

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended February 28, 2023  
(Based on Japanese GAAP)**

April 14, 2023

Company name: ARCLANDS CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 9842 URL <https://www.arclands.co.jp/>  
 Representative: President and COO Haruhiko Sakamoto  
 Executive Officer, Administration General  
 Inquiries: Kimitoshi Ino TEL 048-610-0641  
 Manager  
 Scheduled date of ordinary general meeting of shareholders: May 25, 2023  
 Scheduled date to file Securities Report: May 26, 2023  
 Scheduled date to commence dividend payments: May 26, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2023	313,487	–	18,911	–	19,176	–	9,663	–
Year ended February 28, 2022	357,190	–	20,919	–	23,281	–	16,393	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2023	238.26	–	9.6	5.2	6.0
Year ended February 28, 2022	404.20	–	18.4	6.4	5.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2023	361,925	116,570	29.0	2,591.39
As of February 28, 2022	371,769	107,403	26.0	2,386.98

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2023	20,497	(13,122)	(13,955)	23,818
Year ended February 28, 2022	27,960	(19,554)	(3,680)	30,353

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2022	–	15.00	–	20.00	35.00	1,419	8.7	1.6
Year ended February 28, 2023	–	20.00	–	20.00	40.00	1,622	16.8	1.6
Year ending February 29, 2024 (Forecast)	–	20.00	–	20.00	40.00		12.4	

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2023	162,400	1.6	11,350	(4.3)	11,300	(8.4)	8,550	15.5	210.81
Full year	320,000	2.1	20,100	6.3	20,000	4.3	13,100	35.6	323.00

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

Yes

Changes in accounting policies due to other reasons:

Yes

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of February 28, 2023	41,381,686 shares	As of February 28, 2022	41,381,686 shares
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Number of treasury shares at the end of the period

As of February 28, 2023	824,119 shares	As of February 28, 2022	824,077 shares
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Average number of shares during the period

Year ended February 28, 2023	40,557,604 shares	Year ended February 28, 2022	40,557,637 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	30,362	23,827
Notes and accounts receivable - trade	8,687	9,562
Merchandise and finished goods	50,514	53,918
Raw materials and supplies	23	22
Other	7,437	5,409
Allowance for doubtful accounts	(32)	(28)
Total current assets	96,992	92,711
Non-current assets		
Property, plant and equipment		
Buildings and structures	190,778	193,814
Accumulated depreciation	(92,701)	(98,360)
Buildings and structures, net	98,077	95,453
Land	72,485	72,387
Leased assets	30,886	30,776
Accumulated depreciation	(7,616)	(9,046)
Leased assets, net	23,270	21,730
Construction in progress	1,982	3,698
Other	16,818	16,886
Accumulated depreciation	(11,341)	(12,155)
Other, net	5,476	4,730
Total property, plant and equipment	201,292	197,999
Intangible assets		
Goodwill	20,452	18,843
Trademark right	9,081	8,370
Leasehold interests in land	3,805	3,766
Software	3,403	3,113
Other	135	84
Total intangible assets	36,878	34,178
Investments and other assets		
Investment securities	9,200	10,084
Leasehold and guarantee deposits	23,901	23,538
Long-term prepaid expenses	1,145	922
Long-term loans receivable	1,879	1,819
Deferred tax assets	437	632
Other	61	57
Allowance for doubtful accounts	(19)	(18)
Total investments and other assets	36,606	37,036
Total non-current assets	274,777	269,214
Total assets	371,769	361,925

