

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

July 4, 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
 Director, General Manager, Administration Headquarters Mitsuki Shida TEL 0256-33-6000
 Scheduled date to file Quarterly Securities Report: July 8, 2022
 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 three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

(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	%
Three months ended May 31, 2022	79,477	–	5,868	–	6,272	–	3,933	–
Three months ended May 20, 2021	78,248	148.2	4,540	14.3	5,178	23.7	2,576	10.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2022	96.98		–	
Three months ended May 20, 2021	63.52		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2022	371,078	110,563	26.9	2,461.80
As of February 28, 2022	371,769	107,403	26.0	2,386.98

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2022	–	15.00	–	20.00	35.00
Year ending February 28, 2023	–				
Year ending February 28, 2023 (Forecast)		15.00	–	20.00	35.00

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 three months ended May 31, 2022
 (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: Yes
- 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 May 31, 2022	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 May 31, 2022	824,077 shares	As of February 28, 2022	824,077 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2022	40,557,609 shares	Three months ended May 20, 2021	40,557,657 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	30,362	29,085
Notes and accounts receivable - trade	8,687	9,720
Merchandise and finished goods	50,514	52,860
Other	7,461	9,076
Allowance for doubtful accounts	(32)	(32)
Total current assets	96,992	100,710
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	98,077	97,355
Land	72,485	71,060
Leased assets, net	23,270	22,847
Other, net	7,459	6,650
Total property, plant and equipment	201,292	197,914
Intangible assets		
Goodwill	20,452	20,067
Trademark right	9,081	8,959
Other	7,344	7,145
Total intangible assets	36,878	36,171
Investments and other assets		
Investment securities	9,200	9,227
Leasehold and guarantee deposits	23,901	23,640
Other	3,523	3,431
Allowance for doubtful accounts	(19)	(18)
Total investments and other assets	36,606	36,281
Total non-current assets	274,777	270,367
Total assets	371,769	371,078
Liabilities		
Current liabilities		
Accounts payable - trade	19,145	24,075
Electronically recorded obligations - operating	25,554	19,777
Short-term borrowings	56,100	43,550
Current portion of long-term borrowings	27,000	13,000
Lease obligations	1,881	1,878
Income taxes payable	4,115	2,461
Provision for bonuses	1,317	2,273
Contract liabilities	-	744
Provision for point card certificates	259	-
Asset retirement obligations	45	39
Other	11,641	12,167
Total current liabilities	147,061	119,967

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Non-current liabilities		
Bonds payable	2,109	2,109
Long-term borrowings	56,500	80,250
Lease obligations	29,711	29,245
Long-term guarantee deposits	14,107	14,095
Retirement benefit liability	481	505
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	5,047	5,059
Other	9,166	9,101
Total non-current liabilities	117,304	140,547
Total liabilities	264,366	260,515
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,274	6,274
Retained earnings	83,139	86,108
Treasury shares	(641)	(641)
Total shareholders' equity	95,235	98,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,552	1,549
Foreign currency translation adjustment	(61)	(78)
Deferred gains or losses on hedges	83	169
Total accumulated other comprehensive income	1,574	1,639
Non-controlling interests	10,593	10,718
Total net assets	107,403	110,563
Total liabilities and net assets	371,769	371,078

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 20, 2021	Three months ended May 31, 2022
Net sales	78,248	79,477
Cost of sales	49,013	49,248
Gross profit	29,234	30,229
Operating revenue		
Lease revenue	2,784	3,298
Other	100	14
Operating gross profit	32,120	33,542
Selling, general and administrative expenses	27,579	27,673
Operating profit	4,540	5,868
Non-operating income		
Interest income	18	15
Dividend income	68	131
Purchase discounts	76	78
Foreign exchange gains	18	–
Subsidy income	827	350
Share of profit of entities accounted for using equity method	93	50
Other	84	138
Total non-operating income	1,188	763
Non-operating expenses		
Interest expenses	293	305
Foreign exchange losses	–	5
Commission for syndicated loans	250	–
Other	6	48
Total non-operating expenses	550	359
Ordinary profit	5,178	6,272
Extraordinary income		
Gain on sale of non-current assets	28	617
Other	4	43
Total extraordinary income	32	661
Extraordinary losses		
Loss on retirement of non-current assets	44	46
Loss on disaster	52	235
Impairment losses	22	–
Other	70	37
Total extraordinary losses	189	319
Profit before income taxes	5,022	6,614
Income taxes - current	1,803	2,199
Income taxes - deferred	(5)	27
Total income taxes	1,798	2,226
Profit	3,223	4,387
Profit attributable to non-controlling interests	647	454
Profit attributable to owners of parent	2,576	3,933

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 20, 2021	Three months ended May 31, 2022
Profit	3,223	4,387
Other comprehensive income		
Valuation difference on available-for-sale securities	(290)	(2)
Foreign currency translation adjustment	12	(9)
Deferred gains or losses on hedges	145	86
Share of other comprehensive income of entities accounted for using equity method	3	2
Total other comprehensive income	(128)	76
Comprehensive income	3,095	4,463
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,439	3,998
Comprehensive income attributable to non-controlling interests	656	464