

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 2024

Company name: ARCLANDS CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 9842 URL <https://www.arclands.co.jp/>
 Representative: President and COO Haruhiko Sakamoto
 Inquiries: Director, Administration General Manager Kimitoshi Ino TEL 048-610-0641
 Scheduled date to file Quarterly Securities Report: January 12, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

(1) Consolidated operating results (cumulative)

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 | % |
| Nine months ended November 30, 2023 | 235,625 | (0.6) | 12,207 | (22.1) | 12,428 | (23.5) | 9,019 | (3.6) |
| Nine months ended November 30, 2022 | 237,024 | – | 15,662 | – | 16,257 | – | 9,360 | – |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Nine months ended November 30, 2023 | 188.53 | – |
| Nine months ended November 30, 2022 | 230.80 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of November 30, 2023 | 362,337 | 115,691 | 31.8 | 1,848.00 |
| As of February 28, 2023 | 361,925 | 116,570 | 29.0 | 2,591.39 |

2. Cash dividends

| | Annual dividends per share | | | | |
|--|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended February 28, 2023 | – | 20.00 | – | 20.00 | 40.00 |
| Year ending February 29, 2024 | – | 20.00 | – | | |
| Year ending February 29, 2024 (Forecast) | | | | 20.00 | 40.00 |

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 |
| Full year | 310,000 | (1.1) | 15,700 | (17.0) | 16,000 | (16.6) | 10,100 | 4.5 | 196.33 |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

| | | | |
|-------------------------|-------------------|-------------------------|-------------------|
| As of November 30, 2023 | 64,733,372 shares | As of February 28, 2023 | 41,381,686 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|------------------|-------------------------|----------------|
| As of November 30, 2023 | 2,410,443 shares | As of February 28, 2023 | 824,119 shares |
|-------------------------|------------------|-------------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended November 30, 2023 | 47,842,923 shares | Nine months ended November 30, 2022 | 40,557,609 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of February 28, 2023 | As of November 30, 2023 |
|---------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 23,827 | 19,320 |
| Notes and accounts receivable - trade | 9,562 | 10,028 |
| Merchandise and finished goods | 53,918 | 58,675 |
| Other | 5,431 | 4,921 |
| Allowance for doubtful accounts | (28) | (26) |
| Total current assets | 92,711 | 92,919 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 95,453 | 99,067 |
| Land | 72,387 | 77,604 |
| Leased assets, net | 21,730 | 18,342 |
| Other, net | 8,428 | 4,987 |
| Total property, plant and equipment | 197,999 | 200,001 |
| Intangible assets | | |
| Goodwill | 18,843 | 17,692 |
| Trademark right | 8,370 | 8,024 |
| Other | 6,965 | 7,086 |
| Total intangible assets | 34,178 | 32,803 |
| Investments and other assets | | |
| Investment securities | 10,084 | 10,542 |
| Leasehold and guarantee deposits | 23,538 | 22,885 |
| Other | 3,431 | 3,203 |
| Allowance for doubtful accounts | (18) | (18) |
| Total investments and other assets | 37,036 | 36,612 |
| Total non-current assets | 269,214 | 269,417 |
| Total assets | 361,925 | 362,337 |

(Millions of yen)

| | As of February 28, 2023 | As of November 30, 2023 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 18,370 | 21,131 |
| Electronically recorded obligations - operating | 16,453 | 14,078 |
| Short-term borrowings | 40,100 | 36,500 |
| Current portion of long-term borrowings | 10,000 | 13,602 |
| Current portion of bonds payable | 2,009 | – |
| Lease liabilities | 1,903 | 1,653 |
| Income taxes payable | 3,673 | 3,658 |
| Provision for bonuses | 1,686 | 2,860 |
| Contract liabilities | 605 | 634 |
| Asset retirement obligations | 21 | 0 |
| Other | 13,879 | 14,010 |
| Total current liabilities | 108,703 | 108,129 |
| Non-current liabilities | | |
| Bonds payable | 100 | 100 |
| Long-term borrowings | 79,500 | 86,648 |
| Lease liabilities | 28,169 | 23,980 |
| Long-term guarantee deposits | 14,172 | 14,107 |
| Retirement benefit liability | 510 | 294 |
| Provision for retirement benefits for directors (and other officers) | 180 | 180 |
| Asset retirement obligations | 5,127 | 5,204 |
| Other | 8,892 | 8,001 |
| Total non-current liabilities | 136,651 | 138,516 |
| Total liabilities | 245,355 | 246,646 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 6,462 | 6,462 |
| Capital surplus | 6,274 | 11,312 |
| Retained earnings | 91,022 | 98,412 |
| Treasury shares | (641) | (3,234) |
| Total shareholders' equity | 103,119 | 112,953 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,042 | 2,256 |
| Foreign currency translation adjustment | (88) | (36) |
| Deferred gains or losses on hedges | 26 | 0 |
| Total accumulated other comprehensive income | 1,981 | 2,219 |
| Non-controlling interests | 11,470 | 518 |
| Total net assets | 116,570 | 115,691 |
| Total liabilities and net assets | 361,925 | 362,337 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

| | Nine months ended November 30, 2022 | Nine months ended November 30, 2023 |
|---|--|--|
| Net sales | 237,024 | 235,625 |
| Cost of sales | 147,630 | 148,703 |
| Gross profit | 89,394 | 86,921 |
| Operating revenue | | |
| Lease revenue | 10,198 | 10,527 |
| Other | 31 | 115 |
| Operating gross profit | 99,624 | 97,564 |
| Selling, general and administrative expenses | 83,962 | 85,357 |
| Operating profit | 15,662 | 12,207 |
| Non-operating income | | |
| Interest income | 44 | 40 |
| Dividend income | 236 | 217 |
| Purchase discounts | 278 | 311 |
| Foreign exchange gains | – | 5 |
| Subsidy income | 497 | – |
| Share of profit of entities accounted for using equity method | 188 | 170 |
| Other | 392 | 346 |
| Total non-operating income | 1,638 | 1,092 |
| Non-operating expenses | | |
| Interest expenses | 898 | 805 |
| Foreign exchange losses | 79 | – |
| Other | 65 | 65 |
| Total non-operating expenses | 1,043 | 870 |
| Ordinary profit | 16,257 | 12,428 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 639 | 2,610 |
| Other | 117 | 557 |
| Total extraordinary income | 756 | 3,168 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 94 | 39 |
| Loss on disaster | 242 | – |
| Impairment losses | 0 | – |
| Loss on store closings | 216 | 190 |
| Dismantlement expanses | 85 | 86 |
| Other | 1 | 9 |
| Total extraordinary losses | 641 | 325 |
| Profit before income taxes | 16,372 | 15,271 |
| Income taxes - current | 5,764 | 6,239 |
| Income taxes - deferred | 61 | (810) |
| Total income taxes | 5,826 | 5,428 |
| Profit | 10,546 | 9,843 |
| Profit attributable to non-controlling interests | 1,185 | 823 |
| Profit attributable to owners of parent | 9,360 | 9,019 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended November 30, 2022 | Nine months ended November 30, 2023 |
|--|--|--|
| Profit | 10,546 | 9,843 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 779 | 213 |
| Foreign currency translation adjustment | 28 | 58 |
| Deferred gains or losses on hedges | (35) | (26) |
| Share of other comprehensive income of entities accounted for using equity method | 13 | 7 |
| Total other comprehensive income | 785 | 253 |
| Comprehensive income | 11,332 | 10,096 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 10,109 | 9,258 |
| Comprehensive income attributable to non- controlling interests | 1,222 | 837 |