

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 20, 2020
(Based on Japanese GAAP)**

March 23, 2020

Company name: ARCLAND SAKAMOTO CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9842 URL <http://www.arcland.co.jp/>
 Representative: President and COO Masatoshi Sakamoto
 Director,General Manager,Administration
 Inquiries: Mitsuki Shida TEL 0256-33-6000
 Headquarters
 Scheduled date of ordinary general meeting of shareholders: May 14, 2020
 Scheduled date to file Securities Report: May 14, 2020
 Scheduled date to commence dividend payments: May 15, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 20, 2020 (from February 21, 2019 to February 20, 2020)

(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 20, 2020	112,684	2.5	9,575	(3.3)	10,394	(2.4)	4,846	(14.8)
Year ended February 20, 2019	109,913	4.4	9,904	5.4	10,647	6.1	5,689	5.2

	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 20, 2020	119.50	–	6.7	10.3	8.5
Year ended February 20, 2019	140.29	–	8.3	11.3	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 20, 2020	105,608	83,105	69.7	1,814.60
As of February 20, 2019	97,069	78,991	72.6	1,738.48

(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 20, 2020	8,487	(8,453)	1,678	20,118
Year ended February 20, 2019	10,386	(6,979)	174	18,354

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, 2019	–	15.00	–	15.00	30.00	1,216	21.4	1.8
Year ended February 20, 2020	–	15.00	–	15.00	30.00	1,216	25.1	1.7
Year ending February 20, 2021 (Forecast)	–	15.00	–	15.00	30.00		23.4	

3. Forecast of consolidated financial results for the year ending February 20, 2021 (from February 21, 2020 to February 20, 2021)

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 20, 2020	58,000	2.8	5,300	1.6	6,000	7.1	3,000	3.4	73.97
Full year	115,000	2.1	9,800	2.3	11,000	5.8	5,200	7.3	128.21

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2020

(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 20, 2020	41,381,686 shares	As of February 20, 2019	41,381,686 shares
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Number of treasury shares at the end of the period

As of February 20, 2020	823,983 shares	As of February 20, 2019	823,948 shares
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Average number of shares during the period

Year ended February 20, 2020	40,557,708 shares	Year ended February 20, 2019	40,557,738 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2019	As of February 20, 2020
Assets		
Current assets		
Cash and deposits	18,354	20,127
Notes and accounts receivable - trade	3,778	4,574
Merchandise and finished goods	11,594	12,285
Raw materials and supplies	13	14
Other	1,326	1,420
Allowance for doubtful accounts	(8)	(9)
Total current assets	35,060	38,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,698	71,482
Accumulated depreciation	(35,613)	(37,609)
Buildings and structures, net	29,084	33,872
Land	13,101	13,472
Construction in progress	950	328
Other	6,385	7,045
Accumulated depreciation	(5,433)	(5,680)
Other, net	951	1,364
Total property, plant and equipment	44,088	49,037
Intangible assets		
Goodwill	134	541
Leasehold right	1,728	1,718
Software	96	116
Other	52	339
Total intangible assets	2,012	2,714
Investments and other assets		
Investment securities	10,033	9,162
Leasehold and guarantee deposits	4,599	4,513
Long-term prepaid expenses	181	257
Deferred tax assets	850	1,294
Other	248	219
Allowance for doubtful accounts	(6)	(5)
Total investments and other assets	15,907	15,442
Total non-current assets	62,008	67,194
Total assets	97,069	105,608

(Millions of yen)

	As of February 20, 2019	As of February 20, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	4,691	5,077
Short-term loans payable	–	3,800
Accounts payable - other	1,284	1,221
Income taxes payable	1,996	1,855
Accrued expenses	1,747	1,832
Provision for bonuses	238	241
Provision for sales returns	2	2
Asset retirement obligations	3	–
Other	563	621
Total current liabilities	10,527	14,653
Non-current liabilities		
Bonds payable	2,010	2,010
Long-term guarantee deposited	3,434	3,632
Retirement benefit liability	272	270
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	1,614	1,697
Other	37	58
Total non-current liabilities	7,550	7,849
Total liabilities	18,077	22,502
Net assets		
Shareholders' equity		
Capital stock	6,462	6,462
Capital surplus	6,606	6,582
Retained earnings	57,191	60,657
Treasury shares	(641)	(641)
Total shareholders' equity	69,619	73,061
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	889	576
Foreign currency translation adjustment	(0)	(42)
Total accumulated other comprehensive income	889	534
Non-controlling interests	8,482	9,509
Total net assets	78,991	83,105
Total liabilities and net assets	97,069	105,608

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

(Millions of yen)

	Fiscal year ended February 20, 2019	Fiscal year ended February 20, 2020
Net sales	109,913	112,684
Cost of sales	68,312	68,769
Gross profit	41,601	43,914
Selling, general and administrative expenses	31,696	34,338
Operating profit	9,904	9,575
Non-operating income		
Interest income	9	18
Dividend income	120	177
Purchase discounts	305	291
Commission income	16	14
Rebate income	110	111
Foreign exchange gains	–	9
Share of profit of entities accounted for using equity method	89	89
Other	121	127
Total non-operating income	772	840
Non-operating expenses		
Interest expenses	0	3
Foreign exchange losses	3	–
Bond issuance cost	12	–
Other	13	17
Total non-operating expenses	29	21
Ordinary profit	10,647	10,394
Extraordinary income		
Income from exited tenant	27	–
Gain on transfer of store	50	17
Gain on donation of non-current assets	39	–
Gain on reversal of asset retirement obligations	–	21
Other	9	19
Total extraordinary income	126	58
Extraordinary losses		
Loss on retirement of non-current assets	63	20
Impairment loss	254	488
Dismantlement expenses	23	40
Loss on closing of stores	223	214
Other	4	30
Total extraordinary losses	569	794
Profit before income taxes	10,204	9,658
Income taxes - current	3,485	3,561
Income taxes - deferred	(192)	(77)
Total income taxes	3,293	3,483
Profit	6,910	6,174
Profit attributable to non-controlling interests	1,220	1,328
Profit attributable to owners of parent	5,689	4,846

