

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 20, 2021
(Based on Japanese GAAP)**

March 29, 2021

Company name: ARCLAND SAKAMOTO CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9842 URL <https://www.arcland.co.jp/>
 Representative: Chairman & CEO Katsuji Sakamoto
 Senior Managing Director, General Manager, Administration Headquarters
 Inquiries: Mitsuaki Shida TEL 0256-33-6000
 Scheduled date of ordinary general meeting of shareholders: May 13, 2021
 Scheduled date to file Securities Report: May 13, 2021
 Scheduled date to commence dividend payments: May 14, 2021
 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 20, 2021 (from February 21, 2020 to February 20, 2021)

(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, 2021	178,477	63.0	16,018	67.3	16,956	63.1	8,725	80.0
Year ended February 20, 2020	109,483	2.5	9,575	(3.3)	10,394	(2.4)	4,846	(14.8)

	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, 2021	215.13	–	11.3	7.4	9.0
Year ended February 20, 2020	119.50	–	6.7	10.3	8.7

(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, 2021	353,379	91,048	23.0	2,004.99
As of February 20, 2020	105,608	83,105	69.7	1,814.60

(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, 2021	6,525	(98,027)	96,996	25,605
Year ended February 20, 2020	8,487	(8,453)	1,678	20,118

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, 2020	–	15.00	–	15.00	30.00	1,216	25.1	1.7
Year ended February 20, 2021	–	15.00	–	20.00	35.00	1,419	16.3	1.8
Year ending February 20, 2022 (Forecast)	–	15.00	–	15.00	30.00		11.6	

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
Six months ending August 20, 2021	163,500	158.2	9,500	24.1	9,100	12.0	4,900	3.7	120.82
Full year	365,000	—	20,500	—	19,500	—	10,500	—	258.89

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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, 2021	41,381,686 shares	As of February 20, 2020	41,381,686 shares
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Number of treasury shares at the end of the period

As of February 20, 2021	824,029 shares	As of February 20, 2020	823,983 shares
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Average number of shares during the period

Year ended February 20, 2021	40,557,678 shares	Year ended February 20, 2020	40,557,708 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2020	As of February 20, 2021
Assets		
Current assets		
Cash and deposits	20,127	25,613
Notes and accounts receivable - trade	4,574	9,785
Merchandise and finished goods	12,285	55,048
Raw materials and supplies	14	15
Other	1,420	6,018
Allowance for doubtful accounts	(9)	(31)
Total current assets	38,413	96,449
Non-current assets		
Property, plant and equipment		
Buildings and structures	71,482	178,232
Accumulated depreciation	(37,609)	(88,139)
Buildings and structures, net	33,872	90,092
Land	13,472	56,201
Leased assets	165	30,859
Accumulated depreciation	(90)	(6,436)
Leased assets, net	74	24,423
Construction in progress	328	5,865
Other	6,879	15,332
Accumulated depreciation	(5,589)	(10,364)
Other, net	1,289	4,967
Total property, plant and equipment	49,037	181,551
Intangible assets		
Goodwill	541	23,538
Trademark right	7	9,566
Leasehold interests in land	1,718	3,466
Software	116	2,815
Other	331	189
Total intangible assets	2,714	39,575
Investments and other assets		
Investment securities	9,162	8,682
Leasehold and guarantee deposits	4,513	23,459
Long-term prepaid expenses	257	1,077
Long-term loans receivable	146	2,063
Deferred tax assets	1,294	443
Other	73	89
Allowance for doubtful accounts	(5)	(12)
Total investments and other assets	15,442	35,802
Total non-current assets	67,194	256,929
Total assets	105,608	353,379

(Millions of yen)

	As of February 20, 2020	As of February 20, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	5,077	20,909
Electronically recorded obligations - operating	–	21,581
Short-term borrowings	3,800	104,530
Current portion of long-term borrowings	–	9,115
Lease obligations	45	1,853
Accounts payable - other	1,221	6,337
Income taxes payable	1,855	4,939
Accrued expenses	1,832	6,159
Provision for bonuses	241	884
Provision for bonuses for directors (and other officers)	–	42
Provision for sales returns	2	2
Provision for point card certificates	–	158
Advances received	137	1,345
Asset retirement obligations	–	4
Other	438	1,672
Total current liabilities	14,653	179,535
Non-current liabilities		
Bonds payable	2,010	2,110
Long-term borrowings	–	25,600
Lease obligations	44	30,991
Long-term guarantee deposits	3,632	11,881
Retirement benefit liability	270	513
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	1,697	4,514
Deferred tax liabilities	–	6,562
Other	13	439
Total non-current liabilities	7,849	82,794
Total liabilities	22,502	262,330
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,582	6,276
Retained earnings	60,657	68,166
Treasury shares	(641)	(641)
Total shareholders' equity	73,061	80,264
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	576	1,144
Foreign currency translation adjustment	(42)	(64)
Deferred gains or losses on hedges	–	(26)
Total accumulated other comprehensive income	534	1,053
Non-controlling interests	9,509	9,730
Total net assets	83,105	91,048
Total liabilities and net assets	105,608	353,379

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

(Millions of yen)