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	19,145	18,370
Electronically recorded obligations - operating	25,554	16,453
Short-term borrowings	56,100	40,100
Current portion of long-term borrowings	27,000	10,000
Current portion of bonds payable	–	2,009
Lease liabilities	1,881	1,903
Accounts payable - other	2,924	3,534
Income taxes payable	4,115	3,673
Accrued expenses	4,780	5,892
Provision for bonuses	1,317	1,686
Contract liabilities	–	605
Provision for sales returns	2	–
Provision for point card certificates	259	–
Advances received	2,004	2,138
Asset retirement obligations	45	21
Other	1,929	2,314
Total current liabilities	147,061	108,703
Non-current liabilities		
Bonds payable	2,109	100
Long-term borrowings	56,500	79,500
Lease liabilities	29,711	28,169
Long-term guarantee deposits	14,107	14,172
Retirement benefit liability	481	510
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	5,047	5,127
Deferred tax liabilities	8,704	8,444
Other	462	447
Total non-current liabilities	117,304	136,651
Total liabilities	264,366	245,355
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,274	6,274
Retained earnings	83,139	91,022
Treasury shares	(641)	(641)
Total shareholders' equity	95,235	103,119
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,552	2,042
Foreign currency translation adjustment	(61)	(88)
Deferred gains or losses on hedges	83	26
Total accumulated other comprehensive income	1,574	1,981
Non-controlling interests	10,593	11,470
Total net assets	107,403	116,570
Total liabilities and net assets	371,769	361,925

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	357,190	313,487
Cost of sales	226,680	195,774
Gross profit	130,510	117,713
Operating revenue		
Lease revenue	13,725	13,677
Other	205	36
Operating gross profit	144,441	131,427
Selling, general and administrative expenses	123,522	112,515
Operating profit	20,919	18,911
Non-operating income		
Interest income	79	58
Dividend income	214	245
Purchase discounts	316	377
Foreign exchange gains	80	–
Subsidy income	2,691	501
Share of profit of entities accounted for using equity method	237	205
Other	421	602
Total non-operating income	4,042	1,990
Non-operating expenses		
Interest expenses	1,394	1,181
Foreign exchange losses	–	54
Commission for syndicated loans	251	–
Loss on cancellation of leases	–	335
Other	34	153
Total non-operating expenses	1,680	1,725
Ordinary profit	23,281	19,176
Extraordinary income		
Gain on sale of non-current assets	10,252	641
Income from exited tenant	4	–
Other	12	168
Total extraordinary income	10,269	810
Extraordinary losses		
Loss on retirement of non-current assets	367	206
Loss on disaster	85	242
Impairment losses	2,911	1,741
compensation from tenant transfer	119	–
Loss on store closings	627	498
Dismantlement expanses	125	133
Loss on valuation of goods	1,241	–
Other	191	222
Total extraordinary losses	5,668	3,044
Profit before income taxes	27,882	16,942
Income taxes - current	8,278	6,375
Income taxes - deferred	1,971	(502)
Total income taxes	10,250	5,873
Profit	17,632	11,069
Profit attributable to non-controlling interests	1,238	1,406
Profit attributable to owners of parent	16,393	9,663

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	17,632	11,069
Other comprehensive income		
Valuation difference on available-for-sale securities	407	490
Foreign currency translation adjustment	10	(11)
Deferred gains or losses on hedges	109	(56)
Share of other comprehensive income of entities accounted for using equity method	3	9
Total other comprehensive income	531	432
Comprehensive income	18,163	11,501
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,914	10,069
Comprehensive income attributable to non-controlling interests	1,249	1,431

## Consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,462	6,276	68,166	(641)	80,264
Changes during period					
Dividends of surplus			(1,419)		(1,419)
Profit attributable to owners of parent			16,393		16,393
Change in scope of consolidation			(1)		(1)
Purchase of shares of consolidated subsidiaries		(1)			(1)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(1)	14,973	(0)	14,971
Balance at end of period	6,462	6,274	83,139	(641)	95,235

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	1,144	(64)	(26)	1,053	9,730	91,048
Changes during period						
Dividends of surplus						(1,419)
Profit attributable to owners of parent						16,393
Change in scope of consolidation						(1)
Purchase of shares of consolidated subsidiaries						(1)
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	407	3	109	520	862	1,383
Total changes during period	407	3	109	520	862	16,354
Balance at end of period	1,552	(61)	83	1,574	10,593	107,403