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 20, 2019	Fiscal year ended February 20, 2020
Profit	6,910	6,174
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,056)	(308)
Foreign currency translation adjustment	(14)	(32)
Share of other comprehensive income of entities accounted for using equity method	12	4
Total other comprehensive income	(1,058)	(336)
Comprehensive income	5,852	5,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,632	4,510
Comprehensive income attributable to non-controlling interests	1,219	1,328

Consolidated statements of changes in equity

Fiscal year ended February 20, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,462	6,603	52,718	(641)	65,143
Changes of items during period					
Dividends of surplus			(1,216)		(1,216)
Profit attributable to owners of parent			5,689		5,689
Capital increase of consolidated subsidiaries		3			3
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2	4,473	-	4,476
Balance at end of current period	6,462	6,606	57,191	(641)	69,619

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	1,945	0	1,946	7,500	74,590
Changes of items during period					
Dividends of surplus					(1,216)
Profit attributable to owners of parent					5,689
Capital increase of consolidated subsidiaries					3
Purchase of shares of consolidated subsidiaries					(0)
Net changes of items other than shareholders' equity	(1,056)	(1)	(1,057)	982	(74)
Total changes of items during period	(1,056)	(1)	(1,057)	982	4,401
Balance at end of current period	889	(0)	889	8,482	78,991

Fiscal year ended February 20, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,462	6,606	57,191	(641)	69,619
Changes of items during period					
Dividends of surplus			(1,216)		(1,216)
Profit attributable to owners of parent			4,846		4,846
Capital increase of consolidated subsidiaries		(12)			(12)
Change of scope of consolidation		(11)	(163)		(175)
Change of scope of consolidation - foreign currency translation adjustment					
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(24)	3,466	(0)	3,441
Balance at end of current period	6,462	6,582	60,657	(641)	73,061

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	889	(0)	889	8,482	78,991
Changes of items during period					
Dividends of surplus					(1,216)
Profit attributable to owners of parent					4,846
Capital increase of consolidated subsidiaries					(12)
Change of scope of consolidation					(175)
Change of scope of consolidation - foreign currency translation adjustment		(18)	(18)		(18)
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(312)	(23)	(335)	1,027	691
Total changes of items during period	(312)	(41)	(354)	1,027	4,114
Balance at end of current period	576	(42)	534	9,509	83,105

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 20, 2019	Fiscal year ended February 20, 2020
Cash flows from operating activities		
Profit before income taxes	10,204	9,658
Depreciation	2,323	2,660
Amortization of goodwill	101	122
Impairment loss	254	488
Increase (decrease) in allowance for doubtful accounts	(1)	0
Increase (decrease) in retirement benefit liability	12	(1)
Interest and dividend income	(129)	(195)
Interest expenses	0	3
Dismantlement Expenses	23	40
Share of loss (profit) of entities accounted for using equity method	(89)	(89)
Loss on retirement of non-current assets	63	20
Loss on store closings	223	214
Gain on transfer of store	(50)	(17)
Foreign exchange losses (gains)	–	(9)
Gain on reversal of asset retirement obligations	–	(21)
Gain on donation of non-current assets	(39)	–
Income from exited tenant	(27)	–
Decrease (increase) in notes and accounts receivable - trade	(31)	(784)
Decrease (increase) in inventories	486	(398)
Decrease (increase) in other assets	(38)	(76)
Increase (decrease) in notes and accounts payable - trade	(73)	356
Increase (decrease) in other liabilities	436	(84)
Other, net	(173)	115
Subtotal	13,477	12,003
Interest and dividend income received	123	181
Interest expenses paid	(0)	(3)
Income taxes paid	(3,213)	(3,693)
Net cash provided by (used in) operating activities	10,386	8,487
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,402)	(6,974)
Proceeds from sales of property, plant and equipment	65	32
Purchase of intangible assets	(38)	(60)
Payments for leasehold and guarantee deposits	(418)	(212)
Proceeds from collection of leasehold and guarantee deposits	264	314
Purchase of investment securities	(1,453)	(136)
Payments for acquisition of businesses	–	(1,846)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(55)
Purchase of long-term prepaid expenses	(1)	(63)
Purchase of shares of subsidiaries and associates	(29)	–
Proceeds from sales of shares of subsidiaries and associates	–	461
Other, net	34	86
Net cash provided by (used in) investing activities	(6,979)	(8,453)

(Millions of yen)

	Fiscal year ended February 20, 2019	Fiscal year ended February 20, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	3,012
Repayments of long-term loans payable	(500)	–
Proceeds from issuance of bonds	1,998	–
Proceeds from guarantee deposits received	276	337
Repayments of guarantee deposits received	(149)	(140)
Cash dividends paid	(1,216)	(1,216)
Dividends paid to non-controlling interests	(257)	(314)
Other, net	23	(0)
Net cash provided by (used in) financing activities	174	1,678
Effect of exchange rate change on cash and cash equivalents	(3)	(2)
Net increase (decrease) in cash and cash equivalents	3,577	1,710
Cash and cash equivalents at beginning of period	14,777	18,354
Increase in cash and cash equivalents from newly consolidated subsidiary	–	52
Cash and cash equivalents at end of period	18,354	20,118