

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended February 28, 2022  
(Based on Japanese GAAP)**

April 11, 2022

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  
 Inquiries: Director, General Manager, Administration Headquarters Mitsuaki Shida TEL 0256-33-6000  
 Scheduled date of ordinary general meeting of shareholders: May 26, 2022  
 Scheduled date to file Securities Report: May 26, 2022  
 Scheduled date to commence dividend payments: May 27, 2022  
 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, 2022 (from February 21, 2021 to February 28, 2022)

(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, 2022	357,190	–	20,919	–	23,281	–	16,393	–
Year ended February 20, 2021	178,575	63.1	16,116	68.3	16,956	63.1	8,725	80.0

	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, 2022	404.20	–	18.4	6.4	5.9
Year ended February 20, 2021	215.13	–	11.3	7.4	9.0

(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, 2022	371,769	107,403	26.0	2,386.98
As of February 20, 2021	353,379	91,048	23.0	2,004.99

(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, 2022	27,960	(19,554)	(3,680)	30,353
Year ended February 20, 2021	6,525	(97,552)	96,522	25,605

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 20, 2021	–	15.00	–	20.00	35.00	1,419	16.3	1.8
Year ended February 28, 2022	–	15.00	–	20.00	35.00	1,419	8.7	1.6
Year ending February 28, 2023 (Forecast)	–	15.00	–	20.00	35.00		10.1	

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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, 2022	169,000	–	14,700	–	14,500	–	8,600	–	212.04
Full year	330,000	–	25,650	–	25,000	–	14,000	–	345.19

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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: No

Changes in accounting policies due to other reasons: No

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, 2022	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 February 28, 2022	824,077 shares	As of February 20, 2021	824,029 shares
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Average number of shares during the period

Year ended February 28, 2022	40,557,637 shares	Year ended February 20, 2021	40,557,678 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 20, 2021	As of February 28, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	25,613	30,362
Notes and accounts receivable - trade	9,785	8,687
Merchandise and finished goods	55,048	50,514
Raw materials and supplies	15	23
Other	6,018	7,437
Allowance for doubtful accounts	(31)	(32)
<b>Total current assets</b>	<b>96,449</b>	<b>96,992</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	178,232	190,778
Accumulated depreciation	(88,139)	(92,701)
Buildings and structures, net	90,092	98,077
Land	56,201	72,485
Leased assets	30,859	30,886
Accumulated depreciation	(6,436)	(7,616)
Leased assets, net	24,423	23,270
Construction in progress	5,865	1,982
Other	15,332	16,818
Accumulated depreciation	(10,364)	(11,341)
Other, net	4,967	5,476
<b>Total property, plant and equipment</b>	<b>181,551</b>	<b>201,292</b>
<b>Intangible assets</b>		
Goodwill	23,538	20,452
Trademark right	9,566	9,081
Leasehold interests in land	3,466	3,805
Software	2,815	3,403
Other	189	135
<b>Total intangible assets</b>	<b>39,575</b>	<b>36,878</b>
<b>Investments and other assets</b>		
Investment securities	8,682	9,200
Leasehold and guarantee deposits	23,459	23,901
Long-term prepaid expenses	1,077	1,145
Long-term loans receivable	2,063	1,879
Deferred tax assets	443	437
Other	89	61
Allowance for doubtful accounts	(12)	(19)
<b>Total investments and other assets</b>	<b>35,802</b>	<b>36,606</b>
<b>Total non-current assets</b>	<b>256,929</b>	<b>274,777</b>
<b>Total assets</b>	<b>353,379</b>	<b>371,769</b>

(Millions of yen)

	As of February 20, 2021	As of February 28, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	20,909	19,145
Electronically recorded obligations - operating	21,581	25,554
Short-term borrowings	104,530	56,100
Current portion of long-term borrowings	9,115	27,000
Lease obligations	1,853	1,881
Accounts payable - other	6,337	2,924
Income taxes payable	4,939	4,115
Accrued expenses	6,159	4,780
Provision for bonuses	884	1,317
Provision for bonuses for directors (and other officers)	42	–
Provision for sales returns	2	2
Provision for point card certificates	158	259
Advances received	1,345	2,004
Asset retirement obligations	4	45
Other	1,672	1,929
<b>Total current liabilities</b>	<b>179,535</b>	<b>147,061</b>
<b>Non-current liabilities</b>		
Bonds payable	2,110	2,109
Long-term borrowings	25,600	56,500
Lease obligations	30,991	29,711
Long-term guarantee deposits	11,881	14,107
Retirement benefit liability	513	481
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	4,514	5,047
Deferred tax liabilities	6,562	8,704
Other	439	462
<b>Total non-current liabilities</b>	<b>82,794</b>	<b>117,304</b>
<b>Total liabilities</b>	<b>262,330</b>	<b>264,366</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,462	6,462
Capital surplus	6,276	6,274
Retained earnings	68,166	83,139
Treasury shares	(641)	(641)
<b>Total shareholders' equity</b>	<b>80,264</b>	<b>95,235</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,144	1,552
Foreign currency translation adjustment	(64)	(61)
Deferred gains or losses on hedges	(26)	83
<b>Total accumulated other comprehensive income</b>	<b>1,053</b>	<b>1,574</b>
<b>Non-controlling interests</b>	<b>9,730</b>	<b>10,593</b>
<b>Total net assets</b>	<b>91,048</b>	<b>107,403</b>
<b>Total liabilities and net assets</b>	<b>353,379</b>	<b>371,769</b>

