

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2023 (Based on Japanese GAAP)

July 11, 2023

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 to file Quarterly Securities Report: July 11, 2023
 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, 2023 (from March 1, 2023 to May 31, 2023)

(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, 2023	78,192	(1.6)	4,204	(28.4)	4,285	(31.7)	4,392	11.7
Three months ended May 31, 2022	79,477	–	5,868	–	6,272	–	3,933	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2023	108.31	–
Three months ended May 31, 2022	96.98	–

(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, 2023	369,843	120,240	29.4	2,677.66
As of February 28, 2023	361,925	116,570	29.0	2,591.39

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 28, 2023	–	20.00	–	20.00	40.00
Year ending February 29, 2024	–				
Year ending February 29, 2024 (Forecast)		20.00	–	20.00	40.00

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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, 2023	162,400	1.6	11,350	(4.3)	11,300	(8.4)	8,550	15.5	210.81
Full year	320,000	2.1	20,100	6.3	20,000	4.3	13,100	35.6	323.00

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2023
 (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 May 31, 2023	41,381,686 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 May 31, 2023	824,119 shares	As of February 28, 2023	824,119 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, 2023	40,557,567 shares	Three months ended May 31, 2022	40,557,609 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	23,827	24,114
Notes and accounts receivable - trade	9,562	10,068
Merchandise and finished goods	53,918	59,526
Other	5,431	5,371
Allowance for doubtful accounts	(28)	(25)
Total current assets	92,711	99,054
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	95,453	97,496
Land	72,387	77,860
Leased assets, net	21,730	18,637
Other, net	8,428	6,671
Total property, plant and equipment	197,999	200,665
Intangible assets		
Goodwill	18,843	18,459
Trademark right	8,370	8,261
Other	6,965	6,958
Total intangible assets	34,178	33,679
Investments and other assets		
Investment securities	10,084	10,012
Leasehold and guarantee deposits	23,538	23,088
Other	3,431	3,362
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	37,036	36,444
Total non-current assets	269,214	270,789
Total assets	361,925	369,843

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	18,370	24,115
Electronically recorded obligations - operating	16,453	16,298
Short-term borrowings	40,100	38,250
Current portion of long-term borrowings	10,000	10,852
Current portion of bonds payable	2,009	2,009
Lease liabilities	1,903	1,635
Income taxes payable	3,673	3,201
Provision for bonuses	1,686	2,756
Contract liabilities	605	602
Asset retirement obligations	21	19
Other	13,879	12,968
Total current liabilities	108,703	112,709
Non-current liabilities		
Bonds payable	100	100
Long-term borrowings	79,500	84,398
Lease liabilities	28,169	24,373
Long-term guarantee deposits	14,172	14,188
Retirement benefit liability	510	280
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	5,127	5,147
Other	8,892	8,224
Total non-current liabilities	136,651	136,893
Total liabilities	245,355	249,602

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,274	6,274
Retained earnings	91,022	94,604
Treasury shares	(641)	(641)
Total shareholders' equity	103,119	106,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,042	1,960
Foreign currency translation adjustment	(88)	(87)
Deferred gains or losses on hedges	26	24
Total accumulated other comprehensive income	1,981	1,898
Non-controlling interests	11,470	11,641
Total net assets	116,570	120,240
Total liabilities and net assets	361,925	369,843

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Net sales	79,477	78,192
Cost of sales	49,248	49,257
Gross profit	30,229	28,934
Operating revenue		
Lease revenue	3,298	3,513
Other	14	6
Operating gross profit	33,542	32,453
Selling, general and administrative expenses	27,673	28,249
Operating profit	5,868	4,204
Non-operating income		
Interest income	15	13
Dividend income	131	102
Purchase discounts	78	102
Foreign exchange gains	–	7
Subsidy income	350	–
Share of profit of entities accounted for using equity method	50	68
Other	138	107
Total non-operating income	763	402
Non-operating expenses		
Interest expenses	305	269
Foreign exchange losses	5	–
Other	48	51
Total non-operating expenses	359	321
Ordinary profit	6,272	4,285
Extraordinary income		
Gain on sale of non-current assets	617	2,552
Other	43	479
Total extraordinary income	661	3,031
Extraordinary losses		
Loss on retirement of non-current assets	46	22
Loss on disaster	235	–
Loss on store closings	12	132
Dismantlement expanses	25	41
Other	0	5
Total extraordinary losses	319	202
Profit before income taxes	6,614	7,115
Income taxes - current	2,199	2,946
Income taxes - deferred	27	(609)
Total income taxes	2,226	2,337
Profit	4,387	4,777
Profit attributable to non-controlling interests	454	384
Profit attributable to owners of parent	3,933	4,392

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit	4,387	4,777
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(81)
Foreign currency translation adjustment	(9)	(0)
Deferred gains or losses on hedges	86	(2)
Share of other comprehensive income of entities accounted for using equity method	2	2
Total other comprehensive income	76	(82)
Comprehensive income	4,463	4,695
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,998	4,310
Comprehensive income attributable to non-controlling interests	464	385