

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended August 20, 2018 (Based on Japanese GAAP)

September 18, 2018

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 Mitsuki Shida TEL 0256-33-6000  
 Headquarters  
 Inquiries: Director, General Manager, Administration Mitsuki Shida TEL 0256-33-6000  
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 Scheduled date to file Quarterly Securities Report: September 28, 2018  
 Scheduled date to commence dividend payments: October 15, 2018  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 20, 2018 (from February 21, 2018 to August 20, 2018)

(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	%
Six months ended August 20, 2018	55,448	3.3	5,435	4.4	5,841	5.2	3,348	7.3
Six months ended August 20, 2017	53,688	1.7	5,207	8.9	5,551	8.2	3,120	11.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 20, 2018	82.57	—
Six months ended August 20, 2017	76.93	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 20, 2018	94,563	77,321	73.3	1,709.34
As of February 20, 2018	90,843	74,590	73.9	1,654.18

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 20, 2018	—	12.50	—	15.00	27.50
Year ending February 20, 2019	—	15.00	—	—	—
Year ending February 20, 2019 (Forecast)	—	—	—	15.00	30.00

3. Forecast of consolidated financial results for the year ending February 20, 2019 (from February 21, 2018 to February 20, 2019)

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
Full year	107,000	1.7	9,700	3.3	10,500	4.6	5,500	1.7	135.61

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 20, 2018  
 (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: No
- 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 August 20, 2018	41,381,686 shares	As of February 20, 2018	41,381,686 shares
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Number of treasury shares at the end of the period

As of August 20, 2018	823,948 shares	As of February 20, 2018	823,948 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 20, 2018	40,557,738 shares	Six months ended August 20, 2017	40,557,786 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 20, 2018	As of August 20, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,777	18,344
Notes and accounts receivable - trade	3,748	3,818
Merchandise and finished goods	12,081	12,257
Other	1,727	2,002
Allowance for doubtful accounts	(8)	(7)
Total current assets	32,326	36,415
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,281	29,002
Land	11,173	11,238
Other, net	952	986
Total property, plant and equipment	41,407	41,227
Intangible assets		
Goodwill	358	307
Other	1,890	1,874
Total intangible assets	2,248	2,182
Investments and other assets		
Investment securities	9,969	9,758
Lease and guarantee deposits	4,447	4,504
Other	451	482
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	14,860	14,739
Total non-current assets	58,517	58,148
Total assets	90,843	94,563
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	4,765	5,350
Current portion of long-term loans payable	500	250
Income taxes payable	1,774	2,115
Provision for bonuses	226	324
Other	3,390	3,763
Total current liabilities	10,657	11,805
Non-current liabilities		
Long-term guarantee deposited	3,335	3,373
Net defined benefit liability	260	260
Provision for directors' retirement benefits	180	180
Asset retirement obligations	1,542	1,571
Other	277	50
Total non-current liabilities	5,595	5,437
Total liabilities	16,252	17,242

(Millions of yen)

	As of February 20, 2018	As of August 20, 2018
Net assets		
Shareholders' equity		
Capital stock	6,462	6,462
Capital surplus	6,603	6,603
Retained earnings	52,718	55,458
Treasury shares	(641)	(641)
Total shareholders' equity	65,143	67,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,945	1,455
Foreign currency translation adjustment	0	(12)
Total accumulated other comprehensive income	1,946	1,442
Non-controlling interests	7,500	7,994
Total net assets	74,590	77,321
Total liabilities and net assets	90,843	94,563

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended August 20, 2017	Six months ended August 20, 2018
Net sales	53,688	55,448
Cost of sales	33,704	34,453
Gross profit	19,983	20,995
Selling, general and administrative expenses	14,776	15,559
Operating profit	5,207	5,435
Non-operating income		
Interest income	17	4
Dividend income	4	59
Purchase discounts	157	158
Share of profit of entities accounted for using equity method	63	81
Other	116	113
Total non-operating income	360	418
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	8	5
Other	5	6
Total non-operating expenses	15	12
Ordinary profit	5,551	5,841
Extraordinary income		
Gain on sales of non-current assets	3	–
Settlement received	13	–
Income from exited tenant	–	27
Gain on transfer of store	–	34
Other	6	9
Total extraordinary income	22	71
Extraordinary losses		
Loss on retirement of non-current assets	21	23
Loss on closing of stores	18	1
Dismantlement expanses	19	17
Other	18	4
Total extraordinary losses	78	46
Profit before income taxes	5,496	5,865
Income taxes - current	1,810	1,978
Income taxes - deferred	(11)	(79)
Total income taxes	1,799	1,899
Profit	3,697	3,966
Profit attributable to non-controlling interests	576	617
Profit attributable to owners of parent	3,120	3,348

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended August 20, 2017	Six months ended August 20, 2018
Profit	3,697	3,966
Other comprehensive income		
Valuation difference on available-for-sale securities	(650)	(489)
Foreign currency translation adjustment	3	(16)
Share of other comprehensive income of entities accounted for using equity method	(3)	(6)
Total other comprehensive income	(650)	(512)
Comprehensive income	3,046	3,453
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,469	2,845
Comprehensive income attributable to non-controlling interests	577	608

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 20, 2017	Six months ended August 20, 2018
Cash flows from operating activities		
Profit before income taxes	5,496	5,865
Depreciation	1,165	1,129
Amortization of goodwill	34	50
Interest and dividend income	(22)	(64)
Interest expenses	1	0
Decrease (increase) in notes and accounts receivable - trade	(250)	(71)
Decrease (increase) in inventories	(343)	(175)
Increase (decrease) in notes and accounts payable - trade	1,350	585
Other, net	(252)	316
Subtotal	7,179	7,638
Interest and dividend income received	19	61
Interest expenses paid	(1)	(0)
Settlement package received	15	–
Income taxes paid	(1,455)	(1,588)
Net cash provided by (used in) operating activities	5,756	6,110
Cash flows from investing activities		
Purchase of property, plant and equipment	(910)	(1,154)
Purchase of intangible assets	(16)	(11)
Payments for lease and guarantee deposits	(170)	(200)
Proceeds from collection of lease and guarantee deposits	168	140
Purchase of investment securities	(35)	(390)
Proceeds from sales of securities	1,010	–
Proceeds from redemption of securities	592	–
Other, net	26	(16)
Net cash provided by (used in) investing activities	664	(1,633)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,000)	–
Repayments of long-term loans payable	(250)	(250)
Cash dividends paid	(506)	(608)
Dividends paid to non-controlling interests	(89)	(114)
Other, net	(96)	65
Net cash provided by (used in) financing activities	(2,943)	(906)
Effect of exchange rate change on cash and cash equivalents	(2)	(3)
Net increase (decrease) in cash and cash equivalents	3,475	3,567
Cash and cash equivalents at beginning of period	9,993	14,777
Cash and cash equivalents at end of period	13,468	18,344