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

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 28, 2022
Net sales	178,575	357,190
Cost of sales	110,603	226,680
Gross profit	67,971	130,510
Operating revenue		
Lease revenue	5,082	13,725
Other	–	205
Operating gross profit	73,053	144,441
Selling, general and administrative expenses	56,937	123,522
Operating profit	16,116	20,919
Non-operating income		
Interest income	24	79
Dividend income	180	214
Purchase discounts	309	316
Foreign exchange gains	–	80
Subsidy income	289	2,691
Share of profit of entities accounted for using equity method	170	237
Other	324	421
Total non-operating income	1,298	4,042
Non-operating expenses		
Interest expenses	387	1,394
Foreign exchange losses	0	–
Commission for syndicated loans	–	251
Other	70	34
Total non-operating expenses	458	1,680
Ordinary profit	16,956	23,281
Extraordinary income		
Gain on sale of non-current assets	–	10,252
Income from exited tenant	40	4
Gain on transfer of store	31	–
Gain on sale of investment securities	14	–
Gain on step acquisitions	435	–
Other	13	12
Total extraordinary income	536	10,269
Extraordinary losses		
Loss on retirement of non-current assets	45	367
Loss on disaster	–	85
Impairment losses	1,141	2,911
compensation from tenant transfer	–	119
Loss on store closings	230	627
Dismantlement expenses	66	125
Loss on valuation of goods	–	1,241
Loss on valuation of investment securities	190	–
Other	161	191
Total extraordinary losses	1,835	5,668
Profit before income taxes	15,657	27,882

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 28, 2022
Income taxes - current	5,676	8,278
Income taxes - deferred	12	1,971
Total income taxes	5,688	10,250
Profit	9,969	17,632
Profit attributable to non-controlling interests	1,243	1,238
Profit attributable to owners of parent	8,725	16,393

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 28, 2022
Profit	9,969	17,632
Other comprehensive income		
Valuation difference on available-for-sale securities	562	407
Foreign currency translation adjustment	(25)	10
Deferred gains or losses on hedges	(26)	109
Share of other comprehensive income of entities accounted for using equity method	(11)	3
Total other comprehensive income	498	531
Comprehensive income	10,467	18,163
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,244	16,914
Comprehensive income attributable to non-controlling interests	1,222	1,249

## Consolidated statements of changes in equity

Fiscal year ended February 20, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,462	6,582	60,657	(641)	73,061
Changes during period					
Dividends of surplus			(1,216)		(1,216)
Profit attributable to owners of parent			8,725		8,725
Purchase of shares of consolidated subsidiaries		(305)			(305)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(305)	7,508	(0)	7,202
Balance at end of period	6,462	6,276	68,166	(641)	80,264

	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	576	(42)	–	534	9,509	83,105
Changes during period						
Dividends of surplus						(1,216)
Profit attributable to owners of parent						8,725
Purchase of shares of consolidated subsidiaries						(305)
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	568	(21)	(26)	519	221	740
Total changes during period	568	(21)	(26)	519	221	7,943
Balance at end of period	1,144	(64)	(26)	1,053	9,730	91,048



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

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	15,657	27,882
Depreciation	4,761	11,930
Amortization of goodwill	628	1,648
Impairment losses	1,141	2,911
Increase (decrease) in allowance for doubtful accounts	2	7
Increase (decrease) in provision for point card certificates	(214)	100
Increase (decrease) in retirement benefit liability	(2)	(32)
Interest and dividend income	(205)	(294)
Interest expenses	387	1,394
Foreign exchange losses (gains)	0	(80)
Share of loss (profit) of entities accounted for using equity method	(170)	(237)
Subsidy income	(289)	(2,691)
Loss (gain) on step acquisitions	(435)	–
Gain on transfer of store	(31)	–
Loss (gain) on sale of non-current assets	–	(10,232)
Loss on retirement of non-current assets	45	367
Loss on store closings	230	627
Dismantlement Expenses	66	125
Loss (gain) on valuation of investment securities	190	–
Loss on valuation of goods	–	1,241
Decrease (increase) in trade receivables	(849)	1,102
Decrease (increase) in inventories	352	3,300
Decrease (increase) in other assets	(1,148)	(741)
Increase (decrease) in trade payables	(2,607)	(357)
Increase (decrease) in other liabilities	(6,135)	(2,784)
Other, net	251	300
Subtotal	11,624	35,488
Interest and dividends received	184	286
Interest paid	(317)	(1,279)
Subsidies received	249	2,525
Income taxes paid	(5,216)	(9,062)
Net cash provided by (used in) operating activities	6,525	27,960

(Millions of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 28, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,544)	(39,345)
Proceeds from sale of property, plant and equipment	103	20,581
Purchase of intangible assets	(293)	(2,437)
Purchase of investment securities	(8)	(8)
Proceeds from sale of investment securities	156	317
Payments of leasehold and guarantee deposits	(124)	(1,292)
Proceeds from refund of leasehold and guarantee deposits	842	886
Purchase of long-term prepaid expenses	(19)	(223)
Loan advances	(2,532)	(389)
Proceeds from collection of loans receivable	353	112
Guarantee deposits received	602	2,581
Refund of guarantee deposits received	(127)	(430)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(90,297)	–
Other, net	336	93
Net cash provided by (used in) investing activities	(97,552)	(19,554)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	99,630	(48,430)
Proceeds from long-term borrowings	–	79,000
Repayments of long-term borrowings	(53)	(30,216)
Repayments of lease obligations	(529)	(2,228)
Dividends paid	(1,216)	(1,419)
Dividends paid to non-controlling interests	(343)	(386)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(963)	(0)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	96,522	(3,680)
Effect of exchange rate change on cash and cash equivalents	(7)	22
Net increase (decrease) in cash and cash equivalents	5,487	4,748
Cash and cash equivalents at beginning of period	20,118	25,605
Cash and cash equivalents at end of period	25,605	30,353