

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 29, 2024
(Based on Japanese GAAP)**

April 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 of ordinary general meeting of shareholders: May 23, 2024
 Scheduled date to file Securities Report: May 23, 2024
 Scheduled date to commence dividend payments: May 24, 2024
 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 29, 2024 (from March 1, 2023 to February 29, 2024)

(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 29, 2024	310,697	(0.9)	16,113	(14.8)	16,594	(13.5)	9,125	(5.6)
Year ended February 28, 2023	313,487	—	18,911	—	19,176	—	9,663	—

	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 29, 2024	177.18	—	8.2	4.7	5.2
Year ended February 28, 2023	238.26	—	9.6	5.2	6.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	350,721	116,810	33.2	1,866.13
As of February 28, 2023	361,925	116,570	29.0	2,591.39

(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 29, 2024	16,794	(6,951)	(15,366)	18,313
Year ended February 28, 2023	20,497	(13,122)	(13,955)	23,818

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, 2023	—	20.00	—	20.00	40.00	1,622	16.8	1.6
Year ended February 29, 2024	—	20.00	—	20.00	40.00	2,057	22.6	1.8
Year ending February 28, 2025 (Forecast)	—	20.00	—	20.00	40.00		20.8	

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

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, 2024	157,400	(0.6)	10,400	17.2	10,200	13.1	6,500	(7.3)	104.32
Full year	315,000	1.4	18,500	14.8	19,000	14.5	12,000	31.5	192.59

4. Notes

(1) Changes in significant subsidiaries during the year ended February 29, 2024

(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 29, 2024	64,733,372 shares	As of February 28, 2023	41,381,686 shares
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Number of treasury shares at the end of the period

As of February 29, 2024	2,424,578 shares	As of February 28, 2023	824,119 shares
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Average number of shares during the period

Year ended February 29, 2024	51,503,116 shares	Year ended February 28, 2023	40,557,604 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	23,827	18,323
Notes and accounts receivable - trade	9,562	9,560
Merchandise and finished goods	53,918	52,840
Raw materials and supplies	22	13
Other	5,409	4,732
Allowance for doubtful accounts	(28)	(29)
Total current assets	92,711	85,441
Non-current assets		
Property, plant and equipment		
Buildings and structures	193,814	199,339
Accumulated depreciation	(98,360)	(103,558)
Buildings and structures, net	95,453	95,781
Land	72,387	76,049
Leased assets	30,776	26,485
Accumulated depreciation	(9,046)	(8,680)
Leased assets, net	21,730	17,805
Construction in progress	3,698	1,021
Other	16,886	16,631
Accumulated depreciation	(12,155)	(12,670)
Other, net	4,730	3,960
Total property, plant and equipment	197,999	194,618
Intangible assets		
Goodwill	18,843	17,308
Trademark right	8,370	7,906
Leasehold interests in land	3,766	3,766
Software	3,113	3,417
Other	84	43
Total intangible assets	34,178	32,443
Investments and other assets		
Investment securities	10,084	12,051
Leasehold and guarantee deposits	23,538	22,825
Long-term prepaid expenses	922	782
Long-term loans receivable	1,819	1,758
Deferred tax assets	632	761
Other	57	57
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	37,036	38,218
Total non-current assets	269,214	265,280
Total assets	361,925	350,721

(Millions of yen)

As of February 28, 2023 As of February 29, 2024

Liabilities	As of February 28, 2023	As of February 29, 2024
Current liabilities		
Accounts payable - trade	18,370	17,083
Electronically recorded obligations - operating	16,453	13,751
Short-term borrowings	40,100	34,000
Current portion of long-term borrowings	10,000	10,068
Current portion of bonds payable	2,009	-
Lease liabilities	1,903	1,649
Accounts payable - other	3,534	3,809
Income taxes payable	3,673	4,717
Accrued expenses	5,892	5,159
Provision for bonuses	1,686	1,830
Provision for shareholder benefit program	121	198
Contract liabilities	605	578
Advances received	2,138	2,238
Asset retirement obligations	21	1
Other	2,193	1,822
Total current liabilities	108,703	96,908
Non-current liabilities		
Bonds payable	100	100
Long-term borrowings	79,500	84,881
Lease liabilities	28,169	23,665
Long-term guarantee deposits	14,172	14,225
Retirement benefit liability	510	291
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	5,127	5,639
Deferred tax liabilities	8,444	7,662
Other	447	357
Total non-current liabilities	136,651	137,002
Total liabilities	245,355	233,911
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,274	11,312
Retained earnings	91,022	98,518
Treasury shares	(641)	(3,258)
Total shareholders' equity	103,119	113,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,042	3,301
Foreign currency translation adjustment	(88)	(59)
Deferred gains or losses on hedges	26	-
Total accumulated other comprehensive income	1,981	3,241
Non-controlling interests	11,470	534
Total net assets	116,570	116,810
Total liabilities and net assets	361,925	350,721