	Fiscal year ended February 20, 2020	Fiscal year ended February 20, 2021
Net sales	109,483	178,477
Cost of sales	67,251	110,603
Gross profit	42,231	67,873
Operating revenue		
Lease revenue	3,201	5,082
Operating gross profit	45,432	72,956
Selling, general and administrative expenses	35,856	56,937
Operating profit	9,575	16,018
Non-operating income		
Interest income	18	24
Dividend income	177	180
Purchase discounts	291	309
Commission income	14	14
Rebate income	111	113
Foreign exchange gains	9	–
Subsidies for employment adjustment	–	289
Share of profit of entities accounted for using equity method	89	170
Other	127	294
Total non-operating income	840	1,396
Non-operating expenses		
Interest expenses	3	387
Foreign exchange losses	–	0
Other	17	70
Total non-operating expenses	21	458
Ordinary profit	10,394	16,956
Extraordinary income		
Gain on transfer of store	17	31
Gain on reversal of asset retirement obligations	21	–
Gain on sales of investment securities	–	14
Income from exited tenant	–	40
Gain on step acquisitions	–	435
Other	19	13
Total extraordinary income	58	536
Extraordinary losses		
Loss on retirement of non-current assets	20	45
Impairment loss	488	1,141
Dismantlement expenses	40	66
Loss on store closings	214	230
Loss on valuation of investment securities	–	190
Other	30	161
Total extraordinary losses	794	1,835
Profit before income taxes	9,658	15,657
Income taxes - current	3,561	5,676
Income taxes - deferred	(77)	12
Total income taxes	3,483	5,688
Profit	6,174	9,969
Profit attributable to non-controlling interests	1,328	1,243
Profit attributable to owners of parent	4,846	8,725

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 20, 2020	Fiscal year ended February 20, 2021
Profit	6,174	9,969
Other comprehensive income		
Valuation difference on available-for-sale securities	(308)	562
Foreign currency translation adjustment	(32)	(25)
Deferred gains or losses on hedges	–	(26)
Share of other comprehensive income of entities accounted for using equity method	4	(11)
Total other comprehensive income	(336)	498
Comprehensive income	5,838	10,467
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,510	9,244
Comprehensive income attributable to non-controlling interests	1,328	1,222

Consolidated statements of changes in equity

Fiscal year ended February 20, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,462	6,606	57,191	(641)	69,619
Changes 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 in scope of consolidation		(11)	(163)		(175)
Change in scope of consolidation - foreign currency translation adjustment					
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	(24)	3,466	(0)	3,441
Balance at end of 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 period	889	(0)	889	8,482	78,991
Changes during period					
Dividends of surplus					(1,216)
Profit attributable to owners of parent					4,846
Capital increase of consolidated subsidiaries					(12)
Change in scope of consolidation					(175)
Change in scope of consolidation - foreign currency translation adjustment		(18)	(18)		(18)
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(312)	(23)	(335)	1,027	691
Total changes during period	(312)	(41)	(354)	1,027	4,114
Balance at end of period	576	(42)	534	9,509	83,105

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 20, 2020	Fiscal year ended February 20, 2021
Cash flows from operating activities		
Profit before income taxes	9,658	15,657
Depreciation	2,660	4,761
Amortization of goodwill	122	628
Impairment loss	488	1,141
Increase (decrease) in allowance for doubtful accounts	0	2
Increase (decrease) in retirement benefit liability	(1)	(2)
Increase (decrease) in provision for point card certificates	–	(214)
Interest and dividend income	(195)	(205)
Interest expenses	3	387
Foreign exchange losses (gains)	(9)	0
Share of loss (profit) of entities accounted for using equity method	(89)	(170)
Loss (gain) on step acquisitions	–	(435)
Gain on transfer of store	(17)	(31)
Gain on reversal of asset retirement obligations	(21)	–
Loss on retirement of non-current assets	20	45
Loss on store closings	214	230
Dismantlement Expenses	40	66
Loss (gain) on valuation of investment securities	–	190
Decrease (increase) in trade receivables	(784)	(849)
Decrease (increase) in inventories	(398)	352
Decrease (increase) in other assets	(76)	(1,188)
Increase (decrease) in trade payables	356	(2,607)
Increase (decrease) in other liabilities	(84)	(6,135)
Other, net	115	251
Subtotal	12,003	11,874
Interest and dividends received	181	184
Interest paid	(3)	(317)
Income taxes paid	(3,693)	(5,216)
Net cash provided by (used in) operating activities	8,487	6,525
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,974)	(6,544)
Proceeds from sales of property, plant and equipment	32	103
Purchase of intangible assets	(60)	(293)
Purchase of investment securities	(136)	(8)
Proceeds from sales of investment securities	–	156
Payments of leasehold and guarantee deposits	(212)	(124)
Proceeds from refund of leasehold and guarantee deposits	314	842
Purchase of long-term prepaid expenses	(63)	(19)
Payments for acquisition of businesses	(1,846)	–
Proceeds from sales of shares of subsidiaries and associates	461	–
Loan advances	–	(2,532)
Collection of loans receivable	–	353
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(55)	(90,297)
Other, net	86	336
Net cash provided by (used in) investing activities	(8,453)	(98,027)

(Millions of yen)

	Fiscal year ended February 20, 2020	Fiscal year ended February 20, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,012	99,630
Proceeds from guarantee deposits received	337	602
Repayments of guarantee deposits received	(140)	(127)
Repayments of lease obligations	–	(529)
Dividends paid	(1,216)	(1,216)
Dividends paid to non-controlling interests	(314)	(343)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(963)
Other, net	(0)	(54)
Net cash provided by (used in) financing activities	1,678	96,996
Effect of exchange rate change on cash and cash equivalents	(2)	(7)
Net increase (decrease) in cash and cash equivalents	1,710	5,487
Cash and cash equivalents at beginning of period	18,354	20,118
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	52	–
Cash and cash equivalents at end of period	20,118	25,605