attachment, “(4) Future outlook.”

An absorption-type merger between consolidated subsidiaries of YAOKO CO., LTD. was conducted on April 1, 2019, with Ave Co., Ltd. as the surviving company and ave development co., ltd. as the absorbed company.

Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and bank deposits	15,693	24,338
Accounts receivable—trade	4,355	6,710
Merchandise and finished products	7,525	7,806
Raw materials and supplies	218	246
Other	10,714	8,960
Total current assets	38,507	48,062
Non-current assets		
Tangible fixed assets		
Buildings and structures	112,914	116,400
Accumulated depreciation	(43,665)	(48,615)
Buildings and structures (net)	69,249	67,784
Vehicles	42	47
Accumulated depreciation	(32)	(33)
Vehicles (net)	9	13
Tools, furniture and fixtures	28,823	31,594
Accumulated depreciation	(14,272)	(17,073)
Tools, furniture and fixtures (net)	14,551	14,520
Land	63,556	71,533
Leased assets	2,255	2,288
Accumulated depreciation	(1,013)	(1,081)
Leased assets (net)	1,241	1,207
Construction in progress	388	4,246
Total tangible fixed assets	148,997	159,307
Intangible fixed assets		
Goodwill	3,047	2,031
Leasehold rights	1,821	1,821
Leased assets	145	115
Other	6,194	5,888
Total intangible fixed assets	11,208	9,857
Investments and other assets		
Investment securities	439	428
Long-term loans receivable	95	75
Deferred tax assets	6,172	6,820
Guarantee deposits paid	16,828	18,023
Other	2,064	1,896
Total investments and other assets	25,600	27,244
Total non-current assets	185,807	196,409
Deferred assets		
Bond issuance costs	-	39
Total deferred assets	-	39
Total assets	224,315	244,511

(Millions of Yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable—trade	25,803	30,975
Current portion of long-term loans payable	11,562	8,974
Lease obligations	161	180
Income taxes payable	4,110	4,164
Provision for bonuses for employees	2,386	2,550
Provision for loss on future collection of gift certificates	38	41
Provision for point card certificates	1,477	1,752
Asset retirement obligations	-	36
Other	13,830	13,403
Total current liabilities	59,369	62,079
Long-term liabilities		
Bonds payable	-	15,062
Long-term loans payable	50,523	42,077
Lease obligations	2,934	2,939
Deferred tax liabilities	1,145	1,121
Deferred tax liabilities on revaluation	34	34
Provision for retirement benefits for directors	191	197
Provision for retirement benefits for executive officers	27	29
Provision for stock compensation for employees	1,399	1,767
Provision for stock compensation for directors	115	158
Liability for retirement benefits	3,639	4,101
Asset retirement obligations	3,996	4,188
Other	6,880	6,714
Total long-term liabilities	70,889	78,394
Total liabilities	130,259	140,473
Net assets		
Shareholders' equity		
Common stock	4,199	4,199
Capital surplus	5,361	5,361
Retained earnings	91,921	101,925
Treasury stock	(3,134)	(3,128)
Total shareholders' equity	98,348	108,358
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	139	166
Revaluation reserve for land	(3,534)	(3,534)
Remeasurements of defined benefit plans	(897)	(952)
Total accumulated other comprehensive income	(4,292)	(4,320)
Total net assets	94,055	104,037
Total liabilities and net assets	224,315	244,511

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of Yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	417,709	442,220
Cost of sales	309,524	328,243
Gross profit	108,184	113,977
Operating revenue	17,375	18,256
Operating gross profit	125,560	132,233
Selling, general and administrative expenses		
Distribution expenses	7,332	7,708
Advertising and promotion expenses	2,934	2,996
Salaries and allowances	44,264	46,432
Provision for bonuses for employees	2,599	2,812
Retirement benefit expenses	1,029	1,059
Provision for retirement benefits for directors	5	5
Provision for retirement benefits for executive officers	2	2
Provision for stock compensation for employees	284	389
Provision for stock compensation for directors	42	42
Legal welfare expenses	6,759	7,121
Utilities	5,072	4,864
Rent	12,058	12,603
Depreciation and amortization	8,452	9,163
Amortization of goodwill	1,015	1,015
Other	15,805	16,132
Total selling, general and administrative expenses	107,660	112,351
Operating income	17,900	19,882
Non-operating income		
Interest income	94	102
Dividend income	7	8
Subsidy income	40	161
Income from unused gift certificates	27	32
Other	47	54
Total non-operating income	217	358
Non-operating expenses		
Interest expenses	607	569
Other	22	42
Total non-operating expenses	629	612
Ordinary income	17,488	19,629

(Millions of Yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Extraordinary income		
Gain on sales of fixed assets	2,542	22
Penalty income on lease contracts	20	-
Other	46	-
Total extraordinary income	2,609	22
Extraordinary losses		
Loss on sales of fixed assets	12	-
Loss on disposal of fixed assets	382	81
Loss on impairment	1,971	771
Other	-	38
Total extraordinary losses	2,367	890
Income before income taxes	17,730	18,761
Income taxes - current	6,479	6,956
Income taxes - deferred	(547)	(653)
Total income taxes	5,932	6,303
Net income	11,798	12,458
Net income attributable to owners of parent	11,798	12,458

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net income	11,798	12,458
Other comprehensive income		
Unrealized gains on available-for-sale securities	(82)	27
Remeasurements of defined benefit plans	(48)	(55)
Total other comprehensive income	(130)	(27)
Comprehensive income	11,668	12,430
Comprehensive income attributable to		
Owners of parent	11,668	12,430