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,462	6,274	83,139	(641)	95,235
Cumulative effects of changes in accounting policies			(152)		(152)
Restated balance	6,462	6,274	82,986	(641)	95,082
Changes during period					
Dividends of surplus			(1,622)		(1,622)
Profit attributable to owners of parent			9,663		9,663
Other			(4)		(4)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	8,036	(0)	8,036
Balance at end of period	6,462	6,274	91,022	(641)	103,119

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	1,552	(61)	83	1,574	10,593	107,403
Cumulative effects of changes in accounting policies					(124)	(277)
Restated balance	1,552	(61)	83	1,574	10,468	107,125
Changes during period						
Dividends of surplus						(1,622)
Profit attributable to owners of parent						9,663
Other						(4)
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	490	(27)	(56)	406	1,001	1,408
Total changes during period	490	(27)	(56)	406	1,001	9,445
Balance at end of period	2,042	(88)	26	1,981	11,470	116,570



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	27,882	16,942
Depreciation	11,930	10,843
Amortization of goodwill	1,648	1,534
Impairment losses	2,911	1,741
Increase (decrease) in allowance for doubtful accounts	7	(5)
Increase (decrease) in retirement benefit liability	(32)	28
Increase (decrease) in contract liabilities	–	605
Increase (decrease) in provision for point card certificates	100	(259)
Interest and dividend income	(294)	(303)
Interest expenses	1,394	1,181
Foreign exchange losses (gains)	(80)	54
Share of loss (profit) of entities accounted for using equity method	(237)	(205)
Subsidy income	(2,691)	(501)
Loss (gain) on sale of non-current assets	(10,232)	(641)
Loss on retirement of non-current assets	367	206
Loss on store closings	627	498
Dismantlement Expenses	125	133
Loss on valuation of goods	1,241	–
Decrease (increase) in trade receivables	1,102	(870)
Decrease (increase) in inventories	3,300	(3,408)
Decrease (increase) in other assets	(741)	1,326
Increase (decrease) in trade payables	(357)	(3,767)
Increase (decrease) in other liabilities	(2,784)	2,372
Other, net	300	(72)
Subtotal	35,488	27,434
Interest and dividends received	286	276
Interest paid	(1,279)	(1,027)
Subsidies received	2,525	706
Income taxes paid	(9,062)	(6,892)
Net cash provided by (used in) operating activities	27,960	20,497
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,345)	(18,539)
Proceeds from sale of property, plant and equipment	20,581	4,989
Purchase of intangible assets	(2,437)	(620)
Purchase of investment securities	(8)	(8)
Proceeds from sale of investment securities	317	6
Payments of leasehold and guarantee deposits	(1,292)	(587)
Proceeds from refund of leasehold and guarantee deposits	886	771
Purchase of long-term prepaid expenses	(223)	(98)
Loan advances	(389)	(15)
Proceeds from collection of loans receivable	112	437
Guarantee deposits received	2,581	803
Refund of guarantee deposits received	(430)	(520)
Other, net	93	259
Net cash provided by (used in) investing activities	(19,554)	(13,122)

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
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Cash flows from financing activities

Net increase (decrease) in short-term borrowings	(48,430)	(16,000)
Proceeds from long-term borrowings	79,000	33,000
Repayments of long-term borrowings	(30,216)	(27,000)
Repayments of lease liabilities	(2,228)	(1,903)
Dividends paid	(1,419)	(1,622)
Dividends paid to non-controlling interests	(386)	(429)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	–
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	<u>(3,680)</u>	<u>(13,955)</u>
Effect of exchange rate change on cash and cash equivalents	22	44
Net increase (decrease) in cash and cash equivalents	<u>4,748</u>	<u>(6,535)</u>
Cash and cash equivalents at beginning of period	25,605	30,353
Cash and cash equivalents at end of period	<u>30,353</u>	<u>23,818</u>