

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 20, 2021 (Based on Japanese GAAP)

September 21, 2021

Company name: ARCLAND SAKAMOTO CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9842 URL <https://www.arcland.co.jp/>
 Representative: President and COO Haruhiko Sakamoto
 Director, General Manager, Administration Headquarters Mitsuki Shida TEL 0256-33-6000
 Scheduled date to file Quarterly Securities Report: September 24, 2021
 Scheduled date to commence dividend payments: October 11, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 20, 2021 (from February 21, 2021 to August 20, 2021)

(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	%
Six months ended August 20, 2021	161,479	154.8	11,329	47.1	12,740	56.8	13,943	195.1
Six months ended August 20, 2020	63,370	15.2	7,701	47.6	8,125	45.0	4,724	62.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 20, 2021	343.80	—
Six months ended August 20, 2020	116.50	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 20, 2021	374,605	105,268	25.2	2,331.06
As of February 20, 2021	353,379	91,048	23.0	2,004.99

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 20, 2021	—	15.00	—	20.00	35.00
Year ending February 20, 2022	—	15.00	—	—	—
Year ending February 20, 2022 (Forecast)	—	—	—	20.00	35.00

3. Forecast of consolidated financial results for the year ending February 20, 2022 (from February 21, 2021 to February 20, 2022)

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	365,000	—	22,300	—	23,100	—	19,500	—	480.80

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 20, 2021
(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 August 20, 2021	41,381,686 shares	As of February 20, 2021	41,381,686 shares
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Number of treasury shares at the end of the period

As of August 20, 2021	824,029 shares	As of February 20, 2021	824,029 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 20, 2021	40,557,657 shares	Six months ended August 20, 2020	40,557,700 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2021	As of August 20, 2021
Assets		
Current assets		
Cash and deposits	25,613	27,983
Notes and accounts receivable - trade	9,785	9,033
Merchandise and finished goods	55,048	57,224
Other	6,034	7,897
Allowance for doubtful accounts	(31)	(29)
Total current assets	96,449	102,109
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	90,092	89,222
Land	56,201	72,464
Leased assets, net	24,423	23,890
Other, net	10,833	11,928
Total property, plant and equipment	181,551	197,505
Intangible assets		
Goodwill	23,538	22,794
Trademark right	9,566	9,325
Other	6,470	7,544
Total intangible assets	39,575	39,664
Investments and other assets		
Investment securities	8,682	8,432
Leasehold and guarantee deposits	23,459	23,311
Other	3,673	3,594
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	35,802	35,326
Total non-current assets	256,929	272,495
Total assets	353,379	374,605
Liabilities		
Current liabilities		
Accounts payable - trade	20,909	19,797
Electronically recorded obligations - operating	21,581	25,590
Short-term borrowings	104,530	54,900
Current portion of long-term borrowings	9,115	19,177
Lease obligations	1,853	1,844
Income taxes payable	4,939	8,032
Provision for bonuses	884	2,280
Provision for bonuses for directors (and other officers)	42	80
Provision for point card certificates	158	246
Asset retirement obligations	4	1
Other	15,517	12,021
Total current liabilities	179,535	143,973

(Millions of yen)

	As of February 20, 2021	As of August 20, 2021
Non-current liabilities		
Bonds payable	2,110	2,109
Long-term borrowings	25,600	69,000
Lease obligations	30,991	30,355
Long-term guarantee deposits	11,881	12,297
Retirement benefit liability	513	479
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	4,514	4,593
Other	7,001	6,346
Total non-current liabilities	82,794	125,362
Total liabilities	262,330	269,336

(Millions of yen)

	As of February 20, 2021	As of August 20, 2021
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,276	6,274
Retained earnings	68,166	81,298
Treasury shares	(641)	(641)
Total shareholders' equity	80,264	93,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,144	1,086
Foreign currency translation adjustment	(64)	(55)
Deferred gains or losses on hedges	(26)	115
Total accumulated other comprehensive income	1,053	1,147
Non-controlling interests	9,730	10,726
Total net assets	91,048	105,268
Total liabilities and net assets	353,379	374,605