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2019

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2018	4,199	5,361	83,365	(3,141)	89,786
Changes during the year					
Cash dividends			(2,258)		(2,258)
Net income attributable to owners of parent			11,798		11,798
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				7	7
Reversal of revaluation reserve for land			(984)		(984)
Other changes during the year—net					
Total changes during the year	-	-	8,555	6	8,562
Balance, March 31, 2019	4,199	5,361	91,921	(3,134)	98,348

	Accumulated other comprehensive income				Total net assets
	Unrealized gains on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance, April 1, 2018	221	(4,519)	(849)	(5,147)	84,639
Changes during the year					
Cash dividends					(2,258)
Net income attributable to owners of parent					11,798
Purchase of treasury stock					(0)
Disposal of treasury stock					7
Reversal of revaluation reserve for land		984		984	-
Other changes during the year—net	(82)		(48)	(130)	(130)
Total changes during the year	(82)	984	(48)	854	9,416
Balance, March 31, 2019	139	(3,534)	(897)	(4,292)	94,055

For the fiscal year ended March 31, 2020

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2019	4,199	5,361	91,921	(3,134)	98,348
Changes during the year					
Cash dividends			(2,454)		(2,454)
Net income attributable to owners of parent			12,458		12,458
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock				7	7
Reversal of revaluation reserve for land			0		0
Other changes during the year—net					
Total changes during the year	-	-	10,003	5	10,009
Balance, March 31, 2020	4,199	5,361	101,925	(3,128)	108,358

	Accumulated other comprehensive income				Total net assets
	Unrealized gains on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance, April 1, 2019	139	(3,534)	(897)	(4,292)	94,055
Changes during the year					
Cash dividends					(2,454)
Net income attributable to owners of parent					12,458
Purchase of treasury stock					(1)
Disposal of treasury stock					7
Reversal of revaluation reserve for land					0
Other changes during the year—net	27	(0)	(55)	(27)	(27)
Total changes during the year	27	(0)	(55)	(27)	9,981
Balance, March 31, 2020	166	(3,534)	(952)	(4,320)	104,037

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from operating activities		
Income before income taxes	17,730	18,761
Depreciation and amortization	9,028	9,757
Loss on impairment	1,971	771
Amortization of goodwill	1,015	1,015
Increase (decrease) in provision for retirement benefits for directors	5	5
Increase (decrease) in provision for retirement benefits for executive officers	2	2
Increase (decrease) in provision for stock compensation for employees	264	368
Increase (decrease) in provision for stock compensation for directors	42	42
Increase (decrease) in liability for retirement benefits	254	257
Interest and dividend income	(102)	(110)
Interest expenses	607	569
Loss (gain) on sales of fixed assets	(2,530)	(22)
Loss on disposal of fixed assets	382	81
Decrease (increase) in trade receivables	(815)	(2,354)
Decrease (increase) in inventories	(59)	(309)
Increase (decrease) in trade payables	1,355	5,172
Net change in consumption taxes payable or receivable	1,626	(141)
Other—net	(1,708)	2,729
Subtotal	29,072	36,597
Interest and dividend income received	12	12
Interest expenses paid	(573)	(542)
Income taxes paid	(5,540)	(6,848)
Net cash provided by operating activities	22,970	29,218
Cash flows from investing activities		
Withdrawal of time deposits	60	-
Purchase of tangible fixed assets	(18,936)	(19,900)
Proceeds from sales of tangible fixed assets	6,020	71
Purchase of intangible fixed assets	(2,405)	(919)
Proceeds from sales or redemption of investment securities	-	13
Payments of guarantee deposits	(1,525)	(1,998)
Collection of guarantee deposits paid	873	837
Other—net	(518)	(96)
Net cash used in investing activities	(16,431)	(21,992)
Cash flows from financing activities		
Proceeds from long-term loans payable	5,500	-
Repayments of long-term loans payable	(8,779)	(11,034)
Proceeds from issuance of bonds	-	15,075
Purchase of treasury stock	(0)	(1)
Proceeds from sales of treasury stock	3	0
Payment of cash dividends	(2,258)	(2,454)
Repayments of lease obligations	(180)	(167)
Net cash provided by (used in) financing activities	(5,715)	1,418
Net increase (decrease) in cash and cash equivalents	824	8,644
Cash and cash equivalents, beginning of the year	14,869	15,693
Cash and cash equivalents, end of period	15,693	24,338

(5) Notes to the Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Segment information, etc.

Segment information

This information is omitted because the Group operates in a single business segment, the supermarket business, mainly handling food.

Related information

1. Information by products and services

This information is omitted because net sales to customers under a single product and service category exceeded 90% of net sales in the consolidated statements of income.

2. Information by geographical area

(1) Net sales

Not applicable since the Company does not sell to customers outside Japan.

(2) Tangible fixed assets

Not applicable since the Company does not have tangible fixed assets located outside Japan.

3. Information by major customer

This information is omitted because no customer accounted for 10% or more of net sales in the consolidated statements of income.

Information about loss on impairment loss on fixed assets by reportable segment

This information is omitted because the Group operates in a single business segment, the supermarket business.

Information concerning amortization and unamortized balance of goodwill by reportable segment

This information is omitted because the Group operates in a single business segment, the supermarket business.

Gain on bargain purchase by reportable segment

Not applicable.