

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 6, 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: October 6, 2023  
 Scheduled date to commence dividend payments: October 23, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 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 31, 2023 (from March 1, 2023 to August 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	%
Six months ended August 31, 2023	158,271	(1.0)	8,876	(25.1)	9,017	(26.9)	7,010	(5.3)
Six months ended August 31, 2022	159,917	–	11,853	–	12,340	–	7,400	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	172.85	–
Six months ended August 31, 2022	182.48	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2023	370,707	125,360	30.2	2,760.87
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	–	20.00			
Year ending February 29, 2024 (Forecast)			–	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
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 six months ended August 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 August 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 August 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)

Six months ended August 31, 2023	40,557,567 shares	Six months ended August 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 August 31, 2023
Assets		
Current assets		
Cash and deposits	23,827	26,039
Notes and accounts receivable - trade	9,562	9,446
Merchandise and finished goods	53,918	58,952
Other	5,431	5,131
Allowance for doubtful accounts	(28)	(26)
Total current assets	92,711	99,543
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	95,453	100,071
Land	72,387	77,862
Leased assets, net	21,730	18,558
Other, net	8,428	5,056
Total property, plant and equipment	197,999	201,548
Intangible assets		
Goodwill	18,843	18,075
Trademark right	8,370	8,143
Other	6,965	6,900
Total intangible assets	34,178	33,119
Investments and other assets		
Investment securities	10,084	10,153
Leasehold and guarantee deposits	23,538	23,029
Other	3,431	3,331
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	37,036	36,495
Total non-current assets	269,214	271,163
Total assets	361,925	370,707

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	18,370	21,163
Electronically recorded obligations - operating	16,453	15,699
Short-term borrowings	40,100	37,250
Current portion of long-term borrowings	10,000	12,315
Current portion of bonds payable	2,009	–
Lease liabilities	1,903	1,656
Income taxes payable	3,673	5,047
Provision for bonuses	1,686	1,891
Contract liabilities	605	664
Asset retirement obligations	21	1
Other	13,879	14,199
Total current liabilities	108,703	109,888
Non-current liabilities		
Bonds payable	100	100
Long-term borrowings	79,500	82,935
Lease liabilities	28,169	24,249
Long-term guarantee deposits	14,172	14,220
Retirement benefit liability	510	287
Provision for retirement benefits for directors (and other officers)	180	180
Asset retirement obligations	5,127	5,207
Other	8,892	8,277
Total non-current liabilities	136,651	135,457
Total liabilities	245,355	245,346

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Net assets		
Shareholders' equity		
Share capital	6,462	6,462
Capital surplus	6,274	6,966
Retained earnings	91,022	97,214
Treasury shares	(641)	(641)
Total shareholders' equity	103,119	110,001
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,042	2,019
Foreign currency translation adjustment	(88)	(47)
Deferred gains or losses on hedges	26	—
Total accumulated other comprehensive income	1,981	1,972
Non-controlling interests	11,470	13,386
Total net assets	116,570	125,360
Total liabilities and net assets	361,925	370,707

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Net sales	159,917	158,271
Cost of sales	99,519	99,964
Gross profit	60,397	58,307
Operating revenue		
Lease revenue	6,671	7,020
Other	28	81
Operating gross profit	67,097	65,409
Selling, general and administrative expenses	55,243	56,532
Operating profit	11,853	8,876
Non-operating income		
Interest income	30	27
Dividend income	143	115
Purchase discounts	180	211
Foreign exchange gains	–	30
Subsidy income	471	–
Share of profit of entities accounted for using equity method	103	117
Other	266	226
Total non-operating income	1,195	728
Non-operating expenses		
Interest expenses	607	529
Foreign exchange losses	48	–
Other	53	57
Total non-operating expenses	709	587
Ordinary profit	12,340	9,017
Extraordinary income		
Gain on sale of non-current assets	634	2,556
Other	44	553
Total extraordinary income	678	3,109
Extraordinary losses		
Loss on retirement of non-current assets	82	27
Loss on disaster	238	–
Loss on store closings	141	135
Dismantlement expanses	59	57
Other	5	8
Total extraordinary losses	527	230
Profit before income taxes	12,491	11,897
Income taxes - current	4,279	4,636
Income taxes - deferred	(17)	(548)
Total income taxes	4,261	4,087
Profit	8,229	7,809
Profit attributable to non-controlling interests	828	799
Profit attributable to owners of parent	7,400	7,010

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

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	8,229	7,809
Other comprehensive income		
Valuation difference on available-for-sale securities	463	(22)
Foreign currency translation adjustment	41	49
Deferred gains or losses on hedges	89	(26)
Share of other comprehensive income of entities accounted for using equity method	8	5
Total other comprehensive income	602	5
Comprehensive income	8,832	7,815
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,975	7,001
Comprehensive income attributable to non- controlling interests	856	814

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,491	11,897
Depreciation	5,377	5,341
Amortization of goodwill	767	767
Increase (decrease) in provision for bonuses	144	205
Interest and dividend income	(173)	(142)
Interest expenses	607	529
Subsidy income	(471)	–
Loss (gain) on sale of non-current assets	(634)	(2,556)
Decrease (increase) in trade receivables	(820)	116
Decrease (increase) in inventories	(3,352)	(5,054)
Decrease (increase) in other assets	(1,517)	271
Increase (decrease) in trade payables	202	2,285
Increase (decrease) in other liabilities	1,751	(2,209)
Other, net	333	(530)
Subtotal	14,707	10,920
Interest and dividends received	158	131
Interest paid	(579)	(518)
Subsidies received	527	–
Income taxes paid	(3,693)	(3,376)
Net cash provided by (used in) operating activities	11,120	7,156
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,885)	(11,230)
Proceeds from sale of property, plant and equipment	4,972	5,146
Purchase of intangible assets	(180)	(475)
Payments of leasehold and guarantee deposits	(108)	(85)
Proceeds from refund of leasehold and guarantee deposits	475	157
Loan advances	(15)	–
Guarantee deposits received	276	291
Refund of guarantee deposits received	(180)	(113)
Other, net	(84)	311
Net cash provided by (used in) investing activities	(6,730)	(5,997)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(18,100)	(2,850)
Proceeds from long-term borrowings	28,000	48,250
Repayments of long-term borrowings	(16,500)	(42,500)
Repayments of lease liabilities	(946)	(844)
Dividends paid	(811)	(811)
Dividends paid to non-controlling interests	(214)	(214)
Net cash provided by (used in) financing activities	(8,572)	1,029
Effect of exchange rate change on cash and cash equivalents	55	22
Net increase (decrease) in cash and cash equivalents	(4,127)	2,210
Cash and cash equivalents at beginning of period	30,353	23,818
Cash and cash equivalents at end of period	26,226	26,028