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Net sales	63,370	161,479
Cost of sales	38,905	100,833
Gross profit	24,464	60,646
Operating revenue		
Lease revenue	1,647	5,694
Other	–	102
Operating gross profit	26,112	66,442
Selling, general and administrative expenses	18,410	55,113
Operating profit	7,701	11,329
Non-operating income		
Interest income	5	35
Dividend income	86	124
Purchase discounts	158	162
Foreign exchange gains	–	29
Subsidy income	–	1,599
Share of profit of entities accounted for using equity method	105	152
Other	95	201
Total non-operating income	451	2,305
Non-operating expenses		
Interest expenses	10	622
Foreign exchange losses	12	–
Commission for syndicated loans	–	251
Other	5	21
Total non-operating expenses	28	894
Ordinary profit	8,125	12,740
Extraordinary income		
Gain on sales of non-current assets	–	10,234
Income from exited tenant	11	4
Gain on sales of investment securities	14	–
Other	1	12
Total extraordinary income	27	10,251

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Extraordinary losses		
Loss on retirement of non-current assets	4	65
Loss on disaster	–	69
Loss on valuation of investment securities	152	–
Impairment loss	29	22
compensation from tenant transfer	–	119
Loss on store closings	9	140
Dismantlement expenses	36	45
Other	21	33
Total extraordinary losses	253	494
Profit before income taxes	7,898	22,497
Income taxes - current	2,670	8,052
Income taxes - deferred	(135)	(657)
Total income taxes	2,534	7,394
Profit	5,363	15,102
Profit attributable to non-controlling interests	639	1,158
Profit attributable to owners of parent	4,724	13,943

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Profit	5,363	15,102
Other comprehensive income		
Valuation difference on available-for-sale securities	898	(58)
Foreign currency translation adjustment	5	14
Deferred gains or losses on hedges	–	142
Share of other comprehensive income of entities accounted for using equity method	(3)	2
Total other comprehensive income	900	101
Comprehensive income	6,263	15,203
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,635	14,037
Comprehensive income attributable to non-controlling interests	628	1,166

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Cash flows from operating activities		
Profit before income taxes	7,898	22,497
Depreciation	1,383	5,115
Amortization of goodwill	86	825
Increase (decrease) in provision for bonuses	100	1,433
Interest and dividend income	(91)	(159)
Interest expenses	10	622
Subsidy income	–	(1,599)
Loss (gain) on sales of non-current assets	–	(10,234)
Loss (gain) on valuation of investment securities	152	–
Decrease (increase) in trade receivables	(866)	754
Decrease (increase) in inventories	(340)	(2,161)
Decrease (increase) in other assets	(306)	(1,162)
Increase (decrease) in trade payables	1,440	2,367
Increase (decrease) in other liabilities	779	(2,551)
Other, net	162	625
Subtotal	10,409	16,373
Interest and dividends received	88	172
Interest paid	(10)	(622)
Proceeds from subsidy income	–	1,036
Income taxes paid	(1,738)	(4,980)
Net cash provided by (used in) operating activities	8,749	11,979
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,001)	(27,258)
Proceeds from sales of property, plant and equipment	75	16,102
Purchase of intangible assets	(50)	(1,261)
Purchase of shares of subsidiaries and associates	(43,596)	–
Payments of leasehold and guarantee deposits	(81)	(264)
Proceeds from refund of leasehold and guarantee deposits	95	433
Loan advances	(2,520)	(1)
Guarantee deposits received	309	576
Refund of guarantee deposits received	(58)	(207)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(701)	–
Other, net	164	362
Net cash provided by (used in) investing activities	(48,366)	(11,518)

(Millions of yen)

	Six months ended August 20, 2020	Six months ended August 20, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	40,340	(49,630)
Proceeds from long-term borrowings	–	73,000
Repayments of long-term borrowings	–	(19,538)
Repayments of lease obligations	–	(951)
Dividends paid	(608)	(811)
Dividends paid to non-controlling interests	(171)	(171)
Other, net	(0)	–
Net cash provided by (used in) financing activities	39,559	1,897
Effect of exchange rate change on cash and cash equivalents	(4)	11
Net increase (decrease) in cash and cash equivalents	(62)	2,369
Cash and cash equivalents at beginning of period	20,118	25,605
Cash and cash equivalents at end of period	20,055	27,974