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

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Net sales	313,487	310,697
Cost of sales	195,774	195,202
Gross profit	117,713	115,494
Operating revenue		
Lease revenue	13,677	14,100
Other	36	124
Operating gross profit	131,427	129,718
Selling, general and administrative expenses	112,515	113,605
Operating profit	18,911	16,113
Non-operating income		
Interest income	58	53
Dividend income	245	226
Purchase discounts	377	392
Foreign exchange gains	–	6
Income from exited tenant	–	355
Subsidy income	501	–
Share of profit of entities accounted for using equity method	205	186
Other	602	399
Total non-operating income	1,990	1,619
Non-operating expenses		
Interest expenses	1,181	1,069
Foreign exchange losses	54	–
Commission for syndicated loans	–	41
Loss on cancellation of leases	335	–
Other	153	28
Total non-operating expenses	1,725	1,139
Ordinary profit	19,176	16,594
Extraordinary income		
Gain on sale of non-current assets	641	3,702
Other	168	556
Total extraordinary income	810	4,258
Extraordinary losses		
Loss on retirement of non-current assets	206	46
Loss on disaster	242	146
Impairment losses	1,741	2,719
Loss on store closings	498	201
Dismantlement expenses	133	87
Loss on abandonment of goods	–	1,985
Other	222	20
Total extraordinary losses	3,044	5,207
Profit before income taxes	16,942	15,646
Income taxes - current	6,375	7,144
Income taxes - deferred	(502)	(1,462)
Total income taxes	5,873	5,681
Profit	11,069	9,964
Profit attributable to non-controlling interests	1,406	839
Profit attributable to owners of parent	9,663	9,125

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit	11,069	9,964
Other comprehensive income		
Valuation difference on available-for-sale securities	490	1,258
Foreign currency translation adjustment	(11)	38
Deferred gains or losses on hedges	(56)	(26)
Share of other comprehensive income of entities accounted for using equity method	9	4
Total other comprehensive income	432	1,275
Comprehensive income	11,501	11,239
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,069	10,385
Comprehensive income attributable to non-controlling interests	1,431	854

Consolidated statements of changes in equity

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
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

Fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,462	6,274	91,022	(641)	103,119
Changes during period					
Dividends of surplus			(1,622)		(1,622)
Profit attributable to owners of parent			9,125		9,125
Exercise of share acquisition rights		691			691
Other			(7)		(7)
Purchase of treasury shares				(2,619)	(2,619)
Disposal of treasury shares				2	2
Increase by share exchanges		4,346			4,346
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	5,037	7,495	(2,617)	9,915
Balance at end of period	6,462	11,312	98,518	(3,258)	113,034

	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	2,042	(88)	26	1,981	11,470	116,570
Changes during period						
Dividends of surplus						(1,622)
Profit attributable to owners of parent						9,125
Exercise of share acquisition rights						691
Other						(7)
Purchase of treasury shares						(2,619)
Disposal of treasury shares						2
Increase by share exchanges						4,346
Purchase of shares of consolidated subsidiaries						(0)
Net changes in items other than shareholders' equity	1,258	28	(26)	1,260	(10,936)	(9,675)
Total changes during period	1,258	28	(26)	1,260	(10,936)	239
Balance at end of period	3,301	(59)	–	3,241	534	116,810

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	16,942	15,646
Depreciation	10,843	10,753
Amortization of goodwill	1,534	1,534
Impairment losses	1,741	2,719
Increase (decrease) in allowance for doubtful accounts	(5)	0
Increase (decrease) in retirement benefit liability	28	(218)
Increase (decrease) in contract liabilities	605	(26)
Increase (decrease) in provision for point card certificates	(259)	–
Interest and dividend income	(303)	(279)
Interest expenses	1,181	1,069
Foreign exchange losses (gains)	54	(6)
Share of loss (profit) of entities accounted for using equity method	(205)	(186)
Subsidy income	(501)	–
Loss (gain) on sale of non-current assets	(641)	(3,702)
Loss on retirement of non-current assets	206	46
Loss on store closings	498	201
Dismantlement Expenses	133	87
Decrease (increase) in trade receivables	(870)	1
Decrease (increase) in inventories	(3,408)	1,085
Decrease (increase) in other assets	1,326	576
Increase (decrease) in trade payables	(3,767)	(3,720)
Increase (decrease) in other liabilities	2,372	(1,154)
Other, net	(72)	(528)
Subtotal	27,434	23,898
Interest and dividends received	276	258
Interest paid	(1,027)	(1,038)
Subsidies received	706	–
Income taxes paid	(6,892)	(6,323)
Net cash provided by (used in) operating activities	20,497	16,794
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,539)	(14,626)
Proceeds from sale of property, plant and equipment	4,989	8,146
Purchase of intangible assets	(620)	(1,319)
Purchase of investment securities	(8)	(9)
Proceeds from sale of investment securities	6	4
Payments of leasehold and guarantee deposits	(587)	(140)
Proceeds from refund of leasehold and guarantee deposits	771	337
Purchase of long-term prepaid expenses	(98)	(26)
Loan advances	(15)	–
Proceeds from collection of loans receivable	437	–
Guarantee deposits received	803	668
Refund of guarantee deposits received	(520)	(312)
Other, net	259	326
Net cash provided by (used in) investing activities	(13,122)	(6,951)

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(16,000)	(6,100)
Proceeds from long-term borrowings	33,000	58,250
Repayments of long-term borrowings	(27,000)	(52,801)
Repayments of lease liabilities	(1,903)	(1,693)
Purchase of treasury shares	(0)	(2,619)
Proceeds from sale of treasury shares	–	2
Purchase of treasury shares of subsidiaries	–	(8,339)
Dividends paid	(1,622)	(1,622)
Dividends paid to non-controlling interests	(429)	(443)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(0)
Net cash provided by (used in) financing activities	(13,955)	(15,366)
Effect of exchange rate change on cash and cash equivalents	44	18
Net increase (decrease) in cash and cash equivalents	(6,535)	(5,504)
Cash and cash equivalents at beginning of period	30,353	23,818
Cash and cash equivalents at end of period	23,818	18,313